

Annual Financial Report
of the
Town of New Fairfield, Connecticut
For the Year Ended June 30, 2018

Town of New Fairfield, Connecticut

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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, 2018, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

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.

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 as of June 30, 2018, 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.

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

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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 pension and other post-employment benefit schedules 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our December 28, 2018 report 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 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 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
December 28, 2018

**Town of New Fairfield, Connecticut
Management's Discussion and Analysis
For the Year Ended June 30, 2018**

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, 2018.

Financial Highlights

- On a government-wide basis, the Town's total net position increased by \$2,089,982 for the fiscal year. The main reasons for the increase are positive General Fund and other governmental funds operating results of \$2,532,368 and \$233,414, respectively, and the net accounting basis difference of capital asset and debt activity of \$1,031,109 which were offset by a decrease in fund balance of \$846,140 in the Capital Non-Recurring Fund and net decrease in net position for the internal service fund of \$442,403.
- The Town's combined net position totals \$87,964,794. Of this amount, \$13,470,282 is available (unrestricted) to finance ongoing programs.
- The unassigned fund balance in the General Fund was \$7,204,605 or 12.01% of total General Fund expenditures and transfers out. Additionally, the Town has assigned \$2,347,666 for the May storm clean up. This amount is the remaining unexpended amount from the \$2,500,000 appropriation from fund balance to address the clean-up costs.

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.

**Town of New Fairfield, Connecticut
Management's Discussion and Analysis
For the Year Ended June 30, 2018**

Fund Financial Statements

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

Governmental funds

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

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

Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund and Capital Non-Recurring 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 nonmajor governmental funds is provided in the form of combining statements on Schedules 4 and 5.

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 benefits. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

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.

**Town of New Fairfield, Connecticut
Management's Discussion and Analysis
For the Year Ended June 30, 2018**

Other information

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

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information on pensions and other post-employment benefits.

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Town, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$87,964,794 at the close of the most recent fiscal year.

By far the largest portion of the Town's net position (84.43%) 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. 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.

Government-Wide Financial Analysis

Our analysis below focuses on the net position and changes in net position.

Statement of Net Position (Exhibit A)

	2018	Change During Year		2017
		Dollars	Percent	
Current and other assets	\$ 28,047,596	\$ 297,584	1.07%	\$ 27,750,012
Capital assets (net)	93,961,888	(1,106,790)	-1.16%	95,068,678
Total assets	<u>122,009,484</u>	<u>(809,206)</u>	<u>-0.66%</u>	<u>122,818,690</u>
Deferred outflows of resources	1,759,566	158,016	9.87%	1,601,550
Other liabilities	3,779,371	(214,347)	-5.37%	3,993,718
Long-term liabilities	25,269,521	(4,260,140)	-14.43%	29,529,661
Total liabilities	<u>29,048,892</u>	<u>(4,474,487)</u>	<u>-13.35%</u>	<u>33,523,379</u>
Deferred inflows of resources	6,755,364	(4,474,487)	-89.10%	5,022,049
Net position				
Net investment in capital assets	74,267,982	470,848	0.64%	73,797,134
Restricted	226,530	(1,500,098)	-86.88%	1,726,628
Unrestricted	13,470,282	3,119,232	30.13%	10,351,050
Total net position	<u>\$ 87,964,794</u>	<u>\$ 2,089,982</u>	<u>2.43%</u>	<u>\$ 85,874,812</u>

**Town of New Fairfield, Connecticut
Management's Discussion and Analysis
For the Year Ended June 30, 2018**

The unrestricted net position increased by \$3,119,232 to a total of \$13,470,282. This portion of the net position is what may be used to meet the Town's ongoing obligations to citizens and creditors without constraints established by debt covenants, enabling legislation, or other legal requirements.

Statement of Changes in Net Position (Exhibit B)

	2018	Change During Year		2017
		Dollars	Percent	
Revenues				
Program revenues:				
Charges for services	\$ 3,373,049	\$ (30,970)	-0.91%	\$ 3,404,019
Operating grants and contributions	14,625,287	1,156,296	8.58%	13,468,991
Capital grants and contributions	153,751	(570,702)	-78.78%	724,453
General revenues:				
Property taxes	47,571,475	1,982,378	4.35%	45,589,097
Grants and contributions	30,272	(312,978)	-91.18%	343,250
Investment income	368,741	128,040	53.19%	240,701
Other general revenues	109,085	56,472	107.33%	52,613
Total revenues	<u>66,231,660</u>	<u>2,408,536</u>	<u>3.77%</u>	<u>63,823,124</u>
Program expenses				
General government	3,929,073	(1,138,725)	-22.47%	5,067,798
Public safety	4,360,226	914,424	26.54%	3,445,802
Public works	2,642,101	(277,878)	-9.52%	2,919,979
Health and welfare	506,692	(231,524)	-31.36%	738,216
Culture and recreation	1,386,752	282,513	25.58%	1,104,239
Education	50,834,171	2,682,253	5.57%	48,151,918
Interest	482,663	(84,863)	-14.95%	567,526
Total expenses	<u>64,141,678</u>	<u>2,146,200</u>	<u>3.46%</u>	<u>61,995,478</u>
Change in net position	2,089,982	262,336	0.31%	1,827,646
Net position - July 1 (as restated)	85,874,812			84,053,152
Restatement for implementation of GASB 84	-			(5,986)
Net position - June 30	<u>\$ 87,964,794</u>			<u>\$85,874,812</u>

Property taxes comprise 71.83% of revenues, followed by operating grants and contributions at 22.08%, and charges for services at 5.09%.

**Town of New Fairfield, Connecticut
Management's Discussion and Analysis
For the Year Ended June 30, 2018**

Significant revenue related changes are as follows:

- Property taxes increased by \$1,982,378 primarily due to the increase in the budget and the amount funded with property taxes and the related increase in interest and lien fee amounts. The mil rate increased from 28.68 to 29.82. The property tax collection rate continued to exceed 99.0% again this year at 99.4%.
- Operating grants and contributions increased by \$1,156,296 substantially due to an increase in the amount of on-behalf payments recorded for Connecticut State Teachers' pension and OPEB of \$825,634. The OPEB amount of \$784,941 was recorded for the first time this fiscal year based upon GASB 75.

With respect to expenses, 79.25% of the Town's expenses relates to education, followed by 6.80% to public safety, 6.13% to general government, 4.12% to public works, 2.16 to culture and recreation, and 0.79% to health and welfare.

- Education expenses increased by \$2,682,253 due to an increase in health insurance costs of \$1,189,894, the annual budget increase of \$223,155, and State Teachers' pension and OPEB plan on-behalf payments as compared to the prior year of \$825,634.
- Public safety expenses increased by \$914,424 primarily due to costs incurred in relation to storm damages as well as an increase in pension and OPEB expenses.
- General government expenses decreased by \$1,138,725 mainly due to a decrease in insurance costs as compared to the prior year.

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.

The Town reports fund balance in 5 categories. The following are the categories and definitions:

- Nonspendable fund balance – not in spendable format such as inventories and prepaid expenses.
- Restricted fund balance - limitations imposed by external parties, grantors or by legislation.
- Committed fund balance - can only be spent for specific purposes as established by the government's highest level of decision-making authority or contractual obligations.
- Assigned fund balance - amounts that are intended for a specific purpose but do not meet the definition of restricted or committed (i.e., designated for subsequent year's budget).
- Unassigned fund balance - amounts available for any purpose.

**Town of New Fairfield, Connecticut
Management's Discussion and Analysis
For the Year Ended June 30, 2018**

Governmental funds (continued)

As of the end of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$16,175,338, an increase of \$1,919,642 in comparison with the prior year. \$6,902,917, of this total amount constitutes unassigned fund balance.

The remainder of fund balance is nonspendable, restricted, committed or assigned to indicate that it is not available for new spending due to the following:

1. Nonspendable for endowments and loans (\$1,368,134).
2. Restricted due to grant restrictions or legal requirements (\$226,048).
3. Committed for capital projects (\$3,696,366).
4. Assigned for encumbrances, the May storm clean-up and other specific purposes (\$3,981,873).

Of the \$3,981,873 of assigned fund balance \$2,347,666 is assigned for the May storm clean-up. This represents the amount of the remaining unexpended amount from the \$2,500,000 appropriation from fund balance to address the clean-up costs.

General Fund. The General Fund is the operating fund of the Town. At the end of the current fiscal year, unassigned fund balance of the general fund was \$7,204,605, while total fund balance reached \$10,155,232. 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 12.01% of total General Fund expenditures and transfers out, while total fund balance represents 16.93% of that same amount.

During the current fiscal year, the fund balance of the Town's General Fund increased by \$2,532,368. The increase was substantially attributable to intergovernmental revenue received from the state over budgeted expectations of \$1,762,782 as well as property taxes and charges for services exceeding the amounts budgeted by \$186,231 and 138,642, respectively. In addition, the budget was underspent by \$469,504. The under expended budgets included education at \$189,837, public safety at \$85,941 and general government at \$117,988.

Capital Non-Recurring Fund. The Capital Non-Recurring Fund's net change in fund balance was a decrease of \$846,140 for the fiscal year due to the timing of the funding and spending of projects.

Proprietary Fund

The internal service fund is the Town's only proprietary fund. Unrestricted net position in the fund at year end was \$2,875,126, a decrease of \$442,403 from the prior year.

General Fund Budgetary Highlights

The difference between the original budget and the final amended budget was \$2,535,000. The significant additional appropriations and budget transfers were as follows:

- Appropriation of \$2,500,000 for the May storm clean-up costs. The Town plans to apply to FEMA for reimbursement of a portion of these costs during fiscal year 2019.

**Town of New Fairfield, Connecticut
Management's Discussion and Analysis
For the Year Ended June 30, 2018**

- Increase of \$109,450 to public works was primarily due to higher than expected snow materials and supplies costs of \$41,160, salary and overtime costs of \$34,565, town engineering costs of \$20,795, contracted services costs of \$10,219, and seasonal personnel costs of \$2,554.
- Decrease of \$78,636 to general government was primarily due to lower than expected finance costs of \$20,733, business machines costs of \$18,000, professional services costs of \$10,000, board of selectman salary costs of \$8,569, unclassified payroll and benefits costs of \$8,335, and registrars of voters' salary costs of \$5,000.
- Increase of \$46,585 to public safety and protection was due to higher than expected overall police costs of \$32,085, primarily due to higher overtime costs, and fire companies' costs of \$14,500, due to an increase of ambulance services to twenty-four hour / seven day a week coverage.

Capital Assets and Debt Administration

Capital assets

The Town's investment in capital assets amounts to \$93,961,888 (net of accumulated depreciation). This investment in capital assets is as follows:

Capital Assets (Net of Accumulated Depreciation)		
	2018	2017
Land	\$ 6,726,276	\$ 6,481,576
Construction in progress	1,805,948	1,022,107
Land Improvements	11,748,937	11,685,415
Buildings and improvements	46,362,872	47,879,392
Machinery and equipment	3,952,347	4,098,826
Infrastructure	23,365,508	23,901,362
Total	\$ 93,961,888	\$ 95,068,678

The capital assets (net of depreciation) decreased in the current year by \$1,106,790. The decrease is due to depreciation expense exceeding capital additions. In the current year, the Town had capital asset additions totaling \$2,285,345. Major capital asset additions consisted of the following:

- City streetscape improvements – construction in progress of \$381,395
- Candlewood culverts & corners project – construction in progress of \$414,697
- Various Town vehicles of \$562,837

Additional information on the Town's capital assets can be found in Note 3D.

**Town of New Fairfield, Connecticut
Management's Discussion and Analysis
For the Year Ended June 30, 2018**

Long-term debt

At the end of the fiscal year, the Town had total bonded debt outstanding of \$18,625,000. All debt is backed by the full faith and credit of the Town.

	Outstanding Debt Long-Term Obligations	
	<u>2018</u>	<u>2017</u>
School	\$ 15,827,590	\$ 18,184,000
General Purpose	2,797,410	2,286,000
Total	<u>\$ 18,625,000</u>	<u>\$ 20,470,000</u>

During the current fiscal year, the Town's total bonded debt decreased by a net \$1,845,000. The decrease was due to scheduled principle payments on outstanding bonded debt.

The Town maintains an "AAA" credit rating from Moody's Investor Service.

State Statutes limit the amount of general obligation debt a governmental entity may issue to 7 times total tax collections including interest and lien fees and the tax relief for elderly freeze grant. The current debt limitation for the Town is \$298,303,929, 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 3E.

Economic Factors and Next Year's Budgets and Rates

As of June 2018, the unemployment rate for the Town was at 3.7%, which compares favorably to the State's average unemployment rate of 4.4%.

Inflationary trends in the region compare favorably to national indices.

The level of State funding continues to be of concern as it has been reduced in the past two fiscal years.

The May storm has caused the Town to incur an estimated \$2,500,000 of clean-up costs. The Town appropriated the money from fund balance during the fiscal year to pay for these costs, but is planning on submitting a reimbursement request to FEMA during fiscal year 2019. Historically, FEMA has reimbursed local governments for approximately 70% of eligible costs.

All of these factors were considered in preparing the Town's budget for the 2019 fiscal year.

Requests for Information

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, contact 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, 2018**ASSETS**

Cash	\$ 8,816,352
Restricted cash	113,645
Investments	15,238,947
Receivables (net)	
Property taxes	542,472
Accounts	479,633
Loans	1,367,652
Intergovernmental	819,715
Prepaid expenses and other	669,180
Capital assets	
Nondepreciable	8,532,224
Depreciable, net of accumulated depreciation	85,429,664
	<u>122,009,484</u>

DEFERRED OUTFLOWS OF RESOURCES

Deferred charge on refunding bonds	751,975
Pension related	709,543
OPEB related	298,048
	<u>1,759,566</u>

LIABILITIES

Accounts payable	2,769,825
Accrued payroll and related	339,565
Accrued interest payable	264,979
Performance bonds	113,645
Unearned revenues	291,357
Non-current liabilities	
Net pension liability	1,530,632
Net OPEB liability	2,909,956
Due within one year	1,966,705
Due in more than one year	18,862,228
	<u>29,048,892</u>

DEFERRED INFLOWS OF RESOURCES

Advance property tax collections	4,140,242
Pension related	194,205
OPEB related	2,420,917
	<u>6,755,364</u>

NET POSITION

Net investment in capital assets	74,267,982
Restricted for:	
Endowments:	
Nonexpendable	482
General government	12,752
Public safety	2,827
Culture and recreation	57,349
Public works	79,738
Public health and social services	73,382
Unrestricted	13,470,282
Total net position	<u>\$ 87,964,794</u>

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, 2018

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net	
		Charges for Services	Operating Grants and Contributions		Capital Grants and Contributions
General government	\$ 3,929,073	\$ 979,455	\$ 926,561	\$ 145,230	\$ (1,877,827)
Public safety	4,360,226	390,217	10,008	-	(3,960,001)
Public works	2,642,101	168,276	390,093	-	(2,083,732)
Health and welfare	506,692	64,822	21,569	-	(420,301)
Culture and recreation	1,386,752	659,511	9,407	-	(717,834)
Education	50,834,171	1,110,768	13,267,649	8,521	(36,447,233)
Interest expense	482,663	-	-	-	(482,663)
	<u>\$ 64,141,678</u>	<u>\$ 3,373,049</u>	<u>\$ 14,625,287</u>	<u>\$ 153,751</u>	<u>\$ (45,989,591)</u>
General Revenues					
					47,571,475
					30,272
					368,741
					<u>109,085</u>
					48,079,573
					2,089,982
					<u>85,874,812</u>
					<u>\$ 87,964,794</u>

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

Town of New Fairfield, Connecticut

Balance Sheet
Governmental Funds
June 30, 2018

	General Fund	Capital Non Recurring Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash	\$ 3,934,646	\$ 3,221,702	\$ 1,418,392	\$ 8,574,740
Restricted cash	113,645	-	-	113,645
Investments	14,695,959	-	542,988	15,238,947
Receivables (net)				
Property taxes	542,472	-	-	542,472
Accounts	222,088	88,360	58,522	368,970
Loans	-	-	1,367,652	1,367,652
Intergovernmental	107,039	-	34,341	141,380
Due from other funds	854,244	441,351	1,462,280	2,757,875
Other assets	-	-	44,180	44,180
Total assets	<u>\$20,470,093</u>	<u>\$ 3,751,413</u>	<u>\$ 4,928,355</u>	<u>\$ 29,149,861</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 1,706,863	\$ 238,698	\$ 241,268	\$ 2,186,829
Accrued payroll and related	327,516	233	11,816	339,565
Due to other funds	3,484,123	859,983	894,616	5,238,722
Performance bonds	113,645	-	-	113,645
Unearned revenues	-	-	291,357	291,357
Total liabilities	<u>5,632,147</u>	<u>1,098,914</u>	<u>1,439,057</u>	<u>8,170,118</u>
Deferred inflows of resources				
Unavailable revenues				
Advance property tax collections	4,140,242	-	-	4,140,242
Property taxes	542,472	121,691	-	664,163
Total deferred inflows of resources	<u>4,682,714</u>	<u>121,691</u>	<u>-</u>	<u>4,804,405</u>
Fund balances				
Nonspendable	-	-	1,368,134	1,368,134
Restricted	-	-	226,048	226,048
Committed	-	2,530,808	1,165,558	3,696,366
Assigned	2,950,627	-	1,031,246	3,981,873
Unassigned	7,204,605	-	(301,688)	6,902,917
Total fund balances	<u>10,155,232</u>	<u>2,530,808</u>	<u>3,489,298</u>	<u>16,175,338</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$20,470,093</u>	<u>\$ 3,751,413</u>	<u>\$ 4,928,355</u>	<u>\$ 29,149,861</u>

(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
June 30, 2018

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)	\$ 16,175,338
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds (net)	93,961,888
Other long-term assets and deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are deferred in the funds:	
Property tax and interest accrual	664,163
Long-term receivables	678,335
Deferred outflows of resources related to pension	709,543
Deferred outflows of resources related to OPEB	298,048
Internal service funds are used by management to charge the costs of insurance and general services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position	2,875,126
Governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities	
Premiums on refunding bonds	(1,358,763)
Deferred charge on refunding bond	751,975
Long-term liabilities and deferred inflows are not due and payable in the current period and, therefore, are not reported in the funds	
General obligation bonds	(18,625,000)
Capital lease	(483,602)
Compensated absences	(361,568)
Net pension liability	(1,530,632)
Net OPEB liability	(2,909,956)
Deferred inflows of resources related to pension	(194,205)
Deferred inflows of resources related to OPEB	(2,420,917)
Accrued interest	<u>(264,979)</u>
Net Position (Exhibit A)	<u>\$ 87,964,794</u> (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, 2018

	General Fund	Capital Non Recurring Fund	Other Governmental Funds	Total Governmental Funds
REVENUES				
Property taxes	\$ 47,562,514	\$ -	\$ -	\$ 47,562,514
Intergovernmental	13,169,118	425,164	1,268,089	14,862,371
Charges for services	1,383,899	-	2,011,298	3,395,197
Contributions	-	-	28,264	28,264
Investment income	310,890	50,075	7,776	368,741
Other	<u>106,581</u>	<u>5,340</u>	<u>47,427</u>	<u>159,348</u>
Total revenues	<u>62,533,002</u>	<u>480,579</u>	<u>3,362,854</u>	<u>66,376,435</u>
EXPENDITURES				
Current				
General government	3,234,467	-	130,264	3,364,731
Public safety	3,451,572	-	298	3,451,870
Public works	1,503,777	-	175,015	1,678,792
Health and welfare	485,938	-	19,388	505,326
Culture and recreation	608,424	-	545,683	1,154,107
Health insurance	5,952,952	-	-	5,952,952
Education	41,805,563	-	1,633,200	43,438,763
Debt service				
Principal	2,127,550	-	-	2,127,550
Interest	294,583	-	-	294,583
Capital outlay	<u>-</u>	<u>1,782,613</u>	<u>705,506</u>	<u>2,488,119</u>
Total expenditures	<u>59,464,826</u>	<u>1,782,613</u>	<u>3,209,354</u>	<u>64,456,793</u>
Excess (deficiency) of revenues over expenditures	<u>3,068,176</u>	<u>(1,302,034)</u>	<u>153,500</u>	<u>1,919,642</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	750,829	503,414	1,254,243
Transfers out	<u>(535,808)</u>	<u>(294,935)</u>	<u>(423,500)</u>	<u>(1,254,243)</u>
Net other financing sources (uses)	<u>(535,808)</u>	<u>455,894</u>	<u>79,914</u>	<u>-</u>
Net change in fund balances	2,532,368	(846,140)	233,414	1,919,642
Fund balances - July 1, 2017 (as restated)	<u>7,622,864</u>	<u>3,376,948</u>	<u>3,255,884</u>	<u>14,255,696</u>
Fund balances - June 30, 2018	<u>\$ 10,155,232</u>	<u>\$ 2,530,808</u>	<u>\$ 3,489,298</u>	<u>\$ 16,175,338</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 the Statement of Activities
For the Year Ended June 30, 2018

Amounts reported in the Statement of Activities (Exhibit B) are different due to:

Net Change in Fund Balances - Total Governmental Funds (Exhibit D)	<u>\$ 1,919,642</u>
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense exceeded capital outlay in the current period.</p>	
Capital asset additions (net of construction in progress)	2,208,514
Depreciation expense	<u>(3,315,304)</u>
Total	<u>(1,106,790)</u>
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>	
Change in property taxes - accrual basis change	(115,654)
Change in other receivables	<u>24,784</u>
Total	<u>(90,870)</u>
<p>Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position</p>	
Principal payments bonds and capital lease	1,943,143
Amortization of deferred charge and on refunding bonds and premium	<u>194,756</u>
Total	<u>2,137,899</u>
<p>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, including the change in</p>	
Accrued interest	(100,286)
Compensated absences	58,643
Pension and other post employment benefits expense	<u>(285,853)</u>
Total	<u>(327,496)</u>
<p>Internal service funds are used by management to charge the costs of medical, risk management and other claims to individuals funds. The net revenue/expense of certain activities of internal service funds is reported with governmental activities.</p>	
	<u>(442,403)</u>
Change in Net Position (Exhibit B)	<u>\$ 2,089,982</u>

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

Town of New Fairfield, Connecticut

Statement of Net Position
Proprietary Funds
June 30, 2018

	<u>Internal Service Fund</u>
	<u>Medical Insurance</u>
ASSETS	
Current Assets	
Cash	\$ 241,612
Accounts receivable	110,663
Due from other funds	2,480,847
Prepaid expense	<u>625,000</u>
Total current assets	<u>3,458,122</u>
LIABILITIES	
Current Liabilities	
Accounts payable	\$ 121,996
Claims payable	<u>461,000</u>
Total Current Liabilities	<u>582,996</u>
NET POSITION	
Unrestricted	<u>\$ 2,875,126</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, 2018

	Internal Service Fund
	Medical Insurance
Operating Revenues	
Premiums	\$ 7,171,911
Operating Expenses	
Claims	5,792,511
Administration and insurance	1,564,768
Other	257,035
Total operating expenses	7,614,314
Income (loss) from operations	(442,403)
Total net position - July 1, 2017	3,317,529
Total net position - June 30, 2018	\$ 2,875,126

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, 2018

	Internal Service Fund
	Medical Insurance
Cash Flows From Operating Activities	
Cash received from customers and users	\$ 7,147,393
Cash payments for administration and insurance	(1,905,873)
Cash payments for benefits and claims	(5,768,511)
Advance payment on subsequent year benefits	(625,000)
Net cash from operating activities	(1,151,991)
Cash Flows From Non-Capital Financing Activities	
Decrease in interfund	680,658
Net (increase) decrease in cash and equivalents	(471,333)
Cash - July 1, 2017	712,945
Cash - June 30, 2018	\$ 241,612
Reconciliation of Income from Operations to Net Cash From Operating Activities	
Income (loss) from operations	\$ (442,403)
Changes in operating assets and liabilities	
Accounts receivable	(24,518)
Prepaid expense	(625,000)
Claims payable	(60,070)
Net cash from operating activities	\$ (1,151,991)

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

Town of New Fairfield, Connecticut

Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2018

	Pension and OPEB Trust Funds	Private- Purpose Trust Fund Scholarship Fund	Custodial Fund Student Activities
ASSETS			
Cash	\$ -	\$ 6,038	\$ 471,043
Investments			
Certificates of deposit	-	-	94,828
Mutual funds			
Equity	10,980,004	-	-
Money market	72,142	-	-
Real estate index	154,775	-	-
Bonds	8,963,270	-	-
Total investments	<u>20,170,191</u>	<u>-</u>	<u>94,828</u>
Total assets	<u>20,170,191</u>	<u>6,038</u>	<u>565,871</u>
NET POSITION			
Restricted for			
Pension benefits	17,005,711	-	-
OPEB benefits	3,164,480	-	-
Individuals and organizations	<u>-</u>	<u>6,038</u>	<u>565,871</u>
Total net position	<u>\$ 20,170,191</u>	<u>\$ 6,038</u>	<u>\$ 565,871</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, 2018

	Pension and OPEB Trust Funds	Private- Purpose Trust Fund Scholarship Fund	Custodial Fund Student Activities
ADDITIONS			
Contributions			
Employer	\$ 1,222,507	\$ -	\$ -
Charges for services	-	-	724,031
Investment income (loss)			
Net change in fair value of investments	754,383	-	-
Interest and dividends	432,907	52	318
Total Investment Income (loss)	1,187,290	52	318
Less investment expenses	50,769	-	-
Net Investment Income (loss)	1,136,521	52	318
Total Additions	2,359,028	52	724,349
DEDUCTIONS			
Benefits	684,880	-	-
Administration	64,435	-	-
Activities and events	-	-	684,861
Total deductions	749,315	-	684,861
Change in net position	1,609,713	52	39,488
Net position - July 1, 2017 (as restated)	18,560,478	5,986	526,383
Net position - June 30, 2018	\$ 20,170,191	\$ 6,038	\$ 565,871

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

Town of New Fairfield, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2018

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.

1. Summary of Significant Accounting Policies

The accounting policies conform to generally accepted accounting principles as applicable to governmental units. The Governmental Accounting Standards Board (“GASB”) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the Town's more significant accounting policies:

A. Financial Reporting Entity

The financial reporting entity consists of: a) the primary government; b) organizations for which the primary government is financially accountable and c) 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 as set forth by GASB.

B. Government-Wide Financial Statements

The government-wide financial statements (i.e., the statement of net position in Exhibit A and the statement of activities in Exhibit B) report information on all non-fiduciary activities of the primary government as a whole. For the most part, the effect of interfund activity has been removed from these statements, except for interfund services provided and used. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities (if any), which rely to a significant extent on fees and charges for support.

The statement of net position presents the financial position of the Town at the end of its fiscal year. The statement of activities demonstrates the degree to which direct expenses of a given function or segments are 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 or services, or privileges provided by a given function or segment, (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment and (3) interest earned on grants that is required to be used to support a particular program. Taxes and other items not identified as program revenues are reported as general revenues.

C. Fund Financial Statements

The accounts of the Town are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts which comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balances, revenues and expenditures. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance related legal and contractual provisions. The Town maintains the minimum number of funds consistent with legal and managerial requirements.

Town of New Fairfield, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2018

1. Summary of Significant Accounting Policies (Continued)

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.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operation. The principal operating revenues of the Internal Service Funds are charges to the Town for health insurance. Operating expenses for the internal service funds include the cost of insurance, administrative expenses and benefit costs. All revenues and expenses not meeting the definition are reported as non-operating revenues and expenses.

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Agency funds have no measurement focus but are accounted for using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

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 *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds.

Expenditure reimbursement type grants, certain intergovernmental revenues, transfers and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. For reimbursement grants, the Town considers revenues to be available if they are collected within one year of the end 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.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures, when applicable, related to early retirement incentives, compensated absences, capital leases, post-closure landfill costs, pollution remediation obligations, other post-employment benefit obligations, certain pension obligations and certain claims payable are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Town of New Fairfield, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2018

1. Summary of Significant Accounting Policies (Continued)

The Town reports the following major governmental funds:

- General Fund constitutes the primary operating fund of the Town and is used to account for and report all financial resources not accounted for and reported in another fund.
- Capital Nonrecurring Fund – This fund was set up under the Connecticut General Statutes as a municipal reserve fund for capital projects.
- Proprietary Funds - Proprietary funds consist of an internal service fund. Internal service funds are used to account for those operations that provide services to the Town. The internal service fund accounts for risk financing for medical insurance benefits for the general government and the Board of Education.
- Fiduciary Funds (not included in government-wide financial statements) - The fiduciary funds are used to account for assets held by the Town in an agency capacity on behalf of others. These include pension/OPEB trust funds, private purpose trust fund and custodial funds. The pension/OPEB trust funds are provided to account for the activities of the Town's defined benefit pension plans and the other post-employment benefit ("OPEB") trust fund, which accumulate resources for pension and health benefit payments to qualified employees upon retirement. The private purpose trust fund accounts for resources legally held in trust for student scholarships. All resources of the fund, including earnings, may not be used to support Town activities. The custodial fund is primarily utilized to account for monies held as custodian for outside student groups.
- Pensions and other post-employment benefits (OPEB) - For purposes of measuring the net pension and OPEB liabilities, 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 of Fairfield pension and OPEB plans and the Connecticut State Teachers' Retirement System (TRS) have been determined on the same basis as they are reported by the Town of Fairfield pension and OPEB plans and TRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms.

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Fund Balances**Deposits, Investments and Risk Disclosure**

Cash - Cash consist of funds deposited in demand deposit accounts and cash on hand.

The Town's custodial credit risk policy is to only allow the Town to use banks that are in the State of Connecticut. The State of Connecticut requires that each depository maintain segregated collateral in an amount equal to a defined percentage of its public deposits based upon the bank's risk-based capital ratio.

Town of New Fairfield, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2018

1. Summary of Significant Accounting Policies (Continued)

Investments - The investment policies of the Town conform to the policies as set forth by the State of Connecticut. The Town's policy is to only allow prequalified financial institution broker/dealers and advisors. The Town's policy allows investments in the following: obligations of the United States and its agencies; highly rated obligations of any state of the United States or of any political subdivision, authority or agency thereof; and shares or other interests in custodial arrangements or pools maintaining constant net asset values and in highly rated no-load open end money market and mutual funds (with constant or fluctuating net asset values) whose portfolios are limited to obligations of the United States and its agencies, and repurchase agreements fully collateralized by such obligations. The Statutes (Sections 3-24f and 3-27f) also provide for investment in shares of the Connecticut Short-Term Investment Fund.

The short-term investment fund ("STIF") is a money market investment pool managed by the cash management division of the State Treasurer's office created by section 3-27 of the Connecticut General Statutes ("CGS"). Pursuant to CGS 3-27a through 3-27f, the State, municipal entities, and political subdivisions of the State are eligible to invest in the fund. The fund reports its investments at amortized cost (which approximates fair value). The pool is rated AAAM by Standard & Poor. This is the highest rating for money market funds and investment pools.

The Town follows U.S. GAAP guidance on *fair value measurements* which defines fair value and establishes a fair value hierarchy organized into three levels based upon the input assumptions used in pricing assets. Level 1 inputs have the highest reliability and are related to assets with unadjusted quoted prices in active markets. Level 2 inputs relate to assets with other than quoted prices in active markets which may include quoted prices for similar assets or liabilities or other inputs which can be corroborated by observable market data. Level 3 inputs are unobservable inputs and are used to the extent that observable inputs do not exist.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement.

Other provisions of the Statutes cover specific municipal pension funds with particular investment authority and do not specify permitted investments. Therefore, investment of such funds is generally controlled by the laws applicable to fiduciaries (i.e., prudent person rule) and the provisions of the applicable plan. Their approved policies target an asset mix to provide the probability of meeting or exceeding the return objectives at the lowest possible risk.

The Town's pension plans investment policy targets investment in equities of 50%, fixed income of 30%, hedge funds of 10%, commodities and real estate of 8% and cash of 2%.

The Town's OPEB plans investment policy targets investment in equities of 70% and fixed income of 30%.

Town of New Fairfield, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2018

1. Summary of Significant Accounting Policies (Continued)

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 changing interest rates. Generally, the Town does not invest in any long-term investment obligations.

Custodial Credit Risk – Custodial credit risk is the risk that, in the event of a bank failure, the Town's deposits may not be returned to it. The Town's policy for custodial credit risk is to invest in obligations allowable under the Connecticut General Statutes as described previously.

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 does not have a formal credit risk policy other than restrictions to obligations allowable under the Connecticut General Statutes.

Concentration of Credit Risk – Concentration of credit risk is the risk attributed to the magnitude of a government'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 of any one depository.

Foreign Currency Risk - Foreign currency risk is the risk that changes in foreign exchange rates will adversely affect the fair value of an investment. The Town does not have policies for foreign currency risk.

Property Taxes Receivable - Property taxes are assessed on property values as of October 1st. The tax levy is divided into two billings; the following July 1st and January 1st. This is used to finance the fiscal year from the first billing (July 1st) to June 30th of the following year. The billings are considered due on those dates; however, the actual due date is based on a period ending 31 days after the tax bill. On these dates (August 1st and February 1st), the bill becomes delinquent at which time the applicable property is subject to lien, and penalties and interest are assessed.

Under State Statute, the Town has the right to impose a lien on a taxpayer if any personal property tax, other than a motor vehicle tax, due to the Town is not paid within the time limited by any local charter or ordinance. The lien shall be effective for a period of fifteen years from the date of filing unless discharged. A notice of tax lien shall not be effective if filed more than two years from the date of assessment for the taxes claimed to be due.

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

Other Receivables - Other receivables include amounts due from other governments and individuals for services provided by the Town. Receivables are recorded and revenues recognized as earned or as specific program expenditures/expenses are incurred. Allowances are recorded when appropriate.

Prepaid Expenses/Expenditures - Certain payments to vendors reflect costs applicable to future accounting periods, and are recorded as prepaid items using the consumption method in both the government-wide and fund financial statements.

Town of New Fairfield, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2018

1. Summary of Significant Accounting Policies (Continued)

Due From/To Other Funds - During the course of its operations, the Town has numerous transactions between funds to finance operations, provide services and construct assets. To the extent that certain transactions between funds had not been paid or received as of yearend, balances of interfund amounts receivable or payable have been recorded in the fund financial statements.

Restricted Assets - The restricted assets are restricted for performance bonds. 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.

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.

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
Buildings and improvements	50	20,000
Machinery and equipment	5-20	5,000
Infrastructure	50	100,000

Unearned Revenues - Unearned revenues arise when assets are recognized before revenue recognition criteria have been satisfied. In the government-wide financial statements, unearned revenues consist of revenue received in advance and/or amounts from grants received before the eligibility requirements have been met.

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

Town of New Fairfield, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2018

1. Summary of Significant Accounting Policies (Continued)

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period 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 other post-employment benefits ("OPEB"). A deferred outflow or inflow of resources related to pensions and OPEB results from differences between expected and actual experience, the net difference between projected and actual earnings, and a change in assumptions. These amounts are deferred and included in pension expense in a systematic and rational manner over a period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension or OPEB plan (active employees and inactive employees). The deferred outflows/inflows for the net difference between projected and actual earnings of the pension plan investments will be amortized over a five-year period.

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.

Finally, deferred inflows of resources in the fund financial statements are those where asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Such amounts in the fund financial statements have been deemed to be measurable but not "available" pursuant to generally accepted accounting principles.

Long-Term Liabilities - 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.

Town of New Fairfield, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2018

1. Summary of Significant Accounting Policies (Continued)

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.

Net Position - Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the Town or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position on the statement of net position includes net investment in capital assets and restricted. The balance is classified as unrestricted.

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).

Unrestricted Net Position

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

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.

Town of New Fairfield, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2018

1. Summary of Significant Accounting Policies (Continued)

Fund Balance - Generally, fund balance represents the difference between current assets and current liabilities. In the fund financial statements, governmental funds report fund classifications that comprise a hierarchy based primarily on the extent to which the Town is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Under this standard, the fund balance classifications are as follows:

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.

In order to calculate the amounts to report as restricted and unrestricted fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the Town's policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the Town's policy to use fund balance in the following order: committed, assigned, and unassigned.

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.

Town of New Fairfield, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2018

1. Summary of Significant Accounting Policies (Continued)**F. Encumbrances**

In governmental funds, encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve applicable appropriations, is generally employed as an extension of formal budgetary integration in the General Fund. Encumbrances outstanding at year-end are generally reported as assigned fund balance since they do not constitute expenditures or liabilities.

G. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, deferred inflows and outflows, and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

H. Reclassification

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

2. Stewardship, Compliance and Accountability**A. Budget Basis**

A formal, legally approved, annual budget is adopted for the General Fund only. This budget is adopted on a basis consistent with Generally Accepted Accounting Principles (modified accrual basis) with the following exceptions:

1. Teachers' Retirement and OPEB - The Town does not recognize as income or expenditures payments made for the teachers' retirement and OPEB by the State of Connecticut under a special funding situation in its budget. US GAAP requires that the employer government recognize payments for salaries and fringe benefits paid under a special funding situation for its employees.
2. Encumbrances - Unless committed through a formal encumbrance (e.g., purchase orders, signed contracts), all annual appropriations lapse at fiscal year-end. Encumbrances outstanding at year end are reported on the budgetary basis statements as expenditures.
 - 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.
 - During the year, there were \$2,500,000 of additional appropriations made for cleaning costs related to the May Storm from fund balance.

Town of New Fairfield, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2018

2. Stewardship, Compliance and Accountability (Continued)

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.

3. Detailed Notes

A. Cash and Investments

Deposits - custodial credit risk

Custodial credit risk is the risk that, in the event of a bank failure, the Town's deposits may not be returned to it. The Town does not have a deposit policy for custodial credit risk. At year end, \$14,584,973 of the Town's bank balance of \$21,518,583 (including certificates of deposit and money market accounts) was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 14,515,241
Uninsured and collateral held by the pledging bank's trust department, not in the Town's name	<u>69,732</u>
Total amount subject to custodial credit risk	<u><u>\$ 14,584,973</u></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
For the Year Ended June 30, 2018

3. Detailed Notes (Continued)

A. Cash and Investments (continued)

The Town's investments (including restricted investments) consisted of the following:

Type of Investment	Fair Value	Investment Maturities (In Years)			
		N/A	Less Than 1	1-5 Years	6-10 Years
Mutual Funds:					
Equity	\$ 10,980,004	\$10,980,004	\$ -	\$ -	\$ -
Money market	72,142	-	72,142	-	-
Real estate index	154,775	154,775	-	-	-
Bonds	8,963,270	-	-	1,006,802	7,956,468
Certificates of deposit	11,721,211	-	11,721,211	-	-
Pooled fixed income	3,612,564	-	3,612,564	-	-
Total	<u>\$35,503,966</u>	<u>\$11,134,779</u>	<u>\$15,405,917</u>	<u>\$ 1,006,802</u>	<u>\$ 7,956,468</u>

Fair Value of Investments

The Town measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy, as follows:

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

Town of New Fairfield, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2018

3. Detailed Notes (Continued)

A. Cash and Investments (continued)

The Town had the following recurring fair value measurements:

	Amount	Quoted Market Prices in Active Markets <u>Level 1</u>
<u>Mutual Funds:</u>		
Equity	\$ 10,980,004	\$ 10,980,004
Bonds	8,963,270	8,963,270
Real estate index	154,775	154,775
Money market	<u>72,142</u>	<u>72,142</u>
Total Investments by Fair Value Level	<u>20,170,191</u>	<u>\$ 20,170,191</u>
<u>Other Investments Not Subject to Fair Value Measurement</u>		
Certificates of deposit	11,721,211	
Pooled fixed income	<u>3,612,564</u>	
Total Other Investments	<u>15,333,775</u>	
Total Investments	<u>\$ 35,503,966</u>	

Securities classified in Level 1 are valued using prices quoted in active markets for those securities.

Interest rate risk - 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 - 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.

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

Rating	Pooled Fixed Income	Bond Mutual Funds
AAA	<u>\$ 3,612,564</u>	<u>\$ 8,963,270</u>

Town of New Fairfield, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2018

3. Detailed Notes (Continued)

B. Interfund Accounts

The summary of interfund balances is as follows:

	<u>Corresponding Fund</u>	<u>Due From</u>	<u>Due To</u>
Major Funds			
General Fund			
Capital Nonrecurring Fund	N/A	\$ -	\$ 412,694
Special Revenue Funds	N/A	498,517	487,029
Capital Projects Funds	N/A	355,727	103,553
Insurance Reserve Fund	N/A	-	2,480,847
		<u>854,244</u>	<u>3,484,123</u>
Total General Fund		<u>854,244</u>	<u>3,484,123</u>
Capital Nonrecurring Fund			
School Capital Project	N/A	28,657	-
General Fund	N/A	412,694	-
BOE Capital Nonrecurring Fund	N/A	-	859,983
		<u>441,351</u>	<u>859,983</u>
Total Capital Nonrecurring Fund		<u>441,351</u>	<u>859,983</u>

Town of New Fairfield, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2018

3. Detailed Notes (Continued)

B. Interfund Accounts (continued)

	Corresponding Fund	Due From	Due To
Other Governmental Funds			
Special Revenue Funds			
Education Grants Fund	User Surcharges Fund	\$ -	\$ 110
Education Grants Fund	Recreation Programs Fund	-	190
Education Grants Fund	General Fund	-	254,331
Education Grants Fund	General Fund	13,654	-
Drug Enforcement Fund	General Fund	-	105
Dog Registration Fund	General Fund	-	6,290
Recreation Programs Fund	General Fund	-	65,746
Recreation Programs Fund	Education Grants Fund	190	-
Recreation Programs Fund	User Surcharges Fund	-	6,467
Drop Off Center Fund	General Fund	-	112,326
User Surcharges Fund	Recreation Programs Fund	6,467	-
User Surcharges Fund	General Fund	113,029	-
User Surcharges Fund	Educational Grants Fund	110	-
Education Grants Fund	General Fund	41,788	-
Groovin' in New Fairfield Fund	General Fund	2,119	-
Communications Tower Fund	General Fund	76,923	-
Miscellaneous Grants Fund	General Fund	65,512	-
Municipal Water System Fund	General Fund	-	55,262
Beaver Bog Cemetery Fund	General Fund	-	4,457
Senior Center Fund	General Fund	52,734	-
Education Grants Fund	General Fund	110,953	-
Miscellaneous Grants Fund	Senior Center Fund	-	4,948
Senior Center Fund	Miscellaneous Grants Fund	4,948	-
Commission for the Youth Fund	General Fund	10,317	-
Capital Projects Funds			
Fire Company Reserve Fund	General Fund	-	92,281
BOE Capital Nonrecurring Fund	Capital Nonrecurring Fund	859,983	-
BOE Technology Fund	General Fund	-	20,401
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	83,646	-
MHHS/HS Renovations Fund	General Fund	-	152,480
Total Other Governmental Funds		<u>1,462,280</u>	<u>894,616</u>
Internal Service Fund			
Medical Fund	General Fund	<u>2,480,847</u>	<u>-</u>
Grand Total		<u>\$ 5,238,722</u>	<u>\$ 5,238,722</u>

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 bank account.

Town of New Fairfield, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2018

3. Detailed Notes (Continued)

C. Interfund Transfers

A summary of interfund transfers is as follows:

	Corresponding Fund	Transfers In	Transfers Out
Major Funds:			
General Fund			
Capital Nonrecurring Fund	N/A	\$ -	\$ 376,829
Capital Project Funds	N/A	-	158,979
Total General Fund		-	535,808
Capital Nonrecurring Fund			
General Fund	N/A	376,829	-
Communications Tower Fund	N/A	255,000	-
Recreation Programs Fund	N/A	119,000	-
Fire Company Fund	N/A	-	146,935
BOE Capital Fund	N/A	-	148,000
Total Capital Nonrecurring Fund		750,829	294,935
Nonmajor Funds:			
Communication Tower Fund	Capital Nonrecurring Fund	-	255,000
Library Fund	Library Fund (Permanent)	49,500	-
Library Fund (Permanent)	Library Fund	-	49,500
Recreations Programs Fund	Capital Nonrecurring Fund	-	119,000
Fire Company Reserve Fund	Capital Nonrecurring Fund	146,935	-
Fire Company Reserve Fund	General Fund	293	-
BOE Capital Nonrecurring Fund	General Fund	158,686	-
BOE Capital Nonrecurring Fund	Capital Nonrecurring Fund	148,000	-
Total Nonmajor Funds		503,414	423,500
Grand Total		<u>\$ 1,254,243</u>	<u>\$ 1,254,243</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
For the Year Ended June 30, 2018

3. Detailed Notes (Continued)

D. Capital Assets

Changes in capital assets are as follows:

	Balance July 1, 2017	Increase	Decrease	Balance June 30, 2018
<u>Capital Assets, not being depreciated:</u>				
Land	\$ 6,481,576	\$ 244,700	\$ -	\$ 6,726,276
Construction in progress	1,022,107	860,672	76,831	1,805,948
Total capital assets, not being depreciated	<u>7,503,683</u>	<u>1,105,372</u>	<u>76,831</u>	<u>8,532,224</u>
<u>Capital Assets, being depreciated:</u>				
Land improvements	13,248,488	243,667	-	13,492,155
Buildings and improvements	76,501,956	290,638	-	76,792,594
Machinery and equipment	10,254,503	645,668	176,033	10,724,138
Infrastructure	44,368,464	-	-	44,368,464
Total capital assets, being depreciated	<u>144,373,411</u>	<u>1,179,973</u>	<u>176,033</u>	<u>145,377,351</u>
Total capital assets	<u>151,877,094</u>	<u>2,285,345</u>	<u>252,864</u>	<u>153,909,575</u>
<u>Less accumulated depreciation for:</u>				
Land improvements	1,563,073	180,145	-	1,743,218
Buildings and improvements	28,622,564	1,807,158	-	30,429,722
Machinery and equipment	6,155,677	792,147	176,033	6,771,791
Infrastructure	20,467,102	535,854	-	21,002,956
Total accumulated depreciation	<u>56,808,416</u>	<u>3,315,304</u>	<u>176,033</u>	<u>59,947,687</u>
Total capital assets, being depreciated, net	<u>87,564,995</u>	<u>(2,135,331)</u>	<u>-</u>	<u>85,429,664</u>
Capital Assets, net	<u>\$ 95,068,678</u>	<u>\$ (1,029,959)</u>	<u>\$ 76,831</u>	<u>\$ 93,961,888</u>

Town of New Fairfield, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2018

3. Detailed Notes (Continued)

D. Capital Assets (continued)

Depreciation expense was charged to functions/programs as follows:

General government	\$ 58,314
Public safety	503,959
Public works	692,650
Culture and recreation	232,645
Health and welfare	1,634
Education	<u>1,826,102</u>
 Total depreciation expense	 <u>\$ 3,315,304</u>

E. Long-Term Obligations

Description	Original amount	Date of issue	Date of maturity	Interest rate	Balance July 1, 2017	Additions	Deductions	Balance June 30, 2018	Current portion
General obligation bonds:									
General Purpose	\$ 3,990,000	1998	8/15/18	3.4%-5%	\$ 130,820	\$ -	\$ 65,410	\$ 65,410	\$ 65,410
School	2,110,000	1998	8/15/18	3.4%-5%	69,180	-	34,590	34,590	34,590
School	5,095,000	1999	8/1/19	4.25%-6.25%	795,000	-	265,000	530,000	265,000
School	12,000,000	2009	6/30/18	2%-3%	454,000	-	454,000	-	-
General Purpose	2,075,000	2009	6/30/18	2%-3%	76,000	-	76,000	-	-
School	12,000,000	2011	7/15/30	2.5%-2.75%	1,330,000	-	665,000	665,000	665,000
General Purpose Refunding	1,701,000	2014	6/30/21	2%-4%	1,004,000	-	251,000	753,000	251,000
School Refunding	229,000	2014	6/30/21	2%-4%	136,000	-	34,000	102,000	34,000
General Purpose Refunding	863,000	2016	6/30/30	2%-4%	863,000	-	-	863,000	-
School Refunding	7,857,000	2016	6/30/30	2%-4%	7,857,000	-	-	7,857,000	-
General Purpose Refunding	1,116,000	2017	7/15/30	3%-4%	1,116,000	-	-	1,116,000	73,000
School Refunding	<u>6,639,000</u>	2017	7/15/30	3%-4%	<u>6,639,000</u>	-	-	<u>6,639,000</u>	<u>437,000</u>
Total bonds	<u>55,675,000</u>				<u>20,470,000</u>	<u>-</u>	<u>1,845,000</u>	<u>18,625,000</u>	<u>1,825,000</u>
Premium					1,521,904	-	163,141	1,358,763	
Capital leases					581,745	-	98,143	483,602	102,142
Compensated absences					420,211	4,342	62,985	361,568	18,079
Net pension liability					1,503,388	1,886,752	1,859,508	1,530,632	-
Net OPEB liability					5,399,038	1,002,875	3,491,957	2,909,956	-
Total long-term obligations					<u>\$ 29,896,286</u>	<u>\$ 2,893,969</u>	<u>\$ 7,520,734</u>	<u>\$ 25,269,521</u>	<u>\$ 1,945,221</u>

Town of New Fairfield, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2018

3. Detailed Notes (Continued)

E. Long-Term Obligations (continued)

Payments to maturity on the general obligation bonds are as follows:

Year End	General Obligation Bonds		Year End	General Obligation Bonds	
	Principal	Interest		Principal	Interest
2019	\$ 1,825,000	\$ 619,607	2026	\$ 1,435,000	\$ 219,950
2020	1,730,000	552,125	2027	1,450,000	169,500
2021	1,565,000	484,900	2028	1,425,000	126,375
2022	1,395,000	425,700	2029	1,425,000	83,625
2023	1,440,000	376,650	2030	1,405,000	41,175
2024	1,435,000	330,575	2031	670,000	10,050
2025	1,425,000	277,150		<u>\$ 18,625,000</u>	<u>\$ 3,717,382</u>

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, \$16,770,000 of bonds outstanding are considered defeased.

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

Category	Debt Limit	Indebtedness	Net Balance
General purpose	\$ 95,883,406	\$ 2,797,410	\$ 93,085,996
Schools	191,766,812	15,827,590	175,939,222
Sewers	159,805,676	-	159,805,676
Urban renewal	138,498,253	-	138,498,253
Pension deficit	127,844,541	-	127,844,541

The total overall statutory debt limit for the Town is equal to seven times annual receipts from taxation, \$298,303,929.

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.

Town of New Fairfield, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2018

3. Detailed Notes (Continued)

E. Long-Term Obligations (continued)

Capital Lease Payable - The Town has entered into a lease agreement to finance the acquisition of equipment. The equipment is included in the capital assets with a cost of \$589,749 and accumulated depreciation of \$117,950. This lease qualifies as a capital lease for accounting purposes. The Town's capital lease obligation is as follows:

Total payments on capital lease for year ending		
	2019	\$ 119,645
	2020	119,645
	2021	119,645
	2022	119,645
	2023	49,852
		<u>528,432</u>
Less the amount representing interest		<u>(44,830)</u>
Present value of future minimum lease payments		<u>\$ 483,602</u>

F. Fund Balances

As discussed in Note 1, governmental funds report fund classifications that comprise a hierarchy based primarily on the extent to which the Town is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. These are summarized below:

Fund Balance Component	General Fund	Reserve for Capital Nonrecurring Fund	Other Governmental Fund	Total Governmental Funds
<u>Nonspendable</u>				
Library	\$ -	\$ -	\$ 482	\$ 482
Health and welfare	<u>-</u>	<u>-</u>	<u>1,367,652</u>	<u>1,367,652</u>
Total nonspendable	<u>-</u>	<u>-</u>	<u>1,368,134</u>	<u>1,368,134</u>
<u>Restricted</u>				
General government	-	-	12,752	12,752
Public safety	-	-	2,827	2,827
Public works	-	-	79,738	79,738
Public health and social services	-	-	73,382	73,382
Culture and recreation	<u>-</u>	<u>-</u>	<u>57,349</u>	<u>57,349</u>
Total restricted	<u>-</u>	<u>-</u>	<u>226,048</u>	<u>226,048</u>

Town of New Fairfield, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2018

3. Detailed Notes (Continued)

F. Fund Balances (continued)

Fund Balance Component	General Fund	Reserve for Capital Nonrecurring Fund	Other Governmental Fund	Total Governmental Funds
<u>Committed</u>				
General government	\$ -	\$ 2,530,808	\$ -	\$ 2,530,808
Public works	-	-	1,165,558	1,165,558
Total committed	-	2,530,808	1,165,558	3,696,366
<u>Assigned</u>				
General government	2,385,377	-	103,041	2,488,418
Public safety	-	-	19,595	19,595
Public works	501,079	-	81,210	582,289
Culture and recreation	-	-	687,041	687,041
Education	64,171	-	140,359	204,530
Total assigned	2,950,627	-	1,031,246	3,981,873
<u>Unassigned</u>	7,204,605	-	(301,688)	6,902,917
Total	\$ 10,155,232	\$ 2,530,808	\$ 3,489,298	\$ 16,175,338

4. Other Information

A. Retirement Plan of the Town of New Fairfield, Connecticut

Plan Description - The Town is the administrator of two single employer public employee retirement systems ("PERS") established and administered by the Town to provide pension benefits for its regular and former employees (excluding teachers covered under the CT State Teachers' Retirement System). The PERS is 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 - The 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.

Board of Education - The 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.

Town of New Fairfield, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2018

4. Other Information (Continued)

A. Retirement Plan of the Town of New Fairfield, Connecticut (continued)

As of the date of the latest actuarial valuation, membership consisted of the following:

	Town	Board of Education
Retirees and beneficiaries receiving benefits	20	27
Terminated employees entitled to benefits, but not yet receiving them	26	49
Active members	42	111
	<u>88</u>	<u>187</u>

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

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's 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 Board of Education's Retirement Plans:

Asset Class	Target Allocation
Core fixed income	33.10%
Short bonds	4.50%
Non-US bonds	1.80%
US large caps	26.00%
US small caps	10.00%
Foreign developed equity	20.20%
Emerging markets equity	4.40%
	<u>100.00%</u>

Long-term expected rate of return – The best estimate range for the long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting volatility and correlation. Below shows the Town and Board of Education's target asset class allocation and the long-term expected rate of return calculated as geometric means:

Town of New Fairfield, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2018

4. Other Information (Continued)

A. Retirement Plan of the Town of New Fairfield, Connecticut (continued)

Asset Class	Index	Long-term Expected Real Rate of Return
Core fixed income	Barclays Aggregate	2.65%
Short bonds	Barclays 1-3 Yr Gvt/Credit	1.58%
Non-US bonds	JPM GBI Global xUS	0.45%
US large caps	S&P 500	3.37%
US small caps	Russell 2000	3.86%
Foreign developed equity	MSCI EAFE NR	4.15%
Emerging markets equity	MSCI EM NR	4.84%

Calculation of Money-Weighted Rate of Return – The money-weighted rate of return considers the changing amounts actually invested during the period and weighs the amount of pension plan investments by the proportion of time they are available to earn a return during that period. External cash flows are determined on a quarterly basis and are assumed to occur at the end of each month. External cash inflows are netted with external cash outflows, resulting in a net external cash flow in each month. The money-weighted rate of return is calculated net of investment expense as:

Net money-weighted return for the year was as follows :

Town	5.14%
Board of Education	6.73%

Net Pension Liability - The components of the net pension liability are as follows:

	Town	Board of Education
Pension liability	\$ 9,375,721	\$ 8,663,442
Plan fiduciary net position	8,736,388	8,269,323
Net pension liability	\$ 639,333	\$ 394,119
Plan fiduciary net position as a percentage of total pension liability	93.18%	95.45%

Town of New Fairfield, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2018

4. Other Information (Continued)

A. Retirement Plan of the Town of New Fairfield, Connecticut (continued)

Changes in the net pension liability during the year were as follows:

	Town	Board of Education
Total Pension Liability		
Service cost	\$ 240,578	\$ 266,475
Interest on total pension liability	608,734	502,912
Effect of economic/demographic gains (losses)	(159,690)	211,570
Benefit payments	(180,253)	(192,331)
Net change in total pension liability	509,369	788,626
Total pension liability, beginning	8,866,352	7,874,816
Total pension liability, ending	<u>\$ 9,375,721</u>	<u>\$ 8,663,442</u>
Fiduciary Net Position		
Employer contributions	\$ 341,716	\$ 311,460
Investment income net of investment expenses	554,733	407,759
Benefit payments	(180,253)	(192,331)
Administrative expenses	(26,472)	(30,011)
Net change in plan fiduciary net position	689,724	496,877
Fiduciary net position, beginning	8,046,664	7,772,446
Fiduciary net position, ending	<u>\$ 8,736,388</u>	<u>\$ 8,269,323</u>
Change in net pension liability	\$ (180,355)	\$ 291,749
Net pension liability, beginning	819,688	102,370
Net pension liability, ending	<u>\$ 639,333</u>	<u>\$ 394,119</u>

Sensitivity Analysis – The following presents the net pension liability of the Town, calculated using the current discount rate, as well as what the Town's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher:

	1% Decrease 5.75%	Current Discount Rate 6.75%	1% Increase 7.75%
Net Pension Liability - Town	\$ 1,890,519	\$ 639,333	\$ (385,911)
Net Pension Liability - Board of Education	<u>\$ 1,518,529</u>	<u>\$ 394,119</u>	<u>\$ (473,374)</u>

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – For the fiscal year the Town recognized pension expense of \$375,324 for the Town plan and \$525,521 for the Board of Education plan. 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
For the Year Ended June 30, 2018

4. Other Information (Continued)

A. Retirement Plan of the Town of New Fairfield, Connecticut (continued)

Town Plan	Deferred Outflows of Resources	Deferred Inflows of Resources
Description of Outflows/ Inflows		
Differences between expected and actual experience	\$ 587	\$ 149,205
Net difference between projected and actual earnings on pension plan investments	<u>55,915</u>	<u>-</u>
Total	<u>\$ 56,502</u>	<u>\$ 149,205</u>
Net amount of deferred inflows and outflows		<u>\$ (92,703)</u>

Board of Education Plan	Deferred Outflows of Resources	Deferred Inflows of Resources
Description of Outflows/Inflows		
Differences between expected and actual experience	\$ 289,974	\$ 38,642
Net difference between projected and actual earnings on pension plan investments	<u>168,228</u>	<u>-</u>
Total	<u>\$ 458,202</u>	<u>\$ 38,642</u>
Net amount of deferred inflows and outflows		<u>\$ 419,560</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 was 4 years for the Town Plan and 4 years for the Board of Education Plan.

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

	Town	Board of Education
2019	\$ 41,710	\$ 214,342
2020	(23,152)	140,127
2021	(109,802)	47,947
2022	<u>(1,459)</u>	<u>17,144</u>
	<u>\$ (92,703)</u>	<u>\$ 419,560</u>

Town of New Fairfield, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2018

4. Other Information (Continued)

A. Retirement Plan of the Town of New Fairfield, Connecticut (continued)

Actuarial Methods and Significant Assumptions - The following actuarial methods and assumptions were used in the July 1, 2017 valuation and projected forward to June 30, 2018 (measurement date) for both the Town and Board of Education plans:

Actuarial cost method	Entry Age Normal
Amortization method	Closed Level Percent
Asset valuation method	Fair Value
Inflation	2.5%
Salary Increases	Varied by age range
Mortality	RP-2000 Mortality for Employees, Healthy Annuitants, and Disabled Annuitants with generational projection per Scale AA

Discount Rate - The discount rate used to measure the total pension liability was 6.75% for the Town plan and 6.25% for the Board of Education plan. 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.

B. Pension Plan – Connecticut Teachers’ Retirement System

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.

Plan Membership – All teachers, principals, superintendents or supervisors engaged in service of public schools are eligible for participation.

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

Town of New Fairfield, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2018

4. Other Information (Continued)

B. Pension Plan – Connecticut Teachers’ Retirement System (continued)

Normal Retirement: Retirement benefits for the employees are calculated as 2% of the average annual salary times the years of credited service (maximum benefit is 75% of average annual salary during the 3 years of highest salary).

Early Retirement: Employees are eligible after 25 years of credited service including 20 years of Connecticut service, or age 55 with 20 years of credited service including 15 years of Connecticut service. Benefit amounts are reduced by 6% per year for the first 5 years preceding normal retirement age and 4% per year for the next 5 years preceding the normal retirement age. Effective July 1, 1999, the reduction for individuals with 30 or more years of service is 3% per year by which retirement precedes normal retirement date.

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

Contributions

State of Connecticut

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

Employer (School Districts)

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

Employees

Effective July 1, 1992, each teacher is required to contribute 6% of pensionable salary.

Effective January 1, 2018, each teacher is required to contribute 6% of their salary for the pension benefit.

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 of resources 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 of New Fairfield, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2018

4. Other Information (Continued)

B. Pension Plan – Connecticut Teachers’ Retirement System (continued)

Town of New Fairfield's Net Pension Liability	\$ -
State of Connecticut's Net Pension Liability for the Town of New Fairfield	<u>65,802,792</u>
Net Pension Liability	<u><u>\$ 65,802,792</u></u>

The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016. The Town has no proportionate share of the net pension liability.

For the fiscal year ended, the Town recognized pension expense and revenue of \$7,611,461 for on-behalf amounts for the benefits provided by the State.

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

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

Mortality rates were based on the RPH-2014 White Collar table with employee and annuitant rates blended from ages 50 to 80, projected to the year 2020 using the BB improvements scale.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2010 – June 30, 2015. As a result of the 2015 actuarial experience study, the rates of withdrawal, disability, retirement, mortality and assumed rates of salary increase were adjusted in the June 30, 2016 actuarial valuation to more closely reflect actual experience.

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

For teachers who were members of the Teachers' Retirement System after July 1, 2007, pension benefit adjustments are made that are consistent with those provided for social security benefits on January 1 of the year granted, with a maximum of 5% per annum. If the return on assets in the previous year was less than 11.5%, the maximum increase is 3%, and if the return on the assets in the previous year was less than 8.5%, the maximum increase is 1.0%.

Town of New Fairfield, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2018

4. Other Information (Continued)

B. Pension Plan – Connecticut Teachers’ Retirement System (continued)

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

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Large cap U.S. equities	21.00%	5.80%
Developed non-U.S. equities	18.00%	6.60%
Emerging markets (non-U.S.)	9.00%	8.30%
Real estate	7.00%	5.10%
Private equity	11.00%	7.60%
Alternative investments	8.00%	4.10%
Core fixed income	7.00%	1.30%
High yield bonds	5.00%	3.90%
Emerging market bond	5.00%	3.70%
Inflation liked bond fund	3.00%	1.00%
Cash	6.00%	0.40%
Total	100.00%	

Discount Rate – The discount rate used to measure the total pension liability was 8.00%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that 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.

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.

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, 2017.

Town of New Fairfield, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2018

4. Other Information (Continued)**C. Pension Plans – Connecticut Municipal Employees’ Retirement System****1. Plan description**

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 four 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

2. Benefit provisions

The plan provides retirement disability and death benefits.

General Employees

Employees are eligible to retire at age 55 with 5 years of continuous service or 15 years of active aggregate service or 25 years of aggregate service.

Policemen and Firemen

Compulsory retirement age for police and fire members is age 65.

Normal Retirement: For members not covered by social security the benefit is 2% of average final compensation times years of service.

For members covered by Social Security the benefit is 1 ½% of the average final compensation not in excess of the year’s breakpoint plus 2% of average final compensation in excess of the year’s breakpoint times years of service.

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.

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.

Early Retirement: Employees are eligible after 5 years of continuous service or 1 years of active aggregate service. The benefit is 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.

Town of New Fairfield, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2018

4. Other Information (Continued)

C. Pension Plans – Connecticut Municipal Employees’ Retirement System (continued)

Disability Retirement: Employees are eligible for service-related disability benefits from being permanently or totally disabled from engaging in the service of the municipality provided such disability has arisen out of and in the course of employment with the municipality. Disability due to hypertension or heart disease in the case of firemen and policemen is presumed to have been suffered in the line of duty. Disability benefits are 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.

Employees are eligible for nonservice-related disability benefits with 1 year of service and being permanently or totally disabled from engaging in gainful employment in the service of the municipality. Disability benefits are calculated based on compensation and service to the date of the disability.

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% of compensation.

For employees covered by social security each person is required to contribute 2¼% of compensation up to the social security taxable wage base plus 5% of compensation if any in excess of such base.

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

The Town reported \$497,180 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016. The Town’s proportionate share of the net pension liability was based upon the Town’s actuarial (expected) payroll relative to the payroll of all the participating employers as of that date. At June 30, 2017, the Town’s proportional share was 1.24% of one sub plan.

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.

The Town recognized pension expense of \$56,741. 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
For the Year Ended June 30, 2018

4. Other Information (Continued)

C. Pension Plans – Connecticut Municipal Employees’ Retirement System (continued)

Description of Outflows/Inflows	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ 34,618	\$ -
Change in proportional share	8,808	6,358
Difference between expected and actual experience	36,108	-
Town contributions subsequent to measurement date	115,305	-
Total	\$ 194,839	\$ 6,358
Net amount of deferred inflows and outflows excluding Town contributions subsequent to measurement date		\$ 73,176

The amount reported as deferred outflows of resource related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ending June 30, 2018. The other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

	Year Ending June 30,	
	2019	\$ 26,030
	2020	47,529
	2021	22,507
	2022	(22,890)
Total		\$ 73,176

5. Actuarial assumptions

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

Inflation	3.25%
Salary increases	4.25-11.00% including inflation
Investment rate of return	8.00% net of pension plan investment expense including inflation

Mortality rates were based on the RP- Combined Mortality Table for annuitants and non-annuitants (set forward one year for males and set back one year for females).

Town of New Fairfield, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2018

4. Other Information (Continued)

C. Pension Plans – Connecticut Municipal Employees' Retirement System (continued)

Future cost-of-living adjustments for members who retire on or after January 1, 2002 are 60% of the annual increase the CPI up to 6%. The minimum annual COLA is 2.5% the maximum is 6%.

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

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Large cap U.S. equities	16.00%	5.80%
Developed non-U.S. equities	14.00%	6.60%
Emerging markets (non-U.S.)	7.00%	8.30%
Core fixed income	8.00%	1.30%
Inflation linked bond fund	5.00%	1.00%
Emerging market bond	8.00%	3.70%
High yield bonds	14.00%	3.90%
Real estate	7.00%	5.10%
Private equity	10.00%	7.60%
Alternative investments	8.00%	4.10%
Liquidity fund	3.00%	0.40%
Total	100.00%	

6. Discount rate

The discount rate used to measure the total pension liability was 8.00%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that 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.

Town of New Fairfield, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2018

4. Other Information (Continued)

C. Pension Plans – Connecticut Municipal Employees’ Retirement System (continued)

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 liability of MERS calculated using the discount rate of 8.00% as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7.00%) or 1-percentage-point higher (9.00%) than the current rate:

	1% Decrease <u>(7.00 %)</u>	Current Discount <u>(8.00 %)</u>	1% Increase <u>(9.00 %)</u>
Town’s proportional share of the net pension liability	\$865,927	\$497,180	\$190,050

8. Plan fiduciary net position

Detailed information about the Connecticut Municipal Employees Retirement System 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, 2017.

D. Other Post-Employment Benefits (“OPEB”)

1. **Plan Description** - 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 council through union agreements or other action of the Board.
2. **Plan Benefits and Contribution Rates** - 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.
3. **Plan Membership** – As of the date of the latest actuarial valuation July 1 2017, membership consisted of the following:

Active members	219
Retirees and beneficiaries receiving benefits	<u>20</u>
	<u><u>239</u></u>

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.

Town of New Fairfield, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2018

4. Other Information (Continued)

D. Other Post-Employment Benefits (“OPEB”) (continued)

4. **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’s 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:

Asset Class	Target Allocation
US core fixed income	40.00%
US equity market	30.00%
Non-US equity	25.00%
US REITs	5.00%
Total	100.00%

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

6. **Long-Term Expected Rate of Return** – The best estimate range for the long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting volatility and correlation.

The target asset class allocation and the long-term expected rate of return calculated as geometric means:

Asset Class	Index	Long-term Expected Real Rate of Return
US core fixed income	Barclays Aggregate	2.51%
US equity market	Russell 3000	3.57%
Non-US equity	MSCI ACWI xUS NR	4.35%
US REITs	FTSE NAREIT Equity REIT	3.27%
Assumed inflation - mean		2.50%
Assumed inflation - standard deviation		1.85%
Long-Term Expected Rate of Return		6.50%

7. **Calculation of Money-Weighted Rate of Return** – The money-weighted rate of return considers the cash flow of the changing amounts actually invested during the period and weighs the amount of OPEB plan investments by the proportion of time they are available to earn a return during that period. External cash flows are determined on a monthly basis and are assumed to occur at the end of each month. External cash inflows are netted with external cash outflows, resulting in a net external cash flow in each month. The money-weighted rate of return is calculated net of investment expense, was 5.72%.

Town of New Fairfield, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2018

4. Other Information (Continued)

D. Other Post-Employment Benefits ("OPEB") (continued)

8. Net OPEB Liability

The components of the net OPEB liability of the Town as of June 30, 2018 were as follows:

OPEB liability	\$ 6,074,436
Plan fiduciary net position	<u>3,164,480</u>
Net OPEB liability	<u>\$ 2,909,956</u>
Plan fiduciary net position as a percentage of total OPEB liability	52.10%

Changes in the net pension liability during the year were as follows:

Total OPEB Liability	
Service cost	\$ 120,401
Interest on total OPEB liability	567,511
Effect of economic/demographic gains (losses)	(2,752,549)
Effect of assumption changes or inputs	310,963
Benefit payments	<u>(312,296)</u>
Net change in total OPEB liability	(2,065,970)
Total OPEB liability, beginning	<u>8,140,406</u>
Total OPEB liability, ending	<u>\$ 6,074,436</u>
Fiduciary Net Position	
Employer contributions	\$ 569,331
Investment income net of investment expenses	174,029
Benefit payments	(312,296)
Administrative expenses	<u>(7,952)</u>
Net change in plan fiduciary net position	423,112
Fiduciary net position, beginning	<u>2,741,368</u>
Fiduciary net position, ending	<u>\$ 3,164,480</u>
Change in net OPEB liability	\$ (2,489,082)
Net OPEB liability, beginning	<u>5,399,038</u>
Net OPEB liability, ending	<u>\$ 2,909,956</u>

9. Actuarial Methods and Significant Assumptions

The following actuarial methods and assumptions were used in the July 1, 2017 valuation and projected forward to a measurement date of June 30, 2018:

Town of New Fairfield, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2018

4. Other Information (Continued)

D. Other Post-Employment Benefits (“OPEB”) (continued)

Actuarial cost method	Entry age normal cost method for the OPEB liability
Amortization method	
Level percent or level dollar	Level percent
Closed, open or layered	Closed periods
Asset valuation method	Fair Value
Inflation	2.50%
Medical trend rate	5.20% - 4.60% over 60 years
Investment rate of return	6.50%
Mortality	RP-2000 Mortality for employees, healthy annuitants, and disabled annuitants with generational projection per Scale AA

10. **Sensitivity Analysis** - 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% point lower or 1% point higher than the current discount rate:

	1% Decrease 5.50%	Current Discount Rate 6.50%	1% Increase 7.50%
Net OPEB Liability	\$ 3,565,290	\$ 2,909,956	\$ 2,343,653

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:

	1% Decrease	Current Trend Rate	1% Increase
Net OPEB Liability	\$ 2,233,935	\$ 2,909,956	\$ 3,705,956

11. **Discount Rate** - The discount rate used to measure the net OPEB liability was 6.50%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that Town contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on 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.

Town of New Fairfield, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2018

4. Other Information (Continued)

D. Other Post-Employment Benefits (“OPEB”) (continued)

12. Changes in the Plan and the Plan Assumptions – The discount rate was decreased from 7.00% to 6.50%.

13. OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The Town recognized OPEB expense of \$203,118. The Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Description of Outflows/Inflows	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 2,420,917
Changes in assumptions	273,498	-
Net difference between projected and actual earnings on pension plan investments	<u>24,550</u>	<u>-</u>
Total amount of deferred outflows/inflows	<u>\$ 298,048</u>	<u>\$ 2,420,917</u>
Net amount of deferred inflows and outflows		<u>\$ (2,122,869)</u>

Actual investment earnings below (or above) projected earnings are amortized over 5 years for. Experience losses (gains) are amortized over the average remaining service period of actives and inactives, which was 8 years Town Employees’ Plan.

OPEB expense for the next eight years will be affected by the following deferred outflows and inflows of resources:

2019	\$ (288,029)
2020	(288,029)
2021	(288,029)
2022	(288,031)
2023	(294,167)
Thereafter	<u>(676,584)</u>
Total	<u>\$ (2,122,869)</u>

Town of New Fairfield, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2018

4. Other Information (Continued)

E. Plan Statements

Combining Statement of Fiduciary Net Position
Pension Trust Funds
June 30, 2018

	Town Pension Trust Fund	Education Pension Trust Fund	OPEB Trust Fund	Total
ASSETS				
Investments, at fair value				
Mutual Funds				
Equity	\$ 5,330,213	\$ 3,852,651	\$ 1,797,140	\$ 10,980,004
Money market	18,645	46,238	7,259	72,142
Real estate index	-	-	154,775	154,775
Bonds	<u>3,387,530</u>	<u>4,370,434</u>	<u>1,205,306</u>	<u>8,963,270</u>
	<u>8,736,388</u>	<u>8,269,323</u>	<u>3,164,480</u>	<u>20,170,191</u>
NET POSITION				
Restricted for				
Pension	8,736,388	8,269,323	-	17,005,711
OPEB	-	-	<u>3,164,480</u>	<u>3,164,480</u>
Total Net Position	<u>\$ 8,736,388</u>	<u>\$ 8,269,323</u>	<u>\$ 3,164,480</u>	<u>\$ 20,170,191</u>

Town of New Fairfield, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2018

4. Other Information (Continued)

E. Plan Statements (continued)

Combining Statement of Changes in Fiduciary Net Position
Pension Trust Funds
For the Year Ended June 30, 2018

	Town Pension Trust Fund	Education Pension Trust Fund	OPEB Trust Fund	Total
ADDITIONS				
Contributions				
Employer	\$ 341,716	\$ 311,460	\$ 569,331	\$ 1,222,507
Investment income				
Net change in fair value of investments	397,704	251,514	105,165	754,383
Interest and dividends	<u>177,316</u>	<u>176,532</u>	<u>79,059</u>	<u>432,907</u>
Total investment Income	575,020	428,046	184,224	1,187,290
Less investment expense	<u>20,287</u>	<u>20,287</u>	<u>10,195</u>	<u>50,769</u>
Net Investment Income	<u>554,733</u>	<u>407,759</u>	<u>174,029</u>	<u>1,136,521</u>
Total Additions	<u>896,449</u>	<u>719,219</u>	<u>743,360</u>	<u>2,359,028</u>
DEDUCTIONS				
Benefits	180,253	192,331	312,296	684,880
Administration	<u>26,472</u>	<u>30,011</u>	<u>7,952</u>	<u>64,435</u>
Total Deductions	<u>206,725</u>	<u>222,342</u>	<u>320,248</u>	<u>749,315</u>
Change in Net Position	689,724	496,877	423,112	1,609,713
Net Position - July 1, 2017 (as restated)	<u>8,046,664</u>	<u>7,772,446</u>	<u>2,741,368</u>	<u>18,560,478</u>
Net Position - June 30, 2018	<u>\$8,736,388</u>	<u>\$8,269,323</u>	<u>\$3,164,480</u>	<u>\$20,170,191</u>

F. OPEB Plan – Connecticut State Teachers’ Retirement Plan

1. Plan Description

Teachers, principals, superintendents, supervisors and professional employees at State schools of higher education if they choose to be covered that are currently receiving a retirement or disability benefit 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 10-183 (t) 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.

Town of New Fairfield, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2018

4. Other Information (Continued)

F. OPEB Plan – Connecticut State Teachers’ Retirement Plan (continued)

2. Benefit Provisions

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

- **Normal Retirement:** Eligibility - 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:** Eligibility - 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.
- **Proratable Retirement:** Eligibility - Age 60 with 10 years of Credited Service.
- **Disability Retirement:** Eligibility - 5 years of Credited Service in Connecticut if not incurred in the performance of duty and no service requirement if incurred in the performance of duty.
- **Termination of Employment:** Eligibility - 10 or more years of Credited Service.

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.

Town of New Fairfield, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2018

4. Other Information (Continued)

F. OPEB Plan – Connecticut State Teachers’ Retirement Plan (continued)

If a member participating in Medicare Parts A & B so elects, they may enroll in one of the CTRB Sponsored Medicare Supplemental Plans. Active members, retirees, and the State pay equally toward the cost of the basic coverage (medical and prescription drug benefits). There are three choices for coverage under the CTRB Sponsored Medicare Supplemental Plans. The choices and 2017 calendar year premiums charged for each choice are shown in the table below

• Medicare Supplement with Prescriptions	\$ 92
• Medicare Supplement with Prescriptions and Dental	136
• Medicare Supplement with Prescriptions, Dental, Vision & Hearing	141

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 10-183t, 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.

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. Contributions in excess of \$500,000 will be credited to the Retiree Health Insurance Plan.

Town of New Fairfield, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2018

4. Other Information (Continued)

F. OPEB Plan – Connecticut State Teachers’ Retirement Plan (continued)

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 net OPEB liability	\$ -
State’s proportionate share of the net OPEB liability associated with the Town	<u>16,936,880</u>
Total	<u>\$16,936,880</u>

The net OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2016. The Town has no proportionate share of the net OPEB liability.

The Town recognized OPEB expense and revenue of \$784,941 for on-behalf amounts for the benefits provided by the State.

5. Actuarial Assumptions

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

Inflation	2.75%
Health care costs trend rate	7.25% decreasing to 5.00% by 2022
Salary increases	3.25-6.50%, including inflation
Investment rate of return	3.56%, net of OPEB plan investment expense, including inflation
Year fund net position will be depleted	2018

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 and further adjusted to grade in increases (5% for females and 8% for males) to rates over age 80. For disabled retirees, the RPH-2014 Disabled Mortality table projected to 2017 using the BB improvement scale was used.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2010 - June 30, 2015.

Town of New Fairfield, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2018

4. Other Information (Continued)**F. OPEB Plan – Connecticut State Teachers’ Retirement Plan (continued)**

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 weighting 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 2.75%.

Changes in Assumptions and Inputs

As a result of the experience study for the five-year period ending June 30, 2015:

- The payroll growth rate assumption was decreased from 3.75% to 3.25% to reflect the decrease in the rate of inflation and the decrease in the rate of real wage increase.
- The demographic assumptions of salary growth, payroll growth, the rates of withdrawal, the rates of retirement, the rates of mortality, and the rates of disability incidence were adjusted based upon the experience study’s findings and their adoption by the Board.

Other changes were as follows:

- The discount rate has been increased from 3.01% to 3.56% as a based upon the increase in the municipal bond index.

Additionally, the assumed initial per capita health care costs, the assumed rates of healthcare inflation used to project the per capita costs, and the participation assumptions have been revised.

Affordable Care Act (ACA)

The impact of the Affordable Care Act (ACA) was addressed in this valuation. Review of the information currently available did not identify any specific provisions of the ACA that are anticipated to significantly impact results. While the impact of certain provisions such as the excise tax on high-value health insurance plans beginning in 2020 (if applicable), mandated benefits and participation changes due to the individual mandate should be recognized in the determination of liabilities, overall future plan costs and the resulting liabilities are driven by amounts employers and retirees can afford (i.e., trend). The trend assumption forecasts the anticipated increase to initial per capita costs, taking into account health care cost inflation, increases in benefit utilization, plan changes, government-mandated benefits, and technological advances. Given the uncertainty regarding the ACA’s implementation (e.g., the impact of excise tax on high-value health insurance plans, changes in participation resulting from the implementation of state-based health insurance exchanges), continued monitoring of the ACA’s impact on the Plan’s liability will be required.

Town of New Fairfield, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2018

4. Other Information (Continued)**F. OPEB Plan – Connecticut State Teachers’ Retirement Plan (continued)****6. Discount Rate**

The discount rate used to measure the total OPEB liability was 3.56%. The projection of cash flows used to determine the discount rate 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.

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, 2017.

G. 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 currently is a member of the Connecticut Interlocal Risk Management Agency (“CIRMA”), a public entity risk pool established under the provisions of Connecticut General Statutes section 7-479a et. seq. for some of its insurance. 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 coverage with no deductible retention. A separate agreement states limits on the member’s obligation to pay indemnification obligations and expenses should CIRMA be unable to do so.

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.

Town of New Fairfield, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2018

4. Other Information (Continued)

G. Risk Management (continued)

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

Year Ended	Beginning Claims Payable	Current Year Claims	Claim Payments	Ending Claims Payable
2017	\$ 413,000	\$ 5,422,151	\$ (5,398,151)	\$ 437,000
2018	437,000	5,792,511	(5,768,511)	461,000

The Internal Service Fund is substantially funded by the Town’s General Fund based on estimates for the number of employees and type of coverage (single or family) and trends in the insurance claims and estimates for administration. The claims liability, reported in the Internal Service Fund, is based on the requirements that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is possible that a liability has been incurred at the date of the financial statements and the amount of the possible loss can be reasonably estimated. The amount of claim accrual estimated is based on the ultimate cost of settling the claim which includes past experience data, inflation, other future economic and societal factors and incremental claim adjustment expenses, net of estimated subrogation recoveries. The claim accrual estimate does not include other allocated or unallocated claims adjustment expenses.

H. Contingencies 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.

I. Prior Period Adjustment

	Governmental Activities	General Fund	Other Governmental Funds	Pension Trust Fund	Private-Purpose Trust Fund	Custodial Funds
Net position as previously reported at June 30, 2017	\$ 85,880,798	\$ 8,216,427	\$ 2,668,307	\$ 18,720,618	\$ -	\$ -
To adjust contributions receivable	-	-	-	(160,140)	-	-
To reclassify funds as a result of the implementation of GASB Statement 84	(5,986)	(593,563)	587,577	-	5,986	526,383
Net position as restated at July 1, 2017	<u>\$ 85,874,812</u>	<u>\$ 7,622,864</u>	<u>\$ 3,255,884</u>	<u>\$ 18,560,478</u>	<u>\$ 5,986</u>	<u>\$ 526,383</u>

**Required
Supplementary
Information**

Town of New Fairfield, Connecticut

Required Supplementary Information
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Budgetary Basis) - General Fund
For the Year Ended June 30, 2018

	Budgeted Amounts			Actual	Variance with Final Budget
	Original	Additional Appropriations and Transfers	Final		
REVENUES					
Taxation Effort					
Property taxes	\$ 46,829,283	\$ -	\$ 46,829,283	\$ 46,902,083	\$ 72,800
Supplemental motor vehicle taxes	375,000	-	375,000	469,901	94,901
Interest and lien fees	<u>172,000</u>	-	<u>172,000</u>	<u>190,530</u>	<u>18,530</u>
	<u>47,376,283</u>	-	<u>47,376,283</u>	<u>47,562,514</u>	<u>186,231</u>
Intergovernmental Revenue					
Town aid	276,666	-	276,666	276,671	5
Aid to elderly relief	90,000	-	90,000	1,617	(88,383)
Judicial	2,866	-	2,866	3,994	1,128
PILOT - State owned property	12,821	-	12,821	116	(12,705)
Veterans exemption	20,000	-	20,000	18,803	(1,197)
Local capital improvement program	147,247	-	147,247	145,230	(2,017)
Mashantucket Pequot grant	29,901	-	29,901	29,123	(778)
Municipal aid funding	414,970	-	414,970	1,149	(413,821)
Federal emergency management	-	-	-	106,634	106,634
Emergency management performance grant	5,000	-	5,000	6,663	1,663
Video trust grant	-	-	-	102,494	102,494
School construction grant	30,770	-	30,770	100,505	69,735
Education cost sharing	543,196	-	543,196	3,782,872	3,239,676
Special education	199,539	-	199,539	196,845	(2,694)
Adult education	<u>1,236,958</u>	-	<u>1,236,958</u>	-	<u>(1,236,958)</u>
	<u>3,009,934</u>	-	<u>3,009,934</u>	<u>4,772,716</u>	<u>1,762,782</u>
Interest income	<u>215,000</u>	-	<u>215,000</u>	<u>310,890</u>	<u>95,890</u>
Charges for Services					
Health	35,000	-	35,000	33,675	(1,325)
Zoning board of appeals	6,000	-	6,000	8,802	2,802
Zoning	24,000	-	24,000	24,034	34
Building	150,000	-	150,000	166,494	16,494
Inland wetlands	5,000	-	5,000	7,285	2,285
Environmental enforcement	5,000	-	5,000	6,014	1,014
Public work fees	1,000	-	1,000	2,800	1,800
Fire Marshall fees	-	-	-	1,995	1,995
Other licenses and permits	6,000	-	6,000	13,030	7,030
Real estate conveyance	200,000	-	200,000	235,513	35,513
Town clerk receipts	100,000	-	100,000	94,109	(5,891)
Police private duty	20,000	35,000	55,000	82,939	27,939
EMS/ Paramedic billings	275,000	-	275,000	304,689	29,689
Student tuition	320,257	-	320,257	349,905	29,648
Telephone line access	25,000	-	25,000	20,749	(4,251)
Senior center recreation fees	28,000	-	28,000	29,152	1,152
Town Engineer	<u>10,000</u>	-	<u>10,000</u>	<u>2,714</u>	<u>(7,286)</u>
	<u>1,210,257</u>	<u>35,000</u>	<u>1,245,257</u>	<u>1,383,899</u>	<u>138,642</u>
Other Revenues					
Other	<u>5,000</u>	-	<u>5,000</u>	<u>106,581</u>	<u>101,581</u>
TOTAL REVENUES	<u>51,816,474</u>	<u>35,000</u>	<u>51,851,474</u>	<u>54,136,600</u>	<u>2,285,126</u>

(Continued)

Town of New Fairfield, Connecticut

Required Supplementary Information
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Budgetary Basis) - General Fund
For the Year Ended June 30, 2018

	Budgeted Amounts			Actual	Variance with Final Budget
	Original	Additional Appropriations and Transfers	Final		
EXPENDITURES - TOWN					
General Government					
Board of selectmen	\$ 170,783	\$ (8,569)	\$ 162,214	\$ 157,733	\$ 4,481
Town clerk	163,615	(1,501)	162,114	160,409	1,705
Probate	12,274	-	12,274	12,274	-
Registrars of voters	58,261	(5,000)	53,261	47,908	5,353
Finance	247,048	(20,733)	226,315	226,315	-
Board of finance	90,381	(500)	89,881	55,515	34,366
Treasurer	13,038	(200)	12,838	12,838	-
Assessor	167,310	(1,900)	165,410	163,817	1,593
Tax collector	185,075	-	185,075	181,579	3,496
Board of assessment appeal	1,150	-	1,150	923	227
Unclassified payroll and benefits	1,015,832	(8,335)	1,007,497	999,053	8,444
Professional services	143,550	(10,000)	133,550	129,230	4,320
Intergovernmental agencies	277,794	770	278,564	278,564	-
General insurance	168,500	900	169,400	169,400	-
Business machines	283,251	(18,000)	265,251	247,839	17,412
Human resources	30,000	(1,800)	28,200	28,154	46
Planning commission	3,074	-	3,074	838	2,236
Zoning commission	69,271	(1,001)	68,270	62,003	6,267
Zoning board of appeals	9,266	-	9,266	9,166	100
Utilities	345,415	(2,767)	342,648	319,167	23,481
Permanent building committee	2,414	-	2,414	682	1,732
General land use	10,485	-	10,485	8,886	1,599
Historical properties commission	250	-	250	-	250
Commission of the youth	1,013	-	1,013	133	880
	<u>3,469,050</u>	<u>(78,636)</u>	<u>3,390,414</u>	<u>3,272,426</u>	<u>117,988</u>
Public Safety and Protection					
Police	2,107,922	32,085	2,140,007	2,098,712	41,295
Communications center	260,036	-	260,036	255,273	4,763
Fire companies	748,130	14,500	762,630	737,218	25,412
Fire marshal	42,937	-	42,937	40,205	2,732
Building inspector	132,206	-	132,206	128,621	3,585
Office of emergency management	27,640	-	27,640	19,486	8,154
	<u>3,318,871</u>	<u>46,585</u>	<u>3,365,456</u>	<u>3,279,515</u>	<u>85,941</u>
Public Works					
Highway	<u>1,858,892</u>	<u>109,450</u>	<u>1,968,342</u>	<u>1,956,311</u>	<u>12,031</u>
Health and Welfare					
Health department	262,560	(5,000)	257,560	255,356	2,204
Inland/wetlands	5,556	-	5,556	4,138	1,418
WPCA	1,466	-	1,466	699	767
Social services	67,193	-	67,193	66,792	401
Senior services	167,912	(5,000)	162,912	153,963	8,949
Ball pond advisory committee	10,082	-	10,082	3,945	6,137
Commission on aging	4,348	-	4,348	646	3,702
	<u>519,117</u>	<u>(10,000)</u>	<u>509,117</u>	<u>485,539</u>	<u>23,578</u>
Recreation					
Recreation salaries	56,732	-	56,732	55,871	861
Library	493,526	(12,400)	481,126	466,694	14,432
	<u>550,258</u>	<u>(12,400)</u>	<u>537,858</u>	<u>522,565</u>	<u>15,293</u>

(Continued)

Town of New Fairfield, Connecticut

Required Supplementary Information
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Budgetary Basis) - General Fund
For the Year Ended June 30, 2018

	Budgeted Amounts			Actual	Variance with Final Budget
	Original	Additional Appropriations and Transfers	Final		
Health Insurance	\$ 5,952,952	\$ -	\$ 5,952,952	\$ 5,952,952	\$ -
TOTAL TOWN EXPENDITURES	<u>15,669,140</u>	<u>54,999</u>	<u>15,724,139</u>	<u>15,469,308</u>	<u>254,831</u>
EXPENDITURES - EDUCATION					
Payroll and Related Costs					
Administrators / directors	2,462,047	(12,816)	2,449,231	2,449,170	61
Certified personnel / teachers	17,525,606	(255,112)	17,270,494	17,125,524	144,970
Maintenance / custodians	1,240,609	(9,260)	1,231,349	1,176,424	54,925
Secretaries	1,093,997	(457)	1,093,540	1,112,703	(19,163)
Occupational and physical therapists	261,330	105	261,435	262,540	(1,105)
Paraprofessionals	1,181,944	(1,882)	1,180,062	1,173,150	6,912
Technology	362,401	(16,330)	346,071	317,785	28,286
Homebound tutors	31,010	(4,459)	26,551	18,683	7,868
Counselors	22,434	-	22,434	22,434	-
Overtime	413,770	(14,365)	399,405	383,038	16,367
Department head / activities / extra duties	74,990	-	74,990	82,517	(7,527)
Coaches	185,095	-	185,095	184,494	601
Co-curricular activities	272,430	-	272,430	264,870	7,560
Employee Benefits					
FICA / Medicare	150,451	-	150,451	140,146	10,305
Pension benefit	631,546	-	631,546	622,340	9,206
Early retirement incentives	311,460	-	311,460	311,460	-
Tuition Reimbursement	18,500	-	18,500	19,058	(558)
Unemployment compensation	20,026	-	20,026	41,777	(21,751)
Workers' compensation	277,583	-	277,583	282,276	(4,693)
Other employee benefits	750	-	750	600	150
Payroll adjustment	(40,539)	-	(40,539)	101,702	(142,241)
	<u>26,497,440</u>	<u>(314,576)</u>	<u>26,182,864</u>	<u>26,092,691</u>	<u>90,173</u>
Purchased services					
Staff development and training	65,945	(9,200)	56,745	42,234	14,511
Instruction services	56,845	(3,500)	53,345	39,973	13,372
Pupil services	2,152	-	2,152	7,815	(5,663)
Other professional services	535,961	(3,250)	532,711	478,813	53,898
Legal counsel	41,315	-	41,315	65,299	(23,984)
Speech / language services	78,551	-	78,551	74,675	3,876
Repairs and maintenance	237,659	(15,000)	222,659	207,532	15,127
Service contracts	284,703	-	284,703	273,632	11,071
Rentals - postage machines and copiers	155,551	-	155,551	156,911	(1,360)
Projects - buildings and grounds	65,220	-	65,220	67,059	(1,839)
Other purchased property services	13,449	-	13,449	21,866	(8,417)
Pupil transportation (in-district)	1,669,769	16,347	1,686,116	1,665,013	21,103
Pupil transportation (out-of-district)	342,828	62,367	405,195	341,200	63,995
Property and liability insurance	258,419	-	258,419	258,419	-
Communications / telephones	68,727	(8,930)	59,797	60,118	(321)
Postage	10,634	(1,000)	9,634	7,612	2,022
Advertising	5,855	-	5,855	1,170	4,685
Printing and binding	9,802	(2,000)	7,802	7,579	223
Tuition					
Tuition in-state public	286,480	25,285	311,765	327,862	(16,097)
Tuition in-state private	409,195	195,113	604,308	661,286	(56,978)
Tuition out-of-state private	96,045	5,792	101,837	96,374	5,463

(Continued)

Town of New Fairfield, Connecticut

Required Supplementary Information
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Budgetary Basis) - General Fund
For the Year Ended June 30, 2018

	Budgeted Amounts			Actual	Variance with Final Budget
	Original	Additional Appropriations and Transfers	Final		
Supplies and other					
Conferences and travel	\$ 33,448	\$ (3,830)	\$ 29,618	\$ 25,748	\$ 3,870
General supplies	15,102	-	15,102	16,420	(1,318)
Instructional supplies	300,166	(4,086)	296,080	256,386	39,694
Software	142,416	4,350	146,766	145,888	878
Custodial and maintenance supplies	86,542	-	86,542	85,926	616
Magazines and subscriptions	17,253	-	17,253	15,448	1,805
Textbooks and workbooks	224,918	19,398	244,316	241,555	2,761
Library books and periodicals	28,514	-	28,514	29,660	(1,146)
Other supplies and materials	98,864	(113)	98,751	92,751	6,000
Accreditation	12,295	-	12,295	10,248	2,047
Dues and fees	102,892	17,776	120,668	103,351	17,317
Property					
Electricity	598,860	-	598,860	703,816	(104,956)
Bottled gas	18,348	-	18,348	22,430	(4,082)
Heating oil	194,565	-	194,565	189,551	5,014
Gasoline	6,850	(3,919)	2,931	8,688	(5,757)
Diesel fuel	100,275	-	100,275	79,046	21,229
Property	1,605	-	1,605	-	1,605
Equipment	197,987	22,976	220,963	201,563	19,400
Contingency	52,835	-	52,835	52,835	-
	<u>6,928,840</u>	<u>314,576</u>	<u>7,243,416</u>	<u>7,143,752</u>	<u>99,664</u>
Total Education Expenditures	<u>33,426,280</u>	<u>-</u>	<u>33,426,280</u>	<u>33,236,443</u>	<u>189,837</u>
Debt Service					
Town	154,500	-	154,500	146,068	8,432
School	<u>2,292,469</u>	<u>-</u>	<u>2,292,469</u>	<u>2,276,065</u>	<u>16,404</u>
	<u>2,446,969</u>	<u>-</u>	<u>2,446,969</u>	<u>2,422,133</u>	<u>24,836</u>
TOTAL EXPENDITURES	<u>51,542,389</u>	<u>54,999</u>	<u>51,597,388</u>	<u>51,127,884</u>	<u>469,504</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>274,085</u>	<u>(19,999)</u>	<u>254,086</u>	<u>3,008,716</u>	<u>2,754,630</u>
OTHER FINANCING SOURCES (USES)					
Appropriation of fund balance	-	2,500,000	2,500,000	-	(2,500,000)
Transfers out					
May Storm Fund	-	(2,500,000)	(2,500,000)	(2,500,000)	-
Capital Nonrecurring Fund	<u>(274,085)</u>	<u>19,999</u>	<u>(254,086)</u>	<u>(254,086)</u>	<u>-</u>
Net Other Financing Sources (Uses)	<u>(274,085)</u>	<u>19,999</u>	<u>(254,086)</u>	<u>(2,754,086)</u>	<u>(2,500,000)</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,754,630</u>	<u>\$ 2,754,630</u>

(Continued)

Town of New Fairfield, Connecticut

Required Supplementary Information
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Budgetary Basis) - General Fund
For the Year Ended June 30, 2018

Reconciliation to Exhibit D

	<u>Revenues</u>	<u>Expenditures</u>
Budgetary basis - RSI-1	\$ 54,136,600	\$ 51,127,884
State Teachers' Pension on behalf amount	7,611,461	7,611,461
State Teachers' OPEB on behalf amount	784,941	784,941
Prior year encumbrances liquidated in the current year	-	391,167
Current year encumbrances charged to budgetary expenditures	-	(602,961)
Non budgetary funds included in general fund for GAAP purposes	<u>-</u>	<u>152,334</u>
GAAP basis - Exhibit D	<u>\$ 62,533,002</u>	<u>\$ 59,464,826</u>

Notes to Required Supplementary Information:

A formal, legally approved, annual budget is adopted for the General Fund. This budget is adopted on a basis consistent with Generally Accepted Accounting Principles (GAAP) (modified accrual basis) with the following exceptions: The Town does not recognize revenue or expenditure amounts for the State Teacher pension and OPEB on behalf of amounts from the State of Connecticut, encumbrances outstanding at year end are reported on the budgetary basis statement as expenditures, and certain funds are reported as part of the general fund, as required by GAAP.

(Concluded)

Town of New Fairfield, Connecticut

Employee Retirement Plan
Schedule of Changes in Net Pension Liability and Related RatiosRequired Supplementary Information
Last Five Years

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total Pension Liability					
Service cost	\$ 240,578	\$ 240,804	\$ 231,435	\$ 189,330	\$ 222,223
Interest on total pension liability	608,734	569,692	529,748	494,432	458,703
Effect of economic/demographic gains (losses)	(159,690)	(54,626)	(9,127)	23,999	6,101
Benefit payments	<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	509,369	581,543	566,046	539,338	527,659
Total pension liability, July 1	<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	<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>
Fiduciary Net Position					
Employer contributions	341,716	331,000	302,287	301,000	137,000
Investment income net of investment expenses	554,733	839,279	(49,451)	134,042	912,653
Benefit payments	(180,253)	(174,327)	(186,010)	(168,423)	(159,368)
Administrative expenses	<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	689,724	970,657	40,507	243,284	861,430
Fiduciary net position, July 1	<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>
Fiduciary net position, June 30	<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	<u>\$ 639,333</u>	<u>\$ 819,688</u>	<u>\$ 1,208,802</u>	<u>\$ 683,263</u>	<u>\$ 387,209</u>
Fiduciary net position as a percentage of total pension liability	93.18%	90.76%	85.41%	91.15%	94.61%
Covered payroll	\$2,637,481	\$2,583,479	\$2,272,414	\$2,565,373	\$2,445,222
Net pension liability as a percentage of covered payroll	24.24%	31.73%	53.19%	26.63%	15.84%

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

Town of New Fairfield, Connecticut

Town Retirement Plan

Required Supplementary Information
Last 10 Years

Schedule of Employer Contributions

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Actuarially determined contribution	\$ 341,716	\$ 330,339	\$ 302,287	\$ 301,363	\$ 279,785	\$ 262,094	\$ 262,019	\$ 254,490	\$ 295,689	\$ 265,845
Contributions in relation to the actuarially determined contribution	341,716	331,000	302,287	301,000	137,000	-	262,019	254,490	295,689	264,000
Contribution deficiency (excess)	\$ -	\$ (661)	\$ -	\$ 363	\$ 142,785	\$ 262,094	\$ -	\$ -	\$ -	\$ 1,845
Covered payroll	\$ 2,637,481	\$ 2,583,479	\$ 2,272,414	\$ 2,565,373	\$ 2,445,222	\$ 2,445,222	\$ 2,373,697	\$ 2,391,914	\$ 2,247,343	\$ 2,205,675
Contributions as a percentage of covered payroll	12.96%	12.81%	13.30%	11.73%	5.60%	0.00%	11.04%	10.64%	13.16%	11.97%

Schedule of Investment Returns

Annual money weighted rate of return net of investment expense	6.73%	11.64%	-0.69%	1.98%	15.59%	(1)	(1)	(1)	(1)	(1)
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Notes to Required Supplementary Information

Change in benefit terms	None
Change in assumptions	None
Valuation Date	July 1, 2017

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level percent
Remaining amortization period	Closed, 25 years from July 1, 2012
Asset valuation method	5-year smoothed fair value
Inflation	2.50%
Salary increases	Varies by age
Investment rate of return	6.75%
Mortality	RP-2000 Mortality for employees, healthy annuitants, and disabled annuitants with generational projection per 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

Board of Education Retirement Plan
Schedule of Changes in Net Pension Liability and Related Ratios
Required Supplementary Information
Last Five Years

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total Pension Liability					
Service cost	\$ 266,475	\$ 260,859	\$ 253,449	\$ 254,108	\$ 248,397
Interest on total pension liability	502,912	456,879	428,185	393,187	357,339
Effect of plan changes	-	-	-	15,637	-
Effect of economic/demographic gains (losses)	211,570	180,147	(106,835)	142,004	(130,516)
Benefit payments	(192,331)	(142,399)	(102,250)	(73,678)	(56,583)
Net change in total pension liability	788,626	755,486	472,549	731,258	418,637
Total pension liability, July 1	7,874,816	7,119,330	6,646,781	5,915,523	5,496,886
Total pension liability, June 30	<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>
Fiduciary Net Position					
Employer contributions	311,460	282,644	294,000	320,000	320,280
Investment income net of investment expenses	407,759	628,852	42,982	116,004	731,838
Benefit payments	(192,331)	(142,399)	(102,250)	(73,678)	(56,583)
Administrative expenses	(30,011)	(28,456)	(29,541)	(23,274)	(30,885)
Net change in plan fiduciary net position	496,877	740,641	205,191	339,052	964,650
Fiduciary net position, July 1	7,772,446	7,031,805	6,826,614	6,487,562	5,522,912
Fiduciary net position, June 30	<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	<u>\$ 394,119</u>	<u>\$ 102,370</u>	<u>\$ 87,525</u>	<u>\$ (179,833)</u>	<u>\$ (572,039)</u>
Fiduciary net position as a percentage of total pension liability	95.45%	98.70%	98.77%	102.71%	109.67%
Covered payroll	\$3,847,329	\$3,713,678	\$3,402,645	\$3,501,799	\$3,548,459
Net pension liability as a percentage of covered payroll	10.24%	2.76%	2.57%	-5.14%	-16.12%

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

Town of New Fairfield, Connecticut

Board of Education Retirement Plan

Required Supplementary Information
Last 10 YearsSchedule of Employer Contributions

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Actuarially determined contribution	\$ 311,460	\$ 282,644	\$ 293,885	\$ 289,476	\$ 317,946	\$ 299,243	\$ 400,267	\$ 356,906	\$ 331,207	\$ 248,264
Contributions in relation to the actuarially determined contribution	311,460	282,644	294,000	320,000	320,280	400,267	356,906	336,872	248,315	239,080
Contribution deficiency (excess)	\$ -	\$ -	\$ (115)	\$ (30,524)	\$ (2,334)	\$ (101,024)	\$ 43,361	\$ 20,034	\$ 82,892	\$ 9,184
Covered payroll	\$ 3,847,329	\$ 3,713,678	\$ 3,402,645	\$ 3,501,799	\$ 3,548,459	\$ 3,548,459	\$ 3,149,008	\$ 3,113,899	\$ 2,747,818	\$ 2,319,538
Contributions as a percentage of covered payroll	<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>	<u>9.04%</u>	<u>10.31%</u>

Schedule of Investment Returns

Annual money weighted rate of return, net investment expense	<u>5.14%</u>	<u>8.80%</u>	<u>0.62%</u>	<u>1.77%</u>	<u>12.95%</u>	(1)	(1)	(1)	(1)	(1)
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Notes to Required Supplementary Information

Change in benefit terms	None
Change in assumptions	None
Valuation Date	July 1, 2017

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level percent
Remaining amortization period	Closed, 25 years from July 1, 2012
Asset valuation method	5-year smoothed fair value
Inflation	2.50%
Salary increases	Varies by age
Investment rate of return	6.25%
Mortality	RP-2000 Mortality for employees, healthy annuitants, and disabled annuitants with generational projection per 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

Employee OPEB Plan
Schedule of Changes in Net OPEB Liability and Related Ratios

Required Supplementary Information
Last Two Years

	<u>2018</u>	<u>2017</u>
Total OPEB Liability		
Service cost	\$ 120,401	\$ 156,832
Interest on total OPEB liability	567,511	541,926
Effect of economic/demographic gains (losses)	(2,752,549)	-
Effect of assumption changes or inputs	310,963	-
Benefit payments	<u>(312,296)</u>	<u>(281,859)</u>
Net change in total OPEB liability	(2,065,970)	416,899
Total OPEB liability, July 1	<u>8,140,406</u>	<u>7,723,507</u>
Total OPEB liability, June 30	<u>6,074,436</u>	<u>8,140,406</u>
Fiduciary Net Position		
Employer contributions	569,331	569,816
Investment income net of investment expenses	174,029	243,849
Benefit payments	(312,296)	(281,859)
Administrative expenses	<u>(7,952)</u>	<u>(15,607)</u>
Net change in plan fiduciary net position	423,112	516,199
Fiduciary net position, July 1	<u>2,741,368</u>	<u>2,225,169</u>
Fiduciary net position, June 30	<u>3,164,480</u>	<u>2,741,368</u>
Net OPEB liability, June 30	<u>\$ 2,909,956</u>	<u>\$ 5,399,038</u>
Fiduciary net position as a percentage of total OPEB liability	52.10%	33.68%
Covered payroll	\$ 16,830,444	\$ 16,830,444
Net OPEB liability as a percentage of covered payroll	17.29%	32.08%

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

Town of New Fairfield, Connecticut

Employee OPEB Plan

Required Supplementary Information
Last 10 Years**Schedule of Employer Contributions**

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Actuarially determined contribution	\$ 540,373	\$ 508,352	\$ 571,103	\$ 546,315	\$ 614,000	\$ 585,000	\$ 706,000	\$ 856,000	\$ 806,000	\$ 806,000
Contributions in relation to the actuarially determined contribution	569,331	569,816	571,386	577,602	741,000	1,524,036	351,000	332,000	311,000	322,000
Contribution deficiency (excess)	\$ (28,958)	\$ (61,464)	\$ (283)	\$ (31,287)	\$ (127,000)	\$ (939,036)	\$ 355,000	\$ 524,000	\$ 495,000	\$ 484,000
Covered payroll	\$ 16,830,444	\$ 16,830,444	\$ 16,805,190	\$ 16,805,190	N/A	N/A	N/A	N/A	N/A	N/A
Contributions as a percentage of covered payroll	3.38%	3.39%	3.40%	3.44%	N/A	N/A	N/A	N/A	N/A	N/A

Schedule of Investment Returns

Annual money weighted rate of net of investment expense	5.72%	10.03%	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
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Notes to Required Supplementary Information

Change in benefit terms	None
Change in assumptions	Discount rate was changed from 7.00% to 6.50%.
Valuation Date	July 1, 2017

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Projected unit credit
Amortization method	Level percent
Remaining amortization period	21 years
Asset valuation method	5 year smoothed market
Inflation	2.50%
Medical trend rate	5.20% - 4.60% over 60 years
Investment rate of return	6.50%
Retirement age	Varies
Mortality	RP-2000 Mortality for employees, healthy annuitants, and disabled annuitant with generational projection per Scale AA.

N/A = Not available

(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
Connecticut Municipal Employees' Retirement System
Required Supplementary Information
Last Four Years

Schedule of Changes in Net Pension Liability

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Employer percentage of collective net pension liability (police and fire with social security)	<u>1.24%</u>	<u>1.24%</u>	<u>1.91%</u>	<u>1.19%</u>
Town's portion net pension liability	<u>\$ 497,180</u>	<u>\$ 581,330</u>	<u>\$ 364,345</u>	<u>\$ 287,914</u>
Town's covered payroll	<u>\$ 575,825</u>	<u>\$ 575,825</u>	<u>\$ 535,550</u>	<u>\$ 477,053</u>
Town's portion net pension liability as a percentage of covered payroll	<u>86.34%</u>	<u>100.96%</u>	<u>68.03%</u>	<u>60.35%</u>
Plan fiduciary net position as a percentage of total pension liability	<u>91.68%</u>	<u>88.29%</u>	<u>92.72%</u>	<u>90.48%</u>

Schedule of Employer Contributions

Town's contractually required contribution	<u>\$ 115,305</u>	<u>\$ 96,336</u>	<u>\$ 89,597</u>	<u>\$ 76,426</u>
Town's contributions in relation to the contractually required contribution	<u>115,305</u>	<u>96,336</u>	<u>89,597</u>	<u>76,426</u>
Town's contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's covered payroll	<u>\$ 575,825</u>	<u>\$ 575,825</u>	<u>\$ 535,550</u>	<u>\$ 477,053</u>
Town's contributions as a percentage of covered payroll	<u>20.02%</u>	<u>16.73%</u>	<u>16.73%</u>	<u>16.02%</u>

Note: This schedule is intended to present 10 years. Additional years will be presented when they become available.

Town of New Fairfield, Connecticut

Connecticut Municipal Employees' Retirement System

Required Supplemental Information
Last Four Years**Notes to Required Supplementary Information**

Changes of benefit term	None
Changes of assumptions	None
Actuarial cost method	Entry Age
Amortization method	Level dollar, closed
Remaining amortization period	25 years
Asset valuation method	5 year smoothed market (20% recognition of investment gains and losses)
Inflation	3.25%
Salary increases	4.25%-11.00%, average, including inflation
Investment rate of return	8.00%, net of pension plan investment expense, including inflation

Note: This schedule is intended to present 10 years. Additional years will be presented when they become available.

Town of New Fairfield, Connecticut
Connecticut Teachers' Retirement System
Required Supplementary Information
Last Four Years

Schedule of Proportional Share of the Net Pension Liability

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Town's percentage of collective net pension liability	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
Town's proportionate share of the collective net pension liability	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the collective net pension liability associated with the Town	<u>\$65,802,792</u>	<u>\$69,422,450</u>	<u>\$52,643,952</u>	<u>\$48,658,784</u>
8 Total proportionate share of the collective net pension liability	<u>\$65,802,792</u>	<u>\$69,422,450</u>	<u>\$52,643,952</u>	<u>\$48,658,784</u>
Employer covered payroll	(1) <u>NA</u>	<u>NA</u>	<u>NA</u>	<u>NA</u>
Employer proportionate share of the collective net pension liability as a percentage of covered payroll	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
Plan fiduciary net position as a percentage of total pension liability	<u>55.93%</u>	<u>52.26%</u>	<u>59.50%</u>	<u>61.51%</u>

Schedule of Employer Contributions

Contractually and statutorily required Town contribution	(2) <u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
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(1) Not applicable since 0% of the proportional share of the pension liability belongs to the Town.

(2) The Town is not required to contribute to the plan. The State contributes on behalf of the Town.

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

Town of New Fairfield, Connecticut

Connecticut Teachers' Retirement System

Notes of Required Supplementary Information
Last Four Years

Notes to Required Supplementary Information

Changes of benefit term	None
Changes of assumptions	<p>2016</p> <ol style="list-style-type: none"> 1. Reduce the inflation assumption from 3.00% to 2.75%. 2. Reduce the real rate of return assumption from 5.50% to 5.25% which, when combined with the inflation assumption change, results in a decrease in the investment rate of return assumption from 8.50% to 8.00%. 3. Reduce the annual rate of wage increase assumption from 0.75% to 0.50%. 4. Slightly modify the merit portion of the salary scale. 5. Reduce the payroll growth assumption from 3.75% to 3.25%. 6. Update mortality tables to projected versions of the RPH-2014 mortality tables. 7. Increase normal retirement rates for females at most ages and prorable retirement rates for males at most ages Decrease early retirement rates for both males and females. 8. Increase rates of withdrawal. 9. Decrease rates of disability for males.
Actuarial cost method	Entry Age
Amortization method	Level percent of salary, closed
Asset valuation method	4 year smoothed fair value
Inflation	2.75%
Salary increases	3.25%-6.50%, average, including inflation
Investment rate of return	8.00% net of pension plan investment expense, including inflation

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

Town of New Fairfield, Connecticut

CT State Teachers' Retirement Board Retiree Health Insurance Plan

Required Supplementary Information
June 30, 2018

Schedule of Proportionate Share of the Net OPEB Liability

Town's proportionate share of the net OPEB liability		0.00%
Town's proportionate share of the collective net OPEB liability	\$	-
State of Connecticut's proportionate share of the net OPEB liability associated with Town		<u>16,936,880</u>
Total	\$	<u><u>16,936,880</u></u>
Town's covered payroll	(2)	<u>N/A</u>
Town's proportionate share of the net OPEB liability as a percentage of its covered payroll		<u>0.00%</u>
Plan fiduciary net position as a percentage of the total OPEB liability		<u><u>1.79%</u></u>

Schedule of Employer Contributions

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

- (1) Local employers are not required to contribute to the plan
- (2) Not applicable since 0% proportional share of the net OPEB liability

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

Town of New Fairfield, Connecticut

CT State Teachers' Retirement Board Retiree Health Insurance Plan
 Notes to Required Supplementary Information
 June 30, 2018

<p>Changes of Benefit Terms</p>	<p>None</p>
<p>Changes of Assumptions</p>	<p>2016: The discount rate has been lowered from 4.50% to 4.25% to reflect the decrease in the rate of inflation</p> <p>The payroll growth rate assumption was decreased from 3.75% to 3.25% to reflect the decrease in the rate of inflation and the decrease in the rate of real wage increase</p> <p>The demographic assumptions of salary growth, payroll growth, the rates of withdrawal, the rates of retirement, the rates of mortality, and the rates of disability incidence were adjusted based upon the experience study's findings and their adoption by the Board</p> <p>The assumed initial per capita health care costs, the assumed rates of healthcare inflation used to project the per capita costs, and the participation assumptions have been revised</p>
<p>Actuarial Cost Method</p>	<p>Entry age</p>
<p>Amortization Method</p>	<p>Level percentage, open</p>
<p>Asset Valuation Method</p>	<p>Fair Value</p>
<p>Inflation</p>	<p>2.75%</p>
<p>Healthcare Inflation Rate</p>	<p>Initial 7.25% decreasing to 5.00% (ultimate) by 2022</p>
<p>Salary Increases</p>	<p>3.25% to 6.50%, including inflation</p>
<p>Investment Rate of Return</p>	<p>4.25%</p>
<p>Mortality Rate</p>	<p>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 and further adjusted to grade in increases (5% for females and 8% for males) to rates over age 80. For disabled retirees, the RPH-2014 Disabled Mortality table projected to 2017 using the BB improvement scale</p>

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

Supplemental Schedules

**General
Fund**

Town of New Fairfield, Connecticut

Combining Balance Sheet
General Fund
June 30, 2018

	General Fund	May Storm Fund	Interfund Eliminations	Total
ASSETS				
Cash	\$ 3,934,646	\$ -	\$ -	\$ 3,934,646
Restricted cash	113,645	-	-	113,645
Investments	14,695,959	-	-	14,695,959
Receivables (net)				
Property tax	542,472	-	-	542,472
Accounts	222,088	-	-	222,088
Intergovernmental	107,039	-	-	107,039
Due from other funds	854,244	2,347,666	(2,347,666)	854,244
Total assets	<u>\$ 20,470,093</u>	<u>\$ 2,347,666</u>	<u>\$ (2,347,666)</u>	<u>\$ 20,470,093</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 1,706,863	\$ -	\$ -	\$ 1,706,863
Accrued payroll and related	327,516	-	-	327,516
Due to other funds	5,831,789	-	(2,347,666)	3,484,123
Performance bonds	113,645	-	-	113,645
Total liabilities	<u>7,979,813</u>	<u>-</u>	<u>(2,347,666)</u>	<u>5,632,147</u>
Deferred inflows of resources				
Unavailable revenues				
Advance property tax collections	4,140,242	-	-	4,140,242
Property taxes	542,472	-	-	542,472
Total deferred inflows of resources	<u>4,682,714</u>	<u>-</u>	<u>-</u>	<u>4,682,714</u>
Fund balances				
Assigned	602,961	2,347,666	-	2,950,627
Unassigned	7,204,605	-	-	7,204,605
Total fund balances	<u>7,807,566</u>	<u>2,347,666</u>	<u>-</u>	<u>10,155,232</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 20,470,093</u>	<u>\$ 2,347,666</u>	<u>\$ (2,347,666)</u>	<u>\$ 20,470,093</u>

Town of New Fairfield, Connecticut

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
 General Fund
 For the Year Ended June 30, 2018

	General Fund	May Storm Fund	Interfund Eliminations	Total
REVENUES				
Property taxes	\$ 47,562,514	\$ -	\$ -	\$ 47,562,514
Intergovernmental	13,169,118	-	-	13,169,118
Charges for services	1,383,899	-	-	1,383,899
Investment income	310,890	-	-	310,890
Other	<u>106,581</u>	<u>-</u>	<u>-</u>	<u>106,581</u>
Total revenues	<u>62,533,002</u>	<u>-</u>	<u>-</u>	<u>62,533,002</u>
EXPENDITURES				
Current				
General government	3,234,467	-	-	3,234,467
Public safety	3,299,238	152,334	-	3,451,572
Public works	1,503,777	-	-	1,503,777
Health and welfare	485,938	-	-	485,938
Culture and recreation	608,424	-	-	608,424
Health insurance	5,952,952	-	-	5,952,952
Education	41,805,563	-	-	41,805,563
Debt service				
Principal	2,127,550	-	-	2,127,550
Interest	<u>294,583</u>	<u>-</u>	<u>-</u>	<u>294,583</u>
Total expenditures	<u>59,312,492</u>	<u>152,334</u>	<u>-</u>	<u>59,464,826</u>
Excess (deficiency) of revenues over expenditures	<u>3,220,510</u>	<u>(152,334)</u>	<u>-</u>	<u>3,068,176</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	2,500,000	(2,500,000)	-
Transfers out	<u>(3,035,808)</u>	<u>-</u>	<u>2,500,000</u>	<u>(535,808)</u>
Net other financing sources (uses)	<u>(3,035,808)</u>	<u>2,500,000</u>	<u>-</u>	<u>(535,808)</u>
Net change in fund balances	184,702	2,347,666	-	2,532,368
Fund balances - July 1, 2017 (as restated)	<u>7,622,864</u>	<u>-</u>	<u>-</u>	<u>7,622,864</u>
Fund balances - June 30, 2018	<u>\$ 7,807,566</u>	<u>\$ 2,347,666</u>	<u>\$ -</u>	<u>\$ 10,155,232</u>

Town of New Fairfield, Connecticut

Report of the Tax Collector
For the Year Ended June 30, 2018

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Grand List Year	Beginning Balance	Current Year Levy	Lawful Corrections		Transfers to Suspense	Net Taxes Collectible	Collections During the Year			Ending Balance			
			Additions	Deductions			Net Taxes	Interest	Liens		Total		
2016	\$ -	\$47,904,028	\$151,578	\$ 666,306	\$ 22,380	\$ 47,366,920	\$47,069,562	\$ 105,838	\$ 768	\$47,176,168	\$ 297,358		
2015	287,247	-	3,274	12,355	15,238	262,928	205,750	41,424	1,440	248,614	57,178		
2014	63,509	-	270	5,035	5,474	53,270	34,745	14,169	432	49,346	18,525		
2013	32,239	-	2,769	8,093	440	26,475	20,959	9,768	264	30,991	5,516		
2012	18,554	-	21	3,856	-	14,719	9,550	6,949	216	16,715	5,169		
2011	9,637	-	-	3,709	-	5,928	1,129	1,105	144	2,378	4,799		
2010	8,271	-	-	3,602	-	4,669	388	442	48	878	4,281		
2009	7,447	-	155	3,501	-	4,101	155	9	-	164	3,946		
2008	7,626	-	167	3,190	-	4,603	167	8	-	175	4,436		
2007	8,504	-	42	3,195	-	5,351	43	2	-	45	5,308		
2006	7,345	-	118	3,208	-	4,255	-	-	-	-	4,255		
2005	6,932	-	-	2,813	-	4,119	-	-	-	-	4,119		
2004	7,149	-	-	2,723	-	4,426	-	-	-	-	4,426		
2003	2,000	-	-	268	-	1,732	-	-	-	-	1,732		
2002	1,911	-	-	1,862	-	49	-	-	-	-	49		
2001	1,162	-	-	1,162	-	-	-	-	-	-	-		
Totals	\$ 469,533	\$47,904,028	\$158,394	\$ 724,878	\$ 43,532	\$ 47,763,545	\$47,342,448	\$ 179,714	\$ 3,312	\$47,525,474	\$ 421,097		
												Allowance for doubtful accounts	(20,000)
												Interest receivable	141,375
												Net taxes receivable	<u>\$ 542,472</u>

**Other
Governmental
Funds**

Town of New Fairfield, Connecticut

Combining Balance Sheet
Other Governmental Funds
June 30, 2018

	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
ASSETS								
Cash	\$ 93,546	\$ 258,094	\$ 2,932	\$ 58,176	\$ 30,757	\$ 19,481	\$ 16,311	\$ -
Investments	-	-	-	-	-	58,780	-	-
Receivables (net)								
Accounts	187	11,043	-	-	-	-	-	-
Loans	-	-	-	1,367,652	-	-	-	-
Intergovernmental	23,157	11,184	-	-	-	-	-	-
Due from other funds	-	166,395	-	-	-	-	-	2,119
Other assets	25,902	-	-	-	-	-	-	-
Total assets	<u>\$ 142,792</u>	<u>\$ 446,716</u>	<u>\$ 2,932</u>	<u>\$ 1,425,828</u>	<u>\$ 30,757</u>	<u>\$ 78,261</u>	<u>\$ 16,311</u>	<u>\$ 2,119</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES								
Liabilities								
Accounts payable	\$ 68,512	\$ 29,246	\$ -	\$ 1,105	\$ 4,872	\$ -	\$ -	\$ -
Accrued payroll and related	-	4,024	-	-	-	-	-	-
Due to other funds	-	254,631	105	-	6,290	-	-	-
Unearned revenues	-	92,736	-	-	-	-	-	-
Total liabilities	<u>68,512</u>	<u>380,637</u>	<u>105</u>	<u>1,105</u>	<u>11,162</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances								
Nonspendable	-	-	-	1,367,652	-	-	-	-
Restricted	-	-	2,827	57,071	-	-	16,311	-
Committed	-	-	-	-	-	-	-	-
Assigned	74,280	66,079	-	-	19,595	78,261	-	2,119
Unassigned	-	-	-	-	-	-	-	-
Total fund balances	<u>74,280</u>	<u>66,079</u>	<u>2,827</u>	<u>1,424,723</u>	<u>19,595</u>	<u>78,261</u>	<u>16,311</u>	<u>2,119</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 142,792</u>	<u>\$ 446,716</u>	<u>\$ 2,932</u>	<u>\$ 1,425,828</u>	<u>\$ 30,757</u>	<u>\$ 78,261</u>	<u>\$ 16,311</u>	<u>\$ 2,119</u>

(Continued)

Town of New Fairfield, Connecticut

Combining Balance Sheet
Other Governmental Funds
June 30, 2018

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
ASSETS							
Cash	\$ -	\$ -	\$ 135,909	\$ 12,752	\$ -	\$ -	\$ 385,677
Investments	-	-	-	-	-	-	-
Receivables (net)							
Accounts	-	11,459	-	-	-	-	-
Loans	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Due from other funds	76,923	65,512	-	-	57,682	10,317	190
Other assets	-	-	-	4,457	-	-	13,821
Total assets	<u>\$ 76,923</u>	<u>\$ 76,971</u>	<u>\$ 135,909</u>	<u>\$ 17,209</u>	<u>\$ 57,682</u>	<u>\$ 10,317</u>	<u>\$ 399,688</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES							
Liabilities							
Accounts payable	\$ 2,743	\$ 11,383	\$ 909	\$ -	\$ 315	\$ -	\$ 43,013
Accrued payroll and related	-	96	-	-	-	-	5,864
Due to other funds	-	4,948	55,262	4,457	-	-	72,213
Unearned revenues	-	267	-	-	14,603	-	104,310
Total liabilities	<u>2,743</u>	<u>16,694</u>	<u>56,171</u>	<u>4,457</u>	<u>14,918</u>	<u>-</u>	<u>225,400</u>
Fund balances							
Nonspendable	-	-	-	-	-	-	-
Restricted	-	-	79,738	12,752	-	-	-
Committed	-	-	-	-	-	-	-
Assigned	74,180	60,277	-	-	42,764	10,317	174,288
Unassigned	-	-	-	-	-	-	-
Total fund balances	<u>74,180</u>	<u>60,277</u>	<u>79,738</u>	<u>12,752</u>	<u>42,764</u>	<u>10,317</u>	<u>174,288</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 76,923</u>	<u>\$ 76,971</u>	<u>\$ 135,909</u>	<u>\$ 17,209</u>	<u>\$ 57,682</u>	<u>\$ 10,317</u>	<u>\$ 399,688</u>

(Continued)

Town of New Fairfield, Connecticut

Combining Balance Sheet
Other Governmental Funds
June 30, 2018

	Special Revenue Funds				Capital Projects Funds		
	User Surcharges Fund	Hidden Valley Fund	Drop Off Center Fund	Total Special Revenue Funds	MHHS Septic Fund	Town Center Beautification Fund	MHHS/HS Renovations Fund
ASSETS							
Cash	\$ 260,164	\$ 17,784	\$ 119,476	\$ 1,411,059	\$ -	\$ -	\$ -
Investments	-	-	-	58,780	-	-	-
Receivables (net)							
Accounts	26,331	-	9,502	58,522	-	-	-
Loans	-	-	-	1,367,652	-	-	-
Intergovernmental	-	-	-	34,341	-	-	-
Due from other funds	119,606	-	-	498,744	-	83,646	-
Other assets	-	-	-	44,180	-	-	-
Total assets	<u>\$ 406,101</u>	<u>\$ 17,784</u>	<u>\$ 128,978</u>	<u>\$ 3,473,278</u>	<u>\$ -</u>	<u>\$ 83,646</u>	<u>\$ -</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES							
Liabilities							
Accounts payable	\$ 1,325	\$ -	\$ 8,294	\$ 171,717	\$ -	\$ 116	\$ 49,893
Accrued payroll and related	504	-	1,328	11,816	-	-	-
Due to other funds	-	-	112,326	510,232	90,565	-	152,480
Unearned revenues	-	-	-	211,916	-	79,441	-
Total liabilities	<u>1,829</u>	<u>-</u>	<u>121,948</u>	<u>905,681</u>	<u>90,565</u>	<u>79,557</u>	<u>202,373</u>
Fund balances							
Nonspendable	-	-	-	1,367,652	-	-	-
Restricted	-	-	-	168,699	-	-	-
Committed	-	-	-	-	-	4,089	-
Assigned	404,272	17,784	7,030	1,031,246	-	-	-
Unassigned	-	-	-	-	(90,565)	-	(202,373)
Total fund balances	<u>404,272</u>	<u>17,784</u>	<u>7,030</u>	<u>2,567,597</u>	<u>(90,565)</u>	<u>4,089</u>	<u>(202,373)</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 406,101</u>	<u>\$ 17,784</u>	<u>\$ 128,978</u>	<u>\$ 3,473,278</u>	<u>\$ -</u>	<u>\$ 83,646</u>	<u>\$ -</u>

(Continued)

Town of New Fairfield, Connecticut

Combining Balance Sheet
Other Governmental Funds
June 30, 2018

	Capital Projects Funds				Permanent Fund	Total Other Governmental Funds
	Fire Company Reserve Fund	BOE Capital Nonrecurring Fund	School Capital Project Fund	Total Capital Projects Funds	Library Fund	
ASSETS						
Cash	\$ -	\$ -	\$ -	\$ -	\$ 7,333	\$ 1,418,392
Investments	433,710	-	-	433,710	50,498	542,988
Receivables (net)						
Accounts	-	-	-	-	-	58,522
Loans	-	-	-	-	-	1,367,652
Intergovernmental	-	-	-	-	-	34,341
Due from other funds	-	859,983	19,907	963,536	-	1,462,280
Other assets	-	-	-	-	-	44,180
Total assets	<u>\$ 433,710</u>	<u>\$ 859,983</u>	<u>\$ 19,907</u>	<u>\$ 1,397,246</u>	<u>\$ 57,831</u>	<u>\$ 4,928,355</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
Liabilities						
Accounts payable	\$ -	\$ 19,542	\$ -	\$ 69,551	\$ -	\$ 241,268
Accrued payroll and related	-	-	-	-	-	11,816
Due to other funds	92,281	20,401	28,657	384,384	-	894,616
Unearned revenues	-	-	-	79,441	-	291,357
Total liabilities	<u>92,281</u>	<u>39,943</u>	<u>28,657</u>	<u>533,376</u>	<u>-</u>	<u>1,439,057</u>
Fund balances						
Nonspendable	-	-	-	-	482	1,368,134
Restricted	-	-	-	-	57,349	226,048
Committed	341,429	820,040	-	1,165,558	-	1,165,558
Assigned	-	-	-	-	-	1,031,246
Unassigned	-	-	(8,750)	(301,688)	-	(301,688)
Total fund balances	<u>341,429</u>	<u>820,040</u>	<u>(8,750)</u>	<u>863,870</u>	<u>57,831</u>	<u>3,489,298</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 433,710</u>	<u>\$ 859,983</u>	<u>\$ 19,907</u>	<u>\$ 1,397,246</u>	<u>\$ 57,831</u>	<u>\$ 4,928,355</u>

(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, 2018

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	\$ 144,323	\$ 707,161	\$ -	\$ -	\$ -	\$ 574	\$ -	\$ -
Charges for services	551,118	210,301	-	-	2,589	12,256	-	3,976
Contributions	-	-	-	-	-	5,533	10,254	-
Investment income	137	-	-	92	-	754	-	-
Other	-	39,490	-	-	-	-	-	-
Total revenues	<u>695,578</u>	<u>956,952</u>	<u>-</u>	<u>92</u>	<u>2,589</u>	<u>19,117</u>	<u>10,254</u>	<u>3,976</u>
EXPENDITURES								
Current								
General government	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	298	-	-	-
Public works	-	-	-	-	-	-	-	-
Health and welfare	-	-	-	268	-	-	9,361	-
Culture and recreation	-	-	-	-	-	14,029	-	6,591
Education	702,415	930,785	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Total expenditures	<u>702,415</u>	<u>930,785</u>	<u>-</u>	<u>268</u>	<u>298</u>	<u>14,029</u>	<u>9,361</u>	<u>6,591</u>
Excess (deficiency) of revenues over expenditures	<u>(6,837)</u>	<u>26,167</u>	<u>-</u>	<u>(176)</u>	<u>2,291</u>	<u>5,088</u>	<u>893</u>	<u>(2,615)</u>
OTHER FINANCING SOURCES (USES)								
Transfers in	-	-	-	-	-	49,500	-	-
Transfers out	-	-	-	-	-	-	-	-
Net other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>49,500</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(6,837)	26,167	-	(176)	2,291	54,588	893	(2,615)
Fund balances - July 1, 2017 (as restated)	<u>81,117</u>	<u>39,912</u>	<u>2,827</u>	<u>1,424,899</u>	<u>17,304</u>	<u>23,673</u>	<u>15,418</u>	<u>4,734</u>
Fund balances - June 30, 2018	<u>\$ 74,280</u>	<u>\$ 66,079</u>	<u>\$ 2,827</u>	<u>\$ 1,424,723</u>	<u>\$ 19,595</u>	<u>\$ 78,261</u>	<u>\$ 16,311</u>	<u>\$ 2,119</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, 2018

Special Revenue Funds

	Communications Tower Fund	Miscellaneous Grants Fund	Municipal Water System	Beaver Bog Cemetery Fund	Senior Center Fund	Commission for the Youth Fund	Recreation Programs Fund
REVENUES							
Intergovernmental	\$ -	\$ 14,728	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	307,945	6,605	23,859	-	104,103	-	430,638
Contributions	-	-	-	-	12,477	-	-
Investment income	-	-	158	-	-	-	-
Other	-	-	-	-	-	-	3,300
Total revenues	<u>307,945</u>	<u>21,333</u>	<u>24,017</u>	<u>-</u>	<u>116,580</u>	<u>-</u>	<u>433,938</u>
EXPENDITURES							
Current							
General government	-	9,536	-	-	120,728	-	-
Public safety	-	-	-	-	-	-	-
Public works	17,024	-	19,019	-	-	-	-
Health and welfare	-	9,759	-	-	-	-	-
Culture and recreation	-	-	-	-	-	1,000	366,797
Education	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Total expenditures	<u>17,024</u>	<u>19,295</u>	<u>19,019</u>	<u>-</u>	<u>120,728</u>	<u>1,000</u>	<u>366,797</u>
Excess (deficiency) of revenues over expenditures	<u>290,921</u>	<u>2,038</u>	<u>4,998</u>	<u>-</u>	<u>(4,148)</u>	<u>(1,000)</u>	<u>67,141</u>
OTHER FINANCING SOURCES (USES)							
Transfers in	-	-	-	-	-	-	-
Transfers out	(255,000)	-	-	-	-	-	(119,000)
Net other financing source (uses)	<u>(255,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(119,000)</u>
Net change in fund balances	35,921	2,038	4,998	-	(4,148)	(1,000)	(51,859)
Fund balances - July 1, 2017 (as restated)	<u>38,259</u>	<u>58,239</u>	<u>74,740</u>	<u>12,752</u>	<u>46,912</u>	<u>11,317</u>	<u>226,147</u>
Fund balances - June 30, 2018	<u>\$ 74,180</u>	<u>\$ 60,277</u>	<u>\$79,738</u>	<u>\$ 12,752</u>	<u>\$ 42,764</u>	<u>\$ 10,317</u>	<u>\$ 174,288</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, 2018

	Special Revenue Funds			Capital Projects Funds			
	User Surcharges Fund	Hidden Valley Fund	Drop Off Center Fund	Total Special Revenue Funds	Fire Company Reserve Fund	BOE Capital Nonrecurring Fund	School Capital Project Fund
REVENUES							
Intergovernmental	\$ -	\$ -	\$ -	\$ 866,786	\$ -	\$ -	\$ 19,907
Charges for services	213,691	-	144,217	2,011,298	-	-	-
Contributions	-	-	-	28,264	-	-	-
Investment income	-	-	-	1,141	5,723	-	-
Other	-	-	-	42,790	-	-	-
Total revenues	<u>213,691</u>	<u>-</u>	<u>144,217</u>	<u>2,950,279</u>	<u>5,723</u>	<u>-</u>	<u>19,907</u>
EXPENDITURES							
Current							
General government	-	-	-	130,264	-	-	-
Public safety	-	-	-	298	-	-	-
Public works	-	-	138,972	175,015	-	-	-
Health and welfare	-	-	-	19,388	-	-	-
Culture and recreation	157,266	-	-	545,683	-	-	-
Education	-	-	-	1,633,200	-	-	-
Capital outlay	-	-	-	-	214	307,661	-
Total expenditures	<u>157,266</u>	<u>-</u>	<u>138,972</u>	<u>2,503,848</u>	<u>214</u>	<u>307,661</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>56,425</u>	<u>-</u>	<u>5,245</u>	<u>446,431</u>	<u>5,509</u>	<u>(307,661)</u>	<u>19,907</u>
OTHER FINANCING SOURCES (USES)							
Transfers in	-	-	-	49,500	147,228	306,686	-
Transfers out	-	-	-	(374,000)	-	-	-
Net other financing source (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(324,500)</u>	<u>147,228</u>	<u>306,686</u>	<u>-</u>
Net change in fund balances	56,425	-	5,245	121,931	152,737	(975)	19,907
Fund balances - July 1, 2017 (as restated)	<u>347,847</u>	<u>17,784</u>	<u>1,785</u>	<u>2,445,666</u>	<u>188,692</u>	<u>821,015</u>	<u>(28,657)</u>
Fund balances - June 30, 2018	<u>\$ 404,272</u>	<u>\$ 17,784</u>	<u>\$ 7,030</u>	<u>\$ 2,567,597</u>	<u>\$ 341,429</u>	<u>\$ 820,040</u>	<u>\$ (8,750)</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, 2018

	Capital Projects Funds			Total Capital Projects Funds	Permanent Fund	Total Other Governmental Funds
	MHHS Septic Fund	Town Center Beautification Fund	MHHS/HS Renovation Fund		Library Fund	
REVENUES						
Intergovernmental	\$ -	\$ 381,396	\$ -	\$ 401,303	\$ -	\$ 1,268,089
Charges for services	-	-	-	-	-	2,011,298
Contributions	-	-	-	-	-	28,264
Investment income	-	-	-	5,723	912	7,776
Other	-	-	-	-	4,637	47,427
Total revenues	-	381,396	-	407,026	5,549	3,362,854
EXPENDITURES						
Current						
General government	-	-	-	-	-	130,264
Public safety	-	-	-	-	-	298
Public works	-	-	-	-	-	175,015
Health and welfare	-	-	-	-	-	19,388
Culture and recreation	-	-	-	-	-	545,683
Education	-	-	-	-	-	1,633,200
Capital outlay	-	381,395	16,236	705,506	-	705,506
Total	-	381,395	16,236	705,506	-	3,209,354
Excess (deficiency) of revenues over expenditures	-	1	(16,236)	(298,480)	5,549	153,500
OTHER FINANCING SOURCES						
Transfers in	-	-	-	453,914	-	503,414
Transfers out	-	-	-	-	(49,500)	(423,500)
Net other financing source (uses)	-	-	-	453,914	(49,500)	79,914
Net change in fund balances	-	1	(16,236)	155,434	(43,951)	233,414
Fund balances - July 1, 2017 (as restated)	(90,565)	4,088	(186,137)	708,436	101,782	3,255,884
Fund balances - June 30, 2018	\$ (90,565)	\$ 4,089	\$ (202,373)	\$ 863,870	\$ 57,831	\$ 3,489,298

(Concluded)

Trend Information

Town of New Fairfield, Connecticut
Schedule of Debt Limitation
Connecticut General Statutes, Section 7-374 (b)
As of and for the Year Ended June 30, 2018
(Unaudited)

Total prior year tax collections (including interest and lien fees) \$ 42,614,847

Debt limitation:	General Purpose	Schools	Sewers	Urban Renewal	Pension Deficit
2 1/4 times base	\$ 95,883,406	\$ -	\$ -	\$ -	\$ -
4 1/2 times base	-	191,766,812	-	-	-
3 3/4 times base	-	-	159,805,676	-	-
3 1/4 times base	-	-	-	138,498,253	-
3 times base	-	-	-	-	127,844,541
	<u>95,883,406</u>	<u>191,766,812</u>	<u>159,805,676</u>	<u>138,498,253</u>	<u>127,844,541</u>
Total debt limitation					
Indebtedness:					
Bonds payable	<u>2,797,410</u>	<u>15,827,590</u>	<u>-</u>	<u>-</u>	<u>-</u>
Debt limitation in excess of outstanding debt	<u><u>\$ 93,085,996</u></u>	<u><u>\$ 175,939,222</u></u>	<u><u>\$ 159,805,676</u></u>	<u><u>\$ 138,498,253</u></u>	<u><u>\$ 127,844,541</u></u>

Notes:

(1) The total of the above net indebtedness amounts to: \$ 18,625,000

In no event shall total indebtedness exceed seven times the base for debt limitation computation: \$ 298,303,929

**Federal Single Audit
and
State Single Audit**

of the

Town of New Fairfield, Connecticut

For the Year Ended June 30, 2018

Town of New Fairfield, Connecticut

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**Independent Auditors' Report on Internal Control over
Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in
Accordance with *Government Auditing Standards***

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

We have audited, in accordance with the 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, the 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, 2018, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated December 28, 2018.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town's internal control over financial reporting ("internal control") to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

Page 2

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

PKF O'Connor Davies, LLP

Wethersfield, Connecticut
December 28, 2018

**Federal
Single
Audit**

Independent Auditors' Report on Compliance for Each Major Federal Program; Report on Internal Control over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

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

Report on Compliance for Each Major Federal Program

We have audited the Town of New Fairfield, Connecticut's ("Town") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Town's major federal programs for the year ended June 30, 2018. The Town's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of Federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Town's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Town's compliance.

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

Page 2

Opinion on Each Major Federal Program

In our opinion, the Town complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.

Report on Internal Control over Compliance

Management of the Town is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Town's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a Federal program on a timely basis. *A material weakness* in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a Federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency* in internal control over compliance is a deficiency, or a combination of deficiencies in internal control over compliance with a type of compliance requirement of a Federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

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

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Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Town, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements. We issued our report thereon dated December 28, 2018, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates 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 financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

PKF O'Connor Davies, LLP

Wethersfield, Connecticut
December 28, 2018

Town of New Fairfield, Connecticut
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2018

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Passed Through to subrecipients	Total Expenditures
<u>U.S. Department of Agriculture</u>				
Passed through State Department of Education:				
Child Nutrition Cluster:				
School Breakfast Program	10.553	12060-SDE64370-20508	\$ -	\$ 6,655
National School Lunch Program - Cash	10.555	12060-SDE64370-20560	-	89,618
National School Lunch Program - Commodities	10.555	12060-SDE64370-20560	-	<u>39,790</u>
Total U.S. Department of Agriculture			-	<u>136,063</u>
<u>U.S. Department of Transportation</u>				
Passed through State Department of Transportation:				
Highway Planning and Construction Cluster:				
Highway Planning and Construction	20.205	12062-DOT57161-22108	-	<u>34,112</u>
<u>U.S. Department of Education</u>				
Passed through State Department of Education:				
Title I - Grants to Local Educational Agencies	84.010	12060-SDE64370-20679-2017	-	<u>100,326</u>
Special Education Cluster (IDEA):				
Special Education - Grants to States (IDEA, Part B)		12060-SDE64370-20977-2017	-	447,099
Special Education - Grants to States (IDEA, Part B)		12060-SDE64370-20977-2018	-	<u>60,372</u>
Total Special Education - Grants to States (IDEA, Part B)	84.027			<u>507,471</u>
Special Education - Preschool Grants (IDEA Preschool)	84.173	12060-SDE64370-20983-2017	-	<u>13,104</u>
Total Special Education Cluster (IDEA)			-	<u>520,575</u>
Career and Technical Education - Basic Grants to States (Perkins IV)	84.048	12060-SDE64370-20742-2017	-	<u>20,144</u>
Student Support and Academic Enrichment Program (Title IV)	84.424	12060-SDE64370-22854	-	<u>10,000</u>
Supporting Effective Instruction State Grants		12060-SDE64370-20858-2017	-	28,567
Supporting Effective Instruction State Grants		12060-SDE64370-20858-2018	-	<u>4,178</u>
Total Supporting Effective Instruction State Grants	84.367			<u>32,745</u>
Total U.S. Department of Education			-	<u>683,790</u>
<u>U.S. Department of Health and Human Services</u>				
Direct Program:				
Public Health Emergency Preparedness Aligned Cooperative Agreements	93.074	N/A	-	<u>9,698</u>
<u>U.S. Department of Homeland Security</u>				
Passed through State Department of Emergency Services and Public Protection:				
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	12060-DPS32990-21891	-	<u>107,039</u>
Emergency Management Performance Grants	97.042	12060-DPS32160-21881	-	<u>6,663</u>
Total U.S. Department of Homeland Security			-	<u>113,702</u>
Total Federal Awards			<u>\$ -</u>	<u>\$ 977,365</u>

N/A - Not applicable or not available.

See Notes to Schedule of Expenditures of Federal Awards.

Town of New Fairfield, Connecticut

**Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2018**

1. Basis of presentation

The accompanying schedule of expenditures of federal awards ("Schedule") includes the federal award activity of the Town of New Fairfield, Connecticut ("Town") under programs of the federal government. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance").

Because the Schedule presents only a selected portion of the operations of the Town, it is not intended to and does not present the financial position, changes in fund balance, changes in net position, or cash flows of the Town.

2. Summary of significant accounting policies

- A. Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- B. The Town has elected not to use the 10% *de minimis* indirect cost rate as allowed under the Uniform Guidance.

3. Noncash federal awards

The Town received and expended \$39,790 of USDA donated commodities under the National School Lunch Program.

4. Prior year findings and questions costs

There were no prior year audit findings or questioned costs.

Town of New Fairfield, Connecticut

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2018

I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:

Unmodified opinion

Internal control over financial reporting:

Material weakness(es) identified?

_____yes x no

Significant deficiency(ies) identified?

_____yes x none reported

Noncompliance material to financial statements noted?

_____yes x no

Federal Awards

Internal control over major programs:

Material weakness(es) identified

_____yes x no

Significant deficiency(ies) identified?

_____yes x none reported

Type of auditors' report issued on compliance
for major programs:

Unmodified opinion

Any audit findings disclosed that are required
to be reported in accordance
with 2 CFR Section 200.516(a)?

_____yes x no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.027, 84.173	Special Education Cluster (IDEA)

Dollar threshold used to distinguish between
type A and type B programs:

\$750,000

Auditee qualified as low-risk auditee?

_____yes x no

II. Findings - Financial Statement Audit

None.

III. Findings and Questioned Costs – Major Federal Award Programs Audit

None.

**State
Single
Audit**

Independent Auditors' Report on Compliance for Each Major State Program; Report on Internal Control over Compliance; and Report on the Schedule of Expenditures of State Financial Assistance Required by the State Single Audit Act

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

Report on Compliance for Each Major State Program

We have audited the Town of New Fairfield, Connecticut's ("Town") compliance with the types of compliance requirements described in the Office of Policy and Management's *Compliance Supplement* that could have a direct and material effect on each of the Town's major state programs for the year ended June 30, 2018. The Town's major state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its state programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Town's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the State Single Audit Act (C.G.S. Sections 4-230 to 4-236). Those standards and the State Single Audit Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the Town's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major state program. However, our audit does not provide a legal determination of the Town's compliance.

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

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Opinion on Each Major State Program

In our opinion, the Town complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2018.

Report on Internal Control over Compliance

Management of the Town is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Town's internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with the State Single Audit Act, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the State Single Audit Act. Accordingly, this report is not suitable for any other purpose.

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

Page 3

Report on the Schedule of Expenditures of State Financial Assistance Required by the State Single Audit Act

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Town, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements. We have issued our report thereon dated December 28, 2018, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The accompanying schedule of expenditures of state financial assistance is presented for purposes of additional analysis as required by the State Single Audit Act and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates 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 financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of state financial assistance is fairly stated in all material respects in relation to the basic financial statements as a whole.

PKF O'Connor Davies, LLP

Wethersfield, Connecticut
December 28, 2018

Town of New Fairfield, Connecticut

**Schedule of Expenditures of State Financial Assistance
For the Year Ended June 30, 2018**

State Grantor/Pass-Through Grantor/Program Title	State Grant Program Core CT Number	Passed Through to Subrecipients	Total Expenditures
Department of Education:			
Primary Mental Health	11000-SDE64370-12198	\$ -	\$ 19,344
Child Nutrition State Matching Grant	11000-SDE64370-16211	-	5,366
Adult Education	11000-SDE64370-17030	-	4,027
School Breakfast	11000-SDE64370-17046	-	2,894
Magnet Schools - Transportation	11000-SDE64370-17057	-	8,521
Office of Policy and Management:			
Payment in Lieu of Taxes (PILOT) on State Owned Property	11000-OPM20600-17004	-	116
Property Tax Relief on Property of Totally Disabled Persons	11000-OPM20600-17011	-	1,617
Property Tax Relief for Veterans	11000-OPM20600-17024	-	18,803
Local Capital Improvement Program	12050-OPM20600-40254	-	145,230
Municipal Grants-in-Aid	12052-OPM20600-43587	-	1,149
Regional Performance Incentive Program	12060-OPM20600-35457	-	1,030
Connecticut State Library:			
Connecticard Payments	11000-CSL66051-17010	-	574
Historic Documents Preservation Grant	12060-CSL66094-35150	-	4,000
Department of Transportation:			
Town Aid Roads Grants Transportation Fund	12052-DOT57131-43455	-	276,671
Small Town Economic Assistance Program	12052-DOT57191-40532	-	381,396
Local Transportation Capital Improvement Program	13033-DOT57197-43584	-	391,052
Total State Financial Assistance Before Exempt Programs		-	<u>1,261,790</u>
<u>Exempt Programs:</u>			
Department of Education:			
Education Cost Sharing	11000-SDE64370-17041	-	3,782,872
Special Education - Excess Cost Student Based and Equity	11000-SDE64370-17047	-	196,845
Department of Administrative Services:			
School Construction Projects - Principal	13010-DAS27636-40901	-	91,984
School Construction Projects - Principal	13010-DAS27635-40901	-	19,907
Office of Policy and Management:			
Municipal Stabilization Grant	11000-OPM20600-17104	-	102,494
Mashantucket Pequot/Mohegan Fund Grant	12009-OPM20600-17005	-	29,123
Total Exempt Programs		-	<u>4,223,225</u>
Total State Financial Assistance		<u>\$ -</u>	<u>\$ 5,485,015</u>

See Notes to Schedule of Expenditures of State Financial Assistance.

Town of New Fairfield, Connecticut

**Notes to Schedule of Expenditures of State Financial Assistance
For the Year Ended June 30, 2018**

1. Basis of presentation

The accompanying schedule of expenditures of state financial assistance ("Schedule") includes state grant activity of the Town of New Fairfield, Connecticut ("Town"), under programs of the State of Connecticut. Various departments and agencies of the State of Connecticut have provided financial assistance through grants and other authorizations in accordance with the General Statutes of the State of Connecticut. These financial assistance programs fund several programs including general government, education, public safety, public works, health and welfare and culture and recreation.

Because the Schedule presents only a selected portion of the operations of the Town, it is not intended to and does not present the financial position, changes in fund balance, changes in net position, or cash flows of the Town.

2. Summary of significant accounting policies

The accounting policies of the Town conform to accounting principles generally accepted in the United States of America promulgated by the Governmental Accounting Standards Board.

The information in the Schedule is presented based upon regulations established by the State of Connecticut, Office of Policy and Management.

Basis of accounting

The expenditures reported on the Schedule are reported on the modified accrual basis of accounting. In accordance with Section 4-236-22 of the Regulations to the State Single Audit Act, certain grants are not dependent on expenditure activity and, accordingly, are considered to be expended in the fiscal year of receipt. These grant program receipts are reflected in the expenditures column of the schedule of expenditures of state financial assistance.

Town of New Fairfield, Connecticut
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2018

I - Summary of Auditors' Results

Financial Statements

Type of auditors' opinion issued: Unmodified opinion

Internal control over financial reporting:

Material weakness(es) identified? yes x no

Significant deficiency(ies) identified? yes x none reported

Noncompliance material to financial statements noted? yes x no

State Financial Assistance

Internal control over major programs:

Material weakness(es) identified yes x no

Significant deficiency(ies) identified? yes x none reported

Type of auditors' opinion issued on compliance for major programs: Unmodified opinion

Any audit findings disclosed that are required to be reported in accordance with Section 4-236-24 of the Regulations of the State Single Audit Act? yes x no

The following schedule reflects the major programs included in the audit:

<u>State Grantor and Program</u>	<u>State Core-CT Number</u>	<u>Expenditures</u>
Department of Transportation:		
Small Town Economic Assistance Program	12052-DOT57191-40532	381,396
Local Transportation Capital Improvement Program	13033-DOT57197-43584	391,052
Dollar threshold used to distinguish between type A and type B programs:		<u>\$200,000</u>

II. Financial Statement Findings

None.

III. State Financial Assistance Findings and Questioned Costs

None.