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## TOWN OF NEWTOWN

### LEGISLATIVE COUNCIL

**TOWN OF NEWTOWN LEGISLATIVE COUNCIL MEETING  
WEDNESDAY, DECEMBER 2, 2015  
NEWTOWN MUNICIPAL CENTER, NEWTOWN, CT**

**PRESENT:** George Ferguson, Dan Wiedemann, Chris Eide, Paul Lundquist, Judit DeStefano, Ryan Knapp, Neil Chaudhary, Mary Ann Jacob, Dan Amaral, Tony Filiato, Phil Carroll, Dan Honan.

**ALSO PRESENT:** Town Clerk Debbie Halstead, First Selectman Pat Llodra, Director of Finance Bob Tait, Board of Finance members John Godin, Jim Gaston, Sandy Roussas, Mark Boland, Kelly Johnson, and Aaron Carlson, Board of Ed members Keith Alexander, Kathy Hamilton, Andy Clure, Michele Ku, Debbie Leidlein and Rebekah Harriman Stites, Selectmen Herb Rosenthal, Superintendent Dr. Erardi, Business Director Ron Bienkowski, 3 members of the public, 1 press.

**CALL TO ORDER:** Mrs. Halstead called the meeting to order at 7:30 with the Pledge of Allegiance.

**ELECTION OF A CHAIRMAN:** MRS. HALSTEAD ASKED FOR NOMINATIONS FOR CHAIRMAN. MR. CARROLL NOMINATED MARY ANN JACOB. SECOND BY MR. LUNDQUIST. HEARING NO FURTHER NOMINATIONS, MS. JACOB WAS ELECTED UNANIMOUSLY.

**ELECTION OF A VICE CHAIR:** MS. JACOB ASKED FOR NOMINATIONS FOR VICE CHAIRMAN. MR. HONAN NOMINATED PAUL LUNDQUIST FOR VICE-CHAIR. SECOND BY MR. AMARAL. MR. CARROLL NOMINATED NEIL CHAUDHARY. MR. CHAUDHARY DECLINED THE NOMINATION. THERE BEING NO FURTHER NOMINATIONS, MR. LUNDQUIST WAS ELECTED UNANIMOUSLY.

**EXECUTIVE SESSION:** GEORGE FERGUSON MOTIONED TO ENTER EXECUTIVE SESSION FOR THE PURPOSE OF DISCUSSING THE CLERK'S PERFORMANCE. MOTION SECOND. Ms. Jacob explained the rules of executive session for the new members of the council. MOTION APPROVED. The council entered executive session at 7:40. The council returned to public session at 7:50.

**APPOINTMENT OF A CLERK:** MR. LUNDQUIST MOTIONED TO APPOINT CAREY SCHIERLOH AS COUNCIL CLERK. SECOND BY MR. CARROLL. UNANIMOUSLY APPROVED.

**VOTER COMMENT:** None

**MINUTES:** MR. LUNDQUIST MOTIONED TO APPROVE THE MINUTES OF THE SPECIAL MEETING OF NOVEMBER 16, 2015. SECOND BY MR. FERGUSON. APPROVED. MR. WIEDMANN AND MR. FILIATO ABSTAINED. MR. LUNDQUIST MOTIONED TO APPROVE THE MINUTES OF NOVEMBER 18, 2015. SECOND BY MR. CARROLL. APPROVED. MR. LUNDQUIST AND MR. WIEDEMANN ABSTAINED.

**NEW BUSINESS**

**Open Budget Planning discussion to include Debt report, Employee medical benefits and 2016-2017 operating budget with BOE, BOS, BOF:**

Budget: Mrs. Llodra shared the Selectman's preliminary budget overview of the major categories (pre-department review). (Att) Social Services department will be reorganized with two additional positions, which will be funded mostly by grants. Mr. Tait explained all the contractual increases are 2%. The steps for police officers, brings the total salary & wage increase to 2.87%. He noted that 20% increase for pension contribution is actually a much lower dollar amount than the health insurance. Expenditures for roads will increase to 1.75 million next year as planned. An increase of 4.19% will be offset by a decrease in debt service for an actual increase of 2.37%. Mrs. Llodra reminded the council they continue to hear from the state there will be reductions. We have already lost \$160,000. The bond issue falling off the debt is the high school. The impact of the Affordable Care Act will affect us in fiscal year 2017.

Dr. Erardi recapped savings to the current budget; early retirement for teachers, staff reductions due to decreased enrollment, flat health insurance costs, and grant funding. The Board of Ed will receive Superintendents budget on Dec 23<sup>rd</sup>. Health Insurance is projected at an increase of 10%. The SERV grant will sunset at the end of this school year. The \$20,000 fund balance will be used to maintain staff next year, along with a \$500,000 multiyear grant from the Sandy Hook School Foundation. They are anticipating a shortfall of \$800,000 for special ed. He believes much of the increase is due to the tragedy. Dr. Erardi noted there will be a savings in Energy. He clarified there are currently 17 SERV staff; the number of staff proposed for next year is what they believe they need. (Att)

Mr. Bienkowski stated the staff salary increases does not take into account staff reductions or any staff they may be out on leave. This number can change.

Mrs. Llodra noted the Board of Ed percentages represent increases on their total budget of \$71,587,946. The Selectman's budget overview percentage increases are not based on the total budget, but on the category. The Board of Ed preliminary increase is 4.36%

Dr. Erardi stated the increase costs in transportation, while enrollment is going down, is due to contractual increases and special ed.

Mr. Knapp asked about any potential savings regarding shared services. Mrs. Llodra stated they are always looking for savings. She does not see any further significant savings because we do so much already. Redundancy has been eliminated. Dr. Erardi concurred with Mrs. Llodra. Ms. Jacob noted past conversations concerning accounting functions. Mr. Tait said the district and town are now using the same software, which saved money. He doesn't see one person covering the two current finance positions. Policy and procedures can be reviewed for savings. Mrs. Llodra believes we could do better on building management, having one department. She suggested inviting the town of Madison to come and talk about collaborating. She believes we could see a large savings if we had a shared purchasing agent. Mr. Knapp suggested the Board of Ed and Town maintain a shared inventory. Mrs. Llodra stated the tech departments work together and Dr. Erardi stated Fred Hurley (Public Works) and Gino Faiella (School Facilities) do collaborate.

Mr. Eide asked if an outside source has been consulted regarding sharing of services. Mrs. Llodra said a study was done by Blum Shapiro a few years ago. The report identified four areas for savings; Accounting/Finance, Human Resources, Municipal Buildings and IT.

Health Insurance: Mr. Tait stated 2009-10 was last year we were insured. We are now self-insured, which involves more work. Mrs. Llodra explained when we began to self-insure, an employee medical board was created to review the insurance plan, costs, etc. Ms. Jacob noted the Council wrote an ordinance regarding the Medical Insurance Board to prevent issues which occurred when

## LEGISLATIVE COUNCIL

we were self-funded in the past. Mr. Tait stated we have a fund balance of about 20%. He estimates a 10% increase for next year. We are 90% self-insured. We have a stop loss and aggregate protection. The town pays up to \$175,000 for an individual. We do pay a premium to cover large claims.

There are 745 insured employees for the BOE and 200+ for the town. The town offers incentives for "wellness", for smoking and weight in particular. Mr. Tait stated the consultant fees are shared 50/50 between the town and Board of Ed. Administrative fees are paid based on number of employees. Mrs. Llodra noted most municipalities are self-insured. Mr. Tait noted it would be difficult to join with other towns for insuring due to different plans. Newtown is doing quite well with the insurance. (Att)

**Debt:** Mr. Tait reviewed the Debt Analysis report for the past 20 years. (Att) Recommended changes to policy (page 53) were approved by the Board of Finance and will come before the Council. Mr. Tait explained capital projects are financed 3 ways; in the annual budget, the capital non-recurring fund and bonding. Our debt is currently 9.4%. Mr. Tait noted all projects in the CIP follow our debt policy. The chart (page 13) shows where we chose to invest in our community. Mr. Tait noted Newtown is below 3% on debt to taxable net grant list. We are moving to debt at 9% of the budget. Mr. Knapp stated he was concerned Newtown's per capita debt is above the S&P recommended cap of \$2,500, especially if our income per capita should drop with changing demographics. Towns with higher per capita debt also have higher per capita income. There were questions regarding differences between Moody's and S&P; Mr. Tait explained they are very similar. Mr. Knapp stated regardless of our numbers we should continue to aim high to receive AAA rating with both agencies. Building the grand list contributes to AAA ratings. Mrs. Llodra noted a plan was put in place three years ago to increase the grand list, along with a new fund balance policy. Mr. Knapp asked how the town is addressing changes to retirement. Mrs. Llodra explained we are moving from defined benefit to defined contribution. They were successful in negotiations with the Police Department, Parks & Rec and non-union employees. They were not successful with Town Hall employees or Public Works.

**Committee Budget Assignments:** Ms. Jacob explained there are 6 standing council committees. Council members should contact her with the committees they are interested in serving on. Each council member is required to serve on 2 committees. Parts of the budget will be assigned to each committee.

**First Selectman's Report:** Mrs. Llodra noted she will be coming to the Council with a transfer request for the Public Works contract. The contract for the new police chief is finalized. She will present the impact statement for 2 grants from Praxair and the Sandy Hook Foundation to support two additional positions, part of the restructured Social Services department. The grants don't cover the entire cost; it will be built into the budget proposal. The positions will need to start in March. She will also give an update on the Hawleyville Sewers. She suggested it was time to for an update on the strategic plan for municipal facilities. Regarding the grants, there is a 1 year commitment from the Sandy Hook Foundation; Praxair is multi year.

**2016 Legislative Council Meeting Calendar:** MR. LUNDQUIST MOTIONED TO APPROVE THE 2016 MEETING SCHEDULE. SECOND BY MR. WIEDEMANN. APPROVED. (Att)

LEGISLATIVE COUNCIL

**OLD BUSINESS**

**Capital Improvement Plan:** MR. CHADHARY MOTIONED TO REOPEN DISCUSSION ON THE CIP. SECOND BY MR. CARROLL. Mrs. Llodra explained we increased the operational support for roads by \$250,000 a year until we reached two million. In addition, one million was bonded to help with major projects. Mr. Carroll is concerned about the unknowns regarding the Community Center and the cost it could add to taxpayers. MR. CARROLL MOTIONED TO AMEND THE CIP FOR THE 2016-2017 BUDGET YEAR, TO REDUCE THE AMOUNT FOR THE COMMUNITY CENTER TO 5 MILLION. MOTION SECOND BY MR. FERGUSON. Mr. Carroll stated the project appears to be ballooning and is concerned about debt and operating costs. Mr. Filiato asked if the Community Center Commission believes they can plan with the money listed in the CIP. Mrs. Llodra stated it is possible some of the members think so. There are people who want all ideas included. They still need to look at the building costs. Mrs. Llodra believes the long term costs for an ice rink are such that we should not consider it. If we are leasing/renting the facility all the time for the revenue to support it, it would not be for the community. The costs for a community and aquatic center alone will be more than the ten million GE donation. Ms. Jacob noted the council is not making any decisions on what the community center is; they are determining what debt to incur. Mrs. Llodra stated the commission is meeting on the 8<sup>th</sup> and will be looking at the business model and numbers. She will share with the commission the concerns for a conservative plan. Mr. Lundquist thought it appropriate to wait for more info from the commission before making a cut in the CIP. Mr. Knapp stated many taxpayers are concerned if money is approved, money will be spent. We should be looking to lower debt. Mr. Tait stated to bring the debt cap down to 8% we would need to cut 13 million from the CIP. Mrs. Llodra explained the commission's responsibility is to make a recommendation to the Board of Selectmen. It then goes to the Board of Finance and the Legislative Council. We don't want to shortchange the GE gift by building something that is not an added value to the community, but we also need to manage costs. That message is resonating with the commission.

MOTION TO REDUCE THE CIP AND SECOND WAS WITHDRAWN.

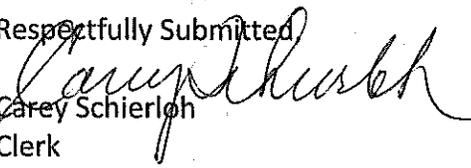
MR. FERGUSON MOTIONED TO TABLE THE DISCUSSION ON THE CIP. MOTION SECOND AND APPROVED.

**VOTER COMMENT:** None

**ANNOUNCEMENTS:** None

**ADJOURNMENT:** There being no further business, the meeting was adjourned at 10:45pm.

Respectfully Submitted,

  
Carey Schierloh  
Clerk

Attachments: Selectman's Preliminary Budget, Superintendent's Preliminary Budget, Medical Insurance Fund, Debt Analysis, CIP

*These are draft minutes and as such are subject to correction by the Legislative Council at the next regular meeting. All corrections will be determined in minutes of the meeting at which they were corrected.*

**TOWN OF NEWTOWN**

**2016 - 2017 PRELIMINARY BUDGET OVERVIEW (Pre-department Review)**

	2015 - 2016 AMENDED	2016 - 2017 PRELIMINARY	Increase / (Decrease)	Percent Change	Comments
<b>BOARD OF SELECTMEN BUDGET:</b>					
<b>MUNICIPAL SERVICES:</b>					
WAGES & SALARIES	11,725,125	12,061,538	336,413	2.87%	General wage increase = 2%; police step increase = 0.5%
FRINGE BENEFITS	5,021,362	5,496,546	475,184	9.46%	Medical self-insurance fund contribution has increased 10% due to claims experience. Pension contributions increased 20% due to the use of new updated mortality tables.
INSURANCE	1,040,000	1,100,000	60,000	5.77%	General liability insurance + worker's compensation insurance is estimated to increase 5%.
OPERATING EXPENSES	7,325,092	7,355,287	30,195	0.41%	Same services budget.
CAPITAL	2,539,929	2,831,429	291,500	11.48%	Road improvements have increased \$250,000 (as planned). Contributions to the capital non-recurring fund increased \$40,000.
CONTINGENCY	171,055	200,000	28,945	16.92%	Contingency amount is historically low. All salary and wage increases have been budgeted.
CONTRIBUTIONS TO OUTSIDE AGENCIES:					
TOWN AGENCIES	2,120,460	2,155,870	35,410	1.67%	Increase due to medical benefits.
OTHER AGENCIES	88,842	88,842	-	0.00%	No change.
<b>TOTAL MUNICIPAL SERVICES</b>	<b>30,031,865</b>	<b>31,289,513</b>	<b>1,257,648</b>	<b>4.19%</b>	
<b>CAPITAL FINANCING - DEBT SERVICE</b>	<b>10,110,702</b>	<b>9,805,589</b>	<b>(305,113)</b>	<b>-3.02%</b>	Decrease is due to a large bond issue falling off the debt payment schedule (20th principal payment was in 2015-16)
<b>TOTAL BOARD OF SELECTMEN BUDGET</b>	<b>40,142,567</b>	<b>40,945,102</b>	<b>802,535</b>	<b>2.37%</b>	

\* The information above provides a general sense of the current budget climate for fiscal year 2016 - 2017.

<b>MAJOR INCREASES BREAKDOWN</b>					
			% of total increase		
			to municipal services		
<b>WAGES &amp; SALARIES:</b>					
2% General Wage Increase	261,000				
Police Step Increase	63,000				
Other Changes (net)	12,000				
	336,000		27%		
<b>FRINGE BENEFITS:</b>					
Contribution to medical self-insurance	265,000				
Pension contribution	180,000				
Social security	30,000				
	475,000		38%		
<b>CAPITAL:</b>					
Road Improvements	250,000				
Capital non-recurring	40,000				
	290,000		23%		
			88%		

Wednesday, December 2<sup>nd</sup>

Joint Meeting: Town Council / Board of Finance / Board of Education

Talking Points: Open Discussion 2016-2017

**1. Present Health Insurance Projected Increase (10%)**

**2. SERV Staff / Operational Plan**

**3. Pupil Services**

**4. Negotiated Contracts 2016-2017**

**5. Enrollment 15-16 / Projection 16-17**

*WVE*  
*12/2/15*



**Known Estimated Expenditures for 2016-17**

<b>2015-16 Approved Budget</b>	<b>71,587,946</b>
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**Preliminary numbers - Order of magnitude for discussion only:****Estimated Contractual Requirements for 2016-17:***Negotiated contracted salary adjustments for current staff:*

Teachers 1.79%, with step 3.08%	923,345	1.29%
Administrators 1.75%	52,781	0.07%
Nurses 2.25%, with step 4.8%	31,845	0.04%
Secretaries 2.0%	38,241	0.05%
Para educators 2.0%	53,341	0.07%
Custodians 2.0%	44,838	0.06%

*Other staffing impacts:*

Four certified SERV positions to budget	296,155	0.41%
Three security guards from SERV to budget	64,645	0.09%
Tutors	45,000	0.06%

*Employee benefits:*

Employee benefits: Medical 10% claims, Pension 15.6% mortality tables	876,344	1.22%
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*Other - non salary related:*

Transportation	266,341	0.37%
Tuition - out of district ( <i>projected</i> )	645,199	0.90%
Natural gas - new SHS ( <i>net</i> )	51,966	0.07%
Energy: electricity, fuel oil, diesel & gas	(268,294)	-0.37%



## Enrollment/Projections

	K – 12 <sup>th</sup>	K – 4 <sup>th</sup>	5 <sup>th</sup> – 6 <sup>th</sup>	7 <sup>th</sup> – 8 <sup>th</sup>	9 <sup>th</sup> – 12 <sup>th</sup>
Projected Enrollment 2015-2016	4,493	1,321	684	813	1,676
Actual Enrollment 2015-2016	*4,519	1,323	701	812	1,683
Projected Enrollment 2016-2017	4,311	1,264	639	745	1,663

\*4,519 – Actual K-12

+34 – Pre-K

+36 – Outplaced

4,589 – All Students

NEWTOWN PUBLIC SCHOOLS  
Newtown, Connecticut

Comparison

OCTOBER 1st ENROLLMENT REPORT (UNOFFICIAL)

Grade	2015	2015	Difference to Projection used for Budget	
	Oct 1st Projected for Budget	Oct 1st Actual		
<u>K</u>	239	243	4	} In Town School Total 26 Increase over Projected
<u>1</u>	252	232	-20	
<u>2</u>	256	257	1	
<u>3</u>	283	291	8	
<u>4</u>	291	300	9	
Total Elementary	1,321	1,323	2	
<u>5</u>	335	343	8	
<u>6</u>	349	358	9	
Total Intermediate	684	701	17	
<u>7</u>	394	395	1	
<u>8</u>	419	417	-2	
Total Middle	813	812	-1	
<u>9</u>	406	413	7	
<u>10</u>	433	418	-15	
<u>11</u>	421	424	3	
<u>12</u>	415	428	13	
Total High	1,675	1,683	8	
<u>Special Education</u>				
Pre-Kdg	50	34	-16	} This number will go up in the first month of school It is now 40 = -10
Out-of-Town	32	36	4	
Sub-Total Local Enrollment	4,575	4,589	14	
<u>Other</u>				
Magnet School	27	25	-2	
Vocational Ag	4	8	4	
TOTAL K-12	4,606	4,622	16	
<u>ENROLLMENT BY SCHOOL</u>				
Hawley	300	320	20	} In Town School Total 26 Increase over Budgeted
Sandy Hook	343	337	-6	
Middle Gate	367	368	1	
Head O' Meadow	311	298	-13	
Total	1,321	1,323	2	
Reed Intermediate	684	701	17	
Middle School	813	812	-1	
High School	1,675	1,683	8	
<u>Special Education</u>				
Pre-Kdg	50	34	-16	
Out-of-Town	32	36	4	
Other	31	33	2	
TOTAL K-12	4,606	4,622	16	

TOWN OF NEWTOWN  
 MEDICAL SELF INSURANCE FUND ANALYSIS @ JUNE 30, 2015  
 FISCAL YEAR 2015 - 2016 FORCAST

FUND BALANCE @ JULY 1, 2015

3,143,967

ESTIMATED REVENUES

EMPLOYER CONTRIBUTIONS:

MUNICIPAL	2,892,000	
EDUCATION (budget - 8,042,000; grant - 130,000)	<u>8,172,000</u>	11,064,000

EMPLOYEE CONTRIBUTIONS:

MUNICIPAL	330,000	
EDUCATION	<u>2,203,000</u>	2,533,000

RETIREE/COBRA/AGENCY CONTRIBUTIONS:

MUNICIPAL	350,000	
EDUCATION	<u>399,000</u>	749,000

INTEREST EARNED ON INVESTMENTS

5,000

TOTAL REVENUES

14,351,000

ESTIMATED EXPENSES

CLAIMS/NAF:

MUNICIPAL	13,500,000	<<<<<FROM CLAIMS ANALYSIS
EDUCATION		(prior year = 12,347,000) 9.3%

ADMINISTRATIVE FEES:

MUNICIPAL	1,097,000	
EDUCATION		

CONSULTANT FEES

55,000

TOTAL EXPENSES

14,652,000

ESTIMATED FUND BALANCE @ JUNE 30, 2016

2,842,967

21%

25% OF TOTAL CLAIMS =

3,375,000

TOWN OF NEWTOWN  
 MEDICAL SELF INSURANCE FUND ANALYSIS @ JUNE 30, 2015  
 FISCAL YEAR 2016 - 2017 FORECAST

ESTIMATED FUND BALANCE @ JULY 1, 2016 2,842,967

ESTIMATED REVENUES

EMPLOYER CONTRIBUTIONS:

MUNICIPAL	3,181,200 (+10%)	
EDUCATION	8,846,200 (+10%)	12,027,400

EMPLOYEE CONTRIBUTIONS:

MUNICIPAL	350,000	
EDUCATION	2,397,000	2,747,000

RETIREE/COBRA/AGENCY CONTRIBUTIONS:

MUNICIPAL	350,000	
EDUCATION	392,000	742,000

INTEREST EARNED ON INVESTMENTS

7,000 15,523,400

ESTIMATED EXPENSES

CLAIMS/NAF:

MUNICIPAL		
EDUCATION		14,512,500 (7.5%)

ADMINISTRATIVE FEES:

MUNICIPAL		
EDUCATION		1,095,000

CONSULTANT FEES

55,000 15,662,500

ESTIMATED FUND BALANCE @ JUNE 30, 2017

25% OF TOTAL CLAIMS = 3,628,125

		2,703,867
		19%

Board of Education:

Budgeted

	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
Medical Insurance	9,361,231	9,723,569	7,560,815	7,424,472	7,721,451	8,267,309	8,042,309	8,846,540
Dental Claims	529,599	587,279	556,603	305,716	297,565	269,513		
Employee Contributions	(1,629,828)	(1,555,194)	(169,080)					
Other Offsets	(600,339)	(579,417)						
Total Medical Benefit Cost to BOE	7,660,663	8,176,237	7,948,338	7,730,188	8,019,016	8,536,822	8,042,309	8,846,540
% Increase		7%	-3%	-3%	4%	6%	-6%	10%
Cummulative 7 Year % Increase								15%
								(Avg. 2% Per Year)

Milliman Medical Index Annual Rate of Increase

7.8%	7.3%	6.9%	6.3%	5.4%	6.3%
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Anthen wanted a 17% increase to premiums

- (a) Year town became self-insured for medical benefits.
- (b) Employee contributions to medical netted against medical insurance account.
- Ⓞ Employee contributions to dental netted against dental claims account.
- (d) Dental claims included in medical insurance account.



# Newtown: Town and Board of Education

## Combined: Town and BOE (Fully Insured)

### Estimated Renewal Year Costs: July 1, 2010 - July 1, 2011

Components	Anthem Revised Fully Insured Projection <sup>(1)</sup>				Aon Revised Fully Insured Projection <sup>(1)</sup>			
	Medical	Rx	Dental	Total	Medical	Rx	Dental	Total
1. Experience Period Gross Paid Claims (2/09-2/10)					\$9,518,990	\$1,205,711	\$150,397	\$10,875,098
2. Claims in Excess of Individual Stop Loss Limit (\$175k) <sup>(2)</sup>					\$282,335	\$0	\$0	\$282,335
3. Experience Period Net Paid Claims					\$9,236,595	\$1,205,711	\$150,397	\$10,592,703
4. Incurred Factor <sup>(3)</sup>	1.0264	0.9675	1.0131		1.0250	0.9675	1.0100	
5. Experience Period Incurred Claims					\$9,467,510	\$1,166,525	\$151,901	\$10,785,936
6. Trend Factor (17 Months)	1.182	1.139	1.095		1.152	1.136	1.088	
7. Annual Trend <sup>(4)</sup>	12.5%	9.6%	6.6%		10.5%	9.4%	6.1%	
8. Trended Incurred Claims					\$10,906,005	\$1,324,856	\$165,193	\$12,396,053
9. Experience Period Lives (2 mo. lag)					839	839	212	
10. Trended Experience Period Claims (per ee)					\$13,007	\$1,580	\$778	
11. Projected Current Year Lives	844	844	209		844	844	209	
12. Expected Paid Claims: July 1, 2010 - July 1, 2011	\$11,642,150	\$1,253,330	\$156,442	\$13,051,922	\$10,977,541	\$1,333,546	\$162,599	\$12,473,686
13. Admin. Expenses: July 1, 2010 - July 1, 2011 <sup>(5)</sup>	\$1,472,625	\$187,415	\$58,152	\$1,718,192	\$1,012,800	\$101,280	\$17,556	\$1,131,635
14. Pooling Expenses: July 1, 2010 - July 1, 2011 <sup>(6)</sup>	\$302,874	\$0	\$0	\$302,874	\$303,840	\$0	\$0	\$303,840
15. Estimated Total Cost: July 1, 2010 - July 1, 2011	\$13,417,650	\$1,440,745	\$214,594	\$15,072,988	\$10,977,541	\$1,333,546	\$162,599	\$13,909,162
16. Current Premium <sup>(4)</sup>				\$12,879,245				\$12,785,309
17. Change (\$) <sup>(4)</sup>				\$2,193,743				\$1,123,853
18. Change (%) <sup>(4)</sup>				17.0%				8.8%

(1) paid claims through 1/31/10  
(2) represents claims over ISL during the experience period  
(3) Anthem / Aon Incurred Factors  
(4) Anthem / Aon Consulting's Fall 2009 Health Care Trend Survey  
(5) Anthem: charges are estimated by Aon - not disclosed by Anthem: Administration = 11.4% of premium, Pooling = 2.0% of premium (net of commissions)  
(6) Aon: Administration = 8.2% of premium, Pooling = 2.2% of premium (net of commissions)  
(7) Anthem: from prior renewal; Aon: latest month (1/10) x 12

# Newtown: Town and Board of Education

## Town Only (Fully Insured)

### Estimated Renewal Year Costs: July 1, 2010 - July 1, 2011

Components	Anthem Revised Fully Insured Projection <sup>(1)</sup>			Aon Revised Fully Insured Projection <sup>(1)</sup>			
	Medical	Rx	Dental	Medical	Rx	Dental	Total
1. Experience Period Gross Paid Claims (2/09-2/10)				\$2,441,329	\$225,568	\$150,397	\$2,817,295
2. Claims in Excess of Individual Stop Loss Limit (\$175k) <sup>(2)</sup>				\$0	\$0	\$0	\$0
3. Experience Period Net Paid Claims				\$2,441,329	\$225,568	\$150,397	\$2,817,295
4. Incurred Factor <sup>(3)</sup>				1.0250	0.9675	1.0100	
5. Experience Period Incurred Claims				\$2,502,362	\$218,237	\$151,901	\$2,872,501
6. Trend Factor (17 Months)				1.152	1.136	1.088	
7. Annual Trend <sup>(4)</sup>				10.5%	9.4%	6.1%	
8. Trended Incurred Claims				\$2,882,572	\$247,859	\$165,193	\$3,295,623
9. Experience Period Lives (2 mo. lag)				212	212	212	
10. Trended Experience Period Claims (per ee)				\$13,576	\$1,167	\$778	
11. Projected Current Year Lives				209	209	209	
12. Expected Paid Claims: July 1, 2010 - July 1, 2011				\$2,837,319	\$243,968	\$162,599	\$3,243,886
13. Admin. Expenses: July 1, 2010 - July 1, 2011 <sup>(5)</sup>				\$275,880	\$27,588	\$18,810	\$322,278
14. Pooling Expenses: July 1, 2010 - July 1, 2011 <sup>(6)</sup>				\$82,764	\$0	\$0	\$82,764
15. Estimated Total Cost: July 1, 2010 - July 1, 2011	\$3,585,853	\$385,038	\$57,350	\$4,028,241	\$243,968	\$162,599	\$3,648,928
16. Current Premium <sup>(6)</sup>				\$3,375,532			\$3,304,646
17. Change (\$) <sup>(6)</sup>				\$652,709			\$344,282
18. Change (%) <sup>(6)</sup>				19.3%			10.4%

<sup>(1)</sup> paid claims through 1/31/10

<sup>(2)</sup> represents claims over ISL during the experience period

<sup>(3)</sup> Anthem / Aon Incurred Factors

<sup>(4)</sup> Anthem / Aon Consulting's Fall 2009 Health Care Trend Survey

<sup>(5)</sup> Anthem: charges are estimated by Aon - not disclosed by Anthem: Administration = 11.4% of premium, Pooling = 2.0% of premium (net of commissions)

<sup>(6)</sup> Aon: Administration = 8.8% of premium, Pooling = 2.3% of premium (net of commissions)

<sup>(6)</sup> Anthem: from prior renewal; Aon: latest month (1/10) x 12

**Newtown: Town and Board of Education**  
**Combined: Town and BOE (ASO)**  
**Estimated Renewal Year Costs: July 1, 2010 - July 1, 2011**

Components	Anthem Revised ASO (Self Insured) Projection <sup>(1)</sup>			Aon ASO (Self Insured) Projection <sup>(1)</sup>			
	Medical	Rx	Dental	Medical	Rx	Dental	Total
1. Experience Period Gross Paid Claims (2/09-2/10)							
2. Claims in Excess of Individual Stop Loss Limit (\$175K)							
3. Experience Period Net Paid Claims							
4. Incurred Factor							
5. Experience Period Incurred Claims							
6. Trend Factor (17 Months)							
7. Annual Trend							
8. Trended Incurred Claims							
9. Experience Period Lives (2 mo. lag)							
10. Trended Experience Period Claims (per ee)							
11. Projected Current Year Lives							
12. Expected Paid Claims: July 1, 2010 - July 1, 2011	\$11,217,300	\$1,362,096	\$164,196	\$10,977,541	\$1,333,546	\$162,599	\$12,473,686
13. Admin. Expenses: July 1, 2010 - July 1, 2011 <sup>(2)</sup>				\$568,339			\$506,400
14. Pooling Expenses: July 1, 2010 - July 1, 2011 <sup>(2)</sup>				\$607,716			\$557,040
15. Estimated Total Cost: July 1, 2010 - July 1, 2011				\$13,919,647			\$13,537,126
16. Current Premium <sup>(3)</sup>				\$12,879,245			\$12,785,309
17. Change (\$) <sup>(4)</sup>				\$1,040,402			\$751,817
18. Change (%) <sup>(4)</sup>				8.1%			5.9%
Estimated Town Cost <sup>(3)</sup>				\$3,720,011			\$3,551,328
Premium at Current Rates (1/10 x 12) <sup>(3)</sup>				\$3,375,532			\$3,304,646
Change (%) <sup>(4)</sup>				10.2%			7.5%
Estimated BOE Cost:				\$10,199,636			\$9,985,798

<sup>(1)</sup> paid claims through 1/31/10  
<sup>(2)</sup> Anthem Self-Insured: Administration = 4.1% of premium, Pooling = 4.4% of premium (net of commissions)  
<sup>(3)</sup> Aon Self-Insured: Administration = 3.7% of premium, Pooling = 4.1% of premium (net of commissions)  
<sup>(4)</sup> Anthem: from prior renewal; Aon: latest month (1/10) x 12  
<sup>(5)</sup> Town/BOE self funded cost splits were based on same cost splits as fully insured - Anthem did not provide detail



TOWN OF NEWTOWN

**GENERAL FUND BONDED DEBT ANALYSIS  
PAST TWENTY YEARS, PRESENT AND INTO THE FUTURE**

For Discussion Purposes

RTAIT 08/10/2015

# INDEX

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<b>PAGES 28 - 31</b>	BONDING/DEBT SERVICE - WHERE ARE WE TODAY.
<b>PAGES 32 - 46</b>	DEBT RATIOS AND DATA ANALYSIS.
<b>PAGES 47 - 49</b>	DEBT FORECAST SCHEDULE.
<b>PAGES 50 - 53</b>	NEWTOWN DEBT MANAGEMENT POLICY.

### Capital Financing

- Capital Financing Strategy is essential for any local government to effectively plan for major projects and expenditures.
- Debt Management is one of the key components of a financial strategy.
- Borrowing for capital projects is considered essential financial decision-making.
- Borrowing for capital projects requires effective debt management.
- Effective debt management can minimize interest costs and even stabilize local government financial positions.
- Periodic review of debt and re-financing when conditions are favorable are essential to effective debt management and capital planning

Long – Term Debt

- As a long-term commitment, debt represents a leverage against the local economic base and the taxable resources that are ultimately responsible for the debt retirement.
- From an annual financial perspective, debt represents a fixed line-item expense that local governments must budget for with adequate supporting revenues or sufficient cash flow.
- Growing communities must manage the capital costs of expanding infrastructure demands, while mature communities must plan for deferred maintenance issues and redevelopment costs. Both require long-term planning for infrastructure costs coupled with affordability studies.

### Common Debt Ratios

- For a local government to analyze its debt capacity, it can look at debt ratios.
- Some commonly used ratios can provide guidance on debt affordability
- Ratios allow towns and cities to compare their situations to statewide averages or similar sized communities.
- Common debt ratios are:
  - Annual debt service on debt as a % of general fund revenues or expenditures.
  - Debt retirement rate.
  - Debt as a % of taxable or market valuation.
  - Debt per capita.
- See page 31 for more detail on debt ratios.

Capital Improvement Program (CIP)

- Used to manage capital financing needs
- Identifies capital projects to be funded over the next five years
- First year of CIP can serve as Capital Budget
- Serves as a financial planning tool:
  1. Establishes priorities that balance capital needs with available resources
  2. Pairs projects with their intended funding sources
  3. Ensures orderly improvement or replacement of fixed assets
  4. Provides an estimate of the size and timing of future bond sales

## TOWN OF NEWTOWN - GENERAL FUND DEBT ANALYSIS - PAST TWENTY YEARS & INTO THE FUTURE

### Long-Term Financial Planning

#### **Five Year Capital Improvement Plan (CIP)**

- The Capital Improvement Plan (CIP) is a five-year plan identifying the Town's capital outlay and improvement needs. As a long-range plan, the CIP reflects the Town's policy regarding future physical and economic development. By providing a planned schedule of public improvements, the CIP outlines present and future public needs and priorities. A capital improvement is defined as any expenditure for equipment, buildings, infrastructure, land acquisition, plan or project in which the cost exceeds 0.25% of the town budget for the year in which the request is made (\$280,000 for 2015/16).
- Capital project planning is an ongoing process. Each year the CIP document is updated. The need or idea for capital improvements can originate from the department heads, the First Selectman, the Superintendent of Schools, and boards and commissions. These items are compiled into this document and presented annually to the Board of Finance and Legislative Council. Once approved, the CIP outlines the Town's official commitment to funding these expenditures in the subsequent years budgets.
- Adopting a CIP does not end with the first year. Changing needs and priorities, emergencies, cost changes, mandates and changes in technology all require the CIP to be updated annually. The Town's public facilities, streets, parks, equipment, etc., are constantly in need of repair, replacement or expansion. A growing population will require additional or new facilities. These reasons require that the CIP be updated to maintain the financial solidity of the Town. The CIP achieves the following objectives as a component of the Town's budget and financial planning process:
  - Reduces the need for "crash programs" to finance the construction of Town facilities.
  - Focuses attention on community goals, needs and capabilities.
  - Achieves optimum use of taxpayer dollars.
  - Guides future community growth and development.
  - Advance planning ensures that projects are well thought out in advance of construction.
  - Provides for the orderly replacement of capital expenditures.
  - Encourages a more efficient governmental administration as well as maintains a sound and stable financial program.

## Debt Policy

- A written debt policy establishes guidelines for the use of debt.
- Specifies:
  - Maximum amount of debt that can be issued
  - Purposes for which debt can be issued
  - Types of debt that can be issued
  - Debt maturity structure
    - Determined by:
      - Type of project being financed
      - Financial position of the issuer
      - Statutory constraints
    - A bond issue should not exceed the useful life of the project being financed
- Current Newtown Debt Management policy is attached (see page 50) with recommended changes.

**LAST TWENTY (20) YEARS OF BONDING**

TOWN OF NEWTOWN - GENERAL FUND DEBT ANALYSIS - PAST TWENTY YEARS

TOWN OF NEWTOWN - BONDING - LAST TWENTY YEARS - SUMMARY BY DATE

<u>Date</u>	<u>Amount</u>	<u>Fiscal Year</u>	<u>Yield</u>	<u>Period</u>
12/15/1996	34,315,000	1995/96	3.350% - 5.400%	20yr
6/15/2000	4,825,000	1999/00	4.594% - 5.700%	20yr
8/1/2001	10,000,000	2001/02	2.500% - 4.720%	15yr
6/15/2002	8,950,000	2001/02	1.500% - 4.870%	20yr
12/15/2004	12,410,000	2003/04	2.000% - 4.430%	20yr
12/15/2005	8,340,000	2004/05	3.280% - 4.180%	20yr
1/15/2007	9,460,000	2006/07	3.500% - 4.080%	20yr
11/15/2007	10,770,000	2007/08	3.080% - 4.250%	20yr
2/1/2009	5,385,000	2008/09	0.600% - 3.000%	10yr
2/15/2010	14,230,000	2009/10	0.300% - 3.850%	18yr
2/15/2011	14,020,000	2010/11	0.500% - 4.600%	20yr
2/15/2012	11,800,000	2011/12	0.250% - 3.100%	20yr
3/15/2014	6,500,000	2013/14	0.200% - 3.550%	20yr
	<u>151,005,000</u>			

**TOWN OF NEWTOWN - GENERAL FUND DEBT ANALYSIS - PAST TWENTY YEARS**

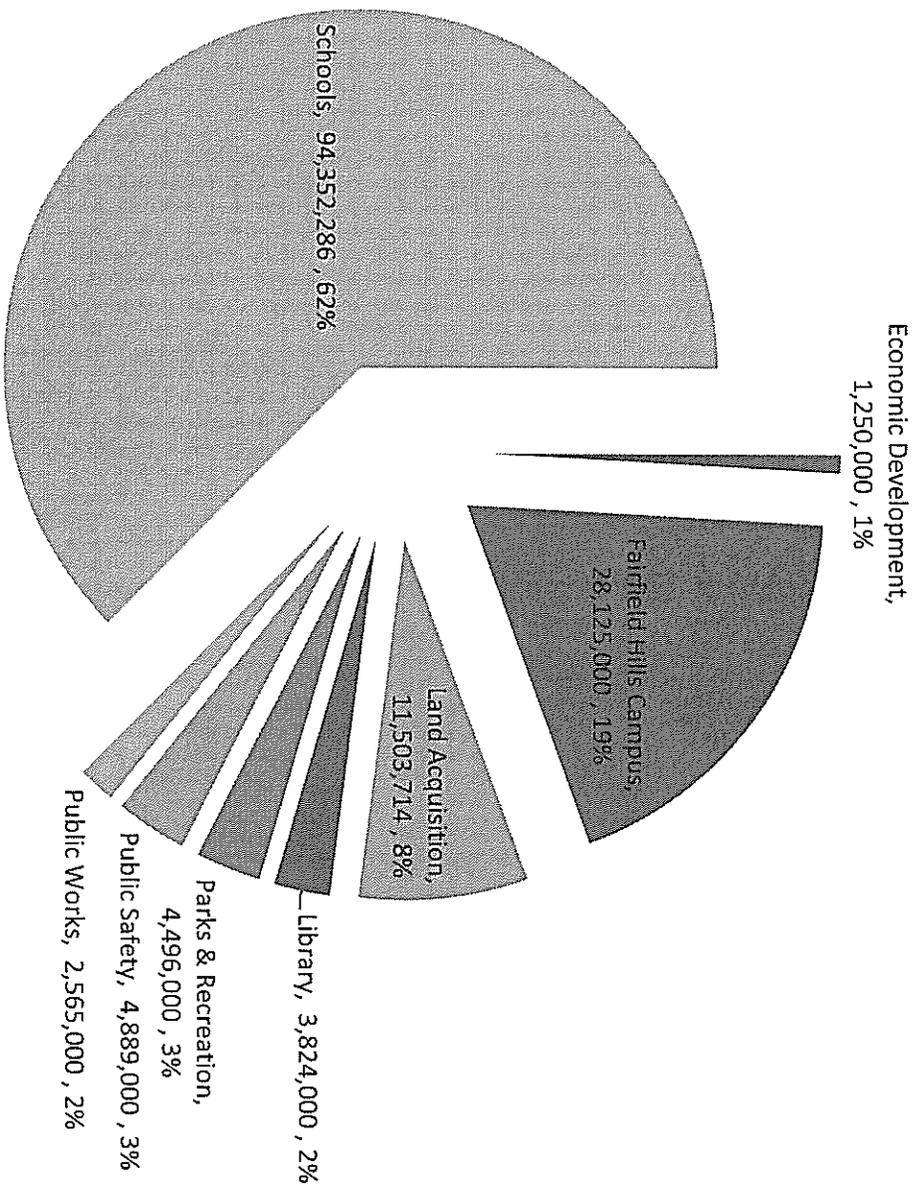
Detail by Year:

TOWN OF NEWTOWN - BONDING - LAST TWENTY YEARS - BY DATE		Bond Amount		Total Bond Amt	FY
Bond Date	Function	Description			
12/15/1996	Library	Cyrenius H. Booth Library	3,750,000		
12/15/1996	Public Works	Road Reconstruction	1,650,000		
12/15/1996	Schools	Newtown High School	24,732,000		
12/15/1996	Schools	Hawley Elementary School	4,183,000	34,315,000	1995/96
6/15/2000	Fairfield Hills Campus	Land Acquisition - Queen Street	1,250,000		
6/15/2000	Library	Cyrenius H. Booth Library	74,000		
6/15/2000	Schools	Newtown High School	190,000		
6/15/2000	Schools	Head O'Meadow Elementary School	526,000		
6/15/2000	Schools	Read 5/6 School	1,085,000		
6/15/2000	Sewers	Sewer System - Hawleyville	1,700,000	4,825,000	1999/00
8/1/2001	Schools	Read 5/5 School	10,000,000	10,000,000	2001/02
6/15/2002	Fairfield Hills Campus	Fairfield Hills Campus	800,000		
6/15/2002	Schools	Read 5/6 School	8,000,000		
6/15/2002	Schools	High School Playing Fields	150,000	8,950,000	2001/02
12/15/2004	Fairfield Hills Campus	Fairfield Hills Campus	5,030,000		
12/15/2004	Public Safety	Two-Way Communication Network	1,975,000		
12/15/2004	Schools	Fire Pumper Truck	320,000		
12/15/2004	Schools	Head O'Meadow Elementary School - HVAC	4,395,000		
12/15/2004	Schools	Newtown High School	400,000		
12/15/2004	Schools	Hawley Elementary School - HVAC	290,000	12,410,000	2003/04
12/15/2005	Fairfield Hills Campus	Fairfield Hills Campus	3,000,000		
12/15/2005	Land Acquisition	Open Space - Laurel Trail and Marina	2,000,000		
12/15/2005	Land Acquisition	Open Space - Fulton Property	2,000,000		
12/15/2005	Public Safety	Fire Trucks	340,000		
12/15/2005	Schools	Read 5/6 School - Oil Spill Remediation	1,000,000	8,340,000	2004/05
1/15/2007	Fairfield Hills Campus	Fairfield Hills Campus	7,000,000		
1/15/2007	Land Acquisition	Open Space - Fulton Property	2,000,000		
1/15/2007	Public Safety	Triple Combination Fire Pumper Truck	460,000	9,460,000	2006/07
11/15/2007	Fairfield Hills Campus	Fairfield Hills Campus	6,020,000		
11/15/2007	Land Acquisition	Open Space	2,000,000		
11/15/2007	Schools	Newtown High School	2,750,000	10,770,000	2007/08
2/1/2009	Fairfield Hills Campus	Fairfield Hills Campus - New Baseball Field with Field Lights	290,000		
2/1/2009	Land Acquisition	Open Space	2,000,000		
2/1/2009	Parks & Recreation	P & R Maintenance Facility - Roof Replacement & Repairs	825,000		
2/1/2009	Parks & Recreation	Tilson Soccer Field - Installation of Artificial Turf System	710,000		
2/1/2009	Parks & Recreation	P & R - Demolition of Litchfield Hall / Community Ctr Design	1,000,000		
2/1/2009	Schools	Newtown Middle School - Repair to Stream Leaks	560,000	5,385,000	2008/09

**TOWN OF NEWTOWN - GENERAL FUND DEBT ANALYSIS - PAST TWENTY YEARS**

Bond date	Function	Description	Bond Amount	Total	FY
2/15/2010	Fairfield Hills Campus	Fairfield Hills Campus - Parking Lot Lease Refunding	3,400,000		
2/15/2010	Land Acquisition	Open Space	1,503,714		
2/15/2010	Parks & Recreation	Tison Soccer Field - Installation of Artificial Turf System	10,000		
2/15/2010	Parks & Recreation	Treadwell Pool Renovations	405,000		
2/15/2010	Parks & Recreation	P & R - Maintenance Facility Renovations	350,000		
2/15/2010	Parks & Recreation	Dickinson Park Infrastructure Renovations	620,000		
2/15/2010	Public Safety	Pumper Truck - Dodgingtown	550,000		
2/15/2010	Public Safety	Police Radio Enhancements	494,000		
2/15/2010	Schools	Newtown High School	6,000,000		
2/15/2010	Schools	Modular Classrooms	897,286	14,230,000	2009/10
2/15/2011	Economic Development	Sandy Hook Streetscape	200,000		
2/15/2011	Parks & Recreation	P & R - Maintenance Facility Renovations	350,000		
2/15/2011	Parks & Recreation	P & R - Demolition of Litchfield Hall / Community Ctr Design	425,000		
2/15/2011	Public Safety	Animal Shelter	750,000		
2/15/2011	Public Works	Bridge Replacement - Old Mill Dam	270,000		
2/15/2011	Schools	Newtown High School	10,000,000		
2/15/2011	Schools	Newtown Middle School - Roof	1,505,000		
2/15/2011	Schools	Read 5/6 School	70,000		
2/15/2011	Economic Development	Sandy Hook Water Main Extension	450,000	14,020,000	2010/11
2/15/2012	Economic Development	Sandy Hook Streetscape	200,000		
2/15/2012	Public Works	Bridge Replacement - Boggs Hill Road Culvert	215,000		
2/15/2012	Schools	Newtown High School	10,000,000		
2/15/2012	Schools	Newtown Middle School - Roof	1,200,000		
2/15/2012	Schools	Hawley Elementary School - Boiler/HVAC	185,000	11,800,000	2011/12
3/15/2014	Economic Development	Sandy Hook Streetscape	400,000		
3/15/2014	Fairfield Hills Campus	Fairfield Hills Campus - Danbury Hall Demolition	200,000		
3/15/2014	Parks & Recreation	P & R - Dickinson Playground	438,000		
3/15/2014	Parks & Recreation	P & R - Treadwell Park Renovations	498,000		
3/15/2014	Public Works	Bridge Replacement Program	430,000		
3/15/2014	Schools	Newtown High School	500,000		
3/15/2014	Schools	Hawley Elementary School - Boiler/HVAC	1,500,000		
3/15/2014	Schools	Newtown Middle School - Roof	46,000		
3/15/2014	Sewers	Sewer Extension - Hawleyville	2,488,000	6,500,000	2013/14
GRAND TOTAL			151,005,000	151,005,000	

**BONDED PROJECTS PAST 20 YRS**



**TOWN OF NEWTOWN - GENERAL FUND DEBT ANALYSIS - PAST TWENTY YEARS**

- SUMMARY BY FUNCTION -

**TOWN OF NEWTOWN - BONDED PROJECT CATEGORIES - PAST TWENTY YEARS**

<u>Function</u>	<u>Description</u>	<u>Bond Amount</u>
Economic Development	Sandy Hook Streetscape & Water Main Extension	1,250,000 (a.)
Fairfield Hills Campus	Fairfield Hills Campus - Land purchase; bldg renovation; bldg demolition; infrastructure improvements	28,125,000
Land Acquisition	Open Space Purchase / Recreational Space Purchase	11,503,714
Library	Cyrenius H. Booth Library - Addition	3,824,000
Parks & Recreation	Dickinson & Treadwell Park Infrastructure Renovations & Dickinson Playground & Treadwell Pool Renovations	1,961,000
Parks & Recreation	Community Ctr Design	290,000 (b.)
Parks & Recreation	Maintenance Facility Renovations; Roof Replacement & Repairs	1,525,000
Parks & Recreation	Tilson Soccer Field - Installation of Artificial Turf System	720,000
Public Safety	New Animal Shelter Building	750,000
Public Safety	New Fire Apparatus & Fire Apparatus Refurbishment	1,670,000
Public Safety	Two-Way Communication Network & Police Radio Enhancements	2,469,000
Public Works	Bridge Replacement	915,000
Public Works	Road Reconstruction	1,650,000
Schools	Hawley Elementary School - Additions and code compliance; Boiler / HVAC	6,158,000
Schools	Head O'Meadow Elementary School - HVAC system renovations; Renovations & improvements	4,921,000
Schools	High School Playing Fields - Field expansion & improvements	150,000
Schools	Modular Classrooms	897,286
Schools	Newtown High School - Additions, renovations & code compliance	24,922,000
Schools	Newtown High School - Renovations and addition	29,650,000
Schools	Newtown Middle School - Repair to Steam Leaks	560,000
Schools	Newtown Middle School - Roof	2,751,000
Schools	Read 5/6 School	19,155,000
Schools	Read 5/6 School - Oil Spill Remediation	1,000,000
Sewers	Sewer System - Hawleyville; Sewer Extension - Hawleyville	4,188,000
	<b>GRAND TOTAL</b>	<b>151,005,000</b>

(a.) Includes \$800,000 bonding for S.H. Streetscape. \$200,000 more will be bonded in February 2016.

(b.) Bonding for Demolition & Remediation of Litchfield for \$1,135,000 is in Fairfield Hills Campus function.

**TOWN OF NEWTOWN - GENERAL FUND DEBT ANALYSIS - PAST TWENTY YEARS & INTO THE FUTURE**

- DETAIL BY FUNCTION -

**TOWN OF NEWTOWN - BONDING - LAST TWENTY YEARS - BY FUNCTION**

Bond Date	Function	Description	Bond Amount
2/15/2011	Economic Development	Sandy Hook Streetscape	200,000
2/15/2011	Economic Development	Sandy Hook Water Main Extension	450,000
2/15/2012	Economic Development	Sandy Hook Streetscape	200,000
3/15/2014	Economic Development	Sandy Hook Streetscape	400,000
6/15/2000	Fairfield Hills Campus	Land Acquisition (with houses) - Queen Street	1,250,000
6/15/2002	Fairfield Hills Campus	Fairfield Hills Campus	800,000
12/15/2004	Fairfield Hills Campus	Fairfield Hills Campus	5,030,000
12/15/2005	Fairfield Hills Campus	Fairfield Hills Campus	3,000,000
1/15/2007	Fairfield Hills Campus	Fairfield Hills Campus	7,000,000
11/15/2007	Fairfield Hills Campus	Fairfield Hills Campus	6,020,000
3/15/2014	Fairfield Hills Campus	Fairfield Hills Campus - Danbury Hall Demolition	200,000
2/1/2009	Fairfield Hills Campus	Fairfield Hills Campus - New Baseball Field with Field Lights	290,000
2/15/2010	Fairfield Hills Campus	Fairfield Hills Campus - Parking Lot Lease Refunding	3,400,000
11/15/2007	Land Acquisition	Open Space	2,000,000
2/1/2009	Land Acquisition	Open Space	2,000,000
2/15/2010	Land Acquisition	Open Space	1,503,714
12/15/2005	Land Acquisition	Open Space - Fulkon Property	2,000,000
1/15/2007	Land Acquisition	Open Space - Fulkon Property	2,000,000
12/15/2005	Land Acquisition	Open Space - Laurel Trail and Marina (Eichler's Cove)	2,000,000
12/15/1996	Library	Cyrenius H. Booth Library - Addition	3,750,000
6/15/2000	Library	Cyrenius H. Booth Library - Addition	74,000
2/15/2010	Parks & Recreation	Dickinson Park Infrastructure Renovations	620,000
2/1/2009	Parks & Recreation	P & R - Demolition of Litchfield Hall / Community Ctr Design	1,000,000
2/15/2011	Parks & Recreation	P & R - Demolition of Litchfield Hall / Community Ctr Design	425,000
3/15/2014	Parks & Recreation	P & R - Dickinson Playground	438,000
2/15/2010	Parks & Recreation	P & R - Maintenance Facility Renovations	350,000
2/15/2011	Parks & Recreation	P & R - Maintenance Facility Renovations	350,000
3/15/2014	Parks & Recreation	P & R - Treadwell Park Renovations	498,000
2/1/2009	Parks & Recreation	P & R Maintenance Facility - Roof Replacement & Repairs	825,000
2/1/2009	Parks & Recreation	Tilson Soccer Field - Installation of Artificial Turf System	710,000
2/15/2010	Parks & Recreation	Tilson Soccer Field - Installation of Artificial Turf System	10,000
2/15/2010	Parks & Recreation	Treadwell Pool Renovations	404,990

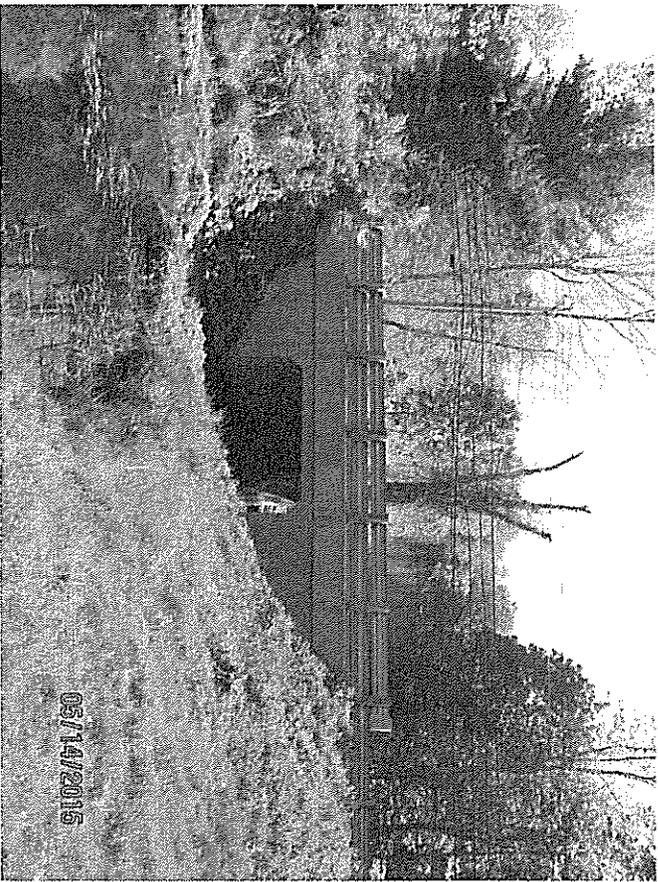
TOWN OF NEWTOWN - GENERAL FUND DEBT ANALYSIS - PAST TWENTY YEARS & INTO THE FUTURE

TOWN OF NEWTOWN - BONDING - LAST TWENTY YEARS - BY FUNCTION -----Continued-----			
Bond Date	Function	Description	Bond Amount
2/15/2011	Public Safety	New Animal Shelter	750,000
12/15/2004	Public Safety	New Fire Pumper Truck	320,000
12/15/2005	Public Safety	Fire Trucks: Engine 11 (H & L) & Tanker 9 (S.H.) Refurbishment (Addds 10 years to life)	340,000
2/15/2010	Public Safety	Police Radio Enhancements	494,000
2/15/2010	Public Safety	Pumper Truck - Dodgingtown	550,000
1/15/2007	Public Safety	New Triple Combination Fire Pumper Truck	460,000
12/15/2004	Public Safety	Two-Way Communication Network (providing portable radio coverage for Town)	1,975,000
2/15/2012	Public Works	Bridge Replacement - Boggs Hill Road Culvert	215,000
2/15/2011	Public Works	Bridge Replacement - Old Mill Dam	270,000
3/15/2014	Public Works	Bridge Replacement Program	430,000
12/15/1996	Public Works	Road Reconstruction	1,650,000
12/15/1996	Schools	Hawley Elementary School - Additions and code compliance	4,183,000
2/15/2012	Schools	Hawley Elementary School - Boiler / HVAC	185,000
3/15/2014	Schools	Hawley Elementary School - Boiler / HVAC	1,500,000
12/15/2004	Schools	Hawley Elementary School - HVAC	290,000
6/15/2000	Schools	Head O'Meadow Elementary School - Renovations & improvements	526,000
12/15/2004	Schools	Head O'Meadow Elementary School - HVAC system renovations	4,395,000
6/15/2002	Schools	High School Playing Fields - Field expansion & improvements	150,000
2/15/2010	Schools	Modular Classrooms	897,286
12/15/1996	Schools	Newtown High School - Additions, renovations & code compliance	24,732,000
6/15/2000	Schools	Newtown High School - Additions, renovations & code compliance	190,000
12/15/2004	Schools	Newtown High School - Renovations and addition	400,000
11/15/2007	Schools	Newtown High School - Renovations and addition	2,750,000
2/15/2010	Schools	Newtown High School - Renovations and addition	6,000,000
2/15/2011	Schools	Newtown High School - Renovations and addition	10,000,000
2/15/2012	Schools	Newtown High School - Renovations and addition	10,000,000
3/15/2014	Schools	Newtown High School - Renovations and addition	500,000
2/1/2009	Schools	Newtown Middle School - Repair to Steam Leaks	560,000
2/15/2011	Schools	Newtown Middle School - Roof	1,505,000
2/15/2012	Schools	Newtown Middle School - Roof	1,200,000
3/15/2014	Schools	Newtown Middle School - Roof	46,000
6/15/2000	Schools	Read 5/6 School	1,085,000
8/1/2001	Schools	Read 5/6 School	10,000,000
6/15/2002	Schools	Read 5/6 School	8,000,000
2/15/2011	Schools	Read 5/6 School	70,000
12/15/2005	Schools	Read 5/6 School - Oil Spill Remediation	1,000,000
3/15/2014	Sewers	Sewer Extension - Hawleyville	2,488,000
6/15/2000	Sewers	Sewer System - Hawleyville	1,700,000
GRAND TOTAL			151,005,000

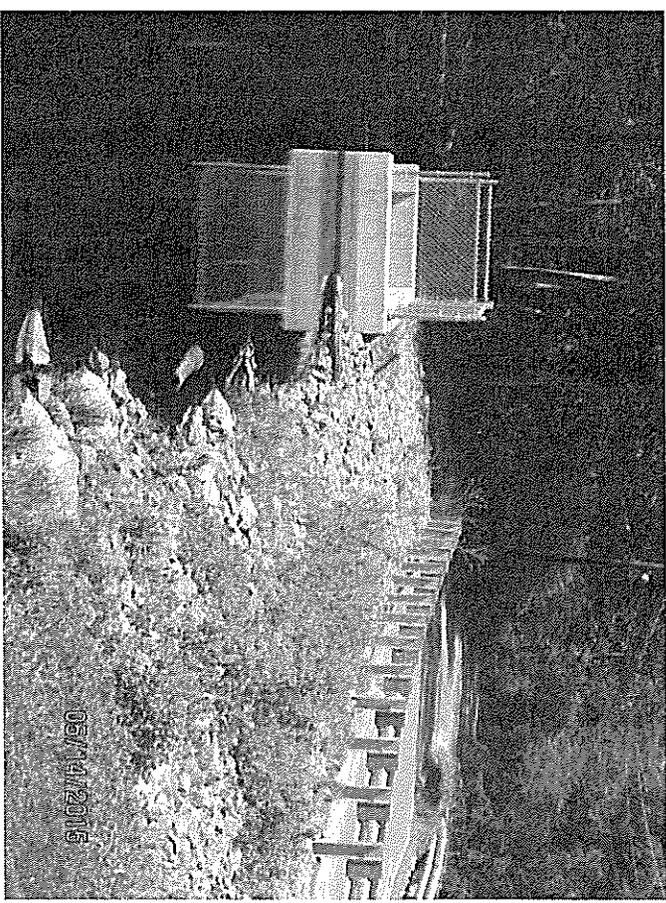
TOWN OF NEWTOWN - GENERAL FUND DEBT ANALYSIS - PAST TWENTY YEARS & INTO THE FUTURE

Public Works Projects:

Bridge Replacement – Boggs Hill Road Culvert  
Bonding: 2/15/2012 for \$215,000



Bridge Replacement – Old Mill Dam  
Bonding: 2/15/2011 for \$270,000

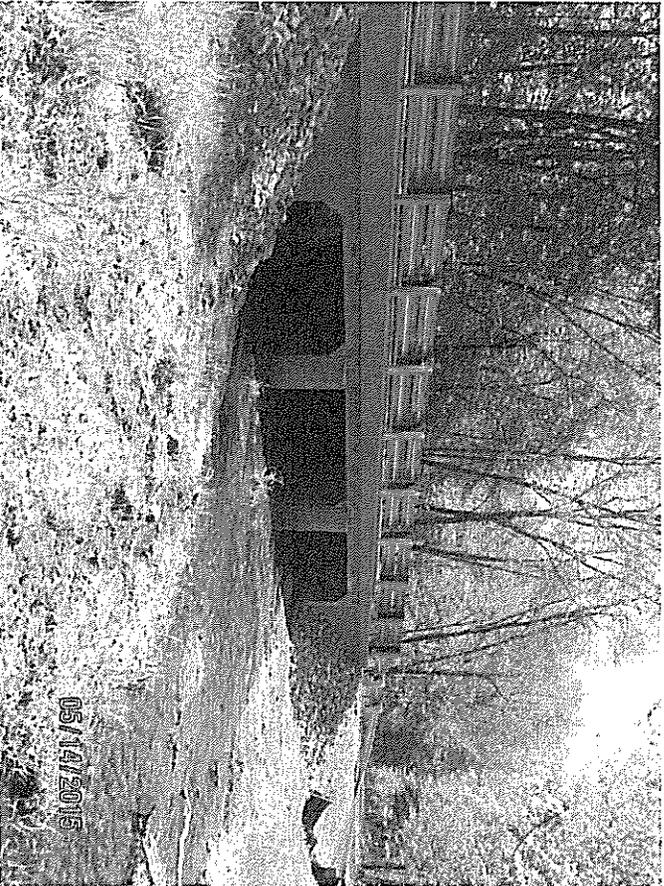


TOWN OF NEWTOWN - GENERAL FUND DEBT ANALYSIS - PAST TWENTY YEARS & INTO THE FUTURE

Public Works Projects:

Bridge Replacement – Poverty Hollow

Bonding: 3/15/2014 for \$430,000



Road Reconstruction

Bonding: 12/15/1996 for \$1,650,000



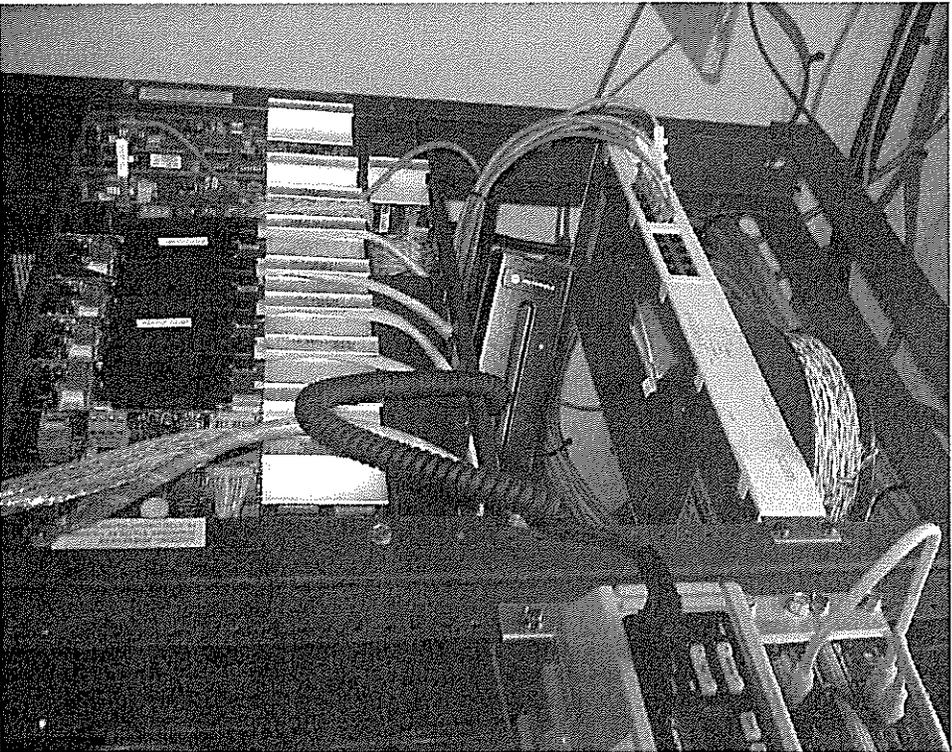
\*\* Not actual project

TOWN OF NEWTOWN - GENERAL FUND DEBT ANALYSIS - PAST TWENTY YEARS & INTO THE FUTURE

**Public Safety Projects:**

Two-Way Communication Network

Bonding: 12/15/2004 for \$1,975,000

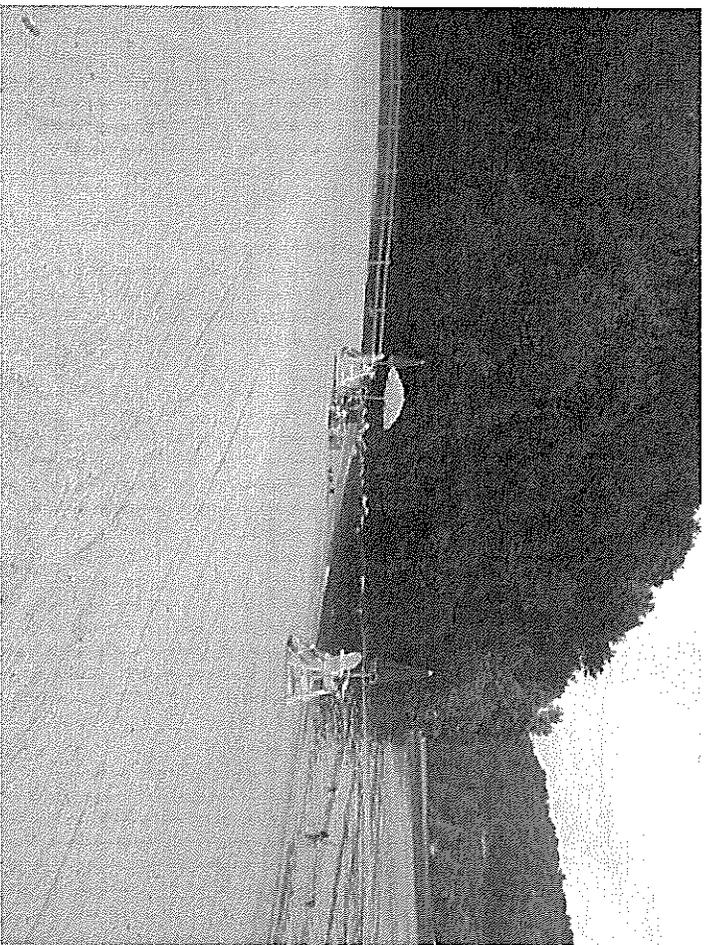
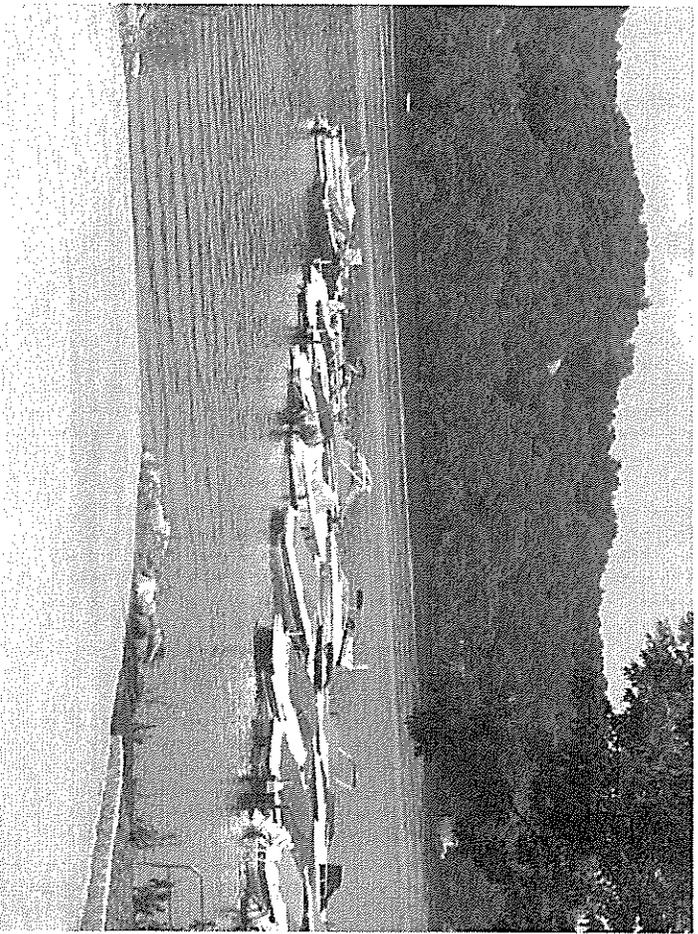


TOWN OF NEWTOWN - GENERAL FUND DEBT ANALYSIS - PAST TWENTY YEARS & INTO THE FUTURE

Land Acquisition Projects:

Eichler's Cove

Bonding: 12/15/2005 for \$2,000,000

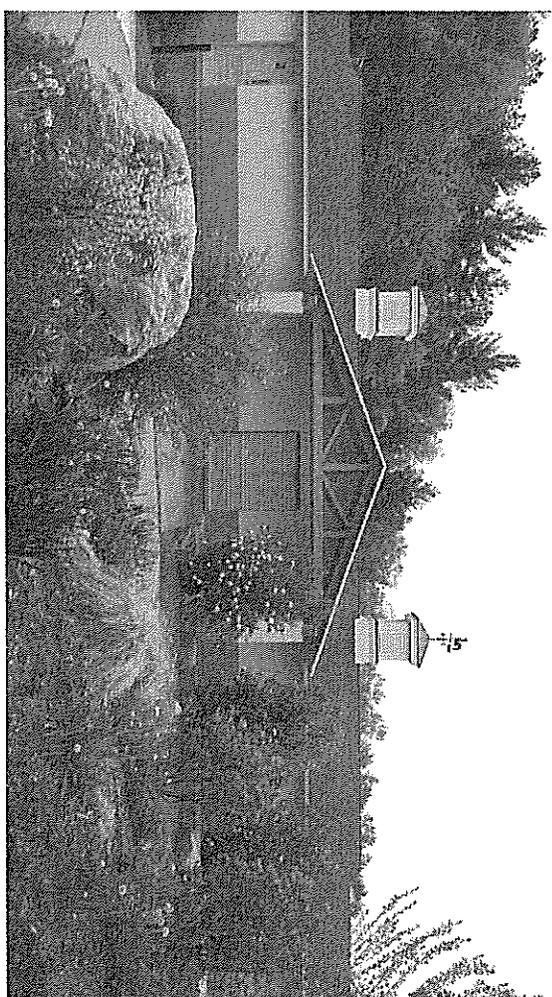


TOWN OF NEWTOWN - GENERAL FUND DEBT ANALYSIS - PAST TWENTY YEARS & INTO THE FUTURE

**Park & Recreation Projects:**

Treadwell Pool Renovations

Bonding: 2/15/2010 for \$405,000



Tilson Soccer Field – Artificial Turf System

Bonding: 2/01/2009 for \$720,000

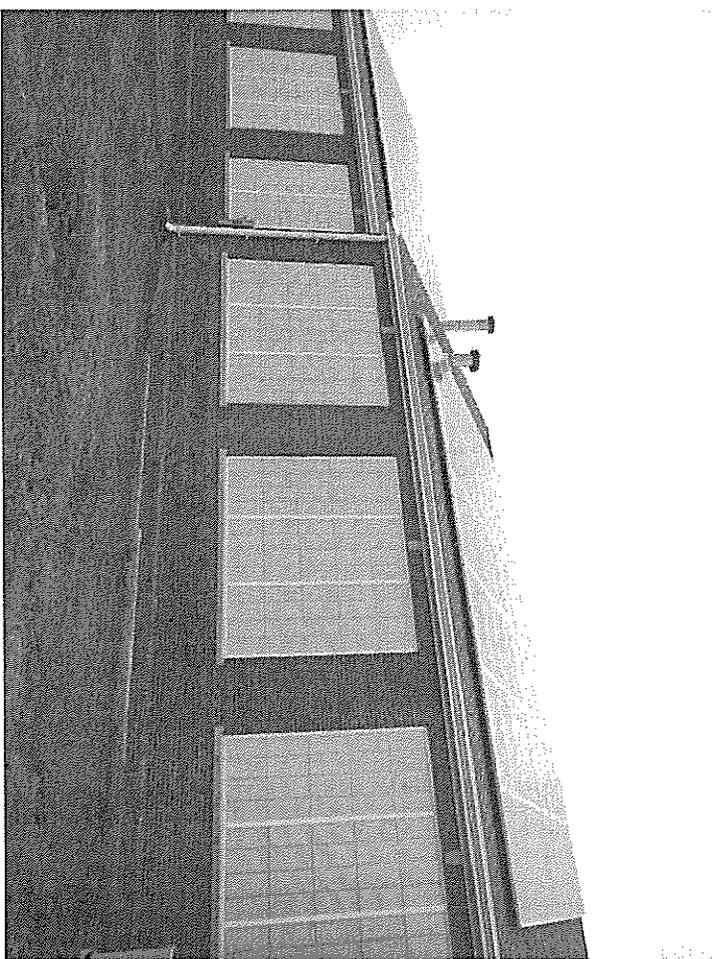
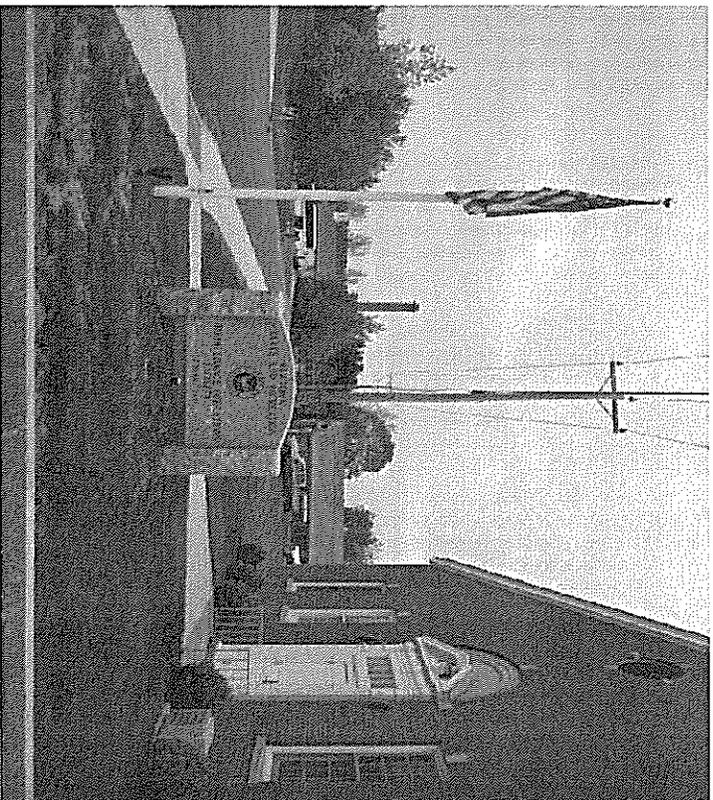


TOWN OF NEWTOWN - GENERAL FUND DEBT ANALYSIS - PAST TWENTY YEARS & INTO THE FUTURE

Parks & Recreation Projects:

Parks & Recreation Maintenance Facility

Bonding: 2/01/2009 for \$825,000; 2/15/2010 for \$350,000; 2/15/2011 for \$350,000



TOWN OF NEWTOWN - GENERAL FUND DEBT ANALYSIS - PAST TWENTY YEARS & INTO THE FUTURE

Park & Recreation Projects:

Dickinson Playground

Bonding: 3/15/2014 for \$438,000



**Education Projects:**

Middle School Roof

Bonding: 2/15/2011 \$1,505,000; 2/15/2012 \$1,200,000

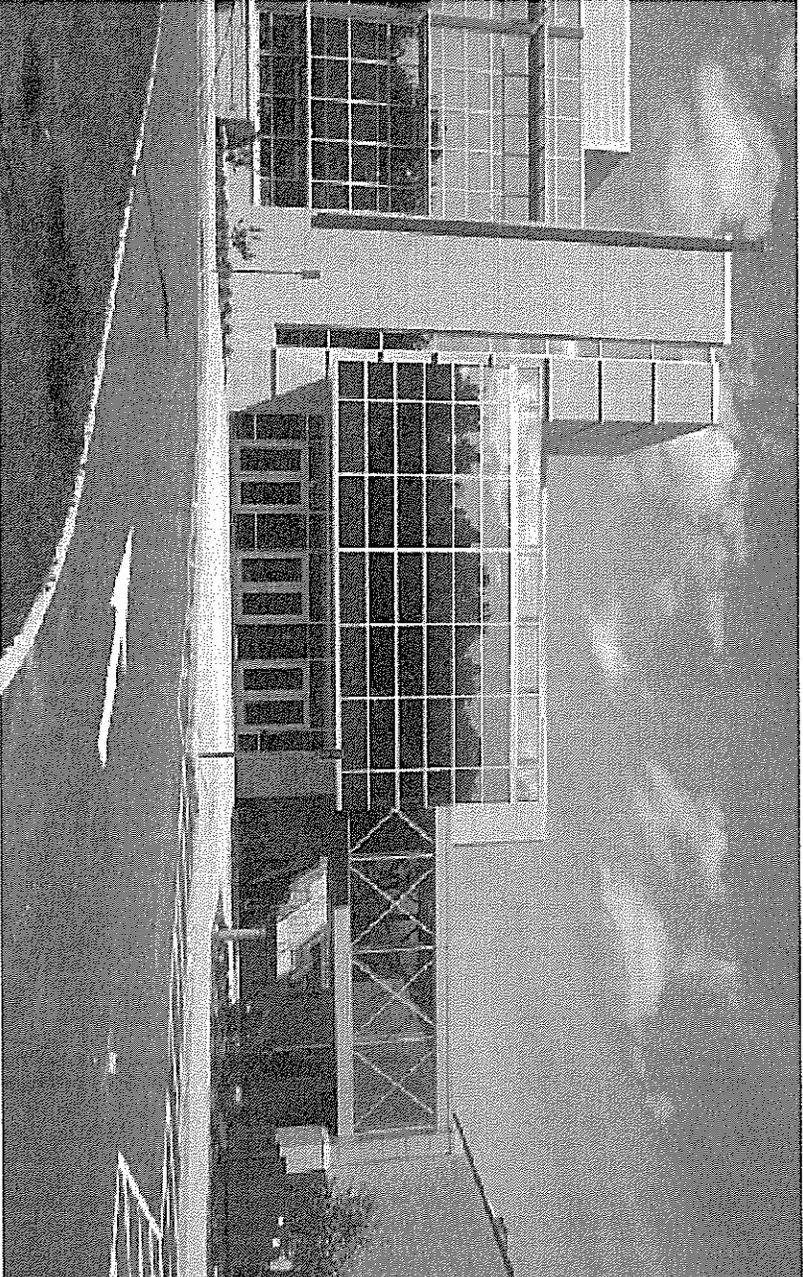


TOWN OF NEWTOWN - GENERAL FUND DEBT ANALYSIS - PAST TWENTY YEARS & INTO THE FUTURE

**Education Projects:**

High School Addition

Bonding: 11/15/2007 \$2,750,000; 2/15/2010 \$6,000,000; 2/15/2011 \$10,000,000; 2/15/2012 \$10,000,000  
3/15/2014 \$500,000



**TOWN OF NEWTOWN - GENERAL FUND DEBT ANALYSIS - PAST TWENTY YEARS & INTO THE FUTURE**

**Education Projects:**

Hawley Elementary School – Boiler

Bonding: 2/15/2012 - \$185,000; 3/15/2014 - \$1,500,000

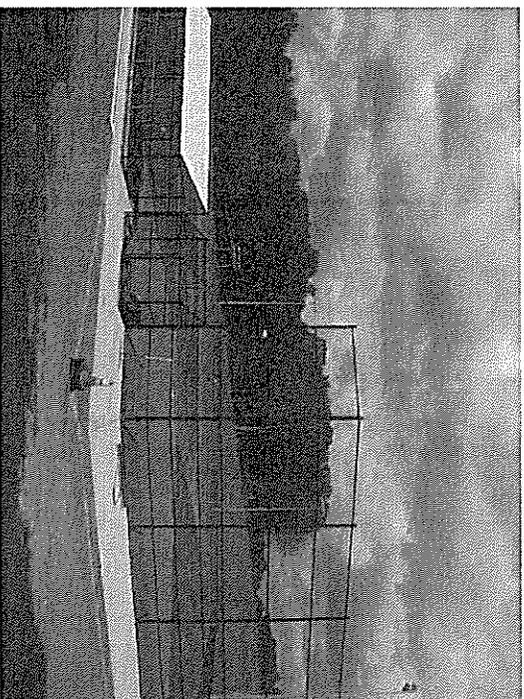
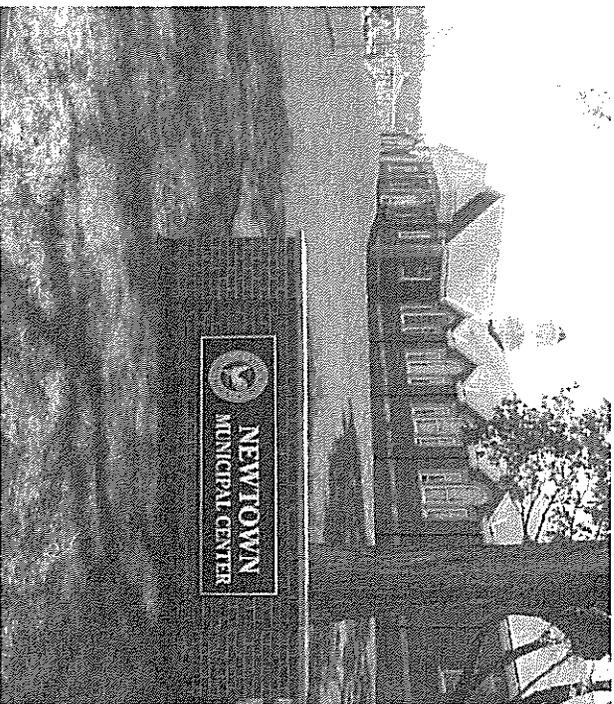


TOWN OF NEWTOWN - GENERAL FUND DEBT ANALYSIS - PAST TWENTY YEARS & INTO THE FUTURE

**Fairfield Hills Campus Projects:**

Land Acquisition/Remediation/Town Hall/Playing Fields

Bonding: 2002 thru 2007 for \$21,850,000



## **GENERAL FUND DEBT ANALYSIS – WHERE ARE WE TODAY?**

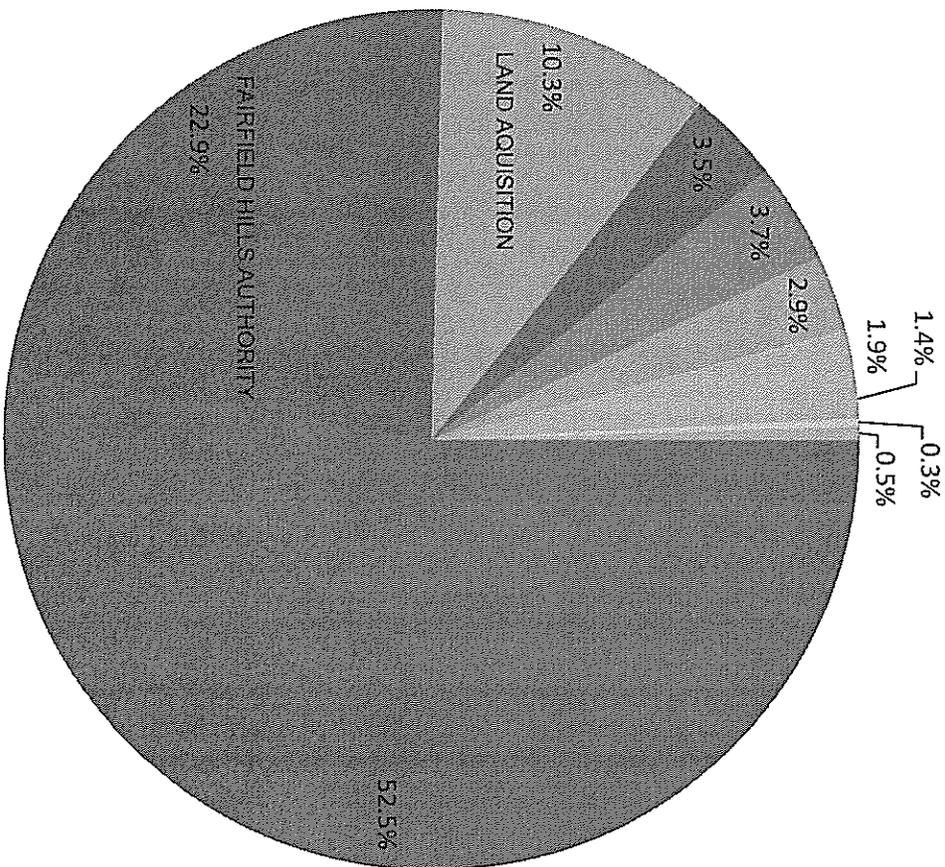


**TOWN OF NEWTOWN - GENERAL FUND DEBT ANALYSIS - PAST TWENTY YEARS & INTO THE FUTURE**

**TOWN OF NEWTOWN  
GENERAL FUND ANNUAL DEBT SERVICE BY DEPARTMENT  
FISCAL YEAR 2015-2016**

<u>DEPARTMENT</u>	<u>PRINCIPAL &amp; INTEREST</u>	
BOARD OF EDUCATION	5,308,269	52.5%
FAIRFIELD HILLS AUTHORITY	2,317,981	22.9%
LAND ACQUISITION/OPEN SPACE	1,042,906	10.3%
PARKS & RECREATION	351,843	3.5%
WATER/SEWER AUTHORITY	378,839	3.7%
FIRE COMMISSION	292,835	2.9%
PUBLIC WORKS	189,963	1.9%
LIBRARY	139,589	1.4%
ANIMAL CONTROL	30,935	0.3%
POLICE COMMISSION	53,206	0.5%
	<u>10,106,365</u>	

FISCAL YEAR 2015-2016 DEBT SERVICE



- BOARD OF EDUCATION
- FAIRFIELD HILLS AUTHORITY
- LAND ACQUISITION/OPEN SPACE
- PARKS & RECREATION
- WATER/SEWER AUTHORITY
- FIRE COMMISSION
- PUBLIC WORKS
- LIBRARY
- ANIMAL CONTROL
- POLICE COMMISSION

**DEBT RATIOS AND DATA ANALYSIS**

**Debt Ratios (Fiscal Indicators):**

**1. General Fund Annual Debt Service as a Percent of Total Annual Budget**

Indicates the extent of Newtown's fixed costs for paying principal and interest on its local tax supported debt. Increasing debt service as a percentage of total budget reduces Newtown's expenditure flexibility and may suggest excessive debt and/or fiscal strain.

Debt service above 10% of total budget constitutes a level at which budgetary competition is a significant consideration. Current Newtown debt management policy states a percentage of no more than 10%. An informal policy or goal of 9% has existed for the last few years. A longer term goal of 8% has been discussed.

**2. General Fund Total Bonded Debt Rate of Retirement**

Prudent use of debt dictates that the debt's term matches the useful economic life of the financed capital items. A faster maturity schedule may be desired to avoid increased interest costs, however, it can place undue strain on the operating budget.

A schedule that retires 25% of principal in 5 years and 50% in 10 years is an adequate rate of amortization. Tax-backed debt retirement that falls below 40% in 10 years is considered a weak fiscal practice.

Debt Ratios (Fiscal Indicators) continued:

**3. Ratio of General Fund Total Bonded Debt to Taxable Net Grand List**

Indicates Newtown's ability to repay its long term (bonded) debt. Increasing bonded long term debt as a percentage of assessed valuation (taxable net grand list) is undesirable, as it suggests that debt is exceeding the government's ability to pay. Sustained growth in debt (well beyond tax base growth) may ultimately overburden a tax base and reduce economic viability by straining budget and tax resources and reducing flexibility.

A government near its debt limit has less flexibility to meet future capital needs. Debt reduction, on the other hand, generates tax and economic capacity to the extent that infrastructure necessary for economic growth isn't underfunded. A low debt profile may indicate underinvestment in capital facilities. Neglecting critical capital needs may impede economic growth and endanger future tax revenue generation.

S & P considers a debt to taxable net grant list (market value) of  $\leq 3\%$  to represent a low debt burden;  $3 - 6\%$  a moderate debt burden; and  $>=6\%$  a high debt burden.

Debt Ratios (Fiscal Indicators) continued:

**4. Total General Fund Bonded Debt Per Capita**

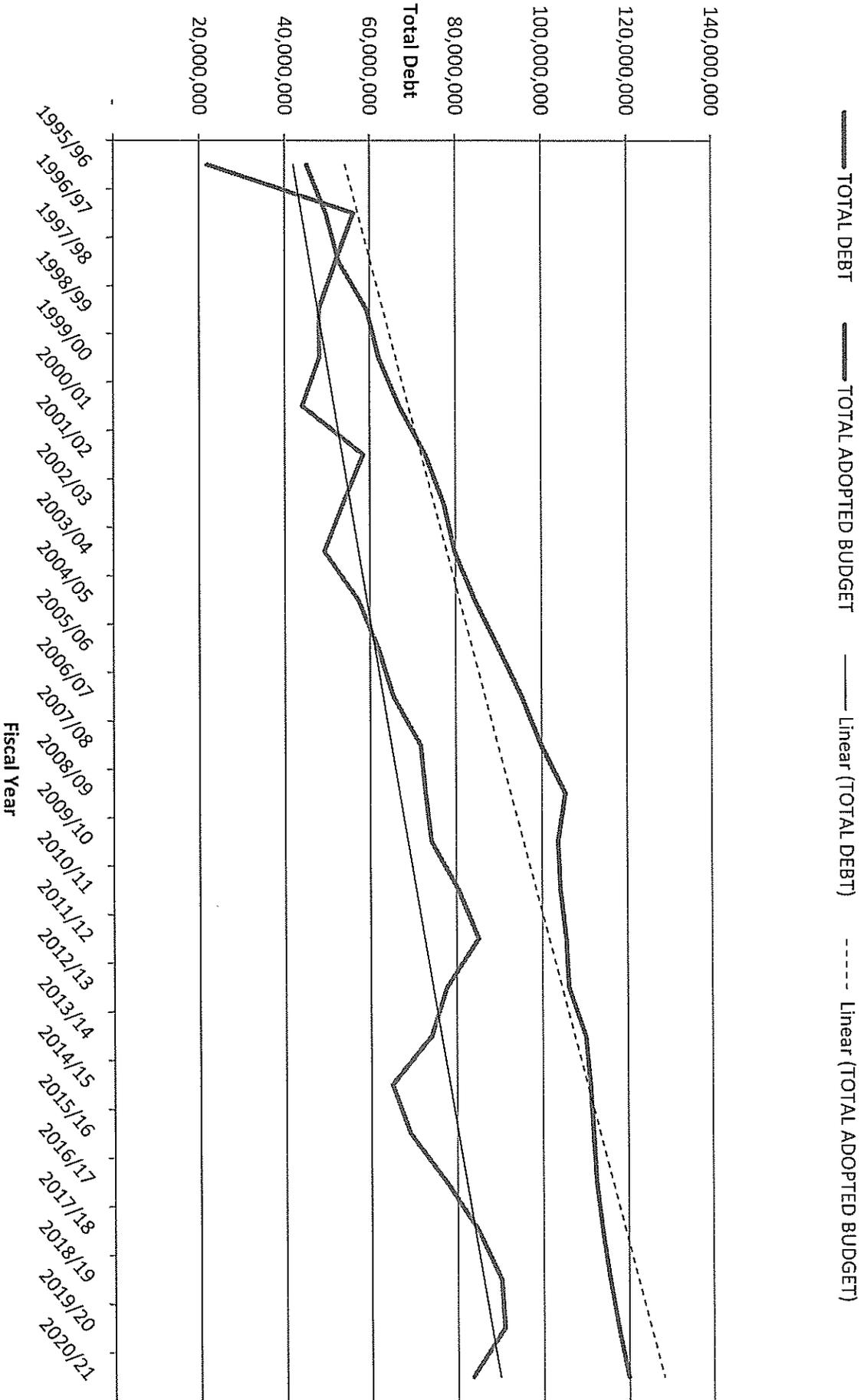
A low ratio suggests Newtown has the ability to repay its long-term debt. If long-term debt is increasing as population stabilizes or declines, debt levels may be reaching or exceeding the government's ability to pay (assuming that the ability to generate revenue and repay debt is directly related to population size).

A high ratio is not inherently bad, however, and must be considered in the local context.

S & P indicates that overall debt per capita greater than \$2,500 is high. The average debt per capita in Connecticut in FYE 2013 was \$2,276. Newtown's was \$2,769 (ranking 34<sup>th</sup> highest). This corresponds to Newtown's 21<sup>st</sup> highest ranking in median household income.

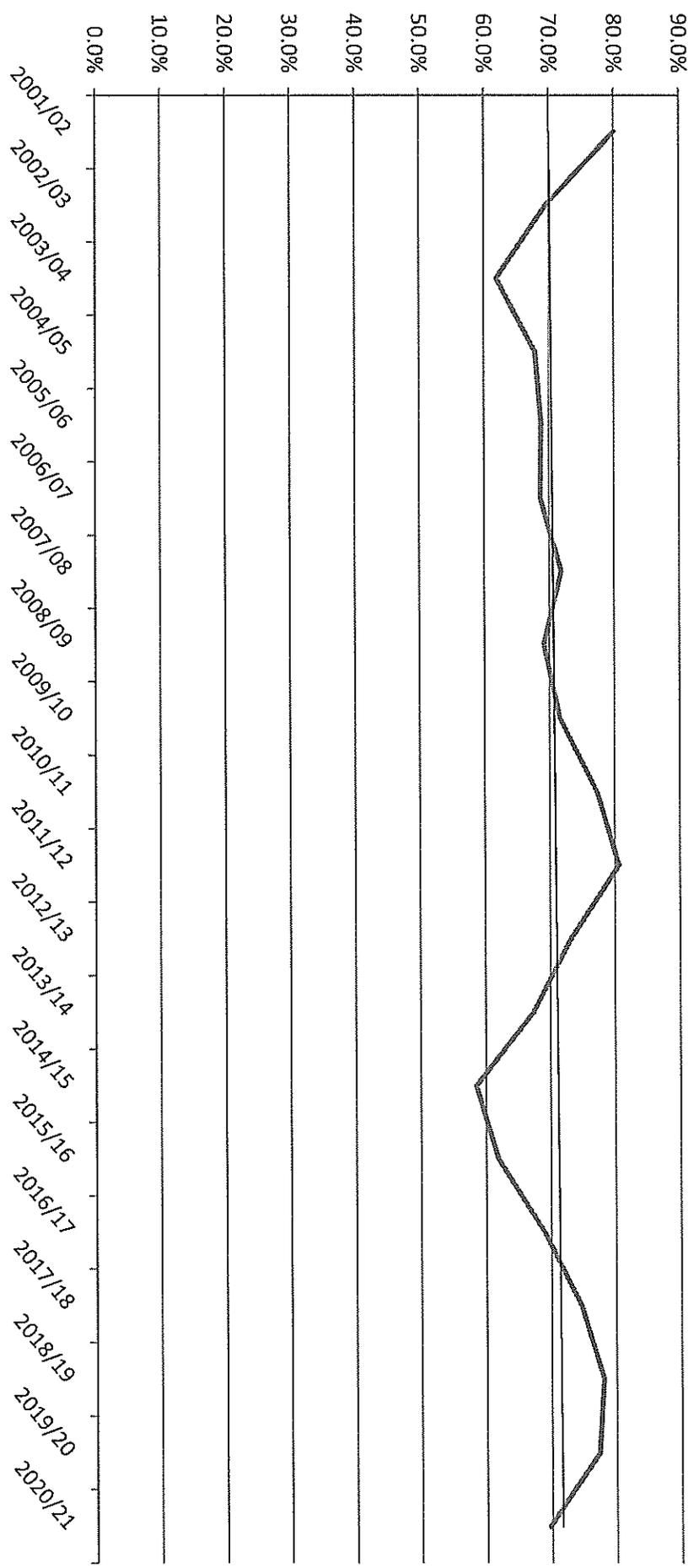
TOWN OF NEWTOWN - GENERAL FUND DEBT ANALYSIS - PAST TWENTY YEARS & INTO THE FUTURE

TOTAL BONDED DEBT TO TOTAL BUDGET



TOWN OF NEWTOWN - GENERAL FUND DEBT ANALYSIS - PAST TWENTY YEARS & INTO THE FUTURE

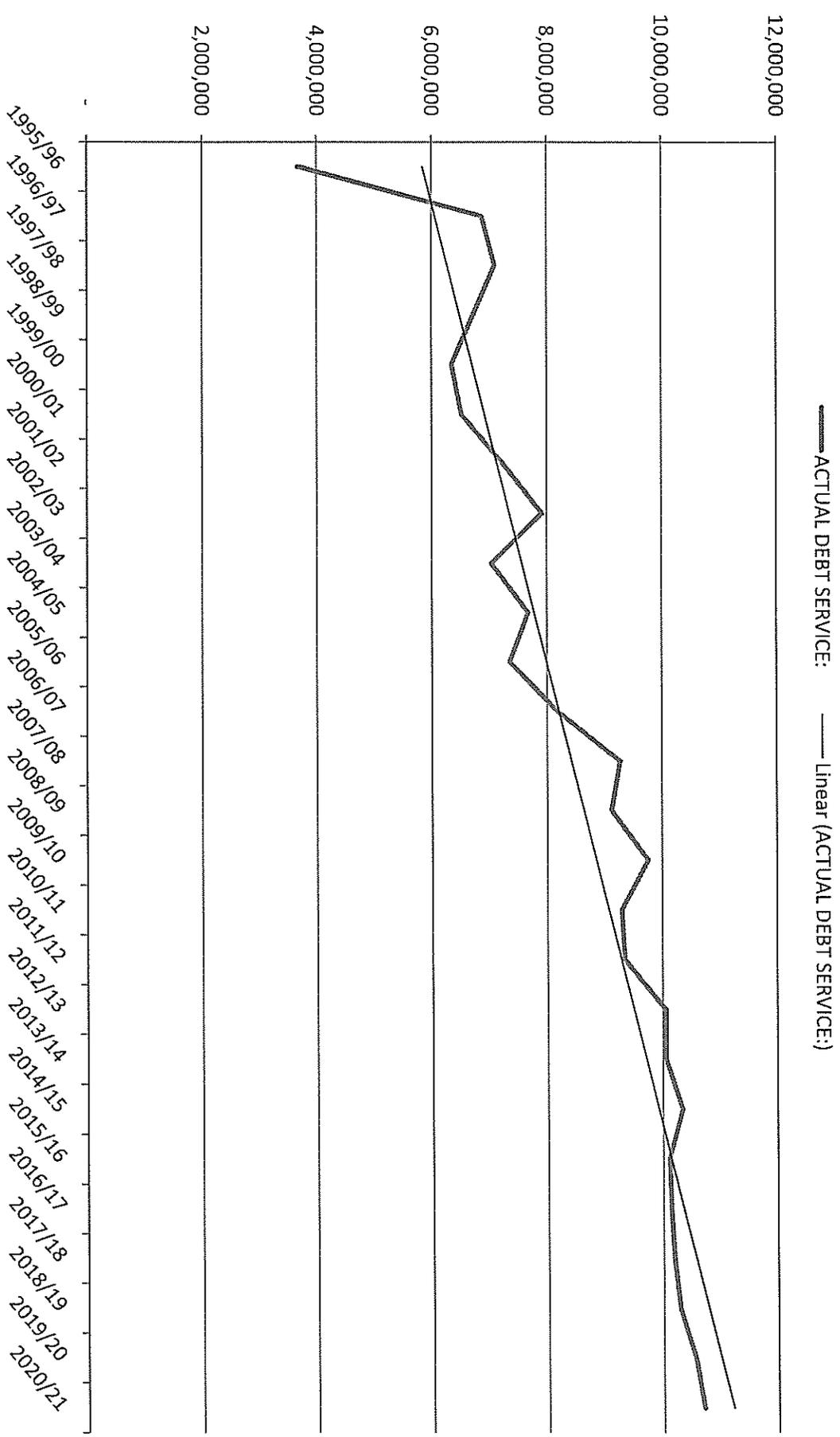
TOTAL DEBT AS A PERCENT OF BUDGET



\*\* RELATIVELY FLAT OVER TWENTY YEARS

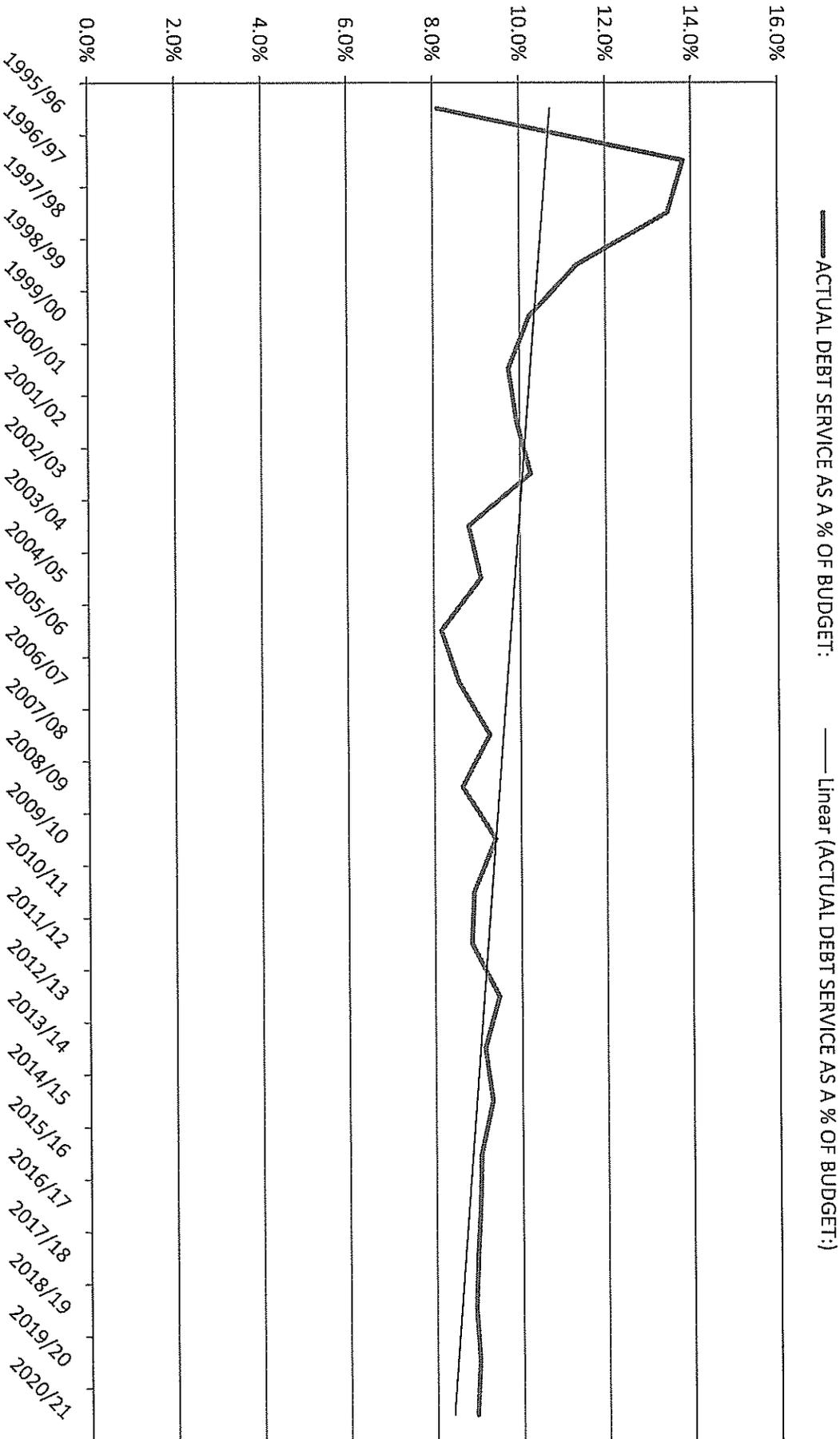
TOWN OF NEWTOWN - GENERAL FUND DEBT ANALYSIS - PAST TWENTY YEARS & INTO THE FUTURE

ACTUAL DEBT SERVICE:



\*\* EVEN THOUGH THIS IS INCREASING, THE NEXT SLIDE SHOWS IT IS DECREASING AS A PERCENT OF BUDGET

**ACTUAL DEBT SERVICE AS A % OF BUDGET:**



**TOWN OF NEWTOWN - GENERAL FUND DEBT ANALYSIS - PAST TWENTY YEARS & INTO THE FUTURE**

**TOWN OF NEWTOWN - CURRENT DEBT RETIREMENT SCHEDULE (06/30/2015):**

Principal	<u>2015/16</u>	<u>2016/17</u>	<u>2017/18</u>	<u>2018/19</u>	<u>2019/20</u>	<u>2020/21</u>	<u>2021/22</u>	<u>2022/23</u>	<u>2023/24</u>	<u>2024/25</u>
	7,846,937	5,691,538	5,630,694	5,426,492	5,004,607	4,705,140	4,785,991	4,351,861	4,346,135	3,721,373
Principal	<u>2025/26</u>	<u>2026/27</u>	<u>2027/28</u>	<u>2028/29</u>	<u>2029/30</u>	<u>2030/31</u>	<u>2031/32</u>	<u>2032/33</u>	<u>2033/34</u>	<u>Grand Total</u>
	3,301,278	2,825,000	2,080,000	1,390,000	1,390,000	1,385,000	675,000	200,000	200,000	64,957,046

PERCENT RETIRED AFTER FIVE (5) YEARS

46%

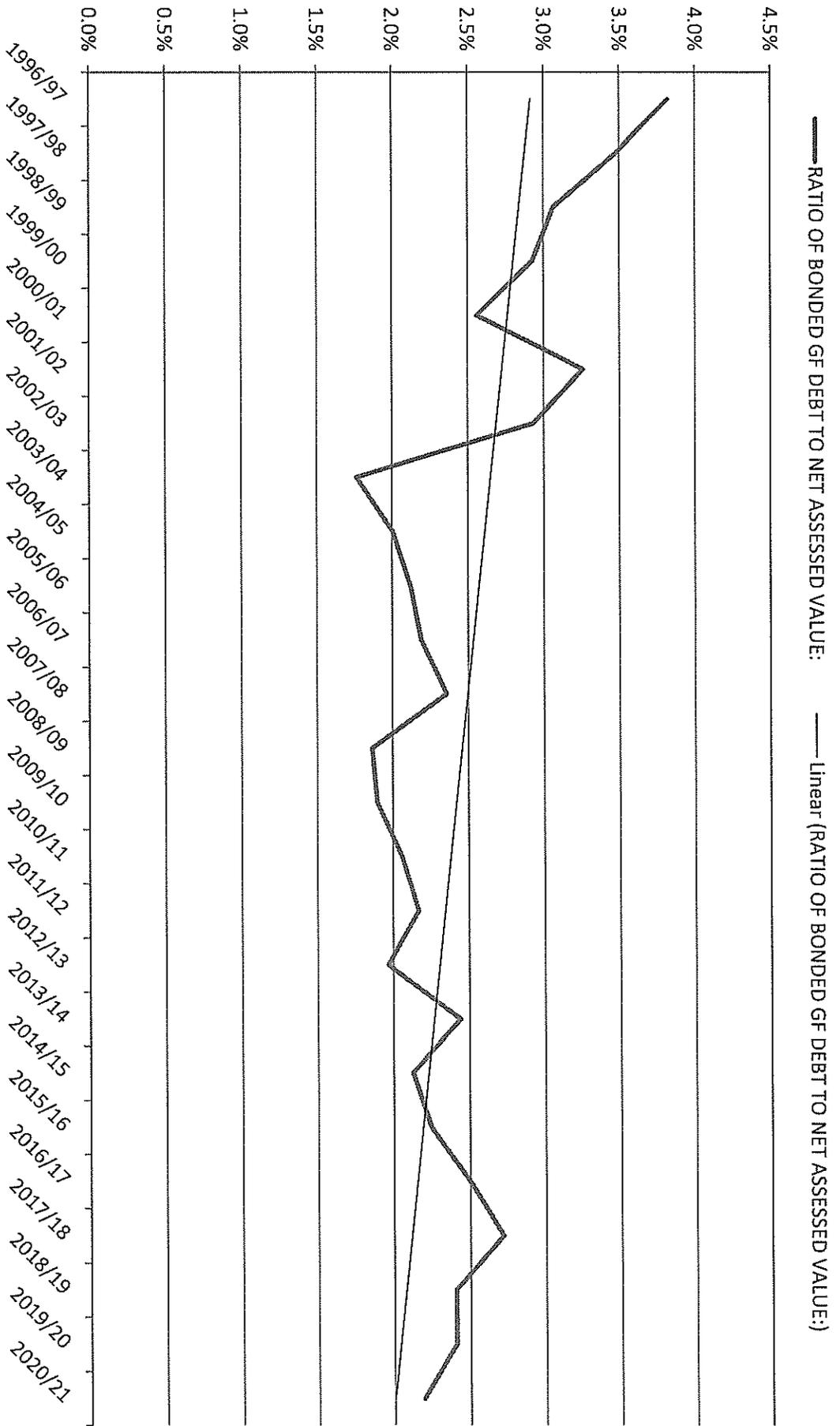
PERCENT RETIRED AFTER TEN (10) YEARS

79%

\*\*\* A POSITIVE DEBT RATIO

TOWN OF NEWTOWN - GENERAL FUND DEBT ANALYSIS - PAST TWENTY YEARS & INTO THE FUTURE

**RATIO OF BONDED GF DEBT TO NET ASSESSED VALUE:**

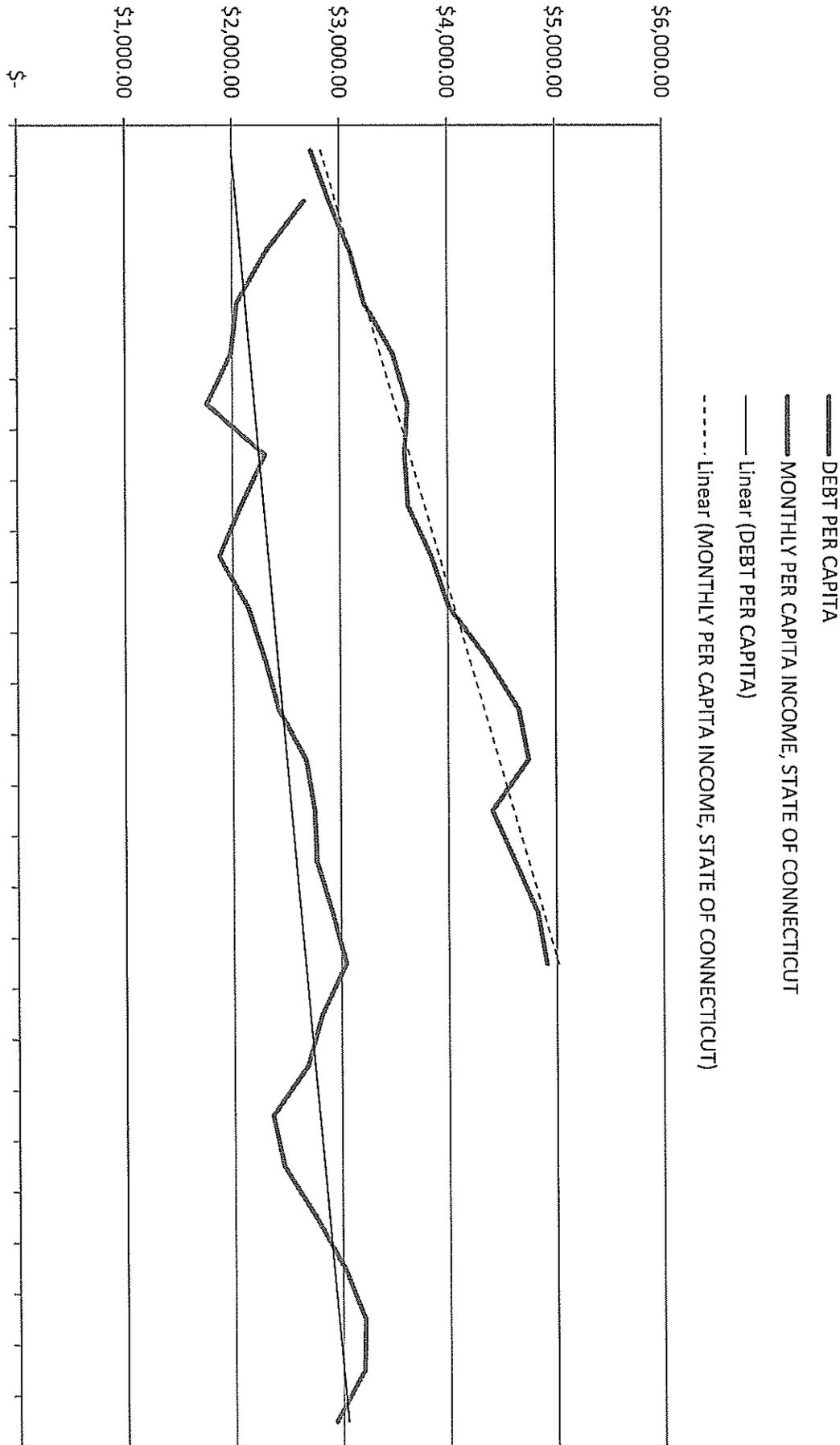


\*\*\* DO NOT WANT THIS DEBT RATIO TO BE INCREASING YEAR OVER YEAR



TOWN OF NEWTOWN - GENERAL FUND DEBT ANALYSIS - PAST TWENTY YEARS & INTO THE FUTURE

DEBT PER CAPITA



\*\*\*LINES ARE DIVERGING (PER CAPITA INCOME IS INCREASING AT A FASTER RATE) **43**

TOWN OF NEWTOWN - GENERAL FUND DEBT ANALYSIS - PAST TWENTY YEARS & INTO THE FUTURE

Debt per Capita		FYE 2013	
1	NEW CANAAN	\$5,802	36
2	WESTON	\$5,041	37
3	WESTPORT	\$4,931	38
4	OLD LYME	\$4,516	39
5	BRIDGEPORT	\$4,506	40
6	EASTON	\$4,413	41
7	UNION	\$4,338	42
8	DARIEN	\$4,193	43
9	WATERFORD	\$4,185	44
10	WATERBURY	\$4,164	45
11	HARTFORD	\$3,900	46
12	NEW HAVEN	\$3,880	47
13	MARLBOROUGH	\$3,853	48
14	RIDGEFIELD	\$3,603	49
15	LITCHFIELD	\$3,551	50
16	FAIRFIELD	\$3,501	51
17	STAMFORD	\$3,304	52
18	WILTON	\$3,289	53
19	THOMASTON	\$3,283	54
20	SHERMAN	\$3,202	55
21	SHARON	\$3,200	56
22	PLAINVILLE	\$3,191	57
23	NEW BRITAIN	\$3,118	58
24	NORTH BRANFORD	\$3,108	59
25	LYME	\$3,095	60
26	REDDING	\$2,960	61
27	BLOOMFIELD	\$2,871	62
28	ORANGE	\$2,866	63
29	WATERTOWN	\$2,828	64
30	WESTBROOK	\$2,814	65
31	BETHANY	\$2,807	66
32	MILFORD	\$2,805	67
33	NAUGATUCK	\$2,793	68
34	NEWTOWN	\$2,759	69
35	BOLTON	\$2,758	70
	WOODBRIDGE	\$2,745	
	WEST HAVEN	\$2,710	
	GRANBY	\$2,667	
	STRATFORD	\$2,661	
	TOLLAND	\$2,660	
	TRUMBULL	\$2,523	
	GLASTONBURY	\$2,490	
	EAST LYME	\$2,483	
	NORWALK	\$2,460	
	STERLING	\$2,452	
	ESSEX	\$2,421	
	BROOKFIELD	\$2,397	
	SOUTH WINDSOR	\$2,295	
	SEYMOUR	\$2,273	
	SPRAGUE	\$2,262	
	MONVILLE	\$2,206	
	WARREN	\$2,146	
	MONROE	\$2,144	
	NORTH HAVEN	\$2,118	
	HAMDEN	\$2,110	
	WEST HARTFORD	\$2,100	
	CHESHIRE	\$2,088	
	OXFORD	\$2,082	
	NEW FAIRFIELD	\$2,057	
	HEBRON	\$2,047	
	CROMWELL	\$2,009	
	MADISON	\$1,983	
	PLYMOUTH	\$1,980	
	FARMINGTON	\$1,973	
	MIDDLEFIELD	\$1,971	
	STONINGTON	\$1,957	
	MIDDLEBURY	\$1,939	
	PORTLAND	\$1,896	
	SIMSBURY	\$1,891	
	EAST HADDAM	\$1,888	
	SCOTLAND	\$1,881	
	BEACON FALLS	\$1,876	
	KILLINGLY	\$1,869	
	BURLINGTON	\$1,858	
	OLD SAYBROOK	\$1,858	
	AVON	\$1,811	
	DANBURY	\$1,808	
	BRANFORD	\$1,778	
	COVENTRY	\$1,772	
	KENT	\$1,771	
	GUILFORD	\$1,726	
	CORNWALL	\$1,714	
	BERLIN	\$1,674	
	MIDDLETOWN	\$1,665	
	STAFFORD	\$1,656	
	CLINTON	\$1,654	
	PROSPECT	\$1,612	
	VERNON	\$1,603	
	BETHEL	\$1,573	
	GRISWOLD	\$1,569	
	WOLCOTT	\$1,557	
	GREENWICH	\$1,520	
	BOZRAH	\$1,517	
	SOUTHINGTON	\$1,487	
	NEW LONDON	\$1,451	
	EAST HAVEN	\$1,440	
	MERIDEN	\$1,418	
	NORFOLK	\$1,418	
	NEW HARTFORD	\$1,410	
	SHELTON	\$1,389	
	EAST GRANBY	\$1,381	
	KILLINGWORTH	\$1,364	
	MANCHESTER	\$1,364	
	WINDSOR	\$1,343	
	GROTON	\$1,340	
	HADDAM	\$1,340	
	HARWINTON	\$1,338	
	ANDOVER	\$1,314	
	SUFFIELD	\$1,298	
	CHESTER	\$1,280	
	BRISTOL	\$1,274	
	SALISBURY	\$1,218	
	SOUTHBURY	\$1,183	
	DURHAM	\$1,178	
	THOMPSON	\$1,157	
	LEBANON	\$1,157	
	SOMERS	\$1,145	
	LEDYARD	\$1,128	
	POMFRET	\$1,122	
	ASHFORD	\$1,115	
	COLCHESTER	\$1,089	
	EAST HARTFORD	\$1,045	
	PRESTON	\$1,015	
	FRANKLIN	\$1,006	
	USBN	\$999	
	WETHERSFIELD	\$986	
	SALEM	\$983	
	WINDSOR LOCKS	\$961	
	DEEP RIVER	\$932	
	NEW MILFORD	\$868	
	CANAAN	\$863	
	WILLINGTON	\$853	
	BARKHAMSTED	\$848	
	PLAINFIELD	\$843	
	TORRINGTON	\$842	
	NORWICH	\$837	
	CANTON	\$826	
	ANSOMA	\$793	
	NORTH CANAAN	\$781	
	WALLINGFORD	\$760	
	COLEBROOK	\$738	
	WINDHAM	\$737	
	DERBY	\$726	
	ELLINGTON	\$682	
	WOODBURY	\$676	
	ROCKY HILL	\$669	
	EAST HAMPTON	\$664	
	BROOKLYN	\$657	
	EAST WINDSOR	\$623	
	ENFIELD	\$615	
	WOODSTOCK	\$611	
	MORRIS	\$457	
	WINCHESTER	\$442	
	ROXBURY	\$433	
	BRIDGEWATER	\$418	
	GOSHEN	\$413	
	WASHINGTON	\$407	
	HARTLAND	\$390	
	NEWINGTON	\$353	
	HAMPTON	\$336	
	MANSFIELD	\$327	
	COLUMBIA	\$327	
	EASTFORD	\$192	
	BETHLEHEM	\$133	
	NORTH STONINGTON	\$102	
	VOLUNTOWN	\$100	
	CANTERBURY	\$97	
	CHARLIN	\$71	
	PUTNAM	\$0	
	Average:	\$2,276	
	Median:	\$1,556	

TOWN OF NEWTOWN - GENERAL FUND DEBT ANALYSIS - PAST TWENTY YEARS & INTO THE FUTURE

2013 Median Household Income

	Median Household Income	% of State		Median Household Income	% of State		Median Household Income	% of State
1 WESTON	\$207,262	298.4%	29 NEW FAIRFIELD	\$103,100	148.4%	58 LEDYARD	\$87,518	126.0%
2 DARIEN	\$205,688	296.1%	30 OXFORD	\$102,167	147.1%	59 BERLIN	\$87,432	125.9%
3 WILTON	\$167,094	240.6%	31 WARREN	\$100,972	145.4%	60 OLD LYME	\$87,416	125.8%
4 NEW CANAAN	\$161,848	233.0%	32 SALEM	\$100,625	144.9%	61 BOLTON	\$86,890	125.1%
5 WESTPORT	\$160,106	230.5%	33 BETHANY	\$100,083	144.1%	62 LITCHFIELD	\$86,801	125.0%
6 EASTON	\$150,000	215.9%	34 SOMERS	\$98,846	142.3%	63 NEW HARTFORD	\$86,354	124.3%
7 RIDGEFIELD	\$147,993	213.1%	35 PROSPECT	\$98,151	141.3%	64 ESSEX	\$86,298	124.2%
8 WOODBRIDGE	\$138,082	198.8%	36 GRANBY	\$97,894	140.9%	65 NORTH HAVEN	\$86,250	124.2%
9 GREENWICH	\$132,164	190.3%	37 COLCHESTER	\$96,774	139.3%	66 SHELTON	\$86,138	124.0%
10 DURHAM	\$124,179	178.8%	38 MIDDLEFIELD	\$96,765	139.3%	67 BETHEL	\$85,589	123.2%
11 REDDING	\$119,112	171.5%	39 MIDDLEBURY	\$96,181	138.5%	68 BEACON FALLS	\$85,280	122.8%
12 FAIRFIELD	\$117,705	169.5%	40 GUILFORD	\$96,151	138.4%	69 LYME	\$85,263	122.7%
13 AVON	\$115,571	166.4%	41 EAST HAMPTON	\$94,747	136.4%	70 POMFRET	\$84,918	122.3%
14 SIMSBURY	\$115,000	165.6%	42 HADDAM	\$93,824	135.1%	71 NORTH BRANFORD	\$84,783	122.1%
15 KILLINGWORTH	\$112,761	162.3%	43 COVENTRY	\$93,816	135.1%	72 ELLINGTON	\$84,699	121.9%
16 SHERMAN	\$112,344	161.7%	44 SUFIELD	\$92,737	133.5%	73 WOLCOTT	\$83,993	120.9%
17 HEBRON	\$111,792	160.9%	45 COLUMBIA	\$90,725	130.6%	74 MORRIS	\$83,958	120.9%
18 CHESHIRE	\$111,638	160.7%	46 SOUTH WINDSOR	\$90,499	130.3%	75 BETHLEHEM	\$83,871	120.7%
19 MADISON	\$110,761	159.5%	47 ROXBURY	\$90,280	129.9%	76 UNION	\$83,850	120.7%
20 MARLBOROUGH	\$110,694	159.4%	48 BARKHAMSTED	\$89,911	129.4%	77 LEBANON	\$83,651	120.4%
21 NEWTOWN	\$109,159	157.2%	49 FRANKLIN	\$89,643	129.1%	78 EASTFORD	\$83,015	119.5%
22 TRUMBULL	\$108,854	156.7%	50 EAST HADDAM	\$89,615	129.0%	79 NORTH STONINGTON	\$82,900	119.3%
23 BROOKFIELD	\$107,537	154.8%	51 HARWINTON	\$89,102	128.3%	80 WEST HARTFORD	\$82,322	118.5%
24 ORANGE	\$106,942	154.0%	52 FARMINGTON	\$88,935	128.0%	81 WOODBURY	\$81,597	117.5%
25 GLASTONBURY	\$106,678	153.6%	53 PORTLAND	\$88,683	127.7%	82 STONINGTON	\$81,026	116.6%
26 BURLINGTON	\$105,422	151.8%	54 ANDOVER	\$88,438	127.3%	83 NEW MILFORD	\$80,792	116.3%
27 TOLLAND	\$103,869	149.5%	55 HARTLAND	\$88,362	127.2%	84 MILFORD	\$80,460	115.8%
28 MONROE	\$103,589	149.1%	56 CANTON	\$87,991	126.5%	85 WASHINGTON	\$80,160	115.4%
			57 BRIDGEWATER	\$87,875	126.5%	86 LISBON	\$80,129	115.4%

\* Source: U.S. Census Bureau  
2009-13 American Community Survey

TOWN OF NEWTOWN - GENERAL FUND DEBT ANALYSIS - PAST TWENTY YEARS & INTO THE FUTURE

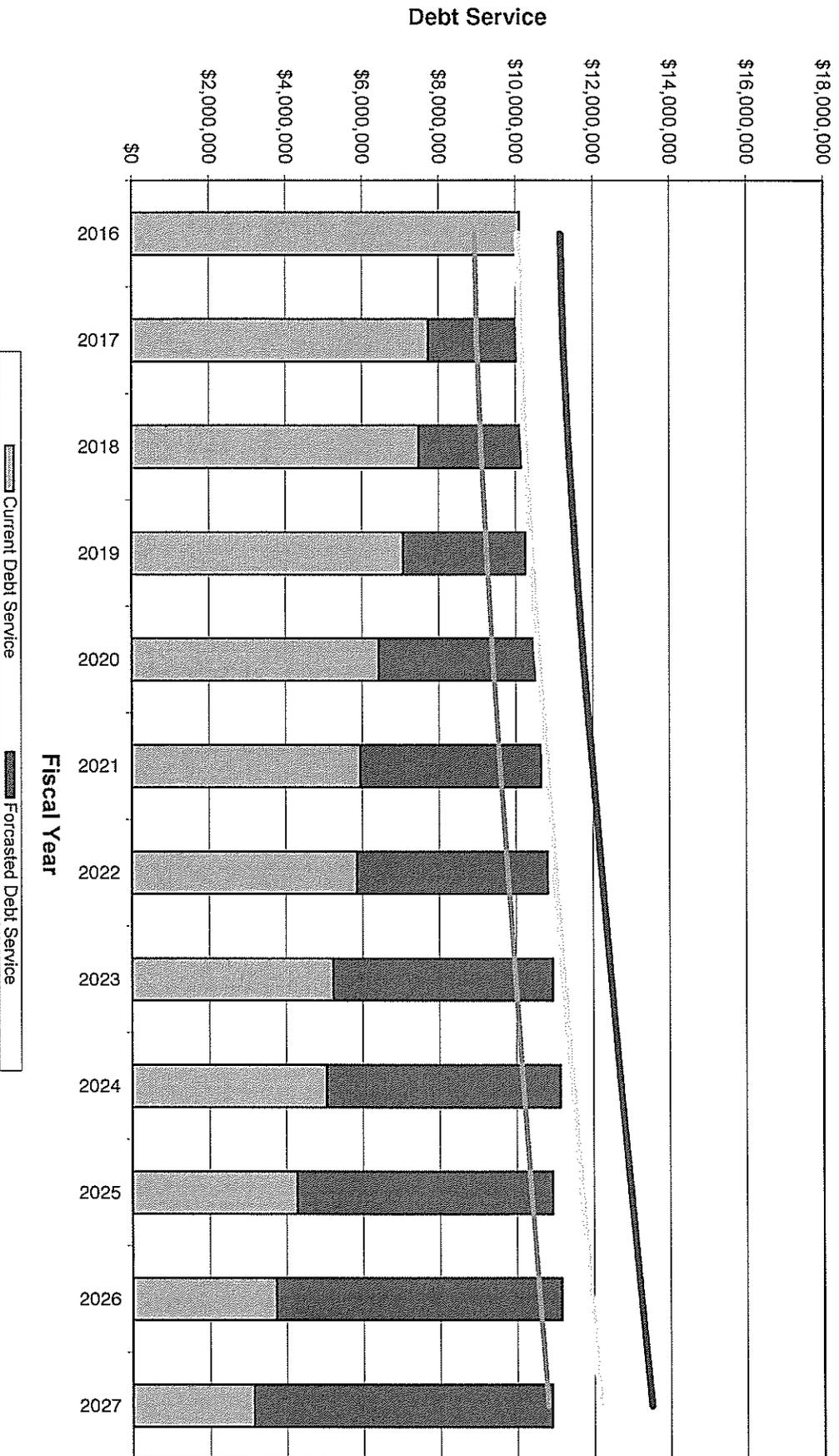
Comparison to AAA Communities					
	Ratio of Debt to Net Grand List	Debt Per Capita	Per Capita Income	Median Household Income	
<b>Moody's AAA*</b>					
AVON	1.2%	\$ 1,811	\$ 64,364	\$ 115,571	
DARIEN	1.0%	\$ 4,193	\$ 94,820	\$ 205,688	
EASTON	2.6%	\$ 4,413	\$ 64,002	\$ 150,000	
FAIRFIELD	2.0%	\$ 3,501	\$ 58,576	\$ 117,705	
FARMINGTON	1.3%	\$ 1,973	\$ 52,634	\$ 88,935	
GLASTONBURY	2.1%	\$ 2,490	\$ 52,928	\$ 106,678	
MADISON	1.1%	\$ 1,983	\$ 53,943	\$ 110,761	
NEW CANAAN	1.4%	\$ 5,802	\$ 97,498	\$ 161,848	
NORWALK	2.0%	\$ 2,460	\$ 43,767	\$ 71,538	
RIDGEFIELD	1.6%	\$ 3,603	\$ 77,027	\$ 147,993	
SIMSBURY	1.7%	\$ 1,891	\$ 56,673	\$ 115,000	
WALLINGFORD	0.8%	\$ 760	\$ 36,306	\$ 75,346	
WEST HARTFORD	2.3%	\$ 2,100	\$ 47,485	\$ 82,322	
WESTON	2.0%	\$ 5,041	\$ 90,552	\$ 207,262	
WESTPORT	1.4%	\$ 4,931	\$ 91,226	\$ 160,106	
WILTON	1.2%	\$ 3,289	\$ 77,526	\$ 167,094	
WOODBIDGE	2.1%	\$ 2,745	\$ 63,756	\$ 138,082	
<b>NEWTOWN</b>	<b>2.0%</b>	<b>\$ 2,769</b>	<b>\$ 48,433</b>	<b>\$ 109,159</b>	
<b>Statistics (does not include Newtown):</b>					
Median =	1.6%	\$ 2,745	\$ 63,756	\$ 117,705	
Average =	1.6%	\$ 3,117	\$ 66,064	\$ 130,702	
>=	41% **	47% ***	82%	71%	
* Does not include Greenwich					
** 7 towns are greater than or equal to Newtown					
*** 8 towns are greater than or equal to Newtown					

**DEBT FORECAST SCHEDULE - A LOOK INTO THE FUTURE**



TOWN OF NEWTOWN - GENERAL FUND DEBT ANALYSIS - PAST TWENTY YEARS & INTO THE FUTURE

TOWN OF NEWTOWN  
2014 - 15 TO 2018-19 CIP + NEXT FIVE YEARS EFFECT ON FUTURE DEBT SERVICE



## **NEWTOWN DEBT MANAGEMENT POLICY**

**TOWN OF NEWTOWN - GENERAL FUND DEBT ANALYSIS - PAST TWENTY YEARS & INTO THE FUTURE**

**TOWN OF NEWTOWN, CT  
DEBT MANAGEMENT POLICY**

**I. PURPOSE**

The purpose of this policy is to establish parameters and provide guidance governing the issuance, management, continuing evaluation of and reporting on all debt obligations issued by the Town of Newtown.

Debt obligations, which include general obligation bonds, special assessment bonds, revenue bonds, bond anticipation notes, lease/purchase agreements and any other debt obligations permitted to be issued under Connecticut law shall only be issued to purchase capital assets that cannot be acquired with current revenues.

**II. POLICY STATEMENT**

Under the requirements of Federal and state laws and Town Charter provisions, ordinances and resolutions, the Town may periodically issue debt obligations to finance the construction or acquisition of infrastructure and other assets or to refinance existing debt. It is the Town's goal to assure that such debt obligations are issued and managed in such a manner as to obtain the best long-term financial advantage to the Town and its residents, while making every effort to maintain and improve the Town's bond ratings and reputation in the investment community.

**III. RESPONSIBILITY FOR POLICY**

The Director of Finance shall be responsible for issuing and managing the Town's debt program. In carrying out this policy, the Director shall periodically:

1. Consider the need for debt financing based upon the approved Capital Improvement Plan.
2. Review the Town's adherence to this policy statement and compare the debt ratios established in this policy with where the Town actually is.
3. Review the Town's authorized but unissued debt to determine if any authorizations are no longer needed.
4. Determine if there are any opportunities for refinancing current debt.
5. Review every three years the services provided by the Town's financial advisor, bond counsel, paying agents and other debt financing service providers.

The Director of Finance shall report his/her findings to the Board of Selectmen, Board of Finance and Legislative Council in the September/October time period of each year, during the Town's review and formulation of the Capital Improvement Plan.

**IV. GENERAL DEBT GOVERNING POLICIES**

The Town hereby establishes the following policies concerning the issuance and management of debt:

- A. The Town shall not issue debt obligations or use debt proceeds to finance current operations of the Town.

**TOWN OF NEWTOWN - GENERAL FUND DEBT ANALYSIS - PAST TWENTY YEARS & INTO THE FUTURE**

**DEBT MANAGEMENT POLICY Continued...**

- B. The Town will utilize debt obligations only for acquisition, construction or remodeling of capital improvement projects that cannot be funded from current revenue sources or in such cases wherein it is more equitable to the users of the project to finance the project over its useful life.
- C. The Town will measure the impact of debt service requirements of outstanding and proposed debt obligations on single year, five, ten, and twenty-year periods.

**V. DEBT POLICIES, RATIOS AND MEASUREMENT**

- A. Purposes of Issuance – the Town shall only issue debt obligations for acquiring, constructing or renovating Town owned fixed assets or for refinancing existing debt obligations.
- B. Maximum Maturity – All debt obligations shall have a maximum maturity of twenty years. The estimated useful life of the Capital Improvement being financed should be considered when determining the maturity of debt. In the event debt obligations are being issued to refinance outstanding debt obligations the final maturity of the debt obligations being refinanced shall remain the same maturity.
- C. Direct Debt Per Capita – The Town shall adhere to a debt management strategy that achieves the goal of maintaining Direct Debt Per Capita at or below the median recommended by Moody's. The Direct Debt Per Capita shall be calculated by dividing the Town's direct debt by the most current population figure.
- D. Average Maturity of General Obligation Bonds – the Town shall have at least 50% of outstanding general obligation bonds mature in less than ten (10) years.
- E. Debt Service Levels – The Town shall adhere to a debt management strategy that achieves the goal of limiting annual general fund debt service to no more than 10% of the total General Fund budget.
- F. Net Present Value Savings – The Town must achieve a Net Present Value Savings of at least 2 percent over the life of an existing bond issue in order for it to be considered for refunding.
- G. Bond Covenants and Laws – The Town shall comply with all covenants and requirements of the bond resolutions, and state and Federal laws authorizing and governing the issuance and administration of debt obligations.
- H. If the debt management indicators fall below the recommended levels the finance director shall recommend and submit to the Board of Finance for approval a plan to bring the debt management indicators to their appropriate levels within a specific time frame.  
  
This policy shall be reviewed, at minimum, on a biennial basis during the month of January in each odd numbered year.

Approved by the Board of Finance: January 22, 2009

TOWN OF NEWTOWN - GENERAL FUND DEBT ANALYSIS - PAST TWENTY YEARS & INTO THE FUTURE

Newtown Debt Management Policy Review:

Recommended Changes:

V. Debt Policies, Ratios and Measurement

C. Ratio of General Fund Total Bonded Debt to Taxable Net Grand List - An analysis of this debt ratio should be made each year. It should not go beyond 3%. An increasing ratio of debt to net grand list (over several years) is not desirable.

Total General Fund Bonded Debt Per Capita – An analysis of this debt ratio should be made each year. It should be made in context with other related ratios. A comparison should be made with other similar rated Connecticut towns.

*Note: In section V. – E. leave percentage at 10% leaving flexibility for high priority large one time projects. Internal goal of BOF & LC of 9% or 8% can be achieved thru the CIP planning process.*







TOWN OF NEWTOWN  
 MEDICAL SELF INSURANCE FUND ANALYSIS @ JUNE 30, 2015  
 FISCAL YEAR 2015 - 2016 FORCAST

FUND BALANCE @ JULY 1, 2015

3,143,967

ESTIMATED REVENUES

EMPLOYER CONTRIBUTIONS:

MUNICIPAL 2,892,000

EDUCATION (budget - 8,042,000; grant - 130,000) 8,172,000

11,064,000

EMPLOYEE CONTRIBUTIONS:

MUNICIPAL 330,000

EDUCATION 2,203,000

2,533,000

RETIREE/COBRA/AGENCY CONTRIBUTIONS:

MUNICIPAL 350,000

EDUCATION 399,000

749,000

INTEREST EARNED ON INVESTMENTS

5,000

TOTAL REVENUES

14,351,000

ESTIMATED EXPENSES

CLAIMS/NAF:

MUNICIPAL

EDUCATION

13,500,000

<<<<<<FROM CLAIMS ANALYSIS  
 (prior year = 12,347,000) 9.3%

ADMINISTRATIVE FEES:

MUNICIPAL

EDUCATION

1,097,000

CONSULTANT FEES

55,000

TOTAL EXPENSES

14,652,000

ESTIMATED FUND BALANCE @ JUNE 30, 2016

2,842,967

21%

25% OF TOTAL CLAIMS =

3,375,000



# Newtown: Town and Board of Education

## Combined: Town and BOE (Fully Insured)

### Estimated Renewal Year Costs: July 1, 2010 - July 1, 2011

Components	Anthem Revised Fully Insured Projection <sup>(1)</sup>				Aon Revised Fully Insured Projection <sup>(1)</sup>			
	Medical	Rx	Dental	Total	Medical	Rx	Dental	Total
1. Experience Period Gross Paid Claims (2/09-2/10)					\$9,518,930	\$1,205,711	\$150,397	\$10,875,038
2. Claims in Excess of Individual Stop Loss Limit (\$175k) <sup>(2)</sup>					\$282,335	\$0	\$0	\$282,335
3. Experience Period Net Paid Claims					\$9,236,595	\$1,205,711	\$150,397	\$10,592,703
4. Incurred Factor <sup>(3)</sup>	1.0264	0.9675	1.0131		1.0250	0.9675	1.0100	
5. Experience Period Incurred Claims					\$9,467,510	\$1,166,525	\$151,901	\$10,785,936
6. Trend Factor (17 Months)	1.182	1.139	1.095		1.152	1.136	1.088	
7. Annual Trend <sup>(4)</sup>	12.5%	9.6%	6.6%		10.5%	9.4%	6.1%	
8. Trended Incurred Claims					\$10,906,005	\$1,324,856	\$165,193	\$12,396,053
9. Experience Period Lives (2 mo. lag)					839	839	212	
10. Trended Experience Period Claims (per ce)					\$13,007	\$1,580	\$778	
11. Projected Current Year Lives	844	844	209		844	844	209	
12. Expected Paid Claims: July 1, 2010 - July 1, 2011	\$11,642,150	\$1,253,330	\$156,442	\$13,051,922	\$10,977,541	\$1,333,546	\$162,599	\$12,473,686
13. Admin. Expenses: July 1, 2010 - July 1, 2011 <sup>(5)</sup>	\$1,472,625	\$187,415	\$58,152	\$1,718,192	\$1,012,800	\$101,280	\$17,556	\$1,131,636
14. Pooling Expenses: July 1, 2010 - July 1, 2011 <sup>(6)</sup>	\$302,874	\$0	\$0	\$302,874	\$303,840	\$0	\$0	\$303,840
15. Estimated Total Cost: July 1, 2010 - July 1, 2011	\$13,417,650	\$1,440,745	\$214,594	\$15,072,988	\$10,977,541	\$1,333,546	\$162,599	\$13,909,162
16. Current Premium <sup>(4)</sup>				\$12,879,245				\$12,785,309
17. Change (\$) <sup>(5)</sup>				\$2,193,743				\$1,123,853
18. Change (%) <sup>(6)</sup>				17.0%				8.8%

- <sup>(1)</sup> paid claims through 1/31/10
- <sup>(2)</sup> represents claims over ISL during the experience period
- <sup>(3)</sup> Anthem / Aon Incurred Factors
- <sup>(4)</sup> Anthem / Aon Consulting's Fall 2009 Health Care Trend Survey
- <sup>(5)</sup> Anthem: charges are estimated by Aon - not disclosed by Anthem: Administration = 11.4% of premium, Pooling = 2.0% of premium (net of commissions)
- <sup>(6)</sup> Aon: Administration = 8.2% of premium, Pooling = 2.2% of premium (net of commissions)
- <sup>(7)</sup> Anthem: from prior renewal; Aon: latest month (1/10) x 12



# Newtown: Town and Board of Education

## Town Only (Fully Insured)

### Estimated Renewal Year Costs: July 1, 2010 - July 1, 2011

Components	Anthem Revised Fully Insured Projection <sup>(1)</sup>			Aon Revised Fully Insured Projection <sup>(1)</sup>			
	Medical	Rx	Dental	Medical	Rx	Dental	Total
1. Experience Period Gross Paid Claims (2/09-2/10)				\$2,441,329	\$225,568	\$150,397	\$2,817,295
2. Claims in Excess of Individual Stop Loss Limit (\$175k) <sup>(2)</sup>				\$0	\$0	\$0	\$0
3. Experience Period Net Paid Claims				\$2,441,329	\$225,568	\$150,397	\$2,817,295
4. Incurred Factor <sup>(3)</sup>				1.0250	0.9675	1.0100	
5. Experience Period Incurred Claims				\$2,502,362	\$218,237	\$151,901	\$2,872,501
6. Trend Factor (17 Months)				1.152	1.136	1.088	
7. Annual Trend <sup>(4)</sup>				10.5%	9.4%	6.1%	
8. Trended Incurred Claims				\$2,882,572	\$247,859	\$165,193	\$3,295,623
9. Experience Period Lives (2 mo. lag)				212	212	212	
10. Trended Experience Period Claims (per ee)				\$13,576	\$1,167	\$778	
11. Projected Current Year Lives				209	209	209	
12. Expected Paid Claims: July 1, 2010 - July 1, 2011				\$2,837,319	\$243,968	\$162,599	\$3,243,886
13. Admin. Expenses: July 1, 2010 - July 1, 2011 <sup>(5)</sup>				\$275,880	\$27,588	\$18,810	\$322,278
14. Pooling Expenses: July 1, 2010 - July 1, 2011 <sup>(6)</sup>				\$82,764	\$0	\$0	\$82,764
15. Estimated Total Cost: July 1, 2010 - July 1, 2011	\$3,585,853	\$385,038	\$57,350	\$4,028,241	\$243,968	\$162,599	\$3,648,928
16. Current Premium <sup>(9)</sup>				\$3,375,532			\$3,304,646
17. Change (\$) <sup>(9)</sup>				\$652,709			\$344,282
18. Change (%) <sup>(9)</sup>				19.3%			10.4%

(1) paid claims through 1/31/10  
 (2) represents claims over ISL during the experience period  
 (3) Anthem / Aon Incurred Factors  
 (4) Anthem / Aon Consulting's Fall 2009 Health Care Trend Survey  
 (5) Anthem: changes are estimated by Aon - not disclosed by Anthem: Administration = 11.4% of premium, Pooling = 2.0% of premium (net of commissions)  
 (6) Aon: Administration = 8.8% of premium, Pooling = 2.3% of premium (net of commissions)  
 (9) Anthem: from prior renewal; Aon: latest month (1/10) x 12



# Newtown: Town and Board of Education Combined: Town and BOE (ASO)

## Estimated Renewal Year Costs: July 1, 2010 - July 1, 2011

Components	Anthem Revised ASO (Self Insured) Projection <sup>(1)</sup>			Aon ASO (Self Insured) Projection <sup>(1)</sup>		
	Medical	Rx	Dental	Medical	Rx	Dental
1. Experience Period Gross Paid Claims (2/09-2/10)						
2. Claims in Excess of Individual Stop Loss Limit (\$175k)						
3. Experience Period Net Paid Claims						
4. Incurred Factor						
5. Experience Period Incurred Claims						
6. Trend Factor (17 Months)						
7. Annual Trend						
8. Trended Incurred Claims						
9. Experience Period Lives (2 mo. lag)						
10. Trended Experience Period Claims (per ee)						
11. Projected Current Year Lives						
12. Expected Paid Claims: July 1, 2010 - July 1, 2011	\$11,217,300	\$1,362,096	\$164,196	\$12,743,592	\$1,333,546	\$162,599
13. Admin. Expenses: July 1, 2010 - July 1, 2011 <sup>(2)</sup>				\$568,339		
14. Pooling Expenses: July 1, 2010 - July 1, 2011 <sup>(2)</sup>				\$607,716		
15. Estimated Total Cost: July 1, 2010 - July 1, 2011				\$13,919,647		
16. Current Premium <sup>(3)</sup>				\$12,879,245		
17. Charge (\$) <sup>(3)</sup>				\$1,040,402		
18. Change (%) <sup>(4)</sup>				8.1%		
Estimated Town Cost <sup>(4)</sup>				\$3,720,011		\$3,551,328
Premium at Current Rates (1/10 x 12) <sup>(3)</sup>				\$3,375,532		\$3,304,646
Change (%) <sup>(4)</sup>				10.2%		7.5%
Estimated BOE Cost				\$10,199,636		\$9,985,798

<sup>(1)</sup> paid claims through 1/31/10  
<sup>(2)</sup> Anthem Self-Insured: Administration = 4.1% of premium, Pooling = 4.4% of premium (net of commissions)  
<sup>(3)</sup> Aon Self-Insured: Administration = 3.7% of premium, Pooling = 4.1% of premium (net of commissions)  
<sup>(4)</sup> Anthem: from prior renewal; Aon: latest month (1/10) x 12  
<sup>(4)</sup> Town/BOE self funded cost splits were based on same cost splits as fully insured - Anthem did not provide detail

