

# Official Statement Dated October 3, 2016

## NEW MONEY ISSUE

## **MOODY'S RATING:**

(See "Ratings" herein)

*In the opinion of Bond Counsel, rendered in reliance upon and assuming the accuracy of and continuing compliance with certain representations and covenants relating to the applicable requirements of the Internal Revenue Code of 1986, as amended (the "Code"), under existing law, interest on the Bonds (as defined herein) is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax; however, with respect to certain corporations (as defined for federal income tax purposes) subject to the federal alternative minimum tax, such interest is taken into account in computing the federal alternative minimum tax.*

*In the opinion of Bond Counsel, under existing statutes and regulations, interest on the Bonds is excludable from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates and is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the federal alternative minimum tax. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Bonds. (See "Tax Matters" herein.)*

## **TOWN OF EAST WINDSOR, CONNECTICUT**

**\$5,740,000**

### **GENERAL OBLIGATION BONDS, ISSUE OF 2016**

**(BANK QUALIFIED)  
BOOK-ENTRY ONLY**

#### **Dated: Date of Delivery**

The Bonds will be general obligations of the Town of East Windsor, Connecticut (the "Town") and the Town will pledge its full faith and credit to pay the principal of and the interest on the Bonds when due. (See "Security and Remedies" herein).

The Bonds will bear interest payable on April 15, 2017 and semiannually thereafter on October 15 and April 15 in each year until maturity.

#### **Due: October 15, 2017-2036, as shown herein**

**The Bonds are subject to optional redemption prior to maturity as described herein. (See "Optional Redemption" herein).**

The Bonds will be issuable only as fully registered bonds, without coupons, and when issued, will be registered in the name of Cede & Co., as Bondowner and nominee for The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the Bonds. Purchases of the Bonds will be made in book-entry form, in denominations of \$5,000 or any integral multiple thereof. Purchasers will not receive certificates representing their ownership in the Bonds. So long as Cede & Co. is the Bondowner, as nominee of DTC, reference herein to the Bondowner, or owners shall mean Cede & Co. as aforesaid, and shall not mean the Beneficial Owners (as described herein) of the Bonds. (See "Book-Entry Transfer System" herein).

This Official Statement is in a form "deemed final" by the Town for the purpose of Securities and Exchange Commission Rule 15c2-12, but it is subject to amendment or revision.

The Registrar, Certifying, Transfer and Paying Agent for the Bonds will be U.S. Bank National Association, Hartford, Connecticut.

The Bonds are being offered for sale in accordance with an official Notice of Sale dated October 3, 2016. Electronic bids via PARITY® for the Bonds will be received until 11:00 o'clock A.M. (E.D.T.) on Thursday, October 13, 2016, at the office of the Town Treasurer, Town Hall, 11 Rye Street, Broad Brook, Connecticut 06016 as described in the Notice of Sale. (See "Appendix D" herein.)

### **MATURITY SCHEDULE AND AMOUNTS**

Maturity	Amount	Coupon	Yield	CUSIP (1)	Maturity	Amount	Coupon	Yield	CUSIP (1)
2017	\$ 285,000	%	%	275893***	2027	\$ 285,000	%	%	275893***
2018	285,000			275893***	2028	285,000			275893***
2019	285,000			275893***	2029	285,000			275893***
2020	285,000			275893***	2030	285,000			275893***
2021	285,000			275893***	2031	285,000			275893***
2022	285,000			275893***	2032	285,000			275893***
2023	285,000			275893***	2033	285,000			275893***
2024	285,000			275893***	2034	295,000			275893***
2025	285,000			275893***	2035	300,000			275893***
2026	285,000			275893***	2036	300,000			275893***

*The Bonds are offered for delivery when, as and if issued, subject to the final approving opinion of Pullman & Comley, LLC of Hartford and Bridgeport, Connecticut, Bond Counsel. It is expected that delivery of the Bonds in book-entry form will be made on or about October 27, 2016.*

- (1) Copyright, American Bankers Association. CUSIP® is a registered trademark of the American Bankers Association. CUSIP numbers have been assigned by an independent company not affiliated with the Town and are included solely for the convenience of the holders of the Bonds. The Town is not responsible for the selection or use of these CUSIP numbers, does not undertake any responsibility for their accuracy, and makes no representation as to their correctness on the Bonds or as indicated above. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds.

No dealer, broker, salesman or other person has been authorized by the Town of East Windsor, Connecticut (the "Town"), to give any information or to make any representation, other than those contained in this Official Statement; and if given or made, such other information or representation must not be relied upon as having been authorized by the Town. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein has been obtained by the Town from sources which are believed to be reliable but it is not guaranteed as to accuracy or completeness.

The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement, nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Town since the date of this Official Statement.

Other than as to matters expressly set forth in Appendix A – "Audited Financial Statements" herein, the independent auditors for the Town are not passing on and do not assume any responsibility for the accuracy or adequacy of the statements made in this Official Statement and make no representation that they have independently verified the same. The auditors have not been asked nor have they given permission for the audited financial statements to be included in this Official Statement.

Other than as to matters expressly set forth in Appendix B – Legal Opinion of Bond Counsel, Bond Counsel is not passing on and does not assume any responsibility for the accuracy or adequacy of the statements made in this Official Statement and makes no representation that it has independently verified the same.

Independent Bond and Investment Consultants LLC, the Town's Financial Advisor, has assisted the Town in the preparation of this Official Statement from information supplied by Town officials and other sources. Independent Bond and Investment Consultants LLC does not assume responsibility for the adequacy or accuracy of the statements made herein and makes no representation that it has independently verified the same.

The Town deems this Official Statement to be "final" for purposes of Securities and Exchange Commission Rule 15c2-12(b)(1), but it is subject to revision or amendment.

In accordance with the requirements of Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission, with respect to the Bonds the Town will agree to provide, or cause to be provided (i) annual financial information and operating data within eight months of the end of the fiscal year, (ii) a notice of the occurrence of certain events within 10 business days of the occurrence of such events, and (iii) timely notice of a failure by the Town to provide the required annual financial information on or before the date specified in the Continuing Disclosure Agreements. The Continuing Disclosure Agreement for the Bonds shall be executed in substantially the forms attached as Appendix C to this Official Statement. The winning bidder's obligation to purchase the Bonds shall be conditioned upon its receiving, at or prior to the delivery of the Bonds, an executed copy of the Continuing Disclosure Agreement for the Bonds.

**BOND COUNSEL**

**PULLMAN & COMLEY, LLC**

Hartford and Bridgeport, Connecticut  
(860) 424-4337

**INDEPENDENT FINANCIAL ADVISOR**

**INDEPENDENT BOND AND  
INVESTMENT CONSULTANTS LLC**

Madison, Connecticut  
(203) 245-8715

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## BOND SALE SUMMARY

The information in this Bond Sale Summary is qualified in its entirety by the detailed information and financial statements appearing elsewhere in this Official Statement. The Official Statement speaks only as of its date and the information herein is subject to change.

<b>Date of Sale:</b>	Thursday, October 13, 2016, until 11:00 A.M. (E.D.T).
<b>Location of Sale:</b>	Office of the Town Treasurer, Town Hall, 11 Rye Street, Broad Brook, Connecticut 06016.
<b>Issuer:</b>	Town of East Windsor, Connecticut (the "Town").
<b>Issue:</b>	\$5,740,000 General Obligation Bonds, Issue of 2016 (the "Bonds").
<b>Dated Date:</b>	October 27, 2016.
<b>Principal Due:</b>	Serially October 15, 2017 - 2036.
<b>Interest Due:</b>	October 15 and April 15 in each year of maturity, commencing April 15, 2017.
<b>Purpose:</b>	The Bonds are being issued to finance the cost of the replacement of the Broad Brook Elementary School Portable Classrooms, various roads and the Broad Brook Dam which were authorized by certain bond resolutions adopted by the Board of Selectmen and approved by the voters at referendum. (See "Authorization and Use of Proceeds of the Bonds" herein).
<b>Redemption:</b>	The Bonds are subject to redemption prior to maturity. (See "Optional Redemption" herein).
<b>Security:</b>	The Bonds will be general obligations of the Town of East Windsor, Connecticut, and the Town will pledge its full faith and credit to the payment of the principal of and interest on the Bonds when due.
<b>Credit Rating:</b>	The Town has made an application to Moody's Investors Service, Inc. (Moody's) for a rating on the Bonds. The current rating on the Town's outstanding bonds is "Aa2" by Moody's. (See "Ratings" herein).
<b>Basis of Award:</b>	Lowest True Interest Cost ("TIC") as of the dated date.
<b>Tax Exemption:</b>	See "Tax Matters" herein.
<b>Continuing Disclosure:</b>	In accordance with the requirements of Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission, the Town will agree to provide, or cause to be provided, annual financial information and notices of material events with respect to the Bonds pursuant to a Continuing Disclosure Agreement to be executed by the Town substantially in the form attached as Appendix C to this Official Statement.
<b>Bank Qualification:</b>	The Bonds SHALL BE designated by the Town as qualified tax exempt obligations under the provisions of Section 265(b) of the Internal Revenue Code of 1986, as amended, for purposes of the deduction by financial institutions for interest expense allocable to the Bonds.
<b>Certifying Bank Registrar, Transfer and Paying Agent:</b>	U.S. Bank, N.A., Hartford, Connecticut.
<b>Legal Opinion:</b>	Pullman & Comley, LLC of Hartford and Bridgeport, Connecticut will act as Bond Counsel.
<b>Delivery and Payment:</b>	It is expected that delivery of the Bonds in book-entry form will be made on or about October 27, 2016, against payment in Federal funds.
<b>Issuer Official:</b>	Questions regarding the Town and this Informational Document should be directed to Kimberly Lord at East Windsor Town Hall, 11 Rye Street, Broad Brook, Connecticut, Telephone: (860) 698-1404.

## SECTION I - SECURITIES OFFERED

### Introduction

This Official Statement, including the cover page and appendices thereto, has been prepared by the Town of East Windsor, Connecticut (the "Town") with assistance of its financial advisor in connection with the issuance and sale of \$5,740,000 General Obligation Bonds, Issue of 2016 (the "Bonds").

All quotations from and summaries and explanations of provisions of statutes, charters, or other laws and acts and proceedings of the Town contained herein do not purport to be complete and are qualified in their entirety by reference to the original official documents; and all references to the Bonds and the proceedings of the Town relating thereto are qualified in their entirety by reference to the definitive form of the Bonds and such proceedings.

The presentation of information is intended to show recent historical trends and is not intended to indicate future or continuing trends in the financial or other positions of the Town. Except for information expressly attributed to other sources, all financial and other information presented herein has been provided by the Town.

### Description of the Bonds

The Bonds will be dated the date of delivery and will mature in annual installments on October 15 in the years and in the principal amounts set forth on the cover of this Official Statement. The Bonds will be issued as fully registered bonds in denominations of \$5,000 or any integral multiple thereof. Interest on the Bonds will be calculated on the basis of a 360-day year consisting of twelve 30-day months and will be payable semiannually on April 15 and October 15 in each year until maturity, commencing April 15, 2017 and will be payable to the registered owners of the Bonds as of the close of business on the last business day of March and September in each year. A book-entry system will be employed evidencing ownership of the Bonds with transfers of ownership effected on the records of The Depository Trust Company, New York, New York ("DTC"), and its participants pursuant to rules and procedures established by DTC and its participants. (See "Book-Entry Transfer System" herein). The Registrar, Certifying, Transfer and Paying Agent for the Bonds will be U.S. Bank National Association, of Hartford, Connecticut. The legal opinion on the Bonds will be rendered by Pullman & Comley LLC, of Bridgeport and Hartford, Connecticut. (See Appendix B - "Form of Legal Opinion of Bond Counsel" herein.) The Bonds SHALL BE designated by the Town as qualified tax-exempt obligations under the provisions of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended, for purposes of the deduction by financial institutions for interest expense allocable to the Bonds. **The Bonds are subject to redemption prior to maturity.** (See "Optional Redemption" herein.)

### Optional Redemption

The Bonds maturing on or before October 15, 2022 are not subject to redemption prior to maturity. The Bonds maturing on October 15, 2023 and thereafter are subject to redemption prior to maturity, at the option of the Town, on or after October 15, 2022, at any time, in whole or in part, and by lot within a maturity, in such amounts and in such order of maturity as the Town may determine at the following redemption price (expressed as a percentage of the principal amount of Bonds to be redeemed) plus accrued interest to the redemption date:

<u>Redemption Dates</u>	<u>Redemption Price</u>
October 15, 2022 and thereafter	100%

### Notice of Redemption

Notice of redemption shall be given by the Town or its agent by mailing a copy of the redemption notice by first-class mail at least thirty days prior to the date fixed for redemption to the registered owner of the Bonds designated for redemption in whole or in part at the address of such registered owner as the same shall last appear on the registration books for the Bonds. Failure to give such notice by mailing to any registered owner, or any defect therein, shall not affect the validity of the redemption of any other Bonds. Upon the giving of such notice, if such funds available solely for redemption are on deposit with the Paying Agent, the Bonds or portions thereof so called for redemption will cease to bear interest after the specified redemption date.

If less than all the Bonds of any one maturity shall be called for redemption, the particular Bonds or portions of Bonds of such maturity to be redeemed shall be selected by lot in such manner as the Town in its discretion may determine; provided, however, that the portion of any Bond to be redeemed shall be in the principal amount of \$5,000 or some multiple thereof and that, in selecting Bonds for redemption, each Bond shall be considered as representing that number of Bonds which is obtained by dividing the principal amount of such bond by \$5,000.

The Town, so long as a book-entry system is used for the Bonds being called for redemption, will send any notice of redemption only to DTC (or a successor securities depository) or its nominee. Any failure of DTC to advise any DTC Participant or of any DTC Participant or Indirect Participant to notify any Indirect Participant or Beneficial Owner, of any such notice and its content or effect will not affect the validity of the redemption of such Bonds called for redemption. Redemption of portions of the Bonds of any maturity by the Town will reduce the outstanding principal amount of Bonds held by DTC. In such event it is the current practice of DTC to allocate by lot, through its book-entry system, among the interest held by DTC Participants in the Bonds to be redeemed, the interest to be reduced by such redemptions in accordance with its own rules or other agreements with DTC Participants. The DTC Participants and Indirect Participants may allocate reductions of the interests in the Bonds to be redeemed held by the Beneficial Owners. Any such allocation of interests in the Bonds to be redeemed will not be governed by the determination of the Town authorizing the issuance of the Bonds and will not be conducted by the Town, the Registrar or Paying Agent.

### **Authorization and Use of Proceeds of the Bonds**

**Authorization.** The Bonds are being issued pursuant to certain bond resolutions adopted by the Board of Selectmen, the Board of Finance and approved by the voters at referendum.

**Use of Proceeds.** Proceeds of the Bonds will be used to finance the following capital projects:

Project	Amount of		Additions / (Reductions)	The Notes ( <i>This Issue</i> )
	Total Authorization	Notes Maturing		
Broad Brook Elementary School Modular Classrooms	\$ 6,500,000	\$ 4,900,000	\$ (1,900,000)	\$ 3,000,000
Various Public Improvements, Roads and Broad Brook Dam	2,740,000	-	2,740,000	2,740,000
Total	<u>\$ 9,240,000</u>	<u>\$ 4,900,000</u>	<u>\$ 840,000</u>	<u>\$ 5,740,000</u>

### **Ratings**

The Town has made an application to Moody's Investors Services, Inc. ("Moody's") for a rating on the Bonds. The current rating on the Town's outstanding bonds is "Aa2" by Moody's. Such rating reflects only the views of such organization and an explanation of the significance of such rating may be obtained from the rating agency. There is no assurance that such rating will continue for any given period of time or that it will not be revised or withdrawn entirely by the rating agency if, in the judgment of such rating agency, circumstances so warrant. A revision or withdrawal of such rating may have an effect on the market price of the Town's bonds or notes, including the Bonds.

### **Tax Matters**

#### ***Opinion of Bond Counsel***

**Federal Taxes.** In the opinion of Pullman & Comley, LLC, Bond Counsel, under existing law, interest on the Bonds (a) is excludable from gross income for federal income tax purposes and (b) is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, with respect to certain corporations (as defined for federal income tax purposes) subject to the federal alternative minimum tax, such interest may be taken into account in computing the federal alternative minimum tax.

Bond Counsel's opinion with respect to the Bonds will be rendered in reliance upon and assuming the accuracy of and continuing compliance by the Town with its representations and covenants relating to certain requirements of the Internal Revenue Code of 1986, as amended (the "Code"). The Code and regulations promulgated thereunder establish certain requirements which must be satisfied at and subsequent to the issuance of the Bonds in order that interest on the Bonds be and remain excludable from gross income for federal income tax purposes. Failure to comply with such requirements may cause interest on the Bonds to be included in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds, as the case may be, irrespective of the date on which such noncompliance occurs. In the Tax Compliance Agreement, which will be delivered concurrently with the issuance of the Bonds, the Town will covenant to comply with certain provisions of the Code and will make certain representations designed to assure compliance with such requirements of the Code including, but not limited to, investment restrictions, periodic payments of arbitrage profits to the United States, requirements regarding the proper use of Bond proceeds and certain other matters. The opinion of Bond Counsel delivered on the date of issuance of the Bonds is conditioned upon compliance by the Town with such requirements.

No other opinion is expressed by Bond Counsel regarding the federal tax consequences of the ownership of, or the receipt or accrual of interest on, the Bonds.

**Original Issue Discount.** The initial public offering price of the Bonds may be less than the stated principal amount. Under existing law, the difference between the stated principal amount and the initial offering price of the Bonds will constitute original issue discount. The offering price relating to the yield set forth on the cover page of this Official Statement for the Bonds is expected to be the initial offering price to the public (excluding bond houses and brokers) at which a substantial amount of the Bonds are sold. Under existing law, original issue discount on the Bonds accrued and properly allocable to the owners thereof under the Code is excludable from gross income for federal income tax purposes if interest on the Bonds is excludable from gross income for federal income tax purposes.

Under the Code, for purposes of determining an owner's adjusted basis in a Bond purchased at an original issue discount, original issue discount is treated as having accrued while the owner holds such Bond and will be added to the owner's basis. Original issue discount will accrue on a constant-yield-to-maturity method based on regular compounding. The owner's adjusted basis will be used to determine taxable gain or loss upon the sale or other disposition (including redemption or payment at maturity) of such a Bond. For certain corporations (as defined for federal income tax purposes), a portion of the original issue discount that accrues in each year to such Bond will be included in the calculation of the corporation's federal alternative minimum tax liability. As a result, ownership of such a Bond by such a corporation may result in an alternative minimum tax liability even though such owner has not received a corresponding cash payment.

Prospective purchasers of Bonds at an original issue discount should consult their own tax advisors as to the calculation of accrued original issue discount, the accrual of original issue discount in the case of owners purchasing such Bonds after the initial offering and sale, and the state and local tax consequences of owning or disposing of such Bonds.

**Original Issue Premium.** The initial public offering price of the Bonds and Notes may be more than their stated principal amount. An owner who purchases a Bond at a premium to its principal amount must amortize the original issue premium as provided in the applicable Treasury Regulations, and amortized premium reduces the owner's basis in the Bond for federal income tax purposes. Prospective purchasers of the Bonds should consult their tax advisors regarding the amortization of premium and the effect upon basis.

**Other Federal Tax Matters.** Prospective purchasers of the Bonds should be aware that ownership of the Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, certain insurance companies, recipients of Social Security or Railroad Retirement benefits, certain S corporations, foreign corporations subject to the branch profits tax, taxpayers eligible for the earned income credit, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations. Bond Counsel does not express any opinion regarding such collateral tax consequences. Prospective purchasers of the Bonds should consult their tax advisors regarding collateral federal income tax consequences.

**State Taxes.** In the opinion of Bond Counsel, under existing statutes, interest on the Bonds is excludable from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates and is excludable from amounts on which the net Connecticut minimum tax is based for individuals, trusts and estates required to pay the federal alternative minimum tax.

Interest on the Bonds is included in gross income for purposes of the Connecticut corporation business tax.

Accrued original issue discount on a Bond is also excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates and is excluded from amounts on which the net Connecticut minimum tax is based for individuals, trusts and estates required to pay the federal alternative minimum tax.

Owners of the Bonds should consult their own tax advisors with respect to the determination for state and local income tax purposes of original issue discount or original issue premium accrued upon sale or redemption thereof, and with respect to the state and local tax consequences of owning or disposing of such Bonds.

Owners of the Bonds should consult their tax advisors with respect to other applicable state and local tax consequences of ownership of the Bonds and the disposition thereof.

**Proposed Legislation and Other Matters.** Tax legislation and administrative actions taken by tax authorities (whether currently proposed, proposed in the future, or enacted) and court decisions, whether at the federal or state level, may adversely affect the tax-exempt status of interest on the Bonds under federal or state law or otherwise prevent beneficial owners of the Bonds from realizing the full current benefit of the tax status of such interest. In addition, such legislation, actions or decisions could affect the market price for, or the marketability of, the Bonds. Prospective purchasers of the Bonds should consult their own tax advisers regarding the foregoing matters.



**General.** The opinion of Bond Counsel is rendered as of its date, and Bond Counsel assumes no obligation to update or supplement their opinion to reflect any facts or circumstances that may come to their attention or any changes in law that may occur after the date of their opinion. Bond Counsel's opinions are based on existing law, which is subject to change. Such opinions are further based on factual representations made to Bond Counsel as of the date of issuance. Moreover, Bond Counsel's opinions are not a guarantee of a particular result, and are not binding on the Internal Revenue Service or the courts; rather, such opinions represent Bond Counsel's professional judgment based on its review of existing law, and in reliance on the representations and covenants that it deems relevant to such opinions.

The discussion above does not purport to deal with all aspects of federal or state or local taxation that may be relevant to a particular owner of the Bonds. Prospective owners of the Bonds, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the federal, state and local tax consequences of owning and disposing of the Bonds.

## **Security and Remedies**

The Bonds will be general obligations of the Town and the Town will pledge its full faith and credit to pay the principal of and interest on the Bonds when due. Unless paid from other sources, the Bonds are payable from ad valorem taxes which may be levied on all taxable property in the Town without limitation as to rate or amount, except as to certain classified property, such as certified forest lands taxable at a limited rate and dwelling houses of qualified elderly persons of low income or of qualified disabled persons taxable at limited amounts. Under existing statutes, the State of Connecticut is obligated to pay the Town the amount of tax revenue which the Town would have received except for the limitation on its power to tax such dwelling houses.

Payment of the Bonds is not limited to property tax revenues or any other revenue source, but certain revenues of the Town may be restricted as to use and therefore may not be available to pay debt service on the Bonds.

There are no statutory provisions for priorities in the payment of general obligations of the Town. There are no statutory provisions for a lien on any portion of the tax levy or other revenues to secure the Bonds, or judgments thereon, in priority to other claims.

The Town is subject to suit on its general obligation debt and a court of competent jurisdiction has the power in appropriate proceedings to render a judgment against the Town. Courts of competent jurisdiction have the power in appropriate proceedings to order payment of a judgment on such debt from funds lawfully available therefor or, in the absence thereof, to order the Town to take all lawful action to obtain the same, including the raising of the required amount in the next tax levy. In exercising their discretion as to whether to enter such an order, the courts may take into account all relevant factors including the current operating needs of the Town and the availability and adequacy of other remedies. Enforcement of a claim for payment of principal of or interest on the Bonds would also be subject to the applicable provisions of federal bankruptcy laws and to provisions of other statutes, if any, hereafter enacted by the Congress or the Connecticut General Assembly extending the time for payment or imposing other constraints upon enforcement insofar as the same may be constitutionally applied. Section 7-566 of the Connecticut General Statutes, as amended, provides that no Connecticut municipality shall file a petition in bankruptcy without the express prior written consent of the Governor.

## **THE TOWN OF EAST WINDSOR, CONNECTICUT HAS NEVER DEFAULTED IN THE PAYMENT OF PRINCIPAL OR INTEREST ON ITS BONDS OR NOTES.**

## **Qualification for Financial Institutions**

The Bonds SHALL BE designated as qualified tax-exempt obligations under the provisions of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended, for purposes of the deduction by financial institutions for interest expense allocable to the Bonds.

## **Book-Entry Transfer System**

The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each interest rate of the Bonds, in the aggregate principal amount of such interest rate, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its registered subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC is rated AA+ by Standard & Poor's. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

Purchases of the Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Town as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Town or the Paying Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent, or the Town, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Town or Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the Town or Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

The Town may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been provided by DTC. The Town takes no responsibility for the accuracy thereof.

### **Replacement Bonds**

The determination of the Town authorizing the Bonds provides for issuance of fully registered Bond certificates directly to Beneficial Owners of the Bonds or their nominees in the event that: (a) DTC determines not to continue to act as securities depository for the Bonds, and the Town fails to identify another qualified securities depository for the Bonds to replace DTC; or (b) the Town determines to discontinue the book-entry system of evidence and transfer of ownership of the Bonds. A Beneficial Owner of the Bonds, upon registration of certificates held in such Beneficial Owner's name, will become the registered owner of the Bonds.

### **DTC Practices**

The Town can make no assurances that DTC, Direct Participants, Indirect Participants or other nominees of the Beneficial Owners of the Bonds will act in a manner described in this Official Statement. DTC is required to act according to rules and procedures established by DTC and its participants which are on file with the Securities and Exchange Commission.

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## SECTION II - THE ISSUER

### Description of the Town

The Town of East Windsor was established in May 1768. According to the 2010 U.S. Government Census, East Windsor had 11,162 residents in a 26.3-square-mile area. Principal industries include agriculture, business retail, hotels, distribution centers and manufacturing.

East Windsor is located midway between Hartford, Connecticut and Springfield, Massachusetts. The Town lies on the east bank of the Connecticut River and is bordered by the Towns of Enfield on the north, Ellington on the east, South Windsor on the south, and Windsor on the west. Two major highways, U.S. 5 and I-91, traverse the western part of Town. Interstate 84 is within ten minutes for easy access to New York and Boston. Regular public transportation is provided by Connecticut Transit, Dattco Bus and Dial-a-Ride. Bradley International Airport is ten minutes away.

East Windsor's strategic location offers opportunities for business and industry to grow. A recently updated plan of development and ongoing sewer expansion provides the town with a blueprint for balanced growth and the ability to sustain a favorable tax rate.

Located within thirty minutes of a population base of over one million, and the beneficiary of two direct highway exits off Interstate 91, East Windsor offers businesses an array of opportunities for commercial development in a well-established business park off of U.S. 5. The Route 5 corridor is also home to a host of restaurants, hotels and stores that give business travelers an excellent location from which to work.

Thirteen degree-granting undergraduate schools are within easy commuting distance, including the University of Connecticut in Storrs, Asnuntuck Community College in Enfield, and in Hartford the University of Connecticut downtown campus, the University of Connecticut School of Law, Trinity College, the University of Hartford, Rensselaer Polytechnic Institute, and the Hartford Graduate Center. Public recreation is provided at the Scantic River State Park, East Windsor Park, and Dr. John Flaherty Field Trial Area. Located in Town is the Connecticut Trolley Museum, Connecticut Fire Museum, and East Windsor Historical Museum.

The October 1, 2015 grand list is comprised of 49.90% residential real property, 31.43% commercial and industrial real property, 8.61% personal property, 9.20% motor vehicle.

The Warehouse Point Fire District is a separate taxing district located within the territorial limits of the Town.

### Form of Government

East Windsor has a Board of Selectmen/Town Meeting form of government with a Town Charter last revised April 2010. The Board of Selectmen is the principal administrative and executive branch, the Town Meeting is the legislative branch, and the Board of Finance is the budgetary authority of the Town. The First Selectman is the chief administrative and executive officer, directly responsible to the Board of Selectmen for the administration of all Town agencies and enforcement of all laws and ordinances governing the Town. The Treasurer is responsible for the accounting and reporting of all financial transactions, investment of Town funds and is the Town pension plan administrator.

### Municipal Officials

<u>Name</u>	<u>Position</u>	<u>Term of Office</u>	<u>Years of Service</u>
Robert Maynard	First Selectman	4 Years – Elected	1.0
Jason E. Bowsza	Selectman	2 Years – Elected	3.0
Steve A. Dearborn	Selectman	2 Years – Elected	3.0
Dale Nelson	Selectman	2 Years – Elected	5.0
Richard Pippin, Jr.	Selectman	2 Years – Elected	1.0
Kimberly Lord	Treasurer	Appointed	2.5
Dr. Theresa Kane	Superintendent of Schools	Appointed	5.0
Laurie Whitten	Director of Planning	Appointed	12.0

## Summary of Municipal Services

The Town provides the following services as authorized by its Charter: public safety, conservation and health, education, highways, sanitation, culture and recreation, planning and zoning, and general administration.

**Police:** East Windsor is served by a full-time paid police department. Department personnel receive basic training at the Municipal Police Training Academy in all areas of police work, and are also involved in annual training both to maintain skills as well as to learn the most up-to-date techniques of police work.

**Fire:** Two volunteer fire departments provide fire protection to the Town. Warehouse Point Fire District serves the western area of Town covering the Warehouse Point and Scantic sections while the Broad Brook Fire Department serves the Broad Brook, Windsorville and Melrose areas.

**Emergency Medical Service:** Ambulance and emergency response service is provided by the East Windsor Ambulance Association, operating autonomously of the Town government. The Association has been designated the primary responder for the Town of East Windsor by the Tolland County Mutual Aid Fire Service.

**Water Pollution:** The Town has one treatment plant located in the Warehouse Point section near the Connecticut River. The plant serves most of Warehouse Point, the most densely populated area of Broad Brook, and areas off the main trunk line between the two sections. The WPCA has an active plan of expansion and is currently finishing Phase Two of the North Road Expansion project. Other developed properties are served by private septic systems.

**Water:** The Connecticut Water Company, a privately owned utility, supplies water to the commercial and industrial properties and the more densely populated areas, or approximately 50% of the Town. The Water Company reports that its safe yield is 12.8 million gallons per day. The Town currently uses 5 million gallons per day, leaving excess capacity for prospective users. Other developed properties are served by on- site wells.

**Solid Waste:** The Town has a five-year contract with All American Waste, a private hauler, to collect refuse and dispose of it at a resource recovery facility. The Town's contract with the Authority is in effect until 2019. For fiscal year 2016-2017, the Town was required to pay a tipping fee of \$65.00 per ton.

**Public Works:** The Public Works Department is responsible for the maintenance of approximately 70 miles of roadways. Recent projects include the chip sealing of 2 miles of roadway, cape sealing of several roads, new parking spaces in Town Hall parking lot, an expansive sidewalk project in Broad Brook and Prospect Hill Road drainage and roadway improvements in conjunction with the construction of a Super Walmart. The department is administering a five-year pavement management plan, with over \$5 million in road improvements slated before 2018.

**Recreation Department:** East Windsor has a well-organized Park and Recreation Department which is responsible for operating seven parks in the Broad Brook and Warehouse Point sections, in addition to year-long programs for residents of all ages. The largest park is East Windsor Park; other locations include Warehouse Point Park, Prospect Hill, Pierce Memorial, Broad Brook Pond, Abbe Road and Volunteer Park. Recent park improvements include new swing sets at Prospect Hill and a new basketball court on South Water Street.

**Senior Citizens:** There is one senior citizen center in East Windsor located on the second floor of the Broad Brook Fire House. There are recreation facilities, and a noon meal is available Monday through Friday. The office of Dial-a-Ride for seniors and handicapped is located in the Senior Center.

There are two housing centers for the elderly. Park Hill, in the Broad Brook section, is a State-sponsored but locally run operation. The other center, Spring Village, is privately operated, but, since it was built partially with HUD funds, vacancies must be made available to all senior citizens without restriction.

**Health Department:** East Windsor is a member of the North Central Health District with offices in Enfield. Each member Town contributes financially to the operation of the District, based on its respective population. Services furnished by District employees are typical of those found in any city, including approval of wells and individual sanitation systems.

**Libraries:** There are two privately owned libraries in East Windsor: one on Main Street in Warehouse Point and one on Main Street in Broad Brook. Both libraries are supported by the Town. The Warehouse Point Library Association has obtained the latest computer equipment for its library and services the largest percentage of the Town.

## Educational System

The Board of Education, which is an elected nine-member board serving four-year staggered terms, is the policy-making body for all public education, grades pre-kindergarten through twelve. The Superintendent of Schools is directly responsible to the Board of Education for the supervision and administration of the educational system. The primary function of the Board is to establish policy. Some of the areas for which such policies are set include curriculum, budget requests submission, ensuring funds for education as appropriated by the Town are properly expended, implementation of both State and Federal laws, and planning for facilities needed by the system, including construction and renovation.

The Town has three schools: an elementary school for pre-kindergarten through grade four, an intermediate school for grades five through eight, and a junior/senior high school for grades nine through twelve.

## Educational Facilities

Schools	Grades	Date Occupied	Last Remodeled	Classrooms	Enrollment 10/01/16	Rated Capacity
Broad Brook	Pre-K-4	1952	2015	32	451	590
East Windsor Middle School	5-8	1966		33	309	560
East Windsor High School	9-12	1955	1989	50	317	750
Total					<u>1,077</u>	<u>1,900</u>

Source: Superintendent of Schools.

## Educational Enrollment History and Projections

As of October 1	Actual		
	Pre-K-8	9 - 12	Total (1)
2007	1,021	453	1,474
2008	1,026	409	1,435
2009	999	376	1,375
2010	943	382	1,325
2011	911	374	1,285
2012	911	378	1,289
2013	850	346	1,196
2014	898	346	1,244
2015	788	311	1,099
2016	760	317	1,077
Projected			
2017	760	322	1,082
2018	765	350	1,115

(1) Special Education students included in grade totals.

Source: Superintendent of Schools.

## Municipal Employment

The following table shows the Town of Clinton's employment for the current fiscal year and the prior nine years ending June 30.

Fiscal Year	2017	2016	2015	2014	2013	2012	2011	2010
Board of Education	255	251	246	278	277	266	258	252
General Government	82	80	77	75	75	73	75	74
Total	<u>337</u>	<u>331</u>	<u>323</u>	<u>353</u>	<u>352</u>	<u>339</u>	<u>333</u>	<u>326</u>

Source: Town Officials.

## Municipal Employees Bargaining Organizations

The following table sets forth a breakdown of employee representation by collective bargaining agent and the dates of expiration of the various collective bargaining agreements:

<b><u>GENERAL GOVERNMENT</u></b>			
Police Department	CILU	25	6/30/2018
Highway	AFSCME	9	6/30/2017
Town Hall Clerical	AFSCME	17	6/30/2018
Town Supervisors	AFSCME	8	6/30/2017
Water Pollution	CILU	8	6/30/2018
Dispatchers	AFSCME	5	6/30/2018
<b><u>BOARD OF EDUCATION</u></b>			
Teachers	East Windsor Education Association	107	6/30/2017
Administrators	East Windsor Administrators Association	7	6/30/2017
School Custodians and Clerical	East Windsor Sclassified Personnel Association	52	6/30/2016
School Cafeteria Workers	East Windsor Cafeteria Personnel	12	8/31/2017

(1) Currently in negotiations.

Connecticut General Statutes Sections 7-473c, 7-474 and 10-153a through 10-153n provide for a procedure for binding arbitration of collective bargaining agreements between municipal employers and organizations representing municipal employees, including certified teachers and certain other employees. The legislative body of a municipal entity may reject an arbitration panel's decision by a two-thirds majority vote. The State of Connecticut and the employee organization must be advised in writing of the reasons for rejection. The State then appoints a new panel of either one or three arbitrators to review the decisions on each of the rejected issues. The panel must accept the last best offer of either party. In reaching its determination, the arbitration panel gives priority to the public interest and the financial capability of the municipal employer, including consideration of other demands on the financial capability of the municipal employer. For binding arbitration of teachers' contracts, in assessing the financial capabilities of a municipality, there is an irrefutable presumption that a budget reserve of 5% or less is not available for the payment of any item subject to arbitration. In light of the employer's financial capability, the panel considers prior negotiations between the parties, the interests and welfare of the employee group, changes in the cost of living, existing employment conditions, and wages, salaries, fringe benefits, and other conditions of employment prevailing in the labor market, including developments in private sector wages and benefits.

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## **Economic Condition and Outlook**

The prime location and available resources of the Town of East Windsor have provided the impetus for steady growth in the residential and commercial sectors of the Town. East Windsor has been designated the “fastest growing town in Connecticut”. It is a suburban community with a diversified tax base consisting of four million square feet of commercial and industrial development, diversified housing, and an active farming industry.

East Windsor is situated in the Connecticut River Valley and in close proximity with ready access to major markets and work places, namely Hartford, Springfield, Boston and New York City. Two access ramps to Interstate 91 and proximity to Bradley International Airport and higher education facilities in Hartford and Springfield offer significant benefit to economic growth in East Windsor.

The Town’s available resources include a detailed capital improvement plan, ample public safety services, availability of labor supply, and competitive local taxing structure. As a result, a brand new Super Walmart has been built on Prospect Hill Road, joining the Comfort Inn, Baymont Inn and Suites, Burlington Coat Factory, Cracker Barrel Restaurant and other commercial enterprises that have built facilities in East Windsor.

East Windsor is a member of the Metro-Hartford Regional Economic Alliance, so that Town officials can take an active role in regional efforts to promote economic development and to educate and train a workforce to meet the needs of area businesses. Regular public transportation via the bus system and ready access to the Town via Interstate 91 and State Route 5 make it convenient for the workforce to commute to and from work sites.

East Windsor has maintained an active capital improvement plan, while keeping the mill rate lower than surrounding towns. Current projects include: an expansion of the North Road Sewer Project; \$500,000 in improvements to the Park Hill Senior Housing complex, funded by a Small Cities Block Grant; reconstruction of Prospect Hill Road, partially funded by a Small Cities Block Grant; sidewalks in Broad Brook funded by an Economic Development Grant; repair of Springdale Cemetery, funded by a FEMA grant and a complete overhaul and upgrade of the town-wide computer system funded by budgeted capital improvement money.

The Town has always taken a pro-active approach to guiding its future. The Town is currently updating its 2014 Plan of Development. The Plan provides for tax base diversity while maintaining a clear balance between residential and commercial growth and the Town’s rural atmosphere. The Town clearly wants to preserve the character of the community and keep it a desirable place for residents to live, work, and play.

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## SECTION III - ECONOMIC AND DEMOGRAPHIC DATA

### Population Trends

Year	Town of East Windsor	Hartford County	State of Connecticut
1980	8,944	807,766	3,107,576
1990	10,081	851,783	3,287,116
2000	9,818	857,183	3,405,565
2010	11,162	894,014	3,574,097
2014	11,353	897,374	3,592,053

Source: U.S. Census Bureau and 2010-2014 American Community Survey.

### Age Characteristics of Population

Age	Town of East Windsor		Hartford County		State of Connecticut	
	Number	Percent	Number	Percent	Number	Percent
Under 5	588	5.2	49,447	5.5	194,338	5.4
5 - 9	720	6.3	55,631	6.2	217,491	6.1
10 - 14	677	6.0	57,038	6.4	234,666	6.5
15 - 19	566	5.0	61,419	6.8	255,499	7.1
20 - 24	502	4.4	56,867	6.3	234,482	6.5
25 - 34	1,848	16.3	114,250	12.7	433,145	12.1
35 - 44	1,405	12.4	113,809	12.7	459,130	12.8
45 - 54	1,896	16.7	137,549	15.3	563,772	15.7
55 - 59	781	6.9	63,786	7.1	253,952	7.1
60 - 64	758	6.7	52,498	5.9	214,499	6.0
65 - 74	933	8.2	69,552	7.8	280,541	7.8
75 - 84	383	3.4	41,816	4.7	162,971	4.5
85 and over	296	2.6	23,712	2.6	87,567	2.4
TOTAL	11,353	100.0	897,374	100.0	3,592,053	100.0

Source: U.S. Census Bureau, 2010-2014 American Community Survey.

### Selected Wealth and Income Indicators

	Median Family Income		Per Capita Income	
	(2000)	(2014)	(2000)	(2014)
Town of East Windsor	\$60,694	\$81,807	\$24,899	\$33,727
Hartford County	62,144	82,740	26,047	35,307
Connecticut	65,521	88,217	28,766	38,480
United States	49,600	65,443	21,690	28,555

Source: U.S. Census Bureau, Census 2000 and 2010-2014 American Community Survey.

## Income Distribution

	Town of East Windsor		Hartford County		State of Connecticut	
	Families	Percent	Families	Percent	Families	Percent
\$ -0- to 9,999	26	0.9	9,145	4.0	30,584	3.4
10,000 to 14,999	76	2.6	5,729	2.5	18,591	2.1
15,000 to 24,999	115	3.9	13,423	5.9	46,537	5.2
25,000 to 34,999	154	5.2	14,886	6.5	56,473	6.3
35,000 to 49,999	332	11.2	22,129	9.7	85,206	9.5
50,000 to 74,999	626	21.0	37,781	16.6	140,776	15.6
75,000 to 99,999	396	13.3	33,191	14.6	129,656	14.4
100,000 to 149,999	903	30.4	45,939	20.2	184,327	20.5
150,000 to 199,999	202	6.8	22,344	9.8	93,100	10.3
200,000 or more	144	4.8	23,086	10.1	114,307	12.7
<b>TOTAL</b>	<b>2,974</b>	<b>100.0</b>	<b>227,653</b>	<b>100.0</b>	<b>899,557</b>	<b>100.0</b>

Source: U.S. Census Bureau, 2010-2014 American Community Survey.

## Educational Attainment

### Years of School Completed, Age 25 & Older

	Town of East Windsor		Hartford County		State of Connecticut	
	Number	Percent	Number	Percent	Number	Percent
Less than 9th grade	158	1.9	29,265	4.7	106,784	4.3
9th to 12th grade	441	5.3	41,364	6.7	150,227	6.1
High School Graduate	3,084	37.2	169,470	27.5	677,887	27.6
Some College	1,705	20.5	109,691	17.8	431,807	17.6
Associate Degree	722	8.7	47,726	7.7	180,321	7.3
Bachelor Degree	1,269	15.3	124,696	20.2	506,662	20.6
Graduate or Professional Degree	921	11.1	94,760	15.4	401,889	16.4
<b>TOTAL</b>	<b>8,300</b>	<b>100.0</b>	<b>616,972</b>	<b>100.0</b>	<b>2,455,577</b>	<b>100.0</b>

Percent High School Graduate or Higher

92.8%

88.6%

89.5%

Percent Bachelor's Degree or Higher

26.4%

35.6%

37.0%

Source: U.S. Census Bureau, 2010-2014 American Community Survey.

## Employment by Industry

	Town of East Windsor		Hartford County		State of Connecticut	
	Number	Percent	Number	Percent	Number	Percent
Agriculture, Forestry, Fishing, Hunting & Mining	53	0.9	1,064	0.2	7,413	0.4
Construction	301	5.0	20,160	4.6	97,974	5.5
Manufacturing	846	14.2	46,596	10.7	191,057	10.8
Wholesale Trade	220	3.7	11,410	2.6	44,195	2.5
Retail Trade	670	11.2	46,979	10.8	191,267	10.8
Transportation, Warehousing & Utilities	386	6.5	17,291	4.0	65,068	3.7
Information	132	2.2	10,502	2.4	41,905	2.4
Finance, Insurance & Real Estate	612	10.2	49,546	11.3	161,926	9.2
Professional, Scientific & Management	564	9.4	46,055	10.5	197,880	11.2
Educational Services & Health Care	1,382	23.1	114,301	26.2	467,574	26.5
Arts, Entertainment, Recreation & Food Services	289	4.8	34,395	7.9	154,005	8.7
Other Service (including nonprofit)	119	2.0	18,384	4.2	80,179	4.5
Public Administration	398	6.7	19,925	4.6	66,491	3.8
<b>TOTAL</b>	<b>5,972</b>	<b>100.0</b>	<b>436,608</b>	<b>100.0</b>	<b>1,766,934</b>	<b>100.0</b>

Source: U.S. Census Bureau, 2010-2014 American Community Survey.

## Major Employers

Name of Employer	Nature of Entity	Estimated Number of Employees
Town of East Windsor	Municipality	337
Southern Auto Auction	Automotive Sales	250
Wal-Mart	Retail Store	245
Metal Improvement	Manufacturer	230
Kettle Brook Care Center LLC	Convalescent homes	222
Big Y World Class Market	Retail grocer	150
Connecticut Children's Place	Physicians and surgeons	125
Sage Software	Computer software	120
Cracker Barrel Old Country Store	Full-service restaurant	115
Geissler's Supermarket	Retail grocer	115

Source: Town of East Windsor

## Unemployment Rate Statistics

Yearly Average	Town of East Windsor %	Enfield Labor Market %	State of Connecticut %	United States %
2006	4.8	4.5	4.4	4.6
2007	4.9	4.6	4.6	4.6
2008	6.0	5.5	5.6	5.8
2009	8.5	8.2	8.0	9.3
2010	9.8	8.7	9.1	9.6
2011	9.2	8.4	8.8	9.0
2012	8.7	7.8	8.3	8.1
2013	8.0	7.3	7.8	7.4
2014	6.7	6.2	6.6	6.2
2015	5.7	5.3	5.6	5.3
2016 Monthly				
January	6.3	6.0	6.0	5.3
February	6.5	6.0	6.0	5.2
March	6.7	6.2	6.2	5.1
April	6.0	5.5	5.6	4.7
May	5.6	5.4	5.4	4.5
June	6.2	5.8	5.9	5.1
July	5.8	5.8	5.6	5.1
August	5.6	5.6	5.6	5.0

Source: State of Connecticut, Department of Labor; United States Department of Labor, Bureau of Labor Statistics.

## Number and Value of Building Permits

Fiscal Year	Residential		Industrial/Commercial		All Other		Total	
	Number of Permits	Value	Number of Permits	Value	Number of Permits	Value	Number of Permits	Value
2016	737	\$ 7,732,828	214	\$ 7,233,962	47	\$ 1,165,546	998	\$ 16,132,336
2015	359	3,702,769	81	2,199,430	437	3,818,341	877	9,720,540
2014	22	1,791,556	7	6,303,377	918	11,731,759	947	19,826,692
2013	21	2,824,458	3	323,585	830	20,548,659	854	23,696,702
2012	23	3,160,338	4	12,616,374	958	41,025,828	985	56,802,540
2011	22	4,261,705	4	226,000	872	28,821,913	898	33,309,618
2010	31	8,372,768	0	-	795	23,117,919	826	31,490,687
2009	29	6,972,613	79	729,148	865	20,242,536	973	27,944,297
2008	62	13,727,356	4	1,107,000	1,082	37,174,272	1,148	52,008,628
2007	40	5,750,789	32	2,133,773	1,032	26,087,538	1,104	33,972,100

Source: Town of East Windsor.

## Number of Dwelling Units

				% Increase	% Increase
	2014	2010	2000	2010-2014	1990-2014
	4,870	5,045	4,356	-3.47%	18.35%

Source: U.S. Census Bureau and 2010-2014 American Community Survey.

## Characteristics of Housing Units

	Town of East Windsor		Hartford County		State of Connecticut	
	Number	Percent	Number	Percent	Number	Percent
\$ 0 to \$ 50,000	238	7.5	6,418	2.8	24,122	2.6
50,000 to 99,999	84	2.6	7,107	3.1	26,438	2.9
100,000 to 149,999	434	13.6	22,356	9.9	72,756	8.0
150,000 to 199,999	818	25.7	44,468	19.6	137,797	15.1
200,000 to 299,999	836	26.3	77,022	34.0	257,364	28.2
300,000 to 499,999	746	23.5	53,555	23.6	243,882	26.7
500,000 to 999,999	25	0.8	13,885	6.1	109,918	12.0
1,000,000 and over	-	0.0	1,746	0.8	40,766	4.5
	3,181	100.0	226,557	100.0	913,043	100.0
Median Values	\$201,600		\$238,600		\$274,500	

Source: U.S. Census Bureau, 2010-2014 American Community Survey.

## Age Distribution of Housing

	Town of East Windsor		Hartford County		State of Connecticut	
	Number	Percent	Number	Percent	Number	Percent
1939 or earlier	799	16.4	72,945	19.5	334,290	22.4
1940 to 1949	267	5.5	32,106	8.6	104,523	7.0
1950 to 1959	830	17.0	68,165	18.2	232,682	15.6
1960 to 1969	271	5.6	53,745	14.4	199,413	13.4
1970 to 1979	414	8.5	48,951	13.1	200,288	13.4
1980 to 1989	784	16.1	49,366	13.2	193,794	13.0
1990 to 1999	478	9.8	25,214	6.7	113,875	7.6
2000 to 2009	960	19.7	22,873	6.1	104,093	7.0
2010 or later	67	1.4	1,090	0.3	7,423	0.5
	4,870	100.0	374,455	100.0	1,490,381	100.0

Source: U.S. Census Bureau, 2010-2014 American Community Survey.

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## SECTION IV - INDEBTEDNESS

### Computation of Statutory Debt Limit <sup>(1)</sup>

As of October 27, 2016 (Pro Forma)

Total Receipts for fiscal year ended June 30, 2016 (including interest and lien fees)(unaudited estimates)	\$ 29,483,882
State Reimbursement for Revenue Loss on:	
Tax Relief for Elderly	77,151
Base for Establishing Debt Limit	<u>\$ 29,561,033</u>

### Debt Limit <sup>(1)</sup>

	General Purpose	Schools	Sewers	Urban Renewal	Past Pension	Total Debt
(2.25 times base)	\$ 66,512,324					
(4.50 times base)		\$ 133,024,649				
(3.75 times base)			\$ 110,853,874			
(3.25 times base)				\$ 96,073,357		
(3.00 times base)					\$ 88,683,099	
(7.00 times base)						\$ 206,927,231

### Indebtedness (Including the Bonds)

Bonds Payable	\$ 1,404,000	\$ 421,000	\$ -	\$ -	\$ -	\$ 1,825,000
The Bonds ( <i>This Issue</i> )	2,740,000	3,000,000	-	-	-	5,740,000
United States Department of Agriculture's Rural Development Authority Loan ("RDA")	-	-	3,467,277	-	-	3,467,277
Authorized but Unissued Debt	-	-	-	-	-	-
Total Indebtedness	4,144,000	3,421,000	3,467,277	-	-	11,032,277
Less:						
School grants receivable	-	-	-	-	-	-
Total Net Indebtedness	4,144,000	3,421,000	3,467,277	-	-	11,032,277
Excess of Limit Over Outstanding and Authorized Debt	<u>\$ 62,368,324</u>	<u>\$ 129,603,649</u>	<u>\$ 107,386,597</u>	<u>\$ 96,073,357</u>	<u>\$ 88,683,099</u>	<u>\$ 195,894,954</u>

(1) Under Connecticut General Statutes, total indebtedness for all classes cannot exceed seven times the base, or \$206,927,231.

(2) It is estimated that the Town will receive State of Connecticut School Construction grant progress payments in the amount of \$3,500,000 during the construction of the projects. The Town has received \$2,677,828 in progress payments to date.

Source: Town Officials.

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### Calculation of Net Direct Indebtedness

As of October 27, 2016 (Pro Forma)

<b>Long-Term Indebtedness (1)</b>	
The Bonds ( <i>This Issue</i> )	\$ 5,740,000
General Purpose	1,404,000
Schools	421,000
RDA	3,467,277
<b>Total Long-Term Indebtedness</b>	11,032,277
<b>Short-Term Indebtedness</b>	
Notes Payable	-
<b>Total Direct Indebtedness</b>	11,032,277
<b>Exclusions:</b>	
(School building grants receivable)	-
<b>Total Net Direct Indebtedness</b>	<u>\$ 11,032,277</u>

### Current Debt Ratios

As of October 27, 2016 (Pro Forma)

Total Direct Indebtedness	\$ 11,032,277
Total Net Direct Indebtedness	\$ 11,032,277
Population (1)	11,353
Net Taxable Grand List (10/1/15)	\$ 962,146,920
Estimated Full Value	\$ 1,374,495,600
Equalized Net Taxable Grand List (2014) (2)	\$ 1,330,898,946
Per Capita Income (2014) (1)	\$33,727
<b>Total Direct Indebtedness:</b>	
Per Capita	\$971.75
To Net Taxable Grand List	1.15%
To Estimated Full Value	0.80%
To Equalized Net Taxable Grand List	0.83%
Per Capita to Per Capita Income	2.88%
<b>Total Net Direct Indebtedness:</b>	
Per Capita	\$971.75
To Net Taxable Grand List	1.15%
To Estimated Full Value	0.80%
To Equalized Net Taxable Grand List	0.83%
Per Capita to Per Capita Income	2.88%

(1) U.S. Census Bureau, 2010-2014 American Community Survey.

(2) Office of Policy and Management, State of Connecticut

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## Historical Debt Statement

	2015-16 (1)	2014-15	2013-14	2012-13	2011-12
Population (2)	11,353	11,353	11,353	11,353	11,353
Net taxable grand list	\$ 951,995,751	\$ 955,150,638	\$ 932,907,382	\$ 1,091,167,948	\$ 1,082,304,867
Estimated full value	\$ 1,359,993,930	\$ 1,364,500,911	\$ 1,332,724,831	\$ 1,558,811,354	\$ 1,546,149,810
Equalized net taxable grand list (3)	\$ 1,330,898,946	\$ 1,382,146,356	\$ 4,003,835,033	\$ 4,039,645,772	\$ 4,295,760,010
Per capita income (2)	\$ 33,727	\$ 33,727	\$ 33,727	\$ 33,727	\$ 33,727
Short-term debt	\$ 4,900,000	\$ 6,190,000	\$ 4,915,000	\$ -	\$ 420,000
Long-term debt	\$ 5,617,277	\$ 6,379,296	\$ 5,881,867	\$ 7,102,959	\$ 8,262,456
Total Direct Indebtedness	\$ 10,517,277	\$ 12,569,296	\$ 10,796,867	\$ 7,102,959	\$ 8,682,456
Net Direct Indebtedness	\$ 10,378,105	\$ 12,288,707	\$ 10,372,616	\$ 6,376,465	\$ 7,851,096

(1) Unaudited estimates.

(2) U.S. Census Bureau, 2010-2014 American Community Survey.

(3) Office of Policy and Management, State of Connecticut

## Historical Debt Ratios

	2015-16 (1)	2014-15	2013-14	2012-13	2011-12
<b>Total Direct Indebtedness:</b>					
Per capita	\$926.39	\$1,107.13	\$951.01	\$625.65	\$764.77
To net taxable grand list	1.10%	1.32%	1.16%	0.65%	0.80%
To estimated full value	0.77%	0.92%	0.81%	0.46%	0.56%
To equalized net taxable grand list	0.79%	0.91%	0.27%	0.18%	0.20%
Debt per capita to per capita income	2.75%	3.28%	2.82%	1.86%	2.27%
<b>Net Direct Indebtedness:</b>					
Per capita	\$914.13	\$1,082.42	\$913.65	\$561.65	\$691.54
To net taxable grand list	1.09%	1.29%	1.11%	0.58%	0.73%
To estimated full value	0.76%	0.90%	0.78%	0.41%	0.51%
To equalized net taxable grand list	0.78%	0.89%	0.26%	0.16%	0.18%
Debt per capita to per capita income	2.71%	3.21%	2.71%	1.67%	2.05%

## Outstanding Short-Term Indebtedness

As of October 27, 2016 the Town will have no short-term indebtedness.

## Overlapping and Underlying Indebtedness

The Town does not have any overlapping debt. The Warehouse Point Fire District represents underlying debt of the Town. As of October 27, 2016, the District does not have any outstanding bonded debt.

## Capital Leases

As of June 30, 2016, the Town had \$682,566 outstanding capital lease obligations.

## Legal Requirements for Approval of Borrowing

The Town has the power to incur indebtedness as provided by the Connecticut General Statutes. The issuance of bonds and notes shall be authorized by resolution of the Town Meeting upon the recommendation of the Board of Finance. Notes and bonds may be issued to meet certain emergency appropriations as provided in the Connecticut General Statutes and the Town Charter.

## Temporary Financing

When general obligation bonds have been authorized, bond anticipation notes may be issued. Bond anticipation notes may be renewed up to ten years from their original date of issue as long as all project grant payments are applied toward payment of project costs or such notes when they become due and payable, and the legislative body schedules principal reductions by the end of the third year and for each subsequent year during which such notes remain outstanding, in an amount equal to a minimum of 1/20<sup>th</sup> (1/30<sup>th</sup> for sewer projects and certain school projects) of the estimated net project cost (CGS Sec. 7-378a). The maximum term of the bond issue is reduced by the amount of time temporary financing exceeds two years.

All temporary notes must be permanently funded no later than ten years from their initial borrowing date, except sewer notes issued in anticipation of State and/or Federal grants. If written commitment exists, the municipality may renew the sewer notes from time to time in terms not to exceed six months until such time that the final grant payments are received (CGS Sec. 7-378b).

Temporary notes issued to finance the operation of a waterworks system (CGS Sec. 7-244a) or a sewage system (CGS Sec. 7-264a) may be issued for up to 15 years. In the first year following the completion of the project(s), or in the sixth year following the original date of issue (whichever is sooner), and in each year thereafter, such notes must be reduced by 1/15<sup>th</sup> of the total amount of the notes issued by funds derived from sources of payment specified by statute. Temporary notes may be issued in one-year maturities for up to 15 years in anticipation of sewer assessments receivable, such notes to be reduced annually by the amount of assessments received during the preceding year (CGS Sec. 7-269a).

## School Projects

Pursuant to Section 10-287i of the Connecticut General Statutes, the State of Connecticut will provide proportional progress payments for eligible school construction expenses on projects approved after July 1, 1996. State grants will be paid directly to the municipality after it submits its request for progress payments, and accordingly, the municipality will issue its bonds only for the net share of project costs. Under the current program, the State of Connecticut will make proportional progress payments for eligible construction costs during certain phases of construction.

## Authorized but Unissued Debt

Projects	Amount Authorized	Prior Bonds	BANs Outstanding	Paydowns/ Grants (1)	The Bonds (This Issue)	Authorized But Unissued
Broad Brook Elementary School						
Modular Classrooms	\$ 6,500,000	\$ -	\$ 4,900,000	\$ 3,500,000	\$ 3,000,000	\$ -
Various Public Improvements, Roads and						
Broad Brook Dam	2,740,000	-	-	-	2,740,000	-
Total	<u>\$ 9,240,000</u>	<u>\$ -</u>	<u>\$ 4,900,000</u>	<u>\$ 3,500,000</u>	<u>\$ 5,740,000</u>	<u>\$ -</u>

- (1) Includes \$2,677,828 of State of Connecticut School Construction grant progress payments received to date and an estimated \$822,172 to be received for a total of \$3,500,000 the construction of the project. The grants received will reduce the authorized but unissued debt by a similar amount. (See "School Projects" herein).

## Capital Improvement Program

Each year, by the first of August, the Board of Selectmen appoints a Capital Improvement Plan Advisory Committee ("CIPAC") consisting of six to nine members. The Committee advises the Board of Selectmen regarding capital expenditures for the upcoming fiscal year and for a period of four fiscal years thereafter. The CIPAC is required to gather information from Town departments and the Board of Education by September fifteenth of each year and submit its recommendations for capital improvements to the Board of Selectmen no later than the first of November. The current recommended five-year Capital Improvement Plan covers fiscal years 2017 - 2022. The recommended 2017-2022 Plan projects a total of \$15,216,642 in projects. A copy of the most recent recommended Plan is available from the office of the Treasurer.



# **Combined Schedule of Long Term Debt through Maturity – General Fund**

As of October 27, 2016 (Pro Forma)

Fiscal Year	Principal Payments (1)	Interest Payments	Total Debt Service (1)	The Bonds Principal Payments	All Issues Principal (1)
2017 (1)	\$ 379,818	\$ 162,850	\$ 542,668	\$ -	\$ 379,818
2018	386,325	149,868	536,193	285,000	671,325
2019	392,874	135,019	527,893	285,000	677,874
2020	254,466	122,827	377,293	285,000	539,466
2021	261,101	113,292	374,393	285,000	546,101
2022	262,781	103,612	366,393	285,000	547,781
2023	259,508	95,935	355,443	285,000	544,508
2024	251,282	90,130	341,412	285,000	536,282
2025	253,105	84,145	337,250	285,000	538,105
2026	69,978	80,190	150,168	285,000	354,978
2027	71,902	78,266	150,168	285,000	356,902
2028	73,879	76,289	150,168	285,000	358,879
2029	75,911	74,257	150,168	285,000	360,911
2030	77,998	72,170	150,168	285,000	362,998
2031	80,143	70,025	150,168	285,000	365,143
2032	82,347	67,821	150,168	285,000	367,347
2033	84,612	65,556	150,168	285,000	369,612
2034	86,939	63,229	150,168	285,000	371,939
2035	89,330	60,838	150,168	295,000	384,330
2036	91,786	58,382	150,168	300,000	391,786
2037	94,310	55,858	150,168	300,000	394,310
2038	96,904	53,264	150,168	-	96,904
2039	99,569	50,599	150,168	-	99,569
2040	102,307	47,861	150,168	-	102,307
2041	105,120	45,048	150,168	-	105,120
2042	108,011	42,157	150,168	-	108,011
2043	110,981	39,187	150,168	-	110,981
2044	114,033	36,135	150,168	-	114,033
2045	117,169	32,999	150,168	-	117,169
2046	120,391	29,777	150,168	-	120,391
2047	123,702	26,466	150,168	-	123,702
2048	127,104	23,064	150,168	-	127,104
2049	130,599	19,569	150,168	-	130,599
2050	134,191	15,977	150,168	-	134,191
2051	137,881	12,287	150,168	-	137,881
2052	140,297	8,495	148,792	-	140,297
2053	54,973	4,637	59,610	-	54,973
2054	56,485	3,125	59,610	-	56,485
2055	57,163	1,572	58,735	-	57,163
	<u>\$ 5,617,275</u>	<u>\$ 2,372,778</u>	<u>\$ 7,990,053</u>	<u>\$ 5,740,000</u>	<u>\$ 11,357,275</u>

(1) Does not reflect principal payments of \$325,000 made by the Town as of October 27, 2016.

Source: Town Officials.

## **SECTION V - FINANCIAL DATA**

### **Accounting Policies**

The Town's accounting policies are summarized in Note 1 "Summary of Significant Accounting Policies" in the Notes to Financial Statements.

### **Basis of Accounting**

See Note 1 "Measurement Focus, Basis of Accounting and Financial Statement Presentation" in the Notes to Financial Statements ("Appendix A").

### **Audit**

Pursuant to the provisions as delineated in the Municipal Auditing Act (Chapter 111 of the Connecticut General Statutes), the Town is obligated to undergo an annual examination by an independent certified public accountant. The firm of Mahoney Sabol & Company, LLP currently serves as the Town's auditor and is required to conduct an examination under the guidelines issued by the State of Connecticut, Office of Policy & Management, which receives a copy of said audit report when completed.

The most recent audited report covers the fiscal year ended June 30, 2015. Included in this Official Statement and made a part hereof as "Appendix A" are the Independent Auditor's Report, Management's Discussion and Analysis, the Town's Basic Financial Statements and Notes to the Financial Statements, together with the report of the independent auditor as prepared by Mahoney Sabol & Company, LLP of Glastonbury, CT. The information contained in "Appendix A" is not the entire audit report. A copy of the complete report is available upon request to the Town Treasurer, Town of East Windsor.

### **Budgetary Procedures**

On or before December 15, the Board of Selectmen shall provide all offices, boards, commissions, and similar bodies supported wholly or in part by Town funds with budget guidelines for the upcoming fiscal year. The Board of Education shall furnish the Board of Finance, not later than the first day of February, an itemized estimate of expenditures for the ensuing year. By February 1, all boards, commissions and similar bodies shall furnish to the Board of Selectmen, on forms provided by the Board of Finance, an itemized estimate of expenditures for the ensuing fiscal year along with an estimate of revenues. By March 15, the Board of Selectmen shall furnish to the Board of Finance their recommended action. The Board of Finance will review the proposals and will prepare its own preliminary budget which shall become the proposed Town budget. The Town budget shall be adopted at Town Meeting in May of each year.

Section 207 of Public Act No. 15-244 (Jan. 2015 Reg. Sess.), as amended by Section 42 of Public Act No. 16-2 (May 2016 Spec. Sess.) and Section 189(h) of Public Act No. 16-3 (May 2016 Spec. Sess.), of the Connecticut General Assembly (the "Act") created a cap on adopted general budget expenditures for municipalities in Connecticut in order for municipalities to be eligible to receive the full amount of the State's municipal revenue sharing grant. Beginning in fiscal year ending June 30, 2018, and in each fiscal year thereafter, the Office of Policy and Management ("OPM") must reduce the municipal revenue sharing grant amount for those municipalities whose adopted general budget expenditures (with certain exceptions including but not limited to debt service, special education, implementation of court orders or arbitration awards, budgeting for an audited deficit, nonrecurring grants, capital expenditures of \$100,000 or more, or payments on unfunded pension liabilities, and certain major disaster or emergency expenditures) exceeds the spending limits specified in the Act. For each applicable fiscal year, OPM must determine the municipality's percentage growth in general budget expenditures over the prior fiscal year and reduce the grant if the growth rate is equal to or greater than 2.5% or the inflation rate, whichever is greater, each of those amounts adjusted by an amount proportionate to any increase to in the municipality's population from the previous fiscal year. The reduction is generally equal to 50 cents for every dollar the municipality spends over this cap. Each municipality must annually certify to the Secretary of the OPM whether such municipality has exceeded the cap set forth in the Act and if so the amount by which the cap was exceeded. For the fiscal year ending June 30, 2018, and each fiscal year thereafter, motor vehicle property tax grants to municipalities that impose mill rates on real property and personal property other than motor vehicles greater than 32 mills or that, when combined with the mill rate of any district located within the municipality, impose mill rates greater than 32 mills, shall be made in an amount equal to the difference between the amount of property taxes levied by the municipality and any district located within the municipality on motor vehicles for the assessment year commencing October 1, 2013, and the amount such levy would have been if the mill rate on motor vehicles for said assessment year was 32 mills. (See "Motor Vehicle Property Tax Rate" herein).

## Employee Pension Systems

The Town is the administrator of a single-employer Public Employee Retirement System ("PERS") was established and is administered by the Town to provide pension benefits for all full-time employees of the Town except certified employees of the Board of Education. The certified employees affiliated with the Board of Education are covered by a plan administered by the Connecticut State Teachers' Retirement Board. The Town also administers a defined contribution plan for new hires within the Public Works Department.

Sworn police officers are required to contribute 7% of their monthly salary to the defined benefit plan (4% for those hired after July 1, 2007); Public Works employees and dispatchers are required to contribute 5%; all others covered by the Plan are required to contribute 2% of monthly salary. The Town is required to contribute the remaining amounts necessary to finance coverage as determined through annual valuations. Benefits and contributions are established by the Town and may be amended by the Town subject to collective bargaining. New hires in Public Works are required to contribute 5 % to a defined contribution plan; contributions are matched at 5%.

The Town does not and is not legally responsible to contribute to the Connecticut State Teachers' Retirement Board.

For further details of the Plan and its funding status as of July 1, 2015, see Appendix A, page 38.

The Town has implemented Government Accounting Standards Board's ("GASB") Statement No. 67 effective Fiscal Year 2014. Net position is based on fair market value as of June 30, 2015 and the Total Pension Liability is based on the actuarial assumptions as of the prior valuation date updated to July 1, 2014. The date of the Town's most recent actuarial valuation was July 1, 2015.

In accordance with GASB Statement No. 67, the components of the net pension liability of the Town's Plan as of June 30, 2015 were as follows:

Fiscal Year Ending June 30	<b>2015</b>	<b>2014</b>
Total pension liability	\$ 25,162,891	\$ 23,972,518
Plan fiduciary net position	21,122,930	20,076,418
Net pension liability	<u>\$ 4,039,961</u>	<u>\$ 3,896,100</u>
Plan fiduciary net position as a % of total pension liability	83.9%	83.7%

The following represents the net pension liability of the Town, calculated using the discount rate of 7.0%, 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 (6.0%) or 1 percentage point higher (8.0%) than the current rate:

	<b>1% Decrease 6.00%</b>	<b>Current Discount Rate 7.00%</b>	<b>1% Increase 8.00%</b>
Net Pension Liability	\$ 7,073,306	\$ 4,039,961	\$ 1,470,818

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Based on the July 1, 2015 actuarial valuation, the actuarial value of assets and actuarial liabilities for the Town Plan, were as follows:

#### Schedule of Funding Progress

Actuarial Valuation July 1	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b) - (a)	Percentage Funded Ratio (a) / (b)
2011	\$ 13,688,187	\$ 19,025,914	\$ (5,337,727)	71.9
2012	14,902,843	20,311,114	(5,408,271)	73.4
2013	16,163,766	21,645,056	(5,481,290)	74.7
2014	18,318,532	22,816,560	(4,498,028)	80.3
2015	20,416,316	24,643,249	(4,226,933)	82.8

#### Schedule of Employer Contributions

Fiscal Year	Actuarial Required Contribution	Actual Contribution	Percentage Contributed
2013	\$ 909,787	\$ 909,787	100.0
2014	938,840	938,840	100.0
2015	959,089	959,089	100.0
2016	862,350	862,350	100.0
2017 (1)	946,526	946,526	100.0

(1) As budgeted for fiscal year 2016-17.

#### Other Post-Employment Benefits

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.

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.

The Town's annual other post-employment benefit ("OPEB") cost is calculated based on the annual required contribution ("ARC"), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years.

As of July 1, 2014, the most recent actuarial valuation date, the Plan was 13.1% funded. The actuarial accrued liability for benefits was \$3,472,085, and the actuarial value of assets was \$455,111, resulting in an unfunded actuarial accrued liability ("UAAL") of approximately \$3,016,974. The covered payroll (annual payroll of active employees covered by the plan) was not available. For further details of the Plan and its funding status as of July 1, 2014, see Appendix A, page 44.

#### Schedule of Funding Progress

Actuarial Valuation July 1	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b) - (a)	Percentage Funded Ratio (a) / (b)
2008	\$ -	\$ 5,068,000	\$ (5,068,000)	0.0
2010	-	3,441,000	\$ (3,441,000)	0.0
2012	220,021	4,260,367	(4,040,346)	5.2
2014	455,111	3,472,085	(3,016,974)	13.1
2015 (1)	592,982	3,605,185	(3,012,203)	16.4

- (1) The July 1, 2015 figures are based on the interim valuation report dated December 23, 2015 which utilized the July 1, 2014 valuation for the basis for determining these figures.

#### Schedule of Employer Contributions

Fiscal Year	Actuarial Required Contribution	Actual Contribution	Percentage Contributed
2011	\$ 323,000	\$ 350,000	108.4
2012	326,000	344,000	105.5
2013	341,000	359,900	105.5
2014	401,000	319,984	79.8
2015	429,044	370,392	86.3
2016 (1)	285,282	139,591	48.9
2017 (1)	297,826	140,736	47.3

- (1) As budgeted for fiscal years 2015-16 and 2016-17.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as accrual results are compared with past expectations and new estimates are made about the future. Projections for benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2014 actuarial valuation for the Plan, the projected unit credit actuarial cost method was used. The actuarial assumptions include a 7.0% investment rate of return, which is the rate of the expected long-term investment returns of plan assets calculated based on the funding policy of the plan at the valuation date. The UAAL is being amortized each year over a constant 30-year period, as a level dollar amount. The Town established a trust fund in March 2011 which has subsequently been amended and restated in October 2015.

#### Investment Policies and Procedures

The Town Treasurer invests operating and working capital funds in accordance with the Connecticut General Statutes which control the deposit of public funds. The Board of Finance designates the qualified public depositories that the Town Treasurer may use for General Fund public deposits and investments. The Statutes provide that deposits may be made in a "qualified public depository" as defined by Statute, or, in amounts not exceeding the Federal Deposit Insurance Corporation insurance limit in an "out of state bank," as defined by the Statutes, which is not a "qualified public depository."

The Connecticut General Statutes permit municipalities to invest in obligations of the United States and its agencies, highly rated obligations of any state of the United States or of any political subdivision, authority or agency thereof, and shares or other interests in custodial arrangements or pools maintaining constant net asset values and in highly rated investment companies (with constant or fluctuating net asset values) whose portfolios are limited to obligations of the United States and its agencies, and repurchase agreements fully collateralized by such obligations. The Connecticut General Statutes also provide for investment in shares of the State of Connecticut Short-Term Investment Fund ("STIF") and the Tax Exempt Proceeds Fund ("TEPF"). Other provisions of the Connecticut General Statutes cover specific municipal funds with particular investment authority.

### **Assessment Practices**

The Town last revalued its real property to be effective on the October 1, 2012 Grand List, for the 2013-14 fiscal year. The next revaluation is scheduled for October 1, 2017. Under Section 12-62 of the Connecticut General Statutes, the Town must revalue all real estate by physical inspection no later than ten years following the preceding physical inspection. The Town must conduct a statistical revaluation no later than five years after the last physical inspection. The maintenance of an equitable tax base and the location and appraisal of all real and personal property within the Town for inclusion on the Grand List is the responsibility of the Assessor. The Grand List represents the total of assessed value for all taxable real and personal property located within the Town as of October 1. A Board of Assessment Appeals determines whether adjustments to the Assessor's list on assessments under appeal are warranted. Assessments are computed at seventy percent (70%) of market value at the time of the last general revaluation.

When a new structure or modification to an existing structure is undertaken, the Assessor's Office receives a copy of the permit issued by the Building Inspector. A physical appraisal is then completed and the structure classified and priced from a schedule developed as of the revaluation. Property depreciation and obsolescence factors are also considered when arriving at an equitable value.

Motor vehicle lists are furnished to the Town by the State of Connecticut and appraisals of motor vehicles are accomplished in accordance with an automotive price schedule as recommended by the State Office of Policy and Management and the Assessor. Section 12-71b of the Connecticut General Statutes provides that motor vehicles which are registered with the Commissioner of Motor Vehicles after the October 1 assessment date but before the next August 1 are subject to a property tax as if the motor vehicle had been included on the October 1 Grand List. The tax is prorated, and the pro-ratio is based on the number of months of ownership between October 1 and the following July 31. Cars purchased in August and September are not taxed until the next October 1 Grand list. If the motor vehicle replaces a motor vehicle that was taxed on the October Grand List, the taxpayer is entitled to certain credits.

All business personal property (furniture, fixtures, equipment, machinery and leased equipment) is assessed annually. An assessor's clerk and audit is completed periodically. Assessments for both personal property and motor vehicles are computed at seventy (70%) of present market value.

Section 12-124a of the Connecticut General Statutes permits a municipality, upon approval of its legislative body, to abate property taxes on owner-occupied residences to the extent that the taxes exceed eight percent of the owner's total income, from any source, adjusted for self-employed persons to reflect expenses allowed in determining adjusted gross income. The owner must agree to pay the amount of taxes abated with interest at 6% per annum, or at such rate approved by the legislative body, at such time that the residence is sold or transferred or on the death of the last surviving owner. A lien for such amounts is recorded in the land records but does not take precedence over any mortgage recorded before the lien. The Town has approved the use of this abatement provision.

### **Tax Collection Procedure**

Taxes for the fiscal year are paid on the grand list of the prior October 1, and are due July 1, payable in two installments, one half on July 1 and one half on January 1. Payments not received by August 1 and February 1 become delinquent.

According to Connecticut General Statutes, delinquent property taxes are subject to interest at the rate of 1.5% per month for all delinquent property taxes. Real estate is liened for delinquent taxes within one year after the tax due date.

## Property Tax Levies and Collections

FY Ending 6/30	Net Taxable Grand List (1)	Total Tax Rate (In Mills)	Adjusted Tax Levy	% Annual Levy Collected	Uncollected Taxes	
					End of Each Fiscal Year	As of 6/30/2016
2017 (2)	\$ 962,146,920	30.93	\$ 29,152,930	In Process	In Process	In Process
2016 (1)	951,995,751	30.31	29,107,370	98.8	\$ 335,639	\$ 335,639
2015	952,492,495	29.78	28,444,386	98.6	385,295	137,410
2014	932,907,382	29.78	27,238,385	97.7	617,851	127,008
2013	1,091,167,948	24.73	27,063,848	97.9	577,629	108,401
2012	1,082,304,867	24.38	26,420,692	97.6	630,263	106,813
2011	1,077,999,082	24.00	25,804,815	97.4	663,325	104,213
2010	1,076,877,866	21.75	23,167,459	97.1	664,724	85,151
2009	1,062,759,048	20.91	22,097,869	96.5	773,289	54,884
2008	781,971,913	27.91	21,980,310	97.1	637,429	8,058

(1) Unaudited estimates.

(2) Fiscal year 2016-17 adopted budget.

Source: Town Officials.

## Taxable Grand List (1)

Grand List Dated	Residential Real Property Percent	Commercial and Industrial Real Property Percent	Vacant Land Percent	Personal Property Percent	Motor Vehicle Percent	Gross Taxable Grand List	Less Exemptions	Net Taxable Grand List (1)
10/01/15	49.90	31.43	0.86	8.61	9.20	\$ 996,080,360	\$ 33,933,440	\$ 962,146,920
10/01/14	56.80	24.90	1.40	7.60	9.30	981,067,401	29,071,650	951,995,751
10/01/13	56.70	23.30	1.50	8.50	10.00	988,168,145	35,675,650	952,492,495
10/01/12	51.35	29.17	0.95	8.54	9.99	966,738,367	33,830,985	932,907,382
10/01/11	56.04	27.68	1.91	6.26	8.11	1,115,602,190	23,686,724	1,091,915,466
10/01/10	56.37	27.13	1.99	6.96	7.55	1,103,360,504	21,055,637	1,082,304,867
10/01/09	55.20	27.10	2.00	7.80	7.90	1,102,391,190	24,392,108	1,077,999,082
10/01/08	58.60	24.70	1.90	6.80	8.00	1,094,209,660	17,332,794	1,076,876,866
10/01/07	58.00	24.00	1.80	7.80	8.40	1,082,941,546	20,182,498	1,062,759,048
10/01/06	53.90	23.90	1.60	9.80	10.80	798,412,957	16,441,044	781,971,913

(1) The Grand List represents the total of assessed value for all taxable real and personal property located within the Town as of October 1 (Includes Board of Assessment Appeals). A Board of Assessment Appeals determines whether adjustments to the Assessor's list on assessments under appeal are warranted. Assessments are computed at seventy percent (70%) of market value at the time of the last revaluation (Grand List of 10/1/2012). The next revaluation is scheduled for 10/1/2017.

Source: Town Officials.

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## Largest Taxpayers

The following table sets forth the ten largest taxpayers in the Town per the Grand List dated October 1, 2015:

Name of Taxpayer	Nature of Business	Grand List Amount
Southern Auto Sales, Inc.	Commercial Auto Sales	\$ 23,790,010
Walmart Stores East, LP	Retail Store	21,834,220
The Mansions at Canyon Ridge	Apartments	19,261,970
Millpond Limited Partnership	Apartments	15,501,520
Sustainable Building Systems USA	Commercial Manufacturing	14,993,970
Connecticut Light and Power Company	Utilities	11,063,090
Blue Dog Properties	Commercial Property	10,990,100
Balch Bridge Street Corp	Commercial Property	9,135,090
East Windsor Properties Ltd Partnership	Apartments	8,776,440
Freemont Prospect Hill Road LLC	Hospitality	8,184,450
Total		<u>\$ 143,530,860</u> (1)

(1) Represents 14.92% of the October 1, 2015 net taxable grand list of \$962,146,920.

Source: Town Officials.

## Revenues

The Town derives its revenues from a direct tax levy on property, State and Federal aid, various fees and charges, and certain miscellaneous sources. Town revenues are summarized for fiscal years ended 2011-2015 in "Statement of Revenues, Expenditures and Changes in Fund Balance (GAAP Basis) - General Fund" herein. The prior year's appropriated surplus is also available to support current operating expenditures.

### Property Tax Revenues

Fiscal Year	General Fund Revenues	Property Tax Revenues	Property Tax as a % of General Fund Revenues
2017 (Adopted Budget)	\$ 37,017,091	\$ 29,152,930	78.76
2016 (Unaudited Estimates)	36,162,840	29,334,090	81.12
2015	38,402,305	28,868,977	75.18
2014	37,367,493	28,008,686	74.95
2013	36,833,211	27,489,393	74.63
2012	36,119,471	26,659,418	73.81
2011	34,321,679	26,071,181	75.96
2010	31,483,930	23,540,079	74.77
2009	31,382,789	22,039,940	70.23
2008	35,574,223	21,914,851	61.60

Source: Annual audited financial statements, fiscal year 2015-16 unaudited estimates on a budgetary basis and fiscal year 2016-17 adopted budget.

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## Intergovernmental Revenues

Fiscal Year	General Fund		Aid As a % of General Fund Revenue
	Revenues	Intergovernmental	
2017 (Adopted Budget)	\$ 37,017,091	\$ 6,296,101	17.01
2016 (Unaudited Estimates)	36,162,840	6,182,666	17.10
2015	38,402,305	8,983,491	23.39
2014	37,367,493	8,810,002	23.58
2013	36,833,211	8,842,174	24.01
2012	36,119,471	8,420,974	23.31
2011	34,321,679	7,273,015	21.19
2010	31,483,930	7,305,528	23.20
2009	31,382,789	8,607,535	27.43
2008	35,574,223	12,388,137	34.82

Source: Annual audited financial statements, fiscal year 2015-16 unaudited estimates on a budgetary basis and fiscal year 2016-17 adopted budget.

## Motor Vehicle Property Tax Rate

Section 206 of Public Act No. 15-244 (Jan. 2015 Reg. Sess.), as amended by Section 187 of Public Act No. 16-3 (May 2016 Spec. Sess.), of the Connecticut General Assembly (the "Act") created a cap on the local property tax mill rate for motor vehicles for the assessment year commencing October 1, 2015, and each assessment year thereafter. Notwithstanding any mill rate for motor vehicles set by a municipality before the effective date of the Act, for the assessment year commencing October 1, 2015, the mill rate for motor vehicles shall not exceed 37 mills, except in the case of a municipality that set a mill rate before the effective date of the Act for motor vehicles of 32 mills for the assessment year commencing October 1, 2015, the mill rate for motor vehicles shall be the lesser of 37 mills, the mill rate set before the effective date of the Act for real property and personal property other than motor vehicles for such municipality for the assessment year commencing October 1, 2015, or a mill rate for motor vehicles set by a municipality after the effective date of the Act that is less than 37 mills. For the assessment year commencing October 1, 2016, and each assessment year thereafter, the mill rate for motor vehicles shall not exceed 32 mills. Any municipality or special tax district may establish a mill rate for motor vehicles that is different from its mill rate for real property to comply with the provisions of the Act. No district or borough may set a motor vehicle mill rate that if combined with the motor vehicle mill rate of the municipality in which such district or borough is located would result in a combined motor vehicle mill rate (1) above 37 mills for the assessment year commencing October 1, 2015, provided in the case of a district or borough that set a mill rate before the effective date of the Act for motor vehicles that if combined with the motor vehicle mill rate of the municipality in which such district or borough is located resulted in a combined motor vehicle mill rate of 32 mills for the assessment year commencing October 1, 2015, the mill rate on motor vehicles for any such district or borough for such assessment year shall be the lesser of (A) a mill rate for motor vehicles that if combined with the motor vehicle mill rate of the municipality in which such district or borough is located would result in a combined motor vehicle mill rate of 37, (B) the mill rate set before the effective date of the Act for the assessment year commencing October 1, 2015, on real property and personal property other than motor vehicles for such borough or district, or (C) a mill rate for motor vehicles set by a borough or district after the effective date of the Act that is less than 37 mills when combined with the motor vehicle mill rate of the municipality in which such district or borough is located, or (2) above 32 mills for the assessment year commencing October 1, 2016, and each assessment year thereafter. The Town's mill rate for motor vehicles for the assessment year commencing October 1, 2015 (the fiscal year ending June 30, 2017) is 37.00 mills.

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## Expenditures

		General		Physical	Administrative	
Fiscal Year	Education	Government	Public Safety	Services	Services	Debt Service
	%	%	%	%	%	%
2017 (Adopted Budget) (1)	59.78	12.44	9.78	6.09	4.20	3.23
2016 (Unaudited Estimates) (1)	60.65	12.61	10.61	5.41	4.08	2.63

		General			
Fiscal Year	Education	Government	Public Safety	Highways	Debt Service
	%	%	%	%	%
2015	64.28	6.12	10.87	2.81	2.93
2014	63.86	6.91	13.88	4.28	3.90
2013	63.49	7.39	13.73	3.98	3.94
2012	63.14	7.61	14.03	3.52	4.73
2011	61.81	8.01	14.31	3.62	4.96
2010	60.65	7.83	15.15	3.80	5.61
2009	61.70	8.03	13.08	3.86	6.03

(1) Expenditures are classified differently commencing with budget year 2015-16.

Source: Annual audited financial statements, fiscal year 2015-16 unaudited estimates on a budgetary basis and fiscal year 2016-17 adopted budget.

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**Comparative General Fund Operating Statement**  
(Budget and Actual – Budgetary Basis)

	Fiscal Year 2014-15			2015-16	2016-17
	Final	Actual	Variance	2015-16	2016-17
	Budget	Operations	Favorable (Unfavorable)	Unaudited Estimates	Adopted Budget
<b>REVENUES</b>					
Property taxes	\$ 28,564,172	\$ 28,865,186	\$ 301,014	\$ 29,334,090	\$ 29,980,190
Intergovernmental	6,388,014	6,118,077	(269,937)	6,182,666	6,296,101
Licenses, fees and charges	471,685	540,239	68,554	616,229	479,800
Revenues from use of money	20,000	13,387	(6,613)	29,854	11,000
<b>TOTAL REVENUES</b>	<b>35,443,871</b>	<b>35,536,889</b>	<b>93,018</b>	<b>36,162,839</b>	<b>36,767,091</b>
<b>EXPENDITURES</b>					
Current:					
General government	2,368,769	2,219,414	149,355	-	-
Public safety	4,168,235	3,939,302	228,933	-	-
Conservation and health	287,126	271,297	15,829	-	-
Highways	1,019,640	1,019,640	-	-	-
Sanitation and waste removal	870,400	844,217	26,183	-	-
Insurance and benefits	3,162,874	2,967,797	195,077	-	-
Culture and recreation	440,519	437,978	2,541	-	-
Miscellaneous	229,122	182,802	46,320	-	-
Administrative services	-	-	-	1,454,884	1,554,892
Public safety	-	-	-	3,783,426	3,620,377
Physical services	-	-	-	1,927,452	2,253,721
Culture and leisure	-	-	-	615,776	702,334
Boards and commissions	-	-	-	52,051	60,580
General government	-	-	-	4,494,814	4,606,372
Education	21,194,123	21,134,791	59,332	21,622,375	22,129,135
Capital outlay	892,426	892,426	-	761,673	895,442
Debt service	1,088,142	1,062,306	25,836	937,501	1,194,238
<b>TOTAL EXPENDITURES</b>	<b>35,721,376</b>	<b>34,971,970</b>	<b>749,406</b>	<b>35,649,952</b>	<b>37,017,091</b>
Revenues over expenditures	(277,505)	564,919	842,424	512,887	(250,000)
Other financing sources (uses)					
Appropriation of fund balance	303,420	-	(303,420)	-	250,000
Operating transfers in	-	-	-	-	-
Operating transfers out	(25,915)	(25,915)	-	(27,155)	-
Total other financing sources (uses)	277,505	(25,915)	(303,420)	(27,155)	250,000
Net change in budgetary fund balance	\$ -	539,004	\$ 539,004	485,732	\$ -
Budgetary Fund Balance, beginning		7,294,098		7,833,102	
Budgetary Fund Balance, ending		<u>\$ 7,833,102</u>		<u>\$ 8,318,834</u>	

Source: Annual audited financial statements, fiscal year 2015-16 unaudited estimates on a budgetary basis and fiscal year 2016-17 adopted budget.

## Comparative Balance Sheets - General Fund

	2011	2012	2013	2014	2015
<b>ASSETS</b>					
Cash and cash equivalents	\$ 6,934,114	\$ 6,780,953	\$ 7,126,313	\$ 6,710,273	\$ 9,447,265
Receivables:					
Property taxes	1,791,345	2,004,004	1,844,919	1,890,834	1,589,048
Grants and contracts	798,389	647,404	499,252	412,870	217,404
Other	192,620	37,146	66,385	18,233	132,882
Due from other funds	735,705	1,301,558	2,018,693	2,797,176	1,586,025
<b>TOTAL ASSETS</b>	<u>\$ 10,452,173</u>	<u>\$ 10,771,065</u>	<u>\$ 11,555,562</u>	<u>\$ 11,829,386</u>	<u>\$ 12,972,624</u>
<b>LIABILITIES</b>					
Accounts payable	\$ 1,200,228	\$ 881,264	\$ 699,867	\$ 550,823	\$ 806,498
Salaries and benefits	407,525	276,667	296,380	338,063	325,840
Due to other funds	2,483,414	1,716,018	2,153,588	1,468,589	1,544,729
Due to other governments	-	-	-	-	-
Unearned Revenue	2,425,147	2,380,560	-	-	-
<b>TOTAL LIABILITIES</b>	<u>6,516,314</u>	<u>5,254,509</u>	<u>3,149,835</u>	<u>2,357,475</u>	<u>2,677,067</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue	-	-	2,133,245	2,020,559	1,604,937
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>-</u>	<u>-</u>	<u>2,133,245</u>	<u>2,020,559</u>	<u>1,604,937</u>
<b>FUND BALANCES</b>					
Committed	-	6,160	6,160	-	-
Assigned	563,147	320,980	412,699	357,254	1,057,517
Unassigned	3,372,712	5,189,416	5,853,623	7,094,098	7,633,103
<b>TOTAL FUND BALANCES</b>	<u>3,935,859</u>	<u>5,516,556</u>	<u>6,272,482</u>	<u>7,451,352</u>	<u>8,690,620</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>	<u>\$ 10,452,173</u>	<u>\$ 10,771,065</u>	<u>\$ 11,555,562</u>	<u>\$ 11,829,386</u>	<u>\$ 12,972,624</u>

Source: Town annual audited financial statements.

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**Statement of Revenues, Expenditures and Changes in Fund Balance - General Fund**  
(GAAP Basis)

	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
<b>REVENUES</b>					
Property taxes	\$ 26,071,181	\$ 26,659,418	\$ 27,489,393	\$ 28,008,686	\$ 28,868,977
Intergovernmental	7,273,015	8,420,974	8,842,174	8,810,002	8,983,491
Charges for goods and services	955,800	1,006,865	487,094	538,040	536,450
Interest income	18,383	16,936	14,550	10,765	13,387
Other	3,300	15,278	-	-	-
<b>TOTAL REVENUES</b>	<b>34,321,679</b>	<b>36,119,471</b>	<b>36,833,211</b>	<b>37,367,493</b>	<b>38,402,305</b>
<b>EXPENDITURES</b>					
General government	2,658,301	2,592,865	2,622,366	2,496,432	2,219,414
Public safety	4,752,054	4,778,687	4,870,222	5,015,420	3,939,523
Conservation and health	361,438	337,002	322,968	328,579	271,298
Highways	1,200,901	1,199,838	1,410,949	1,545,390	1,019,639
Sanitation and waste removal	797,948	820,420	812,211	814,819	844,217
Culture and recreation	437,610	452,608	465,146	458,738	437,978
Education	20,522,588	21,503,161	22,517,698	23,072,375	23,299,723
Insurance and surety bonds	294,488	266,095	431,107	385,602	-
Insurance and benefits (1)	-	-	-	-	2,967,797
Miscellaneous	178,702	193,223	298,099	168,961	182,802
Capital outlay	351,206	300,088	319,441	435,575	-
Debt service	1,647,198	1,610,903	1,396,258	1,410,317	1,062,306
<b>TOTAL EXPENDITURES</b>	<b>33,202,434</b>	<b>34,054,890</b>	<b>35,466,465</b>	<b>36,132,208</b>	<b>36,244,697</b>
Revenues over expenditures	1,119,245	2,064,581	1,366,746	1,235,285	2,157,608
<b>OTHER FINANCING SOURCES</b>					
<b>(USES)</b>					
Payment to refunded bond escrow agent	-	-	-	(2,757,515)	-
Proceeds from refunding bonds	-	-	-	2,640,000	-
Premium on refunding bonds	-	-	-	162,419	-
Transfer in	350,007	-	-	324,447	-
Transfer out	(419,755)	(483,884)	(610,820)	(425,765)	(918,341)
<b>TOTAL OTHER FINANCING</b>					
<b>SOURCES (USES)</b>	<b>(69,748)</b>	<b>(483,884)</b>	<b>(610,820)</b>	<b>(56,414)</b>	<b>(918,341)</b>
Net change in fund balances	1,049,497	1,580,697	755,926	1,178,871	1,239,267
Fund Balance - July 1	2,886,362	3,935,859	5,516,556	6,272,482	7,451,353
Fund Balance - June 30	<u>\$ 3,935,859</u>	<u>\$ 5,516,556</u>	<u>\$ 6,272,482</u>	<u>\$ 7,451,353</u>	<u>\$ 8,690,620</u>

Source: Town annual audited financial statements.

## **SECTION VI – ADDITIONAL INFORMATION**

### **Litigation**

There is no litigation of any nature pending or threatened against the Town restraining or enjoining the issue, sale, execution or delivery of the 2016 Bonds, or in any way contesting or affecting the validity of the 2016 Bonds or any proceedings of the Town taken with respect to the issuance or sale thereof, or the application of the proceeds of the 2016 Bonds. While the Town is defending a few legal matters, the Town's Town Counsel is of the opinion that none of those suits, either individually or collectively, place the assets of the Town at any significant risk.

One lawsuit was filed in April 2016 by SJK Properties, LLC in which it sued the Town of East Windsor, its Tax Collector, and John Watts (an attorney who provided property tax collection services), for damages and attorney's fees arising out of a withdrawn tax sale and tax foreclosure previously filed against SJK. SJK alleges that the Town, its Tax Collector and its former attorney (John Watts) engaged in some sort of wrongful behavior by pursuing a foreclosure and tax sale for unpaid taxes and then withdrawing those actions due to alleged irregularities in the tax sale as determined by the Superior Court. SJK also alleges that the Town and improperly assessed its properties. There is insurance coverage of up to \$1,000,000 for the claims against the Town and the Tax Collector. The lawsuit is defended by the Town's insurance company's counsel, Howd & Ludorf. The claim against the Town and its Tax collector does not appear to rise to the level of "materiality," and the insurance that is in place will likely cover any potential loss. Given the preliminary nature of this matter, it is too early to predict the amount that would be involved in any such claim or whether an unfavorable outcome in any such claim is probable or remote.

Except for the previously highlighted matter and subject to the qualification above, the Town's Counsel is of the opinion that no other pending litigation will be finally determined that will result individually or in the aggregate in a final judgment against the Town which would have a substantial materially adverse effect upon its financial position or ability to satisfy its debts or obligations.

### **Legal Matters**

Pullman & Comley, LLC of Hartford and Bridgeport, Connecticut is serving as bond counsel with respect to the authorization and issuance of the Bonds and will render its opinion with respect to the Bonds in substantially the form included in this Official Statement as Appendix B.

### **Financial Advisor**

The Town has retained Independent Bond and Investment Consultants LLC ("IBIC LLC") of Madison, Connecticut, as financial advisor in connection with the issuance and sale of the Bonds. Although IBIC LLC has assisted in the preparation of the Official Statement, IBIC LLC is not obligated to undertake, and has not undertaken to make, an independent verification of, nor do they assume responsibility for the accuracy, completeness, or fairness of the information contained in the Official Statement. IBIC LLC is an independent advisory firm and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities.

### **Availability of Continuing Disclosure Information**

The Town prepares, in accordance with State law, annual independent audited financial statements and files such annual audits with the State Office of Policy and Management on annual basis. The Town provides to Moody's ongoing disclosure in the form of the annual audit report, adopted budgets and other materials relating to its management and financial condition, as may be necessary or requested.

The Town will enter into a Continuing Disclosure Agreement with respect to the Bonds, substantially in the form attached as Appendix C to this Official Statement (the "Continuing Disclosure Agreement – the Bonds"), to provide or cause to be provided, in accordance with the requirements of SEC Rule 15c2-12, (i) annual financial information and operating data, (ii) a notice of the occurrence of certain events within 10 business days of the occurrence of such events, and (iii) timely notice of a failure by the Town to provide the required annual financial information. The winning bidder's obligation to purchase the Bonds shall be conditioned upon its receiving, at or prior to the delivery of the Bonds, an executed copy of the Continuing Disclosure Agreement for the Bonds. (See Appendix C, herein).

The Town has previously undertaken in Continuing Disclosure Agreements entered into for the benefit of holders of certain of its general obligation bonds and notes to provide certain annual financial information and events of notices pursuant to Rule 15c2-12(b)(5). For the past 5 years, the Town has not failed to comply in any material respects with the requirements provided in such continuing disclosure agreements.

## Documents Accompanying Delivery of the Bonds

Upon delivery of the Bonds, the purchaser will be furnished with the following:

1. A signature and no litigation certificate stating that at the time of delivery no litigation is pending or threatened affecting the validity of the Bonds or the levy or collection of taxes to pay them;
2. A certificate on behalf of the Town, signed by the First Selectman and Treasurer, which will be dated the date of delivery and attached to a confirmed copy of the Official Statement, and which will certify to the best of said officials' knowledge and belief, that the descriptions and statements in the Official Statement relating to the Town and its finances were true and correct in all material respects and did not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, and that there has been no material adverse change in the financial condition of the Town from that set forth in or contemplated by the Official Statement.
3. The approving opinions of Pullman & Comley, LLC, Bond Counsel.
4. The Town will provide the winning bidder of the Bonds 50 copies of the Official Statement as prepared for this issue at the Town's expense and delivered not later than seven business days after the bid opening. Additional copies may be obtained by a winning bidder at its own expense by arrangement with the printer. If the Issuer's financial advisor is provided with the necessary information from the winning bidder by noon of the day after the bid opening, the copies of the Official Statement will include an additional cover page and other pages, if necessary, indicating the interest rates, rating, yields or reoffering prices, the name of the managing underwriter, and the name of the insurer, if any, of the Bonds.
5. Executed Continuing Disclosure Agreement for the Bonds in substantially the forms attached to the Official Statement as Appendix C.
6. A receipt for the purchase price of the Bonds.

A record of the proceedings taken by the Town in authorizing the Bonds will be kept on file at the office of the Paying Agent, U.S. Bank National Association, Hartford, Connecticut, and may be examined upon reasonable request.

## Concluding Statement

Additional information concerning the Town and this issue may be obtained upon request from the Treasurer's Office at (860) 698-1404 or from Independent Bond and Investment Consultants LLC at (203) 245-7264.

Any statements in this Official Statement involving matters of opinion or estimates, whether or not expressly so stated, are intended as such and not as representations of fact. No representation is made that any of such statements will be realized. This Official Statement is not to be construed as a contract or agreement between the Town and the purchasers or holders of any of the Bonds.

This Official Statement is submitted only in connection with the sale of the Bonds by the Town and may not be reproduced or used in whole or part for any other purpose.

## TOWN OF EAST WINDSOR, CONNECTICUT

BY: \_\_\_\_\_

**ROBERT MAYNARD**  
*First Selectman*

BY: \_\_\_\_\_

**KIMBERLY LORD**  
*Treasurer*

**Dated: October 3, 2016**

## APPENDIX A - FINANCIAL STATEMENTS

### TOWN OF EAST WINDSOR, CONNECTICUT

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**Appendix A - Financial Statements** - is taken from the Annual Financial Report of the Town for the Fiscal Year ending June 30, 2015 as presented by the Auditors and does not include all of the schedules or management letter made in such report. A copy of the complete report is available upon request to the Treasurer, Town of East Windsor, Connecticut.



## 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, 2015, 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, 2015, 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.

## **Change in Accounting Principle**

As disclosed in Note 1 to the financial statements, the Town implemented new accounting guidance, GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27*. Our opinions are not modified with respect to this matter.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 12 and the schedules on the Town's pension plan and other post-retirement benefit plan on page 49 through 51 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 53 through 67 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 68 through 76 have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

## **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 23, 2015, 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.



Glastonbury, Connecticut  
December 23, 2015

## **Management's Discussion and Analysis**

**TOWN OF EAST WINDSOR, CONNECTICUT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)**  
**JUNE 30, 2015**

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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, 2015.

**FINANCIAL HIGHLIGHTS**

- Effective July 1, 2014, the Town implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - An Amendment of GASB Statement No. 27*, which replaced the requirements of GASB Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, and GASB Statement No. 50, *Pension Disclosures*. GASB Statement No. 68 required the Town to recognize a net pension liability relating to its long-term obligations for pension benefits in the government-wide financial statements. In addition, the implementation of GASB Statement No. 68 resulted in enhanced note disclosures and required supplementary information. The Town has recognized a cumulative effect adjustment from implementing this statement, which resulted in a decrease in the Town's beginning net position of \$2,233,637.
- 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 \$55,471,690 (net position). Of this amount, \$9,699,865 is considered to be unrestricted. The Town's total net position increased by \$1,376,433.
- The Town's total long-term debt consisting of bonds and notes payable and capital leases increased by \$1,317,456 during the current fiscal year.
- As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$12,594,047, an increase of \$3,075,532 in comparison with the prior year. Of this amount, \$7,348,007 constitutes unassigned fund balance and is available for new spending.
- At the end of the current fiscal year, unassigned fund balance of the General Fund was \$7,633,103, while the total fund balance was \$8,690,620.

**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/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.

**TOWN OF EAST WINDSOR, CONNECTICUT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited) (Continued)**  
**JUNE 30, 2015**

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**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 - 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 - 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 - 21 of this report.

**TOWN OF EAST WINDSOR, CONNECTICUT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited) (Continued)**  
**JUNE 30, 2015**

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**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 - 48 of this report.

**Other Information**

Required supplementary information and combining and individual fund statements and schedules and other supplementary information can be found on pages 49 - 76 of this report.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

**Net Position**

Over time, net position may serve as one measure of a government's financial position. Total net position of the Town totaled \$55,471,690 and \$54,095,256 (as adjusted) as of June 30, 2015 and 2014, respectively and are summarized as follows. Amounts reported as of June 30, 2014 have been adjusted for the implementation of GASB Statement No. 68 for comparison purposes. The adjustment did not include the effects of any beginning deferred outflows/inflows of resources.

**Net Position**  
**June 30, 2015 and 2014 (As Adjusted)**

	2015	2014
Current and other assets	\$ 23,361,277	\$19,393,713
Capital assets	53,243,790	53,415,073
Total assets	<u>76,605,067</u>	<u>72,808,786</u>
Deferred outflows of resources	<u>433,402</u>	<u>52,515</u>
Other liabilities	8,747,424	7,542,728
Long-term liabilities	12,723,595	11,223,317
Total liabilities	<u>21,471,019</u>	<u>18,766,045</u>
Deferred inflows of resources	<u>95,760</u>	<u>-</u>
Net position:		
Net investment in capital assets	45,659,152	46,225,787
Restricted	112,673	114,302
Unrestricted	9,699,865	7,755,167
Total net position	<u>\$ 55,471,690</u>	<u>\$54,095,256</u>

**TOWN OF EAST WINDSOR, CONNECTICUT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited) (Continued)**  
**JUNE 30, 2015**

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**GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)**

**Net Position (Continued)**

As of June 30, 2015 and 2014, 82.3% and 85.5%, respectively, 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, 2015 and 2014 were 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.

**Changes in Net Position**

Changes in net position for the years ended June 30, 2015 and 2014 are as follows. Amounts reported for the year ended June 30, 2014 have not been adjusted for the implementation of GASB Statement No. 68 as the effects on the change in net position were not readily determinable.

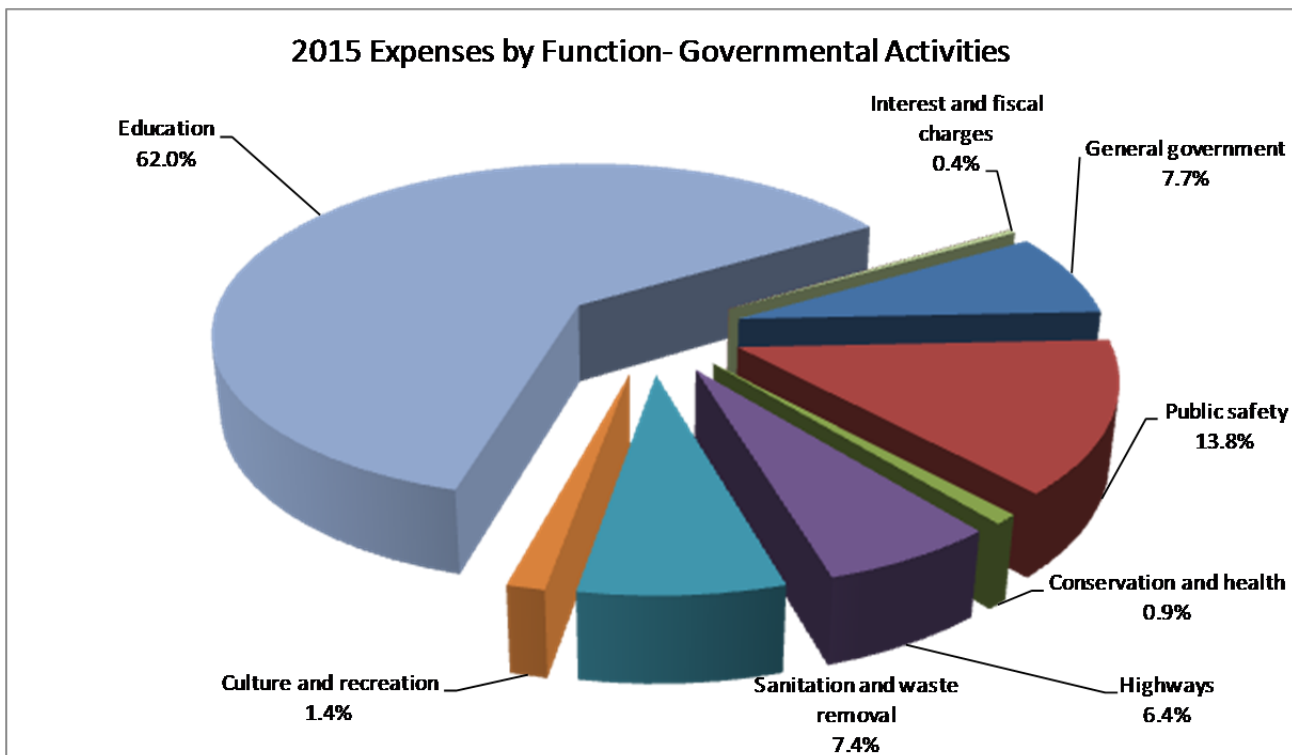
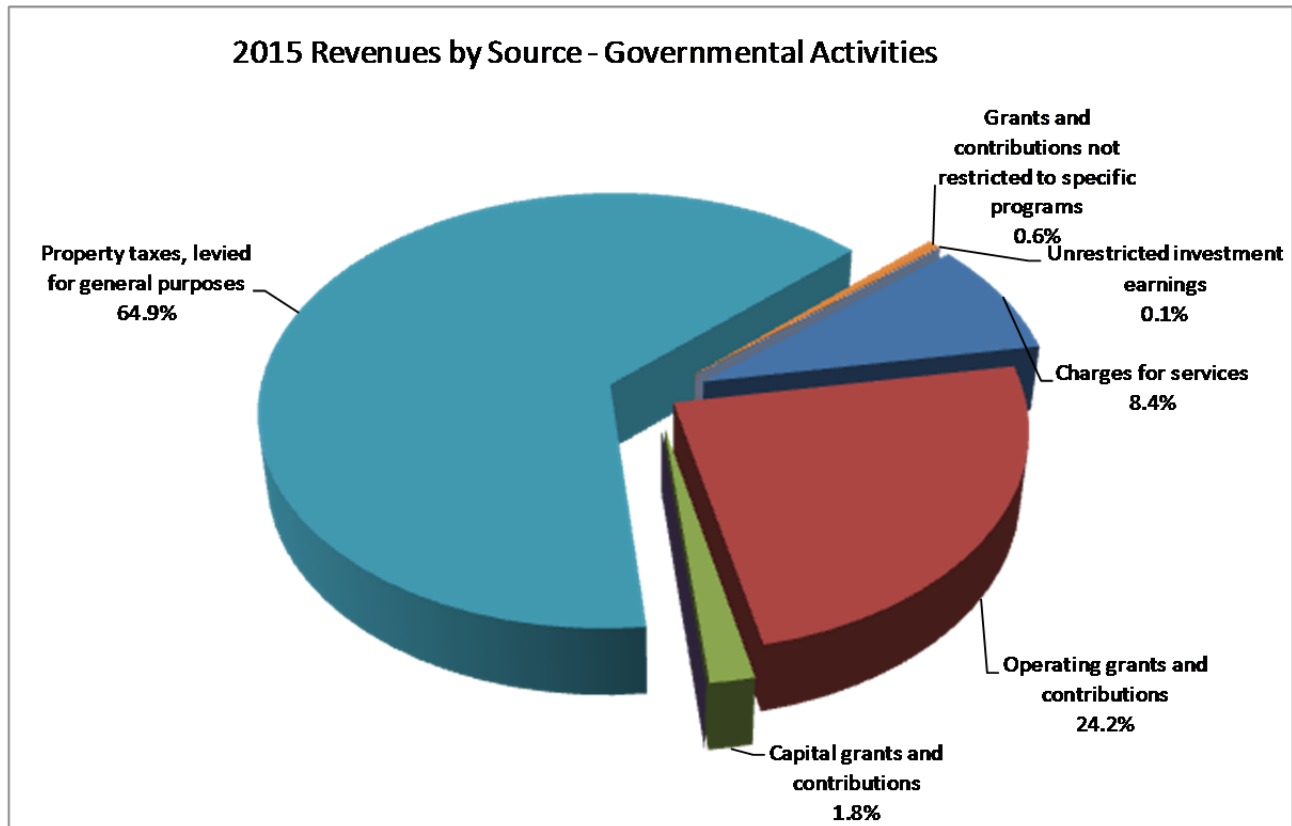
<b>Changes in Net Position</b>		
<b>Years Ended June 30, 2015 and 2014</b>		
	<u>2015</u>	<u>2014</u>
<b>Revenues</b>		
Program revenues:		
Charges for services	\$ 3,702,731	\$ 3,430,956
Operating grants and contributions	10,652,042	10,581,165
Capital grants and contributions	799,109	887,442
General revenues:		
Property taxes, levied for general purposes	28,594,773	28,039,662
Grants and contributions not restricted to specific programs	279,398	379,784
Unrestricted investment earnings	<u>25,536</u>	<u>17,497</u>
Total revenues	<u>44,053,589</u>	<u>43,336,506</u>
<b>Expenses</b>		
General government	3,269,999	2,733,544
Public safety	5,896,810	5,690,098
Conservation and health	383,696	341,767
Highways	2,717,283	2,829,953
Sanitation and waste removal	3,167,630	3,198,735
Culture and recreation	595,090	544,464
Education	26,490,117	26,241,257
Interest expense	<u>156,531</u>	<u>233,267</u>
Total expenses	<u>42,677,156</u>	<u>41,813,085</u>
Change in net position	<u>\$ 1,376,433</u>	<u>\$ 1,523,421</u>

TOWN OF EAST WINDSOR, CONNECTICUT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited) (Continued)  
JUNE 30, 2015

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GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Changes in Net Position (Continued)





**TOWN OF EAST WINDSOR, CONNECTICUT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited) (Continued)**  
**JUNE 30, 2015**

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**GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)**

***Governmental Activities***

Overall, the net position of the Town increased by \$1,376,433 during the current fiscal year compared to an increase of \$1,523,421 during the prior year.

Revenues increased by \$717,083 or 1.7% over prior year revenues, while expenses increased by \$864,071 or 2.1%.

**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 \$12,594,047, an increase of \$3,075,532 in comparison with the prior year. Of this amount, \$7,348,007 constitutes unassigned fund balance. The remainder of fund balance is not available for new spending because it has already been restricted, assigned or committed to specific purposes.

***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 \$7,633,103. As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents 20.5% of total General Fund expenditures and transfer to other funds. Expressed another way, unassigned fund balance for the General Fund was sufficient to cover 2.4 months of General Fund expenditures. The Town's fund balance policy requires a gradual increase in fund balance to 17% or 2 months of General Fund operating expenditures.

***Capital Projects Fund***

The fund balance in the Capital Projects Fund increased by \$833,366 from \$(678,359) to \$155,007. The increase in fund balance was primarily due to the receipt of grant revenue and loan proceeds used to permanently retire bond anticipation notes payable that were used to fund sewer infrastructure improvements on North Road. This increase was offset by continued capital outlays for the design and construction of modular classrooms for the Broad Brook Elementary School. The cost of construction is currently being funded by a bond anticipation note payable. The Town intends to permanently retire the bond anticipation note through future grant reimbursements and permanent long-term financing.

**TOWN OF EAST WINDSOR, CONNECTICUT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited) (Continued)**  
**JUNE 30, 2015**

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

**GENERAL FUND BUDGETARY HIGHLIGHTS**

The final budget contemplated the use of fund balance of \$303,420. The actual increase in fund balance totaled \$539,004. Revenues exceeded budgetary estimates by \$93,018, while expenditures were less than budgetary estimates by \$749,406.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

The Town's capital assets for its governmental activities as of June 30, 2015 totaled \$53,243,790 (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 \$171,283 during the year. The following is a summary of current year significant capital events:

- The purchase of two plow trucks and related accessories for the benefit of the Town's highway department in the amount of \$434,114, financed through a capital lease arrangement.
- The purchase and installation of a replacement HVAC system for the Town Hall in the amount of \$403,810, financed through a capital lease arrangement.
- Completion of a multi-year expansion of improvements to North Road sewers, a portion of which has been financed by a grant/loan from the U.S. Department of Agriculture.

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

**Capital Assets, Net**  
**June 30, 2015 and 2014**

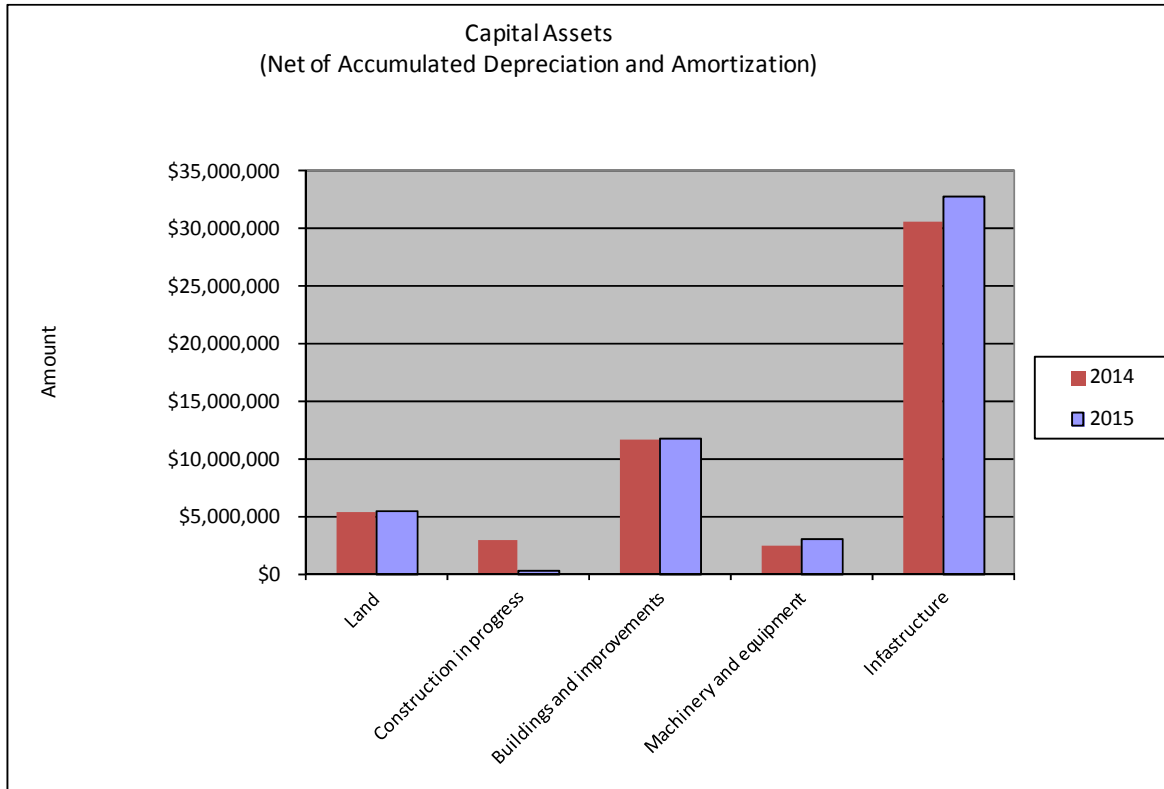
	2015	2014
Land	\$ 5,449,895	\$ 5,449,895
Construction in progress	268,782	3,010,591
Buildings and improvements	11,755,857	11,719,979
Machinery and equipment	3,045,316	2,556,153
Infrastructure	32,723,940	30,678,455
Totals	<u>\$ 53,243,790</u>	<u>\$ 53,415,073</u>

**TOWN OF EAST WINDSOR, CONNECTICUT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited) (Continued)**  
**JUNE 30, 2015**

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**CAPITAL ASSET AND DEBT ADMINISTRATION (Continued)**

**Capital Assets (Continued)**



Additional information on the Town's capital assets can be found in Note 4 to the basic financial statements.

**Long-term Debt**

At the end of the current fiscal year, the Town had total long-term bonded debt outstanding of \$2,375,000 and notes payable of \$4,004,296, all of which is backed by the full faith and credit of the government. During the year ended June 30, 2015, the Town closed on a \$1,435,000 note payable from the U.S. Department of Agriculture. In addition, the Town is obligated for two separate capital lease arrangements executed during the year with an outstanding balance of \$820,027 as of year end. The Town's total long-term debt increased by \$1,317,456 during the current fiscal year.

In addition to the long-term debt, the Town has short-term bond anticipation notes outstanding in the amount of \$6,190,000 as of June 30, 2015. The short-term debt was issued in the current year to finance improvements to the Town's educational facilities. The Town intends to permanently fund the improvements to its educational facilities through grant reimbursements from the State of Connecticut Department of Education and the issuance of general obligation bonds.

**TOWN OF EAST WINDSOR, CONNECTICUT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited) (Continued)**  
**JUNE 30, 2015**

**CAPITAL ASSET AND DEBT ADMINISTRATION (Continued)**

**Long-term Debt (Continued)**

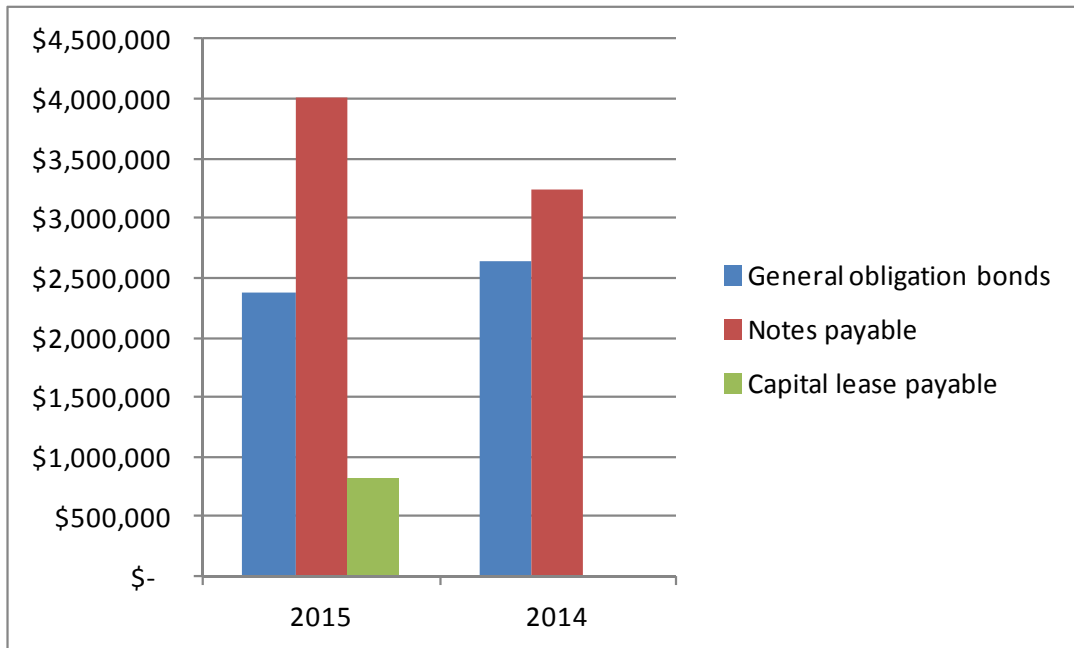
The Town maintains an "Aa2" rating from Moody's Investor Service for general obligation debt.

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

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

**Long-term Debt**  
**June 30, 2015 and 2014**

	2015	2014
General obligation bonds	\$ 2,375,000	\$ 2,640,000
Notes payable	4,004,296	3,241,867
Capital lease payable	820,027	-
Totals	<u>\$ 7,199,323</u>	<u>\$ 5,881,867</u>



**TOWN OF EAST WINDSOR, CONNECTICUT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited) (Continued)  
JUNE 30, 2015**

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**CAPITAL ASSET AND DEBT ADMINISTRATION (Continued)**

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**

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

- The Town receives intergovernmental revenues from the State of Connecticut. There is uncertainty in the allocation of funds for the next budget year. Connecticut's economy moves in the same general cycle as the national economy.
- The current unemployment rate (not seasonally adjusted) for the Town as of October 2014 was 4.8%, which is a decrease of 1.8% from the prior year, compared to the state's average unemployment rate of 4.8% and the national unemployment rate of 4.8%.
- Inflationary trends in the region compare favorably to national indices.

All of these factors were considered in preparing the Town's budget for fiscal year 2016.

**REQUESTS FOR INFORMATION**

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

# **Basic Financial Statements**

**TOWN OF EAST WINDSOR, CONNECTICUT**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2015**

	<b>Governmental Activities</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 20,751,457
Receivables:	
Property taxes and interest, net	1,589,048
Assessments and user charges	255,446
Grants and contracts	279,646
Other	297,827
Other assets	7,853
Assessments, long-term portion	180,000
Capital assets:	
Non-depreciable	5,718,677
Depreciable, net	47,525,113
Total assets	<u>76,605,067</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred charge on refunding	38,593
Deferred pension expense	394,809
Total deferred outflows of resources	<u>433,402</u>
<b>LIABILITIES</b>	
Accounts payable	1,086,675
Accrued liabilities:	
Salaries and benefits	364,650
Accrued interest	20,577
Unearned revenue	1,085,522
Bond anticipation notes payable	6,190,000
Noncurrent liabilities:	
Due within one year	1,078,453
Due in more than one year	11,645,142
Total liabilities	<u>21,471,019</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred pension benefits	<u>95,760</u>
<b>NET POSITION</b>	
Net investment in capital assets	45,659,152
Restricted for:	
Endowments - expendable	7,729
Housing Rehabilitation	104,944
Unrestricted	9,699,865
Total net position	<u>\$ 55,471,690</u>

*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, 2015**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position - Governmental Activities
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities:					
General government	\$ 3,269,999	\$ 494,848	\$ 41,053	\$ -	\$ (2,734,098)
Public safety	5,896,810	185,382	57,641	-	(5,653,787)
Conservation and health	383,696	15,243	-	-	(368,453)
Highways	2,717,283	-	174,483	264,734	(2,278,066)
Sanitation and waste removal	3,167,630	2,143,617	12,450	534,375	(477,188)
Culture and recreation	595,090	88,419	15,243	-	(491,428)
Education	26,490,117	775,222	10,344,744	-	(15,370,151)
Interest expense	156,531	-	6,428	-	(150,103)
Total governmental activities	<u>\$ 42,677,156</u>	<u>\$ 3,702,731</u>	<u>\$ 10,652,042</u>	<u>\$ 799,109</u>	<u>\$ (27,523,274)</u>
General revenues:					
Property taxes, levied for general purposes					28,594,773
Grants and contributions not restricted to specific programs					279,398
Unrestricted investment earnings					25,536
Total general revenues					<u>28,899,707</u>
Change in net position					1,376,433
Net position - beginning of year, as originally reported					56,328,894
Cumulative effect of implementing new accounting standard (see Note 1)					<u>(2,233,637)</u>
Net position - beginning of year, as adjusted					<u>54,095,257</u>
Net position - ending of year					<u>\$ 55,471,690</u>

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



**TOWN OF EAST WINDSOR, CONNECTICUT**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**JUNE 30, 2015**

	General Fund	Capital and Nonrecurring Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash and cash equivalents	\$ 9,447,265	\$ 2,439,221	\$ 6,439,248	\$ 2,425,723	\$ 20,751,457
Receivables:					
Property taxes and interest, net	1,589,048	-	-	-	1,589,048
Assessments and user charges	-	-	-	435,446	435,446
Grants and contracts	217,404	-	-	62,242	279,646
Other	132,882	-	-	164,945	297,827
Due from other funds	1,586,025	-	-	1,322,183	2,908,208
Inventories	-	-	-	7,853	7,853
Total assets	<u>\$ 12,972,624</u>	<u>\$ 2,439,221</u>	<u>\$ 6,439,248</u>	<u>\$ 4,418,392</u>	<u>\$ 26,269,485</u>
<b>LIABILITIES</b>					
Accounts payable	\$ 806,498	\$ 2,500	\$ 600	\$ 54,531	\$ 864,129
Salaries and benefits payable	325,840	-	-	38,810	364,650
Bond anticipation notes payable	-	-	6,190,000	-	6,190,000
Due to other funds	1,544,729	967,461	93,641	524,923	3,130,754
Unearned revenue	-	-	-	1,085,522	1,085,522
Total liabilities	<u>2,677,067</u>	<u>969,961</u>	<u>6,284,241</u>	<u>1,703,786</u>	<u>11,635,055</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue	<u>1,604,937</u>	<u>-</u>	<u>-</u>	<u>435,446</u>	<u>2,040,383</u>
<b>FUND BALANCES</b>					
Nonspendable:					
Inventories	-	-	-	7,853	7,853
Loans receivable	-	-	-	81,888	81,888
Restricted	-	-	-	30,785	30,785
Committed to:					
Capital purposes	-	1,469,260	440,103	-	1,909,363
Other purposes	-	-	-	2,158,634	2,158,634
Assigned	1,057,517	-	-	-	1,057,517
Unassigned	<u>7,633,103</u>	<u>-</u>	<u>(285,096)</u>	<u>-</u>	<u>7,348,007</u>
Total fund balances	<u>8,690,620</u>	<u>1,469,260</u>	<u>155,007</u>	<u>2,279,160</u>	<u>12,594,047</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 12,972,624</u>	<u>\$ 2,439,221</u>	<u>\$ 6,439,248</u>	<u>\$ 4,418,392</u>	<u>\$ 26,269,485</u>

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

**TOWN OF EAST WINDSOR, CONNECTICUT**  
**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF NET POSITION**  
**JUNE 30, 2015**

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Total fund balances for governmental funds	\$	12,594,047
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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. Those assets consist of:

Land	\$	5,449,895	
Construction in progress		268,782	
Buildings and improvements		27,089,043	
Machinery and equipment		8,146,225	
Infrastructure		47,668,981	
Less accumulated depreciation and amortization		(35,379,136)	
Total capital assets, net			53,243,790

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.		2,040,383
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Deferred amounts on refunding are not susceptible to accrual and, therefore, are not reported in the governmental funds.		38,593
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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 and note payable	(6,379,296)		
Unamortized premium	(138,812)		
Capital leases	(820,027)		
Accrued interest payable	(20,577)		
Other long-term liabilities:			
Net pension liability	(4,039,961)		
Net OPEB obligation	(614,087)		
Compensated absences	(731,412)		
			(12,744,172)

Deferred outflows/inflows of resources resulting from changes in the components of the Town's net pension liability are reported in the statement of net position.		299,049
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Net position of governmental activities	\$	55,471,690
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*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, 2015**

	General Fund	Capital and Nonrecurring Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES</b>					
Property taxes	\$ 28,868,977	\$ -	\$ -	\$ -	\$ 28,868,977
Intergovernmental	8,983,491	-	534,375	2,274,618	11,792,484
Charges for goods and services	536,450	34,332	-	2,706,543	3,277,325
Interest income	13,387	2,127	6,940	3,082	25,536
Other	-	-	-	396,755	396,755
Total revenues	<u>38,402,305</u>	<u>36,459</u>	<u>541,315</u>	<u>5,380,998</u>	<u>44,361,077</u>
<b>EXPENDITURES</b>					
Current:					
General government	2,219,414	-	-	25,165	2,244,579
Public safety	3,939,523	-	-	289,899	4,229,422
Conservation and health	271,298	-	-	-	271,298
Highways	1,019,639	-	-	360,985	1,380,624
Sanitation and waste removal	844,217	-	-	1,729,777	2,573,994
Culture and recreation	437,978	-	-	68,282	506,260
Education	23,299,723	-	-	2,575,334	25,875,057
Insurance and benefits	2,967,797	-	-	-	2,967,797
Miscellaneous	182,802	-	-	-	182,802
Capital outlays	-	1,770,878	439,251	-	2,210,129
Debt service	1,062,306	-	87,749	-	1,150,055
Total expenditures	<u>36,244,697</u>	<u>1,770,878</u>	<u>527,000</u>	<u>5,049,442</u>	<u>43,592,017</u>
Excess (deficiency) of revenues over expenditures	2,157,608	(1,734,419)	14,315	331,556	769,060
<b>OTHER FINANCING SOURCES (USES)</b>					
Proceeds from loan	-	-	1,435,000	-	1,435,000
Capital leases	-	837,924	-	-	837,924
Premium on bond anticipation note	-	-	33,548	-	33,548
Transfers in	-	892,426	-	718,846	1,611,272
Transfers out	(918,341)	-	(649,497)	(43,434)	(1,611,272)
Total other financing sources (uses)	<u>(918,341)</u>	<u>1,730,350</u>	<u>819,051</u>	<u>675,412</u>	<u>2,306,472</u>
Net change in fund balances	1,239,267	(4,069)	833,366	1,006,968	3,075,532
Fund balances - beginning of year	<u>7,451,353</u>	<u>1,473,329</u>	<u>(678,359)</u>	<u>1,272,192</u>	<u>9,518,515</u>
Fund balances - ending	<u>\$ 8,690,620</u>	<u>\$ 1,469,260</u>	<u>\$ 155,007</u>	<u>\$ 2,279,160</u>	<u>\$ 12,594,047</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, 2015**

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Net change in fund balances - total governmental funds	\$	3,075,532
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Total change in net position reported for governmental activities in the statement of activities is different because:

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

Expenditures for capital assets	\$	1,566,101	
Depreciation and amortization expense		<u>(1,737,384)</u>	
Net adjustment			(171,283)

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.		(307,488)
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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:

Debt issued or incurred:			
Note payable	(1,435,000)		
Capital lease financing	(837,924)		
Principal repayments:			
Bonds and notes payable	937,571		
Obligations under capital lease	17,897		
Amortization of deferred charge on refunding	(13,922)		
Amortization of bond premiums	<u>23,607</u>		
			(1,307,771)

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

Compensated absences	(1,562)		
Accrued interest	(5,177)		
Net pension liability	(143,861)		
Net OPEB obligation	<u>(61,006)</u>		
			(211,606)

Deferred outflows/inflows of resources resulting from changes in the components of the net pension liability are amortized as a component of pension expense in the statement of activities.

Change in net position of governmental activities	\$	<u><u>1,376,433</u></u>
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*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, 2015**

	<b>Budgeted Amounts</b>			<b>Variance With Final Budget Over (Under)</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	
<b>REVENUES</b>				
Property taxes	\$ 28,564,172	\$ 28,564,172	\$ 28,865,186	\$ 301,014
Intergovernmental	6,388,014	6,388,014	6,118,077	(269,937)
Licenses, fees and charges for goods and services	471,685	471,685	540,239	68,554
Revenues from use of money	20,000	20,000	13,387	(6,613)
Total revenues	<u>35,443,871</u>	<u>35,443,871</u>	<u>35,536,889</u>	<u>93,018</u>
<b>EXPENDITURES</b>				
Current:				
General government	2,348,368	2,368,769	2,219,414	(149,355)
Public safety	3,903,428	4,168,235	3,939,302	(228,933)
Conservation and health	278,216	287,126	271,297	(15,829)
Highways	1,079,774	1,019,640	1,019,640	-
Sanitation and waste removal	870,400	870,400	844,217	(26,183)
Insurance and benefits	3,289,237	3,162,874	2,967,797	(195,077)
Culture and recreation	443,786	440,519	437,978	(2,541)
Miscellaneous	255,972	229,122	182,802	(46,320)
Education	21,194,122	21,194,123	21,134,791	(59,332)
Capital outlays	892,426	892,426	892,426	-
Debt service	1,088,142	1,088,142	1,062,306	(25,836)
Total expenditures	<u>35,643,871</u>	<u>35,721,376</u>	<u>34,971,970</u>	<u>(749,406)</u>
Excess (deficiency) of revenues over expenditures	(200,000)	(277,505)	564,919	842,424
<b>OTHER FINANCING SOURCES (USES)</b>				
Appropriation of fund balance	200,000	303,420	-	303,420
Transfers out	-	(25,915)	(25,915)	-
Total other financing sources (uses)	<u>200,000</u>	<u>277,505</u>	<u>(25,915)</u>	<u>303,420</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	539,004	<u>\$ 539,004</u>
Fund balance - beginning			<u>7,294,098</u>	
Fund balance - ending			<u>\$ 7,833,102</u>	

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

**TOWN OF EAST WINDSOR, CONNECTICUT**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**JUNE 30, 2015**

	<b>Pension and Other Post Employment Benefits Trust Funds</b>	<b>Private Purpose Trust Fund - School Scholarships</b>	<b>Agency Funds</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 709,683	\$ 127,419	\$ 111,701
Investments, at fair value:			
Corporate bonds	4,568,963	-	-
Mutual funds	16,355,157	287,560	-
Certificate of deposit	-	76,539	-
Receivables	82,109	-	-
Due from other funds	-	-	222,546
Total assets	<u>21,715,912</u>	<u>491,518</u>	<u>\$ 334,247</u>
<b>LIABILITIES</b>			
Due to student groups	-	-	111,701
Due to others	-	-	222,546
Total liabilities	<u>-</u>	<u>-</u>	<u>\$ 334,247</u>
<b>NET POSITION</b>			
Held in trust for pension and other benefits	<u>\$ 21,715,912</u>	<u>\$ 491,518</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, 2015**

	<b>Pension and Other Post Employment Benefits Trust Funds</b>	<b>Private Purpose Trust Fund - School Scholarships</b>
<b>ADDITIONS</b>		
Contributions:		
Employer	\$ 1,095,943	\$ -
Plan members	252,216	-
Private donations	-	39,046
Total contributions	<u>1,348,159</u>	<u>39,046</u>
Investment earnings:		
Interest	400,017	10,763
Net change in the fair value of investments	<u>600,659</u>	<u>2,266</u>
Net investment earnings	<u>1,000,676</u>	<u>13,029</u>
Total additions	<u>2,348,835</u>	<u>52,075</u>
<b>DEDUCTIONS</b>		
Benefit payments	1,020,905	-
Administrative expenses	123,089	-
Awards expense	-	19,876
Total deductions	<u>1,143,994</u>	<u>19,876</u>
Change in net position	1,204,841	32,199
Net position - beginning	<u>20,511,071</u>	<u>459,319</u>
Net position - ending	<u><u>\$ 21,715,912</u></u>	<u><u>\$ 491,518</u></u>

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

**TOWN OF EAST WINDSOR, CONNECTICUT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**FINANCIAL REPORTING ENTITY**

The Town of East Windsor, Connecticut was incorporated in 1768 and operates in accordance with the provisions of its charter, which was revised effective November 1998. The Town operates under a Board of Selectmen, Town Meeting and Board of Finance form of government and provides the following services: public safety, community maintenance, conservation and health, education, public improvements, planning and zoning 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 as of and for the year ended June 30, 2015 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 as of and for the year ended June 30, 2015 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.

**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.

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.



**TOWN OF EAST WINDSOR, CONNECTICUT**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2015**

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

**GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Continued)**

**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, the contractor bonds fund 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 contractor bonds fund accounts for monies received to ensure that correct specifications for new home construction are followed. The performance bonds fund accounts for monies received to ensure that driveways are installed to correct specifications for new construction.

**MEASUREMENT FOCUS AND BASIS OF ACCOUNTING**

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

**TOWN OF EAST WINDSOR, CONNECTICUT**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2015**

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

**MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (Continued)**

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

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

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

Effective July 1, 2014, the Town implemented the provisions of Governmental Accounting Standards Board (GASB) Statement No. 69, *Government Combinations and Disposals of Government Operations*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68*. The implementation of these statements did not have a material effect on the Town's financial statements.

Effective July 1, 2014, the Town implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - An Amendment of GASB Statement No. 27*, which replaced the requirements of GASB Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, and GASB Statement No. 50, *Pension Disclosures*. GASB Statement No. 68 required the Town to recognize a net pension liability relating to its long-term obligations for pension benefits in the government-wide financial statements. In addition, the implementation of GASB Statement No. 68 resulted in enhanced note disclosures and required supplementary information.

**TOWN OF EAST WINDSOR, CONNECTICUT**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2015**

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

**IMPLEMENTATION OF NEW ACCOUNTING STANDARDS (Continued)**

The Town has reported the following cumulative effect of applying GASB Statement No. 68 as an adjustment of beginning net position as of July 1, 2014. The adjustment to beginning net position does not include the effects of any beginning deferred outflows/inflows of resources.

	<u>Governmental Activities</u>
Net position - beginning, as originally reported	\$ 56,328,894
Adjustment to remove net pension obligation previously recognized under GASB Statement No. 27	1,662,463
Adjustment to record net pension liability under GASB Statements No. 68	<u>(3,896,100)</u>
Net position - beginning, as adjusted	<u>\$ 54,095,257</u>

**ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES AND NET POSITION/FUND EQUITY**

**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 for the Town are reported at fair value (generally based on quoted market prices) except as described below.

The Town invests in the State Treasurer's Short-Term Investment Fund (STIF), which is an investment pool managed by the State Treasurer's Office. STIF operates in conformity with all of the requirements of the Securities and Exchange Commission's (SEC) Rule 2a7 as promulgated under the Investment Company Act of 1940, as amended. Accordingly, STIF qualifies as a 2a7-like pool and is reported at the net asset value per share (which approximates fair value) even though it is calculated using the amortized cost method. STIF is subject to regulatory oversight even though it is not registered by the SEC.

The Town allocates investment income in accordance with donor restrictions and Connecticut law, which adopted the provisions of the Uniform Prudent Management of Institutional Funds Act (UPMIFA). UPMIFA requires the investment of endowments in good faith and with the care that an ordinarily prudent person in a like position would exercise under similar circumstances. It requires prudence in incurring investment costs, authorizing only costs that are appropriate and reasonable. Factors to be considered in investing are expanded to include, for example, the effects of inflation. UPMIFA emphasizes that investment decisions be made in relation to the overall resources of the Town.

**TOWN OF EAST WINDSOR, CONNECTICUT**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2015**

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

**ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES AND  
NET POSITION/FUND EQUITY (Continued)**

**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, Sewer Assessment and Usage Charges**

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 \$176,000 as of June 30, 2015.

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%. 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 notes may be paid in full or in part by the borrower at any time without penalty.

**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 estimated fair market 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

**TOWN OF EAST WINDSOR, CONNECTICUT**  
**NOTES TO THE FINANCIAL STATEMENTS (*Continued*)**  
**JUNE 30, 2015**

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

**ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES AND  
NET POSITION/FUND EQUITY (*Continued*)**

**Unearned Revenue**

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

**Deferred Outflows/Inflows of Resources**

Deferred outflows of resources consists of a deferred charge on refunding and deferred pension expense. The deferred charge on refunding is being amortized to interest expense using the effective-interest method over the life of the related debt. The deferred pension expense resulting from changes in the components of the Town's net pension liability is being amortized as a component of pension expense on a systematic and rational basis.

Deferred inflows of resources consists of unavailable revenues and deferred pension benefits. Unavailable revenues are deferred and recognized in the period that the amounts become available. The deferred pension benefits resulting from changes in the components of the Town's net pension liability is being amortized as a component of pension expense on a systematic and rational basis.

**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.

Eligible Town employees earn 1 to 1.5 days of sick leave per month depending on employment contract. An employee leaving the Town is entitled to be paid for all unused vacation and a maximum number of days of sick leave (as defined by contract) upon retirement.

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.

**TOWN OF EAST WINDSOR, CONNECTICUT**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2015**

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

**ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES AND  
NET POSITION/FUND EQUITY (Continued)**

**Net Position and Fund Balance**

The government-wide statement of net position presents the Town's non-fiduciary assets, deferred outflows/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.

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

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

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

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

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

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

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

**TOWN OF EAST WINDSOR, CONNECTICUT**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2015**

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

**ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES AND  
NET POSITION/FUND EQUITY (Continued)**

**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.

**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 the Annual Town Meeting.
- 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. During the year ended June 30, 2015, additional appropriations of \$103,420 were approved.

**TOWN OF EAST WINDSOR, CONNECTICUT**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2015**

**NOTE 2 - BUDGETARY INFORMATION (Continued)**

- 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"). 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, 2015:

	<b>Total Revenues</b>	<b>Total Expenditures</b>	<b>Other Financing Sources (Uses)</b>	<b>Net Change In Fund Balance</b>
Budgetary basis	\$ 35,536,889	\$ 34,971,970	\$ (25,915)	\$ 539,004
"On-behalf" payments - State Teachers' Retirement Fund	2,552,006	2,552,006	-	-
Intergovernmental grants netted with expenses	313,410	313,410	-	-
Reclassification of transfers to other funds	-	(892,426)	(892,426)	-
Encumbrances outstanding:				
June 30, 2014	-	157,254	-	(157,254)
June 30, 2015	-	(857,517)	-	857,517
GAAP basis	<u>\$ 38,402,305</u>	<u>\$ 36,244,697</u>	<u>\$ (918,341)</u>	<u>\$ 1,239,267</u>

Budgets for special revenue funds that are utilized to account for specific grant programs are established in accordance with the requirements of the grantor agencies. In some instances, such budgets cover more than one fiscal year or a fiscal period which does not coincide with the Town's fiscal year. It is not practicable to present a statement of budgetary operations for special revenue funds on a combined basis. Legal authorization for capital projects is provided by the related bond ordinances and/or intergovernmental grant agreements.



**TOWN OF EAST WINDSOR, CONNECTICUT**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2015**

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**NOTE 3 - CASH DEPOSITS AND INVESTMENTS**

**CASH DEPOSITS**

The carrying value of the Town's cash deposits as of June 30, 2015 totaled \$18,420,123. A reconciliation of the Town's cash deposits as of June 30, 2015 is as follows:

Government-wide statement of net position:	
Cash and cash equivalents	\$ 20,751,457
Less: cash equivalents considered investments for disclosure purposes	(3,239,975)
	<u>17,511,482</u>
Statement of fiduciary net position:	
Cash and cash equivalents	\$ 948,803
Add: investment considered cash deposit for disclosure purposes	76,539
Less: cash equivalents considered investments for disclosure purposes	(116,701)
	<u>908,641</u>
	<u>\$ 18,420,123</u>

**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, 2015, \$18,982,181 of the Town's bank balance of \$19,729,845 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 17,083,963
Uninsured and collateralized with securities held by the pledging bank's trust department or agent but not in the Town's name	1,898,218
	<u>\$ 18,982,181</u>

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

**TOWN OF EAST WINDSOR, CONNECTICUT**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2015**

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

**INVESTMENTS**

A reconciliation of the Town's investments as of June 30, 2015 is as follows:

Government-wide statement of net position:	
Investments	\$ -
Add: cash equivalents considered investments for disclosure purposes	3,239,975
	<u>3,239,975</u>
Statement of fiduciary net position:	
Investments	21,288,219
Less: investments considered cash equivalents for disclosure purposes	(76,539)
Add: cash equivalents considered investments for disclosure purposes	116,701
	<u>21,328,381</u>
	<u>\$ 24,568,356</u>

As of June 30, 2015, the Town's investments consisted of the following:

Investment type	Fair Value	Investment Maturities (In Years)			
		Less Than 1	1 to 5	6 to 10	
<b>Debt Securities:</b>					
Short Term Investment Fund (STIF)	\$ 3,239,975	\$ 3,239,975	\$ -	\$ -	
Money market mutual funds	116,701	116,701	-	-	
Corporate bonds	4,568,963	-	3,217,005	1,351,958	
	7,925,639	<u>\$ 3,356,676</u>	<u>\$ 3,217,005</u>	<u>\$ 1,351,958</u>	
<b>Other investments:</b>					
Mutual funds	16,642,717				
	<u>\$ 24,568,356</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.

**TOWN OF EAST WINDSOR, CONNECTICUT**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2015**

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

**INVESTMENTS (Continued)**

**Credit Risk**

The Town has 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.

The Town's investment in debt securities were rated by Standard & Poor's as follows at June 30, 2015:

<b>Investment type</b>	<b>Fair Value</b>	<b>AAA</b>	<b>A</b>	<b>B</b>	<b>BB</b>	<b>BBB</b>
<b>Debt Securities:</b>						
STIF	\$ 3,239,975	\$3,239,975	\$ -	\$ -	\$ -	\$ -
Corporate bonds	4,568,963	-	1,414,806	23,006	144,566	2,986,585

Investments in money market mutual funds were unrated as of June 30, 2015.

**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 at June 30, 2015, as they are held by a trustee in the Town's name.

**Concentrations of Credit Risk**

The Town places no limit on the amount of investment in any one issuer. More than 5 percent of the Town's investments are in STIF and certain mutual funds. Investments in these types of accounts are not subject to concentration of credit risk as they are considered to be diversified by nature.

**TOWN OF EAST WINDSOR, CONNECTICUT**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2015**

**NOTE 4 - CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2015 consisted of the following:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Governmental Activities</b>				
Capital assets, not being depreciated:				
Land	\$ 5,449,895	\$ -	\$ -	\$ 5,449,895
Construction in progress	3,010,591	343,951	(3,085,760)	268,782
Total capital assets, not being depreciated	<u>8,460,486</u>	<u>343,951</u>	<u>(3,085,760)</u>	<u>5,718,677</u>
Capital assets, being depreciated:				
Buildings and improvements	26,393,276	695,767	-	27,089,043
Machinery and equipment	7,395,387	750,838	-	8,146,225
Infrastructure	44,807,676	2,861,305	-	47,668,981
Total capital assets, being depreciated	<u>78,596,339</u>	<u>4,307,910</u>	<u>-</u>	<u>82,904,249</u>
Less accumulated depreciation:				
Buildings and improvements	14,673,297	659,889	-	15,333,186
Machinery and equipment	4,839,234	261,675	-	5,100,909
Infrastructure	14,129,221	815,820	-	14,945,041
Total accumulated depreciation	<u>33,641,752</u>	<u>1,737,384</u>	<u>-</u>	<u>35,379,136</u>
Total capital assets, being depreciated, net	<u>44,954,587</u>	<u>2,570,526</u>	<u>-</u>	<u>47,525,113</u>
Governmental activities capital assets, net	<u>\$ 53,415,073</u>	<u>\$ 2,914,477</u>	<u>\$ (3,085,760)</u>	<u>\$ 53,243,790</u>

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

Governmental Activities:	
General government	\$ 94,630
Public safety	246,326
Highway	562,966
Sanitation and waste removal	460,556
Culture and recreation	38,621
Education	334,285
Total depreciation and amortization expense	<u>\$ 1,737,384</u>

**TOWN OF EAST WINDSOR, CONNECTICUT**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2015**

**NOTE 5 - INTERFUND RECEIVABLES AND PAYABLES**

Interfund receivable and payable balances at June 30, 2015 are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
<b>Governmental Funds</b>		
General Fund	Capital and Nonrecurring Fund	\$ 967,461
	Capital Projects Fund	93,641
	Nonmajor Governmental Funds	524,923
		<u>1,586,025</u>
Nonmajor Governmental Funds	General Fund	1,322,183
		<u>\$ 2,908,208</u>
<b>Fiduciary Fund</b>		
Other Fiduciary Funds	General Fund	\$ 222,546
	Other Fiduciary Funds	18,500
		<u>\$ 241,046</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 6 - INTERFUND TRANSFERS**

Interfund transfers for the year ended June 30, 2015 consisted of the following:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
<b>Governmental Funds</b>		
Capital and Nonrecurring Fund	General Fund	<u>\$ 892,426</u>
Nonmajor Governmental Funds	General Fund	25,915
	Capital Projects Fund	649,497
	Nonmajor Governmental Funds	43,434
		<u>718,846</u>
		<u>\$ 1,611,272</u>

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.

**TOWN OF EAST WINDSOR, CONNECTICUT**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2015**

**NOTE 7 - SHORT-TERM DEBT**

The following is a summary of changes in short-term debt for the year ended June 30, 2015:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Governmental Activities</b>				
Bond anticipation notes payable	\$ 4,915,000	\$ 6,190,000	\$ (4,915,000)	\$ 6,190,000

During the year ended June 30, 2015, the Town retired a \$4,915,000 bond anticipation note and issued a new bond anticipation note in the amount of \$6,190,000. Proceeds from the new note are being used to provide interim financing for improvements to the Town's educational facilities. The new note bears an interest rate of 1.25% and matures on January 28, 2016. The Town intends to permanently fund the new note through a combination of grant reimbursements from the State of Connecticut and the issuance of general obligation bonds.

**NOTE 8 - LONG-TERM LIABILITIES**

The following is a summary of changes in long-term liabilities for the year ended June 30, 2015:

	<u>Beginning Balance (As Adjusted)</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Governmental Activities</b>					
Bonds payable:					
General obligation bonds	\$ 2,640,000	\$ -	\$ (265,000)	\$ 2,375,000	\$ 225,000
Unamortized amounts:					
Premium on bonds issued	162,419	-	(23,607)	138,812	-
Total bonds payable	2,802,419	-	(288,607)	2,513,812	225,000
Other liabilities:					
Notes payable	3,241,867	1,435,000	(672,571)	4,004,296	537,020
Capital leases	-	837,924	(17,897)	820,027	60,375
Compensated absences	729,850	1,562	-	731,412	256,058
Net pension liability	3,896,100	143,861	-	4,039,961	-
Net OPEB obligation	553,081	61,006	-	614,087	-
	<u>\$ 11,223,317</u>	<u>\$ 2,479,353</u>	<u>\$ (979,075)</u>	<u>\$ 12,723,595</u>	<u>\$ 1,078,453</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 and other governmental funds.

**TOWN OF EAST WINDSOR, CONNECTICUT**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2015**

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

**GENERAL OBLIGATION BONDS AND NOTE PAYABLE**

A summary of general obligation bonds and note payable outstanding at June 30, 2015 is as follows:

<b>Purpose of Bonds</b>	<b>Date of Issue</b>	<b>Original Issue</b>	<b>Interest Rates</b>	<b>Maturity Date</b>	<b>Amount Outstanding</b>
<b>Governmental Activities</b>					
General Obligation Refunding Bonds	Fiscal 2014	\$ 2,640,000	2.0% - 4.0%	Fiscal 2025	<u>\$ 2,375,000</u>
<b>Notes payable</b>					
Clean Water Loan	Fiscal 1997	10,812,482	4.50%	Fiscal 2016	\$ 483,669
Rural Development Loan	Fiscal 2012	2,180,000	2.375%	Fiscal 2052	2,085,627
Rural Development Loan	Fiscal 2015	1,435,000	2.75%	Fiscal 2055	<u>1,435,000</u>
					<u>\$ 4,004,296</u>

Annual debt service requirements to maturity on general obligation bonds and the note payable are as follows as of June 30, 2015:

<b>Year ending June 30:</b>	<b>Governmental Activities</b>					
	<b>Bonds Payable</b>		<b>Notes Payable</b>		<b>Total</b>	
	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>
2016	\$ 225,000	\$ 74,625	\$ 537,020	\$ 111,598	\$ 762,020	\$ 186,223
2017	325,000	67,500	54,818	106,030	379,818	173,530
2018	330,000	56,025	56,326	104,452	386,326	160,477
2019	335,000	42,725	57,875	102,825	392,875	145,550
2020	195,000	32,125	59,466	101,149	254,466	133,274
2021 - 2025	965,000	59,050	322,777	478,737	1,287,777	537,787
2026 - 2030	-	-	369,667	428,386	369,667	428,386
2031 - 2035	-	-	423,373	369,798	423,373	369,798
2036 - 2040	-	-	484,875	301,625	484,875	301,625
2041 - 2045	-	-	555,314	222,280	555,314	222,280
2046 - 2050	-	-	635,987	129,926	635,987	129,926
2051 - 2055	-	-	446,798	32,131	446,798	32,131
	<u>\$ 2,375,000</u>	<u>\$ 332,050</u>	<u>\$ 4,004,296</u>	<u>\$ 2,488,937</u>	<u>\$ 6,379,296</u>	<u>\$ 2,820,987</u>

**ADVANCE REFUNDING**

During a prior year, the Town issued general obligation refunding bonds to advance refund higher interest rate general obligation bonds. The Town used the net proceeds from the issuance of the refunding bonds to purchase U.S. Government securities. These securities were deposited into an irrevocable trust to provide for all future debt service on the refunded portion of the bonds. As a result, the bonds refunded are considered defeased and the Town removed the liability from its financial statements. The difference between the reacquisition price (the amount placed in escrow) and the net carrying amount of the refunded bonds is being carried as a deferred charge on refunding and is being amortized as a component of interest expense over the life of the new debt.

**TOWN OF EAST WINDSOR, CONNECTICUT**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2015**

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

**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, 2015.

**SCHOOL BOND REIMBURSEMENTS**

The State of Connecticut reimburses the Town for eligible school bond principal and interest costs. The total amount of principal and interest reimbursement for the year ended June 30, 2015 was \$141,417 and \$6,428, respectively. Final reimbursements of principal and interest aggregating \$139,172 and \$2,081, respectively, are expected to be received during the year ended June 30, 2016. The Town has recorded a receivable relating to the principal portion of these payments in the accompanying statement of net position.

**NOTE 9 - 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, 2015 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 the date of the latest actuarial valuation:

Retirees and beneficiaries currently receiving benefits	34
Vested terminated employees	37
Active employees	166
	<u>237</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)**  
**JUNE 30, 2015**

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**NOTE 9 - 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 recorded at fair 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, 2015 the annual money-weighted rate of return on pension plan investments, net of pension plan investment expenses, was 4.54%. 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**

The Plan's investments in equity and bond mutual funds are considered to be diversified by nature.

**Net Pension Liability**

The components of the net pension liability of the Town at June 30, 2015, were as follows:

Total pension liability	\$ 25,162,891
Plan fiduciary net position	<u>(21,122,930)</u>
Town's net pension liability	<u>\$ 4,039,961</u>
Plan fiduciary net position as a percentage of the total pension liability	83.94%

**TOWN OF EAST WINDSOR, CONNECTICUT**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2015**

**NOTE 9 - PENSION PLANS (Continued)**

**DEFINED BENEFIT PLAN (Continued)**

**Net Pension Liability (Continued)**

The components of the change in the net pension liability of the Town Plan for the year ended June 30, 2015 were as follows:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance as of June 30, 2014	\$ 23,972,518	\$ 20,076,418	\$ 3,896,100
<b>Changes for the year:</b>			
Service cost	667,726	-	667,726
Interest	1,680,818	-	1,680,818
Actuarial (gains) losses	(116,578)	-	(116,578)
Contributions - employer	-	959,089	(959,089)
Contributions - employee	-	252,217	(252,217)
Net investment income	-	916,520	(916,520)
Benefit payments, including refunds	(1,041,593)	(1,041,593)	-
Administrative expense	-	(39,721)	39,721
<b>Net changes</b>	<b>1,190,373</b>	<b>1,046,512</b>	<b>143,861</b>
Balance as of June 30, 2015	\$ 25,162,891	\$ 19,029,906	\$ 4,039,961

*Actuarial assumptions* - The total pension liability was determined by an actuarial valuation as of July 1, 2014, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75 percent
Salary increases	4.00 percent, average, including inflation
Investment rate of return	7.00 percent, net of pension plan investment expense, including inflation

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

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.

**TOWN OF EAST WINDSOR, CONNECTICUT**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2015**

**NOTE 9 - PENSION PLANS (Continued)**

**DEFINED BENEFIT PLAN (Continued)**

**Net Pension Liability (Continued)**

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, 2015 are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Equities	60.00%	5.87%
Fixed Income	40.00%	2.09%

*Discount rate* - The discount rate used to measure the total pension liability was 7.0%. 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 7.0%, 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 (6.0%) or 1-percentage-point higher (8.0%) than the current rate:

	1% Decrease (6.0%)	Current Discount (7.0%)	1% Increase (8.0%)
Town Plan's net pension liability \$	7,073,306	\$ 4,039,961	\$ 1,470,818

**Pension Expense and Deferred Outflows/Inflows of Resources**

At June 30, 2015, the Town reported deferred outflows/inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred (Inflows) of Resources
Differences between expected and actual experience	\$ -	\$ (95,760)
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	394,809	-
Total	<u>\$ 394,809</u>	<u>\$ (95,760)</u>

**TOWN OF EAST WINDSOR, CONNECTICUT**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2015**

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**NOTE 9 - PENSION PLANS (Continued)**

**DEFINED BENEFIT PLAN (Continued)**

**Pension Expense and Deferred Outflows/Inflows of Resources (Continued)**

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

Year ended June 30,	
2016	\$ 77,884
2017	77,884
2018	77,884
2019	77,885
2020	(12,488)

**Payable to the Pension Plan**

At June 30, 2015, the Town did not report a payable for any contributions outstanding amount of contributions to the pension plan.

**CONNECTICUT STATE TEACHERS' RETIREMENT SYSTEM**

The faculty and professional personnel of the Town's Board of Education participate in the Teachers' Retirement System ("TRS"), which is a cost-sharing multiple-employer defined benefit pension plan established under Chapter 167a of the Connecticut General Statutes. The TRS is administered by the Connecticut State Teachers' Retirement Board (the "Board") and is included as a fiduciary pension trust fund in the State of Connecticut's basic financial statements. The Board issues publicly available financial reports.

Plan benefits, cost-of-living allowances, required contributions of plan members and the State, and other plan provisions are described in Sections 10-183b to 10-183ss of the Connecticut General Statutes. The plan provides retirement, disability, death benefits, and annual cost-of-living adjustments to plan members and their beneficiaries.

The contribution requirements of plan members and the State are established and may be amended by the State legislature. In accordance with Section 10-183z of the General Statutes, the Town does not and is not legally responsible to contribute to the plan as a special funding situation exists that requires the State to contribute one hundred percent of employer's contributions on-behalf of its participating municipalities at an actuarially determined rate. Plan members are currently required to contribute 7.25% of their annual earnings to the plan. After five years of service, teachers are fully vested in their own contributions. After ten years of service, teachers are fully vested in the monthly pension benefit which is payable at the age of sixty.

For the year ended June 30, 2015, plan members of the Town contributed \$722,736 to the plan and covered payroll for the year was \$9,968,772. The Town has recognized on-behalf payments of \$2,552,006 made by the State of Connecticut into the plan as intergovernmental revenues, and related expenditures of the General Fund in the accompanying statement of revenues, expenditures and changes in fund balances of the governmental funds.

Administrative costs of the plan are funded by the State.

**TOWN OF EAST WINDSOR, CONNECTICUT**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2015**

**NOTE 9 - PENSION PLANS (Continued)**

**Connecticut State Teachers' Retirement System (Continued)**

The total estimated net pension liability of the TRS as of June 30, 2014 was \$10.141 billion, the most recent available reporting provided by the Board. The portion that was associated with the Town totaled approximately \$24.807 million or approximately 0.24% of the total estimated net pension liability. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2014. The portion of the net pension liability associated with the Town was based on a projection of the long-term share of contributions to the plan related to the Town relative to the projected contributions of all participating employers, actuarially determined. Pension expense totaled \$1,861,251 for the year ended June 30, 2015.

The total pension liability in the June 30, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods in the measurement:

Inflation	3.0%
Salary increases	3.75% - 7.0% (includes inflation)
Investment rate of return	8.5% (includes inflation)
Cost of living adjustments:	
Retirements prior to 9/1/1992	3.0%
Retirements on or after 9/1/1992	2.0%

For healthy retirees and beneficiaries, the RP-2000 Combined Mortality Table projected forward 19 years using scale AA, with a two-year setback for males and females.

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Rate of Return</u>
Large Cap U.S. Equities	21.0%	7.3%
Developed Non-U.S. Equities	18.0	7.5
Emerging Markets (Non-U.S.)	9.0	8.6
Core Fixed Income	7.0	1.7
Inflation Linked Bonds	3.0	1.3
Emerging Market Bonds	5.0	4.8
High Yield Bonds	5.0	3.7
Real Estate	7.0	5.9
Private Equity	11.0	10.9
Alternative Investment	8.0	0.7
Liquidity Fund	6.0	0.4

The discount rate used to measure the total pension liability was 8.5%. 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 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.

**TOWN OF EAST WINDSOR, CONNECTICUT**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2015**

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**NOTE 9 - PENSION PLANS (Continued)**

**Connecticut State Teachers' Retirement System (Continued)**

The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 8.5%, as well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (7.5%) or 1-percentage-point higher (9.5%) than the current rate:

	<u>1.0%</u> <u>Decrease</u>	<u>Current</u> <u>Rate</u>	<u>1.0%</u> <u>Increase</u>
Town's proportionate share of the net pension liability	\$31.657 million	\$24.807 million	\$18.984 million

Detailed information about the plan's fiduciary net position is included in the State of Connecticut's basic financial statements.

**NOTE 10 - OTHER POST-EMPLOYMENT BENEFITS (OPEB)**

**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.

**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 OF EAST WINDSOR, CONNECTICUT**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2015**

**NOTE 10 - OTHER POST-EMPLOYMENT BENEFITS (OPEB) (Continued)**

**Annual OPEB Cost and Net OPEB Obligation**

The Town's annual OPEB cost (expense) is calculated based on the annual required contribution ("ARC"), an amount actuarially determined. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. The following table shows the components of the Town's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the Town's net OPEB obligation.

Annual required contribution	\$ 429,044
Interest on net OPEB obligation	38,520
Adjustment to annual required contribution	<u>(36,166)</u>
Annual OPEB cost	431,398
Contributions made	<u>370,392</u>
Increase in Net OPEB obligation	61,006
Net OPEB obligation, beginning of the year	<u>553,081</u>
Net OPEB obligation, end of the year	<u><u>\$ 614,087</u></u>

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for fiscal years 2013 through 2015 is as follows:

<b>Year Ended June 30:</b>	<b>Annual OPEB Cost</b>	<b>Actual Contribution</b>	<b>Percentage of Annual OPEB Cost Contributed</b>	<b>Net OPEB Obligation</b>
2015	\$ 431,398	\$ 370,392	85.9%	\$ 614,087
2014	405,650	319,984	78.9%	550,289
2013	348,622	359,900	103.2%	464,623

**Funded Status and Funding Progress**

The funded status of the plan as of July 1, 2014 (the date of the most recent actuarial valuation) was as follows:

<b>Actuarial Value of Assets (A)</b>	<b>Actuarial Accrued Liability (AAL) Projected Unit Credit Cost Method (B)</b>	<b>Unfunded AAL (UAAL) (B-A)</b>	<b>Funded Ratio (A/B)</b>	<b>Covered Payroll (C)</b>	<b>UAAL as a Percentage of Covered Payroll ((B-A)/C)</b>
\$ 455,111	\$ 3,472,085	\$ 3,016,974	13.1%	Not available	Not available

**TOWN OF EAST WINDSOR, CONNECTICUT**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2015**

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**NOTE 10 - OTHER POST-EMPLOYMENT BENEFITS (OPEB) (Continued)**

**Funded Status and Funding Progress (Continued)**

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of events in the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the Town are subject to continual revision, as actual results are compared with past expectations and new estimates are made about the future. The schedules of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, present multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

**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. Significant methods and assumptions were as follows:

Valuation date:	July 1, 2014
Actuarial cost method:	Projected Unit Credit
Amortization method:	Level Percent
Remaining amortization period:	30 years closed
Asset valuation method:	N/A
Actuarial assumptions:	
Discount Rate	7.0%
Dental inflation rate	3.0%
Healthcare cost trend rate	7.1% initial 4.6% final

**NOTE 11 - 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 natural disasters. 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. Settled claims from these risks did not exceed commercial insurance coverage during the three years ended June 30, 2015. There were no significant reductions in insurance coverage from amounts held in the prior year.

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 pursuant to the provisions of Section 7-479a et seq. of the Connecticut General Statutes.



**TOWN OF EAST WINDSOR, CONNECTICUT**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2015**

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**NOTE 11 - RISK MANAGEMENT (Continued)**

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.

The Town is also 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 12 - COMMITMENTS AND CONTINGENCIES**

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

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

Assigned fund balance in the General Fund includes encumbrances of \$857,517 for unperformed educational commitments as of June 30, 2015 and \$200,000 of fund balance assigned for use in the Town's fiscal year 2015-2016 budget.

Fund balance in the governmental funds has been committed for the following other purposes as of June 30, 2015:

Sanitation	\$ 1,490,406
Public safety	171,426
Educational purposes	470,143
General government	15,475
Other purposes	11,184
	<u>\$ 2,158,634</u>

**NOTE 13 - RECENTLY ISSUED ACCOUNTING STANDARDS**

In February 2015, the GASB issued Statement No. 72, *Fair Value Measurement and Application*. This statement addresses accounting and financial reporting issues related to fair value measurements and provides guidance for a) determining a fair value measurement for financial reporting purposes and b) applying fair value to certain investments and disclosures related to all fair value measurements. The requirements of this statement are effective for the Town's reporting period beginning July 1, 2015. 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)**  
**JUNE 30, 2015**

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**NOTE 13 - RECENTLY ISSUED ACCOUNTING STANDARDS (Continued)**

In June 2015, the GASB issued Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. This statement establishes standards of accounting and financial reporting for defined benefit pensions and defined contribution pensions that are provided to the employees of state and local governmental employers and are not within the scope of GASB Statement No. 68. The requirements of this statement that address accounting and financial reporting by employers and governmental non-employer contributing entities for pensions that are not within the scope of GASB Statement No. 68 are effective for the Town's reporting period beginning July 1, 2016, and the requirements of this statement that address financial reporting for assets accumulated for purposes of providing those pensions are effective for the Town's reporting period beginning July 1, 2015. The requirements of this statement for pension plans that are within the scope of GASB Statement No. 67, or for pensions that are within the scope of GASB Statement No. 68, are effective for the Town's reporting period beginning July 1, 2015. The Town does not expect this statement to have a material effect on its financial statements.

In June 2015, the GASB issued Statement No. 74, *Financial Reporting for Postemployment Benefit Plans other than Pension Plans*. This statement establishes new accounting and financial reporting requirements for OPEB plans included in the general purpose external financial reports of state and local governmental OPEB plans and replaces the requirements of GASB Statements No. 43, *Financial Reporting for Postemployment Benefit Plans other than Pension Plans*, as amended, and GASB Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. The requirements of this statement are effective for the Town's reporting period beginning July 1, 2016. The Town currently provides other post-employment benefits to certain eligible employees. The Town has not yet determined the impact that this statement will have on its financial statements.

In June 2015, the GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions*. This statement establishes new accounting and financial reporting requirements for OPEB plans and replaces the requirements of GASB Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and GASB Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB. The requirements of this statement are effective for the Town's reporting period beginning July 1, 2017. The Town currently provides other post-employment benefits to certain eligible employees. The Town has not yet determined the impact that this statement will have on its financial statements.

In June 2015, the GASB issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. This statement establishes the hierarchy of GAAP for state and local governments and supersedes GASB Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments* and amends GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The requirements of this statement are effective for the Town's reporting period beginning July 1, 2015. The Town does not expect this statement to have a material effect on its financial statements.

**Required  
Supplementary  
Information**

**TOWN OF EAST WINDSOR, CONNECTICUT**  
**SCHEDULE OF CONTRIBUTIONS AND INVESTMENT RETURNS (UNAUDITED)**  
**PENSION PLAN**  
**JUNE 30, 2015**

	<u>2015</u>	<u>2014</u>
Actuarially determined contribution	\$ 959,089	\$ 938,840
Contributions in relation to the actuarially determined contribution	<u>959,089</u>	<u>938,840</u>
Contribution deficiency	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	\$ 6,555,889	\$ 6,035,101
Contributions as a percentage of covered employee payroll	17.91%	15.56%
Annual money-weighted rate of return, net of investment expense	4.54%	16.12%

**Notes to Schedule:**

**Valuation Date**

July 1, 2013

Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported.

**Methods and assumptions used to determine contribution rates:**

<b>Actuarial cost method</b>	Projected Unit Credit Cost Method
<b>Amortization method</b>	Level percent of payroll
<b>Remaining amortization period</b>	15 years remaining as of July 1, 2014
<b>Asset valuation method</b>	Five years
	Non-asymptotic
<b>Inflation</b>	2.75%
<b>Investment rate of return</b>	7.00%
<b>Salary increases</b>	4.00%
<b>Retirement age</b>	Normal retirement age
<b>Mortality</b>	RP-2000 Combined Healthy Morality with generational projection per Scale AA

The Town began to report the schedule of contributions and investment returns when it implemented GASB Statement No. 67 in fiscal year 2014.

*See accompanying Independent Auditor's Report.*

**TOWN OF EAST WINDSOR, CONNECTICUT**  
**SCHEDULE OF CHANGES IN NET PENSION LIABILITY (UNAUDITED)**  
**PENSION PLAN**  
**JUNE 30, 2015**  
**(Rounded to Nearest Thousand)**

	<b>2015</b>	<b>2014</b>
<b>Total pension liability</b>		
Service cost	\$ 668,000	\$ 667,000
Interest	1,681,000	1,602,000
Changes in benefit terms	-	-
Differences between expected and actual experience	-	-
Changes of assumptions	-	-
Benefit payments, including refunds	(1,159,000)	(1,007,000)
Net change in total pension liability	1,190,000	1,262,000
Total pension liability - beginning	23,972,000	22,710,000
Total pension liability - ending	25,162,000	23,972,000
<b>Plan fiduciary net position</b>		
Contributions - employer	959,000	939,000
Contributions - members	252,000	272,000
Net investment income	917,000	2,776,000
Benefit payments, including refunds	(1,042,000)	(1,007,000)
Administrative expense	(40,000)	(30,000)
Net change in plan fiduciary net position	1,046,000	2,950,000
Plan fiduciary net position - beginning	20,077,000	17,127,000
Plan fiduciary net position - ending	21,123,000	20,077,000
<b>Town's net pension liability</b>	<b>\$ 4,039,000</b>	<b>\$ 3,895,000</b>
<b>Plan fiduciary net position as a percentage of total pension liability</b>	<b>83.95%</b>	<b>83.75%</b>
<b>Covered employee payroll</b>	<b>\$ 6,556,000</b>	<b>\$ 6,035,000</b>
<b>Town's net pension liability as a percentage of covered employee payroll</b>	<b>61.61%</b>	<b>64.54%</b>

**Notes to Schedule:**

**Benefit Changes** No significant changes from prior year.  
**Assumption Changes** No significant changes from prior year.

The Town began to report the schedule of changes in net pension liability when it implemented GASB Statement No. 67 in fiscal year 2014.

**TOWN OF EAST WINDSOR, CONNECTICUT**  
**SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**Connecticut State Teachers' Retirement System**  
**(Rounded to Nearest Thousand)**

	<u>2015</u>
Town's proportion of the net pension liability	0.245%
Town's proportionate share of the net pension liability	\$ -
State's proportionate share of the net pension liability associated with the Town	24,807,000
Total	<u>\$ 24,807,000</u>
Town's covered payroll	\$ 9,969,000
Town's proportionate share of the net pension liability as a percentage of its covered payroll	-
Plan fiduciary net position as a percentage of the total pension liability	61.51%
<b>Notes to Schedule:</b>	
<b>Valuation Date</b>	6/30/2014
<b>Measurement Date</b>	6/30/2014
<b>Reporting Date</b>	6/30/2015
<b>Methods and assumptions used to determine contribution rates:</b>	
Actuarial cost method	Entry Age Normal
Amortization method	Level percent of pay, closed
Remaining amortization period	22.4 years
Asset valuation method	4 year smoothed market
Investment rate of return	8.50%
Salary increases	3.75% - 7.00%, including inflation
Inflation	3.00%

The Town began to report this schedule when it implemented GASB Statement No. 68 in fiscal year 2015.

**TOWN OF EAST WINDSOR, CONNECTICUT**  
**SCHEDULES OF FUNDING PROGRESS (Unaudited)**  
**JUNE 30, 2015**

<b>Other Post Employment Benefits Program</b>						
Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) - Projected Unit Credit (B)	Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll ((B-A)/C)
July 1, 2010	\$ -	\$ 3,441,000	\$ (3,441,000)	0.0%	Not available	Not available
July 1, 2012	220,021	4,260,367	(4,040,346)	5.2%	Not available	Not available
July 1, 2014	455,111	3,472,085	(3,016,974)	13.1%	9,603,000 *	-31.4%

\* Rounded to nearest thousand.

## **APPENDIX B – OPINION OF BOND COUNSEL**

October \_\_, 2016

Town of East Windsor, Connecticut  
11 Rye Street  
Broad Brook, Connecticut 06016

Ladies and Gentlemen:

We have acted as Bond Counsel to the Town of East Windsor, Connecticut (the “Town”) in connection with the issuance by the Town of its \$5,740,000 General Obligation Bonds, Issue of 2016, dated October 27, 2016 (the “Bonds”). In such capacity, we have examined records of proceedings of the Town authorizing the Bonds, a Tax Compliance Agreement of the Town dated October \_\_, 2016 (the “Agreement”), such law and such other proceedings, certifications, and documents as we have deemed necessary to render this opinion.

As to questions of fact material to our opinion we have relied upon the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

We are of the opinion that when the Bonds are duly certified by U.S. Bank National Association, the Bonds will be valid and legally binding general obligations of the Town payable as to both principal and interest from ad valorem taxes which may be levied on all taxable property subject to taxation by the Town without limitation as to rate or amount except as to classified property such as certified forest lands taxable at a limited rate and dwelling houses of qualified elderly persons of low income or of qualified disabled persons taxable at limited amounts pursuant to Connecticut statutes. We are further of the opinion that the Agreement is a valid and binding agreement of the Town and was duly authorized by the Town.

The rights of the holders of the Bonds and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors’ rights generally and by equitable principles, whether considered at law or in equity.

The Internal Revenue Code of 1986, as amended (the “Code”), establishes certain requirements that must be satisfied at and subsequent to the issuance and delivery of the Bonds in order that interest on the Bonds be excludable from gross income. In the Agreement, the Town has made covenants and representations designed to assure compliance with such requirements of the Code. The Town has covenanted in the Agreement that it will at all times comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds to ensure that interest on the Bonds shall not be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds, including covenants regarding, among other matters, the use, expenditure and investment of the proceeds of the Bonds.

In rendering the below opinions regarding the Federal treatment of interest on the Bonds, we have relied upon and assumed (i) the material accuracy of the representations, statements of intention and reasonable expectations, and certifications of fact contained in the Agreement, and (ii) continuing compliance by the Town with the covenants set forth in the Agreement as to such tax matters.

In our opinion, under existing statutes and court decisions, (i) interest on the Bonds is excludable from gross income for federal income tax purposes; and (ii) such interest is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, with respect to certain corporations (as defined for federal income tax purposes) subject to the federal alternative minimum tax, such interest may be taken into account in computing the federal alternative minimum tax. We express no opinion regarding other Federal income tax consequences caused by ownership or disposition of, or receipt of interest on the Bonds.

The Town has designated the Bonds as “qualified tax exempt obligations” within the meaning of Code Section 265(b)(3) for purposes of the deduction by financial institutions for interest expense allocable to the Bonds.



We are further of the opinion that, under existing statutes, interest on the Bonds is excludable from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates; and interest on the Bonds is excluded from amounts on which the net Connecticut minimum tax is based for individuals, trusts and estates required to pay the Federal alternative minimum tax. We express no opinion regarding other State income tax consequences caused by ownership or disposition of, or receipt of interest on the Bonds.

We express no opinion herein regarding the accuracy, adequacy, or completeness of the Official Statement dated October \_\_, 2016 and other offering material relating to the Bonds.

We have not undertaken to advise whether any events after the date of issuance of the Bonds, including the adoption of Federal tax legislation, may affect the tax status of the Bonds.

Although we have rendered an opinion that interest on the Bonds is not includable in gross income for federal income tax purposes, federal income tax liability may otherwise be affected by the ownership or disposition of the Bonds. We express no opinion regarding any tax consequence caused by ownership or disposition of, or receipt of interest income on, the Bonds not specifically described herein.

Respectfully,

PULLMAN & COMLEY, LLC

## APPENDIX C - FORM OF CONTINUING DISCLOSURE AGREEMENT

### CONTINUING DISCLOSURE AGREEMENT

#### **In Connection With The Issuance and Sale of \$5,740,000 General Obligation Bonds, Issue of 2016**

This Continuing Disclosure Agreement (“Agreement”) is executed and delivered as of October \_\_, 2016, by the Town of East Windsor, Connecticut (the “Issuer”) acting by its undersigned officers, duly authorized, in connection with the issuance of its \$5,740,000 General Obligation Bonds, Issue of 2016, dated October 27, 2016 (the “Bonds”).

**Section 1. Definitions.** In addition to the terms defined above, the following capitalized terms shall have the meanings ascribed thereto:

“Annual Report” shall mean any Annual Report provided by the Issuer pursuant to, and as described in, Section 2 of this Continuing Disclosure Agreement.

“EMMA” means the Electronic Municipal Market Access System as described in the 1934 Act Release #59062 and maintained by the Municipal Securities Rulemaking Board for the purposes of the Rule and as further described in Section 13 hereof.

“Final Official Statement” means the official statement of the Issuer dated October \_\_, 2016, prepared in connection with the issuance of the Bonds.

“Fiscal Year End” shall mean the last day of the Issuer’s fiscal year, currently June 30.

“Listed Events” shall mean any of the events listed in Section 4 of this Continuing Disclosure Agreement.

“MSRB” shall mean the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, as amended, or any successor thereto.

“Rule” means rule 15c2-12 under the Securities Exchange Act of 1934, as of the date of this Agreement.

“SEC” means the Securities and Exchange Commission of the United States, or any successor thereto.

#### **Section 2. Annual Reports.**

(a) The Issuer shall provide or cause to be provided to the MSRB, in accordance with the provisions of the Rule and of this Agreement, the following annual financial information and operating data regarding the Issuer (commencing with the information and data for the fiscal year ending June 30, 2016):

(i) Audited financial statements of the Issuer as of and for the year ending on its Fiscal Year End prepared in accordance with generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board from time to time or mandated state statutory principles as in effect from time to time. As of the date of this Agreement, the Issuer is required to prepare audited financial statements of its various funds and accounts.

(ii) To the extent not included in the audited financial statements described in (i) above, financial information and operating data as of and for the year ending on its Fiscal Year End of the following type:

(A) the amounts of the gross and net taxable grand list;

(B) a listing of the ten largest taxpayers on the grand list, together with each such taxpayer’s taxable valuation thereon;

(C) the percentage and amount of the annual property tax levy collected and uncollected;

(D) a schedule of the long-term debt through maturity on outstanding long-term bonded indebtedness;

(E) a calculation of the total net direct debt, total direct debt, and total overall net debt (reflecting overlapping and underlying debt);

(F) the total direct debt, total net direct debt and total overall net debt of the Issuer per capita;

(G) the ratios of total direct debt and total overall net debt of the Issuer to the Issuer's net taxable grand list;

(H) a statement of statutory debt limitations and debt margins;

(I) the funding status of the Issuer's pension benefit obligations; and

(J) the funding status of the Issuer's OPEB obligation.

(b) The above-referenced information is expected to be provided by the filing of and cross reference to the Issuer's audited financial statements. The information may be provided in whole or in part by cross-reference to other documents provided to the MSRB, including official statements of the Issuer which will be available from the MSRB's internet web site or filed with the SEC. All or a portion of the financial information and operating data may be provided in the form of a comprehensive annual financial report or the annual adopted budget.

(c) Subject to the requirements of Section 8 hereof, the Issuer reserves the right to modify from time to time the specific types of information or data provided or the format of the presentation of such information or data, to the extent necessary or appropriate; provided that the Issuer agrees that any such modification will be done in a manner consistent with the Rule. The Issuer also reserves the right to modify the preparation and presentation of financial statements described herein as may be required to conform with changes in Connecticut law applicable to municipalities or any changes in generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board from time to time.

**Section 3. Timing.** The Issuer shall provide the information and data referenced in Section 2(a) not later than eight months after each Fiscal Year End for which such information is being provided. The Issuer agrees that if audited information is not available eight months after the close of any Fiscal Year End, it shall submit unaudited information by such time and will submit audited information when available.

**Section 4. Event Notices.**

(a) The Issuer agrees to provide or cause to be provided to the MSRB, within ten (10) business days of the occurrence of any of the following events with respect to the Bonds, notice of the occurrence of such event:

(i) principal and interest payment delinquencies;

(ii) unscheduled draws on debt service reserves reflecting financial difficulties;

(iii) unscheduled draws on credit enhancements reflecting financial difficulties;

(iv) substitution of credit or liquidity providers, or their failure to perform;

(v) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB), or other material notices or determinations with respect to the tax status of the Bonds, or other events affecting the tax status of the Bonds;

(vi) tender offers;

- (vii) bankruptcy, insolvency, receivership, or a similar proceeding by the Issuer;
- (viii) Bond defeasances; and
- (ix) rating changes.

(b) The Issuer agrees to provide or cause to be provided to the MSRB, within ten (10) business days of the occurrence of any of the following events with respect to the Bonds, notice of the occurrence of such event, if material:

- (i) non-payment related defaults;
- (ii) modifications to rights of Bond holders;
- (iii) Bond calls;
- (iv) release, substitution, or sale of property securing repayment of the Bonds;
- (v) consummation of a merger, consolidation, acquisition involving the Issuer, other than the ordinary course of business, or the sale of all or substantially all the assets of the Issuer, or the entry into a definitive agreement to engage in such a transaction, or a termination of such an agreement, other than in accordance with its terms; and
- (vi) appointment of a successor or additional trustee, or the change in the name of the trustee.

**Section 5. Notice of Failure.** The Issuer agrees to provide or cause to be provided, in a timely manner to the MSRB, notice of any failure by the Issuer to provide the annual financial information described in Section 2(a) of this Continuing Disclosure Agreement on or before the date set forth in Section 3 hereof.

**Section 6. Termination of Reporting Obligation.** The Issuer's obligations under this Continuing Disclosure Agreement shall terminate upon the defeasance, prior redemption or payment in full of all of the Bonds.

**Section 7. Agent.** The Issuer may, from time to time, appoint or engage an agent to assist it in carrying out its obligations under this Continuing Disclosure Agreement, and may discharge any such agent, with or without appointing a successor agent.

**Section 8. Amendment; Waiver.** Notwithstanding any other provision of this Continuing Disclosure Agreement, the Issuer may amend this Continuing Disclosure Agreement, and any provision of this Continuing Disclosure Agreement may be waived, if such amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, a change in law, or a change in the identity, nature or status of the Issuer, and is supported by an opinion of counsel expert in federal securities laws, to the effect that (i) such amendment or waiver would not materially adversely affect the beneficial owners of the Bonds and (ii) the Agreement as so amended would have complied with the requirements of the Rule as of the date of the Agreement, taking into account any amendments or interpretations of the Rule as well as any changes in circumstances. A copy of any such amendment will be filed in a timely manner with the MSRB. The annual financial information provided on the first date following adoption of any such amendment will explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating or financial information provided.

**Section 9. Additional Information.** Nothing in this Continuing Disclosure Agreement shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Continuing Disclosure Agreement or any other means of communications, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Continuing Disclosure Agreement. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Continuing Disclosure Agreement, the Issuer shall have no obligation under this Continuing Disclosure Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

**Section 10. Enforceability.** The Issuer agrees that its undertaking pursuant to the Rule set forth in this Continuing Disclosure Agreement is intended to be for the benefit of and enforceable by the beneficial owners of the Bonds. In the event the Issuer shall fail to perform its duties hereunder, the Issuer shall have the option to cure such failure after its receipt of written notice from any beneficial owner of the Bonds of such failure. The present address of the Issuer is Town of East Windsor, 11 Rye Street, Broad Brook, Connecticut 06016, Attn: First Selectman. In the event the Issuer does not cure such failure, the right of any beneficial owner of the Bonds to enforce the provisions of this undertaking shall be limited to a right to obtain specific enforcement of the Issuer's obligations hereunder. No monetary damages shall arise or be payable hereunder nor shall any failure to comply with this Agreement constitute default of the Issuer with respect to the Bonds.

**Section 11. Governing Law.** This Agreement shall be governed by the laws of the State of Connecticut.

**Section 12. Method of Filing.** To the extent filings are required to be made to the MSRB under this Agreement, the Issuer shall transmit such filings or notices in an electronic format to the continuing disclosure service portal provided through MSRB's EMMA as provided at <http://emma.msrb.org/> or any similar system that is acceptable to the SEC.

**IN WITNESS WHEREOF**, the Issuer has caused this Continuing Disclosure Agreement to be executed in its name by its undersigned officers, duly authorized, all as of the date first above written.

TOWN OF EAST WINDSOR, CONNECTICUT

By: \_\_\_\_\_  
Robert Maynard  
First Selectman

## APPENDIX D – NOTICE OF SALE

**Notice Of Sale**  
**Town Of East Windsor, Connecticut**  
**\$5,740,000 General Obligation Bonds, Issue of 2016**  
**dated Date of Delivery**  
**(the “Bonds”)**

ELECTRONIC BIDS VIA **PARITY**® will be received by the TOWN OF EAST WINDSOR, CONNECTICUT, (the “Town”) at East Windsor Town Hall, 11 Rye Street, Broad Brook, Connecticut 06016, until 11:00 A.M. (E.D.T.) on Thursday,

October 13, 2016

for the purchase, when issued, at not less than par and accrued interest from the date of the Bonds to the date of delivery, of the whole of

\$5,740,000 General Obligation Bonds, Issue of 2016  
dated Date of Delivery

The Bonds are payable annually on October 15, in the principal amounts and years as set forth below:

<u>Amount</u>	<u>Due</u>
\$285,000	2017-2033
\$295,000	2034
\$300,000	2035-2036

Interest on the Bonds will be payable on April 15, 2017 and semiannually thereafter on the 15th day of October and April in each year until maturity. The Bonds will be issued by means of a book-entry system with no physical distribution of bond certificates made to the public. The Bonds will be issued in registered form and one bond certificate for each maturity will be delivered to The Depository Trust Company, New York, New York (“DTC”), registered in the name of its nominee, Cede & Co., and immobilized in its custody. A book-entry system will be employed, evidencing ownership of the Bonds in the principal amount of \$5,000 or integral multiples thereof, with transfers of ownership effected on the records of DTC and its participants pursuant to rules and procedures adopted by DTC and its participants. The purchaser, as a condition to delivery of the Bonds, will be required to deposit the bond certificates with DTC, registered in the name of Cede & Co. Principal of, redemption premium (if any) and interest on the Bonds will be payable by the Town to DTC or its nominee as registered owner of the Bonds. Transfer of principal and interest payments to participants of DTC will be the responsibility of DTC; transfer of principal and interest payments to beneficial owners by participants of DTC will be the responsibility of such participants and other nominees of beneficial owners. The Town will not be responsible or liable for payments by DTC to its participants or by DTC participants to beneficial owners or for maintaining, supervising or reviewing the records maintained by DTC, its participants or persons acting through such participants. In the event that (a) DTC determines not to continue to act as securities depository for the Bonds and the Town fails to identify another qualified securities depository to replace DTC, or (b) the Town determines to discontinue the book-entry system of evidence and transfer of ownership of the Bonds, the Town will authenticate and deliver replacement Bonds in the form of fully registered Bond certificates directly to the beneficial owners of the Bonds or their nominees. (The record dates for the Bonds will be the last day of March and September, or the preceding business day if such day is not a business day.) The Bonds will be certified by the Registrar, Transfer Agent and Paying Agent which shall be U.S. Bank National Association, Hartford, Connecticut.

The Bonds maturing on or before October 15, 2022 are not subject to redemption prior to maturity. The Bonds maturing on October 15, 2023 and thereafter are subject to redemption prior to maturity, at the option of the Town, on or after October 15, 2022, either in whole or in part at any time, in such order of maturity and amount as the Town may determine, and by lot within a maturity, at the respective prices (expressed as a percentage of the principal amount of the Bonds to be redeemed) set forth as follows, plus interest accrued and unpaid to the redemption date:

<u>Period During Which Redeemed</u>	<u>Redemption Price</u>
October 15, 2022 and thereafter	100%

Each proposal must specify the amount bid for the Bonds (which shall be the aggregate par value of the Bonds, and, at the option of the bidder, a premium), and shall specify in a multiple of one-eighth (1/8) or one-twentieth (1/20) of one percent (1%) the rate or rates of interest per annum which the Bonds are to bear, but shall NOT specify (a) more than one interest rate for any Bonds having a like maturity or (b) any interest rate for any Bonds which exceeds the interest rate specified in such proposal for any other Bonds by more than three (3) percentage points. Interest shall be computed on the basis of twelve 30 day months and a 360 day year. In addition to the amount bid for the Bonds, the purchaser must pay an amount equal to the interest on the Bonds accrued to the date of delivery, if any. No bid for less than par and accrued interest will be considered.

Unless all bids are rejected, the Bonds will be awarded to the bidder whose bid will result in the lowest true interest cost ("TIC") to the Town. The TIC will be the annual interest rate, compounded semiannually, which, when used to discount all payments of principal and interest payable on the Bonds to October 27, 2016, the dated date of the Bonds, results in an amount equal to the purchase price for the Bonds, excluding interest accrued to the date of delivery. In the event that two or more bidders offer bids at the same lowest TIC, the Town will determine by lot which of such bidders will be awarded the Bonds. The purchase price must be paid in federal funds.

Electronic bids for the purchase of the Bonds may be submitted through the facilities of **PARITY**® until 11:00 A.M. (E.D.T.) on Thursday, October 13, 2016. Any prospective bidder must be a subscriber of i-Deal's BiDCOMP competitive bidding system. Further information about **PARITY**®, including any fee charged, may be obtained from **PARITY**®, c/o i-Deal LLC, 1359 Broadway, 2nd Floor, New York, New York 10018, Attention: Customer Support (telephone: (212) 404-8102 - email notice: [PARITY@i-Deal.com](mailto:PARITY@i-Deal.com)). The Town neither will confirm any subscription nor be responsible for any failure of a prospective bidder to subscribe.

Once an electronic bid made through the facilities of **PARITY**® is communicated to the Town, it shall constitute an irrevocable offer in response to this Notice of Sale, and shall be binding upon the bidder. By submitting a bid for the Bonds via **PARITY**®, the bidder represents and warrants to the Town that such bidder's bid for the purchase of the Bonds is submitted for and on behalf of such prospective bidder by an officer or agent who is duly authorized to bind the prospective bidder by an irrevocable offer and that acceptance of such bid by the Town will bind the bidder by a legal, valid and enforceable contract, for the purchase of the Bonds on the terms described in this Notice of Sale. **The Town shall not be responsible for any malfunction or mistake made by, or as a result of the use of the facilities of PARITY®, or the inaccuracies of any information, including bid information or worksheets supplied by PARITY®, the use of PARITY® facilities being the sole risk of the prospective bidder. Each Bidder is solely responsible for knowing the terms of the sale as set forth herein.**

**Disclaimer.** Each **PARITY**® prospective electronic bidder shall be solely responsible to make necessary arrangements to access **PARITY**® for the purposes of submitting its bid in a timely manner and in compliance with the requirements of this Notice of Sale. Neither the Town nor **PARITY**® shall have any duty or obligation to undertake such arrangements to bid for any prospective bidder or to provide or assure such access to any prospective bidder, and neither the Town nor **PARITY**® shall be responsible for a bidder's failure to make a bid or for proper operation of, or have any liability for any delays or interruptions of, or any damages caused by, **PARITY**®. The Town is using **PARITY**® as a communication mechanism, and not as the Town's agent, to conduct the electronic bidding for the Bonds. The Town is not bound by any advice and determination of **PARITY**® to the effect that any particular bid complies with the terms of this Notice of Sale and in particular the bid requirements herein set forth. All costs and expenses incurred by prospective bidders in connection with their subscription to, arrangements with and submission of bids via **PARITY**® are the sole responsibility of the bidders; and the Town is not responsible, directly or indirectly, for any such costs or expenses. If a prospective bidder encounters any difficulty in arranging to bid or submitting, modifying or withdrawing a bid for the Bonds, the prospective bidder should telephone **PARITY**® at (212) 404-8102. If any provision of this Notice of Sale shall conflict with information provided by **PARITY**®, this Notice of Sale shall control.

The Bonds will be general obligations of the Town payable, unless paid from other sources, from ad valorem taxes which may be levied on all taxable property subject to taxation by the Town without limit as to rate or amount except as to classified property such as certified forest lands taxable at a limited rate and dwelling houses of qualified elderly persons of low income or of qualified disabled persons taxable at limited amounts pursuant to provisions of the Connecticut General Statutes. Under existing statutes the State of Connecticut is obligated to pay to the Town the amount of tax revenue which the Town would have received except for the limitation upon its power to tax such dwelling houses.

At or prior to the delivery of the Bonds the successful bidder shall be furnished, without cost, with the approving opinion of Pullman & Comley, LLC of Hartford, Connecticut, Bond Counsel, substantially in the form set out in Appendix B to the Official Statement. The winning bidder will also be furnished with a receipt of payment for the Bonds, a Signature and No Litigation Certificate dated as of the date of delivery of the Bonds, stating that there is no litigation pending, or to the knowledge of the signers thereof, threatened, affecting the validity of the Bonds or the power of the Town to levy and collect taxes to pay them. A signed copy of the Official Statement prepared for this Bond issue will also be furnished together with a certificate of the Town relating to the accuracy and completeness of the Official Statement.

The opinion of Bond Counsel will provide: (i) that the Bonds will be valid general obligations of the Town when duly certified; (ii) that, assuming the accuracy of and continued compliance by the Town with its representations and covenants contained in a certain Tax Regulatory and Compliance Agreement (the "Agreement") relating to certain requirements of the Internal Revenue Code of 1986, as amended (the "Code") and other certifications received from the Town, as to which bond counsel has made no independent verification, under existing law interest on the Bonds is excludable from the gross income of the owners thereof for federal income tax purposes pursuant to the Code and although interest on the Bonds is not treated as a preference item for purposes of calculating the federal alternative minimum tax, in the case of certain corporations (as defined for federal income tax purposes) subject to the federal alternative minimum tax, such interest may be taken into account in computing the federal alternative minimum tax and, (iii) that interest on the Bonds is excludable from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates; and is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the federal alternative minimum tax. In rendering the legal opinion, Pullman & Comley, LLC will rely upon and assume the material accuracy of the representations and statements of expectation contained in the Agreement entered into by the Town for the benefit of the owners of the Bonds and further, will assume continuing compliance by the Town with the covenants and procedures set forth in the Agreement. Copies of the opinion will be printed upon each of the Bonds, and a signed opinion will be filed with the Paying Agent.

The Town has prepared a Preliminary Official Statement dated October 3, 2016 for the Bonds, which is deemed final as of its date for purposes of SEC Rule 15c2-12(b)(1), but is subject to revision or amendment. Bidders must acknowledge in their respective bids that they have received and reviewed such Preliminary Official Statement. The Town will make available to the winning purchaser 50 copies of the Official Statement, dated October 13, 2016, as prepared by the Town at the Town's expense. The copies of the Official Statement will be made available to the winning purchaser at the office of the Town's financial advisor, Independent Bond and Investment Consultants, LLC, by the fifth business day after the day bids on the Bonds are received. If the Town's financial advisor is provided with the necessary information from the winning purchaser by noon of the date following the day bids on the Bonds are received, the copies of the Official Statement will include an additional cover page and other pages indicating the interest rates, ratings, yields or reoffering prices, the name of the managing underwriting, the name of the insurer, if any, on the Bonds and any corrections. The purchaser shall arrange with the financial advisor the method of delivery of the copies of the Official Statement to the purchaser. Additional copies of the Official Statement may be obtained by the purchaser at its own expense by arrangement with the printer.

The Town will enter into a Continuing Disclosure Agreement with respect to the Bonds, substantially in the form attached as Appendix C to the Official Statement (the "Continuing Disclosure Agreement"), to provide or cause to be provided, in accordance with the requirements of SEC Rule 15c2-12, (i) annual financial information and operating data, (ii) timely notice of the occurrence of certain material events with respect to the Bonds and (iii) timely notice of a failure by the Town to provide the required annual financial information. The winning bidder's obligation to purchase the Bonds shall be conditioned upon its receiving, at or prior to the delivery of the Bonds, an executed copy of the Continuing Disclosure Agreement.

The Bonds will be designated by the Town as qualified tax-exempt obligations under the provisions of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended, for purposes of the deduction by financial institutions for federal income tax purposes of a portion of interest expense allocable to tax exempt obligations.

It shall be the responsibility of the purchaser to furnish to Pullman & Comley, LLC, Hartford, Connecticut, in writing before delivery of the Bonds the reoffering prices at which a substantial portion of the bonds of each maturity initially were sold. The completed certificate should be delivered to Marie V. Phelan, Esq. Pullman & Comley, LLC, 90 State House Square, Hartford, Connecticut 06103, (860) 424-4337.



The Bonds will be delivered to U.S. Bank National Association as agent for DTC in New York, New York on or about October 27, 2016 against payment in immediately available federal funds. The deposit of the Bonds with DTC under a book-entry system requires the assignment of CUSIP numbers prior to delivery. It shall be the responsibility of the winning purchaser to obtain CUSIP numbers for the Bonds prior to delivery and the Town will not be responsible for any delay occasioned by the inability to deposit the Bonds with DTC due to the failure of the winning purchaser to obtain such numbers and to supply them to the Town in a timely manner.

The right is reserved to reject any and all proposals and to reject any proposal not complying with this Notice of Sale and to waive any irregularity or informality with respect to any proposal.

For more information regarding this issue and the Town, reference is made to the Preliminary Official Statement dated October 3, 2016. Copies of the Preliminary Official Statement may be obtained from Kimberly Lord at East Windsor Town Hall, 11 Rye Street, Broad Brook, Connecticut, Telephone: 860-623-2720 or from Mr. Mark Chapman, Independent Bond and Investment Consultants LLC, (203) 245-7264.

Robert Maynard  
First Selectman

Kimberly Lord  
Treasurer

October 3, 2016