

Comprehensive Annual Financial Report

of the

Town of Newington Connecticut

Fiscal Year Ended June 30, 2007

Prepared by:
Finance Department
Ann J. Harter
Director of Finance

TOWN OF NEWINGTON, CONNECTICUT
COMPREHENSIVE ANNUAL FINANCIAL REPORT

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Introductory Section

TOWN OF NEWINGTON, CONNECTICUT

PRINCIPAL OFFICIALS

Town Council

Rodney B. Mortensen, Mayor
Christopher M. Banach
Myra Cohen
Maureen Klett
Cathleen Hall
Thomas J. Bowen
Jeffrey L. Hedberg
Kristine K. Nasinnyk
Sheldon S. Sones

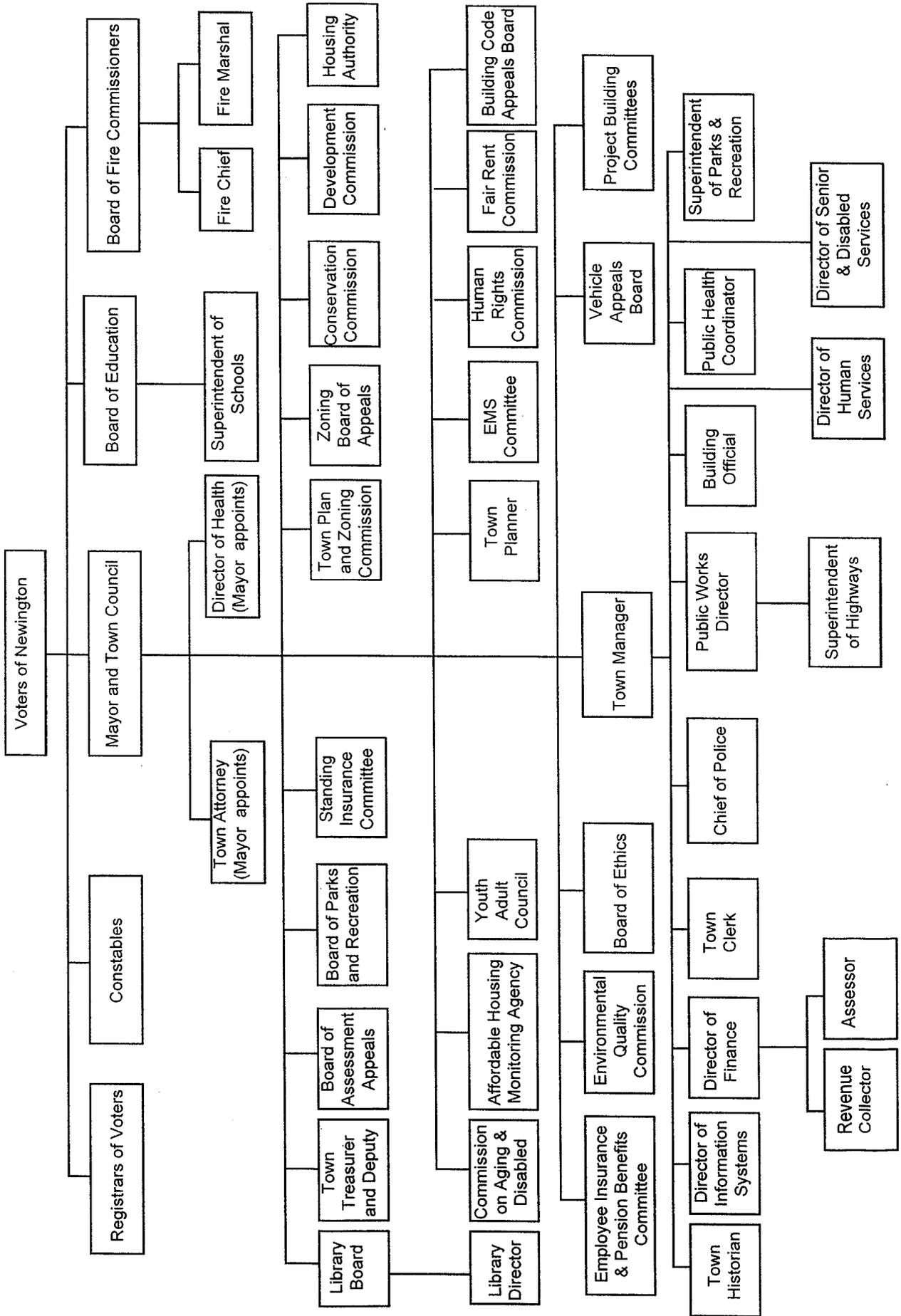
Board of Education

Brian Giantonio, Chairperson
Daniel W. Carson, Sr.
Beth A. Delbuono
Marc B. Finkelstein
Mary Puba Niro
Pamela Raynock
Mike A. Lenares
Manny Paolucci
Stephen R. Woods

Appointed Officials

John L. Salomone, Town Manager
Ernest Perlino, Superintendent of Schools
William J. Hogan, Director of Finance
Carol Anest, Town Treasurer

NEWINGTON TOWN ORGANIZATION





John Salomone
Town Manager

TOWN OF NEWINGTON

131 Cedar Street Newington, Connecticut 06111

Finance Department

Ann J. Harter
Director of Finance

December 30, 2007

John L. Salomone, Town Manager
Town of Newington
Newington, Connecticut

Dear Mr. Salomone:

I am pleased to submit the Comprehensive Annual Financial Report (CAFR) of the Town of Newington (the "Town") for the fiscal year ended June 30, 2007. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the Town. To the best of our knowledge and belief, the enclosed data are accurate in all material respects; and are reported in a manner to present fairly the financial position and results of operations of the Town. All disclosures necessary to enable the reader to gain an understanding of the Town's financial activities have been included.

The Town is required to undergo an annual single audit in conformity with the provisions of the Federal Single Audit Act and U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, as well as the Connecticut Single Audit Act. Information related to these single audits, including the schedule of expenditures of federal awards and State financial assistance, findings and recommendations, and auditors' reports on the internal control structure and compliance with applicable laws and regulations, are issued under separate cover and are not included in this report. A copy of the reports is on file in the Town Clerk's office.

Generally accepted accounting principles 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 report of the independent auditors.

Profile of the Town

The Town of Newington covers approximately 13.2 square miles and is located six miles southwest of Hartford. Newington is surrounded by West Hartford, Farmington, New Britain, Berlin, Rocky Hill, Wethersfield and Hartford. Newington is primarily a residential community; however, there is substantial industry scattered throughout the Town. The Berlin Turnpike (State Routes 5 and 15) is commercialized along its total length in Newington of 4.5 miles. The Town's population as of the 2000 Census was 29,306. The Town, originally part of the Town of Wethersfield, was settled in 1678 and incorporated in 1871. The Town functions under the Council-Manager form of government, adopted in 1966. The Town Charter was last revised in January 1992.

The Town Council is the budget-making authority and the legislative body of the Town. The Town Council consists of eight councilors and a mayor who is the presiding officer of the Council. The councilors and the mayor each are elected at-large for two year terms. The Town Council appoints the Town Manager who is the chief administrative officer of the Town. The Town Manager is responsible to the Council for the supervision and administration of Town departments and boards and commissions of the Town, except those elected by the people, or appointed by the Council, Mayor or a regional or state authority. The Council appoints the Town Treasurer and the Deputy Treasurer for a two year term and the Town's Auditor annually. The Board of Education consists of nine members who each are elected at-large for two year terms.

The financial administrator of the Town is the Director of Finance whom the Town Manager appoints. The Director of Finance oversees the Accounting division, the Assessor's office, and the Revenue Collector's office. The Administration and Accounting office administers and accounts for all Town funds. The Assessor's office discovers, lists and prices real estate, personal property, and motor vehicles for the purposes of taxation. The Revenue Collector's office bills, collects, processes, and deposits taxes, interest and fees on all taxable property in the town. The Town Treasurer oversees the Town's bank deposits and trust funds and countersigns all checks for payment with Town funds.

The Town provides the following municipal services as authorized in its charter: public safety (police, fire and emergency medical services); library and parks and recreation; sanitation; street construction and maintenance; health and social services; community development; education; public improvements; and general administrative services.

Economic Condition and Outlook

Newington's October 1, 2005 grand list increased by 45 % over the prior year due to the Town-wide property revaluation. This increase was primarily attributed to growth in real estate property which increased 54%. Within that category, the residential component was up 75% while commercial and industrial properties increased by \$466 million or 20%. Contributing to the latter category's increase, there were some newly constructed buildings that were added beyond the impact of the revaluation at: Price Chopper, Panera Bread, Modells Sports and the Courtyard Marriott. The growth in the personal property and motor vehicles saw somewhat modest increases, which were up 2.5% and 4.8% respectively. The Town continues to maintain a balanced mix of retail, manufacturing and light industry and its top ten taxpayers represented only about 6.27% of the total assessed value on the October 1, 2005 grand list. The Town's tax collection rate as of June 30, 2007 was 99.2%, an increase of .6% from 2006 levels and the highest rate in over thirty years.

A review of key economic indicators shows that per capita income of Newington's residents is \$26,881, slightly below the statewide average of \$28,766; its median family income of \$67,085 exceeds the statewide average by \$1,564. Approximately 2.0% of the town's families fall below poverty levels. According to the State Department of Labor, the Town's 2007 average unemployment rate of 3.8% compared favorably to the Hartford Labor Market of 4.5 % and the statewide average of 4.3%.

For fiscal year-end 2007, building permit activity generated a record \$63.9 million in construction value, up \$36.9 million from the prior year or 73% and was due in large part to Stew Leonard's specialty grocery store and new residential housing construction at the 154 unit Woodland Estates and the 71 unit Newington Ridge at the old Hartford Drive-in site. Some of the other larger commercial projects that generated building permit activity included Lazy Boy's 20,000 sq. ft. furniture facility, a newly renovated McDonald's and a new CitiBank, all located on the Turnpike.

The Town's residential component is expected to continue its expansion due to the aforementioned housing developments as well as the proposed 19 unit project on Deming Street, Strawberry Estates and DaCosta Drive. Sam's Club 137, 000 sq. ft. facility, and a new 70 unit Comfort Suites motel also got underway during the year.

Economic Development Initiatives

During the year, the Town benefited from some economic development initiatives that, over the long term, will enhance the Town's economic program:

- The Town entered into a three (3) year tax fixing agreement with Volvo Aero-Craft Industries for the construction of a new 27,000 sq. ft. \$3.0 million manufacturing facility that will add 40 new jobs to the local workforce and \$12.0 million in personal property.
- Approval was granted to Deming Street Active Adult community a 19 unit housing development located on the 7 acre Peckham Farm site.
- Newington's McDonald's which was one of the original in the state, was substantially renovated during the year and opened in June.
- Final approval was granted during the year for the mixed use development project, Shoppes at East Cedar.
- Development plans were approved for a 17,000 sq. ft. Aldi Food Store, also located on the Turnpike

Major Accomplishments

Below are some of the major achievements that the Town accomplished during fiscal 2006-07:

- Establishment of a Capital Improvements Committee to provide policy direction on the Town's long term capital financing program.
- Contract negotiations were finalized with the IBPO and the AFSCME bargaining units that will hopefully generate long term cost saving measures in the areas of pension and health costs.
- A comprehensive Master Plan Report was completed for the Parks and Recreation Department.
- An architect was selected for a study of the Town Hall.

Budgetary Control

At least 105 days before the end of the fiscal year, the Town Manager submits to the Town Council a proposed budget for the ensuing fiscal year beginning July 1. The proposed budget includes proposed expenditures and estimated revenues. Two public hearings are held on the budget: the first one within 15 days of the Town Manager's budget submission, and the second one within 30 days of the first hearing. The Town Council adopts the budget by a majority vote of all its members. The Town Council is legally required to adopt a budget for the General Fund. If the Council fails to adopt the budget within ten days after the second public hearing, the Town Manager's proposed budget becomes the Town's budget.

The Town Manager may transfer appropriations from one classification to another within the same department, except within the Board of Education, when the Manager deems it necessary for the proper administration of the Town. During the last six months of the fiscal year, the Town Council may transfer any unencumbered appropriation, except within the Board of Education, provided that the resolution making the transfer includes the certification of the Director of Finance that the balance of the appropriation is free of encumbrances. The Town Council may make a special appropriation provided that the resolution is \$125,000 or less and that the Director of Finance certifies that the amount to be appropriated is unencumbered and unappropriated in the Town's treasury. Special appropriations between \$125,000 and \$325,000 require a Town ordinance. Special appropriations of more than \$325,000 require approval of the voters.

The Town's budgeting system for the General Fund requires accounting for certain transactions to be on a basis other than generally accepted accounting principles (GAAP). The major difference between a budget and a GAAP basis is that on a budget basis encumbrances are recognized as a charge against a budget appropriation in the year in which the purchase order is issued and, accordingly, encumbrances outstanding at year-end are recorded in budgetary reports as expenditures in that year; whereas, on a GAAP basis, encumbrances at year-end are recorded as reservations of fund balance. Additionally, State of Connecticut payments on-behalf of Town of Newington teachers for the State teacher retirement system are reported for GAAP purposes only.

Budgetary control is maintained by an encumbrance system. All purchases, except certain services as outlined in the Town's Purchasing Manual, require a purchase requisition and a purchase order. In addition, purchases over \$500 require evidence that quotations were received and that the lowest quote, consistent with quality, was selected. Town Charter requires formal competitive bids for expenditures over \$10,000. Funds are recorded as encumbered when the purchase order is issued and expenditures are recorded when the Town issues a check or incurs a liability.

All unencumbered appropriations lapse at year-end except in the Capital Projects Funds where appropriations are continued until completion of the projects. Budgetary control in the Capital Projects Funds is achieved by the constraints imposed by the project's authorization or grant awards related to these funds.

Debt Administration

At the beginning of the year, the Town had general obligation bonds outstanding in the amount of \$22,560,000. The Town made principal payments during the year totaling \$2,205,000 leaving a balance of bonds outstanding at June 30, 2007 totaling \$20,355,000. There were no bond or note sales during the year and no bond anticipation notes outstanding. The Town had no bonds authorized but unissued at June 30, 2007.

The Town's credit rating is Aa3 with Moody's Investor Services and AA with Standard and Poor's. The Town's credit ratings were last reviewed as part of its bond sale in June 2005.

Debt statistics for the Town of Newington are:

	<u>Amount</u>	<u>Debt per Capita</u>
Total direct debt outstanding - bonds	\$20,355,000	\$695
Less: State grants receivable for school construction.....	0	0
Total net direct debt	20,355,000	695
Plus: net overlapping debt - Metropolitan District	6,330,619	216
TOTAL NET DEBT.....	\$26,685,619	\$911

The Town, however, is well within its statutory debt limitation of \$467 million.

The Town's general obligation bonds are as follows:

<u>Date of Issue</u>	<u>Amount Issued</u>	<u>Range of Maturities</u>	<u>Final Maturity</u>	<u>Range of Interest Rates</u>
8/15/88	\$2,510,000	1-18 years	2007	6.8-7.0%
8/01/91	\$4,875,000	2-16 years	2007	5.5- 7.0%
5/15/99	\$6,000,000	1-15 years	2014	3.2- 4.7%
4/01/00	\$6,000,000	1-15 years	2015	4.8- 6.7%
6/18/03	\$4,950,000	1-15 years	2018	2.0 - 5.0%
5/12/04	\$8,700,000	1-20 years	2024	3.25 - 4.7%
6/16/05	\$3,700,000	1-20 years	2025	4.25-5.0%

Cash Management

Cash temporarily idle during the fiscal year was invested principally in Municipal Bond Investors Assurance Corporation (MBIA's) Cooperative Liquid Assets Security System (CLASS) accounts, Sovereign Bank, TD Banknorth, the State of Connecticut Treasurer's Short-term Investment Fund (STIF) and State Street Bank's Financial Investors Trust. Short term interest rates increased as a result of several actions by the Federal Reserve throughout the year. By way of example, STIF where the largest portion of the Town's idle cash is invested yielded 3.5% in July 2006 and by year-end 2007 had increased to 5.25%.

Connecticut law restricts investments of municipal funds to direct and indirect securities of the U.S. Government and deposits at qualified banks. Any uninsured and uncollateralized deposits were in institutions considered to be "qualified public depositories" covered under Connecticut General Statutes. State law requires that each financial institution accepting public deposits be responsible for pledging collateral for its own public deposits, based on each bank's risk-based capital ratio. In addition, by Connecticut statute, a public depository may not accept deposits from any one municipality which would exceed 75 percent of the capital of the depository.

Risk Management

The Town has a self-insurance, Administered Services Only account with the employee health insurance carrier, Anthem Blue Cross/Blue Shield which is accounted for in the Health Benefits Fund. The Town and Board of Education contribute funds to cover costs associated with providing medical benefits to current full-time employees and eligible former employees. The Town covers claims up to \$150,000 per participant per year with an individual stop loss policy covering amounts exceeding that limit. In addition, there is an aggregate stop loss policy that would cover claims exceeding 120% of total estimated claims for the year. The Town seeks to maintain a reserve of at least 20% of expected claims in the Health Benefits Fund plus a reserve for claims incurred not reported. This reserve is intended to cover the Town's claims exposure; that is, the difference between the expected or estimated claims for the plan year, which the Town budgets annually, and the 120% aggregate stop loss level. The Employee Insurance and Pension Benefits Committee reviews the Town's various benefit programs with the assistance of its agent of record.

The Town has insurance coverage for workers compensation, general liability, automobile liability, physical damage, and professional liability. The Town has a Standing Insurance Committee that determines the Town's insurance needs, reviews insurance proposals, reviews loss data and other information, and makes recommendations to the Town Manager and Town Council. Further, the Town Council appointed Insurance Agent of Record works with the committee and the Town Manager to review and monitor the Town's insurance program and experience.

Other Information

Independent Audit

Connecticut State Statutes require that all municipalities have their accounts audited annually by an independent public accountant (C.G.S. Section 7-392). The Town Council appointed Blum & Shapiro LLP, Certified Public Accountants to conduct the Town's audit. The independent auditors' report is included in this report.

Certificate of Achievement

This report has been prepared following the guidelines of the Government Finance Officers Association (GFOA) of the United States and Canada and the Governmental Accounting Standards Board. The GFOA awards a Certificate of Achievement for Excellence in Financial Reporting to governmental units that publish an easily readable and efficiently organized Comprehensive Annual Financial Report whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements. The Certificate of Achievement, which is valid for one year only, is the highest form of recognition in the area of governmental accounting and financial reporting, and its attainment represents a significant accomplishment for a government unit and its management. The Town was awarded the Certificate of Achievement for Excellence in Financial Reporting for the fiscal year ended June 30, 2006 for the fifteenth consecutive year. The Town intends to submit this report to GFOA for review under this program.

Acknowledgments

The preparation of this report on a timely basis could not be accomplished without the efficient and dedicated services of the entire staff of the Finance Department. I would particularly like to express my appreciation to my predecessor, William J. Hogan, who retired as Director of Finance on September 14, 2007 after serving the Town for ten years. The strong financial performance disclosed in these financial statements is accredited to his efforts.

Respectfully submitted,



Ann J. Harter,
Director of Finance

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Town of Newington
Connecticut

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2006

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director

Financial Section



Report of Independent Accountants

Members of the Town Council
Town of Newington, Connecticut

Dear Members of the Council:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Newington, Connecticut, as of and for the year ended June 30, 2007, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to 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 Newington, as of June 30, 2007, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 30, 2007 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management's discussion and analysis on pages 10 through 18 and budgetary comparison information on pages 51 through 56 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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, combining and individual nonmajor fund financial statements and schedules, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Blum, Shapiro & Company, P.C.

December 30, 2007

TOWN OF NEWINGTON, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2007

This discussion and analysis of the Town of Newington, Connecticut's (Town) financial performance is provided by management to provide an overview of the Town's financial activities for the fiscal year ended June 30, 2007. Please read this MD&A in conjunction with the transmittal letter beginning on page 1 and the Town's financial statements, Exhibits I to IX.

Financial Highlights

- Net assets of our governmental activities increased by \$4.4 million, or 6.3%.
- During the year, the Town had expenses that were \$4.4 million less than the \$93.9 million generated in tax and other revenues for governmental programs.
- Total cost of all of the Town's programs was \$89.5 million with no new programs added this year.
- The General Fund reported a fund balance this year of \$14.7 million. On a budgetary basis \$12.9 million represents the Town's unreserved fund balance, of this \$2 million is designated for 2007-08 budget.
- The resources available for appropriation were \$2.5 million more than budgeted for the General Fund. Expenditures were \$783 thousand less than appropriations.
- The tax collection rate was 99.2%, an increase of .6% from the prior year and the highest rate in over thirty years.
- The Town of Newington's outstanding bonded debt at June 30, 2007 was \$20.3 million, a decrease of \$2.2 million or 10%, from the prior year. No bonds were sold or authorized at referendum during the year.

Overview of the Financial Statements

This annual report consists of a series of financial statements. The statement of net assets and the statement of activities (Exhibits I and II, respectively) provide information about the activities of the Town as a whole and present a longer-term view of the Town's finances. Fund financial statements are presented in Exhibits III to IX. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the Town's operations in more detail than the government-wide statements by providing information about the Town's most significant funds. The remaining statements provide financial information about activities for which the Town acts solely as a trustee or agent for the benefit of those outside of the government.

Government-Wide Financial Statements

The analysis of the Town as a whole begins on Exhibits I and II. The statement of net assets and the statement of activities report information about the Town as a whole and about its activities for the current period. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Town's net assets and changes in them. The Town's net assets, the difference between assets and liabilities, are one way to measure the Town's financial health, or financial position. Over time, increases or decreases in the Town's net assets are one indicator of whether its financial health is improving or deteriorating. The reader needs to consider other non-financial factors, however, such as changes in the Town's property tax base and the condition of the Town's capital assets, to assess the overall health of the Town.

In the statement of net assets and the statement of activities, the Town reports its activities:

- *Governmental activities* - The Town's basic services are reported here, including education, public safety, highways and streets, sanitation, health and social services, culture-recreation, public improvements, planning and zoning, and general administration. Property taxes, charges for services, and state and federal grants finance most of these activities.

Fund Financial Statements

The fund financial statements begin with Exhibit III and provide detailed information about the most significant funds - not the Town as a whole. Some funds are required to be established by Charter. However, the Town Council establishes many other funds to help control and manage financial activities for particular purposes (like the Recreation Programs, Health Benefits Fund and the Employee Leave Liability Fund) or to show that it is meeting legal responsibilities for using grants, and other money (like grants received for education from the State and Federal governments and accounted for in the Special Revenue Fund). The Town's funds are divided into three categories; governmental, proprietary and fiduciary.

- *Governmental funds (Exhibits III and IV)* - Most of the Town's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Town's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs. The relationship (or differences) between governmental activities (reported in the statement of net assets and the statement of activities) and governmental funds is described in a reconciliation at the bottom of the fund financial statements.
- *Proprietary funds (Exhibits V, VI and VII)* - When the Town charges customers for the services it provides, whether to outside customers or to other units of the Town, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the statement of net assets and the statement of activities. Internal service funds (the component of proprietary funds) are used to report activities that provide supplies and services for the Town's other programs and activities - such as the Town's Health Benefits Fund and Insurance Reserve Fund.
- *Fiduciary funds (Exhibits VIII and IX)* -The Town is the trustee, or fiduciary, for its employees' pension plans. All of the Town's fiduciary activities are reported in separate statements of fiduciary net assets and changes in fiduciary net assets. These activities are excluded from the Town's other financial statements because the Town cannot use these assets to finance its operations. The Town is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The Town's combined net assets increased from \$69.1 million to \$73.4 million. The analysis below focuses on the net assets (Table 1) and changes in net assets (Table 2) of the Town's governmental activities.

TABLE 1
NET ASSETS
(In Thousands)

	Governmental Activities	
	2007	2006
Current and other assets	\$ 36,878	\$ 37,336
Capital assets	69,737	69,114
Total assets	<u>106,615</u>	<u>106,450</u>
Long-term debt outstanding	24,930	27,510
Other liabilities	8,237	9,854
Total liabilities	<u>33,167</u>	<u>37,364</u>
Net Assets:		
Invested in capital assets, net of debt	48,689	45,677
Restricted	527	479
Unrestricted	<u>24,232</u>	<u>22,930</u>
Total Net Assets	<u>\$ 73,448</u>	<u>\$ 69,086</u>

Net assets of the Town's governmental activities increased by \$4.4 million or 6.3% (\$73.4 million compared to \$69.1 million). Unrestricted net assets - the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements - changed from \$22.9 million at June 30, 2006 to \$24.2 million at the end of this year. The largest portion of the Town's net assets \$48.7 million or 66% reflects its investment in capital assets less any related debt used to acquire those assets that is still outstanding.

The change in unrestricted governmental net assets resulted primarily because of additional revenue from the following sources: property tax, charges for services (land recording fees), building permits and interest earnings. In addition, a favorable result of approximately \$783 thousand on the expenditure side was experienced on a Town-wide basis.

TABLE 2
CHANGE IN NET ASSETS
(In Thousands)

	Governmental Activities	
	2007	2006
Revenues:		
Program revenues:		
Charges for services	\$ 3,956	\$ 3,727
Operating grants and contributions	17,490	16,646
Capital grants and contributions	389	4,180
General revenues:		
Property taxes	66,335	65,312
Grants and contributions not restricted to specific purposes	3,232	2,981
Unrestricted investment earnings	2,285	1,829
Other general revenues	191	23
Total revenues	<u>93,878</u>	<u>94,698</u>
Program expenses:		
General government	4,599	4,681
Public safety	6,788	6,520
Public works	5,724	5,226
Community planning and development	590	515
Health and community services	1,122	1,160
Library	1,821	1,792
Parks and recreation	2,398	2,333
Education	56,881	52,058
Miscellaneous	8,647	8,199
Interest on long-term debt	946	1,137
Total program expenses	<u>89,516</u>	<u>83,621</u>
Increase in Net Assets	\$ <u>4,362</u>	\$ <u>11,077</u>

The Town's total revenues were \$93.9 million. The total cost of all programs and services was \$89.5 million. Our analysis below separately considers the operations of governmental activities.

Governmental Activities

In 2006-07 on the revenue side, several major categories experienced favorable increases over the original estimates. In total, revenues exceeded the original budget by \$2.5 million. This was due to increases in several areas: property taxes, which comprise 77% of Town revenues, which exceeded the original budget by \$708 thousand due to a high collection rate on the current levy, increased prior year tax collections of \$528 thousand and interest on delinquent taxes. Licenses and permits were up \$163 thousand as large commercial development projects applied for their respective building and trade permits. Charges for services, specifically land recording fees were up \$143 thousand and investment income increased by \$675 thousand due to an increase in short term interest rates during the year.

On the expenditure side, appropriations were successfully controlled resulting in unencumbered balances Town-wide of \$783 thousand by year-end. Education, which is the largest category of spending for the Town comprising approximately 60% of the total, had \$37 thousand remaining at year-end. Other savings in various accounts can be attributed to several personnel vacancies and a record mild winter.

Table 3 presents the cost of each of the Town’s five largest programs – police, fire, public works, education, and parks and recreation - as well as each program’s net cost (total cost less revenues generated by the activities). The net cost shows the financial burden that was placed on the Town’s taxpayers by each of these functions.

TABLE 3 Governmental Activities (In Thousands)	Total Cost of Services		Net Cost of Services	
	2007	2006	2007	2006
	General government	\$ 4,599	\$ 4,681	\$ 2,118
Public safety	6,788	6,520	6,672	6,346
Public works	5,724	5,226	5,216	4,180
Education	56,881	52,058	39,042	31,701
Parks, recreation and facilities	2,398	2,333	1,696	1,468
All others	13,126	12,803	12,937	12,368
Totals	\$ 89,516	\$ 83,621	\$ 67,681	\$ 59,068

Town Funds Financial Analysis

Governmental Funds

As the Town completed the year, its governmental funds (as presented in the balance sheet – Exhibit III) reported a combined fund balance of \$22.2 million, which is an increase from last year's total of \$21.1 million. This increase is primarily due to an increase in the General Fund from \$13.4 million to \$14.7 million or an increase of \$1.3 million. Approximately 88% of the fund balance amount or \$12.9 million constitutes unreserved fund balance which is available for spending at the Town's discretion. The balance of \$1.8 million is primarily reserved because it has been committed to liquidate purchase orders. The Town had positive fund balances in all categories of net assets both for the governmental as a whole as well as for its separate governmental and business-type activities.

Included in this year's total change in fund balance, is an increase of \$1.3 million in the Town's General Fund due to an excess of revenue and highlighted in Exhibit IV. In addition, these other changes in fund balances should be noted: 1) in the Capital Projects funds a decrease of \$.4 million is primarily due to the Town's bond projects for schools and public safety getting substantially underway during the year; expenditures totaled \$3.5 million against revenue and other financing sources of \$3.1 million, and 2) an increase of \$366 thousand in Other Governmental funds from excess expenditures over revenues.

Proprietary Funds

The Town accounts for two funds in its proprietary funds. The Town's Health Benefits Fund and its Insurance Reserve Fund, both of which are self-funded programs and the Town's only proprietary funds. Unrestricted net assets of both funds totaled \$3.5 million, an increase of \$490 thousand from the prior year. This increase is due exclusively to the performance of the Health Benefits Fund which had an increase in charges for services (revenue) of \$490 thousand over expenses. The Insurance Reserve Fund is to pay for losses incurred through insurance deductibles and uninsured property and casualty losses. The balance at June 30 of \$225 thousand is in accordance with the ordinance establishing the fund and the maximum fund balance.

General Fund Budgetary Highlights

The Town's 2006-07 original budget of \$85 million was not increased during the year. Actual final expenditure results (including encumbrances) totaled \$84.2 million leaving unexpended departmental appropriations totaling \$783 thousand at June 30, 2007. This year end balance was primarily due to accrued savings from many personnel vacancies Town-wide. Other savings in accounts for ice & snow control and fuel were attributable to the record mild winter.

On the revenue side, final actual revenues exceeded the original budget by \$2.4 million. The revenue categories which saw increases during the year include: in the property tax category, actual revenue exceeds the budget by \$708 thousand due to a higher rate of collection on the current levy than originally estimated, and effective enforcement on prior year taxes and delinquent interest. Charges for services exceeded budget estimates by \$156 thousand due primarily to real estate conveyance recording fees of \$144 thousand. Investment income exceeded the budget by \$675 thousand due to a rise in short term rates during the year. Revenue increases, combined with unexpended appropriations, added \$3.2 million to the unreserved general fund balance.

The Town's General Fund balance of \$14.7 million reported on Exhibit III differs from the General Fund's budgetary fund balance of \$12.9 million reported in the budgetary comparison in the required

supplementary information. This is principally because the budgetary fund balance includes \$1.7 million of outstanding encumbrances at year end of which are primarily attributable to the Board of Education. Encumbrances are reported as expenditures for budgetary purposes.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2007, the Town had \$69.7 million invested in a broad range of capital assets, including land, buildings, park facilities, vehicles and equipment, roads, bridges, and storm water lines – Table 4. This amount represents a net increase (including additions and deductions) of \$623 thousand or .9%, over last year.

	Governmental Activities	
	2007	2006
Land	\$ 2,411	\$ 2,411
Buildings and improvements	9,871	9,710
Equipment	6,460	6,316
Infrastructure	21,627	21,706
Construction in progress	29,368	28,971
Totals	<u>\$ 69,737</u>	<u>\$ 69,114</u>

This year’s major additions included (thousands):

Infrastructure - Additions in the amount \$407 were due to resurfacing of Maple Hill Drive, Superior Avenue and Veterans Drive and due to the reconstruction of Raynell Road and Stonehedge Drive.

Buildings - Additions in the amount \$767 were due to the installation of air conditioning to the third floor of Newington High School and the reconstruction of the Fire Training Tower.

Land Improvements - increased by \$300 due to track renovations at Newington High School and \$50 for lights at the Little League Field. Additionally, \$105 of traffic signals was recognized.

Furniture, Fixtures and Equipment - was added in the amount of \$1,240. General Government increased by \$93 due to the purchase of two vehicles and computer equipment. Public Safety and purchased vehicles Public works increased by \$219 due to improvements to the under ground storage tank and vehicles. Board of Education increased by \$637 for school busses, vehicles, computer equipment and playground equipment.

Construction in Progress - increased by \$397 for major renovations at the Elizabeth Green and Ruth Chaffee elementary schools as part of the referendum passed in January 2003.

Total Additions \$ 3,350

The Town’s fiscal-year 2007-08 capital budget calls for it to spend \$4.3 million for capital projects, of which \$399 thousand is financed from the State and the balance from local funds. It is to primarily finance Eddy Farm Conservation Easement, major equipment replacement, road reconstruction, improvements to Town Hall, drainage, and Newington High School Athletic Field House.

More detailed information about the Town’s capital assets is presented in Note 1 and Note 6 to the financial statements.

Long-term debt

At June 30, 2007 the Town had \$20.4 million in bonds outstanding versus \$22.5 million last year - a decrease of 9.8% - as shown in Table 5.

**TABLE 5
OUTSTANDING DEBT
(In Thousands)**

	Governmental Activities	
	2007	2006
General obligation bonds (backed by the Town)	\$ <u>20,355</u>	\$ <u>22,560</u>

- The decrease in the Town’s indebtedness is due to no bond sales during the year. The Town paid off \$2.2 million in principal and \$942 thousand in interest. The Town’s general obligation bond rating continues to carry the Aa3 Moody’s rating and AA rating from Standard & Poor’s. Both of these credit ratings were re-affirmed in 2005 as part of the Town’s bond sale.
- The State limits the amount of general obligation debt that towns can issue based on a formula determined under State Statutes based on type of debt and tax base. When the Town’s outstanding general obligation debt is calculated in accordance with this formula it is significantly below this \$466.9 million state-imposed limit.

Other obligations include accrued vacation pay and sick leave. More detailed information about the Town’s long-term liabilities is presented in Note 8 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR’S BUDGETS AND RATES

The Town’s adopted fiscal year 2007–2008 General Fund budget totals \$89.9 million, an increase of 5.8% over the final 2007 budget of \$85 million. The most significant factors driving the overall budget increase include education, capital improvements, salaries, energy costs, Metropolitan District Commission sewer assessments, employee benefits and solid waste services.

On the revenue side, the 10/1/2006 taxable list increased nominally at a rate of .9% from the 2005 Grand List. Of note, is the 7% increase in personal property which generated an amount of new tax revenue of \$235 thousand. Estimated state-aid to the Town, which comprises approximately 18% of total revenues, provided a \$1 million or 7% increase in the new budget. A review of key economic indicators shows that per capita income of Newington's residents is \$27 thousand, below the statewide average of \$29 thousand but its median family income of \$67 thousand exceeds the statewide average by \$1,564. The Town's 2007 average unemployment rate of 3.8% compared favorably to the Hartford Labor Market of 4.5% and the statewide average of 4.3%. Of note, is the Town's large senior population with 23.8% of its residents 60 years or more.

With regard to the unreserved, undesignated General Fund balance, after the designation of \$2 million to assist in financing the 2007-08 budget, on a budgetary basis, the unreserved, undesignated balance at June 30, 2007 is increased by \$1.2 million to a level of \$10.9 million or 12% of the fiscal year 2007-08 budget. This increase is due to additional revenue in 2007 from the property tax, interest income and savings on the expenditures side. The Town has consistently maintained a ratio of unreserved, undesignated fund balance at a level of 10% or higher of subsequent year's appropriation which is consistent with the parameters as set forth by the credit industry.

From a financial perspective and detailed in this annual financial report, Newington successfully managed the 2006-07 budget through prudent, conservative fiscal management. This is evidenced from the final actual expenditures are \$779 thousand under from the original budget while the revenue side generated an additional \$2.4 million beyond the original estimates. The 2007-08 Town budget experienced rising fixed costs, this budget increase of 4.5% addresses long overdue capital requirements, rising energy costs and other fixed costs to meet the high level of service Town residents are accustomed. Similar to other communities, Newington has had to address the difficult budgetary and economic times through strong management, well-managed fund balances and an active economic development program.

CONTACTING THE TOWN'S FINANCIAL MANAGEMENT

This financial report is designed to provide citizens, taxpayers, customers, investors, and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Finance Department, Town of Newington, Connecticut, 131 Cedar Street, Newington, Connecticut, 06111.

Basic Financial Statements

TOWN OF NEWINGTON, CONNECTICUT

STATEMENT OF NET ASSETS

JUNE 30, 2007

(In Thousands)

	Governmental Activities
Assets:	
Cash and cash equivalents	\$ 32,000
Investments	1,085
Receivables, net	3,579
Inventory	20
Prepaid asset	194
Capital assets not being depreciated	31,779
Capital assets being depreciated, net	37,958
Total assets	<u>106,615</u>
Liabilities:	
Accounts and other payables	4,041
Unearned revenue	4,196
Noncurrent liabilities:	
Due within one year	2,716
Due in more than one year	22,214
Total liabilities	<u>33,167</u>
Net Assets:	
Invested in capital assets, net of related debt	48,689
Restricted for:	
Trust purposes	
Expendable	492
Nonexpendable	35
Unrestricted	<u>24,232</u>
Total Net Assets	<u>\$ 73,448</u>

The accompanying notes are an integral part of the financial statements

TOWN OF NEWINGTON, CONNECTICUT

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2007

(In Thousands)

Functions/Programs	Expenses	Program Revenues			Net (Expense)
		Charges For Services	Operating Grants And Contributions	Capital Grants And Contributions	Revenue And Changes In Net Assets
					Governmental Activities
Governmental activities:					
General government	\$ 4,599	\$ 1,741	\$ 740	\$	\$ (2,118)
Public safety	6,788	90	26		(6,672)
Public works	5,724	47	461		(5,216)
Community planning and development	590				(590)
Health and community services	1,122	33	45		(1,044)
Library	1,821	38	72		(1,711)
Parks and recreation	2,398	702			(1,696)
Education	56,881	1,305			(39,042)
Miscellaneous	8,647		16,145	389	(8,647)
Interest on long-term debt	946		1		(945)
Total	\$ 89,516	\$ 3,956	\$ 17,490	\$ 389	(67,681)
General revenues:					
Property taxes					66,335
Grants and contributions not restricted to specific programs					3,232
Unrestricted investment earnings					2,285
Miscellaneous					191
Total general revenues					72,043
Change in net assets					4,362
Net Assets at Beginning of Year					69,086
Net Assets at End of Year					\$ 73,448

The accompanying notes are an integral part of the financial statements

TOWN OF NEWINGTON, CONNECTICUT

BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2007
(In Thousands)

	<u>General</u>	<u>Capital Projects</u>	<u>Small Cities</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and cash equivalents	\$ 20,769	\$ 3,360	\$ 72	\$ 3,538	\$ 27,739
Investments				1,085	1,085
Receivables, net	1,565	22	903	307	2,797
Inventories				20	20
Total Assets	<u>\$ 22,334</u>	<u>\$ 3,382</u>	<u>\$ 975</u>	<u>\$ 4,950</u>	<u>\$ 31,641</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts and other payables	\$ 2,492	\$ 361	\$ 6	\$ 333	\$ 3,192
Deferred revenue	5,136		903	162	6,201
Total liabilities	<u>7,628</u>	<u>361</u>	<u>909</u>	<u>495</u>	<u>9,393</u>
Fund balances:					
Reserved	1,763	306		226	2,295
Unreserved, reported in:					
General Fund	12,943				12,943
Special Revenue Funds			66	4,229	4,295
Capital Project Funds		2,715			2,715
Total fund balances	<u>14,706</u>	<u>3,021</u>	<u>66</u>	<u>4,455</u>	<u>22,248</u>
Total Liabilities and Fund Balances	<u>\$ 22,334</u>	<u>\$ 3,382</u>	<u>\$ 975</u>	<u>\$ 4,950</u>	
Amounts reported for governmental activities in the statement of net assets are different because:					
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds					69,737
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds					2,981
Internal service funds are used by management to charge the costs of risk management to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.					3,516
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds					<u>(25,034)</u>
Net assets of governmental activities					<u>\$ 73,448</u>

The accompanying notes are an integral part of the financial statements

TOWN OF NEWINGTON, CONNECTICUT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDSFOR THE YEAR ENDED JUNE 30, 2007
(In Thousands)

	General	Capital Projects	Small Cities	Other Governmental Funds	Total Governmental Funds
Revenues:					
Property taxes	\$ 66,863	\$	\$	\$	\$ 66,863
Payment in lieu of taxes	2,339				2,339
Licenses, fees and permits	749			16	765
Intergovernmental	15,453	14		2,891	18,358
Rental	83	62			145
Income on investments	1,825	20	5	270	2,120
Fines	64				64
Charges for services	885	146		1,782	2,813
Refunds and reimbursements	185				185
Sale of Town property					-
Other	12	231	40	381	664
Total revenues	<u>88,458</u>	<u>473</u>	<u>45</u>	<u>5,340</u>	<u>94,316</u>
Expenditures:					
Current:					
General government	2,520	703	107	603	3,933
Public safety	6,485	5		40	6,530
Public works	4,906	9		37	4,952
Community planning and development	520				520
Health and human services	1,119	2			1,121
Library	1,701			69	1,770
Parks and recreation	1,487	4		785	2,276
Education	53,590	90		3,137	56,817
Miscellaneous	8,634				8,634
Capital outlay	0	2,495		390	2,885
Debt service	3,147	210			3,357
Total expenditures	<u>84,109</u>	<u>3,518</u>	<u>107</u>	<u>5,061</u>	<u>92,795</u>
Excess (Deficiency) of Revenues over Expenditures	<u>4,349</u>	<u>(3,045)</u>	<u>(62)</u>	<u>279</u>	<u>1,521</u>
Other Financing Sources (Uses):					
Capital lease					
Transfers in	82	2624		169	2,875
Transfers out	(3,133)			(82)	(3,215)
Total other financing sources (uses)	<u>(3,051)</u>	<u>2,624</u>	<u>0</u>	<u>87</u>	<u>(340)</u>
Net Change in Fund Balances	1,298	(421)	(62)	366	1,181
Fund Balances at Beginning of Year	<u>13,408</u>	<u>3,442</u>	<u>128</u>	<u>4,089</u>	
Fund Balances at End of Year	<u>\$ 14,706</u>	<u>\$ 3,021</u>	<u>\$ 66</u>	<u>\$ 4,455</u>	

Amounts reported for governmental activities in the statement of activities (Exhibit II) are different because:

Governmental funds reported capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period	1,221
Net gain (loss) on trade-in or sale of capital assets	(598)
Revenue in the statement of activities that do not provide current financial resources are not reported as revenue in the funds	(534)
Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayments of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount of bond debt repayment	2,389
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	213
Internal service funds are used by management to charge the costs of risk management to individual funds. The net revenue (expense) of the internal service fund is reported with governmental activities (Exhibit VI)	490
Change in Net Assets of Governmental Activities (Exhibit II)	<u>\$ 4,362</u>

The accompanying notes are an integral part of the financial statements

TOWN OF NEWINGTON, CONNECTICUT
STATEMENT OF NET ASSETS - PROPRIETARY FUNDS

JUNE 30, 2007
(In Thousands)

		<u>Governmental Activities</u> <u>Internal Service Funds</u>
Assets:		
Cash and cash equivalents	\$	4,261
Liabilities:		
Accounts and other payables		<u>745</u>
Net Assets:		
Unrestricted	\$	<u><u>3,516</u></u>

The accompanying notes are an integral part of the financial statements

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

FOR THE YEAR ENDED JUNE 30, 2007
(In Thousands)

		Governmental Activities
	\$	Internal Service Funds
Operating Revenues:		
Charges for services		8,891
Miscellaneous		284
Total operating revenues		<u>9,175</u>
Operating Expenses:		
Benefit payments		7,748
Administration		444
Insurance		374
Casualty loss		624
Total operating expenses		<u>9,190</u>
Operating Income		(15)
Nonoperating Revenue:		
Interest on investments		<u>165</u>
Income before transfers		150
Transfers In		<u>340</u>
Change in Net Assets		490
Net Assets at Beginning of Year		<u>3,026</u>
Net Assets at End of Year	\$	<u><u>3,516</u></u>

The accompanying notes are an integral part of the financial statements

TOWN OF NEWINGTON, CONNECTICUT

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2007

(In Thousands)

	Governmental Activities
	Internal Service Funds
Cash Flows from Operating Activities:	
Cash received from charges for services and other	\$ 9,175
Cash paid to vendors	(9,180)
Net cash provided by operating activities	<u>(5)</u>
Cash Flows from Noncapital Financial Activities:	
Transfers from other funds	340
Cash Flows from Investing Activities:	
Interest on investments	<u>165</u>
Net Increase in Cash and Cash Equivalents	500
Cash and Cash Equivalents at Beginning of Year	<u>3,761</u>
Cash and Cash Equivalents at End of Year	<u>\$ 4,261</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:	
Operating income	(15)
Adjustments to reconcile operating income to net cash provided by operating activities:	
Increase in accounts and other payables	<u>10</u>
Net cash provided by operating activities	<u>\$ (5)</u>

The accompanying notes are an integral part of the financial statements

TOWN OF NEWINGTON, CONNECTICUT

STATEMENT OF FIDUCIARY NET ASSETS - FIDUCIARY FUNDS

JUNE 30, 2007

(In Thousands)

	Pension Trust Funds	Agency Funds
	<u> </u>	<u> </u>
Assets:		
Cash and cash equivalents	\$ 1,798	\$ 369
Investments - mutual funds	<u>54,996</u>	<u> </u>
Total Assets	56,794	<u><u>\$ 369</u></u>
Liabilities:		
Accounts and other payables	<u> </u>	<u><u>\$ 369</u></u>
Net Assets:		
Held in Trust for Pension Benefits	<u><u>\$ 56,794</u></u>	

The accompanying notes are an integral part of the financial statements

TOWN OF NEWINGTON, CONNECTICUT

STATEMENT OF CHANGES IN PLAN NET ASSETS - FIDUCIARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2007

(In Thousands)

	<u>Pension Trust Funds</u>
Additions:	
Contributions:	
Employer	\$ 2,309
Plan members	794
Total contributions	<u>3,103</u>
Investment income:	
Net appreciation in fair value of investments	7,902
Interest and dividends	143
Total investment income	<u>8,045</u>
Less investment expense	292
Net investment income	<u>7,753</u>
Total additions	<u>10,856</u>
Deductions:	
Benefits	4,420
Adminstration	46
Total deductions	<u>4,466</u>
Net increase	6,390
Net Assets Held in Trust for Pension Benefits at Beginning of Year	<u>50,404</u>
Net Assets Held in Trust for Pension Benefits at End of Year	<u>\$ 56,794</u>

The accompanying notes are an integral part of the financial statements

TOWN OF NEWINGTON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS

(In Thousands)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Town of Newington (the Town) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant policies of the Town are described below.

A. Reporting Entity

The Town was incorporated on July 10, 1871. The Town operates under a Council-Manager form of government and provides the following services as authorized by its charter: public safety (police and fire), highways and streets, sanitation, health and social services, culture-recreation, education, public improvements, planning and zoning, and general administrative services.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the Town. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported.

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

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

The various funds included in the financial statements are described below:

Governmental Funds

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

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

Special Revenue Funds - account for revenue derived from specific sources (other than major capital projects) that are restricted by legal and regulatory provisions to finance specific activities.

Capital Project Funds - account for all financial resources used for the acquisition or construction of major capital facilities.

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

Proprietary Funds

Proprietary funds are used to account for activities that are similar to those often found in the private sector. These funds are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. The following is the Town's proprietary fund:

Internal Service Funds - account for the financing of goods or services provided by one department to other departments or agencies of the Town on a cost-reimbursement basis. The Health Benefits Fund and the Insurance Reserve Fund comprise the Town's internal service fund.

Fiduciary Funds

Fiduciary Funds are used to account for assets held by the Town in a trustee capacity or as an agent for individuals, private organizations, and other governments. Fiduciary funds are not included in the government-wide statements. The fiduciary funds are as follows:

Pension Trust Funds - accounts for the Town's various retirement plans.

Agency Funds - are custodial in nature (assets equal liabilities) and do not involve measurement of results of operation. The Youth Activities, Student Activities and Senior Citizens Fund comprise the Town's agency funds.

C. 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 revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, charges for services, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received.

The Town reports the following major governmental funds:

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

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

The Small Cities Fund accounts for Federal grants for community development and a housing loan program.

Additionally, the Town reports the following fund types:

The Internal Service Fund accounts for the Town's health benefits program.

The Pension Trust Funds account for the activities of the Town retirement system, which accumulates resources for pension benefit payments to qualified Town employees.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between certain Town's 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 property taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Town's internal service fund are charges to customers for services. Operating expenses for the internal service fund include the cost of health benefits, and administrative expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Deposits and Investments

The Town's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the Town to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements, and certain other investments as described in Note 4.

Investments for the Town are reported at fair value.

E. Receivables and Payables

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). All other outstanding balances between funds are reported as “due to/from other funds”. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances”. All trade and property tax receivables are shown net of an allowance for collectibles. The property tax receivable allowance of \$74 is equal to 5.7% of outstanding property taxes at June 30, 2007.

The Town’s property tax is levied each May, on the assessed value listed on the prior October 1 Grand List for all taxable property located in the Town. Although taxes are levied in May, the legal right to attach property does not exist until July 1 and, as such, taxes are due and payable in two installments on July 1 and January 1 following the date of the Grand List. Additional property taxes are assessed for motor vehicles registered subsequent to the Grand List date through July 31 and are payable in one installment due January 1. It is the policy of the Town to record deferred revenue for property taxes receivable at June 30. Property taxes collected prior to June 30 that are applicable to the subsequent year’s assessment are reported as deferred revenue. Taxes become overdue one month after the installment due date. Interest at the rate of 1.5% per month accrues on all overdue taxes. The Town files liens against property, if taxes, which are due July 1, remain unpaid on the following June 30.

F. Inventories and Prepaid Items

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

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

G. 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 or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of 5 years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

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

Property, plant, and equipment is depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	50
Building improvements	20
Public domain infrastructure	40
System infrastructure	60
Vehicles	8
Office equipment	5
Computer equipment	5

H. Compensated Absences

Employees are paid by a prescribed formula for absence due to vacation or sickness. For all Town employees and Board of Education noncertified employees, sick time may be accumulated and paid upon death, retirement or termination, up to certain limits. The Town does not recognize sick pay liability for Board of Education certified staff. The Town does not accrue vacation pay liability because employees are generally not allowed to carry vacation time over to the following year.

A Special Revenue Fund, the Employee Leave Liability Fund, has been established to offset the Town's future liability for unused, accrued sick pay earned by Town employees in accordance with official personnel policies. The fund is used to pay employees who are entitled to cash payments for unused sick leave. The General Fund generally provides for the payment of compensated absences for active employees.

I. Long-Term Obligations

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

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

J. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-Wide Statement of Net Assets

The governmental fund balance sheet includes a reconciliation between fund balance - total governmental funds and net assets governmental activities as reported in the government-wide statement of net assets. One element of that reconciliation explains that “long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.” The details of this \$25,034 difference are as follows:

Bonds payable	\$ 20,355
Capital leases obligations	693
Accrued interest payable	104
Compensated absences	<u>3,882</u>
Net adjustment to reduce fund balance - total governmental funds to arrive at net assets - governmental activities	\$ <u><u>25,034</u></u>

B. Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-Wide Statement of Activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances - total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.” The details of this \$1,221 difference are as follows:

Capital outlay	\$ 3,350
Depreciation expense	<u>(2,129)</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	\$ <u><u>1,221</u></u>

Another element of that reconciliation states that “the issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities”. The details of this \$2,389 difference are as follows:

Principal repayments:	\$
General obligation debt	2,205
Capital leases	<u>184</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	\$ <u><u>2,389</u></u>

Another element of that reconciliation states that “some revenues reported in the statement of activities do not provide the use of current financial resources and therefore are not reported as revenues in governmental funds”. The details of this \$(539) difference are as follows:

Property taxes	\$ (459)
Accrued interest on property taxes	(69)
School building grants	(35)
Net pension asset	1
Housing loans	<u>28</u>
 Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	 \$ <u><u>(534)</u></u>

3. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

The Town adheres to the following procedures in establishing the budgetary data reported in the financial statements for the General Fund. Prior to March 16, the Town Manager submits to the Town Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.

Two public hearings are held by the Town Council, at which taxpayer comments are obtained, and then the Town Council legally adopts the budget by a majority vote of all its members. If the Town Council fails to adopt a budget within ten days after holding its second public hearing, the Town Manager’s budget becomes the Town budget.

- The Town Manager is authorized to transfer budgeted amounts within departments within any fund, except within the Board of Education. The Town Council, during the last six months of the year, may transfer any unencumbered appropriations between departments, except for the Board of Education. The Board of Education is responsible for establishing its own system of budgetary control and certification of the sufficiency of unexpended and unencumbered balance of appropriation. The Town Council may authorize additional appropriations from unappropriated and unencumbered General Fund balance up to \$125,000 (amount not rounded). Special appropriations between \$125,000 and \$325,000 (amount not rounded) require a Town ordinance. Special appropriations over \$325,000 (amount not rounded) require voter approval.
- Formal budgetary integration is employed as a management control device during the year for the General Fund legally adopted budget.
- Except for encumbrance accounting, the budget is prepared on the modified accrual basis of accounting.
- The legal level of control (the level at which expenditures may not legally exceed appropriations) is at the department level for the General Fund.
- Budgeted amounts shown are as amended. There were no additional appropriations from fund balance during 2005-06.

Generally, all unencumbered appropriations lapse at year end, except those for the Capital Projects Funds. Appropriations for capital projects are continued until completion of applicable projects, even when projects extend more than one fiscal year.

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

4. CASH, CASH EQUIVALENTS AND INVESTMENTS

The deposit of public funds is controlled by the Connecticut General Statutes (Section 7-402). Deposits may be made in a “qualified public depository” as defined by Statute, or, in amounts not exceeding the Federal Deposit Insurance Corporation insurance limit in an “out of state bank”, as defined by the Statutes, which is not a “qualified public depository”.

The Connecticut General Statutes (Section 7-400) permit municipalities to invest in: (1) obligations of the United States and its agencies; (2) highly rated obligations of any state of the United States or of any political subdivision, authority or agency thereof; and (3) shares or other interests in custodial arrangements or pools maintaining constant net asset values and in highly rated no-load open end money market and mutual funds (with constant or fluctuating net asset values) whose portfolios are limited to obligations of the United States and its agencies, and repurchase agreements fully collateralized by such obligations. Other provisions of the Statutes cover specific municipal funds with particular investment authority. The provisions of the Statutes regarding the investment of municipal pension funds does not specify permitted investments. Therefore, investment of such funds is generally controlled by the laws applicable to fiduciaries and the provisions of the applicable plan.

The Statutes (Sections 3-24f and 3-27f) also provide for investment in shares of the State Short-Term Investment Fund (STIF) and the State Tax Exempt Proceeds Fund (TEPF). These investment pools are under the control of the State Treasurer, with oversight provided by the Treasurer’s Cash Management Advisory Board, and are regulated under the State Statutes and subject to annual audit by the Auditors of Public Accounts. Investment yields are accounted for on an amortized-cost basis with an investment portfolio that is designed to attain a market-average rate of return throughout budgetary and economic cycles. Investors accrue interest daily based on actual earnings, less expenses and transfers to the designated surplus reserve, and the fair value of the position in the pool is the same as the value of the pool shares.

A. Cash and Cash Equivalents

The following is a summary of cash and cash equivalents at June 30, 2007:

Deposits:	\$	
Demand accounts		14,044
Cash equivalents:		
State Short-Term Investment Fund (STIF)		8,839
MBIA, Inc. - Cooperative Liquid Assets Securities System (CLASS)		8,317
UBS Fiduciary Trust		828
Financial Investors Trust		3,194
State Tax Exempt Proceeds Fund (TEPF)		30
Less: Certificates of deposit classified as investments		<u>(1,085)</u>
Total Cash and Cash Equivalents	\$	<u><u>34,167</u></u>

Deposits

At June 30, 2007 the carrying amount of the Town deposits was \$14,044 and the bank balance was \$16,648.

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. Of the June 30, 2007 bank balance, \$500 was covered by Federal Depository Insurance. Connecticut General Statutes require that each depository maintain segregated collateral (not required to be based on a security agreement between the depository and the municipality and, therefore, not perfected in accordance with Federal law) in an amount equal to a defined percentage of its public deposits based upon the depository's risk based capital ratio. A minimum of \$1,615, based on June 30, 2007 deposits, was collateralized (collateral held by the pledging bank's trust department is not in the Town's name). The balance of deposits of \$14,533 was uninsured and uncollateralized.

Cash Equivalents

Cash equivalents are short-term, highly liquid investments that are both readily convertible to known amounts of cash and purchased within 90 days of maturity. At June 30, 2007 the Town's cash equivalents amounted to \$21,208. The following table provides a summary of the Town's cash equivalents (excluding U.S. government guaranteed obligations) as rated by nationally recognized statistical rating organizations.

	<u>Standard and Poor's</u>	<u>Moody's Investor Service</u>	<u>Fitch Ratings</u>
State Short-Term Investment Fund (STIF)	AAAm		
MBIA, Inc. - Cooperative Liquid Assets Securities System (CLASS)		AAA	
UBS Fiduciary Trust			x
Financial Investors Trust	AAAm		
State Tax Exempt Proceeds Fund (TEPF)			x

B. Investments

Investments as of June 30, 2007 in all funds are as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>
Other Investments:		
Certificates of deposit	1,085	.21
Pooled open-end mutual fund accounts:		
Pension Trust Funds:		
UBS Fiduciary Trust	54,529	
TransAmerica Asset Management	467	
	<u> </u>	
Total	\$ <u>56,081</u>	
Portfolio weighted average maturity for interest bearing investments		<u>.21</u>

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 - Investments - As indicated above, State Statutes limit the investment options of cities and towns. The Town has no investment policy that would further limit its investment choices. The Town's investments (excluding certificates of deposit) are open-end mutual funds that are not rated by nationally recognized statistical rating organizations.

Concentration of Credit Risk - The Town's investments are maintained in open-end mutual funds and are therefore not subject to concentration of credit risk market conditions.

Custodial Credit Risk - Custodial credit risk for an investment is the risk that, in the event of the failure of the counterparty (the institution that pledges collateral or repurchase agreement securities to the Town or that sells investments to or buys them for the Town), the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. At June 30, 2006, the Town did not have any uninsured and unregistered securities held by the counterparty, or by its trust department or agent that were not in the Town's name.

5. RECEIVABLES

Receivables as of year end for the Town's individual major funds and nonmajor, internal service, and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Capital Projects</u>	<u>Small Cities</u>	<u>Nonmajor and Other Funds</u>	<u>Total</u>
Receivables:					
Taxes	\$ 1,176	\$	\$	\$	\$ 1,176
Accounts	463	22			485
Housing loans			903	44	947
Intergovernmental				263	263
			903	307	2,871
Gross receivables	1,639	22			
Less allowance for uncollectibles	74				74
Net Total Receivables	<u>\$ 1,565</u>	<u>\$ 22</u>	<u>\$ 903</u>	<u>\$ 307</u>	<u>\$ 2,797</u>

Note: Does not include accrued interest on property taxes of \$782.

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

	<u>Unavailable</u>	<u>Unearned</u>
Delinquent property taxes receivable	\$ 1,102	\$
Taxes collected in advance		4,034
Grant drawdowns prior to meeting all eligibility requirements		42
Housing loans	903	
Program fees collected in advance		120
	<u> </u>	<u> </u>
Total Deferred/Unearned Revenue for Governmental Funds	<u>\$ 2,005</u>	<u>\$ 4,196</u>

6. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2007 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 2,411	\$	\$	\$ 2,411
Construction in progress	28,971	397		29,368
Total capital assets, not being depreciated	<u>31,382</u>	<u>397</u>		<u>31,779</u>
Capital assets, being depreciated:				
Buildings	26,717	830	(105)	27,442
Improvements other than buildings	3,071	476	(411)	3,136
Furniture, fixtures and equipment	14,466	1,241	(667)	15,040
Infrastructure	43,301	406		43,707
Total capital assets being depreciated	<u>87,555</u>	<u>2,953</u>	<u>(1,183)</u>	<u>89,325</u>
Less accumulated depreciation for:				
Buildings	(19,113)	(490)	45	(19,558)
Improvements other than buildings	(965)	(184)		(1,149)
Furniture, fixtures and equipment	(8,150)	(970)	540	(8,580)
Infrastructure	(21,595)	(485)		(22,080)
Total accumulated depreciated	<u>(49,823)</u>	<u>(2,129)</u>	<u>585</u>	<u>(51,367)</u>
Total capital assets, being depreciated, net	<u>37,732</u>	<u>824</u>	<u>(598)</u>	<u>37,958</u>
Governmental Activities Capital Assets, Net	<u>\$ 69,114</u>	<u>\$ 1,221</u>	<u>\$ (598)</u>	<u>\$ 69,737</u>

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
General government	\$ 143
Public safety	456
Public works	757
Community planning	63
Community services	25
Library	62
Parks and recreation	140
Education	474
Miscellaneous	<u>9</u>
 Total Depreciation Expense - Governmental Activities	 \$ <u><u>2,129</u></u>

Construction Commitments

The Town has 47 active construction projects as of June 30, 2007. The projects include major school and public safety building project authorizations of \$53 million and various other school and general Town improvement projects. At year end the Town's commitments with contractors are as follows:

	<u>Spent-to-Date</u>	<u>Remaining Commitment</u>
Public building projects	\$ 54,185	\$ 892
School capital improvements	1,002	143
Capital and non-recurring	<u>916</u>	<u>1,398</u>
 TOTAL	 \$ <u><u>62,103</u></u>	 \$ <u><u>2,433</u></u>

Major commitments are being financed primarily by bond authorizations and State grants for school construction.

7. INTERFUND ACCOUNTS

Interfund transfers:

	<u>Transfer In</u>				<u>Total</u>
	<u>General</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental</u>	<u>Internal Service</u>	
Transfers out:					
General Fund	\$	\$ 2,624	\$ 169	\$ 340	\$ 3,133
Nonmajor Governmental	<u>82</u>	<u> </u>	<u> </u>	<u> </u>	<u>82</u>
 Total transfers out	 \$ <u><u>82</u></u>	 \$ <u><u>2,624</u></u>	 \$ <u><u>169</u></u>	 \$ <u><u>340</u></u>	 \$ <u><u>3,215</u></u>

Transfers are for regularly recurring operational transfers.

8. LEASES

Capital Leases

The Town entered into a lease agreement for financing the acquisition of fire apparatus. The following is a schedule of the future minimum lease payments under the capital lease, and the present value of the net minimum lease payments at June 30, 2007:

<u>Fiscal Year Ending June 30,</u>	
2008	\$ 211
2009	212
2010	211
2011	<u>106</u>
Total future minimum lease payments	740
Interest on future lease payments	<u>47</u>
Principal balance of future minimum payments	<u><u>\$ 693</u></u>

The initial value of apparatus acquired amounted to \$975. The net book value of the assets approximate the principal balance of the lease at June 30, 2007.

9. LONG-TERM DEBT

Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2007, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:					
Bonds payable:					
General obligation bonds	\$ 22,560	\$	\$ 2,205	\$ 20,355	\$ 1,750
Compensated absences	4,073	920	1,111	3,882	776
Capital leases	<u>877</u>		<u>184</u>	<u>693</u>	<u>190</u>
Governmental Activity					
Long-Term Liabilities	<u><u>\$ 27,510</u></u>	<u><u>\$ 920</u></u>	<u><u>\$ 3,500</u></u>	<u><u>\$ 24,930</u></u>	<u><u>\$ 2,716</u></u>

A schedule of bonds and serial notes outstanding at June 30, 2007 is presented below:

Description	Date of Issue	Amount of Interest Rate (%)	Balance Original Issue	Outstanding June 30, 2007
General purpose bonds:				
Police station	06/05	4.25-5.0	\$ 3,700	\$ 3,330
Police station	05/04	3.2-4.6	3,750	3,188
School bonds:				
School improvements	05/04	3.2-4.6	4,950	4,207
School improvements	06/03	2.0-5.0	4,950	3,630
School	04/00	4.8-6.7	6,000	3,200
School improvements	05/99	3.2-4.7	6,000	2,800
TOTAL				\$ 20,355

The following is a schedule of bond maturities as of June 30, 2007:

Fiscal Year Ending June 30,	Principal	Interest	Total
2008	\$ 1,750	\$ 842	\$ 2,592
2009	1,750	774	2,524
2010	1,750	704	2,454
2011	1,750	634	2,384
2012-2016	7,550	2,091	9,641
2017-2021	3,760	890	4,650
2022-2026	2,045	198	2,243
TOTAL		\$ 6,133	\$ 26,488

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

Category	Debt Limit	Net Indebtedness	Balance
General purpose	\$ 150,071	\$ 6,518	\$ 143,553
Schools	300,141	13,802	286,339
Sewers	250,118	6,331	243,787
Urban renewal	216,769		216,769
Pension deficit	200,094		200,094

The total overall statutory debt limit for the Town is equal to seven times annual receipts from taxation or \$467 million. All long-term debt obligations are retired through General Fund appropriations.

Indebtedness, in accordance with State Statutes, includes long-term debt outstanding in addition to the amount of bonds authorized and unissued against which bonds have been issued to partially finance the project or bond anticipation notes are issued and outstanding. Additionally, school indebtedness is net of school building grants amounting to \$11.7 million, which include grants for previously issued bonds and grant commitment bonds authorized and unissued. Sewer indebtedness includes overlapping debt of the Metropolitan District. As a member of the Metropolitan District (a quasi-municipal corporation that

provides water supply and sewerage collection and disposal facilities for members), the Town is contingently liable for \$6.3 million or 8.4% of the debt of the District.

10. RISK MANAGEMENT

The Town is exposed to various risks of loss including torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town generally obtains commercial insurance for these risks, but has chosen to retain the risks for employee health and medical claims. The Health Insurance Internal Service Fund is utilized to report the self-insurance activity. Anthem Blue Cross/Blue Shield administers the plan, for which the Town pays a fee. The General Fund (Town and Board of Education) and Cafeteria Fund (Special Revenue Fund) contribute based on Anthem Blue Cross/Blue Shield estimates made using the Town's historical data. The Town covers all claims up to \$150,000 (amount not rounded) per participant per year with an individual stop-loss policy covering amounts exceeding the limit. In addition, the Town has an aggregate stop-loss policy that would cover claims exceeding 120% of the total estimated claims for the plan year. Settled claims, for all types of commercial coverage, have not exceeded coverage in any of the past three years.

The claims liability of \$745 reported in the Health Benefits Internal Service Fund at June 30, 2007, is based on Governmental Accounting Standards Board Statement No. 10, which requires that a liability for estimated claims incurred but not reported be recorded. Changes in the claims liability were:

	<u>Liability July 1,</u>		Current Year Claims and Changes in Estimates		<u>Claim Payments</u>		<u>Liability June 30,</u>
2005-2006	\$ 650	\$	7,557	\$	7,478	\$	729
2006-2007	729		7,732		7,716		745

11. FUND EQUITY

Descriptions of the various reservations of the Town's fund equity accounts are as follows:

- Reserved for Encumbrances - to segregate a portion of fund balance for expenditure upon vendor performance.
- Reserved for Inventory - to segregate an amount equal to the inventory in the asset section of the balance sheet.
- Reserved for Endowments - to segregate a portion of fund balance which is nonexpendable.
- Reserved for Employee Retirement Benefits - to segregate a portion of fund balance to be used to finance future payments of pension benefits to retired employees.

12. OTHER POSTEMPLOYMENT BENEFITS

The Town provides post-employment benefits for Police Department and certain other retirees. This benefit is provided per Police Union and other agreements and is fully paid by the Town. The Town is required to provide health, medical, and life insurance to certain retired police officers and certain other retirees until the retirees reach the age of 65 or unless covered elsewhere.

For the fiscal year 2007 the General Fund appropriation payments totaled \$609 as follows:

	<u>Retirees</u>		<u>Amount</u>
Police	34		428
Board of Education	143	\$	142
Other	38		39
 TOTAL	 <u>215</u>	 \$	 <u>609</u>

13. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS

Defined Benefit Plans

A. Plan Description and Provisions

The Town maintains four single employer, contributory (except for Volunteer Firefighters' Plan), defined benefit pension plans. The Plans cover substantially all full time employees except certified personnel at the Board of Education. The four Pension Plans are part of the Town's financial reporting entity and are accounted for in the Pension Trust Funds; Municipal Employees', Police Officers', Administrative Employees' and Volunteer Firefighters' Plans. Each Plan provides retirement, disability, death benefits, and cost of living adjustments to plan members and beneficiaries. The Charter provides the authority to establish and amend benefit provisions to the Town Council. Stand alone financial statements are not issued.

Municipal Employees' Plan

All bargaining unit employees are eligible to participate in the Plan except elected officials, police officers and certified professional employees of the Newington Board of Education. Benefits vest after 5 years of continuous service or 15 years of aggregate service. The normal retirement is the earlier of age 63 or completion of 25 years of service.

Pension benefits for normal retirement under the Municipal Employees' Plan are based on the average rate of earnings during the 3 years for which the participants' earnings were at their highest level (final earnings). The participants' yearly pension amount will be equal to 1.7% of the final earnings multiplied by the number of years of aggregate service through July 1, 1990 plus 2% of final earnings times years of aggregate service since July 1, 1990. The Plan permits early retirement for participants at age 55 with 5 years of continuous service or 15 years of aggregate service.

Police Officers' Plan

All Police Officers, Canine Control officers, and Public Safety Dispatchers of the Newington Police Department are eligible to participate in the Plan. Benefits vest after 10 years of full time service. Normal retirement is the earlier of age 50 or 20 years of service.

Pension benefits for normal retirement under the Police Officers' Plan are based on the average rate of earnings during the 3 years of which the participants' earnings were at their highest level (final earnings).

The participants' yearly pension benefit will be equal to 2.5% of the final earnings multiplied by the years of service. The Plan permits early retirement for participants at age 45 with 10 years of service with benefits reduced by the appropriate early retirement adjustment.

Administrative Employees Plan

All administrative or technical employees not covered under the Municipal Employees' Plan or Police Officers' Plan are eligible under the Administrative Employees' Plan. Benefits vest after 5 years of continuous service or 15 years of aggregate service. Normal retirement is the earlier of age 65 or 30 years of service.

Pension benefits for normal retirement under the Administrative Employees' Plan are based on the rate of earnings for the highest average earnings received in any 3 consecutive years. The participants' yearly pension amount will be equal to 1.75% of final earnings up to \$10,000 plus 2% of final earnings in excess of \$10,000 multiplied by the number of years of aggregate service. The Plan permits early retirement for participants at age 55, who have 10 years of continuous service or 15 years of aggregate service. Benefits for early retirement are computed based on the normal retirement benefit and adjusted by the appropriate early retirement adjustment factor.

Volunteer Firefighters' Plan

Effective July 1, 1994, accrued benefits for eligible members of the Newington Volunteer Fire Department are frozen for all but 17 participants. Ongoing benefits are provided through a new Volunteer Firefighters' Defined Contribution Plan. Benefits vest after 10 years of service. Normal retirement age is 60.

The seventeen continuing participants receive benefit enhancements which will be phased in over a 5 year period. Monthly pension benefit amount for normal retirement for those who continue in this Volunteer Firefighters' Plan is equal to \$120 based on the completion of ten years of credited service plus \$7.50 for each additional year of service effective July 1, 1999 (increasing \$.50 each July 1, - maximum to \$12.00). There are also percentage increases in the benefits if the participant is an officer of the Volunteer Fire Department for at least five years.

At July 1, 2006 (July 1, 2005 for Firefighters) the Plan membership of defined benefit plans consisted of the following:

	<u>Municipal</u>	<u>Police</u>	<u>Administrative</u>	<u>Firefighters</u>
Retirees and beneficiaries	\$ 165	\$ 56	\$ 23	\$ 24
Terminated participants	6		7	33
Active participants	<u>181</u>	<u>51</u>	<u>16</u>	<u>54</u>
TOTAL	\$ <u>352</u>	\$ <u>107</u>	\$ <u>46</u>	\$ <u>111</u>

B. Summary of Significant Accounting Policies and Plan Asset Matters

Basis of Accounting: The four Pension Trust Funds are accounted for using the accrual basis of accounting. Employee and employer contributions are recognized as revenues in the period in which employee services are performed. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Method Used to Value Investments: Investments are reported at fair value. Investment income is recognized when earned and gains and losses on sales or exchanges of investments are recognized on the transaction date. Unrealized gains and losses due to appreciation and depreciation of Plan assets are also recognized at fiscal year end.

C. Funding Policy

The contribution requirements of plan members, with the exception of Firefighters' Plan which is non-contributory, are established and may be amended by the Town Council, subject to union contract negotiation. If an employee leaves covered employment or participation or dies before meeting the vesting requirements, accumulated employee contributions and interest thereon are refunded. The Town is required, by Charter, to contribute the amount necessary to finance the benefits for its employees, net of employee contributions, as determined by its actuaries. Investment services and actuarial valuations are paid by the individual plans. Other costs of administering the plans are paid by the Town. The employees' required contribution rates and the Town's current rate of annual covered payroll is presented in the following table:

	<u>Municipal</u>	<u>Police</u>	<u>Administrative</u>
Employee required contribution	4.5	7.0	4.5
Town current rate	7.3	32.2	16.2

D. Annual Pension Cost and Net Pension Obligations

The Town's annual pension cost and net pension obligation to the Town's Retirement System for the current year were as follows:

	<u>Municipal</u>	<u>Police</u>	<u>Administrative</u>	<u>Firefighters</u>
Annual required contribution	\$ 622	\$ 1,354	\$ 204	\$ 81
Interest on net pension obligation	(1)	(14)		
Adjustment to annual required contribution	<u>1</u>	<u>13</u>		
Annual pension cost	622	1,353	204	
Contributions made	<u>622</u>	<u>1,354</u>	<u>204</u>	<u>81</u>
Increase in net pension obligation		(1)		
Net pension obligation (asset), July 1, 2006	<u>(8)</u>	<u>(180)</u>	<u>(5)</u>	<u>-</u>
Net pension obligation (asset), June 30, 2007	<u>\$ (8)</u>	<u>\$ (181)</u>	<u>\$ (5)</u>	<u>\$ -</u>

The following is a summary of certain significant actuarial assumptions and Plan information:

	<u>Municipal</u>	<u>Police</u>	<u>Administrative</u>	<u>Firefighters</u>
Actuarial valuation date	7-1-06	7-1-06	7-1-06	7-1-05
Actuarial cost method	Projected Unit Cost	Projected Unit Cost	Projected Unit Cost	Frozen Entry Age Cost
Amortization method	Level Dollar Open	Level Dollar Open	Level Dollar Open	Level Dollar Open
Remaining amortization period	16 years	16 years	16 years	16 years
Asset valuation method	5-year smoothing	5-year smoothing	5-year smoothing	5-year smoothing
Actuarial assumptions:				
Investment rate of return	8.0%	8.0%	8.0%	6.4%
Projected salary increases	4.0%	4.0%	4.0%	N/A
Cost of living adjustments	None	2.0%	None	None
Inflation rate	2.5%	2.5%	2.5%	2.5%

E. Trend Information

	<u>Fiscal Year Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation (Asset)</u>
<u>Municipal</u>				
	6/30/05	\$ 443	100%	\$ (8)
	6/30/06	539	100	(8)
	6/30/07	622	100	(8)
<u>Police</u>				
	6/30/05	813	101	(184)
	6/30/06	1,171	100	(180)
	6/30/07	1,353	100	(181)
<u>Administrative</u>				
	6/30/05	160	100	(5)
	6/30/06	189	100	(5)
	6/30/07	204	100	(5)
<u>Firefighters</u>				
	6/30/05	88	100	-
	6/30/06	88	100	-
	6/30/07	81	100	-

F. Pension Plan Required Supplementary Information

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
<u>Municipal</u>						
7/1/01	\$ 18,732	\$ 19,023	\$ 291	98.5	\$ 7,472	3.9
7/1/02	18,653	20,623	1,970	90.5	7,322	26.9
7/1/03	18,349	21,727	3,378	84.5	7,868	42.9
7/1/04	18,188	23,270	5,082	78.2	8,210	61.9
7/1/05	18,197	24,488	6,291	74.3	8,529	73.8
7/1/06	18,703	26,270	7,567	71.2	8,828	85.7
<u>Police</u>						
7/1/01	23,969	26,503	2,534	90.4	3,499	72.4
7/1/02	23,851	28,466	4,615	83.8	3,607	128.0
7/1/03	23,514	30,939	7,425	76.0	3,866	192.1
7/1/04	23,436	32,807	9,371	71.4	4,045	231.7
7/1/05	23,773	35,085	11,312	67.8	4,205	269.0
7/1/06	24,743	36,042	11,299	68.7	4,375	258.3
<u>Administrative</u>						
7/1/01	6,158	5,809	(349)	106.0	1,564	(22.3)
7/1/02	6,227	6,790	563	91.7	1,505	37.4
7/1/03	6,312	7,337	1,025	86.0	1,525	67.3
7/1/04	6,374	7,872	1,498	81.0	1,297	115.5
7/1/05	6,470	8,380	1,910	77.2	1,253	152.5
7/1/06	6,718	8,512	1,794	78.9	1,133	158.4
<u>Firefighters</u>						
7/1/01	621	1,172	551	53.0	N/A	N/A
7/1/03	654	1,199	545	54.5	N/A	N/A
7/1/05	690	1,201	511	57.5	N/A	N/A

Schedule of Employer Contributions

(thousands)				
Fiscal Year Ended	Municipal		Police	
	Required Contribution	Annual Percentage Contributed	Required Contribution	Annual Percentage Contribution
6/30/01	\$ 120	100%	\$ 666	100%
6/30/02	134	100	651	100
6/30/03	251	104	636	108
6/30/04	337	100	747	100
6/30/05	442	100	806	100
6/30/06	539	100	1,166	100

Schedule of Employer Contributions

(thousands)				
Fiscal Year Ended	Administrative.		Firefighters	
	Required Contribution	Annual Percentage Contributed	Required Contribution	Annual Percentage Contribution
6/30/01	\$ 67	100%	\$ 85	100%
6/30/02	78	100	85	100
6/30/03	75	113	79	108
6/30/04	143	101	80	100
6/30/05	160	100	88	100
6/30/06	187	100	88	100

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation is presented in Section D above.

Teachers' Retirement

All Town of Newington teachers participate in the State of Connecticut Teachers' Retirement System under Section 10.183 of the General Statutes of the State of Connecticut. A teacher is eligible to receive a normal retirement benefit if he or she has: (1) attained age sixty and has accumulated twenty years of credited service in the public schools of Connecticut, or (2) attained any age and has accumulated thirty-five years of credited service, at least twenty-five years of which are service in the public schools of Connecticut.

The Board of Education withholds 7.25% of all teachers' annual salaries and transmits the funds to the State Teachers' Retirement Board. Teacher payroll subject to retirement amounted to \$24.7million or 71% of the total Board of Education payroll of \$34.6 million.

The retirement system for teachers is funded by the State based upon the recommendation of the Teachers' Retirement Board. Such contribution includes amortization of the actuarially computed unfunded liability. These obligations are established under the authority of the Connecticut General Statutes. For the year ended June 30, 2007 the Town has recorded, in the General Fund, intergovernmental revenue and education expenditures in the amount of \$3,125 as payments made by the State of Connecticut on-behalf of the Town. The Town does not have any liability for teacher pensions.

The State of Connecticut Teacher Retirement System is considered to be a part of the State of Connecticut financial reporting entity and is included in the State's financial reports as a pension trust fund. Those

reports may be obtained by writing to the State of Connecticut, Office of the State Comptroller, 55 Elm Street, Hartford, Connecticut 06106.

Volunteer Firefighters’ - Defined Contribution Plan

In addition to the defined benefit plan described above, the Town provides a defined contribution plan to certain volunteer firefighters. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Most current active and all new and future members of volunteer firefighters can only participate in this plan. Members are 100% vested after 10 years of service. Contributions range from \$334.80 per year for members with less than 5 years of service, to \$700.20 per year for members with more than 35 years of service. The firefighters do not contribute to the Plan. Plan provisions and contribution requirements are established and may be amended by the Town Council.

The Town’s contribution for 2006-07, computed in accordance with plan requirements, amounted to \$48. At July 1, 2005 there were 21 members of the plan.

Pension Trust Funds

The Town maintains various pension trust funds to account for its fiduciary responsibility. The following schedules present the net assets held in trust for pension benefits at June 30, 2007 and the changes in net assets for the year then ended.

	Schedule of Plan Net Assets					Total
	Police Officers’ Plan	Municipal Employees’ Plan	Administrative Employees’ Plan	Volunteer Firefighters’ Plans		
				Defined Benefit	Defined Contribution	
Assets:						
Cash and cash equivalents	\$ 579	\$ 183	\$ 66	\$ 598	\$ 372	\$ 1,798
Investments	26,680	20,501	7,348		467	54,996
Total assets	27,259	20,684	7,414	598	839	56,794
Liabilities:						
Accounts and other payables	-	-	-	-	-	-
Net assets held in trust for pension benefits	\$ 27,259	\$ 20,684	\$ 7,414	\$ 598	\$ 839	\$ 56,794

Schedule of Plan Net Assets

	Police Officers' Plan	Municipal Employees' Plan	Administrative Employees' Plan	Volunteer Firefighters' Plans		Total
				Defined Benefit	Defined Contribution	
Additions:						
Contributions:						
Employer	\$ 1,354	\$ 622	\$ 204	\$ 81	\$ 48	\$ 2,309
Plan members	330	397	50		17	794
Total contributions	<u>1,684</u>	<u>1,019</u>	<u>254</u>	<u>81</u>	<u>65</u>	<u>3,103</u>
Investment income:						
Net appreciation (depreciation) in fair value of investments						
	3,885	2,957	1,060			7,902
Interest and dividends	<u>26</u>	<u>7</u>	<u>3</u>	<u>37</u>	<u>70</u>	<u>143</u>
Total investment income	3,911	2,964	1,063	37	70	8,045
Less investment expense	<u>144</u>	<u>109</u>	<u>39</u>			<u>292</u>
Net investment income	<u>3,767</u>	<u>2,855</u>	<u>1,024</u>	<u>37</u>	<u>70</u>	<u>7,753</u>
Total additions	<u>5,451</u>	<u>3,874</u>	<u>1,278</u>	<u>118</u>	<u>135</u>	<u>10,856</u>
Deductions:						
Benefits	2,110	1,684	522	103	1	4,420
Administration	<u>25</u>	<u>9</u>	<u>4</u>		<u>8</u>	<u>46</u>
Total deductions	<u>2,135</u>	<u>1,693</u>	<u>526</u>	<u>103</u>	<u>9</u>	<u>4,466</u>
Net increase	3,316	2,181	752	15	126	6,390
Net assets held in trust for pension benefits, Beginning of Year						
	<u>23,943</u>	<u>18,503</u>	<u>6,662</u>	<u>583</u>	<u>713</u>	<u>50,404</u>
Net assets held in trust for pension benefits, End of Year						
	<u>\$ 27,259</u>	<u>\$ 20,684</u>	<u>\$ 7,414</u>	<u>\$ 598</u>	<u>\$ 839</u>	<u>\$ 56,794</u>

**Required Supplementary
Information**

TOWN OF NEWINGTON, CONNECTICUT

GENERAL FUND

SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)

FOR THE YEAR ENDED JUNE 30, 2007

(In thousands)

	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable)
Property taxes:				
Current levy	\$ 64,331	\$ 64,331	\$ 65,039	\$ 708
Prorated motor vehicles	650	650	586	(64)
Prorated Real Estate	50	50	0	(50)
Prior year tax levies	350	350	878	528
Interest and liens	225	225	360	135
Total	<u>65,606</u>	<u>65,606</u>	<u>66,863</u>	<u>1,257</u>
Payments in lieu of taxes:				
State-Owned PILOT	781	781	813	32
New Manufacturers Inventory	735	735	674	(61)
Elderly Freeze Exemption	33	33	25	(8)
Disabled exemption	5	5	4	(1)
Elderly Circuit Breaker	266	266	282	16
Additional Veteran's Exemption	43	43	29	(14)
Tax Exempt Colleges and Hospital	453	453	507	54
Boats	5	5	5	0
Total	<u>2,321</u>	<u>2,321</u>	<u>2,339</u>	<u>18</u>
Licenses and permits:				
Building Permits	575	575	738	163
Vendor's Permits	1	1	1	0
Gun permits	2	2	2	0
Raffle and Bingo Permits	1	1	1	0
Work Within Rights of Way	6	6	5	(1)
Refuse Handling Licenses	2	2	2	0
Total	<u>587</u>	<u>587</u>	<u>749</u>	<u>162</u>
Rentals:				
Town Hall Rental	6	6	3	(3)
Indian Hill Country Club	81	81	76	(5)
Other Town Property	10	10	4	(6)
Total	<u>97</u>	<u>97</u>	<u>83</u>	<u>(14)</u>
Investment income	<u>1,150</u>	<u>1,150</u>	<u>1,825</u>	<u>675</u>
Fines:				
Parking tickets	25	25	20	(5)
False Alarms	22	22	30	8
Ambulance Response Overages	-	-	14	14
Total	<u>47</u>	<u>47</u>	<u>64</u>	<u>17</u>

(Continued on following page)

TOWN OF NEWINGTON, CONNECTICUT

**SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)**

FOR THE YEAR ENDED JUNE 30, 2007

(In thousands)

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		<u>Favorable (Unfavorable)</u>
Charges for services:				
Conservation Commission	4	4	4	0
Zoning Board of Appeals	2	2	1	(1)
Town Planning and Zoning	8	8	8	0
Town Clerk Fees	625	625	769	144
Police	7	7	8	1
Human Services - Counseling Fee	26	26	24	(2)
Library - Overdue Fines	33	33	38	5
Dial-A-Ride Tickets	5	5	5	0
Scrap Metal Curbside	13	13	23	10
Senior Center ID Cards	3	3	2	(1)
Senior and Disabled Center Fees	4	4	2	(2)
Engineering fees	1	1	1	0
Total	<u>731</u>	<u>731</u>	<u>885</u>	<u>154</u>
Refunds and reimbursements:				
Refunds - Town	6	6	152	146
Refunds - Schools	4	4	12	8
Regional Fire Training Tower	3	3	3	0
Library - Lost/Replaced books	4	4	5	1
Library - Sale of Diskettes	1	1	-	(1)
Motor Vehicle Fuels Tax Refund	-	-	12	12
Other	1	1	1	0
Total	<u>19</u>	<u>19</u>	<u>185</u>	<u>166</u>
State of Connecticut:				
Public Library	3	3	3	0
Mashantucket Pequot Fund	298	298	240	(58)
Youth Services Bureau	22	22	23	1
Alcohol and Drug Abuse	4	4	4	0
Property Tax Relief	-	-	150	150
Telecommunications Tax	131	131	147	16
Emergency Management Grant	2	2	6	4
Young Farm Acquisition	350	350	350	0
NHS Track Reimbursement	200	200	200	0
Transportation - Non-public	13	13	26	13
Transportation - Public	355	355	369	14
Adult Education	23	23	23	0
Special Education Excess Cost			41	41

(Continued on following page)

TOWN OF NEWINGTON, CONNECTICUT

**SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)**

FOR THE YEAR ENDED JUNE 30, 2007

(In thousands)

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		<u>Favorable</u> <u>(Unfavorable)</u>
State of Connecticut (continued):				
School Building Grants	511	511	225	(286)
Health Services	16	16	17	1
Services for the Blind	9	9	9	0
Education Cost Sharing Grant	10,387	10,387	10,395	8
Local Health Transition			5	5
Total	<u>12,324</u>	<u>12,324</u>	<u>12,233</u>	<u>(91)</u>
Federal government:				
Senior Citizen Trans Aid	-	-	8	8
FEHS - Snow Removal Grant	-	-	57	57
Universal Hiring Grant	25	25	30	5
Total	<u>25</u>	<u>25</u>	<u>95</u>	<u>70</u>
Miscellaneous:				
Other-Miscellaneous	4	4	6	2
Cancelled PY Encumbrances	10	10	82	72
United Way (Human Services)	3	3	2	(1)
Operation Fuel	3	3	3	-
Drug Free Schools Donations	1	1	1	-
Fire Department Donations	2	2	-	(2)
Total	<u>23</u>	<u>23</u>	<u>94</u>	<u>71</u>
Total revenues	<u>82,930</u>	<u>82,930</u>	85,415	<u>2,485</u>
Other financing sources:				
Transfers in	<u>95</u>	<u>95</u>	<u>82</u>	<u>(13)</u>
TOTAL	\$ <u>83,025</u>	\$ <u>83,025</u>	85,497	\$ <u>2,472</u>

Budgetary revenues are different than GAAP revenues because:

State of Connecticut "on-behalf" contributions to the Connecticut State Teachers'

Retirement System for Town teachers are not budgeted

3,125

Cancellation of prior year encumbrances are recognized as budgetary revenue

(82)

Total Revenues and Other Financing Sources as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds Exhibit IV

\$ 88,540

TOWN OF NEWINGTON, CONNECTICUT

GENERAL FUND

SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)

FOR THE YEAR ENDED JUNE 30, 2007

(In thousands)

	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable)
General Government:				
Town Council	\$ 26	\$ 26	\$ 23	\$ 3
Town Manager	318	326	325	1
Courts	27	36	36	-
Elections	93	107	106	1
Finance	1,033	1,033	993	40
Town Attorney	135	167	163	4
Town Clerk	167	171	166	5
Personnel	39	76	69	7
General Services	648	659	635	24
Total General Government	2,486	2,601	2,516	85
Public Safety:				
Police Department	5,323	5,548	5,430	118
Fire Department	583	588	580	8
Street Lighting	351	323	304	19
Civil Preparedness	2	2	2	-
Hydrants	64	64	61	3
Volunteer Incentive Program	130	110	106	4
Total Public Safety	6,453	6,635	6,483	152
Public Works:				
Administration	207	207	190	17
Traffic	104	107	106	1
Engineering	129	129	80	49
Highway Department	2,145	2,057	1,977	80
Facilities Management	462	484	468	16
Solid Waste Services	2,039	2,082	2,064	18
Total Public Works	5,086	5,066	4,885	181
Community Planning and Development:				
Town Planner	208	215	214	1
Town Planning and Zoning	22	27	26	1
Zoning Board of Appeals	6	6	2	4
Building Department	234	243	242	1
Conservation Commission	5	6	5	1
Economic Development	33	33	31	2
Total Community Planning and Development	508	530	520	10
Health and Community Services:				
Public Health:				
Health Services	123	123	121	2

(Continued on following page)

TOWN OF CROMWELL, CONNECTICUT

GENERAL FUND

SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2007

(In thousands)

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Health and Community Services (continued):				
Community Services:				
Human Services	408	408	404	4
Senior and Disabled Center	583	598	579	19
Boards and Commissions	11	11	8	3
Total Health and Community Services	<u>1,125</u>	<u>1,140</u>	<u>1,112</u>	<u>28</u>
Library:				
Library Operations	1,711	1,732	1,703	29
Hubbard Book Fund	-	-	1	(1)
Total Library	<u>1,711</u>	<u>1,732</u>	<u>1,704</u>	<u>28</u>
Parks and Recreation:				
Parks and Recreation Administration	435	435	426	9
Grounds Maintenance	1,091	1,116	1,061	55
Total Parks and Recreation	<u>1,526</u>	<u>1,551</u>	<u>1,487</u>	<u>64</u>
Board of Education:				
Art	638	641	641	-
Career/Vocational	1,043	1,079	1,079	-
Computers	1,201	1,554	1,554	-
Language Arts	3,121	3,126	3,126	-
Foreign Language	995	973	973	-
Health/Safety	154	167	167	-
Math	2,842	2,878	2,878	-
Music	859	960	960	-
Physical Education	837	899	899	-
Reading	3,116	2,992	2,992	-
Science	3,001	2,990	2,990	-
Social Studies	2,902	2,790	2,790	-
Other Salaries	1,009	523	523	-
Special Education	5,115	5,001	5,005	(4)
Homebound	20	49	49	-
Adult Education	75	80	80	-
Guidance	984	977	977	-
Health/Nurses	493	501	501	-
Psychological Services	539	513	513	-
Speech and Hearing	394	377	377	-
Curriculum Development	66	149	149	-
Media	884	939	939	-
Board of Education	130	130	130	-
Central Direction	1,037	1,093	1,093	-
Building Direction	2,609	2,813	2,818	(5)
Supplies	194	235	235	-

(Continued on following page)

TOWN OF NEWINGTON, CONNECTICUT

GENERAL FUND

SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2007

(In thousands)

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		<u>Favorable (Unfavorable)</u>
Board of Education (continued):				
Maintenance	1,141	1,957	1,993	(36)
Plant operation	4,177	3,991	3,907	84
Transportation	1,832	2,122	2,123	(1)
Evaluation, planning and development	55	25	25	-
Insurance	813	737	737	-
Employee Benefits	7,723	6,722	6,723	(1)
Non Athletics	118	115	115	-
Athletics	431	474	474	-
Community Service	109	85	85	-
Total Board of Education	<u>50,657</u>	<u>50,657</u>	<u>50,620</u>	<u>37</u>
Miscellaneous:				
Metropolitan District Assessment	2,561	2,561	2,561	-
Municipal Insurance	823	754	752	2
Greater Hartford Transit District	2	2	2	-
Employee Benefits	5,237	5,240	5,238	2
Donations and contributions	18	18	18	-
Contingency	672	246	63	183
Total Miscellaneous	<u>9,313</u>	<u>8,821</u>	<u>8,634</u>	<u>187</u>
Debt service:				
Principal Payments	2,205	2,205	2,205	-
Interest Expense	946	946	942	4
Total Debt Service	<u>3,151</u>	<u>3,151</u>	<u>3,147</u>	<u>4</u>
Total expenditures	<u>82,016</u>	<u>81,884</u>	<u>81,108</u>	<u>776</u>
Other financing uses:				
Transfers out	<u>3,008</u>	<u>3,140</u>	<u>3,133</u>	<u>7</u>
TOTAL	<u>85,024</u>	<u>85,024</u>	<u>84,241</u>	<u>783</u>

Budgetary expenditures are different than GAAP expenditures because:

State of Connecticut "on-behalf" payments to the Connecticut State Teachers'

Retirement System for Town teachers are not budgeted

3,125

Encumbrances for purchases and commitments ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year received for financial reporting purposes

(124)

Total Expenditures and Other Financing Sources as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds - Exhibit IV

87,242

General Fund

**Combining and Individual
Fund Statements and Schedules**

GENERAL FUND

The General Fund is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund.

TOWN OF NEWINGTON, CONNECTICUT

GENERAL FUND

COMPARATIVE BALANCE SHEET

JUNE 30, 2007 AND 2006

(In Thousands)

	<u>2007</u>	<u>2006</u>
ASSETS		
Cash and cash equivalents	\$ 20,769	\$ 20,803
Receivables:		
Property taxes	1,102	1,561
Other receivable	463	259
Due from other funds	<u> </u>	<u>40</u>
Total Assets	<u>\$ 22,334</u>	<u>\$ 22,663</u>
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable and other liabilities	\$ 2,492	\$ 3,034
Due to other governments		30
Deferred revenues	<u>5,136</u>	<u>6,191</u>
Total liabilities	<u>7,628</u>	<u>9,255</u>
Fund balance:		
Reserved for encumbrances	1,763	1,721
Unreserved:		
Designated for subsequent year's budget	2,000	2,000
Undesignated	<u>10,943</u>	<u>9,687</u>
Total fund balance	<u>14,706</u>	<u>13,408</u>
Total Liabilities and Fund Balance	<u>\$ 22,334</u>	<u>\$ 22,663</u>

TOWN OF NEWINGTON, CONNECTICUT

GENERAL FUND

REPORT OF TAX COLLECTOR

FOR THE YEAR ENDED JUNE 30, 2007

(In Thousands)

Grand List	Mill Rate	Uncollected Taxes July 1, 2006	Lawful Corrections		Suspense	Adjusted Taxes Collectible	Taxes	Interest	Liens	Total	Uncollected Taxes June 30, 2007
			Additions	Deductions							
2005	25.76	\$ 66,187	\$ 201	\$ 382	\$	\$ 66,006	\$ 65,488	\$ 159	\$ 3	\$ 65,650	\$ 518
2004	36.43	907	13	43	86	791	618	126	3	747	173
2003	34.24	265	2	4		263	210	44		254	53
2002	32.29	54				54	10	4		14	44
2001	30.44	45	1		1	45	2	2		4	43
2000	28.58	40				40	2	1		3	38
1999	27.75	42				42					42
1998	27.17	41				41					41
1997	27.17	40				40					40
1996	25.25	37				37					37
1995	25.25	37				37					37
1994	24.54	36				36					36
1993	24.54	37				37		1		1	37
1992	24.54	37				37					37
1991	24.70	37		37		0		1		1	0
		\$ 67,842	\$ 217	\$ 466	\$ 87	\$ 67,506	\$ 66,330	\$ 338	\$ 6	\$ 66,674	\$ 1,176

**Nonmajor
Governmental Funds**

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

The Special Revenue Funds are used to account for the proceeds of special revenues sources (except major capital projects) that are legally restricted to expenditure for specific purposes. The Special Revenue Funds are as follows:

Fund	Funding Source	Function
Cafeteria	Sale of food, State and Federal grants	Food service operations
Road Aid Maintenance	State funds	Improvement of the Town's roads
State and Federal Grants	Federal or State grants	Education programs
Cemetery	Charges for services	Maintaining the Town's cemeteries
Dog Licenses	License fees	Canine control program
LOCIP Reserve Fund	State funds	Infrastructure improvements
Recreation Programs	User fees	Recreation
Employee Leave Liability	Local	Pay employees for accumulated sick leave upon termination
Balf	The Balf Company	The use of these funds is to be determined in the future by the Town's governing body
Miscellaneous Grants	State and federal grants	Special programs administered by Town departments
Volunteer Ambulance	Local	Money purchase plan established
Volunteer Firefighters'	Local	Volunteer firefighters, who are vested but no longer active, which provides a one-time payment based on length of service
Scholarship Trust	Donations	Scholarship endowments/gifts

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 government's programs.

Cemetery Trust Fund - consists of individual endowments, the interest of which is used to offset maintenance costs of individual graves.

Library Book Fund - records interest earned on endowment (Hubbard) which is used to purchase library books.

Tri-centennial Fund - records contributions from local banks to be held in trust until the country's tri-centennial.

TOWN OF NEWINGTON, CONNECTICUT

NONMAJOR GOVERNMENTAL FUNDS

COMBINING BALANCE SHEET

JUNE 30, 2007

(In Thousands)

Special Revenue Funds

	<u>Cafeteria</u>	<u>Road Aid Maintenance</u>	<u>State And Federal Grants</u>	<u>Cemetery</u>	<u>Dog Licenses</u>	<u>Locip Reserve</u>	<u>Recreation Programs</u>	<u>Employee Leave Liability</u>	<u>Balf Fund</u>	<u>Miscellaneous Grants</u>	<u>Volunteer Ambulance</u>
ASSETS											
Cash and cash equivalents	\$ 232	\$ 256	\$ 15	\$ 1,144	\$ 15	\$ 69	\$ 122	\$ 701	\$ 28	\$ 429	\$ 192
Investments								1,085			
Receivables:											
Accounts and other	12				1			31			
State and Federal governments	52		12			74				125	
Inventory	<u>20</u>										
Total Assets	<u>\$ 316</u>	<u>\$ 256</u>	<u>\$ 27</u>	<u>\$ 1,144</u>	<u>\$ 16</u>	<u>\$ 143</u>	<u>\$ 122</u>	<u>\$ 1,817</u>	<u>\$ 28</u>	<u>\$ 554</u>	<u>\$ 192</u>
LIABILITIES AND FUND BALANCE											
Liabilities:											
Accounts and other payables	\$ 5	\$ 149	\$ 2	\$ 1	\$ 10	\$ 94	\$ 18	\$ -	\$ -	\$ 54	\$ -
Deferred revenue	<u>16</u>		<u>25</u>				<u>104</u>			<u>17</u>	
Total liabilities	<u>21</u>	<u>149</u>	<u>27</u>	<u>1</u>	<u>10</u>	<u>94</u>	<u>122</u>	<u>-</u>	<u>-</u>	<u>71</u>	<u>-</u>
Fund Balance (deficit):											
Reserved:											
Encumbrance		91		1		79					
Inventory	20										
Endowments											
Unreserved:											
Undesignated	<u>275</u>	<u>16</u>		<u>1,142</u>	<u>6</u>	<u>(30)</u>		<u>1,817</u>	<u>28</u>	<u>483</u>	<u>192</u>
Total fund balance (deficit)	<u>295</u>	<u>107</u>	<u>-</u>	<u>1,143</u>	<u>6</u>	<u>49</u>	<u>-</u>	<u>1,817</u>	<u>28</u>	<u>483</u>	<u>192</u>
Total Liabilities and Fund Balance	<u>\$ 316</u>	<u>\$ 256</u>	<u>\$ 27</u>	<u>\$ 1,144</u>	<u>\$ 16</u>	<u>\$ 143</u>	<u>\$ 122</u>	<u>\$ 1,817</u>	<u>\$ 28</u>	<u>\$ 554</u>	<u>\$ 192</u>

(Continued on next page)

TOWN OF NEWINGTON, CONNECTICUT
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET (CONTINUED)
JUNE 30, 2007

	Special Revenue Funds			Permanent Funds				Interfund Eliminations	Total Nonmajor Governmental Funds
	Volunteer Firefighters'	Scholarship Trust	Total	Cemetery Trust	Hubbard Book	Tri-Centennial	Total		
ASSETS									
Cash and cash equivalents	\$ 142	\$ 158	\$ 3,503	\$ 24	\$ 10	\$ 1	\$ 35	\$	3,538
Investments			1,085				-		1,085
Receivables:									
Accounts and other			44				-		44
State and Federal governments			263				-		263
Inventory			20				-		20
Total Assets	\$ 142	\$ 158	\$ 4,915	\$ 24	\$ 10	\$ 1	\$ 35	\$ -	\$ 4,950
LIABILITIES AND FUND BALANCE									
Liabilities:									
Accounts and other payables	\$	\$	\$ 333	\$	\$	\$	\$ -	\$	333
Deferred revenue			162				-		162
Total liabilities	-	-	495	-	-	-	-	-	495
Fund Balance (deficit):									
Reserved:									
Encumbrance			171				-		171
Inventory			20				-		20
Endowments			0	24	10	1	35		35
Unreserved:									
Undesignated	142	158	4,229				-		4,229
Total fund balance (deficit)	142	158	4,420	24	10	1	35	-	4,455
Total Liabilities and Fund Balance	\$ 142	\$ 158	\$ 4,915	\$ 24	\$ 10	\$ 1	\$ 35	\$ -	\$ 4,950

TOWN OF NEWINGTON, CONNECTICUT

NONMAJOR GOVERNMENTAL FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

FOR THE YEAR ENDED JUNE 30, 2007

(In Thousands)

Special Revenue Funds

	<u>Cafeteria</u>	<u>Road Aid Maintenance</u>	<u>State and Federal Grants</u>	<u>Cemetery</u>	<u>Dog Licenses</u>	<u>Locip Reserve</u>	<u>Recreation Programs</u>	<u>Employee Leave Liability</u>	<u>Balf Fund</u>	<u>Miscellaneous Grants</u>	<u>Volunteer Ambulance</u>
Revenues:											
Licenses, fees, and permits	\$	\$	\$	\$	\$ 16	\$	\$	\$	\$	\$	\$
Intergovernmental	359	207	1,740			197				388	
Charges for services	1,035					21	702			24	
Investment income	4			127			5	100	2	5	9
Miscellaneous	62			77						201	1
Total revenues	<u>1,460</u>	<u>207</u>	<u>1,740</u>	<u>204</u>	<u>16</u>	<u>218</u>	<u>707</u>	<u>100</u>	<u>2</u>	<u>618</u>	<u>10</u>
Expenditures:											
Current:											
General government				5				163		435	
Public safety					15					25	
Public works		37									
Library										69	
Parks and recreation							785				
Education	1,325		1,740				44				
Capital outlay		193				197					
Total expenditures	<u>1,325</u>	<u>230</u>	<u>1,740</u>	<u>5</u>	<u>15</u>	<u>197</u>	<u>785</u>	<u>207</u>	<u>-</u>	<u>529</u>	<u>-</u>
Other financing sources (uses):											
Transfers in							75	84			10
Transfers out				(80)							
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(80)</u>	<u>-</u>	<u>-</u>	<u>75</u>	<u>84</u>	<u>-</u>	<u>-</u>	<u>10</u>
Net change in fund balances	135	(23)	-	119	1	21	(3)	(23)	2	89	20
Fund balance, July 1, 2006	<u>160</u>	<u>130</u>	<u>-</u>	<u>1,024</u>	<u>5</u>	<u>28</u>	<u>3</u>	<u>1,840</u>	<u>26</u>	<u>394</u>	<u>172</u>
Fund balance, June 30, 2007	<u>\$ 295</u>	<u>\$ 107</u>	<u>\$ -</u>	<u>\$ 1,143</u>	<u>\$ 6</u>	<u>\$ 49</u>	<u>\$ -</u>	<u>\$ 1,817</u>	<u>\$ 28</u>	<u>\$ 483</u>	<u>\$ 192</u>

(Continued on next page)

TOWN OF NEWINGTON, CONNECTICUT

NONMAJOR GOVERNMENTAL FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2007

(In Thousands)

	Special Revenue Funds			Permanent Funds				Interfund Eliminations	Total Nonmajor Governmental Funds
	Volunteer Firefighters'	Scholarship Trust	Total	Cemetery Trust	Hubbard Book	Tri-Centennial	Total		
Revenues:									
Licenses, fees, and permits	\$	\$	\$ 16	\$	\$	\$	\$ -	\$	\$ 16
Intergovernmental			2,891				-		2,891
Charges for services			1,782				-		1,782
Investment income	8	8	268	1	1		2		270
Miscellaneous		40	381				-		381
Total revenues	8	48	5,338	1	1	-	2	-	5,340
Expenditures:									
Current:									
General government			603				-		603
Public safety			40				-		40
Public works			37				-		37
Library			69				-		69
Parks and recreation			785				-		785
Education		28	3,137				-		3,137
Capital outlay			390				-		390
Total expenditures	-	28	5,061	-	-	-	-	-	5,061
Other financing sources (uses):									
Transfers in			169				-		169
Transfers out			(80)	(1)	(1)		(2)		(82)
Total other financing sources (uses)	-	-	89	(1)	(1)	-	(2)	-	87
Net change in fund balances	8	20	366	-	-	-	-	-	366
Fund balance, July 1, 2006	134	138	4,054	24	10	1	35	-	4,089
Fund balance, June 30, 2007	\$ 142	\$ 158	\$ 4,420	\$ 24	\$ 10	\$ 1	\$ 35	\$ -	\$ 4,455

Internal Service Funds

INTERNAL SERVICE FUNDS

Internal Service funds are used for the financing of goods or services provided by one department or agency to other departments or agencies of the Town, or to other governments, on a cost reimbursement basis. The Town has two such funds.

Health Benefits Fund: This fund is used to account for funds received from various Town funds and departments for health benefits. The fund pays for cost associated with providing medical benefits to current and past employees.

Insurance Reserve Fund: This fund was established by ordinance to meet any substantial premium adjustments due to retrospective ratings. The fund's required ending net assets of \$225,000 is established by Town Ordinance.

TOWN OF NEWINGTON, CONNECTICUT

INTERNAL SERVICE FUNDS
COMBINING BALANCE SHEETJUNE 30, 2007
(In Thousands)

	<u>Health Benefits</u>	<u>Insurance Reserve</u>	<u>Total</u>
Assets:			
Cash and cash equivalents	\$ 4,036	\$ 225	\$ 4,261
Liabilities:			
Accounts and other payable	<u>745</u>	<u> </u>	<u>745</u>
Net Assets:			
Unrestricted	\$ <u>3,291</u>	\$ <u>225</u>	\$ <u>3,516</u>

TOWN OF NEWINGTON, CONNECTICUT

INTERNAL SERVICE FUNDS

COMBINING STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED JUNE 30, 2007

(In Thousands)

	<u>Health Benefits</u>	<u>Insurance Reserve</u>	<u>Total</u>
Operating Revenues:			
Charges for services	\$ 8,891	\$	\$ 8,891
Miscellaneous		284	284
Total operating revenue	<u>8,891</u>	<u>284</u>	<u>9,175</u>
Operating Expenses:			
Benefit payments	7,748		7,748
Administration	444		444
Insurance	374		374
Casualty loss		624	624
Total operating expenses	<u>8,566</u>	<u>624</u>	<u>9,190</u>
Operating Income (loss)	325	(340)	(15)
Nonoperating Revenue:			
Interest on investments	<u>165</u>		<u>165</u>
Income (Loss) before Transfers	490	(340)	150
Transfers In		<u>340</u>	<u>340</u>
Change in Net Assets	490	-	490
Total Net Assets at Beginning of Year	<u>2,801</u>	<u>225</u>	<u>3,026</u>
Total Net Assets at End of Year	<u>\$ 3,291</u>	<u>\$ 225</u>	<u>\$ 3,516</u>

TOWN OF NEWINGTON, CONNECTICUT
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2007
(In Thousands)

	<u>Health Benefits</u>	<u>Insurance Reserve</u>	<u>Total</u>
Cash flows from (to) operating activities:			
Cash received from charges for services and other	\$ 8,891	\$ 284	\$ 9,175
Cash paid to vendors	<u>(8,550)</u>	<u>(630)</u>	<u>(9,180)</u>
Net cash provided (used) by operating activities	341	(346)	(5)
Cash flows from noncapital financial activities			
Transfers from other funds		340	340
Cash flows from investing activities:			
Interest on investments	<u>165</u>		<u>165</u>
Net increase (decrease) in cash and cash equivalents	506	(6)	500
Cash and cash equivalents at beginning of year	<u>3,530</u>	<u>231</u>	<u>3,761</u>
Cash and cash equivalents at end of year	\$ <u><u>4,036</u></u>	\$ <u><u>225</u></u>	\$ <u><u>4,261</u></u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:			
Operating income (loss)	\$ 325	\$ (340)	\$ (15)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Increase (decrease) in accounts and other payables	<u>16</u>	<u>(6)</u>	<u>10</u>
Net cash provided (used) by operating activities	\$ <u><u>341</u></u>	\$ <u><u>(346)</u></u>	\$ <u><u>(5)</u></u>

Fiduciary Funds

FIDUCIARY FUNDS

Agency Funds are used to account for assets held by the Town in a trustee capacity or as an agent for individuals, private organizations, or other. The Town's Agency Funds are:

- .. Youth Activity - to account for various programs benefiting the Town's youth.
- .. Student Activity - to account for the various student activities and clubs in the Town's schools.
- .. Senior Center Activity - to account for the various senior citizen activities in the Town's senior center.

TOWN OF NEWINGTON, CONNECTICUT

AGENCY FUNDS

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2007
(In Thousands)**

	<u>Balance July 1, 2006</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2007</u>
Youth Activities Fund				
Assets:				
Cash and cash equivalents	\$ <u>6</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>6</u>
Liabilities:				
Deposits held for others	\$ <u>6</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>6</u>
Student Activities Fund				
Assets:				
Cash and cash equivalents	\$ <u>371</u>	\$ <u>684</u>	\$ <u>693</u>	\$ <u>362</u>
Liabilities:				
Deposits held for others	\$ <u>371</u>	\$ <u>684</u>	\$ <u>693</u>	\$ <u>362</u>
Senior Citizens Fund				
Assets:				
Cash and cash equivalents	\$ <u>-</u>	\$ <u>36</u>	\$ <u>35</u>	\$ <u>1</u>
Liabilities:				
Deposits held for others	\$ <u>0</u>	\$ <u>36</u>	\$ <u>35</u>	\$ <u>1</u>
Total All Funds				
Assets:				
Cash and cash equivalents	\$ <u>377</u>	\$ <u>720</u>	\$ <u>728</u>	\$ <u>369</u>
Liabilities:				
Deposits held for others	\$ <u>377</u>	\$ <u>720</u>	\$ <u>728</u>	\$ <u>369</u>

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

Capital Assets Used in the Operation of Governmental Funds

The following schedules present only the capital asset balances related to governmental funds. The assets are reported at historical cost or estimated historical cost.

The Town's capitalization policy requires the recording of capital assets with original cost of \$5,000 or more. Provision for depreciation is not included in the schedules.

TOWN OF NEWINGTON, CONNECTICUT

CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS

SCHEDULE BY SOURCE

JUNE 30, 2007

Governmental funds capital assets:

Land	\$ 2,411
Buildings	27,442
Improvements other than buildings	3,136
Furniture, fixtures and equipment	15,040
Infrastructure	43,707
Construction in progress	<u>29,368</u>
Total	<u>\$ 121,104</u>

Investments in governmental funds capital assets by source:

General obligation bonds	\$ 57,485
State and Federal grants	12,683
General Fund revenues	16,546
Special Revenue Funds	2,975
Donations	<u>31,415</u>
Total	<u>\$ 121,104</u>

TOWN OF NEWINGTON, CONNECTICUT

CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS

SCHEDULE BY FUNCTION AND ACTIVITY

JUNE 30, 2007

(In Thousands)

	<u>Land</u>	<u>Buildings</u>	<u>Improvements Other Than Buildings</u>	<u>Furniture, Fixtures and Equipment</u>	<u>Infrastructure</u>	<u>Construction In Progress</u>	<u>Total</u>
General government	\$ 2,395	\$ 2,633	\$ 71	\$ 960			\$ 6,059
Public safety		1,814	5	6,256		8,333	16,408
Public works		271	270	2,985	43,707		47,233
∞ Community planning and development			1,008	23			1,031
Community services		896	21	67			984
Library		2,180	148	88			2,416
Parks and recreation	16	1,631	792	1,171			3,610
Education		17,454	821	3,471		21,035	42,781
Miscellaneous		563		19			582
Total	<u>\$ 2,411</u>	<u>\$ 27,442</u>	<u>\$ 3,136</u>	<u>\$ 15,040</u>	<u>\$ 43,707</u>	<u>\$ 29,368</u>	<u>\$ 121,104</u>

TOWN OF NEWINGTON, CONNECTICUT

CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS

SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY

FOR THE YEAR ENDED JUNE 30, 2007

(In Thousands)

	Governmental Funds Capital Assets July 1, 2006	Additions	Deletions	Governmental Funds Capital Assets June 30, 2007
General government	\$ 5,996	\$ 114	\$ 52	\$ 6,058
Public safety	16,233	562	386	16,409
Public works	46,685	730	182	47,233
Community planning and development	1,325	15	309	1,031
Community services	979	21	15	985
Library	2,416			2,416
Parks and recreation	3,619	62	72	3,609
Education	41,102	1,846	167	42,781
Miscellaneous	<u>582</u>			<u>582</u>
Total	<u>\$ 118,937</u>	<u>\$ 3,350</u>	<u>\$ 1,183</u>	<u>\$ 121,104</u>

Statistical Section

Statistical Section Information

The objectives of statistical section information are to provide financial statement users with additional historical perspective, context and detail to assist in using the information in the financial statements, notes to financial statements and required supplementary information to understand and assess economic condition.

Statistical section information is presented in the following categories:

- *Financial trends information* is intended to assist users in understanding and assessing how financial position has changed over time.
- *Revenue capacity information* is intended to assist users in understanding and assessing the factors affecting the ability to generate *own-source revenues* (property taxes, charges for services, etc.).
- *Debt capacity information* is intended to assist users in understanding and assessing debt burden and the ability to issue additional debt.
- *Demographic and economic information* is intended 1) to assist users in understanding the socioeconomic environment and 2) to provide information that facilitates comparisons of financial statement information over time and among governments.
- *Operating information* is intended to provide contextual information about operations and resources to assist readers in using financial statement information to understand and assess economic condition.

The accompanying tables are presented in the above order. Refer to the Table of Contents for applicable page number locations.

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

TOWN OF NEWINGTON, CONNECTICUT

NET ASSETS BY COMPONENT

LAST FIVE FISCAL YEARS

(In Thousands)

	FISCAL YEAR				
	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Governmental Activities:					
Invested in capital assets, net of related debt	\$ 48,689	\$ 45,677	\$ 36,835	\$ 26,722	\$ 25,455
Restricted	527	479	452	443	443
Unrestricted	<u>24,232</u>	<u>22,930</u>	<u>20,722</u>	<u>21,215</u>	<u>19,203</u>
Total Governmental Activities Net Assets	<u>\$ 73,448</u>	<u>\$ 69,086</u>	<u>\$ 58,009</u>	<u>\$ 48,380</u>	<u>\$ 45,101</u>

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NOTES:

- (1) Schedule prepared on the accrual basis of accounting.
- (2) The Town began to report accrual information when it implemented GASB Statement 34 in fiscal year 2003

TOWN OF NEWINGTON, CONNECTICUT

CHANGES IN NET ASSETS

LAST FIVE FISCAL YEARS

(In Thousands)

	FISCAL YEAR				
	2007	2006	2005	2004	2003
Expenses:					
General Government	\$ 4,599	\$ 4,681	\$ 2,786	\$ 3,020	\$ 3,326
Public Safety	6,788	6,520	6,385	6,363	6,081
Public Works	5,724	5,226	4,950	5,384	4,529
Community planning and development	590	515	540	480	509
Health and community service	1,122	1,160	1,187	1,161	1,143
Library	1,821	1,792	1,733	1,710	1,582
Parks and recreation	2,398	2,333	2,181	2,333	2,066
Education	56,881	52,058	49,902	46,400	45,268
Miscellaneous	8,647	8,199	7,792	7,155	6,521
Interest on long-term debt	946	1,137	1,000	913	686
Total governmental activities expenses	<u>89,516</u>	<u>83,621</u>	<u>78,456</u>	<u>74,919</u>	<u>71,711</u>
Program Revenues:					
Charges for services	3,956	3,727	3,338	3,531	3,122
Operating grants and contributions	17,490	16,646	14,374	13,088	12,448
Capital grants and contributions	389	4,180	6,200	5,264	80
Total governmental activities program revenues	<u>21,835</u>	<u>24,553</u>	<u>23,912</u>	<u>21,883</u>	<u>15,6507</u>
Net (expense) revenue:					
Governmental activities	<u>(67,681)</u>	<u>(59,068)</u>	<u>(54,544)</u>	<u>(53,036)</u>	<u>(56,061)</u>
General revenues and other changes in net assets:					
Governmental activities:					
Property taxes	66,335	65,312	60,008	56,070	53,345
Grants and contributions not restricted to specific purposes	3,232	2,981	2,810	2,840	3,251
Unrestricted investment earnings	2,285	1,829	988	427	543
Gain on sale of capital assets			291	16	212
Miscellaneous	191	23	76	59	31
Total governmental activities	<u>72,043</u>	<u>70,145</u>	<u>64,173</u>	<u>59,412</u>	<u>57,382</u>
Changes in net assets:					
Governmental activities	\$ <u>4,362</u>	\$ <u>11,077</u>	\$ <u>9,629</u>	\$ <u>6,376</u>	\$ <u>1,321</u>

Notes:

- (1) Schedule prepared on the accrual basis of accounting.
- (2) The Town began to report accrual information when it implemented GASB Statement 34 in fiscal year 2003

TOWN OF NEWINGTON, CONNECTICUT
FUND BALANCES, GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS
(In Thousands)

	FISCAL YEAR									
	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
General Fund										
Reserved	\$ 1,763	\$ 1,721	\$ 1,286	\$ 1,423	\$ 1,523	\$ 1,204	\$ 993	\$ 902	\$ 1,002	\$ 800
Unreserved	<u>12,943</u>	<u>11,687</u>	<u>10,474</u>	<u>9,140</u>	<u>9,449</u>	<u>9,128</u>	<u>9,137</u>	<u>9,154</u>	<u>8,875</u>	<u>7,673</u>
Total General Fund	<u>\$ 14,706</u>	<u>\$ 13,408</u>	<u>\$ 11,760</u>	<u>\$ 10,563</u>	<u>\$ 10,972</u>	<u>\$ 10,332</u>	<u>\$ 10,130</u>	<u>\$ 10,056</u>	<u>\$ 9,877</u>	<u>\$ 8,473</u>
All other governmental funds:										
Reserved	\$ 532	\$ 1,615	\$ 5,448	\$ 17,340	\$ 1,043	\$ 502	\$ 767	\$ 2,726	\$ 4,831	\$ 306
Unreserved, reported in:										
Special revenue funds	4,295	3,797	3,770	4,008	4,056	3,539	3,826	3,621	3,753	3,797
Capital projects funds	<u>2,715</u>	<u>2,247</u>	<u>(793)</u>	<u>(295)</u>	<u>7,538</u>	<u>4,235</u>	<u>3,758</u>	<u>3,051</u>	<u>2,367</u>	<u>2,205</u>
72 Total All Other Governmental Funds	<u>\$ 7,542</u>	<u>\$ 7,659</u>	<u>\$ 8,425</u>	<u>\$ 21,053</u>	<u>\$ 12,637</u>	<u>\$ 8,276</u>	<u>\$ 8,351</u>	<u>\$ 9,398</u>	<u>\$ 10,951</u>	<u>\$ 6,308</u>

Note 1: Schedule prepared on the modified accrual basis of accounting.

Note 2: Data presented for years prior to the implementation of GASB #34 (2003) has not been restated to conform with current governmental funds structure

TOWN OF NEWINGTON, CONNECTICUT
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS
(In Thousands)

	FISCAL YEAR									
	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
Revenues:										
Property taxes	\$ 66,863	\$ 64,813	\$ 60,047	\$ 55,901	\$ 53,202	\$ 48,956	\$ 47,028	\$ 45,033	\$ 44,423	\$ 40,925
Payment in lieu of taxes	2,339	2,526	2,256	2,151	2,284	2,595	2,494	2,317	2,241	1,556
Licenses, fees and permits	765	525	527	555	1,029	1,009	1,567	1,010	1,171	1,107
Intergovernmental	18,358	21,090	21,128	15,344	13,731	14,128	14,364	20,309	15,329	11,452
Rental	145	202	163	163	156	151	128	150	115	115
Investment income	2,120	1,715	936	410	515	843	1,951	1,869	1,407	1,426
Fines	64	51	52	59	67	57	50	53	46	37
Charges for services	2,813	2,797	2,515	2,574	1,626	1,471	1,293	1,276	1,341	1,258
Refunds and reimbursements	185	14	38	51	30	65	111	215	234	157
Sale of Town property		32	322	26	212	23	29	64	115	172
Other	664	467	320	305	264	226	369	362	177	338
Total revenues	94,316	94,232	88,304	77,539	73,116	69,524	69,384	72,658	66,599	58,543
Expenditures:										
General government	3,933	4,489	2,780	2,973	2,921	3,407	2,997	3,157	3,059	2,694
Public safety	6,530	6,295	5,849	5,899	5,837	5,662	5,236	4,992	4,932	4,911
Public works	4,952	4,694	4,463	4,335	3,536	3,394	3,471	3,343	3,252	3,008
Community planning and development	520	466	503	491	494	482	457	412	382	340
Health and community services	1,121	1,190	1,157	1,185	1,148	1,179	1,119	1,078	1,264	1,210
Library	1,770	1,713	1,637	1,580	1,511	1,406	1,389	1,315	1,242	1,175
Parks and recreation	2,276	2,187	2,068	2,058	1,969	1,916	1,807	1,727	1,610	1,539
Education	56,817	52,728	49,069	46,755	44,070	41,565	39,044	37,735	35,891	34,487
Miscellaneous	8,634	8,288	7,490	7,278	6,507	5,488	6,322	6,290	4,918	4,987
Capital outlay	2,885	8,527	24,910	2,847	3,282	2,145	5,806	17,650	8,538	1,832
Debt service	3,357	3,605	3,277	2,799	2,400	2,604	2,600	2,002	1,496	1,654
Total expenditures	92,795	94,182	103,203	78,200	73,675	69,248	70,248	79,701	66,584	57,837
Excess of Revenue Over (Under) Expenditures	1,521	50	(14,899)	(661)	(559)	276	(864)	(7,043)	15	706
Other Financing Sources (Uses):										
Bonds issued			3,700	8,700	4,950			6,000	6,000	
Capitalized Lease		975							367	306
Transfers in	2,875	3,239	1,647	1,531	2,154	2,427	2,657	2,204	2,931	2,726
Transfers out	(3,215)	(3,382)	(1,879)	(1,563)	(1,972)	(2,569)	(2,749)	(2,203)	(3,394)	(2,724)
Total Other Financing Sources (Uses)	(340)	832	3,468	8,668	5,132	(142)	(92)	6,001	5,904	308
Net Change in Fund Balance	\$ 1,181	\$ 882	\$ (11,431)	\$ 8,007	\$ 4,573	\$ 134	\$ (956)	\$ (1,042)	\$ 5,919	\$ 1,014
Debt Service as a Percentage of Noncapital Expenditures	3.73%	4.21%	4.19%	3.71%	3.41%	3.88%	4.03%	3.23%	2.58%	2.95%

Note 1: Schedule prepared on the modified accrual basis of accounting.

Note 2: Data presented for years prior to the implementation of GASB #34 (2003) has not been restated to conform with current governmental funds structure

TOWN OF NEWINGTON, CONNECTICUT

GENERAL GOVERNMENTAL REVENUES AND OTHER FINANCING SOURCES, BY SOURCE

LAST TEN FISCAL YEARS
(In Thousands)

Fiscal Year Ended June 30,	Taxes and Special Assessments	Licenses and Permits	Intergovernmental Revenue(1)	Charges for Services	Investment Earnings	Miscellaneous Revenues(2)	Other Financing Sources(3)	Total
2007	\$ 66,863	\$ 749	\$ 14,667	\$ 885	\$ 1,825	\$ 426	\$ 82	\$ 85,497
2006	64,813	509	13,980	808	1,512	228	95	81,945
2005	60,047	511	13,432	974	842	536	77	76,419
2004	55,901	540	12,957	889	366	252	75	70,980
2003	53,202	419	12,934	655	452	253	222	68,137
2002	48,956	451	13,240	479	730	269	73	64,198
2001	47,028	531	12,075	377	1,706	272	72	62,061
2000	45,033	538	11,410	365	1,642	422	64	59,474
1999	44,423	678	11,711	534	1,184	482	61	59,073
1998	40,925	693	10,552	456	1,187	597	61	54,471

Includes General Fund revenues, reported on a budgetary basis.

(1) Includes federal grants, State of Connecticut grants including education grants, and state payments-in-lieu of taxes.

(2) Includes rentals, refunds & reimbursements, sale of Town property, fines, other receipts and cancellation of prior year encumbrances.

(3) Includes transfers from other funds.

TOWN OF NEWINGTON, CONNECTICUT

GENERAL GOVERNMENTAL EXPENDITURES AND OTHER FINANCING USES, BY FUNCTION

LAST TEN FISCAL YEARS
(In Thousands)

Fiscal Year Ended June 30,	General Government	Public Safety	Public Works and Community Development	Health and Community Services	Parks, Recreation and Library	Debt Service; Metropolitan District Commission Miscellaneous(1)	Capital Improvements(2)	Board of Education(3)	Other Financing Uses(4)	Total
2007	\$ 2,516	\$ 6,483	\$ 5,405	\$ 1,112	\$ 3,191	\$ 11,781	\$	\$ 50,620	\$ 3,133	\$ 84,241
2006	2,357	6,188	5,140	1,193	3,122	11,768		47,677	3,287	80,732
2005	2,196	5,913	4,923	1,163	3,060	10,948		45,409	1,474	75,086
2004	2,100	5,809	4,641	1,182	3,019	10,054		43,121	1,362	71,288
2003	2,269	5,810	3,885	1,156	2,878	8,791		41,294	1,740	67,823
2002	2,301	5,657	3,700	1,182	2,733	7,993		38,414	2,229	64,209
2001	2,201	5,232	3,609	1,139	2,668	8,844		35,900	2,481	62,074
2000	2,194	5,019	3,460	1,078	2,425	8,077	296	34,646	1,999	59,194
1999	2,107	4,900	3,299	1,265	2,307	6,074	2,049	33,000	2,870	57,871
1998	2,017	4,864	3,030	1,205	2,197	6,269	190	31,982	2,665	54,419

Note: Includes General Fund revenues, reported on a budgetary basis.

(1) Includes Debt Service payments, the Metropolitan District Commission sewer levy on Newington and Miscellaneous (the Town's liability insurance, employee benefits, settlements, contingency, Greater Hartford Transit District contribution and special community activities).

(2) Funding for ongoing capital projects included in Other Financing Uses (transfers to other funds).

(3) Represents appropriation for Board of Education budget. Additional funding for Board of Education purposes is included in other functions such as Debt Service, Capital Improvements, and Other Financing Uses (transfers to other funds).

(4) Includes transfers to other funds.

TOWN OF NEWINGTON, CONNECTICUT

**ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS
(In Thousands)**

Fiscal Year	Real Property			Personal Property	Motor Vehicle (2)	Less Tax Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Taxable Assessed Value As a Percentage of Actual Taxable Value (3)
	Residential	Commercial	Industrial							
2007 (1)	\$ 1,697,198	\$ 463,573	\$ 91,729	\$ 160,198	\$ 222,248	\$ (46,376)	\$ 2,588,570	25.76	\$ 3,714,044	70.00%
2006	1,054,697	331,208	87,730	150,176	214,688	(40,733)	1,797,766	36.43	4,051,824	44.37
2005	1,047,054	338,320	88,152	138,594	202,503	(44,453)	1,770,170	34.24	3,505,059	50.50
2004	1,041,228	333,229	89,114	138,201	210,134	(49,398)	1,762,508	32.29	3,286,386	53.63
2003	1,028,144	331,449	89,338	149,436	210,199	(54,040)	1,754,526	30.44	2,868,380	61.17
2002 (4)	1,018,456	311,668	87,943	133,767	208,437	(42,069)	1,718,202	28.58	2,467,004	69.65
2001	1,018,036	307,989	95,779	131,874	200,153	(42,210)	1,711,621	27.75	2,395,230	71.46
2000	1,005,221	289,793	93,766	124,827	179,291	(37,570)	1,655,328	27.17	2,186,286	75.71
1999	998,133	277,876	92,118	117,414	169,742	(32,653)	1,622,630	27.17	2,067,773	78.47
1998	989,614	275,291	100,712	106,056	164,612	(25,885)	1,610,400	25.25	2,062,664	78.07

Source: Town of Newington Office of Tax Assessor

Notes: Assessment rate is 70% of market value.

- (1) Real property revalued as of October 1, 2005 Grand List.
- (2) Includes net supplemental motor vehicle assessments.
- (3) Sales ratios from Connecticut Office of Policy and Management.
- (4) Real property revalued as of October 1, 2000 Grand List.

TOWN OF NEWINGTON, CONNECTICUT

PRINCIPAL PROPERTY TAX PAYERS

CURRENT YEAR AND NINE YEARS AGO

(In Thousands)

Taxpayer	October 1, 2005			October 1, 1995		
	Taxable Assessed Value	Rank	Percentage of Total Town Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Town Taxable Assessed Value
Connecticut Light and Power	\$ 30,845	1	1.201%	\$ 16,405	2	1.04%
Newington VF, LLC	20,392	2	0.794	8,677	9	0.55
Galileo Turnpike Plaza LLC	19,703	3	0.767	7,292	11	0.46
TLG Newington LLC	18,826	4	0.733			0.00
Hayes Kaufmann Associates	15,015	5	0.585	16,805	1	1.07
MTU Aero Engine, Inc	11,771	6	0.458			0.00
Target Corporation	11,578	7	0.451	10,242	7	0.65
Mandell Properties	11,199	8	0.436			0.00
Lowes Home Centers Inc	10,935	9	0.426	4,931	18	0.31
Tilcon Connecticut	10,808	10	0.421	5,984	14	0.38
Furniture Executives No 4 LP	10,729	11	0.418			0.00
Ceres Berlin Turnpike LLC	10,478	12	0.408	14,859	3	0.94
Fenn Technologies	9,654	13	0.376			0.00
Hartford Hospital	9,033	14	0.352	7,972	10	0.51
John H Scelza	8,776	15	0.342			0.00
TOTAL	\$ 209,742		8.17%	\$ 93,167		5.91%

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Source: Town of Newington, Office of Tax Assessor

TOWN OF NEWINGTON, CONNECTICUT
PROPERTY TAX LEVIES AND COLLECTIONS

LAST TEN FISCAL YEARS
(In Thousands)

Fiscal Year Ended June 30,	Tax Rate In Mills	Taxes Levied For The Fiscal Year	Collected Within The Fiscal Year of Levy		Collections In Subsequent Years	Total Collections to Date	
			Amount	Percentage of Levy		Amount	Percentage of Levy
2007	25.76	\$ 66,004	\$ 65,487	99.20	N/A	\$ 65,487	99.20%
2006	36.43	64,878	63,970	98.60	617	63,970	98.60
2005	34.24	59,729	59,063	98.89	494	59,557	99.71
2004	32.29	56,122	55,498	98.89	453	55,951	99.70
2003	30.44	53,045	52,420	98.82	208	52,628	99.21
2002	28.58	48,707	48,132	98.82	422	48,554	99.69
2001	27.75	46,895	46,316	98.76	398	46,714	99.61
2000	27.17	44,729	44,088	98.57	481	44,569	99.64
1999	27.17	43,554	43,065	98.88	478	43,543	99.97
1998	25.25	39,930	39,324	98.48	549	39,873	99.86

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Source: Tax Collector's Report; Comprehensive annual financial report

TOWN OF NEWINGTON, CONNECTICUT
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
(In Thousands, Except Per Capita)

Fiscal Year	Governmental Activities		Total Primary Government	Ratio of Debt to Taxable Assessed Value	Debt Per Capita
	General Obligation Bonds	Capital Leases			
2007	\$ 20,355	\$	\$ 20,355	0.79%	\$ 695
2006	22,560	877	23,437	1.32	800
2005	25,000		25,000	1.43	853
2004	23,560		23,560	1.36	804
2003	16,770		16,770	0.97	572
2002	13,400		13,400	0.79	457
2001	14,980		14,980	0.89	511
2000	16,565		16,565	1.02	565
1999	11,750	367	12,117	0.76	426
1998	6,535	306	6,841	0.43	243

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

TOWN OF NEWINGTON, CONNECTICUT
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2007
(In Thousands)

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Shares of Direct and Overlapping Debt</u>
Debt repaid with property taxes - Metropolitan District Commission	\$ 75,185	8.42 %	\$ 6,331
Other debt	0	0.00	0
Subtotal, overlapping debt			<u>6,331</u>
Town direct debt	\$ 20,335	100.00 %	<u>20,355</u>
Total direct and overlapping debt			<u><u>\$ 26,686</u></u>

Source: Metropolitan District Commission

TOWN OF NEWINGTON, CONNECTICUT

STATEMENT OF DEBT LIMITATION

JUNE 30, 2007
(In Thousands)

Total tax collections (including fire district)					\$ 66,674
Property tax relief elderly					<u>24</u>
Base					<u>\$ 66,698</u>
	General Purpose	Schools	Sewers	Urban Renewal	Pension Deficit
Debt Limitation:					
2-1/4 times base	\$ 150,071	\$	\$	\$	\$
4-1/2 times base		300,141			
3-3/4 times base			250,118		
3-1/4 times base				216,769	
3 times base					<u>200,094</u>
Total debt limitation	<u>150,071</u>	<u>300,141</u>	<u>250,118</u>	<u>216,769</u>	<u>200,094</u>
Indebtedness:					
Bonds payable	6,518	13,837			
Town's share of Metropolitan District debt			6,331		
Bonds authorized- unissued		11,637			
School building grant commitments		<u>(11,672)</u>			
Total Indebtedness	<u>6,518</u>	<u>13,802</u>	<u>6,331</u>		
Debt Limitation in Excess of Net Debt	<u>\$ 143,553</u>	<u>\$ 286,339</u>	<u>\$ 243,787</u>	<u>\$ 216,769</u>	<u>\$ 200,094</u>

Note: In no event shall total indebtedness exceed seven times annual receipts from taxation or \$467 million.

TOWN OF NEWINGTON, CONNECTICUT

LEGAL DEBT MARGIN INFORMATION

LAST TEN FISCAL YEARS

(In Thousands)

	FISCAL YEAR									
	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>
Debt limitation	\$ 466,886	\$ 452,970	\$ 420,035	\$ 391,048	\$ 372,715	\$ 342,972	\$ 329,567	\$ 315,168	\$ 310,604	\$ 286,496
Total net debt applicable to limit	<u>26,651</u>	<u>29,401</u>	<u>32,316</u>	<u>34,388</u>	<u>28,721</u>	<u>20,741</u>	<u>19,995</u>	<u>20,943</u>	<u>22,013</u>	<u>10,274</u>
Legal debt margin	<u>\$ 440,235</u>	<u>\$ 423,569</u>	<u>\$ 387,719</u>	<u>\$ 356,660</u>	<u>\$ 343,994</u>	<u>\$ 322,231</u>	<u>\$ 309,572</u>	<u>\$ 294,225</u>	<u>\$ 288,591</u>	<u>\$ 276,222</u>
Total net debt applicable to the limit as a percentage of debt limit	5.71%	6.94%	8.33%	9.64%	8.35%	6.44%	6.46%	7.12%	7.63%	3.72%

Source: Comprehensive annual financial report - Schedule of Debt Limitation

Note: See Table 12 for calculation of current year debt limitation

TOWN OF NEWINGTON, CONNECTICUT
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN CALENDAR YEARS

<u>Calendar Year</u>	<u>Population(1)</u>	<u>Per Capita Income(2)</u>	<u>Median Age(2)</u>	<u>School Enrollment(3)</u>	<u>Unemployment Rate(4)</u>
2007	29,306	\$ 26,881	42.0	4,557	3.9%
2006	29,306	26,881	42.0	4,614	4.1%
2005	29,306	26,881	42.0	4,616	4.3%
2004	29,306	26,881	42.0	4,612	4.4%
2003	29,306	26,881	42.0	4,598	4.0%
2002	29,306	26,881	42.0	4,456	3.0%
2001	29,306	26,881	42.0	4,387	1.9%
2000	28,447	19,668	42.0	4,316	2.4%
1999	28,346	19,668	39.0	4,180	2.6%
1998	28,156	19,668	39.0	4,147	3.5%

(1) Source: Bureau of Census, 2000 Census and 1990 Census

(2) Source: Bureau of Census, 2000 Census and 1990 Census

(3) Source: 2007 Annual Town Budget

(4) Source: Connecticut Labor Department

TABLE 15

TOWN OF NEWINGTON, CONNECTICUT

PRINCIPAL EMPLOYERS

CURRENT YEAR AND NINE YEARS AGO

Employer	Nature of Business	2007			1997		
		Employees	Rank	Percentage of Total Town Employment	Employees	Rank	Percentage of Total Town Employment
Connecticut Department of Transportation	Government	1,200	1	7.2%	1,200	1	7.8%
Town of Newington	Government	666	2	4.0%	620	2	4.0%
Data-Mail, Inc.	Direct Mail Service	500	3	3.0%	0		0.0%
Cedarcrest Regional Hospital	Health Services	380	4	2.3%	300	4	2.0%
Hartford Hospital-Newington Campus	Health Services	250	5	1.5%	100	12	0.7%
Veterans Administration Hospital	Health Services	250	6	1.5%	248	5	1.6%
Newington Health Care Center	Health Services	238	7	1.4%	0		0.0%
United Plumbing Technologies	Manufacturer	222	8	1.3%	223	7	1.5%
Connecticut Light and Power	Public Utility	200	9	1.2%	200	8	1.3%
Target	Retail Trade	195	10	1.2%	0		0.0%
Price Chopper	Retail Grocers	180	11	1.1%	0		0.0%
Caval Tool Division of MTU Aero Craft	Manufacturer	175	12	1.1%	247	6	1.6%
Wal-Mart	Retail Trade	170	13	1.0%	0		0.0%
Tilcon, Inc.	Manufacturer/Construction	166	14	1.0%	175	10	1.1%
TOTAL		<u>4,792</u>		<u>28.80%</u>	<u>3,313</u>		<u>21.60%</u>

Source: Town of Newington, Bond Official Statements

TOWN OF NEWINGTON, CONNECTICUT

FULL-TIME EQUIVALENT TOWN GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM

LAST TEN FISCAL YEARS

<u>Function/Program</u>	<u>FISCAL YEAR</u>									
	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>
General government	43	46	47	46	51	49	49	46	48	47
Police	59	57	57	56	57	57	56	56	55	55
∞ Fire	2	2	2	2	2	2	2	2	2	2
Refuse collection	0	0	0	0	0	0	0	0	0	0
Other public works	0	27	27	27	24	26	26	27	27	26
Parks and recreation	29	21	21	21	21	21	19	19	19	18
Library	21	14	14	14	14	14	14	14	14	14
Education	<u>498</u>	<u>498</u>	<u>497</u>	<u>498</u>	<u>495</u>	<u>487</u>	<u>473</u>	<u>462</u>	<u>455</u>	<u>447</u>
Total	<u>652</u>	<u>665</u>	<u>665</u>	<u>664</u>	<u>664</u>	<u>656</u>	<u>639</u>	<u>626</u>	<u>620</u>	<u>609</u>

Source: Annual Town Budgets and Bond Official Statements

TABLE 17

TOWN OF NEWINGTON, CONNECTICUT
OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

Function/Program	FISCAL YEAR									
	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
General government:										
Building permits issued	1,978	2,121	1,895	1,846	1,853	1,899	1,900	1,967	1,871	1,797
Value of permits (000's)	63,901	36,894	41,940	52,996	26,340	26,282	34,102	38,932	45,089	47,520
Health:										
Food Inspections	299	233	409	429	358	433	425	452	437	421
Complaint Investigations	205	93	204	140	83	116	116	171	171	191
Police:										
Larcenies	618	527	540	515	535	541	519	571	763	279
Calls for service	26,177	24,230	24,320	27,401	28,670	29,863	27,539	25,402	25,226	24,900
Traffic violations	3,277	3,151	2,906	3,690	4,302	4,551	3,451	3,351	3,727	3,898
Fire:										
Emergency responses	832	786	699	711	757	782	835	815	831	801
Residential responses	247	213	207	275	322	232	319	312	317	292
Inspections	801	994	1,195	912	1,423	1,049	913	854	776	642
Refuse collection:										
Refuse collected (annual tonnage)	9,550	10,419	10,426	10,006	9,674	9,642	9,715	9,870	10,342	10,105
Recyclables collected (annual tonnage)	2,322	2,332	2,298	2,469	2,332	2,597	2,604	2,633	2,805	2,772
Other public works:										
Street Reconstruction (linear feet)	1,690	2,050	2,605	3,450	3,790	2,275	1,200	2,450	2,240	2,530
Street Resurfacing (linear feet)	10,140	10,770	8,800	11,200	8,160	18,440	17,760	12,320	13,090	14,440
Library:										
Total volumes borrowed (000's)	428	441	442	447	446	436	444	416	409	463

Source: Town of Newington Annual Reports
Town of Newington Annual Capital Budgets

TOWN OF NEWINGTON, CONNECTICUT

MISCELLANEOUS STATISTICS

JUNE 30, 2007

GENERAL INFORMATION:

Incorporated		1871
Settled		1678
Form of Government		Council-Manager
Chief Elected Official		Mayor
Chief Administrative Officer		Town Manager
Area of Town		13.2 square miles
2000 estimated population		29,306

ELECTIONS:

Town Elections	odd years	
Board of Education (members)	9	
Town Council (members and mayor)	9	
Board of Fire Commissioners	3	
Registrars of Voters	2	
Registered Voters (10/06):		
Republicans	18,108	
Democrats	3,287	
Other Parties	7,730	
Unaffiliated	7,091	

TAX STRUCTURE-2006-07

10/1/05 Net Grand List	\$1,772,270,302
10/1/05 Net Supplemental List	\$25,730,132
Mill Rate	36.43
Assessment Ratio	70%
Last Revaluation	10/1/2000

EDUCATION

Total Classroom Teachers	278
Public School Enrollment (10/06)	4,584
Teacher/Pupil ratio	1 per 17
2006-07 Appropriation per Pup	\$11,051

PUBLIC SAFETY - POLICE

# of Police Stations	1
# of Police Districts	5
# of Police Officers:	
Police Chief	1
Dispatchers	7
Police Officers	46
Canine Officer	1
# of Vehicles	34

Elementary Schools	4
Students (10/06) k-4:	
Middle Schools (5-8):	2
Students (10/06)	
High School (9-12):	1
Students (10/06)	

PUBLIC SAFETY - FIRE PROTECTION

# of Fire Companies	4
# of Volunteer Firefighters	140
# of Vehicles	18

OTHER SCHOOLS

(Out of District)	57
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PUBLIC SAFETY - EMERGENCY

MEDICAL SERVICES

# of Volunteers (average)	55
# of Ambulances	3

FULL-TIME EMPLOYEES (2006-07)

Town General Government	168
Board of Education (Full-Time Equivalents):	503
Classroom Teachers	278
Other Professional Staff	92
Administration	19
Classified Personnel (clerical)	114

Total 671