

**TOWN OF NEWTOWN,
CONNECTICUT**



**Comprehensive Annual
Financial Report**

**For The Year Ended
June 30, 2020**

TOWN OF NEWTOWN, CONNECTICUT



Comprehensive Annual Financial Report

**For The Year Ended
June 30, 2020**

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, 2020

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INTRODUCTORY SECTION

ROBERT G. TAIT, FINANCE DIRECTOR,
3 PRIMROSE ST., MUNICIPAL CENTER
NEWTOWN, CONNECTICUT 06470

TEL. (203) 270-4221 / FAX (203) 270-4205

www.newtown-ct.gov



TOWN OF NEWTOWN

OFFICE OF THE FINANCE DIRECTOR

December 21, 2020

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, Connecticut (the "Town") for the year ended June 30, 2020. 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 for the fiscal year ended June 30, 2020, 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's financial statements for the fiscal year ended June 30, 2020, 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, Connecticut 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 approximately 28,000 (2019 Connecticut Economic Resource Center).

The Town operates under a Charter adopted in 1961 and most recently revised in 2016. The First Selectman is the Town's chief executive officer and a twelve-member legislative council is the legislative body. A three-member Board of Selectmen generally supervises the administration of the Town. Fiscal matters are administered under a six-member Board of Finance and an appointed Finance Director. The Town provides a full range of services including police and volunteer fire protection; the construction and maintenance of highways, streets and other infrastructure; and recreational activities and cultural events.

The annual budget serves as the foundation for the Town's financial planning and control. The Town maintains budgetary controls with the objectives to ensure compliance with legal provisions embodied in the annual appropriated budget, approved by the budget referendum. The Town maintains an encumbrance accounting system as one technique of accomplishing budgetary controls. As demonstrated by the budgetary schedules included in the financial section of this report, the Town continues to meet its responsibility for sound financial management. In addition to budgetary schedules, Note 1 in the Notes to Required Supplementary Information 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 increased from the previous year. In fiscal year 2020, 40 new housing permits were issued compared to 13 issued in fiscal year 2019. In fiscal year 2020, 5 new building commercial permits were issued compared to 3 issued in fiscal year 2019. Commercial permits were issued at a value of \$3,495,000 for fiscal year 2020 compared to a value of \$7,624,977 for fiscal year 2019.

Newtown's unemployment rate of 3.5% is below that of Fairfield County (4.0%) and Connecticut (4.1%). The educational attainment level of its residents at a bachelor's degree or higher is 56%, which surpasses that of the State of Connecticut (38%) (2013-2017 Connecticut Economic Resource Center).

Property taxes, which account for approximately 92 percent of the general fund revenue, have provided a reliable revenue source, with collections consistently at or around 99 percent. Current tax collections were 99.3% of the adjusted tax levy.

The Town's per capita income of \$55,985 and median household income of \$123,974 (per the U.S. Census Bureau, 2014-18 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 continuing state economic crisis has created challenges for the Connecticut state government in trying to meet their budget. Newtown's general fund receives over \$7.0 million dollars from the State of Connecticut, which helps offset local taxes. Any cuts in state aid will put increased pressure on local municipal budgets.

Major Initiatives

\$750,000 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 \$2,250,000 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 2020-21 to 2024-25 approved by the Legislative Council on January 15, 2020.

TOWN OF NEWTOWN - CAPITAL IMPROVEMENT PLAN 2020-21 TO 2024-25

2020 - 2021 (YEAR ONE)			Proposed Funding	
	Dept.	Planned Amount	To Be Bonded	Other Financing
BOARD OF SELECTMEN				
Capital Road Program	PW	\$ 3,000,000	\$ 750,000	\$ 2,250,000
Bridge Replacement Program	PW	400,000	400,000	-
New Police Facility	POLICE	4,000,000	4,000,000	-
Emergency Radio System Upgrades	ECC	2,500,000	2,500,000	-
Fairfield Hills Sewer Infrastructure Improvement	SEWER	1,829,963	-	1,829,963
Town Match - Grants (contingency)	ECON DEV	200,000	-	200,000
Edmond Town Hall Exterior Renovations	ETH	268,000	268,000	-
BOARD OF EDUCATION				
Hawley - Ventilation and HVAC Renovations - Design	BOE	300,000	300,000	-
Totals		<u>\$12,497,963</u>	<u>\$ 8,218,000</u>	<u>\$ 4,279,963</u>
2021 - 2022 (YEAR TWO)			Proposed Funding	
	Dept.	Amount Requested	To Be Bonded	Other Financing
BOARD OF SELECTMEN				
Capital Road Program	PW	\$ 3,000,000	\$ 500,000	\$ 2,500,000
Emergency Radio System Upgrades	ECC	5,041,933	5,041,933	-
Sandy Hook Permanent Memorial	SH MEM	2,000,000	2,000,000	-
Town Match - Grants (contingency)	ECON DEV	200,000	-	200,000
Clean Up of 7 & 28A Glen Road	ECON DEV	200,000	200,000	-
Library Renovations/Replacements/Upgrades	LIB	750,000	750,000	-
BOARD OF EDUCATION				
High School - Replace/Restore Stadium Turf Field	BOE	750,000	750,000	-
Hawley - Ventilation and HVAC Renovations	BOE	3,962,000	3,962,000	-
Totals		<u>\$15,903,933</u>	<u>\$13,203,933</u>	<u>\$ 2,700,000</u>

(Continued)

TOWN OF NEWTOWN - CAPITAL IMPROVEMENT PLAN 2020-21 TO 2024-25 (Continued)

2022 - 2023 (YEAR THREE)			Proposed Funding	
		Amount		Other
BOARD OF SELECTMEN	Dept.	Requested	To Be Bonded	Financing
Capital Road Program	PW	\$ 3,000,000	\$ 250,000	\$ 2,750,000
Bridge Replacement Program	PW	400,000	400,000	-
Replacement of Fire Apparatus	FIRE	535,000	535,000	-
Sandy Hook Permanent Memorial	SH MEM	2,000,000	2,000,000	-
Town Match - Grants (contingency)	ECON DEV	200,000	-	200,000
Building Remediation & Demo/Infrastructure	FHA	2,000,000	2,000,000	-
Edmond Town Hall Upgrades & Renovations - Theatre	ETH	250,000	250,000	-
Edmond Town Hall Parking Lot Improvements	ETH	450,000	450,000	-
Library Renovations/Replacements/Upgrades	LIB	650,000	650,000	-
BOARD OF EDUCATION				
Middles School - Improvements/Design	BOE	300,000	300,000	-
Reed - Install High Efficiency Gas Boilers & LED Lighting	BOE	1,452,730	1,452,730	-
Totals		<u>\$11,237,730</u>	<u>\$ 8,287,730</u>	<u>\$ 2,950,000</u>
2023 - 2024 (YEAR FOUR)			Proposed Funding	
		Amount		Other
BOARD OF SELECTMEN	Dept.	Requested	To Be Bonded	Financing
Capital Road Program	PW	\$ 3,000,000	\$ -	\$ 3,000,000
Bridge Replacement Program	PW	400,000	400,000	-
Multi-Purpose Building Improvements	PW	413,000	413,000	-
Municipal Center - Roof Remediation & Replacement	PW	1,000,000	1,000,000	-
Replacement of Fire Apparatus	FIRE	800,000	800,000	-
Town Match - Grants (contingency)	ECON DEV	200,000	-	200,000
Building Remediation & Demo/Infrastructure	FHA	1,500,000	1,500,000	-
Lake Lillinonah Park Improvements	P&R	500,000	-	500,000
BOARD OF EDUCATION				
Middle School - Improvements	BOE	3,568,140	3,568,140	-
Head O'Meadow - Boiler Plant & Lighting	BOE	997,672	997,672	-
Totals		<u>\$12,378,812</u>	<u>\$ 8,678,812</u>	<u>\$ 3,700,000</u>
2024 - 2025 (YEAR FIVE)			Proposed Funding	
		Amount		Other
BOARD OF SELECTMEN	Dept.	Requested	To Be Bonded	Financing
Capital Road Program	PW	\$ 3,100,000	\$ -	\$ 3,100,000
Town Match - Grants (contingency)	ECON DEV	200,000	-	200,000
Totals		<u>\$ 3,300,000</u>	<u>\$ -</u>	<u>\$ 3,300,000</u>
GRAND TOTALS		<u>\$55,318,438</u>	<u>\$38,388,475</u>	<u>\$16,929,963</u>

Economic and Community Development

Connecticut has been restructuring its departments and organizations that support businesses. Increased marketing and outreach to the 169 towns have been encouraging and have expanded on the relationships that Newtown's Economic and Community Development Department staff enjoys with counterparts statewide.

A planned department branding project, although delayed, was able to take place using now widely accepted video meetings. The branding began the process of consolidating multiple websites and social media platforms managed by the department. Stronger brand awareness of the town from a business, tourism and lifestyle perspective will help differentiate Newtown from the many other towns in the state.

In addition to working to retain current businesses, the Newtown Economic and Community Development Department actively promotes and supports projects that lead to new business development, expansion and job creation. New commercial buildings continue to be constructed and occupied by businesses new to Newtown. The Town continues to leverage their FAST TRACK permitting process that helps get commercial projects through land use permitting in 45 or fewer days.

COVID-19 has brought challenges that were not expected prior to the beginning of the year. A supportive community, businesses that are able to pivot, and receipt of needed federal and state funding have helped many Newtown businesses hold their own through 2020. There is no question that there are unprecedented hurdles, but there have been positive signs such as new business openings and interest in properties, some due to the exodus of people from the New York City market.

Newtown Borough/Central Business District. Exciting new shops in established locations continue to attract an expanded demographic to the plazas. A newer retail development located directly at Exit 10 of I-84 is almost fully leased with an AT&T store, wine and spirit shop and Starbucks, complete with a drive-thru. The Village at Lexington Gardens remains a hub of commerce with its diverse offerings – from a bakery to spas and medical and professional offices. Church Hill Village, a 72 bed assisted living community that has quickly established connections to the community is linked to the neighboring stores, schools, restaurants and homes within the Borough through improved and new sidewalks. Approximately 50 jobs have been created with the opening of this facility.

Hawleyville Business District (Rt. 6) is located at Exit 9 of I-84 and is home to Newtown's Medical Mile. Two medical buildings are filling with new tenants. Maplewood Newtown, a luxury senior living community and Toll Brothers' The Woods, a senior active living development are located in this area. Toll Brothers has been constructing new units in the development. The sewer line extension continues making this area attractive to new development interest. The Covered Bridge Apartment construction continues toward its approved total of 210 apartments. This development will bring density and housing diversity which will be beneficial to the economic vitality of the Town. A gas station with food service has also been completed.

South Main Street (Rt. 25) continues to attract multiple retail businesses. Construction on an 18,000 square foot veterinary hospital and boarding facility nears completion in this design district. Numerous other restaurants, boutiques and wellness focused businesses have also opened along South Main Street. A 20,000 square foot building that contains 20 residential rental units has begun filling, broadening the area's 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 continue to attract new businesses, including a landscape design firm. An incentive housing development with 74 units will lead to increased population density within the village. A \$128,000 state grant will both improve a town owned property with environmental concerns, and become an anchor to a Heritage Trail, being developed by a local business group that works on the revitalization of the village.

Economic and Community Development - Continued

Fairfield Hills continues to solidify itself as a destination in the region. An Economic Development Administration grant of \$915,000 will significantly offset the cost of the replacement of the original sanitary sewer system on the campus. A new community/senior center opened during the summer of 2019. Commercial interest in the campus remains strong, with the possibility of residential being added as an approved use in the near future. A brew pub opened in early 2020 and is currently improving its outdoor area for additional seating.

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, 2019. This was the twenty-second consecutive year that the Town has achieved this prestigious award. In order to be awarded a Certificate of Achievement, the Town published an easily readable and efficiently organized comprehensive annual financial report. This report satisfied both generally accepted accounting principles and applicable legal requirements.

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

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

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

Respectfully submitted,



Robert G. Tait
Finance Director



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Town of Newtown
Connecticut**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

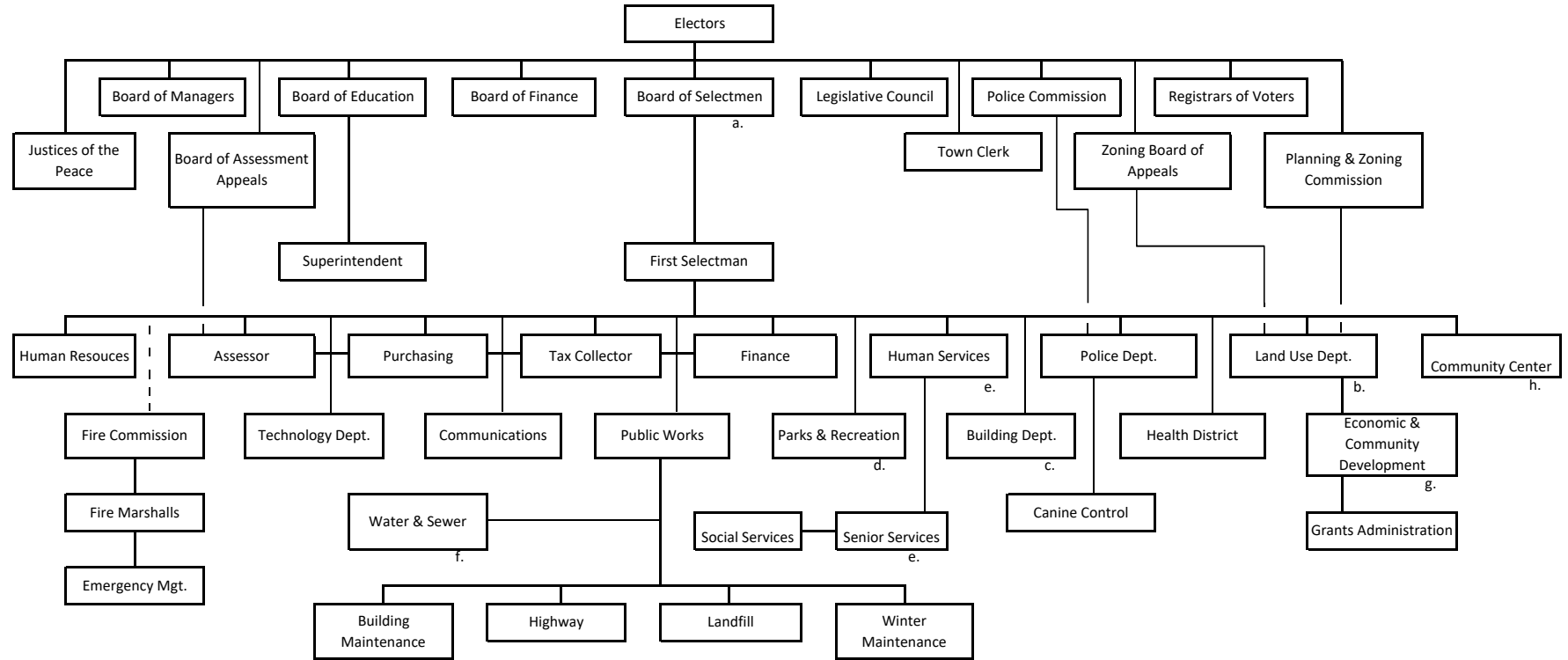
June 30, 2019

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
- h. COMMUNITY CENTER COMMITTEE

TOWN OF NEWTOWN, CONNECTICUT

LIST OF PRINCIPAL OFFICIALS JUNE 30, 2020

First Selectman

Daniel C. Rosenthal

Selectmen

Maureen Crick Owen

Jeff Capeci

Board of Finance

Sandy T. Roussas
Chairman

John Madzula II
Chris Gardner
Keith Alexander

Ned J. Simpson
Matthew Mihalcik

Legislative Council

Paul J. Lundquist
Chairman

Andrew Clure
Phil Carroll
Jordana Bloom
Judit DeStefano
Christopher C. Eide
Daniel T. Honan

Alison Plante
Chris Smith
Ryan Knapp
Cathy Reiss
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 – Joyce Alegi (interim)
Town Clerk – Debbie Aurelia Halstead

Board of Education

Michelle Embree Ku Chairman

Dan R. Delia
Deborra Zukowski
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, 2020, 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, 2020, 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

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 77 through 89 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 90 through 112, and the statistical section on pages 113 through 131 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, 2020, 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, 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS

TOWN OF NEWTOWN, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

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, 2020. 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 \$290,046,712 (net position). Of this amount, \$9,011,018 represents the Town's unrestricted net position.
- The Town's total net position increased by \$6,076,413 during the current fiscal year.
- As of the close of the current fiscal year, the Town's governmental funds reported a combined ending fund balance of \$27,501,948, a current year increase of \$2,087,923 in comparison with the prior year.
- At the close of the current fiscal year, unassigned fund balance of the General Fund was \$16,737,825 or 12.6% of the Town's fiscal year 2020 adopted General Fund budgetary expenditure appropriations. Expressed another way, unassigned fund balance for the General Fund was sufficient to cover approximately 1.5 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, 2020

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, 2020

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 76 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 77 through 131 of this report.

TOWN OF NEWTOWN, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

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 \$290,046,712 as of June 30, 2020 and \$283,970,299 as of June 30, 2019 and are summarized as follows:

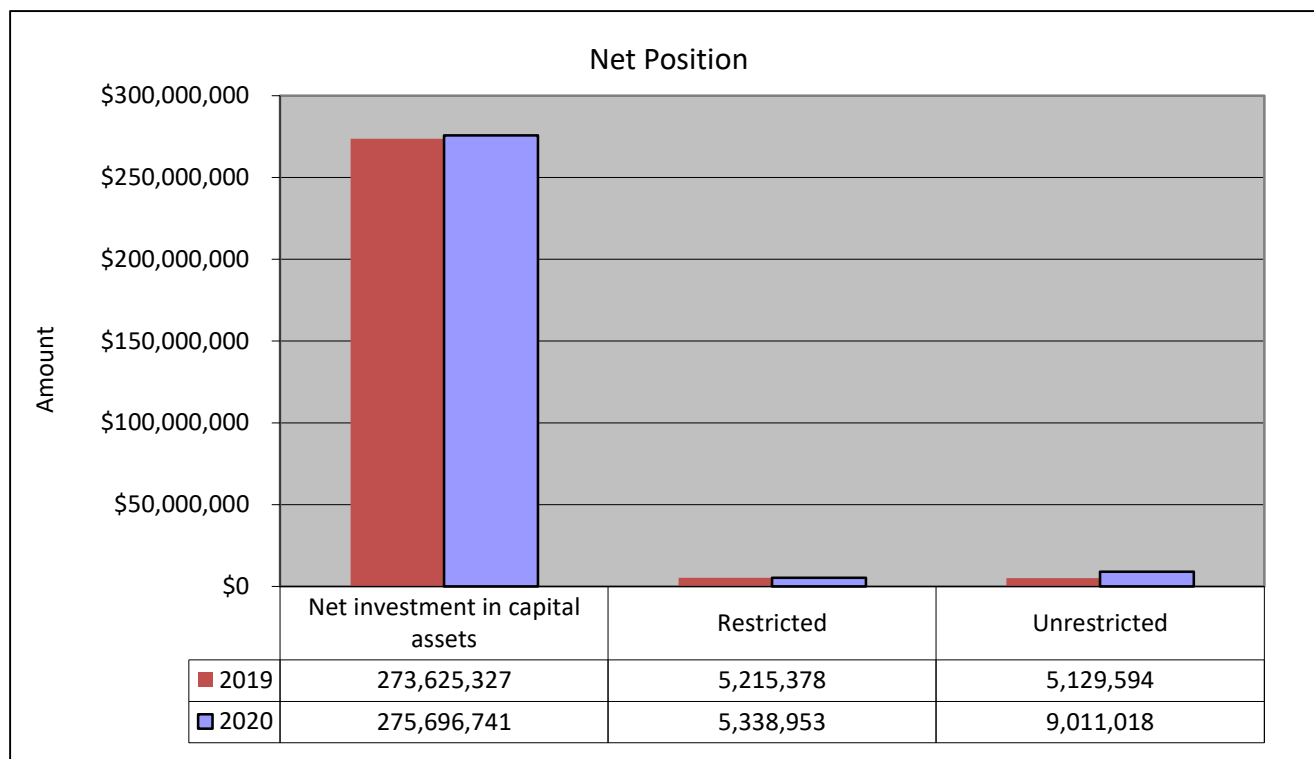
	June 30, 2020			June 30, 2019		
	Governmental Activities	Business-type Activities	Total	Total	\$ Change	% Change
Current and other assets	\$ 47,726,878	\$ 3,290,886	\$ 51,017,764	\$ 50,040,683	\$ 977,081	2.0%
Capital assets	332,698,491	29,231,169	361,929,660	352,717,297	9,212,363	2.6%
Total assets	380,425,369	32,522,055	412,947,424	402,757,980	10,189,444	2.5%
Deferred outflows of resources	3,993,804	59,179	4,052,983	3,665,400	387,583	10.6%
Other liabilities	12,372,721	98,649	12,471,370	14,033,100	(1,561,730)	-11.1%
Long-term liabilities	106,550,585	2,082,037	108,632,622	103,759,571	4,873,051	4.7%
Total liabilities	118,923,306	2,180,686	121,103,992	117,792,671	3,311,321	2.8%
Deferred inflows of resources	5,849,703	-	5,849,703	4,660,410	1,189,293	25.5%
Net position:						
Net investment in capital assets	248,547,609	27,149,132	275,696,741	273,625,327	2,071,414	0.8%
Restricted	5,338,953	-	5,338,953	5,215,378	123,575	2.4%
Unrestricted	5,759,602	3,251,416	9,011,018	5,129,594	3,881,424	75.7%
Total net position	\$ 259,646,164	\$ 30,400,548	\$ 290,046,712	\$ 283,970,299	\$ 6,076,413	2.1%

	June 30, 2019		
	Governmental Activities	Business-type Activities	Total
Current and other assets	\$ 46,724,499	\$ 3,316,184	\$ 50,040,683
Capital assets	322,927,808	29,789,489	352,717,297
Total assets	369,652,307	33,105,673	402,757,980
Deferred outflows of resources	3,662,121	3,279	3,665,400
Other liabilities	13,941,287	91,813	14,033,100
Long-term liabilities	101,596,605	2,162,966	103,759,571
Total liabilities	115,537,892	2,254,779	117,792,671
Deferred inflows of resources	4,660,410	-	4,660,410
Net position:			
Net investment in capital assets	245,998,804	27,626,523	273,625,327
Restricted	5,215,378	-	5,215,378
Unrestricted	1,901,944	3,227,650	5,129,594
Total net position	\$ 253,116,126	\$ 30,854,173	\$ 283,970,299

TOWN OF NEWTOWN, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

Government-wide Financial Analysis (Continued)

Net Position (Continued)



As of June 30, 2020, 95.1% 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.

1.8% of the Town's net position is subject to restrictions on how it may be used and are, therefore, presented as restricted net position.

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

Overall, net position increased during the current year by \$6,076,413 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, 2020

Government-wide Financial Analysis (Continued)

Changes in Net Position

Changes in net position for the years ended June 30, 2020 and 2019 are as follows.

	2020			2019		
	Governmental Activities	Business-type Activities	Total	Total	\$ Change	% Change
Revenues						
Program revenues:						
Charges for services	\$ 7,257,422	\$ 1,716,340	\$ 8,973,762	\$ 8,937,267	\$ 36,495	0.4%
Operating grants and contributions	28,080,552	-	28,080,552	18,685,375	9,395,177	50.3%
Capital grants and contributions	1,284,298	-	1,284,298	2,621,830	(1,337,532)	-51.0%
General revenues:						
Property taxes, levied for general purposes	110,835,838	-	110,835,838	107,694,541	3,141,297	2.9%
Grants and contributions not restricted to specific programs	1,570,502	-	1,570,502	1,574,097	(3,595)	-0.2%
Investment earnings	1,282,998	36,305	1,319,303	1,432,303	(113,000)	-7.9%
Total revenues	150,311,610	1,752,645	152,064,255	140,945,413	11,118,842	7.9%
Expenses						
General government	6,942,192	-	6,942,192	6,907,954	34,238	0.5%
Public safety	12,151,228	-	12,151,228	12,087,651	63,577	0.5%
Health and welfare	3,266,638	-	3,266,638	3,282,664	(16,026)	-0.5%
Land use	695,697	-	695,697	703,298	(7,601)	-1.1%
Public works	11,311,974	-	11,311,974	13,441,190	(2,129,216)	-15.8%
Parks and recreation	5,036,252	-	5,036,252	4,477,125	559,127	12.5%
Education	85,982,714	-	85,982,714	84,895,073	1,087,641	1.3%
Education - State Teachers' Retirement	16,075,519	-	16,075,519	5,098,427	10,977,092	215.3%
Interest expense	2,319,358	-	2,319,358	2,648,364	(329,006)	-12.4%
Sewer	-	1,756,195	1,756,195	1,921,345	(165,150)	-8.6%
Water	-	450,075	450,075	393,681	56,394	14.3%
Total expenses	143,781,572	2,206,270	145,987,842	135,856,772	10,131,070	7.5%
Change in net position	6,530,038	(453,625)	6,076,413	\$ 5,088,641	\$ 987,772	19.4%
Net position - beginning	253,116,126	30,854,173	283,970,299			
Net position - ending	\$ 259,646,164	\$ 30,400,548	\$ 290,046,712			

TOWN OF NEWTOWN, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

Government-wide Financial Analysis (Continued)

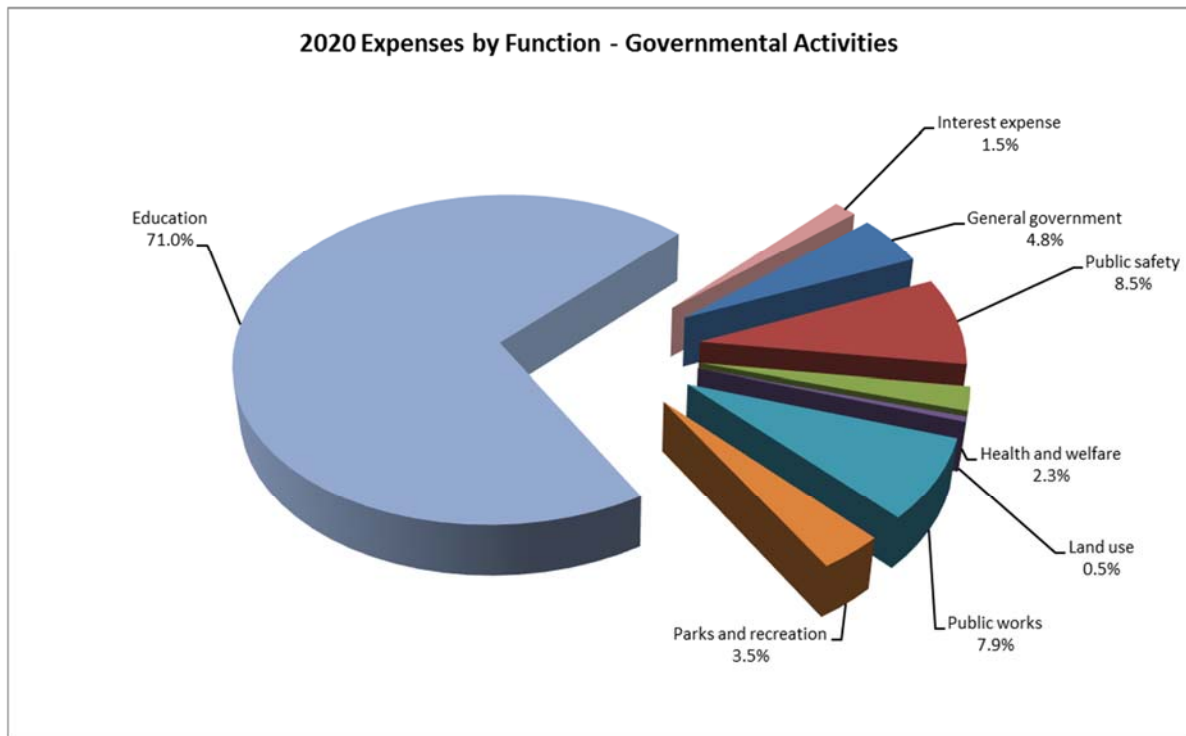
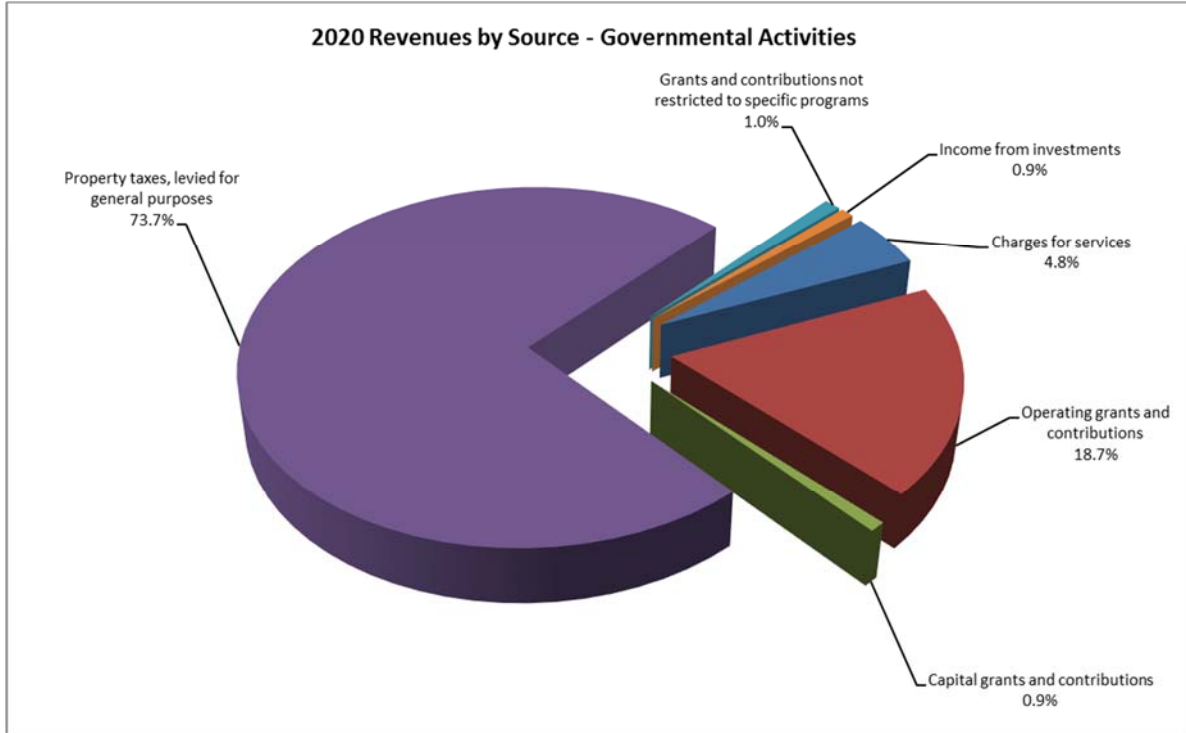
Change in Net Position (Continued)

	2019		
	Governmental Activities	Business-type Activities	Total
Revenues			
Program revenues:			
Charges for services	\$ 7,472,323	\$ 1,464,944	\$ 8,937,267
Operating grants and contributions	18,685,375	-	18,685,375
Capital grants and contributions	2,621,830	-	2,621,830
General revenues:			
Property taxes, levied for general purposes	107,694,541	-	107,694,541
Grants and contributions not restricted to specific programs	1,574,097	-	1,574,097
Investment earnings	1,391,807	40,496	1,432,303
Total revenues	<u>139,439,973</u>	<u>1,505,440</u>	<u>140,945,413</u>
Expenses			
General government	6,907,954	-	6,907,954
Public safety	12,087,651	-	12,087,651
Health and welfare	3,282,664	-	3,282,664
Land use	703,298	-	703,298
Public works	13,441,190	-	13,441,190
Parks and recreation	4,477,125	-	4,477,125
Education	84,895,073	-	84,895,073
Education - State Teachers' Retirement	5,098,427	-	5,098,427
Interest expense	2,648,364	-	2,648,364
Sewer	-	1,921,345	1,921,345
Water	-	393,681	393,681
Total expenses	<u>133,541,746</u>	<u>2,315,026</u>	<u>135,856,772</u>
Change in net position	5,898,227	(809,586)	5,088,641
Net position - beginning	<u>247,217,899</u>	<u>31,663,759</u>	<u>278,881,658</u>
Net position - ending	<u>\$ 253,116,126</u>	<u>\$ 30,854,173</u>	<u>\$ 283,970,299</u>

TOWN OF NEWTOWN, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

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, 2020

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 \$6,530,038. Revenues increased by \$10,871,637 or 7.8% over prior year revenues and expenses increased by \$10,239,826 or 7.7% over prior year expenses.

The increase in revenues relate primarily to an increase in operating grants and contributions of approximately \$9.4, an increase in property taxes of approximately \$3.1 million, offset by a decrease of approximately \$1.3 million in capital grants and contributions. The increase in operating grants and contributions is primarily due to a \$10.9 million increase in on-behalf pension and OPEB expenses recognized for the Town's participation in the Connecticut Teachers' Retirement System. The increase in property tax revenues is due to a combination of a 1.5% increase in the Town's mill rate and an overall increase in the Town's taxable grand list. The decrease in capital grants and contributions is primarily due to timing of major road and bridge reconstruction projects.

The increase in expenses relates primarily to an increase in education expenses of approximately \$11.0 million, offset by a decrease in public works expenses of approximately \$2.1 million. The increase in education expenses is primarily due to the increase in on-behalf pension and OPEB expenses recognized for the Town's participation in the Connecticut Teachers' Retirement System. The decrease in public works expenses is primarily due to non-recurring costs incurred in the prior year for clean-up costs associated with the May 2018 severe storm.

Business-type Activities

Business-type activities decreased the Town's net position by a current year change of \$453,625. Revenues increased by \$247,205 or 16.4% over the prior year and expenses decreased by \$108,756 or 4.7% over the prior year.

The increase in revenues is attributed primarily to an increase in Sewer Fund revenues. Specifically, two sewer benefit assessment charges were levied and paid in full during the fiscal year. The decrease in expenses is attributed to a decrease of \$165,150 in sewer expenses, offset by an increase in water expenses.

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 \$27,501,948. Of this amount, \$21,169,424 is available for spending at the discretion of the Town (i.e. committed, assigned and unassigned fund balance).

TOWN OF NEWTOWN, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

Financial Analysis of the Town's Funds (Continued)

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 \$16,737,825. 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 12.6% of the Town's fiscal year 2020 adopted General Fund budgetary expenditure appropriations. Expressed another way, unassigned fund balance for the General Fund was sufficient to cover approximately 1.5 months of General Fund operating expenditures.

The fund balance of the Town's General Fund increased by \$638,526 during the current fiscal year, which was primarily due to favorable revenue and expenditure variances within the General Fund budget. Refer to discussion of General Fund Budgetary Highlights below.

Bonded Projects Fund

The fund balance of the Bonded Projects Fund decreased by \$1,565,108 during the current fiscal year. This decrease was primarily due to the expenditures incurred for various ongoing capital projects, offset by the issuance of general obligation bonds in the amount of \$11,500,000.

Sewer Fund

The fund balance of the Sewer Fund decreased by \$458,877 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 increased by \$5,252 during the current fiscal year.

General Fund Budgetary Highlights

The original budget did not contemplate the use of fund balance. During the year, additional appropriations from fund balance of \$1,697,175 were authorized. The additional appropriation action was approved in June 2020 to amend the 2019-2020 budget to reimburse funds incurred relating to emergency storm clean-up and to fund various items that were reduced as part of the fiscal year 2021 budget process.

The actual net change in fund balance on a budgetary basis was an increase of \$626,761. Expenditures and other financing uses were \$1,510,345 less than budgeted, which represented 1.24% of the overall final budget. Total budgetary revenues and other financing sources were \$813,591 more than expected. The revenue surplus is attributed to favorable collections on current year and prior year delinquent property taxes and higher than budgeted education cost sharing funds received from the State. The expenditure surplus is primarily due to a favorable budgetary variance on education expenditures driven by reduced operating costs associated with the Governor's executive orders in response to the COVID-19 pandemic.

TOWN OF NEWTOWN, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

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, 2020 totaled \$361,929,661 (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 \$9,212,364. This increase was primarily comprised of current year capital asset additions, offset by depreciation and amortization on capital assets in the amount of \$6,855,431. Significant capital additions during the current fiscal year included the following:

- Outlays for various road improvement projects of approximately \$884 thousand;
- Outlays pertaining to the Walnut Tree Hill bridge project of approximately \$199 thousand;
- Outlays pertaining to the Newtown High School boilers and lighting project of approximately \$2.177 million;
- Outlays pertaining to the Hawley School boilers and lighting project of approximately \$555 thousand;
- Outlays pertaining to the Town's South Main sidewalk project of approximately \$762 thousand;
- Outlays pertaining to the Emergency Radio System Upgrade project of approximately \$436 thousand;
- Outlays pertaining to the Newtown Community Center project of approximately \$851 thousand;
- Outlays pertaining to the Toddy Hill bridge project of approximately \$237 thousand;
- Outlays pertaining to the new Police Building project of approximately \$8.109 million.

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

**Capital Assets, Net
June 30, 2020**

	Governmental Activities	Business-type Activities	Total
Land	\$ 28,362,066	\$ 1,000	\$ 28,363,066
Intangible assets	3,687,270	317,948	4,005,218
Construction in progress	15,987,330	398,446	16,385,776
Buildings and improvements	195,473,722	-	195,473,722
Land improvements	19,605,017	-	19,605,017
Machinery, equipment and vehicles	15,590,309	602,130	16,192,439
Infrastructure	53,992,777	27,911,646	81,904,423
Totals	<u>\$ 332,698,491</u>	<u>\$ 29,231,170</u>	<u>\$ 361,929,661</u>

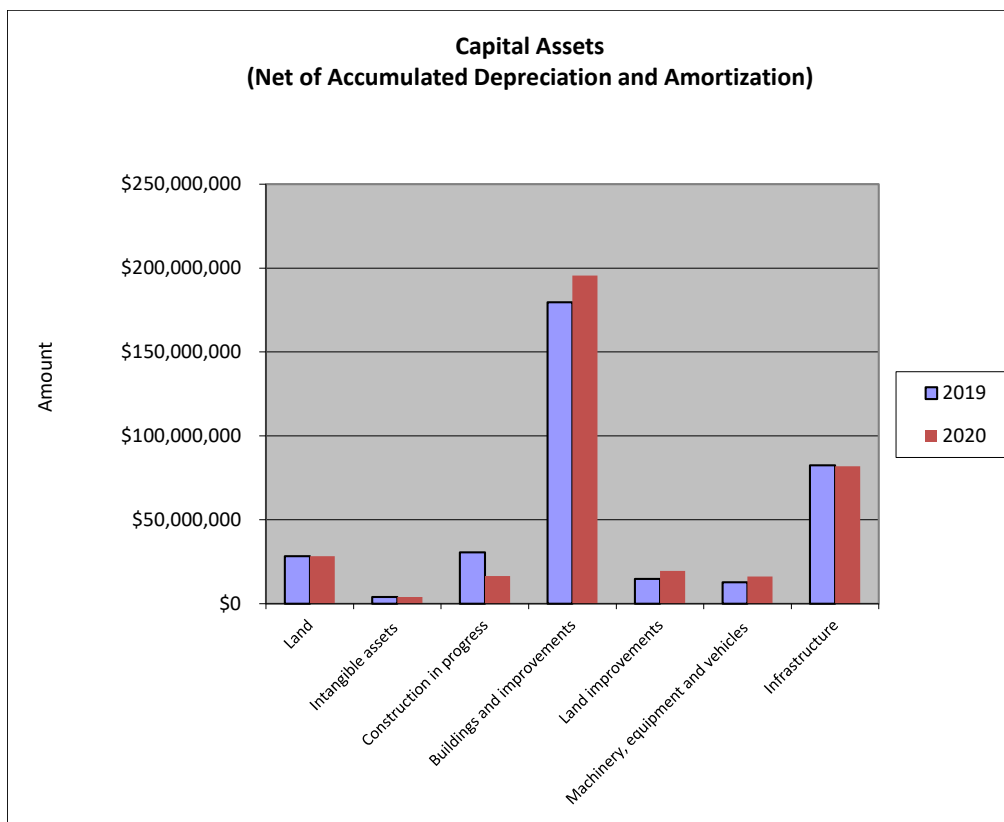
**Capital Assets, Net
June 30, 2019**

	Governmental Activities	Business-type Activities	Total
Land	\$ 28,279,016	\$ 1,000	\$ 28,280,016
Intangible assets	3,687,270	361,299	4,048,569
Construction in progress	30,444,406	216,594	30,661,000
Buildings and improvements	179,669,974	-	179,669,974
Land improvements	14,803,476	-	14,803,476
Machinery, equipment and vehicles	12,178,134	630,294	12,808,428
Infrastructure	53,865,532	28,580,302	82,445,834
Totals	<u>\$ 322,927,808</u>	<u>\$ 29,789,489</u>	<u>\$ 352,717,297</u>

TOWN OF NEWTOWN, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

Capital Asset and Debt Administration (Continued)

Capital Assets (Continued)



Additional information on the Town's capital assets can be found in Note 4 starting on page 41 of the financial statements.

Debt Administration

At the end of the current fiscal year, the Town had total long-term debt outstanding of \$83,465,784. This entire amount is comprised of debt backed by the full faith and credit of the Town. The Town's total debt increased by \$5,456,693 or 7.0% during the current fiscal year. The increase is due to the issuance of \$11,500,000 in general obligation bonds, a net increase of \$950,000 from a bond refunding, offset by scheduled debt service payments.

The \$11,500,000 in bonds were issued to fund various general purpose and school projects authorized by the Town. The Town refunded \$14,480,000 in bonds through the issuance of \$15,430,000 in refunding bonds, which will generate future cash flow savings of \$800,451 and resulted in an economic gain (difference between the present values of the debt service payments of the old and the new bonds) of \$730,582.

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 \$773,800,916, 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, 2020

Capital Asset and Debt Administration (Continued)

Debt Administration (Continued)

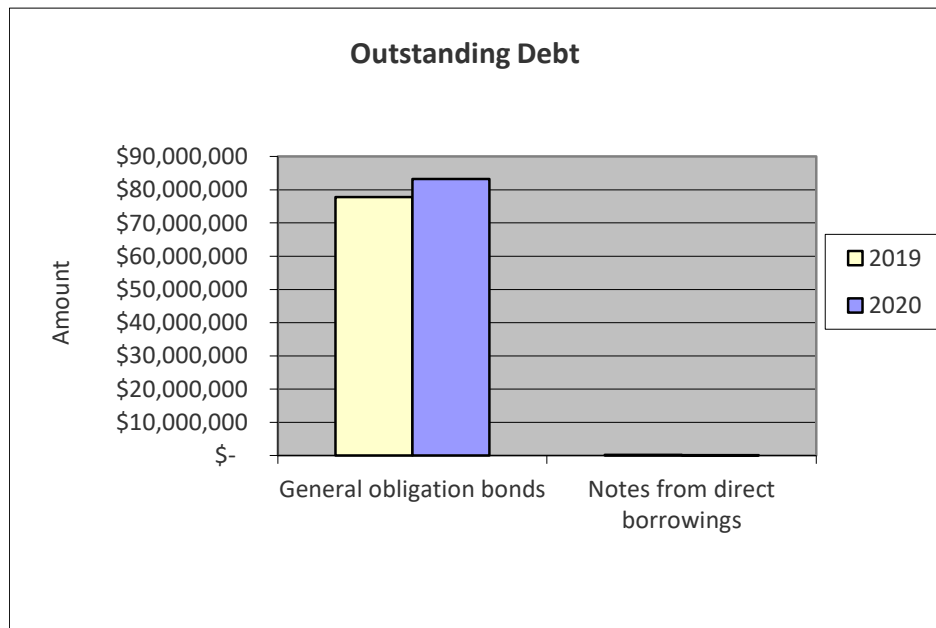
The following are tables of long-term debt presented for both governmental and business-type activities:

**Bonded Debt
June 30, 2020**

	Governmental Activities	Business-type Activities	Total
General obligation bonds	\$ 81,244,500	\$ 2,075,500	\$ 83,320,000
Notes from direct borrowings	145,784	-	145,784
Totals	<u>\$ 81,390,284</u>	<u>\$ 2,075,500</u>	<u>\$ 83,465,784</u>

**Bonded Debt
June 30, 2019**

	Governmental Activities	Business-type Activities	Total
General obligation bonds	\$ 75,694,300	\$ 2,130,700	\$ 77,825,000
Notes from direct borrowings	184,091	-	184,091
Totals	<u>\$ 75,878,391</u>	<u>\$ 2,130,700</u>	<u>\$ 78,009,091</u>



Additional information on the Town's long-term debt can be found in Note 7 starting on page 44 of the financial statements.

TOWN OF NEWTOWN, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED (*Continued*)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

Economic Factors and Next Year's Budget and Rates

During May 2020, the Town adopted a General Fund budget for the fiscal year ending June 30, 2021. The budget reflected an overall increase in expenditures of \$1,342,621 or 1.1% over the Town's final fiscal year 2020 amended budget. The budgeted expenditures of \$121,626,535 resulted in a 0.03 mill decrease from 34.77 mills to 34.76 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 2021, 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.
- The Town receives intergovernmental revenues from the State of Connecticut. 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 2021 and thereafter.
- The State imposes a cap on municipal spending to limit the budgeted expenditures to 2.5% above the previous year, or the rate of inflation, whichever is greater. The cap includes certain exemptions relating to increases in debt service, special education costs, claims and judgments and costs incurred related to major disaster or emergency declarations. Municipalities that increase their adopted budget expenditures over the previous fiscal year by an amount that exceeds the cap may receive a reduced municipal revenue sharing grant.
- The State has established a minimum budget requirement ("MBR") for budgeted education expenditures. The MBR prohibits towns from budgeting less for education than it did in the previous year unless, and within limits, the Town can demonstrate a decrease in school enrollment or savings through increased efficiencies. Any increases or decreases that the Town receives in its Education Cost Sharing grant will result in a corresponding increase or decrease in the Town's MBR.
- It 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.
- In early March 2020, there was a global outbreak of COVID-19 that was declared a Public Health Emergency of International Concern by the World Health Organization and was subsequently declared a state of emergency by the Governor of Connecticut and a national emergency by the President of the United States. The outbreak of the virus has affected travel, commerce and financial markets globally, and is widely expected to affect economic growth worldwide. The Town has received and continues to apply for additional funding from federal and state agencies to assist in covering certain costs associated with the response to the pandemic. However, the extent to which COVID-19 will impact the Town's tax base, operations and its financial condition will ultimately depend on future developments that are uncertain and cannot be fully predicted with confidence at this time.

All of these factors were considered in preparing the Town's General Fund budget for fiscal year 2021.

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
AS OF JUNE 30, 2020

	Primary Government		
	Governmental	Business-type	Total
	Activities	Activities	
ASSETS			
Cash and cash equivalents	\$ 24,736,047	\$ 686,142	\$ 25,422,189
Investments	17,149,482	-	17,149,482
Receivables:			
Property taxes and interest, net	3,229,057	-	3,229,057
Assessments and interest, net	-	292,411	292,411
User charges and interest, net	-	184,879	184,879
Grants and contracts	1,145,731	-	1,145,731
Other	344,125	-	344,125
Internal balances	831,464	(831,464)	-
Other	58,930	-	58,930
Noncurrent assets:			
Receivables:			
Assessments	-	2,958,918	2,958,918
Loans	232,042	-	232,042
Capital assets:			
Non-depreciable	48,036,666	399,447	48,436,113
Depreciable, net	284,661,825	28,831,722	313,493,547
Total assets	<u>380,425,369</u>	<u>32,522,055</u>	<u>412,947,424</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charges on pension expense	3,089,458	-	3,089,458
Deferred charges on OPEB expense	160,063	-	160,063
Deferred charges on refunding	744,283	59,179	803,462
Total deferred outflows of resources	<u>3,993,804</u>	<u>59,179</u>	<u>4,052,983</u>
LIABILITIES			
Accounts payable	5,624,415	125,533	5,749,948
Accrued interest payable	804,643	-	804,643
Other accrued liabilities	4,584,484	23,829	4,608,313
Internal balances	50,713	(50,713)	-
Unearned revenue	873,144	-	873,144
Other	435,322	-	435,322
Noncurrent liabilities:			
Due in one year	7,324,386	158,500	7,482,886
Due in more than one year	99,226,199	1,923,537	101,149,736
Total liabilities	<u>118,923,306</u>	<u>2,180,686</u>	<u>121,103,992</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred charges on pension expense	3,204,955	-	3,204,955
Deferred charges on OPEB expense	2,005,626	-	2,005,626
Deferred charges on refunding	639,122	-	639,122
Total deferred inflows of resources	<u>5,849,703</u>	<u>-</u>	<u>5,849,703</u>
NET POSITION			
Net investment in capital assets	248,547,609	27,149,132	275,696,741
Restricted for:			
Endowments:			
Nonexpendable	610,000	-	610,000
Expendable	2,007,206	-	2,007,206
Grants and other programs	2,721,747	-	2,721,747
Unrestricted	5,759,602	3,251,416	9,011,018
Total net position	<u>\$ 259,646,164</u>	<u>\$ 30,400,548</u>	<u>\$ 290,046,712</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, 2020

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	\$ 6,942,192	\$ 1,714,192	\$ 380,686	\$ 83,050	\$ (4,764,264)	\$ -	\$ (4,764,264)
Public safety	12,151,228	1,438,804	638,246	-	(10,074,178)	-	(10,074,178)
Health and welfare	3,266,638	44,412	53,682	-	(3,168,544)	-	(3,168,544)
Land use	695,697	82,203	-	-	(613,494)	-	(613,494)
Public works	11,311,974	691,029	668,463	1,201,248	(8,751,234)	-	(8,751,234)
Parks and recreation	5,036,252	1,545,239	1,158,357	-	(2,332,656)	-	(2,332,656)
Education	85,982,714	1,741,543	9,105,599	-	(75,135,572)	-	(75,135,572)
Education - State Teachers' Retirement	16,075,519	-	16,075,519	-	-	-	-
Interest expense	2,319,358	-	-	-	(2,319,358)	-	(2,319,358)
Total governmental activities	143,781,572	7,257,422	28,080,552	1,284,298	(107,159,300)	-	(107,159,300)
Business-type activities:							
Sewer	1,756,195	1,261,013	-	-	-	(495,182)	(495,182)
Water	450,075	455,327	-	-	-	5,252	5,252
Total business-type activities	2,206,270	1,716,340	-	-	-	(489,930)	(489,930)
Total primary government	\$ 145,987,842	\$ 8,973,762	\$ 28,080,552	\$ 1,284,298	(107,159,300)	(489,930)	(107,649,230)
General revenues:							
Property taxes, levied for general purposes					110,835,838	-	110,835,838
Grants and contributions not restricted to specific programs					1,570,502	-	1,570,502
Investment earnings					1,282,998	36,305	1,319,303
Total general revenues					113,689,338	36,305	113,725,643
		Change in net position			6,530,038	(453,625)	6,076,413
		Net position - beginning			253,116,126	30,854,173	283,970,299
		Net position - ending			\$ 259,646,164	\$ 30,400,548	\$ 290,046,712

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

TOWN OF NEWTOWN, CONNECTICUT

BALANCE SHEET

GOVERNMENTAL FUNDS

AS OF JUNE 30, 2020

	General Fund	Bonded Projects Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 22,829,359	\$ -	\$ 1,505,951	\$ 24,335,310
Investments	10,646,399	-	2,726,472	13,372,871
Receivables:				
Property taxes and interest, net	3,229,057	-	-	3,229,057
Grants and contracts	-	656,898	488,833	1,145,731
Loans	-	-	232,042	232,042
Other	170,739	-	171,500	342,239
Due from other funds	1,506,193	2,030,384	7,077,085	10,613,662
Other	2,679	-	56,251	58,930
Total assets	<u>\$ 38,384,426</u>	<u>\$ 2,687,282</u>	<u>\$ 12,258,134</u>	<u>\$ 53,329,842</u>
LIABILITIES				
Accounts payable	\$ 1,687,869	\$ 2,497,019	\$ 438,008	\$ 4,622,896
Accrued payroll	4,559,887	-	24,597	4,584,484
Due to other funds	11,022,143	-	674,729	11,696,872
Unearned revenue	-	421,093	451,856	872,949
Other	435,322	-	-	435,322
Total liabilities	<u>17,705,221</u>	<u>2,918,112</u>	<u>1,589,190</u>	<u>22,212,523</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenues	<u>3,383,329</u>	<u>-</u>	<u>232,042</u>	<u>3,615,371</u>
FUND BALANCES				
Nonspendable	-	-	666,251	666,251
Restricted	-	937,320	4,728,953	5,666,273
Committed	178,552	-	5,041,698	5,220,250
Assigned	379,499	-	-	379,499
Unassigned	16,737,825	(1,168,150)	-	15,569,675
Total fund balances	<u>17,295,876</u>	<u>(230,830)</u>	<u>10,436,902</u>	<u>27,501,948</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 38,384,426</u>	<u>\$ 2,687,282</u>	<u>\$ 12,258,134</u>	<u>\$ 53,329,842</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 GOVERNMENT-WIDE STATEMENT OF NET POSITION
AS OF JUNE 30, 2020

Total fund balances for governmental funds		\$ 27,501,948
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.		332,698,491
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.		(1,961,060)
Some of the Town's receivables 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.		3,615,371
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	(804,643)	
Long-term debt:		
Bonds and notes payable, net	(84,772,939)	
Deferred charges on refunding	105,161	
Other long-term liabilities:		
Capital lease obligations	(420,424)	
Compensated absences	(1,070,276)	
Early retirement obligations	(32,000)	
Landfill post-closure care liability	(85,000)	
Net pension liability	(14,978,360)	
Net OPEB liability	(5,191,586)	
Total long-term liabilities		(107,250,067)
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.		5,041,481
Net position of governmental activities		<u>\$ 259,646,164</u>

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, 2020

	General Fund	Bonded Projects Fund	Other Governmental Funds	Total Governmental Funds
REVENUES				
Property taxes	\$ 110,566,918	\$ -	\$ -	\$ 110,566,918
Intergovernmental	18,550,813	812,815	4,116,076	23,479,704
Charges for services	2,159,489	-	5,097,933	7,257,422
Investment income	1,101,765	-	181,233	1,282,998
Contributions and other	173,196	351,926	1,993,097	2,518,219
Total revenues	<u>132,552,181</u>	<u>1,164,741</u>	<u>11,388,339</u>	<u>145,105,261</u>
EXPENDITURES				
Current:				
General government	4,733,518	-	1,257,036	5,990,554
Public safety	10,195,897	-	1,323,097	11,518,994
Health and welfare	3,138,834	-	94,735	3,233,569
Land use	678,228	-	-	678,228
Public works	9,769,280	-	95,069	9,864,349
Parks and recreation	2,352,411	-	1,778,419	4,130,830
Education	88,047,704	-	6,034,207	94,081,911
Debt service:				
Principal	6,983,198	-	9,654	6,992,852
Interest and fiscal charges	2,545,400	-	432,950	2,978,350
Capital outlays	993,371	14,376,589	609,205	15,979,165
Total expenditures	<u>129,437,841</u>	<u>14,376,589</u>	<u>11,634,372</u>	<u>155,448,802</u>
Excess (deficiency) of revenues over expenditures	3,114,340	(13,211,848)	(246,033)	(10,343,541)
OTHER FINANCING SOURCES (USES)				
Bonds issued	-	11,500,000	-	11,500,000
Premium on bonds issued	-	-	796,753	796,753
Refunding bonds issued	13,965,000	-	-	13,965,000
Premium on refunding bonds issued	291,977	-	-	291,977
Payments to escrow agent	(14,122,266)	-	-	(14,122,266)
Transfers in	400,000	251,175	3,114,960	3,766,135
Transfers out	(3,010,525)	(104,435)	(651,175)	(3,766,135)
Total other financing sources (uses)	<u>(2,475,814)</u>	<u>11,646,740</u>	<u>3,260,538</u>	<u>12,431,464</u>
Net change in fund balances	638,526	(1,565,108)	3,014,505	2,087,923
Fund balances - beginning	<u>16,657,350</u>	<u>1,334,278</u>	<u>7,422,397</u>	<u>25,414,025</u>
Fund balances - ending	<u>\$ 17,295,876</u>	<u>\$ (230,830)</u>	<u>\$ 10,436,902</u>	<u>\$ 27,501,948</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 GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

Net change in fund balances - total governmental funds \$ 2,087,923

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	\$ 15,824,042	
Depreciation and amortization expense	<u>(6,115,258)</u>	
Net adjustment		9,708,784

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. (21,151)

Donations of capital assets increase net position in the statement of activities, but do not appear in the governmental funds because they are not financial resources. 83,050

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:		
General obligation bonds	(11,500,000)	
Refunding bonds	(13,965,000)	
Premium on bonds	(796,753)	
Premium on refunding bonds	(291,977)	
Principal repayments:		
Bonds and notes payable	20,967,373	
Capital lease financing	<u>147,745</u>	
Net adjustment		(5,438,612)

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. (1,194,646)
(Continued)

TOWN OF NEWTOWN, CONNECTICUT
RECONCILIATION OF THE STATEMENTS OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES *(Concluded)*
FOR THE YEAR ENDED JUNE 30, 2020

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	\$ 335,762	
Amortization of bond premiums	496,735	
Amortization of deferred charges on refunding	(173,505)	
Compensated absences	(61,222)	
Landfill post-closure care liability	17,000	
Net pension liability	600,438	
Net OPEB liability	<u>(57,778)</u>	
		\$ 1,157,430

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. 268,920

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. (121,660)

Change in net position of governmental activities \$ 6,530,038
Concluded

TOWN OF NEWTOWN, CONNECTICUT
STATEMENTS OF NET POSITION
PROPRIETARY FUNDS
AS OF JUNE 30, 2020

	Business-type Activities			Governmental Activities
	Sewer Fund	Water Fund	Total	Internal Service Fund
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 686,142	\$ -	\$ 686,142	\$ 400,737
Investments	-	-	-	3,776,611
Receivables:				
Assessments and interest, net	292,411	-	292,411	-
User charges and interest, net	177,066	7,813	184,879	-
Other	-	-	-	1,886
Due from other funds	50,713	-	50,713	1,863,961
Total current assets	<u>1,206,332</u>	<u>7,813</u>	<u>1,214,145</u>	<u>6,043,195</u>
Noncurrent assets:				
Receivables:				
Assessments	2,958,918	-	2,958,918	-
Advance to other fund	596,571	-	596,571	-
Capital assets:				
Non-depreciable	204,428	195,019	399,447	-
Depreciable, net	<u>26,465,838</u>	<u>2,365,884</u>	<u>28,831,722</u>	<u>-</u>
Total noncurrent assets	<u>30,225,755</u>	<u>2,560,903</u>	<u>32,786,658</u>	<u>-</u>
Total assets	<u>31,432,087</u>	<u>2,568,716</u>	<u>34,000,803</u>	<u>6,043,195</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charge on refunding	<u>59,179</u>	<u>-</u>	<u>59,179</u>	<u>-</u>
LIABILITIES				
Current liabilities:				
Accounts payable	96,323	29,210	125,533	190,519
Accrued liabilities:				
Claims	-	-	-	811,000
Other	23,829	-	23,829	-
Due to other funds	-	831,464	831,464	-
Bonds and notes payable	158,500	-	158,500	-
Unearned revenue	-	-	-	195
Total current liabilities	<u>278,652</u>	<u>860,674</u>	<u>1,139,326</u>	<u>1,001,714</u>
Noncurrent liabilities:				
Advances from other fund	-	596,571	596,571	-
Bonds and notes payable	<u>1,923,537</u>	<u>-</u>	<u>1,923,537</u>	<u>-</u>
Total non-current liabilities	<u>1,923,537</u>	<u>596,571</u>	<u>2,520,108</u>	<u>-</u>
Total liabilities	<u>2,202,189</u>	<u>1,457,245</u>	<u>3,659,434</u>	<u>1,001,714</u>
NET POSITION				
Net investment in capital assets	24,588,229	2,560,903	27,149,132	-
Unrestricted	<u>4,700,848</u>	<u>(1,449,432)</u>	<u>3,251,416</u>	<u>5,041,481</u>
Total net position	<u>\$ 29,289,077</u>	<u>\$ 1,111,471</u>	<u>\$ 30,400,548</u>	<u>\$ 5,041,481</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, 2020

	Business-type Activities			Governmental Activities
	Sewer Fund	Water Fund	Total	Internal Service Fund
OPERATING REVENUES				
Charges for services	\$ 1,261,013	\$ 455,327	\$ 1,716,340	\$ 14,075,314
Total operating revenues	<u>1,261,013</u>	<u>455,327</u>	<u>1,716,340</u>	<u>14,075,314</u>
OPERATING EXPENSES				
Premiums and claims	-	-	-	12,915,548
Contracted services	772,115	223,384	995,499	-
Utilities	108,750	35,182	143,932	-
Administrative and other	192,192	14,567	206,759	1,400,842
Depreciation and amortization	588,445	151,727	740,172	-
Other	35,989	-	35,989	-
Total operating expenses	<u>1,697,491</u>	<u>424,860</u>	<u>2,122,351</u>	<u>14,316,390</u>
Operating income (loss)	(436,478)	30,467	(406,011)	(241,076)
NON-OPERATING INCOME (EXPENSE)				
Interest income	36,305	-	36,305	119,416
Interest expense	(58,704)	(25,215)	(83,919)	-
Total non-operating expense, net	<u>(22,399)</u>	<u>(25,215)</u>	<u>(47,614)</u>	<u>119,416</u>
Change in net position	(458,877)	5,252	(453,625)	(121,660)
Net position - beginning	<u>29,747,954</u>	<u>1,106,219</u>	<u>30,854,173</u>	<u>5,163,141</u>
Net position - ending	<u>\$ 29,289,077</u>	<u>\$ 1,111,471</u>	<u>\$ 30,400,548</u>	<u>\$ 5,041,481</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, 2020

	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	\$ 1,405,521	\$ 447,514	\$ 1,853,035	\$ 14,095,559
Cash paid for the following:				
Operating activities	(1,129,612)	(259,947)	(1,389,559)	(1,400,842)
Claims incurred	-	-	-	(13,385,677)
Net cash provided by (used in) operating activities	<u>275,909</u>	<u>187,567</u>	<u>463,476</u>	<u>(690,960)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Interfund activity	<u>76,262</u>	<u>(162,352)</u>	<u>(86,090)</u>	<u>669,554</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchases of capital assets	(181,852)	-	(181,852)	-
Interest paid on capital debt	(58,704)	(25,215)	(83,919)	-
Principal paid on capital debt	(136,829)	-	(136,829)	-
Net cash used in capital and related financial activities	<u>(377,385)</u>	<u>(25,215)</u>	<u>(402,600)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Net proceeds from maturity of investments	-	-	-	276,201
Investment income	<u>36,305</u>	<u>-</u>	<u>36,305</u>	<u>119,416</u>
Net cash provided by investing activities	<u>36,305</u>	<u>-</u>	<u>36,305</u>	<u>395,617</u>
Net increase in cash and cash equivalents	11,091	-	11,091	374,211
Cash and cash equivalents, beginning of year	<u>675,051</u>	<u>-</u>	<u>675,051</u>	<u>26,526</u>
Cash and cash equivalents, end of year	<u>\$ 686,142</u>	<u>\$ -</u>	<u>\$ 686,142</u>	<u>\$ 400,737</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES				
Operating income (loss)	\$ (436,478)	\$ 30,467	\$ (406,011)	\$ (241,076)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation and amortization	588,445	151,727	740,172	-
Changes in assets and liabilities:				
Receivables	144,508	(7,813)	136,695	20,245
Accounts payable	(20,566)	13,186	(7,380)	(254,061)
Accrued liabilities	-	-	-	(216,016)
Unearned revenue	-	-	-	(52)
Net cash provided by (used in) operating activities	<u>\$ 275,909</u>	<u>\$ 187,567</u>	<u>\$ 463,476</u>	<u>\$ (690,960)</u>

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

TOWN OF NEWTOWN, CONNECTICUT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
AS OF JUNE 30, 2020

	Pension and Other Post- Employment Benefits Trust Funds	Agency Funds
ASSETS		
Cash and cash equivalents	\$ 306,688	\$ 1,391,418
Investments:		
Certificates of deposit	-	193,544
Bond mutual funds	17,861,582	-
Equity mutual funds	32,466,199	-
Receivables	700	-
Total assets	<u>50,635,169</u>	<u>\$ 1,584,962</u>
LIABILITIES		
Due to others	-	\$ 1,584,962
Total liabilities	<u>-</u>	<u>\$ 1,584,962</u>
NET POSITION		
Restricted for:		
OPEB benefits	3,109,880	
Pension benefits	47,525,289	
Total net position	<u>\$ 50,635,169</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, 2020

	Pension and Other Post- Employment Benefits Trust Funds
ADDITIONS	
Contributions:	
Employer	\$ 2,589,078
Plan members	449,597
Total contributions	<u>3,038,675</u>
Investment earnings:	
Interest and dividends	1,322,642
Net change in the fair value of investments	<u>708,263</u>
Total investment earnings	<u>2,030,905</u>
Total additions	<u>5,069,580</u>
DEDUCTIONS	
Benefit payments	2,562,107
Administrative expenses	16,462
Other	<u>92,474</u>
Total deductions	<u>2,671,043</u>
Change in net position	2,398,537
Net position - beginning	<u>48,236,632</u>
Net position - ending	<u>\$ 50,635,169</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, 2020

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, 2020 totaled \$1,382,058.

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, 2020

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, 2020

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, 2020

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

Implementation of New Accounting Standards

In May 2020, the GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. The primary objective of this statement was to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective was accomplished by postponing the effective dates of certain provisions in statements and implementation guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later. As such, no new accounting standards were implemented by the Town for the year ended June 30, 2020.

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

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.

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. As of June 30, 2020, net appreciation available for appropriation is \$2,007,206.

The Town allocates investment income in accordance with donor restrictions and Connecticut law. The State of Connecticut adopted the provisions of the Uniform Prudent Management of Institutional Funds Act (UPMIFA) effective October 1, 2007. UPMIFA requires the investment of endowments in good faith and with the care that an ordinarily prudent person in a like position would exercise under similar circumstances. It requires prudence in incurring investment costs, authorizing only costs that are appropriate and reasonable. Factors to be considered in investing are expanded to include, for example, the effects of inflation. UPMIFA emphasizes that investment decisions be made in relation to the overall resources of the Town.

TOWN OF NEWTOWN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

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

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

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, 2020 of \$258,000 and \$416,000, 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 \$74,185 and \$5,000 as of June 30, 2020, 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, 2020, loans receivable totaled \$232,042 under this program.

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.

TOWN OF NEWTOWN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

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

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

Capital Assets *(Continued)*

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 and inflows of resources consists of deferred charges on pension and OPEB expenses reported in the government-wide financial statements. Deferred charges on pension and OPEB expenses result from changes in the components of the Town's net pension and OPEB liabilities and are amortized as a component of pension and OPEB expenses on a systematic and rational basis. Deferred inflows of resources also include deferred charges on refundings reported in the government-wide financial statements and unavailable revenues reported in the governmental funds 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 as a component of interest expense over the life of the related debt. Unavailable revenue is deferred and recognized as an inflow of resources in the period that the amounts become available.

TOWN OF NEWTOWN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

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

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

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.

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 and 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.

TOWN OF NEWTOWN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

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

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

Net Position and Fund Balance *(Continued)*

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.

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".

TOWN OF NEWTOWN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

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

Interfund Activities *(Continued)*

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.

NOTE 2 - CASH DEPOSITS AND INVESTMENTS

Cash Deposits

A reconciliation of the Town's cash deposits as of June 30, 2020 is as follows:

Government-wide statement of net position:	
Cash and cash equivalents	\$ 25,422,189
Statement of fiduciary net position:	
Cash and cash equivalents	1,698,106
	<u>27,120,295</u>
Add: non-negotiable certificates of deposit presented as investments	3,306,044
Less: investments presented as cash equivalents	<u>(13,844,383)</u>
	<u><u>\$ 16,581,956</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, 2020, \$18,236,856 of the Town's bank balance of \$19,275,697 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 16,413,170
Uninsured and collateralized with securities held by the pledging bank's trust department or agent but not in the Town's name	1,823,686
	<u><u>\$ 18,236,856</u></u>

TOWN OF NEWTOWN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

NOTE 2 - CASH DEPOSITS AND INVESTMENTS (Continued)

Cash Deposits (Continued)

Custodial Credit Risk (Continued)

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, 2020 is as follows:

Government-wide statement of net position:	
Investments	\$ 17,149,482
Statement of fiduciary net position:	
Investments	50,521,325
	<u>67,670,807</u>
Less: non-negotiable certificates of deposit presented as investments	(3,306,044)
Add: investments presented as cash equivalents	13,844,383
	<u>\$ 78,209,146</u>

As of June 30, 2020, the Town's investments consist of the following:

Investment Type	Valuation Basis	Value	Investment Maturities (In Years)	
			Less Than 1	1 to 5
Debt Securities:				
<i>Governmental Activities:</i>				
Short-Term Investment Fund	Net asset value	\$ 13,530,510	\$ 13,530,510	\$ -
Money Market Mutual Funds	Net asset value	7,185	7,185	-
Certificates of Deposits	Fair Value	12,616,688	1,553,524	11,063,164
<i>Fiduciary Funds:</i>				
Money Market Mutual Funds	Net asset value	306,688	306,688	-
		<u>26,461,071</u>	<u>\$ 15,397,907</u>	<u>\$ 11,063,164</u>
Other Investments:				
<i>Governmental Activities:</i>				
Mutual Funds	Fair Value	1,349,450		
Alternative Investments	Fair Value	70,844		
<i>Fiduciary Funds:</i>				
Mutual Funds	Fair Value	50,327,781		
		<u>\$ 78,209,146</u>		

TOWN OF NEWTOWN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

NOTE 2 - CASH DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

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.

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

Investment Type	AAA	Unrated	Total
Debt Securities:			
<i>Governmental Activities:</i>			
Short-Term Investment Fund	\$ 13,530,510	\$ -	\$ 13,530,510
Money Market Mutual Funds	-	7,185	7,185
Certificates of Deposits	-	12,616,688	12,616,688
<i>Fiduciary Funds:</i>			
Money Market Mutual Funds	-	306,688	306,688
	<u>\$ 13,530,510</u>	<u>\$ 12,930,561</u>	<u>\$ 26,461,071</u>

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.

TOWN OF NEWTOWN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

NOTE 2 - CASH DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

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, 2020, more than 10% of the Town's investments were invested in the following:

Issuer	Investment	Value	% of Investments
<i>Governmental Activities:</i>			
Connecticut Office of the State Treasurer	Short-Term Investment Fund	\$ 13,530,510	49.1%
<i>Fiduciary Funds:</i>			
Vanguard	Developed Markets Index Fund Institutional Shares	13,536,692	26.7%
Vanguard	Extended Market Index Fund Admiral Shares	4,990,815	9.9%
Vanguard	Institutional Index Fund Institutional Shares	13,938,692	27.5%
Vanguard	Total Bond Market Index Fund Institutional Shares	17,861,582	35.3%

NOTE 3 - 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, 2020, 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)	Total
<i>Governmental Activities:</i>				
Certificates of Deposits	\$ -	\$ 12,616,688	\$ -	\$ 12,616,688
Mutual funds	1,349,450	-	-	1,349,450
<i>Fiduciary Funds:</i>				
Alternative investments	70,844	-	-	70,844
Mutual Funds	50,327,781	-	-	50,327,781
	<u>\$ 51,748,075</u>	<u>\$ 12,616,688</u>	<u>\$ -</u>	<u>64,364,763</u>
		Investments measured at NAV		13,844,383
				<u>\$ 78,209,146</u>

TOWN OF NEWTOWN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

NOTE 3 - FAIR VALUE MEASUREMENTS (Continued)

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.

NOTE 4 - CAPITAL ASSETS

Capital asset activity for governmental activities for the year ended June 30, 2020 consisted of the following:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental Activities					
Capital assets, not being depreciated:					
Land	\$ 28,279,016	\$ 83,050	\$ -	\$ -	\$ 28,362,066
Intangible assets	3,687,270	-	-	-	3,687,270
Construction in progress	30,444,406	10,154,079	-	(24,611,155)	15,987,330
Total capital assets, not being depreciated	62,410,692	10,237,129	-	(24,611,155)	48,036,666
Capital assets, being depreciated:					
Buildings and systems	215,904,147	877,293	-	17,941,831	234,723,271
Land improvements	23,752,553	478,262	-	5,210,484	29,441,299
Machinery and equipment	14,477,506	3,060,528	(37,052)	1,174,939	18,675,921
Vehicles	12,447,997	369,459	(112,744)	-	12,704,712
Infrastructure	71,699,214	884,421	-	283,901	72,867,536
Total capital assets, being depreciated	338,281,417	5,669,963	(149,796)	24,611,155	368,412,739
Less accumulated depreciation and amortization for:					
Buildings and systems	36,210,056	3,015,376	-	-	39,225,432
Land improvements	8,949,077	887,205	-	-	9,836,282
Machinery and equipment	8,780,577	524,164	(26,601)	-	9,278,140
Vehicles	5,990,909	647,436	(102,044)	-	6,536,301
Infrastructure	17,833,682	1,041,077	-	-	18,874,759
Total accumulated depreciation and amortization	77,764,301	6,115,258	(128,645)	-	83,750,914
Total capital assets, being depreciated, net	260,517,116	(445,295)	(21,151)	24,611,155	284,661,825
Governmental activities capital assets, net	\$ 322,927,808	\$ 9,791,834	\$ (21,151)	\$ -	\$ 332,698,491

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

Governmental Activities:	
General government	\$ 813,887
Public safety	350,421
Public works	1,302,395
Health and welfare	20,018
Park and recreation	759,816
Education	2,868,721
Total depreciation and amortization expense - governmental activities	<u>\$ 6,115,258</u>

TOWN OF NEWTOWN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

NOTE 4 - CAPITAL ASSETS (Continued)

Capital asset activity for business-type activities for the year ended June 30, 2020 consisted of the following:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Business-type Activities					
Capital assets, not being depreciated:					
Land	\$ 1,000	\$ -	\$ -	\$ -	\$ 1,000
Construction in progress	216,594	181,853	-	-	398,447
Total capital assets, not being depreciated	217,594	181,853	-	-	399,447
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	23,232,801	-	-	-	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	43,135,814	-	-	-	43,135,814
Less accumulated depreciation and amortization for:					
Intangible assets	999,701	43,351	-	-	1,043,052
Plant and pumping stations	6,094,087	334,310	-	-	6,428,397
Sewer distribution system	4,939,437	248,032	-	-	5,187,469
Water distribution system	1,313,134	86,316	-	-	1,399,450
Equipment	88,881	12,233	-	-	101,114
Vehicles	128,679	15,931	-	-	144,610
Total accumulated depreciation and amortization	13,563,919	740,173	-	-	14,304,092
Total capital assets, being depreciated, net	29,571,895	(740,173)	-	-	28,831,722
Business-type activities capital assets, net	\$ 29,789,489	\$ (558,320)	\$ -	\$ -	\$ 29,231,169

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

Business-Type Activities:	
Sewer	\$ 588,446
Water	151,727
Total depreciation and amortization expense - business-type activities	<u>\$ 740,173</u>

TOWN OF NEWTOWN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

NOTE 5 - INTERFUND RECEIVABLES AND PAYABLES

Interfund receivable and payable balances at June 30, 2020 are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Governmental Funds:		
General Fund	Water Fund	\$ 831,464
	Other Governmental Funds	674,729
		<u>1,506,193</u>
Bonded Projects Fund	General Fund	2,030,384
Other Governmental Funds	General Fund	7,077,085
		<u>\$ 10,613,662</u>
Proprietary Funds:		
Internal Service Fund	General Fund	1,863,961
Sewer Fund	General Fund	50,713
	Water Fund	596,571
		<u>647,284</u>
		<u>\$ 2,511,245</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 \$596,574, 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, 2020.

NOTE 6 - INTERFUND TRANSFERS

Interfund transfers for the year ended June 30, 2020 consisted of the following:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
Governmental Funds:		
General Fund	Other Governmental Funds	\$ 400,000
Bonded Projects Fund	Other Governmental Fund	251,175
Other Governmental Funds	General Fund	3,010,525
	Bonded Projects Fund	104,435
		<u>3,114,960</u>
		<u>\$ 3,766,135</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, 2020

NOTE 7 - LONG-TERM DEBT

The applicable accounting standards define debt as a liability that arises from a contractual obligation to pay cash, or other assets that may be used in lieu of cash, in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. For disclosure purposes, debt does not include accounts payable or leases, except for contracts reported as financed purchase of the underlying asset.

Changes in long-term debt for the year ended June 30, 2020, are as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities					
Bonds payable:					
General obligation bonds	\$ 75,694,300	\$ 25,465,000	\$ (19,914,800)	\$ 81,244,500	\$ 6,996,500
Unamortized premiums	3,294,385	1,088,730	(1,000,460)	3,382,655	-
Total bonds payable	78,988,685	26,553,730	(20,915,260)	84,627,155	6,996,500
Notes from direct borrowings	184,091	-	(38,307)	145,784	39,140
Capital leases from direct borrowings	568,169	-	(147,745)	420,424	147,746
	<u>\$ 79,740,945</u>	<u>\$ 26,553,730</u>	<u>\$ (21,101,312)</u>	<u>\$ 85,193,363</u>	<u>\$ 7,183,386</u>
Business-type Activities					
Bonds payable:					
General obligation bonds	\$ 2,130,700	\$ 1,465,000	\$ (1,520,200)	\$ 2,075,500	\$ 158,500
Unamortized premiums	32,733	-	(26,196)	6,537	-
Total bonds payable	<u>\$ 2,163,433</u>	<u>\$ 1,465,000</u>	<u>\$ (1,546,396)</u>	<u>\$ 2,082,037</u>	<u>\$ 158,500</u>

Long-term debt above typically has 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, 2020

NOTE 7 - LONG-TERM DEBT (Continued)

General Obligation Bonds and Notes from Direct Borrowings

A summary of general obligation bonds and notes from direct borrowings outstanding at June 30, 2020 is as follows:

Purpose of Bonds	Fiscal Date of Issue	Original Issue	Interest Rates	Fiscal Maturity Date	Amount Outstanding
Governmental Activities:					
General obligation bonds:					
General Obligation Refunding Bonds	2011	\$ 8,910,000	0.25% - 5.0%	2024	\$ 2,055,000
General Obligation Refunding Bonds	2012	15,300,000	1.0% - 4.0%	2027	2,540,000
General Obligation Bonds	2014	4,012,000	2.5% - 3.5%	2034	603,000
General Obligation Refunding Bonds	2015	17,620,000	2.375% - 5.0%	2031	9,615,000
General Obligation Bonds	2016	12,000,000	2.0% - 4.0%	2036	9,200,000
General Obligation Refunding Bonds	2016	2,295,000	3.0% - 4.0%	2022	910,000
General Obligation Bonds	2017	4,808,000	2.0% - 4.0%	2037	3,776,500
General Obligation Bonds	2018	13,000,000	2.0%-5.0%	2038	11,050,000
General Obligation Refunding Bonds	2019	6,750,000	3.0% - 5.0%	2032	6,150,000
General Obligation Bonds	2019	10,400,000	2.0%-5.0%	2039	9,880,000
General Obligation Bonds	2020	11,500,000	3.0% - 5.0%	2040	11,500,000
General Obligation Refunding Bonds	2020	3,515,000	5.0%	2024	3,515,000
General Obligation Refunding Bonds	2020	10,685,000	1.0% - 2.5%	2036	10,450,000
					<u>81,244,500</u>
Notes from direct borrowings:					
Clean Water Fund Note	2004	516,000	2.10%	2023	90,964
Drinking Water Fund Note	2006	171,738	2.32%	2026	54,820
					<u>145,784</u>
					<u>\$ 81,390,284</u>
Business-type Activities:					
General obligation bonds:					
General Obligation Bonds	2014	\$ 2,488,000	2.5% - 3.5%	2034	\$ 372,000
General Obligation Bonds	2017	282,000	2.0% - 4.0%	2037	238,500
General Obligation Refunding Bonds	2020	1,230,000	1.0% - 2.5%	2036	1,465,000
					<u>\$ 2,075,500</u>

Annual debt service requirements to maturity on general obligation bonds and the notes from direct borrowings for governmental activities are as follows as of June 30, 2020:

Year ending June 30:	Governmental Activities				
	General Obligation Bonds		Notes from direct borrowings		Total
	Principal	Interest	Principal	Interest	
2021	\$ 6,996,500	\$ 2,518,238	\$ 39,140	\$ 2,794	\$ 9,556,672
2022	7,227,000	2,401,174	39,991	1,942	9,670,107
2023	6,512,000	2,102,202	40,867	1,072	8,656,141
2024	7,001,000	1,804,413	10,135	491	8,816,039
2025	6,431,000	1,564,980	10,373	253	8,006,606
2026-2030	24,195,000	5,414,992	5,278	36	29,615,306
2031-2035	15,055,000	2,481,087	-	-	17,536,087
2036-2040	7,827,000	591,504	-	-	8,418,504
	<u>\$ 81,244,500</u>	<u>\$ 18,878,590</u>	<u>\$ 145,784</u>	<u>\$ 6,588</u>	<u>\$ 100,275,462</u>

TOWN OF NEWTOWN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

NOTE 7 - LONG-TERM DEBT *(Continued)*

General Obligation Bonds and Notes from Direct Borrowings *(Continued)*

Annual debt service requirements to maturity on general obligation bonds for business-type activities are as follows as of June 30, 2020:

Year ending June 30:	Business-type Activities		
	General Obligation Bonds		
	Principal	Interest	Total
2021	\$ 158,500	\$ 33,836	\$ 192,336
2022	153,000	39,019	192,019
2023	153,000	35,504	188,504
2024	164,000	31,012	195,012
2025	164,000	28,540	192,540
2026-2030	730,000	104,110	834,110
2031-2035	525,000	33,440	558,440
2036-2040	28,000	1,470	29,470
	<u>\$ 2,075,500</u>	<u>\$ 306,931</u>	<u>\$ 2,382,431</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, 2020.

Authorized/Unissued Debt

At June 30, 2020, the Town had authorized unissued debt as follows:

New Police Facility	\$ 4,000,000
Newtown HS Boilers/Lighting	297,000
High School Addition & Renovation	1,024,657
Hawleyville Sewer Extension	1,030,000
Road Improvements	750,000
Hawley Boiler/Lighting	33,200
Fairfield Hills Remediation / Demolition	315,000
Library Improvements	300,000
Sandy Hook Permanent Memorial	250,000
Bridge Program	71,000
Hawley School Roof	170,000
Middle Gate Roof	78,000
Treadwell Parking Lot	15,000
Emergency Radio System	2,500,000
Fairfield Hills Sewer Improvements	914,981
Fire Apparatus	575,000
	<u>\$ 12,323,838</u>

TOWN OF NEWTOWN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

NOTE 7 - LONG-TERM DEBT (Continued)

General Obligation Bonds and Notes from Direct Borrowings (Continued)

Refundings

On May 21, 2020, the Town issued \$3,515,000 in general obligation refunding bonds ("Series B bonds") and \$11,915,000 in federally taxable general obligation refunding bonds ("Series C bonds"). The Series B bonds have an average interest rate of 5.00% and were issued to partially refund \$3,685,000 of outstanding 2010 general obligation refunding bonds, with an average interest rate of 4.42%. The Series C bonds have an average interest rate of 1.92% and were issued to partially refund \$3,015,000 of outstanding 2012 general obligation refunding bonds, \$3,575,000 of outstanding 2014 general obligation bonds, \$3,555,000 of outstanding 2015 general obligation refunding bonds, and \$650,000 of outstanding 2018 general obligation bonds. The average interest rate of the partially refunded bonds was 3.78%.

The transaction generated a cash flow savings of \$800,451 and an economic gain (difference between the present values of the debt service payments of the old and the new bonds) of \$730,582.

The Town has also advanced refunded general obligation bonds in prior years. The net proceeds from the refundings were deposited in an irrevocable trust with an escrow agent to provide fund for the future debt service payment on the refunded bonds. The refunded bonds are considered defeased and the liability for the bonds has been removed from the government-wide statement of net position. The difference between the reacquisition prices (the amounts placed in escrow) and the net carrying amounts of the refunded bonds have resulted in deferred gains and losses on refundings. These amounts, net of accumulated amortization, have been presented as deferred outflows and inflows of resources in the government-wide financial statements and are being amortized to interest expense using the effective-interest method over the life of the new bonds. Amortization of deferred charges on refundings totaled \$173,504 for the year ended June 30, 2020.

TOWN OF NEWTOWN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

NOTE 7 - LONG-TERM DEBT (Continued)

Capital Leases from Direct Borrowings

Capital leases from direct borrowings include non-appropriation clauses and provide the obligor with a security interest in the underlying equipment in the event of default.

A summary of assets acquired through capital leases is as follows as of June 30, 2020:

	Governmental Activities
Equipment	\$ 738,735
Less: accumulated amortization	81,478
	<u>\$ 657,257</u>

Amortization expense relative to leased property under capital leases totaled \$51,150 for the year ended June 30, 2020 and is included in depreciation and amortization expense disclosed in Note 4.

Future minimum lease obligations and the net present value of the minimum lease payments as of June 30, 2020 is as follows:

	Governmental Activities
Year Ending June 30:	
2021	\$ 147,746
2022	147,746
2023	<u>124,932</u>
Total minimum lease payments	420,424
Less: amount representing interest	<u>-</u>
Present value of minimum lease payments	<u>\$ 420,424</u>

NOTE 8 - OTHER LONG-TERM LIABILITIES

Changes in other long-term liabilities for the year ended June 30, 2020 are as follows:

Governmental Activities	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Compensated absences	\$ 1,009,054	\$ 102,529	\$ (41,307)	\$ 1,070,276	\$ 108,000
Termination benefits	32,000	32,000	(32,000)	32,000	16,000
Landfill post-closure care liability	102,000	-	(17,000)	85,000	17,000
Net pension liability (see Note 9)	15,578,798	-	(600,438)	14,978,360	-
Net OPEB liability (see Note 10)	5,133,808	57,778	-	5,191,586	-
	<u>\$ 21,855,660</u>	<u>\$ 192,307</u>	<u>\$ (690,745)</u>	<u>\$ 21,357,222</u>	<u>\$ 141,000</u>

Other long-term liabilities are liquidated primarily from the General Fund.

TOWN OF NEWTOWN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

NOTE 8 - OTHER LONG-TERM LIABILITIES *(Continued)*

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 6 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. There are five former teachers receiving this benefit. The cost to the Town for the year ended June 30, 2020 was \$32,000. As of June 30, 2020, the Town's liability for early retirement incentives totaled \$32,000.

Future annual payments on early retirement incentives as of June 30, 2020 are as follows:

	Governmental Activities
Year Ending June 30:	
2021	\$ 16,000
2022	8,000
2023	8,000
Total payments	<u>\$ 32,000</u>

NOTE 9 - 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.

TOWN OF NEWTOWN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

NOTE 9 - EMPLOYEE RETIREMENT PLANS (Continued)

Pension Trust Fund (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 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, 2020, more than 10.0% of the Town Plan's investments were invested in the following:

<u>Issuer</u>	<u>Investments</u>	<u>Value</u>	<u>% of Town Plan Investments</u>
Vanguard	Developed Markets Index Fund Institutional Shares	\$ 12,681,689	27%
Vanguard	Extended Market Index Fund Admiral Shares	4,685,523	10%
Vanguard	Institutional Index Fund Institutional Shares	13,138,940	28%
Vanguard	Total Bond Market Index Fund Institutional Shares	16,693,768	35%

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, 2020, the annual money-weighted rate of return on the Town Plan's investments, net of pension plan investment expense was 4.26%. 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, 2020, plan membership consisted of the following:

Retirees and beneficiaries receiving benefits	171
Terminated plan members entitled to but not yet receiving benefits	51
Active plan members	<u>313</u>
	<u>535</u>

TOWN OF NEWTOWN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

NOTE 9 - EMPLOYEE RETIREMENT PLANS *(Continued)*

Pension Trust Fund *(Continued)*

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 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.

TOWN OF NEWTOWN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

NOTE 9 - EMPLOYEE RETIREMENT PLANS *(Continued)*

Pension Trust Fund *(Continued)*

Benefit Provisions *(Continued)*

A plan member who terminates employment with 10 or more years of credited service prior to his normal, early or disability retirement date and who does not elect a refund of member contributions with credited interest, shall be vested in the accrued benefit payable at the normal retirement date. A member who is vested on his date of determination and elects a refund of 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 \$2,377,806 and represented 13.75% of covered payroll.

Net Pension Liability

The components of the Town's net pension liability of the Town Plan at June 30, 2020, were as follows:

Total pension liability	\$ 62,361,251
Plan fiduciary net position	<u>47,382,891</u>
Net pension liability	<u>\$ 14,978,360</u>
Plan fiduciary net position as a percentage of the total pension liability	75.98%

TOWN OF NEWTOWN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

NOTE 9 - EMPLOYEE RETIREMENT PLANS *(Continued)*

Pension Trust Fund *(Continued)*

Net Pension Liability *(Continued)*

The components of the change in the net pension liability of the Town Plan for the year ended June 30, 2020, were as follows:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance as of June 30, 2019	\$ 60,899,586	\$ 45,320,788	\$ 15,578,798
Changes for the year:			
Service cost	1,579,726	-	1,579,726
Interest	4,163,460	-	4,163,460
Differences between expected and actual experience	(1,721,108)	-	(1,721,108)
Contributions - employer	-	2,377,806	(2,377,806)
Contributions - employee	-	431,858	(431,858)
Net investment income	-	1,872,506	(1,872,506)
Benefit payments, including refunds	(2,560,413)	(2,560,413)	-
Administrative expense	-	(59,654)	59,654
Net changes	<u>1,461,665</u>	<u>2,062,103</u>	<u>(600,438)</u>
Balance as of June 30, 2020	<u>\$ 62,361,251</u>	<u>\$ 47,382,891</u>	<u>\$ 14,978,360</u>

Actuarial assumptions - The total pension liability for the Town Plan was determined by an actuarial valuation as of July 1, 2019, 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, 2020

NOTE 9 - 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-2018 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, 2020 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Core Fixed Income	35.00%	1.45%
U.S. Large Cap Equities	27.50%	4.75%
U.S. Small Cap Equities	7.50%	5.15%
Developed International Equities	30.00%	5.45%

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, 2020	\$ 24,172,345	\$ 14,978,360	\$ 7,387,136

TOWN OF NEWTOWN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

NOTE 9 - EMPLOYEE RETIREMENT PLANS *(Continued)*

Pension Trust Fund *(Continued)*

Pension Expense and Deferred Outflows and Inflows of Resources

For the year ended June 30, 2020, the Town recognized pension expense related to the Town Plan of \$3,017,296. At June 30, 2020, 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	\$ 214,506	\$ (3,204,955)	\$ (2,990,449)
Changes of assumptions	1,744,596	-	1,744,596
Difference between projected and actual earnings on plan investments	1,130,356	-	1,130,356
Total	<u>\$ 3,089,458</u>	<u>\$ (3,204,955)</u>	<u>\$ (115,497)</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 of Pension Expense
2021	\$ 132,176
2022	369,328
2023	(215,956)
2024	(344,780)
2025	(56,265)
	<u>\$ (115,497)</u>

TOWN OF NEWTOWN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

NOTE 9 - EMPLOYEE RETIREMENT PLANS *(Continued)*

Pension Trust Fund *(Continued)*

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 2020:

	<u>Town Plan</u>
ASSETS	
Cash and cash equivalents	\$ 295,399
Investments:	
Bond mutual funds	16,723,039
Equity mutual funds	30,506,151
Receivables	700
Total assets	<u>47,525,289</u>
NET POSITION	
Restricted for:	
Town Plan pension benefits	<u>47,525,289</u>
	<u><u>\$ 47,525,289</u></u>
ADDITIONS	
Contributions:	
Employer	\$ 2,389,078
Plan members	449,597
Total contributions	<u>2,838,675</u>
Investment earnings:	
Interest and dividends	1,242,850
Net change in the fair value of investments	<u>674,485</u>
Total investment earnings	<u>1,917,335</u>
Total additions	<u>4,756,010</u>
DEDUCTIONS	
Benefit payments	2,562,107
Administrative expenses	9,773
Other	89,170
Total deductions	<u>2,661,050</u>
Change in net position	2,094,960
Net position - beginning	<u>45,430,329</u>
Net position - ending	<u><u>\$ 47,525,289</u></u>

TOWN OF NEWTOWN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

NOTE 9 - EMPLOYEE RETIREMENT PLANS *(Continued)*

Connecticut Teachers' Retirement System

Plan Description

The Connecticut Teachers' Retirement System ("TRS" or the "Plan") is the public pension plan offered by the State of Connecticut (the "State") to provide retirement, disability, survivorship and health insurance benefits for Connecticut public school teachers and their beneficiaries. The Plan is governed by Connecticut Statute Title 10, Chapter 167a of the Connecticut General Statutes. TRS is a multiemployer pension plan administered by the Connecticut State Teachers' Retirement Board ("TRB"). The State Treasurer is responsible for investing TRS funds for the exclusive benefit of TRS members.

Teachers, principals, superintendents or supervisors engaged in the service of public schools are provided with pensions through the Connecticut Teachers' Retirement System - a cost sharing multi-employer defined benefit pension plan administered by the TRB. Chapter 167a of the State Statutes grants authority to establish and amend the benefit terms to the TRB. TRS issues a publicly available financial report that can be obtained at www.ct.gov.

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.

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% 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 2.0% per year of service times the average of the highest three years of pensionable salary, but not less than 15.0%, nor more than 50.0%. 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 75.0% of average annual salary. A plan member who leaves service and has attained 10 years of service will be entitled to 100.0% 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.

TOWN OF NEWTOWN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

NOTE 9 - EMPLOYEE RETIREMENT PLANS (Continued)

Connecticut Teachers' Retirement System (Continued)

Contributions

State of Connecticut - Per Connecticut General Statutes Section 10-183z (which reflects Public Act 79-436 as amended), contribution requirements of active employees and the State are amended and certified by the TRB 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.

Employers - School District employers are not required to make contributions to the Plan, as contributions are required only from employees and the State.

Employees - Effective July 1, 1992, each teacher was required to contribute 6.0% of pensionable salary for the pension benefit. Effective January 1, 2018, the required contribution increased to 7.0% of pensionable salary.

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 components associated with pension expense and deferred outflows and inflows of resources have been determined based on fiduciary net position as audited by the State of Connecticut Auditors of Public Accounts as part of the State of Connecticut Comprehensive Annual Financial Report as of and for the year ended June 30, 2019. The net pension liability at June 30, 2019 has been calculated using the audited amounts. TRS is included in the State of Connecticut audit as a pension trust fund. The State of Connecticut's Comprehensive Annual Financial Report can be obtained at www.ct.gov.

The accounting standards require participating employers to recognize their proportional share of the collective net pension liability, deferred outflows and inflows of resources and pension expense. Contributions remitted by the State are recognized when legally due, based upon statutory requirements.

Allocation Methodology

The allocations for participating employers are based on the expected contribution effort as measured June 30, 2018, the date of the latest biennial valuation. The liabilities of the June 30, 2018 actuarial valuation were rolled forward to the measurement date of June 30, 2019. The employer allocations were then applied to the net pension liability and pension expense to determine the amount applicable to each employer. Based upon the employee contributions made by the employees of each employer, as compared to the total employee contributions, an employer allocation percentage is calculated to six decimal places and is used to allocate the elements noted above. The employer allocation applied to Town totaled 0.845% as of the most recent measurement date.

TOWN OF NEWTOWN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

NOTE 9 - EMPLOYEE RETIREMENT PLANS (Continued)

Connecticut Teachers' Retirement System (Continued)

Collective Net Pension Liability

The following summarizes the collective net pension liability of the State for the TRS as of June 30, 2019, the measurement date, in addition to the Town's and State's proportionate shares of the collective net pension liability that is attributed to the Town:

Collective Net Pension Liability of the State for the TRS		<u>\$ 17,072,720,000</u>
	<u>Proportion</u>	<u>Proportionate Share</u>
Town's proportionate share of the Collective Net Pension Liability	0.000%	<u>\$ -</u>
State's proportionate share of the Collective Net Pension Liability attributed to the Town	0.845%	<u>\$ 144,298,000</u>

Collective Pension Expense

The Town's expected contribution effort for allocation purposes totaled \$10,922,616 or 0.845% 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 in the General Fund for the year ended June 30, 2020.

The collective pension expense includes certain current period changes in the collective net pension liability, projected earnings on pension plan investments and the amortization of deferred outflows of resources and deferred inflows of resources for the current period. The portion of the collective pension expense attributed to the Town totaled \$17,722,295 or 0.845% of the total collective pension expense and has been recognized as an operating contribution and related education expenses in the statement of activities for the year ended June 30, 2020.

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2018, and a measurement date of June 30, 2019, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increases	3.25% - 6.50%, including inflation
Investment rate of return	6.90%, net of pension plan investment expense, including inflation
Administrative expenses	\$0 assumption as expenses are paid for by the General Assembly

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, 2020

NOTE 9 - EMPLOYEE RETIREMENT PLANS *(Continued)*

Connecticut 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 5.0% 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 6.0% 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 5.0% per annum. If the return on assets in the previous year was less than 11.5%, the maximum increase is 3.0%, and if the return on the assets in the previous year was less than 8.5%, the maximum increase is 1.0%.

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.

The current capital market assumptions and the target asset allocation as provided by the Treasurer's Office are summarized in the following table:

Asset Class	Target Allocation	Expected Return	Standard Deviation
Public Equity - US Equity	20.0%	8.1%	17.0%
Public Equity - International Developed Equity	11.0%	8.5%	19.0%
Public Equity - Emerging Markets Equity	9.0%	10.4%	24.0%
Fixed Income - Core Fixed Income	16.0%	4.6%	7.0%
Fixed Income - Inflation Linked Bonds	5.0%	3.6%	7.0%
Fixed Income - High Yield	6.0%	6.5%	11.0%
Fixed Income - Emerging Market Debt	5.0%	5.2%	11.0%
Private Equity	10.0%	9.8%	23.0%
Real Estate	10.0%	7.0%	15.0%
Alternative Investments - Real Assets	4.0%	8.2%	17.0%
Alternative Investments - Hedge Funds	3.0%	5.4%	7.0%
Liquidity Fund	1.0%	2.9%	1.0%
	<u>100%</u>		

The geometric rates of expected return shown in the table above are nominal returns net of investment expenses.

TOWN OF NEWTOWN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

NOTE 9 - EMPLOYEE RETIREMENT PLANS *(Continued)*

Connecticut Teachers' Retirement System *(Continued)*

Discount Rate

The discount rate used to measure the total pension liability was 6.90%. 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 the actuarially determined rates in future years. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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, 2020, the net position available for benefits include \$141,699 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, 2020, employer contributions were \$11,272 and employee contributions totaled \$3,781.

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
- public works employees hired after January 1, 2019
- town hall employees hired on or after July 1, 2019

All participants 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, 2020, employer contributions were \$126,348 and employee contributions totaled \$114,796.

TOWN OF NEWTOWN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

NOTE 10 - 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, 2018, the date of the most recent actuarial valuation, membership data was as follows:

Current retirees, beneficiaries, and dependents	24
Current active participants	450
	<u>474</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, 2020, the Town's contribution totaled \$458,377, which represented 1.22% 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, 2020

NOTE 10 - 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, 2020, the annual money-weighted rate of return on the OPEB Plan's investments, net of pension plan investment expense was 3.46%. 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, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2018. The components of the net OPEB liability of the OPEB Plan as of June 30, 2020, were as follows:

Total OPEB liability	\$ 8,301,466
Plan fiduciary net position	<u>3,109,880</u>
Net OPEB liability	<u><u>\$ 5,191,586</u></u>
Plan fiduciary net position as a percentage of the total pension liability	37.46%

TOWN OF NEWTOWN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

NOTE 10 - 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, 2020, were as follows:

	<u>Total OPEB Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net OPEB Liability</u>
Balance as of June 30, 2019	\$ 7,940,110	\$ 2,806,303	\$ 5,133,807
Changes for the year:			
Service cost	298,573	-	298,573
Interest	546,188	-	546,188
Changes of benefit terms	-	-	-
Changes of assumptions and differences between expected and actual experience	(184,508)	-	(184,508)
Contributions - employer	-	458,377	(458,377)
Contributions - retirees' subsidies	-	40,520	(40,520)
Net investment income	-	103,577	(103,577)
Benefit payments	(298,897)	(298,897)	-
Net changes	<u>361,356</u>	<u>303,577</u>	<u>57,779</u>
Balance as of June 30, 2020	<u>\$ 8,301,466</u>	<u>\$ 3,109,880</u>	<u>\$ 5,191,586</u>

Actuarial Assumptions – The Total OPEB liability in the July 1, 2018 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	2.60%
Healthcare cost trend rate:	
Initial	7.00%
Ultimate	4.60%

Mortality rates were based on the Pub-2010 Public Retirement Plans (with separate tables for Public Safety employees and Teachers) and for non-annuitants and annuitants, projected to the valuation date with Scale MP-2018.

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, 2020

NOTE 10 - 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, 2020 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return *	Weighting
Core Fixed Income	35.00%	1.65%	0.58%
US Large Cap Equities	27.50%	5.55%	1.53%
US Small Cap Equities	7.50%	6.00%	0.45%
Developed Foreign Equities	30.00%	5.55%	1.67%

* 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:

	Discount Rates		
	1% Decrease (5.75%)	Current (6.75%)	1% Increase (7.75%)
Net OPEB liability as of June 30, 2020	\$ 5,995,847	\$ 5,191,586	\$ 4,474,305

TOWN OF NEWTOWN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

NOTE 10 - 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, 2020	\$ 4,188,030	\$ 5,191,586	\$ 6,378,450

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, 2020.

	Other Post-Employment Benefit Trust Fund
ASSETS	
Cash and cash equivalents	\$ 11,289
Investments:	
Bond mutual funds	1,138,543
Equity mutual funds	1,960,048
Total assets	<u>3,109,880</u>
NET POSITION	
Restricted for other post-employment benefits	<u>3,109,880</u>
	<u><u>\$ 3,109,880</u></u>

TOWN OF NEWTOWN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

NOTE 10 - 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	\$ 200,000
Total contributions	<u>200,000</u>
Investment earnings:	
Interest and dividends	79,792
Net change in the fair value of investments	<u>33,778</u>
Total investment earnings	<u>113,570</u>
Total additions	<u>313,570</u>
DEDUCTIONS	
Administrative expenses	6,689
Other	<u>3,304</u>
Total deductions	<u>9,993</u>
Change in net position	303,577
Net position - beginning	<u>2,806,303</u>
Net position - ending	<u>\$ 3,109,880</u>

OPEB Expense and Deferred Outflows and Inflows of Resources

For the year ended June 30, 2020, the Town recognized OPEB expense of \$470,877. As of June 30, 2020, the Town reported deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred (Inflows) of Resources	Net Deferred Outflows/ (Inflows) of Resources
Difference between expected and actual experience	\$ -	\$ (2,005,626)	\$ (2,005,626)
Changes of assumptions	73,098	-	73,098
Difference between projected and actual earnings on OPEB plan investments	<u>86,965</u>	<u>-</u>	<u>86,965</u>
Total	<u>\$ 160,063</u>	<u>\$ (2,005,626)</u>	<u>\$ (1,845,563)</u>

TOWN OF NEWTOWN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

NOTE 10 - OTHER POST-EMPLOYMENT BENEFITS (OPEB) *(Continued)*

OPEB Expense and Deferred Outflows and Inflows of Resources *(Continued)*

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

Year ended June 30,	
2021	\$ (137,298)
2022	(137,297)
2023	(134,073)
2024	(140,547)
2025	(159,045)
Thereafter	(1,137,303)
	<u>\$ (1,845,563)</u>

Connecticut Teachers' Retirement System

Plan Description

The Connecticut Teachers' Retirement System ("TRS" or the "Plan") is the public pension plan offered by the State of Connecticut (the State) to provide retirement, disability, survivorship and health insurance benefits for Connecticut public school teachers and their beneficiaries. The Plan is governed by Connecticut Statute Title 10, Chapter 167a of the Connecticut General Statutes. TRS is a multiemployer pension plan administered by the Connecticut State Teachers' Retirement Board ("TRB"). The State Treasurer is responsible for investing TRS funds for the exclusive benefit of TRS members.

Teachers, principals, superintendents or supervisors engaged in service of public schools are provided with benefits, including retiree health insurance, through the Connecticut Teachers' Retirement System - a cost sharing multi employer defined benefit pension plan administered by the TRB. Chapter 167a of the State Statutes grants authority to establish and amend the benefit terms to the TRB. TRS issues a publicly available financial report that can be obtained at www.ct.gov.

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. 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, 2020

NOTE 10 - OTHER POST-EMPLOYMENT BENEFITS (OPEB) *(Continued)*

Connecticut Teachers' Retirement System *(Continued)*

Contributions

State of Connecticut - Per Connecticut General Statutes Section 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 an annual appropriation in the General Fund.

Employers - School District employers are not required to make contributions to the Plan.

Employees/Retirees - 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.

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 components associated with the other postemployment benefits (OPEB) expense and deferred inflows and outflows of resources have been determined using the unrecognized portions of each year's experience and assumption changes as audited by the State of Connecticut Auditors of Public Accounts as part of the State of Connecticut Comprehensive Annual Financial Report as of and for the year ended June 30, 2019. The net OPEB liability at June 30, 2019 has been calculated using the audited amounts. 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. The State of Connecticut's Comprehensive Annual Financial Report can be obtained at www.ct.gov.

The accounting standards require participating employers to recognize their proportional share of the collective net OPEB liability, deferred outflows and inflows of resources and OPEB expense. Contributions remitted by the State are recognized when legally due, based upon statutory requirements.

Allocation Methodology

The allocations for participating employers are based on the expected contribution effort as measured June 30, 2018, the date of the latest biennial valuation. The allocations for participating employers are based on the expected contribution effort as measured June 30, 2018, the date of the latest biennial valuation. The liabilities of the June 30, 2018 actuarial valuation were rolled forward to the measurement date of June 30, 2019. The employer allocations were then applied to the net OPEB liability and OPEB expense to determine the amount applicable to each employer. Based upon the employee contributions made by the employees of each employer, as compared to the total employee contributions, an employer allocation percentage is calculated to six decimal places and is used to allocate the elements noted above. The employer allocation applied to Town totaled 0.845% as of the most recent measurement date.

TOWN OF NEWTOWN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

NOTE 10 - OTHER POST-EMPLOYMENT BENEFITS (OPEB) (Continued)

Connecticut Teachers' Retirement System (Continued)

Collective Net OPEB Liability

The following summarizes the collective net OPEB liability of the State for the TRS as of June 30, 2019, the measurement date, in addition to the Town's and State's proportionate shares of the collective net OPEB liability that is attributed to the Town:

Collective Net OPEB Liability of the State for the TRS		<u>\$ 2,662,587,000</u>
	<u>Proportion</u>	<u>Proportionate Share</u>
Town's proportionate share of the Collective Net OPEB Liability	0.000%	<u>\$ -</u>
State's proportionate share of the Collective Net OPEB Liability attributed to the Town	0.845%	<u>\$ 22,504,000</u>

Collective OPEB Expense

The Town's expected contribution effort for allocation purposes totaled \$298,524 or 0.845% 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 in the General Fund for the year ended June 30, 2020.

The collective OPEB expense includes certain current period changes in the collective net OPEB liability, projected earnings on OPEB plan investments and the amortization of deferred outflows of resources and deferred inflows of resources for the current period. The portion of the collective OPEB expense attributed to the Town totaled a negative \$(1,646,776) or 0.845% of the total collective OPEB expense and has been recognized as a reduction in operating contributions and related education expenses in the statement of activities for the year ended June 30, 2020.

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of June 30, 2018 using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Real Wage Growth	0.75%
Wage Inflation	3.25%
Salary increases	3.25% - 6.50%, including inflation
Investment rate of return	3.00%, net of OPEB plan investment expense, including inflation
Healthcare cost trend rates:	
Pre-Medicare	5.95% for 2018 decreasing to an ultimate rate of 4.75% by 2025
Medicare	5.00% for 2018 decreasing to an ultimate rate of 4.75% by 2028

TOWN OF NEWTOWN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

NOTE 10 - OTHER POST-EMPLOYMENT BENEFITS (OPEB) *(Continued)*

Connecticut Teachers' Retirement System *(Continued)*

Actuarial Assumptions *(Continued)*

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.

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:

Asset Class	Target Allocation	Expected 10-Year Geometric Real Rate of Return	Standard Deviation
U.S. Treasuries (Cash Equivalents)	100.0%	0.41%	2.31%

Discount Rate

The discount rate used to measure the total OPEB liability was 3.50%. 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, 2018.

In addition to the actuarial methods and assumptions of the June 30, 2018 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.

Based on those assumptions, the Plan's fiduciary net position was projected to be depleted in 2019 and, as a result, the Municipal Bond Index Rate of 3.87% 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, 2020

NOTE 11 - RISK MANAGEMENT AND UNCERTAINTIES

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 2019 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, 2020 and 2019 are as follows:

Year Ended June 30	Claims Payable, Beginning of Year	Claims and Changes in Estimates	Claims Paid	Claims Payable, End of Year
2020	\$ 1,027,016	\$ 13,385,677	\$ 13,601,693	\$ 811,000
2019	918,000	12,360,536	12,251,520	1,027,016

Uncertainties - Pandemic

In early March 2020, there was a global outbreak of COVID-19 that was declared a Public Health Emergency of International Concern by the World Health Organization and was subsequently declared a state of emergency by the Governor of Connecticut and a national emergency by the President of the United States. The outbreak of the virus has affected travel, commerce and financial markets globally, and is widely expected to affect economic growth worldwide.

On March 27, 2020, the United States Congress enacted the Coronavirus Aid, Relief, and Economic Stabilization Act (the "CARES Act") that provides in excess of \$2 trillion of relief to industries and entities throughout the country, including state and local governments. On March 28, 2020, the President of the United States approved the Governor of Connecticut's request for a disaster declaration for the State. On April 24, 2020, the United States Congress enacted legislation that provided an additional \$484 billion to replenish a small business loan program, support hospitals and expand COVID-19 testing.

The Town has received and continues to apply for additional funding from federal and state agencies to assist in covering certain costs associated with the response to the pandemic. However, the extent to which COVID-19 will impact the Town's tax base, operations and its financial condition will ultimately depend on future developments that are uncertain and cannot be fully predicted with confidence at this time.

TOWN OF NEWTOWN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

NOTE 12 - FUND BALANCE

As of June 30, 2020, 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	-	-	56,251	56,251
	<u>-</u>	<u>-</u>	<u>666,251</u>	<u>666,251</u>
Restricted for:				
General government:				
Edmond Town Hall	-	-	789,830	789,830
Historic documents	-	-	51,408	51,408
Flag pole	-	-	9,707	9,707
Public safety:				
Law enforcement programs			233,220	233,220
Health and welfare:				
Education and care of animals	-	-	1,138,771	1,138,771
Rehabilitation programs	-	-	26,799	26,799
Park and recreation:				
Recreation programs	-	-	330,877	330,877
Newtown Community Center	-	-	1,553,688	1,553,688
Cultural arts programs	-	-	182,111	182,111
Education:				
Sandy Hook School	-	-	47,056	47,056
School lunch program	-	-	45,312	45,312
Education programs	-	-	251,276	251,276
Hawley School	-	-	68,898	68,898
Capital projects	-	937,320	-	937,320
	<u>-</u>	<u>937,320</u>	<u>4,728,953</u>	<u>5,666,273</u>
Committed to:				
General government:				
Newtown Community Center	-	-	11,559	11,559
Fairfield Hills Campus	-	-	51,086	51,086
Blight	-	-	35,218	35,218
Public safety:				
Animal control	-	-	9,023	9,023
Police private duty	-	-	90,711	90,711
Public works:				
Septage management	-	-	126,794	126,794
Park and recreation:				
Edmond Town Hall Theater	-	-	64,524	64,524
Marina operations	-	-	368,950	368,950
Teen center programs	-	-	55,641	55,641
Education:				
Adult education programs	-	-	13,904	13,904
Other programs	-	-	130,339	130,339
Capital purposes	-	-	3,086,304	3,086,304
Debt service	-	-	997,645	997,645
Senior tax credit program	178,552	-	-	178,552
	<u>178,552</u>	<u>-</u>	<u>5,041,698</u>	<u>5,220,250</u>

Continued

TOWN OF NEWTOWN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

NOTE 12 - FUND BALANCE (Continued)

	General Fund	Bonded Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assigned to:				
General government	\$ 67,264	\$ -	\$ -	\$ 67,264
Public safety	24,908	-	-	24,908
Health and welfare	5,000	-	-	5,000
Public works	41,790	-	-	41,790
Parks and recreation	15,199	-	-	15,199
Education	225,338	-	-	225,338
	<u>379,499</u>	<u>-</u>	<u>-</u>	<u>379,499</u>
Unassigned	16,737,825	(1,168,150)	-	15,569,675
	<u>\$ 17,295,876</u>	<u>\$ (230,830)</u>	<u>\$ 10,436,902</u>	<u>\$ 27,501,948</u>
				<i>Concluded</i>

NOTE 13 - 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 a cumulative amount of \$12,000,000 as contribution revenue in its government-wide financial statements. The remaining portion of the pledge to be used for operations of \$3,000,000 will be recorded by the Town as contribution revenue over the next four fiscal years.

NOTE 14 - IMPACT OF NEW ACCOUNTING STANDARDS NOT YET EFFECTIVE

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. The requirements of this statement are effective for the Town's reporting period beginning July 1, 2020, which reflects the one year postponement pursuant to GASB Statement No. 95 issued in May 2020. 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, 2020

NOTE 14 - IMPACT OF NEW ACCOUNTING STANDARDS NOT YET EFFECTIVE (Continued)

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, 2021, which reflects the eighteen month postponement pursuant to GASB Statement No. 95 issued in May 2020. 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, 2021, which reflects the one year postponement pursuant to GASB Statement No. 95 issued in May 2020. The Town does not expect this statement to have a material effect on its financial statements.

In August 2018, the GASB issued Statement No. 90, *Majority Equity Interests - An Amendment of GASB Statements No. 14 and No. 61*. The objectives of this statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. The requirements of this statement are effective for the Town's reporting period beginning July 1, 2020, which reflects the one year postponement pursuant to GASB Statement No. 95 issued in May 2020. The Town does not expect this statement to have a material effect on its financial statements.

In May 2019, the GASB issued Statement No. 91, *Conduit Debt Obligations*. The objectives of this statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The requirements of this statement are effective for the Town's reporting period beginning July 1, 2022, which reflects the one year postponement pursuant to GASB Statement No. 95 issued in May 2020. The Town does not expect this statement to have a material effect on its financial statements.

In January 2020, the GASB issued Statement No. 92, *Omnibus 2020*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics and the requirements of this statement are effective for the Town's reporting period beginning July 1, 2021, which reflects the one year postponement pursuant to GASB Statement No. 95 issued in May 2020. The Town does not expect this statement to have a material effect on its financial statements.

TOWN OF NEWTOWN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

NOTE 14 - IMPACT OF NEW ACCOUNTING STANDARDS NOT YET EFFECTIVE (Continued)

In March 2020, the GASB issued Statement No. 93, *Replacement of Interbank Offered Rates*. Some governments have entered into agreements in which variable payments made or received depend on an interbank offered rate (IBOR)—most notably, the London Interbank Offered Rate (LIBOR). As a result of global reference rate reform, LIBOR is expected to cease to exist in its current form at the end of 2021, prompting governments to amend or replace financial instruments for the purpose of replacing LIBOR with other reference rates, by either changing the reference rate or adding or changing fallback provisions related to the reference rate. The objective of this Statement is to address those and other accounting and financial reporting implications that result from the replacement of an IBOR. The requirements of this statement are effective for the Town's reporting period beginning July 1, 2020. The Town does not expect this statement to have a material effect on its financial statements.

In March 2020, the GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). The requirements of this statement are effective for the Town's reporting period beginning July 1, 2022. The Town does not expect this statement to have a material effect on its financial statements.

In May 2020, the GASB issued Statement 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). The requirements of this statement are effective for the Town's reporting period beginning July 1, 2022. The Town does not expect this statement to have a material effect on its financial statements.

In June 2020, the GASB issued Statement 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – An Amendment of GASB Statement No. 14 and No. 84, and a Supersession of GASB Statement No. 32*. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The requirements of this statement are effective for the Town's reporting period beginning July 1, 2021. 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 (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2020

	Budgeted Amounts			Variance With Final Budget Over (Under)
	Original	Final	Actual	
REVENUES				
Property taxes	\$ 110,229,769	\$ 110,229,769	\$ 110,566,918	\$ 337,149
Intergovernmental	6,475,944	6,475,944	7,051,021	575,077
Charges for goods and services	2,120,200	2,120,200	2,159,489	39,289
Investment income	950,000	950,000	729,934	(220,066)
Other	258,000	258,000	161,663	(96,337)
Total revenues	<u>120,033,913</u>	<u>120,033,913</u>	<u>120,669,025</u>	<u>635,112</u>
EXPENDITURES				
Current:				
General government	4,929,506	4,812,781	4,767,869	(44,912)
Public safety	10,520,468	10,369,963	10,343,527	(26,436)
Health and welfare	2,932,345	2,873,240	2,865,057	(8,183)
Land use	714,116	684,017	678,228	(5,789)
Public works	10,763,425	10,654,036	10,598,890	(55,146)
Parks and recreation	2,501,014	2,442,910	2,431,629	(11,281)
Education	78,104,410	78,104,410	76,748,426	(1,355,984)
Contingency	140,000	1,635	-	(1,635)
Debt service:				
Principal	6,910,107	6,835,453	6,835,453	-
Interest and fiscal charges	2,339,011	2,411,665	2,410,689	(976)
Total expenditures	<u>119,854,402</u>	<u>119,190,110</u>	<u>117,679,768</u>	<u>(1,510,342)</u>
Excess of revenues over expenditures	179,511	843,803	2,989,257	2,145,454
OTHER FINANCING SOURCES (USES)				
Appropriation of fund balance	-	1,697,175	-	(1,697,175)
Cancellation of prior year encumbrances	-	-	28,479	28,479
Transfers in	250,000	250,000	400,000	150,000
Transfers out	(429,511)	(2,790,978)	(2,790,975)	3
Total other financing sources (uses)	<u>(179,511)</u>	<u>(843,803)</u>	<u>(2,362,496)</u>	<u>(1,518,693)</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 626,761</u>	<u>\$ 626,761</u>

See accompanying notes to required supplementary information.

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

	2020	2019	2018	2017	2016	2015	2014
Total pension liability							
Service cost	\$ 1,579,726	\$ 1,757,544	\$ 1,682,271	\$ 1,470,642	\$ 1,458,028	\$ 1,369,633	\$ 1,376,812
Interest	4,163,460	4,116,599	3,964,240	3,642,643	3,476,233	3,153,241	2,973,226
Differences between expected and actual experience	(1,721,108)	(863,332)	(1,369,101)	623,086	(690,374)	(1,273,135)	-
Changes of assumptions	-	-	-	4,095,514	-	1,589,661	-
Benefit payments, including refunds	(2,560,413)	(2,324,490)	(2,027,723)	(1,932,479)	(1,834,724)	(1,717,013)	(1,513,354)
Net change in total pension liability	1,461,665	2,686,321	2,249,687	7,899,406	2,409,163	3,122,387	2,836,684
Total pension liability - beginning	60,899,586	58,213,265	55,963,578	48,064,172	45,655,009	42,532,622	39,695,938
Total pension liability - ending	62,361,251	60,899,586	58,213,265	55,963,578	48,064,172	45,655,009	42,532,622
Plan fiduciary net position							
Contributions - employer	2,377,806	2,243,901	1,885,303	1,687,814	1,422,737	1,375,889	1,189,938
Contributions - members	431,858	457,286	475,316	488,239	474,546	458,556	461,526
Transfer from defined contribution plan	-	-	-	-	-	26,724	-
Net investment income	1,872,506	2,310,752	2,957,771	4,641,117	(991,005)	941,047	4,302,666
Benefit payments, including refunds	(2,560,413)	(2,324,490)	(2,027,723)	(1,932,479)	(1,834,724)	(1,717,013)	(1,356,367)
Administrative expense	(59,654)	(65,658)	(36,574)	(27,086)	(17,500)	(74,654)	(170,876)
Net change in plan fiduciary net position	2,062,103	2,621,791	3,254,093	4,857,605	(945,946)	1,010,549	4,426,887
Plan fiduciary net position - beginning	45,320,788	42,698,997	39,444,904	34,587,299	35,533,245	34,522,696	30,095,809
Plan fiduciary net position - ending	47,382,891	45,320,788	42,698,997	39,444,904	34,587,299	35,533,245	34,522,696
Town's net pension liability	\$ 14,978,360	\$ 15,578,798	\$ 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	75.98%	74.42%	73.35%	70.48%	71.96%	77.83%	81.17%
Covered payroll	\$ 17,291,083	\$ 18,396,670	\$ 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 payroll	86.62%	84.68%	82.22%	90.76%	73.08%	57.10%	45.49%

* This schedule is intended to show information for ten years and additional years' information will be displayed as it becomes available.

See accompanying notes to required supplementary information.

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially determined contribution	\$ 2,378,512	\$ 2,243,901	\$ 1,885,303	\$ 1,687,815	\$ 1,422,737	\$ 1,373,207	\$ 1,186,605
Contributions in relation to the actuarially determined contribution	<u>2,377,806</u>	<u>2,243,901</u>	<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>\$ 706</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ (2,682)</u>	<u>\$ (3,333)</u>
Covered payroll	\$ 17,291,083	\$ 18,396,670	\$ 18,869,931	\$ 18,199,947	\$ 18,441,265	\$ 17,725,368	\$ 17,608,101
Contributions as a percentage of covered payroll	13.75%	12.20%	9.99%	9.27%	7.71%	7.76%	6.76%
Annual money-weighted rate of return, net of investment expense	4.26%	5.22%	7.30%	13.30%	-2.83%	2.49%	14.35%

* This schedule is intended to show information for ten years and additional years' information will be displayed as it becomes available.

See accompanying notes to required supplementary information.

TOWN OF NEWTOWN, CONNECTICUT
SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE COLLECTIVE NET PENSION LIABILITY
CONNECTICUT TEACHERS' RETIREMENT SYSTEM (UNAUDITED)
LAST SIX FISCAL YEARS*
(Rounded to nearest thousand)

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Town's proportion of the collective net pension liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Town's proportionate share of the collective net pension liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the collective net pension liability attributed to the Town	144,298,000	111,262,000	116,319,000	122,717,000	99,707,000	92,159,000
Total	<u>\$ 144,298,000</u>	<u>\$ 111,262,000</u>	<u>\$ 116,319,000</u>	<u>\$ 122,717,000</u>	<u>\$ 99,707,000</u>	<u>\$ 92,159,000</u>
Town's covered payroll	\$ 37,101,000	\$ 36,526,000	\$ 36,869,000	\$ 35,536,000	\$ 37,062,000	\$ 35,722,000
Town's proportionate share of the collective net pension liability as a percentage of its covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total collective pension liability	52.00%	57.69%	55.93%	52.26%	59.50%	61.51%

* This schedule is intended to show information for ten years and additional years' information will be displayed as it becomes 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 FOUR FISCAL YEARS*

	2020	2019	2018	2017
Total OPEB liability				
Service cost	\$ 298,573	\$ 310,817	\$ 301,764	\$ 292,975
Interest	546,188	625,860	607,177	568,628
Changes in benefit terms	-	-	-	-
Differences between expected and actual experience	(184,508)	(1,800,782)	(363,565)	(397,054)
Changes of assumptions	-	84,984	-	-
Benefit payments, including refunds	(298,897)	(476,145)	(85,531)	(109,120)
Net change in total OPEB liability	361,356	(1,255,266)	459,845	355,429
Total OPEB liability - beginning	7,940,110	9,195,376	8,735,531	8,380,102
Total OPEB liability - ending	8,301,466	7,940,110	9,195,376	8,735,531
Plan fiduciary net position				
Contributions - employer	458,377	633,528	285,531	255,287
Contributions - retirees' subsidies	40,520	42,617	-	53,833
Net investment income	103,577	140,697	164,582	241,743
Benefit payments, including refunds	(298,897)	(331,602)	(230,074)	(109,120)
Net change in plan fiduciary net position	303,577	485,240	220,039	441,743
Plan fiduciary net position - beginning	2,806,303	2,321,063	2,101,024	1,659,281
Plan fiduciary net position - ending	3,109,880	2,806,303	2,321,063	2,101,024
Town's net OPEB liability	\$ 5,191,586	\$ 5,133,807	\$ 6,874,313	\$ 6,634,507
Plan fiduciary net position as a percentage of total OPEB liability	37.46%	35.34%	25.24%	24.05%
Covered employee payroll	\$ 37,562,912	\$ 36,468,847	\$ 38,408,893	\$ 37,290,187
Town's net OPEB liability as a percentage of covered employee payroll	13.82%	14.08%	17.90%	17.79%

* This schedule is intended to show information for ten years and additional years' information will be displayed as it becomes available.

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Actuarially determined contribution	\$ 768,072	\$ 874,889	\$ 865,530	\$ 814,292
Contributions in relation to the actuarially determined contribution	<u>458,377</u>	<u>633,528</u>	<u>285,531</u>	<u>255,287</u>
Contribution deficiency (excess)	<u>\$ 309,695</u>	<u>\$ 241,361</u>	<u>\$ 579,999</u>	<u>\$ 559,005</u>
Covered employee payroll	\$ 37,562,912	\$ 36,468,847	\$ 38,408,893	\$ 37,290,187
Contributions as a percentage of covered employee payroll	1.22%	1.74%	0.74%	0.68%
Annual money-weighted rate of return, net of investment expense	3.46%	5.31%	7.21%	13.64%

* This schedule is intended to show information for ten years and additional years' information will be displayed as it becomes available.

See accompanying notes to required supplementary information.

TOWN OF NEWTOWN, CONNECTICUT
SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE COLLECTIVE NET OPEB LIABILITY
CONNECTICUT TEACHERS' RETIREMENT SYSTEM (UNAUDITED)
LAST THREE FISCAL YEARS*
(Rounded to Nearest Thousand)

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Town's proportion of the collective net OPEB liability	0.00%	0.00%	0.00%
Town's proportionate share of the collective net OPEB liability	\$ -	\$ -	\$ -
State's proportionate share of the collective net OPEB liability attributed to the Town	22,504,000	22,242,000	29,939,000
Total	<u>\$ 22,504,000</u>	<u>\$ 22,242,000</u>	<u>\$ 29,939,000</u>
Town's covered payroll	\$ 37,101,000	\$ 36,526,000	\$ 36,869,000
Town's proportionate share of the collective net OPEB liability as a percentage of its covered payroll	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total collective OPEB liability	2.08%	1.49%	1.79%

* This schedule is intended to show information for ten years and additional years' information will be displayed as it becomes available.

TOWN OF NEWTOWN, CONNECTICUT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (Unaudited)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

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 \$1,697,175 were authorized during the year ended June 30, 2020. Additional appropriations were authorized to fund various capital and non-recurring items that were reduced to fund storm clean-up costs and as part of the fiscal year 2021 budget process.
- 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 re-appropriated 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, 2020

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, 2020:

	<u>Total Revenues</u>	<u>Total Expenditures</u>	<u>Other Financing Sources (Uses), Net</u>	<u>Net Change in Fund Balance</u>
Budgetary basis	\$ 120,669,025	\$ 117,679,768	\$ (2,362,496)	\$ 626,761
"On-behalf" payments - State Teachers Retirement Fund	11,221,140	11,221,140	-	-
Encumbrances:				
June 30, 2020	-	(379,499)	-	379,499
June 30, 2019	-	711,086	-	(711,086)
Cancellation of prior year encumbrances	-	-	(28,479)	(28,479)
Reimbursement for certain costs recorded as a reduction to expenditures for budgetary purposes	278,652	278,652	-	-
Unrealized gains on certificates of deposit to be held to maturity	371,831	-	-	371,831
Certain items recorded as transfers for budgetary purposes	-	(219,550)	(219,550)	-
Insurance proceeds recorded net	11,533	11,533	-	-
Bond refunding	-	134,711	134,711	-
GAAP basis	<u>\$ 132,552,181</u>	<u>\$ 129,437,841</u>	<u>\$ (2,475,814)</u>	<u>\$ 638,526</u>

TOWN OF NEWTOWN, CONNECTICUT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (Unaudited) *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

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	\$ 40,839,389	\$ 736,611
Fairfield Hills Demolition/Abatement	5,000,000	5,000,000	-
New Sandy Hook Elementary School	50,000,000	48,484,687	1,515,313
Newtown Community Center	15,000,000	15,000,000	-
Library Improvements	273,000	173,707	99,293
Edmond Town Hall Improvements	571,000	568,763	2,237
Bridge program	1,365,000	712,078	652,922
Town Roads	1,750,000	1,415,976	334,024
Fire Apparatus	575,000	-	575,000
Dickinson Park Parking Lot	500,000	500,000	-
South Main/Mile Hill Sidewalk	1,175,600	955,121	220,479
Toddy Hill Road	2,596,000	1,825,954	770,046
Police Facility Design	15,100,000	10,531,132	4,568,868
Hawley School Roof	850,000	698,632	151,368
Senior Center	3,000,000	3,000,000	-
Sandy Hook Permanent Memorial	250,000	-	250,000
Newtown High School Boiler and Lighting	2,702,000	2,702,000	-
Hawley School Boiler	783,200	783,072	128
Treadwell Park Pool Area	400,000	400,000	-
Library Improvements Phase II	300,000	18,058	281,942
Emergency Radio System	2,500,000	435,862	2,064,138
Fairfield Hills Sewer Improvements	1,829,963	-	1,829,963
	<u>\$ 148,096,763</u>	<u>\$ 134,044,431</u>	<u>\$ 14,052,332</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, 2019. The total pension liability was determined by a projected actuarial valuation as of June 30, 2020.

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

Assumption Changes - The mortality table scale was updated from the MP-2017 generational projections as of the June 30, 2019 measurement date to MP-2018 generational projections as of the June 30, 2020 measurement date.

TOWN OF NEWTOWN, CONNECTICUT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (Unaudited) (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

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 Plan - 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, 2020:

Actuarial cost method:	Entry Age Normal
Amortization method:	Closed level dollar method; 20 Year amortization of initial base, future gains and losses over 10 years
Remaining amortization period:	20 years (as of July 1, 2017)
Asset valuation method:	5-year smoothed market
Inflation:	2.00%
Investment rate of return, including inflation:	7.00%, net of pension plan investment expenses
Salary increases, including inflation:	3.00%
Retirement age:	Normal Retirement Date or on Valuation Date if past normal retirement date

NOTE 4 - SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE COLLECTIVE NET PENSION LIABILITY - CONNECTICUT STATE TEACHERS' 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. Information prior to fiscal year 2015 is not available.

Actuarial valuations are prepared every two years with the most recent available actuarial valuation performed as of June 30, 2018. This information is utilized by the Town for reporting as of June 30, 2020.

Benefit changes - There have been no benefit term changes that have had a significant effect on the measurement of the Town's collective net pension liability.

Assumption changes - The following significant assumptions had a significant effect on the measurement of the total collective pension liability reported as of June 30, 2020.

- the inflation assumption was reduced from 2.75% to 2.50%;
- the real rate of return assumption was reduced from 5.25% to 4.40%, which when combined with the inflation assumption change, resulted in a decrease in the investment rate of return assumption from 8.00% to 6.90%;
- the annual rate of wage increase assumption was increased from 0.50% to 0.75%; and
- phase in to a level dollar amortization method for the June 30, 2024 valuation.

TOWN OF NEWTOWN, CONNECTICUT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (Unaudited) (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

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, 2018. The July 1, 2018 total OPEB liability was increased by service cost and interest and decreased by benefit payments to calculate the total OPEB liability as of June 30, 2020.

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 - The following assumption changes had a significant effect on the measurement of the net OPEB liability reported as of June 30, 2020:

- the inflation assumption was reduced from 2.75% to 2.60%;
- the current Mortality Table is Pub-2010 Public Retirement Plans Mortality Tables (with separate tables for Public Safety employees and Teachers) and for non-annuitants and annuitants, projected to the valuation date with Scale MP-2018, previously RP-2014 Mortality Table with no collar adjustment projected to valuation date with Scale MP-2017;
- Mortality Improvement is projected to the date of decrement using Scale MP-2018, prior Scale MP2017; and
- Healthcare Cost Trend Rates are as follows: 7.00% in 2018, reducing by 0.5% each year to an ultimate rate of 4.60% per year rate for 2023 and later, previously 6.75% in 2018, reducing by 0.5% each year to an ultimate rate of 4.75 per year rate for 2022 and later.

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, 2018 Actuarial Valuation directly calculated the July 1, 2018 Total OPEB Liability (TOL). The July 1, 2018 TOL was increased by service cost and interest and decreased by benefit payments to estimate the TOL as of June 30, 2020.

The following methods and assumptions were utilized to determine the contribution rates for the year ended June 30, 2020:

Actuarial cost method:	Entry Age Normal
Amortization method:	Level percentage of salary, closed
Remaining amortization period:	22 years (as of July 1, 2018)
Asset valuation method:	Market Value
Inflation:	2.60%
Investment rate of return:	6.75%
Healthcare cost trend rates:	7.00%, current 4.60%, final
Mortality:	
Certified employees	Pub-2010 Public Retirement Plans Mortality Tables (with separate tables for Public Safety employees and and Teachers) and non-annuitants and annuitants, projected to valuation date with Scale MP-2018.

TOWN OF NEWTOWN, CONNECTICUT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (Unaudited) *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

NOTE 7 - SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE COLLECTIVE 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, 2018. This information is utilized by the Town for reporting as of June 30, 2020.

Benefit Changes - The Plan was amended by the Board to include a new prescription drug plan, effective January 1, 2019.

Assumption Changes - The following assumption changes collectively had a significant effect on the measurement of the net OPEB liability reported as of June 30, 2019:

- The discount rate used to measure plan obligations for financial accounting purposes as of June 30, 2019 was updated to equal the Municipal Bond Index Rate of 3.50% as of June 30, 2019;
- Expected annual per capita claims costs were updated to better reflect anticipated medical and prescription drug claim experience both before and after the plan change that became effective on January 1, 2019; and
- The expected rate of inflation was decreased, and the Real Wage Growth assumption was increased.

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 REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2020

	Budgeted Amounts			Variance With Final Budget Over (Under)
	Original	Final	Actual	
Property Taxes:				
Collections - current year	\$ 108,205,769	\$ 108,205,769	\$ 108,301,627	\$ 95,858
Collections - prior years	475,000	475,000	677,779	202,779
Interest and lien fees	400,000	400,000	445,609	45,609
Motor vehicle supplement list	1,100,000	1,100,000	1,097,177	(2,823)
Telecommunications property tax	49,000	49,000	44,726	(4,274)
Total property taxes	110,229,769	110,229,769	110,566,918	337,149
Intergovernmental:				
Veterans additional exemptions	19,033	19,033	15,548	(3,485)
In lieu of taxes	417,704	417,704	456,363	38,659
Totally disabled	1,643	1,643	1,533	(110)
Town aid for roads	470,865	470,865	471,024	159
Grants for municipal projects	235,371	235,371	235,371	-
Mashantucket Pequot fund grant	829,098	829,098	829,098	-
Equalized cost-sharing grant	3,956,332	3,956,332	4,501,064	544,732
Health services - St. Rose	22,170	22,170	23,141	971
LOCIP grant	240,865	240,865	207,543	(33,322)
State revenue sharing	257,863	257,863	267,960	10,097
Miscellaneous grants	25,000	25,000	42,376	17,376
Total intergovernmental revenue	6,475,944	6,475,944	7,051,021	575,077
Charges for Services:				
Town clerk - conveyance tax	500,000	500,000	556,736	56,736
Town clerk - other	225,000	225,000	239,226	14,226
Parks and recreation	225,000	225,000	146,253	(78,747)
Tuition	38,950	38,950	32,340	(6,610)
School generated fees	20,000	20,000	20,000	-
Building	450,000	450,000	495,812	45,812
Permit fees	1,250	1,250	8,088	6,838
Transfer Station permits	475,000	475,000	440,722	(34,278)
WPCA	125,000	125,000	125,000	-
Senior center membership fees	10,000	10,000	13,109	3,109
Land use	50,000	50,000	82,203	32,203
Total charges for services	2,120,200	2,120,200	2,159,489	39,289
Investment Income	950,000	950,000	729,934	(220,066)
Other Revenues:				
Miscellaneous - Police	30,000	30,000	30,015	15
Miscellaneous - Board of Education	10,000	10,000	4,262	(5,738)
Miscellaneous - Selectmen	218,000	218,000	127,386	(90,614)
Total other revenues	258,000	258,000	161,663	(96,337)
Total revenues	120,033,913	120,033,913	120,669,025	635,112

Continued

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, 2020

	Budgeted Amounts			Variance With
	Original	Final	Actual	Final Budget
				Over (Under)
Other Financing Sources:				
Appropriation of fund balance	\$ -	\$ 1,697,175	\$ -	\$ (1,697,175)
Cancellation of prior year encumbrances	-	-	28,479	28,479
Transfers in	250,000	250,000	400,000	150,000
Total other financing sources	250,000	1,947,175	428,479	(1,518,696)
Total revenues and other financing sources	<u>\$ 120,283,913</u>	<u>\$ 121,981,088</u>	<u>\$ 121,097,504</u>	<u>\$ (883,584)</u>
				<i>Concluded</i>

TOWN OF NEWTOWN, CONNECTICUT
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2020

	Budgeted Amounts			Variance With
	Original	Final	Actual	Final Budget Over (Under)
General Government:				
Selectmen	\$ 440,493	\$ 401,553	\$ 397,334	\$ (4,219)
Selectmen - other	168,500	155,500	148,555	(6,945)
Human Resources	111,546	111,606	110,721	(885)
Tax Collector	380,630	379,805	378,105	(1,700)
Purchasing	74,301	74,236	72,973	(1,263)
Probate Court	7,972	5,972	5,915	(57)
Town Clerk	304,732	314,882	313,458	(1,424)
Registrars	167,331	165,331	163,558	(1,773)
Assessor	327,901	291,401	287,487	(3,914)
Finance	542,888	539,988	539,106	(882)
Technology	803,106	753,156	746,897	(6,259)
Unemployment	10,000	35,000	28,332	(6,668)
OPEB contribution	178,531	178,531	178,531	-
Professional organizations	40,658	40,658	40,658	-
Insurance	1,110,500	1,099,500	1,098,944	(556)
Legislative Council	45,000	54,245	54,245	-
Districts	10,000	10,000	4,029	(5,971)
Economic Development Commission	133,327	129,327	128,788	(539)
Grants administration	27,090	27,090	26,233	(857)
Sustainable Energy Commission	1,000	1,000.00	-	(1,000)
Fairfield Hills	44,000	44,000	44,000	-
Total General Government	4,929,506	4,812,781	4,767,869	(44,912)
Public Safety:				
Building inspector	422,872	404,322	400,017	(4,305)
Communications	1,136,488	1,099,213	1,095,890	(3,323)
Police Department	7,009,204	6,929,404	6,923,831	(5,573)
Fire Department	1,397,347	1,389,397	1,380,098	(9,299)
Emergency Management / N.U.S.	61,172	55,172	52,666	(2,506)
Animal Control	165,996	165,066	163,886	(1,180)
Lake authorities	45,776	45,776	45,776	-
N.W. safety communications	11,363	11,363	11,363	-
Emergency Medical Services	270,000	270,000	270,000	-
Northwest CT Emergency Medical Services	250	250	-	(250)
Total Public Safety	10,520,468	10,369,963	10,343,527	(26,436)
Health and Welfare:				
Social services	293,877	272,427	269,349	(3,078)
Senior services	346,543	307,943	303,566	(4,377)
Outside agencies	203,070	203,185	203,180	(5)
Youth & Family services	301,239	301,539	301,436	(103)
Newtown Parade Committee	1,400	1,400	1,090	(310)
N.W. Conservation District	1,100	1,100	1,040	(60)
Booth Library	1,382,115	1,382,295	1,382,058	(237)
Newtown Health District	403,001	403,351	403,338	(13)
Total Health and Welfare	2,932,345	2,873,240	2,865,057	(8,183)

Continued

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, 2020

	Budgeted Amounts			Variance With Final Budget Over (Under)
	Original	Final	Actual	
Land Use	\$ 714,116	\$ 684,017	\$ 678,228	\$ (5,789)
Public Works:				
Highway	7,700,924	7,533,635	7,517,438	(16,197)
Winter maintenance	782,128	707,128	703,374	(3,754)
Transfer station	1,566,586	1,568,186	1,556,384	(11,802)
Public building maintenance	713,787	845,087	821,694	(23,393)
Total Public Works	10,763,425	10,654,036	10,598,890	(55,146)
Parks and Recreation	2,501,014	2,442,910	2,431,629	(11,281)
Education	78,104,410	78,104,410	76,748,426	(1,355,984)
Contingency	140,000	1,635	-	(1,635)
Debt Service:				
Principal	6,910,107	6,835,453	6,835,453	-
Interest and fiscal charges	2,339,011	2,411,665	2,410,689	(976)
	9,249,118	9,247,118	9,246,142	(976)
Other Financing Uses:				
Transfers out:				
Edmond Town Hall Fund	179,511	179,611	179,608	(3)
Capital and Nonrecurring Fund - Town	250,000	2,484,175	2,484,175	-
Other Funds	-	127,192	127,192	-
Total Other Financing Uses	429,511	2,790,978	2,790,975	(3)
Total Expenditures and Other Financing Uses	\$ 120,283,913	\$ 121,981,088	\$ 120,470,743	\$ (1,510,345)
				<i>Concluded</i>

TOWN OF NEWTOWN, CONNECTICUT
SCHEDULE OF PROPERTY TAXES LEVIED, COLLECTED AND OUTSTANDING
FOR THE YEAR ENDED JUNE 30, 2020

Grand List Year	Balance Uncollected June 30, 2019	Current Levy	Lawful Corrections		Transfers To Suspense	Balance To Be Collected	Collections			Balance Uncollected June 30, 2020
			Additions	Deductions			Taxes	Interest Liens and Fees	Total	
2018	\$ -	\$ 110,542,955	\$ 170,856	\$ 420,302	\$ 170,250	\$ 110,123,259	\$ 109,398,205	\$ 311,097	\$ 109,709,302	\$ 725,054
2017	727,734	-	22,916	36,860	42,755	671,035	441,017	91,289	532,306	230,018
2016	227,014	-	7,198	2,232	19,266	212,714	47,216	15,139	62,355	165,498
2015	164,214	-	1,646	1,052	7,322	157,486	12,306	7,581	19,887	145,180
2014	141,568	-	272	325	5,416	136,099	10,124	4,736	14,860	125,975
2013	126,286	-	28	-	6,669	119,645	4,867	4,938	9,805	114,778
2012	96,197	-	-	-	4,479	91,718	2,585	3,372	5,957	89,133
2011	131,904	-	-	-	5,277	126,627	3,339	5,793	9,132	123,288
2010	120,369	-	-	-	4,295	116,074	19	254	273	116,055
2009	112,551	-	-	-	2,933	109,618	17	57	74	109,601
2008	102,585	-	-	-	2,635	99,950	18	58	76	99,932
2007	96,268	-	-	-	2,231	94,037	18	362	380	94,019
2006	14,960	-	-	-	-	14,960	18	64	82	14,942
2005	12,633	-	-	-	-	12,633	17	66	83	12,616
2004 and prior	18,075	-	-	8,773	-	9,302	16	67	83	9,286
	<u>\$ 2,092,358</u>	<u>\$ 110,542,955</u>	<u>\$ 202,916</u>	<u>\$ 469,544</u>	<u>\$ 273,528</u>	<u>\$ 112,095,157</u>	<u>\$ 109,919,782</u>	<u>\$ 444,873</u>	<u>\$ 110,364,655</u>	<u>\$ 2,175,375</u>

TOWN OF NEWTOWN, CONNECTICUT
SCHEDULE OF DEBT LIMITATION
CONNECTICUT GENERAL STATUTES, SECTION 7-374(b)
FOR THE YEAR ENDED JUNE 30, 2020

Total cash collections for the year ended
June 30, 2020:

Town:	
Taxes	\$ 109,919,782
Interest and lien fees	444,873
Subtotal	<u>110,364,655</u>
Newtown Borough:	
Taxes	161,831
Interest and lien fees	954
Subtotal	<u>162,785</u>
Reimbursement for revenue loss:	
Tax relief (CGS 12-129d)	15,548
Base	<u><u>\$ 110,542,988</u></u>

	General Purposes	Schools	Sewers	Urban Renewal	Pension Deficit
Debt limitation:					
2-1/4 times base	\$ 248,721,723	\$ -	\$ -	\$ -	\$ -
4-1/2 times base	-	497,443,446	-	-	-
3-3/4 times base	-	-	414,536,205	-	-
3-1/4 times base	-	-	-	359,264,711	-
3 times base	-	-	-	-	331,628,964
Total debt limitation	<u>248,721,723</u>	<u>497,443,446</u>	<u>414,536,205</u>	<u>359,264,711</u>	<u>331,628,964</u>
Indebtedness:					
Bonds payable	49,445,700	31,798,800	2,075,500	-	-
Notes payable	145,784	-	-	-	-
Authorized and unissued debt	8,776,000	1,602,857	1,944,981	-	-
Total and net indebtedness	<u>58,367,484</u>	<u>33,401,657</u>	<u>4,020,481</u>	<u>-</u>	<u>-</u>
Debt limitation in excess of outstanding and authorized debt	<u><u>\$ 190,354,239</u></u>	<u><u>\$ 464,041,789</u></u>	<u><u>\$ 410,515,724</u></u>	<u><u>\$ 359,264,711</u></u>	<u><u>\$ 331,628,964</u></u>
Total capacity of borrowing (7 times base)	\$ 773,800,916				
Total present indebtedness	<u>95,789,622</u>				
Margin for additional borrowing	<u><u>\$ 678,011,294</u></u>				

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, 2020

	Uncollected Assessments July 1, 2019	Additions	Deductions	Adjusted Assessments Collectible	Collections	Uncollected Assessments June 30, 2020
Sewer assessments receivables	\$ 3,235,480	\$ 48,195	\$ 1,440	\$ 3,282,235	\$ 135,730	\$ 3,146,505
	<u>\$ 3,235,480</u>	<u>\$ 48,195</u>	<u>\$ 1,440</u>	<u>\$ 3,282,235</u>	<u>\$ 135,730</u>	<u>3,146,505</u>
					Penalty, interest and liens	<u>179,009</u>
					Gross receivable	3,325,514
					Less: allowance for uncollectible accounts	<u>74,185</u>
					Net receivable	<u>\$ 3,251,329</u>

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

School Lunch Program Fund - To account for the operation of the public school lunch program. Funding is provided from the sale of food, Federal and State grant and USDA donated commodities.

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

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

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

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

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

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

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

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.

Project Recovery Fund - To account for the proceeds from the May 2020 settlement agreement relating to the Newtown Community Center/Senior Center project.

Waterfront Fund - To account for using revenues from the operations of waterfront properties (Eichler's Cove and Lake Lillinah) for waterfront property operational and capital expenditures.

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
AS OF JUNE 30, 2020

	Special Revenue Funds	Capital Projects Fund Capital and Nonrecurring Fund	Debt Service Fund	Permanent Funds	Total Nonmajor Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 1,242,891	\$ 239,834	\$ -	\$ 23,226	\$ 1,505,951
Investments	201,558	-	-	2,524,914	2,726,472
Receivables:					
Grants and contracts	488,833	-	-	-	488,833
Loans	232,042	-	-	-	232,042
Other	171,500	-	-	-	171,500
Due from other funds	2,944,072	3,066,302	997,645	69,066	7,077,085
Other	56,251	-	-	-	56,251
Total assets	<u>\$ 5,337,147</u>	<u>\$ 3,306,136</u>	<u>\$ 997,645</u>	<u>\$ 2,617,206</u>	<u>\$ 12,258,134</u>
LIABILITIES					
Accounts payable	\$ 264,442	\$ 173,566	\$ -	\$ -	\$ 438,008
Accrued payroll	24,597	-	-	-	24,597
Due to other funds	674,729	-	-	-	674,729
Unearned revenue	451,856	-	-	-	451,856
Total liabilities	<u>1,415,624</u>	<u>173,566</u>	<u>-</u>	<u>-</u>	<u>1,589,190</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue	<u>232,042</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>232,042</u>
FUND BALANCES					
Nonspendable	56,251	-	-	610,000	666,251
Restricted	2,721,747	-	-	2,007,206	4,728,953
Committed	911,483	3,132,570	997,645	-	5,041,698
Total fund balances	<u>3,689,481</u>	<u>3,132,570</u>	<u>997,645</u>	<u>2,617,206</u>	<u>10,436,902</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 5,337,147</u>	<u>\$ 3,306,136</u>	<u>\$ 997,645</u>	<u>\$ 2,617,206</u>	<u>\$ 12,258,134</u>

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, 2020

	Capital Projects				
		Fund			
	Special	Capital and	Debt	Permanent	Total Nonmajor
	Revenue	Nonrecurring	Service	Funds	Governmental
	Funds	Fund	Fund		Funds
REVENUES					
Intergovernmental	\$ 4,116,076	\$ -	\$ -	\$ -	\$ 4,116,076
Charges for services	4,976,101	121,832	-	-	5,097,933
Investment income	77,531	3,877	-	99,825	181,233
Other	1,895,074	8,333	86,276	3,414	1,993,097
Total revenues	<u>11,064,782</u>	<u>134,042</u>	<u>86,276</u>	<u>103,239</u>	<u>11,388,339</u>
EXPENDITURES					
Current:					
General government	1,092,252	101,142	-	63,642	1,257,036
Public safety	1,199,094	74,996	-	49,007	1,323,097
Health and welfare	94,735	-	-	-	94,735
Public works	5,926	89,143	-	-	95,069
Parks and recreation	1,656,983	121,436	-	-	1,778,419
Education	5,926,144	92,298	-	15,765	6,034,207
Debt service:					
Principal	-	-	9,654	-	9,654
Interest and fiscal charges	-	-	432,950	-	432,950
Capital outlays	377,479	231,726	-	-	609,205
Total expenditures	<u>10,352,613</u>	<u>710,741</u>	<u>442,604</u>	<u>128,414</u>	<u>11,634,372</u>
Excess (deficiency) of revenues over expenditures	712,169	(576,699)	(356,328)	(25,175)	(246,033)
OTHER FINANCING SOURCES (USES)					
Premium on bonds issued	-	-	796,753	-	796,753
Transfers in	306,800	2,703,725	104,435	-	3,114,960
Transfers out	(400,000)	(251,175)	-	-	(651,175)
Total other financing sources (uses)	<u>(93,200)</u>	<u>2,452,550</u>	<u>901,188</u>	<u>-</u>	<u>3,260,538</u>
Net change in fund balances	618,969	1,875,851	544,860	(25,175)	3,014,505
Fund balances - beginning	<u>3,070,512</u>	<u>1,256,719</u>	<u>452,785</u>	<u>2,642,381</u>	<u>7,422,397</u>
Fund balances - ending	<u>\$ 3,689,481</u>	<u>\$ 3,132,570</u>	<u>\$ 997,645</u>	<u>\$ 2,617,206</u>	<u>\$ 10,436,902</u>

TOWN OF NEWTOWN, CONNECTICUT
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
AS OF JUNE 30, 2020

	Dog License Fund	Blight Fund	Police Private Duty Fund	Town Gifts Fund	School Lunch Program Fund	Education Grants Fund
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 216	\$ 158,271	\$ 566,202
Investments	-	-	-	-	-	-
Receivables:						
Grants and contracts	-	-	-	-	-	135,164
Loans	-	-	-	-	-	-
Other	-	-	83,686	-	29,656	39,454
Due from other funds	9,023	35,218	31,339	333,239	-	91,922
Other	-	-	-	-	56,251	-
Total assets	<u>\$ 9,023</u>	<u>\$ 35,218</u>	<u>\$ 115,025</u>	<u>\$ 333,455</u>	<u>\$ 244,178</u>	<u>\$ 832,742</u>
LIABILITIES						
Accounts payable	\$ -	\$ -	\$ -	\$ 2,578	\$ 43,508	\$ 63,682
Accrued payroll	-	-	24,314	-	-	-
Due to other funds	-	-	-	-	2,226	268,203
Unearned revenue	-	-	-	-	96,881	249,581
Total liabilities	<u>-</u>	<u>-</u>	<u>24,314</u>	<u>2,578</u>	<u>142,615</u>	<u>581,466</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue	-	-	-	-	-	-
FUND BALANCES						
Nonspendable	-	-	-	-	56,251	-
Restricted	-	-	-	330,877	45,312	251,276
Committed	9,023	35,218	90,711	-	-	-
Total fund balances	<u>9,023</u>	<u>35,218</u>	<u>90,711</u>	<u>330,877</u>	<u>101,563</u>	<u>251,276</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 9,023</u>	<u>\$ 35,218</u>	<u>\$ 115,025</u>	<u>\$ 333,455</u>	<u>\$ 244,178</u>	<u>\$ 832,742</u>

Continued

TOWN OF NEWTOWN, CONNECTICUT
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS (Continued)
AS OF JUNE 30, 2020

	Law Enforcement Fund	Septage Management Ordinance Fund	Fairfield Hills Authority Fund	School Custodial Fund	Adult Education Fund
ASSETS					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 82,723	\$ 13,907
Investments	-	75,511	-	-	-
Receivables:					
Grants and contracts	-	-	-	-	-
Loans	-	-	-	-	-
Other	-	-	8,750	1,000	-
Due from other funds	233,220	51,283	43,009	350	-
Other	-	-	-	-	-
Total assets	<u>\$ 233,220</u>	<u>\$ 126,794</u>	<u>\$ 51,759</u>	<u>\$ 84,073</u>	<u>\$ 13,907</u>
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ 673	\$ -	\$ -
Accrued payroll	-	-	-	-	-
Due to other funds	-	-	-	-	3
Unearned revenue	-	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>673</u>	<u>-</u>	<u>3</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue	-	-	-	-	-
FUND BALANCES					
Nonspendable	-	-	-	-	-
Restricted	233,220	-	-	-	-
Committed	-	126,794	51,086	84,073	13,904
Total fund balances	<u>233,220</u>	<u>126,794</u>	<u>51,086</u>	<u>84,073</u>	<u>13,904</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 233,220</u>	<u>\$ 126,794</u>	<u>\$ 51,759</u>	<u>\$ 84,073</u>	<u>\$ 13,907</u>

Continued

TOWN OF NEWTOWN, CONNECTICUT
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS (Continued)
AS OF JUNE 30, 2020

	Edmond Town Hall Fund	Newtown Community Center Fund	Town Recreation Fund	Miscellaneous Grants Fund	Small Cities Program Fund
ASSETS					
Cash and cash equivalents	\$ 185,551	\$ 161,694	\$ 2,777	\$ -	\$ 16,621
Investments	-	-	-	-	-
Receivables:					
Grants and contracts	-	-	-	353,669	-
Loans	-	-	-	-	232,042
Other	8,954	-	-	-	-
Due from other funds	-	1,427,699	149,206	-	10,178
Other	-	-	-	-	-
Total assets	<u>\$ 194,505</u>	<u>\$ 1,589,393</u>	<u>\$ 151,983</u>	<u>\$ 353,669</u>	<u>\$ 258,841</u>
LIABILITIES					
Accounts payable	\$ 23,660	\$ 35,705	\$ 24,279	\$ 22,362	\$ -
Accrued payroll	-	-	-	-	-
Due to other funds	106,321	-	-	297,976	-
Unearned revenue	-	-	72,063	33,331	-
Total liabilities	<u>129,981</u>	<u>35,705</u>	<u>96,342</u>	<u>353,669</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue	-	-	-	-	232,042
FUND BALANCES					
Nonspendable	-	-	-	-	-
Restricted	-	1,553,688	-	-	26,799
Committed	64,524	-	55,641	-	-
Total fund balances	<u>64,524</u>	<u>1,553,688</u>	<u>55,641</u>	<u>-</u>	<u>26,799</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 194,505</u>	<u>\$ 1,589,393</u>	<u>\$ 151,983</u>	<u>\$ 353,669</u>	<u>\$ 258,841</u>

Continued

TOWN OF NEWTOWN, CONNECTICUT
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS (Concluded)
AS OF JUNE 30, 2020

	Project Recovery Fund	Waterfront Fund	Historic Documents Fund	Cultural Arts Fund	Sandy Hook Special Revenue Fund	Total Nonmajor Special Revenue Funds
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 54,929	\$ -	\$ 1,242,891
Investments	-	-	-	126,047	-	201,558
Receivables:						
Grants and contracts	-	-	-	-	-	488,833
Loans	-	-	-	-	-	232,042
Other	-	-	-	-	-	171,500
Due from other funds	18,750	376,365	57,233	1,418	74,620	2,944,072
Other	-	-	-	-	-	56,251
Total assets	<u>\$ 18,750</u>	<u>\$ 376,365</u>	<u>\$ 57,233</u>	<u>\$ 182,394</u>	<u>\$ 74,620</u>	<u>\$ 5,337,147</u>
LIABILITIES						
Accounts payable	\$ 7,191	\$ 7,415	\$ 5,825	\$ -	\$ 27,564	\$ 264,442
Accrued payroll	-	-	-	283	-	24,597
Due to other funds	-	-	-	-	-	674,729
Unearned revenue	-	-	-	-	-	451,856
Total liabilities	<u>7,191</u>	<u>7,415</u>	<u>5,825</u>	<u>283</u>	<u>27,564</u>	<u>1,415,624</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue	-	-	-	-	-	232,042
FUND BALANCES						
Nonspendable	-	-	-	-	-	56,251
Restricted	-	-	51,408	182,111	47,056	2,721,747
Committed	11,559	368,950	-	-	-	911,483
Total fund balances	<u>11,559</u>	<u>368,950</u>	<u>51,408</u>	<u>182,111</u>	<u>47,056</u>	<u>3,689,481</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 18,750</u>	<u>\$ 376,365</u>	<u>\$ 57,233</u>	<u>\$ 182,394</u>	<u>\$ 74,620</u>	<u>\$ 5,337,147</u>
						<i>Concluded</i>

TOWN OF NEWTOWN, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	Dog License Fund	Blight Fund	Police Private Duty Fund	Town Gifts Fund	School Lunch Program Fund	Education Grants Fund
REVENUES						
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ 207,150	\$ 3,224,917
Charges for services	13,102	-	1,425,702	-	1,215,543	395,648
Investment income	-	-	-	-	-	-
Other	10,012	-	-	135,083	-	555,756
Total revenues	<u>23,114</u>	<u>-</u>	<u>1,425,702</u>	<u>135,083</u>	<u>1,422,693</u>	<u>4,176,321</u>
EXPENDITURES						
Current:						
General government	-	-	-	12,173	-	-
Public safety	26,582	-	999,027	-	-	-
Health and welfare	-	-	-	40,169	-	-
Public works	-	-	-	-	-	-
Parks and recreation	-	-	-	22,764	-	-
Education	-	-	-	-	1,509,135	4,171,805
Capital outlays	-	-	-	-	-	12,526
Total expenditures	<u>26,582</u>	<u>-</u>	<u>999,027</u>	<u>75,106</u>	<u>1,509,135</u>	<u>4,184,331</u>
Excess (deficiency) of revenues over expenditures	(3,468)	-	426,675	59,977	(86,442)	(8,010)
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	(400,000)	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(400,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(3,468)	-	26,675	59,977	(86,442)	(8,010)
Fund balances - beginning	<u>12,491</u>	<u>35,218</u>	<u>64,036</u>	<u>270,900</u>	<u>188,005</u>	<u>259,286</u>
Fund balances - ending	<u>\$ 9,023</u>	<u>\$ 35,218</u>	<u>\$ 90,711</u>	<u>\$ 330,877</u>	<u>\$ 101,563</u>	<u>\$ 251,276</u>

Continued

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, 2020

	Law Enforcement Fund	Septage Management Ordinance Fund	Fairfield Hills Authority Fund	School Custodial Fund	Adult Education Fund
REVENUES					
Intergovernmental	\$ 25,291	\$ -	\$ -	\$ -	\$ -
Charges for services	-	3,475	17,165	1,944	76,068
Investment income	-	1,515	-	-	-
Other	2,425	-	10,507	-	-
Total revenues	<u>27,716</u>	<u>4,990</u>	<u>27,672</u>	<u>1,944</u>	<u>76,068</u>
EXPENDITURES					
Current:					
General government	-	-	48,542	-	-
Public safety	13,803	-	-	-	-
Health and welfare	-	672	-	-	-
Public works	-	-	-	-	-
Parks and recreation	-	-	-	-	-
Education	-	-	-	805	126,587
Capital outlays	-	-	-	-	-
Total expenditures	<u>13,803</u>	<u>672</u>	<u>48,542</u>	<u>805</u>	<u>126,587</u>
Excess (deficiency) of revenues over expenditures	13,913	4,318	(20,870)	1,139	(50,519)
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	13,913	4,318	(20,870)	1,139	(50,519)
Fund balances - beginning	<u>219,307</u>	<u>122,476</u>	<u>71,956</u>	<u>82,934</u>	<u>64,423</u>
Fund balances - ending	<u>\$ 233,220</u>	<u>\$ 126,794</u>	<u>\$ 51,086</u>	<u>\$ 84,073</u>	<u>\$ 13,904</u>

Continued

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, 2020

	Edmond Town Hall Fund	Newtown Community Center Fund	Town Recreation Fund	Miscellaneous Grants Fund	Small Cities Program Fund
REVENUES					
Intergovernmental	\$ -	\$ -	\$ -	\$ 651,218	\$ -
Charges for services	370,132	589,320	657,183	-	10,500
Investment income	47,365	21,153	-	-	-
Other	5,987	1,044,607	-	4,534	-
Total revenues	<u>423,484</u>	<u>1,655,080</u>	<u>657,183</u>	<u>655,752</u>	<u>10,500</u>
EXPENDITURES					
Current:					
General government	700,370	-	-	255,351	-
Public safety	-	-	-	159,682	-
Health and welfare	-	-	-	-	-
Public works	-	-	-	5,926	-
Parks and recreation	-	996,324	561,997	-	-
Education	-	-	-	117,812	-
Capital outlays	-	93,589	-	169,173	-
Total expenditures	<u>700,370</u>	<u>1,089,913</u>	<u>561,997</u>	<u>707,944</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	(276,886)	565,167	95,186	(52,192)	10,500
OTHER FINANCING SOURCES (USES)					
Transfers in	179,608	75,000	-	52,192	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	<u>179,608</u>	<u>75,000</u>	<u>-</u>	<u>52,192</u>	<u>-</u>
Net change in fund balances	(97,278)	640,167	95,186	-	10,500
Fund balances - beginning	<u>161,802</u>	<u>913,521</u>	<u>(39,545)</u>	<u>-</u>	<u>16,299</u>
Fund balances - ending	<u>\$ 64,524</u>	<u>\$ 1,553,688</u>	<u>\$ 55,641</u>	<u>\$ -</u>	<u>\$ 26,799</u>

Continued

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, 2020

	Project Recovery Fund	Waterfront Fund	Historic Documents Fund	Cultural Arts Fund	Sandy Hook Special Revenue Fund	Total Nonmajor Special Revenue Funds
REVENUES						
Intergovernmental	\$ -	\$ -	\$ 7,500	\$ -	\$ -	\$ 4,116,076
Charges for services	-	152,483	16,533	31,303	-	4,976,101
Investment income	-	-	-	7,498	-	77,531
Other	113,750	-	-	11,903	510	1,895,074
Total revenues	<u>113,750</u>	<u>152,483</u>	<u>24,033</u>	<u>50,704</u>	<u>510</u>	<u>11,064,782</u>
EXPENDITURES						
Current:						
General government	-	-	10,703	-	65,113	1,092,252
Public safety	-	-	-	-	-	1,199,094
Health and welfare	-	-	-	53,894	-	94,735
Public works	-	-	-	-	-	5,926
Parks and recreation	-	75,898	-	-	-	1,656,983
Education	-	-	-	-	-	5,926,144
Capital outlays	102,191	-	-	-	-	377,479
Total expenditures	<u>102,191</u>	<u>75,898</u>	<u>10,703</u>	<u>53,894</u>	<u>65,113</u>	<u>10,352,613</u>
Excess (deficiency) of revenues over expenditures	11,559	76,585	13,330	(3,190)	(64,603)	712,169
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	306,800
Transfers out	-	-	-	-	-	(400,000)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(93,200)</u>
Net change in fund balances	11,559	76,585	13,330	(3,190)	(64,603)	618,969
Fund balances - beginning	<u>-</u>	<u>292,365</u>	<u>38,078</u>	<u>185,301</u>	<u>111,659</u>	<u>3,070,512</u>
Fund balances - ending	<u>\$ 11,559</u>	<u>\$ 368,950</u>	<u>\$ 51,408</u>	<u>\$ 182,111</u>	<u>\$ 47,056</u>	<u>\$ 3,689,481</u>
						<i>Concluded</i>

TOWN OF NEWTOWN, CONNECTICUT
COMBINING BALANCE SHEET
NONMAJOR PERMANENT FUNDS
AS OF JUNE 30, 2020

	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	\$ 830	\$ 6,356	\$ -	\$ 16,040	\$ 23,226
Investments	386,819	1,033,474	12,655	1,091,966	2,524,914
Due from other funds	31,249	-	7,052	30,765	69,066
Total assets	<u>\$ 418,898</u>	<u>\$ 1,039,830</u>	<u>\$ 19,707</u>	<u>\$ 1,138,771</u>	<u>\$ 2,617,206</u>
FUND BALANCES					
Nonspendable	350,000	250,000	10,000	-	610,000
Restricted	68,898	789,830	9,707	1,138,771	2,007,206
Total fund balances	<u>418,898</u>	<u>1,039,830</u>	<u>19,707</u>	<u>1,138,771</u>	<u>2,617,206</u>
Total liabilities and fund balances	<u>\$ 418,898</u>	<u>\$ 1,039,830</u>	<u>\$ 19,707</u>	<u>\$ 1,138,771</u>	<u>\$ 2,617,206</u>

TOWN OF NEWTOWN, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR PERMANENT FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	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	\$ 16,503	\$ 30,521	\$ 247	\$ 52,554	\$ 99,825
Contributions	-	-	3,414	-	3,414
Total revenues	<u>16,503</u>	<u>30,521</u>	<u>3,661</u>	<u>52,554</u>	<u>103,239</u>
EXPENDITURES					
Current:					
General government	-	63,642	-	-	63,642
Public safety	-	-	-	49,007	49,007
Education	15,765	-	-	-	15,765
Total expenditures	<u>15,765</u>	<u>63,642</u>	<u>-</u>	<u>49,007</u>	<u>128,414</u>
Net change in fund balances	738	(33,121)	3,661	3,547	(25,175)
Fund balances - beginning	<u>418,160</u>	<u>1,072,951</u>	<u>16,046</u>	<u>1,135,224</u>	<u>2,642,381</u>
Fund balances - ending	<u>\$ 418,898</u>	<u>\$ 1,039,830</u>	<u>\$ 19,707</u>	<u>\$ 1,138,771</u>	<u>\$ 2,617,206</u>

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.

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
PENSION AND OTHER POST-EMPLOYMENT BENEFITS TRUST FUNDS
AS OF JUNE 30, 2020

	Town Pension Trust Fund	OPEB Trust Fund	Total Pension Trust Funds
ASSETS			
Cash and cash equivalents	\$ 295,399	\$ 11,289	\$ 306,688
Investments:			
Bond mutual funds	16,723,039	1,138,543	17,861,582
Equity mutual funds	30,506,151	1,960,048	32,466,199
Contributions receivable	700	-	700
Total assets	<u>\$ 47,525,289</u>	<u>\$ 3,109,880</u>	<u>\$ 50,635,169</u>
NET POSITION			
Restricted for pension benefits	<u>\$ 47,525,289</u>	<u>\$ 3,109,880</u>	<u>\$ 50,635,169</u>

TOWN OF NEWTOWN, CONNECTICUT
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
PENSION AND OTHER POST-EMPLOYMENT BENEFITS TRUST FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	Town Pension Trust Fund	OPEB Trust Fund	Total Pension Trust Funds
ADDITIONS			
Contributions:			
Employer	\$ 2,389,078	\$ 200,000	\$ 2,589,078
Plan members	449,597	-	449,597
Total contributions	<u>2,838,675</u>	<u>200,000</u>	<u>3,038,675</u>
Investment earnings:			
Interest and dividends	1,242,850	79,792	1,322,642
Net change in the fair value of investments	<u>674,485</u>	<u>33,778</u>	<u>708,263</u>
Total investment earnings	<u>1,917,335</u>	<u>113,570</u>	<u>2,030,905</u>
Total additions	4,756,010	313,570	5,069,580
DEDUCTIONS			
Benefit payments	2,562,107	-	2,562,107
Administrative expenses	9,773	6,689	16,462
Other	89,170	3,304	92,474
Total deductions	<u>2,661,050</u>	<u>9,993</u>	<u>2,671,043</u>
Change in net position	2,094,960	303,577	2,398,537
Net position - beginning	<u>45,430,329</u>	<u>2,806,303</u>	<u>48,236,632</u>
Net position - ending	<u>\$ 47,525,289</u>	<u>\$ 3,109,880</u>	<u>\$ 50,635,169</u>

TOWN OF NEWTOWN, CONNECTICUT
COMBINING STATEMENT OF FIDUCIARY NET POSITION
AGENCY FUNDS
AS OF JUNE 30, 2020

	Flexible Spending Fund	Student Activities Fund	Police Benevolent Fund	Performance Bonds Fund	Total
ASSETS					
Cash and cash equivalents	\$ 21,423	\$ 573,711	\$ 1,367	\$ 794,917	\$ 1,391,418
Investments	-	193,544	-	-	193,544
Total assets	<u>\$ 21,423</u>	<u>\$ 767,255</u>	<u>\$ 1,367</u>	<u>\$ 794,917</u>	<u>\$ 1,584,962</u>
LIABILITIES					
Due to others	<u>\$ 21,423</u>	<u>\$ 767,255</u>	<u>\$ 1,367</u>	<u>\$ 794,917</u>	<u>\$ 1,584,962</u>

TOWN OF NEWTOWN, CONNECTICUT
COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	Balance, July 1, 2019	Additions	Deletions	Balance, June 30, 2020
ASSETS				
Cash and cash equivalents:				
Flexible Spending Fund	\$ 23,732	\$ 84,545	\$ 86,854	\$ 21,423
Student Activities Fund	544,691	1,088,923	1,059,903	573,711
Police Benevolent Fund	1,367	-	-	1,367
Performance Bonds Fund	274,731	536,445	16,259	794,917
Total cash and cash equivalents	844,521	1,709,913	1,163,016	1,391,418
Investments:				
Student Activities Fund	192,731	813	-	193,544
Total assets	<u>\$ 1,037,252</u>	<u>\$ 1,710,726</u>	<u>\$ 1,163,016</u>	<u>\$ 1,584,962</u>
LIABILITIES				
Due to others:				
Flexible Spending Fund	\$ 23,732	\$ 84,545	\$ 86,854	\$ 21,423
Student Activities Fund	737,422	1,089,736	1,059,903	767,255
Police Benevolent Fund	1,367	-	-	1,367
Performance Bonds Fund	274,731	536,445	16,259	794,917
Total liabilities	<u>\$ 1,037,252</u>	<u>\$ 1,710,726</u>	<u>\$ 1,163,016</u>	<u>\$ 1,584,962</u>

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.

Table 1

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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Governmental activities										
Net investment in capital assets	\$ 149,602,482	\$ 160,006,067	\$ 164,022,205	\$ 172,186,652	\$ 191,092,069	\$ 219,568,514	\$ 229,166,050	\$ 232,743,644	\$ 245,998,804	\$ 248,547,609
Restricted for grants and other purposes	1,998,685	1,805,744	3,891,876	5,421,702	4,920,388	4,291,228	13,348,919	12,423,807	5,215,378	5,338,953
Unrestricted	22,463,889	17,480,920	16,922,074	9,914,472	15,857,578	21,104,881	1,544,434	2,050,448	1,901,944	5,759,602
Total governmental activities net position	<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>	<u>\$ 253,116,126</u>	<u>\$ 259,646,164</u>
Business-type activities										
Invested in capital assets, net of related debt	\$ 23,323,592	\$ 24,084,436	\$ 24,629,094	\$ 23,031,532	\$ 24,500,880	\$ 26,005,257	\$ 28,379,407	\$ 28,192,066	\$ 27,626,523	\$ 27,149,132
Unrestricted	8,783,633	7,641,205	6,731,333	7,733,196	5,327,679	3,028,503	4,435,154	3,896,993	3,227,650	3,251,416
Total business-type activities net assets	<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>	<u>\$ 30,854,173</u>	<u>\$ 30,400,548</u>
Primary government										
Net investment in capital assets	\$ 172,926,074	\$ 184,090,503	\$ 188,651,299	\$ 195,218,184	\$ 215,592,949	\$ 245,573,771	\$ 257,545,457	\$ 260,935,710	\$ 273,625,327	\$ 275,696,741
Restricted	1,998,685	1,805,744	3,891,876	5,421,702	4,920,388	4,291,228	13,348,919	12,423,807	5,215,378	5,338,953
Unrestricted	31,247,522	25,122,125	23,653,407	17,647,668	21,185,257	24,133,384	5,979,588	5,947,441	5,129,594	9,011,018
Total primary government net position	<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>	<u>\$ 283,970,299</u>	<u>\$ 290,046,712</u>

Table 2-1

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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Expenses										
Governmental activities:										
General government	\$ 4,521,804	\$ 5,572,507	\$ 5,525,271	\$ 6,002,205	\$ 6,487,392	\$ 6,748,506	\$ 7,385,317	\$ 6,945,084	\$ 6,907,954	\$ 6,942,192
Public safety	9,253,214	9,859,389	9,986,240	10,603,300	11,028,701	11,763,967	13,341,455	11,775,277	12,087,651	12,151,228
Health and welfare	2,156,351	3,108,569	2,541,813	2,789,566	3,197,189	3,141,088	2,938,553	3,244,577	3,282,664	3,266,638
Land use	569,264	557,698	588,147	723,512	666,559	753,241	631,791	632,820	703,298	695,697
Public works	9,793,777	11,621,141	9,873,453	10,416,008	9,630,398	10,403,732	11,321,488	11,509,804	13,441,190	11,311,974
Parks and recreation	3,819,873	3,400,294	3,251,097	3,122,807	3,625,294	3,748,633	3,807,405	3,932,672	4,477,125	5,036,252
Education	78,287,539	82,229,207	83,295,987	90,475,882	90,038,453	89,774,822	90,644,415	97,705,211	89,993,500	102,058,233
Interest expense	2,781,527	3,294,660	2,530,417	2,350,574	2,534,616	2,226,691	1,606,362	2,135,932	2,648,364	2,319,358
Total governmental activities expenses	111,183,349	119,643,465	117,592,425	126,483,854	127,208,602	128,560,680	131,676,786	137,881,377	133,541,746	143,781,572
Business-type activities:										
Sewer	1,558,578	1,655,992	1,621,751	1,575,726	1,696,442	1,696,780	1,643,747	1,710,495	1,921,345	1,756,195
Water	334,988	287,707	308,571	359,157	479,700	511,594	524,881	404,610	393,681	450,075
Total Business-type activities expenses	1,893,566	1,943,699	1,930,322	1,934,883	2,176,142	2,208,374	2,168,628	2,115,105	2,315,026	2,206,270
Total Expenses	113,076,915	121,587,164	119,522,747	128,418,737	129,384,744	130,769,054	133,845,414	139,996,482	135,856,772	145,987,842
Program Revenues										
Governmental activities:										
Charges for services:										
General government	694,793	681,250	657,318	661,787	764,436	811,598	2,087,378	1,781,957	1,709,232	1,714,192
Public safety	382,426	1,014,724	496,807	398,294	607,587	843,555	919,069	978,197	1,281,153	1,438,804
Health and welfare	46,909	26,004	18,660	55,400	2,515	10,404	8,230	6,335	9,960	44,412
Land use	50,654	55,489	67,810	42,717	81,168	56,628	49,737	72,995	64,649	82,203
Public works	1,020,424	1,072,364	936,145	1,184,725	1,079,601	1,151,513	703,365	834,793	962,901	691,029
Parks and recreation	1,436,769	1,418,411	1,314,279	1,627,318	1,489,006	1,450,819	1,128,552	1,003,064	1,105,370	1,545,239
Education	2,249,986	2,180,993	2,136,233	2,185,632	2,274,004	2,369,659	2,384,561	2,339,223	2,339,058	1,741,543
Operating grants and contributions	15,216,921	16,619,958	18,865,291	22,660,148	19,919,812	19,384,116	18,758,945	25,336,044	18,685,375	28,080,552
Capital grants and contributions	8,706,301	3,497,555	1,699,664	4,827,049	21,188,401	30,852,252	2,664,970	1,741,624	2,621,830	1,284,298
Total governmental activities program revenues	29,805,183	26,566,748	26,192,207	33,643,070	47,406,530	56,930,544	28,704,807	34,094,232	28,779,528	36,622,272
Business-type activities:										
Sewer	1,206,743	1,158,657	1,182,768	976,159	875,006	1,027,189	5,650,537	975,190	1,049,861	1,261,013
Water	332,772	351,139	335,215	319,567	323,481	346,945	261,575	369,866	415,083	455,327
Total business-type activities program revenues	1,539,515	1,509,796	1,517,983	1,295,726	1,198,487	1,374,134	5,912,112	1,345,056	1,464,944	1,716,340
Total Program Revenues	31,344,698	28,076,544	27,710,190	34,938,796	48,605,017	58,304,678	34,616,919	35,439,288	30,244,472	38,338,612
Net Expenses										
Governmental activities	(81,378,166)	(93,076,717)	(91,400,218)	(92,840,784)	(79,802,072)	(71,630,136)	(102,971,979)	(103,787,145)	(104,762,218)	(107,159,300)
Business-type activities	(354,051)	(433,903)	(412,339)	(639,157)	(977,655)	(834,240)	3,743,484	(770,049)	(850,082)	(489,930)
Total net expenses	(81,732,217)	(93,510,620)	(91,812,557)	(93,479,941)	(80,779,727)	(72,464,376)	(99,228,495)	(104,557,194)	(105,612,300)	(107,649,230)

Table 2-2

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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Revenues and Other Changes In Net Position										
Governmental activities:										
Property taxes	\$ 93,206,605	\$ 95,287,752	\$ 96,220,137	\$ 100,629,359	\$ 100,926,929	\$ 101,373,044	\$ 103,477,136	\$ 104,669,353	\$ 107,694,541	\$ 110,835,838
Grants and contributions not restricted	2,168,350	2,576,596	2,602,165	2,685,543	2,962,325	2,770,496	2,382,347	1,647,784	1,574,097	1,570,502
Contributions to permanent funds	-	-	1,387,342	-	-	-	-	-	-	-
Investment income	592,766	224,944	293,593	370,978	210,013	360,637	480,819	628,504	1,391,807	1,282,998
Gain on sale of assets	-	90,000	-	-	-	-	-	-	-	-
Other	154,225	125,100	161,772	136,925	50,014	220,547	-	-	-	-
Total governmental activities	96,121,946	98,304,392	100,665,009	103,822,805	104,149,281	104,724,724	106,340,302	106,945,641	110,660,445	113,689,338
Business-type activities:										
Sewer	64,431	52,319	47,125	43,458	41,486	39,441	37,317	44,547	40,496	36,305
Total Business-type activities	64,431	52,319	47,125	43,458	41,486	39,441	37,317	44,547	40,496	36,305
Total general revenues	96,186,377	98,356,711	100,712,134	103,866,263	104,190,767	104,764,165	106,377,619	106,990,188	110,700,941	113,725,643
Change in Net Position Before Extraordinary Item										
Governmental activities	14,743,780	5,227,675	9,264,791	10,982,021	10,982,021	33,094,588	3,368,323	3,158,496	5,898,227	6,530,038
Business-type activities	(289,620)	(381,584)	(365,214)	(595,699)	(595,699)	(794,799)	3,780,801	(725,502)	(809,586)	(453,625)
	14,454,160	4,846,091	8,899,577	10,386,322	10,386,322	32,299,789	7,149,124	2,432,994	5,088,641	6,076,413
Extraordinary Item - Asset Impairment	-	-	-	(3,721,367)	-	-	-	-	-	-
Change in Net Position										
Governmental activities	14,743,780	5,227,675	9,264,791	7,260,654	10,982,021	33,094,588	3,368,323	3,158,496	5,898,227	6,530,038
Business-type activities	(289,620)	(381,584)	(365,214)	(595,699)	(595,699)	(794,799)	3,780,801	(725,502)	(809,586)	(453,625)
Total change in net position	\$ 14,454,160	\$ 4,846,091	\$ 8,899,577	\$ 6,664,955	\$ 10,386,322	\$ 32,299,789	\$ 7,149,124	\$ 2,432,994	\$ 5,088,641	\$ 6,076,413

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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Fund:										
Committed	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 175,484	\$ 264,924	\$ 178,552
Assigned	760,701	810,891	1,416,183	958,996	698,388	868,010	963,885	390,306	739,565	379,499
Unassigned	7,408,816	8,379,750	9,390,049	10,242,495	10,608,535	11,444,280	12,301,299	12,826,790	15,652,861	16,737,825
Total General Fund	8,169,517	9,190,641	10,806,232	11,201,491	11,306,923	12,312,290	13,265,184	13,392,580	16,657,350	17,295,876
All Other Governmental Funds:										
Nonspendable	650,602	610,000	610,000	610,000	610,000	610,000	650,896	632,917	625,100	666,251
Restricted	1,348,083	1,195,744	3,281,876	4,811,702	4,310,388	3,681,228	10,422,614	15,506,381	7,649,194	5,666,273
Committed	2,518,747	2,889,512	2,761,894	3,293,443	1,728,989	8,075,178	2,535,021	3,393,676	2,617,205	5,041,698
Assigned	51,350	152,761	182,284	382,280	65,891	85,213	-	-	-	-
Unassigned	(5,236,911)	(53,605)	(1,036,866)	-	(526,469)	-	(1,714,482)	(1,153,355)	(2,134,824)	(1,168,150)
Total All Other Governmental Funds	(668,129)	4,794,412	5,799,188	9,097,425	6,188,799	12,451,619	11,894,049	18,379,619	8,756,675	10,206,072
Total All Governmental Funds	<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>	<u>\$ 25,414,025</u>	<u>\$ 27,501,948</u>

Table 4

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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Revenues										
Property taxes	\$ 92,855,249	\$ 94,848,822	\$ 96,477,212	\$ 100,427,517	\$ 101,013,572	\$ 101,236,267	\$ 103,098,824	\$ 104,543,685	\$ 107,411,022	\$ 110,566,918
Intergovernmental	26,729,907	20,996,562	21,047,684	29,675,603	34,292,844	53,276,588	23,123,936	22,377,709	27,030,601	23,479,704
Charges for services	5,864,154	6,476,781	5,642,737	6,140,973	6,302,145	6,687,682	6,958,039	7,016,564	7,271,770	7,257,422
Investment income	588,831	219,078	285,354	365,616	202,778	352,580	480,819	628,504	1,391,807	1,282,998
Contributions	225,177	504,502	3,430,866	1,076,879	783,631	263,880	6,097,601	5,235,630	1,720,317	2,518,219
Other	154,225	125,100	161,772	136,925	50,014	220,547	-	-	-	-
Total revenues	126,417,543	123,170,845	127,045,625	137,823,513	142,644,984	162,037,544	139,759,219	139,802,092	144,825,517	145,105,261
Expenditures										
General government	8,467,595	4,924,957	4,980,373	5,471,010	6,308,275	6,137,799	5,794,214	6,339,352	5,804,071	5,946,554
Fairfield Hills	305,477	149,582	55,211	56,888	27,640	27,785	-	44,000	43,999	44,000
Public safety	6,804,072	9,313,761	9,619,031	9,878,324	10,403,207	10,411,943	10,640,650	10,808,734	11,105,058	11,518,994
Health and welfare	2,133,572	3,094,137	2,519,088	2,765,177	3,182,633	3,090,033	2,898,511	3,262,305	3,225,998	3,233,569
Land use	465,629	570,199	579,059	720,127	673,894	674,599	680,106	666,024	662,685	678,228
Public works	8,676,968	10,433,422	9,453,990	10,060,991	10,076,262	9,733,804	9,667,449	11,463,088	10,408,191	9,864,349
Parks and recreation	3,105,935	2,949,884	3,073,435	2,897,444	2,997,591	2,893,326	3,183,257	3,145,252	3,314,351	4,130,830
Education	78,889,774	80,220,967	82,288,773	88,921,365	87,257,274	86,970,790	88,091,733	89,102,583	92,558,079	94,081,911
Debt service:										
Principal	7,119,958	6,745,760	7,387,177	7,581,211	7,581,211	7,846,937	6,974,847	6,808,127	6,904,695	6,992,852
Interest	2,731,592	2,863,256	2,672,401	2,577,717	3,266,877	2,490,558	2,453,419	2,376,153	2,791,143	2,978,350
Capital outlays	16,043,474	7,842,117	2,480,606	7,756,118	14,053,371	37,091,149	13,941,677	12,534,327	25,649,383	15,979,165
Total expenditures	134,744,046	129,108,042	125,109,144	138,686,372	145,828,235	167,368,723	144,325,863	146,549,945	162,467,653	155,448,802
Excess of revenues over (under) expenditures	(8,326,503)	(5,937,197)	1,936,481	(862,859)	(3,183,251)	(5,331,179)	(4,566,644)	(6,747,853)	(17,642,136)	(10,343,541)
Other Financing Sources (Uses)										
Issuance of debt	14,020,000	11,800,000	-	4,012,000	-	12,000,000	4,808,000	13,000,000	17,150,000	11,500,000
Issuance of refunding bonds	8,910,000	15,047,300	-	-	17,620,000	2,295,000	-	-	-	13,965,000
Capital lease financing	-	-	-	-	179,866	-	-	114,065	624,662	-
Premiums on debt	1,048,566	1,655,587	-	60,997	2,592,690	731,617	152,968	247,754	1,242,915	291,977
Payment to refunded escrow	(10,106,071)	(16,172,025)	-	-	(20,012,499)	(2,427,251)	-	-	(7,732,615)	(14,122,266)
Sale of assets	-	90,000	-	-	-	-	-	-	-	-
Transfers in	663,737	787,684	574,285	969,830	1,049,293	861,427	1,130,009	2,915,068	1,949,331	3,766,135
Transfers out	(666,737)	(787,684)	(574,285)	(969,830)	(1,049,293)	(861,427)	(1,130,009)	(2,915,068)	(1,949,331)	(3,766,135)
Insurance proceeds	-	-	683,886	483,358	-	-	-	-	-	-
Total other financing sources (uses)	13,869,495	12,420,862	683,886	4,556,355	380,057	12,599,366	4,960,968	13,361,819	11,284,962	11,634,711
Net change in fund balances	\$ 5,542,992	\$ 6,483,665	\$ 2,620,367	\$ 3,693,496	\$ (2,803,194)	\$ 7,268,187	\$ 394,324	\$ 6,613,966	\$ (6,357,174)	\$ 1,291,170
Total debt service	\$ 9,851,550	\$ 9,609,016	\$ 10,059,578	\$ 10,158,928	\$ 10,848,088	\$ 10,337,495	\$ 9,428,266	\$ 9,184,280	\$ 9,695,838	\$ 9,971,202
Noncapital expenditures	102,657,098	113,423,808	120,147,932	123,174,136	117,721,493	93,186,425	116,442,509	121,481,291	138,482,133	139,624,760
Debt service as a percentage of noncapital expenditures	10%	8%	8%	8%	9%	11%	8%	7%	7%	7%

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,	(continued)						(3) Total Direct Tax Rate	Assessed Value as a Percentage of Actual Value
	Real Estate		Personal Property		Totals			
	(1) Assessed Value	(1) Motor Vehicle Assessed Value	(1) Personal Property Assessed Value	Assessed Value	(2) Estimated Value			
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%	
2019	2,811,683,222	244,809,635	132,072,361	3,188,565,218	4,555,093,169	34.91	70.00%	
2020	2,851,800,404	252,048,281	172,615,189	3,276,463,874	4,680,662,677	35.43	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
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
2019	2017	34.24	0.67	34.91
2020	2018	34.77	0.66	35.43

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>	2020			2011		
	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	\$ 48,481,600	1	35.33%	\$ 23,451,050	1	26.12%
E&A/I&G Sandhill Plaza LTD Partnership	15,732,280	2	11.46%	18,550,000	2	20.66%
Iroquois Gas Transmission System	13,057,300	3	9.52%	15,914,910	3	17.73%
Newtown Landlord CT LLC	11,922,150	4	8.69%	-		0.00%
Newtown Shopping Village Limited	10,397,800	5	7.58%	11,651,662	5	12.98%
Aquarion Water Company	8,463,480	6	6.17%	-		0.00%
Newtown Alf Property LLC	7,862,280	7	5.73%	10,325,000	6	11.50%
Masimo Americas Inc	7,666,160	8	5.59%	-		0.00%
Newtown Savings Bank	6,996,520	9	5.10%	9,882,262	7	11.01%
M Newtown Assoc LTD Prtnr	6,646,230	10	4.84%	-		0.00%
	<u>\$ 137,225,800</u>		<u>100.00%</u>	<u>\$ 89,774,884</u>		<u>100.00%</u>

(1) Based on October 1, 2019 net taxable Grand List of \$3,276,463,874

(2) Based on October 1, 2010 net taxable Grand List of \$3,942,759,965

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	
2011	24.00	\$ 92,798,590	\$ 91,928,638	99.1%	\$ 690,272	\$ 92,618,910	99.8%	\$ 109,601
2012	24.37	94,762,206	93,813,987	99.0%	812,665	94,626,652	99.9%	116,055
2013	24.54	96,019,710	95,073,707	99.0%	799,400	95,873,107	99.8%	123,288
2014	33.32	99,925,361	99,196,280	99.3%	617,868	99,814,148	99.9%	89,133
2015	33.31	100,736,217	99,928,950	99.2%	636,806	100,565,756	99.8%	114,778
2016	33.07	100,822,157	100,147,614	99.3%	404,732	100,552,346	99.7%	125,975
2017	33.60	102,847,280	102,196,864	99.4%	374,953	102,571,817	99.7%	145,180
2018	34.24	104,201,004	103,526,641	99.4%	414,402	103,941,043	99.8%	165,498
2019	34.24	107,152,760	106,425,026	99.3%	497,716	106,922,742	99.8%	230,018
2020	35.43	110,123,259	109,398,205	99.3%	-	109,398,205	99.3%	725,054

(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			
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
2019	75,694,300	3,294,385	120,033	64,058	-	568,169	2,130,700	32,067	-	81,903,712	5.54%	2,922
2020	81,244,500	3,382,655	90,964	54,820	-	420,424	2,075,500	6,537	-	87,275,400	5.61%	3,140.76

(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)

(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 Obligation Bonds	Unamortized Premium	General Obligation Bonds	Unamortized Premium					
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	
2019	75,694,300	3,294,385	2,130,700	32,067	184,091	81,335,543	5.50%	2,902	
2020	81,244,500	3,382,655	2,075,500	6,537	145,784	86,854,976	5.58%	3,126	

(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, 2020
(Unaudited)

Total cash collections for the year ended
June 30, 2020:

Town:

Taxes	\$ 109,919,782
Interest and lien fees	444,873
Subtotal	110,364,655

Newtown Borough:

Taxes	161,831
Interest and lien fees	954
Subtotal	162,785

Reimbursement for revenue loss:

Tax relief for elderly (CGS 12-129d)	15,548
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Base \$ 110,542,988

	General Purposes	Schools	Sewers	Urban Renewal	Pension Deficit
Debt limitation:					
2-1/4 times base	\$ 248,721,723	\$ -	\$ -	\$ -	\$ -
4-1/2 times base	-	497,443,446	-	-	-
3-3/4 times base	-	-	414,536,205	-	-
3-1/4 times base	-	-	-	359,264,711	-
3 times base	-	-	-	-	331,628,964
Total debt limitation	<u>248,721,723</u>	<u>497,443,446</u>	<u>414,536,205</u>	<u>359,264,711</u>	<u>331,628,964</u>
Indebtedness:					
Bonds payable	49,445,700	31,798,800	2,075,500	-	-
Notes payable	145,784	-	-	-	-
Authorized but unissued bonds	8,776,000	1,602,857	1,944,981	-	-
Total indebtedness	<u>58,367,484</u>	<u>33,401,657</u>	<u>4,020,481</u>	<u>-</u>	<u>-</u>
Less: School construction grants receivable	-	-	-	-	-
Net indebtedness	<u>58,367,484</u>	<u>33,401,657</u>	<u>4,020,481</u>	<u>-</u>	<u>-</u>
Debt limitation in excess of outstanding and authorized debt	<u>\$ 190,354,239</u>	<u>\$ 464,041,789</u>	<u>\$ 410,515,724</u>	<u>\$ 359,264,711</u>	<u>\$ 331,628,964</u>
Total capacity of borrowing (7 times base)	\$ 773,800,916				
Total present indebtedness	95,789,622				
Margin for additional borrowing	<u>\$ 678,011,294</u>				

Table 12

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

	2011	2012	2013	2014	2015
Debt limit	\$ 650,703,801	\$ 663,291,993	\$ 674,434,558	\$ 706,209,245	\$ 706,964,622
Total net debt applicable to limit	86,047,927	81,074,943	74,516,848	71,751,326	63,374,699
Legal Debt Margin	<u>\$ 564,655,874</u>	<u>\$ 582,217,050</u>	<u>\$ 599,917,710</u>	<u>\$ 634,457,919</u>	<u>\$ 643,589,923</u>
Total net debt applicable to the limit as a percentage of debt limit	<u>13.22%</u>	<u>12.22%</u>	<u>11.05%</u>	<u>10.16%</u>	<u>8.96%</u>
	2016	2017	2018	2019	2020
Debt limit	\$ 710,145,842	\$ 723,086,609	\$ 731,965,500	\$ 752,134,362	\$ 773,800,916
Total net debt applicable to limit	68,249,369	81,131,541	83,074,239	97,092,948	95,789,622
Legal Debt Margin	<u>\$ 641,896,473</u>	<u>\$ 641,955,068</u>	<u>\$ 648,891,261</u>	<u>\$ 655,041,414</u>	<u>\$ 678,011,294</u>
Total net debt applicable to the limit as a percentage of debt limit	<u>9.61%</u>	<u>11.22%</u>	<u>11.35%</u>	<u>12.91%</u>	<u>12.38%</u>

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

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
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%
2019	28,030	1,478,694,620	52,754	45	94.6%	4,218	2.9%
2020	27,788	1,555,711,180	55,985	45	96.5%	4,306	3.5%

- (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>2020</u>			<u>2019</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	949	1	38.1%	796	1	35.9%
State of CT- Garner Correctional	360	2	14.5%	294	3	13.2%
Town of Newtown	180	3	7.2%	174	7	7.8%
Athena Healthcare LLC of Newtown	176	4	7.1%	-		0.0%
Eversource	169	5	6.8%	-		0.0%
Spectrum(Charter)	165	6	6.6%	222	5	10.0%
Newtown Savings Bank	162	7	6.5%	203	6	9.1%
Caraluzzi's Newtown Market	124	8	5.0%	133	12	6.0%
Curtis Packaging Corp	117	9	4.7%	153	9	6.9%
Taunton Press	88	10	3.5%	245	4	11.0%
Total	<u>2,490</u>		<u>100.0%</u>	<u>2,220</u>		<u>100.0%</u>
Total Employees	<u>2,490</u>			<u>2,220</u>		

Table 15

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

<u>FUNCTION / PROGRAM</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
<u>General Government:</u>										
Selectmen	3	3	3	3	3	3	3	3	3	3
Finance	5	5	5	5	5	5	4	4	4	4
Parks and recreation	16	17	17	17	17	17	16	17	17	16
Town clerk	4	4	4	4	4	4	4	4	3	3
Senior center	3	3	3	3	2	2	2	2	1	1
Registrars	2	2	2	2	2	2	2	2	2	2
Tax collector	5	5	4	4	4	4	4	4	4	4
Tax assessor	4	3	4	4	3	3	4	4	4	3
Technology							4	4	4	4
Social services	2	2	2	2	2	2	4	4	4	5
Community Center									3	5
<u>Police:</u>										
Officers	47	46	45	45	45	45	45	45	45	45
Civilians	5	4	4	4	4	4	4	3	3	3
Canine control	2	2	2	2	2	3	3	3	2	1
<u>Fire:</u>										
Fire Marshall	3	3	3	3	3	3	3	3	3	3
<u>Public Works:</u>										
Engineering	2	2	2	2	2	2	2	2	2	2
Highway	40	37	37	38	37	38	40	38	36	37
Landfill	3	3	3	3	3	3	3	3	3	1
Building	6	5	5	5	5	5	5	5	4	4
Building (Maintenance)								2	1	1
<u>Land Use</u>	6	6	6	6	6	8	9	8	8	8
<u>Emergency Communications</u>	11	10	10	10	10	10	9	10	9	10
<u>Education</u>	730	717	751	759	786	779	793	803	815	805
Total	899	879	912	921	945	942	963	973	980	970

Sources: Town Budget

Table 16-1

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

FUNCTION / PROGRAM	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Governmental Activities:										
<u>Public Safety:</u>										
Volunteer Fire:										
No. of incidents	1,353	1,757	1,271	1,073	1,718	1,629	1,696	4,987	2,004	4,556
No. of rescue/medical calls	164	54	33	98	33	147	141	119	186	192
Police:										
No. of calls	19,848	25,515	22,540	24,701	26,796	17,082	24,561	27,160	31,509	28,142
No. of 911 calls	7,417	8,080	6,983	7,078	7,098	7,587	6,399	8,302	6,548	6,635
No. of formal investigations	2,873	2,536	2,259	2,202	2,077	1,678	1,630	1,625	1,674	1,517
<u>Town Clerk:</u>										
No. of documents recorded	6,328	6,732	6,521	5,562	6,276	5,015	5,193	5,140	4,417	4,607
<u>Health and Welfare:</u>										
No. of food service facilities inspections	115	129	129	114	108	127	125	129	126	125
No. of new homes built	n/a	n/a	n/a	18	19	18	23	13	13	20
No. of soil tests	91	123	94	164	111	121	126	146	117	110
No. of new septic permits	14	31	17	12	19	25	26	30	23	40
No. of septic repairs	58	79	74	83	83	97	98	98	86	112
No. of well permits	48	49	48	49	53	60	81	74	43	78
<u>Land Use:</u>										
No. of subdivisions approved	2	1	3	3	2	-	1	2	2	
No. of commercial applications approved	4	1	4	4	5	4	2	5	9	
<u>Building:</u>										
No. of residential permits issued	1,316	1,832	1,698	1,816	1,744	1,836	1,203	1,540	1,943	1,601
No. of commercial permits issued	194	202	215	215	275	136	196	236	247	190
<u>Public Works:</u>										
Streets:										
Accepted Town roads (miles)	245	256	256	256	256	256	256	256	256	256
Private roads	18	19	19	19	19	19	19	19	19	19
Roads under construction	n/a	1	1	1	1	1	1	1	1	1
Sidewalks	3	3	3	3	3	3	3	4	4	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	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Governmental Activities:										
<u>Education:</u>										
Enrollment:										
High School Grades 9-12	1,729	1,744	1,764	1,716	1,738	1,681	1,684	1,624	1,559	1,516
Middle School Grades 7-8	897	871	893	857	833	812	750	712	683	680
Intermediate School Grades 5-6	983	878	819	788	731	701	659	648	626	560
Elementary School Grades Pre-K-4	1,840	1,805	1,650	1,519	1,445	1,370	1,354	1,384	1,421	1,395
Newtown Community Partnership								17	16	16
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	25	25	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	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Governmental Activities:										
<u>Parks and Recreation:</u>										
Acreage (includes all open space)	2,100	2,100	2,100	2,102	2,103	2,103	2,108	2,113	2,113	2,113
Playgrounds	11	10	10	10	10	10	10	10	10	10
Baseball fields	14	14	13	13	13	13	13	13	14	14
Softball fields	9	9	9	9	9	9	10	10	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	1	1
Dog park	-	-	-	1	1	1	1	1	1	1
Community Center	-	-	-	-	-	-	-	-	1	1
<u>Public Safety:</u>										
Fire stations	5	5	5	5	5	5	5	5	5	5
<u>Police Department:</u>										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol officers	32	31	30	31	30	30	30	30	30	30
<u>Public Works:</u>										
<u>Highway Department:</u>										
Streets (miles)	263	276	276	276	276	276	276	276	276	276
Sidewalks (miles)	3	3	3	3	3	3	3	3	3	5
<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	25	25	25
Treatment capacity (thousands of gallons)	932	932	932	932	932	932	932	932	932	932

Sources: Various Town Departments