

Annual Financial Report
of the
Town of New Fairfield, Connecticut
For the Year Ended June 30, 2019

Town of New Fairfield, Connecticut

**Annual Financial Report
For the Year Ended June 30, 2019**

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Town of New Fairfield, Connecticut

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Financial Section



Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of New Fairfield, Connecticut ("Town") as of and for the year ended June 30, 2019, 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 of New Fairfield, Connecticut as of June 30, 2019, 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 the pension and other post-employment benefit schedules, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board ("GASB"), who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

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

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

The trend information section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 30, 2020, 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 effectiveness of the Town's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

PKF O'Connor Davies, LLP

Wethersfield, Connecticut
January 30, 2020



TOWN OF NEW FAIRFIELD
Municipal and School Financial Services
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New Fairfield, CT 06812-2665
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Management's Discussion and Analysis
For the Year Ended June 30, 2019

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, 2019.

Financial Highlights

- The unassigned fund balance in the General Fund was \$9,856,858 or 17.95% of total General Fund expenditures and transfers out. This was an increase of \$2,652,253 from the prior year. This was due to the decrease in assigned fund balance as compared to the prior year. Additionally, the Town has assigned fund balance of \$395,564 for encumbrances.
- During the year, the Town received reimbursement from FEMA for the May 2018 storm totaling \$2,024,418.
- The tax collection rate was 99.4% for the fiscal year.
- The Town's combined net position totals \$86,970,310. Of this amount, \$10,446,438 is available (unrestricted) to finance ongoing programs.
- On a government-wide basis, the Town's total net position decreased by \$994,484 for the fiscal year. The main reasons for the decrease are expenditures and other financing uses exceeding revenues and other financing sources in the capital nonrecurring fund and other governmental funds by \$119,010 and \$444,018, respectively, and the net decrease in net position for the internal service fund of \$393,948.

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.

Management's Discussion and Analysis

Government-Wide Financial Statements (continued)

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

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

Fund Financial Statements

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

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 other governmental funds is provided in the form of combining statements on Schedules 3 and 4.

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.

Management's Discussion and Analysis

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.

Other information

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.

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 other governmental funds are presented immediately following the required supplementary information.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Town, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$86,970,310 at the close of the most recent fiscal year.

By far the largest portion of the Town's net position (86.26%) 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.

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

Management's Discussion and Analysis

Summary Statements of Net Position June 30

	<u>2019</u>	<u>2018</u>
Current and other assets	\$ 25,892,450	\$ 28,047,596
Capital assets (net)	<u>92,698,161</u>	<u>93,961,888</u>
Total assets	<u>118,590,611</u>	<u>122,009,484</u>
Deferred outflows of resources	<u>1,664,355</u>	<u>1,759,566</u>
Other liabilities	6,756,920	3,779,371
Long-term liabilities	<u>21,349,879</u>	<u>25,269,521</u>
Total liabilities	<u>28,106,799</u>	<u>29,048,892</u>
Deferred inflows of resources	<u>5,177,857</u>	<u>6,755,364</u>
Net position		
Net investment in capital assets	75,017,229	74,267,982
Restricted	1,506,643	226,530
Unrestricted	<u>10,446,438</u>	<u>13,470,282</u>
Total net position	<u>\$ 86,970,310</u>	<u>\$ 87,964,794</u>

The unrestricted net position decreased by \$3,023,844 to a total of \$10,446,438. 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.

Management's Discussion and Analysis

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

	<u>2019</u>	<u>2018</u>
Revenues:		
Program revenues:		
Charges for services	\$ 3,759,956	\$ 3,373,049
Operating grants and contributions	13,398,212	13,923,452
Capital grants and contributions	979,787	855,586
General revenues:		
Property taxes	48,666,151	47,571,475
Grants and contributions not restricted to specific programs	287,877	30,272
Use of money and property	502,156	368,741
Other	108,513	109,085
 Total revenues	 <u>67,702,652</u>	 <u>66,231,660</u>
 Expenses:		
General government	3,951,159	3,929,073
Public safety	4,476,540	4,207,892
Public works	6,790,250	2,794,435
Health and welfare	735,325	506,692
Culture and recreation	1,426,132	1,386,752
Education	50,930,131	50,834,171
Interest expense	387,599	482,663
 Total expenses	 <u>68,697,136</u>	 <u>64,141,678</u>
 Increase in net position	 (994,484)	 2,089,982
 Net position - July 1	 <u>87,964,794</u>	 <u>85,874,812</u>
 Net position - June 30	 <u>\$ 86,970,310</u>	 <u>\$ 87,964,794</u>

Property taxes comprise 71.88% of revenues, followed by operating grants and contributions at 19.79%, and charges for services at 5.55%.

Significant revenue changes are as follows:

- Property taxes increased by \$1,094,676 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 29.82 to 30.58. The property tax collection rate continued to exceed 99.0% again this year at 99.4%.
- Operating grants and contributions decreased by \$525,240 mostly due to a decrease in the amount of on-behalf amounts recorded for Connecticut State Teachers' pension and OPEB of \$2,094,817 and a reduction in STEAP grant of \$381,396, offset by an increase in a FEMA grant to cover the May storm clean-up costs \$1,917,379.

Management's Discussion and Analysis

With respect to expenses, 74.14% of the Town's expenses relates to education, followed by 9.88% for public works, 6.52% for public safety, 5.75% for general government, 2.08% for culture and recreation, and 1.07%

Significant expenditure changes are as follows:

- Public works expenses increased by \$3,995,815 primarily due to an increase in costs incurred in relation to storm damages of \$2,238,411, highway projects of \$503,456, road maintenance \$389,196, and an increase in health insurance of \$183,000.

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.

As of the end of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$15,709,500, a decrease of \$465,838 in comparison with the prior year. \$9,537,056 of this total amount constitutes unassigned fund balance.

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

1.	Nonspendable due to the Library Permanent Fund	\$ 482
2.	Restricted due to grant restrictions or legal requirements	1,506,161
3.	Committed for capital projects	3,464,141
4.	Assigned for encumbrances and other purposes	1,201,660

Of the \$1,201,660 of assigned fund balance \$395,564 is assigned for encumbrances.

Management's Discussion and Analysis

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 \$9,856,858, while total fund balance reached \$10,252,422. 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 17.95% of total General Fund expenditures and transfers out, while total fund balance represents 18.67% of that same amount.

During the current fiscal year, the fund balance of the Town's General Fund increased by \$97,190. The increase was due to the net result of the following:

- Intergovernmental revenue received from the state over budgeted expectations of \$2,050,423 due to FEMA grant received of \$2,024,418 that was not budgeted for.
- Charges for services exceeding the amount budgeted by \$396,022, due to building revenue received exceeding the budgeted by \$246,652.
- Expenditure budget was underspent by \$420,875. The under expended budgets included:
 - General government of \$170,249
 - Education of \$166,203
 - Public safety of \$50,681

Capital Nonrecurring Fund. The Capital Nonrecurring Fund's net change in fund balance was a decrease of \$119,010 for the fiscal year due to the timing of the funding and spending for projects.

Proprietary Fund

The internal service fund's unrestricted net position at year end was \$2,481,178, a decrease of \$393,948 from the prior year. The decrease is due to claims and other expenses exceeding charges for services.

General Fund Budgetary Highlights

The difference between the original budget and the final amended budget was \$391,030.

The additional appropriations were as follows:

- \$120,000 to public works was primarily due to higher than expected highway projects costs.
- \$271,030 to transfers out was primarily for capital nonrecurring of \$115,475 and education capital nonrecurring of \$87,563.

The budget transfers were as follows:

- \$149,400 from to general government was primarily due to lower than expected unclassified payroll and benefits and professional services costs of \$125,335 and \$23,000, respectively transferred to public safety and protection (\$143,900) for police costs of \$99,000, primarily due to higher overtime costs, and ambulance and paramedics costs of \$23,500, and the increased cost for the change in ambulance services to twenty-four hour / seven days a week coverage.

Management's Discussion and Analysis

Capital Assets and Debt Administration

Capital assets

The Town's investment in capital assets amounts to \$92,698,161 (net of accumulated depreciation). This investment in capital assets is as follows:

	Capital Assets (Net of Depreciation)	
	June 30	
	<u>2019</u>	<u>2018</u>
Land	\$ 6,380,176	\$ 6,726,276
Construction in progress	1,927,043	1,805,948
Land improvements	3,799,649	3,669,204
Buildings and improvements	53,262,378	54,451,987
Vehicles	2,366,247	2,790,232
Machinery and equipment	1,174,123	1,152,646
Infrastructure	<u>23,788,545</u>	<u>23,365,595</u>
Total	<u>\$ 92,698,161</u>	<u>\$ 93,961,888</u>

The capital assets (net of depreciation) decreased in the current year by \$1,263,727. The decrease is due to depreciation expense exceeding capital additions. In the current year, the Town had capital asset additions totaling \$3,589,058. Major capital disposals consisted of the sale of land for \$346,100. Major capital asset additions consisted of the following:

- Construction in progress:
 - Saw Mill bridge of \$601,119
 - Tennis court replacement of \$379,023
 - Candlewood culverts & corners project of \$114,234
- Infrastructure:
 - Streetscape improvements of \$373,946
 - Portion of Candlewood culverts & corners project completed of \$494,668
- Buildings and improvements:
 - Building improvements to the culinary art consumer science building of \$535,972

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

Management's Discussion and Analysis

Long-term debt

At the end of the fiscal year, the Town had total bonded debt outstanding of \$16,800,000. All debt is backed by the full faith and credit of the Town.

	Long-Term Debt	
	June 30	
	<u>2019</u>	<u>2018</u>
General purpose	\$ 2,408,000	\$ 2,797,410
School	<u>14,392,000</u>	<u>15,827,590</u>
Total	<u>\$ 16,800,000</u>	<u>\$ 18,625,000</u>

During the current fiscal year, the Town's total bonded debt decreased by \$1,825,000 due to scheduled principle payments on outstanding bonded debt.

The Town maintains an "AAA" credit rating from S&P.

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 \$332,678,318, 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 3F.

Economic Factors and Next Year's Budgets and Rates

The Town has created an Economic Development Commission for the promotion and development of the economic resources of the Town.

As of June 2019, the unemployment rate for the Town was at 3.4%, which compares favorably to the State's average unemployment rate of 3.7%.

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.

All of these factors were considered in preparing the Town's budget for the 2020 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, 2019

Assets

Current assets	
Cash	\$ 9,257,856
Investments	11,044,550
Receivables (net)	
Property taxes	352,813
Intergovernmental	2,728,224
Loans	54,600
Other	320,784
Prepaid and other	634,829
Total current assets	<u>24,393,656</u>
Noncurrent assets	
Restricted assets	
Temporarily restricted	
Cash	156,246
Permanently restricted	
Cash	<u>482</u>
Total restricted assets	<u>156,728</u>
Receivables (net)	
Property taxes	81,725
Loans	<u>1,260,341</u>
Total receivables (net)	<u>1,342,066</u>
Capital assets (net of accumulated depreciation)	
Land	6,380,176
Construction in progress	1,927,043
Land improvements	3,799,649
Buildings and improvements	53,262,378
Vehicles	2,366,247
Machinery and equipment	1,174,123
Infrastructure	<u>23,788,545</u>
Total capital assets	<u>92,698,161</u>
Total noncurrent assets	<u>94,196,955</u>
Total assets	<u>118,590,611</u>

Deferred Outflows of Resources

Deferred charge on refunding	616,482
Deferred outflows related to pensions	776,918
Deferred outflows related to OPEB	<u>270,955</u>
Total deferred outflows of resources	<u>1,664,355</u>

(Continued)

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

Town of New Fairfield, Connecticut

Statement of Net Position
Governmental Activities
June 30, 2019

Liabilities

Current liabilities	
Accounts payable	\$ 3,470,313
Accrued payroll and related liabilities	198,137
Accrued interest payable	242,430
Unearned revenue	308,174
Other	30,931
Performance bonds and customer deposits	136,826
Bonds and notes payable	1,730,000
Capital leases	106,303
Compensated absences	86,806
Claims payable	447,000
	<hr/>
Total current liabilities	6,756,920
Noncurrent liabilities	
Bonds, notes, and related liabilities	16,185,954
Capital leases	275,157
Compensated absences	347,223
Net pension liability	1,619,302
Net OPEB liability	2,922,243
	<hr/>
Total noncurrent liabilities	21,349,879
	<hr/>
Total liabilities	28,106,799

Deferred Inflows of Resources

Deferred inflows related to pension	412,719
Deferred inflows related to OPEB	2,089,285
Advance property tax collections	2,675,853
	<hr/>
Total deferred inflows of resources	5,177,857

Net Position

Net investment in capital assets	75,017,229
Restricted for	
Cemetery	8,295
Public safety - police	2,827
Water operations	75,213
Social services	33,109
Housing rehabilitation program	1,340,405
Library	19,902
Education	26,892
Unrestricted	10,446,438
	<hr/>
Total net position	\$ 86,970,310

(Concluded)

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

Town of New Fairfield, Connecticut

Statement of Activities
 Governmental Activities
 For the Year Ended June 30, 2019

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
General government	\$ 3,951,159	\$ 1,337,733	\$ 19,721	\$ -	\$ (2,593,705)
Public safety	4,476,540	333,114	-	-	(4,143,426)
Public works	6,790,250	61,638	2,024,418	979,787	(3,724,407)
Health and welfare	735,325	46,525	95,064	-	(593,736)
Culture and recreation	1,426,132	548,886	12,828	-	(864,418)
Education	50,930,131	1,432,060	11,246,181	-	(38,251,890)
Interest	387,599	-	-	-	(387,599)
Total	\$ 68,697,136	\$ 3,759,956	\$ 13,398,212	\$ 979,787	(50,559,181)
General revenues					
Property taxes					48,666,151
Grants and contributions not restricted to specific programs					287,877
Income from investments					502,156
Other					108,513
Total general revenues					49,564,697
Change in net position					(994,484)
Net position - July 1, 2018					87,964,794
Net position - June 30, 2019					\$ 86,970,310

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

Town of New Fairfield, Connecticut

Balance Sheet
Governmental Funds
June 30, 2019

	General Fund	Capital Nonrecurring Fund	Other Governmental Funds	Total Governmental Funds
<u>Assets</u>				
Cash	\$ 7,249,416	\$ 554,739	\$ 1,115,230	\$ 8,919,385
Restricted cash	156,728	-	-	156,728
Investments	10,541,088	-	503,462	11,044,550
Receivables (net)				
Property taxes	434,538	-	-	434,538
Intergovernmental	2,136,792	504,033	87,399	2,728,224
Loans	-	-	1,314,941	1,314,941
Other	179,255	-	29,714	208,969
Due from other funds	476,626	2,304,084	1,110,486	3,891,196
Other	-	-	34,829	34,829
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 21,174,443</u>	<u>\$ 3,362,856</u>	<u>\$ 4,196,061</u>	<u>\$ 28,733,360</u>
<u>Liabilities</u>				
Accounts payable	\$ 2,586,654	\$ 440,208	\$ 245,810	\$ 3,272,672
Accrued payroll and related liabilities	169,623	1,073	27,441	198,137
Due to other funds	4,888,658	463,683	614,388	5,966,729
Unearned revenue	-	46,094	262,080	308,174
Performance bonds	136,826	-	-	136,826
Other	29,869	-	1,062	30,931
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>7,811,630</u>	<u>951,058</u>	<u>1,150,781</u>	<u>9,913,469</u>
<u>Deferred Inflows of Resources</u>				
Advance property tax collections	2,675,853	-	-	2,675,853
Unavailable revenue - property taxes	434,538	-	-	434,538
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total deferred inflows of resources	<u>3,110,391</u>	<u>-</u>	<u>-</u>	<u>3,110,391</u>
<u>Fund Balances</u>				
Nonspendable	-	-	482	482
Restricted	-	-	1,506,161	1,506,161
Committed	-	2,411,798	1,052,343	3,464,141
Assigned	395,564	-	806,096	1,201,660
Unassigned	9,856,858	-	(319,802)	9,537,056
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total fund balances	<u>10,252,422</u>	<u>2,411,798</u>	<u>3,045,280</u>	<u>15,709,500</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 21,174,443</u>	<u>\$ 3,362,856</u>	<u>\$ 4,196,061</u>	<u>\$ 28,733,360</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, 2019

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) \$ 15,709,500

Capital assets are not financial resources and, therefore, are not reported in the funds:

Beginning capital assets	93,961,888
Current year additions (net of construction in progress)	2,454,952
Depreciation expense	(3,372,579)
Disposal of capital assets	(346,100)

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

Deferred charge on refunding	616,482
Deferred outflows related to pensions	776,918
Deferred outflows related to OPEB	270,955

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

Property tax - accrual basis change	434,538
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Internal service funds are used by management to charge the cost of medical insurance premiums and general services to individual departments:

The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position	2,481,178
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Some liabilities and deferred inflows of resources, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds:

Bond and notes payable	(16,800,000)
Premium	(1,115,954)
Capital leases	(381,460)
Compensated absences	(434,029)
Net pension liability	(1,619,302)
Net OPEB liability	(2,922,243)
Accrued interest payable	(242,430)
Deferred inflows related to pension	(412,719)
Deferred inflows related to OPEB	(2,089,285)

Net position (Exhibit A)	<u>\$ 86,970,310</u>
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(Concluded)

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

Town of New Fairfield, Connecticut

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds

For the Year Ended June 30, 2019

	General Fund	Capital Nonrecurring Fund	Other Governmental Funds	Total Governmental Funds
Revenues				
Property taxes	\$ 48,895,776	\$ -	\$ -	\$ 48,895,776
Intergovernmental	13,013,176	558,499	1,005,295	14,576,970
Charges for services	1,576,051	33,389	2,150,516	3,759,956
Contributions	-	-	88,906	88,906
Income from investments	455,447	34,820	11,889	502,156
Other	94,851	-	13,662	108,513
Total revenues	<u>64,035,301</u>	<u>626,708</u>	<u>3,270,268</u>	<u>67,932,277</u>
Expenditures				
Current				
General government	3,307,562	-	343,109	3,650,671
Public safety	3,727,937	-	683	3,728,620
Public works	5,239,708	-	-	5,239,708
Health and welfare	528,441	-	200,342	728,783
Culture and recreation	540,056	-	587,970	1,128,026
Health insurance	6,100,000	-	-	6,100,000
Education	40,898,230	-	1,744,919	42,643,149
Debt service	2,444,606	-	-	2,444,606
Capital outlay	-	1,567,955	1,175,147	2,743,102
Total expenditures	<u>62,786,540</u>	<u>1,567,955</u>	<u>4,052,170</u>	<u>68,406,665</u>
Excess (deficiency) of revenues over expenditures	<u>1,248,761</u>	<u>(941,247)</u>	<u>(781,902)</u>	<u>(474,388)</u>
Other financing sources (uses)				
Sale of equipment	8,550	-	-	8,550
Transfers in	-	1,671,007	961,246	2,632,253
Transfers out	<u>(1,160,121)</u>	<u>(848,770)</u>	<u>(623,362)</u>	<u>(2,632,253)</u>
Net other financing sources (uses)	<u>(1,151,571)</u>	<u>822,237</u>	<u>337,884</u>	<u>8,550</u>
Net change in fund balances	97,190	(119,010)	(444,018)	(465,838)
Fund balances - July 1, 2018	<u>10,155,232</u>	<u>2,530,808</u>	<u>3,489,298</u>	<u>16,175,338</u>
Fund balances - June 30, 2019	<u>\$ 10,252,422</u>	<u>\$ 2,411,798</u>	<u>\$ 3,045,280</u>	<u>\$ 15,709,500</u>

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

Town of New Fairfield, Connecticut

**Reconciliation of the Statement of Revenues, Expenditures and Changes in
Fund Balances of Governmental Funds to Statement of Activities
For the Year Ended June 30, 2019**

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

Net change in fund balances - total governmental funds (Exhibit D) \$ (465,838)

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.

Capital outlay	2,454,952
Depreciation expense	<u>(3,372,579)</u>
Total	<u>(917,627)</u>

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

Disposal of capital assets	<u>(346,100)</u>
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:

Change in property tax - accrual basis change	(229,625)
Change in other long-term receivable	<u>(678,335)</u>
Total	<u>(907,960)</u>

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

Principal payments:	
General obligation bonds	1,825,000
Capital leases	<u>102,142</u>
Total	<u>1,927,142</u>

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

Amortization of premium	242,809
Change in:	
Compensated absences	(72,461)
Pension expense	(88,670)
OPEB expense	(12,287)
Accrued interest payable	22,549
Amortization of deferred charges	(135,493)
Amortization of deferred outflows of resources	40,282
Amortization of deferred inflows of resources	<u>113,118</u>
Total	<u>109,847</u>

Internal service funds are used by management to charge costs of medical insurance premiums to individual departments (change in net position)

(393,948)

Change in net position (Exhibit B)

\$ (994,484)

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, 2019

	<u>Internal Service Fund</u>
	<u>Medical Insurance Fund</u>
<u>Assets</u>	
Current assets	
Cash	\$ 338,471
Accounts receivable	111,815
Due from other funds	2,075,533
Prepaid	<u>600,000</u>
Total current assets	<u>3,125,819</u>
<u>Liabilities</u>	
Current liabilities	
Accounts payable	197,641
Claims payable	<u>447,000</u>
Total current liabilities	<u>644,641</u>
<u>Net Position</u>	
Unrestricted	<u><u>\$ 2,481,178</u></u>

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

Town of New Fairfield, Connecticut

**Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2019**

	<u>Internal Service Fund</u>
	<u>Medical Insurance Fund</u>
Operating revenues	
Charges for services	<u>\$ 7,356,301</u>
Operating expenses	
Claims	6,053,484
Administration and insurance	1,663,334
Other	<u>33,431</u>
Total operating expenses	<u>7,750,249</u>
Change in net position	(393,948)
Net position - July 1, 2018	<u>2,875,126</u>
Net position - June 30, 2019	<u><u>\$ 2,481,178</u></u>

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

Town of New Fairfield, Connecticut

Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2019

	<u>Internal Service Fund</u>
	<u>Medical Insurance Fund</u>
Cash flows from operating activities:	
Cash received for charges	\$ 7,785,463
Cash paid for claims and other	(6,067,484)
Cash paid for administration	<u>(1,621,120)</u>
Net cash from (used in) operating activities	96,859
Cash - July 1, 2018	<u>241,612</u>
Cash - June 30, 2019	<u><u>\$ 338,471</u></u>
Reconciliation of operating income (loss) to net cash from (used in) operating activities:	
Operating income (loss)	\$ (393,948)
Adjustments to reconcile operating income (loss) to net cash from (used in) operating activities:	
(Increase) decrease in:	
Accounts receivable	(1,152)
Due from other funds	405,314
Other	25,000
Increase (decrease) in:	
Accounts payable	75,645
Claims payable	<u>(14,000)</u>
Net cash from (used in) operating activities	<u><u>\$ 96,859</u></u>

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

Town of New Fairfield, Connecticut

Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2019

	Pension and OPEB Trust Funds	Private- Purpose Trust Fund	Custodial Funds
	<u> </u>	<u> </u>	<u> </u>
<u>Assets</u>			
Cash	\$ -	\$ 4,117	\$ 487,519
Investments			
Mutual funds			
Money market	148,386	-	-
Real estate index	173,677	-	-
U.S. government obligations	9,572,257	-	-
Equities	11,613,335	-	-
Certificates of deposit	<u>-</u>	<u>-</u>	<u>90,716</u>
Total investments	<u>21,507,655</u>	<u>-</u>	<u>90,716</u>
Total assets	<u>21,507,655</u>	<u>4,117</u>	<u>578,235</u>
<u>Net Position</u>			
Restricted for			
Pensions	18,139,882	-	-
OPEB	3,367,773	-	-
Individuals and organizations	<u>-</u>	<u>4,117</u>	<u>578,235</u>
Total net position	<u>\$ 21,507,655</u>	<u>\$ 4,117</u>	<u>\$ 578,235</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, 2019

	Pension and OPEB Trust Funds	Private- Purpose Trust Fund	Custodial Funds
	<u> </u>	<u> </u>	<u> </u>
Additions			
Contributions			
Employer	\$ 997,622	\$ -	\$ -
Activity fees	<u>-</u>	<u>-</u>	<u>726,339</u>
Investment income (loss)			
Net change in fair value of investments	682,954	-	-
Interest and dividends	<u>521,072</u>	<u>79</u>	<u>819</u>
Total investment income (loss)	1,204,026	79	819
Less investment expense	<u>52,247</u>	<u>-</u>	<u>-</u>
Net investment income (loss)	<u>1,151,779</u>	<u>79</u>	<u>819</u>
Total additions	<u>2,149,401</u>	<u>79</u>	<u>727,158</u>
Deductions			
Benefits	734,175	-	-
Administration	77,762	-	-
Activities and events	<u>-</u>	<u>2,000</u>	<u>714,794</u>
Total deductions	<u>811,937</u>	<u>2,000</u>	<u>714,794</u>
Change in net position	1,337,464	(1,921)	12,364
Net position - July 1, 2018	<u>20,170,191</u>	<u>6,038</u>	<u>565,871</u>
Net position - June 30, 2019	<u><u>\$ 21,507,655</u></u>	<u><u>\$ 4,117</u></u>	<u><u>\$ 578,235</u></u>

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

Town of New Fairfield, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2019**History and organization**

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

Accounting principles generally accepted in the United States of America require that the reporting entity include (1) the primary government; (2) organizations for which the primary government is financially accountable; and (3) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The Town does not report any component units.

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

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

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

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

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

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

Town of New Fairfield, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2019**B. Measurement focus, basis of accounting and financial statement presentation (continued)**

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

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

The Town reports the following major governmental funds:

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

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

Additionally, the Town reports the following fund types:

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

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

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

The *Internal Service Fund* accounts for risk financing activities for medical insurance benefits, general liability, and workers' compensation as allowed by GASB Statement No. 10.

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

Town of New Fairfield, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2019**B. Measurement focus, basis of accounting and financial statement presentation (continued)**

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

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

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

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

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

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

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

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

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

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

Town of New Fairfield, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2019

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

b. Investments

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

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

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

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

The investment guidelines are as follows:

Asset Class	Target Allocation		
	Pension		OPEB
	Town	Education	
Equities	60.6%	53.6%	55.0%
Fixed income	39.4%	46.4%	40.0%
US REITs	-	-	5.0%
Total	100.0%	100.0%	100.0%

Town of New Fairfield, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2019**C. Assets, liabilities, deferred outflows/inflows of resources and equity (continued)****c. Method used to value investments**

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

Fair value of investments

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

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

d. Risk policies

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

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

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

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

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

Town of New Fairfield, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2019**C. Assets, liabilities, deferred outflows/inflows of resources and equity (continued)****2. Receivables and payables****a. Interfunds**

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

b. Property taxes and other receivables

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

In the fund financial and government-wide financial statements, all trade and property tax receivables are shown net of an allowance for uncollectibles. Allowance percentages range from 5% to 45.6% of outstanding receivable balances and are calculated based upon prior collections.

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

3. Prepaid items

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

4. Restricted assets

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

Town of New Fairfield, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2019

C. Assets, liabilities, deferred outflows/inflows of resources and equity (continued)**5. Capital assets**

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

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
Vehicles	5-20	5,000
Infrastructure	50	100,000

6. Deferred outflows/inflows of resources

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

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

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

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.

Town of New Fairfield, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2019**C. Assets, liabilities, deferred outflows/inflows of resources and equity (continued)**

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

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

7. Compensated absences

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

8. Long-term obligations

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

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

9. Net position and fund balances

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

Net Investment in Capital Assets

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

Restricted Net Position

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

Unrestricted Net Position

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

Town of New Fairfield, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2019**C. Assets, liabilities, deferred outflows/inflows of resources and equity (continued)**

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

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

Nonspendable

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

Restricted

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

Committed

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

Assigned

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

Unassigned

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

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

Town of New Fairfield, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2019**C. Assets, liabilities, deferred outflows/inflows of resources and equity (continued)****Minimum Fund Balance Policy**

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

9. Use of estimates

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

10. Reclassification

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

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

Only the General Fund has a legally adopted annual budget.

The Town uses the budgetary basis of accounting under which purchase orders for contracts or other commitments are recorded in order to reserve that portion of the applicable appropriation. Encumbrances are recognized as a valid and proper charge against a budget appropriation in the year in which the purchase order, contract or other commitment is issued and, accordingly, encumbrances outstanding at year end are reported in the budgetary statements included as required supplementary information.

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.

Town of New Fairfield, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2019**B. Donor-restricted endowments (continued)**

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

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

At year end, the Town's bank balance including certificates of deposit classified as investments, was \$20,893,533 and was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 3,031,601
Uninsured and collateral held by the pledging bank's trust department, not in the Town's name	<u>1,611,774</u>
Total amount subject to custodial credit risk	<u><u>\$ 4,643,375</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.

2. Investments

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

Type of Investment	Fair Value	Investment Maturities (In Years)			
		N/A	Less Than 1	1-5 Years	6-10 Years
Mutual funds					
Money market	\$ 148,386	\$ -	\$ 148,386	\$ -	\$ -
Equity	11,613,335	11,613,335	-	-	-
Real estate index	173,677	173,677	-	-	-
U.S. government obligations	9,572,257	-	-	1,054,232	8,518,025
Certificates of deposit	10,408,788	-	10,408,788	-	-
Pooled fixed income	695,564	-	695,564	-	-
Bank money market accounts	30,914	-	30,914	-	-
Total	<u><u>\$ 32,642,921</u></u>	<u><u>\$ 11,787,012</u></u>	<u><u>\$ 11,283,652</u></u>	<u><u>\$ 1,054,232</u></u>	<u><u>\$ 8,518,025</u></u>

Town of New Fairfield, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2019

A. Cash and investments (continued)

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

	Amount	Quoted Market Prices in Active Markets Level 1
Mutual funds		
Equity	\$ 11,613,335	\$ 11,613,335
Money market	148,386	148,386
Real estate index	173,677	173,677
U.S. government obligations	9,572,257	9,572,257
Bank money market accounts	30,914	30,914
	<u>21,538,569</u>	<u>\$ 21,538,569</u>
 <u>Other investments not subject to fair value measurement</u>		
Certificates of deposit	10,408,788	
Pooled fixed income	<u>695,564</u>	
Total other investments	<u>11,104,352</u>	
Total investments	<u>\$ 32,642,921</u>	

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

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

<u>Rating</u>	<u>Pooled Fixed Income</u>	<u>Money Market Mutual Funds</u>	<u>U.S. Government Obligations</u>
AAA	<u>\$ 695,564</u>	<u>\$ 148,386</u>	<u>\$ 9,572,257</u>

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

Town of New Fairfield, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2019

B. Receivables

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

	Property Taxes			CDBG Loans
	Taxes	Interest and Lien Fees	Total	
Current portion	\$ 284,227	\$ 68,586	\$ 352,813	\$ 54,600
Long-term portion	116,093	75,632	191,725	1,335,341
Less allowance for uncollectibles	(65,000)	(45,000)	(110,000)	(75,000)
Net Long-term portion	\$ 51,093	\$ 30,632	\$ 81,725	\$ 1,260,341

C. Interfund accounts**1. Interfund payables and receivables**

A summary of interfund balances is as follows:

	Corresponding Fund	Due From	Due To
General Fund			
Capital Nonrecurring Fund	N/A	\$ -	\$ 2,195,352
Special Revenue Funds	N/A	222,007	435,841
Capital Projects Funds	N/A	254,619	181,932
Medical Insurance Fund	N/A	-	2,075,533
Total General Fund		476,626	4,888,658
Capital Nonrecurring Fund			
School Capital Project	N/A	28,657	-
Recreation Programs Fund	N/A	80,075	-
General Fund	N/A	2,195,352	-
Education Capital Nonrecurring Fund	N/A	-	463,683
Total Capital Nonrecurring Fund		2,304,084	463,683

Town of New Fairfield, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2019

C. Interfund accounts (continued)

	<u>Corresponding Fund</u>	<u>Due From</u>	<u>Due To</u>
Other Governmental Funds			
Special Revenue Funds			
Education Grants Fund	User Surcharges Fund	\$ -	\$ 10
Education Grants Fund	Recreation Programs Fund	2,425	-
Education Grants Fund	General Fund	134,104	-
Education Grants Fund	General Fund	-	51,398
Drug Enforcement Fund	General Fund	-	-
Dog Registration Fund	General Fund	-	845
Recreation Programs Fund	General Fund	-	11,876
Recreation Programs Fund	Education Grants Fund	-	2,425
Recreation Programs Fund	Capital Nonrecurring Fund	-	80,075
Recreation Programs Fund	User Surcharges Fund	-	21,647
Drop Off Center Fund	General Fund	-	75,278
Education User Surcharges Fund	Recreation Programs Fund	21,647	-
Education User Surcharges Fund	General Fund	152,924	-
Education User Surcharges Fund	Educational Grants Fund	10	-
Groovin' in New Fairfield Fund	General Fund	2,394	-
Communications Tower Fund	General Fund	33,943	-
Miscellaneous Grants Fund	General Fund	68,015	-
Miscellaneous Grants Fund	Senior Center Fund	-	4,948
Municipal Water System Fund	General Fund	-	82,610
Beaver Bog Cemetery Fund	General Fund	-	-
Senior Center Fund	General Fund	34,174	-
Senior Center Fund	Miscellaneous Grants Fund	4,948	-
Commission for the Youth Fund	General Fund	10,287	-
Capital Projects Funds			
Fire Company Reserve Fund	General Fund	80,959	-
Education Capital Nonrecurring Fund	Capital Nonrecurring Fund	463,683	-
Education Capital Nonrecurring Fund	General Fund	-	9,558
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	81,066	-
MHHS/HS Renovations Fund	General Fund	-	154,496
Total Other Governmental Funds		<u>1,110,486</u>	<u>614,388</u>
Internal Service Fund			
Medical Insurance Fund	General Fund	<u>2,075,533</u>	-
Total		<u>\$ 5,966,729</u>	<u>\$ 5,966,729</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 cash account.

Town of New Fairfield, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2019

C. Interfund accounts (continued)

2. Interfund transfers

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

	<u>Corresponding Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General fund			
Capital Nonrecurring Fund	N/A	\$ -	\$ 1,047,645
Capital Projects Funds	N/A	-	112,476
		<u>-</u>	<u>1,160,121</u>
Total General Fund		<u>-</u>	<u>1,160,121</u>
Capital Nonrecurring Fund			
Recreation Programs Fund	N/A	273,362	-
General Fund	N/A	1,047,645	-
Fire Company Reserve Fund	N/A	-	148,770
Communications Tower Fund	N/A	350,000	-
Education Capital Nonrecurring Fund	N/A	-	700,000
		<u>1,671,007</u>	<u>848,770</u>
Total Capital Nonrecurring Fund		<u>1,671,007</u>	<u>848,770</u>
<u>Other Governmental Funds</u>			
Special Revenue Funds			
Recreation Programs Fund	Capital Nonrecurring Fund	-	273,362
Communications Tower Fund	Capital Nonrecurring Fund	-	350,000
Capital Projects Funds			
Fire Company Reserve Fund	General Fund	24,913	-
Fire Company Reserve Fund	Capital Nonrecurring Fund	148,770	-
Education Capital Nonrecurring Fund	Capital Nonrecurring Fund	700,000	-
Education Capital Nonrecurring Fund	General Fund	87,563	-
		<u>961,246</u>	<u>623,362</u>
Total Other Governmental Funds		<u>961,246</u>	<u>623,362</u>
Total		<u>\$2,632,253</u>	<u>\$2,632,253</u>

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

Town of New Fairfield, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2019

D. Capital Assets

Capital asset activity for the fiscal year was as follows:

	Balance July 1, 2018	Increase	Decrease	Balance June 30, 2019
Capital assets, not being depreciated:				
Land	\$ 6,726,276	\$ -	\$ 346,100	\$ 6,380,176
Construction in progress	1,805,948	1,255,202	1,134,107	1,927,043
Total capital assets, not being depreciated	<u>8,532,224</u>	<u>1,255,202</u>	<u>1,480,207</u>	<u>8,307,219</u>
Capital assets, being depreciated:				
Land improvements	5,412,422	325,912	-	5,738,334
Buildings and improvements	84,881,709	638,247	-	85,519,956
Vehicles	6,970,778	230,847	152,606	7,049,019
Machinery and equipment	3,743,891	179,227	10,150	3,912,968
Infrastructure	44,368,551	959,624	-	45,328,175
Total capital assets, being depreciated	<u>145,377,351</u>	<u>2,333,857</u>	<u>162,756</u>	<u>147,548,452</u>
Total capital assets	<u>153,909,575</u>	<u>3,589,059</u>	<u>1,642,963</u>	<u>155,855,671</u>
Less accumulated depreciation for:				
Land improvements	1,743,218	195,467	-	1,938,685
Buildings and improvements	30,429,722	1,827,856	-	32,257,578
Vehicles	4,180,546	654,832	152,606	4,682,772
Machinery and equipment	2,591,245	157,750	10,150	2,738,845
Infrastructure	21,002,956	536,674	-	21,539,630
Total accumulated depreciation	<u>59,947,687</u>	<u>3,372,579</u>	<u>162,756</u>	<u>63,157,510</u>
Total capital assets, being depreciated, net	<u>85,429,664</u>	<u>(1,038,722)</u>	<u>-</u>	<u>84,390,942</u>
Capital assets, net	<u>\$ 93,961,888</u>	<u>\$ 216,480</u>	<u>\$ 1,480,207</u>	<u>\$ 92,698,161</u>

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

General government	\$ 63,660
Public safety	506,623
Public works	721,846
Health and welfare	2,602
Culture and recreation	230,291
Education	1,847,557
Total depreciation expense	<u>\$ 3,372,579</u>

Town of New Fairfield, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2019**E. Construction commitments**

The Town has the following construction commitments:

Saw Mill Road bridge replacement \$ 1,766,353

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

Description	Original Amount	Date of Issue	Date of Maturity	Interest Rate	Balance July 1, 2018	Additions	Deductions	Balance June 30, 2019	Current Portion	Long-Term Portion
Bonds:										
General Purpose:										
General purpose	\$ 3,990,000	1998	08/15/18	3.4-5%	\$ 65,410	\$ -	\$ 65,410	\$ -	\$ -	\$ -
Refunding bonds	1,701,000	2014	06/30/21	2-4%	753,000	-	251,000	502,000	251,000	251,000
Refunding bonds	863,000	2016	06/30/30	2-4%	863,000	-	-	863,000	-	863,000
Refunding bonds	1,116,000	2017	07/15/30	3-4%	1,116,000	-	73,000	1,043,000	170,000	873,000
Total general purpose					2,797,410	-	389,410	2,408,000	421,000	1,987,000
School bonds:										
School bond	2,110,000	1998	08/15/18	3.4-5%	34,590	-	34,590	-	-	-
School bond	5,095,000	1999	08/01/19	4.25-6.25%	530,000	-	265,000	265,000	265,000	-
School bond	12,000,000	2011	07/15/30	2.5-2.75%	665,000	-	665,000	-	-	-
School bond refunding	229,000	2014	06/30/21	2-4%	102,000	-	34,000	68,000	34,000	34,000
School bond refunding	7,857,000	2016	06/30/30	2-4%	7,857,000	-	-	7,857,000	-	7,857,000
School bond refunding	6,639,000	2017	07/15/30	3-4%	6,639,000	-	437,000	6,202,000	1,010,000	5,192,000
Total school bonds					15,827,590	-	1,435,590	14,392,000	1,309,000	13,083,000
Total bonds					18,625,000	-	1,825,000	16,800,000	1,730,000	15,070,000
Premium					1,358,763	-	242,809	1,115,954	-	1,115,954
Total bonds, notes and related liabilities					19,983,763	-	2,067,809	17,915,954	1,730,000	16,185,954
Capital leases					483,602	-	102,142	381,460	106,303	275,157
Compensated absences					361,568	210,046	137,585	434,029	86,806	347,223
Net pension liability					1,530,632	2,085,531	1,996,861	1,619,302	-	1,619,302
Net OPEB liability					2,909,956	342,004	329,717	2,922,243	-	2,922,243
Total long-term obligations					\$ 25,269,521	\$ 2,637,581	\$ 4,634,114	\$ 23,272,988	\$ 1,923,109	\$ 21,349,879

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

Town of New Fairfield, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2019

F. Changes in long-term obligations (continued)

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

Year Ended June 30	Bond Principal	Interest
2020	\$ 1,730,000	\$ 552,125
2021	1,565,000	484,900
2022	1,395,000	425,700
2023	1,440,000	376,650
2024	1,435,000	330,575
2025	1,425,000	277,150
2026	1,435,000	219,950
2027	1,450,000	169,500
2028	1,425,000	126,375
2029	1,425,000	83,625
2030	1,405,000	41,175
2031	670,000	10,050
Total	<u>\$ 16,800,000</u>	<u>\$ 3,097,775</u>

2. 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:

	Debt Limitation	Net Indebtedness	Balance
General Purpose	\$ 106,932,317	\$ 2,408,000	\$ 104,524,317
Schools	213,864,633	14,392,000	199,472,633
Sewers	178,220,528	-	178,220,528
Urban Renewal	154,457,791	-	154,457,791
Pension Deficit	142,576,422	-	142,576,422

The total overall statutory debt limit for the Town is equal to seven times annual receipts from prior year taxation, \$332,678,318.

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.

3. 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, \$16,040,000 of bonds outstanding are considered defeased.

Town of New Fairfield, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2019

F. Changes in long-term obligations (continued)

4. Capital lease

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 \$235,900. This lease qualifies as a capital lease for accounting purposes. The Town's capital lease obligation is as follows:

Year Ending June 30	
2020	\$ 119,627
2021	119,627
2022	119,627
2023	49,876
Less the amount representing interest	<u>(27,297)</u>
Present value of future minimum lease payments	<u>\$ 381,460</u>

G. Fund balances and restricted net position

Fund balances are composed of the following:

	General Fund	Capital Nonrecurring Fund	Other Governmental Funds	Total Governmental Funds
Nonspendable				
Library	\$ -	\$ -	\$ 482	\$ 482
Restricted				
Cemetary	-	-	8,295	8,295
Education	-	-	26,892	26,892
Housing rehabilitation programs	-	-	1,340,405	1,340,405
Library	-	-	19,420	19,420
Public safety - police	-	-	2,827	2,827
Social services	-	-	33,109	33,109
Water operations	-	-	75,213	75,213
Total restricted	<u>-</u>	<u>-</u>	<u>1,506,161</u>	<u>1,506,161</u>
Committed				
Approved projects	-	2,411,798	-	2,411,798
Education	-	-	523,610	523,610
Fire department	-	-	528,733	528,733
Total committed	<u>-</u>	<u>2,411,798</u>	<u>1,052,343</u>	<u>3,464,141</u>

Town of New Fairfield, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2019

G. Fund balances and restricted net position (continued)

	General Fund	Capital Nonrecurring Fund	Other Governmental Funds	Total Governmental Funds
Assigned				
Animal control	\$ -	\$ -	\$ 21,694	\$ 21,694
Culture and recreation	-	-	217,593	217,593
General government	50,390	-	66,296	116,686
Education	142,655	-	475,021	617,676
Professional services	18,962	-	-	18,962
Public safety	-	-	25,492	25,492
Public works	181,339	-	-	181,339
Health and welfare	2,218	-	-	2,218
Total assigned	<u>395,564</u>	<u>-</u>	<u>806,096</u>	<u>1,201,660</u>
Unassigned	<u>9,856,858</u>	<u>-</u>	<u>(319,802)</u>	<u>9,537,056</u>
Total	<u>\$ 10,252,422</u>	<u>\$ 2,411,798</u>	<u>\$ 3,045,280</u>	<u>\$ 15,709,500</u>

General Fund encumbrances totaled \$395,564.

The amount of restricted net position, which was restricted by enabling legislation, totaled \$102,105.

H. Deficit Fund Balance

The following funds had deficit fund balances at year end:

	<u>Amount</u>
Special Revenue Funds	
Drop Off Center Fund	\$ 65,991
Capital Project Funds	
School Capital Project Fund	8,750
MHHS Septic Fund	90,565
MHHS/HS Renovation Fund	154,496

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

IV. Other information

A. Risk management

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

Town of New Fairfield, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2019**A. Risk management (continued)**

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.

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

<u>Fiscal Year Ended</u>	<u>Claims Payable July 1</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claims Paid</u>	<u>Claims Payable June 30</u>
2017-2018	\$437,000	\$5,792,511	\$5,768,511	\$461,000
2018-2019	461,000	6,053,484	6,067,484	447,000

The Internal Service Fund is 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.

B. Commitments and litigation

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

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

Town of New Fairfield, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2019

V. Pensions and other post-employment benefit plans

A. Town pension plans

1. Plan description

a. Plan administration

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

b. Plan membership

As of July 1, 2018, membership consisted of the following:

	<u>Town</u>	<u>Education</u>
Active members	42	111
Terminated employees entitled to benefits	26	49
Retirees, disabled employees, and beneficiaries receiving benefits	<u>20</u>	<u>27</u>
Totals	<u>88</u>	<u>187</u>

2. Benefit provisions

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

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

3. Contributions

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

Town of New Fairfield, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2019

A. Town pension plans (continued)**4. Investments****a. Investment policy**

The pension plans' policy in regard to the allocation of invested assets is established and may be amended by the 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 Education's Retirement Plans:

<u>Asset Class</u>	<u>Target Allocation</u>	
	<u>Town Pension</u>	<u>Education Pension</u>
US core fixed income	33.1%	45.7%
US short bonds	4.5%	6.5%
Non-US bonds	1.8%	1.4%
US large caps	26.0%	20.2%
US small caps	10.0%	8.0%
Foreign developed equity	20.2%	15.0%
Emerging markets equity	4.4%	3.2%
Total	<u>100.0%</u>	<u>100.0%</u>

b. Concentrations

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

c. Rate of return

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

Town of New Fairfield, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2019

A. Town pension plans (continued)

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

Asset Class	Index	Long-term Expected Real Rate of Return
US core fixed income	Barclays Aggregate	2.40%
US short bonds	Barclays 1-3 Yr Gvt/Credit	1.58%
Non-US bonds	JPM GBI Global xUS	0.38%
US large caps	S&P 500	4.33%
US small caps	Russell 2000	5.56%
Foreign developed equity	MSCI EAFE NR	5.55%
Emerging markets equity	MSCI EM NR	7.88%
Assumed inflation - mean		2.50%
Assumed inflation - standard deviation		1.85%
Long-term expected rate of return		6.25%

d. Annual money-weighted rate of return

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

	Town	Education
Rate of return	5.37%	5.77%

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

5. Net pension liability

The components of the net pension liability are as follows:

	Town	Education
Pension liability	\$ 9,991,899	\$ 9,063,068
Plan fiduciary net position	9,319,693	8,820,189
Net pension liability	\$ 672,206	\$ 242,879
Plan fiduciary net position as a percentage of the total pension liability	93.27%	97.32%

Town of New Fairfield, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2019

A. Town pension plans (continued)

6. Actuarial methods and significant assumptions

The following actuarial methods and assumptions were used in the July 1, 2018 valuation and projected forward to June 30, 2019 (measurement date) for both the Town and Education plans:

	Town	Education
Valuation date	July, 1 2018	July, 1 2018
Actuarial cost method	Entry age normal	Entry age normal
Investment rate of return	6.75%	6.25%
Asset valuation method	Fair value	Fair value
Inflation	2.50%	2.50%
Salary increases	Varied by age range	Varied by age range
Cost of living adjustments	None	None
Mortality rates	RP-2000 Mortality for Employees, Healthy Annuitants, and Disabled Annuitants with generational projection per Scale AA	RP-2000 Mortality for Employees, Healthy Annuitants, and Disabled Annuitants with generational projection per Scale AA

7. Changes from prior year

a. Changes in assumptions

There were no changes in assumptions.

b. Changes in benefit terms

There were no changes in benefit terms.

8. Discount rate

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

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

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

Town of New Fairfield, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2019

A. Town pension plans (continued)

9. Changes in the net pension liability

The Town and Education's net pension liability was measured at June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018. The changes in net pension liability were as follows:

Town Plan	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at July 1, 2018	\$9,375,721	\$8,736,388	\$ 639,333
Service cost	232,331	-	232,331
Interest	642,043	-	642,043
Differences between expected and actual experience	(62,415)	-	(62,415)
Contributions - employer	-	328,950	(328,950)
Net investment income (loss)	-	477,547	(477,547)
Benefit payments, including refunds of member contributions	(195,781)	(195,781)	-
Administration expenses	-	(27,411)	27,411
Net change	616,178	583,305	32,873
Balance at June 30, 2019	<u>\$9,991,899</u>	<u>\$9,319,693</u>	<u>\$ 672,206</u>

Education Plan	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at July 1, 2018	\$8,663,442	\$8,269,323	\$ 394,119
Service cost	248,907	-	248,907
Interest	549,885	-	549,885
Differences between expected and actual experience	(167,262)	-	(167,262)
Contributions - employer	-	328,751	(328,751)
Net investment income (loss)	-	484,373	(484,373)
Benefit payments, including refunds of member contributions	(231,904)	(231,904)	-
Administration expenses	-	(30,354)	30,354
Net change	399,626	550,866	(151,240)
Balance at June 30, 2019	<u>\$9,063,068</u>	<u>\$8,820,189</u>	<u>\$ 242,879</u>

Town of New Fairfield, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2019

A. Town pension plans (continued)

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

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

Net Pension Liability (Asset)	1% Decrease 5.75%	Current Discount Rate 6.75%	1% Increase 7.75%
Town	<u>\$ 1,964,562</u>	<u>\$ 672,206</u>	<u>\$ (385,911)</u>
	<u>5.25%</u>	<u>6.25%</u>	<u>7.25%</u>
Education	<u>\$ 1,509,023</u>	<u>\$ 242,879</u>	<u>\$ (536,451)</u>

11. Pension expense and deferred outflows and inflows of resources

For the fiscal year, the Town recognized pension expense of \$356,208 for the Town plan and \$488,311 for the Education plan. The Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Town Plan</u> Description of Outflows/ Inflows	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ (137,984)
Net difference between projected and actual earnings on pension plan investments	<u>50,896</u>	<u>-</u>
Total	<u>\$ 50,896</u>	<u>\$ (137,984)</u>
Net amount of deferred inflows and outflows		<u>\$ (87,088)</u>

Town of New Fairfield, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2019

A. Town pension plans (continued)

<u>Education Plan</u>	Deferred Outflows of Resources	Deferred Inflows of Resources
Description of Outflows/Inflows		
Differences between expected and actual experience	\$ 169,094	\$ (140,285)
Net difference between projected and actual earnings on pension plan investments	<u>79,951</u>	<u>-</u>
Total	<u>\$ 249,045</u>	<u>\$ (140,285)</u>
Net amount of deferred inflows and outflows		<u>\$ 108,760</u>

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

Plan	Years
Town	4.04
Education	4.44

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

Year Ending June 30,	Town	Education
2020	\$ (16,803)	\$ 104,218
2021	(103,453)	12,038
2022	9,951	(14,476)
2023	<u>23,217</u>	<u>6,980</u>
Total	<u>\$ (87,088)</u>	<u>\$ 108,760</u>

Town of New Fairfield, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2019**B. Connecticut Municipal Employees' Retirement System****1. Plan description**

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

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

The plan has 4 sub plans as follows:

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

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.

Town of New Fairfield, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2019**B. Connecticut Municipal Employees' Retirement System (continued)**

Early Retirement: Employees are eligible after 5 years of continuous service or 15 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.

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 10 years 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.

Pre-Retirement Death Benefit: The plan also offers a lump-sum return of contributions with interest if vested and married, the surviving spouse will receive a lifetime benefit.

3. ContributionsEmployer

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, and deferred outflows of resources and deferred inflows of resources related to pensions

The Town reported \$704,217 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018. The Town's proportionate share of the net pension liability was based upon the Town's 2018 actuarial (expected) payroll relative to the payroll of all the participating employers as of that date. The Town's proportional share was 1.036541% for the police and fire with social security sub plan.

Town of New Fairfield, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2019

B. Connecticut Municipal Employees' Retirement System (continued)

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

For the fiscal year, the Town recognized pension expense of \$52,991. The Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description of Outflows/Inflows	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 19,684	\$ (78,282)
Net difference between projected and actual earnings on pension plan investments	50,586	-
Change of assumptions	278,918	-
Changes in proportional share	5,761	(56,168)
Town contributions subsequent to measurement date	<u>122,028</u>	<u>-</u>
Total	<u>\$ 476,977</u>	<u>\$ (134,450)</u>
Net amount of deferred inflows and outflows excluding Town contributions subsequent to measurement date		<u>\$ 220,499</u>

The \$122,028 amount reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year.

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

Year Ending June 30	
2019	\$ 85,400
2020	64,486
2021	26,197
2022	<u>44,416</u>
Total	<u>\$ 220,499</u>

Town of New Fairfield, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2019

B. Connecticut Municipal Employees' Retirement System (Continued)**5. Actuarial assumptions**

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

Inflation	2.50%
Salary increases	3.50-10.00%, including inflation
Investment rate of return	7.00%, net of pension plan investment expense, including inflation

Mortality rates were based on RP-2014 Combined Mortality Table adjusted to 2006 and projected to 2015 with Scale MP-2017 and projected to 2022 with Scale BB for General Employees and the RP-2014 Blue Collar Mortality Table adjusted to 2006 and projected to 2015 with Scale MP-2017 and projected 2022 with Scale BB for Police and Fire. For disabled retirees, the RP-2014 Disabled Mortality Table projected with Scale BB to 2020 was used.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2017.

Future cost-of-living adjustments for members who retire on or after January 1, 2002 are 60% of the annual increase in the CPI up to 6%. 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 statistical analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimates of arithmetic real rates of return for each major class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Rate of Return</u>
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	<u>100.00%</u>	

Town of New Fairfield, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2019

B. Connecticut Municipal Employees' Retirement System (Continued)

6. Discount Rate

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

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

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Town's proportionate share of the net pension liability	<u>\$ 1,165,083</u>	<u>\$ 704,217</u>	<u>\$ 462,812</u>

8. Plan Fiduciary Net Position

Detailed information about the MERS plan's fiduciary net position is available in the separately issued State of Connecticut Comprehensive Annual Financial Report as of and for the year ended June 30, 2018.

C. Connecticut State Teachers' Retirement System

1. Plan description

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

Town of New Fairfield, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2019**C. Connecticut State Teachers' Retirement System (continued)****2. Benefit provisions**

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

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

Pre-Retirement Death Benefit: The Plan also offers a lump-sum return of contributions with interest or surviving spouse benefit depending on length of service.

3. Contributions**State of Connecticut**

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

Employer (School Districts)

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

Employees

Effective January 1, 2018, each teacher is required to contribute 7% of their salary for the pension benefit.

Town of New Fairfield, Connecticut

**Notes to Financial Statements
As of and for the Year Ended June 30, 2019**

C. Connecticut State Teachers' Retirement System (continued)**4. Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions**

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

Town's proportionate share of the net pension liability	\$ -
State of Connecticut's proportionate share of the net pension liability associated with the Town	<u>63,441,386</u>
Total	<u>\$ 63,441,386</u>

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

During the year the Town recognized pension expenditure/expense and revenue of \$6,131,469 for on-behalf amounts for the contributions to the plan by the State.

5. Actuarial assumptions

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

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

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

Future cost-of-living increases - For teachers who retired prior to September 1, 1992, pension benefit adjustments are made in accordance with increases in the Consumer Price Index, with a minimum of 3% 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
As of and for the Year Ended June 30, 2019

C. Connecticut State 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 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	<u>100.00%</u>	

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.

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

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

8. Plan fiduciary net position

Detailed information about the Connecticut State Teachers' Retirement Plan fiduciary net position is available in the separately issued State of Connecticut Comprehensive Annual Financial Report as of and for the year ended June 30, 2018.

Town of New Fairfield, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2019

D. Other Post-Employment Benefit Plan (“OPEB”)

1. Plan description

a. Plan administration

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

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

b. Plan membership

As of July 1, 2017, membership consisted of the following:

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

2. Benefit provisions

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

3. Contributions

Employer Contributions

The Town’s contributions are actuarially determined on an annual basis using the entry age normal method. The Town’s total plan contribution was \$339,921.

Employee Contributions

There are no employee contributions to the plan.

Town of New Fairfield, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2019

D. Other Post-Employment Benefits (“OPEB”) (continued)**4. Investments****a. Investment policy**

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

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%

b. Concentrations

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

c. Rate of return

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

Asset Class	Index	Long-term Expected Real Rate of Return
US core fixed income	Barclays Aggregate	2.40%
US equity market	Russell 3000	4.61%
Non-US equity	MSCI ACWI xUS NR	5.81%
US REITs	FTSE NAREIT Equity REIT	5.07%
Assumed inflation - mean		2.70%
Assumed inflation - standard deviation		1.85%
Long-term expected rate of return		6.50%

Town of New Fairfield, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2019

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

d. Annual money-weighted rate of return

The annual money-weighted rate of return on OPEB plan investments, net of investment expense, was 5.84%.

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

5. Net OPEB liability

The components of the net OPEB liability of the Town were measured as of June 30, 2019 were as follows:

Total OPEB liability	\$ 6,290,016
Plan fiduciary net position	<u>3,367,773</u>
Net OPEB liability	<u>\$ 2,922,243</u>
Plan fiduciary net position as a percentage of total OPEB liability	<u>53.54%</u>

6. 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, 2019:

Valuation date	July 1, 2017
Actuarial cost method	Entry age normal
Asset valuation method	Fair Value
Investment rate of return	6.50%
Salary increases	Graded by service for Teachers; 4.00% for all others
Inflation	2.70%
Healthcare trend rate	5.20% - 4.60% over 60 years
Mortality	RP-2000 Mortality for employees, healthy annuitants, and disabled annuitants with generational projection per Scale AA

Town of New Fairfield, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2019**D. Other Post-Employment Benefits (“OPEB”) (continued)****7. Changes from prior year****a. Changes in assumptions**

There were no changes in assumptions.

b. Changes in benefit terms

There were no changes in benefit terms.

8. Discount rate

The discount rate used to measure the net OPEB liability was 6.50%. 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.

9. Changes in the net OPEB liability

The Town’s OPEB liability was measured at June 30, 2019 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2017.

Employees' Plan	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balance at July 1, 2018	\$ 6,074,436	\$ 3,164,480	\$ 2,909,956
Service cost	128,672	-	128,672
Interest	393,398	-	393,398
Contributions - employer	-	339,921	(339,921)
Net investment income (loss)	-	189,859	(189,859)
Benefit payments, including refunds of member contributions	(306,490)	(306,490)	-
Administration expenses	-	(19,997)	19,997
Net change	215,580	203,293	12,287
Balance at June 30, 2019	\$ 6,290,016	\$ 3,367,773	\$ 2,922,243

Town of New Fairfield, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2019**D. Other Post-Employment Benefits (“OPEB”) (continued)****10. Sensitivity of the OPEB liability to changes in the discount rate**

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

	1% Decrease <u>5.50%</u>	Current Discount Rate <u>6.50%</u>	1% Increase <u>7.50%</u>
Net OPEB Liability	<u>\$ 3,580,525</u>	<u>\$ 2,922,243</u>	<u>\$ 2,350,762</u>

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

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

	1% Decrease <u> </u>	Current Healthcare Trend Rate <u> </u>	1% Increase <u> </u>
Net OPEB Liability	<u>\$ 2,180,602</u>	<u>\$ 2,922,243</u>	<u>\$ 3,796,975</u>

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

For the fiscal year the Town recognized OPEB expense of \$47,669. The Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

<u>Description of Outflows/Inflows</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ (2,089,285)
Changes in assumptions	236,033	-
Net difference between projected and actual earnings on pension plan investments	<u>34,922</u>	<u>-</u>
Total amount of deferred outflows/inflows	<u>\$ 270,955</u>	<u>\$ (2,089,285)</u>
Net amount of deferred inflows and outflows		<u>\$ (1,818,330)</u>

Actual investment earnings below (or above) projected earnings are amortized over 5 years. Experience losses (gains) are amortized over the average remaining service period of actives and inactive, which was 8.3 years.

Town of New Fairfield, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2019

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

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

Year Ending June 30	
2020	\$ (284,727)
2021	(284,727)
2022	(284,729)
2023	(290,865)
2024	(290,865)
Thereafter	<u>(382,417)</u>
Total	<u>\$ (1,818,330)</u>

E. Connecticut State Teachers’ Retirement Board Retiree Health Insurance 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 10-183t of the State Statutes grants authority to establish and amend the benefit terms to the TRB. TRS-RHIP issues a publicly available financial report that can be obtained at www.ct.gov/trb.

2. Benefit provisions

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

- **Normal Retirement:** 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.

Town of New Fairfield, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2019**E. Connecticut State Teachers' Retirement Board Retiree Health Insurance Plan (continued)****Retiree health care coverage**

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

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

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

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

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

Survivor health care coverage

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

3. Contributions**State of Connecticut**

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

Town of New Fairfield, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2019

E. Connecticut State Teachers' Retirement Board Retiree Health Insurance Plan (continued)

Employer (School Districts)

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

Employees

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

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

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

Town's proportionate share of the collective net OPEB liability	\$ -
State of Connecticut's proportionate share of the net OPEB liability associated with the Town	<u>12,682,334</u>
Total	<u>\$ 12,682,334</u>

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

The Town recognized OPEB expenditure/expense and revenue of \$170,116 for on-behalf amounts for the contributions to the plan by the State.

5. Actuarial assumptions

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

Inflation	2.75%
Health care cost trend rate	5.00% decreasing to 4.75% by 2028
Salary increases	3.25-6.50%, including inflation
Investment rate of return	3.87%, net of OPEB plan investment expense, including inflation
Year fund net position will be depleted	2019

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.

Town of New Fairfield, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2019**E. Connecticut State Teachers' Retirement Board Retiree Health Insurance Plan (continued)**

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

Changes in assumptions and inputs

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.
- The discount rate has been increased from 3.56% to 3.87% 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.

Long-term expected rate of return

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

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

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
As of and for the Year Ended June 30, 2019**E. Connecticut State Teachers' Retirement Board Retiree Health Insurance Plan (continued)****6. Discount rate**

The discount rate used to measure the total OPEB liability was 3.87%. 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, 2018.

Town of New Fairfield, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2019

F. Pension and other post-employment benefit plan statements

Pension and OPEB Trust Funds
Combining Statement of Net Position
June 30, 2019

	Pension Trust Fund	Education Pension Trust Fund	OPEB Trust Fund	Total
<u>Assets</u>				
Investments				
Mutual funds				
Money market	\$ 69,280	\$ 77,766	\$ 1,340	\$ 148,386
Real estate index	-	-	173,677	173,677
U.S. government obligations	3,608,301	4,652,156	1,311,800	9,572,257
Equities	5,642,112	4,090,267	1,880,956	11,613,335
Total assets	<u>9,319,693</u>	<u>8,820,189</u>	<u>3,367,773</u>	<u>21,507,655</u>
<u>Net Position</u>				
Restricted for				
Pension benefits	9,319,693	8,820,189	-	18,139,882
OPEB benefits	-	-	3,367,773	3,367,773
Total net position	<u>\$ 9,319,693</u>	<u>\$ 8,820,189</u>	<u>\$ 3,367,773</u>	<u>\$ 21,507,655</u>

Town of New Fairfield, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2019

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

Pension and OPEB Trust Funds
Combining Statement of Changes in Fiduciary Net Position
For the Year Ended June 30, 2019

	Pension Trust Fund	Education Pension Trust Fund	OPEB Trust Fund	Total
Additions				
Contributions				
Employer	\$ 328,950	\$ 328,751	\$ 339,921	\$ 997,622
Investment income (loss)				
Net change in fair value of investments	277,437	289,493	116,024	682,954
Interest and dividends	221,006	215,776	84,290	521,072
Total investment income (loss)	498,443	505,269	200,314	1,204,026
Less investment expense	20,896	20,896	10,455	52,247
Net investment income (loss)	477,547	484,373	189,859	1,151,779
Total additions	806,497	813,124	529,780	2,149,401
Deductions				
Benefits	195,781	231,904	306,490	734,175
Administration	27,411	30,354	19,997	77,762
Total deductions	223,192	262,258	326,487	811,937
Change in net position	583,305	550,866	203,293	1,337,464
Net position - July 1, 2018	8,736,388	8,269,323	3,164,480	20,170,191
Net position - June 30, 2019	<u>\$ 9,319,693</u>	<u>\$ 8,820,189</u>	<u>\$ 3,367,773</u>	<u>\$ 21,507,655</u>

VI. Subsequent Event

Two school building projects were approved in October 2019 totaling \$113,410,000, of which an estimated \$33,400,000 is expected to be reimbursed by the State and the balance to be financed by the issuance of bonds.

**Required
Supplementary
Information**

Town of New Fairfield, Connecticut
Required Supplementary Information
General Fund
Schedule of Revenues and Other Financing Sources
Budget and Actual
For the Year Ended June 30, 2019

	Budgeted Amounts			Actual	Variance with Final Budget
	Original	Additional Appropriations and Transfers	Final		
Revenues					
Property taxes					
Property taxes	\$ 48,263,898	\$ -	\$ 48,263,898	\$ 48,189,181	\$ (74,717)
Supplemental motor vehicle taxes	400,000	-	400,000	484,960	84,960
Telephone line access	25,000	-	25,000	20,496	(4,504)
Interest and lien fees	172,000	-	172,000	201,139	29,139
Total property taxes	48,860,898	-	48,860,898	48,895,776	34,878
Intergovernmental					
Town aid	276,666	-	276,666	276,129	(537)
Aid to elderly relief	-	-	-	1,445	1,445
PILOT - State owned property	116	-	116	3,348	3,232
Veterans exemption	20,000	-	20,000	16,269	(3,731)
Local capital improvement program	92,419	-	92,419	92,803	384
Municipal revenue sharing	1,149	-	1,149	1,149	-
FEMA	-	-	-	2,024,418	2,024,418
Municipal stabilization grant	102,494	-	102,494	265,666	163,172
School construction grant	29,614	-	29,614	-	(29,614)
Education cost sharing	3,917,515	-	3,917,515	3,827,435	(90,080)
Special education	221,195	-	221,195	202,929	(18,266)
Total intergovernmental	4,661,168	-	4,661,168	6,711,591	2,050,423
Charges for services					
Judicial	2,000	-	2,000	2,640	640
Controlling interest transfer tax	-	-	-	162	162
Health	36,000	-	36,000	46,525	10,525
Zoning board of appeals	6,000	-	6,000	13,588	7,588
Zoning	27,000	-	27,000	44,591	17,591
Building	150,000	-	150,000	396,652	246,652
Inland wetlands	7,500	-	7,500	9,499	1,999
Planning	-	-	-	100	100
Environmental enforcement	7,000	-	7,000	8,946	1,946
Public work fees	2,100	-	2,100	5,100	3,000
Fire Marshall fees	-	-	-	3,083	3,083
Other licenses and permits	6,000	-	6,000	12,390	6,390
Town ordinance fines	-	-	-	2,145	2,145
Real estate conveyance	225,000	-	225,000	199,310	(25,690)
Town clerk receipts	100,000	-	100,000	88,127	(11,873)
Police private duty	20,000	-	20,000	10,455	(9,545)
EMS/ Paramedic billings	275,000	-	275,000	314,154	39,154
Student tuition	278,429	-	278,429	391,966	113,537
Senior center recreation fees	28,000	-	28,000	26,618	(1,382)
Town Engineer	10,000	-	10,000	-	(10,000)
Total charges for services	1,180,029	-	1,180,029	1,576,051	396,022
Income from investments	240,000	-	240,000	455,447	215,447
Other revenues	5,000	-	5,000	94,851	89,851
Total revenues	54,947,095	-	54,947,095	57,733,716	2,786,621
Other financing sources					
Appropriation of fund balance	-	391,030	391,030	-	(391,030)
Sale of equipment	-	-	-	8,550	8,550
Total other financing sources	-	391,030	391,030	8,550	(382,480)
Total revenues and other financing sources	\$ 54,947,095	\$ 391,030	\$ 55,338,125	\$ 57,742,266	\$ 2,404,141

Town of New Fairfield, Connecticut

Required Supplementary Information

General Fund
Schedule of Expenditures and Other Financing Uses
Budget and Actual
For the Year Ended June 30, 2019

	Budgeted Amounts			Actual	Variance with Final Budget
	Original	Additional Appropriations and Transfers	Final		
General government					
Board of selectmen	\$ 174,486	\$ (5,000)	\$ 169,486	\$ 165,646	\$ 3,840
Town clerk	166,146	3,000	169,146	168,759	387
Probate	6,860	-	6,860	6,860	-
Registrar of voters	58,198	-	58,198	57,775	423
Finance	242,340	10,411	252,751	249,535	3,216
Board of finance	74,441	-	74,441	58,588	15,853
Treasurer	13,024	-	13,024	13,024	-
Assessor	171,092	-	171,092	162,218	8,874
Tax collector	186,916	4,200	191,116	189,793	1,323
Board of assessment appeal	1,260	-	1,260	585	675
Unclassified payroll and benefits	1,138,473	(125,335)	1,013,138	979,947	33,191
Professional services	132,500	(23,000)	109,500	69,809	39,691
Intergovernmental agencies	290,167	(3,000)	287,167	283,848	3,319
General insurance	170,000	346	170,346	170,346	-
Business machines	286,341	-	286,341	278,641	7,700
Human resources	30,000	(1,000)	29,000	28,952	48
Planning commission	5,843	-	5,843	1,229	4,614
Zoning commission	69,619	-	69,619	63,369	6,250
Zoning board of appeals	9,410	478	9,888	9,888	-
Utilities	372,212	(10,500)	361,712	327,646	34,066
Permanent building committee	2,471	-	2,471	509	1,962
General land use	15,113	-	15,113	10,546	4,567
Historical properties commission	250	-	250	-	250
Commission of the youth	1,000	-	1,000	1,000	-
Total general government	3,618,162	(149,400)	3,468,762	3,298,513	170,249
Public safety and protection					
Police	2,356,078	99,000	2,455,078	2,424,473	30,605
Communications center	260,795	15,000	275,795	265,140	10,655
Fire companies	239,745	-	239,745	239,638	107
Ambulance-Para/EMT	568,788	23,500	592,288	591,109	1,179
Fire marshal	47,250	-	47,250	46,224	1,026
Building inspector	132,156	6,400	138,556	136,517	2,039
Office of emergency management	28,084	-	28,084	23,014	5,070
Total public safety and protection	3,632,896	143,900	3,776,796	3,726,115	50,681
Public works					
Highway	2,338,730	122,500	2,461,230	2,459,767	1,463
Health and welfare					
Health department	268,094	-	268,094	267,784	310
Inland/wetlands	5,620	-	5,620	4,713	907
WPCA	1,480	-	1,480	718	762
Social services	80,189	-	80,189	78,716	1,473
Senior services	176,841	-	176,841	170,046	6,795
Ball pond advisory committee	10,098	-	10,098	5,932	4,166
Commission on aging	4,574	-	4,574	2,750	1,824
Total health and welfare	546,896	-	546,896	530,659	16,237
Recreation					
Recreation salaries	56,777	3,000	59,777	58,669	1,108
Library	496,270	-	496,270	481,337	14,933
Total recreation	553,047	3,000	556,047	540,006	16,041

Town of New Fairfield, Connecticut

Required Supplementary Information

General Fund
Schedule of Expenditures and Other Financing Uses
Budget and Actual
For the Year Ended June 30, 2019

	Budgeted Amounts			Actual	Variance with Final Budget
	Original	Additional Appropriations and Transfers	Final		
Health insurance	\$ 6,100,000	\$ -	\$ 6,100,000	\$ 6,100,000	\$ -
Total Town expenditures	16,789,731	120,000	16,909,731	16,655,060	254,671
Education					
Regular	18,451,580	(2,648)	18,448,932	18,404,949	43,983
Special education	5,261,647	(14,537)	5,247,110	5,206,995	40,115
Technology	345,102	17,562	362,664	362,226	438
Curriculum	307,550	(12,181)	295,369	303,380	(8,011)
Custodial payroll	1,483,827	6,804	1,490,631	1,474,453	16,178
Consolidated	135,227	(1,000)	134,227	133,741	486
Meeting house hill	107,663	(1,000)	106,663	98,796	7,867
Middle school	111,476	(1,000)	110,476	109,189	1,287
High school	339,935	(2,000)	337,935	304,575	33,360
Athletics	213,445	(1,000)	212,445	198,042	14,403
District wide	1,703,855	(31,277)	1,672,578	1,687,827	(15,249)
Board of education-conferences, dues, and fees	35,720	3,194	38,914	38,705	209
Central office	68,269	14,772	83,041	78,824	4,217
Fiscal services	290,299	-	290,299	290,299	-
Personnel	37,574	(4,000)	33,574	32,652	922
Technology	405,911	10,000	415,911	411,598	4,313
Pupil transportation	1,451,994	(1,480)	1,450,514	1,435,001	15,513
Business machines	153,529	(13,500)	140,029	137,378	2,651
Utilities	919,947	35,791	955,738	980,247	(24,509)
Curriculum	282,175	35,000	317,175	303,952	13,223
Enrichment services	23,164	-	23,164	10,640	12,524
Admin/central	202,649	1,025	203,674	183,372	20,302
Special education contracted services	105,652	(41,482)	64,170	51,480	12,690
Special education out of district	956,602	13,370	969,972	980,956	(10,984)
Special education transportation	698,845	(11,413)	687,432	655,849	31,583
Special education program costs	24,254	-	24,254	16,126	8,128
PPS other programs	20,710	-	20,710	22,965	(2,255)
Buildings and grounds	641,986	1,000	642,986	700,167	(57,181)
Total education	34,780,587	-	34,780,587	34,614,384	166,203
Debt service					
Town	151,280	-	151,280	151,280	-
School	2,293,327	-	2,293,327	2,293,326	1
Total debt service	2,444,607	-	2,444,607	2,444,606	1
Total expenditures	54,014,925	120,000	54,134,925	53,714,050	420,875
Other financing uses					
Transfers out					
May Storm Fund	-	43,079	43,079	43,079	-
Fire Company Reserve Fund	-	24,913	24,913	24,913	-
Education Capital Nonrecurring Fund	-	87,563	87,563	87,563	-
Capital Nonrecurring Fund	932,170	115,475	1,047,645	1,047,645	-
Total other financing uses	932,170	271,030	1,203,200	1,203,200	-
Total expenditures and other financing uses	\$ 54,947,095	\$ 391,030	\$ 55,338,125	\$ 54,917,250	\$ 420,875

(Continued)

Town of New Fairfield, Connecticut

Required Supplementary Information

General Fund
Schedule of Expenditures and Other Financing Uses
Budget and Actual
For the Year Ended June 30, 2019

	<u>Revenues</u>	<u>Expenditures</u>
<u>Reconciliation to Exhibit D</u>		
Budgetary basis - RSI-1	\$ 57,733,716	\$ 53,714,050
State teachers' pension on behalf amount	6,131,469	6,131,469
State teachers' OPEB on behalf amount	170,116	170,116
Prior year encumbrances liquidated in the current year	-	740,789
Current year encumbrances charged to budgetary expenditures	-	(360,629)
Non budgetary funds included in general fund for GAAP purposes	-	<u>2,390,745</u>
GAAP basis - Exhibit D	<u>\$ 64,035,301</u>	<u>\$ 62,786,540</u>
		(Concluded)

Town of New Fairfield, Connecticut**Notes to Required Supplementary Information****Budgets and Budgetary Accounting
June 30, 2019**

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

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

1. The Town does not budget for as revenue or expenditures payments made for the State Teachers' pension and OPEB by the State of Connecticut on the Town's behalf.
2. Encumbrances are reported as expenditures for the budgetary basis of accounting.
3. For reporting in accordance with generally accepted accounting principles, certain funds are reported as part of the General Fund under the requirement of GASB Statement No. 54.

Encumbrances are recognized as a valid and proper charge against a budget appropriation in the year in which the purchase order, contract or other commitment is issued and, accordingly, encumbrances outstanding at year end are reported in budgetary reports (RSI 1) as expenditures in the current year. Generally, all unencumbered appropriations lapse at year end, except those for the capital projects funds and those specifically reappropriated by the Board of Finance.

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

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

During the year, there were \$391,030 of additional appropriations from fund balance.

The Board of Education, which is not a separate legal entity but a function of the Town, is authorized under state law to make any transfers required within their budget at their discretion. Any additional appropriations must have Board of Education and Board of Finance approval and, if over \$20,000, Town Meeting approval.

Town of New Fairfield, Connecticut

Required Supplementary Information

Town Retirement Plan
Last Six Years (1)

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

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

Town of New Fairfield, Connecticut

Required Supplementary Information

Town Retirement Plan
Schedule of Contributions
Last Ten Years

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Actuarially determined contributions	\$ 328,950	\$ 341,716	\$ 330,339	\$ 302,287	\$ 301,363	\$ 279,785	\$ 262,094	\$ 262,019	\$ 254,490	\$ 295,689
Contributions in relation to the actuarially determined contribution	<u>328,950</u>	<u>341,716</u>	<u>331,000</u>	<u>302,287</u>	<u>301,000</u>	<u>137,000</u>	<u>-</u>	<u>262,019</u>	<u>254,490</u>	<u>295,689</u>
Contribution excess (deficiency)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 661</u>	<u>\$ -</u>	<u>\$ (363)</u>	<u>\$ (142,785)</u>	<u>\$ (262,094)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$ 2,618,836</u>	<u>\$ 2,637,481</u>	<u>\$ 2,583,479</u>	<u>\$ 2,272,414</u>	<u>\$ 2,565,373</u>	<u>\$ 2,445,222</u>	<u>\$ 2,445,222</u>	<u>\$ 2,373,697</u>	<u>\$ 2,391,914</u>	<u>\$ 2,247,343</u>
Contributions as a percentage of covered payroll	<u>12.56%</u>	<u>12.96%</u>	<u>12.81%</u>	<u>13.30%</u>	<u>11.73%</u>	<u>5.60%</u>	<u>0.00%</u>	<u>11.04%</u>	<u>10.64%</u>	<u>13.16%</u>

Town of New Fairfield, Connecticut
Notes to Required Supplementary Information

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

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

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

Town of New Fairfield, Connecticut

Required Supplementary Information

Board of Education Retirement Plan
Last Six Years (1)

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

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

Town of New Fairfield, Connecticut

Required Supplementary Information

Board of Education Retirement Plan
Schedule of Contributions
Last Ten Years

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Actuarially determined contributions	\$ 328,751	\$ 311,460	\$ 282,644	\$ 293,885	\$ 289,476	\$ 317,946	\$ 299,243	\$ 400,267	\$ 356,906	\$ 331,207
Contributions in relation to the actuarially determined contribution	<u>328,751</u>	<u>311,460</u>	<u>282,644</u>	<u>294,000</u>	<u>320,000</u>	<u>320,280</u>	<u>400,267</u>	<u>356,906</u>	<u>336,872</u>	<u>248,315</u>
Contribution excess (deficiency)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 115</u>	<u>\$ 30,524</u>	<u>\$ 2,334</u>	<u>\$ 101,024</u>	<u>\$ (43,361)</u>	<u>\$ (20,034)</u>	<u>\$ (82,892)</u>
Covered payroll	<u>\$ 3,880,750</u>	<u>\$ 3,847,329</u>	<u>\$ 3,713,678</u>	<u>\$ 3,402,645</u>	<u>\$ 3,501,799</u>	<u>\$ 3,548,459</u>	<u>\$ 3,548,459</u>	<u>\$ 3,149,008</u>	<u>\$ 3,113,899</u>	<u>\$ 2,747,818</u>
Contributions as a percentage of covered payroll	<u>8.47%</u>	<u>8.10%</u>	<u>7.61%</u>	<u>8.64%</u>	<u>9.14%</u>	<u>9.03%</u>	<u>11.28%</u>	<u>11.33%</u>	<u>10.82%</u>	<u>9.04%</u>

Town of New Fairfield, Connecticut
Notes to Required Supplementary Information

Board of Education Retirement Plan
Schedule of Contributions
Last Six Years (1)

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

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

Town of New Fairfield, Connecticut

Required Supplementary Information

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
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Schedule of Proportionate Share of the Net Pension Liability

Town's proportion of the net pension liability for the police and fire with social security sub plan	<u>1.036541%</u>	<u>1.243463%</u>	<u>1.243463%</u>	<u>1.907770%</u>	<u>1.190777%</u>
Town's proportionate share of the net pension (asset) liability	<u>\$ 704,217</u>	<u>\$ 497,180</u>	<u>\$ 581,330</u>	<u>\$ 364,345</u>	<u>\$ 287,914</u>
Town's covered payroll	<u>\$ 587,139</u>	<u>\$ 575,825</u>	<u>\$ 575,825</u>	<u>\$ 535,550</u>	<u>\$ 477,053</u>
Town's proportionate share of the net pension (asset) liability as a percentage of its covered payroll	<u>119.94%</u>	<u>86.34%</u>	<u>100.96%</u>	<u>68.03%</u>	<u>60.35%</u>
Total plan fiduciary net position as a percentage of the total pension liability	<u>73.60%</u>	<u>91.68%</u>	<u>92.72%</u>	<u>92.72%</u>	<u>92.72%</u>

Schedule of Contributions

Contractually required contribution	\$ 122,028	\$ 115,305	\$ 96,336	\$ 89,597	\$ 76,426
Contributions in relation to the contractually required contribution	<u>122,028</u>	<u>115,305</u>	<u>96,336</u>	<u>89,597</u>	<u>76,426</u>
Contribution deficiency (excess)	<u>\$ -</u>				
Town's covered payroll	<u>\$ 587,139</u>	<u>\$ 575,825</u>	<u>\$ 575,825</u>	<u>\$ 535,550</u>	<u>\$ 477,053</u>
Contributions as a percentage of covered payroll	<u>20.78%</u>	<u>20.02%</u>	<u>16.73%</u>	<u>16.73%</u>	<u>16.02%</u>

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

Town of New Fairfield, Connecticut

Notes to Required Supplementary Information

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

	2019	2018	2017	2016	2015
Changes of Benefit Terms	None	None	None	None	None
The actuarially determined contribution rates are calculated as of	July 1, 2018	July 1, 2016	July 1, 2016	July 1, 2014	July 1, 2014
Actuarial methods and assumptions used to determine contribution rates:					
Actuarial Cost Method	Entry age normal				
Amortization Method	Level dollar, closed				
Remaining Amortization Period	21 years	23 years	23 years	25 years	25 years
Asset Valuation Method	5 year smoothing				
Inflation	2.50%	3.25%	3.25%	3.25%	3.25%
Salary Increases	3.50%-10.00%, average, including inflation	4.25%-11.00%, average, including inflation	4.25%-11.00%, average, including inflation	4.25%-11.00%, average, including inflation	4.25%-11.00%, average, including inflation
Cost-of-Living Adjustments	After January 1, 2002, 2.5% minimum Prior to January 1, 2002, 2.5% up to age 65. 3.25% afterwards	After January 1, 2002, 2.5% minimum Prior to January 1, 2002, 2.5% up to age 65. 3.25% afterwards	After January 1, 2002, 2.5% minimum Prior to January 1, 2002, 2.5% up to age 65. 3.25% afterwards	After January 1, 2002, 2.5% minimum Prior to January 1, 2002, 2.5% up to age 65. 3.25% afterwards	After January 1, 2002, 2.5% minimum Prior to January 1, 2002, 2.5% up to age 65. 3.25% afterwards
Social Security Wage Base	3.00%	3.50%	3.50%	3.50%	3.50%
Investment Rate of Return	7.00%	8.00%	8.00%	8.00%	8.00%

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

Town of New Fairfield, Connecticut

Required Supplementary Information

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

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

Schedule of Contributions

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

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

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

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

Town of New Fairfield, Connecticut

Notes to Required Supplementary Information

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

	2019	2018	2017	2016	2015
Changes of Benefit Terms	Beginning January 1, 2018, member contributions increased from 6% to 7% of salary	None	None	None	None
The actuarially determined contribution rates are calculated as of	July 1, 2018	July 1, 2016	July 1, 2016	July 1, 2014	July 1, 2014
Actuarial methods and assumptions used to determine contribution rates:					
Actuarial Cost Method	Entry age normal	Entry age normal	Entry age normal	Entry age normal	Entry age normal
Amortization Method	Level percent of salary, closed	Level percent of salary, closed	Level percent of salary, closed	Level percent of salary, closed	Level percent of salary, closed
Remaining Amortization Period	17.6 years	20.4 years	20.4 years	21.4 years	22.4 years
Asset Valuation Method	4 year smoothed market	4 year smoothed market	4 year smoothed market	4 year smoothed market	4 year smoothed market
Inflation	2.75%	2.75%	2.75%	3.00%	3.00%
Salary Increases	3.25%-6.50%, average, including inflation	3.25%-6.50%, average, including inflation	3.25%-6.50%, average, including inflation	3.75%-7.00%, average, including inflation	3.75%-7.00%, average, including inflation
Investment Rate of Return	8.00%	8.00%	8.00%	8.00%	8.00%
Mortality	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	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	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	RP-2000 Combined Mortality Table projected 19 years using scale AA, with a two year setback for males and females for the period after service retirement and for dependent beneficiaries.	RP-2000 Combined Mortality Table projected 19 years using scale AA, with a two year setback for males and females for the period after service retirement and for dependent beneficiaries.

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

Town of New Fairfield, Connecticut
Required Supplementary Information
Other Post-Employment Benefit (OPEB) Plan
Last Three Years (1)

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

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

Town of New Fairfield, Connecticut

Required Supplementary Information

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Actuarially determined contributions	\$ 339,921	\$ 540,373	\$ 508,352	\$ 571,103	\$ 546,315	\$ 614,000	\$ 585,000	\$ 706,000	\$ 856,000	\$ 806,000
Contributions in relation to the actuarially determined contribution	339,921	569,331	569,816	571,386	577,602	741,000	1,524,036	351,000	332,000	311,000
Contribution excess (deficiency)	\$ -	\$ 28,958	\$ 61,464	\$ 283	\$ 31,287	\$ 127,000	\$ 939,036	\$ (355,000)	\$ (524,000)	\$ (495,000)
Covered payroll	\$ 16,454,309	\$ 16,830,444	\$ 16,830,444	\$ 16,805,190	\$ 16,805,190	N/A	N/A	N/A	N/A	N/A
Contributions as a percentage of covered payroll	2.07%	3.38%	3.39%	3.40%	3.44%	N/A	N/A	N/A	N/A	N/A

N/A - Not available

Town of New Fairfield, Connecticut
Notes to Required Supplementary Information
Other Post-Employment Benefit (OPEB) Plan
Schedule of Contributions
Last Six Years (1)

	2019	2018	2017	2016	2015	2014
Changes of Benefit Terms	None	None	None	None	None	None
The actuarially determined contribution rates are calculated as of	July 1, 2017	July 1, 2017	July 1, 2015	July 1, 2013	July 1, 2013	July 1, 2013
Actuarial methods and assumptions used to determine contribution rates:						
Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Entry Age Normal	Projected Unit Credit	Projected Unit Credit	Projected Unit Credit
Amortization Method	Level percentage					
Asset Valuation Method	5 year smoothing					
Inflation	2.70%	2.70%	2.70%	3.00%	3.00%	3.00%
Medical trend rate	5.20% - 4.60% over 60 years	5.20% - 4.60% over 60 years	5.20% - 4.60% over 60 years	6.70% - 4.60% over 72 years	6.70% - 4.60% over 72 years	6.70% - 4.60% over 72 years
Investment Rate of Return	6.50%	6.50%	7.00%	7.00%	7.00%	7.00%
Mortality Rate	RP-2000 Mortality for employees, healthy annuitants, and disabled annuitant with generational projection per Scale AA.	RP-2000 Mortality for employees, healthy annuitants, and disabled annuitant with generational projection per Scale AA.	RP-2000 Mortality for employees, healthy annuitants, and disabled annuitant with generational projection per Scale AA.	RP-2000 Mortality for employees, healthy annuitants, and disabled annuitant with generational projection per Scale AA.	RP-2000 Mortality for employees, healthy annuitants, and disabled annuitant with generational projection per Scale AA.	RP-2000 Mortality for employees, healthy annuitants, and disabled annuitant with generational projection per Scale AA.

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

Town of New Fairfield, Connecticut

Required Supplementary Information

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

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

Schedule of Contributions

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

- (1) Local employers are not required to contribute to the plan.
- (2) Not applicable since 0% proportional share of the net OPEB liability.
- (3) These schedules are intended to present information for 10 years. Additional years will be presented as they become available.

Town of New Fairfield, Connecticut

Notes to Required Supplementary Information

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

	2019	2018
Changes of Benefit Terms	None	None
The actuarially determined contribution rates are calculated as of	July 1, 2018	July 1, 2016
Actuarial methods and assumptions used to determine contribution rates:		
Actuarial Cost Method	Entry age normal	Entry age normal
Amortization Method	Level percentage, open	Level percentage, open
Amortization Period	30 years	30 years
Asset Valuation Method	Fair Value	Fair Value
Inflation	2.75%	2.75%
Healthcare Inflation Rate	Initial 7.25% decreasing to 5.00% (ultimate) by 2022	Initial 7.25% decreasing to 5.00% (ultimate) by 2022
Salary Increases	3.25% to 6.50%, including inflation	3.25% to 6.50%, including inflation
Investment Rate of Return	3.00%	4.25%
Mortality Rate	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.	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.

(1) 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

General Fund
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2019

	<u>General Fund</u>	<u>May Storm Fund</u>	<u>Eliminations</u>	<u>Total</u>
Revenues				
Property taxes	\$ 48,895,776	\$ -	\$ -	\$ 48,895,776
Intergovernmental	13,013,176	-	-	13,013,176
Charges for services	1,576,051	-	-	1,576,051
Income from investments	455,447	-	-	455,447
Other	94,851	-	-	94,851
Total revenues	<u>64,035,301</u>	<u>-</u>	<u>-</u>	<u>64,035,301</u>
Expenditures				
Current				
General government	3,307,562	-	-	3,307,562
Public safety	3,727,937	-	-	3,727,937
Public works	2,848,963	2,390,745	-	5,239,708
Health and welfare	528,441	-	-	528,441
Culture and recreation	540,056	-	-	540,056
Health insurance	6,100,000	-	-	6,100,000
Education	40,898,230	-	-	40,898,230
Debt service	2,444,606	-	-	2,444,606
Total expenditures	<u>60,395,795</u>	<u>2,390,745</u>	<u>-</u>	<u>62,786,540</u>
Excess (deficiency) of revenues over expenditures	<u>3,639,506</u>	<u>(2,390,745)</u>	<u>-</u>	<u>1,248,761</u>
Other financing sources (uses)				
Sale of equipment	8,550	-	-	8,550
Transfers in	-	43,079	(43,079)	-
Transfers out	(1,203,200)	-	43,079	(1,160,121)
Net other financing sources (uses)	<u>(1,194,650)</u>	<u>43,079</u>	<u>-</u>	<u>(1,151,571)</u>
Net change in fund balances	2,444,856	(2,347,666)	-	97,190
Fund balances - July 1, 2018	<u>7,807,566</u>	<u>2,347,666</u>	<u>-</u>	<u>10,155,232</u>
Fund balances - June 30, 2019	<u>\$ 10,252,422</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,252,422</u>

Town of New Fairfield, Connecticut

Report of Tax Collector
For the Year Ended June 30, 2019

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Grand List Year	Uncollected Taxes July 1, 2018	Current Levy	Lawful Corrections		Transfers to Suspense	Adjusted Amount Collectible	Collections			Uncollected Taxes June 30, 2019
			Additions	Deductions			Taxes	Interest and Liens	Total	
2002	\$ 49	\$ -	\$ -	\$ 49	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2003	1,732	-	-	-	-	1,732	-	-	-	1,732
2004	4,426	-	-	-	-	4,426	-	-	-	4,426
2005	4,119	-	-	-	-	4,119	-	-	-	4,119
2006	4,255	-	-	-	-	4,255	-	-	-	4,255
2007	5,308	-	-	-	-	5,308	-	-	-	5,308
2008	4,436	-	-	-	-	4,436	-	-	-	4,436
2009	3,946	-	-	-	-	3,946	-	-	-	3,946
2010	4,281	-	-	-	-	4,281	-	-	-	4,281
2011	4,799	-	-	-	-	4,799	-	-	-	4,799
2012	5,169	-	-	-	-	5,169	-	-	-	5,169
2013	5,516	-	-	-	-	5,516	-	-	-	5,516
2014	18,525	-	2,995	-	978	20,542	11,746	3,832	15,578	8,796
2015	57,178	-	229	437	5,275	51,695	39,224	15,510	54,734	12,471
2016	<u>297,358</u>	-	<u>5,664</u>	<u>5,575</u>	<u>9,096</u>	<u>288,351</u>	<u>236,996</u>	<u>47,892</u>	<u>284,888</u>	<u>51,355</u>
Total Prior Years	421,097	-	8,888	6,061	15,349	408,575	287,966	67,234	355,200	120,609
2017	-	<u>49,165,694</u>	<u>46,934</u>	<u>99,350</u>	<u>18,429</u>	<u>49,094,849</u>	<u>48,815,138</u>	<u>124,490</u>	<u>48,939,628</u>	<u>279,711</u>
Totals	<u>\$ 421,097</u>	<u>\$ 49,165,694</u>	<u>\$ 55,822</u>	<u>\$ 105,411</u>	<u>\$ 33,778</u>	<u>\$ 49,503,424</u>	<u>\$ 49,103,104</u>	<u>\$ 191,724</u>	<u>\$ 49,294,828</u>	400,320
								Interest and liens receivable		144,218
								Allowance for doubtful accounts		<u>(110,000)</u>
								Taxes, interest and liens receivable (net)		<u>\$ 434,538</u>

**Other
Governmental
Funds**

Town of New Fairfield, Connecticut

Combining Balance Sheet
Other Governmental Funds
June 30, 2019

	Special Revenue Funds							
	School Lunch Fund	Education Grants Fund	Drug Enforcement Fund	Small Cities Fund	Dog Registration Fund	Library Fund	Social Services Fund	Groovin' in New Fairfield Fund
<u>Assets</u>								
Cash	\$ 110,396	\$ 53,145	\$ 2,827	\$ 25,464	\$ 27,395	\$ 66,979	\$ 33,109	\$ -
Investments	-	-	-	-	-	59,777	-	-
Receivables (net)								
Intergovernmental	23,802	292	-	59,400	-	-	-	-
Loans	-	-	-	1,314,941	-	-	-	-
Other	696	5,424	-	-	-	-	-	-
Due from other funds	-	136,529	-	-	-	-	-	2,394
Other	9,997	-	-	-	-	-	-	-
Total assets	<u>\$ 144,891</u>	<u>\$ 195,390</u>	<u>\$ 2,827</u>	<u>\$ 1,399,805</u>	<u>\$ 27,395</u>	<u>\$ 126,756</u>	<u>\$ 33,109</u>	<u>\$ 2,394</u>
<u>Liabilities</u>								
Accounts payable	\$ 117,999	\$ 23,353	\$ -	\$ 59,400	\$ 4,856	\$ -	\$ -	\$ -
Accrued payroll	-	5,223	-	-	-	-	-	-
Due to other funds	-	51,408	-	-	845	-	-	-
Unearned revenue	-	32,502	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total liabilities	<u>117,999</u>	<u>112,486</u>	<u>-</u>	<u>59,400</u>	<u>5,701</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Fund Balances</u>								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	26,892	-	2,827	1,340,405	-	-	33,109	-
Committed	-	82,904	-	-	-	-	-	-
Assigned	-	-	-	-	21,694	126,756	-	2,394
Unassigned	-	-	-	-	-	-	-	-
Total fund balances	<u>26,892</u>	<u>82,904</u>	<u>2,827</u>	<u>1,340,405</u>	<u>21,694</u>	<u>126,756</u>	<u>33,109</u>	<u>2,394</u>
Total liabilities and fund balances	<u>\$ 144,891</u>	<u>\$ 195,390</u>	<u>\$ 2,827</u>	<u>\$ 1,399,805</u>	<u>\$ 27,395</u>	<u>\$ 126,756</u>	<u>\$ 33,109</u>	<u>\$ 2,394</u>

(Continued)

Town of New Fairfield, Connecticut

Combining Balance Sheet
Other Governmental Funds
June 30, 2019

Special Revenue Funds

	Communications Tower Fund	Miscellaneous Grants Fund	Municipal Water System Fund	Beaver Bog Cemetery Fund	Senior Center Fund	Commission for the Youth Fund	Recreation Programs Fund
<u>Assets</u>							
Cash	\$ -	\$ -	\$ 159,281	\$ 8,295	\$ -	\$ -	\$ 290,887
Investments	-	-	-	-	-	-	-
Receivables (net)							
Intergovernmental	-	3,905	-	-	-	-	-
Loans	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	2,319
Due from other funds	33,943	68,015	-	-	39,122	10,287	-
Other	-	-	-	-	10,867	-	13,965
Total assets	\$ 33,943	\$ 71,920	\$ 159,281	\$ 8,295	\$ 49,989	\$ 10,287	\$ 307,171
<u>Liabilities</u>							
Accounts payable	\$ 4,210	\$ 368	\$ 1,458	\$ -	\$ -	\$ -	\$ 10,387
Accrued payroll	-	141	-	-	-	-	21,123
Due to other funds	-	4,948	82,610	-	-	-	116,023
Unearned revenue	4,241	167	-	-	10,867	-	137,326
Other	-	-	-	-	-	-	1,062
Total liabilities	8,451	5,624	84,068	-	10,867	-	285,921
<u>Fund Balances</u>							
Nonspendable	-	-	-	-	-	-	-
Restricted	-	-	75,213	8,295	-	-	-
Committed	-	-	-	-	-	-	-
Assigned	25,492	66,296	-	-	39,122	10,287	21,250
Unassigned	-	-	-	-	-	-	-
Total fund balances	25,492	66,296	75,213	8,295	39,122	10,287	21,250
Total liabilities and fund balances	\$ 33,943	\$ 71,920	\$ 159,281	\$ 8,295	\$ 49,989	\$ 10,287	\$ 307,171

(Continued)

Town of New Fairfield, Connecticut

Combining Balance Sheet
Other Governmental Funds
June 30, 2019

	Special Revenue Funds				Capital Projects Funds		
	Education User Surcharges Fund	Hidden Valley Fund	Drop Off Center Fund	Total	Fire Company Reserve Fund	Education Capital Nonrecurring Fund	School Capital Project Fund
<u>Assets</u>							
Cash	\$ 281,494	\$ 17,784	\$ 18,272	\$ 1,095,328	\$ -	\$ -	\$ -
Investments	-	-	-	59,777	443,685	-	-
Receivables (net)							
Intergovernmental	-	-	-	87,399	-	-	-
Loans	-	-	-	1,314,941	-	-	-
Other	20,301	-	974	29,714	-	-	-
Due from other funds	174,581	-	-	464,871	80,959	463,683	19,907
Other	-	-	-	34,829	-	-	-
Total assets	\$ 476,376	\$ 17,784	\$ 19,246	\$ 3,086,859	\$ 524,644	\$ 463,683	\$ 19,907
<u>Liabilities</u>							
Accounts payable	\$ 1,355	\$ -	\$ 9,005	\$ 232,391	\$ -	\$ 13,419	\$ -
Accrued payroll	-	-	954	27,441	-	-	-
Due to other funds	-	-	75,278	331,112	-	9,558	28,657
Unearned revenue	-	-	-	185,103	-	-	-
Other	-	-	-	1,062	-	-	-
Total liabilities	1,355	-	85,237	777,109	-	22,977	28,657
<u>Fund Balances</u>							
Nonspendable	-	-	-	-	-	-	-
Restricted	-	-	-	1,486,741	-	-	-
Committed	-	-	-	82,904	524,644	440,706	-
Assigned	475,021	17,784	-	806,096	-	-	-
Unassigned	-	-	(65,991)	(65,991)	-	-	(8,750)
Total fund balances	475,021	17,784	(65,991)	2,309,750	524,644	440,706	(8,750)
Total liabilities and fund balances	\$ 476,376	\$ 17,784	\$ 19,246	\$ 3,086,859	\$ 524,644	\$ 463,683	\$ 19,907

(Continued)

Town of New Fairfield, Connecticut

Combining Balance Sheet
Other Governmental Funds
June 30, 2019

	Capital Projects Funds			Total	Permanent Fund	Total Other Governmental Funds
	MHHS Septic Fund	Town Center Beautification Fund	MHHS/HS Renovation Fund		Library Fund	
<u>Assets</u>						
Cash	\$ -	\$ -	\$ -	\$ -	\$ 19,902	\$ 1,115,230
Investments	-	-	-	443,685	-	503,462
Receivables (net)						
Intergovernmental	-	-	-	-	-	87,399
Loans	-	-	-	-	-	1,314,941
Other	-	-	-	-	-	29,714
Due from other funds	-	81,066	-	645,615	-	1,110,486
Other	-	-	-	-	-	34,829
Total assets	\$ -	\$ 81,066	\$ -	\$ 1,089,300	\$ 19,902	\$ 4,196,061
<u>Liabilities</u>						
Accounts payable	\$ -	\$ -	\$ -	\$ 13,419	\$ -	\$ 245,810
Accrued payroll	-	-	-	-	-	27,441
Due to other funds	90,565	-	154,496	283,276	-	614,388
Unearned revenue	-	76,977	-	76,977	-	262,080
Other	-	-	-	-	-	1,062
Total liabilities	90,565	76,977	154,496	373,672	-	1,150,781
<u>Fund Balances</u>						
Nonspendable	-	-	-	-	482	482
Restricted	-	-	-	-	19,420	1,506,161
Committed	-	4,089	-	969,439	-	1,052,343
Assigned	-	-	-	-	-	806,096
Unassigned	(90,565)	-	(154,496)	(253,811)	-	(319,802)
Total fund balances	(90,565)	4,089	(154,496)	715,628	19,902	3,045,280
Total liabilities and fund balances	\$ -	\$ 81,066	\$ -	\$ 1,089,300	\$ 19,902	\$ 4,196,061

(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, 2019

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	\$ 178,628	\$ 735,604	\$ -	\$ 72,200	\$ -	\$ 670	\$ -	\$ -
Charges for services	536,021	264,093	-	-	2,782	12,144	-	3,439
Contributions	-	-	-	-	-	8,683	22,864	25
Income from investments	10	-	-	103	-	1,002	-	-
Other	-	-	-	-	-	-	-	-
Total revenues	<u>714,659</u>	<u>999,697</u>	<u>-</u>	<u>72,303</u>	<u>2,782</u>	<u>22,499</u>	<u>22,864</u>	<u>3,464</u>
Expenditures								
Current								
General government	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	683	-	-	-
Health and welfare	-	-	-	156,621	-	-	6,066	-
Culture and recreation	-	-	-	-	-	25,073	-	3,189
Education	762,047	982,872	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Total expenditures	<u>762,047</u>	<u>982,872</u>	<u>-</u>	<u>156,621</u>	<u>683</u>	<u>25,073</u>	<u>6,066</u>	<u>3,189</u>
Excess (deficiency) of revenues over expenditures	<u>(47,388)</u>	<u>16,825</u>	<u>-</u>	<u>(84,318)</u>	<u>2,099</u>	<u>(2,574)</u>	<u>16,798</u>	<u>275</u>
Other financing sources (uses)								
Transfers in	-	-	-	-	-	51,069	-	-
Transfers out	-	-	-	-	-	-	-	-
Net other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>51,069</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>(47,388)</u>	<u>16,825</u>	<u>-</u>	<u>(84,318)</u>	<u>2,099</u>	<u>48,495</u>	<u>16,798</u>	<u>275</u>
Fund balances - July 1, 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>
Fund balances - June 30, 2019	<u>\$ 26,892</u>	<u>\$ 82,904</u>	<u>\$ 2,827</u>	<u>\$ 1,340,405</u>	<u>\$ 21,694</u>	<u>\$ 126,756</u>	<u>\$ 33,109</u>	<u>\$ 2,394</u>

(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, 2019

Special Revenue Funds

	Communications Tower Fund	Miscellaneous Grants Fund	Municipal Water System Fund	Beaver Bog Cemetery Fund	Senior Center Fund	Commission for the Youth Fund	Recreation Programs Fund
Revenues							
Intergovernmental	\$ -	\$ 14,258	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	320,981	6,746	23,149	-	80,531	-	506,685
Contributions	-	-	-	-	3,992	-	3,450
Income from investments	-	-	223	-	-	-	-
Other	-	-	-	-	-	-	-
Total revenues	<u>320,981</u>	<u>21,004</u>	<u>23,372</u>	<u>-</u>	<u>84,523</u>	<u>-</u>	<u>510,135</u>
Expenditures							
Current							
General government	19,669	5,227	-	4,457	88,165	-	-
Public safety	-	-	-	-	-	-	-
Health and welfare	-	9,758	27,897	-	-	-	-
Culture and recreation	-	-	-	-	-	30	389,811
Education	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Total expenditures	<u>19,669</u>	<u>14,985</u>	<u>27,897</u>	<u>4,457</u>	<u>88,165</u>	<u>30</u>	<u>389,811</u>
Excess (deficiency) of revenues over expenditures	<u>301,312</u>	<u>6,019</u>	<u>(4,525)</u>	<u>(4,457)</u>	<u>(3,642)</u>	<u>(30)</u>	<u>120,324</u>
Other financing sources (uses)							
Transfers in	-	-	-	-	-	-	-
Transfers out	(350,000)	-	-	-	-	-	(273,362)
Net other financing sources (uses)	<u>(350,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(273,362)</u>
Net change in fund balances	(48,688)	6,019	(4,525)	(4,457)	(3,642)	(30)	(153,038)
Fund balances - July 1, 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>
Fund balances - June 30, 2019	<u>\$ 25,492</u>	<u>\$ 66,296</u>	<u>\$ 75,213</u>	<u>\$ 8,295</u>	<u>\$ 39,122</u>	<u>\$ 10,287</u>	<u>\$ 21,250</u>

(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, 2019

	Special Revenue Funds				Capital Projects Funds		
	Education User Surcharges Fund	Hidden Valley Fund	Drop Off Center Fund	Total	Fire Company Reserve Fund	Education Capital Nonrecurring Fund	School Capital Project Fund
Revenues							
Intergovernmental	\$ -	\$ -	\$ 1,471	\$ 1,002,831	\$ -	\$ -	\$ -
Charges for services	239,980	-	153,965	2,150,516	-	-	-
Contributions	-	-	-	39,014	-	-	-
Income from investments	-	-	-	1,338	9,975	-	-
Other	-	-	462	462	-	-	-
Total revenues	239,980	-	155,898	3,194,161	9,975	-	-
Expenditures							
Current							
General government	-	-	225,591	343,109	-	-	-
Public safety	-	-	-	683	-	-	-
Health and welfare	-	-	-	200,342	-	-	-
Culture and recreation	169,231	-	-	587,334	-	-	-
Education	-	-	-	1,744,919	-	-	-
Capital outlay	-	-	3,328	3,328	443	1,166,897	-
Total expenditures	169,231	-	228,919	2,879,715	443	1,166,897	-
Excess (deficiency) of revenues over expenditures	70,749	-	(73,021)	314,446	9,532	(1,166,897)	-
Other financing sources (uses)							
Transfers in	-	-	-	51,069	173,683	787,563	-
Transfers out	-	-	-	(623,362)	-	-	-
Net other financing sources (uses)	-	-	-	(572,293)	173,683	787,563	-
Net change in fund balances	70,749	-	(73,021)	(257,847)	183,215	(379,334)	-
Fund balances - July 1, 2018	404,272	17,784	7,030	2,567,597	341,429	820,040	(8,750)
Fund balances - June 30, 2019	\$ 475,021	\$ 17,784	\$ (65,991)	\$ 2,309,750	\$ 524,644	\$ 440,706	\$ (8,750)

(Continued)

Town of New Fairfield, Connecticut

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Other Governmental Funds
For the Year Ended June 30, 2019

	Capital Projects Funds				Permanent Fund	Elimination Entries	Total Other Governmental Funds
	MHHS Septic Fund	Town Center Beautification Fund	MHHS/HS Renovation Fund	Total	Library Fund		
Revenues							
Intergovernmental	\$ -	\$ 2,464	\$ -	\$ 2,464	\$ -	\$ -	\$ 1,005,295
Charges for services	-	-	-	-	-	-	2,150,516
Contributions	-	-	49,892	49,892	-	-	88,906
Income from investments	-	-	-	9,975	576	-	11,889
Other	-	-	-	-	13,200	-	13,662
Total revenues	-	2,464	49,892	62,331	13,776	-	3,270,268
Expenditures							
Current							
General government	-	-	-	-	-	-	343,109
Public safety	-	-	-	-	-	-	683
Health and welfare	-	-	-	-	-	-	200,342
Culture and recreation	-	-	-	-	636	-	587,970
Education	-	-	-	-	-	-	1,744,919
Capital outlay	-	2,464	2,015	1,171,819	-	-	1,175,147
Total expenditures	-	2,464	2,015	1,171,819	636	-	4,052,170
Excess (deficiency) of revenues over expenditures	-	-	47,877	(1,109,488)	13,140	-	(781,902)
Other financing sources (uses)							
Transfers in	-	-	-	961,246	-	(51,069)	961,246
Transfers out	-	-	-	-	(51,069)	51,069	(623,362)
Net other financing sources (uses)	-	-	-	961,246	(51,069)	-	337,884
Net change in fund balances	-	-	47,877	(148,242)	(37,929)	-	(444,018)
Fund balances - July 1, 2018	(90,565)	4,089	(202,373)	863,870	57,831	-	3,489,298
Fund balances - June 30, 2019	\$ (90,565)	\$ 4,089	\$ (154,496)	\$ 715,628	\$ 19,902	\$ -	\$ 3,045,280

(Concluded)

Trend Information

Town of New Fairfield, Connecticut
Schedule of Debt Limitation
Connecticut Statutes, Section 7-374 (b)
As of and for the Year Ended June 30, 2019
(Unaudited)

Base:

Total tax collections (including interest and lien fees) for prior year \$ 47,525,474

Debt limitation:	<u>General Purpose</u>	<u>Schools</u>	<u>Sewers</u>	<u>Urban Renewal</u>	<u>Pension Deficit</u>
2 1/4 times base	\$ 106,932,317	\$ -	\$ -	\$ -	\$ -
4 1/2 times base	-	213,864,633	-	-	-
3 3/4 times base	-	-	178,220,528	-	-
3 1/4 times base	-	-	-	154,457,791	-
3 times base	-	-	-	-	142,576,422
Total debt limitation	106,932,317	213,864,633	178,220,528	154,457,791	142,576,422
Indebtedness:					
Bonds payable	<u>2,408,000</u>	<u>14,392,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Debt limitation in excess of outstanding debt	<u>\$ 104,524,317</u>	<u>\$ 199,472,633</u>	<u>\$ 178,220,528</u>	<u>\$ 154,457,791</u>	<u>\$ 142,576,422</u>

The total of the above net indebtedness amounts to: \$ 16,800,000

In no event shall total indebtedness exceed seven times the base for debt limitation computation: \$ 332,678,318

There is no overlapping debt for the Town.