

**TOWN OF NEWTOWN,
CONNECTICUT**



**Comprehensive Annual
Financial Report**

**For The Year Ended
June 30, 2018**

TOWN OF NEWTOWN, CONNECTICUT



Comprehensive Annual Financial Report

**For The Year Ended
June 30, 2018**

Prepared by:

Finance Department

Robert G. Tait, Finance Director

TOWN OF NEWTOWN, CONNECTICUT
COMPREHENSIVE ANNUAL FINANCIAL REPORT
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

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INTRODUCTORY SECTION



TOWN OF NEWTOWN

OFFICE OF THE FINANCE DIRECTOR

December 21, 2018

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, 2018. The report includes the independent auditor's report as required by Town Charter Chapter 7, Section 7-05 (c) 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.

MahoneySabol, 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, 2018, 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, 2018, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

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

Profile of the Town of Newtown

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

The Town operates under a Charter adopted in 1961 and most recently revised in 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, Exhibit L (II) A in the Notes to Financial Statements describes the budget process used by the Town.

Factors Affecting Financial Condition

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

The Town's economic base is supported by a diverse 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 2018, 13 new housing permits were issued compared to 23 issued in fiscal year 2017. In fiscal year 2018, 8 new building commercial permits were issued compared to 4 issued in fiscal year 2017. Commercial permits were issued at a value of \$27,815,459 for fiscal year 2018 compared to a value of \$10,614,106 for fiscal year 2017.

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 4.0% in fiscal year 2017. The unemployment rate for the labor force in fiscal year 2018 has decreased to 3.4% (per Connecticut Department of Labor data by town).

Property taxes, which account for approximately 91 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 \$52,754 and median household income of \$115,137 (per the U.S. Census Bureau, 2013-17 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 \$7.3 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

\$1,000,000 was approved for bonding for roads in the current capital improvement plan to help hasten the improvement of local roads. This was in addition to the \$1,750,000 budgeted for roads in the general fund.

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 2018-19 to 2022-23 approved by the Legislative Council on January 17, 2018 and amended on August 29, 2018:

TOWN OF NEWTOWN - CAPITAL IMPROVEMENT PLAN - 2018-19 TO 2022-23				
2018 - 2019 (YEAR ONE)		Proposed Funding		
	Dept.	Adopted Amount	Bonding	Other Financing
BOARD OF SELECTMEN				
Capital Road Program	PW	3,500,000	1,500,000	2,000,000
Sandy Hook Permanent Memorial	SH MEM	250,000	250,000	
Library Renovations / replacements / upgrades	LIB	300,000	300,000	
NEW POLICE FACILITY - REAL ESTATE ACQUISITION/DESIGN/CONSTRUCTION	POLICE	4,000,000	4,000,000	
Brownfields remediation/re-purposing-7/28A Glen rd/open space	LAND USE	650,000	650,000	
Eichlers Cove Improvements Phase (2 of 2)	P & R	400,000	-0-	400,000
BOARD OF EDUCATION				
Middle Gate - Roof Replacement (1964 & 1992 sections)	BOE	1,685,400	1,685,400	
TOTALS		10,785,400	8,385,400	2,400,000
2019 - 2020 (YEAR TWO)		Proposed Funding		
	Dept.	Adopted Amount	Bonding	Other Financing
BOARD OF SELECTMEN				
Capital Road Program	PW	2,250,000		2,250,000
Bridge Replacement Program	PW	400,000	400,000	
NEW POLICE FACILITY - REAL ESTATE ACQUISITION/DESIGN/CONSTRUCTION	POLICE	6,800,000	6,800,000	
Tilson Artificial Turf Replacement	P & R	500,000		500,000
Dickinson Pavilion Replacement	P & R	450,000	450,000	
Edmond Town Hall Exterior Renovations	ETH	268,000	268,000	
Library Renovations / replacements / upgrades	LIB	350,000	350,000	
BOARD OF EDUCATION				
Hawley - Replace Boiler & Lighting Energy Project	BOE	1,814,720	1,814,720	
High School - Main Boiler Replacements	BOE	954,000	954,000	
TOTALS		13,786,720	11,036,720	2,750,000
2020 - 2021 (YEAR THREE)		Proposed Funding		
	Dept.	Adopted Amount	Bonding	Other Financing
BOARD OF SELECTMEN				
Capital Road Program	PW	2,500,000		2,500,000
Bridge Replacement Program	PW	400,000	400,000	
NEW POLICE FACILITY - REAL ESTATE ACQUISITION/DESIGN/CONSTRUCTION	POLICE	4,000,000	4,000,000	
Radio System Upgrade and Console	ECC	1,775,000	1,775,000	
Library Renovations / replacements / upgrades	LIB	350,000	350,000	
BOARD OF EDUCATION				
Hawley - Ventilation and HVAC Renovations	BOE	4,719,120	4,719,120	
TOTALS		13,744,120	11,244,120	2,500,000

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2021 - 2022 (YEAR FOUR)			Proposed Funding	
		Adopted		Other
<u>BOARD OF SELECTMEN</u>	<u>Dept.</u>	<u>Amount</u>	<u>Bonding</u>	<u>Financing</u>
Capital Road Program	PW	2,750,000		2,750,000
Bridge Replacement Program	PW	400,000	400,000	
FFH Building Remediation / Demolition	FFH	2,000,000	2,000,000	
Fairfield Hills Pickle Ball Courts	P & R	250,000	250,000	
Edmond Town Hall Gym Air Conditioning	ETH	252,000	252,000	
Library Renovations / replacements / upgrades	LIB	300,000	300,000	
<u>BOARD OF EDUCATION</u>				
High School - Replace/Restore Stadium Turf Field	BOE	1,060,000	1,060,000	
Middle School - Ventilation, HVAC, AC (partial) - Phase II	BOE	3,093,300	3,093,300	
TOTALS		10,105,300	7,355,300	2,750,000
2022 - 2023 (YEAR FIVE)			Proposed Funding	
		Adopted		Other
<u>BOARD OF SELECTMEN</u>	<u>Dept.</u>	<u>Amount</u>	<u>Bonding</u>	<u>Financing</u>
Capital Road Program	PW	3,000,000		3,000,000
Bridge Replacement Program	PW	400,000	400,000	
FFH Building Remediation / Demolition	FFH	2,000,000	2,000,000	
P & R Maintenance Yard Improvements	P & R	670,000	670,000	
Edmond Town Hall Parking Lot Improvements	ETH	450,000	450,000	
Library Renovations / replacements / upgrades	LIB	250,000	250,000	
<u>BOARD OF EDUCATION</u>				
Reed - Install High Efficiency Gas Boilers & LED Lighting	BOE	2,000,000	2,000,000	
TOTALS		8,770,000	5,770,000	3,000,000
GRAND TOTALS		57,191,540	43,791,540	13,400,000

Economic and Community Development

The Newtown Economic and Community Development Department 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 Town 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 will help diversity commercial activity in the town. Two brew pubs are expected to open in 2019 as a due to the addition of zoning regulations for Brew Pubs and Distilleries.

Newtown Borough/Central Business District continues to increase its contribution to the grand list. A new retail development at Exit 10 of I-84 is expected to begin welcoming tenants in 2019. The Village at Lexington Gardens has added a restaurant, marketing company, real estate office and paint studio and party store to its diverse offering of tenants. This development offers opportunities for new businesses to locate in the center of Newtown, and includes sidewalks connecting to neighboring stores, schools, restaurants and homes within the Borough. Across the street from this retail location is a 72 bed assisted living community is on target to open in the summer of 2019, adding 50 full time positions to the community.

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. Educational Playcare, a 16,800 square foot child care facility opened in 2018, increasing jobs in the community by 45. One of six planned apartment buildings has begun filling. 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. An 18,000 square foot veterinary hospital and boarding facility has broken ground in this design district. Many other restaurants, boutiques and wellness focused businesses have also opened along South Main Street. A 20,000 square foot building is near completion. This will add 20 rental units, broadening the housing stock offerings. These and other development 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, which will lead to increased population density 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. 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 establish itself as a vibrant recreational, commercial and municipal center of Newtown. A new community/senior center will open in June 2019. Woodbury Hall, another abandoned building on the campus, was 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. Commercial interest in the campus remains strong, with a brew pub is also expected to open in 2019. 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, 2017. This was the twentieth 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 CohnReznick LLP also contributed significantly to its production.

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

Respectfully submitted,



Robert G. Tait
Finance Director



Government Finance Officers Association

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

Presented to

**Town of Newtown
Connecticut**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

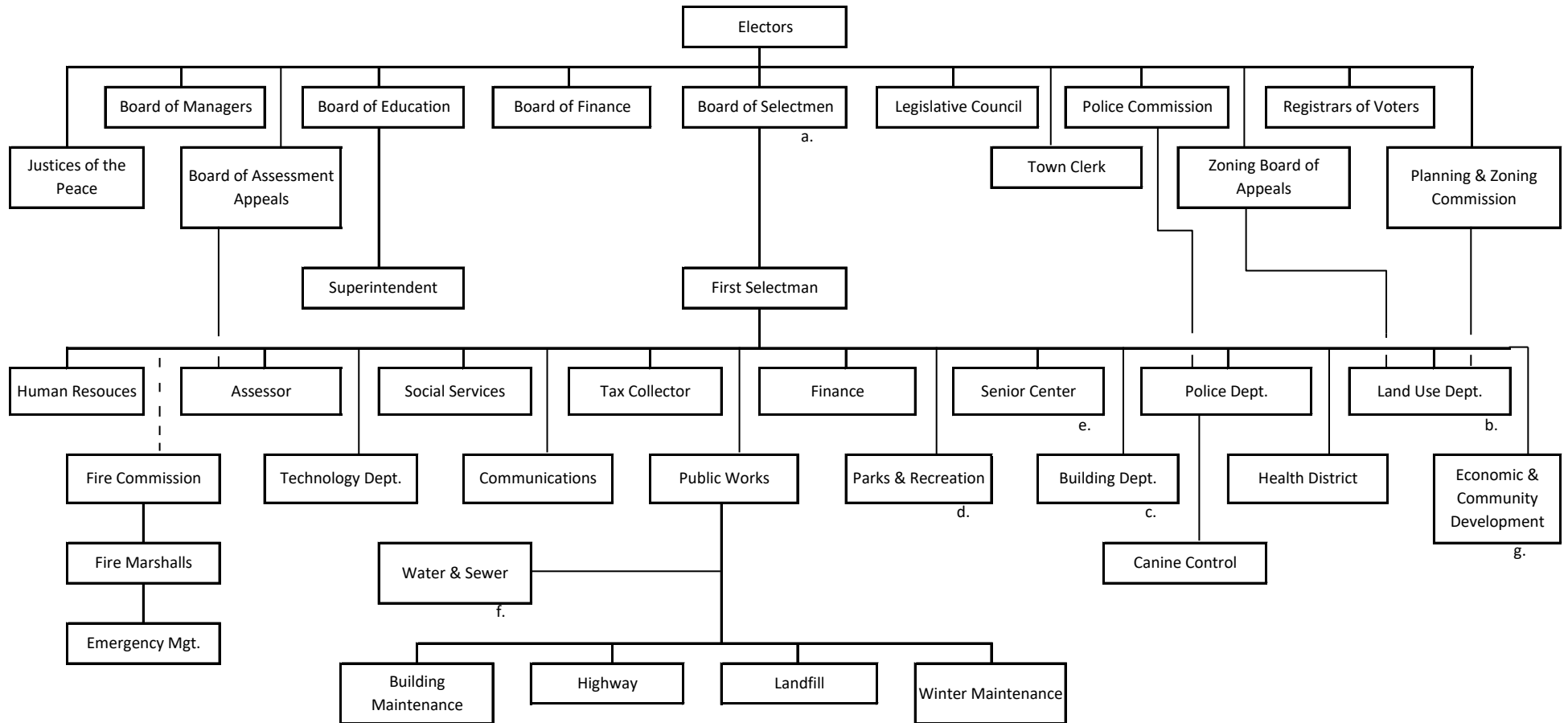
June 30, 2017

Christopher P. Morill

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, 2018

First Selectman
Daniel Rosenthal

Selectmen

Maureen Crick Owen

Jeff Capeci

Board of Finance
James O. Gaston
Chairman

Steve Hinden
Mark Boland Sr.
Keith Alexander

Roger Cyr
Sandy T. Roussas

Legislative Council
Paul J. Lundquist
Chairman

Jay Mattegat
Phil Carroll
Jordana Bloom
Judit DeStefano
Christopher C. Eide
Daniel T. Honan

Kelley Johnson
Chris Smith
Ryan Knapp
Robert Pickard
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 – Donna Saputo
Tax Assessor – Penny Mudgett
Town Clerk – Debbie Aurelia-Halstead

Board of Education
Michelle Embree Ku Chairman

Dan R. Delia
Andrew Clure
Debbie M. Leidlein

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

Dr. Lorrie Rodrigue. – Superintendent of Schools
Ronald J. Bienkowski – School Business Manager

Independent Auditor
MahoneySabol

INDEPENDENT AUDITOR'S REPORT

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, 2018, 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, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Change in Accounting Principle

As discussed in Note 1 to the financial statements, the Town adopted new accounting guidance, GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pension*. Our opinion is not modified with respect to this matter.

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 information on pages 75 through 91 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 92 through 108, and the statistical section on pages 109 through 127 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 21, 2018, 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.



Certified Public Accountants
Glastonbury, Connecticut
December 21, 2018

MANAGEMENT'S DISCUSSION AND ANALYSIS

TOWN OF NEWTOWN, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

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, 2018. 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 \$279,306,958 (net position). Of this amount, \$5,947,441 represents the Town's unrestricted net position.
- The Town's total net position increased by \$2,432,994 during the current fiscal year.
- The beginning net position of the Town was decreased by \$4,273,543 as a result of implementing Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Post-employment Benefits Other Than Pensions*. This decrease represented the difference between the net other post-employment benefits obligation previously recognized in accordance with GASB Statement No. 45 and the net other post-employment liability recognized in accordance with GASB Statement No. 75.
- As of the close of the current fiscal year, the Town's governmental funds reported a combined ending fund balance of \$31,772,199, a current year increase of \$6,613,966 in comparison with the prior year.
- At the close of the current fiscal year, unassigned fund balance of the General Fund was \$12,826,790 or 11.0% of the Town's fiscal year 2019 adopted General Fund budgetary expenditure appropriations. Expressed another way, unassigned fund balance for the General Fund was sufficient to cover approximately 1.3 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)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

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 23 of this report.

TOWN OF NEWTOWN, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED (*Continued*)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

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 24 through 26 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 27 and 28 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 29 through 74 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 75 through 127 of this report.

TOWN OF NEWTOWN, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

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 \$279,306,958 as of June 30, 2018 and \$276,873,964 as of June 30, 2017, as adjusted for the implementation of GASB Statement No. 75, and are summarized as follows:

**Net Position
June 30, 2018**

	Governmental Activities	Business-type Activities	Total
Current and other assets	\$ 53,664,708	\$ 3,923,024	\$ 57,587,732
Capital assets	304,949,304	30,508,086	335,457,390
Total assets	358,614,012	34,431,110	393,045,122
Deferred outflows of resources	4,329,978	4,733	4,334,711
Other liabilities	14,226,287	30,764	14,257,051
Long-term liabilities	99,389,175	2,316,020	101,705,195
Total liabilities	113,615,462	2,346,784	115,962,246
Deferred inflows of resources	2,110,629	-	2,110,629
Net position:			
Net investment in capital assets	232,743,644	28,192,066	260,935,710
Restricted	12,423,807	-	12,423,807
Unrestricted	2,050,448	3,896,993	5,947,441
Total net position	\$ 247,217,899	\$ 32,089,059	\$ 279,306,958

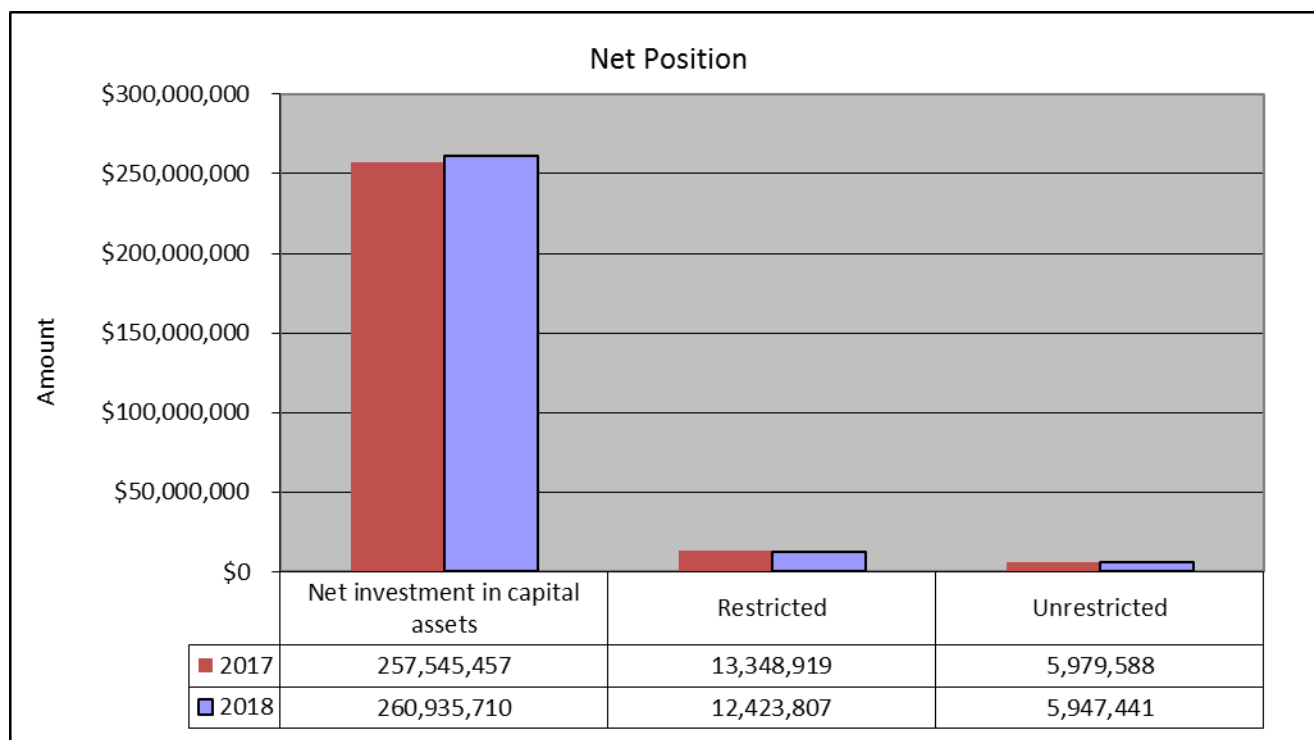
**Net Position
June 30, 2017**

	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	94,156,510	2,790,597	96,947,107
Total liabilities	105,450,866	2,968,604	108,419,470
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	1,544,434	4,435,154	5,979,588
Total net position	\$ 244,059,403	\$ 32,814,561	\$ 276,873,964

TOWN OF NEWTOWN, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

Government-wide Financial Analysis (Continued)

Net Position (Continued)



As of June 30, 2018, 93.4% 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.

4.4% 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 \$2,432,994 in comparison with the prior year.

TOWN OF NEWTOWN, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

Government-wide Financial Analysis (Continued)

Changes in Net Position

Changes in net position for the years ended June 30, 2018 and 2017 are as follows. Certain reclassifications have been made to the amounts reported for the year ended June 30, 2017 to conform with the current year presentation. The amounts reported for the year ended June 30, 2017 have not been adjusted for the implementation of GASB Statement No. 75, since the effects of the adjustments on the statements of changes in net position are not readily determinable.

Changes in Net Position
For The Year Ended June 30, 2018

	Governmental Activities	Business-type Activities	Total
Revenues			
Program revenues:			
Charges for services	\$ 7,016,564	\$ 1,345,056	\$ 8,361,620
Operating grants and contributions	25,336,044	-	25,336,044
Capital grants and contributions	1,741,624	-	1,741,624
General revenues:			
Property taxes, levied for general purposes	104,669,353	-	104,669,353
Grants and contributions not restricted to specific programs	1,647,784	-	1,647,784
Investment earnings	628,504	44,547	673,051
Total revenues	<u>141,039,873</u>	<u>1,389,603</u>	<u>142,429,476</u>
Expenses			
General government	6,945,084	-	6,945,084
Public safety	11,775,277	-	11,775,277
Health and welfare	3,244,577	-	3,244,577
Land use	632,820	-	632,820
Public works	11,509,804	-	11,509,804
Parks and recreation	3,932,672	-	3,932,672
Education	97,705,211	-	97,705,211
Interest expense	2,135,932	-	2,135,932
Sewer	-	1,710,495	1,710,495
Water	-	404,610	404,610
Total expenses	<u>137,881,377</u>	<u>2,115,105</u>	<u>139,996,482</u>
Change in net position	3,158,496	(725,502)	2,432,994
Net position - beginning, as originally reported	248,332,946	32,814,561	281,147,507
Cumulative effect of implementation new accounting standard	(4,273,543)	-	(4,273,543)
Net position - ending, as adjusted	<u>244,059,403</u>	<u>32,814,561</u>	<u>276,873,964</u>
Net position - ending	<u>\$ 247,217,899</u>	<u>\$ 32,089,059</u>	<u>\$ 279,306,958</u>

TOWN OF NEWTOWN, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

Government-wide Financial Analysis (Continued)

Change in Net Position (Continued)

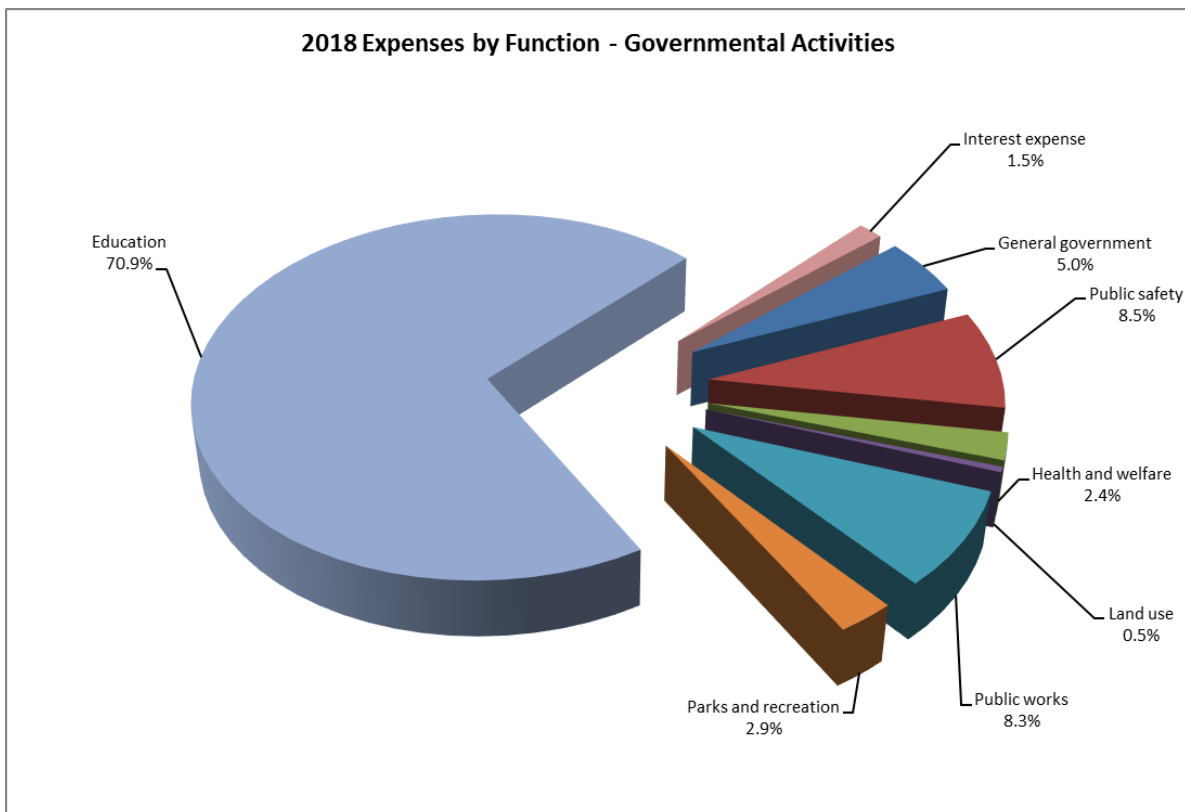
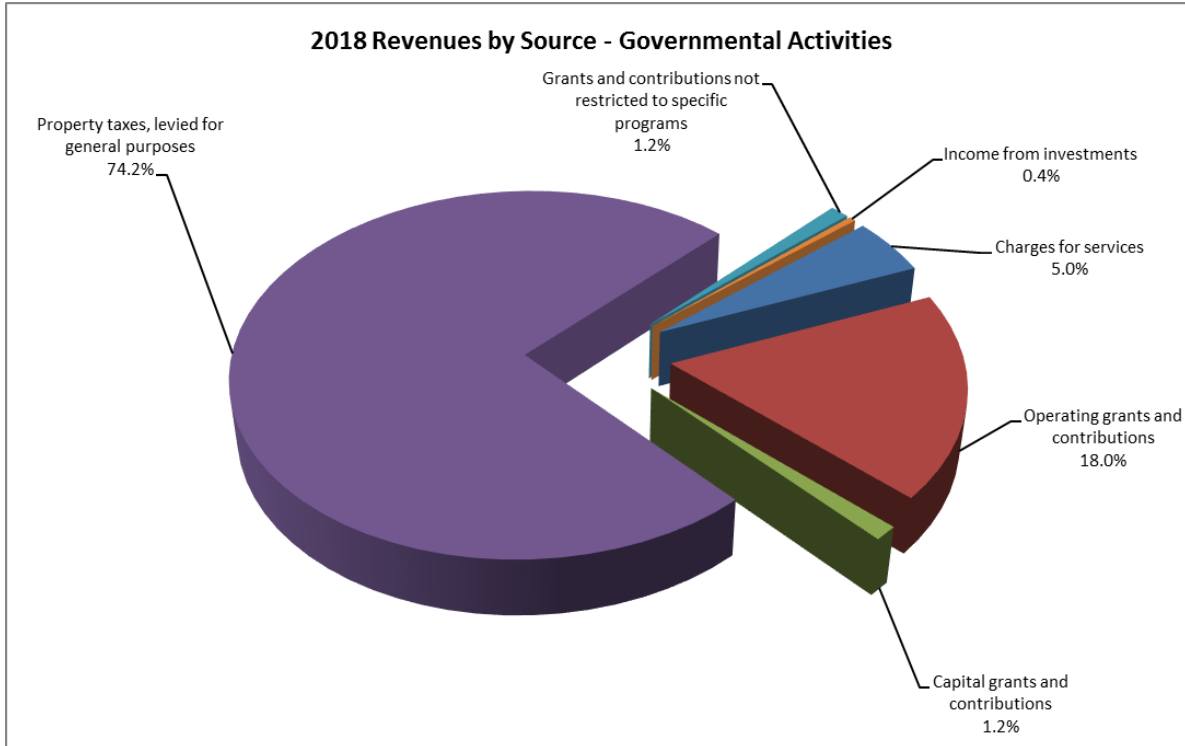
**Changes in Net Position
For The Year Ended June 30, 2017**

	Governmental Activities	Business-type Activities	Total
Revenues			
Program revenues:			
Charges for services	\$ 7,280,892	\$ 5,412,112	\$ 12,693,004
Operating grants and contributions	23,737,349	-	23,737,349
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>140,023,513</u>	<u>5,949,429</u>	<u>145,972,942</u>
Expenses			
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	95,622,819	-	95,622,819
Interest expense	1,606,362	-	1,606,362
Sewer	-	1,643,747	1,643,747
Water	-	524,881	524,881
Total expenses	<u>136,655,190</u>	<u>2,168,628</u>	<u>138,823,818</u>
Change in net position	3,368,323	3,780,801	7,149,124
Net position - beginning	<u>244,964,623</u>	<u>29,033,760</u>	<u>273,998,383</u>
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)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

Government-wide Financial Analysis (Continued)

Change in Net Position (Continued)



TOWN OF NEWTOWN, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED (*Continued*)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

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 \$3,158,496. Revenues increased by \$1,016,360 or 0.7% over prior year revenues and expenses increased by \$1,226,187 or 0.9% over prior year expenses.

The increase in revenues and expenses includes an increase in on-behalf pension and other post-employment expenses incurred by the State of Connecticut relating to State Teacher's Retirement System.

Business-type Activities

Business-type activities decreased the Town's net position by a current year change of \$725,502. Revenues decreased by \$4,559,826 or 76.6% over prior year revenues and expenses decreased by \$53,523 or 2.5%. The decrease in revenues is attributable to sewer assessments levied and capital grants recognized in the prior year 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 \$31,772,199. Of this amount, \$15,632,901 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 \$12,826,790. 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 11.0% of the Town's fiscal year 2019 adopted General Fund budgetary expenditure appropriations. Expressed another way, unassigned fund balance for the General Fund was sufficient to cover approximately 1.3 months of General Fund operating expenditures.

The fund balance of the Town's General Fund increased by \$127,396 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*)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

Financial Analysis of the Town's Funds (Continued)

Bonded Projects Fund

The fund balance of the Bonded Projects Fund increase by \$6,207,949 during the current fiscal year. This increase was primarily due to the issuance of general obligation bonds in the amount of \$13,000,000 offset by expenditures incurred for various ongoing capital projects.

Sewer Fund

The fund balance of the Sewer Fund decreased by \$690,758 during the current fiscal year. The decrease was primarily attributable to shortfalls in operating revenues to cover depreciation and amortization on capital assets.

Water Fund

The fund balance of the Water Fund decreased by \$34,744 during the current fiscal year. The decrease was also attributable to shortfalls in operating revenues to cover depreciation and amortization on capital assets.

General Fund Budgetary Highlights

The original budget did not contemplate the use of fund balance. During the year, additional appropriations from fund balance of \$700,000 were authorized. The actual net change in fund balance on a budgetary basis was an increase of \$452,262, resulting in a \$1,152,262 favorable budgetary variance. Expenditures and other financing uses were \$292,628 less than budgeted, which represented 0.25% of the overall final budget. Total budgetary revenues and other financing sources were \$859,634 more than expected.

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, 2018 totaled \$335,457,390 (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 increase in the Town's investment in capital assets for the current fiscal year totaled \$7,709,294. This increase was primarily comprised of depreciation and amortization on capital assets of \$6,352,531, offset by current year net capital asset additions. Significant capital additions during the current fiscal year included the following:

- Outlays for various road and bridge construction projects of approximately \$2.053 million;
- Outlays pertaining to Newtown High School Auditorium project of approximately \$2.076 million;
- Outlays pertaining to the Treadwell Park improvement project of approximately \$502 thousand;
- Outlays pertaining to the Middle School Improvement project of approximately \$1.133 million;
- Outlays pertaining to the Community Center project of approximately \$3.102 million;
- Outlays pertaining to the Senior Center project of approximately \$759 thousand;
- Outlays pertaining to the Demolition and Abatement of Fairfield Hills of approximately \$1.453 million;
- Outlays pertaining to the Fire Department Tanker project of approximately \$824 thousand; and
- Outlays pertaining to the Fairfield Hills Streetscape project of approximately \$402 thousand;

TOWN OF NEWTOWN, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

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, 2018

	Governmental Activities	Business-type Activities	Total
Land	\$ 26,449,426	\$ 1,000	\$ 26,450,426
Intangible assets	3,687,270	404,651	4,091,921
Construction in progress	17,080,246	195,020	17,275,266
Buildings and improvements	177,378,517	-	177,378,517
Land improvements	15,476,948	-	15,476,948
Machinery, equipment and vehicles	10,678,058	658,458	11,336,516
Infrastructure	54,198,839	29,248,957	83,447,796
Totals	<u>\$ 304,949,304</u>	<u>\$ 30,508,086</u>	<u>\$ 335,457,390</u>

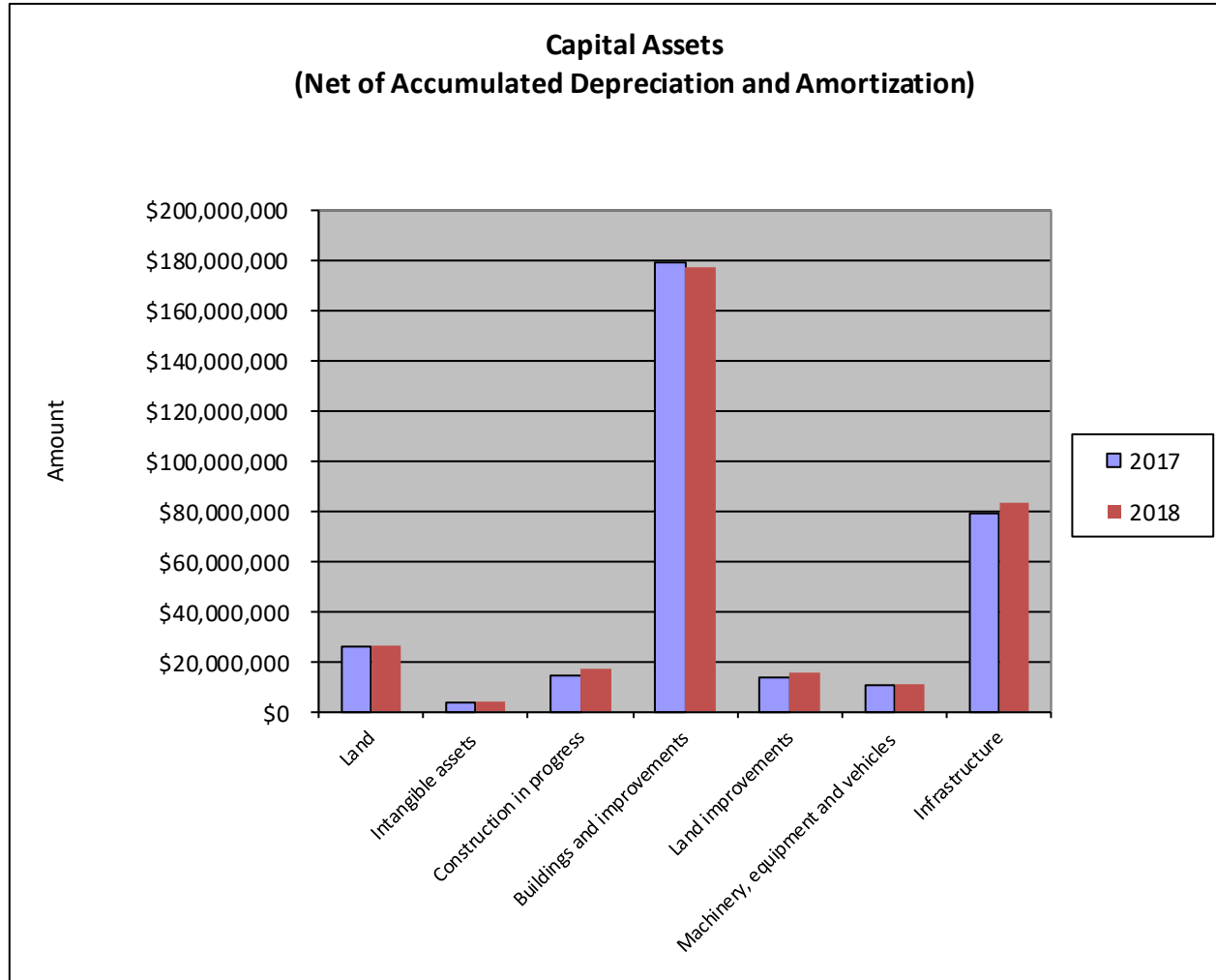
Capital Assets, Net
June 30, 2017

	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>

TOWN OF NEWTOWN, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

Capital Asset and Debt Administration (Continued)

Capital Assets (Continued)



Additional information on the Town's capital assets can be found in Note 6 starting on page 42 of the financial statements.

Debt Administration

At the end of the current fiscal year, the Town had total long-term debt outstanding of \$75,441,582. This entire amount is comprised of debt backed by the full faith and credit of the Town. The Town's total debt increased by \$5,761,412 or 8.3% during the current fiscal year due to scheduled debt service repayments offset by the issuance of \$13,000,000 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 \$731,965,500, which is significantly in excess of the Town's outstanding general obligation debt.

TOWN OF NEWTOWN, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

Capital Asset and Debt Administration (Continued)

Debt Administration (Continued)

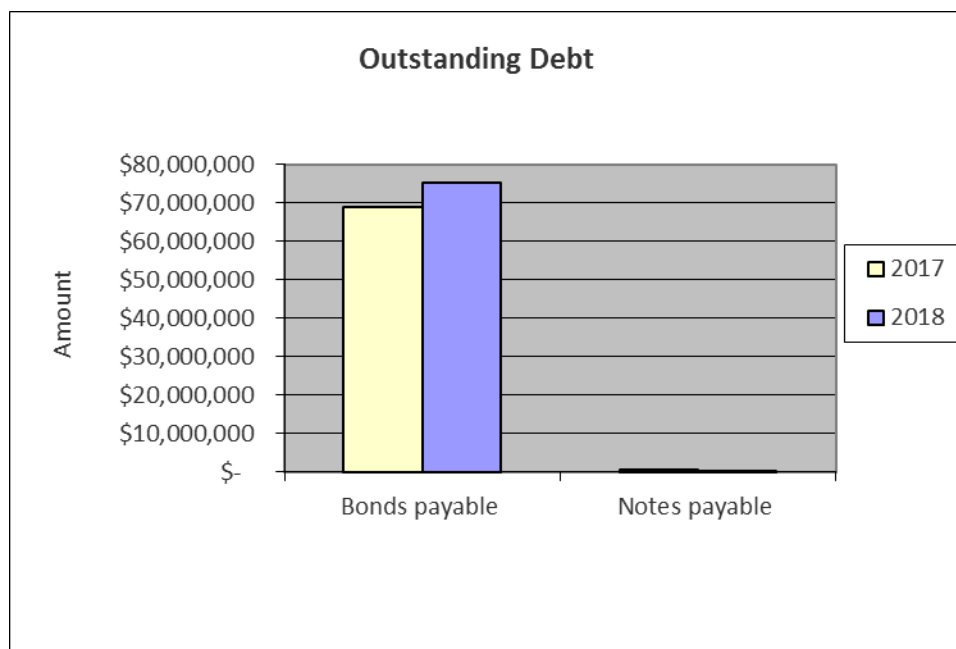
The following are tables of bonded debt as of June 30, 2018 and 2017:

**Bonded Debt
June 30, 2018**

	Governmental Activities	Business-type Activities	Total
Bonds payable	\$ 72,938,800	\$ 2,281,200	\$ 75,220,000
Notes payable	221,582	-	221,582
Totals	<u>\$ 73,160,382</u>	<u>\$ 2,281,200</u>	<u>\$ 75,441,582</u>

**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>



Additional information on the Town's long-term debt can be found in Note 9 starting on page 45 of the financial statements.

TOWN OF NEWTOWN, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

Economic Factors and Next Year's Budget and Rates

During April 2018, the Town adopted a General Fund budget for the fiscal year ending June 30, 2019. The budget reflected an overall increase in expenditures of \$2,694,185 or 2.4% over the final fiscal year 2018 amended budget. The budgeted expenditures of \$117,121,198 resulted in a 0.37 mill increase from 33.87 mills to 34.24 mills and allows the Town to continue to 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 2019, 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 2019 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 2019.

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.

BASIC FINANCIAL STATEMENTS

TOWN OF NEWTOWN, CONNECTICUT
STATEMENT OF NET POSITION
JUNE 30, 2018

	Primary Government		
	Governmental	Business-type	
	Activities	Activities	Total
ASSETS			
Cash and cash equivalents	\$ 30,397,010	\$ 662,199	\$ 31,059,209
Investments	17,814,577	-	17,814,577
Receivables:			
Property taxes and interest, net	2,832,879	-	2,832,879
Assessments and interest, net	-	474,721	474,721
User charges and interest, net	-	241,854	241,854
Grants and contracts	567,850	-	567,850
Other	727,483	-	727,483
Internal balances	1,044,997	(1,044,997)	-
Other	49,859	-	49,859
Noncurrent assets:			
Receivables:			
Assessments	-	3,589,247	3,589,247
Loans	230,053	-	230,053
Capital assets:			
Non-depreciable	47,216,942	196,019	47,412,961
Depreciable, net	257,732,362	30,312,067	288,044,429
Total assets	<u>358,614,012</u>	<u>34,431,110</u>	<u>393,045,122</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charges on pension expense	4,304,098	-	4,304,098
Deferred charge on refunding	25,880	4,733	30,613
Total deferred outflows of resources	<u>4,329,978</u>	<u>4,733</u>	<u>4,334,711</u>
LIABILITIES			
Accounts payable	6,194,523	148,347	6,342,870
Accrued interest payable	977,503	-	977,503
Other accrued liabilities	4,304,584	20,468	4,325,052
Internal balances	138,051	(138,051)	-
Unearned revenue	2,352,726	-	2,352,726
Other	258,900	-	258,900
Noncurrent liabilities:			
Due in one year	6,933,762	150,500	7,084,262
Due in more than one year	92,455,413	2,165,520	94,620,933
Total liabilities	<u>113,615,462</u>	<u>2,346,784</u>	<u>115,962,246</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred charges on pension expense	1,760,321	-	1,760,321
Deferred charges on OPEB expense	350,308	-	350,308
Total deferred inflows of resources	<u>2,110,629</u>	<u>-</u>	<u>2,110,629</u>
NET POSITION			
Net investment in capital assets	232,743,644	28,192,066	260,935,710
Restricted for:			
Endowments:			
Nonexpendable	610,000	-	610,000
Expendable	2,051,244	-	2,051,244
Grants and other programs	1,219,517	-	1,219,517
Construction of Community Center	8,543,046	-	8,543,046
Unrestricted	2,050,448	3,896,993	5,947,441
Total net position	<u>\$ 247,217,899</u>	<u>\$ 32,089,059</u>	<u>\$ 279,306,958</u>

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

TOWN OF NEWTOWN, CONNECTICUT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

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	\$ 6,945,084	\$ 1,781,957	\$ 313,459	\$ -	\$ (4,849,668)	\$ -	\$ (4,849,668)
Public safety	11,775,277	978,197	589,028	-	(10,208,052)	-	(10,208,052)
Health and welfare	3,244,577	6,335	298,643	-	(2,939,599)	-	(2,939,599)
Land use	632,820	72,995	-	-	(559,825)	-	(559,825)
Public works	11,509,804	834,793	1,121,121	1,741,624	(7,812,266)	-	(7,812,266)
Parks and recreation	3,932,672	1,003,064	53,101	-	(2,876,507)	-	(2,876,507)
Education	97,705,211	2,339,223	22,960,692	-	(72,405,296)	-	(72,405,296)
Interest expense	2,135,932	-	-	-	(2,135,932)	-	(2,135,932)
Total governmental activities	137,881,377	7,016,564	25,336,044	1,741,624	(103,787,145)	-	(103,787,145)
Business-type activities:							
Sewer	1,710,495	975,190	-	-	-	(735,305)	(735,305)
Water	404,610	369,866	-	-	-	(34,744)	(34,744)
Total business-type activities	2,115,105	1,345,056	-	-	-	(770,049)	(770,049)
Total primary government	\$ 139,996,482	\$ 8,361,620	\$ 25,336,044	\$ 1,741,624	(103,787,145)	(770,049)	(104,557,194)
General revenues:							
Property taxes, levied for general purposes					104,669,353	-	104,669,353
Grants and contributions not restricted to specific programs					1,647,784	-	1,647,784
Investment earnings					628,504	44,547	673,051
Total general revenues					106,945,641	44,547	106,990,188
Change in net position					3,158,496	(725,502)	2,432,994
Net position - beginning, as originally reported					248,332,946	32,814,561	281,147,507
Cumulative effect of implementation new accounting standard (See Note 1)					(4,273,543)	-	(4,273,543)
Net position - beginning, as adjusted					244,059,403	32,814,561	276,873,964
Net position - ending					\$ 247,217,899	\$ 32,089,059	\$ 279,306,958

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

TOWN OF NEWTOWN, CONNECTICUT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2018

	General Fund	Bonded Projects Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 27,295,475	\$ -	\$ 1,755,525	\$ 29,051,000
Investments	10,959,544	-	2,859,020	13,818,564
Receivables:				
Property taxes and interest, net	2,832,879	-	-	2,832,879
Grants and contracts	-	-	567,850	567,850
Loans	-	-	230,053	230,053
Other	457,346	-	255,111	712,457
Due from other funds	1,442,857	15,213,087	3,849,517	20,505,461
Other	17,729	-	32,130	49,859
Total assets	<u>\$ 43,005,830</u>	<u>\$ 15,213,087</u>	<u>\$ 9,549,206</u>	<u>\$ 67,768,123</u>
LIABILITIES				
Accounts payable	\$ 1,867,090	\$ 1,959,456	\$ 1,226,997	\$ 5,053,543
Accrued payroll	4,088,560	-	216,024	4,304,584
Due to other funds	20,565,821	-	397,860	20,963,681
Unearned revenue	-	1,764,380	587,904	2,352,284
Other	258,900	-	-	258,900
Total liabilities	<u>26,780,371</u>	<u>3,723,836</u>	<u>2,428,785</u>	<u>32,932,992</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenues	<u>2,832,879</u>	<u>-</u>	<u>230,053</u>	<u>3,062,932</u>
FUND BALANCES				
Nonspendable	-	-	632,917	632,917
Restricted	-	12,235,620	3,270,761	15,506,381
Committed	175,484	400,000	2,993,676	3,569,160
Assigned	390,306	-	-	390,306
Unassigned	12,826,790	(1,146,369)	(6,986)	11,673,435
Total fund balances	<u>13,392,580</u>	<u>11,489,251</u>	<u>6,890,368</u>	<u>31,772,199</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 43,005,830</u>	<u>\$ 15,213,087</u>	<u>\$ 9,549,206</u>	<u>\$ 67,768,123</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, 2018

Total fund balances for governmental funds	\$	31,772,199
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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.		304,949,304
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Deferred outflows and inflows of resources resulting from changes in the components of the net pension and net OPEB liabilities are reported in the statement of net position.		2,193,469
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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.		3,062,932
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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	(977,503)	
Long-term debt:		
Bonds and notes payable, net	(75,812,904)	
Deferred charges on refunding	25,880	
Other long-term liabilities:		
Capital lease obligations	(111,210)	
Compensated absences	(1,038,023)	
Early retirement obligations	(64,000)	
Landfill post-closure care liability	(119,000)	
Net pension liability	(15,514,268)	
Net OPEB liability	(6,729,770)	
Total long-term liabilities	(100,340,798)	

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.

		5,580,793
Net position of governmental activities	\$	247,217,899

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, 2018

	General Fund	Bonded Projects Fund	Other Governmental Funds	Total Governmental Funds
REVENUES				
Property taxes	\$ 104,543,685	\$ -	\$ -	\$ 104,543,685
Intergovernmental	16,487,004	482,667	5,408,038	22,377,709
Charges for services	2,349,207	-	4,667,357	7,016,564
Investment income	461,733	-	166,771	628,504
Contributions and other	229,516	4,761,476	244,638	5,235,630
Total revenues	<u>124,071,145</u>	<u>5,244,143</u>	<u>10,486,804</u>	<u>139,802,092</u>
EXPENDITURES				
Current:				
General government	4,619,435	-	1,763,917	6,383,352
Public safety	9,917,741	-	890,993	10,808,734
Health and welfare	3,164,517	-	97,788	3,262,305
Land use	666,024	-	-	666,024
Public works	9,582,652	-	1,880,436	11,463,088
Parks and recreation	2,340,508	-	804,744	3,145,252
Education	83,138,798	-	5,963,785	89,102,583
Debt service:				
Principal	6,808,127	-	-	6,808,127
Interest and fiscal charges	2,172,588	-	203,565	2,376,153
Capital outlays	114,065	12,154,485	265,777	12,534,327
Total expenditures	<u>122,524,455</u>	<u>12,154,485</u>	<u>11,871,005</u>	<u>146,549,945</u>
Excess (deficiency) of revenues over expenditures	1,546,690	(6,910,342)	(1,384,201)	(6,747,853)
OTHER FINANCING SOURCES (USES)				
Capital lease financing	114,065	-	-	114,065
Issuance of debt	-	13,000,000	-	13,000,000
Premium on issuance of debt	-	-	247,754	247,754
Transfers in	350,000	400,000	2,165,068	2,915,068
Transfers out	(1,883,359)	(281,709)	(750,000)	(2,915,068)
Total other financing sources (uses)	<u>(1,419,294)</u>	<u>13,118,291</u>	<u>1,662,822</u>	<u>13,361,819</u>
Net change in fund balances	127,396	6,207,949	278,621	6,613,966
Fund balances - beginning	<u>13,265,184</u>	<u>5,281,302</u>	<u>6,611,747</u>	<u>25,158,233</u>
Fund balances - ending	<u>\$ 13,392,580</u>	<u>\$ 11,489,251</u>	<u>\$ 6,890,368</u>	<u>\$ 31,772,199</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, 2018

Net change in fund balances - total governmental funds	\$	6,613,966
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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	\$ 14,316,642	
Depreciation and amortization expense	<u>(5,642,400)</u>	
Net adjustment		8,674,242

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.	(303,030)
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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	(288,969)	
Contribution receivable	<u>(4,550,000)</u>	
		(4,838,969)

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	(114,065)	
Bonds issued	(13,000,000)	
Premium on bonds issued	(247,754)	
Principal repayments:		
Bonds and notes payable	6,766,193	
Capital lease financing	<u>41,933</u>	
Net adjustment		(6,553,693)

Deferred outflows and inflows of resources resulting from changes in the components of the net pension and OPEB liabilities are amortized as a component of pension and OPEB expense in the statement of activities.	(3,159,360)
	<i>(Continued)</i>

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, 2018

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	\$ (60,975)	
Amortization of bond premiums	396,363	
Amortization of deferred charges on refunding	(95,167)	
Compensated absences	(33,478)	
Early retirement obligations	32,000	
Landfill post-closure care liability	17,000	
Net pension liability	1,004,406	
Net OPEB liability	<u>(95,263)</u>	
		\$ 1,164,886

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. 125,668

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. 1,434,786

Change in net position of governmental activities \$ 3,158,496
Concluded

TOWN OF NEWTOWN, CONNECTICUT
STATEMENTS OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2018

	Business-type Activities			Governmental Activities
	Sewer Fund	Water Fund	Total	Internal Service Fund
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 662,199	\$ -	\$ 662,199	\$ 1,346,010
Investments	-	-	-	3,996,013
Receivables:				
Assessments and interest, net	474,721	-	474,721	-
User charges and interest, net	241,854	-	241,854	-
Other	-	-	-	15,026
Due from other funds	138,051	-	138,051	1,365,166
Total current assets	<u>1,516,825</u>	<u>-</u>	<u>1,516,825</u>	<u>6,722,215</u>
Noncurrent assets:				
Receivables:				
Assessments	3,589,247	-	3,589,247	-
Advance to other fund	718,234	-	718,234	-
Capital assets:				
Non-depreciable	1,000	195,019	196,019	-
Depreciable, net	<u>27,642,729</u>	<u>2,669,338</u>	<u>30,312,067</u>	<u>-</u>
Total noncurrent assets	<u>31,951,210</u>	<u>2,864,357</u>	<u>34,815,567</u>	<u>-</u>
Total assets	<u>33,468,035</u>	<u>2,864,357</u>	<u>36,332,392</u>	<u>6,722,215</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charge on refunding	<u>4,733</u>	<u>-</u>	<u>4,733</u>	<u>-</u>
LIABILITIES				
Current liabilities:				
Accounts payable	132,038	16,309	148,347	222,980
Accrued liabilities:				
Claims	-	-	-	918,000
Other	20,468	-	20,468	-
Due to other funds	-	1,044,997	1,044,997	-
Bonds and notes payable	150,500	-	150,500	-
Unearned revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>442</u>
Total current liabilities	<u>303,006</u>	<u>1,061,306</u>	<u>1,364,312</u>	<u>1,141,422</u>
Noncurrent liabilities:				
Advances from other fund	-	718,234	718,234	-
Bonds and notes payable	<u>2,165,520</u>	<u>-</u>	<u>2,165,520</u>	<u>-</u>
Total non-current liabilities	<u>2,165,520</u>	<u>718,234</u>	<u>2,883,754</u>	<u>-</u>
Total liabilities	<u>2,468,526</u>	<u>1,779,540</u>	<u>4,248,066</u>	<u>1,141,422</u>
NET POSITION				
Net investment in capital assets	25,327,709	2,864,357	28,192,066	-
Unrestricted	<u>5,676,533</u>	<u>(1,779,540)</u>	<u>3,896,993</u>	<u>5,580,793</u>
Total net position	<u>\$ 31,004,242</u>	<u>\$ 1,084,817</u>	<u>\$ 32,089,059</u>	<u>\$ 5,580,793</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, 2018

	Business-type Activities			Governmental Activities
	Sewer Fund	Water Fund	Total	Internal Service Fund
OPERATING REVENUES				
Charges for services	\$ 975,190	\$ 369,866	\$ 1,345,056	\$ 14,637,911
Total operating revenues	<u>975,190</u>	<u>369,866</u>	<u>1,345,056</u>	<u>14,637,911</u>
OPERATING EXPENSES				
Contracted services	781,275	170,060	951,335	-
Utilities	119,585	31,955	151,540	-
Premiums and claims	-	-	-	12,007,513
Administrative and other	184,000	20,891	204,891	1,222,618
Depreciation and amortization	558,405	151,726	710,131	-
Total operating expenses	<u>1,643,265</u>	<u>374,632</u>	<u>2,017,897</u>	<u>13,230,131</u>
Operating income (loss)	(668,075)	(4,766)	(672,841)	1,407,780
NON-OPERATING INCOME (EXPENSE)				
Interest income	44,547	-	44,547	27,006
Interest expense	(67,230)	(29,978)	(97,208)	-
Total non-operating expense, net	<u>(22,683)</u>	<u>(29,978)</u>	<u>(52,661)</u>	<u>27,006</u>
Change in net position	(690,758)	(34,744)	(725,502)	1,434,786
Net position - beginning	<u>31,695,000</u>	<u>1,119,561</u>	<u>32,814,561</u>	<u>4,146,007</u>
Net position - ending	<u>\$ 31,004,242</u>	<u>\$ 1,084,817</u>	<u>\$ 32,089,059</u>	<u>\$ 5,580,793</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, 2018

	Business-type Activities			Governmental Activities
	Sewer Fund	Water Fund	Total	Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received for the following:				
Charges for services	\$ 1,715,770	\$ 369,866	\$ 2,085,636	\$ 14,639,366
Cash paid for the following:				
Operating activities	(1,038,979)	(277,845)	(1,316,824)	(1,222,618)
Claims incurred	-	-	-	(12,187,249)
Net cash provided by operating activities	<u>676,791</u>	<u>92,021</u>	<u>768,812</u>	<u>1,229,499</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Interfund activity	<u>(967,506)</u>	<u>(17,934)</u>	<u>(985,440)</u>	<u>2,680,434</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchases of capital assets	(4,104)	(44,109)	(48,213)	-
Interest paid on capital debt	(67,230)	(29,978)	(97,208)	-
Principal paid on capital debt	(473,257)	-	(473,257)	-
Net cash used in capital and related financial activities	<u>(544,591)</u>	<u>(74,087)</u>	<u>(618,678)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchases of investments	-	-	-	(2,993,904)
Investment income	<u>44,547</u>	<u>-</u>	<u>44,547</u>	<u>27,006</u>
Net cash provided by (used in) investing activities	<u>44,547</u>	<u>-</u>	<u>44,547</u>	<u>(2,966,898)</u>
Net increase (decrease) in cash and cash equivalents	(790,759)	-	(790,759)	943,035
Cash and cash equivalents, beginning of year	<u>1,452,958</u>	<u>-</u>	<u>1,452,958</u>	<u>402,975</u>
Cash and cash equivalents, end of year	<u>\$ 662,199</u>	<u>\$ -</u>	<u>\$ 662,199</u>	<u>\$ 1,346,010</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES				
Operating income (loss)	\$ (668,075)	\$ (4,766)	\$ (672,841)	\$ 1,407,780
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation and amortization	558,405	151,726	710,131	-
Changes in assets and liabilities:				
Decrease in receivables	740,580	-	740,580	1,455
Increase in accounts payable	45,881	(54,939)	(9,058)	105,564
Decrease in accrued liabilities	-	-	-	(283,973)
Decrease in unearned revenue	-	-	-	(1,327)
Net cash provided by operating activities	<u>\$ 676,791</u>	<u>\$ 92,021</u>	<u>\$ 768,812</u>	<u>\$ 1,229,499</u>

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

TOWN OF NEWTOWN, CONNECTICUT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2018

	Pension and Other Post- Employment Benefits Trust Funds	Private Purpose Trust Fund Sandy Hook Private Purpose Trust Fund	Agency Funds
ASSETS			
Cash and cash equivalents	\$ 373,052	\$ -	\$ 962,777
Investments	44,892,612	-	192,731
Receivables	2,481	28,657	-
Total assets	<u>45,268,145</u>	<u>28,657</u>	<u>\$ 1,155,508</u>
LIABILITIES			
Accounts payable	144,543	-	\$ -
Due to others	-	-	1,155,508
Total liabilities	<u>144,543</u>	<u>-</u>	<u>\$ 1,155,508</u>
NET POSITION			
Restricted for:			
OPEB benefits	2,321,063	-	
Pension benefits	42,802,539	-	
Other benefits	-	28,657	
Total net position	<u>\$ 45,123,602</u>	<u>\$ 28,657</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, 2018

	Pension and Other Post- Employment Benefits Trust Funds	Private Purpose Trust Fund Sandy Hook Private Purpose Trust Fund
ADDITIONS		
Contributions:		
Employer	\$ 2,181,644	\$ -
Plan members	724,202	-
Other	-	18,147
Total contributions	<u>2,905,846</u>	<u>18,147</u>
Investment earnings:		
Interest and dividends	1,343,228	-
Net change in the fair value of investments	<u>1,870,744</u>	<u>-</u>
	3,213,972	-
Less investment fees	<u>(77,627)</u>	<u>-</u>
Total investment earnings	3,136,345	-
Total additions	<u>6,042,191</u>	<u>18,147</u>
DEDUCTIONS		
Benefit payments	2,505,126	-
Administrative expenses	40,295	-
Total deductions	<u>2,545,421</u>	<u>-</u>
Change in net position	3,496,770	18,147
Net position - beginning	<u>41,626,832</u>	<u>10,510</u>
Net position - ending	<u>\$ 45,123,602</u>	<u>\$ 28,657</u>

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

TOWN OF NEWTOWN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

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, 2018 totaled \$1,335,408.

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)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

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)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

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 funds have no measurement focus but utilize the accrual basis of accounting for reporting 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)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

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

Implementation of New Accounting Standards

Effective July 1, 2017, the Town adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 81, *Irrevocable Split-Interest Agreements*, GASB Statement No. 85, *Omnibus 2017*, and GASB Statement No. 86, *Certain Debt Extinguishment Issues*. The adoption of these statements did not have a material effect on the Town's financial statements.

Effective July 1, 2017, the Town adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. GASB Statement No. 75 established standards for recognizing and measuring liabilities, deferred outflows and inflows of resources, and expenses/expenditures for postemployment benefits other than pensions. This standard identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. In addition, this statement provides for certain required supplementary information and note disclosures about postemployment benefits other than pensions.

The Town has reported the following cumulative effect of applying GASB Statement No. 75 as an adjustment of beginning net position as of July 1, 2017. The adjustment does not include deferred outflows of resources or deferred inflows of resources related to OPEB.

	<u>Governmental Activities</u>
Net position - beginning, as originally reported	\$ 248,332,946
Adjustment to remove net other post-employment benefit obligation recognized under GASB Statement No. 45	2,360,964
Adjustment to record net other post-employment liability recognized under GASB Statement No. 75	<u>(6,634,507)</u>
	<u>(4,273,543)</u>
Net position - beginning, as adjusted	<u><u>\$ 244,059,403</u></u>

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

Cash and 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.

TOWN OF NEWTOWN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

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

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

Investments (Continued)

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.

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.

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, 2018 of \$162,000 and \$226,000, 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 \$97,000 and \$5,000 as of June 30, 2018, respectively.

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, 2018, loans receivable totaled \$230,053 under this program.

TOWN OF NEWTOWN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

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 and 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 charges on 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 charges on 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)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

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

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

Deferred Outflows and Inflows of Resources

Deferred inflows of resources consist of revenues that are considered unavailable under the modified accrual basis of accounting and deferred charges on pension and OPEB expenses. Unavailable revenue is reported in the governmental funds financial statements. These amounts are deferred and recognized as inflows of resources in the period that the amounts become available. Deferred charges on pension and OPEB expenses are reported in the government-wide financial statements. Deferred charges on pension and OPEB expenses resulted from certain changes in the Town's net pension and OPEB liabilities and are being amortized as a reduction of pension and OPEB 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)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

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)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

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.

TOWN OF NEWTOWN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 2 - CASH DEPOSITS AND INVESTMENTS

Cash Deposits

A reconciliation of the Town's cash deposits as of June 30, 2018 is as follows:

Government-wide statement of net position:	
Cash and cash equivalents	\$ 31,059,209
Statement of fiduciary net position:	
Cash and cash equivalents	<u>1,335,829</u>
	32,395,038
 Add: non-negotiable certificates of deposit presented as investments	 4,542,008
Less: investments presented as cash equivalents	<u>(14,870,031)</u>
	<u><u>\$ 22,067,015</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, 2018, \$21,234,177 of the Town's bank balance of \$22,763,242 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 19,110,759
Uninsured and collateralized with securities held by the pledging bank's trust department or agent but not in the Town's name	<u>2,123,418</u>
	<u><u>\$ 21,234,177</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, 2018 is as follows:

Government-wide statement of net position:	
Investments	\$ 17,814,577
Statement of fiduciary net position:	
Investments	<u>45,085,343</u>
	62,899,920
 Less: non-negotiable certificates of deposit presented as investments	 (4,542,008)
Add: investments presented as cash equivalents	<u>14,870,031</u>
	<u><u>\$ 73,227,943</u></u>

TOWN OF NEWTOWN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

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

Investments *(Continued)*

As of June 30, 2018, the Town's investments consist of the following:

Investment Type	Valuation Basis	Value	Investment Maturities (In Years)		
			Less Than 1	1 to 5	More Than 10
Debt Securities:					
Governmental Activities:					
Short-Term Investment Fund	Net asset value	\$ 14,486,913	\$ 14,486,913	\$ -	\$ -
Money market mutual funds	Net asset value	10,067	10,067	-	-
Certificates of deposits	Fair Value	12,000,633	2,087,963	9,912,670	-
Fiduciary Funds:					
Money market mutual funds	Net asset value	373,051	373,051	-	-
Mortgage-backed securities	Fair Value	2,349	-	2,349	-
U.S. Agency securities	Fair Value	17,717	-	-	17,717
U.S. Treasury securities	Fair Value	137,848	-	-	137,848
		27,028,578	\$ 16,957,994	\$ 9,915,019	\$ 155,565
Other Investments:					
Governmental Activities:					
Mutual funds	Fair Value	1,326,363			
Hedge funds	Net asset value	138,304			
Fiduciary Funds:					
Mutual funds	Fair Value	44,734,698			
		\$ 73,227,943			

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)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

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:

<u>Investment Type</u>	<u>AAA</u>	<u>A</u>	<u>Unrated</u>
Debt Securities:			
<i>Governmental Activities:</i>			
Short-Term Investment Fund	\$ 14,486,913	\$ -	\$ -
Money market mutual funds	-	-	10,067
Certificates of deposits	-	-	12,000,633
<i>Fiduciary Funds:</i>			
Money market mutual funds	-	-	373,051
Mortgage-backed securities	-	2,349	-
U.S. Agency securities	17,717	-	-

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, 2018, more than 10% of the Town's investments were invested in the following:

<u>Issuer</u>	<u>Investment</u>	<u>Value</u>	<u>% of Investments</u>
<i>Governmental Activities:</i>			
State of CT Treasurer	Short-Term Investment Fund	\$ 14,486,913	51.8%
<i>Fiduciary Funds:</i>			
Vanguard	Developed Markets Index Fund Institutional Shares	13,316,499	29.4%
Vanguard	Extended Market Index Fund Admiral Shares	4,835,235	10.7%
Vanguard	Institutional Index Fund Institutional Shares	11,124,611	24.6%
Vanguard	Total Bond Market Index	14,806,706	32.7%

TOWN OF NEWTOWN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

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, 2018, 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	\$ -	\$ 12,000,633	\$ -
Mutual funds	1,326,363	-	-
<i>Fiduciary Funds:</i>			
Mortgage-backed securities	-	2,349	-
U.S. Agency securities	-	17,717	-
U.S. Treasury securities	137,848	-	-
Mutual funds	44,734,698	-	-
	<u>\$ 46,198,909</u>	<u>\$ 12,020,699</u>	<u>\$ -</u>

Debt and equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Debt securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

TOWN OF NEWTOWN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 6 - CAPITAL ASSETS

Capital asset activity for governmental activities for the year ended June 30, 2018 consisted of the following:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balance</u>
Governmental Activities					
Capital assets, not being depreciated:					
Land	\$ 26,175,546	\$ 273,880	\$ -	\$ -	\$ 26,449,426
Intangible assets	3,687,270	-	-	-	3,687,270
Construction in progress	11,478,706	12,488,609	(298,178)	(6,588,891)	17,080,246
Total capital assets, not being depreciated	<u>41,341,522</u>	<u>12,762,489</u>	<u>(298,178)</u>	<u>(6,588,891)</u>	<u>47,216,942</u>
Capital assets, being depreciated:					
Buildings and systems	210,031,776	9,200	(119,328)	836,093	210,757,741
Land improvements	20,893,948	48,940	-	2,584,918	23,527,806
Machinery and equipment	12,997,751	149,886	(243,667)	963,907	13,867,877
Vehicles	11,169,105	1,052,640	(860,607)	-	11,361,138
Infrastructure	68,223,811	590,888	-	2,203,973	71,018,672
Total capital assets, being depreciated	<u>323,316,391</u>	<u>1,851,554</u>	<u>(1,223,602)</u>	<u>6,588,891</u>	<u>330,533,234</u>
Less accumulated depreciation and amortization for:					
Buildings and systems	30,640,018	2,780,472	(17,149)	(24,117)	33,379,224
Land improvements	7,194,553	856,305	-	-	8,050,858
Machinery and equipment	8,345,142	433,866	(215,173)	24,117	8,587,952
Vehicles	6,056,053	595,979	(689,027)	-	5,963,005
Infrastructure	15,844,055	975,778	-	-	16,819,833
Total accumulated depreciation and amortization	<u>68,079,821</u>	<u>5,642,400</u>	<u>(921,349)</u>	<u>-</u>	<u>72,800,872</u>
Total capital assets, being depreciated, net	<u>255,236,570</u>	<u>(3,790,846)</u>	<u>(302,253)</u>	<u>6,588,891</u>	<u>257,732,362</u>
Governmental activities capital assets, net	<u>\$ 296,578,092</u>	<u>\$ 8,971,643</u>	<u>\$ (600,431)</u>	<u>\$ -</u>	<u>\$ 304,949,304</u>

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

Governmental Activities:	
General government	\$ 712,822
Public safety	308,885
Public works	1,216,228
Health and social services	20,018
Park and recreation	752,367
Education	<u>2,632,080</u>
Total depreciation and amortization expense - governmental activities	<u>\$ 5,642,400</u>

TOWN OF NEWTOWN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 6 - CAPITAL ASSETS

Capital asset activity for business-type activities for the year ended June 30, 2018 consisted of the following:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balance</u>
Business-type Activities					
Capital assets, not being depreciated:					
Land	\$ 1,000	\$ -	\$ -	\$ -	\$ 1,000
Construction in progress	3,150,776	48,213	-	(3,003,969)	195,020
Total capital assets, not being depreciated	<u>3,151,776</u>	<u>48,213</u>	<u>-</u>	<u>(3,003,969)</u>	<u>196,020</u>
Capital assets, being depreciated:					
Intangible assets	1,361,000	-	-	-	1,361,000
Plant and pumping stations	15,418,657	-	-	-	15,418,657
Sewer distribution system	20,228,832	-	-	3,003,969	23,232,801
Water distribution system	2,275,502	-	-	-	2,275,502
Equipment	674,848	-	-	-	674,848
Vehicles	173,006	-	-	-	173,006
Total capital assets, being depreciated	<u>40,131,845</u>	<u>-</u>	<u>-</u>	<u>3,003,969</u>	<u>43,135,814</u>
Less accumulated depreciation and amortization for:					
Intangible assets	912,998	43,351	-	-	956,349
Plant and pumping stations	5,425,472	334,308	-	-	5,759,780
Sewer distribution system	4,473,413	217,992	-	-	4,691,405
Water distribution system	1,140,502	86,316	-	-	1,226,818
Equipment	64,415	12,233	-	-	76,648
Vehicles	96,817	15,931	-	-	112,748
Total accumulated depreciation and amortization	<u>12,113,617</u>	<u>710,131</u>	<u>-</u>	<u>-</u>	<u>12,823,748</u>
Total capital assets, being depreciated, net	<u>28,018,228</u>	<u>(710,131)</u>	<u>-</u>	<u>3,003,969</u>	<u>30,312,066</u>
Business-type activities capital assets, net	<u>\$ 31,170,004</u>	<u>\$ (661,918)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 30,508,086</u>

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

Business-Type Activities:	
Sewer	\$ 558,405
Water	<u>151,726</u>
Total depreciation and amortization expense - business-type activities	<u>\$ 710,131</u>

TOWN OF NEWTOWN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 7 - INTERFUND RECEIVABLES AND PAYABLES

Interfund receivable and payable balances at June 30, 2018 are as follows:

Receivable Fund	Payable Fund	Amount
Governmental Funds:		
General Fund	Water Fund	\$ 1,044,997
	Other Governmental Funds	397,860
		<u>1,442,857</u>
Bonded Projects Fund	General Fund	<u>15,213,087</u>
Other Governmental Funds	General Fund	3,849,517
		<u>\$ 20,505,461</u>
Proprietary Funds:		
Internal Service Fund	General Fund	<u>\$ 1,365,166</u>
Business Type Activities Funds:		
Sewer Fund	General Fund	138,051
	Water Fund	718,234
		<u>\$ 856,285</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 \$718,234, 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, 2018.

NOTE 8 - INTERFUND TRANSFERS

Interfund transfers for the year ended June 30, 2018 consisted of the following:

Transfers In	Transfers Out	Amount
Governmental Funds:		
General Fund	Other Governmental Funds	\$ 350,000
Bonded Projects Fund	Other Governmental Fund	400,000
Other Governmental Funds	General Fund	1,883,359
	Bonded Projects Fund	281,709
		<u>2,165,068</u>
		<u>\$ 2,915,068</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)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 9 - LONG-TERM LIABILITIES

The following is a summary of changes in long-term liabilities for the year ended June 30, 2018:

	Beginning Balance <i>(As Adjusted)</i>	Increases	Decreases	Ending Balance	Due Within One Year
Governmental Activities					
Bonds payable:					
General obligation bonds	\$ 66,668,300	\$ 13,000,000	\$ (6,729,500)	\$ 72,938,800	\$ 6,699,500
Unamortized premiums	2,801,131	247,754	(396,363)	2,652,522	-
Total bonds payable	69,469,431	13,247,754	(7,125,863)	75,591,322	6,699,500
Other liabilities:					
Notes payable	258,275	-	(36,693)	221,582	37,491
Capital leases	39,078	114,065	(41,933)	111,210	42,771
Compensated absences	1,004,545	1,815,328	(1,781,850)	1,038,023	105,000
Termination benefits	96,000	-	(32,000)	64,000	32,000
Landfill post-closure care liability	136,000	-	(17,000)	119,000	17,000
Net pension liability	16,518,674	-	(1,004,406)	15,514,268	-
Net OPEB liability	6,634,507	95,263	-	6,729,770	-
	<u>\$ 94,156,510</u>	<u>\$ 15,272,410</u>	<u>\$ (10,039,745)</u>	<u>\$ 99,389,175</u>	<u>\$ 6,933,762</u>
Business-type Activities					
Bonds payable:					
General obligation bonds	\$ 2,431,700	\$ -	\$ (150,500)	\$ 2,281,200	\$ 150,500
Unamortized premiums	37,002	-	(2,182)	34,820	-
Total bonds payable	2,468,702	-	(152,682)	2,316,020	150,500
Other liabilities:					
Notes payable	321,895	-	(321,895)	-	-
	<u>\$ 2,790,597</u>	<u>\$ -</u>	<u>\$ (474,577)</u>	<u>\$ 2,316,020</u>	<u>\$ 150,500</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)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

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, 2018 is as follows:

Purpose of Bonds	Fiscal Date of Issue	Original Issue	Interest Rates	Fiscal Maturity Date	Amount Outstanding
Governmental Activities:					
Bonds Payable:					
General Obligation Refunding Bonds	2010	\$ 13,320,000	2.0% - 5.0%	2020	\$ 2,615,000
General Obligation Refunding Bonds	2011	8,910,000	2.5% - 5.0%	2024	7,240,000
General Obligation Bonds	2012	11,800,000	2.0% - 4.0%	2032	8,360,000
General Obligation Refunding Bonds	2012	15,375,000	1.0% - 4.0%	2027	6,468,300
General Obligation Bonds	2014	4,012,000	2.0% - 3.5%	2034	3,208,000
General Obligation Refunding Bonds	2015	17,620,000	2.375% - 5.0%	2031	15,845,000
General Obligation Bonds	2016	12,000,000	2.0% - 4.0%	2036	10,200,000
General Obligation Refunding Bonds	2016	2,295,000	3.0% - 4.0%	2022	1,830,000
General Obligation Bonds	2017	4,808,000	2.0% - 4.0%	2037	4,172,500
General Obligation Bonds	2018	13,000,000	2.0%-5.0%	2038	13,000,000
					<u>72,938,800</u>
Notes Payable:					
Clean Water Fund Note	2003	516,000	2.1%	2023	148,498
Drinking Water Fund Note	2006	171,738	2.32%	2026	73,084
					<u>221,582</u>
					<u>\$ 73,160,382</u>
Business-type Activities:					
Bonds Payable:					
General Obligation Refunding Bonds	2012	\$ 3,277,000	1.0% - 4.0%	2020	\$ 21,700
General Obligation Bonds	2014	2,488,000	2.0% - 3.5%	2034	1,992,000
General Obligation Bonds	2017	282,000	2.0% - 4.0%	2037	267,500
					<u>\$ 2,281,200</u>

TOWN OF NEWTOWN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

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, 2018:

Year ending June 30:	Governmental Activities				
	Bonds Payable		Notes Payable		Total
	Principal	Interest	Principal	Interest	
2019	\$ 6,699,500	\$ 2,516,269	\$ 37,491	\$ 4,442	\$ 9,257,702
2020	6,351,800	2,262,897	38,307	3,626	8,656,630
2021	6,051,500	2,025,283	39,140	2,794	8,118,717
2022	6,232,000	1,786,663	39,991	1,942	8,060,596
2023	5,797,000	1,539,776	40,867	1,072	7,378,715
2024-2028	23,668,000	4,848,919	25,786	780	28,543,485
2029-2033	12,345,000	1,997,748	-	-	14,342,748
2034-2038	5,794,000	503,394	-	-	6,297,394
	<u>\$ 72,938,800</u>	<u>\$ 17,480,949</u>	<u>\$ 221,582</u>	<u>\$ 14,656</u>	<u>\$ 90,655,987</u>

Year ending June 30:	Business-type Activities		
	Bonds Payable		Total
	Principal	Interest	
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	138,000	50,772	188,772
2023-2027	692,000	199,515	891,515
2028-2032	695,000	98,705	793,705
2033-2037	181,000	9,170	190,170
	<u>\$ 2,281,200</u>	<u>\$ 594,637</u>	<u>\$ 2,875,837</u>

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, 2018.

TOWN OF NEWTOWN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

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

General Obligation Bonds and Notes Payable *(Continued)*

Authorized/Unissued Debt

At June 30, 2018, the Town had authorized unissued debt as follows:

Newtown Community Center	\$ 2,500,000
High School	1,524,657
Hawleyville Sewer Extension	1,030,000
Edmond Town Hall Improvements	571,000
Fairfield Hills Remediation / Demolition	465,000
Treadwell Park Pool Area	400,000
Hawley Boiler/HVAC	359,000
Library Improvements	273,000
Bridge Program	210,000
Hawley School Roof	185,000
High School Auditorium - Phase II	100,000
Treadwell Parking Lot	15,000
	<u>\$ 7,632,657</u>

Capital Leases

A summary of assets acquired through capital leases is as follows as of June 30, 2018:

	Governmental Activities
Equipment	\$ 209,840
Less: accumulated amortization	76,620
	<u>\$ 133,220</u>

Amortization expense relative to leased property under capital leases totaled \$19,155 for the year ended June 30, 2018 and is included in depreciation and amortization expense disclosed in Note 6.

TOWN OF NEWTOWN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

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, 2018 is as follows:

	Governmental Activities
Year Ending June 30:	
2019	\$ 43,646
2020	22,813
2021	22,813
2022	22,813
Total minimum lease payments	112,085
Less: amount representing interest	875
Present value of minimum lease payments	<u>\$ 111,210</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 7 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 \$32,000 for the year ended June 30, 2018. As of June 30, 2018, the Town's liability for early retirement incentives totaled \$64,000.

Future annual payments on early retirement incentives as of June 30, 2018 are as follows:

	Governmental Activities
Year Ending June 30:	
2019	\$ 32,000
2020	24,000
2021	8,000
Total payments	<u>\$ 64,000</u>

TOWN OF NEWTOWN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

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.

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, 2018, more than 10.0% of the Town Plan's investments were invested in the following:

Issuer	Investments	Value	% of Town Plan Investments
Vanguard	Total Bond Market Index Admiral Shares	\$ 14,011,044	33%
Vanguard	Developed Markets Index Fund Institutional Shares	12,589,513	30%
Vanguard	Institutional Index Fund Institutional Shares	11,124,611	26%
Vanguard	Extended Market Index Fund Admiral Shares	4,568,156	11%

TOWN OF NEWTOWN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 10 - EMPLOYEE RETIREMENT PLANS *(Continued)*

Pension Trust Fund *(Continued)*

Summary of Significant Accounting Policies *(Continued)*

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, 2018, the annual money-weighted rate of return on the Town Plan's investments, net of pension plan investment expense was 7.30%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Plan Membership

As of June 30, 2018, plan membership consisted of the following:

Retirees and beneficiaries receiving benefits	155
Terminated plan members entitled to but not yet receiving benefits	44
Active plan members	<u>347</u>
	<u><u>546</u></u>

Benefit Provisions

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.

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, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 10 - EMPLOYEE RETIREMENT PLANS *(Continued)*

Pension Trust Fund *(Continued)*

Benefit Provisions *(Continued)*

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 contribution 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 Police Officers' Pension Plan - Plan participants are required to contribution 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 \$1,885,303 and represented 10.0% of covered payroll.

TOWN OF NEWTOWN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 10 - EMPLOYEE RETIREMENT PLANS *(Continued)*

Pension Trust Fund *(Continued)*

Net Pension Liability

The components of the Town's net pension liability of the Town Plan at June 30, 2018, were as follows:

Total pension liability	\$ 58,213,265
Plan fiduciary net position	42,698,997
Net pension liability	<u>\$ 15,514,268</u>
Plan fiduciary net position as a percentage of the total pension liability	73.35%

The components of the change in the net pension liability of the Town Plan for the year ended June 30, 2018, were as follows:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance as of June 30, 2017	\$ 55,963,578	\$ 39,444,904	\$ 16,518,674
Changes for the year:			
Service cost	1,682,271	-	1,682,271
Interest	3,964,240	-	3,964,240
Differences between expected and actual experience	(1,369,101)	-	(1,369,101)
Contributions - employer	-	1,885,303	(1,885,303)
Contributions - employee	-	475,316	(475,316)
Net investment income	-	2,957,864	(2,957,864)
Benefit payments, including refunds	(2,027,723)	(2,027,723)	-
Administrative expense	-	(36,667)	36,667
Net changes	<u>2,249,687</u>	<u>3,254,093</u>	<u>(1,004,406)</u>
Balance as of June 30, 2018	<u>\$ 58,213,265</u>	<u>\$ 42,698,997</u>	<u>\$ 15,514,268</u>

Actuarial assumptions - The total pension liability for the Town Plan was determined by an actuarial valuation as of July 1, 2017, 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, net of pension plan investment expense	7.00%
Discount rate	7.00%

TOWN OF NEWTOWN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 10 - EMPLOYEE RETIREMENT PLANS *(Continued)*

Pension Trust Fund *(Continued)*

Net Pension Liability *(Continued)*

Mortality rates were based on the SOA RP-2014 Male and Female Pre-and Post Retirement Mortality Tables, projected generationally using the MP-2016 projection scales.

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, 2018 are summarized in the following table:

<u>Asset Class</u>	<u>Long-term Expected Real Rate of Return</u>
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:

	<u>Discount Rate</u>		
	<u>1% Decrease</u>	<u>Current</u>	<u>1% Increase</u>
Town Plan's net pension liability as of June 30, 2018	\$ 23,326,658	\$ 15,514,268	\$ 9,087,745

TOWN OF NEWTOWN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 10 - EMPLOYEE RETIREMENT PLANS *(Continued)*

Pension Trust Fund *(Continued)*

Pension Expense and Deferred Outflows/Inflows of Resources

For the year ended June 30, 2018, the Town recognized pension expense related to the Town Plan of \$3,689,946. At June 30, 2018, the Town reported deferred outflows and inflows of resources related to the Town Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows (Inflows) of Resources
Difference between expected and actual experience	\$ 418,796	\$ 2,179,117	\$ (1,760,321)
Changes of assumptions and demographics	3,505,720	-	3,505,720
Difference between projected and actual earnings on plan investments	1,708,889	910,511	798,378
Total	<u>\$ 5,633,405</u>	<u>\$ 3,089,628</u>	<u>\$ 2,543,777</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,	Amortization Pension Expense
2019	\$ 1,253,595
2020	931,164
2021	237,937
2022	475,089
2023	(110,193)
Thereafter	(243,815)
	<u>\$ 2,543,777</u>

Plan Financial Statements

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 2018:

	Town Plan
ASSETS	
Cash and cash equivalents	\$ 348,820
Investments	42,451,238
Receivables	2,481
Total assets	<u>42,802,539</u>
NET POSITION	
Restricted for:	
Town Plan pension benefits	42,698,997
Other retirement benefits	103,542
	<u>\$ 42,802,539</u>

TOWN OF NEWTOWN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 10 - EMPLOYEE RETIREMENT PLANS *(Continued)*

Pension Trust Fund *(Continued)*

Plan Financial Statements *(Continued)*

	<u>Town Plan</u>
ADDITIONS	
Contributions:	
Employer	\$ 1,896,113
Plan members	477,484
Total contributions	<u>2,373,597</u>
Investment earnings:	
Interest and dividends	1,274,144
Net change in the fair value of investments	1,770,097
	<u>3,044,241</u>
Less investments fees	(75,950)
Total investment earnings	<u>2,968,291</u>
Total additions	<u>5,341,888</u>
DEDUCTIONS	
Benefit payments	2,099,811
Administrative expenses	36,824
Total deductions	<u>2,136,635</u>
Change in net position	3,205,253
Net position - beginning	<u>39,597,286</u>
Net position - ending	<u>\$ 42,802,539</u>

Connecticut State Teachers' Retirement System

Plan Description

The faculty and professional personnel of the Town's Board of Education participates in the State of Connecticut's Teachers' Retirement System ("TRS"), which is a cost sharing multiple-employer defined benefit pension plan that provides retirement, disability, survivorship and health insurance benefits to plan members and their beneficiaries. The TRS is governed by Connecticut General Statute ("CGS") *Title 10, Chapter 167a* and is administered by the Connecticut State Teachers' Retirement Board (the "Board"). The TRS is included as a fiduciary pension trust fund in the State of Connecticut's Comprehensive Annual Financial Report and the Board issues publicly available financial reports.

Benefit Provisions

The plan provides retirement, disability and death benefits. Employees are eligible to retire at age 60 with 20 years of credited service in Connecticut, or 35 years of credited service including at least 25 years of service in Connecticut.

TOWN OF NEWTOWN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 10 - EMPLOYEE RETIREMENT PLANS (Continued)

Connecticut State Teachers' Retirement System (Continued)

Normal Retirement: Retirement benefits for the employees are calculated as 2.0% of the average annual salary times the years of credited service (maximum benefit is 75.0% of average annual salary during the 3 years of highest salary). In addition, amounts derived from the accumulation of the 6.0% contributions made prior to July 1, 1989 and voluntary contributions are payable.

Early Retirement: Employees are eligible after 25 years of credited service with a minimum of 20 years of Connecticut service, or age 55 with 20 years of credited service with a minimum of 15 years of Connecticut service. Benefit amounts are reduced by 6.0% per year for the first 5 years preceding normal retirement age and 4.0% per year for the next 5 years preceding normal retirement age. Effective July 1, 1999, the reduction for individuals with 30 or more years of service is 3.0% per year by which retirement precedes normal retirement date.

Minimum Benefit: Effective January 1, 1999, Public Act 98-251 provides a minimum monthly benefit of \$1,200 to teachers who retire under the normal retirement provisions and who have completed at least 25 years of full time Connecticut service at retirement.

Disability Retirement: Employees are eligible for service-related disability benefits regardless of length of service. Five years of credited service is required to be eligible for non-service related disability. Disability benefits are calculated as 2% per year of service times the average of the highest three years of pensionable salary, as defined per the Plan, but not less than 15%, nor more than 50%. In addition, disability benefits under this plan (without regard to cost-of-living adjustments) plus any initial award of Social Security benefits and workers' compensation cannot exceed 75% of average annual salary. A plan member who leaves service and has attained 10 years of service will be entitled to 100% of the accrued benefit as of the date of termination of covered employment. Benefits are payable at age 60, and early retirement reductions are based on the number of years of service the member would have had if they had continued work until age 60.

Pre-Retirement Death Benefit: The plan also offers a lump-sum return of contributions with interest or surviving spouse benefit depending on length of service.

Contributions

Per CGS 10-183z, contribution requirements of active employees and the State are amended and certified by the Board and appropriated by the General Assembly. The contributions are actuarially determined as an amount that, when combined with employee contributions and investment earnings, is expected to finance the costs of the benefits earned by employees during the year, with any additional amounts to finance any unfunded accrued liability.

In accordance with CGS Section 10-183z, 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 100% of an employer's contributions on-behalf of its participating municipalities at an actuarially determined rate. Effective January, 1, 2018, active employees are required to contribute 7.0%, previously 6.0%, of their annual earnings to the plan.

Administrative Expenses

Administrative costs of the plan are funded by the State.

TOWN OF NEWTOWN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 10 - EMPLOYEE RETIREMENT PLANS (Continued)

Connecticut State Teachers' Retirement System (Continued)

Basis of Presentation

The collective net pension liability, deferred outflows and inflows of resources, and pension expense for the TRS has been measured as of June 30, 2017 based on an actuarial valuation performed as of June 30, 2016. Since the Town does not contribute directly to the TRS, the Town does not recognize its proportionate share of these amounts in its financial statements. The information determined as of the June 30, 2017 measurement date for the TRS has been utilized by the Town for reporting on-behalf revenues, expenditures and expenses for the year ended June 30, 2018 and for reporting the proportionate share of the collective net pension liability that is attributed to the Town as of June 30, 2018.

Allocation Methodology

The schedule of employer allocations for the TRS was calculated based upon the fiscal year 2017 expected contribution effort for each participating employer. The employer allocations were then applied to the net pension liability and pension expense to determine the amount applicable to each employer. For fiscal year 2017, the Town's expected contribution effort for allocation purposes totaled \$8,719,478 or 0.861% of the total expected contribution effort. The Town has recognized this amount as an on-behalf payment into the TRS as intergovernmental revenues and related education expenditures of the General Fund for the year ended June 30, 2018.

The components associated with the collective pension expense and deferred inflows and outflows of resources for the TRS have been determined based on the fiduciary net position as audited by the State of Connecticut Auditors of Public Accounts as part of the State of Connecticut's Comprehensive Annual Financial Report as of and for the year ended June 30, 2017. The portion of the collective pension expense allocated to the Town totaled \$13,454,654. The Town has recognized this amount as an operating contribution and related education expense of the governmental activities for the year ended June 30, 2018.

The total collective net pension liability of participating employers for the TRS was approximately \$13.502 billion as of the June 30, 2017 measurement date. The portion attributed to the Town totaled \$116,318,513 or approximately 0.861% of the total collective net pension liability.

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2016 using the following actuarial assumptions, applied to all periods included 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

Mortality rates were based on 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.

TOWN OF NEWTOWN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 10 - EMPLOYEE RETIREMENT PLANS *(Continued)*

Connecticut State Teachers' Retirement System *(Continued)*

Actuarial Assumptions *(Continued)*

Future cost-of-living increases for teachers who retired prior to September 1, 1992, are made in accordance with increases in the Consumer Price Index, with a minimum of 3% and a maximum of 5% per annum. For teachers who were members of the Teachers' Retirement System before July 1, 2007, and retire on or after September 1, 1992, pension benefit adjustments are made that are consistent with those provided for Social Security benefits on January 1 of the year granted, with a maximum of 6% per annum. If the return on assets in the previous year was less than 8.5%, the maximum increase is 1.5%. For teachers who were members of the Teachers' Retirement System after July 1, 2007, pension benefit adjustments are made that are consistent with those provided for Social Security benefits on January 1 of the year granted, with a maximum of 5% per annum. If the return on assets in the previous year was less than 11.5%, the maximum increase is 3%, and if the return on the assets in the previous year was less than 8.5%, the maximum increase is 1.0%.

Discount Rate

The discount rate used to measure the total pension liability was 8.00%. 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 the State contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Long-Term Rate of Return

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis 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 plan's target asset allocation are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Large Cap U.S. Equities	21.0%	5.8%
Developed Non-U.S. Equities	18.0%	6.6%
Private Equity	11.0%	7.6%
Emerging Markets (Non-U.S.)	9.0%	8.3%
Core Fixed Income	7.0%	1.3%
Real Estate	7.0%	5.1%
Alternative investments	8.0%	4.1%
Liquidity fund	6.0%	4.0%
Emerging Market Bonds	5.0%	3.7%
High Yield Bonds	5.0%	3.9%
Inflation Linked Bonds	3.0%	1.0%
	<u>100%</u>	

TOWN OF NEWTOWN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 10 - EMPLOYEE RETIREMENT PLANS *(Continued)*

Connecticut State Teachers' Retirement System *(Continued)*

Proportionate Share of the Collective Net Pension Liability

The following presents the proportionate share of the collective net pension liability attributed to the Town as of the June 30, 2017 measurement date, calculated using a discount rate of 8.00%, as well as what the proportionate share of the net pension liability attributed to the Town would be if it were calculated using a discount rate that is 1-percentage point lower (7.00%) or 1-percentage-point higher (9.00%) than the current rate:

	1% Decrease (7.00%)	Current Discount (8.00%)	1% Increase (9.00%)
Proportionate share of the net pension liability attributed to the Town	\$ 145,596,478	\$ 116,318,513	\$ 91,565,827

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, 2018, the net position available for benefits include \$100,404 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 1st 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, 2018, employer contributions were \$10,810 and employee contributions totaled \$3,571.

The second plan is a 401(a) money purchase plan that was established in January 2014. This plan applies to the following groups:

- non-union employees hired on or after December 31, 2013
- park and recreation employees hired on or after June 30, 2014
- police officers hired on or after May 5, 2015
- emergency telecommunicators and police clerical staff hired on or after July 1, 2016
- education paraeducators hired on or after July 1, 2015
- education custodial and maintenance staff hired on or after December 15, 2015
- education secretaries hired on or after November 17, 2015
- education nurses hired on or after July 1, 2017

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, 2018, employer contributions were \$211,642 and employee contributions totaled \$200,285.

TOWN OF NEWTOWN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 11 - OTHER POST-EMPLOYMENT BENEFITS

Town and Board of Education Plan

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 - As of July 1, 2016, the date of the most recent actuarial valuation, membership data was as follows:

Current retirees, beneficiaries, and dependents	68
Current active participants	460
	<u>528</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, 2018, the Town's contribution totaled \$285,531, which represented 0.74% 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)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

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

Town and Board of Education Plan *(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 - The OPEB Plan's investments consist solely of investments in various mutual funds and are therefore not exposed to concentrations of credit risk, as these investments are considered to be diversified by nature.

Rate of return - For the year ended June 30, 2018, the annual money-weighted rate of return on the OPEB Plan's investments, net of pension plan investment expense was 7.21%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net OPEB Liability

The Town's net OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2016. The components of the net OPEB liability of the OPEB Plan as of June 30, 2018, were as follows:

Total OPEB liability	\$ 9,195,376
Plan fiduciary net position	<u>2,465,606</u>
Net OPEB liability	<u><u>\$ 6,729,770</u></u>
Plan fiduciary net position as a percentage of the total pension liability	26.81%

TOWN OF NEWTOWN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

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

Town and Board of Education Plan *(Continued)*

Net OPEB Liability *(Continued)*

The components of the change in the net OPEB liability of the Town's OPEB Plan for the year ended June 30, 2018, were as follows:

	<u>Total OPEB Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net OPEB Liability</u>
Balance as of June 30, 2017	\$ 8,735,531	\$ 2,101,024	\$ 6,634,507
Changes for the year:			
Service cost	301,764	-	301,764
Interest	680,243	-	680,243
Changes of benefit terms	-		-
Changes of assumptions and differences between expected and actual experience	(363,565)	-	(363,565)
Contributions - employer	-	285,531	(285,531)
Net investment income	-	164,582	(164,582)
Benefit payments	(158,597)	(158,597)	-
Other	-	73,066	(73,066)
Net changes	<u>459,845</u>	<u>364,582</u>	<u>95,263</u>
Balance as of June 30, 2018	<u>\$ 9,195,376</u>	<u>\$ 2,465,606</u>	<u>\$ 6,729,770</u>

Actuarial Assumptions – The Total OPEB liability in the July 1, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Investment rate of return	6.75%
Discount rate	6.75%
Inflation rate	2.25%
Salary increases	3.00%
Healthcare cost trend rate:	
Initial	7.75%
Ultimate	4.75%

Mortality rates were based on the RP-2014 Mortality Table with no collar adjustment projected to valuation date with Scale MP-2017 for certified employees and the RP-2014 Mortality Table with blue collar adjustment projected to the valuation date with Scale MP-2017 for non-certified employees.

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.

TOWN OF NEWTOWN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

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

Town and Board of Education Plan *(Continued)*

Net OPEB Liability *(Continued)*

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, 2018 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return *</u>	<u>Weighting</u>
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%

* Long-term returns are provided by Fiduciary Investment Advisors. The returns are geometric means.

Discount rate - The discount rate used to measure the total OPEB liability was 6.75%. 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.

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:

	<u>Discount Rates</u>		
	<u>1% Decrease (5.75%)</u>	<u>Current (6.75%)</u>	<u>1% Increase (7.75%)</u>
Net OPEB liability	\$ 7,723,702	\$ 6,729,770	\$ 5,918,447

TOWN OF NEWTOWN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

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

Town and Board of Education Plan *(Continued)*

Actuarial Methods and Assumptions *(Continued)*

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:

	Healthcare Cost Trend Rates		
	1% Decrease	Current	1% Increase
Net OPEB liability as of June 30, 2018	\$ 5,626,194	\$ 6,729,770	\$ 8,036,047

OPEB Plan Financial Statements

The following presents the statements of fiduciary net position and the statement of changes in fiduciary net position for the Town's OPEB plan as of and for the year ended June 30, 2018.

	Other Post-Employment Benefit Trust Fund
ASSETS	
Cash and cash equivalents	\$ 24,232
Investments - mutual funds	2,441,374
Total assets	<u>2,465,606</u>
LIABILITIES	
Payables	144,543
Total liabilities	<u>144,543</u>
NET POSITION	
Held in trust for other post-employment benefits	2,321,063
	<u><u>\$ 2,321,063</u></u>

TOWN OF NEWTOWN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

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

Town and Board of Education Plan *(Continued)*

OPEB Plan Financial Statements *(Continued)*

	Other Post-Employment Benefit Trust Fund
ADDITIONS	
Contributions:	
Employer	\$ 285,531
Total contributions	<u>285,531</u>
Investment earnings:	
Interest and dividends	69,084
Net change in the fair value of investments	<u>100,647</u>
	169,731
Less investments fees	<u>(1,677)</u>
Total investment earnings	<u>168,054</u>
Total additions	<u>453,585</u>
DEDUCTIONS	
Benefit payments	158,597
Administrative expenses	<u>3,471</u>
Total deductions	<u>162,068</u>
Change in net position	291,517
Net position - beginning	<u>2,029,546</u>
Net position - ending	<u><u>\$ 2,321,063</u></u>

OPEB Expense and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2018, the Town recognized OPEB expense of \$731,102. As of June 30, 2018, the Town reported deferred inflows of resources related to OPEB from the following sources:

	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 337,409
Difference between projected and actual earnings on OPEB plan investments	<u>12,899</u>
Total	<u><u>\$ 350,308</u></u>

TOWN OF NEWTOWN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

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

OPEB Expense and Deferred Inflows of Resources Related to OPEB *(Continued)*

Year ended June 30,		
2019	\$	29,381
2020		29,381
2021		29,381
2022		29,380
2023		26,156
Thereafter		206,629
	\$	<u>350,308</u>

Connecticut State Teachers' Retirement System

Plan Description

The faculty and professional personnel of the Town's Board of Education participates in the State of Connecticut's Teachers' Retirement System ("TRS"), which is a cost sharing multiple-employer defined benefit pension plan that provides retirement, disability, survivorship and health insurance benefits to plan members and their beneficiaries. The TRS is governed by Connecticut General Statute ("CGS") *Title 10, Chapter 167a* and is administered by the Connecticut State Teachers' Retirement Board (the "Board"). The OPEB trust fund is included in the TRS, and the TRS is included in the State of Connecticut audit as a pension trust fund.

Benefit Provisions

The Plan covers retired teachers and administrators of public schools in the State who are receiving benefits from the Plan. The Plan provides healthcare insurance benefits to eligible retirees and their spouses. Any member that is currently receiving a retirement or disability benefit through the Plan is eligible to participate in the healthcare portion of the Plan. Subsidized Local School District Coverage provides a subsidy paid to members still receiving coverage through their former employer and the TRB Sponsored Medicare Supplemental Plans provide coverage for those participating in Medicare, but not receiving Subsidized Local School District Coverage.

Any member that is not currently participating in Medicare Parts A & B is eligible to continue health care coverage with their former employer. A subsidy of up to \$110 per month for a retired member plus an additional \$110 per month for a spouse enrolled in a local school district plan is provided to the school district to first offset the retiree's share of the cost of coverage, any remaining portion is used to offset the district's cost. The subsidy amount is set by statute, and has not increased since July of 1996. A subsidy amount of \$220 per month may be paid for a retired member, spouse or the surviving spouse of a member who has attained the normal retirement age to participate in Medicare, is not eligible for Part A of Medicare without cost, and contributes at least \$220 per month towards coverage under a local school district plan.

Any member that is currently participating in Medicare Parts A & B is eligible to either continue health care coverage with their former employer, if offered, or enroll in the plan sponsored by the System. If they elect to remain in the plan with their former employer, the same subsidies as above will be paid to offset the cost of coverage.

TOWN OF NEWTOWN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

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

Connecticut State Teachers' Retirement System *(Continued)*

Benefit Provisions *(Continued)*

If a member participating in Medicare Parts A & B so elects, they may enroll in one of the CTRB Sponsored Medicare Supplemental Plans. Active members, retirees, and the State pay equally toward the cost of the basic coverage (medical and prescription drug benefits).

Employees are eligible to retire at age 60 with 20 years of credited service in Connecticut, or 35 years of credited service including at least 25 years of service in Connecticut.

Contributions

Per CGS 10-183z, which reflects Public Act 79-436 as amended), contribution requirements of active employees and the State of Connecticut are amended and certified by the TRB and appropriated by the General Assembly. The State pays for one third of plan costs through annual appropriation in the General Fund. School district employers are not required to make contributions to the Plan.

The cost of providing plan benefits is financed on a pay-as-you-go basis as follows: active teachers' pay for one third of the Plan costs through a contribution of 1.25% of their pensionable salaries, and retired teachers pay for one third of the Plan costs through monthly premiums, which helps reduce the cost of health insurance for eligible retired members and dependents.

Contributions remitted by the State are recognized when legally due, based upon statutory requirements.

Administrative Expenses

Administrative costs of the Plan are to be paid by the General Assembly per Section 10-183r of the Connecticut General Statutes.

Basis of Presentation

The collective net OPEB liability, deferred outflows and inflows of resources, and OPEB expense for the TRS has been measured as of June 30, 2017 based on an actuarial valuation performed as of June 30, 2016. Since the Town does not contribute directly to the TRS, the Town does not recognize its proportionate share of these amounts in its financial statements. The information determined as of the June 30, 2017 measurement date for the TRS has been utilized by the Town for reporting on-behalf revenues, expenditures and expenses for the year ended June 30, 2018 and for reporting the proportionate share of the collective net OPEB liability that is attributed to the Town as of June 30, 2018.

The components associated with the OPEB expense and deferred inflows and outflows of resources have been determined using the unrecognized portions of each year's experience and assumption changes for the year ended June 30, 2017.

TOWN OF NEWTOWN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

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

Connecticut State Teachers' Retirement System *(Continued)*

Allocation Methodology

The schedule of allocations have been prepared to provide the total amount of employer contributions from the State and the proportionate share percentages that have been determined based on these contributions. Based on these percentages the proportionate share amounts of the net OPEB liability associated with each participating employer and the employer OPEB expense and revenue for State support for each participating employer for the year ending June 30, 2017.

For fiscal year 2017, the Town's expected contribution effort for allocation purposes totaled \$171,622 or 0.86% of the total expected contribution effort. The Town has recognized this amount as an on-behalf payment into the TRS as intergovernmental revenues and related education expenditures of the General Fund for the year ended June 30, 2018.

The components associated with the collective OPEB expense and deferred inflows and outflows of resources for the TRS have been determined based on the fiduciary net position as audited by the State of Connecticut Auditors of Public Accounts as part of the State of Connecticut's Comprehensive Annual Financial Report as of and for the year ended June 30, 2017. The portion of the collective OPEB expense allocated to the Town totaled \$1,387,528. The Town has recognized this amount as an operating contribution and related education expense of the governmental activities for the year ended June 30, 2018.

The total collective net OPEB liability of participating employers for the TRS was approximately \$3.475 billion as of the June 30, 2017 measurement date. The portion attributed to the Town totaled \$29,939,081 or approximately 0.86% of the total collective net OPEB liability.

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of June 30, 2016 using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Salary increases	3.25%-6.50%, including inflation
Investment rate of return	2.75%, net of investment related expense
Healthcare cost trend rates:	
Pre-Medicare	7.25% for 2017 decreasing to an ultimate rate of 5.00% by 2022
Medicare	7.25% for 2017 decreasing to an ultimate rate of 5.00% by 2022

Mortality rates were based on 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.

TOWN OF NEWTOWN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

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

Connecticut State Teachers' Retirement System *(Continued)*

Long-Term Rate of Return

The long-term expected rate of return on plan assets is reviewed as part of the actuarial valuation process. Several factors are considered in evaluation the long-term rate of return assumption, including the Plan's current asset allocations and a log-normal distribution analysis using the best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) for each major asset class.

The long-term expected rate of return was determined by weighing the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The assumption is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
U.S. Treasuries (Cash Equivalents)	100.0%	0.04%

Discount Rate

The discount rate used to measure the total OPEB liability was 3.56%. The projection of cash flows used to determine the discount rate was performed in accordance with the applicable standards. The projection's basis was an actuarial valuation performed as of June 30, 2016. In addition to the actuarial methods and assumptions of the June 30, 2016 actuarial valuation, the following actuarial methods and assumptions were used in the projection of cash flows:

- Total payroll for the initial projection year consists of the payroll of the active membership present on the valuation date. In subsequent projection years, total payroll was assumed to increase annual at a rate of 3.25%.
- Employee contributions were assumed to be made at the current member contribution rate.
- Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- No future employer contributions were assumed to be made.
- For future plan members, contribution inflows were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.

Based on those assumptions, the Plan's fiduciary net position was projected to be depleted in 2018 and, as a result, the Municipal Bond Index Rate was used in the determination of the single equivalent rate.

TOWN OF NEWTOWN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

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

Connecticut State Teachers' Retirement System *(Continued)*

Proportionate Share of the Collective Net Pension Liability

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate - The following presents the proportionate share of the collective net OPEB liability attributed to the Town as of the June 30, 2017 measurement date, calculated using a discount rate of 3.56%, as well as what the proportionate share of the net OPEB liability attributed to the Town would be if it were calculated using a discount rate that is 1-percentage point lower (2.56%) or 1-percentage-point higher (4.56%) than the current rate:

	<u>1% Decrease (2.56%)</u>	<u>Current Rate (3.56%)</u>	<u>1% Increase (4.56%)</u>
Proportionate share of the net OPEB liability attributed to the Town	\$ 36,081,387	\$ 29,939,081	\$ 25,109,459

Sensitivity of the Net OPEB liability to Changes in the Healthcare Cost Trend Rates - The following presents the proportionate share of the collective net OPEB liability attributed to the Town as of the June 30, 2017 measurement date, calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	<u>1% Decrease in Trend Rates</u>	<u>Current Trend Rates</u>	<u>1% Increase in Trend Rates</u>
Proportionate share of the net OPEB liability attributed to the Town	\$ 24,650,666	\$ 29,939,081	\$ 37,059,285

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 2018 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, 2018 and 2017 are as follows:

Year Ended June 30	Claims Payable, Beginning of Year	Claims and Changes in Estimates	Claims Paid	Claims Payable, End of Year
2018	\$ 1,201,973	\$ 12,187,249	\$ 12,471,222	\$ 918,000
2017	1,083,048	12,246,338	12,127,413	1,201,973

TOWN OF NEWTOWN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 13 - FUND BALANCE

As of June 30, 2018, 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	-	-	22,917	22,917
	<u>-</u>	<u>-</u>	<u>632,917</u>	<u>632,917</u>
Restricted for:				
General government:				
Edmond Town Hall	-	-	828,778	828,778
Historic documents	-	-	30,977	30,977
Flag pole	-	-	6,238	6,238
Public safety:				
Law enforcement programs			112,229	112,229
Health and welfare:				
Education and care of animals	-	-	1,140,401	1,140,401
Cemeteries	-	-	333	333
Rehabilitation programs	-	-	22,273	22,273
Park and recreation:				
Recreation programs	-	-	258,249	258,249
Cultural arts programs	-	-	187,457	187,457
Education:				
Sandy Hook School	-	-	126,243	126,243
School lunch program	-	-	190,475	190,475
Education programs	-	-	291,281	291,281
Hawley School	-	-	75,827	75,827
Capital projects	-	12,235,620	-	12,235,620
	<u>-</u>	<u>12,235,620</u>	<u>3,270,761</u>	<u>15,506,381</u>
Committed to:				
General government:				
Fairfield Hills Campus	-	-	92,122	92,122
Blight	-	-	36,868	36,868
Public safety:				
Animal control	-	-	16,365	16,365
Police private duty	-	-	43,537	43,537
Public works:				
Septage management	-	-	116,939	116,939
Park and recreation:				
Edmond Town Hall Theater	-	-	151,002	151,002
Marina operations	-	-	477,358	477,358
Teen center programs	-	-	15,498	15,498
Education:				
Adult education programs	-	-	58,697	58,697
Other programs	-	-	85,580	85,580
Capital purposes	-	400,000	1,318,007	1,718,007
Debt service	-	-	581,703	581,703
Senior tax credit program	175,484	-	-	175,484
	<u>175,484</u>	<u>400,000</u>	<u>2,993,676</u>	<u>3,569,160</u>

Continued

TOWN OF NEWTOWN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 13 - FUND BALANCE (Continued)

	<u>General Fund</u>	<u>Bonded Projects Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Assigned to:				
General government	\$ 14,100	\$ -	\$ -	\$ 14,100
Public safety	76,071	-	-	76,071
Parks and recreation	14,916	-	-	14,916
Education	285,219	-	-	285,219
	<u>390,306</u>	<u>-</u>	<u>-</u>	<u>390,306</u>
Unassigned	12,826,790	(1,146,369)	(6,986)	11,673,435
	<u>\$ 13,392,580</u>	<u>\$ 11,489,251</u>	<u>\$ 6,890,368</u>	<u>\$ 31,772,199</u>
				<i>Concluded</i>

Deficit Fund Balances

The Newtown Community Center had a deficit fund balance as of June 30, 2018 of \$6,986. The deficit does not constitute a violation of statutory provisions. The deficit is expected to be eliminated through future revenue sources.

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.

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 has recognized \$10,000,000 as contribution revenue in its government-wide financial statements in a prior year. The remaining 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.

NOTE 15 - IMPACT OF NEW ACCOUNTING STANDARDS NOT YET EFFECTIVE

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 is currently evaluating the potential impact of adopting this Statement on its financial statements.

TOWN OF NEWTOWN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 15 - IMPACT OF NEW ACCOUNTING STANDARDS NOT YET EFFECTIVE (Continued)

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 is currently evaluating the potential impact of adopting this Statement 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 is currently evaluating the potential impact of adopting this Statement on its financial statements.

In April 2018, the GASB issued Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. The requirements of this Statement are effective for the Town's reporting period beginning July 1, 2018. The Town is currently evaluating the potential impact of adopting this Statement on its financial statements.

In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. The objective of this Statement are (a) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (b) to simplify accounting for interest cost incurred before the end of a construction period. The requirements of this Statement should be applied prospectively and are effective for the Town's reporting period beginning July 1, 2020. The Town is currently evaluating the potential impact of adopting this Statement on its financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

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, 2018

	Budgeted Amounts			Variance With
	Original	Final	Actual	Final Budget
				Over (Under)
REVENUES				
Property taxes	\$ 104,900,767	\$ 104,900,767	\$ 104,543,685	\$ (357,082)
Intergovernmental	5,555,045	6,586,526	7,317,996	731,470
Charges for goods and services	2,147,470	2,147,470	2,349,207	201,737
Investment income	400,000	400,000	461,733	61,733
Other	217,250	217,250	229,516	12,266
Total revenues	<u>113,220,532</u>	<u>114,252,013</u>	<u>114,902,137</u>	<u>650,124</u>
EXPENDITURES				
Current:				
General government	4,637,210	4,702,291	4,600,777	(101,514)
Public safety	10,398,092	10,043,157	9,943,265	(99,892)
Health and welfare	2,904,941	2,906,160	2,886,609	(19,551)
Land use	684,451	669,771	663,714	(6,057)
Public works	9,863,190	9,731,636	9,677,738	(53,898)
Parks and recreation	2,406,118	2,406,118	2,396,849	(9,269)
Education	72,995,957	74,064,636	74,064,636	-
Contingency	200,000	2,133	-	(2,133)
Debt service:				
Principal	6,766,194	6,766,194	6,766,194	-
Interest and fiscal charges	2,170,874	2,170,874	2,170,874	-
Total expenditures	<u>113,027,027</u>	<u>113,462,970</u>	<u>113,170,656</u>	<u>(292,314)</u>
Excess of revenues over expenditures	193,505	789,043	1,731,481	942,438
OTHER FINANCING SOURCES (USES)				
Appropriation of fund balance	-	700,000	-	(700,000)
Cancellation of prior year encumbrances	-	-	34,510	34,510
Transfers in	175,000	175,000	350,000	175,000
Transfers out	(368,505)	(1,664,043)	(1,663,729)	314
Total other financing sources (uses)	<u>(193,505)</u>	<u>(789,043)</u>	<u>(1,279,219)</u>	<u>(490,176)</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	452,262	<u>\$ 452,262</u>
Fund balance - beginning			<u>12,550,012</u>	
Fund balance - ending			<u>\$ 13,002,274</u>	

See accompanying notes to required supplementary information.

TOWN OF NEWTOWN, CONNECTICUT
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2018

	Budgeted Amounts			Variance With Final Budget Over (Under)
	Original	Final	Actual	
Property Taxes:				
Collections - current year	\$ 103,010,767	\$ 103,010,767	\$ 102,500,234	\$ (510,533)
Collections - prior years	475,000	475,000	566,705	91,705
Interest and lien fees	450,000	450,000	395,102	(54,898)
Motor vehicle supplement list	900,000	900,000	1,032,359	132,359
Telecommunications property tax	65,000	65,000	49,285	(15,715)
Total property taxes	104,900,767	104,900,767	104,543,685	(357,082)
Intergovernmental:				
Veterans additional exemptions	19,000	19,000	20,164	1,164
Elderly tax relief, circuit breaker	107,000	-	-	-
In lieu of taxes	547,350	417,704	417,704	-
Totally disabled	1,947	1,947	1,754	(193)
Town aid for roads	470,708	470,708	470,865	157
Grants for municipal projects	-	235,371	235,371	-
Mashantucket Pequot fund grant	903,200	903,200	903,200	-
Connecticut school building grants	89,474	89,474	288,968	199,494
Equalized cost-sharing grant	2,138,725	3,691,266	4,254,799	563,533
Health services - St. Rose	22,170	22,170	20,858	(1,312)
Miscellaneous grants	50,000	50,000	20,838	(29,162)
LOCIP grant	380,724	380,724	378,513	(2,211)
State revenue sharing	824,747	304,962	304,962	-
Total intergovernmental revenue	5,555,045	6,586,526	7,317,996	731,470
Charges for Services:				
Town clerk - conveyance tax	500,000	500,000	528,627	28,627
Town clerk - other	225,000	225,000	212,408	(12,592)
Parks and recreation	210,000	210,000	226,512	16,512
Tuition	30,800	30,800	100,164	69,364
School generated fees	105,170	105,170	35,370	(69,800)
Building	450,000	450,000	563,021	113,021
Permit fees	1,250	1,250	2,500	1,250
Transfer Station permits	450,000	450,000	481,275	31,275
WPCA	120,000	120,000	120,000	-
Senior center membership fees	5,250	5,250	6,335	1,085
Land use	50,000	50,000	72,995	22,995
Total charges for services	2,147,470	2,147,470	2,349,207	201,737
Investment Income	400,000	400,000	461,733	61,733
Other Revenues:				
Miscellaneous - Police	15,000	15,000	38,254	23,254
Miscellaneous - Board of Education	2,250	2,250	12,074	9,824
Miscellaneous - Selectmen	200,000	200,000	179,188	(20,812)
Total other revenues	217,250	217,250	229,516	12,266
Total revenues	113,220,532	114,252,013	114,902,137	650,124

Continued

See accompanying notes to required supplementary information.

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, 2018

	Budgeted Amounts			Variance With Final Budget Over (Under)
	Original	Final	Actual	
Other Financing Sources:				
Appropriation of fund balance	\$ -	\$ 700,000	\$ -	\$ (700,000)
Cancellation of prior year encumbrances	-	-	34,510	34,510
Transfers in	175,000	175,000	350,000	175,000
Total other financing sources	175,000	875,000	384,510	(490,490)
Total revenues and other financing sources	<u>\$ 113,395,532</u>	<u>\$ 115,127,013</u>	<u>\$ 115,286,647</u>	<u>\$ 159,634</u> <i>Concluded</i>

See accompanying notes to required supplementary information.

TOWN OF NEWTOWN, CONNECTICUT
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2018

	Budgeted Amounts			Variance With Final Budget Over (Under)
	Original	Final	Actual	
General Government:				
Selectmen	\$ 425,214	\$ 475,394	\$ 444,297	\$ (31,097)
Selectmen - other	171,560	171,560	165,584	(5,976)
Human Resources	114,985	114,985	112,859	(2,126)
Tax Collector	370,457	365,457	363,478	(1,979)
Probate Court	7,200	7,200	6,279	(921)
Town Clerk	318,811	318,811	316,981	(1,830)
Registrars	137,050	146,550	142,987	(3,563)
Assessor	310,388	310,388	303,900	(6,488)
Finance	517,856	517,856	516,489	(1,367)
Technology	657,320	657,320	624,888	(32,432)
Unemployment	10,000	30,000	27,746	(2,254)
OPEB contribution	185,531	185,531	185,531	-
Professional organizations	37,702	37,702	37,702	-
Insurance	1,150,500	1,119,901	1,118,470	(1,431)
Legislative Council	45,000	45,000	45,000	-
Districts	10,000	13,500	5,815	(7,685)
Economic Development Commission	99,793	117,293	116,038	(1,255)
Grants administration	22,843	22,843	22,733	(110)
Sustainable Energy Commission	1,000	1,000.00	-	(1,000)
Fairfield Hills	44,000	44,000	44,000	-
Total General Government	4,637,210	4,702,291	4,600,777	(101,514)
Public Safety:				
Building inspector	440,601	440,601	439,397	(1,204)
Communications	1,140,094	1,105,094	1,092,126	(12,968)
Police Department	6,927,183	6,606,947	6,545,254	(61,693)
Fire Department	1,334,579	1,334,579	1,334,152	(427)
Emergency Management / N.U.S.	59,184	59,184	42,349	(16,835)
Animal Control	169,885	169,885	163,370	(6,515)
Lake authorities	45,477	45,477	45,477	-
N.W. safety communications	10,839	11,140	11,140	-
Emergency Medical Services	270,000	270,000	270,000	-
Northwest CT Emergency Medical Services	250	250	-	(250)
Total Public Safety	10,398,092	10,043,157	9,943,265	(99,892)
Health and Welfare:				
Social services	333,141	333,141	324,329	(8,812)
Senior services	339,419	339,419	329,885	(9,534)
Outside agencies	191,336	192,257	191,975	(282)
Youth & Family services	302,526	302,526	302,266	(260)
Newtown Cultural Arts Commission	2,500	2,500	2,500	-
Newtown Parade Committee	1,000	1,298	1,298	-
N.W. Conservation District	1,500	1,500	1,040	(460)
Booth Library	1,335,592	1,335,592	1,335,408	(184)
Newtown Health District	397,927	397,927	397,908	(19)
Total Health and Welfare	2,904,941	2,906,160	2,886,609	(19,551)

Continued

See accompanying notes to required supplementary information.

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, 2018

	Budgeted Amounts			Variance With Final Budget Over (Under)
	Original	Final	Actual	
Land Use	\$ 684,451	\$ 669,771	\$ 663,714	\$ (6,057)
Public Works:				
Highway	7,033,307	6,767,098	6,735,941	(31,157)
Winter maintenance	727,047	788,493	788,132	(361)
Transfer station	1,391,911	1,446,620	1,440,157	(6,463)
Public building maintenance	710,925	729,425	713,508	(15,917)
Total Public Works	9,863,190	9,731,636	9,677,738	(53,898)
Parks and Recreation	2,406,118	2,406,118	2,396,849	(9,269)
Education	72,995,957	74,064,636	74,064,636	-
Contingency	200,000	2,133	-	(2,133)
Debt Service:				
Principal	6,766,194	6,766,194	6,766,194	-
Interest and fiscal charges	2,170,874	2,170,874	2,170,874	-
	8,937,068	8,937,068	8,937,068	-
Other Financing Uses:				
Transfers out:				
Edmond Town Hall Fund	143,505	143,505	143,191	(314)
Capital and Nonrecurring Fund - Town	225,000	1,244,500	1,244,500	-
Capital and Nonrecurring Fund - Non-lapsing	-	276,038	276,038	-
Total Other Financing Uses	368,505	1,664,043	1,663,729	(314)
Total Expenditures and Other Financing Uses	\$ 113,395,532	\$ 115,127,013	\$ 114,834,385	\$ (292,628)
				<i>Concluded</i>

See accompanying notes to required supplementary information.

TOWN OF NEWTOWN, CONNECTICUT
SCHEDULE OF CHANGES IN NET PENSION LIABILITY
TOWN OF NEWTOWN RETIREMENT SYSTEM (UNAUDITED)
LAST FIVE FISCAL YEARS

	2018	2017	2016	2015	2014
Total pension liability					
Service cost	\$ 1,682,271	\$ 1,470,642	\$ 1,458,028	\$ 1,369,633	\$ 1,376,812
Interest	3,964,240	3,642,643	3,476,233	3,153,241	2,973,226
Differences between expected and actual experience	(1,369,101)	623,086	(690,374)	(1,273,135)	-
Changes of assumptions	-	4,095,514	-	1,589,661	-
Benefit payments, including refunds	(2,027,723)	(1,932,479)	(1,834,724)	(1,717,013)	(1,513,354)
Net change in total pension liability	2,249,687	7,899,406	2,409,163	3,122,387	2,836,684
Total pension liability - beginning	55,963,578	48,064,172	45,655,009	42,532,622	39,695,938
Total pension liability - ending	58,213,265	55,963,578	48,064,172	45,655,009	42,532,622
Plan fiduciary net position					
Contributions - employer	1,885,303	1,687,814	1,422,737	1,375,889	1,189,938
Contributions - members	475,316	488,239	474,546	458,556	461,526
Transfer from defined contribution plan	-	-	-	26,724	-
Net investment income	2,957,771	4,641,117	(991,005)	941,047	4,302,666
Benefit payments, including refunds	(2,027,723)	(1,932,479)	(1,834,724)	(1,717,013)	(1,356,367)
Administrative expense	(36,667)	(27,086)	(17,500)	(74,654)	(170,876)
Other	93	-	-	-	-
Net change in plan fiduciary net position	3,254,093	4,857,605	(945,946)	1,010,549	4,426,887
Plan fiduciary net position - beginning	39,444,904	34,587,299	35,533,245	34,522,696	30,095,809
Plan fiduciary net position - ending	42,698,997	39,444,904	34,587,299	35,533,245	34,522,696
Town's net pension liability	\$ 15,514,268	\$ 16,518,674	\$ 13,476,873	\$ 10,121,764	\$ 8,009,926
Plan fiduciary net position as a percentage of total pension liability	73.35%	70.48%	71.96%	77.83%	81.17%
Covered payroll	\$ 18,869,931	\$ 18,199,947	\$ 18,441,265	\$ 17,725,368	\$ 17,608,101
Town's net pension liability as a percentage of covered employee payroll	82.22%	90.76%	73.08%	57.10%	45.49%

See accompanying notes to required supplementary information.

TOWN OF NEWTOWN, CONNECTICUT
SCHEDULE OF CONTRIBUTIONS AND INVESTMENT RETURNS
TOWN OF NEWTOWN RETIREMENT SYSTEM (UNAUDITED)
LAST FIVE FISCAL YEARS

	2018	2017	2016	2015	2014
Actuarially determined contribution	\$ 1,885,303	\$ 1,687,815	\$ 1,422,737	\$ 1,373,207	\$ 1,186,605
Contributions in relation to the actuarially determined contribution	<u>1,885,303</u>	<u>1,687,814</u>	<u>1,422,737</u>	<u>1,375,889</u>	<u>1,189,938</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ (2,682)</u>	<u>\$ (3,333)</u>
Covered payroll	\$ 18,869,931	\$ 18,199,947	\$ 18,441,265	\$ 17,725,368	\$ 17,608,101
Contributions as a percentage of covered employee payroll	9.99%	9.27%	7.71%	7.76%	6.76%
Annual money-weighted rate of return, net of investment expense	7.30%	13.30%	-2.83%	2.49%	14.35%

See accompanying notes to required supplementary information.

TOWN OF NEWTOWN, CONNECTICUT
SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
CONNECTICUT STATE TEACHERS' RETIREMENT SYSTEM (UNAUDITED)
LAST FOUR FISCAL YEARS
(Rounded to the Nearest Thousand)

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Proportion of the net pension liability attributed to the Town	0.86%	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	<u>116,319,000</u>	<u>122,717,000</u>	<u>99,707,000</u>	<u>92,159,000</u>
Total	<u><u>\$ 116,319,000</u></u>	<u><u>\$ 122,717,000</u></u>	<u><u>\$ 99,707,000</u></u>	<u><u>\$ 92,159,000</u></u>
Town's covered payroll	\$ 34,494,043 (1)	N/A (1)	N/A (1)	N/A
Town's proportionate share of the net pension liability as a percentage of its covered payroll	0.0%	0.0%	0.0%	0.0%
Plan fiduciary net position as a percentage of the total pension liability	55.93%	52.26%	59.50%	61.51%

(1) Information was not readily available.

See accompanying notes to required supplementary information.

TOWN OF NEWTOWN, CONNECTICUT
SCHEDULE OF CHANGES IN NET OPEB LIABILITY
OTHER POST-EMPLOYMENT BENEFITS PLAN (UNAUDITED)
LAST TWO FISCAL YEARS

	2018	2017
Total OPEB liability		
Service cost	\$ 301,764	\$ 292,975
Interest	607,177	568,628
Changes in benefit terms	-	-
Differences between expected and actual experience	(363,565)	(397,054)
Changes of assumptions	-	-
Benefit payments, including refunds	(85,531)	(109,120)
Net change in total OPEB liability	459,845	355,429
Total OPEB liability - beginning	8,735,531	8,380,102
Total OPEB liability - ending	9,195,376	8,735,531
Plan fiduciary net position		
Contributions - employer	285,531	255,287
Contributions - active members	-	-
Contributions - retirees' subsidies	-	53,833
Net investment income	164,582	241,743
Benefit payments, including refunds	(85,531)	(109,120)
Net change in plan fiduciary net position	364,582	441,743
Plan fiduciary net position - beginning	2,101,024	1,659,281
Plan fiduciary net position - ending	2,465,606	2,101,024
Town's net OPEB liability	\$ 6,729,770	\$ 6,634,507
Plan fiduciary net position as a percentage of total OPEB liability	26.81%	24.05%
Covered employee payroll	\$ 38,408,893	\$ 37,290,187
Town's net OPEB liability as a percentage of covered employee payroll	17.52%	17.79%

See accompanying notes to required supplementary information.

TOWN OF NEWTOWN, CONNECTICUT
SCHEDULE OF CONTRIBUTIONS AND INVESTMENT RETURNS
OTHER POST-EMPLOYMENT BENEFITS PLAN (UNAUDITED)
LAST TWO FISCAL YEARS

	<u>2018</u>	<u>2017</u>
Actuarially determined contribution	\$ 865,530	\$ 814,292
Contributions in relation to the actuarially determined contribution	<u>285,531</u>	<u>255,287</u>
Contribution deficiency (excess)	<u>\$ 579,999</u>	<u>\$ 559,005</u>
Covered employee payroll	\$ 38,408,893	\$ 37,290,187
Contributions as a percentage of covered employee payroll	0.74%	0.68%
Annual money-weighted rate of return, net of investment expense	7.21%	13.64%

See accompanying notes to required supplementary information.

TOWN OF NEWTOWN, CONNECTICUT
SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
CONNECTICUT STATE TEACHERS' RETIREMENT SYSTEM (UNAUDITED)
LAST FISCAL YEAR
(Rounded to the Nearest Thousand)

	<u>2018</u>
Proportion of the net OPEB liability attributed to the Town	0.86%
Town's proportionate share of the net OPEB liability	\$ -
State's proportionate share of the net OPEB liability attributed to the Town	<u>29,939,000</u>
Total	<u><u>\$ 29,939,000</u></u>
Town's covered payroll	\$ 34,494,043
Town's proportionate share of the net OPEB liability as a percentage of its covered payroll	0.0%
Plan fiduciary net position as a percentage of the total OPEB liability	1.79%

See accompanying notes to required supplementary information.

TOWN OF NEWTOWN, CONNECTICUT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (Unaudited)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 1 - STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND

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. Additional appropriations of \$700,000 were authorized during the year ended June 30, 2018. Additional appropriations were authorized to fund special education expenditures and storm clean-up costs.
- 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 REQUIRED SUPPLEMENTARY INFORMATION (Unaudited) (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 1 - STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND (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, 2018:

	Total Revenues	Total Expenditures	Other Financing Sources (Uses), Net	Net Change in Fund Balance
Budgetary basis	\$ 114,902,137	\$ 113,170,656	\$ (1,279,219)	\$ 452,262
"On-behalf" payments - State Teachers Retirement Fund	8,891,100	8,891,100	-	-
Encumbrances:				
June 30, 2018	-	(358,988)	-	358,988
June 30, 2017	-	649,344	-	(649,344)
Cancellation of prior year encumbrances	-	-	(34,510)	(34,510)
Reimbursement for certain costs recorded as a reduction to expenditures for budgetary purposes	277,908	277,908	-	-
Certain items recorded as transfers for budgetary purposes	-	(219,630)	(219,630)	-
Noncash capital lease financing activity	-	114,065	114,065	-
GAAP basis	<u>\$ 124,071,145</u>	<u>\$ 122,524,455</u>	<u>\$ (1,419,294)</u>	<u>\$ 127,396</u>

TOWN OF NEWTOWN, CONNECTICUT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (Unaudited) (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 1 - STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND (Continued)

Capital Project Authorizations

The following is a summary of authorized capital projects:

	<u>Authorization</u>	<u>Cumulative Expenditures</u>	<u>Balance</u>
High School	\$ 41,576,000	\$ 40,838,557	\$ 737,443
High School Roof	1,402,500	1,402,000	500
Middle Gate School Boiler	475,000	450,000	25,000
Middle School Improvements	2,011,476	2,011,476	-
Dickinson Park Renovations	620,000	620,000	-
Treadwell Parking Lot	550,000	535,000	15,000
Fairfield Hills Demolition/Abatement	5,000,000	4,845,941	154,059
New Sandy Hook Elementary School	50,000,000	48,484,687	1,515,313
Treadwell Park Renovations	498,000	498,000	-
Newtown Community Center	15,000,000	4,748,495	10,251,505
Library Improvements	300,000	300,000	-
Edmond Town Hall Improvements	500,000	500,000	-
Bridge program	840,000	465,472	374,528
Newtown High School Auditorium	4,315,521	4,327,800	(12,279)
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	1,466,444	483,556
Dickinson Park Parking Lot	500,000	494,241	5,759
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	167,898	736,102
Toddy Hill Road	2,596,000	482,667	2,113,333
Police Facility Design	300,000	92,123	207,877
Hawley School Roof	665,000	-	665,000
	<u>\$ 135,247,497</u>	<u>\$ 117,615,801</u>	<u>\$ 17,631,696</u>

NOTE 2 - SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY - TOWN OF NEWTOWN RETIREMENT SYSTEM

The Town began to report this schedule when it implemented GASB Statement No. 67, *Financial Reporting for Pension Plans—an amendment of GASB Statement No. 25*, in fiscal year 2014. GASB Statement No. 67 requires the information within this schedule to be presented for the ten most recent fiscal years.

Actuarial valuations are prepared every year with the most recent available actuarial valuation performed as of July 1, 2017. The total pension liability was determined by a projected actuarial valuation as of June 30, 2018.

Benefit Changes – The Police Union Plan was amended to add a deferred retirement option or “DROP” provision.

Assumption Changes - The mortality table scale was updated from the MP-2015 generational projections as of the June 30, 2017 measurement date to MP-2016 generational projections as of the June 30, 2018 measurement date.

TOWN OF NEWTOWN, CONNECTICUT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (Unaudited) (*Continued*)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 3 - SCHEDULE OF CONTRIBUTIONS AND INVESTMENTS RETURNS - TOWN OF NEWTOWN RETIREMENT SYSTEM

The Town began to report this schedule when it implemented GASB Statement No. 67, *Financial Reporting for Pension Plans—an amendment of GASB Statement No. 25*, in fiscal year 2014. GASB Statement No. 67 requires the information within this schedule to be presented for the ten most recent fiscal years.

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

The following methods and assumptions were utilized to determine the contribution rates for the year ended June 30, 2018:

Actuarial cost method:	Entry Age Normal Method
Amortization method:	20 Year amorization of initial base, future gains and losses over 10 years
Remaining amortization period:	20 years
Asset valuation method:	5-year smoothed market
Inflation:	2.00%
Investment rate of return, including inflation:	Blended 7.00%/7.50%, net of pension plan investment expenses
Salary increases, including inflation:	3.00%
Retirement age:	Ranges from 50 to 65

NOTE 4 - SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - CONNECTICUT STATE TEACHER'S RETIREMENT SYSTEM

The Town began to report this schedule when it implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27*, in fiscal year 2015. GASB Statement No. 68 requires the information within this schedule to be presented for the ten most recent fiscal years.

Actuarial valuations are prepared every two years with the most recent available actuarial valuation performed as of June 30, 2016. The June 30, 2016 actuarial valuation was rolled forward to the most recent measurement date of June 30, 2017. This information is utilized by the Town for reporting as of June 30, 2018.

Benefit Changes - There have been no changes in benefit terms that have had a significant effect on the measurement of the total pension liability.

Assumption Changes - The following assumption changes had a significant effect on the measurement of the total pension liability measured as of June 30, 2016 and reported as of June 30, 2018:

- the inflation assumption was reduced from 3.00% to 2.75%,
- the real rate of return assumption was reduced from 5.50% to 5.25%, which when combined with the inflation assumption change, resulted in a decrease in the investment rate of return assumption from 8.50% to 8.00%,
- the payroll growth assumption was reduced from 3.75% to 3.25%, and
- various demographic assumption changes including the utilization of the RPH-2014 mortality tables.

TOWN OF NEWTOWN, CONNECTICUT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (Unaudited) (*Continued*)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 5 - SCHEDULE OF CHANGES IN NET OPEB LIABILITY - OTHER-POST EMPLOYMENT BENEFITS PLAN

The Town began to report this schedule when it implemented GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, in fiscal year 2017. GASB Statement No. 74 requires the information within this schedule to be presented for the ten most recent fiscal years.

Actuarial valuations are prepared every two years with the most recent available actuarial valuation performed as of July 1, 2016. The July 1, 2016 was increased by service cost and interest and decreased by benefit payments to calculate the total OPEB liability as of June 30, 2018.

Benefit Changes - There have been no benefit term changes that have had a significant effect on the measurement of the Town's total OPEB liability.

Assumption Changes - There have been no assumption changes that have had a significant effect on the measurement of the Town's total OPEB liability.

NOTE 6 - SCHEDULE OF CONTRIBUTIONS AND INVESTMENT RETURNS - OTHER-POST EMPLOYMENT BENEFITS PLAN

The Town began to report this schedule when it implemented GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, in fiscal year 2017. GASB Statement No. 74 requires the information within this schedule to be presented for the ten most recent fiscal years.

The July 1, 2016 Actuarial Valuation directly calculated the July 1, 2016 Total OPEB Liability (TOL). The July 1, 2016 TOL was increased by service cost and interest and decreased by benefit payments to estimate the TOL as of June 30, 2018.

The following methods and assumptions were utilized to determine the contribution rates for the year ended June 30, 2018:

Actuarial cost method:	Entry Age Normal
Amortization method:	Level percentage of salary, closed
Remaining amortization period:	24 years (as of July 1, 2017)
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:	
Certified employees	RP-2014 Mortality Table with no collar adjustment projected to valuation date with Scale MP-2017
Police	RP-2014 Mortality Table with blue collar adjustment projected to valuation date with Scale MP-2017

TOWN OF NEWTOWN, CONNECTICUT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (Unaudited) (*Continued*)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 7 - SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET OTHER POST-EMPLOYMENT BENEFITS LIABILITY - CONNECTICUT STATE TEACHERS' RETIREMENT SYSTEM

The Town began to report this schedule when it implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pension*, in fiscal year 2018. GASB Statement No. 75 requires the information within this schedule to be presented for the ten most recent fiscal years.

Actuarial valuations are prepared every two years with the most recent available actuarial valuation performed as of June 30, 2016. The June 30, 2016 actuarial valuation was rolled forward to the most recent measurement date of June 30, 2017. This information is utilized by the Town for reporting as of June 30, 2018.

Benefit Changes - There have been no changes in benefit terms that have had a significant effect on the measurement of the total OPEB liability.

Assumption Changes - There have been no changes in assumptions that have had a significant effect on the measurement of the total OPEB liability.

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

GENERAL FUND

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

TOWN OF NEWTOWN, CONNECTICUT
SCHEDULE OF PROPERTY TAXES LEVIED, COLLECTED AND OUTSTANDING
FOR THE YEAR ENDED JUNE 30, 2018

Grand List Year	Balance Uncollected June 30, 2017	Current Levy	Lawful Corrections		Transfers To Suspense	Balance To Be Collected	Collections			Balance Uncollected June 30, 2018
			Additions	Deductions			Taxes	Interest Liens and Fees	Total	
2016	\$ -	\$ 104,415,578	\$ 639,429	\$ 718,963	\$ 135,040	\$ 104,201,004	\$ 103,526,641	\$ 283,297	\$ 103,809,938	\$ 674,363
2015	650,416	-	18,382	37,632	68,185	562,981	362,647	76,547	439,194	200,334
2014	209,476	-	102	1,991	14,098	193,489	40,717	16,890	57,607	152,772
2013	151,754	-	-	3,124	-	148,630	15,432	10,003	25,435	133,198
2012	111,250	-	86	3,211	-	108,125	8,191	5,966	14,157	99,934
2011	143,547	-	-	7,378	-	136,169	1,938	1,074	3,012	134,231
2010	132,277	-	-	7,327	-	124,950	1,449	763	2,212	123,501
2009	121,801	-	-	7,216	-	114,585	134	197	331	114,451
2008	111,615	-	-	7,044	-	104,571	131	217	348	104,440
2007	105,326	-	-	6,975	-	98,351	77	148	225	98,274
2006	21,600	-	-	6,437	-	15,163	-	-	-	15,163
2005	18,887	-	-	6,254	-	12,633	-	-	-	12,633
2004	15,281	-	-	5,979	-	9,302	-	-	-	9,302
2003	14,477	-	-	5,704	-	8,773	-	-	-	8,773
2002	13,733	-	-	5,360	-	8,373	-	-	-	8,373
	<u>\$ 1,821,440</u>	<u>\$ 104,415,578</u>	<u>\$ 657,999</u>	<u>\$ 830,595</u>	<u>\$ 217,323</u>	<u>\$ 105,847,099</u>	<u>\$ 103,957,357</u>	<u>\$ 395,102</u>	<u>\$ 104,352,459</u>	<u>\$ 1,889,742</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, 2018

Total cash collections for the year ended
June 30, 2018:

Town:	
Taxes	\$ 103,957,357
Interest and lien fees	395,102
Subtotal	<u>104,352,459</u>
Newtown Borough:	
Taxes	190,471
Interest and lien fees	1,652
Subtotal	<u>192,123</u>
Reimbursement for revenue loss:	
Tax relief (CGS 12-129d)	21,918
Base	<u><u>\$ 104,566,500</u></u>

	General Purposes	Schools	Sewers	Urban Renewal	Pension Deficit
Debt limitation:					
2-1/4 times base	\$ 235,274,625	\$ -	\$ -	\$ -	\$ -
4-1/2 times base	-	470,549,250	-	-	-
3-3/4 times base	-	-	392,124,375	-	-
3-1/4 times base	-	-	-	339,841,125	-
3 times base	-	-	-	-	313,699,500
Total debt limitation	<u>235,274,625</u>	<u>470,549,250</u>	<u>392,124,375</u>	<u>339,841,125</u>	<u>313,699,500</u>
Indebtedness:					
Bonds payable	37,457,500	35,481,300	2,281,200	-	-
Notes payable	221,582	-	-	-	-
Authorized and unissued debt	4,793,000	1,809,657	1,030,000	-	-
Total and net indebtedness	<u>42,472,082</u>	<u>37,290,957</u>	<u>3,311,200</u>	<u>-</u>	<u>-</u>
Debt limitation in excess of outstanding and authorized debt	<u><u>\$ 192,802,543</u></u>	<u><u>\$ 433,258,293</u></u>	<u><u>\$ 388,813,175</u></u>	<u><u>\$ 339,841,125</u></u>	<u><u>\$ 313,699,500</u></u>
Total capacity of borrowing (7 times base)	\$ 731,965,500				
Total present indebtedness	83,074,239				
Margin for additional borrowing	<u><u>\$ 648,891,261</u></u>				

See accompanying Independent Auditor's Report.

SEWER FUND

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, 2018

	Uncollected Assessments July 1, 2017	Additions	Deductions	Adjusted Assessments Collectible	Collections	Uncollected Assessments June 30, 2018
Sewer assessments receivables	\$ 703,546	\$ -	\$ 19,194	\$ 684,352	\$ 573,404	\$ 110,948
Bungalow Terrace receivables	12,246	-	-	12,246	775	11,471
Elderly receivables	19,768	-	-	19,768	12,638	7,130
Reed Intermediate School/Grace Church receivables	2,504	-	-	2,504	2,521	(17)
Rose & Church Hill receivables	1,420	-	-	1,420	594	826
Hawleyville receivables	3,907,564	-	34,958	3,872,606	126,303	3,746,303
	<u>\$ 4,647,048</u>	<u>\$ -</u>	<u>\$ 54,152</u>	<u>\$ 4,592,896</u>	<u>\$ 716,235</u>	<u>3,876,661</u>
					Penalty, interest and liens	277,286
					Septic loans	7,021
					Gross receivable	<u>4,160,968</u>
					Less: allowance for uncollectible accounts	<u>97,000</u>
					Net receivable	<u>\$ 4,063,968</u>

See accompanying Independent Auditor's Report

NONMAJOR GOVERNMENTAL FUNDS

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.

Blight Fund – A fund created pursuant to Town Ordinance to account for properties in disrepair. The Blight fund is a function of the Land Use department.

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 of 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.

NONMAJOR GOVERNMENTAL FUNDS *(Continued)*

SPECIAL REVENUE FUNDS *(Continued)*

Newtown Community Center Fund – To account for the operations of the new community center.

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.

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.

NONMAJOR GOVERNMENTAL FUNDS *(Continued)*

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, 2018

		Capital Projects Fund			
	Special Revenue Funds	Capital and Nonrecurring Fund	Debt Service Fund	Permanent Funds	Total Nonmajor Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 1,487,620	\$ 255,556	\$ -	\$ 12,349	\$ 1,755,525
Investments	190,399	-	-	2,668,621	2,859,020
Receivables:					
Grants and contracts	567,850	-	-	-	567,850
Loans	230,053	-	-	-	230,053
Other	255,111	-	-	-	255,111
Due from other funds	1,397,741	1,836,093	581,703	33,980	3,849,517
Other	32,130	-	-	-	32,130
Total assets	<u>\$ 4,160,904</u>	<u>\$ 2,091,649</u>	<u>\$ 581,703</u>	<u>\$ 2,714,950</u>	<u>\$ 9,549,206</u>
LIABILITIES					
Accounts payable	\$ 453,155	\$ 773,642	\$ -	\$ 200	\$ 1,226,997
Accrued payroll	216,024	-	-	-	216,024
Due to other funds	344,354	-	-	53,506	397,860
Unearned revenue	587,904	-	-	-	587,904
Total liabilities	<u>1,601,437</u>	<u>773,642</u>	<u>-</u>	<u>53,706</u>	<u>2,428,785</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue	<u>230,053</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>230,053</u>
FUND BALANCES					
Nonspendable	22,917	-	-	610,000	632,917
Restricted	1,219,517	-	-	2,051,244	3,270,761
Committed	1,093,966	1,318,007	581,703	-	2,993,676
Unassigned	(6,986)	-	-	-	(6,986)
Total fund balances	<u>2,329,414</u>	<u>1,318,007</u>	<u>581,703</u>	<u>2,661,244</u>	<u>6,890,368</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 4,160,904</u>	<u>\$ 2,091,649</u>	<u>\$ 581,703</u>	<u>\$ 2,714,950</u>	<u>\$ 9,549,206</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, 2018

	Special Revenue Funds	Capital Projects Fund Capital and Nonrecurring Fund	Debt Service Fund	Permanent Funds	Total Nonmajor Governmental Funds
REVENUES					
Intergovernmental	\$ 5,408,038	\$ -	\$ -	\$ -	\$ 5,408,038
Charges for services	4,438,109	229,248	-	-	4,667,357
Investment income	46,281	2,510	-	117,980	166,771
Other	243,823	815	-	-	244,638
Total revenues	<u>10,136,251</u>	<u>232,573</u>	<u>-</u>	<u>117,980</u>	<u>10,486,804</u>
EXPENDITURES					
Current:					
General government	1,705,971	-	-	57,946	1,763,917
Public safety	829,386	-	-	61,607	890,993
Health and welfare	97,788	-	-	-	97,788
Public works	880,436	1,000,000	-	-	1,880,436
Parks and recreation	804,744	-	-	-	804,744
Education	5,941,591	-	-	22,194	5,963,785
Debt service:					
Interest and fiscal charges	-	-	203,565	-	203,565
Capital outlays	-	265,777	-	-	265,777
Total expenditures	<u>10,259,916</u>	<u>1,265,777</u>	<u>203,565</u>	<u>141,747</u>	<u>11,871,005</u>
Excess (deficiency) of revenues over expenditures	(123,665)	(1,033,204)	(203,565)	(23,767)	(1,384,201)
OTHER FINANCING SOURCES (USES)					
Premium on issuance of debt	-	-	247,754	-	247,754
Transfers in	143,190	1,740,169	281,709	-	2,165,068
Transfers out	(350,000)	(400,000)	-	-	(750,000)
Total other financing sources (uses)	<u>(206,810)</u>	<u>1,340,169</u>	<u>529,463</u>	<u>-</u>	<u>1,662,822</u>
Net change in fund balances	(330,475)	306,965	325,898	(23,767)	278,621
Fund balances - beginning	<u>2,659,889</u>	<u>1,011,042</u>	<u>255,805</u>	<u>2,685,011</u>	<u>6,611,747</u>
Fund balances - ending	<u>\$ 2,329,414</u>	<u>\$ 1,318,007</u>	<u>\$ 581,703</u>	<u>\$ 2,661,244</u>	<u>\$ 6,890,368</u>

See accompanying Independent Auditor's Report.

TOWN OF NEWTOWN, CONNECTICUT
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2018

	Dog License Fund	Blight Fund	Police Private Duty Fund	Town Gifts Fund	School Lunch Program Fund	Education Grants Fund
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 9,516	\$ 404,502	\$ 471,374
Investments	-	-	-	-	-	-
Receivables:						
Grants and contracts	-	-	-	-	29,604	155,675
Loans	-	-	-	-	-	-
Other	4,145	-	226,292	-	866	11,212
Due from other funds	12,220	36,868	-	255,115	-	115,257
Other	-	-	-	-	22,917	-
Total assets	<u>\$ 16,365</u>	<u>\$ 36,868</u>	<u>\$ 226,292</u>	<u>\$ 264,631</u>	<u>\$ 457,889</u>	<u>\$ 753,518</u>
LIABILITIES						
Accounts payable	\$ -	\$ -	\$ -	\$ 6,382	\$ 137,405	\$ 19,081
Accrued payroll	-	-	-	-	1,658	214,366
Due to other funds	-	-	182,755	-	45,538	11,768
Unearned revenue	-	-	-	-	59,896	217,022
Total liabilities	<u>-</u>	<u>-</u>	<u>182,755</u>	<u>6,382</u>	<u>244,497</u>	<u>462,237</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue	-	-	-	-	-	-
FUND BALANCES						
Nonspendable	-	-	-	-	22,917	-
Restricted	-	-	-	258,249	190,475	291,281
Committed	16,365	36,868	43,537	-	-	-
Unassigned	-	-	-	-	-	-
Total fund balances	<u>16,365</u>	<u>36,868</u>	<u>43,537</u>	<u>258,249</u>	<u>213,392</u>	<u>291,281</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 16,365</u>	<u>\$ 36,868</u>	<u>\$ 226,292</u>	<u>\$ 264,631</u>	<u>\$ 457,889</u>	<u>\$ 753,518</u>

Continued

See accompanying Independent Auditor's Report.

TOWN OF NEWTOWN, CONNECTICUT
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS (Continued)
JUNE 30, 2018

	Law Enforcement Fund	Septage Management Ordinance Fund	Fairfield Hills Authority Fund	School Custodial Fund	Adult Education Fund
ASSETS					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 85,571	\$ 59,597
Investments	-	72,550	-	-	-
Receivables:					
Grants and contracts	-	-	-	-	-
Loans	-	-	-	-	-
Other	-	-	8,750	-	-
Due from other funds	127,325	44,389	84,363	-	-
Other	-	-	-	-	-
Total assets	<u>\$ 127,325</u>	<u>\$ 116,939</u>	<u>\$ 93,113</u>	<u>\$ 85,571</u>	<u>\$ 59,597</u>
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ 991	\$ -	\$ -
Accrued payroll	-	-	-	-	-
Due to other funds	15,096	-	-	-	900
Unearned revenue	-	-	-	-	-
Total liabilities	<u>15,096</u>	<u>-</u>	<u>991</u>	<u>-</u>	<u>900</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue	-	-	-	-	-
FUND BALANCES					
Nonspendable	-	-	-	-	-
Restricted	112,229	-	-	-	-
Committed	-	116,939	92,122	85,571	58,697
Unassigned	-	-	-	-	-
Total fund balances	<u>112,229</u>	<u>116,939</u>	<u>92,122</u>	<u>85,571</u>	<u>58,697</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 127,325</u>	<u>\$ 116,939</u>	<u>\$ 93,113</u>	<u>\$ 85,571</u>	<u>\$ 59,597</u>

Continued

See accompanying Independent Auditor's Report.

TOWN OF NEWTOWN, CONNECTICUT
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS (Continued)
JUNE 30, 2018

	Edmond Town Hall Fund	Newtown Community Center Fund	Town Recreation Fund	Miscellaneous Grants Fund	Small Cities Program Fund
ASSETS					
Cash and cash equivalents	\$ 219,164	\$ -	\$ 146,694	\$ -	\$ 22,273
Investments	-	-	-	-	-
Receivables:					
Grants and contracts	-	-	-	382,571	-
Loans	-	-	-	-	230,053
Other	3,552	-	-	-	-
Due from other funds	-	-	69,112	-	-
Other	-	-	9,213	-	-
Total assets	<u>\$ 222,716</u>	<u>\$ -</u>	<u>\$ 225,019</u>	<u>\$ 382,571</u>	<u>\$ 252,326</u>
LIABILITIES					
Accounts payable	\$ 58,444	\$ -	\$ 30,222	\$ 182,834	\$ -
Accrued payroll	-	-	-	-	-
Due to other funds	-	6,986	-	81,311	-
Unearned revenue	13,270	-	179,299	118,417	-
Total liabilities	<u>71,714</u>	<u>6,986</u>	<u>209,521</u>	<u>382,562</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue	-	-	-	-	230,053
FUND BALANCES					
Nonspendable	-	-	-	-	-
Restricted	-	-	-	-	22,273
Committed	151,002	-	15,498	9	-
Unassigned	-	(6,986)	-	-	-
Total fund balances	<u>151,002</u>	<u>(6,986)</u>	<u>15,498</u>	<u>9</u>	<u>22,273</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 222,716</u>	<u>\$ -</u>	<u>\$ 225,019</u>	<u>\$ 382,571</u>	<u>\$ 252,326</u>

Continued

See accompanying Independent Auditor's Report.

TOWN OF NEWTOWN, CONNECTICUT
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS (Concluded)
JUNE 30, 2018

	Cemetery Fund	Eichler's Cove Marina Fund	Historic Documents Fund	Cultural Arts Fund	Sandy Hook Special Revenue Fund	Total Nonmajor Special Revenue Funds
ASSETS						
Cash and cash equivalents	\$ -	\$ 14,866	\$ -	\$ 54,063	\$ -	\$ 1,487,620
Investments	-	-	-	117,849	-	190,399
Receivables:						
Grants and contracts	-	-	-	-	-	567,850
Loans	-	-	-	-	-	230,053
Other	-	-	294	-	-	255,111
Due from other funds	6,333	465,817	33,133	19,545	128,264	1,397,741
Other	-	-	-	-	-	32,130
Total assets	<u>\$ 6,333</u>	<u>\$ 480,683</u>	<u>\$ 33,427</u>	<u>\$ 191,457</u>	<u>\$ 128,264</u>	<u>\$ 4,160,904</u>
LIABILITIES						
Accounts payable	\$ 6,000	\$ 3,325	\$ 2,450	\$ 4,000	\$ 2,021	\$ 453,155
Accrued payroll	-	-	-	-	-	216,024
Due to other funds	-	-	-	-	-	344,354
Unearned revenue	-	-	-	-	-	587,904
Total liabilities	<u>6,000</u>	<u>3,325</u>	<u>2,450</u>	<u>4,000</u>	<u>2,021</u>	<u>1,601,437</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue	-	-	-	-	-	230,053
FUND BALANCES						
Nonspendable	-	-	-	-	-	22,917
Restricted	333	-	30,977	187,457	126,243	1,219,517
Committed	-	477,358	-	-	-	1,093,966
Unassigned	-	-	-	-	-	(6,986)
Total fund balances	<u>333</u>	<u>477,358</u>	<u>30,977</u>	<u>187,457</u>	<u>126,243</u>	<u>2,329,414</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 6,333</u>	<u>\$ 480,683</u>	<u>\$ 33,427</u>	<u>\$ 191,457</u>	<u>\$ 128,264</u>	<u>\$ 4,160,904</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, 2018

	Dog License Fund	Blight Fund	Police Private Duty Fund	Town Gifts Fund	School Lunch Program Fund	Education Grants Fund
REVENUES						
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ 211,337	\$ 3,368,779
Charges for services	29,138	-	949,059	-	1,526,490	525,236
Investment income	-	-	-	-	-	-
Other	8,083	45,359	-	64,012	-	57,121
Total revenues	<u>37,221</u>	<u>45,359</u>	<u>949,059</u>	<u>64,012</u>	<u>1,737,827</u>	<u>3,951,136</u>
EXPENDITURES						
Current:						
General government	-	-	-	16,624	-	-
Public safety	20,953	-	635,240	5,776	-	-
Health and welfare	-	1,973	-	11,569	-	-
Public works	-	-	-	-	-	-
Parks and recreation	-	-	-	38,749	-	-
Education	-	-	-	-	1,751,213	4,008,949
Total expenditures	<u>20,953</u>	<u>1,973</u>	<u>635,240</u>	<u>72,718</u>	<u>1,751,213</u>	<u>4,008,949</u>
Excess (deficiency) of revenues over expenditures	16,268	43,386	313,819	(8,706)	(13,386)	(57,813)
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	(350,000)	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(350,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	16,268	43,386	(36,181)	(8,706)	(13,386)	(57,813)
Fund balances - beginning	<u>97</u>	<u>(6,518)</u>	<u>79,718</u>	<u>266,955</u>	<u>226,778</u>	<u>349,094</u>
Fund balances - ending	<u>\$ 16,365</u>	<u>\$ 36,868</u>	<u>\$ 43,537</u>	<u>\$ 258,249</u>	<u>\$ 213,392</u>	<u>\$ 291,281</u>
						<i>Continued</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 (Continued)
FOR THE YEAR ENDED JUNE 30, 2018

	Law Enforcement Fund	Septage Management Ordinance Fund	Fairfield Hills Authority Fund	School Custodial Fund	Adult Education Fund
REVENUES					
Intergovernmental	\$ 62,526	\$ -	\$ -	\$ -	\$ -
Charges for services	-	4,270	43,684	13,690	138,273
Investment income	-	1,024	-	-	-
Other	2,000	-	8,199	-	-
Total revenues	<u>64,526</u>	<u>5,294</u>	<u>51,883</u>	<u>13,690</u>	<u>138,273</u>
EXPENDITURES					
Current:					
General government	-	-	104,931	-	-
Public safety	99,547	-	-	-	-
Health and welfare	-	656	-	-	-
Public works	-	-	-	-	-
Parks and recreation	-	-	-	-	-
Education	-	-	-	4,866	176,563
Total expenditures	<u>99,547</u>	<u>656</u>	<u>104,931</u>	<u>4,866</u>	<u>176,563</u>
Excess (deficiency) of revenues over expenditures	(35,021)	4,638	(53,048)	8,824	(38,290)
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(35,021)	4,638	(53,048)	8,824	(38,290)
Fund balances - beginning	<u>147,250</u>	<u>112,301</u>	<u>145,170</u>	<u>76,747</u>	<u>96,987</u>
Fund balances - ending	<u>\$ 112,229</u>	<u>\$ 116,939</u>	<u>\$ 92,122</u>	<u>\$ 85,571</u>	<u>\$ 58,697</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, 2018

	Edmond Town Hall Fund	Newtown Community Center Fund	Town Recreation Fund	Miscellaneous Grants Fund	Small Cities Program Fund
REVENUES					
Intergovernmental	\$ -	\$ -	\$ -	\$ 1,760,396	\$ -
Charges for services	462,468	-	588,515	-	-
Investment income	45,257	-	-	-	-
Other	11,222	-	-	-	-
Total revenues	<u>518,947</u>	<u>-</u>	<u>588,515</u>	<u>1,760,396</u>	<u>-</u>
EXPENDITURES					
Current:					
General government	715,409	-	-	810,281	9,365
Public safety	-	-	-	67,870	-
Health and welfare	-	-	23,308	1,800	-
Public works	-	-	-	880,436	-
Parks and recreation	-	6,986	640,764	-	-
Education	-	-	-	-	-
Total expenditures	<u>715,409</u>	<u>6,986</u>	<u>664,072</u>	<u>1,760,387</u>	<u>9,365</u>
Excess (deficiency) of revenues over expenditures	(196,462)	(6,986)	(75,557)	9	(9,365)
OTHER FINANCING SOURCES (USES)					
Transfers in	143,190	-	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	<u>143,190</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(53,272)	(6,986)	(75,557)	9	(9,365)
Fund balances - beginning	<u>204,274</u>	<u>-</u>	<u>91,055</u>	<u>-</u>	<u>31,638</u>
Fund balances - ending	<u>\$ 151,002</u>	<u>\$ (6,986)</u>	<u>\$ 15,498</u>	<u>\$ 9</u>	<u>\$ 22,273</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, 2018

	Cemetery Fund	Eichler's Cove Marina Fund	Historic Documents Fund	Cultural Arts Fund	Sandy Hook Special Revenue Fund	Total Nonmajor Special Revenue Funds
REVENUES						
Intergovernmental	\$ -	\$ -	\$ 5,000	\$ -	\$ -	\$ 5,408,038
Charges for services	-	133,289	12,933	11,064	-	4,438,109
Investment income	-	-	-	-	-	46,281
Other	-	489	-	44,413	2,925	243,823
Total revenues	-	133,778	17,933	55,477	2,925	10,136,251
EXPENDITURES						
Current:						
General government	6,000	-	23,295	-	20,066	1,705,971
Public safety	-	-	-	-	-	829,386
Health and welfare	-	-	-	58,482	-	97,788
Public works	-	-	-	-	-	880,436
Parks and recreation	-	118,245	-	-	-	804,744
Education	-	-	-	-	-	5,941,591
Total expenditures	6,000	118,245	23,295	58,482	20,066	10,259,916
Excess (deficiency) of revenues over expenditures	(6,000)	15,533	(5,362)	(3,005)	(17,141)	(123,665)
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	143,190
Transfers out	-	-	-	-	-	(350,000)
Total other financing sources (uses)	-	-	-	-	-	(206,810)
Net change in fund balances	(6,000)	15,533	(5,362)	(3,005)	(17,141)	(330,475)
Fund balances - beginning	6,333	461,825	36,339	190,462	143,384	2,659,889
Fund balances - ending	\$ 333	\$ 477,358	\$ 30,977	\$ 187,457	\$ 126,243	\$ 2,329,414
						<i>Concluded</i>

See accompanying Independent Auditor's Report.

TOWN OF NEWTOWN, CONNECTICUT
COMBINING BALANCE SHEET
NONMAJOR PERMANENT FUNDS
JUNE 30, 2018

	Hawley School Trust Fund	Edmond Town Hall Endowment Fund	Newtown Flagpole Fund	The V.G. Hair and Frances E. Hair Fund	Total Nonmajor Permanent Funds
ASSETS					
Cash and cash equivalents	\$ 2,305	\$ 7,762	\$ -	\$ 2,282	\$ 12,349
Investments	393,654	1,071,016	12,326	1,191,625	2,668,621
Due from other funds	29,868	-	4,112	-	33,980
Total assets	<u>\$ 425,827</u>	<u>\$ 1,078,778</u>	<u>\$ 16,438</u>	<u>\$ 1,193,907</u>	<u>\$ 2,714,950</u>
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ 200	\$ -	\$ 200
Due to other funds	-	-	-	53,506	53,506
Total liabilities	<u>-</u>	<u>-</u>	<u>200</u>	<u>53,506</u>	<u>53,706</u>
FUND BALANCES					
Nonspendable	350,000	250,000	10,000	-	610,000
Restricted	75,827	828,778	6,238	1,140,401	2,051,244
Total fund balances	<u>425,827</u>	<u>1,078,778</u>	<u>16,238</u>	<u>1,140,401</u>	<u>2,661,244</u>
Total liabilities and fund balances	<u>\$ 425,827</u>	<u>\$ 1,078,778</u>	<u>\$ 16,438</u>	<u>\$ 1,193,907</u>	<u>\$ 2,714,950</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, 2018

	Hawley School Trust Fund	Edmond Town Hall Endowment Fund	Newtown Flagpole Fund	The V.G. Hair and Frances E. Hair Fund	Total Nonmajor Permanent Funds
REVENUES					
Investment income	\$ 26,880	\$ 91,039	\$ 61	\$ -	\$ 117,980
Total revenues	<u>26,880</u>	<u>91,039</u>	<u>61</u>	<u>-</u>	<u>117,980</u>
EXPENDITURES					
Current:					
General government	-	57,746	200	-	57,946
Public safety	-	-	-	61,607	61,607
Education	22,194	-	-	-	22,194
Total expenditures	<u>22,194</u>	<u>57,746</u>	<u>200</u>	<u>61,607</u>	<u>141,747</u>
Net change in fund balances	4,686	33,293	(139)	(61,607)	(23,767)
Fund balances - beginning	<u>421,141</u>	<u>1,045,485</u>	<u>16,377</u>	<u>1,202,008</u>	<u>2,685,011</u>
Fund balances - ending	<u>\$ 425,827</u>	<u>\$ 1,078,778</u>	<u>\$ 16,238</u>	<u>\$ 1,140,401</u>	<u>\$ 2,661,244</u>

See accompanying Independent Auditor's Report.

FIDUCIARY FUNDS

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

PENSION TRUST FUNDS

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

The Town has three pension plans covering substantially all of its employees, except teachers who are covered by the State Teachers' Retirement Fund. The General Town and Board of Education Plan is a contributory defined benefit plan. The Police Plan is a contributory defined 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, 2018

	Flexible Spending Fund	Student Activities Fund	Police Benevolent Fund	Performance Bonds Fund	Total
ASSETS					
Cash and cash equivalents	\$ 11,502	\$ 498,601	\$ 309	\$ 452,365	\$ 962,777
Investments	-	192,731	-	-	192,731
Total assets	<u>\$ 11,502</u>	<u>\$ 691,332</u>	<u>\$ 309</u>	<u>\$ 452,365</u>	<u>\$ 1,155,508</u>
LIABILITIES					
Due to others	<u>\$ 11,502</u>	<u>\$ 691,332</u>	<u>\$ 309</u>	<u>\$ 452,365</u>	<u>\$ 1,155,508</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, 2018

	<u>Balance, July 1, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance, June 30, 2018</u>
ASSETS				
Cash and cash equivalents:				
Flexible Spending Fund	\$ 20,692	\$ 89,332	\$ 98,522	\$ 11,502
Student Activities Fund	400,464	1,497,401	1,399,264	498,601
Police Benevolent Fund	34	275	-	309
Performance Bonds Fund	384,514	166,206	98,355	452,365
Total cash and cash equivalents	<u>805,704</u>	<u>1,753,214</u>	<u>1,596,141</u>	<u>962,777</u>
Investments:				
Student Activities Fund	191,921	810	-	192,731
Total assets	<u>\$ 997,625</u>	<u>\$ 1,754,024</u>	<u>\$ 1,596,141</u>	<u>\$ 1,155,508</u>
LIABILITIES				
Due to others:				
Flexible Spending Fund	\$ 20,692	\$ 89,332	\$ 98,522	\$ 11,502
Student Activities Fund	592,385	1,498,211	1,399,264	691,332
Police Benevolent Fund	34	275	-	309
Performance Bonds Fund	384,514	166,206	98,355	452,365
Total liabilities	<u>\$ 997,625</u>	<u>\$ 1,754,024</u>	<u>\$ 1,596,141</u>	<u>\$ 1,155,508</u>

See accompanying Independent Auditor's Report.

STATISTICAL SECTION

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.

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

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Governmental activities										
Net investment in capital assets	\$ 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	\$ 232,743,644
Restricted for grants and other purposes	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	12,423,807
Unrestricted	23,157,731	25,713,592	22,463,889	17,480,920	16,922,074	9,914,472	15,857,578	21,104,881	1,544,434	2,050,448
Total governmental activities net position	<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>\$ 244,059,403</u>	<u>\$ 247,217,899</u>
				z						
Business-type activities										
Invested in capital assets, net of related debt	\$ 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	\$ 28,192,066
Unrestricted	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	3,896,993
Total business-type activities net assets	<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>	<u>\$ 32,089,059</u>
Primary government										
Net investment in capital assets	\$ 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	\$ 260,935,710
Restricted	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	12,423,807
Unrestricted	33,288,306	35,046,108	31,247,522	25,122,125	23,653,407	17,647,668	21,185,257	24,133,384	5,979,588	5,947,441
Total primary government net position	<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>\$ 276,873,964</u>	<u>\$ 279,306,958</u>

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

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Expenses										
Governmental activities:										
General government	\$ 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	\$ 6,945,084
Public safety	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	11,775,277
Health and welfare	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	3,244,577
Land use	703,662	541,473	569,264	557,698	588,147	723,512	666,559	753,241	631,791	632,820
Public works	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	11,509,804
Parks and recreation	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	3,932,672
Education	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	97,705,211
Interest expense	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	2,135,932
Total governmental activities expenses	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	137,881,377
Business-type activities:										
Sewer	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	1,710,495
Water	381,374	407,914	334,988	287,707	308,571	359,157	479,700	511,594	524,881	404,610
Total Business-type activities expenses	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	2,115,105
Total Expenses	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	139,996,482
Program Revenues										
Governmental activities:										
Charges for services:										
General government	681,694	620,329	694,793	681,250	657,318	661,787	764,436	811,598	2,087,378	1,781,957
Public safety	526,245	403,673	382,426	1,014,724	496,807	398,294	607,587	843,555	919,069	978,197
Health and welfare	10,200	36,056	46,909	26,004	18,660	55,400	2,515	10,404	8,230	6,335
Land use	110,052	68,850	50,654	55,489	67,810	42,717	81,168	56,628	49,737	72,995
Public works	840,643	795,857	1,020,424	1,072,364	936,145	1,184,725	1,079,601	1,151,513	703,365	834,793
Parks and recreation	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	1,003,064
Education	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	2,339,223
Operating grants and contributions	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	25,336,044
Capital grants and contributions	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	1,741,624
Total governmental activities program revenues	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	34,094,232
Business-type activities:										
Sewer	905,105	1,021,112	1,206,743	1,158,657	1,182,768	976,159	875,006	1,027,189	5,650,537	975,190
Water	261,294	324,178	332,772	351,139	335,215	319,567	323,481	346,945	261,575	369,866
Total business-type activities program revenues	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	1,345,056
Total Program Revenues	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	35,439,288
Net Expenses										
Governmental activities	(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)	(103,787,145)
Business-type activities	(783,202)	(655,518)	(354,051)	(433,903)	(412,339)	(639,157)	(977,655)	(834,240)	3,743,484	(770,049)
Total net expenses	(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)	(104,557,194)

Table 2-2

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

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Revenues and Other Changes In Net Position										
Governmental activities:										
Property taxes	\$ 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	\$ 104,669,353
Grants and contributions not restricted	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	1,647,784
Contributions to permanent funds	-	-	-	-	1,387,342	-	-	-	-	-
Investment income	552,252	574,735	592,766	224,944	293,593	370,978	210,013	360,637	480,819	628,504
Gain on sale of assets	-	-	-	90,000	-	-	-	-	-	-
Other	452,570	105,381	154,225	125,100	161,772	136,925	50,014	220,547	-	-
Total governmental activities	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	106,945,641
Business-type activities:										
Sewer	20,039	99,896	64,431	52,319	47,125	43,458	41,486	39,441	37,317	44,547
Total Business-type activities	20,039	99,896	64,431	52,319	47,125	43,458	41,486	39,441	37,317	44,547
Total general revenues	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	106,990,188
Change in Net Position Before Extraordinary Item										
Governmental activities	4,642,117	(2,192,223)	14,743,780	5,227,675	9,264,791	10,982,021	10,982,021	33,094,588	3,368,323	3,158,496
Business-type activities	(763,163)	(555,622)	(289,620)	(381,584)	(365,214)	(595,699)	(595,699)	(794,799)	3,780,801	(725,502)
	3,878,954	(2,747,845)	14,454,160	4,846,091	8,899,577	10,386,322	10,386,322	32,299,789	7,149,124	2,432,994
Extraordinary Item - Asset Impairment	-	-	-	-	-	(3,721,367)	-	-	-	-
Change in Net Position										
Governmental activities	4,642,117	(2,192,223)	14,743,780	5,227,675	9,264,791	7,260,654	10,982,021	33,094,588	3,368,323	3,158,496
Business-type activities	(763,163)	(555,622)	(289,620)	(381,584)	(365,214)	(595,699)	(595,699)	(794,799)	3,780,801	(725,502)
Total change in net position	\$ 3,878,954	\$ (2,747,845)	\$ 14,454,160	\$ 4,846,091	\$ 8,899,577	\$ 6,664,955	\$ 10,386,322	\$ 32,299,789	\$ 7,149,124	\$ 2,432,994

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

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Fund:										
Committed	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 175,484
Assigned	3,634,009	2,354,552	760,701	810,891	1,416,183	958,996	698,388	868,010	963,885	390,306
Unassigned	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	12,826,790
Total General Fund	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	13,392,580
All Other Governmental Funds:										
Nonspendable	650,602	650,602	650,602	610,000	610,000	610,000	610,000	610,000	650,896	632,917
Restricted	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	15,506,381
Committed	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	3,393,676
Assigned	722,709	301,517	51,350	152,761	182,284	382,280	65,891	85,213	-	-
Unassigned	3,447,725	(10,737,527)	(5,236,911)	(53,605)	(1,036,866)	-	(526,469)	-	(1,714,482)	(1,153,355)
Total All Other Governmental Funds	6,493,612	(7,302,207)	(668,129)	4,794,412	5,799,188	9,097,425	6,188,799	12,451,619	11,894,049	18,379,619
Total All Governmental Funds	<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>\$ 25,159,233</u>	<u>\$ 31,772,199</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									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Revenues										
Property taxes	\$ 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	\$ 104,543,685
Intergovernmental	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	22,377,709
Charges for services	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	7,016,564
Investment income	552,241	574,735	588,831	219,078	285,354	365,616	202,778	352,580	480,819	628,504
Contributions	229,043	158,204	225,177	504,502	3,430,866	1,076,879	783,631	263,880	6,097,601	5,235,630
Other	452,570	105,381	154,225	125,100	161,772	136,925	50,014	220,547	-	-
Total revenues	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	139,802,092
Expenditures										
General government	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	6,339,352
Fairfield Hills	531,952	374,931	305,477	149,582	55,211	56,888	27,640	27,785	-	44,000
Public safety	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	10,808,734
Health and welfare	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	3,262,305
Land use	562,379	541,473	465,629	570,199	579,059	720,127	673,894	674,599	680,106	666,024
Public works	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	11,463,088
Parks and recreation	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	3,145,252
Education	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	89,102,583
Debt service:										
Principal	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	6,808,127
Interest	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	2,376,153
Capital outlays	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	12,534,327
Total expenditures	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	146,549,945
Excess of revenues over (under) expenditures	(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)	(6,747,853)
Other Financing Sources (Uses)										
Issuance of debt	8,885,000	14,230,000	14,020,000	11,800,000	-	4,012,000	-	12,000,000	4,808,000	13,000,000
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	-	-	114,065
Premiums on debt	306,418	1,611,914	1,048,566	1,655,587	-	60,997	2,592,690	731,617	152,968	247,754
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	-	-	-	90,000	-	-	-	-	-	-
Transfers in	2,314,742	575,633	663,737	787,684	574,285	969,830	1,049,293	861,427	1,130,009	2,915,068
Transfers out	(2,230,775)	(575,633)	(666,737)	(787,684)	(574,285)	(969,830)	(1,049,293)	(861,427)	(1,130,009)	(2,915,068)
Insurance proceeds	-	-	-	-	683,886	483,358	-	-	-	-
Total other financing sources (uses)	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	13,361,819
Net change in fund balances	\$ (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	\$ 6,613,966
Total debt service	\$ 9,243,400	\$ 14,752,827	\$ 9,851,550	\$ 9,609,016	\$ 10,059,578	\$ 10,158,928	\$ 10,848,088	\$ 10,337,495	\$ 9,428,266	\$ 9,184,280
Noncapital expenditures	94,112,101	93,925,789	102,657,098	113,423,808	120,147,932	123,174,136	117,721,493	93,186,425	116,442,509	121,481,291
Debt service as a percentage of noncapital expenditures	10%	16%	10%	8%	8%	8%	9%	11%	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)	(1)	(1)	(2)				
	Assessed Value	Motor Vehicle Assessed Value	Personal Property Assessed Value	Assessed Value	Estimated Value			
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%	
2018	2,800,272,164	241,202,332	116,504,468	3,157,978,964	4,511,398,520	35.09	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
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
2018	2016	34.24	0.85	35.09

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)

<u>Taxpayer</u>	2018			2009		
	Taxable Assessed Value	Rank	(1) Percentage of Total Town Taxable Assessed Grand List	Taxable Assessed Value	Rank	(2) Percentage of Total Town Taxable Assessed Grand List
EverSource	\$ 37,946,360	1	1.20%	\$ 18,996,160	1	0.62%
E&A/I&G Sandhill Plaza LTD Partnership	15,732,280	2	0.50%	18,944,980	2	0.62%
Iroquois Gas Transmission System	14,544,620	3	0.46%			
Newtown Shopping Village	10,397,800	4	0.33%	11,516,370	3	0.29%
Newtown ALF Property LLC	7,862,280	5	0.25%			
Advanced Fusion Systems LLC	6,805,560	6	0.22%			
42 Taunton Hill Road LLC	6,791,120	7	0.22%			
M Newtown Assoc LTD Prtnr	6,739,290	8	0.21%	7,009,700	8	0.23%
Newtown Savings Bank	6,715,197	9	0.21%			
Aquarion Water, Co.	6,430,320	10	0.20%			
	<u>\$ 119,964,827</u>		<u>3.81%</u>	<u>\$ 56,467,210</u>		<u>1.76%</u>

(1) Based on October 1, 2017 net taxable Grand List of \$3,152,493,550

(2) Based on October 1, 2008 net taxable Grand List of \$3,911,449,143

Source: Town Assessor Department

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	
2009	23.20	\$ 89,761,007	\$ 88,934,425	99.1%	\$ 721,333	\$ 89,655,758	99.9%	\$ 98,274
2010	23.43	90,216,520	89,465,838	99.2%	639,198	90,105,036	99.9%	104,440
2011	24.00	92,798,590	91,928,638	99.1%	690,255	92,618,893	99.8%	114,451
2012	24.37	94,762,206	93,813,987	99.0%	812,646	94,626,633	99.9%	123,501
2013	24.54	96,019,710	95,073,707	99.0%	796,061	95,869,768	99.8%	134,231
2014	33.32	99,925,361	99,196,280	99.3%	615,283	99,811,563	99.9%	99,934
2015	33.31	100,736,217	99,928,950	99.2%	631,939	100,560,889	99.8%	133,198
2016	33.07	100,822,157	100,147,614	99.3%	394,608	100,542,222	99.7%	152,772
2017	33.60	102,847,280	102,196,864	99.4%	362,647	102,559,511	99.7%	200,334
2018	34.24	104,201,004	103,526,641	99.4%	-	103,526,641	99.4%	674,363

(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			
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
2018	72,938,800	2,652,522	148,498	73,084	-	111,210	2,281,200	34,820	-	78,240,134	5.64%	2,795

(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						
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	
2018	72,938,800	2,652,522	2,281,200	34,820	221,582	78,128,924	5.63%	2,791	

(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, 2018
(Unaudited)

Total cash collections for the year ended
June 30, 2018:

Town:

Taxes	\$ 103,957,357
Interest and lien fees	395,102
Subtotal	<u>104,352,459</u>

Newtown Borough:

Taxes	190,471
Interest and lien fees	1,652
Subtotal	<u>192,123</u>

Reimbursement for revenue loss:

Tax relief for elderly (CGS 12-129d)	21,918
--------------------------------------	--------

Base

<u>\$ 104,566,500</u>

	General Purposes	Schools	Sewers	Urban Renewal	Pension Deficit
Debt limitation:					
2-1/4 times base	\$ 235,274,625	\$ -	\$ -	\$ -	\$ -
4-1/2 times base	-	470,549,250	-	-	-
3-3/4 times base	-	-	392,124,375	-	-
3-1/4 times base	-	-	-	339,841,125	-
3 times base	-	-	-	-	313,699,500
Total debt limitation	<u>235,274,625</u>	<u>470,549,250</u>	<u>392,124,375</u>	<u>339,841,125</u>	<u>313,699,500</u>
Indebtedness:					
Bonds payable	37,457,500	35,481,300	2,281,200	-	-
Notes payable	221,582	-	-	-	-
Authorized but unissued bonds	4,793,000	1,809,657	1,030,000	-	-
Total indebtedness	<u>42,472,082</u>	<u>37,290,957</u>	<u>3,311,200</u>	<u>-</u>	<u>-</u>
Less: School construction grants receivable	-	-	-	-	-
Net indebtedness	<u>42,472,082</u>	<u>37,290,957</u>	<u>3,311,200</u>	<u>-</u>	<u>-</u>
Debt limitation in excess of outstanding and authorized debt	<u>\$ 192,802,543</u>	<u>\$ 433,258,293</u>	<u>\$ 388,813,175</u>	<u>\$ 339,841,125</u>	<u>\$ 313,699,500</u>
Total capacity of borrowing (7 times base)	\$ 731,965,500				
Total present indebtedness	83,074,239				
Margin for additional borrowing	<u>\$ 648,891,261</u>				

Table 12

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

	2009	2010	2011	2012	2013
Debt limit	\$ 1,509,951,699	\$ 1,515,556,298	\$ 650,703,801	\$ 663,291,993	\$ 674,434,558
Total net debt applicable to limit	<u>64,664,689</u>	<u>88,231,088</u>	<u>86,047,927</u>	<u>81,074,943</u>	<u>74,516,848</u>
Legal Debt Margin	<u>\$ 1,445,287,010</u>	<u>\$ 1,427,325,210</u>	<u>\$ 564,655,874</u>	<u>\$ 582,217,050</u>	<u>\$ 599,917,710</u>
Total net debt applicable to the limit as a percentage of debt limit	<u>4.28%</u>	<u>5.82%</u>	<u>13.22%</u>	<u>12.22%</u>	<u>11.05%</u>
	2014	2015	2016	2017	2018
Debt limit	\$ 706,209,245	\$ 706,964,622	\$ 710,145,842	\$ 723,086,609	\$ 731,965,500
Total net debt applicable to limit	<u>71,751,326</u>	<u>63,374,699</u>	<u>68,249,369</u>	<u>81,131,541</u>	<u>83,074,239</u>
Legal Debt Margin	<u>\$ 634,457,919</u>	<u>\$ 643,589,923</u>	<u>\$ 641,896,473</u>	<u>\$ 641,955,068</u>	<u>\$ 648,891,261</u>
Total net debt applicable to the limit as a percentage of debt limit	<u>10.16%</u>	<u>8.96%</u>	<u>9.61%</u>	<u>11.22%</u>	<u>11.35%</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)

Fiscal Year	(1) Population	Personal Income	(2) Per Capita Personal Income	(2) Median Age	(4) Education Level in Years of Schooling	(3) School Enrollment	(2) Unemployment Rate
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%
2018	27,990	1,388,387,970	49,603	45	94.6%	4,407	4.3%

- (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>2018</u>			<u>2009</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	803	1	5.8%	920	1	10.7%
Athena Healthcare LLC of Newtown	275	2	2.0%	253	5	2.9%
State of CT Dept. of Corrections	260	3	1.9%	410	2	4.8%
Spectrum(Formerly Charter)	200	4	1.5%	160	8	1.9%
Town of Newtown	180	5	1.3%	-		0.0%
Hubbell Wiring Devices	169	6	1.2%	281	4	3.3%
Caraluzzi's Newtown Market	169	7	1.2%	-		0.0%
Newtown Savings Bank	160	8	1.2%	-		0.0%
Big Y Supermarkets	155	9	1.1%	160	9	1.86%
Curtis Packaging Corp	135	10	1.0%	177	7	2.05%
Taunton Press	118		0.9%	285	3	3.3%
Total	<u>2,624</u>		<u>19.1%</u>	<u>2,646</u>		<u>30.7%</u>
Total Employees	<u>13,738</u>			<u>8,619</u>		

Table 15

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

FUNCTION / PROGRAM	FULL-TIME EMPLOYEES AS OF JUNE 30									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<u>General Government:</u>										
Selectmen	3	3	3	3	3	3	3	3	3	3
Finance	5	5	5	5	5	5	5	5	4	4
Parks and recreation	16	16	16	17	17	17	17	17	16	17
Town clerk	4	4	4	4	4	4	4	4	4	4
Senior center	3	3	3	3	3	3	2	2	2	2
Registrars	2	2	2	2	2	2	2	2	2	2
Tax collector	5	5	5	5	4	4	4	4	4	4
Tax assessor	4	4	4	3	4	4	3	3	4	4
Technology									4	4
Social services	2	2	2	2	2	2	2	2	4	4
<u>Police:</u>										
Officers	47	47	47	46	45	45	45	45	45	45
Civilians	5	5	5	4	4	4	4	4	4	3
Canine control	2	2	2	2	2	2	2	3	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	44	39	40	37	37	38	37	38	40	38
Landfill	3	3	3	3	3	3	3	3	3	3
Building	7	6	6	5	5	5	5	5	5	5
Building (Maintenance)										2
<u>Land Use</u>	6	5	6	6	6	6	6	8	9	8
<u>Emergency Communications</u>	11	11	11	10	10	10	10	10	9	10
<u>Education</u>	743	737	730	717	751	759	786	779	793	803
Total	917	904	899	879	912	921	945	942	963	973

Sources: Town Budget

Table 16-1

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

FUNCTION / PROGRAM	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Governmental Activities:										
<u>Public Safety:</u>										
Volunteer Fire:										
No. of incidents	1,258	1,245	1,353	1,757	1,271	1,073	1,718	1,629	1,696	4,987
No. of rescue/medical calls	235	184	164	54	33	98	33	147	141	119
Police:										
No. of calls	20,285	21,208	19,848	25,515	22,540	24,701	26,796	17,082	24,561	27,160
No. of 911 calls	6,413	6,704	7,417	8,080	6,983	7,078	7,098	7,587	6,399	8,302
No. of formal investigations	3,080	3,119	2,873	2,536	2,259	2,202	2,077	1,678	1,630	1,625
<u>Town Clerk:</u>										
No. of documents recorded	5,507	5,056	6,328	6,732	6,521	5,562	6,276	5,015	5,193	5,140
<u>Health and Welfare:</u>										
No. of food service facilities inspections	103	121	115	129	129	114	108	127	125	129
No. of new homes built	9	n/a	n/a	n/a	n/a	18	19	18	23	13
No. of soil tests	n/a	113	91	123	94	164	111	121	126	146
No. of new septic permits	n/a	16	14	31	17	12	19	25	26	30
No. of septic repairs	n/a	84	58	79	74	83	83	97	98	98
No. of well permits	n/a	33	48	49	48	49	53	60	81	74
<u>Land Use:</u>										
No. of subdivisions approved	3	-	2	1	3	3	2	-	1	2
No. of commercial applications approved	10	7	4	1	4	4	5	4	2	5
<u>Building:</u>										
No. of residential permits issued	1,277	1,286	1,316	1,832	1,698	1,816	1,744	1,836	1,203	1,540
No. of commercial permits issued	194	221	194	202	215	215	275	136	196	236
<u>Public Works:</u>										
Streets:										
Accepted Town roads (miles)	238	238	245	256	256	256	256	256	256	256
Private roads	16	16	18	19	19	19	19	19	19	19
Roads under construction	n/a	n/a	n/a	1	1	1	1	1	1	1
Sidewalks	3	3	3	3	3	3	3	3	3	4

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*)

FUNCTION / PROGRAM	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Governmental Activities:										
<u>Education:</u>										
Enrollment:										
High School Grades 9-12	1,704	1,730	1,729	1,744	1,764	1,716	1,738	1,681	1,684	1,624
Middle School Grades 7-8	929	896	897	871	893	857	833	812	750	712
Intermediate School Grades 5-6	964	861	983	878	819	788	731	701	659	648
Elementary School Grades Pre-K-4	1,983	1,915	1,840	1,805	1,650	1,519	1,445	1,370	1,354	1,384
Newtown Community Partnership										17
Business-type Activities:										
<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	932

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)

FUNCTION / PROGRAM	2009	2010	2011	2012	2013	2014	7-Jul	2016	2017	2018
Governmental Activities:										
<u>Parks and Recreation:</u>										
Acreage (includes all open space)	2,100	2,100	2,100	2,100	2,100	2,102	2,103	2,103	2,108	2,113
Playgrounds	11	11	11	10	10	10	10	10	10	10
Baseball fields	14	14	14	14	13	13	13	13	13	13
Softball fields	9	9	9	9	9	9	9	9	10	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	1
Dog park	-	-	-	-	-	1	1	1	1	1
<u>Public Safety:</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	32	32	32	31	30	31	30	30	30	30
<u>Public Works:</u>										
Highway Department:										
Streets (miles)	256	256	263	276	276	276	276	276	276	276
Sidewalks (miles)	3	3	3	3	3	3	3	3	3	3
<u>Transfer Station:</u>										
Stations	1	1	1	1	1	1	1	1	1	1
<u>Education:</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
Business-type Activities:										
<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	932

Sources: Various Town Departments