

**COMPREHENSIVE
ANNUAL FINANCIAL REPORT**

of the

**TOWN OF FAIRFIELD,
CONNECTICUT**

FOR THE YEAR ENDED

JUNE 30, 2018

**PREPARED BY:
FINANCE DEPARTMENT**

**CAITLIN T. BOSSE
CONTROLLER**

**ROBERT MAYER, CPA
FISCAL OFFICER**

TOWN OF FAIRFIELD, CONNECTICUT
Comprehensive Annual Financial Report
For the Year Ended June 30, 2018

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Introductory Section



Town of Fairfield

**Sullivan Independence Hall
Finance Department**

**725 Old Post Road
Fairfield, Connecticut 06824**

**Phone (203) 256-3065
Fax (203) 255-7380**

December 27, 2017

To the Honorable First Selectman, Members of the Board of Selectmen, Members of the Board of Finance and Citizens of the Town of Fairfield, Connecticut.

The Finance Department is pleased to present the Comprehensive Annual Financial Report (CAFR) of the Town of Fairfield for the year ended June 30, 2017. The report includes the independent auditor's report as required by Connecticut Statutes. The report is prepared in conformity with generally accepted accounting principles (GAAP) and standards set forth by the Governmental Accounting Standards Board (GASB).

Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the management of the Town. Management of the Town is responsible for establishing and maintaining internal controls designed to ensure that the assets of the Town are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal controls are designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the calculation of costs and benefits requires estimates and judgments by management. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner that presents fairly the financial position and results of operations as measured by the financial activity of its various funds. All disclosures necessary to enable the reader to gain an understanding of the Town's financial activities have been included.

PKF O'Conner Davies, LLP, a public accounting firm fully licensed and qualified to perform audits of municipalities within the State of Connecticut, has audited the financial statements. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Town of Fairfield, Connecticut for the fiscal year ended June 30, 2017, are free from material misstatement. The independent audit involved 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; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the Town of Fairfield's financial statements for the fiscal year ended June 30, 2017, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the Town was part of a broader, federal and state mandated "Single Audit" designed to meet the special needs of grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of Federal and State awards. These reports are available in the Town's separately issued Single Audit Report.

Generally accepted accounting principles (GAAP) require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The Town's MD&A can be found immediately following the independent auditor's report.

Profile of the Town of Fairfield

The Town of Fairfield covers approximately 31.3 square miles and is located on Long Island Sound immediately west of the City of Bridgeport. Fairfield is bordered by Westport, Weston, Easton, Trumbull and Bridgeport. Fairfield is primarily a residential community; however, there is significant commercial development scattered throughout the Town. The Town is serviced by the Connecticut Turnpike (I-95), the Merritt Parkway (Conn. 15) and the Metro North commuter railroad. Fairfield is the home to both Fairfield University and Sacred Heart University. The Town's population at year end was 61,160. The Town was originally settled in 1639.

The Town operates under a Charter most recently revised in 2006. The Town functions under a Board of Selectmen, Representative Town Meeting (RTM) form of government, adopted in 1947. The RTM is the final budget-making authority and the legislative body of the Town. The RTM consists of 40 members, elected for 2 year terms from 10 voting districts. The Board of Selectmen consists of 3 members, chaired by the First Selectman and is elected every 4 years. The First Selectman serves as the Chief Elected Official of the Town. The Board of Finance consists of 9 members, elected for 6 year terms on a staggered basis. The financial administrator of the Town is the Fiscal Officer. The Fiscal Officer oversees the Accounting, Internal Audit and Budget functions along with the Purchasing Department, the Assessor's Office, the Tax Collector's office, and the Information technology Department. The Accounting Office is administered by the Controller and accounts for all Town funds. The Assessor's Office develops the list of property and related assessments for all real estate, personal property and motor vehicles for the purpose of taxation. The Tax Collector's Office bills, collects, processes and deposits taxes, interest and fees on all taxable property in the Town. The Controller is responsible for maintaining the financial records of the Town and for the financial reporting of the Town's activities and operations.

The annual budget serves as the foundation for the Town's financial planning and control. The Town maintains budgetary controls with the objectives to ensure compliance with legal provisions embodied in the annual appropriated budget, approved by the budget referendum. The Town maintains an encumbrance accounting system as one technique of accomplishing budgetary controls. As demonstrated by the budgetary schedules included in the financial section of this report, the Town continues to meet its responsibility for sound financial management. In addition to budgetary schedules, Exhibit L (II) A in the Notes to Financial Statements describes the budget process used by the Town.

Local Economy and Major Initiatives

The Town was impacted by the economic downturn that started in 2008 and both Storms Nemo and Sandy in 2012. Fairfield, however, has been fortunate that the Town's unemployment and foreclosure rates have been below regional, state and national levels. Vacancy levels for both retail and office space has also been and are below regional, state and national levels.

The Town's third train station (Fairfield Metro) was officially opened in December 2011. The site has an approved master plan that allows for the development of more than one million square feet of commercial office, retail and other related uses on the privately-owned portion of the site. Fairfield Center is flourishing. Demand remains high and vacant storefronts are few. Vacancy rates for commercial office space remain low for the Fairfield submarket as compared to the Fairfield County market as a whole.

The Town hosted its fifth annual Fairfield Restaurant Week in October 2017, featuring 36 dining establishments located throughout Fairfield. The Town also held its annual Holiday Shop and Stroll event in December 2017.

The long awaited remediation of the Mill River adjoining the former Exide Battery Plant began in August 2013 and was completed this fall. This 6-acre parcel is expected to be made available for sale and redevelopment in 2018. Fairfield University and Sacred Heart University (SHU) continue to make significant investments in their on-campus facilities.

SHU just recently completed the acquisition of the former GE headquarters site and have commenced work to renovate one of the buildings to accommodate the Business School, to expand their offerings in computer science and computer engineering, and to create an innovation center with which to incubate new businesses. On the main campus, SHU continues to add new residential dormitories as part of the upper quad expansion and recently opened a first-of-its kind 1950's-themed dining facility (JP's Diner) and a new state-of-the-art 120,000sf Center for Health Care Education. SHU is also completing work on a new three-story 21,000sf building which will house its Public Safety Department as well as new broadcasting facilities for WSHU radio.

Fairfield University is also expanding its on-campus housing options, with construction of a new 4-story, 200-room dormitory, set to open next summer. Fairfield University recently completed work on a 4-story, 70,000sf building to house its School of Nursing and Health Studies and on renovations to the Barone Campus Center. Additionally, Fairfield University just announced plans to construct a new state-of-art \$40 million facility to accommodate the Dolan School of Business, which is expected to open in 2019.

There are three assisted living facilities presently under construction in Fairfield. Benchmark is constructing a \$15 million, 88-unit assisted living facility called Sturges Ridge of Fairfield behind the Carolton Chronic & Convalescent Care Facility at 400 Mill Plain Road. In Southport, work has begun on a 98-unit assisted living/memory care facility by Maplewood. Finally, Sunrise Senior Living is constructing a 83-unit assisted living/memory care facility on the former Congregation Ahavath Achim synagogue site in the Stratfield section of Fairfield.

The Commerce Drive area continues to see new investment, particularly around the new Fairfield Metro Center rail station. Trademark Fairfield, a new, 5-story mixed use development with 101 apartments over 15,000sf of ground floor retail celebrated its grand opening in October. The co-developers of that project have announced plans for a phase II development to include 160 apartments, with structured parking and ground floor retail. In the downtown, construction work is well underway on a new 3-story, 9000sf mixed use building for Kerin & Fazio, while plans are proceeding for a 90-unit residential high rise on the former Knights of Columbus site, just steps from the Fairfield Train station. In Southport, work is nearly complete on a project to renovate and expand the former Southport Athletic Club for Equinox Southport.

BNP Associates, a leader in designing baggage and cargo handling facilities for airports worldwide, is relocating its US headquarters from Brookfield to Fairfield. The move is expected to be completed early next year.

Based on residential sales activity for the period October 1, 2016 to October 1, 2017, it appears that, on average, the Town's real estate values have increased since the 2015 revaluation. It also appears that a portion of the Town has fully recovered the valuation losses which had incurred as a result of the 2008 economic downturn.

The Town has a significant tax base that continually ranks within the five largest in the state; it has very high wealth and income levels; has a moderate debt burden, which is planned for quick retirement; and its pension plans remain at high funding levels.

These facts are echoed within the municipal credit industry. Fairfield is one of a small handful of towns and cities throughout the United States that has been awarded the esteemed AAA rating by Moody's Investor Services, Standard & Poor's and Fitch Ratings. All three of these rating services have reconfirmed their highest ratings on Fairfield during the past year.

Long-Term Financial Planning

The Town's long-term financial planning is focused on maintaining a moderate to low debt to general fund balance ratio and to increase its general fund balance to budget ratio.

In July 2017, the Town issued \$12,885,000 of general obligation bonds and \$12,645,000 of bond anticipation notes. The majority of the bonds and the bond anticipation notes were used to fund the Town's capital replacement program for both Town and School projects; security infrastructure, trucks, repairs related to Storm Sandy, and larger building maintenance projects. The Town has developed a comprehensive plan for future school renovations to manage enrollment growth and maintain the quality of the school environment. Any additional large school renovation expenditure that may be identified and incurred would be subject to bonding in future fiscal years.

Relevant Financial Policies

The Town's financial policies have been applied consistently with the prior year and had no notable current year effect on the financial statements. There were no developments at the State level that impacted the current year financial statements.

Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2016. This was the fourteenth consecutive year that the Town has achieved this prestigious award. In order to be awarded a Certificate of Achievement, the Town published an easily readable and efficiently organized comprehensive annual financial report. This report satisfied both generally accepted accounting principles and applicable legal requirements.

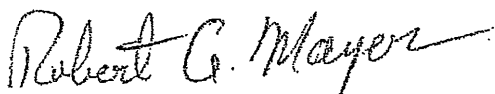
A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

Additionally, Standard and Poors Rating Services, in their bond rating report for the Town's general obligation bond offering of July 2017, noted that they view the Town's management as strong with "good" financial policies, strong financial management, prudent fiscal policies and conservative budgeting practices.

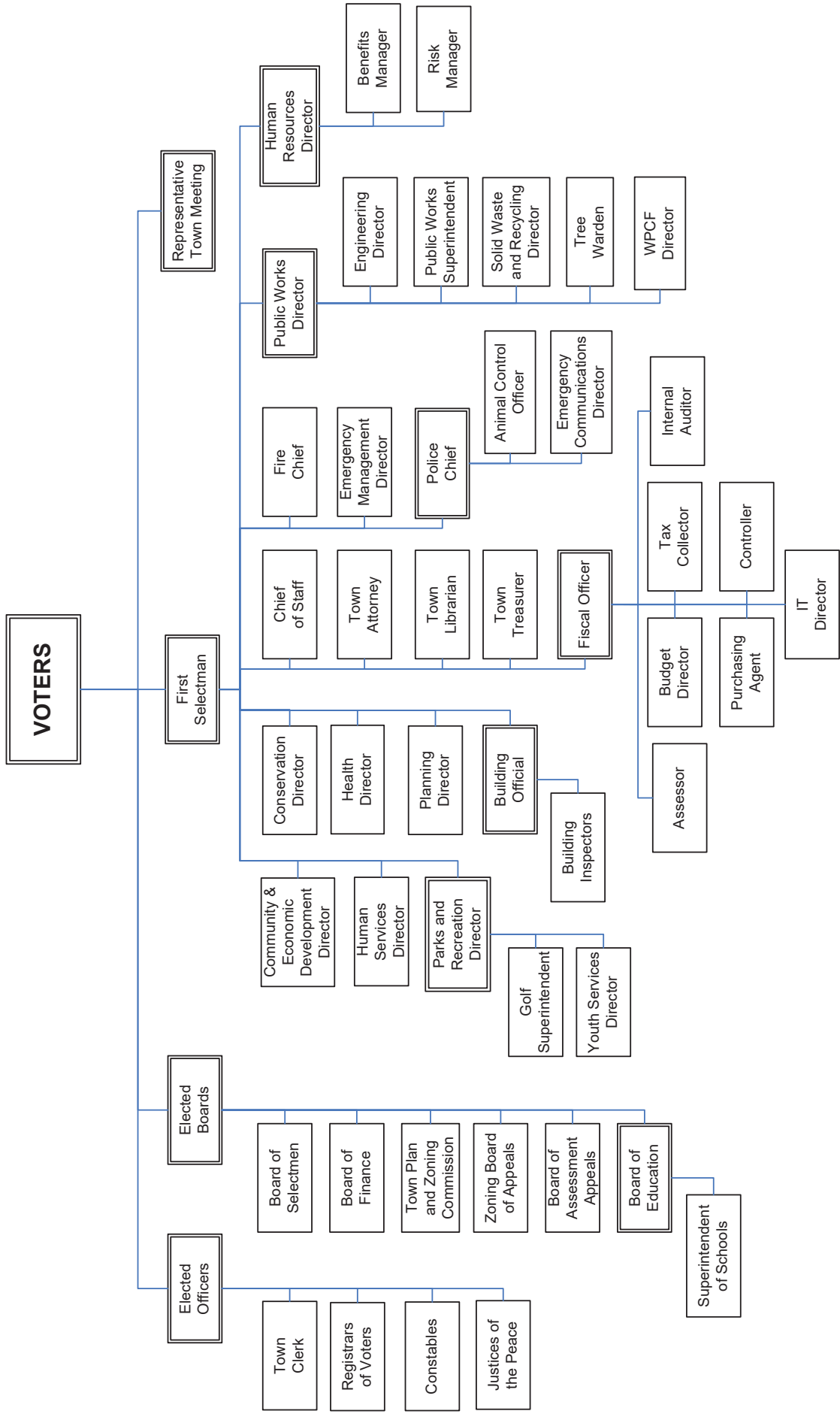
The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the Finance Department. Each member has my sincere appreciation for their contributions made in the preparation of this report. In particular, Caitlin T. Bosse, Controller, who continues to provide exceptional service at the highest level of professionalism.

This comprehensive annual financial report reflects a commitment to the citizens of Fairfield, the Board of Finance, the Board of Selectmen, and the RTM, and all concerned readers of this report, to provide information in conformance with the highest standards of financial accountability.

Respectfully submitted,



Robert Mayer, CPA
Fiscal Officer



TOWN OF FAIRFIELD, CONNECTICUT

**Principal Officials
June 30, 2018**

BOARD OF SELECTMEN

Michael C. Tetreau, First Selectman
Ed Bateson
Christopher W. Tymniak

BOARD OF FINANCE

Thomas M. Flynn, Chairman
James B. Brown, Vice Chairman
Mary E. LeClerc, Secretary
Elizabeth A. Zezima
John Mitola
Christopher W. Dewitt
David Becker
Sheila Marmion
James Walsh

ADMINISTRATION

Town Clerk.....	Elizabeth P. Browne
Town Attorney.....	Stanton H. Lesser
Fiscal Officer.....	Robert Mayer
Public Works Director	Joseph Michelangelo
Police Chief.....	Gary MacNamara
Fire Chief	Denis McCarthy
Director of Human Resources.....	Emmet Hibson
Health Director	Sands Cleary
Town Librarian	Helene Murtha
Planning Director	James Wendt
Conservation Director	Brian Carey
Assessor	Ross Murray
Tax Collector.....	David Kluczewski
Controller	Caitlin T. Bosse
Recreation Director	Anthony Calabrese
Purchasing Director	Gerald Foley
Building Inspector	Thomas Conley

BOARD OF EDUCATION

Philip Dwyer, Chairman
Jennifer Jacobson, Vice Chairman
Jessica Gerber, Secretary
Jeffrey Peterson
Nick Aysseh
Jennifer Leeper
Jennifer Maxon Kennelly
Trisha Pytko
Christine Vitale

Toni Jones, Superintendent of Schools



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Town of Fairfield
Connecticut**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2017

Christopher P. Morill

Executive Director/CEO

Financial Section



INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Fairfield, Connecticut ("Town"), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Fairfield, Connecticut, as of June 30, 2018, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the respective budgetary comparison for the general fund and the pension and other post-employment benefit schedules on pages 11 to 19 and pages 91 to 114, respectively, 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.

Supplementary and Other Information

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 27, 2018, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

PKF O'Connor Davies, LLP

Wethersfield, Connecticut
December 27, 2018



Town of Fairfield

Sullivan Independence Hall
Finance Department

725 Old Post Road
Fairfield, Connecticut 06824

Phone (203) 256-3065
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Management's Discussion and Analysis For the Year Ended June 30, 2018 (Thousands)

As management of the Town of Fairfield, Connecticut, we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2018. The amounts presented are in thousands.

Financial Highlights

- During the fiscal year, the Town implemented GASB 75 related to other post-employment benefits (OPEB) for the Board of Education plan. The Town implemented GASB 75 for the Town and Police and Fire plans in the prior fiscal year. GASB 75 requires that the OPEB liability be recorded on the government-wide financial statements. The result of implementing GASB 75 was a prior period adjustment as of July 1, 2017 to record the OPEB liability of \$16,902 and to remove the net OPEB obligation previously recorded of \$6,898. The Town also early implemented GASB 84 related to fiduciary funds during the fiscal year.
- The assets and deferred outflows of resources of the Town exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$203,717 (*net position*). *Unrestricted net position* totaled (\$114,507).
- The Town's total net position increased by \$297. The increase is due to positive operations in the general fund, water pollution control authority fund and debt service fund of \$5,193, \$1,106 and \$237, respectively offset by the different basis of accounting (accrual versus modified accrual) for capital assets and long-term debt and pension expense.
- As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$46,306, an increase of \$5,805 in comparison with the prior year. The increase was due substantially to positive operations of the general fund, water pollution control authority and debt service funds noted above.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$32,142 or 10.88% of total general fund expenditures and other financing uses (budgetary basis). This figure represents a 1.35% increase over the previous fiscal year's percent of 9.53%.
- The Town's total bond and note debt decreased by a net of \$9,741 (5.12%) during the current fiscal year as a result of the current year issuance of general obligation bonds of \$1,738 and permanently financed BAN's of \$4,927 offset by scheduled principal payments of \$16,406 made during the year.

Management's Discussion and Analysis (continued) (Thousands)

Overview of the Basic Financial Statements

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

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

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

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

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

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

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

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

Management's Discussion and Analysis (continued)

(Thousands)

For 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 Capital Projects Fund, both of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

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

The data for the internal service fund is provided in Exhibits F, G and H 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 support the Town's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

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

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Town's pension funds as required by GASB 67 and 68 and the Town's other post-employment benefit (OPEB) funds as required by GASB 74 and 75. Required supplementary information can be found following the notes.

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

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

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a Town's financial position. In the case of the Town, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$203,717 at the close of the most recent fiscal year.

By far the largest portion of the Town's net position reflects its investment in capital assets (e.g., 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'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.

Management's Discussion and Analysis (continued)
(Thousands)

SUMMARY STATEMENT OF NET POSITION
(THOUSANDS)

	2018	2017 (As Restated)
Current and other assets.....	\$ 116,203	\$ 110,223
Capital assets (net).....	501,646	503,940
TOTAL ASSETS.....	617,849	614,163
Deferred outflows of resources.....	31,833	51,425
Long-term liabilities outstanding.....	362,886	380,609
Other liabilities.....	68,788	65,259
TOTAL LIABILITIES.....	431,674	445,868
Deferred inflows of resources.....	14,291	18,491
Net investment in capital assets.....	306,487	297,952
Restricted.....	11,737	8,678
Unrestricted.....	(114,507)	(103,210)
TOTAL NET POSITION.....	\$ 203,717	\$ 203,420

A portion of the Town's net position of \$11,737 represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position is (\$114,507).

The Town's net position increased by \$297 during the current fiscal year. The increase is due to positive operations in the general fund, water pollution control authority fund and debt service fund of \$5,193, \$1,106 and \$237, respectively and the different basis of accounting (accrual versus modified accrual) for capital assets and long-term debt.

During the fiscal year, there was a decrease in capital assets of \$2,294 primarily due to the scheduled depreciation expense offset by current year additions for various school related renovations. In addition, there was a decrease in long-term debt of \$9,741 as a result of the current year issuance of general obligation bonds of \$1,738 and permanently financed BAN's of \$4,927 offset by scheduled principal payments of \$16,406 made during the year.

Management's Discussion and Analysis (continued)
(Thousands)

STATEMENT OF CHANGES IN NET POSITION
(THOUSANDS)

	2018	2017
REVENUES:		
Program revenues:		
Charges for services.....	\$ 28,317	\$ 27,858
Operating grants and contributions.....	49,104	46,104
Capital grants and contributions.....	2,566	15,151
General revenues:		
Property taxes.....	278,531	273,452
Grants and contributions not restricted to specific programs.....	2,292	3,696
Investment income.....	1,181	336
Miscellaneous.....	650	209
TOTAL REVENUES.....	362,641	366,806
EXPENSES:		
General government.....	29,312	27,256
Finance.....	5,617	6,195
Public safety.....	44,267	43,702
Public works.....	27,759	29,901
Health and welfare.....	9,010	10,524
Culture and recreation.....	10,621	10,748
Education.....	229,485	222,761
Interest expense.....	6,273	3,928
TOTAL EXPENSES.....	362,344	355,015
CHANGE IN NET POSITION.....	297	11,791
NET POSITION - JULY 1.....	203,420	199,442
RESTATEMENTS:		
OPEB liability.....		(10,004)
Other (see Note IV H).....		2,191
NET POSITION - JUNE 30.....	\$ 203,717	\$ 203,420

- Operating grants and contributions increased by \$3,000 during the year, primarily due to a \$3,680 increase in the State teachers' pension and OPEB on-behalf amounts provided by the State offset by loss or reduction of other state grants such as ECS due to State budget cuts. The OPEB on-behalf amount was reported for the first time in fiscal year 2018.
- Capital grants and contributions decreased by \$12,585, primarily due to a \$10,000 donation from the State of Connecticut of the new fire training center in the prior year.

Management's Discussion and Analysis (continued)

(Thousands)

- General government expenses increased by \$2,056. The increase was partially a result of increases in pension expense and increase in the workers' compensation and heart and hypertension claims of \$2,039.
- Public works expenses decreased by \$2,142 decreases in employee benefits such as workers' compensation and certain nonrecurring projecting completed in the prior year.
- Education expense increased by \$6,724 as a result of an increase in the education budget of \$5,650, as well as a \$3,680 increase in the Town's allocable share of the pension expense for the State Teacher's Retirement and OPEB Plans, offset by decreases in depreciation and pension and OPEB expense.

Financial Analysis of the Town's Funds

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

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

As of the end of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$46,306, an increase of \$5,805 in comparison with the prior year. The increase was due substantially to positive operations of the general fund of \$5,193 and the Water Pollution Control Fund of \$1,106.

Unassigned fund balance totals \$23,999, which is net of \$32,142 from the general fund and (\$8,143) from the capital projects fund. The remainder of fund balance is not available for appropriation or spending by the Town and is classified as follows: Nonspendable \$1,943, Restricted \$9,794, Committed \$2,670 and Assigned \$7,900.

The general fund is the operating fund of the Town. At the end of the current fiscal year, unassigned fund balance of the general fund was \$32,142, while total fund balance was \$34,651. Total fund balance increased \$5,193 due a result of several offsetting factors. Property tax collections were under budget by \$250, intergovernmental grants were under budget by \$423 due to State budget cuts, charges for services were higher than budget by \$1,157 due to higher than anticipated building permits and rental income and investment income was \$460 greater than the amount budgeted. Expenditures were less than budgeted by \$2,984. The larger areas of spending savings were Education at \$600 due to savings in employee benefits, and savings in culture and recreation due to decrease in operational cost of the Town Library of \$410. Finally, the \$538 for contribution to fund balance contributed to the under expenditure of the budget.

As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 10.88% of total general fund expenditures and other financing uses, while total fund balance represents 11.73% of that same amount.

Capital Projects Fund intergovernmental revenues totaled \$1,850 during the year, of which \$483 were school construction grants. Expenditures totaled \$11,454 consisting primarily of school expansion and renovation projects. The fund balance decreased from (\$7,695) to (\$8,143). The deficit fund balance is due to the timing of project financing and the use of bond anticipation notes (BANS) to fund projects. At year end the BANS outstanding totaled \$7,718.

Management's Discussion and Analysis (continued)

(Thousands)

Proprietary fund. Unrestricted net position of the Internal Service Fund at the end of the year amounted to \$337, an increase of \$1,212 from the prior year balance of (\$875). This was due to an increase in charges for services and decrease in claims incurred for medical claims compared to last year.

General Fund Budgetary Highlights

Significant revenue budgetary variances were as follows:

- Property taxes revenue was in less than the amount budgeted by \$250 primarily due to less than anticipated prior year tax and interest collections.
- Charges for services revenue was in excess of the amount budgeted by \$1,157 substantially due to higher than anticipated amounts of building permits, as well as higher than anticipated rental revenue.
- Intergovernmental revenue was less than the amount budgeted by \$423 primarily due to lower than anticipated amounts received for education cost sharing and elderly homeowners from the State due to funding cuts due to the State's financial condition.
- As discussed above in the paragraph detailing general fund operations the larger areas of spending savings were Education at \$600 due to savings in employee benefits, and savings in culture and recreation due to decrease in operational cost of the Town Library of \$410.

Significant budget transfers included and decrease to public works of \$436 as a result of the union contract settlement and an increase in the transfers out of \$1,866 to the capital projects fund and \$713 to the debt service fund.

Capital Assets and Debt Administration

Capital assets. The Town's investment in capital assets amounts to \$501,646 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, land improvements, buildings and improvements, machinery and equipment, vehicles, intangible assets and infrastructure. The net decrease in the Town's net capital assets for the current fiscal year was \$2,294 or 0.5%, mostly due to the scheduled depreciation expense offset by current year additions for various school related renovations.

Major capital asset events during the current fiscal year included the following:

- Construction in progress increased by \$10,792 primarily due to the various school projects, Holland Hill Expansion (\$2,800) and Fairfield Ludlowe High School Expansion (\$1,598) and WPCF projects (\$1,071) and many other smaller projects. This was offset by a \$5,001 decrease due to assets removed from construction in progress to depreciable asset classes which included the Fire Pumper project (\$896), Fairfield Ludlowe High School Turf Field (\$638) as well as other smaller projects.
- Buildings and improvements increased by \$2,554 primarily as a result of the deductions from construction in progress, which included the Fairfield Ludlowe High School Turf Field \$638.
- Vehicles increased by \$1,464 primarily due to the purchase of police vehicles and dump trucks.

Management's Discussion and Analysis (continued)
(Thousands)

CAPITAL ASSETS - NET
(THOUSANDS)

	2018	2017
Land.....	\$ 33,460	\$ 33,460
Construction in progress.....	57,259	51,468
Land improvements.....	1,822	1,151
Buildings and improvements...	336,409	343,880
Vehicles.....	7,308	6,905
Machinery and equipment.....	9,346	8,567
Intangible assets.....	282	337
Infrastructure.....	55,760	58,172
TOTAL.....	\$ 501,646	\$ 503,940

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

Long-term debt. At the end of the current fiscal year, the Town had total bonds and notes outstanding of \$180,570. This entire amount comprises debt backed by the full faith and credit of the Town.

GENERAL OBLIGATION BONDS/NOTES
(THOUSANDS)

	2018	2017
General obligation bonds.....	\$ 168,706	\$ 170,496
Clean water notes payable.....	6,937	8,668
Bond anticipation notes.....	4,927	11,147
Total.....	\$ 180,570	\$ 190,311

The Town's total debt decreased by \$9,741 (5.12%) during the current fiscal year as a result of the current year issuance of general obligation bonds of \$1,738 and permanently financed BANS of \$4,927 offset by scheduled principal payments of \$16,406 made during the year.

The Town's short-term debt decreased from \$9,285 to \$7,718 during the year.

Management's Discussion and Analysis (continued)

(Thousands)

Capital Assets and Debt Administration

Moody's, Standard and Poor's and Fitch Ratings continue to express the highest levels of confidence in the Town, its management and its ability to manage an increasing debt burden by all awarding their highest AAA rating to the Town.

State Statutes limit the amount of general obligation debt a governmental entity may issue to 7 times total tax collections including interest and lien fees and the tax relief for elderly freeze grant. The current debt limitation for the Town is \$1,901,193, which is significantly in excess of the Town's outstanding general obligation debt.

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

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate for the Town as of June 2018 was 4.3%, which is a slight decrease from last year. This is comparable to the state's average unemployment rate of 4.5%.
- Inflationary trends in the region compare favorably to national indices.
- Public school population experienced a slight decrease for the sixth consecutive year.

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

Requests for Information

This financial report is designed to provide a general overview of the Town'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 Department, Town of Fairfield, Independence Hall, 725 Old Post Road, Fairfield, Connecticut 06824.

Basic Financial Statements

TOWN OF FAIRFIELD, CONNECTICUT

STATEMENT OF NET POSITION
GOVERNMENTAL ACTIVITIES
JUNE 30, 2018
(THOUSANDS)

<u>ASSETS</u>	
Current assets:	
Cash.....	\$ 9,827
Investments.....	82,978
Receivables:	
Property taxes.....	4,177
Assessments and use.....	504
Intergovernmental.....	2,030
Loan.....	24
Other.....	1,571
Other assets.....	<u>28</u>
Total current assets.....	<u>101,139</u>
Noncurrent assets:	
Restricted assets:	
Temporarily restricted investments.....	5,253
Permanently restricted investments.....	<u>70</u>
Total restricted assets.....	<u>5,323</u>
Receivables (net):	
Property taxes.....	7,061
Assessments and use.....	866
Loan.....	<u>1,814</u>
Total receivables (net).....	<u>9,741</u>
Capital assets (net of accumulated depreciation):	
Land.....	33,460
Construction in progress.....	57,259
Land improvements.....	1,822
Buildings and improvements.....	336,409
Vehicles.....	7,308
Machinery and equipment.....	9,346
Intangible assets (net of accumulated amortization).....	282
Infrastructure.....	<u>55,760</u>
Total capital assets (net of accumulated depreciation).....	<u>501,646</u>
Total noncurrent assets.....	<u>516,710</u>
TOTAL ASSETS.....	<u>617,849</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>	
Deferred charge on refunding.....	973
Pension related.....	30,708
OPEB related.....	<u>152</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES.....	<u>31,833</u>

(Continued)

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

TOWN OF FAIRFIELD, CONNECTICUT

STATEMENT OF NET POSITION
GOVERNMENTAL ACTIVITIES
JUNE 30, 2018
(THOUSANDS)

<u>LIABILITIES</u>	
Current liabilities:	
Cash overdraft.....	\$ 4,865
Accounts payable.....	11,148
Retainage payable.....	321
Accrued payroll and related liabilities.....	12,612
Accrued interest payable.....	3,369
Unearned revenue.....	470
Bond anticipation notes.....	7,718
Other.....	6,068
Bonds and notes payable.....	16,508
Capital lease.....	135
Compensated absences.....	891
Heart and hypertension.....	508
Risk management.....	4,175
	<hr/>
Total current liabilities.....	68,788
Noncurrent liabilities:	
Bonds, notes and related liabilities.....	171,279
Capital lease.....	492
Compensated absences.....	3,562
Heart and hypertension.....	2,013
Net pension liability.....	59,301
Net OPEB liability.....	117,951
Risk management.....	8,288
	<hr/>
Total noncurrent liabilities.....	362,886
	<hr/>
TOTAL LIABILITIES.....	431,674
 <u>DEFERRED INFLOWS OF RESOURCES</u>	
Advance property tax collections.....	746
Pension related.....	11,292
OPEB related.....	2,253
	<hr/>
TOTAL DEFERRED INFLOWS OF RESOURCES.....	14,291
 <u>NET POSITION</u>	
Net investment in capital assets.....	306,487
Restricted for:	
Endowments:	
Nonexpendable.....	1,943
Expendable.....	321
Public works.....	8,558
Education.....	192
Other purposes.....	723
Unrestricted.....	(114,507)
	<hr/>
TOTAL NET POSITION.....	\$ 203,717
	<hr/>

(Concluded)

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

TOWN OF FAIRFIELD, CONNECTICUT

STATEMENT OF ACTIVITIES
 GOVERNMENTAL ACTIVITIES
 FOR THE YEAR ENDED JUNE 30, 2018
 (THOUSANDS)

FUNCTIONS/PROGRAMS	PROGRAM REVENUES				NET (EXPENSES) REVENUES AND CHANGES IN NET POSITION
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	
General government.....	\$ 29,312	\$ 2,554	\$ -	\$ -	\$ (26,758)
Finance.....	5,617	-	-	-	(5,617)
Public safety.....	44,267	10,304	1,189	-	(32,774)
Public works.....	27,759	3,338	509	2,566	(21,346)
Health and welfare.....	9,010	4,139	1,179	-	(3,692)
Culture and recreation.....	10,621	4,238	417	-	(5,966)
Education.....	229,485	3,744	45,810	-	(179,931)
Interest expense.....	6,273	-	-	-	(6,273)
TOTAL.....	\$ 362,344	\$ 28,317	\$ 49,104	\$ 2,566	(282,357)
GENERAL REVENUES:					
Property taxes.....					\$ 278,531
Grants and contributions not restricted to specific programs.....					2,292
Investment income.....					1,181
Other.....					650
TOTAL GENERAL REVENUES.....					282,654
CHANGE IN NET POSITION.....					297
NET POSITION - JULY 1, 2017 (AS RESTATED).....					203,420
NET POSITION - JUNE 30, 2018.....					\$ 203,717

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

TOWN OF FAIRFIELD, CONNECTICUT

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2018
(THOUSANDS)

	GENERAL	CAPITAL PROJECTS	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<u>ASSETS</u>				
Cash.....	\$ 8,921	\$ -	\$ 906	\$ 9,827
Investments.....	44,910	7,521	17,247	69,678
Restricted investments.....	4,932	-	391	5,323
Receivables, net:				
Property taxes.....	8,631	-	-	8,631
Sewer, beach and sidewalk assessments.....	-	-	816	816
Intergovernmental.....	687	381	962	2,030
Loan.....	-	-	1,873	1,873
Other.....	705	-	402	1,107
Due from other funds.....	6,348	-	441	6,789
Other.....	-	-	28	28
TOTAL ASSETS.....	\$ 75,134	\$ 7,902	\$ 23,066	\$ 106,102
<u>LIABILITIES</u>				
Cash overdraft.....	\$ 4,865	\$ -	\$ -	\$ 4,865
Accounts payable.....	7,310	2,409	765	10,484
Retainage payable.....	-	321	-	321
Accrued payroll.....	12,361	-	251	12,612
Due to other funds.....	441	5,597	601	6,639
Unearned revenue.....	-	-	470	470
Bond anticipation notes.....	-	7,718	-	7,718
Performance bonds.....	4,932	-	-	4,932
Other.....	1,136	-	-	1,136
TOTAL LIABILITIES.....	31,045	16,045	2,087	49,177
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Unavailable revenue:				
Property taxes.....	8,631	-	-	8,631
Advance property tax collections.....	746	-	-	746
Sewer assessment and use charges.....	-	-	816	816
Other charges.....	61	-	365	426
TOTAL DEFERRED INFLOWS OF RESOURCES.....	9,438	-	1,181	10,619
<u>FUND BALANCES</u>				
Nonspendable.....	-	-	1,943	1,943
Restricted.....	-	-	9,794	9,794
Committed.....	-	-	2,670	2,670
Assigned.....	2,509	-	5,391	7,900
Unassigned.....	32,142	(8,143)	-	23,999
TOTAL FUND BALANCES.....	34,651	(8,143)	19,798	46,306
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES.....	\$ 75,134	\$ 7,902	\$ 23,066	\$ 106,102

(Continued)

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

TOWN OF FAIRFIELD, CONNECTICUT
RECONCILIATION OF FUND BALANCE
TO NET POSITION OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2018
(THOUSANDS)

AMOUNTS REPORTED FOR GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF NET POSITION (EXHIBIT A) ARE DIFFERENT FROM THE GOVERNMENTAL FUNDS BALANCE SHEET DUE TO:	
TOTAL FUND BALANCE (EXHIBIT C, PAGE 1).....	\$ 46,306
CAPITAL ASSETS USED IN GOVERNMENTAL ACTIVITIES ARE NOT FINANCIAL RESOURCES AND, THEREFORE, ARE NOT REPORTED IN THE FUNDS:	
Beginning capital assets.....	503,940
Capital asset additions (net of construction in progress).....	12,555
Depreciation expense.....	(14,603)
Disposal and sale of capital assets.....	(246)
OTHER LONG-TERM ASSETS AND DEFERRED OUTFLOWS OF RESOURCES ARE NOT AVAILABLE RESOURCES AND, THEREFORE, ARE NOT REPORTED IN THE FUNDS:	
Property tax and sewer assessment interest and lien accrual.....	4,198
Allowance for doubtful accounts.....	(1,071)
Other receivables.....	149
Deferred charges on refunding.....	973
Deferred outflows related to pension.....	30,708
Deferred outflows related to OPEB.....	152
OTHER LONG-TERM ASSETS ARE NOT AVAILABLE TO PAY FOR CURRENT PERIOD EXPENDITURES AND, THEREFORE, ARE UNAVAILABLE IN THE FUNDS:	
Property tax, sewer assessment and community development block grant loan receivable - accrual basis change....	9,873
INTERNAL SERVICE FUNDS ARE USED BY MANAGEMENT TO CHARGE THE COST OF VARIOUS SELF-INSURED RISK PREMIUMS TO INDIVIDUAL DEPARTMENTS:	
The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.....	337
SOME LIABILITIES AND DEFERRED INFLOWS OF RESOURCES, INCLUDING BONDS PAYABLE, ARE NOT DUE AND PAYABLE IN THE CURRENT PERIOD AND, THEREFORE, ARE NOT REPORTED IN THE FUNDS:	
Bonds and notes payable.....	(180,570)
Premium.....	(7,217)
Capital lease.....	(627)
Compensated absences.....	(4,453)
Heart and hypertension.....	(2,521)
Net pension liability.....	(59,301)
Net OPEB liability.....	(117,951)
Accrued interest payable.....	(3,369)
Pension related deferred inflows.....	(11,292)
OPEB related deferred inflows.....	(2,253)
NET POSITION (EXHIBIT A).....	<u>\$ 203,717</u>
	(Concluded)

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

TOWN OF FAIRFIELD, CONNECTICUT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2018
 (THOUSANDS)

	GENERAL	CAPITAL PROJECTS	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES:				
Property taxes.....	\$ 277,956	\$ -	\$ -	\$ 277,956
Intergovernmental.....	41,126	1,850	10,601	53,577
Charges for services.....	15,289	-	15,032	30,321
Income from investments.....	1,158	-	23	1,181
Contributions.....	-	-	478	478
Other.....	581	69	-	650
TOTAL REVENUES.....	336,110	1,919	26,134	364,163
EXPENDITURES:				
Current:				
General government.....	37,999	-	21	38,020
Finance.....	4,424	-	-	4,424
Public safety.....	31,877	-	3,571	35,448
Public works.....	15,315	-	5,932	21,247
Health and welfare.....	7,056	-	733	7,789
Culture and recreation.....	5,705	-	2,693	8,398
Education.....	203,896	-	11,791	215,687
Capital outlay.....	-	11,454	-	11,454
Debt service.....	22,066	-	1,580	23,646
TOTAL EXPENDITURES.....	328,338	11,454	26,321	366,113
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	7,772	(9,535)	(187)	(1,950)
OTHER FINANCING SOURCES (USES):				
Issuance of debt.....	-	6,665	-	6,665
Premium (bond and bond anticipation note).....	-	-	1,090	1,090
Transfers in.....	-	2,422	713	3,135
Transfers out.....	(2,579)	-	(556)	(3,135)
NET OTHER FINANCING SOURCES (USES).....	(2,579)	9,087	1,247	7,755
NET CHANGE IN FUND BALANCES.....	5,193	(448)	1,060	5,805
FUND BALANCES - JULY 1, 2017 (AS RESTATED).	29,458	(7,695)	18,738	40,501
FUND BALANCES - JUNE 30, 2018.....	\$ 34,651	\$ (8,143)	\$ 19,798	\$ 46,306

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

TOWN OF FAIRFIELD, CONNECTICUT

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018
(THOUSANDS)

AMOUNTS REPORTED FOR GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF ACTIVITIES
(EXHIBIT B) ARE DIFFERENT DUE TO:

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS (EXHIBIT D)..... \$ 5,805

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay.....	12,555
Depreciation expense.....	<u>(14,603)</u>
Total.....	<u>(2,048)</u>

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

Disposal of capital assets.....	<u>(246)</u>
---------------------------------	--------------

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds and revenues recognized in the fund financial statements are not recognized in the statement of activities:

School building grant receipts.....	(93)
Change in property tax, sewer assessment and community development block grant loan receivable - accrual basis change.....	(1,581)
Change in property tax and sewer assessment interest and lien revenue.....	650
Change in allowance for doubtful accounts.....	(193)
Change in other receivables.....	<u>(305)</u>
Total	<u>(1,522)</u>

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

Debt issued or incurred:	
Bonds and bond anticipation notes (permanently financed).....	(6,665)
Principal repayments:	
General obligation bonds and notes.....	16,406
Capital lease.....	<u>(531)</u>
Total	<u>9,210</u>

(Continued)

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

TOWN OF FAIRFIELD, CONNECTICUT

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018
(THOUSANDS)

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:

Premium.....	\$	365
Compensated absences.....		28
Heart and hypertension.....		181
Pension expense.....		(12,283)
OPEB expense.....		83
Deferred charges.....		(313)
Accrued interest payable.....		<u>(175)</u>
Total		<u>(12,114)</u>
Internal service funds are used by management to charge costs of various self-insured risk premiums to individual departments.....		<u>1,212</u>
CHANGE IN NET POSITION (EXHIBIT B)	\$	<u>297</u>

(Concluded)

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

TOWN OF FAIRFIELD, CONNECTICUT

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 JUNE 30, 2018
 (THOUSANDS)

	INTERNAL SERVICE FUND
<hr/>	
<u>ASSETS</u>	
Current assets:	
Investments.....	\$ 13,300
Accounts receivable.....	<u>314</u>
TOTAL ASSETS.....	<u>13,614</u>
<u>LIABILITIES</u>	
Current liabilities:	
Accounts payable.....	814
Claims payable.....	<u>4,175</u>
Total current liabilities.....	4,989
Noncurrent liability:	
Claims payable.....	<u>8,288</u>
TOTAL LIABILITIES.....	<u>13,277</u>
<u>NET POSITION</u>	
Unrestricted.....	<u><u>\$ 337</u></u>

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

TOWN OF FAIRFIELD, CONNECTICUT

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2018
 (THOUSANDS)

	INTERNAL SERVICE FUND
OPERATING REVENUES:	
Charges for services.....	\$ 15,344
OPERATING EXPENSES:	
Claims incurred.....	12,892
Administration.....	1,240
TOTAL OPERATING EXPENSES.....	14,132
OPERATING INCOME (LOSS).....	1,212
TOTAL NET POSITION - JULY 1, 2017.....	(875)
TOTAL NET POSITION - JUNE 30, 2018.....	\$ 337

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

TOWN OF FAIRFIELD, CONNECTICUTSTATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2018
(THOUSANDS)

	INTERNAL SERVICE FUND
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received for charges for services.....	\$ 15,344
Cash paid for benefits and claims.....	(13,040)
Cash paid for administration.....	<u>(1,037)</u>
NET CASH FROM OPERATING ACTIVITIES.....	<u>1,267</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Purchase of investments.....	<u>(1,267)</u>
NET INCREASE (DECREASE) IN CASH.....	-
CASH - JULY 1, 2017.....	<u>-</u>
CASH - JUNE 30, 2018.....	<u>\$ -</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES:	
Operating income (loss).....	\$ 1,212
Adjustments to reconcile operating income (loss) to net cash from operating activities:	
Increase (decrease) in:	
Accounts receivable.....	(265)
Accounts and other payables.....	<u>320</u>
NET CASH FROM OPERATING ACTIVITIES.....	<u>\$ 1,267</u>

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

TOWN OF FAIRFIELD, CONNECTICUTSTATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2018
(THOUSANDS)

	PENSION AND OPEB TRUST FUNDS	CUSTODIAL FUNDS
<u>ASSETS</u>		
Cash.....	\$ -	\$ 1,064
Investments:		
Certificates of deposit.....	-	61
Corporate bonds.....	10,205	-
U.S. government agency obligations.....	4,999	-
U.S. government obligations.....	24,716	-
Hedge funds and private equity funds.....	270,915	-
Common stock.....	22,445	-
Municipal obligations.....	182	-
Mutual funds:		
Equity.....	87,952	-
Money market.....	8,051	-
Total investments.....	429,465	61
Receivables:		
Interest and dividends.....	2	-
TOTAL ASSETS.....	429,467	1,125
<u>LIABILITIES</u>		
Accounts payable.....	63	-
Due to general fund.....	150	-
Claims payable.....	171	-
TOTAL LIABILITIES.....	384	-
<u>NET POSITION</u>		
Restricted for:		
Pensions benefits.....	386,559	-
OPEB benefits.....	42,524	-
Individuals and organizations.....	-	1,125
TOTAL NET POSITION	\$ 429,083	\$ 1,125

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

TOWN OF FAIRFIELD, CONNECTICUTSTATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2018
(THOUSANDS)

	PENSION AND OPEB TRUST FUNDS	CUSTODIAL FUNDS
ADDITIONS:		
Contributions:		
Employer.....	\$ 18,720	\$ -
Plan members.....	2,140	-
Charges for services.....	-	2,210
Total contributions.....	20,860	2,210
Investment income (loss):		
Change in fair value of investments.....	31,110	-
Interest and dividends.....	3,321	-
Total investment income (loss)	34,431	-
Less investment expenses.....	526	-
Net investment income (loss)	33,905	-
TOTAL ADDITIONS.....	54,765	2,210
DEDUCTIONS:		
Benefits.....	28,559	-
Administration.....	283	-
Activities and events.....	-	2,232
TOTAL DEDUCTIONS.....	28,842	2,232
CHANGES IN NET POSITION.....	25,923	(22)
NET POSITION - JULY 1, 2017 (AS RESTATED).....	403,160	1,147
NET POSITION - JUNE 30, 2018.....	\$ 429,083	\$ 1,125

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

Town of Fairfield, Connecticut
Notes to the Financial Statements
For the Year Ended June 30, 2018
(Amounts expressed in thousands)

HISTORY AND ORGANIZATION

The Town of Fairfield (the "Town") operates under a Representative Town Meeting ("RTM"), Board of Selectmen, Board of Finance form of government and provides the following public services as authorized by its charter: public safety (police and fire), public works, health and social services, culture and recreation, education and general administrative services.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Government-Wide and Fund Financial Statements

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment 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, proprietary and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

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

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

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

Town of Fairfield, Connecticut
Notes to the Financial Statements
(Amounts expressed in thousands)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property taxes, expenditure reimbursement type grants, certain intergovernmental revenues, transfers and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. For reimbursement grants, the Town considers revenues to be available if they are collected within one year of the end of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the Town.

The Town reports the following major governmental funds:

The *General Fund* is the government'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 financial revenues to be used for major capital asset construction and/or purchases. The types of revenues recorded in this fund are grant revenue, contributions and other fees.

Additionally, the Town reports the following fund types:

The *Internal Service Fund* accounts for risk financing activities for medical insurance benefits and other self-insured risks.

The *Pension Trust Funds* account for the activities of the Town Employees' Retirement Plan and the Police and Fire Retirement Plan, which accumulates resources for pension benefit payments to qualified employees.

The *Other Post-Employment Benefit Trust Funds* account for the activities of the Town and Police and Fire OPEB Plan, which accumulates resources for retiree medical and life insurance benefits.

The *Custodial Funds* account for monies held on behalf of students.

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

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

Town of Fairfield, Connecticut
Notes to the Financial Statements
(Amounts expressed in thousands)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Town's internal service fund are charges to Town Departments for various types of self-insurance. Operating expenses for the internal service fund includes the cost of insurance and administrative expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Pensions and other post-employment benefits (OPEB) - For purposes of measuring the net pension and OPEB liabilities, deferred outflows of resources and deferred inflows of resources related to pensions and OPEB and pension and OPEB expense, information about the fiduciary net position and additions to/deductions from fiduciary net position of the Town of Fairfield pension and OPEB plans and the Connecticut State Teachers' Retirement System (TRS) have been determined on the same basis as they are reported by the Town of Fairfield pension and OPEB plans and TRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms.

C. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Equity

1. Deposits and Investments

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

Investments - In general, State of Connecticut Statutes allow the Town to invest in obligations of the United States of America or United States government sponsored corporations, in shares or other interests in any custodial arrangement, pool, or no-load, open-end management type investment company or investment trust (as defined), in obligations of any state or political subdivision rated within the top two rating categories of any nationally recognized rating service, or in obligations of the State of Connecticut or political subdivision rated within the top three rating categories of any nationally recognized rating service. Investment income is recorded in the fund in which it was earned.

Investments for the Town are reported at fair value. State Treasurers Investment Fund is an investment pool managed by the State of Connecticut Office of the State Treasurer. Investments must be made in instruments authorized by Connecticut General Statutes 3-27c - 3-27e. Investment guidelines are adopted by the State Treasurer. The fair value of the position in the pool is the same as the value of the pool shares. The balance of the pooled fixed income investments was invested in the pool, which operates under State Statutes. The fair value of the position in the pool is the same as the value of the pool shares.

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

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

Town of Fairfield, Connecticut
Notes to the Financial Statements
(Amounts expressed in thousands)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. Receivables and Payables

a. Interfunds

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

b. Property Taxes and Other Receivables

In the government-wide financial statements, all trade, property tax, sewer use, sewer assessment and loan receivables are shown net of an allowance for uncollectibles. Allowance percentages range from 1 to 20% of outstanding receivable balances and are calculated based upon prior collections.

Property taxes are assessed on property as of October 1. Taxes are billed in the following July and are due in four installments: July 1, October 1, January 1 and April 1. Liens are effective on the assessment date and are continued by filing before the end of the fiscal year following the due date.

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

The long-term receivable due from the parking authority is payable over a ten year period due December 2018.

Loan receivables consist of Community Development Block Grant loans. The Town provides low interest loans for residential rehabilitation as well as loans to local businesses for facility improvements.

3. Restricted Assets

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

4. Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the applicable governmental columns in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial, individual cost of more than \$10,000 for equipment and \$100,000 for infrastructure (amounts not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets, donated works of art and similar items and capital assets received in service concession arrangements are recorded at acquisition value at the date of donation.

Town of Fairfield, Connecticut

Notes to the Financial Statements
(Amounts expressed in thousands)

I. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

4. **Capital Assets (Continued)**

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. Property, plant and equipment of the Town are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>	<u>Assets</u>	<u>Years</u>
Land improvements	20	Vehicles	6 - 15
Buildings and improvements	45	Infrastructure	20 - 70
Machinery and equipment	5 - 20	Intangible assets (software)	10

5. **Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town reports deferred outflows of resources related to pensions and OPEB for differences between expected and actual experience, changes in assumptions and net difference between projected and actual earnings of the plan investments. The deferred outflow related to the differences between expected and actual experience and the change in assumptions will be amortized over the average remaining service life of all plan members. The deferred outflow for the net difference between projected and actual earnings of the plan investments will be amortized over a five-year period. The Town also reports a deferred charge on refunding which results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town reports a deferred inflow related to pensions and OPEB for the differences between expected and actual experience, changes in assumptions and net difference between projected and actual earnings of the plan investments. The deferred inflow related to the differences between expected and actual experience and the change in assumptions will be amortized over the average remaining service life of all plan members. The deferred inflow for the net difference between projected and actual earnings of the plan investments will be amortized over a five-year period.

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

Town of Fairfield, Connecticut
Notes to the Financial Statements
(Amounts expressed in thousands)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

6. Net Position Flow Assumption

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

7. Compensated Absences

Employees are paid by a prescribed formula for absence due to vacation and sickness. The eligibility for vacation pay vests when earned; however, unused sick leave may only be accumulated for use in future absences. Compensated absences are only reported in governmental funds if they are due and payable to an employee who has resigned or retired before or at fiscal year-end. The General Fund is the primary source to liquidate compensated absences.

8. Long-Term Obligations

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

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

9. Fund Equity and Net Position

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

Net Investment in Capital Assets

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

Restricted Net Position

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

Unrestricted Net Position

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

Town of Fairfield, Connecticut
Notes to the Financial Statements
(Amounts expressed in thousands)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

9. Fund Equity and Net Position (Continued)

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

Nonspendable

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

Restricted

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

Committed

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

Assigned

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

Unassigned

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

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

Minimum Fund Balance Policy

The Board of Finance has adopted a minimum fund balance policy for the General Fund. The policy establishes the intent to maintain a level of unassigned fund balance of at least 7.25% to 11% of annual budgeted expenditures. Further, once unassigned fund balance is greater than 8%, the Board of Finance may transfer any excess above 8% to the Town's Internal Service Fund.

Town of Fairfield, Connecticut
Notes to the Financial Statements
(Amounts expressed in thousands)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

10. Use of Estimates

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

11. Reclassifications

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

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgets and Budgetary Accounting

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

- Annually in May, the proposed budget is presented at a Representative Town Meeting, at which taxpayer comments are obtained. Prior to July 1, the budget is legally enacted through passage of a resolution.
- The Board of Finance is authorized to transfer budgeted amounts within departments. However, any revisions that alter the total expenditures of any department must be approved at a Representative Town Meeting. There were no additional appropriations.
- Formal budgetary integration is employed as a management control device during the year.
- The legal level of control (the level at which expenditures may not legally exceed appropriations) is at the department level.
- The Board of Education is authorized under state law to make any transfers required within their budget at their discretion. Additionally, as required by the Charter, these transfers must be reported to the Board of Selectmen. Any additional appropriations must have Board of Education and Board of Selectmen approval and, if over one-half of one percent of the annual budget, Town Meeting approval.
- Encumbrances are recognized as a valid and proper charge against a budget appropriation in the year in which the purchase order, contract or other commitment is issued and, accordingly, encumbrances outstanding at year end are reported in budgetary reports (RSI 1) as expenditures in the current year. Generally, all unencumbered appropriations lapse at year end, except those for the capital projects funds and those specifically reappropriated by the Board of Finance.

Town of Fairfield, Connecticut

Notes to the Financial Statements
(Amounts expressed in thousands)

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

A. Budgets and Budgetary Accounting (Continued)

- In addition to the general fund, the Water Pollution Control Authority ("WPCA") Fund has a legally adopted annual operating budget. The control level on which expenditures may not legally exceed appropriations is the fund level.
- Appropriations for capital projects are continued until completion of applicable projects, even when projects extend more than one fiscal year.

B. Capital Projects Authorizations

The following is a summary of Capital Projects:

<u>PROJECT NAME</u>	<u>PROJECT AUTHORIZATION</u>	<u>CUMULATIVE EXPENDITURES</u>	<u>BALANCE</u>
Infrastructure improvements.....	\$ 1,200	\$ 724	\$ 476
MUNIS.....	1,690	1,586	104
W.P.C.A. facility improvements.....	5,887	5,825	62
FWHS roof.....	11,035	7,249	3,786
Sherman Elementary renovation.....	3,200	-	3,200
Roof warranty extension.....	725	682	43
Riverfield School renovation.....	16,600	16,353	247
Storm Sandy facilities restoration.....	5,156	3,448	1,708
Osborn Hill remediation.....	4,536	4,284	252
FLHS expansion.....	15,538	13,954	1,584
Penfield repair and restoration.....	7,447	7,253	194
Kings Highway/Commerce Drive.....	2,000	370	1,630
WPCF improvements.....	5,588	1,710	3,878
Commerce Dr/ State St bridge.....	2,759	-	2,759
Capital projects.....	29,823	25,730	4,093
Nonrecurring capital projects.....	25,850	25,744	106
Valley Road bridge.....	285	285	-
Mill Plain Road bridge.....	545	379	166
Golf course expansion.....	350	47	303
Holland Hill expansion.....	20,041	3,467	16,574
FWMS roof.....	3,000	2,370	630
TOTAL	\$ 160,255	\$ 121,460	\$ 41,795

Town of Fairfield, Connecticut
Notes to the Financial Statements
(Amounts expressed in thousands)

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

C. Donor-Restricted Endowments

The Town has received certain endowments for the improvement and betterment of Fairfield public schools. The amounts are reflected in net position as restricted for endowments. Investment income is approved for disbursement by the Board of Education or the applicable Trustee and is included in restricted fund balance. At year end, net appreciation available for appropriation is \$30 from the H. Smith Richardson Conservation Fund.

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

III. DETAILED NOTES

A. Cash and Investments

Deposits - Custodial Credit Risk - Custodial credit risk is the risk that, in the event of a bank failure, the Town's deposits may not be returned to it. The Town does not have a deposit policy for custodial credit risk. At year-end, \$28,879 of the Town's bank balance of \$40,548 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 21,222
Uninsured and collateral held by the pledging bank's trust department, not in the Town's name	<u>7,657</u>
Total amount subject to custodial credit risk	<u>\$ 28,879</u>

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

Town of Fairfield, Connecticut

Notes to the Financial Statements
(Amounts expressed in thousands)**III. DETAILED NOTES (CONTINUED)****A. Cash and Investments (Continued)**

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

Type of Investment	Fair Value	N/A	Investment Maturities (In Years)			
			Less Than 1	1-5 Years	5-10 Years	Over 10
Mutual Funds:						
Equity	\$ 87,951	\$ 87,951	\$ -	\$ -	\$ -	\$ -
Money Market	11,585	-	11,585	-	-	-
Hedge Funds and Private Equity Funds	270,915	260,196	-	-	10,719	-
Certificates of Deposit	25,882	-	25,882	-	-	-
Pooled Fixed Income	17,528	-	17,528	-	-	-
U.S. Government Obligations	24,787	-	-	14,894	5,026	4,867
U.S. Government Agency Obligations	27,472	-	4,942	6,776	15,754	-
Common Stock	22,719	22,719	-	-	-	-
Municipal Obligations	8,374	-	661	7,436	277	-
Corporate Bonds	20,614	-	201	12,113	2,678	5,622
Total	\$ 517,827	\$ 370,866	\$ 60,799	\$ 41,219	\$ 34,454	\$ 10,489

Fair Value of Investments

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

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

Level 2: Observable inputs other than quoted market prices; and

Level 3: Unobservable inputs.

Town of Fairfield, Connecticut
Notes to the Financial Statements
(Amounts expressed in thousands)

III. DETAILED NOTES (CONTINUED)

A. Cash and Investments (Continued)

The Town had the following recurring fair value measurements:

	Amount	Quoted Market Prices in Active Markets Level 1	Significant Observable Inputs Level 2
<u>Investments by Fair Value Level</u>			
<u>Mutual Funds:</u>			
Money market	\$ 11,585	\$ 11,585	\$ -
Equity	87,951	87,951	-
Common Stock	22,719	22,719	-
U.S. Government Obligations	24,787	-	24,787
U.S. Government Agency Obligations	27,472	-	27,472
Municipal Obligations	8,374	-	8,374
Corporate Bonds	20,614	-	20,614
	<u>203,502</u>	<u>\$ 122,255</u>	<u>\$ 81,247</u>
<u>Investments Measured at the Net Asset Value (NAV)</u>			
Equity long/short hedge funds	40,795		
Common stock	78,065		
Fixed income funds	98,774		
Global opportunities hedge funds	17,114		
Real estate funds	17,898		
Private equity limited partnership investments	18,269		
	<u>270,915</u>		
<u>Other Investments not Subject to Fair Value Measurement</u>			
Certificates of Deposit	25,882		
Pooled Fixed Income	17,528		
	<u>43,410</u>		
Total other investments	<u>43,410</u>		
Total Investments	<u>\$ 517,827</u>		

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

Securities classified in Level 2 are valued using quoted prices for identical securities in markets that are not active.

Town of Fairfield, Connecticut
Notes to the Financial Statements
(Amounts expressed in thousands)

III. DETAILED NOTES (CONTINUED)

A. Cash and Investments (Continued)

Investments measured at NAV

INVESTMENT DESCRIPTION		FAIR VALUE	UNFUNDED COMMITMENTS	REDEMPTION FREQUENCY (IF CURRENTLY ELIGIBLE)	REDEMPTION NOTICE PERIOD
Equity long/short hedge funds	1	\$ 40,795	\$ -	Quarterly	45 - 65 days
Common stock	2	78,065	-	Daily	Daily - 4 days
Fixed income funds	3	98,774	-	Daily	Daily
Global opportunities hedge funds	4	17,114	-	Daily, Quarterly	Daily - 10 days
Real estate funds (1)	5	17,867	-	Quarterly	90 days
Real estate funds (2)	5	31	-	Not permitted	Not permitted
Private equity limited partnership investments	6	<u>18,269</u>	<u>9,684</u>	Not permitted	Not permitted
TOTAL INVESTMENTS MEASURED AT THE NAV		<u>\$ 270,915</u>	<u>\$ 9,684</u>		

1. *Equity long/short hedge funds.* This type includes investments in 2 hedge funds that invest in both long and short common stocks. Management of each hedge fund has the ability to shift investments from value to growth strategies, from small to large capitalization stocks, and from a net long position to a net short position. The fair values of the investments in this type have been determined using the NAV per share of the investment.
2. *Common stock.* This type includes investments in 2 hedge funds, one that invests in 100% U.S. common stock which makes up 80% of this investment balance. The other fund invests in 64% U.S. common stock, 22% mutual funds, 7% foreign common stock and 7% other investments. The fair values of the investments in this type have been determined using the NAV per share of the investment.
3. *Fixed income funds.* This type includes investments in 2 hedge funds, one that is 98% invested in treasury bills which makes up 19% of this investment balance. The other fund invests in asset backed securities, corporate bonds, foreign bonds, municipal bonds, U.S. government agency bonds and U.S. treasury bonds and notes. The fair values of the investments in this type have been determined using the NAV per share of the investment.
4. *Global opportunities hedge funds.* This type includes investments in 2 hedge funds. One fund invests in 52% foreign government obligations, 24% corporate obligations as well as other investments. This fund is 68% of this investment type. The second fund invests 95% in foreign stocks. The fair values of the investments in this type have been determined using the NAV per share (or its equivalent) of the investment.

Town of Fairfield, Connecticut

Notes to the Financial Statements
(Amounts expressed in thousands)**III. DETAILED NOTES (CONTINUED)****A. Cash and Investments (Continued)**

5. *Real estate funds.* This type includes 2 real estate funds that invest primarily in U.S. commercial real estate. The first fund permits redemptions quarterly with 90 days notice, whereas the second fund's investments cannot be redeemed. Distributions from the second fund will be received as the underlying investments of the funds are liquidated. Currently, there is no estimate of when underlying investments will be liquidated. The fair values of the investments in this type have been determined using the NAV per share (or its equivalent) of the Town's ownership interest in partners' capital.
6. *Private equity limited partnership investments.* This type includes 2 private equity funds that invest primarily in private equity limited partnerships. One of the funds has a portfolio of approximately 40 private equity partnerships. These investments can never be redeemed but instead, the nature of the investments in this type is that distributions are received through the liquidation of the underlying assets of the fund. Currently, there is no estimate of when underlying investments will be liquidated. The fair values of the investments in this type have been determined using the NAV per share (or its equivalent) of the investment.

Interest rate risk - The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit risk - The Town has no investment policy that would limit its investment choices due to credit risk other than State Statutes governing investments in obligations of any State or political subdivision or in obligations of the State of Connecticut or political subdivision.

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

Type of Investment	Ratings					Totals
	AAA	AA	A	BBB	Unrated	
Mutual Funds:						
Money Market	\$ 11,585	\$ -	\$ -	\$ -	\$ -	\$ 11,585
Pooled Fixed Income	17,528	-	-	-	-	17,528
U.S. Government Agency Obligations	-	22,656	-	-	4,816	27,472
Municipal Obligations	1,234	4,089	2,197	-	854	8,374
Corporate Bonds	98	6,654	251	54	13,557	20,614
Total	\$ 30,445	\$ 33,399	\$ 2,448	\$ 54	\$ 19,227	\$ 85,573

Town of Fairfield, Connecticut
Notes to the Financial Statements
(Amounts expressed in thousands)

III. DETAILED NOTES (CONTINUED)

A. Cash and Investments (Continued)

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

Custodial credit risk - The Town does not have a formal policy with respect to custodial credit risk. Custodial credit risk is the risk that, in the event of the failure of the counterparty, the Town will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party.

Certain investments are covered by the Securities Investor Protection Corporation ("SIPC") up to \$500, including \$250 of cash from sale or for purchase of investments, but not cash held solely for the purpose of earning interest. SIPC protects securities such as notes, stocks, bonds, debentures, certificates of deposit and money funds.

The following Town investments are held by the counterparty's trust department or agent but not in the Town's name and, therefore, are subject to custodial credit risk as follows:

	Total	Less Insured Amounts	Amount Subject To Custodial Credit Risk
U.S. Government Obligations	\$ 24,787	\$ -	\$ 24,787
U.S. Government Agency Obligations	27,472	1,000	26,472
Municipal Obligations	8,374	-	8,374
Corporate Bonds	20,614	554	20,060
Common Stock	22,719	-	22,719
	<hr/>		
Total	\$ 103,966	\$ 1,554	\$ 102,412

Town of Fairfield, Connecticut
Notes to the Financial Statements
(Amounts expressed in thousands)

III. DETAILED NOTES (CONTINUED)

B. Receivables

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

	Property Taxes			
	Taxes	Interest and Lien Fees	Total	
Current Portion	\$ 3,107	\$ 1,070	\$ 4,177	
Long Term Portion	\$ 5,524	\$ 2,550	\$ 8,073	
Less Allowance for uncollectible	(301)	(711)	(1,012)	
Net Long Term Portion	\$ 5,223	\$ 1,839	\$ 7,061	
	Sewer Use and Assessments			
	Use Fees and Assessments	Interest and Lien Fees	Total	CDBG Loans
Current Portion	\$ 295	\$ 209	\$ 504	\$ 24
Long Term Portion	\$ 521	\$ 369	\$ 890	\$ 1,849
Less Allowance for uncollectible	(22)	(2)	(24)	(35)
Net Long Term Portion	\$ 499	\$ 367	\$ 866	\$ 1,814
Total Receivable	816	578	1,394	1,873

Town of Fairfield, Connecticut
Notes to the Financial Statements
(Amounts expressed in thousands)

III. DETAILED NOTES (CONTINUED)

C. Capital Assets

Capital asset activity for the fiscal year was as follows:

	Balance July 1, 2017	Increases	Decreases	Balance June 30, 2018
<u>Capital Assets, Not Being Depreciated:</u>				
Land	\$ 33,460	\$ -	\$ -	\$ 33,460
Construction in progress	51,468	10,792	5,001	57,259
Total Capital Assets, Not Being Depreciated	84,928	10,792	5,001	90,719
<u>Capital assets, Being Depreciated:</u>				
Land improvements	2,076	803	-	2,879
Buildings and improvements	493,032	2,554	-	495,586
Vehicles	21,308	1,464	24	22,748
Machinery and equipment	17,918	1,708	1,085	18,541
Intangible assets	443	-	-	443
Infrastructure	144,281	235	235	144,281
Total Capital Assets, Being Depreciated	679,058	6,764	1,344	684,478
Total Capital Assets	763,986	17,556	6,345	775,197
<u>Less Accumulated Depreciation For:</u>				
Land improvements	925	132	-	1,057
Buildings and improvements	149,152	10,025	-	159,177
Vehicles	14,403	1,061	24	15,440
Machinery and equipment	9,351	918	1,074	9,195
Intangible assets	106	55	-	161
Infrastructure	86,109	2,412	-	88,521
Total Accumulated Depreciation	260,046	14,603	1,098	273,551
Total Capital Assets, Being Depreciated, Net	419,012	(7,839)	246	410,927
Capital Assets, Net	\$ 503,940	\$ 2,953	\$ 5,247	\$ 501,646

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

General government	\$ 115
Finance	178
Public safety	1,001
Public works	4,276
Health and welfare	45
Culture and recreation	759
Education	8,229
Total depreciation expense	\$ 14,603

Town of Fairfield, Connecticut
Notes to the Financial Statements
(Amounts expressed in thousands)

III. DETAILED NOTES (CONTINUED)

C. Capital Assets (Continued)

Construction Commitments

The Town had the following construction commitments:

Fairfield Middle School.....	\$ 2,196
Holland Hill Elementary School.....	1,934
Fairfield Warde Project.....	379
Fairfield Ludlowe High School.....	<u>2,313</u>
 Total	 <u><u>\$ 6,822</u></u>

D. Interfund Accounts

1. Interfund Payables and Receivables

A summary of interfund balances is as follows:

	Corresponding Fund	Due From	Due To
Major Funds			
General Fund:			
Community Development Block Grant	N/A	\$ 123	\$ -
Recreation Fund	N/A	-	169
Donations Fund	N/A	-	272
Public School Lunch Fund	N/A	419	-
Special Education Fund	N/A	59	-
Capital Projects Fund	N/A	5,597	-
OPEB Trust	N/A	<u>150</u>	<u>-</u>
 Total General Fund		 <u>6,348</u>	 <u>441</u>
 Capital Project Fund	 General Fund	 <u>-</u>	 <u>5,597</u>
 Nonmajor Funds			
Special Revenue Funds:			
Recreation Fund	General Fund	169	-
Donations Fund	General Fund	272	-
Community Development Block Grant	General Fund	-	123
Public School Lunch Fund	General Fund	-	419
Special Education Fund	General Fund	<u>-</u>	<u>59</u>
 Total Nonmajor Funds		 <u>441</u>	 <u>601</u>
 OPEB Trust	 General Fund	 <u>-</u>	 <u>150</u>
 Grant Total		 <u><u>\$ 6,789</u></u>	 <u><u>\$ 6,789</u></u>

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

Town of Fairfield, Connecticut
Notes to the Financial Statements
(Amounts expressed in thousands)

III. DETAILED NOTES (CONTINUED)

D. Interfund Accounts (Continued)

2. Interfund Transfers

A summary of interfund transfers is as follows:

Major Funds	Corresponding Fund	Transfers In	Transfers Out
General Fund:			
Debt Service Fund	N/A	\$ -	\$ 713
Capital Projects Fund	N/A	-	1,866
Total General Fund		-	2,579
Capital Projects Fund:			
General Fund	N/A	1,866	-
Special Revenue Funds	N/A	556	-
Total Capital Projects Fund		2,422	-
Other Governmental Funds:			
Special Revenue Funds	Capital Projects Fund	-	556
Debt Service Fund	General Fund	713	-
Total Other Governmental Funds		713	556
Grand Total		<u>\$ 3,135</u>	<u>\$ 3,135</u>

Transfers are used to move budgeted appropriations from the general fund for funding of the capital nonrecurring fund and various programs and activities in other funds and transfers for debt service activity.

E. Short-Term Obligations - Bond Anticipation Notes

The Town is using bond anticipation notes during the construction of the school prior to the issuance of the bonds at the completion of the project.

Short-term obligation activity for the fiscal year was as follows:

Type of Obligation	Maturity Date	Coupon Rate	Balance July 1, 2017	Additions	Reductions	Permanently Financed	Balance June 30, 2018
General Purpose	7/13/2017	2.00%	\$ 9,145	\$ -	\$ 9,145	\$ -	\$ -
Schools	7/13/2017	2.00%	140	-	140	-	-
General Purpose	7/12/2018	2.50%	-	9,493	-	3,275	6,218
Schools	7/12/2018	2.50%	-	3,152	-	1,652	1,500
Total			<u>\$ 9,285</u>	<u>\$12,645</u>	<u>\$ 9,285</u>	<u>\$ 4,927</u>	<u>\$ 7,718</u>

The bond anticipation notes mature in July 2018, and carry a coupon interest rate of 2.5%. In July 2018, the Town issued \$17,025 of general obligation bonds which permanently financed a portion of the bond anticipation notes outstanding at fiscal year-end. These bonds mature through 2038 and carry interest rates of 2.0 - 5.0%.

In July 2018, the Town issued \$7,410 of bond anticipation notes that mature in July 2019, and carry a coupon interest rate of 3.0% and a true interest cost of 1.45%.

Town of Fairfield, Connecticut

Notes to the Financial Statements
(Amounts expressed in thousands)III. DETAILED NOTES (CONTINUED)F. Changes in Long -Term Obligations1. Summary of Changes

The following is a summary of changes in long-term obligations during the fiscal year:

Description	Original Amount	Date of Issue	Date of Maturity	Interest Rate	Balance July 1, 2017	Additions	Deductions	Balance June 30, 2018	Current Portion
<u>GENERAL OBLIGATION BONDS:</u>									
General Purpose:									
Refunding issue	\$ 5,447	2008	01/01/23	3.375%-5.0%	\$ 2,285	\$ -	\$ 370	\$ 1,915	\$ 375
Debt issue	5,265	2008	07/15/28	3.125%-5.0%	520	-	260	260	260
Debt issue	802	2009	07/15/21	5.00%	768	-	18	750	91
Refunding issue	1,764	2012	06/30/26	2.0%-5.0%	1,465	-	294	1,171	294
Debt issue	10,655	2012	07/15/32	2.125%-4.0%	6,990	-	555	6,435	555
Refunding issue	1,439	2013	06/30/20	2.0%-4.0%	299	-	200	99	50
Debt issue	500	2014	06/30/35	2.0%-4.0%	450	-	25	425	25
Refunding issue	2,467	2015	07/15/27	1.75%-4%	2,412	-	37	2,375	8
Refunding issue	8,845	2016	07/15/30	2%-5%	8,761	-	-	8,761	-
Debt issue	3,500	2016	06/30/37	2%-5%	3,500	-	175	3,325	175
Debt issue	10,885	2017	07/13/37	3%-5%	9,145	1,738	-	10,883	380
Total General Purpose	51,569				36,595	1,738	1,934	36,399	2,213
Schools:									
Refunding issue	40,623	2008	01/01/23	3.375%-5.0%	17,033	-	2,759	14,274	2,798
Debt issue	23,095	2008	07/15/28	3.125%-5.0%	2,280	-	1,140	1,140	1,140
Debt issue	18,608	2009	07/15/21	5.00%	14,397	-	2,257	12,140	3,599
Refunding issue	25,011	2012	06/30/26	2.0%-5.0%	21,410	-	1,771	19,639	1,766
Debt issue	26,945	2012	07/15/32	2.125%-4.0%	20,760	-	1,395	19,365	1,395
Refunding issue	8,907	2013	06/30/20	2.0%-4.0%	1,848	-	1,236	612	308
Debt issue	11,000	2014	06/30/35	2.0%-4.0%	9,900	-	550	9,350	550
Refunding issue	21,773	2015	07/15/27	1.75%-4%	20,648	-	753	19,895	157
Refunding issue	17,995	2016	07/15/30	2%-5%	17,849	-	-	17,849	-
Debt issue	16,811	2016	06/30/37	2%-5%	16,811	-	840	15,971	840
Debt issue	2,000	2017	07/13/37	3%-5%	2,002	-	-	2,002	70
Total Schools	212,768				144,938	-	12,701	132,237	12,623
Sewer:									
Refunding issue	160	2008	01/01/23	3.375%-5.0%	67	-	11	56	11
Refunding issue	209	2013	06/30/20	2.0%-4.0%	43	-	29	14	7
Total Sewer	369				110	-	40	70	18
Total Bonds	264,706				181,643	1,738	14,675	168,706	14,854
<u>NOTES:</u>									
Water:									
CFW 399D	2,280	1999	07/31/18	2.00%	124	-	114	10	10
CFW 245C	830	1998	08/01/17	2.00%	5	-	5	-	-
CFW 399C	29,436	2003	07/31/22	2.00%	8,539	-	1,612	6,927	1,644
Total Notes	32,546				8,668	-	1,731	6,937	1,654

Town of Fairfield, Connecticut
Notes to the Financial Statements
(Amounts expressed in thousands)

III. DETAILED NOTES (CONTINUED)

F. Changes in Long -Term Obligations (Continued)

1. Summary of Changes (Continued)

Description	Original Amount	Date of Issue	Date of Maturity	Interest Rate	Balance July 1, 2017	Additions	Deductions	Balance June 30, 2018	Current Portion
Bond Anticipation Notes					\$ -	\$ 4,927	\$ -	\$ 4,927	\$ -
Total Bonds/Notes					190,311	6,665	16,406	180,570	16,508
Bond Premium					7,582	902	1,267	7,217	-
Total Bonds/Notes and related liabilities					197,893	7,567	17,673	187,787	16,508
Capital Leases					96	715	184	627	135
Compensated Absences					4,481	2,163	2,191	4,453	891
Heart and Hypertension					2,702	-	181	2,521	508
Net Pension Liability					66,502	38,037	45,238	59,301	-
Net OPEB Liability					118,949	13,594	14,592	117,951	-
Risk Management					12,611	12,892	13,040	12,463	4,175
Total Long-Term Obligations					<u>\$403,234</u>	<u>\$74,968</u>	<u>\$ 93,099</u>	<u>\$385,103</u>	<u>\$22,217</u>

All bonds and notes will be liquidated by the General Fund, except for clean water loan 245C, which is liquidated by the Water Pollution Control Authority fund.

All other long-term liabilities listed above are also generally liquidated by the General Fund.

Town of Fairfield, Connecticut
Notes to the Financial Statements
 (Amounts expressed in thousands)

III. DETAILED NOTES (CONTINUED)

F. Changes in Long-Term Obligations (Continued)

1. Summary of Changes (Continued)

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

Fiscal Year	Bonds		Notes	
	Principal	Interest	Principal	Interest
2019	\$ 16,070	\$ 6,361	\$ 1,654	\$ 124
2020	16,260	5,392	1,678	90
2021	16,430	4,649	1,711	56
2022	16,510	3,959	1,746	22
2023	14,665	3,329	148	
2024	11,445	2,718		
2025	11,525	2,277		
2026	11,585	1,853		
2027	9,055	1,500		
2028	9,070	1,221		
2029	7,440	963		
2030	5,770	742		
2031	5,755	559		
2032	4,265	414		
2033	4,265	295		
2034	2,265	205		
2035	2,265	144		
2036	1,695	90		
2037	1,696	45		
2038	675	11		
Totals	\$ 168,706	\$ 36,727	\$ 6,937	\$ 292

2. Capital Lease

The Town has entered into a lease agreement for the purchase of golf carts as well as copiers for the schools. The annual payments for the agreement are provided for by annual general fund appropriations.

The assets acquired through capital leases are as follows:

Asset:	
Equipment.....	\$ 991
Less accumulated depreciation.....	<u>(302)</u>
Total	<u>\$ 689</u>

This year, \$56 was included in depreciation expense.

Town of Fairfield, Connecticut
Notes to the Financial Statements
(Amounts expressed in thousands)

III. DETAILED NOTES (CONTINUED)

F. Changes in Long-Term Obligations (Continued)

2. Capital Lease (Continued)

The lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of future minimum lease payments as of the date of inception. The following is a schedule of the minimum lease payments under the lease and the present value of the future minimum lease payments:

Year Ending June 30,		
2019	\$	145
2020		168
2021		168
2022		95
2023		71
Less amount representing interest		<u>(20)</u>
Present value of minimum lease payments	\$	<u>627</u>

3. Statutory Debt Limitations

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

Category	Debit Limit	Net Indebtness	Balance
General purpose	\$ 611,098	\$ 45,892	\$ 565,206
Schools	1,222,196	135,389	1,086,807
Sewer	1,018,496	39	1,018,457
Urban renewal	882,697	-	882,697
Pension deficit	814,797	-	814,797

The total overall statutory debt limit for the Town is equal to seven times annual receipts from taxation, \$1,901,193.

The indebtedness reflected above includes bonds outstanding in addition to the amount of bonds authorized and unissued against which bond anticipation notes are issued and outstanding. Sewer assessment receivables of \$31 are reflected as a deduction in the computation of net indebtedness.

4. Authorized/Unissued Bonds

The amount of authorized, unissued bonds is \$50,557 for school and \$29,249 for general purpose.

Town of Fairfield, Connecticut
Notes to the Financial Statements
(Amounts expressed in thousands)

III. DETAILED NOTES (CONTINUED)

F. Changes in Long-Term Obligations (Continued)

5. Prior Year Advance Refunding

In prior years, the Town defeased certain general obligation bonds by placing the proceeds of the new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability of the defeased bonds are not included in the Town's financial statements. At fiscal year-end, \$46,375 of bonds outstanding are considered defeased.

G. Restricted Net Position

The amount of restricted net position, which was restricted by enabling legislation, totaled \$8,616.

Town of Fairfield, Connecticut
Notes to the Financial Statements
(Amounts expressed in thousands)

III. DETAILED NOTES (CONTINUED)**H. Fund Balance Classifications**

Fund balances are composed of the following:

Fund Balance Component	General Fund	Capital Projects	Nonmajor Funds	Total
<u>Nonspendable:</u>				
Simeon and Carrie Pease for Education Library	\$ -	\$ -	\$ 20	\$ 20
H. Smith Richardson for Conservation	-	-	30	30
Housing Rehabilitation Programs	-	-	1,873	1,873
Total Nonspendable	-	-	1,943	1,943
<u>Restricted:</u>				
Conservation	-	-	318	318
Public Safety - Care of Animals	-	-	656	656
Sanitary Sewer Operations	-	-	6,718	6,718
Sanitary Sewer Projects	-	-	1,840	1,840
Culture and Recreation:				
Housing Rehabilitation Programs	-	-	1	1
Library Operations	-	-	69	69
School Lunch Programs	-	-	192	192
Total Restricted	-	-	9,794	9,794
<u>Committed:</u>				
Public Safety - Police and Port security	-	-	408	408
Fairfield Center Improvements	-	-	228	228
Health and Rehabilitation Programs	-	-	210	210
Park and Recreation Programs	-	-	1,092	1,092
Various Education Programs	-	-	421	421
Other	-	-	311	311
Total Committed	-	-	2,670	2,670
<u>Assigned:</u>				
General Government	87	-	-	87
Finance - Information Systems	38	-	-	38
Public Works - Operations	646	-	-	646
Health and Welfare	158	-	-	158
Education	1,528	-	-	1,528
Debt Service	-	-	5,391	5,391
Total Assigned	2,509	-	5,391	7,900
<u>Unassigned</u>	32,142	(8,143)	-	23,999
Total	\$ 34,651	\$ (8,143)	\$ 19,798	\$ 46,306

General Fund encumbrances totaled \$2,509.

Water Pollution Control Authority fund balance is reported as restricted by enabling legislation.

Town of Fairfield, Connecticut
Notes to the Financial Statements
(Amounts expressed in thousands)

IV. OTHER INFORMATION

A. Risk Management

Except for the purchase of commercial insurance coverage for all Town buildings (flood, fire and casualty), errors and omissions, general liability umbrella policy with a retention limit of \$500,000 (amount not rounded) per incident, law enforcement liability insurance policy with a deductible of \$50,000 (amount not rounded), workers' compensation excess policy with a retention limit of \$500,000 (amount not rounded) per incident and employee group medical claims in excess of \$150,000 (amount not rounded), the Town is exposed to various risks for which it has retained the risk of loss including torts; theft of, damage to and destruction of assets; natural disaster; general liability; workers' compensation; and employee and post-retiree group medical. Settled claims have not exceeded commercial coverage in any of the past three years, and there has not been any significant reductions in insurance coverage from amounts held in prior years.

The Town utilizes a risk management fund (the Internal Service Fund) to account for and finance its uninsured risks of loss. The fund records all claim expenditures and liabilities when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated.

All Town departments and agencies are charged premiums by the Internal Service Fund, which are included in department and agency expenditures, to cover the estimated cost of claims payment based on historical cost estimates of the amounts needed to pay prior and current year claims. Claims liabilities include an estimate of claims incurred but not reported and are the Town's best estimate based on available information.

The claims liability reported in the fund is based upon accounting principles, which require that a liability for estimated claims incurred but not reported be recorded. 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 <u>July 1</u>	Current Year Claims and Changes In <u>Estimates</u>	Claims <u>Paid</u>	Claims Payable <u>June 30</u>
2016-2017	\$ 14,333	\$ 13,932	\$ 15,654	\$ 12,611
2017-2018	12,611	12,892	13,040	12,463

B. Commitments and Litigation

Amounts received or receivable from the grantor agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the Town expects such amounts, if any, to be immaterial.

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 Fairfield, Connecticut
Notes to the Financial Statements
(Amounts expressed in thousands)

IV. OTHER INFORMATION (CONTINUED)

C. Pension Plan

1. Plan Description

a. Plan Administration

The Town administers two single-employer defined benefit pension plans (the Employees' Retirement Plan and the Police and Fire Employees' Retirement Plan), which provide pensions for all permanent full-time employees of the Town and police and fire personnel. Both pension plans grant the authority to establish and amend the benefit terms to the Representative Town Meeting. In addition, the Town established a single employer, defined contribution plan for employees hired after April 1, 2011, which is discussed in Note IV.C.13. The plans do not issue separate, stand-alone financial reports.

Management of each plan is vested in a Retirement Board, which consists of individuals appointed by Representative Town Meeting, and employees elected by the employee groups represented in the Plan.

As of July 1, 2017 for Employees' and Police and Fire Employees', the plans' membership consisted of:

	<u>Employees'</u>	<u>Police and Fire Employees'</u>
Inactive members and beneficiaries currently receiving benefits	518	217
Active members	<u>565</u>	<u>200</u>
Total	<u>1,083</u>	<u>417</u>

Town of Fairfield, Connecticut
Notes to the Financial Statements
(Amounts expressed in thousands)

IV. OTHER INFORMATION (CONTINUED)

C. Pension Plan (Continued)

2. Benefit Provisions

a. Employees' Retirement Plan

The plan provides retirement, disability and death benefits to full-time employees who participate in the plan. The plan covers substantially all noncertified Board of Education employees and all regular Town employees. The retirement benefit is calculated at 2.2% of the average of final salary over the period of highest 2 consecutive years' times years of service for Public Works, 2.275% of a member's highest salary times years of service for Educational Office Professionals and Professional and Technical Employees and department heads, and 1.25% of final salary up to \$7,800 plus 2.3% of the excess for all other members. Final and highest salary includes base salary plus longevity. Benefits and contributions are established by the Town and may be amended by the Retirement Board, or union contract. Plan members are eligible to retire with full benefits at age 62 upon completion of 10 years of service, except public works members, who may retire at age 59 1/2.

All plan members who are determined to have a total and permanent disability are eligible for non-work related disability benefits after 10 years of service. Disability retirement benefits are calculated in the same manner as regular retirement benefits. A member who is permanently and totally disabled solely and exclusively as a result of an accident or injury incurred during the course of Town employment will be retired, regardless of period of service, at an amount equal to 50% of the member's annual base salary on the date of the accident or injury reduced by any workers' compensation benefits being received after retirement. Death benefits as a result of an accident occurring during the course of Town employment will be equal to 50% of member's highest salary. Upon death of a member from causes not related to Town employment, the member's accumulated contributions with interest shall be paid to the member's spouse or beneficiary, if there is no spouse. If the member was eligible to retire at the time of death, the spouse may elect to receive 50% of the member's benefit as if the member had retired.

A plan member who terminates employment with less than 10 years of credited service shall forfeit all rights to benefits under the plan except for the return of member contributions with credited interest.

Members shall receive automatic cost of living adjustments ("COLA") regulated by the change in the U.S. Consumer Price Index, and members receive the COLA in even numbered years, except where a union contract requires an annual COLA. The adjustment shall not exceed 3% in each year of the calculation period.

Town of Fairfield, Connecticut
Notes to the Financial Statements
(Amounts expressed in thousands)

IV. OTHER INFORMATION (CONTINUED)

C. Pension Plan (Continued)

2. Benefit Provisions (Continued)

b. Police and Fire Employees' Retirement Plan

The plan provides retirement, disability and death benefits to regular members of the Police and Fire departments. For Police members hired prior to March 18, 2013 and Fire members hired prior to March 10, 2012, the retirement benefit is calculated at 2% of base salary plus longevity for each year of service up to 10 years, plus 2.5% for years 11-20, 3% for years 21-25, and 4% for years 26-30. The maximum benefit is 80% of base salary plus longevity. For employees hired after the dates above, the benefit is calculated in the same way as for previously hired employees until the period following 25 years. After 25 years, the benefit is calculated at 3% for each year of service up to a maximum of 70% for Police and 75% for Fire. Benefits and contributions are established by the Town and may be amended by the Retirement Board, or union contract. Plan members upon completion of 25 years of service are eligible to retire at age 51 with full benefits or, in the case of the Fire Department, upon completion of 30 years of service regardless of age.

A member who is totally and permanently disabled through a job related accident or injury is eligible to receive a benefit not less than $66 \frac{2}{3}\%$ of the member's annual base salary, plus longevity on the date of the accident. Non-service connected benefits are determined in the same manner as retirement benefits, and members must have at least five years of continuous service. Death benefits will be paid if a member dies prior to the normal retirement date equal to 25% of the member's final pay after one year of service. After five years of service, benefits are payable equal to 1% of final salary multiplied by years of service to a maximum of ten years plus $1 \frac{1}{2}\%$ of final salary multiplied by years of service in excess of 10 years to a maximum of 25% of final pay. After the normal retirement date, the benefit is 75% of the member's retirement benefit. If death is incurred in the line of duty, the benefit is equal to 50% of the member's final salary.

A plan member who terminates employment with less than 10 years of credited service shall forfeit all rights to benefits under the plan except for the return of member contributions with credited interest.

Members shall receive automatic COLA regulated by the change in the U.S. Consumer Price Index, and members receive the COLA in even numbered years. The adjustment shall not exceed 3% in each year of the two-year calculation period.

Town of Fairfield, Connecticut
Notes to the Financial Statements
(Amounts expressed in thousands)

IV. OTHER INFORMATION (CONTINUED)

C. Pension Plan (Continued)

3. Contributions

a. Employees' Retirement Plan

Article 2.5 of the Pension Plan provides that member contributions shall be determined by the applicable collective bargaining agreement or by Town Policy. Currently, employees under the plan are required to contribute 4.0% of their annual compensation.

The Town is required to contribute the amount determined by the actuary, considering the member contributions.

The average active member contribution rate was 4.0% of annual base compensation, and the Town's average contribution rate was 12.2% of annual payroll.

b. Police and Fire Employees' Retirement Plan

Article 2.4 of the Pension Plan provides that members will contribute 5.0% of their annual compensation; however, current union contracts require contributions of 2.5% to 4.5% of earnings.

The Town is required to contribute the amount determined by the actuary, considering the member contributions.

The average active member contribution rate was 4.5% of annual base compensation, and the Town's average contribution rate was 20.6% of annual payroll.

4. Investments

a. Investment Policy

The pension plans' policy in regard to the allocation of invested assets is established and may be amended by the Retirement Board by a majority vote of its members. It is the policy of the Town's Retirement Board to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes.

Town of Fairfield, Connecticut
Notes to the Financial Statements
(Amounts expressed in thousands)

IV. OTHER INFORMATION (CONTINUED)

C. Pension Plan (Continued)

4. Investments (Continued)

The following was the Board's adopted asset allocation policy for both the Employees' and Police and Fire Employees' Retirement Plans:

<u>Asset Class</u>	<u>Target Allocation</u>
US Equity	25%
Global ex-US Equity	20%
US Fixed Income	20%
Global Fixed Income	10%
Hedge Funds	10%
Private Equity	5%
Real Estate	5%
Commodities	3%
Cash	<u>2%</u>
Total	<u>100%</u>

5. Concentrations

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

6. Rate of Return

The annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 8.51% for the Employees' Retirement Plan and 8.54% for the Police and Fire Employees' Retirement Plan. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

7. Net Pension Liability

The components of the net pension liability were as follows:

	<u>Employees'</u>	<u>Police and Fire Employees'</u>
Total pension liability	\$ 236,234	\$ 209,626
Plan fiduciary net position	<u>(201,335)</u>	<u>(185,204)</u>
Net pension liability	<u>\$ 34,899</u>	<u>\$ 24,422</u>
Plan fiduciary net position as percentage of the total pension liability	<u>85.2%</u>	<u>88.3%</u>

Town of Fairfield, Connecticut
Notes to the Financial Statements
(Amounts expressed in thousands)

IV. OTHER INFORMATION (CONTINUED)

C. Pension Plan (Continued)

8. Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of July 1, 2017, using the following actuarial assumptions, applied to all periods included in the measurement:

	<u>Employees'</u>	<u>Police and Fire Employees'</u>
Actuarial cost method	Entry age	Entry age
Amortization method	Level percentage, closed	Level percentage, closed
Asset valuation method	Fair value	Fair value
Post-retirement increases	3.00%, where applicable	3.00%, where applicable
Inflation	2.75%	2.75%
Salary increase	2.40%	3.50%-4.70%
Discount rate	7.00%	7.00%
Mortality rates	RP-2014 Total Dataset Mortality Table projected to valuation date with Scale MP-2017.	RP-2014 Blue Collar Mortality Table projected to valuation date with Scale MP-2017.

The mortality assumption was updated to better reflect anticipated experiences and was based on the Projection Scale MP-2017 from the Projection Scale MP-2016 since the prior measurement date.

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

Town of Fairfield, Connecticut
Notes to the Financial Statements
(Amounts expressed in thousands)

IV. OTHER INFORMATION (CONTINUED)

C. Pension Plan (Continued)

8. Actuarial Assumptions (Continued)

<u>Asset Class</u>	<u>Employees'</u> Long-Term Expected Real Rate of Return	<u>Police and Fire Employees'</u> Long-Term Expected Real Rate of Return
US Large Cap	4.65%	4.65%
US Mid/Small Cap	5.50%	5.50%
International Developed	5.50%	5.50%
International Emerging	6.50%	6.50%
US Govt Intermediate	1.75%	1.75%
US Corp Intermediate	2.25%	2.25%
Hedge Funds	5.25%	5.25%
International	2.50%	2.50%
Real Estate	5.00%	5.00%
Commodities	5.25%	5.25%
Cash	0.00%	0.00%

9. Discount Rate

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

10. Changes in the Net Pension Liability

The Town's net pension liability was measured at June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017.

Town of Fairfield, Connecticut
Notes to the Financial Statements
(Amounts expressed in thousands)

IV. OTHER INFORMATION (Continued)

C. Pension Plan (Continued)

10. Changes in the Net Pension Liability (Continued)

The changes in net pension liability for each plan for the fiscal year were as follows:

<u>Employees' Retirement Plan</u>	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at July 1, 2017	\$ 230,116	\$ 191,228	\$ 38,888
Service cost	3,563		3,563
Interest	15,956		15,956
Differences between expected and actual experience	182		182
Changes in assumptions	(1,917)		(1,917)
Contributions - employer		4,890	(4,890)
Contributions - member		883	(883)
Net investment income		16,159	(16,159)
Benefit payments, including refunds of member contributions	(11,666)	(11,666)	-
Administrative expenses		(139)	139
Net change	6,118	10,127	(4,009)
Balance at June 30, 2018	\$ 236,234	\$ 201,355	\$ 34,879

<u>Police and Fire Employees' Retirement Plan</u>	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at July 1, 2017	\$ 204,061	\$ 176,447	\$ 27,614
Service cost	3,303		3,303
Interest	14,135		14,135
Differences between expected and actual experience	634		634
Changes in assumptions	(1,445)		(1,445)
Contributions - employer		4,280	(4,280)
Contributions - member		726	(726)
Net investment income		14,938	(14,938)
Benefit payments, including refunds of member contributions	(11,062)	(11,062)	-
Administrative expenses		(125)	125
Net change	5,565	8,757	(3,192)
Balance at June 30, 2018	\$ 209,626	\$ 185,204	\$ 24,422

Town of Fairfield, Connecticut
Notes to the Financial Statements
(Amounts expressed in thousands)

IV. OTHER INFORMATION (CONTINUED)

C. Pension Plan (Continued)

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

The following presents the net pension liability, calculated using the discount rate of 7.00% as well as what the Town's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

<u>Employees'</u>	1% Decrease (6.00%)	Current Discount (7.00%)	1% Increase (8.00%)
Net pension liability (asset)	<u>\$ 64,798</u>	<u>\$ 34,879</u>	<u>\$ 9,902</u>
 <u>Police and Fire Employees'</u>	 1% Decrease (6.00%)	 Current Discount (7.00%)	 1% Increase (8.00%)
Net pension liability (asset)	<u>\$ 52,138</u>	<u>\$ 24,422</u>	<u>\$ 1,562</u>

12. Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The Town recognized pension expense of \$13,110 for the Town Employees' Plan and \$8,340 for the Police and Fire Employees' Plan. The Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Employees' Retirement Plan</u> Description of Outflows/Inflows	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 911	\$ 928
Changes in assumptions	14,913	3,090
Net difference between projected and actual earnings on pension plan investments	<u>1,119</u>	<u>-</u>
Total	<u>\$ 16,943</u>	<u>\$ 4,018</u>
Net amount of deferred inflows and outflows		<u>\$ 12,925</u>

Town of Fairfield, Connecticut
Notes to the Financial Statements
(Amounts expressed in thousands)

IV. OTHER INFORMATION (CONTINUED)

C. Pension Plan (Continued)

12. Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Police and Fire Employees' Retirement Plan Description of Outflows/Inflows	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,978	\$ 4,408
Changes in assumptions	10,691	2,866
Net difference between projected and actual earnings on pension plan investments	<u>1,096</u>	<u>-</u>
Total	<u>\$ 13,765</u>	<u>\$ 7,274</u>
Net amount of deferred inflows and outflows		<u>\$ 6,491</u>

Actual investment earnings below (or above) projected earnings are amortized over 5 years for both plans. Changes of assumptions and experience losses (gains) are amortized over the average remaining service period of actives and inactive, which was 4.5 years for the Town Employees' Plan and 6.7 years for the Police and Fire Employees' Plan.

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

Year Ending June 30,	Employees'	Police and Fire Employees'
2019	\$ 7,515	\$ 3,643
2020	5,752	2,003
2021	372	(113)
2022	(714)	512
2023	-	519
Thereafter	<u>-</u>	<u>(73)</u>
Total	<u>\$ 12,925</u>	<u>\$ 6,491</u>

Town of Fairfield, Connecticut
Notes to the Financial Statements
(Amounts expressed in thousands)

IV. OTHER INFORMATION (CONTINUED)

C. Pension Plans (Continued)

13. Defined Contribution Plan

The Town administers a single employer, defined contribution plan, which covers employees hired after April 1, 2011 who are members of various bargaining units. The plan is not included in the Town's financial statements. The plan was approved as part of the Union approved contracts and any subsequent amendments would occur as part of future contracts.

Each employee will participate in the Town's defined contribution plan. Each employee shall be required to contribute at least 4% to the plan but may contribute the maximum allowed under IRS regulations. The Town shall match the employee's contribution up to a maximum of 5% for one of the contracts and 4% for the remaining contracts in the Plan. The Town's contribution shall not vest until the employee has been continuously employed for 5 years for all plans. The contributions made by employees and employer totaled \$188 and \$402, respectively.

D. Pension Plans – Connecticut State Teachers' Retirement Plan

1. Plan Description

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

2. Benefit Provisions

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

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

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

Town of Fairfield, Connecticut
Notes to the Financial Statements
(Amounts expressed in thousands)

IV. OTHER INFORMATION (CONTINUED)

D. Pension Plans – Connecticut State Teachers’ Retirement Plan (Continued)

2. Benefit Provisions (Continued)

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

3. Contributions

State of Connecticut

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

Employer (School Districts)

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

Employees

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

Effective January 1, 2018, each teacher is required to contribute 7% of pensionable salary.

Town of Fairfield, Connecticut
Notes to the Financial Statements
(Amounts expressed in thousands)

IV. OTHER INFORMATION (CONTINUED)

D. Pension Plans – Connecticut State Teachers’ Retirement Plan (Continued)

4. Pension Liabilities, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

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

Town’s proportionate share of the net pension liability	\$	-
State’s proportionate share of the net pension liability associated with the Town		<u>284,890</u>
Total		<u>\$ 284,890</u>

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

The Town recognized pension expense and revenue of \$32,953 for on-behalf amounts for the benefits provided by the State.

5. Actuarial Assumptions

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

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

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

Town of Fairfield, Connecticut
Notes to the Financial Statements
(Amounts expressed in thousands)

IV. OTHER INFORMATION (CONTINUED)

D. Pension Plans – Connecticut State Teachers’ Retirement Plan (Continued)

5. Actuarial Assumptions (Continued)

Future cost-of-living increases - For teachers who retired prior to September 1, 1992, pension benefit adjustments are made in accordance with increases in the Consumer Price Index, with a minimum of 3% and a maximum of 5% per annum. For teachers who were members of the Teachers’ Retirement System before July 1, 2007, and retire on or after September 1, 1992, pension benefit adjustments are made that are consistent with those provided for social security benefits on January 1 of the year granted, with a maximum of 6% per annum. If the return on assets in the previous year was less than 8.5%, the maximum increase is 1.5%. For teachers who were members of the Teachers’ Retirement System after July 1, 2007, pension benefit adjustments are made that are consistent with those provided for social security benefits on January 1 of the year granted, with a maximum of 5% per annum. If the return on assets in the previous year was less than 11.5%, the maximum increase is 3%, and if the return on the assets in the previous year was less than 8.5%, the maximum increase is 1.0%.

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Large cap U.S. equities	21.0%	5.8%
Developed non-U.S. equities	18.0%	6.6%
Emerging markets (non-U.S.)	9.0%	8.3%
Core fixed income	7.0%	1.3%
Inflation linked bond fund	3.0%	1.0%
Emerging market bond	5.0%	3.7%
High yield bonds	5.0%	3.9%
Real estate	7.0%	5.1%
Private equity	11.0%	7.6%
Alternative investments	8.0%	4.1%
Cash	6.0%	0.4%
Total	<u>100.0%</u>	

Town of Fairfield, Connecticut
Notes to the Financial Statements
(Amounts expressed in thousands)

IV. OTHER INFORMATION (CONTINUED)

D. Pension Plans – Connecticut State Teachers’ Retirement Plan (Continued)

6. Discount Rate

The discount rate used to measure the total pension liability was 8.00%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

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

8. Plan Fiduciary Net Position

Detailed information about the Connecticut State Teachers’ Retirement Plan fiduciary net position is available in the separately issued State of Connecticut Comprehensive Annual Financial Report as of and for the year ended June 30, 2017.

E. Other Post-Employment Benefit Plans

1. Plan Description

a. Plan Administration

The Town administers three single-employer, post-retirement healthcare plans for the Town, Police and Fire and Board of Education for the Town of Fairfield Other Post Employment Benefits ("OPEB"). The Town and Police and Fire plans provide medical, dental and life insurance benefits for eligible retirees and their spouses. The Board of Education plan provides medical and dental benefits to eligible retirees and their spouses. The plans are considered to be part of the Town's financial reporting entity. The Town and Police and Fire employees' plans are included in the Town's financial reports as Other Post-Employment Benefit Trust Funds. The Board of Education plan does not have assets accumulated in a trust that meets the criteria in paragraph 4 of Statement 75. The plans do not issue stand-alone financial reports.

b. Benefit Provisions

The Town plan provides for medical, dental and life insurance benefits for all eligible Town, Police and Fire retirees and their spouses. The Board of Education plan provides medical and dental benefits for all Board of Education retirees and their spouses. Benefits and contributions are established by contract and may be amended by union negotiations. Administration costs are financed from investment earnings.

Town of Fairfield, Connecticut
Notes to the Financial Statements
(Amounts expressed in thousands)

IV. OTHER INFORMATION (CONTINUED)

E. Other Post-Employment Benefit Plan (Continued)

1. Plan Description (Continued)

c. Employer Contributions

The Town's recommended contributions are actuarially determined on an annual basis using the projected unit credit method. The Town, Police and Fire and Board of Education's total plan contributions were \$9,550.

d. Employee Contributions

There are no employee contributions to the Board of Education plan. Contributions for the Town plan were \$22 and Police and Fire were \$509. For the Police and Fire plan, contributions are to be made as follows:

Police and Fire Employees'

1.5% basic annual salary including longevity

Teachers who no longer work for the Board of Education are allowed by State Statute to participate in the Town's group medical insurance plan until they formally begin receiving benefits from the State Teachers' Retirement Plan. These teachers are required to contribute the cost of the insurance to the Town.

e. Employees Covered by Benefit Terms

As of July 1, 2017 for Town, Police and Fire and Board of Education, the plans' membership consisted of:

	<u>Town</u>	<u>Police and Fire</u>	<u>Board of Education</u>
Inactive members and beneficiaries currently receiving benefits	201	174	92
Active members	<u>268</u>	<u>202</u>	<u>1,335</u>
Total	<u><u>469</u></u>	<u><u>376</u></u>	<u><u>1,427</u></u>

2. Investments

a. Investment Policy

The OPEB plans' policy in regard to the allocation of invested assets is established and may be amended by the Retirement Board by a majority vote of its members. It is the policy of the Town's Retirement Board to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes.

Town of Fairfield, Connecticut
Notes to the Financial Statements
(Amounts expressed in thousands)

IV. OTHER INFORMATION (CONTINUED)

E. Other Post-Employment Benefit Plan (Continued)

2. Investments (Continued)

The following was the Board's adopted asset allocation policy for both the Employees' and Police and Fire Employees' OPEB Plans:

<u>Asset Class</u>	<u>Target Allocation</u>
US Large Cap	34.00%
US Mid/Small Cap	8.00%
International Developed	23.00%
International Emerging	5.00%
US Governmental Intermediate	15.00%
US Corporation Intermediate	<u>15.00%</u>
Total	<u>100.00%</u>

b. Concentrations

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

3. Rate of Return

The annual money-weighted rate of return on OPEB plan investments, net of investment expense, was 4.31% for the Employees' OPEB Plan and 8.92% for the Police and Fire Employees' OPEB Plan. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

4. Net OPEB Liability – Town and Police and Fire Plans

The components of the net OPEB liability were as follows:

	<u>Town Employees'</u>	<u>Police and Fire Employees'</u>
Total OPEB liability	\$ 67,924	\$ 75,781
Plan fiduciary net position	<u>(21,526)</u>	<u>(20,998)</u>
Net OPEB liability	<u>\$ 46,398</u>	<u>\$ 54,783</u>
Plan fiduciary net position as a percentage of the total OPEB liability	<u>31.7%</u>	<u>27.7%</u>

Town of Fairfield, Connecticut
Notes to the Financial Statements
(Amounts expressed in thousands)

IV. OTHER INFORMATION (CONTINUED)

E. Other Post-Employment Benefit Plan (Continued)

5. Actuarial Methods and Other Inputs

The total OPEB liability was determined based upon a July 1, 2016 actuarial valuation using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Actuarial cost method	Entry Age Normal
Amortization method	Level Percentage
Amortization period	25 years, closed
Asset valuation method	Fair Value

ACTUARIAL ASSUMPTIONS:

Discount rate - Town and Police and Fire	7.00%
Discount rate - Board of Education	3.87%
Projected healthcare cost increases:	
Inflation	2.75%
Initial	7.75%
Ultimate	4.75%

Mortality rates were based on the RP-2014 adjusted to 2006 with generational mortality improvement to current year under Projection Scale MP-2016.

The discount rate was based on the Standard and Poors municipal bond 20-year high grade index as of the measurement date for the Board of Education plan only. The discount rate increased from 3.58% to 3.87% for the Board of Education Plan since the prior measurement date.

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

Town of Fairfield, Connecticut
Notes to the Financial Statements
(Amounts expressed in thousands)

IV. OTHER INFORMATION (CONTINUED)

E. Other Post-Employment Benefit Plan (Continued)

5. Actuarial Methods and Other Inputs (Continued)

Best estimates of geometric means real rates of return for each major asset class included in the OPEB plan's target asset allocation are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Weighting</u>
US Large Cap	34.00%	4.65%	1.58%
US Mid/Small Cap	8.00%	5.50%	0.44%
International Developed	23.00%	5.50%	1.27%
International Emerging	5.00%	6.50%	0.33%
US Governmental Intermediate	15.00%	1.65%	0.25%
US Corporation Intermediate	15.00%	2.25%	0.34%
Total	<u>100.00%</u>		4.21%
Long-Term Inflation Expectation			<u>2.75%</u>
Long-Term Expected Nominal Return			<u>6.96%</u>

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

6. Discount Rate

The discount rate used to measure the total OPEB liability was 7.00% for the Town and Police and Fire Plans and 3.87% for the Board of Education Plan. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that Town contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

7. Changes in the OPEB Liabilities

The Town's OPEB liabilities were measured at June 30, 2018 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2016.

Town of Fairfield, Connecticut
Notes to the Financial Statements
(Amounts expressed in thousands)

IV. OTHER INFORMATION (CONTINUED)**E. Other Post-Employment Benefit Plan (Continued)****7. Changes in the OPEB Liability (Continued)**

The changes in OPEB liability for each plan for the fiscal year were as follows:

<u>Town Employees' OPEB Plan</u>	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balance at July 1, 2017	\$ 65,123	\$ 18,541	\$ 46,582
Service cost	1,359		1,359
Interest	4,555		4,555
Differences between expected and actual experience	(261)		(261)
Contributions - employer		4,700	(4,700)
Contributions - member		22	(22)
Net investment income		1,126	(1,126)
Benefit payments, including refunds of member contributions	(2,852)	(2,852)	-
Administrative expenses		(11)	11
Net change	2,801	2,985	(184)
Balance at June 30, 2018	<u>\$ 67,924</u>	<u>\$ 21,526</u>	<u>\$ 46,398</u>

<u>Police and Fire Employees' OPEB Plan</u>	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balance at July 1, 2017	\$ 72,409	\$ 16,944	\$ 55,465
Service cost	1,517		1,517
Interest	5,073		5,073
Differences between expected and actual experience	(239)		(239)
Contributions - employer		4,850	(4,850)
Contributions - member		509	(509)
Net investment income		1,682	(1,682)
Benefit payments, including refunds of member contributions	(2,979)	(2,979)	-
Administrative expenses		(8)	8
Net change	3,372	4,054	(682)
Balance at June 30, 2018	<u>\$ 75,781</u>	<u>\$ 20,998</u>	<u>\$ 54,783</u>

Town of Fairfield, Connecticut
Notes to the Financial Statements
(Amounts expressed in thousands)

IV. OTHER INFORMATION (CONTINUED)

E. Other Post-Employment Benefit Plan (Continued)

7. Changes in the OPEB Liability (Continued)

	Increase (Decrease)
Board of Education OPEB Plan	Total OPEB Liability
Balance at July 1, 2017	\$ 16,902
Service cost	458
Interest	613
Differences between expected and actual experience	(212)
Changes in assumptions	(520)
Benefit payments	(471)
Net change	(132)
Balance at June 30, 2018	\$ 16,770

8. Sensitivity of the OPEB Liability to Changes in the Discount Rate

The following presents the OPEB liability, as well as what the OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

	1% Decrease 6.00%	Discount Rate 7.00%	1% Increase 8.00%
Net OPEB Liability	\$ 55,461	\$ 46,398	\$ 38,928
Town Employees' OPEB Plan	\$ 65,246	\$ 54,783	\$ 46,207
Police and Fire Employees' OPEB Plan	\$ 18,667	\$ 16,770	\$ 15,144
OPEB Liability	2.87%	3.87%	4.87%
Board of Education OPEB Plan	\$ 18,667	\$ 16,770	\$ 15,144

Town of Fairfield, Connecticut
Notes to the Financial Statements
(Amounts expressed in thousands)

IV. OTHER INFORMATION (CONTINUED)

E. Other Post-Employment Benefit Plan (Continued)

9. Sensitivity of the OPEB Liability to Changes in the Healthcare Cost Trend Rate

The following presents the OPEB liability, as well as what the OPEB liability would be if it were calculated using trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current trend rates:

	1% Decrease 6.75% decreasing to 3.75%	Discount Rate 7.75% decreasing to 4.75%	1% Increase 8.75% decreasing to 5.75%
Employees' OPEB Plan	\$ 37,655	\$ 46,398	\$ 57,159
Police and Fire Employees' OPEB Plan	\$ 44,201	\$ 54,783	\$ 68,077
Board of Education OPEB Plan	\$ 14,666	\$ 16,770	\$ 19,290

10. OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB

For the fiscal year, the Town recognized OPEB expense of \$4,338 for Town Employees', \$4,612 for Police and Fire Employees', and \$814 for Board of Education. The Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Town Employees' OPEB Plan Description of Outflows/Inflows	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 324
Net difference between projected and actual earnings on OPEB plan investments	-	376
Total	\$ -	\$ 700
Net amount of deferred inflows and outflows		\$ (700)
Police and Fire Employees' OPEB Plan Description of Outflows/Inflows	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 152	\$ 208
Net difference between projected and actual earnings on OPEB plan investments	-	697
Total	\$ 152	\$ 905
Net amount of deferred inflows and outflows		\$ (753)

Town of Fairfield, Connecticut
Notes to the Financial Statements
 (Amounts expressed in thousands)

IV. OTHER INFORMATION (CONTINUED)

E. Other Post-Employment Benefit Plan (Continued)

10. OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB
 (Continued)

Board of Education OPEB Plan Description of Outflows/Inflows	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 188
Changes in assumptions	-	460
Total	\$ -	\$ 648
Net amount of deferred inflows and outflows		\$ (648)

Actual investment earnings below (or above) projected earnings are amortized over 5 years for both plans. Experience losses (gains) are amortized over the average remaining service period of actives and inactive, which was 6.5 years for the Town Employees' Plan, 7.8 years for the Police and Fire Employees' Plan, and 8.6 years for the Board of Education Plan.

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

Year Ending June 30,	Town Employees'	Police and Fire Employees'	Board of Education
2019	(204)	(210)	(85)
2020	(204)	(210)	(85)
2021	(205)	(209)	(85)
2022	(15)	(88)	(85)
2023	(50)	(5)	(85)
Thereafter	(22)	(31)	(223)
Total	\$ (700)	\$ (753)	\$ (648)

Town of Fairfield, Connecticut
Notes to the Financial Statements
(Amounts expressed in thousands)

IV. OTHER INFORMATION (CONTINUED)

F. Pension and Other Post-Employment Benefit Plan Statements

Combining Statement of Fiduciary Net Position
Pension and Other Post-Employment Benefit Trust Funds
June 30, 2018
(Thousands)

	Pension Trust Funds		Other Post-Employment Benefit Trust Funds		Grand Total
	Town Employees'	Police and Fire Employees'	Town Employees'	Police and Fire Employees'	
<u>ASSETS</u>					
Investments:					
Corporate bonds	\$ 5,303	\$ 4,902	\$ -	\$ -	\$ 10,205
U.S. government agency obligations	2,502	2,314	2	181	4,999
U.S. government obligations	12,842	11,874	-	-	24,716
Hedge funds and private equity funds	135,698	124,499	5,066	5,652	270,915
Common stock	11,662	10,783	-	-	22,445
Municipal obligations	-	-	1	181	182
Mutual funds:					
Equity	29,869	27,690	16,060	14,333	87,952
Money market	3,479	3,142	661	769	8,051
Total investments	201,355	185,204	21,790	21,116	429,465
Interest and dividends receivable	-	-	1	1	2
Total assets	201,355	185,204	21,791	21,117	429,467
<u>LIABILITIES</u>					
Liabilities:					
Accounts payable	-	-	36	27	63
Due to general fund	-	-	150	-	150
Claims payable	-	-	79	92	171
Total liabilities	-	-	265	119	384
<u>NET POSITION</u>					
Restricted for:					
Pension benefits	201,355	185,204	-	-	386,559
OPEB benefits	-	-	21,526	20,998	42,524
Total net position	\$ 201,355	\$ 185,204	\$ 21,526	\$ 20,998	\$ 429,083

Town of Fairfield, Connecticut
Notes to the Financial Statements
(Amounts expressed in thousands)

IV. OTHER INFORMATION (CONTINUED)

F. Pension and Other Post-Employment Benefit Plan Statements (Continued)

Combining Statement of Changes in Fiduciary Net Position
Pension and Other Post-Employment Benefit Trust Funds
For the Year Ended June 30, 2018
(Thousands)

	Pension Trust Funds		Other Post-Employment Benefit Trust Funds		Grand Total
	Town Employees'	Police and Fire Employees'	Town Employees'	Police and Fire Employees'	
ADDITIONS:					
Contributions:					
Employer	\$ 4,890	\$ 4,280	\$ 4,700	\$ 4,850	\$ 18,720
Plan members	883	726	22	509	2,140
Total	5,773	5,006	4,722	5,359	20,860
Investment income (loss):					
Change in fair value of investments	15,000	13,868	837	1,405	31,110
Interest and dividends	1,421	1,314	299	287	3,321
Total investment income (loss)	16,421	15,182	1,136	1,692	34,431
Less investment expenses	262	244	10	10	526
Net investment income (loss)	16,159	14,938	1,126	1,682	33,905
TOTAL ADDITIONS	21,932	19,944	5,848	7,041	54,765
DEDUCTIONS:					
Benefits	11,666	11,062	2,852	2,979	28,559
Administration	139	125	11	8	283
TOTAL DEDUCTIONS	11,805	11,187	2,863	2,987	28,842
CHANGES IN NET POSITION	10,127	8,757	2,985	4,054	25,923
NET POSITION - JULY 1, 2017	191,228	176,447	18,541	16,944	403,160
NET POSITION - JUNE 30, 2018	<u>\$ 201,355</u>	<u>\$ 185,204</u>	<u>\$ 21,526</u>	<u>\$ 20,998</u>	<u>\$ 429,083</u>

Town of Fairfield, Connecticut
Notes to the Financial Statements
(Amounts expressed in thousands)

IV. OTHER INFORMATION (CONTINUED)

G. OPEB Plan – Connecticut State Teachers’ Retirement Plan

1. Plan Description

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

2. Benefit Provisions

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

- **Normal Retirement:** Eligibility - Age 60 with 20 years of Credited Service in Connecticut, or 35 years of Credited Service including at least 25 years of service in Connecticut.
- **Early Retirement:** Eligibility - 25 years of Credited Service including 20 years of Connecticut service, or age 55 with 20 years of Credited Service including 15 years of Connecticut service.
- **Proratable Retirement:** Eligibility - Age 60 with 10 years of Credited Service.
- **Disability Retirement:** Eligibility - 5 years of Credited Service in Connecticut if not incurred in the performance of duty and no service requirement if incurred in the performance of duty.
- **Termination of Employment:** Eligibility - 10 or more years of Credited Service.

Retiree Health Care Coverage

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

Town of Fairfield, Connecticut
Notes to the Financial Statements
(Amounts expressed in thousands)

IV. OTHER INFORMATION (CONTINUED)

G. OPEB Plan – Connecticut State Teachers’ Retirement Plan (Continued)

2. Benefit Provision (Continued)

Retiree Health Care Coverage (continued)

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

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

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

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

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

Survivor Health Care Coverage

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

Town of Fairfield, Connecticut
Notes to the Financial Statements
(Amounts expressed in thousands)

IV. OTHER INFORMATION (CONTINUED)

G. OPEB Plan – Connecticut State Teachers’ Retirement Plan (Continued)

3. Contributions

State of Connecticut

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

Employer (School Districts)

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

Employees

Each member is required to contribute 1.25% of their annual salary. Contributions in excess of \$500,000 will be credited to the Retiree Health Insurance Plan.

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

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

Town’s proportionate share of the net OPEB liability	\$	-
State’s proportionate share of the net OPEB liability associated with the Town		<u>73,327</u>
Total	\$	<u>73,327</u>

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

The Town recognized OPEB expense and revenue of \$3,398 for on-behalf amounts for the benefits provided by the State

Town of Fairfield, Connecticut
Notes to the Financial Statements
(Amounts expressed in thousands)

IV. OTHER INFORMATION (CONTINUED)

G. OPEB Plan – Connecticut State Teachers’ Retirement Plan (Continued)

5. Actuarial Assumptions

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

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

Mortality rates were based on the RP-2014 White Collar table with employee and annuitant rates blended from ages 50 to 80, projected to the year 2020 using the BB improvement scale and further adjusted to grade in increases (5% for females and 8% for males) to rates over age 80. For disabled retirees, the RPH-2014 Disabled Mortality table projected to 2017 using the BB improvement scale was used.

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

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

All the plan assets are assumed to be invested in cash equivalents due to the need for liquidity. The expected rate of return is 2.75%.

Changes in assumptions and inputs

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

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

Town of Fairfield, Connecticut
Notes to the Financial Statements
(Amounts expressed in thousands)

IV. OTHER INFORMATION (CONTINUED)

G. OPEB Plan – Connecticut State Teachers’ Retirement Plan (Continued)

5. Actuarial Assumptions (Continued)

Other changes were as follows:

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

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

Affordable Care Act (ACA)

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

6. Discount Rate

The discount rate used to measure the total OPEB liability was 3.56%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate.

7. Sensitivity of the Net OPEB Liability to Changes in the Discount Rate and the Health Care Cost Trend Rate

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

8. Plan Fiduciary Net Position

Detailed information about the Connecticut State Teachers’ OPEB Plan fiduciary net position is available in the separately issued State of Connecticut Comprehensive Annual Financial Report as of and for the year ended June 30, 2017.

Town of Fairfield, Connecticut
Notes to the Financial Statements
(Amounts expressed in thousands)

IV. OTHER INFORMATION (CONTINUED)

H. Prior Period Adjustment

The government-wide net position was restated as follows due to the implementation of GASB Statement 75 (Board of Education Plan) and GASB Statement 84 (Fiduciary funds):

	Governmental Activities	Other Governmental Funds	Custodial Funds
Net position/fund balance as previously reported at June 30, 2017	\$ 211,233	\$ 16,547	\$ -
To present custodial funds in accordance with new reporting standard (GASB 84)	-	-	1,147
To remove unavailable revenue for CDBG loans	1,788	1,788	-
To record special revenue funds previously not recorded	403	403	-
To remove OPEB obligation previously recorded	6,898	-	-
To record beginning OPEB liability	(16,902)	-	-
Net position/fund balance as restated at July 1, 2017	\$ 203,420	\$ 18,738	\$ 1,147

**Required
Supplementary
Information**

TOWN OF FAIRFIELD, CONNECTICUT

GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018
(THOUSANDS)

	ORIGINAL BUDGET	ADDITIONAL APPROPRIATIONS AND TRANSFERS	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:					
Property taxes.....	\$ 278,206	\$ -	\$ 278,206	\$ 277,956	\$ (250)
Intergovernmental.....	5,198	-	5,198	4,775	(423)
Charges for services.....	14,132	-	14,132	15,289	1,157
Income from investments.....	698	-	698	1,158	460
Other.....	258	-	258	581	323
TOTAL REVENUES.....	298,492	-	298,492	299,759	1,267
EXPENDITURES:					
Current:					
General government.....	39,066	(680)	38,386	37,986	400
Contribution to fund balance.....	538	-	538	-	538
Finance.....	4,612	122	4,734	4,422	312
Public safety.....	31,972	121	32,093	31,895	198
Public works.....	16,055	(359)	15,696	15,565	131
Health and welfare.....	7,119	199	7,318	7,132	186
Culture and recreation.....	6,372	(14)	6,358	5,739	619
Education.....	168,724	-	168,724	168,124	600
Debt service.....	24,034	(1,968)	22,066	22,066	-
TOTAL EXPENDITURES.....	298,492	(2,579)	295,913	292,929	2,984
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	-	2,579	2,579	6,830	4,251
OTHER FINANCING SOURCES (USES):					
Cancellation of prior year encumbrances.....	-	-	-	52	52
Transfers out.....	-	(2,579)	(2,579)	(2,579)	-
NET OTHER FINANCING SOURCES (USES).....	-	(2,579)	(2,579)	(2,527)	52
NET CHANGE IN FUND BALANCE.....	\$ -	\$ -	\$ -	4,303	\$ 4,303
FUND BALANCE - JULY 1, 2017.....				27,839	
FUND BALANCE - JUNE 30, 2018.....				\$ 32,142	

(Continued)

TOWN OF FAIRFIELD, CONNECTICUT

GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018
(THOUSANDS)

Reconciliation to Exhibit D

	<u>Revenues</u>	<u>Expenditures</u>	<u>Fund Balance</u>
Budgetary Basis - RSI-1	\$ 299,759	\$ 292,929	\$ 32,142
Prior year encumbrances liquidated in the current year	-	1,567	-
Encumbrances outstanding at year end charged to budgetary expenditures	-	(2,509)	2,509
State Teachers' Retirement on behalf amount	32,953	32,953	-
State Teachers' OPEB on behalf amount	<u>3,398</u>	<u>3,398</u>	<u>-</u>
GAAP Basis - Exhibit D	<u>\$ 336,110</u>	<u>\$ 328,338</u>	<u>\$ 34,651</u>

Notes to Required Supplementary Information: This budget is adopted on a basis consistent with Generally Accepted Accounting Principles (modified accrual basis) with the following exceptions: 1. The Town does not recognize as revenue or expenditures payments made for the State Teachers' pension and OPEB by the State of Connecticut on the Town's behalf; 2. Encumbrances are reported as expenditures for the budgetary basis of accounting.

(Concluded)

TOWN OF FAIRFIELD, CONNECTICUT

GENERAL FUND
 SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2018
 (THOUSANDS)

	ORIGINAL BUDGET	ADDITIONAL APPROPRIATIONS AND TRANSFERS	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
<u>PROPERTY TAXES</u>					
Current year levy.....	\$ 272,071	\$ -	\$ 272,071	\$ 274,115	\$ 2,044
Prior years levy.....	4,422	-	4,422	2,435	(1,987)
Interest on delinquent taxes.....	1,590	-	1,590	1,292	(298)
Telecommunications access lines.....	123	-	123	114	(9)
TOTAL PROPERTY TAXES.....	278,206	-	278,206	277,956	(250)
<u>INTERGOVERNMENTAL</u>					
State grants for education.....	-	-	-	948	948
School building grants.....	93	-	93	417	324
Other state grants.....	5,105	-	5,105	3,410	(1,695)
TOTAL INTERGOVERNMENTAL.....	5,198	-	5,198	4,775	(423)
<u>CHARGES FOR SERVICES</u>					
Licenses and permits.....	2,426	-	2,426	3,273	847
Fines.....	357	-	357	335	(22)
Department and other.....	9,884	-	9,884	9,868	(16)
Rents.....	1,465	-	1,465	1,813	348
TOTAL CHARGES FOR SERVICES.....	14,132	-	14,132	15,289	1,157
INCOME FROM INVESTMENTS.....	698	-	698	1,158	460
OTHER.....	258	-	258	581	323
TOTAL REVENUES.....	298,492	-	298,492	299,759	1,267
<u>OTHER FINANCING SOURCES</u>					
Cancellation of prior year encumbrances ...	-	-	-	52	52
TOTAL REVENUES AND OTHER FINANCING SOURCES.....	\$ 298,492	\$ -	\$ 298,492	\$ 299,811	\$ 1,319

TOWN OF FAIRFIELD, CONNECTICUT

GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018
(THOUSANDS)

	ORIGINAL BUDGET	ADDITIONAL APPROPRIATIONS AND TRANSFERS	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
<u>GENERAL GOVERNMENT</u>					
Administrative and general:					
Board of selectmen.....	\$ 441	\$ 2	\$ 443	\$ 437	\$ 6
Town clerk.....	549	7	556	535	21
Fair TV.....	56	-	56	55	1
Administrative services.....	101	-	101	95	6
Registrar of voters.....	238	2	240	225	15
Zoning board of appeals.....	5	-	5	3	2
Town planning and zoning commission.....	638	27	665	606	59
Probate court.....	28	-	28	26	2
Historical district commission.....	11	-	11	6	5
Conservation commission.....	838	43	881	833	48
Shellfish commission.....	9	-	9	7	2
Legal services.....	415	6	421	421	-
Miscellaneous contingencies.....	25	-	25	13	12
Retiree benefits.....	16,376	-	16,376	16,375	1
Human resources.....	5,445	723	6,168	5,994	174
Medical benefits.....	9,865	-	9,865	9,856	9
Economic development commission.....	237	5	242	239	3
Harbor management commission.....	23	-	23	17	6
Total Administrative and general.....	35,300	815	36,115	35,743	372
Miscellaneous:					
Private agencies.....	768	-	768	768	-
Private school transportation.....	1,503	-	1,503	1,475	28
Contingency.....	1,495	(1,495)	-	-	-
Total Miscellaneous.....	3,766	(1,495)	2,271	2,243	28
TOTAL GENERAL GOVERNMENT.....	39,066	(680)	38,386	37,986	400
CONTRIBUTION TO FUND BALANCE.....	538	-	538	-	538
<u>FINANCE</u>					
Finance.....	926	44	970	916	54
Purchasing.....	277	2	279	276	3
Assessor.....	700	18	718	694	24
Tax collector.....	527	25	552	535	17
Information systems.....	1,865	33	1,898	1,782	116
Board of finance.....	105	-	105	102	3
Unemployment compensation.....	212	-	212	117	95
TOTAL FINANCE.....	4,612	122	4,734	4,422	312

(Continued)

TOWN OF FAIRFIELD, CONNECTICUT
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES (CONCLUDED)

	ORIGINAL BUDGET	ADDITIONAL APPROPRIATIONS AND TRANSFERS	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
<u>PUBLIC SAFETY</u>					
Fire.....	\$ 13,057	\$ 3	\$ 13,060	\$ 13,060	\$ -
Police.....	14,532	(73)	14,459	14,441	18
Animal control.....	385	12	397	321	76
Street lighting.....	715	47	762	762	-
Hydrant and water service.....	1,714	34	1,748	1,748	-
Emergency management.....	59	-	59	58	1
Emergency communications center.....	1,510	98	1,608	1,505	103
TOTAL PUBLIC SAFETY.....	31,972	121	32,093	31,895	198
<u>PUBLIC WORKS</u>					
Public works administration.....	524	13	537	528	9
Public works operations.....	14,183	(436)	13,747	13,703	44
Building.....	655	23	678	634	44
Engineering.....	693	41	734	700	34
TOTAL PUBLIC WORKS.....	16,055	(359)	15,696	15,565	131
<u>HEALTH AND WELFARE</u>					
Health.....	2,791	188	2,979	2,858	121
Welfare.....	148	-	148	137	11
Human services.....	594	-	594	576	18
Solid waste and recycling.....	3,586	11	3,597	3,561	36
TOTAL HEALTH AND WELFARE.....	7,119	199	7,318	7,132	186
<u>CULTURE AND RECREATION</u>					
Libraries.....	3,605	(56)	3,549	3,133	416
Penfield pavilion complex.....	91	-	91	88	3
Parks and recreation.....	698	18	716	583	133
Beaches and lifeguards.....	413	-	413	392	21
Golf courses.....	1,565	24	1,589	1,543	46
TOTAL CULTURE AND RECREATION.....	6,372	(14)	6,358	5,739	619
EDUCATION.....	168,724	-	168,724	168,124	600
DEBT SERVICE.....	24,034	(1,968)	22,066	22,066	-
TOTAL EXPENDITURES.....	298,492	(2,579)	295,913	292,929	2,984
<u>OTHER FINANCING USES</u>					
Transfers out.....	-	2,579	2,579	2,579	-
TOTAL EXPENDITURES AND OTHER FINANCING USES.....	\$ 298,492	\$ -	\$ 298,492	\$ 295,508	\$ 2,984

(Concluded)

TOWN OF FAIRFIELD, CONNECTICUT

GENERAL FUND
BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018
(THOUSANDS)

	ORIGINAL APPROPRIATION	TRANSFERS	FINAL APPROPRIATION	EXPENDITURES	VARIANCE WITH FINAL BUDGET
Salaries and wages:					
Teaching staff.....	\$ 73,135	\$ (1,484)	\$ 71,651	\$ 71,651	\$ -
Certified support staff.....	6,900	(78)	6,822	6,822	-
School administrative staff.....	6,136	6	6,142	6,142	-
Central administrative staff.....	939	(194)	745	745	-
Supervisor/managers.....	678	179	857	857	-
Secretarial/clerical staff.....	3,420	(3)	3,417	3,417	-
Paraprofessional staff.....	3,422	139	3,561	3,561	-
Custodian staff.....	3,958	(68)	3,890	3,890	-
Maintenance staff.....	1,002	-	1,002	1,002	-
Support staff.....	2,387	182	2,569	2,569	-
SE trainers.....	1,068	(7)	1,061	1,061	-
Part-time employment.....	2,823	162	2,985	2,985	-
Employee benefits.....	26,073	366	26,439	25,839	600
Instructional and other services.....	7,768	(2,159)	5,609	5,609	-
Utilities services.....	4,161	145	4,306	4,306	-
Maintenance services.....	4,044	582	4,626	4,626	-
Rentals.....	154	(29)	125	125	-
Student transportation.....	8,203	38	8,241	8,241	-
Conference and travel.....	310	(43)	267	267	-
Professional development.....	396	69	465	465	-
Personnel/recruitment expenses.....	18	(7)	11	11	-
Printing/copying/postage.....	378	(2)	376	376	-
Tuition.....	5,248	1,541	6,789	6,789	-
Instructional supplies.....	2,260	31	2,291	2,291	-
Office, custodial and other supplies.....	1,560	(60)	1,500	1,500	-
Textbook and library resources.....	13	-	13	13	-
Technology and capital outlay.....	2,190	702	2,892	2,892	-
Dues and fees.....	80	(8)	72	72	-
TOTAL.....	\$ 168,724	\$ -	\$ 168,724	\$ 168,124	\$ 600

TOWN OF FAIRFIELD, CONNECTICUT

EMPLOYEES' RETIREMENT PLAN

REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF CHANGES IN NET PENSION LIABILITY
 LAST FIVE YEARS
 (THOUSANDS)

	2018	2017	2016	2015	2014
TOTAL PENSION LIABILITY:					
Service cost	\$ 3,563	\$ 3,843	\$ 3,808	\$ 3,697	\$ 3,590
Interest	15,956	15,179	14,744	13,426	12,900
Differences between expected and actual experience	182	(607)	1,629	(1,618)	-
Changes in assumptions	(1,917)	18,592	(3,417)	12,556	-
Benefit payments, including refunds of member contributions	(11,666)	(10,679)	(11,291)	(9,952)	(9,232)
NET CHANGE IN TOTAL PENSION LIABILITY	6,118	26,328	5,473	18,109	7,258
TOTAL PENSION LIABILITY - JULY 1	230,116	203,788	198,315	180,206	172,948
TOTAL PENSION LIABILITY - JUNE 30 (A)	\$ 236,234	\$ 230,116	\$ 203,788	\$ 198,315	\$ 180,206
PLAN FIDUCIARY NET POSITION:					
Contributions - employer	\$ 4,890	\$ 3,761	\$ 4,056	\$ 4,964	\$ 4,935
Contributions - member	883	1,494	1,289	1,299	1,318
Net investment income	16,159	17,851	2,215	4,703	25,733
Benefit payments, including refunds of member contributions	(11,666)	(10,679)	(11,291)	(9,952)	(9,320)
Recovery expenses (Madoff)	-	-	-	(28)	(205)
Administration	(139)	(194)	(122)	(146)	(148)
NET CHANGE IN PLAN FIDUCIARY NET POSITION	10,127	12,233	(3,853)	840	22,313
PLAN FIDUCIARY NET POSITION - JULY 1	191,228	178,995	182,848	182,008	159,695
PLAN FIDUCIARY NET POSITION - JUNE 30 (B)	\$ 201,355	\$ 191,228	\$ 178,995	\$ 182,848	\$ 182,008
NET PENSION LIABILITY (ASSET) - JUNE 30 (A)-(B)	\$ 34,879	\$ 38,888	\$ 24,793	\$ 15,467	\$ (1,802)

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

TOWN OF FAIRFIELD, CONNECTICUT

POLICE AND FIRE EMPLOYEES' RETIREMENT PLAN

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY
LAST FIVE YEARS
(THOUSANDS)

	2018	2017	2016	2015	2014
TOTAL PENSION LIABILITY:					
Service cost	\$ 3,303	\$ 2,882	\$ 2,674	\$ 2,596	\$ 2,520
Interest	14,135	14,177	13,749	13,036	12,630
Differences between expected and actual experience	634	(3,510)	2,519	(4,108)	-
Changes in assumptions	(1,445)	9,630	(2,870)	8,308	-
Benefit payments, including refunds of member contributions	(11,062)	(10,349)	(10,779)	(10,034)	(9,610)
NET CHANGE IN TOTAL PENSION LIABILITY	5,565	12,830	5,293	9,798	5,540
TOTAL PENSION LIABILITY - JULY 1	204,061	191,231	185,938	176,140	170,600
TOTAL PENSION LIABILITY - JUNE 30 (A)	\$ 209,626	\$ 204,061	\$ 191,231	\$ 185,938	\$ 176,140
PLAN FIDUCIARY NET POSITION:					
Contributions - employer	\$ 4,280	\$ 3,355	\$ 3,341	\$ 5,092	\$ 3,955
Contributions - member	726	741	770	623	589
Net investment income	14,938	16,471	2,054	4,475	24,665
Benefit payments, including refunds of member contributions	(11,062)	(10,349)	(10,779)	(10,034)	(9,616)
Recovery expenses (Madoff)	-	-	-	(43)	(197)
Administration	(125)	(175)	(113)	(152)	(133)
NET CHANGE IN PLAN FIDUCIARY NET POSITION	8,757	10,043	(4,727)	(39)	19,263
PLAN FIDUCIARY NET POSITION - JULY 1	176,447	166,404	171,131	171,170	151,907
PLAN FIDUCIARY NET POSITION - JUNE 30 (B)	\$ 185,204	\$ 176,447	\$ 166,404	\$ 171,131	\$ 171,170
NET PENSION LIABILITY (ASSET) - JUNE 30 (A)-(B)	\$ 24,422	\$ 27,614	\$ 24,827	\$ 14,807	\$ 4,970

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

TOWN OF FAIRFIELD, CONNECTICUT

EMPLOYEES' RETIREMENT PLAN

REQUIRED SUPPLEMENTARY INFORMATION
LAST FIVE YEARS
(THOUSANDS)

	2018	2017	2016	2015	2014
<u>SCHEDULE OF NET PENSION LIABILITY</u>					
TOTAL PENSION LIABILITY	\$ 236,234	\$ 230,116	\$ 203,788	\$ 198,315	\$ 180,206
PLAN FIDUCIARY NET POSITION	(201,355)	(191,228)	(178,995)	(182,848)	(182,008)
NET PENSION LIABILITY (ASSET)	\$ 34,879	\$ 38,888	\$ 24,793	\$ 15,467	\$ (1,802)
PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION LIABILITY	85.2%	83.1%	87.8%	92.2%	101.0%
COVERED PAYROLL	\$ 29,833	\$ 30,790	\$ 32,713	\$ 32,922	\$ 34,865
NET PENSION LIABILITY (ASSET) AS A PERCENTAGE OF COVERED PAYROLL	116.9%	126.3%	75.8%	47.0%	(5.2%)

SCHEDULE OF INVESTMENT RETURNS

	2018	2017	2016	2015	2014
ANNUAL MONEY WEIGHTED RATE OF RETURN, NET OF INVESTMENT EXPENSE	8.51%	10.08%	1.21%	2.59%	16.07%

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

TOWN OF FAIRFIELD, CONNECTICUT

POLICE AND FIRE EMPLOYEES' RETIREMENT PLAN

REQUIRED SUPPLEMENTARY INFORMATION
LAST FIVE YEARS
(THOUSANDS)

	2018	2017	2016	2015	2014
<u>SCHEDULE OF NET PENSION LIABILITY</u>					
TOTAL PENSION LIABILITY.....	\$ 209,626	\$ 204,061	\$ 191,231	\$ 185,938	\$ 176,140
PLAN FIDUCIARY NET POSITION.....	(185,204)	(176,447)	(166,404)	(171,131)	(171,170)
NET PENSION LIABILITY (ASSET).....	\$ 24,422	\$ 27,614	\$ 24,827	\$ 14,807	\$ 4,970
PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION LIABILITY.....	88.3%	86.5%	87.0%	92.0%	97.2%
COVERED PAYROLL.....	\$ 16,396	\$ 16,319	\$ 15,905	\$ 14,072	\$ 14,283
NET PENSION LIABILITY (ASSET) AS A PERCENTAGE OF COVERED PAYROLL.....	149.0%	169.2%	156.1%	105.2%	34.8%

	2018	2017	2016	2015	2014
<u>SCHEDULE OF INVESTMENT RETURNS</u>					
ANNUAL MONEY WEIGHTED RATE OF RETURN, NET OF INVESTMENT EXPENSE.....	8.54%	10.03%	1.19%	2.62%	16.05%

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

TOWN OF FAIRFIELD, CONNECTICUT

EMPLOYEES' RETIREMENT PLAN

 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF CONTRIBUTIONS
 LAST TEN YEARS
 (THOUSANDS)

FISCAL YEAR	ACTUARIALLY DETERMINED CONTRIBUTION	CONTRIBUTIONS IN RELATION TO THE ACTUARIALLY DETERMINED CONTRIBUTION	CONTRIBUTION EXCESS (DEFICIENCY)	COVERED PAYROLL	CONTRIBUTIONS AS A PERCENTAGE OF COVERED PAYROLL
2018	\$ 4,815	\$ 4,890	\$ 75	\$ 29,833	16.39%
2017	3,761	3,761	-	30,790	12.22%
2016	4,056	4,056	-	32,713	12.40%
2015	4,964	4,964	-	32,922	15.08%
2014	4,935	4,935	-	34,865	14.15%
2013	2,961	3,772	811	34,856	10.82%
2012	3,936	3,936	-	35,062	11.23%
2011	2,887	2,887	-	33,826	8.53%
2010	1,569	1,569	-	31,806	4.93%
2009	-	-	-	33,094	0.00%

TOWN OF FAIRFIELD, CONNECTICUT

EMPLOYEES' RETIREMENT PLAN

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
LAST FIVE YEARS

Changes of Benefit Terms	None
Changes of Assumptions	<p>2016 - Decreased the investment rate of return from 7.5% to 7.0%</p> <p>Increased the inflation rate from 2.5% to 2.75%</p> <p>Decreased the projected salary increases from 0.0% - 7.0% to 0.0% - 4.5%.</p> <p>Decreased the cost of living adjustment from 2.5% to 2.4%.</p>
Method and Assumptions Used in Calculations of Actuarially Determined Contribution	The actuarially determined contribution rates in the schedule of contributions are calculated as of July 1, 2016, two years prior to the end of the fiscal year in which contributions are reported.

The following actuarial methods and assumptions were used to determine contribution rates reported in that schedule:

Actuarial Cost Method	Entry age
Amortization Method	Level percentage, closed
Remaining Amortization Period	25 Years
Asset Valuation Method	Fair value
Inflation	2.75%
Salary Increases	2.75% - 4.50%, average, including inflation
Investment Rate of Return	7.00%
Mortality Rate	Mortality rates were based on the RP-2014 White Collar table with employee and annuitant rates blended from ages 50 to 80, projected to the year 2020 using the BB improvement scale.

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

TOWN OF FAIRFIELD, CONNECTICUT

POLICE AND FIRE EMPLOYEES' RETIREMENT PLAN

 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF CONTRIBUTIONS
 LAST TEN YEARS
 (THOUSANDS)

FISCAL YEAR	ACTUARIALLY DETERMINED CONTRIBUTION	CONTRIBUTIONS IN RELATION TO THE ACTUARIALLY DETERMINED CONTRIBUTION	CONTRIBUTION EXCESS (DEFICIENCY)	COVERED PAYROLL	CONTRIBUTIONS AS A PERCENTAGE OF COVERED PAYROLL
2018	\$ 4,284	\$ 4,280	\$ (4)	\$ 16,396	26.10%
2017	3,355	3,355	-	16,319	20.56%
2016	3,341	3,341	-	15,905	21.01%
2015	5,092	5,092	-	14,072	36.19%
2014	3,920	3,955	35	14,283	27.69%
2013	1,664	1,664	-	14,283	11.65%
2012	1,516	1,516	-	13,675	11.09%
2011	44	44	-	13,817	0.32%
2010	-	-	-	13,536	0.00%
2009	-	-	-	13,050	0.00%

TOWN OF FAIRFIELD, CONNECTICUT

POLICE AND FIRE EMPLOYEES' RETIREMENT PLAN

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
LAST FIVE YEARS

Changes of Benefit Terms	None
Changes of Assumptions	<p>2016 - Decreased the investment rate of return from 7.5% to 7.0%</p> <p>Decreased the inflation rate from 3.0% to 2.75%</p> <p>Increased the projected salary increases from 0.0% - 3.5% to 0.5% - 10.0%.</p> <p>Increased the cost of living adjustment from 2.0% - 2.5% to 3.5% - 4.7%.</p>
Method and Assumptions Used in Calculations of Actuarially Determined Contribution	The actuarially determined contribution rates in the schedule of contributions are calculated as of July 1, 2016, two years prior to the end of the fiscal year in which contributions are reported.

The following actuarial methods and assumptions were used to determine contribution rates reported in that schedule:

Actuarial Cost Method	Entry age
Amortization Method	Level percentage, closed
Remaining Amortization Period	25 Years
Asset Valuation Method	Fair value
Inflation	2.75%
Salary Increases	3.50% - 10.00%, average, including inflation
Investment Rate of Return	7.00%
Mortality Rate	Mortality rates were based on the RP-2014 White Collar table with employee and annuitant rates blended from ages 50 to 80, projected to the year 2020 using the BB improvement scale.

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

TOWN OF FAIRFIELD, CONNECTICUT

STATE TEACHERS' RETIREMENT SYSTEM
 REQUIRED SUPPLEMENTARY INFORMATION
 LAST FOUR YEARS
 (THOUSANDS)

	2018	2017	2016	2015
<u>SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY</u>				
Town's proportion of the net pension liability	0.00%	0.00%	0.00%	0.00%
Town's proportionate share of the net pension liability	\$ -	\$ -	\$ -	\$ -
State of Connecticut's proportionate share of the net pension liability associated with Town	284,890	300,561	234,535	216,781
Total	\$ 284,890	\$ 300,561	\$ 234,535	\$ 216,781
Town's covered payroll	(2) N/A	N/A	N/A	N/A
Town's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	55.93%	52.26%	59.50%	61.50%

SCHEDULE OF CONTRIBUTIONS

	2018	2017	2016	2015
Contractually required contribution	(1) \$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	-	-	-	-
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Town's covered payroll	(2) N/A	N/A	N/A	N/A
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%

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

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

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

TOWN OF FAIRFIELD, CONNECTICUT

STATE TEACHERS' RETIREMENT SYSTEM

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
LAST FOUR YEARS

Changes of Benefit Terms	None
Changes of Assumptions	<p>2016:</p> <p>1. Reduce the inflation assumption from 3.00% to 2.75%.</p> <p>2. Reduce the real rate of return assumption from 5.50% to 5.25% which, when combined with the inflation assumption change results in a decrease in the investment rate of return assumption from 8.50% to 8.00%.</p> <p>3. Reduce the annual rate of wage increase assumption from 0.75% to 0.50%.</p> <p>4. Slightly modify the merit portion of the salary scale.</p> <p>5. Reduce the payroll growth assumption from 3.75% to 3.25%.</p> <p>6. Update mortality tables to projected versions of the RPH-2014 mortality tables.</p> <p>7. Increase normal retirement rates for females at most ages and proratable retirement rates for males at most ages. Decrease early retirement rates for both males and females.</p> <p>8. Increase rates of withdrawal.</p> <p>9. Decrease rates of disability for males.</p>
Actuarial Cost Method	Entry age
Amortization Method	Level percent of salary, closed
Remaining Amortization Period	21.4 years
Asset Valuation Method	4 year smoothed market
Inflation	2.75%
Salary Increases	3.25%-6.50%, average, including inflation
Investment Rate of Return	8.00%, net of pension plan investment expense, including inflation
Mortality Rate	RP-2014 White Collar table with employee and annuitant rates blended from ages 50 to 80, projected to the year 2020 using the BB improvement scale and further adjusted to grade in increases (5% for females and 8% for males) to rates over age 80. For disabled retirees, the RPH-2014 Disabled Mortality table projected to 2017 using the BB improvement scale

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

TOWN OF FAIRFIELD, CONNECTICUT

EMPLOYEES' OTHER POST-EMPLOYMENT BENEFIT (OPEB) PLAN

 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF CHANGES IN NET OPEB LIABILITY
 LAST TWO YEARS
 (THOUSANDS)

	2018	2017
TOTAL OPEB LIABILITY:		
Service cost	\$ 1,359	\$ 1,297
Interest	4,555	4,361
Differences between expected and actual experience	(261)	(148)
Benefit payments, including refunds of member contributions.....	<u>(2,852)</u>	<u>(2,722)</u>
NET CHANGE IN TOTAL OPEB LIABILITY.....	2,801	2,788
TOTAL OPEB LIABILITY - JULY 1.....	<u>65,123</u>	<u>62,335</u>
TOTAL OPEB LIABILITY - JUNE 30 (A).....	<u>\$ 67,924</u>	<u>\$ 65,123</u>
PLAN FIDUCIARY NET POSITION:		
Contributions - employer	\$ 4,700	\$ 4,482
Contributions - member	22	-
Net investment income	1,126	2,034
Benefit payments, including refunds of member contributions.....	(2,852)	(2,722)
Administration.....	<u>(11)</u>	<u>(14)</u>
NET CHANGE IN PLAN FIDUCIARY NET POSITION.....	2,985	3,780
PLAN FIDUCIARY NET POSITION - JULY 1.....	<u>18,541</u>	<u>14,761</u>
PLAN FIDUCIARY NET POSITION - JUNE 30 (B).....	<u>\$ 21,526</u>	<u>\$ 18,541</u>
NET OPEB LIABILITY (ASSET) - JUNE 30 (A)-(B).....	<u>\$ 46,398</u>	<u>\$ 46,582</u>

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

TOWN OF FAIRFIELD, CONNECTICUT

POLICE AND FIRE EMPLOYEES' OTHER POST-EMPLOYMENT BENEFIT (OPEB) PLAN

 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF CHANGES IN NET OPEB LIABILITY
 LAST TWO YEARS
 (THOUSANDS)

	2018	2017
TOTAL OPEB LIABILITY:		
Service cost	\$ 1,517	\$ 1,449
Interest	5,073	4,830
Differences between expected and actual experience	(239)	204
Benefit payments, including refunds of member contributions.....	<u>(2,979)</u>	<u>(3,186)</u>
NET CHANGE IN TOTAL OPEB LIABILITY.....	3,372	3,297
TOTAL OPEB LIABILITY - JULY 1.....	<u>72,409</u>	<u>69,112</u>
TOTAL OPEB LIABILITY - JUNE 30 (A).....	<u>\$ 75,781</u>	<u>\$ 72,409</u>
PLAN FIDUCIARY NET POSITION:		
Contributions - employer	\$ 4,850	\$ 4,755
Contributions - member	509	520
Net investment income	1,682	1,609
Benefit payments, including refunds of member contributions.....	(2,979)	(3,186)
Administration.....	<u>(8)</u>	<u>(14)</u>
NET CHANGE IN PLAN FIDUCIARY NET POSITION.....	4,054	3,684
PLAN FIDUCIARY NET POSITION - JULY 1.....	<u>16,944</u>	<u>13,260</u>
PLAN FIDUCIARY NET POSITION - JUNE 30 (B).....	<u>\$ 20,998</u>	<u>\$ 16,944</u>
NET OPEB LIABILITY - JUNE 30 (A)-(B).....	<u>\$ 54,783</u>	<u>\$ 55,465</u>

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

TOWN OF FAIRFIELD, CONNECTICUT

BOARD OF EDUCATION EMPLOYEES' OTHER POST-EMPLOYMENT BENEFIT (OPEB) PLAN

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITYJUNE 30, 2018
(THOUSANDS)

TOTAL OPEB LIABILITY:	
Service cost	\$ 458
Interest	613
Differences between expected and actual experience	(212)
Changes of assumptions.....	(520)
Benefit payments.....	<u>(471)</u>
NET CHANGE IN TOTAL OPEB LIABILITY.....	(132)
TOTAL OPEB LIABILITY - JULY 1.....	<u>16,902</u>
TOTAL OPEB LIABILITY - JUNE 30	<u><u>\$ 16,770</u></u>

There are no assets that are being accumulated in a trust that meets the criteria in GASB 75 to pay benefits.

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

TOWN OF FAIRFIELD, CONNECTICUT

EMPLOYEES' OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN

REQUIRED SUPPLEMENTARY INFORMATION
LAST THREE YEARS
(THOUSANDS)

	2018	2017	2016
<u>SCHEDULE OF NET OPEB LIABILITY</u>			
TOTAL OPEB LIABILITY.....	\$ 67,924	\$ 65,123	\$ 62,335
PLAN FIDUCIARY NET POSITION.....	(21,526)	(18,541)	(14,761)
NET OPEB LIABILITY (ASSET).....	<u>\$ 46,398</u>	<u>\$ 46,582</u>	<u>\$ 47,574</u>
PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL OPEB LIABILITY.....	<u>31.7%</u>	<u>28.5%</u>	<u>23.7%</u>
COVERED PAYROLL.....	<u>\$ 20,176</u>	<u>\$ 19,447</u>	<u>\$ 18,744</u>
NET OPEB LIABILITY (ASSET) AS A PERCENTAGE OF COVERED PAYROLL.....	<u>229.97%</u>	<u>239.53%</u>	<u>253.81%</u>
<u>SCHEDULE OF INVESTMENT RETURNS</u>			
	2018	2017	2016
ANNUAL MONEY WEIGHTED RATE OF RETURN, NET OF INVESTMENT EXPENSE.....	<u>4.31%</u>	<u>11.81%</u>	<u>N/A</u>

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

N/A - Not available

TOWN OF FAIRFIELD, CONNECTICUT

POLICE AND FIRE EMPLOYEES' OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN

REQUIRED SUPPLEMENTARY INFORMATION
LAST THREE YEARS
(THOUSANDS)

	2018	2017	2016
<u>SCHEDULE OF NET OPEB LIABILITY</u>			
TOTAL OPEB LIABILITY.....	\$ 75,781	\$ 72,409	\$ 69,112
PLAN FIDUCIARY NET POSITION.....	(20,998)	(16,944)	(13,260)
NET OPEB LIABILITY (ASSET).....	<u>\$ 54,783</u>	<u>\$ 55,465</u>	<u>\$ 55,852</u>
PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL OPEB LIABILITY.....	<u>27.7%</u>	<u>23.4%</u>	<u>19.2%</u>
COVERED PAYROLL.....	<u>\$ 17,539</u>	<u>\$ 16,905</u>	<u>\$ 16,294</u>
NET OPEB LIABILITY (ASSET) AS A PERCENTAGE OF COVERED PAYROLL.....	<u>312.3%</u>	<u>328.1%</u>	<u>342.8%</u>
<u>SCHEDULE OF INVESTMENT RETURNS</u>			
	2018	2017	2016
ANNUAL MONEY WEIGHTED RATE OF RETURN, NET OF INVESTMENT EXPENSE.....	<u>8.92%</u>	<u>11.81%</u>	<u>N/A</u>

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

N/A - Not available

TOWN OF FAIRFIELD, CONNECTICUT

OTHER POST-EMPLOYMENT BENEFIT (OPEB) PLANS

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS

LAST TEN YEARS

(THOUSANDS)

FISCAL YEAR	ACTUARIALLY DETERMINED CONTRIBUTION	CONTRIBUTIONS IN RELATION TO THE ACTUARIALLY DETERMINED CONTRIBUTION	CONTRIBUTION EXCESS (DEFICIENCY)	COVERED PAYROLL	CONTRIBUTIONS AS A PERCENTAGE OF COVERED PAYROLL
<u>Employees' Plan</u>					
2009	\$ 4,842	\$ 3,194	\$ (1,648)	N/A	N/A
2010	4,112	4,534	422	N/A	N/A
2011	4,218	3,653	(565)	16,893	21.62%
2012	4,338	3,924	(414)	N/A	N/A
2013	4,231	4,332	101	17,798	24.34%
2014	4,430	4,590	160	N/A	N/A
2015	4,633	4,777	144	17,851	26.76%
2016	4,282	4,534	252	18,744	24.19%
2017	4,482	4,482	-	19,447	23.05%
2018	4,703	4,700	(3)	20,176	23.30%
<u>Police and Fire Employees' Plan</u>					
2009	4,909	3,167	(1,742)	N/A	N/A
2010	4,423	4,747	324	N/A	N/A
2011	4,998	3,880	(1,118)	13,817	28.08%
2012	4,503	4,078	(425)	N/A	N/A
2013	4,416	4,535	119	14,283	31.75%
2014	4,548	4,659	111	N/A	N/A
2015	4,750	4,861	111	14,607	33.28%
2016	4,549	4,747	198	16,294	29.13%
2017	4,755	5,275	520	16,905	31.20%
2018	4,847	4,850	3	17,539	27.65%

N/A - Not available

TOWN OF FAIRFIELD, CONNECTICUTTOWN AND POLICE AND FIRE EMPLOYEES'
OTHER POST-EMPLOYMENT BENEFIT PLANSNOTES TO REQUIRED SUPPLEMENTARY INFORMATION
LAST TEN YEARS

Changes of Benefit Terms	None
Changes of Assumptions	2016 - Changed the discount rate from 7.5% to 7.0% for the Town and Police and Fire Plans. Changed the healthcare inflation rate from 9.0% - 5.0% to 7.75% to 4.75%.
Method and Assumptions Used in Calculations of Actuarially Determined Contribution	The actuarially determined contribution rates in the schedule of contributions are calculated as of July 1, 2016, two years prior to the end of the fiscal year in which contributions are reported.
The following actuarial methods and assumptions were used to determine contribution rates reported in that schedule:	
Actuarial Cost Method	Entry age normal
Amortization Method	Level percentage of payroll
Remaining Amortization Period	25 years, closed
Asset Valuation Method	Fair value
Investment Rate of Return - Town and Police and Fire	7.0% and 7.0%, respectively
Healthcare Inflation Rate - Initial	7.75%
Healthcare Inflation Rate - Ultimate	4.75%
Salary Increases	2.75% - 12.75%
Mortality Rate	Mortality rates were based on the RP-2014 adjusted to 2006 with generational mortality improvement to current year under Projection Scale MP-2016

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

TOWN OF FAIRFIELD, CONNECTICUT

CT STATE TEACHERS' RETIREMENT BOARD RETIREE HEALTH INSURANCE PLAN

REQUIRED SUPPLEMENTARY INFORMATION

JUNE 30, 2018

(THOUSANDS)

SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY

Town's proportionate share of the net OPEB liability		\$	-
State of Connecticut's proportionate share of the net OPEB liability associated with Town			<u>73,327</u>
Total		\$	<u>73,327</u>
Town's covered payroll	(2)		<u>N/A</u>
Town's proportionate share of the net OPEB liability as a percentage of its covered payroll			<u>0.00%</u>
Plan fiduciary net position as a percentage of the total OPEB liability			<u>1.79%</u>

SCHEDULE OF CONTRIBUTIONS

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

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

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

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

TOWN OF FAIRFIELD, CONNECTICUT

CT STATE TEACHERS' RETIREMENT BOARD RETIREE HEALTH INSURANCE PLAN

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

JUNE 30, 2018

Changes of Benefit Terms	None
Changes of Assumptions	2016:
	The discount rate has been lowered from 4.50% to 4.25% to reflect the decrease in the rate of inflation
	The payroll growth rate assumption was decreased from 3.75% to 3.25% to reflect the decrease in the rate of inflation and the decrease in the rate of real wage increase
	The demographic assumptions of salary growth, payroll growth, the rates of withdrawal, the rates of retirement, the rates of mortality, and the rates of disability incidence were adjusted based upon the experience study's findings and their adoption by the Board
	The assumed initial per capita health care costs, the assumed rates of healthcare inflation used to project the per capita costs, and the participation assumptions have been revised
Actuarial Cost Method	Entry age
Amortization Method	Level percentage, open
Asset Valuation Method	Fair Value
Inflation	2.75%
Healthcare Inflation Rate	Initial 7.25% decreasing to 5.00% (ultimate) by 2022
Salary Increases	3.25% to 6.50%, including inflation
Investment Rate of Return	4.25%
Mortality Rate	RP-2014 White Collar table with employee and annuitant rates blended from ages 50 to 80, projected to the year 2020 using the BB improvement scale and further adjusted to grade in increases (5% for females and 8% for males) to rates over age 80. For disabled retirees, the RPH-2014 Disabled Mortality table projected to 2017 using the BB improvement scale

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

General Fund

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

TOWN OF FAIRFIELD, CONNECTICUT

GENERAL FUND
COMPARATIVE BALANCE SHEET
JUNE 30, 2018 AND 2017
(THOUSANDS)

	2018	2017
<u>ASSETS</u>		
Cash.....	\$ 8,921	\$ 5,129
Investments.....	44,910	45,910
Restricted investments.....	4,932	4,145
Receivables, net:		
Property taxes.....	8,631	8,557
Intergovernmental.....	687	-
Other.....	705	1,162
Due from other funds.....	6,348	5,667
Other.....	-	281
TOTAL ASSETS.....	\$ 75,134	\$ 70,851
<u>LIABILITIES</u>		
Cash overdraft.....	\$ 4,865	\$ 2,068
Accounts payable.....	7,310	5,751
Accrued payroll.....	12,361	13,396
Due to other funds.....	441	37
Performance bonds.....	4,932	4,145
Other.....	1,136	1,338
TOTAL LIABILITIES.....	31,045	26,735
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Unavailable revenue:		
Property taxes.....	8,631	8,557
Advance property tax collections.....	746	6,066
Other charges.....	61	35
TOTAL DEFERRED INFLOWS OF RESOURCES.....	9,438	14,658
<u>FUND BALANCES</u>		
Assigned.....	2,509	1,619
Unassigned.....	32,142	27,839
TOTAL FUND BALANCES	34,651	29,458
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 75,134	\$ 70,851

TOWN OF FAIRFIELD, CONNECTICUT
 REPORT OF TAX COLLECTOR
 FOR THE YEAR ENDED JUNE 30, 2018
 (THOUSANDS)

GRAND LIST YEAR	UNCOLLECTED TAXES JULY 1, 2017	CURRENT YEAR LEVY	LAWFUL CORRECTIONS			COLLECTIONS					UNCOLLECTED TAXES JUNE 30, 2018	
			ADDITIONS	DEDUCTIONS	TRANSFERS TO SUSPENSE	ADJUSTED AMOUNT COLLECTIBLE	NET TAXES COLLECTED	INTEREST, LIENS & OTHER FEES	TOTAL			
2001	\$ 7	\$ -	\$ -	\$ 7	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2002	8	-	-	-	-	8	-	-	-	-	-	8
2003	16	-	-	-	-	16	-	-	1	-	1	15
2004	14	-	-	-	-	14	-	-	2	1	3	12
2005	27	-	-	-	-	27	-	-	6	5	11	21
2006	33	-	-	-	-	33	-	-	11	10	21	22
2007	61	-	-	-	-	61	-	-	18	20	38	43
2008	122	-	-	-	-	122	-	-	46	42	88	76
2009	152	-	-	-	-	151	1	1	45	43	88	106
2010	213	-	-	-	-	212	1	1	47	34	81	165
2011	427	-	-	-	1	347	79	1	116	57	173	231
2012	763	-	-	-	2	759	2	2	80	49	129	679
2013	1,383	-	19	13	2	1,387	2	2	246	107	353	1,141
2014	1,912	-	40	26	8	1,918	8	8	487	198	685	1,431
2015	3,419	-	94	162	5	3,346	5	5	1,557	297	1,854	1,789
TOTAL PRIOR YEARS	8,557	-	153	211	98	8,401	98	98	2,662	863	3,525	5,739
2016	-	277,019	795	1,005	12	276,797	12	12	273,905	481	274,386	2,892
TOTAL ALL YEARS	\$ 8,557	\$ 277,019	\$ 948	\$ 1,216	\$ 110	\$ 285,198	\$ 110	\$ 1,344	\$ 276,567	\$ 1,344	\$ 277,911	\$ 8,631

Nonmajor Governmental Funds

Special Revenue Funds

Special revenue funds are used to account for the proceeds of specific revenue sources that are designated or legally restricted to expenditures for specific purposes. The nature and purpose of each Special Revenue Fund is as follows:

Fund	Funding Source	Function
Special Assessments	Sewer and beach assessments	Accumulation of resources for debt retirement
Community Development Block Grant	Federal grant	Town development programs
Special Education	State and Federal grants, custodial fees, continuing education and summer school programs	School related programs
Recreation	User fees	Recreation programs
Public Safety	State and Federal grants/ contributions	Public safety programs
Shellfish	Permit fees	Stocking shellfish beds
Public School Lunch	Sale of food and grants	School lunch program
Water Pollution Control Authority	Sewer use fees	Sanitary sewer operations
Miscellaneous Grants	State and Federal grants, and public health administrative charges	Health, law enforcement, and public safety programs
Downtown Parking	Parking fees	Downtown employee parking and Fairfield Center improvements
Donations	Private donations	Various
Library	Trust income	Support and benefit of the Town's library

Debt Service Fund

The Debt Service Fund accounts for the payment of principal and interest on long-term debt of the Town.

Permanent Funds

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

H. Smith Richardson Conservation Fund - established in 1971 and 1990 for conservation purposes.

Simeon and Carrie Pease Fund - established in 1980 for education purposes.

Library Fund - support and benefit of the Town's library.

TOWN OF FAIRFIELD, CONNECTICUT

COMBINING BALANCE SHEET
OTHER GOVERNMENTAL FUNDS
JUNE 30, 2018
(THOUSANDS)

	SPECIAL REVENUE FUNDS					
	SPECIAL ASSESSMENTS	COMMUNITY DEVELOPMENT BLOCK GRANT	SPECIAL EDUCATION	RECREATION	PUBLIC SAFETY	SHELLFISH
<u>ASSETS</u>						
Cash.....						
Investments.....						
Receivables:						
Sewer, beach and sidewalk assessments.....	135		67	9	412	25
Intergovernmental.....	31	141	478	1,123		
Loan.....		1,873				
Other.....				17	365	
Due from other funds.....				169		
Other.....						
TOTAL ASSETS.....	\$ 166	\$ 2,014	\$ 545	\$ 1,318	\$ 777	\$ 25
<u>LIABILITIES</u>						
Accounts payable.....	1	17	65	19	3	
Accrued payroll.....					1	
Due to other funds.....		123	59	207		
Unearned revenue.....						
TOTAL LIABILITIES.....	1	140	124	226	4	-
<u>DEFERRED INFLOWS OF RESOURCES</u>						
Unavailable revenue:						
Sewer assessment and use charges.....	31				365	
Other charges.....						
TOTAL DEFERRED INFLOWS OF RESOURCES.....	31	-	-	-	365	-
<u>FUND BALANCES</u>						
Nonspendable.....		1,873				
Restricted.....	134	1	421	1,092	408	25
Committed.....						
Assigned.....						
TOTAL FUND BALANCES.....	134	1,874	421	1,092	408	25
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 166	\$ 2,014	\$ 545	\$ 1,318	\$ 777	\$ 25

(Continued)

TOWN OF FAIRFIELD, CONNECTICUT

COMBINING BALANCE SHEET
OTHER GOVERNMENTAL FUNDS
JUNE 30, 2018
(THOUSANDS)

SPECIAL REVENUE FUNDS

	PUBLIC SCHOOL LUNCH	WATER POLLUTION CONTROL AUTHORITY	MISCELLANEOUS GRANTS	DOWNTOWN PARKING	DONATIONS	LIBRARY	TOTAL SPECIAL REVENUE FUNDS
ASSETS							
Cash.....	\$ 810	\$ 2	\$ 608	\$ 230	\$ 385	\$ 18	\$ 906
Investments.....	103	8,787				48	11,856
Receivables:							
Sewer, beach and sidewalk assessments.....	129	785	214				816
Intergovernmental.....							962
Loan.....		20					1,873
Other.....							402
Due from other funds.....					272		441
Other.....	28						28
TOTAL ASSETS.....	\$ 1,070	\$ 9,594	\$ 822	\$ 230	\$ 657	\$ 66	\$ 17,284
LIABILITIES							
Accounts payable.....	\$ 208	\$ 135	\$ 314	\$ 2	\$ 1	\$	\$ 765
Accrued payroll.....	419	250					251
Due to other funds.....	251	-	12				601
Unearned revenue.....							470
TOTAL LIABILITIES.....	878	385	326	2	1	-	2,087
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenue:							
Sewer assessment and use charges.....		785					816
Other charges.....							365
TOTAL DEFERRED INFLOWS OF RESOURCES.....	-	785	-	-	-	-	1,181
FUND BALANCES							
Nonspendable.....							1,873
Restricted.....	192	8,424	496	228	656	66	9,473
Committed.....							2,670
Assigned.....							-
TOTAL FUND BALANCES.....	192	8,424	496	228	656	66	14,016
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 1,070	\$ 9,594	\$ 822	\$ 230	\$ 657	\$ 66	\$ 17,284

(Continued)

TOWN OF FAIRFIELD, CONNECTICUT

COMBINING BALANCE SHEET
OTHER GOVERNMENTAL FUNDS
JUNE 30, 2018
(THOUSANDS)

	PERMANENT FUNDS					TOTAL NONMAJOR GOVERNMENTAL FUNDS
	DEBT SERVICE FUND	H. SMITH RICHARDSON CONSERVATION FUND	SIMEON AND CARRIE PEASE FUND	LIBRARY FUND	TOTAL PERMANENT FUNDS	
ASSETS						
Cash.....	\$ 5,391	\$ -	\$ -	\$ -	\$ -	\$ 906
Investments.....						17,247
Restricted investments.....		348	20	23	391	391
Receivables:						
Sewer, beach and sidewalk assessments.....						816
Intergovernmental.....						962
Loan.....						1,873
Other.....						402
Due from other funds.....						441
Other.....						28
TOTAL ASSETS.....	\$ 5,391	\$ 348	\$ 20	\$ 23	\$ 391	\$ 23,066
LIABILITIES						
Accounts payable.....	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 765
Accrued payroll.....						251
Due to other funds.....						601
Unearned revenue.....						470
TOTAL LIABILITIES.....	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,087
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue:						
Sewer assessment and use charges.....						816
Other charges.....						365
TOTAL DEFERRED INFLOWS OF RESOURCES.....	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,181
FUND BALANCES						
Nonspendable.....						1,943
Restricted.....		30	20	20	70	9,794
Committed.....		318		3	321	2,670
Assigned.....	5,391					5,391
TOTAL FUND BALANCES.....	5,391	348	20	23	391	19,798
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 5,391	\$ 348	\$ 20	\$ 23	\$ 391	\$ 23,066

(Concluded)

TOWN OF FAIRFIELD CONNECTICUT

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
OTHER GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2018
(THOUSANDS)

		SPECIAL REVENUE FUNDS					
		SPECIAL ASSESSMENTS	COMMUNITY DEVELOPMENT BLOCK GRANT	SPECIAL EDUCATION	RECREATION	PUBLIC SAFETY	SHELLFISH
REVENUES:							
Intergovernmental.....			\$ 379	\$ 7,410	\$ 1,728	\$ 55	\$ 5
Charges for services.....			149	1,345		2,244	
Sewer, beach and sidewalk assessments.....							
Income from investments.....	14					1	
Contributions.....							
TOTAL REVENUES.....	14		528	8,755	1,728	2,300	5
EXPENDITURES:							
Current:							
General government.....							7
Public safety.....						2,361	
Public works.....							
Health and welfare.....			668		1,740		
Culture and recreation.....				8,626			
Education.....							
Debt service.....							
TOTAL EXPENDITURES.....	-		668	8,626	1,740	2,361	7
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	14		(140)	129	(12)	(61)	(2)
OTHER FINANCING SOURCES (USES):							
Transfers in.....							
Transfers out.....							
NET OTHER FINANCING SOURCES (USES).....	-		-	-	-	-	-
NET CHANGE IN FUND BALANCES.....	14		(140)	129	(12)	(61)	(2)
FUND BALANCES - JULY 1, 2017 (AS RESTATED)...	120		2,014	292	1,104	469	27
FUND BALANCES - JUNE 30, 2018.....	\$ 134		\$ 1,874	\$ 421	\$ 1,092	\$ 408	\$ 25

(Continued)

TOWN OF FAIRFIELD, CONNECTICUT

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
OTHER GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2018
(THOUSANDS)

	SPECIAL REVENUE FUNDS							TOTAL SPECIAL REVENUE FUNDS
	PUBLIC SCHOOL LUNCH	WATER POLLUTION CONTROL AUTHORITY	MISCELLANEOUS GRANTS	DOWNTOWN PARKING	DONATIONS	LIBRARY		
REVENUES:								
Intergovernmental.....	\$ 777	\$ 7,008	\$ 1,980	\$ 97	\$	\$		\$ 10,601
Charges for services.....	2,399		36					15,011
Sewer, beach and sidewalk assessments.....								14
Income from investments.....			82		305	91		1
Contributions.....								478
TOTAL REVENUES.....	3,176	7,008	2,098	97	305	91		26,105
EXPENDITURES:								
Current:								
General government.....			10		4			21
Public safety.....			1,114		96			3,571
Public works.....		5,339	509	79	5			5,932
Health and welfare.....			719		14			733
Culture and recreation.....			12		91	98		2,609
Education.....	3,165	7						11,791
Debt service.....								7
TOTAL EXPENDITURES.....	3,165	5,346	2,364	79	210	98		24,664
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	11	1,662	(266)	18	95	(7)		1,441
OTHER FINANCING SOURCES (USES):								
Transfers in.....		(556)						-
Transfers out.....								(556)
NET OTHER FINANCING SOURCES (USES).....	-	(556)	-	-	-	-		(556)
NET CHANGE IN FUND BALANCES.....	11	1,106	(266)	18	95	(7)		885
FUND BALANCES - JULY 1, 2017 (AS RESTATED)....	181	7,318	762	210	561	73		13,131
FUND BALANCES - JUNE 30, 2018.....	\$ 192	\$ 8,424	\$ 496	\$ 228	\$ 656	\$ 66		\$ 14,016

(Continued)

TOWN OF FAIRFIELD, CONNECTICUT

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
OTHER GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2018
(THOUSANDS)

	PERMANENT FUNDS					TOTAL OTHER GOVERNMENTAL FUNDS
	DEBT SERVICE FUND	H. SMITH RICHARDSON CONSERVATION FUND	SIMEON AND CARRIE PEASE FUND	LIBRARY FUND	TOTAL PERMANENT FUNDS	
REVENUES:						
Intergovernmental.....		\$	\$	\$	\$	\$ 10,601
Charges for services.....	7					15,018
Sewer, beach and sidewalk assessments.....						14
Income from investments.....		22			22	23
Contributions.....						478
TOTAL REVENUES.....	7	22	-	-	22	26,134
EXPENDITURES:						
Current:						
General government.....						21
Public safety.....						3,571
Public works.....						5,932
Health and welfare.....						733
Culture and recreation.....		84			84	2,693
Education.....						11,791
Debt service.....	1,573					1,580
TOTAL EXPENDITURES.....	1,573	84	-	-	84	26,321
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	(1,566)	(62)	-	-	(62)	(187)
OTHER FINANCING SOURCES (USES):						
Premium (bond and bond anticipation note).....	1,090					1,090
Transfers in.....	713					713
Transfers out.....						(556)
NET OTHER FINANCING SOURCES (USES).....	1,803	-	-	-	-	1,247
NET CHANGE IN FUND BALANCES.....	237	(62)	-	-	(62)	1,060
FUND BALANCES - JULY 1, 2017 (AS RESTATED)...	5,154	410	20	23	453	18,738
FUND BALANCES - JUNE 30, 2018.....	\$ 5,391	\$ 348	\$ 20	\$ 23	\$ 391	\$ 19,798

(Concluded)

TOWN OF FAIRFIELD, CONNECTICUT

WATER POLLUTION CONTROL AUTHORITY
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2018
 (THOUSANDS)

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:				
Charges for services.....	\$ 5,450	\$ 8,140	\$ 7,008	\$ (1,132)
EXPENDITURES:				
Current:				
Public works.....	5,443	8,133	5,513	2,620
Debt service:				
Principal retirement.....	7	7	7	-
TOTAL EXPENDITURES.....	5,450	8,140	5,520	2,620
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	-	-	1,488	(3,752)
TRANSFERS OUT.....	-	(556)	(556)	-
NET CHANGE IN FUND BALANCES.....	\$ -	\$ -	932	\$ 1,488
FUND BALANCE - JULY 1, 2017.....			7,196	
FUND BALANCE - JUNE 30, 2018.....			\$ 8,128	
RECONCILIATION TO GAAP BASIS - SCHEDULE 4	EXPENDITURES		FUND BALANCE	
BALANCE, BUDGETARY BASIS - JUNE 30, 2018.....	\$ 5,520		\$ 8,128	
Encumbrances outstanding at June 30, 2017, liquidated during the year ended June 30, 2018.....	122		-	
Encumbrances outstanding at June 30, 2018 charged to budgetary expenditures.....	(296)		296	
BALANCE, GAAP BASIS - JUNE 30, 2018.....	\$ 5,346		\$ 8,424	

Statistical Section

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

CONTENTS

FINANCIAL TRENDS (TABLES 1 - 4)

These schedules contain trend information to help the reader understand how the Town's financial performance and well-being have changed over time.

REVENUE CAPACITY (TABLES 5 - 7)

These schedules contain information to help the reader assess the Town's most significant local revenue source, the property tax.

DEBT CAPACITY (TABLES 8 - 11)

These schedules present information to help the reader assess the affordability of the Town's current levels of outstanding debt and the Town's ability to issue additional debt in the future.

DEMOGRAPHIC AND ECONOMIC INFORMATION (TABLES 12 - 15)

These schedules offer demographic and economic indicators to help the reader understand the environment within which the Town's financial activities take place.

OPERATING INFORMATION (TABLES 16 - 17)

These schedules contain service and infrastructure data to help the reader understand how the information in the Town's financial report relates to the services the Town provides and the activities it performs.

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

TOWN OF FAIRFIELD, CONNECTICUT

NET POSITION BY COMPONENT
LAST TEN YEARS
(THOUSANDS)
(UNAUDITED)

	FISCAL YEAR									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Net investment in capital assets	\$ 306,487	\$ 297,952	\$ 274,649	\$ 267,658	\$ 246,055	\$ 246,689	\$ 249,503	\$ 250,288	\$ 249,899	\$ 240,836
Restricted	11,737	8,678	7,043	6,225	4,909	3,990	4,056	3,833	3,282	379
Unrestricted	(114,507)	(95,397)	5,641	4,458	15,920	7,846	(4,379)	769	(1,548)	3,681
TOTAL NET POSITION	\$ 203,717	\$ 211,233	\$ 287,333	\$ 278,341	\$ 266,884	\$ 258,525	\$ 254,890	\$ 251,633	\$ 244,896	\$ 244,896

TOWN OF FAIRFIELD, CONNECTICUT

CHANGES IN NET POSITION
LAST TEN YEARS
(THOUSANDS)
(UNAUDITED)

	FISCAL YEAR ENDED									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
EXPENSES:										
General government.....	\$ 29,312	\$ 27,256	\$ 26,112	\$ 29,673	\$ 27,542	\$ 26,427	\$ 24,980	\$ 19,381	\$ 17,098	\$ 15,865
Finance.....	5,617	6,195	5,928	5,997	4,833	4,581	5,903	4,977	4,815	2,404
Public safety.....	44,267	43,702	44,162	38,629	34,958	35,857	37,670	33,776	33,803	32,931
Public works.....	27,759	29,901	29,045	28,938	32,259	28,715	25,137	24,610	24,116	20,146
Health and welfare.....	9,010	10,524	10,111	7,794	7,693	8,142	8,470	8,224	8,214	8,172
Culture and recreation.....	10,621	10,748	10,574	7,951	9,424	9,470	10,331	8,907	8,631	8,468
Education.....	229,485	222,761	201,684	192,338	186,797	186,202	181,884	175,926	166,791	167,843
Railroad station project.....	-	-	-	31	26	2,268	13,514	26,237	-	-
Interest expense.....	6,273	3,928	5,622	6,566	6,916	8,902	7,612	8,638	8,743	8,109
Total expenses.....	362,344	355,015	333,238	317,917	310,448	310,564	310,676	310,676	272,211	263,938
PROGRAM REVENUES:										
Charges for services:										
General government.....	2,554	3,149	3,131	3,487	2,810	2,978	3,037	4,128	4,055	3,029
Finance.....	-	-	94	62	72	39	36	29	29	348
Public safety.....	10,304	9,082	8,268	8,682	7,738	7,049	8,800	6,105	5,441	5,254
Public works.....	3,338	4,644	3,949	3,413	5,134	4,465	4,465	4,878	5,184	4,699
Health and welfare.....	4,139	3,402	3,645	3,407	3,136	3,513	226	206	191	181
Culture and recreation.....	4,238	4,178	4,039	3,541	3,169	3,607	5,170	7,396	4,443	4,894
Education.....	3,744	3,403	3,256	3,482	3,969	3,798	4,007	3,785	4,001	4,202
Operating grants and contributions.....	49,104	46,104	33,483	30,912	32,428	32,636	30,577	26,094	25,217	22,649
Capital grants and contributions.....	2,566	15,151	6,332	2,603	4,842	6,256	7,830	26,055	887	1,316
Total program revenues.....	79,987	89,113	66,197	59,589	63,298	63,695	78,676	78,676	46,572	46,572
NET EXPENSES.....	(282,357)	(265,902)	(267,041)	(258,328)	(247,150)	(248,869)	(232,000)	(232,000)	(225,639)	(217,366)
GENERAL REVENUES:										
Property taxes.....	278,531	273,452	271,359	264,619	257,832	251,945	240,853	229,617	223,795	219,608
Grants and contributions not restricted to specific programs.....	2,292	3,696	3,073	3,753	3,860	3,526	3,237	4,322	4,462	3,919
Investment income.....	1,181	336	1,419	524	1,120	550	1,394	849	911	736
Miscellaneous.....	650	209	182	185	144	193	159	469	332	391
Total general revenues.....	282,654	277,693	276,033	269,081	262,956	256,214	235,257	235,257	224,654	224,654
EXTRAORDINARY ITEM - ASSET IMPAIRMENT GAIN.....	-	-	-	704	-	-	-	-	-	-
NET OF INSURANCE RECOVERY.....	-	-	-	-	-	-	-	-	-	-
CHANGE IN NET POSITION.....	\$ 297	\$ 11,791	\$ 8,992	\$ 11,457	\$ 15,806	\$ 9,345	\$ 3,257	\$ 3,257	\$ 7,288	\$ 4,650

TOWN OF FAIRFIELD, CONNECTICUT

FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN YEARS
(THOUSANDS)
(UNAUDITED)

	FISCAL YEAR									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
GENERAL FUND:										
Assigned.....	\$ 2,509	\$ 1,619	\$ 825	\$ 863	\$ 815	\$ 1,398	\$ 2,094	\$ 1,586	\$ 1,576	\$ 954
Unassigned.....	32,142	27,839	27,435	24,260	21,168	17,408	14,593	13,414	11,786	10,263
TOTAL GENERAL FUND.....	34,651	29,458	28,260	25,123	21,983	18,806	16,687	15,000	13,362	11,217
ALL OTHER GOVERNMENTAL FUNDS:										
Nonspendable.....	1,943	70	70	70	70	70	70	70	70	70
Restricted.....	9,794	8,608	6,973	6,155	4,839	3,920	4,055	3,763	3,282	2,273
Committed.....	2,670	2,715	2,526	2,436	2,234	1,781	1,504	884	790	
Assigned.....	5,391	5,154	2,426	634	2,236	3,220	1,578	1,573	508	158
Unassigned.....	(8,143)	(7,695)	(10,205)	(13,165)	(814)	(12,092)	(47,585)	(20,150)	(11,077)	(11,693)
TOTAL ALL OTHER GOVERNMENTAL FUNDS.....	11,655	8,652	1,790	(3,870)	8,565	(3,101)	(40,378)	(13,860)	(6,427)	(9,111)
GRAND TOTAL.....	\$ 46,306	\$ 38,310	\$ 30,050	\$ 21,253	\$ 30,548	\$ 15,705	\$ (23,691)	\$ 1,140	\$ 6,935	\$ 2,106

TOWN OF FAIRFIELD CONNECTICUT

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN YEARS
(THOUSANDS)
(UNAUDITED)

	FISCAL YEAR ENDED									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
REVENUES:										
Property taxes.....	\$ 277,956	\$ 271,812	\$ 270,365	\$ 263,941	\$ 258,634	\$ 250,020	\$ 240,615	\$ 228,868	\$ 224,354	\$ 218,781
Intergovernmental.....	53,577	54,671	42,933	36,393	41,328	42,686	39,835	52,419	30,895	28,178
Charges for services.....	30,321	28,069	26,861	26,209	26,609	24,820	26,030	23,582	23,337	22,539
Income from investments.....	1,181	336	1,419	524	1,120	550	1,394	849	908	1,301
Contributions.....	478	336	263	1,186	125	66	158	4,411	161	307
Other.....	650	209	182	185	144	193	159	469	332	391
TOTAL REVENUES.....	364,163	355,433	342,013	328,438	325,960	318,335	308,191	310,598	279,987	271,497
EXPENDITURES:										
Current:										
General government.....	38,020	35,012	35,251	38,064	-	26,490	24,102	19,289	16,599	15,451
Finance.....	4,424	4,850	4,920	5,044	4,653	4,478	4,545	4,649	4,487	3,579
Public safety.....	35,448	33,981	34,075	32,477	35,999	36,033	35,683	32,312	30,285	29,711
Public works.....	21,247	24,824	23,458	23,309	23,309	24,134	21,919	20,639	17,992	18,385
Health and welfare.....	7,789	9,157	9,128	6,994	7,841	8,258	8,475	8,563	7,826	8,047
Culture and recreation.....	8,398	8,985	8,938	8,276	8,933	8,303	8,594	8,281	7,902	7,959
Education.....	215,687	206,177	190,890	183,041	182,167	176,951	171,414	164,402	163,892	161,797
Capital outlay.....	11,454	13,425	22,917	21,908	5,654	12,040	36,896	51,940	11,398	10,086
Debt service:										
Principal.....	16,406	17,353	17,353	16,548	14,713	14,116	13,659	12,464	12,464	12,464
Interest.....	7,240	6,396	7,396	8,261	8,644	9,142	8,678	9,804	12,387	10,716
TOTAL EXPENDITURES.....	366,113	360,160	354,326	343,616	291,913	319,945	333,965	332,343	285,232	278,195
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	(1,950)	(4,727)	(12,313)	(15,178)	34,047	(1,610)	(25,774)	(21,745)	(5,245)	(6,698)
OTHER FINANCING SOURCES (USES):										
Issuance of debt.....	6,665	11,147	20,311	3,312	8,188	37,600	-	14,895	10,105	4,600
Issuance of refunding bonds.....	-	-	28,840	24,240	10,555	-	26,775	-	19,410	-
Payment to refunded bond escrow agent.....	-	-	(28,246)	(25,924)	(11,074)	-	(31,509)	-	(22,576)	-
Premium (bond and bond anticipation note).....	1,090	1,840	3,205	2,167	867	3,132	5,677	1,055	3,328	-
Capital lease.....	-	-	-	-	-	274	-	-	-	-
Insurance proceeds.....	-	-	-	2,088	-	-	-	-	-	-
Transfers in.....	3,135	2,128	1,700	3,339	4,685	3,700	2,292	2,465	4,398	4,862
Transfers out.....	(3,135)	(2,128)	(1,700)	(3,339)	(4,685)	(3,700)	(2,292)	(2,465)	(4,591)	(4,862)
NET OTHER FINANCING SOURCES (USES).....	7,755	12,987	21,110	5,883	8,536	41,006	943	15,950	10,074	4,600
NET CHANGE IN FUND BALANCES.....	\$ 5,805	\$ 8,260	\$ 8,797	\$ (9,295)	\$ 42,583	\$ 39,396	\$ (24,831)	\$ (5,795)	\$ 4,829	\$ (2,098)
DEBT SERVICE AS A PERCENTAGE OF NONCAPITAL EXPENDITURES.....	7%	7%	7%	8%	8%	7%	7%	7%	9%	8%

TOWN OF FAIRFIELD, CONNECTICUT

ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN YEARS
(THOUSANDS)
(UNAUDITED)

YEAR ENDED JUNE 30	REAL ESTATE		PERSONAL PROPERTY		TOTAL	PERCENTAGE OF TOTAL ASSESSED VALUE TO TOTAL ESTIMATED ACTUAL VALUE	TOTAL DIRECT TAX RATE
	(1) NET ASSESSED VALUE	(2) ESTIMATED ACTUAL VALUE	(3) NET ASSESSED VALUE	(4) ESTIMATED ACTUAL VALUE			
2009	\$ 11,292,411	\$ 16,132,015	\$ 637,602	\$ 910,860	\$ 11,930,013	70.00%	18.58
2010	11,358,895	16,226,993	626,549	895,070	11,985,444	70.00%	18.90
2011	11,391,873	16,274,105	664,642	949,488	12,056,515	70.00%	19.27
2012	10,117,105	14,453,007	733,490	1,047,843	10,850,595	70.00%	22.47
2013	10,133,965	14,477,093	787,754	1,125,363	10,921,719	70.00%	23.37
2014	10,150,146	14,500,209	803,540	1,147,914	10,953,686	70.00%	23.93
2015	10,154,157	14,505,939	834,462	1,192,089	10,988,619	70.00%	24.40
2016	10,199,908	14,571,297	852,048	1,217,211	11,051,956	70.00%	24.79
2017	9,973,621	14,248,030	807,813	1,154,019	10,781,434	70.00%	25.45
2018	10,058,838	15,089,766	817,476	1,167,823	10,876,314	70.00%	26.36

Source: Town of Fairfield, Assessor's Office

Notes:

- (A) For fiscal year 7/1/2016 to 6/30/2018, real estate values are based on the 2015 reassessment.
- (B) For fiscal year 7/1/2011 to 6/30/2016, real estate values are based on the 2010 reassessment.
- (C) For fiscal year 7/1/2009 to 6/30/2011, real estate values are based on the 2005 reassessment.
- (D) Personal property is carried at a constant 70% assessment ratio and does not include exempt properties.
- (E) There are no overlapping tax rates for the Town of Fairfield.
- (1) Assessed values are net of exemptions; real property revalued as of October 2015 Grand List.
- (2) Since real property is valued once every five years, sales ratios from the Office of Policy and Management are used to estimate current values.
- (3) Includes personal property, motor vehicle and supplemental motor vehicle assessments.
- (4) Assessment ratio, which is 70% of market value, is used to estimate market value since personal property is revalued every year.

TOWN OF FAIRFIELD, CONNECTICUT

PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO
(UNAUDITED)

NAME (2)	NATURE OF BUSINESS	2018			2009		
		ASSESSED VALUE	RANK	PERCENTAGE NET TAXABLE GRAND LIST (1)	ASSESSED VALUE	RANK	PERCENTAGE NET TAXABLE GRAND LIST (1)
Kleban & Regency-Kleban Properties LLC	Real Estate Developer & Mgr	\$ 73,878,614	1	0.68%	\$ 40,142,678	4	0.34%
Connecticut Light & Power dba Eversource	Public Utility	56,217,510	2	0.52%	30,392,163	6	0.25%
Aquarion Water Company	Water Utility	54,512,120	3	0.50%	53,146,194	3	0.45%
Lenoci, Alfred et al	Real Estate Developer & Mgr	54,199,430	4	0.50%	57,604,467	2	0.48%
United Illuminating Company	Electric Utility	46,037,740	5	0.42%	-	-	0.00%
Southern Connecticut Gas Company	Gas Utility	33,048,320	6	0.30%	-	-	0.00%
Roberts et al Properties	Real Estate Developer & Mgr	23,970,144	7	0.22%	38,240,370	5	0.32%
Scinto, Robert et al	Real Estate Developer & Mgr	23,822,790	8	0.22%	23,555,700	8	0.20%
Trust Realty et al	Real Estate Developer & Mgr	21,853,210	9	0.20%	17,952,760	10	0.15%
Jack, Bradley & Karin	Residential Homeowner	21,817,570	10	0.20%	23,331,040	9	0.20%
General Electric Company	Corporate Headquarters	-	-	0.00%	89,383,676	1	0.75%
Southport Village Partners	Real Estate Developer & Mgr	-	-	0.00%	29,186,390	7	0.24%
TOTAL		\$ 409,357,448		3.76%	\$ 402,935,438		3.38%

Source: Assessor's Office, Town of Fairfield.

Notes:

(1) Based on the October 2016 and October 2007 Net Taxable Grand lists of \$10,866,237,867 and \$11,931,408,781, respectively.

(2) The above owners solely and partially own multiple properties under different names from Top Taxpayer Report.

TOWN OF FAIRFIELD, CONNECTICUT

TAX RATES, LEVIES AND CASH COLLECTIONS
LAST TEN YEARS
(THOUSANDS)
(UNAUDITED)

YEAR ENDED JUNE 30	MILL RATE	(1) TOTAL ADJUSTED TAX LEVY	NET CURRENT TAX COLLECTIONS	PERCENTAGE OF CURRENT TAXES COLLECTED	COLLECTIONS IN SUBSEQUENT YEARS	TOTAL COLLECTIONS	PERCENT OF LEVY COLLECTED	CURRENT DELINQUENT BALANCE
2009	18.58	\$ 218,377	\$ 215,786	98.81%	\$ 2,548	\$ 218,284	99.96%	\$ 43
2010	18.90	222,627	220,080	98.86%	2,471	220,080	98.86%	76
2011	19.27	228,518	226,012	98.90%	2,400	226,012	98.90%	106
2012	22.47	239,402	236,661	98.86%	2,576	238,953	99.81%	165
2013	23.37	250,603	247,576	98.79%	2,796	249,980	99.75%	231
2014	23.93	256,935	253,640	98.72%	2,616	253,640	98.72%	679
2015	24.40	263,352	259,688	98.61%	2,523	259,688	98.61%	1,141
2016	24.79	269,553	266,010	98.69%	651	266,010	98.69%	1,431
2017	25.45	271,587	268,169	98.74%	1,987	270,156	99.47%	1,789
2018	26.36	276,797	273,905	98.96%	-	273,905	98.96%	2,892

(1) Adjusted tax levy equals the tax levy after lawful corrections, abatements and transfers to suspense.

There is no overlapping tax rates for the Town of Fairfield.

Source: Town of Fairfield Tax office.

TOWN OF FAIRFIELD, CONNECTICUT
 RATIOS OF OUTSTANDING DEBT BY TYPE
 LAST TEN YEARS
 (THOUSANDS, EXCEPT PERSONAL INCOME AND PER CAPITA)
 (UNAUDITED)

YEAR ENDED JUNE 30	GENERAL OBLIGATION BONDS & LONG-TERM NOTES	BOND PREMIUMS	CLEAN WATER NOTES	CAPITAL LEASES	TOTAL	PERCENTAGE OF PERSONAL INCOME	DEBT PER CAPITA
2009	\$ 189,970	\$ 3,882	\$ 22,368	\$ 304	\$ 216,524	0.05%	\$ 3,809
2010	174,470	6,591	20,732	-	201,793	0.05%	3,569
2011	187,135	7,003	19,083	-	213,221	0.05%	3,769
2012	171,915	11,270	17,404	-	200,589	0.05%	3,345
2013	197,106	13,021	15,697	259	226,083	0.05%	3,806
2014	191,948	11,933	13,960	220	218,061	0.05%	3,660
2015	180,975	10,869	12,192	180	204,216	0.05%	3,395
2016	185,286	9,814	10,404	139	205,643	0.05%	3,387
2017	181,643	7,582	8,668	96	197,989	0.06%	3,243
2018	168,706	7,217	6,937	627	183,487	0.07%	2,990

TOWN OF FAIRFIELD, CONNECTICUT

RATIOS OF GENERAL OBLIGATION DEBT OUTSTANDING
LAST TEN YEARS
(THOUSANDS, EXCEPT PER CAPITA)
(UNAUDITED)

YEAR ENDED JUNE 30	GENERAL OBLIGATION DEBT OUTSTANDING					PERCENTAGE OF ACTUAL TAXABLE VALUE OF PROPERTY	DEBT PER CAPITA
	GENERAL OBLIGATION BONDS & LONG-TERM NOTES	BOND PREMIUMS	CLEAN WATER NOTES	TOTAL			
2009	\$ 189,970	\$ 3,882	\$ 22,368	\$ 216,220	1.14%	\$ 3,803	
2010	174,470	6,591	20,732	201,793	1.24%	3,569	
2011	187,135	7,003	19,083	213,221	1.29%	3,769	
2012	171,915	11,270	17,404	200,589	1.45%	3,345	
2013	197,106	13,021	15,697	225,824	1.39%	3,801	
2014	191,948	11,933	13,960	217,841	1.30%	3,657	
2015	180,975	10,869	12,192	204,036	1.30%	3,393	
2016	185,286	9,814	10,404	205,504	1.30%	3,387	
2017	181,643	7,582	8,668	197,893	1.30%	3,243	
2018	168,706	7,217	6,937	182,860	1.13%	2,990	

NOTES: Details regarding the Town's outstanding debt can be found in the notes to financial statements.

All general obligation debt above is liquidated by general fund appropriations.

TOWN OF FAIRFIELD, CONNECTICUT

SCHEDULE OF DEBT LIMITATION
 CONNECTICUT STATUTES, SECTION 7-374(b)
 JUNE 30, 2018
 (THOUSANDS)
 (UNAUDITED)

<u>TAX BASE:</u>	
Total tax collections (including interest and lien fees) for prior year.....	\$ 271,597
<u>REIMBURSEMENT OF REVENUE LOST ON:</u>	
Tax relief for elderly freeze grant for prior year.....	<u>2</u>
TOTAL BASE.....	<u>\$ 271,599</u>

	GENERAL PURPOSE	SCHOOLS	SEWERS	URBAN RENEWAL	PENSION DEFICIT
<u>DEBT LIMITATION:</u>					
2 1/4 times base.....	\$ 611,098	\$ -	\$ -	\$ -	\$ -
4 1/2 times base.....	-	1,222,196	-	-	-
3 3/4 times base.....	-	-	1,018,496	-	-
3 1/4 times base.....	-	-	-	882,697	-
3 times base.....	-	-	-	-	814,797
TOTAL DEBT LIMITATION.....	<u>611,098</u>	<u>1,222,196</u>	<u>1,018,496</u>	<u>882,697</u>	<u>814,797</u>
<u>INDEBTEDNESS:</u>					
Bonds.....	36,399	132,237	70	-	-
Bond anticipation notes - short-term.....	6,218	1,500	-	-	-
Bond anticipation notes - long-term.....	3,275	1,652	-	-	-
Less: sewer assessment receivable.....	-	-	(31)	-	-
NET INDEBTEDNESS.....	<u>45,892</u>	<u>135,389</u>	<u>39</u>	<u>-</u>	<u>-</u>
DEBT LIMITATION IN EXCESS OF OUTSTANDING DEBT.....	<u>\$ 565,206</u>	<u>\$ 1,086,807</u>	<u>\$ 1,018,457</u>	<u>\$ 882,697</u>	<u>\$ 814,797</u>

The total net indebtedness above amounts to: \$ 181,320

In no event shall total indebtedness exceed seven times the base for debt limitation computation: \$ 1,901,193

There is no overlapping debt for the Town of Fairfield.

TOWN OF FAIRFIELD, CONNECTICUTLEGAL DEBT MARGIN INFORMATION
LAST TEN YEARS
(THOUSANDS)
(UNAUDITED)

YEAR ENDED JUNE 30	DEBT LIMIT	NET DEBT APPLICABLE TO LIMIT	LEGAL DEBT MARGIN	TOTAL NET DEBT APPLICABLE
2009	\$ 3,654,617	\$ 202,378	\$ 3,452,239	5.54%
2010	3,756,875	197,281	3,559,594	5.25%
2011	1,603,630	203,040	1,400,590	12.66%
2012	1,681,372	211,595	1,469,777	12.58%
2013	1,756,349	207,889	1,548,460	11.84%
2014	1,791,979	203,230	1,588,749	11.34%
2015	1,845,858	194,507	1,651,351	10.54%
2016	1,891,638	199,812	1,691,826	10.56%
2017	1,901,193	190,798	1,710,395	10.04%
2018	1,901,193	181,320	1,719,873	9.54%

TOWN OF FAIRFIELD, CONNECTICUT

DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN YEARS
(UNAUDITED)

YEAR ENDED JUNE 30	(1) POPULATION	(2) PERSONAL INCOME	(2) PER CAPITA INCOME	(1) MEDIAN AGE	(5) EDUCATION LEVEL IN YEARS OF FORMAL SCHOOLING	(3) SCHOOL ENROLLMENT	(4) UNEMPLOYMENT RATE
2009	56,852	\$ 100,920	\$ 49,702	38.5	55% Bachelor Degree or more	9,880	6.70%
2010	56,544	106,184	49,702	38.5	55% Bachelor Degree or more	10,032	7.50%
2011	56,577	103,754	43,670	41.0	55% Bachelor Degree or more	10,118	7.30%
2012	59,961	103,754	58,452	40.0	59% Bachelor Degree or more	10,287	7.10%
2013	59,404	100,920	55,733	40.0	59% Bachelor Degree or more	10,273	7.00%
2014	59,562	100,920	55,733	40.5	60% Bachelor Degree or more	10,250	5.00%
2015	60,126	100,920	58,576	40.9	60% Bachelor Degree or more	10,160	4.70%
2016	60,678	120,082	59,156	40.7	60% Bachelor Degree or more	10,058	4.60%
2017	61,016	122,306	60,155	40.8	60% Bachelor Degree or more	9,984	4.60%
2018	61,160	122,135	60,505	41.0	60% Bachelor Degree or more	9,916	4.10%

(1) State Health Department.

(2) Fairfield Profile Wikipedia.

(3) Town of Fairfield, Board of Education.

(4) State Department of Labor.

(5) CERC Town profile.

TABLE 13

TOWN OF FAIRFIELD, CONNECTICUT
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO
(UNAUDITED)

EMPLOYER	2018			2009		
	EMPLOYEES	RANK	PERCENTAGE OF TOTAL TOWN EMPLOYMENT	EMPLOYEES	RANK	PERCENTAGE OF TOTAL TOWN EMPLOYMENT
Town of Fairfield	1,970	1	6.89%	1,956	1	7.42%
Sacred Heart University	871	2	3.05%	644	3	2.44%
Fairfield University	826	3	2.89%	816	2	3.09%
Carolton Hospital	400	4	1.40%	350	5	1.33%
Save The Children	312	5	1.09%	-	-	0.00%
Orthopedic Specialty Group	210	6	0.73%	-	-	0.00%
R. J. Bigelow Tea Co.	165	7	0.58%	212	8	0.80%
Ludlowe Center for Health and Rehab	133	8	0.47%	-	-	0.00%
Cambridge Manor of Fairfield	130	9	0.45%	-	-	0.00%
RBC-Heim Bearings	104	10	0.36%	140	9	0.53%
General Electric	-	-	0.00%	500	4	1.90%
Stop and Shop	-	-	0.00%	313	6	1.19%
Home Depot	-	-	0.00%	240	7	0.91%
BJ's Wholesale Club	-	-	0.00%	135	10	0.51%
TOTAL	5,121		17.91%	5,306		20.12%

Source: Town of Fairfield, Office of Community and Economic Development.

TOWN OF FAIRFIELD, CONNECTICUT

FULL-TIME EQUIVALENT TOWN GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN YEARS
(UNAUDITED)

FUNCTION / PROGRAM	FISCAL YEAR ENDED									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
<u>Administrative and General Government</u>										
Board of Selectmen	3.00	4.00	4.00	4.00	4.00	4.85	4.85	4.85	5.00	4.00
Town Clerk	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00
Registrar of Voters	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Town Planning and Zoning	6.00	6.00	6.00	6.00	6.00	6.20	6.20	6.20	6.00	6.60
Conservation	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	9.00	8.00
Human Resources	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
Community & Economic Development	1.75	1.75	1.75	1.75	1.75	1.75	1.00	1.00	1.00	1.00
<u>Finance</u>										
Finance	8.00	8.00	8.00	8.00	8.00	8.15	8.15	8.15	8.00	8.40
Purchasing	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	2.00
Assessor	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	6.50
Tax Collector	6.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	6.50
Information Systems	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	4.00
<u>Public Safety</u>										
Fire	98.00	98.00	98.00	98.00	98.00	98.00	98.00	98.00	98.00	95.00
Police	115.00	115.00	115.00	115.00	113.00	113.00	113.00	113.00	112.00	108.00
Animal Control	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Emergency Communications Center	15.00	15.00	15.00	15.00	15.00	15.00	15.00	15.00	15.00	15.00
<u>Public Works</u>										
Public Works Administration	3.85	3.85	3.85	3.85	3.85	3.85	3.85	3.85	4.00	4.00
Public Works Operations	72.00	72.00	74.00	74.00	74.00	76.00	76.00	76.00	76.00	70.00
Building	7.00	7.00	7.00	7.00	7.00	6.40	6.40	6.40	7.00	7.00
Engineering	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00
<u>Health, Social, Human Services</u>										
Health	33.00	33.00	33.00	33.00	33.00	33.00	33.00	33.00	33.00	32.00
Social and Human Services	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Solid Waste & Recycling	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
<u>Libraries</u>										
Main	22.00	22.00	22.00	22.00	22.00	23.00	23.00	23.00	23.00	22.00
Fairfield Woods	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00
<u>Recreation</u>										
Parks and Recreation	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00
South Pine Creek Golf Course	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
H. Smith Richardson Golf Course	4.00	4.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00
GRAND TOTAL	457.60	459.60	463.60	463.60	461.60	465.20	464.45	464.45	465.40	446.00

Source: Town Finance Department.

TOWN OF FAIRFIELD, CONNECTICUT

FULL-TIME EQUIVALENT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN YEARS
(UNAUDITED)

FUNCTION / PROGRAM	FISCAL YEAR ENDED									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
TOWN										
Administrative and General Government.....	29.75	30.75	30.75	30.75	30.75	31.80	31.05	31.05	32.00	30.60
Finance.....	29.00	30.00	30.00	30.00	30.00	30.15	30.15	30.15	30.40	27.40
Public Safety.....	231.00	231.00	231.00	231.00	229.00	229.00	229.00	229.00	228.00	221.00
Public Works.....	89.85	89.85	91.85	91.85	91.85	93.25	93.25	93.25	94.00	88.00
Health, Social, Human Services.....	37.00	37.00	37.00	37.00	37.00	37.00	37.00	37.00	37.00	36.00
Libraries.....	30.00	30.00	-	30.00	30.00	31.00	31.00	31.00	31.00	30.00
Recreation.....	11.00	11.00	13.00	13.00	13.00	13.00	13.00	13.00	13.00	13.00
TOTAL TOWN.....	457.60	459.60	433.60	463.60	461.60	465.20	464.45	464.45	465.40	446.00
BOARD OF EDUCATION										
Teaching Staff.....	962.95	944.15	954.55	954.60	944.15	944.15	920.95	915.00	906.35	906.35
Administration.....	45.80	44.8	46.80	46.80	44.80	44.80	44.80	44.25	44.80	44.80
Other Staff.....	422.50	394.1	408.20	407.70	385.30	383.05	408.50	427.90	426.10	426.10
TOTAL BOARD OF EDUCATION.....	1,431.25	1,383.05	1,409.55	1,409.10	1,374.25	1,372.00	1,374.25	1,387.15	1,377.25	1,377.25
TOTAL.....	1,888.85	1,842.65	1,843.15	1,872.80	1,835.85	1,837.20	1,838.70	1,851.60	1,842.65	1,377.25

Source: Town and Board of Education Human Resource Departments.

TOWN OF FAIRFIELD, CONNECTICUT

OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN YEARS
(UNAUDITED)

FUNCTION / PROGRAM	FISCAL YEAR ENDED									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Public safety										
Fire										
Incidents	8,955	8,750	8,863	8,550	8,070	9,475	9,188	8,964	8,947	9,038
Unit responses	14,120	13,759	14,371	14,450	14,192	15,033	14,668	14,479	15,399	15,111
Fire Marshall inspections	1,579	1,668	1,663	1,339	1,206	1,213	1,168	1,071	959	845
Police										
Criminal arrests	824	819	870	896	936	996	1,049	921	1,817	814
Parking violations	5,547	5,827	5,914	5,453	4,771	6,123	8,481	8,545	8,549	8,413
Citations	6,225	4,367	4,051	2,808	5,133	5,176	7,478	5,511	4,286	5,532
Public works										
Street resurfacing (paved miles)	5.42	8.13	6.47	4.40	7.40	5.98	8.22	10.30	7.19	9.59
Potholes repaired	1,159	1,533	940	1,186	696	1,752	1,883	4,433	4,554	2,875
Refuse collection										
Refuse collected (tons per day)	85.51	87.82	88.87	89.53	93.25	93.11	93.63	94.78	96.85	90.87
Recyclables collected (tons per day)	15.10	15.30	15.12	13.96	13.78	13.54	11.75	12.92	65.55	4.84
Parks and recreation										
Fitness Center daily admissions (avg)	132	130	132	161	154	152	143	145	142	126
Library										
Volumes in collection	265,624	265,278	284,640	309,171	323,335	342,905	343,981	347,650	349,377	353,279
Total volumes borrowed	748,153	817,626	868,639	917,067	956,435	932,572	1,012,755	1,010,788	1,004,417	996,000
Education										
School enrollment	9,916	9,984	10,058	10,160	10,250	10,273	10,287	10,118	10,032	9,880

Source: Various Town Departments.

N/A - Information not available.

TOWN OF FAIRFIELD, CONNECTICUT

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
LAST TEN YEARS
(UNAUDITED)

FUNCTION / PROGRAM	FISCAL YEAR ENDED									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
PARKS AND RECREATION:										
Playgrounds	28	28	28	28	25	25	25	25	25	24
Baseball/softball diamonds	25	25	25	25	25	25	24	24	24	24
Soccer/football fields	19	19	19	19	19	19	19	19	19	19
Community centers	2	2	2	2	1	1	1	1	1	1
PUBLIC SAFETY:										
Fire Stations	5	5	5	5	5	5	5	5	5	5
Police Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	28	28	28	24	24	24	24	24	24	21
PUBLIC WORKS:										
Highway department	274	274	274	274	274	274	274	273	273	273
Streets (miles)	4,203	4,198	4,192	4,191	4,186	4,181	4,179	4,176	4,172	4,172
Streetslights										
Wastewater										
Sanitary sewers (miles)	187.72	187.46	187.46	187.19	187.19	187.17	187.17	187.16	187.16	187.00
Storm sewers (miles)	128.16	128.01	127.91	127.39	127.10	127.07	126.94	126.27	126.1	125.73
Treatment capacity (thousands of gallons/day)	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000
LIBRARIES:										
Number of public libraries	2	2	2	2	2	2	2	2	2	2
EDUCATION:										
High schools	2	2	2	2	2	2	2	2	2	2
Middle schools	3	3	3	3	3	3	3	3	3	3
Elementary schools	11	11	11	11	11	11	11	11	11	11

Source: Town capital asset records and various Town Departments.