

Final Official Statement Dated February 13, 2018

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 for tax years beginning before January 1, 2018. 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

\$13,000,000

General Obligation Bonds, Issue of 2018

Dated: Date of Delivery

**Due: February 15, 2019-2038
as detailed below:**

The Bonds will bear interest payable on August 15, 2018 and semiannually thereafter on February 15 and August 15 in each year until maturity or earlier redemption. 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
2019	\$ 650,000	5.000%	1.280%	653234J70	2029*	\$ 650,000	3.000%	2.900%	653234K94
2020	650,000	5.000%	1.500%	653234J88	2030	650,000	3.000%	3.000%	653234L28
2021	650,000	5.000%	1.630%	653234J96	2031	650,000	3.000%	3.100%	653234L36
2022	650,000	5.000%	1.760%	653234K29	2032	650,000	3.125%	3.180%	653234L44
2023	650,000	5.000%	1.910%	653234K37	2033	650,000	3.125%	3.240%	653234L51
2024	650,000	2.000%	2.100%	653234K45	2034	650,000	3.250%	3.300%	653234L69
2025	650,000	2.125%	2.200%	653234K52	2035	650,000	3.250%	3.340%	653234L77
2026*	650,000	3.000%	2.450%	653234K60	2036	650,000	3.375%	3.380%	653234L85
2027*	650,000	3.000%	2.650%	653234K78	2037	650,000	3.375%	3.430%	653234L93
2028*	650,000	3.000%	2.800%	653234K86	2038	650,000	3.375%	3.460%	653234M27

* Priced assuming optional redemption on February 15, 2023; however any such redemption is at the option of the Town.

PiperJaffray

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 February 27, 2018.

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:	Tuesday, February 13, 2018 at 11:30 A.M. (E.S.T.)
Location of Sale:	Newtown Town Hall, 3 Primose Street, Newtown, CT 06470.
Issuer:	Town of Newtown, Connecticut (the "Town").
Issue:	\$13,000,000 General Obligation Bonds, Issue of 2018 (the "Bonds").
Dated Date:	Date of Delivery.
Interest Due:	August 15, 2018 and semiannually thereafter on February 15 and August 15, in each year until maturity or earlier redemption.
Principal Due:	The Bonds are due serially, February 15, 2019 through February 15, 2038, 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 ("S&P").
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 <u>shall NOT</u> 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) 283-1110.
Delivery and Payment:	It is expected that delivery of the Bonds in book-entry-only form will be made on or about February 27, 2018, 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 \$13,000,000 General Obligation Bonds, Issue of 2018 (the "Bonds").

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 a public bidding. A Notice of Sale for the Bonds dated February 2, 2018 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, February 27, 2018, and will mature in annual installments on February 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 August 15, 2018 and semiannually thereafter on February 15 and August 15, in each year until maturity or earlier redemption. 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 January and July 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 NOT 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 February 15, 2023 are not subject to redemption prior to maturity. The Bonds maturing on February 15, 2024 and thereafter, are subject to redemption prior to maturity, at the election of the Town, on and after February 15, 2023 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:

<i>Period During Which Redeemed</i>	<i>Redemption Price</i>
February 15, 2023 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:

<i>Project</i>	<i>Amount Authorized</i>	<i>New Money or (Paydowns)</i>	<i>This Issue: The Bonds</i>
Newtown H.S. Additions & Renovations.....	\$ 38,826,000	\$ 400,000	\$ 400,000
Bridge Program	315,000	315,000	315,000
Fairfield Hills Remediation & Demolition.....	5,000,000	735,000	735,000
Newtown Community Center.....	5,000,000	2,500,000	2,500,000
Bridge Program.....	525,000	525,000	525,000
Fire Apparatus.....	575,000	575,000	575,000
Treadwell Park.....	550,000	535,000	535,000
Senior Center.....	3,000,000	3,000,000	3,000,000
H.S. Auditorium Phase II.....	750,000	650,000	650,000
Middle School Improvements.....	1,800,000	1,800,000	1,800,000
Hawley School Roof.....	850,000	665,000	665,000
Town Road Program.....	1,000,000	1,000,000	1,000,000
Police Facility Design.....	300,000	300,000	300,000
Total	\$ 58,491,000	\$ 13,000,000	\$ 13,000,000

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 S&P Global Ratings 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 NOT 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. 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” by 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 for tax years beginning before January 1, 2018.

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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II. The Issuer



Connecticut

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.....	Dan Rosenthal	Elected	Less than 1 year
Finance Director.....	Robert G. Tait	Appointed	10 years
Superintendent of Schools (interim).....	Lorrie Rodrigue	Appointed	Less than 1 year
Tax Collector.....	Donna Saputo	Appointed	2 years
Assessor.....	Penney Mudgett	Appointed	5 years
Town Clerk.....	Debbie A. Halstead	Elected	11 years
Economic and Community Development Coordinator.....	Christal Preszler	Appointed	2 years
Director of Public Works.....	Frederick Hurley	Appointed	29 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. (“UWES”) under contract to the WSA. UWES 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 UWES 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 (“HRRRA”), which has legal authority under Connecticut State Statutes to contract for long-term garbage disposal and recyclable recovery services. HRRRA 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 HRRRA 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

	2017-18	2016-17	2015-16	2014-15	2013-14
General Government.....	174 ³	171 ³	163	165	166
Board of Education.....	795	778	781	729 ²	761
Total.....	969	949	944	894	927

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

	Positions Covered	Current Contract Expiration Date
Board of Education Groups		
Newtown Federation of Teachers	410	6/30/2020
Newtown Association of School Administrators.....	23	6/30/2021
Newtown School Custodian and Maintenance Association.....	55	6/30/2019
Newtown Federation of Educational Personnel.....	55	6/30/2019
Newtown Paraeducators Association	157	6/30/2018
Local 1303 of Council #4, AFSCME (Nurses)	14	6/30/2021
Non-bargaining Employees	81	N/A
Total Board of Education Employees.....	795	
General Government Groups		
AFSCME (Highway) 1303-2000.....	35	6/30/2018
AFSCME Local 1303/136 – Dispatch/Clerical.....	12	6/30/2018
Newtown Police Union AFSCME 3153.....	43	6/30/2020
Teamsters (Park and Recreation) Local 145	11	6/30/2020
CSEA (Town Employees) Local 760.....	38	6/30/2018
Non-bargaining Employees.....	35	N/A
Total General Government Employees.....	174	
Total Board of Education and General Government Employees.....	969	

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	10/1/2017 Enrollment	Rated Capacity
Elementary Schools:					
Hawley	K-4	1921 (1997)	24	302	550
Sandy Hook.....	K-4	2016	23	383 ¹	464
Middle Gate	K-4	1964 (1993)	26	362	580
Head O'Meadow.....	K-4	1977	22	270	513
Reed Intermediate School	5-6	2002	46	648	1,100
Middle School	7-8	1951 (1987)	53	712	1,077
High School	9-12	1970 (2010)	70	1,624	2,022
Total.....			264	4,301	6,306

¹ Does not include 68 Pre-K students at the Sandy Hook School.

Source: Town of Newtown, Superintendent of Schools.

School Enrollment and Projections

School Year	Historical				Total Enrollment
	Grades Pre-K-4	Grades 5-6	Grades 7-8	Grades 9-12 High School	
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
2017-18	1,385	648	712	1,624	4,369
School Year	Projected				Total Enrollment
	Grades Pre-K-4	Grades 5-6	Grades 7-8	Grades 9-12 High School	
2018-19	1,405	618	675	1,565	4,263
2019-20	1,227	561	630	1,528	3,946
2020-21	1,220	571	606	1,425	3,822
2021-22	1,038	540	587	1,335	3,500

Source: Town of Newtown, Superintendent of Schools.

III. Economic and Demographic Information

Population and Density

Year	Actual		Density ¹
	Population	% Increase	
2016 ²	27,990	1.6%	463.4
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 2012-2016.

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

Age Distribution of the Population

Age	Town of Newtown		State of Connecticut	
	Number	Percent	Number	Percent
Under 5 years	1,086	3.9%	188,812	5.3%
5 to 9 years	1,843	6.6	210,557	5.9
10 to 14 years	2,394	8.6	228,543	6.4
15 to 19 years	2,350	8.4	252,522	7.0
20 to 24 years	1,411	5.0	242,007	6.7
25 to 34 years	1,998	7.1	438,471	12.2
35 to 44 years	3,153	11.3	439,606	12.3
45 to 54 years	5,783	20.7	545,977	15.2
55 to 59 years	2,079	7.4	263,778	7.4
60 to 64 years	1,533	5.5	223,274	6.2
65 to 74 years	2,133	7.6	303,959	8.5
75 to 84 years	1,467	5.2	163,137	4.5
85 years and over	760	2.7	87,927	2.5
Total.....	27,990	100%	3,588,570	100%
Median Age (Years) 2016.....	44.5		40.6	
Median Age (Years) 2010..... ¹	45.1		40.0	

¹ U.S. Department of Commerce, Bureau of Census, 2010.

Source: American Community Survey 2012-2016.

Income Distribution

Income	Town of Newtown		State of Connecticut	
	Families	Percent	Families	Percent
\$ 0 - \$ 9,999.....	70	0.9%	29,623	3.3%
10,000 - 14,999.....	91	1.2	17,060	1.9
15,000 - 24,999.....	117	1.6	44,354	5.0
25,000 - 34,999.....	279	3.7	54,456	6.1
35,000 - 49,999.....	393	5.3	81,300	9.1
50,000 - 74,999.....	741	9.9	137,336	15.4
75,000 - 99,999.....	823	11.0	124,033	13.9
100,000 - 149,999.....	1,720	23.0	186,214	20.8
150,000 - 199,999.....	1,298	17.4	96,075	10.7
200,000 and over.....	1,946	26.0	123,962	13.9
Total.....	7,478	100.0%	894,413	100.0%

Source: American Community Survey 2012-2016.

Income Levels

	<u>Town of Newtown</u>	<u>State of Connecticut</u>
Per Capita Income, 2016.....	\$ 49,603	\$ 39,906
Per Capita Income, 2010.....	\$ 47,221	\$ 36,775
Median Family Income, 2016.....	\$ 134,743	\$ 91,274
Median Family Income, 2010	\$ 118,958	\$ 84,170

Source: American Community Survey 2012-2016.

Educational Attainment (Years of School Completed Age 25 and Over)

	<u>Town of Newtown</u>		<u>State of Connecticut</u>	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
Less than 9th grade.....	261	1.4%	103,279	4.2%
9th to 12th grade, no diploma.....	527	2.8	139,653	5.7
High School graduate.....	3,541	18.7	673,220	27.3
Some college, no degree.....	2,873	15.2	427,232	17.3
Associate's degree	1,245	6.6	184,426	7.5
Bachelor's degree.....	5,861	31.0	524,370	21.3
Graduate or professional degree.....	4,598	24.3	413,949	16.8
Total.....	18,906	100.0%	2,466,129	100.0%
Total High School Graduate or Higher (%).....		95.8%		90.1%
Total Bachelor's Degree or Higher (%).....		55.3%		38.0%

Source: American Community Survey 2012-2016.

Employment Data

<u>Period</u>	<u>Town of Newtown</u>		<u>Percentage Unemployed</u>		
	<u>Employed</u>	<u>Unemployed</u>	<u>Town of Newtown</u>	<u>Danbury Labor Market</u>	<u>State of Connecticut</u>
December 2017.....	13,926	439	3.1	3.1	3.9
Annual Average					
2017.....	13,937	563	3.9	3.9	4.7
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

Source: State of Connecticut, Department of Labor.

Employment by Industry

Sector	Town of Newtown		State of Connecticut	
	Number	Percent	Number	Percent
Agriculture, forestry, fishing and hunting, and mining.....	153	1.1%	7,209	0.4%
Construction.....	803	6.0	101,497	5.7
Manufacturing.....	1,639	12.2	190,713	10.6
Wholesale trade.....	523	3.9	45,110	2.5
Retail trade.....	971	7.2	193,853	10.8
Transportation warehousing, and utilities.....	468	3.5	66,516	3.7
Information.....	374	2.8	42,374	2.4
Finance, insurance, real estate, and leasing....	1,361	10.1	163,765	9.1
Professional, scientific, management, administrative, and waste management.....	2,143	16.0	206,042	11.5
Education, health and social services.....	3,228	24.0	474,976	26.5
Arts, entertainment, recreation, accommodation and food services.....	972	7.2	153,754	8.6
Other services (except public admin.).....	492	3.7	81,588	4.5
Public Administration.....	305	2.3	66,291	3.7
Total Labor Force, Employed.....	13,432	100.0%	1,793,688	100.0%

Source: American Community Survey 2012-2016.

Major Employers As of January 2018

Employer	Type of Business	Approximate Number of Employees
Town of Newtown.....	Municipality	945
Masonicare at Newtown	Nursing home	275
State of CT 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	130
Stop & Shop Supermarket	Supermarket	102
Maplewoods.....	Assisted Living	100
Sonics & Materials, Inc.	Medical devices manufacturing	75
Tier One	Medical devices manufacturing	70
Cascade Manufacturing.....	Manufacturing	63
Forecast International	Market research	38
SMT Corporation.....	Manufacturing	42

Source: Town of Newtown, Community Development Office.

Commute to Work

	Town of Newtown		State of Connecticut	
	Number	Percent	Number	Percent
Drove alone	10,944	82.8%	1,379,406	78.3%
Car pools	857	6.5	143,187	8.1
Used public transportation	175	1.3	85,762	4.9
Walked	148	1.1	51,845	2.9
Used other means	64	0.5	20,266	1.2
Worked at home	1,025	7.8	81,050	4.6
Total	13,213	100.0%	1,761,516	100.0%
Mean travel time to work (minutes)	33.3	–	25.7	

Source: American Community Survey 2012-2016.

Building Permits (Values in 000s)

Calendar Year	Residential		Comm./Industrial		All Other ¹		Total	
	No.	Value	No.	Value	No.	Value	No.	Value
2017	23	\$ 6,546,810	4	\$ 1,376,482	1,372	\$ 24,062,530	1,399	\$ 31,985,822
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

¹ Includes additions, alterations, pools, etc.

Source: Town of Newtown, Building Official.

Housing Unit Inventory and Vacancy Rates

Housing Units	Town of Newtown		State of Connecticut	
	Units	Percent	Units	Percent
1-unit, detached	9,063	88.3%	882,236	59.1%
1-unit, attached	280	2.7	80,639	5.4
2 units	183	1.8	123,152	8.2
3 or 4 units	270	2.6	130,686	8.7
5 to 9 units	64	0.6	82,581	5.5
10 to 19 units	27	0.3	56,858	3.8
20 or more units	247	2.4	125,758	8.4
Mobile home	126	1.2	11,534	0.8
Boat, RV, van, etc.	-	-	354	0.0
Total Inventory.....	10,260	100.0%	1,493,798	100.0%

Source: American Community Survey 2012-2016.

Owner Occupied Housing Units

Specified Owner-Occupied Units	Town of Newtown		State of Connecticut	
	Number	Percent	Number	Percent
Less than \$50,000.....	161	2.0%	24,343	2.8%
\$50,000 to \$99,000.....	31	0.4	29,703	3.5
\$100,000 to \$149,999.....	139	1.7	81,158	9.4
\$150,000 to \$199,000.....	243	3.0	139,979	16.3
\$200,000 to \$299,999.....	1,316	16.1	246,071	28.6
\$300,000 to \$499,999.....	3,905	47.9	233,345	27.1
\$500,000 or more.....	2,362	29.0	104,952	12.2
\$1,000,000 or more.....	249	3.1	40,672	4.7
Total.....	8,157	100.0%	859,551	100.0%
Median Value.....	\$402,200		\$269,300	

Source: American Community Survey 2012-2016.

Age Distribution of Housing

Year Built	Town of Newtown		State of Connecticut	
	Units	Percent	Units	Percent
1939 or earlier.....	1,312	12.8%	334,202	22.4%
1940 to 1969.....	3,109	30.3	533,202	35.7
1970 to 1979.....	1,526	14.9	200,614	13.4
1980 to 1989.....	1,232	12.0	190,755	12.8
1990 to 1999.....	1,599	15.6	113,584	7.6
2000 or 2009.....	1,408	13.7	104,308	7.0
2010 or later.....	74	0.7	17,133	1.1
Total Housing Units.....	10,260	100.0%	1,493,798	100.0%

Source: American Community Survey 2012-2016.

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 commenced 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.

Connecticut General Statutes Section 12-71e, as amended, allows municipalities to tax motor vehicles at a different rate than other taxable property, but caps the motor vehicle tax rate at 39.00 mills for the assessment year commencing October 1, 2016, and 45.00 mills for the assessment year commencing October 1, 2017, and each assessment year thereafter. Section 4-66l of the General Statutes, as amended, 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 (the fiscal year ending June 30, 2018) is 33.87 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

Connecticut General Statutes Section 4-66l, as amended ("Section 4-66l"), creates certain disincentives on increasing adopted 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 for those municipalities whose increase in its adopted budget expenditures, with certain exceptions, exceed the spending limit specified in the general statutes. The reduction to the municipal revenue sharing grant will generally equal 50 cents for every dollar by which the municipality's adopted budget exceeds the expenditure cap. A municipality whose population increased from the previous fiscal year, as determined by OPM, may increase its adopted budget expenditures over the expenditure cap by an amount proportionate to its population growth. Section 4-66l requires each municipality to annually certify to the Secretary of OPM whether the municipality has exceeded the spending

limit, and if so, the amount by which the limit was exceeded. For fiscal years ending June 30, 2018 and June 30, 2019, the Town will not receive municipal revenue sharing grant moneys from the state.

Under Section 4-66l, municipal spending does not include expenditures: (i) for debt service, special education, or costs to implement court orders or arbitration awards; (ii) associated with a major disaster or emergency declaration by the President or disaster emergency declaration issued by the Governor under the civil preparedness law; (iii) for any municipal revenue sharing grant the municipality disburses to a district; or (iv) budgeting for an audited deficit, non-recurring grants, capital expenditures or payments on unfunded pension liabilities.

Property Tax Collections

<i>Fiscal Year Ended 6/30</i>	<i>Grand List 10/1</i>	<i>Tax Rate (in Mills)</i>	<i>Adjusted Annual Levy</i>	<i>Percent of Annual Levy Collected At End of Fiscal Year</i>	<i>Percent of Annual Levy Uncollected at End of Fiscal Year</i>	<i>Percent of Annual Levy Uncollected As of 6/30/2017</i>
2018	2016	33.87	\$ 104,415,578		In Collection	
2017	2015	33.60	102,847,280	99.3%	0.7%	0.70%
2016	2014	33.07	100,822,157	99.3	0.7	0.21
2015	2013	33.31	100,736,217	99.2	0.8	0.15
2014	2012	33.32	99,925,361	99.3	0.7	0.11
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

<i>Fiscal Year Ended June 30</i>	<i>Current Year Taxes Receivable</i>	<i>Total Taxes Receivable</i>
2017	\$ 650,416	\$ 1,842,210
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 Sandhill 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	6,771,753	0.22
M Newtown Assoc LTD Partnership.....	Real estate	6,666,180	0.21
Newtown Savings Bank.....	Banking	6,381,520	0.21
ACAR Leasing LTD	Leasing	5,987,264	0.19
Barnabas Realty Group Partnership.....	Real estate	5,869,610	0.19
Total.....		\$ 109,177,907	3.51%

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	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	-

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 February 27, 2018
(Pro Forma)

Date	Purpose	Interest Rate %	Original Issue	Amount Outstanding	Fiscal Year of Maturity
10/31/2003	Drinking Water Fund (DWSRF PLO 200101-C).....	2.10	\$ 516,000	\$ 160,177	06/30/2023
06/29/2006	Drinking Water Fund (DWSRF PLO 200402-C).....	2.32	171,738	76,783	12/31/2025
08/25/2009	Refunding, Series B (school).....	2.00–5.00	2,500,600	490,900	07/01/2018
08/25/2009	Refunding, Series B (general purpose).....	2.00–5.00	10,819,400	2,124,100	07/01/2018
09/28/2010	Refunding (school).....	0.25–5.00	2,319,500	1,564,800	07/01/2023
09/28/2010	Refunding (general purpose).....	0.25–5.00	6,590,500	5,675,200	07/01/2023
02/15/2012	School, Series A.....	2.00–4.00	11,385,000	8,360,000	02/15/2032
03/20/2012	Refunding, Series B (general purpose).....	2.00–4.00	7,558,400	6,468,300	07/15/2026
03/20/2012	Refunding, Series B (sewer) ¹	2.00–4.00	327,700	21,700	07/15/2019
03/15/2014	School.....	2.00–3.50	2,046,000	1,739,100	03/15/2034
03/15/2014	General Purpose.....	2.00–3.50	1,966,000	1,669,900	03/15/2034
03/15/2014	Sewers.....	2.00–3.50	2,488,000	2,116,000	03/15/2034
02/18/2015	Refunding (general purpose).....	2.375–5.00	5,196,000	4,825,000	08/15/2030
02/18/2015	Refunding (school).....	2.375–5.00	12,424,000	11,020,000	08/15/2030
03/15/2016	General Purpose.....	2.00–4.00	9,490,000	186,000	03/15/2036
03/15/2016	School.....	2.00–4.00	2,510,000	1,644,000	03/15/2036
05/10/2016	General Purpose.....	3.00–4.00	233,000	8,325,000	07/01/2021
05/10/2016	School.....	3.00–4.00	2,062,000	2,375,000	07/01/2021
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
Sub-total.....			\$ 85,693,838	\$ 63,931,960	
This Issue					
02/27/2018	General Purpose.....	2.00–5.00	\$ 9,485,000	\$ 9,485,000	02/15/2038
02/27/2018	School.....	2.00–5.00	3,515,000	3,515,000	02/15/2038
Total This Issue.....			\$ 13,000,000	\$ 13,000,000	
Grand Total.....			\$ 98,693,838	\$ 76,931,960	

¹ Sewer debt is self-supporting.

Short Term Debt
As of February 27, 2018
(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 and 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 does not have any 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 the amount 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 \$236,960 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 February 27, 2018
(Pro Forma)**

Fiscal Year Ending	Principal Payments	Interest Payments ¹	Total Payments	This Issue	Total Principal	Cumulative Principal Retired
2018 ²	\$ 1,490,385	\$ 320,681	\$ 1,811,066	\$ -	\$ 1,490,385	1.9%
2019	6,237,492	2,145,767	8,383,259	650,000	6,887,492	10.9%
2020	5,888,307	1,904,276	7,792,583	650,000	6,538,307	19.4%
2021	5,579,140	1,695,281	7,274,421	650,000	6,229,140	27.5%
2022	5,759,991	1,485,230	7,245,221	650,000	6,409,991	35.8%
2023	5,325,861	1,266,623	6,592,484	650,000	5,975,861	43.6%
2024	5,320,135	1,057,168	6,377,303	650,000	5,970,135	51.3%
2025	4,695,373	882,600	5,577,973	650,000	5,345,373	58.3%
2026	4,275,277	734,295	5,009,572	650,000	4,925,277	64.7%
2027	3,800,000	589,246	4,389,246	650,000	4,450,000	70.5%
2028	3,045,000	475,337	3,520,337	650,000	3,695,000	75.3%
2029	2,340,000	394,638	2,734,638	650,000	2,990,000	79.2%
2030	2,340,000	316,338	2,656,338	650,000	2,990,000	83.1%
2031	2,335,000	240,100	2,575,100	650,000	2,985,000	86.9%
2032	1,625,000	177,125	1,802,125	650,000	2,275,000	89.9%
2033	1,150,000	128,125	1,278,125	650,000	1,800,000	92.2%
2034	1,050,000	90,500	1,140,500	650,000	1,700,000	94.4%
2035	725,000	55,563	780,563	650,000	1,375,000	96.2%
2036	725,000	32,000	757,000	650,000	1,375,000	98.0%
2037	225,000	7,875	232,875	650,000	875,000	99.2%
2038	-	-	-	650,000	650,000	100.0%
Total	\$ 63,931,961	\$ 13,998,768	\$ 77,930,729	\$ 13,000,000	\$ 76,931,961	

¹ Does not include interest on this issue.

² Excludes principal payments of \$5,426,309 and interest payments of \$2,071,471 made from July 1, 2017 through February 27, 2018.

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 February 27, 2018
(Pro Forma)

Long-Term Debt Outstanding:

General Purpose (Includes this issue)	\$ 41,158,500
Schools (Includes this issue)	33,116,800
Sewers	2,656,660
Total Long-Term Debt.....	76,931,960
Short-Term Debt:	
Outstanding Bond Anticipation Notes	-
Direct Debt.....	76,931,960
Overlapping / Underlying Debt.....	-
Overall Debt.....	76,931,960
Less: State school construction grants receivable as of 6/30/2017	(288,969)
Self-supporting sewer debt	(303,700)
Overall Net Debt.....	\$ 76,339,291

Current Debt Ratios
As of February 27, 2018
(Pro Forma)

Population ¹	27,990
Net Taxable Grand List (10/1/16)	\$3,111,407,000
Estimated Full Value (70%).....	\$4,444,867,143
Equalized Net Taxable Grand List (10/1/15) ²	\$4,507,343,813
Income per Capita ¹	\$ 49,603

	Total Long Term Debt: \$76,931,960	Direct Debt: \$76,931,960	Overall Net Debt: \$76,339,291
Per Capita	\$2,748.55	\$2,748.55	\$2,727.38
Ratio to Net Taxable Grand List	2.47%	2.47%	2.45%
Ratio to Estimated Full Value	1.73%	1.73%	1.72%
Ratio to Equalized Net Taxable Grand List	1.71%	1.71%	1.69%
Debt per Capita to Money Income per Capita 2016	5.54%	5.54%	5.50%

¹ 2012–2016 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 initiated by the First Selectman with the approval of the Board of Selectman or by 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 special and emergency appropriations, in an amount not in excess of \$1,500,000 for any one purpose during a fiscal year. The amount shall be cumulative during the fiscal year as to all appropriations. The total of special and emergency appropriations made by the Legislative Council for all purposes during a fiscal year shall not exceed an amount equal to one mill on the most recently completed grand list. The Legislative Council shall recommend to a Town referendum all special and emergency appropriations that equal or exceed the Legislative Council's authority. All special appropriations must indicate a method of financing the appropriations.

A referendum is also required if a petition signed by five percent (5%) of the Resident Electors is filed within seven (7) days of the on which the Legislative Council acted.

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**Statement of Statutory Debt Limitation
As of February 27, 2018
(Pro Forma)**

Total Tax Collections (including interest and lien fees) for the year ended June 30, 2017	\$ 102,965,423
Total tax collections, Borough of Newtown	188,293
Tax relief for elderly	144,371
BASE FOR DEBT LIMITATION COMPUTATION	<u>\$ 103,298,087</u>

	General Purposes	Schools	Sewers	Urban Renewal	Unfunded Past Pension	Total
Debt Limitation:						
2 1/4 times base	\$ 232,420,696	-	-	-	-	\$ 232,420,696
4 1/2 times base	-	\$ 464,841,392	-	-	-	464,841,392
3 3/4 times base	-	-	\$ 387,367,826	-	-	387,367,826
3 1/4 times base	-	-	-	\$ 335,718,783	-	335,718,783
3 times base	-	-	-	-	\$ 309,894,261	309,894,261
Total Debt Limitation	<u>\$ 232,420,696</u>	<u>\$ 464,841,392</u>	<u>\$ 387,367,826</u>	<u>\$ 335,718,783</u>	<u>\$ 309,894,261</u>	<u>\$ 723,086,609</u>
Less Indebtedness:						
Bonds & CWF PLOs (Outstanding) ¹ ..	31,673,500	29,601,800	2,656,660	-	-	63,931,960
Bonds (This Issue)	9,485,000	3,515,000	-	-	-	13,000,000
Underlying Debt	-	-	-	-	-	-
Authorized But Unissued Debt	2,665,000	2,230,820	530,000	-	-	5,425,820
Total Indebtedness	<u>43,823,500</u>	<u>35,347,620</u>	<u>3,186,660</u>	<u>-</u>	<u>-</u>	<u>82,357,780</u>
Less: School Grants Receivable	-	-	-	-	-	-
Less: Self-Supporting Sewer Debt ...	-	-	303,700	-	-	303,700
Net Debt for Calculation of Debt Limit..	<u>43,823,500</u>	<u>35,347,620</u>	<u>2,882,960</u>	<u>-</u>	<u>-</u>	<u>82,054,080</u>
Debt Limitation in Excess of Outstanding And Authorized Debt	<u>\$ 188,597,196</u>	<u>\$ 429,493,772</u>	<u>\$ 384,484,866</u>	<u>\$ 335,718,783</u>	<u>\$ 309,894,261</u>	<u>\$ 641,032,529</u>

¹ Sewer assessment debt in the amount of \$303,700 and water debt in the amount of \$236,960 is excludable from the calculation of debt limitation as allowed by Connecticut General Statutes. \$2,116,000 of sewer debt is supported from the general fund.

Note: In no case shall total indebtedness exceed seven times annual receipts from taxation or \$723,086,609.

**Authorized But Unissued Debt
As of February 27, 2018
(Pro Forma)**

Project	Amount Authorized	Bonds Previously Issued	Grants Received	New Money or (Paydowns)	This Issue: The Bonds	Authorized But Unissued
Newtown H.S. Additions & Renovations.....	\$ 38,826,000	\$ 26,500,000	\$ 10,339,180	\$ 400,000	\$ 400,000	\$ 1,586,820
Hawley School Boiler /HVAC	2,044,000	1,685,000	-	-	-	359,000
Hawleyville Sewer Extension.....	3,800,000	2,770,000	500,000	-	-	530,000
Bridge Program	315,000	-	-	315,000	315,000	-
Fairfield Hills Remediation & Demolition....	5,000,000	4,115,000	-	735,000	735,000	150,000
Newtown Community Center.....	5,000,000	-	-	2,500,000	2,500,000	2,500,000
Bridge Program.....	525,000	-	-	525,000	525,000	-
Fire Apparatus.....	575,000	-	-	575,000	575,000	-
Treadwell Park.....	550,000	-	-	535,000	535,000	15,000
Senior Center.....	3,000,000	-	-	3,000,000	3,000,000	-
H.S. Auditorium Phase II.....	750,000	-	-	650,000	650,000	100,000
Middle School Improvements.....	1,800,000	-	-	1,800,000	1,800,000	-
Hawley School Roof.....	850,000	-	-	665,000	665,000	185,000
Town Road Program.....	1,000,000	-	-	1,000,000	1,000,000	-
Police Facility Design.....	300,000	-	-	300,000	300,000	-
Total	<u>\$ 64,335,000</u>	<u>\$ 35,070,000</u>	<u>\$ 10,839,180</u>	<u>\$ 13,000,000</u>	<u>\$ 13,000,000</u>	<u>\$ 5,425,820</u>

***Ratio of Annual Debt Service to
Total General Fund Expenditures***

<i>Fiscal Year</i>	<i>Debt Service</i>	<i>Total Expenditures and Transfers Out</i>	<i>Debt Service as Ratio to Total Expenditures and Transfers Out</i>
2017	\$ 9,311,065	\$ 121,756,095	7.65%
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 2017 have been derived from audited financial statements. The budget for 2017–18 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, 2017).

General Fund Revenues, Expenditures and Changes in Fund Balance

	Budget 2017-18 ¹	Actual 2016-17	Actual 2015-16	Actual 2014-15	Actual 2013-14	Actual 2012-13
Revenues:						
Property Taxes	\$104,900,767	\$103,098,824	\$101,236,267	\$101,013,572	\$100,427,517	\$ 96,477,212
Intergovernmental	6,586,526	16,585,900	16,346,850	15,304,723	16,438,269	14,999,779
Charges for Services.....	2,147,470	2,227,800	2,066,876	2,050,991	2,074,811	1,767,680
Investment Income.....	400,000	248,868	327,598	164,812	125,132	108,233
Other	217,250	322,597	220,531	50,014	136,925	161,772
Total Revenues	114,252,013	122,483,989	120,198,122	118,584,112	119,202,654	113,514,676
Expenditures:						
General government	4,991,351	4,340,126	4,571,674	4,435,497	4,368,292	4,232,279
Public Safety	10,398,092	9,814,166	9,589,721	9,554,205	8,987,583	8,367,257
Health & Welfare.....	2,571,800	2,807,061	2,625,049	2,528,257	2,614,668	2,420,998
Land Use.....	684,451	680,106	674,599	673,894	720,127	579,059
Public Works.....	9,863,190	9,667,449	9,712,331	10,075,427	9,937,725	8,901,794
Parks and Recreation	2,406,118	2,331,450	2,246,102	2,259,540	2,110,934	2,133,508
Education	74,027,438	81,899,663	79,390,666	78,608,340	79,695,025	74,874,327
Debt Service	8,937,068	9,311,065	10,106,365	10,306,272	10,058,924	10,059,578
Contingency.....	179,000	-	-	-	-	-
Total Expenditures	114,058,508	120,851,086	118,916,507	118,441,432	118,493,278	111,568,800
Revenues over (under) expenditures	193,505	1,632,903	1,281,615	142,680	709,376	1,945,876
Other Financing Sources Uses:						
Operating Transfers In	175,000	225,000	225,000	225,228	164,624	122,000
Operating Transfers (Out)	(368,505)	(905,009)	(501,248)	(262,476)	(478,741)	(452,285)
Total other Financing Sources (uses)	(193,505)	(680,009)	(276,248)	(37,248)	(314,117)	(330,285)
Revenues and other financing sources over (under) expenditures and other financing (uses)	-	952,894	1,005,367	105,432	395,259	1,615,591
Fund Balance, Beginning	13,265,184	12,312,290	11,306,923	11,201,491	10,806,232	9,190,641
Fund Balance, Ending	\$ 13,265,184	\$ 13,265,184	\$ 12,312,290	\$ 11,306,923	\$ 11,201,491	\$ 10,806,232

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	\$ 16,585,900	\$ 122,483,989	13.54%
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 6/30/2017	Actual 6/30/2016	Actual 6/30/2015	Actual 6/30/2014	Actual 6/30/2013
Assets					
Cash and Cash Equivalents.....	\$ 19,825,528	\$ 997,320	\$ 1,395,735	\$ 1,036,537	\$ 340,590
Investments.....	9,981,147	19,872,477	27,371,473	22,861,747	17,301,767
Receivables:					
Property taxes	2,707,211	1,744,243	1,870,076	1,836,469	2,064,005
Intergovernmental	13,449	91,157	211,174	7,884	563,159
Other	350,277	139,959	147,992	129,056	129,039
Due from Other Funds.....	2,109,086	1,018,414	647,203	343,971	1,454,160
Other Assets.....	2,284	1,887	3,464	9,201	293,086
Total Assets	34,988,982	23,865,457	31,647,117	26,224,865	22,145,806
Liabilities and Fund Balances					
Accounts Payable	1,749,391	1,435,420	1,199,171	1,482,498	1,885,913
Accrued Liabilities	-	-	-	2,951,406	2,933,998
Accrued Payroll	3,773,869	3,298,530	3,115,324	-	-
Due to Other Funds.....	13,227,736	4,525,964	13,646,504	8,527,793	4,580,662
Performance Bonds	-	392,420	318,250	-	-
Deferred Revenues	-	-	-	-	-
Other Liabilities	120,810	-	-	201,328	199,945
Total Liabilities	18,871,806	9,652,334	18,279,249	13,163,025	9,600,518
Deferred Inflows of Resources					
Property Taxes	\$ -	\$ 1,744,243	\$ -	\$ -	\$ -
Advance Property Tax Collections.....	-	156,590	-	-	-
Unavailable Revenue.....	2,851,992	-	2,060,945	1,860,349	1,739,056
Total Deferred Inflows	2,851,992	1,900,833	2,060,945	1,860,349	1,739,056
Fund Balances					
Nonspendable.....	-	-	-	-	-
Restricted.....	-	-	-	-	-
Committed.....	-	-	-	-	-
Assigned.....	963,885	868,010	698,388	958,996	1,416,183
Unassigned.....	12,301,299	11,444,280	10,608,535	10,242,495	9,390,049
Total Fund Balance	13,265,184	12,312,290	11,306,923	11,201,491	10,806,232
Total Liabilities and Fund Balance ..	34,988,982	23,865,457	31,647,117	26,224,865	22,145,806
Analysis of General Fund Balance					
Operating revenues	\$ 122,483,989	\$ 120,198,122	\$ 118,584,112	\$ 119,202,654	\$ 113,514,676
Fund balance as a percent of					
operating revenues	10.83%	10.24%	9.53%	9.40%	9.52%
Unassigned fund balance as					
a percent of operating revenues	10.04%	9.52%	8.95%	8.59%	8.27%

Source: Annual Audited Financial Statements.

State of Connecticut 2017-2019 Biennium Budget

On June 7, 2017, the regular session of the State of Connecticut General Assembly ended without the passage of the budget for the 2017-2019 biennium, beginning on July 1, 2017. On June 30, 2017, the Governor issued Executive Order No. 58, which the Governor revised on August 18, 2017, in order to continue operation of essential functions of the State in the absence of an approved appropriations act for the fiscal year ending June 30, 2018. Executive Order 58, among other things, significantly reduced disbursements of State funding to municipalities. In mid-September 2017, the Connecticut General Assembly adopted a budget for the 2017-2019 biennium which, among other things, restored significant portions of the State funding to municipalities for the current fiscal year impacted by Executive Order No. 58. The Governor vetoed the adopted budget, and the House of Representatives failed to override the Governor's veto. On October 26, 2017, the Connecticut General Assembly adopted a second budget for the 2017-2019 biennium. On October 31, 2017, the Governor signed the budget legislation into law, other than appropriations in support of a Hospital Supplemental payments with respect to which the Governor exercised a line-item veto. Under the 2017-2019 biennium budget, the amount of overall State aid to the Town is projected to receive in the first year of the budget decreases by approximately \$590,644 from that received in the fiscal year ending June 30, 2017. Pursuant to the 2017-2019 biennium budget act, the Governor is mandated to achieve approximately \$880 million in General

Fund savings in the fiscal year ending June 30, 2018. On November 17, 2017, the Governor ordered the holdback of various aid to municipalities for the current fiscal year as part of the implementation of that mandate. Pursuant to that holdback the amount of overall State aid the Town is projected to receive in the current fiscal year decreases by \$470,531 from that set out in the 2017-2019 biennium budget. The Town has accounted for both budget decreases in their 2017-18 budget.

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 Mahoney Sabol & Co., LLP.

Certificate of Achievement for Excellence in Financial Reporting

The Town's Comprehensive Annual Financial Reports ("CAFR") for fiscal years 1995 through 2016 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:

<u>Date</u>	<u>Action</u>
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

Sources of Funds	Fiscal Year					Total
	2017-18	2018-19	2019-20	2020-21	2021-22	
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, 2017.

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. As of June 30, 2017, 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, 2017, employer contributions were \$10,563 and employee contributions totaled \$3,956.

Defined Contribution Pension Plan

The Town administers two single employer defined contribution plans.

One plan covers certain elected officials and “at will” employees of the Town. This plan is included in the Town’s financial statements in the Pension Trust Fund. As of June 30, 2017, the net position available for benefits include \$152,382 of assets restricted for this plan. The Board of Selectmen approved and adopted this plan on July 7, 1986, and the Board has the authority to make changes to the plan. All salaried, full time elected officials and such other salaried, full time appointed officials as designated by the Board of Selectmen can participate in the plan on January 1st following or coincident with their commencement of employment with the Town. A participant’s employer contribution account fully vests at age 50 or upon termination of employment with the Town. At age 65, participants are entitled to a lump-sum payment as a retirement benefit. The Town is required to contribute 6.0% of each participant’s compensation for the year and each participant is required to contribute 2.0% of their compensation. For the year ended June 30, 2017, employer contributions were \$10,563 and employee contributions totaled \$3,956.

The second plan is a 401(a) money purchase plan that was established in January 2014. This plan applies to non-union employees hired on or after December 31, 2013, park and recreation employees hired on or after June 30, 2014, and police officers hired on or after May 5, 2015. Police, non-union and park and recreation employees are required to contribute 5.0% of their compensation. The Town contributes 15.0% of each participant’s compensation for the year for police and 5.0% of each participant’s compensation for the year for all other employees. Participants are 100% vested after one year of service and entitled to benefits at age 59 1/2 and are no longer employed by the Town. For the year ended June 30, 2017, employer contributions were \$49,462 and employee contributions totaled \$38,961. 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

<i>Actuarial Valuation Date</i>	<i>Actuarial Value of Assets (a)</i>	<i>Actuarial Accrued Liability (AAL) (b)</i>	<i>Funded (Unfunded) AAL (UAAL) (a-b)</i>	<i>Percentage Funded (a/b)</i>	<i>Covered Payroll (c)</i>	<i>UAAL as a % of Covered Payroll ((a-b)/c)</i>
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, 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.

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 39 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 normal cost is \$301,764.

The Town completed an actuarial valuation of its OPEB liability as of July 1, 2016. The unfunded accrued liability totaled \$6,279,078 with \$3,507,062 assigned to the Town and \$2,772,016 assigned to the Board of Education. The annual required contribution for is \$814,292 for fiscal year 2016–17 and \$865,530 for fiscal year 2017–18.

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%)
7/1/2016	1,659,281	8,380,102	(6,720,821)	19.80%	36,204,065	(18.56%)

History of Annual Required Contribution (ARC)

<i>Year Ended June 30</i>	<i>Annual Required Contribution (ARC)</i>
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	814,292
2018 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 as of June 30, 2017.

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 S&P Global Ratings, 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 as of June 30, 2017.

VII. Legal and Other Information

Litigation

The Town, its officers, employees, boards and commissions are defendants in various lawsuits. The Town Attorney is of the 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 has received notice of a determination of coverage and no reservation of rights. The Town has filed and argued a motion for summary judgement and is awaiting the decision of the court. 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 February 13, 2018. 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/ ***Daniel Rosenthal***

Daniel Rosenthal, *First Selectman*

/s/ ***Robert G. Tait***

Robert G. Tait, *Director of Finance*

Dated: February 13, 2018

Appendix A

2017 Basic Financial Statements

The following includes the Basic Financial Statements of the Town for the fiscal year ended June 30, 2017. 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

To the Legislative Council
Town of Newtown, Connecticut

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Newtown, Connecticut (the "Town") as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Newtown, Connecticut, as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 16 and the schedules on the Town's pension and other post-employment benefit plans on pages 71 through 76 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The introductory section on pages Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The introductory section on pages i through x, the combining and individual fund statements and schedules on pages 77 through 97, and the statistical section on pages 98 through 116 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

Other Reporting Required by Government Auditing Standards

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

Mahoney Sabol & Company, LLP

Glastonbury, Connecticut
December 28, 2017

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

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

Financial Highlights

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

Overview of the Financial Statements

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

Government-wide Financial Statements

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

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

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

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

Overview of the Financial Statements (Continued)

Government-wide Financial Statements (Continued)

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

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

Fund Financial Statements

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

Governmental Funds

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

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

The Town maintains several individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and the Bonded Projects Fund, both of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The Town adopts an annual budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 19 through 24 of this report.

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

Overview of the Financial Statements (Continued)

Fund Financial Statements (Continued)

Proprietary Funds

Enterprise funds are used to report the same functions presented as business type activities in the government-wide financial statements. The Town uses an enterprise fund to account for the operations of the Town's wastewater operations and water operations at the Fairfield Hills property. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail.

Internal service funds are an accounting device used to accumulate and allocate costs internally among the Town's various functions. The Town uses an internal service fund to account for medical and dental benefits offered to certain employees. Because this service predominantly benefits governmental rather than business-type functions, it has been included within governmental activities in the government-wide financial statements.

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

Fiduciary Funds

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

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

Notes to the Financial Statements

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

Other Information

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

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

Government-wide Financial Analysis

Net Position

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

**Net Position
June 30, 2017**

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

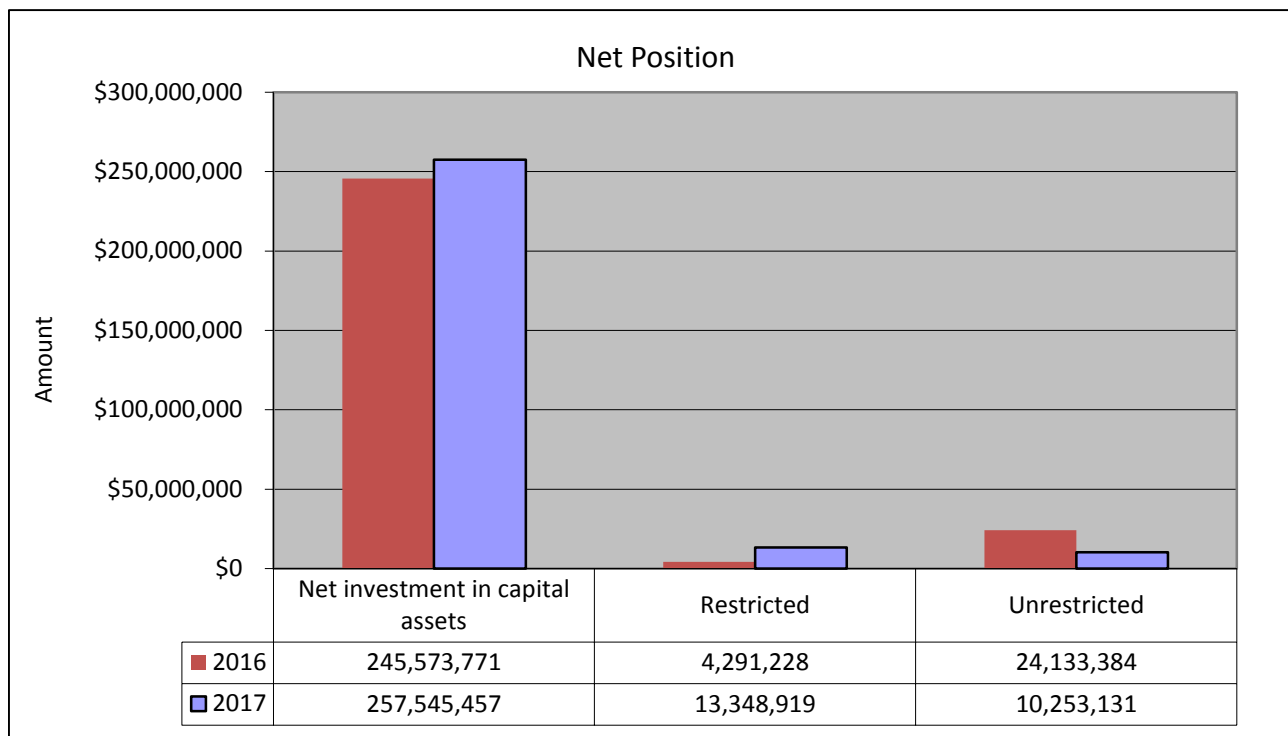
**Net Position
June 30, 2016**

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

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

Government-wide Financial Analysis (Continued)

Net Position (Continued)



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

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

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

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

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

Government-wide Financial Analysis (Continued)

Changes in Net Position

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

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

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

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

Government-wide Financial Analysis (Continued)

Change in Net Position (Continued)

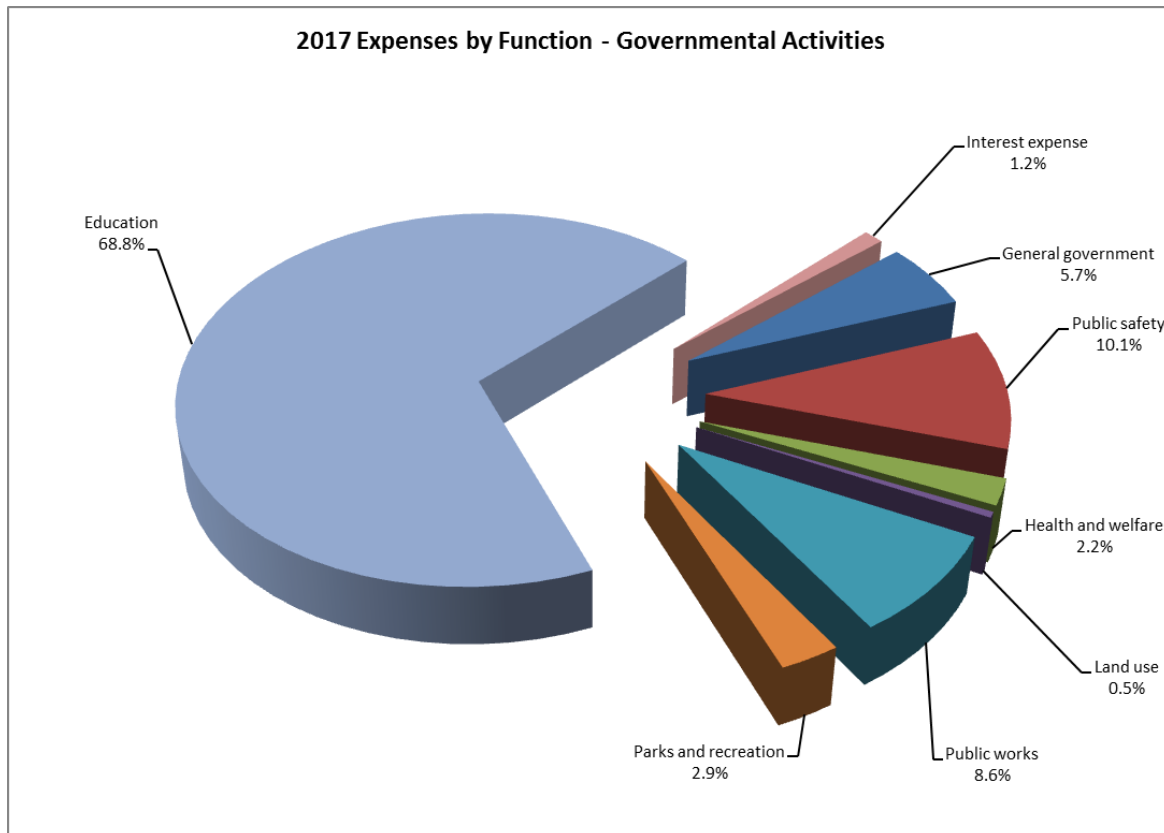
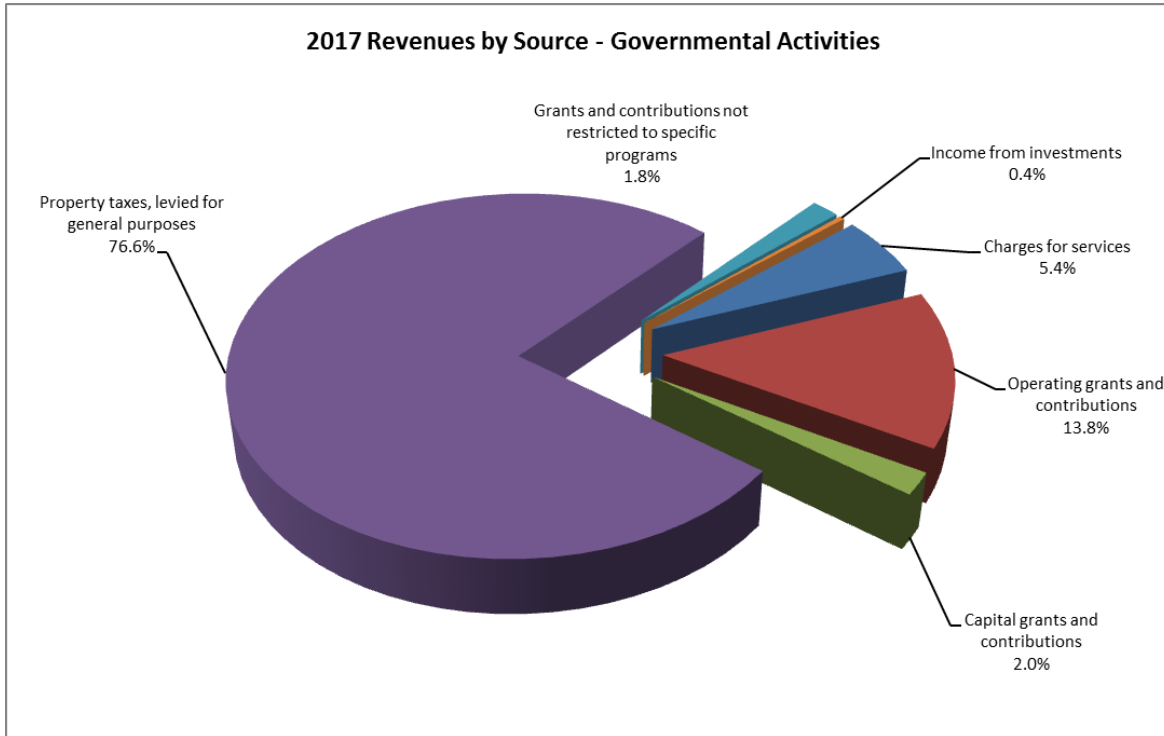
**Changes in Net Position
For The Year Ended June 30, 2016**

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

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

Government-wide Financial Analysis (Continued)

Change in Net Position (Continued)



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

Government-wide Financial Analysis (Continued)

Change in Net Position (Continued)

Governmental Activities

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

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

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

Business-type Activities

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

Financial Analysis of the Town's Funds

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

Governmental Funds

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

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

General Fund

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

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

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

Financial Analysis of the Town's Funds (Continued)

Bonded Projects Fund

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

Sewer Fund

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

Water Fund

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

General Fund Budgetary Highlights

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

Capital Asset and Debt Administration

Capital Assets

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

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

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

Capital Asset and Debt Administration (Continued)

Capital Assets (Continued)

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

**Capital Assets, Net
June 30, 2017**

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

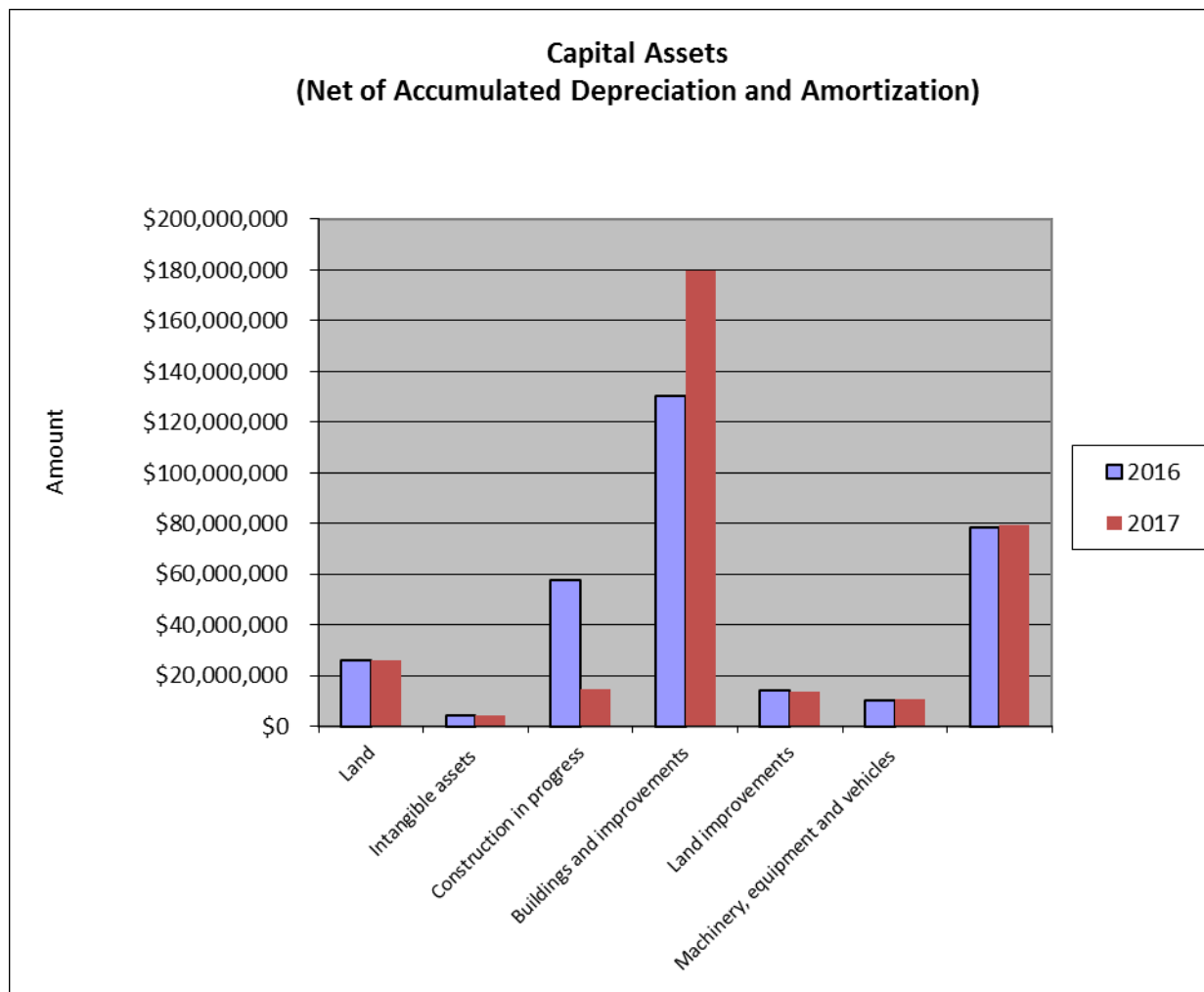
**Capital Assets, Net
June 30, 2016**

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

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

Capital Asset and Debt Administration (Continued)

Capital Assets (Continued)



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

Debt Administration

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

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

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

Capital Asset and Debt Administration (Continued)

Debt Administration (Continued)

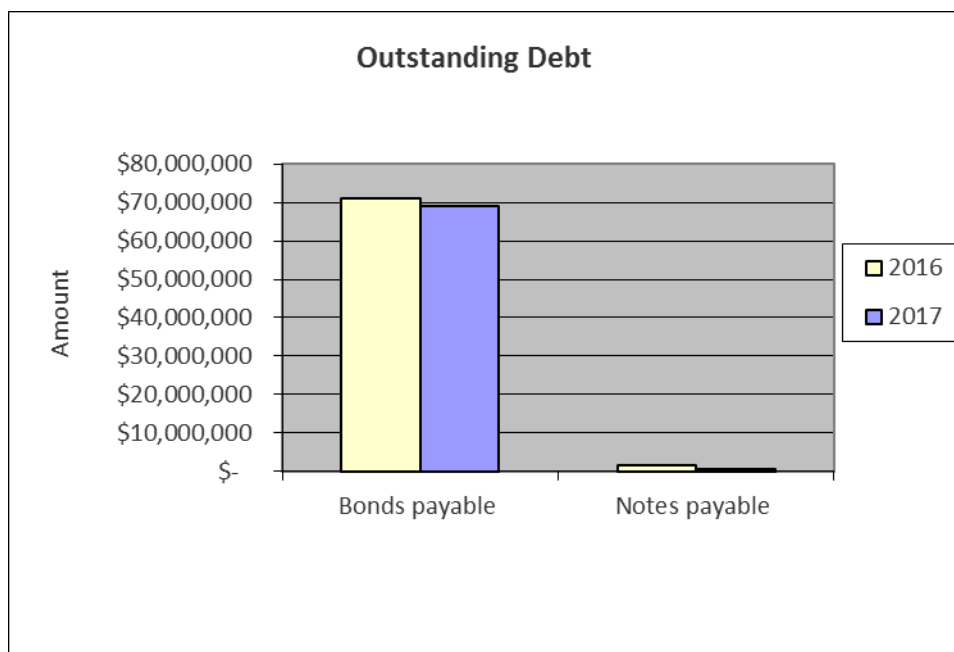
The following are tables of bonded debt as of June 30, 2017 and 2016:

**Bonded Debt
June 30, 2017**

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

**Bonded Debt
June 30, 2016**

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



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

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

Economic Factors and Next Year's Budget and Rates

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

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

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

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

Requests for Information

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

BASIC FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Accrued interest payable	(916,528)
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Long-term debt:

Bonds and notes payable, net	(69,727,706)
Deferred charges on refunding	121,047

Other long-term liabilities:

Capital lease obligations	(39,078)
Compensated absences	(1,004,545)
Early retirement obligations	(96,000)
Landfill post-closure care liability	(136,000)
Net pension liability	(16,518,674)
Net OPEB obligation	(2,360,964)

Total long-term liabilities	(90,678,448)
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An internal service fund is used by the Town to charge the cost of risk management activities to individual funds. The assets and liabilities of the internal service fund are included in the governmental activities statement of net position.

	4,146,007
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Net position of governmental activities	\$	248,332,946
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The accompanying notes are an integral part of these financial statements.

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

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

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

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

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The amount by which capital additions exceeded depreciation and amortization in the current period is as follows:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Financial Reporting Entity

The Town of Newtown, Connecticut was incorporated on October 11, 1711, and covers an area of 60 square miles. The Town operates under a Board of Selectmen/Board of Finance/Legislative Council/Town referendum form of government as prescribed by the Connecticut General Statutes and its charter, which was adopted in 1961 and amended in 2016. The Town provides the following services as authorized by its charter: public safety (police and fire), public works (streets and highways), public health and social services, water pollution control and solid waste disposal services and education encompassing grades Pre-K through 12th grade.

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

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

Related Organizations

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

Government-wide and Fund Financial Statements

Government-wide Financial Statements

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

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

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

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

Government-wide Financial Statements *(Continued)*

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

Fund Financial Statements

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

The Town reports the following major governmental funds:

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

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

The Town reports the following major proprietary funds:

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

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

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

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

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

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

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus and Basis of Accounting

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital lease are reported as other financing sources.

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

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

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Cash Equivalents

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

Investments

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

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

Property Taxes

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

Sewer and Water Charges

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

Loans

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Capital Assets

Capital assets, which include property, buildings, equipment and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and proprietary fund financial statements. Capital assets are defined by the Town as assets with an initial individual cost of more than \$5,000 for equipment, \$20,000 for improvements and \$100,000 for infrastructure, and an estimated useful life in excess of two years. Such assets are recorded at historical cost, or estimated historical cost, when purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

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

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

Assets	Years
Interlocal agreement rights	30
Sewer plant	50
Sewer transmission lines	100
Roads	50-75
Bridges	100
Land improvements	20-100
Buildings	20-100
Vehicles	3-30
Equipment	5-30
Intangible assets	30-43

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

Unearned Revenue

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

Deferred Outflows/Inflows of Resources

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

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Deferred Outflows/Inflows of Resources

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

Compensated Absences

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

Long-term Obligations

In the government-wide financial statements and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed when incurred.

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

Net Position and Fund Balance

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

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

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

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

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

Net Position and Fund Balance *(Continued)*

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

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

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

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

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

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

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

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

Net Position Flow Assumption

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

Fund Balance Flow Assumption

Sometimes the Town will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the Town's policy, when committed, assigned and unassigned resources are available for use, that the Town will use committed resources first, then assigned resources and then unassigned resources as they are needed.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Interfund Activities

Interfund activities are reported as follows:

Interfund Receivables and Payables

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

Interfund Services Provided and Used

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

Interfund Transfers

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

Interfund Reimbursements

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

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements. Actual results could differ from those estimates.

Implementation of Accounting Standards

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

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

NOTE 2 - BUDGETARY INFORMATION, COMPLIANCE AND DEFICIT FUND EQUITY

Budgetary Information

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

- | | |
|---------------------------------|--|
| By February 1st | All Town departments, except the School System, submit the budget requests to the Board of Selectmen. |
| By February 14th | The Board of Selectmen reviews budgets with department heads and makes revisions and submits Selectmen's budget to the Board of Finance. |
| By the first Wednesday in March | The Board of Finance holds a public hearing on the budget and reviews and makes revisions. |
| By March 14th | The Board of Finance submits the Town of Newton budget to the Legislative Council. |
| By the last Wednesday in March | The Legislative Council holds a public hearing on the budget and makes final revisions. |
| On the fourth Tuesday in April | The Annual Budget Referendum is presented the budget and vote for adoption. |
- Within the first 335 days of the fiscal year, the First Selectman and Financial Director, in accordance with the provisions of the Town's charter, are authorized to transfer budgeted appropriations within a department up to \$50,000. All transfers within a department that exceed the sum of \$50,000 shall require the approval of the Board of Finance. The Board of Finance may transfer any unencumbered appropriation from one department to another up to \$200,000. All transfers between departments, which exceed the sum of \$200,000 as well as all contingency transfers, shall require the approval of the Legislative Council. After 335 days, the Legislative Council approves all transfers. The Legislative Council may approve special and/or emergency appropriations up to an aggregate of \$1,500,000 for any one purpose per year. Special and/or emergency appropriations in excess of an amount equal to one mil on the most recently completed grand list shall be recommended by the Legislative Council to the Town referendum. There were no additional appropriations authorized during the year ended June 30, 2017.
 - The Board of Education, which is not a separate legal entity but a function of the Town, is authorized under State law to make any transfers required within their budget at their discretion. Any additional appropriations must have Board of Education, Legislative Council and, if necessary, Town Meeting approval.
 - Formal budgetary integration is employed as a management control device during the year. The legal level of control, the level at which expenditures may not exceed appropriations, is at the department level.
 - Generally, all unencumbered appropriations lapse at year end except those for capital projects funds. Appropriations for capital projects are continued until completion of applicable projects even when projects extend more than one fiscal year. Encumbered appropriations in the General Fund are not reappropriated in the ensuing year's budget, but are carried forward.

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

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

Budgetary Information (Continued)

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

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

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

Donor-Restricted Endowments

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

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

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

Deficit Fund Balances

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

Capital Project Authorizations

The following is a summary of authorized capital projects:

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

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

NOTE 2 - CASH DEPOSITS AND INVESTMENTS

Cash Deposits

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

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

Custodial Credit Risk

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

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

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

Investments

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

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

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

NOTE 3 - CASH DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

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

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

Interest Rate Risk

The Town does not have a formal investment policy that limits Town investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, its practice is to structure the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity, and investing operating funds primarily in shorter-term securities, money market mutual funds, or similar investment pools.

Credit Risk

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

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

NOTE 3 - CASH DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

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

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

Custodial Credit Risk

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

Concentrations of Credit Risk

The Town's policy states credit risk will be minimized by limiting investments to the safest types of securities and pre-qualifying the financial institution with which the Town will do business. The Town is only allowed to invest in those types of investments that are covered by the state of Connecticut Municipal Investment Act. The investment portfolio must be diversified so that potential losses on individual securities will be minimized. As of June 30, 2017, more than 10% of the Town's investments were invested in the following:

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

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

NOTE 4 - FAIR VALUE MEASUREMENTS

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

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

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

NOTE 5 - CONTRIBUTION RECEIVABLE

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

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

NOTE 6 - CAPITAL ASSETS

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

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

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

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

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

NOTE 6 - CAPITAL ASSETS

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

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

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

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

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

NOTE 7 - INTERFUND RECEIVABLES AND PAYABLES

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

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

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

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

NOTE 8 - INTERFUND TRANSFERS

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

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

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

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

NOTE 9 - LONG-TERM LIABILITIES

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

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

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

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

NOTE 9 - LONG-TERM LIABILITIES (Continued)

General Obligation Bonds and Notes Payable

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

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

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

NOTE 9 - LONG-TERM LIABILITIES (Continued)

General Obligation Bonds and Notes Payable (Continued)

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

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

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

School Bond Reimbursements

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

Legal Debt Limit

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

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

NOTE 9 - LONG-TERM LIABILITIES (Continued)

General Obligation Bonds and Notes Payable (Continued)

Debt Refunding

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

Authorized/Unissued Debt

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

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

Capital Leases

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

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

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

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

NOTE 9 - LONG-TERM LIABILITIES (Continued)

Capital Leases

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

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

Landfill Post-Closure Care Liability

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

Termination Benefits

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

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

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

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

NOTE 10 - EMPLOYEE RETIREMENT PLANS

Pension Trust Fund

Plan Description

Plan Administration

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

Plan Membership

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

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

Benefits Provided

Town of Newtown Employees' Pension Plan - The plan provides retirement, disability and death benefits to Board of Selectmen, uncertified Board of Education personnel, civilian police department personnel and certain employees of the Cyrenius H. Booth Library, the Children's Adventure Center, Inc. and the Newtown District Department of Health. Each employee may enter the plan after six months of full service. Retirement benefits for employees are calculated as the greater of a) the difference between 2.0% of the member's average annual salary times the member's years and months of credited service and 50.0% of the member's primary insurance amount or b) 1.15% of the member's average annual compensation times the member's years and months of credited service. Plan members upon completion of 30 years of service are eligible to retire at any age with full benefits, or at age 65 upon completion of 10 years of service.

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

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

NOTE 10 - EMPLOYEE RETIREMENT PLANS (Continued)

Pension Trust Fund (Continued)

Plan Description (Continued)

Benefits Provided (Continued)

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

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

Town of Newtown Police Officers' Pension Plan - The plan provides retirement, disability and death benefits to police officers. Sworn police officers may enter the plan after six months of full time service. Retirement benefits for plan members are calculated as the greater of a) the difference between 2.25% of the member's average annual salary times the member's years and months of credit service and 50.0% of the member's primary insurance amount or b) 1.15% of the member's average annual compensation times the member's years and months of credited service. Plan members upon completion of 25 years of service are eligible to retire at any age with full benefits, or at age 60 upon completion of 10 years of service.

All plan members are eligible for disability benefits after 1 year of service who are determined to have a total permanent disability. Disability retirement benefits are determined in the same manner as retirement benefits; however, benefits are subject to a minimum of 25.0% of base salary and one of the following maximums: 1) job related disability paid at 85.0% of annual compensation less any other job related disability paid by the Town or 2) non-job related disability paid at 50.0% of annual compensation less any other job related disability paid by the Town. Death benefits will be paid if a member dies prior to the normal retirement date equal to the member's contributions with credited interest. If death is incurred in the line of duty, the benefit is equal to 50.0% of the member's accrued benefit based on credited service and annual compensation projected to the member's normal retirement date. If a member dies after normal retirement date, the benefit will be determined under the form of payment then in effect.

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

Benefit terms provide for a grandfathered annual cost-of-living adjustment, which is being provided to three retired police officers/beneficiaries, in an amount equal to the less of 3.0% or 50.0% of the rate of the salary increases for new police officers.

Contributions

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

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

NOTE 10 - EMPLOYEE RETIREMENT PLANS

Pension Trust Fund (Continued)

Plan Description (Continued)

Contributions (Continued)

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

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

Summary of Significant Accounting Policies

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

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

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

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

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

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

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

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

NOTE 10 - EMPLOYEE RETIREMENT PLANS

Pension Trust Fund (Continued)

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

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

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

NOTE 10 - EMPLOYEE RETIREMENT PLANS

Pension Trust Fund (Continued)

Net Pension Liability

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

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

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

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

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

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

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

NOTE 10 - EMPLOYEE RETIREMENT PLANS

Pension Trust Fund (Continued)

Net Pension Liability (Continued)

The long-term expected rate of return on the Town Plan's investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Town Plan's target asset allocation as of June 30, 2017 are summarized in the following table:

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

Discount rate - The discount rate used to measure the total pension liability of the Town Plan was 7.0%. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current contribution rate and that the Town contributes at rates equal to the actuarially determined contribution rates. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, the Town Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

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

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

NOTE 10 - EMPLOYEE RETIREMENT PLANS

Pension Trust Fund (Continued)

Pension Expense and Deferred Outflows/Inflows of Resources

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

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

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

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

State of Connecticut Teachers' Retirement System

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

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

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

NOTE 10 - EMPLOYEE RETIREMENT PLANS

State of Connecticut Teachers' Retirement System (Continued)

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

Administrative costs of the plan are funded by the State.

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

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

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

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

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

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

NOTE 10 - EMPLOYEE RETIREMENT PLANS

State of Connecticut Teachers' Retirement System (Continued)

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

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

The discount rate used to measure the total pension liability was 8.0%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that State contributions will be made at the actuarially determined rates in future years. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

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

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

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

NOTE 10 - EMPLOYEE RETIREMENT PLANS

Defined Contribution Plans

The Town administers two single employer defined contribution plans.

One plan covers certain elected officials and “at will” employees of the Town. This plan is included in the Town’s financial statements in the Pension Trust Fund. As of June 30, 2017, the net position available for benefits include \$152,382 of assets restricted for this plan. The Board of Selectmen approved and adopted this plan on July 7, 1986, and the Board has the authority to make changes to the plan. All salaried, full time elected officials and such other salaried, full time appointed officials as designated by the Board of Selectmen can participate in the plan on January 1st following or coincident with their commencement of employment with the Town. A participant’s employer contribution account fully vests at age 50 or upon termination of employment with the Town. At age 65, participants are entitled to a lump-sum payment as a retirement benefit. The Town is required to contribute 6.0% of each participant’s compensation for the year and each participant is required to contribute 2.0% of their compensation. For the year ended June 30, 2017, employer contributions were \$10,563 and employee contributions totaled \$3,956.

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

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

NOTE 11 - OTHER POST-EMPLOYMENT BENEFITS (OPEB)

Plan Description

Plan Administration

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

Plan Membership

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

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

Benefits Provided

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

Contributions

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

Summary of Significant Accounting Policies

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

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

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

Summary of Significant Accounting Policies (Continued)

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

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

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

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

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

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

Annual OPEB Cost and Net OPEB Obligation

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

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

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

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

Annual OPEB Cost and Net OPEB Obligation (Continued)

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

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

Funded Status and Funding Progress

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

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

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

Net OPEB Liability

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

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

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

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

Actuarial Methods and Assumptions

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

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

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

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

The long-term expected rate of returns on OPEB Plan investments were determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the OPEB Plan's target asset allocation as of June 30, 2017 are summarized in the following table:

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

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

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

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

Actuarial Methods and Assumptions (Continued)

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

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

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

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

NOTE 12 - RISK MANAGEMENT

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

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

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

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

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

NOTE 13 - FUND BALANCE

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

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

Continued

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

NOTE 13 - FUND BALANCE (Continued)

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

NOTE 14 - COMMITMENTS AND CONTINGENCIES

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

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

NOTE 15 - RECENTLY ISSUED ACCOUNTING STANDARDS

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

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

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

NOTE 15 - RECENTLY ISSUED ACCOUNTING STANDARDS (Continued)

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

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

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

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

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

REQUIRED SUPPLEMENTARY INFORMATION

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

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

NOTES TO SCHEDULE:

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

Benefit Changes - None noted

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

See accompanying Independent Auditor's Report.

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

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

NOTES TO SCHEDULE:

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

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

Methods and assumptions used to determine contribution rates:

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

See accompanying Independent Auditor's Report.

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

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

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

NOTES TO SCHEDULE:

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

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

Benefit Changes - None noted

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

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

See accompanying Independent Auditor's Report.

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

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

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

See accompanying Independent Auditor's Report.

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

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

NOTES TO THE SCHEDULE:

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

See accompanying Independent Auditor's Report.

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

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

NOTES TO THE SCHEDULE:

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

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

Methods and assumptions used to determine contribution rates:

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

See accompanying Independent Auditor's Report.

Appendix B

Form of Opinion of Bond Counsel

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FORM OF OPINION OF BOND COUNSEL

February __, 2018

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 February __, 2018 (the "Tax Regulatory Agreement"), and other proofs submitted to us relative to the issuance and sale of \$13,000,000 Town of Newtown, Connecticut General Obligation Bonds, Issue of 2018, dated February __, 2018 (the "Bonds"), maturing on February 15 in each of the years, in the principal amounts and bearing interest payable on August 15, 2018 and semiannually thereafter on February 15 and August 15 in each year until maturity or earlier redemption, at the rates per annum as follows:

<u>Year of Maturity</u>	<u>Principal Amount</u>	<u>Interest Rate Per Annum</u>	<u>Year of Maturity</u>	<u>Principal Amount</u>	<u>Interest Rate Per Annum</u>
2019	\$650,000	%	2029	\$650,000	%
2020	650,000		2030	650,000	
2021	650,000		2031	650,000	
2022	650,000		2032	650,000	
2023	650,000		2033	650,000	
2024	650,000		2034	650,000	
2025	650,000		2035	650,000	
2026	650,000		2036	650,000	
2027	650,000		2037	650,000	
2028	650,000		2038	650,000	

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 January and July 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. 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
\$13,000,000 General Obligation Bonds, Issue of 2018
Dated February ___, 2018

February ___, 2018

WHEREAS, the Town of Newtown, Connecticut (the “Town”) has heretofore authorized the issuance of \$13,000,000 in aggregate principal amount of its General Obligation Bonds, Issue of 2018, dated February ___, 2018 (the “Bonds”), maturing on the dates and in the amounts set forth in the Town’s Official Statement dated February ___, 2018 describing the Bonds (the “Official Statement”); and

WHEREAS, the Bonds have been sold by a competitive bid pursuant to a Notice of Sale, dated February ___, 2018 (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: _____
Daniel Rosenthal
First Selectman

By: _____
Robert G. Tait
Director of Finance

Appendix D

Notice of Sale

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NOTICE OF SALE
\$13,000,000
TOWN OF NEWTOWN, CONNECTICUT
GENERAL OBLIGATION BONDS, ISSUE OF 2018

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

FEBRUARY 13, 2018

(the “Sale Date”) for the purchase of all, but not less than all, of the \$13,000,000 Town of Newtown, Connecticut General Obligation Bonds, Issue of 2018 (the “Bonds”). Electronic bids must be submitted via **PARITY®**. (See “Electronic Bidding Procedures”).

The Town reserves the right to make changes to the provisions of this Notice of Sale, including the date and time of the sale, prior to the date and time of sale set forth above. Any such changes will be posted through **PARITY®**. Prospective bidders are advised to check for such **PARITY®** postings prior to the above stated sale time.

The Bonds

The Bonds will be dated February 27, 2018, mature in the principal amounts of \$650,000 on February 15 in each of the years 2019 to 2038, both inclusive, bear interest payable on August 15, 2018 and semiannually thereafter on February 15 and August 15 in each year until maturity or earlier redemption, as further described in the Preliminary Official Statement for the Bonds dated February 5, 2018 (the “Preliminary Official Statement”).

The Bonds maturing on or before February 15, 2023 are not subject to redemption prior to maturity. The Bonds maturing on February 15, 2024 and thereafter are subject to redemption prior to maturity, at the election of the Town, on and after February 15, 2023, 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 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:

<u>Redemption Date</u>	<u>Redemption Price</u>
February 15, 2023 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 NOT 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 (the "Code"), 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 and 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 i-Deal LLC's 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.

All electronic bids shall be deemed to incorporate the provisions of this Notice of Sale. 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).

Bid Specifications/Basis of Award

Each bid must be for the entire \$13,000,000 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, if any, will be considered.

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 bids the true interest cost to the Town, computed and rounded to six decimal places.

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 February 27, 2018, the date of the Bonds, results in an amount equal to the purchase price for the Bonds, not including interest accrued to February 27, 2018, 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 bid. 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 the Sale Date. 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 bid. 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, Hartford, Connecticut (“Bond Counsel”), 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, (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 its legal opinion, Bond Counsel 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, Hartford, Connecticut, and will be available for examination upon request.

Obligation to Deliver Issue Price Certificate

Pursuant to the Code and applicable Treasury Regulations, the Town must establish the “issue price” of the Bonds. In order to assist the Town, the winning bidder is obligated to deliver to the Town a certificate (an “Issue Price Certificate”) and such additional information satisfactory to Bond Counsel described below, prior to the delivery of the Bonds. The Town will rely on the Issue Price Certificate and such additional information in determining the issue price of the Bonds. The form of Issue Price Certificate is available by contacting Barry J. Bernabe, Managing Director, Phoenix Advisors, LLC,

Email: bbernabe@muniadvisors.com, Telephone: (203) 283-1110, municipal advisor to the Town (the “Municipal Advisor”).

By submitting a bid, each bidder is certifying that (i) it is an underwriter of municipal bonds which has an established industry reputation for underwriting new issuances of municipal bonds, (ii) its bid is a firm offer to purchase the Bonds, (iii) its bid is a good faith offer which the bidder believes reflects current market conditions, and (iv) its bid is not a “courtesy bid” being submitted for the purpose of assisting in meeting the competitive sale rule relating to the establishment of the issue price of the Bonds pursuant to Section 148 of the Code, including the requirement that bids be received from at least three (3) underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds (the “Competitive Sale Rule”).

The Municipal Advisor will advise the winning bidder if the Competitive Sale Rule was met at the same time it notifies the winning bidder of the award of the Bonds. **Bids will not be subject to cancellation in the event that the Competitive Sale Rule is not satisfied.**

Competitive Sale Rule Met. If the Municipal Advisor advises the winning bidder that the Competitive Sale Rule has been met, the winning bidder shall, within one (1) hour after being notified of the award of the Bonds, advise the Municipal Advisor by electronic or facsimile transmission of the reasonably expected initial offering price to the public of each maturity of the Bonds as of the Sale Date.

Competitive Sale Rule Not Met. By submitting a bid, the winning bidder agrees (unless the winning bidder is purchasing the Bonds for its own account and not with a view to distribution or resale to the public) that if the Competitive Sale Rule is not met, it will satisfy either the **10% Sale Rule** or the **Hold the Offering Price Rule** described below with respect to each maturity of the Bonds prior to the delivery date of the Bonds. The rule selected with respect to each maturity of the Bonds shall be set forth on an Issue Price Rule Selection Certificate, the form of which is attached hereto, which shall be sent to the winning bidder promptly after the award of the Bonds. The winning bidder shall complete and execute the Issue Price Rule Selection Certificate and email it to Bond Counsel and the Municipal Advisor by 5:00 P.M. on the day after the Sale Date. **If the Issue Price Rule Selection Certificate is not returned by this deadline, or if no selection is made with respect to a maturity, the winning bidder agrees that the Hold the Offering Price Rule shall apply to such maturities.**

10% Sale Rule. To satisfy the 10% Sale Rule for any maturity of the Bonds, the winning bidder:

(i) will make a bona fide offering to the public of all of the Bonds at the initial offering prices and provide the Town with reasonable supporting documentation, such as a copy of the pricing wire or equivalent communication, the form of which is acceptable to Bond Counsel;

(ii) will report to the Town information regarding the actual prices at which at least 10 percent (10%) of the Bonds of each maturity have been sold to the public;

(iii) will provide the Town with reasonable supporting documentation or certifications of such sale prices, the form of which is acceptable to Bond Counsel. If the 10% Sale Rule is used with respect to a maturity of the Bonds, this reporting requirement will continue, beyond the closing date of the Bonds, if necessary, until such date that at least 10 percent (10%) of such maturity of the Bonds has been sold to the public; and

(iv) has or will include in any agreement among underwriters, selling group agreement or retail distribution agreement (to which the winning bidder is a party) relating to the initial sale of the Bonds to the public, together with the related pricing wires, language obligating each underwriter to comply with the reporting requirement described above.

Hold the Offering Price Rule. To satisfy the Hold the Offering Price Rule for any maturity of the Bonds, the winning bidder:

(i) will make a bona fide offering to the public of all of the Bonds at the initial offering prices and provide Bond Counsel with reasonable supporting documentation, such as a copy of the pricing wire or equivalent communication, the form of which is acceptable to Bond Counsel;

(ii) will neither offer nor sell to any person any Bonds of such maturity at a price that is higher than the initial offering price of such maturity until the earlier of (i) the date on which the winning bidder has sold to the public at least ten percent (10%) of the Bonds of such maturity at a price that is no higher than the initial offering price of such maturity or (ii) the close of business on the fifth (5th) business day after the Sale Date of the Bonds; and

(iii) has or will include within any agreement among underwriters, selling group agreement or retail distribution agreement (to which the winning bidder is a party) relating to the initial sale of the Bonds to the public, together with the related pricing wires, language obligating each underwriter to comply with the limitations on the sale of the Bonds as set forth above.

For purposes of the 10% Sale Rule or the Hold the Offering Price Rule, a “maturity” refers to Bonds that have the same interest rate, credit and payment terms.

If the winning bidder has purchased any maturity of the Bonds for its own account and not with a view to distribution or resale to the public, then, whether or not the Competitive Sale Rule was met, the Issue Price Certificate will recite such facts and identify the price or prices at which such maturity of the Bonds was purchased.

For purposes of this Notice of Sale, the “public” does not include the winning bidder or any person that agrees pursuant to a written contract with the winning bidder to participate in the initial sale of the Bonds to the public (such as a retail distribution agreement between a national lead underwriter and a regional firm under which the regional firm participates in the initial sale of the Bonds to the public). In making the representations described above, the winning bidder must reflect the effect on the offering prices of any “derivative products” (e.g., a tender option) used by the bidder in connection with the initial sale of any of the Bonds.

Settlement of the Bonds

The Bonds will be available for delivery on or about February 27, 2018. 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 50 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 Municipal Advisor. If the Municipal 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) notice of the occurrence of certain events within 10 business 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 and the Issue Price Certificate may be obtained from the undersigned, or from Barry J. Bernabe, Managing Director, Phoenix Advisors, LLC, Email: bbernabe@muniadvisors.com, Telephone: (203) 283-1110, Municipal Advisor to the Town.

DANIEL ROSENTHAL

First Selectman

ROBERT G. TAIT

Director of Finance

February 5, 2018

ISSUE PRICE RULE SELECTION CERTIFICATE

Town of Newtown, Connecticut
\$13,000,000 General Obligation Bonds, Issue of 2018

The undersigned, on behalf of [NAME OF UNDER/REP] [{"UName"}] [(the "Representative"), on behalf of itself and [OTHER UNDER] (together, the "Underwriting Group"), hereby certifies that it will use the rule selected below for the respective maturity of the above-captioned bonds (the "Bonds"), as described in the Notice of Sale for the Bonds, dated February 5, 2018 (the "Notice of Sale"). For a description of the requirements of each rule, please refer to the section "Obligation to Deliver Issue Price Certificate" in the Notice of Sale. Capitalized terms used but not defined herein are defined in the Notice of Sale.

<u>Date of Maturity</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	10% Sale Rule (Underwriter has or will comply with 10% Sale Price Rule for this Maturity)		Hold the Offering Price Rule (Underwriter will comply with Hold the Offering Price Rule for this Maturity)	
			<u>Check Box</u>	<u>Sales Price</u>	<u>Check Box</u>	<u>Initial Offering Price</u>
02/15/2019	\$650,000	____%	<input type="checkbox"/>	\$_____	<input type="checkbox"/>	\$_____
02/15/2020	650,000	_____	<input type="checkbox"/>	\$_____	<input type="checkbox"/>	\$_____
02/15/2021	650,000	_____	<input type="checkbox"/>	\$_____	<input type="checkbox"/>	\$_____
02/15/2022	650,000	_____	<input type="checkbox"/>	\$_____	<input type="checkbox"/>	\$_____
02/15/2023	650,000	_____	<input type="checkbox"/>	\$_____	<input type="checkbox"/>	\$_____
02/15/2024	650,000	_____	<input type="checkbox"/>	\$_____	<input type="checkbox"/>	\$_____
02/15/2025	650,000	_____	<input type="checkbox"/>	\$_____	<input type="checkbox"/>	\$_____
02/15/2026	650,000	_____	<input type="checkbox"/>	\$_____	<input type="checkbox"/>	\$_____
02/15/2027	650,000	_____	<input type="checkbox"/>	\$_____	<input type="checkbox"/>	\$_____
02/15/2028	650,000	_____	<input type="checkbox"/>	\$_____	<input type="checkbox"/>	\$_____
02/15/2029	650,000	_____	<input type="checkbox"/>	\$_____	<input type="checkbox"/>	\$_____
02/15/2030	650,000	_____	<input type="checkbox"/>	\$_____	<input type="checkbox"/>	\$_____
02/15/2031	650,000	_____	<input type="checkbox"/>	\$_____	<input type="checkbox"/>	\$_____
02/15/2032	650,000	_____	<input type="checkbox"/>	\$_____	<input type="checkbox"/>	\$_____
02/15/2033	650,000	_____	<input type="checkbox"/>	\$_____	<input type="checkbox"/>	\$_____
02/15/2034	650,000	_____	<input type="checkbox"/>	\$_____	<input type="checkbox"/>	\$_____
02/15/2035	650,000	_____	<input type="checkbox"/>	\$_____	<input type="checkbox"/>	\$_____
02/15/2036	650,000	_____	<input type="checkbox"/>	\$_____	<input type="checkbox"/>	\$_____
02/15/2037	650,000	_____	<input type="checkbox"/>	\$_____	<input type="checkbox"/>	\$_____
02/15/2038	650,000	_____	<input type="checkbox"/>	\$_____	<input type="checkbox"/>	\$_____

(All Sales Prices or Initial Offering Prices must be completed prior to the delivery date of the Bonds.)

[NAME OF UNDER/REP]

By: _____
Name:
Title:

Email this completed and executed certificate to the following by 5:00 P.M. on February 14, 2018:

Bond Counsel: wjohnson@rc.com

Municipal Advisor: bbernabe@muniadvisors.com

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