

TOWN OF EAST WINDSOR, CONNECTICUT

FINANCIAL STATEMENTS

**AS OF AND FOR THE YEAR ENDED
JUNE 30, 2018**

TOWN OF EAST WINDSOR, CONNECTICUT
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**Independent
Auditor's
Report**

INDEPENDENT AUDITOR'S REPORT

To the Board of Finance
Town of East Windsor, Connecticut

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of East Windsor, Connecticut (the "Town") as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of East Windsor, Connecticut, as of June 30, 2018, and the respective changes in financial position, and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Change in Accounting Principle

As discussed in Note 1 to the financial statements, the Town adopted new accounting guidance, GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pension*. Our opinion is not modified with respect to this matter.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 12 and the schedules on the Town's pension plan and other post-employment benefit plan on page 57 through 65 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The combining and individual fund financial statements and schedules and other supplementary information are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules on pages 66 through 81 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The other supplementary information on pages 82 and 83 have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 31, 2018, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.



Certified Public Accountants
Glastonbury, Connecticut
December 31, 2018

MANAGEMENT'S DISCUSSION AND ANALYSIS

TOWN OF EAST WINDSOR, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

The management of the Town of East Windsor, Connecticut (the "Town"), offers readers of its financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2018.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the Town's governmental activities exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$58,192,514 (net position). Of this amount, \$6,241,844 is considered to be unrestricted.
- The Town's total net position increased by \$1,940,018.
- The beginning net position of the Town was decreased by \$2,719,903 as a result of implementing Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This decrease represented the difference between the net other post-employment benefits obligation previously recognized in accordance with GASB Statement No. 45 and the net other post-employment liability recognized in accordance with GASB Statement No. 75.
- The Town's total bonded debt increased by \$1,241,000 from \$7,565,000 as of June 30, 2017 to \$8,806,000 as of June 30, 2018. This increase is due to the issuance of \$1,856,000 in short-term bond anticipation notes, offset by scheduled principal repayments of \$615,000. The Town issued short-term bond anticipation notes to provide interim financing for the replacement of the Town's middle school roof.
- As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$15,508,574, a decrease of \$856,244 in comparison with the prior year.
- At the end of the current fiscal year, unassigned fund balance of the General Fund was \$9,559,820. Unassigned fund balance is sufficient to cover 2.9 months of and represents 24.2% of total fiscal year 2019 General Fund budgetary expenditure appropriation.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Town's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the Town's assets, deferred outflows and inflows of resources and liabilities, with the residual of these elements reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The statement of activities presents information showing how the Town's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

OVERVIEW OF THE FINANCIAL STATEMENTS *(Continued)*

Government-wide Financial Statements *(Continued)*

Both of the government-wide financial statements display information about the Town's governmental activities which include general government, public safety, conservation and health, highways, sanitation and waste removal, culture and recreation, and education. The Town does not have any business-type activities.

The government-wide financial statements include only the Town itself because there are no legally separate organizations for which the Town is financially accountable. The government-wide financial statements can be found on pages 13 and 14 of this report.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be divided into two categories: governmental funds and fiduciary funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the Town's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the Town's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Town maintains several individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, the Capital and Nonrecurring Fund and the Capital Projects Fund, all of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The basic governmental fund financial statements can be found on pages 15 through 19 of this report.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the Town government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to the Town's own programs.

The basic fiduciary fund financial statements can be found on pages 20 through 21 of this report.

TOWN OF EAST WINDSOR, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

OVERVIEW OF THE FINANCIAL STATEMENTS *(Continued)*

Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 22 through 56 of this report.

Other Information

Required supplementary information and combining and individual fund statements and schedules and other supplementary information can be found on pages 57 through 83 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Position

Over time, net position may serve as one measure of a government's financial position. Total net position of the Town totaled \$58,192,514 as of June 30, 2018 and \$56,252,496 as of June 30, 2017, as adjusted for the implementation of GASB Statement No. 75, and is summarized as follows.

	2018	2017 <i>(As Adjusted)</i>	\$ Variance	% Variance
Current and other assets	\$ 21,835,152	\$ 20,784,649	\$ 1,050,503	5.1%
Capital assets	61,758,343	59,313,345	2,444,998	4.1%
Total assets	<u>83,593,495</u>	<u>80,097,994</u>	<u>3,495,501</u>	4.4%
Deferred outflows of resources	1,926,433	2,475,425	(548,992)	-22.2%
Other liabilities	4,583,583	2,760,284	1,823,299	66.1%
Long-term liabilities	22,153,607	23,456,318	(1,302,711)	-5.6%
Total liabilities	<u>26,737,190</u>	<u>26,216,602</u>	<u>520,588</u>	2.0%
Deferred inflows of resources	590,224	104,321	485,903	465.8%
Net position:				
Net investment in capital assets	51,642,610	50,159,825	1,482,785	3.0%
Restricted	308,060	310,783	(2,723)	-0.9%
Unrestricted	6,241,844	5,781,888	459,956	8.0%
Total net position	<u>\$ 58,192,514</u>	<u>\$ 56,252,496</u>	<u>\$ 1,940,018</u>	3.4%

As of June 30, 2018, 88.7% of the Town's net position reflects its investment in capital assets, less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

Less than 1% of the Town's net position as of June 30, 2018 was subject to external restrictions on how they may be used and are therefore presented as restricted net position.

TOWN OF EAST WINDSOR, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

GOVERNMENT-WIDE FINANCIAL ANALYSIS *(Continued)*

Net Position *(Continued)*

The remainder of the Town's net position is considered unrestricted.

Changes in Net Position

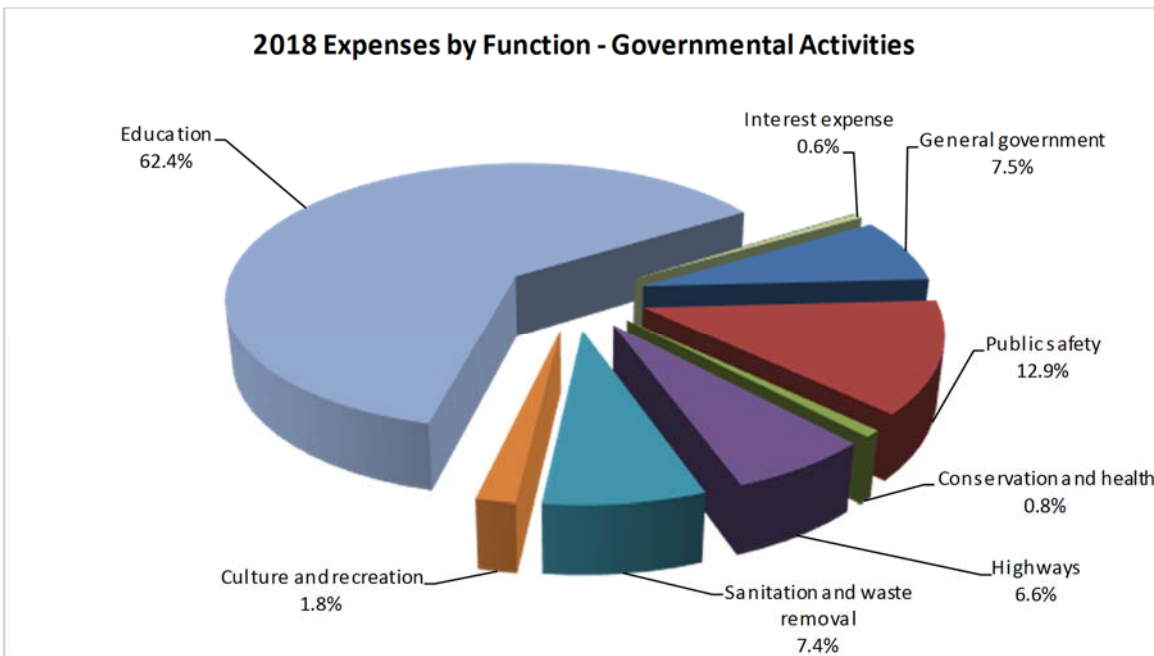
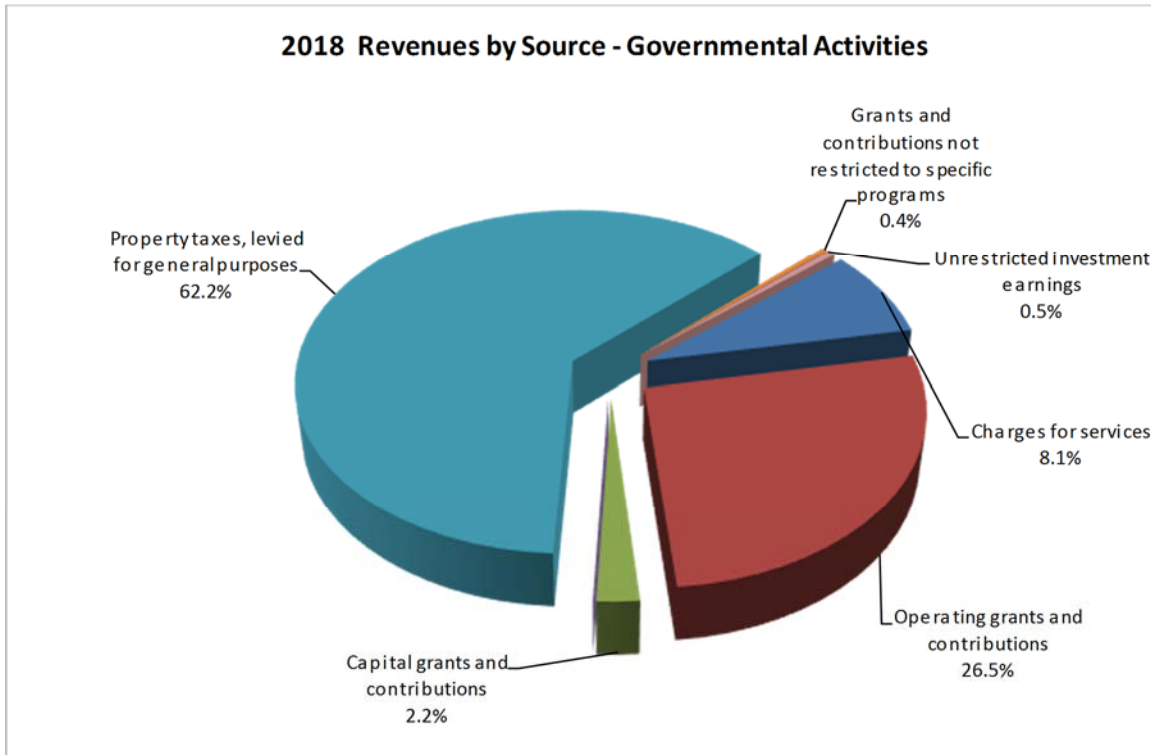
Changes in net position for the years ended June 30, 2018 and 2017 are as follows. The amounts reported for the year ended June 30, 2017 have not been adjusted for the implementation of GASB Statement No. 75, since the effects of the adjustments on the statements of changes in net position are not readily determinable. Certain reclassifications have been made to the amounts reported for the year ended June 30, 2017 to conform to the current year presentation.

	2018	2017	\$ Variance	% Variance
Revenues				
Program revenues:				
Charges for services	\$ 4,215,432	\$ 3,586,163	\$ 629,269	17.5%
Operating grants and contributions	13,729,173	11,916,052	1,813,121	15.2%
Capital grants and contributions	1,131,249	1,520,575	(389,326)	-25.6%
General revenues:				
Property taxes, levied for general purposes	32,196,214	30,134,213	2,062,001	6.8%
Grants and contributions not restricted to specific programs	221,497	440,938	(219,441)	-49.8%
Unrestricted investment earnings	259,051	114,942	144,109	125.4%
Total revenues	<u>51,752,616</u>	<u>47,712,883</u>	<u>4,039,733</u>	8.5%
Expenses				
General government	3,729,444	4,145,796	(416,352)	-10.0%
Public safety	6,448,291	6,457,877	(9,586)	-0.1%
Conservation and health	404,673	508,810	(104,137)	-20.5%
Highways	3,275,225	2,757,613	517,612	18.8%
Sanitation and waste removal	3,679,568	3,105,202	574,366	18.5%
Culture and recreation	905,778	674,425	231,353	34.3%
Education	31,072,643	28,722,365	2,350,278	8.2%
Interest expense	296,976	246,754	50,222	20.4%
Total expenses	<u>49,812,598</u>	<u>46,618,842</u>	<u>3,193,756</u>	6.9%
Change in net position	1,940,018	1,094,041	<u>\$ 845,977</u>	77.3%
Net position - beginning, as originally reported	58,972,399	57,878,358		
Cumulative effect of implementing new accounting standard	<u>(2,719,903)</u>	<u>-</u>		
Net position - beginning, as adjusted	<u>56,252,496</u>	<u>57,878,358</u>		
Net position - ending of year	<u>\$ 58,192,514</u>	<u>\$ 58,972,399</u>		

TOWN OF EAST WINDSOR, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Changes in Net Position (Continued)



TOWN OF EAST WINDSOR, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

GOVERNMENT-WIDE FINANCIAL ANALYSIS *(Continued)*

Governmental Activities

Overall, the net position of the Town increased by \$1,940,018.

Total revenues increased by \$4,039,733 or 8.5% over prior year revenues. This increase includes the current year recognition of revenue in the amount of \$408,950 for on-behalf other post-employment benefit expenses incurred by the State of Connecticut relating to benefits provided under the State Teachers' Retirement System. In addition, property tax revenues increased by \$2,062,001 or 6.8% driven by a 5.9% increase in the Town's mill rate. The increase in property tax revenues was due to offset anticipated reductions in State-aid.

Total expenses increased by \$3,193,756 or 6.9% over prior year expenses. This increase also includes the current year recognition of expenses for on-behalf other post-employment benefit expenses incurred by the State of Connecticut relating to benefits provided under the State Teachers' Retirement System. Education expenses also increased due to an increase in special education costs.

FINANCIAL ANALYSIS OF THE TOWN'S FUNDS

As noted earlier, the Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the Town's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the Town's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$15,508,574, a decrease of \$856,244 in comparison with the prior year.

General Fund

The General Fund is the chief operating fund of the Town. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$9,559,820. Unassigned fund balance is sufficient to cover 2.9 months of and represents 24.2% of total fiscal year 2019 General Fund budgetary expenditure appropriation.

Capital and Nonrecurring Fund

The fund balance in the Capital and Nonrecurring Fund increased by \$1,125,717 from \$1,554,126 to \$2,679,843.

TOWN OF EAST WINDSOR, CONNECTICUT
 MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) *(Continued)*
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

FINANCIAL ANALYSIS OF THE TOWN'S FUNDS *(Continued)*

Governmental Funds *(Continued)*

Capital Projects Fund

The fund balance in the Capital Projects Fund decreased by \$3,144,043 from \$2,654,193 to a deficit fund balance of \$489,850.

GENERAL FUND BUDGETARY HIGHLIGHTS

The original budget contemplated the use of fund balance of \$475,000. Additional appropriations of \$1,144,903 were authorized during the year.

The actual increase in fund balance totaled \$1,387,184. Revenues and transfers in exceeded budgetary estimates by \$2,385,012, while expenditures and transfers out were less than budgetary estimates by \$622,075. The revenue surplus was driven by a \$1,177,279 favorable variance in education cost sharing funds provided by the State of Connecticut.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The Town's capital assets for its governmental activities as of June 30, 2018 totaled \$61,758,343 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings and improvements, machinery and equipment, and infrastructure. The carrying value of the Town's capital assets increased by \$2,444,998 during the year. The following is a summary of current year significant capital events:

- Costs incurred of \$2,011,215 relating to roof improvements to the Town's middle school;
- Costs incurred of \$614,747 relating to improvements to the Broad Brook Dam;
- Costs incurred of \$1,233,735 relating to improvements to Town roads;

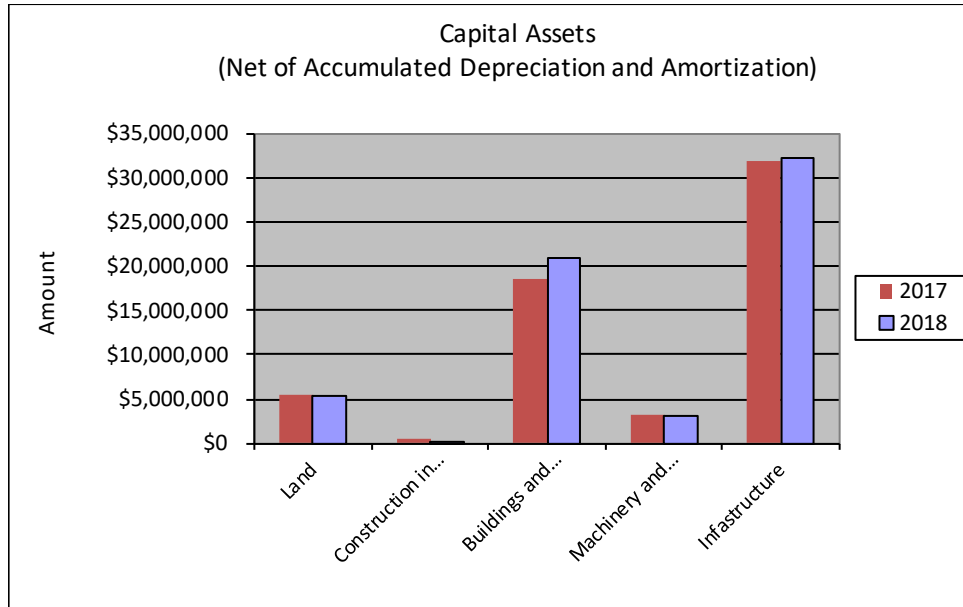
The following table is a two year comparison of the investment in capital assets, net of accumulated depreciation:

	2018	2017
Land	\$ 5,384,759	\$ 5,384,759
Construction in progress	211,124	432,858
Buildings and improvements	20,905,106	18,486,045
Machinery and equipment	3,072,223	3,240,444
Infrastructure	32,185,131	31,769,239
Totals	\$ 61,758,343	\$ 59,313,345

TOWN OF EAST WINDSOR, CONNECTICUT
 MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) *(Continued)*
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

CAPITAL ASSET AND DEBT ADMINISTRATION *(Continued)*

Capital Assets *(Continued)*



Additional information on the Town's capital assets can be found in Note 5 to the basic financial statements.

Debt

At the end of the current fiscal year, the Town had long-term bonded debt outstanding of \$6,950,000 and notes payable of \$3,356,132, all of which is backed by the full faith and credit of the government. In addition, the Town had capital leases payable of \$585,195 and bond anticipation notes payable of \$1,856,000.

The Town's total long-term debt consisting of general obligation bonds, notes payable and capital leases decreased by \$749,888 or 6.4% during the current fiscal year due to scheduled principal repayments. Short-term bond anticipation notes increased by \$1,856,000 due to the issuance of notes to finance improvements to the Town's middle school roof.

TOWN OF EAST WINDSOR, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

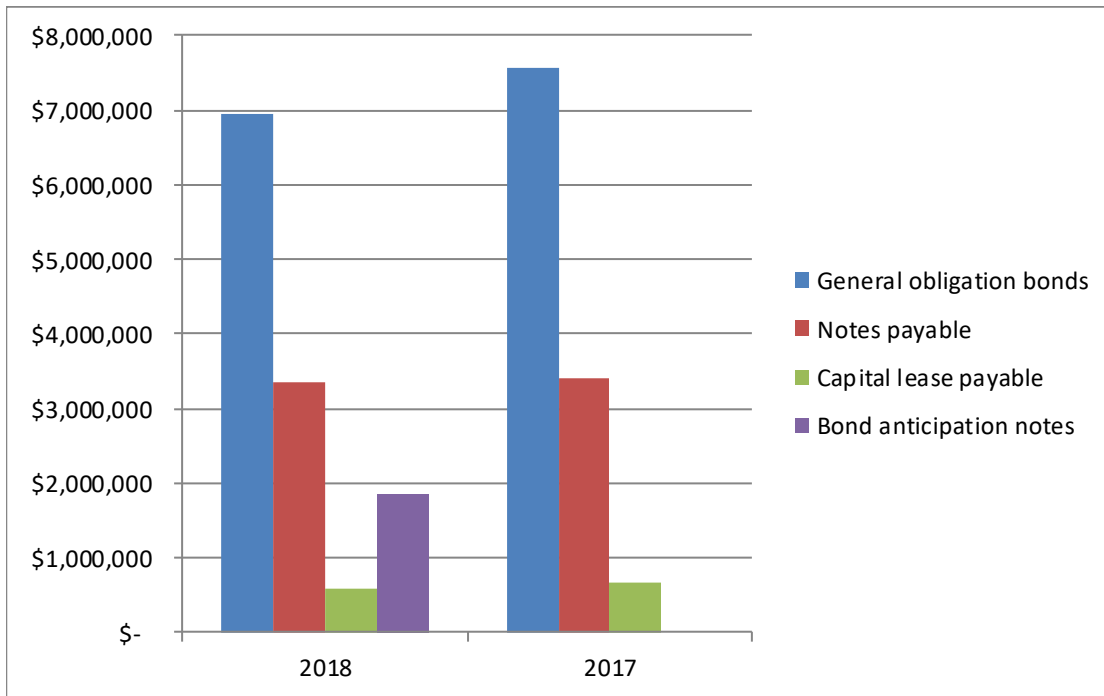
CAPITAL ASSET AND DEBT ADMINISTRATION (Continued)

Debt (Continued)

State statutes limit the amount of general obligation debt the Town may issue to seven times its annual receipts from taxation, as defined by the statutes. The current debt limitation for the Town is significantly in excess of the Town's outstanding general obligation debt.

The following is a two year comparison of long-term bonded debt:

	2018	2017	\$ Variance	% Variance
General obligation bonds	\$ 6,950,000	\$ 7,565,000	\$ (615,000)	-8.1%
Bond anticipation notes	1,856,000	-	1,856,000	N/a
Notes payable	3,356,132	3,412,458	(56,326)	-1.7%
Capital lease payable	585,195	663,757	(78,562)	-11.8%
Totals	<u>\$ 12,747,327</u>	<u>\$ 11,641,215</u>	<u>\$ 1,106,112</u>	9.5%



Additional information on the Town's long-term debt can be found in Note 9 to the basic financial statements.

TOWN OF EAST WINDSOR, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

A summary of key economic factors affecting the Town are as follows:

- The Town receives intergovernmental revenues from the State of Connecticut. Connecticut's economy moves in the same general cycle as the national economy.
- The unemployment rate for the Town is comparable to the state's average unemployment rate and the national unemployment rate.
- Inflationary trends in the region compare favorably to national indices.

All of these factors were considered in preparing the Town's budget for fiscal year 2019. The Town's fiscal year 2019 approved budgetary expenditure appropriations total \$39,396,958, which represents a 4.49% increase over the Town's original approved fiscal year 2018 budgetary expenditure appropriations.

The Town has assigned the use of General Fund fund balance in the amount of \$450,000 for spending in the 2019 fiscal year budget.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Town's finances for all those with an interest in the Town's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Treasurer, Town of East Windsor, 11 Rye Street, Broad Brook, Connecticut 06016.

BASIC FINANCIAL STATEMENTS

TOWN OF EAST WINDSOR, CONNECTICUT
STATEMENT OF NET POSITION
JUNE 30, 2018

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 19,499,371
Receivables:	
Property taxes and interest, net	1,598,368
User charges	75,420
Grants and contracts	236,014
Other	152,611
Other assets	7,538
Assessments	265,830
Capital assets:	
Non-depreciable	5,595,883
Depreciable, net	56,162,460
Total assets	83,593,495
 DEFERRED OUTFLOWS OF RESOURCES	
Deferred charges on pension expense	1,926,433
 LIABILITIES	
Accounts payable	1,015,224
Accrued liabilities	257,338
Note payable	1,856,000
Unearned revenue	1,455,021
Noncurrent liabilities:	
Due within one year	1,143,449
Due in more than one year	21,010,158
Total liabilities	26,737,190
 DEFERRED INFLOWS OF RESOURCES	
Deferred charges on pension expense	576,586
Deferred charges on OPEB expense	13,638
Total deferred inflows of resources	590,224
 NET POSITION	
Net investment in capital assets	51,642,610
Restricted for:	
Endowments - expendable	5,018
Housing rehabilitation loan program	90,528
Other programs	212,514
Unrestricted	6,241,844
Total net position	\$ 58,192,514

The accompanying notes are an integral part of these financial statements .

TOWN OF EAST WINDSOR, CONNECTICUT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position - Governmental Activities</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
Governmental activities:					
General government	\$ 3,729,444	\$ 913,146	\$ 366,714	\$ -	\$ (2,449,584)
Public safety	6,448,291	330,672	56,998	-	(6,060,621)
Conservation and health	404,673	-	5,700	-	(398,973)
Highways	3,275,225	-	529,166	-	(2,746,059)
Sanitation and waste removal	3,679,568	2,397,155	4,069	-	(1,278,344)
Culture and recreation	905,778	125,338	167,596	-	(612,844)
Education	31,072,643	449,121	12,598,930	1,131,249	(16,893,343)
Interest expense	296,976	-	-	-	(296,976)
Total governmental activities	<u>\$ 49,812,598</u>	<u>\$ 4,215,432</u>	<u>\$ 13,729,173</u>	<u>\$ 1,131,249</u>	<u>(30,736,744)</u>
General revenues:					
					32,196,214
					221,497
					259,051
					<u>32,676,762</u>
					1,940,018
					58,972,399
					(2,719,903)
					<u>56,252,496</u>
					<u>\$ 58,192,514</u>

The accompanying notes are an integral part of these financial statements .

TOWN OF EAST WINDSOR, CONNECTICUT

BALANCE SHEET

GOVERNMENTAL FUNDS

JUNE 30, 2018

	<u>General Fund</u>	<u>Capital and Nonrecurring Fund</u>	<u>Capital Projects Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and cash equivalents	\$ 11,197,381	\$ 2,830,805	\$ 2,214,881	\$ 3,256,304	\$ 19,499,371
Receivables:					
Property taxes and interest, net	1,598,368	-	-	-	1,598,368
Assessments and user charges	-	-	-	341,250	341,250
Grants and contracts	137,060	-	-	98,954	236,014
Other	34,038	-	-	118,573	152,611
Due from other funds	1,646,036	-	-	1,708,095	3,354,131
Inventories	-	-	-	7,538	7,538
Total assets	<u>\$ 14,612,883</u>	<u>\$ 2,830,805</u>	<u>\$ 2,214,881</u>	<u>\$ 5,530,714</u>	<u>\$ 25,189,283</u>
LIABILITIES					
Accounts payable	\$ 855,245	\$ 10,200	\$ 69,133	\$ 80,646	\$ 1,015,224
Salaries and benefits payable	189,583	-	-	20,494	210,077
Due to other funds	1,708,095	140,762	779,598	725,676	3,354,131
Notes payable	-	-	1,856,000	-	1,856,000
Unearned revenue	-	-	-	1,455,021	1,455,021
Total liabilities	<u>2,752,923</u>	<u>150,962</u>	<u>2,704,731</u>	<u>2,281,837</u>	<u>7,890,453</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue	1,449,006	-	-	341,250	1,790,256
Total deferred inflows of resources	<u>1,449,006</u>	<u>-</u>	<u>-</u>	<u>341,250</u>	<u>1,790,256</u>
FUND BALANCES					
Nonspendable	-	-	-	7,538	7,538
Restricted	-	-	921,794	308,060	1,229,854
Committed for:					
Capital purposes	-	2,679,843	444,356	160,152	3,284,351
Other purposes	401,134	-	-	2,501,436	2,902,570
Assigned	450,000	-	-	-	450,000
Unassigned	9,559,820	-	(1,856,000)	(69,559)	7,634,261
Total fund balances	<u>10,410,954</u>	<u>2,679,843</u>	<u>(489,850)</u>	<u>2,907,627</u>	<u>15,508,574</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 14,612,883</u>	<u>\$ 2,830,805</u>	<u>\$ 2,214,881</u>	<u>\$ 5,530,714</u>	<u>\$ 25,189,283</u>

The accompanying notes are an integral part of these financial statements .

TOWN OF EAST WINDSOR, CONNECTICUT
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2018

Total fund balances for governmental funds		\$ 15,508,574
Total net position reported for governmental activities in the statement of net position is different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		61,758,343
Some of the Town's taxes, sewer usage fees and sewer assessments will be collected after year end, but are not available soon enough to pay for the current period's expenditures and, therefore, are reported as deferred inflows of resources in the funds.		1,790,256
Long-term liabilities applicable to the Town's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities - both current and long-term - are reported in the statement of net position.		
Long-term debt:		
Bonds payable, net	\$ (7,096,200)	
Notes payable	(3,356,132)	
Capital leases	(585,195)	
Accrued interest payable	(47,261)	
Other long-term liabilities:		
Net pension liability	(6,435,590)	
Net OPEB liability	(3,198,671)	
Heart and hypertension obligations	(347,106)	
Compensated absences	<u>(1,134,713)</u>	
		(22,200,868)
Deferred outflows and inflows of resources resulting from changes in the components of the Town's net pension and OPEB liabilities are reported in the statement of net position.		<u>1,336,209</u>
Net position of governmental activities		<u>\$ 58,192,514</u>

The accompanying notes are an integral part of these financial statements .

TOWN OF EAST WINDSOR, CONNECTICUT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	General Fund	Capital and Nonrecurring Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES					
Property taxes	\$ 32,184,219	\$ -	\$ -	\$ -	\$ 32,184,219
Intergovernmental	8,982,008	-	883,658	3,539,021	13,404,687
Charges for goods and services	788,688	-	-	3,178,080	3,966,768
Interest income	141,200	22,356	75,477	30,629	269,662
Other	110,539	9,870	-	138,642	259,051
Total revenues	<u>42,206,654</u>	<u>32,226</u>	<u>959,135</u>	<u>6,886,372</u>	<u>50,084,387</u>
EXPENDITURES					
Current:					
General government	2,122,051	-	-	454,578	2,576,629
Public safety	3,619,911	-	-	366,289	3,986,200
Conservation and health	140,659	-	-	-	140,659
Highways	2,307,227	-	-	215,974	2,523,201
Sanitation and waste removal	866,638	-	-	1,873,088	2,739,726
Culture and recreation	724,719	-	-	102,154	826,873
Education	25,487,449	-	-	3,546,334	29,033,783
Insurance and benefits	3,088,903	-	-	-	3,088,903
Capital outlays	-	689,929	4,081,917	187,495	4,959,341
Debt service	1,044,055	-	40,948	-	1,085,003
Total expenditures	<u>39,401,612</u>	<u>689,929</u>	<u>4,122,865</u>	<u>6,745,912</u>	<u>50,960,318</u>
Excess (deficiency) of revenues over expenditures	2,805,042	(657,703)	(3,163,730)	140,460	(875,931)
OTHER FINANCING SOURCES (USES)					
Premium on bond anticipation note	-	-	19,687	-	19,687
Transfers in	36,078	1,783,420	-	504,877	2,324,375
Transfers out	(1,785,916)	-	-	(538,459)	(2,324,375)
Total other financing sources (uses)	<u>(1,749,838)</u>	<u>1,783,420</u>	<u>19,687</u>	<u>(33,582)</u>	<u>19,687</u>
Net change in fund balances	1,055,204	1,125,717	(3,144,043)	106,878	(856,244)
Fund balances - beginning of year	<u>9,355,750</u>	<u>1,554,126</u>	<u>2,654,193</u>	<u>2,800,749</u>	<u>16,364,818</u>
Fund balances - ending	<u>\$ 10,410,954</u>	<u>\$ 2,679,843</u>	<u>\$ (489,850)</u>	<u>\$ 2,907,627</u>	<u>\$ 15,508,574</u>

The accompanying notes are an integral part of these financial statements .

TOWN OF EAST WINDSOR, CONNECTICUT
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
 STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED JUNE 30, 2018

Net change in fund balances - total governmental funds \$ (856,244)

Total change in net position reported for governmental activities in the statement of activities is different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The amount by which capital outlays exceeded depreciation expense in the current period is as follows:

Expenditures for capital assets	\$ 4,645,200	
Depreciation and amortization expense	(2,157,325)	
Net adjustment		2,487,875

The statement of activities reports losses arising from the disposal of existing capital assets. Conversely, governmental funds do not report any gain or loss on a disposal of capital assets. (42,877)

Certain revenues reported in the statement of activities do not provide current financial resources and therefore are reported as deferred inflows of resources in the governmental funds. 87,661

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal on long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The net effect of these differences in the treatment of long-term debt and related items is as follows:

Principal repayments:		
Bonds payable	615,000	
Notes payable	56,326	
Obligations under capital lease	78,562	
Amortization of deferred charge on refunding	(10,749)	
Amortization of bond premiums	33,414	772,553

Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. However, in the statement of activities, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather than as it accrues. The net effect of such items is as follows:

Compensated absences	(93,590)	
Accrued interest	(4,213)	
Heart and hypertension obligations	7,894	
Net pension liability	589,563	
Net OPEB liability	15,542	515,196

Deferred outflows and inflows of resources resulting from changes in the components of the net pension and OPEB liabilities are amortized as a component of pension and OPEB expense in the statement of activities. (1,024,146)

Change in net position of governmental activities \$ 1,940,018

The accompanying notes are an integral part of these financial statements .

TOWN OF EAST WINDSOR, CONNECTICUT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
BUDGETARY BASIS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2018

	Budgeted Amounts		Actual	Variance With Final Budget Over (Under)
	Original	Final		
REVENUES				
Property taxes	\$ 31,999,259	\$ 31,999,259	\$ 32,184,219	\$ 184,960
Intergovernmental	4,701,333	4,701,333	6,361,509	1,660,176
Local revenues	509,320	509,320	891,918	382,598
Revenues from use of money	20,000	20,000	141,200	121,200
Total revenues	<u>37,229,912</u>	<u>37,229,912</u>	<u>39,578,846</u>	<u>2,348,934</u>
EXPENDITURES				
Current:				
Administrative services	1,574,594	1,553,743	1,437,313	(116,430)
Public safety	3,786,516	3,768,395	3,618,411	(149,984)
Physical services	2,311,560	2,321,124	2,303,066	(18,058)
Culture and liesure	726,785	756,581	724,719	(31,862)
General government	5,010,455	5,036,060	4,731,128	(304,932)
Boards and commissions	61,610	61,610	51,560	(10,050)
Capital improvement	761,674	1,818,088	1,818,088	-
Debt service	1,000,000	1,000,000	949,387	(50,613)
Total Town	<u>15,233,194</u>	<u>16,315,601</u>	<u>15,633,672</u>	<u>(681,929)</u>
Current:				
Education	22,471,718	22,471,718	22,471,718	-
Total expenditures	<u>37,704,912</u>	<u>38,787,319</u>	<u>38,105,390</u>	<u>(681,929)</u>
Excess (deficiency) of revenues over expenditures	(475,000)	(1,557,407)	1,473,456	3,030,863
OTHER FINANCING SOURCES				
Appropriation of fund balance	475,000	1,619,903	-	(1,619,903)
Transfers in	-	-	36,078	36,078
Transfers out	-	(62,496)	(122,350)	(59,854)
Total other financing sources (uses)	<u>475,000</u>	<u>1,557,407</u>	<u>(86,272)</u>	<u>(1,643,679)</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,387,184</u>	<u>\$ 1,387,184</u>

The accompanying notes are an integral part of these financial statements .

TOWN OF EAST WINDSOR, CONNECTICUT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2018

	Pension Trust Funds	Private Purpose Trust Fund	Agency Funds
ASSETS			
Cash and cash equivalents	\$ 754,225	\$ 96,387	\$ 137,446
Investments	26,598,863	366,588	-
Receivables	18,500	-	375,299
Total assets	<u>27,371,588</u>	<u>462,975</u>	<u>\$ 512,745</u>
LIABILITIES			
Payables	18,500	-	\$ -
Due to student groups	-	-	137,446
Due to others	-	-	375,299
Total liabilities	<u>18,500</u>	<u>-</u>	<u>\$ 512,745</u>
NET POSITION			
Restricted for pension and other benefits	<u>\$ 27,353,088</u>	<u>\$ 462,975</u>	

The accompanying notes are an integral part of these financial statements .

TOWN OF EAST WINDSOR, CONNECTICUT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2018

	Pension Trust Funds	Private Purpose Trust Fund
ADDITIONS		
Contributions:		
Employer	\$ 1,293,032	\$ -
Plan members	295,088	-
Total contributions	<u>1,588,120</u>	<u>-</u>
Investment earnings:		
Interest and dividends	507,855	7,534
Net change in the fair value of investments, net of fees	<u>1,851,212</u>	<u>2,370</u>
Net investment earnings	<u>2,359,067</u>	<u>9,904</u>
Total additions	<u>3,947,187</u>	<u>9,904</u>
DEDUCTIONS		
Benefit payments	1,337,375	-
Awards expense	-	19,015
Administrative expenses	<u>49,731</u>	<u>67</u>
Total deductions	<u>1,387,106</u>	<u>19,082</u>
Change in net position	2,560,081	(9,178)
Net position - beginning	<u>24,793,007</u>	<u>472,153</u>
Net position - ending	<u>\$ 27,353,088</u>	<u>\$ 462,975</u>

The accompanying notes are an integral part of these financial statements .

TOWN OF EAST WINDSOR, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Town of East Windsor, Connecticut (the "Town") conform to accounting principles generally accepted in the United States of America, as applicable to governmental organizations. The following is a summary of significant accounting policies:

Financial Reporting Entity

The Town of East Windsor, Connecticut was incorporated in 1768 and operates in accordance with the provisions of its charter, which was revised effective November 1998. The Town operates under a Board of Selectmen, Town Meeting and Board of Finance form of government and provides the following services: public safety, community maintenance, conservation and health, highway, sanitation and waste removal, culture and recreation, education and general government.

The legislative power of the Town is vested with the Board of Selectmen and Town Meeting. The Board of Selectmen may enact, amend or repeal ordinances and resolutions. The Board of Finance is responsible for financial and taxation matters as prescribed by Connecticut General Statutes, and is responsible for presenting fiscal operating budgets for Town Meeting approval.

The Town is the administrator of a single-employer defined benefit pension plan (the "Plan"). The Plan does not issue stand-alone financial statements and is part of the Town's financial reporting entity. As such, balances of the Plan are accounted for in the fiduciary fund financial statements as a pension trust fund.

The Town is the administrator of an Other Post-Employment Benefits Program (the "OPEB Plan"), which is a single-employer defined benefit other post-employment benefits plan. The OPEB Plan does not issue stand-alone financial statements and is a part of the Town's financial reporting entity. As such, balances of the OPEB Plan are accounted for in the fiduciary fund financial statements as an other post-employment benefits trust fund.

The basic financial statements of the reporting entity include only the funds of the Town as no component units exist based on operational or financial relationships with the Town.

Related Organizations

The Warehouse Point Fire District (the "District") is responsible for the operations of the fire department within the boundaries of the District, which is located within Town. The District is governed by an independent Board of Commissioners. The District is considered an overlapping government as the geographic area serviced by the District is within the boundaries of the Town.

Government-wide and Fund Financial Statements

Government-wide Financial Statements

The statement of net position and the statement of activities display information about the Town and include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. The statements are intended to distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed, in whole or in part, by fees charged to external parties. The Town has no business-type activities.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Government-wide and Fund Financial Statements *(Continued)*

Government-wide Financial Statements *(Continued)*

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported as general revenues.

Fund Financial Statements

The fund financial statements provide information about the Town's funds, including its fiduciary funds. Separate statements for each fund category - governmental and fiduciary - are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

The Town reports the following major governmental funds:

General Fund - This fund is the Town's primary operating fund. It accounts for all financial resources of the general government, except those accounted for in another fund.

Capital and Nonrecurring Fund - This fund accounts for financial revenues used for the financing of the planning, construction, reconstruction or acquisition of any specific capital improvement or the acquisition of specific equipment and capital additions.

Capital Projects Fund - This fund is used to account for appropriations related to major capital purchases and projects.

In addition, the Town reports the following fiduciary fund types:

Pension and Other Post-Employment Benefits Trust Funds - These funds are used to account for resources held in trust for the members and beneficiaries of the Town's defined benefit pension plan and other post-employment benefit plan.

Private Purpose Trust Fund - This fund type is used to account for trust arrangements under which principal and income benefit individuals. There is no requirement that any portion of the resources be preserved as capital. The Town utilizes a private purpose trust fund to account for activities of student scholarships.

Agency Funds - These funds are used to account for resources held by the Town in a purely custodial capacity. The Town utilizes these funds to account for assets of the student activities funds and the performance bonds fund. The student activities funds account for monies generated by student activities in the Town's school system for use by students and for student awards. The performance bonds fund accounts for monies received to ensure that driveways are installed to correct specifications for new construction.

Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

TOWN OF EAST WINDSOR, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Measurement Focus and Basis of Accounting *(Continued)*

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital lease are reported as other financing sources.

Property taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues in the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received or is available to be received during the period or within the availability period for this revenue source (within 60 days of year end). All other revenue items are considered to be measurable and available only when the cash is received.

The pension and other post-employment benefits trust funds and private purpose trust fund are reported using the economic resources measurement focus and the accrual basis of accounting. Agency funds have no measurement focus, but utilizes the accrual basis of accounting for reporting assets and liabilities.

Implementation of Accounting Standards *(Continued)*

Effective July 1, 2017, the Town adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 81, *Irrevocable Split-Interest Agreements*, GASB Statement No. 85, *Omnibus 2017*, and GASB State No. 86, *Certain Debt Extinguishment Issues*. The adoption of these statements did not have a material effect on the Town's financial statements.

Effective July 1, 2017, the Town adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. GASB Statement No. 75 established standards for recognizing and measuring liabilities, deferred outflows and inflows of resources, and expenses/expenditures for post-employment benefits other than pensions. This standard identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. In addition, this statement provides for certain required supplementary information and note disclosures about post-employment benefits other than pensions.

TOWN OF EAST WINDSOR, CONNECTICUT
 NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Implementation of Accounting Standards *(Continued)*

The Town has reported the following cumulative effect of applying GASB Statement No. 75 as an adjustment of beginning net position as of July 1, 2017. The adjustment does not include deferred outflows of resources or deferred inflows of resources related to OPEB.

	Governmental Activities
Net position - beginning, as originally reported	\$ 58,972,399
Adjustment to remove net other post-employment benefit obligation recognized under GASB Statement No. 45	494,310
Adjustment to record total other post-employment liability recognized under GASB Statement NO. 75	(3,214,213)
	(2,719,903)
Net position - beginning, as adjusted	\$ 56,252,496

Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/Fund Balance

Cash and Cash Equivalents

The Town's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments

Investments are measured by the Town at fair value (generally based on quoted market prices), except for investments in certain external investment pools as described below.

Investments in certain external investment pools consist of money market mutual funds and the Short-Term Investment Fund (STIF), which is managed by the State of Connecticut Treasurer's Office. Investments in these types of funds, which are permitted to measure their investment holdings at amortized costs, are measured by the Town at the net asset value per share as determined by the pool.

Inventories

Inventories are reported at cost using the first-in first-out (FIFO) method, except for USDA donated commodities, which are recorded at market value. Inventories are recorded as expenditures when consumed rather than when purchased.

Property Taxes

Property taxes are assessed as of October 1. Taxes are billed in July and due in two installments, July 1 and January 1. Personal property and motor vehicle taxes are billed in July and due in one installment, July 1. Taxes not paid within 30 days of the due date are subject to an interest charge of 1.5% per month. Liens are effective on the assessment date and are continued by filing before the end of the year following the due date. Based on historical collection experience and other factors, the Town has established an allowance for uncollectible taxes and interest of \$205,000 as of June 30, 2018.

TOWN OF EAST WINDSOR, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/Fund Balance *(Continued)*

Sewer Assessment and Usage Charges

Upon completion of projects, sewer assessments are levied and assessed to the users. Usage charges are billed in advance. Assessments and user charges are due and payable within thirty days and delinquent amounts are subject to interest at prevailing rates. Liens are filed on all properties until the assessment is paid in full.

Loans Receivable

The Town administers a Rehabilitation Loan Program. The loans bear an interest rate of 0.0%. Repayment of the loans is deferred, but the loans become due and payable upon sale or transfer of the property, the owner's demise, or when the subject property is no longer the applicant's principal place of residence. The loans may be paid in full or in part by the borrower at any time without penalty. Loans receivable under this program totaled \$37,817 as of June 30, 2018.

Capital Assets

Capital assets, which include property, equipment, and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial individual cost of more than \$7,000 for machinery and equipment, \$20,000 for building improvements and \$100,000 for infrastructure and an estimated useful life in excess of 3 years. Such assets are recorded at historical cost, or estimated historical cost, if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of a capital asset or materially extend capital asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Capital assets of the Town are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	40
Building improvements	25
Machinery and equipment	5
Computer equipment	3
Infrastructure	20 - 60

Unearned Revenue

Unearned revenue represents resources that have been received, but not yet earned.

Deferred Outflows and Inflows of Resources

Deferred outflows and inflows of resources represent an acquisition of net position that applies to a future period(s) and so will not be recognized as inflows or outflows of resources until that time.

Deferred outflows and inflows of resources include deferred charges on pension and OPEB expenses reported in the government-wide statement of net position. Deferred charges on pension and OPEB expenses are amortized as a component of pension and OPEB expense on a systematic and rational basis.

TOWN OF EAST WINDSOR, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/Fund Balance *(Continued)*

Deferred Outflows and Inflows of Resources *(Continued)*

Deferred inflows of resources also consist of revenue that is considered unavailable reported in the governmental funds balance sheet. Unavailable revenues are recognized as inflows of resources in the period that the amounts become available.

Compensated Absences

Vacation time earned may be accumulated by employees until termination of their employment, at which time they are paid for this accumulated time. Vacation leave is valued using current salary costs, as well as any salary-related payments that are directly or incrementally connected with leave payments to employees. Sick leave is accrued and is contingent upon absences being caused by employee future illness or retirements. The sick leave calculation is also based on current salary costs as well as salary related payments.

All compensated absences are accrued when incurred in the government-wide financial statements. Expenditures for compensated absences are recognized in the governmental fund financial statements in the current year to the extent they are paid during the year, or when the vested amount is expected to be paid with available resources.

Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed when incurred.

In the fund financial statements, governmental funds recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Net Position and Fund Balance

The government-wide statement of net position presents the Town's non-fiduciary assets, deferred outflows and inflows of resources and liabilities, with the difference reported as net position. Net position is reported in three categories:

Net investment in capital assets - This category consists of capital assets, net of accumulated depreciation and amortization and reduced by outstanding balances for bonds, notes and other debt that are attributed to the acquisition, construction or improvement of capital assets.

Restricted - This category of net position consists of amounts whose use is restricted either through external restrictions imposed by creditors, grantors, contributors, and the like, or through restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted - This category consists of net position which does not meet the definition of the two preceding categories.

TOWN OF EAST WINDSOR, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/Fund Balance *(Continued)*

Net Position and Fund Balance *(Continued)*

The Town's governmental funds report the following fund balance categories:

Nonspendable - Amounts that cannot be spent because they are not in spendable form or they are legally or contractually required to be maintained intact.

Restricted - Constraints are placed on the use of resources that are either externally imposed by creditors, grantors, contributors or laws and regulations of other governments or imposed by law through enabling legislation.

Committed - Amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Board of Finance (the highest level of decision making authority of the Town) and cannot be used for any other purpose unless the Town removes or changes the specified use by taking the same formal action.

Assigned - Amounts are constrained by the Town's intent to be used for specific purposes, but are not restricted or committed. Amounts may be constrained to be used for a specific purpose by a governing board or body or official that has been delegated authority to assign amounts by the Town Charter.

Unassigned - Residual classification for the General Fund or amounts necessary in other governmental funds to eliminate otherwise negative fund balance amounts in the other four categories.

The Town does not have a formal policy over the use of fund balance. In accordance with the applicable accounting guidance, the Town uses restricted resources first, then unrestricted resources as needed. Unrestricted resources are used in the following order: committed; assigned; then unassigned. It is the Town's policy to maintain a fund balance in the General Fund between 5% and 17% of operating expenditures. A gradual increase of 1% per year is required under this policy to restore the General Fund unassigned balance should it fall below the minimum level.

Interfund Activities

Interfund activities are reported as follows:

Interfund Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e. the current portion of interfund loans) or "advances to/from other funds" (i.e. the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds".

Interfund Transfers

Interfund transfers represent flows of assets without equivalent flows of assets in return and without a requirement for repayment. In governmental funds, transfers are reported as other financing uses in the funds making transfers and other financing sources in the funds receiving transfers.

Interfund Reimbursements

Interfund reimbursements represent repayments from the funds responsible for particular expenditures or expenses to the funds that initially paid for them.

TOWN OF EAST WINDSOR, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements. Actual results could differ from those estimates.

NOTE 2 - BUDGETARY INFORMATION

The Town adheres to the following procedures in establishing the budgetary data included in the General Fund financial statements.

- The Board of Finance prepares the budget from information furnished by various Town departments and Board of Selectmen recommendations. The operating budgets include proposed expenditures and the means of financing them.
- The budget is presented at a public hearing before being formally voted on at a Town Referendum.
- The legal level of budgetary control, the level at which expenditures may not exceed appropriations, is established at the department, office, board or commission level.
- Additional appropriations may be made during the year based upon recommendations of the Board of Finance and subject to Town meeting approval.
- Formal budgetary integration is employed as a management control device during the year.
- The Board of Education, which is not a separate legal entity but a function of the Town, is authorized under state law to make any transfers within their budget at their discretion. Any additional appropriations must have Board of Education, Board of Finance and, if necessary, Town Meeting approval.
- The budget is prepared on the modified accrual basis of accounting. "On-behalf" payments made by the State of Connecticut into the State Teacher's Retirement System are not recorded for budgetary purposes.
- Encumbrances are recognized as a valid and proper charge against a budget appropriation in the year in which the purchase order, contract or other commitment is issued and, accordingly, encumbrances outstanding at year-end are reported in budgetary reports as expenditures of the current year.
- Generally, all unexpended appropriations lapse at year-end, except those for the Capital Projects Funds. Appropriations for capital projects are continued until completion of applicable projects, even when projects extend more than one fiscal year.

As described above, accounting principles applied for purposes of developing data on a budgetary basis differ from those used to present financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP basis").

TOWN OF EAST WINDSOR, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 2 - BUDGETARY INFORMATION (Continued)

A reconciliation of General Fund amounts presented on the budgetary basis to amounts presented on the GAAP basis is as follows for the year ended June 30, 2018:

	<u>Total</u> <u>Revenues</u>	<u>Total</u> <u>Expenditures</u>	<u>Other Financing</u> <u>Uses, net</u>	<u>Net Change</u> <u>In Fund</u> <u>Balance</u>
Budgetary basis	\$ 39,578,846	\$ 38,105,390	\$ (86,272)	\$ 1,387,184
"On-behalf" payments - State Teachers' Retirement Fund	2,620,499	2,620,499	-	-
Change in encumbrances	-	394,982	-	(394,982)
Transfers recorded as an expenditure for budgetary purposes	-	(1,723,420)	(1,723,420)	-
Budgetary perspective differences - funds combined for GAAP financial reporting purposes:				
Heart & Hypertension Fund	-	-	42,106	42,106
Storm Emergency Fund	-	4,161	17,748	13,587
Warehouse Point Fire Fund	7,309	-	-	7,309
GAAP basis	<u>\$ 42,206,654</u>	<u>\$ 39,401,612</u>	<u>\$ (1,749,838)</u>	<u>\$ 1,055,204</u>

NOTE 3 - CASH DEPOSITS AND INVESTMENTS

Cash Deposits

The carrying value of the Town's cash deposits as of June 30, 2018 totaled \$10,317,930. A reconciliation of the Town's cash deposits as of June 30, 2018 is as follows:

Government-wide statement of net position:

Cash and cash equivalents	\$ 19,499,371
Less: cash equivalents considered investments for disclosure purposes	<u>(9,490,737)</u>
	<u>10,008,634</u>

Statement of fiduciary net position:

Cash and cash equivalents	\$ 988,058
Add: investments considered cash deposits for disclosure purposes	75,463
Less: cash equivalents considered investments for disclosure purposes	<u>(754,225)</u>
	<u>309,296</u>
	<u>\$ 10,317,930</u>

TOWN OF EAST WINDSOR, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 3 - CASH DEPOSITS AND INVESTMENTS (Continued)

Cash Deposits (Continued)

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, the Town will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The Town does not have a deposit policy for custodial credit risk. As of June 30, 2018, \$10,424,940 of the Town's bank balance of \$11,202,827 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 9,382,446
Uninsured and collateralized with securities held by the pledging bank's trust department or agent but not in the Town's name	1,042,494
	<u>\$ 10,424,940</u>

All of the Town's deposits were in qualified public institutions as defined by Connecticut General Statutes. Under Connecticut General Statutes, any bank holding public deposits must at all times maintain, segregated from its other assets, eligible collateral in an amount equal to a certain percentage of its public deposits. The applicable percentage is determined based on the bank's risk-based capital ratio. The amount of public deposits is determined based on either the public deposits reported on the most recent quarterly call report, or the average of the public deposits reported on the four most recent quarterly call reports, whichever is greater. The collateral is kept in the custody of the trust department of either the pledging bank or another bank in the name of the pledging bank.

Investments

A reconciliation of the Town's investments as of June 30, 2018 is as follows:

Government-wide statement of net position:	
Investments	\$ -
Add: cash equivalents considered investments for disclosure purposes	9,490,737
	<u>9,490,737</u>
Statement of fiduciary net position:	
Investments	26,965,451
Less: investments considered cash equivalents for disclosure purposes	(75,463)
Add: cash equivalents considered investments for disclosure purposes	754,225
	<u>27,644,213</u>
	<u>\$ 37,134,950</u>

TOWN OF EAST WINDSOR, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 3 - CASH DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

As of June 30, 2018, the Town's investments consisted of the following:

Investment type	Valuation Basis	Value	Investment Maturities (In Years)		
			Less Than 1	1 to 5	6 to 10
Debt Securities:					
<i>Governmental Activities:</i>					
Short Term Investment Fund (STIF)	Net asset value	\$ 9,490,737	\$ 9,490,737	\$ -	\$ -
<i>Fiduciary Funds:</i>					
Money market mutual funds	Net asset value	754,225	754,225	-	-
Fixed income securities	Fair value	3,872,901	450,680	3,422,221	-
		14,117,863	<u>\$ 10,695,642</u>	<u>\$ 3,422,221</u>	<u>\$ -</u>
Other investments:					
<i>Fiduciary Funds:</i>					
Mutual funds	Fair value	23,017,087			
		<u>\$ 37,134,950</u>			

Because the STIF and money market mutual funds have weighted average maturities of less than 90 days, they have been presented as investments with maturities less than one year.

Interest Rate Risk

The Town's pension investment policy limits the type of fixed income securities to minimize the level of interest rate risk. All fixed income securities must have readily ascertainable market value and must be readily marketable. The investment policy emphasizes long-term rather than short-term performance.

Credit Risk

The Town does not have an investment policy that would further limit its investment choices beyond those limited by Connecticut state statutes for its non-fiduciary investments. Connecticut state statutes permit the Town to invest in obligations of the United States, including its instrumentalities and agencies; in obligations of any state or of any political subdivision, authority or agency thereof, provided such obligations are rated within one of the top two rating categories of any recognized rating service; or in obligations of the State of Connecticut or of any political subdivision thereof, provided such obligations are rated within one of the top three rating categories of any recognized rating service. Other provisions of the statutes cover specific municipal funds with particular investment authority. The provisions of the statutes regarding the investment of municipal pension funds does not specify permitted investments. Therefore, the investment of such funds is generally controlled by the laws applicable to fiduciaries and the provisions of the applicable plan. The Town's pension investment policy limits fixed income securities to those backed by the full faith and credit of the United States Government and other bonds, not guaranteed by the United States Government, provided they are at least a "BBB" or equivalent rating by a national rating agency.

TOWN OF EAST WINDSOR, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 3 - CASH DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

Credit Risk (Continued)

The Town's investment in debt securities were rated by Standard & Poor's as follows at June 30, 2018:

<u>Investment type</u>	<u>Value</u>	<u>AAA</u>	<u>AA</u>	<u>A</u>	<u>BBB</u>
Debt Securities:					
STIF	\$ 9,490,737	\$ 9,490,737	\$ -	\$ -	\$ -
Fixed income securities	3,872,901	-	791,006	370,768	2,711,127

Investments in money market mutual funds were unrated as of June 30, 2018.

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of a counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Town does not have a policy for custodial credit risk. The Town's investments are not exposed to custodial credit risk because they are either not evidenced by securities that exist in physical or book entry form or they are held by a reputable custodian in the name of the Town.

Concentrations of Credit Risk

The Town places no limit on the amount of investment in any one issuer. As of June 30, 2018, 100% of the Town's investments within its governmental activities were invested in the Short-term Investment Fund. As of June 30, 2018, more than 10% of the Town's investments within its fiduciary funds were invested in the following:

<u>Investment</u>	<u>Value</u>	<u>Issuer</u>	<u>% of Fiduciary Investments</u>
S&P 500 ETF TRUST	\$ 9,355,888	SPDR State Street Global Advisors	33.8%

NOTE 4 - FAIR VALUE MEASUREMENTS

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants, as of the measurement date. Authoritative guidance establishes a hierarchy of valuation techniques based upon whether the inputs to those valuation techniques reflect assumptions other market participants would use based upon market data obtained from independent sources (also referred to as observable inputs). The Town classifies its assets and liabilities measured at fair value into Level 1 (securities valued using quoted prices from active markets for identical assets), Level 2 (securities not traded on an active market for which market inputs are observable, either directly or indirectly), and Level 3 (securities valued based on unobservable inputs). Investments are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

TOWN OF EAST WINDSOR, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 4 - FAIR VALUE MEASUREMENTS (Continued)

The Town's financial assets that are accounted for at fair value on a recurring basis as of June 30, 2018, by level within the fair value hierarchy are presented in the table below.

Financial Assets Measured at Fair Value	Prices in Active Market (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Mutual funds	\$ 23,017,087	\$ -	\$ -	\$ 23,017,087
Fixed income securities	-	3,872,901	-	3,872,901

Mutual funds classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Fixed income securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

NOTE 5 - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2018 consisted of the following:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital assets, not being depreciated:				
Land	\$ 5,384,759	\$ -	\$ -	\$ 5,384,759
Construction in progress	432,858	2,837,090	(3,058,824)	211,124
Total capital assets, not being depreciated	<u>5,817,617</u>	<u>2,837,090</u>	<u>(3,058,824)</u>	<u>5,595,883</u>
Capital assets, being depreciated:				
Buildings and improvements	34,973,060	70,968	3,058,824	38,102,852
Machinery and equipment	8,741,913	385,337	(48,540)	9,078,710
Infrastructure	48,645,892	1,351,807	-	49,997,699
Total capital assets, being depreciated	<u>92,360,865</u>	<u>1,808,112</u>	<u>3,010,284</u>	<u>97,179,261</u>
Less accumulated depreciation:				
Buildings and improvements	16,487,015	710,731	-	17,197,746
Machinery and equipment	5,501,469	510,681	(5,663)	6,006,487
Infrastructure	16,876,653	935,915	-	17,812,568
Total accumulated depreciation	<u>38,865,137</u>	<u>2,157,327</u>	<u>(5,663)</u>	<u>41,016,801</u>
Total capital assets, being depreciated, net	<u>53,495,728</u>	<u>(349,215)</u>	<u>3,015,947</u>	<u>56,162,460</u>
Governmental activities capital assets, net	<u>\$ 59,313,345</u>	<u>\$ 2,487,875</u>	<u>\$ (42,877)</u>	<u>\$ 61,758,343</u>

TOWN OF EAST WINDSOR, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 5 - CAPITAL ASSETS (Continued)

Depreciation and amortization expense was charged to functions of the Town as follows:

Governmental Activities:		
General government	\$	117,502
Public safety		305,865
Highway		699,040
Sanitation and waste removal		571,877
Culture and recreation		47,956
Education		415,087
Total depreciation and amortization expense	\$	<u>2,157,327</u>

NOTE 6 - INTERFUND RECEIVABLES AND PAYABLES

Interfund receivable and payable balances at June 30, 2018 are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Governmental Funds		
General Fund	Capital and Nonrecurring Fund	\$ 140,762
	Capital Projects Fund	779,598
	Nonmajor Governmental Funds	<u>725,676</u>
		1,646,036
Nonmajor Governmental Funds	General Fund	<u>1,708,095</u>
		<u>\$ 3,354,131</u>

The above balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

NOTE 7 - INTERFUND TRANSFERS

Interfund transfers for the year ended June 30, 2018 consisted of the following:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
Governmental Funds		
General Fund	Nonmajor Governmental Funds	<u>\$ 36,078</u>
Capital and Nonrecurring Fund	General Fund	1,723,420
	Nonmajor Governmental Funds	<u>60,000</u>
		1,783,420
Nonmajor Governmental Funds	General Fund	62,496
	Nonmajor Governmental Funds	<u>442,381</u>
		504,877
		<u>\$ 2,324,375</u>

TOWN OF EAST WINDSOR, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 7 - INTERFUND TRANSFERS

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, and (2) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

NOTE 8 - SHORT-TERM DEBT

The following is a summary of changes in short-term debt for the year ended June 30, 2018:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities				
Bond anticipation notes payable	\$ -	\$ 4,596,000	\$ (2,740,000)	\$ 1,856,000

In July 2017, the Town issued \$2,740,000 in bond anticipation notes (the "July 2017 Notes") to provide interim financing for improvements to the Town's Middle School roof. The note bore a coupon rate of 2.0% and matured in April 2018.

In April 2018, the Town retired the July 2017 Notes through the issuance of \$1,856,000 in bond anticipations notes (the "April 2018 Notes") and a pay down of \$884,000 from school construction grant reimbursements received from the State of Connecticut. The April 2018 Notes bear a coupon rate of 2.0% and mature in January 2019.

NOTE 9 - LONG-TERM LIABILITIES

The following is a summary of changes in long-term liabilities for the year ended June 30, 2018:

	<u>Beginning Balance (As Adjusted)</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities					
Bonds payable:					
General obligation bonds	\$ 7,565,000	\$ -	\$ (615,000)	\$ 6,950,000	\$ 620,000
Unamortized amounts:					
Premium on bonds issued	179,614	-	(33,414)	146,200	-
Total bonds payable	7,744,614	-	(648,414)	7,096,200	620,000
Other liabilities:					
Notes payable	3,412,458	-	(56,326)	3,356,132	57,875
Capital leases	663,757	-	(78,562)	585,195	77,574
Compensated absences	1,041,123	93,590	-	1,134,713	378,000
Heart and hypertension obligations	355,000	-	(7,894)	347,106	10,000
Net pension liability	7,025,153	-	(589,563)	6,435,590	-
Net OPEB liability	3,214,213	-	(15,542)	3,198,671	-
	<u>\$ 23,456,318</u>	<u>\$ 93,590</u>	<u>\$ (1,396,301)</u>	<u>\$ 22,153,607</u>	<u>\$ 1,143,449</u>

The Town issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds are secured by the full faith and credit of the Town but are substantially liquidated by the General Fund via taxes collected from the levy on all taxable properties located within the Town. The remaining liabilities above typically have been liquidated in the General Fund and other governmental funds.

TOWN OF EAST WINDSOR, CONNECTICUT
 NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 9 - LONG-TERM LIABILITIES *(Continued)*

General Obligation Bonds and Notes Payable

A summary of general obligation bonds and note payable outstanding at June 30, 2018 is as follows:

<u>Purpose of Bonds</u>	<u>Fiscal Date of Issue</u>	<u>Original Issue</u>	<u>Interest Rates</u>	<u>Fiscal Maturity Date</u>	<u>Amount Outstanding</u>
Governmental Activities					
General Obligation Refunding Bonds	2014	\$ 2,640,000	2.0% - 4.0%	2025	\$ 1,495,000
General Obligation Bonds	2016	5,740,000	2.0% - 3.0%	2037	5,455,000
					<u>\$ 6,950,000</u>
Notes payable					
Rural Development Loan	2012	2,180,000	2.375%	2052	\$ 1,983,253
Rural Development Loan	2015	1,435,000	2.75%	2055	1,372,879
					<u>\$ 3,356,132</u>

Annual debt service requirements to maturity on general obligation bonds and the note payables are as follows as of June 30, 2018:

<u>Year ending June 30:</u>	<u>Governmental Activities</u>					
	<u>Bonds Payable</u>		<u>Notes Payable</u>		<u>Total</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2019	\$ 620,000	\$ 165,220	\$ 57,875	\$ 102,825	\$ 677,875	\$ 268,045
2020	480,000	147,495	59,466	101,149	539,466	248,644
2021	485,000	131,045	61,101	99,421	546,101	230,466
2022	485,000	114,495	62,782	97,640	547,782	212,135
2023	480,000	99,995	64,508	95,804	544,508	195,799
2024 - 2028	1,795,000	364,300	350,143	449,446	2,145,143	813,746
2029 - 2033	1,425,000	212,549	401,014	394,302	1,826,014	606,851
2034 - 2038	1,180,000	56,209	459,270	330,139	1,639,270	386,348
2039- 2043	-	-	525,986	255,470	525,986	255,470
2044 - 2048	-	-	602,399	168,559	602,399	168,559
2049 - 2053	-	-	597,942	67,403	597,942	67,403
2054 - 2055	-	-	113,646	4,699	113,646	4,699
	<u>\$ 6,950,000</u>	<u>\$ 1,291,308</u>	<u>\$ 3,356,132</u>	<u>\$ 2,166,857</u>	<u>\$ 10,306,132</u>	<u>\$ 3,458,165</u>

Statutory Debt Limitations

Connecticut General Statutes Section 7-374(b) provides that authorized debt of the Town shall not exceed seven times base receipts, as defined in the Statute. Further, the Statute limits the amount of debt that may be authorized by the Town for general purposes, schools, sewers, urban renewal and pension deficit. The Town did not exceed any of the statutory debt limitations at June 30, 2018.

Authorized, Unissued Debt

As of June 30, 2018, the Town had no authorized, unissued debt.

TOWN OF EAST WINDSOR, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 9 - LONG-TERM LIABILITIES *(Continued)*

Capital Leases

Future minimum lease obligations and the net present value of the minimum lease payments as of June 30, 2018 are as follows:

Year ending June 30:	Governmental Activites
2019	\$ 94,668
2020	94,668
2021	94,668
2022	94,668
2023	94,668
Thereafter	<u>166,391</u>
Total minimum lease payments	639,731
Less: amount representing interest	<u>54,536</u>
Present value of minimum lease payments	<u><u>\$ 585,195</u></u>

Heart and Hypertension Obligations

The Town's estimated liability for heart and hypertension obligations as of June 30, 2018 totaled \$347,106. Heart and hypertension obligations are based upon estimates of either the ultimate cost of claims to be incurred by eligible beneficiaries or the actual amount of settlements reached and unpaid as of year end. Because estimated future claim costs depend on a number of estimates, including inflation, life expectancy and expected claims frequency, it is reasonably possible that the Town's liability for heart and hypertension obligations as of June 30, 2018 will change in the near term.

NOTE 10 - PENSION PLANS

Defined Benefit Plan

The Town is the administrator of a single-employer Public Employee Retirement System (PERS) established and administered by the Town to provide pension benefits for its employees. The Plan does not issue stand-alone financial statements and is part of the Town's financial reporting entity. As such, balances of the Plan as of and for the year ended June 30, 2018 are accounted for in the fiduciary fund financial statements as a pension trust fund.

Plan Description

The Plan covers all full-time employees of the Town except certified employees of the Board of Education, who are covered by a plan administered by the Connecticut State Teacher's Retirement Board. Employees become eligible to participate in the Plan on the eligibility date coinciding with, or next following, a specified date of hire and completion of 1,000 hours of service. Employees are generally 100% vested after five years of continuous service, except for police personnel hired after July 1, 2007, which are 100% vested after seven years of service. Benefits and contributions are established and may be amended by the Town.

TOWN OF EAST WINDSOR, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 10 - PENSION PLANS *(Continued)*

Defined Benefit Plan *(Continued)*

Plan Membership

Membership of the Plan consisted of the following as of July 1, 2017, the date of the most recent actuarial valuation:

Retirees and beneficiaries currently receiving benefits	83
Vested terminated employees	114
Active employees	<u>177</u>
	<u><u>374</u></u>

Contributions

The contribution requirements of plan members are established and may be amended by the Town Pension and Retirement Board. The Town's funding policy provides for periodic employer contributions at rates that, when expressed as a percentage of annual covered payroll, are designed to accumulate sufficient assets to pay benefits when due. The contribution rates for normal costs of the Plan was determined using the projected unit credit method.

Required employee contribution rates under the Plan range from 2.0% to 7.0% of covered payroll based on the applicable bargaining unit.

Benefit Provisions

Retirement benefits range from 1.25% to 2.25% of the participant's average annual compensation for the applicable service period multiplied by years of credited service.

Normal retirement age for public works and WPCA employees is the later of age 60 or 15 years of service; for sworn police personnel it is the later of age 50 or 25 years of service; for dispatchers it is the later of age 60 and 25 years of service; and for all other employees it is the later of age 65 and 5 years of service. Early retirement age is the later of age 55 and the completion of at least ten years of credited service.

Summary of Significant Accounting Policies

The Plan is accounted for using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to the Plan are recognized when due and the employer has made a formal commitment to provide contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan.

Investments - Investments are measured at fair value, except for investments money market mutual funds which are permitted to be measured at net asset value. Securities traded on national exchanges are valued at the last reported sales price. Investment income is recognized when earned and gains and losses on sales or exchanges are recognized on the transaction date. The Plan's policy in regard to the allocation of invested assets is established and may be amended by the Town. It is the policy of the Town to pursue an investment strategy that reduces risk through prudent diversification of the portfolio across a broad selection of distinct asset classes. The Plan's investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans.

Rate of return - For the year ended June 30, 2018 the annual money-weighted rate of return on pension plan investments, net of pension plan investment expenses, was 9.68%. The money-weighted rate of return expresses investment performance, net of investment expense adjusted for the changing amounts actually invested.

Administrative costs of the Plan are generally financed through investment earnings.

TOWN OF EAST WINDSOR, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 10 - PENSION PLANS *(Continued)*

Defined Benefit Plan *(Continued)*

Concentrations

As of June 30, 2018, more than 10% of the Plan's investments were invested in the following:

Investment	Value	Issuer	% of Plan Investments
S&P 500 ETF TRUST	\$ 8,974,080	SPDR State Street Global Advisors	34.1%

Net Pension Liability

The components of the net pension liability of the Town at June 30, 2018, were as follows:

Total pension liability	\$ 32,742,756
Plan fiduciary net position	<u>(26,307,166)</u>
Town's net pension liability	<u><u>\$ 6,435,590</u></u>

Plan fiduciary net position as a percentage of the total pension liability	80.34%
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The components of the change in the net pension liability of the Town Plan for the year ended June 30, 2018 were as follows:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance as of June 30, 2017	\$ 30,890,480	\$ 23,865,327	\$ 7,025,153
Changes for the year:			
Service cost	900,634	-	900,634
Interest	2,019,392	-	2,019,392
Actuarial (gains) losses	269,625	-	269,625
Contributions - employer	-	1,228,568	(1,228,568)
Contributions - employee	-	295,088	(295,088)
Net investment income	-	2,281,988	(2,281,988)
Changes of assumptions	-	-	-
Benefit payments, including refunds	(1,337,375)	(1,337,375)	-
Administrative expense	-	(26,430)	26,430
Net changes	<u>1,852,276</u>	<u>2,441,839</u>	<u>(589,563)</u>
Balance as of June 30, 2018	<u><u>\$ 32,742,756</u></u>	<u><u>\$ 26,307,166</u></u>	<u><u>\$ 6,435,590</u></u>

TOWN OF EAST WINDSOR, CONNECTICUT
 NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 10 - PENSION PLANS *(Continued)*

Defined Benefit Plan *(Continued)*

Net Pension Liability *(Continued)*

Actuarial assumptions - The total pension liability was determined by an actuarial valuation as of July 1, 2017, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75 percent
Salary increases	3.50 percent, average, including inflation
Investment rate of return	6.50 percent, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2000 Unisex Healthy Annuitant Mortality Table, with adjustments to the valuation year for mortality improvements based on Scale BB.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2018 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Equities	60.00%	3.57%
Fixed Income	40.00%	2.51%

Discount rate - The discount rate used to measure the total pension liability was 6.5%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that the Town's contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the net pension liability to changes in the discount rate - The following presents the net pension liability of the Town, calculated using the discount rate of 6.5%, as well as what the Town's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.5%) or 1-percentage-point higher (7.5%) than the current rate:

	<u>1% Decrease (5.5%)</u>	<u>Current Discount (6.5%)</u>	<u>1% Increase (7.5%)</u>
Town Plan's net pension liability	\$ 10,492,628	\$ 6,435,590	\$ 3,028,239

TOWN OF EAST WINDSOR, CONNECTICUT
 NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 10 - PENSION PLANS *(Continued)*

Defined Benefit Plan *(Continued)*

Pension Expense and Deferred Outflows/Inflows of Resources

At June 30, 2018, the Town reported deferred outflows and inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred (Inflows) of Resources</u>	<u>Net Deferred Outflows (Inflows) of Resources</u>
Differences between expected and actual experience	\$ 477,415	\$ (72,095)	\$ 405,320
Changes of assumptions	1,449,018	-	1,449,018
Net difference between projected and actual earnings on pension plan investments	-	(504,491.00)	(504,491)
Total	<u>\$ 1,926,433</u>	<u>\$ (576,586)</u>	<u>\$ 1,349,847</u>

Amounts reported as deferred outflows and inflows of resources will be recognized as a component of pension (benefit) expense as follows:

Year ended June 30,	
2019	\$ 556,722
2020	466,348
2021	247,398
2022	74,094
2023	5,285
	<u>\$ 1,349,847</u>

Payable to the Pension Plan

At June 30, 2018, the Town did not report a payable for any contributions outstanding to the pension plan.

Connecticut State Teachers' Retirement System

Plan Description

The faculty and professional personnel of the Town's Board of Education participates in the State of Connecticut's Teachers' Retirement System ("TRS"), which is a cost sharing multiple-employer defined benefit pension plan that provides retirement, disability, survivorship and health insurance benefits to plan members and their beneficiaries. The TRS is governed by Connecticut General Statute ("CGS") *Title 10, Chapter 167a* and is administered by the Connecticut State Teachers' Retirement Board (the "Board"). The TRS is included as a fiduciary pension trust fund in the State of Connecticut's Comprehensive Annual Financial Report and the Board issues publicly available financial reports.

Benefit Provisions

The plan provides retirement, disability and death benefits. Employees are eligible to retire at age 60 with 20 years of credited service in Connecticut, or 35 years of credited service including at least 25 years of service in Connecticut.

TOWN OF EAST WINDSOR, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 10 - PENSION PLANS *(Continued)*

Connecticut State Teachers' Retirement System *(Continued)*

Benefit Provisions *(Continued)*

Normal Retirement: Retirement benefits for the employees are calculated as 2.0% of the average annual salary times the years of credited service (maximum benefit is 75.0% of average annual salary during the 3 years of highest salary). In addition, amounts derived from the accumulation of the 6.0% contributions made prior to July 1, 1989 and voluntary contributions are payable.

Early Retirement: Employees are eligible after 25 years of credited service with a minimum of 20 years of Connecticut service, or age 55 with 20 years of credited service with a minimum of 15 years of Connecticut service. Benefit amounts are reduced by 6.0% per year for the first 5 years preceding normal retirement age and 4.0% per year for the next 5 years preceding normal retirement age. Effective July 1, 1999, the reduction for individuals with 30 or more years of service is 3.0% per year by which retirement precedes normal retirement date.

Minimum Benefit: Effective January 1, 1999, Public Act 98-251 provides a minimum monthly benefit of \$1,200 to teachers who retire under the normal retirement provisions and who have completed at least 25 years of full time Connecticut service at retirement.

Disability Retirement: Employees are eligible for service-related disability benefits regardless of length of service. Five years of credited service is required to be eligible for non-service related disability. Disability benefits are calculated as 2% per year of service times the average of the highest three years of pensionable salary, as defined per the Plan, but not less than 15%, nor more than 50%. In addition, disability benefits under this plan (without regard to cost-of-living adjustments) plus any initial award of Social Security benefits and workers' compensation cannot exceed 75% of average annual salary. A plan member who leaves service and has attained 10 years of service will be entitled to 100% of the accrued benefit as of the date of termination of covered employment. Benefits are payable at age 60, and early retirement reductions are based on the number of years of service the member would have had if they had continued work until age 60.

Pre-Retirement Death Benefit: The plan also offers a lump-sum return of contributions with interest or surviving spouse benefit depending on length of service.

Contributions

Per CGS 10-183z, contribution requirements of active employees and the State are amended and certified by the Board and appropriated by the General Assembly. The contributions are actuarially determined as an amount that, when combined with employee contributions and investment earnings, is expected to finance the costs of the benefits earned by employees during the year, with any additional amounts to finance any unfunded accrued liability.

In accordance with CGS Section 10-183z, the Town does not and is not legally responsible to contribute to the plan as a special funding situation exists that requires the State to contribute 100% of an employer's contributions on-behalf of its participating municipalities at an actuarially determined rate. Effective January, 1, 2018, active employees are required to contribute 7.0%, previously 6.0%, of their annual earnings to the plan.

TOWN OF EAST WINDSOR, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 10 - PENSION PLANS *(Continued)*

Connecticut State Teachers' Retirement System *(Continued)*

Administrative Expenses

Administrative costs of the plan are funded by the State.

Basis of Presentation

The collective net pension liability, deferred outflows and inflows of resources, and pension expense for the TRS has been measured as of June 30, 2017 based on an actuarial valuation performed as of June 30, 2016. Since the Town does not contribute directly to the TRS, the Town does not recognize its proportionate share of these amounts in its financial statements. The information determined as of the June 30, 2017 measurement date for the TRS has been utilized by the Town for reporting on-behalf revenues, expenditures and expenses for the year ended June 30, 2018 and for reporting the proportionate share of the collective net pension liability that is attributed to the Town as of June 30, 2018.

Allocation Methodology

The schedule of employer allocations for the TRS was calculated based upon the fiscal year 2017 expected contribution effort for each participating employer. The employer allocations were then applied to the net pension liability and pension expense to determine the amount applicable to each employer. For fiscal year 2017, the Town's expected contribution effort for allocation purposes totaled \$2,569,916 or 0.254% of the total expected contribution effort. The Town has recognized this amount as an on-behalf payment into the TRS as intergovernmental revenues and related education expenditures of the General Fund for the year ended June 30, 2018.

The components associated with the collective pension expense and deferred inflows and outflows of resources for the TRS have been determined based on the fiduciary net position as audited by the State of Connecticut Auditors of Public Accounts as part of the State of Connecticut's Comprehensive Annual Financial Report as of and for the year ended June 30, 2017. The portion of the collective pension expense allocated to the Town totaled \$3,965,527. The Town has recognized this amount as an operating contribution and related education expense of the governmental activities for the year ended June 30, 2018.

The total collective net pension liability of participating employers for the TRS was approximately \$13.502 billion as of the June 30, 2017 measurement date. The portion attributed to the Town totaled \$34,282,876 or approximately 0.254% of the total collective net pension liability.

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2016 using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Salary increase	3.25% - 6.50%, including inflation
Investment rate of return	8.00%, net of pension plan investment expense, including inflation

Mortality rates were based on the RPH-2014 White Collar table with employee and annuitant rates blended from ages 50 to 80, projected to the year 2020 using the BB improvement scale.

TOWN OF EAST WINDSOR, CONNECTICUT
 NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 10 - PENSION PLANS *(Continued)*

Connecticut State Teachers' Retirement System *(Continued)*

Actuarial Assumptions *(Continued)*

Future cost-of-living increases for teachers who retired prior to September 1, 1992, are made in accordance with increases in the Consumer Price Index, with a minimum of 3% and a maximum of 5% per annum. For teachers who were members of the Teachers' Retirement System before July 1, 2007, and retire on or after September 1, 1992, pension benefit adjustments are made that are consistent with those provided for Social Security benefits on January 1 of the year granted, with a maximum of 6% per annum. If the return on assets in the previous year was less than 8.5%, the maximum increase is 1.5%. For teachers who were members of the Teachers' Retirement System after July 1, 2007, pension benefit adjustments are made that are consistent with those provided for Social Security benefits on January 1 of the year granted, with a maximum of 5% per annum. If the return on assets in the previous year was less than 11.5%, the maximum increase is 3%, and if the return on the assets in the previous year was less than 8.5%, the maximum increase is 1.0%.

Long-Term Rate of Return

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the plan's target asset allocation are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Large Cap U.S. Equities	21.0%	5.8%
Developed Non-U.S. Equities	18.0%	6.6%
Emerging Markets (Non-U.S.)	9.0%	8.3%
Real Estate	7.0%	5.1%
Private Equity	11.0%	7.6%
Alternative investments	8.0%	4.1%
Fixed Income (Core)	7.0%	1.3%
High Yield Bonds	5.0%	3.9%
Emerging Market Bonds	5.0%	3.7%
Inflation Linked Bonds	3.0%	1.0%
Cash	6.0%	0.4%
	100%	

Discount Rate

The discount rate used to measure the total pension liability was 8.00%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that the State contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

TOWN OF EAST WINDSOR, CONNECTICUT
 NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 10 - PENSION PLANS *(Continued)*

Connecticut State Teachers' Retirement System *(Continued)*

Proportionate Share of the Collective Net Pension Liability

The following presents the proportionate share of the collective net pension liability attributed to the Town as of the June 30, 2017 measurement date, calculated using a discount rate of 8.00%, as well as what the proportionate share of the net pension liability attributed to the Town would be if it were calculated using a discount rate that is 1-percentage point lower (7.00%) or 1-percentage-point higher (9.00%) than the current rate:

	<u>1% Decrease (7.0%)</u>	<u>Current Discount (8.0%)</u>	<u>1% Increase (9.0%)</u>
Proportion of the net pension liability attributed to the Town	\$ 42,912,051	\$ 34,282,876	\$ 26,987,449

NOTE 11 - OTHER POST-EMPLOYMENT BENEFITS (OPEB)

Town and Board of Education Plan

Plan Description

The Town, in accordance with various collective bargaining agreements, is committed to providing medical benefits to certain eligible retirees and their spouses. The Post-Retirement Medical Program (the "Plan"), is accounted for as a single-employer defined benefit plan. The Plan provides healthcare insurance benefits for eligible retirees and their spouses through the Town's group health insurance plan, which covers both active and retired members. Benefit provisions are established by the Town and the General Statutes of the State of Connecticut. The Plan is considered to be part of the Town's financial reporting entity. The Plan does not issue a publicly available financial report and is not included in the financial statements of another entity.

Plan Provisions

Teachers and administrators: Teachers or administrators retiring under the Connecticut State Teachers Retirement System are eligible to receive health benefits for self and spouse with 100% contribution of premiums.

Police and dispatchers: Police and dispatchers who retire with at least 20 years of service are eligible for coverage. Police and dispatchers contribute 50% of premiums with 20 to 24 years of experience and 25% of premiums with 25 years of service or over.

Town hall, public works, Board of Education non-certified and unaffiliated personnel: Eligible to health receive benefits with 100% contribution of premiums.

TOWN OF EAST WINDSOR, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 11 - OTHER POST-EMPLOYMENT BENEFITS (OPEB) (Continued)

Town and Board of Education Plan (Continued)

Plan Membership

Membership of the Plan consisted of the following as of July 1, 2016, the date of the latest actuarial valuation:

Retirees and beneficiaries currently receiving benefits	25
Active employees	<u>162</u>
	<u><u>187</u></u>

Funding Policy

Contribution requirements of the plan members and the Town are established under the provisions of various collective bargaining agreements and in accordance with the General Statutes of the State of Connecticut. The Town began funding the benefits in a trust fund during the year ended June 30, 2012. Town contributions totaled \$348,860 for the year ended June 30, 2018 and represented 3.2% of covered payroll.

Summary of Significant Accounting Policies

The OPEB Plan is accounted for using the accrual basis of accounting. Employer contributions to the OPEB Plan are recognized when due and the employer has made a formal commitment to provide contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the OPEB Plan.

Investments - Investments are measured at fair value, except for investments money market mutual funds which are permitted to be measured at net asset value. Securities traded on national exchanges are valued at the last reported sales price. Investment income is recognized when earned and gains and losses on sales or exchanges are recognized on the transaction date. The OPEB Plan's policy in regard to the allocation of invested assets is established and may be amended by the Town. It is the policy of the Town to pursue an investment strategy that reduces risk through prudent diversification of the portfolio across a broad selection of distinct asset classes. The OPEB Plan's investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans.

Rate of return - For the year ended June 30, 2018 the annual money-weighted rate of return on pension plan investments, net of pension plan investment expenses, was 8.55%. The money-weighted rate of return expresses investment performance, net of investment expense adjusted for the changing amounts actually invested.

Administrative costs of the Plan are generally financed through investment earnings.

Concentrations

As of June 30, 2018, more than 10% of the OPEB Plan's investments were invested in the following:

<u>Investment</u>	<u>Value</u>	<u>Issuer</u>	<u>% of OPEB Plan Investments</u>
S&P 500 ETF TRUST	\$ 381,808	SPDR State Street Global Advisors	36.5%

TOWN OF EAST WINDSOR, CONNECTICUT
 NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 11 - OTHER POST-EMPLOYMENT BENEFITS (OPEB) *(Continued)*

Town and Board of Education Plan *(Continued)*

Net OPEB Liability

The components of the Town's net OPEB liability related to its OPEB Plan as of June 30, 2018, was as follows:

Total OPEB liability	\$	4,244,593
Plan fiduciary net position		(1,045,922)
Town's net OPEB liability		\$ 3,198,671
Plan fiduciary net position as a percentage of the total OPEB liability		
		24.64%

Actuarial Methods and Assumptions

Projections of benefits are based on the substantive plan (the plan as understood by the Town and plan members) and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the Town and the plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the Town and plan members in the future. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. The total OPEB liability was determined by an actuarial valuation date as of July 1, 2016, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75 percent
Investment rate of return	6.50 percent, net of plan investment expense, including inflation
Healthcare cost trend rate	5.34% - 4.40% over 67 years

Mortality rates were based on the RP-2000 Mortality Table for Males and Females, with adjustments for mortality improvements based on Scale BB.

The long-term expected rate of returns on OPEB Plan investments were determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the OPEB Plan's target asset allocation as of June 30, 2018 are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Equities	60.00%	3.57%
Fixed Income	40.00%	2.51%

TOWN OF EAST WINDSOR, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 11 - OTHER POST-EMPLOYMENT BENEFITS (OPEB) (Continued)

Town and Board of Education Plan (Continued)

Actuarial Methods and Assumptions (Continued)

Sensitivity of the net OPEB asset to changes in the discount rate - The following presents the Town's net OPEB liability for the OPEB Plan, calculated using the discount rate disclosed above, as well as what the Town's net OPEB liability would be for the OPEB Plan if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease (5.5%)	Current Discount (6.5%)	1% Increase (7.5%)
Town Plan's net OPEB liability	\$ 3,637,319	\$ 3,198,671	\$ 2,822,194

Sensitivity of the net OPEB asset to changes in the healthcare cost trend rates - The following presents the Town's net OPEB liability for the OPEB Plan, calculated using the discount rate disclosed above, as well as what the Town's net OPEB liability would be for the OPEB Plan if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease	Current Discount	1% Increase
Town Plan's net OPEB liability	\$ 2,696,226	\$ 3,198,671	\$ 3,808,349

OPEB Expense and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2018, the Town recognized OPEB expense of \$346,956. As of June 30, 2018, the Town reported deferred inflows of resources related to OPEB from the following source:

	Deferred (Inflows) of Resources
Net difference between projected and actual earnings on pension plan investments	\$ (13,638)

Amounts reported as deferred inflows of resources related to OPEB will be recognized as a reduction of OPEB expense as follows:

Year ended June 30,	
2019	\$ (3,410)
2020	(3,410)
2021	(3,410)
2022	(3,408)
	\$ (13,638)

NOTE 11 - OTHER POST-EMPLOYMENT BENEFITS (OPEB) *(Continued)*

Connecticut State Teachers' Retirement System

Plan Description

The faculty and professional personnel of the Town's Board of Education participates in the State of Connecticut's Teachers' Retirement System ("TRS"), which is a cost sharing multiple-employer defined benefit pension plan that provides retirement, disability, survivorship and health insurance benefits to plan members and their beneficiaries. The TRS is governed by Connecticut General Statute ("CGS") *Title 10, Chapter 167a* and is administered by the Connecticut State Teachers' Retirement Board (the "Board"). The OPEB trust fund is included in the TRS, and the TRS is included in the State of Connecticut audit as a pension trust fund.

Benefit Provisions

The Plan covers retired teachers and administrators of public schools in the State who are receiving benefits from the Plan. The Plan provides healthcare insurance benefits to eligible retirees and their spouses. Any member that is currently receiving a retirement or disability benefit through the Plan is eligible to participate in the healthcare portion of the Plan. Subsidized Local School District Coverage provides a subsidy paid to members still receiving coverage through their former employer and the TRB Sponsored Medicare Supplemental Plans provide coverage for those participating in Medicare, but not receiving Subsidized Local School District Coverage.

Any member that is not currently participating in Medicare Parts A & B is eligible to continue health care coverage with their former employer. A subsidy of up to \$110 per month for a retired member plus an additional \$110 per month for a spouse enrolled in a local school district plan is provided to the school district to first offset the retiree's share of the cost of coverage, any remaining portion is used to offset the district's cost. The subsidy amount is set by statute, and has not increased since July of 1996. A subsidy amount of \$220 per month may be paid for a retired member, spouse or the surviving spouse of a member who has attained the normal retirement age to participate in Medicare, is not eligible for Part A of Medicare without cost, and contributes at least \$220 per month towards coverage under a local school district plan.

Any member that is currently participating in Medicare Parts A & B is eligible to either continue health care coverage with their former employer, if offered, or enroll in the plan sponsored by the System. If they elect to remain in the plan with their former employer, the same subsidies as above will be paid to offset the cost of coverage.

If a member participating in Medicare Parts A & B so elects, they may enroll in one of the CTRB Sponsored Medicare Supplemental Plans. Active members, retirees, and the State pay equally toward the cost of the basic coverage (medical and prescription drug benefits).

Employees are eligible to retire at age 60 with 20 years of credited service in Connecticut, or 35 years of credited service including at least 25 years of service in Connecticut.

Contributions

Per CGS 10-183z, which reflects Public Act 79-436 as amended), contribution requirements of active employees and the State of Connecticut are amended and certified by the TRB and appropriated by the General Assembly. The State pays for one third of plan costs through and annual appropriation in the General Fund. School district employers are not required to make contributions to the Plan.

TOWN OF EAST WINDSOR, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 11 - OTHER POST-EMPLOYMENT BENEFITS (OPEB) *(Continued)*

Connecticut State Teachers' Retirement System *(Continued)*

Contributions *(Continued)*

The cost of providing plan benefits is financed on a pay-as-you-go basis as follows: active teachers' pay for one third of the Plan costs through a contribution of 1.25% of their pensionable salaries, and retired teachers pay for one third of the Plan costs through monthly premiums, which helps reduce the cost of health insurance for eligible retired members and dependents.

Contributions remitted by the State are recognized when legally due, based upon statutory requirements.

Administrative Expenses

Administrative costs of the Plan are to be paid by the General Assembly per Section 10-183r of the Connecticut General Statutes.

Basis of Presentation

The collective net OPEB liability, deferred outflows and inflows of resources, and OPEB expense for the TRS has been measured as of June 30, 2017 based on an actuarial valuation performed as of June 30, 2016. Since the Town does not contribute directly to the TRS, the Town does not recognize its proportionate share of these amounts in its financial statements. The information determined as of the June 30, 2017 measurement date for the TRS has been utilized by the Town for reporting on-behalf revenues, expenditures and expenses for the year ended June 30, 2018 and for reporting the proportionate share of the collective net OPEB liability that is attributed to the Town as of June 30, 2018.

The components associated with the OPEB expense and deferred inflows and outflows of resources have been determined using the unrecognized portions of each year's experience and assumption changes for the year ended June 30, 2017.

Allocation Methodology

The schedule of allocations have been prepared to provide the total amount of employer contributions from the State and the proportionate share percentages that have been determined based on these contributions. Based on these percentages the proportionate share amounts of the net OPEB liability associated with each participating employer and the employer OPEB expense and revenue for State support for each participating employer for the year ending June 30, 2017.

For fiscal year 2017, the Town's expected contribution effort for allocation purposes totaled \$50,583 or 0.254% of the total expected contribution effort. The Town has recognized this amount as an on-behalf payment into the TRS as intergovernmental revenues and related education expenditures of the General Fund for the year ended June 30, 2018.

The components associated with the collective OPEB expense and deferred inflows and outflows of resources for the TRS have been determined based on the fiduciary net position as audited by the State of Connecticut Auditors of Public Accounts as part of the State of Connecticut's Comprehensive Annual Financial Report as of and for the year ended June 30, 2017. The portion of the collective OPEB expense allocated to the Town totaled \$408,950. The Town has recognized this amount as an operating contribution and related education expense of the governmental activities for the year ended June 30, 2018.

TOWN OF EAST WINDSOR, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 11 - OTHER POST-EMPLOYMENT BENEFITS (OPEB) (Continued)

Connecticut State Teachers' Retirement System (Continued)

Allocation Methodology (Continued)

The total collective net OPEB liability of participating employers for the TRS was approximately \$3.475 billion as of the June 30, 2017 measurement date. The portion attributed to the Town totaled \$8,824,037 or approximately 0.254% of the total collective net OPEB liability.

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of June 30, 2016 using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Salary increases	3.25% - 6.50%, including inflation
Investment rate of return	2.75%, net of investment related expense
Healthcare cost trend rates:	
Pre-Medicare	25% for 2017 decreasing to an ultimate rate of 5.00% by 2022
Medicare	25% for 2017 decreasing to an ultimate rate of 5.00% by 2022

Mortality rates were based on the RPH-2014 White Collar table with employee and annuitant rates blended from ages 50 to 80, projected to the year 2020 using the BB improvement scale.

Long-Term Rate of Return

The long-term expected rate of return on plan assets is reviewed as part of the actuarial valuation process. Several factors are considered in evaluation the long-term rate of return assumption, including the Plan's current asset allocations and a log-normal distribution analysis using the best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) for each major asset class.

The long-term expected rate of return was determined by weighing the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The assumption is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

The target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
U.S. Treasuries (Cash Equivalents)	100.0%	0.04%

TOWN OF EAST WINDSOR, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 11 - OTHER POST-EMPLOYMENT BENEFITS (OPEB) (Continued)

Connecticut State Teachers' Retirement System (Continued)

Discount Rate

The discount rate used to measure the total OPEB liability was 3.56%. The projection of cash flows used to determine the discount rate was performed in accordance with the applicable standards. The projection's basis was an actuarial valuation performed as of June 30, 2016. In addition to the actuarial methods and assumptions of the June 30, 2016 actuarial valuation, the following actuarial methods and assumptions were used in the projection of cash flows:

- Total payroll for the initial projection year consists of the payroll of the active membership present on the valuation date. In subsequent projection years, total payroll was assumed to increase annual at a rate of 3.25%.
- Employee contributions were assumed to be made at the current member contribution rate.
- Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- No future employer contributions were assumed to be made.
- For future plan members, contribution inflows were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.

Based on those assumptions, the Plan's fiduciary net position was projected to be depleted in 2018 and, as a result, the Municipal Bond Index Rate was used in the determination of the single equivalent rate.

Proportionate Share of the Collective Net Pension Liability

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate - The following presents the proportionate share of the collective net OPEB liability attributed to the Town as of the June 30, 2017 measurement date, calculated using a discount rate of 3.56%, as well as what the proportionate share of the net OPEB liability attributed to the Town would be if it were calculated using a discount rate that is 1-percentage point lower (2.56%) or 1-percentage-point higher (4.56%) than the current rate:

	1.00% Decrease (2.56%)	Current Rate (3.56%)	1.00% Increase (4.56%)
Proportionate share of the net OPEB liability attributed to the Town	\$ 10,634,378	\$ 8,824,037	\$ 7,400,588

Sensitivity of the Net OPEB liability to Changes in the Healthcare Cost Trend Rates - The following presents the proportionate share of the collective net OPEB liability attributed to the Town as of the June 30, 2017 measurement date, calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
Proportionate share of the net OPEB liability attributed to the Town	\$ 7,265,366	\$ 8,824,037	\$ 10,922,597

TOWN OF EAST WINDSOR, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 12 - FUND BALANCE

The various components of fund balance as of June 30, 2018 are as follows:

	<u>General Fund</u>	<u>Capital and Nonrecurring Fund</u>	<u>Capital Projects Fund</u>	<u>Other Funds</u>
Nonspendable - inventories	\$ -	\$ -	\$ -	\$ 7,538
Restricted for:				
Small Cities grant program	-	-	-	90,528
Town programs - contributions	-	-	-	212,514
Maintenance of cemeteries	-	-	-	5,018
Middle School Roof project	-	-	391,604	-
Infrastructure projects	-	-	530,190	-
Committed for:				
Capital purposes	-	2,679,843	443,356	160,152
Heart & hypertension claims	279,140	-	-	-
Storm emergencies	121,994	-	-	-
Parks and recreation programs	-	-	-	157,484
Police	-	-	-	181,505
Public safety programs	-	-	-	2,523
Sewer operations	-	-	-	1,130,949
Assessments - debt service	-	-	-	880,295
Family resource center	-	-	-	115,552
Other purposes	-	-	-	33,128
Assigned to:				
Use in fiscal year 2019 budget	450,000	-	-	-
Unassigned	9,559,820	-	(1,856,000)	(69,559)
	<u>\$ 10,410,954</u>	<u>\$ 2,679,843</u>	<u>\$ (490,850)</u>	<u>\$ 2,907,627</u>

Deficit Fund Balances

The School Cafeteria Fund has a deficit fund balance of \$69,559 as of June 30, 2018, which does not constitute a violation of statutory provisions. The deficit in the School Cafeteria Fund is expected to be funded through a combination of costs reductions and transfers in from the General Fund.

NOTE 13 - RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts, thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees or acts of God. The Town purchases commercial insurance for all risks of loss except workers' compensation and liability-automobile-property insurance for which it participates in risk sharing pools. During the year ended June 30, 2018, deductibles paid by the Town were insignificant. Neither the Town nor its insurers have settled any claims which exceeded the Town's insurance coverage during the past three years. In addition, there have been no significant reductions in pooled or insured liability coverage from coverage in the prior year.

TOWN OF EAST WINDSOR, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 13 - RISK MANAGEMENT *(Continued)*

The Town is a member of the Connecticut Interlocal Risk Management Agency (CIRMA), an unincorporated association of Connecticut local public agencies that was formed in 1980 by the Connecticut Conference of Municipalities for the purpose of establishing and administering an interlocal risk management program.

Workers' Compensation Pool

The Town is a member of CIRMA's Workers' Compensation Pool, a risk-sharing pool. The Workers' Compensation Pool provides statutory benefits pursuant to the provisions of the Connecticut Workers' Compensation Act. The coverage is subject to an incurred loss retrospective rating plan, and losses incurred in the coverage period will be evaluated at 18, 30 and 42 months after the effective date of coverage. The premium is subject to payroll audit at the close of the coverage period. CIRMA's Workers' Compensation Pool retains \$1,000,000 per occurrence.

Liability-Automobile-Property Pool

The Town is a member of CIRMA's Liability-Automobile-Property Pool, a risk-sharing pool. The Liability-Automobile-Property Pool provides general liability, automobile liability, employee benefit liability, law enforcement liability, public officials and property coverage. The premium is subject to these coverages, and claims and expense payments falling within the deductible amounts are the responsibility of the Town. CIRMA's Liability-Automobile-Property Pool retains \$1,000,000 per occurrence for each line of liability coverage.

NOTE 14 - COMMITMENTS AND CONTINGENCIES

There are several legal matters pending against the Town. The outcome and eventual liability to the Town, if any, in these cases is not known at this time. The Town's management, based upon consultation with legal counsel, estimates that potential claims against the Town, not covered by insurance, resulting from such litigation would not materially affect the financial position of the Town.

The Town has received state and federal grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursement to the grantor agency for any expenditure disallowed under terms of the grant. Based on prior experience, Town management believes such disallowances, if any, will not be material.

NOTE 15 - IMPACT OF NEW ACCOUNTING STANDARDS NOT YET EFFECTIVE

In November 2016, the GASB issued Statement No. 83, *Certain Asset Retirement Obligations*. This Statement addresses accounting and financial reporting for certain asset retirement obligations. (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement which (1) establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs, (2) requires the measurement of an ARO to be based on the best estimate of the current value of outlays expected to be incurred, and (3) requires the current value of a government's AROs to be adjusted for the effects of general inflation or deflation at least annually. The requirements of this statement are effective for the Town's reporting period beginning July 1, 2019. The Town is currently evaluating the potential impact of adopting this Statement on its financial statements.

TOWN OF EAST WINDSOR, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 15 - IMPACT OF NEW ACCOUNTING STANDARDS NOT YET EFFECTIVE *(Continued)*

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The requirements of this statement are effective for the Town's reporting period beginning July 1, 2019. The Town is currently evaluating the potential impact of adopting this Statement on its financial statements.

In June 2017, the GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this statement are effective for the Town's reporting period beginning July 1, 2020. The Town is currently evaluating the potential impact of adopting this Statement on its financial statements.

In April 2018, the GASB issued Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. The requirements of this Statement are effective for the Town's reporting period beginning July 1, 2018. The Town is currently evaluating the potential impact of adopting this Statement on its financial statements.

In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. The objective of this Statement are (a) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (b) to simplify accounting for interest cost incurred before the end of a construction period. The requirements of this Statement should be applied prospectively and are effective for the Town's reporting period beginning July 1, 2020. The Town is currently evaluating the potential impact of adopting this Statement on its financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF EAST WINDSOR, CONNECTICUT
SCHEDULE OF CHANGES IN NET PENSION LIABILITY
PENSION PLAN (UNAUDITED)
LAST FIVE FISCAL YEARS
(Rounded to Nearest Thousand)

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total pension liability					
Service cost	\$ 901,000	\$ 801,000	\$ 778,000	\$ 668,000	\$ 667,000
Interest	2,019,000	1,916,000	1,817,000	1,681,000	1,602,000
Changes in benefit terms	-	-	-	-	-
Differences between expected and actual experience	270,000	(62,000)	561,000	-	-
Changes of assumptions	-	2,301,000	-	-	-
Benefit payments, including refunds	(1,337,000)	(1,258,000)	(1,126,000)	(1,159,000)	(1,007,000)
Net change in total pension liability	1,853,000	3,698,000	2,030,000	1,190,000	1,262,000
Total pension liability - beginning	30,890,000	27,192,000	25,162,000	23,972,000	22,710,000
Total pension liability - ending	<u>32,743,000</u>	<u>30,890,000</u>	<u>27,192,000</u>	<u>25,162,000</u>	<u>23,972,000</u>
Plan fiduciary net position					
Contributions - employer	1,229,000	967,000	913,000	959,000	939,000
Contributions - members	295,000	290,000	300,000	252,000	272,000
Net investment income	2,281,000	2,194,000	524,000	917,000	2,776,000
Benefit payments, including refunds	(1,337,000)	(1,258,000)	(1,126,000)	(1,042,000)	(1,007,000)
Administrative expense	(26,000)	(24,000)	(38,000)	(40,000)	(30,000)
Net change in plan fiduciary net position	2,442,000	2,169,000	573,000	1,046,000	2,950,000
Plan fiduciary net position - beginning	23,865,000	21,696,000	21,123,000	20,077,000	17,127,000
Plan fiduciary net position - ending	<u>26,307,000</u>	<u>23,865,000</u>	<u>21,696,000</u>	<u>21,123,000</u>	<u>20,077,000</u>
Town's net pension liability	<u>\$ 6,436,000</u>	<u>\$ 7,025,000</u>	<u>\$ 5,496,000</u>	<u>\$ 4,039,000</u>	<u>\$ 3,895,000</u>
Plan fiduciary net position as a percentage of total pension liability	80.34%	77.26%	79.79%	83.95%	83.75%
Covered payroll	\$ 7,839,918	\$ 7,520,064	\$ 6,477,145	\$ 6,617,466	\$ 6,035,101
Town's net pension liability as a percentage of covered payroll	82.09%	93.42%	84.85%	61.04%	64.54%

See accompanying notes to required supplementary information.

TOWN OF EAST WINDSOR, CONNECTICUT
SCHEDULE OF CONTRIBUTIONS AND INVESTMENT RETURNS
PENSION PLAN (UNAUDITED)
LAST FIVE FISCAL YEARS

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially determined contribution	\$ 1,228,568	\$ 946,526	\$ 862,350	\$ 959,089	\$ 938,840
Contributions in relation to the actuarially determined contribution	<u>1,228,568</u>	<u>966,582</u>	<u>912,750</u>	<u>959,089</u>	<u>938,840</u>
Contribution deficiency	<u>\$ -</u>	<u>\$ (20,056)</u>	<u>\$ (50,400)</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 7,839,918	\$ 7,520,064	\$ 6,477,145	\$ 6,617,466	\$ 6,035,101
Contributions as a percentage of covered payroll	15.67%	12.85%	14.09%	14.49%	15.56%
Annual money-weighted rate of return, net of investment expense	9.68%	10.16%	2.50%	4.54%	16.12%

See accompanying notes to required supplementary information.

TOWN OF EAST WINDSOR, CONNECTICUT
SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
CONNECTICUT STATE TEACHERS' RETIREMENT SYSTEM (UNAUDITED)
LAST FOUR FISCAL YEARS
(Rounded to Nearest Thousand)

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Proportion of the net pension liability attributed to the Town	0.254%	0.254%	0.245%	0.245%
Town's proportionate share of the net pension liability	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability attributed with the Town	<u>34,283,000</u>	<u>36,169,000</u>	<u>26,839,000</u>	<u>24,807,000</u>
Total	<u>\$ 34,283,000</u>	<u>\$ 36,169,000</u>	<u>\$ 26,839,000</u>	<u>\$ 24,807,000</u>
Town's covered payroll	\$ 10,300,000	\$ 10,139,000	\$ 10,181,000	\$ 9,969,000
Town's proportionate share of the net pension liability as a percentage of its covered payroll	0.0%	0.0%	0.0%	0.0%
Plan fiduciary net position as a percentage of the total pension liability	55.93%	52.26%	59.50%	61.51%

See accompanying notes to required supplementary information.

TOWN OF EAST WINDSOR, CONNECTICUT
SCHEDULE OF CHANGES IN NET OPEB LIABILITY
OTHER POST-EMPLOYMENT BENEFITS PLAN (UNAUDITED)
LAST TWO FISCAL YEARS
(Rounded to Nearest Thousand)

	<u>2018</u>	<u>2017</u>
Total pension liability		
Service cost	\$ 121,000	\$ 113,000
Interest	268,000	260,000
Changes in benefit terms	-	-
Differences between expected and actual experience	-	-
Changes of assumptions	-	-
Benefit payments, including refunds	(284,000)	(230,000)
Net change in total pension liability	105,000	143,000
Total pension liability - beginning	4,140,000	3,997,000
Total pension liability - ending	<u>4,245,000</u>	<u>4,140,000</u>
Plan fiduciary net position		
Contributions - employer	349,000	351,000
Contributions - members	-	-
Net investment income	78,000	73,000
Benefit payments, including refunds	(284,000)	(230,000)
Administrative expense	(23,000)	(4,000)
Net change in plan fiduciary net position	120,000	190,000
Plan fiduciary net position - beginning	907,000	717,000
Plan fiduciary net position - ending	<u>1,027,000</u>	<u>907,000</u>
Town's net pension liability	<u>\$ 3,218,000</u>	<u>\$ 3,233,000</u>
Plan fiduciary net position as a percentage of total pension liability	24.19%	21.91%
Covered employee payroll	\$ 10,831,000	\$ 10,831,000
Town's net pension liability as a percentage of covered employee payroll	29.71%	29.85%

See accompanying notes to required supplementary information.

TOWN OF EAST WINDSOR, CONNECTICUT
SCHEDULE OF CONTRIBUTIONS AND INVESTMENT RETURNS
OTHER POST-EMPLOYMENT BENEFITS PLAN (UNAUDITED)
LAST TWO FISCAL YEARS

	<u>2018</u>	<u>2017</u>
Actuarially determined contribution	\$ 337,621	\$ 297,826
Contributions in relation to the actuarially determined contribution:		
Contributions to trust	64,464	121,523
Contributions by General Fund	284,396	229,864
	<u>348,860</u>	<u>351,387</u>
Contribution deficiency	<u>\$ (11,239)</u>	<u>\$ (53,561)</u>
Covered employee payroll	\$ 10,831,000	\$ 10,831,000
Contributions as a percentage of covered employee payroll	3.22%	3.24%
Annual money-weighted rate of return, net of investment expense	8.55%	9.41%

See accompanying notes to required supplementary information.

TOWN OF EAST WINDSOR, CONNECTICUT
 SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
 CONNECTICUT STATE TEACHERS' RETIREMENT SYSTEM (UNAUDITED)
 LAST FISCAL YEAR
 (Rounded to Nearest Thousand)

	2018
Proportion of the net OPEB liability attributed to the Town	0.254%
Town's proportionate share of the net OPEB liability	\$ -
State's proportionate share of the net OPEB liability attributed with the Town	8,824,000
Total	\$ 8,824,000
Town's covered payroll	\$ 10,300,000
Town's proportionate share of the net OPEB liability as a percentage of its covered payroll	0.0%
Plan fiduciary net position as a percentage of the total OPEB liability	1.79%

See accompanying notes to required supplementary information.

TOWN OF EAST WINDSOR, CONNECTICUT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 1 - SCHEDULE OF CHANGES IN NET PENSION LIABILITY - TOWN EMPLOYEE PENSION PLAN

The Town began to report the schedule of net pension liability when it implemented GASB Statement No. 67, *Financial Reporting for Pension Plans - An Amendment of GASB Statement No. 25*, in fiscal year 2014. GASB Statement No. 67 requires the information within this schedule to be presented for the ten most recent fiscal years.

Actuarial valuations are prepared every two years with the most recent available actuarial valuation performed as of July 1, 2016. The July 1, 2016 actuarial valuation was rolled forward to the most recent measurement date of June 30, 2018.

Benefit Changes - There have been no changes in benefit terms that have had a significant effect on the measurement of the total pension liability.

Assumption Changes - The Town lowered the discount rate from 7.0% to 6.5% and lowered the salary scale and amortization growth rate from 4.0% to 3.5% in connection with the June 30, 2017 measurement date. The decrease in the assumed rates resulted in an increase in the measurement of the total pension liability by approximately \$1.9 million.

NOTE 2 - SCHEDULE OF CONTRIBUTIONS AND INVESTMENT RETURNS - TOWN EMPLOYEE PENSION PLAN

The Town began to report the schedule of net pension liability when it implemented GASB Statement No. 67, *Financial Reporting for Pension Plans - An Amendment of GASB Statement No. 25*, in fiscal year 2014. GASB Statement No. 67 requires the information within this schedule to be presented for the ten most recent fiscal years.

Actuarial determined contribution rates are calculated as of July 1, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates for 2018 are as follows:

Actuarial cost method:	Projected Unit Creditl cost method
Amortization method:	Level percent of payroll
Remaining amortization period:	Closed 20 years
Asset valuation method:	Market value
Investment rate of return:	6.5%
Salary increases:	2.75%

Mortality RP-2000 Combined Healthy Mortality with generational projection per Scale BB.

TOWN OF EAST WINDSOR, CONNECTICUT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED) *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 3 - SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - CONNECTICUT STATE TEACHERS' RETIREMENT SYSTEM

The Town began to report this schedule when it implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27*, in fiscal year 2015. GASB Statement No. 68 requires the information within this schedule to be presented for the ten most recent fiscal years.

Actuarial valuations are prepared every two years with the most recent available actuarial valuation performed as of June 30, 2016. The June 30, 2016 actuarial valuation was rolled forward to the most recent measurement date of June 30, 2017. This information is utilized by the Town for reporting as of June 30, 2018.

Benefit changes - There have been no changes in benefit terms that have had a significant effect on the measurement of the total pension liability.

Assumption changes - The following significant assumption changes had a significant effect on the measurement of the total pension liability reported as of June 30, 2017.

- the inflation assumption was reduced from 3.00% to 2.75%,
- the real rate of return assumption was reduced from 5.50% to 5.25%, which when combined with the inflation assumption change, resulted in a decrease in the investment rate of return assumption from 8.50% to 8.00%,
- the payroll growth assumption was reduced from 3.75% to 3.25%, and
- various demographic assumption changes including the utilization of the RPH-2014 mortality tables.

NOTE 4 - SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY - OTHER POST-EMPLOYMENT BENEFITS PLAN

The Town began to report this schedule when it implemented GASB Statement No. 74, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pension*, in fiscal year 2017. GASB Statement No. 74 requires the information within this schedule to be presented for the ten most recent fiscal years.

Actuarial valuations are prepared every two years with the most recent available actuarial valuation performed as of July 1, 2016. The July 1, 2016 was utilized to calculate the total OPEB liability as of June 30, 2017, which was rolled forward to the most recent measurement date of June 30, 2018.

Benefit Changes - There have been no benefit term changes that have had a significant effect on the measurement of the Town's total OPEB liability.

Assumption Changes - There have been no assumption changes that have had a significant effect on the measurement of the Town's total OPEB liability.

TOWN OF EAST WINDSOR, CONNECTICUT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED) *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 5 - SCHEDULE OF CONTRIBUTIONS AND INVESTMENT RETURNS - OTHER POST-EMPLOYMENT BENEFITS PLAN

The District began to report this schedule when it implemented GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, in fiscal year 2017. GASB Statement No. 74 requires the information within this schedule to be presented for the ten most recent fiscal years.

Actuarially determined contributions rates are calculated as of July 1, two years prior to the end of the fiscal year in which contributions are reported.

The following methods and assumptions were utilized to determine the contribution rates for the year ended June 30, 2018.

Actuarial cost method:	Projected Unit Credit
Amortization method:	Level Percentage of Payroll
Remaining amortization period:	30 years, closed (19 years remaining as of July 1, 2016)
Asset valuation method:	Market value
Actuarial assumptions:	
Investment rate of return	7.00%
Discount rate	7.00%
Inflation rate	2.60%
Healthcare cost trend rate:	Initial 8.10%
	Ultimate 4.60%

NOTE 6 - SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET OTHER POST-EMPLOYMENT BENEFITS LIABILITY - CONNECTICUT STATE TEACHERS' RETIREMENT SYSTEM

The Town began to report this schedule when it implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pension*, in fiscal year 2018. GASB Statement No. 75 requires the information within this schedule to be presented for the ten most recent fiscal years.

Actuarial valuations are prepared every two years with the most recent available actuarial valuation performed as of June 30, 2016. The June 30, 2016 actuarial valuation was rolled forward to the most recent measurement date of June 30, 2017. This information is utilized by the Town for reporting as of June 30, 2018.

Benefit Changes - There have been no changes in benefit terms that have had a significant effect on the measurement of the total OPEB liability.

Assumption Changes - There have been no changes in assumptions that have had a significant effect on the measurement of the total OPEB liability.

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

GENERAL FUND

TOWN OF EAST WINDSOR, CONNECTICUT
COMBINING BALANCE SHEET - GENERAL FUND
JUNE 30, 2018

	<u>General Fund</u>	<u>Heart & Hypertension Fund</u>	<u>Storm Emergency Fund</u>	<u>Warehouse Point Fire Fund</u>	<u>Eliminations</u>	<u>Combined General Fund</u>
ASSETS						
Cash and cash equivalents	\$ 11,197,381	\$ -	\$ -	\$ -	\$ -	\$ 11,197,381
Receivables:						
Property taxes and interest, net	1,598,368	-	-	-	-	1,598,368
Grants and contracts	137,060	-	-	-	-	137,060
Other	34,038	-	-	-	-	34,038
Due from other funds	1,646,036	279,140	121,994	7,309	(408,443)	1,646,036
Total assets	<u>\$ 14,612,883</u>	<u>\$ 279,140</u>	<u>\$ 121,994</u>	<u>\$ 7,309</u>	<u>\$ (408,443)</u>	<u>\$ 14,612,883</u>
LIABILITIES						
Accounts payable	\$ 855,245	\$ -	\$ -	\$ -	\$ -	\$ 855,245
Salaries and benefits payable	189,583	-	-	-	-	189,583
Due to other funds	2,116,538	-	-	-	(408,443)	1,708,095
Total liabilities	<u>3,161,366</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(408,443)</u>	<u>2,752,923</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue	1,449,006	-	-	-	-	1,449,006
FUND BALANCES						
Committed	-	279,140	121,994	-	-	401,134
Assigned	450,000	-	-	-	-	450,000
Unassigned	9,552,511	-	-	7,309	-	9,559,820
Total fund balances	<u>10,002,511</u>	<u>279,140</u>	<u>121,994</u>	<u>7,309</u>	<u>-</u>	<u>10,410,954</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 14,612,883</u>	<u>\$ 279,140</u>	<u>\$ 121,994</u>	<u>\$ 7,309</u>	<u>\$ (408,443)</u>	<u>\$ 14,612,883</u>

See accompanying Independent Auditor's Report.

TOWN OF EAST WINDSOR, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2018

	General Fund	Heart & Hypertension Fund	Storm Emergency Fund	Warehouse Point Fire Fund	Eliminations	Combined General Fund
REVENUES						
Property taxes	\$ 32,184,219	\$ -	\$ -	\$ -	\$ -	\$ 32,184,219
Intergovernmental	8,982,008	-	-	-	-	8,982,008
Charges for services	788,688	-	-	-	-	788,688
Interest income	141,200	-	-	-	-	141,200
Other	103,230	-	-	7,309	-	110,539
Total revenues	<u>42,199,345</u>	<u>-</u>	<u>-</u>	<u>7,309</u>	<u>-</u>	<u>42,206,654</u>
EXPENDITURES						
Current:						
General government	2,122,051	-	-	-	-	2,122,051
Public safety	3,619,911	-	-	-	-	3,619,911
Conservation and health	140,659	-	-	-	-	140,659
Highways	2,303,066	-	4,161	-	-	2,307,227
Sanitation and waste removal	866,638	-	-	-	-	866,638
Culture and recreation	724,719	-	-	-	-	724,719
Education	25,487,449	-	-	-	-	25,487,449
Insurance and benefits	3,088,903	-	-	-	-	3,088,903
Debt service	1,044,055	-	-	-	-	1,044,055
Total expenditures	<u>39,397,451</u>	<u>-</u>	<u>4,161</u>	<u>-</u>	<u>-</u>	<u>39,401,612</u>
Excess (deficiency) of revenues over expenditures	2,801,894	-	(4,161)	7,309	-	2,805,042
OTHER FINANCING SOURCES (USES)						
Transfers in	36,078	42,106	17,748	-	(59,854)	36,078
Transfers out	(1,845,770)	-	-	-	59,854	(1,785,916)
Total other financing sources (uses)	<u>(1,809,692)</u>	<u>42,106</u>	<u>17,748</u>	<u>-</u>	<u>-</u>	<u>(1,749,838)</u>
Net change in fund balances	992,202	42,106	13,587	7,309	-	1,055,204
Fund balances - beginning	<u>9,010,309</u>	<u>237,034</u>	<u>108,407</u>	<u>-</u>	<u>-</u>	<u>9,355,750</u>
Fund balances - ending	<u>\$ 10,002,511</u>	<u>\$ 279,140</u>	<u>\$ 121,994</u>	<u>\$ 7,309</u>	<u>\$ -</u>	<u>\$ 10,410,954</u>

See accompanying Independent Auditor's Report.

TOWN OF EAST WINDSOR, CONNECTICUT
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2018

	Budgeted Amounts		Actual	Variance With
	Original	Final		Final Budget
				Over (Under)
PROPERTY TAXES				
Current and prior year levies	\$ 31,774,259	\$ 31,774,259	\$ 31,877,770	\$ 103,511
Interest and lien fees	225,000	225,000	306,449	81,449
Total property taxes	<u>31,999,259</u>	<u>31,999,259</u>	<u>32,184,219</u>	<u>184,960</u>
INTERGOVERNMENTAL REVENUES				
Educational cost sharing grant	4,270,863	4,270,863	5,448,142	1,177,279
Town aid road grant	267,266	267,266	267,359	93
School construction grants	-	-	139,172	139,172
Local capital improvement program	-	-	137,060	137,060
Municipal stabilization grant	-	-	155,708	155,708
School security grant reimbursement	-	-	66,164	66,164
Payment in lieu of taxes on State owned property	-	-	57,816	57,816
Mashantucket Pequot and Mohegan Fund grant	45,000	45,000	45,500	500
Telephone access grant	19,400	19,400	17,550	(1,850)
Adult education	15,604	15,604	15,951	347
Tax relief - veterans	6,000	6,000	6,691	691
Pro-rata share of CT fines	5,000	5,000	2,885	(2,115)
Tax exempt property - totally disabled persons	1,700	1,700	1,511	(189)
Other grants	500	500	-	(500)
Tax relief - elderly	70,000	70,000	-	(70,000)
Total intergovernmental revenues	<u>4,701,333</u>	<u>4,701,333</u>	<u>6,361,509</u>	<u>1,660,176</u>
LOCAL REVENUES				
Building Department	200,000	200,000	401,523	201,523
Town Clerk	185,100	185,100	236,298	51,198
Treasurer	50,000	50,000	47,113	(2,887)
Land use permits	14,000	14,000	54,831	40,831
Parks and Recreation	35,100	35,100	24,962	(10,138)
Police Department	10,020	10,020	10,251	231
Greater Hartford Transit District	7,000	7,000	5,280	(1,720)
Aircraft miscellaneous	3,500	3,500	3,020	(480)
Dial-A-Ride	3,000	3,000	2,800	(200)
Public works	1,300	1,300	2,227	927
Assessor	300	300	383	83
Other	-	-	103,230	103,230
Total licenses, fees and charges for goods and services	<u>509,320</u>	<u>509,320</u>	<u>891,918</u>	<u>382,598</u>
REVENUES FROM THE USE OF MONEY				
Interest on deposits	20,000	20,000	141,200	121,200
Total revenues from the use of money	<u>20,000</u>	<u>20,000</u>	<u>141,200</u>	<u>121,200</u>
OTHER FINANCING SOURCES				
Appropriation of Fund Balance	475,000	1,619,903	-	(1,619,903)
Transfers in from:				
Police Private Duty Fund	-	-	6,100	6,100
Sewer Assessment Fund	-	-	29,978	29,978
Total other financing sources	<u>475,000</u>	<u>1,619,903</u>	<u>36,078</u>	<u>(1,583,825)</u>
Total revenues and other financing sources	<u>\$ 37,704,912</u>	<u>\$ 38,849,815</u>	<u>\$ 39,614,924</u>	<u>\$ 765,109</u>

See accompanying Independent Auditor's Report.

TOWN OF EAST WINDSOR, CONNECTICUT
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2018

	Budgeted Amounts		Actual	Variance With Final Budget Over (Under)
	Original	Final		
ADMINISTRATIVE SERVICES				
Selectmen	\$ 276,096	\$ 276,096	\$ 256,323	\$ (19,773)
Town Clerk	135,465	135,465	132,012	(3,453)
Treasurer	214,724	214,724	210,035	(4,689)
Assessor	191,660	191,810	178,666	(13,144)
Tax Collector	124,277	124,277	121,986	(2,291)
Town Planner	224,238	224,238	207,642	(16,596)
Building Department	150,535	150,535	146,212	(4,323)
Registrar of Voters	62,979	62,979	44,803	(18,176)
Human services	194,620	173,619	139,634	(33,985)
Total Administrative Services	<u>1,574,594</u>	<u>1,553,743</u>	<u>1,437,313</u>	<u>(116,430)</u>
PUBLIC SAFETY				
Police Department	3,331,142	3,306,178	3,168,829	(137,349)
Emergency management	17,518	17,538	14,265	(3,273)
Communications	53,356	53,356	45,339	(8,017)
Broad Brook Fire Department	384,500	391,323	389,978	(1,345)
Total Public Safety	<u>3,786,516</u>	<u>3,768,395</u>	<u>3,618,411</u>	<u>(149,984)</u>
PHYSICAL SERVICES				
Public Works	862,580	872,144	862,187	(9,957)
Road improvements	450,000	450,000	442,209	(7,791)
Town property	998,980	998,980	998,670	(310)
Total Physical Services	<u>2,311,560</u>	<u>2,321,124</u>	<u>2,303,066</u>	<u>(18,058)</u>
CULTURE AND LEISURE				
Senior Center	232,583	232,583	223,462	(9,121)
Parks and Recreation	237,202	266,998	244,257	(22,741)
Warehouse Point Library	257,000	257,000	257,000	-
Total Culture and Leisure	<u>726,785</u>	<u>756,581</u>	<u>724,719</u>	<u>(31,862)</u>
GENERAL GOVERNMENT				
Activities, Agency Fees and Associations	139,042	139,042	137,877	(1,165)
Legal	240,000	440,303	439,510	(793)
Insurance and pension	3,490,047	3,344,859	3,088,903	(255,956)
Information technology	185,811	185,811	183,500	(2,311)
Sanitation	905,555	905,555	866,638	(38,917)
Contingency	50,000	20,490	14,700	(5,790)
Total General Government	<u>5,010,455</u>	<u>5,036,060</u>	<u>4,731,128</u>	<u>(304,932)</u>

(Continued)

TOWN OF EAST WINDSOR, CONNECTICUT
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND (Continued)
FOR THE YEAR ENDED JUNE 30, 2018

	Budgeted Amounts		Actual	Variance With Final Budget Over (Under)
	Original	Final		
BOARDS AND COMMISSIONS				
Board of Finance	\$ 43,750	\$ 43,750	\$ 41,445	\$ (2,305)
Planning and Zoning Commission	2,950	2,950	2,635	(315)
Zoning Board of Appeals	1,500	1,500	709	(791)
Board of Assessment Appeals	1,550	1,550	1,296	(254)
Economic Development Commission	4,150	4,150	675	(3,475)
Inlands, Wetlands & Watercourse Agency	1,800	1,800	1,385	(415)
Police Commission	1,500	1,500	1,500	-
Building Commission	1,200	1,200	640	(560)
Elderly Commission	500	500	225	(275)
Ethics Commission	500	500	-	(500)
Historical Commission	500	500	-	(500)
Capital Improvement Planning	750	750	250	(500)
Veteran's Commission	960	960	800	(160)
Total boards and commissions	<u>61,610</u>	<u>61,610</u>	<u>51,560</u>	<u>(10,050)</u>
CAPITAL IMPROVEMENT	<u>761,674</u>	<u>1,818,088</u>	<u>1,818,088</u>	<u>-</u>
DEBT SERVICE	<u>1,000,000</u>	<u>1,000,000</u>	<u>949,387</u>	<u>(50,613)</u>
EDUCATION	<u>22,471,718</u>	<u>22,471,718</u>	<u>22,471,718</u>	<u>-</u>
Total expenditures	<u>37,704,912</u>	<u>38,787,319</u>	<u>38,105,390</u>	<u>(681,929)</u>
OTHER FINANCING USES				
Transfers out:				
Dog Fund	-	40,996	40,996	-
Miscellaneous Grants Fund	-	21,500	21,500	-
Heart & Hypertension Fund	-	-	42,106	42,106
Storm Emergency Fund	-	-	17,748	17,748
Total other financing uses	<u>-</u>	<u>62,496</u>	<u>122,350</u>	<u>59,854</u>
Total expenditures and other financing uses	<u>\$ 37,704,912</u>	<u>\$ 38,849,815</u>	<u>\$ 38,227,740</u>	<u>\$ (622,075)</u>

(Concluded)

See accompanying Independent Auditor's Report.

TOWN OF EAST WINDSOR, CONNECTICUT
SCHEDULE OF EXPENDITURES
BUDGET AND ACTUAL - BUDGETARY BASIS - EDUCATION
FOR THE YEAR ENDED JUNE 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
EDUCATION				
Salaries				
Certified personnel	\$ 9,048,054	\$ 9,048,054	\$ 9,302,147	\$ 254,093
Clerical	1,049,400	1,049,400	1,042,391	(7,009)
Building administration	813,111	813,111	796,346	(16,765)
Teacher's aides	928,836	928,836	1,442,285	513,449
Custodial	730,005	730,005	656,858	(73,147)
Administration	489,604	489,604	505,409	15,805
Tutors	546,783	546,783	449,645	(97,138)
Nurses	266,402	266,402	281,922	15,520
Support services	266,041	266,041	234,171	(31,870)
Stipends	199,847	199,847	189,088	(10,759)
Substitutes	125,100	125,100	159,122	34,022
Summer school	69,669	69,669	107,033	37,364
Adult education/enrichment	39,146	39,146	36,534	(2,612)
Home bound	28,554	28,554	22,420	(6,134)
Total salaries	<u>14,600,552</u>	<u>14,600,552</u>	<u>15,225,371</u>	<u>624,819</u>
Employee Benefits				
Health insurance	2,063,710	2,063,710	1,866,142	(197,568)
Retirement and social security	993,596	993,596	1,062,699	69,103
Workmen's compensation and travel insurance	151,763	151,763	125,985	(25,778)
Total employee benefits	<u>3,209,069</u>	<u>3,209,069</u>	<u>3,054,826</u>	<u>(154,243)</u>
Purchased Services				
Public transportation	1,554,710	1,554,710	1,491,020	(63,690)
Tuition	1,271,533	1,272,084	919,818	(352,266)
Other professional services	737,924	726,235	774,762	48,527
Cleaning/repairing	204,666	204,666	186,343	(18,323)
Maintenance	87,463	87,463	11,215	(76,248)
Public utilities	228,905	228,905	227,712	(1,193)
Liability insurance	138,708	138,708	139,980	1,272
Pupil services	24,700	27,950	33,585	5,635
Travel, conferences and other transportation	24,525	24,025	25,669	1,644
Communications	55,600	55,600	31,687	(23,913)
Printing/binding	33,840	33,840	16,678	(17,162)
Property insurance	50,113	50,113	3,438	(46,675)
Instructional program improvements	1,440	1,440	-	(1,440)
Total purchased services	<u>4,414,127</u>	<u>4,405,739</u>	<u>3,861,907</u>	<u>(543,832)</u>
Supplies				
Other supplies	10,561	11,007	12,743	1,736
Instructional	9,115	18,825	19,688	863
Heat and energy	129,800	129,800	209,828	80,028
Custodial/maintenance	51,611	51,611	51,091	(520)
Textbooks	650	650	(424)	(1,074)
Food service	-	-	17	17
Total supplies	<u>201,737</u>	<u>211,893</u>	<u>292,943</u>	<u>81,050</u>
Capital equipment				
New equipment	35,604	42,346	18,618	(23,728)
Dues and fees	10,629	2,119	18,053	15,934
Total capital equipment	<u>46,233</u>	<u>44,465</u>	<u>36,671</u>	<u>(7,794)</u>
Total education	<u>\$ 22,471,718</u>	<u>\$ 22,471,718</u>	<u>\$ 22,471,718</u>	<u>\$ -</u>

See accompanying Independent Auditor's Report.

TOWN OF EAST WINDSOR, CONNECTICUT
SCHEDULE OF PROPERTY TAXES LEVIED, COLLECTED AND OUTSTANDING
FOR THE YEAR ENDED JUNE 30, 2018

Grand List Year	Balance Uncollected June 30, 2017	Current Levy	Lawful Corrections		Transfers To Suspense	Balance To Be Collected	Collections			Balance Uncollected June 30, 2018
			Additions	Deductions			Taxes	Interest and Lien Fees	Total	
2016	\$ -	\$ 32,215,746	\$ 124,687	\$ 324,444	\$ 17,535	\$ 31,998,454	\$ 31,622,734	\$ 132,912	\$ 31,755,646	\$ 375,720
2015	348,430	-	36,050	94,009	10,599	279,872	151,950	54,441	206,391	127,922
2014	145,688	-	34,541	79,918	8,289	92,022	3,733	23,418	27,151	88,289
2013	85,149	-	-	2,623	4,642	77,884	14,931	9,060	23,991	62,953
2012	100,124	-	-	2,642	3,791	93,691	13,266	11,611	24,877	80,425
2011	87,102	-	-	2,639	2,982	81,481	7,737	4,818	12,555	73,744
2010	82,460	-	2	2,593	2,897	76,972	4,977	5,142	10,119	71,995
2009	76,966	-	-	2,522	3,469	70,975	4,264	5,508	9,772	66,711
2008	62,056	-	-	2,254	3,774	56,028	3,781	5,454	9,235	52,247
2007	54,145	-	-	2,167	2,372	49,606	3,259	5,227	8,486	46,347
2006	7,186	-	-	1,978	2,090	3,118	3,003	5,386	8,389	115
2005	4,167	-	-	1,971	2,082	114	-	-	-	114
2004	2,025	-	-	1,913	-	112	-	-	-	112
2003	1,964	-	-	1,856	-	108	-	-	-	108
2002	1,853	-	-	1,750	-	103	1	-	1	102
2001	385	-	1,335	1,622	-	98	(24)	24	-	122
	<u>\$ 1,059,700</u>	<u>\$ 32,215,746</u>	<u>\$ 196,615</u>	<u>\$ 526,901</u>	<u>\$ 64,522</u>	<u>\$ 32,880,638</u>	<u>\$ 31,833,612</u>	<u>\$ 263,001</u>	<u>\$ 32,096,613</u>	<u>\$ 1,047,026</u>

See accompanying Independent Auditor's Report.

TOWN OF EAST WINDSOR, CONNECTICUT
SCHEDULE OF DEBT LIMITATION
CONNECTICUT GENERAL STATUTES, SECTION 7-374(b)
FOR THE YEAR ENDED JUNE 30, 2018

Total cash collections for the year ended
June 30, 2018:

Taxes	\$ 31,833,612
Interest and lien fees	263,001
Wharehouse Point Fire District (taxes, interest and liens)	<u>633,160</u>
Total	<u>32,729,773</u>

Reimbursement for revenue loss:

Tax relief (CGS 12-129d)	8,202
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Base	<u>\$ 32,737,975</u>
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	<u>General Purposes</u>	<u>Schools</u>	<u>Sewers</u>	<u>Urban Renewal</u>	<u>Pension Deficit</u>
Debt limitation:					
2-1/4 times base	\$ 73,660,444	\$ -	\$ -	\$ -	\$ -
4-1/2 times base	-	147,320,888	-	-	-
3-3/4 times base	-	-	122,767,406	-	-
3-1/4 times base	-	-	-	106,398,419	-
3 times base	-	-	-	-	98,213,925
Total debt limitation	<u>73,660,444</u>	<u>147,320,888</u>	<u>122,767,406</u>	<u>106,398,419</u>	<u>98,213,925</u>
Indebtedness:					
Bonds payable	3,365,900	3,584,100	-	-	-
Notes payable	-	1,856,000	3,356,132	-	-
Authorized but not issued	-	-	-	-	-
	<u>3,365,900</u>	<u>5,440,100</u>	<u>3,356,132</u>	<u>-</u>	<u>-</u>
Less: sewer assessments receivable	-	-	(265,830)	-	-
Less: grant reimbursements	-	<u>(338,000) *</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total indebtedness	<u>3,365,900</u>	<u>5,102,100</u>	<u>3,090,302</u>	<u>-</u>	<u>-</u>
Debt limitation in excess of outstanding and authorized debt	<u>\$ 70,294,544</u>	<u>\$ 142,218,788</u>	<u>\$ 119,677,104</u>	<u>\$ 106,398,419</u>	<u>\$ 98,213,925</u>
Total capacity of borrowing (7 times base)	\$ 229,165,825				
Total present indebtedness	<u>11,558,302</u>				
Margin for additional borrowing	<u>\$ 217,607,523</u>				

* Includes school construction progress payments estimated to be 57.86% of eligible project costs.

See accompanying Independent Auditor's Report.

NONMAJOR GOVERNMENTAL FUNDS

TOWN OF EAST WINDSOR, CONNECTICUT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2018

	Nonmajor Special Revenue Funds								
	Park and Recreation Programs	Police Private Duty Fund	Dog Fund	Sewer Operating Fund	Sewer Assessment Fund	Sewer Capital Fund	Drug Forfeiture Fund	Small Cities Fund	Town Aid Road Fund
ASSETS									
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 1,677,649	\$ 868,961	\$ 160,152	\$ 4,854	\$ 52,711	\$ -
Receivables:									
Assessments and user charges	-	-	-	75,420	265,830	-	-	-	-
Grants and contracts	-	-	-	-	-	-	-	3,738	-
Other	-	80,756	-	-	-	-	-	37,817	-
Due from other funds	173,823	99,705	7,720	-	11,334	-	-	-	18,192
Inventories	-	-	-	-	-	-	-	-	-
Total assets	<u>\$ 173,823</u>	<u>\$ 180,461</u>	<u>\$ 7,720</u>	<u>\$ 1,753,069</u>	<u>\$ 1,146,125</u>	<u>\$ 160,152</u>	<u>\$ 4,854</u>	<u>\$ 94,266</u>	<u>\$ 18,192</u>
LIABILITIES									
Accounts payable	\$ 875	\$ -	\$ 5,197	\$ 48,546	\$ -	\$ -	\$ -	\$ 3,738	\$ -
Salaries and benefits payable	4,414	3,810	-	12,270	-	-	-	-	-
Due to other funds	-	-	-	234,320	-	-	-	-	-
Unearned revenue	11,050	-	-	251,564	-	-	-	-	18,192
Total liabilities	<u>16,339</u>	<u>3,810</u>	<u>5,197</u>	<u>546,700</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,738</u>	<u>18,192</u>
DEFERRED INFLOWS OF RESOURCES									
Unavailable revenue	-	-	-	75,420	265,830	-	-	-	-
FUND BALANCES									
Nonspendable:									
Inventories	-	-	-	-	-	-	-	-	-
Loans receivable	-	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-	90,528	-
Committed to:									
Capital purposes	-	-	-	-	-	160,152	-	-	-
Other purposes	157,484	176,651	2,523	1,130,949	880,295	-	4,854	-	-
Unassigned	-	-	-	-	-	-	-	-	-
Total fund balances	<u>157,484</u>	<u>176,651</u>	<u>2,523</u>	<u>1,130,949</u>	<u>880,295</u>	<u>160,152</u>	<u>4,854</u>	<u>90,528</u>	<u>-</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 173,823</u>	<u>\$ 180,461</u>	<u>\$ 7,720</u>	<u>\$ 1,753,069</u>	<u>\$ 1,146,125</u>	<u>\$ 160,152</u>	<u>\$ 4,854</u>	<u>\$ 94,266</u>	<u>\$ 18,192</u>

(Continued)

TOWN OF EAST WINDSOR, CONNECTICUT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS (Concluded)
 FOR THE YEAR ENDED JUNE 30, 2018

	Nonmajor Special Revenue Funds							Nonmajor Permanent Fund	Total Nonmajor Governmental Funds	
	Miscellaneous Donations Fund	Miscellaneous Grants Fund	Senior Center Fund	Casino Impact Fund	Educational Grants Fund	School Cafeteria Fund	Family Resource Center Fund	Cemetery Trust Fund		
ASSETS										
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 340,294	\$ 146,665	\$ 3,251,286	\$ 5,018	\$ 3,256,304
Receivables:										
Assessments and user charges	-	-	-	-	-	-	-	341,250	-	341,250
Grants and contracts	-	3,205	-	-	34,394	57,617	-	98,954	-	98,954
Other	-	-	-	-	-	-	-	118,573	-	118,573
Due from other funds	214,291	733,288	10,691	-	439,051	-	-	1,708,095	-	1,708,095
Inventories	-	-	-	-	-	7,538	-	7,538	-	7,538
Total assets	<u>\$ 214,291</u>	<u>\$ 736,493</u>	<u>\$ 10,691</u>	<u>\$ -</u>	<u>\$ 473,445</u>	<u>\$ 405,449</u>	<u>\$ 146,665</u>	<u>5,525,696</u>	<u>\$ 5,018</u>	<u>\$ 5,530,714</u>
LIABILITIES										
Accounts payable	\$ 1,777	\$ 20,497	\$ 16	\$ -	\$ -	\$ -	\$ -	\$ 80,646	\$ -	\$ 80,646
Salaries and benefits payable	-	-	-	-	-	-	-	20,494	-	20,494
Due to other funds	-	-	-	-	-	467,470	23,886	725,676	-	725,676
Unearned revenue	-	693,543	-	-	473,445	-	7,227	1,455,021	-	1,455,021
Total liabilities	<u>1,777</u>	<u>714,040</u>	<u>16</u>	<u>-</u>	<u>473,445</u>	<u>467,470</u>	<u>31,113</u>	<u>2,281,837</u>	<u>-</u>	<u>2,281,837</u>
DEFERRED INFLOWS OF RESOURCES										
Unavailable revenue	-	-	-	-	-	-	-	341,250	-	341,250
FUND BALANCES										
Nonspendable:										
Inventories	-	-	-	-	-	7,538	-	7,538	-	7,538
Loans receivable	-	-	-	-	-	-	-	-	-	-
Restricted	212,514	-	-	-	-	-	-	303,042	5,018	308,060
Committed to:										
Capital purposes	-	-	-	-	-	-	-	160,152	-	160,152
Other purposes	-	22,453	10,675	-	-	-	115,552	2,501,436	-	2,501,436
Unassigned	-	-	-	-	-	(69,559)	-	(69,559)	-	(69,559)
Total fund balances	<u>212,514</u>	<u>22,453</u>	<u>10,675</u>	<u>-</u>	<u>-</u>	<u>(62,021)</u>	<u>115,552</u>	<u>2,902,609</u>	<u>5,018</u>	<u>2,907,627</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 214,291</u>	<u>\$ 736,493</u>	<u>\$ 10,691</u>	<u>\$ -</u>	<u>\$ 473,445</u>	<u>\$ 405,449</u>	<u>\$ 146,665</u>	<u>\$ 5,525,696</u>	<u>\$ 5,018</u>	<u>\$ 5,530,714</u>

(Concluded)

See accompanying Independent Auditor's Report.

TOWN OF EAST WINDSOR, CONNECTICUT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2018

	Nonmajor Special Revenue Funds								
	Park and Recreation Programs	Police Private Duty Fund	Dog Fund	Sewer Operating Fund	Sewer Assessment Fund	Sewer Capital Fund	Drug Forfeiture Fund	Small Cities Fund	Town Aid Road Fund
REVENUES									
Intergovernmental	\$ -	\$ -	\$ -	\$ 4,069	\$ -	\$ -	\$ -	\$ 335,697	\$ -
Charges for goods and services	79,193	312,291	8,130	2,052,565	266,697	-	-	-	-
Interest income	-	-	-	18,654	9,385	1,234	50	541	-
Other	505	-	-	-	-	-	-	-	-
Total revenues	<u>79,698</u>	<u>312,291</u>	<u>8,130</u>	<u>2,075,288</u>	<u>276,082</u>	<u>1,234</u>	<u>50</u>	<u>336,238</u>	<u>-</u>
EXPENDITURES									
Current:									
General government	-	-	-	-	-	-	-	335,697	-
Public safety	-	271,788	37,523	-	-	-	-	-	-
Culture and recreation	73,752	-	-	-	-	-	-	-	-
Sanitation and waste removal	-	-	-	1,873,088	-	-	-	-	-
Education	-	-	-	-	-	-	-	-	-
Capital outlays	-	-	-	187,495	-	-	-	-	-
Total expenditures	<u>73,752</u>	<u>271,788</u>	<u>37,523</u>	<u>2,060,583</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>335,697</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	5,946	40,503	(29,393)	14,705	276,082	1,234	50	541	-
OTHER FINANCING SOURCES (USES)									
Transfers in	138,145	-	40,996	272,498	-	-	-	-	-
Transfers out	-	(66,100)	-	-	(302,476)	-	-	-	-
Total other financing sources (uses)	<u>138,145</u>	<u>(66,100)</u>	<u>40,996</u>	<u>272,498</u>	<u>(302,476)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	144,091	(25,597)	11,603	287,203	(26,394)	1,234	50	541	-
Fund balances - beginning	13,393	202,248	(9,080)	843,746	906,689	158,918	4,804	89,987	-
Fund balances - ending	<u>\$ 157,484</u>	<u>\$ 176,651</u>	<u>\$ 2,523</u>	<u>\$ 1,130,949</u>	<u>\$ 880,295</u>	<u>\$ 160,152</u>	<u>\$ 4,854</u>	<u>\$ 90,528</u>	<u>\$ -</u>

(Continued)

TOWN OF EAST WINDSOR, CONNECTICUT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 NONMAJOR GOVERNMENTAL FUNDS *(Concluded)*
 FOR THE YEAR ENDED JUNE 30, 2018

	Nonmajor Special Revenue Funds							Subtotal	Nonmajor Permanent Fund	Total Nonmajor Governmental Funds
	Miscellaneous Donations Fund	Miscellaneous Grants Fund	Senior Center Fund	Casino Impact Fund	Educational Grants Fund	School Cafeteria Fund	Family Resource Center Fund		Cemetery Trust Fund	
REVENUES										
Intergovernmental	\$ -	\$ 273,540	\$ -	\$ -	\$ 2,529,394	\$ 303,548	\$ 92,773	\$ 3,539,021	\$ -	\$ 3,539,021
Charges for goods and services	-	-	10,083	-	-	203,234	245,887	3,178,080	-	3,178,080
Interest income	-	-	-	-	-	621	76	30,561	68	30,629
Other	99,197	4,365	-	34,575	-	-	-	138,642	-	138,642
Total revenues	99,197	277,905	10,083	34,575	2,529,394	507,403	338,736	6,886,304	68	6,886,372
EXPENDITURES										
Current:										
General government	70,684	4,000	9,622	34,575	-	-	-	454,578	-	454,578
Public safety	-	56,978	-	-	-	-	-	366,289	-	366,289
Highways	-	215,974	-	-	-	-	-	215,974	-	215,974
Culture and recreation	28,402	-	-	-	-	-	-	102,154	-	102,154
Sanitation and waste removal	-	-	-	-	-	-	-	1,873,088	-	1,873,088
Education	3,443	-	-	-	2,529,394	635,200	378,297	3,546,334	-	3,546,334
Capital outlays	-	-	-	-	-	-	-	187,495	-	187,495
Total expenditures	102,529	276,952	9,622	34,575	2,529,394	635,200	378,297	6,745,912	-	6,745,912
Excess (deficiency) of revenues over expenditures	(3,332)	953	461	-	-	(127,797)	(39,561)	140,392	68	140,460
OTHER FINANCING SOURCES (USES)										
Transfers in	31,738	21,500	-	-	-	-	-	504,877	-	504,877
Transfers out	(138,145)	(31,738)	-	-	-	-	-	(538,459)	-	(538,459)
Total other financing sources (uses)	(106,407)	(10,238)	-	-	-	-	-	(33,582)	-	(33,582)
Net change in fund balances	(109,739)	(9,285)	461	-	-	(127,797)	(39,561)	106,810	68	106,878
Fund balances - beginning	322,253	31,738	10,214	-	-	65,776	155,113	2,795,799	4,950	2,800,749
Fund balances - ending	\$ 212,514	\$ 22,453	\$ 10,675	\$ -	\$ -	\$ (62,021)	\$ 115,552	\$ 2,902,609	\$ 5,018	\$ 2,907,627

(Concluded)

See accompanying Independent Auditor's Report.

FIDUCIARY FUNDS

TOWN OF EAST WINDSOR, CONNECTICUT
COMBINING STATEMENT OF FIDUCIARY NET POSITION
PENSION AND OTHER POST-EMPLOYMENT
BENEFITS TRUST FUNDS
JUNE 30, 2018

	Pension Trust Fund	Other Post- Employment Benefits Trust Fund	Total
ASSETS			
Cash and cash equivalents	\$ 699,316	\$ 54,909	\$ 754,225
Investments	25,607,850	991,013	26,598,863
Receivables	18,500	-	18,500
Total assets	26,325,666	1,045,922	27,371,588
LIABILITIES			
Payables	-	18,500	18,500
Total liabilities	-	18,500	18,500
NET POSITION			
Restricted for pension and other post-employment benefits	\$ 26,325,666	\$ 1,027,422	\$ 27,353,088

See accompanying Independent Auditor's Report.

TOWN OF EAST WINDSOR, CONNECTICUT
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 PENSION AND OTHER POST-EMPLOYMENT
 BENEFITS TRUST FUNDS
 FOR THE YEAR ENDED JUNE 30, 2018

	Pension Trust Fund	Other Post- Employment Benefits Trust Fund	Total
ADDITIONS			
Contributions:			
Employer	\$ 1,228,568	\$ 64,464	\$ 1,293,032
Plan members	295,088	-	295,088
Total contributions	<u>1,523,656</u>	<u>64,464</u>	<u>1,588,120</u>
Investment earnings:			
Interest and dividends	488,639	19,216	507,855
Net increase in the fair value of investments, net of fees	<u>1,791,818</u>	<u>59,394</u>	<u>1,851,212</u>
Total investment earnings	<u>2,280,457</u>	<u>78,610</u>	<u>2,359,067</u>
Total additions	<u>3,804,113</u>	<u>143,074</u>	<u>3,947,187</u>
DEDUCTIONS			
Benefit payments	1,337,375	-	1,337,375
Administrative expenses	<u>26,430</u>	<u>23,301</u>	<u>49,731</u>
Total deductions	<u>1,363,805</u>	<u>23,301</u>	<u>1,387,106</u>
Change in net position	2,440,308	119,773	2,560,081
Net position - beginning	<u>23,885,358</u>	<u>907,649</u>	<u>24,793,007</u>
Net position - ending	<u>\$ 26,325,666</u>	<u>\$ 1,027,422</u>	<u>\$ 27,353,088</u>

See accompanying Independent Auditor's Report.

TOWN OF EAST WINDSOR, CONNECTICUT
COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
JUNE 30, 2018

	Student Activities Fund	Performance Bonds Fund	Total Agency Funds
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Cash and cash equivalents	\$ 137,446	\$ -	\$ 137,446
Receivables	-	375,299	375,299
Total assets	<u>\$ 137,446</u>	<u>\$ 375,299</u>	<u>\$ 512,745</u>
LIABILITIES			
Due to student groups	\$ 137,446	\$ -	\$ 137,446
Due to others	-	375,299	375,299
Total liabilities	<u>\$ 137,446</u>	<u>\$ 375,299</u>	<u>\$ 512,745</u>

See accompanying Independent Auditor's Report.

TOWN OF EAST WINDSOR, CONNECTICUT
COMBINING STATEMENT OF CHANGES IN
FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	<u>Balance, July 1, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance, June 30, 2018</u>
Student Activities Fund				
Assets				
Cash and cash equivalents	\$ 121,315	\$ 183,905	\$ 167,774	\$ 137,446
Liabilities				
Due to student groups	\$ 121,315	\$ 183,905	\$ 167,774	\$ 137,446
Performance Bonds Fund				
Assets				
Receivables	\$ 348,384	\$ 103,136	\$ 76,221	\$ 375,299
Liabilities				
Due to others	\$ 348,384	\$ 103,136	\$ 76,221	\$ 375,299
Total All Agency Funds				
Assets				
Cash and cash equivalents	\$ 121,315	\$ 183,905	\$ 167,774	\$ 137,446
Receivables	348,384	103,136	76,221	375,299
Total assets	<u>\$ 469,699</u>	<u>\$ 287,041</u>	<u>\$ 243,995</u>	<u>\$ 512,745</u>
Liabilities				
Due to student groups	\$ 121,315	\$ 183,905	\$ 167,774	\$ 137,446
Due to others	348,384	103,136	76,221	375,299
Total liabilities	<u>\$ 469,699</u>	<u>\$ 287,041</u>	<u>\$ 243,995</u>	<u>\$ 512,745</u>

See accompanying Independent Auditor's Report.

OTHER SUPPLEMENTARY INFORMATION

TOWN OF EAST WINDSOR, CONNECTICUT
OTHER SUPPLEMENTARY INFORMATION (UNAUDITED)
JUNE 30, 2018

I. Amounts of the gross and the net taxable Grand List (October 1, 2017):

1. Gross Taxable Grand List	998,855,711
2. Net Taxable Grand List	959,152,611

II. Ten largest taxpayers on the October 1, 2017 Grand List, with taxable valuation:

	Net Assessment	% of Net Taxable Grand List
1 Southern Auto Sales, Inc.	\$ 23,706,230	2.5%
2 Walmart Stores East, LP	23,049,450	2.4%
3 The Mansions at Canyon Ridge	21,989,060	2.3%
4 Eversource	17,987,550	1.9%
5 USA Hauling & Recycling Inc.	15,512,650	1.6%
6 Millpond Limited Partnership	15,113,140	1.6%
7 Sustainable Building Systems USA	14,451,220	1.5%
8 EQC Industrial Properties, LLC	13,188,110	1.4%
9 East Windsor Properties Ltd Partnership	9,772,210	1.0%
10 Balch Bridge Street Corp	8,413,170	0.9%
	<u>\$ 163,182,790</u>	<u>17.0%</u>

III. Percentage of the annual property tax levy uncollected as of the close of the fiscal year ending June 30, 2018:

	Adjusted Levy	Uncollected Taxes June 30, 2018	% Uncollected Taxes June 30, 2018
October 1, 2016 Grand List	\$ 32,015,989	\$ 375,720	1.2%

IV. Calculation of debt as of the close of the fiscal year ending June 30, 2018:

Long-Term Debt:	
General obligation bonds payable	\$ 6,950,000
Notes payable	3,356,132
	<u>10,306,132</u>
Short-Term Debt	1,856,000
Total Direct Debt	<u>12,162,132</u>
Less:	
Special assessments receivable (sewers)	(338,000)
Grant reimbursements	(265,830)
Net Direct Debt	<u>11,558,302</u>
Overlapping and Underlying Debt	-
Total Overall Net Debt	<u>\$ 11,558,302</u>

TOWN OF EAST WINDSOR, CONNECTICUT
OTHER SUPPLEMENTARY INFORMATION (UNAUDITED) *(Concluded)*
JUNE 30, 2018

V. Debt per Capita

Population Estimate (as of July 1, 2017):*		11,395
Total Direct Debt Per Capita	\$	1,067
Total Net Direct Debt Per Capita		1,014
Total Overall Net Debt Per Capita		1,014

* - Population estimate obtained from State of Connecticut Department of Public Health website.

VI. Ratio of Debt to Net Taxable Grand List

Net Taxable Grand List	\$	959,152,611
Total Direct Debt to Net Taxable Grand List		1.27%
Total Overall Net Debt to Net Taxable Grand List		1.21%