

TOWN OF EAST WINDSOR, CONNECTICUT

FINANCIAL STATEMENTS

**AS OF AND FOR THE YEAR ENDED
JUNE 30, 2020**

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, 2020, 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, 2020, 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

Correction of an Error in Previously Issued Financial Statements

As discussed in Note 1 to the financial statements, the Town restated amounts previously reported in its financial statements as of and for the year ended June 30, 2019 for the correction of an error. 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 information on pages 61 through 69 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 70 through 85 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 86 and 87 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 January 29, 2021, 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
January 29, 2021

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, 2020

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, 2020.

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 \$50,306,967 (net position). Of this amount, \$8,042,480 is considered to be unrestricted.
- The Town's total net position increased by \$103,811 during the current fiscal year.
- The Town's total long-term debt decreased by \$777,029 or 6.9%.
- As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$18,599,506, an increase of \$566,101 in comparison with the prior year.
- At the end of the current fiscal year, unassigned fund balance of the General Fund was \$10,936,403. Unassigned fund balance is sufficient to cover 3.2 months of and represents 26.5% of the Town's fiscal year 2021 General Fund budgetary expenditure appropriations.

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, 2020

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 60 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also contains required supplementary information other than this management's discussion and analysis that can be found on pages 61 through 69 of this report. Individual fund statements and schedules can be found on pages 70 through 85 of this report and other supplementary information can be found on pages 86 and 87.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Position

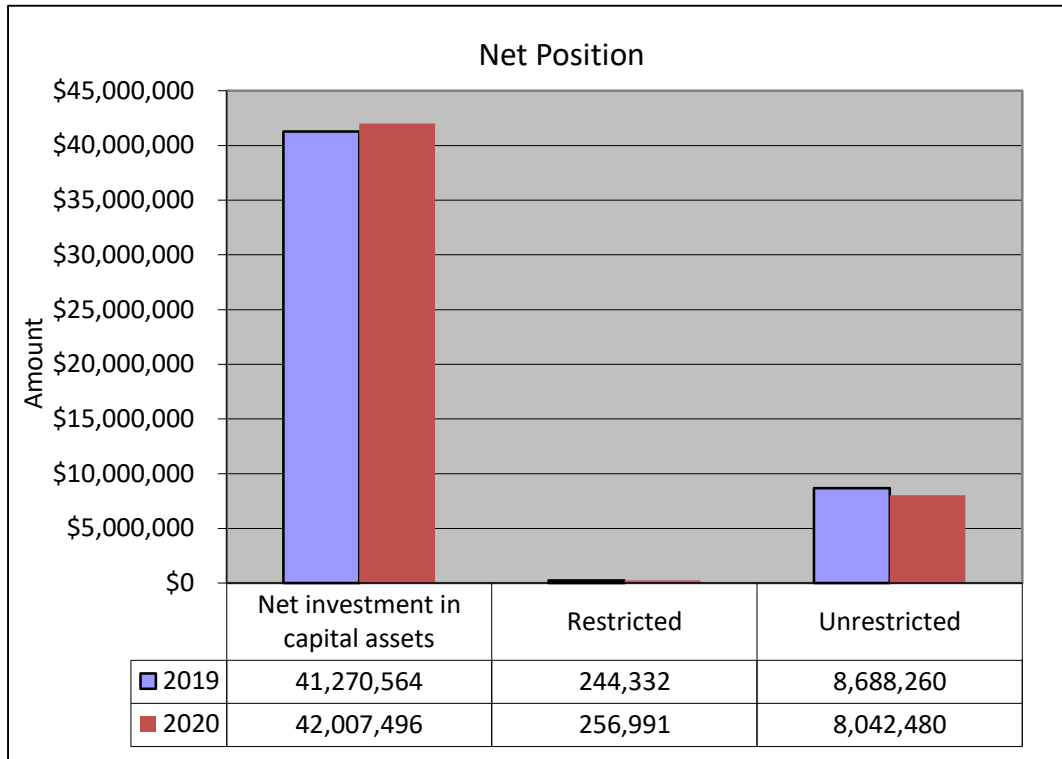
Over time, net position may serve as one measure of a government's financial position. As disclosed in Note 1 to the financial statements, the Town restated its capital asset balances reported in prior years to account for the removal of salvage values applied to buildings, building improvements and infrastructure assets. The net position of the Town totaled \$50,306,967 as of June 30, 2020 and \$50,203,156 as of June 30, 2019, as restated, and is summarized as follows.

	2020	2019 (As Restated)	\$ Variance	% Variance
Current and other assets	\$ 21,920,393	\$ 21,474,896	\$ 445,497	2.1%
Capital assets	52,186,309	52,266,274	(79,965)	-0.2%
Total assets	<u>74,106,702</u>	<u>73,741,170</u>	<u>365,532</u>	0.5%
Deferred outflows of resources	<u>2,498,938</u>	<u>2,515,000</u>	<u>(16,062)</u>	-0.6%
Other liabilities	2,175,760	2,006,926	168,834	8.4%
Long-term liabilities	<u>23,330,349</u>	<u>22,970,924</u>	<u>359,425</u>	1.6%
Total liabilities	<u>25,506,109</u>	<u>24,977,850</u>	<u>528,259</u>	2.1%
Deferred inflows of resources	<u>792,564</u>	<u>1,075,164</u>	<u>(282,600)</u>	-26.3%
Net position:				
Net investment in capital assets	42,007,496	41,270,564	736,932	1.8%
Restricted	256,991	244,332	12,659	5.2%
Unrestricted	<u>8,042,480</u>	<u>8,688,260</u>	<u>(645,780)</u>	-7.4%
Total net position	<u>\$ 50,306,967</u>	<u>\$ 50,203,156</u>	<u>\$ 103,811</u>	0.2%

TOWN OF EAST WINDSOR, CONNECTICUT
 MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) *(Continued)*
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

GOVERNMENT-WIDE FINANCIAL ANALYSIS *(Continued)*

Net Position *(Continued)*



As of June 30, 2020, the majority 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, 2020 was subject to external restrictions on how they may be used and are therefore presented as restricted net position.

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

TOWN OF EAST WINDSOR, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Changes in Net Position

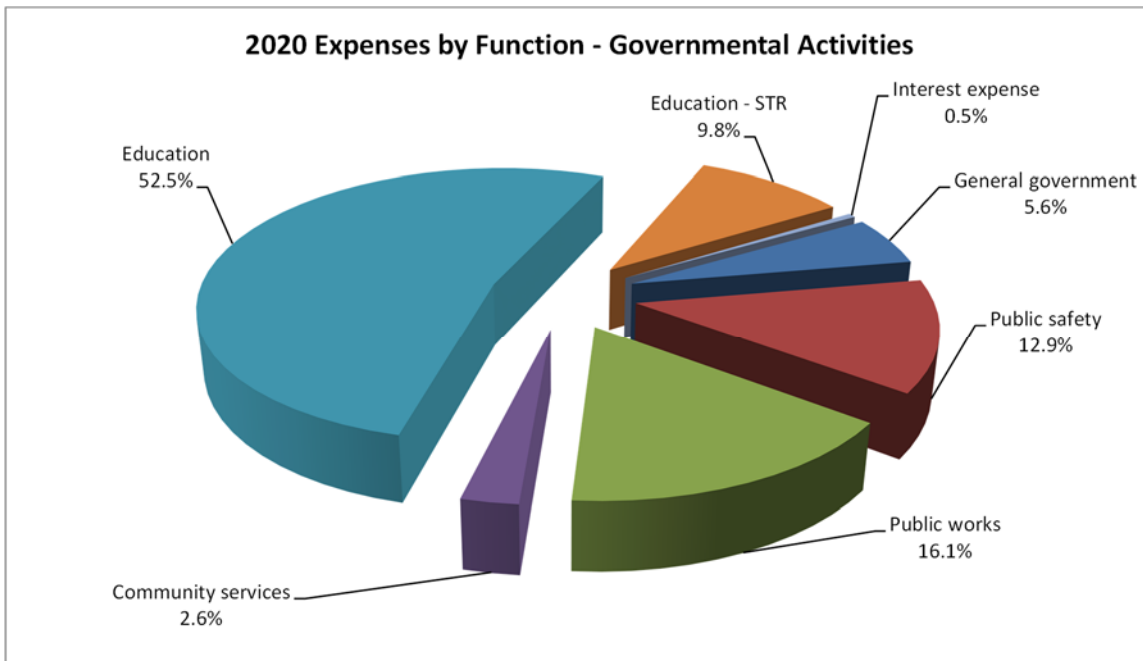
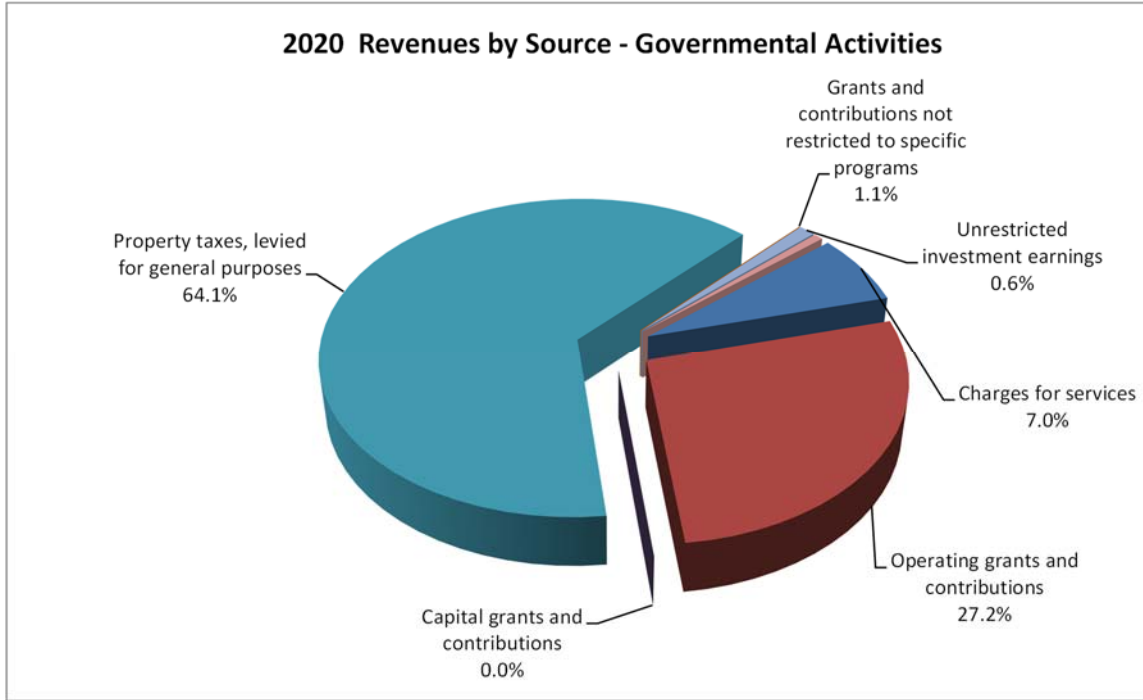
Changes in net position for the years ended June 30, 2020 and 2019 are as follows. Certain reclassifications have been made to the amounts reported for the year ended June 30, 2019 to conform to the current year presentation. The amounts reported for the year ended June 30, 2019 have not been adjusted for the restatement, since the effects of the adjustments on the statement of changes in net position are not readily determinable.

	<u>2020</u>	<u>2019</u>	<u>\$ Variance</u>	<u>% Variance</u>
Revenues				
Program revenues:				
Charges for services	\$ 3,627,639	\$ 4,188,250	\$ (560,611)	-13.4%
Operating grants and contributions	13,995,858	11,156,805	2,839,053	25.4%
Capital grants and contributions	-	456,170	(456,170)	-100.0%
General revenues:				
Property taxes, levied for general purposes	32,928,003	32,423,595	504,408	1.6%
Grants and contributions not restricted to specific programs	588,617	581,072	7,545	1.3%
Unrestricted investment earnings	<u>332,176</u>	<u>417,808</u>	<u>(85,632)</u>	-20.5%
Total revenues	<u>51,472,293</u>	<u>49,223,700</u>	<u>2,248,593</u>	4.6%
Expenses				
General government	2,887,836	3,311,085	(423,249)	-12.8%
Public safety	6,613,324	6,168,325	444,999	7.2%
Public works	8,277,568	7,932,837	344,731	4.3%
Community services	1,344,654	1,250,646	94,008	7.5%
Education	26,987,391	27,979,697	(992,306)	-3.5%
Education - State Teachers' Retirement	5,003,237	1,586,814	3,416,423	215.3%
Interest expense	<u>254,472</u>	<u>285,661</u>	<u>(31,189)</u>	-10.9%
Total expenses	<u>51,368,482</u>	<u>48,515,065</u>	<u>2,853,417</u>	5.9%
Change in net position	<u>\$ 103,811</u>	<u>\$ 708,635</u>	<u>\$ (604,824)</u>	-85.4%

TOWN OF EAST WINDSOR, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

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, 2020

GOVERNMENT-WIDE FINANCIAL ANALYSIS *(Continued)*

Governmental Activities

The Town's net position increased by \$103,811. Total revenues increased by \$2,248,593 or 4.6% and total expenses decreased by \$2,853,417 or 5.9%. Operating grants and contributions were impacted by an increase in on-behalf pension and OPEB benefits recognized by the Town in connection with its participation in the Connecticut Teachers' Retirement System. Education expenses decreased in part due to cost reductions associated with distant learning and a shortened school year in response to the COVID-19 pandemic.

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 \$18,599,506, an increase of \$566,101 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 \$10,936,403. Unassigned fund balance is sufficient to cover 3.2 months of and represents 26.5% of the Town's fiscal year 2021 General Fund budgetary expenditure appropriations.

Capital and Nonrecurring Fund

The fund balance in the Capital and Nonrecurring Fund decreased by \$905,247 from \$3,219,489 to \$2,314,242. Significant current year capital outlays consisted of road improvements, information technology improvements for the School District, and vehicle purchases for police and public works departments.

Capital Projects Fund

The fund balance in the Capital Projects Fund increased by \$3,149 from \$505,774 to \$508,923 with no significant capital projects occurring during the fiscal year.

TOWN OF EAST WINDSOR, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

GENERAL FUND BUDGETARY HIGHLIGHTS

The original budget contemplated the use of fund balance of \$500,000. Additional appropriations of \$150,000 were authorized during the year to provide funding for the Town splash pad.

The actual change in fund balance on a budgetary basis was an increase of \$1,076,765. Revenues and other financing sources exceeded budgetary estimates by \$710,582, while expenditures and transfers out were less than budgetary estimates by \$1,016,183.

CAPITAL ASSET AND DEBT ADMINISTRATION

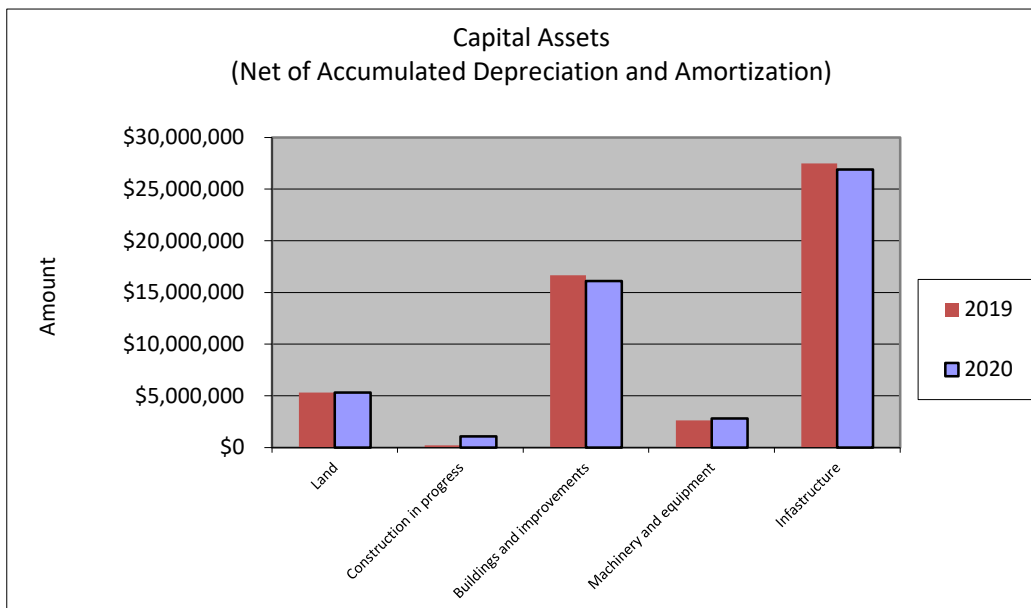
Capital Assets

The Town's capital assets for its governmental activities as of June 30, 2020 totaled \$52,186,309 (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 decreased by \$79,965 during the year. The following is a summary of current year significant capital events:

- construction in progress on Town roads, including improvements to Wells Road and Tromley Road,
- construction in progress on the Town's splash pad, and
- construction in progress on improvements to the Town's Abbe Road complex.

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

	2020	2019 (As Restated)	\$ Variance	% Variance
Land	\$ 5,320,884	\$ 5,304,795	\$ 16,089	0.3%
Construction in progress	1,067,979	208,850	859,129	411.4%
Buildings and improvements	16,111,783	16,642,503	(530,720)	-3.2%
Machinery and equipment	2,794,762	2,617,996	176,766	6.8%
Infrastructure	26,890,901	27,492,130	(601,229)	-2.2%
Totals	\$ 52,186,309	\$ 52,266,274	\$ (79,965)	-0.2%



TOWN OF EAST WINDSOR, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

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

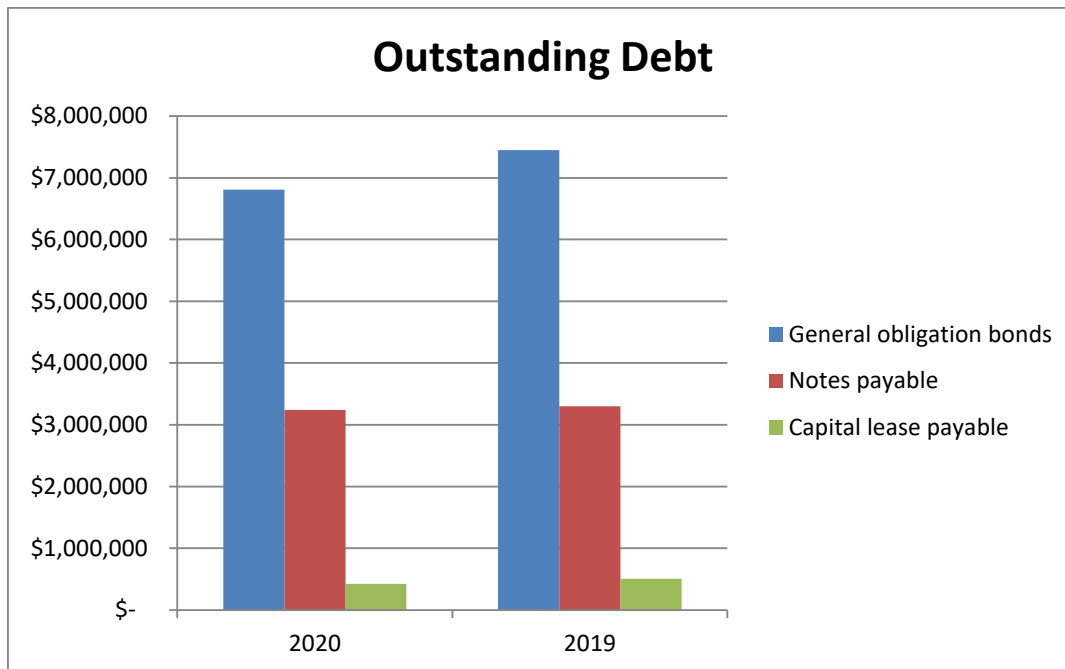
At the end of the current fiscal year, the Town had long-term bonded debt outstanding of \$6,810,000 and notes payable of \$3,238,791, all of which is backed by the full faith and credit of the government. In addition, the Town had capital leases payable of \$422,094.

The Town's total debt consisting of general obligation bonds, notes payables and capital leases decreased by \$777,029 or 6.9% during the current fiscal year. This decrease is due to schedule principal repayments.

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 bonded and other debt:

	<u>2020</u>	<u>2019</u>	<u>\$ Variance</u>	<u>% Variance</u>
General obligation bonds	\$ 6,810,000	\$ 7,445,000	\$ (635,000)	-8.5%
Notes payable	3,238,791	3,298,257	(59,466)	-1.8%
Capital lease payable	422,094	504,657	(82,563)	-16.4%
Totals	<u>\$ 10,470,885</u>	<u>\$ 11,247,914</u>	<u>\$ (777,029)</u>	-6.9%



Additional information on the Town's long-term debt can be found in Note 8 to the basic financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Significant estimates affecting next year's budget that are subject to change in the near term consist of the following:

- For purposes of calculating property tax revenues for fiscal year 2021, the assessor's grand list was used along with an estimated tax rate, and an estimated rate of collection, with deductions for taxes to be paid by the State on behalf of certain taxpayers.
- The Town receives intergovernmental revenues from the State of Connecticut. Connecticut's economy moves in the same general cycle as the national economy, which from time to time will affect the amount of intergovernmental revenues the Town will receive.
- The State has established a minimum budget requirement ("MBR") for budgeted education expenditures. The MBR prohibits town from budgeting less for education than it did in the previous year unless, and within limits, the Town can demonstrated a decrease in school enrollment or savings through increased efficiencies. Any increases or decreases that the Town receives in its Education Cost Sharing grant will result in a corresponding increase or decrease in the Town's MBR.
- It is unknown how the weakened economy will impact real estate activity and related revenues collected by the Town Clerk, the Building Department and the amount of conveyance taxes and interest income.
- In early March 2020, there was a global outbreak of COVID-19 that was declared a Public Health Emergency of International Concern by the World Health Organization and was subsequently declared a state of emergency by the Governor of Connecticut and a national emergency by the President of the United States. The outbreak of the virus has affected travel, commerce and financial markets globally, and is widely expected to affect economic growth worldwide. The Town has received and continues to apply for additional funding from federal and state agencies to assist in covering certain costs associated with the response to the pandemic. However, the extent to which COVID-19 will impact the Town's tax base, operations and its financial condition will ultimately depend on future developments that are uncertain and cannot be fully predicted with confidence at this time.

All of these factors were considered in preparing the Town's budget for fiscal year 2021. The Town's fiscal year 2021 budget for the General Fund authorizes expenditure appropriations of \$41,288,059, which represents a 2.75% increase over the Town's original fiscal year 2020 budget expenditure appropriations. The Town assigned \$750,000 of its General Fund fund balance for spending in the 2021 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
AS OF JUNE 30, 2020

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 19,929,209
Receivables:	
Property taxes and interest, net	1,039,667
User charges	89,936
Grants and contracts	567,744
Other	138,237
Other assets	3,461
Assessments	152,139
Capital assets:	
Non-depreciable	6,388,863
Depreciable, net	45,797,446
Total assets	74,106,702
DEFERRED OUTFLOWS OF RESOURCES	
Pension related	1,798,364
OPEB related	700,574
Total deferred outflows of resources	2,498,938
LIABILITIES	
Accounts payable	1,085,692
Accrued liabilities	365,932
Unearned revenue	724,136
Noncurrent liabilities:	
Due within one year	1,118,242
Due in more than one year	22,212,107
Total liabilities	25,506,109
DEFERRED INFLOWS OF RESOURCES	
Pension related	323,010
OPEB related	469,554
Total deferred inflows of resources	792,564
NET POSITION	
Net investment in capital assets	42,007,496
Restricted for:	
Endowments - expendable	5,213
Housing rehabilitation loan program	39,105
Other programs	212,673
Unrestricted	8,042,480
Total net position	\$ 50,306,967

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, 2020

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense)</u>
		<u>Charges for</u>	<u>Operating</u>	<u>Capital</u>	<u>Revenue and</u>
		<u>Services</u>	<u>Grants and</u>	<u>Grants and</u>	<u>Changes in Net Position -</u>
			<u>Contributions</u>	<u>Contributions</u>	<u>Governmental</u>
					<u>Activities</u>
Governmental activities:					
General government	\$ 2,887,836	\$ 671,296	\$ 149,509	\$ -	\$ (2,067,031)
Public safety	6,613,324	189,788	29,312	-	(6,394,224)
Public works	8,277,568	2,297,573	740,678	-	(5,239,317)
Community services	1,344,654	161,060	49,492	-	(1,134,102)
Education	31,990,628	307,922	13,026,867	-	(18,655,839)
Interest expense	254,472	-	-	-	(254,472)
Total governmental activities	<u>\$ 51,368,482</u>	<u>\$ 3,627,639</u>	<u>\$ 13,995,858</u>	<u>\$ -</u>	<u>(33,744,985)</u>
General revenues:					
					32,928,003
					588,617
					332,176
					<u>33,848,796</u>
					103,811
					58,901,149
					(8,697,993)
					<u>50,203,156</u>
					<u>\$ 50,306,967</u>

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

TOWN OF EAST WINDSOR, CONNECTICUT

BALANCE SHEET

GOVERNMENTAL FUNDS

AS OF JUNE 30, 2020

	<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	\$ 12,259,107	\$ 2,897,374	\$ 511,359	\$ 4,261,369	\$ 19,929,209
Receivables:					
Property taxes and interest, net	1,039,667	-	-	-	1,039,667
Assessments and user charges	-	-	-	242,075	242,075
Grants and contracts	-	-	-	567,744	567,744
Other	21,607	-	-	116,630	138,237
Due from other funds	1,854,619	-	-	757,414	2,612,033
Inventories	-	-	-	3,461	3,461
Total assets	<u>\$ 15,175,000</u>	<u>\$ 2,897,374</u>	<u>\$ 511,359</u>	<u>\$ 5,948,693</u>	<u>\$ 24,532,426</u>
LIABILITIES					
Accounts payable	\$ 973,991	\$ 20,298	\$ -	\$ 91,403	\$ 1,085,692
Salaries and benefits payable	279,112	-	-	33,500	312,612
Due to other funds	757,414	562,834	2,436	1,289,349	2,612,033
Unearned revenue	-	-	-	724,136	724,136
Total liabilities	<u>2,010,517</u>	<u>583,132</u>	<u>2,436</u>	<u>2,138,388</u>	<u>4,734,473</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue	956,372	-	-	242,075	1,198,447
Total deferred inflows of resources	<u>956,372</u>	<u>-</u>	<u>-</u>	<u>242,075</u>	<u>1,198,447</u>
FUND BALANCES					
Nonspendable	-	-	-	3,461	3,461
Restricted	-	-	493,108	256,991	750,099
Committed for:					
Capital purposes	-	2,314,242	15,815	163,453	2,493,510
Other purposes	521,708	-	-	3,144,325	3,666,033
Assigned	750,000	-	-	-	750,000
Unassigned	10,936,403	-	-	-	10,936,403
Total fund balances	<u>12,208,111</u>	<u>2,314,242</u>	<u>508,923</u>	<u>3,568,230</u>	<u>18,599,506</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 15,175,000</u>	<u>\$ 2,897,374</u>	<u>\$ 511,359</u>	<u>\$ 5,948,693</u>	<u>\$ 24,532,426</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
AS OF JUNE 30, 2020

Total fund balances for governmental funds		\$ 18,599,506
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.		52,186,309
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.		1,198,447
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	\$ (6,810,000)	
Unamortized bond premiums	(201,036)	
Notes payable	(3,238,791)	
Capital leases	(422,094)	
Accrued interest payable	(53,320)	
Other long-term liabilities:		
Net pension liability	(7,581,347)	
Net OPEB liability	(3,449,894)	
Heart and hypertension obligations	(317,017)	
Compensated absences	<u>(1,310,170)</u>	
		(23,383,669)
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>1,706,374</u>
Net position of governmental activities		<u><u>\$ 50,306,967</u></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, 2020

	General Fund	Capital and Nonrecurring Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES					
Property taxes	\$ 33,127,827	\$ -	\$ -	\$ -	\$ 33,127,827
Intergovernmental	9,844,801	-	-	3,192,184	13,036,985
Charges for goods and services	678,264	176,292	-	2,814,989	3,669,545
Interest income	221,143	59,525	5,585	45,923	332,176
Other	-	12,000	-	80,159	92,159
Total revenues	<u>43,872,035</u>	<u>247,817</u>	<u>5,585</u>	<u>6,133,255</u>	<u>50,258,692</u>
EXPENDITURES					
Current:					
General government	2,069,778	-	-	156,407	2,226,185
Public safety	4,040,963	-	-	249,724	4,290,687
Public works	3,244,933	-	-	2,251,895	5,496,828
Community services	856,284	-	-	148,603	1,004,887
Employee benefits	3,080,431	-	-	-	3,080,431
Education	26,544,260	-	-	3,073,939	29,618,199
Capital outlays	-	2,645,725	2,436	248,008	2,896,169
Debt service	1,079,205	-	-	-	1,079,205
Total expenditures	<u>40,915,854</u>	<u>2,645,725</u>	<u>2,436</u>	<u>6,128,576</u>	<u>49,692,591</u>
Excess (deficiency) of revenues over expenditures	2,956,181	(2,397,908)	3,149	4,679	566,101
OTHER FINANCING SOURCES (USES)					
Transfers in	37,397	1,492,661	-	615,809	2,145,867
Transfers out	(1,838,470)	-	-	(307,397)	(2,145,867)
Total other financing sources (uses)	<u>(1,801,073)</u>	<u>1,492,661</u>	<u>-</u>	<u>308,412</u>	<u>-</u>
Net change in fund balances	1,155,108	(905,247)	3,149	313,091	566,101
Fund balances - beginning of year	<u>11,053,003</u>	<u>3,219,489</u>	<u>505,774</u>	<u>3,255,139</u>	<u>18,033,405</u>
Fund balances - ending	<u>\$ 12,208,111</u>	<u>\$ 2,314,242</u>	<u>\$ 508,923</u>	<u>\$ 3,568,230</u>	<u>\$ 18,599,506</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, 2020

Net change in fund balances - total governmental funds	\$	566,101
Total change in net position reported for governmental activities in the statement of activities is different because:		
<p>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 depreciation expense exceeded capital outlays in the current period is as follows:</p>		
Expenditures for capital assets	\$ 2,765,507	
Depreciation and amortization expense	<u>(2,828,089)</u>	
Net adjustment		(62,582)
<p>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.</p>		
		(17,383)
<p>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.</p>		
		(297,243)
<p>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:</p>		
Principal repayments:		
Bonds payable	635,000	
Notes payable	59,466	
Obligations under capital lease	82,563	
Amortization of bond premiums	<u>39,868</u>	
		816,897
<p>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:</p>		
Compensated absences	(169,892)	
Accrued interest	7,836	
Heart and hypertension obligations	(82,377)	
Net pension liability	(994,505)	
Net OPEB liability	<u>70,421</u>	
		(1,168,517)
<p>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.</p>		
		<u>266,538</u>
Change in net position of governmental activities	\$	<u><u>103,811</u></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 BALANCE - BUDGET AND ACTUAL -
BUDGETARY BASIS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2020

	Budgeted Amounts		Actual	Variance With Final Budget Over (Under)
	Original	Final		
REVENUES				
Property taxes	\$ 32,677,581	\$ 32,677,581	\$ 33,127,827	\$ 450,246
Intergovernmental	6,278,896	6,278,896	6,352,408	73,512
Local revenues	578,420	578,420	656,704	78,284
Revenues from use of money	150,000	150,000	221,143	71,143
Total revenues	<u>39,684,897</u>	<u>39,684,897</u>	<u>40,358,082</u>	<u>673,185</u>
EXPENDITURES				
Current:				
General government	2,158,123	2,170,829	2,055,492	(115,337)
Public safety	4,126,293	4,249,454	4,040,963	(208,491)
Public works	3,360,622	3,264,825	3,244,933	(19,892)
Community services	930,648	923,044	856,284	(66,760)
Employee benefits	3,601,562	3,120,436	3,035,431	(85,005)
Contingency	51,000	-	-	-
Capital improvement	997,221	1,517,327	1,517,327	-
Debt service	1,040,428	988,103	984,538	(3,565)
Total Town	<u>16,265,897</u>	<u>16,234,018</u>	<u>15,734,968</u>	<u>(499,050)</u>
Current:				
Education	23,919,000	23,919,000	23,401,867	(517,133)
Total expenditures	<u>40,184,897</u>	<u>40,153,018</u>	<u>39,136,835</u>	<u>(1,016,183)</u>
Excess (deficiency) of revenues over expenditures	(500,000)	(468,121)	1,221,247	1,689,368
OTHER FINANCING SOURCES (USES)				
Appropriation of fund balance	500,000	650,000	-	(650,000)
Transfers in	-	-	37,397	37,397
Transfers out	-	(181,879)	(181,879)	-
Total other financing sources (uses)	<u>500,000</u>	<u>468,121</u>	<u>(144,482)</u>	<u>(612,603)</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,076,765</u>	<u>\$ 1,076,765</u>

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

TOWN OF EAST WINDSOR, CONNECTICUT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
AS OF JUNE 30, 2020

	Pension Trust Funds	Private Purpose Trust Fund	Agency Funds
ASSETS			
Cash and cash equivalents	\$ 1,230,512	\$ 79,798	\$ 137,596
Investments:			
Mutual funds	28,023,526	302,581	-
Fixed income securities	1,852,067	-	-
Certificates of deposit	-	64,967	-
Receivables	45,000	-	348,959
Total assets	<u>31,151,105</u>	<u>447,346</u>	<u>\$ 486,555</u>
LIABILITIES			
Accounts payable	31,722	-	\$ -
Due to student groups	-	-	137,596
Due to others	-	-	348,959
Total liabilities	<u>31,722</u>	<u>-</u>	<u>\$ 486,555</u>
NET POSITION			
Restricted for pension and other benefits	<u>\$ 31,119,383</u>	<u>\$ 447,346</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, 2020

	Pension Trust Funds	Private Purpose Trust Fund
ADDITIONS		
Contributions:		
Employer	\$ 1,469,567	\$ -
Plan members	301,760	-
Private donations	-	1,500
Total contributions	<u>1,771,327</u>	<u>1,500</u>
Investment earnings:		
Interest and dividends	552,006	11,086
Net change in the fair value of investments, net of fees	<u>1,259,867</u>	<u>(11,596)</u>
Net investment earnings	<u>1,811,873</u>	<u>(510)</u>
Total additions	<u>3,583,200</u>	<u>990</u>
DEDUCTIONS		
Benefit payments	1,590,834	-
Awards expense	-	20,500
Administrative expenses	<u>58,264</u>	<u>2,357</u>
Total deductions	<u>1,649,098</u>	<u>22,857</u>
Change in net position	1,934,102	(21,867)
Net position - beginning	<u>29,185,281</u>	<u>469,213</u>
Net position - ending	<u>\$ 31,119,383</u>	<u>\$ 447,346</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, 2020

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 2020. 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.

TOWN OF EAST WINDSOR, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

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.

TOWN OF EAST WINDSOR, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

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

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.

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

In May 2020, the GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. The primary objective of this statement was to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective was accomplished by postponing the effective dates of certain provisions in statements and implementation guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later. As such, no new accounting standards were implemented by the Town for the year ended June 30, 2020.

TOWN OF EAST WINDSOR, CONNECTICUT
 NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

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

Adjustments to Amounts Reported in Previously Issued Financial Statements

The Town has reported the following adjustment to the beginning net position as of July 1, 2019:

	Governmental Activities
Net position - beginning, as originally reported	\$ 58,901,149
Adjustment to restate beginning balances of capital assets	(8,697,993)
Net position - beginning, as adjusted	\$ 50,203,156

The Town restated its capital asset balances reported in prior years to account for the removal of salvage values applied to buildings, building improvements and infrastructure assets. The effect of the above adjustment on the prior year change in net position are not readily determinable.

Assets, Liabilities, Deferred Outflows and 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/fund.

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 \$128,000 as of June 30, 2020.

TOWN OF EAST WINDSOR, CONNECTICUT
 NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

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

Assets, Liabilities, Deferred Outflows and 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, 2020.

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:

Assets	Years
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 or consumption of net position that applies to a future period(s) and so will not be recognized as outflows or inflows of resources until that time.

The Town reports unavailable revenue in the governmental funds balance sheet. Unavailable revenue is recognized as inflows of resources in the period that the amounts become available.

The Town reports deferred charges on pension and OPEB expenses in the government-wide statement of net position. Deferred charges on pension and OPEB expenses resulted from changes in the components of the Town's net pension and OPEB liabilities and are being 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, 2020

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

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

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, 2020

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

Assets, Liabilities, Deferred Outflows and 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 Town (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 10% and 20% 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, 2020

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, 2020

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, 2020:

	Total Revenues	Total Expenditures	Other Financing Uses, net	Net Change In Fund Balance
Budgetary basis	\$ 40,358,082	\$ 39,136,835	\$ (144,482)	\$ 1,076,765
"On-behalf" payments - State Teachers' Retirement Fund	3,492,393	3,492,393	-	-
Transfers recorded as an expenditure for bugetary purposes	-	(1,727,660)	(1,727,660)	-
Budgetary perspective differences - funds combined for GAAP financial reporting purposes:				
Heart & Hypertension Fund	-	-	37,642	37,642
Storm Emergency Fund	-	-	33,427	33,427
Warehouse Point Fire Fund	21,560	14,286	-	7,274
GAAP basis	\$ 43,872,035	\$ 40,915,854	\$ (1,801,073)	\$ 1,155,108

NOTE 3 - CASH DEPOSITS AND INVESTMENTS

Cash Deposits

A reconciliation of the Town's cash and cash equivalents as of June 30, 2020 is as follows:

Government-wide statement of net position:

Cash and cash equivalents	\$ 19,929,209
Less: cash equivalents considered investments for disclosure purposes	(11,015,032)
	8,914,177

Statement of fiduciary net position:

Cash and cash equivalents	1,447,906
Add: investments considered cash deposits for disclosure purposes	64,967
Less: cash equivalents considered investments for disclosure purposes	(1,230,512)
	282,361
	\$ 9,196,538

TOWN OF EAST WINDSOR, CONNECTICUT
 NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

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, 2020, \$9,373,421 of the Town's bank balance of \$10,123,421 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 8,436,079
Uninsured and collateralized with securities held by the pledging bank's trust department or agent but not in the Town's name	937,342
	\$ 9,373,421

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, 2020 is as follows:

Government-wide statement of net position:	
Investments	\$ -
Add: cash equivalents considered investments for disclosure purposes	11,015,032
	11,015,032
Statement of fiduciary net position:	
Investments	30,243,141
Less: investments considered cash equivalents for disclosure purposes	(64,967)
Add: cash equivalents considered investments for disclosure purposes	1,230,512
	31,408,686
	\$ 42,423,718

TOWN OF EAST WINDSOR, CONNECTICUT
 NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

NOTE 3 - CASH DEPOSITS AND INVESTMENTS *(Continued)*

Investments (Continued)

As of June 30, 2020, the Town's investments consisted of the following:

<u>Investment type</u>	<u>Valuation Basis</u>	<u>Value</u>	<u>Investment Maturities (In Years)</u>	
			<u>Less Than 1</u>	<u>1 to 5</u>
Debt Securities:				
<i>Governmental Activities:</i>				
Short Term Investment Fund (STIF)	Net asset value	\$ 11,015,032	\$ 11,015,032	\$ -
<i>Fiduciary Funds:</i>				
Money market mutual funds	Net asset value	1,230,512	1,230,512	-
Fixed income securities	Fair value	1,852,067	1,432,434	419,633
		<u>14,097,611</u>	<u>\$ 13,677,978</u>	<u>\$ 419,633</u>
Other investments:				
<i>Fiduciary Funds:</i>				
Mutual funds	Fair value	28,326,107		
		<u>\$ 42,423,718</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, 2020

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, 2020:

<u>Investment type</u>	<u>Value</u>	<u>AAA</u>	<u>A</u>	<u>BBB</u>	<u>Unrated</u>
Debt Securities:					
STIF	\$ 11,015,032	\$ 11,015,032	\$ -	\$ -	\$ -
Money market mutual funds	1,230,512	-	-	-	1,230,512
Fixed income securities	1,852,067	-	563,552	1,288,515	-
	<u>\$ 14,097,611</u>	<u>\$ 11,015,032</u>	<u>\$ 563,552</u>	<u>\$ 1,288,515</u>	<u>\$ 1,230,512</u>

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, 2020, 100% of the Town's investments within its governmental activities were invested in the Short-term Investment Fund. As of June 30, 2020, more than 10% of the Town's investments within its fiduciary funds were invested certain mutual funds. . Disclosure of concentrations in mutual funds are not required as these investments are considered diversified by nature.

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, 2020

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, 2020, 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	\$ 28,326,107	\$ -	\$ -	\$ 28,326,107
Fixed income securities	-	1,852,067	-	1,852,067
	<u>\$ 28,326,107</u>	<u>\$ 1,852,067</u>	<u>\$ -</u>	30,178,174
		Investments measured at NAV		12,245,544
				<u>\$ 42,423,718</u>

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, 2020 consisted of the following. As disclosed in Note 1 to the financial statements, the Town restated its capital asset balances reported in prior years to account for the removal of salvage values applied to buildings, building improvements and infrastructure assets.

	Beginning Balance (As Restated)	Increases	Decreases	Transfers	Ending Balance
Governmental Activities					
Capital assets, not being depreciated:					
Land	\$ 5,304,795	\$ 16,089	\$ -	\$ -	\$ 5,320,884
Construction in progress	208,850	1,309,786	-	(450,657)	1,067,979
Total capital assets, not being depreciated	<u>5,513,645</u>	<u>1,325,875</u>	<u>-</u>	<u>(450,657)</u>	<u>6,388,863</u>
Capital assets, being depreciated:					
Buildings and improvements	38,517,745	132,294	-	-	38,650,039
Machinery and equipment	9,779,756	483,358	(37,250)	329,434	10,555,298
Infrastructure	50,847,346	823,980	-	121,223	51,792,549
Total capital assets, being depreciated	<u>99,144,847</u>	<u>1,439,632</u>	<u>(37,250)</u>	<u>450,657</u>	<u>100,997,886</u>
Less accumulated depreciation:					
Buildings and improvements	21,875,242	663,014	-	-	22,538,256
Machinery and equipment	7,161,760	618,643	(19,867)	-	7,760,536
Infrastructure	23,355,216	1,546,432	-	-	24,901,648
Total accumulated depreciation	<u>52,392,218</u>	<u>2,828,089</u>	<u>(19,867)</u>	<u>-</u>	<u>55,200,440</u>
Total capital assets, being depreciated, net	<u>46,752,629</u>	<u>(1,388,457)</u>	<u>(17,383)</u>	<u>450,657</u>	<u>45,797,446</u>
Governmental activities capital assets, net	<u>\$ 52,266,274</u>	<u>\$ (62,582)</u>	<u>\$ (17,383)</u>	<u>\$ -</u>	<u>\$ 52,186,309</u>

TOWN OF EAST WINDSOR, CONNECTICUT
 NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

NOTE 5 - CAPITAL ASSETS *(Continued)*

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

Governmental Activities:	
Public safety	\$ 242,116
Public works	1,697,529
Culture and recreation	29,402
Education	859,042
Total depreciation and amortization expense	<u><u>\$ 2,828,089</u></u>

NOTE 6 - INTERFUND RECEIVABLES AND PAYABLES

Interfund receivable and payable balances at June 30, 2020 are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Governmental Funds		
General Fund	Capital and Nonrecurring Fund	\$ 562,834
	Capital Projects Fund	2,436
	Nonmajor Governmental Funds	<u>1,289,349</u>
		<u>1,854,619</u>
Nonmajor Governmental Funds	General Fund	757,414
		<u><u>\$ 2,612,033</u></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, 2020 consisted of the following:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
Governmental Funds		
General Fund	Nonmajor Governmental Funds	<u>\$ 37,397</u>
Capital and Nonrecurring Fund	General Fund	1,422,661
	Nonmajor Governmental Funds	<u>70,000</u>
		<u>1,492,661</u>
Nonmajor Governmental Funds	General Fund	415,809
	Nonmajor Governmental Funds	<u>200,000</u>
		<u>615,809</u>
		<u><u>\$ 2,145,867</u></u>

TOWN OF EAST WINDSOR, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

NOTE 7 - INTERFUND TRANSFERS *(Continued)*

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 - LONG-TERM DEBT

The applicable accounting standards define debt as a liability that arises from a contractual obligation to pay cash, or other assets that may be used in lieu of cash, in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. For disclosure purposes, debt does not include accounts payable or leases, except for contracts reported as financed purchase of the underlying asset.

Changes in long-term debt for the year ended June 30, 2020 are as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities					
Bonds payable:					
General obligation bonds	\$ 7,445,000	\$ -	\$ (635,000)	\$ 6,810,000	\$ 645,000
Unamortized premium	240,904	-	(39,868)	201,036	-
Total bonds payable	<u>7,685,904</u>	<u>-</u>	<u>(674,868)</u>	<u>7,011,036</u>	<u>645,000</u>
Capital leases from direct borrowings	504,657	-	(82,563)	422,094	84,641
Notes payable from direct borrowings	3,298,257	-	(59,466)	3,238,791	61,101
	<u>\$ 11,488,818</u>	<u>\$ -</u>	<u>\$ (816,897)</u>	<u>\$ 10,671,921</u>	<u>\$ 790,742</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, 2020

NOTE 8 - LONG-TERM DEBT *(Continued)*

General Obligation Bonds and Notes Payable from Direct Borrowings

A summary of general obligation bonds and note payable outstanding at June 30, 2020 is as follows:

Purpose of Bonds	Fiscal Date of Issue	Original Issue	Interest Rates	Fiscal Maturity Date	Amount Outstanding
Governmental Activities					
General Obligation Refunding Bonds	2014	\$ 2,640,000	2.0% - 4.0%	2025	\$ 965,000
General Obligation Bonds	2016	5,740,000	2.0% - 3.0%	2037	4,885,000
General Obligation Bonds	2019	1,115,000	5.00%	2026	960,000
					<u>\$ 6,810,000</u>
Notes payable					
Rural Development Loan	2012	2,180,000	2.375%	2052	\$ 1,910,225
Rural Development Loan	2015	1,435,000	2.75%	2055	1,328,566
					<u>\$ 3,238,791</u>

Annual debt service requirements to maturity on general obligation bonds and the note payables from direct borrowings are as follows as of June 30, 2020:

Year ending June 30:	Governmental Activities					
	Bonds Payable		Notes Payable		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2021	\$ 645,000	\$ 179,045	\$ 61,101	\$ 89,067	\$ 706,101	\$ 268,112
2022	645,000	154,495	62,781	87,387	707,781	241,882
2023	640,000	131,995	64,508	85,660	704,508	217,655
2024	630,000	112,839	66,282	83,886	696,282	196,725
2025	630,000	94,976	68,105	82,063	698,105	177,039
2026-2030	1,585,000	306,975	369,668	381,172	1,954,668	688,147
2031-2035	1,435,000	151,943	423,371	327,469	1,858,371	479,412
2036-2040	600,000	14,325	484,876	265,964	1,084,876	280,289
2041-2045	-	-	555,315	195,525	555,315	195,525
2046-2050	-	-	635,988	114,852	635,988	114,852
2051-2055	-	-	446,796	30,117	446,796	30,117
	<u>\$ 6,810,000</u>	<u>\$ 1,146,593</u>	<u>\$ 3,238,791</u>	<u>\$ 1,743,162</u>	<u>\$ 10,048,791</u>	<u>\$ 2,889,755</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, 2020.

Authorized, Unissued Debt

As of June 30, 2020, 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, 2020

NOTE 8 - LONG-TERM DEBT *(Continued)*

Capital Leases from Direct Borrowings

Capital leases from direct borrowings include non-appropriation clauses and provide the obligor with a security interest in the underlying equipment in the event of default.

A summary of assets acquired through capital lease is as follows as of June 30, 2020:

	Governmental Activites
Machinery and equipment	\$ 837,924
Less: accumulated depreciation	250,481
	\$ 587,443

Amortization expense relative to leased equipment under the capital lease totaled \$49,131 for the year ended June 30, 2020. Such amounts are included in depreciation and amortization expense disclosed in Note 5. Future minimum lease obligations and the net present value of the minimum lease payments as of June 30, 2020 is as follows:

	Governmental Activites
Year ending June 30:	
2021	\$ 94,668
2022	94,668
2023	94,668
2024	94,668
Thereafter	71,718
Total minimum lease payments	450,390
Less: amount representing interest	28,296
Present value of minimum lease payments	\$ 422,094

NOTE 9 - OTHER LONG-TERM LIABILITIES

Changes in other long-term liabilities for the year ended June 30, 2020 are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental Activities					
Compensated absences	\$ 1,140,278	\$ 169,892	\$ -	\$ 1,310,170	\$ 327,500
Heart and hypertension obligations	234,671	82,346	-	317,017	-
Net pension liability <i>(see Note 10)</i>	6,586,842	994,505	-	7,581,347	-
Net OPEB liability <i>(see Note 11)</i>	3,520,315	-	(70,421)	3,449,894	-
	\$ 11,482,106	\$ 1,246,743	\$ (70,421)	\$ 12,658,428	\$ 327,500

Other long-term liabilities are generally funded by the General Fund. The Town has established a reserve for heart and hypertension obligations. Amounts held in reserve for such obligations totaled \$350,727 as of June 30, 2020.

TOWN OF EAST WINDSOR, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

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

Heart and Hypertension Obligations

The Town's estimated liability for heart and hypertension obligations as of June 30, 2020 totaled \$317,017. 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, 2020 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, 2020 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.

Plan Membership

Membership of the Plan consisted of the following as of July 1, 2018, the date of the most recent actuarial valuation:

Retirees and beneficiaries currently receiving benefits	90
Vested terminated employees	127
Active employees	175
	<u>392</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.

TOWN OF EAST WINDSOR, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

NOTE 10 - PENSION PLANS *(Continued)*

Defined Benefit Plan *(Continued)*

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, 2020 the annual money-weighted rate of return on pension plan investments, net of pension plan investment expenses, was 6.29%. 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, 2020, more than 10% of the Plan's investments were invested certain mutual funds. Disclosure of concentrations in mutual funds are not required as these investments are considered diversified by nature.

TOWN OF EAST WINDSOR, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

NOTE 10 - PENSION PLANS *(Continued)*

Defined Benefit Plan *(Continued)*

Net Pension Liability

The components of the net pension liability of the Town at June 30, 2020, were as follows:

Total pension liability	\$ 37,308,631
Plan fiduciary net position	<u>(29,727,284)</u>
Town's net pension liability	<u><u>\$ 7,581,347</u></u>

Plan fiduciary net position as a percentage of the total pension liability	79.68%
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The components of the change in the net pension liability of the Town Plan for the year ended June 30, 2020 were as follows:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance as of June 30, 2019	\$ 34,550,722	\$ 27,963,880	\$ 6,586,842
Changes for the year:			
Service cost	1,048,580	-	1,048,580
Interest	2,288,728	-	2,288,728
Actuarial (gains) losses	1,011,435	-	1,011,435
Contributions - employer	-	1,344,995	(1,344,995)
Contributions - employee	-	301,760	(301,760)
Net investment income	-	1,739,034	(1,739,034)
Benefit payments, including refunds	(1,590,834)	(1,590,834)	-
Administrative expense	-	(31,551)	31,551
Net changes	<u>2,757,909</u>	<u>1,763,404</u>	<u>994,505</u>
Balance as of June 30, 2020	<u>\$ 37,308,631</u>	<u>\$ 29,727,284</u>	<u>\$ 7,581,347</u>

TOWN OF EAST WINDSOR, CONNECTICUT
 NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

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, 2018, 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	6.375 percent, net of pension plan investment expense, including inflation

Mortality rates were based on the Pub-2010 Mortality Table with generational projection per the MP Ultimate Scale.

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, 2020 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%	5.03%
Fixed Income	40.00%	7.48%

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 6.375%, 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 (5.375%) or 1-percentage-point higher (7.375%) than the current rate:

	<u>1% Decrease</u>	<u>Current Discount</u>	<u>1% Increase</u>
Net pension liability	\$ 12,143,576	\$ 7,581,347	\$ 3,709,487

TOWN OF EAST WINDSOR, CONNECTICUT
 NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

NOTE 10 - PENSION PLANS *(Continued)*

Defined Benefit Plan *(Continued)*

Pension Expense and Deferred Outflows and Inflows of Resources

At June 30, 2020, the Town reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows (Inflows) of Resources
Differences between expected and actual experience	\$ 360,000	\$ (40,753)	\$ 319,247
Changes of assumptions	1,438,364	-	1,438,364
Net difference between projected and actual earnings on pension plan investments	-	(282,257)	(282,257)
Total	\$ 1,798,364	\$ (323,010)	\$ 1,475,354

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

Year ended June 30,	
2021	\$ 549,247
2022	375,943
2023	300,616
2024	210,853
2025	38,695
	\$ 1,475,354

Payable to the Pension Plan

At June 30, 2020, the Town did not report a payable for any contributions outstanding to the pension plan.

Connecticut Teachers' Retirement System

Plan Description

The Connecticut Teachers' Retirement System ("TRS" or the "Plan") is the public pension plan offered by the State of Connecticut (the "State") to provide retirement, disability, survivorship and health insurance benefits for Connecticut public school teachers and their beneficiaries. The Plan is governed by Connecticut Statute Title 10, Chapter 167a of the Connecticut General Statutes. TRS is a multiemployer pension plan administered by the Connecticut State Teachers' Retirement Board ("TRB"). The State Treasurer is responsible for investing TRS funds for the exclusive benefit of TRS members.

Teachers, principals, superintendents or supervisors engaged in the service of public schools are provided with pensions through the Connecticut Teachers' Retirement System - a cost sharing multi-employer defined benefit pension plan administered by the TRB. Chapter 167a of the State Statutes grants authority to establish and amend the benefit terms to the TRB. TRS issues a publicly available financial report that can be obtained at www.ct.gov.

TOWN OF EAST WINDSOR, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

NOTE 10 - PENSION PLANS *(Continued)*

Connecticut Teachers' Retirement System *(Continued)*

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.

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% 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 2.0% per year of service times the average of the highest three years of pensionable salary, but not less than 15.0%, nor more than 50.0%. 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 75.0% of average annual salary. A plan member who leaves service and has attained 10 years of service will be entitled to 100.0% 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.

TOWN OF EAST WINDSOR, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

NOTE 10 - PENSION PLANS *(Continued)*

Connecticut Teachers' Retirement System *(Continued)*

Contributions

State of Connecticut - Per Connecticut General Statutes Section 10-183z (which reflects Public Act 79-436 as amended), contribution requirements of active employees and the State are amended and certified by the TRB 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.

Employers - School District employers are not required to make contributions to the Plan, as contributions are required only from employees and the State.

Employees - Effective July 1, 1992, each teacher was required to contribute 6.0% of pensionable salary for the pension benefit. Effective January 1, 2018, the required contribution increased to 7.0% of pensionable salary.

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 components associated with pension expense and deferred outflows and inflows of resources have been determined based on fiduciary net position as audited by the State of Connecticut Auditors of Public Accounts as part of the State of Connecticut Comprehensive Annual Financial Report as of and for the year ended June 30, 2019. The net pension liability at June 30, 2019 has been calculated using the audited amounts. TRS is included in the State of Connecticut audit as a pension trust fund. The State of Connecticut's Comprehensive Annual Financial Report can be obtained at www.ct.gov.

The accounting standards require participating employers to recognize their proportional share of the collective net pension liability, deferred outflows and inflows of resources and pension expense. Contributions remitted by the State are recognized when legally due, based upon statutory requirements.

Allocation Methodology

The allocations for participating employers are based on the expected contribution effort as measured June 30, 2018, the date of the latest biennial valuation. The liabilities of the June 30, 2018 actuarial valuation were rolled forward to the measurement date of June 30, 2019. The employer allocations were then applied to the net pension liability and pension expense to determine the amount applicable to each employer. Based upon the employee contributions made by the employees of each employer, as compared to the total employee contributions, an employer allocation percentage is calculated to six decimal places and is used to allocate the elements noted above. The employer allocation applied to Town totaled 0.263% as of the most recent measurement date.

TOWN OF EAST WINDSOR, CONNECTICUT
 NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

NOTE 10 - PENSION PLANS *(Continued)*

Connecticut Teachers' Retirement System *(Continued)*

Collective Net Pension Liability

The following summarizes the collective net pension liability of the State for the TRS as of June 30, 2019, the measurement date, in addition to the Town's and State's proportionate shares of the collective net pension liability that is attributed to the Town:

Collective Net Pension Liability of the State for the TRS		<u>\$ 17,072,720,000</u>
	<u>Proportion</u>	<u>Proportionate Share</u>
Town's proportionate share of the Collective Net Pension Liability	0.000%	<u>\$ -</u>
State's proportionate share of the Collective Net Pension Liability attributed to the Town	0.263%	<u>\$ 44,910,000</u>

Collective Pension Expense

The Town's expected contribution effort for allocation purposes totaled \$3,399,482 or 0.263% 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 in the General Fund for the year ended June 30, 2020.

The collective pension expense includes certain current period changes in the collective net pension liability, projected earnings on pension plan investments and the amortization of deferred outflows of resources and deferred inflows of resources for the current period. The portion of the collective pension expense attributed to the Town totaled \$5,515,769 or 0.263% of the total collective pension expense and has been recognized as an operating contribution and related education expenses in the statement of activities for the year ended June 30, 2020.

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2018, and a measurement date of June 30, 2019, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increases	3.25% - 6.50%, including inflation
Investment rate of return	6.90%, net of pension plan investment expense, including inflation
Administrative expenses	\$0 assumption as expenses are paid for by the General Assembly

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, 2020

NOTE 10 - PENSION PLANS *(Continued)*

Connecticut 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 5.0% 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 6.0% 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 5.0% per annum. If the return on assets in the previous year was less than 11.5%, the maximum increase is 3.0%, 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.

The current capital market assumptions and the target asset allocation as provided by the Treasurer's Office are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Expected Return</u>	<u>Standard Deviation</u>
Public Equity - US Equity	20.0%	8.1%	17.0%
Public Equity - International Developed Equity	11.0%	8.5%	19.0%
Public Equity - Emerging Markets Equity	9.0%	10.4%	24.0%
Fixed Income - Core Fixed Income	16.0%	4.6%	7.0%
Fixed Income - Inflation Linked Bonds	5.0%	3.6%	7.0%
Fixed Income - High Yield	6.0%	6.5%	11.0%
Fixed Income - Emerging Market Debt	5.0%	5.2%	11.0%
Private Equity	10.0%	9.8%	23.0%
Real Estate	10.0%	7.0%	15.0%
Alternative Investments - Real Assets	4.0%	8.2%	17.0%
Alternative Investments - Hedge Funds	3.0%	5.4%	7.0%
Liquidity Fund	1.0%	2.9%	1.0%
	<u>100%</u>		

The geometric rates of expected return shown in the table above are nominal returns net of investment expenses.

TOWN OF EAST WINDSOR, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

NOTE 10 - PENSION PLANS *(Continued)*

Connecticut Teachers' Retirement System *(Continued)*

Discount Rate

The discount rate used to measure the total pension liability was 6.90%. 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 the actuarially determined rates in future years. 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.

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, 2020

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, 2018, the date of the latest actuarial valuation:

Retirees and beneficiaries currently receiving benefits	23
Active employees	321
	<u>344</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 \$444,902 for the year ended June 30, 2020 and included \$124,572 contributed directly into the Trust.

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, 2020 the annual money-weighted rate of return on pension plan investments, net of pension plan investment expenses, was 5.72%. 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, 2020, more than 10% of the OPEB Plan's investments were invested certain mutual funds. Disclosure of concentrations in mutual funds are not required as these investments are considered diversified by nature.

TOWN OF EAST WINDSOR, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

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, 2020, was as follows:

Total OPEB liability	\$	4,841,993
Plan fiduciary net position		(1,392,099)
Town's net OPEB liability		<u>3,449,894</u>
Plan fiduciary net position as a percentage of the total OPEB liability		28.75%

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, 2019, 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	5.85% - 4.40% over 65 years

Mortality rates were based on the RP-2014 White Collar Table and 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, 2020 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%	5.03%
Fixed Income	40.00%	7.48%

TOWN OF EAST WINDSOR, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

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

Town and Board of Education Plan *(Continued)*

Changes in Total OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balance as of June 30, 2019	\$ 4,741,716	\$ 1,221,401	\$ 3,520,315
Changes for the year:			
Service cost	114,108	-	114,108
Interest	306,499	-	306,499
Actuarial (gains) losses	-	-	-
Contributions - employer	-	444,902	(444,902)
Net investment income	-	72,839	(72,839)
Benefit payments, including refunds	(320,330)	(320,330)	-
Administrative expense	-	(26,713)	26,713
Net changes	<u>100,277</u>	<u>170,698</u>	<u>(70,421)</u>
Balance as of June 30, 2020	<u>\$ 4,841,993</u>	<u>\$ 1,392,099</u>	<u>\$ 3,449,894</u>

Sensitivity of the net OPEB liability 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%)
Net OPEB liability	\$ 3,876,501	\$ 3,449,894	\$ 3,060,928

Sensitivity of the net OPEB liability 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
Net OPEB liability	\$ 2,921,545	\$ 3,449,894	\$ 4,058,665

TOWN OF EAST WINDSOR, CONNECTICUT
 NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

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

OPEB Expense and Deferred Outflows and Inflows of Resources

For the year ended June 30, 2020, the Town recognized OPEB expense of \$428,017. As of June 30, 2020, the Town reported deferred inflows of resources related to OPEB from the following source:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows (Inflows) of Resources
Differences between expected and actual experience	\$ 696,117	\$ -	\$ 696,117
Changes of assumptions	-	(469,554)	(469,554)
Net difference between projected and actual earnings on pension plan investments	4,457	-	4,457
Total	\$ 700,574	\$ (469,554)	\$ 231,020

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

Year ended June 30,	
2021	\$ 70,342
2022	70,344
2023	73,753
2024	16,581
	\$ 231,020

Connecticut Teachers' Retirement System

Plan Description

The Connecticut Teachers' Retirement System ("TRS" or the "Plan") is the public pension plan offered by the State of Connecticut (the State) to provide retirement, disability, survivorship and health insurance benefits for Connecticut public school teachers and their beneficiaries. The Plan is governed by Connecticut Statute Title 10, Chapter 167a of the Connecticut General Statutes. TRS is a multiemployer pension plan administered by the Connecticut State Teachers' Retirement Board ("TRB"). The State Treasurer is responsible for investing TRS funds for the exclusive benefit of TRS members.

Teachers, principals, superintendents or supervisors engaged in service of public schools are provided with benefits, including retiree health insurance, through the Connecticut Teachers' Retirement System - a cost sharing multi employer defined benefit pension plan administered by the TRB. Chapter 167a of the State Statutes grants authority to establish and amend the benefit terms to the TRB. TRS issues a publicly available financial report that can be obtained at www.ct.gov.

TOWN OF EAST WINDSOR, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

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

Connecticut Teachers' Retirement System *(Continued)*

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

State of Connecticut - Per Connecticut General Statutes Section 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 an annual appropriation in the General Fund.

Employers - School District employers are not required to make contributions to the Plan.

Employees/Retirees - 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.

TOWN OF EAST WINDSOR, CONNECTICUT
 NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

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

Connecticut Teachers' Retirement System *(Continued)*

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 components associated with the other postemployment benefits (OPEB) expense and deferred inflows and outflows of resources have been determined using the unrecognized portions of each year's experience and assumption changes as audited by the State of Connecticut Auditors of Public Accounts as part of the State of Connecticut Comprehensive Annual Financial Report as of and for the year ended June 30, 2019. The net OPEB liability at June 30, 2019 has been calculated using the audited amounts. 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. The State of Connecticut's Comprehensive Annual Financial Report can be obtained at www.ct.gov.

The accounting standards require participating employers to recognize their proportional share of the collective net OPEB liability, deferred outflows and inflows of resources and OPEB expense. Contributions remitted by the State are recognized when legally due, based upon statutory requirements.

Allocation Methodology

The allocations for participating employers are based on the expected contribution effort as measured June 30, 2018, the date of the latest biennial valuation. The allocations for participating employers are based on the expected contribution effort as measured June 30, 2018, the date of the latest biennial valuation. The liabilities of the June 30, 2018 actuarial valuation were rolled forward to the measurement date of June 30, 2019. The employer allocations were then applied to the net OPEB liability and OPEB expense to determine the amount applicable to each employer. Based upon the employee contributions made by the employees of each employer, as compared to the total employee contributions, an employer allocation percentage is calculated to six decimal places and is used to allocate the elements noted above. The employer allocation applied to Town totaled 0.263% as of the most recent measurement date.

Collective Net OPEB Liability

The following summarizes the collective net OPEB liability of the State for the TRS as of June 30, 2019, the measurement date, in addition to the Town's and State's proportionate shares of the collective net OPEB liability that is attributed to the Town:

Collective Net OPEB Liability of the State for the TRS		<u>\$ 2,662,587,000</u>
	<u>Proportion</u>	<u>Proportionate Share</u>
Town's proportionate share of the Collective Net OPEB Liability	0.000%	<u>\$ -</u>
State's proportionate share of the Collective Net OPEB Liability attributed to the Town	0.263%	<u>\$ 7,004,000</u>

TOWN OF EAST WINDSOR, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

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

Connecticut Teachers' Retirement System *(Continued)*

Collective OPEB Expense

The Town's expected contribution effort for allocation purposes totaled \$92,911 or 0.263% 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 in the General Fund for the year ended June 30, 2020.

The collective OPEB expense includes certain current period changes in the collective net OPEB liability, projected earnings on OPEB plan investments and the amortization of deferred outflows of resources and deferred inflows of resources for the current period. The portion of the collective OPEB expense attributed to the Town totaled a negative \$(512,532) or 0.263% of the total collective OPEB expense and has been recognized as a reduction in operating contributions and related education expenses in the statement of activities for the year ended June 30, 2020.

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of June 30, 2018 using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Real Wage Growth	0.75%
Wage Inflation	3.25%
Salary increases	3.25% - 6.50%, including inflation
Investment rate of return	3.00%, net of OPEB plan investment expense, including inflation
Healthcare cost trend rates:	
Pre-Medicare	5.95% for 2018 decreasing to an ultimate rate of 4.75% by 2025
Medicare	5.00% for 2018 decreasing to an ultimate rate of 4.75% by 2028

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.

TOWN OF EAST WINDSOR, CONNECTICUT
 NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

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

Connecticut Teachers' Retirement System *(Continued)*

Long-Term Rate of Return *(Continued)*

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>Expected 10-Year Geometric Real Rate of Return</u>	<u>Standard Deviation</u>
U.S. Treasuries (Cash Equivalents)	100.0%	0.41%	2.31%

Discount Rate

The discount rate used to measure the total OPEB liability was 3.50%. 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, 2018.

In addition to the actuarial methods and assumptions of the June 30, 2018 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.

Based on those assumptions, the Plan's fiduciary net position was projected to be depleted in 2019 and, as a result, the Municipal Bond Index Rate of 3.87% was used in the determination of the single equivalent rate.

TOWN OF EAST WINDSOR, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

NOTE 12 - FUND BALANCE

The various components of fund balance as of June 30, 2020 are as follows:

	General Fund	Capital and Nonrecurring Fund	Capital Projects Fund	Other Funds
Nonspendable - inventories	\$ -	\$ -	\$ -	\$ 3,461
Restricted for:				
Small Cities grant program	-	-	-	39,105
Town programs - contributions	-	-	-	212,673
Maintenance of cemeteries	-	-	-	5,213
Roads and dams	-	-	493,108	-
Total restricted	-	-	493,108	256,991
Committed for:				
Capital purposes	-	2,314,242	15,815	163,453
Heart & hypertension claims	350,727	-	-	-
Storm emergencies	170,981	-	-	-
Parks and recreation programs	-	-	-	193,185
Police	-	-	-	158,827
Sewer operations	-	-	-	1,570,617
Assessments - debt service	-	-	-	956,171
Family resource center	-	-	-	34,834
School cafeteria operations	-	-	-	159,822
Youth services	-	-	-	25,547
Other purposes	-	-	-	45,322
Total committed	521,708	2,314,242	15,815	3,307,778
Assigned to:				
Use in fiscal year 2021 budget	750,000	-	-	-
Unassigned	10,936,403	-	-	-
	<u>\$ 12,208,111</u>	<u>\$ 2,314,242</u>	<u>\$ 508,923</u>	<u>\$ 3,568,230</u>

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, 2020 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, 2020

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 be immaterial.

In early March 2020, there was a global outbreak of COVID-19 that was declared a Public Health Emergency of International Concern by the World Health Organization and was subsequently declared a state of emergency by the Governor of Connecticut and a national emergency by the President of the United States. The outbreak of the virus has affected travel, commerce and financial markets globally, and is widely expected to affect economic growth worldwide. The Town has received and continues to apply for additional funding from federal and state agencies to assist in covering certain costs associated with the response to the pandemic. However, the extent to which COVID-19 will affect the Town's tax base, operations and its financial condition will ultimately depend on future developments that are uncertain and cannot be fully predicted with confidence at this time.

NOTE 15 - RECENTLY ISSUED ACCOUNTING STANDARDS

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. The requirements of this statement are effective for the Town's reporting period beginning July 1, 2020, which reflects the one year postponement pursuant to GASB Statement No. 95 issued in May 2020. 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, 2020

NOTE 15 - RECENTLY ISSUED ACCOUNTING STANDARDS *(Continued)*

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, 2021, which reflects the eighteen month postponement pursuant to GASB Statement No. 95 issued in May 2020. 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, 2021, which reflects the one year postponement pursuant to GASB Statement No. 95 issued in May 2020. The Town does not expect this statement to have a material effect on its financial statements.

In August 2018, the GASB issued Statement No. 90, *Majority Equity Interests - An Amendment of GASB Statements No. 14 and No. 61*, The objectives of this statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. The requirements of this statement are effective for the Town's reporting period beginning July 1, 2020, which reflects the one year postponement pursuant to GASB Statement No. 95 issued in May 2020. The Town does not expect this statement to have a material effect on its financial statements.

In May 2019, the GASB issued Statement No. 91, *Conduit Debt Obligations*. The objectives of this statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The requirements of this statement are effective for the Town's reporting period beginning July 1, 2022, which reflects the one year postponement pursuant to GASB Statement No. 95 issued in May 2020. The Town does not expect this statement to have a material effect on its financial statements.

In January 2020, the GASB issued Statement No. 92, *Omnibus 2020*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics and the requirements of this statement are effective for the Town's reporting period beginning July 1, 2021, which reflects the one year postponement pursuant to GASB Statement No. 95 issued in May 2020. The Town does not expect this statement to have a material effect on its financial statements.

TOWN OF EAST WINDSOR, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

NOTE 15 - RECENTLY ISSUED ACCOUNTING STANDARDS *(Continued)*

In March 2020, the GASB issued Statement No. 93, *Replacement of Interbank Offered Rates*. Some governments have entered into agreements in which variable payments made or received depend on an interbank offered rate (IBOR)—most notably, the London Interbank Offered Rate (LIBOR). As a result of global reference rate reform, LIBOR is expected to cease to exist in its current form at the end of 2021, prompting governments to amend or replace financial instruments for the purpose of replacing LIBOR with other reference rates, by either changing the reference rate or adding or changing fallback provisions related to the reference rate. The objective of this Statement is to address those and other accounting and financial reporting implications that result from the replacement of an IBOR. The requirements of this statement are effective for the Town's reporting period beginning July 1, 2020. The Town does not expect this statement to have a material effect on its financial statements.

In March 2020, the GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). The requirements of this statement are effective for the Town's reporting period beginning July 1, 2022. The Town does not expect this statement to have a material effect on its financial statements.

In May 2020, the GASB issued Statement 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). The requirements of this statement are effective for the Town's reporting period beginning July 1, 2022. The Town does not expect this statement to have a material effect on its financial statements.

In June 2020, the GASB issued Statement 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – An Amendment of GASB Statement No. 14 and No. 84, and a Supersession of GASB Statement No. 32*. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The requirements of this statement are effective for the Town's reporting period beginning July 1, 2021. 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 SEVEN FISCAL YEARS*
(Rounded to Nearest Thousand)

	2020	2019	2018	2017	2016	2015	2014
Total pension liability							
Service cost	\$ 1,049,000	\$ 875,000	\$ 901,000	\$ 801,000	\$ 778,000	\$ 668,000	\$ 667,000
Interest	2,289,000	2,112,000	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	(31,000)	319,000	270,000	(62,000)	561,000	-	-
Changes of assumptions	1,042,000	-	-	2,301,000	-	-	-
Benefit payments, including refunds	(1,591,000)	(1,498,000)	(1,337,000)	(1,258,000)	(1,126,000)	(1,159,000)	(1,007,000)
Net change in total pension liability	2,758,000	1,808,000	1,853,000	3,698,000	2,030,000	1,190,000	1,262,000
Total pension liability - beginning	34,551,000	32,743,000	30,890,000	27,192,000	25,162,000	23,972,000	22,710,000
Total pension liability - ending	37,309,000	34,551,000	32,743,000	30,890,000	27,192,000	25,162,000	23,972,000
Plan fiduciary net position							
Contributions - employer	1,345,000	1,307,000	1,229,000	967,000	913,000	959,000	939,000
Contributions - members	302,000	298,000	295,000	290,000	300,000	252,000	272,000
Net investment income	1,739,000	1,572,000	2,281,000	2,194,000	524,000	917,000	2,776,000
Benefit payments, including refunds	(1,591,000)	(1,498,000)	(1,337,000)	(1,258,000)	(1,126,000)	(1,042,000)	(1,007,000)
Administrative expense	(31,000)	(22,000)	(26,000)	(24,000)	(38,000)	(40,000)	(30,000)
Net change in plan fiduciary net position	1,764,000	1,657,000	2,442,000	2,169,000	573,000	1,046,000	2,950,000
Plan fiduciary net position - beginning	27,964,000	26,307,000	23,865,000	21,696,000	21,123,000	20,077,000	17,127,000
Plan fiduciary net position - ending	29,728,000	27,964,000	26,307,000	23,865,000	21,696,000	21,123,000	20,077,000
Town's net pension liability	\$ 7,581,000	\$ 6,587,000	\$ 6,436,000	\$ 7,025,000	\$ 5,496,000	\$ 4,039,000	\$ 3,895,000
Plan fiduciary net position as a percentage of total pension liability	79.68%	80.94%	80.34%	77.26%	79.79%	83.95%	83.75%
Covered payroll	\$ 8,330,913	\$ 8,385,439	\$ 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	91.00%	78.55%	82.09%	93.42%	84.85%	61.04%	64.54%

* This schedule is intended to show information for ten years and additional years' information will be displayed as it becomes available.

See accompanying notes to required supplementary information.

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially determined contribution	\$ 1,344,995	\$ 1,306,989	\$ 1,228,568	\$ 946,526	\$ 862,350	\$ 959,089	\$ 938,840
Contributions in relation to the actuarially determined contribution	<u>1,344,995</u>	<u>1,306,989</u>	<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>\$ -</u>	<u>\$ -</u>	<u>\$ (20,056)</u>	<u>\$ (50,400)</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 8,330,913	\$ 8,385,439	\$ 7,839,918	\$ 7,520,064	\$ 6,477,145	\$ 6,617,466	\$ 6,035,101
Contributions as a percentage of covered payroll	16.14%	15.59%	15.67%	12.85%	14.09%	14.49%	15.56%
Annual money-weighted rate of return, net of investment expense	6.29%	6.05%	9.68%	10.16%	2.50%	4.54%	16.12%

* This schedule is intended to show information for ten years and additional years' information will be displayed as it becomes available.

See accompanying notes to required supplementary information.

TOWN OF EAST WINDSOR, CONNECTICUT
SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE COLLECTIVE NET PENSION LIABILITY
CONNECTICUT TEACHERS' RETIREMENT SYSTEM (UNAUDITED)
LAST SIX FISCAL YEARS*
(Rounded to nearest thousand)

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Town's proportion of the collective net pension liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Town's proportionate share of the collective net pension liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the collective net pension liability attributed to the Town	<u>44,910,000</u>	<u>34,629,000</u>	<u>34,283,000</u>	<u>36,169,000</u>	<u>26,839,000</u>	<u>24,807,000</u>
Total	<u>\$ 44,910,000</u>	<u>\$ 34,629,000</u>	<u>\$ 34,283,000</u>	<u>\$ 36,169,000</u>	<u>\$ 26,839,000</u>	<u>\$ 24,807,000</u>
Town's covered payroll	\$ 11,547,000	\$ 11,368,000	\$ 10,871,000	\$ 10,478,000	\$ 9,992,000	\$ 9,631,000
Town's proportionate share of the collective net pension liability as a percentage of its covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total collective pension liability	52.00%	57.69%	55.93%	52.26%	59.50%	61.51%

* This schedule is intended to show information for ten years and additional years' information will be displayed as it becomes available.

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 FOUR FISCAL YEARS*
(Rounded to Nearest Thousand)

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total OPEB liability				
Service cost	\$ 114,000	\$ 159,000	\$ 121,000	\$ 113,000
Interest	306,000	276,000	268,000	260,000
Changes in benefit terms	-	-	-	-
Differences between expected and actual experience	-	1,131,000	-	-
Changes of assumptions	-	(763,000)	-	-
Benefit payments, including refunds	(320,000)	(306,000)	(284,000)	(230,000)
Net change in total OPEB liability	100,000	497,000	105,000	143,000
Total OPEB liability - beginning	4,742,000	4,245,000	4,140,000	3,997,000
Total OPEB liability - ending	4,842,000	4,742,000	4,245,000	4,140,000
Plan fiduciary net position				
Contributions	445,000	436,000	349,000	351,000
Net investment income	73,000	69,000	78,000	73,000
Benefit payments, including refunds	(320,000)	(306,000)	(284,000)	(230,000)
Administrative expense	(27,000)	(5,000)	(23,000)	(4,000)
Net change in plan fiduciary net position	171,000	194,000	120,000	190,000
Plan fiduciary net position - beginning	1,221,000	1,027,000	907,000	717,000
Plan fiduciary net position - ending	1,392,000	1,221,000	1,027,000	907,000
Town's net OPEB liability	<u>\$ 3,450,000</u>	<u>\$ 3,521,000</u>	<u>\$ 3,218,000</u>	<u>\$ 3,233,000</u>
Plan fiduciary net position as a percentage of total OPEB liability	28.75%	25.75%	24.19%	21.91%
Covered employee payroll	\$ 19,526,175	\$ 19,526,175	\$ 19,046,175	\$ 19,046,175
Town's net pension liability as a percentage of covered employee payroll	17.67%	18.03%	16.90%	16.97%

* This schedule is intended to show information for ten years and additional years' information will be displayed as it becomes available.

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 FOUR FISCAL YEARS*

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Actuarially determined contribution	\$ 399,903	\$ 350,117	\$ 337,621	\$ 297,826
Contributions in relation to the actuarially determined contribution:	<u>444,902</u>	<u>436,469</u>	<u>348,860</u>	<u>351,387</u>
Contribution deficiency	<u>\$ (44,999)</u>	<u>\$ (86,352)</u>	<u>\$ (11,239)</u>	<u>\$ (53,561)</u>
Covered employee payroll	\$ 19,526,175	\$ 19,526,175	\$ 19,046,175	\$ 19,046,175
Contributions as a percentage of covered employee payroll	2.28%	2.24%	1.83%	1.84%
Annual money-weighted rate of return, net of investment expense	5.72%	6.65%	8.55%	9.41%

* This schedule is intended to show information for ten years and additional years' information will be displayed as it becomes available.

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Town's proportion of the collective net OPEB liability	0.00%	0.00%	0.00%
Town's proportionate share of the collective net OPEB liability	\$ -	\$ -	\$ -
State's proportionate share of the collective net OPEB liability attributed to the Town	7,004,039	6,922,000	8,824,000
Total	<u>\$ 7,004,039</u>	<u>\$ 6,922,000</u>	<u>\$ 8,824,000</u>
Town's covered employee payroll	\$ 11,547,000	\$ 11,368,000	\$ 10,871,000
Town's proportionate share of the collective net OPEB liability as a percentage of its covered employee payroll	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total collective OPEB liability	2.08%	1.49%	1.79%

* This schedule is intended to show information for ten years and additional years' information will be displayed as it becomes available.

TOWN OF EAST WINDSOR, CONNECTICUT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

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

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 2020 are as follows:

Actuarial cost method:	Projected Unit Credit
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:	3.50%

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

NOTE 3 - SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE COLLECTIVE NET PENSION LIABILITY - CONNECTICUT 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, 2018. This information is utilized by the Town for reporting as of June 30, 2019.

TOWN OF EAST WINDSOR, CONNECTICUT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED) *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

NOTE 3 - SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - CONNECTICUT TEACHERS' RETIREMENT SYSTEM *(Continued)*

Benefit changes - Beginning January 1, 2018, member contributions increased from 6.0% to 7.0% of salary.

Assumption changes - The following significant assumptions had a significant effect on the measurement of the total pension liability reported as of June 30, 2020.

- the inflation assumption was reduced from 2.75% to 2.50%;
- the real rate of return assumption was reduced from 5.25% to 4.40%, which when combined with the inflation assumption change, resulted in a decrease in the investment rate of return assumption from 8.00% to 6.90%; and
- the annual rate of wage increase assumption was increased from 0.50% to 0.75%; and
- phase in to a level dollar amortization method for the June 30, 2024 valuation.

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, 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.

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

The Town 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.

TOWN OF EAST WINDSOR, CONNECTICUT
 NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED) *(Continued)*
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

NOTE 5 - SCHEDULE OF CONTRIBUTIONS AND INVESTMENT RETURNS - OTHER POST-EMPLOYMENT BENEFITS PLAN *(Continued)*

The following methods and assumptions were utilized to determine the contribution rates for the year ended June 30, 2020.

Actuarial cost method:	Entry Age Normal
Amortization method:	Level Percentage of Payroll
Remaining amortization period:	21 years, closed
Asset valuation method:	Market value
Actuarial assumptions:	
Investment rate of return	6.50%
Discount rate	6.50%
Inflation rate	2.75%
Healthcare cost trend rate:	Initial 5.34%
	Ultimate 4.40%

NOTE 6 - SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET OTHER POST-EMPLOYMENT BENEFITS LIABILITY - CONNECTICUT 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, 2018. This information was utilized by the Town for reporting as of June 30, 2020.

Benefit Changes - Effective July 1, 2018, the Plan changed the "base plan" to the Medicare Advantage Plan for the purposes of determining retiree health care plan subsidies and/or cost sharing amount(s), and introduced a two year waiting period for re-enrollment in a system-sponsored health care plan for those who cancel their coverage or choose not to enroll in a health care coverage option on or after the effective date.

Assumption Changes - The following assumption changes collectively had a significant effect on the measurement of the net OPEB liability reported as of June 30, 2020:

- the expected rate of return on Plan assets was changed from 4.25% to 3.00% to better reflect the anticipated returns on cash and other high quality short-term fixed income investments;
- the discount rate used to measure Plan obligations and amortize supplemental costs was updated to match the expected rate of return on assets selected as of June 30, 2018;
- long-term health care cost trend rates were updated to better reflect the anticipated impact of changes in medical inflation, utilization, leverage in the plan design, improvements in technology, and fees and charges on expected claims and retiree contributions in future periods; and
- the percentage of retired members who are not currently participating in the Plan, but are expected to elect coverage for themselves and their spouses under a system-sponsored health care plan option in the future was updated to better reflect anticipated plan experience.

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

GENERAL FUND

TOWN OF EAST WINDSOR, CONNECTICUT
COMBINING BALANCE SHEET - GENERAL FUND
AS OF JUNE 30, 2020

	General Fund	Heart & Hypertension Fund	Storm Emergency Fund	Warehouse Point Fire Fund	Eliminations	Combined General Fund
ASSETS						
Cash and cash equivalents	\$ 12,259,107	\$ -	\$ -	\$ -	\$ -	\$ 12,259,107
Receivables:						
Property taxes and interest, net	1,039,667	-	-	-	-	1,039,667
Grants and contracts	-	-	-	-	-	-
Other	21,140	-	-	467	-	21,607
Due from other funds	1,854,619	350,727	170,981	-	(521,708)	1,854,619
Total assets	<u>\$ 15,174,533</u>	<u>\$ 350,727</u>	<u>\$ 170,981</u>	<u>\$ 467</u>	<u>\$ (521,708)</u>	<u>\$ 15,175,000</u>
LIABILITIES						
Accounts payable	\$ 973,991	\$ -	\$ -	\$ -	\$ -	\$ 973,991
Salaries and benefits payable	279,112	-	-	-	-	279,112
Due to other funds	1,275,781	-	-	3,341	(521,708)	757,414
Total liabilities	<u>2,528,884</u>	<u>-</u>	<u>-</u>	<u>3,341</u>	<u>(521,708)</u>	<u>2,010,517</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue	956,372	-	-	-	-	956,372
FUND BALANCES						
Committed	-	350,727	170,981	-	-	521,708
Assigned	750,000	-	-	-	-	750,000
Unassigned	10,939,277	-	-	(2,874)	-	10,936,403
Total fund balances	<u>11,689,277</u>	<u>350,727</u>	<u>170,981</u>	<u>(2,874)</u>	<u>-</u>	<u>12,208,111</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 15,174,533</u>	<u>\$ 350,727</u>	<u>\$ 170,981</u>	<u>\$ 467</u>	<u>\$ (521,708)</u>	<u>\$ 15,175,000</u>

TOWN OF EAST WINDSOR, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2020

	General Fund	Heart & Hypertension Fund	Storm Emergency Fund	Warehouse Point Fire Fund	Eliminations	Combined General Fund
REVENUES						
Property taxes	\$ 33,127,827	\$ -	\$ -	\$ -	\$ -	\$ 33,127,827
Intergovernmental	9,844,801	-	-	-	-	9,844,801
Charges for services	656,704	-	-	21,560	-	678,264
Interest income	221,143	-	-	-	-	221,143
Total revenues	<u>43,850,475</u>	<u>-</u>	<u>-</u>	<u>21,560</u>	<u>-</u>	<u>43,872,035</u>
EXPENDITURES						
Current:						
General government	2,055,492	-	-	14,286	-	2,069,778
Public safety	4,040,963	-	-	-	-	4,040,963
Public works	3,244,933	-	-	-	-	3,244,933
Community services	856,284	-	-	-	-	856,284
Employee benefits	3,080,431	-	-	-	-	3,080,431
Education	26,544,260	-	-	-	-	26,544,260
Debt service	1,079,205	-	-	-	-	1,079,205
Total expenditures	<u>40,901,568</u>	<u>-</u>	<u>-</u>	<u>14,286</u>	<u>-</u>	<u>40,915,854</u>
Excess (deficiency) of revenues over expenditures	2,948,907	-	-	7,274	-	2,956,181
OTHER FINANCING SOURCES (USES)						
Transfers in	37,397	37,642	33,427	-	(71,069)	37,397
Transfers out	(1,909,539)	-	-	-	71,069	(1,838,470)
Total other financing sources (uses)	<u>(1,872,142)</u>	<u>37,642</u>	<u>33,427</u>	<u>-</u>	<u>-</u>	<u>(1,801,073)</u>
Net change in fund balances	1,076,765	37,642	33,427	7,274	-	1,155,108
Fund balances - beginning	<u>10,612,512</u>	<u>313,085</u>	<u>137,554</u>	<u>(10,148)</u>	<u>-</u>	<u>11,053,003</u>
Fund balances - ending	<u>\$ 11,689,277</u>	<u>\$ 350,727</u>	<u>\$ 170,981</u>	<u>\$ (2,874)</u>	<u>\$ -</u>	<u>\$ 12,208,111</u>

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, 2020

	Budgeted Amounts		Actual	Variance With
	Original	Final		Final Budget
				Over (Under)
PROPERTY TAXES				
Current and prior year levies	\$ 32,577,581	\$ 32,577,581	\$ 32,886,235	\$ 308,654
Interest and lien fees	100,000	100,000	241,592	141,592
Total property taxes	<u>32,677,581</u>	<u>32,677,581</u>	<u>33,127,827</u>	<u>450,246</u>
INTERGOVERNMENTAL REVENUES				
Educational cost sharing grant	5,404,187	5,404,187	5,476,479	72,292
Town aid road grant	267,358	267,358	267,488	130
Payment in lieu of taxes on State owned property	548,433	548,433	548,433	-
Mashantucket Pequot and Mohegan Fund grant	15,432	15,432	15,432	-
Telephone access grant	15,000	15,000	17,052	2,052
Adult education	15,986	15,986	15,847	(139)
Tax relief - veterans	5,850	5,850	5,738	(112)
Pro-rata share of CT fines	5,000	5,000	4,276	(724)
Tax exempt property - totally disabled persons	1,650	1,650	1,663	13
Total intergovernmental revenues	<u>6,278,896</u>	<u>6,278,896</u>	<u>6,352,408</u>	<u>73,512</u>
LOCAL REVENUES				
Building Department	250,000	250,000	254,788	4,788
Town Clerk	220,100	220,100	215,207	(4,893)
Treasurer	35,100	35,100	114,197	79,097
Land use permits	13,800	13,800	17,582	3,782
Parks and Recreation	32,500	32,500	28,383	(4,117)
Police Department	10,500	10,500	10,079	(421)
Greater Hartford Transit District	7,000	7,000	7,432	432
Aircraft miscellaneous	3,500	3,500	4,330	830
Dial-A-Ride	3,000	3,000	2,250	(750)
Public Works	2,500	2,500	2,332	(168)
Assessor	300	300	124	(176)
Other	120	120	-	(120)
Total licenses, fees and charges for goods and services	<u>578,420</u>	<u>578,420</u>	<u>656,704</u>	<u>78,284</u>
REVENUES FROM THE USE OF MONEY				
Interest on deposits	150,000	150,000	221,143	71,143
Total revenues from the use of money	<u>150,000</u>	<u>150,000</u>	<u>221,143</u>	<u>71,143</u>
OTHER FINANCING SOURCES				
Appropriation of Fund Balance	500,000	650,000	-	(650,000)
Transfers in from:				
Casino Impact Fund	-	-	37,397	37,397
Total other financing sources	<u>500,000</u>	<u>650,000</u>	<u>37,397</u>	<u>(612,603)</u>
Total revenues and other financing sources	<u>\$ 40,184,897</u>	<u>\$ 40,334,897</u>	<u>\$ 40,395,479</u>	<u>\$ 60,582</u>

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, 2020

	Budgeted Amounts		Actual	Variance With Final Budget Over (Under)
	Original	Final		
GENERAL GOVERNMENT				
Selectmen	\$ 264,899	\$ 263,257	\$ 234,004	\$ (29,253)
Charter Revision	-	1,625	1,625	-
Ethic's Commission	510	500	-	(500)
Board of Finance	45,263	44,875	43,550	(1,325)
Assessor	194,809	203,845	197,239	(6,606)
Board of Assessment Appeals	1,581	1,550	608	(942)
Tax Collector	128,133	144,716	132,252	(12,464)
Treasurer	241,946	245,638	237,703	(7,935)
Capital Improvement Commission	765	750	625	(125)
Legal	265,200	303,245	287,549	(15,696)
Activity Fees & Associations	142,859	140,896	138,132	(2,764)
Information Technology	200,530	242,863	241,475	(1,388)
Town Clerk	138,073	143,531	137,833	(5,698)
Registrar of Voters	65,204	56,850	48,241	(8,609)
Planning	246,729	208,888	194,568	(14,320)
Planning & Zoning Commission	3,315	3,250	2,871	(379)
Zoning Appeals Board	1,428	1,400	250	(1,150)
Property Insurance	208,566	155,000	153,912	(1,088)
Inlands/Wetlands	1,836	1,800	1,630	(170)
Veterans Commission	1,224	1,200	1,050	(150)
Agriculture Commission	510	500	-	(500)
Conservation Commission	510	500	-	(500)
Economic Development Commission	4,233	4,150	375	(3,775)
Total General Government	<u>2,158,123</u>	<u>2,170,829</u>	<u>2,055,492</u>	<u>(115,337)</u>
PUBLIC SAFETY				
Police Department	3,416,035	3,484,049	3,352,589	(131,460)
Police Commission	1,530	1,500	1,250	(250)
Broad Brook Fire Department	440,640	464,000	450,919	(13,081)
Emergency management	18,229	68,206	17,851	(50,355)
Building Department	177,112	162,464	153,014	(9,450)
Fire Marshall	18,428	20,067	16,661	(3,406)
Communications	54,319	49,168	48,679	(489)
Total Public Safety	<u>4,126,293</u>	<u>4,249,454</u>	<u>4,040,963</u>	<u>(208,491)</u>
PUBLIC WORKS				
Public Works	915,633	890,967	890,967	-
Town properties	1,061,512	1,027,990	1,010,520	(17,470)
Road improvements	433,500	398,518	398,517	(1)
Building Committee	1,224	1,200	-	(1,200)
Sanitation	948,753	946,150	944,929	(1,221)
Total Public Works	<u>3,360,622</u>	<u>3,264,825</u>	<u>3,244,933</u>	<u>(19,892)</u>
COMMUNITY SERVICES				
Senior Services	238,481	234,707	209,501	(25,206)
Elderly Commission	510	500	75	(425)
Social Services	125,925	114,920	102,749	(12,171)
Libraries	278,460	283,360	283,360	-
Park and Recreation	286,762	289,057	260,599	(28,458)
Historical Commission	510	500	-	(500)
Total Community Services	<u>930,648</u>	<u>923,044</u>	<u>856,284</u>	<u>(66,760)</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, 2020

	Budgeted Amounts		Actual	Variance With Final Budget Over (Under)
	Original	Final		
EDUCATION	\$ 23,919,000	\$ 23,919,000	\$ 23,401,867	\$ (517,133)
DEBT SERVICE	1,040,428	988,103	984,538	(3,565)
CAPITAL IMPROVEMENT	997,221	1,517,327	1,517,327	-
EMPLOYEE BENEFITS	3,601,562	3,120,436	3,035,431	(85,005)
CONTINGENCY	51,000	-	-	-
Total expenditures	<u>40,184,897</u>	<u>40,153,018</u>	<u>39,136,835</u>	<u>(1,016,183)</u>
OTHER FINANCING USES				
Transfers out:				
Dog Fund	-	35,973	35,973	-
Youth Service Bureau Fund	-	29,836	29,836	-
OPEB Fund	-	45,000	45,000	-
Heart & Hypertension Fund	-	37,642	37,642	-
Storm Emergency Fund	-	33,428	33,428	-
Total other financing uses	<u>-</u>	<u>181,879</u>	<u>181,879</u>	<u>-</u>
Total expenditures and other financing uses	<u>\$ 40,184,897</u>	<u>\$ 40,334,897</u>	<u>\$ 39,318,714</u>	<u>\$ (1,016,183)</u>

(Concluded)

TOWN OF EAST WINDSOR, CONNECTICUT
SCHEDULE OF EXPENDITURES
BUDGET AND ACTUAL - BUDGETARY BASIS - EDUCATION
FOR THE YEAR ENDED JUNE 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
EDUCATION				
Salaries				
Administration	\$ 454,344	\$ 487,694	\$ 487,694	\$ -
Building administration	838,726	807,747	807,748	1
Certified personnel	9,533,586	9,667,301	9,854,083	186,782
Substitutes	46,503	46,503	48,022	1,519
Home bound	23,554	23,554	12,496	(11,058)
Tutors	374,349	361,097	366,516	5,419
Stipends	127,842	127,842	123,697	(4,145)
Summer school	113,519	133,805	133,965	160
Adult education/enrichment	39,146	37,244	37,244	-
Clerical	1,054,621	998,638	993,452	(5,186)
Teacher's aides	770,612	911,970	1,315,908	403,938
Nurses	282,729	282,729	279,667	(3,062)
Custodial	730,103	684,103	695,738	11,635
Support services	284,299	244,277	240,733	(3,544)
Total salaries	<u>14,673,933</u>	<u>14,814,504</u>	<u>15,396,963</u>	<u>582,459</u>
Employee Benefits				
Retirement and social security	1,214,667	1,214,667	1,136,824	(77,843)
Health insurance	2,138,554	2,261,604	2,017,093	(244,511)
Workmen's compensation and travel insurance	150,392	180,452	168,341	(12,111)
Total employee benefits	<u>3,503,613</u>	<u>3,656,723</u>	<u>3,322,258</u>	<u>(334,465)</u>
Purchased Services				
Public transportation	1,750,959	1,673,671	1,459,990	(213,681)
Tuition	1,965,529	1,940,529	1,022,905	(917,624)
Other professional services	798,459	712,859	746,861	34,002
Public utilities	165,760	165,760	213,697	47,937
Cleaning/repairing/maintenance	315,160	231,230	167,712	(63,518)
Liability insurance	53,572	53,572	3,438	(50,134)
Property insurance	133,576	133,576	120,049	(13,527)
Travel, conferences and other transportation	19,319	20,319	16,749	(3,570)
Communications	59,492	43,434	37,009	(6,425)
Printing/binding	18,821	18,821	12,303	(6,518)
Dues and fees	44,146	38,741	41,213	2,472
Total purchased services	<u>5,324,793</u>	<u>5,032,512</u>	<u>3,841,926</u>	<u>(1,190,586)</u>
Supplies				
Instructional	95,324	95,719	145,888	50,169
Custodial/maintenance	52,418	52,418	81,584	29,166
Heat and energy	138,886	138,886	183,106	44,220
Equipment	33,372	31,372	26,483	(4,889)
Other supplies	31,661	31,866	32,149	283
Textbooks	-	-	12,155	12,155
Total supplies	<u>351,661</u>	<u>350,261</u>	<u>481,365</u>	<u>131,104</u>
Other				
COVID related	-	-	54,355	54,355
Food service	65,000	65,000	305,000	240,000
Total other	<u>65,000</u>	<u>65,000</u>	<u>359,355</u>	<u>294,355</u>
Total education	<u>\$ 23,919,000</u>	<u>\$ 23,919,000</u>	<u>\$ 23,401,867</u>	<u>\$ (517,133)</u>

TOWN OF EAST WINDSOR, CONNECTICUT
SCHEDULE OF PROPERTY TAXES LEVIED, COLLECTED AND OUTSTANDING
FOR THE YEAR ENDED JUNE 30, 2020

Grand List Year	Balance Uncollected June 30, 2019	Current Levy	Lawful Corrections		Transfers To Suspense	Balance To Be Collected	Collections			Balance Uncollected June 30, 2020
			Additions	Deductions			Taxes	Interest and Lien Fees	Total	
2018	\$ -	\$ 33,062,845	\$ 121,327	\$ 143,096	\$ 10,376	\$ 33,030,700	\$ 32,636,360	\$ 137,750	\$ 32,774,110	\$ 394,340
2017	393,535	-	18,148	23,894	7,212	380,577	253,440	69,345	322,785	127,137
2016	121,008	-	8,760	9,323	3,761	116,684	51,860	23,145	75,005	64,824
2015	66,158	-	-	7,209	3,650	55,299	14,094	10,509	24,603	41,205
2014	39,258	-	-	7,136	945	31,177	7,564	6,651	14,215	23,613
2013	55,946	-	-	17,113	2,098	36,735	16,378	15,825	32,203	20,357
2012	72,893	-	-	17,036	1,365	54,492	16,362	18,849	35,211	38,130
2011	69,021	-	-	26,914	1,741	40,366	25,183	32,089	57,272	15,183
2010	66,881	-	291	26,532	2,470	38,170	24,984	35,911	60,895	13,186
2009	60,688	-	-	26,158	9,885	24,645	23,591	38,426	62,017	1,054
2008	45,570	-	-	23,673	-	21,897	21,315	38,599	59,914	582
2007	43,275	-	-	22,764	-	20,511	20,496	40,673	61,169	15
	<u>\$ 1,034,233</u>	<u>\$ 33,062,845</u>	<u>\$ 148,526</u>	<u>\$ 350,848</u>	<u>\$ 43,503</u>	<u>\$ 33,851,253</u>	<u>\$ 33,111,627</u>	<u>\$ 467,772</u>	<u>\$ 33,579,399</u>	<u>\$ 739,626</u>

TOWN OF EAST WINDSOR, CONNECTICUT
SCHEDULE OF DEBT LIMITATION
CONNECTICUT GENERAL STATUTES, SECTION 7-374(b)
AS OF JUNE 30, 2020

Total cash collections for the year ended
June 30, 2020:

Taxes	\$ 33,111,627
Interest and lien fees	467,772
Wharehouse Point Fire District (taxes, interest and liens)	<u>658,437</u>
Total	<u>34,237,836</u>

Reimbursement for revenue loss:

Tax relief (CGS 12-129d)	<u>7,401</u>
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Base \$ 34,245,237

	<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	\$ 77,051,783	\$ -	\$ -	\$ -	\$ -
4-1/2 times base	-	154,103,567	-	-	-
3-3/4 times base	-	-	128,419,639	-	-
3-1/4 times base	-	-	-	111,297,020	-
3 times base	-	-	-	-	102,735,711
Total debt limitation	<u>77,051,783</u>	<u>154,103,567</u>	<u>128,419,639</u>	<u>111,297,020</u>	<u>102,735,711</u>
Indebtedness:					
Bonds payable	2,788,550	4,021,450	-	-	-
Notes payable	-	-	3,238,791	-	-
Authorized but not issued	-	-	-	-	-
	<u>2,788,550</u>	<u>4,021,450</u>	<u>3,238,791</u>	<u>-</u>	<u>-</u>
Less: sewer assessments receivable	-	-	(152,139)	-	-
Less: grant reimbursements	-	(816,395) *	-	-	-
Total indebtedness	<u>2,788,550</u>	<u>3,205,055</u>	<u>3,086,652</u>	<u>-</u>	<u>-</u>
Debt limitation in excess of outstanding and authorized debt	<u>\$ 74,263,233</u>	<u>\$ 150,898,512</u>	<u>\$ 125,332,987</u>	<u>\$ 111,297,020</u>	<u>\$ 102,735,711</u>
Total capacity of borrowing (7 times base)	\$ 239,716,659				
Total present indebtedness	<u>9,080,257</u>				
Margin for additional borrowing	<u>\$ 230,636,402</u>				

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

NONMAJOR GOVERNMENTAL FUNDS

TOWN OF EAST WINDSOR, CONNECTICUT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 AS OF JUNE 30, 2020

	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	Youth Services Fund
ASSETS									
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 2,516,431	\$ 956,171	\$ 163,453	\$ 76,948	\$ 1,288	\$ -
Receivables:									
Assessments and user charges	-	-	-	89,936	152,139	-	-	-	-
Grants and contracts	-	-	-	-	-	-	-	-	-
Other	-	35,305	-	-	-	-	-	37,817	-
Due from other funds	194,460	78,394	3,434	-	-	-	-	-	36,732
Inventories	-	-	-	-	-	-	-	-	-
Total assets	<u>\$ 194,460</u>	<u>\$ 113,699</u>	<u>\$ 3,434</u>	<u>\$ 2,606,367</u>	<u>\$ 1,108,310</u>	<u>\$ 163,453</u>	<u>\$ 76,948</u>	<u>\$ 39,105</u>	<u>\$ 36,732</u>
LIABILITIES									
Accounts payable	\$ 1,275	\$ -	\$ 78	\$ 78,479	\$ -	\$ -	\$ -	\$ -	\$ -
Salaries and benefits payable	-	1,249	764	20,302	-	-	-	-	11,185
Due to other funds	-	-	-	730,376	-	-	28,554	-	-
Unearned revenue	-	1,042	-	116,657	-	-	-	-	-
Total liabilities	<u>1,275</u>	<u>2,291</u>	<u>842</u>	<u>945,814</u>	<u>-</u>	<u>-</u>	<u>28,554</u>	<u>-</u>	<u>11,185</u>
DEFERRED INFLOWS OF RESOURCES									
Unavailable revenue	-	-	-	89,936	152,139	-	-	-	-
FUND BALANCES									
Nonspendable:									
Inventories	-	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-	39,105	-
Committed to:									
Capital purposes	-	-	-	-	-	163,453	-	-	-
Other purposes	193,185	111,408	2,592	1,570,617	956,171	-	48,394	-	25,547
Unassigned	-	-	-	-	-	-	-	-	-
Total fund balances	<u>193,185</u>	<u>111,408</u>	<u>2,592</u>	<u>1,570,617</u>	<u>956,171</u>	<u>163,453</u>	<u>48,394</u>	<u>39,105</u>	<u>25,547</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 194,460</u>	<u>\$ 113,699</u>	<u>\$ 3,434</u>	<u>\$ 2,606,367</u>	<u>\$ 1,108,310</u>	<u>\$ 163,453</u>	<u>\$ 76,948</u>	<u>\$ 39,105</u>	<u>\$ 36,732</u>

(Continued)

TOWN OF EAST WINDSOR, CONNECTICUT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (Concluded)
AS OF JUNE 30, 2020

	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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 472,274	\$ 69,591	\$ 4,256,156	\$ 5,213	\$ 4,261,369
Receivables:										
Assessments and user charges	-	-	-	-	-	-	-	242,075	-	242,075
Grants and contracts	-	120,495	-	-	401,894	45,355	-	567,744	-	567,744
Other	-	-	-	43,508	-	-	-	116,630	-	116,630
Due from other funds	217,123	213,351	13,920	-	-	-	-	757,414	-	757,414
Inventories	-	-	-	-	-	3,461	-	3,461	-	3,461
Total assets	<u>\$ 217,123</u>	<u>\$ 333,846</u>	<u>\$ 13,920</u>	<u>\$ 43,508</u>	<u>\$ 401,894</u>	<u>\$ 521,090</u>	<u>\$ 69,591</u>	<u>\$ 5,943,480</u>	<u>\$ 5,213</u>	<u>\$ 5,948,693</u>
LIABILITIES										
Accounts payable	\$ 4,450	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,121	\$ 91,403	\$ -	\$ 91,403
Salaries and benefits payable	-	-	-	-	-	-	-	33,500	-	33,500
Due to other funds	-	-	-	43,508	101,468	357,807	27,636	1,289,349	-	1,289,349
Unearned revenue	-	306,011	-	-	300,426	-	-	724,136	-	724,136
Total liabilities	<u>4,450</u>	<u>306,011</u>	<u>-</u>	<u>43,508</u>	<u>401,894</u>	<u>357,807</u>	<u>34,757</u>	<u>2,138,388</u>	<u>-</u>	<u>2,138,388</u>
DEFERRED INFLOWS OF RESOURCES										
Unavailable revenue	-	-	-	-	-	-	-	242,075	-	242,075
FUND BALANCES										
Nonspendable:										
Inventories	-	-	-	-	-	3,461	-	3,461	-	3,461
Restricted	212,673	-	-	-	-	-	-	251,778	5,213	256,991
Committed to:										
Capital purposes	-	-	-	-	-	-	-	163,453	-	163,453
Other purposes	-	27,835	13,920	-	-	159,822	34,834	3,144,325	-	3,144,325
Unassigned	-	-	-	-	-	-	-	-	-	-
Total fund balances	<u>212,673</u>	<u>27,835</u>	<u>13,920</u>	<u>-</u>	<u>-</u>	<u>163,283</u>	<u>34,834</u>	<u>3,563,017</u>	<u>5,213</u>	<u>3,568,230</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 217,123</u>	<u>\$ 333,846</u>	<u>\$ 13,920</u>	<u>\$ 43,508</u>	<u>\$ 401,894</u>	<u>\$ 521,090</u>	<u>\$ 69,591</u>	<u>\$ 5,943,480</u>	<u>\$ 5,213</u>	<u>\$ 5,948,693</u>

(Concluded)

TOWN OF EAST WINDSOR, CONNECTICUT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2020

	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	Youth Services Fund
REVENUES									
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,757
Charges for goods and services	117,219	172,747	6,962	2,047,305	157,058	-	-	-	-
Interest income	-	-	-	31,823	11,858	1,309	840	14	-
Other	121	-	1,033	5	-	-	-	-	-
Total revenues	<u>117,340</u>	<u>172,747</u>	<u>7,995</u>	<u>2,079,133</u>	<u>168,916</u>	<u>1,309</u>	<u>840</u>	<u>14</u>	<u>11,757</u>
EXPENDITURES									
Current:									
General government	-	-	-	-	-	-	-	-	-
Public safety	-	158,425	43,477	-	-	-	23,819	-	-
Public works	-	-	-	1,778,705	-	-	-	-	-
Community services	93,364	-	-	-	-	-	-	-	26,824
Education	-	-	-	-	-	-	-	-	-
Capital outlays	-	-	-	248,008	-	-	-	-	-
Total expenditures	<u>93,364</u>	<u>158,425</u>	<u>43,477</u>	<u>2,026,713</u>	<u>-</u>	<u>-</u>	<u>23,819</u>	<u>-</u>	<u>26,824</u>
Excess (deficiency) of revenues over expenditures	23,976	14,322	(35,482)	52,420	168,916	1,309	(22,979)	14	(15,067)
OTHER FINANCING SOURCES (USES)									
Transfers in	-	-	35,973	200,000	-	-	-	-	29,836
Transfers out	-	(70,000)	-	-	(200,000)	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>(70,000)</u>	<u>35,973</u>	<u>200,000</u>	<u>(200,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>29,836</u>
Net change in fund balances	23,976	(55,678)	491	252,420	(31,084)	1,309	(22,979)	14	14,769
Fund balances - beginning	169,209	167,086	2,101	1,318,197	987,255	162,144	71,373	39,091	10,778
Fund balances - ending	<u>\$ 193,185</u>	<u>\$ 111,408</u>	<u>\$ 2,592</u>	<u>\$ 1,570,617</u>	<u>\$ 956,171</u>	<u>\$ 163,453</u>	<u>\$ 48,394</u>	<u>\$ 39,105</u>	<u>\$ 25,547</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, 2020

	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	Subtotal		Cemetery Trust Fund
REVENUES										
Intergovernmental	\$ -	\$ 649,123	\$ -	\$ -	\$ 2,070,879	\$ 358,895	\$ 101,530	\$ 3,192,184	\$ -	\$ 3,192,184
Charges for goods and services	-	-	5,776	-	-	122,631	185,291	2,814,989	-	2,814,989
Interest income	-	-	-	-	-	-	-	45,844	79	45,923
Other	34,922	-	570	43,508	-	-	-	80,159	-	80,159
Total revenues	<u>34,922</u>	<u>649,123</u>	<u>6,346</u>	<u>43,508</u>	<u>2,070,879</u>	<u>481,526</u>	<u>286,821</u>	<u>6,133,176</u>	<u>79</u>	<u>6,133,255</u>
EXPENDITURES										
Current:										
General government	10,145	140,151	-	6,111	-	-	-	156,407	-	156,407
Public safety	1,261	22,742	-	-	-	-	-	249,724	-	249,724
Public works	-	473,190	-	-	-	-	-	2,251,895	-	2,251,895
Community services	10,950	10,870	6,595	-	-	-	-	148,603	-	148,603
Education	-	-	-	-	2,070,879	665,948	337,112	3,073,939	-	3,073,939
Capital outlays	-	-	-	-	-	-	-	248,008	-	248,008
Total expenditures	<u>22,356</u>	<u>646,953</u>	<u>6,595</u>	<u>6,111</u>	<u>2,070,879</u>	<u>665,948</u>	<u>337,112</u>	<u>6,128,576</u>	<u>-</u>	<u>6,128,576</u>
Excess (deficiency) of revenues over expenditures	12,566	2,170	(249)	37,397	-	(184,422)	(50,291)	4,600	79	4,679
OTHER FINANCING SOURCES (USES)										
Transfers in	-	-	-	-	-	350,000	-	615,809	-	615,809
Transfers out	-	-	-	(37,397)	-	-	-	(307,397)	-	(307,397)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(37,397)</u>	<u>-</u>	<u>350,000</u>	<u>-</u>	<u>308,412</u>	<u>-</u>	<u>308,412</u>
Net change in fund balances	12,566	2,170	(249)	-	-	165,578	(50,291)	313,012	79	313,091
Fund balances - beginning	200,107	25,665	14,169	-	-	(2,295)	85,125	3,250,005	5,134	3,255,139
Fund balances - ending	<u>\$ 212,673</u>	<u>\$ 27,835</u>	<u>\$ 13,920</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 163,283</u>	<u>\$ 34,834</u>	<u>\$ 3,563,017</u>	<u>\$ 5,213</u>	<u>\$ 3,568,230</u>

(Concluded)

FIDUCIARY FUNDS

TOWN OF EAST WINDSOR, CONNECTICUT
 COMBINING STATEMENT OF FIDUCIARY NET POSITION
 PENSION AND OTHER POST-EMPLOYMENT
 BENEFITS TRUST FUNDS
 AS OF JUNE 30, 2020

	Pension Trust Fund	Other Post- Employment Benefits Trust Fund	Total
ASSETS			
Cash and cash equivalents	\$ 1,193,507	\$ 37,005	\$ 1,230,512
Investments:			
Mutual funds	26,708,740	1,314,786	28,023,526
Fixed income securities	1,852,067	-	1,852,067
Receivables	-	45,000	45,000
Total assets	<u>29,754,314</u>	<u>1,396,791</u>	<u>31,151,105</u>
LIABILITIES			
Payables	27,030	4,692	31,722
Total liabilities	<u>27,030</u>	<u>4,692</u>	<u>31,722</u>
NET POSITION			
Restricted for pension and other post-employment benefits	<u>\$ 29,727,284</u>	<u>\$ 1,392,099</u>	<u>\$ 31,119,383</u>

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, 2020

	Pension Trust Fund	Other Post- Employment Benefits Trust Fund	Total
ADDITIONS			
Contributions:			
Employer	\$ 1,344,995	\$ 124,572	\$ 1,469,567
Plan members	301,760	-	301,760
Total contributions	<u>1,646,755</u>	<u>124,572</u>	<u>1,771,327</u>
Investment earnings:			
Interest and dividends	525,599	26,407	552,006
Net increase in the fair value of investments, net of fees	<u>1,213,435</u>	<u>46,432</u>	<u>1,259,867</u>
Total investment earnings	<u>1,739,034</u>	<u>72,839</u>	<u>1,811,873</u>
Total additions	<u>3,385,789</u>	<u>197,411</u>	<u>3,583,200</u>
DEDUCTIONS			
Benefit payments	1,590,834	-	1,590,834
Administrative expenses	<u>31,551</u>	<u>26,713</u>	<u>58,264</u>
Total deductions	<u>1,622,385</u>	<u>26,713</u>	<u>1,649,098</u>
Change in net position	1,763,404	170,698	1,934,102
Net position - beginning	<u>27,963,880</u>	<u>1,221,401</u>	<u>29,185,281</u>
Net position - ending	<u>\$ 29,727,284</u>	<u>\$ 1,392,099</u>	<u>\$ 31,119,383</u>

TOWN OF EAST WINDSOR, CONNECTICUT
COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
AS OF JUNE 30, 2020

	Student Activities Fund	Performance Bonds Fund	Total Agency Funds
ASSETS			
Cash and cash equivalents	\$ 137,596	\$ -	\$ 137,596
Receivables	-	348,959	348,959
Total assets	\$ 137,596	\$ 348,959	\$ 486,555
LIABILITIES			
Due to student groups	\$ 137,596	\$ -	\$ 137,596
Due to others	-	348,959	348,959
Total liabilities	\$ 137,596	\$ 348,959	\$ 486,555

TOWN OF EAST WINDSOR, CONNECTICUT
COMBINING STATEMENT OF CHANGES IN
FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	<u>Balance,</u> <u>July 1, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance,</u> <u>June 30, 2020</u>
Student Activities Fund				
Assets				
Cash and cash equivalents	\$ 111,606	\$ 152,809	\$ 126,819	\$ 137,596
Liabilities				
Due to student groups	\$ 111,606	\$ 152,809	\$ 126,819	\$ 137,596
Performance Bonds Fund				
Assets				
Cash and cash equivalents	\$ 162,050	\$ -	\$ 162,050	\$ -
Receivables	396,659	16,800	64,500	348,959
Total assets	<u>\$ 558,709</u>	<u>\$ 16,800</u>	<u>\$ 226,550</u>	<u>\$ 348,959</u>
Liabilities				
Due to others	<u>\$ 558,709</u>	<u>\$ 16,800</u>	<u>\$ 226,550</u>	<u>\$ 348,959</u>
Total All Agency Funds				
Assets				
Cash and cash equivalents	\$ 273,656	\$ 152,809	\$ 288,869	\$ 137,596
Receivables	396,659	16,800	64,500	348,959
Total assets	<u>\$ 670,315</u>	<u>\$ 169,609</u>	<u>\$ 353,369</u>	<u>\$ 486,555</u>
Liabilities				
Due to student groups	\$ 111,606	\$ 152,809	\$ 126,819	\$ 137,596
Due to others	558,709	16,800	226,550	348,959
Total liabilities	<u>\$ 670,315</u>	<u>\$ 169,609</u>	<u>\$ 353,369</u>	<u>\$ 486,555</u>

OTHER SUPPLEMENTARY INFORMATION

TOWN OF EAST WINDSOR, CONNECTICUT
OTHER SUPPLEMENTARY INFORMATION (UNAUDITED)
JUNE 30, 2020

I. Amounts of the gross and the net taxable Grand List (October 1, 2019):

1. Gross Taxable Grand List	1,108,409,761
2. Net Taxable Grand List	967,311,443

II. Ten largest taxpayers on the October 1, 2019 Grand List, with taxable valuation:

	Net Assessment	% of Net Taxable Grand List
1 Eversource	\$ 22,627,330	2.3%
2 The Mansions at Canyon Ridge	21,793,330	2.3%
3 Walmart Stores East, LP	18,066,180	1.9%
4 Southern Auto Sales, Inc.	15,361,650	1.6%
5 Millpond Limited Partnership	14,224,040	1.5%
6 East Windsor Properties Ltd Partnership	9,772,210	1.0%
7 Wynwood Apartments Connecticut Led Ptnr	8,640,270	0.9%
8 Connecticut Water Company	7,503,160	0.8%
9 EQC Industrial Properties, LLC	7,000,000	0.7%
10 Prospect Hill Properties Ltd Partnership	5,311,400	0.5%
	<u>\$ 130,299,570</u>	<u>11.1%</u>

III. Percentage of the annual property tax levy uncollected as of the close of the fiscal year ending June 30, 2020:

	Adjusted Levy	Uncollected Taxes June 30, 2020	% Uncollected Taxes June 30, 2020
October 1, 2018 Grand List	\$ 33,030,700	\$ 394,340	1.2%

IV. Calculation of debt as of the close of the fiscal year ending June 30, 2020:

Long-Term Debt:	
General obligation bonds payable	\$ 6,810,000
Notes payable	3,238,793
Total Direct Debt	<u>10,048,793</u>
Less:	
Special assessments receivable (sewers)	<u>(152,139)</u>
Net Direct Debt	9,896,654
Overlapping and Underlying Debt	-
Total Overall Net Debt	<u>\$ 9,896,654</u>

TOWN OF EAST WINDSOR, CONNECTICUT
OTHER SUPPLEMENTARY INFORMATION (UNAUDITED) *(Concluded)*
JUNE 30, 2020

V. Debt per Capita

Population Estimate (as of July 1, 2019):*		11,668
Total Direct Debt Per Capita	\$	1,042
Total Net Direct Debt Per Capita		991
Total Overall Net Debt Per Capita		991

* - 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	\$	967,311,443
Total Direct Debt to Net Taxable Grand List		1.26%
Total Overall Net Debt to Net Taxable Grand List		1.19%