

THE FOLLOWING MINUTES ARE SUBJECT TO APPROVAL BY THE BOARD OF SELECTMEN

The Board of Selectmen held a regular meeting Monday, December 16, 2019, in the Council Chamber of Newtown Municipal Center, 3 Primrose Street, Newtown. First Selectman Rosenthal called the meeting to order at 7:30p.m.

PRESENT: First Selectman Daniel C. Rosenthal, Selectman Maureen Crick Owen and Selectman Jeff Capeci.

ALSO PRESENT: Finance Director Robert Tait, Director of Planning George Benson and one member of the public.

VOTER COMMENTS: none.

ACCEPTANCE OF MINUTES: Selectman Crick Owen moved to accept the minutes of November 18, 2019 as presented. Selectman Capeci seconded. All in favor.

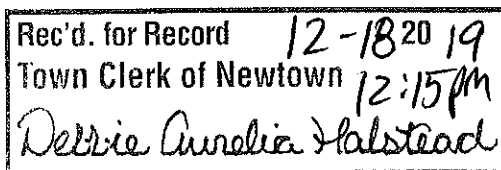
COMMUNICATIONS: The Canine Advocates formed many years ago to work with the Animal Control Facility to raise funds for stray animals, dogs and awareness; their involvement brought attention to the Animal Control Facility. The organization was dissolved and they donated their treasury to the Town in the amount of \$55,000. The donated funds are to support extraordinary medical expenses. The Animal Control Advisory Committee will be involved and reporting will be done. The town is grateful for all Canine Advocates has done for the community.

FINANCE DIRECTORS REPORT: Mr. Tait presented the actuary reports, TR Paul, Inc. dated Dec. 4, 2019 and the Annual Valuation Report for the Police Department recommending what to contribute to the pension plan for the 2020-2021 budget (att.).

NEW BUSINESS

Discussion and possible action:

1. **Appoint Board Member to act in lieu of absent or disabled First Selectman:** First Selectman Rosenthal moved that Selectman Maureen Crick Owen serve on his behalf in the event of his absence or disability. Selectman Capeci seconded. All in favor.
2. **Acceptance of \$38,896 grant from State Dept. of Transportation for highway safety – Comprehensive DUI Enforcement:** First Selectman Rosenthal noted this grant is received every year; the amount is based on overtime. Selectman Crick Owen moved to accept the \$38,896 grant from the State Department of Transportation for highway safety – Comprehensive DUI Enforcement (att.). Selectman Capeci seconded. All in favor.
3. **Acceptance of United States Department of the Interior technical assistance related to AI's Trail – Bike & Trail Committee:** First Selectman Rosenthal is pleased with the activity of the Bike & Trail Committee; they have had some very well attended events. The subject grant provides consult to the Town to help plan an approach around AI's Trail. Selectman Crick Owen moved to accept the award of a non-financial grant from the United States Department of the Interior, National Park Service, for participative consulting regarding the AI's Trail Restoration Project (att.). Selectman Capeci seconded. All in favor.
4. **Board of Education request to review the acquisition of 27 Church Hill Road:** First Selectman Rosenthal does not feel compelled to act. When the request was received the Board of Selectmen held an executive session with members of the Board of Education, School Security and members of the Police Department to address security concerns. There is site line overgrowth. It would make sense to clear the overgrowth and put in necessary fencing. His interest is keeping the property on the tax rolls. School parking is allowed off site. Selectman Crick Owen moved to authorize First Selectman Rosenthal to respond



to the Board of Education regarding the acquisition of 27 Church Hill Road per the discussion. Selectman Capeci seconded. All in favor.

5. Authorization of First Selectman to request that the Land Use Agency apply to the Borough Zoning Commission to amend the Borough Zoning Regulations relative to the Edmond Town Hall: George Benson was present to discuss zoning relative to the Edmond Town Hall allowable uses. Landmark Buildings set usages for only a particular historic building and notes permitted uses, special exception uses and prohibited uses. Mr. Benson said the plan is comprehensive, flexible and captures what is being done already and allow more uses, mostly for profit uses. He wants to bring it to Borough Zoning to get the discussion going. First Selectman Rosenthal thinks this is the right path. Selectman Capeci supports this saying it is innovative and flexible. Selectman Crick Owen moved to authorize the First Selectman to request that the Land Use Agency apply to the Borough Zoning Commission to amend the Borough Zoning Regulations relative to the Edmond Town Hall. Selectman Capeci seconded. All in favor.

6. Approval of 2020 Meeting Calendar: Selectman Crick Owen moved to approve the 2020 meeting calendar as presented (att.). Selectman Capeci seconded. All in favor.

7. Appointments/Reappointments/Vacancies/Openings: Selectman Crick Owen moved the re-appointments and appointment as reflected on attached document dated December 16, 2019. (att.). Selectman Capeci seconded. All in favor.

8. Driveway Bond Release/Extension: Selectman Crick Owen moved to the release of the following driveway bonds: Zbynek Stupka, 7 Serene Way, M12, B5, L14.3; Richard Rattray, Riverside Road, M43, B10, L7 and Teton Capital Co., LLC, 37 Church Hill Road (The Boulevard), M24, B4, L7, all in the amount of \$1,000 each. Selectman Capeci seconded. All in favor. Selectman Crick Owen moved to extend the following driveway bonds: Corbo Assoc., Inc., 12 Oak Ridge Drive to 9/13/20, RMC Classic Realty, LLC, 22 & 24 Meridian Ridge Rd. to 6/26/20 and David Waite, 24 Beaver Dam Rd., to 6/11/20. Selectman Capeci seconded. All in favor.

9. Tax Refunds: Selectman Crick Owen moved to approve the Dec. 16, 2019, 2019/20 Refund #9 in the amount of \$5,802.36. Selectman Capeci seconded. All in favor.

VOTER COMMENTS: none.

ANNOUNCEMENTS: The Legislative Council will be holding a meeting, inviting the BOS, BOF and the BOE, to discuss the 2020-2021 budget. The Town departments and quasi agencies have submitted their budgets to the First Selectman and the Finance Director. First Selectman Rosenthal will present his budget to the board at the January 21, 2020 meeting. The next Fairfield Hills forums will be February 18 and March 16, in the Lecture Hall, Newtown High School.

ADJOURNMENT: Having no further business the regular Board of Selectmen meeting adjourned at 8:16p.m.

Attachments: TR Paul, Inc. Dec. 4, 2019 report; Police Pension report, July 1, 2019; DUI Enforcement Grant; Newtown Bike & Trial Committee non-financial grant acceptance; 2020 Meeting Calendar;

Respectfully submitted,
Sue Marcinek, Clerk

TR•Paul Inc.

14 Commerce Road • Newtown, Connecticut 06470-5508 • (800) 678-8161 • FAX (203) 426-1565

December 4, 2019

The Honorable Dan Rosenthal
TOWN OF NEWTOWN
Edmond Town Hall
3 Primrose St.
Newtown, CT 06470

Re: Town of Newtown Pension Plan - Selectmen and
Board of Education Personnel & Elected Officials Pension Plan
& Police Union Pension Plan
Our File No. 2823

Dear First Selectman Rosenthal:

We are pleased to present your Annual Valuation Report as of July 1, 2019. Again this year we have separated the report into two sections, with Part I containing the general calculations and disclosures, and Part II covering the individual participants benefit data.

For the 2020-2021 Fiscal Year of the Town, our recommended contributions are as follows:

	<u>Recommended (2020-21)</u>	<u>Prior Year (2019-20)</u>
Selectmen	\$ 687,277	\$ 720,920
Police (see separate rpt.)	<u>1,083,679</u>	<u>988,509</u>
Total Town of Newtown	\$1,770,956	\$1,709,429
Board of Education:	\$ 703,387	\$ 669,083

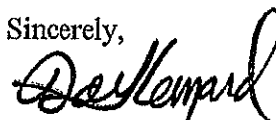
The above amounts are based on the July 1, 2019 valuation results projected forward to be applicable to the following fiscal year, and have been calculated using a 7.0% assumed discount rate.

If the deposits are to be made substantially later than July 1, 2019, interest at 7.0% per annum should be added.

Please see the General Comments section of the valuation report for information regarding changes in the plan's contribution requirements. At the end of the report is the information on the Elected Officials Pension Plan.

Please let me know if you have any questions or comments concerning this report.

Sincerely,



David G. Leonard, A.S.A.
Account Executive

cc: Ellen Whelan
Robert Tait

MAKING A DIFFERENCE SINCE 1947

ACTUARIAL CERTIFICATION

This report has been prepared in accordance with generally accepted actuarial standards and procedures and conforms to the Guidelines for Professional Conduct of the American Academy of Actuaries.

The valuation is based on employee and plan financial data which were provided by the Plan Administrator, Plan Trustee, and various financial institutions. All information submitted to us has been reviewed for reasonableness and consistency, but has otherwise been accepted and relied upon without audit. The plan provisions and other material assumptions are disclosed in report in their respective sections.

Projected mortality improvements have been recognized through the use of SOA tables RP-2014 with projection scale MP-2018. This represents a change from 2018 when the prior year's projection scale, MP-2017 was employed.

To the best of our knowledge, the information supplied in this report is complete and accurate.

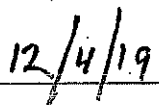
Future actuarial measurements may differ significantly from the current measurement presented in this report due to such factors as the following: plan experience differing from that anticipated; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period or additional cost or contribution requirements based on the plan's funded status); and changes in plan provisions or applicable law.

I, David G. Leonard, A.S.A., E.A., am a member of the Society of Actuaries and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained here



David G. Leonard, A.S.A.

Enrollment #17-03604



Date

ANNUAL VALUATION REPORT
FOR
TOWN OF NEWTOWN PENSION PLAN
BOARDS OF SELECTMEN AND EDUCATION
AS OF JULY 1, 2019

Prepared by:

David G. Leonard, ASA
T R PAUL, INC.

December 4, 2019

TOWN OF NEWTOWN PENSION PLAN

TABLE OF CONTENTS – PART I

	PAGE
I. HIGHLIGHTS	1
II. GENERAL COMMENTS	2
III. PLAN ASSETS	
a. Summary	3
b. Development of Valuation Assets (Actuarial Value of Assets)	4
c. Smoothed Valuation Asset and Unrecognized (G)/L Detail	5
IV. ANNUAL VALUATION – JULY 1, 2019	
a. Calculation Of Recommended Contribution - 7.00%	6
b. Summary of Outstanding Funding Bases	7
d. GAS No. 67 and FAS Nos. 35 & 36 Information	8
V. HISTORY OF PLAN CONTRIBUTIONS & LIABILITIES	9
VI. PARTICIPANT DATA RECONCILIATION	10

APPENDICES

A. PENSION TRUST SUMMARY	11
B. ACTUARIAL ASSUMPTIONS	12
C. ELECTED OFFICIALS PLAN - ALLOCATION REPORT THE PERIOD JULY 1, 2018 TO JUNE 30, 2019	13
D. ASOP-51 DISCLOSURE	N/A

TOWN OF NEWTOWN PENSION PLAN

I. HIGHLIGHTS

This section of the report summarizes the results of the July 1, 2019 actuarial valuation and provides a comparison with the results of the prior valuation. The development of these items for the current valuation is shown in the remaining sections of the report. The percentage in parenthesis express each amount as a percentage of covered payroll:

	July 1, 2019 <u>Valuation</u>		July 1, 2018 <u>Valuation</u>	
1. Recommended Annual Contributions:*				
a. Board of Selectmen	\$687,277	(10.7%)	\$720,920	(8.6%)
b. Board of Education	\$703,387	(9.8%)	\$669,083	(8.3%)
c. Total Town Plan	\$1,390,664	(10.3%)	\$1,390,003	(8.5%)
2. Covered Payroll of Participants (pension earnings projected for the fiscal year following the valuation date)				
a. Board of Selectmen	\$6,411,843		\$7,409,789	
b. Board of Education	\$7,142,960		\$7,335,284	
c. Total Town Plan	\$13,554,803		\$14,745,073	
3. Net Normal Cost (EAN)	\$817,292	(6.0%)	\$823,892	(5.8%)
4. Accrued Actuarial Liability (EAN)	\$33,987,873		\$32,456,485	
5. Assets - Market Value (MV)	\$28,275,000		\$26,552,507	
- Valuation Assets (VA)	\$28,595,505		\$27,126,749	
6. Unfunded Accrued Liability (VA)	\$5,392,368		\$5,329,736	
7. Actuarial Value of Benefits (total plan):				
a. Value of Vested Accrued Benefits	\$28,959,527		\$26,886,395	
b. Value of Non-Vested Accrued Bens.	\$703,815		\$685,300	
c. MV Assets in excess of Vested Benefits (5 minus 7a)	(\$684,527)		(\$333,888)	
8. Number of Participants:	<u>Sel.</u>	<u>Bd. of Ed.</u>	<u>Sel.</u>	<u>Bd. of Ed.</u>
a. Active Participants	110	163	130	175
b. Retired and Beneficiaries	70	70	66	61
c. Terminated Vested Participants (includes refunds only due)	28	20	19	22
d. Total	208	253	215	258

* Calculated assuming end of the fiscal year payment, for use in following fiscal year as of July 1.

TOWN OF NEWTOWN PENSION PLAN

II. GENERAL COMMENTS

The July 1, 2019 valuation report was prepared on a group of 110 active members in the Selectmen's accounts, and 163 actives from the Board of Education. This represents a decrease of thirty-two (32) active members from 2018, with about two-thirds of that in the Selectmen's group and the rest in the Board of Education.

The recommended contribution produced by the July 1, 2019 valuation increased \$601, to a recommended level of \$1,390,664 for the 2020-21 fiscal year. The Selectman group's recommended contribution decreased by about \$33,000, while the Board of Education increased by a similar amount.

A summary of the factors in the change for the year reveals the following:

Estimated Changes Due to:	<u>Selectmen</u>	<u>Bd. of Education</u>
Actives Chg. in Normal Cost:	\$ 32,481	\$ 42,875
Retired/Term Gains	(141,095)	(53,644)
Valuation Asset Losses:	32,660	28,296
New Members:	5,882	0
Change in Assumptions (phased in interest rates)	37,956	35,055
Misc. Actuarial Factors:	(1,527)	(18,278)
Total Changes:	\$ (33,643)	\$ 34,304

The July 1, 2019 Valuation was run using a 7% interest rate – the final step in a three year phase-in from the prior 7.5% assumed rate.

It is interesting to note that last year's full 7% calculations produced a recommended contribution for the 2019-20 plan year of \$1,458,238, which is about \$68,000 more than our 2020-21 recommendation.

The trust assets earned 5.22% using the GASB weighted method of calculating the yield. This created another actuarial loss that will be partially deferred for four more years by the valuation asset smoothing calculation.

The valuation yield was 4.58%, as past losses (and gains) continue to be worked off. We anticipate that next year's valuation will include recognized losses that will increase the recommended contribution by about \$40,000, and this has been built into the 2020-21 recommendation. The valuation asset cost factor shown above includes this bump, but also nets out last year's projected recognition losses.

After the valuation asset losses and the final phase in of the 7.00% interest assumption, the next most important factor in the cost calculations for the year was the participant experience.

TOWN OF NEWTOWN PENSION PLAN

II. GENERAL COMMENTS

The large decrease in active members in the Selectman's group resulted in both a large reduction in the normal cost, but also actuarial gains as terminated members' liabilities were much less than their projected benefit levels as active members. As shown above, the overall recommendation was decreased by \$141,095 thanks to six (6) retirees and sixteen (16) terminated members, both vested and non-vested. There were two new members in the Selectman's group, who added back almost \$6,000 of normal cost.

The Board of Education also experienced a decrease in active members, but their's was not as severe as the Selectmen, and it also was primarily retirees rather than terminations. Retirees will decrease the normal cost but generally do not create additional actuarial gains.

Both groups continuing active members experienced salary increases modestly above the assumed 3% rate (but still below 4%). As part of the new ASOP-51 disclosure (see below), we will be recommending a review of the salary history to see if a change in this assumption is in order.

The plan's market value funding ratios gave back some of last year's gains, due to the trust returns that were slightly below the assumed rate. The funding of accrued actuarial liabilities at 7% interest decreased 3.5% points to 83.2%, while the accrued benefit measure decreased 1.0% points to 95.3%.

Note that the trust assets in this report differ from the GASB statement in that prepaid benefits are not included in the GASB disclosures. Additionally, the GASB liabilities represent a projection from the prior year's base results. The July 1, 2019 liabilities in this report are substantially less than the projections from last year, due to the number of retirees and terminations. This will result in an actuarial gain in next year's GASB beginning balances.

Finally, there is a new disclosure which we have prepared called the ASOP-51. This is a required discussion regarding risk factors and their impact on the valuation results, both now and in the future. We have attached this new item as an appendix to this report. Its purpose and results are described in greater detail in the document itself.

TOWN OF NEWTOWN PENSION PLAN
III. PLAN ASSETS

A. Summary

Investment	07/01/2018 Beginning Balance	Employer Contribs.	Employee Contribs.	Net Investment Income	Trust Expenses	Transfer EE's Distributions	Transfers out	06/30/2019 Ending Balance
ER Contrib. Receivable/(Payable)	0	0	0	0	0	0	0	0
EE Contrib. Receivable	2,439	0	11,950	0	0	0	0	14,389
Distribution Due PARS	(3,095)	0	0	0	0	1,401	0	(1,693)
Prepaid Benefits	166,777	0	0	0	0	27,656	0	194,433
<u>Wells Fargo / Westport Resources</u>								0
Cash	346,923	2,254,873	449,022	1,103,164	(110,548)	(2,325,891)	(1,625,076)	92,467
Investments	42,450,530	0	0	1,260,798	0	0	1,625,076	45,336,404
Accrued Interest	2,604	0	0	(2,277)	0	0	0	328
<u>PLAN TOTALS</u>	<u>42,966,178</u>	<u>2,254,873</u>	<u>460,972</u>	<u>2,361,685</u>	<u>(110,548)</u>	<u>(2,296,834)</u>	<u>0</u>	<u>45,636,327</u>

Distribution of Assets by Department

Plan Category	07/01/2018 Beginning Balance	Employer Contribs.	Employee Contribs.	Net Investment Income*	Distributions	06/30/2019 Ending Balance	06/30/2019 Valuation Asset Balance
Town Plan	26,552,508	1,268,930	266,781	1,403,319	(1,215,537)	28,276,001	28,595,505
Elected officials	100,404	10,972	3,685	6,045	0	121,106	N/A
Police Plan	16,313,268	974,971	190,278	842,000	(1,081,296)	17,239,221	17,434,015
Grand Total	42,966,179	2,254,873	460,744	2,251,364	(2,296,834)	45,636,327	46,029,520

* Income reduced for trust expenses; allocated on a weighted basis by Wells Fargo.

TOWN OF NEWTOWN PENSION PLAN

III. PLAN ASSETS (Continued)

B. Development of Valuation Assets (Actuarial Value of Assets)

The Actuarial Valuation of Assets is calculated by recognizing 20% of the current year's actuarial gain or loss (to the 7.0% assumed rate of return), along with recognition of prior year's gains or losses that are also being recognized 20% per year. The final Valuation Asset level is subject to a corridor of 80% to 120% of the Market Value.

The prior smoothed actuarial asset valuation method was changed for the July 1, 2015 valuation, using the initial unrecognized gains from July 1, 2015 as the only prior base in place.

This method was then modified slightly for 2016 to anticipate Market Value yield at the assumed rate, rather than Expected Valuation Asset Value yield. Please see following page for additional detail.

The following illustrates the calculation of the Actuarial Value of Assets for June 30, 2019:

1. Assumed market value yield at valuation rate*	\$3,086,159
2. Actual MV Yield for June 30, 2019 **	2,316,920
3. Current Year (Gain)/Loss on Market value yield* (1) - (2)	769,239
4. Portion of Curr. Yr. Loss to be Recognized in 2019 (3) x 20%	153,848
5. Portion of Current Years (Gain)/Loss Not Recognized in 2019	615,391
6. Prior Unrec. (Gains)/ losses - June 30, 2019 - see next page	(101,092)
7. Total Unrecognized (Gains)/Losses (5) + (6)	514,299
8. Market Value of Trust Assets as of June 30, 2019	45,515,221
9. Preliminary Actuarial Value of Assets - June 30, 2019 (7)+(8)	\$46,029,520
10. (a) 80% corridor of Market Value	36,412,177
(b) 120% corridor of Market Value	54,618,266
11. Final Actuarial Value of Assets - June 30, 2019***	\$46,029,520

The Preliminary Actuarial Value of Assets is 101.1% of the Market Value, and thus falls within the 80% to 120% corridor of actual June 30, 2019 Market Value.

The yield on Valuation Assets for the 2018-2019 Plan Year was 4.58%.

* Assumed income is calculated based on a weighted balance which takes into account the date that the contributions and distributions are made to the fund.

** All items shown exclude the Money Purchase Plan assets. There was an immaterial receivable contribution as of the end of the fiscal year which has been included in the totals.

*** Includes both Town Plan and Police Plan

TOWN OF NEWTOWN PENSION PLAN

III. PLAN ASSETS (Continued)

C. SMOOTHED VALUATION ASSET AND UNRECOGNIZED (G)/L DETAIL- INCLUDES TOWN AND POLICE PLAN

Smoothed Valuation Asset Calculation

	Transition Year 07/01/2014	06/30/2015	06/30/2016	06/30/2017	06/30/2018	06/30/2019	06/30/2020
Actuarial Value of Assets	\$36,445,798						
Market Value of Assets	34,676,083	35,698,524	34,740,866	39,623,234	42,865,776	45,515,221	
Unrecognized (G)/L	1,769,715						
Recognized in Year (for 6/30/15)	(442,429)						
Expected Earnings at Market Value (7.50%/7.00%)*		2,662,813	2,730,057	2,680,400	2,792,502	3,086,159	
Actual Earnings MV		977,145	(1,017,424)	4,614,032	2,921,062	2,316,920	
Actuarial (Gain)/Loss on MV		1,685,668	3,747,481	(1,933,632)	(128,560)	769,239	
Recognition of current years Gain/(Loss)		(337,134)	(749,496)	386,726	25,712	(153,848)	

Anticipated Unrecognized (Gain)/Loss for Future Years

Remaining Unrecognized (G)/L - 7/1/14 Trans.	1,327,286	1,061,829	707,886	353,943	0	0	
Remaining Unrecognized (G)/L - 6/30/15 (G)/L	1,348,534	1,011,401	674,267	337,134	0	0	
Remaining Unrecognized (G)/L - 6/30/16 (G)/L		2,997,985	2,248,489	1,498,992	749,496	0	
Remaining Unrecognized (G)/L - 6/30/17 (G)/L			(1,546,905)	(1,160,179)	(773,453)	(386,726)	
Remaining Unrecognized (G)/L - 6/30/18 (G)/L				(102,848)	(77,136)	(51,424)	
Remaining Unrecognized (G)/L - 6/30/19 (G)/L					615,391	461,543	
Total Unrecognized (Gains)/Losses	2,675,820	5,071,214	2,083,736	927,042	514,299	23,393	
Market Value of Assets - EOY	35,698,524	34,740,866	39,623,234	42,865,776	45,515,221		
Total Unrecognized (Gain)/Loss	2,675,820	5,071,214	2,083,736	927,042	514,299		
Actuarial Value of Assets - EOY	\$38,374,344	\$39,812,081	\$41,706,970	\$43,792,818	\$46,029,520		

* Calculated using weighted contributions - ER by date, EE at 50%, Distrib at 50%. 7.00% interest assumption effective July 1, 2017 forward.

Note: 6/30/2015 Valuation Assets shown above based on the "new" method and do not equal the Valuation Assets used for the July 1, 2015 valuation Report.

Outstanding balance of 2018 & 2019 unrecognized gains for 2021-22 Valuations not shown.

TOWN OF NEWTOWN PENSION PLAN

IV. ANNUAL VALUATION - JULY 1, 2019

b. Calculation of Recommended Contributions Assumes 7.00%

	SELECTMEN	BOARD OF ED.	TOTALS
1. Gross Normal Cost as of 7/1/2019	\$508,252	\$547,598	\$1,055,850
2. Expenses	7,396	7,604	15,000
3. Expected Employee Contributions	117,638	135,920	253,558
4. Net Normal Cost (1 + 2 - 3) as of 7/1/2019	398,011	419,282	817,292
5. Accrued Liability:			
i. Active Employees	9,840,547	10,768,141	20,608,688
ii. Inactive Employees	1,222,431	682,216	1,904,646
iii. Retired Participants	6,992,891	4,481,648	11,474,539
6. Total Accrued Liability	\$18,055,869	\$15,932,004	\$33,987,873
7. Plan Assets - Blended Value	15,279,658	13,315,847	28,595,505
8. Unfunded (overfunded) Accrued Liability (6 - 7)	2,776,211	2,616,157	5,392,368
9. Amortization of Unfunded (Overfunded) Accd. Liability*	252,335	248,781	501,115
10. Normal Cost plus Amortization 7/1/2019 (4 + 9)	650,346	668,062	1,318,408
11. Recommended Contrib.- 2020-2021 to be paid 7/01/2020 (10 adjusted for time passage**)	\$687,277	\$703,387	\$1,390,664

* Initial EAN Base amortized over 20 years. (Gains)/losses starting with July 1, 2018 will be amortized over 10 years.

** 2019 adjustment takes into account the expected increases from unrecognized trust asset losses for 2019, plus normal cost increases assumed in the funding method.

TOWN OF NEWTOWN PENSION PLAN

IV. ANNUAL VALUATION - JULY 1, 2019

b. Summary of Funding Bases

SELECTMEN

Summary of Funding Bases	Initial Base	Rem. Bal. -19	Min. Amort.	Rem. Yrs (at min)
Initial Base - 7/1/17	\$ 2,447,983	\$ 2,537,103	\$ 215,955	18
(Gain)/Loss/Amend/Changes - 2018	277,987	263,149	39,579	9
(Gain)/Loss/Amend/Changes - 2019	(24,042)	(24,042)	(3,199)	10
Totals	\$ 2,701,928	\$ 2,776,211	\$ 252,335	

BOARD OF EDUCATION

Summary of Funding Bases	Initial Base	Rem. Bal. -19	Min. Amort.	Rem. Yrs (at min)
Initial Base - 7/1/17	\$ 2,365,758	\$ 2,332,122	\$ 208,702	18
(Gain)/Loss/Amend/Changes - 2018	107,537	97,901	15,311	9
(Gain)/Loss/Amend/Changes - 2019	186,134	186,134	24,768	10
Totals	\$ 2,659,429	\$ 2,616,157	\$ 248,781	

Funding Bases shown at 7.0% only.

If remaining balance is greater than the initial base, then negative amortization has occurred.

- this is an expected result based on the phasing in of the 7.0% discount assumption.
- all payment amounts will be revised the next time the discount assumption is changed.

TOWN OF NEWTOWN PENSION PLAN

IV. ANNUAL VALUATION - JULY 1, 2019

e. GASB Statement 67 and FASB Statement 35/36 Information

	SELECTMEN	BOARD OF ED.	TOTALS
I. ACTUARIAL ACCRUED LIABILITY - 7.00%			
a. Retirees/Benefic./Terminated	\$8,215,322	\$5,163,864	\$13,379,185
b. Current Employees			
I. EE Contr. & Intr.	1,977,848	2,102,101	4,079,949
II. ER Financed Vested	7,327,205	7,604,044	14,931,249
III. ER Financed Non-Vested	535,495	1,061,995	1,597,490
c. TOTALS	\$18,055,869	\$15,932,004	\$33,987,873
d. ASSETS - Market Value	\$15,108,934	\$13,167,066	\$28,276,000
e. FUNDED RATIO (7/1/2019)	83.68%	82.65%	83.19%
f. FUNDED RATIO (7/1/2018)	86.95%	86.33%	86.67%
<i>- These results will differ from the actual GASB disclosures, which are based on projected liabilities in order to ensure timely delivery.</i>			
II. PRESENT VALUE OF ACCRUED BENEFITS - 7.00%			
a. Retirees/Benefic./Terminated	\$8,215,322	\$5,163,864	\$13,379,185
b. Current Employees			
I. EE Contr. & Intr.	1,977,848	2,102,101	4,079,949
II. ER Financed Vested	5,468,966	6,031,426	11,500,393
III. ER Financed Non-Vested	240,637	463,178	703,815
c. TOTALS	\$15,902,773	\$13,760,569	\$29,663,342
d. ASSETS - Market Value	\$15,108,934	\$13,167,066	\$28,276,000
e. FUNDED RATIO (7/1/2019)	95.01%	95.69%	95.32%
f. FUNDED RATIO (7/1/2018)	96.48%	96.10%	96.30%

TOWN OF NEWTOWN PENSION PLAN

VI. PARTICIPANT DATA RECONCILIATION

The total number of active plan participants as of the current valuation date is reconciled with the total number as of the prior valuation date as follows:

	Selectmen's <u>Accounts</u>	Board of <u>Education</u>	Plan <u>Totals</u>
Number of Active Participants as of July 1, 2018:	130	175	305
Decreases:			
Non-Vested Terminations:	(7)	(2)	(9)
Vested Terminations:	(9)	(3)	(12)
Retirements:	(6)	(7)	(13)
Deaths, Transfers:	<u>0</u>	<u>0</u>	<u>0</u>
Total Increases/(Decreases):	(22)	(12)	(34)
New Entrants during 2018-2019: - includes rehires/reinstatements	<u>2</u>	<u>0</u>	<u>2</u>
Net Change:	<u>(20)</u>	<u>(12)</u>	<u>(32)</u>
Number of Active Participants as of July 1, 2019:	110	163	273
Also as of July 1, 2019:			
**Total Vested Terminated:	28	20	48
Total Retired:	<u>70</u>	<u>70</u>	<u>140</u>
TOTAL PARTICIPANTS:	208	253	461

* Active participants include Late Retirees and exclude Inactives.

** Includes 9 participants due refunds of contributions and interest,
and other inactive participants who may not have terminated.

TOWN OF NEWTOWN PENSION PLAN

V. HISTORY OF PLAN CONTRIBUTIONS AND LIABILITIES

Plan Year Beginning	Participants Act. - Other	Compensation*	Accrued Liability***	Market Value Assets	Unfunded Accrued Liability**	Recommended Contribution	(***)	Actual Town Contribution
1/1/1990	91 37	\$2,050,023	\$1,902,884	\$2,141,739	(\$238,855)	\$102,982	(5.02%)	\$114,531
7/1/1995	130 35	3,708,414	3,751,830	3,840,917	(89,087)	208,274	(5.62%)	208,274
7/1/2000	161 58	5,400,600	6,647,849	8,409,663	(1,761,814)	79,486	(1.47%)	80,297
7/1/2005	274 86	9,809,015	11,515,670	11,857,942	(342,272)	416,365	(4.24%)	420,381
7/1/2010	341 111	13,109,110	17,709,414	14,861,965	2,847,449	663,805	(5.06%)	651,581
7/1/2014	338 129	14,332,155	22,250,733	20,979,551	1,271,182	757,780	(5.29%)	731,579
7/1/2015	340 130	14,648,086	24,619,393	21,638,928	2,980,465	836,136	(5.71%)	836,137
7/1/2016	321 147	14,390,882	26,188,592	21,154,338	5,034,254	1,001,871	(6.96%)	1,001,870
7/1/2017	323 155	14,981,541	30,630,006	24,245,131	6,384,875	1,070,329	(7.14%)	1,070,328
2018 Select.	130 85	7,409,789	17,471,305	14,337,237	3,134,070	626,219	(8.45%)	626,219
2018 Board	175 83	7,335,284	14,985,180	12,215,272	2,769,908	642,711	(8.76%)	642,711
07/01/2018 (tot)	305 168	14,745,073	32,456,485	26,552,509	5,903,978	1,268,930	(8.61%)	1,268,930
2019 Select.	110 98	6,411,843	18,055,869	15,108,934	2,946,935	720,920	(11.24%)	
2019 Board	163 90	<u>7,142,960</u>	<u>15,932,004</u>	<u>13,167,066</u>	<u>2,764,939</u>	<u>669,086</u>	(9.37%)	
2019 Total	273 188	13,554,803	33,987,873	28,276,000	5,711,873	1,390,006	(10.25%)	

* Compensation shown is expected for the twelve months following the valuation date for active members only.

**Based on Market Value, not Valuation Assets.

*** Figures in parenthesis are Recommended Contribution as a percentage of compensation. Recommended Contribution is based on prior year's valuation rolled forward, not on current valuation. The 2019 valuation produced a Recommended Contribution of \$1,390,664 for the 2020-2021 plan

**** Beginning 7/1/2017 the actuarial liability is calculated at a 7.0% interest rate.

TOWN OF NEWTOWN PENSION PLAN

APPENDIX APENSION TRUST SUMMARY

PLAN SPONSOR: Town of Newtown
 EFFECTIVE DATE: July 1, 1965
 ANNIVERSARY DATE: July 1 of each year.
 VALUATION DATE: JULY 1, 2019

DEFINITIONS

Compensation: Base Salary as of July 1 each year. For departments that do not report base salary, actual earnings from prior plan year are used. Final Average Compensation includes the participants five (5) highest consecutive years.

Participation: Eligibility - Service: 6 Months
 Maximum Age: 60

Entry Date: On the first day of the month following satisfaction of eligibility, with the participant's election to make employee contributions (2% of base salary).

Service: Continuous employment with the Town.

Credited Service: Service used in the determination of plan benefits. Includes all service except:

- (1) Service in excess of 30 years.
- (2) Service after July 1, 1965 during which an employee could have made employee contributions but did not.
- (3) Service prior to July 1, 1965 if an employee did not elect to be covered on that date.

Normal Retirement Benefit: Greater of:

- (1) 2% of Final Average Compensation times years of Credited Service, less 50% of Social Security (at SSNRA),
- or
- (2) 1.15% of Final Average Compensation times years of Credited Service.

If a participant retires on or after his Normal Retirement Age (earlier of 30 years of Service or age 65), he will receive an additional temporary benefit equal to 50% of Social Security from his retirement date to his 65th birthday.

Normal Form of Benefit: Modified Cash Refund Annuity.

Death Benefits: Greater of Qualified Survivor Annuity or return of Employee Contributions plus interest (active and terminated only).

Vesting: 100% vesting in Employer portion of Normal Retirement Benefit at the completion of 10 years of Credited Service. Town Hall contract employees and department heads are eligible for 100% vesting after 5 years of Credited Service.

TOWN OF NEWTOWN PENSION PLAN

APPENDIX BACTUARIAL ASSUMPTIONSFUNDING METHOD

Entry Age Normal Method – This method calculates an annual normal cost for each active employee, and adds an amortization of the unfunded accrued actuarial liability for all participants. The initial funding base was re-established as of July 1, 2017 (when the funding method was changed from Projected Unit Credit), and will be amortized over 20 years. Future changes in accrued liability due to experience gains or losses, changes in assumptions, and/or plan provisions will be amortized over 10 years.

The July 1, 2019 Valuation was the first prepared fully based on 7% interest.

INTEREST ASSUMPTION

Pre-Retirement: 7.0% Compounded Annually
Post-Retirement: 7.0% Compounded Annually

MORTALITY ASSUMPTION

RP-2014 Society of Actuaries Mortality Table, with future generational increases projected with the MP-2018 scale.

TURNOVER

Participants are assumed to terminate at the following rates:

<u>Age</u>	<u>Males</u>	<u>Females</u>
25	10 %	15 %
30	7½	10
35	5	7½
40	3	5
45	1½	2½
50	0	0

SALARY SCALE & SOCIAL SECURITY BENEFITS

Salaries are assumed to increase at 3% per year. Since prospective salaries are reported, the increase applies after the end of the valuation year. Social Security laws projected using 3% COLA, with increases of 3% for the TWB and the NAMW.

RETIREMENT AGE

Participants are assumed to retire 50% of the time at their Normal Retirement Age and the remainder of the time at age 65. Participants past age 65 are assumed to retire one year after the valuation date.

ESTIMATED EXPENSES

Direct expenses of the trust are assumed to be \$15,000.
(This is an increase from \$13,000.)

ANNUAL VALUATION REPORT
FOR
TOWN OF NEWTOWN PENSION PLAN
POLICE DEPARTMENT PERSONNEL
AS OF JULY 1, 2019

Prepared by:

David G. Leonard, ASA
T R PAUL, INC.

December 4, 2019

TOWN OF NEWTOWN PENSION PLAN – POLICE PERSONNEL

TABLE OF CONTENTS

	PAGE
I. HIGHLIGHTS	1
II. GENERAL COMMENTS	2
III. PLAN ASSETS	
a. Summary	3
b. Development of Valuation Assets (Actuarial Value of Assets)	4
c. Smoothed Valuation Asset and Unrecognized (G)/L Detail	5
IV. CALCULATION OF RECOMMENDED CONTRIBUTION	6 - 7
GAS NO. 67 AND FAS NOs. 35 & 36 INFORMATION	8
V. HISTORICAL INFORMATION	9
VI. PARTICIPANT DATA RECONCILIATION	10

APPENDICES

A. PENSION TRUST SUMMARY	11 - 13
B. ACTUARIAL ASSUMPTIONS	14
C. ASOP-51 DISCLOSURE	N/A

TOWN OF NEWTOWN PENSION PLAN POLICE PERSONNEL

I. HIGHLIGHTS

This section of the report summarizes the results of the July 1, 2019 actuarial valuation and provides a comparison with the results of the prior valuation. The development of these items for the current valuation is shown in the remaining sections of the report. The percentage in parenthesis express each amount as a percentage of covered payroll:

	July 1, 2019 <u>Valuation</u>	July 1, 2018 <u>Valuation</u>
1. Recommended Annual Contributions:*	\$1,083,679 (29.0%)	\$988,509 (27.1%)
2. Covered Payroll of Participants (covered earnings for the fiscal year preceding the valuation date)	\$3,736,280	\$3,651,597
3. Net Normal Cost (EAN)	\$341,402 (9.1%)	\$343,564 (9.4%)
4. Accrued Actuarial Liability (EAN)	\$25,190,605	\$24,010,717
5. Assets - Market Value (MV)	\$17,239,221	\$16,313,268
- Valuation Assets (VA)	\$17,434,015	\$16,666,070
6. Unfunded Accrued Liability (VA)	\$7,756,590	\$7,344,647
7. Actuarial Value of Benefits (total plan):		
a. Value of Vested Accrued Benefits	\$22,232,922	\$20,778,570
b. Value of Non-Vested Accrued Bens.	\$193,470	\$107,780
c. MV Assets in excess of Vested Benefits (5 minus 7a)	(\$4,993,702)	(\$4,465,302)
8. Number of Participants:		
a. Active Participants	38	39
b. Retirees, DROPs, Benef., & Alt Payees	32	31
c. Terminated Vested Participants (includes refunds only due)	<u>3</u>	<u>4</u>
d. Total	73	74

* Calculated assuming beginning of the next fiscal year payment, for that fiscal year.

TOWN OF NEWTOWN PENSION PLAN - POLICE PERSONNEL

II. GENERAL COMMENTS

The recommended contribution produced by the July 1, 2019 valuation increased \$95,170, to a recommended level of \$1,083,679 for the 2020-21 fiscal year.

A summary of the factors in the change for the year reveals the following:

Chg in Active Norm. Cost (N.C):	\$ 14,523
Valuation Asset Losses:	39,955
Retiring Members N.C.:	(9,791)
Change in Assumptions (phased in interest rates)	51,690
Misc. Actuarial Factors:	(1,207)
 Total Changes:	 \$ 95,170

There was one more member who took advantage of the DROP program for July 1, 2019, but other than that the workforce was remarkably stable during the year. Salaries among continuing active members increased by of 4.8%, which drove the normal costs up slightly but not significantly.

The increase in the plan costs came from two primary factors, both of which were predictable going in to the calculation process. The first was the change in assumptions that was scheduled to kick in as the third part of the phased reduction in interest rate from 7.5% to 7.0%.

The second was the trust performance, both the recognition of prior year's losses and the impact of this year's 5.22% return.

The smoothed valuation asset yield was 4.58%, as past losses (and gains) continue to be worked off. We anticipate that next year's valuation will include recognized losses that will increase the recommended contribution by \$24,741 and this has been built into the 2020-21 recommendation. The valuation asset cost factor shown above includes this bump, but also nets out last year's projected recognition losses.

The plan's funding ratios for actuarial liability increased by a half percent, while the present values of accrued benefits funded level decreased a little more than 1% to 77%.

Note that the trust assets in this report differ from the GASB statement in that prepaid benefits are not included in the GASB disclosures. Additionally, the GASB liabilities represent a projection from the prior year's base results. The July 1, 2019 liabilities in this report are substantially less than the projections from last year, due to the number of retirees and terminations. This will result in an actuarial gain in next year's GASB beginning balances. Note that all town plans are combined for GASB purposes.

Finally, there is a new disclosure which we have prepared called the ASOP-51. This is a required discussion regarding risk factors and their impact on the valuation results, both now and in the future. We have attached this new item as an appendix to this report. Its purpose and results are described in greater detail in the document itself.

TOWN OF NEWTOWN PENSION PLAN POLICE PERSONNEL
III. PLAN ASSETS

A. Summary

Investment	07/01/2018 Beginning Balance	Employer Contribs.	Employee Contribs.	Net Investment Income	Trust Expenses	Transfer EE's Distributions	Transfers out	06/30/2019 Ending Balance
ER Contrib. Receivable/(Payable)	0	0	0	0	0	0	0	0
EE Contrib. Receivable	2,439	0	11,950	0	0	0	0	14,389
Distribution Due PARS	(3,095)	0	0	0	0	1,401	0	(1,693)
Prepaid Benefits	166,777	0	0	0	0	27,656	0	194,433
<u>Wells Fargo / Westport Resources</u>								0
Cash	346,923	2,254,873	449,022	1,103,164	(110,548)	(2,325,891)	(1,625,076)	92,467
Investments	42,450,530	0	0	1,260,798	0	0	1,625,076	45,336,404
Accrued Interest	2,604	0	0	(2,277)	0	0	0	328
<u>PLAN TOTALS</u>	42,966,178	2,254,873	460,972	2,361,685	(110,548)	(2,296,834)	0	45,636,327

Distribution of Assets by Department

Plan Category	07/01/2018 Beginning Balance	Employer Contribs.	Employee Contribs.	Net Investment Income	Distributions*	06/30/2019 Ending Balance	06/30/2019 Valuation Asset Balance
Town Plan	26,552,508	1,268,930	266,781	1,403,319	(1,215,537)	28,276,001	28,595,505
Elected officials	100,404	10,972	3,685	6,045	0	121,106	N/A
Police Plan	16,313,268	974,971	190,278	842,000	(1,081,296)	17,239,221	17,434,015
Grand Total	42,966,179	2,254,873	460,744	2,251,364	(2,296,834)	45,636,327	46,029,520

* Income reduced for trust expenses; allocated on a weighted basis. Distributions adjusted for internal employee transfers.

TOWN OF NEWTOWN PENSION PLAN POLICE PERSONNEL

III. PLAN ASSETS (Continued)

C. SMOOTHED VALUATION ASSET AND UNRECOGNIZED (G)/L DETAIL- INCLUDES TOWN AND POLICE PLAN

Smoothed Valuation Asset Calculation

	Transition Year 07/01/2014	06/30/2015	06/30/2016	06/30/2017	06/30/2018	06/30/2019	06/30/2020
Actuarial Value of Assets	\$36,445,798						
Market Value of Assets	34,676,083	35,698,524	34,740,866	39,623,234	42,865,776	45,515,221	
Unrecognized (G)/L	1,769,715						
Recognized in Year (for 6/30/15)	(442,429)						
Expected Earnings at Market Value (7.50%/7.00%)*		2,662,813	2,730,057	2,680,400	2,792,502	3,086,159	
Actual Earnings MV		977,145	(1,017,424)	4,614,032	2,921,062	2,316,920	
Actuarial (Gain)/Loss on MV		1,685,668	3,747,481	(1,933,631)	(128,559)	769,239	
Recognition of current years (Gain)/Loss		(337,134)	(749,496)	386,726	25,712	(153,848)	

Anticipated Unrecognized (Gain)/Loss for Future Years

Remaining Unrecognized (G)/L - 7/1/14 Trans.	1,327,286	1,061,829	707,886	353,943	0	0	0
Remaining Unrecognized (G)/L - 6/30/15 (G)/L	1,348,534	1,011,401	674,267	337,134	0	0	0
Remaining Unrecognized (G)/L - 6/30/16 (G)/L		2,997,985	2,248,489	1,498,992	749,496	0	0
Remaining Unrecognized (G)/L - 6/30/17 (G)/L			(1,546,905)	(1,160,179)	(773,453)	(386,726)	
Remaining Unrecognized (G)/L - 6/30/18 (G)/L				(102,848)	(77,136)	(51,424)	
Remaining Unrecognized (G)/L - 6/30/19 (G)/L					615,391	461,543	
Total Unrecognized (Gains)/Losses	2,675,820	5,071,214	2,083,737	927,043	514,299	23,393	
Market Value of Assets - EOY	35,698,524	34,740,866	39,623,234	42,865,776	45,515,221		
Total Unrecognized (Gain)/Loss	2,675,820	5,071,214	2,083,737	927,043	514,299		
Actuarial Value of Assets - EOY	\$38,374,344	\$39,812,081	\$41,706,971	43,792,819	46,029,520		

* Calculated using weighted contributions - ER by date, EE at 50%, Distrib at 50%. 7.00% interest assumption effective July 1, 2017 forward.

Note: 6/30/2015 Valuation Assets shown above based on the "new" method and do not equal the Valuation Assets used for the July 1, 2015 valuation Report. Outstanding balance of 2018 & 2019 unrecognized gains for 2021-22 Valuations not shown.

TOWN OF NEWTOWN PENSION PLAN - POLICE PERSONNEL

IV. ANNUAL VALUATION - JULY 1, 2019

a. Calculation of Recommended Contributions

	7.0%
1. Gross Normal Cost as of 7/1/2019	\$523,876
2. Expenses	10,000
3. Expected Employee Contributions	192,475
4. Net Normal Cost (1 + 2 - 3) as of 7/1/2019	341,402
5. Accrued Liability:	
i. Active Employees	11,997,118
ii. Inactive Employees	593,219
iii. Retired Participants (includes DROP)	12,600,268
6. Total Accrued Liability	\$25,190,605
7. Valuation Assets - Smoothed Value	17,434,015
8. Unfunded (overfunded) Accrued Liability (6 - 7)	7,756,590
9. Amortization of Unfunded (Overfunded) Accd. Liability*	701,820
10. Normal Cost plus Amortization as of 7/1/2019 (4 + 9)	1,043,222
11. Recommended Contribution for 2020-2021 to be paid 7/01/2020 (10 adjusted for time passage**)	\$1,083,679

* Initial EAN Base amortized over 20 years. Future (gains)/losses will be amortized over 10 years

** 2020 adjustment takes into account the expected increases from unrecognized trust asset losses for 2020, plus normal cost increases assumed in the funding method.

TOWN OF NEWTOWN PENSION PLAN - POLICE PERSONNEL

IV. ANNUAL VALUATION - JULY 1, 2020

b. Summary of Funding Bases

Summary of Funding Bases	Initial Base	Rem. Bal. -19	Min. Amort.	Rem. Yrs (at min)
Initial Base - 7/1/17	\$ 7,231,035	\$ 7,305,048	\$ 637,905	18
(Gain)/Loss/Amend/Changes - 2018	\$ (121,706)	\$ (119,077)	\$ (17,328)	9
(Gain)/Loss/Amend/Changes - 2019	\$ 570,618	\$ 570,618	\$ 81,243	10
Totals	\$ 7,679,947	\$ 7,756,590	\$ 701,820	

Funding Bases shown at 7.0%.

If remaining balance is greater than the initial base, then negative amortization has occurred.

- this is an expected result based on the phasing in of the 7.0% discount assumption.
- all payment amounts will be revised the next time the discount assumption is changed.

TOWN OF NEWTOWN PENSION PLAN - POLICE PERSONNEL

IV. ANNUAL VALUATION - JULY 1, 2020

c. GASB Statement 67 and FASB
Statement 35/36 Information

I. ACCRUED ACTUARIAL LIABILITY (7.0%)

a. Retirees/Benefic./Terminated	\$13,193,487
b. Current Employees	
I. EE Contr. & Intr.	2,907,952
II. ER Financed Vested	8,080,053
III. ER Financed Non-Vested	1,009,113
c. TOTALS	25,190,605
d. ASSETS - Market Value	17,239,221
e. FUNDED RATIO (7/1/2019)	68.44% - at 7.00%
f. FUNDED RATIO (7/1/2018)	67.94% - at 7.00%
<i>- These results will differ from the actual GASB disclosures, which are based on projected liabilities in order to ensure timely delivery.</i>	

II. PRESENT VALUE OF ACCRUED BENEFITS (PVAB)

a. Retirees/Benefic./Terminated	\$13,193,487
b. Current Employees	
I. EE Contr. & Intr.	2,907,952
II. ER Financed Vested	6,131,483
III. ER Financed Non-Vested	193,470
c. TOTALS	22,426,392
d. ASSETS - Market Value	17,239,221
e. FUNDED RATIO (7/1/2019)	76.87% - at 7.00%
f. FUNDED RATIO (7/1/2018)	78.10% - at 7.00%

TOWN OF NEWTOWN PENSION PLAN - POLICE PERSONNEL

V. HISTORY OF PLAN CONTRIBUTIONS AND LIABILITIES

Plan Year Beginning	Participants Act. - Other	Compensation	Accrued Liability	Market Value Assets	Unfunded Accrued Liability**	Recommended Contribution	(***)	Actual Town Contribution
1/1/1990	28	3	\$1,028,594	\$1,897,742	\$1,570,259	\$327,483	\$105,873 (10.29%)	\$120,889
7/1/1995	34	6	1,603,088	4,116,224	3,468,628	647,596	209,628 (13.08%)	209,628
7/1/2000	36	13	1,768,798	6,912,642	7,444,398	(531,756)	102,234 (5.78%)	150,000
7/1/2005	42	16	2,637,458	9,515,132	8,763,251	751,881	214,000 (8.11%)	213,647
7/1/2010	46	23	3,579,566	12,755,035	9,897,841	2,857,194	460,540 (12.87%)	472,764
7/1/2014	40	28	3,393,213	16,582,292	13,696,532	2,885,760	615,427 (18.14%)	615,427
7/1/2015	43	30	3,793,179	18,056,413	14,059,437	3,996,976	586,601 (15.46%)	586,601
7/1/2016	43	32	3,809,065	19,153,240	13,586,528	5,566,712	685,944 (18.01%)	685,944
7/1/2017	42	32	3,888,389	23,082,423	15,078,119	8,004,304	814,974 (20.96%)	814,974
7/1/2018	39	35	3,658,639	24,010,717	16,313,268	7,697,449	974,971 (26.65%)	974,971
7/1/2019	38	35	3,736,280	25,190,605	17,239,221	7,951,385	988,509 (26.46%)	

* Compensation shown is expected for the twelve months following the valuation date for active members only.

**Based on Market Value, not Valuation Assets.

*** Figures in parenthesis are Recommended Contribution as a percentage of compensation. Recommended Contribution is based on prior year's valuation rolled forward, not on current valuation. The 2019 valuation produced a Recommended Contribution of \$1,083,679 for the 2020-2021 plan year.

**** Beginning 7/1/2017 the actuarial liability is calculated at a 7.0% interest rate.

TOWN OF NEWTOWN PENSION PLAN POLICE PERSONNEL

VI. PARTICIPANT DATA RECONCILIATION

The total number of active plan participants as of the current valuation date is reconciled with the total number as of the prior valuation date as follows:

	<u>Police Personnel</u>
Number of Active Participants as of July 1, 2018:*	39
Decreases:	
Non-Vested Terminations:	0
Vested Terminations:	0
Retirements (DROP Actives):	(1)
Deaths, Withdrawals:	<u>0</u>
Total Increases/(Decreases):	(1)
New Entrants during 2018-2019:	<u>0</u>
Net Change:	(1)
Number of Active Participants as of July 1, 2019:*	38
Also as of July 1, 2019:	
Total Vested Terminated (incl. refunds due):	3
Total Retired:**	<u>32</u>
TOTAL PARTICIPANTS:	73

* Active participants include members beyond their
Normal Retirement Dates.

** Includes Alternate Payee, Beneficiaries and DROP participants.

TOWN OF NEWTOWN PENSION PLAN - POLICE PERSONNEL

APPENDIX APENSION TRUST SUMMARY

PLAN SPONSOR: Town of Newtown
 EFFECTIVE DATE: July 1, 1965
 ANNIVERSARY DATE: July 1 of each year.
 VALUATION DATE: July 1, 2019

DEFINITIONS

Compensation: Total compensation limited each year to 125% of base compensation.
 Final Average Compensation includes the participants highest 36 consecutive months.

Participation: Eligibility - Service: 6 Months
 Maximum Age: 60

The Plan was closed to new entrants as of May 5, 2015.

Entry Date: On the first day of the month following satisfaction of eligibility.

Service: Continuous employment with the Town.

Credited Service: Service used in the determination of plan benefits. Includes all service except:

- (1) Service in excess of 30 years.
- (2) Service after July 1, 1965 during which an employee could have made employee contributions but did not.
- (3) Service prior to July 1, 1965 if an employee did not elect to be covered on that date.

Normal Retirement Date: First of the month coinciding with or following the earlier of:

- (1) Age 60 with at least 10 years of continuous Credited Service.
- (2) 25 years of Service at any age.

Early Retirement Date: Anytime after completing 20 years of Service.

Normal Retirement Benefit: 2.25% of Final Average Compensation times years of Credited Service.

PENSION TRUST SUMMARY - Continued

Early Retirement Benefit:	Accrued Benefit reduced 6% for each year prior to Normal Retirement Date.
Normal Form of Benefit:	Modified Cash Refund Annuity.
Disability:	
Eligibility:	At least one year of service and unable to work in any occupation.
Benefit:	2.25% of base salary times years of Credited Service subject to a minimum of 25% of base salary and one of the following maximums: <ul style="list-style-type: none"> (1) Job related disability - 85% of base salary less any other Town funded disability benefits (Social Security, Worker's Compensation, etc.). (2) Non-job related disability - 50% of base salary.
Pre-Retirement Spouse's Benefit:	The following benefits are available to the spouse of an actively employed policeman who dies: <ul style="list-style-type: none"> (1) Death incurred in the line of duty - 50% of a Policeman's Normal Retirement Benefit, assuming salary and service would have continued to Normal Retirement Date. There is no age or service requirement for this benefit. The benefit stops when the spouse remarries or dies. (2) Death not incurred in the line of duty - Benefit is equal to the 50% Joint and Survivor Benefit that would have been available if the policeman had retired on his date of death. Participant must have been eligible for Early or Normal Retirement to qualify for this death benefit. The benefit stops when the spouse remarries or dies.
Death Benefits:	Return of Employee Contributions plus interest (active and terminated only).
Vesting:	100% vesting in Employer portion of Normal Retirement Benefit at the completion of 10 years of Credited Service.
Cost of Living Adjustment:	
Eligibility:	There are three (3) retired members of the plan who are eligible for and receive Cost of Living Adjustments. There is no Cost of Living Adjustment for any other currently active or currently retired member.
Benefits:	Annual cost of living increased will be provided to eligible retired policemen in an amount equal to the smaller of: <ul style="list-style-type: none"> (1) 50% of the rate of salary increase for new policemen (2) 3%

PENSION TRUST SUMMARY - Continued

Special Buy Back:	Special provision which allowed L. Carlson, M. Fekete, J. Mooney and H. Stormer to resume employee contributions and buy back past contributions plus 5½% interest.
Military Buy Back:	MERF B type of military service buyback which allowed for the buyback of military service during the Korean and Vietnam hostilities by contributing 2% of earnings for each such year of service. In addition, another MERF B type of military service buyback which allowed for the buyback of 75% of military service which took place outside of the Korean and Vietnam hostilities by contributing 2% of earnings for each such year of credited military service.
Employee Contributions:	5% of Compensation for all members. Maximum contribution period is 30 years.

TOWN OF NEWTOWN PENSION PLAN - POLICE PERSONNEL

APPENDIX BACTUARIAL ASSUMPTIONSFUNDING METHOD

Entry Age Normal Method – This method calculates an annual normal cost for each active employee, and adds an amortization of the unfunded accrued actuarial liability for all participants. The initial funding base was re-established as of July 1, 2017 (when the funding method was changed from Projected Unit Credit), and will be amortized over 20 years. Future changes in accrued liability due to experience gains or losses, changes in assumptions, and/or plan provisions will be amortized over 10 years.

The July 1, 2019 Valuation was the first prepared fully based on 7% interest.

TRUST ASSET VALUATION METHOD

Valuation assets are calculated using a smoothing formula which recognizes variances from the assumed rate of return 20% per year. For 2015 and forward, each year's loss will be separately accounted for and recognized over five years.

INTEREST ASSUMPTION

Pre-Retirement:	7.0% Compounded Annually
Post-Retirement:	7.0% Compounded Annually

MORTALITY ASSUMPTION RP-2014 Society of Actuaries Blue Collar Mortality Table, with future generational increases projected with the RP-2018 scale.

TURNOVER - Based on the closure of the plan to new entrants, and the historically low termination rates of veteran police officers, no turnover has been assumed starting with the July 1, 2017 valuation.

SALARY SCALE Salaries are assumed to increase at 3% per year starting one year after the Valuation Date. For the year following the Valuation Date we use the current base compensation increased by a factor that is based on the overtime percentage earned in the prior fiscal year.

RETIREMENT AGE Participants are assumed to retire at the later of their Normal Retirement Date, or age 50. If a participant is past the date as determined above, he is assumed to retire one year after the valuation date.

COLA -Assumed to be 1.5% annually when in force.

ESTIMATED EXPENSES - Direct expenses of the trust are assumed to be \$10,000.
(This is an increase over the prior level, which was \$7,000)

**TOWN OF NEWTOWN PENSION PLAN -
POLICE UNION EMPLOYEES**

ASOP 51 - ASSESSMENT AND DISCLOSURE OF RISK

Introduction to ASOP 51 Disclosures for Funding Valuations

The Actuarial Standards Board adopted Actuarial Standard of Practice (ASOP) No. 51, "Assessment and Disclosure of Risk Associated with Measuring Pension Obligations and Determining Pension Plan Contributions", effective with measurement dates on and after November 1, 2018.

ASOP 51 defines risk as "The potential of actual future measurements deviating from expected future measurements resulting from actual future experience deviating from actuarially assumed experience. For purposes of this ASOP, risk includes contribution risk." Please note that ASOP 51 Risks are only a subset of the risks that may affect your Plan. This is because ASOP 51 Risks only include risks due to actual experience deviating from assumed experience.

Additional Information Regarding Assessment and Disclosure of Risks

The valuation of pension liabilities requires the use of certain assumptions to estimate events that are expected to occur in the future. These events can be economic, non-economic or demographic in nature. When actual experience in the future differs from the expected experience there is a direct effect on future pension liabilities. This in turn can impact both the funded position of the pension plan as well as the actuarially determined contribution ("ADC").

Certain variables carry more risk than others. Included below is a brief explanation of those variables that can potentially have a significant effect on the plan's future financial condition.

Actuarially Determined Contribution Compared to Actual Contribution

The ADC is calculated using an actuarial funding method. The ADC can vary from year to year as actual experience differs from that expected. The funding method's intent is that if the ADC is deposited by the plan sponsor each year, then the plan would be sufficiently funded over the life of the plan so that promised benefits could be paid to all participants. An historical comparison of the ADC vs. contribution deposited by the plan sponsor for each plan year is shown in the GAS-67 report. The Sponsor currently and historically has contributed at least 100% of the ADC.

Risk Assessments

Investment volatility risk. There is an expectation that the assets of the pension plan will return an average long-term rate each year. If the actual annual net return on plan assets is consistently below the expected return then both the funded ratio and ADC would be negatively impacted – the funded ratio would be lower than expected and the ADC would be higher. For example, an asset "loss" (where loss is the value relative to expected growth) of 10% (about \$1.724M based on current values) in a given year would hypothetically cause the amortization portion of the ADC to increase on average by about \$229,000 for each of the next 10 years. Also, the funded ratio would decrease by about 8 percentage points. (Note: On a year-to-year basis, trust asset gains and losses are smoothed out but eventually, all losses and gains will impact the ADC.)

A request, from the police department, permission to accept the award of a \$38,896.00 grant from the state department of transportation for highway safety – Comprehensive DUI Enforcement.

PROJECT TITLE	061-30-2019	APPLICANT	
FY 2020 Comprehensive Highway Safety Office Program for Municipal Police Department		Newtown Police Department	
	PROBLEM ID		PAGE 1 OF 3

STATEMENT OF THE PROBLEM AND BACKGROUND INFORMATION

Alcohol-impaired driving fatalities in Connecticut averaged 106 per year for the 2007-2016 ten year period. The year 2011 had the lowest reported total (94) and the year 2013 had the highest reported total (126). Alcohol-impaired driving fatalities for the latest available three years are: **2014** - 97, **2015** - 103, **2016** - 116. Alcohol-impaired driving fatalities for the 2007-2016 ten year period averaged 39% of total fatalities for the period.

DUI crashes for the latest available three years are: **2016** - 3317, **2017** - 3240, **2018** - 2483.
DUI injuries for the latest available three years are: **2016** - 1963, **2017** - 1863, **2018** - 1343.

66% of fatally injured drinking drivers ($BAC \geq 0.01$) occurred in crashes between the hours of 8 PM and 6 AM.

The number of statewide DUI arrests for the latest available three years are:
FY 2015/2016 - 10,285, FY 2016/2017 - 9,659, FY 2017/2018 - 9,252.

NOTE: For roving patrol activities, the number of enforcement officers allowed per vehicle at any one time is one per vehicle. However, core enforcement hours may be split by more than one officer. All officers who will be assigned to DUI activities should be trained in the most current Standardized Field Sobriety Test (SFST) course curriculum.

NOTE: The operation of this DUI enforcement project shall be above and beyond regular patrol activities scheduled during the program parameter times.

OBJECTIVES

To reduce the number of crashes, injuries and fatalities from impaired driving through increased high-visibility DUI enforcement activities. To communicate with the public, through media venues, the increased levels of DUI enforcement activities so drivers will realize the risks and consequences of operating a vehicle while under the influence and therefore deter that behavior.

ACTIVITIES AND PROCEDURES

This program is being offered on an expanded year-round basis and is in line with the goals and objectives as highlighted in the Connecticut Highway Safety Plan for FY 2020. Funding will be used to address various circumstances in which increased drinking and driving within the municipality is anticipated to take place. In the course of discussions with police agencies, it is evident that the incidence of impaired driving increases at certain times of the year in addition to holiday periods, such as shoreline communities that experience an increase in population during the summer months. Events such as summer festivals, country fairs, music concerts, sporting events, etc., all represent potential for a higher incidence of impaired driving.

Enforcement techniques employed should include extra DUI patrol activities and may include DUI sobriety checkpoints. A checkpoint is defined as an operation in a fixed location where motor vehicle operators are stopped and interviewed to establish if they are operating while impaired. Checkpoints may only be scheduled for a maximum of 8 hours. Saturation/roaming patrols are not considered checkpoints.

**TOWN OF NEWTOWN
FINANCIAL IMPACT STATEMENT
(Per Town Charter 6-35(b), 6-40 & 7-25)**

REQUESTING DEPARTMENT POLICE

PROJECT: COMPREHENSIVE DUI ENFORCEMENT

PROPOSED APPROPRIATION AMOUNT: \$ 38,896

PROPOSED FUNDING:

BONDING	
GRANT	\$ 38,896
OTHER	
	<u>\$ 38,896</u>

ANNUAL FINANCIAL IMPACT ON OPERATING BUDGET (GENERAL FUND):

List any financial impact your request will have on the Town's annual operating budget.
Attach spreadsheet(s) showing your calculation of the estimated impact.

EXPENDITURE CATEGORY:	**FOR BRACKETS USE NEGATIVE SIGN BEFORE NUMBER**	(POSITIVE IMPACT) / NEGATIVE IMPACT	Attachment #
SALARIES & BENEFITS		***	
PROFESSIONAL SERVICES			
CONTRACTED SERVICES			
REPAIRS & MAINTENANCE			
UTILITIES			
OTHER			
DEBT SERVICE (1st year)			
TOTAL IMPACT ON EXPENDITURES		<u>\$ -</u>	

REVENUE CATEGORY:	POSITIVE IMPACT / (NEGATIVE IMPACT)	Attachment #
PROPERTY TAXES		
CHARGES FOR SERVICES (FEES)		
OTHER		
TOTAL IMPACT ON REVENUES	<u>\$ -</u>	

TOTAL FINANCIAL IMPACT ON OPERATING BUDGET \$ -

EQUIVALENT MILL RATE OF TOTAL IMPACT

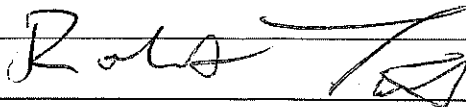
(using current year's information)

0.0000 mills

COMMENTS:

NO FINANCIAL IMPACT ON THE GENERAL FUND. OVERTIME AND RELATED BENEFITS WILL BE REIMBURSED BY THIS GRANT.

PREPARED BY:



DATE: 11/25/2019

TO: BOF, LC

A request, from the Newtown Bike and Trail Committee, permission to accept the award of a non-financial grant(\$-0-) from the United States Department of the Interior, National Park Service for participative consulting regarding the AI's Trail Restoration Project.



United States Department of the Interior



NATIONAL PARK SERVICE
Interior Region 1
North Atlantic-Appalachian
15 State Street
Boston, MA 02109

IN REPLY REFER TO:

8.A.2

October 1, 2019

Geordie Elkins, Secretary
Newtown Bike and Trail Committee
20 Taunton Lane
Newtown, CT 06470

Dear Geordie Elkins:

On behalf of the Rivers, Trails and Conservation Assistance Program (RTCA), I am very pleased to announce that the AI's Trail Restoration project was selected as one of our new technical assistance projects for 2019-2020. Thank you for the application and inviting our participation with your effort. We look forward to working with your organization to advance trail restoration, developing a new network of trails, and creation of a possible greenway between Sandy Hook Village and Fairfield Hills.

Stephanie Stroud is the RTCA project manager for your project and can be reached at (857) 270-3013 or stephanie_stroud@nps.gov. Our assistance will be provided during the 2020 federal fiscal year which extends from October 1, 2019 - September 30, 2020. Stephanie will contact you shortly to discuss project start up.

We consider our relationship to be a partnership in which we work with you, not for you (as a consultant might). NPS technical assistance is represented by the time and resources our staff invests in each project. As RTCA staff members, we manage several projects concurrently throughout the year. In striving to meet the collective needs of all our partners, we will be as flexible as possible in meeting your own project needs.

We look forward to a successful year of collaboration with you and your project partners. If you have any questions, please feel free to contact me at (267) 767-3257 or ner_rtca@nps.gov.

Best Regards,

Helen Mahan, Chief
Conservation and Recreation Assistance Division
Rivers, Trails and Conservation Assistance Program

cc: Stephanie Stroud, RTCA

**TOWN OF NEWTOWN
FINANCIAL IMPACT STATEMENT
(Per Town Charter 6-35(b), 6-40 & 7-25)**

REQUESTING DEPARTMENT NEWTOWN BIKE & TRAIL COMMITTEE

PROJECT: AL'S TRAIL RESTORATION PROJECT

PROPOSED APPROPRIATION AMOUNT: \$ -

PROPOSED FUNDING:

BONDING

GRANT

OTHER

\$ -

\$ -

ANNUAL FINANCIAL IMPACT ON OPERATING BUDGET (GENERAL FUND):

List any financial impact your request will have on the Town's annual operating budget.
Attach spreadsheet(s) showing your calculation of the estimated impact.

EXPENDITURE CATEGORY:	**FOR BRACKETS USE NEGATIVE SIGN BEFORE NUMBER**	(POSITIVE IMPACT) / NEGATIVE IMPACT	Attachment #
SALARIES & BENEFITS		***	
PROFESSIONAL SERVICES			
CONTRACTED SERVICES			
REPAIRS & MAINTENANCE			
UTILITIES			
OTHER			
DEBT SERVICE (1st year)			
TOTAL IMPACT ON EXPENDITURES		\$ -	

REVENUE CATEGORY:	POSITIVE IMPACT / (NEGATIVE IMPACT)	Attachment #
PROPERTY TAXES		
CHARGES FOR SERVICES (FEES)		
OTHER		
TOTAL IMPACT ON REVENUES	\$ -	

TOTAL FINANCIAL IMPACT ON OPERATING BUDGET \$ -

EQUIVALENT MILL RATE OF TOTAL IMPACT

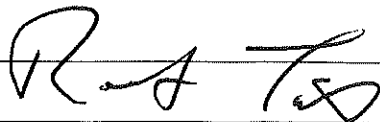
(using current year's information)

0.0000 mills

COMMENTS:

NO FINANCIAL IMPACT. THIS GRANT REQUIRES SWEAT EQUITY AND DEDICATED TIME WORKING WITH THE NATIONAL PARK SERVICE CONSULTANTS MOSTLY WITH MEETING TIME AND PLANNING. SEE ATTACHED FOR MORE INFORMATION.

PREPARED BY:



DATE: 12/9/2019

TO: BOF, LC

Newtown Municipal Center
3 Primrose Street
Newtown, Connecticut 06470
Tel. (203) 270-4201
Fax (203) 270-4205
first.selectman@newtown-ct.gov
www.newtown-ct.gov



Daniel C. Rosenthal
First Selectman

TOWN OF NEWTOWN

OFFICE OF THE FIRST SELECTMAN

2020 Meeting Schedule

The Newtown Board of Selectman will hold meetings at 7:30 pm in the Council Chamber at the Newtown Municipal Center, 3 Primrose Street, Newtown, CT as follows:

Monday	January 6
Tuesday	January 21 – budget
Thursday	January 23 – budget
Monday	January 27 - budget
Thursday	January 30 - budget
Monday	February 3 - budget
Tuesday	February 18
Monday	March 2
Monday	March 16
Monday	April 6
Monday	April 20
Monday	May 4
Monday	May 18
Monday	June 1
Monday	June 15
Monday	July 6
Monday	July 20
Monday	August 3
Monday	August 17
Tuesday	September 8
Monday	September 21
Monday	October 5
Monday	October 19
Monday	November 2
Monday	November 16
Monday	December 7
Monday	December 21
Monday	January 4, 2021
Tuesday	January 19, 2021

Rec'd. for Record 12-17-2019
Town Clerk of Newtown 11:09 am
Debbie Aurelia Halstead

BOARD OF SELECTMEN – December 16, 2019

RE-APPOINTMENT:

Commission on Aging

(U) Larry Passaro, 10 Flat Swamp Rd.	01/06/20 – 01/06/23
(D) Anne Rothstein, P.O Box 3007, Newtown	01/06/20 – 01/06/23
(U) Cris Carvalho, alternate , 5 Sunset Hill Rd.	01/06/20 – 01/06/22

Inland Wetlands Commission

(U) Mike McCabe, 5 Far Horizon Dr., SH	01/06/20 – 01/06/24
--	---------------------

Parks & Recreation

(D) Warren Spencer, 8 Grand Place	01/06/20 – 01/06/22
(U) Rance Thompson, 37 Brushy Hill	01/06/20 – 01/06/22

Sustainable Energy

(U) Erik Weiss, 3 Charter Ridge Rd., SH	01/06/20 – 01/06/23
(D) Vanessa Villamil, 11 Antler Pine Rd., SH	01/06/20 – 01/06/23

Pension Committee

(D) Charles Farfaglia, 42 Horseshoe Ridge, Rd., SH	01/06/20 – 01/06/22
(R) Ellen Whalen, 65 Main St.	01/06/20 – 01/06/22

American Disabilities Act Coordinator

John Poeltl	01/06/20 – 01/06/23
-------------	---------------------

Chief Building Official

John Poeltl	01/06/20 – 01/06/24
-------------	---------------------

APPOINTMENT:

Public Safety Committee

(R) Jennifer Chaudhary (Town Resident), 4 Merlins Lane