

Town of Newington Connecticut



Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2008

Comprehensive Annual Financial Report

of the

Town of Newington Connecticut

Fiscal Year Ended June 30, 2008

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

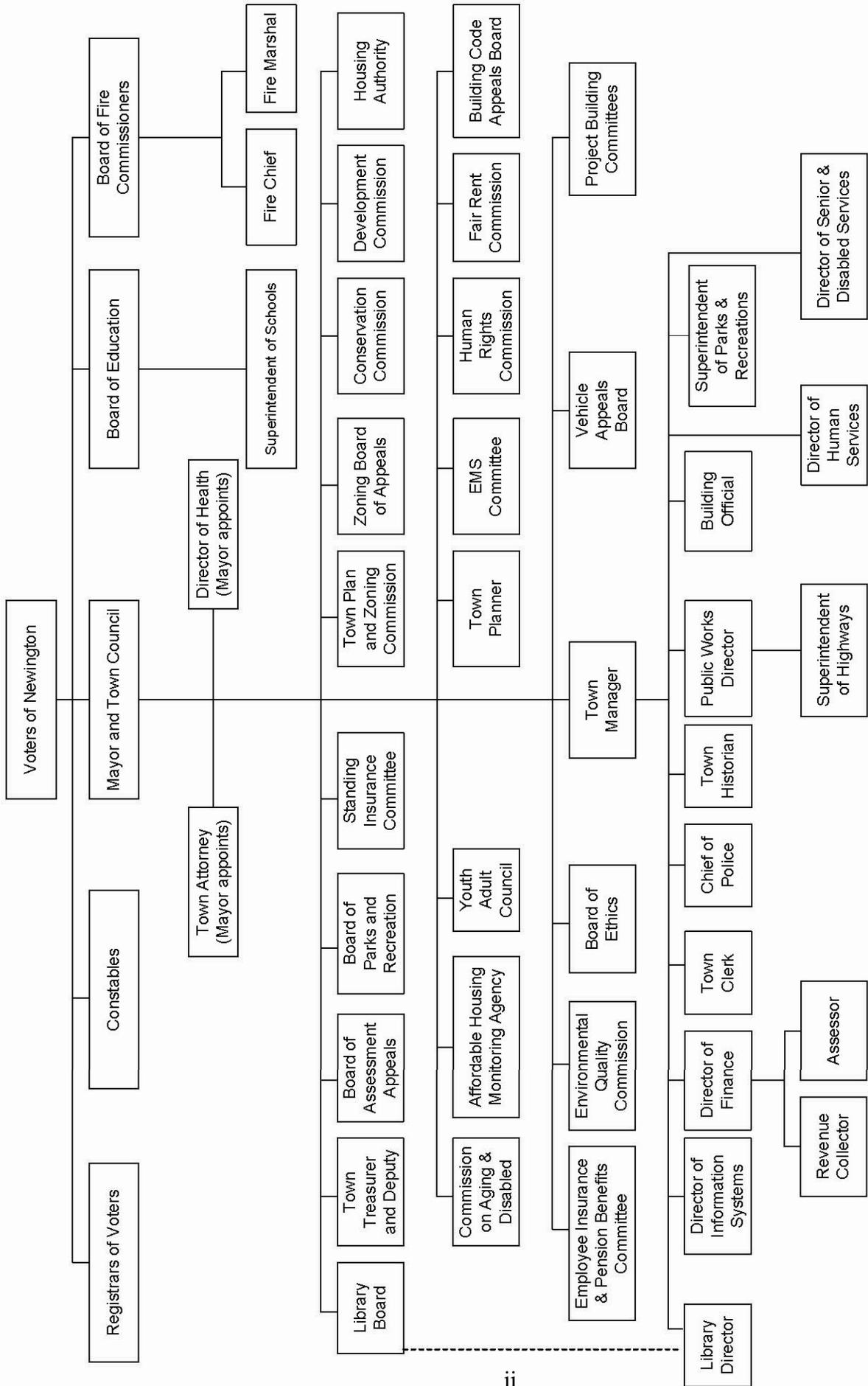
Jeffrey A. Wright, Mayor
Christopher M. Banach
Tony Boni
Jay Bottalico
Thomas J. Bowen
Myra Cohen
Mike A. Lenares
David Nagel
Kristine K. Nasinnyk

Board of Education

Daniel W. Carson, Sr. Chairperson
Sharon Braverman
Meg Casasanta
Beth A. Delbuono
Marc B. Finkelstein
Mary Puba Niro
Nancy Petronio
Pamela Raynock
Stephen R. Woods

Appointed Officials

John L. Salomone, Town Manager
Ernest Perlini, Superintendent of Schools
Ann J. Harter, Director of Finance
Cherie Woods, Town Treasurer





John Salomone
Town Manager

TOWN OF NEWINGTON

131 Cedar Street Newington, Connecticut 06111

Finance Department

Ann J. Harter
Director of Finance

December 21, 2008

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, 2008. The CAFR is presented in three sections: introductory, financial and statistical. This report follows the format for annual financial reports that the Governmental Accounting Standards Board suggests and the Government Finance Officers Association promotes through its Certificate of Achievement for Excellence in Financial Reporting program. The introductory section includes this transmittal letter, the Town's organizational chart and a list of principal officials. The financial section includes the management's discussion and analysis (MD&A), basic financial statements, required supplementary information, and the combining and individual fund statements and schedules, as well as the auditors' report. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. All disclosures necessary to enable the reader to gain an understanding of the Town's financial activities have been included.

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. To provide a reasonable basis for making these representations, management of the Town of Newington has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft or misuse and to compile sufficient reliable information for the preparation of the Town of Newington's financial statements in conformity with generally accepted accounting principles (GAAP). Because the cost of internal controls should not outweigh their benefits, the Town of Newington's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement.

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. Copies of the reports are 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 independent auditors' report.

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, 2006 grand list increased by .9% over the prior year. This modest growth is not uncommon in the year following a Town-wide property revaluation. This increase was primarily attributed to growth in personal property which increased 7%. Contributing to this category's increase, were investments in manufacturing equipment and technology by our corporate taxpayers. The Town continues to maintain a balanced mix of retail, manufacturing and light industry and its top ten taxpayers represented only about 6% of the total assessed value on the October 1, 2006 grand list. The Town's tax collection rate as of June 30, 2008 was 99.1%, a slight decrease of .1% from 2007 one of the highest rates 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 2008 average unemployment rate of 4.7% compared favorably to the Hartford Labor Market of 5.7% and the statewide average of 5.7%.

For fiscal year-end 2008, building permit activity generated \$58.3 million in construction value, down slightly from the prior year. The strategic location of the Berlin Turnpike continues to draw interest from major developers such as Sam's Club Warehouse, Fed-Ex, Aldi Foods, and Kinko's. New residential housing construction continues at the 154 unit Woodland Estates and the 71 unit Newington Ridge at the old Hartford Drive-in site. Several other

locations within town experienced construction of significant large commercial projects such as Volvo Aero-Craft Industries, Dutch Point Credit Union, Goodwill Store and Office Furniture Inc.

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:

- Through a Brownfield Assessment Grant program from the Federal Environmental Protection Agency, environmental studies were completed for National Welding located at 690 Cedar Street and 21 Boulevard, a former foundry. These studies were conducted by licensed environmental engineers and will be used to further clean up these properties.
- Entered into a lease option agreement with New Samaritan Corporation to enable them to apply for funding from the U.S. Department of Housing and Urban Development to develop affordable age-restricted housing on the former New Meadow School Site.
- Approval was granted to Schuco Technologies to reuse 60,000 square feet of the interior of the former Torrington plant for a warehouse and distribution center.
- Site plans for a 124 room Holiday Inn Express were approved.
- A 70,000 square foot ICS warehouse and four acre outside storage facility to be located at Newington Business Park were approved.
- The LA Fitness Club is redeveloping the Stickley Audi Furniture Store into a 50,000 square foot complex
- Development plans for the intersection of Cedar Street and Fenn Road were approved for a mixed use commercial project with a 120 room hotel, bank, restaurant and 15,000 square foot retail space.
- Final approval was granted during the year for a six lot residential single family subdivision at Culver Street and Shady Hill Drive.
- Development plans were approved for a 14,800 square foot adult day care facility on Willard Avenue adjacent to Fountain Pointe Office Park.

Major Accomplishments

Below are some of the major achievements that the Town accomplished during fiscal year 2007-08:

- Established new committees for Charter Revision, Downtown Revitalization, Community Safety and Town Hall Heating System Replacement.
- A Facilities Management Department was created to provide a consolidation of building maintenance and upgrade to all Town owned properties. Centralizing this function allows for savings on maintenance cost and permits departments to use their resources more efficiently.
- Entered into an agreement with the Newington Volunteer Ambulance Corps, Inc to take ownership of the emergency medical vehicles. Cost savings associated with the fleet such as the capital investment, fuel, maintenance and insurance were realized by the Town.
- All four elementary schools were awarded reaccreditation by the New England Association of Schools and Colleges.

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 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 \$5,000 require evidence that written 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 \$20,355,000. The Town made principal payments during the year totaling \$1,750,000 leaving a balance of bonds outstanding at June 30, 2008 totaling \$18,605,000. 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, 2008.

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	\$18,605,000	\$635
Plus: net overlapping debt - Metropolitan District	\$8,962,063	\$306
TOTAL NET DEBT	\$27,567,063	\$941

The Town, however, is well within its statutory debt limitation of \$491 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>
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 decreased 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 5.47% in July 2007 and by year-end 2008 had decreased to 2.4%.

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 25% of expected claims in the Health Benefits Fund plus a reserve for claims incurred but 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 the 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 & Company, P.C., 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, 2007 for the sixteenth 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. My appreciation extends to all members of the Department who assisted and contributed to its preparation, in particular to Deputy Finance Director Lisa Rydecki as this was her introduction to compiling a governmental comprehensive annual financial report. I would particularly like to express my appreciation to my predecessor, William J. Hogan, who retired as Director of Finance on September 14, 2007. His expertise and instruction over the past ten years have guided me through this fiscal year. This department looks to continue to provide the support and advice you will need in carrying out the policies of the Newington Town Council and addressing the many challenging issues confronting the Town in the years ahead.

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, 2007

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.



Oliver S. Cox

President

Jeffrey R. Emer

Executive Director

Financial Section



Independent Auditors' Report

Members of the Town Council
Town of Newington, Connecticut

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Newington, Connecticut, as of and for the year ended June 30, 2008, 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and 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, Connecticut, as of June 30, 2008 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 21, 2008 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, 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 3 through 12 and budgetary comparison information on pages 46 through 51 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 21, 2008

TOWN OF NEWINGTON, CONNECTICUT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2008

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, 2008. Please read this MD&A in conjunction with the transmittal letter and the Town's financial statements, Exhibits I to IX.

FINANCIAL HIGHLIGHTS

- Net assets of our governmental activities increased by \$6.9 million, or 9.4%.
- During the year, the Town had expenses that were \$2.3 million less than the \$90.2 million generated in tax and other revenues for governmental programs.
- Total cost of all of the Town's programs was \$109 million with no new programs added this year.
- The General Fund reported a fund balance this year of \$15.6 million. On a budgetary basis, \$14.1 million represents the Town's unreserved fund balance, of which \$2 million is designated for 2008-09 budget.
- The resources available for appropriation were \$2.3 million more than budgeted for the General Fund. Expenditures were \$834 thousand less than appropriations.
- The tax collection rate was 99.1%, a slight decrease of .1% from 2007, one of the highest rates in over thirty years.
- The Town of Newington's outstanding bonded debt at June 30, 2008 was \$18.6 million, a decrease of \$1.8 million or 8%, 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 nonfinancial 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 included with 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 \$73.4 million to \$80.4 million. The analysis below focuses on the net assets (Table 1).

TABLE 1
NET ASSETS
(In Thousands)

	Governmental Activities	
	2008	2007
Current and other assets	\$ 39,560	\$ 36,878
Capital assets	71,271	69,737
Total assets	<u>110,831</u>	<u>106,615</u>
Long-term debt outstanding	22,779	24,930
Other liabilities	7,681	8,237
Total liabilities	<u>30,460</u>	<u>33,167</u>
Net Assets:		
Invested in capital assets, net of debt	52,163	48,689
Restricted	582	527
Unrestricted	<u>27,626</u>	<u>24,232</u>
Total Net Assets	<u>\$ 80,371</u>	<u>\$ 73,448</u>

Net assets of the Town's governmental activities increased by \$6.9 million or 9.4% (\$80.4 million compared to \$73.4 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 \$24.2 million at June 30, 2007 to \$27.6 million at the end of this year. The largest portion of the Town's net assets, \$52.2 million or 64%, reflects its investment in capital assets less any related debt used to acquire those assets that is still outstanding.

Governmental Activities

Change in net assets (Table 2) of the Town's governmental activities increased by \$6.9 million. Approximately 61% of the total government-wide revenues were derived from property taxes, followed by 29.6% from operating grants, 3.1% from charges for services and 2.5% from other grants that were not restricted for specific purposes. The remaining 2.6% of revenues was derived from investment earnings, capital grants and contributions and other revenue. Key elements of the increase are as follows:

- Property taxes increased by \$4 million or 6% during the year. Most of the increase is to support the program expenses of the Town and an emphasis on capital improvements for buildings and the Town infrastructure.
- Operating grants increased by \$17,098, primarily due to the State of Connecticut issuing pension obligations bonds which created a \$16 million increase of the on-behalf payments to the Connecticut State Teachers' Retirement System for Town teachers.

- The total cost of all programs and services was \$109 million. As stated previously, the increase of \$19,761 was mostly due to State of Connecticut issuing pension obligations bonds which created a \$16 million increase of the on-behalf payments to the Connecticut State Teachers' Retirement System for Town teachers.

TABLE 2
CHANGE IN NET ASSETS
(In Thousands)

	Governmental Activities	
	2008	2007
Revenues:		
Program revenues:		
Charges for services	\$ 3,677	\$ 3,956
Operating grants and contributions	34,588	17,490
Capital grants and contributions	1,105	389
General revenues:		
Property taxes	70,617	66,335
Grants and contributions not restricted to specific Purposes	2,904	3,232
Unrestricted investment earnings	1,773	2,285
Other general revenues	1,536	191
Total revenues	<u>116,200</u>	<u>93,878</u>
Program expenses:		
General government	5,857	6,186
Public safety	9,859	9,207
Public works	8,747	8,889
Community planning and development	806	797
Health and community services	1,535	1,474
Library	2,244	2,228
Parks and recreation	3,138	2,908
Education	76,236	56,881
Interest on long-term debt	855	946
Total program expenses	<u>109,277</u>	<u>89,516</u>
Increase in Net Assets	\$ <u>6,923</u>	\$ <u>4,362</u>

The following analysis separately considers the operations of governmental activities. 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 which shows the financial burden that was placed on the Town's taxpayers by each of these functions increased by \$2.2 million (\$67.7 million compared to \$69.9 million). The reason for the increase is as follows:

- The creation of a Facilities Management department within General Government centralized the maintenance all Town-owned buildings with the exception of fire stations and educational facilities. This created a shift of net costs from other programs to General Government.
- The Public Safety area experienced an increase due to the addition of three patrol officers. This initial investment of staffing will adequately maintain each shift and thus reduce the overtime over a number of projected years. This area also had increases in facility maintenance costs and higher energy expenses.
- The most significant increase is in area of Education. Cost of this service increased due to salary increases for existing personnel (the largest portion), and the high expense of daily operations such as utilities, maintenance, healthcare, insurance and transportation. While the largest portion of state aid is for education, it does not keep pace with the rising costs.

TABLE 3
GOVERNMENTAL ACTIVITIES
(In Thousands)

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
General government	\$ 5,857	\$ 6,186	\$ 4,938	\$ 3,705
Public safety	9,859	9,207	9,620	9,091
Public works	8,747	8,889	8,206	8,381
Education	76,236	56,881	40,841	39,042
Parks, recreation and facilities	3,138	2,908	2,301	2,206
All others	5,440	5,445	4,001	5,256
Totals	<u>\$ 109,277</u>	<u>\$ 89,516</u>	<u>\$ 69,907</u>	<u>\$ 67,681</u>

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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 \$24 million, which is an increase from last year's total of \$22.2 million. This increase is primarily due to an increase in the General Fund from \$14.7 million to \$15.6 million or an increase of \$938 thousand. Approximately 90% of the fund balance amount or \$14 million constitutes unreserved fund balance which is available for unforeseen contingencies and to offset future budgets over the long term. The balance of \$1.6 million is primarily reserved because it has been committed to liquidate purchase orders. The Town had positive fund balances in all categories of fund balance both for the governmental as a whole, as well as for its separate governmental activities.

Included in this year's total change in fund balance is an increase of \$938 thousand in the Town's General Fund due to an excess of revenue and highlighted in Exhibit IV. In addition, other changes in fund balance should be noted: 1) in the Capital Projects funds an increase \$616 thousand is primarily due to the Town's initiative to address the capital needs of the Town in a comprehensive fashion. The Town established a Capital Improvement Program Committee in order to provide a framework for the planning, scheduling and financing for the Town's multiyear capital improvement plan. The funding level for 2007-08 was increased significantly from prior years by \$1 million to address Town and Education buildings, as well as drainage and road improvements. Expenditures totaled \$3.6 million against revenue and other financing sources of \$4.3 million, and 2) an increase of \$259 thousand in Nonmajor 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 business-type activities. Unrestricted net assets of both funds totaled \$4.7 million, an increase of \$1.2 million 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 \$1.2 million 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, 2008 of \$225 thousand is in accordance with the ordinance establishing the fund and the maximum fund balance.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Town's 2007-08 original budget of \$89.9 million was not increased during the year. Appropriations were successfully controlled resulting in actual final expenditure (including encumbrances) of \$89.1 million leaving unexpended departmental appropriations totaling \$834 thousand at June 30, 2008. This year end balance was primarily due to personnel savings in the Police department and Grounds Maintenance division. Energy and fuel costs did not rise as anticipated coupled with savings that were attributable to the mild winter. Actual costs for property, workers' compensation and medical insurance were less than expected. Additionally, a savings was realized in solid waste services for a reduction in the tip fee assessed by the Town's trash authority. Education, which is the largest category of spending for the Town comprising approximately 60% of the total, had \$23 thousand remaining at year-end.

On the revenue side, final actual revenues exceeded the original budget by \$2.3 million. The revenue categories which saw increases during the year include: property taxes, which comprise 79% of Town General Fund revenues, exceeded the original budget by \$1.3 million due to a high collection rate on the current levy and supplementary real estate and effective enforcement on prior year taxes and delinquent

interest. The second largest unanticipated revenue source was a settlement recovered from the Town's trash authority in the amount of \$923 thousand. Licenses and permits were up \$137 thousand as large commercial and housing development projects applied for their respective building and trade permits. Charges for services, specifically land recording fees were up \$144 thousand. Revenue increases, combined with unexpended appropriations, added \$2.3 million to the unreserved General Fund balance.

The Town's General Fund balance of \$15.6 million reported on Exhibit III differs from the General Fund's budgetary fund balance of \$14.1 million reported in the budgetary comparison in the required supplementary information. This is principally because the budgetary fund balance includes \$1.5 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, 2008, the Town had \$71.3 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 \$1.534 million or 3.0%, over last year.

TABLE 4
CAPITAL ASSETS (Net of Depreciation)
(In Thousands)

	Governmental Activities	
	2008	2007
Land	\$ 2,411	\$ 2,411
Buildings and improvements	10,272	9,871
Equipment	7,141	6,460
Infrastructure	22,012	21,627
Construction in progress	29,435	29,368
Totals	<u>\$ 71,271</u>	<u>\$ 69,737</u>

This year's major additions included (in thousands):

Land - No Change

Infrastructure - Additions in the amount \$938 were due to resurfacing over two miles of various roads, reconstruction of Louis Street, Stonehedge Drive and the Garfield Street Bridge. Drainage improvements were performed on Forest Drive and on Reservoir Road in conjunction with Anna Reynolds School.

Buildings - Additions in the amount \$840 were due to Roof Replacements at Lucy Robbins Welles Library, Martin Kellogg School and Newington High School. Newington Volunteer Ambulance Building, Parks & Grounds Garage and Senior & Disabled Center also received renovations to the roofs.

Improvements were made to Elizabeth Green School with a connecting corridor project. Fire Company 1 completed an improvement to the bay flooring while a water heater was replaced at Town Hall.

Land Improvements - increased by \$296 due to additional lighting at Clem Lemire Complex and additional improvements to the Town Center.

Furniture, Fixtures and Equipment - was added in the amount of \$2,075. General Government increased by \$167 due to the purchase of two vehicles, vault shelving and computer equipment. Public Safety increased by \$680 due to the purchase of seven vehicles, a Fire Pumper Truck and radio equipment. Public works increased by \$348 due to the purchase/transfer of seven vehicles. Parks and Recreation increased by \$65 due to the purchase of three vehicles and playground equipment. Board of Education increased by \$815 for school busses, vehicles and computer equipment.

Construction in Progress - Additions in the amount of \$67 were due to major renovations at Elizabeth Green elementary school as part of the referendum passed in January 2003.

Total Additions \$ 4,216

The Town’s fiscal-year 2008-09 capital budget calls for it to spend \$5.1 million for capital projects, of which \$580 thousand is financed from the State and the balance from local funds. It is primarily to finance Newington High School air conditioning, major equipment replacement, road reconstruction and resurfacing, improvements to Town Hall, Newington High School Athletic Field House and Salt Storage Shed.

More detailed information about the Town’s capital assets is presented in Note 1 and Note 5 to the financial statements.

Long-Term Debt

At June 30, 2008 the Town had \$18.6 million in bonds outstanding versus \$20.4 million last year - a decrease of 9 percent - as shown in Table 5.

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

	Governmental Activities	
	2008	2007
General obligation bonds (backed by the Town)	\$ <u>18,605</u>	\$ <u>20,355</u>

- The decrease in the Town’s indebtedness is due to no bond sales during the year. The Town paid off \$1.75 million in principal and \$842 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 \$491 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

From a financial perspective as detailed in this annual financial report, Newington successfully managed the 2007-08 budget through prudent, conservative fiscal management. This is evidenced from the final actual expenditures which are \$834 thousand under the original budget while the revenue side generated an additional \$2.3 million beyond the original estimates.

The Town's adopted fiscal year 2008-2009 General Fund appropriations totaled \$93.3 million, an increase of 3.77% over the final 2008 budget of \$89.9 million. The most significant factors driving the overall budget increase include education, salaries and additional personnel, fuel costs and Metropolitan District Commission sewer assessments. These increases were offset by the medical insurance category which decreased by 10% due to the successful plan design changes negotiated during the AFSCME and IBPO collective bargaining deliberations as well as favorable claim trends.

On the revenue side, the 10/1/2007 taxable list increased at a considerable rate of 1.6% from the 2006 Grand List. This increase which generated an amount of new tax revenue of \$1.1 million was due in large part to the development located along the Berlin Turnpike. Estimated State Aid to the Town, which comprises approximately 16% of total revenues, increased only \$229 thousand. The economy affected other revenue sources such as building permits, real estate conveyance fees and interest income which were expected to decrease by \$1 million.

With regard to the unreserved, undesignated General Fund balance, after the designation of \$2 million to assist in financing the 2008-09 budget, on a budgetary basis, the unreserved, undesignated balance at June 30, 2008 is increased by \$1.1 million to a level of \$12 million or 12% of the fiscal year 2008-09 budget. This increase is due to additional revenue in 2008 from the property tax 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.

The result was a tax increase of 2.86% without compromising the delivery of services to the community. 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.

At this point in time, a review of key economic indicators shows that Newington has seen minimal effects of the national economic downturn. 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. Of note, is the Town's large senior population with 23.8% of its residents 60 years of age or more. The consumer price index for the United States City Average at October 2008 was at a level of 216. The Northeast Region of the United States was at a level of 231 at the same time. As of October 2008, the unemployment rate for Newington was 5.1%, up from 4.0% in the prior year or an increase of 27%. Furthermore, the Town's rate compared favorably to the State's unemployment rate which increased 35% during the same period. Housing values decreased by 5% from October 2007 to

October 2008. Building permit activity continues to be positive with the value of permits in October of 2008 equal to \$28.9 million compared to \$17.6 million a year ago.

Nevertheless, it is likely that Newington will continue to face ongoing challenges as most economic indicators are projecting no quick turnaround to the current economic climate. The State of Connecticut economy has not been immune to the turmoil in the financial service industries which has seriously impacted the State's personal income tax revenue stream from affluent communities. Decreases in oil company, insurance company and sales tax revenue, as well as casino revenues have created a large, looming State budget deficit in both the current year and projected well into FY2010. Another area that will negatively impact future budgets will be employee benefits. As stated previously, the Town experienced a decrease in medical insurance during the 2008-09 budget development. However, the Town will be required to start implementation of Governmental Accounting Standards Board Statement No. 45 (GASB 45) for Other Post Employment Benefits. This standard changed the accounting for other post employment health benefits from a "pay as you go" method of recognition to an accrual-basis measurement and recognition. In 2008, an actuarial study was performed which calculated the Town's liability to be \$18 million. The Town plans to use the trust to fund this liability which would create an annual contribution of \$1.7 million, less approximately \$1.4 million paid for current retirees, resulting in a net budget impact of \$372 thousand. While this is considerably lower than the cost most municipalities are experiencing, it will still burden future budgets. Additionally, the Town contributions to the three defined benefit pension plans were up by only 5% for 2008-09 as favorable investment returns in the past three years offset some of the liability side of the ledger. Although the Town closed two plans to new participants, the police plan remains open. The surge of additional officers and negative investment returns are likely to impact future contribution levels.

While the national economy is "officially" in a recession, the Town of Newington is positioned to deal with the present economic situation. With an overwhelming reliance on property taxes, Newington's income stream is rather stable, even during a period of fiscal stress. The Town's diverse tax base lends stability to the Town's revenue. The Town's Berlin Turnpike, central location in the State and proximity to Hartford continue to attract and retain housing and commercial development. This increased development will lend itself to expand the tax base. Newington will continue to take steps to exercise fiscal discipline and manage revenue shortfalls through diligent cost control and enhanced operating efficiencies.

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, 2008

(In Thousands)

	<u>Governmental Activities</u>
Assets:	
Cash and cash equivalents	\$ 34,437
Investments	1,157
Receivables, net	3,743
Prepaid asset	4
Inventory	25
Net pension asset	194
Capital assets not being depreciated	31,846
Capital assets being depreciated, net	39,425
Total assets	<u>110,831</u>
Liabilities:	
Accounts and other payables	5,647
Accrued interest payable	95
Due to State and Federal governments	3
Unearned revenue	1,936
Noncurrent liabilities:	
Due within one year	2,693
Due in more than one year	20,086
Total liabilities	<u>30,460</u>
Net Assets:	
Invested in capital assets, net of related debt	52,163
Restricted for:	
Trust purposes:	
Expendable	546
Nonexpendable	36
Unrestricted	<u>27,626</u>
Total Net Assets	<u>\$ 80,371</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, 2008

(In Thousands)

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental activities:					
General government	\$ 5,857	\$ 907	\$	\$ 12	\$ (4,938)
Public safety	9,859	54	103	82	(9,620)
Public works	8,747	58		483	(8,206)
Community planning and development	806	735		397	326
Health and community services	1,535	52	170		(1,313)
Library	2,244	33	52		(2,159)
Parks and recreation	3,138	791	46		(2,301)
Education	76,236	1,047	34,217	131	(40,841)
Interest on long-term debt	855				(855)
Total	<u>\$ 109,277</u>	<u>\$ 3,677</u>	<u>\$ 34,588</u>	<u>\$ 1,105</u>	<u>(69,907)</u>
General revenues:					
Property taxes					70,617
Grants and contributions not restricted to specific programs					2,904
Unrestricted investment earnings					1,773
Miscellaneous					1,536
Total general revenues					<u>76,830</u>
Change in net assets					6,923
Net Assets at Beginning of Year					<u>73,448</u>
Net Assets at End of Year					<u>\$ 80,371</u>

The accompanying notes are an integral part of the financial statements

TOWN OF NEWINGTON, CONNECTICUT

BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2008

(In Thousands)

	<u>General</u>	<u>Capital Projects</u>	<u>Small Cities</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and cash equivalents	\$ 20,344	\$ 5,005	\$ 13	\$ 3,638	\$ 29,000
Investments				1,157	1,157
Receivables, net	1,341		942	463	2,746
Prepays				4	4
Inventories				25	25
Total Assets	<u>\$ 21,685</u>	<u>\$ 5,005</u>	<u>\$ 955</u>	<u>\$ 5,287</u>	<u>\$ 32,932</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts and other payables	\$ 3,264	\$ 1,368	\$ 3	\$ 266	\$ 4,901
Due to State and Federal governments				3	3
Deferred revenue	2,777		942	303	4,022
Total liabilities	<u>6,041</u>	<u>1,368</u>	<u>945</u>	<u>572</u>	<u>8,926</u>
Fund balances:					
Reserved:					
Encumbrances	1,572	657		68	2,297
Inventory				25	25
Endowments				36	36
Unreserved, reported in:					
General Fund	14,072				14,072
Special Revenue Funds			10	4,586	4,596
Capital Project Funds		2,980			2,980
Total fund balances	<u>15,644</u>	<u>3,637</u>	<u>10</u>	<u>4,715</u>	<u>24,006</u>
Total Liabilities and Fund Balances	<u>\$ 21,685</u>	<u>\$ 5,005</u>	<u>\$ 955</u>	<u>\$ 5,287</u>	<u>\$ 32,932</u>

(Continued on next page)

TOWN OF NEWINGTON, CONNECTICUT

BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)

JUNE 30, 2008

Reconciliation of the Balance Sheet - Governmental Funds
to the Statement of Net Assets:

Amounts reported for governmental activities in the statement of net assets (Exhibit I) are
different because of the following:

Fund balances - total governmental funds	\$ 24,006
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:	
Governmental capital assets	\$ 124,154
Less accumulated depreciation	<u>(52,883)</u>
Net capital assets	71,271
Other long-term assets are not available to pay for current-period expenditures and, therefore, are not recorded in the funds:	
Net pension asset	194
Housing loan receivables	942
Property tax receivables greater than 60 days	1,148
Interest receivable on property taxes	997
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 reported with governmental activities in the statement of net assets.	4,687
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds:	
Bonds payable	(18,605)
Interest payable on bonds	(95)
Compensated absences	(3,671)
Capital lease	<u>(503)</u>
Net Assets of Governmental Activities (Exhibit I)	<u>\$ 80,371</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, 2008
(In Thousands)

	<u>General</u>	<u>Capital Projects</u>	<u>Small Cities</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:					
Property taxes	\$ 70,359	\$	\$	\$	\$ 70,359
Payment in lieu of taxes	2,481				2,481
Licenses, fees and permits	724			16	740
Intergovernmental	32,993			3,023	36,016
Contributions				99	99
Rental	86	52			138
Income on investments	1,426	18	2	162	1,608
Fines	41				41
Charges for services	868	25		1,865	2,758
Refunds and reimbursements	23				23
Other	929	225	44	234	1,432
Total revenues	<u>109,930</u>	<u>320</u>	<u>46</u>	<u>5,399</u>	<u>115,695</u>
Expenditures:					
Current:					
General government	3,254		102	447	3,803
Public safety	6,818			147	6,965
Public works	4,563			106	4,669
Community planning and development	503				503
Health and human services	1,149				1,149
Library	1,750			35	1,785
Parks and recreation	1,575			841	2,416
Education	73,635			2,909	76,544
Miscellaneous	8,829				8,829
Capital outlay		3,436		729	4,165
Debt service	2,592	212			2,804
Total expenditures	<u>104,668</u>	<u>3,648</u>	<u>102</u>	<u>5,214</u>	<u>113,632</u>
Excess (Deficiency) of Revenues over Expenditures	<u>5,262</u>	<u>(3,328)</u>	<u>(56)</u>	<u>185</u>	<u>2,063</u>
Other Financing Sources (Uses):					
Transfers in	94	3,944		168	4,206
Transfers out	(4,418)			(94)	(4,512)
Total other financing sources (uses)	<u>(4,324)</u>	<u>3,944</u>	<u>-</u>	<u>74</u>	<u>(306)</u>
Net Change in Fund Balances	938	616	(56)	259	1,757
Fund Balances at Beginning of Year	<u>14,706</u>	<u>3,021</u>	<u>66</u>	<u>4,456</u>	<u>22,249</u>
Fund Balances at End of Year	<u>\$ 15,644</u>	<u>\$ 3,637</u>	<u>\$ 10</u>	<u>\$ 4,715</u>	<u>\$ 24,006</u>

(Continued on next page)

TOWN OF NEWINGTON, CONNECTICUT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - GOVERNMENTAL FUNDS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2008

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund
Balances of Governmental Funds to the Statement of Activities:

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

Net change in fund balances - total governmental funds (Exhibit IV)	\$ 1,757
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Governmental funds report capital outlays as expenditures. In the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:

Capital outlay	4,216
Depreciation expense	(2,491)

In the statement of activities, only the gain on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources.

Thus the change in net assets differs from the change in fund balance by the cost of the assets sold.	(192)
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds, and revenues recognized in the funds are not reported in the statement of activities:

Property tax interest and lien revenue - accrual basis change	215
Property tax receivable - accrual basis change	43
Housing loan receivable - accrual basis change	40

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 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 amortized and deferred in the statement of activities. The details of these differences in the treatment of long-term debt and related items are as follows:

Bond principal payments	1,750
Capital lease payments	190

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 the governmental funds.

Compensated absences	211
Accrued interest	13

Internal service funds are used by management to charge costs to individual funds. The net revenue of certain activities of internal services funds is reported with governmental activities.

<u>1,171</u>

Change in Net Assets of Governmental Activities (Exhibit II)	<u>\$ 6,923</u>
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The accompanying notes are an integral part of the financial statements

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

JUNE 30, 2008
(In Thousands)

	Governmental Activities <hr/> Internal Service Funds <hr/>
Assets:	
Cash and cash equivalents	\$ 5,434
Liabilities:	
Accounts and other payables	<hr/> 747
Net Assets:	
Unrestricted	\$ <hr/> <hr/> 4,687

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, 2008
(In Thousands)

		Governmental Activities
		Internal Service Funds
		<hr/> <hr/>
Operating Revenues:	\$	
Charges for services		9,419
Miscellaneous		41
Total operating revenues		<hr/> 9,460 <hr/>
Operating Expenses:		
Benefit payments		7,555
Administration		450
Insurance		407
Casualty loss		347
Total operating expenses		<hr/> 8,759 <hr/>
Operating Income		701
Nonoperating Revenue:		
Interest on investments		<hr/> 164
Income before transfers		865
Transfers In		<hr/> 306
Change in Net Assets		1,171
Net Assets at Beginning of Year		<hr/> 3,516
Net Assets at End of Year	\$	<hr/> <hr/> 4,687

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, 2008

(In Thousands)

	<u>Governmental Activities</u> <u>Internal Service Funds</u>
Cash Flows from Operating Activities:	
Cash received from charges for services and other	\$ 9,460
Cash paid to vendors	<u>(8,757)</u>
Net cash provided by operating activities	703
Cash Flows from Noncapital Financial Activities:	
Transfers in	306
Cash Flows from Investing Activities:	
Interest on investments	<u>164</u>
Net Increase in Cash and Cash Equivalents	1,173
Cash and Cash Equivalents at Beginning of Year	<u>4,261</u>
Cash and Cash Equivalents at End of Year	<u><u>\$ 5,434</u></u>
Reconciliation of Operating Income to Net	
Cash Provided by (Used in) Operating Activities:	
Operating income	\$ 701
Adjustments to reconcile operating income to net cash provided by operating activities:	
Increase in accounts and other payables	<u>2</u>
Net Cash Provided by Operating Activities	<u><u>\$ 703</u></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, 2008
(In Thousands)

	Pension Trust Funds	Agency Funds
	<u> </u>	<u> </u>
Assets:		
Cash and cash equivalents	\$ 1,023	\$ 407
Investments - mutual funds	<u>51,469</u>	<u> </u>
Total Assets	<u>52,492</u>	<u>\$ 407</u>
Liabilities:		
Accounts payable	<u> </u>	<u>\$ 407</u>
Net Assets:		
Held in Trust for Pension Benefits	<u>\$ 52,492</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, 2008

(In Thousands)

	<u>Pension Trust Funds</u>
Additions:	
Contributions:	
Employer	\$ 1,937
Plan members	1,323
Total contributions	<u>3,260</u>
Investment income (loss):	
Net depreciation in fair value of investments	(2,428)
Interest and dividends	46
Total investment loss	<u>(2,382)</u>
Less investment expense	349
Net investment loss	<u>(2,731)</u>
Total additions	<u>529</u>
Deductions:	
Benefits	4,806
Administration	25
Total deductions	<u>4,831</u>
Net Decrease	(4,302)
Net Assets Held in Trust for Pension Benefits at Beginning of Year	<u>56,794</u>
Net Assets Held in Trust for Pension Benefits at End of Year	<u>\$ 52,492</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 activities) 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 is 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 are 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.

The Agency Funds account for monies held by the Town as a custodian for outside student and municipal groups.

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 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 3.

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 noncurrent 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, 2008.

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 that 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. Equity

Equity in the government-wide financial statements is defined as "net assets" and is classified in the following categories:

Invested in Capital Assets, Net of Related Debt - This component of net assets consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.

Restricted Net Assets - Net asset restrictions are externally imposed by creditors (such as through debt covenants), grantors, contributors or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Assets - This component consists of net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

The equity of the fund financial statements is defined as “fund balance” and is classified in the following categories:

Reserved Fund Balance - A portion of fund balance that is not available for appropriation or is legally restricted by outside parties for use for a specific purpose.

Designated Fund Balance - Represents tentative management plans that are subject to change.

Unreserved Fund Balance - Serves as a measure of current available financial resources.

2. 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 2007-08.

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.

3. 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, 2008:

Deposits:	
Demand accounts	\$ 10,558
Cash equivalents:	
State Short-Term Investment Fund (STIF)	15,757
MBIA, Inc. - Cooperative Liquid Assets Securities System (CLASS)	5,706
UBS Fiduciary Trust	13
Financial Investors Trust	<u>3,833</u>
Total Cash and Cash Equivalents	\$ <u>35,867</u>

Deposits

At June 30, 2008 the carrying amount of the Town deposits was \$10,558 and the bank balance was \$11,934.

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, 2008 bank balance, \$300 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 \$1,193, based on June 30, 2008 deposits, was collateralized (collateral held by the pledging bank's trust department is not in the Town's name). The balance of deposits of \$10,441 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, 2008 the Town's cash equivalents amounted to \$25,309. 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		

B. Investments

Investments as of June 30, 2008 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	\$ 1,157	.72
Pooled open-end mutual fund accounts:		
Pension Trust Funds:		
UBS Fiduciary Trust	51,006	
TransAmerica Asset Management	<u>463</u>	
Total	\$ <u><u>52,626</u></u>	
Portfolio weighted average maturity for interest bearing investments		.72

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, 2008, 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.

4. 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>Small Cities</u>	<u>Nonmajor and Other Funds</u>	<u>Total</u>
Receivables:				
Taxes	\$ 1,218		\$	\$ 1,218
Accounts	195		17	212
Housing loans		942		942
Intergovernmental	<u>2</u>		<u>446</u>	<u>448</u>
Gross receivables	1,415	<u>942</u>	<u>463</u>	<u>2,820</u>
Less allowance for uncollectibles	<u>74</u>			<u>74</u>
Net Total Receivables	<u>\$ 1,341</u>	<u>\$ 942</u>	<u>\$ 463</u>	<u>\$ 2,746</u>

Note: Does not include accrued interest on property taxes of \$997.

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	\$ 1,144	\$
Taxes collected in advance		1,633
Grant drawdowns prior to meeting all eligibility requirements		41
Housing loans	942	
Program fees collected in advance		<u>262</u>
Total Deferred/Unearned Revenue for Governmental Funds	<u>\$ 2,086</u>	<u>\$ 1,936</u>

5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2008 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	29,368	67		29,435
Total capital assets not being depreciated	<u>31,779</u>	<u>67</u>	<u>-</u>	<u>31,846</u>
Capital assets being depreciated:				
Buildings	27,442	840		28,282
Improvements other than buildings	3,136	296		3,432
Furniture, fixtures and equipment	15,040	2,075	(1,166)	15,949
Infrastructure	43,707	938		44,645
Total capital assets being depreciated	<u>89,325</u>	<u>4,149</u>	<u>(1,166)</u>	<u>92,308</u>
Less accumulated depreciation for:				
Buildings	(19,557)	(521)		(20,078)
Improvements other than buildings	(1,200)	(164)		(1,364)
Furniture, fixtures and equipment	(8,529)	(1,253)	974	(8,808)
Infrastructure	(22,080)	(553)		(22,633)
Total accumulated depreciation	<u>(51,366)</u>	<u>(2,491)</u>	<u>974</u>	<u>(52,883)</u>
Total capital assets being depreciated, net	<u>37,959</u>	<u>1,658</u>	<u>(192)</u>	<u>39,425</u>
Governmental Activities Capital Assets, Net	<u>\$ 69,738</u>	<u>\$ 1,725</u>	<u>\$ (192)</u>	<u>\$ 71,271</u>

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
General government	\$ 210
Public safety	422
Public works	740
Community planning and development	79
Public health	25
Library	63
Parks and recreation	142
Education	<u>810</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 2,491</u>

Construction Commitments

The Town has 47 active construction projects as of June 30, 2008. 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	\$ 55,084	\$ 1,018
School capital improvements	1,042	229
Capital and nonrecurring	8,833	1,798
	<u>34</u>	<u>267</u>
 Total	 \$ <u>64,993</u>	 \$ <u>3,312</u>

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

6. INTERFUND ACCOUNTS

Interfund transfers:

	<u>Transfers In</u>		
	<u>General</u>	<u>Nonmajor Governmental</u>	<u>Total</u>
Transfers out:			
General Fund	\$	\$ 94	\$ 94
Capital Projects	3,944		3,944
Nonmajor Governmental	168		168
Internal Service Funds	<u>306</u>		<u>306</u>
 Total Transfers Out	 \$ <u>4,418</u>	 \$ <u>94</u>	 \$ <u>4,512</u>

Transfers are for regularly recurring operational transfers.

7. 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, 2008:

<u>Fiscal Year Ending June 30,</u>	
2009	\$ 212
2010	211
2011	<u>106</u>
Total future minimum lease payments	529
Interest on future lease payments	<u>26</u>
Principal Balance of Future Minimum Payments	<u>\$ 555</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, 2008.

8. LONG-TERM DEBT

Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2008, 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	\$ 20,355	\$	\$ 1,750	\$ 18,605	\$ 1,750
Compensated absences	3,882	1,037	1,248	3,671	747
Capital leases	<u>693</u>		<u>190</u>	<u>503</u>	<u>196</u>
Total Governmental Activity					
Long-Term Liabilities	<u>\$ 24,930</u>	<u>\$ 1,037</u>	<u>\$ 3,188</u>	<u>\$ 22,779</u>	<u>\$ 2,693</u>

A schedule of bonds and serial notes outstanding at June 30, 2008 is presented below:

<u>Description</u>	<u>Date of Issue</u>	<u>Amount of Interest Rate (%)</u>	<u>Balance Original Issue</u>	<u>Outstanding June 30, 2008</u>
General purpose bonds:				
Police station	06/05	4.25-5.0	3,700	\$ 3,145
Police station	05/04	3.2-4.6	3,750	3,000
School:				
School improvements	05/04	3.2-4.6	4,950	3,960
School improvements	06/03	2.0-5.0	4,950	3,300
School	04/00	4.8-6.7	6,000	2,800
School improvements	05/99	3.2-4.7	6,000	<u>2,400</u>
Total				<u>\$ 18,605</u>

The following is a schedule of bond maturities as of June 30, 2008:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 1,750	\$ 774	\$ 2,524
2010	1,750	704	2,454
2011	1,750	634	2,384
2012	1,750	563	2,313
2013	1,750	489	2,239
2014-2018	5,950	1,494	7,444
2019-2023	3,100	589	3,689
2024-2025	<u>805</u>	<u>44</u>	<u>849</u>
Total	<u>\$ 18,605</u>	<u>\$ 5,291</u>	<u>\$ 23,896</u>

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

<u>Category</u>	<u>Debt Limit</u>	<u>Net Indebtedness</u>	<u>Balance</u>
General purpose	\$ 157,867	\$ 6,145	\$ 151,722
Schools	315,734	12,460	303,274
Sewers	263,111	8,962	254,149
Urban renewal	228,030		228,030
Pension deficit	210,489		210,489

The total overall statutory debt limit for the Town is equal to seven times annual receipts from taxation or \$491 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. 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 \$8.96 million or 8.37% of the debt of the District.

9. 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 \$726 reported in the Health Benefits Internal Service Fund at June 30, 2008 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>		<u>Current Year Claims and Changes in Estimates</u>		<u>Claim Payments</u>		<u>Liability June 30,</u>
2006-2007	\$ 729	\$	7,732	\$	7,716	\$	745
2007-2008	745		7,574		7,593		726

10. 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 2008 the General Fund appropriation payments totaled \$526 as follows:

	<u>Retirees</u>	<u>Amount</u>
Police	36	\$ 330
Board of Education	137	158
Other	36	38
Total	<u>209</u>	<u>\$ 526</u>

11. 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. Effective January 1, 2007, the Plan was closed to all new hires. 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. Effective January 1, 1997, the Plan was closed to all new hires. 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, 2007 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	173	56	27	28
Terminated participants	10		7	46
Active participants	<u>176</u>	<u>52</u>	<u>15</u>	<u>36</u>
Total	<u><u>359</u></u>	<u><u>108</u></u>	<u><u>49</u></u>	<u><u>110</u></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 noncontributory, 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	9.9	29.7	15.5

D. Annual Pension Cost and Net Pension Obligations (Assets)

The Town's annual pension cost and net pension obligation (asset) 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	\$ 837	\$ 1,277	\$ 180	\$ 82
Interest in net pension obligation	(1)	(14)		
Adjustment to annual required Contribution	<u>(1)</u>	<u>14</u>		
Annual pension cost	837	1,277	180	82
Contributions made	<u>837</u>	<u>1,277</u>	<u>180</u>	<u>82</u>
Increase in net pension obligation	-	-	-	-
Net pension obligation (asset), July 1, 2007	<u>(8)</u>	<u>(181)</u>	<u>(5)</u>	<u>-</u>
Net Pension Obligation (Asset), June 30, 2008	<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	7-1-07	7-1-07	7-1-07	7-1-07
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	28 years	18 years	28 years	20 years
Asset valuation method	5-year smoothing	5-year smoothing	5-year smoothing	5-year smoothing
Actuarial assumptions:				
Investment rate of return	7.75%	7.75%	7.75%	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

	Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation (Asset)
<u>Municipal</u>	6/30/06	\$ 539	100%	\$ (8)
	6/30/07	622	100	(8)
	6/30/08	837	100	(8)
<u>Police</u>	6/30/06	1,171	100	(180)
	6/30/07	1,353	100	(181)
	6/30/08	1,277	100	(181)
<u>Administrative</u>	6/30/06	189	100	(5)
	6/30/07	204	100	(5)
	6/30/08	180	100	(5)
<u>Firefighters</u>	6/30/06	88	100	-
	6/30/07	82	100	-
	6/30/08	82	100	-

F. Pension Plan Required Supplementary Information

Schedule of Funding Progress

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Liability (AAL) Entry Age (b)</u>	<u>Unfunded AAL (UAAL) (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a % of Covered Payroll ((b-a)/c)</u>
<u>Municipal</u>						
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
7/1/07	20,254	27,691	7,437	72.4	8,665	88.1
<u>Police</u>						
7/1/02	23,851	28,467	4,615	83.8	3,607	128.0
7/1/03	23,514	30,939	7,426	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
7/1/07	26,546	38,205	11,659	69.5	4,500	259.1
<u>Administrative</u>						
7/1/02	6,227	6,790	563	91.7	1,505	37.4
7/1/03	6,312	7,337	1,026	86.0	1,525	67.3
7/1/04	6,374	7,872	1,498	81.0	1,297	115.6
7/1/05	6,470	8,380	1,910	77.2	1,253	152.5
7/1/06	6,718	8,513	1,794	78.9	1,133	158.4
7/1/07	7,065	8,655	1,590	81.6	1,112	142.9
<u>Firefighters</u>						
7/1/03	654	1,383	729	47.3	N/A	N/A
7/1/05	690	1,384	694	49.9	N/A	N/A
7/1/07	747	1,361	614	54.9	N/A	N/A

Schedule of Employer Contributions

(thousands)				
Fiscal Year Ended	Municipal		Police	
	Required Contribution	Annual Percentage Contributed	Required Contribution	Annual Percentage Contribution
6/30/03	\$ 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
6/30/07	622	100	1,354	100
6/30/08	837	100	1,277	100

Schedule of Employer Contributions

(thousands)				
Fiscal Year Ended	Administrative		Firefighters	
	Required Contribution	Annual Percentage Contributed	Required Contribution	Annual Percentage Contribution
6/30/03	\$ 75	113%	\$ 80	108%
6/30/04	143	101	80	100
6/30/05	160	100	88	100
6/30/06	189	100	88	100
6/30/07	204	100	82	100
6/30/08	180	100	82	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 60 and has accumulated 20 years of credited service in the public schools of Connecticut, or (2) attained any age and has accumulated 35 years of credited service, at least 25 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 \$25.9 million or 75% 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, 2008 the Town has recorded, in the General Fund, intergovernmental revenue and education expenditures in the amount of \$19,179 as payments made by the State of Connecticut on behalf of the Town. The current year contribution is significantly higher than the contribution in prior years due to the State issuing pension obligation bonds to fund the plan. 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 \$385 per year for members with less than 5 years of service to \$805.25 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 2007-2008, computed in accordance with plan requirements, amounted to \$54,402. At June 30, 2008, there were 132 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, 2008 and the changes in net assets for the year then ended.

	Schedule of Plan Net Assets					
	Police Officers' Plan	Municipal Employees' Plan	Administrative Employees' Plan	Volunteer Firefighters' Plans		Total
				Defined Benefit	Defined Contribution	
Assets:						
Cash and cash equivalents	\$ 2	\$ 10	\$ 1	\$ 626	\$ 384	\$ 1,023
Investments	25,119	19,103	6,784	463	463	51,469
Total assets	25,121	19,113	6,785	626	847	52,492
Liabilities:						
Accounts payable						-
Net Assets Held in Trust for Pension						
Benefits and Other Purposes	\$ 25,121	\$ 19,113	\$ 6,785	\$ 626	\$ 847	\$ 52,492

Schedule of Plan Net Assets

	<u>Police Officers' Plan</u>	<u>Municipal Employees' Plan</u>	<u>Administrative Employees' Plan</u>	<u>Volunteer Firefighters' Plans Defined Benefit</u>	<u>Defined Contribution</u>	<u>Total Pension Trust Funds</u>
Additions:						
Contributions:						
Employer	\$ 1,277	\$ 408	\$ 103	\$ 82	\$ 67	\$ 1,937
Plan members	306	837	180			1,323
Total contributions	<u>1,583</u>	<u>1,245</u>	<u>283</u>	<u>82</u>	<u>67</u>	<u>3,260</u>
Investment income (loss):						
Net appreciation (depreciation) in fair value of investments	(1,213)	(896)	(319)			(2,428)
Interest and dividends	28	12	4	30	(28)	46
Total investment income (loss)	<u>(1,185)</u>	<u>(884)</u>	<u>(315)</u>	<u>30</u>	<u>(28)</u>	<u>(2,382)</u>
Less investment expenses	<u>180</u>	<u>125</u>	<u>44</u>			<u>349</u>
Net investment income (loss)	<u>(1,365)</u>	<u>(1,009)</u>	<u>(359)</u>	<u>30</u>	<u>(28)</u>	<u>(2,731)</u>
Total additions (reductions)	<u>218</u>	<u>236</u>	<u>(76)</u>	<u>112</u>	<u>39</u>	<u>529</u>
Deductions:						
Benefits	2,356	1,795	550	84	21	4,806
Administration	2,356	12	3	84	10	25
Total deductions	<u>2,356</u>	<u>1,807</u>	<u>553</u>	<u>84</u>	<u>31</u>	<u>4,831</u>
Net increase (decrease)	(2,138)	(1,571)	(629)	28	8	(4,302)
Net Assets Held in Trust for Pension						
Benefits, Beginning of Year	<u>27,259</u>	<u>20,684</u>	<u>7,414</u>	<u>598</u>	<u>839</u>	<u>56,794</u>
Net Assets Held in Trust for Pension						
Benefits, End of Year	<u>\$ 25,121</u>	<u>\$ 19,113</u>	<u>\$ 6,785</u>	<u>\$ 626</u>	<u>\$ 847</u>	<u>\$ 52,492</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, 2008

(In Thousands)

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Property taxes:				
Current levy	\$ 67,805	\$ 67,805	\$ 68,670	\$ 865
Prorated motor vehicles	590	590	616	26
Prorated real estate	50	50	229	179
Prior year tax levies	375	375	509	134
Interest and liens	250	250	335	85
Total	<u>69,070</u>	<u>69,070</u>	<u>70,359</u>	<u>1,289</u>
Payments in lieu of taxes:				
State-Owned PILOT	704	704	770	66
New Manufacturers Inventory	690	690	645	(45)
Elderly Freeze Exemption	24	24	21	(3)
Disabled exemption	4	4	4	-
Elderly Circuit Breaker	282	282	282	-
Additional Veteran's Exemption	29	29	28	(1)
Tax Exempt Colleges and Hospital	706	706	726	20
Boats	5	5	5	-
Total	<u>2,444</u>	<u>2,444</u>	<u>2,481</u>	<u>37</u>
Licenses and permits:				
Building permits	575	575	711	136
Vendor's permits	1	1	1	-
Gun permits	2	2	2	-
Raffle and Bingo permits	1	1	1	-
Work Within Rights of Way	6	6	7	1
Refuse handling licenses	2	2	2	-
Total	<u>587</u>	<u>587</u>	<u>724</u>	<u>137</u>
Rentals:				
Town Hall rental	6	6	3	(3)
Indian Hill Country Club	79	79	79	-
Other town property	10	10	4	(6)
Total	<u>95</u>	<u>95</u>	<u>86</u>	<u>(9)</u>
Investment income	<u>1,425</u>	<u>1,425</u>	<u>1,426</u>	<u>1</u>
Fines:				
Parking tickets	25	25	15	(10)
False alarms	22	22	26	4
Total	<u>47</u>	<u>47</u>	<u>41</u>	<u>(6)</u>

(Continued on next page)

TOWN OF NEWINGTON, CONNECTICUT

GENERAL FUND

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

FOR THE YEAR ENDED JUNE 30, 2008

(In Thousands)

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Charges for services:				
Conservation Commission	\$ 6	\$ 6	\$ 2	\$ (4)
Zoning Board of Appeals	2	2	1	(1)
Town Planning and Zoning	8	8	14	6
Town Clerk Fees	600	600	744	144
Police	8	8	8	-
Human Services - counseling fee	23	23	21	(2)
Library - overdue fines	33	33	33	-
Dial-A-Ride Tickets	5	5	4	(1)
Scrap Metal Curbside	15	15	38	23
Senior Center ID Cards	3	3	-	(3)
Senior and Disabled Center fees	4	4	2	(2)
Engineering fees	1	1	1	-
Total	<u>708</u>	<u>708</u>	<u>868</u>	<u>160</u>
Refunds and reimbursements:				
Refunds - Town	6	6	11	5
Refunds - Schools	5	5	5	-
Regional Fire Training Tower	3	3	3	-
Library - lost/replaced books	4	4	4	-
Library - sale of diskettes	1	1		(1)
Other	1	1		(1)
Total	<u>20</u>	<u>20</u>	<u>23</u>	<u>3</u>
State of Connecticut:				
Public Library	3	3	3	-
Mashantucket Pequot Fund	292	292	273	(19)
Youth Services Bureau	23	23	23	-
Alcohol and Drug Abuse	4	4	4	-
Property Tax Relief				-
Telecommunications Tax	147	147	150	3
Emergency Management Grant	4	4	4	-
Transportation - Non-public	13	13	27	14
Transportation - Public	357	357	375	18
Adult Education	23	23	25	2
Special Education Excess Cost			38	38

(Continued on next page)

TOWN OF NEWINGTON, CONNECTICUT

GENERAL FUND

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

**FOR THE YEAR ENDED JUNE 30, 2008
(In Thousands)**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
State of Connecticut (continued):				
School Building Grants	\$	\$	\$ 39	\$ 39
Health Services	16	16	17	1
Services for the Blind	9	9	9	-
Education Cost Sharing Grant	12,508	12,508	12,093	(415)
Total	<u>13,399</u>	<u>13,399</u>	<u>13,080</u>	<u>(319)</u>
Federal government:				
Senior Citizen Trans Aid	4	4	10	6
Universal Hiring Grant	<u>25</u>	<u>25</u>	<u>25</u>	<u>-</u>
Total	<u>29</u>	<u>29</u>	<u>35</u>	<u>6</u>
Miscellaneous:				
Other - miscellaneous	4	4	925	921
Cancelled PY encumbrances	10	10	83	73
United Way (Human Services)	3	3	2	(1)
Operation Fuel	3	3	2	(1)
Drug Free Schools Donations	<u>1</u>	<u>1</u>	<u>1</u>	<u>(1)</u>
Total	<u>21</u>	<u>21</u>	<u>1,012</u>	<u>991</u>
Total revenues	87,845	87,845	90,135	2,290
Other financing sources:				
Transfers in	<u>94</u>	<u>94</u>	<u>94</u>	<u>-</u>
Total	<u>\$ 87,939</u>	<u>\$ 87,939</u>	90,229	<u>\$ 2,290</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	19,179
Cancellation of prior year encumbrances are recognized as budgetary revenue	(83)
The Board of Education does not budget for certain intergovernmental grants which are credited against education expenditures for budgetary reporting. These amounts are recorded as revenues and expenditures for financial reporting purposes	<u>699</u>

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

\$ 110,024

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, 2008
(In Thousands)

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
General Government:				
Town Council	\$ 27	\$ 27	\$ 24	\$ 3
Town Manager	354	354	352	2
Courts	36	36	35	1
Elections	108	108	102	6
Finance	1,096	1,082	1,057	25
Town Attorney	135	135	133	2
Town Clerk	168	168	165	3
Personnel	43	133	131	2
General services	745	745	713	32
Facilities management	652	642	570	72
Total general government	<u>3,364</u>	<u>3,430</u>	<u>3,282</u>	<u>148</u>
Public Safety:				
Police Department	5,902	5,902	5,759	143
Fire Department	631	631	605	26
Street lighting	361	336	315	21
Civil Preparedness	3	3	3	-
Hydrants	64	64	62	2
Volunteer Incentive Program	125	107	107	-
Total public safety	<u>7,086</u>	<u>7,043</u>	<u>6,851</u>	<u>192</u>
Public Works:				
Administration				-
Traffic				-
Engineering	277	236	227	9
Highway Department	2,469	2,372	2,314	58
Facilities Management				-
Solid Waste Services	2,129	2,144	2,062	82
Total public works	<u>4,875</u>	<u>4,752</u>	<u>4,603</u>	<u>149</u>
Community Planning and Development:				
Town Planner	231	231	228	3
Town Planning and Zoning	26	26	17	9
Zoning Board of Appeals	6	6	2	4
Building Department	256	256	251	5
Conservation Commission	5	5	4	1
Economic Development	2	2	1	1
Total community planning and development	<u>526</u>	<u>526</u>	<u>503</u>	<u>23</u>

(Continued on next 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, 2008

(In Thousands)

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Health and Community Services:				
Public Health:				
Health Services	\$ 122	\$ 122	\$ 121	\$ 1
Community Services:				
Human Services	422	422	417	5
Senior and Disabled Center	632	622	603	19
Boards and Commissions	11	11	10	1
Total health and community services	<u>1,187</u>	<u>1,177</u>	<u>1,151</u>	<u>26</u>
Library:				
Library operations	<u>1,798</u>	<u>1,788</u>	<u>1,750</u>	<u>38</u>
Parks and Recreation:				
Parks and Recreation Administration	461	446	441	5
Grounds Maintenance	<u>1,250</u>	<u>1,240</u>	<u>1,139</u>	<u>101</u>
Total parks and recreation	<u>1,711</u>	<u>1,686</u>	<u>1,580</u>	<u>106</u>
Board of Education:				
Art	562	596	597	(1)
Career/Vocational	1,105	1,128	1,128	-
Computers	1,294	1,518	1,521	(3)
Language Arts	3,315	3,210	3,211	(1)
Foreign Language	1,080	1,085	1,085	-
Health/Safety	123	156	156	-
Math	3,093	2,989	2,989	-
Music	930	1,124	1,124	-
Physical Education	933	910	910	-
Reading	3,323	3,154	3,159	(5)
Science	3,224	3,076	3,077	(1)
Social Studies	3,034	2,931	2,931	-
Other Salaries	1,009	494	492	2
Special Education	5,274	5,257	5,262	(5)
Homebound	20	57	57	-
Adult Education	78	81	81	-
Guidance	985	1,078	1,078	-
Health/Nurses	476	520	520	-
Psychological Services	558	630	634	(4)
Speech and Hearing	444	432	432	-
Curriculum Development	66	116	116	-
Media	885	935	935	-
Board of Education	140	121	123	(2)
Central Direction	1,086	1,110	1,111	(1)
Building Direction	2,702	2,975	2,987	(12)
Supplies	213	231	231	-

(Continued on next 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, 2008

(In Thousands)

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Board of Education (continued):				
Maintenance	\$ 1,541	\$ 2,442	\$ 2,433	\$ 9
Plant operation	4,338	4,117	4,100	17
Transportation	2,128	2,481	2,454	27
Evaluation, planning and development	55	17	17	-
Insurance	841	616	616	-
Employee benefits	8,022	7,246	7,244	2
Non Athletics	121	140	140	-
Athletics	453	510	510	-
Community service	111	80	79	1
Total Board of Education	<u>53,563</u>	<u>53,563</u>	<u>53,540</u>	<u>23</u>
Miscellaneous:				
Metropolitan District Assessment	2,706	2,706	2,705	1
Municipal insurance	798	798	752	46
Greater Hartford Transit District	2	2	2	-
Employee benefits	5,362	5,362	5,303	59
Donations and contributions	18	18	18	-
Contingency	254	59	49	10
Total miscellaneous	<u>9,140</u>	<u>8,945</u>	<u>8,829</u>	<u>116</u>
Debt service:				
Principal payments	1,750	1,750	1,750	-
Interest expense	846	846	842	4
Total debt service	<u>2,596</u>	<u>2,596</u>	<u>2,592</u>	<u>4</u>
Total expenditures	<u>85,846</u>	<u>85,506</u>	<u>84,681</u>	<u>825</u>
Other financing uses:				
Transfers out	<u>4,087</u>	<u>4,427</u>	<u>4,418</u>	<u>9</u>
Total	<u>\$ 89,933</u>	<u>\$ 89,933</u>	89,099	<u>\$ 834</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

19,179

The Board of Education does not budget for certain intergovernmental grants which are credited against education expenditures for budgetary reporting. These amounts are recorded as revenues and expenditures for financial reporting purposes

699

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

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

\$ 109,086

**Combining and Individual
Fund Statements and Schedules**

General Fund

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, 2008 AND 2007

(In Thousands)

	<u>2008</u>	<u>2007</u>
ASSETS		
Cash and cash equivalents	\$ 20,344	\$ 20,769
Receivables:		
Property taxes	1,144	1,102
Intergovernmental	2	
Other receivable	<u>195</u>	<u>463</u>
Total Assets	<u>\$ 21,685</u>	<u>\$ 22,334</u>
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable and other liabilities	\$ 3,264	\$ 2,492
Deferred revenues	<u>2,777</u>	<u>5,136</u>
Total liabilities	<u>6,041</u>	<u>7,628</u>
Fund balance:		
Reserved for encumbrances	1,572	1,763
Unreserved:		
Designated for subsequent year's budget	2,000	2,000
Undesignated	<u>12,072</u>	<u>10,943</u>
Total fund balance	<u>15,644</u>	<u>14,706</u>
Total Liabilities and Fund Balance	<u>\$ 21,685</u>	<u>\$ 22,334</u>

TOWN OF NEWINGTON, CONNECTICUT

GENERAL FUND

REPORT OF TAX COLLECTOR

FOR THE YEAR ENDED JUNE 30, 2008

(In Thousands)

Grand List	Mill Rate	Uncollected Taxes July 1, 2007	Lawful Corrections		Suspense	Adjusted Taxes Collectible	Taxes	Interest	Liens	Total	Uncollected Taxes June 30, 2008
			Additions	Deductions							
2006	26.71	\$ 69,899	\$ 277	\$ 203	\$	\$ 69,973	\$ 69,338	\$ 188	\$ 2	\$ 69,528	\$ 635
2005	25.76	518	8	25	60	441	347	77	3	427	94
2004	36.43	174	1	4		171	111	22	1	134	60
2003	34.24	53	2			55	9	4	2	15	46
2002	32.29	44				44	1	1		2	43
2001	30.44	43				43	1	1		2	42
2000	28.58	38				38	1	1		2	37
53 1999	27.75	42				42	1	2		3	41
1998	27.17	41				41	1	2		3	40
1997	27.17	40				40	1	2		3	39
1996	25.25	37				37	1	2		3	36
1995	25.25	37				37	1	2		3	36
1994	24.54	35				35	1	2		3	34
1993	24.54	36				36	1	2		3	35
1992	24.54	37			36	1	1	3		4	-
		<u>\$ 71,074</u>	<u>\$ 288</u>	<u>\$ 232</u>	<u>\$ 96</u>	<u>\$ 71,034</u>	<u>\$ 69,816</u>	<u>\$ 311</u>	<u>\$ 8</u>	<u>\$ 70,135</u>	<u>\$ 1,218</u>

**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 Fund	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, 2008

(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>
ASSETS										
Cash and cash equivalents	\$ 349	\$ 199	\$ 27	\$ 1,228	\$ 16	\$ 25	\$ 310	\$ 507	\$ 29	\$ 366
Investments								1,157		
Receivables:										
Accounts and other	5						2	10		
State and Federal governments	51					119				276
Prepays							4			
Inventory	25									
Total Assets	\$ 430	\$ 199	\$ 27	\$ 1,228	\$ 16	\$ 144	\$ 316	\$ 1,674	\$ 29	\$ 642
LIABILITIES AND FUND BALANCE										
Liabilities:										
Accounts and other payables	\$ 1	\$ 31	\$	\$ 7	\$ 11	\$ 75	\$ 78	\$ 35	\$	\$ 28
Due to State and Federal governments			3							
Deferred revenue	24		24				238			17
Total liabilities	25	31	27	7	11	75	316	35	-	45
Fund Balance:										
Reserved:										
Encumbrances		5		25		4				34
Inventory	25									
Endowments										
Unreserved:										
Undesignated	380	163		1,196	5	65		1,639	29	563
Total fund balance	405	168		1,221	5	69	-	1,639	29	597
Total Liabilities and Fund Balance	\$ 430	\$ 199	\$ 27	\$ 1,228	\$ 16	\$ 144	\$ 316	\$ 1,674	\$ 29	\$ 642

(Continued on next page)

TOWN OF NEWINGTON, CONNECTICUT
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET (CONTINUED)
JUNE 30, 2008
(In Thousands)

	Special Revenue Funds				Permanent Funds				Total Nonmajor Governmental Funds
	Volunteer Ambulance	Volunteer Firefighters'	Scholarship Trust	Total	Cemetery Trust	Hubbard Book	Tri-Centennial	Total	
ASSETS									
Cash and cash equivalents	\$ 209	\$ 148	\$ 189	\$ 3,602	\$ 24	\$ 11	\$ 1	\$ 36	\$ 3,638
Investments				1,157					1,157
Receivables:									
Accounts and other				17					17
State and Federal governments				446					446
Prepays				4					4
Inventory				25					25
Total Assets	\$ 209	\$ 148	\$ 189	\$ 5,251	\$ 24	\$ 11	\$ 1	\$ 36	\$ 5,287
LIABILITIES AND FUND BALANCE									
Liabilities:									
Accounts and other payables	\$	\$	\$	\$ 266	\$	\$	\$	\$	\$ 266
Due to State and Federal governments				3					3
Deferred revenue				303					303
Total liabilities	-	-	-	572	-	-	-	-	572
Fund Balance:									
Reserved:									
Encumbrances				68					68
Inventory				25					25
Endowments					24	11	1	36	36
Unreserved:									
Undesignated	209	148	189	4,586					4,586
Total fund balance	209	148	189	4,679	24	11	1	36	4,715
Total Liabilities and Fund Balance	\$ 209	\$ 148	\$ 189	\$ 5,251	\$ 24	\$ 11	\$ 1	\$ 36	\$ 5,287

TOWN OF NEWINGTON, CONNECTICUT

NONMAJOR GOVERNMENTAL FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

FOR THE YEAR ENDED JUNE 30, 2008

(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>
Revenues:										
Licenses, fees and permits	\$	\$	\$	\$	\$ 16	\$	\$	\$	\$	\$
Intergovernmental	403	207	1,444			272				697
Contributions										99
Charges for services	970			138		20	719			18
Investment income	4			50			5	75	1	5
Miscellaneous	63									126
Total revenues	<u>1,440</u>	<u>207</u>	<u>1,444</u>	<u>188</u>	<u>16</u>	<u>292</u>	<u>724</u>	<u>75</u>	<u>1</u>	<u>945</u>
Expenditures:										
Current:										
General government				8				223		216
Public safety					17					130
Public works										106
Library										35
Parks and recreation							799			42
Education	1,330		1,444					114		
Capital outlay		146		9		272				302
Total expenditures	<u>1,330</u>	<u>146</u>	<u>1,444</u>	<u>17</u>	<u>17</u>	<u>272</u>	<u>799</u>	<u>337</u>	<u>-</u>	<u>831</u>
Other financing sources (uses):										
Transfers in							75	84		
Transfers out				(93)						
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(93)</u>	<u>-</u>	<u>-</u>	<u>75</u>	<u>84</u>	<u>-</u>	<u>-</u>
Net change in fund balances	110	61		78	(1)	20		(178)	1	114
Fund balance at beginning of year	<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>
Fund Balance at End of Year	<u>\$ 405</u>	<u>\$ 168</u>	<u>\$ -</u>	<u>\$ 1,221</u>	<u>\$ 5</u>	<u>\$ 69</u>	<u>\$ -</u>	<u>\$ 1,639</u>	<u>\$ 29</u>	<u>\$ 597</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, 2008

(In Thousands)

	Special Revenue Funds				Permanent Funds				Total Nonmajor Governmental Funds
	Volunteer Ambulance	Volunteer Firefighters'	Scholarship Trust	Total	Cemetery Trust	Hubbard Book	Tri-Centennial	Total	
Revenues:									
Licenses, fees and permits	\$	\$	\$	\$ 16	\$	\$	\$	\$	\$ 16
Intergovernmental				3,023					3,023
Contributions				99					99
Charges for services				1,865					1,865
Investment income	8	6	7	161	1			1	162
Miscellaneous			45	234					234
Total revenues	<u>8</u>	<u>6</u>	<u>52</u>	<u>5,398</u>	<u>1</u>			<u>1</u>	<u>5,399</u>
Expenditures:									
Current:									
General government				447					447
Public safety				147					147
Public works				106					106
Library				35					35
Parks and recreation				841					841
Education			21	2,909					2,909
Capital outlay				729					729
Total expenditures	<u>-</u>	<u>-</u>	<u>21</u>	<u>5,214</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,214</u>
Other financing sources (uses):									
Transfers in	9			168					168
Transfers out				(93)	(1)			(1)	(94)
Total other financing sources (uses)	<u>9</u>	<u>-</u>	<u>-</u>	<u>75</u>	<u>(1)</u>	<u>-</u>	<u>-</u>	<u>(1)</u>	<u>74</u>
Net change in fund balances	17	6	31	259					259
Fund balance at beginning of year	<u>192</u>	<u>142</u>	<u>158</u>	<u>4,420</u>	<u>24</u>	<u>11</u>	<u>1</u>	<u>36</u>	<u>4,456</u>
Fund Balance at End of Year	<u>\$ 209</u>	<u>\$ 148</u>	<u>\$ 189</u>	<u>\$ 4,679</u>	<u>\$ 24</u>	<u>\$ 11</u>	<u>\$ 1</u>	<u>\$ 36</u>	<u>\$ 4,715</u>

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 SHEET

JUNE 30, 2008

(In Thousands)

	<u>Health Benefits</u>	<u>Insurance Reserve</u>	<u>Total</u>
Assets:			
Cash and cash equivalents	\$ 5,188	\$ 246	\$ 5,434
Liabilities:			
Accounts and other payable	<u>726</u>	<u>21</u>	<u>747</u>
Net Assets:			
Unrestricted	<u>\$ 4,462</u>	<u>\$ 225</u>	<u>\$ 4,687</u>

TOWN OF NEWINGTON, CONNECTICUT

INTERNAL SERVICE FUNDS

COMBINING STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED JUNE 30, 2008

(In Thousands)

	<u>Health Benefits</u>	<u>Insurance Reserve</u>	<u>Total</u>
Operating Revenues:			
Charges for services	\$ 9,419	\$	\$ 9,419
Miscellaneous		41	41
Total operating revenue	<u>9,419</u>	<u>41</u>	<u>9,460</u>
Operating Expenses:			
Benefit payments	7,555		7,555
Administration	450		450
Insurance	407		407
Casualty loss		347	347
Total operating expenses	<u>8,412</u>	<u>347</u>	<u>8,759</u>
Operating Income (Loss)	1,007	(306)	701
Nonoperating Revenue:			
Interest on investments	<u>164</u>		<u>164</u>
Income (Loss) before Transfers	1,171	(306)	865
Transfers In		<u>306</u>	<u>306</u>
Change in Net Assets	1,171		1,171
Total Net Assets at Beginning of Year	<u>3,291</u>	<u>225</u>	<u>3,516</u>
Total Net Assets at End of Year	<u>\$ 4,462</u>	<u>\$ 225</u>	<u>\$ 4,687</u>

TOWN OF NEWINGTON, CONNECTICUT
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2008
(In Thousands)

	<u>Health Benefits</u>	<u>Insurance Reserve</u>	<u>Total</u>
Cash Flows from Operating Activities:			
Cash received from charges for services and other	\$ 9,419	\$ 41	\$ 9,460
Cash paid to vendors	<u>(8,431)</u>	<u>(326)</u>	<u>(8,757)</u>
Net cash provided by (used in) operating activities	988	(285)	703
Cash Flows from Noncapital Financial Activities:			
Transfers in		306	306
Cash Flows from Investing Activities:			
Interest on investments	<u>164</u>		<u>164</u>
Net Increase in Cash and Cash Equivalents	<u>1,152</u>	<u>21</u>	<u>1,173</u>
Cash and Cash Equivalents at Beginning of Year	<u>4,036</u>	<u>225</u>	<u>4,261</u>
Cash and Cash Equivalents at End of Year	<u>\$ 5,188</u>	<u>\$ 246</u>	<u>\$ 5,434</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:			
Operating income (loss)	\$ 1,007	\$ (306)	\$ 701
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Increase (decrease) in accounts and other payables	<u>(19)</u>	<u>21</u>	<u>2</u>
Net Cash Provided by (Used in) Operating Activities	<u>\$ 988</u>	<u>\$ (285)</u>	<u>\$ 703</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 Activities - to account for various programs benefiting the Town's youth.
- .. Student Activities - to account for the various student activities and clubs in the Town's schools.
- .. Senior Citizens - 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, 2008

(In Thousands)

	<u>Balance</u> <u>July 1, 2007</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2008</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>362</u>	\$ <u>924</u>	\$ <u>885</u>	\$ <u>401</u>
Liabilities:				
Deposits held for others	\$ <u>362</u>	\$ <u>924</u>	\$ <u>885</u>	\$ <u>401</u>
Senior Citizens Fund				
Assets:				
Cash and cash equivalents	\$ <u>1</u>	\$ <u>12</u>	\$ <u>13</u>	\$ <u>-</u>
Liabilities:				
Deposits held for others	\$ <u>1</u>	\$ <u>12</u>	\$ <u>13</u>	\$ <u>-</u>
Total All Funds				
Assets:				
Cash and cash equivalents	\$ <u><u>369</u></u>	\$ <u><u>936</u></u>	\$ <u><u>898</u></u>	\$ <u><u>407</u></u>
Liabilities:				
Deposits held for others	\$ <u><u>369</u></u>	\$ <u><u>936</u></u>	\$ <u><u>898</u></u>	\$ <u><u>407</u></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 SIX FISCAL YEARS

(In Thousands)

	FISCAL YEAR					
	2008	2007	2006	2005	2004	2003
Governmental Activities:						
Invested in capital assets, net of related debt	\$ 52,163	\$ 48,689	\$ 45,677	\$ 36,835	\$ 26,722	\$ 25,455
Restricted	582	527	479	452	443	443
Unrestricted	<u>27,626</u>	<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>\$ 80,371</u>	<u>\$ 73,448</u>	<u>\$ 69,086</u>	<u>\$ 58,009</u>	<u>\$ 48,380</u>	<u>\$ 45,101</u>

NOTES:

- (1) Schedule prepared on the accrual basis of accounting.
- (2) The Town began to report accrual information when it implemented GASB Statement No. 34 in fiscal year 2003.

TOWN OF NEWINGTON, CONNECTICUT

CHANGES IN NET ASSETS

LAST SIX FISCAL YEARS

(In Thousands)

	FISCAL YEAR					
	2008	2007	2006	2005	2004	2003
Expenses:						
General government	\$ 5,857	\$ 6,186	\$ 6,142	\$ 4,462	\$ 4,264	\$ 4,525
Public safety	9,859	9,207	8,902	8,496	8,464	7,901
Public works	8,747	8,889	8,127	7,666	7,910	6,921
Community planning and development	806	797	719	720	660	664
Health and community services	1,535	1,474	1,507	1,495	1,467	1,408
Library	2,244	2,228	2,193	2,088	2,064	1,888
Parks and recreation	3,138	2,908	2,836	2,627	2,777	2,450
Education	76,236	56,881	52,058	49,902	46,400	45,268
Interest on long-term debt	855	946	1,137	1,000	913	686
Total governmental activities expenses	<u>109,277</u>	<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						
General government	907	1,741	1,464	1,582	1,729	1,307
Public safety	54	90	81	79	86	90
Public works	58	47	36	20	9	8
Community planning and development	735	33	192	160	52	200
Health and community services	52					
Library	33	38	36	34	35	33
Parks and recreation	791	702	839	390	683	595
Education	1,047	1,305	1,079	1,073	937	889
Operating grants and contributions	34,588	17,490	16,646	14,374	13,088	12,448
Capital grants and contributions	1,105	389	4,180	6,200	5,264	80
Total governmental activities program revenues	<u>39,370</u>	<u>21,835</u>	<u>24,553</u>	<u>23,912</u>	<u>21,883</u>	<u>15,650</u>
Net (expense) revenue:						
Governmental activities	<u>(69,907)</u>	<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	70,617	66,335	65,312	60,008	56,070	53,345
Grants and contributions not restricted to specific purposes	2,904	3,232	2,981	2,810	2,840	3,251
Unrestricted investment earnings	1,773	2,285	1,829	988	427	543
Gain on sale of capital assets				291	16	212
Miscellaneous	1,536	191	23	76	59	31
Total governmental activities	<u>76,830</u>	<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>\$ 6,923</u>	<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 No. 34 in fiscal year 2003.

TOWN OF NEWINGTON, CONNECTICUT
FUND BALANCES, GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS
(In Thousands)

	FISCAL YEAR									
	<u>2008</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>
General Fund										
Reserved	\$ 1,572	\$ 1,763	\$ 1,721	\$ 1,286	\$ 1,423	\$ 1,523	\$ 1,204	\$ 993	\$ 902	\$ 1,002
Unreserved	<u>14,072</u>	<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>
Total General Fund	<u>\$ 15,644</u>	<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>
All other governmental funds:										
Reserved	\$ 786	\$ 532	\$ 1,615	\$ 5,448	\$ 17,340	\$ 1,043	\$ 502	\$ 767	\$ 2,726	\$ 4,831
Unreserved, reported in:										
Special revenue funds	4,596	4,295	3,797	3,770	4,008	4,056	3,539	3,826	3,621	3,753
Capital projects funds	<u>2,980</u>	<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>
64 Total All Other Governmental Funds	<u>\$ 8,362</u>	<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>

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

Note 2: Data presented for years prior to the implementation of GASB Statement No. 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									
	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
Revenues:										
Property taxes	\$ 70,359	\$ 66,863	\$ 64,813	\$ 60,047	\$ 55,901	\$ 53,202	\$ 48,956	\$ 47,028	\$ 45,033	\$ 44,423
Payment in lieu of taxes	2,481	2,339	2,526	2,256	2,151	2,284	2,595	2,494	2,317	2,241
Licenses, fees and permits	740	765	525	527	555	1,029	1,009	1,567	1,010	1,171
Intergovernmental	36,016	18,358	21,090	21,128	15,344	13,731	14,128	14,364	20,309	15,329
Contributions	99									
Rental	138	145	202	163	163	156	151	128	150	115
Investment income	1,608	2,120	1,715	936	410	515	843	1,951	1,869	1,407
Fines	41	64	51	52	59	67	57	50	53	46
Charges for services	2,758	2,813	2,797	2,515	2,574	1,626	1,471	1,293	1,276	1,341
Refunds and reimbursements	23	185	14	38	51	30	65	111	215	234
Sale of Town property			32	322	26	212	23	29	64	115
Other	1,432	664	467	320	305	264	226	369	362	177
Total revenues	115,695	94,316	94,232	88,304	77,539	73,116	69,524	69,384	72,658	66,599
Expenditures:										
General government	3,803	3,933	4,489	2,780	2,973	2,921	3,407	2,997	3,157	3,059
Public safety	6,965	6,530	6,295	5,849	5,899	5,837	5,662	5,236	4,992	4,932
Public works	4,669	4,952	4,694	4,463	4,335	3,536	3,394	3,471	3,343	3,252
Community planning and developmen	503	520	466	503	491	494	482	457	412	382
Health and community services	1,149	1,121	1,190	1,157	1,185	1,148	1,179	1,119	1,078	1,264
Library	1,785	1,770	1,713	1,637	1,580	1,511	1,406	1,389	1,315	1,242
Parks and recreation	2,416	2,276	2,187	2,068	2,058	1,969	1,916	1,807	1,727	1,610
Education	76,544	56,817	52,728	49,069	46,755	44,070	41,565	39,044	37,735	35,891
Miscellaneous	8,829	8,634	8,288	7,490	7,278	6,507	5,488	6,322	6,290	4,918
Capital outlay	4,165	2,885	8,527	24,910	2,847	3,282	2,145	5,806	17,650	8,538
Debt service										
Principal	1,939	2,389	2,538	2,260	2,030	1,692	1,798	1,716	1,345	1,028
Interest	865	968	1,067	1,017	769	708	806	884	657	468
Total expenditures	113,632	92,795	94,182	103,203	78,200	73,675	69,248	70,248	79,701	66,584
Excess of Revenue Over (Under) Expenditures	2,063	1,521	50	(14,899)	(661)	(559)	276	(864)	(7,043)	15
Other Financing Sources (Uses):										
Bonds issued				3,700	8,700	4,950			6,000	6,000
Capital lease			975							367
Transfers in	4,206	2,875	3,239	1,647	1,531	2,154	2,427	2,657	2,204	2,931
Transfers out	(4,512)	(3,215)	(3,382)	(1,879)	(1,563)	(1,972)	(2,569)	(2,749)	(2,203)	(3,394)
Total other financing sources (uses)	(306)	(340)	832	3,468	8,668	5,132	(142)	(92)	6,001	5,904
Net Change in Fund Balance	\$ 1,757	\$ 1,181	\$ 882	\$ (11,431)	\$ 8,007	\$ 4,573	\$ 134	\$ (956)	\$ (1,042)	\$ 5,919
Debt Service as a Percentage of Noncapital Expenditures	2.56%	3.73%	4.21%	4.19%	3.71%	3.41%	3.88%	4.03%	3.23%	2.58%

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

Note 2: Data presented for years prior to the implementation of GASB Statement No. 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
2008	\$ 70,359	\$ 724	\$ 15,596	\$ 995	\$ 1,426	\$ 1,035	\$ 94	\$ 90,229
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

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 and 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
2008	\$ 3,282	\$ 6,851	\$ 5,106	\$ 1,151	\$ 3,330	\$ 11,421	\$	\$ 53,540	\$ 4,418	\$ 89,099
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 expenditures, 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							
2008	\$ 1,716,024	\$ 461,306	\$ 91,646	\$ 166,225	\$ 197,879	\$ (42,831)	\$ 2,590,249	26.91	\$ 4,219,375	61.39%
2007 (1)	1,697,198	463,573	91,729	160,198	222,248	(46,376)	2,588,570	25.76	3,714,044	69.70
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

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, 2006			October 1, 1996		
	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	\$ 23,770	1	0.917%	\$ 16,988	1	1.055%
Newington VF, LLC	20,392	2	0.787	7,293	12	0.453
Galileo Turnpike Plaza LLC	19,703	3	0.760	7,972	10	0.495
TLG Newington LLC	18,826	4	0.727	7,569	11	0.470
Target Corporation	11,578	5	0.447			
Lowes Home Centers Inc	10,935	6	0.422			
Furniture Executives No 4 LP	10,729	7	0.414	4,659		0.289
Hayes Kaufmann Associates	9,450	8	0.365	4,931	16	0.306
Hartford Hospital	9,033	9	0.349	1,279		0.079
MTU Aero Engine, Inc	8,234	10	0.318	2,261		0.140
Newington Business Park LLC	7,638	11	0.295	1,712		0.106
Pulte Homes of New England, LLC	7,535	12	0.291			
Ceres Berlin Turnpike LLC	6,925	13	0.267	3,219		0.200
Apple Six Hospitality Ownership Inc	6,702	14	0.259			
Fenn Technologies	6,269	15	0.242	10,904	5	0.677
Total	\$ <u>177,719</u>		<u>6.860%</u>	\$ <u>68,787</u>		<u>4.271%</u>

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
2008	26.91	\$ 69,973	\$ 69,338	99.09	N/A	\$ 69,338	99.09%
2007	25.76	66,004	65,487	99.20	347	65,834	99.74
2006	36.43	64,878	63,970	98.60	617	64,698	99.72
2005	34.24	59,729	59,063	98.89	494	59,566	99.73
2004	32.29	56,122	55,498	98.89	453	55,952	99.70
2003	30.44	53,045	52,420	98.82	208	52,629	99.22
2002	28.58	48,707	48,132	98.82	422	48,555	99.69
2001	27.75	46,895	46,316	98.76	398	46,715	99.62
2000	27.17	44,729	44,088	98.57	481	44,570	99.64
1999	27.17	43,554	43,065	98.88	478	43,544	99.98

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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 as a Percentage of Personal Income	Debt Per Capita
	General Obligation Bonds	Capital Leases				
2008	\$ 18,605	\$ 503	\$ 19,108	0.74%	2.25%	\$ 652
2007	20,355	693	21,048	0.79	2.48	718
2006	22,560	877	23,437	1.32	2.76	800
2005	25,000		25,000	1.43	2.94	853
2004	23,560		23,560	1.36	2.77	804
2003	16,770		16,770	0.97	1.97	572
2002	13,400		13,400	0.79	1.58	457
2001	14,980		14,980	0.89	1.76	511
2000	16,565		16,565	1.02	2.88	565
1999	11,750	367	12,117	0.76	2.11	426

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

JUNE 30, 2008
(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 Overlapping debt	\$ 107,074	8.37 %	\$ <u>8,962</u> 8,962
Town direct debt	\$ 19,108	100.00 %	<u>19,108</u>
Total Direct and Overlapping Debt			\$ <u><u>28,070</u></u>

Source: Metropolitan District Commission

TOWN OF NEWINGTON, CONNECTICUT

STATEMENT OF DEBT LIMITATION

JUNE 30, 2008

(In Thousands)

Total tax collections (including fire district)					\$ 70,142
Property tax relief elderly					<u>21</u>
Base					<u>\$ 70,163</u>
	General Purpose	Schools	Sewers	Urban Renewal	Pension Deficit
Debt Limitation:					
2-1/4 times base	\$ 157,867	\$	\$	\$	\$
4-1/2 times base		315,734			
3-3/4 times base			263,111		
3-1/4 times base				228,030	
3 times base					210,489
Total debt limitation	<u>157,867</u>	<u>315,734</u>	<u>263,111</u>	<u>228,030</u>	<u>210,489</u>
Indebtedness:					
Bonds payable	6,145	12,460			
Town's share of Metropolitan District debt			8,962		
Total indebtedness	<u>6,145</u>	<u>12,460</u>	<u>8,962</u>		
Debt Limitation in Excess of Net Debt	<u>\$ 151,722</u>	<u>\$ 303,274</u>	<u>\$ 254,149</u>	<u>\$ 228,030</u>	<u>\$ 210,489</u>

Note: In no event shall total indebtedness exceed seven times annual receipts from taxation or \$491 million.

TOWN OF NEWINGTON, CONNECTICUT
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
(In Thousands)

	FISCAL YEAR									
	<u>2008</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>
Debt limitation	\$ 491,141	\$ 466,886	\$ 452,970	\$ 420,035	\$ 391,048	\$ 372,715	\$ 342,972	\$ 329,567	\$ 315,168	\$ 310,604
Total net debt applicable to limit	<u>27,567</u>	<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>
Legal Debt Margin	<u>\$ 463,574</u>	<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>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	5.61%	5.71%	6.49%	7.69%	8.79%	7.71%	6.05%	6.07%	6.65%	7.09%

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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>Personal Income(2) (in thousands)</u>	<u>Per Capita Income(1)</u>	<u>Median Age(1)</u>	<u>School Enrollment(3)</u>	<u>Unemployment Rate(4)</u>
2008	29,306	\$ 850	\$ 26,881	42.0	4,569	4.7%
2007	29,306	850	26,881	42.0	4,557	3.9%
2006	29,306	850	26,881	42.0	4,614	4.1%
2005	29,306	850	26,881	42.0	4,616	4.3%
2004	29,306	850	26,881	42.0	4,612	4.4%
2003	29,306	850	26,881	42.0	4,598	4.0%
2002	29,306	850	26,881	42.0	4,456	3.0%
2001	29,306	850	26,881	42.0	4,387	1.9%
2000	28,447	850	19,668	42.0	4,316	2.4%
1999	28,346	850	19,668	39.0	4,180	2.6%

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

(2) Source: Connecticut Economic Resource Center

(3) Source: Town Board of Education

(4) Source: Connecticut Labor Department

TOWN OF NEWINGTON, CONNECTICUT

PRINCIPAL EMPLOYERS

CURRENT YEAR AND NINE YEARS AGO

<u>Employer</u>	<u>Nature of Business</u>	<u>2008 (1)</u>			<u>1998 (2)</u>		
		<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Town Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Town Employment</u>
Connecticut Department of Transportation	Government	1,200	1	7.2%	1,200	1	7.8%
Town of Newington	Government	678	2	4.0%	620	2	4.0%
Data-Mail, Inc.	Direct Mail Service	500	3	3.0%			
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%			
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%			
Price Chopper	Retail Grocers	180	11	1.1%			
Caval Tool Division of MTU Aero Craft	Manufacturer	175	12	1.1%	247	6	1.6%
Wal-Mart	Retail Trade	170	13	1.0%			
Tilcon, Inc.	Manufacturer/Construction	166	14	1.0%	175	10	1.1%
Total		<u>4,804</u>		<u>28.80%</u>	<u>3,313</u>		<u>21.60%</u>

(1) Source: Connecticut Labor Department

(2) 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>2008</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>
General government	46	43	46	47	46	51	49	49	46	48
Police	61	60	57	57	56	57	57	56	56	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	26	29	27	27	27	24	26	26	27	27
Parks and recreation	21	21	21	21	21	21	21	19	19	19
Library	14	14	14	14	14	14	14	14	14	14
Education	<u>508</u>	<u>503</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>
Total	<u>678</u>	<u>672</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>

Source: Annual Town Budgets and Bond Official Statements

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

Function/Program	FISCAL YEAR									
	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
General government:										
Building permits issued	2,008	1,978	2,121	1,895	1,846	1,853	1,899	1,900	1,967	1,871
Value of permits (000's)	58,294	63,901	36,894	41,940	52,996	26,340	26,282	34,102	38,932	45,089
Health:										
Food Inspections	508	299	233	409	429	358	433	425	452	437
Complaint Investigations	324	205	93	204	140	83	116	116	171	171
Police:										
Larcenies	736	618	527	540	515	535	541	519	571	763
Calls for service	27,422	26,177	24,230	24,320	27,401	28,670	29,863	27,539	25,402	25,226
Traffic violations	6,613	3,277	3,151	2,906	3,690	4,302	4,551	3,451	3,351	3,727
Fire:										
Emergency responses	709	832	786	699	711	757	782	835	815	831
Residential responses	212	247	213	207	275	322	232	319	312	317
Inspections	766	801	994	1,195	912	1,423	1,049	913	854	776
Refuse collection:										
Refuse collected (annual tonnage)	10,840	9,550	10,419	10,426	10,006	9,674	9,642	9,715	9,870	10,342
Recyclables collected (annual tonnage)	2,100	2,322	2,332	2,298	2,469	2,332	2,597	2,604	2,633	2,805
Other public works:										
Street Reconstruction (linear feet)	2,600	1,690	2,050	2,605	3,450	3,790	2,275	1,200	2,450	2,240
Street Resurfacing (linear feet)	20,000	10,140	10,770	8,800	11,200	8,160	18,440	17,760	12,320	13,090
Library:										
Total volumes borrowed (000's)	410	428	441	442	447	446	436	444	416	409

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

TOWN OF NEWINGTON, CONNECTICUT
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

	FISCAL YEAR									
	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
<u>Public Safety</u>										
Police stations	1	1	1	1	0	0	0	0	0	0
Fire stations	4	4	4	4	4	4	4	4	4	4
Police vehicles	37	33	34	35	35	37	38	32	34	34
Fire vehicles	20	20	21	20	21	20	20	20	19	17
Fire hydrants										
<u>Public Works</u>										
Miles of town roads	100	100	97	95	95	95	95	95	95	95
Traffic signals	15	15	15	15	15	15	15	15	15	15
Public works vehicles and equipment	55	55	49	51	51	48	42	39	42	36
<u>Parks and Recreation</u>										
Acreage	370	370	370	370	370	370	370	370	370	370
Parks and greens	13	13	13	13	13	13	13	13	13	13
Athletic fields	7	7	7	7	7	7	7	7	7	7
Playgrounds	5	5	5	5	5	5	5	5	5	5
<u>Public Libraries</u>										
Libraries	1	1	1	1	1	1	1	1	1	1
<u>Senior Citizens</u>										
Community center	1	1	1	1	1	1	1	1	1	1
Senior mini-buses	5	5	3	5	5	5	5	4	4	3
<u>Education</u>										
Schools	7	7	7	7	7	7	7	7	7	7

Source(s): Various Town Departments

TOWN OF NEWINGTON, CONNECTICUT

MISCELLANEOUS STATISTICS

JUNE 30, 2008

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):	17,682
Republicans	3,180
Democrats	7,564
Other Parties	
Unaffiliated	6,938

TAX STRUCTURE - 2007-08

10/1/06 Net Grand List	\$2,591,151,718
10/1/06 Net Supplemental List	\$24,301,780
Mill Rate	26.91
Assessment Ratio	70%
Last Revaluation	10/1/2005

EDUCATION

Total Classroom Teachers	278
Public School Enrollment (10/07)	4569
Teacher/Pupil ratio	1 per 17
2007-08 Appropriation per Pupil	\$11,723

PUBLIC SAFETY - POLICE

# of Police Stations	1
# of Police Districts	5
# of Police Officers:	
Police Chief	1
Dispatchers	7
Police Officers	47
Canine Officer	1
# of Vehicles	37

Elementary Schools (PK-4)	4
Students (10/07)	1586
Middle Schools (5-8):	2
Students (10/07)	1424
High School (9-12):	1
Students (10/07)	1559

PUBLIC SAFETY - FIRE PROTECTION

# of Fire Companies	4
# of Volunteer Firefighters	120
# of Vehicles	18

PUBLIC SAFETY - EMERGENCY

MEDICAL SERVICES

# of Volunteers (average)	48
# of Ambulances	5

FULL-TIME EMPLOYEES (2007-08)

Town General Government		170
Board of Education (Full-Time Equivalents):		
Classroom Teachers	278	
Other Professional Staff	96	
Administration	19	
Classified Personnel (clerical, custodial, transportation)	<u>115</u>	<u>508</u>
Total		<u>678</u>