

**COMPREHENSIVE
ANNUAL FINANCIAL REPORT**

of the

**TOWN OF NEWTOWN,
CONNECTICUT**

FOR THE YEAR ENDED

JUNE 30, 2011

**PREPARED BY:
THE FINANCE DEPARTMENT**

ROBERT TAIT, FINANCIAL DIRECTOR

TOWN OF NEWTOWN, CONNECTICUT
COMPREHENSIVE ANNUAL FINANCIAL REPORT
AS OF AND FOR THE YEAR ENDED JUNE 30, 2011
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Introductory Section

TOWN OF NEWTOWN, CONNECTICUT

LIST OF PRINCIPAL OFFICIALS
JUNE 30, 2011

First Selectman

E. Patricia Llodra

Selectmen

William F. L. Rodgers

William F. Furrier

Board of Finance

John W. Kortze

Chairman

James O. Gaston

Martin Gersten

Joseph W. Kearney

Michael E. Portnoy

Harrison A. Waterbury

Legislative Council

A. Jeffrey Capeci

Chairman

Daniel J. Amaral

Jan A. Andras

James S. Beldon

Gary B. Davis

George T. Ferguson

Kathy Fetchick

Kevin P. Fitzgerald

Mary Ann Jacob

Robert Merola

Benjamin B. Spragg

Richard D. Woycik

Financial Director

Robert G. Tait

Chief of Police – Michael Kehoe

Director of Public Works – Frederick Hurley

Community Development Director – Elizabeth Stocker

Tax Collector - Carol Mahoney

Tax Assessor – Christopher Kelsey

Town Clerk – Debbie Aurelia

Board of Education

William G. Hart Jr.

Chairman

Keith Alexander

Richard Gaines

Lillian Bittman

Andrew J. Buzzi Jr.

Debbie M. Leidlein

David Nanavaty

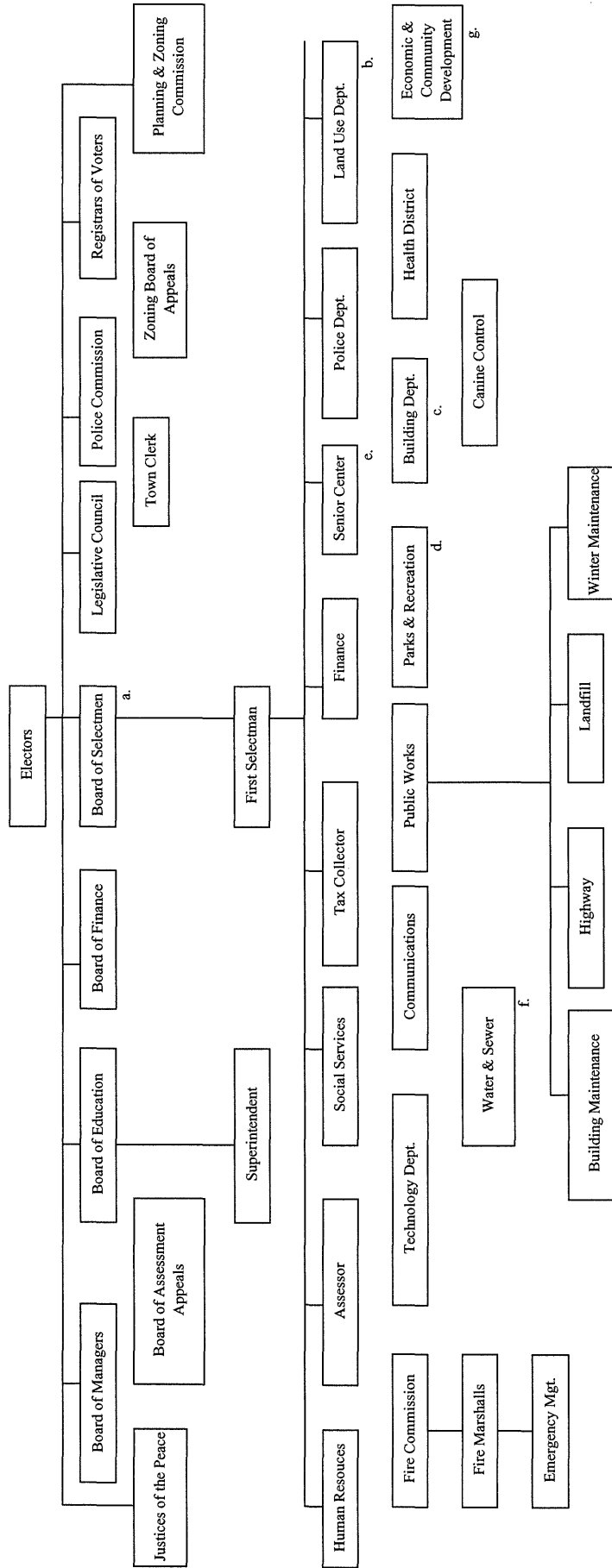
Janet Robinson – Superintendent of Schools
Ronald J. Bienkowski – School Business Manager

Independent Auditors

Kostin, Ruffkess & Company, LLC

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. HARTTOWN HISTORIC DISTRICT
- 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



TOWN OF NEWTOWN

OFFICE OF THE FINANCE DIRECTOR

November 10, 2011

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, 2011. The report includes the independent auditors' 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.

Kostin, Ruffkess & Company, LLC, 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, 2011, are free of 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 unqualified opinion that the Town of Newtown's financial statements for the fiscal year ended June 30, 2011, are fairly presented in conformity with GAAP. The independent auditors' 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, federally 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.

Generally accepted accounting principles (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 auditors.

Profile of the Town of Newtown

The Town of Newtown was incorporated in 1711, 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 population of 27,605.

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 the Basic 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 increased from the previous year. In fiscal year 2011, 17 new housing permits were issued compared to the 10 issued in fiscal year 2010. In fiscal year 2011, 2 new building commercial permits were issued compared to 4 issued in fiscal year 2010. Commercial permits were issued at a value of \$16,646,128 for fiscal year 2011 compared to a value of \$2,570,000 for fiscal year 2010.

The local labor force is feeling the impact of the adverse economy. The annual average unemployment rate for the labor force was 6.6% in fiscal year 2010. The unemployment rate for the labor force, in fiscal year 2011, has increased to 6.9%.

Property taxes, which account for approximately 87 percent of the general fund revenue, have provided a reliable revenue source, with collections consistently at or around 99 percent. Current tax collections were 99.1% of the adjusted tax levy.

Factors Affecting Financial Condition (Continued)

The Town's per capita income of \$56,000 and median family income of \$105,744 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 \$7 million dollars from the State of Connecticut, which helps off set local taxes. The state has cut contributions to municipalities in their efforts to balance their budget. Any further cuts by the state will put increased pressure on local municipal budgets.

Long-Term Financial Planning

Newtown High School. The renovation and addition to the high school was substantially completed during fiscal year 2010/11.

Newtown Middle School Roof Project. Phase I of this project began in February 2010 with schematic design approval at \$45,000 and a bid process to choose a design architect. In May of 2010 an appropriation of \$4,257,000 was approved for Phase II Construction with award going to Kaestle Boos Associates, Inc., the architect, and Silktown Roofing, the contractor, at contract cost of \$3,077,000. Project completion is expected prior to the start of school year 2011-12.

Fairfield Hills. In July 2004, the Town of Newtown purchased the 185 acres including the buildings from the State of Connecticut. The Town's Master Plan is to preserve open space and adapt the property for Town uses. There has been and will be further infrastructure improvements and additions. Roughly 130 acres will remain as open space. A town hall, a senior center and a recreation center were included in the plan. Several buildings are to be used for commercial development such as offices, retail space and a restaurant. There are provisions for playing fields for baseball, softball, multi-use fields and passive recreation areas on the campus. A Fairfield Hills Authority has been appointed to manage the property.

To date soil remediation has been completed; the engineering house has been renovated and is in use for security property administration and other activities; a part time property manager is there one day per week; a baseball field has been completed; Phase I of the walking trails have been completed and plans for Phase II are complete; the Newtown Youth Academy, a privately owned and operated business, opened on land leased from the Town; Phase I electric, gas and communication infrastructure improvements have been completed; the Newtown Municipal Center is in the former Bridgeport Hall; and environmental remediation of three buildings has occurred. Greenwich, Fairfield, Litchfield and Yale buildings have been taken down.

A Broker has been selected to help find businesses/organizations to lease some of the buildings on the site. Presently a committee appointed by the Board of Selectmen is reviewing the current Master Plan for the Fairfield Hills Campus and is charged with recommending possible changes to the plan.

Open Space Acquisition Program. The Town of Newtown has purchased Open Space for public use for decades. In May 2005 the Town was authorized to bond \$10,000,000 for public Open Space. These bonds have been issued in \$2,000,000 amounts annually. The purchases of open space were to address the impacts development had on its natural, historical and agricultural resources. The Town also recognized the financial stability, which emanates from smart growth and has placed in its Capital Improvement Plan, future annual bonding increments through referendum approvals. The Town has also applied for over \$1,000,000 in matching grants from state and federal sources. It is anticipated that the open space program will be continued. In 2011 the town continued to identify and pursue open space purchases and acquisitions.

Parks and Recreation. The Parks and Recreation Department has been working hard with the Friends of Newtown Park and Bark to raise funds for a off leash dog park adjacent to the New Animal Control facility at the end of Trades Lane. A Community Garden was a new addition to leisure activities at the Fairfield Hills Campus. The food grown by volunteers supported the Newtown Food Pantries. The new skate park at Dickinson Park has been a huge success. A Master Plan for Eichler's Cove has been developed and this was the first year that the Parks and Recreation Department managed this facility. Future improvements to this sight as noted on the plan are improved parking and a bath and concession stand. This is the first year that this facility housed a summer camp and dry storage racks for canoes and Kayaks. The Master Plan for Dickinson Park is getting complete phase by phase. The new tennis courts and basketball courts were finished in fall of 2010. A new playground will be built in 2012/13 and \$420,000 is currently in the CIP for this project. Infrastructure Renovations to Treadwell Park for \$350,000 is planned for improvements for new Tennis courts, a new basketball court and parking improvements for the CIP year funding of 2012.

Public Works Projects. The Public Works Department has \$25 million in planned projects for the next five years, depending on the availability of funding. \$10 million is scheduled for sewer and water system improvements at the main waste water treatment plant and for the overall infrastructure at the Fairfield Hills Campus. \$5 million is planned for bridge improvements and \$10 million for various highway projects. These projects include both solely Town funded and partner projects with the State and Federal governments

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. An example of the renovation work is underway on a former Pitney Bowes facility, which is being converted for Advanced Fusion Systems. This new company is involved in the manufacturing of technology for the power electronics market and expects to employ 200 workers by the end of 2014.

Curtis Corporate Park contributed to the growth in new businesses as the park offers well positioned commercial building lots close to I-84. East Haven Lumber, Environmental Energy Services, American Stair and Architectural Glass Industries built and occupy industrial facilities in the park. An industrial condominium attracted smaller business and TNT Expense Management expanded their headquarters into a new office building. A few lots remain for additional growth opportunities.

The Borough of Newtown has a vibrant village district filled with retailers, professional offices and restaurants. Sidewalks and decorative streetlamps adjacent to the compact residential areas are inviting to residents and visitors in this historic area. The Newtown Shopping Center is anchored by the Big Y Supermarket and thrives with several smaller retails and service tenants. Eton Center is anchored by Caraluzzi's Market, Ace Hardware and Wells Fargo Bank. St. Rose recently completed an expansion to their Blue Ribbon School and professional office space attracts new investment and businesses to the district.

South Main Street (Rt. 25) continues to attract new development projects. The first phase of Highland Plaza is completed and nearly full with tenants and a new 22,000 square foot building is under construction as part of the Phase II project. Plaza South added significant new retail space to the corridor along with a nice mix of new businesses. The final building will be completed in the fall of 2011 with new tenants already in place. These developments and a couple of smaller projects were made possible by the new zoning codes that enhance economic development in the corridor.

Sandy Hook Center is a vibrant commercial district. The publically funded streetscape along Church Hill Road combined with private property investments successfully attracted new businesses and interest in this crossroads hamlet. The renovation and occupancy of several historic buildings, the river walk, ongoing promotion and Newtown Savings Bank's plan to construct a new branch building all contribute to the successful and ongoing revitalization. Funding for the next phase of the Sandy Hook Streetscape project is in place. Work will entail a realigned intersection, and the installation of sidewalks, curbing, landscaping and decorative street lighting along Riverside Road, Glen Road and Washington Avenue. This work will tie commercial uses together with the neighborhood and will improve pedestrian and vehicular flow and safety. The streetscape project will be funded by a variety of sources including state, local and private money.

The Newtown Technology Park is planned for a 23 acre Town-owned parcel of land located directly off Exit 10 of I-84. The park is being marketed to technology based businesses by the Economic Development Commission. Planning for the development has been funded by state and local funds. Local land use approvals are in place to help move the project to the development phase.

Fairfield Hills Campus. This former state hospital was purchased by the Town of Newtown in 2004. A comprehensive reuse vision for the property was recently completed which calls for reserving a major portion of the 185 acre property for municipal, cultural, passive and active recreation uses. A select number of existing buildings and land parcels have been designated for commercial purposes. The Economic Development Commission is assisting the Fairfield Hills Authority with marketing the commercial aspects of the property. The redevelopment project has already created hundreds of temporary jobs in the construction and service sectors. Approximately 120 permanent jobs are currently on site.

The Hawleyville area of Newtown (Exit 9 and Route 6) is expected to be a major player for continued economic growth. Several properties are ready for the construction of new Office/Retail buildings with approvals in place. Discussions are underway to enhance the growth potential in this area of Newtown by expanding the public sewer infrastructure.

Relevant Financial Policies

The Town's financial policies have been applied consistently with no notable current year effect on the financial statements. During the current year, an updated fund balance policy has been approved by the Legislative Council.

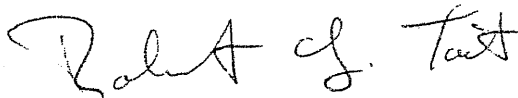
Awards. The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2010. This was the thirteenth consecutive year that the Town has achieved 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, Donna Tomasko, 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 Kostin, Ruffkess & Company, LLC, 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 cursive script, reading "Robert G. Tait". The signature is written in dark ink and is positioned above the printed name of the signatory.

Robert G. Tait
Finance Director

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, 2010

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director

Financial Section



Business Advisors and Certified Public Accountants

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INDEPENDENT AUDITORS' REPORT

Legislative Council
Town of Newtown, Connecticut

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, 2011, which collectively comprise the Town's basic financial statements as listed in the table of contents. These basic financial statements are the responsibility of the Town's management. 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 basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our 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, 2011, and the respective changes in financial position and cash flows, where applicable, and the respective budgetary comparison for the general fund thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated November 10, 2011, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.



Town of Newtown, Connecticut
Page Two

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the Employer Contributions - Newtown Retirement and Other Post-Employment Plans on Pages 12 through 22 and Pages 69 through 72, 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Newtown, Connecticut's financial statements as a whole. The introductory section, combining and individual nonmajor fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the 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.

Kostin, Ruffkess & Company, LLC

Farmington, Connecticut
November 10, 2011



TOWN OF NEWTOWN OFFICE OF THE FINANCE DIRECTOR

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2011

As management of the Town of Newtown, 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, 2011. 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 assets grew by \$14.4 million for the fiscal year, \$14.7 million of which was generated by governmental activities while there was a decrease of \$0.3 million due to business-type activities of the Town. The increase was due substantially to capital asset purchases in excess of depreciation expense. The major project was the construction of the high school addition. Other contribution items were the receipt of progress payments related to the high school project and the operation of the internal service fund.
- The Town's combined net assets total \$206.2 million at June 30, 2011. Of this amount the unrestricted components were \$22.5 million in governmental activities and \$8.8 million in business activities.
- At year end unassigned fund balance for the general fund was \$7,408,816 or 7.2% of total general fund budgetary expenditures and other financing uses.
- Due to financing strategies, the unassigned amount in the Bonded Projects fund will be eliminated when the \$10,500,000 in bond anticipation notes are permanently financed at the end of the project.

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 assets* presents information on all of the Town's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets 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 assets changed during the most recent fiscal year. All changes in net assets 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 26 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 24 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 school 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.

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 is considered to be a major fund of the Town. The internal service fund financial statement provides information for the school employee and dependent dental plan benefits.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. 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 on Exhibits J and K.

Notes to the basic 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 the 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 of Newtown'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 funds are presented immediately following the required supplementary information on pensions.

Government-Wide Financial Analysis

As noted earlier, net assets 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 \$206.2 million at the close of the fiscal year.

The largest portion of the Town's net assets (84.1%) 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 is still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

Town of Newtown Net Assets						
	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Current and other assets.....	\$ 34,741,401	\$ 38,655,534	\$ 8,915,197	\$ 9,449,182	\$ 43,656,598	\$ 48,104,716
Capital assets (net).....	241,640,209	226,637,056	29,469,795	30,100,077	271,110,004	256,737,133
Total assets.....	276,381,610	265,292,590	38,384,992	39,549,259	314,766,602	304,841,849
Long-term liabilities outstanding...	76,138,590	69,035,228	5,238,642	6,145,052	81,377,232	75,180,280
Other liabilities.....	26,177,964	36,936,086	1,039,125	1,007,362	27,217,089	37,943,448
Total liabilities.....	102,316,554	105,971,314	6,277,767	7,152,414	108,594,321	113,123,728
Net assets:						
Invested in capital						
assets, net of related debt.....	149,602,482	131,727,748	23,323,592	23,064,329	172,926,074	154,792,077
Restricted.....	1,998,685	1,879,936			1,998,685	1,879,936
Unrestricted	22,463,889	25,713,592	8,783,633	9,332,516	31,247,522	35,046,108
TOTAL NET ASSETS.....	\$ 174,065,056	\$ 159,321,276	\$ 32,107,225	\$ 32,396,845	\$ 206,172,281	\$ 191,718,121

An additional portion of the Town's net assets \$2.0 million represents resources that are subject to external restrictions on how they may be used. The remaining portion of net assets is unrestricted and is \$22.5 million.

At the end of the current fiscal year, the Town is able to report positive balances in all three categories of net assets, both for the Town as a whole, as well as for its separate governmental and business-type activities.

The Town's net assets increased by \$14.4 million during the current fiscal year. The increase was primarily due to the construction of the high school addition. Other contributing items were the receipt of progress payments related to the high school project and the positive result of operations of the internal service fund.

Governmental activities. Already noted was the statement of activities purpose in presenting information in how the Town's net assets changed during the most recent fiscal year. A chart of changes in net assets follows. For the fiscal year, net assets increased \$14.4 million, with \$14.7 million of the increase coming from governmental activities. The majority of the increase in assets in governmental activities is related to the construction of assets. The reader should remember that the basis of accounting used in the government-wide statement of activities excludes capital expenditures 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)

Town of Newtown Change in Net Assets

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
REVENUES:						
Program revenues:						
Charges for services.....	\$ 5,881,961	\$ 5,400,887	\$ 1,528,705	\$ 1,345,290	\$ 7,410,666	\$ 6,746,177
Operating grants and contributions....	15,216,921	14,681,778			15,216,921	14,681,778
Capital grants and contributions....	8,706,301	4,738,631	10,810		8,717,111	4,738,631
General revenues:						
Property taxes.....	93,206,605	90,626,477			93,206,605	90,626,477
Grants and contributions not restricted to specific programs....	2,168,350	2,045,042			2,168,350	2,045,042
Investment income.....	592,766	858,968	64,431	99,896	657,197	958,864
Miscellaneous.....	154,225	105,381			154,225	105,381
Transfers.....	-	-	-	-	-	-
TOTAL REVENUES.....	125,927,129	118,457,164	1,603,946	1,445,186	127,531,075	119,902,350
EXPENSES:						
General government.....	4,521,804	5,297,077			4,521,804	5,297,077
Public safety.....	9,253,214	9,520,554			9,253,214	9,520,554
Health and welfare.....	2,156,351	2,980,058			2,156,351	2,980,058
Land use.....	569,264	694,940			569,264	694,940
Public works.....	9,793,777	10,171,370			9,793,777	10,171,370
Parks and recreation.....	3,819,873	3,619,773			3,819,873	3,619,773
Education.....	78,287,539	77,364,602			78,287,539	77,364,602
Interest expense.....	2,781,527	2,117,754			2,781,527	2,117,754
Sewer Department.....			1,558,578	1,592,894	1,558,578	1,592,894
Water Department.....			334,988	407,914	334,988	407,914
TOTAL EXPENSES.....	111,183,349	111,766,128	1,893,566	2,000,808	113,076,915	113,766,936
INCREASE IN NET ASSETS.....	14,743,780	6,691,036	(289,620)	(555,622)	14,454,160	6,135,414
NET ASSETS - JULY 1	159,321,276	152,630,240	32,396,845	32,952,467	191,718,121	185,582,707
NET ASSETS - JUNE 30.....	\$ 174,065,056	\$ 159,321,276	\$ 32,107,225	\$ 32,396,845	\$ 206,172,281	\$ 191,718,121

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

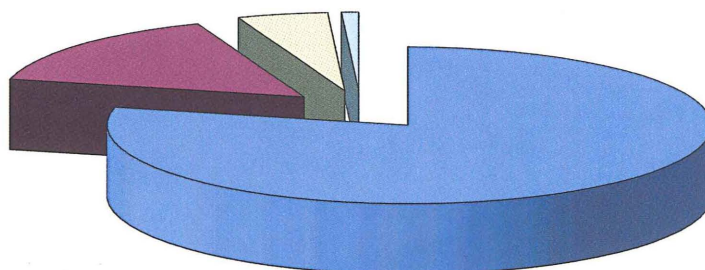
- Property taxes increased by \$2,580,128 as a result of normal growth in the budget due mostly to contracted salary and benefit increases.
- Operating grants and contributions increased by \$545,953. The most significant increase was due to an increase in education related grants.
- Capital grants and contributions increased by \$3,967,670 as a result of progress payments received for the high school renovation project.

Governmental activities (Continued)

Revenues

Governmental activities revenues totaled \$125.9 million for fiscal year 2011. Property taxes are the largest revenue source for the Town and represent 74.0% of governmental revenues. Current tax collections were 99.1% of the adjusted tax levy. Operating grants and contributions revenues are the Town's second largest revenue. In operating grants and contributions revenues include grants for school lunch program, education, law enforcement, daycare, public works and contributions to the Town gift funds. Operating grants and contributions revenues account for 12.1% of governmental revenues for the year. Capital grants and contributions, the third largest revenue, amount to 6.9% of governmental revenues and are made up of mostly school building grants and public works grants. Charges for services 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 0.5% of governmental revenue. Miscellaneous revenue accounts for the remaining governmental revenues and amount to 0.1% of governmental revenues.

Revenues-Governmental Activities



- Property Taxes
- Intergovernmental and Contributions
- Charges for Services
- Other

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

Expenses

Significant changes from the prior year are as follows:

- General government expenditures decreased by \$775,273 due mainly to increase in employee benefit costs, including pension contributions and a reclassification of the Fairfield Hills budget from a separate category to the general government function.
- Health and Welfare expenses decreased by \$823,707 due to a decrease in expenditures relating to the small cities grant and a reclassification of Edmond Town Hall special revenue fund expenditures from health and welfare to parks and recreation.
- Education expenses increased by \$922,937. The increase was mainly a result of an increase in education grants.
- Interest expense increased by \$663,773. This was due to the issuance of \$14,020,000 of additional bonds and \$8,910,000 of refunding bonds during the year as well as debt that were issued in fiscal year 2010 for which the first payments occurred during the current fiscal year.

Governmental expenses totaled \$111.2 million for the fiscal year. Of the expenditure, 70.4% or \$78.3 million is related to education. Public works expenses amounted to \$9.8 million, or 8.8%, while public safety amounted to \$9.3 million or 8.4%. Park and recreation expenses were \$3.8 million or 3.4%. Interest expense was \$2.8 million or 2.5%. General government expenses were \$4.5 million, or 4.1%, health and welfare expenses were \$2.2 million or 1.9%, and land use expenses were \$0.6 million or 0.5%.

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 \$1.6 million in revenue from the sewer department and water department, 96.0% comes from charges for services. Investment income makes up the final 4.0% of revenues for the Town's business activities.

Charges for services increased by \$183,415 substantially due to new sewer benefit assessments.

Expenses

Water department expenses decreased \$76,926 for the fiscal year ended June 30, 2011.

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, unreserved 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, 2011, is \$7.5 million. Unassigned fund balance totals \$2.2 million, which is net of \$5.2 million in the bonded projects fund that will be eliminated when the \$10,500,000 in bond anticipation is permanently financed. The remainder of fund balance is not available for appropriation or spending by the Town and is classified as follows: Nonspendable (\$ 0.7 million), (\$1.3 million), Committed (\$3.3 million) and Assigned (\$0.05 million).

General Fund

The general fund is the operating fund of the Town. The budgetary fund balance of the general fund decreased by \$0.5 million for the fiscal year. This was due mainly to the budgeted use of fund balance. Revenues were lower than budgeted by \$0.8 million and \$1.0 million was used to stabilize the tax rate. Expenditures were lower by \$1.3 million than the amount budgeted, led by \$0.7 million from education. The net impact on fund balance was a decrease of \$0.5 million. The property tax rate increased from 23.43 mills to 24.0 mills.

General Fund Budgetary Highlights

A detailed budgetary comparison schedule for the fiscal year ended June 30, 2011 can be found on Exhibit F. A summary of that schedule follows:

	BUDGET			VARIANCE WITH
	ORIGINAL	FINAL	ACTUAL	FINAL BUDGET
<u>REVENUES & OTHER FINANCING SOURCES</u>				
Taxes.....	\$ 93,258,032	\$ 93,258,032	\$ 92,855,249	\$(402,783)
All other revenues.....	10,026,583	10,026,583	9,464,673	(561,910)
Appropriate of fund balance.....	1,000,000	1,000,000		(1,000,000)
Cancellation of prior encumbrances.....			23,157	23,157
Transfers in.....			124,177	124,177
Total.....	104,284,615	104,284,615	102,467,256	(1,817,359)
<u>EXPENDITURES & OTHER FINANCING USES</u>				
Expenditures.....	104,114,615	103,979,615	102,656,491	1,323,124
Transfer out	170,000	305,000	305,000	-
Total.....	104,284,615	104,284,615	102,961,491	1,323,124
CHANGE IN FUND BALANCE.....	\$ -	\$ -	\$(494,235)	\$(494,235)

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

General Fund Budgetary Highlights (continued)

During the year there were no additional appropriations. Overall, revenues were less than budgetary estimates and expenditures remained below budgeted amounts, with no department exceeding its annual appropriation.

Bonded Projects Fund

The Bonded Project fund revenues and other financing sources was more than its expenditures and transfers in by \$5.9 million for the fiscal year. This is the net result the issuance of debt and a refunding bond issue, net transfers of \$(84,560), intergovernmental revenues of \$8,161,826 off set by capital outlays of \$16,031,182 and debt service of \$136,695.

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 assets of \$0.3 million for the fiscal year ended June 30, 2011.

Sewer Fund

Unrestricted net assets of the sewer fund at the end of the year amounted to \$9,594,539, a decrease of \$659,450 from the prior year.

Water Fund

Unrestricted net assets of the water fund at the end of the year amounted to a deficit of \$810,906, an increase of \$110,567 from the prior year.

Self-Insured Medical Benefits Internal Service Fund

Unrestricted net assets of the self-insured medical benefits fund at the end of the year amounted to \$1,936,013.

The Town's self-insured medical benefits fund recorded an increase in net assets for the year of \$1,854,348.

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

At June 30, 2011, the Town of Newtown's capital assets for both governmental and business-type activities amounted to \$271.1 million, net of depreciation. This includes land, building, equipment, and infrastructure (roads and bridges). Capital assets for governmental activities increased by 6.6% while business-type capital assets decreased 2.1%. These changes included the following:

Land increased by \$768,499 due mainly to donation of land at Fairfield Hills by the State for use as a canine control facility.

Construction in progress increased by \$17,254,484 due to construction on the new high school and renovation of Parks & Recreation maintenance facility.

Buildings and systems decreased \$1,536,241 due primarily to annual depreciation.

Land improvements decreased by \$443,939 due to annual depreciation.

Infrastructure increased by \$144,018 due to completion of subdivision roads and acceptance of those roads into the Town Road System.

Town of Newtown

Capital Assets - Net

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Land.....	\$ 24,331,375	\$ 23,657,415	\$ 1,000	\$ 1,000	\$ 24,332,375	\$ 23,658,415
Intangible assets.....	3,687,270	3,687,270	708,109	751,460	4,395,379	4,438,730
Construction in progress.....	44,279,232	27,024,748			44,279,232	27,024,748
Buildings and systems.....	95,404,900	96,941,141			95,404,900	96,941,141
Land improvements.....	12,416,177	12,860,116			12,416,177	12,860,116
Plant and pumping stations...			9,934,430	10,213,508	9,934,430	10,213,508
Sewer distribution system....			17,063,374	17,281,366	17,063,374	17,281,366
Water distribution system....			1,652,896	1,739,212	1,652,896	1,739,212
Machinery and equipment....	3,824,754	4,295,674	30,060	36,502	3,854,814	4,332,176
Vehicles.....	5,758,542	6,088,715	79,926	77,029	5,838,468	6,165,744
Infrastructure.....	51,937,959	52,081,977			51,937,959	52,081,977
TOTAL.....	\$ 241,640,209	\$ 226,637,056	\$ 29,469,795	\$ 30,100,077	\$ 271,110,004	\$ 256,737,133

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

Long-term debt

For the year ended June 30, 2011, the Town's long-term debt increased by a net of \$5,429,347, due to the issuance of debt of \$8,910,000 and \$14,020,000 (refunding and general obligation respectively) net of payments for the outstanding issues and debt refunded. At the end of the current fiscal year, the Town had total bonded and note debt outstanding of \$80,556,954. Of this amount, \$80,556,954, less \$3,116,073 to be funded from state grants, comprises debt backed by the full faith and credit of the Town and \$6,156,553 is wastewater operations debt for which the Town is liable in the event of default by the property owners subject to the sewer assessment.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

Long-term debt (continued)

TOWN OF NEWTOWN'S OUTSTANDING DEBT General Obligation, Sewer Bonds, Clean Water and Water Notes

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
General purpose bonds	\$37,911,500	\$ 38,749,851	\$ 391,000	\$ 436,200	\$ 39,186,051	\$ 39,306,880
School bonds	40,266,500	32,687,749			32,687,749	29,668,350
Sewer bonds and clean water notes	2,248,220	2,661,079	5,765,553	6,611,048	9,272,127	10,509,447
Water notes	130,734	138,233			138,233	145,560
Improvement notes						1,211,000
	<u>\$80,556,954</u>	<u>\$ 74,236,912</u>	<u>\$ 6,156,553</u>	<u>\$ 7,047,248</u>	<u>\$ 86,713,507</u>	<u>\$ 81,284,160</u>

The Town maintains an "AA+" 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 2 ¼ to 4 ½ times total tax collections including interest and lien fees and the tax relief for the elderly freeze grant. The current debt limitation for the Town is \$650,703,081, 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 2012 budget. The Town decided that it was important, because of the economic times, to present a budget with no or little tax increase. In order to meet the objectives of the 2012 budget, the Town recognized the need to continue its pattern of cost containment. The mill rate was set at 24.37, which represents a 1.5% increase.

The 2012 general fund budget was \$105,555,075, an increase of 1.2% over the prior year adopted budget. Budgeted non-tax revenue increased \$0.42 million as a result of a new state property relief grant and an education jobs fund program grant.

The Town did not budget the use of any fund balance to balance the 2012 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 ASSETS
JUNE 30, 2011

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS			
Current assets:			
Cash.....	\$ 5,282,408	\$	\$ 5,282,408
Investments.....	20,491,163	1,721,117	22,212,280
Receivables:			
Property taxes.....	1,149,414		1,149,414
Assessment.....		800,441	800,441
Use charges.....		192,335	192,335
Intergovernmental.....	1,832,948		1,832,948
Other.....	320,801		320,801
Internal balances.....	(673,558)	673,558	-
Other.....	37,343	218	37,561
Total current assets.....	28,440,519	3,387,669	31,828,188
Noncurrent assets:			
Restricted assets:			
Temporarily restricted:			
Cash.....	1,797		1,797
Investments.....	750,554		750,554
Permanently restricted:			
Cash.....	10,000		10,000
Investments.....	640,602		640,602
Total restricted assets.....	1,402,953	-	1,402,953
Receivables (net):			
Property taxes.....	853,032		853,032
Assessments.....		5,525,784	5,525,784
Intergovernmental.....	2,681,362		2,681,362
Loans receivable.....	269,737		269,737
Total receivables (net).....	3,804,131	5,525,784	9,329,915
Other noncurrent assets:			
Other.....	780,332	1,744	782,076
Net pension asset.....	313,466		313,466
Total other noncurrent assets.....	1,093,798	1,744	1,095,542
Capital assets (net of accumulated depreciation):			
Land.....	24,331,375	1,000	24,332,375
Intangible assets.....	3,687,270	708,109	4,395,379
Construction in progress.....	44,279,232		44,279,232
Buildings and systems.....	95,404,900		95,404,900
Land improvements.....	12,416,177		12,416,177
Plant and pumping stations.....		9,934,430	9,934,430
Sewer distribution system.....		17,063,374	17,063,374
Water distribution system.....		1,652,896	1,652,896
Machinery and equipment.....	3,824,754	30,060	3,854,814
Vehicles.....	5,758,542	79,926	5,838,468
Infrastructure.....	51,937,959		51,937,959
Total net capital assets.....	241,640,209	29,469,795	271,110,004
Total noncurrent assets.....	247,941,091	34,997,323	282,938,414
TOTAL ASSETS.....	276,381,610	38,384,992	314,766,602

(Continued)

The notes to the financial statements are an integral part of this statement.

TOWN OF NEWTOWN, CONNECTICUT

STATEMENT OF NET ASSETS
JUNE 30, 2011

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
<u>LIABILITIES</u>			
LIABILITIES:			
Current liabilities:			
Accounts payable.....	\$ 3,641,544	\$ 106,193	\$ 3,747,737
Accrued payroll.....	3,548,044		3,548,044
Accrued interest payable.....	520,877	944	521,821
Unearned revenue.....	598,235	24,427	622,662
Bond anticipation notes.....	10,500,000		10,500,000
Bonds, notes and related liabilities.....	6,835,760	907,561	7,743,321
Landfill post closure costs.....	17,000		17,000
Capital lease.....	55,042		55,042
Compensated absences.....	174,667		174,667
Termination benefits.....	16,000		16,000
Other liabilities.....	270,795		270,795
Total Current liabilities.....	26,177,964	1,039,125	27,217,089
Noncurrent liabilities:			
Bonds, notes and related liabilities.....	74,464,023	5,238,642	79,702,665
Landfill post closure costs.....	221,000		221,000
Capital lease.....	182,902		182,902
Compensated absences.....	698,938		698,938
Termination benefits.....	32,000		32,000
Net OPEB obligation.....	539,727		539,727
Total Noncurrent liabilities.....	76,138,590	5,238,642	81,377,232
TOTAL LIABILITIES.....	102,316,554	6,277,767	108,594,321
<u>NET ASSETS</u>			
Invested in capital assets, net of related debt.....	149,602,482	23,323,592	172,926,074
Restricted for:			
Endowments:			
Nonexpendable.....	650,602		650,602
Expendable.....	808,311		808,311
Culture and recreation.....	171,099		171,099
Education.....	271,166		271,166
Other.....	97,507		97,507
Unrestricted.....	22,463,889	8,783,633	31,247,522
TOTAL NET ASSETS.....	\$ 174,065,056	\$ 32,107,225	\$ 206,172,281

(Concluded)

TOWN OF NEWTOWN, CONNECTICUT

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2011

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES			NET EXPENSES AND CHANGES IN NET ASSETS		
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
GOVERNMENTAL ACTIVITIES:							
General government.....	\$ 4,521,804	\$ 694,793	\$ 55,841	\$ 19,800	\$ (3,751,370)	\$	\$ (3,751,370)
Public safety.....	9,253,214	382,426	44,674		(8,826,114)		(8,826,114)
Health and welfare.....	2,156,351	46,909	5,020		(2,104,422)		(2,104,422)
Land use.....	569,264	50,654			(518,610)		(518,610)
Public works.....	9,793,777	1,020,424		524,675	(8,248,678)		(8,248,678)
Parks and recreation.....	3,819,873	1,436,769	25,554		(2,357,550)		(2,357,550)
Education.....	78,287,539	2,249,986	15,085,832	8,161,826	(52,789,895)		(52,789,895)
Interest expense.....	2,781,527				(2,781,527)		(2,781,527)
TOTAL GOVERNMENTAL ACTIVITIES.....	111,183,349	5,881,961	15,216,921	8,706,301	(81,378,166)	-	(81,378,166)
BUSINESS-TYPE ACTIVITIES:							
Sewer Department.....	1,558,578	1,195,933	10,810			(351,835)	(351,835)
Water Department.....	334,988	332,772				(2,216)	(2,216)
TOTAL BUSINESS-TYPE ACTIVITIES.....	1,893,566	1,528,705	10,810	-	-	(354,051)	(354,051)
TOTAL.....	\$ 113,076,915	\$ 7,410,666	\$ 15,227,731	\$ 8,706,301	\$ (81,378,166)	\$ (354,051)	\$ (81,732,217)
GENERAL REVENUES:							
Property taxes.....					\$ 93,206,605	\$	\$ 93,206,605
Grants and contributions not restricted to specific programs.....					2,168,350		2,168,350
Investment income.....					592,766	64,431	657,197
Miscellaneous.....					154,225		154,225
TOTAL GENERAL REVENUES.....					96,121,946	64,431	96,186,377
CHANGE IN NET ASSETS.....					14,743,780	(289,620)	14,454,160
NET ASSETS - JULY 1, 2010.....					159,321,276	32,396,845	191,718,121
NET ASSETS - JUNE 30, 2011.....					\$ 174,065,056	\$ 32,107,225	\$ 206,172,281

The notes to the financial statements are an integral part of this statement.

TOWN OF NEWTOWN, CONNECTICUT

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2011

	GENERAL	BONDED PROJECTS	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<u>ASSETS</u>				
Cash.....	\$ 1,575,200	\$	\$ 1,574,325	\$ 3,149,525
Investments.....	19,916,885		1,965,434	21,882,319
Receivables:				
Property taxes.....	1,583,503			1,583,503
Intergovernmental.....	201,963	360,619	450,730	1,013,312
Loans receivable.....			274,878	274,878
Other.....	210,713		110,088	320,801
Due from other funds.....	440,963	6,112,300	1,762,125	8,315,388
Other.....			32,990	32,990
TOTAL ASSETS.....	\$ 23,929,227	\$ 6,472,919	\$ 6,170,570	\$ 36,572,716
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Accounts payable.....	\$ 1,177,257	\$ 1,090,192	\$ 691,543	\$ 2,958,992
Accrued liabilities.....	3,548,044			3,548,044
Due to other funds.....	9,099,265		359,213	9,458,478
Deferred revenue.....	1,461,906		274,878	1,736,784
Unearned revenue.....	202,443	119,638	276,154	598,235
Bond anticipation notes.....		10,500,000		10,500,000
Other liabilities.....	270,795			270,795
Total Liabilities.....	15,759,710	11,709,830	1,601,788	29,071,328
Fund balances:				
Nonspendable.....			650,602	650,602
Restricted.....			1,348,083	1,348,083
Committed.....	760,701		2,518,747	3,279,448
Assigned.....			51,350	51,350
Unassigned.....	7,408,816	(5,236,911)		2,171,905
Total Fund Balances	8,169,517	(5,236,911)	4,568,782	7,501,388
TOTAL LIABILITIES AND FUND BALANCES	\$ 23,929,227	\$ 6,472,919	\$ 6,170,570	\$ 36,572,716

(Continued)

The notes to the financial statements are an integral part of this statement.

TOWN OF NEWTOWN, CONNECTICUT

RECONCILIATION OF FUND BALANCE
TO NET ASSETS OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2011

AMOUNTS REPORTED FOR GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF NET ASSETS (EXHIBIT A) ARE DIFFERENT FROM THE GOVERNMENTAL FUND BALANCE SHEET. THE DETAILS OF THIS DIFFERENCE ARE AS FOLLOWS:

TOTAL FUND BALANCE (EXHIBIT C, PAGE 1).....	\$ 7,501,388
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CAPITAL ASSETS USED IN GOVERNMENTAL ACTIVITIES ARE NOT FINANCIAL RESOURCES
AND, THEREFORE, ARE NOT REPORTED IN THE FUNDS:

Beginning net capital assets	226,637,056
Capital assets additions (outlay).....	19,816,196
Depreciation expense.....	(4,322,112)
Disposal of capital assets.....	(490,931)

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

Property tax interest and lien accrual.....	823,943
Property tax and community development block grant receivable - accrual basis change.....	1,736,784
Allowance for doubtful accounts.....	(410,141)
School building grant receivable.....	3,500,998
Net pension asset.....	313,466
Other.....	780,332

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 assets.....	1,936,013
--	-----------

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

Bonds and notes payable.....	(80,556,954)
Premium.....	(2,764,148)
Deferred charge for issuance costs.....	2,021,319
Landfill closure costs.....	(238,000)
Capital lease.....	(237,944)
Compensated absences.....	(873,605)
Termination benefits.....	(48,000)
Net OPEB obligation.....	(539,727)
Accrued interest payable.....	(520,877)

NET ASSETS OF GOVERNMENTAL ACTIVITIES.....	<u>\$ 174,065,056</u>
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(Concluded)

TOWN OF NEWTOWN, CONNECTICUT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2011

	GENERAL	BONDED PROJECTS	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES:				
Property taxes.....	\$ 92,855,249	\$	\$	\$ 92,855,249
Intergovernmental.....	12,282,389	8,161,826	6,285,692	26,729,907
Charges for services.....	1,869,103		3,995,051	5,864,154
Investment income.....	271,196		114,080	385,276
Net change in fair value of investments.....			203,555	203,555
Contributions.....			225,177	225,177
Other.....	154,225			154,225
TOTAL REVENUES.....	107,432,162	8,161,826	10,823,555	126,417,543
EXPENDITURES:				
Current:				
General government.....	8,465,817		307,255	8,773,072
Public safety.....	6,306,443		497,629	6,804,072
Health and welfare.....	2,026,069		107,503	2,133,572
Land use.....	465,629			465,629
Public works.....	7,868,449		808,519	8,676,968
Parks and recreation.....	1,721,677		1,384,258	3,105,935
Education.....	72,045,166		6,844,608	78,889,774
Debt service.....	9,290,175	136,695	424,680	9,851,550
Capital outlay.....		16,031,182	12,292	16,043,474
TOTAL EXPENDITURES.....	108,189,425	16,167,877	10,386,744	134,744,046
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	(757,263)	(8,006,051)	436,811	(8,326,503)
OTHER FINANCING SOURCES (USES):				
Issuance of debt.....		14,020,000		14,020,000
Proceeds of refunding bonds.....		8,910,000		8,910,000
Premium.....		1,048,566		1,048,566
Payment to refunded bonds escrow agent.....		(10,106,071)		(10,106,071)
Transfers in.....	124,177		539,560	663,737
Transfers out.....	(455,000)	(84,560)	(124,177)	(663,737)
NET OTHER FINANCING SOURCES (USES).....	(330,823)	13,787,935	415,383	13,872,495
NET CHANGE IN FUND BALANCES	(1,088,086)	5,781,884	852,194	5,545,992
FUND BALANCES - JULY 1, 2010.....	9,257,603	(11,018,795)	3,716,588	1,955,396
FUND BALANCES - JUNE 30, 2011.....	\$ 8,169,517	\$ (5,236,911)	\$ 4,568,782	\$ 7,501,388

The notes to the financial statements are an integral part of this statement.

TOWN OF NEWTOWN, CONNECTICUT

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2011

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).....	\$ 5,545,992
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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.....	19,816,196
Depreciation expense.....	(4,322,112)

Total	15,494,084
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The net effect of various miscellaneous transactions involving capital assets (i. e., sales, trade-ins and donations) is to increase net assets. 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 assets differs from the change in fund balance by the cost of the capital assets sold:

Disposal of capital assets.....	(490,931)
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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.....	(863,512)
Change in property tax and community development block grant - accrual basis change.....	299,799
Change in property tax and community development block grant interest and lien revenue.....	69,364

Total	(494,349)
-------------	-----------

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 assets. Also, governmental funds report the effect of issuance costs, 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:	
Issuance of debt.....	(14,020,000)
Issuance of refunding bonds.....	(8,910,000)
Premium.....	(774,559)
Deferred charges.....	413,861
Other.....	67,418
Principal repayments:	
General obligation debt.....	6,844,800
Notes payable.....	275,158
Refunded bonds.....	9,490,000

Total	(6,613,322)
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(Continued)

TOWN OF NEWTOWN, CONNECTICUT

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2011

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.....	\$ (241,471)
Net pension asset.....	(11,986)
Landfill closure.....	17,000
Capital lease.....	52,321
Compensated absences.....	(269)
Termination benefits.....	98,017
Net OPEB obligation.....	<u>(465,654)</u>
Total	<u>(552,042)</u>
Internal Service Funds are used by management to charge costs of medical insurance deductibles to individual departments.....	<u>1,850,413</u>
The net revenue of the activities of the Internal Service Fund is reported with governmental activities.....	<u>3,935</u>
CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES (EXHIBIT B)	<u>\$ 14,743,780</u>

(Concluded)

TOWN OF NEWTOWN, CONNECTICUT

GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2011

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:				
Property taxes.....	\$ 93,258,032	\$ 93,258,032	\$ 92,855,249	\$ (402,783)
Intergovernmental.....	7,671,977	7,671,977	7,170,149	(501,828)
Charges for services.....	1,804,106	1,804,106	1,869,103	64,997
Investment income.....	400,000	400,000	271,196	(128,804)
Other.....	150,500	150,500	154,225	3,725
TOTAL REVENUES.....	103,284,615	103,284,615	102,319,922	(964,693)
EXPENDITURES:				
Current:				
General government.....	8,439,974	8,627,947	8,410,468	217,479
Public safety.....	6,579,994	6,580,951	6,326,869	254,082
Health and welfare.....	2,035,976	2,040,028	2,026,069	13,959
Land use.....	457,952	472,115	465,629	6,486
Public works.....	7,763,100	7,926,181	7,869,194	56,987
Parks and recreation.....	1,839,860	1,842,696	1,746,859	95,837
Education.....	67,194,734	67,194,734	66,521,228	673,506
Contingency.....	509,000	938		938
Debt service.....	9,294,025	9,294,025	9,290,175	3,850
TOTAL EXPENDITURES.....	104,114,615	103,979,615	102,656,491	1,323,124
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	(830,000)	(695,000)	(336,569)	358,431
OTHER FINANCING SOURCES (USES):				
Appropriation of fund balance.....	1,000,000	1,000,000		(1,000,000)
Transfers in.....			124,177	124,177
Cancellation of prior year encumbrances.....			23,157	23,157
Transfers out.....	(170,000)	(305,000)	(305,000)	-
NET OTHER FINANCING SOURCES (USES).....	830,000	695,000	(157,666)	(852,666)
NET CHANGE IN FUND BALANCE.....	\$ -	\$ -	(494,235)	\$ (494,235)
FUND BALANCE - JULY 1, 2010.....			7,903,051	
FUND BALANCE - JUNE 30, 2011.....			\$ 7,408,816	

The notes to the financial statements are an integral part of this statement.

TOWN OF NEWTOWN, CONNECTICUTSTATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2011

	BUSINESS-TYPE ACTIVITIES			GOVERNMENTAL
				ACTIVITIES
	MAJOR	NONMAJOR	TOTAL	INTERNAL
	SEWER DEPARTMENT	WATER FUND		SERVICE FUNDS
<u>ASSETS</u>				
Current assets:				
Cash.....	\$	\$	\$ -	\$ 2,260,620
Investments.....	1,721,117		1,721,117	
Receivables:				
Assessments.....	800,441		800,441	
Use charges.....	115,678	76,657	192,335	
Due from other funds.....	453,676	219,882	673,558	551,282
Advance to other funds.....	1,075,079		1,075,079	
Other.....	218		218	4,353
Total current assets.....	4,166,209	296,539	4,462,748	2,816,255
Noncurrent assets:				
Assessment receivables.....	5,525,784		5,525,784	
Other.....	1,744		1,744	
Capital assets (net of accumulated depreciation/amortization):				
Land.....	1,000		1,000	
Intangible assets.....	540,667	167,442	708,109	
Plant and pumping stations.....	9,290,914	643,516	9,934,430	
Sewer distribution system.....	17,063,374		17,063,374	
Water distribution system.....		1,652,896	1,652,896	
Equipment.....	30,060		30,060	
Vehicles.....	79,926		79,926	
Total capital assets (net of accumulated depreciation/amortization).....	27,005,941	2,463,854	29,469,795	-
Total noncurrent assets.....	32,533,469	2,463,854	34,997,323	-
TOTAL ASSETS.....	36,699,678	2,760,393	39,460,071	2,816,255
<u>LIABILITIES</u>				
Current liabilities:				
Accounts payable.....	73,827	32,366	106,193	27,568
Claims payable.....			-	852,674
Accrued interest payable.....	944		944	
Unearned revenue.....	24,427		24,427	
Advance from other funds.....		1,075,079	1,075,079	
Bonds and notes payable.....	907,561		907,561	
Total current liabilities.....	1,006,759	1,107,445	2,114,204	880,242
Noncurrent liability:				
Bonds and notes payable - net of premium and deferred amount on refunding.....	5,238,642		5,238,642	
TOTAL LIABILITIES.....	6,245,401	1,107,445	7,352,846	880,242
<u>NET ASSETS</u>				
Invested in capital assets, net of related debt.....	20,859,738	2,463,854	23,323,592	
Unrestricted.....	9,594,539	(810,906)	8,783,633	1,936,013
TOTAL NET ASSETS.....	\$ 30,454,277	\$ 1,652,948	\$ 32,107,225	\$ 1,936,013

The notes to the financial statements are an integral part of this statement.

TOWN OF NEWTOWN, CONNECTICUT

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2011

	BUSINESS-TYPE ACTIVITIES			GOVERNMENTAL
	MAJOR	NONMAJOR	TOTAL	ACTIVITIES
	SEWER DEPARTMENT	WATER DEPARTMENT		INTERNAL SERVICE FUNDS
OPERATING REVENUES:				
Charges for services.....	\$ 1,195,933	\$ 332,772	\$ 1,528,705	\$ 13,267,136
OPERATING EXPENSES:				
Professional services.....	489,598	42,919	532,517	
Contracted services.....	118,147	84,941	203,088	
Repairs and maintenance.....	146,314		146,314	
Utilities.....	132,299	49,074	181,373	
Claims incurred.....				10,569,606
Administration.....				847,117
Depreciation and amortization.....	529,128	111,964	641,092	
Other.....		2,143	2,143	
TOTAL OPERATING EXPENSES.....	1,415,486	291,041	1,706,527	11,416,723
OPERATING INCOME (LOSS).....	(219,553)	41,731	(177,822)	1,850,413
NONOPERATING REVENUES (EXPENSES):				
Investment income.....	63,612	819	64,431	3,935
Intergovernmental.....	10,810		10,810	
Interest expense.....	(143,092)	(43,947)	(187,039)	
NET NONOPERATING REVENUES (EXPENSES).....	(68,670)	(43,128)	(111,798)	3,935
NET CHANGE IN NET ASSETS	(288,223)	(1,397)	(289,620)	1,854,348
TOTAL NET ASSETS - JULY 1, 2010.....	30,742,500	1,654,345	32,396,845	81,665
TOTAL NET ASSETS - JUNE 30, 2011.....	\$ 30,454,277	\$ 1,652,948	\$ 32,107,225	\$ 1,936,013

The notes to the financial statements are an integral part of this statement.

TOWN OF NEWTOWN, CONNECTICUT

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2011

	BUSINESS-TYPE ACTIVITIES			GOVERNMENTAL ACTIVITIES
	MAJOR	NONMAJOR	TOTAL	INTERNAL SERVICE FUNDS
	SEWER DEPARTMENT	WATER DEPARTMENT		
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from charges for services.....	\$ 1,808,737	\$ 279,226	\$ 2,087,963	\$ 12,803,348
Cash payments to suppliers for goods and services.....	(862,210)	(192,784)	(1,054,994)	(819,549)
Claims paid.....				(9,771,855)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES.....	946,527	86,442	1,032,969	2,211,944
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Payments on advance to other funds.....		(43,314)	(43,314)	
Payments on advance from other funds.....	43,314		43,314	
Principal payments.....	(890,695)		(890,695)	
Interest payments.....	(143,093)	(43,947)	(187,040)	
NET CASH PROVIDED BY (USED IN) CAPITAL AND RELATED FINANCING ACTIVITIES.....	(990,474)	(87,261)	(1,077,735)	-
CASH FLOWS FROM INVESTING ACTIVITIES:				
Investment income.....	63,612	819	64,431	3,935
NET CHANGE IN CASH AND CASH EQUIVALENTS.....	19,665	-	19,665	2,215,879
CASH AND CASH EQUIVALENTS - JULY 1, 2010.....	1,701,452		1,701,452	44,741
CASH AND CASH EQUIVALENTS - JUNE 30, 2011.....	\$ 1,721,117	\$ -	\$ 1,721,117	\$ 2,260,620
RECONCILIATION TO EXHIBIT G - CASH:				
CASH AND CASH EQUIVALENTS PER ABOVE.....	\$ 1,721,117	\$ -	\$ 1,721,117	\$ 2,260,620
CASH AND CASH EQUIVALENTS REPORTED AS INVESTMENTS.....	(1,721,117)		(1,721,117)	
CASH - EXHIBIT G.....	\$ -	\$ -	\$ -	\$ 2,260,620
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:				
Operating income (loss).....	\$ (219,553)	\$ 41,731	\$ (177,822)	\$ 1,850,413
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation and amortization.....	529,128	111,964	641,092	
(Increase) decrease in:				
Receivables.....	914,831	795	915,626	(463,788)
Due from other funds.....	(307,632)	(54,342)	(361,974)	
Increase (decrease) in:				
Accounts and other payables.....	22,998	(13,706)	9,292	825,319
Unearned revenue.....	6,755		6,755	
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES.....	\$ 946,527	\$ 86,442	\$ 1,032,969	\$ 2,211,944

The notes to the financial statements are an integral part of this statement.

TOWN OF NEWTOWN, CONNECTICUTSTATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2011

	PENSION TRUST FUND	OPEB TRUST FUND	TOTAL	AGENCY FUNDS
<u>ASSETS</u>				
Cash.....	\$	\$	\$ -	\$ 337,329
Investments at Fair Value:				
Certificates of Deposit.....			-	617,077
Mutual Funds:				
Equity.....	14,515,183	133,987	14,649,170	
International Equity.....	580,247	2,846	583,093	
U.S. Government Bonds.....	1,896,562	39,179	1,935,741	
Fixed income.....	931,478	9,023	940,501	
U.S. Government Securities.....	689,901		689,901	
U.S. Government Agency Securities.....	1,876,384		1,876,384	
Corporate Bonds.....	8,171,172	169,627	8,340,799	
Total Investments.....	28,660,927	354,662	29,015,589	617,077
TOTAL ASSETS.....	28,660,927	354,662	29,015,589	954,406
<u>LIABILITIES</u>				
LIABILITIES:				
Accounts payable.....		2,500	2,500	954,406
Due to other funds.....		81,750	81,750	
TOTAL LIABILITIES.....	-	84,250	84,250	954,406
<u>NET ASSETS</u>				
NET ASSETS HELD IN TRUST FOR PENSION AND OPEB BENEFITS.....	\$ 28,660,927	\$ 270,412	\$ 28,931,339	\$ -

The notes to the financial statements are an integral part of this statement.

TOWN OF NEWTOWN, CONNECTICUTSTATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2011

	PENSION TRUST FUND	OPEB TRUST FUND	TOTALS
ADDITIONS:			
Contributions:			
Employer.....	\$ 1,140,119	\$ 273,794	\$ 1,413,913
Plan members.....	427,942	478,300	906,242
Total contributions.....	1,568,061	752,094	2,320,155
Investment income (loss):			
Net change in fair value of investments.....	3,112,298	25,888	3,138,186
Interest and dividends.....	795,880	10,865	806,745
Total investment income (loss).....	3,908,178	36,753	3,944,931
Less investment expenses.....	145,360	12,091	157,451
Net investment income (loss).....	3,762,818	24,662	3,787,480
TOTAL ADDITIONS.....	5,330,879	776,756	6,107,635
DEDUCTIONS:			
Benefits.....	1,389,004	662,605	2,051,609
CHANGE IN NET ASSETS.....	3,941,875	114,151	4,056,026
NET ASSETS - JULY 1, 2010.....	24,719,052	156,261	24,875,313
NET ASSETS - JUNE 30, 2011.....	\$ 28,660,927	\$ 270,412	\$ 28,931,339

The notes to the financial statements are an integral part of this statement.

TOWN OF NEWTOWN, CONNECTICUT**NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011****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 2001. 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 assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. *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 fund 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 BASIC 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 government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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 Funds* account for the activities of the Newtown Employees Retirement System, which accumulates resources for pension benefit payments to qualified employees.

The *OPEB Trust Fund* accounts for the accumulation of resources for other post employment benefits for qualified employees.

The *Agency Funds* are used to account for student activities, performance bonds and pass-through grants.

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and enterprise fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. The Town also has the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The Town has elected not to follow subsequent private-sector guidance.

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 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 fund and of the Town's internal service fund are charges to customers for sewer use charges and premiums for dental 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 fund 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.

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources as they are needed.

C. Assets, Liabilities, and Net Assets 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.

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.

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Assets, Liabilities, and Net Assets or Equity (Continued)

1. Deposits and Investments (Continued)

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 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.

Investments for the Town are reported at fair value. 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."

b. Property Taxes and Other Receivables

In the government-wide financial statements, all property tax, sewer use, and loan receivables are shown net of an allowance for uncollectibles. Allowance percentages range from 2 to 26 percent 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.

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Assets, Liabilities, and Net Assets or Equity (Continued)

2. Receivables and Payables (Continued)

b. Property Taxes and Other Receivables (Continued)

In the fund financial statements, all property taxes receivable at June 30, which have not been collected within sixty days of June 30, have been recorded as deferred revenue, since they are not considered to be available to finance expenditures of the current fiscal year. Taxes collected during the sixty day period 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.

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.

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Assets, Liabilities, and Net Assets or Equity (Continued)

4. Capital Assets (Continued)

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	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. 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.

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.

6. 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 assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Assets, Liabilities, and Net Assets or Equity (Continued)

6. 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.

7. Fund Equity and Net Assets

In the **government-wide financial statements**, net assets are classified into the following categories:

Invested in Capital Assets, Net of Related Debt

This category presents the net assets 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 Assets

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

Unrestricted Net Assets

This category presents the net assets of the Town which are 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 BASIC FINANCIAL STATEMENTS (CONTINUED)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Assets, Liabilities, and Net Assets or Equity (Continued)

7. Fund Equity and Net Assets (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 only through ordinances or 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 can be expressed by the governing body (Board of Finance) or by an official (Finance Director) or body to which the governing body delegated the authority (Legislative Council).

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.

During the year, Town Council 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 percent of the total operating General Fund expenditures.

8. 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.

9. 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 BASIC 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.
 - During the year there were no additional appropriations.

TOWN OF NEWTOWN, CONNECTICUT
NOTES TO BASIC 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, 2011	\$ 102,319,922	\$ 102,656,491	\$ 7,408,816
Teachers' Retirement System on-behalf payments.....	5,112,240	5,112,240	
Continued appropriations and encumbrances outstanding at June 30, 2010 and June 30, 2011			49,930
Encumbrances outstanding at June 30, 2010, liquidated during the year June 30, 2011		1,131,465	
Encumbrances outstanding at June 30, 2011, charged to budgetary expenditures.....		(710,771)	710,771
BALANCE, GAAP BASIS, EXHIBIT D - JUNE 30, 2011	<u>\$ 107,432,162</u>	<u>\$ 108,189,425</u>	<u>\$ 8,169,517</u>

TOWN OF NEWTOWN, CONNECTICUT
NOTES TO BASIC 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. The amounts are reflected in net assets as restricted for other purposes. Investment income is approved for expenditure by the individual boards of the benefiting activities and is included in unreserved fund balance. Net appreciation available for appropriation is as follows:

Edmond Town Hall Endowment	\$ 204,424
Hawley School Trust	<u>57,425</u>
Total.....	<u>\$ 261,849</u>

Investment income available for appropriation is as follows:

Newtown Flagpole	<u>\$ 1,355</u>
------------------------	-----------------

D. Capital Projects Authorizations

The following is a summary of certain Capital Projects at June 30, 2011:

<u>CAPITAL PROJECTS FUND</u>	<u>AUTHORIZATION</u>	<u>CUMULATIVE EXPENDITURES</u>	<u>BALANCE JUNE 30, 2011</u>
High School.....	\$ 41,576,000	\$ 37,823,456	\$ 3,752,544
Community Center - Design & Demolition	1,425,000	1,425,000	
New Animal Control Facility	750,000	37,995	712,005
Police Radio Enhancements	494,000	484,243	9,757
Treadwell Pool Building Renovation.....	405,000	94,891	310,109
Parks & Recreation Maintenance			
Facility Renovation	1,175,000	1,053,815	121,185
Dickinson Park Renovations	620,000	556,644	63,356
Parks & Recreation Maintenance			
Facility Renovation II.....	350,000		350,000
Bridge Replacement - Old Mill Dam.....	270,000	255,929	14,071
Sandy Hook Streetscape.....	1,000,000		1,000,000
Sandy Hook Water Main Extension.....	450,000	27,288	422,712
Middle School roof Replacement	4,257,690	214,519	4,043,171
TOTALS	<u>\$ 52,772,690</u>	<u>\$ 41,973,780</u>	<u>\$ 10,798,910</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, 2011, \$14,815,690 of the Town's bank balance of \$25,596,038 (including certificates of deposit and money market accounts classified as investments) was exposed to custodial credit risk as follows:

Uninsured and uncollateralized.....	\$13,061,924
Uninsured and collateral held by the pledging bank's trust department, not in the Town's name.....	<u>1,753,766</u>
Total amount subject to custodial credit risk.....	<u>\$14,815,690</u>

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

III. DETAILED NOTES (CONTINUED)

A. Cash and Investments (Continued)

On July 21, 2010, the Dodd-Frank Wall Street Reform and Consumer Protection Act permanently increased the insurance coverage offered by the Federal Deposit Insurance Corporation (FDIC) to \$250,000 per depositor. Additionally, amounts held in non-interest bearing transaction accounts are fully guaranteed by the FDIC from December 31, 2010 through December 31, 2012. The Town had amounts in excess of \$250,000 in a single bank during the year. Amounts over \$250,000 are not insured by the FDIC. These balances fluctuate during the year and can exceed this \$250,000 limit. Management regularly monitors the financial institution, together with its cash balances, and tries to keep this potential risk to a minimum.

The Town also has a letter of credit securing \$15 million of investments held in a single bank. This letter of credit exceeds approximately \$14.8 million of the uninsured and uncollateralized investments at that bank.

At June 30, 2011, 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	5-10 YEARS	OVER 10
Mutual Funds:						
Equity	\$15,525,535	\$15,525,535	\$	\$	\$	\$
International Equity.....	859,480	859,480				
U.S. Government Bonds	1,935,741			1,935,741		
Corporate Bond Funds.....	560,449		560,449			
Money Market Mutual Funds ..	170,089		170,089			
Fixed Income Mutual Funds ...	940,501		940,501			
Certificates of Deposit.....	18,827,547		14,871,158	3,956,389		
Pooled Fixed Income.....	2,499,407		2,499,407			
U.S. Government Securities	689,901					689,901
U.S. Government Agency Securities	2,878,784			1,840,111	506,391	532,282
Corporate Bonds.....	8,348,668		1,062,305	4,798,992	1,742,256	745,115
TOTAL	\$53,236,102	\$16,385,015	\$20,103,909	\$12,531,233	\$2,248,647	\$1,967,298

Subsequent to year end, the financial markets have experienced significant levels of volatility that caused a decline in the value of investments held at year end. While such declines may be temporary, investment values are subject to market fluctuations, and the timing of any such recovery is unknown at the present time.

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.

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

III. DETAILED NOTES (CONTINUED)

A. Cash and Investments (Continued)

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 follow:

AVERAGE RATING	POOLED FIXED INCOME	CORPORATE BONDS	U.S. GOVERN- MENT SECURITIES	U.S. GOVERN- MENT AGENCY SECURITIES	MONEY MARKET MUTUAL FUNDS	CORPORATE BOND MUTUAL FUNDS	U.S. GOVERN- MENT SECURITIES MUTUAL FUNDS	FIXED INCOME MUTUAL FUNDS
AAA	\$2,499,407	\$ 139,142	\$	\$ 2,070,126	\$	\$	\$	\$
AA		1,054,444						
A		3,588,081						
BBB		3,218,458						
B		202,053						
D		138,621						
Unrated		7,869	689,901	808,658	170,089	560,449	1,935,741	940,501
TOTAL	<u>\$2,499,407</u>	<u>\$ 8,348,668</u>	<u>\$ 689,901</u>	<u>\$ 2,878,784</u>	<u>\$ 170,089</u>	<u>\$ 560,449</u>	<u>\$1,935,741</u>	<u>\$ 940,501</u>

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 \$100,000 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	\$ 689,901	\$ 500,000	\$ 189,901
U.S. Government Agency Securities	2,878,784		2,878,784
Corporate Bonds	8,348,668	7,869	8,340,799
TOTAL	<u>\$ 11,917,353</u>	<u>\$ 507,869</u>	<u>\$ 11,409,484</u>

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

III. DETAILED NOTES (CONTINUED)

B. Receivables

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 as of June 30, 2010, including the applicable allowances for uncollectible accounts, are presented below.

	PROPERTY TAXES			CDBG LOANS
	TAXES	INTEREST AND LIEN FEES	TOTAL	
Current portion	<u>\$ 807,587</u>	<u>\$ 341,827</u>	<u>\$1,149,414</u>	<u>\$</u>
Long-term portion	\$ 775,916	\$ 482,116	\$1,258,032	\$ 274,878
Less allowance for uncollectibles.....	<u>(190,000)</u>	<u>(215,000)</u>	<u>(405,000)</u>	<u>(5,141)</u>
Net long-term portion.....	<u>\$ 585,916</u>	<u>\$ 267,116</u>	<u>\$ 853,032</u>	<u>\$ 269,737</u>
	SEWER AND WATER USE CHARGES			TOTAL
	SEWER USE CHARGES	INTEREST AND LIEN FEES	WATER USE CHARGES	
Receivable amount	\$ 111,543	\$ 6,793	\$ 76,657	\$ 194,993
Less allowance for uncollectibles.....	<u>(2,279)</u>	<u>(379)</u>		<u>(2,658)</u>
Net receivable.....	<u>\$ 109,264</u>	<u>\$ 6,414</u>	<u>\$ 76,657</u>	<u>\$ 192,335</u>

There was no allowance applied to the sewer assessment receivable since the amounts are lienied and the lien stays with the property and not the owner.

Governmental funds report *deferred revenue* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of *deferred revenue* and *unearned revenue* reported in the governmental funds were as follows:

	UNAVAILABLE	UNEARNED	TOTAL
Delinquent property taxes receivable	\$ 1,461,906	\$	\$ 1,461,906
Advance tax collections		202,443	202,443
Loan receivable not yet earned (Special Revenue)	274,878		274,878
Unearned charges for services (Special Revenue)		188,494	188,494
Grant drawdowns prior to meeting all eligibility requirements (Special Revenue) ..		87,660	87,660
Other.....		119,638	119,638
	<u>\$ 1,736,784</u>	<u>\$ 598,235</u>	<u>\$ 2,335,019</u>

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

III. DETAILED NOTES (CONTINUED)

C. Capital Assets

Capital asset activity for the year ended June 30, 2011 was as follows:

	BALANCE JULY 1, 2010	INCREASES	DECREASES	BALANCE JUNE 30, 2011
<u>Governmental Activities:</u>				
<u>Capital Assets, not being Depreciated:</u>				
Land.....	\$ 23,657,415	\$ 673,960	\$	\$ 24,331,375
Intangible assets	3,687,270			3,687,270
Construction in progress	27,024,748	17,508,689	254,205	44,279,232
Total Capital Assets, not being Depreciated.....	54,369,433	18,182,649	254,205	72,297,877
<u>Capital Assets, being Depreciated:</u>				
Buildings and systems.....	115,467,154	75,900		115,543,054
Land improvements.....	15,138,520	172,335		15,310,855
Machinery and equipment.....	9,223,380	190,272	75,958	9,337,694
Vehicles.....	9,943,264	726,613	717,717	9,952,160
Infrastructure	61,966,303	722,632	12,962	62,675,973
Total Capital Assets, being Depreciated	211,738,621	1,887,752	806,637	212,819,736
Total Capital Assets.....	266,108,054	20,070,401	1,060,842	285,117,613
<u>Less Accumulated Depreciation for:</u>				
Buildings and systems.....	18,526,013	1,612,141		20,138,154
Land improvements.....	2,278,404	616,274		2,894,678
Machinery and equipment.....	4,927,706	631,315	46,081	5,512,940
Vehicles.....	3,854,549	601,736	262,667	4,193,618
Infrastructure	9,884,326	860,646	6,958	10,738,014
Total Accumulated Depreciation	39,470,998	4,322,112	315,706	43,477,404
Total Capital Assets, being Depreciated, net	172,267,623	(2,434,360)	490,931	169,342,332
Governmental Activities Capital Assets, net.....	\$226,637,056	\$15,748,289	\$ 745,136	\$ 241,640,209
<u>Business-Type Activities:</u>				
<u>Capital Assets, not being Depreciated:</u>				
Land.....	\$ 1,000	\$	\$	\$ 1,000
<u>Capital Assets, being Depreciated:</u>				
Intangible assets	1,361,000			1,361,000
Plant and pumping stations.....	13,644,082			13,644,082
Sewer distribution system	20,228,832			20,228,832
Water distribution system	2,275,502			2,275,502
Equipment	64,415			64,415
Vehicles.....	112,253	87,840	112,253	87,840
Total Capital Assets, being Depreciated	37,686,084	87,840	112,253	37,661,671
Total Capital Assets.....	37,687,084	87,840	112,253	37,662,671

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

III. DETAILED NOTES (CONTINUED)

C. Capital Assets (Continued)

	BALANCE JULY 1, 2010	INCREASES	DECREASES	BALANCE JUNE 30, 2011
<u>Less Accumulated Depreciation for:</u>				
Intangible assets	\$ 609,540	\$ 43,351	\$	\$ 652,891
Plant and pumping stations	3,430,574	279,078		3,709,652
Sewer distribution system	2,947,466	217,992		3,165,458
Water distribution system	536,290	86,316		622,606
Equipment	27,913	6,442		34,355
Vehicles	35,224	7,913	35,223	7,914
Total Accumulated Depreciation	7,587,007	641,092	35,223	8,192,876
Total Capital Assets, being Depreciated, net	30,099,077	(553,252)	77,030	29,468,795
Business-Type Activities Capital Assets, net	\$ 30,100,077	\$(553,252)	\$ 77,030	\$ 29,469,795

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

Governmental Activities:

General government	\$ 490,364
Public safety	618,427
Land use	2,297
Public works	1,074,693
Health and welfare	20,017
Recreation	491,542
Education	1,624,772

Total Depreciation Expense - Governmental Activities

\$ 4,322,112

Business-type Activities:

Sewer	\$ 529,128
Water	111,964
Total	\$ 641,092

Construction Commitments

At June 30, 2011, the Town had the following construction commitments:

High School	\$ 3,040,843
Middle School Roof	3,058,230
Total	\$ 6,099,073

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

III. DETAILED NOTES (CONTINUED)

D. Interfund Accounts

1. Interfund Payables and Receivables

A summary of interfund balances as of June 30, 2011 is as follows:

	CORRESPONDING FUND	DUE FROM	DUE TO
<u>MAJOR FUNDS:</u>			
GENERAL FUND:			
Bonded projects	N/A	\$	\$ 6,112,300
Capital and nonrecurring	N/A		945,999
Sewer fund	N/A		453,676
Water fund.....	N/A		219,882
Town gifts fund.....	N/A		139,908
Law enforcement fund	N/A		35,316
Septage management ordinance	N/A		24,550
Town recreation fund.....	N/A		99,208
Teen center.....	N/A		36,047
Police private duty	N/A	72,911	
Miscellaneous grants.....	N/A	283,769	
Eichler's cove marina	N/A		197,272
Hawley school maintenance	N/A		51,889
Dog fund	N/A		30,210
Fairfield hills special revenue fund.....	N/A		111,337
Historic documents	N/A		39,984
Debt service.....	N/A		45,579
Senior center	N/A		755
Flag pole.....	N/A		4,071
Newtown cultural arts.....	N/A	2,533	
OPEB trust	N/A	81,750	
Internal service fund	N/A		551,282
TOTAL GENERAL FUND.....		440,963	9,099,265
BONDED PROJECTS:			
Bonded projects	General Fund	6,112,300	
PROPRIETARY FUNDS:			
Sewer department.....	General Fund	453,676	
Water fund.....	General Fund	219,882	
TOTAL PROPRIETARY FUNDS		673,558	-
<u>NONMAJOR FUNDS:</u>			
SPECIAL REVENUE FUNDS:			
Town gifts fund.....	General Fund	139,908	
Law enforcement fund	General Fund	35,316	
Septage management ordinance	General Fund	24,550	
Town recreation fund.....	General Fund	99,208	
Teen center.....	General Fund	36,047	
Police private duty	General Fund		72,911
Miscellaneous grants.....	General Fund		283,769
Eichler's cove marina	General Fund	197,272	

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

III. DETAILED NOTES (CONTINUED)

D. Interfund Accounts (Continued)

	CORRESPONDING FUND	DUE FROM	DUE TO
<u>NONMAJOR FUNDS: (CONTINUED)</u>			
<u>SPECIAL REVENUE FUNDS: (CONTINUED)</u>			
Dog fund	General Fund	\$ 30,210	\$
Fairfield Hills special revenue	General Fund	111,337	
Historic documents	General Fund	39,984	
Senior center	General Fund	755	
Newtown cultural arts committee	General Fund		2,533
TOTAL SPECIAL REVENUE FUNDS		714,587	359,213
DEBT SERVICE FUND	General Fund	45,579	
CAPITAL AND NONRECURRING	General Fund	945,999	
PERMANENT FUNDS	General Fund	55,960	
INTERNAL SERVICE FUND	General Fund	551,282	
TOTAL NONMAJOR FUNDS		1,762,125	359,213
<u>FIDUCIARY FUNDS:</u>			
OPEB trust	General Fund		81,750
GRAND TOTAL		\$ 9,540,228	\$ 9,540,228

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

2. Interfund Transfers

A summary of interfund transfers as of June 30, 2011 is as follows:

	CORRESPONDING FUND	TRANSFERS IN	TRANSFERS OUT
<u>MAJOR FUNDS:</u>			
<u>GENERAL FUND:</u>			
Edmond Town hall	N/A	\$	\$ 170,000
Police private duty	N/A	124,177	
Capital projects	N/A		285,000
TOTAL GENERAL FUND	N/A	124,177	455,000
<u>CAPITAL PROJECTS:</u>			
Capital projects	Debt Service		84,560
<u>NONMAJOR FUNDS:</u>			
<u>SPECIAL REVENUE FUNDS:</u>			
Debt service	Capital Projects	84,560	
Capital and nonrecurring	General Fund	285,000	
Edmund Town hall	General Fund	170,000	
Police private duty	General Fund		124,177
TOTAL SPECIAL REVENUE FUNDS		539,560	124,177
GRAND TOTAL		\$ 663,737	\$ 663,737

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

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

III. DETAILED NOTES (CONTINUED)

D. Interfund Accounts (Continued)

3. Advances

A summary of interfund advances as of June 30, 2011 is as follows:

	CORRESPONDING FUND	ADVANCES IN	ADVANCES OUT
<u>MAJOR FUNDS:</u>			
Water fund	Sewer Fund	\$ 1,075,079	\$
Sewer department	Water Fund		1,075,079
GRAND TOTAL		\$ 1,075,079	\$ 1,075,079

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

E. Short-Term Obligations - Bond Anticipation Notes

The Town is using bond anticipation notes during the construction of the high school addition prior to the issuance of the bonds at the completion of the project.

Short-term obligation activity for the year ended June 30, 2011 was as follows:

<u>TYPE OF OBLIGATION</u>	BALANCE JULY 1, 2010	<u>ADDITIONS</u>	<u>REDUCTIONS</u>	<u>JUNE 30, 2011</u>
Bond Anticipation Notes:				
Schools	\$ 20,000,000	\$ 10,500,000	\$ 20,000,000	\$ 10,500,000

The bond anticipation notes mature in February 2012 and carry an interest rate of 1.50% with a yield of 0.44%.

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:

<u>DESCRIPTION</u>	<u>ORIGINAL AMOUNT</u>	<u>DATE OF ISSUE</u>	<u>DATE OF MATURITY</u>	<u>INTEREST RATE</u>	BALANCE JULY 1, 2010	<u>ADDITIONS</u>	<u>DEDUCTIONS</u>	RE- FUNDED	BALANCE JUNE 30, 2011	<u>CURRENT PORTION</u>
<u>BONDS/NOTES</u>										
<u>General Purpose:</u>										
Improvement bond ...	\$ 1,310,000	1991	2011	6.1%-6.7%	\$ 125,500	\$	\$ 65,500	\$	\$ 60,000	\$ 60,000
Refunding bond	4,380,800	12/15/04	2020	3.25%-4.00%	2,335,500		358,500		1,977,000	356,000
Improvement bond ...	7,325,000	12/15/04	2020	3.25%-4.00%	2,635,137		224,000	2,193,037	218,100	218,100
Improvement bond ...	8,340,000	12/15/05	2025	3.5%-4.0%	3,330,000		420,000	1,660,000	1,250,000	420,000
Improvement bond ...	9,460,000	01/15/07	2026	3.75%-4.5%	4,240,000		475,000	1,880,000	1,885,000	475,000
Improvement bond ...	8,020,000	11/27/07	2027	3.5%-5.5%	4,420,000		400,000	400,000	3,620,000	400,000
Improvement bond ...	4,535,000	02/01/09	2019	.60-3.0%	3,120,000		350,000		2,770,000	350,000
Refunding bond	472,900	05/12/09	2021	.65%-3.52%	472,900				472,900	
Refunding bond -	10,819,400	08/25/09	2019	2.0-05%	10,738,100				10,738,100	

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

III. DETAILED NOTES (CONTINUED)

F. Changes in Long-Term Obligations (Continued)

1. Summary of Changes (Continued)

General Long-term Obligations: (Continued)

DESCRIPTION	ORIGINAL AMOUNT	DATE OF ISSUE	DATE OF MATURITY	INTEREST RATE	BALANCE JULY 1, 2010	ADDITIONS	DEDUCTIONS	RE- FUNDED	BALANCE JUNE 30, 2011	CURRENT PORTION
<u>General Purpose:</u>										
Improvement bond...	\$ 7,332,714	02/15/10	2028	2.0-4.0%	\$ 7,332,714	\$	\$ 441,514	\$ 886,700	\$ 6,004,500	\$ 171,600
Refunding bonds.....	6,590,500	09/17/10	2023	2.5-5.1%		6,590,500	119,600		6,470,900	
Improvement bond...	2,445,000	02/15/11	2031	2.0-4.5%		2,445,000			2,445,000	133,000
Total General Purpose	71,031,314				38,749,851	9,035,500	2,854,114	7,019,737	37,911,500	2,583,700
<u>Schools:</u>										
School bond	7,760,000	1991	2011	6.1%-6.7%	759,500		389,500		370,000	370,000
School bond	8,950,000	06/15/02	2022	3%-5%	900,000		450,000		450,000	450,000
School bond	18,967,400	12/15/04	2020	3%-4%	1,834,863		156,000	1,526,963	151,900	151,900
School bond	5,085,000	12/15/04	2020	3.25%-4.00%	9,557,100		1,616,100		7,941,000	1,604,000
School bond	2,750,000	11/27/07	2027	3.5%-5.5%	1,490,000		140,000	140,000	1,210,000	140,000
School bond	850,000	02/01/09	2019	0.6%-3.0%	765,000		85,000		680,000	85,000
School bond	8,812,100	05/12/09	2021	0.65%-3.52%	8,002,100		520,000		7,482,100	485,000
School bond Series B.....	2,500,000	8/24/2009	2019	2 - 5%	2,481,900				2,481,900	
School bond	6,897,286	2/15/2010	2028	2 - 4%	6,897,286		378,486	803,300	5,715,500	158,400
Refunding bonds.....	2,139,500	09/17/10	2023	2.5-5.1%		2,319,500	110,400		2,209,100	
School bond	11,575,000	02/15/11	2031	2.0-4%		11,575,000			11,575,000	387,000
Total School Bonds...	76,286,286				32,687,749	13,894,500	3,845,486	2,470,263	40,266,500	3,831,300
<u>Sewer:</u>										
Sewer bond	2,000,000	1991	2011	6.1%-6.7%	195,000		100,000		95,000	95,000
Refund issue	698,400	12/15/04	2020	3%-4%	436,200		45,200		391,000	45,000
Clean water	4,570,000	06/30/97	2017	2%	1,673,936		243,592		1,430,344	248,509
Clean water	516,000	06/30/03	2023	2.1%	355,943		24,067		331,876	24,577
Total Sewer Bonds....	7,784,400				2,661,079	-	412,859	-	2,248,220	413,086
<u>Water:</u>										
Drinking water.....	171,738	06/29/2006	2026	2.32%	138,233		7,499		130,734	7,674
TOTAL BONDS/NOTES					74,236,912	22,930,000	7,119,958	9,490,000	80,556,954	6,835,760
PREMIUM.....					1,989,589	1,048,566	274,007		2,764,148	
DEFERRED CHARGES					(1,607,458)	(616,071)	202,210		(2,021,319)	
TOTAL BONDS/NOTES AND RELATED LIABILITIES.....					74,619,043	23,362,495	7,596,175	9,490,000	81,299,783	6,835,760
LANDFILL CLOSURE COSTS.....					255,000		17,000		238,000	17,000
CAPITAL LEASES.....					290,265		52,321		237,944	55,042
COMPENSATED ABSENCES					873,336	1,175,742	1,175,473		873,605	174,667
EARLY RETIREMENT INCENTIVE.....					64,000	8,000	24,000		48,000	16,000
OTHER POST EMPLOYMENT BENEFIT OBLIGATION.....					74,073	739,448	273,794		539,727	
TOTAL LONG-TERM OBLIGATIONS.....					\$ 76,175,717	\$ 25,285,685	\$ 9,138,763	\$	\$83,237,059	\$7,098,469

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

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

III. DETAILED NOTES (CONTINUED)

F. Changes in Long-Term Obligations (Continued)

1. Summary of Changes (Continued)

General Long-term Obligations: (Continued)

Enterprise Fund:

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

SEWER NOTES	YEAR OF MATURITY	INTEREST RATE	BALANCE JULY 1, 2010	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30, 2011	CURRENT PORTION
Improvement Bonds.....	2020	3%-4%	\$ 436,200	\$	\$ 45,200	\$ 391,000	\$ 45,000
Clean Water Fund Notes.....	2018	2.00%	6,611,048		845,495	5,765,553	862,561
TOTAL BONDS/NOTES.....			7,047,248	-	890,695	6,156,553	907,561
DEFERRED CHARGES			(11,500)		(1,150)	(10,350)	
TOTAL BONDS AND RELATED LIABILITIES			\$ 7,035,748	\$ -	\$ 889,545	\$ 6,146,203	\$ 907,561

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				TEACHERS' EARLY RETIREMENT CONTRACTS	
	PRINCIPAL	INTEREST	PRINCIPAL BOND	NOTE	INTEREST BOND	NOTE	PRINCIPAL BOND	NOTE	INTEREST BOND	NOTE		
2012	\$ 708,715	\$ 110,921	\$ 6,555,000	\$ 280,760	\$ 2,840,642	\$ 36,023	\$ 45,000	\$ 862,561	\$ 15,415	\$ 107,434	\$ 16,000	
2013	542,606	88,082	7,125,600	286,477	2,591,399	30,306	44,400	879,970	13,840	90,025	16,000	
2014	511,378	68,364	7,006,000	292,311	2,370,088	24,472	44,000	897,734	12,064	72,263	8,000	
2015	506,173	49,764	7,061,500	298,263	2,154,191	18,520	43,500	915,852	10,304	54,144	8,000	
2016	502,270	31,335	7,046,800	304,337	1,899,650	12,446	43,200	934,339	8,564	35,657		
2017	79,391	13,030	4,756,600	172,538	1,657,578	6,822	43,400	953,199	6,836	16,757		
2018	79,391	10,083	4,766,600	36,694	1,489,377	5,243	43,400	321,898	5,100	1,342		
2019	78,090	7,135	4,757,500	37,492	1,321,000	4,445			3,364			
2020	76,789	4,217	4,338,400	38,307	1,137,400	3,630			1,664			
2021	15,635	1,329	3,935,000	39,140	970,339	2,797						
2022	15,635	665	3,885,000	39,991	821,494	1,946						
2023			3,440,000	40,861	668,308	1,076						
2024			3,430,000	10,135	549,194	491						
2025			2,795,000	10,373	430,575	253						
2026			2,380,000	5,275	321,481	36						
2027			1,910,000		226,426							
2028			1,375,000		148,625							
2029			700,000		91,000							
2030			700,000		59,500							
2031			700,000		28,000							
TOTALS	\$3,116,073	\$ 384,925	\$ 78,664,000	\$1,892,954	\$ 21,776,267	\$ 148,506	\$ 391,000	\$5,765,553	\$ 77,151	\$ 377,622	\$ 48,000	

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

III. DETAILED NOTES (CONTINUED)

F. Changes in Long-Term Obligations (Continued)

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 14 years at \$17,000 per year are \$238,000. 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	\$ 400,000
Less accumulated depreciation	<u>142,857</u>
Total	<u>\$ 257,143</u>

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 June 30, 2011.

YEAR ENDING	
<u>JUNE 30,</u>	
2012	\$ 67,415
2013	67,415
2014	67,415
2015	67,415
Less: amount representing interest	<u>(31,716)</u>
Present value of minimum lease payments	<u>\$ 237,944</u>

4. Termination Benefits

The Board of Education provides early retirement incentive benefits to 3 former employees. Benefits are paid annually based on the retirement agreement for each employee from the Board of Education budget. Benefits are payable through 2014. During the fiscal year ended June 30, 2011, \$24,000 was paid for their benefits.

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

III. DETAILED NOTES (CONTINUED)

F. Changes in Long-Term Obligations (Continued)

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.....	\$ 209,154,562	\$ 37,911,500	\$ 171,243,062
Schools.....	418,309,124	47,650,427	370,658,697
Sewers.....	348,590,936	486,000	348,104,936
Urban renewal.....	302,112,145		302,112,145
Pension deficit.....	278,872,749		278,872,749

The total overall statutory debt limit for the Town is equal to seven times annual receipts from taxation, \$650,703,081.

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 \$3,116,073 for bond principal is reflected as deductions in the computation of net indebtedness.

6. Authorized/Unissued Debt

At June 30, 2011, the Town had authorized unissued debt as follows:

	AUTHORIZED UNISSUED DEBT
Sandy Hook Streetscape.....	\$ 800,000
High school.....	12,486,820
Middle school roof	2,752,690
Water Main.....	250,000
Refunding	<u>1,090,000</u>
TOTAL	<u>\$ 17,379,510</u>

The refunding authorized unissued debt lapses on December 31, 2011.

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 June 30, 2011, the amount of defeased debt outstanding but removed from the Town's financial statements amounted to \$41,330,000.

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

III. DETAILED NOTES (CONTINUED)

F. Changes in Long-Term Obligations (Continued)

8. Current Year Advance Refunding

On September 17, 2010, the Town issued \$8,910,000 of general obligation refunding bonds with interest rates of 2.5% to 5.1%. These refunding bonds were issued to advance refund and defease bonds issued December 15, 2004, December 15, 2005, January 15, 2007, November 15, 2007, and February 15, 2010. The refunding resulted in an economic gain of \$354,651 with a total cash savings of \$572,194.

G. Restricted Net Assets

The amount of restricted net assets which were restricted by enabling legislation totaled \$197,906 at June 30, 2011.

H. Fund Balance Classification

As of June 30, 2011, fund balances are composed of the following:

	GENERAL FUND	CAPITAL PROJECTS	NONMAJOR FUNDS	TOTAL
<u>NONSPENDABLE:</u>				
Permanent fund principal	\$	\$	\$ 650,602	\$ 650,602
<u>RESTRICTED:</u>				
General Government			789,413	789,413
Public Safety			8,952	8,952
Public Works			30,562	30,562
Health and Welfare			19,134	19,134
Culture and Recreation			176,967	176,967
Education			323,055	323,055
TOTAL RESTRICTED			1,348,083	1,348,083
<u>COMMITTED:</u>				
General Government	42,754		128,837	171,591
Public Safety	54,001		5,771	59,772
Public Works	161,028		94,931	255,959
Health and Welfare			9,589	9,589
Culture and Recreation	25,182		510,274	535,456
Education	477,736		111,278	589,014
Approved projects			1,663,838	1,663,838
TOTAL COMMITTED	760,701	-	2,524,518	3,285,219
<u>ASSIGNED:</u>				
Debt service			45,579	45,579
<u>UNASSIGNED</u>	7,408,816	(5,236,911)	-	2,171,905
TOTAL	\$ 8,169,517	\$ (5,236,911)	\$ 4,568,782	\$ 7,501,388

TOWN OF NEWTOWN, CONNECTICUT
NOTES TO BASIC 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. The Town generally obtains commercial insurance for these risks. During the fiscal year, the Town and Board of Education began 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. 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 JULY 1	CURRENT YEAR CLAIMS AND CHANGES IN ESTIMATES	CLAIMS PAID	CLAIMS PAYABLE JUNE 30
2009-2010	\$ 43,303	\$ 529,665	\$ 518,045	\$ 54,923
2010-2011	54,923	10,569,606	9,771,855	852,674

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 BASIC FINANCIAL STATEMENTS (CONTINUED)

IV. OTHER INFORMATION

C. Pension Plans

1. Plan Description

Summary

The Town contributes to three pension plans (Selectmen and Board of Education Personnel, Police Personnel, and Elected Officials). Two of the plans, the Selectmen and Board of Education Personnel and the Police Personnel, are single employer, contributory, defined benefit pension plans. The Elected Officials plan is a single employer defined contribution pension plan (see Note IV.C.9). All three pension plans 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.

Plan benefit and contribution requirements are established by plans amended and restated on January 1, 2003, for the Selectmen and Board of Education Personnel plan and January 1, 1986, for the Police Personnel and Elected Officials plans. The plan benefits and amendments are approved by Town Council.

2. Summary of Significant Accounting Policies and Plan Asset Matters

a. Basis of Accounting

The pension trust fund financial statements are prepared on the accrual basis of accounting. Contributions are recognized when due, pursuant to formal commitments and contractual requirements, investment income is recognized when it is earned and expenses (benefits, administration and refunds) are recognized when they are due and payable in accordance with terms of the plan.

b. Valuation of Investments

Investments are valued at fair value. Securities traded on national exchanges are valued at the last reported sales price. There are no investments of 5% or greater in any one organization.

3. Classes of Employees Covered

Based on the actuarial valuation report dated July 1, 2011, membership consisted of:

	SELECTMEN AND BOARD OF EDUCATION	POLICE
Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them.....	111	24
Active employees.....	<u>335</u>	<u>42</u>
TOTAL	<u>446</u>	<u>66</u>

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

IV. OTHER INFORMATION (CONTINUED)

C. Pension Plans (Continued)

4. Benefit Provisions

a. Benefit Provisions

Selectmen and Board of Education Personnel

This plan covers Board of Selectmen, uncertified Board of Education and Civilian Police Department personnel. Employees of other organizations including the Cyrenius H. Booth Library, the Children's Adventure Center, Inc. and the Newtown District Department of Health are also covered under the plan. Each employee may enter the plan after six months of full time service. Vesting of benefits occurs after ten years of service (five years for non-highly compensated department heads). The plan also provides disability benefits after ten years of completed service and a death benefit equal to the return of employee contributions with interest. Administrative costs are financed from investment earnings.

Police Personnel

This plan covers sworn police personnel. These employees may enter the plan after six months of full time service. Normal retirement is after 25 years of credited service or at age 60 with at least ten years of continuous credited service. There are three retired members of the plan who are eligible for cost of living adjustments. There is no cost of living adjustment for any other currently active or retired member. Early retirement may be taken after completing 20 years of service. The plan also provides disability benefits after one year of service and a death benefit equal to the return of employee contributions with interest. Administrative costs are financed from investment earnings.

b. Employer Contributions

The Town's contributions are actuarially determined on an annual basis using the projected unit credit method. Administrative costs are generally financed through investment earnings.

c. Employee Contributions

Selectmen and Board of Education	2% of their base earnings to the plan
Police	5% of total compensation up to a maximum of 125% of basic compensation.

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

IV. OTHER INFORMATION (CONTINUED)

C. Pension Plans (Continued)

5. Funded Status and Funding Progress

The funded status of the plan as of July 1, 2011 was as follows:

ACTUARIAL VALUATION DATE	(A) ACTUARIAL VALUE OF ASSETS	(B) ACTUARIALLY ACCRUED LIABILITY (AAL) PROJECTED UNIT CREDIT	(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
<u>POLICE PERSONNEL PLAN</u>						
July 1, 2011	\$12,153,619	\$13,655,333	\$(1,501,714)	89.0%	\$ 3,448,073	(43.6)%
<u>SELECTMAN AND BOARD OF EDUCATION PERSONNEL PLAN</u>						
July 1, 2011	\$18,432,090	\$18,952,786	\$(520,696)	97.3%	\$13,371,509	(3.9)%

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 (RSI), 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.

6. Actuarial Assumptions

The data presented in the schedules of funding progress (RSI) and schedules of employer contributions (Note IV.C.5) were determined as part of the actuarial valuation at the date indicated. Additional information for both plans as of the latest valuation is as follows:

VALUATION DATE	JULY 1, 2011
ACTUARIAL COST METHOD.....	PROJECTED UNIT CREDIT
AMORTIZATION METHOD.....	LEVEL DOLLAR-CLOSED
REMAINING AMORTIZATION PERIOD	14 YEARS
ASSET VALUATION METHOD	5 YEAR SMOOTHING
ACTUARIAL ASSUMPTIONS:	
Investment rate of return	8%
Projected salary increases:	
Inflation.....	2.5%
Merit.....	2.5%

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

IV. OTHER INFORMATION (CONTINUED)

C. Pension Plans (Continued)

7. Annual Pension Cost and Net Pension Asset (NPA)

The changes in the NPA were as follows:

	SELECTMEN AND BOARD OF EDUCATION PERSONNEL	POLICE
Annual required contribution.....	\$ 663,805	\$ 460,540
Interest on net pension obligation.....	(20,976)	(5,060)
Adjustment to annual required contribution.....	30,633	7,389
Annual pension cost	673,462	462,869
Contributions made	663,805	460,540
Increase (decrease) in net pension asset	9,657	2,329
Net pension asset - July 1, 2010.....	(262,202)	(63,250)
Net pension asset - June 30, 2011	<u>\$(252,545)</u>	<u>\$(60,921)</u>

The net pension asset was determined in accordance with GASB Statement No. 27.

8. Three Year Trend Information

YEAR ENDING JUNE 30	ANNUAL PENSION COST (APC)	PERCENTAGE OF APC CONTRIBUTED	NET PENSION ASSET
<u>SELECTMEN AND BOARD OF EDUCATION PERSONNEL</u>			
2011	\$ 673,462	98.6%	\$ 252,545
2010	502,209	98.2%	262,202
2009	384,984	97.3%	271,175
<u>POLICE</u>			
2011	\$ 462,869	99.5%	\$ 60,921
2010	345,019	99.8%	63,250
2009	328,351	99.2%	63,794

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

IV. OTHER INFORMATION (CONTINUED)

C. Pension Plans (Continued)

9. Elected Officials

The Town administers a single employer defined contribution plan, which covers certain elected officials and “at will” employees of the Town. The plan is included in the Town's financial statements in the pension trust fund. At June 30, 2011, the net assets available for benefits include \$118,218 of assets designated for this plan. Significant accounting policies are the same as those discussed under defined benefit plans (Note IV.C.2). The Board of Selectmen approved and adopted this plan on July 7, 1986, and they have the authority to make any subsequent amendments.

At June 30, 2011, 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 year ended June 30, 2011, employer contributions were \$15,774 and employee contributions totaled \$5,258.

D. Other Post Employment Benefits Plan

1. Plan Description

The Town administers one single-employer, post retirement healthcare plan for the Town of Newtown Other Post Employment Benefits (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

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 \$273,794.

c. Employee Contributions

There are no employee contributions to the plan.

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

IV. OTHER INFORMATION (CONTINUED)

D. Other Post Employment Benefits Plan (Continued)

3. Funded Status and Funding Progress

The funded status of the plan as of July 1, 2010 was as follows:

ACTUARIAL VALUATION DATE	(A) ACTUARIAL VALUE OF ASSETS	(B) ACTUARIALLY ACCRUED LIABILITY (AAL) PROJECTED UNIT CREDIT	(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, 2010	\$ 156,261	\$ 6,397,819	\$ (6,241,558)	2.4%	\$35,055,000	(17.8)%

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 (RSI) 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 schedules of funding progress and schedules of contributions 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, 2010
ACTUARIAL COST METHOD	Projected Unit Credit
AMORTIZATION METHOD	Level Percentage
REMAINING AMORTIZATION PERIOD:	29 years closed
ASSET VALUATION METHOD	Fair Value
<u>ACTUARIAL ASSUMPTIONS:</u>	
Investment rate of return	7.5%
Healthcare inflation rate:	
Initial	10%
Ultimate	5%

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

IV. OTHER INFORMATION (CONTINUED)

D. Other Post-Employment Benefits Plan (Continued)

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

The changes in the NOO were as follows:

Annual required contribution	\$ 739,726
Adjustment to annual required contribution	(278)
Annual OPEB cost	739,448
Contributions made	<u>273,794</u>
Change in net OPEB obligation	465,654
Net OPEB obligation - July 1, 2010	<u>74,073</u>
Net OPEB obligation - June 30, 2011	<u>\$ 539,727</u>

6. Three Year Trend Information

YEAR ENDING JUNE 30	ANNUAL OPEB COST (AOC)	PERCENTAGE OF AOC CONTRIBUTED	NET OPEB OBLIGATION
2011	\$ 739,448	37.0%	\$ 539,727
2010	433,799	112.0%	74,073
2009	405,062	68.8%	126,234

E. On-Behalf Payments

The amount recognized in the general fund intergovernmental revenues and education expenditures for contributions made by the State to the State Teachers' Retirement Plan was \$5,112,240.

**Required
Supplementary
Information**

TOWN OF NEWTOWN, CONNECTICUT

REQUIRED SUPPLEMENTARY INFORMATION

NEWTOWN RETIREMENT SYSTEM
SCHEDULE OF FUNDING PROGRESS**POLICE PERSONNEL PLAN**

	A	B	(A-B)	(A/B)	C	[(A-B)/C]
ACTUARIAL VALUATION DATE	ACTUARIAL VALUE OF ASSETS	ACTUARIALLY ACCRUED LIABILITY (AAL) PROJECTED UNIT CREDIT	OVER (UNDER) FUNDED AAL	FUNDED AAL RATIO	COVERED PAYROLL	OVER/(UNDER) FUNDED AAL AS A PERCENTAGE OF COVERED PAYROLL
JULY 1,						
2006	\$ 9,783,886	\$ 10,090,519	\$ (306,633)	97.0%	\$ 2,643,190	-(11.6)%
2007	10,169,180	10,555,713	(386,533)	96.3%	2,812,921	-(13.7)%
2008	10,736,256	10,983,585	(247,329)	97.7%	2,973,016	-(8.3)%
2009	10,932,466	12,011,192	(1,078,726)	91.0%	3,415,591	-(31.6)%
2010	11,419,366	12,755,035	(1,335,669)	89.5%	3,579,566	-(37.3)%
2011	12,153,619	13,655,333	(1,501,714)	89.0%	3,448,073	-(43.6)%

SELECTMEN AND BOARD OF EDUCATION PERSONNEL PLAN

	A	B	(A-B)	(A/B)	C	[(A-B)/C]
ACTUARIAL VALUATION DATE	ACTUARIAL VALUE OF ASSETS	ACTUARIALLY ACCRUED LIABILITY (AAL) PROJECTED UNIT CREDIT	OVER (UNDER) FUNDED AAL	FUNDED AAL RATIO	COVERED PAYROLL	OVER/(UNDER) FUNDED AAL AS A PERCENTAGE OF COVERED PAYROLL
JULY 1,						
2006	\$ 13,426,175	\$ 12,382,206	\$ 1,043,969	108.4%	\$ 9,995,785	10.4%
2007	14,861,680	13,662,528	1,199,152	108.8%	11,031,168	10.9%
2008	15,984,917	14,891,817	1,093,100	107.3%	11,878,385	9.2%
2009	16,351,188	16,463,315	(112,127)	99.3%	12,834,058	-(0.9)%
2010	17,146,590	17,709,414	(562,824)	96.8%	13,109,110	-(4.3)%
2011	18,432,090	18,952,786	(520,696)	97.3%	13,371,509	-(3.9)%

TOWN OF NEWTOWN, CONNECTICUT

REQUIRED SUPPLEMENTARY INFORMATION

NEWTOWN RETIREMENT SYSTEM
SCHEDULE OF EMPLOYER CONTRIBUTIONS

POLICE PERSONNEL PLAN				
YEAR ENDED JUNE 30,	ANNUAL REQUIRED CONTRIBUTION	ACTUAL CONTRIBUTION	PERCENTAGE CONTRIBUTED	
2006	\$ 214,000	\$ 213,647	99.8%	
2007	277,000	276,339	99.8%	
2008	287,328	291,160	101.3%	
2009	325,909	325,844	100.0%	
2010	342,670	344,475	100.5%	
2011	460,540	460,540	100.0%	
SELECTMEN AND BOARD OF EDUCATION PERSONNEL PLAN				
YEAR ENDED JUNE 30,	ANNUAL REQUIRED CONTRIBUTION	ACTUAL CONTRIBUTION	PERCENTAGE CONTRIBUTED	
2006	\$ 420,207	\$ 420,381	100.0%	
2007	414,121	419,919	101.4%	
2008	374,614	437,409	116.8%	
2009	374,614	374,595	100.0%	
2010	492,222	493,236	100.2%	
2011	663,805	663,805	100.0%	

TOWN OF NEWTOWN, CONNECTICUT

REQUIRED SUPPLEMENTARY INFORMATION

NEWTOWN OTHER POST EMPLOYMENT BENEFIT PLAN
SCHEDULE OF FUNDING PROGRESS

	A	B	(A-B)	(A/B)	C	[(A-B)/C]
ACTUARIAL VALUATION DATE	ACTUARIAL VALUE OF ASSETS	ACTUARIALLY ACCRUED LIABILITY (AAL) PROJECTED UNIT CREDIT	OVER (UNDER) FUNDED AAL	FUNDED AAL RATIO	COVERED PAYROLL	OVER/(UNDER) FUNDED AAL AS A PERCENTAGE OF COVERED PAYROLL
JULY 1, 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)%

N/A - No valuation performed in fiscal year 2009

TOWN OF NEWTOWN, CONNECTICUT

REQUIRED SUPPLEMENTARY INFORMATION

NEWTOWN OTHER POST EMPLOYMENT BENEFIT PLAN
SCHEDULE OF EMPLOYER CONTRIBUTIONS

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%

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
FOR THE YEAR ENDED JUNE 30, 2011

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
PROPERTY TAXES:				
Collections - current year.....	\$ 91,559,032	\$ 91,559,032	\$ 91,587,482	\$ 28,450
Collections - prior years.....	575,000	575,000	251,979	(323,021)
Interest and lien fees.....	425,000	425,000	423,587	(1,413)
Motor vehicle supplement list.....	550,000	550,000	507,032	(42,968)
Telecommunications Property Tax Grant.....	149,000	149,000	85,169	(63,831)
TOTAL PROPERTY TAXES.....	93,258,032	93,258,032	92,855,249	(402,783)
INTERGOVERNMENTAL:				
Veterans additional exemptions.....	10,450	10,450	11,664	1,214
Elderly tax relief - circuit breaker.....	122,290	122,290	131,383	9,093
In lieu of taxes.....	907,197	907,197	912,401	5,204
Totally disabled.....	1,757	1,757	1,872	115
Town aid for roads.....	234,000	234,000	234,101	101
Manufacturers' machinery and equipment.....	242,996	242,996	192,643	(50,353)
Mashantucket Pequot fund grant.....	618,289	618,289	684,286	65,997
Connecticut school building grants.....	863,512	863,512	863,513	1
Equalized cost-sharing grant.....	4,309,646	4,309,646	3,717,626	(592,020)
Public school transportation aid.....	130,045	130,045	145,965	15,920
Non-public school transportation aid.....	15,625	15,625	15,035	(590)
Health services - St. Rose.....	11,500	11,500	9,279	(2,221)
Miscellaneous grants.....			52,381	52,381
LOCIP grant.....	201,170	201,170	198,000	(3,170)
Services for the blind.....	3,500	3,500		(3,500)
TOTAL INTERGOVERNMENTAL.....	7,671,977	7,671,977	7,170,149	(501,828)
CHARGES FOR SERVICES:				
Town clerk - conveyance tax.....	325,000	325,000	380,876	55,876
Town clerk - other.....	230,000	230,000	246,747	16,747
Police recruitment.....			5,025	5,025
Parks and recreation.....	220,000	220,000	176,669	(43,331)
Tuition.....	16,000	16,000	12,800	(3,200)
School generated fees.....	123,106	123,106	113,133	(9,973)
Building.....	375,000	375,000	441,540	66,540
Permit fees.....	5,000	5,000	975	(4,025)
Landfill permits.....	400,000	400,000	435,416	35,416
Senior center membership fees.....	10,000	10,000	5,268	(4,732)
Land use.....	100,000	100,000	50,654	(49,346)
TOTAL CHARGES FOR SERVICES.....	1,804,106	1,804,106	1,869,103	64,997
INVESTMENT INCOME.....	400,000	400,000	271,196	(128,804)
OTHER REVENUES:				
Miscellaneous revenue - police.....	49,000	49,000	3,385	(45,615)
Miscellaneous revenue - board of education.....	1,500	1,500	20,553	19,053
Miscellaneous revenue - selectmen.....	100,000	100,000	130,287	30,287
TOTAL OTHER REVENUES.....	150,500	150,500	154,225	3,725
TOTAL REVENUES.....	103,284,615	103,284,615	102,319,922	(964,693)

(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
OTHER FINANCING SOURCES:				
Appropriation of fund balance.....	\$ 1,000,000	\$ 1,000,000	\$	\$ (1,000,000)
Transfers in.....			124,177	124,177
Cancellation of prior year encumbrances.....			23,157	23,157
TOTAL OTHER FINANCING SOURCES.....	1,000,000	1,000,000	147,334	(852,666)
TOTAL REVENUES AND OTHER FINANCING SOURCES.....	\$ 104,284,615	\$ 104,284,615	\$ 102,467,256	\$ (1,817,359)

(Concluded)

TOWN OF NEWTOWN, CONNECTICUT

GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2011

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
GENERAL GOVERNMENT:				
Selectmen.....	\$ 339,533	\$ 478,509	\$ 475,907	\$ 2,602
Selectmen - other.....	291,525	291,525	254,608	36,917
Tax Collector.....	190,989	192,765	190,472	2,293
Probate Court.....	4,050	4,050	3,999	51
Town Clerk.....	218,411	219,889	213,064	6,825
Registrars.....	114,389	145,377	141,410	3,967
Assessor.....	218,662	229,750	225,321	4,429
Finance.....	327,883	331,908	331,814	94
Technology.....	301,525	301,525	282,846	18,679
Social security.....	837,030	839,156	830,605	8,551
Pension fund.....	806,104	807,279	807,279	-
Employee Benefits.....	3,214,436	3,224,377	3,215,941	8,436
Professional organizations.....	36,112	36,112	36,112	-
Insurance.....	994,000	980,400	936,044	44,356
Legislative Council.....	43,510	43,510	43,010	500
Hattertown Historic District.....	500	500	500	-
Economic Development Commission.....	116,315	116,315	116,059	256
Fairfield Hills.....	385,000	385,000	305,477	79,523
TOTAL GENERAL GOVERNMENT.....	8,439,974	8,627,947	8,410,468	217,479
PUBLIC SAFETY:				
Communications.....	850,414	850,414	796,882	53,532
Police department.....	4,066,249	4,066,249	3,952,601	113,648
Fire department.....	1,183,142	1,183,682	1,123,540	60,142
Emergency Management/N.U.S.....	43,045	43,045	36,332	6,713
Canine control.....	118,034	118,451	98,404	20,047
Lake authorities.....	49,077	49,077	49,077	-
N.W. safety communication.....	9,783	9,783	9,783	-
Paramedic.....	260,000	260,000	260,000	-
Northwest CT Emergency Medical Service.....	250	250	250	-
TOTAL PUBLIC SAFETY.....	6,579,994	6,580,951	6,326,869	254,082
HEALTH AND WELFARE:				
Social services.....	85,129	85,574	84,828	746
Senior Services.....	279,951	280,808	269,528	11,280
V.N.A. of Newtown.....	500	500	500	-
Kevin's Community Center.....	45,000	45,000	45,000	-
Children's adventure center.....	25,000	25,000	25,000	-
Regional hospice.....	5,500	5,500	5,500	-
Veterans' guidance.....	250	250	100	150
N.W. Regional Mental Board.....	2,941	2,941	2,941	-
Youth & Family Services.....	265,600	265,600	265,600	-
Danbury Regional Commission on Children.....	2,750	2,750	2,750	-
Women's Center of Danbury.....	10,000	10,000	10,000	-
Ability Beyond Disability.....	4,500	4,500	4,050	450
Newtown Cultural Arts Commission.....	2,000	2,000	2,000	-
Amos House.....	3,300	3,300	3,300	-
Literacy Volunteers.....	1,000	1,000	900	100
Shelter of the Cross.....	2,500	2,500	2,250	250
WeCAHR.....	1,000	1,000	900	100
The Volunteer Center.....	1,000	1,000	1,000	-
Newtown Parade Committee.....	1,375	1,375	961	414
Parent Connection.....	20,000	20,000	20,000	-
NW Conservation District.....	500	500	500	-
Booth library.....	1,011,562	1,011,562	1,011,562	-
Tick Action Committee.....		2,750	2,281	469
Newtown Health District.....	264,618	264,618	264,618	-
TOTAL HEALTH AND WELFARE.....	2,035,976	2,040,028	2,026,069	13,959
LAND USE.....	457,952	472,115	465,629	6,486

(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
PUBLIC WORKS:				
Building inspector.....	\$ 253,447	\$ 256,139	\$ 235,318	\$ 20,821
Highway.....	4,923,839	4,857,640	4,839,801	17,839
Winter maintenance.....	615,000	805,249	804,750	499
Landfill.....	1,340,385	1,379,385	1,374,426	4,959
Public building maintenance.....	625,429	622,768	609,899	12,869
Car pool.....	5,000	5,000	5,000	-
TOTAL PUBLIC WORKS.....	7,763,100	7,926,181	7,869,194	56,987
PARKS AND RECREATION.....	1,839,860	1,842,696	1,746,859	95,837
BOARD OF EDUCATION.....	67,194,734	67,194,734	66,521,228	673,506
CONTINGENCY.....	509,000	938		938
DEBT SERVICE.....	9,294,025	9,294,025	9,290,175	3,850
TOTAL EXPENDITURES.....	104,114,615	103,979,615	102,656,491	1,323,124
OTHER FINANCING USES:				
Transfers out:				
Edmond Town Hall	170,000	170,000	170,000	-
Capital and nonrecurring fund.....		135,000	135,000	-
TOTAL OTHER FINANCING USES.....	170,000	305,000	305,000	-
TOTAL EXPENDITURES AND OTHER FINANCING USES.....	\$ 104,284,615	\$ 104,284,615	\$ 102,961,491	\$ 1,323,124

(Concluded)

SCHEDULE 3

TOWN OF NEWTOWN, CONNECTICUT

REPORT OF TAX COLLECTOR
FOR THE YEAR ENDED JUNE 30, 2011

GRAND LIST YEAR	UNCOLLECTED TAXES JULY 1, 2010	CURRENT YEAR LEVY	<u>LAWFUL CORRECTIONS</u>		TRANSFERS TO SUSPENSE	ADJUSTED TAXES COLLECTIBLE	<u>COLLECTIONS</u>			UNCOLLECTED TAXES JUNE 30, 2011
			ADDITIONS	DEDUCTIONS			NET TAXES COLLECTED	INTEREST AND LIEN FEES	TOTAL	
1994	\$ 15,686	\$	\$	\$ 15,165	\$ 521	\$ -	\$	\$	\$ -	\$ -
1995	21,664				416	21,248			-	21,248
1996	22,766				431	22,335			-	22,335
1997	24,735				448	24,287			-	24,287
1998	27,852				465	27,387			-	27,387
1999	33,258				319	32,939			-	32,939
2000	36,082				484	35,598			-	35,598
2001	39,310		189	265	514	38,720	192	24	216	38,528
2002	29,279		117	592	706	28,098	396	414	810	27,702
2003	30,565			630	862	29,073	221	269	490	28,852
2004	34,978			3,302	903	30,773	436	266	702	30,337
2005	41,550			691	1,324	39,535	743	578	1,321	38,792
2006	55,638			832	2,547	52,259	5,218	2,048	7,266	47,041
2007	223,161		1,698	40,868	24,951	159,040	8,043	16,777	24,820	150,997
2008	750,682		18,690	61,730	100,140	607,502	365,994	78,339	444,333	241,508
TOTAL PRIOR YEARS	1,387,206	-	20,694	124,075	135,031	1,148,794	381,243	98,715	479,958	767,551
2009		92,883,536	220,631	300,032	5,545	92,798,590	91,982,638	324,865	92,307,503	815,952
TOTAL	\$ 1,387,206	\$ 92,883,536	\$ 241,325	\$ 424,107	\$ 140,576	\$ 93,947,384	\$ 92,363,881	\$ 423,580	\$ 92,787,461	\$ 1,583,503

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
FOR THE YEAR ENDED JUNE 30, 2011

	UNCOLLECTED ASSESSMENTS JULY 1, 2010	CURRENT YEAR BILLINGS	ADJUSTED ASSESSMENTS COLLECTIBLE	COLLECTIONS	UNCOLLECTED ASSESSMENTS JUNE 30, 2011
Sewer assessments receivable.....	\$ 6,328,131	\$	\$ 6,328,131	\$ 827,660	\$ 5,500,471
Homestead accounts receivable.....	128,813		128,813	14,956	113,857
Bungalow Terrace.....	35,197		35,197	3,882	31,315
Elderly.....	36,231		36,231	922	35,309
78 Reed Intermediate School /Grace Church receivable.....	337,854		337,854	36,328	301,526
Walnut Tree.....	21,783		21,783		21,783
Newtown Congregational, Colony Diner & Sundaram.....	27,072		27,072	3,400	23,672
Rose & Church Hill.....	35,884	14,500	50,384	7,745	42,639
TOTAL.....	<u>\$ 6,950,965</u>	<u>\$ 14,500</u>	<u>\$ 6,965,465</u>	<u>\$ 894,893</u>	<u>6,070,572</u>
				Bonded interest	62,052
				Pentalty interest and	95,535
				Septic loans	<u>98,066</u>
				Total	<u>\$ 6,326,225</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.

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.

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.

NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)

Special Revenue Funds (Continued)

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.

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.

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.

NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)

Special Revenue Funds (Continued)

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.

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.

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.

TOWN OF NEWTOWN, CONNECTICUT

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2011

	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.....	\$	\$	\$	\$ 225,014	\$ 204,957	\$	\$
Investments.....							70,381
Receivables:							
Intergovernmental.....				37,589	47,427	2,576	
Other.....	625	72,911		2,251	4,492		
Due from other funds.....	30,210		139,908			35,316	24,550
Other.....				32,990			
TOTAL ASSETS.....	\$ 30,835	\$ 72,911	\$ 139,908	\$ 297,844	\$ 256,876	\$ 37,892	\$ 94,931
<u>LIABILITIES AND FUND BALANCES</u>							
LIABILITIES:							
Accounts payable.....	\$ 25,064	\$	\$ 192	\$ 132,642	\$ 177,660	\$ 442	\$
Due to other funds.....		72,911					
Deferred revenue.....							
Unearned revenue.....				38,321	5,956	28,498	
TOTAL LIABILITIES.....	25,064	72,911	192	170,963	183,616	28,940	-
FUND BALANCES:							
Restricted.....			139,716	126,881	73,260	8,952	
Committed.....							94,931
Assigned.....	5,771						
TOTAL FUND BALANCES.....	5,771	-	139,716	126,881	73,260	8,952	94,931
TOTAL LIABILITIES AND FUND BALANCES	\$ 30,835	\$ 72,911	\$ 139,908	\$ 297,844	\$ 256,876	\$ 37,892	\$ 94,931

(Continued)

SCHEDULE 5
(2 of 4)

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

	SPECIAL REVENUE FUNDS				
	FAIRFIELD HILLS AUTHORITY	SCHOOL CUSTODIAL	ADULT EDUCATION	EDMOND TOWN HALL	TOWN RECREATION FUND
<u>ASSETS</u>					
Cash.....	\$	\$ 260,542	\$ 111,278	\$ 328,455	\$ 146,218
Investments.....				3,897	
Receivables:					
Other.....	17,500	4,914			7,395
Due from other funds.....	111,337				136,010
TOTAL ASSETS.....	<u>\$ 128,837</u>	<u>\$ 265,456</u>	<u>\$ 111,278</u>	<u>\$ 332,352</u>	<u>\$ 289,623</u>
<u>LIABILITIES AND FUND BALANCES</u>					
LIABILITIES:					
Accounts payable.....	\$	\$ 194,431	\$	\$ 57,917	\$ 55,725
Deferred revenue.....					
Unearned revenue.....					188,494
TOTAL LIABILITIES.....	<u>-</u>	<u>194,431</u>	<u>-</u>	<u>57,917</u>	<u>244,219</u>
FUND BALANCES:					
Restricted.....		71,025			
Committed.....	128,837		111,278	274,435	45,404
Assigned.....					
TOTAL FUND BALANCES.....	<u>128,837</u>	<u>71,025</u>	<u>111,278</u>	<u>274,435</u>	<u>-</u>
TOTAL LIABILITIES AND FUND BALANCES.....	<u>\$ 128,837</u>	<u>\$ 265,456</u>	<u>\$ 111,278</u>	<u>\$ 332,352</u>	<u>\$ 289,623</u>

(Continued)

SCHEDULE 5
(3 of 4)

TOWN OF NEWTOWN, CONNECTICUT
COMBINING BALANCE SHEET (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	
<u>ASSETS</u>							
Cash.....	\$	\$ 19,134	\$ 31,383	\$	\$	\$ 12,122	\$ 1,339,103
Investments.....							74,278
Receivables:							
Intergovernmental.....	363,138						450,730
Loans receivable.....		274,878					274,878
Other.....							110,088
Due from other funds.....				197,272	39,984		714,587
Other.....							32,990
TOTAL ASSETS.....	\$ 363,138	\$ 294,012	\$ 31,383	\$ 197,272	\$ 39,984	\$ 12,122	\$ 2,996,654
<u>LIABILITIES AND FUND BALANCES</u>							
LIABILITIES:							
Accounts payable.....	\$ 33,922	\$	\$	\$ 6,837	\$ 1,125	\$	\$ 685,957
Due to other funds.....	283,769					2,533	359,213
Deferred revenue.....		274,878					274,878
Unearned revenue.....	14,885						276,154
TOTAL LIABILITIES.....	332,576	274,878	-	6,837	1,125	2,533	1,596,202
FUND BALANCES:							
Restricted.....	30,562	19,134	31,383		38,859		539,772
Committed.....				190,435		9,589	854,909
Assigned.....							5,771
TOTAL FUND BALANCES.....	30,562	19,134	31,383	190,435	38,859	9,589	1,400,452
TOTAL LIABILITIES AND FUND BALANCES.....	\$ 363,138	\$ 294,012	\$ 31,383	\$ 197,272	\$ 39,984	\$ 12,122	\$ 2,996,654

(Continued)

SCHEDULE 5
(4 of 4)

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

	DEBT SERVICE	CAPITAL PROJECTS	PERMANENT FUNDS				TOTAL NONMAJOR GOVERNMENTAL FUNDS
	DEBT SERVICE	CAPITAL & NONRECURRING	HAWLEY SCHOOL TRUST	EDMOND TOWN HALL ENDOWMENT	NEWTOWN FLAGPOLE FUND	TOTAL PERMANENT FUNDS	
ASSETS							
Cash.....	\$	\$ 223,425	\$	\$	\$ 11,797	\$ 11,797	\$ 1,574,325
Investments.....		500,000	390,602	1,000,554		1,391,156	1,965,434
Receivables:							
Intergovernmental.....						-	450,730
Loans receivable.....						-	274,878
Other.....						-	110,088
Due from other funds.....	45,579	945,999	51,889		4,071	55,960	1,762,125
Other.....						-	32,990
TOTAL ASSETS.....	\$ 45,579	\$ 1,669,424	\$ 442,491	\$ 1,000,554	\$ 15,868	\$ 1,458,913	\$ 6,170,570
LIABILITIES AND FUND BALANCES							
LIABILITIES:							
Accounts payable.....	\$	\$ 5,586	\$	\$	\$	\$ -	\$ 691,543
Due to other funds.....						-	359,213
Deferred revenue.....						-	274,878
Unearned revenue.....						-	276,154
TOTAL LIABILITIES.....	-	5,586	-	-	-	-	1,601,788
FUND BALANCES:							
Nonspendable.....			390,602	250,000	10,000	650,602	650,602
Restricted.....			51,889	750,554	5,868	808,311	1,348,083
Committed.....		1,663,838				-	2,518,747
Assigned.....	45,579					-	51,350
TOTAL FUND BALANCES.....	45,579	1,663,838	442,491	1,000,554	15,868	1,458,913	4,568,782
TOTAL LIABILITIES AND FUND BALANCES.....	\$ 45,579	\$ 1,669,424	\$ 442,491	\$ 1,000,554	\$ 15,868	\$ 1,458,913	\$ 6,170,570

(Concluded)

TOWN OF NEWTOWN, CONNECTICUT

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2011

	SPECIAL REVENUE FUNDS						
	DOG LICENSE	POLICE PRIVATE DUTY	TOWN GIFTS FUND	SCHOOL LUNCH PROGRAM	EDUCATION GRANTS	LAW ENFORCEMENT FUND	SEPTAGE MANAGEMENT ORDINANCE
REVENUES:							
Intergovernmental.....	\$	\$	\$	\$ 256,482	\$ 4,016,109	\$ 40,555	\$
Charges for services.....	21,538	355,863		1,942,269			
Investment income.....							1,498
Contributions.....	3,649		49,841		115,968		
TOTAL REVENUES.....	25,187	355,863	49,841	2,198,751	4,132,077	40,555	1,498
EXPENDITURES:							
Current:							
Public safety.....	34,848	231,686	35			39,955	
Health and welfare.....			6,050				
Parks and recreation.....			50,949				
Education.....				2,157,569	4,136,035		
Capital outlay.....							
TOTAL EXPENDITURES.....	34,848	231,686	57,034	2,157,569	4,136,035	39,955	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	(9,661)	124,177	(7,193)	41,182	(3,958)	600	1,498
OTHER FINANCING SOURCES (USES):							
Transfers out.....		(124,177)					
NET CHANGE IN FUND BALANCES.....	(9,661)	-	(7,193)	41,182	(3,958)	600	1,498
FUND BALANCES, JULY 1, 2010	15,432		146,909	85,699	77,218	8,352	93,433
FUND BALANCES, JUNE 30, 2011.....	\$ 5,771	\$ -	\$ 139,716	\$ 126,881	\$ 73,260	\$ 8,952	\$ 94,931

(Continued)

SCHEDULE 6
(2 of 4)

TOWN OF NEWTOWN, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED) 2010-11
NONMAJOR GOVERNMENTAL FUNDS

	SPECIAL REVENUE FUNDS					
	FAIRFIELD HILLS AUTHORITY	SCHOOL CUSTODIAL	ADULT EDUCATION	EDMOND TOWN HALL	TOWN RECREATION FUND	DAYCARE PROGRAM
REVENUES:						
Intergovernmental.....	\$	\$	\$	\$	\$	\$ 270,365
Charges for services.....	38,510	5,077	176,707	444,117	698,259	
Investment income.....				693		
Contributions.....				25,554		
TOTAL REVENUES.....	38,510	5,077	176,707	470,364	698,259	270,365
EXPENDITURES:						
Current:						
General government.....	7,250					
Health and welfare.....					36,993	
Parks and recreation.....				553,114	674,701	
Education.....		41,515	168,297			270,365
Capital outlay.....				12,292		
TOTAL EXPENDITURES.....	7,250	41,515	168,297	565,406	711,694	270,365
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	31,260	(36,438)	8,410	(95,042)	(13,435)	-
OTHER FINANCING SOURCES (USES):						
Transfers in.....				170,000		
NET CHANGE IN FUND BALANCES.....	31,260	(36,438)	8,410	74,958	(13,435)	-
FUND BALANCES, JULY 1, 2010.....	97,577	107,463	102,868	199,477	58,839	
FUND BALANCES, JUNE 30, 2011.....	\$ 128,837	\$ 71,025	\$ 111,278	\$ 274,435	\$ 45,404	\$ -

(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	
REVENUES:							
Intergovernmental.....	\$ 1,176,381	\$ 19,800	\$	\$	\$ 6,000	\$	\$ 5,785,692
Charges for services.....		17,804		112,456	10,856	29,102	3,852,558
Investment income.....			137			8	2,336
Contributions.....	470					5,020	200,502
TOTAL REVENUES.....	1,176,851	37,604	137	112,456	16,856	34,130	9,841,088
EXPENDITURES:							
Current:							
General government.....	191,624				11,970		210,844
Public safety.....	191,105						497,629
Health and welfare.....	2,029	23,590				38,841	107,503
Public works.....	808,519						808,519
Parks and recreation.....				50,994			1,329,758
Education.....							6,773,781
Capital outlay.....							12,292
TOTAL EXPENDITURES.....	1,193,277	23,590	-	50,994	11,970	38,841	9,740,326
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	(16,426)	14,014	137	61,462	4,886	(4,711)	100,762
OTHER FINANCING SOURCES (USES):							
Transfers in.....							170,000
Transfers out.....							(124,177)
NET OTHER FINANCING SOURCES (USES).....	-	-	-	-	-	-	45,823
NET CHANGE IN FUND BALANCES.....	(16,426)	14,014	137	61,462	4,886	(4,711)	146,585
FUND BALANCES, JULY 1, 2010.....	46,988	5,120	31,246	128,973	33,973	14,300	1,253,867
FUND BALANCES, JUNE 30, 2011.....	\$ 30,562	\$ 19,134	\$ 31,383	\$ 190,435	\$ 38,859	\$ 9,589	\$ 1,400,452

(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 & NONRECURRING	HAWLEY SCHOOL TRUST	EDMOND TOWN HALL ENDOWMENT	NEWTOWN FLAGPOLE FUND	TOTAL PERMANENT FUNDS	
REVENUES:							
Intergovernmental.....	\$	\$ 500,000	\$	\$	\$	\$ -	\$ 6,285,692
Charges for services.....		142,493				-	3,995,051
Investment income.....	84,182	2,553	7,654	16,913	442	25,009	114,080
Net change in fair value of investments.....			48,584	154,971		203,555	203,555
Contributions.....		24,675				-	225,177
TOTAL REVENUES.....	84,182	669,721	56,238	171,884	442	228,564	10,823,555
EXPENDITURES:							
Current:							
General government.....		60,001		36,410		36,410	307,255
Public safety.....						-	497,629
Health and welfare.....						-	107,503
Public works.....						-	808,519
Parks and recreation.....		54,500				-	1,384,258
Education.....		588	70,239			70,239	6,844,608
Debt service.....	424,680					-	424,680
Capital outlay.....						-	12,292
TOTAL EXPENDITURES.....	424,680	115,089	70,239	36,410	-	106,649	10,386,744
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	(340,498)	554,632	(14,001)	135,474	442	121,915	436,811
OTHER FINANCING SOURCES (USES):							
Transfers in.....	84,560	285,000				-	539,560
Transfers out.....						-	(124,177)
NET OTHER FINANCING SOURCES (USES).....	84,560	285,000	-	-	-	-	415,383
NET CHANGE IN FUND BALANCES.....	(255,938)	839,632	(14,001)	135,474	442	121,915	852,194
FUND BALANCES, JULY 1, 2010.....	301,517	824,206	456,492	865,080	15,426	1,336,998	3,716,588
FUND BALANCES, JUNE 30, 2011.....	\$ 45,579	\$ 1,663,838	\$ 442,491	\$ 1,000,554	\$ 15,868	\$ 1,458,913	\$ 4,568,782

(Concluded)

Proprietary Funds

Proprietary funds are used to account for the providing of goods or services provided by one department to other departments of the Town on a cost reimbursement basis or accounting for risk retention as allowed by GASB Statement No. 10.

Board of Education Dental Fund

To account for self-insured dental benefits for Board of Education employees.

Medical Insurance Fund

To account for self-insured medical benefits for Town employees.

TOWN OF NEWTOWN, CONNECTICUTCOMBINING STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2011

	BOARD OF EDUCATION DENTAL	MEDICAL INSURANCE	TOTALS
<u>ASSETS</u>			
Current assets:			
Cash.....	\$ 218,656	\$ 2,041,964	\$ 2,260,620
Due from other funds	11,781	539,501	551,282
Other.....		4,353	4,353
Total current assets.....	230,437	2,585,818	2,816,255
TOTAL ASSETS.....	230,437	2,585,818	2,816,255
LIABILITIES:			
Current liabilities:			
Accounts payable.....		27,568	27,568
Claims payable.....	51,491	801,183	852,674
Total current liabilities.....	51,491	828,751	880,242
TOTAL LIABILITIES.....	51,491	828,751	880,242
<u>NET ASSETS</u>			
Unrestricted.....	\$ 178,946	\$ 1,757,067	\$ 1,936,013

TOWN OF NEWTOWN, CONNECTICUT

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2011

	BOARD OF EDUCATION DENTAL	MEDICAL INSURANCE	TOTALS
OPERATING REVENUES:			
Charges for services.....	\$ 542,216	\$ 12,724,920	\$ 13,267,136
OPERATING EXPENSES:			
Claims incurred.....	444,783	10,124,823	10,569,606
Administration.....	152	846,965	847,117
TOTAL OPERATING EXPENSES.....	444,935	10,971,788	11,416,723
OPERATING INCOME (LOSS).....	97,281	1,753,132	1,850,413
NONOPERATING REVENUES (EXPENSES):			
Investment income.....		3,935	3,935
NET CHANGE IN NET ASSETS	97,281	1,757,067	1,854,348
TOTAL NET ASSETS - JULY 1, 2010.....	81,665		81,665
TOTAL NET ASSETS - JUNE 30, 2011.....	\$ 178,946	\$ 1,757,067	\$ 1,936,013

TOWN OF NEWTOWN, CONNECTICUTCOMBINING STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2011

	BOARD OF EDUCATION DENTAL	MEDICAL INSURANCE	TOTALS
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from charges for services.....	\$ 622,282	\$ 12,181,066	\$ 12,803,348
Cash payments to suppliers for goods and services.....	(152)	(819,397)	(819,549)
Claims paid.....	(448,215)	(9,323,640)	(9,771,855)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES.....	173,915	2,038,029	2,211,944
CASH FLOWS FROM INVESTING ACTIVITIES:			
Investment income.....		3,935	3,935
NET CHANGE IN CASH AND CASH EQUIVALENTS.....	173,915	2,041,964	2,215,879
CASH AND CASH EQUIVALENTS - JULY 1, 2010.....	44,741	-	44,741
CASH AND CASH EQUIVALENTS - JUNE 30, 2011.....	\$ 218,656	\$ 2,041,964	\$ 2,260,620
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:			
Operating income (loss).....	\$ 97,281	\$ 1,753,132	\$ 1,850,413
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
(Increase) decrease in:			
Receivables.....	80,066	(543,854)	(463,788)
Increase (decrease) in:			
Accounts and other payables.....	(3,432)	828,751	825,319
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES.....	\$ 173,915	\$ 2,038,029	\$ 2,211,944

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.

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.

Conservation/Driveway Bonds

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

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, CONNECTICUTCOMBINING STATEMENT OF FIDUCIARY NET ASSETS
AGENCY FUNDS
JUNE 30, 2011

	BOARD OF EDUCATION FLEX PLAN	STUDENT ACTIVITIES	PERFORMANCE BONDS	TOTAL
<u>ASSETS</u>				
Cash.....	\$ 17,607	\$ 319,722	\$	\$ 337,329
Investments.....		186,950	430,127	617,077
TOTAL ASSETS.....	\$ 17,607	\$ 506,672	\$ 430,127	\$ 954,406
<u>LIABILITY</u>				
Accounts payable.....	\$ 17,607	\$ 506,672	\$ 430,127	\$ 954,406

TOWN OF NEWTOWN, CONNECTICUT

AGENCY FUNDS
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 FOR THE YEAR ENDED JUNE 30, 2011

	BALANCE JULY 1, 2010*	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30, 2011
<u>ASSETS</u>				
CASH:				
Flex Plan.....	\$ 24,581	\$ 152,187	\$ 159,161	\$ 17,607
Student activities.....	211,952	1,457,810	1,350,040	319,722
TOTAL CASH.....	236,533	1,609,997	1,509,201	337,329
INVESTMENTS:				
Student activities.....	184,647	2,303		186,950
Performance bonds.....	689,760	18,520	278,153	430,127
TOTAL INVESTMENTS.....	874,407	20,823	278,153	617,077
TOTAL ASSETS.....	\$ 1,110,940	\$ 1,630,820	\$ 1,787,354	\$ 954,406
<u>LIABILITIES</u>				
ACCOUNTS PAYABLE:				
Flex Plan.....	\$ 24,581	\$ 152,187	\$ 159,161	\$ 17,607
Student activities.....	396,599	1,460,113	1,350,040	506,672
Performance bonds.....	689,760	18,520	278,153	430,127
TOTAL LIABILITIES.....	\$ 1,110,940	\$ 1,630,820	\$ 1,787,354	\$ 954,406

* As restated for driveway bonds of \$279,385 recorded in the General Fund.

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 ASSETS BY COMPONENT
LAST NINE YEARS (1) (2)
(UNAUDITED)

	FISCAL YEAR ENDED								
	2011	2010	2009	2008	2007	2006	2005	2004	2003
GOVERNMENTAL ACTIVITIES:									
Invested in capital assets, net of related debt.....	\$ 149,602,482	\$ 131,727,748	\$ 128,178,467	\$ 122,076,076	\$ 114,736,321	\$ 107,382,867	\$ 95,381,052	\$ 94,136,547	\$ 87,818,811
Restricted for:									
Endowments:									
Nonexpendable.....	650,602	650,602	650,602	650,602	650,602	650,602	650,602	650,602	650,602
Expendable.....	808,311	686,396	643,380	941,467	1,097,698	378,671	862,715	839,658	746,375
Culture and recreation.....	171,099	178,155							
Education.....	271,166	270,350							
Other.....	97,507	94,433							
Unrestricted.....	22,463,889	25,713,592	23,157,791	24,236,011	24,522,070	23,016,939	26,953,560	23,898,534	27,250,597
TOTAL NET ASSETS.....	174,065,056	159,321,276	152,630,240	147,904,156	141,006,691	131,429,079	123,847,929	119,525,341	116,466,385
BUSINESS-TYPE ACTIVITIES:									
Invested in capital assets, net of related debt.....	23,323,592	23,064,329	22,821,892	22,477,029	22,270,321	21,776,567	20,908,675	17,802,250	16,666,698
Unrestricted.....	8,783,633	9,332,516	10,130,575	11,322,568	12,093,361	13,355,741	13,952,656	13,747,540	15,036,328
TOTAL NET ASSETS.....	32,107,225	32,396,845	32,952,467	33,799,597	34,363,682	35,132,308	34,861,331	31,549,790	31,703,026
TOTAL - TOWN:									
Invested in capital assets, net of related debt.....	172,926,074	154,792,077	151,000,359	144,553,105	137,006,642	129,159,434	116,289,727	111,938,797	104,485,509
Restricted for:									
Endowments:									
Nonexpendable.....	650,602	650,602	650,602	650,602	650,602	650,602	650,602	650,602	650,602
Expendable.....	808,311	686,396	643,380	941,467	1,097,698	378,671	862,715	839,658	746,375
Culture and recreation.....	171,099	178,155							
Education.....	271,166	270,350							
Other.....	97,507	94,433							
Unrestricted.....	31,247,522	35,046,108	33,288,366	35,558,579	36,615,431	36,372,680	40,906,216	37,646,074	42,286,925
TOTAL TOWN NET ASSETS.....	\$ 206,172,281	\$ 191,718,121	\$ 185,582,707	\$ 181,703,753	\$ 175,370,373	\$ 166,561,387	\$ 158,709,260	\$ 151,075,131	\$ 148,169,411

(1) Less than ten years of data due to the implementation date of GASB 34.

(2) Net asset components completely restated for FY 2010 only.

TABLE 2
(1 of 2)

TOWN OF NEWTOWN, CONNECTICUT

CHANGES IN NET ASSETS
LAST NINE YEARS (1) (2)
(UNAUDITED)

	FISCAL YEAR ENDED								
	2011	2010	2009	2008	2007	2006	2005	2004	2003
EXPENSES:									
Governmental activities:									
General government.....	\$ 4,521,804	\$ 8,759,441	\$ 4,535,058	\$ 5,296,173	\$ 3,824,508	\$ 2,960,996	\$ 4,558,079	\$ 3,109,042	\$ 2,551,911
Public safety.....	9,253,214	6,867,872	9,148,279	8,079,988	6,790,431	7,246,450	6,935,684	6,008,315	5,812,265
Health and welfare.....	2,156,351	2,938,714	3,358,845	2,760,009	2,537,270	2,511,862	2,154,667	2,190,003	2,460,663
Land use.....	569,264	541,473	703,662	655,200	669,305	618,048	600,501	561,633	542,454
Public works.....	9,793,777	8,173,705	11,867,112	8,814,436	9,286,973	9,285,859	10,248,121	8,240,704	6,780,273
Parks and recreation.....	3,819,873	2,639,930	3,262,414	2,682,141	2,775,522	2,643,651	3,079,913	2,785,162	2,723,993
Education.....	78,287,539	76,662,504	76,184,988	86,738,412	69,132,117	65,157,121	59,748,497	55,129,870	49,597,760
Interest expense.....	2,781,527	14,752,827	1,161,850	2,904,944	2,614,757	2,438,463	2,795,232	2,571,633	2,738,384
Total Governmental Expenses.....	111,183,349	121,336,466	110,222,208	117,931,303	97,630,883	92,862,450	90,120,694	80,596,362	73,207,703
Business-Type activities:									
Sewer Department.....	1,558,578	1,592,894	1,568,227	1,588,118	1,689,500	1,697,945	1,463,892	1,873,766	1,763,557
Water Department.....	334,988	407,914	381,374	361,601	281,389	297,808	325,066		
Total Business-Type activities.....	1,893,566	2,000,808	1,949,601	1,949,719	1,970,889	1,995,753	1,788,958	1,873,766	1,763,557
TOTAL EXPENSES.....	113,076,915	123,337,274	112,171,809	119,881,022	99,601,772	94,858,203	91,909,652	82,470,128	74,971,260
PROGRAM REVENUES:									
Governmental activities:									
Charges for services:									
General government.....	694,793	620,329	681,694	1,026,564	909,972	1,206,891	1,333,546	1,374,653	964,528
Public safety.....	382,426	403,673	526,245	291,420	216,418	292,787	162,565	203,310	116,477
Health and welfare.....	46,909	36,056	10,200	77,387	2,229	57,861	58,155	28,780	43,949
Land use.....	50,654	68,850	110,052	130,955	114,726	159,769	183,895	183,069	195,982
Public works.....	1,020,424	795,857	840,643	906,124	1,093,674	1,132,422	1,265,260	1,129,658	1,136,689
Parks and recreation.....	1,436,769	1,496,451	1,561,347	1,473,699	1,418,574	1,561,711	1,353,225	1,289,741	1,301,177
Education.....	2,249,986	1,979,875	1,927,823	1,984,582	2,211,948	2,138,475	2,227,808	1,966,553	1,589,834
Operating grants and contributions.....	15,216,921	15,620,226	13,470,536	24,721,120	9,786,293	9,439,346	7,038,683	7,618,203	7,591,233
Capital grants and contributions.....	8,706,301	4,738,631	1,731,908	4,072,712	2,177,250	5,191,966	6,198,333	2,248,272	3,452,503
Total Governmental Program Revenues.....	29,805,183	25,759,948	20,860,448	34,684,563	17,931,084	21,181,228	19,821,470	16,042,239	16,392,372

(Continued)

TABLE 2
(2 of 2)

TOWN OF NEWTOWN, CONNECTICUT

CHANGES IN NET ASSETS
LAST NINE YEARS (1)
(UNAUDITED)

	FISCAL YEAR ENDED								
	2011	2010	2009	2008	2007	2006	2005	2004	2003
Business-Type activities:									
Sewer Department.....	\$ 1,206,743	\$ 1,021,112	\$ 905,105	\$ 1,125,055	\$ 825,987	\$ 2,000,659	\$ 2,478,261	\$ 1,702,603	\$ 2,260,148
Water Department.....	332,772	324,178	261,294	183,833	183,061	170,883	2,586,248		
Total Business-Type activities.....	1,539,515	1,345,290	1,166,399	1,308,888	1,009,048	2,171,542	5,064,509	1,702,603	2,260,148
TOTAL PROGRAM REVENUES.....	31,344,698	27,105,238	22,026,847	35,993,451	18,940,132	23,352,770	24,885,979	17,744,842	18,652,520
NET EXPENSES:									
Governmental activities.....	(81,378,166)	(95,576,518)	(89,361,760)	(83,246,740)	(79,699,799)	(71,681,222)	(70,299,224)	(64,554,123)	(56,815,331)
Business-type activities.....	(354,051)	(655,518)	(783,202)	(640,831)	(961,841)	175,789	3,275,551	(171,163)	496,591
TOTAL NET EXPENSES.....	(81,732,217)	(96,232,036)	(90,144,962)	(83,887,571)	(80,661,640)	(71,505,433)	(67,023,673)	(64,725,286)	(56,318,740)
GENERAL REVENUES AND OTHER CHANGES IN NET ASSETS:									
Governmental activities:									
Property taxes.....	93,206,605	90,659,137	90,243,025	85,534,874	82,212,483	76,923,921	70,981,527	65,571,289	62,947,414
Grants and contributions not restricted to specific programs.....	2,168,350	2,045,042	2,756,030	2,616,265	2,482,103	2,648,507	2,291,241	2,505,220	2,855,781
Investment income.....	592,766	574,735	552,252	1,830,513	2,354,318	1,640,673	1,072,396	595,006	601,189
Gain on sale of assets.....							145,674		
Miscellaneous.....	154,225	105,381	452,570	162,553	165,081	112,610	130,974	148,062	123,761
Total Governmental Activities.....	96,121,946	93,384,295	94,003,877	90,144,205	87,213,985	81,325,711	74,621,812	68,819,577	66,528,145
Business-Type activities:									
Sewer Department.....	64,431	99,896	20,039	76,746	193,215	95,188	35,990	17,927	12,949
TOTAL GENERAL REVENUES.....	96,186,377	93,484,191	94,023,916	90,220,951	87,407,200	81,420,899	74,657,802	68,837,504	66,541,094
CHANGE IN NET ASSETS:									
Governmental activities.....	14,743,780	(2,192,223)	4,642,117	6,897,465	7,514,186	9,644,489	4,322,588	4,265,454	9,712,814
Business-type activities.....	(289,620)	(555,622)	(763,163)	(564,085)	(768,626)	270,977	3,311,541	(153,236)	509,540
TOTAL CHANGE IN NET ASSETS.....	\$ 14,454,160	\$ (2,747,845)	\$ 3,878,954	\$ 6,333,380	\$ 6,745,560	\$ 9,915,466	\$ 7,634,129	\$ 4,112,218	\$ 10,222,354

(1) Less than ten years of data due to the implementation date of GASB 34.

(Concluded)

TABLE 3

TOWN OF NEWTOWN, CONNECTICUT

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

	FISCAL YEAR ENDED									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
GENERAL FUND:										
Committed.....	\$ 760,701	\$ 1,354,552	\$ 1,634,009	\$ 2,341,582	\$ 2,125,554	\$ 1,966,115	\$ 2,395,103	\$ 2,822,685	\$ 3,264,515	\$ 2,271,600
Assigned.....		1,000,000	2,000,000	2,619,306	3,363,961	2,312,535	2,467,236	2,326,992	2,703,634	2,374,340
Unassigned.....	7,408,816	6,903,051	7,636,522	7,821,198	2,619,306	3,363,961	2,312,535	2,467,236	2,326,992	2,703,634
TOTAL GENERAL FUND.....	8,169,517	9,257,603	11,270,531	12,782,086	8,108,821	7,642,611	7,174,874	7,616,913	8,295,141	7,349,574
ALL OTHER GOVERNMENTAL FUNDS:										
Nonspendable.....	650,602	650,602	650,602	650,602	650,602	650,602	650,602	650,602	650,602	650,602
Restricted.....	1,348,083	1,229,334	643,380	941,467	1,097,698	918,604	862,715	839,658	746,375	764,092
Committed.....	2,518,747	1,253,867	1,029,196	914,966	939,402	925,526	1,032,148	839,971	795,382	734,569
Assigned.....	51,350	301,517	722,709	83,915						
Unassigned.....	(5,236,911)	(10,737,527)	3,447,725	11,492,610	13,555,592	7,012,374	8,998,529	3,377,749	5,438,624	12,310,546
TOTAL ALL OTHER GOVERNMENTAL FUNDS.....	(668,129)	(7,302,207)	6,493,612	14,083,560	16,243,294	9,507,106	11,543,994	5,707,980	7,630,983	14,459,809
GRAND TOTAL.....	\$ 7,501,388	\$ 1,955,396	\$ 17,764,143	\$ 26,865,646	\$ 24,352,115	\$ 17,149,717	\$ 18,718,868	\$ 13,324,893	\$ 15,926,124	\$ 21,809,383

TABLE 4

TOWN OF NEWTOWN, CONNECTICUTCHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN YEARS
(UNAUDITED)

	FISCAL YEAR ENDED									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
REVENUES:										
Property taxes.....	\$ 92,855,249	\$ 90,659,137	\$ 90,141,582	\$ 85,409,590	\$ 82,160,198	\$ 76,815,298	\$ 71,319,635	\$ 65,870,365	\$ 63,278,954	\$ 57,588,470
Intergovernmental.....	26,729,907	21,368,025	18,723,660	29,595,041	13,671,350	13,838,466	11,704,233	11,898,364	15,231,344	19,731,729
Charges for services.....	5,864,154	5,401,091	5,647,804	5,815,344	5,967,312	6,561,934	6,586,409	6,227,671	5,369,706	5,319,576
Investment income.....	385,276	513,052	833,860	1,977,164	2,173,848	1,587,327	1,026,530	465,803	596,820	968,551
Net change in fair value of investments.....	203,555	61,683	(281,619)	(149,911)	173,533	47,419	42,795	128,273	3,336	(224,939)
Contributions.....	225,177	158,204	229,043	138,571	93,484	83,925	130,114	64,283	185,535	83,173
Other.....	154,225	105,381	452,570	162,553	165,081	112,610	130,974	148,062	130,478	720,610
TOTAL REVENUES.....	126,417,543	118,266,573	115,746,900	122,948,352	104,404,806	99,046,979	90,940,690	84,802,821	84,796,173	84,187,170
EXPENDITURES:										
Current:										
General government.....	8,467,595	8,384,510	7,431,955	7,829,719	6,678,593	6,564,560	5,944,787	5,317,277	4,860,343	4,609,498
Fairfield Hills.....	305,477	374,931	531,952	587,100	508,502	748,235	1,260,689	445,820	279,023	190,882
Public safety.....	6,804,072	6,867,872	6,651,104	6,284,149	5,680,053	5,533,828	5,242,215	4,784,512	4,888,476	4,312,121
Health and welfare.....	2,133,572	2,938,714	3,316,602	2,692,470	2,417,531	2,419,787	2,065,537	2,009,780	1,682,818	1,515,726
Land use.....	465,629	541,473	562,379	528,719	508,087	462,525	460,307	450,442	428,682	427,265
Public works.....	8,676,968	8,173,705	9,459,569	7,459,859	9,232,185	8,456,460	8,021,234	8,223,842	7,298,007	7,958,155
Parks and recreation.....	3,105,935	2,639,930	2,561,335	2,608,137	2,229,034	2,549,416	2,488,566	2,516,128	2,556,234	2,501,999
Education.....	78,889,774	76,662,504	74,467,636	84,625,841	67,407,332	63,381,441	58,123,068	54,743,588	50,788,018	47,295,547
Debt service:										
Principal.....	7,119,958	6,367,885	6,367,885	6,707,913	5,884,431	4,936,079	4,970,818	4,445,094	5,165,103	4,661,023
Interest.....	2,731,592	8,384,942	2,875,515	2,905,792	2,688,665	2,523,344	3,053,223	2,588,758	2,757,721	2,580,672
Capital outlay.....	16,043,474	27,410,677	20,113,831	11,244,600	3,493,062	12,654,801	8,230,673	1,922,011	11,681,007	18,088,776
TOTAL EXPENDITURES.....	134,744,046	148,747,143	134,339,763	133,474,299	106,727,475	110,230,476	99,861,117	87,447,252	92,385,432	94,141,664
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	(8,326,503)	(30,480,570)	(18,592,863)	(10,525,947)	(2,322,669)	(11,183,497)	(8,920,427)	(2,644,431)	(7,589,259)	(9,954,494)
OTHER FINANCING SOURCES (USES):										
Issuance of debt.....	14,020,000	14,230,000	8,885,000	12,970,000	9,460,000	12,410,000	12,410,000		516,000	18,950,000
Issuance of refunding bonds.....	8,910,000	13,320,000	9,285,000			24,046,600	24,046,600			
Capital lease proceeds.....			400,000							
Sale of assets.....				69,478		1,656,333	1,656,333	43,200	1,190,000	
Premium.....	1,048,566	1,611,914	306,418		65,067	570,014	570,014			
Payment to refunded bonds escrow agent.....	(10,106,071)	(14,490,091)	(9,469,025)			(24,368,545)	(24,368,545)			
Transfers in.....	663,737	575,633	2,314,742	4,948,915	464,241	700,000	700,000	574,696	950,715	1,303,061
Transfers out.....	(663,737)	(575,633)	(2,230,775)	(4,948,915)	(464,241)	(700,000)	(700,000)	(574,696)	(950,715)	(1,303,061)
NET OTHER FINANCING SOURCES (USES).....	13,872,495	14,671,823	9,491,360	13,039,478	9,525,067	14,314,402	14,314,402	43,200	1,706,000	18,950,000
NET CHANGE IN FUND BALANCES.....	\$ 5,545,992	\$ (15,808,747)	\$ (9,101,503)	\$ 2,513,531	\$ 7,202,398	\$ 3,130,905	\$ 5,393,975	\$ (2,601,231)	\$ (5,883,259)	\$ 8,995,506
DEBT SERVICE AS A PERCENTAGE OF NONCAPITAL EXPENDITURES.....	9%	10%	8%	8%	8%	8%	9%	8%	10%	10%

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
2002	\$ 1,549,280,460	\$ 3,098,560,920	\$ 173,077,306	\$ 97,047,845	\$ 270,125,151	\$ 385,893,073	\$ 1,819,405,611	\$ 3,484,453,993	52.21%	31.80
2003	1,588,970,730	3,611,297,114	177,536,858	92,850,675	270,387,533	386,267,904	1,859,358,263	3,997,565,018	46.51%	33.80
2004	2,537,471,740 *	3,694,799,594	188,771,718	91,761,200	280,532,918	400,761,311	2,818,004,658	4,095,560,905	68.81%	23.40
2005	2,592,860,580	4,250,591,115	188,738,928	84,756,943	273,495,871	390,708,387	2,866,356,451	4,641,299,502	61.76%	24.90
2006	2,653,069,110	4,823,762,018	203,174,719	85,545,258	288,719,977	412,457,110	2,941,789,087	5,236,219,128	56.18%	26.10
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%	27.30
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%	28.10
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%	23.20
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%	23.43
2011	3,633,553,446	4,439,726,674	215,781,712	108,306,358	324,088,070	462,982,957	3,957,641,516	4,902,709,631	80.72%	24.00

(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
2002	2000	31.80	1.03	32.83
2003	2001	33.80	1.03	34.83
2004	2002	23.40	0.68	24.08
2005	2003	24.90	1.00	25.90
2006	2004	26.10	0.85	26.95
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

TOWN OF NEWTOWN, CONNECTICUT
PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO
(UNAUDITED)

TABLE 7

NAME	NATURE OF BUSINESS	GRAND LIST YEAR 2009			GRAND LIST YEAR 2000		
		ASSESSED VALUE	RANK	PERCENTAGE NET TAXABLE GRAND LIST (1)	ASSESSED VALUE	RANK	PERCENTAGE NET TAXABLE GRAND LIST (2)
CONNECTICUT LIGHT & POWER	UTILITY	\$ 20,735,920	1	0.53%	\$ 17,015,710	1	0.93%
E & A.I &G SANDHILL PLAZA LTD PARTNERSHIP	SHOPPING	18,944,980	2	-0.48%			
IROQUOIS GAS TRANSMISSION SYSTEM	UTILITY	18,783,060	3	0.48%	5,597,150	10	0.31%
CURTIS PACKAGING CORP	MANUFACTURING	13,358,970	4	0.34%	6,010,390	8	0.33%
NEWTOWN SHOPPING VILLAGE	SHOPPING CENTER	11,651,660	5	0.30%	5,852,980	9	0.32%
NEWTOWN SENIOR LIVING LLC	SENIOR LIVING	10,629,540	6	0.27%	10,290,390	3	0.56%
TAUNTON PRESS	PRINTING	8,662,230	7	0.22%	7,716,090	5	0.42%
BARNABAS REALTY GROUP GEN PTRSHP	REAL ESTATE HOLDINGS	7,508,780	8	0.19%	6,038,840	7	0.33%
NEWTOWN SAVINGS BANK	FINANCIAL SERVICES	6,772,780	9	0.17%			
ROCK RIDGE COUNTRY CLUB INC	LEISURE	6,505,620	10	0.17%			
CHARTER COMMUNICATION ENTERTAINMENT	ENTERTAINMENT/COMM	6,372,949	11	0.16%			
FIRSTLIGHT HYDRO GENERATING CO	UTILITY	6,364,330	12	0.16%			
ARBAR PROPERTIES LLC	REAL ESTATE	6,330,690	13	0.16%			
ETHAN ALLEN INC	MANUFACTURING	6,227,990	14	0.16%			
ETON CENTERS CO	REAL ESTATE	6,066,800	15	0.16%			
HARVEY HUBBELL INC	MANUFACTURING	4,605,350			8,705,990	4	0.47%
DD NEWTOWN PARTNERS LIMITED PARTNERSHIP					13,938,710	2	0.76%
SORVALL PRODUCTS LIMITED PARTNERSHIP					7,260,160	6	0.40%
TOTAL		\$ 159,521,649		3.95%	\$ 88,426,410		4.83%

Source: Town Assessor Department.

(1) Based on October 1, 2009 net taxable Grand List of \$3,908,204,114.

(2) Based on October 1, 2000 net taxable Grand List of \$1,547,306,690.

TABLE 8

TOWN OF NEWTOWN, CONNECTICUT
TAX 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
2002	31.80	2000	\$ 57,024,838	\$ 56,004,134	98.2%	\$ 984,622	\$ 56,988,756	99.9%	\$ 35,598
2003	33.80	2001	62,421,021	61,405,444	98.4%	976,267	62,381,711	99.9%	38,528
2004	23.40	2002	65,292,492	64,404,389	98.6%	858,824	65,263,213	100.0%	27,702
2005	24.90	2003	70,745,739	69,896,883	98.8%	818,291	70,715,174	100.0%	28,852
2006	26.10	2004	76,226,450	75,533,854	99.1%	657,618	76,191,472	100.0%	30,337
2007	27.30	2005	81,644,015	80,907,427	99.1%	695,038	81,602,465	99.9%	38,792
2008	28.10	2006	84,992,465	84,184,987	99.0%	751,840	84,936,827	99.9%	47,041
2009	23.20	2007	89,761,007	88,934,425	99.1%	603,421	89,537,846	99.8%	150,997
2010	23.43	2008	90,216,520	89,465,838	99.2%	509,174	89,975,012	99.7%	241,508
2011	24.00	2009	92,798,590	91,982,638	99.1%	-	91,982,638	99.1%	815,952

Source: Town audit reports.

TABLE 9

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

YEAR ENDED JUNE 30	GOVERNMENTAL ACTIVITIES					BUSINESS-TYPE ACTIVITIES		TOTAL	PERCENTAGE OF PERSONAL INCOME	DEBT PER CAPITA
	GENERAL OBLIGATION BONDS	CLEAN WATER NOTES	DRINKING WATER NOTE	IMPROVEMENT NOTE	CAPITAL LEASES	GENERAL OBLIGATION BONDS	CLEAN WATER NOTES	TOTAL		
2002	\$ 54,985,000	\$ 3,456,929	\$	\$	\$ 215,000	\$ 765,000	\$ 12,799,792	\$ 72,221,721	N/A	\$ 2,848
2003	50,027,500	3,765,326				722,500	12,079,212	66,594,538	N/A	2,575
2004	45,820,000	3,527,732				680,000	11,344,088	61,371,820	N/A	2,334
2005	54,012,900	3,290,450				652,100	10,594,126	68,549,576	N/A	2,561
2006	57,658,900	3,048,371	171,738	1,044,000		616,100	9,829,026	72,368,135	0.14%	2,681
2007	61,754,500	2,801,364	159,714	783,000		575,500	9,048,484	75,122,562	0.15%	2,779
2008	66,336,600	2,549,346	152,719	2,722,000		528,400	8,252,187	80,541,252	0.14%	3,006
2009	65,770,640	2,292,219	145,560	4,711,000	340,000	482,000	7,439,818	81,181,237	0.14%	3,089
2010	72,068,800	2,029,879	138,233		290,265	436,200	6,611,048	81,574,425	0.11%	3,799
2011	78,664,000	1,762,220	130,734		237,944	391,000	5,765,553	86,951,451	0.12%	3,150

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

TABLE 10**TOWN OF NEWTOWN, CONNECTICUT****RATIOS 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
	GENERAL OBLIGATION BONDS	NOTES	TOTAL		
2002	\$ 54,985,000	\$ 3,456,929	\$ 58,441,929	1.68%	\$ 2,305
2003	50,027,500	3,765,326	53,792,826	1.35%	2,080
2004	45,820,000	3,527,732	49,347,732	1.20%	1,876
2005	54,012,900	3,290,450	57,303,350	1.23%	2,141
2006	57,658,900	4,264,109	61,923,009	1.18%	2,294
2007	61,754,500	3,744,078	65,498,578	1.22%	2,423
2008	66,336,600	5,424,065	71,760,665	1.34%	2,654
2009	65,770,640	7,148,779	72,919,419	1.29%	2,758
2010	72,068,800	2,168,112	74,236,912	1.47%	2,777
2011	78,664,000	1,892,954	80,556,954	1.64%	2,918

TABLE 11

TOWN OF NEWTOWN, CONNECTICUT

SCHEDULE OF DEBT LIMITATION
CONNECTICUT STATUTES, SECTION 7-374(b)
FOR THE YEAR ENDED JUNE 30, 2011
(UNAUDITED)

TAX BASE:

Total tax collections (including interest and lien fees).....	\$ 92,787,461
Newtown Borough Tax.....	168,250

REIMBURSEMENT OF REVENUE LOST ON:

Tax Relief for Elderly Freeze Grant.....	1,872
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TOTAL BASE.....	<u>\$ 92,957,583</u>
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	GENERAL PURPOSE	SCHOOLS	SEWER	URBAN RENEWAL	PENSION DEFICIT
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DEBT LIMITATION:

2 1/4 times base.....	\$ 209,154,562	\$ 418,309,124	\$ 348,590,936	\$ 302,112,145	\$ 278,872,749
4 1/2 times base.....					
3 3/4 times base.....					
3 1/4 times base.....					
3 times base.....					

TOTAL LIMITATIONS.....	209,154,562	418,309,124	348,590,936	302,112,145	278,872,749
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INDEBTEDNESS:

Bonds payable.....	37,911,500	40,266,500	486,000		
Bond anticipation notes.....		10,500,000			
Less school building grants.....		(3,116,073)			

TOTAL INDEBTEDNESS.....	37,911,500	47,650,427	486,000	-	-
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DEBT LIMITATION IN EXCESS OF OUTSTANDING

DEBT.....	<u>\$ 171,243,062</u>	<u>\$ 370,658,697</u>	<u>\$ 348,104,936</u>	<u>\$ 302,112,145</u>	<u>\$ 278,872,749</u>
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The total net indebtedness above amounts to:	<u>\$ 86,047,927</u>
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In no event shall total indebtedness exceed seven times the base for debt limitation computation:	<u>\$ 650,703,081</u>
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There is no overlapping debt for the Town of Newtown.

TABLE 12**TOWN OF NEWTOWN, CONNECTICUT**LEGAL 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
2002	\$ 968,808,811	\$ 45,042,545	\$ 923,766,266	5%
2003	1,056,295,535	41,084,784	1,015,210,751	4%
2004	1,101,828,869	45,288,226	1,056,540,643	4%
2005	1,193,608,669	46,790,675	1,146,817,994	4%
2006	1,287,562,986	51,762,146	1,235,800,840	4%
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	1,557,039,516	86,047,927	1,470,991,589	6%

TABLE 13

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
2002	25,355	N/A	N/A	N/A	N/A	5,018	2.4%
2003	25,866	N/A	N/A	N/A	N/A	5,201	3.1%
2004	26,299	N/A	N/A	N/A	N/A	5,399	3.5%
2005	26,762	N/A	N/A	N/A	N/A	5,496	3.8%
2006	26,996	\$ 99,192	\$ 37,786	N/A	N/A	5,648	2.6%
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 yrs of college	5,580	5.4%
2010	26,737	114,673	37,786	37.5	49.8% at least 4 yrs of college	5,490	6.6%
2011	27,605	105,744	56,000	40.3	53% bachelor's degree or more	5,451	6.9%

(1) Source: State of Connecticut, Department of Health, 1990 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) Connecticut Economic Resource Center 2008 Town Profile.

N/A - Information not available.

TABLE 14

TOWN OF NEWTOWN, CONNECTICUT

PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO
(UNAUDITED)

EMPLOYER	2011			2002		
	EMPLOYEES	RANK	PERCENTAGE OF TOTAL TOWN EMPLOYMENT	EMPLOYEES	RANK	PERCENTAGE OF TOTAL CITY EMPLOYMENT
TOWN OF NEWTOWN BOARD OF EDUCATION....	796	1	5.9%	714	1	6.0%
MASONICARE OF NEWTOWN.....	315	2	2.3%	250	6	2.1%
STATE OF CT - DEPT OF CORRECTIONS.....	294	3	2.2%	375	2	3.2%
TAUNTON PRESS.....	245	4	1.8%	270	5	2.3%
CHARTER COMMUNICATIONS.....	222	5	1.7%	215	9	1.8%
NEWTOWN SAVINGS BANK.....	203	6	1.5%			
TOWN OF NEWTOWN.....	174	7	1.3%	166	11	1.4%
STOP AND SHOP.....	160	8	1.2%	180	10	1.5%
CURTIS PACKAGING.....	153	9	1.1%	150	12	1.3%
BIG Y SUPERMARKET.....	151	10	1.1%	240	7	2.0%
HUBBELL WIRING DEVICES-KELLEMS.....	150	11	1.1%	220	8	1.9%
CARALUZZI'S NEWTOWN MARKET.....	133	12	1.0%			
KENDRO LABORATORY PRODUCTS.....				350	3	3.0%
PITNEY BOWES.....				308	4	2.6%
TOTAL.....	<u>2,996</u>		<u>22.2%</u>	<u>3,438</u>		<u>29.1%</u>

SOURCE: State Department of Labor.

TABLE 15

TOWN OF NEWTOWN, CONNECTICUT

FULL-TIME EQUIVALENT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN YEARS
(UNAUDITED)

FUNCTION / PROGRAM	FULL -TIME EQUIVALENT EMPLOYEES AS OF JUNE 30									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
GENERAL GOVERNMENT:										
Selectmen.....	3	3	3	4	4	4	4	4	4	4
Finance.....	5	5	5	5	5	5	5	5	5	5
Parks and recreation.....	16	16	16	16	17	15	16	16	13	11
Town Clerk.....	4	4	4	4	4	4	4	4	4	4
Senior Center.....	3	3	3	3	2	1	1	1	2	2
Registrars.....	2	2	2	2	2	2	2	2	2	2
Tax Collector.....	5	5	5	5	5	4	4	4	4	4
Tax Assessor.....	4	4	4	4	4	4	4	4	4	3
Social Services.....	2	2	2	2	2	1	1	1	3	2
POLICE:										
Officers.....	47	47	47	46	41	42	42	41	42	43
Civilians.....	5	5	5	5	5	4	4	5	5	4
Canine Control.....	2	2	2	2	2	2	2	2	2	2
FIRE:										
Fire Marshall.....	3	3	3	3	2	2	2	2	2	2
PUBLIC WORKS:										
Engineering.....	2	2	2	2	2	2	2	2	2	2
Highway.....	40	39	44	40	42	40	40	41	41	40
Landfill.....	3	3	3	3	3	3	3	3	3	3
Building.....	6	6	7	6	6	6	7	6	6	6
LAND USE.....	6	5	6	5	7	7	7	7	7	7
EMERGENCY COMMUNICATIONS.....	11	11	11	11	11	11	11	10	10	10
EDUCATION.....	779	797	747	734	722	699	689	658	654	602
TOTAL.....	948	964	921	902	888	858	850	818	815	758

SOURCE: Town Budget.

TABLE 16
(1 of 2)

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

FUNCTION / PROGRAM	FISCAL YEAR ENDED JUNE 30									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
<u>GOVERNMENTAL ACTIVITIES</u>										
PUBLIC SAFETY:										
Fire: All volunteer										
Total incidents.....	1353	1,245	1,258	1,313	1,444	1,227	1,216	1,114	1,159	1,107
Rescue/medical calls.....	164	184	235	216	175	134	169	124	128	111
Police:										
Number of calls.....	19848	21,208	20,285	19,177	18,374	16,743	14,938	14,709	13,983	11,988
Total 911 calls received.....	7417	6,704	6,413	7,084	7,261	n/a	7,723	7,243	7,014	6,346
Formal investigations.....	2873	3,119	3,080	3,187	3,158	3,443	3,174	3,728	3,333	2,872
TOWN CLERK:										
Number of documents recorded.....	6328	5,056	5,507	6,041	7,767	8,623	9,920	12,730	13,742	10,288
HEALTH AND WELFARE:										
Number of food service facilities inspections...	115	121	103	99	98	95	70	70	68	68
New homes built.....			9	23	53	70	69	140	189	167
Number of soil tests.....	91	113								
Number of new septic permits.....	14	16								
Number of septic repairs.....	58	84								
Number of well permits.....	48	33								
LAND USE:										
Total subdivisions approved.....	2	0	3	10	5	13	13	6	8	14
Total commercial applications approved.....	4	7	10	12	13	11	6	5	16	N/A
BUILDING:										
Residential permits issued.....	1316	1,286	1,277	1,510	1,803	1,692	1,693	2,043	1,803	1,805
Commercial permits issued.....	194	221	194	214	170	197	273	232	181	150
PUBLIC WORKS:										
Streets (miles)	263.07	256.03	256.03	255.05	250.41	250.41	249.14	246.62	246.36	N/A
Accepted Town roads.....	245.39	237.54	237.54	236.56	234.90	234.90	233.63	231.11	230.85	N/A
Private roads.....	17.68	15.51	15.51	15.51	15.51	15.51	15.51	15.51	15.51	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)

TABLE 16
(2 of 2)

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

FUNCTION / PROGRAM	FISCAL YEAR ENDED JUNE 30									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
EDUCATION:										
Enrollment:										
High School Grades 9-12.....	1731	1,730	1,704	1,719	1,714	1,688	1,622	1,559	1,427	1,364
Middle School Grades 6-8.....	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	1,220
Middle School Grades 7-8.....	897	896	929	930	890	896	864	854	848	(1)
Intermediate School Grades 5-6.....	895	861	964	948	971	913	874	875	842	(1)
Elementary Schools Grades K-5.....	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	2,434
Elementary Schools Grades K-4.....	1840	1,915	1,983	2,031	2,093	2,151	2,135	2,111	2,084	N/A
BUSINESS-TYPE ACTIVITIES										
WATER FUND:										
Water mains (miles).....	6	6	6	6	9	9	9	(2)	(2)	(2)
Fire hydrants.....	53	53	47	47	47	47	47	(2)	(2)	(2)
Storage capacity (thousands of gallons).....	1000	1,000	1,000	1,000	1,000	1,000	1,000	(2)	(2)	(2)
SEWER FUND:										
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	932	932	932	932	932	932	932	932	932

(Concluded)

SOURCES: Various Town Departments

(1) Information not available due to the construction and consolidation of schools and related grade levels.

(2) Water System established in 2005.

N/A - Information not available.

TABLE 17

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

FUNCTION / PROGRAM	FISCAL YEAR ENDED JUNE 30									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
<u>GOVERNMENTAL ACTIVITIES</u>										
PARKS AND RECREATION:										
Acreage (includes all open space).....	2100	2,100	2,100	1,866	1,866	1,866	1,809	1,783	1,783	1,756
Playgrounds.....	11	11	11	13	13	13	13	13	12	12
Baseball fields.....	14	14	14	15	14	14	14	14	14	14
Softball fields.....	9	9	9	8	8	8	7	7	7	7
Multi-purpose fields.....	20	20	20	20	18	18	17	17	17	17
Senior Center.....	1	1	1	1	1	1	1	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.....		32	32	33	29	28	25	24	24	25
PUBLIC WORKS:										
Highway department:										
Streets (miles).....	263.07	256.03	256.03	255.05	250.41	250.41	249.14	246.62	246.36	N/A
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	
Number of Elementary Schools.....	4	4	4	4	4	4	4	4	4	4
<u>BUSINESS-TYPE ACTIVITIES</u>										
WATER FUND:										
Water mains (miles).....	6	6	6	6	6	9	9	(1)	(1)	(1)
Fire hydrants.....	47	47	47	47	47	47	47	(1)	(1)	(1)
SEWER FUND:										
Sewer mains (miles).....	24.22	24.22	24.22	24.22	24.22	24.22	24.22	24.22	24.22	24.22

SOURCES: Various Town Departments.

(1) Water System established in 2005.