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TOWN OF NEWTOWN

LEGISLATIVE COUNCIL

**LEGISLATIVE COUNCIL REGULAR MEETING
COUNCIL CHAMBERS, 3 PRIMROSE STREET, NEWTOWN, CT
MARCH 6, 2019
MINUTES**

PRESENT: Chris Eide, Chris Smith, Jordana Bloom, Robert Pickard, Judit DeStefano, Ryan Knapp, Dan Wiedemann, Paul Lundquist, Phil Carroll, Kelley Johnson, Jay Mattegat, Dan Honan.

ABSENT:

ALSO PRESENT: First Selectman Rosenthal, Finance Director Bob Tait, Board of Finance members – Jim Gaston, Sandy Roussas and Steve Hinden

CALL TO ORDER: Mr. Lundquist called the meeting to order with the Pledge of Allegiance at 7:30 pm.

VOTER COMMENT: none

MINUTES: Mr Eide moved to accept the minutes of February 26, 2019. Mr Carroll seconded the motion. Approved (11-0) Mr Pickard abstained

COMMUNICATIONS: attachment C an invitation from Rudy Magnon to a “town conversation”.
CCM is requesting amendment on SB753 regarding fracking this will be placed on the 3/20 agenda.

COMMITTEE REPORTS: Ms DeStefano reported that the ordinance committee forwarded information to the town attorney over a month ago regarding the Plastic Bag ban and have still not heard anything back.

FIRST SELECTMAN’S REPORT: Mr Rosenthal participated in a meeting with the Governor, Lt Governor and other town leaders last Thursday. Mr Rosenthal did not get the impression that the Governor was in full support of regionalization for schools other than possibly for future building. Mr Rosenthal is more concerned over the pension plan. The cost for the first year is 240-250, second year 660 and third is 750. The concentration is on now with new normal costs 1.2 million. This comes to 8 million with the past due. The arbitration system is wired to increasing these costs. Arbitration system needs to be fixed.

NEW BUSINESS

2018-2019 Municipal and Education Budget Introduction

Mr Gaston stated that the BOF examined the driving forces behind each budget. The BOF asked many questions and received prompt answers. The budgets were very well presented. The BOF interviewed the BOE twice, the First Selectman, Mr Tait, Edmond Town Hall, Police, Fire, Park and Rec, IT and the Library. There were also numerous written questions directed to both sides.

\$78,104,410 BOE budget

Increase 2,050,179 2.7% - 85.5% salaries is 3.64% increase enrollment decline 87 students while there is a 40 student increase in K-4. 2.77% teacher reduction. 3897 was the high projection with 4185 the actual enrollment

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Issues –

Director of Teachers and Learning salary \$76,450 plan to be hired in Jan/Feb so \$50,966 is in this budget. This job description as well as Asst Superintendent job descriptions were compared to ensure the new position was not a duplication. This position is in place with the majority of the districts in our DRG. The administrators and teachers are both in support of this position. This position addresses our student gaps. The job description covers a vast variety of areas. Mr. Pickard questioned whether candidates exist that can cover all of the areas in the job description. Would we end up with someone that could do part of the job and have a learning curve for the rest? Mr Gaston stated that people do exist that can do it all in our DRG.

Special Ed is a 6.8% increase in the budget. \$711,000 of which \$100,000 is a contingency fund. Contingency would address mid year enrollments and other unforeseen occurrences.

Technology advised plan of \$550,000 per year was followed.

Repairs and Maintenance increase of \$70,000 totaling \$363,700

Decrease-

\$34,000 professional services

\$70,000 supplies

\$51,000 benefits

\$140,000 energy

Driving factors –

State aid cost sharing is down as well as transportation.

Increases caused by full day kindergarten, cost sharing, GSS, SpEd, security, psychology, data privacy laws, and state mandates.

BOF passed this budget unanimously.

Town Budget –

\$42,195,726 this is increased \$12,000 from the amount submitted to the BOF. The \$12,000 was from the Fire budget for two additional part-time day time drivers and was cut by BOS . The BOF is in favor of the money being put back as long as the Fire Commission can show the coordination of the daytime drivers.

Wages are up 2.1% However staffing changes saved \$63,000. Combining Senior Center Director, Director of Health and Wellness with Social Services Director to create Director of Human and Social Services and adding lower paid support staff enables that savings.

Building Department Assistant position is being changed to part-time.

Fire Commission – Sandy Hook, Hook and Ladder and Botsford currently have day time drivers. Hawleyville and Dodgingtown have requested part time day drivers.

Unassigned fund balance \$400,000 brings balance from 11.3% up to 11.4% of the total budget.

Edmond Town Hall - \$27,616 increase

Library \$29,686 increase

State reductions are also in the budget

Presentations were well prepared and questions were answered.

Ms Roussas stated that the thought process for the BOF was to preserve and maintain services, while maintaining or improving the quality of education. In addressing declining enrollment, any reductions would impact students. The increase drivers was not in proportion with decrease drivers.

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Mr Hinden prepared handouts (attachment A and B) regarding spending per student per DRG. He sees 2007-13 as years we spent playing catch up. In 2013 we were in the middle of the pack. The second comparison uses 2013-14 as baseline. Mr Hinden noted that there was a very small growth rate without SpEd. SpEd spending has significantly increased.

Mr Lundquist thanked them for their presentation and due diligence.

Ms Johnson asked if the services in the high School are in the middle to the upper end of quality. She also noted that some tests have dropped through 4th.

Ms Roussas replied that we are getting a good return on our dollar and suggested that the BOE would be better equipped to speak to that.

Ms DeStefano asked if some of the reductions correlate with the new purchasing agent. Mr Gaston stated that our purchasing agent got good reviews from the departments.

Ms DeStefano asked about an evaluation on the grant writer. Mr Gaston stated that was not addressed during their questioning.

Mr Lundquist stated that the public hearing would be at 7pm on March 20. There would probably be a couple special meeting and anticipates action on the budget at the April 3 meeting.

Presentation by finance Director: S&P Rating Report for Newtown attachment D

Mr Tait reported we have maintained our triple A rating. The report is mainly the same as the past several years. Mr Tait described the process for review and shared findings from the attached report.

Mr Lundquist questioned if they want a fund balance between 8 and 12%, what do they recommend? Mr Tait responded the bigger the better. Property tax is a stable revenue source which allows for a lower fund balance. Those based on sales tax need a much larger fund balance. Some towns have 15% or larger fund balance.

Mr Wiedemann inquired if the healthy fund balance was detrimental to the town with regard to state subsidy. Mr Rosenthal responded that the state didn't seem to be worried about the fund balances.

Mr Eide inquired if we should use the fund balance to not incur additional debt. Mr Tait responded that using the fund balance would decrease our stability therefore reducing our bond rating.

Ms DeStefano inquired as to the reason for increasing the fund balance when you can't use it. Why not increase capital non recurring? Mr Tait stated for increased flexibility it is good to get to 12 then switch to increase the non-recurring.

Mr Knapp commented that it is a form of insurance. It can be used as road clean up after storm or if a building collapses. It is not a rainy day fund.

Ms Johnson noted that on pg 3 it states a strong economy seem to applaud economic growth and residential growth. Mr Tait stated that they like all new tax growth, stability is important.

EXECUTIVE SESSION: To discuss a possible claim or litigation against the architect and construction manager for the community center/senior center

Mr Wiedemann moved to enter executive session to "discuss a possible claim or litigation against the architect and construction manager for the community center/senior center " and invite First Selectman Dan Rosenthal, Finance Director Bob Tait, Town Attorney David Groggins, and Bob Mitchell, Chair of the Public Building and Site Commission. Seconded by Mr Knapp All in favor. Motion passes 12-0

Executive session entered at 8:50pm and returned to regular session at 9:38pm.

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Mr Wiedemann moved to authorize the First Selectman, pursuant to Section 2-115(d)(3) of the Charter, and through the Town Attorney, to engage in dispute resolution provisions pursuant to the Architect and Construction Manager contracts and to take all steps necessary to address the issues concerning the Community Center/Senior Center project. Seconded by Mr Carroll. Motion passes 11 yes 1 recusal (Ms Destefano – conflict)

VOTER COMMENT: none

ANNOUNCEMENTS: none

ADJOURNMENT:

There being no further business the meeting adjourned at 9:46pm

Respectfully submitted,
LeReine Frampton

**THESE MINUTES ARE SUBJECT TO APPROVAL BY THE LEGISLATIVE COUNCIL
AT THE NEXT MEETING.**

LC REGULAR MEETING 03.06.2019 AGENDA

Inbox

Paul Lundquist

Hi June,

Attached is our agenda for the upcoming LC Meeting on 3/6. Please forward to the Town Clerk for posting.

Also attached is supporting information, please distribute with the Agenda to LC members along with the following notice:

Not an official meeting of any kind, but passing along an invitation...

There will be a community meeting hosted by Rudy Magnan this coming Thursday evening, March 7, at 5:30 pm, in the Booth Library meeting room. Billed as a New "Town Conversation", this meeting is "for all residents to share concerns and common sense with elected officials." Chairs and other individuals from the BOS, BOF and BOE were also invited, as well as members of our State delegation. I will be attending as Chair of the LC, and other LC members are invited as well, if you're available. Very important: if you are interested in attending, please let me know first so I can coordinate, as we cannot have a quorum in attendance (it's tricky since it's not a noticed town meeting, but could be treading on improper ground if we were all there -- so for this reason alone, don't worry if you can't make it).

See letter in The Bee for some more info: <https://www.newtownbee.com/index.php/new-%E2%80%98town-conversation%E2%80%99/02282019>

And from Bob Tait: If you don't already have one, you can pick hard copies of the budget book at the finance dept or Bob can bring them to Wednesday's meeting. It is also on the finance website. Also attached.

Thanks,
Paul

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Newtown BOE Budget Analysis: 5 years ending 2018-19 (source: BOE)

Overcoming near bottom positioning, Newtown approached median spend per student vs. DRG in FY 2013-14 (per BOE) Newtown's BOE budget has grown slower than its DRG peers since then

- Newtown's 5 year compound annual growth rate (CAGR) is 1.37%, compared to the DRG median 2.18% If Newtown's BOE budget had grown at DRG median rates, there would have been a cumulative incremental spend of \$13.26M over those 5 years, and the 2018-19 budget would have been \$3.09M higher

	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
Newtown BOE Actual Budget	\$71,045,304	\$71,343,694	\$71,586,263	\$73,662,264	\$74,339,957	\$76,057,210	\$78,110,755
YTY Increase		0.42%	0.34%	2.90%	0.92%	2.31%	2.70%
CAGR from 2013-14		0.42%	0.38%	1.21%	1.14%	1.37%	
YTY DRG-B Median Increase		2.69%	2.44%	1.99%	1.26%	2.54%	2.68%
CAGR from 2013-14		2.69%	2.56%	2.37%	2.09%	2.18%	
Newtown BOE Budget with DRG Median Increase	\$71,045,304	\$72,956,423	\$74,736,559	\$76,223,817	\$77,184,237	\$79,144,717	\$81,265,795
Difference	\$ -	\$ 1,612,728	\$ 3,150,297	\$ 2,561,552	\$ 2,844,280	\$ 3,087,506	\$3,155,040
Cumulative Difference		\$ 1,612,728	\$ 4,763,025	\$ 7,324,577	\$ 10,168,857	\$ 13,256,363	\$16,411,404

Newtown Enrollment vs. DRG-B: 4 years ending 2017-18 (source: Edsight CT webpage)

This restraint on Newtown's budget increases has been responsive to declining enrollment

- Newtown's enrollment declined 10.43%, or 61% more than the DRG median decline over that period
- Newtown's BOE budget CAGR is 45% lower than the DRG median during that period, 1.14% vs. 2.09% (see above), indicating directional equivalence with relative decline in enrollment
- Newtown continues to be at roughly median spend per student vs. DRG in FY 2018-19 (per BOE)

DRG-B Student Headcount Change 2013-14 to 2017-18

	2013-14	2017-18	% change
Newtown	4,920	4,407	-10.43%
DRG-B Median			-6.48%

Newtown Special Education Spending: 2 years ending 2015-16 (source: Edsight, data available through 2015-16)

- Newtown's BOE budget has been affected by increases in spending on special education
- Newtown's growth rate in special education spending exceeded the cohorts by 29%

DRG-B Special Education Spending Growth

2 yr growth 2013-14 to 2015-16	
Newtown	13.57%
Median	10.49%

Newtown BOE Budget Analysis: 5 years ending 2018-19 with and without Special Education budgeting (source: BOE)

The impact of Special Education budget increases on Newtown's BOE budget has been significant

- The compound annual growth rate for the BOE budget without Special Education has been close to flat through 2017-18, and just .76% through 2018-19
- Labor cost growth is the largest driver of BOE budget increases at over 2% (outpaces budget growth)
- Special Education funding is mandated by the state and reflects important investments for a segment of the student population

	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
Newtown BOE Budget	\$ 71,045,304	\$ 71,343,694	\$ 71,586,263	\$ 73,662,264	\$ 74,339,957	\$ 76,057,210
YTY Increase		0.42%	0.34%	2.90%	0.92%	2.31%
CAGR from 2013-14		0.42%	0.38%	1.21%	1.14%	1.37%
Special Ed	\$ 7,987,593	\$ 8,699,589	\$ 9,945,821	\$ 9,991,273	\$ 10,432,109	\$ 10,583,042
Newtown BOE Budget without SpEd	\$ 63,045,304	\$ 62,593,694	\$ 61,640,442	\$ 63,670,991	\$ 63,907,848	\$ 65,474,168
CAGR from 2013-14 without SpEd		-0.72%	-1.12%	0.33%	0.34%	0.76%



Lereine Frampton <lereine.frampton@newtown-ct.gov>

Fwd: Exec Session & Adjournment Motions...

1 message

LeReine Frampton <lereinebus@gmail.com>

Thu, Mar 7, 2019 at 12:16 PM

To: lereine.frampton@newtown-ct.gov

Sent from my iPhone

Begin forwarded message:

From: Paul Lundquist <plundquist.newtown@gmail.com>
Date: March 7, 2019 at 11:57:02 AM EST
To: lereinebus@gmail.com
Subject: Exec Session & Adjournment Motions...

Hi LeReine,
Thanks again for jumping last night! Let me know if you need anything else.
Here are the motions:

EXECUTIVE SESSION: Mr. Wiedemann moved to enter executive session to "discuss a possible claim or litigation against the architect and construction manager for the community center/senior center" and invite First Selectman Dan Rosenthal, Finance Director Bob Tait, Town Attorney David Grogins, and Bob Mitchell, Chair of the Public Building and Site Commission. Seconded by Mr. Knapp. All in favor. Motion passes (12-0). Executive Session was entered into at 8:50pm and returned to regular session at 9:38pm, with the following motion:

Mr. Wiedemann moved to authorize the First Selectman, pursuant to Section 2-115 (d) (3) of the Charter, and through the Town Attorney, to engage in dispute resolution provisions pursuant to the Architect and the Construction Manager contracts and to take all steps necessary to address the issues concerning the Community Center/Senior Center project. Seconded by Mr. Carroll. Motion passes. 11 Yes, 1 Abstention (Ms. DeStefano)

ADJOURNMENT: There being no further business the meeting adjourned at 9:46pm

From: LeReine Frampton <lereinebus@gmail.com>
Date: Thu, Mar 7, 2019 at 7:30 AM
Subject:
To: <lundquist.paul@gmail.com>

Good morning would you please send me the motion to go into executive session as well. Dan mumbled too fast. I want to make sure I got it right Thanks



RatingsDirect®

Summary:

Newtown, Connecticut; General Obligation

Primary Credit Analyst:

Lauren Freire, New York (1) 212-438-7854; lauren.freire@spglobal.com

Secondary Contact:

Victor M Medeiros, Boston (1) 617-530-8305; victor.medeiros@spglobal.com

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Related Research

Summary:

Newtown, Connecticut; General Obligation

Credit Profile

US\$10.4 mil GO bnds iss of 2019 due 03/01/2039

<i>Long Term Rating</i>	AAA/Stable	New
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US\$6.745 mil GO rfdg bnds iss of 2019 ser B due 08/15/2031

<i>Long Term Rating</i>	AAA/Stable	New
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Newtown GO

<i>Long Term Rating</i>	AAA/Stable	Affirmed
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Newtown GO rfdg

<i>Long Term Rating</i>	AAA/Stable	Affirmed
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Rationale

S&P Global Ratings assigned its 'AAA' rating and stable outlook to Newtown, Conn.'s series 2019 general obligation (GO) bonds and series 2019B GO refunding bonds and affirmed its 'AAA' rating, with a stable outlook, on the town's existing GO debt.

We rate Newtown higher than the nation because we believe the town can maintain better credit characteristics than the nation in a stress scenario based on its predominantly locally derived revenue base and our view that pledged revenue supporting debt service on the bonds is at limited risk of negative sovereign intervention. (For further information, please see our criteria, titled "Ratings Above The Sovereign: Corporate And Government Ratings—Methodology And Assumptions," published Nov. 19, 2013, on RatingsDirect.) In 2017, local property taxes generated 84.2% of general fund revenue, demonstrating a lack of dependence on central government funding.

Newtown's full-faith-and-credit pledge and agreement to levy ad valorem property taxes, without limitation as to rate or amount, secure the bonds.

Officials intend to use series 2019 bond proceeds to fund various capital and infrastructure projects in-line with the town's capital improvement plan and series 2019B bond proceeds to refund existing debt.

The rating reflects the town's high income levels, as well as the economic stability of the nearby Bridgeport-Stamford MSA and conservative financial practices that have led to consistently strong financial performance, despite recent uncertainty in state aid.

We believe that limited fixed costs provide operating flexibility and that management will likely continue to adjust the budget to remain balanced while seeking to expand the local property tax base.

The rating reflects our opinion of Newtown's:

- Very strong economy, with access to a broad and diverse metropolitan statistical area (MSA);

- Very strong management, with strong financial policies and practices under our Financial Management Assessment (FMA) methodology;
- Strong budgetary performance, with breakeven operating results in the general fund but an operating surplus at the total governmental-fund level in fiscal 2018;
- Strong budgetary flexibility, with available fund balance in fiscal 2018 of 10.6% of operating expenditures;
- Very strong liquidity, with total government available cash at 23.1% of total governmental-fund expenditures and 3.4x governmental debt service, and access to external liquidity we consider strong;
- Very strong debt-and-contingent-liability position, with debt service carrying charges at 6.8% of expenditures and net direct debt that is 57.2% of total governmental-fund revenue, as well as low overall net debt at less than 3% of market value and rapid amortization, with 69.1% of debt scheduled to be retired within 10 years; and
- Strong institutional framework score.

Very strong economy

We consider Newtown's economy very strong. The town, with an estimated population of 27,990, is in Fairfield County in the Bridgeport-Stamford-Norwalk MSA, which we consider broad and diverse. The town has a projected per capita effective buying income of 178% of the national level and per capita market value of \$161,179. Overall, market value has grown by 1.5% during the past year to \$4.5 billion in fiscal 2019. County unemployment was 4.5% in 2017.

Interstate 84 and U.S. routes 6 and 302 traverse Newtown, providing residents access to employment centers in the county and New York City. Most residents commute into other parts of the county and neighboring Westchester County, N.Y. for employment. While the town is largely residential, management is working actively to expand the commercial base. To that end, infrastructure investments, including sewer and road improvements, allow Newtown to support development in its seven business districts. Recently completed projects include Hawleyville Business District, including infrastructure improvements to generate residential and commercial development.

The town also expects additional commercial development in its borough business district, including several medical offices. An assisted-living facility is another residential project currently underway; management expects this facility will grow the tax base and provide additional employment opportunities. Overall, numerous ongoing economic developmental projects continue to spur growth and expand an already very strong economic base.

Very strong management

We view the town's management as very strong, with strong financial policies and practices under our FMA methodology, indicating financial practices are strong, well embedded, and likely sustainable.

Specifically, management uses 10 years of historical data to inform conservative revenue and expenditure assumptions and conducts regular budget forecasting to determine whether revenue or expenditures will deviate from long-term trends. In addition, management regularly monitors budgetary performance, ensuring timely adjustments. Management provides monthly reports on budget-to-actual results to the town council. Newtown maintains a comprehensive, 10-year financial plan and a rolling five-year capital plan with all funding sources identified.

The town has its own formally adopted investment policy, and it makes monthly reports on holdings and returns to the first selectman and quarterly to the council. Newtown recently reviewed and updated its debt-management policy and

reduced its debt-service limit to 9% of general fund expenditures from 9.8%. The policy also sets affordability and refunding targets. Finally, the reserve policy calls for an unassigned fund balance of 8%-12% of total general fund expenditures based on cash-flow needs. Historically, management adheres to its debt-management and reserve policies.

Strong budgetary performance

Newtown's budgetary performance is strong, in our opinion. The town had breakeven operating results in the general fund but surplus results across all governmental funds of 4% of expenditures in fiscal 2018. General fund operating results have been stable during the past three fiscal years with results of 0.8% of expenditures in fiscal years 2017 and 2016.

Newtown has a long history of surplus results due partially to its very strong financial management and ability to adapt to fiscal issues. Management attributed the fiscal 2018 surplus to positive variances in building permits and conservative educational-revenue budgeting. In addition, salary and wage savings helped generate another surplus. Management notes it generated a surplus despite unexpected storm-cleanup-related costs, for which Federal Emergency Management Agency will reimburse the town. We adjust for net transfers out of the general fund, capital outlays, and other nonrecurring expenses when calculating results.

With fiscal 2019 more than halfway over, management reports the budget, up 2.4% from the prior year, is trending well with projections showing an overall surplus. The effective tax increase was 1.64%. The town continues to increase the roads budget to reach its goal of a \$3 million line item; currently, funding is \$1.75 million. The town continues its conservative budgeting for educational support. Currently, the town is projecting breakeven-to-positive fiscal year-end 2019 results.

The fiscal 2020 budget process is underway, and management plans to hold state aid estimates below current state projections once again. The first selectman's proposed budget includes a modest 2.71% increase over the fiscal 2019 budget. Due to Newtown's strong financial management and balanced operations, we expect the town will likely maintain stable operations despite ongoing state funding uncertainty. Property taxes, which we consider a stable revenue source, support this view. Property taxes generated 84.2% of general fund revenue in fiscal 2018 while intergovernmental revenue accounted for 13.3%.

Strong budgetary flexibility

Newtown's budgetary flexibility is strong, in our view, with available fund balance in fiscal 2018 of 10.6% of operating expenditures, or \$13.2 million. During the past three fiscal years, total available fund balance remained consistent overall: It totaled 10.9% of expenditures in fiscal 2017 and 10.3% in fiscal 2016.

The town does not use reserves to balance the budget. With at least balanced results projected for fiscal 2019, we expect reserves will likely remain strong. Newtown's formal reserve policy, which seeks to maintain general fund balance at no less than 8% of total operating general fund expenditures, further strengthens flexibility. Due to this, we expect budgetary flexibility will likely remain strong.

Very strong liquidity

In our opinion, Newtown's liquidity is very strong, with total government available cash at 23.1% of total governmental-fund expenditures and 3.4x governmental debt service in fiscal 2018. In our view, the town has strong access to external liquidity if necessary.

Newtown has demonstrated strong access to external liquidity through frequent GO debt and note issuance. The town has investments maturing in less than a year in its reported cash and cash-equivalents fund. The town largely invests cash in highly rated money-market funds and certificates of deposit. Newtown does not have any exposure to variable-rate or privately placed debt.

Very strong debt-and-contingent-liability profile

In our view, Newtown's debt-and-contingent-liability profile is very strong. Total governmental-fund debt service is 6.8% of total governmental-fund expenditures, and net direct debt is 57.2% of total governmental-fund revenue. Overall net debt is low at 1.8% of market value and approximately 69.1% of direct debt is scheduled to be repaid within 10 years, which are, in our view, positive credit factors.

During the next two years, the capital plan identifies \$28.7 million of debt for the proposed funding of various capital improvements. Due to debt policies the town follows, we do not expect debt will significantly weaken its debt profile. Currently, the town has \$79.9 million of debt outstanding after this issuance.

Newtown's combined required pension and actual other-postemployment-benefit (OPEB) contribution totaled 1.6% of total governmental-fund expenditures in fiscal 2018. The town made its full annual required pension contribution in fiscal 2018.

Newtown administers two single-employer, defined-benefit pension plans: Newtown Employees' Pension Plan and Newtown Police Officers' Pension Plan, referred to collectively as the town plan. The plan's fiduciary net position, as a percent of total pension liability, was 73.35% at June 30, 2018. Newtown's net pension liability was approximately \$16.5 million at June 30, 2017. The town contributes 100% of its actuarial determined contribution; it has updated plan assumptions to, what we view as, more-conservative assumptions, including lowering the discount rate to 7% from 7.5% and changing the calculation method to entry age normal from a projected unit of credit.

Newtown also offers OPEB to some retirees in the form of a health-care plan. Eligible retirees receive benefits until Medicare age. The town contributes \$200,000 to its OPEB trust, as well as annual retiree medical costs. At June 30, 2018, Newtown's net OPEB liability was \$6.7 million with a funded ratio of 26.81%. Due to management's commitment to funding long-term liabilities, we do not view these obligations as a credit stress.

Strong institutional framework

The institutional framework score for Connecticut municipalities is strong.

Outlook

The stable outlook reflects S&P Global Ratings' opinion that Newtown's very strong underlying economy and management should ensure continued strong budgetary performance and operating flexibility. In addition, we expect

Newtown will likely weather any fiscal pressure state budget decisions cause. For these reasons, we do not expect to change the rating during the next two years.

However, if Newtown were to experience budgetary pressure, resulting in negative operations, leading to significantly deteriorated available reserves, we could lower the rating

Related Research

- S&P Public Finance Local GO Criteria: How We Adjust Data For Analytic Consistency, Sept. 12, 2013
- Incorporating GASB 67 And 68: Evaluating Pension/OPEB Obligations Under Standard & Poor's U.S. Local Government GO Criteria, Sept. 2, 2015
- 2018 Update Of Institutional Framework For U.S. Local Governments

Certain terms used in this report, particularly certain adjectives used to express our view on rating relevant factors, have specific meanings ascribed to them in our criteria, and should therefore be read in conjunction with such criteria. Please see Ratings Criteria at www.standardandpoors.com for further information. Complete ratings information is available to subscribers of RatingsDirect at www.capitaliq.com. All ratings affected by this rating action can be found on S&P Global Ratings' public website at www.standardandpoors.com. Use the Ratings search box located in the left column.

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