Final Official Statement Dated March 8, 2017

New Issue: Book-Entry-Only ***Rating: S&P Global Ratings: "AAA"***

In the opinion of Bond Counsel, based on existing statutes and court decisions and assuming continuing compliance with certain covenants and procedures relating to requirements of the Internal Revenue Code of 1986, as amended (the "Code"), interest on the Bonds is excluded from gross income for federal income tax purposes and is not treated as an item of tax preference for purposes of computing the federal alternative minimum tax. Interest on the Bonds may be includable in the calculation of certain taxes under the Code, including the federal alternative minimum tax imposed on certain corporations. In the opinion of Bond Counsel, based on existing statutes, interest on the Bonds is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates, and is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the federal alternative minimum tax. See "Tax Matters" herein.

Town of Newtown, Connecticut

$5,090,000

General Obligation Bonds, Issue of 2017

(Bank Qualified)

Dated: Date of Delivery ***Due: March 15, 2018-2037 as detailed below:***

The Bonds will bear interest payable on September 15, 2017 and semiannually thereafter on March 15 and September 15 in each year until maturity. The Bonds are issuable only as fully registered bonds, without coupons, and when issued, will be registered in the name of Cede & Co., as Bondowner and nominee for The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the Bonds. Purchases of the Bonds will be made in book entry-only form, in the denomination of $5,000 or any integral multiple thereof. Purchasers will not receive certificates representing their ownership interest in the Bonds. So long as Cede & Co. is the Bondowner, as nominee of DTC, reference herein to the Bondowner or owners shall mean Cede & Co. as aforesaid, and shall not mean the Beneficial Owners (as described herein) of the Bonds. (See "Book Entry Only Transfer System" herein).

Year	Principal	Coupon	Yield	CUSIP	Year	Principal	Coupon	Yield	CUSIP
2018	$ 650,000	4.000%	0.900%	653234G32	2028	$ 240,000	2.350%	2.350%	653234H56
2019	175,000	4.000%	1.150%	653234G40	2029*	225,000	2.500%	2.450%	653234H64
2020	250,000	3.000%	1.200%	653234G57	2030	225,000	2.550%	2.550%	653234H72
2021	250,000	2.000%	1.500%	653234G65	2031	225,000	2.650%	2.650%	653234H80
2022	250,000	4.000%	1.600%	653234G73	2032	225,000	2.750%	2.750%	653234H98
2023	250,000	4.000%	1.850%	653234G81	2033*	225,000	3.000%	2.800%	653234J21
2024	250,000	4.000%	2.050%	653234G99	2034*	225,000	3.250%	3.000%	653234J39
2025*	250,000	3.000%	2.100%	653234H23	2035*	225,000	3.250%	3.050%	653234J47
2026*	250,000	2.500%	2.150%	653234H31	2036*	225,000	3.500%	3.050%	653234J54
2027*	250,000	2.500%	2.250%	653234H49	2037*	225,000	3.500%	3.100%	653234J62

** Priced assuming optional redemption on March 15, 2024; however any such redemption is at the option of the Town.*

FTN FINANCIAL CAPITAL MARKETS

The Bonds will be general obligations of the Town of Newtown, Connecticut (the "Town") and the Town will pledge its full faith and credit to pay the principal of and interest on the Bonds when due. (See "Security and Remedies" herein.)

The Bonds are subject to optional redemption prior to maturity as more fully described herein. (See "Optional Redemption" herein.)

The Registrar, Certifying, Transfer and Paying Agent will be U.S. Bank National Association of Hartford, Connecticut.

The Bonds are offered for delivery when, as and if issued, subject to the approving opinion of Robinson & Cole LLP, Bond Counsel, Hartford, Connecticut, and certain other conditions. It is expected that delivery of the Bonds in book-entry-only form will be made to DTC on or about March 15, 2017.

No dealer, broker, salesperson, or other person has been authorized by the Town to give any information or to make any representations not contained in this Official Statement or any supplement which may be issued hereto, and if given or made, such other information or representations must not be relied upon as having been authorized. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

This Official Statement has been prepared only in connection with the initial offering and sale of the Bonds and may not be reproduced or used in whole or in part for any other purpose. The information, estimates and expressions of opinion in this Official Statement are subject to change without notice. Neither the delivery of this Official Statement nor any sale of the Bonds shall, under any circumstances, create any implication that there has been no material change in the affairs of the Town since the date of this Official Statement.

The independent auditors for the Town are not passing upon and do not assume responsibility for the accuracy or completeness of the financial information presented in this Official Statement (other than matters expressly set forth in their opinion in Appendix A), and they make no representation that they have independently verified the same.

The Bonds have not been registered under the Securities Act of 1933, as amended, nor have the Bonds been registered under any state securities laws.

The Town deems this Official Statement to be "final" for purposes of Securities and Exchange Commission Rule 15c2-12(b)(1), but it is subject to revision or amendment.

The Town currently files its official statements for primary offerings with the Municipal Securities Rulemaking Board's Electronic Municipal Market Access ("EMMA") system. In accordance with the requirements of Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission, the Town will enter into a continuing disclosure agreement to provide or cause to be provided (i) annual financial information and operating data, (ii) a notice of the occurrence of certain events within 10 business days of the occurrence of such events, and (iii) timely notice of a failure by the Town to provide the required annual financial information on or before the date specified in the Continuing Disclosure Agreement to be executed substantially in the form attached as Appendix C to this Official Statement.

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Bond Issue Summary

The information in this Bond Issue Summary and the front cover page is qualified in its entirety by the detailed information and financial statements appearing elsewhere in this Official Statement. This Official Statement speaks only as of its date and the information herein is subject to change.

Date of Sale:	Wednesday, March 8, 2017 at 11:30 A.M. (E.S.T.)
Location of Sale:	Robinson & Cole LLP, 280 Trumbull Street, Hartford, CT 06103
Issuer:	Town of Newtown, Connecticut (the "Town").
Issue:	$5,090,000 General Obligation Bonds, Issue of 2017 (the “Bonds”).
Dated Date:	Date of Delivery.
Interest Due:	September 15, 2017 and semiannually thereafter on March 15 and September 15, in each year until maturity or earlier redemption.
Principal Due:	The Bonds are due serially, March 15, 2018 through March 15, 2037, as detailed in this Official Statement.
Purpose:	The proceeds of the Bonds will be used to fund various general purpose and school projects authorized by the Town.
Redemption:	The Bonds are subject to redemption prior to maturity as described herein.
Security:	The Bonds will be general obligations of the Town and the Town will pledge its full faith and credit to the payment of principal of and interest on the Bonds when due.
Credit Rating:	The Bonds have been rated “AAA” from S&P Global Ratings.
Bond Insurance:	The Town does not expect to purchase a credit enhancement facility.
Basis of Award:	Lowest True Interest Cost (TIC), as of the dated date.
Tax Exemption:	See “Tax Matters” herein.
Continuing Disclosure:	In accordance with the requirements of Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission, the Town will enter into a continuing disclosure agreement to provide or cause to be provided (i) annual financial information and operating data, (ii) a notice of the occurrence of certain events within 10 business days of the occurrence of such events, and (iii) timely notice of a failure by the Town to provide the required annual financial information on or before the date specified in the Continuing Disclosure Agreement to be executed substantially in the form attached as Appendix C to this Official Statement.
Bank Qualification:	The Bonds shall be designated by the Town as qualified tax-exempt obligations under the provisions of Section 265(b) of the Internal Revenue Code of 1986, as amended, for purposes of the deduction by financial institutions of interest expense allocable to the Bonds.
Registrar, Transfer Agent, Certifying Agent, and Paying Agent:	U.S. Bank National Association, Goodwin Square, 225 Asylum Street, 23rd Floor, Hartford, Connecticut 06103.
Legal Opinion:	Robinson & Cole LLP, of Hartford, Connecticut will act as Bond Counsel.
Municipal Advisor:	Phoenix Advisors, LLC, of Milford, Connecticut will act as Municipal Advisor. Telephone (203) 878-4945.
Delivery and Payment:	It is expected that delivery of the Bonds in book-entry-only form will be made on or about March 15, 2017, against payment in Federal Funds.
Issuer Official:	Questions concerning the Town should be directed to Robert G. Tait, Director of Finance, Town Hall, 3 Primose Street, Newtown, Connecticut 06470, Telephone: (203) 270-4226 or Mr. Barry J. Bernabe, Managing Director, Phoenix Advisors, LLC, 53 River Street, Milford, Connecticut, Telephone: (203) 283-1110.

I. Bond Information

Introduction

This Preliminary Official Statement, (the "Official Statement') including the cover page and appendices, is provided for the purpose of presenting certain information relating to the Town of Newtown, Connecticut (the "Town"), in connection with the original issuance and sale of $5,090,000 General Obligation Bonds, Issue of 2017 (the "Bonds") of the Town.

This Official Statement is not to be construed as a contract or agreement between the Town and the purchasers or holders of any of the Bonds. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstance, create any implication that there has been no change in the affairs of the Town since the date hereof. Any statements in this Official Statement involving matters of opinion or estimates, whether or not expressly so stated, are intended as such and not as representation of fact. No representation is made that any of such statements will be realized. All quotations from and summaries and explanations of provisions of statutes, charters, or other laws and acts and proceedings of the Town contained in this Official Statement do not purport to be complete and are qualified in their entirety by reference to the official compilations thereof.

The Bonds are being offered for sale at public bidding. A Notice of Sale for the Bonds dated February 27, 2017 has been furnished to prospective bidders. Reference is made to the Notice of Sale for the terms and conditions of the bidding.

U.S. Bank National Association, 225 Asylum Street, Goodwin Square, Hartford, Connecticut 06103 will act as Registrar, Transfer Agent, Paying Agent and Certifying Agent for the Bonds.

Bond Counsel are not passing upon and do not assume responsibility for the accuracy or adequacy of the statements made in this Official Statement (other than matters expressly set forth as their opinion attached hereto as Appendix B) and they make no representation that they have independently verified the same.

The Town deems this Official Statement to be "final" for purposes of Securities and Exchange Commission Rule 15c2-12(b)(1), but it is subject to revision or amendment.

Municipal Advisor

Phoenix Advisors, LLC, of Milford, Connecticut (the "Municipal Advisor") has served as Municipal Advisor to the Town with respect to the issuance of the Bonds and has assisted the Town in preparing this Official Statement. The Municipal Advisor is not obligated to undertake, and has not undertaken, either to make an independent verification of or to assume responsibility for the accuracy, completeness, or fairness of the information contained in the Official Statement and the appendices hereto.

The Municipal Advisor is an independent firm and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities.

Description of the Bonds

The Bonds will be dated as of the date of delivery, March 15, 2017, and will mature in annual installments on March 15 in each of the years and in the principal amounts set forth on the cover page of this Official Statement. Interest on the Bonds will be payable on September 15, 2017 and semiannually thereafter on March 15 and September 15, in each year until maturity. Interest will be calculated on the basis of twelve 30-day months and a 360-day year and will be payable to the registered owners of the Bonds as of the close of business on the last business day of February and August in each year, by check, mailed to the registered owner at the address as shown on the registration books of the Town kept for such purpose, or so long as the Bonds are registered in the name of Cede & Co., as nominee of DTC, by such other means as DTC, the Paying Agent and the Town shall agree. The Bonds are subject to optional redemption prior to maturity as more fully described herein. The Bonds shall be designated by the Town as qualified tax-exempt obligations under the provisions of section 265(b) of the Internal Revenue Code of 1986, as amended.

Optional Redemption

The Bonds maturing on or before March 15, 2024 are not subject to redemption prior to maturity. The Bonds maturing on March 15, 2025 and thereafter, are subject to redemption prior to maturity, at the election of the Town, on and after March 15, 2024 at any time, in whole or in part and by lot within a maturity, in such amounts and in such order of maturity as the Town may determine, at the respective price (expressed as a percentage of the principal amount of Bonds to be redeemed), set forth in the following table, plus interest accrued and unpaid to the redemption date:

Period During Which Redeemed	*Redemption Price*
March 15, 2024 and thereafter	100%

Notice of redemption shall be given by the Town or its agent by mailing a copy of the redemption notice by first-class mail at least thirty (30) days prior to the date fixed for redemption to the registered owner of the Bonds at the address of such registered owner as the same shall last appear on the registration books for the Bonds. Failure to give such notice by mailing to any registered owner, or any defect therein, shall not affect the validity of the redemption of any other Bonds. Upon the giving of such notice, if sufficient funds available solely for redemption are on deposit with the Paying Agent, the Bonds or portions thereof so called for redemption will cease to bear interest after the specified redemption date.

If less than all of the Bonds of any one maturity shall be called for redemption, the particular Bonds or portions of Bonds of such maturity to be redeemed shall be selected by lot in such manner as the Town in its discretion may determine; provided, however, that the portion of any Bond to be redeemed shall be in the principal amount of $5,000 or a multiple thereof and that, in selecting Bonds for redemption, each Bond shall be considered as representing that number of Bonds which is obtained by dividing the principal amount of such Bond by $5,000.

The Town, so long as a book-entry system is used for the Bonds, will send any notice of redemption only to DTC (or successor securities depository) or its nominee. Any failure of DTC to advise any DTC Participant, or of any DTC Participant or Indirect Participant to notify any Indirect Participant or Beneficial Owner, of any such notice and its content or effect will not affect the validity of the redemption of such Bonds called for redemption. Redemption of portions of the Bonds of any maturity by the Town will reduce the outstanding principal amounts of such maturity held by DTC. In such event it is the current practice of DTC to allocate by lot, through its book-entry system, among the interest held by DTC Participants in the Bonds to be redeemed, the interest to be reduced by such redemption in accordance with its own rules or other agreements with DTC Participants. The DTC Participants and Indirect Participants may allocate reductions of the interests in the Bonds to be redeemed held by the Beneficial Owners. Any such allocations of reductions of interests in the Bonds to be redeemed will not be governed by the determination of the Town authorizing the issuance of the Bonds and will not be conducted by the Town, the Registrar or Paying Agent.

Authorization and Purpose

The Bonds are issued pursuant to Title 7 of the General Statutes of Connecticut, as amended, the Town Charter and certain bond resolutions adopted by the Town. The projects financed by the proceeds of the Bonds include:

Project	*Amount Authorized*	*New Money or (Paydowns)*	*This Issue: The Bonds*
Edmond Town Hall Improvements	$ 500,000	$ 200,000	$ 200,000
High School Roof	1,402,500	1,402,000	1,402,000
Middle Gate School Boiler	475,000	450,000	450,000
Open Space Acquisition	450,000	450,000	450,000
Various Road Improvements	1,000,000	1,000,000	1,000,000
Pedestrian Sidewalk Improvements	150,000	150,000	150,000
High School Auditorium Improvements	3,600,000	556,000	556,000
Fairfield Hills Remediation & Demolition	5,000,000	600,000	600,000
Hawleyville Sewer Extension	3,800,000	282,000	282,000
Total	$ 16,377,500	$ 5,090,000	$ 5,090,000

Book-Entry-Only Transfer System

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Bonds (the "Securities"). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for each maturity of the Securities in the aggregate principal amount of such maturity and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each Security ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.

To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Town as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Town or Agent, on

payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Agent, or the Town, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Town or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to the Town or Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

The Town may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Town believes to be reliable, but the Town takes no responsibility for the accuracy thereof.

DTC Practices

The Town can make no assurances that DTC, Direct Participants, Indirect Participants or other nominees of the Beneficial Owners of the Bonds act in a manner described in this Official Statement. DTC is required to act according to rules and procedures established by DTC and its participants which are on file with the Securities and Exchange Commission.

Replacement Bonds

In the event that: (a) DTC determines not to continue to act as securities depository for the Bonds, and the Town fails to identify another qualified securities depository for the Bonds to replace DTC; or (b) the Town determines to discontinue the book-entry system of evidence and transfer of ownership of the Bonds, the Town is authorized to issue fully registered Bond certificates directly to the Beneficial Owner. A Beneficial Owner of the Bonds, upon registration of certificates held in such Beneficial Owner's name, will become the registered owner of the Bonds.

Security and Remedies

The Bonds will be general obligations of the Town and the Town will pledge its full faith and credit to pay the principal of and interest on the Bonds when due.

Unless paid from other sources, the Bonds are payable from general property tax revenues. The Town has the power under Connecticut General Statutes to levy ad valorem taxes on all taxable property in the Town without limit as to rate or amount, except as to certain classified property such as certified forest land taxable at a limited rate and dwelling houses of qualified elderly persons of low income or qualified disabled persons taxable at limited amounts.

Payment of the Bonds is not limited to property tax revenues or any other revenue source, but certain revenues of the Town may be restricted as to use and therefore may not be available to pay debt service on the Bonds.

There are no statutory provisions for priorities in the payment of general obligations of the Town. There are no statutory provisions for a lien on any portion of the tax levy or other revenues to secure the Bonds, or judgments thereon, in priority to other claims.

The Town is subject to suit on its general obligation bonds and a court of competent jurisdiction has the power in appropriate proceedings to render a judgment against the Town. Courts of competent jurisdiction also have the power in appropriate proceedings to order payment of a judgment on such bonds from funds lawfully available therefor or, in the absence thereof, to order the Town to take all lawful action to obtain the same, including the raising of the required amount in the next annual tax levy. In exercising their discretion as to whether to enter such an order, the courts may take into account all relevant factors, including the current operating needs of the Town and the availability and adequacy of other remedies.

Enforcement of a claim for payment of principal of or interest on such debt would also be subject to the applicable provisions of federal bankruptcy laws as well as other bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted and to the exercise of judicial

discretion. Under the Federal Bankruptcy Code, the Town may seek relief only, among other requirements, if it is specifically authorized, in its capacity as a municipality or by name, to be a debtor under Chapter 9, Title 11 of the United States Code, or by state law or by a governmental officer or organization empowered by state law to authorize such entity to become a debtor under such Chapter. Section 7-566 of the Connecticut General Statutes, as amended, provides that no Connecticut municipality shall file a petition in bankruptcy without the express prior written consent of the Governor. This prohibition applies to any town, city, borough, metropolitan district and any other political subdivision of the State having the power to levy taxes and issue bonds or other obligations.

Qualification for Financial Institutions

The Bonds shall be designated by the Town as qualified tax-exempt obligations under the provisions of Section 265(b) of the Internal Revenue Code of 1986, as amended, for purposes of the deduction by financial institutions of interest expense allocable to the Bonds.

Availability of Continuing Information

The Town will enter into a Continuing Disclosure Agreement with respect to the Bonds, substantially in the form included in Appendix C to this Official Statement, to provide or cause to be provided, in accordance with the requirements of the Securities and Exchange Commission Rule 15c2-12 (the "Rule"), (i) annual financial information and operating data, (ii) timely notice of the occurrence of certain events within ten business days of the occurrence of such events with respect to the Bonds, and (iii) timely notice of a failure by the Town to provide the required annual financial information and operating data on or before the date specified in the Continuing Disclosure Agreement. The underwriter's obligation to purchase the Bonds shall be conditioned upon its receiving, at or prior to the delivery of the Bonds, an executed copy of the Continuing Disclosure Agreement.

The Town prepares, in accordance with State law, annual audited financial statements and files such annual audits with the State of Connecticut, Office of Policy and Management, within six months of the end of its fiscal year. The Town provides, and will continue to provide, to Moody's Investors Service Inc. and S&P Global Ratings ongoing disclosure in the form of the Annual Financial Report, Recommended and Adopted Budgets, and other materials relating to its management and financial condition, as may be necessary or requested.

The Town has previously undertaken in continuing disclosure agreements for the benefits of holders of certain of its bonds and notes to provide certain annual financial information and event notices pursuant to Rule 15c2-12(b)(5). In the last five years, the Town has not failed to comply, in all material respects, with its previous undertakings in such agreements.

Bond Rating

The Bonds have been rated "AAA" from S&P Global Ratings ("S&P"). The Town furnished to S&P certain information and materials, some of which may not have been included in this Official Statement. The ratings reflect only the views of S&P. No application was made to any other rating agencies for the purpose of obtaining ratings on the Bonds.

Generally, the rating agencies base their rating upon such information and materials and upon investigations, studies and assumptions by the rating agencies. There can be no assurance that a rating will continue for any given period of time or that it will not be lowered or withdrawn entirely by a rating agency if in their judgment circumstances so warrant. Any such downward change in or withdrawal of a rating may have an adverse effect on the marketability or market price of the Town's outstanding bonds and notes, including this issue.

The Town expects to furnish to S&P information and materials that they may request. However, the Town may issue short-term or other debt for which a rating is not requested.

Tax Matters

The Internal Revenue Code of 1986, as amended (the "Code"), imposes certain requirements which must be met at and subsequent to delivery of the Bonds in order that interest on the Bonds be and remains excluded from gross income for federal income tax purposes. Noncompliance with such requirements could cause interest on the Bonds to be included in gross income retroactive to the date of issuance of the Bonds. The Tax Regulatory Agreement, which will be executed and delivered by the Town concurrently with the Bonds, contains representations, covenants and procedures relating to the use, expenditure and investment of proceeds of the Bonds in order to comply with such requirements of the Code. Pursuant to the Tax Regulatory Agreement, the Town also covenants and agrees that it shall perform all things necessary or appropriate under any valid provision of law to ensure interest on the Bonds shall be excluded from gross income for federal income tax purposes under the Code.

In the opinion of Bond Counsel, based on existing statutes and court decisions and assuming continuing compliance by the Town with its covenants and the procedures contained in the Tax Regulatory Agreement, interest on the Bonds is excluded from gross income for federal income tax purposes and is not treated as an item of tax preference for purposes of computing the federal alternative minimum tax. Interest on the Bonds is, however, includable in adjusted current earnings for purposes of computing the federal alternative minimum tax imposed on certain corporations.

Ownership of the Bonds may also result in certain collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty insurance companies, certain foreign corporations doing business in the United States, certain S corporations with excess passive income, individual recipients of Social Security and Railroad Retirement benefits, taxpayers utilizing the earned income credit and taxpayers who have or are deemed to have incurred indebtedness to purchase or carry tax exempt obligations, such as the Bonds. Prospective purchasers of the Bonds, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the federal tax consequences of ownership and disposition of, or receipt of interest on, the Bonds.

In the opinion of Bond Counsel, based on existing statutes, interest on the Bonds is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates, and is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the federal alternative minimum tax.

Legislation affecting the exclusion from gross income of interest on State or local bonds, such as the Bonds, is regularly under consideration by the United States Congress. There can be no assurance that legislation enacted or proposed after the date of issuance of the Bonds will not reduce or eliminate the benefit of the exclusion from gross income of interest on the Bonds or adversely affect the market price of the Bonds.

The opinions of Bond Counsel are rendered as of their date and are based on existing law, which is subject to change. Bond Counsel assumes no obligation to update or supplement its opinions to reflect any facts or circumstances that may come to their attention, or to reflect any changes in law that may thereafter occur or become effective.

Prospective purchasers of the Bonds are advised to consult their own tax advisors regarding other State and local tax consequences of ownership and disposition of and receipt of interest on the Bonds.

Original Issue Discount

The initial public offering price of certain maturities of the Bonds may be less than the principal amount payable on such Bonds at maturity. The excess of the principal amount payable at maturity over the initial public offering price at which a substantial amount of these Bonds are sold constitutes original issue discount. The prices set forth on the cover page of the Official Statement may or may not reflect the prices at which a substantial amount of the Bonds were ultimately sold to the public.

Under Section 1288 of the Code, the amount of original issue discount treated as having accrued with respect to any Bond during each day it is owned by a taxpayer is added to the owner's adjusted basis for purposes of determining gain or loss upon the sale or other disposition of such Bonds by such owner. Accrued original issue discount on the Bonds is excluded from gross income for federal income tax purposes. Original issue discount on any bond is treated as accruing on the basis of economic accrual for such purposes, computed by a constant semiannual compounding method using the yield to maturity on such bond. The original issue discount attributable to any bond for any particular semiannual period is equal to the excess of the product of (i) one-half of the yield to maturity of such bond, and (ii) the amount which would be the adjusted basis of the bond at the beginning of such semiannual period if held by the original owner and purchased by such owner at the initial public offering price, over the interest paid during such period. The amount so treated as accruing during each semiannual period is apportioned in equal amounts among the days in that period to determine the amount of original issue discount accruing for such purposes during each such day. Prospective purchasers of the Bonds should consult their own tax advisors with respect to the federal, state and local income tax consequences of the disposition of and receipt of interest on the Bonds.

Original Issue Premium

The initial public offering price of certain maturities of the Bonds may be greater than the principal amount payable on such Bonds at maturity. The excess of the initial public offering price at which a substantial amount of these Bonds are sold over the principal amount payable at maturity or on earlier call date constitutes original issue premium. The prices set forth on the cover page of the Official Statement may or may not reflect the prices at which a substantial amount of the Bonds were ultimately sold to the public.

Under Sections 1016 and 171 of the Code, the amount of original issue premium treated as amortizing with respect to any Bond during each day it is owned by a taxpayer is subtracted from the owner's adjusted basis for purposes of determining gain or loss upon the sale or other disposition of such Bonds by such owner. Amortized original issue premium on the Bonds is not treated as a deduction from gross income for federal income tax purposes. Original issue premium on any bond is treated as amortizing on the basis of the taxpayer's yield to maturity using the taxpayer's cost basis and a constant semiannual compounding method. Prospective purchasers of the Bonds should consult their own tax advisors with respect to the federal, state and local income tax consequences of the disposition of and receipt of interest on the Bonds.

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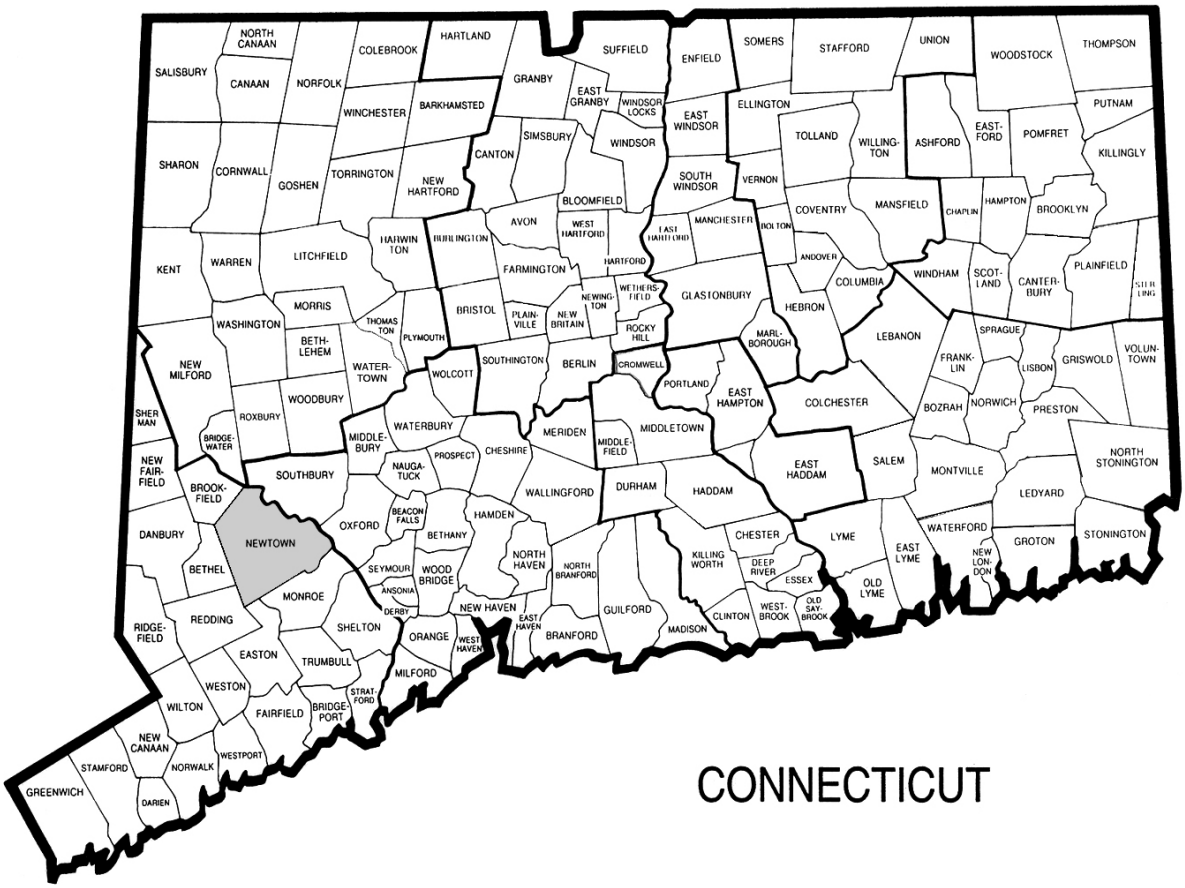

Description of the Municipality

Located in Fairfield County in southwestern Connecticut, Newtown, established in 1711, is about sixty miles from New York City. It covers an area of 60.4 square miles, making it the fifth largest town, area-wise, in the State. The Town is bordered on the south by Easton and Redding, on the north by Bridgewater and Southbury, on the east by Oxford and Monroe, and on the west by Bethel and Brookfield. Newtown is traversed by Interstate 84, U.S. routes 6 and 302, and Connecticut routes 25 and 34.

Government Organization

Newtown operates under a Charter adopted in 1961 and most recently revised in 2016. Under the Charter the First Selectman acts as the Town's Chief Executive and Administrative Officer and a twelve-member Legislative Council acts as the legislative body, with the exception of those items specifically enumerated on which other Town bodies are authorized to act. Fiscal matters are administered under a Board of Finance comprised of six members and an appointed Finance Director.

Principal Municipal Officials

Office	Name	Manner of Selection	Length Of Service
First Selectman	E. Patricia Llodra	Elected	7 3/4 years
Finance Director	Robert G. Tait	Appointed	9 years
Superintendent of Schools	Joseph V. Erardi	Appointed	3 years
Tax Collector	Donna Saputo	Appointed	1 year
Assessor	Penney Mudgett	Appointed	4 years
Town Clerk	Debbie A. Aurelia	Elected	10 years
Economic and Community Development Coordinator	Christal Preszler	Appointed	1 year
Director of Public Works	Frederick Hurley	Appointed	28 years

Municipal Services

Police: The Newtown Police Department has an authorized strength of forty-five officers supported by four civilian employees. Canine Control is operated by two full-time employees and three part-time employees under the administration of the Police Department.

Fire: The Newtown Fire Department operates with approximately two hundred volunteers who are reached by tone-activated radio communications from a central communications headquarters located in Town Hall South. The Department functions 24 hours a day, and is equipped with ten pumpers, two aerial ladders, three rescue trucks, two brush trucks, two mini-pumpers, and six tankers operating from six fire stations.

Ambulance: Ambulatory service is maintained by sixty volunteers whom the communications center contacts. The equipment consists of three ambulances. All of the staff have been qualified by the State as Emergency Medical Technicians; additionally, twenty-one technicians have received the qualification of Emergency Medical Technicians, Intravenous.

Public Works Department: The Public Works Department is staffed by forty-five employees who maintain Town roads, bridges and buildings. The Department operates or manages contracts for the operation of a water and wastewater treatment plant and collection system and a solid-waste transfer station (See "Solid Waste" herein for additional information). The Department services and maintains Town vehicles and provides basic engineering for new road construction, old road reconstruction and drainage improvements. The Department manages capital construction/reconstruction projects and oversees a variety of contract services provided to the Town.

Health District: The Health District works to promote and protect the physical and environmental well-being of the citizens of the Newtown Health District through direct services, wellness and promotion programs and active support of community efforts. The Health District is staffed by five full-time and three part-time employees, who enforce the requirements of the Connecticut Public Health Code and the Newtown Sanitary Code to help ensure a clean and healthy environment. Collaboration with community partners is an essential part of the Health District's operation, whose services include plan review, permitting and inspection of septic systems and water supply wells, licensing and inspection of food service establishments, review of building permits, daycare inspections, investigation of complaints, and abatement of violations, local and regional public health emergency preparedness, and general health education.

Water and Sewer Authority: The Water and Sewer Authority ("WSA") has constructed and operates a centralized wastewater treatment system comprising twenty-two miles of collection pipes, four pump stations and a 932,000-gallon-per-day treatment plant. The system, funded by a combination of 2% loans and grants from the State of Connecticut's Clean Water Fund, became fully operational in September 1997. A second collection system connecting to the City of Danbury's Waste Water Treatment Plant was completed in 2001. This system has 150,000 gallons of treatment capacity served by a mile of collection piping and a pump station. The entire system is operated and maintained by United Water Environmental Services, Inc. under contract to the WSA. United Water Environmental is an experienced contract operator in Connecticut operating several water and wastewater plants of various sizes statewide. Operating and maintenance expenses for the system are paid on the basis of usage with the State of Connecticut as the largest customer.

The WSA also has begun to operate a potable water system on the former State of Connecticut Fairfield Hills Hospital campus comprising three producing wells, a 1,000,000-gallon storage facility, and three miles of distribution system. The entire system is operated and maintained by United Water Environmental Services under contract to the WSA. As with wastewater, operating and maintenance expenses for the system will be paid on the basis of usage with the State of Connecticut as the largest customer.

Solid Waste: The Town is one of ten member towns that constitute the Housatonic Resources Recovery Authority ("HRRA"), which has legal authority under Connecticut State Statutes to contract for long-term garbage disposal and recyclable recovery services. HRRA has a long-term contract with Wheelabrator Technologies Inc. to provide transfer and disposal of municipal solid waste with a parallel contract with the Town to provide its solid waste disposal. This contract has been in effect since 1993. A similar long-term contract for processing and marketing recyclables has been established under HRRA with Recycling Technologies, Inc. of Danbury, Connecticut. This contract has been in effect since 1991. For FY 2016-2017 the processing fee for municipal solid waste was $85.73 per ton and $10 per ton for recyclables. Twenty private independent haulers collect solid waste while two firms are contracted by the Town to provide curbside pickup of recyclables in the Town.

Employee Relations and Collective Bargaining

Municipal Employees [1]

	2016-17	2015-16	2014-15	2013-14	2012-13
General Government……....	171 [3]	163	165	166	165
Board of Education……..…	778	781	729 [2]	761	718
Total……	949	944	894	927	883

[1] *Budgeted full-time employees.*

[2] *Includes SERV grant employees.*

[3] *Includes Center for Support and Wellness (4 employees).*

Source: Town of Newtown, Finance Department.

Employees Bargaining Organizations

Board of Education Groups	***Positions Covered***	***Current Contract Expiration Date***
Newtown Federation of Teachers ……	413	6/30/2020
Newtown Association of School Administrators……	18	6/30/2017
Newtown School Custodian and Maintenance Association……	55	6/30/2019
Newtown Federation of Educational Personnel……...	57	6/30/2019
Newtown Educational Assistants Association ……	147	6/30/2018
Local 1303 of Council #4, AFSCME (Nurses) ……..……	14	6/30/2017
Non-bargaining Employees ……	74	N/A
Total Board of Education Employees……	778	
General Government Groups		
AFSCME (Highway) 1303-2000……	35	6/30/2018
AFSCME Local 1303/136 – Dispatch/Clerical……	12	6/30/2015 [1]
Newtown Police Union AFSCME 3153……	43	6/30/2017
Teamsters (Park and Recreation) Local 145 ……	10	6/30/2017
CSEA (Town Employees) Local 760……	38	6/30/2018
Non-bargaining Employees……	33	N/A
Total General Government Employees……	171	
Total Board of Education and General Government Employees……	949	

[1] *Currently in negotiation.*

Source: Town of Newtown, Finance Department.

General Statutes Sections 7-473c, 7-474 and 10-153a to 10-153n provide a procedure for binding arbitration of collective bargaining agreements between municipal employers and organizations representing municipal employees, including certified teachers and certain other employees. The legislative body of a municipal entity may reject an arbitration panel's decision by a two-thirds majority vote. The State of Connecticut and the employee organization must be advised in writing of the reasons for rejection. The State then appoints a new panel of either one or three arbitrators to review the decisions on each of the rejected issues. The panel must accept the last best offer of either party. In reaching its determination, the arbitration panel gives priority to the public interest and the financial capability of the municipal employer, including consideration of other demands on the financial capability of the municipal employer. For binding arbitration of teachers' contracts, in assessing the financial capability of a municipality, there is an irrefutable presumption that a budget reserve of 5% or less is not available for payment of the cost of any item subject to arbitration. In the light of the employer's financial capability, the panel considers prior negotiations between the parties, the interests and welfare of the employee group, changes in the cost of living, existing employment conditions, and wages, salaries, fringe benefits, and other conditions of employment prevailing in the labor market, including developments in private sector wages and benefits.

Education System

The Newtown public schools provide a full educational program for approximately 4,738 students from pre-kindergarten through the 12th grade of high school. There is also a specially funded preschool program for students with certain handicaps and an active continuing education program.

School Facilities

School	Grades	Date of Construction (Additions, Remodeling)	Number of Classrooms	10/1/2016 Enrollment	Rated Capacity
Elementary Schools:					
Hawley ……	K–4	1921 (1997)	24	300	550
Sandy Hook……..	K–4	2016	23	356 [1]	464
Middle Gate ……	K–4	1964 (1993)	26	365	580
Head O'Meadow……	K–4	1977	22	273	513
Reed Intermediate School …….	5–6	2002	46	659	1,100
Middle School ……	7–8	1951 (1987)	53	750	1,077
High School ……	9–12	1970 (2010)	70	1,682	2,022
Total			264	4,385	6,306

[1] *Does not include 37 Pre-K students at the High School.*

Source: Town of Newtown, Superintendent of Schools.

School Enrollment and Projections

Historical

School Year	Grades Pre-K–4	Grades 5–6	Grades 7–8	Grades 9-12 High School	Total Enrollment
2007-08	2,093	886	930	1,719	5,628
2008-09	2,067	902	929	1,704	5,602
2009-10	2,002	861	896	1,731	5,490
2010-11	1,928	895	897	1,731	5,451
2011-12	1,805	878	871	1,744	5,298
2012-13	1,650	819	893	1,764	5,126
2013-14	1,519	788	857	1,716	4,880
2014-15	1,448	730	834	1,747	4,759
2015-16	1,357	701	812	1,684	4,554
2016-17	1,331	659	750	1,682	4,422

Projected

School Year	Grades Pre-K–4	Grades 5–6	Grades 7–8	Grades 9-12 High School	Total Enrollment
2017-18	1,309	625	698	1,638	4,270
2018-19	1,248	579	679	1,579	4,085
2019-20	1,228	560	630	1,529	3,947
2020-21	1,219	570	606	1,425	3,820

Source: Town of Newtown, Superintendent of Schools.

III. Economic and Demographic Information

Population and Density

Year	Actual Population	% Increase	Density [1]
2015 [2]	28,012	1.6%	463.8
2010	27,560	10.1%	456.3
2000	25,031	20.5%	414.4
1990	20,779	8.8%	344.0
1980	19,107	12.8%	316.3
1970	16,942	49.0%	280.5
1960	11,373	--	188.3

[1] *Per square mile: 60.4 square miles.*

[2] *United States Census Bureau: American Community Survey 2011-2015.*

Source: U.S. Department of Commerce, Bureau of Census.

Age Distribution of the Population

	Town of Newtown		State of Connecticut	
Age	Number	Percent	Number	Percent
Under 5 years	1,219	4.4%	191,445	5.3%
5 to 9 years	1,872	6.7	214,983	6.0
10 to 14 years	2,451	8.7	231,075	6.4
15 to 19 years	2,286	8.2	255,286	7.1
20 to 24 years	1,296	4.6	237,578	6.6
25 to 34 years	1,938	6.9	436,678	12.2
35 to 44 years	3,381	12.1	448,840	12.5
45 to 54 years	5,772	20.6	556,454	15.5
55 to 59 years	2,223	7.9	259,565	7.2
60 to 64 years	1,308	4.7	219,040	6.1
65 to 74 years	2,119	7.6	291,955	8.1
75 to 84 years	1,474	5.3	162,332	4.5
85 years and over	673	2.4	87,991	2.4
Total.....	28,012	100%	3,593,222	100%
Median Age (Years) 2015.....	44.2		40.4	
Median Age (Years) 2010.[1].....	45.1		40.0	

[1] *U.S. Department of Commerce, Bureau of Census, 2010.*

Source: American Community Survey 2011-2015.

Income Distribution

	Town of Newtown		State of Connecticut	
Income	Families	Percent	Families	Percent
$ 0 - $ 9,999.....	30	0.4%	30,926	3.5%
10,000 - 14,999.....	85	1.1	18,063	2.0
15,000 - 24,999.....	137	1.8	46,085	5.1
25,000 - 34,999.....	352	4.7	55,715	6.2
35,000 - 49,999.....	299	4.0	83,173	9.3
50,000 - 74,999.....	813	10.8	139,724	15.6
75,000 - 99,999.....	964	12.8	126,557	14.1
100,000 - 149,999.....	1,547	20.6	183,030	20.4
150,000 - 199,999.....	1,256	16.7	94,575	10.6
200,000 and over.....	2,032	27.0	117,791	13.2
Total.....	7,515	100.0%	895,639	100.0%

Source: American Community Survey 2011-2015.

Income Levels

	Town of Newtown	State of Connecticut
Per Capita Income, 2015	$ 48,744	$ 38,803
Per Capita Income, 2010	$ 47,221	$ 36,775
Median Family Income, 2015	$ 133,713	$ 89,031
Median Family Income, 2010	$ 118,958	$ 84,170

Source: American Community Survey 2011-2015.

Educational Attainment

(Years of School Completed Age 25 and Over)

	Town of Newtown		State of Connecticut	
	Number	Percent	Number	Percent
Less than 9th grade	262	1.4%	105,725	4.3%
9th to 12th grade, no diploma	598	3.2	144,132	5.9
High School graduate	3,521	18.6	673,973	27.4
Some college, no degree	2,651	14.0	430,129	17.5
Associate's degree	1,238	6.6	183,289	7.4
Bachelor's degree	5,869	31.1	516,001	21.0
Graduate or professional degree	4,749	25.1	409,606	16.6
Total	18,888	100.0%	2,462,855	100.0%
Total High School Graduate or Higher (%)		95.4%		89.9%
Total Bachelor's Degree or Higher (%)		56.2%		37.6%

Source: American Community Survey 2011-2015.

Employment Data

	Town of Newtown		Percentage Unemployed		
Period	Employed	Unemployed	Town of Newtown	Danbury Labor Market	State of Connecticut
December 2016	13,983	472	3.3	3.9	3.9
Annual Average					
2016	13,463	638	4.4	4.3	5.3
2015	13,748	616	4.3	4.5	5.6
2014	13,518	702	4.9	5.3	6.6
2013	13,609	829	5.7	6.3	7.9
2012	14,548	890	6.1	6.7	8.3
2011	14,733	964	6.5	7.2	8.8
2010	14,365	957	6.7	7.6	9.0
2009	14,398	913	6.3	7.3	8.2
2008	14,416	596	4.1	4.5	5.7
2007	14,462	456	3.2	3.6	4.6

Source: State of Connecticut, Department of Labor.

Employment by Industry

Sector	Town of Newtown Number	Town of Newtown Percent	State of Connecticut Number	State of Connecticut Percent
Agriculture, forestry, fishing and hunting, and mining	136	1.0%	7,214	0.4%
Construction	870	6.4	100,593	5.6
Manufacturing	1,714	12.6	191,286	10.7
Wholesale trade	564	4.1	44,581	2.5
Retail trade	1,013	7.4	193,799	10.9
Transportation warehousing, and utilities	411	3.0	66,850	3.8
Information	356	2.6	41,486	2.3
Finance, insurance, real estate, and leasing	1,366	10.0	163,822	9.2
Professional, scientific, management, administrative, and waste management	2,093	15.4	199,942	11.2
Education, health and social services	3,364	24.7	471,587	26.5
Arts, entertainment, recreation, accommodation and food services	889	6.5	153,516	8.6
Other services (except public admin.)	469	3.4	79,998	4.5
Public Administration	367	2.7	66,743	3.7
Total Labor Force, Employed	13,612	100.0%	1,781,417	100.0%

Source: American Community Survey 2011-2015.

Major Employers
As of February 2017

Employer	Type of Business	Approximate Number of Employees
Town of Newtown	Municipality	945
Masonicare at Newtown	Nursing home	275
State of Connecticut Department of Corrections	Correctional facility	260
Charter Communications	Communication services	200
Hubbell Wiring Devices-Kellems	Manufacturing	180
Taunton Press	Publisher	145
Big Y Supermarket	Supermarket	140
Caraluzzi's Newtown Market	Supermarket	140
Newtown Savings Bank	Financial institution	125
Curtis Packaging Corp.	Manufacturing	125
Stop & Shop Supermarket	Supermarket	112
Maplewoods	Assisted Living	105
Tangeo	Enterprise Technology company	100
UConn Health Center (Correctional Facility)	Medical and mental help services	75
Sonics & Materials, Inc.	Medical devices manufacturing	75
Tier One	Medical devices manufacturing	70
Cascade Manufacturing	Manufacturing	64
Forecast International	Market research	49
SMT Corporation	Manufacturing	46

Source: Town of Newtown, Community Development Office.

Commute to Work

	Town of Newtown		State of Connecticut	
	Number	Percent	Number	Percent
Drove alone	11,034	82.6%	1,369,767	78.3%
Car pools	855	6.4	143,588	8.2
Used public transportation	239	1.8	84,597	4.8
Walked	145	1.1	53,146	3.0
Used other means	60	0.4	20,584	1.2
Worked at home	1,031	7.7	76,670	4.4
Total	13,364	100.0%	1,748,352	100.0%
Mean travel time to work (minutes)	32.6	–	25.4	

Source: American Community Survey 2011-2015.

Building Permits
(Values in 000s)

Calendar	Residential		Comm./Industrial		All Other [1]		Total	
Year	No.	Value	No.	Value	No.	Value	No.	Value
2016	14	$ 4,305,652	5	$ 4,952,397	1,994	$ 29,782,915	2,013	$39,040,964
2015	19	6,349,350	3	2,250,000	1,997	35,165,374	2,019	43,764,724
2014	18	5,321,951	3	5,635,997	2,012	32,968,999	2,033	43,926,947
2013	15	4,569,686	1	900,000	1,897	28,857,175	1,913	34,326,861
2012	20	6,538,979	2	1,295,000	2,012	26,095,463	2,034	33,929,442
2011	17	5,466,700	2	2,075,000	1,491	35,674,007	1,510	43,215,707
2010	10	2,760,485	4	2,570,000	1,493	18,038,402	1,507	23,368,887
2009	15	5,160,924	5	3,570,000	1,451	56,513,082	1,471	65,244,006
2008	23	5,796,825	2	4,525,000	1,699	31,357,472	1,724	41,679,297
2007	39	10,327,964	9	5,404,325	1,925	26,075,118	1,973	41,807,407

[1] *Includes additions, alterations, pools, etc.*

Source: Town of Newtown, Building Official.

Housing Unit Inventory and Vacancy Rates

	Town of Newtown		State of Connecticut	
Housing Units	Units	Percent	Units	Percent
1-unit, detached	8,839	86.9%	882,941	59.2%
1-unit, attached	318	3.1	80,636	5.4
2 units	186	1.8	121,410	8.1
3 or 4 units	320	3.1	132,512	8.9
5 to 9 units	135	1.3	82,727	5.5
10 to 19 units	24	0.2	55,826	3.7
20 or more units	180	1.8	123,561	8.3
Mobile home	165	1.6	11,898	0.8
Boat, RV, van, etc.	-	-	275	0.0
Total Inventory	10,167	100.0%	1,491,786	100.0%

Source: American Community Survey 2011-2015.

Owner Occupied Housing Units

	Town of Newtown		State of Connecticut	
Specified Owner-Occupied Units	**Number**	**Percent**	**Number**	**Percent**
Less than $50,000	169	2.1%	24,620	2.8%
$50,000 to $99,000	48	0.6	28,771	3.3
$100,000 to $149,999	121	1.5	78,066	9.0
$150,000 to $199,000	243	3.0	140,544	16.2
$200,000 to $299,999	1,231	15.0	251,106	29.0
$300,000 to $499,999	3,929	47.7	235,670	27.2
$500,000 or more	2,490	30.3	106,965	12.4
$1,000,000 or more	250	3.0	40,485	4.7
Total	8,231	100.0%	865,742	100.0%
Median Value	$414,700		$270,500	

Source: American Community Survey 2011-2015.

Age Distribution of Housing

	Town of Newtown		State of Connecticut	
Year Built	**Units**	**Percent**	**Units**	**Percent**
1939 or earlier	1,220	12.0%	334,290	22.4%
1940 to 1969	3,246	31.9	536,618	36.0
1970 to 1979	1,504	14.8	200,288	13.4
1980 to 1989	1,169	11.5	193,794	13.0
1990 to 1999	1,634	16.1	113,875	7.6
2000 or 2009	1,334	13.1	104,093	7.0
2010 or later	56	0.6	7,423	0.5
Total Housing Units	10,163	100.0%	1,490,381	100.0%

Source: American Community Survey 2011-2015.

Breakdown of Land Use

Type	**Acres**	**Percent**
Residential	19,155	48.0%
Institutional	399	1.0
Commercial/industrial	1,197	3.0
Parks, Open Space/Recreational	3,193	8.0
Vacant Land	3,591	9.0
Other	12,373	31.0
Total	39,908	100.0%

Source: Town of Newtown, Planning Department.

IV. Tax Base Data

Property Tax Assessment

Under Section 12-62 of the Connecticut General Statutes, the Town must revalue all real estate by physical inspection no later than ten years following the preceding physical inspection. The Town must conduct a statistical revaluation no later than five years after the last physical inspection. The maintenance of an equitable tax base and the location and appraisal of all real and personal property within the Town for inclusion on the Grand List is the responsibility of the Assessor. The Grand List represents the total of assessed value for all taxable real and personal property located within the Town as of October 1. A Board of Assessment Appeals determines whether adjustments to the Assessor's list on assessments under appeal are warranted. Assessments are computed at seventy percent (70%) of market value at the time of the last general revaluation. The Town completed its last general revaluation for the assessment year commencing October 1, 2012. The next revaluation is scheduled for October 1, 2017.

When a new structure or modification to an existing structure is undertaken, the Assessor's Office receives a copy of the permit issued by the Building Inspector. A physical appraisal is then completed and the structure classified and priced from a schedule developed as of the revaluation. Property depreciation and obsolescence factors are also considered when arriving at an equitable value.

Effective October 1, 2015, Public Act No. 15-244; as amended (the "Act"), allows municipalities to tax motor vehicles at a different rate than other taxable property but caps the motor vehicle tax rate at (i) 32.00 mills for the 2015 assessment year and (ii) 29.36 mills for the 2016 assessment year and thereafter. The Act also diverts a portion of state collected sales tax revenue to provide funding to municipalities to mitigate the revenue loss attributed to the motor vehicle property tax cap. The City's motor vehicle tax rates for the current 2016 assessment year is 29.36 mills.

Motor vehicle lists are furnished to the Town by the State of Connecticut and appraisals of motor vehicles are accomplished in accordance with an automobile price schedule developed by the Connecticut Association of Assessing Officials and as recommended by the State Office of Policy and Management. Section 12-71b of the Connecticut General Statutes provides that motor vehicles which are registered with the Commissioner of Motor Vehicles after the October 1 assessment date but before the next August 1 are subject to a property tax as if the motor vehicle had been included on the October 1 Grand List. The tax is prorated, and the proration is based on the number of months of ownership between October 1 and the following July 31. Cars purchased in August and September are not taxed until the next October 1 Grand List. If the motor vehicle replaces a motor vehicle that was taxed on the October Grand List, the taxpayer is entitled to certain credits.

All personal property (commercial furniture, fixtures, equipment, machinery and leased equipment) is assessed annually. An assessor's check and audit is completed periodically. Assessments for both personal property and motor vehicles are computed at seventy percent (70%) of present market value.

Section 12-124a of the Connecticut General Statutes permits a municipality, upon approval by its legislative body, to abate property taxes on owner-occupied residences to the extent that the taxes exceed eight percent of the owner's total income, from any source, adjusted for self-employed persons to reflect expenses allowed in determining adjusted gross income. The owner must agree to pay the amount of taxes abated with interest at 6% per annum, or at such rate approved by the legislative body, at such time that the residence is sold or transferred or on the death of the last surviving owner. A lien for such amounts is recorded in the land records but does not take precedence over any mortgage recorded before the lien. The Town has not approved the use of this abatement provision to date.

Property Tax Levy and Collection

Effective October 1, 2015, the Act (Public Act No. 15-244), creates certain disincentives on increasing general budget expenditures for municipalities in Connecticut. Beginning in fiscal year 2018, the Office of Policy and Management ("OPM") must reduce the amount of the municipal revenue sharing grant (which is created by the Act) for those municipalities whose increases in general budget expenditures, with certain exceptions, exceed the spending limits specified in the Act. Each fiscal year, OPM must reduce the municipal revenue sharing grant paid to a municipality if the annual increase in its general budget expenditures is equal to or greater than 2.5 percent or the inflation rate, whichever is greater. The reduction to the municipal revenue sharing grant will generally equal 50 cents for every dollar the municipality spends over the expenditure cap. However, for municipalities that taxed motor vehicles at more than 32 mills for the 2013 assessment year (for taxes levied in fiscal year 15), the reduction shall not be more than the portion of the grant that exceeds the difference between the amount of property taxes the municipality levied on motor vehicles for the 2013 assessment year and the amount the levy would have been had the motor vehicle mill rate been 32 mills. (See "Property Tax Assessments" herein.)

The Act requires each municipality to annually certify to the Secretary of OPM whether the municipality has exceeded the increased spending limits, and if so, the amount by which the limit was exceeded.

Under the Act, municipal spending does not include expenditures:

1. for debt service, special education, or costs to implement court orders or arbitration awards;
2. associated with a major disaster or emergency declaration by the President or disaster emergency declaration issued by the Governor under the civil preparedness law; or
3. for any municipal revenue sharing grant the municipality disburses to a district, up to the difference between the amount of property taxes the district levied on motor vehicles in the 2013 assessment year and the amount the levy would have been had the motor vehicle mill rate been 32 mills, for fiscal year 17 disbursements, or 29.36 mills, for fiscal year 18 disbursements and thereafter.

Property Tax Collections

Fiscal Year Ended 6/30	*Grand List 10/1*	*Tax Rate (in Mills)*	*Adjusted Annual Levy*	*Percent of Annual Levy Collected At End of Fiscal Year*	*Percent of Annual Levy Uncollected at End of Fiscal Year*	*Percent of Annual Levy Uncollected As of 6/30/2016*
2017	2015	33.60	$102,107,431	In Collection		
2016	2014	33.07	100,822,157	99.3%	0.7%	0.70%
2015	2013	33.31	100,736,217	99.2	0.8	0.18
2014	2012	33.32	99,925,361	99.3	0.7	0.12
2013	2011	24.54	96,019,710	99.0	1.0	0.15
2012	2010	24.37	94,762,206	99.0	1.0	0.14
2011	2009	24.00	92,326,177	99.2	0.8	0.13
2010	2008	23.43	90,216,520	99.2	0.8	0.12

Source: Town of Newtown, Tax Collector

Property Taxes Receivable

Fiscal Year Ended June 30	*Current Year Taxes Receivable*	*Total Taxes Receivable*
2016	$ 674,543	$ 1,744,243
2015	807,267	1,870,076
2014	729,081	1,836,469
2013	946,003	2,064,005
2012	948,219	2,056,776
2011	815,952	1,583,503
2010	750,682	1,387,206
2009	826,582	1,334,576
2008	807,568	1,307,275

Source: Town of Newtown, Tax Collector

Principal Taxpayers

Name of Taxpayer	*Nature of Business*	*Taxable Valuation*	*Percent of Net Taxable Grand List* [1]
Eversource (formerly CL &P)	Utility	$ 35,994,310	1.16%
E&A/I&G Sandhilll Plaza Ltd Partnership.....	Shopping center	15,155,000	0.49
Newtown Shopping Village L.P.....	Shopping Center	10,141,950	0.33
Iroquois Gas Transmission System.....	Utility	8,509,500	0.27
Newtown ALF Property LLC.....	Assisted Living	7,700,820	0.25
42 Taunton Hill Road LLC.....	Real estate	6,700,870	0.22
M Newtown Assoc LTD Partnership.....	Real estate	6,666,180	0.21
Newtown Savings Bank.....	Banking	6,381,520	0.21
Barnabas Realty Group Partnership.....	Real estate	5,869,610	0.19
Taunton Press Inc.	Publisher	5,789,510	0.19
Total.....		$108,909,270	3.50%

[1] *Net Taxable Grand List October 1, 2016 of $3,111,407,000.*

Source: Town of Newtown, Assessor's Office

Comparative Assessed Valuations of Taxable Property

Grand List As Of 10/1	*Residential Real Property (%)*	*Commercial & Industrial Real Property (%)*	*Other Real Property (%)*	*Personal Property (%)*	*Motor Vehicles (%)*	*Gross Taxable Grand List*	*Exemptions, Veterans Relief and Disabled*	*Net Taxable Grand List*	*Percent Change*
2016 [1]	77.6	8.2	2.1	4.4	7.7	$3,164,405	$ 52,998	$3,111,407	1.0%
2015	78.2	7.9	2.3	4.0	7.6	3,121,682	40,811	3,080,871	0.2
2014	77.9	7.9	2.3	4.3	7.6	3,114,041	38,935	3,075,106	0.7
2013	78.2	7.8	2.4	4.1	7.5	3,088,028	32,893	3,055,135	0.6
2012	78.2	7.9	2.5	4.0	7.4	3,066,820	29,695	3,037,125	-23.2
2011	81.3	7.0	3.7	2.3	5.7	3,986,003	33,380	3,952,623	0.5
2010	81.4	7.0	3.4	2.7	5.5	3,967,118	33,394	3,933,724	0.7
2009	81.6	7.0	3.3	2.8	5.3	3,942,760	34,556	3,908,204	-0.1
2008	84.6	6.9	1.1	2.4	5.0	3,945,749	34,327	3,911,422	-0.2
2007	82.3	6.3	3.2	2.6	5.6	3,949,520	30,171	3,919,349	-

[1] *Before Board of Assessments Appeals*

Source: Assessor's Office, Town of Newtown.

Date of last general revaluation, 10/1/12.

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V. Debt Summary

Long-Term Bonded Debt
As of March 15, 2017
(Pro Forma)

Date	Purpose	Interest Rate %	Original Issue	Amount Outstanding	Fiscal Year of Maturity
10/30/1998	Clean Water Fund (CWF PLO 113-C2)[1] …	2.00	$ 16,128,596	$ 641,841	10/31/2017
10/31/2003	Drinking Water Fund (DWSRF PLO 200101-C)……	2.10	516,000	185,528	06/30/2023
06/29/2006	Drinking Water Fund (DWSRF PLO 200402-C)……	2.32	171,738	84,798	12/31/2025
08/25/2009	Refunding, Series B (school)……	2.00–5.00	2,500,600	878,500	07/01/2018
08/25/2009	Refunding, Series B (general purpose)……	2.00–5.00	10,819,400	3,801,500	07/01/2018
09/28/2010	Refunding (school)……	0.25–5.00	2,319,500	1,931,000	07/01/2023
09/28/2010	Refunding (general purpose)……	0.25–5.00	6,590,500	6,164,000	07/01/2023
02/15/2012	School, Series A……	2.00–4.00	11,385,000	9,025,000	02/15/2032
03/20/2012	Refunding, Series B (general purpose)……	2.00–4.00	7,558,400	7,156,300	07/15/2026
03/20/2012	Refunding, Series B (sewer) [1]……	2.00–4.00	327,700	33,700	07/15/2019
03/15/2014	School……	2.00–3.50	2,046,000	1,768,600	03/15/2034
03/15/2014	General Purpose……	2.00–3.50	1,966,000	1,841,400	03/15/2034
03/15/2014	Sewers……	2.00–3.50	2,488,000	2,240,000	03/15/2034
02/18/2015	Refunding (general purpose)……	2.375-5.00	5,196,000	4,940,300	08/15/2030
02/18/2015	Refunding (school)……	2.375-5.00	12,424,000	11,559,700	08/15/2030
03/15/2016	General Purpose……	2.00–4.00	9,490,000	9,490,000	03/15/2036
03/15/2016	School……	2.00–4.00	2,510,000	2,510,000	03/15/2036
05/10/2016	General Purpose……	3.00–4.00	233,000	233,000	07/01/2021
05/10/2016	School……	3.00–4.00	2,062,000	2,062,000	07/01/2021
Sub-total…….			$ 96,732,434	$ 66,547,167	
This Issue					
03/15/2017	General Purpose……	2.00–4.00	$ 2,400,000	$ 2,400,000	03/15/2037
03/15/2017	School……	2.00–4.00	2,408,000	2,408,000	03/15/2037
03/15/2017	Sewers [1]……	2.00–4.00	282,000	282,000	03/15/2037
	Total This Issue……		$ 5,090,000	$ 5,090,000	
	Grand Total……		$ 101,822,434	$ 71,637,167	

[1] *Sewer debt is self-supporting.*

Short Term Debt
As of March 15, 2017
(Pro-Forma)

The Town has no short-term debt outstanding.

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State of Connecticut Clean Water Fund Program

The Town is a participant in the State of Connecticut's Clean Water Fund Program (Connecticut General Statutes Sections 22a-475 et seq., as amended) which provides financial assistance through a combination of grants and loans bearing interest at a rate of 2% per annum. All participating municipalities receive a grant of 20% and a loan of 80% of total eligible costs, except for combined sewer overflow correction & phosphorus removal projects (50% grant and 50% loan) and denitrification projects (30% grant and 70% loan).

Loans to each municipality are made pursuant to Project Grant and Project Loan Agreements (the "Loan Agreement"). Each municipality is obligated to repay only that amount which it draws down for the payment of project costs (Interim Funding Obligations). Each municipality must deliver to the State an obligation secured by the full faith and credit of the municipality, and/or a dedicated source of revenue of each municipality.

Amortization of each loan is required to begin one year from the earlier of the project completion date specified in the Loan Agreement or the actual project completion date. The final maturity of each loan is twenty years from the scheduled completion date. Principal and interest payments are made (1) in equal monthly installments commencing one month after the scheduled completion date, or (2) in a single annual installment representing 1/20 of total principal not later than one year from the project completion date specified in the Loan Agreement and thereafter in monthly installments. Loans made under a Loan Agreement entered into prior to July 1, 1989 are repayable in annual installments. Borrowers may elect to make level debt service payments or level principal payments. Borrowers may prepay their loans at any time prior to maturity without penalty.

As of the date of this Official Statement, the Town has approximately $641,841 of Clean Water Fund project loan obligations outstanding reflected in the Town's "Debt Summary" herein.

Drinking Water State Revolving Fund Program

The Town is a participant in the State of Connecticut's Drinking Water State Revolving Fund Program (General Statutes Sections 22a-475 et seq., as amended), which provides financial assistance to the Town through loans bearing interest at a rate not exceeding one-half the rate of the average net interest cost as determined by the last previous similar bond issue by the State of Connecticut as determined by the State Bond Commission.

Loans to each municipality are made pursuant to a Project Loan Agreement. Each municipality is obligated to repay only that amount that it draws down for the payment of project costs (Interim Funding Obligation). Each municipality must deliver to the State an obligation secured by the full faith and credit of the municipality and/or a dedicated source of revenue of such municipality.

The amortization requirements, payment schedule and prepayment provisions are the same as under the Clean Water Fund Program.

As of the date of this Official Statement, the Town has approximately $270,326 of Drinking Water Fund project loan obligations outstanding reflected in the Town's "Debt Summary" herein.

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Annual Bonded Debt Maturity Schedule
As of March 15, 2017
(Pro Forma)

Fiscal Year Ending	*Principal Payments*	*Interest Payments* [1]	*Total Payments*	*This Issue*	*Total Principal*	*Cumulative Principal Retired*
2017 [2]	$ 1,956,908	$ 265,856	$ 2,222,764	$ -	$ 1,956,908	2.7%
2018	6,588,683	2,231,717	8,820,400	650,000	7,238,683	12.8
2019	6,062,492	2,009,989	8,072,481	175,000	6,237,492	21.5
2020	5,638,307	1,775,499	7,413,806	250,000	5,888,307	29.8
2021	5,329,140	1,574,003	6,903,143	250,000	5,579,140	37.6
2022	5,509,991	1,368,952	6,878,943	250,000	5,759,991	45.6
2023	5,075,861	1,160,345	6,236,206	250,000	5,325,861	53.0
2024	5,070,135	960,891	6,031,026	250,000	5,320,135	60.5
2025	4,445,373	796,322	5,241,695	250,000	4,695,373	67.0
2026	4,025,277	655,517	4,680,794	250,000	4,275,277	73.0
2027	3,550,000	516,719	4,066,719	250,000	3,800,000	78.3
2028	2,805,000	409,059	3,214,059	240,000	3,045,000	82.5
2029	2,115,000	334,000	2,449,000	225,000	2,340,000	85.8
2030	2,115,000	261,325	2,376,325	225,000	2,340,000	89.1
2031	2,110,000	190,825	2,300,825	225,000	2,335,000	92.3
2032	1,400,000	133,813	1,533,813	225,000	1,625,000	94.6
2033	925,000	91,000	1,016,000	225,000	1,150,000	96.2
2034	825,000	60,125	885,125	225,000	1,050,000	97.7
2035	500,000	32,500	532,500	225,000	725,000	98.7
2036	500,000	16,250	516,250	225,000	725,000	99.7
2037	-	-	-	225,000	225,000	100.0
Total	$ 66,547,167	$14,844,708	$81,391,874	$ 5,090,000	$71,637,167	

[1] *Does not include interest on this issue.*

[2] *Excludes principal payments of $6,038,828 and interest payments of $2,364,729 made from July 1, 2016 through March 15, 2017.*

Overlapping/Underlying Debt

The Town has neither overlapping nor underlying debt.

THE TOWN HAS NEVER DEFAULTED IN THE PAYMENT OF PRINCIPAL OR INTEREST ON ITS BONDS OR NOTES.

Debt Statement
As of March 15, 2017
(Pro Forma)

Long-Term Debt Outstanding:	
General Purpose (Includes this issue)	$ 36,026,500
Schools (Includes this issue)	32,142,800
Sewers (Includes this issue)	3,467,867
Total Long-Term Debt	71,637,167
Short-Term Debt:	
Outstanding Bond Anticipation Notes	-
Direct Debt	71,637,167
Overlapping / Underlying Debt	-
Overall Debt	71,637,167
Less: State school construction grants receivable as of 6/30/2016	374,875
Self-supporting sewer debt	(957,541)
Overall Net Debt	$ 70,679,626

Current Debt Ratios
As of March 15, 2017
(Pro Forma)

Population [1]	28,012
Net Taxable Grand List (10/1/16)	$3,111,407,000
Estimated Full Value (70%)	$4,444,867,143
Equalized Net Taxable Grand List (10/1/14) [2]	$4,558,435,297
Income per Capita [1]	$ 48,744

	Total Long Term Debt: $71,637,167	***Direct Debt: $71,637,167***	***Overall Net Debt: $70,679,626***
Per Capita	$2,557.37	$2,557.37	$2,523.19
Ratio to Net Taxable Grand List	2.30%	2.30%	2.27%
Ratio to Estimated Full Value	1.61%	1.61%	1.59%
Ratio to Equalized Net Taxable Grand List	1.57%	1.57%	1.55%
Debt per Capita to Money Income per Capita 2015	5.25%	5.25%	5.18%

[1] *2011–2015 American Community Survey.*

[2] *State of Connecticut, Office of Policy and Management.*

Temporary Financing

When general obligation bonds have been authorized, bond anticipation notes maturing in not more than two years may be issued (CGS Sec. 7-378). Temporary notes may be renewed up to ten years from their original date of issue as long as all project grant payments are applied toward payment of temporary notes when they become due and payable and the legislative body schedules principal reductions starting at the end of the third and continuing in each subsequent year during which such temporary notes remain outstanding in an amount equal to a minimum of 1/20th (1/30th for school and sewer projects) of the estimated net project cost (CGS Sec. 7-378a). The term of the bond issue is reduced by the amount of time temporary financing exceeds two years, or, for school and sewer projects, by the amount of time temporary financing has been outstanding.

Temporary notes must be permanently funded no later than ten years from the initial borrowing date except for school and sewer notes issued in anticipation of State and/or Federal grants. If a written commitment exists, the municipality may renew the notes from time to time in terms not to exceed six months until such time that the final grant payments are received (CGS Sec. 7-378b).

Temporary notes may also be issued for up to fifteen years for certain capital projects associated with the operation of a waterworks system (CGS Sec. 7-244a) or a sewage system (CGS Sec. 7-264a). In the first year following the completion of the project(s), or in the sixth year (whichever is sooner), and in each year thereafter, the notes must be reduced by at least 1/15 of the total amount of the notes issued by funds derived from certain sources of payment. Temporary notes may be issued in one year maturities for up to fifteen years in anticipation of sewer assessments receivable, such notes to be reduced annually by the amount of assessments received during the preceding year (CGS Sec. 7-269a).

Authority to Incur Debt

Special appropriations for capital improvements during the budget year may be recommended by the Board of Selectmen to the Legislative Council. Special appropriations shall be accompanied by a recommendation of the Board of Finance concerning whether or not such appropriation should be made. The Legislative Council may approve appropriations and financing up to and including $500,000 for any one item in the fiscal year. Any appropriation in excess of $500,000 requires Town Meeting approval which may decrease but not increase any item submitted. All special appropriations must indicate a method of financing the appropriations.

Town Meeting approval for special appropriations on bond or note authorizations requires a majority of qualified voters. A referendum is also required if a petition signed by five percent (5%) of the eligible voters is filed within seven (7) days of the Town Meeting.

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Statement of Statutory Debt Limitation
As of March 15, 2017
(Pro Forma)

Total Tax Collections (including interest and lien fees) for the year ended June 30, 2016	$ 101,247,613
Total tax collections, Borough of Newtown	201,793
BASE FOR DEBT LIMITATION COMPUTATION	$ 101,449,406

	General Purposes	*Schools*	*Sewers*	*Urban Renewal*	*Unfunded Past Pension*	*Total*
Debt Limitation:						
2 1/4 times base	$ 228,261,164	-	-	-	-	$ 228,261,164
4 1/2 times base	-	$456,522,327	-	-	-	456,522,327
3 3/4 times base	-	-	$380,435,273	-	-	380,435,273
3 ¼ times base	-	-	-	$329,710,570	-	329,710,570
3 times base	-	-	-	-	$304,348,218	304,348,218
Total Debt Limitation	$ 228,261,164	$456,522,327	$380,435,273	$329,710,570	$304,348,218	$ 710,145,842
Less Indebtedness:						
Bonds & CWF PLOs (Outstanding)[1]	33,626,500	29,734,800	3,185,867	-	-	66,547,167
Bonds (This Issue)	2,400,000	2,408,000	282,000	-	-	5,090,000
Underlying Debt	-	-	-	-	-	-
Authorized But Unissued Debt	6,508,650	2,835,821	-	-	-	9,344,471
Total Indebtedness	42,535,150	34,978,621	3,467,867	-	-	80,981,638
Less: School Grants Receivable	-	-	-	-	-	-
Less: Self-Supporting Sewer Debt	-	-	957,541	-	-	957,541
Net Debt for Calculation of Debt Limit	42,535,150	34,978,621	2,510,326	-	-	80,024,097
Debt Limitation in Excess of Outstanding And Authorized Debt	$ 185,726,014	$421,543,706	$377,924,947	$329,710,570	$304,348,218	$ 630,121,745

[1] *Sewer assessment debt in the amount of $957,541 and water debt in the amount of $270,326 is excludable from the calculation of debt limitation as allowed by Connecticut General Statutes. $2,240,000 of sewer debt is supported from the general fund.*

Note: In no case shall total indebtedness exceed seven times annual receipts from taxation or $710,145,842.

Authorized But Unissued Debt
As of March 15, 2017
(Pro Forma)

Project	*Amount Authorized*	*Bonds Previously Issued*	*Grants Received*	*This Issue: The Bonds*	*Authorized But Unissued*
Edmond Town Hall Improvements	$ 500,000	$ 300,000	$ -	$ 200,000	$ -
High School Roof	1,402,500	-	-	1,402,000	500
Middle Gate School Boiler	475,000	-	-	450,000	25,000
Newtown Community Center	5,000,000	-	-	-	5,000,000
Open Space Acquisition	450,000	-	-	450,000	-
Various Road Improvements	1,000,000	-	-	1,000,000	-
Pedestrian Sidewalk Improvements	150,000	-	754,000	150,000	-
High School Auditorium Improvements	3,600,000	2,510,000	534,000	556,000	-
Sidewalk Improvements	80,000	50,000	-	-	30,000
Fairfield Hills Remediation & Demolition	5,000,000	3,515,000	-	600,000	885,000
Newtown High School	38,826,000	26,500,000	10,339,180	-	1,986,820
Newtown Middle School Roof	4,257,690	2,751,000	1,042,189	-	464,501
Boggs Hill Road Culvert	238,000	215,000	-	-	23,000
Hawley School Boiler /HVAC	2,044,000	1,685,000	-	-	359,000
Dickinson Playground	866,112	438,000	387,462	-	40,650
Hawleyville Sewer Extension	3,800,000	2,488,000	500,000	282,000	530,000
Total	$ 67,689,302	$ 40,452,000	$ 13,556,831	$ 5,090,000	$ 9,344,471

Ratio of Annual Debt Service to Total General Fund Expenditures

Fiscal Year	*Debt Service*	*Total Expenditures and Transfers Out*	*Debt Service as Ratio to Total Expenditures and Transfers Out*
2017	$ 9,325,474	$ 114,182,379	8.17%
2016	10,106,365	119,251,311	8.47
2015	10,306,272	118,703,908	8.68
2014	10,058,924	118,014,537	8.52
2013	10,059,578	112,021,085	8.98
2012	9,344,261	111,267,116	8.40
2011	9,290,175	108,189,425	8.59
2010	9,755,127	106,931,439	9.12

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VI. Financial Information

The General Fund revenues, expenditures, and changes in fund balance for the fiscal years ended June 30, 2012 through 2016 have been derived from audited financial statements. The budget for 2016–17 is provided by the Town. The financial information presented herein is the responsibility of the Town's management (Appendix A – "Auditor's Section" was taken from the Comprehensive Annual Financial Report of the Town for the fiscal year ended June 30, 2016).

General Fund
Revenues, Expenditures and Changes in Fund Balance

	Budget 2016-17 [1]	Actuals 2015-16	Actuals 2014-15	Actuals 2013-14	Actual 2012-13	Actual 2011-12
Revenues:						
Property Taxes	$ 102,836,991	$ 101,236,267	$ 101,013,572	$ 100,427,517	$ 96,477,212	$ 94,848,822
Intergovernmental	8,541,438	16,346,850	15,304,723	16,438,269	14,999,779	14,748,930
Charges for Services	2,223,700	2,066,876	2,050,991	2,074,811	1,767,680	1,827,227
Investment Income	200,000	327,598	164,812	125,132	108,233	157,249
Other	205,250	220,531	50,014	136,925	161,772	62,937
Total Revenues	114,007,379	120,198,122	118,584,112	119,202,654	113,514,676	111,645,165
Expenditures:						
General government	4,851,254	4,571,674	4,435,497	4,368,292	4,232,279	4,254,735
Public Safety	10,195,366	9,589,721	9,554,205	8,987,583	8,367,257	8,500,460
Health & Welfare	2,533,820	2,625,049	2,528,257	2,614,668	2,420,998	2,432,401
Land Use	708,308	674,599	673,894	720,127	579,059	570,199
Public Works	9,921,145	9,712,331	10,075,427	9,937,725	8,901,794	9,063,916
Parks and Recreation	2,418,273	2,246,102	2,259,540	2,110,934	2,133,508	2,153,353
Education	73,665,065	79,390,666	78,608,340	79,695,025	74,874,327	74,459,845
Debt Service	9,325,474	10,106,365	10,306,272	10,058,924	10,059,578	9,344,261
Contingency	138,702	-	-	-	-	-
Total Expenditures	113,757,407	118,916,507	118,441,432	118,493,278	111,568,800	110,779,170
Revenues over (under) expenditures	249,972	1,281,615	142,680	709,376	1,945,876	865,995
Other Financing Sources Uses:						
Operating Transfers In	175,000	122,000	225,228	164,624	122,000	643,075
Operating Transfers (Out)	(424,972)	(334,804)	(262,476)	(478,741)	(452,285)	(487,946)
Total other Financing Sources (uses)	(249,972)	(212,804)	(37,248)	(314,117)	(330,285)	155,129
Revenues and other financing sources over (under) expenditures and other financing (uses)	-	1,068,811	105,432	395,259	1,615,591	1,021,124
Fund Balance, Beginning	12,375,734	11,306,923	11,201,491	10,806,232	9,190,641	8,169,517
Fund Balance, Ending	$ 12,375,734	$ 12,375,734	$ 11,306,923	$ 11,201,491	$ 10,806,232	$ 9,190,641

[1] *Budgetary basis and subject to audit.*

Source: Annual Audited Financial Statements.

Intergovernmental Revenues

Fiscal Year Ended 6/30	Intergovernmental Revenues	Total Revenues	Percent
2017 [1]	$ 8,541,438	$ 114,007,379	7.49%
2016	16,346,850	120,198,122	13.60
2015	15,304,723	118,584,112	12.91
2014	16,438,269	119,202,654	13.79
2013	14,999,779	113,514,676	13.21
2012	14,748,930	111,645,165	13.21
2011	12,282,389	107,432,162	11.43

[1] *Subject to audit.*

Source: Annual Audited Financial Statements.

Comparative Balance Sheet

	Actual 6/30/2016	*Actual 6/30/2015*	*Actual 6/30/2014*	*Actual 6/30/2013*	*Actual 6/30/2012*
Assets					
Cash and Cash Equivalents	$ 997,320	$ 1,395,735	$ 1,036,537	$ 340,590	$ 526,598
Investments	19,872,477	27,371,473	22,861,747	17,301,767	15,400,434
Receivables:					
Property taxes	1,744,243	1,870,076	1,836,469	2,064,005	2,056,776
Intergovernmental	91,157	211,174	7,884	563,159	266,298
Other	139,959	147,992	129,056	129,039	141,510
Due from Other Funds	1,018,414	647,203	343,971	1,454,160	1,092,668
Other Assets	1,887	3,464	9,201	293,086	-
Total assets	23,865,457	31,647,117	26,224,865	22,145,806	19,484,284
Liabilities and Fund Balances					
Accounts Payable	1,435,420	1,199,171	1,482,498	1,885,913	1,284,205
Accrued Liabilities	-	-	2,951,406	2,933,998	2,819,141
Accrued Payroll	3,298,530	3,115,324	-	-	-
Due to Other Funds	4,525,964	13,646,504	8,527,793	4,580,662	4,125,900
Performance Bonds	392,420	318,250	-	-	-
Deferred Revenues	-	-	-	-	1,822,652
Other Liabilities	-	-	201,328	199,945	241,745
Total liabilities	9,652,334	18,279,249	13,163,025	9,600,518	10,293,643
Deferred Inflows of Resources					
Property Taxes	$ 1,744,243	$ -	$ -	$ -	$ -
Advance Property Tax Collections	156,590	-	-	-	-
Unavailable Revenue	-	2,060,945	1,860,349	1,739,056	-
Total Deferred Inflows	1,900,833	2,060,945	1,860,349	1,739,056	-
Fund Balances					
Nonspendable	-	-	-	-	-
Restricted	-	-	-	-	-
Committed	-	-	-	-	-
Assigned	868,010	698,388	958,996	1,416,183	810,891
Unassigned	11,444,280	10,608,535	10,242,495	9,390,049	8,379,750
Total fund balance	12,312,290	11,306,923	11,201,491	10,806,232	9,190,641
Total liabilities and fund balance	23,865,457	31,647,117	26,224,865	22,145,806	19,484,284
Analysis of General Fund Balance					
Operating revenues	$ 120,198,122	$ 118,584,112	$ 119,202,654	$ 113,514,676	$ 111,645,165
Fund balance as a percent of operating revenues	10.24%	9.53%	9.40%	9.52%	8.23%
Unassigned fund balance as a percent of operating revenues	9.52%	8.95%	8.59%	8.27%	7.51%

Source: Annual Audited Financial Statements.

Accounting Policies and Basis of Accounting

The Town's accounting system is organized on a fund basis and uses funds and account groups to report on its financial position and results of operations. The General Fund is the general operating fund of the Town government. The Town's General Fund accounting records are maintained on a modified accrual basis, with major revenues recorded when earned and expenditures recorded when incurred. The accounting policies of the Town conform to generally accepted accounting principles as applied to governmental units. (See Appendix A – "Auditor's Section, Notes to Basic Financial Statements" herein.)

Audit

The Town, in accordance with the provisions of Chapter 111 of the Connecticut General Statutes, employs the services of an independent Certified Public Accountant firm to audit its financial records annually. The annual audits are conducted in compliance with Public Act 77-611 and contain the financial statements of the Town and the auditor's opinion thereon, in addition to specific comments and recommendations. The Town's Auditor is Cohn Reznick, LLP.

Certificate of Achievement for Excellence in Financial Reporting

The Town's Comprehensive Annual Financial Reports ("CAFR") for fiscal years 1995 through 2015 were awarded the Certificate of Achievement for Excellence in Financial Reporting by the Government Finance Officers Association of the United States and Canada. The Certificate of Achievement is the highest form of recognition for excellence in state and local government financial reporting.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized CAFR, whose contents conform to program standards. Such CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

Budget Adoption Procedure

Financial controls are under a three-person Board of Selectmen, a six-member board of Finance and a twelve-member Legislative Council. The budget-making process is as follows:

Date	**Action**
By February 1	All Town departments, except the Board of Education, submit budget requests to the Board of Selectmen.
By February 14	The Board of Selectmen reviews said budget requests and makes revisions, and submits a proposed general government Town budget for all such departments to the Board of Finance. The Board of Education also submits its budget to the Board of Finance.
By the first Wednesday in March	The Board of Finance holds a public hearing on the budgets proposed by the Board of Selectmen and the Board of Education and reviews and makes revisions.
By March 14	The Board of Finance submits the Board of Finance recommended Town budget to the Legislative Council.
Last Wednesday in March	Legislative Council holds a public hearing on the budget and makes final revisions.
By second Wednesday in April	Legislative Council approves proposed Town Budget to be submitted for final adoption at the Annual Town Budget Referendum.
On the fourth Tuesday in April	The proposed Town budget is submitted for adoption at the Annual Town Budget Referendum.

See "Authority to Incur Debt" herein for a discussion of a capital expenditure appropriation.

See "Capital Improvement Plan" herein for a discussion of the Capital Expenditure Budget.

Capital Improvement Plan

	Fiscal Year					
Sources of Funds	***2017-18***	***2018-19***	***2019-20***	***2020-21***	***2021-22***	***Total***
General Fund.....	$ 1,750,000	$ 2,000,000	$ 2,250,000	$ 2,500,000	$ 2,500,000	$ 11,000,000
Bonds.....	9,609,345	13,205,763	13,227,000	9,758,000	10,381,000	56,181,108
Grants.....	309,655	579,237	-	-	-	888,892
Other.....	-	-	500,000	-	-	500,000
Total	$ 11,669,000	$ 15,785,000	$ 15,977,000	$ 12,258,000	$ 12,881,000	$ 68,570,000
Use of Funds						
Board of Selectmen.....	$ 8,269,000	$ 12,483,000	$ 11,525,000	$ 10,058,000	$ 8,076,000	$ 50,411,000
Board of Education.....	3,400,000	3,302,000	4,452,000	2,200,000	4,805,000	18,159,000
Total Funding Sources	$ 11,669,000	$ 15,785,000	$ 15,977,000	$ 12,258,000	$ 12,881,000	$ 68,570,000

Note: The above is based on the Legislative Council's proposed Five Year Capital Plan for Fiscal Years 2018 through 2022.

Pension Programs

The Town contributes to four pension plans (Selectmen and Board of Education Personnel, Police Personnel, Elected Officials and Defined Contribution Pension Plan). Two of the plans, the Selectmen and Board of Education Personnel and the Police Personnel, are single-employer, contributory, defined benefit pension plans. The Elected Officials and the Defined Contribution Pension Plans are single-employer defined contribution pension plan. The last valuation was as of July 1, 2015.

Selectmen and Board of Education Personnel

This plan covers Board of Selectmen, uncertified Board of Education and Civilian Police Department personnel. Employees of other organizations including the Cyrenius H. Booth Library, the Children's Adventure Center, Inc. and the Newtown District Department of Health are also covered under the plan. Each employee may enter the plan after six months of full-time service. Vesting of benefits occurs after ten years of service (five years for non-highly compensated department heads). The plan also provides disability benefits after ten years of completed service and a death benefit equal to the return of employee contributions with interest. Administrative costs are financed from investment earnings.

Police Personnel

This plan covers sworn police personnel. These employees may enter the plan after six months of full-time service. Normal retirement is after 25 years of credited service or at age 60 with at least ten years of continuous credited service. There are three retired members of the plan who are eligible for cost of living adjustments. There is no cost of living adjustment for any other currently active or retired member. Early retirement may be taken after completing 20 years of service. The plan also provides disability benefits after one year of service and a death benefit equal to the return of employee contributions with interest. Administrative costs are financed from investment earnings.

Elected Officials

The Town administers a single employer defined contribution plan, which covers certain elected officials and "at will" employees of the Town. At June 30, 2016, there were two elected officials and two "at will" employees covered under the plan. All salaried, full-time elected officials and such other salaried, full-time appointed officials as designated by the Board of Selectmen can participate in the plan on the January 1 following or coincident with their commencement of employment with the Town. A participant's employer contribution account fully vests at age 50 or on termination of employment with the Town. At age 65, participants are entitled to a lump-sum payment as a retirement benefit. The Town is required to contribute 6% of each participant's compensation for the year, and each participant must contribute 2% of their compensation to the plan. For the year ended June 30, 2016, employer contributions were $12,971 and employee contributions totaled $4,324.

Defined Contribution Pension Plan

The Town administers a single-employer defined contribution plan, which covers non-union employees of the Town hired after January 1, 2014 and Teamster (Parks & Recreation) Local 145 employees hired after June 30, 2014. At June 30, 2014, there were no employees covered under the plan. The Town is required to contribute 5% of each participant's compensation for the year, and each participant must contribute 5% of their compensation to the plan.

Selectman and BOE Personnel Plan

Actuarial Valuation Date	*Actuarial Value of Assets (a)*	*Actuarial Accrued Liability (AAL) (b)*	*Funded (Unfunded) AAL (UAAL) (a-b)*	*Percentage Funded (a/b)*	*Covered Payroll (c)*	*UAAL as a % of Covered Payroll ((a-b)/c)*
July 1, 2007	$ 14,861,680	$ 13,662,528	1,199,152	108.78%	$ 11,031,168	10.87%
July 1, 2008	15,984,917	14,891,817	1,093,100	107.34%	11,878,385	9.20%
July 1, 2009	16,351,188	16,463,315	(112,127)	99.32%	12,834,058	(0.87%)
July 1, 2010	17,146,590	17,709,414	(562,824)	96.82%	13,109,110	(4.29%)
July 1, 2011	18,432,090	18,952,786	(520,696)	97.25%	13,371,509	(3.89%)
July 1, 2012	19,488,743	19,087,165	401,578	102.10%	13,222,292	3.04%
July 1, 2013	20,623,538	20,767,801	(144,263)	99.31%	13,781,055	(1.05%)
July 1, 2014	22,050,256	22,250,733	(200,477)	99.10%	14,332,156	(1.40%)
July 1, 2015	21,638,928	24,619,393	(2,980,465)	87.89%	14,648,086	(20.35%)
July 1, 2016	24,242,292	26,188,592	(1,946,300)	92.57%	14,390,882	(13.52%)

Source: Town of Newtown, Finance Department.

Police Personnel Plan

Actuarial Valuation Date	*Actuarial Value of Assets (a)*	*Actuarial Accrued Liability(AAL) (b)*	*Funded (Unfunded) AAL (UAAL) (a-b)*	*Percentage Funded (a/b)*	*Covered Payroll (c)*	*UAAL as a % of Covered Payroll ((a-b)/c)*
July 1, 2007	$ 10,169,180	$ 10,555,713	(386,533)	96.34%	$ 2,812,921	(13.74%)
July 1, 2008	10,736,256	10,983,585	(247,329)	97.75%	2,973,016	(8.32%)
July 1, 2009	10,932,466	12,011,192	(1,078,726)	91.02%	3,415,591	(31.58%)
July 1, 2010	11,419,366	12,755,035	(1,335,669)	89.53%	3,579,566	(37.31%)
July 1, 2011	12,153,619	13,655,333	(1,501,714)	89.00%	3,448,073	(43.55%)
July 1, 2012	12,789,794	14,542,202	(1,752,408)	87.95%	3,631,329	(48.26%)
July 1, 2013	13,517,603	15,470,719	(1,953,116)	87.38%	3,827,046	(51.03%)
July 1, 2014	14,395,542	16,582,292	(2,186,750)	86.81%	3,393,213	(64.44%)
July 1, 2015	14,059,437	18,056,413	(3,996,976)	77.86%	3,793,179	(105.37%)
July 1, 2016	15,569,789	19,153,240	(3,583,451)	81.29%	3,809,065	(94.08%)

Source: Town of Newtown, Finance Department.

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Other Post-Employment Benefits

The Town is in compliance with the requirements of Governmental Accounting Standards Board ("GASB") Statements 43 and 45, which require municipalities and other governmental entities to undertake an actuarial evaluation of their Other Post-Employment Benefit ("OPEB") plans and include information concerning the valuation of such plans in their financial statements. The Town was required to comply with the reporting requirements of GASB 45 beginning with the 2009 fiscal year.

The Town provides health and life insurance coverage to retirees based on various collective bargaining agreements. The retirees' contribution toward this coverage varies based on collective bargaining agreements. To date, the Town provides coverage to six retirees. The Board of Education provides health and dental insurance to one retiree and spouse based on a retirement agreement. The health insurance coverage consists of hospitalization, medical, surgical and major medical with various limits. The current annual cost of coverage for the eight employees and one spouse is approximately $75,000.

The Town completed an actuarial valuation of its OPEB liability as of July 1, 2014. The accrued liability totaled $6,105,993 with $2,461,859 assigned to the Town and $3,644,134 assigned to the Board of Education. The annual required contribution for is $793,865 for fiscal year 2015–16 and $814,292 for fiscal year 2016–17.

Schedule of Funding Status and Funding Progress

Actuarial Valuation Date	*Actuarial Value of Assets (a)*	*Actuarial Accrued Liability (AAL) (b)*	*Funded (Unfunded) AAL (UAAL) (a-b)*	*Percentage Funded (a/b)*	*Covered Payroll (c)*	*UAAL as a % of Covered Payroll ((a-b)/c)*
7/1/2008	$ -	$ 3,761,700	(3,761,700)	0.00%	$ 34,779,302	(10.82%)
7/1/2010	156,261	6,397,819	(6,241,558)	2.44%	35,055,000	(17.81%)
7/1/2012	610,498	6,264,781	(5,654,283)	9.74%	36,634,200	(15.43%)
7/1/2014	1,282,204	7,388,197	(6,105,993)	17.35%	36,690,663	(16.64%)

History of Annual Required Contribution (ARC)

Year Ended June 30	*Annual Required Contribution (ARC)*
2009	$ 405,062
2010	430,949
2011	739,726
2012	756,952
2013	775,470
2014	720,995
2015	739,707
2016	793,865
2017 [1]	814,292

[1] *Subject to audit.*

Source: Town of Newtown, Finance Department.

For more information, please refer to Note #8 – Other Post-Employment Benefits (OPEB) in the Notes to the Financial Statements included as Appendix A herein.

Investment Practices

Chapter Five, Section 5-01(b) of the Newtown Charter provides the Financial Director the authority to set investment policy for the Town's operating funds. The Financial Director seeks to earn the highest returns available taking into consideration prudent investment principles. Investments shall be made with judgment and care, under circumstances then prevailing, not for speculation, but for considering the probable safety of principal as well as the probable income to be derived. The Financial Director will undertake to maximize the yield on investments consistent with the requirements for safety and minimization of risk and with the requirement that funds be available for payment when due.

Eligible investments are governed by the Connecticut General Statutes, Sections 3-27, 7-400, 7-401 and 7-402. Section 3-27 authorizes the Financial Director to invest in the State of Connecticut Short Term Investment Fund ("STIF"). Section 7-400 permits investments into certain listed Federal, state and local governmental obligations. The Board of Selectmen per Section 7-401 designates which banks the Financial Director uses as depositories for Town funds. Section 7-402 authorizes deposits into qualified public depositories. In addition, the Financial Director monitors the risk-based capital ratios and collateral requirements of the qualified public depositories, as defined by the Connecticut General Statutes, Section 36-382. See Appendix A – "Auditor's Section, Notes to Basic Financial Statements, Note III.A." herein regarding the Town's audited cash and cash equivalent investments at June 30, 2016.

The Town's operating funds are invested in the following short-term investments: (1) various certificates of deposit with Connecticut banks; (2) Connecticut STIF established pursuant to section 3-27d of the Connecticut General Statutes (municipal funds deposited with STIF may be used by the State to acquire the investments set forth in section 3-27d of the general statutes).

The Town's pension funds have an investment policy. Allowable investments under the policy consist of investment-grade corporate bonds as rated by Standard & Poor's, government bonds issued and guaranteed by the U.S. Treasury and U.S. Agencies, Federally insured certificates of deposit, and equities consisting of stocks and mutual funds. Professional money managers are employed to manage the assets allocated to them. The Board of Selectmen, as trustee of the pension plans, is responsible for overall investment policy. Any change in investment manager or individual security purchase must have their approval. The pension committee acts as advisor to the Board of Selectmen. Please refer to Appendix A – "Auditor's Section, Notes to Basic Financial Statements, Note I.C." regarding the Town's investment policy and investments of the Town's Pension Funds at June 30, 2016.

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VII. Legal and Other Information

Litigation

Following consultation with the Town Attorney, and other attorneys providing legal services to the Town, Town officials advise that the Town, its officers, employees, boards and commissions are named defendant in a number of lawsuits. With regard to these pending lawsuits, it is the Town officials' opinion that such pending litigation will not be finally determined so as to result, individually or in the aggregate, in final judgments against the Town which would materially adversely affect its financial position, except as set forth below:

The Town and the Board of Education of the Town are defendants in a lawsuit entitled *The Estate of Jesse Lewis, Scarlett Lewis as Administratrix, et al vs. The Town, et al*, which is being brought by the estates of two of the children who were killed in the Sandy Hook School shootings. The suit was served upon the Town and Board of Education on January 9, 2015. The Town and the Board of Education have in place an insurance policy with an aggregate liability limitation of $10,000,000. The suit has been submitted to the Town's insurance carrier for defense thereof and a determination of coverage. As of the date hereof, no response has been received from the Town's insurance carrier. The Town Attorney offers no opinion as to the outcome of this suit.

Transcript and Closing Documents

The winning bidder will be furnished the following documents when the Bonds are delivered:

1. Signature and No Litigation Certificate stating that at the time of delivery no litigation is pending or threatened affecting the validity of the Bonds or the levy or collection of taxes to pay them.

2. A certificate on behalf of the Town signed by the First Selectman and the Director of Finance, which will be dated the date of delivery, and attached to a signed copy of the Official Statement, certifying that, to the best of said officials' knowledge and belief, at the time bids on the Bonds were accepted, the descriptions and statements in the Official Statement relating to the Town and its finances were true and correct in all material respects and did not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, and that there has been no material adverse change in the financial condition of the Town from that set forth in or contemplated by the Official Statement.

3. A receipt for the purchase price of the Bonds.

4. The approving opinion of Robinson & Cole LLP, Bond Counsel, of Hartford, Connecticut in substantially the form attached as Appendix B to this Official Statement.

5. An executed Continuing Disclosure Agreement for the Bonds in substantially the form attached as Appendix C to this Official Statement.

The Town has prepared an Official Statement for the Bonds, which is dated March 8, 2017. The Town deems such Official Statement final as of its date for purposes of SEC Rule 15c2-12 (b)(5), but it is subject to revision or amendment. The Town will make available to the winning bidder of the Bonds 25 copies of the Official Statement at the Town's expense within seven business days of the bid opening. Additional copies may be obtained by the original purchaser at its own expense by arrangement with the printer.

A transcript of the proceedings taken by the Town will be kept on file at the offices of U.S. Bank National Association in Hartford, Connecticut and will be available for examination upon reasonable notice.

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Concluding Statement

This Official Statement is not to be construed as a contract or agreement between the Town and the purchaser or holders of the Bonds. Any statements made in this Official Statement involving matters of opinion or estimates are not intended to be representation of fact, and no representation is made that any of such opinion or estimate will be realized. No representation is made that past experience, as might be shown by financial or other information herein, will necessarily continue or be repeated in the future. Neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Town since the date hereof. References to statutes, charters, or other laws herein may not be complete and such provision of law are subject to repeal or amendment.

Information herein has been derived by the Town from official and other sources and is believed by the Town to be reliable, but such information other than that obtained from official records of the Town has not been independently confirmed or verified by the Town and its accuracy is not guaranteed.

Additional information may be obtained from Robert Tait, Director of Finance, Town Hall, 3 Primose Street, Newtown, Connecticut 06470, and telephone number (203) 270-4226. This Official Statement has been duly prepared and delivered by the Town, and executed for and on behalf of the Town by the following officials:

TOWN OF NEWTOWN, CONNECTICUT

/s/ *E. Patricia Llodra*

E. Patricia Llodra, *First Selectman*

/s/ *Robert G. Tait*

Robert G. Tait, *Director of Finance*

Dated: March 8, 2017

Appendix A

2016 Basic Financial Statements

The following includes the Basic Financial Statements of the Town for the fiscal year ended June 30, 2016. The supplemental data, which was a part of that report, has not been reproduced herein. A copy of the complete report is available upon request from Barry Bernabe, Managing Director, Phoenix Advisors LLC, 53 River Street, Suite 1, Milford, Connecticut 06460. Telephone (203) 283-1110.

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Independent Auditor's Report

Board of Finance
Town of Newtown, Connecticut

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Newtown, Connecticut, as of and for the year ended June 30, 2016, 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, 2016, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the pension and other post-employment benefit schedules on pages 14 to 24 and pages 85 to 94, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued our report dated December 7, 2016, on our consideration of the Town of Newtown, Connecticut's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Newtown, Connecticut's internal control over financial reporting and compliance.

CohnReznick LLP

Hartford, Connecticut
December 7, 2016

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ROBERT G. TAIT
FINANCE DIRECTOR

TOWN OF NEWTOWN
OFFICE OF THE FINANCE DIRECTOR

MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2016

As management of the Town of Newtown, Connecticut, we offer readers of the Town of Newtown's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2016. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal in the introductory section of this report.

Financial Highlights

- On a government-wide basis, the Town's net position grew by $32.3 million for the fiscal year, $33.1 million of which was generated by governmental activities, while there was a decrease of $795 thousand from the business-type activities of the Town. The increase was due to the significant increase in capital assets of $33.0 million. The increase in capital assets is due to the construction in progress for the Sandy Hook School and the Fairfield Hills buildings.

- The Town's combined net position totaled $274.0 million. Of this amount, the unrestricted components were $21.1 million in governmental activities and $3.0 million in business-type activities.

- At year end, unassigned fund balance for the general fund was $11,444,280 or 10.2% of total general fund budgetary expenditures and other financing uses.

- The Bonded Projects fund ended the fiscal year with a fund balance of $5,962,821 due to there being less expenditures incurred on projects than current year grants and financing.

Overview of the Financial Statements

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Town of Newtown, assets exceeded liabilities by $274.0 million at the close of the fiscal year.

The largest portion of the Town's net position (89.6%) reflects its investment in capital assets (e.g., land, buildings, machinery and equipment, infrastructure), less any related debt and related liabilities used to acquire those assets that are still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Summary Statement of Net Position

	Governmental Activities		Business-type Activities		Totals	
	2016	2015	2016	2015	2016	2015
Current and other assets	$ 55,632,131	$ 48,978,848	$ 3,820,542	$ 5,505,687	$ 59,452,673	$ 54,484,535
Capital assets (net)	291,557,077	258,614,595	29,598,031	29,231,158	321,155,108	287,845,753
Total assets	347,189,208	307,593,443	33,418,573	34,736,845	380,607,781	342,330,288
Deferred outflows of resources	5,412,570	3,435,422	7,641	9,096	5,420,211	3,444,518
Long-term liabilities outstanding	81,866,039	73,041,910	2,511,217	3,602,835	84,377,256	76,644,745
Other liabilities	24,084,677	24,663,191	1,876,435	1,303,237	25,961,112	25,966,428
Total liabilities	105,950,716	97,705,101	4,387,652	4,906,072	110,338,368	102,611,173
Deferred inflows of resources	1,686,439	1,453,729	4,802	11,310	1,691,241	1,465,039
Net position:						
Net investment in capital assets	219,568,514	191,092,069	26,005,257	24,500,880	245,573,771	215,592,949
Restricted	4,291,228	4,920,388			4,291,228	4,920,388
Unrestricted	21,104,881	15,857,578	3,028,503	5,327,679	24,133,384	21,185,257
TOTAL NET POSITION	$244,964,623	$ 211,870,035	$ 29,033,760	$ 29,828,559	$ 273,998,383	$ 241,698,594

An additional portion of the Town's net position of $4.3 million represents resources that are subject to external restrictions on how they may be used. The remaining portion of net position is unrestricted and totaled $24.1 million.

Governmental activities. Already noted was the statement of activities' purpose in presenting information on how the Town's net position changed during the most recent fiscal year. A statement of changes in net position follows. For the fiscal year, The Town's net position increased by $33.1 million during the current fiscal year. The increase was due to the significant increase in capital assets of $33.0 million. The increase in capital assets is due to the continued construction in progress for the Sandy Hook School and the Fairfield Hills buildings. The reader should remember that the basis of accounting used in the government-wide statement of activities excludes capital expenses, while its revenues include general taxes whose primary purpose is for the construction of those very assets or their related debt service.

Statement of Changes in Net Position

	Governmental Activities		Business-type Activities		Totals	
	2016	2015	2016	2015	2016	2015
REVENUES:						
Program revenues:						
Charges for services	$ 6,694,176	$ 6,298,317	$ 1,342,631	$ 1,198,487	$ 8,036,807	$ 7,496,804
Operating grants and contributions	19,384,116	19,919,812	31,503		19,415,619	19,919,812
Capital grants and contributions	30,852,252	21,188,401			30,852,252	21,188,401
General revenues:						
Property taxes	101,373,044	100,926,929			101,373,044	100,926,929
Grants and contributions not restricted to specific programs	2,770,496	2,962,325			2,770,496	2,962,325
Investment income	360,637	210,013	39,441	41,486	400,078	251,499
Miscellaneous	220,547	50,014			220,547	50,014
TOTAL REVENUES	161,655,268	151,555,811	1,413,575	1,239,973	163,068,843	152,795,784
EXPENSES:						
General government	6,748,506	6,487,392			6,748,506	6,487,392
Public safety	11,763,967	11,028,701			11,763,967	11,028,701
Health and welfare	3,141,088	3,197,189			3,141,088	3,197,189
Land use	753,241	666,559			753,241	666,559
Public works	10,403,732	9,630,398			10,403,732	9,630,398
Parks and recreation	3,748,633	3,625,294			3,748,633	3,625,294
Education	89,774,822	90,038,453			89,774,822	90,038,453
Interest expense	2,226,691	2,534,616			2,226,691	2,534,616
Sewer Department			1,696,780	1,696,442	1,696,780	1,696,442
Water Department			511,594	479,700	511,594	479,700
TOTAL EXPENSES	128,560,680	127,208,602	2,208,374	2,176,142	130,769,054	129,384,744
CHANGES IN NET POSITION	33,094,588	24,347,209	(794,799)	(936,169)	32,299,789	23,411,040
NET POSITION - JULY 1	211,870,035	187,522,826	29,828,559	30,764,728	241,698,594	218,287,554
NET POSITION - JUNE 30	$ 244,964,623	$ 211,870,035	$ 29,033,760	$ 29,828,559	$ 273,998,383	$ 241,698,594

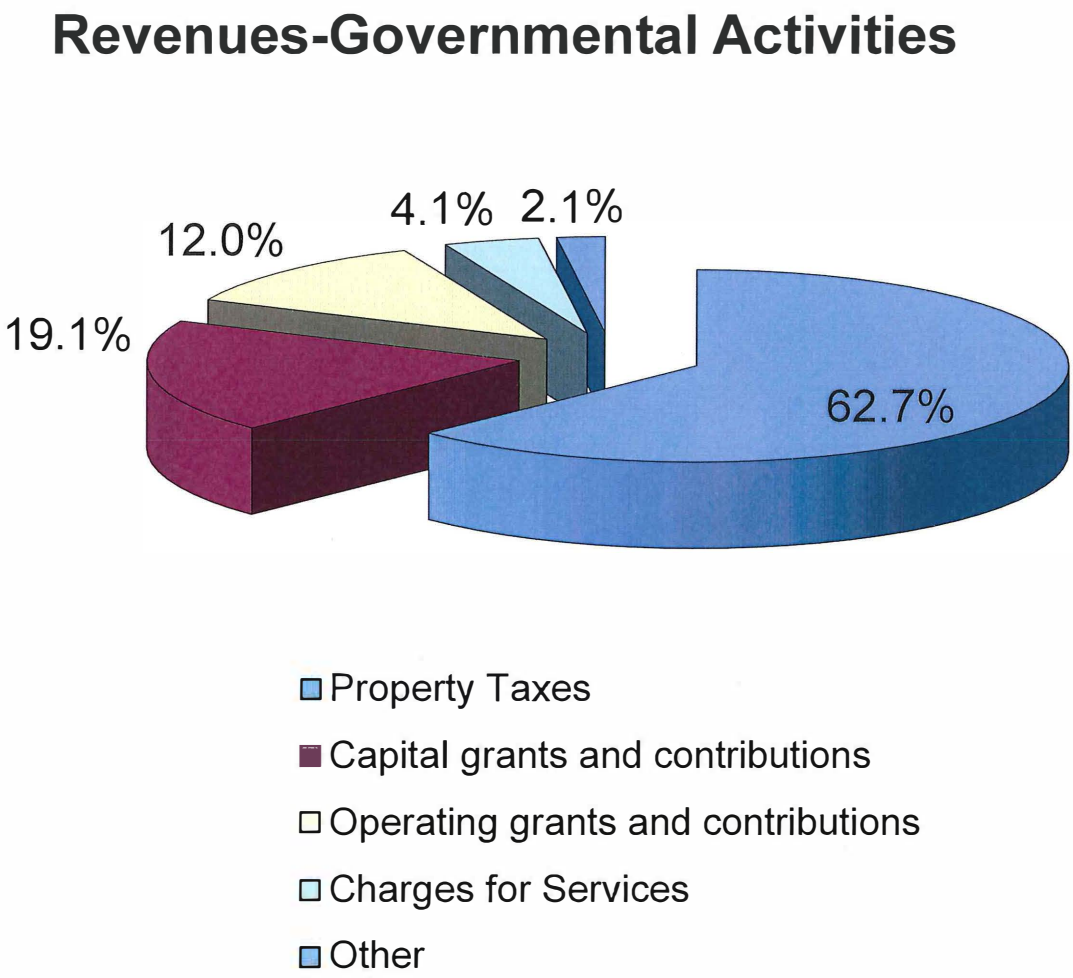
Significant changes from the prior year for revenues are as follows:

- Operating grants and contributions decreased by $535,696. This decrease was mostly due to a decrease in the grants related to the Sandy Hook tragedy of $2,061,745, offset by an increase in on-behalf amounts of $1,074,476 related to the Town's allocable share of the pension expense for the State Teachers' Retirement Plan.

- Capital grants and contributions increased by $9,663,851 as a result of an increase of $19,642,451 of grants to fund construction of the new Sandy Hook School offset by a decrease of $10,000,000 due to contribution to fund construction of the Newtown Community Center recorded in prior year.

Revenues

Governmental activities revenues totaled $161.7 million for fiscal year 2016. Property taxes are the largest revenue source for the Town and represent 62.7% of governmental revenues. Current tax collections were 99.3% of the adjusted tax levy. Capital grants and contributions' revenues are the Town's second largest source of revenue. Capital grants and contributions' revenues include school building grants, contributions for construction of Newtown Community Center, and grants related to the building of the new Sandy Hook School. Capital grants and contributions' revenues account for 19.1% of governmental revenues for the year. Operating grants and contributions, the third largest revenue, amount to 12.0% of governmental revenues and include grants for school lunch program, education, law enforcement, daycare, public works, grants related to Sandy Hook, contributions to the Sandy Hook fund, and the Town gift fund. Charges for services represent 4.1% of governmental revenues and include the school lunch program, adult education, Edmond Town Hall and park and recreation programs. Grants and contributions not restricted to specific programs account for 1.7% and include elderly tax relief and in lieu of tax contributions. Investment income represents 0.3% of governmental revenue. Miscellaneous revenue accounts for the remaining governmental revenues and amount to 0.1% of governmental revenues.



Expenses

Significant changes from the prior year are as follows:

- Public safety expenses increased by $735,266 due mainly to increased pension expenses relating to the pension liability.
- Public works expenses increased by $773,334 due mainly to increased pension expenses relating to the pension liability.
- Education expenses decreased by $263,631. The decrease is mostly due to decrease in the education budgeted expenditures of approximately $285,000.
- Interest expenses decrease by $307,925. The decrease is mostly due to savings captured based on refunding bonds issued in prior year and current year.

Governmental activity expenses totaled $128.6 million for the fiscal year. Of the expenses, 69.9% or $89.8 million is for education. Public works expenses amounted to $10.4 million, or 8.1%, while public safety amounted to $11.8 million or 9.2%. Parks and recreation expenses were $3.7 million or 2.9%. Interest expense was $2.2 million or 1.7%. General government expenses were $6.7 million, or 5.2%, health and welfare expenses were $3.1 million or 2.4%, and land use expenses were $0.8 million or 0.6%.

Business-Type Activities

Revenues

General revenues do not support the Town's business-type activities; thus, the largest source of revenues comes from charges for services. Of the $1.4 million in revenue from the sewer department and water department, 95.0% comes from charges for services. Operating grants and contributions makes up 2.2% of revenues for the Town's business activities, consisting of grants from the state. Investment income makes up the final 2.8% of revenues for the Town's business activities.

Charges for services increased by $0.1 million during the year due to an increase in customer consumption.

Expenses

Sewer department and water department operating expenses increased $338 and $31,894, respectively, for the fiscal year ended June 30, 2016 due to the increase in contracted services for the operating of the plant.

Financial Analysis of the Town's Funds

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

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

The combined fund balances of governmental funds for the fiscal year ended June 30, 2016 is $24.8 million. Unassigned fund balance totals $11.4 million. The remainder of fund balance is not available for appropriation or spending by the Town and is classified as follows: Nonspendable of $0.6 million, Restricted of $3.7 million, Committed of $8.1 million and Assigned of $1.0 million.

General Fund

The general fund is the operating fund of the Town. The budgetary fund balance of the general fund increased by $0.8 million for the fiscal year. Revenues and transfers in were higher than budgeted by $0.7 million and expenditures were lower by $0.1 million than the amount budgeted, led by $23,677 from public safety. The net impact on fund balance was an increase of $0.8 million. The property tax rate decreased from 33.31 mills to 33.07 mills.

General Fund Budgetary Highlights

A detailed budgetary comparison schedule for the fiscal year ended June 30, 2016 can be found on Exhibit F. A summary of that schedule follows:

	BUDGET			VARIANCE WITH
	ORIGINAL	FINAL	ACTUAL	FINAL BUDGET
REVENUES & OTHER FINANCING SOURCES				
Taxes	$ 100,999,170	$ 100,999,170	$ 101,236,267	$ 237,097
All other revenues	10,609,343	10,609,343	10,972,786	363,443
Cancellation of prior encumbrances			9,370	9,370
Transfers in	122,000	122,000	225,000	103,000
Total	111,730,513	111,730,513	112,443,423	712,910
EXPENDITURES & OTHER FINANCING USES				
Expenditures	111,395,709	111,229,261	111,160,571	68,690
Transfers out	334,804	501,252	501,248	4
Total	111,730,513	111,730,513	111,661,819	68,694
CHANGE IN FUND BALANCE	$ -	$ -	$ 781,604	$ 781,604

General Fund Budgetary Highlights (continued)

There were no additional appropriations for the year. Overall, revenues were higher than budgetary estimates and expenditures remained below budgeted amounts, with no department exceeding its annual appropriation. Transfers from contingency of $349,826 were made to help defray year end overruns.

Bonded Projects Fund

The Bonded Projects fund revenues and other financing sources were more than its expenditures and other financing uses by $6,489,290 for the fiscal year. Capital outlay activity was financed with a bond issuance in the current year and intergovernmental revenues.

Proprietary funds. The Town's proprietary funds provide the same information found in the government-wide financial statements, but in more detail. The Town's enterprise funds posted an overall decrease in net position of $795 thousand for the fiscal year ended June 30, 2016.

Sewer Fund

Unrestricted net position of the sewer fund at the end of the year amounted to $4,743,551, a decrease of $1,822,505 from the prior year.

The major contributor to the decrease was depreciation expense.

Water Fund

Unrestricted net position of the water fund at the end of the year amounted to a deficit of $1,715,048, an increase to the deficit of $476,671 from the prior year.

The major contributor to the decrease was depreciation expense.

Self-Insured Medical Benefits Internal Service Fund

Unrestricted net position of the self-insured medical benefits fund at the end of the year amounted to $2,743,633.

The Town's self-insured medical benefits fund recorded a decrease in net position for the year of $400,334.

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

Capital Assets and Debt Administration

The Town of Newtown's capital assets for both governmental and business-type activities amounted to $320.9 million, net of depreciation. This includes land, buildings, equipment, and infrastructure (roads and bridges). Capital assets for governmental activities increased by 12.7%, while business-type capital assets increased 0.4%. These changes included the following:

- Construction in progress increased by $36,509,424 mainly due to the continued construction in progress for the Sandy Hook school of $30,815,852 and the Fairfield Hills buildings of $3,052,212.
- Buildings and systems decreased a net of $2,224,493 due to depreciation expense.
- Machinery and equipment decreased a net of $412,044 due to annual depreciation expense of $570,767 offset by various equipment purchases totaling $168,018.
- Infrastructure decreases were due primarily to annual depreciation.

Capital Assets - Net

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Land	$ 26,175,546	$ 26,013,496	$ 1,000	$ 1,000	$ 26,176,546	$ 26,014,496
Intangible assets	3,687,270	3,687,270	491,353	534,704	4,178,623	4,221,974
Construction in progress	54,630,088	18,883,205	3,028,495	2,265,954	57,658,583	21,149,159
Buildings and systems	130,410,648	132,635,141			130,410,648	132,635,141
Land improvements	14,179,066	14,406,171			14,179,066	14,406,171
Plant and pumping stations			8,790,335	8,818,119	8,790,335	8,818,119
Sewer distribution system			15,973,412	16,191,404	15,973,412	16,191,404
Water distribution system			1,221,316	1,307,632	1,221,316	1,307,632
Machinery and equipment	4,844,962	5,252,711		4,295	4,844,962	5,257,006
Vehicles	5,199,623	5,189,432	92,120	108,050	5,291,743	5,297,482
Infrastructure	52,429,874	52,547,169			52,429,874	52,547,169
TOTAL	$291,557,077	$258,614,595	$ 29,598,031	$ 29,231,158	$321,155,108	$ 287,845,753

Additional information on the Town's capital assets can be found in Exhibit L (III) C.

Long-term debt

The Town's long-term debt increased by a net of $2,931,524, due to the scheduled debt service payments for the outstanding issues and offset by the issuance of general obligations and refunding bonds. At the end of the current fiscal year, the Town had total governmental activities bond and note debt outstanding of $69,025,105. Of this amount, $344,931 will be funded from state grants. In addition, at the end of the current fiscal year, the Town had debt outstanding of $3,561,088, which is wastewater operations debt for which the Town is liable in the event of default by the property owners subject to the sewer assessment.

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

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
General purpose bonds	$ 32,896,920	$ 26,977,620	$ 2,285,900	$ 2,488,100	$ 35,182,820	$ 29,465,720
School bonds	35,651,680	37,120,380			35,651,680	37,120,380
Sewer bonds and clean water notes	385,985	760,102	1,275,188	2,209,527	1,661,173	2,969,629
Water notes	90,520	98,940			90,520	98,940
	$ 69,025,105	$ 64,957,042	$ 3,561,088	$ 4,697,627	$ 72,586,193	$ 69,654,669

The Town maintains an "AAA" rating from Standard & Poor's and an Aa1 rating from Moody's Investors Service for general obligation debt.

State statutes limit the amount of general obligation debt a governmental entity may issue to seven times total tax collections including interest and lien fees. The current debt limitation for the Town is $710,145,842, which is significantly in excess of the Town's outstanding general obligation debt.

Additional information on the Town's long-term debt can be found in Exhibit L (III) F.

Next Year's Budgets and Rates

The Town elected and appointed officials considered many factors when setting the fiscal year 2017 budget. The mill rate was set at 33.60, which represents a 1.6% increase.

The 2017 general fund budget was $114,182,379, an increase of 2.2% over the prior year adopted budget.

The Town did not budget the use of any fund balance to balance the 2017 budget.

Requests for Information

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

Basic Financial Statements

TOWN OF NEWTOWN, CONNECTICUT

STATEMENT OF NET POSITION
JUNE 30, 2016

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS			
Current assets:			
Cash	$ 4,868,289	$	$ 4,868,289
Investments	34,287,805	1,447,861	35,735,666
Receivables:			
Property taxes	803,934		803,934
Assessments		850,440	850,440
Use charges		232,346	232,346
Intergovernmental	608,565		608,565
Loans receivable	20,000		20,000
Contributions receivable	5,000,000		5,000,000
Other	687,675		687,675
Internal balances	(267,153)	367,374	100,221
Other	34,931		34,931
Total current assets	46,044,046	2,898,021	48,942,067
Noncurrent assets:			
Restricted assets:			
Temporarily restricted:			
Cash	394,624		394,624
Investments	2,009,475		2,009,475
Permanently restricted:			
Cash	10,000		10,000
Investments	600,000		600,000
Total restricted assets	3,014,099	-	3,014,099
Receivables (net):			
Property taxes	1,510,746		1,510,746
Assessments		922,521	922,521
Intergovernmental	288,968		288,968
Loans receivable	224,272		224,272
Contributions receivable	4,550,000		4,550,000
Total receivables (net)	6,573,986	922,521	7,496,507
Capital assets (net of accumulated depreciation):			
Land	26,175,546	1,000	26,176,546
Intangible assets	3,687,270	491,353	4,178,623
Construction in progress	54,630,088	3,028,495	57,658,583
Buildings and systems	130,410,648		130,410,648
Land improvements	14,179,066		14,179,066
Plant and pumping stations		8,790,335	8,790,335
Sewer distribution system		15,973,412	15,973,412
Water distribution system		1,221,316	1,221,316
Machinery and equipment	4,844,962		4,844,962
Vehicles	5,199,623	92,120	5,291,743
Infrastructure	52,429,874		52,429,874
Total net capital assets	291,557,077	29,598,031	321,155,108
Total noncurrent assets	301,145,162	30,520,552	331,665,714
TOTAL ASSETS	347,189,208	33,418,573	380,607,781
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge on refunding	501,032	7,641	508,673
Deferred outflow related to pensions	4,911,538		4,911,538
TOTAL DEFERRED OUTFLOWS OF RESOURCES	5,412,570	7,641	5,420,211

(Continued)

TOWN OF NEWTOWN, CONNECTICUT

STATEMENT OF NET POSITION
JUNE 30, 2016

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
LIABILITIES			
Current liabilities:			
Accounts payable	$ 9,980,173	$ 766,316	$ 10,746,489
Accrued payroll	3,454,062		3,454,062
Accrued interest payable	1,377,176		1,377,176
Unearned revenue	1,650,887		1,650,887
Bonds, notes and related liabilities	6,882,280	1,089,198	7,971,478
Landfill post closure costs	17,000		17,000
Capital lease	49,933		49,933
Compensated absences	196,132		196,132
Termination benefits	84,500		84,500
Other liabilities	392,534	20,921	413,455
Total current liabilities	24,084,677	1,876,435	25,961,112
Noncurrent liabilities:			
Bonds, notes and related liabilities	65,557,382	2,511,217	68,068,599
Landfill post closure costs	136,000		136,000
Compensated absences	784,528		784,528
Termination benefits	96,000		96,000
Net pension liability	13,476,873		13,476,873
Net OPEB obligation	1,815,256		1,815,256
Total noncurrent liabilities	81,866,039	2,511,217	84,377,256
TOTAL LIABILITIES	105,950,716	4,387,652	110,338,368
DEFERRED INFLOWS OF RESOURCES			
Advance property tax collections	156,590	4,802	161,392
Deferred inflow related to pensions	1,529,849		1,529,849
TOTAL DEFERRED INFLOWS OF RESOURCES	1,686,439	4,802	1,691,241
NET POSITION			
Net investment in capital assets	219,568,514	26,005,257	245,573,771
Restricted for:			
Endowments:			
Nonexpendable	610,000		610,000
Expendable	2,009,475		2,009,475
General government	444,326		444,326
Public safety	98,139		98,139
Health and welfare	21,731		21,731
Education	1,107,557		1,107,557
Unrestricted	21,104,881	3,028,503	24,133,384
TOTAL NET POSITION	$ 244,964,623	$ 29,033,760	$ 273,998,383

(Concluded)

See Notes to Financial Statements.

EXHIBIT B

TOWN OF NEWTOWN, CONNECTICUT

STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2016

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES: CHARGES FOR SERVICES	PROGRAM REVENUES: OPERATING GRANTS AND CONTRIBUTIONS	PROGRAM REVENUES: CAPITAL GRANTS AND CONTRIBUTIONS	NET EXPENSES AND CHANGES IN NET POSITION: GOVERNMENTAL ACTIVITIES	NET EXPENSES AND CHANGES IN NET POSITION: BUSINESS-TYPE ACTIVITIES	NET EXPENSES AND CHANGES IN NET POSITION: TOTAL
GOVERNMENTAL ACTIVITIES:							
General government	$ 6,748,506	$ 811,598	$ 84,003	$	$ (5,852,905)	$	$ (5,852,905)
Public safety	11,763,967	843,555	79,243		(10,841,169)		(10,841,169)
Health and welfare	3,141,088	10,404	73,248		(3,057,436)		(3,057,436)
Land use	753,241	56,628			(696,613)		(696,613)
Public works	10,403,732	1,151,513		36,400	(9,215,819)		(9,215,819)
Parks and recreation	3,748,633	1,450,819	11,870		(2,285,944)		(2,285,944)
Education	89,774,822	2,369,659	19,135,752	30,815,852	(37,453,559)		(37,453,559)
Interest expense	2,226,691				(2,226,691)		(2,226,691)
TOTAL GOVERNMENTAL ACTIVITIES	128,560,680	6,694,176	19,384,116	30,852,252	(71,630,136)	-	(71,630,136)
BUSINESS-TYPE ACTIVITIES:							
Sewer Department	1,696,780	995,686	31,503			(669,591)	(669,591)
Water Department	511,594	346,945				(164,649)	(164,649)
TOTAL BUSINESS-TYPE ACTIVITIES	2,208,374	1,342,631	31,503	-	-	(834,240)	(834,240)
TOTAL	$ 130,769,054	$ 8,036,807	$ 19,415,619	$ 30,852,252	$ (71,630,136)	$ (834,240)	$ (72,464,376)
GENERAL REVENUES:							
Property taxes					$ 101,373,044	$	$ 101,373,044
Grants and contributions not restricted to specific programs					2,770,496		2,770,496
Investment income					360,637	39,441	400,078
Miscellaneous					220,547		220,547
TOTAL GENERAL REVENUES					104,724,724	39,441	104,764,165
CHANGE IN NET POSITION					33,094,588	(794,799)	32,299,789
NET POSITION - JULY 1, 2015					211,870,035	29,828,559	241,698,594
NET POSITION - JUNE 30, 2016					$ 244,964,623	$ 29,033,760	$ 273,998,383

See Notes to Financial Statements.

TOWN OF NEWTOWN, CONNECTICUT

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2016

	GENERAL	BONDED PROJECTS	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS				
Cash	$ 604,900	$	$ 1,211,891	$ 1,816,791
Restricted cash	392,420		12,204	404,624
Investments	19,872,477	14,027,105	2,997,698	36,897,280
Receivables:				
Property taxes	1,744,243			1,744,243
Intergovernmental	91,157		424,985	516,142
Loans receivable			249,413	249,413
Other	139,959		248,665	388,624
Due from other funds	1,018,414		2,907,936	3,926,350
Other	1,887		33,044	34,931
TOTAL ASSETS	$ 23,865,457	$ 14,027,105	$ 8,085,836	$ 45,978,398
LIABILITIES				
Accounts payable	$ 1,435,420	$ 6,761,515	$ 460,262	$ 8,657,197
Accrued payroll	3,298,530		155,532	3,454,062
Due to other funds	4,525,964		383,713	4,909,677
Unearned revenue		1,302,769	348,118	1,650,887
Performance bonds	392,420			392,420
TOTAL LIABILITIES	9,652,334	8,064,284	1,347,625	19,064,243
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue:				
Property taxes	1,744,243			1,744,243
Advance property tax collections	156,590			156,590
Loans			249,413	249,413
TOTAL DEFERRED INFLOWS OF RESOURCES	1,900,833	-	249,413	2,150,246
FUND BALANCES				
Nonspendable			610,000	610,000
Restricted			3,681,228	3,681,228
Committed		5,962,821	2,112,357	8,075,178
Assigned	868,010		85,213	953,223
Unassigned	11,444,280	-		11,444,280
TOTAL FUND BALANCES	12,312,290	5,962,821	6,488,798	24,763,909
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 23,865,457	$ 14,027,105	$ 8,085,836	$ 45,978,398

(Continued)

TOWN OF NEWTOWN, CONNECTICUT

RECONCILIATION OF FUND BALANCE
TO NET POSITION OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2016

AMOUNTS REPORTED FOR GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF NET POSITION (EXHIBIT A) ARE DIFFERENT FROM THE GOVERNMENTAL FUND BALANCE SHEET. THE DIFFERENCES ARE DUE TO:	
TOTAL FUND BALANCE (EXHIBIT C, PAGE 1)	$ 24,763,909
CAPITAL ASSETS USED IN GOVERNMENTAL ACTIVITIES ARE NOT FINANCIAL RESOURCES AND, THEREFORE, ARE NOT REPORTED IN THE FUNDS:	
Beginning net capital assets	258,614,595
Capital assets additions (net of construction in progress)	38,120,149
Depreciation expense	(5,102,972)
Disposal of capital assets	(74,695)
OTHER LONG-TERM ASSETS AND DEFERRED OUTFLOWS ARE NOT AVAILABLE RESOURCES AND, THEREFORE, ARE NOT REPORTED IN THE FUNDS:	
Property tax interest and lien accrual	1,143,437
Allowance for doubtful accounts	(578,141)
School building grant receivable	381,391
Contributions receivable	9,550,000
Deferred outflow related to pensions	4,911,538
Deferred charge on refunding	501,032
OTHER LONG-TERM ASSETS ARE NOT AVAILABLE TO PAY FOR CURRENT PERIOD EXPENDITURES AND, THEREFORE, ARE UNAVAILABLE IN THE FUNDS:	
Property tax and community development block grant receivable - accrual basis change	1,993,656
INTERNAL SERVICE FUNDS ARE USED BY MANAGEMENT TO CHARGE THE COST OF MEDICAL INSURANCE TO INDIVIDUAL DEPARTMENTS:	
The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position	2,743,633
SOME LIABILITIES AND DEFERRED INFLOWS, INCLUDING BONDS PAYABLE, ARE NOT DUE AND PAYABLE IN THE CURRENT PERIOD AND, THEREFORE, ARE NOT REPORTED IN THE FUNDS:	
Bonds and notes payable	(69,025,105)
Premium	(3,414,557)
Landfill post closure costs	(153,000)
Capital leases	(49,933)
Compensated absences	(980,660)
Termination benefits	(180,500)
Net pension liability	(13,476,873)
Net OPEB obligation	(1,815,256)
Accrued interest payable	(1,377,176)
Deferred inflow related to pensions	(1,529,849)
NET POSITION OF GOVERNMENTAL ACTIVITIES	$ 244,964,623

(Concluded)

See Notes to Financial Statements.

EXHIBIT D

TOWN OF NEWTOWN, CONNECTICUT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2016

	GENERAL	BONDED PROJECTS	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES:				
Property taxes	$ 101,236,267	$	$	$ 101,236,267
Intergovernmental	16,346,850	30,815,852	6,113,886	53,276,588
Charges for services	2,066,876		4,620,806	6,687,682
Investment income	327,598		87,803	415,401
Net change in fair value of investments			(62,821)	(62,821)
Contributions			263,880	263,880
Other	220,531	16		220,547
TOTAL REVENUES	120,198,122	30,815,868	11,023,554	162,037,544
EXPENDITURES:				
Current:				
General government	4,571,674		1,593,910	6,165,584
Public safety	9,589,721		822,222	10,411,943
Health and welfare	2,625,049		464,984	3,090,033
Land use	674,599			674,599
Public works	9,712,331		21,473	9,733,804
Parks and recreation	2,246,102		647,224	2,893,326
Education	79,390,666		7,580,124	86,970,790
Debt service	10,106,365	80,000	151,130	10,337,495
Capital outlay		36,356,462	734,687	37,091,149
TOTAL EXPENDITURES	118,916,507	36,436,462	12,015,754	167,368,723
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	1,281,615	(5,620,594)	(992,200)	(5,331,179)
OTHER FINANCING SOURCES (USES):				
Issuance of debt		12,000,000		12,000,000
Issuance of refunding bonds		2,295,000		2,295,000
Premium		212,251	519,366	731,617
Payment to refunded bonds escrow agent		(2,427,251)		(2,427,251)
Transfers in	225,000	30,800	605,627	861,427
Transfers out	(501,248)	(916)	(359,263)	(861,427)
NET OTHER FINANCING SOURCES (USES)	(276,248)	12,109,884	765,730	12,599,366
NET CHANGE IN FUND BALANCES	1,005,367	6,489,290	(226,470)	7,268,187
FUND BALANCES - JULY 1, 2015	11,306,923	(526,469)	6,715,268	17,495,722
FUND BALANCES - JUNE 30, 2016	$ 12,312,290	$ 5,962,821	$ 6,488,798	$ 24,763,909

See Notes to Financial Statements.

TOWN OF NEWTOWN, CONNECTICUT

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2016

AMOUNTS REPORTED FOR GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF ACTIVITIES (EXHIBIT B) ARE DUE TO:	
NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS (EXHIBIT D).....	$ 7,268,187
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period:	
Capital outlay.....	38,120,149
Depreciation expense.....	(5,102,972)
Total	33,017,177
The net effect of various miscellaneous transactions involving capital assets (i. e., sales, trade-ins and donations) is to increase net position. In the Statement of Activities, only the *loss* on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the cost of the capital assets sold:	
Disposal of capital assets.....	(74,695)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds and revenues recognized in the Fund Financial Statements are not recognized in the Statement of Activities:	
School building grant receipts.....	(533,604)
Change in property tax and community development block grant - accrual basis change.....	37,904
Change in property tax and community development block grant interest and lien revenue.....	105,367
Total	(390,333)
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. The details of these differences in the treatment of long-term debt and related items are as follows:	
Debt issued or incurred:	
General obligation debt.....	(12,000,000)
Issuance of refunding bonds.....	(2,295,000)
Premium.....	(599,366)
Deferred charge on refunding.....	(85,000)
Principal repayments:	
General obligation debt.....	7,542,600
Notes payable.....	304,337
Refunded bonds.....	2,380,000
Total	(4,752,429)

(Continued)

TOWN OF NEWTOWN, CONNECTICUT

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2016

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:

Accrued interest payable	$ (22,525)
Amortization of bond premium	415,634
Amortization of deferred charges on refunding	(179,175)
Landfill post closure	17,000
Capital lease	49,933
Compensated absences	(22,667)
Termination benefits	92,500
Pension expense	(1,538,018)
Net OPEB obligation	(385,667)
Total	(1,572,985)

Internal Service Funds are used by management to charge costs of medical insurance to individual departments:

The net revenue of the activities of the Internal Service Fund is reported with governmental activities	(400,334)
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES (EXHIBIT B)	$ 33,094,588

(Concluded)

See Notes to Financial Statements.

TOWN OF NEWTOWN, CONNECTICUT

GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2016

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:				
Property taxes	$ 100,999,170	$ 100,999,170	$ 101,236,267	$ 237,097
Intergovernmental	8,216,543	8,216,543	8,357,781	141,238
Charges for services	2,162,550	2,162,550	2,066,876	(95,674)
Investment income	125,000	125,000	327,598	202,598
Other revenues	105,250	105,250	220,531	115,281
TOTAL REVENUES	111,608,513	111,608,513	112,209,053	600,540
EXPENDITURES:				
Current:				
General government	4,295,113	4,549,220	4,531,751	17,469
Public safety	9,596,572	9,631,192	9,607,515	23,677
Health and welfare	2,588,237	2,630,451	2,625,299	5,152
Land use	675,316	680,011	674,599	5,412
Public works	9,860,351	9,774,860	9,763,097	11,763
Parks and recreation	2,331,472	2,271,538	2,266,532	5,006
Education	71,587,946	71,585,413	71,585,413	-
Contingency	350,000	174		174
Debt service	10,110,702	10,106,402	10,106,365	37
TOTAL EXPENDITURES	111,395,709	111,229,261	111,160,571	68,690
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	212,804	379,252	1,048,482	669,230
OTHER FINANCING SOURCES (USES):				
Cancellation of prior year encumbrances			9,370	9,370
Transfers in	122,000	122,000	225,000	103,000
Transfers out	(334,804)	(501,252)	(501,248)	4
NET OTHER FINANCING SOURCES (USES)	(212,804)	(379,252)	(266,878)	112,374
NET CHANGE IN FUND BALANCE	$ -	$ -	781,604	$ 781,604
FUND BALANCE - JULY 1, 2015			10,885,080	
FUND BALANCE - JUNE 30, 2016			$ 11,666,684	

See Notes to Financial Statements.

TOWN OF NEWTOWN, CONNECTICUT

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2016

	BUSINESS-TYPE ACTIVITIES			GOVERNMENTAL ACTIVITIES
	MAJOR FUNDS			
	SEWER DEPARTMENT	WATER DEPARTMENT	TOTAL	INTERNAL SERVICE FUNDS
ASSETS				
Current assets:				
Cash	$	$	$ -	$ 3,051,498
Investments	1,447,861		1,447,861	
Receivables:				
Assessments	850,440		850,440	
Use charges (net)	138,718	93,628	232,346	
Other			-	299,051
Due from other funds	1,091,158		1,091,158	716,174
Total current assets	3,528,177	93,628	3,621,805	4,066,723
Noncurrent assets:				
Assessment receivables (net)	922,521		922,521	
Advance to other funds	775,517		775,517	
Capital assets (net of accumulated depreciation/amortization):				
Land	1,000		1,000	
Construction in progress	2,085,907	942,588	3,028,495	
Intangible assets	347,167	144,186	491,353	
Plant and pumping stations	8,000,510	789,825	8,790,335	
Sewer distribution system	15,973,412		15,973,412	
Water distribution system		1,221,316	1,221,316	
Vehicles	92,120		92,120	
Total capital assets (net of accumulated depreciation/amortization)	26,500,116	3,097,915	29,598,031	-
Total noncurrent assets	28,198,154	3,097,915	31,296,069	-
TOTAL ASSETS	31,726,331	3,191,543	34,917,874	4,066,723
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charge on refunding	7,641		7,641	

(Continued)

TOWN OF NEWTOWN, CONNECTICUT

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2016

	BUSINESS-TYPE ACTIVITIES			GOVERNMENTAL ACTIVITIES
	MAJOR FUNDS			
	SEWER DEPARTMENT	WATER DEPARTMENT	TOTAL	INTERNAL SERVICE FUNDS
LIABILITIES				
Current liabilities:				
Accounts payable	$ 456,941	$ 309,375	$ 766,316	$ 239,928
Claims payable			-	1,083,048
Due to other funds		723,784	723,784	
Bonds and notes payable	1,089,198		1,089,198	
Other	20,921		20,921	114
Total current liabilities	1,567,060	1,033,159	2,600,219	1,323,090
Noncurrent liabilities:				
Advance from other funds		775,517	775,517	
Bonds, notes payable and related liabilities	2,511,217		2,511,217	
Total noncurrent liabilities	2,511,217	775,517	3,286,734	-
TOTAL LIABILITIES	4,078,277	1,808,676	5,886,953	1,323,090
DEFERRED INFLOWS OF RESOURCES				
Advance collections	4,802		4,802	
NET POSITION				
Net investment in capital assets	22,907,342	3,097,915	26,005,257	
Unrestricted	4,743,551	(1,715,048)	3,028,503	2,743,633
TOTAL NET POSITION	$ 27,650,893	$ 1,382,867	$ 29,033,760	$ 2,743,633

(Concluded)

See Notes to Financial Statements.

TOWN OF NEWTOWN, CONNECTICUT

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2016

	BUSINESS-TYPE ACTIVITIES			GOVERNMENTAL ACTIVITIES
	MAJOR FUNDS			
	SEWER DEPARTMENT	WATER DEPARTMENT	TOTAL	INTERNAL SERVICE FUNDS
OPERATING REVENUES:				
Charges for services	$ 995,686	$ 346,945	$ 1,342,631	$ 13,908,467
OPERATING EXPENSES:				
Professional services	132,452	15,597	148,049	
Contracted services	781,999	305,109	1,087,108	
Repairs and maintenance	27,235		27,235	
Utilities	120,540	42,957	163,497	
Claims incurred			-	13,068,810
Administration	126		126	1,248,048
Depreciation and amortization	534,997	113,556	648,553	
TOTAL OPERATING EXPENSES	1,597,349	477,219	2,074,568	14,316,858
OPERATING INCOME (LOSS)	(601,663)	(130,274)	(731,937)	(408,391)
NONOPERATING REVENUES (EXPENSES):				
Intergovernmental	31,503		31,503	
Investment income	39,441		39,441	8,057
Interest expense	(99,431)	(34,375)	(133,806)	
NET NONOPERATING REVENUES (EXPENSES)	(28,487)	(34,375)	(62,862)	8,057
NET CHANGE IN NET POSITION	(630,150)	(164,649)	(794,799)	(400,334)
TOTAL NET POSITION - JULY 1, 2015	28,281,043	1,547,516	29,828,559	3,143,967
TOTAL NET POSITION - JUNE 30, 2016	$ 27,650,893	$ 1,382,867	$ 29,033,760	$ 2,743,633

See Notes to Financial Statements.

TOWN OF NEWTOWN, CONNECTICUT

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2016

	BUSINESS-TYPE ACTIVITIES			GOVERNMENTAL ACTIVITIES
	MAJOR FUNDS			
	SEWER DEPARTMENT	WATER DEPARTMENT	TOTAL	INTERNAL SERVICE FUNDS
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from charges for services	$ 2,485,700	$ 551,943	$ 3,037,643	$ 14,707,559
Cash payments to suppliers for goods and services	(713,486)	(91,990)	(805,476)	(1,233,453)
Claims paid			-	(13,172,278)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	1,772,214	459,953	2,232,167	301,828
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIE				
Cash received from intergovernmental revenue	31,503		31,503	
Purchase of capital assets	(589,847)	(425,579)	(1,015,426)	
Principal payments	(1,136,539)		(1,136,539)	
Interest payments	(111,707)	(34,374)	(146,081)	
NET CASH PROVIDED BY (USED IN) CAPITAL AND RELATED FINANCING ACTIVITIES	(1,806,590)	(459,953)	(2,266,543)	-
CASH FLOWS FROM INVESTING ACTIVITIES:				
Investment income	39,441		39,441	8,057
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	5,065	-	5,065	309,885
CASH AND CASH EQUIVALENTS - JULY 1, 2015	1,442,796	-	1,442,796	2,741,613
CASH AND CASH EQUIVALENTS - JUNE 30, 2016	$ 1,447,861	$ -	$ 1,447,861	$ 3,051,498
RECONCILIATION TO EXHIBIT G - CASH:				
CASH AND CASH EQUIVALENTS PER ABOVE	$ 1,447,861	$	$ 1,447,861	$ 3,051,498
CASH AND CASH EQUIVALENTS REPORTED AS INVESTMENTS	(1,447,861)		(1,447,861)	
CASH - EXHIBIT G	$ -	$ -	$ -	$ 3,051,498
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:				
Operating income (loss)	$ (601,663)	$ (130,274)	$ (731,937)	$ (408,391)
Adjustments to reconcile operating income (loss) to net cash provid by (used in) operating activities:				
Depreciation and amortization	534,997	113,556	648,553	
(Increase) decrease in:				
Receivables	864,903	(26,590)	838,313	(276,722)
Due from other funds	625,111		625,111	1,076,564
Increase (decrease) in:				
Accounts payable and claims payable	347,161	271,673	618,834	(89,737)
Due to other funds		231,588	231,588	
Other	1,705		1,705	114
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	$ 1,772,214	$ 459,953	$ 2,232,167	$ 301,828

See Notes to Financial Statements.

EXHIBIT J

TOWN OF NEWTOWN, CONNECTICUT

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2016

	PENSION TRUST FUND	OTHER POST-EMPLOYMENT BENEFIT TRUST FUND	AGENCY FUNDS
ASSETS			
Cash	$ 2,628,351	$	$ 455,464
Investments at Fair Value:			
Certificates of Deposit			668,330
Mutual Funds:			
Equity	6,983,815	413,408	
International Equity	3,087,383	173,508	
U.S. Government Securities	8,965,428		
Money Market		572,801	
U.S. Government Securities	24,428	13,961	
U.S. Government Agency Securities	517,433		
Corporate Bonds	12,499,956	485,603	
Total Investments	32,078,443	1,659,281	668,330
TOTAL ASSETS	34,706,794	1,659,281	1,123,794
LIABILITIES			
LIABILITIES:			
Accounts payable			1,123,794
Due to other funds		100,221	
TOTAL LIABILITIES	-	100,221	1,123,794
NET POSITION			
Restricted for defined contribution benefits	119,495		
Restricted for defined benefit pension and other post-employment benefits	34,587,299	1,559,060	-
TOTAL NET POSITION	$ 34,706,794	$ 1,559,060	$ -

See Notes to Financial Statements.

EXHIBIT K

TOWN OF NEWTOWN, CONNECTICUT

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
YEAR ENDED JUNE 30, 2016

	PENSION TRUST FUND	OTHER POST-EMPLOYMENT BENEFIT TRUST FUND	PRIVATE-PURPOSE TRUST FUND SANDY HOOK PRIVATE-PURPOSE TRUST FUND
ADDITIONS:			
Contributions:			
Employer - defined benefit plan	$ 1,422,737	$ 397,755	$
Employer - defined contribution plan	10,562		
Plan members - defined benefit plan	474,546	361,037	
Plan members - defined contribution plan	3,521		
Other			2,797
Total contributions	1,911,366	758,792	2,797
Investment income (loss):			
Net change in fair value of investments	(1,718,385)	(71,848)	
Interest and dividends	908,671	40,302	
Total investment income (loss)	(809,714)	(31,546)	-
Less investment expenses	184,630	8,136	
Net investment income (loss)	(994,344)	(39,682)	-
TOTAL ADDITIONS	917,022	719,110	2,797
DEDUCTIONS:			
Benefits	1,834,724	592,276	3,107
Administration	17,500	1,500	
TOTAL DEDUCTIONS	1,852,224	593,776	3,107
CHANGE IN NET POSITION	(935,202)	125,334	(310)
NET POSITION - JULY 1, 2015	35,641,996	1,433,726	310
NET POSITION - JUNE 30, 2016	$ 34,706,794	$ 1,559,060	$ -

See Notes to Financial Statements.

HISTORY AND ORGANIZATION

The Town of Newtown was incorporated on October 11, 1711, and covers an area of 60 square miles. The Town operates under a Selectmen/Board of Finance/Legislative Council/Town Meeting form of government as prescribed by the Connecticut General Statutes and its charter, which was adopted in 1961 and amended in 2008. The Town provides the following services as authorized by its charter: public safety (police and fire), public works (streets and highways), public health and social services, water pollution control and solid waste disposal and education encompassing grades Pre K-12.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. *Governmental activities,* which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities,* which rely to a significant extent on fees and charges for support.

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

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

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

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

The Town reports the following major governmental funds:

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

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

The Town reports the following major proprietary funds:

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

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

Additionally, the Town reports the following fund types:

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

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

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

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

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds and of the Town's internal service fund are charges to customers for sewer and water use charges and premiums for dental and medical benefits. The enterprise fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for the enterprise funds and internal service fund include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Pensions - For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position and additions to/deductions from fiduciary net position of the Town of Newtown pension plan and the Connecticut State Teachers' Retirement System (TRS) have been determined on the same basis as they are reported by the Town of Newtown pension plan and TRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms.

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

1. Deposits and Investments

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

I. *SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)*

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

1. *Deposits and Investments (Continued)*

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

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

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

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

2. *Receivables and Payables*

a. *Interfunds*

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

2. Receivables and Payables (Continued)

b. Property Taxes and Other Receivables

In the government-wide financial statements, all property tax, sewer assessment, sewer use, and loan receivables are shown net of an allowance for uncollectibles. Allowance percentages range from 2% to 26% of outstanding receivable balances and are calculated based upon prior collections.

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

In the fund financial statements, all property taxes receivable at June 30 have been recorded as deferred inflows of resources, since they are not considered to be available to finance expenditures of the current fiscal year. Taxes collected by June 30 have been recorded as revenue.

Property taxes are assessed on property as of October 1. Taxes are billed in the following July for real estate and personal property tax bills of fifty dollars or more, and are due in two installments, July 1 and January 1. Motor vehicle taxes and taxes amounting to less than fifty dollars are due and payable July 1. Liens are effective on the assessment date and are continued by filing before the end of the year following the due date.

3. Restricted Assets

The Hawley School Trust, Edmond Town Hall Endowment and Newtown Flagpole funds are restricted to expenditure of the investment income only for the donor designated purpose. Any appreciation of the Hawley School Trust and Edmond Town Hall Endowment funds is also restricted.

4. Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the applicable governmental or business-type activities' columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than $5,000 for equipment, $20,000 for improvements and $100,000 for infrastructure and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost, if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

4. Capital Assets (Continued)

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant and equipment 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

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

5. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town reports deferred outflows of resources related to pensions for changes in assumptions and return on investments. The deferred outflow related to changes in assumptions will be amortized over the average remaining service life of all plan members. The deferred outflow related to return on investments will be amortized over a five year period. The Town also reports a deferred charge on refunding, which results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town reports a deferred inflow of resources related to pensions for the net difference between expected and actual experience. This deferred inflow will be amortized over the average remaining service life of all plan members.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

5. Deferred Outflows/Inflows of Resources (Continued)

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

6. Net Position Flow Assumption

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

7. Compensated Absences

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

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

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

8. Long-Term Obligations

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

8. Long-Term Obligations (Continued)

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

9. Fund Equity and Net Position

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

Net Investment in Capital Assets

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

Restricted Net Position

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

Unrestricted Net Position

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

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

Nonspendable

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

Restricted

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

9. Fund Equity and Net Position (Continued)

Committed

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

Assigned

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

Unassigned

This category presents amounts that do not meet the criteria above and are available for any purpose. This category is only reported in the general fund for positive amounts and in any other fund that has a fund balance deficit.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the Town considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned or unassigned fund balances are available, the Town considers amounts to have been spent first out of committed funds, then assigned funds and finally unassigned funds, as needed, unless Board of Finance or Legislative Council has provided otherwise in its commitment or assignment actions.

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

10. Use of Estimates

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

11. Comparative Data/Reclassifications

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

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgets and Budgetary Accounting

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

By February 1	All Town departments, except the School System, submit the budget request to the Board of Selectmen.
By February 14	The Board of Selectmen reviews budgets with department heads and makes revisions and submits Selectmen's budget to the Board of Finance.
By the First Wednesday in March	The Board of Finance holds a public hearing on the budget and reviews and makes revisions.
By March 14	The Board of Finance submits the Town of Newtown budget to the Legislative Council.
By the Last Wednesday in March	The Legislative Council holds a public hearing on the budget and makes final revisions.
On the Fourth Tuesday in April	The Annual Budget Referendum is presented the budget and votes for adoption.

- Within the first 335 days of the fiscal year, the First Selectman and Financial Director, in accordance with the provisions of the Charter, are authorized to transfer budgeted appropriations within a department up to $50,000. All transfers within a department that exceed the sum of $50,000 shall require the approval of the Board of Finance. The Board of Finance may transfer any unencumbered appropriation from one department to another up to $200,000. All transfers between departments, which exceed the sum of $200,000 as well as all contingency transfers, shall require the approval of the Legislative Council. After 335 days, the Legislative Council approves all transfers. The Legislative Council may approve special and/or emergency appropriations up to an aggregate of $500,000 for any one purpose per year. Special and/or emergency appropriations in excess of $500,000 for any one purpose per year must be approved at a Town Meeting. The Legislative Council shall recommend to a Town referendum all special and emergency appropriations which equal or exceed $10 million.

- There were no additional appropriations in the current year.

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

A. Budgets and Budgetary Accounting (Continued)

- The Board of Education, which is not a separate legal entity but a function of the Town, is authorized under State law to make any transfers required within their budget at their discretion. Any additional appropriations must have Board of Education, Legislative Council and, if necessary, Town Meeting approval.

- Formal budgetary integration is employed as a management control device during the year.

- The legal level of control, the level at which expenditures may not exceed appropriations, is at the department level.

- Generally, all unencumbered appropriations lapse at year end except those for capital projects funds. Appropriations for capital projects are continued until completion of applicable projects even when projects extend more than one fiscal year. Encumbered appropriations in the general fund are not reappropriated in the ensuing year's budget, but are carried forward.

- Encumbrances are recognized as a valid and proper charge against a budget appropriation in the year in which the purchase order, contract or other commitment is issued and, accordingly, encumbrances outstanding at year end are reported in budgetary reports (Exhibit F) as expenditures in the current year. Generally, all unencumbered appropriations lapse at year end, except those for the capital projects funds. Appropriations for capital projects are continued until completion of applicable projects, even when projects extend more than one fiscal year.

B. Budget - GAAP Reconciliation

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

	REVENUES	EXPENDITURES	FUND BALANCE
BALANCE, BUDGETARY BASIS, EXHIBIT F - JUNE 30, 2016	$ 112,209,053	$ 111,160,571	$ 11,666,684
Teachers' Retirement System on-behalf amount	7,989,069	7,989,069	
Continued appropriations and encumbrances outstanding at June 30, 2015 and June 30, 2016			14,546
Encumbrances outstanding at June 30, 2015, liquidated during the year June 30, 2016		397,927	
Encumbrances outstanding at June 30, 2016, charged to budgetary expenditures		(631,060)	631,060
BALANCE, GAAP BASIS, EXHIBIT D - JUNE 30, 2016	$ 120,198,122	$ 118,916,507	$ 12,312,290

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

C. Donor-Restricted Endowments

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

Edmond Town Hall Endowment	$ 184,716
Hawley School Trust	73,775
V.G. Hair and Frances E. Hair	39,986
Total	$ 298,477

Investment income available for appropriation is as follows:

Newtown Flagpole	$ 2,204

D. Capital Projects Authorizations

The following is a summary of certain Capital Projects:

CAPITAL PROJECTS FUND	AUTHORIZATION	CUMULATIVE EXPENDITURES	BALANCE
High School	$ 41,576,000	$ 40,321,578	$ 1,254,422
Dickinson Park Renovations	620,000	577,651	42,349
Parks and Recreation Maintenance Facility Renovation II	350,000	350,000	-
Middle School Roof Replacement	4,257,690	3,793,189	464,501
Hawley Boiler/HVAC	2,044,000	1,685,300	358,700
Animal Control Building/Dog Park	957,216	957,216	-
Deep Brook Stream Restoration Project	336,000	222,670	113,330
Dickinson Playground	866,112	855,860	10,252
Treadwell Park Renovations	498,000	440,440	57,560
Danbury Hall Demolition	350,000	350,000	-
Bridge Replacement – Old Mill Dam	430,000	409,910	20,090
New Sandy Hook Elementary School	50,000,000	46,197,468	3,802,532
Hawleyville Sewer Extension	3,800,000	868,048	2,931,952
Newtown Community Center	10,000,000	228,178	9,771,822
Lights – HS Bach Field	300,000	247,739	52,261
Artificial Turf Replacement	500,000	416,680	83,320
Fairfield Hills Walking Trail	300,000	300,000	-
Library Improvements	300,000	200,678	99,322
Edmond Town Hall Improvements	300,000	145,671	154,329
Brushy Hill Bridge	315,000	82,212	232,788
Sandy Hook Memorial Sidewalk	193,005	-	193,005
Newtown High School Auditorium	3,600,000	302,681	3,297,319

(continued)

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

D. Capital Projects Authorizations (Continued)

CAPITAL PROJECTS FUND	AUTHORIZATION	CUMULATIVE EXPENDITURES	BALANCE
High School Roof	$ 1,402,500	$ -	$ 1,402,500
Middle Gate School Boiler	475,000	168,120	306,880
Fairfield Hills Demolition/Abatement	5,000,000	2,686,264	2,313,736
Toddy Hill Road	2,596,000	24,222	2,571,778
Town Roads	1,000,000	1,000,000	-
Church Hill Road Sidewalk	80,000	50,000	30,000
Sandy Hook Fire Sub-Station	375,000	370,568	4,432
Newtown Hook & Ladder	1,500,000	-	1,500,000
Fire Apparatus	975,000	-	975,000
Dickinson Park Parking Lot	500,000	-	500,000
Eichler's Cove Improvements	325,000	9,598	315,402
South Main/Mile Hill Sidewalk	904,000	29,477	874,523
Fairfield Hills Streetscape	500,000	-	500,000
TOTALS	$ 137,525,523	$ 103,291,418	$ 34,234,105

III. DETAILED NOTES

A. Cash and Investments

Deposits - Custodial Credit Risk - Custodial credit risk is the risk that, in the event of a bank failure, the Town's deposits may not be returned to it. The Town does not have a deposit policy for custodial credit risk. As of June 30, 2016, $11,184,373 of the Town's bank balance of $34,430,446 (including certificates of deposit and money market accounts classified as investments) was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	$ 9,915,937
Uninsured and collateral held by the pledging bank's trust department, not in the Town's name	1,268,436
Total amount subject to custodial credit risk	$ 11,184,373

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

III. DETAILED NOTES (Continued)

A. Cash and Investments (Continued)

The Town's investments (including restricted investments) consisted of the following types and maturities. Specific identification was used to determine the maturities.

TYPE OF INVESTMENT	FAIR VALUE	INVESTMENT MATURITIES (IN YEARS) N/A	LESS THAN 1	1-5 YEARS	6-10 YEARS	OVER 10
Mutual Funds:						
Equity	$ 7,903,190	$ 7,903,190	$	$	$	$
International Equity	3,673,995	3,673,995				
U.S. Government Securities	8,965,428		8,965,428			
Bond	218,101		218,101			
Money Market	619,966		619,966			
Certificates of Deposit	28,173,554		18,986,915	9,186,639		
Pooled Fixed Income	9,535,274		9,535,274			
U.S. Government Securities	38,389			38,389		
U.S. Government Agency Securities	517,433			119,198		398,235
Hedge Funds	120,306	120,306				
Corporate Bonds	12,985,559		508,069	7,391,511	3,727,613	1,358,366
TOTAL	$ 72,751,195	$ 11,697,491	$ 38,833,753	$ 16,735,737	$ 3,727,613	$ 1,756,601

Fair value of investments

The Town measures and records its investments using fair value measurement guidelines established by accounting principles generally accepted in the United States of America (GAAP). These guidelines recognize a three-tiered fair value hierarchy, as follows:

Level 1: Quoted prices for identical investments in active markets;
Level 2: Observable inputs other than quoted prices; and
Level 3: Unobservable inputs

III. DETAILED NOTES (Continued)

A. Cash and Investments (Continued)

The Town had the following recurring fair value measurements:

	AMOUNT	QUOTED MARKET PRICES IN ACTIVE MARKETS LEVEL 1	SIGNIFICANT OBSERVABLE INPUTS LEVEL 2	SIGNIFICANT UNOBSERVABLE INPUTS LEVEL 3
Investments by Fair Value Level				
Mutual Funds:				
Equity	$ 7,903,190	$ 7,903,190	$	$
International Equity	3,673,995	3,673,995		
U.S. Government Securities	8,965,428	8,965,428		
Money Market	619,966	619,966		
Bond	218,101	218,101		
U.S. Government Securities	38,389		38,389	
U.S. Government Agency Securities	517,433		517,433	
Corporate Bonds	12,985,559		12,985,559	
Total Investments by Fair Value Level	34,922,061	$ 21,380,680	$ 13,541,381	$ -
Investments Measured at Net Asset Value (NAV)				
Equity Long/Short Funds	27,116			
Common Stock	38,774			
Fixed Income Funds	11,306			
Managed Futures	43,110			
Total Investments Measured at NAV	120,306			
Other Investments				
Certificates of Deposit	28,173,554			
Pooled Fixed Income	9,535,274			
Total Other Investments	37,708,828			
Total Investments	$ 72,751,195			

III. DETAILED NOTES (Continued)

A. Cash and Investments (Continued)

Securities classified in Level 1 are valued using prices quoted in active markets for those securities. Securities classified in Level 2 are valued using the following approaches:

- U.S. government securities, U.S. government agency securities, and corporate bonds: quoted prices for identical securities in markets that are not active

The valuation method for investments measured at NAV per share (or its equivalent) is presented in the following table:

Investments Measured at NAV

INVESTMENT DESCRIPTION		FAIR VALUE	UNFUNDED COMMITMENTS	REDEMPTION FREQUENCY (IF ELIGIBLE)	REDEMPTION PERIOD NOTICE
Equity Long/Short Funds	1	$ 27,116	$ -	Daily	None
Common Stock	2	38,774	-	Daily	None
Fixed Income Funds	3	11,306	-	Daily	None
Managed Futures	4	43,110	-	Daily	None
Total Investments Measured at NAV		$ 120,306	$ -		

1. Equity Long/Short Hedge Funds. This type fund invests in both long and short primarily in U.S. common stocks. Management of each hedge fund has the ability to shift investments from value to growth strategies, from small to large capitalization stocks, and from a net long position to a net short position. The fair values of the investments in this type have been determined using the NAV per share of the investments.

2. Common Stock. This fund invests in approximately 100% common stocks. The fair values of the investments in this type have been determined using the NAV per share (or its equivalent) of the investments.

3. Fixed Income Funds. This fund invests in approximately 100% in bonds and other fixed income investments. The fair values of the investments in this type have been determined using the NAV per share (or its equivalent) of the investments.

4. Managed Futures. This fund trades in the futures market and are managed by another person or entity, rather than the fund's owner. Managed futures accounts include commodity pools. The fair values of the investments in this type have been determined using the NAV per share (or its equivalent) of the investments.

III. DETAILED NOTES (Continued)

A. Cash and Investments (Continued)

Interest rate risk - To minimize interest rate risk, the Town's policy requires the structuring of the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity. Operating funds should primarily be invested in shorter-term securities, money market mutual funds or similar investment pools.

Credit risk - The Town's policy states credit risk will be minimized by limiting investments to the safest types of securities and pre-qualifying the financial institutions with which the Town will do business. The Town is only allowed to invest in those types of investments that are covered by the state of Connecticut Municipal Investment Act. The investment portfolio must be diversified so that potential losses on individual securities will be minimized.

The Town's investments subject to credit risk had average ratings by Standard & Poor's as follows:

AVERAGE RATING	POOLED FIXED INCOME	CORPORATE BONDS	BOND MUTUAL FUNDS	MONEY MARKET MUTUAL FUNDS
AAA	$ 9,535,274	$	$	$
AA		692,711		
A		4,869,119		
A		6,741,965		
BB		519,855		
Unrated		161,909	218,101	619,966
TOTAL	$ 9,536,274	$ 12,985,559	$ 218,101	$ 619,966

III. DETAILED NOTES (CONTINUED)

A. Cash and Investments (Continued)

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

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

	TOTAL	LESS INSURED AMOUNTS	AMOUNT SUBJECT TO CUSTODIAL CREDIT RISK
U.S. Government Securities	$ 38,389	$	$ 38,389
U.S. Government Agency Securities	517,433		517,433
Corporate Bonds	12,985,559	500,000	12,485,559
TOTAL	$13,541,381	$ 500,000	$ 13,041,381

Receivable balances have been disaggregated by type and presented separately in the financial statements. Only receivables for the Town's government-wide financial statements with allowances for uncollectible accounts are presented below.

	PROPERTY TAXES		
	TAXES	INTEREST AND LIEN FEES	TOTAL
Current portion	$ 610,485	$ 193,449	$ 803,934
Long-term portion	$ 1,133,758	$ 949,988	$ 2,083,746
Less allowance for uncollectibles	274,000	299,000	573,000
Net long-term portion	$ 859,758	$ 650,988	$ 1,510,746

III. DETAILED NOTES (CONTINUED)

B. Receivables

	BUSINESS-TYPE ACTIVITIES			
	CDBG LOANS	SEWER ASSESSMENTS	INTEREST	TOTAL
Current portion	$ 20,000	$ 828,440	$ 22,000	$ 850,440
Long-term portion	$ 229,413	$ 895,125	$ 63,578	958,703
Less allowance for uncollectibles	5,141	34,471	1,711	36,182
Net long-term portion	$ 224,272	$ 860,654	$ 61,867	$ 922,521

	BUSINESS-TYPE ACTIVITIES			
	SEWER USE CHARGES	INTEREST AND LIENS	TOTAL SEWER USE CHARGES	WATER USE CHARGES
Receivable amount	$ 108,357	$ 33,019	$ 141,376	$ 93,628
Less allowance for uncollectibles	2,279	379	2,658	-
Net receivable	$ 106,078	$ 32,640	$ 138,718	$ 93,628

Contributions Receivable

The Town will receive a total contribution from a donor in the amount of $15,000,000 for the design, construction and operation of the Newtown Community Center. $5,000,000 of the contribution will be used to fund operations of the facility. The contribution receivable as of June 30, 2016 was $9,550,000, of which $5,000,000 is current.

III. DETAILED NOTES (CONTINUED)

C. Capital Assets

Capital asset activity for the fiscal year was as follows:

	BALANCE JULY 1, 2015	INCREASES	DECREASES	BALANCE JUNE 30, 2016
Governmental Activities:				
Capital Assets, not being Depreciated:				
Land	$ 26,013,496	$ 162,050	$	$ 26,175,546
Intangible assets	3,687,270			3,687,270
Construction in progress	18,883,205	37,220,530	1,473,647	54,630,088
Total Capital Assets, not being Depreciated	48,583,971	37,382,580	1,473,647	84,492,904
Capital Assets, being Depreciated:				
Buildings and systems	158,553,535	-	-	158,553,535
Land improvements	20,006,903	562,045	-	20,568,948
Machinery and equipment	13,146,062	168,018	455,584	12,858,496
Vehicles	10,628,850	635,245	365,008	10,899,087
Infrastructure	66,612,473	845,908	138,327	67,320,054
Total Capital Assets, being Depreciated	268,947,823	2,211,216	958,919	270,200,120
Total Capital Assets	317,531,794	39,593,796	2,432,566	354,693,024
Less Accumulated Depreciation for:				
Buildings and systems	25,918,394	2,224,493	-	28,142,887
Land improvements	5,600,732	789,150	-	6,389,882
Machinery and equipment	7,893,351	570,767	450,584	8,013,534
Vehicles	5,439,418	579,016	318,970	5,699,464
Infrastructure	14,065,304	939,546	114,670	14,890,180
Total Accumulated Depreciation	58,917,199	5,102,972	884,224	63,135,947
Total Capital Assets, being Depreciated, net	210,030,624	(2,891,756)	74,695	207,064,173
Governmental Activities Capital Assets, net	$ 258,614,595	$ 34,490,824	$ 1,548,342	$ 291,557,077
Business-Type Activities:				
Capital Assets, not being Depreciated:				
Land	$ 1,000	$ -	$ -	$ 1,000
Construction in progress	2,265,954	762,541	-	3,028,495
Total Capital Assets, not being Depreciated	2,266,954	762,541	-	3,029,495
Capital Assets, being Depreciated:				
Intangible assets	1,361,000	-	-	1,361,000
Plant and pumping stations	13,644,082	252,885	-	13,896,967
Sewer distribution system	20,228,832	-	-	20,228,832
Water distribution system	2,275,502	-	-	2,275,502
Equipment	64,415	-	-	64,415
Vehicles	173,006	-	-	173,006
Total Capital Assets, being Depreciated	37,746,837	252,885	-	37,999,722
Total Capital Assets	40,013,791	1,015,426	-	41,029,217

III. DETAILED NOTES (CONTINUED)

C. Capital Assets (Continued)

	BALANCE JULY 1, 2015	INCREASES	DECREASES	BALANCE JUNE 30, 2016
Less Accumulated Depreciation for:				
Intangible assets	$ 826,296	$ 43,351	$ -	$ 869,647
Plant and pumping stations	4,825,963	280,669	-	5,106,632
Sewer distribution system	4,037,428	217,992	-	4,255,420
Water distribution system	967,870	86,316	-	1,054,186
Equipment	60,120	4,295	-	64,415
Vehicles	64,956	15,930	-	80,886
Total Accumulated Depreciation	10,782,633	648,553	-	11,431,186
Total Capital Assets, being Depreciated, net	26,964,204	(395,668)	-	26,568,536
Business-Type Activities Capital Assets, net	$ 29,231,158	$ 366,873	$ -	$ 29,598,031

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

Governmental Activities:	
General government	$ 675,047
Public safety	468,044
Health and welfare	20,017
Land use	1,149
Public works	1,156,296
Parks and recreation	696,458
Education	2,085,961
Total Depreciation Expense - Governmental Activities	$ 5,102,972
Business-type Activities:	
Sewer	$ 534,997
Water	113,556
Total Depreciation Expense - Business-type Activities	$ 648,553

Commitments

At June 30, 2016, the Town had the following commitments:

Edmond Town Hall	$ 333,886
Sandy Hook School	1,735,184
Total Commitments	$ 2,069,070

III. DETAILED NOTES (CONTINUED)

D. Interfund Accounts

1. Interfund Payables and Receivables

A summary of interfund balances is as follows:

	CORRESPONDING FUND	DUE FROM	DUE TO
MAJOR FUNDS:			
GENERAL FUND:			
Capital and nonrecurring	N/A	$	$ 733,761
Sewer department	N/A		1,036,117
Water department	N/A	668,743	
Town gifts fund	N/A		179,800
Law enforcement fund	N/A		126,795
Septage management ordinance	N/A		36,505
Town recreation fund	N/A		289,794
Police private duty	N/A	195,258	
Miscellaneous grants	N/A	41,008	
Eichler's cove marina	N/A		402,562
Hawley school trust	N/A		43,339
Dog license	N/A		10,604
Fairfield Hills authority	N/A		192,529
Historic documents	N/A		27,688
Debt service	N/A		88,442
Newtown flagpole fund	N/A		4,112
Cultural arts	N/A		22,887
Sandy Hook special revenue fund	N/A		294,654
Cemetery fund	N/A		9,453
Sandy Hook Operation Recovery fund	N/A		109,722
Education grants	N/A		196,011
School lunch program	N/A		3,090
Other post-employment benefit trust fund	N/A	100,221	
Internal service fund	N/A		716,174
Recovery and resiliency plan	N/A		1,925
The V.G. Hair and Frances E. Hair fund	N/A	13,184	
TOTAL GENERAL FUND		1,018,414	4,525,964
ENTERPRISE FUNDS:			
Sewer department	General Fund	1,036,117	
Sewer department	Water Department	55,041	
Water department	General Fund		668,743
Water department	Sewer Department		55,041
TOTAL ENTERPRISE FUNDS		1,091,158	723,784

III. DETAILED NOTES (CONTINUED)

D. Interfund Accounts (Continued)

1. Interfund Payables and Receivables (Continued)

	CORRESPONDING FUND	DUE FROM	DUE TO
NONMAJOR FUNDS:			
SPECIAL REVENUE FUNDS:			
Town gifts fund	General Fund	$ 179,800	$
Law enforcement fund	General Fund	126,795	
Septage management ordinance	General Fund	36,505	
Town recreation fund	General Fund	289,794	
Police private duty	General Fund		195,258
Miscellaneous grants	General Fund		41,008
Eichler's cove marina	General Fund	402,562	
Dog license	General Fund	10,604	
Fairfield Hills authority	General Fund	192,529	
Historic documents	General Fund	27,688	
Cultural arts	General Fund	22,887	
Cemetery fund	General Fund	9,453	
Sandy Hook special revenue fund	General Fund	294,654	
Sandy Hook special revenue fund	Education Grants		134,263
Sandy Hook Operation Recovery fund	General Fund	109,722	
Education grants	General Fund	196,011	
Education grants	Sandy Hook Special Revenue Fund	134,263	
School lunch program	General Fund	3,090	
Recovery and resiliency plan	General Fund	1,925	
TOTAL SPECIAL REVENUE FUNDS		2,038,282	370,529
DEBT SERVICE FUND	General Fund	88,442	
CAPITAL AND NONRECURRING	General Fund	733,761	
PERMANENT FUNDS	General Fund	47,451	13,184
INTERNAL SERVICE FUND	General Fund	716,174	
TOTAL NONMAJOR FUNDS		3,624,110	383,713
FIDUCIARY FUNDS:			
Other post-employment benefit trust fund	General Fund		100,221
GRAND TOTAL		$ 5,733,682	$ 5,733,682

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

III. DETAILED NOTES (CONTINUED)

D. Interfund Accounts (Continued)

2. Interfund Transfers

A summary of interfund transfers is as follows:

	CORRESPONDING FUND	TRANSFERS IN	TRANSFERS OUT
MAJOR FUNDS:			
GENERAL FUND:			
Edmond Town Hall	N/A	$	$ 84,615
Police private duty	N/A	225,000	
Capital and nonrecurring	N/A		385,833
Bonded projects	N/A		30,800
TOTAL GENERAL FUND		225,000	501,248
BONDED PROJECTS:			
General fund	N/A	30,800	
Debt service fund	N/A		916
TOTAL BONDED PROJECTS		30,800	916
NONMAJOR FUNDS:			
SPECIAL REVENUE FUNDS:			
Edmond Town Hall	General Fund	84,615	
Police private duty	General Fund		225,000
Sandy Hook special revenue	Education Grants		134,263
Education grants	Sandy Hook Special Revenue	134,263	
TOTAL SPECIAL REVENUE FUNDS		218,878	359,263
DEBT SERVICE FUND	Bonded Projects	916	
CAPITAL AND NONRECURRING	General Fund	385,833	
GRAND TOTAL		$ 861,427	$ 861,427

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

3. Advances

A summary of interfund advances is as follows:

	CORRESPONDING FUND	ADVANCES FROM	ADVANCES TO
MAJOR FUNDS:			
Water department	Sewer department	$ 775,517	$
Sewer department	Water department		775,517
GRAND TOTAL		$ 775,517	$ 775,517

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

III. DETAILED NOTES (CONTINUED)

E. Short-Term Obligations – Bond Anticipation Notes

The Town was using bond anticipation notes for various projects prior to the issuance of the bonds during the year. Short-term obligation activity was as follows:

TYPE OF OBLIGATION	MATURITY DATE	COUPON RATE	BALANCE JULY 1, 2015	ADDITIONS	REDUCTIONS	BALANCE JUNE 30, 2016
Bond Anticipation Notes:						
General Purpose	3/15/2016	1.25%	$ -	$ 4,750,000	$ 4,750,000	$ -
Schools	3/15/2016	1.25%	-	5,250,000	5,250,000	-
Total			$ -	$10,000,000	$10,000,000	$ -

The bond anticipation notes matured in March 2016 and carried a coupon interest rate of 1.25% and a true interest cost of 2.54%.

F. Changes in Long-Term Obligations

1. Summary of Changes

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

General Long-term Obligations:

DESCRIPTION	ORIGINAL AMOUNT	DATE OF ISSUE	DATE OF MATURITY	INTEREST RATE	BALANCE JULY 1, 2015	ADDITIONS	DEDUCTIONS	REFUNDED	BALANCE JUNE 30, 2016	CURRENT PORTION
BONDS/NOTES										
General Purpose:										
Refund issue-2009	$ 472,900	05/12/09	2021	0.65-3.52%	$ 302,550	$ -	$ 47,300	$ 240,500	$ 14,750	$ 14,750
Refund issue-2009 Series B	10,819,400	08/25/09	2019	2.0-5.0%	7,143,800	-	1,665,100	-	5,478,700	1,677,300
Improvement bonds ...	7,332,714	02/15/10	2028	2.0-4.0%	841,470	-	442,400	-	399,070	442,400
Refund issue-2010	6,590,500	09/28/10	2023	2.5-5.0%	6,164,000	-	-	-	6,164,000	-
Improvement bonds ..	415,000	02/14/12	2032	2.0-4.0%	325,000	-	30,000	-	295,000	30,000
Refund issue-2012	7,558,400	02/15/12	2026	1.0-4.0%	5,137,500	-	1,140,200	-	3,997,300	348,000
Improvement bonds ...	1,966,000	03/13/14	2034	2.0-3.5%	1,867,300	-	98,700	-	1,768,600	98,700
Refund issue-2015	5,196,000	01/29/15	2030	2.375-5.0%	5,196,000	-	139,500	-	5,056,500	116,200
Improvement bonds ...	9,490,000	03/15/16	2036	2.0-4.0%	-	9,490,000	-	-	9,490,000	1,165,000
Refund issue 2016	233,000	05/10/16	2021	3.0-4.0%	-	233,000	-	-	233,000	-
Total General Purpose.....	$ 50,073,914				26,977,620	9,723,000	3,563,200	240,500	32,896,920	3,892,350
Schools:										
Refund issue-2009	8,812,100	05/12/09	2021	0.65%-3.52%	3,612,450	-	1,102,700	2,139,500	370,250	346,000
School bond Series B	2,500,000	08/25/09	2019	2.0-5.0%	1,651,200	-	384,900	-	1,266,300	387,700
School bond.....	6,897,286	02/15/10	2028	2.0-4.0%	838,530	-	397,600	-	440,930	397,600
Refund issue-2010	2,319,500	09/28/10	2023	2.5-5.0%	1,931,000	-	-	-	1,931,000	-
School bond.....	11,385,000	02/15/12	2032	2.0-4.0%	9,850,000	-	520,000	-	9,330,000	570,000
Refund issue-2012	7,161,200	03/20/12	2026	1.0-4.0%	4,869,500	-	1,068,200	-	3,801,300	328,000
School bond.....	2,046,000	03/13/14	2034	2.0-3.5%	1,943,700	-	102,300	-	1,841,400	102,300
Refund issue-2015	12,424,000	01/29/15	2030	2.375-5.0%	12,424,000	-	325,500	-	12,098,500	538,800
School bonds	2,510,000	03/15/16	2036	2.0-4.0%	-	2,510,000	-	-	2,510,000	135,000
Refund issue	2,062,000	05/10/16	2021	3.0-4.0%	-	2,062,000	-	-	2,062,000	-
Total School Bonds.....	$ 58,117,086				37,120,380	4,572,000	3,901,200	2,139,500	35,651,680	2,805,400
Sewer:										
Refund issue-2012	$ 327,700	03/20/12	2026	1.0-4.0%	123,900	-	78,200	-	45,700	12,000
Clean water.....	4,570,000	06/30/97	2017	2.0%	405,805	-	269,188	-	136,617	136,617
Clean water.....	516,000	06/30/03	2023	2.1%	230,397	-	26,729	-	203,668	27,296
Total Sewer Bonds.....	$ 5,413,700				760,102	-	374,117	-	385,985	175,913

III. DETAILED NOTES (CONTINUED)

F. Changes in Long-Term Obligations (Continued)

1. Summary of Changes (Continued)

DESCRIPTION	ORIGINAL AMOUNT	DATE OF ISSUE	DATE OF MATURITY	INTEREST RATE	BALANCE JULY 1, 2015	ADDITIONS	DEDUCTIONS	REFUNDED	BALANCE JUNE 30, 2016	CURRENT PORTION
Water:										
Drinking water	$ 171,738	06/29/06	2026	2.32%	$ 98,940	$ -	$ 8,420	$ -	$ 90,520	$ 8,617
TOTAL BONDS AND NOTES					64,957,042	14,295,000	7,846,937	2,380,000	69,025,105	6,882,280
PREMIUM					3,230,825	599,366	415,634	-	3,414,557	-
TOTAL BONDS/NOTES AND RELATED LIABILITIES					68,187,867	14,894,366	8,262,571	2,380,000	72,439,662	6,882,280
LANDFILL POST CLOSURE COSTS					170,000	-	17,000	-	153,000	17,000
CAPITAL LEASES					99,866	-	49,933	-	49,933	49,933
COMPENSATED ABSENCES					957,993	1,182,580	1,159,913	-	980,660	196,132
TERMINATION BENEFITS					273,000	-	92,500	-	180,500	84,500
NET PENSION LIABILITY					10,121,764	4,243,885	888,776	-	13,476,873	-
NET OTHER POST-EMPLOYMENT BENEFIT OBLIGATION					1,429,589	783,422	397,755	-	1,815,256	-
TOTAL LONG-TERM OBLIGATIONS					$ 81,240,079	$ 21,104,253	$ 10,868,448	$ 2,380,000	$ 89,095,884	$ 7,229,845

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

Enterprise Fund:

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

DESCRIPTION	ORIGINAL AMOUNT	DATE OF ISSUE	DATE OF MATURITY	INTEREST RATE	BALANCE JULY 1, 2015	DEDUCTIONS	BALANCE JUNE 30, 2016	CURRENT PORTION
Improvement Bonds	$ 2,488,000	03/15/14	2034	2-3.5%	$ 2,364,000	$ 124,000	$ 2,240,000	$ 124,000
Refunding Bonds	327,700	03/20/12	2026	1.0-4.0%	124,100	78,200	45,900	12,000
Clean Water Fund Notes	16,128,596	10/30/98	2018	2.00%	2,209,527	934,339	1,275,188	953,198
Total Bonds/Notes	$ 18,944,296				4,697,627	1,136,539	3,561,088	1,089,198
Premium					41,747	2,420	39,327	-
Total Bonds/Notes and Related Liabilities					$ 4,739,374	$ 1,138,959	$ 3,600,415	$ 1,089,198

III. DETAILED NOTES (CONTINUED)

F. Changes in Long-Term Obligations (Continued)

1. Summary of Changes (Continued)

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

YEAR ENDING JUNE 30,	TO BE PROVIDED BY STATE		LONG-TERM DEBT BOND/NOTE MATURITIES				ENTERPRISE FUNDS BOND/NOTE MATURITIES				
			PRINCIPAL		INTEREST		PRINCIPAL		INTEREST		TERMINATION
	PRINCIPAL	INTEREST	BOND	NOTE	BOND	NOTE	BOND	NOTE	BOND	NOTE	BENEFITS
2017	$ 79,391	$ 13,030	$ 6,709,750	$ 172,530	$ 2,363,980	$ 6,818	$ 136,000	$ 953,198	$ 62,361	$ 16,798	$ 84,500
2018	79,391	10,083	6,094,000	36,694	2,165,613	5,240	136,000	321,990	59,521	1,343	32,000
2019	78,090	7,135	5,889,000	37,492	1,948,864	4,442	136,000		56,681		32,000
2020	76,789	4,217	5,466,300	38,307	1,719,234	3,626	133,700		52,636		24,000
2021	15,635	1,329	5,166,000	39,140	1,521,197	2,794	124,000		50,010		8,000
2022	15,635	666	5,346,000	39,991	1,319,787	1,942	124,000		47,220		
2023			4,911,000	40,861	1,114,840	1,072	124,000		44,430		
2024			4,936,000	10,135	918,916	491	124,000		41,485		
2025			4,311,000	10,373	757,683	253	124,000		38,385		
2026			3,896,000	5,282	620,197	36	124,000		35,285		
2027			3,425,000		484,843		125,000		31,875		
2028			2,680,000		380,935		125,000		28,125		
2029			1,990,000		309,624		125,000		24,375		
2030			1,990,000		240,701		125,000		20,625		
2031			1,985,000		173,949		125,000		16,875		
2032			1,275,000		121,000		125,000		12,813		
2033			800,000		82,250		125,000		8,750		
2034			700,000		55,750		125,200		4,375		
2035			524,250		32,500						
2036			500.000								
TOTALS	$ 344,931	$ 36,460	$ 68,594,300	$ 430,805	$ 16,331,863	$ 26,714	$ 2,285,900	$ 1,275,188	$ 635,827	$ 18,141	$ 180,500

2. Landfill Closure and Post Closure Care Costs

The Town closed its landfill in 1995. State and Federal laws and regulations require landfill closures to meet certain standards. Monitoring costs for the next 9 years at $17,000 per year are $153,000. These amounts are based on estimates, which are subject to change due to inflation, technology or applicable laws and regulations.

3. Capital Lease

The Town has entered into a lease agreement for the purchase of police equipment. The annual payments for the agreement are provided for by annual general fund appropriations.

The assets acquired through capital leases are as follows:

Asset:	
Equipment	$ 179,866
Less accumulated depreciation	25,695
Total	$ 154,171

This year, $25,695 was included in depreciation expense.

III. DETAILED NOTES (CONTINUED)

F. Changes in Long-Term Obligations (Continued)

3. Capital Lease (Continued)

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

YEAR ENDING JUNE 30,	
2017	$ 49,933

There is no interest factor for this lease.

4. Termination Benefits

The Board of Education provides early retirement incentive benefits to 11 former employees. Benefits are paid annually based on the retirement agreement for each employee from the Board of Education budget. Benefits are payable through 2019. During the fiscal year, $92,500 was paid for their benefits.

5. Statutory Debt Limitations

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

CATEGORY	DEBT LIMIT	NET INDEBTEDNESS	BALANCE
General purpose	$ 228,261,164	$ 32,896,920	$ 195,364,244
Schools	456,522,327	35,306,749	421,215,578
Sewers	380,435,273	45,700	380,389,573
Urban renewal	329,710,570		329,710,570
Pension deficit	304,348,218		304,348,218

The total overall statutory debt limit for the Town is equal to seven times annual receipts from taxation, $710,145,842.

The indebtedness reflected above includes bonds outstanding in addition to the amount of bonds authorized and unissued against which bond anticipation notes are issued and outstanding. School building grants receivable of $344,931 for bond principal is reflected as deductions in the computation of net indebtedness.

III. DETAILED NOTES (CONTINUED)

F. Changes in Long-Term Obligations (Continued)

6. Authorized/Unissued Debt

At June 30, 2016, the Town had authorized unissued debt as follows:

High School	$ 1,986,820
Middle School Roof	783,335
Boggs Hill Road Culvert	23,000
Hawley Boiler/HVAC	359,000
Dickinson Playground	428,112
Hawleyville Sewer Extension	312,000
Newtown High School Auditorium	590,000
High School Roof	1,402,500
Middle Gate School Boiler	475,000
Fairfield hills Remediation/Demolition	1,800,000
Newtown Community Center	5,000,000
Sidewalk Program	180,000
Hawleyville Sewer Extension	1,000,000
TOTAL	$ 14,339,767

7. Prior Years Advance Refundings

In prior years, the Town has defeased a bond issue by creating a separate irrevocable trust fund. New debt has been issued and the proceeds have been used to purchase U.S. government securities that were placed in the trust fund. The investments and fixed earnings from the investments are sufficient to fully service the defeased debt until the debt is called or matures. For financial reporting purposes, the debt has been considered defeased and, therefore, removed as a liability from the Town's financial statements. As of fiscal year end, the amount of defeased debt outstanding but removed from the Town's financial statements amounted to $30,780,000.

8. Current Year Advance Refunding

On May 10, 2016, the Town issued $2,295,000 of general obligation refunding bonds with interest rates of 3.0% to 4.0%. These refunding bonds were issued to advance refund and defease bonds issued May 12, 2009. The refunding resulted in an economic gain of $117,352 with a total cash savings of $117,504.

G. Restricted Net Position

The amount of restricted net position, which was restricted by enabling legislation, totaled $231,731.

III. DETAILED NOTES (CONTINUED)

H. Fund Balance Classification

The fund balances are comprised of the following as of the fiscal year end:

FUND BALANCE COMPONENT	GENERAL FUND	BONDED PROJECTS	NONMAJOR FUNDS	TOTAL
NONSPENDABLE:				
Edmond Town Hall	$	$	$ 250,000	$ 250,000
Hawley School Trust			350,000	350,000
Newtown Flagpole			10,000	10,000
TOTAL NONSPENDABLE	-	-	610,000	610,000
RESTRICTED:				
General Government				
Care and Maintenance of Edmond Town Hall			688,893	688,893
Historic Documents			24,992	24,992
Public Safety				
Care of Animals			98,139	98,139
Health and Welfare				
Education and Care of Animals			1,255,177	1,255,177
Care and Maintenance of Cemetaries			9,453	9,453
Rehabilitation Programs			12,278	12,278
Parks and Recreation				
Parks and Recreation Programs			229,656	229,656
Cultural Arts Programs			195,994	195,994
Education				
Sandy Hook School			339,524	339,524
School Lunch Program			206,739	206,739
Various Education Programs			561,294	561,294
Care and Maintenance of Hawley School			59,089	59,089
TOTAL RESTRICTED	-	-	3,681,228	3,681,228
COMMITTED:				
General Government - Fairfield Hills Campus			170,218	170,218
Public Safety				
Animal Shelter			13,613	13,613
Police Private Duty			26,259	26,259
Public Works - Septage Management			107,852	107,852
Parks and Recreation				
Edmond Town Hall Theater			199,993	199,993
Marina operations			435,316	435,316
Teen Center Programs			87,235	87,235
Education				
Adult Education Programs			88,062	88,062
Other			79,463	79,463
Construction Projects		5,962,821	904,346	6,867,167
TOTAL COMMITTED	-	5,962,821	2,112,357	8,075,178
ASSIGNED:				
General Government	23,001			23,001
Public Safety	24,808			24,808
Health and Welfare	250			250
Public Works	87,947			87,947
Parks and Recreation	52,158			52,158
Senior Tax Credit Program	222,404			222,404
Education	457,442			457,442
Debt Service			85,213	85,213
TOTAL ASSIGNED	868,010	-	85,213	953,223
UNASSIGNED	11,444,280	-	-	11,444,280
TOTAL	$ 12,312,290	$ 5,962,821	$ 6,488,798	$ 24,763,909

IV. OTHER INFORMATION

A. Risk Management

The Town is exposed to various risks of loss including torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; natural disaster; public official liability; and police professional liability and employee group medical claims in excess of $175,000. There were four claimants whom exceeded the $175,000 individual stop loss by $332,956 in the fiscal year. The Town generally obtains commercial insurance for these risks. The Town and Board of Education are self-insuring for medical and dental claims. The Town has an aggregate stop loss of 125% of expected claims for each fiscal year. Settled claims have not exceeded commercial coverage in any of the past three years with a $16,198,354 aggregate maximum per year. There were no significant reductions in insurance coverage from coverage in the prior year. The administrators are responsible for the approval, processing and payment of claims, for which they receive an administrative fee. Administrative fees are paid directly from annual appropriations for the Board of Education self-funded dental fund and from the medical insurance fund.

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

	CLAIMS PAYABLE JULY 1	CURRENT YEAR CLAIMS AND CHANGES IN ESTIMATES	CLAIMS PAID	CLAIMS PAYABLE JUNE 30
2014-2015	$ 1,072,556	$ 12,581,524	$ 12,467,564	$ 1,186,516
2015-2016	1,186,516	13,068,810	13,172,278	1,083,048

The claims liability reported in the internal service fund is based on the requirements of GASB Statements No. 10 and 30, which require that a liability for estimated claims incurred but not reported be recorded. The amount of claim accrual is based on the ultimate costs of settling the claim, which include past experience data, inflation and other future economic and societal factors and incremental claim adjustment expenses, net of estimated subrogation recoveries. The claim accrual does not include other allocated or unallocated claims adjustment expenses.

B. Commitments and Litigation

Amounts received or receivable from Federal and state grantor agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the Town expects such amounts, if any, to be immaterial.

The Town is a defendant in various lawsuits and the outcome of these lawsuits is not presently determinable. In the opinion of the Town attorney, the resolution of these matters will not have a material adverse effect on the financial condition of the Town.

IV. OTHER INFORMATION (CONTINUED)

C. Pension Plan

1. Plan Description

a. Plan Administration

The Town administers two single-employer defined benefit pension plans (the Town of Newtown Employees' Pension Plan and the Town of Newtown Police Officers Pension Plan), which provides pensions for all permanent full-time employees of the Town and police officers. Both pension plans grant the authority to establish and amend the benefit terms to the Board of Selectmen. The pension plans, including the defined contribution plan discussed in Note IV.C.14, are included in the financial statements as one pension trust fund. The fund's pooled investments may be used to pay benefits to members or beneficiaries of any of the three plans. The plans do not issue separate, stand alone financial reports.

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

Plan membership
At July 1, 2015, pension plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	139
Inactive plan members entitled to but not yet receiving benefits	40
Active plan members	364
Total	543

2. Benefit Provisions

a. Town of Newtown Employees' Pension Plan

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

IV. OTHER INFORMATION (CONTINUED)

C. Pension Plan (Continued)

2. Benefit Provisions (Continued)

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

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

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

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

b. Town of Newtown Police Officers' Pension Plan

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

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

IV. OTHER INFORMATION (CONTINUED)

C. Pension Plan (Continued)

2. Benefit Provisions (Continued)

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

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

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

3. Contributions

a. Town of Newtown Employees' Pension Plan

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

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

The average active member contribution rate was 2.0% of annual base compensation, and the Town's average contribution rate was 5.7% of annual payroll.

b. Town of Newtown Police Officers' Pension Plan

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

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

The average active member contribution rate was 5.0% of annual base compensation, and the Town's average contribution rate was 15.4% of annual payroll.

IV. OTHER INFORMATION (CONTINUED)

C. Pension Plan (Continued)

4. Investments

a. Investment Policy

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

Asset Class	Target Allocation
Domestic Equity	60%
Domestic Fixed Income	40%
Total	100%

5. Concentrations

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

6. Rate of Return

For the fiscal year, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was (2.83)%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

7. Net Pension Liability

The components of the net pension liability, were as follows:

Total pension liability	$ 48,064,172
Plan fiduciary net position	(34,587,299)
Net pension liability	$ 13,476,873
Plan fiduciary net position as percentage of the total pension liability	71.96%

IV. OTHER INFORMATION (CONTINUED)

C. Pension Plan (Continued)

8. Actuarial Assumptions

The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial cost method	Entry age
Asset valuation method	Fair value
Amortization method	Level dollar, closed
Remaining amortization period	12 years
Inflation	2.0%
Salary increase	3.0%, average, including inflation
Post-retirement increases	1.5% (Police Plan only)
Investment rate of return	7.50%, net of pension plan investment expense, including inflation
Mortality rates	Based on the SOA RP-2014 Male and Female Pre and Post Retirement Mortality Tables, projected generationally using the MP-2014 projection scales.

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

Asset Class	Long-Term Expected Real Rate of Return
Domestic Equity	5.31%
International Equity	5.65%
Money Market	(.59)%
U.S Government Securities	1.21%
Corporate Bonds	2.81%

9. Discount Rate

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

IV. OTHER INFORMATION (CONTINUED)

C. Pension Plan (Continued)

10. Changes in the Net Pension Liability

The Town's net pension liability was measured at June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The changes in net pension liability were as follows:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at July 1, 2015	$ 45,655,009	$ 35,533,245	$ 10,121,764
Service cost	1,458,028		1,458,028
Interest	3,476,233		3,476,233
Differences between expected and actual experience	(690,374)		(690,374)
Changes in assumptions			-
Contributions - employer		1,422,737	(1,422,737)
Contributions - member		474,546	(474,546)
Net investment income		(991,005)	991,005
Benefit payments, including refunds of member contributions	(1,834,724)	(1,834,724)	-
Adminstrative expenses		(17,500)	17,500
Net change	2,409,163	(945,946)	3,355,109
Balance at June 30, 2016	$ 48,064,172	$ 34,587,299	$ 13,476,873

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

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

	1% Decrease (6.50%)	Current Discount (7.50%)	1% Increase (8.50%)
Net Pension Liability	$ 19,067,926	$ 13,476,873	$ 8,773,502

12. Plan Reserves

Assets for the defined contribution plan are invested with the assets of the defined benefit pension plan. These amounts are restricted for the payment of the defined contribution plan benefits per the plan document. The balance of the assets restricted for the defined contribution plan was $119,495.

IV. OTHER INFORMATION (CONTINUED)

C. Pension Plan (Continued)

13. Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The Town recognized pension expense of $2,960,755. The Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description of Outflows/Inflows	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 1,529,849
Changes in assumptions	1,171,329	-
Net difference between projected and actual earnings on pension plan investments	3,740,209	-
Total	$ 4,911,538	$ 1,529,849
Net amount of deferred inflow and outflow excluding Town contributions subsequent to measurement date		$ 3,381,689

Actual investment earnings below (or above) projected earnings are amortized over 5 years. Changes of assumptions and experience losses (gains) are amortized over the average remaining service period of actives and inactives, which was 7.6 years.

Amounts reported as deferred outflows (inflows) of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30:	
2017	$ 958,683
2018	958,683
2019	958,683
2020	636,252
2021	(56,977)
Thereafter	(73,635)
Total	$3,381,689

IV. OTHER INFORMATION (CONTINUED)

C. Pension Plan (Continued)

14. 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. At June 30, 2016, the net position available for benefits include $119,495 of assets restricted for this plan. The Board of Selectmen approved and adopted this plan on July 7, 1986, and they have the authority to make any subsequent amendments.

Currently, there were two elected officials and two "at will" employees covered under the plan. All salaried, full time elected officials and such other salaried, full time appointed officials as designated by the Board of Selectmen can participate in the plan on the January 1 following or coincident with their commencement of employment with the Town. A participant's employer contribution account fully vests at age 50 or on termination of employment with the Town. At age 65, participants are entitled to a lump-sum payment as a retirement benefit. The Town is required to contribute 6% of each participant's compensation for the year, and each participant must contribute 2% of their compensation to the plan. For the fiscal year, employer contributions were $10,562 and employee contributions totaled $3,521.

The second plan, a 401a money purchase plan, was established in January 2014. This plan applies to non-union employees hired on or after December 31, 2013, park and recreation employees hired on or after June 30, 2014 and police officers hired on or after May 5, 2015. Police, non-union and park and recreation employees must contribute 5% each of the participant's compensation to the plan each year. The Town contributes 15% for police and 5% for all other employees. Participants are 100% vested after one year of service and entitled to benefits at age 59 ½ and are no longer employed by the Town. For the fiscal year, employer contributions were $15,388 and employee contributions totaled $15,185.

D. Pension Plans - Connecticut State Teachers' Retirement Plan

1. Plan Description

Teachers, principals, superintendents, or supervisors engaged in service of public schools are provided with pensions through the Connecticut State Teachers' Retirement System (TRS) - a cost sharing multiple-employer defined benefit pension plan administered by the Teachers' Retirement Board (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.

2. 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% of the average annual salary times the years of credited service (maximum benefit is 75% of average annual salary during the 3 years of highest salary).

IV. OTHER INFORMATION (CONTINUED)

D. Pension Plans - Connecticut State Teachers' Retirement Plan (Continued)

2. Benefit Provisions (Continued)

Early Retirement: Employees are eligible after 25 years of credited service including 20 years of Connecticut service, or age 55 with 20 years of credited service including 15 years of Connecticut service. Benefit amounts are reduced by 6% per year for the first 5 years preceding normal retirement age and 4% per year for the next 5 years preceding the 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.

Disability Retirement: Employees are eligible for service-related disability benefits regardless of length of service. Five years of credited service is required for nonservice-related disability eligibility. Disability benefits are calculated as 2% of average annual salary times credited service to date of disability, but not less than 15% of average annual salary, nor more than 50% of average annual salary. In addition, disability benefits under this plan (without regard to cost-of-living adjustments) plus any initial award of social security benefits and workers' compensation cannot exceed 75% of average annual salary.

3. 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 State Teachers' Retirement Board and appropriated by the General Assembly. The contributions are actuarially determined as an amount that, when combined with employee contributions and investment earnings, is expected to finance the costs of the benefits earned by employees during the year, with any additional amount to finance any unfunded accrued liability.

Employer (School Districts)

School district employers are not required to make contributions to the plan.

Employees

Effective July 1, 1992, each teacher is required to contribute 6% of their salary for the pension benefit.

4. Pension Liabilities, Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The Town reports no amounts for its proportionate share of the net pension liability, and related deferred outflows and inflows due to the statutory requirement that the State pay 100% of the required contribution. The amounts recognized by the Town as its proportionate share of the net pension liability, the related state support, and the total portion of the net pension liability that was associated with the Town were as follows:

Town's proportionate share of the net pension liability	$ -
State's proportionate share of the net pension liability associated with the Town	99,707,327
Total	$ 99,707,327

IV. OTHER INFORMATION (CONTINUED)

D. Pension Plans - Connecticut State Teachers' Retirement Plan (Continued)

4. Pension Liabilities, Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town has no proportionate share of the net pension liability.

For the fiscal year ended, the Town recognized pension expense and revenue of $7,989,069 for on-behalf amounts for the benefits provided by the State.

5. Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2014, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00%
Salary increase	3.75-7.00%, average, including inflation
Investment rate of return	8.50%, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2000 Combined Mortality Table projected 19 years using scale AA, with a two year setback for males and females for the period after service retirement and for dependent beneficiaries.

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2005 - June 30, 2010.

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

IV. OTHER INFORMATION (CONTINUED)

D. Pension plans - Connecticut State Teachers' Retirement Plan (Continued)

5. Actuarial Assumptions (Continued)

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Large cap U.S. equities	21.0%	5.8%
Developed non-U.S. equities	18.0%	6.6%
Emerging markets (non-U.S.)	9.0%	8.3%
Core fixed income	7.0%	1.3%
Inflation linked bond fund	3.0%	1.0%
Emerging market bond	5.0%	3.7%
High yield bonds	5.0%	3.9%
Real estate	7.0%	5.1%
Private equity	11.0%	7.6%
Alternative investments	8.0%	4.1%
Cash	6.0%	0.4%
Total	100.0%	

6. Discount Rate

The discount rate used to measure the total pension liability was 8.50%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

IV. OTHER INFORMATION (CONTINUED)

D. Pension Plans - Connecticut State Teachers' Retirement Plan (Continued)

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

The Town's proportionate share of the net pension liability is $0 and, therefore, the change in the discount rate would only impact the amount recorded by the State of Connecticut.

8. Plan Fiduciary Net Position

Detailed information about the Connecticut State Teachers' Retirement Plan fiduciary net position is available in the separately issued State of Connecticut Comprehensive Annual Financial Report as of and for the year ended June 30, 2015.

E. Other Post-Employment Benefit Plan

1. Plan Description

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

2. Benefit Provisions and Contributions

a. Benefit Provisions

The plan provides for medical and dental benefits for all eligible retirees and their spouses. Benefits and contributions are established by contract and may be amended by union negotiations.

b. Employer Contributions

The Town's contributions are actuarially determined on an annual basis using the projected unit credit method. The Town's total plan contribution was $397,755.

c. Employee Contributions

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

IV. OTHER INFORMATION (CONTINUED)

E. Other Post-Employment Benefit Plan (Continued)

3. Funded Status and Funding Progress

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

ACTUARIAL VALUATION DATE	(A) ACTUARIAL VALUE OF ASSETS	(B) ACTUARIAL ACCRUED LIABILITY (AAL)	(A-B) OVER (UNDER) FUNDED AAL	(A/B) FUNDED AAL RATIO	(C) COVERED PAYROLL	[(A-B)/C] OVER (UNDER) FUNDED AAL AS A PERCENTAGE OF COVERED PAYROLL
July 1, 2014	$1,282,204	$ 7,388,197	$ (6,105,993)	17.4%	$ 36,690,663	(16.6%)

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

4. Actuarial Methods and Assumptions

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

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

Valuation Date	July 1, 2014
Actuarial Cost Method	Projected Unit Credit
Amortization Method	Level Dollar, Closed
Remaining Amortization Period	27 Years Closed
Asset Valuation Method	Fair Value
Actuarial Assumptions:	
Investment rate of return	7.5%
Healthcare inflation rate:	
Initial	8.0%
Ultimate	4.5%
Inflation rate	1.5%
Projected salary increases	N/A

IV. OTHER INFORMATION (CONTINUED)

E. Other Post-Employment Benefit Plan (Continued)

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

The changes in the NOO were as follows:

Annual required contribution	$ 793,865
Interest on net OPEB obligation	107,219
Adjustment to annual required contribution	(117,662)
Annual OPEB cost	783,422
Contributions made	397,755
Change in net OPEB obligation	385,667
Net OPEB obligation - July 1, 2015	1,429,589
Net OPEB obligation - June 30, 2016	$1,815,256

6. Three Year Trend Information

YEAR ENDING JUNE 30	ANNUAL OPEB COST (AOC)	PERCENTAGE OF AOC CONTRIBUTED	NET OPEB OBLIGATION
2016	$ 783,422	51.0%	$ 1,815,256
2015	734,577	35.0%	1,429,589
2014	718,410	34.2%	952,417

Required Supplementary Information

TOWN OF NEWTOWN, CONNECTICUT

TOWN OF NEWTOWN RETIREMENT SYSTEM

REQUIRED SUPPLEMENTARY INFORMATION
LAST THREE YEARS

SCHEDULE OF CHANGES IN NET PENSION LIABILITY

		2016	2015	2014
TOTAL PENSION LIABILITY:				
Service cost		$ 1,458,028	$ 1,369,633	$ 1,376,812
Interest		3,476,233	3,153,241	2,973,226
Differences between expected and actual experience		(690,374)	(1,273,135)	
Changes in assumptions		-	1,589,661	
Benefit payments		(1,834,724)	(1,717,013)	(1,513,354)
NET CHANGE IN TOTAL PENSION LIABILITY		2,409,163	3,122,387	2,836,684
TOTAL PENSION LIABILITY - JULY 1		45,655,009	42,532,622	39,695,938
TOTAL PENSION LIABILITY - JUNE 30 (A)		$ 48,064,172	$ 45,655,009	$ 42,532,622
PLAN FIDUCIARY NET POSITION:				
Contributions - employer		$ 1,422,737	$ 1,375,889	$ 1,189,938
Contributions - member		474,546	458,556	461,526
Transfer from defined contribution plan			26,724	
Net investment income	(1)	(991,005)	941,047	4,302,666
Benefit payments, including refunds of member contributions		(1,834,724)	(1,717,013)	(1,356,367)
Administration		(17,500)	(74,654)	(170,876)
NET CHANGE IN PLAN FIDUCIARY NET POSITION		(945,946)	1,010,549	4,426,887
PLAN FIDUCIARY NET POSITION - JULY 1	(2)	35,533,245	34,522,696	30,095,809
PLAN FIDUCIARY NET POSITION - JUNE 30 (B)	(2)	$ 34,587,299	$ 35,533,245	$ 34,522,696
NET PENSION LIABILITY (ASSET) - JUNE 30 (A)-(B)		$ 13,476,873	$ 10,121,764	$ 8,009,926
DEFINED CONTRIBUTION PLAN NET POSITION - JULY 1		$ 108,751	$ 118,958	$ 87,481
Contributions - employer		10,562	10,481	12,970
Contributions - member		3,521	3,494	4,324
Transfer from defined contribution plan			(26,724)	
Net investment income		(3,339)	2,542	14,183
DEFINED CONTRIBUTION NET POSITION - JUNE 30		$ 119,495	$ 108,751	$ 118,958

(1) Net of net investment income related to the defined contribution plan, presented below.

(2) Net of defined contribution net position, presented below.

Note: These schedules are intended to present information for 10 years. Additional years will be presented as they become available.

TOWN OF NEWTOWN, CONNECTICUT

TOWN OF NEWTOWN RETIREMENT SYSTEM

REQUIRED SUPPLEMENTARY INFORMATION
LAST THREE YEARS

SCHEDULE OF NET PENSION LIABILITY

	2016	2015	2014
TOTAL PENSION LIABILITY	$ 48,064,172	$ 45,655,009	$ 42,532,622
PLAN FIDUCIARY NET POSITION	(34,587,299)	(35,533,245)	(34,522,696)
NET PENSION LIABILITY (ASSET)	$ 13,476,873	$ 10,121,764	$ 8,009,926
PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION LIABILITY	71.96%	77.83%	81.17%
COVERED-EMPLOYEE PAYROLL	$ 18,441,265	$ 17,725,368	$ 17,608,101
NET PENSION LIABILITY (ASSET) AS A PERCENTAGE OF COVERED-EMPLOYEE PAYROLL	73.08%	57.10%	45.49%

SCHEDULE OF INVESTMENT RETURNS

	2016	2015	2014
ANNUAL MONEY WEIGHTED RATE OF RETURN, NET INVESTMENT EXPENSE	-2.83%	2.49%	14.35%

Note: These schedules are intended to present information for 10 years. Additional years will be presented as they become available.

TOWN OF NEWTOWN, CONNECTICUT

TOWN OF NEWTOWN EMPLOYEES' PENSION PLAN

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CONTRIBUTIONS
LAST 10 YEARS

FISCAL YEAR	ACTUARIALLY DETERMINED CONTRIBUTION	CONTRIBUTIONS IN RELATION TO THE ACTUARIALLY DETERMINED CONTRIBUTION	CONTRIBUTION EXCESS (DEFICIENCY)	COVERED-EMPLOYEE PAYROLL	CONTRIBUTIONS AS A PERCENTAGE OF COVERED-EMPLOYEE PAYROLL
2016	$ 836,136	$ 836,136	$ -	$ 14,648,086	5.71%
2015	757,780	760,462	2,682	14,332,155	5.31%
2014	637,985	641,318	3,333	13,781,055	4.65%
2013	728,272	731,580	3,308	13,222,292	5.53%
2012	699,265	699,214	(51)	13,371,509	5.23%
2011	663,805	663,805	-	13,109,110	5.06%
2010	492,222	493,236	1,014	12,834,058	3.84%
2009	374,614	374,595	(19)	11,878,385	3.15%
2008	374,614	437,409	62,795	11,031,168	3.97%
2007	414,121	419,919	5,798	9,995,785	4.20%

TOWN OF NEWTOWN, CONNECTICUT

TOWN OF NEWTOWN POLICE OFFICERS' PENSION PLAN

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CONTRIBUTIONS
LAST 10 YEARS

FISCAL YEAR	ACTUARIALLY DETERMINED CONTRIBUTION	CONTRIBUTIONS IN RELATION TO THE ACTUARIALLY DETERMINED CONTRIBUTION	CONTRIBUTION EXCESS (DEFICIENCY)	COVERED-EMPLOYEE PAYROLL	CONTRIBUTIONS AS A PERCENTAGE OF COVERED-EMPLOYEE PAYROLL
2016	$ 586,601	$ 586,601	$ -	$ 3,793,179	15.46%
2015	615,427	615,427	-	3,393,213	18.14%
2014	548,620	548,620	-	3,827,046	14.34%
2013	517,812	517,812	-	3,631,329	14.26%
2012	502,513	502,431	(82)	3,448,073	14.57%
2011	460,540	460,540	-	3,579,566	12.87%
2010	342,670	344,475	1,805	3,415,591	10.09%
2009	325,909	325,844	(65)	2,973,016	10.96%
2008	287,328	291,160	3,832	2,812,921	10.35%
2007	277,000	276,339	(661)	2,643,190	10.45%

TOWN OF NEWTOWN, CONNECTICUT

TOWN OF NEWTOWN RETIREMENT SYSTEM

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2016

Changes of benefit terms	None
Changes of assumptions	None
Method and assumptions used in calculations of actuarially determined contribution	The actuarially determined contribution rates in the schedule of contributions are calculated as of July 1, 2014, two years prior to the end of the fiscal year in which contributions are reported

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

Actuarial Cost Method	Entry age
Asset Valuation Method	Fair value
Amortization Method	Level dollar, closed
Remaining amortization period	12 Years
Investment Rate of Return	7.50%, net of pension plan investment expense, including inflation
Inflation	2.00%
Salary Increases	3.00%, average, including inflation
Post retirement increases	1.5%, Police plan only

TOWN OF NEWTOWN, CONNECTICUT

TOWN OF NEWTOWN OTHER POST-EMPLOYMENT BENEFIT PLAN

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF FUNDING PROGRESS
LAST EIGHT YEARS

	A	B	(A-B)	(A/B)	C	[(A-B)/C]
ACTUARIAL VALUATION DATE JULY 1,	ACTUARIAL VALUE OF ASSETS	ACTUARIAL ACCRUED LIABILITY (AAL)	OVER (UNDER) FUNDED AAL	FUNDED AAL RATIO	COVERED PAYROLL	OVER (UNDER) FUNDED AAL AS A PERCENTAGE OF COVERED PAYROLL
2008	$ -	$ 3,761,700	$ (3,761,700)	0.0%	$ 34,779,302	-(10.8)%
2009	N/A	N/A	N/A	N/A	N/A	N/A
2010	156,261	6,397,819	(6,241,558)	2.4%	35,055,000	-(17.8)%
2011	N/A	N/A	N/A	N/A	N/A	N/A
2012	610,498	6,264,781	(5,654,283)	9.7%	36,634,200	-(15.4)%
2013	N/A	N/A	N/A	N/A	N/A	N/A
2014	1,282,204	7,388,197	(6,105,993)	17.4%	36,690,663	-(16.6)%
2015	N/A	N/A	N/A	N/A	N/A	N/A

N/A - No valuation performed.

TOWN OF NEWTOWN, CONNECTICUT

TOWN OF NEWTOWN OTHER POST-EMPLOYMENT BENEFIT PLAN

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF EMPLOYER CONTRIBUTIONS
LAST EIGHT YEARS

YEAR ENDED JUNE 30,	ANNUAL REQUIRED CONTRIBUTION	ACTUAL CONTRIBUTION	PERCENTAGE CONTRIBUTED
2009	$ 405,062	$ 278,828	68.8%
2010	430,949	485,960	112.8%
2011	739,726	273,794	37.0%
2012	756,952	811,764	107.2%
2013	775,470	775,470	100.0%
2014	720,995	245,851	34.1%
2015	739,707	257,405	34.8%
2016	793,865	397,755	50.1%

Note: This schedule is intended to present information for 10 years. Additional years will be as they become available.

TOWN OF NEWTOWN, CONNECTICUT

TOWN OF NEWTOWN OTHER POST-EMPLOYMENT BENEFIT PLAN

NOTES TO REQUIRED SUPPLEMENARY INFORMATION
YEAR ENDED JUNE 30, 2016

Changes of benefit terms	None
Changes of assumptions	**2015** - Changed from RP-2000 mortality table to RP-2014 mortality table
Method and assumptions used in calculations of actuarially determined contribution	The actuarially determined contribution rates in the schedule of contributions are calculated as of July 1, 2014, two years prior to the end of the fiscal year in which contributions are reported

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

Actuarial Cost Method	Projected unit credit
Amortization Method	Level dollar, closed
Remaining amortization period	27 Years, closed
Asset Valuation Method	Fair Value
Investment Rate of Return	7.5%
Healthcare inflation rate - Initial	8.0%
Healthcare inflation rate - Ultimate	4.5%
Inflation	1.50%
Salary Increases	N/A

TOWN OF NEWTOWN, CONNECTICUT

STATE TEACHERS' RETIREMENT SYSTEM

REQUIRED SUPPLEMENTARY INFORMATION
LAST TWO YEARS

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

		2016	2015
Town's proportion of the net pension liability		0.00%	0.00%
Town's proportionate share of the net pension liability		$ -	$ -
State of Connecticut's proportionate share of the net pension liability associated with Town		99,707,327	92,159,442
Total		$ 99,707,327	$ 92,159,442
Town's covered-employee payroll	(2)	N/A	N/A
Town's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll		0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability		0.00%	0.00%

SCHEDULE OF CONTRIBUTIONS

		2016	2015
Contractually required contribution (1)	(1)	$ -	$ -
Contributions in relation to the contractually required contribution		-	-
Contribution deficiency (excess)		$ -	$ -
Town's covered-employee payroll	(2)	N/A	N/A
Contributions as a percentage of covered-employee payroll		0.00%	0.00%

(1) Local employers are not required to contribute to the plan

(2) Not applicable since 0% proportional share of the net pension liability

Note: These schedules are intended to present information for 10 years. Additional years will be presented as they become available.

TOWN OF NEWTOWN, CONNECTICUT

STATE TEACHERS' RETIREMENT SYSTEM

NOTES TO REQUIRED SUPPLEMENARY INFORMATION
YEAR ENDED JUNE 30, 2016

Changes of benefit terms	None
Changes of assumptions	In 2011, rates of withdrawal, retirement and assumed rates of salary increase were adjusted more closely to reflect actual and anticipated experience. These assumptions were recommended as part of the Experience Study for the System for the five year period ended June 30, 2010.
Actuarial Cost Method	Entry age
Amortization Method	Level percent of salary, closed
Remaining Amortization Period	22.4 years
Asset Valuation Method	4 year smoothed market
Inflation	3.00%
Salary Increases	3.75%-7.00%, average, including inflation
Investment Rate of Return	8.50%, net of pension plan investment expense, including inflation

Appendix B

Form of Opinion of Bond Counsel

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Robinson+Cole

280 Trumbull Street
Hartford, CT 06103-3597
Main (860) 275-8200
Fax (860) 275-8299

FORM OF OPINION OF BOND COUNSEL

March ___, 2017

Town of Newtown,
Newtown, Connecticut

Ladies and Gentlemen:

We have examined certified copies of the proceedings of the Town of Newtown, Connecticut (the "Town"), a Tax Regulatory Agreement of the Town, dated March ___, 2017 (the "Tax Regulatory Agreement"), and other proofs submitted to us relative to the issuance and sale of $5,090,000 Town of Newtown, Connecticut General Obligation Bonds, Issue of 2017, dated March ___, 2017 (the "Bonds"), maturing on March 15 in each of the years, in the principal amounts and bearing interest payable on September 15, 2017 and semiannually thereafter on March 15 and September 15 in each year until maturity or earlier redemption, at the rates per annum as follows:

Year of Maturity	Principal Amount	Interest Rate Per Annum	Year of Maturity	Principal Amount	Interest Rate Per Annum
2018	$650,000	%	2028	$240,000	%
2019	175,000		2029	225,000	
2020	250,000		2030	225,000	
2021	250,000		2031	225,000	
2022	250,000		2032	225,000	
2023	250,000		2033	225,000	
2024	250,000		2034	225,000	
2025	250,000		2035	225,000	
2026	250,000		2036	225,000	
2027	250,000		2037	225,000	

with principal payable at the principal office of U.S. Bank National Association, in Hartford, Connecticut, and with interest payable to the registered owner as of the close of business on the last business day of February and August in each year, by check mailed to such registered owner at his address as shown on the registration books of the Town kept for such purpose. The Bonds are subject to redemption prior to maturity as therein provided.

The Bonds are originally registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), to effect a book-entry system for the ownership and transfer of the Bonds. So long as DTC or its nominee is the registered owner, principal and interest payments on the Bonds will be made to DTC.

We have not been engaged or undertaken to review the accuracy, completeness or sufficiency of the Official Statement or other offering material relating to the Bonds, and we express no opinion relating thereto, excepting only the matters set forth as our opinion in the Official Statement.

We are of the opinion that such proceedings and proofs show lawful authority for the issuance and sale of the Bonds under authority of the Constitution and General Statutes of Connecticut and that the Bonds are a valid general obligation of the Town the principal of and interest on which is payable from ad valorem taxes which may be levied on all taxable property subject to taxation by the Town without limitation as to rate or amount except as to classified property, such as certified forest lands taxable at a limited rate and dwelling houses of qualified elderly persons of low income or of qualified disabled persons taxable at limited amounts. We are further of the opinion that the Tax Regulatory Agreement is a valid and binding agreement of the Town.

The Internal Revenue Code of 1986, as amended (the "Code"), establishes certain requirements that must be met at and subsequent to the issuance and delivery of the Bonds in order that interest on the Bonds be and remain excluded from gross income for federal income tax purposes. The Town has covenanted in the Tax Regulatory Agreement that it will at all times perform all acts and things necessary or appropriate under any valid provision of law to ensure that interest paid on the Bonds shall be excluded from gross income for federal income tax purposes under the Code.

In our opinion, under existing statutes and court decisions, interest on the Bonds is excluded from gross income for federal income tax purposes and is not treated as an item of tax preference for purposes of computing the federal alternative minimum tax. Interest on the Bonds is, however, includable in adjusted current earnings for purposes of computing the federal alternative minimum tax imposed on certain corporations. We express no opinion regarding any other federal income tax consequences caused by ownership or disposition of, or receipt of interest on, the Bonds.

In rendering the foregoing opinions regarding the federal tax treatment of interest on the Bonds, we have relied upon and assumed (i) the material accuracy of the representations, statements of intention and expectations, and certifications of fact contained in the Tax Regulatory Agreement, and (ii) the compliance by the Town with the covenants and procedures set forth in the Tax Regulatory Agreement as to such tax matters.

We are further of the opinion that, under existing statutes, interest on the Bonds is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates, and is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the federal alternative minimum tax. We express no opinion regarding any other State or local tax consequences caused by the ownership or disposition of the Bonds.

Legislation affecting the exclusion from gross income of interest on State or local bonds, such as the Bonds, is regularly under consideration by the United States Congress. There can be no assurance that legislation enacted or proposed after the date of issuance of the Bonds will not reduce or eliminate the benefit of the exclusion from gross income of interest on the Bonds or adversely affect the market price of the Bonds.

These opinions are rendered as of the date hereof and are based on existing law, which is subject to change. We assume no obligation to update or supplement these opinions to reflect any facts or circumstances that may come to our attention, or to reflect any changes in law that may hereafter occur or become effective.

The rights of owners of the Bonds and the enforceability of the Bonds and the Tax Regulatory Agreement may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally and by application of equitable principles, whether considered at law or in equity.

Very truly yours,

ROBINSON & COLE LLP

Appendix C

Form of Continuing Disclosure Agreement

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FORM OF CONTINUING DISCLOSURE AGREEMENT

CONTINUING DISCLOSURE AGREEMENT

Town of Newtown, Connecticut
$5,090,000 General Obligation Bonds, Issue of 2017
Dated March ___, 2017

March ___, 2017

WHEREAS, the Town of Newtown, Connecticut (the "Town") has heretofore authorized the issuance of $5,090,000 in aggregate principal amount of its General Obligation Bonds, Issue of 2017, dated March ___, 2017 (the "Bonds"), and to mature on the dates and in the amounts as set forth in the Town's Official Statement dated March ___, 2017 describing the Bonds (the "Official Statement"); and

WHEREAS, the Bonds have been sold by a competitive bid pursuant to a Notice of Sale, dated March ___, 2017 (the "Notice of Sale"); and

WHEREAS, in the Notice of Sale, the Town has heretofore acknowledged that an underwriter may not purchase or sell the Bonds unless it has reasonably determined that the Town has undertaken in a written agreement for the benefit of the beneficial owners of the Bonds to provide certain continuing disclosure information as required by Securities and Exchange Commission Rule 15c2-12(b)(5), as amended from time to time (the "Rule"), and the Town desires to assist the underwriter of the Bonds in complying with the Rule; and

WHEREAS, the Town is authorized pursuant to Section 3-20e of the General Statutes of Connecticut to make such representations and agreements for the benefit of the beneficial owners of the Bonds to meet the requirements of the Rule; and

WHEREAS, in order to assist the underwriter of the Bonds in complying with the Rule, this Continuing Disclosure Agreement (this "Agreement") is to be made, executed and delivered by the Town in connection with the issuance of the Bonds and to be described in the Official Statement, all for the benefit of the beneficial owners of the Bonds, as they may be from time to time;

NOW, THEREFORE, the Town hereby represents, covenants and agrees as follows:

Section 1. Definitions. In addition to the terms defined above, the following capitalized terms shall have the meanings ascribed thereto:

"Annual Report" shall mean any Annual Report provided by the Town pursuant to, and as described in, Sections 2 and 3 of this Agreement.

"Fiscal Year End" shall mean the last day of the Town's fiscal year, currently June 30.

"Listed Events" shall mean any of the events listed in Section 4 of this Agreement.

"MSRB" shall mean the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, as amended, or any successor thereto.

"Repository" shall mean the Electronic Municipal Market Access system as described in 1934 Act Release No. 57577 for purposes of the Rule, the MSRB or any other nationally recognized municipal securities information repository or organization recognized by the SEC from time to time for purposes of the Rule.

"SEC" shall mean the Securities and Exchange Commission of the United States or any successor thereto.

Section 2. Annual Reports.

(a) The Town shall provide or cause to be provided to the Repository in electronic format, accompanied by identifying information, as prescribed by the MSRB, the following annual financial information and operating data regarding the Town:

(i) Audited financial statements as of and for the year ending on its Fiscal Year End prepared in accordance with accounting principles generally accepted in the United States, as promulgated by the Governmental Accounting Standards Board from time to time or mandated state statutory principles as in effect from time to time; and

(ii) Financial information and operating data as of and for the year ending on its Fiscal Year End of the following type to the extent not included in the audited financial statements described in (i) above:

(A) the amounts of the gross and net taxable grand list;

(B) a listing of the ten largest taxpayers on the grand list, together with each such taxpayer's taxable valuation thereon;

(C) the percentage and amount of the annual property tax levy collected and uncollected;

(D) a schedule of the annual debt service on outstanding long-term bonded indebtedness;

(E) a calculation of the net direct debt, total direct debt, and total overall net debt (reflecting overlapping and underlying debt);

(F) the total direct debt, total net direct debt and total overall net debt of the Town per capita;

(G) the ratios of total direct debt and total overall net debt of the Town to the Town's net taxable grand list;

(H) a statement of statutory debt limitations and debt margins; and

(I) the funding status of the Town's pension benefit obligations.

(b) The above-referenced information is expected to be provided by the filing of and cross reference to the Town's audited financial statements. The information may be provided in whole or in part by cross-reference to other documents previously provided to the Repository, including official statements of the Town which will be available from the MSRB.

(c) Subject to the requirements of Section 8 hereof, the Town reserves the right to modify from time to time the type of financial information and operating data provided or the format of the presentation of such financial information and operating data, to the extent necessary or appropriate; provided that the Town agrees that any such modification will be done in a manner consistent with the Rule. The Town also reserves the right to modify the preparation and presentation of financial statements described herein as may be required to conform with changes in Connecticut law applicable to municipalities or any changes in generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board from time to time.

Section 3. Timing. The Town shall provide the financial information and operating data referenced in Section 2(a) not later than eight months after each Fiscal Year End subsequent to the date of issuance of the Bonds, provided, however, that if such financial information and operating data for the Fiscal Year End preceding the date of issuance of the Bonds is not contained in the Official Statement for the Bonds or has not otherwise been previously provided, the Town shall provide such financial information and operating data no later than eight months

after the close of such preceding Fiscal Year End. The Town agrees that if audited financial statements are not available eight months after the close of any Fiscal Year End, it shall submit unaudited financial statements by such time and will submit audited financial statements information when and if available.

Section 4. Event Notices. The Town agrees to provide, or cause to be provided, in a timely manner not in excess of ten (10) business days after the occurrence of the event, notice to the Repository in electronic format, accompanied by identifying information, as prescribed by the MSRB, of the occurrence of any of the following events:

(i) principal and interest payment delinquencies;

(ii) non-payment related defaults, if material;

(iii) unscheduled draws on debt service reserves reflecting financial difficulties;

(iv) unscheduled draws on credit enhancements reflecting financial difficulties;

(v) substitution of credit or liquidity providers, or their failure to perform;

(vi) adverse tax opinions; the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;

(vii) modifications to rights of Bondholders, if material;

(viii) Bond calls, if material, and tender offers;

(ix) defeasances;

(x) release, substitution, or sale of property securing repayment of the Bonds, if material;

(xi) rating changes;

(xii) bankruptcy, insolvency, receivership, or similar event of any obligated person;

(xiii) the consummation of a merger, consolidation, or acquisition involving any obligated person or the sale of all or substantially all of the assets of any obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake any such an action or the termination of a definitive agreement relating to such actions, other than pursuant to its terms, if material; and

(xiv) appointment of a successor or additional trustee or the change of name of a trustee, if any, if material.

Section 5. Notice of Failure. The Town agrees to provide, or cause to be provided, in a timely manner to the Repository in electronic format, accompanied by identifying information, as prescribed by the MSRB, notice of any failure by the Town to provide the annual financial information described in Section 2(a) of this Agreement on or before the date described in Section 3 of this Agreement.

Section 6. Termination of Reporting Obligation. The Town's obligations under this Agreement shall terminate upon the defeasance, prior redemption or payment in full of all of the Bonds.

Section 7. Agent. The Town may, from time to time, appoint or engage an agent to assist it in carrying out its obligations under this Agreement, and may discharge any such agent, with or without appointing a successor agent.

Section 8. Amendment; Waiver. Notwithstanding any other provision of this Agreement, the Town may amend this Agreement, and any provision of this Agreement may be waived, if such amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, a change in law, or a change in the identity, nature or status of the Town, and is supported by an opinion of counsel expert in federal securities laws, to the effect that (i) such amendment or waiver would not materially adversely affect the beneficial owners of the Bonds and (ii) this Agreement, as so amended, would have complied with the requirements of the Rule as of the date of this Agreement, taking into account any amendments or interpretations of the Rule as well as any changes in circumstances. A copy of any such amendment will be filed in a timely manner with the Repository in electronic format. The Annual Report provided on the first date following adoption of any such amendment will explain, in narrative form, the reasons for the amendment and the impact of the change in the type of financial information or operating data provided.

Section 9. Additional Information. Nothing in this Agreement shall be deemed to prevent the Town from disseminating any other information, using the means of dissemination set forth in this Agreement or any other means of communication, or including any other information in any Annual Report or providing notice of the occurrence of any other event, in addition to that which is required by this Agreement. If the Town chooses to include any other information in any Annual Report or provide notice of the occurrence of any other event in addition to that which is specifically required by this Agreement, the Town shall have no obligation under this Agreement to update such information or include or provide such information or notice of the occurrence of such event in the future.

Section 10. Indemnification. The Town agrees, pursuant to applicable law, to indemnify and save its officials, officers and employees harmless against any loss, expense or liability which they may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorney's fees) of defending against any claim of liability hereunder, but excluding any loss, expense or liability due to any such person's malicious, wanton, or willful act. The obligations of the Town under this Section shall survive termination of this Agreement.

Section 11. Enforceability. The Town agrees that its undertaking pursuant to the Rule set forth in this Agreement is intended to be for the benefit of and enforceable by the beneficial owners of the Bonds. In the event the Town shall fail to perform its duties hereunder, the Town shall have the option to cure such failure after its receipt of written notice from any beneficial owner of the Bonds of such failure. In the event the Town does not cure such failure, the right of any beneficial owner of the Bonds to enforce the provisions of this undertaking shall be limited to a right to obtain specific performance of the Town's obligations hereunder. No monetary damages shall arise or be payable hereunder, nor shall any failure to comply with this Agreement constitute a default of the Town with respect to the Bonds.

IN WITNESS WHEREOF, the Town has caused this Continuing Disclosure Agreement to be executed in its name by its undersigned officers, duly authorized, all as of the date first above written.

TOWN OF NEWTOWN, CONNECTICUT

By: _____
E. Patricia Llodra
First Selectman

By: _____
Robert G. Tait
Director of Finance

Appendix D

Notice of Sale

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NOTICE OF SALE
$5,090,000
TOWN OF NEWTOWN, CONNECTICUT
GENERAL OBLIGATION BONDS, ISSUE OF 2017

Electronic bids (as described herein) will be received by the **TOWN OF NEWTOWN**, **CONNECTICUT** (the "Town"), until 11:30 A.M. (E.T.) Wednesday,

MARCH 8, 2017

for the purchase of all, but not less than all, of the $5,090,000 Town of Newtown, Connecticut General Obligation Bonds, Issue of 2017 (the "Bonds"). Electronic bids must be submitted via ***PARITY***®. (See "Electronic Bidding Procedures").

The Bonds

The Bonds will be dated March 15, 2017, mature in the principal amounts of $650,000 on March 15, 2018, $175,000 on March 15, 2019, $250,000 on March 15 in each of the years 2020-2027, both inclusive, $240,000 on March 15, 2028, and $225,000 on March 15 in each of the years 2029-2037, both inclusive, bear interest payable on September 15, 2017 and semiannually thereafter on March 15 and September 15 in each year until maturity, or earlier redemption, as further described in the Preliminary Official Statement for the Bonds dated February 27, 2017 (the "Preliminary Official Statement").

The Bonds maturing on or before March 15, 2024 are not subject to redemption prior to maturity. The Bonds maturing on March 15, 2025 and thereafter, are subject to redemption prior to maturity, at the election of the Town, on and after March 15, 2024, at any time, in whole or in part and by lot within a maturity, in such amounts and in such order of maturity as the Town may determine, at the respective prices (expressed as percentages of the principal amounts of Bonds to be redeemed) set forth in the following table, together with interest accrued and unpaid to the redemption date:

Redemption Date	Redemption Price
March 15, 2024 and thereafter	100%

Nature of Obligation

The full faith and credit of the Town will be pledged for the prompt payment of the principal of and interest on the Bonds when due. The Bonds will be general obligations of the Town payable, unless paid from other sources, from ad valorem taxes which may be levied on all taxable property subject to taxation by the Town without limitation as to rate or amount except as to classified property such as certified forest lands taxable at a limited rate and dwelling houses of qualified elderly persons of low income or of qualified disabled persons taxable at limited amounts.

Bank Qualification

The Bonds shall be designated by the Town as qualified tax exempt obligations under the provisions of Section 265(b) of the Internal Revenue Code of 1986, as amended, for purposes of the deduction by financial institutions for interest expense allocable to the Bonds.

Registration

The Bonds will be issued by means of a book-entry system with no physical distribution of bond certificates made to the public. The Bonds will be issued in registered form and one bond certificate for

each maturity will be issued to The Depository Trust Company, New York, New York ("DTC"), registered in the name of its nominee, Cede & Co., and immobilized in their custody. A book-entry system will be employed, evidencing ownership of the Bonds in principal amounts of $5,000 or integral multiples thereof, with transfers of ownership effected on the records of DTC and its participants pursuant to rules and procedures adopted by DTC and its participants. The winning bidder, as a condition to delivery of the Bonds, will be required to deposit the bond certificates with DTC, or its custodian, registered in the name of Cede & Co. Principal of and interest on the Bonds will be payable by the Town or its agent in Federal funds to DTC or its nominee as registered owner of the Bonds. Principal and interest payments to participants of DTC will be the responsibility of DTC. Principal and interest payments to beneficial owners by participants of DTC will be the responsibility of such participants and other nominees of beneficial owners. The Town will not be responsible or liable for payments by DTC to its participants or by DTC participants to beneficial owners or for maintaining, supervising or reviewing the records maintained by DTC, its participants or persons acting through such participants.

Electronic Bidding Procedures

Any prospective bidder intending to submit an electronic bid must submit its electronic bid through the facilities of ***PARITY®***. Subscription to the i-Deal LLC BiDCOMP Competitive Bidding System is required in order to submit an electronic bid and the Town will neither confirm any subscription nor be responsible for the failure of any prospective bidder to subscribe.

An electronic bid made through the facilities of ***PARITY®*** shall be deemed an irrevocable offer to purchase the Bonds on the terms provided in this Notice of Sale, and shall be binding upon the bidder as if made by a signed, sealed bid delivered to the Town. The Town shall not be responsible for any malfunction or mistake made by, or as a result of the use of the facilities of, ***PARITY®***, the use of such facilities being the sole risk of the prospective bidder.

If any provisions of this Notice of Sale shall conflict with information provided by ***PARITY®*** as the approved provider of electronic bidding services, this Notice of Sale shall control. Further information about ***PARITY®***, including any fee charged, may be obtained from ***PARITY®***, 1359 Broadway, 2nd Floor, New York, New York 10018, Attention: Customer Service Department (telephone: (212) 849-5021 - email notice: parity@i-deal.com).

For purposes of the electronic bidding process, the time as maintained by ***PARITY®*** shall constitute the official time. For information purposes only, bidders are requested to state in their electronic bids the true interest cost to the Town, computed and rounded to six decimal places, as described under "Bid Specifications/Basis of Award" below. All electronic bids shall be deemed to incorporate the provisions of this Notice of Sale.

Bid Specifications/Basis of Award

Each bid must be for the entire $5,090,000 of Bonds and must specify the rate or rates of interest therefor in a multiple of 1/20 or 1/8 of 1% per annum. Bids shall not state more than one interest rate for any Bonds having the same maturity date. The highest interest rate bid for a maturity and the lowest rate bid for any other maturity may not differ by more than three (3%) percentage points. Interest shall be computed on the basis of twelve 30 day months and a 360 day year. No bid for less than all of the Bonds or for less than par and accrued interest will be considered.

For the purpose of determining the successful bidder, the true interest cost to the Town will be the annual interest rate, compounded semiannually, which, when used to discount all payments of principal and interest payable on the Bonds to March 15, 2017, the date of the Bonds, results in an amount equal to the purchase price for the Bonds, not including interest accrued to March 15, 2017, the delivery date of the Bonds. It is requested that each bid be accompanied by a statement of the percentage of true interest cost

computed and rounded to six decimal places. Such statement shall not be considered as a part of the proposal. The Bonds will be awarded or all bids will be rejected promptly after the bid opening, but not later than 4:00 P.M. (E.T.) on March 8, 2017. The purchase price must be paid in Federal funds.

The Town reserves the right to reject any and all bids and to waive any irregularity or informality with respect to any proposal. The Town further reserves the right to postpone the sale to another time and date in its sole and absolute discretion for any reason, including, without limitation, internet difficulties. The Town will use its best efforts to notify prospective bidders in a timely manner of any need for a postponement. Unless all bids are rejected or the bid is postponed, the Bonds will be awarded to the bidder offering to purchase them at the lowest true interest cost.

Closing Documents and Legal Opinion

The Bonds will be certified by U.S. Bank National Association, Hartford, Connecticut. The legality of the Bonds will be passed upon by Robinson & Cole LLP, Bond Counsel, Hartford, Connecticut, and the winning bidder will be furnished with their opinion without charge. The winning bidder will also be furnished with a signature and no litigation certificate, a receipt of payment satisfactory in form to Bond Counsel, a signed copy of the final Official Statement prepared for the Bonds, a certificate signed by the appropriate officials of the Town relating to the accuracy and completeness of information contained in the final Official Statement, and an executed continuing disclosure agreement.

The legal opinion will further state that, (i) under existing statutes and court decisions, interest on the Bonds is excluded from gross income for federal income tax purposes, (ii) such interest is not treated as an item of tax preference for purposes of computing the federal alternative minimum tax, but is, however, includable in adjusted current earnings for purposes of computing the federal alternative minimum tax imposed on certain corporations, (iii) under existing statutes, interest on the Bonds is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates, and (iv) such interest is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay federal alternative minimum tax. In rendering the legal opinion, Robinson & Cole LLP will rely upon and assume the material accuracy of the representations and statements of expectation contained in the Tax Regulatory Agreement entered into by the Town for the benefit of the owners of the Bonds, and further, will assume compliance by the Town with the covenants and procedures set forth in such Tax Regulatory Agreement. A copy of the opinion will be printed upon each of the Bonds, and a signed opinion and transcript of proceedings will be filed with U.S. Bank National Association, in Hartford, Connecticut, and will be available for examination upon request.

Settlement of the Bonds

It shall be the responsibility of the winning bidder to certify to the Town before delivery of the Bonds the prices at which a substantial amount of the Bonds of each maturity were initially offered and sold to the public.

The Bonds will be available for delivery on or about March 15, 2017. The deposit of the Bonds with DTC or its custodian under a book-entry system requires the assignment of CUSIP numbers prior to delivery. It shall be the responsibility of the winning bidder to obtain CUSIP numbers for the Bonds prior to delivery, and the Town will not be responsible for any delay occasioned by the failure of the winning bidder to obtain such numbers and to supply them to the Town in a timely manner. The Town assumes no responsibility for any CUSIP Service Bureau charge or other charge that may be imposed for the assignment of such numbers, which charges shall be the responsibility of and shall be paid for by the winning bidder.

The Preliminary Official Statement is in a form "deemed final" by the Town for purposes of SEC Rule 15c2-12(b)(1). The winning bidder will be furnished 75 copies of the final Official Statement prepared for the Bonds at the Town's expense. Additional copies may be obtained by the winning bidder at

its own expense by arrangement with the printer. The copies of the final Official Statement will be made available to the winning bidder no later than seven business days after the bid opening at the office of the Town's financial advisor. If the Town's financial advisor is provided with the necessary information from the winning bidder by 12:00 p.m. (noon) on the day after the bid opening, the copies of the final Official Statement will include an additional cover page and other pages, if necessary, indicating the interest rates, ratings, yields or reoffering prices, the name of the managing underwriter, and the name of the insurer, if any, of the Bonds.

Continuing Disclosure

The Town will undertake in a Continuing Disclosure Agreement entered into in accordance with the requirements of Rule 15c2-12(b)(5), promulgated by the Securities and Exchange Commission, to provide (i) certain annual financial information and operating data, including audited financial statements; (ii) timely notice of the occurrence of certain events within 10 days of the occurrence of such events with respect to the Bonds; and (iii) timely notice of its failure to provide such annual financial information. The winning bidder's obligation to purchase the Bonds shall be conditioned upon its receiving, at or prior to the delivery of the Bonds, an executed copy of the Continuing Disclosure Agreement for the Bonds.

Related Information

For more information regarding the Bonds and the Town, reference is made to the Preliminary Official Statement. Copies of the Preliminary Official Statement may be obtained from the undersigned, or from Barry J. Bernabe, Managing Director, Phoenix Advisors, LLC, 53 River Street, Milford, Connecticut 06460, telephone (203) 283-1110.

E. PATRICIA LLODRA
First Selectman

ROBERT G. TAIT
Financial Director

February 27, 2017