

**COMPREHENSIVE
ANNUAL FINANCIAL REPORT**

of the

**TOWN OF NEWTOWN,
CONNECTICUT**

YEAR ENDED

JUNE 30, 2012

**PREPARED BY:
THE FINANCE DEPARTMENT**

ROBERT TAIT, FINANCE DIRECTOR

TOWN OF NEWTOWN, CONNECTICUT

COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2012

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Introductory Section

TOWN OF NEWTOWN, CONNECTICUT

**LIST OF PRINCIPAL OFFICIALS
JUNE 30, 2012**

First Selectman

E. Patricia Llodra

Selectmen

William F. L. Rodgers

James O. Gaston Sr.

Board of Finance

John W. Kortze
Chairman

James O. Gaston Jr.
Joseph W. Kearney
Richard Oparowski

Carol Walsh
Harrison A. Waterbury

Legislative Council

A. Jeffrey Capeci
Chairman

Daniel J. Amaral
Mitch Bolinsky
Phil Carroll
George T. Ferguson
Kathy Fetchick
Joe Girgasky

Daniel T. Honan
Mary Ann Jacob
Paul Lundquist
Robert Merola
Dan Wiedermann

Finance 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

Debbie M. Leidlein
Chairman

Keith Alexander
Richard Gaines
William G. Hart Jr.

Cody McCubbin
Laura Roche
John N. Vourus

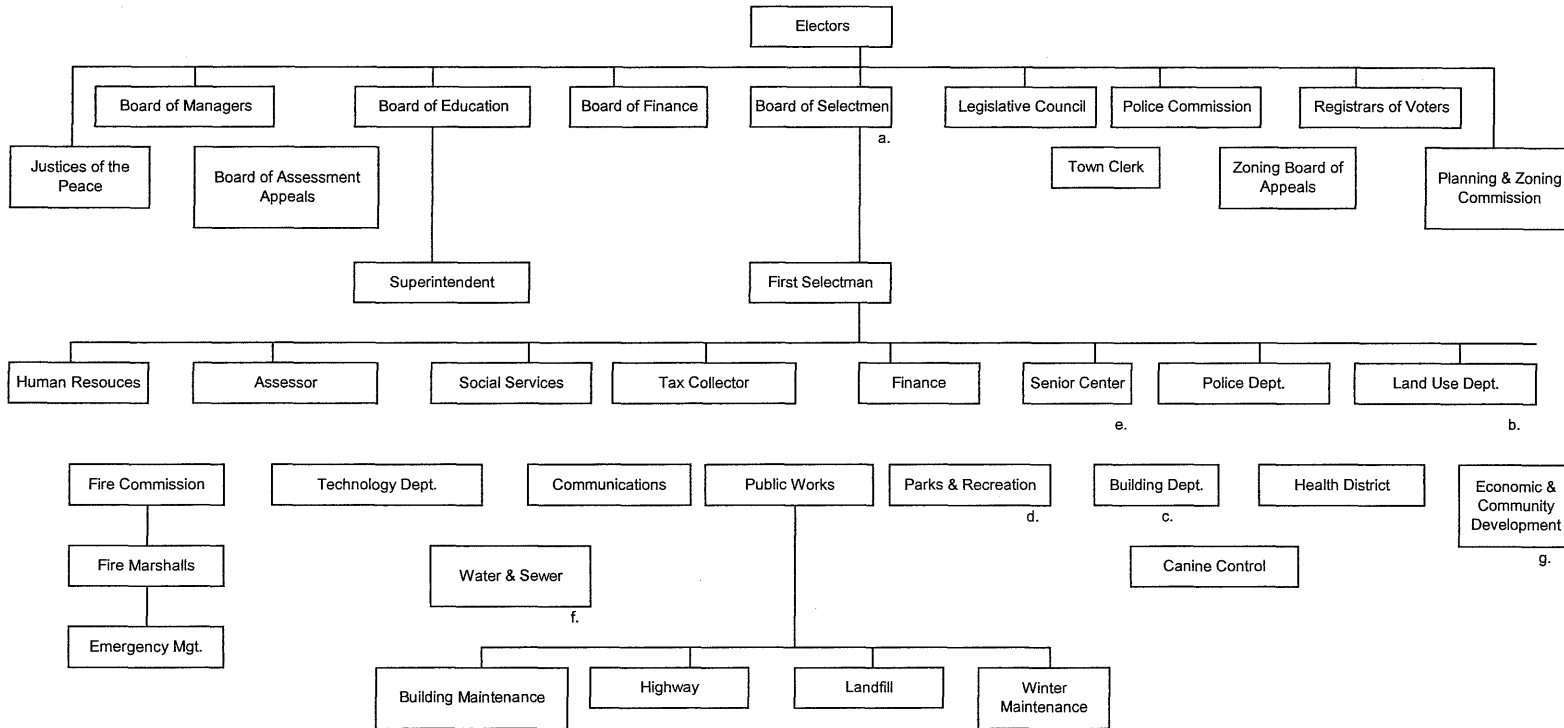
Janet Robinson - Superintendent of Schools
Ronald J. Bienkowski - School Business Manager

Independent Auditors

CohnReznick LLP

TOWN OF NEWTOWN, CONNECTICUT

ORGANIZATIONAL CHART



APPOINTED OFFICIALS, BOARDS, COMMISSIONS, AUTHORITIES:

legend

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

agen

- 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

December 11, 2012

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, 2012. 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.

CohnReznick LLP, a public accounting firm fully licensed and qualified to perform audits of municipalities within the State of Connecticut, have audited the financial statements. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Town of Newtown, Connecticut for the fiscal year ended June 30, 2012, 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, 2012, 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, Federal and state mandated "Single Audit" designed to meet the special needs of Federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of Federal awards. These reports are available in the Town's separately issued Single Audit Report.

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

Profile of the Town of Newtown

The Town of Newtown was incorporated in 1711 and has a favorable location in Fairfield County in the southwest part of the State of Connecticut about 60 miles northeast of New York City. The Town has a land area of 60 square miles and a population of 27,953.

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.

Factors Affecting Financial Condition (Continued)

New housing construction increased from the previous year. In fiscal year 2012, 20 new housing permits were issued compared to the 17 issued in fiscal year 2011. In fiscal year 2012, 2 new building commercial permits were issued compared to 2 issued in fiscal year 2011. Commercial permits were issued at a value of \$5,914,774 for fiscal year 2012 compared to a value of \$16,646,128 for fiscal year 2011 (the larger amount in the prior year was due to Advanced Fusion Systems).

The local labor force is feeling the impact of the adverse economy. The annual average unemployment rate for the labor force was 6.9% in fiscal year 2011. The unemployment rate for the labor force in fiscal year 2012 has decreased to 6.5%.

Property taxes, which account for approximately 90 percent of the general fund revenue, have provided a reliable revenue source, with collections consistently at or around 99 percent. Current tax collections were 99.0% of the adjusted tax levy.

The Town's per capita income of \$38,855 and personal income of \$113,067 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 offset 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 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 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. The project was completed in 2011-12.

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 2012, 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. This Dog Park will be built in 2013. 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 and the athletes are currently raising funds to enhance and expand the park. Rentals of the small pavilion on the Fairfield Hills campus will be something new offered this coming year at Fairfield Hills by the Parks and Recreation Department. A Master Plan for Eichler's Cove has been developed and this was the second 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 second year that this facility housed a summer camp and dry storage racks for canoes and Kayaks. Renting of the picnic area and beach for events is also new at Eichler's Cove this year. 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 2013/14 and \$438,000 is currently in construction in progress for this project. Infrastructure Renovations to Treadwell Park for \$350,000 is planned for improvements for new tennis courts and a new basketball court in 2013/14.

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. Another example is the Tier One building on Pecks Lane that was once home to DuPont. There are now about eight businesses operating from this facility. The Commission's latest initiative is the FAST TRACK permitting process that helps get commercial projects through land use permitting in 45 or fewer days.

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 Quickcomm occupy industrial and headquarter facilities in the park. An industrial condominium attracted smaller business. 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 retail and service tenants. Eton Center is anchored by Caraluzzi's Market and Wells Fargo Bank. St. Rose continues to expand and plans have been approved for the redevelopment of the former Lexington Gardens site.

South Main Street (Rt. 25) continues to attract new development projects. The final of three phases at Highland Plaza is nearing completion. Several new businesses have opened over the past several months and leasing of the final 22,000 square foot building is underway. Plaza South added significant new retail space to the corridor along with a nice mix of new businesses. The building construction is complete and the plaza is nearly full. 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 and ongoing promotion by the commercial district organization SHOP contribute to the successful and ongoing revitalization. The next phase of the Sandy Hook Streetscape project is underway and involves a realigned intersection along with new pedestrian amenities including sidewalks, curbing, landscaping and decorative street lighting. This work will tie commercial uses together with the neighborhood and will improve pedestrian and vehicular flow and safety. The streetscape project is 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.

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

Fairfield Hills Campus. This former state hospital was purchased by the Town of Newtown in 2004. A comprehensive reuse vision for the property calls for reserving a major portion of the 185 acre property for municipal, cultural, passive and active recreation uses. There has been and will be further infrastructure improvements and additions. Roughly 130 acres will remain as open space. 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.

To date soil remediation has been completed; the engineering house has been renovated and is in use for security and other activities; a baseball field has been completed and is in use; 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 open in the former Bridgeport Hall; and environmental remediation of six buildings has occurred. Greenwich, Fairfield, Litchfield and Yale buildings have been taken down.

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.

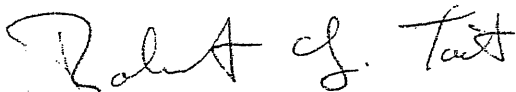
Awards. The Government Finance Officers Association ("GFOA") awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town for its comprehensive annual financial report ("CAFR") for the fiscal year ended June 30, 2011. This was the fourteenth consecutive year that the Town has 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 CohnReznick LLP also contributed significantly to its production.

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

Respectfully submitted,

A handwritten signature in cursive script, reading "Robert G. Tait".

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, 2011

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.



Linda C. Sandison

President

Jeffrey R. Emer

Executive Director

Financial Section

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, 2012, which collectively comprise the Town's basic financial statements as listed in the table of contents. These 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 financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall 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, 2012, and the respective changes in financial position, and, where applicable, cash flows thereof, and the respective budgetary comparison for the general fund for the year then ended, in 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 December 11, 2012, 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.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the Schedules of Funding Progress and Employer Contributions - Newtown Retirement System and Other Post-Employment Benefit Plan on Pages 12 through 22 and Pages 70 through 73, 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.

CohnReznick LLP

Farmington, Connecticut
December 11, 2012



TOWN OF NEWTOWN OFFICE OF THE FINANCE DIRECTOR

MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2012

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, 2012. 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 \$4.8 million for the fiscal year, \$5.2 million of which was generated by governmental activities while there was a decrease of \$0.4 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 and the completion of the middle school roof. Additionally, the Town received 2.0 million in contribution of land and infrastructure during the year, as well as positive operations in the internal service fund.
- The Town's combined net assets total \$211.0 million at June 30, 2012. Of this amount, the unrestricted components were \$17.5 million in governmental activities and \$7.6 million in business-type activities.
- At year end unassigned fund balance for the general fund was \$8,379,750 or 7.9% of total general fund budgetary expenditures and other financing uses.
- The Bonded Projects fund has positive operation of \$5.2 million due to issuance of \$11,800,000 in bonds during the year that fund expenditures from the prior fiscal year.

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).

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 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.

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 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 \$211.0 million at the close of the fiscal year.

The largest portion of the Town's net assets (87.2%) 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	
	2012	2011	2012	2011	2012	2011
Current and other assets.....	\$ 29,108,896	\$ 34,741,401	\$ 7,738,503	\$ 8,915,197	\$ 36,847,399	\$ 43,656,598
Capital assets (net).....	246,899,760	241,640,209	29,309,161	29,469,795	276,208,921	271,110,004
Total assets.....	276,008,656	276,381,610	37,047,664	38,384,992	313,056,320	314,766,602
Long-term liabilities outstanding..	80,896,337	76,138,590	4,285,453	5,238,642	85,181,790	81,377,232
Other liabilities.....	15,819,588	26,177,964	1,036,570	1,039,125	16,856,158	27,217,089
Total liabilities.....	96,715,925	102,316,554	5,322,023	6,277,767	102,037,948	108,594,321
Net assets:						
Invested in capital						
assets, net of related debt.....	160,006,067	149,602,482	24,084,436	23,323,592	184,090,503	172,926,074
Restricted.....	1,805,744	1,998,685			1,805,744	1,998,685
Unrestricted	17,480,920	22,463,889	7,641,205	8,783,633	25,122,125	31,247,522
TOTAL NET ASSETS.....	\$ 179,292,731	\$ 174,065,056	\$ 31,725,641	\$ 32,107,225	\$ 211,018,372	\$ 206,172,281

An additional portion of the Town's net assets \$1.8 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 \$25.1 million.

At the end of the current fiscal year, the Town is able to report positive balances in each category 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 \$4.8 million during the current fiscal year. The increase was primarily due to the construction of the high school addition, which is being recorded as construction in progress. Other contributing items were the receipt of donated infrastructure and land of \$2.0 million 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 \$4.8 million, with \$5.2 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)

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
REVENUES:						
Program revenues:						
Charges for services.....	\$ 6,449,235	\$ 5,881,961	\$ 1,509,796	\$ 1,528,705	\$ 7,959,031	\$ 7,410,666
Operating grants and contributions.....	16,619,958	15,216,921			16,619,958	15,216,921
Capital grants and contributions.....	3,497,555	8,706,301		10,810	3,497,555	8,717,111
General revenues:						
Property taxes.....	95,287,752	93,206,605			95,287,752	93,206,605
Grants and contributions not restricted to specific programs.....	2,576,596	2,168,350			2,576,596	2,168,350
Investment income.....	224,944	592,766	52,319	64,431	277,263	657,197
Miscellaneous.....	125,100	154,225			125,100	154,225
Gain on sale assets.....	90,000				90,000	
TOTAL REVENUES.....	124,871,140	125,927,129	1,562,115	1,603,946	126,433,255	127,531,075
EXPENSES:						
General government.....	5,572,507	4,521,804			5,572,507	4,521,804
Public safety.....	9,859,389	9,253,214			9,859,389	9,253,214
Health and welfare.....	3,108,569	2,156,351			3,108,569	2,156,351
Land use.....	557,698	569,264			557,698	569,264
Public works.....	11,621,141	9,793,777			11,621,141	9,793,777
Parks and recreation.....	3,400,294	3,819,873			3,400,294	3,819,873
Education.....	82,229,207	78,287,539			82,229,207	78,287,539
Interest expense.....	3,294,660	2,781,527			3,294,660	2,781,527
Sewer Department.....			1,655,992	1,558,578	1,655,992	1,558,578
Water Department.....			287,707	334,988	287,707	334,988
TOTAL EXPENSES.....	119,643,465	111,183,349	1,943,699	1,893,566	121,587,164	113,076,915
INCREASE IN NET ASSETS.....	5,227,675	14,743,780	(381,584)	(289,620)	4,846,091	14,454,160
NET ASSETS - JULY 1	174,065,056	159,321,276	32,107,225	32,396,845	206,172,281	191,718,121
NET ASSETS - JUNE 30.....	\$ 179,292,731	\$ 174,065,056	\$ 31,725,641	\$ 32,107,225	\$ 211,018,372	\$ 206,172,281

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

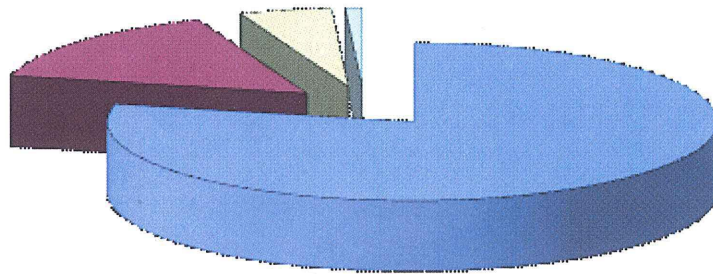
- Property taxes increase by \$2,081,147 as a result of normal growth in the budget due mostly to contracted salary and benefit increases.
- Operating grants and contributions increased by \$1,403,037. The most significant increase was due to increase grants related to education and the FEMA reimbursement.
- Capital grants and contributions decreased by \$5,208,746 as a result of a decrease of \$7.0 million in progress payments received for the high school renovation project as compared to the prior year and the \$2.0 million received as a developer contribution of infrastructure and land from a completed housing development.

Governmental activities (Continued)

Revenues

Governmental activities revenues totaled \$124.8 million for fiscal year 2012. Property taxes are the largest revenue source for the Town and represent 76.4% of governmental revenues. Current tax collections were 99.0% 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 13.3% of governmental revenues for the year. Capital grants and contributions, the third largest revenue, amount to 2.8% 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 and represent 5.2% of revenue. Grants and contributions not restricted to specific programs account for 2.1% and include elderly tax relief and in lieu of tax contributions. Investment income represents 0.2% 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 increased by \$1,050,703 due mainly to increase in employee benefit costs, including pension and OPEB.
- Health and welfare expenses increased by \$952,218 due to a increase in expenditures relating to the Small Cities Grant.
- Education expenses increased by \$3,941,668. The increase was mainly a result of an increase in education grants.
- Interest expense increased by \$513,133. This was due to the issuance of \$11,800,000 of additional bonds and \$15,047,300 of refunding bonds during the year, as well as debt that was issued in fiscal year 2010 for which the first payments occurred during the current fiscal year.

Governmental expenses totaled \$119.6 million for the fiscal year. Of the expenditure, 68.7% or \$82.2 million is related to education. Public works expenses amounted to \$11.6 million, or 9.7%, while public safety amounted to \$9.9 million or 8.2%. Parks and recreation expenses were \$3.4 million or 2.8%. Interest expense was \$3.3 million or 2.8%. General government expenses were \$5.6 million, or 4.7%, health and welfare expenses were \$3.1 million or 2.6%, 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 \$1.5 million in revenue from the sewer department and water department, 96.7% comes from charges for services. Investment income makes up the final 3.3% of revenues for the Town's business activities.

Charges for services decreased by slightly during the year based upon usage.

Expenses

Water department operating expenses decreased \$45,517 for the fiscal year ended June 30, 2012 due to the additional expense of a "water supply plan update" in the prior year.

Financial Analysis of the Town's Funds

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

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

The combined fund balances of governmental funds for the fiscal year ended June 30, 2012 is \$14.0 million. Unassigned fund balance totals \$8.3 million. The remainder of fund balance is not available for appropriation or spending by the Town and is classified as follows: Nonspendable (\$ 0.6 million), Restricted (\$1.2 million), Committed (\$2.9 million) and Assigned (\$1 million).

General Fund

The general fund is the operating fund of the Town. The budgetary fund balance of the general fund increased by \$1.0 million for the fiscal year. This was partially due to the recording of the unbudgeted bond premium of \$0.4 million and \$0.1 million of unanticipated transfers in. Revenues were lower than budgeted by \$0.5 million and expenditures were lower by \$1.0 million than the amount budgeted, led by \$0.3 million from education. The net impact on fund balance was a increase of \$1.0 million. The property tax rate increased from 24.0 mills to 24.37 mills.

General Fund Budgetary Highlights

A detailed budgetary comparison schedule for the fiscal year ended June 30, 2012 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.....	\$ 95,112,424	\$ 95,112,424	\$ 94,848,822	\$(263,602)
All other revenues.....	10,317,651	10,317,651	10,043,092	(274,559)
Premium.....			370,539	370,539
Cancellation of prior encumbrances.....			39,894	39,894
Transfers in.....	125,000	125,000	272,536	147,536
Total.....	105,555,075	105,555,075	105,574,883	19,808
<u>EXPENDITURES & OTHER FINANCING USES</u>				
Expenditures.....	105,165,075	105,066,970	104,116,003	950,967
Transfer out	390,000	488,105	487,946	159
Total.....	105,555,075	105,555,075	104,603,949	951,126
CHANGE IN FUND BALANCE.....	\$ -	\$ -	\$ 970,934	\$ 970,934

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 \$5,183,306 for the fiscal year. This is the net result the issuance of debt to finance expenditures incurred in both the current and prior fiscal years that were financed with bond anticipation notes.

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 \$0.4 million for the fiscal year ended June 30, 2012.

Sewer Fund

Unrestricted net assets of the sewer fund at the end of the year amounted to \$8,276,413, a decrease of \$1,318,126 from the prior year.

Water Fund

Unrestricted net assets of the water fund at the end of the year amounted to a deficit of \$635,208, an increase of \$175,698 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 \$2,605,178.

The Town's self-insured medical benefits fund recorded an increase in net assets for the year of \$669,165.

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

Capital Assets and Debt Administration

At June 30, 2012, the Town of Newtown's capital assets for both governmental and business-type activities amounted to \$276.2 million, net of depreciation. This includes land, buildings, equipment, and infrastructure (roads and bridges). Capital assets for governmental activities increased by 2.2% while business-type capital assets decreased 0.5%. These changes included the following:

Land increased by \$521,681 due mainly to donation of land for open space, of which the largest parcel was valued at over \$200,000.

Construction in progress increased by \$4,380,684 mainly due to the continuing construction on the new high school and the completion of the middle school roof project.

Buildings and systems decreased \$1,179,448 due primarily to annual depreciation.

Land improvements increased by \$730,799 due to Fairfield Hills site improvements.

Infrastructure increased by \$1,744,033 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	
	2012	2011	2012	2011	2012	2011
Land.....	\$ 24,853,056	\$ 24,331,375	\$ 1,000	\$ 1,000	\$ 24,854,056	\$ 24,332,375
Intangible assets.....	3,687,270	3,687,270	664,758	708,109	4,352,028	4,395,379
Construction in progress.....	48,263,286	44,279,232	396,630		48,659,916	44,279,232
Buildings and systems.....	94,225,452	95,404,900			94,225,452	95,404,900
Land improvements.....	13,146,976	12,416,177			13,146,976	12,416,177
Plant and pumping stations.....			9,655,352	9,934,430	9,655,352	9,934,430
Sewer distribution system.....			16,845,381	17,063,374	16,845,381	17,063,374
Water distribution system.....			1,566,579	1,652,896	1,566,579	1,652,896
Machinery and equipment.....	3,515,547	3,824,754	23,619	30,060	3,539,166	3,854,814
Vehicles.....	5,526,181	5,758,542	155,842	79,926	5,682,023	5,838,468
Infrastructure.....	53,681,992	51,937,959			53,681,992	51,937,959
TOTAL.....	\$ 246,899,760	\$ 241,640,209	\$ 29,309,161	\$ 29,469,795	\$ 276,208,921	\$ 271,110,004

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, 2012, the Town's long-term debt increased by a net of \$3,611,772, due to the issuance of debt of \$15,375,000 and \$11,800,000 (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 governmental activities bond and note debt outstanding of \$85,094,494. Of this amount, \$85,094,494, less \$2,407,357 to be funded from state grants, comprises debt backed by the full faith and credit of the Town and \$5,230,785 is wastewater operations debt for which the Town is liable in the event of default by the property owners subject to the sewer assessment.

Long-term debt (continued)

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

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
General purpose bonds	\$ 35,612,050	\$ 37,911,500	\$ 327,700	\$ 391,000	\$ 35,939,750	\$ 38,302,500
School bonds	47,542,550	40,266,500			47,542,550	40,266,500
Sewer bonds and clean water notes	1,816,834	2,248,220	4,903,085	5,765,553	6,719,919	8,013,773
Water notes	123,060	130,734			123,060	130,734
	<u>\$ 85,094,494</u>	<u>\$ 80,556,954</u>	<u>\$ 5,230,785</u>	<u>\$ 6,156,553</u>	<u>\$ 90,325,279</u>	<u>\$ 86,713,507</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 \$663,291,993, 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 2013 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 2013 budget, the Town recognized the need to continue its pattern of cost containment. The mill rate was set at 24.54, which represents a 0.69% increase.

The 2013 general fund budget was \$106,246,838, an increase of .7% over the prior year adopted budget. Budgeted non-tax revenue decreased \$445 thousand as a result of a reduction in grants (-450K), a reduction in interest on investments (-100K), offset by an increase in building permits (+100K).

The Town did not budget the use of any fund balance to balance the 2013 budget. The Town did budget to increase the fund balance by \$100,000.

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, 2012

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
<u>ASSETS</u>			
Current assets:			
Cash.....	\$ 5,145,155	\$	\$ 5,145,155
Investments.....	15,731,239	1,441,584	17,172,823
Receivables:			
Property taxes.....	953,308		953,308
Assessment.....		810,186	810,186
Use charges.....		184,208	184,208
Intergovernmental.....	2,036,725		2,036,725
Loans receivable.....	27,546		27,546
Other.....	391,571		391,571
Internal balances.....	(659,170)	659,170	-
Other.....	35,421		35,421
Total current assets.....	23,661,795	3,095,148	26,756,943
Noncurrent assets:			
Restricted assets:			
Temporarily restricted:			
Cash.....	1,797		1,797
Investments.....	667,830		667,830
Permanently restricted:			
Cash.....	10,000		10,000
Investments.....	600,000		600,000
Total restricted assets.....	1,279,627	-	1,279,627
Receivables (net):			
Property taxes.....	1,600,595		1,600,595
Assessments.....		4,643,355	4,643,355
Intergovernmental.....	2,050,674		2,050,674
Loans receivable.....	214,645		214,645
Total receivables (net).....	3,865,914	4,643,355	8,509,269
Other noncurrent assets:			
Net pension asset.....	301,560		301,560
Capital assets (net of accumulated depreciation):			
Land.....	24,853,056	1,000	24,854,056
Intangible assets.....	3,687,270	664,758	4,352,028
Construction in progress.....	48,263,286	396,630	48,659,916
Buildings and systems.....	94,225,452		94,225,452
Land improvements.....	13,146,976		13,146,976
Plant and pumping stations.....		9,655,352	9,655,352
Sewer distribution system.....		16,845,381	16,845,381
Water distribution system.....		1,566,579	1,566,579
Machinery and equipment.....	3,515,547	23,619	3,539,166
Vehicles.....	5,526,181	155,842	5,682,023
Infrastructure.....	53,681,992		53,681,992
Total net capital assets.....	246,899,760	29,309,161	276,208,921
Total noncurrent assets.....	252,346,861	33,952,516	286,299,377
TOTAL ASSETS.....	276,008,656	37,047,664	313,056,320

(Continued)

TOWN OF NEWTOWN, CONNECTICUT

STATEMENT OF NET ASSETS
JUNE 30, 2012

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
<u>LIABILITIES</u>			
LIABILITIES:			
Current liabilities:			
Accounts payable.....	\$ 3,474,638	\$ 78,868	\$ 3,553,506
Accrued payroll.....	2,902,494		2,902,494
Accrued interest payable.....	1,181,417		1,181,417
Unearned revenue.....	354,896		354,896
Bonds, notes and related liabilities.....	7,387,177	939,272	8,326,449
Landfill post closure costs.....	17,000		17,000
Capital lease.....	57,904		57,904
Compensated absences.....	186,317		186,317
Termination benefits.....	16,000		16,000
Other liabilities.....	241,745	18,430	260,175
Total Current liabilities.....	15,819,588	1,036,570	16,856,158
Noncurrent liabilities:			
Bonds, notes and related liabilities.....	79,323,614	4,285,453	83,609,067
Landfill post closure costs.....	204,000		204,000
Capital lease.....	124,998		124,998
Compensated absences.....	745,268		745,268
Termination benefits.....	16,000		16,000
Net OPEB obligation.....	482,457		482,457
Total Noncurrent liabilities.....	80,896,337	4,285,453	85,181,790
TOTAL LIABILITIES.....	96,715,925	5,322,023	102,037,948
<u>NET ASSETS</u>			
Invested in capital assets, net of related debt.....	160,006,067	24,084,436	184,090,503
Restricted for:			
Endowments:			
Nonexpendable.....	610,000		610,000
Expendable.....	735,857		735,857
General government.....	187,763		187,763
Public safety.....	8,952		8,952
Health and welfare.....	54,987		54,987
Education.....	208,185		208,185
Unrestricted.....	17,480,920	7,641,205	25,122,125
TOTAL NET ASSETS.....	\$ 179,292,731	\$ 31,725,641	\$ 211,018,372

(Concluded)

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

TOWN OF NEWTOWN, CONNECTICUT

STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2012

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.....	\$ 5,572,507	\$ 681,250	\$ 54,124	\$ 526,200	\$ (4,310,933)	\$	\$ (4,310,933)
Public safety.....	9,859,389	1,014,724	53,952		(8,790,713)		(8,790,713)
Health and welfare.....	3,108,569	26,004	18,761		(3,063,804)		(3,063,804)
Land use.....	557,698	55,489			(502,209)		(502,209)
Public works.....	11,621,141	1,072,364		2,012,681	(8,536,096)		(8,536,096)
Parks and recreation.....	3,400,294	1,418,411	16,679	235,319	(1,729,885)		(1,729,885)
Education.....	82,229,207	2,180,993	16,476,442	723,355	(62,848,417)		(62,848,417)
Interest expense.....	3,294,660				(3,294,660)		(3,294,660)
TOTAL GOVERNMENTAL ACTIVITIES.....	119,643,465	6,449,235	16,619,958	3,497,555	(93,076,717)	-	(93,076,717)
BUSINESS-TYPE ACTIVITIES:							
Sewer Department.....	1,655,992	1,158,657				(497,335)	(497,335)
Water Department.....	287,707	351,139				63,432	63,432
TOTAL BUSINESS-TYPE ACTIVITIES.....	1,943,699	1,509,796	-	-	-	(433,903)	(433,903)
TOTAL.....	\$ 121,587,164	\$ 7,959,031	\$ 16,619,958	\$ 3,497,555	\$ (93,076,717)	\$ (433,903)	\$ (93,510,620)
GENERAL REVENUES:							
Property taxes.....					\$ 95,287,752	\$	\$ 95,287,752
Grants and contributions not restricted to specific programs.....					2,576,596		2,576,596
Investment income.....					224,944	52,319	277,263
Miscellaneous.....					125,100		125,100
Gain on sale of assets.....					90,000		90,000
TOTAL GENERAL REVENUES.....					98,304,392	52,319	98,356,711
CHANGE IN NET ASSETS.....					5,227,675	(381,584)	4,846,091
NET ASSETS - JULY 1, 2011.....					174,065,056	32,107,225	206,172,281
NET ASSETS - JUNE 30, 2012.....					\$ 179,292,731	\$ 31,725,641	\$ 211,018,372

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

TOWN OF NEWTOWN, CONNECTICUT

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2012

	GENERAL	BONDED PROJECTS	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<u>ASSETS</u>				
Cash.....	\$ 526,598	\$	\$ 1,033,629	\$ 1,560,227
Investments.....	15,400,434		1,598,635	16,999,069
Receivables:				
Property taxes.....	2,056,776			2,056,776
Intergovernmental.....	266,298		1,139,739	1,406,037
Loans receivable.....			247,332	247,332
Other.....	141,510		250,061	391,571
Due from other funds.....	1,092,668	613,947	2,602,710	4,309,325
Other.....			35,421	35,421
TOTAL ASSETS.....	<u>\$19,484,284</u>	<u>\$ 613,947</u>	<u>\$ 6,907,527</u>	<u>\$ 27,005,758</u>
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Accounts payable.....	\$ 1,284,205	\$ 667,552	\$ 281,261	\$ 2,233,018
Accrued liabilities.....	2,819,141		83,353	2,902,494
Due to other funds.....	4,125,900		1,092,668	5,218,568
Deferred revenue.....	1,822,652		247,332	2,069,984
Unearned revenue.....			354,896	354,896
Other liabilities.....	241,745			241,745
Total Liabilities.....	<u>10,293,643</u>	<u>667,552</u>	<u>2,059,510</u>	<u>13,020,705</u>
Fund balances:				
Nonspendable.....			610,000	610,000
Restricted.....			1,195,744	1,195,744
Committed.....			2,889,512	2,889,512
Assigned.....	810,891		152,761	963,652
Unassigned.....	8,379,750	(53,605)		8,326,145
Total Fund Balances.....	<u>9,190,641</u>	<u>(53,605)</u>	<u>4,848,017</u>	<u>13,985,053</u>
TOTAL LIABILITIES AND FUND BALANCES.....	<u>\$19,484,284</u>	<u>\$ 613,947</u>	<u>\$ 6,907,527</u>	<u>\$ 27,005,758</u>

(Continued)

TOWN OF NEWTOWN, CONNECTICUT

RECONCILIATION OF FUND BALANCE
TO NET ASSETS OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2012

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)..... \$ 13,985,053

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

Beginning net capital assets	241,640,209
Capital assets additions (outlay).....	9,325,183
Capital assets additions (donations).....	2,012,681
Depreciation expense.....	(4,312,567)
Disposal of capital assets.....	(1,765,746)

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.....	1,070,127
Property tax and community development block grant receivable - accrual basis change.....	2,069,984
Allowance for doubtful accounts.....	(578,141)
School building grant receivable.....	2,681,362
Net pension asset.....	301,560

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.....	2,605,178
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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.....	(85,094,494)
Premium.....	(4,148,873)
Deferred charges on refunding.....	2,532,576
Landfill post closure costs.....	(221,000)
Capital lease.....	(182,902)
Compensated absences.....	(931,585)
Termination benefits.....	(32,000)
Net OPEB obligation.....	(482,457)
Accrued interest payable.....	(1,181,417)

NET ASSETS OF GOVERNMENTAL ACTIVITIES.....	<u>\$ 179,292,731</u>
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(Concluded)

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

TOWN OF NEWTOWN, CONNECTICUT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2012

	GENERAL	BONDED PROJECTS	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES:				
Property taxes.....	\$ 94,848,822	\$	\$	\$ 94,848,822
Intergovernmental.....	14,748,930	723,355	5,524,277	20,996,562
Charges for services.....	1,827,227		4,649,554	6,476,781
Investment income.....	157,249		153,995	311,244
Net change in fair value of investments.....			(92,166)	(92,166)
Contributions.....		235,319	269,183	504,502
Other.....	62,937	62,163		125,100
TOTAL REVENUES.....	111,645,165	1,020,837	10,504,843	123,170,845
EXPENDITURES:				
Current:				
General government.....	4,254,735		819,804	5,074,539
Public safety.....	8,500,460		813,301	9,313,761
Health and welfare.....	2,432,401		661,736	3,094,137
Land use.....	570,199			570,199
Public works.....	9,063,916		1,369,506	10,433,422
Parks and recreation.....	2,153,353		796,531	2,949,884
Education.....	74,459,845		5,761,122	80,220,967
Debt service.....	9,344,261	160,323	104,432	9,609,016
Capital outlay.....		7,610,329	231,788	7,842,117
TOTAL EXPENDITURES.....	110,779,170	7,770,652	10,558,220	129,108,042
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	865,995	(6,749,815)	(53,377)	(5,937,197)
OTHER FINANCING SOURCES (USES):				
Issuance of debt.....		11,800,000		11,800,000
Issuance of refunding bonds.....		15,047,300		15,047,300
Premium.....	370,539	1,285,048		1,655,587
Payment to refunded bonds escrow agent.....		(16,172,025)		(16,172,025)
Sale of assets.....			90,000	90,000
Transfers in.....	272,536		515,148	787,684
Transfers out.....	(487,946)	(27,202)	(272,536)	(787,684)
NET OTHER FINANCING SOURCES (USES).....	155,129	11,933,121	332,612	12,420,862
NET CHANGE IN FUND BALANCES	1,021,124	5,183,306	279,235	6,483,665
FUND BALANCES - JULY 1, 2011.....	8,169,517	(5,236,911)	4,568,782	7,501,388
FUND BALANCES - JUNE 30, 2012.....	\$ 9,190,641	\$ (53,605)	\$ 4,848,017	\$ 13,985,053

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
YEAR ENDED JUNE 30, 2012

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).....	\$ 6,483,665
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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.....	9,325,183
Depreciation expense.....	(4,312,567)
Total	5,012,616

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:

Contributed capital assets.....	2,012,681
Disposal of capital assets.....	(1,765,746)
Total	246,935

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.....	(819,636)
Change in property tax and community development block grant - accrual basis change.....	333,200
Change in property tax and community development block grant interest and lien revenue.....	246,184
Change in property tax and community development block grant allowance for doubtful accounts.....	(168,000)
Total	(408,252)

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.....	(11,800,000)
Issuance of refunding bonds.....	(15,047,300)
Premium.....	(1,384,725)
Deferred charges.....	511,257
Principal repayments:	
General obligation debt.....	6,465,000
Notes payable.....	280,760
Refunded bonds.....	15,564,000
Total	(5,411,008)

(Continued)

TOWN OF NEWTOWN, CONNECTICUT

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2012**

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.....	\$ (660,540)
Bond issue costs.....	(780,332)
Net pension asset.....	(11,906)
Landfill post closure.....	17,000
Capital lease.....	55,042
Compensated absences.....	(57,980)
Termination benefits.....	16,000
Net OPEB obligation.....	<u>57,270</u>
Total	<u>(1,365,446)</u>
Internal Service Funds are used by management to charge costs of medical insurance deductibles to individual departments.....	<u>663,299</u>
The net revenue of the activities of the Internal Service Fund is reported with governmental activities.....	<u>5,866</u>
CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES (EXHIBIT B)	<u>\$ 5,227,675</u>

(Concluded)

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

TOWN OF NEWTOWN, CONNECTICUT

GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2012

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:				
Property taxes.....	\$ 95,112,424	\$ 95,112,424	\$ 94,848,822	\$ (263,602)
Intergovernmental.....	7,976,701	7,976,701	7,995,679	18,978
Charges for services.....	1,919,600	1,919,600	1,827,227	(92,373)
Investment income.....	300,000	300,000	157,249	(142,751)
Other.....	121,350	121,350	62,937	(58,413)
TOTAL REVENUES.....	105,430,075	105,430,075	104,891,914	(538,161)
EXPENDITURES:				
Current:				
General government.....	8,153,285	4,463,457	4,324,271	139,186
Public safety.....	6,537,892	8,654,643	8,536,873	117,770
Health and welfare.....	2,047,526	2,440,730	2,432,401	8,329
Land use.....	467,461	587,432	570,199	17,233
Public works.....	8,049,795	9,246,109	9,094,398	151,711
Parks and recreation.....	1,815,296	2,196,550	2,128,171	68,379
Education.....	67,971,427	67,971,427	67,685,429	285,998
Contingency.....	400,000	34,229		34,229
Debt service.....	9,722,393	9,472,393	9,344,261	128,132
TOTAL EXPENDITURES.....	105,165,075	105,066,970	104,116,003	950,967
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	265,000	363,105	775,911	412,806
OTHER FINANCING SOURCES (USES):				
Premium.....			370,539	370,539
Transfers in.....	125,000	125,000	272,536	147,536
Cancellation of prior year encumbrances.....			39,894	39,894
Transfers out.....	(390,000)	(488,105)	(487,946)	159
NET OTHER FINANCING SOURCES (USES).....	(265,000)	(363,105)	195,023	558,128
NET CHANGE IN FUND BALANCE.....	\$ -	\$ -	970,934	\$ 970,934
FUND BALANCE - JULY 1, 2011.....			7,408,816	
FUND BALANCE - JUNE 30, 2012.....			\$ 8,379,750	

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

TOWN OF NEWTOWN, CONNECTICUT

STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2012

	BUSINESS-TYPE ACTIVITIES			GOVERNMENTAL
	MAJOR FUNDS			ACTIVITIES
	SEWER DEPARTMENT	WATER DEPARTMENT	TOTAL	INTERNAL SERVICE FUNDS
ASSETS				
Current assets:				
Cash.....	\$	\$	\$ -	\$ 3,596,725
Investments.....	1,441,584		1,441,584	
Receivables:				
Assessments.....	810,186		810,186	
Use charges.....	106,044	78,164	184,208	
Due from other funds.....	332,268	326,902	659,170	85,823
Advance to other funds.....	1,030,001		1,030,001	
Total current assets.....	3,720,083	405,066	4,125,149	3,682,548
Noncurrent assets:				
Assessment receivables.....	4,643,355		4,643,355	
Capital assets (net of accumulated depreciation/amortization):				
Land.....	1,000		1,000	
Construction in progress.....	396,630		396,630	
Intangible assets.....	501,967	162,791	664,758	
Plant and pumping stations.....	9,032,833	622,519	9,655,352	
Sewer distribution system.....	16,845,381		16,845,381	
Water distribution system.....		1,566,579	1,566,579	
Equipment.....	23,619		23,619	
Vehicles.....	155,842		155,842	
Total capital assets (net of accumulated depreciation/amortization).....	26,957,272	2,351,889	29,309,161	-
Total noncurrent assets.....	31,600,627	2,351,889	33,952,516	-
TOTAL ASSETS.....	35,320,710	2,756,955	38,077,665	3,682,548
LIABILITIES				
Current liabilities:				
Accounts payable.....	68,595	10,273	78,868	
Claims payable.....			-	1,077,370
Other.....	18,430		18,430	
Advance from other funds.....		1,030,001	1,030,001	
Bonds and notes payable.....	939,272		939,272	
Total current liabilities.....	1,026,297	1,040,274	2,066,571	1,077,370
Noncurrent liability:				
Bonds and notes payable - net of premium and deferred amount on refunding.....	4,285,453		4,285,453	
TOTAL LIABILITIES.....	5,311,750	1,040,274	6,352,024	1,077,370
NET ASSETS				
Invested in capital assets, net of related debt.....	21,732,547	2,351,889	24,084,436	
Unrestricted.....	8,276,413	(635,208)	7,641,205	2,605,178
TOTAL NET ASSETS.....	\$ 30,008,960	\$ 1,716,681	\$ 31,725,641	\$ 2,605,178

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
 YEAR ENDED JUNE 30, 2012

	BUSINESS-TYPE ACTIVITIES			GOVERNMENTAL
	MAJOR FUNDS			ACTIVITIES
	SEWER DEPARTMENT	WATER DEPARTMENT	TOTAL	INTERNAL SERVICE FUNDS
OPERATING REVENUES:				
Charges for services.....	\$ 1,158,657	\$ 351,139	\$ 1,509,796	\$ 12,597,029
OPERATING EXPENSES:				
Professional services.....	503,398	5,699	509,097	
Contracted services.....	139,600	83,010	222,610	
Repairs and maintenance.....	253,440		253,440	
Utilities.....	116,253	44,640	160,893	
Claims incurred.....				11,065,624
Administration.....				868,106
Depreciation and amortization.....	530,465	111,965	642,430	
Other.....		210	210	
TOTAL OPERATING EXPENSES.....	1,543,156	245,524	1,788,680	11,933,730
OPERATING INCOME (LOSS).....	(384,499)	105,615	(278,884)	663,299
NONOPERATING REVENUES (EXPENSES):				
Investment income.....	52,018	301	52,319	5,866
Interest expense.....	(112,836)	(42,183)	(155,019)	
NET NONOPERATING REVENUES (EXPENSES).....	(60,818)	(41,882)	(102,700)	5,866
NET CHANGE IN NET ASSETS	(445,317)	63,733	(381,584)	669,165
TOTAL NET ASSETS - JULY 1, 2011.....	30,454,277	1,652,948	32,107,225	1,936,013
TOTAL NET ASSETS - JUNE 30, 2012.....	\$ 30,008,960	\$ 1,716,681	\$ 31,725,641	\$ 2,605,178

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

TOWN OF NEWTOWN, CONNECTICUT

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2012

	BUSINESS-TYPE ACTIVITIES			GOVERNMENTAL
	MAJOR FUNDS			ACTIVITIES
	SEWER DEPARTMENT	WATER DEPARTMENT	TOTAL	INTERNAL SERVICE FUNDS
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from charges for services.....	\$ 2,158,588	\$ 242,614	\$ 2,401,202	\$ 13,066,841
Cash payments to suppliers for goods and services.....	(1,018,757)	(155,653)	(1,174,410)	(895,674)
Claims paid.....				(10,840,928)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES.....	1,139,831	86,961	1,226,792	1,330,239
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Purchase of capital assets.....	(481,796)		(481,796)	
Payments on advance to other funds.....		(45,078)	(45,078)	
Receipts on advance from other funds.....	45,078		45,078	
Principal payments.....	(907,561)		(907,561)	
Interest payments.....	(127,103)	(42,184)	(169,287)	
NET CASH PROVIDED BY (USED IN) CAPITAL AND RELATED FINANCING ACTIVITIES.....	(1,471,382)	(87,262)	(1,558,644)	-
CASH FLOWS FROM INVESTING ACTIVITIES:				
Investment income.....	52,018	301	52,319	5,866
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS.....	(279,533)	-	(279,533)	1,336,105
CASH AND CASH EQUIVALENTS - JULY 1, 2011.....	1,721,117		1,721,117	2,260,620
CASH AND CASH EQUIVALENTS - JUNE 30, 2012.....	\$ 1,441,584	\$ -	\$ 1,441,584	\$ 3,596,725
RECONCILIATION TO EXHIBIT G - CASH:				
CASH AND CASH EQUIVALENTS PER ABOVE.....	\$ 1,441,584	\$ -	\$ 1,441,584	\$ 3,596,725
CASH AND CASH EQUIVALENTS REPORTED AS INVESTMENTS.....	(1,441,584)		(1,441,584)	
CASH - EXHIBIT G.....	\$ -	\$ -	\$ -	\$ 3,596,725
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:				
Operating income (loss).....	\$ (384,499)	\$ 105,615	\$ (278,884)	\$ 663,299
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation and amortization.....	530,465	111,965	642,430	
(Increase) decrease in:				
Receivables.....	882,317	(1,506)	880,811	469,812
Due from other funds.....	121,408	(107,020)	14,388	
Increase (decrease) in:				
Accounts and other payables.....	(5,233)	(22,093)	(27,326)	197,128
Unearned revenue.....	(4,627)		(4,627)	
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES.....	\$ 1,139,831	\$ 86,961	\$ 1,226,792	\$ 1,330,239

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, 2012

	PENSION TRUST FUND	OPEB TRUST FUND	TOTAL	AGENCY FUNDS
<u>ASSETS</u>				
Cash.....	\$	\$	\$ -	\$ 315,828
Investments at Fair Value:				
Certificates of Deposit.....			-	441,901
Mutual Funds:				
Equity.....	15,627,294	193,005	15,820,299	
U.S. Government Bonds.....	1,225,968	19,752	1,245,720	
Money market mutual funds.....	215,452	112	215,564	
U.S. Government Securities.....	727,798		727,798	
U.S. Government Agency Securities.....	1,129,822		1,129,822	
Corporate Bonds.....	9,205,705	233,379	9,439,084	
Total Investments.....	28,132,039	446,248	28,578,287	441,901
Due from other funds.....		164,250	164,250	-
TOTAL ASSETS.....	28,132,039	610,498	28,742,537	757,729
<u>LIABILITIES</u>				
LIABILITIES:				
Accounts payable.....			-	757,729
<u>NET ASSETS</u>				
NET ASSETS HELD IN TRUST FOR PENSION AND OPEB BENEFITS.....	\$ 28,132,039	\$ 610,498	\$ 28,742,537	\$ -

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
YEAR ENDED JUNE 30, 2012

	PENSION TRUST FUND	OPEB TRUST FUND	TOTAL
ADDITIONS:			
Contributions:			
Employer.....	\$ 1,217,552	\$ 811,764	\$ 2,029,316
Plan members.....	442,985	406,457	849,442
Total contributions.....	1,660,537	1,218,221	2,878,758
Investment income (loss):			
Net change in fair value of investments.....	(1,524,048)	(21,183)	(1,545,231)
Interest and dividends.....	852,656	14,970	867,626
Total investment income (loss).....	(671,392)	(6,213)	(677,605)
Less investment expenses.....	148,315	2,201	150,516
Net investment income (loss).....	(819,707)	(8,414)	(828,121)
TOTAL ADDITIONS.....	840,830	1,209,807	2,050,637
DEDUCTIONS:			
Benefits.....	1,369,718	869,721	2,239,439
CHANGE IN NET ASSETS.....	(528,888)	340,086	(188,802)
NET ASSETS - JULY 1, 2011.....	28,660,927	270,412	28,931,339
NET ASSETS - JUNE 30, 2012.....	\$ 28,132,039	\$ 610,498	\$ 28,742,537

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

TOWN OF NEWTOWN, CONNECTICUT**NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2012****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 activities) report information on all of the nonfiduciary activities of the primary government. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

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

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

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

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

TOWN OF NEWTOWN, CONNECTICUT
NOTES TO 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 Town considers intergovernmental revenues to be available if they are collected within one year of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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 and water operations and various other functions of the Town. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise 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.

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)

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

Allowable investments under the pension funds' investment policy consist of investment grade corporate bonds as rated by Standard and Poor's, government bonds issued and guaranteed by the U.S. Treasury and U.S. Agencies, Federally insured certificates of deposit and equities consisting of stocks and mutual funds. Funds may also be invested in the high yield sector (bonds below investment grade) provided the investment is made in mutual funds and does not comprise more than 10% of the equity portion of the portfolio. Professional money managers are employed to manage the assets allocated to them. The 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."

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

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 28 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.

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	50-75
Bridges	100
Land improvements	20-100
Buildings	20-100
Vehicles	3-30
Equipment	5-30
Intangible assets	30-43

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

5. 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 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.

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 through resolutions approved by Board of Finance/Legislative Council.

Assigned

This category presents amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Intent is expressed by an action of the Board of Finance or the 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.

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

8. Use of Estimates

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

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, 2012	\$ 104,891,914	\$ 104,116,003	\$ 8,379,750
Teachers' Retirement System on-behalf payments	6,753,251	6,753,251	
Continued appropriations and encumbrances outstanding at June 30, 2011 and June 30, 2012			68,994
Encumbrances outstanding at June 30, 2011, liquidated during the year June 30, 2012		651,813	
Encumbrances outstanding at June 30, 2012, charged to budgetary expenditures		(741,897)	741,897
BALANCE, GAAP BASIS, EXHIBIT D - JUNE 30, 2012	<u>\$ 111,645,165</u>	<u>\$ 110,779,170</u>	<u>\$ 9,190,641</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 restricted fund balance. Net appreciation available for appropriation is as follows:

Edmond Town Hall Endowment	\$ 120,234
Hawley School Trust	<u>48,968</u>
Total	<u>\$ 169,202</u>

Investment income available for appropriation is as follows:

Newtown Flagpole	<u>\$ 1,167</u>
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D. Capital Projects Authorizations

The following is a summary of certain Capital Projects at June 30, 2012:

<u>CAPITAL PROJECTS FUND</u>	<u>AUTHORIZATION</u>	<u>CUMULATIVE EXPENDITURES</u>	<u>BALANCE JUNE 30, 2012</u>
High School	\$ 41,576,000	\$ 39,850,159	\$ 1,725,841
Community Center - Design and Demolition	1,425,000	1,425,000	-
New Animal Control Facility	750,000	750,000	-
Police Radio Enhancements	494,000	494,000	-
Treadwell Pool Building Renovation	405,000	95,564	309,436
Parks and Recreation Maintenance Facility Renovation	1,175,000	1,107,466	67,534
Dickinson Park Renovations	620,000	558,144	61,856
Parks and Recreation Maintenance Facility Renovation II	350,000		350,000
Bridge Replacement - Old Mill Dam	270,000	270,000	-
Sandy Hook Streetscape	1,000,000	21,171	978,829
Sandy Hook Water Main Extension	450,000	450,000	-
Middle School Roof Replacement	4,257,690	3,740,273	517,417
Boggs Hill Rd. Culvert	238,000	215,000	23,000
Hawley Boiler/HVAC	350,000	188,026	161,974
Deep Brook Stream Restoration Project	336,000		336,000
Middle Gate School Roof	150,000		150,000
Animal Control Building/Dog Park	785,848	235,320	550,528
TOTALS	<u>\$ 54,632,538</u>	<u>\$ 49,400,123</u>	<u>\$ 5,232,415</u>

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

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, 2012, \$13,750,517 of the Town's bank balance of \$23,981,642 (including certificates of deposit and money market accounts classified as investments) was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 12,247,272
Uninsured and collateral held by the pledging bank's trust department, not in the Town's name	<u>1,503,245</u>
Total amount subject to custodial credit risk	<u>\$ 13,750,517</u>

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

The Town also has a letter of credit securing \$15 million of investments held in a single bank. This letter of credit exceeds approximately \$13 million of the uninsured and uncollateralized investments at that bank. The line of credit expires August 2, 2012 and has not been renewed.

At June 30, 2012, 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.....	\$ 16,692,846	\$16,692,846	\$	\$	\$	\$
International Equity	239,749	239,749				
U.S. Government Bonds	1,245,720			1,245,720		
Money Market Mutual Funds	371,098		371,098			
Certificates of Deposit.....	14,700,538		14,700,538			
Pooled Fixed Income	2,914,186		2,914,186			
U.S. Government Securities	727,798					727,798
U.S. Government Agency Securities	1,129,822			734,813	132,220	262,789
Corporate Bonds.....	9,439,084		518,393	6,544,719	2,083,056	292,916
TOTAL	<u>\$ 47,460,841</u>	<u>\$16,932,595</u>	<u>\$ 18,504,215</u>	<u>\$ 8,525,252</u>	<u>\$ 2,215,276</u>	<u>\$1,283,503</u>

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 follows:

AVERAGE RATING	POOLED FIXED INCOME	CORPORATE BONDS	U.S. GOVERN- MENT SECURITIES	U.S. GOVERN- MENT AGENCY SECURITIES	MONEY MARKET MUTUAL FUNDS	U.S. GOVERN- MENT BONDS MUTUAL FUNDS
AAA	\$ 2,914,186	\$	\$	\$	\$	\$
AA		1,120,693		545,804		
A		2,735,379				
BBB		4,759,248				
B		84,921				
D		319,413				
CCC		204,005				
Unrated ...		215,425	727,798	584,018	371,098	1,245,720
TOTAL	<u>\$ 2,914,186</u>	<u>\$ 9,439,084</u>	<u>\$ 727,798</u>	<u>\$ 1,129,822</u>	<u>\$ 371,098</u>	<u>\$ 1,245,720</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	\$ 727,798	\$ 500,000	\$ 227,798
U.S. Government Agency Securities	1,129,822		1,129,822
Corporate Bonds	9,439,084		9,439,084
TOTAL	<u>\$ 11,296,704</u>	<u>\$ 500,000</u>	<u>\$ 10,796,704</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 are presented below.

	PROPERTY TAXES			CDBG LOANS
	TAXES	INTEREST AND LIEN FEES	TOTAL	
Current portion	\$ 863,846	\$ 89,462	\$ 953,308	\$ 27,546
Long-term portion	\$ 1,192,930	\$ 980,665	\$ 2,173,595	\$ 219,786
Less allowance for uncollectible	(274,000)	(299,000)	(573,000)	(5,141)
Net long-term portion	\$ 918,930	\$ 681,665	\$ 1,600,595	\$ 214,645

	SEWER AND WATER USE CHARGES			
	SEWER USE CHARGES	INTEREST AND LIEN FEES	WATER USE CHARGES	TOTAL
Receivable amount	\$ 87,050	\$ 21,652	\$ 78,164	\$ 186,866
Less allowance for uncollectibles	(2,279)	(379)		(2,658)
Net receivable	\$ 84,771	\$ 21,273	\$ 78,164	\$ 184,208

There is no allowance applied to the sewer assessment receivable since the amounts due are liened and the lien stays with the property.

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
Delinquent property taxes receivable	\$ 1,822,652	\$
Loan receivable not yet earned		
(Special Revenue)	247,332	
Unearned charges for services		
(Special Revenue)		186,604
Grant drawdowns prior to meeting all eligibility requirements (Special Revenue)		168,292
	\$ 2,069,984	\$ 354,896

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, 2012 was as follows:

	BALANCE JUNE 30 2011	INCREASES	DECREASES	BALANCE JUNE 30, 2012
<u>Governmental Activities:</u>				
<u>Capital Assets, not being Depreciated:</u>				
Land	\$ 24,331,375	\$ 521,681	\$	\$ 24,853,056
Intangible assets.....	3,687,270			3,687,270
Construction in progress	44,279,232	7,684,793	3,700,739	48,263,286
Total Capital Assets, not being Depreciated	72,297,877	8,206,474	3,700,739	76,803,612
<u>Capital Assets, being Depreciated:</u>				
Buildings and systems.....	115,543,054	534,953	100,000	115,978,007
Land improvements	15,310,855	1,363,031		16,673,886
Machinery and equipment	9,337,694	300,216		9,637,910
Vehicles	9,952,160	640,346	719,817	9,872,689
Infrastructure.....	62,675,973	3,993,583	1,643,052	65,026,504
Total Capital Assets, being Depreciated	212,819,736	6,832,129	2,462,869	217,188,996
Total Capital Assets	285,117,613	15,038,603	6,163,608	293,992,608
<u>Less Accumulated Depreciation for:</u>				
Buildings and systems.....	20,138,154	1,620,701	6,300	21,752,555
Land improvements	2,894,678	632,232		3,526,910
Machinery and equipment	5,512,940	609,423		6,122,363
Vehicles	4,193,618	561,443	408,553	4,346,508
Infrastructure.....	10,738,014	888,768	282,270	11,344,512
Total Accumulated Depreciation.....	43,477,404	4,312,567	697,123	47,092,848
Total Capital Assets, being Depreciated, net	169,342,332	2,519,562	1,765,746	170,096,148
Governmental Activities Capital Assets, net.....	\$ 241,640,209	\$10,726,036	\$5,466,485	\$ 246,899,760
<u>Business-Type Activities:</u>				
<u>Capital Assets, not being Depreciated:</u>				
Land	\$ 1,000	\$	\$	\$ 1,000
Construction in progress		396,630		396,630
Total Capital Assets, not being Depreciated	1,000	396,630		397,630
<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	87,840	85,166		173,006
Total Capital Assets, being Depreciated	37,661,671	85,166		37,746,837
Total Capital Assets	37,662,671	481,796		38,144,467

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

III. **DETAILED NOTES (CONTINUED)**

C. **Capital Assets (Continued)**

	BALANCE JUNE 30, 2011	INCREASES	DECREASES	BALANCE JUNE 30, 2012
<u>Less Accumulated Depreciation for:</u>				
Intangible assets.....	\$ 652,891	\$ 43,351	\$	\$ 696,242
Plant and pumping stations.....	3,709,652	279,078		3,988,730
Sewer distribution system.....	3,165,458	217,993		3,383,451
Water distribution system.....	622,606	86,317		708,923
Equipment.....	34,355	6,441		40,796
Vehicles	7,914	9,250		17,164
Total Accumulated Depreciation.....	8,192,876	642,430	-	8,835,306
Total Capital Assets, being Depreciated, net	29,468,795	(557,264)		28,911,531
Business-Type Activities Capital Assets, net.....	\$ 29,469,795	\$ (160,634)	\$ -	\$ 29,309,161

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

Governmental Activities:

General government	\$ 503,374
Public safety	596,143
Land use.....	2,297
Public works.....	1,086,579
Health and welfare	20,018
Recreation	502,899
Education	1,601,257

Total Depreciation Expense - Governmental Activities..... \$ 4,312,567

Business-type Activities:

Sewer	\$ 530,465
Water.....	111,965
Total.....	<u>\$ 642,430</u>

Commitment

At June 30, 2012, the Town had the following commitment:

Hawley Boiler Replacement	<u>\$ 9,000</u>
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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, 2012 is as follows:

	CORRESPONDING FUND	DUE FROM	DUE TO
<u>MAJOR FUNDS:</u>			
GENERAL FUND:			
Bonded projects	N/A	\$	\$ 613,947
Capital and nonrecurring.....	N/A		1,513,929
Sewer department.....	N/A		332,268
Water department	N/A		326,902
Town gifts fund	N/A		148,834
Law enforcement fund	N/A		76,516
Septage management ordinance	N/A		26,875
Town recreation fund	N/A		171,108
Police private duty	N/A	124,899	
Miscellaneous grants	N/A	967,769	
Eichler's cove marina	N/A		231,159
Hawley school trust	N/A		61,996
Dog license.....	N/A		23,420
Fairfield hills authority	N/A		146,847
Historic documents	N/A		39,181
Debt service	N/A		152,761
Newtown flagpole fund.....	N/A		4,234
Cultural arts	N/A		5,850
OPEB trust	N/A		164,250
Internal service fund.....	N/A		85,823
TOTAL GENERAL FUND		1,092,668	4,125,900
BONDED PROJECTS:			
Bonded projects	General Fund	613,947	
ENTERPRISE FUNDS:			
Sewer department.....	General Fund	332,268	
Water department	General Fund	326,902	
TOTAL ENTERPRISE FUNDS		659,170	-
<u>NONMAJOR FUNDS:</u>			
SPECIAL REVENUE FUNDS:			
Town gifts fund	General Fund	148,834	
Law enforcement fund	General Fund	76,516	
Septage management ordinance	General Fund	26,875	
Town recreation fund	General Fund	171,108	
Police private duty	General Fund		124,899
Miscellaneous grants	General Fund		967,769
Eichler's cove marina	General Fund	231,159	

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

III. **DETAILED NOTES (CONTINUED)**

D. **Interfund Accounts (Continued)**

	CORRESPONDING FUND	DUE FROM	DUE TO
NONMAJOR FUNDS: (CONTINUED)			
SPECIAL REVENUE FUNDS: (CONTINUED)			
Dog license.....	General Fund	\$ 23,420	\$
Fairfield hills authority	General Fund	146,847	
Historic documents	General Fund	39,181	
Cultural arts	General Fund	5,850	
TOTAL SPECIAL REVENUE FUNDS		869,790	1,092,668
DEBT SERVICE FUND.....	General Fund	152,761	
CAPITAL AND NONRECURRING	General Fund	1,513,929	
PERMANENT FUNDS	General Fund	66,230	
INTERNAL SERVICE.....	General Fund	85,823	
TOTAL NONMAJOR FUNDS		2,688,533	1,092,668
FIDUCIARY FUNDS:			
OPEB trust	General Fund	164,250	
GRAND TOTAL		\$ 5,218,568	\$ 5,218,568

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

2. **Interfund Transfers**

A summary of interfund transfers for the year ended June 30, 2012 is as follows:

	CORRESPONDING FUND	TRANSFERS IN	TRANSFERS OUT
MAJOR FUNDS:			
GENERAL FUND:			
Edmond Town hall	N/A	\$ 250,000	\$ 221,946
Police Private Duty.....	N/A		225,000
Capital and Nonrecurring.....	N/A	22,536	
Miscellaneous Grants	N/A		41,000
Town Recreation Fund	N/A		
TOTAL GENERAL FUND		272,536	487,946
BONDED PROJECTS:			
Bonded Projects.....	Debt Service		27,202
NONMAJOR FUNDS:			
Debt Service.....	Bonded Projects	27,202	
Capital and Nonrecurring.....	General Fund	225,000	
Edmund Town Hall.....	General Fund	221,946	
Police Private Duty.....	General Fund		250,000
Miscellaneous Grants	General Fund		22,536
Town Recreation Fund		41,000	
TOTAL NONMAJOR FUNDS		515,148	272,536
GRAND TOTAL		\$ 787,684	\$ 787,684

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, 2012 is as follows:

MAJOR FUNDS:	CORRESPONDING FUND	ADVANCES FROM	ADVANCES TO
Water fund.....	Sewer Fund	\$ 1,030,001	\$
Sewer department.....	Water Fund		1,030,001
GRAND TOTAL.....		\$ 1,030,001	\$ 1,030,001

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, 2012 was as follows:

TYPE OF OBLIGATION	BALANCE JULY 1, 2011	ADDITIONS	REDUCTIONS	JUNE 30, 2012
Bond Anticipation Notes:				
Schools.....	\$ 10,500,000	\$	\$ 10,500,000	\$ -

F. Changes in Long-Term Obligations

1. Summary of Changes

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

General Long-term Obligations:

DESCRIPTION	ORIGINAL AMOUNT	DATE OF ISSUE	DATE OF MATURITY	INTEREST RATE	BALANCE JULY 1, 2011	ADDITIONS	DEDUCTIONS	RE- FUNDED	BALANCE JUNE 30, 2012	CURRENT PORTION
BONDS/NOTES										
<u>General Purpose:</u>										
Improvement bonds	\$ 1,310,000	1991	2011	6.1%-6.7%	\$ 60,000	\$	\$ 60,000	\$	\$ -	\$
Refunding issue-2005	4,380,800	12/15/04	2020	3.25%-4.00%	1,977,000		339,592	1,637,408	-	-
Improvement bonds	7,325,000	12/15/04	2020	3.25%-4.00%	218,100		218,100		-	-
Improvement bonds	8,340,000	12/15/05	2025	3.5%-4.0%	1,250,000		420,000	830,000	-	-
Improvement bonds	9,460,000	01/15/07	2026	3.75%-4.5%	1,885,000		475,000	1,410,000	-	-
Improvement bonds	8,020,000	11/27/07	2027	3.5%-5.5%	3,620,000		400,000	2,420,000	800,000	400,000
Improvement bonds	4,535,000	02/01/09	2019	.60-3.0%	2,770,000		350,000	1,383,900	1,036,100	350,000
Refunding bond	472,900	05/12/09	2021	.65%-3.52%	472,900		24,250		448,650	49,500
Refunding bond	10,819,400	08/25/09	2019	2.0-5.0%	10,738,100				10,738,100	722,900

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, 2011	ADDITIONS	DEDUCTIONS	RE- FUNDED	BALANCE JUNE 30, 2012	CURRENT PORTION
<u>General Purpose:</u>										
Improvement bond	\$ 7,332,714	02/15/10	2028	2.0-4.0%	\$ 6,004,500	\$	\$ 171,600	\$	\$ 5,832,900	\$ 468,800
Refunding bonds...	6,590,500	09/17/10	2023	2.5-5.1%	6,470,900				6,470,900	306,900
Improvement bond	2,445,000	02/15/11	2031	2.0-4.5%	2,445,000		133,000		2,312,000	133,000
Improvement bonds	415,000	02/14/12	2032	2.0-4.0%		415,000			415,000	30,000
Refunding bonds...	7,558,400	02/15/12	2026	1.0-4.0%		7,558,400			7,558,400	706,700
Total General Purpose	79,004,714				37,911,500	7,973,400	2,591,542	7,681,308	35,612,050	3,167,800
<u>Schools:</u>										
School bond.....	7,760,000	1991	2011	6.1%-6.7%	370,000		370,000		-	
School bond.....	8,950,000	06/15/02	2022	3%-5%	450,000		450,000		-	
School bond.....	18,967,400	12/15/04	2020	3%-4%	151,900		151,900		-	
School bond.....	5,085,000	12/15/04	2020	3.25%-4.00%	7,941,000		1,530,408	6,410,592	-	
School bond.....	2,750,000	11/27/07	2027	3.5%-5.5%	1,210,000		140,000	790,000	280,000	140,000
School bond.....	850,000	02/01/09	2019	0.6%-3.0%	680,000		85,000	336,100	258,900	85,000
School bond.....	8,812,100	05/12/09	2021	0.65%-3.52%	7,482,100		460,750		7,021,350	1,155,500
School bond Series B.....	2,500,000	8/24/2009	2019	2 - 5%	2,481,900				2,481,900	167,100
School bond.....	6,897,286	2/15/2010	2028	2 - 4%	5,715,500		158,400		5,557,100	421,200
Refunding bonds...	2,139,500	09/17/10	2023	2.5-5.1%	2,209,100				2,209,100	278,100
School bond.....	11,575,000	02/15/11	2031	2.0-4%	11,575,000		387,000		11,188,000	467,000
School bond.....	11,385,000	02/14/12	2032	2.0-4.0%		11,385,000			11,385,000	495,000
Refunding.....	7,161,200	02/15/12	2026	1.0-4.0%		7,161,200			7,161,200	664,700
Total School Bonds	94,832,486				40,266,500	18,546,200	3,733,458	7,536,692	47,542,550	3,873,600
<u>Sewer:</u>										
Sewer bond.....	2,000,000	1991	2011	6.1%-6.7%	95,000		95,000		-	
Refunding bonds...	698,400	12/15/04	2020	3%-4%	391,000		45,000	346,000	-	
Refunding bonds...	327,700	02/15/12	2026	1.0-4.0%		327,700			327,700	59,300
Clean water.....	4,570,000	06/30/97	2017	2%	1,430,344		248,509		1,181,835	253,525
Clean water.....	516,000	06/30/03	2023	2.1%	331,876		24,577		307,299	25,098
Total Sewer Bonds.	8,112,100				2,248,220	327,700	413,086	346,000	1,816,834	337,923
<u>Water:</u>										
Drinking water.....	171,738	06/29/06	2026	2.32%	130,734		7,674		123,060	7,854
TOTAL BONDS AND NOTES.....					80,556,954	26,847,300	6,745,760	15,564,000	85,094,494	7,387,177
PREMIUM.....					2,764,148	1,655,587	270,862		4,148,873	
DEFERRED CHARGES.....					(2,021,319)	(768,348)	(257,091)		(2,532,576)	
TOTAL BONDS/NOTES AND RELATED LIABILITIES.....					81,299,783	27,734,539	6,759,531	15,564,000	86,710,791	7,387,177
LANDFILL POST CLOSURE COSTS.....					238,000		17,000		221,000	17,000
CAPITAL LEASES.....					237,944		55,042		182,902	57,904
COMPENSATED ABSENCES.....					873,605	1,083,761	1,025,781		931,585	186,317
EARLY RETIREMENT INCENTIVE.....					48,000		16,000		32,000	16,000
OTHER POST EMPLOYMENT BENEFIT OBLIGATION.....					539,727	754,494	811,764		482,457	
TOTAL LONG-TERM OBLIGATIONS.....					\$83,237,059	\$29,572,794	\$8,685,118	\$15,564,000	\$ 88,560,735	\$7,664,398

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	ORIGINAL AMOUNT	YEAR OF MATURITY	INTEREST RATE	BALANCE JULY 1, 2011	ADDITIONS	DEDUC- TIONS	REFUNDED	BALANCE JUNE 30, 2012	CURRENT PORTION
Improvement Bonds	\$ 698,400	2020	3%-4%	\$ 391,000	\$	\$ 45,000	\$ 346,000	\$ -	\$
Refunding Bonds	327,700	2026	1.0-4.0%		327,700			327,700	59,300
Clean Water Fund Notes...	16,128,596	2018	2.00%	5,765,553		862,468		4,903,085	879,972
TOTAL BONDS/NOTES				6,156,553	327,700	907,468	346,000	5,230,785	939,272
PREMIUM.....					7,926	528		7,398	
DEFERRED CHARGES				(10,350)	(4,564)	(1,456)		(13,458)	
TOTAL BONDS AND RELATED LIABILITIES				\$ 6,146,203	\$ 331,062	\$ 906,540	\$ 346,000	\$ 5,224,725	\$ 939,272

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		INTEREST		PRINCIPAL		INTEREST			
			BOND	NOTE	BOND	NOTE	BOND	NOTE	BOND	NOTE		
2013	\$ 542,606	\$ 88,082	\$ 7,100,700	\$ 286,477	\$ 2,678,580	\$ 30,306	\$ 59,300	\$ 879,972	\$ 5,333	\$ 95,358	\$ 16,000	
2014	511,378	68,364	7,288,900	292,311	2,577,713	24,472	66,100	897,733	5,781	78,045	8,000	
2015	506,173	49,764	7,661,601	298,263	2,382,933	18,520	78,400	915,853	4,501	58,645	8,000	
2016	502,270	31,335	7,626,800	304,337	2,126,261	12,446	78,200	934,339	2,544	38,202		
2017	79,391	13,030	5,413,000	172,538	1,901,265	6,822	12,000	953,198	1,191	17,990		
2018	79,391	10,083	5,488,000	36,694	1,712,733	5,243	12,000	321,990	831	2,173		
2019	78,090	7,135	5,473,000	37,492	1,524,083	4,445	12,000		471	471		
2020	76,789	4,217	5,045,300	38,307	1,320,168	3,630	9,700		146	146		
2021	15,635	1,329	4,600,000	39,140	1,143,181	2,797						
2022	15,634	666	4,565,000	39,991	971,936	1,946						
2023			4,114,999	40,861	809,554	1,076						
2024			4,120,000	10,135	660,885	491						
2025			3,485,000	10,373	527,566	253						
2026			3,065,000	5,275	411,361	36						
2027			2,585,000		305,788							
2028			1,850,000		219,875							
2029			1,175,000		148,000							
2030			1,175,000		102,250							
2031			1,175,000		56,500							
2032			475,000		14,250							
TOTALS	\$2,407,357	\$ 274,005	\$ 83,482,300	\$1,612,194	\$ 21,594,882	\$ 112,483	\$ 327,700	\$ 4,903,085	\$ 20,798	\$ 291,030	\$ 32,000	

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 13 years at \$17,000 per year are \$221,000. 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>200,000</u>
Total	<u>\$ 200,000</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, 2012.

YEAR ENDING	
<u>JUNE 30,</u>	
2013	\$ 67,415
2014	67,415
2015	67,415
Less amount representing interest	<u>(19,343)</u>
Present value of minimum lease payments	<u>\$ 182,902</u>

4. Termination Benefits

The Board of Education provides early retirement incentive benefits to 2 former employees. Benefits are paid annually based on the retirement agreement for each employee from the Board of Education budget. Benefits are payable through 2015. During the fiscal year ended June 30, 2012, \$16,000 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.....	\$ 213,200,998	\$ 35,612,050	\$ 177,588,948
Schools.....	426,401,996	45,135,193	381,266,803
Sewers.....	355,334,996	327,700	355,007,296
Urban renewal.....	307,956,997		307,956,997
Pension deficit.....	284,267,997		284,267,997

The total overall statutory debt limit for the Town is equal to seven times annual receipts from taxation, \$663,291,993.

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 \$2,407,357 for bond principal is reflected as deductions in the computation of net indebtedness.

6. Authorized/Unissued Debt

At June 30, 2012, the Town had authorized unissued debt as follows:

	<u>AUTHORIZED UNISSUED DEBT</u>
Sandy Hook Streetscape	\$ 600,000
High School.....	2,486,820
Middle School Roof	829,335
Boggs Hill Road Culvert	23,000
Refunding.....	4,625,000
Hawley Boiler/HVAC	<u>165,000</u>
TOTAL.....	<u>\$ 8,729,155</u>

The refunding authorized unissued debt lapses on January 1, 2013.

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, 2012, the amount of defeased debt outstanding but removed from the Town's financial statements amounted to \$36,050,000.

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 February 15, 2012, the Town issued \$15,375,000 of general obligation refunding bonds with interest rates of 1.0% to 4.0%. These refunding bonds were issued to advance refund and defease bonds issued December 15, 2004, January 15, 2007, November 27, 2007 and February 1, 2009. The refunding resulted in an economic gain of \$1,304,024 with a total cash savings of \$1,599,791.

G. Restricted Net Assets

The amount of restricted net assets, which were restricted by enabling legislation, totaled \$174,106 at June 30, 2012.

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

III. DETAILED NOTES (CONTINUED)

H. Fund Balance Classification

As of June 30, 2012, fund balances are composed of the following:

FUND BALANCE COMPONENT	GENERAL FUND	BONDED PROJECTS	NONMAJOR FUNDS	TOTAL
<u>NONSPENDABLE:</u>				
Permanent fund principal	\$	\$	\$ 610,000	\$ 610,000
<u>RESTRICTED:</u>				
General Government			689,938	689,938
Public Safety			8,952	8,952
Health and Welfare			23,457	23,457
Parks and Recreation			186,143	186,143
Education			287,254	287,254
TOTAL RESTRICTED	-	-	1,195,744	1,195,744
<u>COMMITTED:</u>				
General Government			155,597	155,597
Public Safety			83,424	83,424
Public Works			97,524	97,524
Health and Welfare			16,371	16,371
Parks and Recreation			634,286	634,286
Education			166,906	166,906
Approved CNR Projects			1,735,404	1,735,404
TOTAL COMMITTED	-	-	2,889,512	2,889,512
<u>ASSIGNED:</u>				
General Government	94,216			94,216
Public Safety	82,774			82,774
Public Works	255,905			255,905
Education	377,996			377,996
Debt Service			152,761	152,761
TOTAL ASSIGNED	810,891	-	152,761	963,652
<u>UNASSIGNED</u>				
	8,379,750	(53,605)		8,326,145
TOTAL	\$ 9,190,641	\$ (53,605)	\$ 4,848,017	\$ 13,985,053

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. The Town and Board of Education are self-insuring for medical and dental claims. The Town has an aggregate stop loss of 125% of expected claims for each fiscal year. Settled claims have not exceeded commercial coverage in any of the past three years with a \$14,228,634 aggregate maximum per year. There were no significant reductions in insurance coverage from coverage in the prior year. The administrators are responsible for the approval, processing and payment of claims, for which they receive an administrative fee. Administrative fees are paid directly from annual appropriations for the Board of Education self-funded dental fund, and from the medical insurance fund.

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

	CLAIMS PAYABLE <u>JULY 1</u>	CURRENT YEAR CLAIMS AND CHANGES IN <u>ESTIMATES</u>	CLAIMS <u>PAID</u>	CLAIMS PAYABLE <u>JUNE 30</u>
2010-2011.....	\$ 54,923	\$10,569,606	\$ 9,771,855	\$ 852,674
2011-2012.....	852,674	11,065,624	10,840,928	1,077,370

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, 2012, membership consisted of:

	SELECTMEN AND BOARD <u>OF EDUCATION</u>	<u>POLICE</u>
Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them.....	111	24
Active employees.....	<u>330</u>	<u>45</u>
TOTAL	<u>441</u>	<u>69</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, 2012 was as follows:

ACTUARIAL VALUATION DATE	(A) ACTUARIAL VALUE OF ASSETS	(B) ACTUARIAL 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, 2012	\$ 12,789,964	\$ 14,542,202	\$ (1,752,238)	88.0%	\$ 3,631,329	(48.3)%
<u>SELECTMAN AND BOARD OF EDUCATION PERSONNEL PLAN</u>						
July 1, 2012	\$ 19,488,743	\$ 19,087,165	\$ 401,578	102.1%	\$ 13,222,292	3.0%

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 ("RSI-1") immediately following the notes to the financial statements presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time, relative to the actuarial accrued liability for benefits.

6. Actuarial Assumptions

The data presented in the schedules of funding progress and schedules of employer contributions ("RSI-1" and "RSI-2") 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, 2012
ACTUARIAL COST METHOD	PROJECTED UNIT CREDIT
AMORTIZATION METHOD	LEVEL DOLLAR-CLOSED
REMAINING AMORTIZATION PERIOD.....	13 YEARS
ASSET VALUATION METHOD	5 YEAR SMOOTHING
ACTUARIAL ASSUMPTIONS:	
Investment rate of return	7.75%
Projected salary increases:	
Inflation.....	2.0%
Merit	2.0%

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	\$ 699,265	\$ 502,513
Interest on net pension obligation	(19,572)	(4,720)
Adjustment to annual required contribution	29,056	7,009
Annual pension cost	708,749	504,802
Contributions made	699,214	502,431
Increase (decrease) in net pension asset ...	9,535	2,371
Net pension asset - July 1, 2011	(252,545)	(60,921)
Net pension asset - June 30, 2012	\$ (243,010)	\$ (58,550)

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>			
2012	\$ 708,749	98.7%	\$ 243,010
2011	673,462	98.6%	252,545
2010	502,209	98.2%	262,202
<u>POLICE</u>			
2012	\$ 504,802	99.5%	58,550
2011	462,869	99.5%	60,921
2010	345,019	99.8%	63,250

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, 2012, the net assets available for benefits include \$135,656 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, 2012, 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, 2012, employer contributions were \$15,907 and employee contributions totaled \$5,303.

D. Other Post Employment Benefit Plan

1. Plan Description

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

2. Benefit Provisions

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 \$811,764.

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 Benefit 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) ACTUARIAL 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 ("RSI-3") immediately following the notes to the financial statements presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time, relative to the actuarial accrued liability for benefits.

4. Actuarial Methods and Assumptions

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

The data presented in the schedules of funding progress and schedules of contributions (RSI-3 and RSI-4) 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 Dollar, Closed
REMAINING AMORTIZATION PERIOD:	30 Years Closed
ASSET VALUATION METHOD	Fair Value

ACTUARIAL ASSUMPTIONS:

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 Benefit Plan (Continued)

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

The changes in the NOO were as follows:

Annual required contribution	\$ 756,952
Interest on net OPEB obligation	40,480
Adjustment to annual required contribution	<u>(42,938)</u>
Annual OPEB cost	754,494
Contributions made	<u>811,764</u>
Change in net OPEB obligation	(57,270)
Net OPEB obligation - July 1, 2011	<u>539,727</u>
Net OPEB obligation - June 30, 2012	<u>\$ 482,457</u>

6. Three Year Trend Information

YEAR ENDING JUNE 30	ANNUAL OPEB COST (AOC)	PERCENTAGE OF AOC CONTRIBUTED	NET OPEB OBLIGATION
2012	\$ 754,494	107.0%	\$ 482,457
2011	739,448	37.0%	539,727
2010	433,799	112.0%	74,073

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 \$6,753,251.

Required Supplementary Information

TOWN OF NEWTOWN, CONNECTICUT

REQUIRED SUPPLEMENTARY INFORMATION

NEWTOWN RETIREMENT SYSTEM
SCHEDULE OF FUNDING PROGRESS

SELECTMEN AND BOARD OF EDUCATION PERSONNEL PLAN						
	A	B	(A-B)	(A/B)	C	[(A-B)/C]
ACTUARIAL VALUATION DATE	ACTUARIAL VALUE OF ASSETS	ACTUARIAL 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,						
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)%
2012	19,488,743	19,087,165	401,578	102.1%	13,222,292	3.0%
POLICE PERSONNEL PLAN						
	A	B	(A-B)	(A/B)	C	[(A-B)/C]
ACTUARIAL VALUATION DATE	ACTUARIAL VALUE OF ASSETS	ACTUARIAL 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,						
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)%
2012	12,789,964	14,542,202	(1,752,238)	88.0%	3,631,329	-(48.3)%

TOWN OF NEWTOWN, CONNECTICUT

REQUIRED SUPPLEMENTARY INFORMATION

NEWTOWN RETIREMENT SYSTEM
SCHEDULE OF EMPLOYER CONTRIBUTIONS**SELECTMEN AND BOARD OF EDUCATION PERSONNEL PLAN**

YEAR ENDED JUNE 30,	ANNUAL REQUIRED CONTRIBUTION	ACTUAL CONTRIBUTION	PERCENTAGE CONTRIBUTED
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%
2012	699,265	699,214	100.0%

POLICE PERSONNEL PLAN

YEAR ENDED JUNE 30,	ANNUAL REQUIRED CONTRIBUTION	ACTUAL CONTRIBUTION	PERCENTAGE CONTRIBUTED
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%
2012	502,513	502,431	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	ACTUARIAL 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)%
2011	N/A	N/A	N/A	N/A	N/A	N/A

N/A - No valuation performed.

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%
2012	756,952	811,764	107.2%

Supplemental Schedules

General Fund

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

TOWN OF NEWTOWN, CONNECTICUT

GENERAL FUND
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2012

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
PROPERTY TAXES:				
Collections - current year.....	\$ 93,452,078	\$ 93,452,078	\$ 93,398,217	\$ (53,861)
Collections - prior years.....	550,000	550,000	404,423	(145,577)
Interest and lien fees.....	425,000	425,000	397,925	(27,075)
Motor vehicle supplement list.....	600,000	600,000	566,038	(33,962)
Telecommunications property tax.....	85,346	85,346	82,219	(3,127)
TOTAL PROPERTY TAXES.....	95,112,424	95,112,424	94,848,822	(263,602)
INTERGOVERNMENTAL:				
Veterans additional exemptions.....	11,664	11,664	12,832	1,168
Elderly tax relief - circuit breaker.....	140,000	140,000	140,245	245
In lieu of taxes.....	887,741	887,741	888,105	364
Totally disabled.....	1,872	1,872	1,790	(82)
Town aid for roads.....	234,339	234,339	234,239	(100)
Manufacturing transition grant.....	192,643	192,643	186,791	(5,852)
Mashantucket Pequot fund grant.....	630,760	630,760	710,966	80,206
Connecticut school building grants.....	819,636	819,636	819,637	1
Equalized cost-sharing grant.....	4,309,646	4,309,646	4,337,276	27,630
Public school transportation aid.....	81,383	81,383	148,367	66,984
Non-public school transportation aid.....	16,473	16,473	17,934	1,461
Health services - St. Rose.....	9,281	9,281	10,066	785
Miscellaneous grants.....	251,988	251,988	85,803	(166,185)
LOCIP grant.....	191,605	191,605	205,092	13,487
State revenue sharing.....	197,670	197,670	194,936	(2,734)
Services for the Blind.....			1,600	1,600
TOTAL INTERGOVERNMENTAL.....	7,976,701	7,976,701	7,995,679	18,978
CHARGES FOR SERVICES:				
Town clerk - conveyance tax.....	409,687	409,687	352,901	(56,786)
Town clerk - other.....	275,000	275,000	255,980	(19,020)
Parks and recreation.....	220,000	220,000	177,103	(42,897)
Tuition.....	9,600	9,600	8,000	(1,600)
School generated fees.....	121,313	121,313	114,159	(7,154)
Building.....	375,000	375,000	400,596	25,596
Permit fees.....	5,000	5,000	7,175	2,175
Landfill permits.....	425,000	425,000	451,294	26,294
Senior center membership fees.....	4,000	4,000	4,530	530
Land use.....	75,000	75,000	55,489	(19,511)
TOTAL CHARGES FOR SERVICES.....	1,919,600	1,919,600	1,827,227	(92,373)
INVESTMENT INCOME.....	300,000	300,000	157,249	(142,751)
OTHER REVENUES:				
Miscellaneous revenue - police.....			2,450	2,450
Miscellaneous revenue - board of education.....	1,350	1,350	6,963	5,613
Miscellaneous revenue - selectmen.....	120,000	120,000	53,524	(66,476)
TOTAL OTHER REVENUES.....	121,350	121,350	62,937	(58,413)
TOTAL REVENUES.....	105,430,075	105,430,075	104,891,914	(538,161)

(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:				
Premium.....	\$	\$	\$ 370,539	\$ 370,539
Transfers in.....	125,000	125,000	272,536	147,536
Cancellation of prior year encumbrances.....			39,894	39,894
TOTAL OTHER FINANCING SOURCES.....	125,000	125,000	682,969	557,969
TOTAL REVENUES AND OTHER FINANCING SOURCES.....	\$ 105,555,075	\$ 105,555,075	\$ 105,574,883	\$ 19,808

(Concluded)

TOWN OF NEWTOWN, CONNECTICUT

GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2012

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
GENERAL GOVERNMENT:				
Selectmen.....	\$ 369,533	\$ 356,434	\$ 354,956	\$ 1,478
Selectmen - other.....	291,505	289,957	259,607	30,350
Human Resources.....		122,663	120,336	2,327
Tax Collector.....	190,865	296,522	296,177	345
Probate Court.....	6,860	6,860	6,160	700
Town Clerk.....	214,138	296,558	289,096	7,462
Registrars.....	114,389	148,527	140,690	7,837
Assessor.....	203,969	292,629	273,104	19,525
Finance.....	333,374	467,280	466,422	858
Technology.....	313,182	381,028	378,908	2,120
Unemployment.....	827,972	42,000	39,660	2,340
Pension fund.....	854,389	2,684		2,684
Employee benefits.....	3,014,355	412,146	412,146	-
Professional organizations.....	36,112	36,112	36,112	-
Insurance.....	974,911	974,911	921,375	53,536
Legislative Council.....	44,700	44,700	44,500	200
Hattertown Historic District.....	1,500	1,500	1,500	-
Economic Development Commission.....	116,315	129,160	128,940	220
Sustainable Energy Commission.....	5,000	5,000	5,000	-
Fairfield Hills.....	240,216	156,786	149,582	7,204
TOTAL GENERAL GOVERNMENT.....	8,153,285	4,463,457	4,324,271	139,186
PUBLIC SAFETY:				
Communications.....	864,116	1,032,751	979,542	53,209
Police department.....	4,006,451	5,758,819	5,733,735	25,084
Fire department.....	1,179,018	1,317,279	1,302,144	15,135
Emergency management/N.U.S.....	40,130	57,876	54,072	3,804
Canine control.....	112,034	151,775	131,237	20,538
Lake authorities.....	56,110	56,110	56,110	-
N.W. safety communication.....	9,783	9,783	9,783	-
Emergency Medical Services.....	270,000	270,000	270,000	-
Northwest CT Emergency Medical Service.....	250	250	250	-
TOTAL PUBLIC SAFETY.....	6,537,892	8,654,643	8,536,873	117,770
HEALTH AND WELFARE:				
Social services.....	86,100	131,229	130,631	598
Senior service.....	281,822	329,154	322,457	6,697
Outside agencies.....		232,650	232,366	284
VNA of Newtown.....	500			-
Kevin's Community Center.....	45,000			-
Children's Adventure Center.....	25,000			-
Regional hospice.....	5,500			-
Veterans' guidance.....	250			-
N.W. Regional Mental Board.....	2,953			-
Youth & Family Services.....	265,600	314,559	314,507	52
Danbury Regional Commission on Children.....	2,750			-
Women's Center of Danbury.....	10,000			-
Ability Beyond Disability.....	4,500			-
Newtown Cultural Arts Commission.....	2,000	2,000	2,000	-
The Volunteer Center.....	1,000			-
Newtown Parade Committee.....	6,550	6,550	6,229	321
Parent Connection.....	20,000			-
NW Conservation District.....	1,000	1,000	1,000	-
Booth library.....	1,022,552	1,048,745	1,048,545	200
Newtown Health District.....	264,449	374,843	374,666	177
TOTAL HEALTH AND WELFARE.....	2,047,526	2,440,730	2,432,401	8,329

(Continued)

SCHEDULE 2
(2 of 2)

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

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
LAND USE.....	\$ 467,461	\$ 587,432	\$ 570,199	\$ 17,233
PUBLIC WORKS:				
Building inspector.....	259,002	389,515	384,940	4,575
Highway.....	5,090,436	6,197,067	6,079,737	117,330
Winter maintenance.....	700,000	552,800	543,180	9,620
Landfill.....	1,399,013	1,434,892	1,422,915	11,977
Public building maintenance.....	601,344	671,835	663,626	8,209
TOTAL PUBLIC WORKS.....	8,049,795	9,246,109	9,094,398	151,711
PARKS AND RECREATION.....	1,815,296	2,196,550	2,128,171	68,379
EDUCATION.....	67,971,427	67,971,427	67,685,429	285,998
CONTINGENCY.....	400,000	34,229		34,229
DEBT SERVICE.....	9,722,393	9,472,393	9,344,261	128,132
TOTAL EXPENDITURES.....	105,165,075	105,066,970	104,116,003	950,967
OTHER FINANCING USES:				
Transfers out:				
Edmond Town Hall	165,000	222,105	221,946	159
Capital and nonrecurring.....	225,000	225,000	225,000	-
Town Recreation Fund.....		41,000	41,000	-
TOTAL OTHER FINANCING USES.....	390,000	488,105	487,946	159
TOTAL EXPENDITURES AND OTHER FINANCING USES.....	\$ 105,555,075	\$ 105,555,075	\$ 104,603,949	\$ 951,126

(Concluded)

SCHEDULE 3

TOWN OF NEWTOWN, CONNECTICUT

REPORT OF TAX COLLECTOR
YEAR ENDED JUNE 30, 2012

GRAND LIST YEAR	UNCOLLECTED TAXES JULY 1, 2011	CURRENT YEAR LEVY	LAWFUL CORRECTIONS		TRANSFERS TO SUSPENSE	ADJUSTED TAXES COLLECTIBLE	COLLECTIONS			UNCOLLECTED TAXES JUNE 30, 2012
			ADDITIONS	DEDUCTIONS			NET TAXES COLLECTED	INTEREST AND LIEN FEES	TOTAL	
1995	\$ 21,248	\$	\$	\$ 21,248	\$	\$ -	\$	\$	\$ -	\$ -
1996	22,335					22,335			-	22,335
1997	24,287					24,287			-	24,287
1998	27,387					27,387			-	27,387
1999	32,939			315		32,624			-	32,624
2000	35,598			340		35,258			-	35,258
2001	38,528			360		38,168			-	38,168
2002	27,702			1,251		26,451	81	140	221	26,370
2003	28,852			1,331		27,521	86	132	218	27,435
2004	30,337		178	1,395		29,120	269	119	388	28,851
2005	38,792			1,459		37,333	95	125	220	37,238
2006	47,041		59	1,502		45,598	2,621	2,617	5,238	42,977
2007	150,997		1,200	6,187		146,010	3,439	2,858	6,297	142,571
2008	241,508		34,910	21,443	3,302	251,673	20,145	17,549	37,694	231,528
2009	815,952		34,818	41,859	70,708	738,203	346,675	72,050	418,725	391,528
TOTAL PRIOR YEARS	1,583,503	-	71,165	98,690	74,010	1,481,968	373,411	95,590	469,001	1,108,557
2010		94,881,670	190,624	281,999	28,089	94,762,206	93,813,987	302,334	94,116,321	948,219
TOTAL	\$ 1,583,503	\$ 94,881,670	\$ 261,789	\$ 380,689	\$ 102,099	\$ 96,244,174	\$ 94,187,398	\$ 397,924	\$ 94,585,322	\$ 2,056,776

Sewer Department

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

SCHEDULE 4TOWN OF NEWTOWN, CONNECTICUTSCHEDULE OF CHANGES IN SEWER ASSESSMENT RECEIVABLE
YEAR ENDED JUNE 30, 2012

	UNCOLLECTED ASSESSMENTS JULY 1, 2011	CURRENT YEAR BILLINGS	ADJUSTED ASSESSMENTS COLLECTIBLE	COLLECTIONS	UNCOLLECTED ASSESSMENTS JUNE 30, 2012
Sewer assessments receivable.....	\$ 5,500,471	\$	\$ 5,500,471	\$ 791,840	\$ 4,708,631
Homestead accounts receivable.....	113,857		113,857	15,757	98,100
Bungalow Terrace.....	31,315		31,315	2,324	28,991
Elderly.....	35,309		35,309	1,823	33,486
Reed Intermediate School /Grace Church receivable.....	301,526		301,526	37,876	263,650
Walnut Tree.....	21,783		21,783		21,783
Newtown Congregational, Colony Diner & Sundaram.....	23,672		23,672	3,546	20,126
Rose & Church Hill.....	42,639	12,000	54,639	9,876	44,763
TOTAL.....	<u>\$ 6,070,572</u>	<u>\$ 12,000</u>	<u>\$ 6,082,572</u>	<u>\$ 863,042</u>	5,219,530
				Bonded interest	56,663
				Pentalty interest and liens	95,535
				Septic loans	81,813
				Total	<u>\$ 5,453,541</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, 2012

	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.....	\$	\$	\$	\$ 196,725	\$ 132,637	\$	\$
Investments.....							70,649
Receivables:							
Intergovernmental.....				56,025	31,031	1,390	
Other.....		196,150		10,860	16,051		
Due from other funds.....	23,420		148,834			76,516	26,875
Other.....	442			33,055		1,924	
TOTAL ASSETS.....	\$ 23,862	\$ 196,150	\$ 148,834	\$ 296,665	\$ 179,719	\$ 79,830	\$ 97,524
<u>LIABILITIES AND FUND BALANCES</u>							
LIABILITIES:							
Accounts payable.....	\$ 11,689	\$	\$ 252	\$ 129,288	\$ 20,398	\$ 9,678	\$
Accrued liabilities.....					83,353		
Due to other funds.....		124,899					
Unearned revenue.....				32,452	2,708	61,200	
TOTAL LIABILITIES.....	11,689	124,899	252	161,740	106,459	70,878	-
FUND BALANCES:							
Committed.....	12,173	71,251					97,524
TOTAL FUND BALANCES.....	12,173	71,251	148,582	134,925	73,260	8,952	97,524
TOTAL LIABILITIES AND FUND BALANCES	\$ 23,862	\$ 196,150	\$ 148,834	\$ 296,665	\$ 179,719	\$ 79,830	\$ 97,524

(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.....	\$	\$ 54,585	\$ 100,843	\$ 391,313	\$ 106,141
Investments.....				3,921	
Receivables:					
Other.....	8,750	11,971			6,279
Due from other funds.....	146,847				171,108
18 TOTAL ASSETS.....	\$ 155,597	\$ 66,556	\$ 100,843	\$ 395,234	\$ 283,528
<u>LIABILITIES AND FUND BALANCES</u>					
LIABILITIES:					
Accounts payable.....	\$	\$ 493	\$	\$ 30,485	\$ 53,640
Unearned revenue.....					186,604
TOTAL LIABILITIES.....	-	493	-	30,485	240,244
FUND BALANCES:					
Committed.....	155,597	66,063	100,843	364,749	43,284
TOTAL FUND BALANCES.....	155,597	66,063	100,843	364,749	43,284
TOTAL LIABILITIES AND FUND BALANCES.....	\$ 155,597	\$ 66,556	\$ 100,843	\$ 395,234	\$ 283,528

(Continued)

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.....	\$	\$ 23,457	\$	\$	\$	\$ 16,131	\$ 1,021,832
Investments.....			31,530				106,100
Receivables:							
Intergovernmental.....	1,051,293						1,139,739
Loans receivable.....		247,332					247,332
Other.....				231,159	39,181	5,850	250,061
Due from other funds.....							869,790
Other.....							35,421
TOTAL ASSETS.....	\$ 1,051,293	\$ 270,789	\$ 31,530	\$ 231,159	\$ 39,181	\$ 21,981	\$ 3,670,275
<u>LIABILITIES AND FUND BALANCES</u>							
LIABILITIES:							
Accounts payable.....	\$ 11,592	\$	\$	\$ 4,906	\$	\$ 5,610	278,031
Accrued liabilities.....							83,353
Due to other funds.....	967,769						1,092,668
Deferred revenue.....		247,332					247,332
Unearned revenue.....	71,932						354,896
TOTAL LIABILITIES.....	1,051,293	247,332	-	4,906	-	5,610	2,056,280
FUND BALANCES:							
Restricted.....		23,457	31,530		39,181		459,887
Committed.....				226,253		16,371	1,154,108
TOTAL FUND BALANCES.....	-	23,457	31,530	226,253	39,181	16,371	1,613,995
TOTAL LIABILITIES AND FUND BALANCES.....	\$ 1,051,293	\$ 270,789	\$ 31,530	\$ 231,159	\$ 39,181	\$ 21,981	\$ 3,670,275

(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 AND NONRECURRING	HAWLEY SCHOOL TRUST	EDMOND TOWN HALL ENDOWMENT	NEWTOWN FLAGPOLE FUND	TOTAL PERMANENT FUNDS	
ASSETS							
Cash.....	\$	\$	\$	\$	\$ 11,797	\$ 11,797	\$ 1,033,629
Investments.....		224,705	367,073	900,757		1,267,830	1,598,635
Receivables:							
Intergovernmental.....						-	1,139,739
Loans receivable.....						-	247,332
Other.....						-	250,061
Due from other funds.....	152,761	1,513,929	61,996		4,234	66,230	2,602,710
Other.....						-	35,421
TOTAL ASSETS.....	\$ 152,761	\$ 1,738,634	\$ 429,069	\$ 900,757	\$ 16,031	\$ 1,345,857	\$ 6,907,527
LIABILITIES AND FUND BALANCES							
LIABILITIES:							
Accounts payable.....	\$	\$ 3,230	\$	\$	\$	\$ -	\$ 281,261
Accrued liabilities.....						-	83,353
Due to other funds.....						-	1,092,668
Deferred revenue.....						-	247,332
Unearned revenue.....						-	354,896
TOTAL LIABILITIES.....	-	3,230	-	-	-	-	2,059,510
FUND BALANCES:							
Nonspendable.....			350,000	250,000	10,000	610,000	610,000
Restricted.....			79,069	650,757	6,031	735,857	1,195,744
Committed.....		1,735,404				-	2,889,512
Assigned.....	152,761					-	152,761
TOTAL FUND BALANCES.....	152,761	1,735,404	429,069	900,757	16,031	1,345,857	4,848,017
TOTAL LIABILITIES AND FUND BALANCES.....	\$ 152,761	\$ 1,738,634	\$ 429,069	\$ 900,757	\$ 16,031	\$ 1,345,857	\$ 6,907,527

(Concluded)

TOWN OF NEWTOWN, CONNECTICUT

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2012

	SPECIAL REVENUE FUNDS						
	DOG LICENSE	POLICE PRIVATE DUTY	TOWN GIFTS FUND	SCHOOL LUNCH PROGRAM	EDUCATION GRANTS	LAW ENFORCEMENT FUND	SEPTAGE MANAGEMENT ORDINANCE
REVENUES:							
Intergovernmental.....	\$	\$	\$	\$ 262,682	\$ 2,984,343	\$ 52,462	\$
Charges for services.....	18,776	983,495		1,820,796	71,305	12,453	2,325
Investment income.....							268
Contributions.....	1,490		48,124		194,195		
TOTAL REVENUES.....	20,266	983,495	48,124	2,083,478	3,249,843	64,915	2,593
EXPENDITURES:							
Current:							
Public safety.....	13,864	662,244	500			64,915	
Health and welfare.....			30,225				
Parks and recreation.....			8,533				
Education.....				2,075,434	3,249,843		
TOTAL EXPENDITURES.....	13,864	662,244	39,258	2,075,434	3,249,843	64,915	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	6,402	321,251	8,866	8,044	-	-	2,593
OTHER FINANCING SOURCES (USES):							
Transfers out.....		(250,000)					
NET CHANGE IN FUND BALANCES.....	6,402	71,251	8,866	8,044	-	-	2,593
FUND BALANCES, JULY 1, 2011	5,771		139,716	126,881	73,260	8,952	94,931
FUND BALANCES, JUNE 30, 2012.....	\$ 12,173	\$ 71,251	\$ 148,582	\$ 134,925	\$ 73,260	\$ 8,952	\$ 97,524

(Continued)

SCHEDULE 6
(2 of 4)

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

	SPECIAL REVENUE FUNDS					
	FAIRFIELD HILLS AUTHORITY	SCHOOL CUSTODIAL	ADULT EDUCATION	EDMOND TOWN HALL	TOWN RECREATION FUND	DAYCARE PROGRAM
REVENUES:						
Intergovernmental.....	\$	\$	\$	\$	\$	\$ 250,506
Charges for services.....	35,260	4,087	162,646	460,097	665,668	
Investment income.....				32,797		
Contributions.....				16,679		
TOTAL REVENUES.....	35,260	4,087	162,646	509,573	665,668	250,506
EXPENDITURES:						
Current:						
General government.....	8,500			641,205		
Health and welfare.....					20,098	
Parks and recreation.....					688,690	
Education.....		9,049	173,081			250,506
TOTAL EXPENDITURES.....	8,500	9,049	173,081	641,205	708,788	250,506
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	26,760	(4,962)	(10,435)	(131,632)	(43,120)	-
OTHER FINANCING SOURCES (USES):						
Transfers in.....				221,946	41,000	
NET CHANGE IN FUND BALANCES.....	26,760	(4,962)	(10,435)	90,314	(2,120)	-
FUND BALANCES, JULY 1, 2011.....	128,837	71,025	111,278	274,435	45,404	-
FUND BALANCES, JUNE 30, 2012.....	\$ 155,597	\$ 66,063	\$ 100,843	\$ 364,749	\$ 43,284	\$ -

(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.....	\$ 1,442,084	\$ 526,200	\$	\$	\$ 6,000	\$	\$ 5,524,277
Charges for services.....		25,237		111,013	11,872	53,550	4,438,580
Investment income.....			147			10	33,222
Contributions.....						8,695	269,183
TOTAL REVENUES.....	1,442,084	551,437	147	111,013	17,872	62,255	10,265,262
EXPENDITURES:							
Current:							
General government.....					17,550		667,255
Public safety.....	71,778						813,301
Health and welfare.....	8,826	547,114				55,473	661,736
Public works.....	1,369,506						1,369,506
Parks and recreation.....				75,195			772,418
Education.....							5,757,913
TOTAL EXPENDITURES.....	1,450,110	547,114	-	75,195	17,550	55,473	10,042,129
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	(8,026)	4,323	147	35,818	322	6,782	223,133
OTHER FINANCING SOURCES (USES):							
Transfers in.....							262,946
Transfers out.....	(22,536)						(272,536)
NET OTHER FINANCING SOURCES (USES).....	(22,536)	-	-	-	-	-	(9,590)
NET CHANGE IN FUND BALANCES.....	(30,562)	4,323	147	35,818	322	6,782	213,543
FUND BALANCES, JULY 1, 2011.....	30,562	19,134	31,383	190,435	38,859	9,589	1,400,452
FUND BALANCES, JUNE 30, 2012.....	\$ -	\$ 23,457	\$ 31,530	\$ 226,253	\$ 39,181	\$ 16,371	\$ 1,613,995

(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 PERMANENT FUNDS	TOTAL NONMAJOR GOVERNMENTAL FUNDS
	DEBT SERVICE	CAPITAL AND NONRECURRING	HAWLEY SCHOOL TRUST	EDMOND TOWN HALL ENDOWMENT	NEWTOWN FLAGPOLE FUND		
REVENUES:							
Intergovernmental.....	\$	\$	\$	\$	\$	\$ -	\$ 5,524,277
Charges for services.....		210,974				-	4,649,554
Investment income.....	94,412	1,280	7,678	16,773	630	25,081	153,995
Net change in fair value of investments.....			(17,891)	(74,275)		(92,166)	(92,166)
Contributions.....						-	269,183
TOTAL REVENUES.....	94,412	212,254	(10,213)	(57,502)	630	(67,085)	10,504,843
EXPENDITURES:							
Current:							
General government.....		109,787		42,295	467	42,762	819,804
Public safety.....						-	813,301
Health and welfare.....						-	661,736
Public works.....						-	1,369,506
Parks and recreation.....		24,113				-	796,531
Education.....			3,209			3,209	5,761,122
Debt service.....	104,432					-	104,432
Capital outlay.....		231,788				-	231,788
TOTAL EXPENDITURES.....	104,432	365,688	3,209	42,295	467	45,971	10,558,220
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	(10,020)	(153,434)	(13,422)	(99,797)	163	(113,056)	(53,377)
OTHER FINANCING SOURCES (USES):							
Sale of assets.....	90,000					-	90,000
Transfers in.....	27,202	225,000				-	515,148
Transfers out.....						-	(272,536)
NET OTHER FINANCING SOURCES (USES).....	117,202	225,000	-	-	-	-	332,612
NET CHANGE IN FUND BALANCES.....	107,182	71,566	(13,422)	(99,797)	163	(113,056)	279,235
FUND BALANCES, JULY 1, 2011.....	45,579	1,663,838	442,491	1,000,554	15,868	1,458,913	4,568,782
FUND BALANCES, JUNE 30, 2012.....	\$ 152,761	\$ 1,735,404	\$ 429,069	\$ 900,757	\$ 16,031	\$ 1,345,857	\$ 4,848,017

(Concluded)

Internal Service Funds

Internal Service 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
INTERNAL SERVICE FUNDS
JUNE 30, 2012

	BOARD OF EDUCATION DENTAL	MEDICAL INSURANCE	TOTALS
<u>ASSETS</u>			
Current assets:			
Cash.....	\$ 299,741	\$ 3,296,984	\$ 3,596,725
Due from other funds	17,746	68,077	85,823
TOTAL ASSETS.....	317,487	3,365,061	3,682,548
LIABILITIES:			
Current liabilities:			
Claims payable.....	51,931	1,025,439	1,077,370
<u>NET ASSETS</u>			
Unrestricted.....	\$ 265,556	\$ 2,339,622	\$ 2,605,178

TOWN OF NEWTOWN, CONNECTICUT

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2012

	BOARD OF EDUCATION DENTAL	MEDICAL INSURANCE	TOTALS
OPERATING REVENUES:			
Charges for services.....	\$ 519,345	\$ 12,077,684	\$ 12,597,029
OPERATING EXPENSES:			
Claims incurred.....	432,325	10,633,299	11,065,624
Administration.....	410	867,696	868,106
TOTAL OPERATING EXPENSES.....	432,735	11,500,995	11,933,730
OPERATING INCOME (LOSS).....	86,610	576,689	663,299
NONOPERATING REVENUES (EXPENSES):			
Investment income.....		5,866	5,866
NET CHANGE IN NET ASSETS	86,610	582,555	669,165
TOTAL NET ASSETS - JULY 1, 2011.....	178,946	1,757,067	1,936,013
TOTAL NET ASSETS - JUNE 30, 2012.....	\$ 265,556	\$ 2,339,622	\$ 2,605,178

TOWN OF NEWTOWN, CONNECTICUTCOMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2012

	BOARD OF EDUCATION DENTAL	MEDICAL INSURANCE	TOTALS
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from charges for services.....	\$ 513,380	\$ 12,553,461	\$ 13,066,841
Cash payments to suppliers for goods and services.....	(410)	(895,264)	(895,674)
Claims paid.....	(431,885)	(10,409,043)	(10,840,928)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES.....	81,085	1,249,154	1,330,239
CASH FLOWS FROM INVESTING ACTIVITIES:			
Investment income.....		5,866	5,866
NET CHANGE IN CASH AND CASH EQUIVALENTS.....	81,085	1,255,020	1,336,105
CASH AND CASH EQUIVALENTS - JULY 1, 2011.....	218,656	2,041,964	2,260,620
CASH AND CASH EQUIVALENTS - JUNE 30, 2012.....	\$ 299,741	\$ 3,296,984	\$ 3,596,725
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:			
Operating income (loss).....	\$ 86,610	\$ 576,689	\$ 663,299
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
(Increase) decrease in:			
Receivables.....	(5,965)	475,777	469,812
Increase (decrease) in:			
Accounts and other payables.....	440	196,688	197,128
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES.....	\$ 81,085	\$ 1,249,154	\$ 1,330,239

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.

Performance Bonds

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

TOWN OF NEWTOWN, CONNECTICUT

COMBINING STATEMENT OF FIDUCIARY NET ASSETS
AGENCY FUNDS
JUNE 30, 2012

	BOARD OF EDUCATION FLEX PLAN	STUDENT ACTIVITIES	PERFORMANCE BONDS	TOTAL
<u>ASSETS</u>				
Cash.....	\$ 30,905	\$ 284,923	\$	\$ 315,828
Investments.....		188,352	253,549	441,901
TOTAL ASSETS.....	\$ 30,905	\$ 473,275	\$ 253,549	\$ 757,729
<u>LIABILITY</u>				
Accounts payable.....	\$ 30,905	\$ 473,275	\$ 253,549	\$ 757,729

TOWN OF NEWTOWN, CONNECTICUT

AGENCY FUNDS
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 YEAR ENDED JUNE 30, 2012

	BALANCE JULY 1, 2011	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30, 2012
<u>ASSETS</u>				
CASH:				
Flex Plan.....	\$ 17,607	\$ 183,607	\$ 170,309	\$ 30,905
Student activities.....	319,722	1,670,527	1,705,326	284,923
TOTAL CASH.....	337,329	1,854,134	1,875,635	315,828
INVESTMENTS:				
Student activities.....	186,950	1,402		188,352
Performance bonds.....	430,127		176,578	253,549
TOTAL INVESTMENTS.....	617,077	1,402	176,578	441,901
TOTAL ASSETS.....	\$ 954,406	\$ 1,855,536	\$ 2,052,213	\$ 757,729
<u>LIABILITIES</u>				
ACCOUNTS PAYABLE:				
Flex Plan.....	\$ 17,607	\$ 183,607	\$ 170,309	\$ 30,905
Student activities.....	506,672	1,671,929	1,705,326	473,275
Performance bonds.....	430,127		176,578	253,549
TOTAL LIABILITIES.....	\$ 954,406	\$ 1,855,536	\$ 2,052,213	\$ 757,729

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 TEN YEARS
(UNAUDITED)

	FISCAL YEAR ENDED									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
GOVERNMENTAL ACTIVITIES:										
Invested in capital assets, net of related debt..	\$ 160,006,067	\$ 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.....	610,000	650,602	650,602	650,602	650,602	650,602	650,602	650,602	650,602	650,602
Expendable.....	735,857	808,311	686,396	643,380	941,467	1,097,698	378,671	862,715	839,658	746,375
General government.....	187,763									
Public safety.....	8,952									
Health and welfare.....	54,987									
Parks and recreation.....		171,099	178,155							
Education.....	208,185	271,166	270,350							
Other.....		97,507	94,433							
Unrestricted.....	17,480,920	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.....	179,292,731	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..	24,084,436	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.....	7,641,205	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.....	31,725,641	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..	184,090,503	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.....	610,000	650,602	650,602	650,602	650,602	650,602	650,602	650,602	650,602	650,602
Expendable.....	735,857	808,311	686,396	643,380	941,467	1,097,698	378,671	862,715	839,658	746,375
General government.....	187,763									
Public safety.....	8,952									
Health and welfare.....	54,987									
Parks and recreation.....		171,099	178,155							
Education.....	208,185	271,166	270,350							
Other.....		97,507	94,433							
Unrestricted.....	25,122,125	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.....	\$ 211,018,372	\$ 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

TABLE 2
(1 of 2)

TOWN OF NEWTOWN, CONNECTICUT

**CHANGES IN NET ASSETS
LAST TEN YEARS
(UNAUDITED)**

	FISCAL YEAR ENDED									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
EXPENSES:										
Governmental activities:										
General government.....	\$ 5,572,507	\$ 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.....	9,859,389	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.....	3,108,569	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.....	557,698	569,264	541,473	703,662	655,200	669,305	618,048	600,501	561,633	542,454
Public works.....	11,621,141	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.....	3,400,294	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.....	82,229,207	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.....	3,294,660	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 Activities Expenses.....	119,643,465	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.....	1,655,992	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.....	287,707	334,988	407,914	381,374	361,601	281,389	297,808	325,066		
Total Business-Type activities.....	1,943,699	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.....	121,587,164	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.....	681,250	694,793	620,329	681,694	1,026,564	909,972	1,206,891	1,333,546	1,374,653	964,528
Public safety.....	1,014,724	382,426	403,673	526,245	291,420	216,418	292,787	162,565	203,310	116,477
Health and welfare.....	26,004	46,909	36,056	10,200	77,387	2,229	57,861	58,155	28,780	43,949
Land use.....	55,489	50,654	68,850	110,052	130,955	114,726	159,769	183,895	183,069	195,982
Public works.....	1,072,364	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.....	1,418,411	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.....	2,180,993	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.....	16,619,958	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.....	3,497,555	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 Activities Program Revenues.....	26,566,748	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 TEN YEARS
(UNAUDITED)

	FISCAL YEAR ENDED									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Business-Type activities:										
Sewer Department.....	\$ 1,158,657	\$ 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.....	351,139	332,772	324,178	261,294	183,833	183,061	170,883	2,586,248		
Total Business-Type activities.....	1,509,796	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.....	28,076,544	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.....	(93,076,717)	(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.....	(433,903)	(354,051)	(655,518)	(783,202)	(640,831)	(961,841)	175,789	3,275,551	(171,163)	496,591
TOTAL NET EXPENSES.....	(93,510,620)	(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.....	95,287,752	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...	2,576,596	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.....	224,944	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.....	90,000						-	145,674		
Miscellaneous.....	125,100	154,225	105,381	452,570	162,553	165,081	112,610	130,974	148,062	123,761
Total Governmental Activities	98,304,392	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.....	52,319	64,431	99,896	20,039	76,746	193,215	95,188	35,990	17,927	12,949
TOTAL GENERAL REVENUES.....	98,356,711	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.....	5,227,675	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.....	(381,584)	(289,620)	(555,622)	(763,163)	(564,085)	(768,626)	270,977	3,311,541	(153,236)	509,540
TOTAL CHANGE IN NET ASSETS.....	\$ 4,846,091	\$ 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

(Concluded)

TABLE 3

TOWN OF NEWTOWN, CONNECTICUT

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

	FISCAL YEAR ENDED									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
GENERAL FUND:										
Assigned.....	\$ 810,891	\$ 760,701	\$ 2,354,552	\$ 3,634,009	\$ 4,960,888	\$ 5,489,515	\$ 4,278,650	\$ 4,862,339	\$ 5,149,677	\$ 5,968,149
Unassigned.....	8,379,750	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
TOTAL GENERAL FUND.....	9,190,641	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
ALL OTHER GOVERNMENTAL FUNDS:										
Nonspendable.....	610,000	650,602	650,602	650,602	650,602	650,602	650,602	650,602	650,602	650,602
Restricted.....	1,195,744	1,348,083	1,229,334	643,380	941,467	1,097,698	918,604	862,715	839,658	746,375
Committed.....	2,889,512	2,518,747	1,253,867	1,029,196	914,966	939,402	925,526	1,032,148	839,971	795,382
Assigned.....	152,761	51,350	301,517	722,709	83,915					
Unassigned.....	(53,605)	(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
TOTAL ALL OTHER GOVERNMENTAL FUNDS	4,794,412	(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
GRAND TOTAL.....	\$ 13,985,053	\$ 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

TABLE 4

TOWN OF NEWTOWN, CONNECTICUT

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

	FISCAL YEAR ENDED									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
REVENUES:										
Property taxes.....	\$ 94,848,822	\$ 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
Intergovernmental.....	20,996,562	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
Charges for services.....	6,476,781	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
Investment income.....	311,244	385,276	513,052	833,860	1,977,164	2,173,848	1,587,327	1,026,530	465,803	596,820
Net change in fair value of investments.....	(92,166)	203,555	61,683	(281,619)	(149,911)	173,533	47,419	42,795	128,273	3,336
Contributions.....	504,502	225,177	158,204	229,043	138,571	93,484	83,925	130,114	64,283	185,535
Other.....	125,100	154,225	105,381	452,570	162,553	165,081	112,610	130,974	148,062	130,478
TOTAL REVENUES.....	123,170,845	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
EXPENDITURES:										
Current:										
General government.....	4,924,957	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
Fairfield Hills.....	149,582	305,477	374,931	531,952	587,100	508,502	748,235	1,260,689	445,820	279,023
Public safety.....	9,313,761	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
Health and welfare.....	3,094,137	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
Land use.....	570,199	465,629	541,473	562,379	528,719	508,087	462,525	460,307	450,442	428,682
Public works.....	10,433,422	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
Parks and recreation.....	2,949,884	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
Education.....	80,220,967	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
Debt service:										
Principal.....	6,745,760	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
Interest.....	2,863,256	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
Capital outlay.....	7,842,117	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
TOTAL EXPENDITURES.....	129,108,042	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
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	(5,937,197)	(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)
OTHER FINANCING SOURCES (USES):										
Issuance of debt.....	11,800,000	14,020,000	14,230,000	8,885,000	12,970,000	9,460,000	12,410,000	12,410,000		516,000
Issuance of refunding bonds.....	15,047,300	8,910,000	13,320,000	9,285,000			24,046,600	24,046,600		
Capital lease.....				400,000						
Premium.....	1,655,587	1,048,566	1,611,914	306,418		65,067	570,014	570,014		
Payment to refunded bonds escrow agent.....	(16,172,025)	(10,106,071)	(14,490,091)	(9,469,025)			(24,368,545)	(24,368,545)		
Sale of assets.....	90,000				69,478		1,656,333	1,656,333	43,200	1,190,000
Transfers in.....	787,684	663,737	575,633	2,314,742	4,948,915	464,241	700,000	700,000	574,696	950,715
Transfers out.....	(787,684)	(663,737)	(575,633)	(2,230,775)	(4,948,915)	(464,241)	(700,000)	(700,000)	(574,696)	(950,715)
NET OTHER FINANCING SOURCES (USES).....	12,420,862	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
NET CHANGE IN FUND BALANCES.....	\$ 6,483,665	\$ 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)
DEBT SERVICE AS A PERCENTAGE OF NONCAPITAL EXPENDITURES.....	8%	9%	10%	8%	8%	8%	8%	9%	8%	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
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	3,624,426,799	4,439,726,674	215,781,712	108,306,358	324,088,070	462,982,957	3,948,514,869	4,902,709,631	80.54%	24.00
2012	3,633,553,446	4,223,985,170	227,546,256	108,087,739	335,633,995	479,477,136	3,969,187,441	4,703,462,306	84.39%	24.37

(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
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
2012	2010	24.37	0.61	24.98

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

TOWN OF NEWTOWN, CONNECTICUT

TABLE 7

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

NAME	NATURE OF BUSINESS	GRAND LIST YEAR 2010			GRAND LIST YEAR 2001		
		ASSESSED VALUE	RANK	PERCENTAGE NET TAXABLE GRAND LIST (1)	ASSESSED VALUE	RANK	PERCENTAGE NET TAXABLE GRAND LIST (2)
CONNECTICUT LIGHT & POWER	UTILITY	\$ 21,582,440	1	0.55%	\$ 18,007,210	1	0.98%
E & A.I & G SANDHILL PLAZA LTD PARTNERSHIP	SHOPPING	20,405,000	2	0.52%			
IROQUOIS GAS TRANSMISSION SYSTEM	UTILITY	18,213,270	3	0.46%	5,771,020		
CURTIS PACKAGING CORP	MANUFACTURING	12,941,714	4	0.33%	7,382,200	7	0.40%
NEWTOWN SHOPPING VILLAGE	SHOPPING CENTER	11,651,660	5	0.30%	5,852,980	10	0.32%
MAPLEWOOD AT NEWTOWN LLC	ASSISTED LIVING	10,574,380	6	0.27%	10,708,630	3	0.58%
TAUNTON PRESS	PRINTING	8,662,110	7	0.22%	7,866,030	6	0.43%
BARNABAS REALTY GROUP GEN PTRSHP	REAL ESTATE HOLDINGS	7,508,781	8	0.19%	6,027,500	9	0.33%
NEWTOWN SAVINGS BANK	FINANCIAL SERVICES	6,876,690	9	0.17%			
ROCK RIDGE COUNTRY CLUB INC	LEISURE	6,474,280	10	0.16%			
FIRSTLIGHT HYDRO GENERATING CO	UTILITY	6,364,335	11	0.16%			
ETHAN ALLEN INC	MANUFACTURING	6,199,260	12	0.16%			
ETON CENTERS CO	REAL ESTATE	6,033,800	13	0.15%			
ADVANCED FUSION SYSTEMS LLC	MANUFACTURING/R&D	5,924,130	14	0.15%			
CHARTER COMMUNICATION ENTERTAINMENT	ENTERTAINMENT/COMM	5,793,590	15	0.15%			
ARBAR PROPERTIES LLC	REAL ESTATE						
HARVEY HUBBELL INC	MANUFACTURING				8,565,990	5	0.47%
RAND WHITNEY CONTAINER LLC	MANUFACTURING				6,050,290	8	0.33%
DD NEWTOWN PARTNERS LIMITED PARTNERSHIP					13,938,710	2	0.76%
SORVALL PRODUCTS LIMITED PARTNERSHIP					10,051,150	4	0.55%
TOTAL		<u>\$ 155,205,440</u>		<u>3.94%</u>	<u>\$ 100,221,710</u>		<u>5.15%</u>

Source: Town Assessor Department.

(1) Based on October 1, 2010 net taxable Grand List of \$3,933,724,354

(2) Based on October 1, 2001 net taxable Grand List of \$1,834,397,833

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
2003	33.80	2001	\$ 62,421,021	\$ 61,405,444	98.4%	\$ 977,409	\$ 62,382,853	99.9%	\$ 38,168
2004	23.40	2002	65,292,492	64,404,389	98.6%	861,733	65,266,122	100.0%	26,370
2005	24.90	2003	70,745,739	69,896,883	98.8%	821,421	70,718,304	100.0%	27,435
2006	26.10	2004	76,226,450	75,533,854	99.1%	663,745	76,197,599	100.0%	28,851
2007	27.30	2005	81,644,015	80,907,427	99.1%	699,350	81,606,777	100.0%	37,238
2008	28.10	2006	84,992,465	84,184,987	99.0%	764,501	84,949,488	99.9%	42,977
2009	23.20	2007	89,761,007	88,934,425	99.1%	684,011	89,618,436	99.8%	142,571
2010	23.43	2008	90,216,520	89,465,838	99.2%	519,154	89,984,992	99.7%	231,528
2011	24.00	2009	92,798,590	91,982,638	99.1%	424,424	92,407,062	99.6%	391,528
2012	24.37	2010	94,762,206	93,813,987	99.0%	-	93,813,987	99.0%	948,219

Source: Town audit reports.

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

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		
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	0.13%	3,150
2012	83,482,300	1,489,134	123,060		182,902	327,700	4,903,085	90,508,181	0.12%	3,238

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

TABLE 10

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

YEAR ENDED JUNE 30	GENERAL DEBT OUTSTANDING			PERCENTAGE OF ACTUAL TAXABLE VALUE OF PROPERTY	DEBT PER CAPITA
	GENERAL OBLIGATION BONDS	NOTES	TOTAL		
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
2012	83,482,300	1,612,194	85,094,494	1.81%	3,044

TABLE 11

TOWN OF NEWTOWN, CONNECTICUT

SCHEDULE OF DEBT LIMITATION
CONNECTICUT STATUTES, SECTION 7-374(b)
JUNE 30, 2012
(UNAUDITED)

TAX BASE:

Total tax collections (including interest and lien fees).....	\$ 94,585,322
Newtown Borough Tax.....	170,677
TOTAL BASE.....	<u>\$ 94,755,999</u>

	GENERAL PURPOSE	SCHOOLS	SEWER	URBAN RENEWAL	PENSION DEFICIT
<u>DEBT LIMITATION:</u>					
2 1/4 times base.....	\$ 213,200,998	\$	\$	\$	\$
4 1/2 times base.....		426,401,996			
3 3/4 times base.....			355,334,996		
3 1/4 times base.....				307,956,997	
3 times base.....					284,267,997
TOTAL LIMITATIONS.....	<u>213,200,998</u>	<u>426,401,996</u>	<u>355,334,996</u>	<u>307,956,997</u>	<u>284,267,997</u>
<u>INDEBTEDNESS:</u>					
Bonds payable.....	35,612,050	47,542,550	327,700		
Less school building grants.....		(2,407,357)			
TOTAL INDEBTEDNESS.....	<u>35,612,050</u>	<u>45,135,193</u>	<u>327,700</u>	<u>-</u>	<u>-</u>
DEBT LIMITATION IN EXCESS OF OUTSTANDING DEBT.....	<u>\$ 177,588,948</u>	<u>\$ 381,266,803</u>	<u>\$ 355,007,296</u>	<u>\$ 307,956,997</u>	<u>\$ 284,267,997</u>

The total net indebtedness above amounts to: \$ 81,074,943

In no event shall total indebtedness exceed seven times the base for debt limitation computation: \$ 663,291,993

There is no overlapping debt for the Town of Newtown.

TABLE 12

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

YEAR ENDED JUNE 30	DEBT LIMIT	NET DEBT APPLICABLE TO LIMIT	LEGAL DEBT MARGIN	TOTAL NET DEBT APPLICABLE
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%
2012	1,587,162,984	81,074,943	1,506,088,041	5%

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
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	114,673	37,783	40.3	53% bachelor's degree or more	5,451	6.9%
2012	27,953	113,067	38,855	39	53% bachelor's degree or more	5,298	6.5%

(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	2012			2003		
	EMPLOYEES	RANK	PERCENTAGE OF TOTAL TOWN EMPLOYMENT	EMPLOYEES	RANK	PERCENTAGE OF TOTAL TOWN EMPLOYMENT
TOWN OF NEWTOWN BOARD OF EDUCATION	704	1		714	1	6.0%
MASONICARE OF NEWTOWN.....	299	2		250	6	2.1%
STATE OF CT - DEPT OF CORRECTIONS.....	288	3		375	2	3.2%
TAUNTON PRESS.....	235	4		270	5	2.3%
CHARTER COMMUNICATIONS.....	175	5		215	9	1.8%
TOWN OF NEWTOWN.....	166	6		166	11	1.4%
BIG Y SUPERMARKET.....	158	7		240	7	2.0%
CURTIS PACKAGING.....	148	8		150	12	1.3%
HUBBELL WIRING DEVICES-KELLEMS.....	145	9		220	8	1.9%
CARALUZZI'S NEWTOWN MARKET.....	136	10				
STOP AND SHOP.....	130	11		180	10	1.5%
NEWTOWN SAVINGS BANK.....	127	12				
KENDRO LABORATORY PRODUCTS.....				350	3	3.0%
PITNEY BOWES.....				308	4	2.6%
TOTAL.....	<u>2,711</u>		<u>0.0%</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										
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
GENERAL GOVERNMENT:											
Selectmen.....	3	3	3	3	4	4	4	4	4	4	4
Finance.....	5	5	5	5	5	5	5	5	5	5	5
Parks and recreation.....	17	16	16	16	16	17	15	16	16	13	11
Town Clerk.....	4	4	4	4	4	4	4	4	4	4	4
Senior Center.....	3	3	3	3	3	2	1	1	1	2	2
Registrars.....	2	2	2	2	2	2	2	2	2	2	2
Tax Collector.....	5	5	5	5	5	5	4	4	4	4	4
Tax Assessor.....	3	4	4	4	4	4	4	4	4	4	3
Social Services.....	2	2	2	2	2	2	1	1	1	3	2
POLICE:											
Officers.....	46	47	47	47	46	41	42	42	41	42	43
Civilians.....	4	5	5	5	5	5	4	4	5	5	4
Canine Control.....	2	2	2	2	2	2	2	2	2	2	2
FIRE:											
Fire Marshall.....	3	3	3	3	3	2	2	2	2	2	2
PUBLIC WORKS:											
Engineering.....	2	2	2	2	2	2	2	2	2	2	2
Highway.....	37	40	39	44	40	42	40	40	41	41	40
Landfill.....	3	3	3	3	3	3	3	3	3	3	3
Building.....	5	6	6	7	6	6	6	7	6	6	6
LAND USE.....	6	6	5	6	5	7	7	7	7	7	7
EMERGENCY COMMUNICATIONS.....	10	11	11	11	11	11	11	11	10	10	10
EDUCATION.....	778	779	797	747	734	722	699	689	658	654	602
TOTAL.....	940	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									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
<u>GOVERNMENTAL ACTIVITIES</u>										
PUBLIC SAFETY:										
Fire: All volunteer										
Total incidents.....	2,927	1,353	1,245	1,258	1,313	1,444	1,227	1,216	1,114	1,159
Rescue/medical calls.....	2,264	164	184	235	216	175	134	169	124	128
Police:										
Number of calls.....	25,515	19,848	21,208	20,285	19,177	18,374	16,743	14,938	14,709	13,983
Total 911 calls received.....	8,080	7,417	6,704	6,413	7,084	7,261	n/a	7,723	7,243	7,014
Formal investigations.....	2,536	2,873	3,119	3,080	3,187	3,158	3,443	3,174	3,728	3,333
TOWN CLERK:										
Number of documents recorded.....	6,732	6,328	5,056	5,507	6,041	7,767	8,623	9,920	12,730	13,742
HEALTH AND WELFARE:										
Number of food service facilities inspector	129	115	121	103	99	98	95	70	70	68
New homes built.....				9	23	53	70	69	140	189
Number of soil tests.....	123	91	113							
Number of new septic permits.....	31	14	16							
Number of septic repairs.....	79	58	84							
Number of well permits.....	49	48	33							
LAND USE:										
Total subdivisions approved.....	1	2	0	3	10	5	13	13	6	8
Total commercial applications approved..	1	4	7	10	12	13	11	6	5	16
BUILDING:										
Residential permits issued.....	1,832	1,316	1,286	1,277	1,510	1,803	1,692	1,693	2,043	1,803
Commercial permits issued.....	202	194	221	194	214	170	197	273	232	181
PUBLIC WORKS:										
Streets (miles)	275.66	263.07	256.03	256.03	255.05	250.41	250.41	249.14	246.62	246.36
Accepted Town roads.....	255.71	245.39	237.54	237.54	236.56	234.90	234.90	233.63	231.11	230.85
Private roads.....	18.88	17.68	15.51	15.51	15.51	15.51	15.51	15.51	15.51	15.51
Roads under construction (maintained)	1.07									

(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									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
EDUCATION:										
Enrollment:										
High School Grades 9-12.....	1744	1729	1,730	1,704	1,719	1,714	1,688	1,622	1,559	1,427
Middle School Grades 6-8.....	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Middle School Grades 7-8.....	871	897	896	929	930	890	896	864	854	848
Intermediate School Grades 5-6.....	878	983	861	964	948	971	913	874	875	842
Elementary Schools Grades K-5.....	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Elementary Schools Grades K-4.....	1805	1840	1,915	1,983	2,031	2,093	2,151	2,135	2,111	2,084
<u>BUSINESS-TYPE ACTIVITIES</u>										
WATER FUND:										
Water mains (miles).....	6	6	6	6	6	9	9	9	(2)	(2)
Fire hydrants.....	53	53	53	47	47	47	47	47	(2)	(2)
Storage capacity (thousands of gallons).....	1000	1000	1,000	1,000	1,000	1,000	1,000	1,000	(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									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
<u>GOVERNMENTAL ACTIVITIES</u>										
PARKS AND RECREATION:										
Acreage (includes all open space).....	2,100	2,100	2,100	2,100	1,866	1,866	1,866	1,809	1,783	1,783
Playgrounds.....	10	11	11	11	13	13	13	13	13	12
Baseball fields.....	14	14	14	14	15	14	14	14	14	14
Softball fields.....	9	9	9	9	8	8	8	7	7	7
Multi-purpose fields.....	20	20	20	20	20	18	18	17	17	17
Senior Center.....	1	1	1	1	1	1	1	1	1	1
Skate Park.....	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.....	31	32	32	32	33	29	28	25	24	24
PUBLIC WORKS:										
Highway department:										
Streets (miles).....	275.66	263.07	256.03	256.03	255.05	250.41	250.41	249.14	246.62	246.36
Sidewalks (miles).....	2.98	2.98	2.98	2.98	2.98	2.98	2.98	2.98	2.98	2.98
TRANSFER STATION:										
Number of transfer stations.....	1	1	1	1	1	1	1	1	1	1
EDUCATION:										
Number of High Schools.....	1	1	1	1	1	1	1	1	1	1
Number of Middle Schools.....	1	1	1	1	1	1	1	1	1	1
Intermediate School.....	1	1	1	1	1	1	1	1	1	1
Number of Elementary Schools.....	4	4	4	4	4	4	4	4	4	4
<u>BUSINESS-TYPE ACTIVITIES</u>										
WATER FUND:										
Water mains (miles).....	6	6	6	6	6	6	9	9	(1)	(1)
Fire hydrants.....	47	47	47	47	47	47	47	47	(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.