



## 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.

Management's discussion and analysis on pages A-3 through A-12 and budgetary comparison information on pages A-46 through A-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.

*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)**

	<b>Governmental Activities</b>	
	<b>2008</b>	<b>2007</b>
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)**

	<b>Governmental Activities</b>	
	<b>2008</b>	<b>2007</b>
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)**

	<b>Governmental Activities</b>	
	<b>2008</b>	<b>2007</b>
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)**

	<b>Governmental Activities</b>	
	<b>2008</b>	<b>2007</b>
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.

## 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		Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions		
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>

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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>
<b>ASSETS</b>					
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>
<b>LIABILITIES AND FUND BALANCES</b>					
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>
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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)**

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

The accompanying notes are an integral part of the financial statements

## TOWN OF NEWINGTON, CONNECTICUT

STATEMENT OF REVENUES, EXPENSES AND CHANGES  
IN FUND NET ASSETS - PROPRIETARY FUNDSFOR THE YEAR ENDED JUNE 30, 2008  
(In Thousands)

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

The accompanying notes are an integral part of the financial statements

**TOWN OF NEWINGTON, CONNECTICUT**

**STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS**

**FOR THE YEAR ENDED JUNE 30, 2008**

**(In Thousands)**

	<u><b>Governmental Activities</b></u> <u><b>Internal Service Funds</b></u>
Cash Flows from Operating Activities:	
Cash received from charges for services and other	\$ 9,460
Cash paid to vendors	(8,757)
Net cash provided by operating activities	<u>703</u>
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)**

	<b>Pension Trust Funds</b>	<b>Agency Funds</b>
	<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

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(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>52,626</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:

<b><u>Fiscal Year Ending June 30,</u></b>	
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:

	<b><u>Beginning Balance</u></b>	<b><u>Additions</u></b>	<b><u>Reductions</u></b>	<b><u>Ending Balance</u></b>	<b><u>Due Within One Year</u></b>
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:

Description	Date of Issue	Amount of Interest Rate (%)	Balance Original Issue	Outstanding June 30, 2008
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><u>18,605</u></u>

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

Fiscal Year Ending June 30,	Principal	Interest	Total
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><u>18,605</u></u>	\$ <u><u>5,291</u></u>	\$ <u><u>23,896</u></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:

Category	Debt Limit	Net Indebtedness	Balance
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</u> <u>July 1,</u>		<u>Current Year</u> <u>Claims and</u> <u>Changes in Estimates</u>		<u>Claim</u> <u>Payments</u>		<u>Liability</u> <u>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>\$</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**

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

	<b>Schedule of Plan Net Assets</b>					
	<b>Police Officers' Plan</b>	<b>Municipal Employees' Plan</b>	<b>Administrative Employees' Plan</b>	<b>Volunteer Firefighters' Plans</b>		<b>Total</b>
				<b>Defined Benefit</b>	<b>Defined Contribution</b>	
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 Defined Benefit</u>	<u>Firefighters' Plans 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		12	3		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>

## 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)

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
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	109
	<u>19,987</u>

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