

**TOWN OF NEWTOWN,  
CONNECTICUT**



**Comprehensive Annual  
Financial Report**

**For The Year Ended  
June 30, 2017**

# **TOWN OF NEWTOWN, CONNECTICUT**



## **Comprehensive Annual Financial Report**

**For The Year Ended  
June 30, 2017**

**Prepared by:**

**Finance Department**

**Robert G. Tait, Finance Director**

**TOWN OF NEWTOWN, CONNECTICUT**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE YEAR ENDED JUNE 30, 2017**

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**INTRODUCTORY SECTION**

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## TOWN OF NEWTOWN

### OFFICE OF THE FINANCE DIRECTOR

December 28, 2017

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, 2017. 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.

Mahoney Sabol & Company 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, 2017, 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, 2017, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

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

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

The Town of Newtown was incorporated in 1711 and has a favorable location in Fairfield County in the southwest part of the State of Connecticut about 60 miles northeast of New York City. The Town has a land area of 60 square miles and a population of 28,012.

The Town operates under a Charter adopted in 1961 and most recently revised in 2016. The First Selectman is the Town's chief executive officer and a twelve-member legislative council is the legislative body. 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, Note 2 to the 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 offering of services. Medical service providers, retail locations and restaurants, banking, research and development and manufacturing continue to contribute significantly to the tax base and vitality of the town.

New housing construction decreased from the previous year. In fiscal year 2017, 23 new housing permits were issued compared to 18 issued in fiscal year 2016. In fiscal year 2017, 4 new building commercial permits were issued compared to 5 issued in fiscal year 2016. Commercial permits were issued at a value of \$10,614,106 for fiscal year 2017 compared to a value of \$11,968,254 for fiscal year 2016.

The local labor force has been feeling the impact of the adverse economy, however it is improving. The annual average unemployment rate for the labor force was 4.5% in fiscal year 2016. The unemployment rate for the labor force in fiscal year 2017 has decreased to 4.0% (per Connecticut Department of Labor data by town).

Property taxes, which account for approximately 90 percent of the general fund revenue, have provided a reliable revenue source, with collections consistently at or around 99 percent. Current tax collections were 99.4% of the adjusted tax levy.

The Town's per capita income of \$52,379 and median household income of \$123,750 (per the U.S. Census Bureau, 2011-15 American Community Survey) are above the state's high averages. Most residents work in regional employment centers in Fairfield County and Westchester County, New York.

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

### **Major Initiatives**

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

### **Long-Term Financial Planning**

#### **Five Year Capital Improvement Plan (CIP)**

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

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

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

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

The following is the CIP for fiscal years 2017-18 to 2021-22 approved by the Legislative Council on January 04, 2017:

<b>TOWN OF NEWTOWN - CAPITAL IMPROVEMENT PLAN - 2017-18 TO 2021-22</b>				
<b>2017 - 2018 (YEAR ONE)</b>			<b>Proposed Funding</b>	
	<b>Dept.</b>	<b>Planned Amount</b>	<b>To Be Bonded</b>	<b>Other Financing</b>
<b><u>BOARD OF SELECTMEN</u></b>				
Capital Road Program	<b>PW</b>	2,750,000	1,000,000	1,750,000
Bridge Replacement Program	<b>PW</b>	525,000	525,000	
New Senior Center - Design & Construction	<b>Sr Svs</b>	3,000,000	3,000,000	
Treadwell Pool Deck Replacement	<b>P &amp; R</b>	400,000	400,000	
Edmond Town Hall Air Conditioning Project	<b>ETH</b>	571,000	571,000	
Library Renovations	<b>LIB</b>	273,000	273,000	
Police Facility Design	<b>POLICE</b>	300,000	300,000	
Town Sidewalk/Streetscape Plan	<b>ECON DEV</b>	200,000	200,000	
Open Space Acquisition Program	<b>LAND USE</b>	250,000	250,000	
<b><u>BOARD OF EDUCATION</u></b>				
Hawley School - Roof Replacement	<b>BOE</b>	850,000	540,345	309,655
Middle School Improvements	<b>BOE</b>	1,800,000	1,800,000	
High School - Phase II Auditorium	<b>BOE</b>	750,000	750,000	
<b>TOTALS</b>		<b>11,669,000</b>	<b>9,609,345</b>	<b>2,059,655</b>
<b>2018 - 2019 (YEAR TWO)</b>			<b>Proposed Funding</b>	
	<b>Dept.</b>	<b>Planned Amount</b>	<b>To Be Bonded</b>	<b>Other Financing</b>
<b><u>BOARD OF SELECTMEN</u></b>				
Capital Road Program	<b>PW</b>	3,000,000	1,000,000	2,000,000
Bridge Replacement Program	<b>PW</b>	525,000	525,000	
Truck Washing Station - Design	<b>PW</b>	50,000	50,000	
FFH Building Remediation / Demolition	<b>FFH</b>	2,500,000	2,500,000	
Eichlers Cove Improvements Phase (2 of 2)	<b>P &amp; R</b>	500,000	500,000	
Edmond Town Hall Renovations	<b>ETH</b>	268,000	268,000	
Library Renovations	<b>LIB</b>	290,000	290,000	
Police Facility - Construction Phase (1 OF 2)	<b>POLICE</b>	5,000,000	5,000,000	
Town Sidewalk/Streetscape Plan	<b>ECON DEV</b>	150,000	150,000	
Brownfields Remediation/Re-purposing	<b>ECON DEV</b>	200,000	200,000	
<b><u>BOARD OF EDUCATION</u></b>				
Middle Gate - Roof Replacement	<b>BOE</b>	1,590,000	1,010,763	579,237
Hawley School - Boiler Replacement	<b>BOE</b>	1,712,000	1,712,000	
<b>TOTALS</b>		<b>15,785,000</b>	<b>13,205,763</b>	<b>2,579,237</b>

- CONTINUED -

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2019 - 2020 (YEAR THREE)			Proposed Funding	
		Planned	To Be	Other
<u>BOARD OF SELECTMEN</u>	<u>Dept.</u>	<u>Amount</u>	<u>Bonded</u>	<u>Financing</u>
Capital Road Program	PW	2,250,000		2,250,000
Bridge Replacement Program	PW	525,000	525,000	
Truck Washing Station - Construction	PW	550,000	550,000	
Police Facility - Construction Phase (2 OF 2)	POLICE	5,000,000	5,000,000	
Town Sidewalk/Streetscape Plan	ECON DEV	150,000	150,000	
Brownfields Remediation/Re-purposing	ECON DEV	200,000	200,000	
Open Space Acquisition Program	LAND USE	250,000	250,000	
FFH Building Remediaton / Demolition	FFH	1,000,000	1,000,000	
Fairfield Hills Trail / Infrastructure	P & R	500,000	500,000	
Tilson Artificial Turf Replacement	P & R	500,000		500,000
Edmond Town Hall Theater Renovations	ETH	250,000	250,000	
Library Renovations	LIB	350,000	350,000	
<u>BOARD OF EDUCATION</u>				
Hawley School - Boiler Replacement	BOE	4,452,000	4,452,000	
<b>TOTALS</b>		<b>15,977,000</b>	<b>13,227,000</b>	<b>2,750,000</b>
2020 - 2021 (YEAR FOUR)			Proposed Funding	
		Planned	To Be	Other
<u>BOARD OF SELECTMEN</u>	<u>Dept.</u>	<u>Amount</u>	<u>Bonded</u>	<u>Financing</u>
Capital Road Program	PW	2,500,000		2,500,000
Bridge Replacement Program	PW	538,000	538,000	
Radio System Upgrade and Console	ECC	1,775,000	1,775,000	
Town Sidewalk/Streetscape Plan	ECON DEV	200,000	200,000	
Brownfields Remediation/Re-purposing	ECON DEV	150,000	150,000	
FFH Building Remediaton / Demolition	FFH	3,000,000	3,000,000	
Dickinson Park Bathhouse & Splashpad	P & R	850,000	850,000	
Open Space Acquisition Program	LAND USE	250,000	250,000	
Edmond Town Hall Parking Lot Improvements	ETH	450,000	450,000	
Library Renovations	LIB	345,000	345,000	
<u>BOARD OF EDUCATION</u>				
High School - Replace / Restore Stadium Turf	BOE	1,000,000	1,000,000	
High School - Main Boiler Replacements / LED Lights	BOE	900,000	900,000	
High School - Athletic Field House	BOE	300,000	300,000	
<b>TOTALS</b>		<b>12,258,000</b>	<b>9,758,000</b>	<b>2,500,000</b>
2021 - 2022 (YEAR FIVE)			Proposed Funding	
		Planned	To Be	Other
<u>BOARD OF SELECTMEN</u>	<u>Dept.</u>	<u>Amount</u>	<u>Bonded</u>	<u>Financing</u>
Capital Road Program	PW	2,500,000		2,500,000
Bridge Replacement Program	PW	473,000	473,000	
Town Sidewalk/Streetscape Plan	ECON DEV	350,000	350,000	
FFH Building Remediaton / Demolition	FFH	3,000,000	3,000,000	
Dickinson Pavilion Replacement	P & R	450,000	450,000	
Duplex Remediation for P & R use and programming	P & R	800,000	800,000	
Open Space Acquisition Program	LAND USE	250,000	250,000	
Edmond Town Hall Renovations	ETH	253,000	253,000	
<u>BOARD OF EDUCATION</u>				
Middle School Improvements	BOE	4,805,000	4,805,000	
<b>TOTALS</b>		<b>12,881,000</b>	<b>10,381,000</b>	<b>2,500,000</b>
<b>GRAND TOTALS</b>		<b>68,570,000</b>	<b>56,181,108</b>	<b>12,388,892</b>

## Economic Development

The Newtown Economic Development Commission actively promotes and supports projects that lead to new business development and jobs. As a result, the Town of Newtown continues to experience growth in its grand list. New commercial buildings are being constructed and occupied by businesses new to Newtown and existing commercial buildings continue being renovated for new tenants. The Commission continues to leverage their FAST TRACK permitting process that helps get commercial projects through land use permitting in 45 or fewer days. Regulation changes including the addition of limited retail activities in certain industrial zones and the addition of regulations for Brew Pubs and Distilleries will help diversity commercial activity in the town.

**Newtown Borough/Central Business District** is poised to increase its contribution to the grand list. A new retail development has broken ground near Exit 10 of I-84. This development is expected to be completed in 2018. In addition to existing tenants, Avance Day Spa, Dental Associates and Newtown Savings Bank, The Villages at Lexington Garden expects a restaurant to open before the end of 2017 and conversations with various other tenants continue. This development offers opportunities for new businesses to locate in the center of Newtown, and includes sidewalks, connecting to neighboring stores, restaurants and homes within the Borough.

**Hawleyville Business District (Rt. 6)** is located at Exit 9 of I-84 and is home to Newtown's Medical Mile. Two medical buildings, Maplewood Newtown, a luxury senior living community and Toll Brothers' The Woods, a senior active living development are located in this area. DaVita Dialysis and Western Connecticut Heath Network are key tenants in the buildings. The new sewer line extension is complete, making this area of town attractive to further development. Clearing of land for a 180 unit incentive housing development and restaurant site has begun. This development will bring density and housing diversity which will be beneficial to the economic vitality of the town.

**South Main Street (Rt. 25)** continues to attract new businesses. Tractor Supply opened in September of 2017. Many other restaurants, boutiques and wellness focused businesses have opened along South Main Street. A 20,000 square foot mixed use office building is under construction. This will bring ten residential units and additional opportunities for retail and professional ventures. These and other developments other projects were made possible by the zoning regulations and land use policies that enhance economic development in the corridor.

**Sandy Hook Village** is a vibrant and walkable commercial district located on the banks of the Pootatuck River. This village has a high concentration of restaurants. Private investment into buildings as well as a grant and town funded streetscape have attracted new business development. SHOP (Sandy Hook Organization for Prosperity) is an active group of local business owners that continues to contribute to the successful revitalization. An incentive housing development has been approved for the village, further increasing the population within the village. A grant from CT Main Street funded a Signage & Wayfinding study for Sandy Hook, highlighting the historical buildings, natural resources of the Pootatuck River and various hiking trails in the village. These natural, non-replicable attractions will continue being marketed to bring visitors to the town. The new Sandy Hook Elementary School opened in September 2016. The school is important to this community for both its educational and employment opportunities, as well as the traffic it generates daily.

**Fairfield Hills** continues to grow as the social, cultural and recreational center of Newtown. Ground has broken for the community/senior center on the former site of a 220,000 square foot abandoned building. Woodbury Hall, another abandoned building on the campus, will be demolished over the winter, leaving an approximately 10,000 square foot footprint near the entrance of campus. This may become a prime parcel for economic development. Complementing all these improvements is a newly completed streetscape which has added sidewalks, lighting and plantings which welcome thousands of visitors to the campus annually.

### **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, 2016. This was the seventeenth consecutive year that the Town has achieved this prestigious award. In order to be awarded a Certificate of Achievement, the Town published an easily readable and efficiently organized comprehensive annual financial report. This report satisfied both generally accepted accounting principles and applicable legal requirements.

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

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

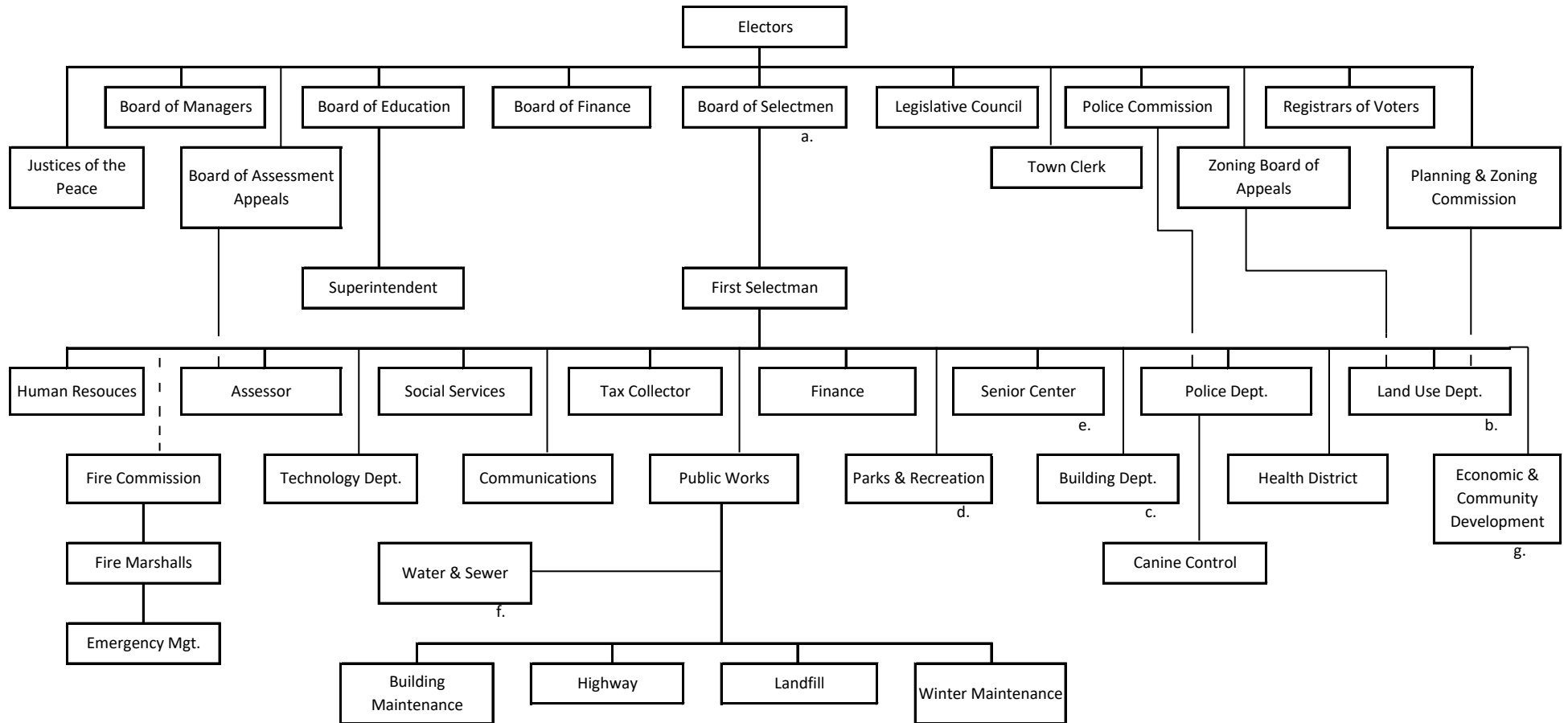
**June 30, 2016**



Executive Director/CEO

# 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

# **TOWN OF NEWTOWN, CONNECTICUT**

## **LIST OF PRINCIPAL OFFICIALS JUNE 30, 2017**

---

### **First Selectman**

E. Patricia Llodra

### **Selectmen**

William F. L. Rodgers

Herbert C. Rosenthal

### **Board of Finance**

John Godin  
Chairman

Aaron Carlson  
Mark Boland Sr.  
James O. Gaston

Sandy T. Roussas  
Kelley T. Johnson

### **Legislative Council**

Mary Ann Jacob  
Chairman

Daniel J. Amaral  
Phil Carroll  
Neil Chaudhary  
Judit DeStefano  
Christopher C. Eide  
George T. Ferguson, III

Anthony Filiato  
Daniel T. Honan  
Ryan Knapp  
Paul J. Lundquist  
Dan Wiedemann

### **Financial Director**

Robert G. Tait

Chief of Police – James Viadero  
Director of Public Works – Frederick Hurley  
Community & Economic Dev Deputy Director – Christal Preszler

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

### **Board of Education**

Keith Alexander  
Chairman

Michelle Embree Ku  
Andrew Clure  
Debbie M. Leidlein

Rebekah Harriman-Stites  
John N. Vouros  
Daniel Cruson Jr.

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

### **Independent Auditor**

MahoneySabol

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## INDEPENDENT AUDITOR'S REPORT

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## INDEPENDENT AUDITOR'S REPORT

To the Legislative Council  
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 (the "Town") as of and for the year ended June 30, 2017, 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, 2017, 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 on pages 3 through 16 and the schedules on the Town's pension and other post-employment benefit plans on pages 71 through 76 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's basic financial statements. The introductory section on pages Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The introductory section on pages i through x, the combining and individual fund statements and schedules on pages 77 through 97, and the statistical section on pages 98 through 116 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund statements and 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 combining and individual fund statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section and the statistical section 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 28, 2017, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

*Mahoney Sabol & Company, LLP*

Glastonbury, Connecticut  
December 28, 2017

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

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**TOWN OF NEWTOWN, CONNECTICUT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS - Unaudited**

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The management of the Town of Newtown, Connecticut (the "Town") offers the readers of its financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2017. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages i - vii of this Comprehensive Annual Financial Report ("Report").

**Financial Highlights**

- The assets and deferred outflows of resources of the Town exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$281,147,507 (net position). Of this amount, \$10,253,131 represents the Town's unrestricted net position.
- The Town's total net position increased by \$7,149,124 during the current fiscal year.
- As of the close of the current fiscal year, the Town's governmental funds reported a combined ending fund balance of \$25,158,233, a current year increase of \$394,324 in comparison with the prior year.
- At the close of the current fiscal year, unassigned fund balance of the General Fund was \$12,301,299 or 10.1% of total General Fund expenditures and other financing uses. Expressed another way, unassigned fund balance for the General Fund was sufficient to cover approximately 1.2 months of General Fund operating expenditures.

**Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements. The Town'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'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, deferred outflows and inflows of resources, and liabilities, with net position as the residual of these other elements. 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 result in cash flows in future fiscal periods.

**TOWN OF NEWTOWN, CONNECTICUT**  
MANAGEMENT'S DISCUSSION AND ANALYSIS - Unaudited *(Continued)*

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**Overview of the Financial Statements (Continued)**

**Government-wide Financial Statements (Continued)**

Both of the government-wide financial statements are intended to distinguish functions of the Town 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 activities such as: general government, public safety, health and welfare, land use, public works, parks and recreation and education. The business-type activities of the Town include wastewater and water activities of the Town's Water Pollution Control Authority.

The government-wide financial statements can be found on pages 17 and 18 of this report.

**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 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 the Town'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 Town'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 several 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 General Fund and the Bonded Projects Fund, both of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

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 on pages 19 through 24 of this report.

**TOWN OF NEWTOWN, CONNECTICUT**  
MANAGEMENT'S DISCUSSION AND ANALYSIS - Unaudited *(Continued)*

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**Overview of the Financial Statements (Continued)**

**Fund Financial Statements (Continued)**

***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 the operations of the Town's wastewater operations and water operations at the Fairfield Hills property. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail.

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 medical and dental benefits offered to certain employees. Because this service predominantly benefits governmental rather than business-type functions, it has been included within governmental activities in the government-wide financial statements.

The basic proprietary fund financial statements can be found on pages 25 through 27 of this report.

***Fiduciary Funds***

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

The basic fiduciary fund financial statements can be found on pages 28 and 29 of this report.

**Notes to the Financial Statements**

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 30 through 70 of this report.

**Other Information**

In addition to the basic financial statements and accompanying notes, this report also contains required supplementary information, combining and individual fund statements and schedules, and a statistical section that can be found on pages 71 through 116 of this report.

**TOWN OF NEWTOWN, CONNECTICUT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS - Unaudited (Continued)**

**Government-wide Financial Analysis**

**Net Position**

Over time, net position may serve as one measure of a government's financial position. The Town's total net position (governmental and business-type activities combined) totaled \$281,147,507 and \$273,998,383 as of June 30, 2017 and 2016 and are summarized as follows:

**Net Position  
June 30, 2017**

	Governmental Activities	Business-type Activities	Total
Current and other assets	\$ 47,603,082	\$ 4,606,974	\$ 52,210,056
Capital assets	296,578,092	31,170,004	327,748,096
Total assets	344,181,174	35,776,978	379,958,152
Deferred outflows of resources	5,473,876	6,187	5,480,063
Other liabilities	11,294,356	178,007	11,472,363
Long-term liabilities	89,882,967	2,790,597	92,673,564
Total liabilities	101,177,323	2,968,604	104,145,927
Deferred inflows of resources	144,781	-	144,781
Net position:			
Net investment in capital assets	229,166,050	28,379,407	257,545,457
Restricted	13,348,919	-	13,348,919
Unrestricted	5,817,977	4,435,154	10,253,131
Total net position	\$ 248,332,946	\$ 32,814,561	\$ 281,147,507

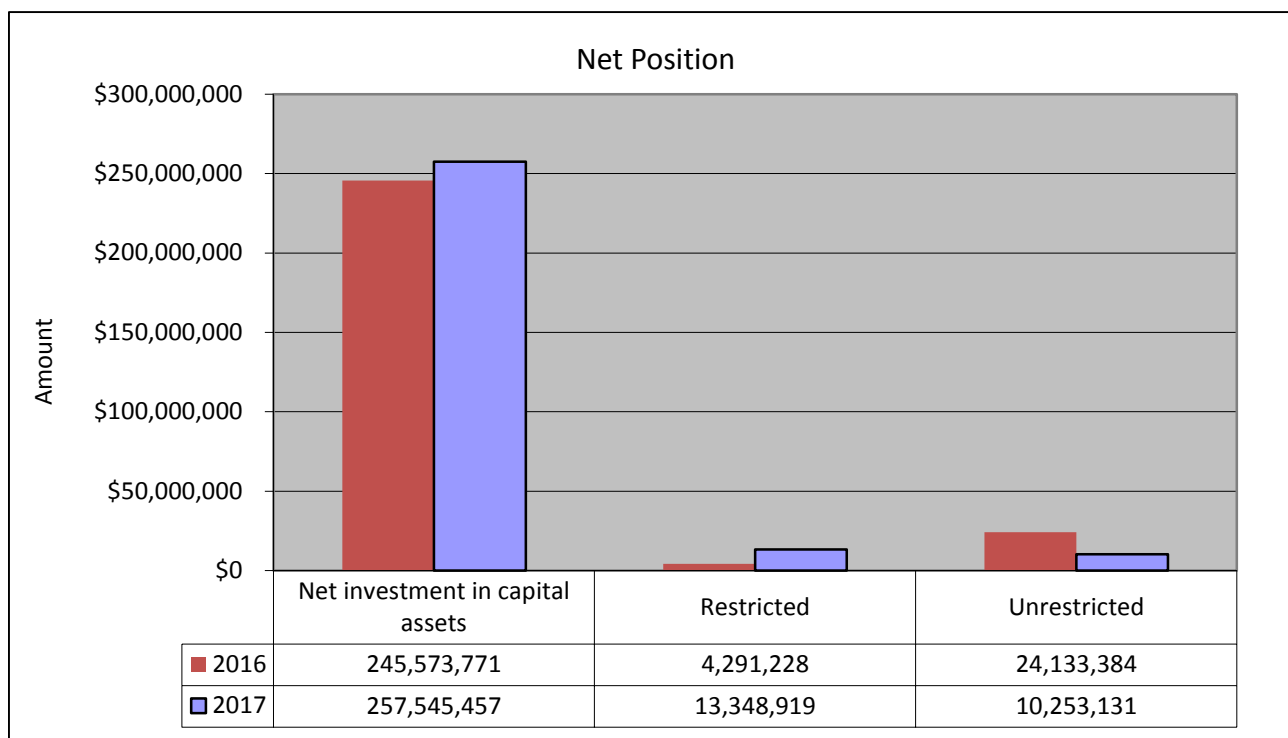
**Net Position  
June 30, 2016**

	Governmental Activities	Business-type Activities	Total
Current and other assets	\$ 55,632,131	\$ 3,820,542	\$ 59,452,673
Capital assets	291,557,077	29,598,031	321,155,108
Total assets	347,189,208	33,418,573	380,607,781
Deferred outflows of resources	5,412,570	7,641	5,420,211
Other liabilities	81,866,039	2,511,217	84,377,256
Long-term liabilities	24,084,677	1,876,435	25,961,112
Total liabilities	105,950,716	4,387,652	110,338,368
Deferred inflows of resources	1,686,439	4,802	1,691,241
Net position:			
Net investment in capital assets	219,568,514	26,005,257	245,573,771
Restricted	4,291,228	-	4,291,228
Unrestricted	21,104,881	3,028,503	24,133,384
Total net position	\$ 244,964,623	\$ 29,033,760	\$ 273,998,383

**TOWN OF NEWTOWN, CONNECTICUT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS - Unaudited (Continued)**

**Government-wide Financial Analysis (Continued)**

**Net Position (Continued)**



As of June 30, 2017, 91.6% of the Town's net position reflects its investment in capital assets, less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

4.8% of the Town's net position is subject to restrictions on how it may be used and are, therefore, presented as restricted net position.

The remainder of the Town's net position is considered unrestricted and may be used to meet the Town's ongoing obligations to citizens and creditors.

Overall, net position increased during the current year by \$7,149,124 in comparison with the prior year.

**TOWN OF NEWTOWN, CONNECTICUT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS - Unaudited (Continued)**

**Government-wide Financial Analysis (Continued)**

**Changes in Net Position**

Changes in net position for the years ended June 30, 2017 and 2016 are as follows.

**Changes in Net Position  
For The Year Ended June 30, 2017**

	Governmental Activities	Business-type Activities	Total
<b>Revenues</b>			
Program revenues:			
Charges for services	\$ 7,280,892	\$ 5,412,112	\$ 12,693,004
Operating grants and contributions	18,758,945	-	18,758,945
Capital grants and contributions	2,664,970	500,000	3,164,970
General revenues:			
Property taxes, levied for general purposes	103,477,136	-	103,477,136
Grants and contributions not restricted to specific programs	2,382,347	-	2,382,347
Investment earnings	480,819	37,317	518,136
Total revenues	<u>135,045,109</u>	<u>5,949,429</u>	<u>140,994,538</u>
<b>Expenses</b>			
General government	7,385,317	-	7,385,317
Public safety	13,341,455	-	13,341,455
Health and welfare	2,938,553	-	2,938,553
Land use	631,791	-	631,791
Public works	11,321,488	-	11,321,488
Parks and recreation	3,807,405	-	3,807,405
Education	90,644,415	-	90,644,415
Interest expense	1,606,362	-	1,606,362
Sewer	-	1,643,747	1,643,747
Water	-	524,881	524,881
Total expenses	<u>131,676,786</u>	<u>2,168,628</u>	<u>133,845,414</u>
Change in net position	3,368,323	3,780,801	7,149,124
Net position, beginning	244,964,623	29,033,760	273,998,383
Net position, ending	<u>\$ 248,332,946</u>	<u>\$ 32,814,561</u>	<u>\$ 281,147,507</u>

**TOWN OF NEWTOWN, CONNECTICUT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS - Unaudited (Continued)**

**Government-wide Financial Analysis (Continued)**

**Change in Net Position (Continued)**

**Changes in Net Position  
For The Year Ended June 30, 2016**

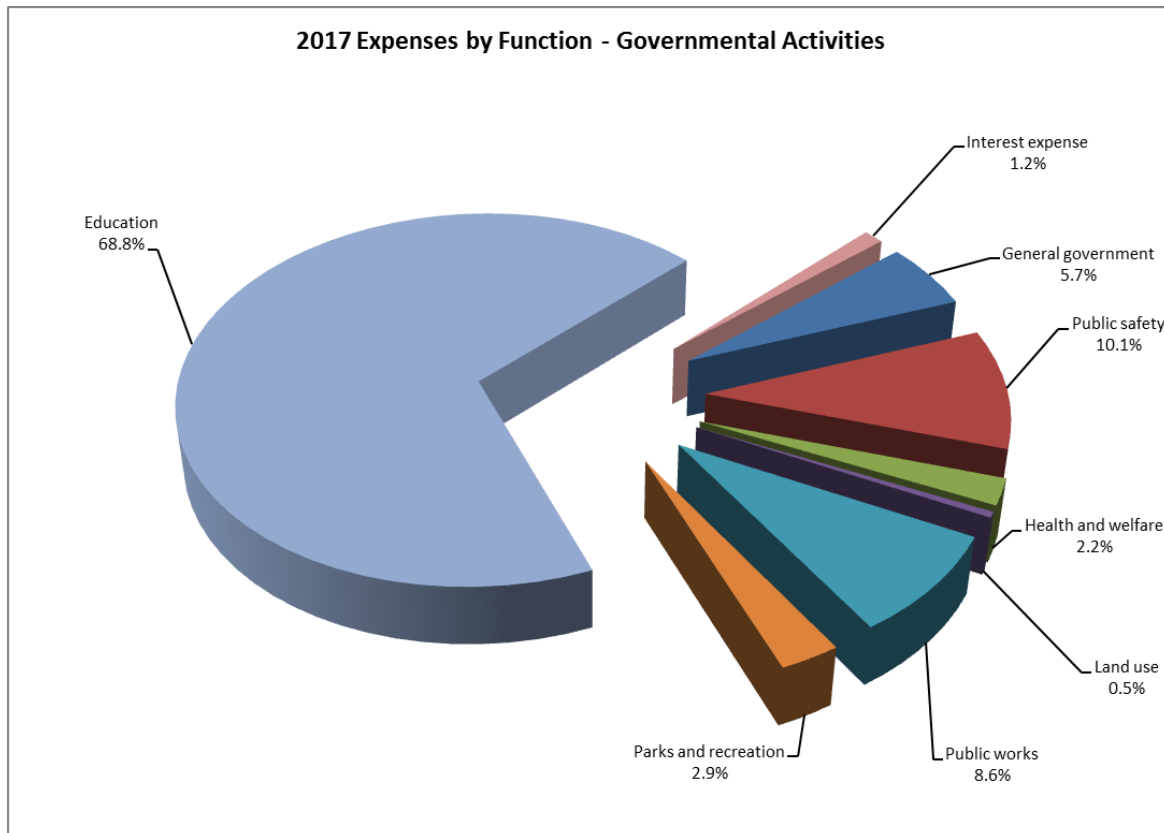
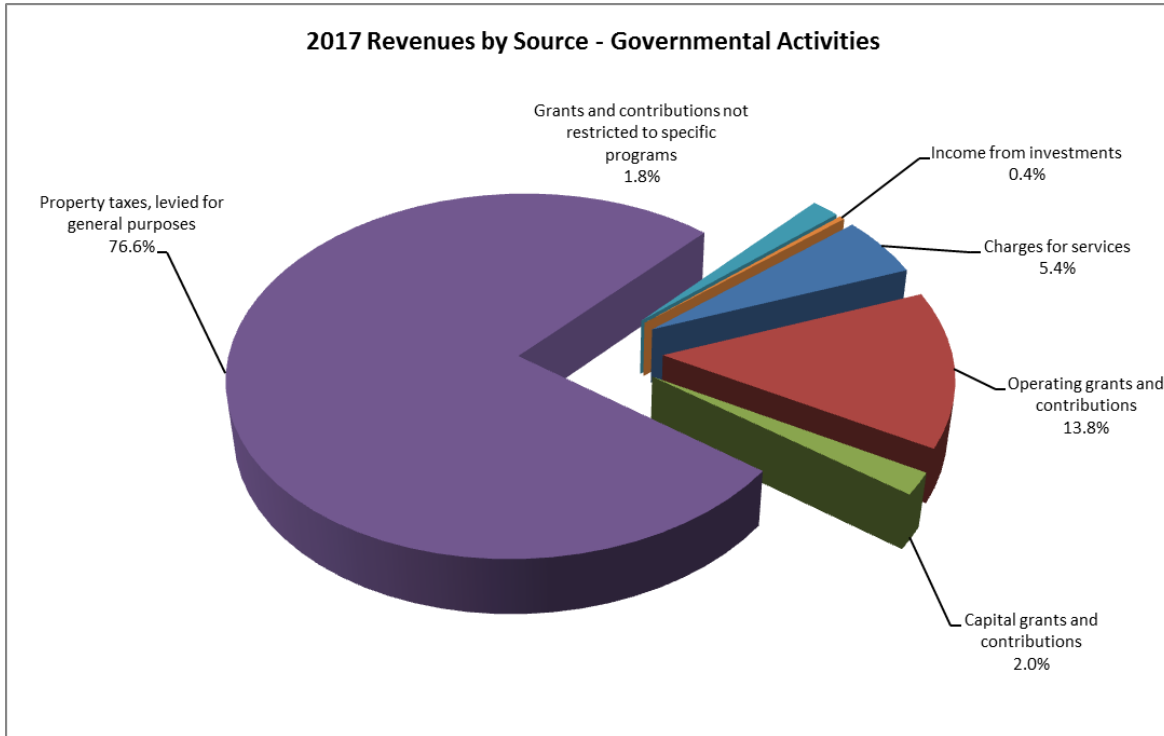
	Governmental Activities	Business-type Activities	Total
<b>Revenues</b>			
Program revenues:			
Charges for services	\$ 6,694,176	\$ 1,342,631	\$ 8,036,807
Operating grants and contributions	19,384,116	31,503	19,415,619
Capital grants and contributions	30,852,252	-	30,852,252
General revenues:			
Property taxes, levied for general purposes	101,373,044	-	101,373,044
Grants and contributions not restricted to specific programs	2,770,496	-	2,770,496
Investment earnings	360,637	39,441	400,078
Other	220,547	-	220,547
Total revenues	<u>161,655,268</u>	<u>1,413,575</u>	<u>163,068,843</u>
<b>Expenses</b>			
General government	6,748,506	-	6,748,506
Public safety	11,763,967	-	11,763,967
Health and welfare	3,141,088	-	3,141,088
Land use	753,241	-	753,241
Public works	10,403,732	-	10,403,732
Parks and recreation	3,748,633	-	3,748,633
Education	89,774,822	-	89,774,822
Interest expense	2,226,691	-	2,226,691
Sewer	-	1,696,780	1,696,780
Water	-	511,594	511,594
Total expenses	<u>128,560,680</u>	<u>2,208,374</u>	<u>130,769,054</u>
Change in net position	33,094,588	(794,799)	32,299,789
Net position, beginning	211,870,035	29,828,559	241,698,594
Net position, ending	<u>\$ 244,964,623</u>	<u>\$ 29,033,760</u>	<u>\$ 273,998,383</u>

**TOWN OF NEWTOWN, CONNECTICUT**  
MANAGEMENT'S DISCUSSION AND ANALYSIS - Unaudited *(Continued)*

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**Government-wide Financial Analysis (Continued)**

**Change in Net Position (Continued)**



**TOWN OF NEWTOWN, CONNECTICUT**  
MANAGEMENT'S DISCUSSION AND ANALYSIS - Unaudited *(Continued)*

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**Government-wide Financial Analysis (Continued)**

**Change in Net Position (Continued)**

**Governmental Activities**

Governmental activities increased the Town's net position by a current year change of \$3,368,323. Revenues decreased by \$26,610,159 or 16.5% over prior year revenues and expenses increased by \$3,116,106 or 2.4% over prior year expenses.

The decrease in revenues is attributed to a reduction in capital grants and contributions, which fluctuate year over year based on the progress of certain capital projects. In the prior year, the Town recognized significant capital grants as reimbursements of costs incurred in connection with the construction of the new Sandy Hook School.

The increase in expense is attributed to an increase in depreciation expense as a result of increased capital purchases plus increased operational expenses.

**Business-type Activities**

Business-type activities increased the Town's net position by a current year change of \$3,780,801. Revenues increased by \$4,535,854 over prior year revenues and expenses decreased by \$39,746 or 1.8%. The increase in revenues is attributed sewer assessments levied and capital grants recognized in connection with the Hawleyville sewer extension project.

**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 the Town's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Town's governmental funds reported a combined ending fund balance of \$25,158,233. Of this amount, \$14,084,723 is available for spending at the discretion of the Town (i.e. committed, assigned and unassigned fund balance).

**General Fund**

The General Fund is the chief operating fund of the Town. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$12,301,299. As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents 10.1% of total General Fund expenditures and other financing uses. Expressed another way, unassigned fund balance for the General Fund was sufficient to cover approximately 1.2 months of General Fund operating expenditures.

The fund balance of the Town's General Fund increased by \$952,894 during the current fiscal year, which was primarily due to favorable revenue and expenditure variances within the General Fund budget.

**TOWN OF NEWTOWN, CONNECTICUT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS - Unaudited (Continued)**

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**Financial Analysis of the Town's Funds (Continued)**

**Bonded Projects Fund**

The fund balance of the Bonded Projects Fund decreased by \$681,519 during the current fiscal year. This decrease was primarily due to expenditures incurred for on going capital projects funded by bonds issued in prior years.

**Sewer Fund**

The fund balance of the Sewer Fund increased by \$4,044,107 during the current fiscal year. The increase was primarily attributed to recognition of the Hawleyville Sewer Assessment in the amount of \$3,906,989.

**Water Fund**

The fund balance of the Water Fund decreased by \$263,306 during the current fiscal year. The decrease was primarily attributable to shortfalls in operating revenues to cover depreciation and amortization expense of capital assets.

**General Fund Budgetary Highlights**

The actual net change in fund balance of the General Fund on a budgetary basis was an increase of \$883,328. Expenditures were \$741,562 less than budgeted. Total budgetary revenues were \$72,293 more than expected. No appropriation from fund balance were allowed for in the original or final budget.

**Capital Asset and Debt Administration**

**Capital Assets**

The Town's investment in capital assets for its governmental and business type activities as of June 30, 2017 totaled \$255,311,762 (net of accumulated depreciation and amortization). This investment in capital assets includes land and improvements, intangible assets, construction in progress, buildings and improvements, machinery, equipment and vehicles, and infrastructure. The total decrease in the Town's investment in capital assets for the current fiscal year was approximately \$9.7 million or 4.0%. This decrease was primarily comprised of depreciation and amortization on capital assets of approximately \$6.0million, offset by current year capital asset additions of approximately \$13.2 million. Significant capital events during the current fiscal year included the following:

- Outlays for various road and bridge construction projects of approximately \$904 thousand
- Outlays pertaining to Newtown High School Auditorium project of approximately \$1.798 million
- Outlays pertaining to the construction of the Sandy Hook Elementary School of approximately \$2.282 million
- Outlays pertaining to the Newtown High School roof project of approximately \$1.401 million
- Outlays pertaining to the purchase of vehicles of approximately \$537 thousand
- Outlays pertaining to the Middle School Improvement project of approximately \$667 thousand
- Outlays pertaining to the Community Center project of approximately \$465 thousand
- Outlays pertaining to the Dickinson Parking lot project of approximately \$449 thousand
- Outlays pertaining to the Edmond Town Hall improvement project of approximately \$312 thousand
- Outlays pertaining to the Duplex-Parent Connection project of approximately \$336 thousand
- Outlays pertaining to the Eichler's Cove improvement project of approximately \$315 thousand

**TOWN OF NEWTOWN, CONNECTICUT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS - Unaudited (Continued)**

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**Capital Asset and Debt Administration (Continued)**

**Capital Assets (Continued)**

The following are tables of the investment in capital assets presented for both governmental and business-type activities:

**Capital Assets, Net**

**June 30, 2017**

	Governmental Activities	Business-type Activities	Total
Land	\$ 26,175,546	\$ 1,000	\$ 26,176,546
Intangible assets	3,687,270	448,002	4,135,272
Construction in progress	11,478,706	3,150,776	14,629,482
Buildings and improvements	179,391,758	-	179,391,758
Land improvements	13,699,395	-	13,699,395
Machinery, equipment and vehicles	9,765,661	686,622	10,452,283
Infrastructure	52,379,756	26,883,604	79,263,360
Totals	<u>\$ 296,578,092</u>	<u>\$ 31,170,004</u>	<u>\$ 327,748,096</u>

**Capital Assets, Net**

**June 30, 2016**

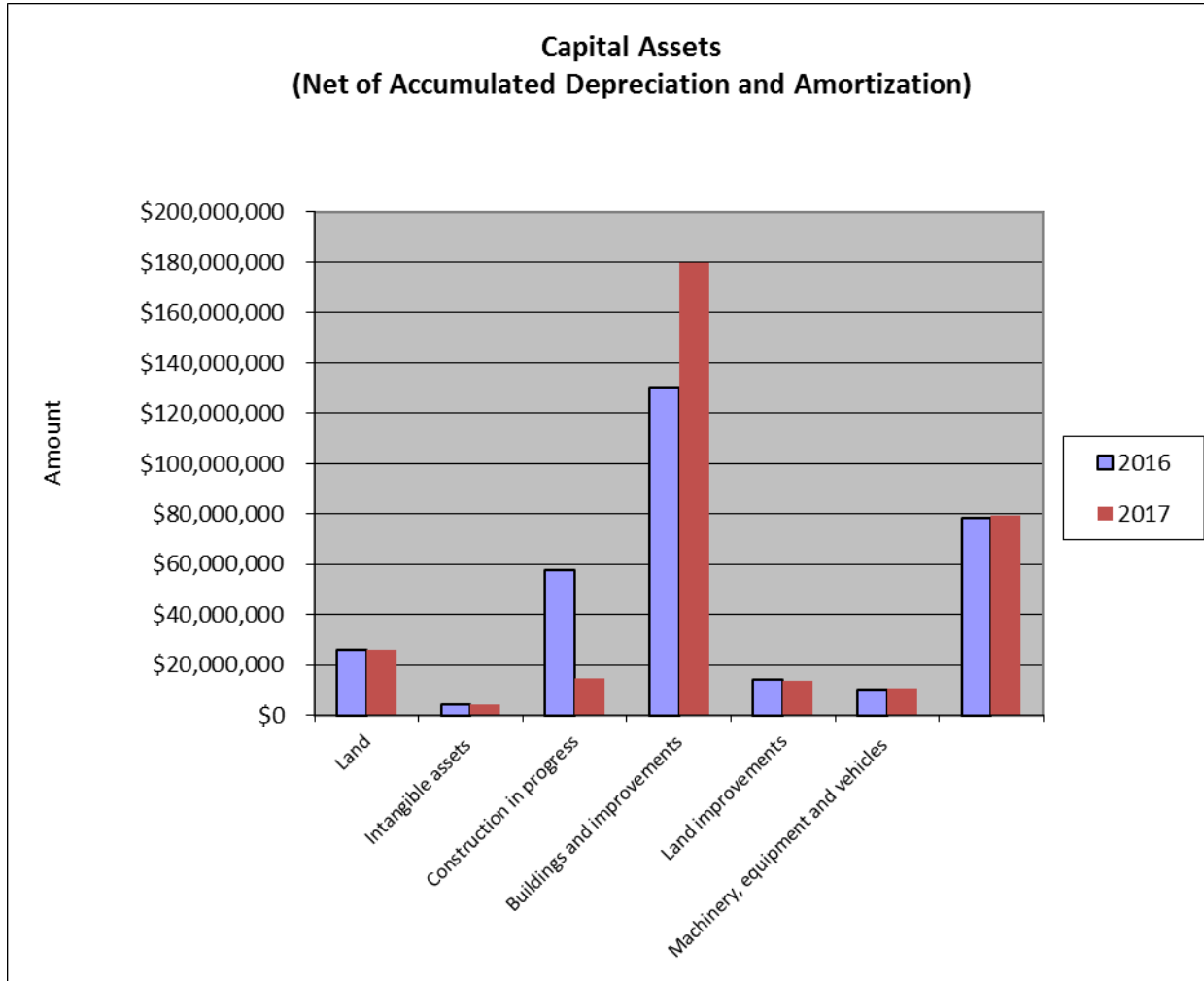
	Governmental Activities	Business-type Activities	Total
Land	\$ 26,175,546	\$ 1,000	\$ 26,176,546
Intangible assets	3,687,270	491,353	4,178,623
Construction in progress	54,630,088	3,028,495	57,658,583
Buildings and improvements	130,410,648	-	130,410,648
Land improvements	14,179,066	-	14,179,066
Machinery, equipment and vehicles	10,044,585	92,120	10,136,705
Infrastructure	52,429,874	25,985,063	78,414,937
Totals	<u>\$ 291,557,077</u>	<u>\$ 29,598,031</u>	<u>\$ 321,155,108</u>

**TOWN OF NEWTOWN, CONNECTICUT**  
MANAGEMENT'S DISCUSSION AND ANALYSIS - Unaudited (Continued)

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**Capital Asset and Debt Administration (Continued)**

**Capital Assets (Continued)**



Additional information on the Town's capital assets can be found in the notes to the financial statements.

**Debt Administration**

At the end of the current fiscal year, the Town had total long-term debt of \$69,680,170. This entire amount is comprised of debt backed by the full faith and credit of the Town. The Town's total debt decreased by \$2,906,023 or 4.0% during the current fiscal year due to scheduled debt service repayments offset by the issuance of \$5,090,000 in general obligation bonds. The bonds were issued to fund various general purpose and school projects authorized by the Town.

State statutes limit the amount of general obligation debt the Town may issue to seven times its annual receipts from taxation, as defined by the statutes. The current debt limitation for the Town is \$723,086,609, which is in excess of the Town's outstanding general obligation debt.

**TOWN OF NEWTOWN, CONNECTICUT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS - Unaudited (Continued)**

**Capital Asset and Debt Administration (Continued)**

**Debt Administration (Continued)**

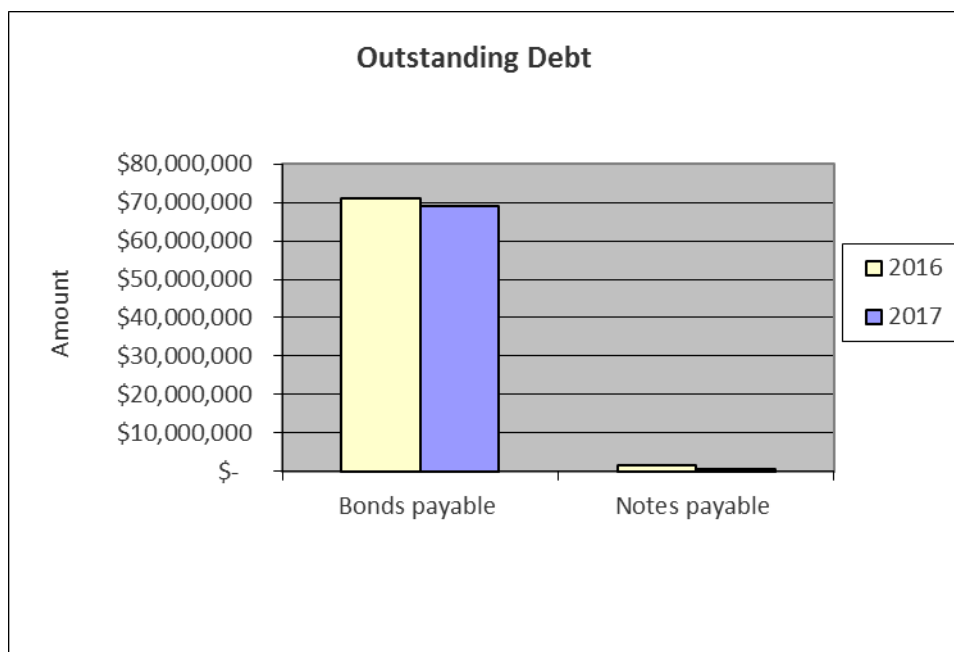
The following are tables of bonded debt as of June 30, 2017 and 2016:

**Bonded Debt  
June 30, 2017**

	Governmental Activities	Business-type Activities	Total
Bonds payable	\$ 66,668,300	\$ 2,431,700	\$ 69,100,000
Notes payable	258,275	321,895	580,170
Totals	<u>\$ 66,926,575</u>	<u>\$ 2,753,595</u>	<u>\$ 69,680,170</u>

**Bonded Debt  
June 30, 2016**

	Governmental Activities	Business-type Activities	Total
Bonds payable	\$ 68,594,300	\$ 2,285,900	\$ 70,880,200
Notes payable	430,805	1,275,188	1,705,993
Totals	<u>\$ 69,025,105</u>	<u>\$ 3,561,088</u>	<u>\$ 72,586,193</u>



Additional information on the Town's long-term debt can be found in the notes to the financial statements.

**TOWN OF NEWTOWN, CONNECTICUT**  
MANAGEMENT'S DISCUSSION AND ANALYSIS - Unaudited *(Continued)*

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**Economic Factors and Next Year's Budget and Rates**

During April 2017, the Town adopted a General Fund budget for the fiscal year ending June 30, 2018. The budget reflected an overall decrease in expenditures of \$786,847, or -0.69%, over the original budget approved in the prior year. The budgeted expenditures of \$113,395,532 resulted in a 0.27 mill increase from 33.60 mills to 33.87 mills and allows the Town to continue maintain the same level of programs and services to its residents. The Town has not planned for a utilization of fund balance for purposes of balancing the budget.

A summary of key economic factors affecting the Town are as follows:

- For purposes of calculating property tax revenues for fiscal year 2018, the assessor's grand list was used along with an estimated tax rate, and an estimated rate of collection, with deductions for taxes to be paid by the State on-behalf of certain taxpayers. Property tax revenues was planned to have an increasing role in funding the General Fund budget due to expected reductions in intergovernmental and other revenues.
- Intergovernmental grants were based on preliminary estimates from the State. Connecticut's economy moves in the same general cycle as the national economy, which may affect the amount of intergovernmental revenues the Town will receive in fiscal year 2018 and thereafter. The State General Assembly can and has changed these estimates over the years, for which such changes are typically made after the Town budget has been adopted. A decrease in intergovernmental revenues has been anticipated due to the financial condition of the State.
- It is was unknown how changes in market interest rates will impact real estate activity and related revenues collected by the Town Clerk and the amount of conveyance taxes and interest income.

All of these factors were considered in preparing the Town's General Fund budget for fiscal year 2018.

**Requests for Information**

This financial report is designed to provide a general overview of the Town's finances for all those with an interest in the Town's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Office of the Finance Director, 3 Primrose Street, Town Hall, Newtown, CT 06470.

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## **BASIC FINANCIAL STATEMENTS**

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**TOWN OF NEWTOWN, CONNECTICUT**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2017**

	<b>Primary Government</b>		
	<b>Governmental</b>	<b>Business-type</b>	
	<b>Activities</b>	<b>Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 21,669,489	\$ 1,452,958	\$ 23,122,447
Investments	13,774,538	-	13,774,538
Receivables:			
Property taxes and interest, net	2,707,211	-	2,707,211
Assessments and interest, net	-	1,063,516	1,063,516
User charges and interest, net	-	225,692	225,692
Grants and contracts	1,700,732	-	1,700,732
Contributions	4,550,000	-	4,550,000
Other	835,998	-	835,998
Internal balances	1,892,386	(1,892,386)	-
Other	43,180	-	43,180
Noncurrent assets:			
Receivables:			
Assessments	-	3,757,194	3,757,194
Grants and contracts	199,495	-	199,495
Loans	230,053	-	230,053
Capital assets:			
Non-depreciable	41,341,522	3,151,776	44,493,298
Depreciable, net	255,236,570	28,018,228	283,254,798
Total assets	344,181,174	35,776,978	379,958,152
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred charges on pension expense	5,352,829	-	5,352,829
Deferred charge on refunding	121,047	6,187	127,234
Total deferred outflows of resources	5,473,876	6,187	5,480,063
<b>LIABILITIES</b>			
Accounts payable	6,009,751	154,503	6,164,254
Accrued interest payable	916,528	-	916,528
Other accrued liabilities	3,926,058	23,504	3,949,562
Unearned revenue	321,209	-	321,209
Other	120,810	-	120,810
Noncurrent liabilities:			
Due in one year	7,838,858	472,395	8,311,253
Due in more than one year	82,044,109	2,318,202	84,362,311
Total liabilities	101,177,323	2,968,604	104,145,927
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Advance tax collections	144,781	-	144,781
<b>NET POSITION</b>			
Net investment in capital assets	229,166,050	28,379,407	257,545,457
Restricted for:			
Endowments:			
Nonexpendable	610,000	-	610,000
Expendable	2,075,011	-	2,075,011
Grants and other programs	1,357,337	-	1,357,337
Construction of Community Center	9,306,571	-	9,306,571
Unrestricted	5,817,977	4,435,154	10,253,131
Total net position	\$ 248,332,946	\$ 32,814,561	\$ 281,147,507

*The accompanying notes are an integral part of these financial statements .*

**TOWN OF NEWTOWN, CONNECTICUT**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2017**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary Government:							
Governmental activities:							
General government	\$ 7,385,317	\$ 2,087,378	\$ 221,558	\$ -	\$ (5,076,381)	\$ -	\$ (5,076,381)
Public safety	13,341,455	919,069	531,075	-	(11,891,311)	-	(11,891,311)
Health and welfare	2,938,553	8,230	48,294	-	(2,882,029)	-	(2,882,029)
Land use	631,791	49,737	-	-	(582,054)	-	(582,054)
Public works	11,321,488	703,365	862,684	45,706	(9,709,733)	-	(9,709,733)
Parks and recreation	3,807,405	1,128,552	46,795	-	(2,632,058)	-	(2,632,058)
Education	90,644,415	2,384,561	17,048,539	2,619,264	(68,592,051)	-	(68,592,051)
Interest expense	1,606,362	-	-	-	(1,606,362)	-	(1,606,362)
Total governmental activities	131,676,786	7,280,892	18,758,945	2,664,970	(102,971,979)	-	(102,971,979)
Business-type activities:							
Sewer	1,643,747	5,150,537	-	500,000	-	4,006,790	4,006,790
Water	524,881	261,575	-	-	-	(263,306)	(263,306)
Total business-type activities	2,168,628	5,412,112	-	500,000	-	3,743,484	3,743,484
Total primary government	\$ 133,845,414	\$ 12,693,004	\$ 18,758,945	\$ 3,164,970	(102,971,979)	3,743,484	(99,228,495)
General revenues:							
Property taxes, levied for general purposes					103,477,136	-	103,477,136
Grants and contributions not restricted to specific programs					2,382,347	-	2,382,347
Investment earnings					480,819	37,317	518,136
Total general revenues					106,340,302	37,317	106,377,619
		Change in net position			3,368,323	3,780,801	7,149,124
		Net position - beginning			244,964,623	29,033,760	273,998,383
		Net position - ending			\$ 248,332,946	\$ 32,814,561	\$ 281,147,507

*The accompanying notes are an integral part of these financial statements.*

**TOWN OF NEWTOWN, CONNECTICUT**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**JUNE 30, 2017**

	<b>General Fund</b>	<b>Bonded Projects Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 19,825,528	\$ -	\$ 1,440,986	\$ 21,266,514
Investments	9,981,147	-	2,791,282	12,772,429
Receivables:				
Property taxes and interest, net	2,707,211	-	-	2,707,211
Grants and contracts	13,449	1,316,495	281,314	1,611,258
Loans	-	-	230,053	230,053
Other	350,277	-	469,240	819,517
Due from other funds	2,109,086	6,313,903	2,868,233	11,291,222
Other	2,284	-	40,896	43,180
Total assets	<u>\$ 34,988,982</u>	<u>\$ 7,630,398</u>	<u>\$ 8,122,004</u>	<u>\$ 50,741,384</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 1,749,391	\$ 2,349,096	\$ 591,875	\$ 4,690,362
Accrued payroll	3,773,869	-	152,189	3,926,058
Due to other funds	13,227,736	-	216,700	13,444,436
Unearned revenue	-	-	319,440	319,440
Other	120,810	-	-	120,810
Total liabilities	<u>18,871,806</u>	<u>2,349,096</u>	<u>1,280,204</u>	<u>22,501,106</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenues	<u>2,851,992</u>	<u>-</u>	<u>230,053</u>	<u>3,082,045</u>
<b>FUND BALANCES</b>				
Nonspendable	-	-	650,896	650,896
Restricted	-	6,990,266	3,432,348	10,422,614
Committed	-	-	2,535,021	2,535,021
Assigned	963,885	-	-	963,885
Unassigned	12,301,299	(1,708,964)	(6,518)	10,585,817
Total fund balances	<u>13,265,184</u>	<u>5,281,302</u>	<u>6,611,747</u>	<u>25,158,233</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 34,988,982</u>	<u>\$ 7,630,398</u>	<u>\$ 8,122,004</u>	<u>\$ 50,741,384</u>

*The accompanying notes are an integral part of these financial statements.*

**TOWN OF NEWTOWN, CONNECTICUT**  
**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF NET POSITION**  
**JUNE 30, 2017**

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Total fund balances for governmental funds	\$	25,158,233
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Total net position reported for governmental activities in the statement of net position is different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		296,578,092
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Deferred outflows and inflows of resources resulting from changes in the components of the net pension liability are reported in the statement of net position.		5,352,829
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Some of the Town's taxes and interest will be collected after year end, but are not available soon enough to pay for the current period's expenditures and, therefore, are reported as deferred inflows of resources in the funds.		2,937,264
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Long-term receivables are not available soon enough to pay for the current period's expenditures and, therefore, are not reported in the funds:

School construction grant receivable	\$ 288,969	
Contribution receivable	4,550,000	
		4,838,969

Long-term liabilities and related amounts applicable to the Town's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities and related amounts - both current and long-term - are reported in the statement of net position.

Accrued interest payable	(916,528)	
Long-term debt:		
Bonds and notes payable, net	(69,727,706)	
Deferred charges on refunding	121,047	
Other long-term liabilities:		
Capital lease obligations	(39,078)	
Compensated absences	(1,004,545)	
Early retirement obligations	(96,000)	
Landfill post-closure care liability	(136,000)	
Net pension liability	(16,518,674)	
Net OPEB obligation	(2,360,964)	
Total long-term liabilities		(90,678,448)

An internal service fund is used by the Town to charge the cost of risk management activities to individual funds. The assets and liabilities of the internal service fund are included in the governmental activities statement of net position.

		4,146,007
Net position of governmental activities	\$	248,332,946

*The accompanying notes are an integral part of these financial statements.*

**TOWN OF NEWTOWN, CONNECTICUT**  
**STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2017**

	<b>General Fund</b>	<b>Bonded Projects Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>REVENUES</b>				
Property taxes	\$ 103,098,824	\$ -	\$ -	\$ 103,098,824
Intergovernmental	16,585,900	2,665,227	3,872,809	23,123,936
Charges for services	2,227,800	-	4,730,239	6,958,039
Investment income	248,868	-	231,951	480,819
Contributions and other	322,597	5,015,723	759,281	6,097,601
Total revenues	<u>122,483,989</u>	<u>7,680,950</u>	<u>9,594,280</u>	<u>139,759,219</u>
<b>EXPENDITURES</b>				
Current:				
General government	4,340,126	-	1,454,088	5,794,214
Public safety	9,814,166	-	826,484	10,640,650
Health and welfare	2,807,061	-	91,450	2,898,511
Land use	680,106	-	-	680,106
Public works	9,667,449	-	-	9,667,449
Parks and recreation	2,331,450	-	851,807	3,183,257
Education	81,899,663	-	6,192,070	88,091,733
Debt service:				
Principal	6,974,847	-	-	6,974,847
Interest and fiscal charges	2,336,218	64,126	53,075	2,453,419
Capital outlays	-	12,656,343	1,285,334	13,941,677
Total expenditures	<u>120,851,086</u>	<u>12,720,469</u>	<u>10,754,308</u>	<u>144,325,863</u>
Excess (deficiency) of revenues over expenditures	1,632,903	(5,039,519)	(1,160,028)	(4,566,644)
<b>OTHER FINANCING SOURCES (USES)</b>				
Issuance of debt	-	4,358,000	450,000	4,808,000
Premium on issuance of debt	-	-	152,968	152,968
Transfers in	225,000	-	905,009	1,130,009
Transfers out	(905,009)	-	(225,000)	(1,130,009)
Total other financing sources (uses)	<u>(680,009)</u>	<u>4,358,000</u>	<u>1,282,977</u>	<u>4,960,968</u>
Net change in fund balances	952,894	(681,519)	122,949	394,324
Fund balances - beginning	<u>12,312,290</u>	<u>5,962,821</u>	<u>6,488,798</u>	<u>24,763,909</u>
Fund balances - ending	<u>\$ 13,265,184</u>	<u>\$ 5,281,302</u>	<u>\$ 6,611,747</u>	<u>\$ 25,158,233</u>

*The accompanying notes are an integral part of these financial statements.*

**TOWN OF NEWTOWN, CONNECTICUT**  
**RECONCILIATION OF THE STATEMENTS OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2017**

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Net change in fund balances - total governmental funds	\$	394,324
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Total change in net position reported for governmental activities in the statement of activities is different because:

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. The amount by which capital additions exceeded depreciation and amortization in the current period is as follows:

Expenditures for capital assets	\$ 10,521,769	
Depreciation and amortization expense	<u>(5,286,853)</u>	
Net adjustment		5,234,916

In the statement of activities, only the loss on the sale of capital assets is reported whereas the proceeds from the sale increase financial resources in the funds.	(213,901)
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Certain revenues are not susceptible to accrual and, therefore, are only reported as revenue in the funds when the cash is received by the Town. In the government-wide financial statements, the cash received reduces the receivable recognized in the government-wide statement of net position:

School construction grant receivable	(92,422)	
Contribution receivable	<u>(5,000,000)</u>	
		(5,092,422)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal on long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. The net effect of these differences in the treatment of long-term obligations is as follows:

Debt issued or incurred:		
Capital lease financing	(57,454)	
Premium on bonds issued	(152,968)	
Principal repayments:		
Bonds and notes payable	2,098,530	
Capital lease financing	<u>68,309</u>	
Net adjustment		1,956,417

Deferred outflows and inflows of resources resulting from changes in the components of the net pension liability are amortized as a component of pension expense in the statement of activities.	1,971,140
	(Continued)

*The accompanying notes are an integral part of these financial statements .*

**TOWN OF NEWTOWN, CONNECTICUT**  
**RECONCILIATION OF THE STATEMENTS OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF ACTIVITIES (*Concluded*)**  
**FOR THE YEAR ENDED JUNE 30, 2017**

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Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather than as it accrues. The net effect of such items is as follows:

Accrued interest	\$ 460,648	
Amortization of bond premiums	766,394	
Amortization of deferred charges on refunding	(379,985)	
Compensated absences	(23,885)	
Early retirement obligations	84,500	
Landfill post-closure care liability	17,000	
Net OPEB obligation	(545,708)	
Net pension liability	<u>(3,041,801)</u>	
		\$ (2,662,837)

Certain revenues reported in the statement of activities do not provide current financial resources and therefore are reported as deferred inflows of resources in the governmental funds. This amount represents the change in unavailable revenues. 378,312

Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue (expense) of the internal service fund is reported within the governmental activities. 1,402,374

Change in net position of governmental activities \$ 3,368,323  
*Concluded*

*The accompanying notes are an integral part of these financial statements .*

**TOWN OF NEWTOWN, CONNECTICUT**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -**  
**BUDGETARY BASIS - GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2017**

	<b>Budgeted Amounts</b>			<b>Variance With</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	<b>Final Budget</b>
				<b>Over (Under)</b>
<b>REVENUES</b>				
Property taxes	\$ 102,461,352	\$ 102,836,991	\$ 103,098,824	\$ 261,833
Intergovernmental	8,917,077	8,541,438	8,181,583	(359,855)
Charges for goods and services	2,223,700	2,223,700	2,227,800	4,100
Investment income	200,000	200,000	248,868	48,868
Other	205,250	205,250	322,597	117,347
Total revenues	<u>114,007,379</u>	<u>114,007,379</u>	<u>114,079,672</u>	<u>72,293</u>
<b>EXPENDITURES</b>				
Current:				
General government	4,525,086	4,536,030	4,364,196	(171,834)
Public safety	10,181,866	10,145,366	9,896,317	(249,049)
Health and welfare	2,848,190	2,850,988	2,807,061	(43,927)
Land use	705,308	703,364	682,416	(20,948)
Public works	9,892,145	9,757,095	9,637,873	(119,222)
Parks and recreation	2,414,273	2,367,273	2,340,378	(26,895)
Education	73,665,065	73,567,123	73,567,123	-
Contingency	200,000	24,452	-	(24,452)
Debt service:				
Principal	6,991,538	6,991,538	6,906,538	(85,000)
Interest and fiscal charges	2,333,936	2,333,936	2,333,701	(235)
Total expenditures	<u>113,757,407</u>	<u>113,277,165</u>	<u>112,535,603</u>	<u>(741,562)</u>
Excess of revenues over expenditures	249,972	730,214	1,544,069	813,855
<b>OTHER FINANCING SOURCES (USES)</b>				
Cancellation of prior year encumbrances	-	-	19,268	19,268
Transfers in	175,000	175,000	225,000	50,000
Transfers out	(424,972)	(905,214)	(905,009)	205
Total other financing sources (uses)	<u>(249,972)</u>	<u>(730,214)</u>	<u>(660,741)</u>	<u>69,473</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	883,328	<u>\$ 883,328</u>
Fund balance - beginning			<u>11,666,684</u>	
Fund balance - ending			<u>\$ 12,550,012</u>	

*The accompanying notes are an integral part of these financial statements .*

**TOWN OF NEWTOWN, CONNECTICUT**  
**STATEMENTS OF NET POSITION**  
**PROPRIETARY FUNDS**  
**JUNE 30, 2017**

	<b>Business-type Activities</b>			<b>Governmental Activities</b>
	<b>Sewer Fund</b>	<b>Water Fund</b>	<b>Total</b>	<b>Internal Service Fund</b>
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 1,452,958	\$ -	\$ 1,452,958	\$ 402,975
Investments	-	-	-	1,002,109
Receivables:				
Assessments and interest, net	1,063,516	-	1,063,516	-
User charges and interest, net	225,692	-	225,692	-
Other	-	-	-	16,481
Due from other funds	-	-	-	4,045,600
Total current assets	<u>2,742,166</u>	<u>-</u>	<u>2,742,166</u>	<u>5,467,165</u>
Noncurrent assets:				
Receivables:				
Assessments	3,757,194	-	3,757,194	-
Advance to other fund	775,517	-	775,517	-
Capital assets:				
Non-depreciable	3,000,866	150,910	3,151,776	-
Depreciable, net	<u>25,197,164</u>	<u>2,821,064</u>	<u>28,018,228</u>	<u>-</u>
Total noncurrent assets	<u>32,730,741</u>	<u>2,971,974</u>	<u>35,702,715</u>	<u>-</u>
Total assets	<u>35,472,907</u>	<u>2,971,974</u>	<u>38,444,881</u>	<u>5,467,165</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred charge on refunding	<u>6,187</u>	<u>-</u>	<u>6,187</u>	<u>-</u>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	83,255	71,248	154,503	117,416
Accrued liabilities:				
Claims	-	-	-	1,201,973
Other	23,504	-	23,504	-
Due to other funds	886,738	1,005,648	1,892,386	-
Bonds and notes payable	472,395	-	472,395	-
Unearned revenue	-	-	-	1,769
Total current liabilities	<u>1,465,892</u>	<u>1,076,896</u>	<u>2,542,788</u>	<u>1,321,158</u>
Noncurrent liabilities:				
Advances from other fund	-	775,517	775,517	-
Bonds and notes payable	<u>2,318,202</u>	<u>-</u>	<u>2,318,202</u>	<u>-</u>
Total non-current liabilities	<u>2,318,202</u>	<u>775,517</u>	<u>3,093,719</u>	<u>-</u>
Total liabilities	<u>3,784,094</u>	<u>1,852,413</u>	<u>5,636,507</u>	<u>1,321,158</u>
<b>NET POSITION</b>				
Net investment in capital assets	25,407,433	2,971,974	28,379,407	-
Unrestricted	<u>6,287,567</u>	<u>(1,852,413)</u>	<u>4,435,154</u>	<u>4,146,007</u>
Total net position	<u>\$ 31,695,000</u>	<u>\$ 1,119,561</u>	<u>\$ 32,814,561</u>	<u>\$ 4,146,007</u>

*The accompanying notes are an integral part of these financial statements.*

**TOWN OF NEWTOWN, CONNECTICUT**  
**STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2017**

	<b>Business-type Activities</b>			<b>Governmental Activities</b>
	<b>Sewer Fund</b>	<b>Water Fund</b>	<b>Total</b>	<b>Internal Service Fund</b>
<b>OPERATING REVENUES</b>				
Charges for services	\$ 5,150,537	\$ 261,575	\$ 5,412,112	\$ 14,803,212
Total operating revenues	<u>5,150,537</u>	<u>261,575</u>	<u>5,412,112</u>	<u>14,803,212</u>
<b>OPERATING EXPENSES</b>				
Contracted services	731,301	288,976	1,020,277	-
Utilities	119,594	36,507	156,101	-
Premiums and claims	-	-	-	12,246,338
Administrative and other	185,408	15,452	200,860	1,171,749
Depreciation and amortization	530,705	151,726	682,431	-
Total operating expenses	<u>1,567,008</u>	<u>492,661</u>	<u>2,059,669</u>	<u>13,418,087</u>
Operating income (loss)	3,583,529	(231,086)	3,352,443	1,385,125
<b>NON-OPERATING INCOME (EXPENSE)</b>				
Interest income	37,317	-	37,317	17,249
Interest expense	(76,739)	(32,220)	(108,959)	-
Total non-operating expense, net	<u>(39,422)</u>	<u>(32,220)</u>	<u>(71,642)</u>	<u>17,249</u>
Change in net position before capital contributions	3,544,107	(263,306)	3,280,801	1,402,374
Capital contributions	<u>500,000</u>	<u>-</u>	<u>500,000</u>	<u>-</u>
Change in net position	4,044,107	(263,306)	3,780,801	1,402,374
Net position - beginning	<u>27,650,893</u>	<u>1,382,867</u>	<u>29,033,760</u>	<u>2,743,633</u>
Net position - ending	<u>\$ 31,695,000</u>	<u>\$ 1,119,561</u>	<u>\$ 32,814,561</u>	<u>\$ 4,146,007</u>

*The accompanying notes are an integral part of these financial statements.*

**TOWN OF NEWTOWN, CONNECTICUT**  
**STATEMENTS OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2017**

	<b>Business-type Activities</b>			<b>Governmental Activities</b>
	<b>Sewer Fund</b>	<b>Water Fund</b>	<b>Total</b>	<b>Internal Service Fund</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash received for the following:				
Charges for services	\$ 1,967,870	\$ 355,203	\$ 2,323,073	\$ 15,087,442
Cash paid for the following:				
Operating activities	(1,364,263)	(579,062)	(1,943,325)	(1,067,293)
Claims incurred	-	-	-	(12,354,386)
Net cash provided by (used in) operating activities	603,607	(223,859)	379,748	1,665,763
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Interfund activity	1,977,896	281,864	2,259,760	(3,329,426)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Capital contribution	500,000	-	500,000	-
Purchases of capital assets	(2,228,620)	(25,785)	(2,254,405)	-
Issuance of debt	282,000	-	282,000	-
Interest paid on capital debt	(77,705)	(32,220)	(109,925)	-
Principal paid on capital debt	(1,089,398)	-	(1,089,398)	-
Net cash used in capital and related financial activities	(2,613,723)	(58,005)	(2,671,728)	-
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Investment income	37,317	-	37,317	17,249
Net increase (decrease) in cash and cash equivalents	5,097	-	5,097	(1,646,414)
Cash and cash equivalents, beginning of year	1,447,861	-	1,447,861	2,049,389
Cash and cash equivalents, end of year	\$ 1,452,958	\$ -	\$ 1,452,958	\$ 402,975
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>				
Operating income (loss)	\$ 3,583,529	\$ (231,086)	\$ 3,352,443	\$ 1,385,125
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation and amortization	530,705	151,726	682,431	-
Changes in assets and liabilities:				
Decrease (increase) in receivables	(3,134,723)	93,628	(3,041,095)	284,227
Increase (decrease) in accounts payable	(373,685)	(238,127)	(611,812)	(122,514)
Increase (decrease) in accrued liabilities	(2,219)	-	(2,219)	118,925
Net cash provided by (used in) operating activities	\$ 603,607	\$ (223,859)	\$ 379,748	\$ 1,665,763

*The accompanying notes are an integral part of these financial statements.*

**TOWN OF NEWTOWN, CONNECTICUT**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**JUNE 30, 2017**

	<b>Pension and Other Post- Employment Benefits Trust Funds</b>	<b>Private Purpose Trust Fund Sandy Hook Private Purpose Trust Fund</b>	<b>Agency Funds</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 738,406	\$ -	\$ 805,704
Investments	40,944,333	-	191,921
Receivables	15,571	10,510	-
Total assets	<u>41,698,310</u>	<u>10,510</u>	<u>\$ 997,625</u>
<b>LIABILITIES</b>			
Accounts payable	71,478	-	\$ -
Due to others	-	-	997,625
Total liabilities	<u>71,478</u>	<u>-</u>	<u>\$ 997,625</u>
<b>NET POSITION</b>			
Restricted for:			
OPEB benefits	2,029,546	-	
Pension benefits	39,444,904	-	
Retirement and other benefits	152,382	10,510	
Total net position	<u>\$ 41,626,832</u>	<u>\$ 10,510</u>	

*The accompanying notes are an integral part of these financial statements .*

**TOWN OF NEWTOWN, CONNECTICUT**  
**STATEMENT OF CHANGES**  
**IN FIDUCIARY NET POSITION**  
**FOR THE YEAR ENDED JUNE 30, 2017**

	<b>Pension and Other Post- Employment Benefits Trust Funds</b>	<b>Private Purpose Trust Fund Sandy Hook Private Purpose Trust Fund</b>
<b>ADDITIONS</b>		
Contributions:		
Employer	\$ 1,983,908	\$ -
Plan members	788,278	-
Other	-	10,510
Total contributions	<u>2,772,186</u>	<u>10,510</u>
Investment earnings:		
Interest and dividends	1,220,434	-
Net change in the fair value of investments	<u>3,845,702</u>	<u>-</u>
	5,066,136	-
Less investment fees	<u>(165,385)</u>	<u>-</u>
Total investment earnings	<u>4,900,751</u>	<u>-</u>
Total additions	<u>7,672,937</u>	<u>10,510</u>
<b>DEDUCTIONS</b>		
Benefit payments	2,282,446	-
Administrative expenses	29,513	-
Total deductions	<u>2,311,959</u>	<u>-</u>
Change in net position	5,360,978	10,510
Net position - beginning	<u>36,265,854</u>	<u>-</u>
Net position - ending	<u>\$ 41,626,832</u>	<u>\$ 10,510</u>

*The accompanying notes are an integral part of these financial statements .*

**TOWN OF NEWTOWN, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of the Town of Newtown, Connecticut (the "Town") conform to accounting principles generally accepted in the United States of America, as applicable to governmental organizations. The following is a summary of significant accounting policies:

**Financial Reporting Entity**

The Town of Newtown, Connecticut was incorporated on October 11, 1711, and covers an area of 60 square miles. The Town operates under a Board of Selectmen/Board of Finance/Legislative Council/Town referendum form of government as prescribed by the Connecticut General Statutes and its charter, which was adopted in 1961 and amended in 2016. 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 services and education encompassing grades Pre-K through 12th grade.

The legislative power of the Town is with the Board of Selectmen, Legislative Council and Town referendum. The Legislative Council may enact, amend or repeal ordinances and resolutions. The Board of Finance is responsible for financial and taxation matters as prescribed by Connecticut General Statutes and is responsible for presenting fiscal operating budgets to the Legislative Council for approval at Town referendum.

Accounting principles generally accepted in the United States of America require that the reporting entity include, the primary government, organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The Town has determined that there are no agencies or entities, which should be presented within the Town's financial statements based on these criteria.

**Related Organizations**

The C.H. Booth Library is a 501(c)3 not-for-profit organization that operates within the Town of Newtown. The First Selectman of the Town, with approval of the Board of Selectmen, appoints eight of the sixteen members of the Library's Board of Trustees. The Town owns the building and supports the operations of the Library through annual appropriations from its General Fund. The amount paid to the Library by the Town for the year ended June 30, 2017 totaled \$1,278,997.

**Government-wide and Fund Financial Statements**

**Government-wide Financial Statements**

The statement of net position and the statement of activities display information about the Town and include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. Interfund services provided and used are not eliminated in the process of consolidation. The statements are intended to distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

**TOWN OF NEWTOWN, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2017**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Government-wide and Fund Financial Statements (Continued)**

**Government-wide Financial Statements (Continued)**

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. 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 and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported as general revenues.

**Fund Financial Statements**

The fund financial statements provide information about the Town's funds, including its fiduciary funds. Separate statements for each fund category – governmental, proprietary and fiduciary – are presented. The emphasis of fund financial statements is on major governmental funds and enterprise funds, each displayed in a separate column. All remaining governmental funds and enterprise funds are aggregated and reported as nonmajor funds.

The Town reports the following major governmental funds:

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

**Bonded Projects Fund** – This fund is used to account for the financial activity of capital projects financed with debt proceeds.

The Town reports the following major proprietary funds:

**Sewer Fund** - This fund is used to account for the activities of the Town's sewer operations.

**Water Fund** - This fund is used to account for the activities of the Town's water operations.

In addition, the Town reports the following proprietary and fiduciary fund types:

**Internal Service Fund** - This fund accounts for activities that provide goods or services to other funds, departments, or agencies of the Town on a cost-reimbursement basis. The Town utilizes an internal service fund to account for medical and dental self-insurance activities.

**Pension and Other Post-Employment Benefits Trust Funds** - These funds are used to account for resources held in trust for the members and beneficiaries of the Town's retirement and other post-employment benefit plans.

**Private Purpose Trust Funds** - This fund type is used to account for trust arrangements under which principal and income benefit individuals, private organizations, or other governments. There is no requirement that any portion of the resources be preserved as capital.

**Agency Funds** - These funds are used to account for resources held by the Town in a purely custodial capacity.

**TOWN OF NEWTOWN, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2017**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Measurement Focus and Basis of Accounting**

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the economic resources measurement focus and 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 revenue as soon as all eligibility requirements imposed by the provider have been met.

The 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. 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. Issuance of long-term debt and acquisitions under capital lease are reported as other financing sources.

Property taxes and interest have been recognized as revenues in the current fiscal year to the extent amounts have been collected by the end of the fiscal year. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the year or within the availability period for this revenue source (within one year of year end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received or is available to be received during the period or within the availability period for this revenue source (within one year of end). All other revenue items are considered to be measurable and available only when the cash is received.

The proprietary, pension trust, other post-employment benefits trust, and private-purpose trust funds are reported using the economic resources measurement focus and the accrual basis of accounting. The agency fund has no measurement focus but utilizes the accrual basis of accounting for reporting its assets and liabilities.

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 connections with a proprietary fund's principal ongoing operations. The principal operating revenues of the Town's enterprise funds consist of sewer and water charges and premiums for medical and dental benefits. Operating expenses of the Town's enterprise fund include the cost of operations and maintenance, administrative expenses, and depreciation of capital assets. The principal operating revenues of the Town's internal service fund consist of charges for premiums. Operating expenses of the Town's internal service fund consist of claims incurred and administrative expenses. Revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**TOWN OF NEWTOWN, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2017**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/Fund Equity**

**Cash Equivalents**

The Town's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

**Investments**

Investments are measured by the Town at fair value (generally based on quoted market prices), except for investments in certain external investment pools as described below.

Investments in certain external investment pools consist of money market mutual funds, hedge funds and the Short-Term Investment Fund (STIF), which is managed by the State of Connecticut Treasurer's Office. Investments in these types of funds, which are permitted to measure their investment holdings at amortized costs, are measured by the Town at the net asset value per share as determined by the fund.

**Property Taxes**

Property taxes are assessed as of October 1. Real estate and personal property taxes are billed in the following July and are due in two installments, July 1 and January 1. Motor vehicle taxes are billed in July and are due in one installment, July 1, and supplemental motor vehicle taxes are due in full January 1. Taxes become delinquent thirty days after the installment is due. Liens are effective on the assessment date and are continued by filing before the end of the year following the due date. Based on historical collection experience and other factors, the Town has established an allowance for uncollectible taxes and interest as of June 30, 2017 of \$415,000 and \$573,000, respectively.

**Sewer and Water Charges**

The Town operates a centralized wastewater treatment system and a potable water system. Upon completion of projects, assessments are levied and assess to users annually over a twenty year period. Usage charges are billed either annually or semi-annually depending upon the type of customer. Assessments and usage charges are due and payable within thirty days and delinquent amounts are subject to interest at prevailing rates. Liens are filed on all properties until the assessment is paid in full. Based on historical collection experience and other factors, the Town has established an allowance for uncollectible assessment and usage charges of \$108,000 and \$7,000 as of June 30, 2017, respectively. Based on historical collection experience and other factors, an allowance for uncollectible assessments as of June 30, 2017 is not considered necessary.

**Loans**

The Town administers a federally funded residential rehabilitation loan program for low to moderate income families. The loans do not accrue interest and repayment of the loans is deferred. The loans become due and payable upon sale or transfer of the property, the owner's demise, or when the subject property is no longer the applicant's principal place of residence. The loans may be paid in full or in part by the borrower at any time without penalty. As of June 30, 2017, loans receivable totaled \$230,053 under this program.

**TOWN OF NEWTOWN, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2017**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

**Capital Assets**

Capital assets, which include property, buildings, equipment and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and proprietary fund financial statements. Capital assets are defined by the Town 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, when purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of a capital asset or materially extend capital asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred net of interest earned on project specific debt during the construction phase of capital assets of business-type activities and enterprise funds are included as part of the capitalized cost of the assets constructed.

Capital assets of the Town are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
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

Capital assets acquired under capital lease are amortized over the life of the lease term or estimated useful life of the asset, as applicable.

**Unearned Revenue**

This liability represents resources that have been received but not yet earned.

**Deferred Outflows/Inflows of Resources**

Deferred outflows and inflows of resources represent either an acquisition or consumption of net position that applies to a future period(s) and so will not be recognized as an outflow or inflow of resources until that time.

Deferred outflows of resources consist of deferred charges on refundings and deferred pension expenses reported in the government-wide financial statements. Deferred charges on refundings resulted from the difference in the carrying value of refunded debt and its reacquisition price. This amount has been deferred and is being amortized over the life of the related debt. Deferred pension expenses resulted from certain changes in the Town's net pension liability and is being amortized as a component of pension expense on a systematic and rational basis.

**TOWN OF NEWTOWN, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2017**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

**Deferred Outflows/Inflows of Resources**

Deferred inflows of resources consist of revenues that are considered unavailable under the modified accrual basis of accounting and deferred pension benefits. Unavailable revenue is reported in the governmental funds financial statements. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. Deferred pension benefits are reported in the government-wide financial statements. Deferred pension benefits resulted from certain changes in the Town's net pension liability and is being amortized as a reduction of pension expense on a systematic and rational basis.

**Compensated Absences**

Employees of the Town and Board of Education earn sick leave, which can accumulate, and vacation leave based on the provisions of negotiated contracts or other personnel policies. Accumulated sick leave do not vest and the payment of nonvesting accumulated sick pay depends on the future illness of the employee and, therefore, no liability has been accrued for in the financial statements. 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 is expected to be paid with available resources. All compensated absences are accrued when incurred in the government-wide, proprietary fund and fiduciary fund financial statements. Expenditures for compensated absences are recognized in the governmental fund financial statements in the current year to the extent they have matured (i.e. due to resignation or retirement).

**Long-term Obligations**

In the government-wide financial statements and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable 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. Bond issuance costs are expensed when incurred.

In the fund financial statements, governmental funds recognize bond premiums and discounts 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.

**Net Position and Fund Balance**

The government-wide statement of net position presents the Town's assets, deferred outflows and inflows of resources and liabilities, with net position as the residual of these other elements. Net position is reported in three categories:

***Net investment in capital assets*** - This component of net position consists of capital assets, net of accumulated depreciation and amortization and reduced by outstanding balances for bonds, notes and other debt that are attributed to the acquisition, construction or improvement of capital assets.

**TOWN OF NEWTOWN, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2017**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

**Net Position and Fund Balance (Continued)**

**Restricted net position** - This component of net position consists of amounts restricted either through external restrictions imposed by creditors, grantors, contributors, and the like, or through restrictions imposed by law through constitutional provisions or enabling legislation.

**Unrestricted net position** - This component of net position is the net amount of the assets, liabilities, and deferred outflows/inflows of resources which do not meet the definition of the two preceding categories.

The Town's governmental funds report the following fund balance categories:

**Nonspendable** - Amounts that cannot be spent because they are not in spendable form or they are legally or contractually required to be maintained intact.

**Restricted** - Constraints are placed on the use of resources that are either externally imposed by creditors, grantors, contributors or laws and regulations of other governments or imposed by law through enabling legislation.

**Committed** - Amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the highest level of decision making authority of the Town and cannot be used for any other purpose unless the Town removes or changes the specified use by taking the same formal action. Commitments may be established, modified, or rescinded through resolutions approved by the Board of Finance/Legislative Council.

**Assigned** - Amounts are constrained by the government's intent to be used for specific purposes, but are not restricted or committed. Amounts may be constrained to be used for a specific purpose by a governing board or body or official that has been delegated authority to assign amounts. Intent is expressed by the passing of a resolution by the Board of Finance/Legislative Council or from a properly approved purchase order.

**Unassigned** - Residual classification for the General Fund or amounts necessary in other governmental funds to eliminate otherwise negative fund balance amounts in the other four categories.

**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 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.

**Fund Balance Flow Assumption**

Sometimes the Town will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental 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, when committed, assigned and unassigned resources are available for use, that the Town will use committed resources first, then assigned resources and then unassigned resources as they are needed.

**TOWN OF NEWTOWN, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2017**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Interfund Activities**

Interfund activities are reported as follows:

**Interfund Receivables and Payables**

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). All other outstanding balances between funds are reported as "due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

**Interfund Services Provided and Used**

Sales and purchases of goods and services between funds for a price approximating their external exchange value are reported as revenues and expenditures, or expenses, in the applicable funds.

**Interfund Transfers**

Interfund transfers represent flows of assets without equivalent flows of assets in return and without a requirement for repayment. In governmental funds, transfers are reported as other financing uses in the funds making transfers and other financing sources in the funds receiving transfers. In proprietary funds, transfers are reported after non-operating revenues and expenses.

**Interfund Reimbursements**

Interfund reimbursements represent repayments from the funds responsible for particular expenditures or expenses to the funds that initially paid for them.

**Use of Estimates**

The preparation of 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 and disclosures in the financial statements. Actual results could differ from those estimates.

**Implementation of Accounting Standards**

Effective July 1, 2016, the Town adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 74, *Financial Reporting for Postemployment Benefit Plans other than Pension Plans*, GASB Statement No. 77, *Tax Abatement Disclosures*, GASB Statement No. 78, *Pensions Provided through Certain Multiple Employer Defined Benefit Pension Plans*, GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, GASB Statement No. 80, *Blending Requirements for Certain Component Units an amendment of GASB Statement No. 14*, and GASB Statement No. 82, *Pension Issues—an amendment of GASB Statements No. 67, No. 68, and No. 73*. The implementation of GASB Statement No. 74 resulted in changes to the disclosures and required supplementary information relating to the Town's other post-employment benefit plan. The implementation of GASB Statement No. 74 had no impact on the Town's financial position or on the financial position of the Town's other post-employment benefit trust fund. The adoption of the other statements did not have a material effect on the Town's financial statements.

**TOWN OF NEWTOWN, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2017**

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**NOTE 2 - BUDGETARY INFORMATION, COMPLIANCE AND DEFICIT FUND EQUITY**

**Budgetary Information**

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 1st                 | All Town departments, except the School System, submit the budget requests to the Board of Selectmen.                                    |
| By February 14th                | 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 14th                   | The Board of Finance submits the Town of Newton 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 vote for adoption.  |
- Within the first 335 days of the fiscal year, the First Selectman and Financial Director, in accordance with the provisions of the Town's 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 \$1,500,000 for any one purpose per year. Special and/or emergency appropriations in excess of an amount equal to one mil on the most recently completed grand list shall be recommended by the Legislative Council to the Town referendum. There were no additional appropriations authorized during the year ended June 30, 2017.
  - 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.

**TOWN OF NEWTOWN, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2017**

**NOTE 2 - BUDGETARY INFORMATION, COMPLIANCE AND DEFICIT FUND EQUITY (Continued)**

**Budgetary Information (Continued)**

- 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 as expenditures in the current year. Generally, all unencumbered appropriations lapse at year end, except those for the capital projects fund. Appropriations for capital projects are continued until completion of applicable projects, even when projects extend more than one fiscal year.

As described above, accounting principles applied for purposes of developing data on a budgetary basis differ from those used to present financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP basis"). A reconciliation of General Fund amounts presented on the budgetary basis to amounts presented on the GAAP basis is as follows for the year ended June 30, 2017:

	Total Revenues	Total Expenditures	Other Financing Sources (Uses), Net	Net Change in Fund Balance	Fund Balance
Budgetary basis	\$ 114,079,672	\$ 112,535,603	\$ (660,741)	\$ 883,328	\$ 12,550,012
"On-behalf" payments - State Teachers Retirement Fund	8,404,317	8,404,317	-	-	-
Continued appropriation and encumbrances outstanding as of June 30, 2017	-	-	-	-	14,278
Encumbrances:					
June 30, 2017	-	(700,894)	-	700,894	700,894
June 30, 2016	-	612,060	-	(612,060)	-
Cancellation of prior year encumbrances	-	-	(19,268)	(19,268)	-
GAAP basis	<u>\$ 122,483,989</u>	<u>\$ 120,851,086</u>	<u>\$ (680,009)</u>	<u>\$ 952,894</u>	<u>\$ 13,265,184</u>

**Donor-Restricted Endowments**

The Town has received certain endowments for the maintenance of Hawley School, Edmond Town Hall, the Newtown flagpole and for the care of animals. These 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.

**TOWN OF NEWTOWN, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2017**

**NOTE 2 - BUDGETARY INFORMATION, COMPLIANCE AND DEFICIT FUND EQUITY (Continued)**

**Deficit Fund Balances**

The Blight Fund had a deficit fund balance as of June 30, 2017 of \$6,518. The deficit does not constitute a violation of statutory provisions. The deficit is expected to be eliminated through future revenue sources.

**Capital Project Authorizations**

The following is a summary of authorized capital projects:

	<b>Authorization</b>	<b>Cumulative Expenditures</b>	<b>Balance</b>
High School	\$ 41,576,000	\$ 40,390,630	\$ 1,185,370
High School Roof	1,402,500	1,402,000	500
Middle Gate School Boiler	475,000	450,000	25,000
Middle School Improvements	1,800,000	666,991	1,133,009
Dickinson Park Renovations	620,000	605,960	14,040
Treadwell Parking Lot	550,000	31,690	518,310
Fairfield Hills Demolition/Abatement	5,000,000	3,763,731	1,236,269
New Sandy Hook Elementary School	50,000,000	48,479,724	1,520,276
Treadwell Park Renovations	498,000	474,689	23,311
Newtown Community Center	15,000,000	693,429	14,306,571
Library Improvements	300,000	287,599	12,401
Edmond Town Hall Improvements	500,000	500,000	-
Bridge program	840,000	255,745	584,255
Newtown High School Auditorium	3,600,000	2,183,129	1,416,871
Town Roads	1,000,000	1,000,000	-
Sandy Hook Fire Sub-Station	375,000	375,000	-
Newtown Hook & Ladder	1,500,000	1,500,000	-
Fire Apparatus	1,950,000	505,051	1,444,949
Dickinson Park Parking Lot	500,000	462,948	37,052
Eichler's Cove Improvements	325,000	325,000	-
Hawley Boiler/HVAC	2,044,000	1,685,000	359,000
South Main/Mile Hill Sidewalk	904,000	127,737	776,263
Toddy Hill Road	2,596,000	24,222	2,571,778
	<u>\$ 133,355,500</u>	<u>\$ 106,190,275</u>	<u>\$ 27,165,225</u>

**TOWN OF NEWTOWN, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2017**

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**NOTE 2 - CASH DEPOSITS AND INVESTMENTS**

**Cash Deposits**

A reconciliation of the Town's cash deposits as of June 30, 2017 is as follows:

Government-wide statement of net position:	
Cash and cash equivalents	\$ 23,122,447
Statement of fiduciary net position:	
Cash and cash equivalents	<u>1,544,110</u>
	24,666,557
 Add: certificates of deposit presented as investments	 1,533,154
Less: investments presented as cash equivalents	<u>(12,988,457)</u>
	<u><u>\$ 13,211,254</u></u>

**Custodial Credit Risk**

Custodial credit risk is the risk that, in the event of a bank failure, the Town will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The Town does not have a deposit policy for custodial credit risk. As of June 30, 2017, \$12,840,339 of the Town's bank balance of \$14,090,339 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 11,556,305
Uninsured and collateralized with securities held by the pledging bank's trust department or agent but not in the Town's name	<u>1,284,034</u>
	<u><u>\$ 12,840,339</u></u>

All of the Town's deposits were in qualified public institutions as defined by Connecticut state statute. Under this statute, any bank holding public deposits must at all times maintain, segregated from its other assets, eligible collateral in an amount equal to a certain percentage of its public deposits. The applicable percentage is determined based on the bank's risk-based capital ratio. The amount of public deposits is determined based on either the public deposits reported on the most recent quarterly call report, or the average of the public deposits reported on the four most recent quarterly call reports, whichever is greater. The collateral is kept in the custody of the trust department of either the pledging bank or another bank in the name of the pledging bank.

**Investments**

A reconciliation of the Town's investments as of June 30, 2017 is as follows:

Government-wide statement of net position:	
Investments	\$ 13,774,538
Statement of fiduciary net position:	
Investments	<u>41,136,254</u>
	54,910,792
 Less: certificates of deposit presented as investments	 (1,533,154)
Add: investments presented as cash equivalents	<u>12,988,457</u>
	<u><u>\$ 66,366,095</u></u>

**TOWN OF NEWTOWN, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2017**

**NOTE 3 - CASH DEPOSITS AND INVESTMENTS (Continued)**

**Investments (Continued)**

As of June 30, 2017, the Town's investments consist of the following:

Investment Type	Valuation Basis	Value	Investment Maturities			
			(In Years)			
			Less Than 1	1 to 5	6 to 10	More Than 10
Debt Securities:						
Governmental Activities:						
Short-Term Investment Fund	Net asset value	\$ 11,159,831	\$ 11,159,831	\$ -	\$ -	\$ -
Money market mutual funds	Net asset value	1,090,220	1,090,220	-	-	-
Certificates of deposits	Fair Value	11,048,028	3,975,150	7,072,878	-	-
Fiduciary Funds:						
Money market mutual funds	Net asset value	738,406	738,406	-	-	-
Corporate bonds	Fair Value	11,755,720	1,549,324	6,636,138	2,875,799	694,459
Municipal bonds	Fair Value	115,468	-	115,468	-	-
Mortgage-backed securities	Fair Value	3,623	-	3,623	-	-
U.S. Agency securities	Fair Value	148,845	-	111,702	-	37,143
U.S. Treasury securities	Fair Value	249,665	-	-	-	249,665
		36,309,806	\$ 18,512,931	\$ 13,939,809	\$ 2,875,799	\$ 981,267
Other Investments:						
Governmental Activities:						
Mutual funds	Fair Value	1,270,501				
Hedge funds	Net asset value	114,776				
Fiduciary Funds:						
Mutual funds	Fair Value	28,671,012				
		\$ 66,366,095				

**Interest Rate Risk**

The Town does not have a formal investment policy that limits Town investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, its practice is to structure 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, and investing operating funds primarily in shorter-term securities, money market mutual funds, or similar investment pools.

**Credit Risk**

The Town has no investment policy that would further limit its investment choices beyond those limited by Connecticut state statutes. Connecticut state statutes permit the Town to invest in obligations of the United States, including its instrumentalities and agencies; in obligations of any state or of any political subdivision, authority or agency thereof, provided such obligations are rated within one of the top two rating categories of any recognized rating service; or in obligations of the State of Connecticut or of any political subdivision thereof, provided such obligations are rated within one of the top three rating categories of any recognized rating service.

**TOWN OF NEWTOWN, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2017**

**NOTE 3 - CASH DEPOSITS AND INVESTMENTS (Continued)**

**Investments (Continued)**

The Town's investments in debt securities, whose ratings are required to be disclosed, were rated by Standard & Poor's as follows:

<b>Investment Type</b>	<b>AAA</b>	<b>AA</b>	<b>A</b>	<b>BBB</b>	<b>BB</b>	<b>Unrated</b>
Debt Securities:						
<i>Governmental Activities:</i>						
Short-Term Investment Fund	\$ 11,159,831	\$ -	\$ -	\$ -	\$ -	\$ -
Money market mutual funds	-	-	-	-	-	1,090,220
Certificates of deposits	-	-	-	-	-	11,048,028
<i>Fiduciary Funds:</i>						
Money market mutual funds	-	-	-	-	-	738,406
Corporate bonds	47,861	-	3,897,819	7,453,652	356,388	-
Municipal bonds	-	69,360	46,108	-	-	-
Mortgage-backed securities	-	3,623	-	-	-	-
U.S. Agency securities	148,845	-	-	-	-	-

**Custodial Credit Risk**

For an investment, custodial credit risk is the risk that, in the event of the failure of a counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Town's investments in external investment pools and mutual funds are not evidenced by securities and are therefore not exposed to custodial credit risk. The Town's other investments are held in book entry form in the name of the Town and are therefore also not exposed to custodial credit risk.

**Concentrations of 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 institution 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. As of June 30, 2017, more than 10% of the Town's investments were invested in the following:

<b>Issuer</b>	<b>Investment</b>	<b>Value</b>	<b>% of Investments</b>
<i>Governmental Activities:</i>			
State of CT Treasurer	Short-Term Investment Fund	\$ 11,159,831	45.2%
<i>Fiduciary Funds:</i>			
Vanguard	Institutional Index Fund Institutional Shares	11,661,193	28.0%
Vanguard	Developed Markets Index Fund Institutional Shares	7,458,091	17.9%
Vanguard	Extended Market Index Fund Admiral Shares	4,945,456	11.9%

**TOWN OF NEWTOWN, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2017**

**NOTE 4 - FAIR VALUE MEASUREMENTS**

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants, as of the measurement date. Authoritative guidance establishes a hierarchy of valuation techniques based upon whether the inputs to those valuation techniques reflect assumptions other market participants would use based upon market data obtained from independent sources (also referred to as observable inputs). The Town classifies its assets and liabilities measured at fair value into Level 1 (securities valued using quoted prices from active markets for identical assets), Level 2 (securities not traded on an active market for which market inputs are observable, either directly or indirectly, and Level 3 (securities valued based on unobservable inputs). Assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

The Town's financial assets that are accounted for at fair value on a recurring basis as of June 30, 2017, by level within the fair value hierarchy are presented in the table below.

Financial Assets Measured at Fair Value	Prices in Active Market (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<i>Governmental Activities:</i>			
Certificates of deposits	\$ -	\$ 11,048,028	\$ -
Mutual funds	1,270,501	-	-
<i>Fiduciary Funds:</i>			
Corporate bonds	-	11,755,720	-
Municipal bonds	-	115,468	-
Mortgage-backed securities	-	3,623	-
U.S. Agency securities	-	148,845	-
U.S. Treasury securities	249,665	-	-
Mutual funds	28,671,012	-	-
	<u>\$ 30,191,178</u>	<u>\$ 23,071,684</u>	<u>\$ -</u>

**NOTE 5 - CONTRIBUTION RECEIVABLE**

The Town received a \$15,000,000 pledge from a donor in a prior year for the design, construction and operation of a Community Center. The Town recorded the portion pledged for construction of \$10,000,000 as contribution revenue in its government-wide financial statements in a prior year. As of June 30, 2017, the Town has received \$5,450,000 of the \$10,000,000, with the difference of \$4,550,000 recorded as a contribution receivable. This amount is expected to be received during the year ended June 30, 2018. The portion of the pledge to be used for operations of \$5,000,000 will be recorded by the Town as contribution revenue upon completion of the Community Center.

**TOWN OF NEWTOWN, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2017**

**NOTE 6 - CAPITAL ASSETS**

Capital asset activity for governmental activities for the year ended June 30, 2017 consisted of the following:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
<b>Governmental Activities</b>					
Capital assets, not being depreciated:					
Land	\$ 26,175,546	\$ -	\$ -	\$ -	\$ 26,175,546
Intangible assets	3,687,270	-	-	-	3,687,270
Construction in progress	54,630,088	4,270,021	-	(47,421,403)	11,478,706
Total capital assets, not being depreciated	84,492,904	4,270,021	-	(47,421,403)	41,341,522
Capital assets, being depreciated:					
Buildings and systems	158,553,535	4,637,005	(200,000)	47,041,236	210,031,776
Land improvements	20,568,948	315,402	-	9,598	20,893,948
Machinery and equipment	12,858,496	229,023	(89,768)	-	12,997,751
Vehicles	10,899,087	537,130	(267,112)	-	11,169,105
Infrastructure	67,320,054	903,757	-	-	68,223,811
Total capital assets, being depreciated	270,200,120	6,622,317	(556,880)	47,050,834	323,316,391
Less accumulated depreciation and amortization for:					
Buildings and systems	28,142,887	2,517,531	(20,400)	-	30,640,018
Land improvements	6,389,882	804,671	-	-	7,194,553
Machinery and equipment	8,013,534	409,073	(77,465)	-	8,345,142
Vehicles	5,699,464	601,703	(245,114)	-	6,056,053
Infrastructure	14,890,180	953,875	-	-	15,844,055
Total accumulated depreciation and amortization	63,135,947	5,286,853	(342,979)	-	68,079,821
Total capital assets, being depreciated, net	207,064,173	1,335,464	(213,901)	47,050,834	255,236,570
Governmental activities capital assets, net	<u>\$ 291,557,077</u>	<u>\$ 5,605,485</u>	<u>\$ (213,901)</u>	<u>\$ (370,569)</u>	<u>\$ 296,578,092</u>

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

<b>Governmental Activities:</b>	
General government	\$ 691,588
Public safety	320,230
Public works	1,191,727
Health and social services	20,018
Culture and recreation	709,012
Education	2,354,278
Total depreciation and amortization expense - governmental activities	<u>\$ 5,286,853</u>

**TOWN OF NEWTOWN, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2017**

**NOTE 6 - CAPITAL ASSETS**

Capital asset activity for business-type activities for the year ended June 30, 2017 consisted of the following:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
<b>Business-type Activities</b>					
Capital assets, not being depreciated:					
Land	\$ 1,000	\$ -	\$ -	\$ -	\$ 1,000
Construction in progress	3,028,495	2,254,404	-	(2,132,123)	3,150,776
Total capital assets, not being depreciated	3,029,495	2,254,404	-	(2,132,123)	3,151,776
Capital assets, being depreciated:					
Intangible assets	1,361,000	-	-	-	1,361,000
Plant and pumping stations	13,896,967	-	-	1,521,690	15,418,657
Sewer distribution system	20,228,832	-	-	-	20,228,832
Water distribution system	2,275,502	-	-	-	2,275,502
Equipment	64,415	-	-	610,433	674,848
Vehicles	173,006	-	-	-	173,006
Total capital assets, being depreciated	37,999,722	-	-	2,132,123	40,131,845
Less accumulated depreciation and amortization for:					
Intangible assets	869,647	43,351	-	-	912,998
Plant and pumping stations	5,106,632	318,840	-	-	5,425,472
Sewer distribution system	4,255,420	217,993	-	-	4,473,413
Water distribution system	1,054,186	86,316	-	-	1,140,502
Equipment	64,415	-	-	-	64,415
Vehicles	80,886	15,931	-	-	96,817
Total accumulated depreciation and amortization	11,431,186	682,431	-	-	12,113,617
Total capital assets, being depreciated, net	26,568,536	(682,431)	-	2,132,123	28,018,228
Business-type activities capital assets, net	<u>\$ 29,598,031</u>	<u>\$ 1,571,973</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 31,170,004</u>

Depreciation and amortization expense was charged to the enterprise funds of the Town as follows:

Business-Type Activities:	
Sewer	\$ 530,705
Water	<u>151,726</u>
Total depreciation and amortization expense - business-type activities	<u>\$ 682,431</u>

**TOWN OF NEWTOWN, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2017**

**NOTE 7 - INTERFUND RECEIVABLES AND PAYABLES**

Interfund receivable and payable balances at June 30, 2017 are as follows:

Receivable Fund	Payable Fund	Amount
<b>Governmental Funds:</b>		
General Fund	Sewer Fund	\$ 886,738
	Water Fund	1,005,648
	Other Governmental Funds	216,700
		<u>2,109,086</u>
Bonded Projects Fund	General Fund	6,313,903
Other Governmental Funds	General Fund	2,868,233
		<u>\$ 11,291,222</u>
<b>Proprietary Funds:</b>		
Internal Service Fund	General Fund	<u>\$ 4,045,600</u>
<b>Business Type Activities Funds:</b>		
Sewer Fund	Water Fund	<u>\$ 775,517</u>

Except as discussed below, the above balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

The Water Pollution Control Authority approved a loan from the Sewer Fund to the Water Fund. Interest is payable on amounts outstanding at an annual rate of 4.0%. It is anticipated that a portion of the balance, in the amount of \$775,517, due to the Sewer Fund from the Water Fund will not be repaid within one year. This amount has been presented as an advance as of June 30, 2017.

**NOTE 8 - INTERFUND TRANSFERS**

Interfund transfers for the year ended June 30, 2017 consisted of the following:

Transfers In	Transfers Out	Amount
<b>Governmental Funds:</b>		
General Fund	Other Governmental Funds	\$ 225,000
Other Governmental Funds	General Fund	905,009
		<u>\$ 1,130,009</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, and (2) move unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

**TOWN OF NEWTOWN, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2017**

**NOTE 9 - LONG-TERM LIABILITIES**

The following is a summary of changes in long-term liabilities for the year ended June 30, 2017:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Governmental Activities</b>					
Bonds payable:					
General obligation bonds	\$ 68,594,300	\$ 4,808,000	\$ (6,734,000)	\$ 66,668,300	\$ 6,729,500
Unamortized premiums	<u>3,414,557</u>	<u>152,968</u>	<u>(766,394)</u>	<u>2,801,131</u>	<u>-</u>
Total bonds payable	72,008,857	4,960,968	(7,500,394)	69,469,431	6,729,500
Other liabilities:					
Notes payable	430,805	-	(172,530)	258,275	36,694
Capital leases	49,933	57,394	(68,249)	39,078	19,119
Compensated absences	980,660	1,885,139	(1,861,254)	1,004,545	1,004,545
Termination benefits	180,500	-	(84,500)	96,000	32,000
Landfill post-closure care liability	153,000	-	(17,000)	136,000	17,000
Net pension liability	13,476,873	3,041,801	-	16,518,674	-
Net OPEB obligation	<u>1,815,256</u>	<u>545,708</u>	<u>-</u>	<u>2,360,964</u>	<u>-</u>
	<u>\$ 89,095,884</u>	<u>\$ 10,491,010</u>	<u>\$ (9,703,927)</u>	<u>\$ 89,882,967</u>	<u>\$ 7,838,858</u>
<b>Business-type Activities</b>					
Bonds payable:					
General obligation bonds	\$ 2,285,900	\$ 282,000	\$ (136,200)	\$ 2,431,700	\$ 150,500
Unamortized premiums	<u>39,327</u>	<u>-</u>	<u>(2,325)</u>	<u>37,002</u>	<u>-</u>
Total bonds payable	2,325,227	282,000	(138,525)	2,468,702	150,500
Other liabilities:					
Notes payable	<u>1,275,188</u>	<u>-</u>	<u>(953,293)</u>	<u>321,895</u>	<u>321,895</u>
	<u>\$ 3,600,415</u>	<u>\$ 282,000</u>	<u>\$ (1,091,818)</u>	<u>\$ 2,790,597</u>	<u>\$ 472,395</u>

Long-term liabilities above typically have been liquidated by the General Fund for governmental activities and the Sewer and Water Fund for business-type activities.

**TOWN OF NEWTOWN, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2017**

**NOTE 9 - LONG-TERM LIABILITIES (Continued)**

**General Obligation Bonds and Notes Payable**

A summary of general obligation bonds and note payable outstanding at June 30, 2017 is as follows:

<b>Purpose of Bonds</b>	<b>Fiscal Date of Issue</b>	<b>Original Issue</b>	<b>Interest Rates</b>	<b>Fiscal Maturity Date</b>	<b>Amount Outstanding</b>
<b>Governmental Activities:</b>					
Bonds Payable:					
General Obligation Refunding Bonds	2010	\$ 13,320,000	2.0% - 5.0%	2020	\$ 4,680,000
General Obligation Refunding Bonds	2011	8,910,000	2.5% - 5.0%	2024	8,095,000
General Obligation Bonds	2012	11,800,000	2.0% - 4.0%	2032	9,025,000
General Obligation Refunding Bonds	2012	15,375,000	1.0% - 4.0%	2027	7,156,300
General Obligation Bonds	2014	4,012,000	2.0% - 3.5%	2034	3,409,000
General Obligation Refunding Bonds	2015	17,620,000	2.375% - 5.0%	2031	16,500,000
General Obligation Bonds	2016	12,000,000	2.0% - 4.0%	2036	10,700,000
General Obligation Refunding Bonds	2016	2,295,000	3.0% - 4.0%	2022	2,295,000
General Obligation Bonds	2017	4,808,000	2.0% - 4.0%	2037	4,808,000
					<u>66,668,300</u>
Notes Payable:					
Clean Water Fund Note	2003	516,000	2.1%	2023	176,372
Drinking Water Fund Note	2006	171,738	2.32%	2026	81,903
					<u>258,275</u>
					<u>\$ 66,926,575</u>
<b>Business-type Activities:</b>					
Bonds Payable:					
General Obligation Refunding Bonds	2012	\$ 3,277,000	1.0% - 4.0%	2020	\$ 33,700
General Obligation Bonds	2014	2,488,000	2.0% - 3.5%	2034	2,116,000
General Obligation Bonds	2017	282,000	2.0% - 4.0%	2037	282,000
					<u>2,431,700</u>
Notes Payable:					
Clean Water Fund Note	1999	16,128,596	2.0%	2018	321,895
					<u>\$ 2,753,595</u>

**TOWN OF NEWTOWN, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2017**

**NOTE 9 - LONG-TERM LIABILITIES (Continued)**

**General Obligation Bonds and Notes Payable (Continued)**

Annual debt service requirements to maturity on general obligation bonds and the notes payable are as follows as of June 30, 2017:

Year ending June 30:	Governmental Activities				
	Bonds Payable		Notes Payable		Total
	Principal	Interest	Principal	Interest	
2018	\$ 6,729,500	\$ 2,318,604	\$ 36,694	\$ 5,240	\$ 9,090,038
2019	6,049,500	2,076,435	37,492	4,442	8,167,869
2020	5,701,800	1,840,385	38,307	3,626	7,584,118
2021	5,401,500	1,635,283	39,140	2,794	7,078,717
2022	5,582,000	1,429,163	39,991	1,942	7,053,096
2023-2027	22,659,000	4,310,018	66,651	1,852	27,037,521
2028-2032	10,990,000	1,483,667	-	-	12,473,667
2033-2037	3,555,000	293,833	-	-	3,848,833
	<u>\$ 66,668,300</u>	<u>\$ 15,387,388</u>	<u>\$ 258,275</u>	<u>\$ 19,896</u>	<u>\$ 82,333,859</u>

Year ending June 30:	Business-type Activities				
	Bonds Payable		Notes Payable		Total
	Principal	Interest	Principal	Interest	
2018	\$ 150,500	\$ 68,308	\$ 321,895	\$ 1,343	\$ 542,046
2019	150,500	64,888	-	-	215,388
2020	148,200	60,263	-	-	208,463
2021	138,500	57,202	-	-	195,702
2022	138,000	54,122	-	-	192,122
2023-2027	691,000	218,060	-	-	909,060
2028-2032	695,000	119,872	-	-	814,872
2033-2037	320,000	20,230	-	-	340,230
	<u>\$ 2,431,700</u>	<u>\$ 662,945</u>	<u>\$ 321,895</u>	<u>\$ 1,343</u>	<u>\$ 3,417,883</u>

**School Bond Reimbursements**

The State of Connecticut reimburses the Town for eligible school bond principal and interest costs. The amount of reimbursement for the year ended June 30, 2017 totaled \$79,391 for principal and \$13,031 for interest. Additional reimbursements of \$288,969 are expected to be received through the applicable bonds' maturity dates. Remaining amounts will be realized by the Town through fiscal year 2022.

**Legal Debt Limit**

Connecticut General Statutes Section 7-374(b) provides that debt of the Town shall not exceed seven times base receipts, as defined in the Statute. Further, the Statute limits the amount of debt that may be authorized by the Town for general purposes, schools, sewers, urban renewal and pension deficit. The Town did not exceed any of the statutory debt limitations at June 30, 2017.

**TOWN OF NEWTOWN, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2017**

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**NOTE 9 - LONG-TERM LIABILITIES (Continued)**

**General Obligation Bonds and Notes Payable (Continued)**

**Debt Refunding**

The Town has advanced refunded general obligation bonds in prior years. The difference between the reacquisition price (the amount placed in escrow) and the net carrying amount of the refunded bonds resulted in deferred charges on refundings in the amount of \$2,299,260. This amount, net of accumulated amortization of \$2,172,026 has been presented as a deferred outflow of resources in the government-wide financial statements and is being amortized to interest expense using the effective-interest method over the life of the new bonds. Amortization of deferred charges on refundings totaled \$381,439 for the year ended June 30, 2017.

**Authorized/Unissued Debt**

At June 30, 2017, the Town had authorized unissued debt as follows:

Newtown Community Center	\$	5,000,000
High School		1,924,657
Fairfield Hills Remediation / Demolition		1,200,000
Hawleyville Sewer Extension		1,030,000
Fire Apparatus		575,000
Treadwell Parking Lot		550,000
Bridge Program		525,000
Middle School Roof		464,501
Hawley Boiler/HVAC		359,000
Sidewalk Program		30,000
Middlegate Boiler		25,000
Boggs Hill Road Culvert		23,000
Dickinson Playground		10,252
High School Roof		500
	\$	<u>11,716,910</u>

**Capital Leases**

A summary of assets acquired through capital leases is as follows as of June 30, 2017:

	<b>Governmental Activities</b>
Equipment	\$ 95,775
Less: accumulated amortization	57,465
	<u>\$ 38,310</u>

Amortization expense relative to leased property under capital leases totaled \$19,155 for the year ended June 30, 2017 and is included in depreciation and amortization expense disclosed in Note 6.

**TOWN OF NEWTOWN, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2017**

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**NOTE 9 - LONG-TERM LIABILITIES (Continued)**

**Capital Leases**

Future minimum lease obligations and the net present value of the minimum lease payments as of June 30, 2017 is as follows:

	<b>Governmental Activities</b>
Year Ending June 30:	
2018	\$ 20,833
2019	20,833
Total minimum lease payments	41,666
Less: amount representing interest	2,588
Present value of minimum lease payments	<u>\$ 39,078</u>

**Landfill Post-Closure Care Liability**

The Town landfill has been closed since 1995. State and federal laws and regulations require landfill closures to meet certain standards. Monitoring costs for the next 8 years are estimated to be \$17,000 per year. This amount is based on estimates, which are subject to change due to inflation, technology or applicable laws and regulations.

**Termination Benefits**

The Town's Board of Education provides special termination benefits to former employees in the form of an early retirement incentive. No new arrangements were entered into during the year. Payments made on existing arrangements totaled \$84,500 for the year ended June 30, 2017. As of June 30, 2017, the Town's liability for early retirement incentives totaled \$96,000.

Future annual payments on early retirement incentives as of June 30, 2017 are as follows:

	<b>Governmental Activities</b>
Year Ending June 30:	
2018	\$ 32,000
2019	32,000
2020	24,000
2021	8,000
Total payments	<u>\$ 96,000</u>

**TOWN OF NEWTOWN, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2017**

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**NOTE 10 - EMPLOYEE RETIREMENT PLANS**

**Pension Trust Fund**

**Plan Description**

***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, collectively referred to as the "Town Plan"), which provides pensions for all permanent full-time employees of the Town and police officers. Both of the pension plans grant the authority to establish and amend benefit terms to the Board of Selectmen. Management of the plan is vested in the Pension Committee, which consists of several employees or individuals appointed by the Board of Selectmen. The Town currently maintains one Pension Trust Fund. All assets accumulated in the Pension Trust Fund for the payment of benefits may legally be used to pay benefits to participants of either plan. As such, the Town reports information about both plans as one defined benefit plan. The Town Plan is considered to be part of the Town's financial reporting entity. The Town Plan does not issue a publicly available financial report and is not included in the financial statements of another entity.

***Plan Membership***

As of June 30, 2017, plan membership consisted of the following:

Retirees and beneficiaries receiving benefits	153
Terminated plan members entitled to but not yet receiving benefits	35
Active plan members	365
	<u>553</u>

***Benefits Provided***

*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 service. Retirement benefits for employees are calculated as the greater of a) the difference between 2.0% of the member's average annual salary times the member's years and months of credited service and 50.0% of the member's primary insurance amount or b) 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.

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.

**TOWN OF NEWTOWN, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2017**

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**NOTE 10 - EMPLOYEE RETIREMENT PLANS (Continued)**

**Pension Trust Fund (Continued)**

**Plan Description (Continued)**

***Benefits Provided (Continued)***

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

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

*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 a) the difference between 2.25% of the member's average annual salary times the member's years and months of credit service and 50.0% of the member's primary insurance amount or b) 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 permanent disability. Disability retirement benefits are determined in the same manner as retirement benefits; however, benefits are subject to a minimum of 25.0% of base salary and one of the following maximums: 1) job related disability paid at 85.0% of annual compensation less any other job related disability paid by the Town or 2) non-job related disability paid at 50.0% 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 50.0% 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.

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 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 adjustment, which is being provided to three retired police officers/beneficiaries, in an amount equal to the less of 3.0% or 50.0% of the rate of the salary increases for new police officers.

***Contributions***

*Town of Newtown Employees' Pension Plan* - Plan participants are required to contribute 2.0% of their annual compensation to the plan. The Town is required to contribute the amount determined by the actuary, considering the participant's contributions.

**TOWN OF NEWTOWN, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2017**

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**NOTE 10 - EMPLOYEE RETIREMENT PLANS**

**Pension Trust Fund (Continued)**

**Plan Description (Continued)**

**Contributions (Continued)**

*Town of Newtown Police Officers' Pension Plan* - Plan participants are required to contribute 5.0% of their annual compensation to the plan. The Town is required to contribute the amount determined by the actuary, considering the participant's contributions.

The Town's contribution to the Plan totaled \$1,687,814 and represented 9.3% of covered payroll.

**Summary of Significant Accounting Policies**

The Town Plan is accounted for using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to the Town Plan are recognized when due and the employer has made a formal commitment to provide contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the Town Plan.

*Investments* - Investments are generally reported at fair value, except for investments in external investment pools. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Investment income is recognized when earned and gains and losses on sales or exchanges are recognized on the transaction date. Investments in external investment pools, which are permitted to measure their investment holdings at amortized costs, are measured by the Plan at the net asset value per share as determined by the pools.

*Investment policy* - The Town's policy in regard to the allocation of invested assets is established and may be amended by the Pension Committee. The Town's Pension Committee pursues an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes, discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans.

*Concentrations* - As of June 30, 2017, more than 10.0% of the Town Plan's investments were invested in the following:

Issuer	Investments	Value	% of Town Plan
			Investments
Vanguard	Institutional Index Fund Institutional Shares	\$ 11,661,193	29%
Vanguard	Developed Markets Index Fund Institutional Shares	7,031,246	19%
Vanguard	Extended Market Index Fund Admiral Shares	4,657,882	12%

Positions in the above mutual funds do not typically result in concentration risks as these types of investments are designed, in part, to provide diversification.

*Rate of return* - For the year ended June 30, 2017, the annual money-weighted rate of return on the Town Plan's investments, net of pension plan investment expense was 13.3%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**TOWN OF NEWTOWN, CONNECTICUT**  
NOTES TO FINANCIAL STATEMENTS *(Continued)*  
JUNE 30, 2017

**NOTE 10 - EMPLOYEE RETIREMENT PLANS**

**Pension Trust Fund (Continued)**

The following presents the statement of fiduciary net position and the statement of changes in fiduciary net position for the Town Plan as of and for the year ended June, 30 2017:

	<b>Town Plan</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 701,685
Investments	38,880,030
Receivables	15,571
Total assets	<u>39,597,286</u>
<b>NET POSITION</b>	
Restricted for:	
Town Plan pension benefits	39,444,904
Other retirement benefits	152,382
	<u>\$ 39,597,286</u>
<b>ADDITIONS</b>	
Contributions:	
Employer	\$ 1,698,377
Plan members	492,195
Total contributions	<u>2,190,572</u>
Investment earnings:	
Interest and dividends	1,163,504
Net change in the fair value of investments	3,655,179
	<u>4,818,683</u>
Less investments fees	<u>(159,198)</u>
Total investment earnings	<u>4,659,485</u>
Total additions	<u>6,850,057</u>
<b>DEDUCTIONS</b>	
Benefit payments	1,932,479
Administrative expenses	27,086
Total deductions	<u>1,959,565</u>
Change in net position	4,890,492
Net position - beginning	<u>34,706,794</u>
Net position - ending	<u>\$ 39,597,286</u>

**TOWN OF NEWTOWN, CONNECTICUT**  
NOTES TO FINANCIAL STATEMENTS (Continued)  
JUNE 30, 2017

**NOTE 10 - EMPLOYEE RETIREMENT PLANS**

**Pension Trust Fund (Continued)**

**Net Pension Liability**

The components of the Town's net pension liability of the Town Plan at June 30, 2017, were as follows:

Total pension liability	\$ 55,963,578
Plan fiduciary net position	39,444,904
Net pension liability	<u>\$ 16,518,674</u>
Plan fiduciary net position as a percentage of the total pension liability	70.48%

The components of the change in the net pension liability of the Town Plan for the year ended June 30, 2017, were as follows:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance as of June 30, 2016	\$ 48,064,172	\$ 34,587,299	\$ 13,476,873
<b>Changes for the year:</b>			
Service cost	1,470,642	-	1,470,642
Interest	3,642,643	-	3,642,643
Differences between expected and actual experience	623,086	-	623,086
Change in assumption	4,095,514	-	4,095,514
Contributions - employer	-	1,687,814	(1,687,814)
Contributions - employee	-	488,239	(488,239)
Net investment income	-	4,641,117	(4,641,117)
Benefit payments, including refunds	(1,932,479)	(1,932,479)	-
Administrative expense	-	(27,086)	27,086
<b>Net changes</b>	<u>7,899,406</u>	<u>4,857,605</u>	<u>3,041,801</u>
Balance as of June 30, 2017	<u>\$ 55,963,578</u>	<u>\$ 39,444,904</u>	<u>\$ 16,518,674</u>

*Actuarial assumptions* - The total pension liability for the Town Plan was determined by an actuarial valuation as of July 1, 2016, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.00%
Salary increases, including inflation	3.00%
Investment rate of return, including inflation	7.00%
Discount rate	7.00%

**TOWN OF NEWTOWN, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2017**

**NOTE 10 - EMPLOYEE RETIREMENT PLANS**

**Pension Trust Fund (Continued)**

**Net Pension Liability (Continued)**

The long-term expected rate of return on the Town Plan's 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 Town Plan's target asset allocation as of June 30, 2017 are summarized in the following table:

<b>Asset Class</b>	<b>Long-term Expected Real Rate of Return</b>
Core Fixed Income	7.75%
U.S. Large Cap Equities	5.60%
U.S. Small Cap Equities	5.90%
Developed Foreign Equities	5.80%

*Discount rate* - The discount rate used to measure the total pension liability of the Town Plan was 7.0%. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current contribution rate and that the Town contributes at rates equal to the actuarially determined contribution rates. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, the Town 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.

*Sensitivity of the net pension liability to changes in the discount rate* - The following presents the net pension liability of the Town Plan, calculated using the discount rate of 7.0% as well as what the Town Plan's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.0%) or 1-percentage-point higher (8.0%) than the current rate:

	<b>Discount Rate</b>		
	<b>1% Decrease</b>	<b>Current</b>	<b>1% Increase</b>
Town Plan's net pension liability as of June 30, 2017	\$ 24,671,377	\$ 16,518,674	\$ 9,848,175

**TOWN OF NEWTOWN, CONNECTICUT**  
NOTES TO FINANCIAL STATEMENTS (Continued)  
JUNE 30, 2017

**NOTE 10 - EMPLOYEE RETIREMENT PLANS**

**Pension Trust Fund (Continued)**

**Pension Expense and Deferred Outflows/Inflows of Resources**

For the year ended June 30, 2017, the Town recognized pension expense related to the Town Plan of \$2,758,472. At June 30, 2017, the Town reported deferred outflows and inflows of resources related to the Town Plan from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>	<b>Net Deferred Outflows (Inflows) of Resources</b>
Difference between expected and actual experience	\$ 520,941	\$ 1,263,705	\$ (742,764)
Changes of assumptions and demographics	4,386,282	-	4,386,282
Difference between projected and actual earnings on plan investments	2,724,549	1,015,238	1,709,311
Total	<u>\$ 7,631,772</u>	<u>\$ 2,278,943</u>	<u>\$ 5,352,829</u>

Amounts reported as deferred outflows and inflows of resources related to the Town Plan will be recognized as a component of pension expense in future years as follows:

Year ended June 30,	<b>Amortization Pension Expense</b>
2017	\$ 1,478,415
2018	1,478,415
2019	1,155,985
2020	462,755
2021	699,905
Thereafter	77,354
	<u>\$ 5,352,829</u>

**State of Connecticut Teachers' Retirement System**

The faculty and professional personnel of the Town's Board of Education participate in the Teachers' Retirement System ("TRS"), which is a cost-sharing multiple-employer defined benefit pension plan established under Chapter 167a of the Connecticut General Statutes. The TRS is administered by the Connecticut State Teachers' Retirement Board (the "Board") and is included as a fiduciary pension trust fund in the State of Connecticut's basic financial statements.

Plan benefits, cost-of-living allowances, required contributions of plan members and the State, and other plan provisions are described in Sections 10-183b to 10-183ss of the Connecticut General Statutes. The plan provides retirement, disability, death benefits, and annual cost-of-living adjustments to plan members and their beneficiaries.

**TOWN OF NEWTOWN, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2017**

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**NOTE 10 - EMPLOYEE RETIREMENT PLANS**

**State of Connecticut Teachers' Retirement System (Continued)**

The contribution requirements of plan members and the State are established and may be amended by the State legislature. In accordance with Section 10-183z of the General Statutes, the Town does not and is not legally responsible to contribute to the plan as a special funding situation exists that requires the State to contribute one hundred percent of employer's contributions on-behalf of its participating municipalities at an actuarially determined rate. Plan members are currently required to contribute 7.25% of their annual earnings to the plan. After five years of service, teachers are fully vested in their own contributions. After ten years of service, teachers are fully vested in the monthly pension benefit which is payable at the age of sixty. The Town has recognized on-behalf payments of \$8,404,317 made by the State of Connecticut into the plan as intergovernmental revenues, and related expenditures of the General Fund in the accompanying statement of revenues, expenditures and changes in fund balances of the governmental funds.

Administrative costs of the plan are funded by the State.

The total estimated net pension liability of the TRS as of June 30, 2016 was approximately \$14.245 billion, the most recent available reporting provided by the Board. The portion that was associated with the Town totaled approximately \$122.717 million or approximately 0.86% of the total estimated net pension liability. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016. The portion of the net pension liability associated with the Town was based on a projection of the long-term share of contributions to the plan related to the Town relative to the projected contributions of all participating employers, actuarially determined. The portion of the pension expense attributed to the Town totaled approximately \$13.383 million for the year ended June 30, 2017.

The total pension liability in the June 30, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods in the measurement:

Inflation	2.75%
Salary increases	3.25-6.50%, including inflation
Investment rate of return	8.00%, net of pension plan investment expense, including inflation

For healthy retirees and beneficiaries, the RPH-2014 White Collar table with employee and annuitant rates blended from ages 50 to 80, projected to the year 2020 using the BB improvement scale.

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.

**TOWN OF NEWTOWN, CONNECTICUT**  
NOTES TO FINANCIAL STATEMENTS (Continued)  
JUNE 30, 2017

**NOTE 10 - EMPLOYEE RETIREMENT PLANS**

**State of Connecticut Teachers' Retirement System (Continued)**

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-term Expected Real Rate of Return</b>
Large Cap U.S. Equities	21.0%	8.55%
Developed Non-U.S. Equities	18.0%	9.35%
Private Equity	11.0%	10.35%
Emerging Markets (Non-U.S.)	9.0%	11.05%
Core Fixed Income	7.0%	4.05%
Real Estate	7.0%	7.85%
Alternative investments	8.0%	6.85%
Liquidity fund	6.0%	3.15%
Emerging Market Bonds	5.0%	6.45%
High Yield Bonds	5.0%	6.65%
Inflation Linked Bonds	3.0%	3.75%
	<u>100%</u>	

The discount rate used to measure the total pension liability was 8.0%. 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 State contributions will be made at the actuarially determined rates in future years. 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.

The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 8.0%, as well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (7.0%) or 1-percentage-point higher (9.0%) than the current rate:

	<b>Discount Rates</b>		
	<b>1% Decrease (7.00%)</b>	<b>Current (8.00%)</b>	<b>1% Increase (9.00%)</b>
Proportionate share of the net pension liability attributed to the Town	\$151.398 million	\$122.717 million	\$98.471 million

Detailed information about the plan's fiduciary net position is included in the State of Connecticut's basic financial statements.

**TOWN OF NEWTOWN, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2017**

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**NOTE 10 - EMPLOYEE RETIREMENT PLANS**

**Defined Contribution Plans**

The Town administers two single employer defined contribution plans.

One plan covers certain elected officials and “at will” employees of the Town. This plan is included in the Town’s financial statements in the Pension Trust Fund. As of June 30, 2017, the net position available for benefits include \$152,382 of assets restricted for this plan. The Board of Selectmen approved and adopted this plan on July 7, 1986, and the Board has the authority to make changes to 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 January 1<sup>st</sup> following or coincident with their commencement of employment with the Town. A participant’s employer contribution account fully vests at age 50 or upon 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 6.0% of each participant’s compensation for the year and each participant is required to contribute 2.0% of their compensation. For the year ended June 30, 2017, employer contributions were \$10,563 and employee contributions totaled \$3,956.

The second plan is a 401(a) money purchase plan that was established in January 2014. This plan applies to non-union employees hired on or after December 31, 2013, park and recreation employees hired on or after June 30, 2014, and police officers hired on or after May 5, 2015. Police, non-union and park and recreation employees are required to contribute 5.0% of their compensation. The Town contributes 15.0% of each participant’s compensation for the year for police and 5.0% of each participant’s compensation for the year for all other employees. Participants are 100% vested after one year of service and entitled to benefits at age 59½ and are no longer employed by the Town. For the year ended June 30, 2017, employer contributions were \$49,462 and employee contributions totaled \$38,961.

**TOWN OF NEWTOWN, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2017**

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**NOTE 11 - OTHER POST-EMPLOYMENT BENEFITS (OPEB)**

**Plan Description**

***Plan Administration***

The Town administers an Other Post-Employment Benefits Plan (the "OPEB Plan"), which is a single-employer defined benefit healthcare plan. The OPEB Plan provides medical and dental insurance benefits for eligible retirees and their spouses through the Town's group insurance plans, which covers both active and retired members. The OPEB Plan is considered to be part of the Town's financial reporting entity. The OPEB Plan does not issue a publicly available financial report and is not included in the financial statements of another entity.

***Plan Membership***

At July 1, 2016, plan membership consisted of the following:

Current retirees, beneficiaries, and dependents	39
Current active participants	460
	<u>499</u>

***Benefits Provided***

The plan provides for medical and dental insurance benefits for eligible retirees and their spouses. Benefit provisions are established by State Statutes or through negotiations between the Town and the unions representing Town employees, which are renegotiated each bargaining period. Currently, teachers retiring under the Connecticut State Teachers Retirement System are eligible to receive benefits. Normal retirement for teachers is the earlier of age 60 with 20 years of services, or completion of 35 years of service regardless of age.

***Contributions***

Contribution requirements of the plan members and the Town are established in the provisions of the program and in accordance with State Statutes. The Town funds these benefits through contributions to an Other Post-Employment Benefits Trust Fund. Town contributions are based on an actuarially determined amount. Active employees are not required to contribute to the plan, however, retirees are required to contribute 100% of their premium costs to the Town. For the year ended June 30, 2017, the Town's contribution totaled \$255,287, which represented 0.68% of covered-employee payroll.

**Summary of Significant Accounting Policies**

The OPEB Plan is accounted for using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to the OPEB Plan are recognized when due and the employer has made a formal commitment to provide contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the OPEB Plan.

**TOWN OF NEWTOWN, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2017**

**NOTE 11 - OTHER POST-EMPLOYMENT BENEFITS (OPEB) (Continued)**

**Summary of Significant Accounting Policies (Continued)**

*Investments* - Investments are generally reported at fair value, except for investments in external investment pools. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Investment income is recognized when earned and gains and losses on sales or exchanges are recognized on the transaction date. Investments in external investment pools, which are permitted to measure their investment holdings at amortized costs, are measured by the OPEB Plan at the net asset value per share as determined by the pools.

*Investment policy* - The Town's policy in regard to the allocation of invested assets is established and may be amended by the Pension Committee. The Town's Pension Committee pursues an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes, discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans.

*Concentrations* - As of June 30, 2017, more than 10% of the OPEB Plan's investments were invested in the following:

<b>Issuer</b>	<b>Investments</b>	<b>Value</b>	<b>% of of OPEB Investments</b>
Vanguard	500 Index Fund	\$ 702,068	33%
Vanguard	Developed Markets Index Fund Institutional Shares	426,845	20%
Vanguard	Extended Market Index Fund Admiral Shares	287,574	14%

Positions in the above mutual funds do not typically result in concentration risks as these types of investments are designed, in part, to provide diversification.

*Rate of return* - For the year ended June 30, 2017, the annual money-weighted rate of return on the OPEB Plan's investments, net of pension plan investment expense was 13.64%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**Annual OPEB Cost and Net OPEB Obligation**

The Town's annual OPEB cost (expense) is calculated based on the annual required contribution ("ARC"), an amount actuarially determined. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. The following table shows the components of the Town's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the Town's net OPEB liability.

Annual required contribution	\$ 814,292
Interest on net OPEB obligation	136,144
Adjustment to annual required contribution	(149,441)
Annual OPEB cost (expense)	800,995
Contributions made	(255,287)
Increase in net OPEB obligation	545,708
Net OPEB obligation, beginning of year	1,815,256
Net OPEB obligation, end of year	<u>\$ 2,360,964</u>

**TOWN OF NEWTOWN, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2017**

**NOTE 11 - OTHER POST-EMPLOYMENT BENEFITS (OPEB) (Continued)**

**Annual OPEB Cost and Net OPEB Obligation (Continued)**

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the OPEB Plan, and the net OPEB obligation for the last three years is as follows:

<b>Year Ended June 30</b>	<b>Annual OPEB Cost (A)</b>	<b>Total Contribution (B)</b>	<b>Percentage of Annual OPEB Cost Contributed (B/(A))</b>	<b>Net OPEB Obligation</b>
2017	\$ 800,995	\$ 255,287	31.9%	\$ 2,360,964
2016	783,422	397,755	50.8%	1,815,256
2015	734,577	257,102	35.0%	1,429,589

**Funded Status and Funding Progress**

The funded status of the OPEB Plan as of July 1, 2016 was as follows:

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (A)</b>	<b>Actuarial Accrued Liability (AAL) - Entry Age Actuarial Cost Method (B)</b>	<b>Unfunded AAL (UAAL) (B-A)</b>	<b>Funded Ratio (A/B)</b>	<b>Covered Payroll (C)</b>	<b>Unfunded AAL as a % of Covered Payroll [(A-B)/C]</b>
July 1, 2016	\$ 1,659,281	\$ 8,380,102	\$ (6,720,821)	19.8%	36,204,065	-18.6%

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of events in the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the Town are subject to continual revision, as actual results are compared with past expectations and new estimates are made about the future. The schedules of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, present multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

**Net OPEB Liability**

The components of the Town's net OPEB liability related to its OPEB Plan as of June 30, 2017, was as follows:

Total OPEB liability	\$ 8,735,531
Plan fiduciary net position	2,101,024
Net OPEB liability	<u>\$ 6,634,507</u>

Plan fiduciary net position as a percentage of the total pension liability	24.05%
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**TOWN OF NEWTOWN, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2017**

**NOTE 11 - OTHER POST-EMPLOYMENT BENEFITS (OPEB) (Continued)**

**Actuarial Methods and Assumptions**

Projections of benefits are based on the substantive plan (the plan as understood by the Town and plan members) and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the Town and the 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 Town and plan members in the future. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

The total OPEB liability was determined by an actuarial valuation date as of July 1, 2016, using the following actuarial assumptions, applied to all periods included in the measurement:

Investment rate of return	6.75%
Salary increases	3.00% increase annually
Healthcare cost trend rate:	
Initial	7.75%
Ultimate	4.75%

Mortality rates were based on the RP-2014 White Collar Tables for active employees and annuitants, projected to year 2020 based on Scale BB for teachers and administrators and the RP-2000 Mortality Table for Males and Females, with adjustments for mortality improvements based on Scale AA for non-certified employees.

The long-term expected rate of returns on OPEB Plan investments were 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 OPEB Plan's target asset allocation as of June 30, 2017 are summarized in the following table:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return *</b>	<b>Weighting</b>
Core Fixed Income	35.00%	1.75%	0.61%
U.S. Large Cap Equities	27.50%	5.60%	1.54%
U.S. Small Cap Equities	7.50%	5.90%	0.44%
Developed Foreign Equities	30.00%	5.80%	1.74%

*Discount rate* - The discount rate used to measure the total OPEB liability was 6.5%. The projection of cash flows used to determine the discount rates assumed that plan member contributions will be made at the current contribution rates and that the Town's contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rates. Based on those assumptions, the OPEB 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 rates of return on the OPEB Plan's investments were applied to all periods of projected benefit payments to determine the OPEB Plan's total OPEB liability.

**TOWN OF NEWTOWN, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2017**

**NOTE 11 - OTHER POST-EMPLOYMENT BENEFITS (OPEB) (Continued)**

**Actuarial Methods and Assumptions (Continued)**

*Sensitivity of the net OPEB asset to changes in the discount rate* - The following presents the Town's net OPEB asset for the OPEB Plan, calculated using the discount rate disclosed above, as well as what the Town's net OPEB liability would be for the OPEB Plan if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	<b>Discount Rates</b>		
	<b>1% Decrease (5.75%)</b>	<b>Current (6.75%)</b>	<b>1% Increase (7.75%)</b>
Net OPEB liability as of June 30, 2017	\$ 7,590,991	\$ 6,634,507	\$ 5,854,334

*Sensitivity of the net OPEB asset to changes in the healthcare cost trend rates* - The following presents the Town's net OPEB asset for the OPEB Plan, calculated using the discount rate disclosed above, as well as what the Town's net OPEB liability would be for the OPEB Plan if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	<b>Healthcare Cost Trend Rates</b>		
	<b>1% Decrease (6.75% decreasing to 3.75%)</b>	<b>Current (7.75% decreasing to 4.75%)</b>	<b>1% Increase (8.75% decreasing to 5.75%)</b>
Net OPEB liability as of June 30, 2017	\$ 5,648,840	\$ 6,634,507	\$ 7,797,142

**NOTE 12 - RISK MANAGEMENT**

The Town is exposed to various risks of loss related to torts, thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees or acts of God for which the Town carries commercial insurance, except as disclosed below. During fiscal year 2017 deductibles paid by the Town were insignificant. Neither the Town nor its insurers have settled any claims which exceeded the Town's insurance coverage during the past three years. There have been no significant reductions in any insurance coverage from amounts in the prior year.

The Town provides medical and dental coverage to eligible employees through a self-insured plan. The Town retains the risk of loss under the plan and claims are processed by a third party administrator. The Town utilizes an internal service fund to report the activities of the plan. The Town contributes based on estimates made using historical data. The Town covers all claims up to \$175,000 per employee per year with a stop-loss policy covering amounts exceeding this limit. The Town has also purchased an aggregate stop-loss policy that would cover claims exceeding 125% of the total estimated claims for the plan year. The Town establishes claims liabilities based on estimates of claims that have been incurred but not reported as of year end. This estimate is based on the ultimate costs of settling the claims, which include past experience data, inflation and other future economic and societal factors and incremental claim adjustment expenses, net of estimated subrogation recoveries.

A summary of claims activity for the years ended June 30, 2017 and 2016 are as follows:

<b>Year Ended June 30</b>	<b>Claims Payable, Beginning of Year</b>	<b>Claims and Changes in Estimates</b>	<b>Claims Paid</b>	<b>Claims Payable, End of Year</b>
2017	\$ 1,083,048	\$ 12,246,338	\$ 12,127,413	\$ 1,201,973
2016	1,186,516	13,068,810	13,172,278	1,083,048

**TOWN OF NEWTOWN, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2017**

**NOTE 13 - FUND BALANCE**

As of June 30, 2017, fund balances have been classified based on the following purposes:

	General Fund	Bonded Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:				
Edmond Town Hall Trust	\$ -	\$ -	\$ 250,000	\$ 250,000
Hawley School Trust	-	-	350,000	350,000
Newtown Flagpole Trust	-	-	10,000	10,000
Inventories	-	-	40,896	40,896
	-	-	650,896	650,896
Restricted for:				
General government:				
Edmond Town Hall	-	-	795,485	795,485
Historic documents	-	-	36,339	36,339
Public safety:				
Law enforcement programs			147,250	147,250
Health and welfare:				
Education and care of animals	-	-	1,202,008	1,202,008
Cemeteries	-	-	6,333	6,333
Rehabilitation programs	-	-	31,638	31,638
Culture and recreation:				
Recreation programs	-	-	273,332	273,332
Cultural arts programs	-	-	190,462	190,462
Education:				
Sandy Hook School	-	-	143,384	143,384
School lunch program	-	-	185,882	185,882
Education programs	-	-	349,094	349,094
Hawley School	-	-	71,141	71,141
Capital projects	-	6,990,266	-	6,990,266
	-	6,990,266	3,432,348	10,422,614
Committed to:				
General government:				
Fairfield Hills Campus	-	-	145,170	145,170
Public safety:				
Animal shelter	-	-	97	97
Police private duty	-	-	79,718	79,718
Public works:				
Septage management	-	-	112,301	112,301
Culture and recreation:				
Edmond Town Hall Theater	-	-	204,274	204,274
Marina operations	-	-	461,825	461,825
Teen center programs	-	-	91,055	91,055
Education:				
Adult education programs	-	-	96,987	96,987
Other programs	-	-	76,747	76,747
Capital purposes	-	-	1,011,042	1,011,042
Debt service	-	-	255,805	255,805
	-	-	2,535,021	2,535,021

*Continued*

**TOWN OF NEWTOWN, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2017**

**NOTE 13 - FUND BALANCE (Continued)**

	<b>General Fund</b>	<b>Bonded Projects Fund</b>	<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
Assigned to:				
General government	\$ 42,010	\$ -	\$ -	\$ 42,010
Public safety	56,966	-	-	56,966
Land use	2,310	-	-	2,310
Public works	68,371	-	-	68,371
Parks and recreation	31,789	-	-	31,789
Senior tax credit program	248,713	-	-	248,713
Education	513,726	-	-	513,726
	<u>963,885</u>	<u>-</u>	<u>-</u>	<u>963,885</u>
Unassigned	12,301,299	(1,708,964)	(6,518)	10,585,817
	<u>\$ 13,265,184</u>	<u>\$ 5,281,302</u>	<u>\$ 6,611,747</u>	<u>\$ 25,158,233</u>
				<i>Concluded</i>

**NOTE 14 - COMMITMENTS AND CONTINGENCIES**

There are several lawsuits pending against the Town. The outcome and eventual liability to the Town, if any, in these cases is not known by management. The Town's management believes it has meritorious defenses against these lawsuits and estimates that potential claims against the Town, not covered by insurance, resulting from such litigation would not have a material adverse effect on the financial condition of the Town.

The Town has received state and federal grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursement to the grantor agency for any expenditure disallowed under terms of the grant. Based on prior experience, Town management believes such disallowances, if any, would not have a material adverse effect on the financial condition of the Town.

**NOTE 15 - RECENTLY ISSUED ACCOUNTING STANDARDS**

In June 2015, the GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions*. This statement establishes new accounting and financial reporting requirements for OPEB plans and replaces the requirements of GASB Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, as amended*, and GASB Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans, for OPEB*. The requirements of this statement are effective for the Town's reporting period beginning July 1, 2017. The Town has not yet determined the impact that this statement will have on its financial statements.

In March 2016, the GASB issued Statement No. 81, *Irrevocable Split-Interest Agreements*. This statement addresses accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The requirements of this statement are effective for the Town's reporting period beginning July 1, 2017. The Town does not expect this statement to have a material effect on its financial statements.

**TOWN OF NEWTOWN, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2017**

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**NOTE 15 - RECENTLY ISSUED ACCOUNTING STANDARDS (Continued)**

In November 2016, the GASB issued Statement No. 83, *Certain Asset Retirement Obligations*. This Statement addresses accounting and financial reporting for certain asset retirement obligations. (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement which (1) establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs, (2) requires the measurement of an ARO to be based on the best estimate of the current value of outlays expected to be incurred, and (3) requires the current value of a government's AROs to be adjusted for the effects of general inflation or deflation at least annually. The requirements of this statement are effective for the Town's reporting period beginning July 1, 2019. The Town does not expect this statement to have a material effect on its financial statements.

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The requirements of this statement are effective for the Town's reporting period beginning July 1, 2019. The Town has not yet determined the impact that this statement might have on its financial statements.

In March 2017, the GASB issued Statement No. 85, *Omnibus*. The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits). The requirements of this statement are effective for the Town's reporting period beginning July 1, 2017. The Town does not expect this statement to have a material effect on its financial statements.

In May 2017, the GASB issued Statement No. 86, *Certain Debt Extinguishment Issues*. The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The requirements of this statement are effective for the Town's reporting period beginning July 1, 2017. The Town does not expect this statement to have a material effect on its financial statements.

In June 2017, the GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this statement are effective for the Town's reporting period beginning July 1, 2020. The Town has not yet determined the impact that this statement might have on its financial statements.

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## REQUIRED SUPPLEMENTARY INFORMATION

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**TOWN OF NEWTOWN, CONNECTICUT**  
**SCHEDULE OF CHANGES IN NET PENSION LIABILITY - UNAUDITED**  
**TOWN OF NEWTOWN RETIREMENT SYSTEM**  
**LAST FOUR FISCAL YEARS**

	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
<b>Total pension liability</b>				
Service cost	\$ 1,470,642	\$ 1,458,028	\$ 1,369,633	\$ 1,376,812
Interest	3,642,643	3,476,233	3,153,241	2,973,226
Differences between expected and actual experience	623,086	(690,374)	(1,273,135)	-
Changes of assumptions	4,095,514	-	1,589,661	-
Benefit payments, including refunds	(1,932,479)	(1,834,724)	(1,717,013)	(1,513,354)
Net change in total pension liability	7,899,406	2,409,163	3,122,387	2,836,684
Total pension liability - beginning	48,064,172	45,655,009	42,532,622	39,695,938
Total pension liability - ending	55,963,578	48,064,172	45,655,009	42,532,622
<b>Plan fiduciary net position</b>				
Contributions - employer	1,687,814	1,422,737	1,375,889	1,189,938
Contributions - members	488,239	474,546	458,556	461,526
Transfer from defined contribution plan	-	-	26,724	-
Net investment income	4,641,117	(991,005)	941,047	4,302,666
Benefit payments, including refunds	(1,932,479)	(1,834,724)	(1,717,013)	(1,356,367)
Administrative expense	(27,086)	(17,500)	(74,654)	(170,876)
Net change in plan fiduciary net position	4,857,605	(945,946)	1,010,549	4,426,887
Plan fiduciary net position - beginning	34,587,299	35,533,245	34,522,696	30,095,809
Plan fiduciary net position - ending	39,444,904	34,587,299	35,533,245	34,522,696
<b>Town's net pension liability</b>	<b>\$ 16,518,674</b>	<b>\$ 13,476,873</b>	<b>\$ 10,121,764</b>	<b>\$ 8,009,926</b>
<b>Plan fiduciary net position as a percentage of total pension liability</b>	<b>70.48%</b>	<b>71.96%</b>	<b>77.83%</b>	<b>81.17%</b>
Covered employee payroll	\$ 18,199,947	\$ 18,441,265	\$ 17,725,368	\$ 17,608,101
<b>Town's net pension liability as a percentage of covered employee payroll</b>	<b>90.76%</b>	<b>73.08%</b>	<b>57.10%</b>	<b>45.49%</b>

**NOTES TO SCHEDULE:**

The Town began to report the schedule of changes in net pension liability when it implemented GASB Statement No. 67 in fiscal year 2014.

*Benefit Changes* - None noted

*Assumption Changes* - The mortality table scale was updated from the MP-2014 generational projections to MP-2015 generational projections. The discount rate decreased from 7.5% to 7.0%.

*See accompanying Independent Auditor's Report.*

**TOWN OF NEWTOWN, CONNECTICUT**  
**SCHEDULE OF CONTRIBUTIONS AND INVESTMENT RETURNS - UNAUDITED**  
**TOWN OF NEWTOWN RETIREMENT SYSTEM**  
**LAST FOUR FISCAL YEARS**

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially determined contribution	\$ 1,687,815	\$ 1,422,737	\$ 1,373,207	\$ 1,186,605
Contributions in relation to the actuarially determined contribution	<u>1,687,814</u>	<u>1,422,737</u>	<u>1,375,889</u>	<u>1,189,938</u>
Contribution deficiency (excess)	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ (2,682)</u>	<u>\$ (3,333)</u>
Covered employee payroll	\$ 18,199,947	\$ 18,441,265	\$ 17,725,368	\$ 17,608,101
Contributions as a percentage of covered employee payroll	9.27%	7.71%	7.76%	6.76%
Annual money-weighted rate of return, net of investment expense	13.30%	-2.83%	2.49%	14.35%

**NOTES TO SCHEDULE:**

The Town began to report the schedule of contributions and investment returns when it implemented GASB Statement No. 67 in fiscal year 2014.

Actuarially determined contribution rates are calculated as of July 1, prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method:	Projected Unit Credit
Amortization method:	Level dollar, closed
Remaining amortization period:	15 years
Asset valuation method:	5-year smoothed market
Inflation:	2.0%
Investment rate of return:	7.0%
Salary increases, including inflation:	3.0%
Retirement age:	Ranges from 50 to 65

*See accompanying Independent Auditor's Report.*

**TOWN OF NEWTOWN, CONNECTICUT**  
**SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - UNAUDITED**  
**CONNECTICUT STATE TEACHERS' RETIREMENT SYSTEM**  
**LAST THREE FISCAL YEARS**  
(Dollar amounts in thousands)

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Proportion of the net pension liability attributed to the Town	0.86%	0.91%	0.91%
Town's proportionate share of the net pension liability	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability attributed to the Town	122,717	99,707	92,159
Total	<u>\$ 122,717</u>	<u>\$ 99,707</u>	<u>\$ 92,159</u>
Town's covered payroll	(1) N/A	N/A	N/A
Town's proportionate share of the net pension liability as a percentage of its covered payroll	0.0%	0.0%	0.0%
Plan fiduciary net position as a percentage of the total pension liability	52.26%	59.50%	61.51%

(1) Not applicable since 0.0% proportional share of the net pension liability.

**NOTES TO SCHEDULE:**

The Town began to report this schedule when it implemented GASB Statement No. 68 in fiscal year 2015.

The total pension liability reported for each fiscal year is based on a measurement date as of the end of the prior fiscal year (i.e. the total pension liability reported for 2017 is based on a June 30, 2016 measurement date).

*Benefit Changes* - None noted

*Changes in assumptions* : The following significant changes in assumptions were made, which impacted the State's proportionate share of the net pension liability associated with the Town:

1. Inflation rate reduced from 3.00% to 2.75%.
2. Investment rate of return reduced from 8.50% to 8.00%.
3. Updated mortality tables to projected versions of the RPH-2014 mortality tables.

*See accompanying Independent Auditor's Report.*

**TOWN OF NEWTOWN, CONNECTICUT**  
**SCHEDULES OF FUNDING PROGRESS AND EMPLOYER CONTRIBUTIONS - UNAUDITED**  
**OTHER POST-EMPLOYMENT BENEFITS PLAN**  
**LAST FIVE ACTUARIAL VALUATIONS**

<b>Schedule of Funding Progress</b>						
Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) - Entry Age normal (B)	Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll ((B-A)/C)
July 1, 2008	\$ -	\$ 3,761,700	\$ (3,761,700)	0.0%	\$ 34,779,302	-10.8%
July 1, 2010	156,261	6,397,819	(6,241,558)	2.4%	35,055,000	-17.8%
July 1, 2012	610,498	6,264,781	(5,654,283)	9.7%	36,634,200	-15.4%
July 1, 2014	1,282,204	7,388,197	(6,105,993)	17.4%	36,690,663	-16.6%
July 1, 2016	2,101,024	8,380,102	(6,279,078)	25.1%	36,204,065	-17.3%

<b>Schedule of Employer Contributions</b>				
Year Ended June 30	Annual Required Contribution	Actual Contribution	Percentage Contribution	
2009	\$ 405,062	\$ 278,828	69%	
2010	430,949	485,960	113%	
2011	739,726	273,794	37%	
2012	756,952	811,764	107%	
2013	775,470	775,470	100%	
2014	720,995	245,851	34%	
2015	739,707	257,405	35%	
2016	793,865	397,755	50%	
2017	814,292	255,287	31%	

*See accompanying Independent Auditor's Report.*

**TOWN OF NEWTOWN, CONNECTICUT**  
**SCHEDULE OF CHANGES IN NET OPEB LIABILITY - UNAUDITED**  
**OTHER POST-EMPLOYMENT BENEFITS PLAN**  
**LAST FISCAL YEAR**

	<b>2017</b>
<b>Total OPEB liability</b>	
Service cost	\$ 292,975
Interest	568,628
Changes in benefit terms	-
Differences between expected and actual experience	(397,054)
Changes of assumptions	-
Benefit payments, including refunds	(109,120)
Net change in total OPEB liability	355,429
Total OPEB liability - beginning	8,380,102
Total OPEB liability - ending	8,735,531
<b>Plan fiduciary net position</b>	
Contributions - employer	255,287
Contributions - active members	-
Contributions - retirees' subsidies	53,833
Net investment income	241,743
Benefit payments, including refunds	(109,120)
Net change in plan fiduciary net position	441,743
Plan fiduciary net position - beginning	1,659,281
Plan fiduciary net position - ending	2,101,024
<b>Town's net OPEB liability</b>	<b>\$ 6,634,507</b>
Plan fiduciary net position as a percentage of total OPEB liability	24.05%
Covered employee payroll	\$ 37,290,187
Town's net OPEB liability as a percentage of covered employee payroll	17.79%

**NOTES TO THE SCHEDULE:**

The Town began to report this schedule when it implemented GASB Statement No. 74 in fiscal year 2017.

*See accompanying Independent Auditor's Report.*

**TOWN OF NEWTOWN, CONNECTICUT**  
**SCHEDULE OF CONTRIBUTIONS AND INVESTMENT RETURNS - UNAUDITED**  
**OTHER POST-EMPLOYMENT BENEFITS PLAN**  
**LAST FISCAL YEAR**

	<u><b>2017</b></u>
Actuarially determined contribution	\$ 814,292
Contributions in relation to the actuarially determined contribution	<u>255,287</u>
Contribution deficiency (excess)	<u><u>\$ 559,005</u></u>
Covered employee payroll	\$ 37,290,187
Contributions as a percentage of covered employee payroll	0.68%
Annual money-weighted rate of return, net of investment expense	13.64%

**NOTES TO THE SCHEDULE:**

The Town began to report this schedule when it implemented GASB Statement No. 74 in fiscal year 2017.

Actuarially determined contribution rates are calculated as of July 1, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal
Amortization method	Level percentage of salary, closed
Remaining amortization period	24 years (as of July 1, 2016)
Asset valuation method	Market Value
Inflation	2.25%
Investment rate of return	6.75%
Healthcare cost trend rates	7.75%, current 4.75%, final
Mortality	RP-2014 Mortality Table with no collar adjustment projected to valuation date with Scale MP-2017.

*See accompanying Independent Auditor's Report.*

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**COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES**

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## **GENERAL FUND**

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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**  
**SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES**  
**BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2017**

	<b>Budgeted Amounts</b>			<b>Variance With Final Budget Over (Under)</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	
<b>Property Taxes:</b>				
Collections - current year	\$ 100,571,352	\$ 100,946,991	\$ 101,138,735	\$ 191,744
Collections - prior years	475,000	475,000	439,379	(35,621)
Interest and lien fees	475,000	475,000	401,946	(73,054)
Motor vehicle supplement list	875,000	875,000	1,057,900	182,900
Telecommunications property tax	65,000	65,000	60,864	(4,136)
Total property taxes	102,461,352	102,836,991	103,098,824	261,833
<b>Intergovernmental:</b>				
Veterans additional exemptions	18,949	18,949	18,888	(61)
Elderly tax relief, circuit breaker	142,796	142,796	144,371	1,575
In lieu of taxes	738,994	733,247	733,247	-
Totally disabled	1,947	1,947	1,767	(180)
Town aid for roads	469,996	469,996	470,708	712
Grants for municipal projects	235,371	235,371	235,371	-
Mashantucket Pequot fund grant	913,492	911,124	911,124	-
Connecticut school building grants	92,421	92,421	92,422	1
Equalized cost-sharing grant	4,757,982	5,080,129	4,949,568	(130,561)
Public school transportation aid	82,318	-	-	-
Non-public school transportation	20,255	-	-	-
Health services - St. Rose	24,841	24,841	21,300	(3,541)
Miscellaneous grants	385,300	50,000	29,868	(20,132)
LOCIP grant	207,668	207,668	-	(207,668)
State revenue sharing	824,747	572,949	572,949	-
Total intergovernmental revenue	8,917,077	8,541,438	8,181,583	(359,855)
<b>Charges for Services:</b>				
Town clerk - conveyance tax	450,000	450,000	536,931	86,931
Town clerk - other	225,000	225,000	258,285	33,285
Parks and recreation	210,000	210,000	242,248	32,248
Tuition	31,500	31,500	88,016	56,516
School generated fees	105,950	105,950	105,450	(500)
Building	550,000	550,000	388,057	(161,943)
Permit fees	1,250	1,250	1,575	325
Transfer Station permits	465,000	465,000	429,271	(35,729)
WPCA	120,000	120,000	120,000	-
Senior center membership fees	5,000	5,000	8,230	3,230
Land use	60,000	60,000	49,737	(10,263)
Total charges for services	2,223,700	2,223,700	2,227,800	4,100
<b>Investment Income</b>	200,000	200,000	248,868	48,868
<b>Other Revenues:</b>				
Miscellaneous - Police	3,000	3,000	31,438	28,438
Miscellaneous - Board of Education	2,250	2,250	4,452	2,202
Miscellaneous - Selectmen	200,000	200,000	286,707	86,707
Total other revenues	205,250	205,250	322,597	117,347
<b>Total revenues</b>	114,007,379	114,007,379	114,079,672	72,293

*Continued*

*See accompanying Independent Auditor's Report.*

**TOWN OF NEWTOWN, CONNECTICUT**  
**SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES**  
**BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND (Concluded)**  
**FOR THE YEAR ENDED JUNE 30, 2017**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance With Final Budget Over (Under)</b>
	<b>Original</b>	<b>Final</b>		
Other Financing Sources:				
Cancellation of prior year encumbrances	\$ -	\$ -	\$ 19,268	\$ 19,268
Transfers in	175,000	175,000	225,000	50,000
Total other financing sources	175,000	175,000	244,268	69,268
Total revenues and other financing sources	<u>\$ 114,182,379</u>	<u>\$ 114,182,379</u>	<u>\$ 114,323,940</u>	<u>\$ 141,561</u>
				<i>Concluded</i>

*See accompanying Independent Auditor's Report.*

**TOWN OF NEWTOWN, CONNECTICUT**  
**SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES**  
**BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2017**

	<b>Budgeted Amounts</b>			<b>Variance With</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	<b>Final Budget</b>
				<b>Over (Under)</b>
<b>General Government:</b>				
Selectmen	\$ 414,268	\$ 422,712	\$ 421,168	\$ (1,544)
Selectmen - other	229,795	170,295	154,836	(15,459)
Human Resources	124,960	124,960	112,785	(12,175)
Tax Collector	359,762	364,762	355,253	(9,509)
Probate Court	7,372	7,372	5,864	(1,508)
Town Clerk	313,545	317,545	312,429	(5,116)
Registrars	149,151	151,151	142,654	(8,497)
Assessor	299,600	304,400	277,856	(26,544)
Finance	527,085	532,585	507,909	(24,676)
Technology	619,085	626,785	582,235	(44,550)
Unemployment	10,000	30,000	26,401	(3,599)
OPEB contribution	185,531	185,531	185,531	-
Professional organizations	34,744	34,744	34,744	-
Insurance	1,085,000	1,105,000	1,099,659	(5,341)
Legislative Council	47,690	47,690	47,690	-
Districts	15,000	8,000	8,000	-
Economic Development Commission	76,097	77,097	72,789	(4,308)
Grants administration	25,401	25,401	16,393	(9,008)
Sustainable Energy Commission	1,000	-	-	-
<b>Total General Government</b>	<b>4,525,086</b>	<b>4,536,030</b>	<b>4,364,196</b>	<b>(171,834)</b>
<b>Public Safety:</b>				
Building inspector	435,832	439,332	422,534	(16,798)
Communications	1,118,730	1,119,730	1,031,296	(88,434)
Police Department	6,745,138	6,751,138	6,673,545	(77,593)
Fire Department	1,328,821	1,278,821	1,220,058	(58,763)
Emergency Management / N.U.S.	58,080	60,080	55,619	(4,461)
Animal Control	166,975	167,975	166,461	(1,514)
Lake authorities	47,201	47,201	45,965	(1,236)
N.W. safety communications	10,839	10,839	10,839	-
Emergency Medical Services	270,000	270,000	270,000	-
Northwest CT Emergency Medical Services	250	250	-	(250)
<b>Total Public Safety</b>	<b>10,181,866</b>	<b>10,145,366</b>	<b>9,896,317</b>	<b>(249,049)</b>
<b>Health and Welfare:</b>				
Social services	316,168	317,168	305,831	(11,337)
Senior services	329,605	331,105	324,712	(6,393)
Outside agencies	221,174	221,174	197,578	(23,596)
Youth & Family services	302,526	302,526	300,121	(2,405)
Newtown Cultural Arts Commission	2,500	2,500	2,497	(3)
Newtown Parade Committee	1,000	1,298	1,298	-
N.W. Conservation District	1,040	1,040	1,040	-
Booth Library	1,279,189	1,279,189	1,278,997	(192)
Newtown Health District	394,988	394,988	394,987	(1)
<b>Total Health and Welfare</b>	<b>2,848,190</b>	<b>2,850,988</b>	<b>2,807,061</b>	<b>(43,927)</b>
				<i>Continued</i>

*See accompanying Independent Auditor's Report.*

**TOWN OF NEWTOWN, CONNECTICUT**  
**SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES**  
**BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND (Concluded)**  
**FOR THE YEAR ENDED JUNE 30, 2017**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance With Final Budget Over (Under)</b>
	<b>Original</b>	<b>Final</b>		
Land Use	\$ 705,308	\$ 703,364	\$ 682,416	\$ (20,948)
Public Works:				
Highway	6,957,671	6,825,621	6,726,939	(98,682)
Winter maintenance	789,141	789,141	788,243	(898)
Transfer station	1,384,221	1,391,221	1,386,475	(4,746)
Public building maintenance	761,112	751,112	736,216	(14,896)
Total Public Works	9,892,145	9,757,095	9,637,873	(119,222)
Parks and Recreation	2,414,273	2,367,273	2,340,378	(26,895)
Education	73,665,065	73,567,123	73,567,123	-
Contingency	200,000	24,452	-	(24,452)
Debt Service:				
Principal	6,991,538	6,991,538	6,906,538	(85,000)
Interest and fiscal charges	2,333,936	2,333,936	2,333,701	(235)
	9,325,474	9,325,474	9,240,239	(85,235)
Other Financing Uses:				
Transfers out:				
Edmond Town Hall Fund	129,972	129,972	129,767	(205)
Capital and Nonrecurring Fund - Town	295,000	677,300	677,300	-
Capital and Nonrecurring Fund - Non-lapsing	-	97,942	97,942	-
Total Other Financing Uses	424,972	905,214	905,009	(205)
Total Expenditures and Other Financing Uses	\$ 114,182,379	\$ 114,182,379	\$ 113,440,612	\$ (741,767)
				<i>Concluded</i>

*See accompanying Independent Auditor's Report.*

**TOWN OF NEWTOWN, CONNECTICUT**  
**SCHEDULE OF PROPERTY TAXES LEVIED, COLLECTED AND OUTSTANDING**  
**FOR THE YEAR ENDED JUNE 30, 2017**

Grand List Year	Balance Uncollected June 30, 2016	Current Levy	Lawful Corrections		Transfers To Suspense	Balance To Be Collected	Collections			Balance Uncollected June 30, 2017
			Additions	Deductions			Taxes	Interest Liens and Fees	Total	
2015	\$ -	\$ 103,252,859	\$ 357,356	\$ 598,774	\$ 164,161	\$ 102,847,280	\$ 102,196,864	\$ 284,417	\$ 102,481,281	\$ 650,416
2014	674,543	-	5,900	67,221	49,855	563,367	353,891	84,065	437,956	209,476
2013	190,760	-	1,077	36,827	9,615	145,395	(6,359)	10,929	4,570	151,754
2012	121,989	-	703	9,337	95	113,260	2,010	7,717	9,727	111,250
2011	151,880	-	-	-	-	151,880	8,333	4,434	12,767	143,547
2010	137,022	-	-	-	-	137,022	4,745	5,963	10,708	132,277
2009	125,831	-	2	2	-	125,831	4,030	4,143	8,173	121,801
2008	111,615	-	-	-	-	111,615	-	-	-	111,615
2007	105,326	-	-	-	-	105,326	-	-	-	105,326
2006	21,600	-	-	-	-	21,600	-	-	-	21,600
2005	18,887	-	-	-	-	18,887	-	-	-	18,887
2004	15,281	-	-	-	-	15,281	-	-	-	15,281
2003	14,526	-	-	-	-	14,526	49	47	96	14,477
2002	13,779	-	-	-	-	13,779	46	54	100	13,733
2001	20,788	-	-	-	-	20,788	18	27	45	20,770
	<u>\$ 1,723,827</u>	<u>\$ 103,252,859</u>	<u>\$ 365,038</u>	<u>\$ 712,161</u>	<u>\$ 223,726</u>	<u>\$ 104,405,837</u>	<u>\$ 102,563,627</u>	<u>\$ 401,796</u>	<u>\$ 102,965,423</u>	<u>\$ 1,842,210</u>

*See accompanying Independent Auditor's Report.*

**TOWN OF NEWTOWN, CONNECTICUT**  
**SCHEDULE OF DEBT LIMITATION**  
**CONNECTICUT GENERAL STATUTES, SECTION 7-374(b)**  
**FOR THE YEAR ENDED JUNE 30, 2017**

Total cash collections for the year ended  
June 30, 2017:

Town:	
Taxes	\$ 102,563,627
Interest and lien fees	401,796
Subtotal	<u>102,965,423</u>
Newtown Borough:	
Taxes	187,065
Interest and lien fees	1,228
Subtotal	<u>188,293</u>
Reimbursement for revenue loss:	
Tax relief for elderly (CGS 12-129d)	144,371
Base	<u><u>\$ 103,298,087</u></u>

	<b>General Purposes</b>	<b>Schools</b>	<b>Sewers</b>	<b>Urban Renewal</b>	<b>Pension Deficit</b>
Debt limitation:					
2-1/4 times base	\$ 232,420,696	\$ -	\$ -	\$ -	\$ -
4-1/2 times base	-	464,841,392	-	-	-
3-3/4 times base	-	-	387,367,826	-	-
3-1/4 times base	-	-	-	335,718,783	-
3 times base	-	-	-	-	309,894,261
Total debt limitation	<u>232,420,696</u>	<u>464,841,392</u>	<u>387,367,826</u>	<u>335,718,783</u>	<u>309,894,261</u>
Indebtedness:					
Bonds payable	31,438,270	35,230,030	2,431,700	-	-
Notes payable	-	-	580,170	-	-
Authorized and unissued debt	<u>6,738,252</u>	<u>2,748,658</u>	<u>2,230,000</u>	<u>-</u>	<u>-</u>
Total indebtedness	<u>38,176,522</u>	<u>37,978,688</u>	<u>5,241,870</u>	<u>-</u>	<u>-</u>
Less: school construction grants receivable	<u>-</u>	<u>265,539</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net indebtedness	<u>38,176,522</u>	<u>37,713,149</u>	<u>5,241,870</u>	<u>-</u>	<u>-</u>
Debt limitation in excess of outstanding and authorized debt	<u><u>\$ 194,244,174</u></u>	<u><u>\$ 427,128,243</u></u>	<u><u>\$ 382,125,956</u></u>	<u><u>\$ 335,718,783</u></u>	<u><u>\$ 309,894,261</u></u>
Total capacity of borrowing (7 times base)	\$ 723,086,609				
Total present indebtedness	<u>81,131,541</u>				
Margin for additional borrowing	<u><u>\$ 641,955,068</u></u>				

*See accompanying Independent Auditor's Report.*

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## **SEWER FUND**

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The Sewer Fund accounts for the operations of the sewer department.

**TOWN OF NEWTOWN, CONNECTICUT**  
**SCHEDULE OF CHANGES IN SEWER ASSESSMENT RECEIVABLES**  
**FOR THE YEAR ENDED JUNE 30, 2017**

	<b>Uncollected Assessments July 1, 2016</b>	<b>Additions</b>	<b>Deductions</b>	<b>Adjusted Assessments Collectible</b>	<b>Collections</b>	<b>Uncollected Assessments June 30, 2017</b>
Sewer assessments receivables	\$ 1,537,826	\$ -	\$ 589	\$ 1,537,237	\$ 833,691	\$ 703,546
Homestead receivables	26,181	-	-	26,181	26,181	-
Bungalow Terrace receivables	14,803	-	-	14,803	2,557	12,246
Elderly receivables	22,150	15	-	22,165	2,397	19,768
Reed Intermediate School/Grace Church receivables	95,309	-	-	95,309	92,805	2,504
Rose & Church Hill receivables	4,610	-	-	4,610	3,190	1,420
Rose & Church Hill receivables	-	3,907,564	-	3,907,564	-	3,907,564
	<u>\$ 1,700,879</u>	<u>\$ 3,907,579</u>	<u>\$ 589</u>	<u>\$ 5,607,869</u>	<u>\$ 960,821</u>	<u>4,647,048</u>
					Bonded interest	117,646
					Penalty, interest and liens	148,785
					Septic loans	15,231
					Gross receivable	4,928,710
					Less: allowance for uncollectible accounts	108,000
					Net receivable	<u>\$ 4,820,710</u>

*See accompanying Independent Auditor's Report*

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## NONMAJOR GOVERNMENTAL FUNDS

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### SPECIAL REVENUE FUNDS

Special revenue funds are used to account for the proceeds of specific revenue sources that are designated or legally restricted to expenditures for specific purposes. The nature and purpose of each special revenue fund is as follows:

**Dog License Fund** – 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 Gift 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 Fund** – To account for the operation of the public school lunch program. Funding is provided from the sale of food, Federal and State grant and USDA donated commodities.

**Education Grants Fund** – To account for funds received from the state and Federal governments, private grants and other contributions for education grants.

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

**Septage Management Ordinance Fund** – 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 to Newtown.

**Fairfield Hills Authority Fund** – 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 if the Fairfield Hills Authority.

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

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## NONMAJOR GOVERNMENTAL FUNDS *(Continued)*

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### SPECIAL REVENUE FUNDS *(Continued)*

**Recovery and Resiliency Plan Fund** – 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 Fund** – To account for funds received from the Federal government to provide a sub-recipient grant to the Children’s Adventure Center and food for the Daycare program.

**Miscellaneous Grants Fund** – To account for various reimbursement grants.

**Small Cities Program Fund** – 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 Fund** – To account for the operations of Eichler’s Cove Marina on Lake Zoar.

**Historic Documents Fund** – 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 Section 7-34a(d); and an additional dollar fee to be retained by the Town clerk in accordance with State Statute Section 7-34a(e).

**Cultural Arts Fund** – To account for cultural arts program fees collected. These fees pay for the cultural arts program 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 designed public purposes.

### DEBT SERVICE FUND

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 FUND

**Capital and Nonrecurring Fund** – To account for funds set aside for future capital purchases and improvements.

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## NONMAJOR GOVERNMENTAL FUNDS *(Continued)*

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### PERMANENT FUNDS

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

**Hawley School Trust Fund** – To account for the investment of funds left in trusts by Mary E. Hawley for the care and maintenance of Hawley School.

**Edmond Town Hall Endowment Fund** – To account of the investment of funds left in trust by Mary E. Hawley for the care and maintenance of the 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 - BY FUND TYPE**  
**JUNE 30, 2017**

		<b>Capital Projects Fund</b>			
	<b>Special Revenue Funds</b>	<b>Capital and Nonrecurring Fund</b>	<b>Debt Service Fund</b>	<b>Permanent Funds</b>	<b>Total Nonmajor Governmental Funds</b>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 1,139,399	\$ 233,241	\$ -	\$ 68,346	\$ 1,440,986
Investments	197,468	-	-	2,593,814	2,791,282
Receivables:					
Grants and contracts	281,314	-	-	-	281,314
Loans	230,053	-	-	-	230,053
Other	469,240	-	-	-	469,240
Due from other funds	1,732,268	845,717	255,805	34,443	2,868,233
Other	40,896	-	-	-	40,896
Total assets	<u>\$ 4,090,638</u>	<u>\$ 1,078,958</u>	<u>\$ 255,805</u>	<u>\$ 2,696,603</u>	<u>\$ 8,122,004</u>
<b>LIABILITIES</b>					
Accounts payable	\$ 523,959	\$ 67,916	\$ -	\$ -	\$ 591,875
Accrued payroll	152,189	-	-	-	152,189
Due to other funds	205,108	-	-	11,592	216,700
Unearned revenue	319,440	-	-	-	319,440
Total liabilities	<u>1,200,696</u>	<u>67,916</u>	<u>-</u>	<u>11,592</u>	<u>1,280,204</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue	<u>230,053</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>230,053</u>
<b>FUND BALANCES</b>					
Nonspendable	40,896	-	-	610,000	650,896
Restricted	1,357,337	-	-	2,075,011	3,432,348
Committed	1,268,174	1,011,042	255,805	-	2,535,021
Unassigned	(6,518)	-	-	-	(6,518)
Total fund balances	<u>2,659,889</u>	<u>1,011,042</u>	<u>255,805</u>	<u>2,685,011</u>	<u>6,611,747</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 4,090,638</u>	<u>\$ 1,078,958</u>	<u>\$ 255,805</u>	<u>\$ 2,696,603</u>	<u>\$ 8,122,004</u>

*See accompanying Independent Auditor's Report*

**TOWN OF NEWTOWN, CONNECTICUT**  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS - BY FUND TYPE  
FOR THE YEAR ENDED JUNE 30, 2017

	Special Revenue Funds	Capital Projects Fund Capital and Nonrecurring Fund	Debt Service Fund	Permanent Funds	Total Nonmajor Governmental Funds
<b>REVENUES</b>					
Intergovernmental	\$ 3,872,809	\$ -	\$ -	\$ -	\$ 3,872,809
Charges for services	4,581,245	148,994	-	-	4,730,239
Investment income	36,611	803	-	194,537	231,951
Other	671,591	16,991	70,699	-	759,281
Total revenues	<u>9,162,256</u>	<u>166,788</u>	<u>70,699</u>	<u>194,537</u>	<u>9,594,280</u>
<b>EXPENDITURES</b>					
Current:					
General government	1,410,336	-	-	43,752	1,454,088
Public safety	773,076	-	-	53,408	826,484
Health and welfare	91,450	-	-	-	91,450
Parks and recreation	851,807	-	-	-	851,807
Education	6,160,229	-	-	31,841	6,192,070
Debt service:					
Interest and fiscal charges	-	-	53,075	-	53,075
Capital outlays	-	1,285,334	-	-	1,285,334
Total expenditures	<u>9,286,898</u>	<u>1,285,334</u>	<u>53,075</u>	<u>129,001</u>	<u>10,754,308</u>
Excess (deficiency) of revenues over expenditures	(124,642)	(1,118,546)	17,624	65,536	(1,160,028)
<b>OTHER FINANCING SOURCES (USES)</b>					
Issuance of debt	-	450,000	-	-	450,000
Premium on issuance of debt	-	-	152,968	-	152,968
Transfers in	129,767	775,242	-	-	905,009
Transfers out	(225,000)	-	-	-	(225,000)
Total other financing sources (uses)	<u>(95,233)</u>	<u>1,225,242</u>	<u>152,968</u>	<u>-</u>	<u>1,282,977</u>
Net change in fund balances	(219,875)	106,696	170,592	65,536	122,949
Fund balances - beginning	<u>2,879,764</u>	<u>904,346</u>	<u>85,213</u>	<u>2,619,475</u>	<u>6,488,798</u>
Fund balances - ending	<u>\$ 2,659,889</u>	<u>\$ 1,011,042</u>	<u>\$ 255,805</u>	<u>\$ 2,685,011</u>	<u>\$ 6,611,747</u>

*See accompanying Independent Auditor's Report.*

**TOWN OF NEWTOWN, CONNECTICUT**  
**COMBINING BALANCE SHEET**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**JUNE 30, 2017**

	<b>Dog License Fund</b>	<b>Blight Fund</b>	<b>Police Private Duty Fund</b>	<b>Town Gifts Fund</b>	<b>School Lunch Program Fund</b>	<b>Education Grants Fund</b>
<b>ASSETS</b>						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 3,293	\$ 309,447	\$ 260,331
Investments	-	-	-	-	-	-
Receivables:						
Grants and contracts	-	-	-	-	25,333	58,872
Loans	-	-	-	-	-	-
Other	3,907	-	277,685	468	1,147	166,748
Due from other funds	8,030	-	-	266,388	-	158,110
Other	-	-	-	-	40,896	-
Total assets	<u>\$ 11,937</u>	<u>\$ -</u>	<u>\$ 277,685</u>	<u>\$ 270,149</u>	<u>\$ 376,823</u>	<u>\$ 644,061</u>
<b>LIABILITIES</b>						
Accounts payable	\$ 11,840	\$ 56	\$ -	\$ 3,194	\$ 92,134	\$ 100,249
Accrued payroll	-	-	-	-	1,675	150,514
Due to other funds	-	6,462	197,967	-	1	-
Unearned revenue	-	-	-	-	56,235	44,204
Total liabilities	<u>11,840</u>	<u>6,518</u>	<u>197,967</u>	<u>3,194</u>	<u>150,045</u>	<u>294,967</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unavailable revenue	-	-	-	-	-	-
<b>FUND BALANCES</b>						
Nonspendable	-	-	-	-	40,896	-
Restricted	-	-	-	266,955	185,882	349,094
Committed	97	-	79,718	-	-	-
Unassigned	-	(6,518)	-	-	-	-
Total fund balances	<u>97</u>	<u>(6,518)</u>	<u>79,718</u>	<u>266,955</u>	<u>226,778</u>	<u>349,094</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 11,937</u>	<u>\$ -</u>	<u>\$ 277,685</u>	<u>\$ 270,149</u>	<u>\$ 376,823</u>	<u>\$ 644,061</u>

*Continued*

*See accompanying Independent Auditor's Report.*

**TOWN OF NEWTOWN, CONNECTICUT**  
**COMBINING BALANCE SHEET**  
**NONMAJOR SPECIAL REVENUE FUNDS (Continued)**  
**JUNE 30, 2017**

	<b>Law Enforcement Fund</b>	<b>Septage Management Ordinance Fund</b>	<b>Fairfield Hills Authority Fund</b>	<b>School Custodial Fund</b>	<b>Adult Education Fund</b>
<b>ASSETS</b>					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 76,446	\$ 97,665
Investments	-	71,526	-	-	-
Receivables:					
Grants and contracts	2,500	-	-	-	-
Loans	-	-	-	-	-
Other	-	-	8,750	802	-
Due from other funds	144,750	40,775	137,179	-	-
Other	-	-	-	-	-
Total assets	<u>\$ 147,250</u>	<u>\$ 112,301</u>	<u>\$ 145,929</u>	<u>\$ 77,248</u>	<u>\$ 97,665</u>
<b>LIABILITIES</b>					
Accounts payable	\$ -	\$ -	\$ 759	\$ -	\$ -
Accrued payroll	-	-	-	-	-
Due to other funds	-	-	-	-	678
Unearned revenue	-	-	-	501	-
Total liabilities	<u>-</u>	<u>-</u>	<u>759</u>	<u>501</u>	<u>678</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>					
Nonspendable	-	-	-	-	-
Restricted	147,250	-	-	-	-
Committed	-	112,301	145,170	76,747	96,987
Unassigned	-	-	-	-	-
Total fund balances	<u>147,250</u>	<u>112,301</u>	<u>145,170</u>	<u>76,747</u>	<u>96,987</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 147,250</u>	<u>\$ 112,301</u>	<u>\$ 145,929</u>	<u>\$ 77,248</u>	<u>\$ 97,665</u>

*Continued*

*See accompanying Independent Auditor's Report.*

**TOWN OF NEWTOWN, CONNECTICUT**  
**COMBINING BALANCE SHEET**  
**NONMAJOR SPECIAL REVENUE FUNDS (Continued)**  
**JUNE 30, 2017**

	<b>Edmond Town Hall Fund</b>	<b>Sandy Hook Operation Recovery Fund</b>	<b>Town Recreation Fund</b>	<b>Miscellaneous Grants Fund</b>	<b>Small Cities Program Fund</b>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 274,298	\$ -	\$ 31,382	\$ -	\$ 31,638
Investments	4,027	-	-	-	-
Receivables:					
Grants and contracts	-	-	-	194,609	-
Loans	-	-	-	-	230,053
Other	9,442	-	-	-	-
Due from other funds	-	-	263,576	36,702	-
Other	-	-	-	-	-
Total assets	<u>\$ 287,767</u>	<u>\$ -</u>	<u>\$ 294,958</u>	<u>\$ 231,311</u>	<u>\$ 261,691</u>
<b>LIABILITIES</b>					
Accounts payable	\$ 73,718	\$ -	\$ 94,061	\$ 132,428	\$ -
Accrued payroll	-	-	-	-	-
Due to other funds	-	-	-	-	-
Unearned revenue	9,775	-	109,842	98,883	-
Total liabilities	<u>83,493</u>	<u>-</u>	<u>203,903</u>	<u>231,311</u>	<u>-</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue	-	-	-	-	230,053
<b>FUND BALANCES</b>					
Nonspendable	-	-	-	-	-
Restricted	-	-	-	-	31,638
Committed	204,274	-	91,055	-	-
Unassigned	-	-	-	-	-
Total fund balances	<u>204,274</u>	<u>-</u>	<u>91,055</u>	<u>-</u>	<u>31,638</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 287,767</u>	<u>\$ -</u>	<u>\$ 294,958</u>	<u>\$ 231,311</u>	<u>\$ 261,691</u>

*Continued*

*See accompanying Independent Auditor's Report.*

**TOWN OF NEWTOWN, CONNECTICUT**  
**COMBINING BALANCE SHEET**  
**NONMAJOR SPECIAL REVENUE FUNDS (Concluded)**  
**JUNE 30, 2017**

	<b>Cemetery Fund</b>	<b>Eichler's Cove Marina Fund</b>	<b>Historic Documents Fund</b>	<b>Cultural Arts Fund</b>	<b>Sandy Hook Special Revenue Fund</b>	<b>Total Nonmajor Special Revenue Funds</b>
<b>ASSETS</b>						
Cash and cash equivalents	\$ -	\$ 3,442	\$ -	\$ 51,457	\$ -	\$ 1,139,399
Investments	-	-	-	121,915	-	197,468
Receivables:						
Grants and contracts	-	-	-	-	-	281,314
Loans	-	-	-	-	-	230,053
Other	-	-	266	-	25	469,240
Due from other funds	6,333	468,729	36,073	17,090	148,533	1,732,268
Other	-	-	-	-	-	40,896
Total assets	<u>\$ 6,333</u>	<u>\$ 472,171</u>	<u>\$ 36,339</u>	<u>\$ 190,462</u>	<u>\$ 148,558</u>	<u>\$ 4,090,638</u>
<b>LIABILITIES</b>						
Accounts payable	\$ -	\$ 10,346	\$ -	\$ -	\$ 5,174	\$ 523,959
Accrued payroll	-	-	-	-	-	152,189
Due to other funds	-	-	-	-	-	205,108
Unearned revenue	-	-	-	-	-	319,440
Total liabilities	<u>-</u>	<u>10,346</u>	<u>-</u>	<u>-</u>	<u>5,174</u>	<u>1,200,696</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unavailable revenue	-	-	-	-	-	230,053
<b>FUND BALANCES</b>						
Nonspendable	-	-	-	-	-	40,896
Restricted	6,333	-	36,339	190,462	143,384	1,357,337
Committed	-	461,825	-	-	-	1,268,174
Unassigned	-	-	-	-	-	(6,518)
Total fund balances	<u>6,333</u>	<u>461,825</u>	<u>36,339</u>	<u>190,462</u>	<u>143,384</u>	<u>2,659,889</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 6,333</u>	<u>\$ 472,171</u>	<u>\$ 36,339</u>	<u>\$ 190,462</u>	<u>\$ 148,558</u>	<u>\$ 4,090,638</u>
						<i>Concluded</i>

*See accompanying Independent Auditor's Report.*

**TOWN OF NEWTOWN, CONNECTICUT**  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2017

	<b>Dog License Fund</b>	<b>Blight Fund</b>	<b>Police Private Duty Fund</b>	<b>Town Gifts Fund</b>	<b>School Lunch Program Fund</b>	<b>Education Grants Fund</b>
<b>REVENUES</b>						
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ 218,596	\$ 2,979,414
Charges for services	7,945	-	911,124	-	1,692,275	313,876
Investment income	-	-	-	-	-	-
Other	6,785	-	-	119,592	100	480,822
Total revenues	<u>14,730</u>	<u>-</u>	<u>911,124</u>	<u>119,592</u>	<u>1,910,971</u>	<u>3,774,112</u>
<b>EXPENDITURES</b>						
Current:						
General government	-	-	-	10,767	-	-
Public safety	28,246	-	632,665	24,310	-	-
Health and welfare	-	6,518	-	6,230	-	-
Parks and recreation	-	-	-	34,670	-	-
Education	-	-	-	-	1,890,932	3,986,312
Total expenditures	<u>28,246</u>	<u>6,518</u>	<u>632,665</u>	<u>75,977</u>	<u>1,890,932</u>	<u>3,986,312</u>
Excess (deficiency) of revenues over expenditures	(13,516)	(6,518)	278,459	43,615	20,039	(212,200)
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	(225,000)	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(225,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(13,516)	(6,518)	53,459	43,615	20,039	(212,200)
Fund balances - beginning	<u>13,613</u>	<u>-</u>	<u>26,259</u>	<u>223,340</u>	<u>206,739</u>	<u>561,294</u>
Fund balances - ending	<u>\$ 97</u>	<u>\$ (6,518)</u>	<u>\$ 79,718</u>	<u>\$ 266,955</u>	<u>\$ 226,778</u>	<u>\$ 349,094</u>

*Continued*

*See accompanying Independent Auditor's Report.*

**TOWN OF NEWTOWN, CONNECTICUT**  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS *(Continued)*  
FOR THE YEAR ENDED JUNE 30, 2017

	Law Enforcement Fund	Septage Management Ordinance Fund	Fairfield Hills Authority Fund	School Custodial Fund	Adult Education Fund
<b>REVENUES</b>					
Intergovernmental	\$ 89,615	\$ -	\$ -	\$ -	\$ -
Charges for services	-	5,100	15,596	60	184,884
Investment income	-	179	-	-	-
Other	-	-	1,349	-	-
Total revenues	<u>89,615</u>	<u>5,279</u>	<u>16,945</u>	<u>60</u>	<u>184,884</u>
<b>EXPENDITURES</b>					
Current:					
General government	-	-	41,993	-	-
Public safety	40,504	-	-	-	-
Health and welfare	-	830	-	-	-
Parks and recreation	-	-	-	-	-
Education	-	-	-	2,776	175,959
Total expenditures	<u>40,504</u>	<u>830</u>	<u>41,993</u>	<u>2,776</u>	<u>175,959</u>
Excess (deficiency) of revenues over expenditures	49,111	4,449	(25,048)	(2,716)	8,925
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	49,111	4,449	(25,048)	(2,716)	8,925
Fund balances - beginning	<u>98,139</u>	<u>107,852</u>	<u>170,218</u>	<u>79,463</u>	<u>88,062</u>
Fund balances - ending	<u>\$ 147,250</u>	<u>\$ 112,301</u>	<u>\$ 145,170</u>	<u>\$ 76,747</u>	<u>\$ 96,987</u>

*Continued*

*See accompanying Independent Auditor's Report.*

**TOWN OF NEWTOWN, CONNECTICUT**  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS *(Continued)*  
FOR THE YEAR ENDED JUNE 30, 2017

	Edmond Town Hall Fund	Sandy Hook Operation Recovery Fund	Town Recreation Fund	Miscellaneous Grants Fund	Small Cities Program Fund
<b>REVENUES</b>					
Intergovernmental	\$ -	\$ -	\$ -	\$ 580,184	\$ -
Charges for services	547,340	-	728,058	-	19,360
Investment income	34,880	-	-	-	-
Other	17,497	-	-	-	-
Total revenues	<u>599,717</u>	<u>-</u>	<u>728,058</u>	<u>580,184</u>	<u>19,360</u>
<b>EXPENDITURES</b>					
Current:					
General government	725,203	-	-	608,689	-
Public safety	-	-	-	47,351	-
Health and welfare	-	-	17,792	2,100	-
Parks and recreation	-	-	706,446	-	-
Education	-	104,250	-	-	-
Total expenditures	<u>725,203</u>	<u>104,250</u>	<u>724,238</u>	<u>658,140</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	(125,486)	(104,250)	3,820	(77,956)	19,360
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	129,767	-	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	<u>129,767</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	4,281	(104,250)	3,820	(77,956)	19,360
Fund balances - beginning	<u>199,993</u>	<u>104,250</u>	<u>87,235</u>	<u>77,956</u>	<u>12,278</u>
Fund balances - ending	<u>\$ 204,274</u>	<u>\$ -</u>	<u>\$ 91,055</u>	<u>\$ -</u>	<u>\$ 31,638</u>

*Continued*

*See accompanying Independent Auditor's Report.*

**TOWN OF NEWTOWN, CONNECTICUT**  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS *(Concluded)*  
FOR THE YEAR ENDED JUNE 30, 2017

	Cemetery Fund	Eichler's Cove Marina Fund	Historic Documents Fund	Cultural Arts Fund	Sandy Hook Special Revenue Fund	Total Nonmajor Special Revenue Funds
<b>REVENUES</b>						
Intergovernmental	\$ -	\$ -	\$ 5,000	\$ -	\$ -	\$ 3,872,809
Charges for services	-	137,000	12,977	5,650	-	4,581,245
Investment income	-	-	-	1,552	-	36,611
Other	-	200	-	45,246	-	671,591
Total revenues	-	137,200	17,977	52,448	-	9,162,256
<b>EXPENDITURES</b>						
Current:						
General government	3,120	-	6,630	-	13,934	1,410,336
Public safety	-	-	-	-	-	773,076
Health and welfare	-	-	-	57,980	-	91,450
Parks and recreation	-	110,691	-	-	-	851,807
Education	-	-	-	-	-	6,160,229
Total expenditures	3,120	110,691	6,630	57,980	13,934	9,286,898
Excess (deficiency) of revenues over expenditures	(3,120)	26,509	11,347	(5,532)	(13,934)	(124,642)
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	-	-	-	-	-	129,767
Transfers out	-	-	-	-	-	(225,000)
Total other financing sources (uses)	-	-	-	-	-	(95,233)
Net change in fund balances	(3,120)	26,509	11,347	(5,532)	(13,934)	(219,875)
Fund balances - beginning	9,453	435,316	24,992	195,994	157,318	2,879,764
Fund balances - ending	\$ 6,333	\$ 461,825	\$ 36,339	\$ 190,462	\$ 143,384	\$ 2,659,889

*Concluded*

*See accompanying Independent Auditor's Report.*

**TOWN OF NEWTOWN, CONNECTICUT**  
**COMBINING BALANCE SHEET**  
**NONMAJOR PERMANENT FUNDS**  
**JUNE 30, 2017**

	<b>Hawley School Trust Fund</b>	<b>Edmond Town Hall Endowment Fund</b>	<b>Newtown Flagpole Fund</b>	<b>The V.G. Hair and Frances E. Hair Fund</b>	<b>Total Nonmajor Permanent Funds</b>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 15,523	\$ 35,495	\$ -	\$ 17,328	\$ 68,346
Investments	375,287	1,009,990	12,265	1,196,272	2,593,814
Due from other funds	30,331	-	4,112	-	34,443
Total assets	<u>\$ 421,141</u>	<u>\$ 1,045,485</u>	<u>\$ 16,377</u>	<u>\$ 1,213,600</u>	<u>\$ 2,696,603</u>
<b>LIABILITIES</b>					
Due to other funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,592</u>	<u>\$ 11,592</u>
<b>FUND BALANCES</b>					
Nonspendable	350,000	250,000	10,000	-	610,000
Restricted	71,141	795,485	6,377	1,202,008	2,075,011
Total fund balances	<u>421,141</u>	<u>1,045,485</u>	<u>16,377</u>	<u>1,202,008</u>	<u>2,685,011</u>
Total liabilities and fund balances	<u>\$ 421,141</u>	<u>\$ 1,045,485</u>	<u>\$ 16,377</u>	<u>\$ 1,213,600</u>	<u>\$ 2,696,603</u>

*See accompanying Independent Auditor's Report.*

**TOWN OF NEWTOWN, CONNECTICUT**  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR PERMANENT FUNDS  
 JUNE 30, 2017

	<b>Hawley School Trust Fund</b>	<b>Edmond Town Hall Endowment Fund</b>	<b>Newtown Flagpole Fund</b>	<b>The V.G. Hair and Frances E. Hair Fund</b>	<b>Total Nonmajor Permanent Funds</b>
<b>REVENUES</b>					
Investment income	\$ 43,893	\$ 150,344	\$ 61	\$ 239	\$ 194,537
Total revenues	<u>43,893</u>	<u>150,344</u>	<u>61</u>	<u>239</u>	<u>194,537</u>
<b>EXPENDITURES</b>					
Current:					
General government	-	43,752	-	-	43,752
Public safety	-	-	-	53,408	53,408
Education	<u>31,841</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>31,841</u>
Total expenditures	<u>31,841</u>	<u>43,752</u>	<u>-</u>	<u>53,408</u>	<u>129,001</u>
Net change in fund balances	12,052	106,592	61	(53,169)	65,536
Fund balances - beginning	<u>409,089</u>	<u>938,893</u>	<u>16,316</u>	<u>1,255,177</u>	<u>2,619,475</u>
Fund balances - ending	<u>\$ 421,141</u>	<u>\$ 1,045,485</u>	<u>\$ 16,377</u>	<u>\$ 1,202,008</u>	<u>\$ 2,685,011</u>

*See accompanying Independent Auditor's Report.*

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## FIDUCIARY FUNDS

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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 benefits 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 FUNDS**

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 Fund** – To account for employee medical savings account.

**Student Activities Fund** – To account for expenditures for educational extracurricular activities at the various schools. Financing is provided by individual fundraising projects.

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

**Performance Bonds Fund** – 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, 2017**

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	<b>Flexible Spending Fund</b>	<b>Student Activities Fund</b>	<b>Police Benevolent Fund</b>	<b>Performance Bonds Fund</b>	<b>Total</b>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 20,692	\$ 400,464	\$ 34	\$ 384,514	\$ 805,704
Investments	-	191,921	-	-	191,921
Total assets	<u>\$ 20,692</u>	<u>\$ 592,385</u>	<u>\$ 34</u>	<u>\$ 384,514</u>	<u>\$ 997,625</u>
<b>LIABILITIES</b>					
Due to others	<u>\$ 20,692</u>	<u>\$ 592,385</u>	<u>\$ 34</u>	<u>\$ 384,514</u>	<u>\$ 997,625</u>

*See accompanying Independent Auditor's Report.*

**TOWN OF NEWTOWN, CONNECTICUT**  
**COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES**  
**AGENCY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2017**

	<b>Balance, July 1, 2016</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance, June 30, 2017</b>
<b>ASSETS</b>				
Cash and cash equivalents:				
Flexible Spending Fund	\$ 13,821	\$ 129,182	\$ 122,311	\$ 20,692
Student Activities Fund	441,444	1,174,328	1,215,308	400,464
Police Benevolent Fund	199	200	365	34
Performance Bonds Fund	477,214	56,900	149,600	384,514
Total cash and cash equivalents	932,678	1,360,610	1,487,584	805,704
Investments:				
Student Activities Fund	191,116	805	-	191,921
Total assets	<u>\$ 1,123,794</u>	<u>\$ 1,361,415</u>	<u>\$ 1,487,584</u>	<u>\$ 997,625</u>
<b>LIABILITIES</b>				
Due to others:				
Flexible Spending Fund	\$ 13,821	\$ 129,182	\$ 122,311	\$ 20,692
Student Activities Fund	632,560	1,175,133	1,215,308	592,385
Police Benevolent Fund	199	200	365	34
Performance Bonds Fund	477,214	56,900	149,600	384,514
Total liabilities	<u>\$ 1,123,794</u>	<u>\$ 1,361,415</u>	<u>\$ 1,487,584</u>	<u>\$ 997,625</u>

*See accompanying Independent Auditor's Report.*

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## STATISTICAL SECTION

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The objectives of statistical section information are to provide financial statement users with additional historical perspective, context and detail to assist in using the information in the financial statements, notes to financial statements and required supplementary information to understand and assess economic condition.

### 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):**

These schedules contain 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 presented 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 FISCAL YEARS**  
*(Accrual Basis of Accounting - Unaudited)*

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Governmental activities</b>										
Net investment in capital assets	\$ 122,076,076	\$ 128,178,467	\$ 131,727,748	\$ 149,602,482	\$ 160,006,067	\$ 164,022,205	\$ 172,186,652	\$ 191,092,069	\$ 219,568,514	\$ 229,166,050
Restricted for grants and other purposes	1,592,069	1,294,042	1,879,936	1,998,685	1,805,744	3,891,876	5,421,702	4,920,388	4,291,228	13,348,919
Unrestricted	24,236,011	23,157,731	25,713,592	22,463,889	17,480,920	16,922,074	9,914,472	15,857,578	21,104,881	5,817,977
Total governmental activities net position	<u>\$ 147,904,156</u>	<u>\$ 152,630,240</u>	<u>\$ 159,321,276</u>	<u>\$ 174,065,056</u>	<u>\$ 179,292,731</u>	<u>\$ 184,836,155</u>	<u>\$ 187,522,826</u>	<u>\$ 211,870,035</u>	<u>\$ 244,964,623</u>	<u>\$ 248,332,946</u>
<b>Business-type activities</b>										
Invested in capital assets, net of related debt	\$ 22,477,029	\$ 22,821,892	\$ 23,064,329	\$ 23,323,592	\$ 24,084,436	\$ 24,629,094	\$ 23,031,532	\$ 24,500,880	\$ 26,005,257	\$ 28,379,407
Unrestricted	11,322,568	10,130,575	9,332,516	8,783,633	7,641,205	6,731,333	7,733,196	5,327,679	3,028,503	4,435,154
Total business-type activities net assets	<u>\$ 33,799,597</u>	<u>\$ 32,952,467</u>	<u>\$ 32,396,845</u>	<u>\$ 32,107,225</u>	<u>\$ 31,725,641</u>	<u>\$ 31,360,427</u>	<u>\$ 30,764,728</u>	<u>\$ 29,828,559</u>	<u>\$ 29,033,760</u>	<u>\$ 32,814,561</u>
<b>Primary government</b>										
Net investment in capital assets	\$ 144,553,105	\$ 151,000,359	\$ 154,792,077	\$ 172,926,074	\$ 184,090,503	\$ 188,651,299	\$ 195,218,184	\$ 215,592,949	\$ 245,573,771	\$ 257,545,457
Restricted	1,592,069	1,294,042	1,879,936	1,998,685	1,805,744	3,891,876	5,421,702	4,920,388	4,291,228	13,348,919
Unrestricted	35,558,579	33,288,306	35,046,108	31,247,522	25,122,125	23,653,407	17,647,668	21,185,257	24,133,384	10,253,131
Total primary government net position	<u>\$ 181,703,753</u>	<u>\$ 185,582,707</u>	<u>\$ 191,718,121</u>	<u>\$ 206,172,281</u>	<u>\$ 211,018,372</u>	<u>\$ 216,196,582</u>	<u>\$ 218,287,554</u>	<u>\$ 241,698,594</u>	<u>\$ 273,998,383</u>	<u>\$ 281,147,507</u>

Table 2-1

**TOWN OF NEWTOWN, CONNECTICUT**  
**CHANGES NET POSITION**  
**LAST TEN FISCAL YEARS**  
*(Accrual Basis of Accounting - Unaudited)*

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Expenses</b>										
Governmental activities:										
General government	\$ 5,296,173	\$ 4,535,058	\$ 8,759,441	\$ 4,521,804	\$ 5,572,507	\$ 5,525,271	\$ 6,002,205	\$ 6,487,392	\$ 6,748,506	\$ 7,385,317
Public safety	8,079,988	9,148,279	6,867,872	9,253,214	9,859,389	9,986,240	10,603,300	11,028,701	11,763,967	13,341,455
Health and welfare	2,760,009	3,358,845	2,938,714	2,156,351	3,108,569	2,541,813	2,789,566	3,197,189	3,141,088	2,938,553
Land use	655,200	703,662	541,473	569,264	557,698	588,147	723,512	666,559	753,241	631,791
Public works	8,814,436	11,867,112	8,173,705	9,793,777	11,621,141	9,873,453	10,416,008	9,630,398	10,403,732	11,321,488
Parks and recreation	2,682,141	3,262,414	2,639,930	3,819,873	3,400,294	3,251,097	3,122,807	3,625,294	3,748,633	3,807,405
Education	86,738,412	76,184,988	76,662,504	78,287,539	82,229,207	83,295,987	90,475,882	90,038,453	89,774,822	90,644,415
Interest expense	2,904,944	1,161,850	14,752,827	2,781,527	3,294,660	2,530,417	2,350,574	2,534,616	2,226,691	1,606,362
Total governmental activities expenses	117,931,303	110,222,208	121,336,466	111,183,349	119,643,465	117,592,425	126,483,854	127,208,602	128,560,680	131,676,786
Business-type activities:										
Sewer	1,588,118	1,568,227	1,592,894	1,558,578	1,655,992	1,621,751	1,575,726	1,696,442	1,696,780	1,643,747
Water	361,601	381,374	407,914	334,988	287,707	308,571	359,157	479,700	511,594	524,881
Total Business-type activities expenses	1,949,719	1,949,601	2,000,808	1,893,566	1,943,699	1,930,322	1,934,883	2,176,142	2,208,374	2,168,628
Total Expenses	119,881,022	112,171,809	123,337,274	113,076,915	121,587,164	119,522,747	128,418,737	129,384,744	130,769,054	133,845,414
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
General government	1,026,564	681,694	620,329	694,793	681,250	657,318	661,787	764,436	811,598	2,087,378
Public safety	291,420	526,245	403,673	382,426	1,014,724	496,807	398,294	607,587	843,555	919,069
Health and welfare	77,387	10,200	36,056	46,909	26,004	18,660	55,400	2,515	10,404	8,230
Land use	130,955	110,052	68,850	50,654	55,489	67,810	42,717	81,168	56,628	49,737
Public works	906,124	840,643	795,857	1,020,424	1,072,364	936,145	1,184,725	1,079,601	1,151,513	703,365
Parks and recreation	1,473,699	1,561,347	1,496,451	1,436,769	1,418,411	1,314,279	1,627,318	1,489,006	1,450,819	1,128,552
Education	1,984,582	1,927,823	1,979,875	2,249,986	2,180,993	2,136,233	2,185,632	2,274,004	2,369,659	2,384,561
Operating grants and contributions	24,721,120	13,470,536	15,620,226	15,216,921	16,619,958	18,865,291	22,660,148	19,919,812	19,384,116	18,758,945
Capital grants and contributions	4,072,712	1,731,908	4,738,631	8,706,301	3,497,555	1,699,664	4,827,049	21,188,401	30,852,252	2,664,970
Total governmental activities program revenues	34,684,563	20,860,448	25,759,948	29,805,183	26,566,748	26,192,207	33,643,070	47,406,530	56,930,544	28,704,807
Business-type activities:										
Sewer	1,125,055	905,105	1,021,112	1,206,743	1,158,657	1,182,768	976,159	875,006	1,027,189	5,650,537
Water	183,833	261,294	324,178	332,772	351,139	335,215	319,567	323,481	346,945	261,575
Total business-type activities program revenues	1,308,888	1,166,399	1,345,290	1,539,515	1,509,796	1,517,983	1,295,726	1,198,487	1,374,134	5,912,112
Total Program Revenues	35,993,451	22,026,847	27,105,238	31,344,698	28,076,544	27,710,190	34,938,796	48,605,017	58,304,678	34,616,919
<b>Net Expenses</b>										
Governmental activities	(83,246,740)	(89,361,760)	(95,576,518)	(81,378,166)	(93,076,717)	(91,400,218)	(92,840,784)	(79,802,072)	(71,630,136)	(102,971,979)
Business-type activities	(640,831)	(783,202)	(655,518)	(354,051)	(433,903)	(412,339)	(639,157)	(977,655)	(834,240)	3,743,484
Total net expenses	(83,887,571)	(90,144,962)	(96,232,036)	(81,732,217)	(93,510,620)	(91,812,557)	(93,479,941)	(80,779,727)	(72,464,376)	(99,228,495)

Table 2-2

**TOWN OF NEWTOWN, CONNECTICUT**  
**CHANGES NET POSITION**  
**LAST TEN FISCAL YEARS**  
*(Accrual Basis of Accounting - Unaudited)*

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>General Revenues and Other Changes In Net Position</b>										
Governmental activities:										
Property taxes	\$ 85,534,874	\$ 90,243,025	\$ 90,659,137	\$ 93,206,605	\$ 95,287,752	\$ 96,220,137	\$ 100,629,359	\$ 100,926,929	\$ 101,373,044	\$ 103,477,136
Grants and contributions not restricted	2,616,265	2,756,030	2,045,042	2,168,350	2,576,596	2,602,165	2,685,543	2,962,325	2,770,496	2,382,347
Contributions to permanent funds	-	-	-	-	-	1,387,342	-	-	-	-
Investment income	1,830,513	552,252	574,735	592,766	224,944	293,593	370,978	210,013	360,637	480,819
Gain on sale of assets	-	-	-	-	90,000	-	-	-	-	-
Other	162,553	452,570	105,381	154,225	125,100	161,772	136,925	50,014	220,547	-
Total governmental activities	90,144,205	94,003,877	93,384,295	96,121,946	98,304,392	100,665,009	103,822,805	104,149,281	104,724,724	106,340,302
Business-type activities:										
Sewer	76,746	20,039	99,896	64,431	52,319	47,125	43,458	41,486	39,441	37,317
Total Business-type activities	76,746	20,039	99,896	64,431	52,319	47,125	43,458	41,486	39,441	37,317
Total general revenues	90,220,951	94,023,916	93,484,191	96,186,377	98,356,711	100,712,134	103,866,263	104,190,767	104,764,165	106,377,619
<b>Change in Net Position Before Extraordinary Item</b>										
Governmental activities	6,897,465	4,642,117	(2,192,223)	14,743,780	5,227,675	9,264,791	10,982,021	24,347,209	33,094,588	3,368,323
Business-type activities	(564,085)	(763,163)	(555,622)	(289,620)	(381,584)	(365,214)	(595,699)	(936,169)	(794,799)	3,780,801
	6,333,380	3,878,954	(2,747,845)	14,454,160	4,846,091	8,899,577	10,386,322	23,411,040	32,299,789	7,149,124
Extraordinary Item - Asset Impairment	-	-	-	-	-	(3,721,367)	-	-	-	-
<b>Change in Net Position</b>										
Governmental activities	6,897,465	4,642,117	(2,192,223)	14,743,780	5,227,675	5,543,424	10,982,021	24,347,209	33,094,588	3,368,323
Business-type activities	(564,085)	(763,163)	(555,622)	(289,620)	(381,584)	(365,214)	(595,699)	(936,169)	(794,799)	3,780,801
Total change in net position	\$ 6,333,380	\$ 3,878,954	\$ (2,747,845)	\$ 14,454,160	\$ 4,846,091	\$ 5,178,210	\$ 10,386,322	\$ 23,411,040	\$ 32,299,789	\$ 7,149,124

Table 3

**TOWN OF NEWTOWN, CONNECTICUT**  
**FUND BALANCES, GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**  
*(Modified Accrual Basis of Accounting - Unaudited)*

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>General Fund:</b>										
Assigned	\$ 4,960,888	\$ 3,634,009	\$ 2,354,552	\$ 760,701	\$ 810,891	\$ 1,416,183	\$ 958,996	\$ 698,388	\$ 868,010	\$ 963,885
Unassigned	7,821,198	7,636,522	6,903,051	7,408,816	8,379,750	9,390,049	10,242,495	10,608,535	11,444,280	12,301,299
Total General Fund	12,782,086	11,270,531	9,257,603	8,169,517	9,190,641	10,806,232	11,201,491	11,306,923	12,312,290	13,265,184
<b>All Other Governmental Funds:</b>										
Nonspendable	650,602	650,602	650,602	650,602	610,000	610,000	610,000	610,000	610,000	650,896
Restricted	941,467	643,380	1,229,334	1,348,083	1,195,744	3,281,876	4,811,702	4,310,388	3,681,228	10,422,614
Committed	914,966	1,029,196	1,253,867	2,518,747	2,889,512	2,761,894	3,293,443	1,728,989	8,075,178	2,535,021
Assigned	83,915	722,709	301,517	51,350	152,761	182,284	382,280	65,891	85,213	-
Unassigned	11,492,610	3,447,725	(10,737,527)	(5,236,911)	(53,605)	(1,036,866)	-	(526,469)	-	(1,715,482)
Total All Other Governmental Funds	14,083,560	6,493,612	(7,302,207)	(668,129)	4,794,412	5,799,188	9,097,425	6,188,799	12,451,619	11,893,049
Total All Governmental Funds	<u>\$ 26,865,646</u>	<u>\$ 17,764,143</u>	<u>\$ 1,955,396</u>	<u>\$ 7,501,388</u>	<u>\$ 13,985,053</u>	<u>\$ 16,605,420</u>	<u>\$ 20,298,916</u>	<u>\$ 17,495,722</u>	<u>\$ 24,763,909</u>	<u>\$ 25,158,233</u>

Table 4

**TOWN OF NEWTOWN, CONNECTICUT**  
**CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**  
*(Modified Accrual Basis of Accounting - Unaudited)*

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Revenues</b>										
Property taxes	\$ 85,409,590	\$ 90,141,582	\$ 90,659,137	\$ 92,855,249	\$ 94,848,822	\$ 96,477,212	\$ 100,427,517	\$ 101,013,572	\$ 101,236,267	\$ 103,098,824
Intergovernmental	29,595,041	18,723,660	21,368,025	26,729,907	20,996,562	21,047,684	29,675,603	34,292,844	53,276,588	23,123,936
Charges for services	5,815,344	5,647,804	5,401,091	5,864,154	6,476,781	5,642,737	6,140,973	6,302,145	6,687,682	6,958,039
Investment income	1,827,253	552,241	574,735	588,831	219,078	285,354	365,616	202,778	352,580	480,819
Contributions	138,571	229,043	158,204	225,177	504,502	3,430,866	1,076,879	783,631	263,880	6,097,601
Other	162,553	452,570	105,381	154,225	125,100	161,772	136,925	50,014	220,547	-
Total revenues	122,948,352	115,746,900	118,266,573	126,417,543	123,170,845	127,045,625	137,823,513	142,644,984	162,037,544	139,759,219
<b>Expenditures</b>										
General government	7,829,719	7,431,955	8,384,510	8,467,595	4,924,957	4,980,373	5,471,010	6,308,275	6,137,799	5,794,214
Fairfield Hills	587,100	531,952	374,931	305,477	149,582	55,211	56,888	27,640	27,785	-
Public safety	6,284,149	6,651,104	6,867,872	6,804,072	9,313,761	9,619,031	9,878,324	10,403,207	10,411,943	10,640,650
Health and welfare	2,692,470	3,316,602	2,938,714	2,133,572	3,094,137	2,519,088	2,765,177	3,182,633	3,090,033	2,898,511
Land use	528,719	562,379	541,473	465,629	570,199	579,059	720,127	673,894	674,599	680,106
Public works	7,459,859	9,459,569	8,173,705	8,676,968	10,433,422	9,453,990	10,060,991	10,076,262	9,733,804	9,667,449
Parks and recreation	2,608,137	2,561,335	2,639,930	3,105,935	2,949,884	3,073,435	2,897,444	2,997,591	2,893,326	3,183,257
Education	84,625,841	74,467,636	76,662,504	78,889,774	80,220,967	82,288,773	88,921,365	87,257,274	86,970,790	88,091,733
Debt service:										
Principal	6,707,913	6,367,885	6,367,885	7,119,958	6,745,760	7,387,177	7,581,211	7,581,211	7,846,937	6,974,847
Interest	2,905,792	2,875,515	8,384,942	2,731,592	2,863,256	2,672,401	2,577,717	3,266,877	2,490,558	2,453,419
Capital outlays	11,244,600	20,113,831	27,410,677	16,043,474	7,842,117	2,480,606	7,756,118	14,053,371	37,091,149	13,941,677
Total expenditures	133,474,299	134,339,763	148,747,143	134,744,046	129,108,042	125,109,144	138,686,372	145,828,235	167,368,723	144,325,863
Excess of revenues over (under) expenditures	(10,525,947)	(18,592,863)	(30,480,570)	(8,326,503)	(5,937,197)	1,936,481	(862,859)	(3,183,251)	(5,331,179)	(4,566,644)
<b>Other Financing Sources (Uses)</b>										
Issuance of debt	12,970,000	8,885,000	14,230,000	14,020,000	11,800,000	-	4,012,000	-	12,000,000	4,808,000
Issuance of refunding bonds	-	9,285,000	13,320,000	8,910,000	15,047,300	-	-	17,620,000	2,295,000	-
Capital lease financing	-	400,000	-	-	-	-	-	179,866	-	-
Premiums on debt	-	306,418	1,611,914	1,048,566	1,655,587	-	60,997	2,592,690	731,617	152,968
Payment to refunded escrow	-	(9,469,025)	(14,490,091)	(10,106,071)	(16,172,025)	-	-	(20,012,499)	(2,427,251)	-
Sale of assets	69,478	-	-	-	90,000	-	-	-	-	-
Transfers in	4,948,915	2,314,742	575,633	663,737	787,684	574,285	969,830	1,049,293	861,427	1,130,009
Transfers out	(4,948,915)	(2,230,775)	(575,633)	(666,737)	(787,684)	(574,285)	(969,830)	(1,049,293)	(861,427)	(1,130,009)
Insurance proceeds	-	-	-	-	-	683,886	483,358	-	-	-
Total other financing sources (uses)	13,039,478	9,491,360	14,671,823	13,869,495	12,420,862	683,886	4,556,355	380,057	12,599,366	4,960,968
Net change in fund balances	\$ 2,513,531	\$ (9,101,503)	\$ (15,808,747)	\$ 5,542,992	\$ 6,483,665	\$ 2,620,367	\$ 3,693,496	\$ (2,803,194)	\$ 7,268,187	\$ 394,324
Debt service as a percentage of noncapital expenditures	8%	8%	10%	9%	8%	8%	8%	8%	8%	8%

Table 5

**TOWN OF NEWTOWN, CONNECTICUT**  
**ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY**  
**LAST TEN FISCAL YEARS**  
*(Unaudited)*

Fiscal Year Ended June 30,	Real Estate	Personal Property		Totals		(3) Total Direct Tax Rate	Assessed Value as a Percentage of Actual Value
	(1) Assessed Value	(1) Motor Vehicle Assessed Value	(1) Personal Property Assessed Value	Assessed Value	(2) Estimated Value		
2008	\$ 2,749,091,490	\$ 218,235,621	\$ 98,741,420	\$ 3,066,068,531	\$ 4,380,097,901	28.95	70.00%
2009	3,629,805,735	220,978,180	98,735,860	3,949,519,775	5,642,171,107	23.81	70.00%
2010	3,626,812,720	217,368,592	106,011,275	3,950,192,587	5,643,132,267	24.01	70.00%
2011	3,624,426,799	207,771,612	110,561,554	3,942,759,965	5,632,514,236	24.61	70.00%
2012	3,633,553,446	215,781,712	108,306,358	3,957,641,516	5,653,773,594	24.98	70.00%
2013	3,648,196,507	227,546,256	108,087,739	3,983,830,502	5,691,186,431	25.15	70.00%
2014	2,707,112,590	225,073,540	105,001,262	3,037,187,392	4,338,839,131	34.21	70.00%
2015	2,717,924,953	229,453,000	105,519,888	3,052,897,841	4,361,282,630	34.16	70.00%
2016	2,743,010,486	236,403,001	134,621,196	3,114,034,683	4,448,620,976	33.93	70.00%
2017	2,748,022,668	234,824,465	100,984,365	3,083,831,498	4,405,473,569	34.46	70.00%

- (1) Assessed value taken from the Board of Assessment Appeals corrected abstracts for the respective year.  
(2) By State law, property is assessed at 70% of actual value with periodic revaluation of real property.  
(3) From Table 6.

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 Mill Rate	Borough Mill Rate	Total Mill Rate
2008	2006	28.10	0.85	28.95
2009	2007	23.20	0.61	23.81
2010	2008	23.43	0.58	24.01
2011	2009	24.00	0.61	24.61
2012	2010	24.37	0.61	24.98
2013	2011	24.54	0.61	25.15
2014	2012	33.32	0.89	34.21
2015	2013	33.31	0.85	34.16
2016	2014	33.07	0.86	33.93
2017	2015	33.60	0.86	34.46

**Source:** Data provided by Town of Newton and Borough Tax Collectors

Table 7

**TOWN OF NEWTOWN, CONNECTICUT**  
**PRINCIPAL PROPERTY TAX PAYERS**  
**CURRENT YEAR AND NINE YEARS AGO**  
*(Unaudited)*

Taxpayer	2017				2008			
			(1)				(2)	
	Taxable Assessed Value	Rank	Percentage of Total Town Taxable Assessed Grand List		Taxable Assessed Value	Rank	Percentage of Total Town Taxable Assessed Grand List	
EverSource	\$ 35,994,310	1	1.16%		\$ 19,020,190	1	0.63%	
E&A/I&G Sandhill Plaza LTD Partnership	15,155,000	2	0.49%		14,384,370	2	0.48%	
Newtown Shopping Village Limited	10,141,950	3	0.33%					
Iroquois Gas Transmission System	8,509,500	4	0.27%		8,215,160	5	0.27%	
Newtown ALF Property LLC	7,700,820	5	0.25%					
42 Taunton Hill Road LLC	6,771,753	6	0.22%					
M Newtown Assoc LTD Partnership	6,666,180	7	0.21%					
Newtown Savings Bank	6,381,520	8	0.20%					
ACAR Leasing LTD	5,987,264	9	0.19%					
Barnabas Realty Group General Partnership	5,869,610	10	0.19%					
	\$ 109,177,907		3.51%		\$ 41,619,720		1.38%	

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

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

**Source:** Town Assessor Department

\$ 3,114,034,683

\$ 3,011,468,062

Table 8

**TOWN OF NEWTOWN, CONNECTICUT**  
**PROPERTY TAX LEVIES AND COLLECTIONS**  
**LAST TEN FISCAL YEARS**  
*(Unaudited)*

Fiscal Year Ended June 30,	(1) Mill Rate	Total Adjusted Levy	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date		Current Delinquent Balance
			Amount	Percentage of Levy		Amount	Percentage of Levy	
2008	28.10	\$ 84,992,465	\$ 84,184,987	99.0%	\$ 785,878	\$ 84,970,865	100.0%	\$ 21,600
2009	23.20	89,761,007	88,934,425	99.1%	721,256	89,655,681	99.9%	105,326
2010	23.43	90,216,520	89,465,838	99.2%	639,067	90,104,905	99.9%	111,615
2011	24.00	92,798,590	91,928,638	99.1%	690,121	92,618,759	99.8%	121,801
2012	24.37	94,762,206	93,813,987	99.0%	811,197	94,625,184	99.9%	132,277
2013	24.54	96,019,710	95,073,707	99.0%	794,123	95,867,830	99.8%	143,547
2014	33.32	99,925,361	99,196,280	99.3%	607,092	99,803,372	99.9%	111,250
2015	33.31	100,736,217	99,928,950	99.2%	616,507	100,545,457	99.8%	151,754
2016	33.07	100,822,157	100,147,614	99.3%	-	100,147,614	99.3%	209,476
2017	33.60	102,847,280	102,196,864	99.4%	-	102,196,864	99.4%	650,416

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

**Source:** Town financial statements.

Table 9

**TOWN OF NEWTOWN, CONNECTICUT**  
**RATIOS OF OUTSTANDING DEBT BY TYPE**  
**LAST TEN FISCAL YEARS**  
*(Unaudited)*

Fiscal Year	Governmental Activities						Business-Type Activities			Total Primary Government	Percentage of Personal Income (1)	Debt Per Capita (2)
	General Obligation Bonds	Unamortized Premium	Clean Water Notes	Drinking Water Note	Improvement Note	Capital Leases	General Obligation Bonds	Unamortized Premium	Clean Water Notes			
2008	\$ 66,336,600	\$ 543,641	\$ 2,549,346	\$ 152,719	\$ 2,722,000	\$ -	\$ 528,400	\$ 9,577	\$ 8,252,187	\$ 81,094,470	8.01%	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	8.21%	3,101
2010	72,068,800	1,989,589	2,029,879	138,233	-	290,265	436,200	-	6,611,048	83,564,014	8.27%	3,125
2011	78,664,000	2,764,148	1,762,220	130,734	-	237,944	391,000	-	5,765,553	89,715,599	8.60%	3,250
2012	83,482,300	4,148,873	1,489,134	123,060	-	182,902	327,700	7,398	4,903,085	94,664,452	8.72%	3,387
2013	76,381,600	3,758,373	1,210,511	115,206	-	124,998	268,400	6,869	4,023,113	85,889,070	7.26%	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	6.42%	3,029
2015	64,221,900	3,230,825	636,202	98,940	-	99,866	2,488,100	41,747	2,209,527	73,027,107	5.35%	2,598
2016	68,594,300	3,414,557	340,285	90,520	-	49,933	2,285,900	39,327	1,275,188	76,090,010	5.57%	2,715
2017	66,668,300	2,801,131	176,372	81,903	-	39,078	2,431,700	36,907	321,895	72,557,286	5.31%	2,590

(1) See Table 5 for taxable property value data.

(2) See Table 13 for population data.

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

Table 10

**TOWN OF NEWTOWN, CONNECTICUT**  
**RATIOS OF GENERAL DEBT OUTSTANDING**  
**LAST TEN FISCAL YEARS**  
*(Unaudited)*

Fiscal Year	GENERAL DEBT OUTSTANDING					Notes	Total Primary Government	Percentage of Personal Income (1)	Debt Per Capita (2)
	Governmental Activities		Business-Type Activities						
	General	Unamortized Premium	General	Unamortized Premium					
	Obligation Bonds		Obligation Bonds						
2008	\$ 66,336,600	\$ 543,641	\$ 528,400	\$ 9,577	\$ 5,271,346	\$ 72,689,564	7.18%	2,713	
2009	65,770,640	806,259	482,000	8,779	7,343,219	74,410,897	7.45%	2,814	
2010	72,068,800	1,989,589	436,200	-	2,320,144	76,814,733	7.60%	2,873	
2011	78,664,000	2,764,148	391,000	-	1,762,220	83,581,368	8.01%	3,028	
2012	83,482,300	4,148,873	327,700	7,398	1,612,194	89,578,465	8.25%	3,205	
2013	76,381,600	3,758,373	268,400	6,869	1,325,717	81,740,959	6.91%	2,966	
2014	73,104,700	3,428,872	2,690,300	44,167	1,033,406	80,301,445	6.17%	2,914	
2015	64,221,900	3,230,825	2,488,100	41,747	735,142	70,717,714	5.18%	2,515	
2016	68,594,300	3,414,557	2,285,900	39,327	430,805	74,764,889	5.47%	2,668	
2017	66,668,300	2,801,131	2,431,700	36,907	258,275	72,196,313	5.29%	2,577	

(1) See Table 5 for taxable property value data.

(2) See Table 13 for population data.

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

Table 11

**TOWN OF NEWTOWN, CONNECTICUT**  
**SCHEDULE OF DEBT LIMITATION**  
**CONNECTICUT GENERAL STATUTES, SECTION 7-374(b)**  
**FOR THE YEAR ENDED JUNE 30, 2017**  
*(Unaudited)*

Total cash collections for the year ended  
June 30, 2017:

Town:	
Taxes	\$ 102,563,627
Interest and lien fees	401,796
Subtotal	102,965,423
Newtown Borough:	
Taxes	187,065
Interest and lien fees	1,228
Subtotal	188,293
Reimbursement for revenue loss:	
Tax relief for elderly (CGS 12-129d)	144,371
Base	<u>\$ 103,298,087</u>

	<b>General Purposes</b>	<b>Schools</b>	<b>Sewers</b>	<b>Urban Renewal</b>	<b>Pension Deficit</b>
Debt limitation:					
2-1/4 times base	\$ 232,420,696	\$ -	\$ -	\$ -	\$ -
4-1/2 times base	-	464,841,392	-	-	-
3-3/4 times base	-	-	387,367,826	-	-
3-1/4 times base	-	-	-	335,718,783	-
3 times base	-	-	-	-	309,894,261
Total debt limitation	<u>232,420,696</u>	<u>464,841,392</u>	<u>387,367,826</u>	<u>335,718,783</u>	<u>309,894,261</u>
Indebtedness:					
Bonds payable	31,438,270	35,230,030	2,431,700	-	-
Bond anticipation notes payable	-	-	-	-	-
Notes payable	-	-	580,170	-	-
Authorized but unissued bonds	<u>6,738,252</u>	<u>2,748,658</u>	<u>2,230,000</u>	<u>-</u>	<u>-</u>
Total indebtedness	<u>38,176,522</u>	<u>37,978,688</u>	<u>5,241,870</u>	<u>-</u>	<u>-</u>
Less: School construction grants receivable	<u>-</u>	<u>265,539</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net indebtedness	<u>38,176,522</u>	<u>37,713,149</u>	<u>5,241,870</u>	<u>-</u>	<u>-</u>
Debt limitation in excess of outstanding and authorized debt	<u>\$ 194,244,174</u>	<u>\$ 427,128,243</u>	<u>\$ 382,125,956</u>	<u>\$ 335,718,783</u>	<u>\$ 309,894,261</u>
Total capacity of borrowing (7 times base)	\$ 723,086,609				
Total present indebtedness	<u>81,131,541</u>				
Margin for additional borrowing	<u>\$ 641,955,068</u>				

Table 12

**TOWN OF NEWTOWN, CONNECTICUT**  
**LEGAL DEBT MARGIN INFORMATION**  
**LAST TEN FISCAL YEARS**  
*(Unaudited)*

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Debt limit	\$ 1,430,495,510	\$ 1,509,951,699	\$ 1,515,556,298	\$ 650,703,801	\$ 663,291,993
Total net debt applicable to limit	<u>60,935,764</u>	<u>64,664,689</u>	<u>88,231,088</u>	<u>86,047,927</u>	<u>81,074,943</u>
Legal Debt Margin	<u>\$ 1,369,559,746</u>	<u>\$ 1,445,287,010</u>	<u>\$ 1,427,325,210</u>	<u>\$ 564,655,874</u>	<u>\$ 582,217,050</u>
Total net debt applicable to the limit as a percentage of debt limit	<u>4.26%</u>	<u>4.28%</u>	<u>5.82%</u>	<u>13.22%</u>	<u>12.22%</u>
	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Debt limit	\$ 674,434,558	\$ 706,209,245	\$ 706,964,622	\$ 710,145,842	\$ 723,086,609
Total net debt applicable to limit	<u>74,516,848</u>	<u>71,751,326</u>	<u>63,374,699</u>	<u>68,249,369</u>	<u>81,131,541</u>
Legal Debt Margin	<u>\$ 599,917,710</u>	<u>\$ 634,457,919</u>	<u>\$ 643,589,923</u>	<u>\$ 641,896,473</u>	<u>\$ 641,955,068</u>
Total net debt applicable to the limit as a percentage of debt limit	<u>11.05%</u>	<u>10.16%</u>	<u>8.96%</u>	<u>9.61%</u>	<u>11.22%</u>

**Note:** There is no overlapping debt for the Town of Newton.

Table 13

**TOWN OF NEWTOWN, CONNECTICUT**  
**DEMOGRAPHIC STATISTICS**  
**LAST TEN FISCAL YEARS**  
*(Unaudited)*

<b>Fiscal Year</b>	<b>(1) Population</b>	<b>Personal Income</b>	<b>(2) Per Capita Personal Income</b>	<b>(2) Median Age</b>	<b>(4) Education Level in Years of Schooling</b>	<b>(3) School Enrollment</b>	<b>(2) Unemployment Rate</b>
2008	26,790	\$ 1,012,286,940	\$ 37,786	40	n/a	5,628	4.9%
2009	26,441	999,099,626	37,786	38	n/a	5,580	5.4%
2010	26,737	1,010,284,282	37,786	38	n/a	5,490	6.6%
2011	27,605	1,042,999,715	37,783	40	n/a	5,451	6.9%
2012	27,953	1,086,113,815	38,855	39	n/a	5,298	6.5%
2013	27,560	1,182,820,080	42,918	39	n/a	5,126	6.6%
2014	27,560	1,301,410,760	47,221	39	94.3%	4,880	6.5%
2015	28,113	1,365,054,828	48,556	44	95.4%	4,747	4.6%
2016	28,022	1,365,792,280	48,740	44	94.0%	4,564	4.8%
2017	28,012	1,365,416,928	48,744	44	95.4%	4,470	4.4%

- (1) State of Connecticut Department of Public Health  
(2) State of Connecticut, Labor Department, Office of Research and Statistics  
(3) State of Connecticut Department of Education  
(4) Percentage based on receipt of High School diploma

Table 14

**TOWN OF NEWTOWN, CONNECTICUT**  
**PRINCIPAL EMPLOYERS**  
**CURRENT YEAR AND NINE YEARS AGO**  
*(Unaudited)*

<u>Employer</u>	<u>2017</u>			<u>2008</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Town Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Town Employment</u>
Town of Newtown BOE	779	1	5.7%	860	1	10.0%
Masonicare of Newtown	275	2	2.0%	253	6	2.9%
State of CT Dept. of Corrections	260	3	1.9%	320	3	3.7%
Charter Communications	200	4	1.5%	228	7	2.6%
Hubbell Wiring Devices	180	5	1.3%	281	4	3.3%
Town of Newtown	166	6	1.2%	174	9	2.0%
Taunton Press	145	7	1.1%	275	5	3.2%
Big Y	140	8	1.0%	150	10	1.7%
Caraluzzi's Market	140	9	1.0%			
Newtown Savings Bank	125	10	0.9%			
Curtis Packaging				185	8	2.1%
Total	<u>2,410</u>		<u>17.5%</u>	<u>2,726</u>		<u>31.6%</u>
Total Employees	<u>13,749</u>			<u>8,627</u>		

Table 15

**TOWN OF NEWTOWN, CONNECTICUT**  
**FULL-TIME EMPLOYEES BY FUNCTION/PROGRAM**  
**LAST TEN FISCAL YEARS**  
*(Unaudited)*

<u>FUNCTION / PROGRAM</u>	<u>FULL-TIME EMPLOYEES AS OF JUNE 30</u>									
	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
<u>General Government:</u>										
Selectmen	4	3	3	3	3	3	3	3	3	3
Finance	5	5	5	5	5	5	5	5	5	4
Parks and recreation	16	16	16	16	17	17	17	17	17	16
Town clerk	4	4	4	4	4	4	4	4	4	4
Senior center	3	3	3	3	3	3	3	2	2	2
Registrars	2	2	2	2	2	2	2	2	2	2
Tax collector	5	5	5	5	5	4	4	4	4	4
Tax assessor	4	4	4	4	3	4	4	3	3	4
Technology										4
Social services	2	2	2	2	2	2	2	2	2	4
<u>Police:</u>										
Officers	46	47	47	47	46	45	45	45	45	45
Civilians	5	5	5	5	4	4	4	4	4	4
Canine control	2	2	2	2	2	2	2	2	3	3
<u>Fire:</u>										
Fire Marshall	3	3	3	3	3	3	3	3	3	3
<u>Public Works:</u>										
Engineering	2	2	2	2	2	2	2	2	2	2
Highway	40	44	39	40	37	37	38	37	38	40
Landfill	3	3	3	3	3	3	3	3	3	3
Building	6	7	6	6	5	5	5	5	5	5
<u>Land Use</u>	5	6	5	6	6	6	6	6	8	9
<u>Emergency Communications</u>	11	11	11	11	10	10	10	10	10	9
<u>Education</u>	744	743	737	730	717	751	759	786	779	793
Total	<u>912</u>	<u>917</u>	<u>904</u>	<u>899</u>	<u>879</u>	<u>912</u>	<u>921</u>	<u>945</u>	<u>942</u>	<u>963</u>

Sources: Town Budget

Table 16-1

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

<b>FUNCTION / PROGRAM</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
<b>Governmental Activities:</b>										
<u>Public Safety:</u>										
Volunteer Fire:										
No. of incidents	1,313	1,258	1,245	1,353	1,757	1,271	1,073	1,718	1,629	1,696
No. of rescue/medical calls	216	235	184	164	54	33	98	33	147	141
Police:										
No. of calls	19,177	20,285	21,208	19,848	25,515	22,540	24,701	26,796	17,082	24,561
No. of 911 calls	7,084	6,413	6,704	7,417	8,080	6,983	7,078	7,098	7,587	6,399
No. of formal investigations	3,187	3,080	3,119	2,873	2,536	2,259	2,202	2,077	1,678	1,630
<u>Town Clerk:</u>										
No. of documents recorded	6,041	5,507	5,056	6,328	6,732	6,521	5,562	6,276	5,015	5,193
<u>Health and Welfare:</u>										
No. of food service facilities inspections	99	103	121	115	129	129	114	108	127	125
No. of new homes built	23	9	n/a	n/a	n/a	n/a	18	19	18	23
No. of soil tests	n/a	n/a	113	91	123	94	164	111	121	126
No. of new septic permits	n/a	n/a	16	14	31	17	12	19	25	26
No. of septic repairs	n/a	n/a	84	58	79	74	83	83	97	98
No. of well permits	n/a	n/a	33	48	49	48	49	53	60	81
<u>Land Use:</u>										
No. of subdivisions approved	10	3	-	2	1	3	3	2	-	1.0
No. of commercial applications approved	12	10	7	4	1	4	4	5	4	2
<u>Building:</u>										
No. of residential permits issued	1,510	1,277	1,286	1,316	1,832	1,698	1,816	1,744	1,836	1,203
No. of commercial permits issued	214	194	221	194	202	215	215	275	136	196
<u>Public Works:</u>										
Streets:										
Accepted Town roads (miles)	237	238	238	245	256	256	256	256	256	256
Private roads	16	16	16	18	19	19	19	19	19	19
Roads under construction	n/a	n/a	n/a	n/a	1	1	1	1	1	1
Sidewalks	3	3	3	3	3	3	3	3	3	3

n/a - information is not available

Sources: Various Town Departments

Table 16-2

**TOWN OF NEWTOWN, CONNECTICUT**  
**OPERATING INDICATORS BY FUNCTION/PROGRAM (CONTINUED)**  
 LAST TEN FISCAL YEARS  
*(Unaudited)*

<b>FUNCTION / PROGRAM</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
<b>Governmental Activities:</b>										
<u>Education:</u>										
Enrollment:										
High School Grades 9-12	1,719	1,704	1,730	1,729	1,744	1,764	1,716	1,738	1,681	1,684
Middle School Grades 7-8	930	929	896	897	871	893	857	833	812	750
Intermediate School Grades 5-6	948	964	861	983	878	819	788	731	701	659
Elementary School Grades Pre-K-4	2,031	1,983	1,915	1,840	1,805	1,650	1,519	1,445	1,370	1,354
<b>Business-type Activities:</b>										
<u>Water Fund:</u>										
Water mains (miles)	6	6	6	6	6	6	6	6	6	6
Fire hydrants	47	47	47	47	47	47	47	47	47	47
Storage capacity (thousand of gallons)	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
<u>Sewer Fund:</u>										
Sewer mains (miles)	24	24	24	24	24	24	24	24	24	25
Treatment capacity (thousands of gallons)	932	932	932	932	932	932	932	932	932	332

n/a - information is not available

**Sources:** Various Town Departments

Table 17

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

<b>FUNCTION / PROGRAM</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
<b>Governmental Activities:</b>										
<u><b>Parks and Recreation:</b></u>										
Acreage (includes all open space)	1,866	2,100	2,100	2,100	2,100	2,100	2,102	2,103	2,103	2,108
Playgrounds	13	11	11	11	10	10	10	10	10	10
Baseball fields	15	14	14	14	14	13	13	13	13	13
Softball fields	8	9	9	9	9	9	9	9	9	10
Multi-purpose fields	20	20	20	20	20	20	20	20	20	20
Senior center	1	1	1	1	1	1	1	1	1	1
Skate park	-	-	-	-	1	1	1	1	1	1
Dog park	-	-	-	-	-	-	1	1	1	1
<u><b>Public Safety:</b></u>										
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
Patrol officers	33	32	32	32	31	30	31	30	30	30
<u><b>Public Works:</b></u>										
Highway Department:										
Streets (miles)	255	256	256	263	276	276	276	276	276	276
Sidewalks (miles)	3	3	3	3	3	3	3	3	3	3
<u><b>Transfer Station:</b></u>										
Stations	1	1	1	1	1	1	1	1	1	1
<u><b>Education:</b></u>										
High Schools	1	1	1	1	1	1	1	1	1	1
Middle Schools	1	1	1	1	1	1	1	1	1	1
Intermediate Schools	1	1	1	1	1	1	1	1	1	1
Elementary Schools	4	4	4	4	4	4	4	4	4	4
<b>Business-type Activities:</b>										
<u><b>Water Fund:</b></u>										
Water mains (miles)	6	6	6	6	6	6	6	6	6	6
Fire hydrants	47	47	47	47	47	47	47	47	47	47
Storage capacity (thousand of gallons)	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
<u><b>Sewer Fund:</b></u>										
Sewer mains (miles)	24	24	24	24	24	24	24	24	24	25
Treatment capacity (thousands of gallons)	932	932	932	932	932	932	932	932	932	932

**Sources:** Various Town Departments