

**TOWN OF NEW FAIRFIELD,
CONNECTICUT**

FINANCIAL REPORT
June 30, 2012

TOWN OF NEW FAIRFIELD, CONNECTICUT

FINANCIAL REPORT

TABLE OF CONTENTS

	<u>Page</u>
List of Principal Officials	i
Independent Auditor's Report	1-2
Management's Discussion and Analysis.....	3-9

BASIC FINANCIAL STATEMENTS

Government-Wide Financial Statements:

Statement of Net Assets.....	11
Statement of Activities	12

Fund Financial Statements:

Balance Sheet – Governmental Funds	13
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds.....	14
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	15
Statement of Net Assets – Proprietary Funds.....	16
Statement of Revenues, Expenses and Changes in Fund Net Assets - Proprietary Funds.....	17
Statement of Cash Flows – Proprietary Funds	18
Statement of Fiduciary Net Assets – Fiduciary Funds	19
Statement of Changes in Fiduciary Net Assets – Fiduciary Funds.....	20
Notes to Financial Statements	21-47

TOWN OF NEW FAIRFIELD, CONNECTICUT

FINANCIAL REPORT

TABLE OF CONTENTS

Page

REQUIRED SUPPLEMENTARY INFORMATION

General Fund Revenues and Other Financing Sources – Budgetary Basis – Budget and Actual	49-50
General Fund Expenditures and Other Financing Uses – Budgetary Basis – Budget and Actual	51-52
Schedules of Funding Progress - Pensions	53
Schedule of Employer Contributions - Pensions	54
Schedule of Funding Progress - OPEB	55
Schedule of Employer Contributions - OPEB	55
Note to Required Supplementary Information	56-57

**SUPPLEMENTAL AND COMBINING INDIVIDUAL AND
NONMAJOR FUND STATEMENTS AND OTHER SCHEDULES**

NONMAJOR GOVERNMENTAL FUNDS

Combining Balance Sheet	60-62
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	64-66

FIDUCIARY FUNDS

Combining Statement of Changes in Assets and Liabilities - Agency Funds	67
---	----

**CAPITAL ASSETS USED IN THE OPERATION OF
GOVERNMENTAL FUNDS**

Schedule By Category – Historical Cost	69
--	----

OTHER SCHEDULES

Balance Sheet – By Account – General Fund	71
Schedule of Revenues, Expenditures and Changes in Fund Balance – By Account – General Fund	72
Schedule of Property Taxes Levied, Collected and Outstanding – General Fund	74-75
Computation of Legal Debt Limitation	76

TOWN OF NEW FAIRFIELD, CONNECTICUT

LIST OF PRINCIPAL OFFICIALS
JUNE 30, 2012

BOARD OF SELECTMEN

John Hodge, First Selectman
Susan Chapman, Selectman
Mike Gill, Selectman

BOARD OF FINANCE

Wes Marsh, Chairman
Jane Landers, Clerk
Doug Connelly
Mike Cammarota
Brian Shea
Tom Edwards
Keith Landa
Tom Quigley
Leroy Blackwell

TOWN DEPARTMENTS

Jay P. Waterman, Director of Finance
Kerrie Greening, Tax Collector
Richard Seman, Assessor
Philip A. Cammarano, Treasurer
Janice Zackeo, Town Clerk
Robert Rzasa, Public Works Director
Timothy Simpkins, Director of Health
Alicia M. Roy, Superintendent of Schools

AUDITORS

McGladrey LLP
One Church Street
New Haven, Connecticut 06510

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INDEPENDENT AUDITOR'S REPORT

To the Honorable First Selectman and
Members of the Board of Finance
Town of New Fairfield, Connecticut

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, as of and for the year ended June 30, 2012, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town of New Fairfield, Connecticut's management. 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 *Governmental 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 includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to previously 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, 2012, 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2012 on our consideration of the Town of New Fairfield, Connecticut's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information, 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, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information

and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of New Fairfield, Connecticut's basic financial statements. The supplemental and combining and individual nonmajor fund financial statements and other schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The supplemental and combining and individual nonmajor fund financial statements and other schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental and combining and individual nonmajor fund financial statements and other schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

McGladrey LLP

New Haven, Connecticut
December 20, 2012

**Town of New Fairfield, Connecticut
Management's Discussion and Analysis
June 30, 2012**

Our discussion and analysis of the financial performance of the Town of New Fairfield, Connecticut, provides an overview of the Town's financial activities for the fiscal year ended June 30, 2012. Please read it in conjunction with the Town's financial statements that follow this section.

Financial Highlights

- On a government-wide basis, the assets of the Town of New Fairfield exceeded its liabilities, resulting in total net assets on June 30, 2012, of \$63.1 million. Of the Town's total net assets, \$16.6 million, or 26.3%, is unrestricted and may be used to meet the Town's ongoing obligations to citizens and creditors.
- On a government-wide basis, during the year, the Town's net assets increased \$4.1 million or 6.9%.
- At the close of the year, the Town of New Fairfield's combined governmental funds, on a current financial resources basis, had an ending fund balance of \$15.2 million, a decrease of \$6.9 million from the prior fiscal year. The decrease of \$6.9 million was planned as bond proceeds from prior years were expended on capital projects.
- At the end of the 2011/2012 fiscal year, the total fund balance for the General Fund alone was \$7.8 million, a decrease of \$608 thousand from the prior fiscal year. Of the total fund balance as of June 30, 2012, \$6.9 million represents the unassigned General Fund fund balance. The total General Fund fund balance at year-end represents 14.9% of the total General Fund expenditures (\$52.2 million) for the fiscal year ending June 30, 2012. It should be noted that approximately \$225,000 of FEMA related revenue had been deferred in the General Fund, as it was not considered available.
- The Town of New Fairfield's total long-term bonded indebtedness decreased by \$2.0 million during the current fiscal year to \$31.2 million.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Town of New Fairfield's basic financial statements. The basic financial statements are comprised of three components: 1) Government-wide financial statements, 2) Fund financial statements, and 3) Notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Town of New Fairfield's finances, in a manner similar to private-sector business. All of the resources the Town has at its disposal are shown, including major assets such as buildings and infrastructure. A thorough accounting of the cost of government is rendered because the statements present all costs, not just how much was collected and disbursed. They provide both long-term and short-term information about the Town's overall financial status.

The statement of net assets presents information on all of New Fairfield's assets and liabilities, with the difference reported as net assets. The Town's net assets – the difference between assets and liabilities – is one way to measure the Town's financial health or financial position. Over time, increases or decreases in net assets may serve as an indicator of whether the financial position of the Town is improving or deteriorating. It speaks to the question of whether or not the Town, as a whole, is better or

worse off as a result of this year's activities. Other non-financial factors will need to be considered, however, such as changes in the Town's property tax base and the condition of the Town's roads, to assess the overall health of the Town of New Fairfield.

The statement of activities presents information showing how the Town's net assets changed during the most recent fiscal year. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flow in some future fiscal period, for example uncollected taxes and earned but unused vacation leave.

Activities of the Town of New Fairfield encompass the Town's basic services and include governmental and community services, administration, public safety, health and welfare, and education. Property taxes, charges for services and state and federal grants finance most of these activities.

The government-wide financial statements (statement of net assets and statement of activities) can be found on pages 11-12 of this report.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control and accountability over resources that have been segregated for specific activities or objectives. The Town of New Fairfield, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Town of New Fairfield has two kinds of 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 available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

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

The Town of New Fairfield maintains 19 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, and the Capital Projects Fund. Data from the other governmental funds are combined into a single, aggregated presentation as Nonmajor Governmental Funds.

The Town of New Fairfield adopts an annual budget for its general fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with the authorized budget. The statement of revenues and expenditures on a budgetary basis can be found on pages 49-52.

The basic governmental fund financial statements (balance sheet and statement of revenues, expenditures and changes in fund balance) can be found on pages 13-14 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to provide services to the Town's constituency. The Town has two pension trust funds and two agency funds. The basic fiduciary fund financial statements can be found on pages 19-20.

Proprietary funds. The Town of New Fairfield uses an internal service fund to account for the Town's Health Insurance. Because the internal service funds predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 21-47 of this report.

The report also includes certain required supplementary information concerning the Town of New Fairfield's progress in funding its obligation to provide pension and other post-employment benefits to its Town and Board of Education employees. That information can be found within the Schedules of Funding Progress and Employer Contributions on pages 53-55.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position and an important determinant of its ability to finance services in the future. Town of New Fairfield governmental activities assets exceeded liabilities by \$63.1 million on June 30, 2012.

TOWN OF NEW FAIRFIELD, CONNECTICUT SUMMARY NET ASSETS (In 000's)

	June 30, 2012	June 30, 2011
Current and other assets	\$ 23,349	\$ 34,351
Capital assets	77,011	67,405
Total Assets	100,360	101,756
Long-term liabilities outstanding	31,825	35,403
Current other liabilities	5,430	7,327
Total Liabilities	37,255	42,730
Net assets:		
Invested in capital assets, net of related debt	45,841	39,560
Restricted	625	462
Unrestricted	16,639	19,004
Total Net Assets	\$ 63,105	\$ 59,026

By far the largest portion of the Town of New Fairfield's net assets, 72.6%, reflects its investment in capital assets (such as land, 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 of New Fairfield'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.

TOWN OF NEW FAIRFIELD, CONNECTICUT
SUMMARY CHANGES IN NET ASSETS
In (000's)

	Year Ended June 30, 2012	Year Ended June 30, 2011
Revenues:		
Program Revenues:		
Charges for services	\$ 3,469	\$ 3,071
Operating grants and contributions	10,217	9,355
Capital grants and contributions	4,862	1,435
General Revenues:		
Property taxes	40,150	39,084
Grants not restricted to specific purposes	557	586
Unrestricted investment earnings	326	464
Total revenues	59,582	53,995
Expenses:		
General government	3,552	3,896
Public safety	3,276	2,778
Public works	3,653	2,850
Health and welfare	841	738
Culture and recreation	1,281	1,320
Education	41,838	40,706
Interest on long-term debt	1,062	1,014
Total expenses	55,503	53,302
Change in net assets	4,079	693
Net assets – beginning	59,026	58,333
Net assets - ending	\$ 63,105	\$ 59,026

Governmental Activities

Approximately 67.4% of the total of \$59.6 million in governmental activity revenues was derived from property taxes, achieving a collection rate of 99.3% of current taxes. Another 6.4% of governmental activity revenues were derived from permits and fees for local services and investment income. The remaining 26.2% of governmental activity revenues were grants and payments from the State of Connecticut.

For governmental activities, approximately 75.4% of the Town's expenditures relate to education. Public safety, public works, land use, health and welfare, parks and recreation, and library services account for 16.3% of expenditures. The remaining 8.3% relates to government administration and interest on long-term debt.

The increase in current year net assets relates to the increase of capital grants and contributions and taxes collected.

Financial Analysis of the Government's Funds

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

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

As of the end of the current fiscal year, the Town of New Fairfield's governmental funds reported combined ending fund balances of \$15.2 million, a decrease of \$6.9 million from \$22.2 million from the prior fiscal year. The decrease of \$6.9 million was planned as bond proceeds from prior years were expended on capital projects.

The General Fund is the chief operating fund of the Town of New Fairfield. At the end of the current fiscal year, unassigned fund balance of the general fund was \$6.9 million, while total fund balance was \$7.8 million.

As stated earlier, the fund balances of the Town of New Fairfield's general fund decreased by \$608 thousand during the current fiscal year. It should be noted that approximately \$225,000 of FEMA related revenue had been deferred in the General Fund, as it was not considered available.

The Capital Project Fund has a total fund balance of \$6.5 million, a decrease of \$6.3 million from the prior year, as a result of current financial resource basis of accounting as it relates to the capital projects fund.

General Fund Budgetary Highlights

The original budget established by the Town was \$47.2 million. During the year, actual revenues were \$47.3 million, which were over budgetary estimates by \$66 thousand due to grant revenues and property tax, municipal aid funding and student tuition collections. Actual expenditures on a budgetary basis totaled \$47.8 million and were under budget by \$506 thousand due to less than anticipated government expenditures.

The Town made approximately \$1.1 million worth of additional appropriations during the year. The two major additional appropriations were \$275 thousand for Public Works and \$472 thousand for Public Safety, mainly due to winter storm Alfred.

Capital Asset and Debt Administration

Capital Assets. The Town of New Fairfield's investment in capital assets for its governmental activities as of June 30, 2012, amounts to \$119.4 million on a gross basis and \$77.0 million net of accumulated depreciation. This investment in capital assets includes land, buildings, land improvements, machinery and equipment, park facilities, roads and bridges.

TOWN OF NEW FAIRFIELD, CONNECTICUT CAPITAL ASSETS, GROSS In (000's)

	<u>June 30, 2012</u>	<u>June 30, 2011</u>
Government funds capital assets:		
Land	\$ 5,738	\$ 5,738
Buildings and improvements	46,245	46,245
Improvements other than buildings	10,703	10,287
Machinery, fixtures and software	8,299	7,686
Infrastructure	31,125	30,604
Construction in progress	17,271	7,114
Total	\$ 119,381	\$ 107,674

The major capital asset events during the current fiscal year were the continued progress on the MeetingHouse Hill School.

Additional information on the Town of New Fairfield's capital assets can be found on page 33 of this report.

Long-term debt. At the end of the current fiscal year, the Town of New Fairfield had total bonded debt outstanding of \$31.2 million; 100% of this debt is backed by the full faith and credit of the Town government. The Town of New Fairfield maintained an AAA rating from Moody's Investors Service during the reported fiscal year.

The Town's long-term debt, all in the form of general obligation bonds, decreased by \$2.0 million during the fiscal year. Balances at year-end were as follows:

	<u>June 30, 2012</u>	<u>June 30, 2011</u>
General obligation bonds	\$ 31,170	\$ 33,145

The overall statutory debt limit for the Town of New Fairfield is equal to seven times annual receipts from taxation or \$280.8 million. As of June 30, 2012, the Town recorded general obligation debt of \$31.2 million. Additional information on New Fairfield's long-term debt can be found in Note 7 of this report.

Economic Factors and Next Year's Budgets and Rates

The Town's elected and appointed officials considered many factors when setting the fiscal year 2012 budget tax rates. One of those factors is the economy. The Town's employment growth has remained stable. Unemployment in the Town now stands at 7.5%. This compares with the State's unemployment rate of 8.4% and the national rate of 7.9%.

The Town has also designated \$859,928 to be transferred from the Internal Service Fund for the creation of a trust fund for other post employment benefits.

Inflation in the greater New York metropolitan area continues to be higher than the national Consumer Price Index (CPI) increase. The area's CPI increase was 3.0% for fiscal year 2012 compared with the national increase of 2.0%. Inflation has been typically higher here in the Northeast.

These indicators were taken into account when adopting the General Fund budget for 2011-2012. Amounts available for appropriation in the General Fund budget are \$49.0 million, an increase of 2.8% over the final 2011 budget of \$47.7 million.

Minimal Grand List growth is expected due to the downturn in the economy and less home renovations.

If these estimates are realized, the Town's budgetary General Fund balance is expected to remain stable at June 30, 2013.

Requests for Information

This financial report is designed to provide a general overview of the Town of New Fairfield's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Director 3 Brush Hill Road, New Fairfield, CT 06812-2665.

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Basic Financial Statements

TOWN OF NEW FAIRFIELD, CONNECTICUT

STATEMENT OF NET ASSETS

June 30, 2012

	Primary Government <u>Governmental Activities</u>
Assets	
Cash and cash equivalents	\$ 9,424,723
Investments	10,563,806
Receivables, net of allowances for collection losses:	
Property taxes	513,026
Other	84,863
Intergovernmental receivables	2,737,589
Inventories and other assets	24,584
Capital assets, non-depreciable	23,008,650
Capital assets, net of accumulated depreciation	54,002,445
Total assets	<u>100,359,686</u>
Liabilities	
Accounts payable and accrued liabilities	2,005,522
Unearned revenues	1,334,796
Long-term liabilities:	
Due within one year	2,090,000
Due in more than one year	31,824,689
Total liabilities	<u>37,255,007</u>
Net Assets	
Investment in capital assets, net of related debt	45,841,095
Restricted for:	
Trust purposes:	
Expendable	6,750
Non-expendable	321,467
Community development	103,943
Other purposes	192,829
Unrestricted	16,638,595
Total net assets	<u>\$ 63,104,679</u>

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

TOWN OF NEW FAIRFIELD, CONNECTICUT

STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2012

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Primary</u>
		<u>Charges for</u>	<u>Operating</u>	<u>Capital</u>	<u>Governmental</u>
		<u>Services</u>	<u>Grants and</u>	<u>Grants and</u>	<u>Activities</u>
			<u>Contributions</u>	<u>Contributions</u>	
Primary government:					
Governmental activities:					
General government	\$ (3,552,320)	\$ 591,338	\$ 1,203	\$ -	\$ (2,959,779)
Public safety	(3,276,278)	210,889	26,841	-	(3,038,548)
Public works	(3,652,636)	231,175	-	219,514	(3,201,947)
Health and welfare	(841,447)	237,152	508,013	-	(96,282)
Education	(41,837,648)	1,440,028	9,628,760	4,642,747	(26,126,113)
Culture and recreation	(1,281,063)	758,780	52,640	-	(469,643)
Interest on long-term debt	(1,061,933)	-	-	-	(1,061,933)
Total governmental activities	\$ (55,503,325)	\$ 3,469,362	\$ 10,217,457	\$ 4,862,261	(36,954,245)
		General revenues:			
					40,150,460
					556,556
					325,812
					<u>41,032,828</u>
					4,078,583
					<u>59,026,096</u>
					<u>\$ 63,104,679</u>

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

TOWN OF NEW FAIRFIELD, CONNECTICUT

BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2012

	General Fund	Capital Projects	Other Governmental Funds	Total Governmental Funds
Assets				
Cash and cash equivalents	\$ 6,834,368	\$ 937,600	\$ 631,113	\$ 8,403,081
Investments	10,382,714	-	181,092	10,563,806
Receivables, net of allowances for collection losses:				
Property taxes	513,026	-	-	513,026
Intergovernmental	1,141,700	589,590	1,006,299	2,737,589
Other	1,529	2,936	-	4,465
Inventories and prepaids	8,338	-	16,246	24,584
Due from other funds	477,295	6,680,152	311,868	7,469,315
Total assets	\$ 19,358,970	\$ 8,210,278	\$ 2,146,618	\$ 29,715,866
Liabilities				
Accounts payable and accruals	\$ 726,056	\$ 591,159	\$ 151,841	\$ 1,469,056
Due to other funds	8,261,406	501,543	76,282	8,839,231
Deferred revenue	1,302,996	592,526	946,084	2,841,606
Unearned revenues	1,230,511	-	104,285	1,334,796
Total liabilities	11,520,969	1,685,228	1,278,492	14,484,689
Fund balances				
Nonspendable	8,338	-	337,513	345,851
Restricted	-	-	296,772	296,772
Committed	-	6,525,050	233,841	6,758,891
Assigned	930,916	-	-	930,916
Unassigned	6,898,747	-	-	6,898,747
Total fund balances	7,838,001	6,525,050	868,126	15,231,177
Total liabilities and fund balances	\$ 19,358,970	\$ 8,210,278	\$ 2,146,618	

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets, net of accumulated depreciation used in governmental funds are not financial resources and therefore, are not reported in the funds.	77,011,095
Deferred revenues are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	2,841,606
Internal service funds are used by management to charge the cost of risk management to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.	1,906,345
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	(33,885,544)

Net assets of governmental activities

\$ 63,104,679

The notes to the 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, 2012

	General Fund	Capital Projects	Other Governmental Funds	Total Governmental Funds
REVENUES				
Property taxes	\$ 40,109,394	\$ -	\$ -	\$ 40,109,394
Intergovernmental	9,316,070	4,771,736	1,457,865	15,545,671
Interest income	314,747	4,345	6,720	325,812
Charges for services	2,153,068	8,436	1,190,760	3,352,264
Other revenues	106,470	-	23,087	129,557
Total revenues	51,999,749	4,784,517	2,678,432	59,462,698
EXPENDITURES				
Current:				
General government	2,941,847	-	77,909	3,019,756
Public safety	2,685,307	-	2,236	2,687,543
Public works	2,461,935	-	19,729	2,481,664
Health and welfare	435,377	-	326,787	762,164
Culture and recreation	1,090,825	-	20,229	1,111,054
Health insurance	6,092,496	-	-	6,092,496
Education	33,498,893	-	2,107,929	35,606,822
Debt service:				
Principal retirements	1,931,080	43,920	-	1,975,000
Interest and other charges	1,056,162	34,642	-	1,090,804
Capital outlay	-	11,580,987	-	11,580,987
Total expenditures	52,193,922	11,659,549	2,554,819	66,408,290
Revenues over (under) expenditures	(194,173)	(6,875,032)	123,613	(6,945,592)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	836,350	-	836,350
Transfers out	(413,350)	(293,000)	(130,000)	(836,350)
Total other financing sources (uses)	(413,350)	543,350	(130,000)	-
Net change in fund balances	(607,523)	(6,331,682)	(6,387)	(6,945,592)
FUND BALANCES, beginning	8,445,524	12,856,732	874,513	22,176,769
FUND BALANCES, ending	\$ 7,838,001	\$ 6,525,050	\$ 868,126	\$ 15,231,177

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

TOWN OF NEW FAIRFIELD, CONNECTICUT

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2012**

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances – total governmental funds	\$ (6,945,592)
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceed depreciation in the current period.	9,606,239
Changes in revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	119,210
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 assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	1,975,000
The net revenue of certain activities of internal service funds is reported with governmental activities.	(283,451)
Changes in 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.	<u>(392,823)</u>
Change in net assets of governmental activities	<u><u>\$ 4,078,583</u></u>

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

TOWN OF NEW FAIRFIELD, CONNECTICUT

STATEMENT OF NET ASSETS - PROPRIETARY FUNDS

June 30, 2012

	Governmental Activities
	Internal Service Fund
	Medical Fund
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 1,021,642
Accounts receivable, net	80,398
Due from other funds	1,369,916
Total current assets	<u>2,471,956</u>
Total assets	<u>2,471,956</u>
LIABILITIES	
Liabilities:	
Accounts payable and accrued liabilities	110,611
Risk management claims	455,000
Total liabilities	<u>565,611</u>
NET ASSETS	
Unrestricted	1,906,345
Total net assets	<u>\$ 1,906,345</u>

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

TOWN OF NEW FAIRFIELD, CONNECTICUT

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS-
PROPRIETARY FUNDS

For the Year Ended June 30, 2012

	Governmental Activities
	<u>Internal Service Fund</u>
	<u>Medical Fund</u>
OPERATING REVENUES	
Premiums	\$ 7,758,656
Total operating revenues	<u>7,758,656</u>
OPERATING EXPENSES	
Administration and insurance	775,000
Claims incurred	7,278,367
Total operating expenses	<u>8,053,367</u>
Operating loss	(294,711)
NONOPERATING REVENUES	
Interest income	11,260
Total nonoperating revenues	<u>11,260</u>
Change in net assets	<u>(283,451)</u>
FUND NET ASSETS, beginning	<u>2,189,796</u>
FUND NET ASSETS, ending	<u>\$ 1,906,345</u>

The notes to the 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, 2012

	Governmental Activities
	Internal Service Fund
	Medical Fund
Cash Flows From Operating Activities	
Cash received for premiums	\$ 8,158,821
Claims, premiums, and administrative fees paid to vendors	(7,965,294)
Net cash provided by operating activities	<u>193,527</u>
Cash Flows From Investing Activities	
Interest income	11,260
Net cash provided by investing activities	<u>11,260</u>
Net increase in cash and cash equivalents	204,787
Cash and Cash Equivalents	
Beginning	<u>816,855</u>
Ending	<u>\$ 1,021,642</u>
Reconciliation of Operating Loss to Net Cash Provided by Operating Activities	
Operating loss	\$ (294,711)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Changes in assets and liabilities:	
Increase in accounts receivable	(10,345)
Decrease in due from other funds	410,510
Increase in accounts payable and accrued liabilities	22,873
Increase in risk management claims	65,200
Net cash provided by operating activities	<u>\$ 193,527</u>

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

TOWN OF NEW FAIRFIELD, CONNECTICUT

STATEMENT OF FIDUCIARY NET ASSETS - FIDUCIARY FUNDS

June 30, 2012

	Pension Trust Fund	Agency Funds
ASSETS		
Cash and cash equivalents	\$ -	\$ 520,571
Investments	10,239,135	99,707
Total assets	<u>10,239,135</u>	<u>620,278</u>
LIABILITIES		
Due to student groups	-	620,278
Total liabilities	<u>-</u>	<u>620,278</u>
Net Assets Held in Trust for Pension Benefits	<u>\$ 10,239,135</u>	<u>\$ -</u>

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

TOWN OF NEW FAIRFIELD, CONNECTICUT

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS -
FIDUCIARY FUNDS

For the Year Ended June 30, 2012

	Pension Trust Fund
Additions	
Contributions:	
Employer	\$ 618,925
Investment Income:	
Net appreciation in fair value of investment	577,012
Total additions	<u>1,195,937</u>
Deductions	
Benefits	202,295
Administration	60,064
Total deductions	<u>262,359</u>
Change in net assets	933,578
Net Assets	
Beginning of year	<u>9,305,557</u>
End of year	<u>\$ 10,239,135</u>

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

TOWN OF NEW FAIRFIELD, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS

June 30, 2012

Note 1. Significant Accounting Policies

Reporting entity

The Town was incorporated in May 1740 and covers an area of 25.8 square miles. The Town operates under a Selectmen-Town Meeting form of government as prescribed by the Connecticut General Statutes. The Town provides the following services: general government, public safety (police and fire), public works (streets and highways), public health and social services, recreational activities, a free public library and education encompassing grades PreK-12.

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 criteria provided by Codification Section 2100 have been considered, and as a result, there are no agencies or entities that should be, but are not, combined in the financial statements of the Town.

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the Town. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The Town has no business-type activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, 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.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide, proprietary fund and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Agency funds do not have a measurement focus. 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 for. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered 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 OF NEW FAIRFIELD, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2012

Town considers revenues to be available if they are collected within 60 days 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, pension and other post-employment benefit obligations and expenditures related to compensated absences and other compensation related transactions are recorded only when payment is due (matured).

Property taxes, when levied for, intergovernmental revenues, when eligibility requirements are met, parking fines, and interest associated with the current fiscal period are all considered to be measurable and so have been recognized as revenues of the current fiscal period, if available. All other, primarily licenses, fees and permits, are considered to be measurable only when cash is received by the Town.

Governmental Funds

Governmental Funds are those through which most governmental functions typically are financed.

The *General Fund* is the primary operating fund of the Town. This fund is used to account for and report all financial transactions and resources except those required to be accounted for in another fund. Revenues are derived primarily from property taxes, state and federal grants, licenses, permits, charges for service and interest income.

Special Revenue Funds account for and report the proceeds of specific revenue sources that are restricted or committed for expenditure for specific activities other than debt service or capital projects.

Capital Project Funds account for and report all financial resources that are restricted, committed or assigned to expenditure for capital outlay.

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

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 Projects Fund* accounts for the construction and acquisition of major capital assets.

Additionally, the Town reports the following fund types:

Proprietary Funds:

The *Internal Service Fund* is used to account for revenues and related expenses of the health insurance plan for employees of both the Town and the Board of Education.

Fiduciary Funds:

The *Pension Trust Fund* accounts for activities of the Town's Retirement Plan and the Board of Education Retirement Plan, which accumulates resources for pension benefit payments to qualified Town employees.

The *Agency Funds* account for monies held as a custodian for outside groups and agencies and do not involve measurement of results of operations.

TOWN OF NEW FAIRFIELD, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2012

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for business-type activities and enterprise fund financial statements, subject to this same limitation. The Town has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

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 are used to account for activities that are similar to those often found in the private sector. These funds are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting.

Accounting estimates

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

Property taxes

Property taxes are assessed as of October 1, levied on the following July 1, and billed and due in two installments, July 1 and January 1. Taxes less than \$100 are due in full on July 1. Motor vehicle taxes are due in one installment on July 1. Taxes become delinquent thirty days after the installment is due. Interest of 1 ½ percent per month is charged on delinquent taxes. Liens are filed by the last day of the fiscal year.

All property tax receivables are shown net of an allowance for uncollectibles. The property tax receivable allowance of \$20 thousand is equal to 3.8% of outstanding property taxes at June 30, 2012.

Cash equivalents

The Town considers all certificates of deposit and highly liquid short-term investment funds with original maturities when purchased of three months or less to be cash equivalents.

Allowances for doubtful accounts

Accounts, including property taxes, for the primary government are reported net of allowance for doubtful accounts. The allowance for doubtful accounts represents those accounts which are deemed uncollectible based upon collection history and analysis of creditor's ability to pay.

Investments

Investments are stated at fair value based upon quoted market prices. Fixed income funds are reported at fair value based on the unit prices quoted by the fund representing the fair value of the underlying

TOWN OF NEW FAIRFIELD, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2012

investment. The Connecticut State Treasurer's Short-Term 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 through 3-27e. Investment guidelines are adopted by the State Treasurer. The fair value of the position in the pool is the same as the value of the pool shares.

The balance of the pooled fixed income investments were invested in a pool similar to 2a-7. These investments are stated at amortized cost.

The Board of Education pension plan's unallocated insurance contracts are valued at contract value. Contract value represents contributions made under the contract, plus interest at the contract rate, less funds used to purchase annuities or pay administrative expenses charged by Principal Life Insurance Company. Funds under the contract that have been allocated and applied to purchase annuities are excluded from the pension plan's assets.

Inventories and prepaid items

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Capital assets

Capital assets, which include land, buildings, 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 government as assets with an initial, individual cost of more than \$5,000 for all asset categories and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair 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 assets lives are not capitalized.

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

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

<u>Assets</u>	<u>Years</u>
Land improvements	15-30
Buildings and improvements	50
Furniture and equipment	5-20
Infrastructure	50

In the governmental fund financial statements, capital assets are reported as expenditures and no depreciation expense is reported.

TOWN OF NEW FAIRFIELD, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2012

Long-term obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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 bond principal payments are reported as debt service expenditures.

Compensated absences

Certain Town and Board of Education employees generally can carry over vacation time. Members of the police department are permitted to carry unused vacation time, up to a maximum of six days. Vacation time not taken is generally payable to the employee upon termination. Members of the police department may accrue up to one hundred sick days. Upon their termination after ten or more consecutive years of service, or termination due to job-related disability, or in the event of their death, accumulated sick leave shall be paid at the rate of one-half of a regular day's pay. Compensated absences are paid by departmental appropriations within the General Fund. Vacation and sick leave expenses to be paid in future periods are accrued when earned in the government-wide financial statements. A liability for these amounts is reported in governmental funds only for amounts that are due (matured).

Pension accounting

Pension Trust Funds:

Employee contributions are recognized in the period in which the contributions are due. Employer contributions to the plan are recognized when due and the Town has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan.

Governmental Funds and Governmental Activities:

In governmental funds, expenditures are recognized when they are paid or are expected to be paid with current available resources. In governmental activities, expense is recognized based on actuarially required contributions. The net pension obligation (asset), the cumulative difference between annual pension cost and the Town's contributions to the plans since 1986, is calculated on an actuarial basis consistent with the requirements of Government Accounting Standards Board Statement No. 27. The pension obligation (asset) is recorded as a noncurrent liability (asset) in the government-wide financial statements.

TOWN OF NEW FAIRFIELD, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2012

Funding Policy:

The Town and Board of Education make annual contributions based on the actuaries' annual required contribution.

Other Post-Employment Obligations (OPEB) Accounting

OPEB Trust:

Employer contributions are recognized in the period in which the contributions are due, and the Town has made a formal commitment to provide the contributions.

Governmental Funds and Governmental Activities:

In governmental funds, expenditures are recognized when they are paid or are expected to be paid with current available resources. In governmental activities, expense is recognized based on actuarially required contributions. The net OPEB obligation, the cumulative difference between annual OPEB cost and the Town's contributions to the plan since July 1, 2007, is calculated on an actuarial basis consistent with the requirements of Government Accounting Standards Board. The OPEB obligation is recorded as a noncurrent liability in the government-wide financial statements.

Funding Policy:

The Town makes annual contributions based on management's decisions, taking into account the latest actuarial valuation.

Encumbrances

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation, is utilized in the governmental fund types. Encumbrances outstanding at year-end are reported as an assignment of fund balance as they do not constitute either expenditures or liabilities.

Net Assets

In the Government-Wide Financial Statements, net assets are classified in the following categories:

Invested in Capital Assets, Net of Related Debt – This category groups all capital assets, including infrastructure, into one component of net assets. Accumulated depreciation and the outstanding balances of debt net of unspent bond proceeds, that are attributable to the acquisition, construction or improvement of these assets reduces this category.

Restricted Net Assets – This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Assets – This category represents the net assets of the Town, which are not restricted for any project or other purpose. A deficit will require future funding.

TOWN OF NEW FAIRFIELD, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2012

Fund Balance

In the government fund financial statements, the Town classified fund balances as follows:

- Nonspendable Fund Balance – Amounts which cannot be spent either because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.
- Restricted Fund Balance - These amounts are restricted to specific purposes when constraints placed on the use of resources are either (a) externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislations.
- Committed Fund Balance – This represents amounts constrained prior to year-end for a specific purpose by a government using its highest level of decision-making authority (Town of New Fairfield Board of Finance).
- Assigned Fund Balance – Amounts constrained for the intent to be used for a specific purpose by a governing board or a body or the Finance Director that has been delegated authority to assign amounts.
- Unassigned Fund Balance – The residual amount not allocated to any other fund balance category in the General Fund and any residual deficit balance of any other governmental funds.

When both restricted and unrestricted amounts are available for use, it is the Town's practice to use restricted resources first. Additionally, the Town would first use committed, then assigned, and lastly unassigned.

Note 2. Reconciliation of Government-Wide and Fund Financial Statements

Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds, and net assets – governmental activities as reported in the government-wide statement of net assets. One element of that reconciliation explains that “long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.” The details of the difference are as follows:

Bonds payable	\$ 31,170,000
Accrued interest payable	425,855
Compensated absences	349,472
Net pension obligation	81,958
OPEB obligation	<u>1,858,259</u>
Net adjustment to reduce fund balance – total governmental funds to arrive at net assets – governmental activities	<u>\$ 33,885,544</u>

TOWN OF NEW FAIRFIELD, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2012

Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.” The details of this difference are as follows:

Capital outlay	\$ 11,772,831
Depreciation expense	<u>(2,166,592)</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ 9,606,239</u>

Another element of that reconciliation states that “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 assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.” The details of this difference are as follows:

Principal repayments:	
General obligation debt	<u>1,975,000</u>
Net adjustment to increase net changes in fund balances - total governmental increase funds to arrive at changes in net assets of governmental activities	<u>\$ 1,975,000</u>

Another element of that reconciliation states that “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.” The details of the changes in various liability accounts that represent this difference are as follows:

Compensated absences	\$ (21,401)
Net pension obligation	(41,010)
OPEB obligation	(359,283)
Accrued interest	<u>28,871</u>
Net adjustment to decrease net changes in fund balances – total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ (392,823)</u>

TOWN OF NEW FAIRFIELD, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2012

Note 3. Cash and Investments

Deposits: The Town does not have a policy for deposits. The Town also does not have a custodial credit risk policy. However, as a practice, the Town follows the Connecticut General State Statutes (Section 7-402). The State of Connecticut requires that each depository maintain segregated collateral in an amount equal to a defined percentage of its public deposits based upon the bank's risk based capital ratio.

Investments: The Town and the pension plans do not have a custodial credit risk policy for investments. The Town does not have a policy for investments or related credit risk for debt securities; however, it is their practice to follow State statutes. The Connecticut General Statutes (Section 7-400) permit municipalities to invest in: (1) obligations of the United States and its agencies (2) highly rated obligations of any state of the United States or of any political subdivision, authority or agency thereof; and (3) shares or other interests in custodial arrangements or pools maintaining constant net asset values and in highly rated no-load open end money market mutual funds (with constant or fluctuating net asset values) whose portfolios are limited to obligations of the United States and its agencies, and repurchase agreements fully collateralized by such obligations. The Statutes (Sections 3-24f and 3-27f) also provide for investment in shares of the Connecticut Short Term Investment Fund and the Tax Exempt Proceeds Fund. These investment pools are under the control of the State Treasurer, with oversight provided by the Treasurer's Cash Management Advisory Board, and are regulated under the State Statutes and subject to annual audit by the Auditors of Public Accounts. Investment yields are accounted for on an amortized-cost basis with an investment portfolio that is designed to attain a market-average rate of return throughout budgetary and economic cycles. Investors accrue interest daily based on actual earnings, less expenses and transfers to the designated surplus reserve, and the fair value of the position in the pool is the same as the value of the pool shares.

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

Concentrations: The Town and the pension plans do not have a formal policy that limits the amounts invested in any one issuer. However, its practice is to maintain a diversified portfolio to minimize the risk of loss resulting from over-concentration of assets in a specific issuer.

Custodial credit risk:

Deposits: This is the risk that, in the event of failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. As of June 30, 2012, \$16,772,409 of the Town's bank balance of approximately \$21,694,209 was uninsured and uncollateralized.

Investments: This is the risk that in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party.

TOWN OF NEW FAIRFIELD, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2012

Cash and investments of the Town consist of the following at June 30, 2012:

Cash and Cash Equivalents	
Deposits with financial institutions	\$ 9,319,748
State of Connecticut Short-Term Investment fund	625,546
Total cash and cash equivalents	<u>9,945,294</u>
Investments	
General Fund	
Certificates of deposit	<u>10,240,344</u>
Permanent Funds	
Certificates of deposit	<u>323,462</u>
Trust and Agency Funds	
Pension Trust Funds	
Guaranteed Investment Contract	<u>10,239,135</u>
Agency Funds	
Certificates of deposit	99,707
	<u>10,338,842</u>
Total Investments	<u>20,902,648</u>
Total cash, cash equivalents and investments	<u>\$ 30,847,942</u>

Cash and investments are classified in the accompanying financial statements as follows:

Statement of Net Assets	
Cash and cash equivalents	\$ 9,424,723
Investments	10,563,806
	<u>19,988,529</u>
Fiduciary Funds:	
Cash and cash equivalents	520,571
Investments	10,338,842
	<u>10,859,413</u>
Total cash, cash equivalents and investments	<u>\$ 30,847,942</u>

TOWN OF NEW FAIRFIELD, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2012

Interest rate risk: This is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. Information about the exposure of the Town's debt type investments to this risk using the segmented time distribution model is as follows:

Type of Investment	Fair Value	Investment Maturities (in Years)	
		Less Than 1 Year	1-5 Years
Certificates of deposits	\$ 10,663,513	\$ 7,472,109	\$ 3,191,404
Pooled fixed income	625,546	625,546	-
Guaranteed investment contracts	10,239,135	5,357,732	4,881,403
	<u>\$ 21,528,194</u>	<u>\$ 13,455,387</u>	<u>\$ 8,072,807</u>

Credit risk: Generally, credit risk is the risk that an issuer of a debt type investment will not fulfill its obligation to the holder of the investment. This is measured by assignment of a rating by a nationally recognized rating organization. U.S. government securities or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk exposure.

Presented below is the minimum rating as required for each debt type investment.

Average Rating	Fair Value	Standard & Poor's
Guaranteed Investment Contract	\$ 10,239,135	-
State of Connecticut Short-Term Investment Fund	625,546	AAAm

Investments that represent five percent or more of net assets available for benefits

For the Board of Education pension plan at June 30, 2012, the following are investments (other than U.S. Government and U.S. Government guaranteed obligations), in any one organization, that represent five percent or more of net assets available for benefits:

Principal Financial Group	\$ 4,881,403
Prudential	\$ 5,357,732

TOWN OF NEW FAIRFIELD, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2012

Note 4. Unearned Revenue/Deferred Revenue

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds and governmental activities report unearned revenue recognized in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of unearned revenue and deferred revenue of governmental funds and governmental activities were as follows:

	Deferred Revenue	Unearned Revenue
General Fund:		
Taxes and accrued interest on delinquent property taxes	\$ 430,748	\$ -
Advanced tax collections	-	1,059,210
School building grants	529,438	-
Other receivables	342,810	171,301
	<u>1,302,996</u>	<u>1,230,511</u>
Capital Projects Fund:		
Intergovernmental	592,526	-
Nonmajor Funds:		
Intergovernmental and other revenues	3,478	104,285
Housing loans	942,606	-
	<u>946,084</u>	<u>104,285</u>
	<u>\$ 2,841,606</u>	<u>\$ 1,334,796</u>

Note 5. Interfund Accounts

As of June 30, 2012, interfund receivables and payables that resulted from various interfund transactions were as follows:

	Due From Other Funds	Due To Other Funds
General Fund	\$ 477,295	\$ 8,261,406
Capital Projects	6,680,152	501,543
Internal Service	1,369,916	-
Non-Major Governmental and Other Funds	311,868	76,282
Totals	<u>\$ 8,839,231</u>	<u>\$ 8,839,231</u>

All balances resulted from the time lag between the dates payments occur between funds for various activities.

TOWN OF NEW FAIRFIELD, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2012

Interfund transfers during the year ended June 30, 2012 were as follows:

	Transfers In	Transfers Out
General Fund	\$ -	\$ 413,350
Capital Projects	836,350	293,000
Non-Major Governmental and Other Funds	-	130,000
Totals	\$ 836,350	\$ 836,350

Transfers are used to account for unrestricted revenues collected mainly in the general fund to finance various programs accounted for in other funds in accordance with budget authorizations. Transfers in to the Capital project fund represents transfers for capital outlay.

Note 6. Capital Assets

Capital asset activity for the year ended June 30, 2012 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 5,737,876	\$ -	\$ -	\$ 5,737,876
Construction in progress	7,114,226	10,519,576	(363,028)	17,270,774
Total capital assets, not being depreciated	12,852,102	10,519,576	(363,028)	23,008,650
Capital assets, being depreciated:				
Buildings	46,245,466	-	-	46,245,466
Improvements other than buildings	10,286,645	416,021	-	10,702,666
Machinery and equipment	7,558,298	644,230	(65,688)	8,136,840
Software	127,416	34,599	-	162,015
Infrastructure	30,603,847	521,433	-	31,125,280
Total capital assets being depreciated	94,821,672	1,616,283	(65,688)	96,372,267
Less accumulated depreciation for:				
Building	(17,609,544)	(874,163)	-	(18,483,707)
Improvements other than building	(1,445,815)	(230,734)	-	(1,676,549)
Machinery and equipment	(4,157,142)	(251,941)	65,688	(4,343,395)
Software	(65,502)	(13,196)	-	(78,698)
Infrastructure	(16,990,915)	(796,558)	-	(17,787,473)
Total accumulated depreciation	(40,268,918)	(2,166,592)	65,688	(42,369,822)
Total capital assets, being depreciated, net	54,552,754	(550,309)	-	54,002,445
Governmental activities capital assets, net	\$ 67,404,856	\$ 9,969,267	\$ (363,028)	\$ 77,011,095

TOWN OF NEW FAIRFIELD, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2012

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

Governmental activities:	
General government	\$ 25,207
Public safety	221,219
Public works	852,175
Health and sanitation	2,772
Culture and recreation	80,746
Education	984,473
Total depreciation expense – governmental activities	<u><u>\$ 2,166,592</u></u>

Note 7. Long-Term Obligations

Long-Term liability activity for the year ended June 30, 2012 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental activities:					
General obligation bonds	\$ 33,145,000	\$ -	\$ 1,975,000	\$ 31,170,000	\$ 2,075,000
Net pension obligation	40,948	42,203	1,193	81,958	-
OPEB obligation	1,498,976	359,283	-	1,858,259	-
Compensated absences	328,071	24,040	2,639	349,472	15,000
Risk financing activities	389,800	6,433,567	7,278,367	455,000	-
Governmental activity long-term liabilities	<u><u>\$ 35,402,795</u></u>	<u><u>\$ 6,859,093</u></u>	<u><u>\$ 9,257,199</u></u>	<u><u>\$ 33,914,689</u></u>	<u><u>\$ 2,090,000</u></u>

General obligation bonds

General obligation bonds are direct obligations of the Town for which full faith and credit are pledged and are paid from taxes levied on all taxable property in the Town. The Town has not pledged any assets as collateral for general obligation bonds.

TOWN OF NEW FAIRFIELD, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2012

The following is a summary of general obligation bond debt maturities:

	Debt Service Requirement		
	Principal	Interest	Total
2013	\$ 2,075,000	\$ 1,073,149	\$ 3,148,149
2014	2,035,000	977,259	3,012,259
2015	2,035,000	913,533	2,948,533
2016	2,040,000	849,011	2,889,011
2017	2,040,000	784,993	2,824,993
2018 - 2022	9,090,000	2,945,393	12,035,393
2023 - 2027	6,985,000	1,627,765	8,612,765
2028 - 2032	4,870,000	574,463	5,444,463
Total	<u>\$ 31,170,000</u>	<u>\$ 9,745,566</u>	<u>\$ 40,915,566</u>

General obligation bonds outstanding as of June 30, 2012 consisted of the following:

Description	Date of Maturity	Interest Rate	Outstanding July 1, 2011	Issued	Retired	Outstanding June 30, 2012
School Bonds	2013	4.6 / 6.0	\$ 1,600,000	\$ -	\$ 800,000	\$ 800,000
School Bonds	2019	3.4 / 4.95	367,500	-	-	367,500
Refunding General Purpose	2019	3.4 / 4.95	432,500	-	100,000	332,500
School Bonds	2019	4.25 / 6.25	2,395,000	-	270,000	2,125,000
School Bonds	2021	4.0 / 5.0	2,046,000	-	247,000	1,799,000
General Purpose	2021	4.0 / 5.0	754,000	-	33,000	721,000
School Bonds	2030	2.0 / 4.0	11,575,000	-	425,000	11,150,000
General Purpose	2030	2.0 / 4.0	1,975,000	-	100,000	1,875,000
School Bonds	2030	2.25 / 4.12	12,000,000	-	-	12,000,000
			<u>\$ 33,145,000</u>	<u>\$ -</u>	<u>\$ 1,975,000</u>	<u>\$ 31,170,000</u>

Authorized but unissued bonds

The Town has authorized but unissued bonds related to capital projects as of June 30, 2012, as follows:

Schools	<u>\$ 8,625,000</u>
---------	---------------------

School bond reimbursements

The State of Connecticut reimburses the Town for eligible school bond principal and interest costs. The amount of reimbursement for the year ended June 30, 2012 was approximately \$329,000. Additional reimbursements of principal and interest aggregating approximately \$589,000 are expected to be received through the bonds' maturity dates.

TOWN OF NEW FAIRFIELD, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2012

Note 8. Employee Retirement Systems and Pension Plans

Pension Trust Funds

Plan Description Provisions

The Town administers two single employer, noncontributory defined benefit pension plans Town Plan (Plan) and Board of Education (BOE Plan). The two plans are included in the financial statements as pension trust funds. Pension benefits and contribution requirements are established by the plan documents, which may be amended by the Town/Board of Education. The plans do not issue separate, standalone financial reports.

Town

The Plan covers full-time employees, other than police officers, who have completed one year of service and are at least 21 years of age. Vesting of benefits occurs after five years of service or retirement. Employees may retire the month following their 65th birthday.

Board of Education

All non-certified Board of Education employees who have completed one year of service with at least 1,000 hours and are at least 25 years of age are eligible to participate in the BOE Plan. Board of Education employees are fully vested after 15 years of service, except for custodians and secretaries, who are fully vested after 5 years of service. Employees may retire after the attainment of age 65, or 10 years of participation if later.

The members in the Plans are comprised of the following:

	Town January 1, 2011	Board of Education July 1, 2011
Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits, but not yet receiving them	39	33
Active employees	43	123
Total	82	156

TOWN OF NEW FAIRFIELD, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2012

**Annual Pension Cost and
Net Pension Obligation**

	Town	Board of Education
Annual required contribution	\$ 262,019	\$ 400,267
Interest on net pension obligation	1,648	1,043
Adjustment to annual required contribution	(2,841)	(2,201)
Annual pension cost	260,826	399,109
Contributions made	262,019	356,906
(Decrease) increase in net pension obligation	(1,193)	42,203
Net Pension Obligation, Beginning of Year	21,977	18,971
Net Pension Obligation, End of Year	<u>\$ 20,784</u>	<u>\$ 61,174</u>

Contributions are actuarially determined on an annual basis using the frozen entry age actuarial cost method for the Town plan and the aggregate actuarial cost method for the BOE plan. The contribution for the Town plan was \$262,019 which was 11.0% of covered payroll. The contribution for the BOE plan was \$356,906 which was 11.5% of covered payroll. Administrative costs are primarily financed from investment earnings.

Trend Information

Town			
Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2012	\$ 260,826	100.46%	\$ 20,784
2011	253,229	100.50%	21,977
2010	294,355	100.45%	23,238
Board of Education			
Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension (Asset)
2012	\$ 399,109	89.43%	\$ 61,174
2011	356,996	94.37%	18,971
2010	335,404	74.03%	(5,320)

TOWN OF NEW FAIRFIELD, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2012

Schedule of Funding Progress

Town						
Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Funded Unfunded AAL	Funded Ratio	Covered Payroll	UAAL as a % of Covered Payroll
01/01/11	\$ 5,269,548	\$ 5,310,844	\$ 41,296	99.2%	\$ 2,373,697	1.7%

Board of Education						
Actuarial Valuation Date	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL)	(3) Unfunded AAL	(4) Funded Ratio	(5) Annual Covered Payroll	(6) UAAL As a % of Payroll
07/01/2011	\$ 4,047,669	\$ 4,923,660	\$ 875,991	82.2%	\$ 3,149,008	27.8%

Historical Trend Information – The schedules of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, present multi-year trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the AALs for benefits.

Actuarial Assumption

	Town	Board of Education
Actuarial valuation date	01/01/11	07/01/11
Actuarial cost method	Frozen Entry Age	Aggregate
Amortization method	Level Dollar	N/A ³
Remaining amortization period	2 to 8 years	N/A ³
Asset valuation method	Market Value	Market Value
Actuarial assumptions:		
Investment rate of return	7.5%	5.5%
Projected salary increases	3.5%	3.5%
	4.5% ¹	3.5% ²

¹ Projected merit increases are based upon a salary scale that assumes that the ratio of current salary to final salary is 8.99% at age 20 and 1% at age 65.

² Projected merit increases are based upon a salary scale that assumes that the ratio of current salary to final salary is 6.10% at age 20 and 2.88% at age 55.

³ The aggregate actuarial cost method does not identify or separately amortize unfunded actuarial liabilities.

TOWN OF NEW FAIRFIELD, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2012

Trust Funds - Schedule of Plan Net Assets - June 30, 2012

	Town Employees	Board of Education	Total
Assets:			
Investments	\$ 5,357,732	\$ 4,881,403	\$ 10,239,135
Net Assets Held in Trust For Pension Benefits	<u>\$ 5,357,732</u>	<u>\$ 4,881,403</u>	<u>\$ 10,239,135</u>

**Trust Funds - Schedule of Changes in Plan Net Assets -
For the Year Ended June 30, 2012**

	Town Employees	Board of Education	Total
Additions:			
Contributions:			
Employer	\$ 262,019	\$ 356,906	\$ 618,925
Investment income:			
Net appreciation in fair value of investments	262,682	314,330	577,012
Total	<u>262,682</u>	<u>314,330</u>	<u>577,012</u>
Total additions	<u>524,701</u>	<u>671,236</u>	<u>1,195,937</u>
Deductions:			
Benefits	157,805	44,490	202,295
Administration and other	44,775	15,289	60,064
Total deductions	<u>202,580</u>	<u>59,779</u>	<u>262,359</u>
Net increase	322,121	611,457	933,578
Net Assets Held in Trust for Pension Benefits, beginning of year	<u>5,035,611</u>	<u>4,269,946</u>	<u>9,305,557</u>
Net Assets Held in Trust for Pension Benefits, end of year	<u>\$ 5,357,732</u>	<u>\$ 4,881,403</u>	<u>\$ 10,239,135</u>

TOWN OF NEW FAIRFIELD, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2012

Municipal Employees' Retirement Fund

Full-time policemen participate in the Municipal Employees' Retirement Fund (MERF), a cost-sharing multiple-employer public employee retirement system (PERS) established by the State of Connecticut and administered by the State Retirement Commission to provide retirement and disability benefits, annual cost-of-living adjustments, and death benefits to the employees and beneficiaries of participating municipalities. Chapter 113 Part II of the General Statutes of Connecticut, which can be amended by legislative action, establishes PERS benefits, member contribution rates, and other plan provisions. MERF is considered to be a part of the State of Connecticut financial reporting entity and is included in the State's financial reports as a pension trust fund. Those reports may be obtained by writing to the State of Connecticut, Office of State Comptroller, 55 Elm Street, Hartford, Connecticut 06106 or by calling 860-702-3480.

Funding Policy – Plan members are required by State statute to contribute 2-1/4% of earnings upon which Society Security tax is paid plus 5% of earnings on which no Social Security tax is paid. Each participating municipality is required to contribute at an actuarially determined rate. The contribution requirements of the Town are established and may be amended by the State Retirement Commission. The current rate of contribution for the Town is 8.0% of covered payroll. The Town's contributions to MERF for the years ended June 30, 2012, 2011 and 2010 were \$84,387, \$61,988 and \$41,400, respectively, equal to the required contributions for each year.

Connecticut State Teachers Retirement System

The faculty and professional personnel of the Board of Education participate in a contributory defined benefit plan, established under Chapter 167a of the Connecticut General Statutes, which is administered by the Connecticut State Teachers' Retirement Board. A teacher is eligible to receive normal retirement benefits if he or she has attained age sixty and has accumulated twenty years of credited service in the public schools of Connecticut or has attained any age and has accumulated thirty-five years of credited service, at least twenty-five of which are service in the public schools of Connecticut. The State of Connecticut Teacher Retirement System is considered to be a part of the State of Connecticut financial reporting entity and is included in the State's financial reports as a pension trust fund. Those reports may be obtained by writing to the State of Connecticut, Office of the State Comptroller, 55 Elm Street, Hartford, Connecticut 06106.

Certain part-time and full-time certified teachers are eligible to participate in the plan and are required to contribute 7.25% of their annual earnings to the plan. The Town does not, and is not legally responsible to, contribute to the plan.

The State of Connecticut contributes based on actuarially determined amounts. The funding level was determined based on an actuarial valuation of the plan as a whole, which does not provide actuarial information on an individual city/town basis.

In addition, the Town has recognized revenues and expenditures for on-behalf payments for pension contributions paid directly to the Connecticut State Teachers' Retirement System by the State of Connecticut. Such on-behalf payments were approximately \$3,748,000 for the year ended June 30, 2012. This amount is recorded as intergovernmental revenues and Education expenditures in the General Fund.

TOWN OF NEW FAIRFIELD, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2012

Note 9. Other Postemployment Benefits

Post-retirement benefits

The Town provides post-retirement benefits for certain employees for current and future health and life insurance benefit expenses through a single-employer defined benefit plan. An annual actuarial valuation is made to determine whether the contributions are sufficient to meet the plan obligations. The latest actuarial valuation was made July 1, 2011.

From an accrual accounting perspective, the cost of post-employment healthcare benefits, like the cost of pension benefits, generally should be associated with the periods in which the cost occurs, rather than in the future year when it will be paid. The Town recognizes the cost of post-employment healthcare in the year when the employee services are received, reports the accumulated liability from prior years, and provides information useful in assessing potential demands on the Town's future cash flows. Recognition of the liability accumulated from prior years will be phased in over 30 years, commencing with the 2009 liability.

The contribution requirements of plan members and the Town are established and may be amended by the Town. The Town determines the required contribution using the Projected Unit Credit Method.

Membership in the plan consisted of the following at July 1, 2011, the date of the last actuarial valuation.

Retirees and beneficiaries receiving benefits	43
Active plan members	276
Total	<u><u>319</u></u>

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation was as follows:

Fiscal Year Ending	Annual OPEB Cost	Employer Contributions	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/12	\$ 710,283	\$ 351,000	49.42%	\$ 1,858,259
6/30/11	860,017	332,000	38.60%	1,498,976
6/30/10	807,959	311,000	38.40%	970,959

TOWN OF NEW FAIRFIELD, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2012

OPEB Obligation

Annual required contribution	\$ 706,000
Interest on net pension obligation	59,959
Adjustments to the ARC	<u>(55,676)</u>
Annual OPEB cost	710,283
Contributions made	<u>351,000</u>
Increase in net OPEB liability	359,283
Net OPEB obligation, beginning of year	<u>1,498,976</u>
Net OPEB obligation, end of year	<u><u>\$ 1,858,259</u></u>

The Town's annual other post-employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of the GASB. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The schedule of funding progress is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Accrued Liability (b)	Unfunded Accrued Liability (UAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAL as a Percentage of Covered Payroll ((b-a)/c)
July 1, 2011	\$ -	\$ 9,708,000	\$ 9,708,000	0%	n/a	n/a

Historical Trend Information – The schedules of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, present multi-year trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the AALs for benefits.

TOWN OF NEW FAIRFIELD, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2012

Actuarial Assumptions - OPEB

The information presented was determined as part of the actuarial valuation. Additional information as of the last actuarial valuations follows:

Valuation Date:	July 1, 2011
Actuarial Cost Method:	Projected Unit Credit
Asset Valuation Method:	Market Value
Amortization Method:	Level Percent
Remaining Amortization Period:	30 Years Decreasing
Actuarial Assumptions:	
Investment rate of return	4.0%
Inflation rate	4.0%

Health Cost Trend Rates:	<u>Pre-65</u>	<u>Post- 65</u>
Initial Inflation Rate	5.7%	5.7%
Ultimate Inflation Rate	4.4%	4.4%
Years Until Ultimate Inflation Rate	48	48

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

Note 10. Risk Management

The Town is exposed to various risks of loss related to public official liability, employee health, police liability, Board of Education legal liability, theft or impairment of assets, errors and omissions, injury to employees and natural disasters. The Town has an internal service fund, the self-insurance fund, to account for and finance the retained risk of loss for Town and Board of Education employee health benefits, including medical, dental, life, accidental death and dismemberment, long-term disability and vision. A third party administers the plan for which the fund pays a fee. The Town has purchased an aggregate stop-loss policy, which limits the maximum cash outlay to 120% of expected claims. The Town purchases commercial insurance for all other risks of loss, including blanket and umbrella policies. Settled claims have not exceeded commercial coverage for the last three years. There were no significant reductions in insurance coverage from coverage in the prior year.

TOWN OF NEW FAIRFIELD, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2012

Funding for claims was provided by a general fund appropriation in an amount based upon estimates by number of employees and type of coverage (single or family), trends in the insurance claims and estimates for administration. The claims liability reported in the fund is based upon the requirements of the GASB, which require that a liability for known claims and incurred but not reported claims be recognized. The amount of claim accrual is based on the ultimate costs of settling the claim, which include past experience data, inflation, and other future economic and societal factors and incremental claim adjustment expenses, net of estimated subrogation recoveries. The claim accrual does not include other allocated or unallocated claims adjustment expenses.

	Claims Payable July 1	Current Year Claims and Changes in Estimates	Claims Paid	Claims Payable June 30
2011-2012	\$ 389,800	\$ 6,433,567	\$ 7,278,367	\$ 455,000
2010-2011	433,492	6,152,950	6,196,642	389,800

Note 11. Contingent Liabilities

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

TOWN OF NEW FAIRFIELD, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2012

Note 12. Governmental Funds – Fund Balance

Below is a table of fund balance categories and classifications at June 30, 2012 for the Town's governmental funds:

	General Fund	Capital Projects	Nonmajor Governmental Funds
Fund balances:			
Non-spendable:			
Prepays	\$ 8,338	\$ -	\$ 16,246
Health & welfare	-	-	321,267
	<u>8,338</u>	<u>-</u>	<u>337,513</u>
Restricted:			
General government	-	-	9,619
Public safety	-	-	25,315
Health & welfare	-	-	114,527
Education	-	-	125,672
Recreation	-	-	21,639
	<u>-</u>	<u>-</u>	<u>296,772</u>
Committed:			
Education	-	-	7,632
Recreation	-	-	86,588
Public works	-	-	99,550
Capital projects	-	6,525,050	-
General government	-	-	40,071
	<u>-</u>	<u>6,525,050</u>	<u>233,841</u>
Assigned:			
General government	1,585	-	-
Public safety	31,967	-	-
Education	272,959	-	-
Recreation	502,139	-	-
Public works	122,266	-	-
	<u>930,916</u>	<u>-</u>	<u>-</u>
Unassigned:			
General government	6,898,747	-	-
	<u>6,898,747</u>	<u>-</u>	<u>-</u>
Total fund balance	<u>\$ 7,838,001</u>	<u>\$ 6,525,050</u>	<u>\$ 868,126</u>

TOWN OF NEW FAIRFIELD, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2012

Note 13. Pronouncements Issued, Not Yet Effective

The GASB issued pronouncements prior to June 30, 2012 that have an effective date that may impact future financial presentations. Management has not currently determined what, if any, impact implementation of the following Statements may have on the financial statements of the Town of New Fairfield, Connecticut:

- **GASB Statement 60, *Accounting and Financial Reporting for Service Concession Arrangements***, was issued in November 2010. The objective of this Statement is to provide accounting and financial reporting guidance by addressing issues related to service concession arrangements, which are a type of public-private or public-public partnership. The provisions of this Statement will be effective for the Town of New Fairfield, Connecticut beginning with its year ending June 30, 2013.
- **GASB Statement No. 61, *Financial Reporting Entity: Omnibus***, was issued in November 2010. This Statement amends Statement 14, The Financial Reporting Entity, as well as Statement 34, Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments. The primary purpose of this Statement is to improve financial reporting for governmental entities. The provisions of this Statement will be effective for the Town of New Fairfield, Connecticut beginning with its year ending June 30, 2013.
- **GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements***, was issued in December 2010. The objective of this Statement is to incorporate into the GASB’s authoritative literature certain additional accounting and financial reporting guidance that was issued before November 30, 1989. The provisions of this Statement will be effective for the Town of New Fairfield, Connecticut beginning with its year ending June 30, 2013.
- **GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position***. This Statement provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. Concepts Statement No. 4, *Elements of Financial Statements*, introduced and defined those elements as a consumption of net assets by the government that is applicable to a future reporting period, and an acquisition of net assets by the government that is applicable to a future reporting period, respectively. Previous financial reporting standards do not include guidance for reporting those financial statement elements, which are distinct from assets and liabilities. The provisions of this Statement will be effective for the Town of New Fairfield, Connecticut beginning with its year ending June 30, 2013. Earlier application is encouraged.
- **GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities***, was issued **March 2012**. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The provisions of this Statement will be effective for the Town of New Fairfield, Connecticut beginning with its year ending June 30, 2013.
- **GASB Statement No. 66, *Technical Corrections—2012***, was issued in **March 2012**. The objective of this Statement is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The provisions of this Statement will

TOWN OF NEW FAIRFIELD, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2012

be effective for the Town of New Fairfield, Connecticut beginning with its year ending June 30, 2014.

- **GASB Statement No. 67, *Financial Reporting for Pension Plans an amendment of GASB Statement No. 25, was issued in June 2012.*** The objective of this Statement is to improve financial reporting by state and local governmental pension plans. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency. This Statement replaces the requirements of Statements No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, and No. 50, *Pension Disclosures*, as they relate to pension plans that are administered through trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The requirements of Statements 25 and 50 remain applicable to pension plans that are not administered through trusts covered by the scope of this Statement and to defined contribution plans that provide postemployment benefits other than pensions. The provisions of this Statement will be effective for the Town of New Fairfield, Connecticut beginning with its year ending June 30, 2014.
- **GASB Statement No. 68, *Accounting and Financial Reporting for Pensions, an amendment of GASB Statement No. 27, was issued in June 2012.*** The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency. The provisions of this Statement will be effective for the Town of New Fairfield, Connecticut beginning with its year ending June 30, 2015.

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**Required Supplementary
Information**

**TOWN OF NEW FAIRFIELD, CONNECTICUT
REQUIRED SUPPLEMENTARY INFORMATION**

**GENERAL FUND REVENUES AND OTHER FINANCING SOURCES - BUDGETARY BASIS - BUDGET AND ACTUAL
For the Year Ended June 30, 2012**

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
TAXES, INTEREST AND LIEN FEES:				
Property taxes	\$ 39,858,596	\$ 39,858,596	\$ 39,501,070	\$ (357,526)
Supplemental motor vehicle	220,000	220,000	296,248	76,248
Interest and lien fees	172,000	172,000	312,076	140,076
Total taxes, interest and lien fees	40,250,596	40,250,596	40,109,394	(141,202)
INTERGOVERNMENTAL:				
Town aid roads	140,011	140,011	139,742	(269)
Aid to elderly tax relief	96,171	96,171	94,487	(1,684)
Judicial department	750	750	1,610	860
PILOT - state property	19,421	19,421	19,429	8
Video trust grant	-	-	3,627	3,627
Boating registration fees	18,624	18,624	-	(18,624)
Veterans' exemption	18,198	18,198	18,806	608
FEMA	-	-	52,640	52,640
Public library	1,626	1,626	1,235	(391)
Local capital improvement program	80,164	80,164	79,772	(392)
Pequot	22,934	22,934	25,231	2,297
Municipal aid funding	-	50,000	101,490	51,490
School construction grant	370,771	370,771	370,771	-
Education - ECS	4,414,083	4,414,083	4,414,505	422
Transportation	34,865	34,865	34,865	-
Special education	180,000	180,000	209,860	29,860
Adult education	3,386	3,386	-	(3,386)
Total intergovernmental	5,401,004	5,451,004	5,568,070	117,066
LICENSES AND PERMITS:				
Health	25,000	25,000	30,350	5,350
Zoning board of appeals	6,400	6,400	6,020	(380)
Zoning	20,000	20,000	24,306	4,306
Building	125,000	125,000	127,279	2,279
Inland/wetlands	8,000	8,000	8,893	893
Planning	750	750	1,760	1,010
Environmental enforcement	5,000	5,000	7,234	2,234
Public work fees	1,100	1,100	800	(300)
Other licenses and permits	6,000	6,000	14,180	8,180
Total licenses and permits	197,250	197,250	220,822	23,572

(Continued)

**TOWN OF NEW FAIRFIELD, CONNECTICUT
REQUIRED SUPPLEMENTARY INFORMATION**

**GENERAL FUND REVENUES AND OTHER FINANCING SOURCES - BUDGETARY BASIS - BUDGET AND ACTUAL, Continued
For the Year Ended June 30, 2012**

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
INCOME FROM INVESTMENTS:				
Income from investments	375,000	375,000	314,747	(60,253)
CHARGES FOR SERVICES:				
Telephone line access	45,000	45,000	31,213	(13,787)
Town ordinances	750	750	200	(550)
Real estate conveyance taxes	115,000	115,000	122,291	7,291
Town clerk receipts	75,000	75,000	107,743	32,743
Police private duty	10,000	29,900	42,360	12,460
Student tuition	440,377	440,377	480,540	40,163
Other local revenues	25,000	25,000	7,692	(17,308)
EMS/paramedic	232,600	232,600	206,352	(26,248)
Senior services program	25,000	25,000	26,057	1,057
Total charges for services	968,727	988,627	1,024,448	35,821
MISCELLANEOUS				
Settlement	-	-	6,500	6,500
Prior year encumbrances cancelled	-	-	52,762	52,762
CIRMA Equity distribution	-	-	31,908	31,908
Total miscellaneous	-	-	91,170	91,170
 Total revenues and other financing sources	 \$ 47,192,577	 \$ 47,262,477	 \$ 47,328,651	 \$ 66,174

**TOWN OF NEW FAIRFIELD, CONNECTICUT
REQUIRED SUPPLEMENTARY INFORMATION**

**GENERAL FUND EXPENDITURES AND OTHER FINANCING USES - BUDGETARY BASIS - BUDGET AND ACTUAL
For the Year Ended June 30, 2012**

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
GENERAL GOVERNMENT:				
Board of Selectmen	\$ 167,244	\$ 167,244	\$ 157,721	\$ 9,523
Unclassified payroll and benefits	902,496	865,748	856,432	9,316
Finance	217,237	217,237	216,368	869
Probate Court	2,400	2,400	2,400	-
Elections / registrars	59,145	59,145	42,869	16,276
Board of Finance	96,225	96,225	63,016	33,209
Town Treasurer	11,977	11,977	11,896	81
Assessor	130,704	130,704	130,514	190
Tax Collector	165,532	166,432	164,114	2,318
Board of Assessment Appeals	1,009	1,009	594	415
Professional services	113,500	163,500	143,674	19,826
Town Clerk	140,825	140,825	140,788	37
Planning and Zoning Commission	65,002	65,002	58,380	6,622
Historic District Commission	250	250	66	184
Zoning Board of Appeals	8,319	8,319	7,020	1,299
General insurance	197,300	193,675	157,048	36,627
Permanent Building Committee	3,496	3,496	-	3,496
Intergovernmental agencies	237,628	237,628	233,665	3,963
Business machines	182,120	182,120	168,243	13,877
Human resources	30,000	30,000	24,222	5,778
Utilities	426,040	426,040	341,883	84,157
General Land Use	9,361	9,361	7,948	1,413
Commission of the Youth	2,837	2,837	2,244	593
Total general government	3,170,647	3,181,174	2,931,105	250,069
PUBLIC SAFETY AND PROTECTION:				
Police services	1,243,850	1,288,798	1,288,798	-
Fire marshall	21,070	21,070	20,869	201
Fire companies	604,596	604,596	592,884	11,712
Building Inspector	101,335	112,135	112,105	30
Emergency Planning	22,716	22,716	22,393	323
OEM Hurricane Irene	-	79,468	79,468	-
OEM Winter Storm Alfred	-	336,556	336,556	-
Communications center	245,604	245,604	238,736	6,868
Total public safety and protection	2,239,171	2,710,943	2,691,809	19,134
PUBLIC WORKS:				
Highway	1,987,072	2,262,072	2,250,457	11,615
Total public works	1,987,072	2,262,072	2,250,457	11,615

(Continued)

**TOWN OF NEW FAIRFIELD, CONNECTICUT
REQUIRED SUPPLEMENTARY INFORMATION**

**GENERAL FUND EXPENDITURES AND OTHER FINANCING USES - BUDGETARY BASIS - BUDGET AND ACTUAL, Continued
For the Year Ended June 30, 2012**

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
HEALTH AND WELFARE:				
Health department	232,281	232,281	225,423	6,858
Inland/wetland	6,210	6,210	5,683	527
Water Pollution Control Authority	2,756	2,756	1,079	1,677
Social services	63,255	63,255	63,211	44
Senior services	132,480	132,480	132,198	282
Ball Pond Advisory Committee	5,143	5,143	4,932	211
Commission on Aging	3,929	3,929	3,434	495
Total	446,054	446,054	435,960	10,094
RECREATION:				
Library	468,217	455,797	453,258	2,539
Recreation department programs	50,176	50,176	49,508	668
	518,393	505,973	502,766	3,207
DEBT SERVICE				
Town	59,311	59,311	59,311	-
School	2,927,909	2,927,931	2,927,931	-
Total debt service	2,987,220	2,987,242	2,987,242	-
BOARD OF EDUCATION	29,807,524	29,807,524	29,595,780	211,744
HEALTH INSURANCE	6,036,496	6,406,846	6,406,846	-
Total expenditures	\$ 47,192,577	\$ 48,307,828	\$ 47,801,965	\$ 505,863

TOWN OF NEW FAIRFIELD, CONNECTICUT

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS - PENSIONS
June 30, 2012**

Schedules of Funding Progress

Town - Pension						
Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Funded (Unfunded) AAL (UAAL) (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((a-b)/c)
2006	\$ 3,104,103	\$ 3,455,424	\$ (351,321)	89.8%	\$ 2,080,890	16.90%
2007	3,398,160	3,807,893	(409,733)	89.2%	2,080,207	19.70%
2008	3,778,898	4,227,995	(449,097)	89.4%	2,205,675	20.40%
2009	3,594,250	4,622,989	(1,028,739)	77.7%	2,247,343	45.80%
2010	4,383,678	4,837,156	(453,478)	90.6%	2,391,914	19.00%
2011	5,269,548	5,310,844	41,296	99.2%	2,373,697	1.70%

Board of Education - Pension						
Actuarial Valuation Date	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL)	(3) Unfunded AAL (UAAL) (2)-(1)	(4) Funded Ratio (1)/(2)	(5) Annual Covered Payroll	(6) UAAL As a % of Payroll ((2)-(1))/(5)
07/01/2006	2,301,806	2,301,806	-	100.0%	2,060,852	-
07/01/2007	2,595,853	3,145,001	549,148	82.5%	2,230,070	24.6%
07/01/2008	2,865,663	3,482,439	616,776	82.3%	2,319,538	26.6%
07/01/2009	3,031,659	3,843,695	812,036	79.0%	2,747,818	30.0%
07/01/2010	3,463,193	4,141,592	678,399	84.0%	3,113,899	22.0%
07/01/2011	4,047,669	4,923,660	875,991	82.2%	3,149,008	27.8%

Prior to the adoption of GASB 50, GASB 25 and 27 defined the Actuarial Accrued Liability under the Aggregate method to be equal to the Actuarial Value of Assets. Subsequent to the adoption of GASB 50 for periods beginning after June 15, 2007, funded status information is prepared using the entry age actuarial cost method. The information presented is intended to serve as a surrogate for the funded status and funding progress of the plan.

TOWN OF NEW FAIRFIELD, CONNECTICUT

REQUIRED SUPPLEMENTARY INFORMATION, Continued
SCHEDULE OF EMPLOYER CONTRIBUTIONS – PENSIONS
June 30, 2012

Schedule of Employer Contributions - Town

Year Ended June 30,	Annual Required Contribution	Actual Contribution	Percentage Contributed
2007	261,827	246,000	94.0%
2008	261,064	252,000	96.5%
2009	265,845	264,000	99.3%
2010	295,689	295,689	100.0%
2011	254,490	254,490	100.0%
2012	262,019	262,109	100.0%

Schedule of Employer Contributions - Board of Education

Year Ended June 30,	Annual Required Contribution	Actual Contribution	Percentage Contributed
2007	219,111	330,100	150.7%
2008	230,184	230,184	100.0%
2009	248,264	239,080	96.3%
2010	331,207	248,315	75.0%
2011	356,906	336,872	94.4%
2012	400,267	356,906	89.2%

TOWN OF NEW FAIRFIELD, CONNECTICUT

**REQUIRED SUPPLEMENTARY INFORMATION
OTHER POST-EMPLOYMENT BENEFITS
June 30, 2012**

Schedule of Funding Progress - OPEB

Actuarial Valuation Date	Actuarial Value of Assets (a)	Accrued Liability (b)	Unfunded Accrued Liability (UAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
June 30, 2009	\$ -	\$ 9,155,000	\$ 9,155,000	0.0%	n/a	n/a
July 1, 2011	-	9,708,000	9,708,000	0.0%	n/a	n/a

Schedule of Employer Contributions - OPEB

Year Ended	Annual Required Contribution	Actual Contribution	Percentage Contributed
June 30, 2012	\$ 706,000	\$ 351,000	49.4%
2011	856,000	332,000	38.6%
2010	806,000	311,000	38.4%
2009	806,000	474,000	41.1%

TOWN OF NEW FAIRFIELD, CONNECTICUT

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2012

Note 1. Budgets and Budgetary Accounting

The Town adheres to the following procedures in establishing the budgetary data included in the general fund financial statements. The Board of Finance submits a proposed General Fund operating budget for the fiscal year commencing July 1, to the annual Town budget meeting, at which taxpayer comments are obtained. The General Fund operating budget includes proposed expenditures and the means of financing them.

- Prior to July 1, the budget is legally enacted.
- The Board of Finance is authorized to transfer budgeted amounts both within a department and between appropriations and can approve one additional appropriation up to \$20,000 per department per year. Subsequent appropriations and appropriations of more than \$20,000 for any one department per year must be approved by the Town Meeting. During the year, there were approximately \$1,115,000 of additional appropriations.
- The Board of Education, which is not a separate legal entity, is authorized under State law to make any transfers required within their budget at their discretion. Any additional appropriations must have Board of Finance approval and, if over \$20,000, Town Meeting approval.
- Formal budgetary integration is employed as a management control device during the year.
- Except for encumbrance accounting and on-behalf payments, the budget is prepared on the modified accrual basis of accounting.
- The legal level of control, the level at which expenditures may not exceed appropriations, is at the department level.
- Generally, all unencumbered appropriations lapse at year-end except those for capital projects funds. Encumbered appropriations are carried forward. Appropriations for capital projects are continued until completion of applicable projects, even when projects extend more than one fiscal year.

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year-end are reported as an assigned fund balance and do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent year.

A reconciliation of revenues and other financing sources of the General Fund, as presented in accordance with GAAP, and revenues, presented on the budgetary basis, is as follows:

Revenues and other financing sources, budgetary basis	\$ 47,328,651
On-behalf payments, paid directly by the State of Connecticut Teachers' Retirement System, not recognized for budgetary purposes	3,748,000
GASB 54 effect	<u>923,098</u>
Revenues and other financing sources, GAAP basis	<u><u>\$ 51,999,749</u></u>

TOWN OF NEW FAIRFIELD, CONNECTICUT

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION, Continued
June 30, 2012

A reconciliation of expenditures and other financing uses of the General Fund presented in accordance with GAAP and expenditures, encumbrances and transfers out presented on the budgetary basis is as follows:

Expenditures, encumbrances and transfers, budgetary basis	\$ 47,801,965
Encumbrances and continued appropriations:	
June 30, 2011	550,954
June 30, 2012	(306,511)
On-behalf payments, paid directly by the State of Connecticut Teachers' Retirement System, not recognized for budgetary purposes	3,748,000
GASB 54 effect	<u>812,864</u>
Expenditures and other financing uses, GAAP basis	<u><u>\$ 52,607,272</u></u>

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**SUPPLEMENTAL AND COMBINING INDIVIDUAL
NONMAJOR FUND STATEMENTS AND SCHEDULES**

Nonmajor Governmental Funds

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TOWN OF NEW FAIRFIELD, CONNECTICUT

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2012

	Special Revenue Funds				
	School Lunch	Education	Drug Enforcement and Education	Small Cities	Dog Registration
ASSETS					
Cash and cash equivalents	\$ 164,245	\$ 26,225	\$ 16,961	\$ 103,943	\$ 14,876
Investments	-	-	-	-	-
Intergovernmental receivables	29,552	7,560	-	942,606	-
Inventories and prepaids	16,046	-	-	-	-
Due from other funds	-	156,622	-	-	-
Total assets	\$ 209,843	\$ 190,407	\$ 16,961	\$ 1,046,549	\$ 14,876
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts payable	\$ 107,665	\$ 30,813	\$ -	\$ -	\$ 6,368
Deferred revenues	-	-	-	942,606	-
Unearned revenues	-	47,844	-	-	-
Due to other funds	-	70,691	-	-	154
Total liabilities	107,665	149,348	-	942,606	6,522
Fund Balances					
Nonspendable	16,046	-	-	-	-
Restricted	86,132	33,427	16,961	103,943	8,354
Committed	-	7,632	-	-	-
Total fund balances	102,178	41,059	16,961	103,943	8,354
Total liabilities and fund balances	\$ 209,843	\$ 190,407	\$ 16,961	\$ 1,046,549	\$ 14,876

Special Revenue Funds

Library Fund and Book Replacement Welfare	Social Services	Scholarships	Groovin' in New Fairfield	Communications Tower	Miscellaneous Grants	Municipal Water System	Beaver Bog Cemetery
\$ 86,588	\$ 3,834	\$ 2,891	\$ -	\$ -	\$ -	\$ 48,451	\$ 12,752
-	-	3,222	-	-	-	-	-
-	-	-	-	-	26,581	-	-
-	-	-	-	-	-	-	-
-	-	-	8,887	54,224	36,667	-	-
<u>\$ 86,588</u>	<u>\$ 3,834</u>	<u>\$ 6,113</u>	<u>\$ 8,887</u>	<u>\$ 54,224</u>	<u>\$ 63,248</u>	<u>\$ 48,451</u>	<u>\$ 12,752</u>

\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,247	\$ 248	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	2,388	54,053	-	-
-	-	-	-	-	4,948	489	-
-	-	-	-	2,388	63,248	737	-

-	-	-	-	-	-	-	-
-	3,834	6,113	8,887	-	-	-	12,752
86,588	-	-	-	51,836	-	47,714	-
<u>86,588</u>	<u>3,834</u>	<u>6,113</u>	<u>8,887</u>	<u>51,836</u>	<u>-</u>	<u>47,714</u>	<u>12,752</u>

<u>\$ 86,588</u>	<u>\$ 3,834</u>	<u>\$ 6,113</u>	<u>\$ 8,887</u>	<u>\$ 54,224</u>	<u>\$ 63,248</u>	<u>\$ 48,451</u>	<u>\$ 12,752</u>
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TOWN OF NEW FAIRFIELD, CONNECTICUT

COMBINING BALANCE SHEET, Continued
 NONMAJOR GOVERNMENTAL FUNDS
 June 30, 2012

	Special Revenue Funds			Permanent Fund	
	Senior Center	Revaluation	Commision for the Youth	The Sons of New Fairfield	Totals
ASSETS					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 150,347	\$ 631,113
Investments	-	-	-	177,870	181,092
Intergovernmental receivables	-	-	-	-	1,006,299
Inventories and prepaids	200	-	-	-	16,246
Due from other funds	45,658	191	9,619	-	311,868
Total assets	\$ 45,858	\$ 191	\$ 9,619	\$ 328,217	\$ 2,146,618
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts payable	\$ 2,500	\$ -	\$ -	\$ -	\$ 151,841
Deferred revenues	3,478	-	-	-	946,084
Unearned revenues	-	-	-	-	104,285
Due to other funds	-	-	-	-	76,282
Total liabilities	5,978	-	-	-	1,278,492
Fund Balances					
Nonspendable	-	-	-	321,467	337,513
Restricted	-	-	9,619	6,750	296,772
Committed	39,880	191	-	-	233,841
Total fund balances	39,880	191	9,619	328,217	868,126
Total liabilities and fund balances	\$ 45,858	\$ 191	\$ 9,619	\$ 328,217	\$ 2,146,618

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TOWN OF NEW FAIRFIELD, CONNECTICUT

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2012

	Special Revenue Funds				
	School Lunch	Education	Drug Enforcement and Education	Small Cities	Dog Registration
REVENUES					
Intergovernmental	\$ 158,958	\$ 1,018,052	\$ -	\$ 205,254	\$ -
Income from investments	264	-	-	44	-
Charges for services	805,998	145,054	-	450	3,521
Other revenues	-	2,500	-	-	-
Total revenues	965,220	1,165,606	-	205,748	3,521
EXPENDITURES					
General government	-	-	-	-	-
Public Works	-	-	-	-	-
Health and Welfare	-	-	-	264,757	-
Education	954,155	1,152,774	-	-	-
Public Safety	-	-	-	-	2,236
Culture and recreation	-	-	-	-	-
Total expenditures	954,155	1,152,774	-	264,757	2,236
Revenues over (under) expenditures	11,065	12,832	-	(59,009)	1,285
OTHER FINANCING SOURCES (USES)					
Transfers out	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-
Net change in fund balances	11,065	12,832	-	(59,009)	1,285
FUND BALANCES, beginning	91,113	28,227	16,961	162,952	7,069
FUND BALANCES, ending	\$ 102,178	\$ 41,059	\$ 16,961	\$ 103,943	\$ 8,354

Special Revenue Funds

Library Fund and Book Replacement Welfare	Social Services	Scholarships	Groovin' in New Fairfield	Communications Tower	Miscellaneous Grants	Municipal Water System	Beaver Bog Cemetery
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 75,601	\$ -	\$ -
493	-	35	-	-	-	155	-
18,441	-	-	3,733	165,008	-	21,287	-
5,569	11,934	300	300	-	-	-	-
24,503	11,934	335	4,033	165,008	75,601	21,442	-
-	-	-	-	-	25,813	-	-
-	-	-	-	166	-	19,563	-
-	12,117	-	-	-	49,788	-	-
-	-	1,000	-	-	-	-	-
-	-	-	-	-	-	-	-
16,937	-	-	2,656	-	-	-	-
16,937	12,117	1,000	2,656	166	75,601	19,563	-
7,566	(183)	(665)	1,377	164,842	-	1,879	-
-	-	-	-	(130,000)	-	-	-
-	-	-	-	(130,000)	-	-	-
7,566	(183)	(665)	1,377	34,842	-	1,879	-
79,022	4,017	6,778	7,510	16,994	-	45,835	12,752
\$ 86,588	\$ 3,834	\$ 6,113	\$ 8,887	\$ 51,836	\$ -	\$ 47,714	\$ 12,752

(Continued)

TOWN OF NEW FAIRFIELD, CONNECTICUT

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES, Continued
 NONMAJOR GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2012

	Special Revenue Funds			Permanent Fund	
	Senior Center	Revaluation	Commission for the Youth	The Sons of New Fairfield	Totals
REVENUES					
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ 1,457,865
Income from investments	-	-	-	5,729	6,720
Charges for services	26,821	-	447	-	1,190,760
Other revenues	1,203	-	135	1,146	23,087
Total revenues	28,024	-	582	6,875	2,678,432
EXPENDITURES					
General government	52,096	-	-	-	77,909
Public Works	-	-	-	-	19,729
Health and Welfare	-	-	-	125	326,787
Education	-	-	-	-	2,107,929
Public Safety	-	-	-	-	2,236
Culture and recreation	-	-	636	-	20,229
Total expenditures	52,096	-	636	125	2,554,819
Revenues over (under) expenditures	(24,072)	-	(54)	6,750	123,613
OTHER FINANCING SOURCES (USES)					
Transfers out	-	-	-	-	(130,000)
Total other financing sources (uses)	-	-	-	-	(130,000)
Net change in fund balances	(24,072)	-	(54)	6,750	(6,387)
FUND BALANCES, beginning	63,952	191	9,673	321,467	874,513
FUND BALANCES, ending	\$ 39,880	\$ 191	\$ 9,619	\$ 328,217	\$ 868,126

Fiduciary Funds

TOWN OF NEW FAIRFIELD, CONNECTICUT

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -
AGENCY FUNDS

For the Year Ended June 30, 2012

	Balance July 1, 2011	Additions	Deletions	Balance June 30, 2012
STUDENT ACTIVITY FUND				
Assets				
Cash	\$ 482,226	\$ 852,630	\$ 897,514	\$ 437,342
Investments	99,029	678	-	99,707
	<u>\$ 581,255</u>	<u>\$ 853,308</u>	<u>\$ 897,514</u>	<u>\$ 537,049</u>
Liabilities				
Amounts held for others	\$ 581,255	\$ 853,308	\$ 897,514	\$ 537,049
PERFORMANCE BONDS				
Assets				
Cash	\$ 107,865	\$ 7,004	\$ 31,640	\$ 83,229
	<u>\$ 107,865</u>	<u>\$ 7,004</u>	<u>\$ 31,640</u>	<u>\$ 83,229</u>
Liabilities				
Amounts held for others	\$ 107,865	\$ 7,004	\$ 31,640	\$ 83,229
TOTAL AGENCY FUNDS				
Assets				
Cash	\$ 590,091	\$ 859,634	\$ 929,154	\$ 520,571
Investments	99,029	678	-	99,707
	<u>\$ 689,120</u>	<u>\$ 860,312</u>	<u>\$ 929,154</u>	<u>\$ 620,278</u>
Liabilities				
Amounts held for others	\$ 689,120	\$ 860,312	\$ 929,154	\$ 620,278

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**Capital Assets Used in the Operation
of Governmental Funds**

TOWN OF NEW FAIRFIELD, CONNECTICUT

CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS -
SCHEDULE BY CATEGORY - HISTORICAL COST

June 30, 2012

Governmental funds capital assets:

Land	\$ 5,737,876
Buildings	46,245,466
Improvements other than buildings	10,702,666
Machinery, equipment and vehicle	8,136,840
Infrastructure	31,125,280
Software	162,015
Construction in progress	17,270,774
Total	<u>\$ 119,380,917</u>

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Other Schedules

TOWN OF NEW FAIRFIELD, CONNECTICUT

BALANCE SHEET - BY ACCOUNT - GENERAL FUND

June 30, 2012

	General Fund	Recreation	Drop Off Center	Elimination of Interfund Receivables	Totals
ASSETS					
Cash and cash equivalents	\$ 6,221,008	\$ 613,360	\$ -	\$ -	\$ 6,834,368
Investments	10,382,714	-	-	-	10,382,714
Property taxes	513,026	-	-	-	513,026
Intergovernmental receivables	1,096,975	44,725	-	-	1,141,700
Other receivables	-	-	1,529	-	1,529
Inventories and prepaids	-	8,338	-	-	8,338
Due from other funds	477,295	240,592	129,351	(369,943)	477,295
Total assets	\$ 18,691,018	\$ 907,015	\$ 130,880	\$ (369,943)	\$ 19,358,970
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts payable	\$ 685,071	\$ 32,371	\$ 8,614	\$ -	726,056
Deferred revenues	1,291,767	11,229	-	-	1,302,996
Unearned revenues	1,059,210	171,301	-	-	1,230,511
Due to other funds	8,449,712	181,637	-	(369,943)	8,261,406
Total liabilities	11,485,760	396,538	8,614	(369,943)	11,520,969
Fund Balances					
Nonspendable	-	8,338	-	-	8,338
Assigned	306,511	502,139	122,266	-	930,916
Unassigned	6,898,747	-	-	-	6,898,747
Total fund balances	7,205,258	510,477	122,266	-	7,838,001
Total liabilities and fund balances	\$ 18,691,018	\$ 907,015	\$ 130,880	\$ (369,943)	\$ 19,358,970

TOWN OF NEW FAIRFIELD, CONNECTICUT

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BY ACCOUNT - GENERAL FUND
 For the Year Ended June 30, 2012

	General Fund	Recreation	Drop Off Center	Total
REVENUES				
Property taxes	\$ 40,109,394	\$ -	\$ -	\$ 40,109,394
Intergovernmental	9,316,070	-	-	9,316,070
Interest income	314,747	-	-	314,747
Charges for services	1,245,270	729,009	178,789	2,153,068
Other revenues	91,170	15,300	-	106,470
Total revenues	51,076,651	744,309	178,789	51,999,749
EXPENDITURES				
Current:				
General government	2,941,847	-	-	2,941,847
Public safety	2,685,307	-	-	2,685,307
Public works	2,336,130	-	125,805	2,461,935
Health and welfare	435,377	-	-	435,377
Culture and recreation	502,766	588,059	-	1,090,825
Health insurance	6,092,496	-	-	6,092,496
Education	33,498,893	-	-	33,498,893
Debt service:				
Principal retirements	1,931,080	-	-	1,931,080
Interest and other charges	1,056,162	-	-	1,056,162
Total expenditures	51,480,058	588,059	125,805	52,193,922
Revenues over (under) expenditures	(403,407)	156,250	52,984	(194,173)
OTHER FINANCING SOURCES (USES)				
Transfers out	(314,350)	(99,000)	-	(413,350)
Total other financing sources (uses)	(314,350)	(99,000)	-	(413,350)
Net change in fund balances	(717,757)	57,250	52,984	(607,523)
FUND BALANCES, beginning	7,923,015	453,227	69,282	8,445,524
FUND BALANCES, ending	\$ 7,205,258	\$ 510,477	\$ 122,266	\$ 7,838,001

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TOWN OF NEW FAIRFIELD, CONNECTICUT

SCHEDULE OF PROPERTY TAXES LEVIED, COLLECTED AND
OUTSTANDING - GENERAL FUND
For the Year Ended June 30, 2012

Grand List Year	Balance Uncollected July 1, 2011	Current Levy	Prior Year Overpayments To Be Refunded	Lawful Corrections		Transfers to Suspense	Balance To Be Collected
				Additions	Deletions		
2010	\$ -	\$ 40,540,888	\$ -	\$ 48,763	\$ 697,521	\$ 21,915	\$ 39,870,215
2009	318,995	-	-	2,834	294,576	11,333	15,920
2008	61,515	-	10,101	371	-	2,963	48,822
2007	17,193	-	7,675	139	-	382	9,275
2006	12,569	-	1,672	-	-	-	10,897
2005	10,811	-	132	-	-	-	10,679
2004	10,876	-	519	-	-	-	10,357
2003	3,331	-	423	507	507	-	2,908
2002	3,158	-	54	196	196	-	3,104
2001	2,642	-	417	157	-	-	2,382
2000	2,851	-	-	-	-	-	2,851
1999	1,764	-	-	-	-	-	1,764
1998	1,575	-	-	-	-	-	1,575
1997	1,468	-	-	-	-	-	1,468
1996	903	-	-	-	-	-	903
1995	380	-	-	-	-	-	380
	<u>\$ 450,031</u>	<u>\$ 40,540,888</u>	<u>\$ 20,993</u>	<u>\$ 52,967</u>	<u>\$ 992,800</u>	<u>\$ 36,593</u>	<u>\$ 39,993,500</u>

Suspense Collection and Prior Year advanced collections

Total

Overpayments and Refunds	Collections				Total	Balance Uncollected June 30, 2012
	Taxes	Interest	Liens and Fees			
286,106	39,845,838	\$ 115,431	\$ 4,840	\$ 39,966,109	\$ 310,483	
111,860	48,136	52,699	2,043	102,878	79,644	
7,833	46,074	12,049	620	58,743	10,581	
-	4,822	1,703	165	6,690	4,453	
1,672	3,279	1,358	73	4,710	9,290	
133	2,283	662	24	2,969	8,529	
519	2,210	774	24	3,008	8,666	
423	-	-	-	-	3,331	
54	-	-	-	-	3,158	
417	157	-	-	157	2,642	
-	-	-	-	-	2,851	
-	-	-	-	-	1,764	
-	-	-	-	-	1,575	
-	-	-	-	-	1,468	
-	-	-	-	-	903	
-	-	-	-	-	380	
409,017	39,952,799	184,676	7,788	40,145,263	449,718	
-	9,194	3,594	2,204	14,992	-	
\$ 409,017	\$ 39,961,993	\$ 188,270	\$ 9,992	\$ 40,160,255	\$ 449,718	

TOWN OF NEW FAIRFIELD, CONNECTICUT

COMPUTATION OF LEGAL DEBT LIMITATION

June 30, 2012

Total tax collections (including interest and line fees)
for the year ended June 30, 2012 \$ 38,683,146

Reimbursement for revenue loss:
Tax relief for Elderly Homeowner Freeze 92,835

Base \$ 38,775,981

Debt limit \$ 271,431,867

Debt Limitation	General Purpose	Schools	Sewer	Urban Renewal	Unfunded Pension Benefit Obligation
2-1/4 times base	\$ 87,245,957	\$ -	\$ -	\$ -	\$ -
4-1/2 times base	-	174,491,915	-	-	-
3-3/4 times base	-	-	145,409,929	-	-
3-1/4 times base	-	-	-	126,021,938	-
3 times base	-	-	-	-	116,327,943
Total debt limitation	<u>87,245,957</u>	<u>174,491,915</u>	<u>145,409,929</u>	<u>126,021,938</u>	<u>116,327,943</u>
Debt as defined by statute					
Bonds payable	4,700,000	28,445,000	-	-	-
Bonds authorized but not issued, issue dates not yet established	-	8,625,000	-	-	-
Construction grants	-	(529,438)	-	-	-
Total indebtedness	<u>4,700,000</u>	<u>36,540,562</u>	<u>-</u>	<u>-</u>	<u>-</u>
Debt limitation in excess of indebtedness	<u><u>\$ 82,545,957</u></u>	<u><u>\$ 137,951,353</u></u>	<u><u>\$ 145,409,929</u></u>	<u><u>\$ 126,021,938</u></u>	<u><u>\$ 116,327,943</u></u>