

Annual Financial Report
of the
Town of New Fairfield, Connecticut
For the Year Ended June 30, 2020

Town of New Fairfield, Connecticut

**Annual Financial Report
For the Year Ended June 30, 2020**

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Financial Section



Independent Auditors' Report

**Board of Finance
Town of New Fairfield, Connecticut**

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of New Fairfield, Connecticut ("Town") as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' 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 of 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 auditors' 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 the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

**Board of Finance
Town of New Fairfield, Connecticut**

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Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of New Fairfield, Connecticut as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity 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 management's discussion and analysis, the budgetary comparison information, and the pension and other post-employment benefit schedules, as listed in the table of contents, 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 ("GASB"), 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 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.

Supplementary and 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 supplemental schedules and trend information are presented for purposes of additional analysis and are not a required part of the financial statements.

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

The trend information section has 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 it.

**Board of Finance
Town of New Fairfield, Connecticut**

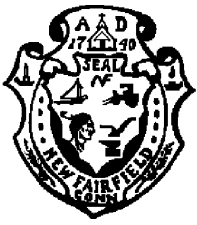
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Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 28, 2021, on our consideration of the Town's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely 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 the effectiveness of the Town's 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.

PKF O'Connor Davies, LLP

Wethersfield, Connecticut
January 28, 2021



TOWN OF NEW FAIRFIELD
Municipal and School Financial Services
3 Brush Hill Road
New Fairfield, CT 06812-2665
203 312-5656 & FAX 203-312-5659

Management's Discussion and Analysis
For the Year Ended June 30, 2020

As management of the Town of New Fairfield, Connecticut ("Town"), we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2020. Please read it in conjunction with the Town's financial statements immediately following this section.

Financial highlights

- On a government-wide basis, 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 as follows:

Change in net position	\$ 2,217,565
Total net position	89,187,875
Unrestricted net position	18,106,499

- The significant factors for the increase are as follows:

➤ positive operations of the general fund of	1,016,902
➤ positive operations of the school construction fund of	7,050,336
➤ positive operations of the small cities fund of	220,056
➤ positive operations of the fire company reserve fund of	178,290

The positive operations were offset by:

➤ deficit operations of the capital nonrecurring fund of	(281,074)
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Conversion to accrual basis on Exhibit E:

➤ capital outlay net of depreciation expense of	570,429
➤ net principal debt activity of	(6,302,734)
➤ change in net pension liability of	(2,133,702)
➤ change in net OPEB liability of	1,170,390
➤ amortization of pension and OPEB deferred outflows of resources of	1,213,158
➤ amortization of pension and OPEB deferred inflows of resources of	(612,329)

Management's Discussion and Analysis

- As of the close of the current fiscal year, the Town's governmental funds reported a combined ending fund balances of \$24,062,254, an increase of \$8,352,754 in comparison with the prior year. This increase is primarily a result of the positive operations in the general fund of \$1,016,902 due to spending savings of \$1,170,583 offset by revenue being lower than budgeted by \$177,562, mostly due to additional appropriations of \$623,627 and positive operations of the school construction fund of \$7,050,336 primarily due to a bond issuance of \$8,000,000.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$10,849,880, an increase of \$993,022 in comparison with the prior year. This unassigned fund balance represents 19.74% of total budgetary general fund expenditures and transfers out.
- The Town's long-term debt increased by \$6,163,697 due to a bond issuance of \$8,000,000, offset by scheduled principal payments of \$1,836,303.
- The tax collection rate was 99.28% for the fiscal year.

Overview of the basic 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 financial statements. The statement of fiduciary net position is used to present financial information about activities for which the Town acts solely as an agent for the benefit of employees and others.

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 of resources, liabilities and deferred inflows of resources with the difference between these accounts reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

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

The government-wide financial statements present the functions of the Town that are principally supported by taxes and intergovernmental revenues (governmental activities). The governmental activities of the Town include general government, public safety, public works, health and welfare, culture and recreation, and education.

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.

Management's Discussion and Analysis

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.

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, capital nonrecurring fund, and school construction fund, 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 other governmental funds is provided in the form of combining statements.

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.

Proprietary funds

The Town maintains one type of proprietary fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among the Town's various functions. The Town uses internal service funds to account for its self-insured medical and dental benefits.

Fiduciary funds

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

Notes to financial statements

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

Required supplementary information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information as follows:

- A budgetary comparison schedule for the general fund to demonstrate compliance with this budget.

Management's Discussion and Analysis

- Schedules to demonstrate the Town's progress in funding its obligation to provide pension benefits.
- Schedules to demonstrate the Town's progress in funding its obligation to provide other post-employment benefits.

Other information

Other required schedules and the combining statements referred to earlier in connection with other governmental funds are presented immediately following the required supplementary information.

Government-wide financial analysis

The analysis below focuses on the net position and the changes in net position. Unrestricted net position at year end totaled \$18,106,499.

Summary Statement of Net Position June 30

	2020	2019
Current and other assets	\$ 31,111,793	\$ 25,892,450
Capital assets (net)	93,126,533	92,698,161
Total assets	124,238,326	118,590,611
Deferred outflows of resources	2,749,102	1,664,355
Other liabilities	5,411,579	6,756,920
Long-term liabilities	28,243,140	21,349,879
Total liabilities	33,654,719	28,106,799
Deferred inflows of resources	4,144,834	5,177,857
Net position		
Net investment in capital assets	69,244,857	75,017,229
Restricted	1,836,519	1,506,643
Unrestricted	18,106,499	10,446,438
Total net position	\$ 89,187,875	\$ 86,970,310

By far, the largest portion of the Town's net position reflects its investment in capital assets (e.g., land, construction in progress, land and building improvements, buildings, machinery, equipment and infrastructure), 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.

Management's Discussion and Analysis

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.

A portion of the Town's net position (2.06%) represents resources that are subject to external restrictions on how they may be used of \$1,836,519. The remaining balance of unrestricted net position is \$18,106,499, which increased by \$7,660,061 from the prior year.

Net position may serve over time as a useful indicator of the Town's financial position. The Town's total net position increased by \$2,217,565.

Statement of Changes in Net Position For the Years Ended June 30

	<u>2020</u>	<u>2019</u>
Revenues		
Program revenues		
Charges for services	\$ 3,306,701	\$ 3,759,956
Operating grants and contributions	11,842,640	13,398,212
Capital grants and contributions	1,742,147	979,787
General revenues		
Property taxes	49,631,408	48,666,151
Grants and contributions not restricted to specific programs	287,343	287,877
Income from investments	426,863	502,156
Other	23,659	108,513
Total revenues	<u>67,260,761</u>	<u>67,702,652</u>
Expenses		
General government	3,968,907	3,951,159
Public safety	4,800,363	4,476,540
Public works	3,623,057	6,790,250
Health and welfare	651,677	735,325
Culture and recreation	1,432,368	1,426,132
Education	50,220,263	50,930,131
Interest	346,561	387,599
Total expenses	<u>65,043,196</u>	<u>68,697,136</u>
Change in net position	2,217,565	(994,484)
Net position - July 1	<u>86,970,310</u>	<u>87,964,794</u>
Net position - June 30	<u><u>\$ 89,187,875</u></u>	<u><u>\$ 86,970,310</u></u>

Management's Discussion and Analysis

Key elements of the change in net position are as follows:

Revenues

The significant changes in revenues for the fiscal year were as follows:

- Charges for services decreased by \$453,255 primarily due to the following:
 - Decrease in the general fund of \$146,398 due to buildings revenue decreasing by \$185,553 related to prior year activity related to the 2018 May storm
 - Decrease in school lunch fund of \$106,262 and education grants fund of \$103,283 as a result of the closures related to the pandemic
- Operating grants and contributions decreased by \$1,555,572 mostly due to:
 - A decrease in FEMA grant revenue due to the Town receiving \$2,024,418 in the prior fiscal year to cover the May storm clean-up costs
 - An increase in the small cities program grant revenue of \$222,760
 - An increase in education grants fund revenue of \$261,939 due to an increase in Title I grant revenue of \$188,356 and IDEA grant revenue of \$73,181
- Capital grants and contributions increased by \$762,360 primarily due to an increase in the highway planning and construction grant of \$830,206 for the Saw Mill Road Bridge project.

Expenses

The significant changes in expenses for the fiscal year were as follows:

- Public safety expenses increased by \$323,823 substantially due to:
 - An increase in the pension expense of \$161,577
 - An increase in the ambulance and paramedics costs of \$133,539 as a result of incurring a full year of activity after changing to full-time coverage for twenty-four hours / seven days a week coverage towards the end of the prior fiscal year
- Public works expenses decreased by \$3,167,193 primarily due to:
 - Costs of \$2,390,745 incurred in the prior year in relation to the May storm damages
 - Non-capitalized capital outlay purchases related to public works decreased by \$435,279
 - Various public works costs decreased \$200,689 primarily due to the following as a result of the pandemic and a mild winter:
 - road maintenance costs of approximately \$103,000
 - highway projects decreased by approximately \$74,000
 - Offset by an increase in the pension expense of \$58,155

Management's Discussion and Analysis

- Education expenses decreased by \$709,868 primarily due to:
 - A state grant for school building in prior year of \$678,335
 - A decrease in the OPEB expense of \$148,336
 - A decrease in compensated absences expense of \$117,551
 - Offset by an increase in the pension expense of \$251,680
 - Offset by an increase in capital outlay costs of \$196,416

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 expendable 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 combined ending fund balances of \$24,062,254, an increase of \$8,352,754 in comparison with the prior year. The unassigned fund balance was \$10,542,384.

The components of fund balance were as follows:

Nonspendable	\$ 482
Restricted	1,836,037
Committed	10,394,440
Assigned	1,288,911
Unassigned	<u>10,542,384</u>
Total	<u>\$24,062,254</u>

Of the \$1,288,911 of assigned fund balance, \$419,444 is assigned for encumbrances.

The total fund balance increased by \$8,352,754 to \$24,062,254. This increase is a result of the following activity:

General fund. The general fund is the operating fund of the Town. At the end of the current fiscal year, of the \$11,269,324 total fund balance of the general fund, \$10,849,880 was unassigned.

As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 19.74% of total general fund expenditures and transfers out, while total fund balance represents 20.51% of that same amount.

During the current fiscal year, the fund balance of the Town's general fund increased by \$1,016,902. The increase was substantially attributable to revenues lower than the budget by \$177,562 due to additional appropriations of \$623,627 and spending savings of \$1,170,583.

Management's Discussion and Analysis

The most significant functions that were underspent were as follows:

- Education by \$574,074 due to the pandemic and school closures
- General government by \$315,838 due to:
 - Unclassified payroll and benefits of \$109,767 due to lower employer share of social security of \$33,844 and less pension costs of \$60,775, as a result of open positions
 - Professional services of \$72,926 due to less legal costs than anticipated, including postponement of contract negotiations
 - Utilities of \$52,338 related to the pandemic
- Public safety by \$214,946 due to police expenditures of \$185,725 primarily related to less resident trooper costs and overtime than anticipated

Capital nonrecurring fund. The capital nonrecurring fund's net change in fund balance was a decrease of \$281,074 for the fiscal year due to the timing of the funding and spending for projects.

School construction fund. The school construction fund's net change in fund balance was an increase of \$7,050,336 for the fiscal year due to the issuance of bonds of \$8,000,000 exceeding spending for projects.

Proprietary fund

The Town's proprietary fund provides the same type of information found in the government-wide financial statements, but in more detail. The Town has one proprietary fund, the internal service fund used for medical and dental claims.

Internal service fund. The internal service fund is used to account for medical and dental self-insurance claims. The internal service fund's unrestricted net position at year end was \$2,196,549, a decrease of \$284,629 from the prior year. The decrease is due to lower claims as a result of the pandemic.

General fund budgetary highlights

The difference between the original budget and the final amended budget was \$658,902.

The additional appropriations of \$623,627 primarily consisted of the following:

- \$455,404 to transfers out for the capital nonrecurring fund
- \$132,228 for the following budget lines:
 - Fire Department length of service awards
 - Finance Department salaries
 - Capital related purchases
- \$103,899 to transfers out for the education capital nonrecurring fund
- \$18,466 to transfers out for the fire company reserve fund

Management's Discussion and Analysis

There were no significant budget transfers made during the year.

Additional details on budget transfers can be found on RSI-1A and 1B.

Capital assets and debt administration

Capital assets

The Town's investment in capital assets amounts to \$93,126,533 (net of accumulated depreciation). This investment in capital assets is as follows:

Capital Assets (Net of Depreciation) June 30

	<u>2020</u>	<u>2019</u>
Land	\$ 6,525,076	\$ 6,380,176
Construction in progress	4,093,148	1,927,043
Land improvements	3,941,121	3,799,649
Buildings and improvements	52,108,398	53,262,378
Vehicles	2,073,270	2,366,247
Machinery and equipment	1,030,192	1,174,123
Infrastructure	<u>23,355,328</u>	<u>23,788,545</u>
Total	<u>\$ 93,126,533</u>	<u>\$ 92,698,161</u>

The capital assets (net of depreciation) increased in the current year by \$428,372. The increase is due to capital additions exceeding depreciation expense. Major capital asset additions consisted of the following:

- Construction in progress:
 - Saw Mill Road Bridge \$ 1,611,705
 - School construction projects 1,040,913
- Land:
 - Purchased property for school project 144,900
- Land improvements:
 - Tennis courts 410,624
- Buildings and improvements:
 - Security operations center 468,632
- Vehicles:
 - Public works excavator 161,480

Major capital asset disposals consisted of the following:

- Vehicles:
 - Fire truck 149,332

Additional information on the Town's capital assets can be found in Note III D.

Management's Discussion and Analysis

Long-term debt

At the end of the fiscal year, the Town had total long-term debt outstanding of \$23,345,157. All debt is backed by the full faith and credit of the Town.

	Long-Term Debt	
	June 30	
	<u>2020</u>	<u>2019</u>
General purpose bonds	\$ 1,987,000	\$ 2,408,000
School bonds	21,083,000	14,392,000
Equipment financing notes	<u>275,157</u>	<u>381,460</u>
Total	<u>\$ 23,345,157</u>	<u>\$ 17,181,460</u>

During the current fiscal year, the Town's total debt increased by \$6,163,697 due to issuance of bonds of \$8,000,000 offset by scheduled principal payments.

The Town maintains an "AAA" credit rating from Standard and Poor's Investor Service.

State Statutes limit the amount of general obligation debt a governmental entity may issue to 7 times total prior year tax collections including interest and lien fees. The current debt limitation for the Town is \$345,063,796, which is significantly in excess of the Town's outstanding general obligation debt.

Additional information on the Town's long-term debt can be found in Note III F.

Economic factors and next year's budgets and rates

As of June 2020, the unemployment rate for the Town was at 9.5%, which is lower than the State average unemployment rate of 10.1% and a national unemployment rate of 11.1%.

Inflationary trends in the region compare favorably to national indices.

The potential impact of the pandemic on the local economy, businesses and Town revenues is being closely monitored. The July 2020 collections were in line with the prior year. Any impact on the property tax revenues is expected to occur with the January 2021 semi-annual payment, if at all. The State of Connecticut through the Governor's executive order, required local governments to offer taxpayers/rate payers one or both of the following programs: interest rate reduction program and/or the payment deferral program through October 1, 2020. The Town implemented the interest rate reduction program and the payment deferral program. For the collection period ended July 31, 2020, collections were in line with the prior year.

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

Management's Discussion and Analysis

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 government's finances. Questions concerning any information provided in this report or requests for additional financial information should be addressed to the Board of Finance at the Town of New Fairfield, 4 Brush Hill Road, New Fairfield, CT 06812.

**Basic
Financial
Statements**

Town of New Fairfield, Connecticut

Statement of Net Position
Governmental Activities
June 30, 2020

Assets

Current assets	
Cash	\$ 13,262,989
Investments	14,216,414
Receivables (net)	
Property taxes	382,684
Intergovernmental	314,521
Loans	50,000
Other	338,676
Prepaid and other	646,824
	<hr/>
Total current assets	29,212,108
Noncurrent assets	
Restricted assets	
Temporarily restricted	
Cash	168,145
Permanently restricted	
Cash	482
	<hr/>
Total restricted assets	168,627
Receivables (net)	
Property taxes	275,297
Loans	1,455,761
	<hr/>
Total receivables (net)	1,731,058
Capital assets (net of accumulated depreciation)	
Land	6,525,076
Construction in progress	4,093,148
Land improvements	3,941,121
Buildings and improvements	52,108,398
Vehicles	2,073,270
Machinery and equipment	1,030,192
Infrastructure	23,355,328
	<hr/>
Total capital assets	93,126,533
	<hr/>
Total noncurrent assets	95,026,218
	<hr/>
Total assets	124,238,326

Deferred Outflows of Resources

Deferred charge on refunding	488,071
Deferred outflows related to pensions	1,963,104
Deferred outflows related to OPEB	297,927
	<hr/>
Total deferred outflows of resources	2,749,102

(Continued)

The notes to financial statements are an integral part of this statement.

Town of New Fairfield, Connecticut

Statement of Net Position
Governmental Activities
June 30, 2020

Liabilities

Current liabilities	
Accounts payable	\$ 2,309,194
Accrued payroll and related liabilities	209,888
Accrued interest payable	244,109
Unearned revenue	115,725
Other	23,729
Bonds and notes payable	2,075,634
Compensated absences	74,300
Claims payable	359,000
	<hr/>
Total current liabilities	5,411,579
	<hr/>
Noncurrent liabilities	
Performance bonds	146,972
Bonds, notes, and related liabilities	22,294,113
Compensated absences	297,198
Net pension liability	3,753,004
Net OPEB liability	1,751,853
	<hr/>
Total noncurrent liabilities	28,243,140
	<hr/>
Total liabilities	33,654,719
	<hr/>

Deferred Inflows of Resources

Advance property tax collections	1,030,501
Deferred inflows related to pension	272,326
Deferred inflows related to OPEB	2,842,007
	<hr/>
Total deferred inflows of resources	4,144,834
	<hr/>

Net Position

Net investment in capital assets	69,244,857
Restricted for	
Endowments	
Nonspendable	482
Expendable	21,173
Cemetery operations	8,295
Public safety - police	2,827
Water operations	77,903
Social service programs	48,654
Housing rehabilitation program	1,560,461
Education programs	116,724
Unrestricted	18,106,499
	<hr/>
Total net position	\$ 89,187,875
	<hr/>

(Concluded)

The notes to financial statements are an integral part of this statement.

Town of New Fairfield, Connecticut

Statement of Activities
 Governmental Activities
 For the Year Ended June 30, 2020

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
General government	\$ 3,968,907	\$ 1,254,018	\$ 56,923	\$ -	\$ (2,657,966)
Public safety	4,800,363	340,778	-	-	(4,459,585)
Public works	3,623,057	33,942	31,806	1,742,147	(1,815,162)
Health and welfare	651,677	43,775	253,364	-	(354,538)
Culture and recreation	1,432,368	530,528	13,868	-	(887,972)
Education	50,220,263	1,103,660	11,486,679	-	(37,629,924)
Interest	346,561	-	-	-	(346,561)
Total	\$ 65,043,196	\$ 3,306,701	\$ 11,842,640	\$ 1,742,147	(48,151,708)
General revenues					
Property taxes					49,631,408
Grants and contributions not restricted to specific programs					287,343
Income from investments					426,863
Other					23,659
Total general revenues					50,369,273
Change in net position					2,217,565
Net position - July 1, 2019					86,970,310
Net position - June 30, 2020					\$ 89,187,875

The notes to financial statements are an integral part of this statement.

Town of New Fairfield, Connecticut

Balance Sheet
Governmental Funds
June 30, 2020

	General Fund	Capital Nonrecurring Fund	School Construction Fund	Other Governmental Funds	Total Governmental Funds
<u>Assets</u>					
Cash	\$ 9,301,764	\$ 2,380,512	\$ -	\$ 1,394,412	\$ 13,076,688
Restricted cash	146,972	-	-	-	146,972
Investments	13,470,985	-	-	745,429	14,216,414
Receivables (net)					
Property taxes	657,981	-	-	-	657,981
Intergovernmental	192,507	86,230	-	35,784	314,521
Loans	-	-	-	1,505,761	1,505,761
Other	253,605	-	-	28,499	282,104
Due from other funds	603,745	563,914	7,207,529	1,419,258	9,794,446
Other	-	-	-	9,824	9,824
Total assets	\$ 24,627,559	\$ 3,030,656	\$ 7,207,529	\$ 5,138,967	\$ 40,004,711
<u>Liabilities</u>					
Accounts payable	\$ 1,726,574	\$ 119,264	\$ 156,195	\$ 76,359	\$ 2,078,392
Accrued payroll and related liabilities	204,421	489	-	4,978	209,888
Due to other funds	9,569,060	734,085	998	1,387,560	11,691,703
Unearned revenue	-	46,094	-	57,197	103,291
Performance bonds	146,972	-	-	-	146,972
Other	22,726	-	-	1,003	23,729
Total liabilities	11,669,753	899,932	157,193	1,527,097	14,253,975
<u>Deferred Inflows of Resources</u>					
Advance property tax collections	1,030,501	-	-	-	1,030,501
Unavailable revenue - property taxes	657,981	-	-	-	657,981
Total deferred inflows of resources	1,688,482	-	-	-	1,688,482
<u>Fund Balances</u>					
Nonspendable	-	-	-	482	482
Restricted	-	-	-	1,836,037	1,836,037
Committed	-	2,130,724	7,050,336	1,213,380	10,394,440
Assigned	419,444	-	-	869,467	1,288,911
Unassigned	10,849,880	-	-	(307,496)	10,542,384
Total fund balances	11,269,324	2,130,724	7,050,336	3,611,870	24,062,254
Total liabilities, deferred inflows of resources and fund balances	\$ 24,627,559	\$ 3,030,656	\$ 7,207,529	\$ 5,138,967	\$ 40,004,711

(Continued)

The notes to financial statements are an integral part of this statement.

Town of New Fairfield, Connecticut

Reconciliation of Fund Balances to Net Position of Governmental Activities
June 30, 2020

Amounts reported in the statement of net position (Exhibit A) are different from the governmental fund balance sheet due to:

Total fund balances (Exhibit C, Page 1)	\$ 24,062,254
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Capital assets are not financial resources and, therefore, are not reported in the funds:

Beginning capital assets	92,698,161
Current year additions (net of construction in progress)	3,975,209
Depreciation expense	(3,404,780)
Disposal of capital assets	(142,057)

Other long-term assets and deferred outflows of resources are not available resources and, therefore, are not reported in the funds:

Deferred charge on refunding	488,071
Deferred outflows related to pensions	1,963,104
Deferred outflows related to OPEB	297,927

Other long-term assets are not available to pay for current period expenditures and, therefore, are unavailable in the funds:

Property tax - accrual basis change	657,981
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Internal service funds are used by management to charge the cost of medical and dental insurance premiums and general services to individual departments:

The assets and liabilities of the internal service funds are included in the statement of net position	2,196,549
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Some liabilities and deferred inflows of resources, including bonds and notes payable, are not due and payable in the current period and, therefore, are not reported in the funds:

Bonds and notes payable	(23,345,157)
Premium	(1,024,590)
Compensated absences	(371,498)
Net pension liability	(3,753,004)
Net OPEB liability	(1,751,853)
Accrued interest payable	(244,109)
Deferred inflows related to pension	(272,326)
Deferred inflows related to OPEB	<u>(2,842,007)</u>

Net position (Exhibit A)	<u>\$ 89,187,875</u>
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(Concluded)

The notes to financial statements are an integral part of this statement.

Town of New Fairfield, Connecticut

**Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2020**

	General Fund	Capital Nonrecurring Fund	School Construction Fund	Other Governmental Funds	Total Governmental Funds
Revenues					
Property taxes	\$ 49,407,965	\$ -	\$ -	\$ -	\$ 49,407,965
Intergovernmental	10,983,532	1,340,503	-	1,471,084	13,795,119
Charges for services	1,429,653	5,283	-	1,871,765	3,306,701
Contributions	-	-	-	77,011	77,011
Income from investments	391,860	24,271	-	10,732	426,863
Other	21,912	-	-	1,747	23,659
Total revenues	<u>62,234,922</u>	<u>1,370,057</u>	<u>-</u>	<u>3,432,339</u>	<u>67,037,318</u>
Expenditures					
Current					
General government	3,283,069	-	-	245,005	3,528,074
Public safety	3,905,364	-	-	1,206	3,906,570
Public works	2,398,146	-	-	-	2,398,146
Health and welfare	542,151	-	-	102,861	645,012
Culture and recreation	567,162	-	-	507,945	1,075,107
Health insurance	6,000,000	-	-	-	6,000,000
Education	40,845,784	-	-	1,652,470	42,498,254
Debt service	2,283,175	-	-	-	2,283,175
Capital outlay	-	2,781,792	1,088,701	618,770	4,489,263
Total expenditures	<u>59,824,851</u>	<u>2,781,792</u>	<u>1,088,701</u>	<u>3,128,257</u>	<u>66,823,601</u>
Excess (deficiency) of revenues over expenditures	<u>2,410,071</u>	<u>(1,411,735)</u>	<u>(1,088,701)</u>	<u>304,082</u>	<u>213,717</u>
Other financing sources (uses)					
Issuance of debt	-	-	8,000,000	-	8,000,000
Premium	-	-	139,037	-	139,037
Transfers in	35,275	1,714,911	-	671,340	2,421,526
Transfers out	(1,428,444)	(584,250)	-	(408,832)	(2,421,526)
Net other financing sources (uses)	<u>(1,393,169)</u>	<u>1,130,661</u>	<u>8,139,037</u>	<u>262,508</u>	<u>8,139,037</u>
Net change in fund balances	1,016,902	(281,074)	7,050,336	566,590	8,352,754
Fund balances - July 1, 2019	<u>10,252,422</u>	<u>2,411,798</u>	<u>-</u>	<u>3,045,280</u>	<u>15,709,500</u>
Fund balances - June 30, 2020	<u>\$ 11,269,324</u>	<u>\$ 2,130,724</u>	<u>\$ 7,050,336</u>	<u>\$ 3,611,870</u>	<u>\$ 24,062,254</u>

The notes to financial statements are an integral part of this statement.

Town of New Fairfield, Connecticut

**Reconciliation of the Statement of Revenues, Expenditures and Changes in
Fund Balances of Governmental Funds to Statement of Activities
For the Year Ended June 30, 2020**

Amounts reported in the statement of activities (Exhibit B) are different due to:

Net change in fund balances - total governmental funds (Exhibit D)	<u>\$ 8,352,754</u>
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Governmental funds report capital outlays as expenditures. However, in the statement activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay	3,975,209
Depreciation expense	<u>(3,404,780)</u>
Total	<u>570,429</u>

The net effect of various miscellaneous transactions involving capital assets (i.e., sales trade-ins and donations) is to increase/decrease net position. In the statement of activities, only the loss on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the cost of the capital assets sold:

Disposal of capital assets	<u>(142,057)</u>
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:

Change in property tax - accrual basis change	<u>223,443</u>
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The issuance of long-term debt (e.g., bonds, notes) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The details of these differences in the treatment of long-term debt and related items are as follows:

Debt issued or incurred:	
Issuance of debt	(8,000,000)
Premium	(139,037)
Principal payments:	
General obligation bonds	1,730,000
Notes payable	<u>106,303</u>
Total	<u>(6,302,734)</u>

(Continued)

Town of New Fairfield, Connecticut

Reconciliation of the Statement of Revenues, Expenditures and Changes in
Fund Balances of Governmental Funds to Statement of Activities
For the Year Ended June 30, 2020

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

Amortization of premium	\$ 230,401
Change in:	
Compensated absences	62,531
Net pension liability	(2,133,702)
Net OPEB liability	1,170,390
Accrued interest payable	(1,679)
Amortization of deferred charges	(128,411)
Amortization of deferred outflows of resources related to pension	1,186,186
Amortization of deferred inflows of resources related to pension	140,393
Amortization of deferred outflows of resources related to OPEB	26,972
Amortization of deferred inflows of resources related to OPEB	<u>(752,722)</u>
Total	<u>(199,641)</u>
The net revenue (expense) of the activities of the internal service funds is reported with governmental activities	<u>(284,629)</u>
Change in net position (Exhibit B)	<u><u>\$ 2,217,565</u></u>

(Concluded)

Town of New Fairfield, Connecticut

Statement of Net Position
 Proprietary Funds
 June 30, 2020

	<u>Internal Service Fund</u>
	<u>Medical Insurance Fund</u>
<u>Assets</u>	
Current assets	
Cash	\$ 207,956
Accounts receivable	56,572
Due from other funds	1,897,257
Prepaid	<u>637,000</u>
Total current assets	<u>2,798,785</u>
<u>Liabilities</u>	
Current liabilities	
Accounts payable	230,802
Claims payable	359,000
Unearned revenue	<u>12,434</u>
Total current liabilities	<u>602,236</u>
<u>Net Position</u>	
Unrestricted	<u><u>\$ 2,196,549</u></u>

The notes to financial statements are an integral part of this statement.

Town of New Fairfield, Connecticut

Statement of Revenues, Expenses and Changes in Net Position
 Proprietary Funds
 For the Year Ended June 30, 2020

	<u>Internal Service Fund</u>
	<u>Medical Insurance Fund</u>
Operating revenues	
Charges for services	<u>\$ 7,270,654</u>
Operating expenses	
Claims	5,822,939
Administration and insurance	1,697,508
Other	<u>34,836</u>
Total operating expenses	<u>7,555,283</u>
Change in net position	(284,629)
Net position - July 1, 2019	<u>2,481,178</u>
Net position - June 30, 2020	<u><u>\$ 2,196,549</u></u>

The notes to financial statements are an integral part of this statement.

Town of New Fairfield, Connecticut

Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2020

	Internal Service Fund
	Medical Insurance Fund
Cash flows from (used in) operating activities:	
Cash received for charges	\$ 7,479,607
Cash paid for claims	(5,910,939)
Cash paid for administration	<u>(1,699,183)</u>
Net cash from (used in) operating activities	(130,515)
Cash - July 1, 2019	<u>338,471</u>
Cash - June 30, 2020	<u><u>\$ 207,956</u></u>
Reconciliation of operating income (loss) to net cash from (used in) operating activities:	
Operating income (loss)	\$ (284,629)
Adjustments to reconcile operating income (loss) to net cash from (used in) operating activities:	
(Increase) decrease in:	
Accounts receivable	55,243
Due from other funds	178,276
Other	(37,000)
Increase (decrease) in:	
Accounts payable	33,161
Claims payable	(88,000)
Unearned revenue	<u>12,434</u>
Net cash from (used in) operating activities	<u><u>\$ (130,515)</u></u>

The notes to financial statements are an integral part of this statement.

Town of New Fairfield, Connecticut

Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2020

	Pension and OPEB Trust Funds	Private- Purpose Trust Fund	Custodial Funds
	<u> </u>	<u> </u>	<u> </u>
<u>Assets</u>			
Cash	\$ -	\$ 3,725	\$ 452,091
Investments			
Mutual funds			
Equity	11,724,002	-	-
U.S. government obligations	10,510,569	-	-
Money market	112,320	-	-
Real estate index	161,639	-	-
Certificates of deposit	-	-	88,028
Total investments	<u>22,508,530</u>	<u>-</u>	<u>88,028</u>
Total assets	<u>22,508,530</u>	<u>3,725</u>	<u>540,119</u>
<u>Net Position</u>			
Restricted for			
Pensions	19,005,646	-	-
OPEB	3,502,884	-	-
Individuals and organizations	-	3,725	540,119
Total net position	<u>\$ 22,508,530</u>	<u>\$ 3,725</u>	<u>\$ 540,119</u>

The notes to financial statements are an integral part of this statement.

Town of New Fairfield, Connecticut

Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2020

	Pension and OPEB Trust Funds	Private- Purpose Trust Fund	Custodial Funds
	<u> </u>	<u> </u>	<u> </u>
Additions			
Contributions			
Employer	\$ 993,772	\$ -	\$ -
Activity fees	<u>-</u>	<u>-</u>	<u>426,523</u>
Investment income (loss)			
Net change in fair value of investments	507,583	-	-
Interest and dividends	<u>466,999</u>	<u>608</u>	<u>-</u>
Total investment income (loss)	974,582	608	-
Less investment expense	<u>58,164</u>	<u>-</u>	<u>-</u>
Net investment income (loss)	<u>916,418</u>	<u>608</u>	<u>-</u>
Total additions	<u>1,910,190</u>	<u>608</u>	<u>426,523</u>
Deductions			
Benefits	825,449	-	-
Administration	83,866	-	-
Activities and events	<u>-</u>	<u>1,000</u>	<u>464,639</u>
Total deductions	<u>909,315</u>	<u>1,000</u>	<u>464,639</u>
Change in net position	1,000,875	(392)	(38,116)
Net position - July 1, 2019	<u>21,507,655</u>	<u>4,117</u>	<u>578,235</u>
Net position - June 30, 2020	<u><u>\$ 22,508,530</u></u>	<u><u>\$ 3,725</u></u>	<u><u>\$ 540,119</u></u>

The notes to financial statements are an integral part of this statement.

Town of New Fairfield, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2020**History and organization**

The Town of New Fairfield, Connecticut ("Town") is a municipal corporation governed by a selectmen-town meeting form of government. Under this form of government, the town meeting is the legislative body. A town meeting is required to make appropriations, levy taxes and borrow money. The administrative branch is led by an elected three-member Board of Selectmen. The Selectmen oversee most of the activities not assigned specifically to another body. An elected Board of Education oversees the public school system. The elected Board of Finance is the budget making authority and supervises the town financial matters.

Accounting principles generally accepted in the United States of America require that the reporting entity include (1) the primary government; (2) organizations for which the primary government is financially accountable; and (3) 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 does not report any component units.

I. Summary of significant accounting policies**A. Government-wide and fund financial statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Town. *Governmental activities* are normally supported by taxes and intergovernmental revenues.

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

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

B. Measurement focus, basis of accounting and financial statement presentation

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

Town of New Fairfield, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2020**B. Measurement focus, basis of accounting and financial statement presentation (continued)**

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

Expenditure reimbursement type grants, certain intergovernmental revenues, charges, transfers and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the Town.

The Town reports the following major governmental funds:

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

The *Capital Nonrecurring Fund* is used to account for and report resources and expenditures that are restricted, committed or assigned for the acquisition and construction of capital facilities.

The *School Construction Fund* is used to account for resources to be used for the approved school construction projects.

Additionally, the Town reports the following fund types:

Special Revenue Funds are used to account for and report the proceeds of specific revenue resources that are restricted, committed or assigned to expenditures for specified purposes other than debt.

The Capital Project Funds are used to account for and report resources and expenditures that are restricted, committed or assigned for the acquisition and construction of capital facilities, including those that are financed through special assessments.

The *Permanent Funds* are used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the Town's programs.

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

Town of New Fairfield, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2020**B. Measurement focus, basis of accounting and financial statement presentation (continued)**

The *Pension Trust Funds* account for the activities of the Town of New Fairfield Retirement Plan and New Fairfield Board of Education Retirement Plan, which accumulate resources for pension benefit payments to qualified employees.

The *OPEB Trust Funds* account for the activities of the OPEB Plan which accumulates resources for OPEB benefits.

The *Private-Purpose Trust Fund* accounts for the receipt of private donations to be used for student awards.

Custodial Funds account for monies held on behalf of student groups.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions are charges between certain Town functions because elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Town's internal service fund are charges to Town departments for medical and dental insurance premiums.

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

C. Assets, liabilities, deferred outflows/inflows of resources and equity**1. Cash and investments****a. Cash**

The Town considers cash as cash on hand and demand deposits.

For cash flow purposes the Town considers cash equivalents money market accounts and short-term investments with original maturities of three months or less from the date of acquisition.

Town of New Fairfield, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2020

C. Assets, liabilities, deferred outflows/inflows of resources and equity (continued)

b. Investments

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

State Treasurers Investment Fund is an investment pool managed by the State of Connecticut Office of the State Treasurer. Investments must be made in instruments authorized by Connecticut General Statutes 3-27c - 3-27e. Investment guidelines are adopted by the State Treasurer. The fair value of the position in the pool is the same as the value of the pool shares.

The Town's pension and OPEB funds have adopted a formal investment policy that defines allowable investments, asset allocation guidelines, diversification guidelines and fixed income and cash guidelines.

The Pension and OPEB trust funds allow for investments in certain alternative investments and commingled funds. Such investments may include private equity partnerships, hedge and absolute return funds for which there may be no readily available market to determine fair value.

The investment guidelines are as follows:

Asset Class	Target Allocation		
	Pension		
	Town	Education	OPEB
Equity	60.60%	46.40%	55.00%
Fixed income	39.40%	53.60%	40.00%
U.S. REITs	0.00%	0.00%	5.00%
Total	100.00%	100.00%	100.00%

Town of New Fairfield, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2020**C. Assets, liabilities, deferred outflows/inflows of resources and equity (continued)****c. Method used to value investments**

Investments for the Town are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates.

Fair value of investments

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

- Level 1:* Quoted prices for identical investments in active markets;
- Level 2:* Quoted prices for identical investments in markets that are not active; and
- Level 3:* Unobservable inputs.

d. Risk policies

Interest rate risk – Interest rate risk is the risk that the government will incur losses in fair value caused by changing interest rates. The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit risk – Credit risk is the risk that an issuer or other counterparty will not fulfill its specific obligation even without the entity's complete failure. The Town has no investment policy that would limit its investment choices due to credit risk other than State Statutes governing investments in obligations of any State or political subdivision or in obligations of the State of Connecticut or political subdivision.

Concentration of credit risk – Concentration of credit risk is the risk attributed to the magnitude of an entity's investments in a single issuer. The Town follows the limitations specified in the Connecticut General Statutes. Generally, the Town's deposits cannot be 75% or more of the total capital in any one depository.

Custodial credit risk – Custodial credit risk is the risk that, in the event of the failure of the counterparty, the Town will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The Town uses laddered certificates of deposit to reduce custodial risk credit.

Foreign currency risk – Foreign currency risk is the risk that the value of the investment may be affected by changes in the rate of exchange. The Town does not have a formal policy with respect to the foreign currency risk.

Town of New Fairfield, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2020**C. Assets, liabilities, deferred outflows/inflows of resources and equity (continued)****2. Receivables and payables****a. Interfunds**

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans).

b. Property taxes and other receivables

Property taxes are assessed on property as of October 1. Taxes are billed in the following July and are due in two installments, July 1 and January 1. Personal property and motor vehicle taxes are billed in July and are due in one installment, on July 1, and supplemental motor vehicle taxes are due in full January 1. Liens are effective on the assessment date and are continued by filing before the end of the year following the due date.

In the fund financial and government-wide financial statements, all trade and property tax receivables are shown net of an allowance for uncollectibles. Allowance percentages range from 5% to 24% of outstanding receivable balances and are calculated based upon prior collections.

In the fund financial statements, property tax revenues are recognized when they become available. Only taxes collected during the fiscal year are recorded as revenue.

3. Prepaid items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

4. Restricted assets

The restricted assets for the Town are restricted for endowments and performance bonds. The trust agreement restricts the expenditure of the income from investment only for the designated purpose. Performance bonds are restricted until the monies are returned to the vendor after satisfactory completion of contract or the Town calls the bond for nonperformance.

5. Capital assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the governmental activities columns in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial, individual cost of more than the capitalization threshold for that asset type and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

Town of New Fairfield, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2020

C. Assets, liabilities, deferred outflows/inflows of resources and equity (continued)

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Land is considered inexhaustible and, therefore, not depreciated. All land is capitalized. Construction in progress has not been put into service yet and, therefore, is not depreciated. Property, plant, and equipment of the Town are depreciated or amortized using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>	<u>Capitalization Threshold</u>
Land improvements	15-30	\$ 20,000
Buildngs and improvements	50	20,000
Machinery and equipment	5-20	5,000
Vehicles	5-20	5,000
Infrastructure	50	100,000

6. Deferred outflows/inflows of resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

The Town reports deferred outflows and inflows of resources related to pensions and OPEB in the government-wide statements for differences between expected and actual experience, changes in assumptions, net difference between projected and actual earnings on plan investments, changes in proportional share and contributions subsequent to measurement date. The deferred outflow or inflow related to differences between expected and actual experience, changes in assumptions, and changes in proportional share will be amortized over the average remaining service life of all plan members. The deferred outflow or inflow related to the net difference between projected and actual earnings on plan investments will be amortized over a five-year period. The deferred outflow related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent year.

Deferred outflows of resources also include deferred outflows relating to advance refunding of debt. These amounts are deferred and are amortized over the life of the debt.

Advance tax collections represent taxes associated with a future period. This amount is recognized during the period in which the revenue is associated.

Town of New Fairfield, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2020**C. Assets, liabilities, deferred outflows/inflows of resources and equity (continued)**

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

7. Compensated absences

Town employees accumulate vacation hours for subsequent use or for payment upon termination or retirement. Vacation expenses to be paid in future periods are accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental funds only if the liability has matured through employee resignation or retirement.

8. Long-term obligations

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

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

9. Net position and fund balances

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

Net Investment in Capital Assets

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

Restricted Net Position

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

Town of New Fairfield, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2020**C. Assets, liabilities, deferred outflows/inflows of resources and equity (continued)**Unrestricted Net Position

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

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.

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

Nonspendable

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

Restricted

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

Committed

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

Assigned

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

Unassigned

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

Town of New Fairfield, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2020**C. Assets, liabilities, deferred outflows/inflows of resources and equity (continued)**

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

Minimum fund balance policy

The Board of Finance shall propose annual budgets that provide for first accumulating and thereafter maintaining an unassigned fund balance of not less than two months (16.67%) of total operating expenditures. Certain circumstances may justify significantly higher minimum target levels. Annually, the Board of Finance shall monitor and modify the minimum fund balance requirements. In the event the unassigned fund balance becomes greater than two months (16.67%), the excess may be used for purposes described in the policy.

10. Use of estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and deferred outflows and inflows of resources including disclosures of contingent assets and liabilities and reported revenues, expenses and expenditures during the fiscal year. Actual results could differ from those estimates, particularly given the significant social and economic disruptions and uncertainties associated with the ongoing COVID-19 pandemic and the mitigation responses. Any such differences are not expected to be material for the year ended June 30, 2020.

11. Reclassification

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

II. Stewardship, compliance and accountability**A. Basis of budgeting**

Only the General Fund has a legally adopted annual budget.

The Town uses the budgetary basis of accounting under which purchase orders for contracts or other commitments are recorded in order to reserve that portion of the applicable appropriation. 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 the budgetary statements included as required supplementary information.

Appropriations for capital projects are continued until completion of applicable projects, even when projects extend more than one fiscal year.

Town of New Fairfield, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2020

B. Donor-restricted endowments

The Town has received certain endowments for the improvement and betterment of the New Fairfield library. The amounts are reflected in net position as restricted for endowments. Investment income is approved for disbursement by the Library Board or the applicable Trustee and is included in restricted fund balance.

The Town allocates investment income of donor-restricted endowments in accordance with donor restrictions and Connecticut law, which has adopted the provisions of the Uniform Prudent Management of Institutional Funds Act ("UPMIFA"). Under UPMIFA, investment income earned on donor-restricted endowment funds is considered to be unrestricted in the absence of explicit donor restrictions. Further, in the absence of explicit donor restrictions regarding investment appreciation, such appreciation is treated the same as the related investment income. Investment losses that reduce the value of endowment investments below the original principal amount serve to reduce restricted net position or unrestricted net position, depending upon the applicable donor's stipulations regarding the treatment of investment income and appreciation.

III. Detailed notes**A. Cash and investments****1. Deposits – custodial credit risk**

At year end, the Town's bank balance including certificates of deposit classified as investments, was \$23,831,106 and was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 12,605,464
Uninsured and collateral held by the pledging bank's trust department, not in the Town's name	<u>5,088,119</u>
Total amount subject to custodial credit risk	<u>\$ 17,693,583</u>

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

Town of New Fairfield, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2020

A. Cash and investments (continued)

2. Investments

- a. The Town's investments consisted of the following types and maturities. Specific identification was used to determine maturities:

Type of Investment	Fair Value	Investment Maturities (In Years)			
		N/A	Less Than 1	1-5 Years	6-10 Years
Mutual funds					
Equity	\$ 11,724,002	\$11,724,002	\$ -	\$ -	\$ -
U.S. government obligations	10,510,569	-	-	1,169,516	9,341,053
Money market	112,320	-	112,320	-	-
Real estate index	161,639	161,639	-	-	-
Certificates of deposit	9,463,305	-	9,463,305	-	-
Pooled fixed income	4,838,358	-	4,838,358	-	-
Bank money market accounts	2,779	-	2,779	-	-
Total	<u>\$36,812,972</u>	<u>\$11,885,641</u>	<u>\$ 14,416,762</u>	<u>\$ 1,169,516</u>	<u>\$ 9,341,053</u>

- b. The Town had the following recurring fair value measurements:

Investments by fair value level	Amount	Quoted Market Prices in Active Markets
		Level 1
Mutual funds		
Equity	\$ 11,724,002	\$ 11,724,002
U.S. government obligations	10,510,569	10,510,569
Money market	112,320	112,320
Real estate index	161,639	161,639
Total investments by fair value level	<u>22,508,530</u>	<u>\$ 22,508,530</u>

Town of New Fairfield, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2020

A. Cash and investments (continued)

<u>Other investments not subject to fair value measurement</u>	
Certificates of deposit	\$ 9,463,305
Pooled fixed income	4,838,358
Bank money market accounts	<u>2,779</u>
Total other investments	<u>14,304,442</u>
Total investments	<u>\$ 36,812,972</u>

Level 1: Quoted prices for identical investments in active markets.

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

		<u>Mutual Funds</u>	
	Pooled		U.S.
	Fixed		Government
<u>Rating</u>	<u>Income</u>	<u>Money Market</u>	<u>Obligations</u>
AAA	<u>\$ 4,838,358</u>	<u>\$ 112,320</u>	<u>\$ 10,510,569</u>

d. The Town's investments are not subject to custodial credit risk.

B. Receivables

Receivable balances have been disaggregated by type and presented separately in the financial statements. Only receivables with allowances for uncollectible accounts, including the applicable allowances for uncollectible accounts, are presented below.

	<u>Property Taxes</u>			
	Taxes	Interest and Lien Fees	Total	CDBG Loans
Current portion	<u>\$ 332,168</u>	<u>\$ 50,516</u>	<u>\$ 382,684</u>	<u>\$ 50,000</u>
Long-term portion	250,583	134,714	385,297	1,530,761
Less allowance for uncollectibles	<u>(65,000)</u>	<u>(45,000)</u>	<u>(110,000)</u>	<u>(75,000)</u>
Net long-term portion	<u>\$ 185,583</u>	<u>\$ 89,714</u>	<u>\$ 275,297</u>	<u>\$1,455,761</u>

Town of New Fairfield, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2020

C. Interfund accounts

1. Interfund payables and receivables

A summary of interfund balances is as follows:

	Corresponding Fund	Due From	Due To
General Fund			
Capital Nonrecurring Fund	N/A	\$ -	\$ 126,425
School Construction Fund	N/A	-	7,207,529
Special Revenue Funds	N/A	-	266,336
Capital Projects Funds	N/A	603,745	72,321
Medical Insurance Fund	N/A	-	1,896,449
		603,745	9,569,060
Total General Fund			
Capital Nonrecurring Fund			
General Fund	N/A	126,425	-
Education Capital Nonrecurring Fund	N/A	-	734,085
Communications Tower Fund	N/A	300,000	-
Recreation Programs Fund	N/A	108,832	-
School Capital Project Fund	N/A	28,657	-
		563,914	734,085
Total Capital Nonrecurring Fund			
School Construction Fund			
General Fund	N/A	7,207,529	-
Education Capital Nonrecurring Fund	N/A	-	998
		7,207,529	998
Total School Construction Fund			
Other Governmental Funds			
Special Revenue Funds			
Education Grants Fund	General Fund	-	23,469
Education Grants Fund	Education User Surcharges Fund	-	10
Education Grants Fund	Recreation Programs Fund	400	-
Education Grants Fund	Medical Insurance Fund	-	808
Dog Registration Fund	General Fund	-	6,907
Groovin' in New Fairfield Fund	General Fund	3,384	-
Communications Tower Fund	General Fund	375,778	-
Communications Tower Fund	Capital Nonrecurring Fund	-	300,000
Miscellaneous Grants Fund	General Fund	20,636	-
Miscellaneous Grants Fund	Senior Center Fund	-	4,948
Municipal Water System Fund	General Fund	-	22,445

Town of New Fairfield, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2020

C. Interfund accounts (continued)

	Corresponding Fund	Due From	Due To
Other Governmental Funds			
Special Revenue Funds			
Senior Center Fund	General Fund	\$ 40,603	\$ -
Senior Center Fund	Miscellaneous Grants Fund	4,948	-
Commission for the Youth Fund	General Fund	10,287	-
Recreation Programs Fund	General Fund	-	101,920
Recreation Programs Fund	Education Grants Fund	-	400
Recreation Programs Fund	Capital Nonrecurring Fund	-	108,832
Recreation Programs Fund	Education User Surcharges Fund	-	1,250
Education User Surcharges Fund	General Fund	154,558	-
Education User Surcharges Fund	Education Grants Fund	10	-
Education User Surcharges Fund	Recreation Programs Fund	1,250	-
Drop Off Center Fund	General Fund	-	184,169
Capital Projects Funds		-	-
Fire Company Reserve Fund	General Fund	18,467	-
Education Capital Nonrecurring Fund	General Fund	-	358,684
Education Capital Nonrecurring Fund	Capital Nonrecurring Fund	734,085	-
Education Capital Nonrecurring Fund	School Construction Fund	998	-
School Capital Project Fund	General Fund	19,907	-
School Capital Project Fund	Capital Nonrecurring Fund	-	28,657
MHHS Septic Fund	General Fund	-	90,565
Town Center Beautification Fund	General Fund	33,947	-
MHHS/HS Renovations Fund	General Fund	-	154,496
Total Other Governmental Funds		1,419,258	1,387,560
Internal Service Fund			
Medical Insurance Fund	General Fund	1,896,449	-
Medical Insurance Fund	Education Grants Fund	808	-
Total Internal Service Fund		1,897,257	-
Total		\$ 11,691,703	\$ 11,691,703

All interfund balances resulted from the time lag between the dates payments occurred between funds for interfund goods, payroll and services provided or in instances where certain funds do not have a cash account.

Town of New Fairfield, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2020

C. Interfund accounts (continued)**2. Interfund transfers**

A summary of interfund transfers for the fiscal year is as follows:

	<u>Corresponding Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund			
Capital Nonrecurring Fund	N/A	\$ 35,275	\$ 1,306,079
Capital Projects Funds	N/A	-	122,365
Total General Fund		<u>35,275</u>	<u>1,428,444</u>
Capital Nonrecurring Fund			
General Fund	N/A	1,306,079	35,275
Communications Tower Fund	N/A	300,000	-
Recreation Programs Fund	N/A	108,832	-
Fire Company Reserve Fund	N/A	-	150,606
Education Capital Nonrecurring Fund	N/A	-	398,369
Total Capital Nonrecurring Fund		<u>1,714,911</u>	<u>584,250</u>
Other Governmental Funds			
Special Revenue Funds			
Communications Tower Fund	Capital Nonrecurring Fund	-	300,000
Recreation Programs Fund	Capital Nonrecurring Fund	-	108,832
Capital Projects Funds			
Fire Company Reserve Fund	General Fund	18,466	-
Fire Company Reserve Fund	Capital Nonrecurring Fund	150,606	-
Education Capital Nonrecurring Fund	General Fund	103,899	-
Education Capital Nonrecurring Fund	Capital Nonrecurring Fund	398,369	-
Total Other Governmental Funds		<u>671,340</u>	<u>408,832</u>
Total		<u>\$2,421,526</u>	<u>\$ 2,421,526</u>

Transfers are used to move budgeted appropriations from the general fund for funding of the capital projects funds and various programs and activities in other funds.

Town of New Fairfield, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2020

D. Capital assets

Capital asset activity for the fiscal year was as follows:

	Balance July 1, 2019	Increase	Decrease	Balance June 30, 2020
Capital assets, not being depreciated				
Land	\$ 6,380,176	\$ 144,900	\$ -	\$ 6,525,076
Construction in progress	1,927,043	2,673,952	507,847	4,093,148
Total capital assets, not being depreciated	<u>8,307,219</u>	<u>2,818,852</u>	<u>507,847</u>	<u>10,618,224</u>
Capital assets, being depreciated				
Land improvements	5,738,334	486,761	216,090	6,009,005
Buildings and improvements	85,519,956	686,709	20,795	86,185,870
Vehicles	7,049,019	210,802	149,332	7,110,489
Machinery and equipment	3,912,968	155,036	120,073	3,947,931
Infrastructure	45,328,175	124,896	2,960	45,450,111
Total capital assets, being depreciated	<u>147,548,452</u>	<u>1,664,204</u>	<u>509,250</u>	<u>148,703,406</u>
Total capital assets	<u>155,855,671</u>	<u>4,483,056</u>	<u>1,017,097</u>	<u>159,321,630</u>
Less accumulated depreciation for				
Land improvements	1,938,685	219,582	90,383	2,067,884
Buildings and improvements	32,257,578	1,840,689	20,795	34,077,472
Vehicles	4,682,772	503,779	149,332	5,037,219
Machinery and equipment	2,738,845	285,572	106,678	2,917,739
Infrastructure	21,539,630	555,158	5	22,094,783
Total accumulated depreciation	<u>63,157,510</u>	<u>3,404,780</u>	<u>367,193</u>	<u>66,195,097</u>
Total capital assets, being depreciated, net	<u>84,390,942</u>	<u>(1,740,576)</u>	<u>142,057</u>	<u>82,508,309</u>
Capital assets, net	<u>\$ 92,698,161</u>	<u>\$ 1,078,276</u>	<u>\$ 649,904</u>	<u>\$ 93,126,533</u>

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

General government	\$ 72,396
Public safety	502,412
Public works	752,403
Health and welfare	3,107
Culture and recreation	231,235
Education	1,843,227
Total depreciation expense	<u>\$ 3,404,780</u>

Town of New Fairfield, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2020**E. Construction commitments**

The Town has the following construction commitments:

High school project	\$ 3,532,004
Consolidated Early Learning Academy project	<u>1,353,305</u>
Total commitments	<u>\$ 4,885,309</u>

F. Changes in long-term obligations**1. Summary of changes**

Description	Original Amount	Date of Issue	Date of Maturity	Interest Rate	Balance July 1, 2019	Additions	Deductions	Balance June 30, 2020	Current Portion	Long-Term Portion
Bonds:										
General Purpose:										
Refunding bond	\$1,701,000	2014	06/30/21	2-4%	\$ 502,000	\$ -	\$ 251,000	\$ 251,000	\$ 251,000	\$ -
Refunding bond	863,000	2016	06/30/30	2-4%	863,000	-	-	863,000	-	863,000
Refunding bond	1,116,000	2017	07/15/30	3-4%	1,043,000	-	170,000	873,000	184,000	689,000
Total general purpose					2,408,000	-	421,000	1,987,000	435,000	1,552,000
School bonds:										
Improvement bond	5,095,000	1999	08/01/19	4.25-6.25%	265,000	-	265,000	-	-	-
Refunding bond	229,000	2014	06/30/21	2-4%	68,000	-	34,000	34,000	34,000	-
Refunding bond	7,857,000	2016	06/30/30	2-4%	7,857,000	-	-	7,857,000	-	7,857,000
Refunding bond	6,639,000	2017	07/15/30	3-4%	6,202,000	-	1,010,000	5,192,000	1,096,000	4,096,000
Improvement bond	8,000,000	2020	03/15/40	2-4%	-	8,000,000	-	8,000,000	400,000	7,600,000
Total school bonds					14,392,000	8,000,000	1,309,000	21,083,000	1,530,000	19,553,000
Total bonds					16,800,000	8,000,000	1,730,000	23,070,000	1,965,000	21,105,000
Notes:										
Equipment financing notes:										
Copier	589,749	2017	11/01/22	4%	381,460	-	106,303	275,157	110,634	164,523
Total bonds and notes					17,181,460	8,000,000	1,836,303	23,345,157	2,075,634	21,269,523
Premium					1,115,954	139,037	230,401	1,024,590	-	1,024,590
Total bonds, notes and related liabilities					18,297,414	8,139,037	2,066,704	24,369,747	2,075,634	22,294,113
Compensated absences					434,029	378,337	440,868	371,498	74,300	297,198
Net pension liability					1,619,302	3,570,855	1,437,153	3,753,004	-	3,753,004
Net OPEB liability					2,922,243	563,391	1,733,781	1,751,853	-	1,751,853
Total long-term obligations					<u>\$ 23,272,988</u>	<u>\$ 12,651,620</u>	<u>\$ 5,678,506</u>	<u>\$ 30,246,102</u>	<u>\$ 2,149,934</u>	<u>\$ 28,096,168</u>

All long-term liabilities are generally liquidated by the general fund.

Town of New Fairfield, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2020

F. Changes in long-term obligations (continued)

2. The following is a summary of principal and interest amounts of bond and note maturities:

Year Ended June 30	Bond Principal	Equipment Financing Notes Principal	Total Interest
2021	\$ 1,965,000	\$ 110,634	\$ 680,373
2022	1,795,000	115,141	621,385
2023	1,840,000	49,382	552,345
2024	1,835,000	-	489,775
2025	1,825,000	-	420,350
2026	1,835,000	-	347,150
2027	1,850,000	-	288,700
2028	1,825,000	-	237,575
2029	1,825,000	-	186,825
2030	1,805,000	-	136,375
2031	1,070,000	-	97,250
2032	400,000	-	79,200
2033	400,000	-	71,200
2034	400,000	-	63,000
2035	400,000	-	54,600
2036	400,000	-	46,000
2037	400,000	-	37,200
2038	400,000	-	28,200
2039	400,000	-	19,000
2040	400,000	-	9,600
Total	<u>\$ 23,070,000</u>	<u>\$ 275,157</u>	<u>\$ 4,466,103</u>

3. Assets pledged as collateral

The Town's outstanding equipment financing notes are secured with collateral of the equipment purchased of \$275,157.

Town of New Fairfield, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2020

F. Changes in long-term obligations (continued)

4. Statutory debt limitations

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

	<u>Debt Limitation</u>	<u>Net Indebtedness</u>	<u>Balance</u>
General Purpose	\$ 110,913,363	\$ 1,987,000	\$ 108,926,363
Schools	221,826,726	21,083,000	200,743,726
Sewers	184,855,605	-	184,855,605
Urban Renewal	160,208,191	-	160,208,191
Pension Deficit	147,884,484	-	147,884,484

The total overall statutory debt limit for the Town is equal to seven times annual receipts from prior year taxation, \$345,063,796.

The indebtedness reflected above includes bonds outstanding in addition to the amount of bonds authorized and unissued against which bond anticipation notes are issued and outstanding.

5. Authorized/unissued bonds

The amount of authorized, unissued bonds are as follows:

Schools	<u>\$ 121,410,000</u>
---------	-----------------------

6. Prior year defeasance of debt

In prior years, the Town defeased certain bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the Town's financial statements. At year end, \$14,645,000 of bonds outstanding are considered defeased.

Town of New Fairfield, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2020

G. Fund balances and restricted net position

Fund balances are composed of the following:

	General Fund	Capital Nonrecurring Fund	School Construction Fund	Other Governmental Funds	Total Governmental Funds
Nonspendable					
Library operations	\$ -	\$ -	\$ -	\$ 482	\$ 482
Restricted					
Cemetery	-	-	-	8,295	8,295
Cafeteria operations	-	-	-	116,724	116,724
Housing rehabilitation programs	-	-	-	1,560,461	1,560,461
Library programs	-	-	-	21,173	21,173
Public safety - police	-	-	-	2,827	2,827
Social services programs	-	-	-	48,654	48,654
Water operations	-	-	-	77,903	77,903
Total restricted	-	-	-	1,836,037	1,836,037
Committed					
Approved projects	-	2,130,724	7,050,336	-	9,181,060
Education programs	-	-	-	506,357	506,357
Fire department programs	-	-	-	702,934	702,934
Town center beautification programs	-	-	-	4,089	4,089
Total committed	-	2,130,724	7,050,336	1,213,380	10,394,440
Assigned					
Animal control	-	-	-	22,814	22,814
Culture and recreation programs	-	-	-	268,305	268,305
Education programs	306,947	-	-	488,522	795,469
General government programs	5,726	-	-	-	5,726
Health and welfare programs	6,841	-	-	-	6,841
Public safety programs	55,824	-	-	73,050	128,874
Public works programs	44,106	-	-	-	44,106
Town grant programs	-	-	-	16,776	16,776
Total assigned	419,444	-	-	869,467	1,288,911
Unassigned	10,849,880	-	-	(307,496)	10,542,384
Total	<u>\$11,269,324</u>	<u>\$2,130,724</u>	<u>\$7,050,336</u>	<u>\$3,611,870</u>	<u>\$24,062,254</u>

General fund encumbrances totaled \$419,444.

The amount of restricted net position, which was restricted by enabling legislation, totaled \$194,627.

Town of New Fairfield, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2020**H. Deficit Fund Balance**

The following funds had deficit fund balances at year end:

Special Revenue Funds	
Drop Off Center Fund	\$ 53,685
Capital Project Funds	
School Capital Project Fund	8,750
MHHS Septic Fund	90,565
MHHS/HS Renovation Fund	154,496

The deficits will be eliminated by future charges for services and transfers from the general fund.

IV. Other information**A. Risk management**

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the Town carries commercial insurance. There have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year or three prior years.

The Town is a member in Connecticut Interlocal Risk Management Association ("CIRMA"). CIRMA is a public entity risk pool established under the provisions of the Connecticut General Statutes Section 7-479a et. seq. The Town is liable only for contributions to the pool. Members do not retain the risk of loss, as they have transferred the risk by purchasing pool coverage with no deductible retention. A separate agreement limits the member's obligation to pay indemnification obligations and expenses should CIRMA be unable to do so.

The Town is a member of CIRMA's Liability-Automobile-Property Pool a risk sharing pool. The Town paid CIRMA for provisions of general liability, automobile liability, employee benefit liability, law enforcement liability, public officials and property coverage. The premium is subject to these coverages and claims and expense payments falling within the deductible amounts are the responsibility of the Town. CIRMA's Liability-Automobile-Property Pool retains \$1,000,000 per occurrence for each line of liability coverage.

The Town is also a member of CIRMA's Workers' Compensation Pool, a risk sharing pool. The Workers' Compensation Pool provides statutory benefits pursuant to the provisions of the Connecticut Workers' Compensation Act. The coverage is subject to an insured loss retrospective rating plan and losses incurred in the coverage period will be evaluated at 18, 30 and 42 months after the effective date of coverage. The premium is subject to a payroll audit at the close of the coverage period. CIRMA's Workers' Compensation Pool retains \$1,000,000 per occurrence and purchases reinsurance about that amount to the limit of liability of \$10,000,000 per occurrence.

Town of New Fairfield, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2020

A. Risk management (continued)

The Board of Education self-insures its employees for medical and dental claims through the aggregate use of an internal service fund. Maximum liability to the Board of Education per covered participant is \$250,000 and an aggregate stop loss of 120% of the projected premiums. The Board of Education retains an insurance policy for employee claims in excess of these limits. A third party administers the plan for which the Board of Education pays an administrative fee. The plan is funded monthly by employer contributions, as required.

The following is a summary of changes in claims liability during the year:

Fiscal Year Ended	Claims Payable July 1	Current Year Claims and Changes in Estimates	Claims Paid	Claims Payable June 30
2018-2019	\$ 461,000	\$6,053,484	\$6,067,484	\$447,000
2019-2020	447,000	5,822,939	5,910,939	359,000

The Town utilizes a risk management fund (the Internal Service Fund) to account for and finance its uninsured risks of loss for medical and dental claims. The fund records all claim expenditures and liabilities when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. The Internal Service Fund is funded by the General Fund based on estimated cost of claim payments based on employee census, historical cost estimates of the amounts needed to pay prior and current year claims and administration. Claims liabilities include an estimate of claims incurred but not reported and are the Town's best estimate based on available information.

B. Commitments and litigation

The Town participates in various Federal and State grant programs. These programs are subject to program compliance audits pursuant to the Federal and State Single Audit Acts. The amount of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the Town anticipates such amounts, if any, to be immaterial.

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

Town of New Fairfield, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2020**C. Contingencies***Coronavirus*

In March 2020, the United States declared the outbreak of Coronavirus a national emergency. Similarly, the Governor of the State of Connecticut declared a state of emergency and has since issued over 70 executive orders regarding the pandemic. One of the most significant executive orders required local governments to offer taxpayers/rate payers one or both of the following programs: interest rate reduction program and payment deferral program. The interest rate reduction program reduced the interest rate charged on delinquent taxes/user fees from 18% to 3% for the period April 1, 2020 through October 1, 2020. The payment deferral program also was effective April 1, 2020 for local governments with quarterly payments and July 1, 2020 for those with semi-annual payments. This program allowed taxpayers/rate payers to defer payment of amounts due without incurring any penalty interest until October 1, 2020. The Town implemented both the interest rate reduction program and payment deferral program. The impact of these programs on property tax and user fee revenues and delinquent interest collections was not significant during this period.

The state of emergency has had a negative impact on the Town's economically sensitive revenues such as park and recreation program fees, interest earnings and certain other charges for services for the last quarter of the fiscal year and the impact continues into the 2021 fiscal year. On the expenditure side, expenditures for health and safety measures, including additional personnel costs, technology and supplies are expected to increase and may exceed adopted budgets. There continues to be uncertainty related to the duration, possible reemergence and future severity of the pandemic, as well as to what actions may be taken by the Federal government, the State of Connecticut and health care authorities to contain or mitigate its effects. This includes the nature and extent of any financial support.

The Town is continuously monitoring its financial condition and will take proactive measures as necessary to maintain operations and meet its obligations. Given this level of uncertainty, management cannot reasonably estimate the complete impact on the Town's future financial position at this time.

V. Pensions and other post-employment benefit plans**A. Town pension plans****1. Plan description****a. Plan administration**

The Town is the administrator of two single employer public employee retirement systems ("Plan") established and administered by the Town to provide pension benefits for its regular and former employees (excluding teachers covered under the Connecticut State Teachers' Retirement System). The Plans are considered to be part of the Town's financial reporting entity and is included in the Town's financial statements as a pension trust fund. The plan does not issue a separate report. The plan provides retirement benefits through a single employer noncontributory defined benefit plan. Management of the plan rests with the Town Treasurer. There is an advisory committee that provides input and consists of one member from each of the boards of finance, selectmen and education, the finance director and one member of the public.

Town of New Fairfield, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2020

A. Town pension plans (continued)

b. Plan membership

As of July 1, 2019, membership consisted of the following:

	<u>Town</u>	<u>Education</u>
Active members	42	110
Terminated employees entitled to benefits	26	51
Retirees, disabled employees, and beneficiaries receiving benefits	<u>21</u>	<u>38</u>
Total	<u><u>89</u></u>	<u><u>199</u></u>

2. Benefit provisions

The Town plan covers full-time employees, other than police officers, firefighters, board of education employees, and elected officials, who are at least 21 years of age who have completed one year of service.

The Education plan covers custodians, supervisors of building and grounds, business managers, secretaries, and paraprofessionals who are at least 25 years of age and have one year of service with at least 1,000 hours.

3. Contributions

The Town is required to contribute all amounts necessary to finance coverage as determined through biennial actuarial valuations. No employee contributions are required.

4. Investments

a. Investment policy

The pension plans' policy in regard to the allocation of invested assets is established and may be amended by the Board of Finance. It is the policy of the Town to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The following was the Board's adopted asset allocation policy for both the Town's and Education's Retirement Plans:

<u>Asset Class</u>	<u>Target Allocation</u>	
	<u>Town</u>	<u>Education</u>
U.S. large caps	26.00%	20.20%
U.S. small caps	10.00%	8.00%
Foreign developed equity	20.20%	15.00%
Emerging markets equity	4.40%	3.20%
U.S. core fixed income	33.10%	45.70%
U.S. short bonds	4.50%	6.50%
Non-U.S. bonds	<u>1.80%</u>	<u>1.40%</u>
Total	<u><u>100.00%</u></u>	<u><u>100.00%</u></u>

Town of New Fairfield, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2020

A. Town pension plans (continued)

b. Concentrations

There were no investments in any one organization that represented 5% of the pension plan's net position.

c. Rate of return

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

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation (see the discussion of the pension plan's investment policy) are as follows:

Asset Class	Index	Long-term Expected Real Rate of Return
U.S. large caps	S&P 500	4.46%
U.S. small caps	Russell 2000	5.79%
Foreign developed equity	MSCI EAFE NR	6.09%
Emerging markets equity	MSCI EM NR	8.28%
U.S. core fixed income	Barclays Aggregate	2.28%
U.S. short bonds	Barclays 1-3 Yr Gvt/Credit	1.47%
Non-U.S. bonds	JPM GBI Global xUS	0.73%
Assumed inflation - mean		2.50%
Assumed inflation - standard deviation		1.65%

d. Annual money-weighted rate of return

The annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was as follows:

	Town	Education
Rate of return	3.80%	4.79%

The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Town of New Fairfield, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2020

A. Town pension plans (continued)

5. Net pension liability

The components of the net pension liability are as follows:

	Town	Education
Pension liability	\$ 11,276,570	\$ 10,454,203
Plan fiduciary net position	9,747,943	9,257,703
Net pension liability	<u>\$ 1,528,627</u>	<u>\$ 1,196,500</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>86.44%</u>	<u>88.55%</u>

6. Actuarial methods and significant assumptions

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

	Town	Education
Valuation date	July 1, 2019	July 1, 2019
Actuarial cost method	Entry age normal	Entry age normal
Investment rate of return	6.75%	6.25%
Asset valuation method	Fair value	Fair value
Inflation	2.50%	2.50%
Salary increases	Varied by age range	Varied by age range
Cost of living adjustments	None	None
Mortality rates	50% phase-in from RP-2000 mortality with generational projection per Scale AA to PubG-2010 mortality with generational projection per the MP Ultimate scale	50% phase-in from RP-2000 mortality with generational projection per Scale AA to PubG-2010 mortality with generational projection per the MP Ultimate scale

7. Changes from prior year

a. Changes in assumptions

The mortality tables for the Town and Education plans changed from RP-2000 mortality tables with generational projection per Scale AA to 50% phase-in from RP-2000 mortality with generational projection per Scale AA to PubG-2010 mortality with generational projection per the MP Ultimate scale.

b. Changes in benefit terms

Effective July 1, 2019, the Education plan's benefit multiplier for the buildings and grounds directors increased from 2.00% to 3.00%.

Town of New Fairfield, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2020

A. Town pension plans (continued)**8. Discount rate**

The discount rate used to measure the total pension liability was as follows:

	<u>Town</u>	<u>Education</u>
Discount rate	6.75%	6.25%

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

9. Changes in the net pension liability

The Town and Education's net pension liability was measured at June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019. The changes in net pension liability were as follows:

<u>Town Plan</u>	<u>Increase (Decrease)</u>		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at July 1, 2019	\$ 9,991,899	\$9,319,693	\$ 672,206
Service cost	246,882	-	246,882
Interest	683,805	-	683,805
Differences between expected and actual experience	215,449	-	215,449
Changes in assumptions	358,813	-	358,813
Contributions - employer	-	317,010	(317,010)
Net investment income (loss)	-	361,390	(361,390)
Benefit payments, including refunds of member contributions	(220,278)	(220,278)	-
Administration	-	(29,872)	29,872
Net change	1,284,671	428,250	856,421
Balance at June 30, 2020	<u>\$ 11,276,570</u>	<u>\$9,747,943</u>	<u>\$1,528,627</u>

Town of New Fairfield, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2020

A. Town pension plans (continued)

Education Plan	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at July 1, 2019	\$ 9,063,068	\$8,820,189	\$ 242,879
Service cost	282,374	-	282,374
Interest	575,690	-	575,690
Differences between expected and actual experience	384,125	-	384,125
Changes of benefit terms	54,519	-	54,519
Changes in assumptions	367,354	-	367,354
Contributions - employer	-	312,538	(312,538)
Net investment income (loss)	-	429,289	(429,289)
Benefit payments, including refunds of member contributions	(272,927)	(272,927)	-
Administration	-	(31,386)	31,386
Net change	1,391,135	437,514	953,621
Balance at June 30, 2020	\$10,454,203	\$9,257,703	\$1,196,500

10. Sensitivity of the net pension liability to changes in the discount rate

The following presents the net pension liability (asset) of the Town and Education plans, calculated using the current discount rate, as well as what the net pension liability (asset) would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

Net Pension Liability	1% Decrease	Current Discount Rate	1% Increase
Town	\$2,950,447	\$ 1,528,627	\$ 324,700
Education	\$2,472,962	\$ 1,196,500	\$ 120,157

Town of New Fairfield, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2020

A. Town pension plans (continued)

11. Pension expense and deferred outflows and inflows of resources

For the fiscal year, the Town recognized pension expense of \$521,112 for the Town plan and \$723,777 for the Education plan. The Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Town Plan</u>	Deferred	Deferred	
Description of Outflows/Inflows	Outflows of	Inflows of	Net
	Resources	Resources	
Differences between expected and actual experience	\$ 157,220	\$ (65,591)	\$ 91,629
Changes in assumptions	261,837	-	261,837
Net difference between projected and actual earnings on pension plan investments	211,765	-	211,765
Total	<u>\$ 630,822</u>	<u>\$ (65,591)</u>	<u>\$ 565,231</u>

<u>Education Plan</u>	Deferred	Deferred	
Description of Outflows/Inflows	Outflows of	Inflows of	Net
	Resources	Resources	
Differences between expected and actual experience	\$ 350,365	\$ (81,486)	\$ 268,879
Changes in assumptions	268,069	-	268,069
Net difference between projected and actual earnings on pension plan investments	114,194	-	114,194
Total	<u>\$ 732,628</u>	<u>\$ (81,486)</u>	<u>\$ 651,142</u>

Actual investment earnings below (or above) projected earnings are amortized over 5 years for both plans. Changes of assumptions and experience losses (gains) are amortized over the average remaining service period of actives and inactive, which were as follows:

Plan	Years
Town	3.92
Education	4.23

Town of New Fairfield, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2020

A. Town pension plans (continued)

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

Year Ending June 30,	Town	Education
2021	\$ 105,867	\$ 239,697
2022	219,271	213,184
2023	185,979	173,705
2024	<u>54,114</u>	<u>24,556</u>
Total	<u>\$ 565,231</u>	<u>\$ 651,142</u>

B. Connecticut municipal employees' retirement system**1. Plan description**

The Connecticut Municipal Employees' Retirement System ("MERS") is the public pension plan offered by the State of Connecticut for municipal employees in participating municipalities. MERS is a cost-sharing defined benefit pension plan administered by the Connecticut State Retirement Commission.

Municipalities may designate which departments (including elective officers if so specified) are to be covered under the Connecticut Municipal Employees' Retirement System ("MERS"). This designation may be the result of collective bargaining. Only employees covered under the State Teachers' Retirement System may not be included. There are no minimum age or service requirements. Membership is mandatory for all regular full time employees of participating departments except Police and Fire hired after age 60.

The plan has 4 sub plans as follows:

- General employees with social security
- General employees without social security
- Policemen and firemen with social security
- Policemen and firemen without social security

Town of New Fairfield, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2020

B. Connecticut municipal employees' retirement system (continued)

2. Benefit provisions

Normal retirement	
General Employees	Age 55 with 5 years of continuous service, or 15 years of active aggregate service or 25 years of aggregate service
Police and Firemen	Compulsory retirement age is age 65
Benefit calculation	The maximum benefit is 100% of average final compensation and the minimum benefit is \$1,000 annually. Both the minimum and the maximum include workers' compensation and social security benefits
With social security	1.50% of the average final compensation not in excess of the year's breakpoint plus 2.00% of average final compensation in excess of the year's breakpoint, times years of service If any member covered by social security retires before age 62, the benefit until age 62 is reached or a social security disability award is received, is computed as if the member is not under social security
Without social security	2.00% of average final compensation, times years of service
Final average compensation	Average of the three highest paid years of service

Early retirement	5 years of continuous service or 15 years of active aggregate service
Early retirement amount	Calculated on the basis of average final compensation and service to date of termination Deferral to normal retirement age, or an actuarially reduced allowance may begin at the time of separation
Service connected disability amount	Calculated based on compensation and service to the date of the disability with a minimum benefit (including workers' compensation benefits) of 50% of compensation at the time of disability
Non-service connected disability service requirement	10 years of service
Non-service connected disability service amount	Calculated based on compensation and service to the date of the disability
Pre-retirement death benefit amount	Lump-sum return of contributions with interest of if vested and married, the surviving spouse will receive a lifetime benefit
Cost of living increases	2.50% - 6.00% depending on retirement date and increase in CPI

Town of New Fairfield, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2020**B. Connecticut municipal employees' retirement system (continued)****3. Contributions**Employer

Participating municipalities make annual contributions consisting of a normal cost contribution, a contribution for the amortization of the net unfunded accrued liability and a prior service amortization payment which covers the liabilities of the system not met by member contributions.

Employees

For employees not covered by social security, each person is required to contribute 5.00% of compensation.

For employees covered by social security, each person is required to contribute 2.25% of compensation up to the social security taxable wage base plus 5.00% of compensation, if any, in excess of such base.

4. Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions

The Town reported \$1,027,877 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2019. The Town's proportionate share of the net pension liability was based upon the Town's 2019 actuarial (expected) payroll relative to the payroll of all the participating employers as of that date. The Town's proportional share was 1.410684% for the police and fire with social security sub plan. There was a 0.374143% increase in the Town's proportional share of the police and fire subplan as compared to the prior year.

Subsequent to the measurement date, there were no changes in benefit terms or any expected changes that will have an impact on the measurement of net pension liability.

For the fiscal year, the Town recognized pension expense of \$330,412. The Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Town of New Fairfield, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2020

B. Connecticut municipal employees' retirement system (continued)

Description of Outflows/Inflows	Deferred Outflows of Resources	Deferred Inflows of Resources	Net
Difference between expected and actual experience	\$ 12,615	\$ (83,633)	\$ (71,018)
Change of assumptions	283,979	-	283,979
Changes in proportional share	134,953	(41,616)	93,337
Net difference between projected and actual earnings on pension plan investments	47,423	-	47,423
Contributions subsequent to measurement date	120,684	-	120,684
Total	\$ 599,654	\$ (125,249)	474,405
Contributions subsequent to the measurement date to be recognized as a reduction of the net pension liability in the subsequent year			(120,684)
Total			\$ 353,721

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

Year Ending June 30,	
2021	\$ 132,590
2022	81,441
2023	105,530
2024	34,160
Total	\$ 353,721

Town of New Fairfield, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2020

B. Connecticut municipal employees' retirement system (continued)

5. Actuarial assumptions

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

Investment rate of return	7.00%
Inflation	2.50%
Salary increases	3.50-10.00%, including inflation
Cost of living adjustments	Future cost-of-living adjustments for members who retire on or after January 1, 2002 are 60% of the annual increase in the CPI up to 6.00%. The minimum annual COLA is 2.50%, the maximum is 6.00%.
Mortality rates	Mortality rates were based on RP-2014 Combined Mortality Table adjusted to 2006 and projected to 2015 with Scale MP-2017 and projected to 2022 with Scale BB for General Employees and the RP-2014 Blue Collar Mortality Table adjusted to 2006 and projected to 2015 with Scale MP-2017 and projected 2022 with Scale BB for Police and Fire. For disabled retirees, the RP-2014 Disabled Mortality Table projected with Scale BB to 2020 was used.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2017.

Long-term expected rate of return

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

Town of New Fairfield, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2020

B. Connecticut municipal employees' retirement system (continued)

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

Asset Class	Target Allocation	Long-Term Target Expected Real Rate of Return
Domestic equity	20.00%	5.30%
Developed market international	11.00%	5.10%
Emerging market international	9.00%	7.40%
Core fixed income	16.00%	1.60%
Inflation linked bond	5.00%	1.30%
Emerging market debt	5.00%	2.90%
High yield bond	6.00%	3.40%
Real estate	10.00%	4.70%
Private equity	10.00%	7.30%
Alternative investments	7.00%	3.20%
Liquidity fund	1.00%	0.90%
Total	100.00%	

6. Discount rate

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

7. Sensitivity of the net pension liability to changes in the discount rate

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

	1% Decrease	Current Discount Rate	1% Increase
Town's proportionate share of the net pension liability (asset)	\$1,541,612	\$ 1,027,877	\$ 598,659

Town of New Fairfield, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2020

B. Connecticut municipal employees' retirement system (continued)

8. Plan fiduciary net position

Detailed information about the MERS plan's fiduciary net position is available in the separately issued State of Connecticut Comprehensive Annual Financial Report as of and for the year ended June 30, 2019.

C. Connecticut state teachers' retirement system

1. Plan description

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

2. Benefit provisions

Normal retirement	Age 60 with 20 years of credited service in Connecticut, or 35 years of credited service including at least 25 years of service in Connecticut
Benefit calculation	2.00% of the average annual salary times the years of credited service (maximum benefit is 75% of average annual salary during the 3 years of highest salary)
Early retirement	25 years of credited service including 20 years of Connecticut service, or age 55 with 20 years of credited service including 15 years of Connecticut service
Early retirement amount	Benefit amounts are reduced by 6.00% per year for the first 5 years preceding normal retirement age and 4.00% per year for the next 5 years preceding the normal retirement age. Effective July 1, 1999, the reduction for individuals with 30 or more years of service is 3.00% per year by which retirement precedes normal retirement date
Service connected disability amount	2.00% of average annual salary times credited service to date of disability, but not less than 15% of average annual salary, nor more than 50% of average annual salary. In addition, disability benefits under this plan (without regard to cost-of-living adjustments) plus any initial award of social security benefits and workers' compensation cannot exceed 75% of annual average salary
Non-service connected disability service requirement	Five years of credited service
Vesting - service	10 years of service
Vesting - amount	100%
Pre-retirement death benefit amount	Lump-sum return of contributions with interest or surviving spouse benefit depending on length of service

Town of New Fairfield, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2020

C. Connecticut state teachers' retirement system (continued)

3. Contributions

State of Connecticut

Per Connecticut General Statutes Section 10-183z (which reflects Public Act 79-436 as amended), contribution requirements of active employees and the State of Connecticut are amended and certified by the State Teachers' Retirement Board and appropriated by the General Assembly. The contributions are actuarially determined as an amount that, when combined with employee contributions and investment earnings, is expected to finance the costs of the benefits earned by employees during the year, with any additional amount to finance any unfunded accrued liability.

Employer (school districts)

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

Employees

Each teacher is required to contribute 7.00% of their salary for the pension benefit.

4. Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions

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

Town's proportionate share of the net pension liability	\$ -
State of Connecticut's proportionate share of the net pension liability associated with the Town	<u>82,278,348</u>
Total	<u>\$ 82,278,348</u>

The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018. The Town has no proportionate share of the net pension liability.

During the year the Town recognized pension expenditure/expense and revenue of \$6,228,033 for on-behalf amounts for the contributions to the plan by the State.

Town of New Fairfield, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2020

C. Connecticut state teachers' retirement system (continued)

5. Actuarial assumptions

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

Investment rate of return	6.90%
Inflation	2.50%
Salary increases	3.25-6.50%, including inflation
Mortality rates	Mortality rates were based on the RP-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

Future cost-of-living increases - For teachers who retired prior to September 1, 1992, pension benefit adjustments are made in accordance with increases in the Consumer Price Index, with a minimum of 3.00% and a maximum of 5.00% per annum. For teachers who were members of the Teachers' Retirement System before July 1, 2007, and retire on or after September 1, 1992, pension benefit adjustments are made that are consistent with those provided for social security benefits on January 1 of the year granted, with a maximum of 6.00% per annum. If the return on assets in the previous year was less than 8.50%, the maximum increase is 1.50%. For teachers who were members of the Teachers' Retirement System after July 1, 2007, pension benefit adjustments are made that are consistent with those provided for social security benefits on January 1 of the year granted, with a maximum of 5.00% per annum. If the return on assets in the previous year was less than 11.50%, the maximum increase is 3.00%, and if the return on the assets in the previous year was less than 8.50%, the maximum increase is 1.00%.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2010 - June 30, 2015.

Changes in assumptions and inputs

- The inflation assumption was decreased from 2.75% to 2.50%.
- The investment rate of return was decreased from 8.00% to 6.90%.

Long-term expected rate of return

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

Town of New Fairfield, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2020

C. Connecticut state teachers' retirement system (continued)

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Public equity - U.S. equity	20.00%	8.10%
Public equity - international developed equity	11.00%	8.50%
Public equity - emerging markets equity	9.00%	10.40%
Fixed income - core fixed income	16.00%	4.60%
Fixed income - inflation linked bonds	5.00%	3.60%
Fixed income - high yield	6.00%	6.50%
Fixed income - emerging market debt	5.00%	5.20%
Private equity	10.00%	9.80%
Real estate	10.00%	7.00%
Alternative investments - real assets	4.00%	8.20%
Alternative investments - hedge funds	3.00%	5.40%
Liquidity fund	1.00%	2.90%
Total	<u>100.00%</u>	

6. Discount rate

The discount rate used to measure the total pension liability was 6.90%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that State contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

7. Sensitivity of the net pension liability to changes in the discount rate

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

8. Plan fiduciary net position

Detailed information about the Connecticut State Teachers' Retirement Plan fiduciary net position is available in the separately issued State of Connecticut Comprehensive Annual Financial Report as of and for the year ended June 30, 2019.

Town of New Fairfield, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2020

D. Total pension plans

	<u>Net Pension Liability</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Pension Expense</u>
Town	\$ 1,528,627	\$ 630,822	\$ (65,591)	\$ 521,112
Education	1,196,500	732,628	(81,486)	723,777
MERS	<u>1,027,877</u>	<u>599,654</u>	<u>(125,249)</u>	<u>330,412</u>
Total	<u>\$ 3,753,004</u>	<u>\$ 1,963,104</u>	<u>\$ (272,326)</u>	<u>\$ 1,575,301</u>

E. Other post-employment benefit plan (“OPEB”)

1. Plan description

a. Plan administration

The Town is the administrator of a single-employer defined benefit plan established and administered by the Town to provide post-employment benefits, other than pensions, for certain employees and retirees. The plan is considered to be part of the Town’s financial reporting entity and is included in the Town’s financial statement as an OPEB trust fund. A separate stand-alone financial report is not issued. Benefits may be changed by the Board of Finance through union agreements or other action of the Board.

The Board of Finance serves as the OPEB board and has delegated certain administrative activities and oversight to the first selectman pursuant to a declaration of trust.

b. Plan membership

As of July 1, 2019, membership consisted of the following:

Active members	271
Retirees and beneficiaries receiving benefits	<u>21</u>
Total	<u><u>292</u></u>

2. Benefit provisions

The Town’s plan provides for medical benefits for certain retired employees and all retired teachers. The State Statutes require that retired teachers be covered under the Town’s plan until the teacher is eligible to obtain benefits under the State plan. The employees and TRS pay 100% of the benefit. The Town does not pay any benefits.

Town of New Fairfield, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2020

E. Other post-employment benefits (“OPEB”) (continued)**3. Contributions****Employer contributions**

The Town’s contributions are actuarially determined on an annual basis using the entry age normal method. The Town’s total plan contribution was \$364,224.

Employee contributions

There are no employee contributions to the plan.

4. Investments**a. Investment policy**

The OPEB plans' policy in regard to the allocation of invested assets is established and may be amended by the Board of Finance. It is the policy of the Town to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The following is the Town's adopted asset allocation policy for the OPEB plan:

<u>Asset Class</u>	<u>Target Allocation</u>
U.S. equity market	30.00%
Non-U.S. equity	25.00%
U.S. core fixed income	40.00%
U.S. REITs	<u>5.00%</u>
Total	<u><u>100.00%</u></u>

b. Concentrations

There were no investments in any one organization that represents 5% or more of the OPEB plan’s net position.

c. Rate of return

The long-term expected rate of return on OPEB 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 OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan’s target asset allocation (see the discussion of the OPEB plan’s investment policy) are as follows:

Town of New Fairfield, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2020

E. Other post-employment benefits (“OPEB”) (continued)

<u>Asset Class</u>	<u>Index</u>	<u>Long-term Expected Real Rate of Return</u>
U.S. core fixed income	Barclays Aggregate	2.28%
U.S. equity market	Russell 3000	4.73%
Non-U.S. equity	MSCI ACWI xUS NR	6.28%
U.S. REITs	FTSE NAREIT Equity REIT	5.08%
Assumed inflation - mean		2.20%
Assumed inflation - standard deviation		1.65%

d. Annual money-weighted rate of return

The annual money-weighted rate of return on OPEB plan investments, net of investment expense, was 3.71%.

The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

5. Net OPEB liability

The components of the net OPEB liability of the Town were as follows:

Total OPEB liability	\$ 5,254,737
Plan fiduciary net position	<u>3,502,884</u>
Net OPEB liability	<u>\$ 1,751,853</u>
Plan fiduciary net position as a percentage of total OPEB liability	<u>66.66%</u>

Town of New Fairfield, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2020

E. Other post-employment benefits (“OPEB”) (continued)

6. Actuarial methods and significant assumptions

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

Valuation date	July 1, 2019
Actuarial cost method	Entry age normal
Asset valuation method	Fair Value
Investment rate of return	6.25%
Salary increases	Graded by service for Teachers; 4.00% for all others
Inflation	2.70%
Healthcare trend rate	6.20% - 4.20% over 55 years
Mortality	
Teachers and administrators	RPH-2014 White collar Mortality table projected to the year 2020 using the BB improvement scale
Education non-certified	PubG-2010 Mortality Table with generational projection per the MP-2014 ultimate scale
Police	PubG-2010 Mortality Table with generational projection per the MP-2014 ultimate scale

7. Changes from prior year

a. Changes in assumptions

The Town’s plan had the following changes in assumptions:

- The discount rate decreased from 6.50% to 6.25%.
- The healthcare trend rate changed from 5.20% - 4.60% over 60 years to 6.20% - 4.20% over 55 years.
- The mortality tables changed as follows:
 - Teachers and administrators changed from RP-2000 tables projected forward 19 years using scale AA to RPH-2014 tables projected to 2020 using the BB improvement scale.
 - BOE non-certified changed from RP-2000 tables with generational projection per scale AA to PubG-2010 tables with generational projection per the MP-2014 ultimate scale.
 - Police changed from RP-2000 mortality tables to PubG-2010 tables with generational projection per the MP-2014 ultimate scale.

Town of New Fairfield, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2020

E. Other post-employment benefits (“OPEB”) (continued)**b. Changes in benefit terms**

There were no changes in benefit terms.

8. Discount rate

The discount rate used to measure the net OPEB liability was 6.25%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that Town contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on the 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 rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the net OPEB liability.

9. Changes in the net OPEB liability

The Town’s OPEB liability was measured at June 30, 2020 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2019.

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balance at July 1, 2019	\$6,290,016	\$ 3,367,773	\$ 2,922,243
Service cost	133,859	-	133,859
Interest	406,924	-	406,924
Differences between expected and actual experience	(795,491)	-	(795,491)
Changes in assumptions	(448,327)	-	(448,327)
Contributions - employer	-	364,224	(364,224)
Net investment income (loss)	-	125,739	(125,739)
Benefit payments, including refunds of member contributions	(332,244)	(332,244)	-
Administration	-	(22,608)	22,608
Net change	(1,035,279)	135,111	(1,170,390)
Balance at June 30, 2020	<u>\$5,254,737</u>	<u>\$ 3,502,884</u>	<u>\$ 1,751,853</u>

Town of New Fairfield, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2020

E. Other post-employment benefits (“OPEB”) (continued)**10. Sensitivity of the OPEB liability to changes in the discount rate**

The following presents the net OPEB liability of the Town, calculated using the current discount rate, as well as what the Town’s net OPEB liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current discount rate:

	<u>1%</u> <u>Decrease</u>	<u>Current</u> <u>Discount Rate</u>	<u>1%</u> <u>Increase</u>
Net OPEB liability (asset)	<u>\$ 2,238,007</u>	<u>\$ 1,751,853</u>	<u>\$ 1,323,581</u>

11. Sensitivity of the OPEB liability to changes in the healthcare cost trend rate

The following presents the net OPEB liability of the Town, calculated using the current healthcare cost trend rates, as well as what the Town’s net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower or 1% higher than the current healthcare cost trend rates:

	<u>1%</u> <u>Decrease</u>	<u>Current</u> <u>Trend Rate</u>	<u>1%</u> <u>Increase</u>
Net OPEB liability (asset)	<u>\$ 1,187,958</u>	<u>\$ 1,751,853</u>	<u>\$ 2,412,787</u>

12. OPEB expense and deferred outflows and inflows of resources related to OPEB

For the fiscal year, the Town recognized OPEB expense of \$(80,416). The Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

<u>Description of Outflows/Inflows</u>	<u>Deferred</u> <u>Outflows of</u> <u>Resources</u>	<u>Deferred</u> <u>Inflows of</u> <u>Resources</u>	<u>Net</u>
Differences between expected and actual experience	\$ -	\$ (2,451,158)	\$ (2,451,158)
Changes in assumptions	198,568	(390,849)	(192,281)
Net difference between projected and actual earnings on pension plan investments	<u>99,359</u>	<u>-</u>	<u>99,359</u>
Total	<u>\$ 297,927</u>	<u>\$ (2,842,007)</u>	<u>\$ (2,544,080)</u>

Actual investment earnings below (or above) projected earnings are amortized over 5 years. Experience losses (gains) and changes in assumptions are amortized over the average remaining service period of actives and inactive, which was 8.05 years.

Town of New Fairfield, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2020

E. Other post-employment benefits (“OPEB”) (continued)

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

Year Ending June 30	
2021	\$ (424,691)
2022	(424,693)
2023	(430,827)
2024	(434,954)
2025	(453,631)
Thereafter	<u>(375,284)</u>
Total	<u>\$ (2,544,080)</u>

F. Connecticut state teachers’ retirement board retiree health insurance plan

1. Plan description

Teachers, principals, superintendents or supervisors engaged in service of public schools that are currently receiving a retirement or disability benefit through the Connecticut Teachers’ Retirement System are eligible to participate in the Connecticut State Teachers’ Retirement System Retiree Health Insurance Plan (“TRS-RHIP”) - a cost sharing multiple-employer defined benefit other post-employment benefit plan administered by the Teachers’ Retirement Board (“TRB”). Chapter 167a Section 10-183t of the State Statutes grants authority to establish and amend the benefit terms to the TRB. TRS-RHIP issues a publicly available financial report that can be obtained at www.ct.gov/trb.

2. Benefit provisions

The Plan provides for retiree health insurance benefits. Eligibility is as follows:

Normal retirement	Age 60 with 20 years of credited service in Connecticut, or 35 years of credited service including at least 25 years of service in Connecticut
Early retirement	25 years of credited service including 20 years of Connecticut service, or age 55 with 20 years of credited service including 15 years of Connecticut service
Service connected disability service requirement	No service requirement
Non-service connected disability service requirement	Five years of credited service
Vesting - service	10 years of service

Town of New Fairfield, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2020**F. Connecticut state teachers' retirement board retiree health insurance plan (continued)****Retiree health care coverage**

Any member that is currently receiving a retirement or disability benefit is eligible to participate in the Plan. There are two types of the health care benefits offered through the system. Subsidized Local School District Coverage provides a subsidy paid to members still receiving coverage through their former employer and the CTRB Sponsored Medicare Supplemental Plans provide coverage for those participating in Medicare, but not receiving Subsidized Local School District Coverage.

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

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

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

Those participants electing vision, hearing, and/or dental are required by the System's funding policy to pay the full cost of coverage for these benefits, and no liability is assumed by the Plan for these benefits.

Survivor health care coverage

Survivors of former employees or retirees remain eligible to participate in the Plan and continue to be eligible to receive either the \$110 monthly subsidy or participate in the TRB-Sponsored Medicare Supplemental Plans, as long as they do not remarry.

3. Contributions**State of Connecticut**

Per Connecticut General Statutes Section 10-183z, contribution requirements of active employees and the State of Connecticut are amended and certified by the State Teachers' Retirement Board and appropriated by the General Assembly. The State contributions are not currently actuarially funded. The State appropriates from the General Fund one third of the annual costs of the Plan. Administrative costs of the Plan are financed by the State. Based upon Chapter 167a, Subsection D of Section 10-183t of the Connecticut statutes, it is assumed the State will pay for any long-term shortfall arising from insufficient active member contributions.

Town of New Fairfield, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2020

F. Connecticut state teachers' retirement board retiree health insurance plan (continued)

Employer (school districts)

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

Employees

Each member is required to contribute 1.25% of their annual salary.

4. OPEB liabilities, OPEB expense, deferred outflows of resources and deferred inflows of resources related to OPEB

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

Town's proportionate share of the collective net OPEB liability	\$ -
State of Connecticut's proportionate share of the net OPEB liability associated with the Town	<u>12,831,774</u>
Total	<u><u>\$ 12,831,774</u></u>

The net OPEB liability was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2018. The Town has no proportionate share of the net OPEB liability.

The Town recognized OPEB expenditure/expense and revenue of \$170,217 for on-behalf amounts for the contributions to the plan by the State.

5. Actuarial assumptions

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

Investment rate of return	3.00%
Inflation	2.50%
Health care cost trend rate	
Pre-Medicare	5.95% decreasing to 4.75% by 2025
Medicare	5.00% decreasing to 4.75% by 2028
Salary increases	3.25-6.50%, including inflation
Mortality rates	Mortality rates were based on the RP-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
Year fund net position will be depleted	2020

Town of New Fairfield, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2020**F. Connecticut state teachers' retirement board retiree health insurance plan (continued)**

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2010 - June 30, 2015.

Changes in assumptions and inputs

- The discount rate was decreased from 3.87% to 3.50% to reflect the change in the Municipal Bond Index rate.

Additionally, expected annual per capita claims costs were updated to better reflect anticipated medical and prescription drug claim experience both before and after the plan change that became effective on January 1, 2019. Further, the expected rate of inflation was decreased and the real wage growth assumption was increased.

Long-term expected rate of return

The long-term expected rate of return on OPEB plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB 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 weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

All the plan assets are assumed to be invested in cash equivalents due to the need for liquidity. The expected rate of return is 3.00%.

6. Discount rate

The discount rate used to measure the total OPEB liability was 3.50%. The Municipal Bond Index Rate was used in the determination in the discount rate. 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 no future employer contributions were assumed to be made.

7. Sensitivity of the OPEB liability to changes in the discount rate and the health care cost trend rate

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

8. Plan fiduciary net position

Detailed information about the Connecticut State Teachers' OPEB Plan fiduciary net position is available in the separately issued State of Connecticut Comprehensive Annual Financial Report as of and for the year ended June 30, 2019.

Town of New Fairfield, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2020

G. Pension and other post-employment benefit plan statements

Pension and OPEB Trust Funds
Combining Statement of Fiduciary Net Position
June 30, 2020

	Pension Trust Fund	Education Pension Trust Fund	OPEB Trust Fund	Total
<u>Assets</u>				
Investments				
Mutual funds				
Equity	\$ 5,717,054	\$ 4,110,567	\$ 1,896,381	\$ 11,724,002
U.S. government obligations	3,980,706	5,091,686	1,438,177	10,510,569
Money market	50,183	55,450	6,687	112,320
Real estate index	-	-	161,639	161,639
Total assets	<u>9,747,943</u>	<u>9,257,703</u>	<u>3,502,884</u>	<u>22,508,530</u>
<u>Net Position</u>				
Restricted for				
Pension benefits	9,747,943	9,257,703	-	19,005,646
OPEB benefits	-	-	3,502,884	3,502,884
Total net position	<u>\$ 9,747,943</u>	<u>\$ 9,257,703</u>	<u>\$ 3,502,884</u>	<u>\$ 22,508,530</u>

Town of New Fairfield, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2020

G. Pension and other post-employment benefit plan statements (continued)

Pension and OPEB Trust Funds
Combining Statement of Changes in Fiduciary Net Position
For the Year Ended June 30, 2020

	Pension Trust Fund	Education Pension Trust Fund	OPEB Trust Fund	Total
Additions				
Contributions				
Employer	\$ 317,010	\$ 312,538	\$ 364,224	\$ 993,772
Investment income (loss)				
Net change in fair value of investments	187,116	256,374	64,093	507,583
Interest and dividends	195,797	194,438	76,764	466,999
Total investment income (loss)	382,913	450,812	140,857	974,582
Less investment expense	21,523	21,523	15,118	58,164
Net investment income (loss)	361,390	429,289	125,739	916,418
Total additions	678,400	741,827	489,963	1,910,190
Deductions				
Benefits	220,278	272,927	332,244	825,449
Administration	29,872	31,386	22,608	83,866
Total deductions	250,150	304,313	354,852	909,315
Change in net position	428,250	437,514	135,111	1,000,875
Net position - July 1, 2019	9,319,693	8,820,189	3,367,773	21,507,655
Net position - June 30, 2020	\$ 9,747,943	\$ 9,257,703	\$ 3,502,884	\$ 22,508,530

Required Supplementary Information

Type	Description
Budgetary	Schedule of Revenues and Other Financing Sources - Budget and Actual - General Fund
	Schedule of Expenditures and Other Financing Uses - Budget and Actual - General Fund
	Notes to Required Supplementary Information - Budgets and Budgetary Accounting
<u>Pension Plans</u> Town Retirement Plan Education Retirement Plan Connecticut Municipal Employees' Retirement System Connecticut Teachers' Retirement System	Schedule of Changes in Net Pension Liability and Related Ratios and Schedule of Investment Returns
	Schedule of Contributions
	Notes to Required Supplementary Information
<u>Other Post-Employment Benefits Plans</u> Town State Teacher's Retirement Board Retiree Health Insurance Plan	Schedule of Changes in Net OPEB Liability and Related Ratios and Schedule of Investment Returns
	Schedule of Contributions
	Notes to Required Supplementary Information

Town of New Fairfield, Connecticut

Required Supplementary Information

General Fund
Schedule of Revenues and Other Financing Sources
Budget and Actual
For the Year Ended June 30, 2020

	Original	Additional Appropriations and Transfers	Final	Actual	Variance with Final Budget
Revenues					
Property taxes					
Property taxes	\$ 48,828,332	\$ -	\$ 48,828,332	\$ 48,731,166	\$ (97,166)
Supplemental motor vehicle taxes	470,000	-	470,000	501,573	31,573
Telephone line access	20,000	-	20,000	20,422	422
Interest and lien fees	180,000	-	180,000	154,804	(25,196)
Total property taxes	49,498,332	-	49,498,332	49,407,965	(90,367)
Intergovernmental					
Town aid	276,129	-	276,129	275,859	(270)
PILOT - State owned property	3,348	-	3,348	3,348	-
Veterans exemption	18,000	-	18,000	17,180	(820)
Local capital improvement program	79,215	-	79,215	78,666	(549)
Emergency management performance grant	7,063	-	7,063	-	(7,063)
Municipal revenue sharing	1,149	-	1,149	1,149	-
Elderly grant	-	-	-	1,503	1,503
FEMA	-	-	-	31,806	31,806
Municipal stabilization grant	265,666	-	265,666	265,666	-
Education cost sharing	3,380,373	-	3,380,373	3,631,613	251,240
Special education	200,000	-	200,000	253,963	53,963
CARES Act unemployment grant	-	-	-	24,529	24,529
Total intergovernmental	4,230,943	-	4,230,943	4,585,282	354,339
Charges for services					
Judicial	2,000	-	2,000	4,753	2,753
Health	38,000	-	38,000	43,775	5,775
Zoning board of appeals	8,000	-	8,000	7,396	(604)
Zoning	26,000	-	26,000	34,879	8,879
Building	170,000	-	170,000	211,099	41,099
Inland wetlands	8,000	-	8,000	8,592	592
Environmental enforcement	6,800	-	6,800	6,734	(66)
Public work fees	2,100	-	2,100	4,500	2,400
Fire Marshall fees	3,000	-	3,000	2,960	(40)
Other licenses and permits	13,000	-	13,000	9,880	(3,120)
Real estate conveyance	225,000	-	225,000	251,067	26,067
Town clerk receipts	100,000	-	100,000	111,732	11,732
Police private duty	20,000	-	20,000	21,138	1,138
EMS/ Paramedic billings	325,000	-	325,000	309,601	(15,399)
Student tuition	300,000	-	300,000	369,222	69,222
Senior center recreation fees	28,000	-	28,000	21,326	(6,674)
Town engineer	5,000	-	5,000	10,999	5,999
Total charges for services	1,279,900	-	1,279,900	1,429,653	149,753

(Continued)

Town of New Fairfield, Connecticut

Required Supplementary Information

General Fund
Schedule of Revenues and Other Financing Sources
Budget and Actual
For the Year Ended June 30, 2020

	Original	Additional Appropriations and Transfers	Final	Actual	Variance with Final Budget
Income from investments	\$ 450,000	\$ -	\$ 450,000	\$ 391,860	\$ (58,140)
Other revenues	7,000	-	7,000	21,912	14,912
Total revenues	55,466,175	-	55,466,175	55,836,672	370,497
Other financing sources					
Appropriation of fund balance	-	623,627	623,627	-	(623,627)
Cancellation of prior year encumbrances	-	-	-	75,568	75,568
Transfers in	-	35,275	35,275	35,275	-
Total other financing sources	-	658,902	658,902	110,843	(548,059)
Total revenues and other financing sources	<u>\$ 55,466,175</u>	<u>\$ 658,902</u>	<u>\$ 56,125,077</u>	<u>\$ 55,947,515</u>	<u>\$ (177,562)</u>

(Concluded)

Town of New Fairfield, Connecticut

Required Supplementary Information

General Fund
Schedule of Expenditures and Other Financing Uses
Budget and Actual
For the Year Ended June 30, 2020

	Original	Additional Appropriations and Transfers	Final	Actual	Variance with Final Budget
General government					
Board of selectmen	\$ 178,829	\$ -	\$ 178,829	\$ 169,168	\$ 9,661
Town clerk	174,348	-	174,348	173,184	1,164
Probate	7,000	-	7,000	6,792	208
Registrar of voters	58,763	-	58,763	50,544	8,219
Finance	263,314	22,293	285,607	278,130	7,477
Board of finance	76,149	-	76,149	61,057	15,092
Treasurer	8,214	-	8,214	7,831	383
Assessor	171,008	-	171,008	164,586	6,422
Tax collector	195,262	-	195,262	193,578	1,684
Board of assessment appeal	1,343	-	1,343	1,116	227
Unclassified payroll and benefits	1,084,577	(27,545)	1,057,032	947,265	109,767
Professional services	132,500	(5,000)	127,500	54,574	72,926
Intergovernmental agencies	213,645	1,736	215,381	215,381	-
General insurance	175,000	(2,801)	172,199	172,199	-
Business machines	316,486	-	316,486	309,194	7,292
Human resources	31,000	-	31,000	30,105	895
Planning commission	5,953	-	5,953	3,576	2,377
Zoning commission	75,223	-	75,223	67,229	7,994
Zoning board of appeals	11,567	-	11,567	9,500	2,067
Economic Development	2,011	750	2,761	2,719	42
Utilities	371,248	(4,985)	366,263	313,925	52,338
Permanent building committee	2,573	5,000	7,573	4,549	3,024
General land use	15,605	-	15,605	9,982	5,623
Historical properties commission	250	-	250	-	250
Commission of the youth	1,000	-	1,000	294	706
Total general government	3,572,868	(10,552)	3,562,316	3,246,478	315,838
Public safety and protection					
Police	2,561,682	(10,000)	2,551,682	2,365,957	185,725
Communications center	325,584	-	325,584	310,090	15,494
Fire companies	239,710	12,620	252,330	252,330	-
Ambulance-Para/EMT	725,430	-	725,430	724,648	782
Fire marshal	49,825	-	49,825	46,141	3,684
Building inspector	146,589	-	146,589	143,954	2,635
Office of emergency management	28,919	13,500	42,419	35,793	6,626
Animal control	47,000	35,275	82,275	82,275	-
Total public safety and protection	4,124,739	51,395	4,176,134	3,961,188	214,946
Public works					
Highway	2,248,380	30,000	2,278,380	2,259,078	19,302
Health and welfare					
Health department	281,761	9,240	291,001	277,636	13,365
Inland/wetlands	5,726	-	5,726	4,405	1,321
WPCA	1,488	-	1,488	368	1,120
Social services	91,824	-	91,824	87,501	4,323
Senior services	183,896	-	183,896	172,983	10,913
Ball pond advisory committee	7,643	-	7,643	3,029	4,614
Commission on aging	3,646	-	3,646	852	2,794
Total health and welfare	575,984	9,240	585,224	546,774	38,450

(Continued)

Town of New Fairfield, Connecticut

Required Supplementary Information

General Fund
Schedule of Expenditures and Other Financing Uses
Budget and Actual
For the Year Ended June 30, 2020

	Original	Additional Appropriations and Transfers	Final	Actual	Variance with Final Budget
Recreation					
Recreation salaries	\$ 73,635	\$ -	\$ 73,635	\$ 72,762	\$ 873
Library	501,500	-	501,500	494,400	7,100
Total recreation	575,135	-	575,135	567,162	7,973
Health insurance	6,000,000	-	6,000,000	6,000,000	-
Total Town expenditures	17,097,106	80,083	17,177,189	16,580,680	596,509
Education					
Regular payroll	18,478,829	(182,750)	18,296,079	18,281,614	14,465
Special education payroll	5,379,246	96,600	5,475,846	5,429,715	46,131
Technology payroll	386,387	1,000	387,387	387,407	(20)
Curriculum payroll	253,881	62,000	315,881	264,223	51,658
Custodial payroll	1,517,221	23,150	1,540,371	1,494,479	45,892
Consolidated	111,199	(10,000)	101,199	82,341	18,858
Meeting house hill	92,448	(10,306)	82,142	72,797	9,345
Middle school	89,955	(4,000)	85,955	67,813	18,142
High school	306,520	(31,395)	275,125	239,372	35,753
Athletics	197,612	(45,000)	152,612	112,909	39,703
District wide	1,675,205	(46,910)	1,628,295	1,646,618	(18,323)
Conferences, dues, and fees	36,134	(4,180)	31,954	29,841	2,113
Central office	62,352	10,090	72,442	78,849	(6,407)
Fiscal services	300,700	40,000	340,700	345,889	(5,189)
Personnel	32,565	(3,000)	29,565	30,195	(630)
Technology	665,226	30,290	695,516	909,582	(214,066)
Pupil transportation	1,444,351	(26,600)	1,417,751	1,244,626	173,125
Business machines	152,739	(13,280)	139,459	134,948	4,511
Utilities	1,024,637	(9,000)	1,015,637	820,973	194,664
Curriculum	261,439	(110,589)	150,850	134,740	16,110
Enrichment services	21,600	(6,000)	15,600	4,765	10,835
Admin/central	178,058	(124,720)	53,338	41,113	12,225
Special education contracted services	85,652	52,000	137,652	125,407	12,245
Special education out of district	1,049,682	185,000	1,234,682	1,216,242	18,440
Special education transportation	767,083	60,600	827,683	773,993	53,690
Special education program costs	23,140	-	23,140	16,318	6,822
PPS other programs	19,990	37,000	56,990	59,194	(2,204)
Buildings and grounds	622,418	30,000	652,418	616,232	36,186
Total education	35,236,269	-	35,236,269	34,662,195	574,074
Debt service					
Town	148,060	1,050	149,110	149,110	-
School	2,134,065	-	2,134,065	2,134,065	-
Total debt service	2,282,125	1,050	2,283,175	2,283,175	-
Total expenditures	54,615,500	81,133	54,696,633	53,526,050	1,170,583

(Continued)

Town of New Fairfield, Connecticut

Required Supplementary Information

General Fund
Schedule of Expenditures and Other Financing Uses
Budget and Actual
For the Year Ended June 30, 2020

	<u>Original</u>	<u>Additional Appropriations and Transfers</u>	<u>Final</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Other financing uses					
Transfers out					
Fire Company Reserve Fund	\$ -	\$ 18,466	\$ 18,466	\$ 18,466	\$ -
Education Capital Nonrecurring Fund	-	103,899	103,899	103,899	-
Capital Nonrecurring Fund	850,675	455,404	1,306,079	1,306,079	-
	<u>850,675</u>	<u>577,769</u>	<u>1,428,444</u>	<u>1,428,444</u>	<u>-</u>
Total other financing uses	850,675	577,769	1,428,444	1,428,444	-
Total expenditures and other financing uses	<u>\$ 55,466,175</u>	<u>\$ 658,902</u>	<u>\$ 56,125,077</u>	<u>\$ 54,954,494</u>	<u>\$ 1,170,583</u>

	<u>Revenues</u>	<u>Expenditures</u>
<u>Reconciliation to Exhibit D</u>		
Budgetary basis - RSI-1	\$ 55,836,672	\$ 53,526,050
State teachers' pension on behalf amount	6,228,033	6,228,033
State teachers' OPEB on behalf amount	170,217	170,217
Prior year encumbrances liquidated in the current year	-	314,613
Current year encumbrances charged to budgetary expenditures	<u>-</u>	<u>(414,062)</u>
GAAP basis - Exhibit D	<u>\$ 62,234,922</u>	<u>\$ 59,824,851</u>

(Concluded)

Town of New Fairfield, Connecticut
Notes to Required Supplementary Information

Budgets and Budgetary Accounting
For the Year Ended June 30, 2020

The Town adheres to the following procedures in establishing the budgetary data included in the general fund financial statements. The operating budget, which is prepared by function and department, includes proposed expenditures and the means of financing them.

This budget is adopted on a basis consistent with generally accepted accounting principles (modified accrual basis) with the following exceptions:

1. The Town does not budget for as revenue or expenditures payments made for the State Teachers' pension pension and OPEB by the State of Connecticut on the Town's behalf.
2. Encumbrances are reported as expenditures for the budgetary basis of accounting.

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 (RSI-1) as expenditures in the current year. Generally, all unencumbered appropriations lapse at year end, except those for the capital projects funds and those specifically re-appropriated by the Board of Finance.

The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the department level.

The governing body may amend the annual budget subject to the requirements of the Connecticut General Statutes. The Board of Finance may make a one-time additional appropriation up to \$20,000 to any appropriations. A Town meeting must be called to make appropriations over \$20,000 or additional changes to a previously adjusted appropriation.

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 and Board of Finance approval and, if over \$20,000, Town Meeting approval.

During the year, there were additional appropriations of \$658,902 as from the following sources:

Fund balance	\$ 623,627
Transfers in	<u>35,275</u>
Total	<u><u>\$ 658,902</u></u>

Town of New Fairfield, Connecticut

Required Supplementary Information

Town Retirement Plan
Last Seven Years (1)

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<u>Schedule of Changes in Net Pension Liability and Related Ratios</u>							
Total pension liability							
Service cost	\$ 246,882	\$ 232,331	\$ 240,578	\$ 240,804	\$ 231,435	\$ 189,330	\$ 222,223
Interest	683,805	642,043	608,734	569,692	529,748	494,432	458,703
Differences between expected and actual experience	215,449	(62,415)	(159,690)	(54,626)	(9,127)	23,999	6,101
Changes in assumptions	358,813	-	-	-	-	-	-
Benefit payments, including refunds of member contributions	<u>(220,278)</u>	<u>(195,781)</u>	<u>(180,253)</u>	<u>(174,327)</u>	<u>(186,010)</u>	<u>(168,423)</u>	<u>(159,368)</u>
Net change in total pension liability	1,284,671	616,178	509,369	581,543	566,046	539,338	527,659
Total pension liability - July 1	<u>9,991,899</u>	<u>9,375,721</u>	<u>8,866,352</u>	<u>8,284,809</u>	<u>7,718,763</u>	<u>7,179,425</u>	<u>6,651,766</u>
Total pension liability - June 30 (a)	<u>\$11,276,570</u>	<u>\$ 9,991,899</u>	<u>\$ 9,375,721</u>	<u>\$ 8,866,352</u>	<u>\$ 8,284,809</u>	<u>\$ 7,718,763</u>	<u>\$ 7,179,425</u>
Plan fiduciary net position							
Contributions - employer	\$ 317,010	\$ 328,950	\$ 341,716	\$ 331,000	\$ 302,287	\$ 301,000	\$ 137,000
Net investment income (loss)	361,390	477,547	554,733	839,279	(49,451)	134,042	912,653
Benefit payments, including refunds of member contributions	(220,278)	(195,781)	(180,253)	(174,327)	(186,010)	(168,423)	(159,368)
Administration	<u>(29,872)</u>	<u>(27,411)</u>	<u>(26,472)</u>	<u>(25,295)</u>	<u>(26,319)</u>	<u>(23,335)</u>	<u>(28,855)</u>
Net change in plan fiduciary net position	428,250	583,305	689,724	970,657	40,507	243,284	861,430
Plan fiduciary net position - July 1	<u>9,319,693</u>	<u>8,736,388</u>	<u>8,046,664</u>	<u>7,076,007</u>	<u>7,035,500</u>	<u>6,792,216</u>	<u>5,930,786</u>
Plan fiduciary net position - June 30 (b)	<u>\$ 9,747,943</u>	<u>\$ 9,319,693</u>	<u>\$ 8,736,388</u>	<u>\$ 8,046,664</u>	<u>\$ 7,076,007</u>	<u>\$ 7,035,500</u>	<u>\$ 6,792,216</u>
Net pension liability - June 30 (a)-(b)	<u>\$ 1,528,627</u>	<u>\$ 672,206</u>	<u>\$ 639,333</u>	<u>\$ 819,688</u>	<u>\$ 1,208,802</u>	<u>\$ 683,263</u>	<u>\$ 387,209</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>86.44%</u>	<u>93.27%</u>	<u>93.18%</u>	<u>90.76%</u>	<u>85.41%</u>	<u>91.15%</u>	<u>94.61%</u>
Covered payroll	<u>\$ 2,556,512</u>	<u>\$ 2,618,836</u>	<u>\$ 2,637,481</u>	<u>\$ 2,583,479</u>	<u>\$ 2,272,414</u>	<u>\$ 2,565,373</u>	<u>\$ 2,445,222</u>
Net pension liability as a percentage of covered payroll	<u>59.79%</u>	<u>25.67%</u>	<u>24.24%</u>	<u>31.73%</u>	<u>53.19%</u>	<u>26.63%</u>	<u>15.84%</u>
<u>Schedule of Investment Returns</u>							
Annual money weighted rate of return, net of investment expense	<u>3.80%</u>	<u>5.37%</u>	<u>6.73%</u>	<u>11.64%</u>	<u>(0.69%)</u>	<u>1.98%</u>	<u>15.59%</u>

(1) These schedules are intended to present information for 10 years. Additional years will be presented as they become available.

Town of New Fairfield, Connecticut
Required Supplementary Information

Town Retirement Plan
Schedule of Contributions
Last Ten Years

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Actuarially determined contributions	\$ 317,010	\$ 328,950	\$ 341,716	\$ 330,339	\$ 302,287	\$ 301,363	\$ 279,785	\$ 262,094	\$ 262,019	\$ 254,490
Contributions in relation to the actuarially determined contribution	<u>317,010</u>	<u>328,950</u>	<u>341,716</u>	<u>331,000</u>	<u>302,287</u>	<u>301,000</u>	<u>137,000</u>	<u>-</u>	<u>262,019</u>	<u>254,490</u>
Contribution excess (deficiency)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 661</u>	<u>\$ -</u>	<u>\$ (363)</u>	<u>\$ (142,785)</u>	<u>\$ (262,094)</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$ 2,566,512</u>	<u>\$ 2,618,836</u>	<u>\$ 2,637,481</u>	<u>\$ 2,583,479</u>	<u>\$ 2,272,414</u>	<u>\$ 2,565,373</u>	<u>\$ 2,445,222</u>	<u>\$ 2,445,222</u>	<u>\$ 2,373,697</u>	<u>\$ 2,391,914</u>
Contributions as a percentage of covered payroll	<u>12.35%</u>	<u>12.56%</u>	<u>12.96%</u>	<u>12.81%</u>	<u>13.30%</u>	<u>11.73%</u>	<u>5.60%</u>	<u>0.00%</u>	<u>11.04%</u>	<u>10.64%</u>

Town of New Fairfield, Connecticut

Notes to Required Supplementary Information

Town Retirement Plan
Schedule of Contributions
Last Seven Years (1)

	2020	2019	2018	2017	2016	2015	2014
Changes of Benefit Terms	None	None	None	None	None	None	None
The actuarially determined contribution rates are calculated as of	July 1, 2019	July 1, 2018	July 1, 2017	July 1, 2016	July 1, 2014	July 1, 2013	July 1, 2013
Actuarial methods and assumptions used to determine contribution rates:							
Actuarial Cost Method	Entry age normal	Entry age normal	Entry age normal	Entry age normal	Entry age normal	Entry age normal	Entry age normal
Amortization Method	Level percentage	Level percentage	Level percentage	Level percentage	Level percentage	Level percentage	Level percentage
Asset Valuation Method	5-year smoothing	5-year smoothing	5-year smoothing	5-year smoothing	5-year smoothing	5-year smoothing	5-year smoothing
Inflation	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Salary Increases	Varies by age	Varies by age	Varies by age	Varies by age	Varies by age	Varies by age	Varies by age
Investment Rate of Return (Net)	6.75%	6.75%	6.75%	6.75%	6.75%	6.75%	6.75%
Mortality Rate	PubG-2010 General Mortality Tables with generational projection per MP-2014 ultimate scale	RP-2000 Mortality for employees, healthy annuitants, and disabled annuitants with generational projection per Scale AA	RP-2000 Mortality for employees, healthy annuitants, and disabled annuitants with generational projection per Scale AA	RP-2000 Mortality for employees, healthy annuitants, and disabled annuitants with generational projection per Scale AA	RP-2000 Mortality for employees, healthy annuitants, and disabled annuitants with generational projection per Scale AA	RP-2000 Mortality for employees, healthy annuitants, and disabled annuitants with generational projection per Scale AA	RP-2000 Mortality for employees, healthy annuitants, and disabled annuitants with generational projection per Scale AA

(1) These schedules are intended to present information for 10 years. Additional years will be presented as they become available.

Town of New Fairfield, Connecticut

Required Supplementary Information

Education Retirement Plan
Last Seven Years (1)

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<u>Schedule of Changes in Net Pension Liability and Related Ratios</u>							
Total pension liability							
Service cost	\$ 282,374	\$ 248,907	\$ 266,475	\$ 260,859	\$ 253,449	\$ 254,108	\$ 248,397
Interest	575,690	549,885	502,912	456,879	428,185	393,187	357,339
Differences between expected and actual experience	384,125	(167,262)	211,570	180,147	(106,835)	142,004	(130,516)
Changes of benefit terms	54,519	-	-	-	-	-	-
Changes in assumptions	367,354	-	-	-	-	15,637	-
Benefit payments, including refunds of member contributions	<u>(272,927)</u>	<u>(231,904)</u>	<u>(192,331)</u>	<u>(142,399)</u>	<u>(102,250)</u>	<u>(73,678)</u>	<u>(56,583)</u>
Net change in total pension liability	1,391,135	399,626	788,626	755,486	472,549	731,258	418,637
Total pension liability - July 1	<u>9,063,068</u>	<u>8,663,442</u>	<u>7,874,816</u>	<u>7,119,330</u>	<u>6,646,781</u>	<u>5,915,523</u>	<u>5,496,886</u>
Total pension liability - June 30 (a)	<u>\$10,454,203</u>	<u>\$ 9,063,068</u>	<u>\$ 8,663,442</u>	<u>\$ 7,874,816</u>	<u>\$ 7,119,330</u>	<u>\$ 6,646,781</u>	<u>\$ 5,915,523</u>
Plan fiduciary net position							
Contributions - employer	\$ 312,538	\$ 328,751	\$ 311,460	\$ 282,644	\$ 294,000	\$ 320,000	\$ 320,280
Net investment income (loss)	429,289	484,373	407,759	628,852	42,982	116,004	731,838
Benefit payments, including refunds of member contributions	(272,927)	(231,904)	(192,331)	(142,399)	(102,250)	(73,678)	(56,583)
Administration	<u>(31,386)</u>	<u>(30,354)</u>	<u>(30,011)</u>	<u>(28,456)</u>	<u>(29,541)</u>	<u>(23,274)</u>	<u>(30,885)</u>
Net change in plan fiduciary net position	437,514	550,866	496,877	740,641	205,191	339,052	964,650
Plan fiduciary net position - July 1	<u>8,820,189</u>	<u>8,269,323</u>	<u>7,772,446</u>	<u>7,031,805</u>	<u>6,826,614</u>	<u>6,487,562</u>	<u>5,522,912</u>
Plan fiduciary net position - June 30 (b)	<u>\$ 9,257,703</u>	<u>\$ 8,820,189</u>	<u>\$ 8,269,323</u>	<u>\$ 7,772,446</u>	<u>\$ 7,031,805</u>	<u>\$ 6,826,614</u>	<u>\$ 6,487,562</u>
Net pension liability (asset) - June 30 (a)-(b)	<u>\$ 1,196,500</u>	<u>\$ 242,879</u>	<u>\$ 394,119</u>	<u>\$ 102,370</u>	<u>\$ 87,525</u>	<u>\$ (179,833)</u>	<u>\$ (572,039)</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>88.55%</u>	<u>97.32%</u>	<u>95.45%</u>	<u>98.70%</u>	<u>98.77%</u>	<u>102.71%</u>	<u>109.67%</u>
Covered payroll	<u>\$ 3,788,160</u>	<u>\$ 3,880,750</u>	<u>\$ 3,847,329</u>	<u>\$ 3,713,678</u>	<u>\$ 3,402,645</u>	<u>\$ 3,501,799</u>	<u>\$ 3,548,459</u>
Net pension liability (asset) as a percentage of covered payroll	<u>31.59%</u>	<u>6.26%</u>	<u>10.24%</u>	<u>2.76%</u>	<u>2.57%</u>	<u>-5.14%</u>	<u>-16.12%</u>
<u>Schedule of Investment Returns</u>							
Annual money weighted rate of return, net of investment expense	<u>4.79%</u>	<u>5.77%</u>	<u>5.14%</u>	<u>8.80%</u>	<u>0.62%</u>	<u>1.77%</u>	<u>12.95%</u>

(1) These schedules are intended to present information for 10 years. Additional years will be presented as they become available.

Town of New Fairfield, Connecticut
Required Supplementary Information

Education Retirement Plan
Schedule of Contributions
Last Ten Years

	<u>2019</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Actuarially determined contributions	\$ 312,538	\$ 328,751	\$ 311,460	\$ 282,644	\$ 293,885	\$ 289,476	\$ 317,946	\$ 299,243	\$ 400,267	\$ 356,906
Contributions in relation to the actuarially determined contribution	<u>312,538</u>	<u>328,751</u>	<u>311,460</u>	<u>282,644</u>	<u>294,000</u>	<u>320,000</u>	<u>320,280</u>	<u>400,267</u>	<u>356,906</u>	<u>336,872</u>
Contribution excess (deficiency)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 115</u>	<u>\$ 30,524</u>	<u>\$ 2,334</u>	<u>\$ 101,024</u>	<u>\$ (43,361)</u>	<u>\$ (20,034)</u>
Covered payroll	<u>\$ 3,788,160</u>	<u>\$ 3,880,750</u>	<u>\$ 3,847,329</u>	<u>\$ 3,713,678</u>	<u>\$ 3,402,645</u>	<u>\$ 3,501,799</u>	<u>\$ 3,548,459</u>	<u>\$ 3,548,459</u>	<u>\$ 3,149,008</u>	<u>\$ 3,113,899</u>
Contributions as a percentage of covered payroll	<u>8.25%</u>	<u>8.47%</u>	<u>8.10%</u>	<u>7.61%</u>	<u>8.64%</u>	<u>9.14%</u>	<u>9.03%</u>	<u>11.28%</u>	<u>11.33%</u>	<u>10.82%</u>

Town of New Fairfield, Connecticut

Notes to Required Supplementary Information

Education Retirement Plan
Schedule of Contributions
Last Seven Years (1)

	2020	2019	2018	2017	2016	2015	2014
Changes of Benefit Terms	None	None	None	None	None	None	None
The actuarially determined contribution rates are calculated as of	July 1, 2019	July 1, 2018	July 1, 2017	July 1, 2016	July 1, 2014	July 1, 2013	July 1, 2013
Actuarial methods and assumptions used to determine contribution rates:							
Actuarial Cost Method	Entry age normal	Entry age normal	Entry age normal	Entry age normal	Entry age normal	Entry age normal	Entry age normal
Amortization Method	Level percentage	Level percentage	Level percentage	Level percentage	Level percentage	Level percentage	Level percentage
Asset Valuation Method	5-year smoothing	5-year smoothing	5-year smoothing	5-year smoothing	5-year smoothing	5-year smoothing	5-year smoothing
Inflation	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Salary Increases	Varies by age	Varies by age	Varies by age	Varies by age	Varies by age	Varies by age	Varies by age
Investment Rate of Return (Net)	6.25%	6.25%	6.25%	6.25%	6.25%	6.25%	6.25%
Mortality Rate	PubG-2010 General Mortality Tables with generational projection per MP-2014 ultimate scale	RP-2000 Mortality for employees, healthy annuitants, and disabled annuitants with generational projection per Scale AA	RP-2000 Mortality for employees, healthy annuitants, and disabled annuitants with generational projection per Scale AA	RP-2000 Mortality for employees, healthy annuitants, and disabled annuitants with generational projection per Scale AA	RP-2000 Mortality for employees, healthy annuitants, and disabled annuitants with generational projection per Scale AA	RP-2000 Mortality for employees, healthy annuitants, and disabled annuitants with generational projection per Scale AA	RP-2000 Mortality for employees, healthy annuitants, and disabled annuitants with generational projection per Scale AA

(1) These schedules are intended to present information for 10 years. Additional years will be presented as they become available.

Town of New Fairfield, Connecticut

Required Supplementary Information

Connecticut Municipal Employees' Retirement System
Last Six Years (1)

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<u>Schedule of Proportionate Share of the Net Pension Liability</u>						
Town's proportion of the net pension liability for the police and fire with social security sub plan	<u>1.410684%</u>	<u>1.036541%</u>	<u>1.243463%</u>	<u>1.243463%</u>	<u>1.907770%</u>	<u>1.190777%</u>
Town's proportionate share of the net pension (asset) liability	<u>\$ 1,027,877</u>	<u>\$ 704,217</u>	<u>\$ 497,180</u>	<u>\$ 581,330</u>	<u>\$ 364,345</u>	<u>\$ 287,914</u>
Town's covered payroll	<u>N/A</u>	<u>\$626,548</u>	<u>\$587,139</u>	<u>\$ 575,825</u>	<u>\$ 575,825</u>	<u>\$ 535,550</u>
Town's proportionate share of the net pension (asset) liability as a percentage of its covered payroll	<u>N/A</u>	<u>112.40%</u>	<u>84.68%</u>	<u>100.96%</u>	<u>63.27%</u>	<u>60.35%</u>
Total plan fiduciary net position as a percentage of the total pension liability	<u>72.69%</u>	<u>73.60%</u>	<u>91.68%</u>	<u>92.72%</u>	<u>92.72%</u>	<u>92.72%</u>

Schedule of Contributions

Contractually required contribution	<u>\$ 120,684</u>	<u>\$122,028</u>	<u>\$115,305</u>	<u>\$ 96,336</u>	<u>\$ 89,597</u>	<u>\$ 76,426</u>
Contributions in relation to the contractually required contribution	<u>120,684</u>	<u>122,028</u>	<u>115,305</u>	<u>96,336</u>	<u>89,597</u>	<u>76,426</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's covered payroll	<u>N/A</u>	<u>\$626,548</u>	<u>\$587,139</u>	<u>\$ 575,825</u>	<u>\$ 575,825</u>	<u>\$ 535,550</u>
Contributions as a percentage of covered payroll	<u>N/A</u>	<u>19.48%</u>	<u>19.64%</u>	<u>16.73%</u>	<u>15.56%</u>	<u>14.27%</u>

(1) This schedule is intended to present information for 10 years. Additional years will be presented as the information becomes available.

N/A - Not available

Town of New Fairfield, Connecticut

Notes to Required Supplementary Information

Connecticut Municipal Employees' Retirement System
Schedule of Contributions
Last Six Years (1)

	2020	2019	2018	2017	2016	2015
Changes of Benefit Terms	None	None	None	None	None	None
The actuarially determined contribution rates are calculated as of	June 30, 2018	June 30, 2018	June 30, 2016	June 30, 2016	June 30, 2014	June 30, 2014
Actuarial methods and assumptions used to determine contribution rates:						
Actuarial Cost Method	Entry age	Entry age	Entry age	Entry age	Entry age	Entry age
Amortization Method	Level dollar, closed	Level dollar, closed	Level dollar, closed	Level dollar, closed	Level dollar, closed	Level dollar, closed
Remaining Amortization Period	21 years	21 years	23 years	23 years	25 years	25 years
Asset Valuation Method	5 year smoothing	5 year smoothing	5 year smoothing	5 year smoothing	5 year smoothing	5 year smoothing
Inflation	2.50%	2.50%	3.25%	3.25%	3.25%	3.25%
Salary Increases	3.50%-10.00%, average, including inflation	3.50%-10.00%, average, including inflation	4.25%-11.00%, average, including inflation	4.25%-11.00%, average, including inflation	4.25%-11.00%, average, including inflation	4.25%-11.00%, average, including inflation
Cost-of-Living Adjustments	After January 1, 2002, 2.5% minimum Prior to January 1, 2002, 2.5% up to age 65. 3.25% afterwards	After January 1, 2002, 2.5% minimum Prior to January 1, 2002, 2.5% up to age 65. 3.25% afterwards	After January 1, 2002, 2.5% minimum Prior to January 1, 2002, 2.5% up to age 65. 3.25% afterwards	After January 1, 2002, 2.5% minimum Prior to January 1, 2002, 2.5% up to age 65. 3.25% afterwards	After January 1, 2002, 2.5% minimum Prior to January 1, 2002, 2.5% up to age 65. 3.25% afterwards	After January 1, 2002, 2.5% minimum Prior to January 1, 2002, 2.5% up to age 65. 3.25% afterwards
Social Security Wage Base	3.00%	3.00%	3.50%	3.50%	3.50%	3.50%
Investment Rate of Return (Net)	7.00%	7.00%	8.00%	8.00%	8.00%	8.00%
Mortality	RP-2014 Combined Mortality Table adjusted to 2006 and projected to 2015 with Scale MP-2017 and projected to 2022 with Scale BB for General Employees and projected to 2015 with Scale MP-2017 and projected to 2022 with Scale BB for Police and Fire	RP-2014 Combined Mortality Table adjusted to 2006 and projected to 2015 with Scale MP-2017 and projected to 2022 with Scale BB for General Employees and projected to 2015 with Scale MP-2017 and projected to 2022 with Scale BB for Police and Fire	RP-2000 Combined Mortality Table projected 19 years using scale AA, with a two year setback for males and females for the period after service retirement and for dependent beneficiaries	RP-2000 Combined Mortality Table projected 19 years using scale AA, with a two year setback for males and females for the period after service retirement and for dependent beneficiaries	RP-2000 Combined Mortality Table projected 19 years using scale AA, with a two year setback for males and females for the period after service retirement and for dependent beneficiaries	RP-2000 Combined Mortality Table projected 19 years using scale AA, with a two year setback for males and females for the period after service retirement and for dependent beneficiaries

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(1) This schedule is intended to present information for 10 years. Additional years will be presented as the information becomes available.

Town of New Fairfield, Connecticut

Required Supplementary Information

Connecticut State Teachers' Retirement System
Last Six Years (3)

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<u>Schedule of Proportionate Share of the Net Pension Liability</u>						
Town's proportion of the net pension liability	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
Town's proportionate share of the net pension liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State of Connecticut's proportionate share of the net pension liability associated with the Town	<u>82,278,348</u>	<u>63,441,386</u>	<u>65,802,792</u>	<u>69,422,450</u>	<u>52,643,952</u>	<u>48,658,784</u>
Total	<u>\$ 82,278,348</u>	<u>\$ 63,441,386</u>	<u>\$ 65,802,792</u>	<u>\$ 69,422,450</u>	<u>\$ 52,643,952</u>	<u>\$ 48,658,784</u>
Town's covered payroll	<u>(2)</u>	<u>(2)</u>	<u>(2)</u>	<u>(2)</u>	<u>(2)</u>	<u>(2)</u>
Town's proportionate share of the net pension liability as a percentage of its covered payroll	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>52.00%</u>	<u>57.69%</u>	<u>55.93%</u>	<u>52.26%</u>	<u>59.50%</u>	<u>61.51%</u>
<u>Schedule of Contributions</u>						
Contractually required contribution (1)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	-	-	-	-	-	-
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's covered payroll	<u>(2)</u>	<u>(2)</u>	<u>(2)</u>	<u>(2)</u>	<u>(2)</u>	<u>(2)</u>
Contributions as a percentage of covered payroll	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>

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

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

(3) These schedules are intended to present information for 10 years. Additional years will be presented as they become available.

Town of New Fairfield, Connecticut

Notes to Required Supplementary Information

Connecticut State Teachers' Retirement System
Schedule of Contributions
Last Six Years (1)

	2020	2019	2018	2017	2016	2015
Changes of Benefit Terms	None	Beginning January 1, 2018, member contributions increased from 6.00% to 7.00% of salary	None	None	None	None
The actuarially determined contribution rates are calculated as of	June 30, 2018	June 30, 2018	June 30, 2016	June 30, 2016	June 30, 2014	June 30, 2014
Actuarial methods and assumptions used to determine contribution rates:						
Actuarial Cost Method	Entry age	Entry age	Entry age	Entry age	Entry age	Entry age
Amortization Method	Level percent of salary, closed	Level percent of salary, closed	Level percent of salary, closed	Level percent of salary, closed	Level percent of salary, closed	Level percent of salary, closed
Remaining Amortization Period	17.6 years	17.6 years	20.4 years	20.4 years	21.4 years	22.4 years
Asset Valuation Method	4 year smoothed market	4 year smoothed market	4 year smoothed market	4 year smoothed market	4 year smoothed market	4 year smoothed market
Inflation	2.50%	2.75%	2.75%	2.75%	3.00%	3.00%
Salary Increases	3.25%-6.50%, average, including inflation	3.25%-6.50%, average, including inflation	3.25%-6.50%, average, including inflation	3.25%-6.50%, average, including inflation	3.75%-7.00%, average, including inflation	3.75%-7.00%, average, including inflation
Investment Rate of Return (Net)	6.90%	8.00%	8.00%	8.00%	8.50%	8.50%
Mortality	RP-2014 White Collar table projected to the year 2020 using the BB improvement scale	RP-2014 White Collar table projected to the year 2020 using the BB improvement scale	RP-2014 White Collar table projected to the year 2020 using the BB improvement scale	RP-2014 White Collar table projected to the year 2020 using the BB improvement scale	RP-2000 Combined Mortality Table projected 19 years using scale AA	RP-2000 Combined Mortality Table projected 19 years using scale AA

(1) This schedule is intended to present information for 10 years. Additional years will be presented as they become available.

Town of New Fairfield, Connecticut

Required Supplementary Information

Other Post-Employment Benefit (OPEB) Plan
Last Four Years (1)

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
<u>Schedule of Changes in Net OPEB Liability and Related Ratios</u>				
OPEB liability				
Service cost	\$ 133,859	\$ 128,672	\$ 120,401	\$ 156,832
Interest	406,924	393,398	567,511	541,926
Differences between expected and actual experience	(795,491)	-	(2,752,549)	-
Changes in assumptions	(448,327)	-	310,963	-
Benefit payments, including refunds of member contributions	<u>(332,244)</u>	<u>(306,490)</u>	<u>(312,296)</u>	<u>(281,859)</u>
Net change in total OPEB liability	(1,035,279)	215,580	(2,065,970)	416,899
OPEB liability - July 1	<u>6,290,016</u>	<u>6,074,436</u>	<u>8,140,406</u>	<u>7,723,507</u>
OPEB liability - June 30 (a)	<u>\$ 5,254,737</u>	<u>\$ 6,290,016</u>	<u>\$ 6,074,436</u>	<u>\$ 8,140,406</u>
Plan fiduciary net position				
Contributions - employer	\$ 364,224	\$ 339,921	\$ 569,331	\$ 569,816
Net investment income (loss)	125,739	189,859	170,077	243,849
Benefit payments, including refunds of member contributions	(332,244)	(306,490)	(312,296)	(281,859)
Administration	<u>(22,608)</u>	<u>(19,997)</u>	<u>(4,000)</u>	<u>(15,607)</u>
Net change in plan fiduciary net position	135,111	203,293	423,112	516,199
Plan fiduciary net position - July 1	<u>3,367,773</u>	<u>3,164,480</u>	<u>2,741,368</u>	<u>2,225,169</u>
Plan fiduciary net position - June 30 (b)	<u>\$ 3,502,884</u>	<u>\$ 3,367,773</u>	<u>\$ 3,164,480</u>	<u>\$ 2,741,368</u>
Net OPEB liability - June 30 (a)-(b)	<u>\$ 1,751,853</u>	<u>\$ 2,922,243</u>	<u>\$ 2,909,956</u>	<u>\$ 5,399,038</u>
Plan fiduciary net position as a percentage of the total OPEB liability	<u>66.66%</u>	<u>53.54%</u>	<u>52.10%</u>	<u>33.68%</u>
Covered payroll	<u>\$ 16,454,309</u>	<u>\$ 16,454,309</u>	<u>\$ 16,830,444</u>	<u>\$ 16,830,444</u>
Net OPEB liability as a percentage of covered payroll	<u>10.65%</u>	<u>17.76%</u>	<u>17.29%</u>	<u>32.08%</u>
<u>Schedule of Investment Returns</u>				
Annual money weighted rate of return, net of investment expense	<u>3.71%</u>	<u>5.84%</u>	<u>5.72%</u>	<u>10.03%</u>

(1) This schedule is intended to present information for 10 years. Additional years will be presented as they become available.

Town of New Fairfield, Connecticut

Required Supplementary Information

Other Post-Employment Benefit (OPEB) Plan
Schedule of Contributions
Last Ten Years

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Actuarially determined contributions	\$ 338,986	\$ 339,921	\$ 540,373	\$ 508,352	\$ 571,103	\$ 546,315	\$ 614,000	\$ 585,000	\$ 706,000	\$ 856,000
Contributions in relation to the actuarially determined contribution	364,224	339,921	569,331	569,816	571,386	577,602	741,000	1,524,036	351,000	332,000
Contribution excess (deficiency)	\$ 25,238	\$ -	\$ 28,958	\$ 61,464	\$ 283	\$ 31,287	\$ 127,000	\$ 939,036	\$ (355,000)	\$ (524,000)
Covered payroll	\$ 16,454,309	\$ 16,454,309	\$ 16,830,444	\$ 16,830,444	\$ 16,805,190	\$ 16,805,190	N/A	N/A	N/A	N/A
Contributions as a percentage of covered payroll	2.21%	2.07%	3.38%	3.39%	3.40%	3.44%	N/A	N/A	N/A	N/A

N/A - Not available

Town of New Fairfield, Connecticut

Notes to Required Supplementary Information

Other Post-Employment Benefit (OPEB) Plan
Schedule of Contributions
Last Seven Years (1)

	2020	2019	2018	2017	2016	2015	2014
Changes of Benefit Terms	None	None	None	None	None	None	None
The actuarially determined contribution rates are calculated as of	July 1, 2019	July 1, 2017	July 1, 2017	July 1, 2015	July 1, 2013	July 1, 2013	July 1, 2013
Actuarial methods and assumptions used to determine contribution rates:							
Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Projected Unit Credit	Projected Unit Credit	Projected Unit Credit
Amortization Method	Level percentage	Level percentage	Level percentage	Level percentage	Level percentage	Level percentage	Level percentage
Asset Valuation Method	5 year smoothing	5 year smoothing	5 year smoothing	5 year smoothing	5 year smoothing	5 year smoothing	5 year smoothing
Inflation	2.70%	2.70%	2.70%	2.70%	3.00%	3.00%	3.00%
Medical trend rate	6.20% - 4.20% over 55 years	5.20% - 4.60% over 60 years	5.20% - 4.60% over 60 years	5.20% - 4.60% over 60 years	6.70% - 4.60% over 72 years	6.70% - 4.60% over 72 years	6.70% - 4.60% over 72 years
Investment Rate of Return (Net)	6.25%	6.50%	6.50%	7.00%	7.00%	7.00%	7.00%
Mortality Rate	Teachers and administrators: RPH-2014 White collar Mortality table projected to the year 2020 using the BB improvement scale Education non-certified: PubG-2010 Mortality Table with generational projection per the MP-2014 ultimate scale Police: PubG-2010 Mortality Table with generational projection per the MP-2014 ultimate scale	RP-2000 Mortality for employees, healthy annuitants, and disabled annuitant with generational projection per Scale AA	RP-2000 Mortality for employees, healthy annuitants, and disabled annuitant with generational projection per Scale AA	RP-2000 Mortality for employees, healthy annuitants, and disabled annuitant with generational projection per Scale AA	RP-2000 Mortality for employees, healthy annuitants, and disabled annuitant with generational projection per Scale AA	RP-2000 Mortality for employees, healthy annuitants, and disabled annuitant with generational projection per Scale AA	RP-2000 Mortality for employees, healthy annuitants, and disabled annuitant with generational projection per Scale AA

(1) These schedules are intended to present information for 10 years. Additional years will be presented as they become available.

Town of New Fairfield, Connecticut

Required Supplementary Information

Connecticut State Teachers' Retirement Board Retiree Health Insurance Plan
Last Three Years (3)

	<u>2020</u>	<u>2019</u>	<u>2018</u>
<u>Schedule of Proportionate Share of the Net OPEB Liability</u>			
Town's proportion of the net OPEB liability	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
Town's proportionate share of the collective net OPEB liability	\$ -	\$ -	\$ -
State of Connecticut's proportionate share of the net OPEB liability associated with the Town	<u>12,831,774</u>	<u>12,682,334</u>	<u>16,936,880</u>
Total	<u>\$ 12,831,774</u>	<u>\$ 12,682,334</u>	<u>\$ 16,936,880</u>
Town's covered payroll	<u>(2)</u>	<u>(2)</u>	<u>(2)</u>
Town's proportionate share of the net OPEB liability as a percentage of its covered payroll	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
Plan fiduciary net position as a percentage of the total OPEB liability	<u>2.08%</u>	<u>1.49%</u>	<u>1.79%</u>

Schedule of Contributions

Contractually required contribution (1)	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	<u>-</u>	<u>-</u>	<u>-</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's covered payroll	<u>(2)</u>	<u>(2)</u>	<u>(2)</u>
Contributions as a percentage of covered payroll	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>

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

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

(3) These schedules are intended to present information for 10 years. Additional years will be presented as they become available.

Town of New Fairfield, Connecticut

Notes to Required Supplementary Information

**Connecticut State Teachers' Retirement Board Retiree Health Insurance Plan
Schedule of Contributions
Last Three Years (1)**

	2020	2019	2018
Changes of Benefit Terms	None	None	None
The actuarially determined contribution rates are calculated as of	June 30, 2018	June 30, 2018	June 30, 2016
Actuarial methods and assumptions used to determine contribution rates:			
Actuarial Cost Method	Entry age	Entry age	Entry age
Amortization Method	Level percentage, open	Level percentage, open	Level percentage, open
Amortization Period	30 years	30 years	30 years
Asset Valuation Method	Fair Value	Fair Value	Fair Value
Inflation	2.75%	2.75%	2.75%
Healthcare Inflation Rate	Initial 5.95% decreasing to 4.75% (ultimate) by 2025	Initial 5.95% decreasing to 4.75% (ultimate) by 2025	Initial 7.25% decreasing to 5.00% (ultimate) by 2022
Salary Increases	3.25% to 6.50%, including inflation	3.25% to 6.50%, including inflation	3.25% to 6.50%, including inflation
Investment Rate of Return (Net)	3.00%	3.00%	4.25%
Mortality Rate	RP-2014 White Collar table projected to the year 2020 using the BB improvement scale	RP-2014 White Collar table projected to the year 2020 using the BB improvement scale	RP-2014 White Collar table projected to the year 2020 using the BB improvement scale

(1) These schedules are intended to present information for 10 years. Additional years will be presented as they become available.

Supplemental Schedules

General Fund

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

Town of New Fairfield, Connecticut

Report of Tax Collector
For the Year Ended June 30, 2020

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Grand List Year	Uncollected Taxes July 1, 2019	Current Levy	Lawful Corrections		Transfers to Suspense	Adjusted Amount Collectible	Collections			Uncollected Taxes June 30, 2020
			Additions	Deductions			Taxes	Interest and Liens	Total	
2003	\$ 1,732	\$ -	\$ -	\$ 1,732	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2004	4,426	-	-	-	-	4,426	-	-	-	4,426
2005	4,119	-	-	-	-	4,119	-	-	-	4,119
2006	4,255	-	-	-	-	4,255	-	-	-	4,255
2007	5,308	-	-	-	-	5,308	-	-	-	5,308
2008	4,436	-	-	-	-	4,436	-	-	-	4,436
2009	3,946	-	-	-	-	3,946	-	-	-	3,946
2010	4,281	-	-	-	-	4,281	-	-	-	4,281
2011	4,799	-	-	-	-	4,799	-	-	-	4,799
2012	5,169	-	-	-	-	5,169	-	-	-	5,169
2013	5,516	-	-	-	-	5,516	190	123	313	5,326
2014	8,796	-	-	200	538	8,058	-	99	99	8,058
2015	12,471	-	66	-	742	11,795	321	158	479	11,474
2016	51,355	-	142	446	3,564	47,487	16,368	4,920	21,288	31,119
2017	<u>279,711</u>	<u>-</u>	<u>4,413</u>	<u>6,586</u>	<u>7,890</u>	<u>269,648</u>	<u>139,122</u>	<u>34,031</u>	<u>173,153</u>	<u>130,526</u>
Total Prior Years	400,320	-	4,621	8,964	12,734	383,243	156,001	39,331	195,332	227,242
2018	<u>-</u>	<u>49,483,533</u>	<u>101,224</u>	<u>168,021</u>	<u>15,629</u>	<u>49,401,107</u>	<u>49,045,598</u>	<u>105,992</u>	<u>49,151,590</u>	<u>355,509</u>
Totals	<u>\$ 400,320</u>	<u>\$ 49,483,533</u>	<u>\$ 105,845</u>	<u>\$ 176,985</u>	<u>\$ 28,363</u>	<u>\$ 49,784,350</u>	<u>\$ 49,201,599</u>	<u>\$ 145,323</u>	<u>\$ 49,346,922</u>	582,751
								Interest and liens receivable		185,230
								Allowance for doubtful accounts		(110,000)
								Taxes, interest and liens receivable (net)		<u>\$ 657,981</u>

Other Governmental Funds

Special Revenue Funds

Special revenue funds are used to account for specific revenues that are restricted, committed, or assigned to expenditures for particular purposes.

Fund	Funding Source	Function
School Lunch Fund	Sale of meals and grants	Cafeteria operations
Education Grants Fund	Federal and state grants	Education programs
Drug Enforcement Fund	Fees	Health and welfare program
Small Cities Fund	Grant and program income	Community development program
Dog Registration Fund	Fees	Public safety program
Library Fund	Grants and fees	Library programs
Social Services Fund	Contributions	Social service programs
Groovin' in New Fairfield Fund	Fees	Recreation programs
Communications Tower Fund	Fees	Tower operations
Miscellaneous Grants Fund	Grants and fees	Various town programs
Municipal Water System Fund	Fees	Water system operations
Beaver Bog Cemetery Fund	Fees	Cemetery operations
Senior Center Fund	Fees and contributions	Senior center programs
Commission for the Youth Fund	Fees	Recreation programs
Recreation Programs Fund	Fees and contributions	Recreation programs
Education User Surcharges Fund	Fees	Education user operations
Hidden Valley Fund	Fees	Hidden valley operations
Drop Off Center Fund	Fees	Drop off center operations

Other Governmental Funds

Capital Projects Funds

Capital project funds are used to account for acquisition and construction of major capital assets other than those financed by proprietary and trust funds.

Fund	Funding Source	Function
Fire Company Reserve Fund	Town budget and income from investments	Fire department capital purchases
Education Capital Nonrecurring Fund	Town budget	School capital purchases
School Capital Project Fund	Bonds and grants	School improvements
MHHS Septic Fund	Bonds and grants	MHHS septic construction
Town Center Beautification Fund	Grants	Town Center Beautification projects
MHHS/HS Renovation Fund	Bonds and grants	MHHS/HS Renovation

Permanent Funds

Permanent funds are used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes as categorized by the fund title.

Fund	Funding Source	Function
Library Fund	Contributions	Established for the support and benefit of the Town's library

Town of New Fairfield, Connecticut

Combining Balance Sheet
Other Governmental Funds
June 30, 2020

Special Revenue Funds

	School Lunch Fund	Education Grants Fund	Drug Enforcement Fund	Small Cities Fund	Dog Registration Fund	Library Fund	Social Services Fund	Groovin' in New Fairfield Fund
<u>Assets</u>								
Cash	\$ 103,052	\$ 196,773	\$ 2,827	\$ 54,700	\$ 33,786	\$ 25,458	\$ 48,654	\$ -
Investments	-	-	-	-	-	60,962	-	-
Receivables (net)								
Intergovernmental	28,345	5,438	-	-	-	-	-	-
Loans	-	-	-	1,505,761	-	-	-	-
Other	-	-	-	-	-	-	-	-
Due from other funds	-	400	-	-	-	-	-	3,384
Other	9,824	-	-	-	-	-	-	-
Total assets	\$ 141,221	\$ 202,611	\$ 2,827	\$ 1,560,461	\$ 33,786	\$ 86,420	\$ 48,654	\$ 3,384
<u>Liabilities</u>								
Accounts payable	\$ 24,497	\$ 20,714	\$ -	\$ -	\$ 4,065	\$ -	\$ -	\$ -
Accrued payroll	-	-	-	-	-	-	-	-
Due to other funds	-	24,287	-	-	6,907	-	-	-
Unearned revenue	-	23,586	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total liabilities	24,497	68,587	-	-	10,972	-	-	-
<u>Fund Balances</u>								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	116,724	-	2,827	1,560,461	-	-	48,654	-
Committed	-	134,024	-	-	-	-	-	-
Assigned	-	-	-	-	22,814	86,420	-	3,384
Unassigned	-	-	-	-	-	-	-	-
Total fund balances	116,724	134,024	2,827	1,560,461	22,814	86,420	48,654	3,384
Total liabilities and fund balances	\$ 141,221	\$ 202,611	\$ 2,827	\$ 1,560,461	\$ 33,786	\$ 86,420	\$ 48,654	\$ 3,384

(Continued)

Town of New Fairfield, Connecticut

Combining Balance Sheet
Other Governmental Funds
June 30, 2020

Special Revenue Funds

	Communications Tower Fund	Miscellaneous Grants Fund	Municipal Water System Fund	Beaver Bog Cemetery Fund	Senior Center Fund	Commission for the Youth Fund	Recreation Programs Fund
<u>Assets</u>							
Cash	\$ -	\$ -	\$ 101,061	\$ 8,295	\$ -	\$ -	\$ 315,425
Investments	-	-	-	-	-	-	-
Receivables (net)							
Intergovernmental	-	2,001	-	-	-	-	-
Loans	-	-	-	-	-	-	-
Other	-	-	-	-	9,018	-	2,100
Due from other funds	375,778	20,636	-	-	45,551	10,287	-
Other	-	-	-	-	-	-	-
Total assets	\$ 375,778	\$ 22,637	\$ 101,061	\$ 8,295	\$ 54,569	\$ 10,287	\$ 317,525
<u>Liabilities</u>							
Accounts payable	\$ 2,728	\$ 248	\$ 713	\$ -	\$ 728	\$ -	\$ 829
Accrued payroll	-	108	-	-	-	-	3,506
Due to other funds	300,000	4,948	22,445	-	-	-	212,402
Unearned revenue	-	557	-	-	1,860	-	1,336
Other	-	-	-	-	-	-	1,003
Total liabilities	302,728	5,861	23,158	-	2,588	-	219,076
<u>Fund Balances</u>							
Nonspendable	-	-	-	-	-	-	-
Restricted	-	-	77,903	8,295	-	-	-
Committed	-	-	-	-	-	-	-
Assigned	73,050	16,776	-	-	51,981	10,287	98,449
Unassigned	-	-	-	-	-	-	-
Total fund balances	73,050	16,776	77,903	8,295	51,981	10,287	98,449
Total liabilities and fund balances	\$ 375,778	\$ 22,637	\$ 101,061	\$ 8,295	\$ 54,569	\$ 10,287	\$ 317,525

(Continued)

Town of New Fairfield, Connecticut

Combining Balance Sheet
Other Governmental Funds
June 30, 2020

	Special Revenue Funds				Capital Projects Funds		
	Education User Surcharges Fund	Hidden Valley Fund	Drop Off Center Fund	Total	Fire Company Reserve Fund	Education Capital Nonrecurring Fund	School Capital Project Fund
<u>Assets</u>							
Cash	\$ 319,132	\$ 17,784	\$ 145,810	\$ 1,372,757	\$ -	\$ -	\$ -
Investments	-	-	-	60,962	684,467	-	-
Receivables (net)							
Intergovernmental	-	-	-	35,784	-	-	-
Loans	-	-	-	1,505,761	-	-	-
Other	15,881	-	1,500	28,499	-	-	-
Due from other funds	155,818	-	-	611,854	18,467	735,083	19,907
Other	-	-	-	9,824	-	-	-
Total assets	\$ 490,831	\$ 17,784	\$ 147,310	\$ 3,625,441	\$ 702,934	\$ 735,083	\$ 19,907
<u>Liabilities</u>							
Accounts payable	\$ 2,309	\$ -	\$ 15,462	\$ 72,293	\$ -	\$ 4,066	\$ -
Accrued payroll	-	-	1,364	4,978	-	-	-
Due to other funds	-	-	184,169	755,158	-	358,684	28,657
Unearned revenue	-	-	-	27,339	-	-	-
Other	-	-	-	1,003	-	-	-
Total liabilities	2,309	-	200,995	860,771	-	362,750	28,657
<u>Fund Balances</u>							
Nonspendable	-	-	-	-	-	-	-
Restricted	-	-	-	1,814,864	-	-	-
Committed	-	-	-	134,024	702,934	372,333	-
Assigned	488,522	17,784	-	869,467	-	-	-
Unassigned	-	-	(53,685)	(53,685)	-	-	(8,750)
Total fund balances	488,522	17,784	(53,685)	2,764,670	702,934	372,333	(8,750)
Total liabilities and fund balances	\$ 490,831	\$ 17,784	\$ 147,310	\$ 3,625,441	\$ 702,934	\$ 735,083	\$ 19,907

(Continued)

Town of New Fairfield, Connecticut

Combining Balance Sheet
Other Governmental Funds
June 30, 2020

	Capital Projects Funds				Permanent Fund	Total Other Governmental Funds
	MHHS Septic Fund	Town Center Beautification Fund	MHHS/HS Renovation Fund	Total	Library Fund	
<u>Assets</u>						
Cash	\$ -	\$ -	\$ -	\$ -	\$ 21,655	\$ 1,394,412
Investments	-	-	-	684,467	-	745,429
Receivables (net)						
Intergovernmental	-	-	-	-	-	35,784
Loans	-	-	-	-	-	1,505,761
Other	-	-	-	-	-	28,499
Due from other funds	-	33,947	-	807,404	-	1,419,258
Other	-	-	-	-	-	9,824
Total assets	\$ -	\$ 33,947	\$ -	\$ 1,491,871	\$ 21,655	\$ 5,138,967
<u>Liabilities</u>						
Accounts payable	\$ -	\$ -	\$ -	\$ 4,066	\$ -	\$ 76,359
Accrued payroll	-	-	-	-	-	4,978
Due to other funds	90,565	-	154,496	632,402	-	1,387,560
Unearned revenue	-	29,858	-	29,858	-	57,197
Other	-	-	-	-	-	1,003
Total liabilities	90,565	29,858	154,496	666,326	-	1,527,097
<u>Fund Balances</u>						
Nonspendable	-	-	-	-	482	482
Restricted	-	-	-	-	21,173	1,836,037
Committed	-	4,089	-	1,079,356	-	1,213,380
Assigned	-	-	-	-	-	869,467
Unassigned	(90,565)	-	(154,496)	(253,811)	-	(307,496)
Total fund balances	(90,565)	4,089	(154,496)	825,545	21,655	3,611,870
Total liabilities and fund balances	\$ -	\$ 33,947	\$ -	\$ 1,491,871	\$ 21,655	\$ 5,138,967

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(Concluded)

Town of New Fairfield, Connecticut

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Other Governmental Funds
For the Year Ended June 30, 2020

	Special Revenue Funds							
	School Lunch Fund	Education Grants Fund	Drug Enforcement Fund	Small Cities Fund	Dog Registration Fund	Library Fund	Social Services Fund	Groovin' in New Fairfield Fund
Revenues								
Intergovernmental	\$ 186,075	\$ 997,543	\$ -	\$ 222,760	\$ -	\$ 693	\$ -	\$ -
Charges for services	429,759	160,810	-	-	2,326	7,865	-	2,504
Contributions	-	19,235	-	-	-	7,075	30,604	100
Income from investments	-	-	-	84	-	1,192	-	-
Other	-	-	-	-	-	-	-	-
Total revenues	<u>615,834</u>	<u>1,177,588</u>	<u>-</u>	<u>222,844</u>	<u>2,326</u>	<u>16,825</u>	<u>30,604</u>	<u>2,604</u>
Expenditures								
Current								
General government	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	1,206	-	-	-
Health and welfare	-	-	-	2,788	-	-	15,059	-
Culture and recreation	-	-	-	-	-	57,161	-	1,614
Education	526,002	1,126,468	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Total expenditures	<u>526,002</u>	<u>1,126,468</u>	<u>-</u>	<u>2,788</u>	<u>1,206</u>	<u>57,161</u>	<u>15,059</u>	<u>1,614</u>
Excess (deficiency) of revenues over expenditures	<u>89,832</u>	<u>51,120</u>	<u>-</u>	<u>220,056</u>	<u>1,120</u>	<u>(40,336)</u>	<u>15,545</u>	<u>990</u>
Other financing sources (uses)								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Net other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	89,832	51,120	-	220,056	1,120	(40,336)	15,545	990
Fund balances - July 1, 2019	<u>26,892</u>	<u>82,904</u>	<u>2,827</u>	<u>1,340,405</u>	<u>21,694</u>	<u>126,756</u>	<u>33,109</u>	<u>2,394</u>
Fund balances - June 30, 2020	<u>\$ 116,724</u>	<u>\$ 134,024</u>	<u>\$ 2,827</u>	<u>\$ 1,560,461</u>	<u>\$ 22,814</u>	<u>\$ 86,420</u>	<u>\$ 48,654</u>	<u>\$ 3,384</u>

(Continued)

Town of New Fairfield, Connecticut

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Other Governmental Funds
For the Year Ended June 30, 2020

Special Revenue Funds

	Communications Tower Fund	Miscellaneous Grants Fund	Municipal Water System Fund	Beaver Bog Cemetery Fund	Senior Center Fund	Commission for the Youth Fund	Recreation Programs Fund
Revenues							
Intergovernmental	\$ -	\$ 16,894	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	361,706	8,793	24,159	-	52,553	-	498,833
Contributions	-	-	-	-	13,997	-	6,000
Income from investments	-	-	232	-	-	-	-
Other	-	-	-	-	-	-	-
Total revenues	<u>361,706</u>	<u>25,687</u>	<u>24,391</u>	<u>-</u>	<u>66,550</u>	<u>-</u>	<u>504,833</u>
Expenditures							
Current							
General government	14,148	11,894	-	-	53,691	-	-
Public safety	-	-	-	-	-	-	-
Health and welfare	-	63,313	21,701	-	-	-	-
Culture and recreation	-	-	-	-	-	-	318,802
Education	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Total expenditures	<u>14,148</u>	<u>75,207</u>	<u>21,701</u>	<u>-</u>	<u>53,691</u>	<u>-</u>	<u>318,802</u>
Excess (deficiency) of revenues over expenditures	<u>347,558</u>	<u>(49,520)</u>	<u>2,690</u>	<u>-</u>	<u>12,859</u>	<u>-</u>	<u>186,031</u>
Other financing sources (uses)							
Transfers in	-	-	-	-	-	-	-
Transfers out	<u>(300,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(108,832)</u>
Net other financing sources (uses)	<u>(300,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(108,832)</u>
Net change in fund balances	47,558	(49,520)	2,690	-	12,859	-	77,199
Fund balances - July 1, 2019	<u>25,492</u>	<u>66,296</u>	<u>75,213</u>	<u>8,295</u>	<u>39,122</u>	<u>10,287</u>	<u>21,250</u>
Fund balances - June 30, 2020	<u>\$ 73,050</u>	<u>\$ 16,776</u>	<u>\$ 77,903</u>	<u>\$ 8,295</u>	<u>\$ 51,981</u>	<u>\$ 10,287</u>	<u>\$ 98,449</u>

(Continued)

Town of New Fairfield, Connecticut

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Other Governmental Funds
For the Year Ended June 30, 2020

	Special Revenue Funds				Capital Projects Funds		
	Education User Surcharges Fund	Hidden Valley Fund	Drop Off Center Fund	Total	Fire Company Reserve Fund	Education Capital Nonrecurring Fund	School Capital Project Fund
Revenues							
Intergovernmental	\$ -	\$ -	\$ -	\$ 1,423,965	\$ -	\$ -	\$ -
Charges for services	143,869	-	178,588	1,871,765	-	-	-
Contributions	-	-	-	77,011	-	-	-
Income from investments	-	-	-	1,508	9,218	-	-
Other	-	-	-	-	-	-	-
Total revenues	143,869	-	178,588	3,374,249	9,218	-	-
Expenditures							
Current							
General government	-	-	165,272	245,005	-	-	-
Public safety	-	-	-	1,206	-	-	-
Health and welfare	-	-	-	102,861	-	-	-
Culture and recreation	130,368	-	-	507,945	-	-	-
Education	-	-	-	1,652,470	-	-	-
Capital outlay	-	-	1,010	1,010	-	570,641	-
Total expenditures	130,368	-	166,282	2,510,497	-	570,641	-
Excess (deficiency) of revenues over expenditures	13,501	-	12,306	863,752	9,218	(570,641)	-
Other financing sources (uses)							
Transfers in	-	-	-	-	169,072	502,268	-
Transfers out	-	-	-	(408,832)	-	-	-
Net other financing sources (uses)	-	-	-	(408,832)	169,072	502,268	-
Net change in fund balances	13,501	-	12,306	454,920	178,290	(68,373)	-
Fund balances - July 1, 2019	475,021	17,784	(65,991)	2,309,750	524,644	440,706	(8,750)
Fund balances - June 30, 2020	\$ 488,522	\$ 17,784	\$ (53,685)	\$ 2,764,670	\$ 702,934	\$ 372,333	\$ (8,750)

(Continued)

Town of New Fairfield, Connecticut

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Other Governmental Funds
For the Year Ended June 30, 2020

	Capital Projects Funds			Total	Permanent Fund	Total Other Governmental Funds
	MHHS Septic Fund	Town Center Beautification Fund	MHHS/HS Renovation Fund		Library Fund	
Revenues						
Intergovernmental	\$ -	\$ 47,119	\$ -	\$ 47,119	\$ -	\$ 1,471,084
Charges for services	-	-	-	-	-	1,871,765
Contributions	-	-	-	-	-	77,011
Income from investments	-	-	-	9,218	6	10,732
Other	-	-	-	-	1,747	1,747
Total revenues	-	47,119	-	56,337	1,753	3,432,339
Expenditures						
Current						
General government	-	-	-	-	-	245,005
Public safety	-	-	-	-	-	1,206
Health and welfare	-	-	-	-	-	102,861
Culture and recreation	-	-	-	-	-	507,945
Education	-	-	-	-	-	1,652,470
Capital outlay	-	47,119	-	617,760	-	618,770
Total expenditures	-	47,119	-	617,760	-	3,128,257
Excess (deficiency) of revenues over expenditures	-	-	-	(561,423)	1,753	304,082
Other financing sources (uses)						
Transfers in	-	-	-	671,340	-	671,340
Transfers out	-	-	-	-	-	(408,832)
Net other financing sources (uses)	-	-	-	671,340	-	262,508
Net change in fund balances	-	-	-	109,917	1,753	566,590
Fund balances - July 1, 2019	(90,565)	4,089	(154,496)	715,628	19,902	3,045,280
Fund balances - June 30, 2020	<u>\$ (90,565)</u>	<u>\$ 4,089</u>	<u>\$ (154,496)</u>	<u>\$ 825,545</u>	<u>\$ 21,655</u>	<u>\$ 3,611,870</u>

(Concluded)

Trend Information

This part of the Town's annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Town's overall financial health.

Table	Description
Financial Trends (Tables 1-2)	These schedules contain trend information to help the reader understand how the Town's financial performance and well-being have changed over time
Debt Capacity (Table 3)	This schedule presents information to help the reader assess the affordability of the Town's current levels of outstanding debt and the Town's ability to issue additional debt in the future

Sources: Unless otherwise noted, the information in these schedules is derived from the annual financial reports for the fiscal year.

Town of New Fairfield, Connecticut

General Fund (Budgetary Basis)
Changes in Fund Balances
Last Ten Years
(Unaudited)

For the Year Ended June 30

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Revenues										
Property taxes	\$ 49,407,965	\$ 48,895,776	\$ 47,562,514	\$ 45,541,688	\$ 45,050,139	\$ 44,370,542	\$ 43,312,416	\$ 41,855,046	\$ 40,109,394	\$ 38,986,140
Intergovernmental	4,585,282	13,013,176	13,169,118	13,154,176	9,601,063	9,003,763	5,369,919	5,685,262	5,568,070	5,477,917
Charges for services	1,429,653	1,576,051	1,383,899	1,301,381	1,292,389	1,548,585	1,395,692	1,200,048	1,024,448	1,064,905
Income from investments	391,860	455,447	310,890	215,853	185,908	177,382	166,778	188,749	314,747	454,101
Other	21,912	94,851	106,581	1,102,680	1,142,991	1,123,834	300,975	223,158	311,992	84,519
Total revenues	55,836,672	64,035,301	62,533,002	61,315,778	57,272,490	56,224,106	50,545,780	49,152,263	47,328,651	46,067,582
Expenditures										
Current										
General government	3,246,478	3,307,562	3,234,467	3,283,843	3,168,220	3,247,276	2,967,477	2,697,982	2,931,105	2,965,113
Public safety	3,961,188	3,727,937	3,299,238	3,034,285	2,872,417	2,546,587	2,359,761	2,346,201	2,691,809	2,135,216
Public works	2,259,078	2,848,963	1,503,777	2,222,795	2,256,466	2,404,570	2,123,839	2,138,483	2,250,457	2,050,672
Health and welfare	546,774	528,441	485,938	484,576	483,457	464,962	449,330	441,429	435,960	442,713
Culture and recreation	567,162	540,056	608,424	1,069,129	1,150,447	1,341,253	523,029	513,484	502,766	507,505
Health insurance	6,000,000	6,100,000	5,952,952	6,160,641	6,493,287	6,495,300	6,434,080	6,267,687	6,406,846	5,471,863
Education	34,662,195	40,898,230	41,805,563	40,499,752	36,936,252	35,540,155	31,026,007	30,835,991	29,595,780	29,413,039
Debt service	2,283,175	2,444,606	2,422,133	2,797,942	3,014,311	2,825,427	3,012,259	3,148,149	2,987,242	2,820,680
Capital outlay	-	-	-	589,748	40,000	-	979,196	174,857	-	-
Total expenditures	53,526,050	60,395,795	59,312,492	60,142,711	56,414,857	54,865,530	49,874,978	48,564,263	47,801,965	45,806,801
Excess (deficiency) of revenues over expenditures	2,310,622	3,639,506	3,220,510	1,173,067	857,633	1,358,576	670,802	588,000	(473,314.0)	260,781
Other financing sources (uses)										
Premium	-	-	-	711,786	129,219	-	-	-	-	-
Cancellation of prior year encumbrances	75,568	-	-	-	-	-	-	-	-	-
Sale of equipment	-	8,550	-	-	2,000	-	-	-	-	-
Transfers in	35,275	-	-	-	-	-	-	-	-	-
Transfers out	(1,428,444)	(1,203,200)	(3,035,808)	(810,853)	(1,113,893)	(1,337,487)	(684,626)	(402,738)	-	(521,975)
Net other financing sources (uses)	(1,317,601)	(1,194,650)	(3,035,808)	(99,067)	(982,674)	(1,337,487)	(684,626)	(402,738)	-	(521,975)
Net change in fund balances	\$ 993,021	\$ 2,444,856	\$ 184,702	\$ 1,074,000	\$ (125,041)	\$ 21,089	\$ (13,824)	\$ 185,262	\$ (473,314)	\$ (261,194)
Debt service as a percentage of expenditures	4.27%	4.05%	4.08%	4.65%	5.34%	5.15%	6.04%	6.48%	6.25%	6.16%

**Property Tax Rates, Levies and Collections
Last Ten Years
(Unaudited)**

<u>Year Ended June 30</u>	<u>Grand List of October 1,</u>	<u>(1) Tax Rate in Mills</u>	<u>Total Adjusted Tax Levy</u>	<u>Net Tax Collections</u>	<u>Percent of Levy Collected</u>
2011	2009	23.28	\$ 38,795,128	\$ 38,530,532	99.32%
2012	2010	23.95	39,870,215	39,845,838	99.94%
2013	2011	24.66	41,456,164	41,199,288	99.38%
2014	2012	25.64	42,059,512	41,774,432	99.32%
2015	2013	26.08	44,112,744	43,875,705	99.46%
2016	2014	28.53	42,697,417	42,408,968	99.32%
2017	2015	28.68	42,454,363	42,218,482	99.44%
2018	2016	29.82	47,366,920	47,069,562	99.37%
2019	2017	30.58	49,094,849	48,815,138	99.43%
2020	2018	30.90	49,401,107	49,045,598	99.28%

Source: Tax Collector

(1) Tax levy is per \$1,000 of the assessed value of taxable property.

Town of New Fairfield, Connecticut
Schedule of Debt Limitation
Connecticut Statutes, Section 7-374 (b)
As of and for the Year Ended June 30, 2020
(Unaudited)

Base:

Total tax collections (including interest and lien fees) for prior year \$ 49,294,828

Debt limitation:	<u>General Purpose</u>	<u>Schools</u>	<u>Sewers</u>	<u>Urban Renewal</u>	<u>Pension Deficit</u>
2 1/4 times base	\$ 110,913,363	\$ -	\$ -	\$ -	\$ -
4 1/2 times base	-	221,826,726	-	-	-
3 3/4 times base	-	-	184,855,605	-	-
3 1/4 times base	-	-	-	160,208,191	-
3 times base	-	-	-	-	<u>147,884,484</u>
Total debt limitation	110,913,363	221,826,726	184,855,605	160,208,191	147,884,484
Indebtedness:					
Bonds payable	<u>1,987,000</u>	<u>21,083,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Debt limitation in excess of outstanding debt	<u><u>\$ 108,926,363</u></u>	<u><u>\$ 200,743,726</u></u>	<u><u>\$ 184,855,605</u></u>	<u><u>\$ 160,208,191</u></u>	<u><u>\$ 147,884,484</u></u>

The total of the above net indebtedness amounts to: \$ 23,070,000

In no event shall total indebtedness exceed seven times the base for debt limitation computation: \$ 345,063,796

There is no overlapping debt for the Town.