

**COMPREHENSIVE  
ANNUAL FINANCIAL REPORT**

of the

**TOWN OF NEWTOWN,  
CONNECTICUT**

**YEAR ENDED**

**JUNE 30, 2016**

**PREPARED BY:  
THE FINANCE DEPARTMENT**

**ROBERT G. TAIT, FINANCE DIRECTOR**

**TOWN OF NEWTOWN, CONNECTICUT**

COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2016

TABLE OF CONTENTS

---

**PAGE**

**INTRODUCTORY SECTION**

LIST OF PRINCIPAL OFFICIALS.....	1
ORGANIZATIONAL CHART.....	2
LETTER OF TRANSMITTAL .....	3-9
CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING FOR THE YEAR ENDED JUNE 30, 2015 .....	10

**FINANCIAL SECTION**

INDEPENDENT AUDITOR'S REPORT.....	11-13
MANAGEMENT'S DISCUSSION AND ANALYSIS.....	14-24

**BASIC FINANCIAL STATEMENTS**

**GOVERNMENT-WIDE FINANCIAL STATEMENTS:**

**EXHIBITS**

A	STATEMENT OF NET POSITION.....	25-26
B	STATEMENT OF ACTIVITIES.....	27

**FUND FINANCIAL STATEMENTS:**

C	BALANCE SHEET - GOVERNMENTAL FUNDS AND RECONCILIATION OF FUND BALANCE TO NET POSITION OF GOVERNMENTAL ACTIVITIES .....	28-29
D	STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS.....	30
E	RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO STATEMENT OF ACTIVITIES .....	31-32
F	STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND .....	33
G	STATEMENT OF NET POSITION - PROPRIETARY FUNDS .....	34-35
H	STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION - PROPRIETARY FUNDS .....	36

TOWN OF NEWTOWN, CONNECTICUT  
TABLE OF CONTENTS (CONTINUED)

---

EXHIBITS PAGE

**FUND FINANCIAL STATEMENTS: (CONTINUED)**

I	STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS .....	37
J	STATEMENT OF FIDUCIARY NET POSITION .....	38
K	STATEMENT OF CHANGES IN FIDUCIARY NET POSITION.....	39

**NOTES TO FINANCIAL STATEMENTS:**

L	NOTES TO FINANCIAL STATEMENTS.....	40-84
---	------------------------------------	-------

**REQUIRED SUPPLEMENTARY INFORMATION**

TOWN OF NEWTOWN RETIREMENT SYSTEM

RSI-1	SCHEDULE OF CHANGES IN NET PENSION LIABILITY .....	85
RSI-2	SCHEDULE OF NET PENSION LIABILITY AND SCHEDULE OF INVESTMENT RETURNS .....	86
RSI-3A	SCHEDULE OF CONTRIBUTIONS – TOWN OF NEWTOWN EMPLOYEES' PENSION PLAN. ....	87
RSI-3B	SCHEDULE OF CONTRIBUTIONS – TOWN OF NEWTOWN POLICE OFFICERS' PENSION PLAN.....	88
RSI-4	NOTES TO REQUIRED SUPPLEMENTARY INFORMATION .....	89

TOWN OF NEWTOWN OTHER POST-EMPLOYMENT BENEFIT PLAN

RSI-5	SCHEDULE OF FUNDING PROGRESS.....	90
RSI-6	SCHEDULE OF EMPLOYER CONTRIBUTIONS .....	91
RSI-7	NOTES TO REQUIRED SUPPLEMENTARY INFORMATION .....	92

STATE TEACHERS' RETIREMENT SYSTEM

RSI-8	SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY AND SCHEDULE OF CONTRIBUTIONS .....	93
RSI-9	NOTES TO REQUIRED SUPPLEMENTARY INFORMATION .....	94

**SCHEDULES**

**SUPPLEMENTAL SCHEDULES**

GENERAL FUND

1	SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES - BUDGET AND ACTUAL.....	95-96
2	SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES - BUDGET AND ACTUAL.....	97-98
3	REPORT OF TAX COLLECTOR.....	99

TOWN OF NEWTOWN, CONNECTICUT  
TABLE OF CONTENTS (CONTINUED)

---

<u>SCHEDULES</u>		<u>PAGE</u>
	<u>SEWER DEPARTMENT</u>	
4	SCHEDULE OF CHANGES IN SEWER ASSESSMENT RECEIVABLE .....	100
	<u>NONMAJOR GOVERNMENTAL FUNDS</u>	
5	COMBINING BALANCE SHEET .....	101-104
6	COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES .....	105-108
	<u>FIDUCIARY FUNDS</u>	
7	COMBINING STATEMENT OF FIDUCIARY NET POSITION – AGENCY FUNDS...	109
8	COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES – AGENCY FUNDS .....	110
<u>TABLE</u>		
	<u>STATISTICAL SECTION</u>	
1	NET POSITION BY COMPONENT .....	111
2	CHANGES IN NET POSITION .....	112-113
3	FUND BALANCES, GOVERNMENTAL FUNDS .....	114
4	CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS .....	115
5	ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY .....	116
6	PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS .....	117
7	PRINCIPAL PROPERTY TAXPAYERS .....	118
8	TAX RATES, LEVIES AND CASH COLLECTIONS .....	119
9	RATIOS OF OUTSTANDING DEBT BY TYPE .....	120
10	RATIOS OF GENERAL DEBT OUTSTANDING .....	121
11	SCHEDULE OF DEBT LIMITATION .....	122
12	LEGAL DEBT MARGIN INFORMATION .....	123
13	DEMOGRAPHIC STATISTICS .....	124
14	PRINCIPAL EMPLOYERS .....	125
15	FULL-TIME EMPLOYEES BY FUNCTION/PROGRAM .....	126
16	OPERATING INDICATORS BY FUNCTION/PROGRAM .....	127-128
17	CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM .....	129

---

## **Introductory Section**

---

**TOWN OF NEWTOWN, CONNECTICUT**

LIST OF PRINCIPAL OFFICIALS  
JUNE 30, 2016

---

**First Selectman**

E. Patricia Llodra

**Selectmen**

William F. L. Rodgers

Herbert C. Rosenthal

**Board of Finance**

James O. Gaston  
Chairman

Aaron Carlson  
Mark Boland Sr.  
John Godin

Sandy T. Roussas  
Kelley T. Johnson

**Legislative Council**

Mary Ann Jacob  
Chairman

Daniel J. Amaral  
Phil Carroll  
Neil Chaudhary  
George T. Ferguson, III  
Anthony Filiato  
Judit DeStefano

Christopher C. Eide  
Ryan Knapp  
Paul J. Lundquist  
Daniel T. Honan  
Dan Wiedemann

**Finance Director**

Robert G. Tait

Chief of Police - James Viadero  
Director of Public Works - Frederick Hurley  
Community Development Director - Betsy Paynter

Tax Collector - Carol Mahoney  
Tax Assessor - Penny Mudgett  
Town Clerk - Debbie Aurelia - Halstead

**Board of Education**

Keith Alexander  
Chairman

Michele Embree Ku  
Andrew Clure  
Debbie M. Leidlein

Rebekah Harriman-Stites  
John N. Vourus  
Open

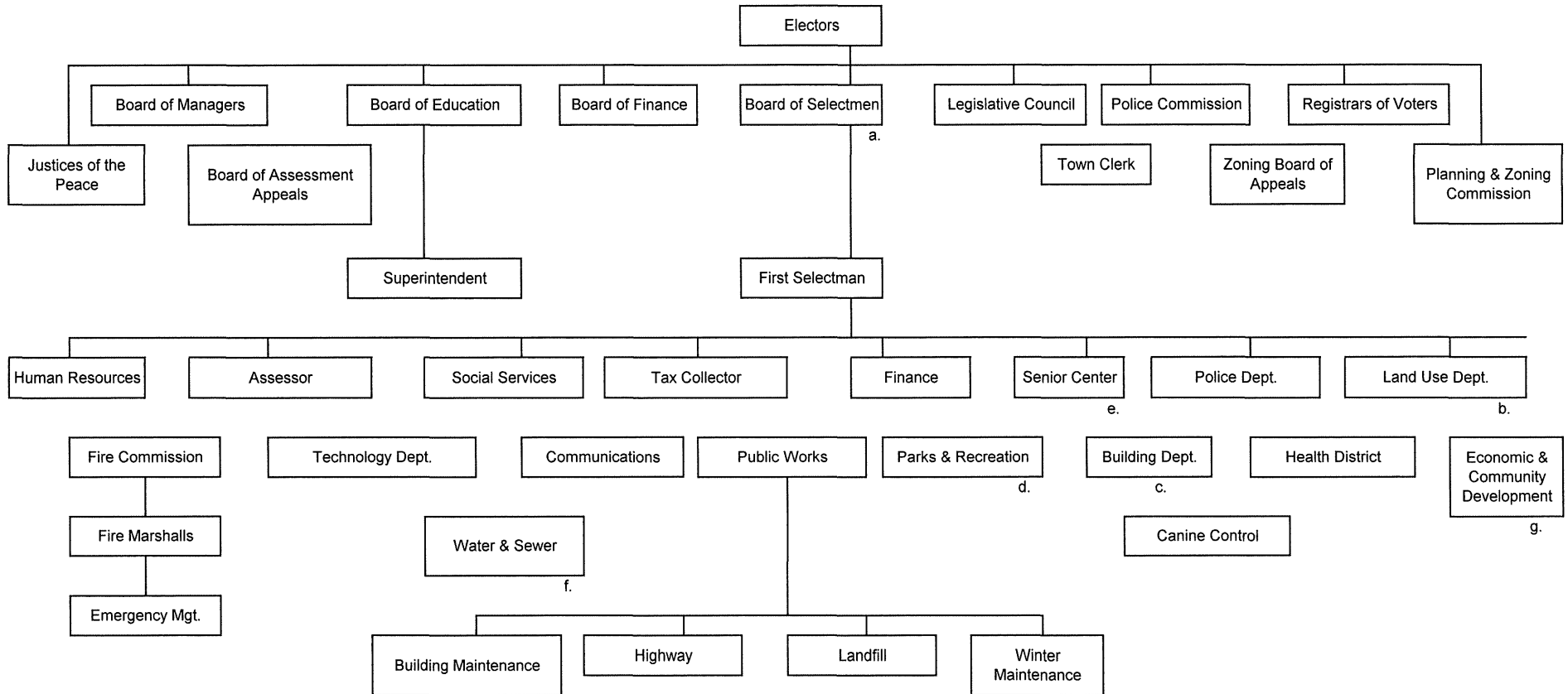
Dr. Joseph V. Erardi, Jr. - Superintendent of Schools  
Ronald J. Bienkowski - School Business Manager

**Independent Auditors**

CohnReznick LLP

# TOWN OF NEWTOWN, CONNECTICUT

## ORGANIZATIONAL CHART



### APPOINTED OFFICIALS, BOARDS, COMMISSIONS, AUTHORITIES:

#### legend

- e. COMMISSION ON AGING
- c. BUILDING APPEALS BOARD
- a. CHARTER COMMUNICATIONS
- b. CONSERVATION COMMISSION
- a. CULTURAL ARTS COMMISSION
- a. DESIGN ADVISORY BOARD
- g. ECONOMIC DEVELOPMENT COMMISSION
- a. EMPLOYEE MEDICAL BENEFITS BOARD
- a. BOARD OF ETHICS
- a. FAIRFIELD HILLS AUTHORITY
- a. HATTERTOWN HISTORIC DISTRICT

#### legend

- b. INLAND WETLANDS COMMISSION
- a. LAKE LILLINONAH AUTHORITY
- a. LAKE ZOAR AUTHORITY
- a. MUNICIPAL EMPLOYEE SAFETY COMMITTEE
- d. PARKS & RECREATION COMMISSION
- a. PENSION COMMITTEE
- a. PUBLIC BUILDING & SITE COMMISSION
- a. PUBLIC SAFETY COMMITTEE
- a. SUSTAINABLE ENERGY COMMISSION
- f. WATER & SEWER AUTHORITY



[www.newtown-ct.gov](http://www.newtown-ct.gov)

## **TOWN OF NEWTOWN**

### **OFFICE OF THE FINANCE DIRECTOR**

December 7, 2016

To the Honorable First Selectman, Members of the Board of Selectmen, Members of the Board of Finance, Members of the Legislative Council and Citizens of the Town of Newtown, Connecticut.

The Finance Department is pleased to present the Comprehensive Annual Financial Report ("CAFR") of the Town of Newtown for the year ended June 30, 2016. The report includes the independent auditor's report as required by Town Charter Chapter 6, Section 6-02 and the Connecticut Statutes. The report is prepared in conformity with generally accepted accounting principles ("GAAP") and standards set forth by the Governmental Accounting Standards Board ("GASB").

Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the management of the Town. Management of the Town is responsible for establishing and maintaining internal controls designed to ensure that the assets of the Town are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal controls are designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived and (2) the calculation of costs and benefits requires estimates and judgments by management. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner that presents fairly the financial position and results of operations as measured by the financial activity of its various funds. All disclosures necessary to enable the reader to gain an understanding of the Town's financial activities have been included.

CohnReznick LLP, a public accounting firm fully licensed and qualified to perform audits of municipalities within the State of Connecticut, have audited the financial statements. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Town of Newtown, Connecticut for the fiscal year ended June 30, 2016, are free from material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the Town of Newtown's financial statements for the fiscal year ended June 30, 2016, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the Town was part of a broader, Federal and state mandated "Single Audit" designed to meet the special needs of Federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of Federal awards. These reports are available in the Town's separately issued Single Audit Report.

GAAP require that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis ("MD&A"). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The Town's MD&A can be found immediately following the report of the independent auditor.



## **Profile of the Town of Newtown**

The Town of Newtown was incorporated in 1711 and has a favorable location in Fairfield County in the southwest part of the State of Connecticut about 60 miles northeast of New York City. The Town has a land area of 60 square miles and a population of 28,022.

The Town operates under a Charter adopted in 1961 and most recently revised in 2008. The charter retains a limited Town Meeting form of government with the First Selectman acting as the Town's chief executive officer and a twelve-member legislative council acting as the legislative body, with the exception of those items specifically enumerated on which the Town Meeting is authorized to act. A three-member Board of Selectmen generally supervises the administration of the Town. Fiscal matters are administered under a six-member Board of Finance and an appointed Finance Director. The Town provides a full range of services including police and volunteer fire protection; the construction and maintenance of highways, streets and other infrastructure; and recreational activities and cultural events.

The annual budget serves as the foundation for the Town's financial planning and control. The Town maintains budgetary controls with the objectives to ensure compliance with legal provisions embodied in the annual appropriated budget, approved by the budget referendum. The Town maintains an encumbrance accounting system as one technique of accomplishing budgetary controls. As demonstrated by the budgetary schedules included in the financial section of this report, the Town continues to meet its responsibility for sound financial management. In addition to budgetary schedules, Exhibit L (II) A in the Notes to Financial Statements describes the budget process used by the Town.

## **Factors Affecting Financial Condition**

Newtown's presence in Fairfield County, its proximity to an excellent regional transportation network, its fine schools, public buildings and wide range of recreational and housing opportunities have all contributed to its continued growth and excellent financial condition.

The Town's economic base is supported by a diverse selection of goods-producing industries and services. Medical products, printing and publishing continue to be the leading manufacturing sectors in Newtown.

New housing construction decreased from the previous year. In fiscal year 2016, 18 new housing permits were issued compared to 19 issued in fiscal year 2015. In fiscal year 2016, 4 new building commercial permits were issued compared to 3 issued in fiscal year 2015. Commercial permits were issued at a value of \$11,968,254 for fiscal year 2016 compared to a value of \$9,186,459 for fiscal year 2015.

The local labor force is recovering from the impact of the adverse economy. The annual average unemployment rate for the labor force was 4.6% in fiscal year 2015. The unemployment rate for the labor force in fiscal year 2016 has decreased to 4.5% (per Connecticut Department of Labor data by town).

Property taxes, which account for approximately 90 percent of the general fund revenue, have provided a reliable revenue source, with collections consistently at or around 99 percent. Current tax collections were 99.3% of the adjusted tax levy.

The Town's per capita income of \$48,740 and median household income of \$108,667 (per the U.S. Census Bureau, 2010-14 American Community Survey) are above the state's high averages, while housing prices are competitive relative to Fairfield County norms. Most residents work in regional employment centers in Fairfield County and Westchester County, New York.

The economic crisis has created challenges for the Connecticut state government in trying to meet their budget. Newtown's general fund receives over \$8.0 million dollars from the State of Connecticut, which helps offset local taxes. Any cuts in state aid will put increased pressure on local municipal budgets.

## **Major Initiatives**

An additional \$250,000 was added to the general fund budget for a total of \$1,500,000 for road improvement under the public works department to help hasten the improvement of local roads in addition to \$1,000,000 approved for roads in the current capital improvement plan.

## **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.

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 year's 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.

The following is the CIP for fiscal years 2016-17 to 2020-21 approved by the Legislative Council on December 16, 2015:

**TOWN OF NEWTOWN - CAPITAL IMPROVEMENT PLAN - 2016-17 TO 2020-21**

<b>2016 - 2017 (YEAR ONE)</b>		<b><u>Planned</u></b>	<b><u>To Be</u></b>	<b><u>Other</u></b>
<b><u>BOARD OF SELECTMEN</u></b>	<b><u>Dept.</u></b>	<b><u>Amount</u></b>	<b><u>Bonded</u></b>	<b><u>Financing</u></b>
Capital Road Program	PW	2,750,000	1,000,000	1,750,000
Bridge Replacement Program	PW	525,000	525,000	
Fire Apparatus Replacement	FIRE	975,000	575,000	400,000
Newtown Community Center	P & R	5,000,000	5,000,000	
Town Sidewalk/Streetscape Plan	ECON DEV	350,000	350,000	
Treadwell Park Parking	P & R	550,000	550,000	
Open Space Acquisition Program	LAND USE	250,000	250,000	
FFH Building Remediation / Demolition	FFH	2,500,000	2,500,000	
<b><u>BOARD OF EDUCATION</u></b>				
High School Roof - Restoration & Replacement	BOE	1,402,500	1,402,500	
Middle Gate - Boiler Replacement & Lighting Upgrade	BOE	475,000	475,000	
<b>TOTALS</b>		<b>14,777,500</b>	<b>12,627,500</b>	<b>2,150,000</b>

<b>2017 - 2018 (YEAR TWO)</b>		<b><u>Planned</u></b>	<b><u>To Be</u></b>	<b><u>Other</u></b>
<b><u>BOARD OF SELECTMEN</u></b>	<b><u>Dept.</u></b>	<b><u>Amount</u></b>	<b><u>Bonded</u></b>	<b><u>Financing</u></b>
Capital Road Program	PW	3,000,000	1,000,000	2,000,000
Bridge Replacement Program	PW	525,000	525,000	
Newtown Community Center	P & R	2,500,000	2,500,000	
Eichlers Cove Improvements Phase (2 of 2)	P & R	500,000	500,000	
Edmond Town Hall Renovations	ETH	250,000	250,000	
Library Renovations	LIB	250,000	250,000	
FFH Building Remediation / Demolition	FFH	2,500,000	2,500,000	
Police Facility Design	POLICE	500,000	500,000	
Senior Center Design Phase	SR CTR	500,000	500,000	
Town Sidewalk/Streetscape Plan	ECON DEV	350,000	350,000	
Open Space Acquisition Program	LAND USE	250,000	250,000	
Truck Washing Station	PW	600,000	600,000	
<b><u>BOARD OF EDUCATION</u></b>				
Hawley School - Roof Replacement	BOE	800,000	528,000	272,000
Middle School Renovation - Phase 0	BOE	100,000	100,000	
Middle School Renovation - Phase 1	BOE	2,100,000	2,100,000	
<b>TOTALS</b>		<b>14,725,000</b>	<b>12,453,000</b>	<b>2,272,000</b>

- CONTINUED -

**TOWN OF NEWTOWN - CAPITAL IMPROVEMENT PLAN - 2016-17 TO 2020-21**

**2018 - 2019 (YEAR THREE)**

	<u>Dept.</u>	<u>Planned Amount</u>	<u>To Be Bonded</u>	<u>Other Financing</u>
<b><u>BOARD OF SELECTMEN</u></b>				
Capital Road Program	PW	2,000,000		2,000,000
Bridge Replacement Program	PW	538,000	538,000	
FFH Building Remediation / Demolition	FFH	500,000	500,000	
Dickinson Park Phase III	P & R	1,300,000	1,300,000	
Municipal Facility Plan	be determin	5,000,000	5,000,000	
Town Sidewalk/Streetscape Plan	ECON DEV	350,000	350,000	
Open Space Acquisition Program	LAND USE	250,000	250,000	
Public Works Garage / Salt Storage	PW	650,000	650,000	
<b><u>BOARD OF EDUCATION</u></b>				
Middle School Renovation - Phase 2	BOE	4,805,000	4,805,000	
<b>TOTALS</b>		<b>15,393,000</b>	<b>13,393,000</b>	<b>2,000,000</b>

**2019 - 2020 (YEAR FOUR)**

	<u>Dept.</u>	<u>Planned Amount</u>	<u>To Be Bonded</u>	<u>Other Financing</u>
<b><u>BOARD OF SELECTMEN</u></b>				
Capital Road Program	PW	2,250,000		2,250,000
Bridge Replacement Program	PW	473,000	473,000	
Municipal Facility Plan	be determin	5,000,000	5,000,000	
Town Sidewalk/Streetscape Plan	ECON DEV	350,000	350,000	
Open Space Acquisition Program	LAND USE	250,000	250,000	
FFH Building Remediation / Demolition	FFH	1,000,000	1,000,000	
Tilson Artificial Turf Replacement	P & R	500,000		500,000
<b><u>BOARD OF EDUCATION</u></b>				
Middle Gate - Roof Replacement	BOE	1,500,000	990,000	510,000
Hawley School - Boiler Replacement	BOE	1,620,000	1,620,000	
<b>TOTALS</b>		<b>12,943,000</b>	<b>9,683,000</b>	<b>3,260,000</b>

**2020 - 2021 (YEAR FIVE)**

	<u>Dept.</u>	<u>Planned Amount</u>	<u>To Be Bonded</u>	<u>Other Financing</u>
<b><u>BOARD OF SELECTMEN</u></b>				
Capital Road Program	PW	2,500,000		2,500,000
Radio System Upgrade & Console	ECC	1,775,000	1,775,000	
<b><u>BOARD OF EDUCATION</u></b>				
High School - Replace / Restore Football Turf	BOE	1,000,000	1,000,000	
<b>TOTALS</b>		<b>5,275,000</b>	<b>2,775,000</b>	<b>2,500,000</b>
<b>GRAND TOTALS</b>		<b>63,113,500</b>	<b>50,931,500</b>	<b>12,182,000</b>

## Economic Development

The Newtown Economic Development Commission actively promotes and supports projects that lead to new business development and jobs. As a result, Newtown continues to experience growth in and interest for commercial development. New commercial buildings are being constructed and occupied by businesses new to Newtown and existing commercial buildings have been renovated for new tenants. The Commission continues to leverage their FAST TRACK permitting process that helps get commercial projects through land use permitting in 45 or fewer days.

**Newtown Borough Central Business District** is poised to contribute to the grand list this past year. A new gas and convenience store along Newtown's gateway has taken a blighted site and converted it into a tax generating, attractive service to the community. Newtown newest shopping destination, The Villages at Lexington Garden is under development. The five buildings are beginning to secure tenants within the 72,000 total square foot shopping location. Dental Associates and Newtown Savings Bank are current key anchors. The development includes sidewalks throughout the shopping campus, connecting to neighboring stores and restaurants within the Borough.

**Hawleyville Business District (Rt. 6)** is the home of Newtown's recently marketed, "Medical Mile". Two large medical buildings act as bookends to the entrance of Toll Brothers' "The Woods", a senior active living development. DaVita Dialysis and Western Connecticut Heath Network are key tenants in the 30,000 square foot medical buildings. This location continues to attract medical services and professionals to Newtown's Medical Mile corridor off exit 9 off Interstate 84. The new sewer line extension through this area is beneficial to marketing vacant and under developed commercial and industrial land, creating additional economic opportunity. A proposal has been approved for a 180 unit incentive housing rental development, plus commercial real estate, immediately off exit 9l. This development will bring density and housing diversity to the Town in efforts to attract the millennial workforce to Newtown.

**South Main Street (Rt. 25)** continues to attract new development projects. Highland Plaza is complete and anchored by the restaurant Fusion 25, a local accounting firm, Medispa; offering dermatology services and Butcher's Best Market, a specialty food market and SOHO Pizza of Newtown. Several small businesses have opened along the South Main Street business district such as Pink Soda Blow Dry Bar, Divine Dogs, Time Out Sports Bar and Grill, The Sheep Shoppe and Fine Floors By Mathison. Plaza South, a neighborhood shopping center continues to bring retail and professional space to the corridor, including an Physician One Urgent Care Center, Diamond Dental, a family-owned bakery, Club 24, Sweet Mango Restaurant and more. Sand Hill Plaza continues to maintain an attractive mix of retail and service providers such as Verizon, Panera and TJ Maxx. A new 20,000 square foot mixed use office building is under construction along the retail corridor. This will bring 10 residential units and additional retail and professional space opportunities. A redevelopment plan for the former Blue Linx property is also on the drawing board. These developments and some smaller projects were made possible by the zoning codes and land use policy that enhance economic development in the corridor.

**Sandy Hook Village** is a vibrant and walkable commercial district that has unique shops and a variety of service businesses and a restaurant cluster forming within the village. Revitalization efforts attracted private investment and new business development. The renovation and occupancy of several historic buildings, the river walk and ongoing promotion by the commercial district organization SHOP contribute to the successful and ongoing revitalization. An Incentive housing development was approved for 65 units within the village. This will increase the population within the village, creating a neighborhood within the commercial district. A preservation grant from CT Main Street funded a Signage & Wayfinding plan for Sandy Hook, highlighting the historical building, natural resources of the Pootatuck River and various hiking trails which loop through as complimentary attractions to the commercial area. A new marketing plan is sure to provide additional private interest in the district, which has several attractive properties that are available for reuse and redevelopment. The new Sandy Hook Elementary School opened in September 2016. This is important to this community and is a key element for continuing the private investment in the district.

### **Relevant Financial Policies**

The Town's financial policies have been applied consistently with no notable current year effect on the financial statements. There were no developments at the State level that impact the current fiscal year financial statements.

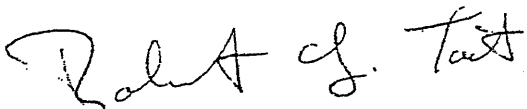
**Awards.** The Government Finance Officers Association ("GFOA") awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town for its Comprehensive Annual Financial Report ("CAFR") for the fiscal year ended June 30, 2015. This was the eighteenth consecutive year that the Town has achieved this prestigious award. In order to be awarded a Certificate of Achievement, the Town published an easily readable and efficiently organized comprehensive annual financial report. This report satisfied both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

**Acknowledgements.** The preparation of this report would not have been possible without the efficient and dedicated services of my assistant finance director, Leslie Muldoon, the entire staff of the Finance Department and Ron Bienkowski, the Education Director of Business, and his entire staff. Each member has my sincere appreciation for their contributions made in the preparation of this report. The cooperation and assistance of the accounting firm of CohnReznick LLP also contributed significantly to its production.

This comprehensive annual financial report reflects a commitment to the citizens of Newtown, the Board of Finance, the Board of Selectmen, the Legislative Council and all concerned readers of this report to provide information in conformance with the highest standards of financial accountability.

Respectfully submitted,

A handwritten signature in black ink, reading "Robert G. Tait". The signature is written in a cursive, flowing style.

Robert G. Tait  
Finance Director



Government Finance Officers Association

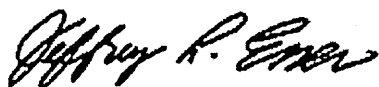
**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**Town of Newtown  
Connecticut**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2015**



Executive Director/CEO

---

## **Financial Section**

---



Independent Auditor's Report

Board of Finance  
Town of Newtown, Connecticut

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Newtown, Connecticut, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

*Management's Responsibility for the Financial Statements*

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

*Auditor's Responsibility*

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

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

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

### *Opinions*

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Newtown, Connecticut, as of June 30, 2016, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### *Other Matters*

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the pension and other post-employment benefit schedules on pages 14 to 24 and pages 85 to 94, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Newtown, Connecticut's basic financial statements. The introductory section, supplemental schedules and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

*Other Reporting Required by Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 7, 2016, on our consideration of the Town of Newtown, Connecticut's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Newtown, Connecticut's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "CohnReznick LLP". The signature is written in a cursive, flowing style.

Hartford, Connecticut  
December 7, 2016



## TOWN OF NEWTOWN OFFICE OF THE FINANCE DIRECTOR

### MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2016

---

As management of the Town of Newtown, Connecticut, we offer readers of the Town of Newtown's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2016. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal in the introductory section of this report.

#### **Financial Highlights**

- On a government-wide basis, the Town's net position grew by \$32.3 million for the fiscal year, \$33.1 million of which was generated by governmental activities, while there was a decrease of \$795 thousand from the business-type activities of the Town. The increase was due to the significant increase in capital assets of \$33.0 million. The increase in capital assets is due to the construction in progress for the Sandy Hook School and the Fairfield Hills buildings.
- The Town's combined net position totaled \$274.0 million. Of this amount, the unrestricted components were \$21.1 million in governmental activities and \$3.0 million in business-type activities.
- At year end, unassigned fund balance for the general fund was \$11,444,280 or 10.2% of total general fund budgetary expenditures and other financing uses.
- The Bonded Projects fund ended the fiscal year with a fund balance of \$5,962,821 due to there being less expenditures incurred on projects than current year grants and financing.

#### **Overview of the Financial Statements**

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

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

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

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

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

---

Both of the government-wide financial statements distinguish functions of the Town of Newtown that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the Town include general government, public safety, health and welfare, land use, public works, parks and recreation and education. The business-type activities of the Town are for wastewater operations and water operations.

The government-wide financial statements can be found on Exhibits A and B.

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

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

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

The Town maintains 31 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the two funds considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements in Schedules 5 and 6.

The Town adopts an annual budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget. The basic governmental fund financial statements can be found in Exhibits C, D and F.

**Proprietary funds.** The Town of Newtown maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town uses an enterprise fund to account for its wastewater operations and the water operations at the Fairfield Hills property. Internal service funds are an accounting device used to accumulate and allocate costs internally among the Town's various functions. The Town uses an internal service fund to account for its Town and Board of Education medical benefits and Board of Education personnel dental benefits. Because both of these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

---

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statement provides information for the water operations and for the wastewater operations, which are considered to be major funds of the Town. The internal service fund financial statement provides information for the school employee and dependent medical and dental plan benefits.

The basic proprietary fund financial statements can be found in Exhibits G, H and I.

**Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the Town. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the Town's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found in Exhibits J and K.

**Notes to financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to financial statements can be found in Exhibit L.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Town's net pension liability and the Town's progress in funding its obligation to provide pension benefits and other post-employment benefits to its employees.

The combining statements and supplemental schedules referred to earlier in connection with nonmajor governmental are presented immediately following the required supplementary information on pensions.

### **Government-Wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Town of Newtown, assets exceeded liabilities by \$274.0 million at the close of the fiscal year.

The largest portion of the Town's net position (89.6%) reflects its investment in capital assets (e.g., land, buildings, machinery and equipment, infrastructure), less any related debt and related liabilities used to acquire those assets that are still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

# MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

## Summary Statement of Net Position

	Governmental Activities		Business-type Activities		Totals	
	2016	2015	2016	2015	2016	2015
Current and other assets	\$ 55,632,131	\$ 48,978,848	\$ 3,820,542	\$ 5,505,687	\$ 59,452,673	\$ 54,484,535
Capital assets (net)	291,557,077	258,614,595	29,598,031	29,231,158	321,155,108	287,845,753
Total assets	347,189,208	307,593,443	33,418,573	34,736,845	380,607,781	342,330,288
Deferred outflows of resources	5,412,570	3,435,422	7,641	9,096	5,420,211	3,444,518
Long-term liabilities outstanding	81,866,039	73,041,910	2,511,217	3,602,835	84,377,256	76,644,745
Other liabilities	24,084,677	24,663,191	1,876,435	1,303,237	25,961,112	25,966,428
Total liabilities	105,950,716	97,705,101	4,387,652	4,906,072	110,338,368	102,611,173
Deferred inflows of resources	1,686,439	1,453,729	4,802	11,310	1,691,241	1,465,039
Net position:						
Net investment in capital assets	219,568,514	191,092,069	26,005,257	24,500,880	245,573,771	215,592,949
Restricted	4,291,228	4,920,388			4,291,228	4,920,388
Unrestricted	21,104,881	15,857,578	3,028,503	5,327,679	24,133,384	21,185,257
TOTAL NET POSITION	\$244,964,623	\$ 211,870,035	\$ 29,033,760	\$ 29,828,559	\$ 273,998,383	\$ 241,698,594

An additional portion of the Town's net position of \$4.3 million represents resources that are subject to external restrictions on how they may be used. The remaining portion of net position is unrestricted and totaled \$24.1 million.

**Governmental activities.** Already noted was the statement of activities' purpose in presenting information on how the Town's net position changed during the most recent fiscal year. A statement of changes in net position follows. For the fiscal year, The Town's net position increased by \$33.1 million during the current fiscal year. The increase was due to the significant increase in capital assets of \$33.0 million. The increase in capital assets is due to the continued construction in progress for the Sandy Hook School and the Fairfield Hills buildings. The reader should remember that the basis of accounting used in the government-wide statement of activities excludes capital expenses, while its revenues include general taxes whose primary purpose is for the construction of those very assets or their related debt service.

# MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

Statement of Changes in Net Position						
	Governmental Activities		Business-type Activities		Totals	
	2016	2015	2016	2015	2016	2015
<b>REVENUES:</b>						
Program revenues:						
Charges for services	\$ 6,694,176	\$ 6,298,317	\$ 1,342,631	\$ 1,198,487	\$ 8,036,807	\$ 7,496,804
Operating grants and contributions	19,384,116	19,919,812	31,503		19,415,619	19,919,812
Capital grants and contributions	30,852,252	21,188,401			30,852,252	21,188,401
General revenues:						
Property taxes	101,373,044	100,926,929			101,373,044	100,926,929
Grants and contributions not restricted to specific programs	2,770,496	2,962,325			2,770,496	2,962,325
Investment income	360,637	210,013	39,441	41,486	400,078	251,499
Miscellaneous	220,547	50,014			220,547	50,014
<b>TOTAL REVENUES</b>	<b>161,655,268</b>	<b>151,555,811</b>	<b>1,413,575</b>	<b>1,239,973</b>	<b>163,068,843</b>	<b>152,795,784</b>
<b>EXPENSES:</b>						
General government	6,748,506	6,487,392			6,748,506	6,487,392
Public safety	11,763,967	11,028,701			11,763,967	11,028,701
Health and welfare	3,141,088	3,197,189			3,141,088	3,197,189
Land use	753,241	666,559			753,241	666,559
Public works	10,403,732	9,630,398			10,403,732	9,630,398
Parks and recreation	3,748,633	3,625,294			3,748,633	3,625,294
Education	89,774,822	90,038,453			89,774,822	90,038,453
Interest expense	2,226,691	2,534,616			2,226,691	2,534,616
Sewer Department			1,696,780	1,696,442	1,696,780	1,696,442
Water Department			511,594	479,700	511,594	479,700
<b>TOTAL EXPENSES</b>	<b>128,560,680</b>	<b>127,208,602</b>	<b>2,208,374</b>	<b>2,176,142</b>	<b>130,769,054</b>	<b>129,384,744</b>
<b>CHANGES IN NET POSITION</b>	<b>33,094,588</b>	<b>24,347,209</b>	<b>(794,799)</b>	<b>(936,169)</b>	<b>32,299,789</b>	<b>23,411,040</b>
<b>NET POSITION - JULY 1</b>	<b>211,870,035</b>	<b>187,522,826</b>	<b>29,828,559</b>	<b>30,764,728</b>	<b>241,698,594</b>	<b>218,287,554</b>
<b>NET POSITION - JUNE 30</b>	<b>\$ 244,964,623</b>	<b>\$ 211,870,035</b>	<b>\$ 29,033,760</b>	<b>\$ 29,828,559</b>	<b>\$ 273,998,383</b>	<b>\$ 241,698,594</b>

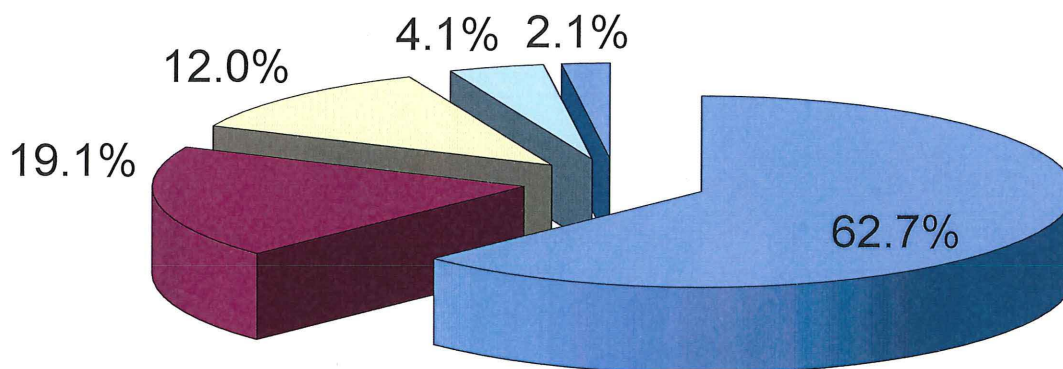
Significant changes from the prior year for revenues are as follows:

- Operating grants and contributions decreased by \$535,696. This decrease was mostly due to a decrease in the grants related to the Sandy Hook tragedy of \$2,061,745, offset by an increase in on-behalf amounts of \$1,074,476 related to the Town's allocable share of the pension expense for the State Teachers' Retirement Plan.
- Capital grants and contributions increased by \$9,663,851 as a result of an increase of \$19,642,451 of grants to fund construction of the new Sandy Hook School offset by a decrease of \$10,000,000 due to contribution to fund construction of the Newtown Community Center recorded in prior year.



**Revenues**

Governmental activities revenues totaled \$161.7 million for fiscal year 2016. Property taxes are the largest revenue source for the Town and represent 62.7% of governmental revenues. Current tax collections were 99.3% of the adjusted tax levy. Capital grants and contributions' revenues are the Town's second largest source of revenue. Capital grants and contributions' revenues include school building grants, contributions for construction of Newtown Community Center, and grants related to the building of the new Sandy Hook School. Capital grants and contributions' revenues account for 19.1% of governmental revenues for the year. Operating grants and contributions, the third largest revenue, amount to 12.0% of governmental revenues and include grants for school lunch program, education, law enforcement, daycare, public works, grants related to Sandy Hook, contributions to the Sandy Hook fund, and the Town gift fund. Charges for services represent 4.1% of governmental revenues and include the school lunch program, adult education, Edmond Town Hall and park and recreation programs. Grants and contributions not restricted to specific programs account for 1.7% and include elderly tax relief and in lieu of tax contributions. Investment income represents 0.3% of governmental revenue. Miscellaneous revenue accounts for the remaining governmental revenues and amount to 0.1% of governmental revenues.

**Revenues-Governmental Activities**

- Property Taxes
- Capital grants and contributions
- Operating grants and contributions
- Charges for Services
- Other

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

---

### **Expenses**

Significant changes from the prior year are as follows:

- Public safety expenses increased by \$735,266 due mainly to increased pension expenses relating to the pension liability.
- Public works expenses increased by \$773,334 due mainly to increased pension expenses relating to the pension liability.
- Education expenses decreased by \$263,631. The decrease is mostly due to decrease in the education budgeted expenditures of approximately \$285,000.
- Interest expenses decrease by \$307,925. The decrease is mostly due to savings captured based on refunding bonds issued in prior year and current year.

Governmental activity expenses totaled \$128.6 million for the fiscal year. Of the expenses, 69.9% or \$89.8 million is for education. Public works expenses amounted to \$10.4 million, or 8.1%, while public safety amounted to \$11.8 million or 9.2%. Parks and recreation expenses were \$3.7 million or 2.9%. Interest expense was \$2.2 million or 1.7%. General government expenses were \$6.7 million, or 5.2%, health and welfare expenses were \$3.1 million or 2.4%, and land use expenses were \$0.8 million or 0.6%.

### **Business-Type Activities**

#### **Revenues**

General revenues do not support the Town's business-type activities; thus, the largest source of revenues comes from charges for services. Of the \$1.4 million in revenue from the sewer department and water department, 95.0% comes from charges for services. Operating grants and contributions makes up 2.2% of revenues for the Town's business activities, consisting of grants from the state. Investment income makes up the final 2.8% of revenues for the Town's business activities.

Charges for services increased by \$0.1 million during the year due to an increase in customer consumption.

#### **Expenses**

Sewer department and water department operating expenses increased \$338 and \$31,894, respectively, for the fiscal year ended June 30, 2016 due to the increase in contracted services for the operating of the plant.

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

### **Financial Analysis of the Town's Funds**

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

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

The combined fund balances of governmental funds for the fiscal year ended June 30, 2016 is \$24.8 million. Unassigned fund balance totals \$11.4 million. The remainder of fund balance is not available for appropriation or spending by the Town and is classified as follows: Nonspendable of \$0.6 million, Restricted of \$3.7 million, Committed of \$8.1 million and Assigned of \$1.0 million.

### **General Fund**

The general fund is the operating fund of the Town. The budgetary fund balance of the general fund increased by \$0.8 million for the fiscal year. Revenues and transfers in were higher than budgeted by \$0.7 million and expenditures were lower by \$0.1 million than the amount budgeted, led by \$23,677 from public safety. The net impact on fund balance was an increase of \$0.8 million. The property tax rate decreased from 33.31 mills to 33.07 mills.

### **General Fund Budgetary Highlights**

A detailed budgetary comparison schedule for the fiscal year ended June 30, 2016 can be found on Exhibit F. A summary of that schedule follows:

	BUDGET			VARIANCE WITH
	ORIGINAL	FINAL	ACTUAL	FINAL BUDGET
<b><u>REVENUES &amp; OTHER FINANCING SOURCES</u></b>				
Taxes	\$ 100,999,170	\$ 100,999,170	\$ 101,236,267	\$ 237,097
All other revenues	10,609,343	10,609,343	10,972,786	363,443
Cancellation of prior encumbrances			9,370	9,370
Transfers in	122,000	122,000	225,000	103,000
Total	111,730,513	111,730,513	112,443,423	712,910
<b><u>EXPENDITURES &amp; OTHER FINANCING USES</u></b>				
Expenditures	111,395,709	111,229,261	111,160,571	68,690
Transfers out	334,804	501,252	501,248	4
Total	111,730,513	111,730,513	111,661,819	68,694
CHANGE IN FUND BALANCE	\$ -	\$ -	\$ 781,604	\$ 781,604

**General Fund Budgetary Highlights (continued)**

There were no additional appropriations for the year. Overall, revenues were higher than budgetary estimates and expenditures remained below budgeted amounts, with no department exceeding its annual appropriation. Transfers from contingency of \$349,826 were made to help defray year end overruns.

**Bonded Projects Fund**

The Bonded Projects fund revenues and other financing sources were more than its expenditures and other financing uses by \$6,489,290 for the fiscal year. Capital outlay activity was financed with a bond issuance in the current year and intergovernmental revenues.

***Proprietary funds.*** The Town's proprietary funds provide the same information found in the government-wide financial statements, but in more detail. The Town's enterprise funds posted an overall decrease in net position of \$795 thousand for the fiscal year ended June 30, 2016.

**Sewer Fund**

Unrestricted net position of the sewer fund at the end of the year amounted to \$4,743,551, a decrease of \$1,822,505 from the prior year.

The major contributor to the decrease was depreciation expense.

**Water Fund**

Unrestricted net position of the water fund at the end of the year amounted to a deficit of \$1,715,048, an increase to the deficit of \$476,671 from the prior year.

The major contributor to the decrease was depreciation expense.

**Self-Insured Medical Benefits Internal Service Fund**

Unrestricted net position of the self-insured medical benefits fund at the end of the year amounted to \$2,743,633.

The Town's self-insured medical benefits fund recorded a decrease in net position for the year of \$400,334.

Other factors concerning the finances of these funds have already been addressed in the discussion of the Town's business-type activities.

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

### **Capital Assets and Debt Administration**

The Town of Newtown's capital assets for both governmental and business-type activities amounted to \$320.9 million, net of depreciation. This includes land, buildings, equipment, and infrastructure (roads and bridges). Capital assets for governmental activities increased by 12.7%, while business-type capital assets increased 0.4%. These changes included the following:

- Construction in progress increased by \$36,509,424 mainly due to the continued construction in progress for the Sandy Hook school of \$30,815,852 and the Fairfield Hills buildings of \$3,052,212.
- Buildings and systems decreased a net of \$2,224,493 due to depreciation expense.
- Machinery and equipment decreased a net of \$412,044 due to annual depreciation expense of \$570,767 offset by various equipment purchases totaling \$168,018.
- Infrastructure decreases were due primarily to annual depreciation.

<b>Capital Assets - Net</b>						
	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
Land	\$ 26,175,546	\$ 26,013,496	\$ 1,000	\$ 1,000	\$ 26,176,546	\$ 26,014,496
Intangible assets	3,687,270	3,687,270	491,353	534,704	4,178,623	4,221,974
Construction in progress	54,630,088	18,883,205	3,028,495	2,265,954	57,658,583	21,149,159
Buildings and systems	130,410,648	132,635,141			130,410,648	132,635,141
Land improvements	14,179,066	14,406,171			14,179,066	14,406,171
Plant and pumping stations			8,790,335	8,818,119	8,790,335	8,818,119
Sewer distribution system			15,973,412	16,191,404	15,973,412	16,191,404
Water distribution system			1,221,316	1,307,632	1,221,316	1,307,632
Machinery and equipment	4,844,962	5,252,711		4,295	4,844,962	5,257,006
Vehicles	5,199,623	5,189,432	92,120	108,050	5,291,743	5,297,482
Infrastructure	52,429,874	52,547,169			52,429,874	52,547,169
<b>TOTAL</b>	<b>\$291,557,077</b>	<b>\$258,614,595</b>	<b>\$29,598,031</b>	<b>\$29,231,158</b>	<b>\$321,155,108</b>	<b>\$ 287,845,753</b>

Additional information on the Town's capital assets can be found in Exhibit L (III) C.

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

### Long-term debt

The Town's long-term debt increased by a net of \$2,931,524, due to the scheduled debt service payments for the outstanding issues and offset by the issuance of general obligations and refunding bonds. At the end of the current fiscal year, the Town had total governmental activities bond and note debt outstanding of \$69,025,105. Of this amount, \$344,931 will be funded from state grants. In addition, at the end of the current fiscal year, the Town had debt outstanding of \$3,561,088, which is wastewater operations debt for which the Town is liable in the event of default by the property owners subject to the sewer assessment.

#### OUTSTANDING DEBT LEVERAGE General Obligation, Sewer Bonds, Clean Water and Water Notes

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
General purpose bonds	\$ 32,896,920	\$ 26,977,620	\$ 2,285,900	\$ 2,488,100	\$ 35,182,820	\$ 29,465,720
School bonds	35,651,680	37,120,380			35,651,680	37,120,380
Sewer bonds and clean water notes	385,985	760,102	1,275,188	2,209,527	1,661,173	2,969,629
Water notes	90,520	98,940			90,520	98,940
	<u>\$ 69,025,105</u>	<u>\$ 64,957,042</u>	<u>\$ 3,561,088</u>	<u>\$ 4,697,627</u>	<u>\$ 72,586,193</u>	<u>\$ 69,654,669</u>

The Town maintains an "AAA" rating from Standard & Poor's and an Aa1 rating from Moody's Investors Service for general obligation debt.

State statutes limit the amount of general obligation debt a governmental entity may issue to seven times total tax collections including interest and lien fees. The current debt limitation for the Town is \$710,145,842, which is significantly in excess of the Town's outstanding general obligation debt.

Additional information on the Town's long-term debt can be found in Exhibit L (III) F.

### Next Year's Budgets and Rates

The Town elected and appointed officials considered many factors when setting the fiscal year 2017 budget. The mill rate was set at 33.60, which represents a 1.6% increase.

The 2017 general fund budget was \$114,182,379, an increase of 2.2% over the prior year adopted budget.

The Town did not budget the use of any fund balance to balance the 2017 budget.

### Requests for Information

This financial report is designed to familiarize our citizens, taxpayers and customers with the Town's finances and to demonstrate the Town's fiscal accountability for its operation. Questions concerning this report, or request for additional financial information, should be directed to Mr. Robert G. Tait, Finance Director, 3 Primrose Street, Town Hall, Newtown, CT 06470, Telephone (203) 270-4226.

---

## **Basic Financial Statements**

---

TOWN OF NEWTOWN, CONNECTICUT

STATEMENT OF NET POSITION  
JUNE 30, 2016

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
<u>ASSETS</u>			
Current assets:			
Cash.....	\$ 4,868,289	\$	\$ 4,868,289
Investments.....	34,287,805	1,447,861	35,735,666
Receivables:			
Property taxes.....	803,934		803,934
Assessments.....		850,440	850,440
Use charges.....		232,346	232,346
Intergovernmental.....	608,565		608,565
Loans receivable.....	20,000		20,000
Contributions receivable.....	5,000,000		5,000,000
Other.....	687,675		687,675
Internal balances.....	(267,153)	367,374	100,221
Other.....	34,931		34,931
Total current assets.....	46,044,046	2,898,021	48,942,067
Noncurrent assets:			
Restricted assets:			
Temporarily restricted:			
Cash.....	394,624		394,624
Investments.....	2,009,475		2,009,475
Permanently restricted:			
Cash.....	10,000		10,000
Investments.....	600,000		600,000
Total restricted assets.....	3,014,099	-	3,014,099
Receivables (net):			
Property taxes.....	1,510,746		1,510,746
Assessments.....		922,521	922,521
Intergovernmental.....	288,968		288,968
Loans receivable.....	224,272		224,272
Contributions receivable.....	4,550,000		4,550,000
Total receivables (net).....	6,573,986	922,521	7,496,507
Capital assets (net of accumulated depreciation):			
Land.....	26,175,546	1,000	26,176,546
Intangible assets.....	3,687,270	491,353	4,178,623
Construction in progress.....	54,630,088	3,028,495	57,658,583
Buildings and systems.....	130,410,648		130,410,648
Land improvements.....	14,179,066		14,179,066
Plant and pumping stations.....		8,790,335	8,790,335
Sewer distribution system.....		15,973,412	15,973,412
Water distribution system.....		1,221,316	1,221,316
Machinery and equipment.....	4,844,962		4,844,962
Vehicles.....	5,199,623	92,120	5,291,743
Infrastructure.....	52,429,874		52,429,874
Total net capital assets.....	291,557,077	29,598,031	321,155,108
Total noncurrent assets.....	301,145,162	30,520,552	331,665,714
TOTAL ASSETS.....	347,189,208	33,418,573	380,607,781
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Deferred charge on refunding.....	501,032	7,641	508,673
Deferred outflow related to pensions.....	4,911,538		4,911,538
TOTAL DEFERRED OUTFLOWS OF RESOURCES.....	5,412,570	7,641	5,420,211

(Continued)



**TOWN OF NEWTOWN, CONNECTICUT**

STATEMENT OF NET POSITION  
JUNE 30, 2016

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable.....	\$ 9,980,173	\$ 766,316	\$ 10,746,489
Accrued payroll.....	3,454,062		3,454,062
Accrued interest payable.....	1,377,176		1,377,176
Unearned revenue.....	1,650,887		1,650,887
Bonds, notes and related liabilities.....	6,882,280	1,089,198	7,971,478
Landfill post closure costs.....	17,000		17,000
Capital lease.....	49,933		49,933
Compensated absences.....	196,132		196,132
Termination benefits.....	84,500		84,500
Other liabilities.....	392,534	20,921	413,455
Total current liabilities.....	24,084,677	1,876,435	25,961,112
Noncurrent liabilities:			
Bonds, notes and related liabilities.....	65,557,382	2,511,217	68,068,599
Landfill post closure costs.....	136,000		136,000
Compensated absences.....	784,528		784,528
Termination benefits.....	96,000		96,000
Net pension liability.....	13,476,873		13,476,873
Net OPEB obligation.....	1,815,256		1,815,256
Total noncurrent liabilities.....	81,866,039	2,511,217	84,377,256
TOTAL LIABILITIES.....	105,950,716	4,387,652	110,338,368
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Advance property tax collections.....	156,590	4,802	161,392
Deferred inflow related to pensions.....	1,529,849		1,529,849
TOTAL DEFERRED INFLOWS OF RESOURCES.....	1,686,439	4,802	1,691,241
<b>NET POSITION</b>			
Net investment in capital assets.....	219,568,514	26,005,257	245,573,771
Restricted for:			
Endowments:			
Nonexpendable.....	610,000		610,000
Expendable.....	2,009,475		2,009,475
General government.....	444,326		444,326
Public safety.....	98,139		98,139
Health and welfare.....	21,731		21,731
Education.....	1,107,557		1,107,557
Unrestricted.....	21,104,881	3,028,503	24,133,384
TOTAL NET POSITION.....	\$ 244,964,623	\$ 29,033,760	\$ 273,998,383

(Concluded)

## TOWN OF NEWTOWN, CONNECTICUT

STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2016

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES			NET EXPENSES AND CHANGES IN NET POSITION		
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
GOVERNMENTAL ACTIVITIES:							
General government.....	\$ 6,748,506	\$ 811,598	\$ 84,003	\$	\$ (5,852,905)	\$	\$ (5,852,905)
Public safety.....	11,763,967	843,555	79,243		(10,841,169)		(10,841,169)
Health and welfare.....	3,141,088	10,404	73,248		(3,057,436)		(3,057,436)
Land use.....	753,241	56,628			(696,613)		(696,613)
Public works.....	10,403,732	1,151,513		36,400	(9,215,819)		(9,215,819)
Parks and recreation.....	3,748,633	1,450,819	11,870		(2,285,944)		(2,285,944)
Education.....	89,774,822	2,369,659	19,135,752	30,815,852	(37,453,559)		(37,453,559)
Interest expense.....	2,226,691				(2,226,691)		(2,226,691)
TOTAL GOVERNMENTAL ACTIVITIES....	128,560,680	6,694,176	19,384,116	30,852,252	(71,630,136)	-	(71,630,136)
BUSINESS-TYPE ACTIVITIES:							
Sewer Department.....	1,696,780	995,686	31,503			(669,591)	(669,591)
Water Department.....	511,594	346,945				(164,649)	(164,649)
TOTAL BUSINESS-TYPE ACTIVITIES.....	2,208,374	1,342,631	31,503	-	-	(834,240)	(834,240)
TOTAL.....	\$ 130,769,054	\$ 8,036,807	\$ 19,415,619	\$ 30,852,252	\$ (71,630,136)	\$ (834,240)	\$ (72,464,376)
GENERAL REVENUES:							
Property taxes.....					\$ 101,373,044	\$	\$ 101,373,044
Grants and contributions not restricted to specific programs.....					2,770,496		2,770,496
Investment income.....					360,637	39,441	400,078
Miscellaneous.....					220,547		220,547
TOTAL GENERAL REVENUES.....					104,724,724	39,441	104,764,165
CHANGE IN NET POSITION .....					33,094,588	(794,799)	32,299,789
NET POSITION - JULY 1, 2015.....					211,870,035	29,828,559	241,698,594
NET POSITION - JUNE 30, 2016.....					\$ 244,964,623	\$ 29,033,760	\$ 273,998,383

See Notes to Financial Statements.

TOWN OF NEWTOWN, CONNECTICUT

BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2016

	GENERAL	BONDED PROJECTS	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<u>ASSETS</u>				
Cash.....	\$ 604,900	\$	\$ 1,211,891	\$ 1,816,791
Restricted cash.....	392,420		12,204	404,624
Investments.....	19,872,477	14,027,105	2,997,698	36,897,280
Receivables:				
Property taxes.....	1,744,243			1,744,243
Intergovernmental.....	91,157		424,985	516,142
Loans receivable.....			249,413	249,413
Other.....	139,959		248,665	388,624
Due from other funds.....	1,018,414		2,907,936	3,926,350
Other.....	1,887		33,044	34,931
TOTAL ASSETS.....	\$ 23,865,457	\$ 14,027,105	\$ 8,085,836	\$ 45,978,398
<u>LIABILITIES</u>				
Accounts payable.....	\$ 1,435,420	\$ 6,761,515	\$ 460,262	\$ 8,657,197
Accrued payroll.....	3,298,530		155,532	3,454,062
Due to other funds.....	4,525,964		383,713	4,909,677
Unearned revenue.....		1,302,769	348,118	1,650,887
Performance bonds.....	392,420			392,420
TOTAL LIABILITIES.....	9,652,334	8,064,284	1,347,625	19,064,243
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Unavailable revenue:				
Property taxes.....	1,744,243			1,744,243
Advance property tax collections.....	156,590			156,590
Loans.....			249,413	249,413
TOTAL DEFERRED INFLOWS OF RESOURCES.....	1,900,833	-	249,413	2,150,246
<u>FUND BALANCES</u>				
Nonspendable.....			610,000	610,000
Restricted.....			3,681,228	3,681,228
Committed.....		5,962,821	2,112,357	8,075,178
Assigned.....	868,010		85,213	953,223
Unassigned.....	11,444,280	-		11,444,280
TOTAL FUND BALANCES .....	12,312,290	5,962,821	6,488,798	24,763,909
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES .....	\$ 23,865,457	\$ 14,027,105	\$ 8,085,836	\$ 45,978,398

(Continued)

**TOWN OF NEWTOWN, CONNECTICUT**  
**RECONCILIATION OF FUND BALANCE**  
**TO NET POSITION OF GOVERNMENTAL ACTIVITIES**  
**JUNE 30, 2016**

AMOUNTS REPORTED FOR GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF NET POSITION (EXHIBIT A)  
ARE DIFFERENT FROM THE GOVERNMENTAL FUND BALANCE SHEET. THE DIFFERENCES ARE DUE TO:

TOTAL FUND BALANCE (EXHIBIT C, PAGE 1).....	\$ 24,763,909
---	---------------

CAPITAL ASSETS USED IN GOVERNMENTAL ACTIVITIES ARE NOT FINANCIAL RESOURCES  
AND, THEREFORE, ARE NOT REPORTED IN THE FUNDS:

Beginning net capital assets .....	258,614,595
Capital assets additions (net of construction in progress).....	38,120,149
Depreciation expense.....	(5,102,972)
Disposal of capital assets.....	(74,695)

OTHER LONG-TERM ASSETS AND DEFERRED OUTFLOWS ARE NOT AVAILABLE RESOURCES AND,  
THEREFORE, ARE NOT REPORTED IN THE FUNDS:

Property tax interest and lien accrual.....	1,143,437
Allowance for doubtful accounts.....	(578,141)
School building grant receivable.....	381,391
Contributions receivable.....	9,550,000
Deferred outflow related to pensions.....	4,911,538
Deferred charge on refunding.....	501,032

OTHER LONG-TERM ASSETS ARE NOT AVAILABLE TO PAY FOR CURRENT PERIOD  
EXPENDITURES AND, THEREFORE, ARE UNAVAILABLE IN THE FUNDS:

Property tax and community development block grant receivable - accrual basis change.....	1,993,656
---	-----------

INTERNAL SERVICE FUNDS ARE USED BY MANAGEMENT TO CHARGE THE COST OF  
MEDICAL INSURANCE TO INDIVIDUAL DEPARTMENTS:

The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.....	2,743,633
---	-----------

SOME LIABILITIES AND DEFERRED INFLOWS, INCLUDING BONDS PAYABLE, ARE NOT DUE AND  
PAYABLE IN THE CURRENT PERIOD AND, THEREFORE, ARE NOT REPORTED IN THE FUNDS:

Bonds and notes payable.....	(69,025,105)
Premium.....	(3,414,557)
Landfill post closure costs.....	(153,000)
Capital leases.....	(49,933)
Compensated absences.....	(980,660)
Termination benefits.....	(180,500)
Net pension liability.....	(13,476,873)
Net OPEB obligation.....	(1,815,256)
Accrued interest payable.....	(1,377,176)
Deferred inflow related to pensions.....	(1,529,849)

NET POSITION OF GOVERNMENTAL ACTIVITIES.....	<u>\$ 244,964,623</u>
--	-----------------------

(Concluded)

## TOWN OF NEWTOWN, CONNECTICUT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2016

	GENERAL	BONDED PROJECTS	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES:				
Property taxes.....	\$ 101,236,267	\$	\$	\$ 101,236,267
Intergovernmental.....	16,346,850	30,815,852	6,113,886	53,276,588
Charges for services.....	2,066,876		4,620,806	6,687,682
Investment income.....	327,598		87,803	415,401
Net change in fair value of investments.....			(62,821)	(62,821)
Contributions.....			263,880	263,880
Other.....	220,531	16		220,547
TOTAL REVENUES.....	120,198,122	30,815,868	11,023,554	162,037,544
EXPENDITURES:				
Current:				
General government.....	4,571,674		1,593,910	6,165,584
Public safety.....	9,589,721		822,222	10,411,943
Health and welfare.....	2,625,049		464,984	3,090,033
Land use.....	674,599			674,599
Public works.....	9,712,331		21,473	9,733,804
Parks and recreation.....	2,246,102		647,224	2,893,326
Education.....	79,390,666		7,580,124	86,970,790
Debt service.....	10,106,365	80,000	151,130	10,337,495
Capital outlay.....		36,356,462	734,687	37,091,149
TOTAL EXPENDITURES.....	118,916,507	36,436,462	12,015,754	167,368,723
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	1,281,615	(5,620,594)	(992,200)	(5,331,179)
OTHER FINANCING SOURCES (USES):				
Issuance of debt.....		12,000,000		12,000,000
Issuance of refunding bonds.....		2,295,000		2,295,000
Premium.....		212,251	519,366	731,617
Payment to refunded bonds escrow agent.....		(2,427,251)		(2,427,251)
Transfers in.....	225,000	30,800	605,627	861,427
Transfers out.....	(501,248)	(916)	(359,263)	(861,427)
NET OTHER FINANCING SOURCES (USES).....	(276,248)	12,109,884	765,730	12,599,366
NET CHANGE IN FUND BALANCES .....	1,005,367	6,489,290	(226,470)	7,268,187
FUND BALANCES - JULY 1, 2015.....	11,306,923	(526,469)	6,715,268	17,495,722
FUND BALANCES - JUNE 30, 2016.....	\$ 12,312,290	\$ 5,962,821	\$ 6,488,798	\$ 24,763,909

See Notes to Financial Statements.

**TOWN OF NEWTOWN, CONNECTICUT**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2016**

AMOUNTS REPORTED FOR GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF ACTIVITIES  
(EXHIBIT B) ARE DUE TO:

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS (EXHIBIT D)..... \$ 7,268,187

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

Capital outlay.....	38,120,149
Depreciation expense.....	(5,102,972)

Total .....	33,017,177
-------------	------------

The net effect of various miscellaneous transactions involving capital assets (i. e., sales, trade-ins and donations) is to increase net position. In the Statement of Activities, only the *loss* on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the cost of the capital assets sold:

Disposal of capital assets.....	(74,695)
---------------------------------	----------

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds and revenues recognized in the Fund Financial Statements are not recognized in the Statement of Activities:

School building grant receipts.....	(533,604)
Change in property tax and community development block grant - accrual basis change.....	37,904
Change in property tax and community development block grant interest and lien revenue.....	105,367

Total .....	(390,333)
-------------	-----------

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

Debt issued or incurred:	
General obligation debt.....	(12,000,000)
Issuance of refunding bonds.....	(2,295,000)
Premium.....	(599,366)
Deferred charge on refunding.....	(85,000)
Principal repayments:	
General obligation debt.....	7,542,600
Notes payable.....	304,337
Refunded bonds.....	2,380,000

Total .....	(4,752,429)
-------------	-------------

(Continued)

**TOWN OF NEWTOWN, CONNECTICUT**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2016**

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:

Accrued interest payable.....	\$ (22,525)
Amortization of bond premium.....	415,634
Amortization of deferred charges on refunding.....	(179,175)
Landfill post closure.....	17,000
Capital lease.....	49,933
Compensated absences.....	(22,667)
Termination benefits.....	92,500
Pension expense.....	(1,538,018)
Net OPEB obligation.....	<u>(385,667)</u>
Total .....	<u>(1,572,985)</u>

Internal Service Funds are used by management to charge costs of medical insurance to individual departments:

The net revenue of the activities of the Internal Service Fund is reported with governmental activities.....	<u>(400,334)</u>
--	------------------

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES (EXHIBIT B) .....	<u>\$ 33,094,588</u>
---	----------------------

(Concluded)

TOWN OF NEWTOWN, CONNECTICUT

GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
YEAR ENDED JUNE 30, 2016

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:				
Property taxes.....	\$ 100,999,170	\$ 100,999,170	\$ 101,236,267	\$ 237,097
Intergovernmental.....	8,216,543	8,216,543	8,357,781	141,238
Charges for services.....	2,162,550	2,162,550	2,066,876	(95,674)
Investment income.....	125,000	125,000	327,598	202,598
Other revenues.....	105,250	105,250	220,531	115,281
TOTAL REVENUES.....	111,608,513	111,608,513	112,209,053	600,540
EXPENDITURES:				
Current:				
General government.....	4,295,113	4,549,220	4,531,751	17,469
Public safety.....	9,596,572	9,631,192	9,607,515	23,677
Health and welfare.....	2,588,237	2,630,451	2,625,299	5,152
Land use.....	675,316	680,011	674,599	5,412
Public works.....	9,860,351	9,774,860	9,763,097	11,763
Parks and recreation.....	2,331,472	2,271,538	2,266,532	5,006
Education.....	71,587,946	71,585,413	71,585,413	-
Contingency.....	350,000	174		174
Debt service.....	10,110,702	10,106,402	10,106,365	37
TOTAL EXPENDITURES.....	111,395,709	111,229,261	111,160,571	68,690
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	212,804	379,252	1,048,482	669,230
OTHER FINANCING SOURCES (USES):				
Cancellation of prior year encumbrances.....			9,370	9,370
Transfers in.....	122,000	122,000	225,000	103,000
Transfers out.....	(334,804)	(501,252)	(501,248)	4
NET OTHER FINANCING SOURCES (USES).....	(212,804)	(379,252)	(266,878)	112,374
NET CHANGE IN FUND BALANCE.....	\$ -	\$ -	781,604	\$ 781,604
FUND BALANCE - JULY 1, 2015.....			10,885,080	
FUND BALANCE - JUNE 30, 2016.....			\$ 11,666,684	

See Notes to Financial Statements.



TOWN OF NEWTOWN, CONNECTICUT

STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2016

	<u>BUSINESS-TYPE ACTIVITIES</u>			<u>GOVERNMENTAL ACTIVITIES</u>
	<u>MAJOR FUNDS</u>			
	<u>SEWER DEPARTMENT</u>	<u>WATER DEPARTMENT</u>	<u>TOTAL</u>	<u>INTERNAL SERVICE FUNDS</u>
<u>ASSETS</u>				
Current assets:				
Cash.....	\$	\$	\$ -	\$ 3,051,498
Investments.....	1,447,861		1,447,861	
Receivables:				
Assessments.....	850,440		850,440	
Use charges (net).....	138,718	93,628	232,346	
Other.....			-	299,051
Due from other funds.....	1,091,158		1,091,158	716,174
Total current assets.....	3,528,177	93,628	3,621,805	4,066,723
Noncurrent assets:				
Assessment receivables (net).....	922,521		922,521	
Advance to other funds.....	775,517		775,517	
Capital assets (net of accumulated depreciation/amortization):				
Land.....	1,000		1,000	
Construction in progress.....	2,085,907	942,588	3,028,495	
Intangible assets.....	347,167	144,186	491,353	
Plant and pumping stations.....	8,000,510	789,825	8,790,335	
Sewer distribution system.....	15,973,412		15,973,412	
Water distribution system.....		1,221,316	1,221,316	
Vehicles.....	92,120		92,120	
Total capital assets (net of accumulated depreciation/amortization).....	26,500,116	3,097,915	29,598,031	-
Total noncurrent assets.....	28,198,154	3,097,915	31,296,069	-
TOTAL ASSETS.....	31,726,331	3,191,543	34,917,874	4,066,723
<u>DEFERRED OUTFLOWS OF RESOURCES</u>				
Deferred charge on refunding.....	7,641		7,641	

(Continued)

**TOWN OF NEWTOWN, CONNECTICUT**

STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2016

	BUSINESS-TYPE ACTIVITIES			GOVERNMENTAL ACTIVITIES
	MAJOR FUNDS			
	SEWER DEPARTMENT	WATER DEPARTMENT	TOTAL	INTERNAL SERVICE FUNDS
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable.....	\$ 456,941	\$ 309,375	\$ 766,316	\$ 239,928
Claims payable.....			-	1,083,048
Due to other funds.....		723,784	723,784	
Bonds and notes payable.....	1,089,198		1,089,198	
Other.....	20,921		20,921	114
Total current liabilities.....	1,567,060	1,033,159	2,600,219	1,323,090
Noncurrent liabilities:				
Advance from other funds.....		775,517	775,517	
Bonds, notes payable and related liabilities.....	2,511,217		2,511,217	
Total noncurrent liabilities.....	2,511,217	775,517	3,286,734	-
TOTAL LIABILITIES.....	4,078,277	1,808,676	5,886,953	1,323,090
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Advance collections.....	4,802		4,802	
<b>NET POSITION</b>				
Net investment in capital assets.....	22,907,342	3,097,915	26,005,257	
Unrestricted.....	4,743,551	(1,715,048)	3,028,503	2,743,633
TOTAL NET POSITION.....	\$ 27,650,893	\$ 1,382,867	\$ 29,033,760	\$ 2,743,633

(Concluded)

TOWN OF NEWTOWN, CONNECTICUTSTATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION  
PROPRIETARY FUNDS  
YEAR ENDED JUNE 30, 2016

	BUSINESS-TYPE ACTIVITIES			GOVERNMENTAL
	MAJOR FUNDS			ACTIVITIES
	SEWER DEPARTMENT	WATER DEPARTMENT	TOTAL	INTERNAL SERVICE FUNDS
OPERATING REVENUES:				
Charges for services.....	\$ 995,686	\$ 346,945	\$ 1,342,631	\$ 13,908,467
OPERATING EXPENSES:				
Professional services.....	132,452	15,597	148,049	
Contracted services.....	781,999	305,109	1,087,108	
Repairs and maintenance.....	27,235		27,235	
Utilities.....	120,540	42,957	163,497	
Claims incurred.....			-	13,068,810
Administration.....	126		126	1,248,048
Depreciation and amortization.....	534,997	113,556	648,553	
TOTAL OPERATING EXPENSES.....	1,597,349	477,219	2,074,568	14,316,858
OPERATING INCOME (LOSS).....	(601,663)	(130,274)	(731,937)	(408,391)
NONOPERATING REVENUES (EXPENSES):				
Intergovernmental.....	31,503		31,503	
Investment income.....	39,441		39,441	8,057
Interest expense.....	(99,431)	(34,375)	(133,806)	
NET NONOPERATING REVENUES (EXPENSES).....	(28,487)	(34,375)	(62,862)	8,057
NET CHANGE IN NET POSITION .....	(630,150)	(164,649)	(794,799)	(400,334)
TOTAL NET POSITION - JULY 1, 2015.....	28,281,043	1,547,516	29,828,559	3,143,967
TOTAL NET POSITION - JUNE 30, 2016.....	\$ 27,650,893	\$ 1,382,867	\$ 29,033,760	\$ 2,743,633

TOWN OF NEWTOWN, CONNECTICUTSTATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
YEAR ENDED JUNE 30, 2016

	BUSINESS-TYPE ACTIVITIES			GOVERNMENTAL
	MAJOR FUNDS			ACTIVITIES
	SEWER DEPARTMENT	WATER DEPARTMENT	TOTAL	INTERNAL SERVICE FUNDS
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from charges for services.....	\$ 2,485,700	\$ 551,943	\$ 3,037,643	\$ 14,707,559
Cash payments to suppliers for goods and services.....	(713,486)	(91,990)	(805,476)	(1,233,453)
Claims paid.....			-	(13,172,278)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES.....	1,772,214	459,953	2,232,167	301,828
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Cash received from intergovernmental revenue.....	31,503		31,503	
Purchase of capital assets.....	(589,847)	(425,579)	(1,015,426)	
Principal payments.....	(1,136,539)		(1,136,539)	
Interest payments.....	(111,707)	(34,374)	(146,081)	
NET CASH PROVIDED BY (USED IN) CAPITAL AND RELATED FINANCING ACTIVITIES.....	(1,806,590)	(459,953)	(2,266,543)	-
CASH FLOWS FROM INVESTING ACTIVITIES:				
Investment income.....	39,441		39,441	8,057
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS....	5,065	-	5,065	309,885
CASH AND CASH EQUIVALENTS - JULY 1, 2015.....	1,442,796	-	1,442,796	2,741,613
CASH AND CASH EQUIVALENTS - JUNE 30, 2016.....	\$ 1,447,861	\$ -	\$ 1,447,861	\$ 3,051,498
RECONCILIATION TO EXHIBIT G - CASH:				
CASH AND CASH EQUIVALENTS PER ABOVE.....	\$ 1,447,861	\$ -	\$ 1,447,861	\$ 3,051,498
CASH AND CASH EQUIVALENTS REPORTED AS INVESTMENTS...	(1,447,861)		(1,447,861)	
CASH - EXHIBIT G.....	\$ -	\$ -	\$ -	\$ 3,051,498
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:				
Operating income (loss).....	\$ (601,663)	\$ (130,274)	\$ (731,937)	\$ (408,391)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation and amortization.....	534,997	113,556	648,553	
(Increase) decrease in:				
Receivables.....	864,903	(26,590)	838,313	(276,722)
Due from other funds.....	625,111		625,111	1,076,564
Increase (decrease) in:				
Accounts payable and claims payable.....	347,161	271,673	618,834	(89,737)
Due to other funds.....		231,588	231,588	
Other.....	1,705		1,705	114
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES.....	\$ 1,772,214	\$ 459,953	\$ 2,232,167	\$ 301,828

See Notes to Financial Statements.

TOWN OF NEWTOWN, CONNECTICUTSTATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
JUNE 30, 2016

	PENSION TRUST FUND	OTHER POST- EMPLOYMENT BENEFIT TRUST FUND	AGENCY FUNDS
<u>ASSETS</u>			
Cash.....	\$ 2,628,351	\$	\$ 455,464
Investments at Fair Value:			
Certificates of Deposit.....			668,330
Mutual Funds:			
Equity.....	6,983,815	413,408	
International Equity.....	3,087,383	173,508	
U.S. Government Securities.....	8,965,428		
Money Market.....		572,801	
U.S. Government Securities.....	24,428	13,961	
U.S. Government Agency Securities.....	517,433		
Corporate Bonds.....	12,499,956	485,603	
Total Investments.....	32,078,443	1,659,281	668,330
TOTAL ASSETS.....	34,706,794	1,659,281	1,123,794
<u>LIABILITIES</u>			
LIABILITIES:			
Accounts payable.....			1,123,794
Due to other funds.....		100,221	
TOTAL LIABILITIES.....	-	100,221	1,123,794
<u>NET POSITION</u>			
Restricted for defined contribution benefits.....	119,495		
Restricted for defined benefit pension and other post-employment benefits.....	34,587,299	1,559,060	-
TOTAL NET POSITION.....	\$ 34,706,794	\$ 1,559,060	\$ -

See Notes to Financial Statements.

TOWN OF NEWTOWN, CONNECTICUTSTATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
YEAR ENDED JUNE 30, 2016

	PENSION TRUST FUND	OTHER POST- EMPLOYMENT BENEFIT TRUST FUND	PRIVATE- PURPOSE TRUST FUND  SANDY HOOK PRIVATE-PURPOSE TRUST FUND
ADDITIONS:			
Contributions:			
Employer - defined benefit plan.....	\$ 1,422,737	\$ 397,755	\$
Employer - defined contribution plan.....	10,562		
Plan members - defined benefit plan.....	474,546	361,037	
Plan members - defined contribution plan.....	3,521		
Other.....			2,797
Total contributions.....	1,911,366	758,792	2,797
Investment income (loss):			
Net change in fair value of investments.....	(1,718,385)	(71,848)	
Interest and dividends.....	908,671	40,302	
Total investment income (loss).....	(809,714)	(31,546)	-
Less investment expenses.....	184,630	8,136	
Net investment income (loss).....	(994,344)	(39,682)	-
TOTAL ADDITIONS.....	917,022	719,110	2,797
DEDUCTIONS:			
Benefits.....	1,834,724	592,276	3,107
Administration.....	17,500	1,500	
TOTAL DEDUCTIONS.....	1,852,224	593,776	3,107
CHANGE IN NET POSITION.....	(935,202)	125,334	(310)
NET POSITION - JULY 1, 2015.....	35,641,996	1,433,726	310
NET POSITION - JUNE 30, 2016.....	\$ 34,706,794	\$ 1,559,060	\$ -

See Notes to Financial Statements.

**TOWN OF NEWTOWN, CONNECTICUT****NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2016**

---

**HISTORY AND ORGANIZATION**

The Town of Newtown was incorporated on October 11, 1711, and covers an area of 60 square miles. The Town operates under a Selectmen/Board of Finance/Legislative Council/Town Meeting form of government as prescribed by the Connecticut General Statutes and its charter, which was adopted in 1961 and amended in 2008. The Town provides the following services as authorized by its charter: public safety (police and fire), public works (streets and highways), public health and social services, water pollution control and solid waste disposal and education encompassing grades Pre K-12.

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES****A. Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

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

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and the major individual enterprise funds are reported as separate columns in the fund financial statements.

**B. Measurement Focus, Basis of Accounting and Financial Statement Presentation**

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Agency funds do not have a measurement focus but are reported on the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

TOWN OF NEWTOWN, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

---

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**B. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)**

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers property taxes to be available if collected by the end of the current fiscal period and reimbursement grants to be available if they are collected within one year of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds.

Property taxes, expenditure-type reimbursement grants, certain intergovernmental revenues, transfers and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the Town.

The Town reports the following major governmental funds:

The *General Fund* is the Town's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *Bonded Projects Fund* accounts for the financial revenues to be used for major capital asset construction and/or purchases.

The Town reports the following major proprietary funds:

The *Sewer Fund* accounts for the activities of the Town's sewer operations. The types of revenues recorded in this fund are charges for services, connection and other fees.

The *Water Fund* accounts for the activities of the Town's water operations. The types of revenues recorded in this fund are charges for services and other fees.

Additionally, the Town reports the following fund types:

The *Internal Service Fund* accounts for risk financing activities for dental insurance and medical benefits as allowed by GASB Statement No. 10.

The *Pension Trust Fund* accounts for the activity of the Newtown Employees Retirement System, which accumulates resources for pension benefit payments to qualified employees.

The *Other Post-Employment Benefit Trust Fund* accounts for the accumulation of resources for other post-employment benefits for qualified employees.



TOWN OF NEWTOWN, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

---

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**B. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)**

The *Sandy Hook Trust Fund*, a private-purpose trust fund, accounts for contributions to benefit the families affected by the Sandy Hook tragedy and scholarships.

*Agency Funds* are used to account for student activities, performance bonds, employee flex benefit program and the Police Benevolent Fund monies.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are other charges between the Town's sewer and water operations and various other functions of the Town. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services or privileges provided, 2) operating grants and contributions and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds and of the Town's internal service fund are charges to customers for sewer and water use charges and premiums for dental and medical benefits. The enterprise fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for the enterprise funds and internal service fund include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**Pensions** - For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position and additions to/deductions from fiduciary net position of the Town of Newtown pension plan and the Connecticut State Teachers' Retirement System (TRS) have been determined on the same basis as they are reported by the Town of Newtown pension plan and TRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms.

**C. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Equity**

**1. Deposits and Investments**

**Deposits** - The Town's cash and cash equivalents consist of cash on hand, demand deposits, money market accounts and short-term investments with original maturities of three months or less from the date of acquisition.

TOWN OF NEWTOWN, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

---

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**C. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Equity (Continued)**

**1. Deposits and Investments (Continued)**

Investments - The Town's eligible investments are governed by State of Connecticut Statutes which, in general, allow the Town to invest in obligations of the United States of America or United States government sponsored corporations, in shares or other interests in any custodial arrangement, pool, or no-load, open-end management type investment company or investment trust (as defined), in obligations of any State or political subdivision rated within the top two rating categories of any nationally recognized rating service, or in obligations of the State of Connecticut or political subdivision rated within the top three rating categories of any nationally recognized rating service. For the capital and nonrecurring fund, not more than 31% can be invested in equity security. Investment income is recorded in the fund in which it was earned.

Allowable investments under the pension funds' investment policy consist of investment grade corporate bonds as rated by Standard and Poor's, government bonds issued and guaranteed by the U.S. Treasury and U.S. Agencies, Federally insured certificates of deposit and equities consisting of stocks and mutual funds. Funds may also be invested in the high yield sector (bonds below investment grade) provided the investment is made in mutual funds and does not comprise more than 10% of the equity portion of the portfolio. Professional money managers are employed to manage the assets allocated to them. The Town's pension policy target investment class allocation is 60% domestic equity and 40% domestic fixed income. The Board of Selectmen, as trustee of the pension plans, is responsible for overall investment policy. Any change in investment manager or individual security purchase must have their approval. The pension committee acts as advisor to the Board of Selectmen.

Methods used to value investments - Investments for the Town are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. State Treasurers Investment Fund is an investment pool managed by the State of Connecticut Office of the State Treasurer. Investments must be made in instruments authorized by Connecticut General Statutes 3-27c - 3-27e. Investment guidelines are adopted by the State Treasurer. The fair value of the position in the pool is the same as the value of the pool shares.

The balance of the pooled fixed income investments were invested in a 2a-7 like pool, which operates within State Statutes. The fair value of the position in the pool is the same as the value of the pool shares.

**2. Receivables and Payables**

**a. Interfunds**

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

TOWN OF NEWTOWN, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

---

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**C. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Equity (Continued)**

**2. Receivables and Payables (Continued)**

**b. Property Taxes and Other Receivables**

In the government-wide financial statements, all property tax, sewer assessment, sewer use, and loan receivables are shown net of an allowance for uncollectibles. Allowance percentages range from 2% to 26% of outstanding receivable balances and are calculated based upon prior collections.

Loan receivables consist of Community Development Block Grant loans. The Town provides low interest loans for residential rehabilitation.

In the fund financial statements, all property taxes receivable at June 30 have been recorded as deferred inflows of resources, since they are not considered to be available to finance expenditures of the current fiscal year. Taxes collected by June 30 have been recorded as revenue.

Property taxes are assessed on property as of October 1. Taxes are billed in the following July for real estate and personal property tax bills of fifty dollars or more, and are due in two installments, July 1 and January 1. Motor vehicle taxes and taxes amounting to less than fifty dollars are due and payable July 1. Liens are effective on the assessment date and are continued by filing before the end of the year following the due date.

**3. Restricted Assets**

The Hawley School Trust, Edmond Town Hall Endowment and Newtown Flagpole funds are restricted to expenditure of the investment income only for the donor designated purpose. Any appreciation of the Hawley School Trust and Edmond Town Hall Endowment funds is also restricted.

**4. Capital Assets**

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the applicable governmental or business-type activities' columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 for equipment, \$20,000 for improvements and \$100,000 for infrastructure and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost, if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

TOWN OF NEWTOWN, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**C. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Equity (Continued)**

**4. Capital Assets (Continued)**

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant and equipment of the Town are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Interlocal agreement rights	30
Sewer plant	50
Sewer transmission lines	100
Roads	50-75
Bridges	100
Land improvements	20-100
Buildings	20-100
Vehicles	3-30
Equipment	5-30
Intangible assets	30-43

Intangible assets for the governmental activities are non-development rights the Town has purchased on land parcels. These rights are in perpetuity; therefore, they are not amortized.

**5. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town reports deferred outflows of resources related to pensions for changes in assumptions and return on investments. The deferred outflow related to changes in assumptions will be amortized over the average remaining service life of all plan members. The deferred outflow related to return on investments will be amortized over a five year period. The Town also reports a deferred charge on refunding, which results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town reports a deferred inflow of resources related to pensions for the net difference between expected and actual experience. This deferred inflow will be amortized over the average remaining service life of all plan members.

TOWN OF NEWTOWN, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

---

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**C. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Equity (Continued)**

**5. Deferred Outflows/Inflows of Resources (Continued)**

For governmental funds, the Town reports unavailable revenue, which arises only under the modified accrual basis of accounting. Accordingly, unavailable revenue is reported only in the governmental funds' balance sheet. The governmental funds report unavailable revenues from several sources: property taxes (including advance collections, if any) and loans. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

**6. Net Position Flow Assumption**

Sometimes the Town will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted - net position and unrestricted - net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Town's policy to consider restricted - net position to have been depleted before unrestricted - net position is applied.

**7. Compensated Absences**

Employees of the Town and the Board of Education earn sick leave, which can accumulate, and vacation leave based on the provisions of negotiated contracts or other personnel policies. In no case do these sick leave rights vest with the employee. The payment of nonvesting accumulated sick pay benefits depends on the future illness of the employee and, therefore, no liability has been accrued in these financial statements for such payments. Expenditures for compensated absences are recognized in the governmental fund financial statements in the current year to the extent they are paid during the year, or the vested amount expected to be paid with available resources.

Vacation leave vests with the employee, but is generally required to be taken within the calendar year earned for Town employees and subsequent year for certain Board of Education employees.

Compensated absences are only reported in governmental funds if they are due and payable to an employee who has resigned or retired before or at fiscal year end.

**8. Long-Term Obligations**

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenses.

TOWN OF NEWTOWN, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

---

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**C. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Equity (Continued)**

**8. Long-Term Obligations (Continued)**

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

**9. Fund Equity and Net Position**

In the government-wide financial statements, net position is classified into the following categories:

Net Investment in Capital Assets

This category presents the net position that reflect capital assets net of only the debt applicable to the acquisition or construction of these assets. Debt issued for non-capital purposes and unspent bond proceeds are excluded.

Restricted Net Position

This category presents the net position restricted by external parties (creditors, grantors, contributors or laws and regulations).

Unrestricted Net Position

This category presents the net position of the Town which is not restricted.

In the fund financial statements, fund balances are classified into the following categories:

Nonspendable

This category presents amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted

This category presents amounts that can be spent only for specific purposes because of enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

TOWN OF NEWTOWN, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

---

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**C. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Equity (Continued)**

**9. Fund Equity and Net Position (Continued)**

Committed

This category presents amounts that can be used only for specific purposes determined by a formal action of the highest level of decision-making authority for the Town. Commitments may be established, modified, or rescinded through resolutions approved by Board of Finance/Legislative Council.

Assigned

This category presents amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Intent is expressed by the passing of a resolution by the Board of Finance or the Legislative Council or a properly approved purchase order.

Unassigned

This category presents amounts that do not meet the criteria above and are available for any purpose. This category is only reported in the general fund for positive amounts and in any other fund that has a fund balance deficit.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the Town considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned or unassigned fund balances are available, the Town considers amounts to have been spent first out of committed funds, then assigned funds and finally unassigned funds, as needed, unless Board of Finance or Legislative Council has provided otherwise in its commitment or assignment actions.

Town Council has adopted a minimum fund balance policy for the general fund. The policy requires the Board of Finance/Legislative Council to prepare annual budgets that provide for the unassigned fund balance to be between 8% - 12% of the total operating general fund expenditures.

**10. Use of Estimates**

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities including disclosures of contingent assets and liabilities and reported revenues, expenses and expenditures during the fiscal year. Accordingly, actual results could differ from those estimates.

**11. Comparative Data/Reclassifications**

Certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

TOWN OF NEWTOWN, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

---

**II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. Budgets and Budgetary Accounting**

The Town adheres to the following procedures in establishing the budgetary data included in the general fund (the only fund for which a legal budget is adopted) financial statements.

- |                                 |  |
|---------------------------------|--|
| By February 1                   | All Town departments, except the School System, submit the budget request to the Board of Selectmen.                                     |
| By February 14                  | The Board of Selectmen reviews budgets with department heads and makes revisions and submits Selectmen's budget to the Board of Finance. |
| By the First Wednesday in March | The Board of Finance holds a public hearing on the budget and reviews and makes revisions.   |
| By March 14                     | The Board of Finance submits the Town of Newtown budget to the Legislative Council.  |
| By the Last Wednesday in March  | The Legislative Council holds a public hearing on the budget and makes final revisions.  |
| On the Fourth Tuesday in April  | The Annual Budget Referendum is presented the budget and votes for adoption.   |
- Within the first 335 days of the fiscal year, the First Selectman and Financial Director, in accordance with the provisions of the Charter, are authorized to transfer budgeted appropriations within a department up to \$50,000. All transfers within a department that exceed the sum of \$50,000 shall require the approval of the Board of Finance. The Board of Finance may transfer any unencumbered appropriation from one department to another up to \$200,000. All transfers between departments, which exceed the sum of \$200,000 as well as all contingency transfers, shall require the approval of the Legislative Council. After 335 days, the Legislative Council approves all transfers. The Legislative Council may approve special and/or emergency appropriations up to an aggregate of \$500,000 for any one purpose per year. Special and/or emergency appropriations in excess of \$500,000 for any one purpose per year must be approved at a Town Meeting. The Legislative Council shall recommend to a Town referendum all special and emergency appropriations which equal or exceed \$10 million.
  - There were no additional appropriations in the current year.



TOWN OF NEWTOWN, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

**II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)**

**A. Budgets and Budgetary Accounting (Continued)**

- The Board of Education, which is not a separate legal entity but a function of the Town, is authorized under State law to make any transfers required within their budget at their discretion. Any additional appropriations must have Board of Education, Legislative Council and, if necessary, Town Meeting approval.
- Formal budgetary integration is employed as a management control device during the year.
- The legal level of control, the level at which expenditures may not exceed appropriations, is at the department level.
- Generally, all unencumbered appropriations lapse at year end except those for capital projects funds. Appropriations for capital projects are continued until completion of applicable projects even when projects extend more than one fiscal year. Encumbered appropriations in the general fund are not reappropriated in the ensuing year's budget, but are carried forward.
- Encumbrances are recognized as a valid and proper charge against a budget appropriation in the year in which the purchase order, contract or other commitment is issued and, accordingly, encumbrances outstanding at year end are reported in budgetary reports (Exhibit F) as expenditures in the current year. Generally, all unencumbered appropriations lapse at year end, except those for the capital projects funds. Appropriations for capital projects are continued until completion of applicable projects, even when projects extend more than one fiscal year.

**B. Budget - GAAP Reconciliation**

A reconciliation of revenues, expenditures, and fund balance between the accounting treatment required by GAAP (Exhibit D) and budgetary requirements (Exhibit F) is as follows:

	<u>REVENUES</u>	<u>EXPENDITURES</u>	<u>FUND BALANCE</u>
BALANCE, BUDGETARY BASIS, EXHIBIT F - JUNE 30, 2016 .....	\$ 112,209,053	\$ 111,160,571	\$ 11,666,684
Teachers' Retirement System on-behalf amount .....	7,989,069	7,989,069	
Continued appropriations and encumbrances outstanding at June 30, 2015 and June 30, 2016 .....			14,546
Encumbrances outstanding at June 30, 2015, liquidated during the year June 30, 2016 .....		397,927	
Encumbrances outstanding at June 30, 2016, charged to budgetary expenditures .....		(631,060)	631,060
BALANCE, GAAP BASIS, EXHIBIT D - JUNE 30, 2016	<u>\$ 120,198,122</u>	<u>\$ 118,916,507</u>	<u>\$ 12,312,290</u>

TOWN OF NEWTOWN, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

**II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)**

**C. Donor-Restricted Endowments**

The Town has received certain endowments for the maintenance of Hawley School, Edmond Town Hall and the Newtown flagpole and the benefit of animals. The amounts are reflected in net position as restricted for endowments. Investment income is approved for expenditure by the individual boards of the benefiting activities and is included in restricted fund balance. Net appreciation available for appropriation is as follows:

Edmond Town Hall Endowment .....	\$ 184,716
Hawley School Trust .....	73,775
V.G. Hair and Frances E. Hair.....	<u>39,986</u>
Total.....	<u>\$ 298,477</u>

Investment income available for appropriation is as follows:

Newtown Flagpole .....	<u>\$ 2,204</u>
------------------------	-----------------

**D. Capital Projects Authorizations**

The following is a summary of certain Capital Projects:

<u>CAPITAL PROJECTS FUND</u>	<u>AUTHORIZATION</u>	<u>CUMULATIVE EXPENDITURES</u>	<u>BALANCE</u>
High School .....	\$ 41,576,000	\$ 40,321,578	\$ 1,254,422
Dickinson Park Renovations .....	620,000	577,651	42,349
Parks and Recreation Maintenance Facility Renovation II .....	350,000	350,000	-
Middle School Roof Replacement.....	4,257,690	3,793,189	464,501
Hawley Boiler/HVAC.....	2,044,000	1,685,300	358,700
Animal Control Building/Dog Park.....	957,216	957,216	-
Deep Brook Stream Restoration Project.....	336,000	222,670	113,330
Dickinson Playground.....	866,112	855,860	10,252
Treadwell Park Renovations .....	498,000	440,440	57,560
Danbury Hall Demolition.....	350,000	350,000	-
Bridge Replacement – Old Mill Dam.....	430,000	409,910	20,090
New Sandy Hook Elementary School .....	50,000,000	46,197,468	3,802,532
Hawleyville Sewer Extension.....	3,800,000	868,048	2,931,952
Newtown Community Center .....	10,000,000	228,178	9,771,822
Lights – HS Bach Field .....	300,000	247,739	52,261
Artificial Turf Replacement.....	500,000	416,680	83,320
Fairfield Hills Walking Trail.....	300,000	300,000	-
Library Improvements.....	300,000	200,678	99,322
Edmond Town Hall Improvements.....	300,000	145,671	154,329
Brushy Hill Bridge .....	315,000	82,212	232,788
Sandy Hook Memorial Sidewalk .....	193,005	-	193,005
Newtown High School Auditorium.....	3,600,000	302,681	3,297,319

(continued)

TOWN OF NEWTOWN, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

**II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)**

**D. Capital Projects Authorizations (Continued)**

<u>CAPITAL PROJECTS FUND</u>	<u>AUTHORIZATION</u>	<u>CUMULATIVE EXPENDITURES</u>	<u>BALANCE</u>
High School Roof.....	\$ 1,402,500	\$ -	\$ 1,402,500
Middle Gate School Boiler.....	475,000	168,120	306,880
Fairfield Hills Demolition/Abatement.....	5,000,000	2,686,264	2,313,736
Toddy Hill Road.....	2,596,000	24,222	2,571,778
Town Roads.....	1,000,000	1,000,000	-
Church Hill Road Sidewalk.....	80,000	50,000	30,000
Sandy Hook Fire Sub-Station.....	375,000	370,568	4,432
Newtown Hook & Ladder.....	1,500,000	-	1,500,000
Fire Apparatus.....	975,000	-	975,000
Dickinson Park Parking Lot.....	500,000	-	500,000
Eichler's Cove Improvements.....	325,000	9,598	315,402
South Main/Mile Hill Sidewalk.....	904,000	29,477	874,523
Fairfield Hills Streetscape.....	500,000	-	500,000
TOTALS .....	<u>\$ 137,525,523</u>	<u>\$ 103,291,418</u>	<u>\$ 34,234,105</u>

**III. DETAILED NOTES**

**A. Cash and Investments**

Deposits - Custodial Credit Risk - Custodial credit risk is the risk that, in the event of a bank failure, the Town's deposits may not be returned to it. The Town does not have a deposit policy for custodial credit risk. As of June 30, 2016, \$11,184,373 of the Town's bank balance of \$34,430,446 (including certificates of deposit and money market accounts classified as investments) was exposed to custodial credit risk as follows:

Uninsured and uncollateralized .....	\$ 9,915,937
Uninsured and collateral held by the pledging bank's trust department, not in the Town's name .....	<u>1,268,436</u>
Total amount subject to custodial credit risk .....	<u>\$ 11,184,373</u>

Financial instruments that potentially subject the Town to significant concentrations of credit risk consist primarily of cash. From time to time, the Town's cash account balances exceed the Federal Deposit Insurance Corporation limit. The Town reduces its credit risk by maintaining its cash deposits with major financial institutions and monitoring their credit ratings.

TOWN OF NEWTOWN, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

**III. DETAILED NOTES (Continued)**

**A. Cash and Investments (Continued)**

The Town's investments (including restricted investments) consisted of the following types and maturities. Specific identification was used to determine the maturities.

TYPE OF INVESTMENT	FAIR VALUE	INVESTMENT MATURITIES (IN YEARS)				
		N/A	LESS THAN 1	1-5 YEARS	6-10 YEARS	OVER 10
Mutual Funds:						
Equity.....	\$ 7,903,190	\$ 7,903,190	\$	\$	\$	\$
International Equity .....	3,673,995	3,673,995				
U.S. Government Securities	8,965,428		8,965,428			
Bond.....	218,101		218,101			
Money Market.....	619,966		619,966			
Certificates of Deposit.....	28,173,554		18,986,915	9,186,639		
Pooled Fixed Income .....	9,535,274		9,535,274			
U.S. Government Securities ....	38,389			38,389		
U.S. Government Agency Securities .....	517,433			119,198		398,235
Hedge Funds .....	120,306	120,306				
Corporate Bonds.....	12,985,559		508,069	7,391,511	3,727,613	1,358,366
<b>TOTAL .....</b>	<b>\$ 72,751,195</b>	<b>\$ 11,697,491</b>	<b>\$ 38,833,753</b>	<b>\$ 16,735,737</b>	<b>\$ 3,727,613</b>	<b>\$ 1,756,601</b>

**Fair value of investments**

The Town measures and records its investments using fair value measurement guidelines established by accounting principles generally accepted in the United States of America (GAAP). These guidelines recognize a three-tiered fair value hierarchy, as follows:

- Level 1: Quoted prices for identical investments in active markets;
- Level 2: Observable inputs other than quoted prices; and
- Level 3: Unobservable inputs

TOWN OF NEWTOWN, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

**III. DETAILED NOTES (Continued)**

**A. Cash and Investments (Continued)**

The Town had the following recurring fair value measurements:

	AMOUNT	QUOTED MARKET PRICES IN ACTIVE MARKETS LEVEL 1	SIGNIFICANT OBSERVABLE INPUTS LEVEL 2	SIGNIFICANT UNOBSERVABLE INPUTS LEVEL 3
Investments by Fair Value Level				
<u>Mutual Funds:</u>				
Equity	\$ 7,903,190	\$ 7,903,190	\$	\$
International Equity	3,673,995	3,673,995		
U.S. Government Securities	8,965,428	8,965,428		
Money Market	619,966	619,966		
Bond	218,101	218,101		
U.S. Government Securities	38,389		38,389	
U.S. Government Agency Securities	517,433		517,433	
Corporate Bonds	12,985,559		12,985,559	
Total Investments by Fair Value Level	34,922,061	\$ 21,380,680	\$ 13,541,381	\$ -
<u>Investments Measured at Net Asset Value (NAV)</u>				
Equity Long/Short Funds	27,116			
Common Stock	38,774			
Fixed Income Funds	11,306			
Managed Futures	43,110			
Total Investments Measured at NAV	120,306			
<u>Other Investments</u>				
Certificates of Deposit	28,173,554			
Pooled Fixed Income	9,535,274			
Total Other Investments	37,708,828			
Total Investments	\$ 72,751,195			

TOWN OF NEWTOWN, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

**III. DETAILED NOTES (Continued)**

**A. Cash and Investments (Continued)**

Securities classified in Level 1 are valued using prices quoted in active markets for those securities. Securities classified in Level 2 are valued using the following approaches:

- U.S. government securities, U.S. government agency securities, and corporate bonds: quoted prices for identical securities in markets that are not active

The valuation method for investments measured at NAV per share (or its equivalent) is presented in the following table:

**Investments Measured at NAV**

INVESTMENT DESCRIPTION		FAIR VALUE	UNFUNDED COMMITMENTS	REDEMPTION FREQUENCY (IF ELIGIBLE)	REDEMPTION PERIOD NOTICE
Equity Long/Short Funds	1	\$ 27,116	\$ -	Daily	None
Common Stock	2	38,774	-	Daily	None
Fixed Income Funds	3	11,306	-	Daily	None
Managed Futures	4	43,110	-	Daily	None
Total Investments Measured at NAV		<u>\$ 120,306</u>	<u>\$ -</u>		

1. Equity Long/Short Hedge Funds. This type fund invests in both long and short primarily in U.S. common stocks. Management of each hedge fund has the ability to shift investments from value to growth strategies, from small to large capitalization stocks, and from a net long position to a net short position. The fair values of the investments in this type have been determined using the NAV per share of the investments.
2. Common Stock. This fund invests in approximately 100% common stocks. The fair values of the investments in this type have been determined using the NAV per share (or its equivalent) of the investments.
3. Fixed Income Funds. This fund invests in approximately 100% in bonds and other fixed income investments. The fair values of the investments in this type have been determined using the NAV per share (or its equivalent) of the investments.
4. Managed Futures. This fund trades in the futures market and are managed by another person or entity, rather than the fund's owner. Managed futures accounts include commodity pools. The fair values of the investments in this type have been determined using the NAV per share (or its equivalent) of the investments.

TOWN OF NEWTOWN, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

**III. DETAILED NOTES (Continued)**

**A. Cash and Investments (Continued)**

Interest rate risk - To minimize interest rate risk, the Town's policy requires the structuring of the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity. Operating funds should primarily be invested in shorter-term securities, money market mutual funds or similar investment pools.

Credit risk - The Town's policy states credit risk will be minimized by limiting investments to the safest types of securities and pre-qualifying the financial institutions with which the Town will do business. The Town is only allowed to invest in those types of investments that are covered by the state of Connecticut Municipal Investment Act. The investment portfolio must be diversified so that potential losses on individual securities will be minimized.

The Town's investments subject to credit risk had average ratings by Standard & Poor's as follows:

AVERAGE RATING	POOLED FIXED INCOME	CORPORATE BONDS	BOND MUTUAL FUNDS	MONEY MARKET MUTUAL FUNDS
AAA.....	\$ 9,535,274	\$	\$	\$
AA.....		692,711		
A.....		4,869,119		
A.....		6,741,965		
BB.....		519,855		
Unrated.....		161,909	218,101	619,966
TOTAL.....	<u>\$ 9,536,274</u>	<u>\$ 12,985,559</u>	<u>\$ 218,101</u>	<u>\$ 619,966</u>

TOWN OF NEWTOWN, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

**III. DETAILED NOTES (CONTINUED)**

**A. Cash and Investments (Continued)**

Custodial credit risk - The Town does not have a formal policy with respect to custodial credit risk. Custodial credit risk is the risk that, in the event of the failure of the counterparty, the Town will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The following Town investments are held by the counterparty's trust department or agent but not in the Town's name and, therefore, are subject to custodial credit risk.

Certain investments are covered by the Securities Investor Protection Corporation ("SIPC") up to \$500,000, including \$250,000 of cash from sale or for purchase of investments, but not cash held solely for the purpose of earning interest. SIPC protects securities such as notes, stocks, bonds, debentures, certificates of deposit and money funds.

	TOTAL	LESS INSURED AMOUNTS	AMOUNT SUBJECT TO CUSTODIAL CREDIT RISK
U.S. Government Securities.....	\$ 38,389	\$	\$ 38,389
U.S. Government Agency Securities.....	517,433		517,433
Corporate Bonds.....	12,985,559	500,000	12,485,559
<b>TOTAL .....</b>	<b>\$13,541,381</b>	<b>\$ 500,000</b>	<b>\$ 13,041,381</b>

Receivable balances have been disaggregated by type and presented separately in the financial statements. Only receivables for the Town's government-wide financial statements with allowances for uncollectible accounts are presented below.

	<u>PROPERTY TAXES</u>		
	INTEREST AND		
	<u>TAXES</u>	<u>LIEN FEES</u>	<u>TOTAL</u>
Current portion .....	\$ 610,485	\$ 193,449	\$ 803,934
Long-term portion .....	\$ 1,133,758	\$ 949,988	\$ 2,083,746
Less allowance for uncollectibles .....	274,000	299,000	573,000
Net long-term portion .....	\$ 859,758	\$ 650,988	\$ 1,510,746



TOWN OF NEWTOWN, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

III. DETAILED NOTES (CONTINUED)

B. Receivables

	<u>BUSINESS-TYPE ACTIVITIES</u>			
	<u>CDBG LOANS</u>	<u>SEWER ASSESSMENTS</u>	<u>INTEREST</u>	<u>TOTAL</u>
Current portion .....	\$ 20,000	\$ 828,440	\$ 22,000	\$ 850,440
Long-term portion .....	\$ 229,413	\$ 895,125	\$ 63,578	958,703
Less allowance for uncollectibles .....	5,141	34,471	1,711	36,182
Net long-term portion .....	\$ 224,272	\$ 860,654	\$ 61,867	\$ 922,521

	<u>BUSINESS-TYPE ACTIVITIES</u>			
	<u>SEWER USE CHARGES</u>	<u>INTEREST AND LIENS</u>	<u>TOTAL SEWER USE CHARGES</u>	<u>WATER USE CHARGES</u>
Receivable amount .....	\$ 108,357	\$ 33,019	\$ 141,376	\$ 93,628
Less allowance for uncollectibles ...	2,279	379	2,658	-
Net receivable .....	\$ 106,078	\$ 32,640	\$ 138,718	\$ 93,628

Contributions Receivable

The Town will receive a total contribution from a donor in the amount of \$15,000,000 for the design, construction and operation of the Newtown Community Center. \$5,000,000 of the contribution will be used to fund operations of the facility. The contribution receivable as of June 30, 2016 was \$9,550,000, of which \$5,000,000 is current.

TOWN OF NEWTOWN, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

III. **DETAILED NOTES (CONTINUED)**

C. **Capital Assets**

Capital asset activity for the fiscal year was as follows:

	BALANCE JULY 1, 2015	INCREASES	DECREASES	BALANCE JUNE 30, 2016
<b><u>Governmental Activities:</u></b>				
<b><u>Capital Assets, not being Depreciated:</u></b>				
Land .....	\$ 26,013,496	\$ 162,050	\$ -	\$ 26,175,546
Intangible assets .....	3,687,270	-	-	3,687,270
Construction in progress .....	18,883,205	37,220,530	1,473,647	54,630,088
Total Capital Assets, not being Depreciated ...	48,583,971	37,382,580	1,473,647	84,492,904
<b><u>Capital Assets, being Depreciated:</u></b>				
Buildings and systems .....	158,553,535	-	-	158,553,535
Land improvements .....	20,006,903	562,045	-	20,568,948
Machinery and equipment .....	13,146,062	168,018	455,584	12,858,496
Vehicles .....	10,628,850	635,245	365,008	10,899,087
Infrastructure .....	66,612,473	845,908	138,327	67,320,054
Total Capital Assets, being Depreciated .....	268,947,823	2,211,216	958,919	270,200,120
Total Capital Assets .....	317,531,794	39,593,796	2,432,566	354,693,024
<b><u>Less Accumulated Depreciation for:</u></b>				
Buildings and systems .....	25,918,394	2,224,493	-	28,142,887
Land improvements .....	5,600,732	789,150	-	6,389,882
Machinery and equipment .....	7,893,351	570,767	450,584	8,013,534
Vehicles .....	5,439,418	579,016	318,970	5,699,464
Infrastructure .....	14,065,304	939,546	114,670	14,890,180
Total Accumulated Depreciation .....	58,917,199	5,102,972	884,224	63,135,947
Total Capital Assets, being Depreciated, net ..	210,030,624	(2,891,756)	74,695	207,064,173
Governmental Activities Capital Assets, net....	\$ 258,614,595	\$ 34,490,824	\$ 1,548,342	\$ 291,557,077
<b><u>Business-Type Activities:</u></b>				
<b><u>Capital Assets, not being Depreciated:</u></b>				
Land .....	\$ 1,000	\$ -	\$ -	\$ 1,000
Construction in progress .....	2,265,954	762,541	-	3,028,495
Total Capital Assets, not being Depreciated ...	2,266,954	762,541	-	3,029,495
<b><u>Capital Assets, being Depreciated:</u></b>				
Intangible assets .....	1,361,000	-	-	1,361,000
Plant and pumping stations .....	13,644,082	252,885	-	13,896,967
Sewer distribution system .....	20,228,832	-	-	20,228,832
Water distribution system .....	2,275,502	-	-	2,275,502
Equipment .....	64,415	-	-	64,415
Vehicles .....	173,006	-	-	173,006
Total Capital Assets, being Depreciated .....	37,746,837	252,885	-	37,999,722
Total Capital Assets .....	40,013,791	1,015,426	-	41,029,217

TOWN OF NEWTOWN, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

III. **DETAILED NOTES (CONTINUED)**

C. **Capital Assets (Continued)**

	BALANCE JULY 1, 2015	INCREASES	DECREASES	BALANCE JUNE 30, 2016
<u>Less Accumulated Depreciation for:</u>				
Intangible assets.....	\$ 826,296	\$ 43,351	\$ -	\$ 869,647
Plant and pumping stations.....	4,825,963	280,669	-	5,106,632
Sewer distribution system.....	4,037,428	217,992	-	4,255,420
Water distribution system.....	967,870	86,316	-	1,054,186
Equipment.....	60,120	4,295	-	64,415
Vehicles .....	64,956	15,930	-	80,886
Total Accumulated Depreciation.....	10,782,633	648,553	-	11,431,186
Total Capital Assets, being Depreciated, net .....	26,964,204	(395,668)	-	26,568,536
Business-Type Activities Capital Assets, net.....	\$ 29,231,158	\$ 366,873	\$ -	\$ 29,598,031

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

Governmental Activities:

General government .....	\$ 675,047
Public safety .....	468,044
Health and welfare .....	20,017
Land use.....	1,149
Public works.....	1,156,296
Parks and recreation .....	696,458
Education .....	2,085,961

Total Depreciation Expense - Governmental Activities . \$ 5,102,972

Business-type Activities:

Sewer .....	\$ 534,997
Water.....	113,556

Total Depreciation Expense - Business-type Activities . \$ 648,553

**Commitments**

At June 30, 2016, the Town had the following commitments:

Edmond Town Hall.....	\$ 333,886
Sandy Hook School.....	1,735,184
Total Commitments.....	<u>\$ 2,069,070</u>

TOWN OF NEWTOWN, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

III. **DETAILED NOTES (CONTINUED)**

D. **Interfund Accounts**

1. **Interfund Payables and Receivables**

A summary of interfund balances is as follows:

	CORRESPONDING FUND	DUE FROM	DUE TO
<u>MAJOR FUNDS:</u>			
GENERAL FUND:			
Capital and nonrecurring .....	N/A	\$	\$ 733,761
Sewer department .....	N/A		1,036,117
Water department .....	N/A	668,743	
Town gifts fund .....	N/A		179,800
Law enforcement fund .....	N/A		126,795
Septage management ordinance .....	N/A		36,505
Town recreation fund .....	N/A		289,794
Police private duty .....	N/A	195,258	
Miscellaneous grants .....	N/A	41,008	
Eichler's cove marina .....	N/A		402,562
Hawley school trust .....	N/A		43,339
Dog license .....	N/A		10,604
Fairfield Hills authority .....	N/A		192,529
Historic documents .....	N/A		27,688
Debt service .....	N/A		88,442
Newtown flagpole fund .....	N/A		4,112
Cultural arts .....	N/A		22,887
Sandy Hook special revenue fund .....	N/A		294,654
Cemetery fund .....	N/A		9,453
Sandy Hook Operation Recovery fund .....	N/A		109,722
Education grants .....	N/A		196,011
School lunch program .....	N/A		3,090
Other post-employment benefit trust fund .....	N/A	100,221	
Internal service fund .....	N/A		716,174
Recovery and resiliency plan .....	N/A		1,925
The V.G. Hair and Frances E. Hair fund .....	N/A	13,184	
TOTAL GENERAL FUND .....		1,018,414	4,525,964
ENTERPRISE FUNDS:			
Sewer department .....	General Fund	1,036,117	
Sewer department .....	Water Department	55,041	
Water department .....	General Fund		668,743
Water department .....	Sewer Department		55,041
TOTAL ENTERPRISE FUNDS .....		1,091,158	723,784

TOWN OF NEWTOWN, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

III. **DETAILED NOTES (CONTINUED)**

D. **Interfund Accounts (Continued)**

1. **Interfund Payables and Receivables (Continued)**

	CORRESPONDING FUND	DUE FROM	DUE TO
NONMAJOR FUNDS:			
SPECIAL REVENUE FUNDS:			
Town gifts fund .....	General Fund	\$ 179,800	\$
Law enforcement fund .....	General Fund	126,795	
Septage management ordinance .....	General Fund	36,505	
Town recreation fund .....	General Fund	289,794	
Police private duty .....	General Fund		195,258
Miscellaneous grants .....	General Fund		41,008
Eichler's cove marina .....	General Fund	402,562	
Dog license .....	General Fund	10,604	
Fairfield Hills authority .....	General Fund	192,529	
Historic documents .....	General Fund	27,688	
Cultural arts .....	General Fund	22,887	
Cemetery fund .....	General Fund	9,453	
Sandy Hook special revenue fund .....	General Fund	294,654	
Sandy Hook special revenue fund .....	Education Grants		134,263
Sandy Hook Operation Recovery fund .....	General Fund	109,722	
Education grants .....	General Fund	196,011	
	Sandy Hook Special		
Education grants .....	Revenue Fund	134,263	
School lunch program .....	General Fund	3,090	
Recovery and resiliency plan .....	General Fund	1,925	
TOTAL SPECIAL REVENUE FUNDS .....		2,038,282	370,529
DEBT SERVICE FUND .....	General Fund	88,442	
CAPITAL AND NONRECURRING .....	General Fund	733,761	
PERMANENT FUNDS .....	General Fund	47,451	13,184
INTERNAL SERVICE FUND .....	General Fund	716,174	
TOTAL NONMAJOR FUNDS .....		3,624,110	383,713
FIDUCIARY FUNDS:			
Other post-employment benefit trust fund .....	General Fund		100,221
GRAND TOTAL .....		\$ 5,733,682	\$ 5,733,682

All interfund balances resulted from the time lag between the dates payments occurred between funds for short-term internal financing.

TOWN OF NEWTOWN, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

III. **DETAILED NOTES (CONTINUED)**

D. **Interfund Accounts (Continued)**

2. **Interfund Transfers**

A summary of interfund transfers is as follows:

	<u>CORRESPONDING FUND</u>	<u>TRANSFERS IN</u>	<u>TRANSFERS OUT</u>
<b>MAJOR FUNDS:</b>			
<b>GENERAL FUND:</b>			
Edmond Town Hall.....	N/A	\$ 225,000	\$ 84,615
Police private duty.....	N/A		
Capital and nonrecurring .....	N/A		385,833
Bonded projects .....	N/A		30,800
<b>TOTAL GENERAL FUND .....</b>		<b>225,000</b>	<b>501,248</b>
<b>BONDED PROJECTS:</b>			
General fund .....	N/A	30,800	
Debt service fund .....	N/A		916
<b>TOTAL BONDED PROJECTS.....</b>		<b>30,800</b>	<b>916</b>
<b>NONMAJOR FUNDS:</b>			
<b>SPECIAL REVENUE FUNDS:</b>			
Edmond Town Hall.....	General Fund	84,615	
Police private duty.....	General Fund		225,000
Sandy Hook special revenue.....	Education Grants		134,263
Education grants .....	Sandy Hook Special Revenue	134,263	
<b>TOTAL SPECIAL REVENUE FUNDS.....</b>		<b>218,878</b>	<b>359,263</b>
<b>DEBT SERVICE FUND .....</b>	<b>Bonded Projects</b>	<b>916</b>	
<b>CAPITAL AND NONRECURRING .....</b>	<b>General Fund</b>	<b>385,833</b>	
<b>GRAND TOTAL.....</b>		<b>\$ 861,427</b>	<b>\$ 861,427</b>

Transfers are used to account for the financing by the general fund of various program and activities in other funds.

3. **Advances**

A summary of interfund advances is as follows:

	<u>CORRESPONDING FUND</u>	<u>ADVANCES FROM</u>	<u>ADVANCES TO</u>
<b>MAJOR FUNDS:</b>			
Water department .....	Sewer department	\$ 775,517	\$
Sewer department.....	Water department		775,517
<b>GRAND TOTAL.....</b>		<b>\$ 775,517</b>	<b>\$ 775,517</b>

The Water Pollution Control Authority approved a loan for water fund expenses. Interest accrues at 4%.

TOWN OF NEWTOWN, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

**III. DETAILED NOTES (CONTINUED)**

**E. Short-Term Obligations – Bond Anticipation Notes**

The Town was using bond anticipation notes for various projects prior to the issuance of the bonds during the year. Short-term obligation activity was as follows:

TYPE OF OBLIGATION	MATURITY DATE	COUPON RATE	BALANCE JULY 1, 2015	ADDITIONS	REDUCTIONS	BALANCE JUNE 30, 2016
Bond Anticipation Notes:						
General Purpose .....	3/15/2016	1.25%	\$ -	\$ 4,750,000	\$ 4,750,000	\$ -
Schools .....	3/15/2016	1.25%	-	5,250,000	5,250,000	-
Total .....			\$ -	\$10,000,000	\$10,000,000	\$ -

The bond anticipation notes matured in March 2016 and carried a coupon interest rate of 1.25% and a true interest cost of 2.54%.

**F. Changes in Long-Term Obligations**

**1. Summary of Changes**

The following is a summary of changes in long-term obligations during the fiscal year:

General Long-term Obligations:

DESCRIPTION	ORIGINAL AMOUNT	DATE OF ISSUE	DATE OF MATURITY	INTEREST RATE	BALANCE JULY 1, 2015	ADDITIONS	DEDUCTIONS	REFUNDED	BALANCE JUNE 30, 2016	CURRENT PORTION
<b>BONDS/NOTES</b>										
<u>General Purpose:</u>										
Refund issue-2009 .....	\$ 472,900	05/12/09	2021	0.65-3.52%	\$ 302,550	\$ -	\$ 47,300	\$ 240,500	\$ 14,750	\$ 14,750
Refund issue-2009 Series B .....	10,819,400	08/25/09	2019	2.0-5.0%	7,143,800	-	1,665,100	-	5,478,700	1,677,300
Improvement bonds ...	7,332,714	02/15/10	2028	2.0-4.0%	841,470	-	442,400	-	399,070	442,400
Refund issue-2010 .....	6,590,500	09/28/10	2023	2.5-5.0%	6,164,000	-	-	-	6,164,000	-
Improvement bonds ..	415,000	02/14/12	2032	2.0-4.0%	325,000	-	30,000	-	295,000	30,000
Refund issue-2012 .....	7,558,400	02/15/12	2026	1.0-4.0%	5,137,500	-	1,140,200	-	3,997,300	348,000
Improvement bonds ...	1,966,000	03/13/14	2034	2.0-3.5%	1,867,300	-	98,700	-	1,768,600	98,700
Refund issue-2015 .....	5,196,000	01/29/15	2030	2.375-5.0%	5,196,000	-	139,500	-	5,056,500	116,200
Improvement bonds ...	9,490,000	03/15/16	2036	2.0-4.0%	-	9,490,000	-	-	9,490,000	1,165,000
Refund issue 2016 .....	233,000	05/10/16	2021	3.0-4.0%	-	233,000	-	-	233,000	-
Total General Purpose .....	\$ 50,073,914				26,977,620	9,723,000	3,563,200	240,500	32,896,920	3,892,350
<u>Schools:</u>										
Refund issue-2009 .....	8,812,100	05/12/09	2021	0.65%-3.52%	3,612,450	-	1,102,700	2,139,500	370,250	346,000
School bond Series B .....	2,500,000	08/25/09	2019	2.0-5.0%	1,651,200	-	384,900	-	1,266,300	387,700
School bond .....	6,897,286	02/15/10	2028	2.0-4.0%	838,530	-	397,600	-	440,930	397,600
Refund issue-2010 .....	2,319,500	09/28/10	2023	2.5-5.0%	1,931,000	-	-	-	1,931,000	-
School bond .....	11,385,000	02/15/12	2032	2.0-4.0%	9,850,000	-	520,000	-	9,330,000	570,000
Refund issue-2012 .....	7,161,200	03/20/12	2026	1.0-4.0%	4,869,500	-	1,068,200	-	3,801,300	328,000
School bond .....	2,046,000	03/13/14	2034	2.0-3.5%	1,943,700	-	102,300	-	1,841,400	102,300
Refund issue-2015 .....	12,424,000	01/29/15	2030	2.375-5.0%	12,424,000	-	325,500	-	12,098,500	538,800
School bonds .....	2,510,000	03/15/16	2036	2.0-4.0%	-	2,510,000	-	-	2,510,000	135,000
Refund issue .....	2,062,000	05/10/16	2021	3.0-4.0%	-	2,062,000	-	-	2,062,000	-
Total School Bonds .....	\$ 58,117,086				37,120,380	4,572,000	3,901,200	2,139,500	35,651,680	2,805,400
<u>Sewer:</u>										
Refund issue-2012 .....	\$ 327,700	03/20/12	2026	1.0-4.0%	123,900	-	78,200	-	45,700	12,000
Clean water .....	4,570,000	06/30/97	2017	2.0%	405,805	-	269,188	-	136,617	136,617
Clean water .....	516,000	06/30/03	2023	2.1%	230,397	-	26,729	-	203,668	27,296
Total Sewer Bonds .....	\$ 5,413,700				760,102	-	374,117	-	385,985	175,913

TOWN OF NEWTOWN, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

**III. DETAILED NOTES (CONTINUED)**

**F. Changes in Long-Term Obligations (Continued)**

**1. Summary of Changes (Continued)**

DESCRIPTION	ORIGINAL AMOUNT	DATE OF ISSUE	DATE OF MATURITY	INTEREST RATE	BALANCE JULY 1, 2015	ADDITIONS	DEDUCTIONS	REFUNDED	BALANCE JUNE 30, 2016	CURRENT PORTION
<u>Water:</u>										
Drinking water .....	\$ 171,738	06/29/06	2026	2.32%	\$ 98,940	\$ -	\$ 8,420	\$ -	\$ 90,520	\$ 8,617
TOTAL BONDS AND NOTES .....					64,957,042	14,295,000	7,846,937	2,380,000	69,025,105	6,882,280
PREMIUM .....					3,230,825	599,366	415,634	-	3,414,557	-
TOTAL BONDS/NOTES AND RELATED LIABILITIES					68,187,867	14,894,366	8,262,571	2,380,000	72,439,662	6,882,280
LANDFILL POST CLOSURE COSTS					170,000	-	17,000	-	153,000	17,000
CAPITAL LEASES .....					99,866	-	49,933	-	49,933	49,933
COMPENSATED ABSENCES					957,993	1,182,580	1,159,913	-	980,660	196,132
TERMINATION BENEFITS					273,000	-	92,500	-	180,500	84,500
NET PENSION LIABILITY					10,121,764	4,243,885	888,776	-	13,476,873	-
NET OTHER POST-EMPLOYMENT BENEFIT OBLIGATION					1,429,589	783,422	397,755	-	1,815,256	-
TOTAL LONG-TERM OBLIGATIONS					\$ 81,240,079	\$ 21,104,253	\$ 10,868,448	\$ 2,380,000	\$ 89,095,884	\$ 7,229,845

All long-term liabilities are generally liquidated by the General Fund.

Enterprise Fund:

The following are the changes in long-term obligations, which will be funded from enterprise fund operations:

DESCRIPTION	ORIGINAL AMOUNT	DATE OF ISSUE	DATE OF MATURITY	INTEREST RATE	BALANCE JULY 1, 2015	DEDUCTIONS	BALANCE JUNE 30, 2016	CURRENT PORTION
Improvement Bonds	\$ 2,488,000	03/15/14	2034	2-3.5%	\$ 2,364,000	\$ 124,000	\$ 2,240,000	\$ 124,000
Refunding Bonds .....	327,700	03/20/12	2026	1.0-4.0%	124,100	78,200	45,900	12,000
Clean Water Fund Notes .....	16,128,596	10/30/98	2018	2.00%	2,209,527	934,339	1,275,188	953,198
Total Bonds/Notes	\$ 18,944,296				4,697,627	1,136,539	3,561,088	1,089,198
Premium .....					41,747	2,420	39,327	-
Total Bonds/Notes and Related Liabilities					\$ 4,739,374	\$ 1,138,959	\$ 3,600,415	\$ 1,089,198



TOWN OF NEWTOWN, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

**III. DETAILED NOTES (CONTINUED)**

**F. Changes in Long-Term Obligations (Continued)**

**1. Summary of Changes (Continued)**

The following is a summary of amounts to be provided by the State of Connecticut for the retirement of school bonds and of debt maturities:

YEAR ENDING JUNE 30.	TO BE PROVIDED BY STATE		LONG-TERM DEBT BOND/NOTE MATURITIES				ENTERPRISE FUNDS BOND/NOTE MATURITIES				TERMINATION BENEFITS
	PRINCIPAL	INTEREST	PRINCIPAL		INTEREST		PRINCIPAL		INTEREST		
			BOND	NOTE	BOND	NOTE	BOND	NOTE	BOND	NOTE	
2017	\$ 79,391	\$ 13,030	\$ 6,709,750	\$ 172,530	\$ 2,363,980	\$ 6,818	\$ 136,000	\$ 953,198	\$ 62,361	\$ 16,798	\$ 84,500
2018	79,391	10,083	6,094,000	36,694	2,165,613	5,240	136,000	321,990	59,521	1,343	32,000
2019	78,090	7,135	5,889,000	37,492	1,948,864	4,442	136,000		56,681		32,000
2020	76,789	4,217	5,466,300	38,307	1,719,234	3,626	133,700		52,636		24,000
2021	15,635	1,329	5,166,000	39,140	1,521,197	2,794	124,000		50,010		8,000
2022	15,635	666	5,346,000	39,991	1,319,787	1,942	124,000		47,220		
2023			4,911,000	40,861	1,114,840	1,072	124,000		44,430		
2024			4,936,000	10,135	918,916	491	124,000		41,485		
2025			4,311,000	10,373	757,683	253	124,000		38,385		
2026			3,896,000	5,282	620,197	36	124,000		35,285		
2027			3,425,000		484,843		125,000		31,875		
2028			2,680,000		380,935		125,000		28,125		
2029			1,990,000		309,624		125,000		24,375		
2030			1,990,000		240,701		125,000		20,625		
2031			1,985,000		173,949		125,000		16,875		
2032			1,275,000		121,000		125,000		12,813		
2033			800,000		82,250		125,000		8,750		
2034			700,000		55,750		125,200		4,375		
2035			524,250		32,500						
2036			500,000								
TOTALS	\$ 344,931	\$ 36,460	\$ 68,594,300	\$ 430,805	\$ 16,331,863	\$ 26,714	\$ 2,285,900	\$ 1,275,188	\$ 635,827	\$ 18,141	\$ 180,500

**2. Landfill Closure and Post Closure Care Costs**

The Town closed its landfill in 1995. State and Federal laws and regulations require landfill closures to meet certain standards. Monitoring costs for the next 9 years at \$17,000 per year are \$153,000. These amounts are based on estimates, which are subject to change due to inflation, technology or applicable laws and regulations.

**3. Capital Lease**

The Town has entered into a lease agreement for the purchase of police equipment. The annual payments for the agreement are provided for by annual general fund appropriations.

The assets acquired through capital leases are as follows:

Asset:	
Equipment .....	\$ 179,866
Less accumulated depreciation .....	<u>25,695</u>
Total .....	<u>\$ 154,171</u>

This year, \$25,695 was included in depreciation expense.

TOWN OF NEWTOWN, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

**III. DETAILED NOTES (CONTINUED)**

**F. Changes in Long-Term Obligations (Continued)**

**3. Capital Lease (Continued)**

The lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of future minimum lease payments as of the date of inception. The following is a schedule of the minimum lease payments under the lease and the present value of the future minimum lease payments at fiscal year end:

YEAR ENDING <u>JUNE 30,</u>	
2017	<u>\$ 49,933</u>

There is no interest factor for this lease.

**4. Termination Benefits**

The Board of Education provides early retirement incentive benefits to 11 former employees. Benefits are paid annually based on the retirement agreement for each employee from the Board of Education budget. Benefits are payable through 2019. During the fiscal year, \$92,500 was paid for their benefits.

**5. Statutory Debt Limitations**

The Town's indebtedness does not exceed the legal debt limitations as required by Connecticut General Statutes as reflected in the following schedule:

CATEGORY	DEBT LIMIT	NET INDEBTEDNESS	BALANCE
General purpose.....	\$ 228,261,164	\$ 32,896,920	\$ 195,364,244
Schools.....	456,522,327	35,306,749	421,215,578
Sewers.....	380,435,273	45,700	380,389,573
Urban renewal.....	329,710,570		329,710,570
Pension deficit.....	304,348,218		304,348,218

The total overall statutory debt limit for the Town is equal to seven times annual receipts from taxation, \$710,145,842.

The indebtedness reflected above includes bonds outstanding in addition to the amount of bonds authorized and unissued against which bond anticipation notes are issued and outstanding. School building grants receivable of \$344,931 for bond principal is reflected as deductions in the computation of net indebtedness.

TOWN OF NEWTOWN, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

---

**III. DETAILED NOTES (CONTINUED)**

**F. Changes in Long-Term Obligations (Continued)**

**6. Authorized/Unissued Debt**

At June 30, 2016, the Town had authorized unissued debt as follows:

High School.....	\$ 1,986,820
Middle School Roof .....	783,335
Boggs Hill Road Culvert .....	23,000
Hawley Boiler/HVAC.....	359,000
Dickinson Playground.....	428,112
Hawleyville Sewer Extension.....	312,000
Newtown High School Auditorium .....	590,000
High School Roof .....	1,402,500
Middle Gate School Boiler .....	475,000
Fairfield hills Remediation/Demolition .....	1,800,000
Newtown Community Center.....	5,000,000
Sidewalk Program .....	180,000
Hawleyville Sewer Extension.....	<u>1,000,000</u>
 TOTAL.....	 <u>\$ 14,339,767</u>

**7. Prior Years Advance Refundings**

In prior years, the Town has defeased a bond issue by creating a separate irrevocable trust fund. New debt has been issued and the proceeds have been used to purchase U.S. government securities that were placed in the trust fund. The investments and fixed earnings from the investments are sufficient to fully service the defeased debt until the debt is called or matures. For financial reporting purposes, the debt has been considered defeased and, therefore, removed as a liability from the Town's financial statements. As of fiscal year end, the amount of defeased debt outstanding but removed from the Town's financial statements amounted to \$30,780,000.

**8. Current Year Advance Refunding**

On May 10, 2016, the Town issued \$2,295,000 of general obligation refunding bonds with interest rates of 3.0% to 4.0%. These refunding bonds were issued to advance refund and defease bonds issued May 12, 2009. The refunding resulted in an economic gain of \$117,352 with a total cash savings of \$117,504.

**G. Restricted Net Position**

The amount of restricted net position, which was restricted by enabling legislation, totaled \$231,731.

TOWN OF NEWTOWN, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

**III. DETAILED NOTES (CONTINUED)**

**H. Fund Balance Classification**

The fund balances are comprised of the following as of the fiscal year end:

FUND BALANCE COMPONENT	GENERAL FUND	BONDED PROJECTS	NONMAJOR FUNDS	TOTAL
<u>NONSPENDABLE:</u>				
Edmond Town Hall.....	\$	\$	\$ 250,000	\$ 250,000
Hawley School Trust.....			350,000	350,000
Newtown Flagpole.....			10,000	10,000
TOTAL NONSPENDABLE.....	-	-	610,000	610,000
<u>RESTRICTED:</u>				
General Government				
Care and Maintenance of				
Edmond Town Hall.....			688,893	688,893
Historic Documents.....			24,992	24,992
Public Safety				
Care of Animals.....			98,139	98,139
Health and Welfare				
Education and Care of Animals.....			1,255,177	1,255,177
Care and Maintenance of Cemeteries.....			9,453	9,453
Rehabilitation Programs.....			12,278	12,278
Parks and Recreation				
Parks and Recreation Programs.....			229,656	229,656
Cultural Arts Programs.....			195,994	195,994
Education				
Sandy Hook School.....			339,524	339,524
School Lunch Program.....			206,739	206,739
Various Education Programs.....			561,294	561,294
Care and Maintenance of Hawley School.....			59,089	59,089
TOTAL RESTRICTED.....	-	-	3,681,228	3,681,228
<u>COMMITTED:</u>				
General Government - Fairfield Hills Campus.....			170,218	170,218
Public Safety				
Animal Shelter.....			13,613	13,613
Police Private Duty.....			26,259	26,259
Public Works - Septage Management.....			107,852	107,852
Parks and Recreation				
Edmond Town Hall Theater.....			199,993	199,993
Marina operations.....			435,316	435,316
Teen Center Programs.....			87,235	87,235
Education				
Adult Education Programs.....			88,062	88,062
Other.....			79,463	79,463
Construction Projects.....		5,962,821	904,346	6,867,167
TOTAL COMMITTED.....	-	5,962,821	2,112,357	8,075,178
<u>ASSIGNED:</u>				
General Government.....	23,001			23,001
Public Safety.....	24,808			24,808
Health and Welfare.....	250			250
Public Works.....	87,947			87,947
Parks and Recreation.....	52,158			52,158
Senior Tax Credit Program.....	222,404			222,404
Education.....	457,442			457,442
Debt Service.....			85,213	85,213
TOTAL ASSIGNED.....	868,010	-	85,213	953,223
UNASSIGNED.....	11,444,280	-	-	11,444,280
TOTAL.....	\$ 12,312,290	\$ 5,962,821	\$ 6,488,798	\$ 24,763,909

TOWN OF NEWTOWN, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

**IV. OTHER INFORMATION**

**A. Risk Management**

The Town is exposed to various risks of loss including torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; natural disaster; public official liability; and police professional liability and employee group medical claims in excess of \$175,000. There were four claimants whom exceeded the \$175,000 individual stop loss by \$332,956 in the fiscal year. The Town generally obtains commercial insurance for these risks. The Town and Board of Education are self-insuring for medical and dental claims. The Town has an aggregate stop loss of 125% of expected claims for each fiscal year. Settled claims have not exceeded commercial coverage in any of the past three years with a \$16,198,354 aggregate maximum per year. There were no significant reductions in insurance coverage from coverage in the prior year. The administrators are responsible for the approval, processing and payment of claims, for which they receive an administrative fee. Administrative fees are paid directly from annual appropriations for the Board of Education self-funded dental fund and from the medical insurance fund.

The following is a summary of changes in the claims liabilities:

	CLAIMS PAYABLE <u>JULY 1</u>	CURRENT YEAR CLAIMS AND CHANGES IN <u>ESTIMATES</u>	CLAIMS <u>PAID</u>	CLAIMS PAYABLE <u>JUNE 30</u>
2014-2015.....	\$ 1,072,556	\$ 12,581,524	\$ 12,467,564	\$ 1,186,516
2015-2016.....	1,186,516	13,068,810	13,172,278	1,083,048

The claims liability reported in the internal service fund is based on the requirements of GASB Statements No. 10 and 30, which require that a liability for estimated claims incurred but not reported be recorded. The amount of claim accrual is based on the ultimate costs of settling the claim, which include past experience data, inflation and other future economic and societal factors and incremental claim adjustment expenses, net of estimated subrogation recoveries. The claim accrual does not include other allocated or unallocated claims adjustment expenses.

**B. Commitments and Litigation**

Amounts received or receivable from Federal and state grantor agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the Town expects such amounts, if any, to be immaterial.

The Town is a defendant in various lawsuits and the outcome of these lawsuits is not presently determinable. In the opinion of the Town attorney, the resolution of these matters will not have a material adverse effect on the financial condition of the Town.

TOWN OF NEWTOWN, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

---

**IV. OTHER INFORMATION (CONTINUED)**

**C. Pension Plan**

**1. Plan Description**

**a. Plan Administration**

The Town administers two single-employer defined benefit pension plans (the Town of Newtown Employees' Pension Plan and the Town of Newtown Police Officers Pension Plan), which provides pensions for all permanent full-time employees of the Town and police officers. Both pension plans grant the authority to establish and amend the benefit terms to the Board of Selectmen. The pension plans, including the defined contribution plan discussed in Note IV.C.14, are included in the financial statements as one pension trust fund. The fund's pooled investments may be used to pay benefits to members or beneficiaries of any of the three plans. The plans do not issue separate, stand alone financial reports.

Management of the plan is vested in the Pension Committee, which consists of several employees or individuals appointed by Board of Selectmen.

Plan membership

At July 1, 2015, pension plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	139
Inactive plan members entitled to but not yet receiving benefits	40
Active plan members	<u>364</u>
Total	<u>543</u>

**2. Benefit Provisions**

**a. Town of Newtown Employees' Pension Plan**

The plan provides retirement, disability and death benefits to Board of Selectmen, uncertified Board of Education personnel, civilian police department personnel and certain employees of the Cyrenius H. Booth Library, the Children's Adventure Center, Inc. and the Newtown District Department of Health. Each employee may enter the plan after six months of full time service. Retirement benefits for employees are calculated as the greater of (1) the difference between 2% of the member's average annual salary times the member's years and months of credited service and 50% of the member's primary insurance amount or (2) 1.15% of the member's average annual compensation times the member's years and months of credited service. Plan members upon completion of 30 years of service are eligible to retire at any age with full benefits, or at age 65 upon completion of 10 years of service.

TOWN OF NEWTOWN, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

---

**IV. OTHER INFORMATION (CONTINUED)**

**C. Pension Plan (Continued)**

**2. Benefit Provisions (Continued)**

**a. Town of Newtown Employees' Pension Plan (Continued)**

All plan members are eligible for disability benefits after 10 years of service who are determined to have a total and permanent disability. Disability retirement benefits are determined in the same manner as retirement benefits but are payable immediately without an actuarial reduction. Death benefits will be paid if a member dies prior to the normal retirement date equal to the member's contributions with credited interest. If a member dies after normal retirement date, the benefit will be determined under the form of payment then in effect.

A plan member who terminates employment with less than 10 years of credited service shall forfeit all rights to benefits under the plan except for the return of member contributions with credited interest, unless there is a separate vesting schedule set by union contract. In addition, department heads and deputy department heads who are not considered highly compensated employees shall be fully vested when they have completed five years of service.

The plan does not have any provisions for cost of living adjustments.

**b. Town of Newtown Police Officers' Pension Plan**

The plan provides retirement, disability and death benefits to police officers. Sworn police officers may enter the plan after six months of full time service. Retirement benefits for plan members are calculated as the greater of (1) the difference between 2.25% of the member's average annual salary times the member's years and months of credited service and 50% of the member's primary insurance amount or (2) 1.15% of the member's average annual compensation times the member's years and months of credited service. Plan members upon completion of 25 years of service are eligible to retire at any age with full benefits, or at age 60 upon completion of 10 years of service.

All plan members are eligible for disability benefits after 1 year of service who are determined to have a total and permanent disability. Disability retirement benefits are determined in the same manner as retirement benefits; however, benefits are subject to a minimum of 25% of base salary and one of the following maximums: (1) job related disability paid at 85% of annual compensation less any other job related disability paid by the Town or (2) non-job related disability paid at 50% of annual compensation less any other job related disability paid by the Town. Death benefits will be paid if a member dies prior to the normal retirement date equal to the member's contributions with credited interest. If death is incurred in the line of duty, the benefit is equal to 50% of the member's accrued benefit based on credited service and annual compensation projected to the member's normal retirement date. If a member dies after normal retirement date, the benefit will be determined under the form of payment then in effect.

TOWN OF NEWTOWN, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

---

**IV. OTHER INFORMATION (CONTINUED)**

**C. Pension Plan (Continued)**

**2. Benefit Provisions (Continued)**

**b. Town of Newtown Police Officers' Pension Plan (Continued)**

A plan member who terminates employment with 10 or more years of credited service prior to his normal, early or disability retirement date and who does not elect a refund of member contributions with credited interest, shall be vested in the accrued benefit payable at the normal retirement date. A member who is vested on his date of determination and elects a refund of the member contributions and credited interest shall forfeit the entire accrued benefit. Such an election may be made any time prior to actual retirement.

Benefit terms provide for a grandfathered annual cost-of-living adjustments, which is being provided to three retired policemen/beneficiaries, in an amount equal to the smaller of 3% or 50% of the rate of the salary increase for new policemen. Currently, retiring policemen are not eligible for the COLA benefit.

**3. Contributions**

**a. Town of Newtown Employees' Pension Plan**

Article IX of the Pension Plan provides that after December 31, 1985, members will contribute 2% of their annual compensation.

The Town is required to contribute the amount determined by the actuary, considering the member contributions.

The average active member contribution rate was 2.0% of annual base compensation, and the Town's average contribution rate was 5.7% of annual payroll.

**b. Town of Newtown Police Officers' Pension Plan**

Article IX of the Pension Plan provides that members will contribute 5% of their annual compensation.

The Town is required to contribute the amount determined by the actuary, considering the member contributions.

The average active member contribution rate was 5.0% of annual base compensation, and the Town's average contribution rate was 15.4% of annual payroll.



TOWN OF NEWTOWN, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

**IV. OTHER INFORMATION (CONTINUED)**

**C. Pension Plan (Continued)**

**4. Investments**

**a. Investment Policy**

The pension plans' policy in regard to the allocation of invested assets is established and may be amended by the Pension Committee by a majority vote of its members. It is the policy of the Town's Pension Committee to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The following was the Board's adopted asset allocation policy:

<u>Asset Class</u>	<u>Target Allocation</u>
Domestic Equity	60%
Domestic Fixed Income	<u>40%</u>
Total	<u>100%</u>

**5. Concentrations**

There were no investments in any one organization that represents 5% or more of the pension plans net position.

**6. Rate of Return**

For the fiscal year, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was (2.83)%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**7. Net Pension Liability**

The components of the net pension liability, were as follows:

Total pension liability	\$ 48,064,172
Plan fiduciary net position	<u>(34,587,299)</u>
Net pension liability	<u>\$ 13,476,873</u>
Plan fiduciary net position as percentage of the total pension liability	<u>71.96%</u>

TOWN OF NEWTOWN, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

**IV. OTHER INFORMATION (CONTINUED)**

**C. Pension Plan (Continued)**

**8. Actuarial Assumptions**

The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial cost method	Entry age
Asset valuation method	Fair value
Amortization method	Level dollar, closed
Remaining amortization period	12 years
Inflation	2.0%
Salary increase	3.0%, average, including inflation
Post-retirement increases	1.5% (Police Plan only)
Investment rate of return	7.50%, net of pension plan investment expense, including inflation
Mortality rates	Based on the SOA RP-2014 Male and Female Pre and Post Retirement Mortality Tables, projected generationally using the MP-2014 projection scales.

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

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	5.31%
International Equity	5.65%
Money Market	(.59)%
U.S Government Securities	1.21%
Corporate Bonds	2.81%

**9. Discount Rate**

The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that Town contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

TOWN OF NEWTOWN, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

**IV. OTHER INFORMATION (CONTINUED)**

**C. Pension Plan (Continued)**

**10. Changes in the Net Pension Liability**

The Town's net pension liability was measured at June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The changes in net pension liability were as follows:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at July 1, 2015	\$ 45,655,009	\$ 35,533,245	\$ 10,121,764
Service cost	1,458,028		1,458,028
Interest	3,476,233		3,476,233
Differences between expected and actual experience	(690,374)		(690,374)
Changes in assumptions			-
Contributions - employer		1,422,737	(1,422,737)
Contributions - member		474,546	(474,546)
Net investment income		(991,005)	991,005
Benefit payments, including refunds of member contributions	(1,834,724)	(1,834,724)	-
Administrative expenses		(17,500)	17,500
Net change	2,409,163	(945,946)	3,355,109
Balance at June 30, 2016	\$ 48,064,172	\$ 34,587,299	\$ 13,476,873

**11. Sensitivity of the Net Pension Liability to Changes in the Discount Rate**

The following presents the net pension liability, calculated using the discount rate of 7.50% as well as what the Town's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50%) or 1-percentage-point higher (8.50%) than the current rate:

	1% Decrease (6.50%)	Current Discount (7.50%)	1% Increase (8.50%)
Net Pension Liability	\$ 19,067,926	\$ 13,476,873	\$ 8,773,502

**12. Plan Reserves**

Assets for the defined contribution plan are invested with the assets of the defined benefit pension plan. These amounts are restricted for the payment of the defined contribution plan benefits per the plan document. The balance of the assets restricted for the defined contribution plan was \$119,495.

TOWN OF NEWTOWN, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

**IV. OTHER INFORMATION (CONTINUED)**

**C. Pension Plan (Continued)**

**13. Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

The Town recognized pension expense of \$2,960,755. The Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description of Outflows/Inflows	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 1,529,849
Changes in assumptions	1,171,329	-
Net difference between projected and actual earnings on pension plan investments	3,740,209	-
Total	<u>\$ 4,911,538</u>	<u>\$ 1,529,849</u>
Net amount of deferred inflow and outflow excluding Town contributions subsequent to measurement date		<u>\$ 3,381,689</u>

Actual investment earnings below (or above) projected earnings are amortized over 5 years. Changes of assumptions and experience losses (gains) are amortized over the average remaining service period of actives and inactive, which was 7.6 years.

Amounts reported as deferred outflows (inflows) of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30:	
2017	\$ 958,683
2018	958,683
2019	958,683
2020	636,252
2021	(56,977)
Thereafter	<u>(73,635)</u>
Total	<u>\$3,381,689</u>

TOWN OF NEWTOWN, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

---

**IV. OTHER INFORMATION (CONTINUED)**

**C. Pension Plan (Continued)**

**14. Defined Contribution Plans**

The Town administers two single employer defined contribution plans. One plan covers certain elected officials and "at will" employees of the Town. This plan is included in the Town's financial statements in the pension trust fund. At June 30, 2016, the net position available for benefits include \$119,495 of assets restricted for this plan. The Board of Selectmen approved and adopted this plan on July 7, 1986, and they have the authority to make any subsequent amendments.

Currently, there were two elected officials and two "at will" employees covered under the plan. All salaried, full time elected officials and such other salaried, full time appointed officials as designated by the Board of Selectmen can participate in the plan on the January 1 following or coincident with their commencement of employment with the Town. A participant's employer contribution account fully vests at age 50 or on termination of employment with the Town. At age 65, participants are entitled to a lump-sum payment as a retirement benefit. The Town is required to contribute 6% of each participant's compensation for the year, and each participant must contribute 2% of their compensation to the plan. For the fiscal year, employer contributions were \$10,562 and employee contributions totaled \$3,521.

The second plan, a 401a money purchase plan, was established in January 2014. This plan applies to non-union employees hired on or after December 31, 2013, park and recreation employees hired on or after June 30, 2014 and police officers hired on or after May 5, 2015. Police, non-union and park and recreation employees must contribute 5% each of the participant's compensation to the plan each year. The Town contributes 15% for police and 5% for all other employees. Participants are 100% vested after one year of service and entitled to benefits at age 59 ½ and are no longer employed by the Town. For the fiscal year, employer contributions were \$15,388 and employee contributions totaled \$15,185.

**D. Pension Plans - Connecticut State Teachers' Retirement Plan**

**1. Plan Description**

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

**2. Benefit Provisions**

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

Normal Retirement: Retirement benefits for the employees are calculated as 2% of the average annual salary times the years of credited service (maximum benefit is 75% of average annual salary during the 3 years of highest salary).

TOWN OF NEWTOWN, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

**IV. OTHER INFORMATION (CONTINUED)**

**D. Pension Plans - Connecticut State Teachers' Retirement Plan (Continued)**

**2. Benefit Provisions (Continued)**

Early Retirement: Employees are eligible after 25 years of credited service including 20 years of Connecticut service, or age 55 with 20 years of credited service including 15 years of Connecticut service. Benefit amounts are reduced by 6% per year for the first 5 years preceding normal retirement age and 4% per year for the next 5 years preceding the normal retirement age. Effective July 1, 1999, the reduction for individuals with 30 or more years of service is 3% per year by which retirement precedes normal retirement date.

Disability Retirement: Employees are eligible for service-related disability benefits regardless of length of service. Five years of credited service is required for nonservice-related disability eligibility. Disability benefits are calculated as 2% of average annual salary times credited service to date of disability, but not less than 15% of average annual salary, nor more than 50% of average annual salary. In addition, disability benefits under this plan (without regard to cost-of-living adjustments) plus any initial award of social security benefits and workers' compensation cannot exceed 75% of average annual salary.

**3. Contributions**

State of Connecticut

Per Connecticut General Statutes Section 10-183z (which reflects Public Act 79-436 as amended), contribution requirements of active employees and the State of Connecticut are amended and certified by the State Teachers' Retirement Board and appropriated by the General Assembly. The contributions are actuarially determined as an amount that, when combined with employee contributions and investment earnings, is expected to finance the costs of the benefits earned by employees during the year, with any additional amount to finance any unfunded accrued liability.

Employer (School Districts)

School district employers are not required to make contributions to the plan.

Employees

Effective July 1, 1992, each teacher is required to contribute 6% of their salary for the pension benefit.

**4. Pension Liabilities, Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

The Town reports no amounts for its proportionate share of the net pension liability, and related deferred outflows and inflows due to the statutory requirement that the State pay 100% of the required contribution. The amounts recognized by the Town as its proportionate share of the net pension liability, the related state support, and the total portion of the net pension liability that was associated with the Town were as follows:

Town's proportionate share of the net pension liability	\$ -
State's proportionate share of the net pension liability associated with the Town	<u>99,707,327</u>
Total	<u>\$ 99,707,327</u>

TOWN OF NEWTOWN, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

**IV. OTHER INFORMATION (CONTINUED)**

**D. Pension Plans - Connecticut State Teachers' Retirement Plan (Continued)**

**4. Pension Liabilities, Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town has no proportionate share of the net pension liability.

For the fiscal year ended, the Town recognized pension expense and revenue of \$7,989,069 for on-behalf amounts for the benefits provided by the State.

**5. Actuarial Assumptions**

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

Inflation	3.00%
Salary increase	3.75-7.00%, average, including inflation
Investment rate of return	8.50%, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2000 Combined Mortality Table projected 19 years using scale AA, with a two year setback for males and females for the period after service retirement and for dependent beneficiaries.

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2005 - June 30, 2010.

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

TOWN OF NEWTOWN, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

**IV. OTHER INFORMATION (CONTINUED)**

**D. Pension plans - Connecticut State Teachers' Retirement Plan (Continued)**

**5. Actuarial Assumptions (Continued)**

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Large cap U.S. equities	21.0%	5.8%
Developed non-U.S. equities	18.0%	6.6%
Emerging markets (non-U.S.)	9.0%	8.3%
Core fixed income	7.0%	1.3%
Inflation linked bond fund	3.0%	1.0%
Emerging market bond	5.0%	3.7%
High yield bonds	5.0%	3.9%
Real estate	7.0%	5.1%
Private equity	11.0%	7.6%
Alternative investments	8.0%	4.1%
Cash	<u>6.0%</u>	0.4%
Total	<u>100.0%</u>	

**6. Discount Rate**

The discount rate used to measure the total pension liability was 8.50%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.



TOWN OF NEWTOWN, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

---

**IV. OTHER INFORMATION (CONTINUED)**

**D. Pension Plans - Connecticut State Teachers' Retirement Plan (Continued)**

**7. Sensitivity of the Net Pension Liability to Changes in the Discount Rate**

The Town's proportionate share of the net pension liability is \$0 and, therefore, the change in the discount rate would only impact the amount recorded by the State of Connecticut.

**8. Plan Fiduciary Net Position**

Detailed information about the Connecticut State Teachers' Retirement Plan fiduciary net position is available in the separately issued State of Connecticut Comprehensive Annual Financial Report as of and for the year ended June 30, 2015.

**E. Other Post-Employment Benefit Plan**

**1. Plan Description**

The Town administers one single-employer, post retirement healthcare plan for the Town of Newtown Other Post-Employment Benefit ("OPEB"). The plan provides medical and dental benefits for eligible retirees and their spouses. The plan does not issue stand alone financial reports.

**2. Benefit Provisions and Contributions**

**a. Benefit Provisions**

The plan provides for medical and dental benefits for all eligible retirees and their spouses. Benefits and contributions are established by contract and may be amended by union negotiations.

**b. Employer Contributions**

The Town's contributions are actuarially determined on an annual basis using the projected unit credit method. The Town's total plan contribution was \$397,755.

**c. Employee Contributions**

There are no employee contributions to the plan for current employees. Teachers who no longer work for the Board of Education are allowed by State Statute to participate in the Town's group medical insurance plan until they formally begin receiving benefits from the State Teachers' Retirement plan. These teachers are required to contribute the cost of the insurance to the Town.

TOWN OF NEWTOWN, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

**IV. OTHER INFORMATION (CONTINUED)**

**E. Other Post-Employment Benefit Plan (Continued)**

**3. Funded Status and Funding Progress**

The funded status of the plan as of July 1, 2014 was as follows:

ACTUARIAL VALUATION DATE	(A) ACTUARIAL VALUE OF ASSETS	(B) ACTUARIAL ACCRUED LIABILITY (AAL)	(A-B) OVER (UNDER) FUNDED AAL	(A/B) FUNDED AAL RATIO	(C) COVERED PAYROLL	[(A-B)/C] OVER (UNDER) FUNDED AAL AS A PERCENTAGE OF COVERED PAYROLL
July 1, 2014	\$1,282,204	\$ 7,388,197	\$ (6,105,993)	17.4%	\$ 36,690,663	(16.6%)

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The required schedule of funding progress immediately following the notes to the financial statements presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time, relative to the actuarial accrued liability for benefits.

**4. Actuarial Methods and Assumptions**

Projections of benefits are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the employer and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and plan members in the future. Actuarial calculations reflect a long-term perspective. Consistent with that perspective, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarially accrued liabilities and the actuarial value of assets.

The data presented in the schedule of funding progress and schedule of employer contributions (RSI-5 and RSI-6) were determined as part of the actuarial valuation at the date indicated. Additional information for all plans as of the latest valuation date is as follows:

Valuation Date	July 1, 2014
Actuarial Cost Method	Projected Unit Credit
Amortization Method	Level Dollar, Closed
Remaining Amortization Period	27 Years Closed
Asset Valuation Method	Fair Value

**Actuarial Assumptions:**

Investment rate of return	7.5%
Healthcare inflation rate:	
Initial	8.0%
Ultimate	4.5%
Inflation rate	1.5%
Projected salary increases	N/A

TOWN OF NEWTOWN, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

**IV. OTHER INFORMATION (CONTINUED)**

**E. Other Post-Employment Benefit Plan (Continued)**

**5. Annual OPEB Cost and Net OPEB Obligation ("NOO")**

The changes in the NOO were as follows:

Annual required contribution .....	\$ 793,865
Interest on net OPEB obligation .....	107,219
Adjustment to annual required contribution .....	<u>(117,662)</u>
Annual OPEB cost .....	783,422
Contributions made .....	<u>397,755</u>
Change in net OPEB obligation .....	385,667
Net OPEB obligation - July 1, 2015 .....	<u>1,429,589</u>
Net OPEB obligation - June 30, 2016 .....	<u>\$1,815,256</u>

**6. Three Year Trend Information**

YEAR ENDING JUNE 30	ANNUAL OPEB COST (AOC)	PERCENTAGE OF AOC CONTRIBUTED	NET OPEB OBLIGATION
2016	\$ 783,422	51.0%	\$ 1,815,256
2015	734,577	35.0%	1,429,589
2014	718,410	34.2%	952,417

---

**Required  
Supplementary  
Information**

---

TOWN OF NEWTOWN, CONNECTICUT

## TOWN OF NEWTOWN RETIREMENT SYSTEM

REQUIRED SUPPLEMENTARY INFORMATION  
LAST THREE YEARS

## SCHEDULE OF CHANGES IN NET PENSION LIABILITY

	2016	2015	2014
<b>TOTAL PENSION LIABILITY:</b>			
Service cost .....	\$ 1,458,028	\$ 1,369,633	\$ 1,376,812
Interest .....	3,476,233	3,153,241	2,973,226
Differences between expected and actual experience .....	(690,374)	(1,273,135)	
Changes in assumptions .....	-	1,589,661	
Benefit payments .....	(1,834,724)	(1,717,013)	(1,513,354)
<b>NET CHANGE IN TOTAL PENSION LIABILITY</b>	<b>2,409,163</b>	<b>3,122,387</b>	<b>2,836,684</b>
<b>TOTAL PENSION LIABILITY - JULY 1.....</b>	<b>45,655,009</b>	<b>42,532,622</b>	<b>39,695,938</b>
<b>TOTAL PENSION LIABILITY - JUNE 30 (A).....</b>	<b>\$ 48,064,172</b>	<b>\$ 45,655,009</b>	<b>\$ 42,532,622</b>
<b>PLAN FIDUCIARY NET POSITION:</b>			
Contributions - employer .....	\$ 1,422,737	\$ 1,375,889	\$ 1,189,938
Contributions - member .....	474,546	458,556	461,526
Transfer from defined contribution plan .....		26,724	
Net investment income ..... (1)	(991,005)	941,047	4,302,666
Benefit payments, including refunds of member contributions .....	(1,834,724)	(1,717,013)	(1,356,367)
Administration.....	(17,500)	(74,654)	(170,876)
<b>NET CHANGE IN PLAN FIDUCIARY NET POSITION.....</b>	<b>(945,946)</b>	<b>1,010,549</b>	<b>4,426,887</b>
<b>PLAN FIDUCIARY NET POSITION - JULY 1..... (2)</b>	<b>35,533,245</b>	<b>34,522,696</b>	<b>30,095,809</b>
<b>PLAN FIDUCIARY NET POSITION - JUNE 30 (B)..... (2)</b>	<b>\$ 34,587,299</b>	<b>\$ 35,533,245</b>	<b>\$ 34,522,696</b>
<b>NET PENSION LIABILITY (ASSET) - JUNE 30 (A)-(B).....</b>	<b>\$ 13,476,873</b>	<b>\$ 10,121,764</b>	<b>\$ 8,009,926</b>
<b>DEFINED CONTRIBUTION PLAN NET POSITION - JULY 1.....</b>	<b>\$ 108,751</b>	<b>\$ 118,958</b>	<b>\$ 87,481</b>
Contributions - employer .....	10,562	10,481	12,970
Contributions - member .....	3,521	3,494	4,324
Transfer from defined contribution plan .....		(26,724)	
Net investment income .....	(3,339)	2,542	14,183
<b>DEFINED CONTRIBUTION NET POSITION - JUNE 30 .....</b>	<b>\$ 119,495</b>	<b>\$ 108,751</b>	<b>\$ 118,958</b>

(1) Net of net investment income related to the defined contribution plan, presented below.

(2) Net of defined contribution net position, presented below.

Note: These schedules are intended to present information for 10 years. Additional years will be presented as they become available.

TOWN OF NEWTOWN, CONNECTICUT

## TOWN OF NEWTOWN RETIREMENT SYSTEM

REQUIRED SUPPLEMENTARY INFORMATION  
LAST THREE YEARS

## SCHEDULE OF NET PENSION LIABILITY

	2016	2015	2014
TOTAL PENSION LIABILITY.....	\$ 48,064,172	\$ 45,655,009	\$ 42,532,622
PLAN FIDUCIARY NET POSITION.....	<u>(34,587,299)</u>	<u>(35,533,245)</u>	<u>(34,522,696)</u>
NET PENSION LIABILITY (ASSET).....	<u>\$ 13,476,873</u>	<u>\$ 10,121,764</u>	<u>\$ 8,009,926</u>
PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION LIABILITY.....	<u>71.96%</u>	<u>77.83%</u>	<u>81.17%</u>
COVERED-EMPLOYEE PAYROLL.....	<u>\$ 18,441,265</u>	<u>\$ 17,725,368</u>	<u>\$ 17,608,101</u>
NET PENSION LIABILITY (ASSET) AS A PERCENTAGE OF COVERED-EMPLOYEE PAYROLL.....	<u>73.08%</u>	<u>57.10%</u>	<u>45.49%</u>

## SCHEDULE OF INVESTMENT RETURNS

	2016	2015	2014
ANNUAL MONEY WEIGHTED RATE OF RETURN, NET INVESTMENT EXPENSE....	<u>-2.83%</u>	<u>2.49%</u>	<u>14.35%</u>

**Note:** These schedules are intended to present information for 10 years. Additional years will be presented as they become available.

TOWN OF NEWTOWN, CONNECTICUT

## TOWN OF NEWTOWN EMPLOYEES' PENSION PLAN

## REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CONTRIBUTIONS  
LAST 10 YEARS

FISCAL YEAR	ACTUARIALLY DETERMINED CONTRIBUTION	CONTRIBUTIONS IN RELATION TO THE ACTUARIALLY DETERMINED CONTRIBUTION	CONTRIBUTION EXCESS (DEFICIENCY)	COVERED- EMPLOYEE PAYROLL	CONTRIBUTIONS AS A PERCENTAGE OF COVERED- EMPLOYEE PAYROLL
2016	\$ 836,136	\$ 836,136	\$ -	\$ 14,648,086	5.71%
2015	757,780	760,462	2,682	14,332,155	5.31%
2014	637,985	641,318	3,333	13,781,055	4.65%
2013	728,272	731,580	3,308	13,222,292	5.53%
2012	699,265	699,214	(51)	13,371,509	5.23%
2011	663,805	663,805	-	13,109,110	5.06%
2010	492,222	493,236	1,014	12,834,058	3.84%
2009	374,614	374,595	(19)	11,878,385	3.15%
2008	374,614	437,409	62,795	11,031,168	3.97%
2007	414,121	419,919	5,798	9,995,785	4.20%

TOWN OF NEWTOWN, CONNECTICUT

## TOWN OF NEWTOWN POLICE OFFICERS' PENSION PLAN

## REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CONTRIBUTIONS  
LAST 10 YEARS

FISCAL YEAR	ACTUARIALLY DETERMINED CONTRIBUTION	CONTRIBUTIONS IN RELATION TO THE ACTUARIALLY DETERMINED CONTRIBUTION	CONTRIBUTION EXCESS (DEFICIENCY)	COVERED- EMPLOYEE PAYROLL	CONTRIBUTIONS AS A PERCENTAGE OF COVERED- EMPLOYEE PAYROLL
2016	\$ 586,601	\$ 586,601	\$ -	\$ 3,793,179	15.46%
2015	615,427	615,427	-	3,393,213	18.14%
2014	548,620	548,620	-	3,827,046	14.34%
2013	517,812	517,812	-	3,631,329	14.26%
2012	502,513	502,431	(82)	3,448,073	14.57%
2011	460,540	460,540	-	3,579,566	12.87%
2010	342,670	344,475	1,805	3,415,591	10.09%
2009	325,909	325,844	(65)	2,973,016	10.96%
2008	287,328	291,160	3,832	2,812,921	10.35%
2007	277,000	276,339	(661)	2,643,190	10.45%



TOWN OF NEWTOWN, CONNECTICUT

## TOWN OF NEWTOWN RETIREMENT SYSTEM

## NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

YEAR ENDED JUNE 30, 2016

Changes of benefit terms	None
Changes of assumptions	None
Method and assumptions used in calculations of actuarially determined contribution	The actuarially determined contribution rates in the schedule of contributions are calculated as of July 1, 2014, two years prior to the end of the fiscal year in which contributions are reported

The following actuarial methods and assumptions were used to determine contribution rates reported in that schedule:

Actuarial Cost Method	Entry age
Asset Valuation Method	Fair value
Amortization Method	Level dollar, closed
Remaining amortization period	12 Years
Investment Rate of Return	7.50%, net of pension plan investment expense, including inflation
Inflation	2.00%
Salary Increases	3.00%, average, including inflation
Post retirement increases	1.5%, Police plan only

TOWN OF NEWTOWN, CONNECTICUT

## TOWN OF NEWTOWN OTHER POST-EMPLOYMENT BENEFIT PLAN

## REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF FUNDING PROGRESS  
LAST EIGHT YEARS

	A	B	(A-B)	(A/B)	C	[(A-B)/C]
ACTUARIAL VALUATION DATE JULY 1,	ACTUARIAL VALUE OF ASSETS	ACTUARIAL ACCRUED LIABILITY (AAL)	OVER (UNDER) FUNDED AAL	FUNDED AAL RATIO	COVERED PAYROLL	OVER (UNDER) FUNDED AAL AS A PERCENTAGE OF COVERED PAYROLL
2008	\$ -	\$ 3,761,700	\$ (3,761,700)	0.0%	\$ 34,779,302	-(10.8)%
2009	N/A	N/A	N/A	N/A	N/A	N/A
2010	156,261	6,397,819	(6,241,558)	2.4%	35,055,000	-(17.8)%
2011	N/A	N/A	N/A	N/A	N/A	N/A
2012	610,498	6,264,781	(5,654,283)	9.7%	36,634,200	-(15.4)%
2013	N/A	N/A	N/A	N/A	N/A	N/A
2014	1,282,204	7,388,197	(6,105,993)	17.4%	36,690,663	-(16.6)%
2015	N/A	N/A	N/A	N/A	N/A	N/A

N/A - No valuation performed.

TOWN OF NEWTOWN, CONNECTICUT

## TOWN OF NEWTOWN OTHER POST-EMPLOYMENT BENEFIT PLAN

## REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF EMPLOYER CONTRIBUTIONS  
LAST EIGHT YEARS

YEAR ENDED JUNE 30,	ANNUAL REQUIRED CONTRIBUTION	ACTUAL CONTRIBUTION	PERCENTAGE CONTRIBUTED
2009	\$ 405,062	\$ 278,828	68.8%
2010	430,949	485,960	112.8%
2011	739,726	273,794	37.0%
2012	756,952	811,764	107.2%
2013	775,470	775,470	100.0%
2014	720,995	245,851	34.1%
2015	739,707	257,405	34.8%
2016	793,865	397,755	50.1%

Note: This schedule is intended to present information for 10 years. Additional years will be as they become available.

TOWN OF NEWTOWN, CONNECTICUT

## TOWN OF NEWTOWN OTHER POST-EMPLOYMENT BENEFIT PLAN

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
YEAR ENDED JUNE 30, 2016

Changes of benefit terms	None
Changes of assumptions	<b>2015</b> - Changed from RP-2000 mortality table to RP-2014 mortality table
Method and assumptions used in calculations of actuarially determined contribution	The actuarially determined contribution rates in the schedule of contributions are calculated as of July 1, 2014, two years prior to the end of the fiscal year in which contributions are reported

The following actuarial methods and assumptions were used to determine contribution rates reported in that schedule:

Actuarial Cost Method	Projected unit credit
Amortization Method	Level dollar, closed
Remaining amortization period	27 Years, closed
Asset Valuation Method	Fair Value
Investment Rate of Return	7.5%
Healthcare inflation rate - Initial	8.0%
Healthcare inflation rate - Ultimate	4.5%
Inflation	1.50%
Salary Increases	N/A

TOWN OF NEWTOWN, CONNECTICUT

## STATE TEACHERS' RETIREMENT SYSTEM

REQUIRED SUPPLEMENTARY INFORMATION  
LAST TWO YEARSSCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

	2016	2015
Town's proportion of the net pension liability	0.00%	0.00%
Town's proportionate share of the net pension liability	\$ -	\$ -
State of Connecticut's proportionate share of the net pension liability associated with Town	99,707,327	92,159,442
Total	<u>\$ 99,707,327</u>	<u>\$ 92,159,442</u>
Town's covered-employee payroll	(2) <u>N/A</u>	<u>N/A</u>
Town's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	<u>0.00%</u>	<u>0.00%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>0.00%</u>	<u>0.00%</u>

SCHEDULE OF CONTRIBUTIONS

	2016	2015
Contractually required contribution (1)	(1) \$ -	\$ -
Contributions in relation to the contractually required contribution	<u>-</u>	<u>-</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Town's covered-employee payroll	(2) <u>N/A</u>	<u>N/A</u>
Contributions as a percentage of covered-employee payroll	<u>0.00%</u>	<u>0.00%</u>

(1) Local employers are not required to contribute to the plan

(2) Not applicable since 0% proportional share of the net pension liability

Note: These schedules are intended to present information for 10 years. Additional years will be presented as they become available.

TOWN OF NEWTOWN, CONNECTICUT

## STATE TEACHERS' RETIREMENT SYSTEM

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
YEAR ENDED JUNE 30, 2016

Changes of benefit terms	None
Changes of assumptions	In 2011, rates of withdrawal, retirement and assumed rates of salary increase were adjusted more closely to reflect actual and anticipated experience. These assumptions were recommended as part of the Experience Study for the System for the five year period ended June 30, 2010.
Actuarial Cost Method	Entry age
Amortization Method	Level percent of salary, closed
Remaining Amortization Period	22.4 years
Asset Valuation Method	4 year smoothed market
Inflation	3.00%
Salary Increases	3.75%-7.00%, average, including inflation
Investment Rate of Return	8.50%, net of pension plan investment expense, including inflation

---

## **Supplemental Schedules**

---

---

## **General Fund**

---

The general fund is the principal fund of the Town and is used to account for all activities of the Town, except those required to be accounted for in another fund. The general fund accounts for the normal recurring activities of the Town (i.e., general government, public safety, public works, health, social services, recreation, education, etc.). These activities are funded principally by property taxes, user fees and grants from other governmental units.



**TOWN OF NEWTOWN, CONNECTICUT**

GENERAL FUND  
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES  
BUDGET AND ACTUAL  
YEAR ENDED JUNE 30, 2016

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
PROPERTY TAXES:				
Collections - current year.....	\$ 99,114,170	\$ 99,114,170	\$ 99,215,491	\$ 101,321
Collections - prior years.....	450,000	450,000	608,925	158,925
Interest and lien fees.....	475,000	475,000	441,109	(33,891)
Motor vehicle supplement list.....	875,000	875,000	912,243	37,243
Telecommunications property tax.....	85,000	85,000	58,499	(26,501)
TOTAL PROPERTY TAXES.....	100,999,170	100,999,170	101,236,267	237,097
INTERGOVERNMENTAL:				
Veterans additional exemptions.....	15,992	15,992	18,949	2,957
Elderly tax relief - circuit breaker.....	149,044	149,044	151,508	2,464
In lieu of taxes.....	877,156	877,156	717,919	(159,237)
Totally disabled.....	1,930	1,930	1,948	18
Town aid for roads.....	469,220	469,220	469,996	776
Mashantucket Pequot fund grant.....	939,179	939,179	967,137	27,958
Connecticut school building grants.....	533,604	533,604	533,605	1
Equalized cost-sharing grant.....	4,441,264	4,441,264	4,787,409	346,145
Public school transportation aid.....	95,450	95,450	84,121	(11,329)
Non-public school transportation aid.....	35,350	35,350	15,086	(20,264)
Health services - St. Rose.....	23,609	23,609	22,148	(1,461)
Miscellaneous grants.....	191,812	191,812	144,916	(46,896)
LOCIP grant.....	207,562	207,562	207,668	106
State revenue sharing.....	235,371	235,371	235,371	-
TOTAL INTERGOVERNMENTAL.....	8,216,543	8,216,543	8,357,781	141,238
CHARGES FOR SERVICES:				
Town clerk - conveyance tax.....	450,000	450,000	467,921	17,921
Town clerk - other.....	225,000	225,000	215,700	(9,300)
Parks and recreation.....	210,000	210,000	207,867	(2,133)
Tuition.....	44,000	44,000	29,775	(14,225)
School generated fees.....	113,300	113,300	105,751	(7,549)
Building.....	500,000	500,000	477,851	(22,149)
Permit fees.....	1,250	1,250	1,230	(20)
Transfer Station permits.....	425,000	425,000	378,897	(46,103)
WPCA.....	120,000	120,000	120,000	-
Senior center membership fees.....	4,000	4,000	5,256	1,256
Land use.....	70,000	70,000	56,628	(13,372)
TOTAL CHARGES FOR SERVICES.....	2,162,550	2,162,550	2,066,876	(95,674)
INVESTMENT INCOME.....	125,000	125,000	327,598	202,598
OTHER REVENUES:				
Miscellaneous revenue - police.....	3,000	3,000	63,800	60,800
Miscellaneous revenue - board of education.....	2,250	2,250	11,510	9,260
Miscellaneous revenue - selectmen.....	100,000	100,000	145,221	45,221
TOTAL OTHER REVENUES.....	105,250	105,250	220,531	115,281
TOTAL REVENUES.....	111,608,513	111,608,513	112,209,053	600,540

(Continued)

**SCHEDULE 1**  
**(2 of 2)**

TOWN OF NEWTOWN, CONNECTICUT  
GENERAL FUND  
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES - BUDGET AND ACTUAL (CONCLUDED)

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
OTHER FINANCING SOURCES:				
Cancellation of prior year encumbrances.....	\$	\$	\$ 9,370	\$ 9,370
Transfers in.....	122,000	122,000	225,000	103,000
TOTAL OTHER FINANCING SOURCES.....	122,000	122,000	234,370	112,370
TOTAL REVENUES AND OTHER FINANCING SOURCES.....	\$ 111,730,513	\$ 111,730,513	\$ 112,443,423	\$ 712,910

(Concluded)

**TOWN OF NEWTOWN, CONNECTICUT**

GENERAL FUND  
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES  
BUDGET AND ACTUAL  
YEAR ENDED JUNE 30, 2016

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
<b>GENERAL GOVERNMENT:</b>				
Selectmen.....	\$ 395,576	\$ 426,111	\$ 422,779	\$ 3,332
Selectmen - other.....	229,483	177,128	176,543	585
Human Resources.....	121,274	128,049	127,534	515
Tax Collector.....	338,753	348,559	347,473	1,086
Probate Court.....	7,000	7,550	7,514	36
Town Clerk.....	300,404	306,633	305,687	946
Registrars.....	129,349	155,349	152,824	2,525
Assessor.....	261,216	267,604	266,342	1,262
Finance.....	514,637	517,847	516,002	1,845
Technology.....	568,824	596,109	592,964	3,145
Unemployment.....	15,000	35,000	33,656	1,344
OPEB fund.....	177,755	297,755	297,755	-
Professional organizations.....	34,593	34,744	34,744	-
Insurance.....	1,010,000	1,058,533	1,058,401	132
Legislative Council.....	46,500	46,500	46,200	300
Districts.....	15,000	15,000	15,000	-
Economic Development Commission.....	73,683	74,683	74,540	143
Grants administration.....	23,008	23,008	23,008	-
Sustainable Energy Commission.....	5,000	5,000	5,000	-
Fairfield Hills.....	28,058	28,058	27,785	273
<b>TOTAL GENERAL GOVERNMENT.....</b>	<b>4,295,113</b>	<b>4,549,220</b>	<b>4,531,751</b>	<b>17,469</b>
<b>PUBLIC SAFETY:</b>				
Building inspector.....	407,390	410,529	408,350	2,179
Communications.....	1,071,517	1,036,402	1,031,056	5,346
Police department.....	6,314,259	6,372,163	6,366,288	5,875
Fire department.....	1,253,597	1,272,211	1,266,832	5,379
Emergency management / N.U.S.....	60,565	54,565	51,770	2,795
Animal control.....	159,841	162,619	160,583	2,036
Lake authorities.....	49,153	42,453	42,386	67
N.W. safety communication.....	10,000	10,000	10,000	-
Emergency Medical Services.....	270,000	270,000	270,000	-
Northwest CT Emergency Medical Service...	250	250	250	-
<b>TOTAL PUBLIC SAFETY.....</b>	<b>9,596,572</b>	<b>9,631,192</b>	<b>9,607,515</b>	<b>23,677</b>
<b>HEALTH AND WELFARE:</b>				
Social services.....	144,112	185,669	184,476	1,193
Senior service.....	314,627	315,874	312,668	3,206
Outside agencies.....	232,596	232,361	232,361	-
Youth & Family Services.....	298,368	298,348	298,348	-
Newtown Cultural Arts Commission.....	2,500	1,500	750	750
Newtown Parade Committee.....	1,000	1,515	1,514	1
NW Conservation District.....	1,500	1,500	1,500	-
Booth library.....	1,209,979	1,210,009	1,210,007	2
Newtown Health District.....	383,555	383,675	383,675	-
<b>TOTAL HEALTH AND WELFARE.....</b>	<b>2,588,237</b>	<b>2,630,451</b>	<b>2,625,299</b>	<b>5,152</b>

(Continued)

**SCHEDULE 2**  
**(2 of 2)**

TOWN OF NEWTOWN, CONNECTICUT  
GENERAL FUND

SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES - BUDGET AND ACTUAL (CONCLUDED)

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
LAND USE.....	\$ 675,316	\$ 680,011	\$ 674,599	\$ 5,412
PUBLIC WORKS:				
Highway.....	6,870,001	6,832,981	6,827,224	5,757
Winter maintenance.....	735,531	699,531	698,441	1,090
Transfer Station.....	1,471,478	1,468,554	1,466,716	1,838
Public building maintenance.....	783,341	773,794	770,716	3,078
TOTAL PUBLIC WORKS.....	9,860,351	9,774,860	9,763,097	11,763
PARKS AND RECREATION.....	2,331,472	2,271,538	2,266,532	5,006
EDUCATION.....	71,587,946	71,585,413	71,585,413	-
CONTINGENCY.....	350,000	174	-	174
DEBT SERVICE.....	10,110,702	10,106,402	10,106,365	37
TOTAL EXPENDITURES.....	111,395,709	111,229,261	111,160,571	68,690
OTHER FINANCING USES:				
Transfers out:				
Bonded projects.....		30,800	30,800	-
Edmond Town Hall .....	84,804	84,619	84,615	4
Capital and nonrecurring - Town.....	250,000	383,300	383,300	-
Capital and nonrecurring - non-lapsing.....		2,533	2,533	-
TOTAL OTHER FINANCING USES.....	334,804	501,252	501,248	4
TOTAL EXPENDITURES AND OTHER FINANCING USES.....	\$ 111,730,513	\$ 111,730,513	\$ 111,661,819	\$ 68,694

(Concluded)

TOWN OF NEWTOWN, CONNECTICUTREPORT OF TAX COLLECTOR  
YEAR ENDED JUNE 30, 2016

GRAND LIST YEAR	UNCOLLECTED TAXES JULY 1, 2015	CURRENT YEAR LEVY	LAWFUL CORRECTIONS		TRANSFERS TO SUSPENSE	ADJUSTED TAXES COLLECTIBLE	COLLECTIONS			UNCOLLECTED TAXES JUNE 30, 2016
			ADDITIONS	DEDUCTIONS			NET TAXES COLLECTED	INTEREST AND LIEN FEES	TOTAL	
1999	\$ 19,302	\$	\$	\$ 19,302	\$	\$ -	\$	\$	\$ -	\$ -
2000	18,915					18,915			-	18,915
2001	20,803					20,803			-	20,803
2002	15,532					15,532	267	663	930	15,265
2003	14,810					14,810	284	648	932	14,526
2004	15,579					15,579	298	621	919	15,281
2005	21,944				258	21,686	2,799	4,555	7,354	18,887
2006	24,554			73		24,481	2,881	4,165	7,046	21,600
2007	108,745			107		108,638	3,312	4,171	7,483	105,326
2008	115,147			187		114,960	3,345	3,606	6,951	111,615
2009	135,901			191		135,710	9,879	5,719	15,598	125,831
2010	157,782		5	501	1,925	155,361	18,339	11,226	29,565	137,022
2011	184,108		17	208	11,022	172,895	21,015	13,899	34,914	151,880
2012	209,687		15,528	12,469	20,967	191,779	69,790	22,550	92,340	121,989
2013	807,267		62,480	70,417	81,889	717,441	526,681	97,488	624,169	190,760
TOTAL PRIOR YEARS	1,870,076	-	78,030	103,455	116,061	1,728,590	658,890	169,311	828,201	1,069,700
2014	-	101,516,922	205,479	629,325	270,919	100,822,157	100,147,614	271,798	100,419,412	674,543
TOTAL	\$ 1,870,076	\$ 101,516,922	\$ 283,509	\$ 732,780	\$ 386,980	\$ 102,550,747	\$ 100,806,504	\$ 441,109	\$ 101,247,613	\$ 1,744,243

---

## **Sewer Department**

---

The Sewer Department fund accounts for the operations of the sewer department.

SCHEDULE 4TOWN OF NEWTOWN, CONNECTICUTSCHEDULE OF CHANGES IN SEWER ASSESSMENT RECEIVABLE  
YEAR ENDED JUNE 30, 2016

	UNCOLLECTED ASSESSMENTS JULY 1, 2015	DEDUCTIONS	ADJUSTED ASSESSMENTS COLLECTIBLE	COLLECTIONS	UNCOLLECTED ASSESSMENTS JUNE 30, 2016
Sewer assessments receivable.....	\$ 2,329,573	\$ 25,128	\$ 2,304,445	\$ 766,619	\$ 1,537,826
Homestead accounts receivable.....	45,590		45,590	19,409	26,181
Bungalow Terrace.....	17,273		17,273	2,470	14,803
Elderly.....	23,628		23,628	1,478	22,150
Reed Intermediate School /Grace Church receivable.....	140,063		140,063	44,754	95,309
Rose & Church Hill.....	8,507		8,507	3,897	4,610
TOTAL.....	<u>\$ 2,564,634</u>	<u>\$ 25,128</u>	<u>\$ 2,539,506</u>	<u>\$ 838,627</u>	1,700,879
				Bonded interest	24,500
				Penalty interest and liens	61,078
				Septic loans	<u>22,686</u>
				Current and long-term gross receivable	1,809,143
				Less allowance for uncollectible accounts	<u>(36,182)</u>
				Net receivable	<u>\$ 1,772,961</u>

---

# Nonmajor Governmental Funds

---

## Special Revenue Funds

Special revenue funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

### Dog License

A fund created pursuant to Connecticut State Statutes to account for the sale of dog tags and the expenditures of the dog warden and dog pound.

### Bouchard Animal Fund

To account for contributions received for the purpose of helping animals.

### Police Private Duty

To account for police private duty services. Private duty is a function of the police department where officers provide security, traffic control and oversight (after their normal hours). A private job is billed to the customer who requires a police presence and the officer serving is paid in addition to standard salary.

### Town Gifts Fund

To account for funds received for specific gift purposes by the Board of Education, Commission on Aging, Economic Development Commission, N.U.S.A.R. Civil Preparedness and the Park Commission.

### School Lunch Program

To account for the operation of the public school lunch program. Funding is provided from the sale of food, Federal and state grants and USDA donated commodities.

### Education Grants

To account for funds received from the state and Federal governments, private grants and other contributions for education grants.

### Law Enforcement Fund

To account for funds received from the state and Federal governments for prison emergency notification, drug control and awareness program and from the police assets forfeiture process.



## **NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)**

### **Special Revenue Funds (Continued)**

#### Septage Management Ordinance

A fund created by ordinance to account for funds received for the purpose of self-insuring the Town against any liability caused by the discharge of prohibited material collected in Newtown and delivered to the Danbury sewage system by pumpers licensed in Newtown.

#### Fairfield Hills Authority

To account for lease proceeds and common charges collected on the Fairfield Hills Campus. Funds are used for the maintenance of the common areas and other expenditures of the Fairfield Hills Authority.

#### School Custodial

To account for fees received for the use of school facilities by outside organizations. The proceeds are used to pay for custodial service, security, audio visual services, utilities and certain incremental building maintenance.

#### Adult Education

To account for tuition fees received from individuals attending night classes at the high school. Tuition fees offset the cost of teaching and instructional materials.

#### Edmond Town Hall

To account for the operations of Edmond Town Hall. Financing is provided by individuals attending the movie theater and fees received for the use of the facilities by outside organizations.

#### Recovery and Resiliency Plan

To expand the existing service provider infrastructure of the community to meet the changing mental and physical health needs of the community after the Sandy Hook Elementary School shooting.

#### Sandy Hook Operation Recovery Fund

To account for business interruption insurance proceeds and costs associated with the Sandy Hook tragedy.

#### Town Recreation Fund

To account for various programs offered by the Park and Recreation Commission and the Commission on Aging and the operations of the Teen Center for which financing is provided by individuals in attendance.

#### Daycare Program

To account for funds received from the Federal government to provide a subrecipient grant to the Children's Adventure Center and food for the Daycare program.

## **NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)**

### **Special Revenue Funds (Continued)**

#### **Miscellaneous Grants**

To account for various reimbursement grants.

#### **Small Cities Program**

To record the activity under the Small Cities Community Block Grant Program.

#### **Cemetery Fund**

To account for donations which are used for the perpetual care of Taunton, Sandy Hook and Botsford cemeteries.

#### **Eichler's Cove Marina**

To account for operations of Eichler's Cove Marina on Lake Zoar.

#### **Historic Documents**

To account for a dollar fee received for each document recorded in the land records to be retained by the Town clerk for the preservation and management of historic documents in accordance with State Statute Sec. 7-34a(d); and an additional dollar fee to be retained by the Town clerk in accordance with State Statute Sec. 7-34a(e).

#### **Cultural Arts**

To account for cultural arts program fees collected. These fees pay for the cultural arts programs of the Cultural Arts Commission.

#### **Sandy Hook Special Revenue Fund**

To account for contributions received as a result of the Sandy Hook tragedy to be used for designated public purposes.

### **Debt Service**

This fund is used to account for the accumulation of resources for, and the payment of long-term debt principal, interest and related costs or other long-term liabilities.

### **Capital Projects**

#### **Capital and Nonrecurring Fund**

To account for funds set aside for future capital purchases and improvements.

### **Permanent Funds**

Permanent funds are used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the reporting government's programs.

## **NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)**

### **Special Revenue Funds (Continued)**

#### **Hawley School Trust**

To account for the investment of funds left in trust by Mary E. Hawley for the care and maintenance of Hawley School.

#### **Edmond Town Hall Endowment**

To account for the investments of funds left in trust by Mary E. Hawley for the care and maintenance of Edmond Town Hall.

#### **Newtown Flagpole Fund**

To account for the investment of funds left in trust by Alida Pennie Knotts for the care and maintenance of the Newtown flagpole.

#### **The V.G. Hair and Frances E. Hair Fund**

To account for investment of funds left in trust by Frances E. Hair for the care and education relating to animals.

## TOWN OF NEWTOWN, CONNECTICUT

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2016

	SPECIAL REVENUE FUNDS						
	DOG LICENSE	POLICE PRIVATE DUTY	TOWN GIFTS FUND	SCHOOL LUNCH PROGRAM	EDUCATION GRANTS	LAW ENFORCEMENT FUND	SEPTAGE MANAGEMENT ORDINANCE
<u>ASSETS</u>							
Cash.....	\$	\$	\$ 45,232	\$ 263,377	\$ 389,715	\$	\$
Investments.....							71,347
Receivables:							
Intergovernmental.....				23,904	152,456		
Loans receivable.....							
Other.....	3,353	221,517		375	4,425		
Due from other funds.....	10,604		179,800	3,090	330,274	126,795	36,505
Other.....				32,959			
TOTAL ASSETS.....	\$ 13,957	\$ 221,517	\$ 225,032	\$ 323,705	\$ 876,870	\$ 126,795	\$ 107,852
<u>LIABILITIES</u>							
Accounts payable.....	\$ 344	\$	\$ 1,692	\$ 67,008	\$ 124,000	\$	\$
Accrued payroll.....					155,532		
Due to other funds.....		195,258					
Unearned revenue.....				49,958	36,044	28,656	
TOTAL LIABILITIES.....	344	195,258	1,692	116,966	315,576	28,656	-
<u>DEFERRED INFLOWS OF RESOURCES</u>							
Unavailable revenue - loans.....							
<u>FUND BALANCES</u>							
Nonspendable.....							
Restricted.....			223,340	206,739	561,294	98,139	
Committed.....	13,613	26,259					107,852
Assigned.....							
TOTAL FUND BALANCES.....	13,613	26,259	223,340	206,739	561,294	98,139	107,852
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES .....	\$ 13,957	\$ 221,517	\$ 225,032	\$ 323,705	\$ 876,870	\$ 126,795	\$ 107,852

(Continued)

TOWN OF NEWTOWN, CONNECTICUT  
COMBINING BALANCE SHEET (CONTINUED)  
NONMAJOR GOVERNMENTAL FUNDS

	SPECIAL REVENUE FUNDS						
	FAIRFIELD HILLS AUTHORITY	SCHOOL CUSTODIAL	ADULT EDUCATION	EDMOND TOWN HALL	RECOVERY AND RESILIENCY PLAN	SANDY HOOK OPERATION RECOVERY FUND	TOWN RECREATION FUND
<u>ASSETS</u>							
Cash.....	\$	\$ 76,755	\$ 88,062	\$ 236,356	\$	\$	\$ 3,124
Investments.....				4,007			
Receivables:							
Intergovernmental.....							
Loans receivable.....							
Other.....	8,750	3,201					4,861
Due from other funds.....	192,529		-		1,925	109,722	289,794
Other.....							
TOTAL ASSETS.....	\$ 201,279	\$ 79,956	\$ 88,062	\$ 240,363	\$ 1,925	\$ 109,722	\$ 297,779
<u>LIABILITIES</u>							
Accounts payable.....	\$ 31,061	\$	\$	\$ 28,781	\$ 1,925	\$ 5,472	\$ 58,379
Accrued payroll.....							
Due to other funds.....							
Unearned revenue.....		493		11,589			152,165
TOTAL LIABILITIES.....	31,061	493	-	40,370	1,925	5,472	210,544
<u>DEFERRED INFLOWS OF RESOURCES</u>							
Unavailable revenue - loans.....							
<u>FUND BALANCES</u>							
Nonspendable.....							
Restricted.....						104,250	
Committed.....	170,218	79,463	88,062	199,993			87,235
Assigned.....							
TOTAL FUND BALANCES.....	170,218	79,463	88,062	199,993	-	104,250	87,235
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES .....	\$ 201,279	\$ 79,956	\$ 88,062	\$ 240,363	\$ 1,925	\$ 109,722	\$ 297,779

(Continued)

TOWN OF NEWTOWN, CONNECTICUT  
COMBINING BALANCE SHEET (CONTINUED)  
NONMAJOR GOVERNMENTAL FUNDS

	SPECIAL REVENUE FUNDS							
	MISCELLANEOUS GRANTS	SMALL CITIES PROGRAM	CEMETERY FUND	EICHLER'S COVE MARINA	HISTORIC DOCUMENTS	CULTURAL ARTS	SANDY HOOK SPECIAL REVENUE FUND	TOTAL SPECIAL REVENUE FUNDS
<u>ASSETS</u>								
Cash.....	\$	\$ 12,278	\$	\$ 42,913	\$	\$ 54,079	\$	\$ 1,211,891
Investments.....						121,188		196,542
Receivables:								
Intergovernmental.....	248,625							424,985
Loans receivable.....		249,413						249,413
Other.....				185	248	80	25	247,020
Due from other funds.....			9,453	402,562	27,688	22,887	294,654	2,038,282
Other.....	85							33,044
TOTAL ASSETS.....	\$ 248,710	\$ 261,691	\$ 9,453	\$ 445,660	\$ 27,936	\$ 198,234	\$ 294,679	\$ 4,401,177
<u>LIABILITIES</u>								
Accounts payable.....	\$ 60,533	\$	\$	\$ 10,344	\$ 2,944	\$ 2,240	\$ 3,098	\$ 397,821
Accrued payroll.....								155,532
Due to other funds.....	41,008						134,263	370,529
Unearned revenue.....	69,213							348,118
TOTAL LIABILITIES.....	170,754	-	-	10,344	2,944	2,240	137,361	1,272,000
<u>DEFERRED INFLOWS OF RESOURCES</u>								
Unavailable revenue - loans.....		249,413						249,413
<u>FUND BALANCES</u>								
Nonspendable.....								-
Restricted.....	77,956	12,278	9,453		24,992	195,994	157,318	1,671,753
Committed.....				435,316				1,208,011
Assigned.....								-
TOTAL FUND BALANCES.....	77,956	12,278	9,453	435,316	24,992	195,994	157,318	2,879,764
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES .....	\$ 248,710	\$ 261,691	\$ 9,453	\$ 445,660	\$ 27,936	\$ 198,234	\$ 294,679	\$ 4,401,177

(Continued)

TOWN OF NEWTOWN, CONNECTICUT  
COMBINING BALANCE SHEET (CONCLUDED)  
NONMAJOR GOVERNMENTAL FUNDS

	DEBT SERVICE	CAPITAL PROJECTS	PERMANENT FUNDS				TOTAL PERMANENT FUNDS	TOTAL NONMAJOR GOVERNMENTAL FUNDS
	DEBT SERVICE	CAPITAL AND NONRECURRING	HAWLEY SCHOOL TRUST	EDMOND TOWN HALL ENDOWMENT	NEWTOWN FLAGPOLE FUND	THE V.G. HAIR AND FRANCES E. HAIR FUND		
<u>ASSETS</u>								
Cash.....	\$	\$	\$	\$	\$	\$	\$ -	\$ 1,211,891
Restricted cash.....					12,204		12,204	12,204
Investments.....		228,152	365,750	938,893		1,268,361	2,573,004	2,997,698
Receivables:								
Intergovernmental.....							-	424,985
Loans receivable.....							-	249,413
Other.....		1,645					-	248,665
Due from other funds.....	88,442	733,761	43,339		4,112		47,451	2,907,936
Other.....							-	33,044
<b>TOTAL ASSETS.....</b>	<b>\$ 88,442</b>	<b>\$ 963,558</b>	<b>\$ 409,089</b>	<b>\$ 938,893</b>	<b>\$ 16,316</b>	<b>\$ 1,268,361</b>	<b>\$ 2,632,659</b>	<b>\$ 8,085,836</b>
<u>LIABILITIES</u>								
Accounts payable.....	\$ 3,229	\$ 59,212	\$	\$	\$	\$	\$ -	\$ 460,262
Accrued payroll.....							-	155,532
Due to other funds.....						13,184	13,184	383,713
Unearned revenue.....							-	348,118
<b>TOTAL LIABILITIES.....</b>	<b>3,229</b>	<b>59,212</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>13,184</b>	<b>13,184</b>	<b>1,347,625</b>
<u>DEFERRED INFLOWS OF RESOURCES</u>								
Unavailable revenue - loans.....							-	249,413
<u>FUND BALANCES</u>								
Nonspendable.....			350,000	250,000	10,000		610,000	610,000
Restricted.....			59,089	688,893	6,316	1,255,177	2,009,475	3,681,228
Committed.....		904,346					-	2,112,357
Assigned.....	85,213						-	85,213
<b>TOTAL FUND BALANCES.....</b>	<b>85,213</b>	<b>904,346</b>	<b>409,089</b>	<b>938,893</b>	<b>16,316</b>	<b>1,255,177</b>	<b>2,619,475</b>	<b>6,488,798</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES .....</b>	<b>\$ 88,442</b>	<b>\$ 963,558</b>	<b>\$ 409,089</b>	<b>\$ 938,893</b>	<b>\$ 16,316</b>	<b>\$ 1,268,361</b>	<b>\$ 2,632,659</b>	<b>\$ 8,085,836</b>

(Concluded)

TOWN OF NEWTOWN, CONNECTICUT

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR GOVERNMENTAL FUNDS  
 YEAR ENDED JUNE 30, 2016

	SPECIAL REVENUE FUNDS							
	DOG LICENSE	BOUCHARD ANIMAL FUND	POLICE PRIVATE DUTY	TOWN GIFTS FUND	SCHOOL LUNCH PROGRAM	EDUCATION GRANTS	LAW ENFORCEMENT FUND	SEPTAGE MANAGEMENT ORDINANCE
REVENUES:								
Intergovernmental.....	\$	\$	\$	\$	\$ 186,388	\$ 4,512,037	\$ 62,272	\$
Charges for services.....	20,242		823,243		1,776,401	281,916		3,335
Investment income.....								172
Contributions.....	11,971			80,003		93,936		
TOTAL REVENUES.....	32,213	-	823,243	80,003	1,962,789	4,887,889	62,272	3,507
EXPENDITURES:								
Current:								
General government.....				28,709				
Public safety.....	35,075	13,512	571,984	3,856			50,482	
Health and welfare.....				3,533				395
Public works.....								
Parks and recreation.....				12,604				
Education.....					1,921,622	5,036,759		
Capital outlay.....								
TOTAL EXPENDITURES.....	35,075	13,512	571,984	48,702	1,921,622	5,036,759	50,482	395
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	(2,862)	(13,512)	251,259	31,301	41,167	(148,870)	11,790	3,112
OTHER FINANCING SOURCES (USES):								
Transfers in.....						134,263		
Transfers out.....			(225,000)					
NET OTHER FINANCING SOURCES (USES)..	-	-	(225,000)	-	-	134,263	-	-
NET CHANGE IN FUND BALANCES.....	(2,862)	(13,512)	26,259	31,301	41,167	(14,607)	11,790	3,112
FUND BALANCES, JULY 1, 2015 .....	16,475	13,512	-	192,039	165,572	575,901	86,349	104,740
FUND BALANCES, JUNE 30, 2016.....	\$ 13,613	\$ -	\$ 26,259	\$ 223,340	\$ 206,739	\$ 561,294	\$ 98,139	\$ 107,852

(Continued)



TOWN OF NEWTOWN, CONNECTICUT  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)  
 NONMAJOR GOVERNMENTAL FUNDS

	SPECIAL REVENUE FUNDS							
	FAIRFIELD HILLS AUTHORITY	SCHOOL CUSTODIAL	ADULT EDUCATION	EDMOND TOWN HALL	RECOVERY AND RESILIENCY PLAN	SANDY HOOK OPERATION RECOVERY FUND	TOWN RECREATION FUND	DAYCARE PROGRAM
REVENUES:								
Intergovernmental.....	\$	\$	\$	\$	\$ 258,615	\$	\$	\$ 267,948
Charges for services.....	23,870	4,760	171,056	476,125			635,260	
Investment income.....				41,359				
Contributions.....				11,870				
TOTAL REVENUES.....	23,870	4,760	171,056	529,354	258,615	-	635,260	267,948
EXPENDITURES:								
Current:								
General government.....	70,095			628,674				
Public safety .....								
Health and welfare.....					375,150		20,060	
Public works.....								
Parks and recreation.....							572,194	
Education.....		2,770	170,693			137,991		267,948
Capital outlay.....								
TOTAL EXPENDITURES.....	70,095	2,770	170,693	628,674	375,150	137,991	592,254	267,948
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	(46,225)	1,990	363	(99,320)	(116,535)	(137,991)	43,006	-
OTHER FINANCING SOURCES (USES):								
Transfers in.....				84,615				
Transfers out.....								
NET OTHER FINANCING SOURCES (USES).....	-	-	-	84,615	-	-	-	-
NET CHANGE IN FUND BALANCES.....	(46,225)	1,990	363	(14,705)	(116,535)	(137,991)	43,006	-
FUND BALANCES, JULY 1, 2015.....	216,443	77,473	87,699	214,698	116,535	242,241	44,229	-
FUND BALANCES, JUNE 30, 2016.....	\$ 170,218	\$ 79,463	\$ 88,062	\$ 199,993	\$ -	\$ 104,250	\$ 87,235	\$ -

(Continued)

TOWN OF NEWTOWN, CONNECTICUT  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)  
NONMAJOR GOVERNMENTAL FUNDS

	SPECIAL REVENUE FUNDS							TOTAL SPECIAL REVENUE FUNDS
	MISCELLANEOUS GRANTS	SMALL CITIES PROGRAM	CEMETERY FUND	EICHLER'S COVE MARINA	HISTORIC DOCUMENTS	CULTURAL ARTS	SANDY HOOK SPECIAL REVENUE FUND	
REVENUES:								
Intergovernmental.....	\$ 796,226	\$	\$	\$	\$ 4,000		\$	\$ 6,087,486
Charges for services.....	70			126,311	3,937	3,910		4,350,436
Investment income.....						1,177		42,708
Contributions.....	5,000					51,100		253,880
TOTAL REVENUES.....	801,296	-	-	126,311	7,937	56,187	-	10,734,510
EXPENDITURES:								
Current:								
General government.....	740,383				4,000		73,080	1,544,941
Public safety.....	92,677							767,586
Health and welfare.....	2,040	10,019				53,787		464,984
Public works.....	21,473							21,473
Parks and recreation.....				62,426				647,224
Education.....								7,537,783
Capital outlay.....								-
TOTAL EXPENDITURES.....	856,573	10,019	-	62,426	4,000	53,787	73,080	10,983,991
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	(55,277)	(10,019)	-	63,885	3,937	2,400	(73,080)	(249,481)
OTHER FINANCING SOURCES (USES):								
Transfers in.....								218,878
Transfers out.....							(134,263)	(359,263)
NET OTHER FINANCING SOURCES (USES).....	-	-	-	-	-	-	-	(140,385)
NET CHANGE IN FUND BALANCES.....	(55,277)	(10,019)	-	63,885	3,937	2,400	(207,343)	(389,866)
FUND BALANCES, JULY 1, 2015.....	133,233	22,297	9,453	371,431	21,055	193,594	364,661	3,269,630
FUND BALANCES, JUNE 30, 2016.....	\$ 77,956	\$ 12,278	\$ 9,453	\$ 435,316	\$ 24,992	\$ 195,994	\$ 157,318	\$ 2,879,764

(Continued)

TOWN OF NEWTOWN, CONNECTICUT  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONCLUDED)  
NONMAJOR GOVERNMENTAL FUNDS

	DEBT SERVICE	CAPITAL PROJECTS	PERMANENT FUNDS					TOTAL NONMAJOR GOVERNMENTAL FUNDS
	DEBT SERVICE	CAPITAL AND NONRECURRING	HAWLEY SCHOOL TRUST	EDMOND TOWN HALL ENDOWMENT	NEWTOWN FLAGPOLE FUND	THE V.G. HAIR AND FRANCES E. HAIR FUND	TOTAL PERMANENT FUNDS	
REVENUES:								
Intergovernmental.....	\$	\$ 26,400	\$	\$	\$	\$	\$ -	\$ 6,113,886
Charges for services.....	100,170	170,200					-	4,620,806
Investment income.....		799	7,881	21,404	111	14,900	44,296	87,803
Net change in fair value of investments.....			(15,395)	(62,299)		14,873	(62,821)	(62,821)
Contributions.....		10,000					-	263,880
TOTAL REVENUES.....	100,170	207,399	(7,514)	(40,895)	111	29,773	(18,525)	11,023,554
EXPENDITURES:								
Current:								
General government.....				48,969			48,969	1,593,910
Public safety.....						54,636	54,636	822,222
Health and welfare.....							-	464,984
Public works.....							-	21,473
Parks and recreation.....							-	647,224
Education.....			42,341				42,341	7,580,124
Debt service.....	151,130						-	151,130
Capital outlay.....		734,687					-	734,687
TOTAL EXPENDITURES.....	151,130	734,687	42,341	48,969	-	54,636	145,946	12,015,754
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	(50,960)	(527,288)	(49,855)	(89,864)	111	(24,863)	(164,471)	(992,200)
OTHER FINANCING SOURCES (USES):								
Bond premium.....	69,366	450,000					-	519,366
Transfers in.....	916	385,833					-	605,627
Transfers out.....							-	(359,263)
NET OTHER FINANCING SOURCES (USES)....	70,282	835,833	-	-	-	-	-	765,730
NET CHANGE IN FUND BALANCES.....	19,322	308,545	(49,855)	(89,864)	111	(24,863)	(164,471)	(226,470)
FUND BALANCES, JULY 1, 2015.....	65,891	595,801	458,944	1,028,757	16,205	1,280,040	2,783,946	6,715,268
FUND BALANCES, JUNE 30, 2016.....	\$ 85,213	\$ 904,346	\$ 409,089	\$ 938,893	\$ 16,316	\$ 1,255,177	\$ 2,619,475	\$ 6,488,798

(Concluded)

---

# Fiduciary Funds

---

Fiduciary funds are used to account for assets held by the Town in a trustee capacity for individuals, private organizations or other governments.

## **Pension Trust Funds**

A fiduciary fund type used to report resources that are required to be held in trust for the member and beneficiaries of defined benefit pension plans.

The Town has three pension plans covering substantially all of its employees, except teachers who are covered by the State Teachers' Retirement Fund. The General Town and Board of Education Plan is a contributory defined benefit plan. The Police Plan is a contributory defined benefit plan. The Elected Officials Plan is a contributory defined contribution plan.

## **OPEB Trust Funds**

To account for the Town's other post-employment benefit plan, which provides medical and life insurance to retirees.

## **Private-Purpose Trust Fund**

Sandy Hook Private-Purpose Trust Fund is a fund to account for donations for the families/victims as a result of the tragedy on December 14, 2012. In addition, it is also to account for donations for scholarships.

## **Agency Funds**

Agency funds are used to report resources held by the reporting government in a purely custodial capacity (assets equal liabilities).

### **Board of Education Flex Plan**

To account for employee medical savings account.

### **Student Activities**

To account for expenditures for educational extracurricular activities at the various schools. Financing is provided by individual fundraising projects.

### **Police Benevolent**

To account for funds held to benefit the Police Benevolent Association.

### **Performance Bonds**

A fund to account for developers' bonds which are held to assure performance on road construction. Once the roads are constructed, the bonds are released to the developers.

TOWN OF NEWTOWN, CONNECTICUT

COMBINING STATEMENT OF FIDUCIARY NET POSITION  
 AGENCY FUNDS  
 JUNE 30, 2016

	BOARD OF EDUCATION FLEX PLAN	STUDENT ACTIVITIES	POLICE BENEVOLENT	PERFORMANCE BONDS	TOTAL
<u>ASSETS</u>					
Cash.....	\$ 13,821	\$ 441,444	\$ 199	\$	\$ 455,464
Investments.....		191,116		477,214	668,330
TOTAL ASSETS.....	<u>\$ 13,821</u>	<u>\$ 632,560</u>	<u>\$ 199</u>	<u>\$ 477,214</u>	<u>\$ 1,123,794</u>
<u>LIABILITY</u>					
Accounts payable.....	<u>\$ 13,821</u>	<u>\$ 632,560</u>	<u>\$ 199</u>	<u>\$ 477,214</u>	<u>\$ 1,123,794</u>

TOWN OF NEWTOWN, CONNECTICUT

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 AGENCY FUNDS  
 YEAR ENDED JUNE 30, 2016

	BALANCE JULY 1, 2015	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30, 2016
<u>ASSETS</u>				
CASH:				
Board of Education Flex Plan.....	\$ 15,638	\$ 158,809	\$ 160,626	\$ 13,821
Student activities.....	431,460	1,540,300	1,530,316	441,444
Police Benevolent.....	6,660	878	7,339	199
TOTAL CASH.....	453,758	1,699,987	1,698,281	455,464
INVESTMENTS:				
Student activities.....	188,352	2,764		191,116
Performance bonds.....	496,584	532	19,902	477,214
TOTAL INVESTMENTS.....	684,936	3,296	19,902	668,330
TOTAL ASSETS.....	\$ 1,138,694	\$ 1,703,283	\$ 1,718,183	\$ 1,123,794
<u>LIABILITIES</u>				
ACCOUNTS PAYABLE:				
Board of Education Flex Plan.....	\$ 15,638	\$ 158,809	\$ 160,626	\$ 13,821
Student activities.....	619,812	1,543,064	1,530,316	632,560
Police Benevolent.....	6,660	878	7,339	199
Performance bonds.....	496,584	532	19,902	477,214
TOTAL LIABILITIES.....	\$ 1,138,694	\$ 1,703,283	\$ 1,718,183	\$ 1,123,794

---

# Statistical Section

---

This part of the Town's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Town's overall financial health.

## CONTENTS

### **FINANCIAL TRENDS (TABLES 1 - 4)**

These schedules contain trend information to help the reader understand how the Town's financial performance and well-being have changed over time.

### **REVENUE CAPACITY (TABLES 5 - 8)**

These schedules contain information to help the reader assess the Town's most significant local revenue source, the property tax.

### **DEBT CAPACITY (TABLES 9 - 12)**

These schedules present information to help the reader assess the affordability of the Town's current levels of outstanding debt and the Town's ability to issue additional debt in the future.

### **DEMOGRAPHIC AND ECONOMIC INFORMATION (TABLES 13 - 14)**

These schedules offer demographic and economic indicators to help the reader understand the environment within which the Town's financial activities take place.

### **OPERATING INFORMATION (TABLE 15 - 17)**

This schedule contains service and infrastructure data to help the reader understand how the information in the Town's financial report relates to the services the Town provides and the activities it performs.

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

TABLE 1

## TOWN OF NEWTOWN, CONNECTICUT

NET POSITION BY COMPONENT  
LAST TEN YEARS  
(UNAUDITED)

	FISCAL YEAR ENDED									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
GOVERNMENTAL ACTIVITIES:										
Net investment in capital assets.....	\$ 219,568,514	\$ 191,092,069	\$ 172,186,652	\$ 164,022,205	\$ 160,006,067	\$ 149,602,482	\$ 131,727,748	\$ 128,178,467	\$ 122,076,076	\$ 114,736,321
Restricted for:										
Endowments:										
Nonexpendable.....	610,000	610,000	610,000	610,000	610,000	650,602	650,602	650,602	650,602	650,602
Expendable.....	2,009,475	2,173,946	2,265,090	2,149,535	735,857	808,311	686,396	643,380	941,467	1,097,698
General government.....	444,326	406,688	447,075	338,844	187,763					
Public safety.....	98,139	99,861	103,402	76,149	8,952					
Health and welfare.....	21,731	31,750	33,497	68,913	54,987					
Parks and recreation.....						171,099	178,155			
Education.....	1,107,557	1,598,143	1,962,638	648,435	208,185	271,166	270,350			
Other.....						97,507	94,433			
Unrestricted.....	21,104,881	15,857,578	9,914,472	16,922,074	17,480,920	22,463,889	25,713,592	23,157,791	24,236,011	24,522,070
TOTAL NET POSITION.....	244,964,623	211,870,035	187,522,826	184,836,155	179,292,731	174,065,056	159,321,276	152,630,240	147,904,156	141,006,691
BUSINESS-TYPE ACTIVITIES:										
Net investment in capital assets.....	26,005,257	24,500,880	23,031,532	24,629,094	24,084,436	23,323,592	23,064,329	22,821,892	22,477,029	22,270,321
Unrestricted.....	3,028,503	5,327,679	7,733,196	6,731,333	7,641,205	8,783,633	9,332,516	10,130,575	11,322,568	12,093,361
TOTAL NET POSITION.....	29,033,760	29,828,559	30,764,728	31,360,427	31,725,641	32,107,225	32,396,845	32,952,467	33,799,597	34,363,682
GRAND TOTAL:										
Net investment in capital assets.....	245,573,771	215,592,949	195,218,184	188,651,299	184,090,503	172,926,074	154,792,077	151,000,359	144,553,105	137,006,642
Restricted for:										
Endowments:										
Nonexpendable.....	610,000	610,000	610,000	610,000	610,000	650,602	650,602	650,602	650,602	650,602
Expendable.....	2,009,475	2,173,946	2,265,090	2,149,535	735,857	808,311	686,396	643,380	941,467	1,097,698
General government.....	444,326	406,688	447,075	338,844	187,763					
Public safety.....	98,139	99,861	103,402	76,149	8,952					
Health and welfare.....	21,731	31,750	33,497	68,913	54,987					
Parks and recreation.....						171,099	178,155			
Education.....	1,107,557	1,598,143	1,962,638	648,435	208,185	271,166	270,350			
Other.....						97,507	94,433			
Unrestricted.....	24,133,384	21,185,257	17,647,668	23,653,407	25,122,125	31,247,522	35,046,108	33,288,366	35,558,579	36,615,431
GRAND TOTAL NET POSITION.....	\$ 273,998,383	\$ 241,698,594	\$ 218,287,554	\$ 216,196,582	\$ 211,018,372	\$ 206,172,281	\$ 191,718,121	\$ 185,582,707	\$ 181,703,753	\$ 175,370,373



**TABLE 2**  
**(1 of 2)**

TOWN OF NEWTOWN, CONNECTICUT

CHANGES IN NET POSITION  
LAST TEN YEARS  
(UNAUDITED)

	FISCAL YEAR ENDED									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
EXPENSES:										
Governmental activities:										
General government.....	\$ 6,748,506	\$ 6,487,392	\$ 6,002,205	\$ 5,525,271	\$ 5,572,507	\$ 4,521,804	\$ 8,759,441	\$ 4,535,058	\$ 5,296,173	\$ 3,824,508
Public safety.....	11,763,967	11,028,701	10,603,300	9,986,240	9,859,389	9,253,214	6,867,872	9,148,279	8,079,988	6,790,431
Health and welfare.....	3,141,088	3,197,189	2,789,566	2,541,813	3,108,569	2,156,351	2,938,714	3,358,845	2,760,009	2,537,270
Land use.....	753,241	666,559	723,512	588,147	557,698	569,264	541,473	703,662	655,200	669,305
Public works.....	10,403,732	9,630,398	10,416,008	9,873,453	11,621,141	9,793,777	8,173,705	11,867,112	8,814,436	9,286,973
Parks and recreation.....	3,748,633	3,625,294	3,122,807	3,251,097	3,400,294	3,819,873	2,639,930	3,262,414	2,682,141	2,775,522
Education.....	89,774,822	90,038,453	90,475,882	83,295,987	82,229,207	78,287,539	76,662,504	76,184,988	86,738,412	69,132,117
Interest expense.....	2,226,691	2,534,616	2,350,574	2,530,417	3,294,660	2,781,527	14,752,827	1,161,850	2,904,944	2,614,757
Total Governmental Activities Expenses.....	128,560,680	127,208,602	126,483,854	117,592,425	119,643,465	111,183,349	121,336,466	110,222,208	117,931,303	97,630,883
Business-Type activities:										
Sewer Department.....	1,696,780	1,696,442	1,575,726	1,621,751	1,655,992	1,558,578	1,592,894	1,568,227	1,588,118	1,689,500
Water Department.....	511,594	479,700	359,157	308,571	287,707	334,988	407,914	381,374	361,601	281,389
Total Business-Type activities.....	2,208,374	2,176,142	1,934,883	1,930,322	1,943,699	1,893,566	2,000,808	1,949,601	1,949,719	1,970,889
TOTAL EXPENSES.....	130,769,054	129,384,744	128,418,737	119,522,747	121,587,164	113,076,915	123,337,274	112,171,809	119,881,022	99,601,772
PROGRAM REVENUES:										
Governmental activities:										
Charges for services:										
General government.....	811,598	764,436	661,787	657,318	681,250	694,793	620,329	681,694	1,026,564	909,972
Public safety.....	843,555	607,587	398,294	496,807	1,014,724	382,426	403,673	526,245	291,420	216,418
Health and welfare.....	10,404	2,515	55,400	18,660	26,004	46,909	36,056	10,200	77,387	2,229
Land use.....	56,628	81,168	42,717	67,810	55,489	50,654	68,850	110,052	130,955	114,726
Public works.....	1,151,513	1,079,601	1,184,725	936,145	1,072,364	1,020,424	795,857	840,643	906,124	1,093,674
Parks and recreation.....	1,450,819	1,489,006	1,627,318	1,314,279	1,418,411	1,436,769	1,496,451	1,561,347	1,473,699	1,418,574
Education.....	2,369,659	2,274,004	2,185,632	2,136,233	2,180,993	2,249,986	1,979,875	1,927,823	1,984,582	2,211,948
Operating grants and contributions.....	19,384,116	19,919,812	22,660,148	18,865,291	16,619,958	15,216,921	15,620,226	13,470,536	24,721,120	9,786,293
Capital grants and contributions.....	30,852,252	21,188,401	4,827,049	1,699,664	3,497,555	8,706,301	4,738,631	1,731,908	4,072,712	2,177,250
Total Governmental Activities Program Revenues.....	56,930,544	47,406,530	33,643,070	26,192,207	26,566,748	29,805,183	25,759,948	20,860,448	34,684,563	17,931,084

(Continued)

## TOWN OF NEWTOWN, CONNECTICUT

CHANGES IN NET POSITION  
LAST TEN YEARS  
(UNAUDITED)

	FISCAL YEAR ENDED									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Business-Type activities:										
Sewer Department.....	\$ 1,027,189	\$ 875,006	\$ 976,159	\$ 1,182,768	\$ 1,158,657	\$ 1,206,743	\$ 1,021,112	\$ 905,105	\$ 1,125,055	\$ 825,987
Water Department.....	346,945	323,481	319,567	335,215	351,139	332,772	324,178	261,294	183,833	183,061
Total Business-Type activities.....	1,374,134	1,198,487	1,295,726	1,517,983	1,509,796	1,539,515	1,345,290	1,166,399	1,308,888	1,009,048
TOTAL PROGRAM REVENUES.....	58,304,678	48,605,017	34,938,796	27,710,190	28,076,544	31,344,698	27,105,238	22,026,847	35,993,451	18,940,132
NET EXPENSES:										
Governmental activities.....	(71,630,136)	(79,802,072)	(92,840,784)	(91,400,218)	(93,076,717)	(81,378,166)	(95,576,518)	(89,361,760)	(83,246,740)	(79,699,799)
Business-type activities.....	(834,240)	(977,655)	(639,157)	(412,339)	(433,903)	(354,051)	(655,518)	(783,202)	(640,831)	(961,841)
TOTAL NET EXPENSES.....	(72,464,376)	(80,779,727)	(93,479,941)	(91,812,557)	(93,510,620)	(81,732,217)	(96,232,036)	(90,144,962)	(83,887,571)	(80,661,640)
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION:										
Governmental activities:										
Property taxes.....	101,373,044	100,926,929	100,629,359	96,220,137	95,287,752	93,206,605	90,659,137	90,243,025	85,534,874	82,212,483
Grants and contributions not restricted to specific programs..	2,770,496	2,962,325	2,685,543	2,602,165	2,576,596	2,168,350	2,045,042	2,756,030	2,616,265	2,482,103
Contributions to permanent funds.....				1,387,342						
Investment income.....	360,637	210,013	370,978	293,593	224,944	592,766	574,735	552,252	1,830,513	2,354,318
Gain on sale of assets.....					90,000					
Miscellaneous.....	220,547	50,014	136,925	161,772	125,100	154,225	105,381	452,570	162,553	165,081
Total Governmental Activities .....	104,724,724	104,149,281	103,822,805	100,665,009	98,304,392	96,121,946	93,384,295	94,003,877	90,144,205	87,213,985
Business-Type activities:										
Sewer Department.....	39,441	41,486	43,458	47,125	52,319	64,431	99,896	20,039	76,746	193,215
TOTAL GENERAL REVENUES.....	104,764,165	104,190,767	103,866,263	100,712,134	98,356,711	96,186,377	93,484,191	94,023,916	90,220,951	87,407,200
CHANGE IN NET POSITION BEFORE EXTRAORDINARY ITEM:										
Governmental activities.....	33,094,588	24,347,209	10,982,021	9,264,791	5,227,675	14,743,780	(2,192,223)	4,642,117	6,897,465	7,514,186
Business-type activities.....	(794,799)	(936,169)	(595,699)	(365,214)	(381,584)	(289,620)	(555,622)	(763,163)	(564,085)	(768,626)
TOTAL CHANGE IN NET POSITION BEFORE EXTRAORDINARY ITEM.....	32,299,789	23,411,040	10,386,322	8,899,577	4,846,091	14,454,160	(2,747,845)	3,878,954	6,333,380	6,745,560
EXTRAORDINARY ITEM - ASSET IMPAIRMENT.....				(3,721,367)						
CHANGE IN NET POSITION:										
Governmental activities.....	33,094,588	24,347,209	10,982,021	5,543,424	5,227,675	14,743,780	(2,192,223)	4,642,117	6,897,465	7,514,186
Business-type activities.....	(794,799)	(936,169)	(595,699)	(365,214)	(381,584)	(289,620)	(555,622)	(763,163)	(564,085)	(768,626)
TOTAL CHANGE IN NET POSITION.....	\$ 32,299,789	\$ 23,411,040	\$ 10,386,322	\$ 5,178,210	\$ 4,846,091	\$ 14,454,160	\$ (2,747,845)	\$ 3,878,954	\$ 6,333,380	\$ 6,745,560

(Concluded)

TABLE 3

## TOWN OF NEWTOWN, CONNECTICUT

FUND BALANCES, GOVERNMENTAL FUNDS  
 LAST TEN YEARS  
 (MODIFIED ACCRUAL BASIS OF ACCOUNTING)  
 (UNAUDITED)

	FISCAL YEAR ENDED									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
GENERAL FUND:										
Assigned.....	\$ 868,010	\$ 698,388	\$ 958,996	\$ 1,416,183	\$ 810,891	\$ 760,701	\$ 2,354,552	\$ 3,634,009	\$ 4,960,888	\$ 5,489,515
Unassigned.....	11,444,280	10,608,535	10,242,495	9,390,049	8,379,750	7,408,816	6,903,051	7,636,522	7,821,198	2,619,306
TOTAL GENERAL FUND.....	12,312,290	11,306,923	11,201,491	10,806,232	9,190,641	8,169,517	9,257,603	11,270,531	12,782,086	8,108,821
ALL OTHER GOVERNMENTAL FUNDS:										
Nonspendable.....	610,000	610,000	610,000	610,000	610,000	650,602	650,602	650,602	650,602	650,602
Restricted.....	3,681,228	4,310,388	4,811,702	3,281,876	1,195,744	1,348,083	1,229,334	643,380	941,467	1,097,698
Committed.....	8,075,178	1,728,989	3,293,443	2,761,894	2,889,512	2,518,747	1,253,867	1,029,196	914,966	939,402
Assigned.....	85,213	65,891	382,280	182,284	152,761	51,350	301,517	722,709	83,915	
Unassigned.....	-	(526,469)		(1,036,866)	(53,605)	(5,236,911)	(10,737,527)	3,447,725	11,492,610	13,555,592
TOTAL ALL OTHER GOVERNMENTAL FUNDS.	12,451,619	6,188,799	9,097,425	5,799,188	4,794,412	(668,129)	(7,302,207)	6,493,612	14,083,560	16,243,294
GRAND TOTAL.....	\$ 24,763,909	\$ 17,495,722	\$ 20,298,916	\$ 16,605,420	\$ 13,985,053	\$ 7,501,388	\$ 1,955,396	\$ 17,764,143	\$ 26,865,646	\$ 24,352,115

TABLE 4

## TOWN OF NEWTOWN, CONNECTICUT

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS  
LAST TEN YEARS  
(UNAUDITED)

	FISCAL YEAR ENDED									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
REVENUES:										
Property taxes.....	\$ 101,236,267	\$ 101,013,572	\$ 100,427,517	\$ 96,477,212	\$ 94,848,822	\$ 92,855,249	\$ 90,659,137	\$ 90,141,582	\$ 85,409,590	\$ 82,160,198
Intergovernmental.....	53,276,588	34,292,844	29,675,603	21,047,684	20,996,562	26,729,907	21,368,025	18,723,660	29,595,041	13,671,350
Charges for services.....	6,687,682	6,302,145	6,140,973	5,642,737	6,476,781	5,864,154	5,401,091	5,647,804	5,815,344	5,967,312
Investment income.....	415,401	219,602	164,546	159,088	311,244	385,276	513,052	833,860	1,977,164	2,173,848
Net change in fair value of investments.....	(62,821)	(16,824)	201,070	126,266	(92,166)	203,555	61,683	(281,619)	(149,911)	173,533
Contributions.....	263,880	783,631	1,076,879	3,430,866	504,502	225,177	158,204	229,043	138,571	93,484
Other.....	220,547	50,014	136,925	161,772	125,100	154,225	105,381	452,570	162,553	165,081
TOTAL REVENUES.....	162,037,544	142,644,984	137,823,513	127,045,625	123,170,845	126,417,543	118,266,573	115,746,900	122,948,352	104,404,806
EXPENDITURES:										
Current:										
General government.....	6,137,799	6,308,275	5,471,010	4,980,373	4,924,957	8,467,595	8,384,510	7,431,955	7,829,719	6,678,593
Fairfield Hills.....	27,785	27,640	56,888	55,211	149,582	305,477	374,931	531,952	587,100	508,502
Public safety.....	10,411,943	10,403,207	9,878,324	9,619,031	9,313,761	6,804,072	6,867,872	6,651,104	6,284,149	5,680,053
Health and welfare.....	3,090,033	3,182,633	2,765,177	2,519,088	3,094,137	2,133,572	2,938,714	3,316,602	2,692,470	2,417,531
Land use.....	674,599	673,894	720,127	579,059	570,199	465,629	541,473	562,379	528,719	508,087
Public works.....	9,733,804	10,076,262	10,060,991	9,453,990	10,433,422	8,676,968	8,173,705	9,459,569	7,459,859	9,232,185
Parks and recreation.....	2,893,326	2,997,591	2,897,444	3,073,435	2,949,884	3,105,935	2,639,930	2,561,335	2,608,137	2,229,034
Education.....	86,970,790	87,257,274	88,921,365	82,288,773	80,220,967	78,889,774	76,662,504	74,467,636	84,625,841	67,407,332
Debt service:										
Principal.....	7,846,937	7,581,211	7,581,211	7,387,177	6,745,760	7,119,958	6,367,885	6,367,885	6,707,913	5,884,431
Interest.....	2,490,558	3,266,877	2,577,717	2,672,401	2,863,256	2,731,592	8,384,942	2,875,515	2,905,792	2,688,665
Capital outlay.....	37,091,149	14,053,371	7,756,118	2,480,606	7,842,117	16,043,474	27,410,677	20,113,831	11,244,600	3,493,062
TOTAL EXPENDITURES.....	167,368,723	145,828,235	138,686,372	125,109,144	129,108,042	134,744,046	148,747,143	134,339,763	133,474,299	106,727,475
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	(5,331,179)	(3,183,251)	(862,859)	1,936,481	(5,937,197)	(8,326,503)	(30,480,570)	(18,592,863)	(10,525,947)	(2,322,669)
OTHER FINANCING SOURCES (USES):										
Issuance of debt.....	12,000,000		4,012,000		11,800,000	14,020,000	14,230,000	8,885,000	12,970,000	9,460,000
Issuance of refunding bonds.....	2,295,000	17,620,000			15,047,300	8,910,000	13,320,000	9,285,000		
Capital lease.....		179,866						400,000		
Premium.....	731,617	2,592,690	60,997		1,655,587	1,048,566	1,611,914	306,418		65,067
Payment to refunded bonds escrow agent.....	(2,427,251)	(20,012,499)			(16,172,025)	(10,106,071)	(14,490,091)	(9,469,025)		
Sale of assets.....					90,000				69,478	
Transfers in.....	861,427	1,049,293	969,830	574,285	787,684	663,737	575,633	2,314,742	4,948,915	464,241
Transfers out.....	(861,427)	(1,049,293)	(969,830)	(574,285)	(787,684)	(663,737)	(575,633)	(2,230,775)	(4,948,915)	(464,241)
Insurance proceeds.....			483,358	683,886						
NET OTHER FINANCING SOURCES (USES).....	12,599,366	380,057	4,556,355	683,886	12,420,862	13,872,495	14,671,823	9,491,360	13,039,478	9,525,067
NET CHANGE IN FUND BALANCES.....	\$ 7,268,187	\$ (2,803,194)	\$ 3,693,496	\$ 2,620,367	\$ 6,483,665	\$ 5,545,992	\$ (15,808,747)	\$ (9,101,503)	\$ 2,513,531	\$ 7,202,398
DEBT SERVICE AS A PERCENTAGE OF NONCAPITAL EXPENDITURES.....	8%	8%	8%	8%	8%	9%	10%	8%	8%	8%

TABLE 5

## TOWN OF NEWTOWN, CONNECTICUT

ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY  
LAST TEN YEARS  
(UNAUDITED)

YEAR ENDED JUNE 30	REAL ESTATE		PERSONAL PROPERTY			TOTALS				
	(1) ASSESSED VALUE	(2) ESTIMATED VALUE	(1) MOTOR VEHICLE ASSESSED VALUE	(1) PERSONAL PROPERTY ASSESSED VALUE	TOTAL MOTOR VEHICLE AND PERSONAL PROPERTY ASSESSED VALUE	TOTAL MOTOR VEHICLE AND PERSONAL PROPERTY ESTIMATED ACTUAL VALUE	(1) TOTAL ASSESSED VALUE	TOTAL ESTIMATED ACTUAL VALUE	(2) PERCENTAGE OF TOTAL ASSESSED VALUE TO TOTAL ESTIMATED ACTUAL VALUE	(3) TOTAL DIRECT TAX RATE
2007	\$ 2,708,061,890	\$ 4,909,091,946	\$ 210,749,643	\$ 92,656,529	\$ 303,406,172	\$ 452,824,344	\$ 3,011,468,062	\$ 5,361,916,290	56.16%	28.15
2008	2,749,091,490	5,188,923,159	218,235,621	98,741,420	316,977,041	452,824,344	3,066,068,531	5,641,747,503	54.35%	28.95
2009	3,629,805,735 *	5,185,436,764	220,978,180	98,735,860	319,714,040	456,734,343	3,949,519,775	5,642,171,107	70.00%	23.81
2010	3,626,812,720	4,597,303,486	217,368,592	106,011,275	323,379,867	461,971,239	3,950,192,587	5,059,274,725	78.08%	24.01
2011	3,624,426,799	4,439,726,674	207,771,612	110,561,554	318,333,166	454,761,666	3,942,759,965	4,894,488,340	80.56%	24.61
2012	3,633,553,446	4,223,985,170	215,781,712	108,306,358	324,088,070	462,982,957	3,957,641,516	4,686,968,127	84.44%	24.98
2013	3,648,196,507	3,960,265,422	227,546,256	108,087,739	335,633,995	479,477,136	3,983,830,502	4,439,742,558	89.73%	25.15
2014	2,707,112,590 *	3,867,303,700	225,073,540	105,001,262	330,074,802	471,535,431	3,037,187,392	4,338,839,131	70.00%	34.21
2015	2,717,924,953	3,882,749,932	229,453,000	105,519,888	334,972,888	478,532,697	3,052,897,841	4,361,282,630	70.00%	34.16
2016	2,743,010,486	3,918,586,409	236,403,001	134,621,196	371,024,197	530,034,567	3,114,034,683	4,448,620,976	70.00%	33.93

(1) Assessed values taken from the Board of Assessment Appeals corrected abstracts for the respective year.

(2) Personal property value based on a 70% assessment ratio.

(3) From Table 6.

\* Revaluation year.

**TABLE 6****TOWN OF NEWTOWN, CONNECTICUT**

PROPERTY TAX RATES  
 DIRECT AND OVERLAPPING GOVERNMENTS  
 LAST TEN YEARS  
 (UNAUDITED)

Year Ended June 30	Grand List of October 1	Tax Rate - Mills		
		TOWN MILLAGE	BOROUGH MILLAGE	TOTAL MILLAGE
2007	2005	27.30	0.85	28.15
2008	2006	28.10	0.85	28.95
2009	2007	23.20	0.61	23.81
2010	2008	23.43	0.58	24.01
2011	2009	24.00	0.61	24.61
2012	2010	24.37	0.61	24.98
2013	2011	24.54	0.61	25.15
2014	2012	33.32	0.89	34.21
2015	2013	33.31	0.85	34.16
2016	2014	33.07	0.86	33.93

Source: Data supplied by Town of Newtown and Borough Tax Collectors

TOWN OF NEWTOWN, CONNECTICUT

PRINCIPAL PROPERTY TAXPAYERS  
CURRENT YEAR AND NINE YEARS AGO  
(UNAUDITED)

NAME	NATURE OF BUSINESS	GRAND LIST YEAR 2014			GRAND LIST YEAR 2005		
		ASSESSED VALUE	RANK	PERCENTAGE NET TAXABLE GRAND LIST (1)	ASSESSED VALUE	RANK	PERCENTAGE NET TAXABLE GRAND LIST (2)
EVERSOURCE	UTILITY	\$ 31,056,030	1	1.00%	\$ 19,020,190	1	0.63%
ADVANCED FUSION SYSTEMS LLC	MANUFACTURING	17,642,695	2	0.57%			
E&A/ I&G SANDHILL PLAZA LTD PARTNERSHIP	REAKESTATE	15,155,000	3	0.49%	14,384,370	2	0.48%
IROQUOIS GAS TRANSMISSION SYSTEM	UTILITY	10,650,540	4	0.34%			
NEWTOWN SHOPPING VILLAGE LIMITED	REAL ESTATE	10,141,950	5	0.33%	8,215,160	5	0.27%
NEWTOWN ALF PROPERTY LLC	ASSISTED LIVING	7,700,820	6	0.25%			
TOLL CT III LTD PARTNERSHIP	REAL ESTATE	7,640,947	7	0.25%			
42 TAUNTON HILL ROAD LLC	REAL ESTATE	6,770,870	8	0.22%			
M NEWTOWN ASSOC LTD PARTNERSHIP	REAL ESTATE	6,666,180	9	0.21%			
NEWTOWN SAVINGS BANK	FINANCIAL	6,445,210	10	0.21%			
BARNABAS REALTY GROUP GEN PARTNERSHIP	REAL ESTATE	5,869,610	11	0.19%	12,351,350	3	0.41%
TAUNTON PRESS INC	PRINTING	5,789,510	12	0.19%	5,364,260	11	0.18%
NEWTOWN MEDICAL OFFICE LLC	MEDICAL	5,754,555	13	0.18%			
ETHAN ALLEN RETAIL INC.	MANUFACTURING	5,570,650	14	0.18%			
AQUARION WATER COMPANY	UTILITY	5,455,180	15	0.18%			
TOTAL		<u>\$ 148,309,747</u>		<u>4.79%</u>	<u>\$ 59,335,330</u>		<u>1.97%</u>

Source: Town Assessor Department.

(1) Based on October 1, 2014 net taxable Grand List of \$3,114,034,683

(2) Based on October 1, 2005 net taxable Grand List of \$3,011,468,062

TOWN OF NEWTOWN, CONNECTICUTTAX RATES, LEVIES AND CASH COLLECTIONS  
LAST TEN YEARS  
(UNAUDITED)

YEAR ENDED JUNE 30	(1) MILL RATE	GRAND LIST OF OCTOBER 1	TOTAL ADJUSTED TAX LEVY	NET CURRENT LEVY TAX COLLECTIONS	PERCENTAGE OF CURRENT TAXES COLLECTED	COLLECTIONS/ ADJUSTMENTS IN SUBSEQUENT YEARS	TOTAL COLLECTIONS	PERCENT OF LEVY COLLECTED	CURRENT DELINQUENT BALANCE
2007	27.30	2005	\$ 81,644,015	\$ 80,907,427	99.1%	\$ 717,701	\$ 81,625,128	100.0%	\$ 18,887
2008	28.10	2006	84,992,465	84,184,987	99.0%	785,878	84,970,865	100.0%	21,600
2009	23.20	2007	89,761,007	88,934,425	99.1%	721,256	89,655,681	99.9%	105,326
2010	23.43	2008	90,216,520	89,465,838	99.2%	639,067	90,104,905	99.9%	111,615
2011	24.00	2009	92,798,590	91,982,638	99.1%	690,121	92,672,759	99.9%	125,831
2012	24.37	2010	94,762,206	93,813,987	99.0%	811,197	93,813,987	99.0%	137,022
2013	24.54	2011	96,019,710	95,073,707	99.0%	794,123	95,073,707	99.0%	151,880
2014	33.32	2012	99,925,361	99,196,280	99.3%	607,092	99,803,372	99.9%	121,989
2015	33.31	2013	100,736,217	99,928,950	99.2%	616,507	100,545,457	99.8%	190,760
2016	33.07	2014	100,822,157	100,147,614	99.3%	-	100,147,614	99.3%	674,543

Source: Town audit reports.

(1) This represents the Town's mill rate per \$1,000 of taxable property. See Table 6.



TOWN OF NEWTOWN, CONNECTICUTRATIOS OF OUTSTANDING DEBT BY TYPE  
LAST TEN YEARS  
(UNAUDITED)

YEAR ENDED JUNE 30	GOVERNMENTAL ACTIVITIES						BUSINESS-TYPE ACTIVITIES				PERCENTAGE OF PERSONAL INCOME	DEBT PER CAPITA
	GENERAL OBLIGATION BONDS	BOND PREMIUM	CLEAN WATER NOTES	DRINKING WATER NOTE	IMPROVEMENT NOTE	CAPITAL LEASES	GENERAL OBLIGATION BONDS	BOND PREMIUM	CLEAN WATER NOTES	TOTAL		
2007	\$ 61,754,500	\$ 583,513	\$ 2,801,364	\$	\$ 783,000	\$	\$ 575,500	\$ 10,376	\$ 9,048,484	\$ 75,556,737	0.15%	\$ 2,779
2008	66,336,600	543,641	2,549,346	152,719	2,722,000		528,400	9,577	8,252,187	81,094,470	0.14%	3,027
2009	65,770,640	806,259	2,292,219	145,560	4,711,000	340,000	482,000	8,779	7,439,818	81,996,275	0.14%	3,089
2010	72,068,800	1,989,589	2,029,879	138,233		290,265	436,200		6,611,048	83,564,014	0.11%	3,799
2011	78,664,000	2,764,148	1,762,220	130,734		237,944	391,000		5,765,553	89,715,599	0.13%	3,250
2012	83,482,300	4,148,873	1,489,134	123,060		182,902	327,700	7,398	4,903,085	90,508,181	0.12%	3,238
2013	76,381,600	3,758,373	1,210,511	115,206		124,998	268,400	6,869	4,023,113	85,889,070	0.13%	3,116
2014	73,104,700	3,428,872	926,239	107,167		64,083	2,690,300	44,167	3,125,380	83,490,908	0.14%	3,029
2015	64,221,900	3,230,825	636,202	98,940		99,866	2,488,100	41,747	2,209,527	73,027,107	0.16%	2,598
2016	68,594,300	3,414,557	340,285	90,520		49,933	2,285,900	39,327	1,275,188	76,090,010	0.15%	2,707

NOTE: Details regarding the Town's outstanding debt can be found in the notes to the financial statements.  
There is no overlapping debt for the Town of Newtown.

TABLE 10

TOWN OF NEWTOWN, CONNECTICUTRATIOS OF GENERAL DEBT OUTSTANDING  
LAST TEN YEARS  
(UNAUDITED)

YEAR ENDED JUNE 30	GENERAL DEBT OUTSTANDING						PERCENTAGE OF ACTUAL TAXABLE VALUE OF PROPERTY	DEBT PER CAPITA
	GOVERNMENTAL ACTIVITIES		BUSINESS TYPE ACTIVITIES		NOTES	TOTAL		
	GENERAL OBLIGATION BONDS	BOND PREMIUM	GENERAL OBLIGATION BONDS	BOND PREMIUM				
2007	\$ 61,754,500	\$ 583,513	\$ 575,500	\$ 10,376	\$ 3,744,078	\$ 66,667,967	1.22%	\$ 2,423
2008	66,336,600	543,641	528,400	9,577	5,271,346	72,689,564	1.36%	2,689
2009	65,770,640	806,259	482,000	8,779	7,343,219	74,410,897	1.32%	2,814
2010	72,068,800	1,989,589	436,200		2,320,144	76,814,733	1.52%	2,873
2011	78,664,000	2,764,148	391,000		1,762,220	83,581,368	1.71%	3,028
2012	83,482,300	4,148,873	327,700	7,398	1,612,194	89,578,465	1.81%	3,044
2013	76,381,600	3,758,373	268,400	6,869	1,325,717	81,740,959	1.84%	2,966
2014	73,104,700	3,428,872	2,690,300	44,167	1,033,406	80,301,445	1.85%	2,914
2015	64,221,900	3,230,825	2,488,100	41,747	735,142	70,717,714	1.62%	2,515
2016	68,594,300	3,414,557	2,285,900	39,327	430,805	74,764,889	1.71%	2,659

NOTE: Details regarding the Town's outstanding debt can be found in the notes to the financial statements.

There is no overlapping debt for the Town of Newtown.

TOWN OF NEWTOWN, CONNECTICUT

SCHEDULE OF DEBT LIMITATION  
CONNECTICUT STATUTES, SECTION 7-374(b)  
JUNE 30, 2016  
(UNAUDITED)

TAX BASE:

Total tax collections (including interest and lien fees).....	\$ 101,247,613
Newtown Borough tax collections (including interest and lien fees).....	201,793
TOTAL BASE.....	<u>\$ 101,449,406</u>

	GENERAL PURPOSE	SCHOOLS	SEWERS	URBAN RENEWAL	PENSION DEFICIT
<u>DEBT LIMITATION:</u>					
2 1/4 times base.....	\$ 228,261,164	\$	\$	\$	\$
4 1/2 times base.....		456,522,327			
3 3/4 times base.....			380,435,273		
3 1/4 times base.....				329,710,570	
3 times base.....					304,348,218
TOTAL LIMITATIONS.....	<u>228,261,164</u>	<u>456,522,327</u>	<u>380,435,273</u>	<u>329,710,570</u>	<u>304,348,218</u>

INDEBTEDNESS:

Bonds payable.....	32,896,920	35,651,680	45,700		
Less school building grants.....		(344,931)			
TOTAL INDEBTEDNESS.....	<u>32,896,920</u>	<u>35,306,749</u>	<u>45,700</u>	<u>-</u>	<u>-</u>
DEBT LIMITATION IN EXCESS OF OUTSTANDING DEBT.....	<u>\$ 195,364,244</u>	<u>\$ 421,215,578</u>	<u>\$ 380,389,573</u>	<u>\$ 329,710,570</u>	<u>\$ 304,348,218</u>

The total net indebtedness above amounts to: \$ 68,249,369

In no event shall total indebtedness exceed seven times the base for debt limitation computation: \$ 710,145,842

There is no overlapping debt for the Town of Newtown.

TOWN OF NEWTOWN, CONNECTICUTLEGAL DEBT MARGIN INFORMATION  
LAST TEN YEARS  
(UNAUDITED)

YEAR ENDED JUNE 30	DEBT LIMIT	NET DEBT APPLICABLE TO LIMIT	LEGAL DEBT MARGIN	TOTAL NET DEBT APPLICABLE
2007	\$ 1,374,049,585	\$ 56,328,321	\$ 1,317,721,264	4%
2008	1,430,495,510	60,935,764	1,369,559,746	4%
2009	1,509,951,699	64,664,689	1,445,287,010	4%
2010	1,515,556,298	88,231,088	1,427,325,210	6%
2011	650,703,801	86,047,927	564,655,874	13%
2012	663,291,993	81,074,943	582,217,050	12%
2013	674,434,558	74,516,848	599,917,710	11%
2014	706,209,245	71,751,326	634,457,919	10%
2015	706,964,622	63,374,699	643,589,923	9%
2016	710,145,842	68,249,369	641,896,473	10%

There is no overlapping debt for the Town of Newtown.

TOWN OF NEWTOWN, CONNECTICUTDEMOGRAPHIC STATISTICS  
LAST TEN YEARS  
(UNAUDITED)

YEAR ENDED JUNE 30	(1) POPULATION	(5) PERSONAL INCOME	(2) PER CAPITA INCOME	(5) MEDIAN AGE	EDUCATION LEVEL IN YEARS OF SCHOOLING	(3) SCHOOL ENROLLMENT	(4) UNEMPLOYMENT PERCENTAGE
2007	27,034	\$ 110,346	\$ 37,786	N/A	N/A	5,668	2.9%
2008	26,790	110,346	37,786	40	N/A	5,628	4.9%
2009	26,441	114,719	37,786	37.5	49.8% at least 4 years of college	5,580	5.4%
2010	26,737	114,673	37,786	37.5	49.8% at least 4 years of college	5,490	6.6%
2011	27,605	114,673	37,783	40.3	53% bachelor's degree or more	5,451	6.9%
2012	27,953	113,067	38,855	39	53% bachelor's degree or more	5,298	6.5%
2013	27,560	114,695	42,918	39	59.33% bachelor's degree or more	5,126	6.6%
2014	27,560	116,024	47,221	39	94.3% H.S. degree or more	4,880	6.5%
2015	28,113	116,489	48,556	44.2	95.4% H.S. degree or more	4,747	4.6%
2016	28,022	108,667	48,740	43.8	94% H.S. degree or more	4,564	4.8%

(1) Source: State of Connecticut, Department of Health, 2010 Population - U.S. Bureau of Census.

(2) Per Capital Income and Median Age - Figures obtained from the State of Connecticut Census Data Center, U.S. Census Bureau and the Housatonic Council of Elected Officials.

(3) Connecticut Department of Education.

(4) Connecticut Labor Department - Research and Statistics.

(5) 2008-2012 American Community Survey.

N/A - Information not available.

TABLE 14

TOWN OF NEWTOWN, CONNECTICUT

PRINCIPAL EMPLOYERS  
CURRENT YEAR AND NINE YEARS AGO  
(UNAUDITED)

EMPLOYER	2016			2007		
	EMPLOYEES	RANK	PERCENTAGE OF TOTAL TOWN EMPLOYMENT	EMPLOYEES	RANK	PERCENTAGE OF TOTAL TOWN EMPLOYMENT
TOWN OF NEWTOWN BOARD OF EDUCATION.....	779	1	5.7%	860	1	10.0%
MASONICARE OF NEWTOWN.....	275	2	2.0%	253	6	2.9%
STATE OF CT - DEPT OF CORRECTIONS.....	260	3	1.9%	320	3	3.7%
CHARTER COMMUNICATIONS.....	200	4	1.5%	228	7	2.6%
HUBBELL WIRING DEVICES.....	180	5	1.3%	281	4	3.3%
TAUNTON PRESS.....	145	6	1.1%	275	5	3.2%
TOWN OF NEWTOWN.....	166	7	1.2%	174	9	2.0%
BIG Y.....	140	8	1.0%	150	10	1.7%
CARALUZZI'S MARKET.....	140	9	1.0%			0.0%
NEWTOWN SAVINGS BANK.....	125	10	0.9%			0.0%
CURTIS PACKAGING.....	125	11	0.9%	185	8	2.2%
STOP & SHOP.....	112	12	0.8%			0.0%
MAPLEWOODS.....	105	13	0.8%			0.0%
TANGEO.....	100	14	0.7%			0.0%
UCONN HEALTH CENTER OF GARNER.....	75	15	0.5%			0.0%
SONICS & MATERIALS.....	75	16	0.5%			0.0%
TIER ONE MANUFACTURING.....	70	17	0.5%			0.0%
CASCADE MANUFACTURING	64	18	0.5%			0.0%
FORCAST INTERNATIONAL	49	19	0.4%			0.0%
SMT CORPORATION	46	20	0.3%			0.0%
TOTAL.....	3,231		23.5%	2,726		31.6%

TOWN OF NEWTOWN, CONNECTICUTFULL-TIME EMPLOYEES BY FUNCTION/PROGRAM  
LAST TEN YEARS  
(UNAUDITED)

FUNCTION / PROGRAM	FULL -TIME EMPLOYEES AS OF JUNE 30									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
GENERAL GOVERNMENT:										
Selectmen.....	3	3	3	3	3	3	3	3	4	4
Finance.....	5	5	5	5	5	5	5	5	5	5
Parks and recreation.....	17	17	17	17	17	16	16	16	16	17
Town Clerk.....	4	4	4	4	4	4	4	4	4	4
Senior Center.....	2	2	3	3	3	3	3	3	3	2
Registrars.....	2	2	2	2	2	2	2	2	2	2
Tax Collector.....	4	4	4	4	5	5	5	5	5	5
Tax Assessor.....	3	3	4	4	3	4	4	4	4	4
Social Services.....	2	2	2	2	2	2	2	2	2	2
POLICE:										
Officers.....	45	45	45	45	46	47	47	47	46	41
Civilians.....	4	4	4	4	4	5	5	5	5	5
Canine Control.....	3	2	2	2	2	2	2	2	2	2
FIRE:										
Fire Marshall.....	3	3	3	3	3	3	3	3	3	2
PUBLIC WORKS:										
Engineering.....	2	2	2	2	2	2	2	2	2	2
Highway.....	38	37	38	37	37	40	39	44	40	42
Landfill.....	3	3	3	3	3	3	3	3	3	3
Building.....	5	5	5	5	5	6	6	7	6	6
LAND USE.....	8	6	6	6	6	6	5	6	5	7
EMERGENCY COMMUNICATIONS.....	10	10	10	10	10	11	11	11	11	11
EDUCATION.....	779	786	759	751	717	730	737	743	744	730
TOTAL.....	942	945	921	912	879	899	904	917	912	896

SOURCE: Town Budget.

TOWN OF NEWTOWN, CONNECTICUTOPERATING INDICATORS BY FUNCTION/PROGRAM  
LAST TEN YEARS  
(UNAUDITED)

FUNCTION / PROGRAM	FISCAL YEAR ENDED JUNE 30									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
<b><u>GOVERNMENTAL ACTIVITIES</u></b>										
<b>PUBLIC SAFETY:</b>										
Fire: All volunteer										
Total incidents.....	1,629	1,718	1,073	1,271	1,757	1,353	1,245	1,258	1,313	1,444
Rescue/medical calls.....	147	33	98	33	54	164	184	235	216	175
Police:										
Number of calls.....	17,082	26,796	24,701	22,540	25,515	19,848	21,208	20,285	19,177	18,374
Total 911 calls received.....	7,587	7,098	7,078	6,983	8,080	7,417	6,704	6,413	7,084	7,261
Formal investigations.....	1,678	2,077	2,202	2,259	2,536	2,873	3,119	3,080	3,187	3,158
<b>TOWN CLERK:</b>										
Number of documents recorded.....	5,015	6,276	5,562	6,521	6,732	6,328	5,056	5,507	6,041	7,767
<b>HEALTH AND WELFARE:</b>										
Number of food service facilities inspections.....	127	108	114	129	129	115	121	103	99	98
New homes built.....	18	19	18	N/A	N/A	N/A	N/A	9	23	53
Number of soil tests.....	121	111	164	94	123	91	113	N/A	N/A	N/A
Number of new septic permits.....	25	19	12	17	31	14	16	N/A	N/A	N/A
Number of septic repairs.....	97	83	83	74	79	58	84	N/A	N/A	N/A
Number of well permits.....	60	53	49	48	49	48	33	N/A	N/A	N/A
<b>LAND USE:</b>										
Total subdivisions approved.....	0	2	3	3	1	2	0	3	10	5
Total commercial applications approved.....	4	5	4	4	1	4	7	10	12	13
<b>BUILDING:</b>										
Residential permits issued.....	1,836	1,744	1,816	1,698	1,832	1,316	1,286	1,277	1,510	1,803
Commercial permits issued.....	136	275	217	215	202	194	221	194	214	170
<b>PUBLIC WORKS:</b>										
Streets (miles) .....	276.247	276.27	275.83	275.83	275.66	263.07	256.03	256.03	255.05	250.41
Accepted Town roads.....	255.99	255.99	255.88	255.88	255.71	245.39	237.54	237.54	236.56	234.90
Private roads.....	18.88	18.88	18.88	18.88	18.88	17.68	15.51	15.51	15.51	15.51
Roads under construction (maintained)										
by Town .....	1.07	1.07	1.07	1.07	1.07	N/A	N/A	N/A	N/A	N/A
Sidewalks (miles) .....	2.98	2.98	2.98	2.98	2.98	2.98	2.98	2.98	2.98	2.98

(Continued)



**TOWN OF NEWTOWN, CONNECTICUT**

**OPERATING INDICATORS BY FUNCTION/PROGRAM  
LAST TEN YEARS  
(UNAUDITED)**

FUNCTION / PROGRAM	FISCAL YEAR ENDED JUNE 30									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
<b>EDUCATION:</b>										
Enrollment:										
High School Grades 9-12.....	1,681	1,738	1,716	1,764	1,744	1,729	1,730	1,704	1,719	1,714
Middle School Grades 7-8.....	812	833	857	893	871	897	896	929	930	890
Intermediate School Grades 5-6.....	701	731	788	819	878	983	861	964	948	971
Elementary Schools Grades Pre K-4....	1,370	1,445	1,519	1,650	1,805	1,840	1,915	1,983	2,031	2,093
 <b><u>BUSINESS-TYPE ACTIVITIES</u></b>										
<b>WATER FUND:</b>										
Water mains (miles).....	6	6	6	6	6	6	6	6	6	9
Fire hydrants.....	47	47	53	53	53	53	53	47	47	47
Storage capacity (thousands of gallons).....	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
<b>SEWER FUND:</b>										
Sewer mains (miles).....	24.22	24.22	24.22	24.22	24.22	24.22	24.22	24.22	24.22	24.22
Treatment capacity (thousands of gallons)	932	9.32	932	932	932	932	932	932	932	932

(Concluded)

SOURCES: Various Town Departments

N/A - Information not available.

TABLE 17

TOWN OF NEWTOWN, CONNECTICUTCAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM  
LAST TEN YEARS  
(UNAUDITED)

FUNCTION / PROGRAM	FISCAL YEAR ENDED JUNE 30									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
<b><u>GOVERNMENTAL ACTIVITIES</u></b>										
PARKS AND RECREATION:										
Acreage (includes all open space).....	2103	2,103	2,102	2,100	2,100	2,100	2,100	2,100	1,866	1,866
Playgrounds.....	10	10	10	10	10	11	11	11	13	13
Baseball fields.....	13	13	13	13	14	14	14	14	15	14
Softball fields.....	9	9	9	9	9	9	9	9	8	8
Multi-purpose fields.....	20	20	20	20	20	20	20	20	20	18
Senior Center.....	1	1	1	1	1	1	1	1	1	1
Skate Park.....	1	1	1	1	1					
Dog Park.....	1	1	1							
PUBLIC SAFETY:										
Fire Stations	5	5	5	5	5	5	5	5	5	5
Police department:										
Stations.....	1	1	1	1	1	1	1	1	1	1
Number of patrol officers.....	30	30	31	30	31	32	32	32	33	29
PUBLIC WORKS:										
Highway department:										
Streets (miles).....	276.27	276.27	275.83	275.83	275.66	263.07	256.03	256.03	255.05	250.41
Sidewalks (miles).....	2.98	2.98	2.98	2.98	2.98	2.98	2.98	2.98	2.98	2.98
TRANSFER STATION:										
Number of transfer stations.....	1	1	1	1	1	1	1	1	1	1
EDUCATION:										
Number of High Schools.....	1	1	1	1	1	1	1	1	1	1
Number of Middle Schools.....	1	1	1	1	1	1	1	1	1	1
Intermediate School.....	1	1	1	1	1	1	1	1	1	1
Number of Elementary Schools.....	4	4	4	4	4	4	4	4	4	4
<b><u>BUSINESS-TYPE ACTIVITIES</u></b>										
WATER FUND:										
Water mains (miles).....	6	6	6	6	6	6	6	6	6	6
Fire hydrants.....	47	47	47	47	47	47	47	47	47	47
Storage capacity (thousands of gallons)...	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
SEWER FUND:										
Sewer mains (miles).....	24	24.22	24.22	24.22	24.22	24.22	24.22	24.22	24.22	24.22
Treatment capacity (thousands of gallons)	932	932.00	932.00	932.00	932.00	932.00	932.00	932.00	932.00	932.00

SOURCES: Various Town Departments.