

**COMPREHENSIVE
ANNUAL FINANCIAL REPORT**

of the

**TOWN OF NEWTOWN,
CONNECTICUT**

YEAR ENDED

JUNE 30, 2014

**PREPARED BY:
THE FINANCE DEPARTMENT**

ROBERT G. TAIT, FINANCE DIRECTOR

TOWN OF NEWTOWN, CONNECTICUT

COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2014

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Introductory Section

TOWN OF NEWTOWN, CONNECTICUT

**LIST OF PRINCIPAL OFFICIALS
JUNE 30, 2014**

First Selectman

E. Patricia Llodra

Selectmen

William F. L. Rodgers

James O. Gaston Sr.

Board of Finance

John W. Kortze
Chairman

James K. Filan, Jr.
John Godin
Joseph W. Kearney

Michael Portnoy
Harrison A. Waterbury

Legislative Council

Mary Ann Jacob
Chairman

Daniel J. Amaral
Phil Carroll
Neil Chaundary
George T. Ferguson
Anthony Filiato
Joe Girgasky

Daniel T. Honan
Ryan Knapp
Paul Lundquist
Robert Merola
Lisa Romano

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 - Penny Mudgett
Town Clerk - Debbie Aurelia

Board of Education

Keith Alexander
Chairman

Michele Embree Ku
David Freedman
Kathy Hamilton

Debbie M. Leidlein
Laura Roche
John N. Vourus

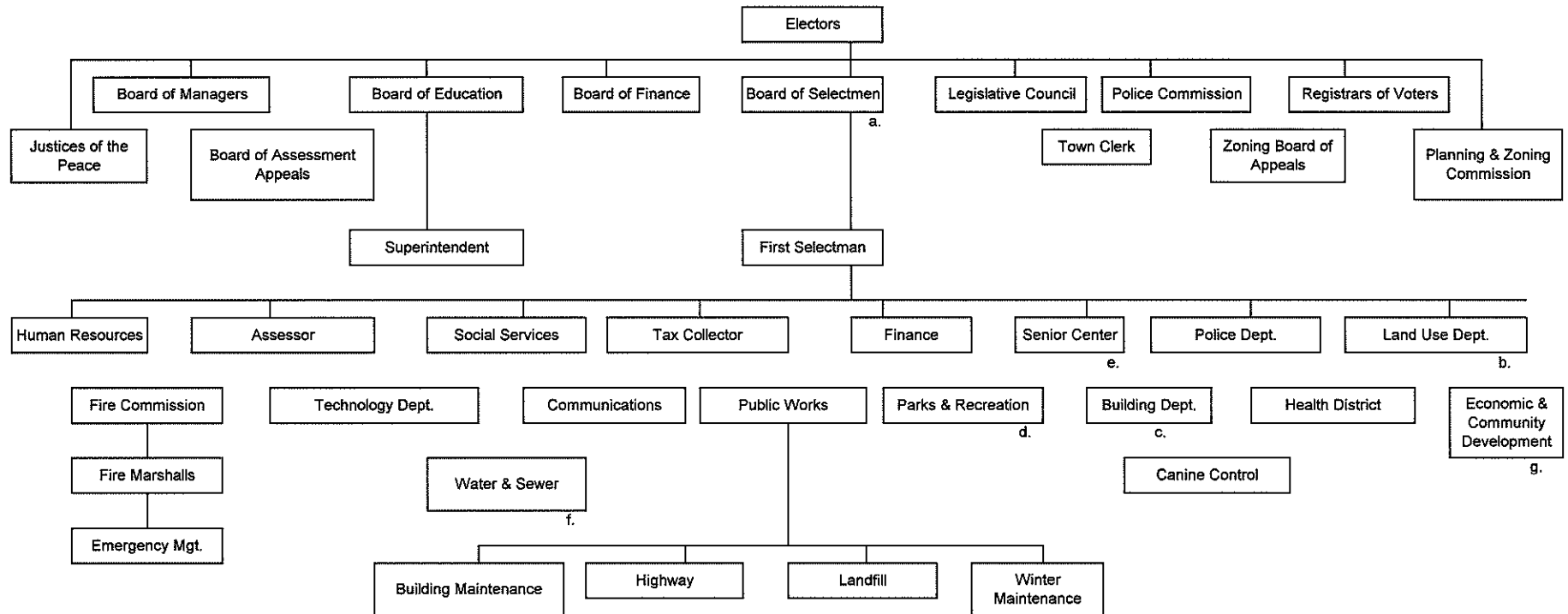
Dr. Joseph V. Erardi, Jr. - Superintendent of Schools
Ronald J. Bienkowski - School Business Manager

Independent Auditors

CohnReznick LLP

TOWN OF NEWTOWN, CONNECTICUT

ORGANIZATIONAL CHART



APPOINTED OFFICIALS, BOARDS, COMMISSIONS, AUTHORITIES:

legend

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

legend

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



www.newtown-ct.gov

TOWN OF NEWTOWN

OFFICE OF THE FINANCE DIRECTOR

December 10, 2014

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, 2014. The report includes the independent auditor's report as required by Town Charter Chapter 6, Section 6-02 and the Connecticut Statutes. The report is prepared in conformity with generally accepted accounting principles ("GAAP") and standards set forth by the Governmental Accounting Standards Board ("GASB").

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

CohnReznick LLP, a public accounting firm fully licensed and qualified to perform audits of municipalities within the State of Connecticut, have audited the financial statements. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Town of Newtown, Connecticut for the fiscal year ended June 30, 2014, are free from material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the Town of Newtown's financial statements for the fiscal year ended June 30, 2014, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

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

Profile of the Town of Newtown

The Town of Newtown was incorporated in 1711 and has a favorable location in Fairfield County in the southwest part of the State of Connecticut about 60 miles northeast of New York City. The Town has a land area of 60 square miles and a population of 27,560.

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

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

Factors Affecting Financial Condition

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

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

New housing construction decreased from the previous year. In fiscal year 2014, 18 new housing permits were issued compared to 15 issued in fiscal year 2013. In fiscal year 2014, 3 new building commercial permits were issued compared to 1 issued in fiscal year 2013. Commercial permits were issued at a value of \$11,248,312 for fiscal year 2014 compared to a value of \$5,602,706 for fiscal year 2013.

The local labor force is feeling the impact of the adverse economy. The annual average unemployment rate for the labor force was 5.9% in fiscal year 2013. The unemployment rate for the labor force in fiscal year 2014 has decreased to 5.4% (per Connecticut Department of Labor data by town).

Factors Affecting Financial Condition (Continued)

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

The Town's per capita income of \$47,221 and median household income of \$116,024 (per the U.S. Census Bureau, 2008-12 American Community Survey) are above the state's high averages, while housing prices are competitive relative to Fairfield County norms. Most residents work in regional employment centers in Fairfield County and Westchester County, New York.

The economic crisis has created challenges for the Connecticut state government in trying to meet their budget. Newtown's general fund receives over \$7.5 million dollars from the State of Connecticut, which helps offset local taxes. Any cuts in state aid will put increased pressure on local municipal budgets.

Long-Term Financial Planning

Five Year Capital Improvement Plan (CIP)

The Capital Improvement Plan ("CIP") is a five-year plan identifying the Town's capital outlay and improvement needs. As a long-range plan, the CIP reflects the Town's policy regarding future physical and economic development. By providing a planned schedule of public improvements, the CIP outlines present and future public needs and priorities. A capital improvement is defined as any expenditure for equipment, buildings, infrastructure, land acquisition, plan or project in which the cost exceeds 0.25% of the Town budget for the year in which the request is made.

Capital project planning is an ongoing process. Each year the CIP document is updated. The need or idea for capital improvements can originate from the department heads, the First Selectman, the Superintendent of Schools, and boards and commissions. These items are compiled into this document and presented annually to the Board of Finance and Legislative Council. Once approved, the CIP outlines the Town's official commitment to funding these expenditures in the subsequent years budgets.

Adopting a CIP does not end with the first year. Changing needs and priorities, emergencies, cost changes, mandates and changes in technology all require the CIP to be updated annually. The Town's public facilities, streets, parks, equipment, etc. are constantly in need of repair, replacement or expansion. A growing population will require additional or new facilities. These reasons require that the CIP be updated to maintain the financial solidity of the Town. The CIP achieves the following objectives as a component of the Town's budget and financial planning process:

- Reduces the need for "crash programs" to finance the construction of Town facilities.
- Focuses attention on community goals, needs and capabilities.
- Achieves optimum use of taxpayer dollars.
- Guides future community growth and development.
- Advance planning ensures that projects are well thought out in advance of construction.
- Provides for the orderly replacement of capital expenditures.
- Encourages a more efficient governmental administration as well as maintains a sound and stable financial program.

The following is the CIP for fiscal years 2014-15 to 2018-19 approved by the Legislative Council on January 8, 2014:

TOWN OF NEWTOWN – CAPITAL IMPROVEMENTS PLAN – 2014-15 TO 2018-19				
Description	Dept.	Amount	To Be Bonded	Other Financing
YEAR ONE – 2014 - 2015				
Board of Selectmen:				
Capital Road Program	P.W.	2,000,000		2,000,000
Bridge Replacement Program	P.W.	315,000	315,000	
Newtown H & L Fire House Construction	FIRE	500,000	500,000	
Sandy Hook Streetscape Program	ECON	200,000	200,000	
Open Space Acquisition Program	LAND USE	250,000	250,000	
Fairfield Hills Walking Trails Phase II	F.H.A.	300,000	300,000	
Community Center Design Phase	P & R	500,000	500,000	
Board of Education:				
High School Auditorium Improve - design	EDUC	100,000	100,000	
High School Auditorium Improvements	EDUC	2,200,000	2,200,000	
New Sandy Hook Elementary School	EDUC	49,250,000		49,250,000
Year 1 Totals		55,615,000	4,365,000	51,250,000
YEAR TWO – 2015 - 2016				
Board of Selectmen:				
Capital Road Program	P.W.	2,000,000		2,000,000
Bridge Replacement Program	P.W.	315,000	315,000	
Newtown H & L Fire House Construction	FIRE	500,000	500,000	
Addition to Fire House Sub-Station	FIRE	375,000	375,000	
Fire Apparatus Replacement	FIRE	975,000	975,000	
Dickinson Park Parking Lots	P & R	450,000	450,000	
Eichlers Cove Improvements Phase I	P & R	325,000	325,000	
Community Center Const Phase I	P & R	10,000,000	10,000,000	
Town Sidewalk/Streetscape Plan	ECON	350,000	350,000	
Open Space Acquisition Program	LAND USE	250,000	250,000	
Fairfield Hills Building Demolition	F.H.A.	2,400,000	2,400,000	
Edmond Town Hall Renovations	E.T.H.	300,000	300,000	
Library Renovations	LIB	300,000	300,000	
Board of Education:				
Hawley Boiler / HVAC – Phase II	EDUC	4,500,000	4,500,000	
Year 2 Totals		23,040,000	21,040,000	2,000,000

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TOWN OF NEWTOWN – CAPITAL IMPROVEMENTS PLAN – 2014-15 TO 2018-19

Description	Dept.	Amount	To Be Bonded	Other Financing
YEAR THREE – 2016 - 2017				
Board of Selectmen:				
Capital Road Program	P.W.	2,000,000		2,000,000
Bridge Replacement Program	P.W.	300,000	300,000	
Newtown H & L Fire House Construction	FIRE	500,000	500,000	
Fire Apparatus Replacement	FIRE	975,000	500,000	475,000
Community Center Const Phase II	P & R	5,000,000	5,000,000	
Town Sidewalk/Streetscape Plan	ECON	350,000	350,000	
Fairfield Hills Walking Trails Phase III	F.H.A.	500,000	500,000	
Senior Center Design Phase	SR CTR	500,000	500,000	
Open Space Acquisition Program	LAND	250,000	250,000	
	USE			
Board of Education:				
Hawley Boiler / HVAC – Phase III	EDUC	2,650,000	2,650,000	
Year 3 Totals		13,025,000	10,550,000	2,475,000
YEAR FOUR – 2017 - 2018				
Board of Selectmen:				
Capital Road Program	P.W.	2,000,000		2,000,000
Bridge Replacement Program	P.W.	414,000	414,000	
Eichlers Cove Improvements Phase II	P & R	500,000	500,000	
Edmond Town Hall Renovations	E.T.H.	250,000	250,000	
Library Renovations	LIB	250,000	250,000	
Fairfield Hills Building Demolition/Infrastr	F.H.A.	1,000,000	1,000,000	
Police Facility Design	POLICE	500,000	500,000	
Town Sidewalk/Streetscape Plan	ECON	350,000	350,000	
Open Space Acquisition Program	LAND	250,000	250,000	
	USE			
Board of Education:				
Middle School Renovation – Phase 0	EDUC	100,000	100,000	
Middle School Renovation – Phase I	EDUC	2,100,000	2,100,000	
Middle Gate Window Replacements	EDUC	400,000		400,000
Year 4 Totals		8,114,000	5,714,000	2,400,000
YEAR FIVE – 2018 - 2019				
Board of Selectmen:				
Capital Road Program	P.W.	2,000,000		2,000,000
Bridge Replacement Program	P.W.	350,000	350,000	
Treadwell Park Parking	P & R	500,000	500,000	
Dickinson Park Phase III	P & R	1,300,000	1,300,000	
Municipal Facility – Construction Phase	-----	5,000,000	5,000,000	
Town Sidewalk / Streetscape Plan	ECON	350,000	350,000	
Open Space Acquisition Program	LAND	250,000	250,000	
	USE			
Board of Education:				
Middle School Renovation – Phase II	EDUC	4,805,000	4,805,000	
Year 5 Totals		14,555,000	12,555,000	2,000,000
GRAND TOTALS (FIVE YEAR PLAN)		114,349,000	54,224,000	60,125,000

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 on a former Pitney Bowes facility, which has been converted for Advanced Fusion Systems. This new company is involved in the manufacturing of technology for the power electronics market. 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.

Hawleyville Business District brings development opportunity to Newtown. The Town received a \$500,000 STEAP grant to support the cost of sewer installation into the business district. With the sewer availability for business and land owners, there's now a wider opportunity for industrial and commercial development. Off exit 9 of I-84, there are a few tracts of land totaling over 130 acres now prime for development with the future sewer infrastructure. Sewers installation is planned for early 2015.

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, Architectural Glass Industries and Vodafone occupy both industrial and headquarter facilities in the park. An industrial condominium attracted several smaller businesses to the park. A few lots remain for additional growth opportunities.

South Main Street (Rt. 25) continues to attract new development projects. The final of three phases at Highland Plaza is complete and leasing of the 22,000 square foot building is underway. The Plaza is anchored by the restaurant Fusion 25, a local accounting firm and Butcher's Best Market, a specialty food market. Several small businesses have opened in the plaza as well. Plaza South, a neighborhood shopping center, added significant new retail space to the corridor along with a nice mix of new businesses, while Sand Hill Plaza continues to maintain an attractive mix of retail and service providers. Two new mixed use office buildings were approved for construction in 2013 and new interest in construction of a preapproved 20,000 square foot mixed retail/office complex is under discussion. A redevelopment plan for the former Blue Linx property is also on the drawing board and should take shape in the coming fiscal year. These developments and a couple of smaller projects were made possible by the zoning codes and land use policy that enhance economic development in the corridor.

Sandy Hook Village is a vibrant and walkable commercial district that has unique shops and a variety of service businesses. Revitalization efforts attracted private investment and new business development. The renovation and occupancy of several historic buildings, the river walk and ongoing promotion by the commercial district organization SHOP contribute to the successful and ongoing revitalization. The second phase of the Sandy Hook Streetscape project is complete and involved the realignment of the intersection along with new pedestrian amenities including sidewalks, curbing, landscaping and decorative street lighting. The work ties the commercial district together with surrounding neighborhoods improving pedestrian and vehicular flow and safety. The streetscape project was funded by a variety of sources including state, local and private money. A new marketing plan is sure to provide additional private interest in the district, which has several attractive properties that are available for reuse and redevelopment. The reconstruction and occupancy of the Sandy Hook Elementary School is important to this neighborhood community and will be a key element for continuing the private investment in the district.

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

Fairfield Hills Campus. This former state hospital was purchased by the Town of Newtown in 2004. A comprehensive reuse vision for the property calls for reserving a major portion of the 185 acre property for municipal, cultural, passive and active recreational uses. Roughly 130 acres will remain as open space. The Town was successful in acquiring several state and federal grants to assist with infrastructure improvements, environmental remediation and building renovation work. 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 has been completed and plans for Phase II are complete; Phase I electric, gas and communication infrastructure improvements has been completed; the Newtown Youth Academy, a privately owned and operated business, opened in 2008 on land leased from the Town and the Newtown Municipal Center opened in 2009 in the former Bridgeport Hall; environmental remediation of six buildings has occurred; Greenwich, Fairfield, Litchfield and Yale buildings have been taken down and Danbury will be removed next fiscal year. Additional resources are in the CIP plan to take down more buildings within the next five years.

Relevant Financial Policies

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

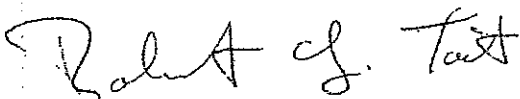
Awards. The Government Finance Officers Association ("GFOA") awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town for its Comprehensive Annual Financial Report ("CAFR") for the fiscal year ended June 30, 2013. This was the sixteenth consecutive year that the Town has 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,



Robert G. Tait
Finance Director



Government Finance Officers Association

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

Presented to

**Town of Newtown
Connecticut**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2013

Executive Director/CEO

Financial Section

Independent Auditor's Report

Board of Finance
Town of Newtown, Connecticut

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Newtown, Connecticut, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Newtown, Connecticut, as of June 30, 2014, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the pension and other post-employment benefit schedules on pages 14 to 24 and pages 77 to 85, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 10, 2014, on our consideration of the Town of Newtown, Connecticut's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Newtown, Connecticut's internal control over financial reporting and compliance.

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

Hartford, Connecticut
December 10, 2014



TOWN OF NEWTOWN OFFICE OF THE FINANCE DIRECTOR

MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2014

As management of the Town of Newtown, Connecticut, we offer readers of the Town of Newtown's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2014. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal in the introductory section of this report.

Financial Highlights

- On a government-wide basis, the Town's net position grew by \$10.4 million for the fiscal year, \$11.0 million of which was generated by governmental activities, while there was a decrease of \$0.6 million from the business-type activities of the Town. The increase was due substantially to significant increase in capital assets of \$4.5 million, as well as a decrease in long-term debt of \$3.5 million. The increase in capital assets is primarily due to the completion of the High School addition project, and new construction in progress related to the Sandy Hook School and the Memorial Playground.
- The Town's combined net position totaled \$226.6 million. Of this amount, the unrestricted components were \$18.2 million in governmental activities and \$7.7 million in business-type activities.
- At year end, unassigned fund balance for the general fund was \$10,242,495 or 9.3% of total general fund budgetary expenditures and other financing uses.
- The Bonded Projects fund ended the fiscal year with a fund balance of \$989,318 due to grants received of \$4.5 million and the issuance of debt during the current year of \$4 million net with the related expenditures incurred.

Overview of the Financial Statements

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

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

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

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

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

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

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

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

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

The Town maintains 31 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the two funds considered to be major funds. Data from the other 29 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements in Schedules 5 and 6.

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

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

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

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

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

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

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

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

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

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Town of Newtown, assets exceeded liabilities by \$226.6 million at the close of the fiscal year.

The largest portion of the Town's net position (86.2%) 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 are still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

Summary Statement of Net Position

	Governmental Activities		Business-type Activities		Totals	
	2014	2013	2014	2013	2014	2013
Current and other assets.....	\$ 35,246,426	\$ 32,174,248	\$ 7,842,867	\$ 6,863,293	\$ 43,089,293	\$ 39,037,541
Capital assets (net).....	247,799,321	243,337,409	28,880,829	28,915,472	276,680,150	272,252,881
Total assets.....	283,045,747	275,511,657	36,723,696	35,778,765	319,769,443	311,290,422
Deferred outflows of resources.....	2,018,392	2,275,484	10,550	12,004	2,028,942	2,287,488
Long-term liabilities outstanding.....	71,357,671	75,414,518	4,741,594	3,334,549	76,099,265	78,749,067
Other liabilities.....	17,775,211	17,423,857	1,227,924	1,095,793	19,003,135	18,519,650
Total liabilities.....	89,132,882	92,838,375	5,969,518	4,430,342	95,102,400	97,268,717
Deferred inflows of resources.....	113,081	112,611			113,081	112,611
Net position:						
Net investment in capital assets...	172,186,652	164,022,205	23,031,532	24,629,094	195,218,184	188,651,299
Restricted.....	5,421,702	3,891,876			5,421,702	3,891,876
Unrestricted	18,209,822	16,922,074	7,733,196	6,731,333	25,943,018	23,653,407
TOTAL NET POSITION.....	\$ 195,818,176	\$ 184,836,155	\$ 30,764,728	\$ 31,360,427	\$ 226,582,904	\$ 216,196,582

An additional portion of the Town's net position of \$5.4 million represents resources that are subject to external restrictions on how they may be used. The remaining portion of net position is unrestricted and is \$25.9 million.

The Town's net position increased by \$10.4 million during the current fiscal year. The increase was due substantially to significant increase in capital assets of \$4.5 million, a decrease in long-term debt of \$3.5 million, and grants, contributions, and insurance proceeds received related to Sandy Hook School. The increase in capital assets is primarily due to the completion of the High School addition project, and new construction in progress related to the Sandy Hook School and the Memorial Playground.

Governmental activities. Already noted was the statement of activities' purpose in presenting information on how the Town's net position changed during the most recent fiscal year. A statement of changes in net position follows. For the fiscal year, net position increased \$10.4 million, with \$11.0 million of the increase coming from governmental activities. The majority of the increase in net position in governmental activities is related to the decrease in long-term debt and the capital asset additions during the current year. The reader should remember that the basis of accounting used in the government-wide statement of activities excludes capital expenses, while its revenues include general taxes whose primary purpose is for the construction of those very assets or their related debt service.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

Statement of Changes in Net Position						
	Governmental Activities		Business-type Activities		Totals	
	2014	2013	2014	2013	2014	2013
REVENUES:						
Program revenues:						
Charges for services.....	\$ 6,155,873	\$ 5,627,252	\$ 1,295,726	\$ 1,517,983	\$ 7,451,599	\$ 7,145,235
Operating grants and contributions...	22,660,148	18,865,291			22,660,148	18,865,291
Capital grants and contributions.....	4,827,049	1,699,664			4,827,049	1,699,664
General revenues:						
Property taxes.....	100,629,359	96,220,137			100,629,359	96,220,137
Grants and contributions not restricted to specific programs.....	2,685,543	2,602,165			2,685,543	2,602,165
Contributions to permanent funds.....		1,387,342				1,387,342
Investment income.....	370,978	293,593	43,458	47,125	414,436	340,718
Miscellaneous.....	136,925	161,772			136,925	161,772
TOTAL REVENUES.....	137,465,875	126,857,216	1,339,184	1,565,108	138,805,059	128,422,324
EXPENSES:						
General government.....	6,002,205	5,525,271			6,002,205	5,525,271
Public safety.....	10,603,300	9,986,240			10,603,300	9,986,240
Health and welfare.....	2,789,566	2,541,813			2,789,566	2,541,813
Land use.....	723,512	588,147			723,512	588,147
Public works.....	10,416,008	9,873,453			10,416,008	9,873,453
Parks and recreation.....	3,122,807	3,251,097			3,122,807	3,251,097
Education.....	90,475,882	83,295,987			90,475,882	83,295,987
Interest expense.....	2,350,574	2,530,417			2,350,574	2,530,417
Sewer Department.....			1,575,726	1,621,751	1,575,726	1,621,751
Water Department.....			359,157	308,571	359,157	308,571
TOTAL EXPENSES.....	126,483,854	117,592,425	1,934,883	1,930,322	128,418,737	119,522,747
INCREASE (DECREASE) IN NET POSITION BEFORE EXTRAORDINARY ITEM.....	10,982,021	9,264,791	(595,699)	(365,214)	10,386,322	8,899,577
EXTRAORDINARY ITEM - ASSET IMPAIRMENT.....	-	(3,721,367)			-	(3,721,367)
CHANGES IN NET POSITION.....	10,982,021	5,543,424	(595,699)	(365,214)	10,386,322	5,178,210
NET POSITION - JULY 1.....	184,836,155	179,292,731	31,360,427	31,725,641	216,196,582	211,018,372
NET POSITION - JUNE 30.....	\$ 195,818,176	\$ 184,836,155	\$ 30,764,728	\$ 31,360,427	\$ 226,582,904	\$ 216,196,582

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

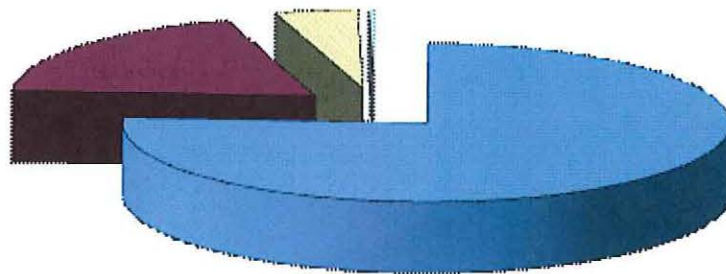
- Property taxes increased by \$4,409,222 as a result of growth in the budget among all departments.
- Operating grants and contributions increased by \$3,794,857. The most significant increase was due to additional grants related to the Sandy Hook tragedy of \$3,300,000.
- Capital grants and contributions increased by \$3,127,385 as a result of a \$4,200,00 grant to fund construction of the new Sandy Hook School, net with a decrease of \$706,600 in donated land and roads as compared to the prior year.

- Contributions to permanent funds decreased by \$1,387,342 substantially due to contributions made in prior year from a bequest for the care and education of animals of \$1,385,000.

Revenues

Governmental activities revenues totaled \$137.5 million for fiscal year 2014. Property taxes are the largest revenue source for the Town and represent 73.1% of governmental revenues. Current tax collections were 99.3% of the adjusted tax levy. Operating grants and contributions' revenues are the Town's second largest source of revenue. Operating grants and contributions' revenues include grants for school lunch program, education, law enforcement, daycare, public works, grants related to Sandy Hook, contributions to the Sandy Hook fund, and the Town gift fund. Operating grants and contributions' revenues account for 16.5% of governmental revenues for the year. Charges for services, the third largest revenue, amount to 4.5% of governmental revenues and include the school lunch program, adult education, Edmond Town Hall and park and recreation programs. Capital grants and contributions represent 3.5% of revenue and are made up of mostly school building grants and grants related to the building of the new Sandy Hook School. Grants and contributions not restricted to specific programs account for 2.0% and include elderly tax relief and in lieu of tax contributions. Investment income represents 0.3% of governmental revenue. Miscellaneous revenue accounts for the remaining governmental revenues and amount to 0.1% of governmental revenues.

Revenues-Governmental Activities



- Property Taxes
- 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 expense increased by \$476,934 due to increase in cost of benefits of \$200,000 as well as annual salary increases.
- Public safety expenses increased by \$617,060 due mainly to an increase in expenses related to police communications and increased security expenses.
- Education expenses increased by \$7,179,895. The increase is mostly due to increase in on-behalf payments of approximately \$1,500,000, increase in the education budget of \$2,600,000, and approximately \$3,000,000 increase in education grants related to the Sandy Hook tragedy.

Governmental activity expenses totaled \$126.5 million for the fiscal year. Of the expenses, 71.5% or \$90.5 million is related to education. Public works expenses amounted to \$10.4 million, or 8.2%, while public safety amounted to \$10.6 million or 8.4%. Parks and recreation expenses were \$3.1 million or 2.5%. Interest expense was \$2.4 million or 1.9%. General government expenses were \$6.0 million, or 4.7%, health and welfare expenses were \$2.8 million or 2.2%, and land use expenses were \$0.7 million or 0.6%.

The extraordinary item in 2013 relates to the asset impairment of the Sandy Hook Elementary School building as a result of the Town's decision to demolish the school due to the tragedy that occurred on December 14, 2012. The net book value of the building of \$3,721,367 was written down to \$0 at June 30, 2013.

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 \$1.3 million in revenue from the sewer department and water department, 96.8% comes from charges for services. Investment income makes up the final 3.2% of revenues for the Town's business activities.

Charges for services decreased slightly during the year due a minor decrease in customer consumption.

Expenses

Water department operating expenses increased \$50,586 for the fiscal year ended June 30, 2014 due to the increase in contracted services for the operating of the plant.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

Financial Analysis of the Town's Funds

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

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

The combined fund balances of governmental funds for the fiscal year ended June 30, 2014 is \$20.3 million. Unassigned fund balance totals \$10.2 million. The remainder of fund balance is not available for appropriation or spending by the Town and is classified as follows: Nonspendable of \$0.6 million, Restricted of \$4.8 million, Committed of \$3.3 million and Assigned of \$1.3 million.

General Fund

The general fund is the operating fund of the Town. The budgetary fund balance of the general fund increased by \$0.9 million for the fiscal year. Revenues were higher than budgeted by \$0.8 million and expenditures were lower by \$38,435 than the amount budgeted, led by \$16,020 from general government. The net impact on fund balance was an increase of \$0.9 million. The property tax rate increased from 24.54 mills to 33.32 mills.

General Fund Budgetary Highlights

A detailed budgetary comparison schedule for the fiscal year ended June 30, 2014 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.....	\$ 99,923,100	\$ 99,923,100	\$ 100,427,517	\$ 504,417
All other revenues.....	9,904,727	10,024,727	10,260,713	235,986
Cancellation of prior encumbrances.....			30,984	30,984
Transfers in.....	122,000	122,000	103,627	(18,373)
Premium.....			60,997	60,997
Total.....	109,949,827	110,069,827	110,883,838	814,011
<u>EXPENDITURES & OTHER FINANCING USES</u>				
Expenditures.....	109,471,086	109,591,086	109,552,651	38,435
Transfer out	478,741	478,741	478,741	-
Total.....	109,949,827	110,069,827	110,031,392	38,435
CHANGE IN FUND BALANCE.....	\$ -	\$ -	\$ 852,446	\$ 852,446

General Fund Budgetary Highlights (continued)

Additional appropriations for the year amounted to \$120,000, which were funded by revised revenue estimates. Overall, revenues were higher 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 were more than its expenditures and other financing uses by \$2,026,184 for the fiscal year. The capital outlay activity from current and prior years was financed with a bond issuance in the current year and intergovernmental revenues.

Proprietary funds. The Town's proprietary funds provide the same information found in the government-wide financial statements, but in more detail. The Town's enterprise funds posted an overall decrease in net position of \$0.6 million for the fiscal year ended June 30, 2014.

Sewer Fund

Unrestricted net position of the sewer fund at the end of the year amounted to \$8,282,549, an increase of \$1,012,999 from the prior year.

Water Fund

Unrestricted net position of the water fund at the end of the year amounted to a deficit of \$549,353, an increase to the deficit of \$11,136 from the prior year.

Self-Insured Medical Benefits Internal Service Fund

Unrestricted net position of the self-insured medical benefits fund at the end of the year amounted to \$2,446,115.

The Town's self-insured medical benefits fund recorded a decrease in net position for the year of \$46,485.

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, 2014, the Town of Newtown's capital assets for both governmental and business-type activities amounted to \$276.7 million, net of depreciation. This includes land, buildings, equipment, and infrastructure (roads and bridges). Capital assets for governmental activities increased by 1.8% while business-type capital assets decreased 0.1%. These changes included the following:

Land increased by \$380,110 due to purchase of land for open space.

Construction in progress decreased by a net of \$38,029,538 mainly due to the completion of the High School addition project and the Animal Shelter project adding \$41,919,474 to building and systems, completion of Hawley HVAC project adding \$1,685,300 to equipment, completion of Sandy Hook streetscape, Deep Brook restoration, technology park infrastructure, dog park, and Fairfield Hills lighting projects adding \$2,237,436 to land improvements, net with new construction in progress for the Sandy Hook school, memorial playground and other smaller projects of \$7,489,074.

Buildings and systems increased a net of \$39,828,037 due to depreciation expense with capital asset additions noted above. Land improvements increased \$1,924,813 due to annual depreciation expense net with capital additions noted above. Machinery and equipment increased a net of \$1,609,172 due to annual depreciation expense net with capital additions noted above.

Infrastructure decreases were due primarily to annual depreciation.

Capital Assets - Net						
	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Land.....	\$ 25,496,456	\$ 25,116,346	\$ 1,000	\$ 1,000	\$ 25,497,456	\$ 25,117,346
Intangible assets.....	3,687,270	3,687,270	578,055	621,407	4,265,325	4,308,677
Construction in progress.....	8,419,791	47,063,796	1,266,516	652,049	9,686,307	47,715,845
Buildings and systems.....	133,387,025	93,558,988			133,387,025	93,558,988
Land improvements.....	14,461,335	12,536,522			14,461,335	12,536,522
Plant and pumping stations....			9,097,197	9,376,274	9,097,197	9,376,274
Sewer distribution system.....			16,409,396	16,627,390	16,409,396	16,627,390
Water distribution system.....			1,393,948	1,480,264	1,393,948	1,480,264
Machinery and equipment.....	4,620,214	3,004,601	10,736	17,177	4,630,950	3,021,778
Vehicles.....	5,309,436	5,328,615	123,981	139,911	5,433,417	5,468,526
Infrastructure.....	52,417,794	53,041,271			52,417,794	53,041,271
TOTAL.....	\$ 247,799,321	\$ 243,337,409	\$ 28,880,829	\$ 28,915,472	\$ 276,680,150	\$ 272,252,881

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, 2014, the Town's long-term debt decreased by a net of \$3,569,211, due to the payments for the outstanding issues offset by issuance of new debt in current year. At the end of the current fiscal year, the Town had total governmental activities bond and note debt outstanding of \$74,138,106. Of this amount, \$1,353,374 will be funded from state grants. In addition, at the end of the current fiscal year, the Town had debt outstanding of \$5,815,680, which is wastewater operations debt for which the Town is liable in the event of default by the property owners subject to the sewer assessment.

Long-term debt (continued)

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

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
General purpose bonds	\$ 31,008,900	\$ 32,444,250	\$ 2,690,300	\$ 268,400	\$ 33,699,200	\$ 32,712,650
School bonds	41,893,500	43,668,950			41,893,500	43,668,950
Sewer bonds and clean water notes	1,128,539	1,478,911	3,125,380	4,023,113	4,253,919	5,502,024
Water notes	107,167	115,206			107,167	115,206
	<u>\$ 74,138,106</u>	<u>\$ 77,707,317</u>	<u>\$ 5,815,680</u>	<u>\$ 4,291,513</u>	<u>\$ 79,953,786</u>	<u>\$ 81,998,830</u>

The Town maintains an "AAA" rating from Standard & Poor's and an Aaa 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. The current debt limitation for the Town is \$706,209,245, 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) E.

Next Year's Budgets and Rates

The Town elected and appointed officials considered many factors when setting the fiscal year 2015 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 2015 budget, the Town recognized the need to continue its pattern of cost containment. The mill rate was set at 33.3, which represents a 0.02% decrease.

The 2015 general fund budget was \$111,066,204, an increase of 1.0% over the prior year adopted budget. Budgeted non-tax revenue was basically unchanged from the prior year.

The Town did not budget the use of any fund balance to balance the 2015 budget.

Requests for Information

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

Basic Financial Statements

TOWN OF NEWTOWN, CONNECTICUT

STATEMENT OF NET POSITION
JUNE 30, 2014

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS			
Current assets:			
Cash.....	\$ 5,518,548	\$	\$ 5,518,548
Investments.....	23,163,285	1,437,755	24,601,040
Receivables:			
Property taxes.....	951,005		951,005
Assessments.....		790,044	790,044
Use charges.....		186,308	186,308
Intergovernmental.....	2,282,233		2,282,233
Loans receivable.....	20,000		20,000
Other.....	256,912		256,912
Internal balances.....	(2,627,695)	2,627,695	-
Other.....	37,633		37,633
Total current assets.....	29,601,921	5,041,802	34,643,723
Noncurrent assets:			
Restricted assets:			
Temporarily restricted:			
Cash.....	2,085		2,085
Investments.....	2,207,653		2,207,653
Permanently restricted:			
Cash.....	10,000		10,000
Investments.....	600,000		600,000
Total restricted assets.....	2,819,738	-	2,819,738
Receivables (net):			
Property taxes.....	1,402,742		1,402,742
Assessments.....		2,801,065	2,801,065
Intergovernmental.....	914,995		914,995
Loans receivable.....	221,606		221,606
Total receivables (net).....	2,539,343	2,801,065	5,340,408
Other noncurrent assets:			
Net pension asset.....	285,424		285,424
Capital assets (net of accumulated depreciation):			
Land.....	25,496,456	1,000	25,497,456
Intangible assets.....	3,687,270	578,055	4,265,325
Construction in progress.....	8,419,791	1,266,516	9,686,307
Buildings and systems.....	133,387,025		133,387,025
Land improvements.....	14,461,335		14,461,335
Plant and pumping stations.....		9,097,197	9,097,197
Sewer distribution system.....		16,409,396	16,409,396
Water distribution system.....		1,393,948	1,393,948
Machinery and equipment.....	4,620,214	10,736	4,630,950
Vehicles.....	5,309,436	123,981	5,433,417
Infrastructure.....	52,417,794		52,417,794
Total net capital assets.....	247,799,321	28,880,829	276,680,150
Total noncurrent assets.....	253,443,826	31,681,894	285,125,720
TOTAL ASSETS.....	283,045,747	36,723,696	319,769,443

(Continued)

TOWN OF NEWTOWN, CONNECTICUT

STATEMENT OF NET POSITION
JUNE 30, 2014

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Deferred charge on refunding.....	\$ 2,018,392	\$ 10,550	\$ 2,028,942
<u>LIABILITIES</u>			
Current liabilities:			
Accounts payable.....	4,321,101	90,802	4,411,903
Accrued payroll.....	3,082,838		3,082,838
Accrued interest payable.....	1,197,923		1,197,923
Unearned revenue.....	520,539		520,539
Bonds, notes and related liabilities.....	8,161,064	1,118,253	9,279,317
Landfill post closure costs.....	17,000		17,000
Capital lease.....	64,083		64,083
Compensated absences.....	177,335		177,335
Termination benefits.....	32,000		32,000
Other liabilities.....	201,328	18,869	220,197
Total current liabilities.....	17,775,211	1,227,924	19,003,135
Noncurrent liabilities:			
Bonds, notes and related liabilities.....	69,405,914	4,741,594	74,147,508
Landfill post closure costs.....	170,000		170,000
Compensated absences.....	709,340		709,340
Termination benefits.....	120,000		120,000
Net OPEB obligation.....	952,417		952,417
Total noncurrent liabilities.....	71,357,671	4,741,594	76,099,265
TOTAL LIABILITIES.....	89,132,882	5,969,518	95,102,400
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Unavailable revenue - advanced property tax collections.....	113,081		113,081
<u>NET POSITION</u>			
Net investment in capital assets.....	172,186,652	23,031,532	195,218,184
Restricted for:			
Endowments:			
Nonexpendable.....	610,000		610,000
Expendable.....	2,265,090		2,265,090
General government.....	447,075		447,075
Public safety.....	103,402		103,402
Health and welfare.....	33,497		33,497
Education.....	1,962,638		1,962,638
Unrestricted.....	18,209,822	7,733,196	25,943,018
TOTAL NET POSITION.....	\$ 195,818,176	\$ 30,764,728	\$ 226,582,904

(Concluded)

TOWN OF NEWTOWN, CONNECTICUT

STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2014

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES			NET EXPENSES AND CHANGES IN NET POSITION		
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
GOVERNMENTAL ACTIVITIES:							
General government.....	\$ 6,002,205	\$ 661,787	\$ 284,435	\$	\$ (5,055,983)	\$	\$ (5,055,983)
Public safety.....	10,603,300	398,294	112,573		(10,092,433)		(10,092,433)
Health and welfare.....	2,789,566	55,400	215,740		(2,518,426)		(2,518,426)
Land use.....	723,512	42,717			(680,795)		(680,795)
Public works.....	10,416,008	1,184,725			(9,231,283)		(9,231,283)
Parks and recreation.....	3,122,807	1,627,318	31,279	300,000	(1,164,210)		(1,164,210)
Education.....	90,475,882	2,185,632	22,016,121	4,527,049	(61,747,080)		(61,747,080)
Interest expense.....	2,350,574				(2,350,574)		(2,350,574)
TOTAL GOVERNMENTAL ACTIVITIES.....	126,483,854	6,155,873	22,660,148	4,827,049	(92,840,784)	-	(92,840,784)
BUSINESS-TYPE ACTIVITIES:							
Sewer Department.....	1,575,726	976,159				(599,567)	(599,567)
Water Department.....	359,157	319,567				(39,590)	(39,590)
TOTAL BUSINESS-TYPE ACTIVITIES.....	1,934,883	1,295,726	-	-	-	(639,157)	(639,157)
TOTAL.....	\$ 128,418,737	\$ 7,451,599	\$ 22,660,148	\$ 4,827,049	\$ (92,840,784)	\$ (639,157)	\$ (93,479,941)
GENERAL REVENUES:							
Property taxes.....					\$ 100,629,359	\$	\$ 100,629,359
Grants and contributions not restricted to specific programs.....					2,685,543		2,685,543
Investment income.....					370,978	43,458	414,436
Miscellaneous.....					136,925		136,925
TOTAL GENERAL REVENUES.....					103,822,805	43,458	103,866,263
CHANGE IN NET POSITION					10,982,021	(595,699)	10,386,322
NET POSITION - JULY 1, 2013.....					184,836,155	31,360,427	216,196,582
NET POSITION - JUNE 30, 2014.....					\$ 195,818,176	\$ 30,764,728	\$ 226,582,904

See Notes to Financial Statements.

TOWN OF NEWTOWN, CONNECTICUT

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2014

	GENERAL	BONDED PROJECTS	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<u>ASSETS</u>				
Cash.....	\$ 1,036,537	\$	\$ 1,226,824	\$ 2,263,361
Investments.....	22,861,747		3,109,191	25,970,938
Receivables:				
Property taxes.....	1,836,469			1,836,469
Intergovernmental.....	7,884	458,215	1,260,197	1,726,296
Loans receivable.....			246,747	246,747
Other.....	129,056		100,122	229,178
Due from other funds.....	343,971	1,408,358	3,959,383	5,711,712
Other.....	9,201		28,432	37,633
TOTAL ASSETS.....	\$ 26,224,865	\$ 1,866,573	\$ 9,930,896	\$ 38,022,334
<u>LIABILITIES</u>				
Accounts payable.....	\$ 1,482,498	\$ 877,255	\$ 580,100	\$ 2,939,853
Accrued liabilities.....	2,951,406		131,432	3,082,838
Due to other funds.....	8,527,793		343,971	8,871,764
Unearned revenue.....			520,539	520,539
Other liabilities.....	201,328			201,328
TOTAL LIABILITIES.....	13,163,025	877,255	1,576,042	15,616,322
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Unavailable revenue - property taxes.....	1,747,268			1,747,268
Unavailable revenue - advanced property tax collections.....	113,081			113,081
Unavailable revenue - loans.....			246,747	246,747
TOTAL DEFERRED INFLOWS OF RESOURCES.....	1,860,349	-	246,747	2,107,096
<u>FUND BALANCES</u>				
Nonspendable.....			610,000	610,000
Restricted.....			4,811,702	4,811,702
Committed.....		989,318	2,304,125	3,293,443
Assigned.....	958,996		382,280	1,341,276
Unassigned.....	10,242,495			10,242,495
TOTAL FUND BALANCES.....	11,201,491	989,318	8,108,107	20,298,916
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES.....	\$ 26,224,865	\$ 1,866,573	\$ 9,930,896	\$ 38,022,334

(Continued)

TOWN OF NEWTOWN, CONNECTICUT

**RECONCILIATION OF FUND BALANCE
TO NET POSITION OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2014**

AMOUNTS REPORTED FOR GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF NET POSITION (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).....	\$ 20,298,916
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CAPITAL ASSETS USED IN GOVERNMENTAL ACTIVITIES ARE NOT FINANCIAL RESOURCES AND, THEREFORE, ARE NOT REPORTED IN THE FUNDS:

Beginning net capital assets	243,337,409
Capital assets additions (net of construction in progress).....	9,794,453
Depreciation expense.....	(4,710,698)
Disposal of capital assets.....	(621,843)

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

Property tax interest and lien accrual.....	1,090,278
Allowance for doubtful accounts.....	(578,141)
School building grant receivable.....	1,470,932
Net pension asset.....	285,424

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

Property tax and community development block grant receivable - accrual basis change.....	1,994,015
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INTERNAL SERVICE FUNDS ARE USED BY MANAGEMENT TO CHARGE THE COST OF MEDICAL INSURANCE TO INDIVIDUAL DEPARTMENTS:

The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.....	2,446,115
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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.....	(74,138,106)
Premium.....	(3,428,872)
Deferred charges on refunding.....	2,018,392
Landfill post closure costs.....	(187,000)
Capital leases.....	(64,083)
Compensated absences.....	(886,675)
Termination benefits.....	(152,000)
Net OPEB obligation.....	(952,417)
Accrued interest payable.....	(1,197,923)

NET POSITION OF GOVERNMENTAL ACTIVITIES.....	<u>\$ 195,818,176</u>
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(Concluded)

See Notes to Financial Statements.

TOWN OF NEWTOWN, CONNECTICUT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2014

	GENERAL	BONDED PROJECTS	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES:				
Property taxes.....	\$ 100,427,517	\$	\$	\$ 100,427,517
Intergovernmental.....	16,438,269	4,527,049	8,710,285	29,675,603
Charges for services.....	2,074,811		4,066,162	6,140,973
Investment income.....	125,132		39,414	164,546
Net change in fair value of investments.....			201,070	201,070
Contributions.....			1,076,879	1,076,879
Other.....	136,925			136,925
TOTAL REVENUES.....	119,202,654	4,527,049	14,093,810	137,823,513
EXPENDITURES:				
Current:				
General government.....	4,368,292		1,159,606	5,527,898
Public safety.....	8,987,583		890,741	9,878,324
Health and welfare.....	2,614,668		150,509	2,765,177
Land use.....	720,127			720,127
Public works.....	9,937,725		123,266	10,060,991
Parks and recreation.....	2,110,934		786,510	2,897,444
Education.....	79,695,025		9,226,340	88,921,365
Debt service.....	10,058,924		100,004	10,158,928
Capital outlay.....		6,900,327	855,791	7,756,118
TOTAL EXPENDITURES.....	118,493,278	6,900,327	13,292,767	138,686,372
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	709,376	(2,373,278)	801,043	(862,859)
OTHER FINANCING SOURCES (USES):				
Issuance of debt.....		4,012,000		4,012,000
Premium.....	60,997			60,997
Transfers in.....	103,627	387,462	478,741	969,830
Transfers out.....	(478,741)		(491,089)	(969,830)
Insurance proceeds.....			483,358	483,358
NET OTHER FINANCING SOURCES (USES).....	(314,117)	4,399,462	471,010	4,556,355
NET CHANGE IN FUND BALANCES	395,259	2,026,184	1,272,053	3,693,496
FUND BALANCES - JULY 1, 2013.....	10,806,232	(1,036,866)	6,836,054	16,605,420
FUND BALANCES - JUNE 30, 2014.....	\$ 11,201,491	\$ 989,318	\$ 8,108,107	\$ 20,298,916

See Notes to Financial Statements.

TOWN OF NEWTOWN, CONNECTICUT

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2014**

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)..... \$ 3,693,496

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.....	9,794,453
Depreciation expense.....	<u>(4,710,698)</u>
Total	<u>5,083,755</u>

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

Disposal of capital assets.....	<u>(621,843)</u>
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Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds and revenues recognized in the Fund Financial Statements are not recognized in the Statement of Activities:

School building grant receipts.....	(579,742)
Change in property tax and community development block grant - accrual basis change.....	135,723
Change in property tax and community development block grant interest and lien revenue.....	<u>81,019</u>
Total	<u>(363,000)</u>

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

Debt issued or incurred:	
General obligation debt.....	(4,012,000)
Premium.....	329,501
Deferred charges.....	(257,092)
Principal repayments:	
General obligation debt.....	7,288,900
Notes payable.....	<u>292,311</u>
Total	<u>3,641,620</u>

(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, 2014**

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.....	\$ 32,822
Net pension asset.....	(7,898)
Landfill post closure.....	17,000
Capital lease.....	60,915
Compensated absences.....	52,198
Termination benefits.....	(88,000)
Net OPEB obligation.....	<u>(472,559)</u>
Total	<u>(405,522)</u>
Internal Service Funds are used by management to charge costs of medical insurance deductibles to individual departments.....	<u>(51,847)</u>
The net revenue of the activities of the Internal Service Fund is reported with governmental activities.....	<u>5,362</u>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES (EXHIBIT B)	<u>\$ 10,982,021</u>
	(Concluded)

TOWN OF NEWTOWN, CONNECTICUT

GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2014

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:				
Property taxes.....	\$ 99,923,100	\$ 99,923,100	\$ 100,427,517	\$ 504,417
Intergovernmental.....	7,704,439	7,704,439	7,923,845	219,406
Charges for services.....	1,945,938	2,065,938	2,074,811	8,873
Investment income.....	150,000	150,000	125,132	(24,868)
Other revenues.....	104,350	104,350	136,925	32,575
TOTAL REVENUES.....	109,827,827	109,947,827	110,688,230	740,403
EXPENDITURES:				
Current:				
General government.....	4,051,388	4,415,675	4,399,655	16,020
Public safety.....	8,783,545	8,876,338	8,871,706	4,632
Health and welfare.....	2,650,836	2,615,207	2,614,668	539
Land use.....	597,056	722,067	720,127	1,940
Public works.....	9,594,876	9,764,682	9,750,268	14,414
Parks and recreation.....	2,216,342	2,139,854	2,139,184	670
Education.....	70,998,119	70,998,119	70,998,119	-
Contingency.....	520,000	220		220
Debt service.....	10,058,924	10,058,924	10,058,924	-
TOTAL EXPENDITURES.....	109,471,086	109,591,086	109,552,651	38,435
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	356,741	356,741	1,135,579	778,838
OTHER FINANCING SOURCES (USES):				
Premium.....			60,997	60,997
Cancellation of prior year encumbrances.....			30,984	30,984
Transfers in.....	122,000	122,000	103,627	(18,373)
Transfers out.....	(478,741)	(478,741)	(478,741)	-
NET OTHER FINANCING SOURCES (USES).....	(356,741)	(356,741)	(283,133)	73,608
NET CHANGE IN FUND BALANCE.....	\$ -	\$ -	852,446	\$ 852,446
FUND BALANCE - JULY 1, 2013.....			9,390,049	
FUND BALANCE - JUNE 30, 2014.....			\$ 10,242,495	

See Notes to Financial Statements.

TOWN OF NEWTOWN, CONNECTICUT

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2014

	BUSINESS-TYPE ACTIVITIES			GOVERNMENTAL ACTIVITIES
	MAJOR FUNDS			INTERNAL SERVICE FUNDS
	SEWER DEPARTMENT	WATER DEPARTMENT	TOTAL	
<u>ASSETS</u>				
Current assets:				
Cash.....	\$ 1,437,755	\$ -	\$ 1,437,755	\$ 3,267,272
Investments.....				
Receivables:				
Assessments.....	790,044		790,044	
Use charges (net).....	123,127	63,181	186,308	
Other.....			-	27,734
Due from other funds.....	2,336,160	342,351	2,678,511	223,665
Total current assets.....	4,687,086	405,532	5,092,618	3,518,671
Noncurrent assets:				
Assessment receivables (net).....	2,801,065		2,801,065	
Advance to other funds.....	883,444		883,444	
Capital assets (net of accumulated depreciation/amortization):				
Land.....	1,000		1,000	
Construction in progress.....	1,141,390	125,126	1,266,516	
Intangible assets.....	424,567	153,488	578,055	
Plant and pumping stations.....	8,516,671	580,526	9,097,197	
Sewer distribution system.....	16,409,396		16,409,396	
Water distribution system.....		1,393,948	1,393,948	
Equipment.....	10,736		10,736	
Vehicles.....	123,981		123,981	
Total capital assets (net of accumulated depreciation/amortization).....	26,627,741	2,253,088	28,880,829	-
Total noncurrent assets.....	30,312,250	2,253,088	32,565,338	-
TOTAL ASSETS.....	34,999,336	2,658,620	37,657,956	3,518,671
<u>DEFERRED OUTFLOWS OF RESOURCES</u>				
Deferred charge on refunding.....	10,550		10,550	

(Continued)

TOWN OF NEWTOWN, CONNECTICUT

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2014

	BUSINESS-TYPE ACTIVITIES			GOVERNMENTAL ACTIVITIES
	MAJOR FUNDS			INTERNAL SERVICE FUNDS
	SEWER DEPARTMENT	WATER DEPARTMENT	TOTAL	
<u>LIABILITIES</u>				
Current liabilities:				
Accounts payable.....	\$ 70,177	\$ 20,625	\$ 90,802	\$
Claims payable.....			-	1,072,556
Due to other funds.....		50,816	50,816	
Bonds and notes payable.....	1,118,253		1,118,253	
Other.....	18,869		18,869	
Total current liabilities.....	1,207,299	71,441	1,278,740	1,072,556
Noncurrent liabilities:				
Advance from other funds.....		883,444	883,444	
Bonds and notes payable - net of premium.....	4,741,594		4,741,594	
Total noncurrent liabilities.....	4,741,594	883,444	5,625,038	-
TOTAL LIABILITIES.....	5,948,893	954,885	6,903,778	1,072,556
<u>NET POSITION</u>				
Net investment in capital assets.....	20,778,444	2,253,088	23,031,532	
Unrestricted.....	8,282,549	(549,353)	7,733,196	2,446,115
TOTAL NET POSITION.....	\$ 29,060,993	\$ 1,703,735	\$ 30,764,728	\$ 2,446,115

(Concluded)

TOWN OF NEWTOWN, CONNECTICUT

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
 PROPRIETARY FUNDS
 YEAR ENDED JUNE 30, 2014

	BUSINESS-TYPE ACTIVITIES			GOVERNMENTAL
	MAJOR FUNDS			ACTIVITIES
	SEWER DEPARTMENT	WATER DEPARTMENT	TOTAL	INTERNAL SERVICE FUNDS
OPERATING REVENUES:				
Charges for services.....	\$ 976,159	\$ 319,567	\$ 1,295,726	\$ 13,531,852
OPERATING EXPENSES:				
Professional services.....	530,441	16,300	546,741	
Contracted services.....	150,005	147,022	297,027	
Repairs and maintenance.....	168,045		168,045	
Utilities.....	112,444	45,435	157,879	
Claims incurred.....				12,577,526
Administration.....	134		134	1,006,173
Depreciation and amortization.....	537,145	111,965	649,110	
TOTAL OPERATING EXPENSES.....	1,498,214	320,722	1,818,936	13,583,699
OPERATING INCOME (LOSS).....	(522,055)	(1,155)	(523,210)	(51,847)
NONOPERATING REVENUES (EXPENSES):				
Investment income.....	43,458		43,458	5,362
Interest expense.....	(77,512)	(38,435)	(115,947)	
NET NONOPERATING REVENUES (EXPENSES).....	(34,054)	(38,435)	(72,489)	5,362
NET CHANGE IN NET POSITION	(556,109)	(39,590)	(595,699)	(46,485)
TOTAL NET POSITION - JULY 1, 2013.....	29,617,102	1,743,325	31,360,427	2,492,600
TOTAL NET POSITION - JUNE 30, 2014.....	\$ 29,060,993	\$ 1,703,735	\$ 30,764,728	\$ 2,446,115

See Notes to Financial Statements.

TOWN OF NEWTOWN, CONNECTICUT

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2014

	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.....	\$ 1,864,881	\$ 336,391	\$ 2,201,272	\$ 14,084,915
Cash payments to suppliers for goods and services.....	(979,946)	(212,169)	(1,192,115)	(1,006,173)
Claims paid.....				(12,597,131)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES.....	884,935	124,222	1,009,157	481,611
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Purchase of capital assets.....	(530,957)	(83,510)	(614,467)	
Proceeds of bonds.....	2,488,000		2,488,000	
Bond premium.....	37,826		37,826	
Payments to other funds.....	(1,877,819)	(2,277)	(1,880,096)	
Principal payments.....	(964,361)		(964,361)	
Interest payments.....	(76,058)	(38,435)	(114,493)	
NET CASH PROVIDED BY (USED IN) CAPITAL AND RELATED FINANCING ACTIVITIES.....	(923,369)	(124,222)	(1,047,591)	-
CASH FLOWS FROM INVESTING ACTIVITIES:				
Investment income.....	43,458		43,458	5,362
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES.....	43,458	-	43,458	5,362
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS.....	5,024	-	5,024	486,973
CASH AND CASH EQUIVALENTS - JULY 1, 2013.....	1,432,731	-	1,432,731	2,780,299
CASH AND CASH EQUIVALENTS - JUNE 30, 2014.....	\$ 1,437,755	\$ -	\$ 1,437,755	\$ 3,267,272
RECONCILIATION TO EXHIBIT G - CASH:				
CASH AND CASH EQUIVALENTS PER ABOVE.....	\$ 1,437,755	\$ -	\$ 1,437,755	\$ 3,267,272
CASH AND CASH EQUIVALENTS REPORTED AS INVESTMENTS.....	(1,437,755)		(1,437,755)	
CASH - EXHIBIT G.....	\$ -	\$ -	\$ -	\$ 3,267,272
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:				
Operating income (loss).....	\$ (522,055)	\$ (1,155)	\$ (523,210)	\$ (51,847)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation and amortization.....	537,145	111,965	649,110	
(Increase) decrease in:				
Receivables.....	888,722	16,824	905,546	476,258
Due from other funds.....			-	76,805
Increase (decrease) in:				
Accounts payable.....	(16,788)	(3,412)	(20,200)	(19,605)
Other.....	(2,089)		(2,089)	
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES.....	\$ 884,935	\$ 124,222	\$ 1,009,157	\$ 481,611

See Notes to Financial Statements.

TOWN OF NEWTOWN, CONNECTICUTSTATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2014

	PENSION TRUST FUND	OTHER POST- EMPLOYMENT BENEFIT TRUST FUND	PRIVATE- PURPOSE TRUST FUND SANDY HOOK PRIVATE-PURPOSE TRUST FUND	AGENCY FUNDS
<u>ASSETS</u>				
Cash.....	\$	\$	\$	\$ 430,170
Investments at Fair Value:				
Certificates of Deposit.....				519,336
Mutual Funds:				
Equity.....	19,265,870	544,132		
Money market mutual funds.....	1,742,978	47,782		
U.S. Government Securities.....	590,640	13,799		
U.S. Government Agency Securities.....	156,253			
Common stock.....	2,311,576	60,547		
Corporate Bonds.....	10,574,337	307,542		
Total Investments.....	34,641,654	973,802	-	519,336
Due from other funds.....		308,402	290	
TOTAL ASSETS.....	34,641,654	1,282,204	290	949,506
<u>LIABILITIES</u>				
LIABILITIES:				
Accounts payable.....				949,506
<u>NET POSITION</u>				
Restricted for defined contribution benefits.....	118,958			
Net position held in trust for defined benefit pension, other post-employment benefits and other purposes.....	34,522,696	1,282,204	290	-
TOTAL NET POSITION.....	\$ 34,641,654	\$ 1,282,204	\$ 290	\$ -

See Notes to Financial Statements.

TOWN OF NEWTOWN, CONNECTICUT

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
YEAR ENDED JUNE 30, 2014

	PENSION TRUST FUND	OTHER POST- EMPLOYMENT BENEFIT TRUST FUND	PRIVATE- PURPOSE TRUST FUND SANDY HOOK PRIVATE-PURPOSE TRUST FUND
ADDITIONS:			
Contributions:			
Employer - defined benefit plan.....	\$ 1,189,938	\$ 245,851	\$
Employer - defined contribution plan.....	12,971		
Plan members - defined benefit plan.....	461,526	330,483	
Plan members - defined contribution plan.....	4,324		
Others.....			50,059
Total contributions.....	1,668,759	576,334	50,059
Investment income (loss):			
Net change in fair value of investments.....	3,737,875	95,072	
Interest and dividends.....	735,667	19,986	
Total investment income (loss).....	4,473,542	115,058	-
Less investment expenses.....	170,876	8,264	
Net investment income (loss).....	4,302,666	106,794	-
TOTAL ADDITIONS.....	5,971,425	683,128	50,059
DEDUCTIONS:			
Benefits.....	1,356,367	378,953	
Administration.....	170,876	4,245	
Assistance payments.....			68,952
TOTAL DEDUCTIONS.....	1,527,243	383,198	68,952
CHANGE IN NET POSITION.....	4,444,182	299,930	(18,893)
NET POSITION - JULY 1, 2013.....	30,197,472	982,274	19,183
NET POSITION - JUNE 30, 2014.....	\$ 34,641,654	\$ 1,282,204	\$ 290

See Notes to Financial Statements.

TOWN OF NEWTOWN, CONNECTICUT**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2014****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 position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

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

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

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

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

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers property taxes to be available if collected within 30 days of the end of the current fiscal period and reimbursement grants to be available if they are collected within one year of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds.

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

The Town reports the following major governmental funds:

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

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

The Town reports the following major proprietary funds:

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

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

Additionally, the Town reports the following fund types:

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

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

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

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

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise fund and of the Town's internal service fund are charges to customers for sewer use charges and premiums for dental and medical benefits. The enterprise fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for the enterprise 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.

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

1. Deposits and Investments

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

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

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

1. Deposits and Investments (Continued)

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

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

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

2. Receivables and Payables

a. Interfunds

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

b. Property Taxes and Other Receivables

In the government-wide financial statements, all property tax, sewer assessment, sewer use, and loan receivables are shown net of an allowance for uncollectibles. Allowance percentages range from 1 to 27 percent of outstanding receivable balances and are calculated based upon prior collections.

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

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. Receivables and Payables (Continued)

b. Property Taxes and Other Receivables (Continued)

In the fund financial statements, all property taxes receivable at June 30, which have not been collected within 30 days of June 30, have been recorded as deferred inflows of resources, since they are not considered to be available to finance expenditures of the current fiscal year. Taxes collected during the thirty 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 FINANCIAL STATEMENTS (CONTINUED)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town only has one item that qualifies for reporting in this category. It is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

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

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

6. Net Position Flow Assumption

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

7. Compensated Absences

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

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

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

8. Long-Term Obligations

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

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.

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

9. Fund Equity and Net Position

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

Net Investment in Capital Assets

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

Restricted Net Position

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

Unrestricted Net Position

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

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

Nonspendable

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

Restricted

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

Committed

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

Assigned

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

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

9. Fund Equity and Net Assets (Continued)

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.

10. Use of Estimates

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

11. Comparative Data/Reclassifications

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

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

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgets and Budgetary Accounting

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

- | | |
|---------------------------------|--|
| By February 1 | All Town departments, except the School System, submit the budget request to the Board of Selectmen. |
| By February 14 | The Board of Selectmen reviews budgets with department heads and makes revisions and submits Selectmen's budget to the Board of Finance. |
| By the First Wednesday in March | The Board of Finance holds a public hearing on the budget and reviews and makes revisions. |
| By March 14 | The Board of Finance submits the Town of Newtown budget to the Legislative Council. |
| By the Last Wednesday in March | The Legislative Council holds a public hearing on the budget and makes final revisions. |
| On the Fourth Tuesday in April | The Annual Budget Referendum is presented the budget and votes for adoption. |
- Within the first 335 days of the fiscal year, the First Selectman and Financial Director, in accordance with the provisions of the Charter, are authorized to transfer budgeted appropriations within a department up to \$50,000. All transfers within a department that exceed the sum of \$50,000 shall require the approval of the Board of Finance. The Board of Finance may transfer any unencumbered appropriation from one department to another up to \$200,000. All transfers between departments, which exceed the sum of \$200,000 as well as all contingency transfers, shall require the approval of the Legislative Council. After 335 days, the Legislative Council approves all transfers. The Legislative Council may approve special and/or emergency appropriations up to an aggregate of \$500,000 for any one purpose per year. Special and/or emergency appropriations in excess of \$500,000 for any one purpose per year must be approved at a Town Meeting. The Legislative Council shall recommend to a Town referendum all special and emergency appropriations which equal or exceed \$10 million.
 - Additional appropriations for the year amounted to \$120,000, which were funded by revised revenue estimates.

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

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

A. Budgets and Budgetary Accounting (Continued)

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

B. Budget - GAAP Reconciliation

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

	<u>REVENUES</u>	<u>EXPENDITURES</u>	<u>FUND BALANCE</u>
BALANCE, BUDGETARY BASIS, EXHIBIT F - JUNE 30, 2014	\$ 110,688,230	\$ 109,552,651	\$ 10,242,495
Teachers' Retirement System on-behalf payments	8,514,424	8,514,424	
Continued appropriations and encumbrances outstanding at June 30, 2013 and June 30, 2014			31,538
Encumbrances outstanding at June 30, 2013, liquidated during the year June 30, 2014		1,353,661	
Encumbrances outstanding at June 30, 2014, charged to budgetary expenditures		(927,458)	927,458
BALANCE, GAAP BASIS, EXHIBIT D - JUNE 30, 2014	<u>\$ 119,202,654</u>	<u>\$ 118,493,278</u>	<u>\$ 11,201,491</u>

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

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

C. Donor Restricted Endowments

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

Edmond Town Hall Endowment.....	\$ 334,672
Hawley School Trust	116,689
V.G. Hair and Frances E. Hair.....	<u>3,732</u>
Total.....	<u>\$ 455,093</u>

Investment income available for appropriation is as follows:

Newtown Flagpole.....	<u>\$ 6,122</u>
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D. Capital Projects Authorizations

The following is a summary of certain Capital Projects at June 30, 2014:

<u>CAPITAL PROJECTS FUND</u>	<u>AUTHORIZATION</u>	<u>CUMULATIVE EXPENDITURES</u>	<u>BALANCE JUNE 30, 2014</u>
High School	\$ 41,576,000	\$ 40,097,640	\$ 1,478,360
Dickinson Park Renovations	620,000	558,157	61,843
Parks and Recreation Maintenance Facility Renovation II	350,000	90,996	259,004
Sandy Hook Streetscape.....	1,000,000	1,000,000	
Middle School Roof Replacement.....	4,257,690	3,793,189	464,501
Hawley Boiler/HVAC.....	2,044,000	1,685,300	358,700
Animal Control Building/Dog Park.....	957,216	907,883	49,333
Deep Brook Stream Restoration Project.....	336,000	222,670	113,330
Dickinson Playground.....	866,112	624,245	241,867
Treadwell Park Renovations	498,000	1,395	496,605
Danbury Hall Demolition.....	250,000		250,000
Bridge Replacement - Old Mill Dam.....	430,000	62,387	367,613
New Sandy Hook Elementary School.....	50,000,000	4,208,215	45,791,785
Hawleyville Sewer Extension.....	2,800,000		2,800,000
Newtown Community Center	450,000		450,000
Lights – HS Bach Field.....	300,000	247,739	52,261
Artificial Turf Replacement	500,000	416,680	83,320
TOTALS	<u>\$ 107,235,018</u>	<u>\$ 53,916,496</u>	<u>\$ 53,318,522</u>

TOWN OF NEWTOWN, CONNECTICUT
NOTES TO 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, 2014, \$5,030,876 of the Town's bank balance of \$26,465,717 (including certificates of deposit and money market accounts classified as investments) was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 4,227,168
Uninsured and collateral held by the pledging bank's trust department, not in the Town's name	<u>803,708</u>
Total amount subject to custodial credit risk	<u>\$ 5,030,876</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.

At June 30, 2014, 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	\$ 20,544,999	\$ 20,544,999	\$	\$	\$	\$
International Equity	542,318	542,318				
Money Market Mutual Funds	1,996,516		1,996,516			
Certificates of Deposit	19,178,508		14,595,110	4,583,398		
Pooled Fixed Income	7,266,450		7,266,450			
U.S. Government Securities	604,439			34,478	15,921	554,040
U.S. Government Agency Securities	156,253				122,448	33,805
Common Stock	2,372,123	2,372,123				
Corporate Bonds	10,881,879		195,834	7,252,912	1,920,322	1,512,811
TOTAL	<u>\$ 63,543,485</u>	<u>\$ 23,459,440</u>	<u>\$ 24,053,910</u>	<u>\$ 11,870,788</u>	<u>\$ 2,058,691</u>	<u>\$ 2,100,656</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 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. GOVERNMENT SECURITIES	U.S. GOVERNMENT AGENCY SECURITIES	MONEY MARKET MUTUAL FUNDS
AAA	\$ 7,266,450	\$ 118,325	\$ 195,676	\$	\$
AA		773,255	392,841	156,253	
A		6,187,719	15,922		
BBB		2,762,196			
BB		262,475			
B		217,062			
Unrated		560,847			1,996,516
TOTAL	\$ 7,266,450	\$ 10,881,879	\$ 604,439	\$ 156,253	\$ 1,996,516

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

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

	TOTAL	LESS INSURED AMOUNTS	AMOUNT SUBJECT TO CUSTODIAL CREDIT RISK
U.S. Government Securities	\$ 604,439	\$	\$ 604,439
U.S. Government Agency Securities	156,253		156,253
Common Stock	2,372,123		2,372,123
Corporate Bonds	10,881,879	500,000	10,381,879
TOTAL	\$ 14,014,694	\$ 500,000	\$ 13,514,694

TOWN OF NEWTOWN, CONNECTICUT
NOTES TO 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 INTEREST AND TAXES LIEN FEES TOTAL				
Current portion	\$ 661,129	\$ 289,876	\$ 951,005		
Long-term portion.....	\$ 1,175,340	\$ 800,402	\$ 1,975,742		
Less allowance for uncollectibles ...	(274,000)	(299,000)	(573,000)		
Net long-term portion	\$ 901,340	\$ 501,402	\$ 1,402,742		
	CDBG LOANS		SEWER ASSESSMENTS		
Current portion	\$ 20,000		\$ 790,044		
Long-term portion.....	\$ 226,747		\$ 2,823,065		
Less allowance for uncollectibles ...	(5,141)		(22,000)		
Net long-term portion	\$ 221,606		\$ 2,801,065		
	SEWER USE CHARGES	INTEREST AND LIENS	TOTAL SEWER USE CHARGES	WATER USE CHARGES	
Receivable amount.....	\$ 92,766	\$ 33,019	\$ 125,785	\$ 63,181	
Less allowance for uncollectibles ...	(2,279)	(379)	(2,658)		
Net receivable	\$ 90,487	\$ 32,640	\$ 123,127	\$ 63,181	

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

III. **DETAILED NOTES (CONTINUED)**

C. **Capital Assets**

Capital asset activity for the year ended June 30, 2014 was as follows:

	BALANCE JULY 1, 2013	INCREASES	DECREASES	BALANCE JUNE 30, 2014
<u>Governmental Activities:</u>				
<u>Capital Assets, not being Depreciated:</u>				
Land	\$ 25,116,346	\$ 380,110	\$	\$ 25,496,456
Intangible assets	3,687,270			3,687,270
Construction in progress	47,063,796	7,489,074	46,133,079	8,419,791
Total Capital Assets, not being Depreciated ...	75,867,412	7,869,184	46,133,079	37,603,517
<u>Capital Assets, being Depreciated:</u>				
Buildings and systems	115,403,186	41,919,474	208,905	157,113,755
Land improvements	16,702,568	2,693,255	103,512	19,292,311
Machinery and equipment	9,710,068	2,319,616	138,459	11,891,225
Vehicles	10,079,016	831,522	530,183	10,380,355
Infrastructure	65,296,504	294,481	20,839	65,570,146
Total Capital Assets, being Depreciated	217,191,342	48,058,348	1,001,898	264,247,792
Total Capital Assets	293,058,754	55,927,532	47,134,977	301,851,309
<u>Less Accumulated Depreciation for:</u>				
Buildings and systems	21,844,198	1,955,695	73,163	23,726,730
Land improvements	4,166,046	701,372	36,442	4,830,976
Machinery and equipment	6,705,467	603,625	38,081	7,271,011
Vehicles	4,750,401	535,660	215,142	5,070,919
Infrastructure	12,255,233	914,346	17,227	13,152,352
Total Accumulated Depreciation	49,721,345	4,710,698	380,055	54,051,988
Total Capital Assets, being Depreciated, net ..	167,469,997	43,347,650	621,843	210,195,804
Governmental Activities Capital Assets, net....	\$ 243,337,409	\$ 51,216,834	\$ 46,754,922	\$ 247,799,321
<u>Business-Type Activities:</u>				
<u>Capital Assets, not being Depreciated:</u>				
Land	\$ 1,000	\$	\$	\$ 1,000
Construction in progress	652,049	614,467		1,266,516
Total Capital Assets, not being Depreciated ...	653,049	614,467		1,267,516
<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	173,006			173,006
Total Capital Assets, being Depreciated	37,746,837	-	-	37,746,837
Total Capital Assets	38,399,886	614,467	-	39,014,353

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

III. DETAILED NOTES (CONTINUED)

C. Capital Assets (Continued)

	BALANCE JULY 1, 2013	INCREASES	DECREASES	BALANCE JUNE 30, 2014
<u>Less Accumulated Depreciation for:</u>				
Intangible assets	\$ 739,593	\$ 43,352	\$	\$ 782,945
Plant and pumping stations	4,267,808	279,077		4,546,885
Sewer distribution system	3,601,442	217,994		3,819,436
Water distribution system	795,238	86,316		881,554
Equipment	47,238	6,441		53,679
Vehicles	33,095	15,930		49,025
Total Accumulated Depreciation	9,484,414	649,110	-	10,133,524
Total Capital Assets, being Depreciated, net	28,262,423	(649,110)	-	27,613,313
Business-Type Activities Capital Assets, net	\$ 28,915,472	\$ (34,643)	\$ -	\$ 28,880,829

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

Governmental Activities:

General government	\$ 599,212
Public safety	558,124
Land use	2,297
Public works	1,107,033
Health and welfare	20,017
Parks and recreation	553,913
Education	1,870,102

Total Depreciation Expense - Governmental Activities

\$ 4,710,698

Business-type Activities:

Sewer	\$ 537,145
Water	111,965

Total Depreciation Expense - Business-type Activities

\$ 649,110

Commitments

At June 30, 2014, the Town had the following commitments:

Sandy Hook School	\$ 1,932,988
Poverty Hollow Road Bridge	297,350
Dickinson Memorial Playground	241,867
Total	<u>\$ 2,472,205</u>

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

III. **DETAILED NOTES (CONTINUED)**

D. **Interfund Accounts**

1. **Interfund Payables and Receivables**

A summary of interfund balances as of June 30, 2014 is as follows:

	CORRESPONDING FUND	DUE FROM	DUE TO
MAJOR FUNDS:			
GENERAL FUND:			
Bonded projects	N/A	\$	\$ 1,408,358
Capital and nonrecurring	N/A		785,707
Sewer department	N/A		2,285,344
Water department	N/A		342,351
Town gifts fund	N/A		218,824
Law enforcement fund	N/A		94,103
Septage management ordinance	N/A		31,560
Town recreation fund	N/A		135,196
Police private duty	N/A	82,698	
Miscellaneous grants	N/A		631,466
Eichler's cove marina	N/A		359,687
Hawley school trust	N/A		56,533
Dog license	N/A		17,756
Fairfield hills authority	N/A		174,015
Historic documents	N/A		15,961
Debt service	N/A		382,280
Newtown flagpole fund	N/A		4,037
Cultural arts	N/A		62,749
Sandy Hook special revenue fund	N/A		357,233
Bouchard animal fund	N/A		44,929
Sandy Hook Operation Recovery	N/A		471,429
Education grants	N/A	256,055	
Cemetery fund	N/A		9,453
Other post-employment benefit trust fund	N/A		308,402
Internal service fund	N/A		223,665
Sandy Hook private-purpose trust	N/A		290
Recovery and resiliency plan	N/A		106,465
Permanent fund	N/A	5,218	
TOTAL GENERAL FUND		343,971	8,527,793
BONDED PROJECTS:			
Bonded projects	General Fund	1,408,358	
ENTERPRISE FUNDS:			
Sewer department	General Fund	2,285,344	
Sewer department	Water Department	50,816	
Water department	General Fund	342,351	
Water department	Sewer Department		50,816
TOTAL ENTERPRISE FUNDS		2,678,511	50,816
NONMAJOR FUNDS:			
SPECIAL REVENUE FUNDS:			
Town gifts fund	General Fund	218,824	
Law enforcement fund	General Fund	94,103	
Septage management ordinance	General Fund	31,560	
Town recreation fund	General Fund	135,196	
Police private duty	General Fund		82,698
Miscellaneous grants	General Fund	631,466	

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

III. **DETAILED NOTES (CONTINUED)**

D. **Interfund Accounts (Continued)**

	CORRESPONDING FUND	DUE FROM	DUE TO
NONMAJOR FUNDS: (CONTINUED)			
SPECIAL REVENUE FUNDS: (CONTINUED)			
Eichler's cove marina	General Fund	\$ 359,687	\$
Dog license	General Fund	17,756	
Fairfield hills authority	General Fund	174,015	
Historic documents	General Fund	15,961	
Cultural arts	General Fund	62,749	
Cemetery fund	General Fund	9,453	
Sandy Hook special revenue fund	General Fund	357,233	
Bouchard animal fund	General Fund	44,929	
Sandy Hook Operation Recovery	General Fund	471,429	
Education grants	General Fund		256,055
Recovery and resiliency plan	General Fund	106,465	
TOTAL SPECIAL REVENUE FUNDS		2,730,826	338,753
DEBT SERVICE FUND	General Fund	382,280	
CAPITAL AND NONRECURRING	General Fund	785,707	
PERMANENT FUNDS	General Fund	60,570	5,218
INTERNAL SERVICE FUNDS	General Fund	223,665	
TOTAL NONMAJOR FUNDS		4,183,048	343,971
FIDUCIARY FUNDS:			
Other post-employment benefit trust fund	General Fund	308,402	
Sandy Hook private-purpose trust	General Fund	290	
TOTAL FIDUCIARY FUNDS		308,692	-
GRAND TOTAL		\$ 8,922,580	\$ 8,922,580

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, 2014 is as follows:

	CORRESPONDING FUND	TRANSFERS IN	TRANSFERS OUT
MAJOR FUNDS:			
GENERAL FUND:			
Edmond town hall	N/A	\$	\$ 140,556
Police private duty	N/A	103,627	
Capital and nonrecurring	N/A		291,000
Capital and nonrecurring – Board of Education non-lapsing	N/A		47,185
TOTAL GENERAL FUND		103,627	478,741
CAPITAL PROJECTS	N/A	387,462	

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

III. DETAILED NOTES (CONTINUED)

D. Interfund Accounts (Continued)

2. Interfund Transfers (Continued)

NONMAJOR FUNDS:

Capital and nonrecurring	General Fund	\$ 291,000	\$ 50,000
Capital and nonrecurring	Capital Projects		
Capital nonrecurring – Board of Education			
non-lapsing.....	General Fund	47,185	
Edmund town hall	General Fund	140,556	
Police private duty.....	General Fund		103,627
Town gifts fund.....	Capital Projects		211,647
Sandy Hook special revenue fund.....	Capital Projects		125,815
TOTAL NONMAJOR FUNDS		478,741	491,089
GRAND TOTAL.....		\$ 969,830	\$ 969,830

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

3. Advances

A summary of interfund advances as of June 30, 2014 is as follows:

	CORRESPONDING FUND	ADVANCES FROM	ADVANCES TO
<u>MAJOR FUNDS:</u>			
Water department	Sewer department	\$ 883,444	\$
Sewer department.....	Water department		883,444
GRAND TOTAL.....		\$ 883,444	\$ 883,444

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

E. 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, 2013	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30, 2014	CURRENT PORTION
<u>BONDS/NOTES</u>									
<u>General Purpose:</u>									
Improvement bonds	\$ 8,020,000	11/27/07	2027	3.5-5.5%	\$ 400,000	\$	\$ 400,000	\$ -	\$
Improvement bonds	4,535,000	02/01/09	2019	0.60-3.0%	686,100		343,050	343,050	343,050
Refund issue-2009	472,900	05/12/09	2021	0.65-3.52%	399,150		48,700	350,450	47,900
Refund issue-2009 Series B	10,819,400	08/25/09	2019	2.0-5.0%	10,015,200		1,218,400	8,796,800	1,653,000
Improvement bonds	7,332,714	02/15/10	2028	2.0-4.0%	5,364,100		442,400	4,921,700	442,400
Refund issue-2010	6,590,500	09/28/10	2023	2.5-5.0%	6,164,000			6,164,000	
Improvement bonds	2,445,000	02/15/11	2031	2.0-4.5%	2,179,000		133,000	2,046,000	133,000
Improvement bonds	415,000	02/14/12	2032	2.0-4.0%	385,000		30,000	355,000	30,000
Refund issue-2012	7,558,400	02/15/12	2026	1.0-4.0%	6,851,700		785,800	6,065,900	928,400
Improvement bonds	1,966,000	03/13/14	2034	2.0-3.5%		1,966,000		1,966,000	98,700
Total General Purpose	\$50,154,914				32,444,250	1,966,000	3,401,350	31,008,900	3,676,450

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

III. **DETAILED NOTES (CONTINUED)**

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

DESCRIPTION	ORIGINAL AMOUNT	DATE OF ISSUE	DATE OF MATURITY	INTEREST RATE	BALANCE JULY 1, 2013	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30, 2014	CURRENT PORTION
Schools:									
School bond.....	\$ 2,750,000	11/27/07	2027	3.5%-5.5%	\$ 140,000	\$	\$ 140,000	\$ -	\$
School bond.....	850,000	02/01/09	2019	0.60%-3.0%	173,900		86,950	86,950	86,950
Refund issue-2009 School bond	8,812,100	05/12/09	2021	0.65%-3.52%	5,865,850		1,136,300	4,729,550	1,117,100
Series B.....	2,500,000	08/25/09	2019	2.0-5.0%	2,314,800		281,600	2,033,200	382,000
School bond.....	6,897,286	02/15/10	2028	2.0-4.0%	5,135,900		397,600	4,738,300	397,600
Refund issue-2010	2,319,500	09/28/10	2023	2.5-5.0%	1,931,000			1,931,000	
School bond.....	11,575,000	02/15/11	2031	2.0-4.5%	10,721,000		517,000	10,204,000	617,000
School bond.....	11,385,000	02/15/12	2032	2.0-4.0%	10,890,000		520,000	10,370,000	520,000
Refund issue-2012	7,161,200	03/20/12	2026	1.0-4.0%	6,496,500		742,000	5,754,500	885,000
School bond.....	2,046,000	03/13/14	2034	2.0-3.5%		2,046,000		2,046,600	102,300
Total School Bonds	\$ 56,296,086				43,668,950	2,046,000	3,821,450	41,893,500	4,107,950
Sewer:									
Refund issue-2012	\$ 327,700	03/20/12	2026	1.0-4.0%	268,400		66,100	202,300	78,400
Clean water.....	4,570,000	06/30/97	2017	2.0%	928,310		258,642	669,668	263,863
Clean water.....	516,000	06/30/03	2023	2.1%	282,201		25,630	256,571	26,174
Total Sewer Bonds	\$ 5,413,700				1,478,911	-	350,372	1,128,539	368,437
Water:									
Drinking water.....	\$ 171,738	06/29/06	2026	2.32%	115,206		8,039	107,167	8,227
TOTAL BONDS AND NOTES					77,707,317	4,012,000	7,581,211	74,138,106	8,161,064
PREMIUM					3,758,373	60,997	390,498	3,428,872	
TOTAL BONDS/NOTES AND RELATED LIABILITIES					81,465,690	4,072,997	7,971,709	77,566,978	8,161,064
LANDFILL POST CLOSURE COSTS					204,000		17,000	187,000	17,000
CAPITAL LEASES					124,998		60,915	64,083	64,083
COMPENSATED ABSENCES					938,873	1,195,255	1,247,453	886,675	177,335
EARLY RETIREMENT INCENTIVE					64,000	96,000	8,000	152,000	32,000
OTHER POST-EMPLOYMENT BENEFIT OBLIGATION					479,858	718,410	245,851	952,417	
TOTAL LONG-TERM OBLIGATIONS					\$83,277,419	\$6,082,662	\$ 9,550,928	\$79,809,153	\$ 8,451,482

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

Enterprise Fund:

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

DESCRIPTION	ORIGINAL AMOUNT	DATE OF ISSUE	DATE OF MATURITY	INTEREST RATE	BALANCE JULY 1, 2013	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30, 2014	CURRENT PORTION
Improvement Bonds.....	\$ 2,488,000	03/15/14	2034	2-3.5%	\$	\$ 2,488,000	\$	\$ 2,488,000	\$ 124,000
Refunding Bonds.....	327,700	03/20/12	2026	1.0-4.0%	268,400		66,100	202,300	78,400
Clean Water Fund Notes.....	16,128,596	10/30/98	2018	2.00%	4,023,113		897,733	3,125,380	915,853
TOTAL BONDS/NOTES	\$ 18,944,296				4,291,513	2,488,000	963,833	5,815,680	1,118,253
PREMIUM					6,869	37,826	528	44,167	
TOTAL BONDS/NOTES AND RELATED LIABILITIES					\$ 4,298,382	\$ 2,525,826	\$ 964,361	\$ 5,859,847	\$ 1,118,253

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

III. DETAILED NOTES (CONTINUED)

E. Changes in Long-Term Obligations (Continued)

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

YEAR ENDING JUNE 30,	TO BE PROVIDED BY STATE		LONG-TERM DEBT BOND/NOTE MATURITIES				ENTERPRISE FUNDS BOND/NOTE MATURITIES				TEACHERS' EARLY
	PRINCIPAL	INTEREST	PRINCIPAL		INTEREST		PRINCIPAL		INTEREST		RETIREMENT CONTRACTS
			BOND	NOTE	BOND	NOTE	BOND	NOTE	BOND	NOTE	
2015	\$ 506,173	\$ 49,764	\$ 7,862,800	\$ 298,264	\$ 2,467,686	\$ 18,516	\$ 202,400	\$ 915,853	\$ 68,610	\$ 54,143	\$ 32,000
2016	502,270	31,335	7,827,600	304,337	2,216,323	12,442	202,200	934,339	66,197	35,657	32,000
2017	79,391	13,030	5,614,000	172,538	1,992,934	6,818	136,000	953,198	62,361	16,798	24,000
2018	79,391	10,083	5,689,000	36,694	1,801,963	5,240	136,000	321,990	59,521	1,343	24,000
2019	78,090	7,135	5,674,000	37,492	1,610,089	4,442	136,000		56,681		24,000
2020	76,789	4,217	5,246,300	38,307	1,400,959	3,626	133,700		52,636		16,000
2021	15,635	1,329	4,801,000	39,140	1,220,784	2,794	124,000		50,010		
2022	15,635	665	4,766,000	39,991	1,045,868	1,942	124,000		47,220		
2023			4,316,000	40,861	879,833	1,072	124,000		44,430		
2024			4,321,000	10,135	726,972	491	124,000		41,485		
2025			3,686,000	10,373	588,865	253	124,000		38,385		
2026			3,266,000	5,274	467,853	36	124,000		35,285		
2027			2,785,000		356,787		125,000		31,875		
2028			2,050,000		264,876		125,000		28,125		
2029			1,375,000		186,999		125,000		24,375		
2030			1,375,000		135,251		125,000		20,625		
2031			1,375,000		83,499		125,000		16,875		
2032			675,000		34,750		125,000		12,813		
2033			200,000		14,000		125,000		8,750		
2034			200,000		7,000		125,000		4,375		
TOTALS	\$ 1,353,374	\$ 117,558	\$ 73,104,700	\$ 1,033,406	\$ 17,503,291	\$ 57,672	\$ 2,690,300	\$ 3,125,380	\$ 770,634	\$ 107,941	\$ 152,000

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 11 years at \$17,000 per year are \$187,000. 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>314,286</u>
Total	<u>\$ 85,714</u>

This year, \$57,143 was included in depreciation expense.

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

III. DETAILED NOTES (CONTINUED)

E. Changes in Long-Term Obligations (Continued)

3. Capital Lease (Continued)

The lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of future minimum lease payments as of the date of inception. The following is a schedule of the minimum lease payments under the lease and the present value of the future minimum lease payments at June 30, 2014:

YEAR ENDING JUNE 30,	
2015	\$ 67,415
Less amount representing interest	<u>3,332</u>
Present value of minimum lease payments	<u>\$ 64,083</u>

4. Termination Benefits

The Board of Education provides early retirement incentive benefits to 3 former employees. Benefits are paid annually based on the retirement agreement for each employee from the Board of Education budget. Benefits are payable through 2019. During the fiscal year ended June 30, 2014, \$8,000 was paid for their benefits.

5. Statutory Debt Limitations

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

CATEGORY	DEBT LIMIT	NET INDEBTEDNESS	BALANCE
General purpose.....	\$ 226,995,829	\$ 31,008,900	\$ 195,986,929
Schools.....	453,991,658	40,540,126	413,451,532
Sewers.....	378,326,381	202,300	378,124,081
Urban renewal.....	327,882,864		327,882,864
Pension deficit.....	302,661,105		302,661,105

The total overall statutory debt limit for the Town is equal to seven times annual receipts from taxation, \$706,209,245.

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 \$1,353,374 for bond principal is reflected as deductions in the computation of net indebtedness.

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

III. DETAILED NOTES (CONTINUED)

E. Changes in Long-Term Obligations (Continued)

6. Authorized/Unissued Debt

At June 30, 2014, the Town had authorized unissued debt as follows:

	<u>AUTHORIZED UNISSUED DEBT</u>
Sandy Hook Streetscape.....	\$ 200,000
High School	1,986,820
Middle School Roof	783,335
Boggs Hill Road Culvert	23,000
Hawley Boiler/HVAC.....	359,000
Dickinson Playground.....	428,112
Danbury Hall Demolition.....	50,000
Hawleyville Sewer Extension.....	<u>312,000</u>
 TOTAL.....	 <u>\$ 4,142,267</u>

7. Prior Years Advance Refundings

In prior years, the Town has defeased a bond issue by creating a separate irrevocable trust fund. New debt has been issued and the proceeds have been used to purchase U.S. government securities that were placed in the trust fund. The investments and fixed earnings from the investments are sufficient to fully service the defeased debt until the debt is called or matures. For financial reporting purposes, the debt has been considered defeased and, therefore, removed as a liability from the Town's financial statements. As of June 30, 2014, the amount of defeased debt outstanding but removed from the Town's financial statements amounted to \$22,055,000.

F. Restricted Net Position

The amount of restricted net position, which were restricted by enabling legislation, totaled \$146,264 at June 30, 2014.

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

III. DETAILED NOTES (CONTINUED)

G. Fund Balance Classification

As of June 30, 2014, fund balances are composed of the following:

FUND BALANCE COMPONENT	GENERAL FUND	BONDED PROJECTS	NONMAJOR FUNDS	TOTAL
NONSPENDABLE:				
Edmond Town Hall.....	\$	\$	\$ 250,000	\$ 250,000
Hawley School Trust.....			350,000	350,000
Newtown Flagpole.....			10,000	10,000
TOTAL NONSPENDABLE.....	-	-	610,000	610,000
RESTRICTED:				
General Government				
Care and Maintenance of				
Edmond Town Hall.....			822,031	822,031
Historic Documents.....			15,791	15,791
Public Safety				
Care of Animals.....			103,402	103,402
Health and Welfare				
Education and Care of Animals.....			1,319,364	1,319,364
Care and Maintenance of Cemeteries.....			9,453	9,453
Rehabilitation Programs.....			24,044	24,044
Parks and Recreation				
Parks and Recreation Programs.....			224,307	224,307
Cultural Arts Programs.....			213,099	213,099
Education				
Sandy Hook.....			1,511,088	1,511,088
School Lunch Program.....			130,473	130,473
Various Education Programs.....			321,077	321,077
Care and Maintenance of Hawley School...			117,573	117,573
TOTAL RESTRICTED.....	-	-	4,811,702	4,811,702
COMMITTED:				
General Government - Fairfield Hills Campus			177,426	177,426
Public Safety				
Animal Shelter.....			5,571	5,571
Public Works - Septage Management.....			102,558	102,558
Parks and Recreation				
Edmond Town Hall Theater.....			346,706	346,706
Marina operations.....			351,019	351,019
Teen Center Programs.....			114,509	114,509
Education				
Adult Education Programs.....			112,715	112,715
Other.....			80,824	80,824
Approved CNR Projects.....		989,318	1,012,797	2,002,115
TOTAL COMMITTED.....	-	989,318	2,304,125	3,293,443
ASSIGNED:				
General Government.....	83,395			83,395
Public Safety.....	20,068			20,068
Public Works.....	156,679			156,679
Parks and Recreation.....	28,250			28,250
Education.....	670,604			670,604
Debt Service.....			382,280	382,280
TOTAL ASSIGNED.....	958,996	-	382,280	1,341,276
UNASSIGNED.....	10,242,495	-		10,242,495
TOTAL.....	\$ 11,201,491	\$ 989,318	\$ 8,108,107	\$ 20,298,916

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

IV. OTHER INFORMATION

A. Risk Management

The Town is exposed to various risks of loss including torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; natural disaster; public official liability; and police professional liability and employee group medical claims in excess of \$175,000. 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 \$14,687,829 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>
2012-2013.....	\$ 1,077,370	\$ 11,332,532	\$ 11,317,741	\$ 1,092,161
2013-2014.....	1,092,161	12,577,526	12,597,131	1,072,556

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.

IV. OTHER INFORMATION

C. Pension Plan

1. Plan Description

a. Plan Administration

The Town administers two single-employer defined benefit pension plans (the Town of Newtown Employees' Pension Plan and the Town of Newtown Police Officers Pension Plan), which provides pensions for all permanent full-time employees of the Town and police officers. Both pension plans grant the authority to establish and amend the benefit terms to the Board of Selectmen. The pension plans, including the defined contribution plan discussed in Note IV.C.15, are included in the financial statements as one pension trust fund. The fund's pooled investments may be used to pay benefits to members or beneficiaries of any of the three plans. The plans do not issue separate, stand alone financial reports.

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

Plan membership

At July 1, 2014, pension plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	123
Inactive plan members entitled to but not yet receiving benefits	34
Active plan members	<u>378</u>
Total	<u>535</u>

2. Benefit Provisions

a. Town of Newtown Employees' Pension Plan

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

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

IV. OTHER INFORMATION

C. Pension Plan (Continued)

2. Benefit Provisions (Continued)

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

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

If a member dies after normal retirement date, the benefit will be determined under the form of payment then in effect.

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

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

b. Town of Newtown Police Officers' Pension Plan

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

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

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

IV. OTHER INFORMATION

C. Pension Plan (Continued)

2. Benefit Provisions (Continued)

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

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

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

3. Contributions

a. Town of Newtown Employees' Pension Plan

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

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

For the year ended June 30, 2014, the average active member contribution rate was 2.0% of annual base compensation, and the Town's average contribution rate was 5.0% of annual payroll.

b. Town of Newtown Police Officers' Pension Plan

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

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

For the year ended June 30, 2014, the average active member contribution rate was 5.0% of annual base compensation, and the Town's average contribution rate was 14.0% of annual payroll.

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

IV. OTHER INFORMATION

C. Pension Plan (Continued)

4. Investments

a. Investment Policy

The pension plans' policy in regard to the allocation of invested assets is established and may be amended by the Pension Committee by a majority vote of its members. It is the policy of the Town's Pension Committee to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The following was the Board's adopted asset allocation policy as of June 30, 2014:

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

5. Concentrations

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

6. Rate of Return

For the year ended June 30, 2014, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 14.35%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

7. Net Pension Liability

The components of the net pension liability at June 30, 2014, were as follows:

Total pension liability	\$ 42,532,622
Plan Fiduciary net position	<u>(34,522,696)</u>
Net Pension Liability	<u>\$ 8,009,926</u>
Plan fiduciary net position as percentage of the total pension liability	<u>81.17%</u>

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

IV. OTHER INFORMATION

C. Pension Plan (Continued)

8. Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of July 1, 2014, using the following actuarial assumptions, applied to all periods included in the measurement:

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Actuarial cost method	Projected unit credit
Asset valuation method	Expected value
Post-retirement increases	1.5% (Police Plan only)
Amortization method	Level dollar
Remaining amortization period	14 years
Inflation	1.5%
Salary increase	3.0%, average, including inflation
Investment rate of return	7.50%, net of pension plan investment expense, including inflation

The actuarial accrued liability is determined under the Projected Unit Credit method. Under this method, actuarial gains and losses are identified each year and are automatically included in the unfunded actuarial accrued liability. Therefore, they are amortized over the same number of years as the unfunded actuarial accrued liability.

GASB 67

Actuarial cost method	Entry age
Asset valuation method	Fair value
Post-retirement increases	1.5% (Police Plan only)
Amortization method	Level dollar
Inflation	1.5%
Salary increase	3.0%, average, including inflation
Investment rate of return	7.50%, net of pension plan investment expense, including inflation
Mortality rates	Based on the 2014 IRS standard IRS post-retirement pension mortality (13-M/F Pos.)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2014 (see the discussion of the pension plan's investment policy) are summarized in the following table:

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

IV. OTHER INFORMATION

C. Pension Plan (Continued)

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	5.31%
International Equity	5.56%
Money Market	(0.59)%
U.S Government Securities	1.21%
Corporate Bonds	2.81%

9. Discount Rate

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

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

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

	<u>1% Decrease (6.50%)</u>	<u>Current Discount (7.50%)</u>	<u>1% Increase (8.50%)</u>
Net Pension Liability	\$ 12,555,845	\$ 8,009,926	\$ 3,788,766

11. Plan Reserves

Assets for the defined contribution plan are invested with the assets of the defined benefit pension plan. These amounts are restricted for the payment of the defined contribution plan benefits per the plan document. The balance of the assets reserved for the defined contribution plan at June 30, 2014 was \$118,958.

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

IV. OTHER INFORMATION

C. Pension Plan (Continued)

12. Funded Status and Funding Progress

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

ACTUARIAL VALUATION DATE	(A) ACTUARIAL VALUE OF ASSETS	(B) ACTUARIAL ACCRUED LIABILITY (AAL)	(A-B) OVER (UNDER) FUNDED AAL	(A/B) FUNDED AAL RATIO	(C) COVERED PAYROLL	[(A-B)/C] OVER (UNDER) FUNDED AAL AS A PERCENTAGE OF COVERED PAYROLL
<u>Newtown Employees' Plan</u>						
July 1, 2014	\$ 22,050,256	\$ 22,250,733	\$ (200,477)	99.1%	\$14,332,155	(1.4)%
<u>Police Officers' Plan</u>						
July 1, 2014	\$ 14,395,542	\$ 16,582,292	\$ (2,186,750)	86.8%	\$ 3,393,213	(64.4)%

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

13. Annual Pension Cost and Net Pension Asset ("NPA")

The changes in the NPA were as follows:

	NEWTOWN EMPLOYEES' PLAN	POLICE OFFICERS' PLAN
Annual required contribution	\$ 637,985	\$ 548,620
Interest on net pension obligation.....	(17,776)	(4,223)
Adjustment to annual required contribution	26,851	6,379
Annual pension cost.....	647,060	550,776
Contributions made	641,318	548,620

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

IV. OTHER INFORMATION

C. Pension Plan (Continued)

13. Annual Pension Cost and Net Pension Asset ("NPA") (Continued)

	NEWTOWN EMPLOYEES' PLAN	POLICE OFFICERS' PLAN
Increase (decrease) in net pension asset.....	\$ (5,742)	\$ (2,156)
Net pension asset - July 1, 2013	237,014	56,308
Net pension asset - June 30, 2014.....	<u>\$ 231,272</u>	<u>\$ 54,152</u>

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

14. Three Year Trend Information

YEAR ENDING JUNE 30	ANNUAL PENSION COST (APC)	PERCENTAGE OF APC CONTRIBUTED	NET PENSION ASSET
<u>NEWTOWN EMPLOYEES' PLAN</u>			
2014	\$ 647,060	99.1%	\$ 231,272
2013	737,576	99.2%	237,014
2012	708,749	98.7%	243,010
<u>POLICE OFFICERS' PLAN</u>			
2014	\$ 550,776	99.6%	\$ 54,152
2013	520,054	99.6%	56,308
2012	504,802	99.5%	58,550

15. 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, 2014, the net position available for benefits include \$118,958 of assets designated for this plan. The Board of Selectmen approved and adopted this plan on July 7, 1986, and they have the authority to make any subsequent amendments.

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

IV. OTHER INFORMATION

C. Pension Plan (Continued)

15. Elected Officials (Continued)

At June 30, 2014, 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, 2014, employer contributions were \$12,971 and employee contributions totaled \$4,324.

As of January 1, 2014, non-union employees are not eligible for this plan. Instead, they will participate in a new defined contribution plan. The Town and the participants must contribute 5% each of the participant's compensation to the plan each year. Participants are 100% vested after one year of service and entitled to benefits at age 65. As of June 30, 2014, there were no participants in the plan.

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 \$245,851.

c. Employee Contributions

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

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

IV. OTHER INFORMATION (CONTINUED)

D. Other Post Employment Benefit Plan (Continued)

3. 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)	(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, 2012	\$ 610,498	\$ 6,264,781	\$ (5,654,283)	9.7%	\$ 36,634,200	(15.4%)

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

4. Actuarial Methods and Assumptions

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

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

Valuation Date	July 1, 2012
Actuarial Cost Method	Projected Unit Credit
Amortization Method	Level Dollar, Closed
Remaining Amortization Period	29 Years Closed
Asset Valuation Method	Fair Value
Actuarial Assumptions:	
Investment rate of return	7.5%
Healthcare inflation rate:	
Initial	9%
Ultimate	5%
Inflation rate	1.5%
Projected salary increases	N/A

TOWN OF NEWTOWN, CONNECTICUT
NOTES TO 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	\$ 720,995
Interest on net OPEB obligation	35,989
Adjustment to annual required contribution	<u>(38,574)</u>
Annual OPEB cost	718,410
Contributions made	<u>245,851</u>
Change in net OPEB obligation	472,559
Net OPEB obligation - July 1, 2013	<u>479,858</u>
Net OPEB obligation - June 30, 2014	<u>\$ 952,417</u>

6. Three Year Trend Information

YEAR ENDING JUNE 30	ANNUAL OPEB COST (AOC)	PERCENTAGE OF AOC CONTRIBUTED	NET OPEB OBLIGATION
2014	\$ 718,410	34.2%	\$ 952,417
2013	772,871	100.0%	479,858
2012	754,494	107.0%	482,457

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 \$8,514,424.

F. Insurance Recovery

The Town's insurance company has indicated that 100% of the loss resulting from business interruption due to the Sandy Hook tragedy is covered by insurance. As a result, the Town has recognized \$483,358 in insurance proceeds resulting from that tragedy in the Sandy Hook Operation Recovery Fund.

G. Subsequent Events

Subsequent to June 30, 2014, the Town of Newtown was awarded a \$15 million grant for the development, construction and operation of a new community center.

Required Supplementary Information

TOWN OF NEWTOWN, CONNECTICUT

TOWN OF NEWTOWN RETIREMENT SYSTEM

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CHANGES IN NET PENSION LIABILITY
YEAR ENDED JUNE 30, 2014

	2014
TOTAL PENSION LIABILITY:	
Service cost	\$ 1,376,812
Interest	2,973,226
Benefit payments	<u>(1,513,354)</u>
NET CHANGE IN TOTAL PENSION LIABILITY	2,836,684
TOTAL PENSION LIABILITY - JULY 1.....	<u>39,695,938</u>
TOTAL PENSION LIABILITY - JUNE 30 (A).....	<u>\$ 42,532,622</u>
PLAN FIDUCIARY NET POSITION:	
Contributions - employer	\$ 1,189,938
Contributions - member	461,526
Net investment income	4,302,666
Benefit payments, including refunds of member contributions	(1,356,367)
Administrative expense.....	<u>(170,876)</u>
NET CHANGE IN PLAN FIDUCIARY NET POSITION.....	4,426,887
PLAN FIDUCIARY NET POSITION - JULY 1*.....	<u>30,095,809</u>
PLAN FIDUCIARY NET POSITION - JUNE 30* (B).....	<u>\$ 34,522,696</u>
NET PENSION LIABILITY (ASSET) - JUNE 30(A)-(B).....	<u>\$ 8,009,926</u>

* Net of defined contribution assets of \$118,958.

TOWN OF NEWTOWN, CONNECTICUT

TOWN OF NEWTOWN RETIREMENT SYSTEM

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF NET PENSION LIABILITY
JUNE 30, 2014

	2014
TOTAL PENSION LIABILITY.....	\$ 42,532,622
PLAN FIDUCIARY NET POSITION.....	(34,522,696)
NET PENSION LIABILITY (ASSET).....	<u>\$ 8,009,926</u>
PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION LIABILITY.....	<u>81.17%</u>
COVERED-EMPLOYEE PAYROLL.....	<u>\$ 17,608,101</u>
NET PENSION LIABILITY (ASSET) AS A PERCENTAGE OF COVERED-EMPLOYEE PAYROLL.....	45.49%

SCHEDULE OF INVESTMENT RETURNS

	2014
ANNUAL MONEY WEIGHTED RATE OF RETURN, NET INVESTMENT EXPENSE.....	<u>14.35%</u>

TOWN OF NEWTOWN, CONNECTICUT

TOWN OF NEWTOWN EMPLOYEES' PENSION PLAN

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CONTRIBUTIONS
LAST 10 FISCAL YEARS

FISCAL YEAR	ACTUARIALLY DETERMINED CONTRIBUTION	CONTRIBUTIONS IN RELATION TO THE ACTUARIALLY DETERMINED CONTRIBUTION	CONTRIBUTION EXCESS (DEFICIENCY)	COVERED- EMPLOYEE PAYROLL	CONTRIBUTIONS AS A PERCENTAGE OF COVERED- EMPLOYEE PAYROLL
2014	\$ 637,985	\$ 641,318	\$ 3,333	\$ 14,332,155	4.47%
2013	728,272	731,580	3,308	13,781,055	5.31%
2012	699,265	699,214	(51)	13,222,292	5.29%
2011	663,805	663,805	-	13,371,509	4.96%
2010	492,222	493,236	1,014	13,109,110	3.76%
2009	374,614	374,595	(19)	12,834,058	2.92%
2008	374,614	437,409	62,795	11,878,385	3.68%
2007	414,121	419,919	5,798	11,031,168	3.81%
2006	420,207	420,381	174	9,995,785	4.21%
2005	402,684	402,966	282	9,809,015	4.11%

TOWN OF NEWTOWN, CONNECTICUT

TOWN OF NEWTOWN POLICE OFFICERS' PENSION PLAN

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CONTRIBUTIONS
LAST 10 FISCAL YEARS

FISCAL YEAR	ACTUARIALLY DETERMINED CONTRIBUTION	CONTRIBUTIONS IN RELATION TO THE ACTUARIALLY DETERMINED CONTRIBUTION	CONTRIBUTION EXCESS (DEFICIENCY)	COVERED- EMPLOYEE PAYROLL	CONTRIBUTIONS AS A PERCENTAGE OF COVERED- EMPLOYEE PAYROLL
2014	\$ 548,620	\$ 548,620	\$ -	\$ 3,393,213	16.17%
2013	517,812	517,812	-	3,827,046	13.53%
2012	502,513	502,431	(82)	3,631,329	13.84%
2011	460,540	460,540	-	3,448,073	13.36%
2010	342,670	344,475	1,805	3,579,566	9.62%
2009	325,909	325,844	(65)	3,415,591	9.54%
2008	287,328	291,160	3,832	2,973,016	9.79%
2007	277,000	276,339	(661)	2,812,921	9.82%
2006	214,000	213,647	(353)	2,643,190	8.08%
2005	193,000	190,303	(2,697)	2,637,458	7.22%

TOWN OF NEWTOWN, CONNECTICUT

TOWN OF NEWTOWN RETIREMENT SYSTEM

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2014

Changes of benefit terms	None
Changes of assumptions	None
Method and assumptions used in calculations of actuarially determined contribution	The actuarially determined contribution rates in the schedule of contributions are calculated as of July 1, 2013, one year prior to the end of the fiscal year in which contributions are reported

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

Actuarial Cost Method	Projected unit credit
Amortization Method	Level dollar, closed
Remaining amortization period	14 Years
Asset Valuation Method	Expected value
Inflation	1.50%
Salary Increases	3.00%, average, including inflation
Investment Rate of Return	7.50%, net of pension plan investment expense, including inflation

TOWN OF NEWTOWN, CONNECTICUT

NEWTOWN OTHER POST-EMPLOYMENT BENEFIT PLAN

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF FUNDING PROGRESS

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

N/A - No valuation performed.

TOWN OF NEWTOWN, CONNECTICUT

NEWTOWN OTHER POST-EMPLOYMENT BENEFIT PLAN

REQUIRED SUPPLEMENTARY INFORMATION

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%
2013	775,470	775,470	100.0%
2014	720,995	245,851	34.1%

TOWN OF NEWTOWN, CONNECTICUT

NEWTOWN OTHER POST-EMPLOYMENT BENEFIT PLAN

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2014

Changes of benefit terms	None
Changes of assumptions	None

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

Actuarial Cost Method	Projected unit credit
Amortization Method	Level dollar, closed
Remaining amortization period	29 Years
Investment Rate of Return	7.5%
Healthcare inflation rate - Initial	9.0%
Healthcare inflation rate - Ultimate	5.0%
Salary Increases	N/A

TOWN OF NEWTOWN, CONNECTICUT

TOWN OF NEWTOWN RETIREMENT SYSTEM

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF FUNDING PROGRESS

TOWN OF NEWTOWN EMPLOYEES' PLAN						
	A	B	(A-B)	(A/B)	C	[(A-B)/C]
ACTUARIAL VALUATION DATE	ACTUARIAL VALUE OF ASSETS	ACTUARIAL ACCRUED LIABILITY (AAL)	OVER (UNDER) FUNDED AAL	FUNDED AAL RATIO	COVERED PAYROLL	OVER/(UNDER) FUNDED AAL AS A PERCENTAGE OF COVERED PAYROLL
JULY 1,						
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%
2013	20,623,538	20,767,801	(144,263)	99.3%	13,781,055	-(1.0)%
2014	22,050,256	22,250,733	(200,477)	99.1%	14,332,155	-(1.4)%
POLICE OFFICERS' PLAN						
	A	B	(A-B)	(A/B)	C	[(A-B)/C]
ACTUARIAL VALUATION DATE	ACTUARIAL VALUE OF ASSETS	ACTUARIAL ACCRUED LIABILITY (AAL)	OVER (UNDER) FUNDED AAL	FUNDED AAL RATIO	COVERED PAYROLL	OVER/(UNDER) FUNDED AAL AS A PERCENTAGE OF COVERED PAYROLL
JULY 1,						
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)%
2013	13,517,603	15,470,719	(1,953,116)	87.4%	3,827,046	-(51.0)%
2014	14,395,542	16,582,292	(2,186,750)	86.8%	3,393,213	-(64.4)%

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, 2014

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
PROPERTY TAXES:				
Collections - current year.....	\$ 98,412,754	\$ 98,412,754	\$ 98,499,932	\$ 87,178
Collections - prior years.....	400,000	400,000	436,966	36,966
Interest and lien fees.....	425,000	425,000	581,696	156,696
Motor vehicle supplement list.....	600,000	600,000	841,982	241,982
Telecommunications property tax.....	85,346	85,346	66,941	(18,405)
TOTAL PROPERTY TAXES.....	99,923,100	99,923,100	100,427,517	504,417
INTERGOVERNMENTAL:				
Veterans additional exemptions.....	14,024	14,024	17,306	3,282
Elderly tax relief - circuit breaker.....	143,018	143,018	156,866	13,848
In lieu of taxes.....		812,088	812,386	298
Totally disabled.....	1,700	1,700	2,143	443
Town aid for roads.....	469,493	469,493	470,723	1,230
Mashantucket Pequot fund grant.....		799,135	796,498	(2,637)
Connecticut school building grants.....	579,742	579,742	579,742	-
Equalized cost-sharing grant.....	5,233,858	4,385,990	4,436,925	50,935
Public school transportation aid.....		103,783	85,470	(18,313)
Non-public school transportation aid.....	23,034	23,034	20,917	(2,117)
Health services - St. Rose.....	18,621	18,621	23,143	4,522
Miscellaneous grants.....			92,105	92,105
LOCIP grant.....	1,019,732	205,697	208,255	2,558
State revenue sharing.....	201,217	148,114	221,366	73,252
TOTAL INTERGOVERNMENTAL.....	7,704,439	7,704,439	7,923,845	219,406
CHARGES FOR SERVICES:				
Town clerk - conveyance tax.....	400,000	400,000	391,871	(8,129)
Town clerk - other.....	275,000	275,000	229,776	(45,224)
Parks and recreation.....	190,000	190,000	231,415	41,415
Tuition.....	6,400	6,400	16,439	10,039
School generated fees.....	114,288	114,288	113,256	(1,032)
Building.....	485,000	485,000	460,936	(24,064)
Permit fees.....	1,250	1,250	1,800	550
Landfill permits.....	425,000	425,000	461,293	36,293
WPCA.....		120,000	120,000	-
Senior center membership fees.....	4,000	4,000	5,308	1,308
Land use.....	45,000	45,000	42,717	(2,283)
TOTAL CHARGES FOR SERVICES.....	1,945,938	2,065,938	2,074,811	8,873
INVESTMENT INCOME.....	150,000	150,000	125,132	(24,868)
OTHER REVENUES:				
Miscellaneous revenue - police.....	3,000	3,000	25,551	22,551
Miscellaneous revenue - board of education.....	1,350	1,350	9,618	8,268
Miscellaneous revenue - selectmen.....	100,000	100,000	101,756	1,756
TOTAL OTHER REVENUES.....	104,350	104,350	136,925	32,575
TOTAL REVENUES.....	109,827,827	109,947,827	110,688,230	740,403

(Continued)

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

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
OTHER FINANCING SOURCES:				
Premium on bonds.....	\$	\$	\$ 60,997	\$ 60,997
Cancellation of prior year encumbrances.....			30,984	30,984
Transfers in.....	122,000	122,000	103,627	(18,373)
TOTAL OTHER FINANCING SOURCES.....	122,000	122,000	195,608	73,608
TOTAL REVENUES AND OTHER FINANCING SOURCES.....	\$ 109,949,827	\$ 110,069,827	\$ 110,883,838	\$ 814,011

(Concluded)

TOWN OF NEWTOWN, CONNECTICUT

GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2014

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
GENERAL GOVERNMENT:				
Selectmen.....	\$ 330,566	\$ 449,117	\$ 448,865	\$ 252
Selectmen - other.....	240,222	222,982	222,425	557
Human Resources.....	112,436	117,636	117,600	36
Tax Collector.....	307,691	326,285	326,127	158
Probate Court.....	6,343	5,983	5,981	2
Town Clerk.....	287,653	291,724	291,375	349
Registrars.....	126,378	119,458	119,176	282
Assessor.....	237,464	234,559	234,382	177
Finance.....	482,376	492,882	492,809	73
Technology.....	466,474	508,894	508,802	92
Unemployment.....	15,000	15,000	6,761	8,239
OPEB fund.....	155,197	155,197	155,197	-
Medical fund.....		198,470	198,470	-
Professional organizations.....	36,454	34,744	34,744	-
Insurance.....	988,500	984,500	979,278	5,222
Legislative Council.....	44,500	44,500	44,500	-
Districts.....	6,500	6,500	6,450	50
Economic Development Commission.....	144,962	144,872	144,825	47
Sustainable Energy Commission.....	5,000	5,000	5,000	-
Fairfield Hills.....	57,672	57,372	56,888	484
TOTAL GENERAL GOVERNMENT.....	4,051,388	4,415,675	4,399,655	16,020
PUBLIC SAFETY:				
Communications.....	1,023,716	1,016,121	1,015,818	303
Police department.....	6,008,803	6,114,713	6,114,368	345
Fire department.....	1,214,590	1,214,964	1,211,951	3,013
Emergency management/N.U.S.....	52,145	47,695	47,045	650
Canine control.....	153,637	152,411	152,348	63
Lake authorities.....	50,621	50,401	50,393	8
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.....	8,783,545	8,876,338	8,871,706	4,632
HEALTH AND WELFARE:				
Social services.....	138,103	138,820	138,621	199
Senior service.....	330,839	294,903	294,636	267
Outside agencies.....	378,208	378,208	378,168	40
Youth & Family Services.....	296,528	296,528	296,528	-
Newtown Cultural Arts Commission.....	5,000	5,000	4,967	33
Newtown Parade Committee.....	1,500	1,090	1,090	-
NW Conservation District.....	1,500	1,500	1,500	-
Booth library.....	1,123,196	1,123,196	1,123,196	-
Newtown Health District.....	375,962	375,962	375,962	-
TOTAL HEALTH AND WELFARE.....	2,650,836	2,615,207	2,614,668	539

(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.....	\$ 597,056	\$ 722,067	\$ 720,127	\$ 1,940
PUBLIC WORKS:				
Building inspector.....	389,410	383,798	383,589	209
Highway.....	6,244,099	6,329,230	6,315,738	13,492
Winter maintenance.....	714,784	913,422	913,382	40
Transfer Station.....	1,491,685	1,327,404	1,327,162	242
Public building maintenance.....	754,898	810,828	810,397	431
TOTAL PUBLIC WORKS.....	9,594,876	9,764,682	9,750,268	14,414
PARKS AND RECREATION.....	2,216,342	2,139,854	2,139,184	670
EDUCATION.....	70,998,119	70,998,119	70,998,119	-
CONTINGENCY.....	520,000	220	-	220
DEBT SERVICE.....	10,058,924	10,058,924	10,058,924	-
TOTAL EXPENDITURES.....	109,471,086	109,591,086	109,552,651	38,435
OTHER FINANCING USES:				
Transfers out:				
Edmond Town Hall	140,556	140,556	140,556	-
Capital and nonrecurring.....	291,000	291,000	291,000	-
Board of Education non-lapsing.....	47,185	47,185	47,185	-
TOTAL OTHER FINANCING USES.....	478,741	478,741	478,741	-
TOTAL EXPENDITURES AND OTHER FINANCING USES.....	\$ 109,949,827	\$ 110,069,827	\$ 110,031,392	\$ 38,435

(Concluded)

TOWN OF NEWTOWN, CONNECTICUT

REPORT OF TAX COLLECTOR
YEAR ENDED JUNE 30, 2014

GRAND LIST YEAR	UNCOLLECTED TAXES JULY 1, 2013	CURRENT YEAR LEVY	LAWFUL CORRECTIONS		TRANSFERS TO SUSPENSE	ADJUSTED TAXES COLLECTIBLE	COLLECTIONS			UNCOLLECTED TAXES JUNE 30, 2014
			ADDITIONS	DEDUCTIONS			NET TAXES COLLECTED	INTEREST AND LIEN FEES	TOTAL	
1997	\$ 16,336	\$	\$	\$ 16,336	\$	\$ -	\$	\$	\$ -	\$ -
1998	19,141					19,141			-	19,141
1999	25,788					25,788	37	91	128	25,751
2000	25,867					25,867			-	25,867
2001	28,192					28,192			-	28,192
2002	20,462					20,462			-	20,462
2003	20,056					20,056			-	20,056
2004	21,115			37		21,078			-	21,078
2005	27,825			38		27,787			-	27,787
2006	31,554			39		31,515	349	236	585	31,166
2007	120,066			157	681	119,228	88	263	351	119,140
2008	161,223			224	662	160,337	29,692	20,911	50,603	130,645
2009	247,746		107	523	6,083	241,247	80,052	76,774	156,826	161,195
2010	352,631		23,920	11,822	26,045	338,684	141,433	47,232	188,665	197,251
2011	946,003		36,713	27,916	58,603	896,197	616,540	114,689	731,229	279,657
TOTAL PRIOR YEARS	2,064,005	-	60,740	57,092	92,074	1,975,579	868,191	260,196	1,128,387	1,107,388
2012		100,399,892	333,399	546,202	261,728	99,925,361	99,196,280	359,621	99,555,901	729,081
TOTAL	\$ 2,064,005	\$ 100,399,892	\$ 394,139	\$ 603,294	\$ 353,802	\$ 101,900,940	\$ 100,064,471	\$ 619,817	\$ 100,684,288	\$ 1,836,469

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, 2014

	UNCOLLECTED ASSESSMENTS JULY 1, 2013	ADJUSTED ASSESSMENTS COLLECTIBLE	COLLECTIONS	UNCOLLECTED ASSESSMENTS JUNE 30, 2014
Sewer assessments receivable.....	\$ 3,895,195	\$ 3,895,195	\$ 773,251	\$ 3,121,944
Homestead accounts receivable.....	81,500	81,500	17,487	64,013
Bungalow Terrace.....	25,335	25,335	5,810	19,525
Elderly.....	32,221	32,221	7,159	25,062
Reed Intermediate School /Grace Church receivable.....	224,161	224,161	41,172	182,989
Walnut Tree.....	21,783	21,783		21,783
Newtown Congregational, Colony Diner & Sundaram.....	8,000	8,000	8,000	-
Rose & Church Hill.....	27,907	27,907	25,297	2,610
TOTAL.....	<u>\$ 4,316,102</u>	<u>\$ 4,316,102</u>	<u>\$ 878,176</u>	3,437,926
			Bonded interest	41,161
			Penalty interest and liens	85,379
			Septic loans	48,643
			Allowance for uncollectibles	<u>(22,000)</u>
			Net (current and long-term) receivable	<u>\$ 3,591,109</u>

Nonmajor Governmental Funds

Special Revenue Funds

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

Dog License

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

Bouchard Animal Fund

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

Police Private Duty

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

Town Gifts Fund

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

School Lunch Program

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

Education Grants

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

Law Enforcement Fund

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

NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)

Special Revenue Funds (Continued)

Septage Management Ordinance

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

Fairfield Hills Authority

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

School Custodial

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

Adult Education

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

Edmond Town Hall

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

Recovery and Resiliency Plan

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

Sandy Hook Operation Recovery Fund

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

Town Recreation Fund

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

Daycare Program

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

NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)

Special Revenue Funds (Continued)

Miscellaneous Grants

To account for various reimbursement grants.

Small Cities Program

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

Cemetery Fund

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

Eichler's Cove Marina

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

Historic Documents

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

Cultural Arts

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

Sandy Hook Special Revenue Fund

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

Debt Service

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

Capital Projects

Capital and Nonrecurring Fund

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

Permanent Funds

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

NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)

Special Revenue Funds (Continued)

Hawley School Trust

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

Edmond Town Hall Endowment

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

Newtown Flagpole Fund

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

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

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

TOWN OF NEWTOWN, CONNECTICUT

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2014

	SPECIAL REVENUE FUNDS							
	DOG LICENSE	BOUCHARD ANIMAL FUND	POLICE PRIVATE DUTY	TOWN GIFTS FUND	SCHOOL LUNCH PROGRAM	EDUCATION GRANTS	LAW ENFORCEMENT FUND	SEPTAGE MANAGEMENT ORDINANCE
<u>ASSETS</u>								
Cash.....	\$	\$	\$	\$ 21,343	\$ 145,221	\$ 86,621	\$	\$
Investments.....								70,998
Receivables:								
Intergovernmental.....					54,876	1,022,487	3,105	
Other.....			82,698		1,749		1,249	
Due from other funds.....	17,756	44,929		218,824			94,103	31,560
Other.....					28,432			
TOTAL ASSETS.....	\$ 17,756	\$ 44,929	\$ 82,698	\$ 240,167	\$ 230,278	\$ 1,109,108	\$ 98,457	\$ 102,558
<u>LIABILITIES</u>								
Accounts payable.....	\$ 12,185	\$ 342	\$	\$ 21,982	\$ 60,335	\$ 371,895	\$	\$
Accrued liabilities.....						131,432		
Due to other funds.....			82,698			256,055		
Unearned revenue.....					39,470	28,649	39,642	
TOTAL LIABILITIES.....	12,185	342	82,698	21,982	99,805	788,031	39,642	-
<u>DEFERRED INFLOWS OF RESOURCES</u>								
Unavailable revenue - loans.....								
<u>FUND BALANCES</u>								
Nonspendable.....								
Restricted.....		44,587		218,185	130,473	321,077	58,815	
Committed.....	5,571							102,558
Assigned.....								
TOTAL FUND BALANCES.....	5,571	44,587	-	218,185	130,473	321,077	58,815	102,558
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 17,756	\$ 44,929	\$ 82,698	\$ 240,167	\$ 230,278	\$ 1,109,108	\$ 98,457	\$ 102,558

(Continued)

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

	SPECIAL REVENUE FUNDS						
	FAIRFIELD HILLS AUTHORITY	SCHOOL CUSTODIAL	ADULT EDUCATION	EDMOND TOWN HALL	RECOVERY AND RESILIENCY PLAN	SANDY HOOK OPERATION RECOVERY FUND	TOWN RECREATION FUND
ASSETS							
Cash.....	\$	\$ 81,318	\$ 112,715	\$ 385,822	\$	\$	\$ 206,545
Investments.....				3,980			
Receivables:							
Intergovernmental.....							
Other.....	8,750						3,971
Due from other funds.....	174,015				106,465	471,429	135,196
Other.....							
TOTAL ASSETS.....	\$ 182,765	\$ 81,318	\$ 112,715	\$ 389,802	\$ 106,465	\$ 471,429	\$ 345,712
LIABILITIES							
Accounts payable.....	\$ 5,339	\$	\$	\$ 42,078	\$ 270	\$	\$ 50,415
Accrued liabilities.....							
Due to other funds.....							
Unearned revenue.....		494		1,018			180,788
TOTAL LIABILITIES.....	5,339	494	-	43,096	270	-	231,203
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenue - loans.....							
FUND BALANCES							
Nonspendable.....							
Restricted.....					106,195	471,429	
Committed.....	177,426	80,824	112,715	346,706			114,509
Assigned.....							
TOTAL FUND BALANCES.....	177,426	80,824	112,715	346,706	106,195	471,429	114,509
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 182,765	\$ 81,318	\$ 112,715	\$ 389,802	\$ 106,465	\$ 471,429	\$ 345,712

(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	SANDY HOOK SPECIAL REVENUE FUND	
ASSETS								
Cash.....	\$	\$ 24,044	\$	\$	\$	\$ 151,110	\$	\$ 1,214,739
Investments.....								74,978
Receivables:								
Intergovernmental.....	179,729							1,260,197
Loans receivable.....		246,747						246,747
Other.....				320	290	565		99,592
Due from other funds.....	631,466		9,453	359,687	15,961	62,749	357,233	2,730,826
Other.....								28,432
TOTAL ASSETS.....	\$ 811,195	\$ 270,791	\$ 9,453	\$ 360,007	\$ 16,251	\$ 214,424	\$ 357,233	\$ 5,655,511
LIABILITIES								
Accounts payable.....	\$ 3,034	\$	\$	\$ 8,988	\$ 460	\$ 1,325	\$ 1,452	\$ 580,100
Accrued liabilities.....								131,432
Due to other funds.....								338,753
Unearned revenue.....	230,478							520,539
TOTAL LIABILITIES.....	233,512	-	-	8,988	460	1,325	1,452	1,570,824
DEFERRED INFLOWS OF RESOURCES								
Unavailable revenue - loans.....		246,747						246,747
FUND BALANCES								
Nonspendable.....								-
Restricted.....	577,683	24,044	9,453		15,791	213,099	355,781	2,546,612
Committed.....				351,019				1,291,328
Assigned.....								-
TOTAL FUND BALANCES.....	577,683	24,044	9,453	351,019	15,791	213,099	355,781	3,837,940
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 811,195	\$ 270,791	\$ 9,453	\$ 360,007	\$ 16,251	\$ 214,424	\$ 357,233	\$ 5,655,511

(Continued)

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

	DEBT SERVICE	CAPITAL PROJECTS	PERMANENT FUNDS				TOTAL PERMANENT FUNDS	TOTAL NONMAJOR GOVERNMENTAL FUNDS
	DEBT SERVICE	CAPITAL AND NONRECURRING	HAWLEY SCHOOL TRUST	EDMOND TOWN HALL ENDOWMENT	NEWTOWN FLAGPOLE FUND	THE V.G. HAIR AND FRANCES E. HAIR FUND		
ASSETS								
Cash.....	\$	\$	\$	\$	\$	\$	\$	\$
Investments.....		226,560	411,040	1,072,031	12,085	1,324,582	12,085	1,226,824
Receivables:							2,807,653	3,109,191
Intergovernmental.....							-	1,260,197
Loans receivable.....							-	246,747
Other.....		530					-	100,122
Due from other funds.....	382,280	785,707	56,533		4,037		60,570	3,959,383
Other.....							-	28,432
TOTAL ASSETS.....	\$ 382,280	\$ 1,012,797	\$ 467,573	\$ 1,072,031	\$ 16,122	\$ 1,324,582	\$ 2,880,308	\$ 9,930,896
LIABILITIES								
Accounts payable.....	\$	\$	\$	\$	\$	\$	\$ -	\$ 580,100
Accrued liabilities.....							-	131,432
Due to other funds.....						5,218	5,218	343,971
Unearned revenue.....							-	520,539
TOTAL LIABILITIES.....	-	-	-	-	-	5,218	5,218	1,576,042
DEFERRED INFLOWS OF RESOURCES								
Unavailable revenue - loans.....								246,747
FUND BALANCES								
Nonspendable.....			350,000	250,000	10,000		610,000	610,000
Restricted.....			117,573	822,031	6,122	1,319,364	2,265,090	4,811,702
Committed.....		1,012,797					-	2,304,125
Assigned.....	382,280						-	382,280
TOTAL FUND BALANCES.....	382,280	1,012,797	467,573	1,072,031	16,122	1,319,364	2,875,090	8,108,107
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 382,280	\$ 1,012,797	\$ 467,573	\$ 1,072,031	\$ 16,122	\$ 1,324,582	\$ 2,880,308	\$ 9,930,896

(Concluded)

TOWN OF NEWTOWN, CONNECTICUT

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2014

	SPECIAL REVENUE FUNDS							
	DOG LICENSE	BOUCHARD ANIMAL FUND	POLICE PRIVATE DUTY	TOWN GIFTS FUND	SCHOOL LUNCH PROGRAM	EDUCATION GRANTS	LAW ENFORCEMENT FUND	SEPTAGE MANAGEMENT ORDINANCE
REVENUES:								
Intergovernmental.....	\$	\$	\$	\$	\$ 275,635	\$ 6,504,334	\$ 109,066	\$
Charges for services.....	21,742		355,684		1,675,622	199,515	18,797	2,369
Investment income.....								
Contributions.....	3,507			277,935		196,412		
TOTAL REVENUES.....	25,249	-	355,684	277,935	1,951,257	6,900,261	127,863	2,369
EXPENDITURES:								
Current:								
General government.....				1,200				
Public safety.....	40,811	31,042	314,681	14,899			69,568	
Health and welfare.....				17,458				
Public works.....								
Parks and recreation.....				117,677				
Education.....					1,956,307	6,695,192		
Capital outlay.....								
TOTAL EXPENDITURES.....	40,811	31,042	314,681	151,234	1,956,307	6,695,192	69,568	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	(15,562)	(31,042)	41,003	126,701	(5,050)	205,069	58,295	2,369
OTHER FINANCING SOURCES (USES):								
Transfers out.....			(103,627)	(211,647)				
NET CHANGE IN FUND BALANCES.....	(15,562)	(31,042)	(62,624)	(84,946)	(5,050)	205,069	58,295	2,369
FUND BALANCES, JULY 1, 2013	21,133	75,629	62,624	303,131	135,523	116,008	520	100,189
FUND BALANCES, JUNE 30, 2014.....	\$ 5,571	\$ 44,587	\$ -	\$ 218,185	\$ 130,473	\$ 321,077	\$ 58,815	\$ 102,558

(Continued)

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

	SPECIAL REVENUE FUNDS							
	FAIRFIELD HILLS AUTHORITY	SCHOOL CUSTODIAL	ADULT EDUCATION	EDMOND TOWN HALL	RECOVERY AND RESILIENCY PLAN	SANDY HOOK OPERATION RECOVERY FUND	TOWN RECREATION FUND	DAYCARE PROGRAM
REVENUES:								
Intergovernmental.....	\$	\$	\$	\$	\$	\$	\$	\$
Charges for services.....	26,250	12,397	168,403	592,460			675,617	238,168
Investment income.....				421				
Contributions.....				1,279	110,000			
TOTAL REVENUES.....	26,250	12,397	168,403	594,160	110,000	-	675,617	238,168
EXPENDITURES:								
Current:								
General government.....	19,519			719,655				
Public safety								
Health and welfare.....					3,805			
Public works.....								
Parks and recreation.....							587,515	
Education.....			150,735			36,961		238,168
Capital outlay.....								
TOTAL EXPENDITURES.....	19,519	-	150,735	719,655	3,805	36,961	587,515	238,168
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	6,731	12,397	17,668	(125,495)	106,195	(36,961)	88,102	-
OTHER FINANCING SOURCES (USES):								
Transfers in.....				140,556				
Transfers out.....								
Insurance proceeds.....						483,358		
NET OTHER FINANCING SOURCES (USES).....	-	-	-	140,556	-	483,358	-	-
NET CHANGE IN FUND BALANCES.....	6,731	12,397	17,668	15,061	106,195	446,397	88,102	-
FUND BALANCES, JULY 1, 2013.....	170,695	68,427	95,047	331,645	-	25,032	26,407	-
FUND BALANCES, JUNE 30, 2014.....	\$ 177,426	\$ 80,824	\$ 112,715	\$ 346,706	\$ 106,195	\$ 471,429	\$ 114,509	\$ -

(Continued)

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

	SPECIAL REVENUE FUNDS							TOTAL SPECIAL REVENUE FUNDS
	MISCELLANEOUS GRANTS	SMALL CITIES PROGRAM	CEMETERY FUND	EICHLER'S COVE MARINA	HISTORIC DOCUMENTS	CULTURAL ARTS	SANDY HOOK SPECIAL REVENUE FUND	
REVENUES:								
Intergovernmental.....	\$ 1,246,582	\$	\$	\$	\$ 6,500	\$ 30,000	\$	\$ 8,410,285
Charges for services.....	2,071	2,000		122,518	11,890	40,500		3,927,835
Investment income.....						76		497
Contributions.....						192,597	295,149	1,076,879
TOTAL REVENUES.....	1,248,653	2,000	-	122,518	18,390	263,173	295,149	13,415,496
EXPENDITURES:								
Current:								
General government.....	154,717		22,199		38,312		29,900	985,502
Public safety.....	288,265						81,475	840,741
Health and welfare.....	18,547	15,217				90,347	5,135	150,509
Public works.....	123,266							123,266
Parks and recreation.....				62,403			18,915	786,510
Education.....	86,175						50,000	9,213,538
Capital outlay.....								-
TOTAL EXPENDITURES.....	670,970	15,217	22,199	62,403	38,312	90,347	185,425	12,100,066
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	577,683	(13,217)	(22,199)	60,115	(19,922)	172,826	109,724	1,315,430
OTHER FINANCING SOURCES (USES):								
Transfers in.....								140,556
Transfers out.....							(125,815)	(441,089)
Insurance proceeds.....								483,358
NET OTHER FINANCING SOURCES (USES).....	-	-	-	-	-	-	-	182,825
NET CHANGE IN FUND BALANCES.....	577,683	(13,217)	(22,199)	60,115	(19,922)	172,826	(16,091)	1,498,255
FUND BALANCES, JULY 1, 2013.....		37,261	31,652	290,904	35,713	40,273	371,872	2,339,685
FUND BALANCES, JUNE 30, 2014.....	\$ 577,683	\$ 24,044	\$ 9,453	\$ 351,019	\$ 15,791	\$ 213,099	\$ 355,781	\$ 3,837,940

(Continued)

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

	DEBT SERVICE	CAPITAL PROJECTS	PERMANENT FUNDS				TOTAL NONMAJOR GOVERNMENTAL FUNDS
	DEBT SERVICE	CAPITAL AND NONRECURRING	HAWLEY SCHOOL TRUST	EDMOND TOWN HALL ENDOWMENT	NEWTOWN FLAGPOLE FUND	THE V.G. HAIR AND FRANCES E. HAIR FUND	TOTAL PERMANENT FUNDS
REVENUES:							
Intergovernmental.....	\$ 300,000	\$	\$	\$	\$	\$	\$ -
Charges for services.....		138,327					-
Investment income.....		791	8,083	17,114	79	12,850	38,126
Net change in fair value of investments.....			42,790	158,280			201,070
Contributions.....							-
TOTAL REVENUES.....	300,000	139,118	50,873	175,394	79	12,850	239,196
EXPENDITURES:							
Current:							
General government.....		113,265		60,839			60,839
Public safety.....						50,000	50,000
Health and welfare.....							-
Public works.....							-
Parks and recreation.....							-
Education.....			12,802				12,802
Debt service.....	100,004						-
Capital outlay.....		855,791					-
TOTAL EXPENDITURES.....	100,004	969,056	12,802	60,839	-	50,000	123,641
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	199,996	(829,938)	38,071	114,555	79	(37,150)	115,555
OTHER FINANCING SOURCES (USES):							
Transfers in.....		338,185					-
Transfers out.....		(50,000)					-
Insurance proceeds.....							-
NET OTHER FINANCING SOURCES (USES).....	-	288,185	-	-	-	-	-
NET CHANGE IN FUND BALANCES.....	199,996	(541,753)	38,071	114,555	79	(37,150)	115,555
FUND BALANCES, JULY 1, 2013.....	182,284	1,554,550	429,502	957,476	16,043	1,356,514	2,759,535
FUND BALANCES, JUNE 30, 2014.....	\$ 382,280	\$ 1,012,797	\$ 467,573	\$ 1,072,031	\$ 16,122	\$ 1,319,364	\$ 2,875,090

(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, CONNECTICUT

**COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
JUNE 30, 2014**

	BOARD OF EDUCATION DENTAL	MEDICAL INSURANCE	TOTALS
<u>ASSETS</u>			
Current assets:			
Cash.....	\$ 249,392	\$ 3,017,880	\$ 3,267,272
Accounts receivable.....	1,659	26,075	27,734
Due from other funds	22,289	201,376	223,665
TOTAL ASSETS.....	273,340	3,245,331	3,518,671
LIABILITIES:			
Current liabilities:			
Claims payable.....	38,215	1,034,341	1,072,556
<u>NET POSITION</u>			
Unrestricted.....	\$ 235,125	\$ 2,210,990	\$ 2,446,115

TOWN OF NEWTOWN, CONNECTICUT

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2014

	BOARD OF EDUCATION DENTAL	MEDICAL INSURANCE	TOTALS
OPERATING REVENUES:			
Charges for services.....	\$ 431,521	\$ 13,100,331	\$ 13,531,852
OPERATING EXPENSES:			
Claims incurred.....	421,241	12,156,285	12,577,526
Administration.....	1,316	1,004,857	1,006,173
TOTAL OPERATING EXPENSES.....	422,557	13,161,142	13,583,699
OPERATING INCOME (LOSS).....	8,964	(60,811)	(51,847)
NONOPERATING REVENUES:			
Investment income.....		5,362	5,362
NET CHANGE IN NET POSITION	8,964	(55,449)	(46,485)
TOTAL NET POSITION - JULY 1, 2013.....	226,161	2,266,439	2,492,600
TOTAL NET POSITION - JUNE 30, 2014.....	\$ 235,125	\$ 2,210,990	\$ 2,446,115

TOWN OF NEWTOWN, CONNECTICUTCOMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2014

	BOARD OF EDUCATION DENTAL	MEDICAL INSURANCE	TOTALS
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from charges for services.....	\$ 458,622	\$ 13,626,293	\$ 14,084,915
Cash payments to suppliers for goods and services.....	(1,316)	(1,004,857)	(1,006,173)
Claims paid.....	(432,915)	(12,164,216)	(12,597,131)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES.....	24,391	457,220	481,611
CASH FLOWS FROM INVESTING ACTIVITIES:			
Investment income.....		5,362	5,362
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS.....	24,391	462,582	486,973
CASH AND CASH EQUIVALENTS - JULY 1, 2013.....	225,001	2,555,298	2,780,299
CASH AND CASH EQUIVALENTS - JUNE 30, 2014.....	\$ 249,392	\$ 3,017,880	\$ 3,267,272
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:			
Operating income (loss).....	\$ 8,964	\$ (60,811)	\$ (51,847)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
(Increase) decrease in:			
Receivables.....	(1,659)	477,917	476,258
Due from other funds.....	28,760	48,045	76,805
Increase (decrease) in:			
Accounts and other payables.....	(11,674)	(7,931)	(19,605)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES.....	\$ 24,391	\$ 457,220	\$ 481,611

Fiduciary Funds

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

Pension Trust Funds

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

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

OPEB Trust Funds

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

Private-Purpose Trust Fund

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

Agency Funds

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

Board of Education Flex Plan

To account for employee medical savings account.

Student Activities

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

Police Benevolent

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

Performance Bonds

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

TOWN OF NEWTOWN, CONNECTICUT

**COMBINING STATEMENT OF FIDUCIARY NET POSITION
AGENCY FUNDS
JUNE 30, 2014**

	BOARD OF EDUCATION FLEX PLAN	STUDENT ACTIVITIES	POLICE BENEVOLENT	PERFORMANCE BONDS	TOTAL
<u>ASSETS</u>					
Cash.....	\$ 23,549	\$ 400,211	\$ 6,410	\$	\$ 430,170
Investments.....		189,754		329,582	519,336
TOTAL ASSETS.....	\$ 23,549	\$ 589,965	\$ 6,410	\$ 329,582	\$ 949,506
<u>LIABILITY</u>					
Accounts payable.....	\$ 23,549	\$ 589,965	\$ 6,410	\$ 329,582	\$ 949,506

TOWN OF NEWTOWN, CONNECTICUT

AGENCY FUNDS
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 YEAR ENDED JUNE 30, 2014

	BALANCE JULY 1, 2013	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30, 2014
<u>ASSETS</u>				
CASH:				
Flex Plan.....	\$ 19,348	\$ 164,567	\$ 160,366	\$ 23,549
Student activities.....	372,187	1,823,012	1,794,988	400,211
Police Benevolent.....	2,200	4,210		6,410
TOTAL CASH.....	393,735	1,991,789	1,955,354	430,170
INVESTMENTS:				
Student activities.....	189,754			189,754
Performance bonds.....	234,460	163,049	67,927	329,582
TOTAL INVESTMENTS.....	424,214	163,049	67,927	519,336
TOTAL ASSETS.....	\$ 817,949	\$ 2,154,838	\$ 2,023,281	\$ 949,506
<u>LIABILITIES</u>				
ACCOUNTS PAYABLE:				
Flex Plan.....	\$ 19,348	\$ 164,567	\$ 160,366	\$ 23,549
Student activities.....	561,941	1,823,012	1,794,988	589,965
Police Benevolent.....	2,200	4,210		6,410
Performance bonds.....	234,460	163,049	67,927	329,582
TOTAL LIABILITIES.....	\$ 817,949	\$ 2,154,838	\$ 2,023,281	\$ 949,506

Statistical Section

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

CONTENTS

FINANCIAL TRENDS (TABLES 1 - 4)

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

REVENUE CAPACITY (TABLES 5 - 8)

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

DEBT CAPACITY (TABLES 9 - 12)

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

DEMOGRAPHIC AND ECONOMIC INFORMATION (TABLES 13 - 14)

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

OPERATING INFORMATION (TABLE 15 - 17)

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

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

TABLE 1

TOWN OF NEWTOWN, CONNECTICUT

NET POSITION BY COMPONENT
LAST TEN YEARS
(UNAUDITED)

	FISCAL YEAR ENDED									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
GOVERNMENTAL ACTIVITIES:										
Net investment in capital assets.....	\$ 172,186,652	\$ 164,022,205	\$ 160,006,067	\$ 149,602,482	\$ 131,727,748	\$ 128,178,467	\$ 122,076,076	\$ 114,736,321	\$ 107,382,867	\$ 95,381,052
Restricted for:										
Endowments:										
Nonexpendable.....	610,000	610,000	610,000	650,602	650,602	650,602	650,602	650,602	650,602	650,602
Expendable.....	2,265,090	2,149,535	735,857	808,311	686,396	643,380	941,467	1,097,698	378,671	862,715
General government.....	447,075	338,844	187,763							
Public safety.....	103,402	76,149	8,952							
Health and welfare.....	33,497	68,913	54,987							
Parks and recreation.....				171,099	178,155					
Education.....	1,962,638	648,435	208,185	271,166	270,350					
Other.....				97,507	94,433					
Unrestricted.....	18,209,822	16,922,074	17,480,920	22,463,889	25,713,592	23,157,791	24,236,011	24,522,070	23,016,939	26,953,560
TOTAL NET POSITION.....	195,818,176	184,836,155	179,292,731	174,065,056	159,321,276	152,630,240	147,904,156	141,006,691	131,429,079	123,847,929
BUSINESS-TYPE ACTIVITIES:										
Net investment in capital assets.....	23,031,532	24,629,094	24,084,436	23,323,592	23,064,329	22,821,892	22,477,029	22,270,321	21,776,567	20,908,675
Unrestricted.....	7,733,196	6,731,333	7,641,205	8,783,633	9,332,516	10,130,575	11,322,568	12,093,361	13,355,741	13,952,656
TOTAL NET POSITION.....	30,764,728	31,360,427	31,725,641	32,107,225	32,396,845	32,952,467	33,799,597	34,363,682	35,132,308	34,861,331
GRAND TOTAL:										
Net investment in capital assets.....	195,218,184	188,651,299	184,090,503	172,926,074	154,792,077	151,000,359	144,553,105	137,006,642	129,159,434	116,289,727
Restricted for:										
Endowments:										
Nonexpendable.....	610,000	610,000	610,000	650,602	650,602	650,602	650,602	650,602	650,602	650,602
Expendable.....	2,265,090	2,149,535	735,857	808,311	686,396	643,380	941,467	1,097,698	378,671	862,715
General government.....	447,075	338,844	187,763							
Public safety.....	103,402	76,149	8,952							
Health and welfare.....	33,497	68,913	54,987							
Parks and recreation.....				171,099	178,155					
Education.....	1,962,638	648,435	208,185	271,166	270,350					
Other.....				97,507	94,433					
Unrestricted.....	25,943,018	23,653,407	25,122,125	31,247,522	35,046,108	33,288,366	35,558,579	36,615,431	36,372,680	40,906,216
GRAND TOTAL NET POSITION.....	\$ 226,582,904	\$ 216,196,582	\$ 211,018,372	\$ 206,172,281	\$ 191,718,121	\$ 185,582,707	\$ 181,703,753	\$ 175,370,373	\$ 166,561,387	\$ 158,709,280

TABLE 2
(1 of 2)

TOWN OF NEWTOWN, CONNECTICUT

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

	FISCAL YEAR ENDED									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
EXPENSES:										
Governmental activities:										
General government.....	\$ 6,002,205	\$ 5,525,271	\$ 5,572,507	\$ 4,521,804	\$ 8,759,441	\$ 4,535,058	\$ 5,295,173	\$ 3,824,508	\$ 2,960,996	\$ 4,558,079
Public safety.....	10,603,300	9,986,240	9,859,389	9,253,214	6,867,872	9,148,279	8,079,988	6,790,431	7,246,450	6,935,684
Health and welfare.....	2,789,566	2,541,813	3,108,569	2,156,351	2,938,714	3,358,845	2,760,009	2,537,270	2,511,862	2,154,667
Land use.....	723,512	588,147	557,698	569,264	541,473	703,662	655,200	669,305	618,048	600,501
Public works.....	10,416,008	9,873,453	11,621,141	9,793,777	8,173,705	11,867,112	8,814,436	9,286,973	9,285,859	10,248,121
Parks and recreation.....	3,122,807	3,251,097	3,400,294	3,819,873	2,639,930	3,252,414	2,682,141	2,775,522	2,643,651	3,079,913
Education.....	90,475,882	83,295,987	82,229,207	78,287,539	76,662,504	76,184,988	86,738,412	69,132,117	65,157,121	59,748,497
Interest expense.....	2,350,574	2,530,417	3,294,660	2,781,527	14,752,827	1,161,850	2,904,944	2,614,757	2,438,463	2,795,232
Total Governmental Activities Expenses.....	126,483,854	117,592,425	119,643,465	111,183,349	121,336,466	110,222,208	117,931,303	97,630,883	92,862,450	90,120,694
Business-Type activities:										
Sewer Department.....	1,575,726	1,621,751	1,655,992	1,558,578	1,592,894	1,568,227	1,588,118	1,689,500	1,697,945	1,463,892
Water Department.....	359,157	308,571	287,707	334,988	407,914	381,374	361,601	281,389	297,608	325,066
Total Business-Type activities.....	1,934,883	1,930,322	1,943,699	1,893,566	2,000,808	1,949,601	1,949,719	1,970,889	1,995,753	1,788,958
TOTAL EXPENSES.....	128,418,737	119,522,747	121,587,164	113,076,915	123,337,274	112,171,809	119,881,022	99,601,772	94,858,203	91,909,652
PROGRAM REVENUES:										
Governmental activities:										
Charges for services:										
General government.....	661,787	657,318	681,250	694,793	620,329	681,694	1,026,564	909,972	1,206,891	1,333,546
Public safety.....	398,294	496,807	1,014,724	382,426	403,673	526,245	291,420	216,418	292,787	162,565
Health and welfare.....	55,400	18,660	26,004	45,909	36,056	10,200	77,387	2,229	57,861	58,155
Land use.....	42,717	67,810	55,489	50,654	68,850	110,052	130,955	114,726	159,769	183,895
Public works.....	1,184,725	936,145	1,072,364	1,020,424	795,857	840,643	908,124	1,093,674	1,132,422	1,265,260
Parks and recreation.....	1,627,318	1,314,279	1,418,411	1,436,769	1,496,451	1,581,347	1,473,699	1,418,574	1,561,711	1,353,225
Education.....	2,185,632	2,136,233	2,180,993	2,249,986	1,979,875	1,927,823	1,984,582	2,211,948	2,138,475	2,227,808
Operating grants and contributions.....	22,660,148	18,865,291	16,619,958	15,216,921	15,620,226	13,470,536	24,721,120	9,786,293	9,439,346	7,038,683
Capital grants and contributions.....	4,827,049	1,699,664	3,497,555	8,706,301	4,738,631	1,731,908	4,072,712	2,177,250	5,191,956	6,198,333
Total Governmental Activities Program Revenues.....	33,643,070	26,192,207	26,586,748	29,805,183	25,759,948	20,860,448	34,684,563	17,931,064	21,181,228	19,821,470

(Continued)

TABLE 2
(2 of 2)

TOWN OF NEWTOWN, CONNECTICUT

CHANGES IN NET POSITION
LAST TEN YEARS
(UNAUDITED)

	FISCAL YEAR ENDED									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Business-Type activities:										
Sewer Department.....	\$ 976,159	\$ 1,182,768	\$ 1,158,657	\$ 1,206,743	\$ 1,021,112	\$ 905,105	\$ 1,125,055	\$ 825,987	\$ 2,000,659	\$ 2,478,261
Water Department.....	319,567	335,215	351,139	332,772	324,178	261,294	183,833	183,061	170,883	2,586,248
Total Business-Type activities.....	1,295,726	1,517,983	1,509,796	1,539,515	1,345,290	1,166,399	1,308,888	1,009,048	2,171,542	5,064,509
TOTAL PROGRAM REVENUES.....	34,938,796	27,710,190	28,076,544	31,344,698	27,105,238	22,026,847	35,993,451	18,940,132	23,352,770	24,885,979
NET EXPENSES:										
Governmental activities.....	(92,840,784)	(91,400,218)	(93,076,717)	(81,378,166)	(95,576,518)	(89,361,760)	(83,246,740)	(79,699,799)	(71,681,222)	(70,299,224)
Business-type activities.....	(639,157)	(412,339)	(433,903)	(354,051)	(655,518)	(783,202)	(640,831)	(961,841)	175,789	3,275,551
TOTAL NET EXPENSES.....	(93,479,941)	(91,812,557)	(93,510,620)	(81,732,217)	(96,232,036)	(90,144,962)	(83,887,571)	(80,661,640)	(71,505,433)	(67,023,673)
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION:										
Governmental activities:										
Property taxes.....	100,629,359	96,220,137	95,287,752	93,206,605	90,659,137	90,243,025	85,534,874	82,212,483	76,923,921	70,981,527
Grants and contributions not restricted to specific programs.....	2,685,543	2,602,165	2,576,596	2,168,350	2,045,042	2,756,030	2,616,265	2,482,103	2,648,507	2,291,241
Contributions to permanent funds.....		1,387,342								
Investment income.....	370,978	293,593	224,944	592,766	574,735	552,252	1,830,513	2,354,318	1,640,673	1,072,396
Gain on sale of assets.....			90,000						-	145,674
Miscellaneous.....	136,925	161,772	125,100	154,225	105,381	452,570	162,553	165,081	112,610	130,974
Total Governmental Activities.....	103,822,805	100,665,009	98,304,392	96,121,946	93,384,295	94,003,877	90,144,205	87,213,985	81,325,711	74,621,812
Business-Type activities:										
Sewer Department.....	43,458	47,125	52,319	64,431	99,896	20,039	76,746	193,215	95,188	35,990
TOTAL GENERAL REVENUES.....	103,866,263	100,712,134	98,356,711	96,186,377	93,484,191	94,023,916	90,220,951	87,407,200	81,420,899	74,657,802
CHANGE IN NET POSITION BEFORE EXTRAORDINARY ITEM:										
Governmental activities.....	10,982,021	9,264,791	5,227,675	14,743,780	(2,192,223)	4,642,117	6,897,465	7,514,186	9,644,489	4,322,588
Business-type activities.....	(595,699)	(365,214)	(381,584)	(289,620)	(555,622)	(763,163)	(564,085)	(768,626)	270,977	3,311,541
TOTAL CHANGE IN NET POSITION BEFORE EXTRAORDINARY ITEM.....	10,386,322	8,899,577	4,846,091	14,454,160	(2,747,845)	3,878,954	6,333,380	6,745,560	9,915,466	7,634,129
EXTRAORDINARY ITEM - ASSET IMPAIRMENT.....	(3,721,367)									
CHANGE IN NET POSITION:										
Governmental activities.....	10,982,021	5,543,424	5,227,675	14,743,780	(2,192,223)	4,642,117	6,897,465	7,514,186	9,644,489	4,322,588
Business-type activities.....	(595,699)	(365,214)	(381,584)	(289,620)	(555,622)	(763,163)	(564,085)	(768,626)	270,977	3,311,541
TOTAL CHANGE IN NET POSITION.....	\$ 10,386,322	\$ 5,178,210	\$ 4,846,091	\$ 14,454,160	\$ (2,747,845)	\$ 3,878,954	\$ 6,333,380	\$ 6,745,560	\$ 9,915,466	\$ 7,634,129

(Concluded)

TABLE 3

TOWN OF NEWTOWN, CONNECTICUT

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

	FISCAL YEAR ENDED									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
GENERAL FUND:										
Assigned.....	\$ 958,996	\$ 1,416,183	\$ 810,891	\$ 760,701	\$ 2,354,552	\$ 3,634,009	\$ 4,960,888	\$ 5,489,515	\$ 4,278,650	\$ 4,862,339
Unassigned.....	10,242,495	9,390,049	8,379,750	7,408,816	6,903,051	7,636,522	7,821,198	2,619,306	3,363,961	2,312,535
TOTAL GENERAL FUND.....	11,201,491	10,806,232	9,190,641	8,169,517	9,257,603	11,270,531	12,782,086	8,108,821	7,642,611	7,174,874
ALL OTHER GOVERNMENTAL FUNDS:										
Nonspendable.....	610,000	610,000	610,000	650,602	650,602	650,602	650,602	650,602	650,602	650,602
Restricted.....	4,811,702	3,281,876	1,195,744	1,348,083	1,229,334	643,380	941,467	1,097,698	918,604	862,715
Committed.....	3,293,443	2,761,894	2,889,512	2,518,747	1,253,867	1,029,196	914,966	939,402	925,526	1,032,148
Assigned.....	382,280	182,284	152,761	51,350	301,517	722,709	83,915			
Unassigned.....		(1,036,866)	(53,805)	(5,236,911)	(10,737,527)	3,447,725	11,492,610	13,555,592	7,012,374	8,998,529
TOTAL ALL OTHER GOVERNMENTAL FUNDS	9,097,425	5,799,188	4,794,412	(668,129)	(7,302,207)	6,493,612	14,083,560	16,243,294	9,507,106	11,543,994
GRAND TOTAL.....	\$ 20,298,916	\$ 16,605,420	\$ 13,985,053	\$ 7,501,388	\$ 1,955,396	\$ 17,764,143	\$ 26,865,646	\$ 24,352,115	\$ 17,149,717	\$ 18,718,868

TABLE 4

TOWN OF NEWTOWN, CONNECTICUT

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

	FISCAL YEAR ENDED									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
REVENUES:										
Property taxes.....	\$ 100,427,517	\$ 96,477,212	\$ 94,848,822	\$ 92,855,249	\$ 90,659,137	\$ 90,141,582	\$ 85,409,590	\$ 82,160,198	\$ 76,815,298	\$ 71,319,635
Intergovernmental.....	29,675,603	21,047,684	20,996,562	26,729,907	21,368,025	18,723,660	29,595,041	13,671,350	13,838,466	11,704,233
Charges for services.....	6,140,973	5,642,737	6,478,781	5,864,154	5,401,091	5,647,804	5,815,344	5,967,312	6,561,934	6,586,409
Investment income.....	164,546	159,088	311,244	385,276	513,052	833,850	1,977,164	2,173,848	1,587,327	1,026,530
Net change in fair value of investments.....	201,070	126,266	(92,166)	203,555	61,683	(281,619)	(149,911)	173,533	47,419	42,795
Contributions.....	1,076,879	3,430,866	504,502	225,177	158,204	229,043	138,571	93,484	83,925	130,114
Other.....	136,925	161,772	125,100	154,225	105,381	452,570	162,553	165,081	112,510	130,974
TOTAL REVENUES.....	137,823,513	127,045,625	123,170,845	126,417,543	118,266,573	115,746,900	122,948,352	104,404,806	99,046,979	90,940,690
EXPENDITURES:										
Current:										
General government.....	5,471,010	4,980,373	4,924,957	8,467,595	8,384,510	7,431,955	7,829,719	6,678,593	6,564,560	5,944,787
Fairfield Hills.....	56,888	55,211	149,582	305,477	374,931	531,952	587,100	508,502	748,235	1,260,689
Public safety.....	9,878,324	9,619,031	9,313,761	6,804,072	6,867,872	6,651,104	6,284,149	5,680,053	5,533,828	5,242,215
Health and welfare.....	2,765,177	2,519,088	3,094,137	2,133,572	2,938,714	3,316,602	2,692,470	2,417,531	2,419,787	2,065,537
Land use.....	720,127	579,059	570,199	465,629	541,473	562,379	528,719	508,087	462,525	460,307
Public works.....	10,060,991	9,453,990	10,433,422	8,676,968	8,173,705	9,459,569	7,459,859	9,232,185	8,456,460	8,021,234
Parks and recreation.....	2,897,444	3,073,435	2,949,884	3,105,935	2,639,930	2,561,335	2,608,137	2,229,034	2,549,416	2,488,566
Education.....	88,921,365	82,288,773	80,220,967	78,889,774	76,662,504	74,467,636	84,625,841	67,407,332	63,381,441	58,123,068
Debt service:										
Principal.....	7,581,211	7,387,177	6,745,760	7,119,958	6,367,885	6,367,885	6,707,913	5,884,431	4,936,079	4,970,818
Interest.....	2,577,717	2,672,401	2,863,256	2,731,592	8,384,942	2,875,515	2,905,792	2,688,665	2,523,344	3,053,223
Capital outlay.....	7,756,118	2,480,606	7,842,117	16,043,474	27,410,677	20,113,831	11,244,600	3,493,062	12,654,801	8,230,673
TOTAL EXPENDITURES.....	138,686,372	125,109,144	129,108,042	134,744,046	148,747,143	134,339,763	133,474,299	106,727,475	110,230,476	99,861,117
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	(862,859)	1,936,481	(5,937,197)	(8,326,503)	(30,480,570)	(18,592,863)	(10,525,947)	(2,322,669)	(11,183,497)	(8,920,427)
OTHER FINANCING SOURCES (USES):										
Issuance of debt.....	4,012,000		11,800,000	14,020,000	14,230,000	8,885,000	12,970,000	9,460,000	12,410,000	12,410,000
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.....	60,997		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
Transfers in.....	969,830	574,285	787,684	663,737	575,633	2,314,742	4,948,915	464,241	700,000	700,000
Transfers out.....	(969,830)	(574,285)	(787,684)	(663,737)	(575,633)	(2,230,775)	(4,948,915)	(464,241)	(700,000)	(700,000)
Insurance proceeds.....	483,358	583,686								
NET OTHER FINANCING SOURCES (USES).....	4,556,355	683,686	12,420,862	13,872,495	14,671,823	9,491,360	13,039,478	9,525,067	14,314,402	14,314,402
NET CHANGE IN FUND BALANCES.....	\$ 3,693,496	\$ 2,620,367	\$ 6,483,665	\$ 5,545,992	\$ (15,808,747)	\$ (9,101,503)	\$ 2,513,531	\$ 7,202,399	\$ 3,130,905	\$ 5,393,975
DEBT SERVICE AS A PERCENTAGE OF NONCAPITAL EXPENDITURES.....	8%	8%	8%	9%	10%	8%	8%	8%	8%	9%

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
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%	25.90
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%	26.95
2007	2,708,061,890	4,909,091,946	210,749,643	92,656,529	303,406,172	452,824,344	3,011,468,062	5,361,916,290	56.16%	28.15
2008	2,749,091,490	5,188,923,159	218,235,621	98,741,420	316,977,041	452,824,344	3,066,068,531	5,641,747,503	54.35%	28.95
2009	3,629,805,735 *	5,185,436,764	220,978,180	98,735,860	319,714,040	456,734,343	3,949,519,775	5,642,171,107	70.00%	23.81
2010	3,626,812,720	4,597,303,486	217,368,592	106,011,275	323,379,867	461,971,239	3,950,192,587	5,059,274,725	78.08%	24.01
2011	3,624,426,799	4,439,726,674	207,771,612	110,561,554	318,333,166	454,761,666	3,942,759,965	4,894,488,340	80.56%	24.61
2012	3,633,553,446	4,223,985,170	215,781,712	108,306,358	324,088,070	462,982,957	3,957,641,516	4,686,968,127	84.44%	24.98
2013	3,648,196,507	3,960,265,422	227,546,256	108,087,739	335,633,995	479,477,136	3,983,830,502	4,439,742,558	89.73%	25.15
2014	2,707,112,590 *	3,867,303,700	225,073,540	105,001,262	330,074,802	471,535,431	3,037,187,392	4,338,839,131	70.00%	34.21

(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
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
2013	2011	24.54	0.61	25.15
2014	2012	33.32	0.89	34.21

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

TABLE 7

TOWN OF NEWTOWN, CONNECTICUT

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

NAME	NATURE OF BUSINESS	GRAND LIST YEAR 2012			GRAND LIST YEAR 2003		
		ASSESSED VALUE	RANK	PERCENTAGE NET TAXABLE GRAND LIST (1)	ASSESSED VALUE	RANK	PERCENTAGE NET TAXABLE GRAND LIST (2)
CONNECTICUT LIGHT & POWER	UTILITY	\$ 26,952,680	1	0.68%	\$ 19,189,970	1	0.68%
IROQUOIS GAS TRANSMISSION SYSTEM	UTILITY	18,262,900	2	0.46%			
E & A.I & G SANDHILL PLAZA LTD PARTNERSHIP	SHOPPING	15,155,000	3	0.38%	14,981,780	2	0.53%
CURTIS PACKAGING CORP	MANUFACTURING	10,244,070	4	0.26%	6,880,010	9	0.24%
NEWTOWN SHOPPING VILLAGE	SHOPPING CENTER	10,141,950	5	0.26%	8,215,160	7	0.29%
NEWTOWN ALF PROPERTY LLC	ASSISTED LIVING	8,470,902	6	0.21%			0.00%
NEWTOWN SAVINGS BANK	FINANCIAL SERVICES	8,096,100	7	0.20%			
TAUNTON PRESS	PRINTING	7,499,890	8	0.19%	7,783,110	8	0.27%
M NEWTOWN ASSOC LTD PRTRNR	REAL ESTATE	6,666,180	9				
TUV RHEINLAND OF NORTH AMERICA	SERVICE GROUP	6,017,460	10	0.15%			
BARNABAS REALTY GROUP GEN PTRSHP	REAL ESTATE HOLDINGS	5,869,610	11	0.15%	12,351,350	4	0.43%
ETHAN ALLEN INC	MANUFACTURING	5,702,780	12	0.14%			
TOLL CT III LTD PRTSHP	REAL ESTATE	5,541,543	13	0.14%			
CHARTER COMMUNICATION ENTERTAINMENT	ENTERTAINMENT/COMM	5,468,521	14	0.14%			
HUBBELL INCORP	MANUFACTURING	5,169,960	15		9,682,860	6	0.34%
HOMESTEADS OF NEWTOWN, LLC	ASSISTED LIVING				12,375,160	3	
KENDRO LABORATORY PRODUCTS	MANUFACTURING				10,056,660	5	0.35%
ARBAR PROPERTIES	REAL ESTATE HOLDINGS				6,560,420	10	0.23%
TOTAL		<u>\$ 145,259,546</u>		<u>3.36%</u>	<u>\$ 108,076,480</u>		<u>3.36%</u>

Source: Town Assessor Department.

(1) Based on October 1, 2012 net taxable Grand List of \$3,037,187,392

(2) Based on October 1, 2003 net taxable Grand List of \$2,866,356,451

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
2005	24.90	2003	\$ 70,745,739	\$ 69,896,883	98.8%	\$ 828,800	\$ 70,725,683	100.0%	\$ 20,056
2006	26.10	2004	76,226,450	75,533,854	99.1%	671,518	76,205,372	100.0%	21,078
2007	27.30	2005	81,644,015	80,907,427	99.1%	708,801	81,616,228	100.0%	27,787
2008	28.10	2006	84,992,465	84,184,987	99.0%	776,312	84,961,299	100.0%	31,166
2009	23.20	2007	89,761,007	88,934,425	99.1%	707,442	89,641,867	99.9%	119,140
2010	23.43	2008	90,216,520	89,465,838	99.2%	620,037	90,085,875	99.9%	130,645
2011	24.00	2009	92,798,590	91,982,638	99.1%	654,757	92,637,395	99.8%	161,195
2012	24.37	2010	94,762,206	93,813,987	99.0%	750,968	93,813,987	99.0%	197,251
2013	24.54	2011	96,019,710	95,073,707	99.0%	666,346	95,073,707	99.0%	279,657
2014	33.32	2012	99,925,361	99,196,280	99.3%	-	99,196,280	99.3%	729,081

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				PERCENTAGE OF PERSONAL INCOME	DEBT PER CAPITA
	GENERAL OBLIGATION BONDS	BOND PREMIUM	CLEAN WATER NOTES	DRINKING WATER NOTE	IMPROVEMENT NOTE	CAPITAL LEASES	GENERAL OBLIGATION BONDS	BOND PREMIUM	CLEAN WATER NOTES	TOTAL		
2005	\$ 54,012,900	\$ 503,771	\$ 3,290,450	\$	\$	\$	\$ 652,100	\$ 10,376	\$ 10,594,126	\$ 69,063,723	N/A	\$ 2,581
2006	57,658,900	543,642	3,048,371	171,738	1,044,000		616,100	11,174	9,829,026	72,922,951	0.14%	2,701
2007	61,754,500	583,513	2,801,364		783,000		575,500	10,376	9,048,484	75,556,737	0.15%	2,779
2008	66,336,600	543,641	2,549,346	152,719	2,722,000		528,400	9,577	8,252,187	81,094,470	0.14%	3,027
2009	65,770,640	806,259	2,292,219	145,560	4,711,000	340,000	482,000	8,779	7,439,818	81,996,275	0.14%	3,089
2010	72,068,800	1,989,589	2,029,879	138,233		290,265	436,200		6,611,048	83,564,014	0.11%	3,799
2011	78,664,000	2,764,148	1,762,220	130,734		237,944	391,000		5,765,553	89,715,599	0.13%	3,250
2012	83,482,300	4,148,873	1,489,134	123,060		182,902	327,700	7,398	4,903,085	90,508,181	0.12%	3,238
2013	76,381,600	3,758,373	1,210,511	115,206		124,998	268,400	6,669	4,023,113	85,889,070	0.13%	3,116
2014	73,104,700	3,428,872	926,239	107,167		64,083	2,690,300	44,167	3,125,380	83,490,908	0.14%	3,029

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

TABLE 10

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

YEAR ENDED JUNE 30	GENERAL DEBT OUTSTANDING						PERCENTAGE OF ACTUAL TAXABLE VALUE OF PROPERTY	DEBT PER CAPITA
	GOVERNMENTAL ACTIVITIES	BOND PREMIUM	BUSINESS TYPE ACTIVITIES	BOND PREMIUM	NOTES	TOTAL		
2004	\$ 45,820,000	\$ 463,900	\$ 680,000	\$ 9,578	\$ 3,527,732	\$ 50,501,210	1.23%	\$ 1,920
2005	54,012,900	503,771	652,100	10,376	3,290,450	58,469,597	1.26%	2,185
2006	57,658,900	543,642	616,100	11,174	4,092,371	62,922,187	1.20%	2,331
2007	61,754,500	583,513	575,500	10,376	3,744,078	66,667,967	1.22%	2,423
2008	66,336,600	543,641	528,400	9,577	5,271,346	72,689,564	1.36%	2,689
2009	65,770,640	806,259	482,000	8,779	7,343,219	74,410,897	1.32%	2,814
2010	72,068,800	1,989,589	436,200		2,320,144	76,814,733	1.52%	2,873
2011	78,664,000	2,764,148	391,000		1,762,220	83,581,368	1.71%	3,028
2012	83,482,300	4,148,873	327,700	7,398	1,612,194	89,578,465	1.81%	3,044
2013	76,381,600	3,758,373	268,400	6,869	1,325,717	81,740,959	1.84%	2,966
2014	73,104,700	3,428,872	2,690,300	44,167	1,033,406	80,301,445	1.85%	2,914

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

There is no overlapping debt for the Town of Newtown.

TABLE 11

TOWN OF NEWTOWN, CONNECTICUT
SCHEDULE OF DEBT LIMITATION
CONNECTICUT STATUTES, SECTION 7-374(b)
JUNE 30, 2014
(UNAUDITED)

TAX BASE:

Total tax collections (including interest and lien fees).....	\$ 100,684,288
Newtown Borough tax collections (including interest and lien fees).....	<u>202,747</u>
TOTAL BASE.....	<u>\$ 100,887,035</u>

	GENERAL PURPOSE	SCHOOLS	SEWER	URBAN RENEWAL	PENSION DEFICIT
DEBT LIMITATION:					
2 1/4 times base.....	\$ 226,995,829	\$	\$	\$	\$
4 1/2 times base.....		453,991,658			
3 3/4 times base.....			378,326,381		
3 1/4 times base.....				327,882,864	
3 times base.....					302,661,105
TOTAL LIMITATIONS.....	<u>226,995,829</u>	<u>453,991,658</u>	<u>378,326,381</u>	<u>327,882,864</u>	<u>302,661,105</u>
INDEBTEDNESS:					
Bonds payable.....	31,008,900	41,893,500	202,300		
Less school building grants.....		(1,353,374)			
TOTAL INDEBTEDNESS.....	<u>31,008,900</u>	<u>40,540,126</u>	<u>202,300</u>	<u>-</u>	<u>-</u>
DEBT LIMITATION IN EXCESS OF OUTSTANDING DEBT.....	<u>\$ 195,986,929</u>	<u>\$ 413,451,532</u>	<u>\$ 378,124,081</u>	<u>\$ 327,882,864</u>	<u>\$ 302,661,105</u>

The total net indebtedness above amounts to: \$ 71,751,326

In no event shall total indebtedness exceed seven times the base for debt limitation computation: \$ 706,209,245

There is no overlapping debt for the Town of Newtown.

TABLE 12**TOWN OF NEWTOWN, CONNECTICUT****LEGAL DEBT MARGIN INFORMATION
LAST TEN YEARS
(UNAUDITED)**

YEAR ENDED JUNE 30	DEBT LIMIT	NET DEBT APPLICABLE TO LIMIT	LEGAL DEBT MARGIN	TOTAL NET DEBT APPLICABLE
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	650,703,801	86,047,927	564,655,874	13%
2012	663,291,993	81,074,943	582,217,050	12%
2013	674,434,558	74,516,848	599,917,710	11%
2014	706,209,245	71,751,326	634,457,919	10%

There is no overlapping debt for the Town of Newtown.

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
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 years of college	5,580	5.4%
2010	26,737	114,673	37,786	37.5	49.8% at least 4 years of college	5,490	6.6%
2011	27,605	114,673	37,783	40.3	53% bachelor's degree or more	5,451	6.9%
2012	27,953	113,067	38,855	39	53% bachelor's degree or more	5,298	6.5%
2013	27,560	114,695	42,918	39	59.33% bachelor's degree or more	5,126	6.6%
2014	27,560	116,024	47,221	39	94.3% H.S. degree or more	4,880	6.5%

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

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

(3) Connecticut Department of Education.

(4) Connecticut Labor Department - Research and Statistics.

(5) 2008-2012 American Community Survey.

N/A - Information not available.

TABLE 14

TOWN OF NEWTOWN, CONNECTICUT

PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO
(UNAUDITED)

EMPLOYER	2014			2005		
	EMPLOYEES	RANK	PERCENTAGE OF TOTAL TOWN EMPLOYMENT	EMPLOYEES	RANK	PERCENTAGE OF TOTAL TOWN EMPLOYMENT
TOWN OF NEWTOWN BOARD OF EDUCATION.....	755	1	5.5%	850	1	6.3%
MASONICARE OF NEWTOWN.....	283	2	2.1%			0.0%
STATE OF CT - DEPT OF CORRECTIONS.....	282	3	2.1%	410	2	
TAUNTON PRESS.....	230	4	1.7%	285	4	2.1%
CHARTER COMMUNICATIONS.....	190	5	1.4%	160	9	1.2%
BIG Y SUPERMARKET.....	169	6	1.2%	160	10	1.2%
TOWN OF NEWTOWN.....	166	7	1.2%	169	8	1.3%
HUBBELL WIRING DEVICES.....	150	8	1.1%	281	5	2.1%
CURTIS PACKAGING.....	140	9	1.0%	177	7	1.3%
QUICKCOMM, INC.....	130	10	0.9%	307		2.3%
NEWTOWN SAVINGS BANK.....	126	11	0.9%			
CARALUZZI'S NEWTOWN MARKET.....	125	12	0.9%			
STOP & SHOP.....	112	13	0.8%	132	11	
UCONN HEALTH CENTER AT GARNER.....	77	14	0.6%			
SONICS & MATERIALS.....	75	15		65	15	
PITNEY BOWES.....				402	3	3.0%
CL&P.....				120	12	0.9%
ASHLAR OF NEWTOWN.....				253	6	1.9%
RAND-WHITNEY				76	13	
TUV RHEINLAND				70	14	
TOTAL	3,010		21.4%	3,917		17.8%

SOURCE: State Department of Labor.

TABLE 15

TOWN OF NEWTOWN, CONNECTICUT

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

FUNCTION / PROGRAM	FULL -TIME EMPLOYEES AS OF JUNE 30									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
GENERAL GOVERNMENT:										
Selectmen.....	3	3	3	3	3	3	4	4	4	4
Finance.....	5	5	5	5	5	5	5	5	5	5
Parks and recreation.....	17	17	17	16	16	16	16	17	15	16
Town Clerk.....	4	4	4	4	4	4	4	4	4	4
Senior Center.....	3	3	3	3	3	3	3	2	1	1
Registrars.....	2	2	2	2	2	2	2	2	2	2
Tax Collector.....	4	4	5	5	5	5	5	5	4	4
Tax Assessor.....	4	4	3	4	4	4	4	4	4	4
Social Services.....	2	2	2	2	2	2	2	2	1	1
POLICE:										
Officers.....	45	45	46	47	47	47	46	41	42	42
Civilians.....	4	4	4	5	5	5	5	5	4	4
Canine Control.....	2	2	2	2	2	2	2	2	2	2
FIRE:										
Fire Marshall.....	3	3	3	3	3	3	3	2	2	2
PUBLIC WORKS:										
Engineering.....	2	2	2	2	2	2	2	2	2	2
Highway.....	38	37	37	40	39	44	40	42	40	40
Landfill.....	3	3	3	3	3	3	3	3	3	3
Building.....	5	5	5	6	6	7	6	6	6	7
LAND USE.....	6	6	6	6	5	6	5	7	7	7
EMERGENCY COMMUNICATIONS.....	10	10	10	11	11	11	11	11	11	11
EDUCATION.....	759	751	717	730	737	743	744	730	699	689
TOTAL.....	921	912	879	899	904	917	912	896	858	850

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									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
GOVERNMENTAL ACTIVITIES										
PUBLIC SAFETY:										
Fire: All volunteer										
Total incidents.....	1,073	1,271	1,757	1,353	1,245	1,258	1,313	1,444	1,227	1,216
Rescue/medical calls.....	98	33	54	164	184	235	216	175	134	169
Police:										
Number of calls.....	24,701	22,540	25,515	19,848	21,208	20,285	19,177	18,374	16,743	14,938
Total 911 calls received.....	7,078	6,983	8,080	7,417	6,704	6,413	7,084	7,261	n/a	7,723
Formal investigations.....	2,202	2,259	2,536	2,873	3,119	3,080	3,187	3,158	3,443	3,174
TOWN CLERK:										
Number of documents recorded.....	5,562	6,521	6,732	6,328	5,056	5,507	6,041	7,767	8,623	9,920
HEALTH AND WELFARE:										
Number of food service facilities inspections....	114	129	129	115	121	103	99	98	95	70
New homes built.....						9	23	53	70	69
Number of soil tests.....	164	94	123	91	113					
Number of new septic permits.....	12	17	31	14	16					
Number of septic repairs.....	83	74	79	58	84					
Number of well permits.....	49	48	49	48	33					
LAND USE:										
Total subdivisions approved.....	3	3	1	2	0	3	10	5	13	13
Total commercial applications approved.....	4	4	1	4	7	10	12	13	11	6
BUILDING:										
Residential permits issued.....	1,816	1,698	1,832	1,316	1,286	1,277	1,510	1,803	1,692	1,693
Commercial permits issued.....	217	215	202	194	221	194	214	170	197	273
PUBLIC WORKS:										
Streets (miles)	275.83	275.83	275.66	263.07	256.03	256.03	255.05	250.41	250.41	249.14
Accepted Town roads.....	255.88	255.88	255.71	245.39	237.54	237.54	236.56	234.90	234.90	233.63
Private roads.....	18.88	18.88	18.88	17.68	15.51	15.51	15.51	15.51	15.51	15.51
Roads under construction (maintained)										
by Town	1.07	1.07	1.07	N/A	N/A	N/A	N/A	N/A	4.99	N/A
Sidewalks (miles)	2.98	2.98	2.98	2.98	2.98	2.98	2.98	2.98	2.98	2.98

(Continued)

TABLE 16
(2 of 2)

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

FUNCTION / PROGRAM	FISCAL YEAR ENDED JUNE 30									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
EDUCATION:										
Enrollment:										
High School Grades 9-12.....	1,716	1,764	1,744	1,729	1,730	1,704	1,719	1,714	1,688	1,622
Middle School Grades 7-8.....	857	893	871	897	896	929	930	890	896	864
Intermediate School Grades 5-6.....	788	819	878	983	861	964	948	971	913	874
Elementary Schools Grades Pre K-4.....	1,519	1,650	1,805	1,840	1,915	1,983	2,031	2,093	2,151	2,135
<u>BUSINESS-TYPE ACTIVITIES</u>										
WATER FUND:										
Water mains (miles).....	6	6	6	6	6	6	6	9	9	9
Fire hydrants.....	53	53	53	53	53	47	47	47	47	47
Storage capacity (thousands of gallons).....	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
SEWER FUND:										
Sewer mains (miles).....	24.22	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

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									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
<u>GOVERNMENTAL ACTIVITIES</u>										
PARKS AND RECREATION:										
Acreage (includes all open space).....	2,102	2,100	2,100	2,100	2,100	2,100	1,866	1,866	1,866	1,809
Playgrounds.....	10	10	10	11	11	11	13	13	13	13
Baseball fields.....	13	13	14	14	14	14	15	14	14	14
Softball fields.....	9	9	9	9	9	9	8	8	8	7
Multi-purpose fields.....	20	20	20	20	20	20	20	18	18	17
Senior Center.....	1	1	1	1	1	1	1	1	1	1
Skate Park.....	1	1	1							
Dog 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	30	31	32	32	32	33	29	28	25
PUBLIC WORKS:										
Highway department:										
Streets (miles).....	275.83	275.83	275.66	263.07	256.03	256.03	255.05	250.41	250.41	249.14
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	6	6	9	9
Fire hydrants.....	47	47	47	47	47	47	47	47	47	47
Storage capacity (thousands of gallons).....	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
SEWER FUND:										
Sewer mains (miles).....	24.22	24.22	24.22	24.22	24.22	24.22	24.22	24.22	24.22	24.22
Treatment capacity (thousands of gallons)....	932.00	932.00	932.00	932.00	932.00	932.00	932.00	932.00	932.00	932.00

SOURCES: Various Town Departments.