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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, 2010, 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. 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, 2010 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-48 through A-53 are not required parts of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

Blum, Shapiro & Company, P.C.

December 15, 2010

TOWN OF NEWINGTON, CONNECTICUT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2010

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, 2010. 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 \$10.35 million, or 12.7 percent.
- Total cost of all of the Town's programs was \$101.9 million with no new programs added this year.
- During the year, the Town had expenses that were \$3.8 million less than the \$108.4 million generated in tax and other revenues for governmental programs.
- The resources available for appropriation were \$1.7 million more than budgeted for the General Fund. Expenditures were \$1.4 million less than appropriations.
- The General Fund reported a fund balance this year of \$17.6 million. On a budgetary basis, \$16 million represents the Town's unreserved fund balance; of this, \$2 million is designated for 2010-11 budget.
- The tax collection rate was 99%, a slight increase of .2% from 2009.
- The Town of Newington's outstanding bonded debt at June 30, 2010 was \$15.1 million, a decrease of \$1.8 million or 10%, from the prior year. The Town refinanced \$3.6 million in bonds by issuing \$3.64 million in Refunding bonds at lower interest rates. No bonds were authorized at referendum during the year.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

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

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

Fund Financial Statements

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The Town's combined net assets increased from \$81.8 million to \$92.2 million. The analysis below focuses on the net assets (Table 1).

TABLE 1
NET ASSETS
(In Thousands)

	Governmental Activities	
	2010	2009
Current and other assets	\$ 45,306	\$ 42,828
Capital assets	77,994	73,554
Total assets	<u>123,300</u>	<u>116,382</u>
Long-term debt outstanding	20,947	21,809
Other liabilities	10,180	12,751
Total liabilities	<u>31,127</u>	<u>34,560</u>
Net Assets:		
Invested in capital assets, net of debt	62,260	56,392
Restricted	673	612
Unrestricted	<u>29,240</u>	<u>24,818</u>
Total Net Assets	<u>\$ 92,173</u>	<u>\$ 81,822</u>

Net assets of the Town's governmental activities increased by \$10.35 million or 12.7% (\$92.2 million compared to \$81.8 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 \$24.8 million at June 30, 2009 to \$29.2 million at the end of this year. The largest portion of the Town's net assets \$62.3 million or 68% 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 \$10.35 million. Approximately 67% of the revenues were derived from property taxes, followed by 21% from operating grants, 8% from both charges for services and capital grants and contributions. The remaining 4% of revenues were derived from other grants that were not restricted for specific purposes and other revenue. Key elements of the increase are as follows:

- Property taxes increased by \$3.1 million or 4.3% during the year. Most of the increase is to support the program expenses of the Town.
- Capital grants and contributions significantly increased by \$3.7 million due to recognizing intangible assets and the value of land associated with a former foundry.
- Education expenses and operating grants increased due significantly due to additional federal funding from the American Recovery and Reinvestment Act (ARRA) and Individuals with Disabilities Education Act (IDEA).
- The total cost of all programs and services was \$102 million.

**TABLE 2
CHANGE IN NET ASSETS
(In Thousands)**

	Governmental Activities	
	2010	2009
Revenues:		
Program revenues:		
Charges for services	\$ 3,192	\$ 3,308
Operating grants and contributions	23,262	20,574
Capital grants and contributions	5,874	2,210
General revenues:		
Property taxes	75,542	72,453
Grants and contributions not restricted to specific purposes	3,393	3,411
Unrestricted investment earnings	203	642
Other general revenues	773	439
Total revenues	<u>112,239</u>	<u>103,037</u>
Program expenses:		
General government	5,609	7,931
Public safety	10,600	11,323
Public works	9,585	9,109
Community planning and development	780	697
Health and community services	1,498	1,416
Library	2,104	2,016
Parks and recreation	2,941	2,716
Education	68,084	65,598
Interest on long-term debt	687	780
Total program expenses	<u>101,888</u>	<u>101,586</u>
Increase in Net Assets	<u>\$ 10,351</u>	<u>\$ 1,451</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, decreased by \$5.9 million (\$69.6 million compared to \$75.5 million). The reason for the decrease is as follows:

- The results of the Health Benefits Fund are incorporated into governmental activities. Significant fluctuations from the previous year of \$1.8 million (\$1.3 million loss compared to \$.5 million gain) created a decrease in the cost for General government programs.
- By recognizing intangible assets and the value of land associated with obtaining ownership of a former foundry, capital grants and contributions increased significantly thereby further reducing the cost of General Government by \$3.5 million.
- The total cost of Education 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. The considerable increase in federal aid for education absorbed the rising costs.

TABLE 3
Governmental Activities
(In Thousands)

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
General government	\$ 5,609	\$ 7,931	\$ 1,389	\$ 7,192
Public safety	10,600	11,323	10,256	11,040
Public works	9,585	9,109	8,425	8,615
Education	68,084	65,598	43,732	43,035
Parks, recreation and facilities	2,941	2,716	1,409	1,503
All others	5,069	4,909	4,349	4,109
Totals	<u>\$ 101,888</u>	<u>\$ 101,586</u>	<u>\$ 69,560</u>	<u>\$ 75,494</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 \$28.2 million, which is an increase from last year's total of \$24.4 million. This increase is primarily due to an increase in the General Fund from \$16.7 million to \$17.6 million or an increase of \$.9 million. Approximately 91 percent of the fund balance amount or \$15.9 million constitutes unreserved fund balance which is available for unforeseen contingencies and to offset future budgets over the long term. The balance of \$1.7 million is primarily reserved because it has been committed to liquidate purchase orders. The Town had positive fund balances in all categories of net assets both for the governmental as a whole as well as for its separate governmental activities.

Included in this year's total change in fund balance is an increase of \$1 million 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) an increase of \$1 million in Capital Projects funds from excess revenues over expenditures and 2) in the Other Governmental funds an increase of \$1.7 million is primarily due to an increase in federal education grants and state economic development grants which will be spent in the upcoming fiscal year. Expenditures totaled \$6.6 million against revenue and other financing sources of \$8.3 million.

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 \$1.3 million from the prior year. This increase is due to the performance of the Health Benefits Fund which had an increase in charges for services (revenue) of \$.8 million over benefit payments (expenses). The increase in revenue was based on projected claims. The Insurance Reserve Fund is to pay for losses incurred through insurance deductibles and uninsured property and casualty losses. The ordinance establishing the fund and the maximum fund balance was updated to recognize the Town's change in the funding level to be based on an actuarial-based level. The fund balance cap of \$225 thousand was increased to maintain a reserve level of 5% above this obligation. With the elimination of the cap, the fund retained the excess of revenue from return premiums over claims (expenses) of \$.5 million.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Town's 2009-10 original budget of \$94.7 million was not increased during the year. Appropriations were successfully controlled resulting in actual final expenditure (including encumbrances) of \$93.3 million leaving unexpended departmental appropriations totaling \$1.4 million at June 30, 2010. This year-end balance was a result of curtailing most non-mandated costs from a multitude of departments coupled with a savings in the contingency account. There were personnel savings in the Town Manager's Office, Information Systems & Technology, Planning & Development and Police departments. The cost of solid waste services were less than anticipated due to a reduction in the tip fee assessed by the Town's trash authority. Favorable weather conditions attributed to a surplus in the Public Works division. Additionally, energy and fuel costs did not rise as anticipated. Education, which is the largest category of spending for the Town comprising approximately 60 percent of the total, had \$31 thousand remaining at year-end.

On the revenue side, final actual revenues exceeded the original budget by \$1.7 million. This year-end balance was primarily due to a higher collection rate than anticipated on the current levy of property taxes. The Town also benefitted from taxes on supplementary real estate and effective enforcement on prior year taxes and delinquent interest.

The Town's General Fund balance of \$17.6 million reported on Exhibit III differs from the General Fund's budgetary fund balance of \$15.9 million reported in the budgetary comparison in the required supplementary information. This is principally because the budgetary fund balance includes \$1.7 million of outstanding encumbrances at year end of which are primarily attributable to the Board of Education. Encumbrances are reported as expenditures for budgetary purposes.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2010, the Town had \$78 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 \$4.440 million or 6.0%, over last year.

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

	Governmental Activities	
	2010	2009
Land	\$ 3,479	\$ 2,679
Intangible assets	2,770	
Buildings and improvements	38,190	39,424
Equipment	8,379	8,620
Infrastructure	22,215	22,075
Construction in progress	2,961	756
Total	<u>\$ 77,994</u>	<u>\$ 73,554</u>

This year's major additions included (thousands):

Land - Additions of \$800 were due to the takeover of the National Welding Property at 690 Cedar Street.

Intangible Assets - Additions in the amount of \$2,770 were due to the recognition of the Eddy Farm Easement.

Buildings - Additions in the amount \$297 were due to Police Weapon Firing House, Carpeting at Senior & Disabled Center, entrance doors at Town Hall and renovations at the Parks Garage as well as the historic properties. Improvements to Newington High School included installation of air conditioning, renovations to the Science Lab, Code Compliance and installation of a new gymnasium floor.

Land Improvements - Additions in the amount of \$2 were due to the addition of an irrigation well at Young Farm. A transfer of \$40 was made out of Land Improvements into Buildings for Carpeting at Senior & Disabled Center, which was classified incorrectly in a prior year.

Furniture, Fixtures and Equipment - was added in the amount of \$1,056. General Government increased by \$90 for the purchase of a regional online permitting system, network and web software and computer equipment. Public Safety increased by \$212 for the purchase of six vehicles, a License Plate Reader and two cameras, and a Rescue Cutter. Public works increased by \$242 due to the purchase of three trucks and four salt spreader controls. Parks and Recreation increased by \$62 for the purchase of

one tractor and playground equipment. Board of Education increased by \$434 for school busses, standby generator, kitchen equipment for various schools, intercom system for Martin Kellogg School and autoclave, portable pool lift and pool scoreboard for Newington High School. Miscellaneous increased by \$17 for the purchase of equipment for NCTV.

Infrastructure - Additions in the amount \$780 were due to overlay of Kelsey/Church Streets and drainage improvements for Garfield Bridge and Mountain View Drive.

Construction in Progress - Additions in the amount of \$2,205 were due to major renovations at Town Hall and improvements to Constitution Square Municipal Parking Lot.

Total Net Additions \$ 7,870

The Town’s fiscal-year 2010-11 budget calls for it to spend \$5.0 million for capital projects, of which \$400 thousand is financed from the State and the balance from local funds. It is primarily to finance Newington High School code compliance, major equipment replacement, road reconstruction and resurfacing, improvements to Fenn Road, Newington High School gym floor replacement, Senior & Disabled HVAC replacement, lease payment for Single Stream Recycling containers, Constitution Square Downtown Development, Market Square Development, John Wallace Middle School roof replacement and Clem Lemire Synthetic Athletic Field.

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

Long-Term Debt

At June 30, 2010, the Town had \$15.145 million in bonds outstanding versus \$16.855 million last year - a decrease of 10% - as shown in Table 5.

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

	Governmental Activities	
	<u>2010</u>	<u>2009</u>
General obligation bonds (backed by the Town)	\$ <u>15,145</u>	\$ <u>16,855</u>

- The decrease in the Town’s indebtedness is due to the Town refinancing \$3.6 million in bonds by issuing \$3.64 million in Refunding bonds at lower interest rates. In addition, the Town made principal payments during the year totaling \$1.75 million. The Town had no bonds authorized but unissued at June 30, 2010.
- As part of its bond issue in April 2010, the Town’s credit rating of AA by Standard & Poor’s was reaffirmed. During a global recalibration of ratings, Moody’s Investor Services increased the Town’s rating to Aa2.

- 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 \$528 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 2009-10 budget through prudent, conservative fiscal management. This is evidenced from the fact that the final actual expenditures are \$1.4 million under the original budget while the revenue side generated an additional \$1.7 million beyond the original estimates.

The significant challenges in the development of the 2010-11 Town budget were: 1) the economic conditions in the region and nationally; 2) fixed costs to meet the high level of service to which Town residents are accustomed; and 3) the ability of citizens to absorb any increases in taxes or other fees creating a clear directive by the electorate to limit a tax increase to three percent (3%). The Town's adopted fiscal year 2010-2011 General Fund appropriations totaled \$97.1 million, an increase of 2.5% over the final 2010 budget of \$94.7 million. The most significant factors driving the overall budget increase include education and pension contributions. These increases were offset by a wage freeze for IBPO personnel, attrition and a decrease in the Town's interest portion of the debt service due to refunding the Town's debt.

On the revenue side, the October 1, 2009 taxable list increased slightly by .85% from the 2008 Grand List. While the personal property and motor vehicle components remained relatively flat, the real estate component increased by .8%. This increase was due in large part to the completion of the retail warehouse, Sam's Club, and the development of Woodlands and Newington Ridge, two separate townhouse communities. Estimated State Aid to the Town, which comprises approximately 18% of total revenues, decreased by \$294 thousand. The economy affected other revenue sources such as building permits, real estate conveyance fees and interest income which were expected to decrease by \$95 thousand.

With regard to the unreserved, undesignated General Fund balance, after the designation of \$2 million to assist in financing the 2010-11 budget, on a budgetary basis, the unreserved, undesignated balance at June 30, 2010 is increased by \$1.2 million to a level of \$13.9 million or 14% of the fiscal year 2010-11 budget. This increase is due to additional revenue in 2010 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 2.75% 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 the effects of the national and state 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 September 2010 was at a level of 218. The Northeast Region of the United States was at a level of 234 at the same time. As of September 2010, the unemployment rate for Newington was 7.9%, up from 7.3% in the prior year and compares favorably to the State's unemployment rate of 8.8% during the same period. Building permit activity has declined with the value of permits in September of 2010 equal to \$3.5 million compared to \$5.5 million a year ago. On a positive note, Newington housing values increased by 1% from September 2009 to September 2010.

While the national economy slowly recovers and State of Connecticut budget continues to be in a deficit situation, the Town of Newington is well 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, 2010

(In Thousands)

	<u>Governmental Activities</u>
Assets:	
Cash and cash equivalents	\$ 40,480
Investments	1,402
Receivables, net	3,200
Inventory	30
Net pension asset	194
Capital assets not being depreciated	9,210
Capital assets being depreciated, net	68,784
Total assets	<u>123,300</u>
Liabilities:	
Accounts and other payables	6,227
Accrued interest payable	59
Unearned revenue	3,894
Noncurrent liabilities:	
Due within one year	2,836
Due in more than one year	18,111
Total liabilities	<u>31,127</u>
Net Assets:	
Invested in capital assets, net of related debt	62,260
Restricted for:	
Trust purposes:	
Expendable	636
Nonexpendable	37
Unrestricted	<u>29,240</u>
Total Net Assets	<u>\$ 92,173</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, 2010

(In Thousands)

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental activities:					
General government	\$ 5,609	\$ 703	\$	\$ 3,517	\$ (1,389)
Public safety	10,600	82	260	2	(10,256)
Public works	9,585	45	248	867	(8,425)
Community planning and development	780	309	21	146	(304)
Health and community services	1,498	69	71		(1,358)
Library	2,104	29	75		(2,000)
Parks and recreation	2,941	903	31	598	(1,409)
Education	68,084	1,052	22,556	744	(43,732)
Interest on long-term debt	687				(687)
Total	<u>\$ 101,888</u>	<u>\$ 3,192</u>	<u>\$ 23,262</u>	<u>\$ 5,874</u>	<u>(69,560)</u>
General revenues:					
Property taxes					75,542
Grants and contributions not restricted to specific programs					3,393
Unrestricted investment earnings					203
Miscellaneous					773
Total general revenues					<u>79,911</u>
Change in net assets					10,351
Net Assets at Beginning of Year					<u>81,822</u>
Net Assets at End of Year					<u>\$ 92,173</u>

The accompanying notes are an integral part of the financial statements

TOWN OF NEWINGTON, CONNECTICUT

BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2010

(In Thousands)

	<u>General</u>	<u>Capital Projects</u>	<u>Small Cities</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and cash equivalents	\$ 25,277	\$ 4,651	\$ 53	\$ 5,035	\$ 35,016
Investments				1,402	1,402
Receivables, net	1,160		881	749	2,790
Due from other funds	56				56
Inventories				30	30
Total Assets	<u>\$ 26,493</u>	<u>\$ 4,651</u>	<u>\$ 934</u>	<u>\$ 7,216</u>	<u>\$ 39,294</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts and other payables	\$ 4,578	\$ 156	\$ 2	\$ 720	\$ 5,456
Due to other funds				56	56
Deferred revenue	4,272		881	470	5,623
Total liabilities	<u>8,850</u>	<u>156</u>	<u>883</u>	<u>1,246</u>	<u>11,135</u>
Fund balances:					
Reserved:					
Encumbrances	1,745	957		124	2,826
Inventory				30	30
Endowments				37	37
Unreserved, reported in:					
General Fund	15,898				15,898
Special Revenue Funds			51	5,779	5,830
Capital Project Funds		3,538			3,538
Total fund balances	<u>17,643</u>	<u>4,495</u>	<u>51</u>	<u>5,970</u>	<u>28,159</u>
Total Liabilities and Fund Balances	<u>\$ 26,493</u>	<u>\$ 4,651</u>	<u>\$ 934</u>	<u>\$ 7,216</u>	<u>\$ 39,294</u>

(Continued on next page)

TOWN OF NEWINGTON, CONNECTICUT

BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)

JUNE 30, 2010

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	\$ 28,159
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:

Governmental capital assets	\$ 137,917	
Less accumulated depreciation	<u>(59,923)</u>	
Net capital assets		77,994

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	881
Property tax receivables greater than 60 days	848
Interest receivable on property taxes	410

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.

4,693

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	(15,145)
Deferred amount in refunding	40
Interest payable on bonds	(59)
Net OPEB obligation	(2,104)
Compensated absences	(3,109)
Capital lease	<u>(629)</u>

Net Assets of Governmental Activities (Exhibit I)	<u>\$ 92,173</u>
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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, 2010
(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	\$ 75,594	\$	\$	\$	\$ 75,594
Payment in lieu of taxes	3,050				3,050
Licenses, fees and permits	300			16	316
Intergovernmental	19,882	7	21	5,850	25,760
Contributions				209	209
Rental	130	33			163
Income on investments	172	1		18	191
Fines	64				64
Charges for services	605	84		1,956	2,645
Other	51	12	78	244	385
Total revenues	<u>99,848</u>	<u>137</u>	<u>99</u>	<u>8,293</u>	<u>108,377</u>
Expenditures:					
Current:					
General government	3,823		85	352	4,260
Public safety	7,054			243	7,297
Public works	4,532			3	4,535
Community planning and development	479				479
Health and human services	1,117				1,117
Library	1,646			60	1,706
Parks and recreation	1,429			792	2,221
Education	63,212			3,434	66,646
Miscellaneous	8,928				8,928
Capital outlay		3,232		1,748	4,980
Debt service	2,523	212			2,735
Total expenditures	<u>94,743</u>	<u>3,444</u>	<u>85</u>	<u>6,632</u>	<u>104,904</u>
Excess (Deficiency) of Revenues over Expenditures	<u>5,105</u>	<u>(3,307)</u>	<u>14</u>	<u>1,661</u>	<u>3,473</u>
Other Financing Sources (Uses):					
Transfers in	99	3,846		184	4,129
Transfers out	(4,321)			(99)	(4,420)
Capital lease issued		525			525
Bond refunding issued	3,640				3,640
Payment to escrow agent	(3,571)				(3,571)
Total other financing sources (uses)	<u>(4,153)</u>	<u>4,371</u>	<u>-</u>	<u>85</u>	<u>303</u>
Net Change in Fund Balances	952	1,064	14	1,746	3,776
Fund Balances at Beginning of Year	<u>16,691</u>	<u>3,431</u>	<u>37</u>	<u>4,224</u>	<u>24,383</u>
Fund Balances at End of Year	<u>\$ 17,643</u>	<u>\$ 4,495</u>	<u>\$ 51</u>	<u>\$ 5,970</u>	<u>\$ 28,159</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, 2010

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)	\$	3,776
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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	7,870
Depreciation expense	(3,430)

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	(5)
Property tax receivable - accrual basis change	(47)
Housing loan receivable - accrual basis change	(25)

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:

Issuance of refunding bonds	(3,640)
Payment to bond escrow agent	3,571
Issuance of capital leases	(525)
Bond principal payments	1,750
Capital lease payments	203

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	457
Accrued interest	26
Net OPEB expense	(1,023)
Refunding bond issuance cost	69

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>1,324</u>

Change in Net Assets of Governmental Activities (Exhibit II)

<u>\$ 10,351</u>

The accompanying notes are an integral part of the financial statements

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

JUNE 30, 2010
(In Thousands)

	Governmental Activities <hr/> Internal Service Funds <hr/>
Assets:	
Cash and cash equivalents	\$ <u>5,464</u>
Liabilities:	
Accounts and other payables	<u>771</u>
Net Assets:	
Unrestricted	\$ <u><u>4,693</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, 2010
(In Thousands)

	Governmental Activities
	Internal Service Funds
Operating Revenues:	
Charges for services	\$ 10,952
Miscellaneous	422
Total operating revenues	<u>11,374</u>
Operating Expenses:	
Benefit payments	9,128
Administration	452
Insurance	534
Casualty loss	238
Total operating expenses	<u>10,352</u>
Operating Income	1,022
Nonoperating Revenue:	
Interest on investments	<u>11</u>
Income before Transfers	1,033
Transfers In	<u>291</u>
Change in Net Assets	1,324
Net Assets at Beginning of Year	<u>3,369</u>
Net Assets at End of Year	<u>\$ 4,693</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, 2010

(In Thousands)

	<u>Governmental Activities Internal Service Funds</u>
Cash Flows from Operating Activities:	
Cash received from charges for services and other	\$ 11,374
Cash paid to vendors	<u>(10,471)</u>
Net cash provided by operating activities	903
Cash Flows from Noncapital Financial Activities:	
Transfers in	291
Cash Flows from Investing Activities:	
Interest on investments	<u>11</u>
Net Increase in Cash and Cash Equivalents	1,205
Cash and Cash Equivalents at Beginning of Year	<u>4,259</u>
Cash and Cash Equivalents at End of Year	<u><u>\$ 5,464</u></u>
Reconciliation of Operating Income to Net	
Cash Provided by Operating Activities:	
Operating income	\$ 1,022
Adjustments to reconcile operating income to net cash provided by operating activities:	
Increase in accounts and other payables	<u>(119)</u>
Net Cash Provided by Operating Activities	<u><u>\$ 903</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, 2010
(In Thousands)

	Pension Trust Funds	Agency Funds
	<u> </u>	<u> </u>
Assets:		
Cash and cash equivalents	\$ 1,554	\$ 469
Investments - mutual funds	<u>43,871</u>	<u> </u>
Total Assets	45,425	<u><u>\$ 469</u></u>
Liabilities:		
Accounts payable	<u>447</u>	<u><u>\$ 469</u></u>
Net Assets:		
Held in Trust for Pension Benefits	<u><u>\$ 44,978</u></u>	

The accompanying notes are an integral part of the financial statements

TOWN OF NEWINGTON, CONNECTICUT

STATEMENT OF CHANGES IN PLAN NET ASSETS - FIDUCIARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2010

(In Thousands)

	<u>Pension Trust Funds</u>
Additions:	
Contributions:	
Employer	\$ 2,826
Plan members	814
Total contributions	<u>3,640</u>
Investment income:	
Net appreciation in fair value of investments	4,700
Interest and dividends	34
Total investment income	<u>4,734</u>
Less investment expense	<u>309</u>
Net investment income	<u>4,425</u>
Total income	<u>8,065</u>
Deductions:	
Benefits	5,382
Administration	84
Total deductions	<u>5,466</u>
Net Increase	2,599
Net Assets Held in Trust for Pension Benefits at Beginning of Year	<u>42,379</u>
Net Assets Held in Trust for Pension Benefits at End of Year	<u>\$ 44,978</u>

The accompanying notes are an integral part of the financial statements

TOWN OF NEWINGTON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS

(In Thousands)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

B. Government-Wide and Fund Financial Statements

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

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

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

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 \$94 is equal to 8.2% of outstanding property taxes at June 30, 2010.

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 eligible 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 2009-10.

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 do 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.

Deposits

Deposit Custodial Credit Risk - Custodial credit risk is the risk that, in the event of a bank failure, the Town's deposit will not be returned. The Town does not have a deposit policy for custodial credit risk. The deposit of public funds is controlled by the Connecticut General Statutes. Deposits may be placed with any qualified public depository that has its main place of business in the State of Connecticut. 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.

Based on the criteria described in GASB Statement No. 40, *Deposits and Investment Risk Disclosures*, \$26,522 of the Town's bank balance of \$27,553 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$	23,808
Uninsured and collateral held by the pledging bank's trust department, not in the Town's name		<u>2,714</u>
Total Amount Subject to Custodial Credit Risk	\$	<u><u>26,522</u></u>

Cash Equivalents

At June 30, 2010, the Town's cash equivalents amounted to \$17,396. 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. The pools all have maturities of less than one year.

	<u>Standard and Poor's</u>
State Short-Term Investment Fund (STIF)	AAAm
Cutwater Asset Management. - Cooperative Liquid Assets Securities System (CLASS)	AAAm

Investments

As of June 30, 2010, the Town had the following investments:

<u>Investment Type</u>	<u>Credit Rating</u>	<u>Fair Value</u>	<u>Investment Maturities (Years)</u>		
			<u>Less Than 1</u>	<u>1 - 10</u>	<u>More Than 10</u>
Interest-bearing investments:					
Certificates of deposit	*	\$ <u>1,402</u>	\$ _____	\$ <u>1,402</u>	\$ _____
Total		1,402	<u>\$ -</u>	<u>\$ 1,402</u>	<u>\$ -</u>
Other investments:					
Pooled open-end mutual funds		<u>43,871</u>			
Total Investments		\$ <u><u>45,273</u></u>			

*Subject to coverage by Federal Depository Insurance and collateralization.

Interest Rate Risk - The Town limits their maximum final stated maturities to fifteen years, unless specific authority is given to exceed. To the extent possible, the Town will attempt to match its investments with anticipated cash flow requirements.

Credit Risk - Investments - As indicated above, State Statutes limit the investment options of cities and towns. The Town has an investment policy that allows the same type of investments as State Statutes.

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. The Town does not have a policy for custodial credit risk. At June 30, 2010, 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	\$ 1,153	\$	\$	\$ 1,153
Accounts	101		15	116
Housing loans		881		881
Intergovernmental			734	734
Gross receivables	<u>1,254</u>	<u>881</u>	<u>749</u>	<u>2,884</u>
Less allowance for uncollectibles	<u>94</u>			<u>94</u>
Net Total Receivables	<u>\$ 1,160</u>	<u>\$ 881</u>	<u>\$ 749</u>	<u>\$ 2,790</u>

Note: Does not include accrued interest on property taxes of \$410.

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	\$ 848	\$
Taxes collected in advance		3,424
Grant drawdowns prior to meeting all eligibility requirements		51
Housing loans	881	
Program fees collected in advance		419
	<u> </u>	<u> </u>
Total Deferred/Unearned Revenue for Governmental Funds	<u>\$ 1,729</u>	<u>\$ 3,894</u>

5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2010 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases and Adjustments</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 2,679	\$ 800	\$	\$ 3,479
Construction in progress	756	2,205		2,961
Intangible assets		2,770		2,770
Total capital assets not being depreciated	<u>3,435</u>	<u>5,775</u>	<u>-</u>	<u>9,210</u>
Capital assets being depreciated:				
Buildings	58,923	297		59,220
Improvements other than buildings	3,828		(38)	3,790
Furniture, fixtures and equipment	18,536	1,056	(22)	19,570
Infrastructure	45,347	780		46,127
Total capital assets being depreciated	<u>126,634</u>	<u>2,133</u>	<u>(60)</u>	<u>128,707</u>
Less accumulated depreciation for:				
Buildings	(21,792)	(1,325)		(23,117)
Improvements other than buildings	(1,535)	(168)		(1,703)
Furniture, fixtures and equipment	(9,916)	(1,297)	22	(11,191)
Infrastructure	(23,272)	(640)		(23,912)
Total accumulated depreciation	<u>(56,515)</u>	<u>(3,430)</u>	<u>22</u>	<u>(59,923)</u>
Total capital assets being depreciated, net	<u>70,119</u>	<u>(1,297)</u>	<u>(38)</u>	<u>68,784</u>
Governmental Activities Capital Assets, Net	<u>\$ 73,554</u>	<u>\$ 4,478</u>	<u>\$ (38)</u>	<u>\$ 77,994</u>

Depreciation expense was charged to functions/programs as follows:

Governmental activities:		
General government	\$	207
Public safety		666
Public works		825
Community planning and development		131
Library		55
Parks and recreation		155
Education		<u>1,391</u>
Total Depreciation Expense - Governmental Activities	\$	<u><u>3,430</u></u>

Construction Commitments

The Town has 36 active construction projects as of June 30, 2010. The projects include major school project authorizations. At year end the Town's commitments with contractors are as follows:

	<u>Spent-to-Date</u>	<u>Remaining Commitment</u>
Public building projects	\$ 26,750	\$ 108
School capital improvements	1,110	268
Capital and nonrecurring	9,505	2,390
DECD municipal parking lot	992	8
Cemetery	<u>495</u>	<u>30</u>
Total	<u><u>\$ 38,852</u></u>	<u><u>\$ 2,804</u></u>

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

6. INTERFUND ACCOUNTS

During the course of operations, transactions are processed through the General Fund on behalf of other funds. A summary of General Fund interfund balances as of June 30, 2010 is presented below:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Nonmajor Governmental Funds	\$ 56

All interfund receivables and payables represent routine recurring transactions that are temporary in nature.

Interfund transfers:

	Transfer In		
	General	Nonmajor Governmental	Total
Transfers out:			
General Fund	\$	\$ 99	\$ 99
Capital Projects	3,846		3,846
Nonmajor Governmental	184		184
Internal Service Funds	291		291
Total Transfers Out	<u>\$ 4,321</u>	<u>\$ 99</u>	<u>\$ 4,420</u>

Transfers are for regularly recurring operational transfers.

7. LEASES

Capital Leases

The Town entered into lease agreements for financing the acquisition of fire apparatus and for the recycling containers. 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, 2010:

<u>Fiscal Year Ending June 30</u>	
2011	\$ 218
2012	112
2013	112
2014	112
2015	<u>111</u>
Total future minimum lease payments	665
Interest on future lease payments	<u>36</u>
Principal Balance of Future Minimum Payments	<u>\$ 629</u>

The initial value of apparatus and recycling containers acquired amounted to \$975 and \$525, respectively. The net book value of the assets approximate the principal balance of the lease at June 30, 2010.

8. LONG-TERM DEBT

Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2010 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:					
Bonds payable:					
General obligation bonds	\$ 16,855	\$ 3,640	\$ 5,350	\$ 15,145	\$ 1,630
Deferred amount in refunding		(40)		(40)	
Total bonds payable	<u>16,855</u>	<u>3,600</u>	<u>5,350</u>	<u>15,105</u>	<u>1,630</u>
Compensated absences	3,566	1,117	1,574	3,109	1,000
Net OPEB Obligation	1,081	2,601	1,578	2,104	
Capital leases	<u>307</u>	<u>525</u>	<u>203</u>	<u>629</u>	<u>206</u>
Total Governmental Activity Long-Term Liabilities	<u>\$ 21,809</u>	<u>\$ 7,843</u>	<u>\$ 8,705</u>	<u>\$ 20,947</u>	<u>\$ 2,836</u>

A schedule of bonds and serial notes outstanding at June 30, 2010 is presented below:

<u>Description</u>	<u>Date of Issue</u>	<u>Amount of Interest Rate (%)</u>	<u>Balance Original Issue</u>	<u>Outstanding June 30, 2010</u>
General purpose bonds:				
Police station	06/05	4.25-5.0	3,700	\$ 2,775
Police station	05/04	3.2-4.6	3,750	2,625
School:				
School Improvements	04/10	1.5-4.0	3,640	3,640
School improvements	05/04	3.2-4.6	4,950	3,465
School improvements	06/03	2.0-5.0	4,950	<u>2,640</u>
Total				<u>\$ 15,145</u>

The following is a schedule of bond maturities as of June 30, 2010:

<u>Fiscal Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 1,630	\$ 532	\$ 2,162
2012	1,825	487	2,312
2013	1,800	436	2,236
2014	1,780	385	2,165
2015	1,355	332	1,687
2016-2020	4,090	1,055	5,145
2021-2025	<u>2,665</u>	<u>317</u>	<u>2,982</u>
Total	<u>\$ 15,145</u>	<u>\$ 3,544</u>	<u>\$ 18,689</u>

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

<u>Category</u>	<u>Debt Limit</u>	<u>Net Indebtedness</u>	<u>Balance</u>
General purpose	\$ 169,709	\$ 5,400	\$ 164,309
Schools	339,417	9,745	329,672
Sewers	282,848	17,529	265,319
Urban renewal	245,135		245,135
Pension deficit	226,278		226,278

The total overall statutory debt limit for the Town is equal to seven times annual receipts from taxation or \$528 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 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 \$17.53 million or 8.49% of the debt of the District.

General Obligation Bonds Refunding

On April 8, 2010, the Town issued \$3,640 of general obligation refunding bonds with interest rates ranging from 1.5% to 4% to currently refund the outstanding principal amounts of \$1,600 General Obligation Bonds, Series of 1999, dated May 15, 1999 and \$2,000 General Obligation Bonds, Series 2000, dated April 1, 2000.

The net proceeds of \$3,737 (including a premium of \$97 and issuance costs of \$68, including underwriter's fees) will reduce total debt service payments over the next 5 years by approximately \$229 and represents an economic gain (difference between present values of the debt service payments on the old and new debt) of \$229. As a result, the refunded bonds are considered partially defeased, and all future interest and principal on the partially defeased bonds will be paid from the proceeds of the refunding issue, which were placed into an irrevocable escrow account until all the partially defeased bonds have been called. The outstanding balance of the defeased bonds as of June 30, 2010 is \$3,640.

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 \$766 reported in the Health Benefits Internal Service Fund at June 30, 2010 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>
2008-2009	\$ 726	\$	9,533	\$	9,404	\$	855
2009-2010	855		9,039		9,128		766

10. OTHER POSTEMPLOYMENT BENEFITS

A. Plan Description

The Town provides post-employment benefits for Police Department, Teachers and certain other retirees. This benefit is provided per various bargaining agreements. The Town pays for 100% of retiree and spouse costs for Police and 75% of retiree costs for Town and Board of Education administrators. The Town is required to provide medical, dental and life insurance to certain retired police officers. The Town is also required to provide medical and dental insurance to certain other retirees until the retirees reach the age of 65 or unless covered elsewhere. The post-employment benefits plan is a single-employer defined benefit healthcare plan administered by the Town of Newington. The Town does not issue a separate stand alone financial statement for this program.

For the fiscal year 2010 the General Fund appropriation payments totaled \$580 as follows:

	<u>Retirees</u>		<u>Amount</u>
Police	22	\$	339
Board of Education	130		175
Other	45		66
	<u>197</u>	<u>\$</u>	<u>580</u>

B. Funding Policy

The Town funding and payment of postemployment benefits are accounted for in the General Fund on a pay-as-you-go basis. The Town has not established a trust fund to irrevocably segregate assets to fund the liability associated with postemployment benefits in accordance with GASB guidelines. The Town is currently in the process of establishing a trust, which will be in place by the end of fiscal year 2011. The trust will be established with initial allocations of 60% common stocks and 40% bonds. The annual required contribution (ARC) payment will be transferred into this account annually from the General Fund and budgeted as part of the budgeting process, which is approved by the Town Council.

The Town's funding strategy for postemployment obligations are based upon characteristics of benefits on three distinct groups of employees established within their respective collective bargaining units and/or contracts and include the following:

- AFSCME Board of Education and Town employees as well as Police officers are eligible for retiree health care coverage until age 65 upon attainment of normal or early retirement. Normal retirement is the earlier of age 63 or completion of 25 years of service. Early retirement is age 55, and 5 years of continuous service or 15 years of aggregate service. Coverage is pre-65 only. Post-65 non-Medicare eligible retirees can continue coverage at their own expense.
- Teachers and School Administrators are eligible for retiree health care coverage for lifetime at the earlier of age 55 with 20 years of service or 25 years of service.
- Surviving spouses of retired teachers and nonteachers at the school are allowed to remain on the plan.
- Surviving spouses of retirees and actives eligible to retire are allowed to remain on the plan.

C. Annual OPEB Cost and Net OPEB Obligations

The Town of Newington's annual other postemployment benefit (OPEB) cost is calculated based on the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The following table shows the components of the Town's annual OPEB cost for the year, the amount actually contributed to the plan and changes in the Town's net OPEB obligation:

	Post- Employment Medical Program
Annual required contribution (ARC)	\$ 2,598
Interest on net OPEB obligation	43
Adjustment to annual required contribution	(39)
Annual OPEB cost	<u>2,602</u>
Contributions made	<u>1,579</u>
Increase in net OPEB obligation	1,023
Net OPEB obligation, beginning of year	<u>1,081</u>
Net OPEB Obligation, End of Year	<u>\$ 2,104</u>

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for the last two fiscal years is presented below. Data is only presented for only two fiscal years due to the year ended June 30, 2010 being the second year of transition.

Fiscal Year Ended	Annual OPEB Cost (AOC)	Actual Contribution	Percentage of AOC Contributed	Net OPEB Obligation
6/30/09	\$ 2,455	\$ 1,374	55.97%	\$ 1,081
6/30/10	2,602	1,579	60.68	2,104

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability(AAL) (b)	Funded (Unfunded) AAL (UAAL) (a-b)	Percentage Funded (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((a-b)/c)
7/1/07	\$ -	\$ 29,546	\$ (29,546)	0.0%	\$ N/A	N/A
7/1/09	-	20,275	(20,275)	0.0	N/A	N/A

Schedule of Employer Contributions

Year Ended June 30,	Annual Required Contribution	Percentage Contributed
2009	\$ 2,455	55.97%
2010	2,598	60.77

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as accrual results are compared with past expectations and new estimates are made about the future. Projections for benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2009 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions include a 4.0% investment rate of return, which is the rate of the expected long-term investment returns of plan assets calculated based on the funding policy of the plan at the valuation date. The actuarial value of assets was determined using an open group. The UAAL is being amortized on a level percentage of pay over 30 years. The annual healthcare cost trend rate is 9% initially with an ultimate rate of 4%.

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. For employees hired after January 1, 2007, the benefit is capped at 70% of base compensation in the year prior to retirement. 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 five-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, 2008 (July 1, 2009 for Firefighters plan) 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	167	59	28	32
Terminated participants	11		7	46
Active participants	167	56	15	32
Total	<u>345</u>	<u>115</u>	<u>50</u>	<u>110</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	11.0	31.85	17.3

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	\$ 969	\$ 1,525	\$ 196	\$ 64
Interest in net pension obligation	(1)	(14)		
Adjustment to annual required contribution		15		
Annual pension cost	968	1,526	196	64
Contributions made	969	1,525	196	64
(Increase) decrease in net pension asset	(1)	1	-	-
Net pension asset, July 1, 2009	(8)	(181)	(5)	-
Net Pension Asset, June 30, 2010	\$ (9)	\$ (180)	\$ (5)	\$ -

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	7-1-08	7-1-08	7-1-08	7-1-09
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	27 years	17 years	27 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	3.0%	3.0%	3.0%	2.5%

E. Trend Information

	Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation (Asset)
<u>Municipal</u>	6/30/08	\$ 837	100%	\$ (8)
	6/30/09	853	100	(8)
	6/30/10	968	100	(9)
<u>Police</u>	6/30/08	1,277	100	(181)
	6/30/09	1,336	100	(181)
	6/30/10	1,526	100	(180)
<u>Administrative</u>	6/30/08	180	100	(5)
	6/30/09	173	100	(5)
	6/30/10	196	100	(5)
<u>Firefighters</u>	6/30/08	82	100	-
	6/30/09	72	100	-
	6/30/10	64	100	-

F. Pension Plan Required Supplementary Information

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
<u>Municipal</u>						
7/1/03	\$ 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
7/1/08	21,122	29,653	8,531	71.2	8,823	96.7
<u>Police</u>						
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
7/1/08	28,005	41,215	13,210	68.0	4,789	275.9
<u>Administrative</u>						
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
7/1/08	7,368	9,393	2,025	78.4	1,131	179.0
<u>Firefighters</u>						
7/1/03	654	1,383	729	47.3	N/A	N/A
7/1/05	690	1,384	694	49.9	N/A	N/A
7/1/07	747	1,361	614	54.9	N/A	N/A
7/1/09	758	1,169	411	64.8	N/A	N/A

Schedule of Employer Contributions

Fiscal Year Ended	(thousands)			
	Municipal		Police	
	Required Contribution	Annual Percentage Contributed	Required Contribution	Annual Percentage Contribution
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
6/30/09	853	100	1,336	100
6/30/10	969	100	1,525	100

Schedule of Employer Contributions

Fiscal Year Ended	(thousands)			
	Administrative		Firefighters	
	Required Contribution	Annual Percentage Contributed	Required Contribution	Annual Percentage Contribution
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
6/30/09	173	100	72	100
6/30/10	196	100	64	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 \$27.9 million or 72% of the total Board of Education payroll of \$38.7 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, 2010 the Town has recorded, in the General Fund, intergovernmental revenue and education expenditures in the amount of \$4,323 as payments made by the State of Connecticut on behalf of the Town. The Town does not have any liability for teacher pensions.

The State of Connecticut Teacher Retirement System is considered to be a part of the State of Connecticut financial reporting entity and is included in the State's financial reports as a pension trust fund. Those reports may be obtained by writing to the State of Connecticut, Office of the State Comptroller, 55 Elm Street, Hartford, Connecticut 06106.

Volunteer Firefighters' - Defined Contribution Plan

In addition to the defined benefit plan described above, the Town provides a defined contribution plan to certain volunteer firefighters. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Most current active and all new and future members of volunteer firefighters can only participate in this plan. Members are 100% vested after 10 years of service. Contributions range from \$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 2009-2010, computed in accordance with plan requirements, amounted to \$68,842 (not rounded). At June 30, 2010, there were 160 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, 2010 and the changes in net assets for the year then ended.

	Schedule of Plan Net Assets					Total
	Police Officers' Plan	Municipal Employees' Plan	Administrative Employees' Plan	Volunteer Firefighters' Plans		
				Defined Benefit	Defined Contribution	
Assets:						
Cash and cash equivalents	\$ 235	\$ 169	\$ 70	\$ 585	\$ 495	\$ 1,554
Investments	21,986	16,295	5,262		328	43,871
Total assets	<u>22,221</u>	<u>16,464</u>	<u>5,332</u>	585	823	45,425
Liabilities:						
Accounts payable	<u>217</u>	<u>162</u>	<u>68</u>			<u>447</u>
Net Assets Held in Trust for Pension Benefits	<u>\$ 22,004</u>	<u>\$ 16,302</u>	<u>\$ 5,264</u>	<u>\$ 585</u>	<u>\$ 823</u>	<u>\$ 44,978</u>

Schedule of Plan Net Assets

	Police Officers' Plan	Municipal Employees' Plan	Administrative Employees' Plan	Volunteer Defined Benefit	Firefighters' Plans Defined Contribution	Total Pension Trust Funds
Additions:						
Contributions:						
Employer	\$ 1,525	\$ 969	\$ 196	\$ 72	\$ 64	\$ 2,826
Plan members	400	363	41		10	814
Total contributions	<u>1,925</u>	<u>1,332</u>	<u>237</u>	<u>72</u>	<u>74</u>	<u>3,640</u>
Investment income:						
Net appreciation in fair value of investments	2,342	1,766	592			4,700
Interest and dividends				2	32	34
Total investment income	<u>2,342</u>	<u>1,766</u>	<u>592</u>	<u>2</u>	<u>32</u>	<u>4,734</u>
Less investment expenses	<u>155</u>	<u>116</u>	<u>38</u>			<u>309</u>
Net investment income	<u>2,187</u>	<u>1,650</u>	<u>554</u>	<u>2</u>	<u>32</u>	<u>4,425</u>
Total additions	<u>4,112</u>	<u>2,982</u>	<u>791</u>	<u>74</u>	<u>106</u>	<u>8,065</u>
Deductions:						
Benefits	2,517	1,998	760	91	16	5,382
Administration	28	23	18	6	9	84
Total deductions	<u>2,545</u>	<u>2,021</u>	<u>778</u>	<u>97</u>	<u>25</u>	<u>5,466</u>
Net increase (decrease)	1,567	961	13	(23)	81	2,599
Net Assets Held in Trust for Pension Benefits, Beginning of Year						
	<u>20,437</u>	<u>15,341</u>	<u>5,251</u>	<u>608</u>	<u>742</u>	<u>42,379</u>
Net Assets Held in Trust for Pension Benefits, End of Year						
	<u>\$ 22,004</u>	<u>\$ 16,302</u>	<u>\$ 5,264</u>	<u>\$ 585</u>	<u>\$ 823</u>	<u>\$ 44,978</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, 2010

(In Thousands)

	Budgeted Amounts		Actual	Variance - Positive (Negative)
	Original	Final		
Property taxes:				
Current levy	\$ 73,070	\$ 73,070	\$ 74,133	\$ 1,063
Prorated motor vehicles	595	595	514	(81)
Prorated real estate	50	50	82	32
Prior year tax levies	375	375	494	119
Interest and liens	250	250	371	121
Total	<u>74,340</u>	<u>74,340</u>	<u>75,594</u>	<u>1,254</u>
Payments in lieu of taxes:				
State-Owned PILOT	690	690	691	1
New Manufacturers Inventory	800	800	890	90
Elderly Freeze Exemption	15	15	12	(3)
Disabled exemption	4	4	5	1
Elderly Circuit Breaker	272	272	268	(4)
Additional Veteran's Exemption	28	28	29	1
Tax Exempt Colleges and Hospital	1,133	1,133	1,152	19
Boats	5	5	3	(2)
Total	<u>2,947</u>	<u>2,947</u>	<u>3,050</u>	<u>103</u>
Licenses and permits:				
Building permits	184	184	284	100
Vendor's permits	1	1	1	-
Gun permits	2	2	5	3
Work Within Rights of Way	6	6	8	2
Refuse handling licenses	2	2	2	-
Total	<u>195</u>	<u>195</u>	<u>300</u>	<u>105</u>
Rentals:				
Town Hall rental	4	4	4	-
Indian Hill Country Club	84	84	83	(1)
Other town property	40	40	43	3
Total	<u>128</u>	<u>128</u>	<u>130</u>	<u>2</u>
Investment income	<u>375</u>	<u>375</u>	<u>172</u>	<u>(203)</u>
Fines:				
Parking tickets	20	20	24	4
False alarms	20	20	18	(2)
Ambulance Response Overages			22	22
Total	<u>40</u>	<u>40</u>	<u>64</u>	<u>24</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, 2010

(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	\$ 4	\$ 4	\$ 4	\$ -
Zoning Board of Appeals	2	2		(2)
Town Planning and Zoning	8	8	11	3
Town Clerk Fees	200	200	495	295
Police	8	8	7	(1)
Human Services - counseling fee	20	20	25	5
Library - overdue fines	33	33	29	(4)
Dial-A-Ride Tickets	5	5	5	-
Scrap Metal Curbside	15	15	27	12
Senior and Disabled Center fees	2	2	-	(2)
Engineering fees	1	1	2	1
Total	<u>298</u>	<u>298</u>	<u>605</u>	<u>307</u>
State of Connecticut:				
Public Library	3	3	3	-
Mashantucket Pequot Fund	297	297	219	(78)
Youth Services Bureau	23	23	23	-
Alcohol and Drug Abuse			4	4
Telecommunications Tax	150	150	122	(28)
Emergency Management Grant	5	5	4	(1)
Transportation - Non-public	11	11	30	19
Transportation - Public	480	480	252	(228)
Adult Education	29	29	30	1
Special Education Excess Cost			163	163
School Building Grants	566	566	684	118
Health Services	17	17	17	-
Services for the Blind	9	9	-	(9)
Local Bridge Program			129	129
Town Aid Road	15	15	15	-
Education Cost Sharing Grant	12,633	12,633	10,846	(1,787)
Total	<u>14,238</u>	<u>14,238</u>	<u>12,541</u>	<u>(1,697)</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, 2010
(In Thousands)**

	<u>Budgeted Amounts</u>			<u>Variance - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Federal government:				
Senior Citizen Trans Aid	\$ 4	\$ 4	\$ 10	\$ 6
ARRA Stabilization Grant			1,802	1,802
Total	<u>4</u>	<u>4</u>	<u>1,812</u>	<u>1,808</u>
Miscellaneous:				
Other - miscellaneous	31	31	48	17
Cancelled PY encumbrances	10	10	36	26
United Way (Human Services)	4	4	3	(1)
Total	<u>45</u>	<u>45</u>	<u>87</u>	<u>42</u>
Total revenues	92,610	92,610	94,355	1,745
Other financing sources:				
Transfers in	<u>99</u>	<u>99</u>	<u>99</u>	<u>-</u>
Total	\$ <u>92,709</u>	\$ <u>92,709</u>	94,454	\$ <u>1,745</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			4,323	
Cancellation of prior year encumbrances are recognized as budgetary revenue			(36)	
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			1,206	
Refunding bonds issued			<u>3,640</u>	
Total Revenues and Other Financing Sources as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds Exhibit IV			\$ <u>103,587</u>	

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, 2010
(In Thousands)

	Budgeted Amounts		Actual	Variance - Positive (Negative)
	Original	Final		
General Government:				
Town Council	\$ 26	\$ 28	\$ 28	\$ -
Town Manager	377	377	353	24
Courts	37	37	32	5
Elections	109	109	95	14
Finance	1,083	1,083	1,038	45
Town Attorney	135	135	135	-
Town Clerk	170	170	163	7
Personnel	58	58	43	15
General services	2,295	2,295	1,947	348
Total general government	4,290	4,292	3,834	458
Public Safety:				
Police Department	6,146	6,146	5,975	171
Fire Department	709	718	676	42
Street lighting	371	339	318	21
Emergency Medical Service	25	25	21	4
Hydrants	64	64	62	2
Total public safety	7,315	7,292	7,052	240
Public Works:				
Engineering	269	269	258	11
Highway Department	2,318	2,318	2,182	136
Solid Waste Services	2,232	2,232	2,087	145
Total public works	4,819	4,819	4,527	292
Community Planning and Development:				
Planning and Development	238	238	228	10
Town Planning and Zoning	21	21	19	2
Zoning Board of Appeals	6	6	3	3
Building Department	223	223	223	-
Conservation Commission	5	5	3	2
Economic Development	5	5	3	2
Total community planning and development	498	498	479	19

(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, 2010
(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	456	456	449	7
Senior and Disabled Center	560	560	536	24
Boards and Commissions	11	11	9	2
Total health and community services	<u>1,149</u>	<u>1,149</u>	<u>1,115</u>	<u>34</u>
Library:				
Library operations	<u>1,651</u>	<u>1,661</u>	<u>1,646</u>	<u>15</u>
Parks and Recreation:				
Parks and Recreation Administration	320	320	316	4
Grounds Maintenance	<u>1,163</u>	<u>1,163</u>	<u>1,111</u>	<u>52</u>
Total parks and recreation	<u>1,483</u>	<u>1,483</u>	<u>1,427</u>	<u>56</u>
Board of Education:				
Art	630	658	658	-
Career/Vocational	1,241	1,203	1,203	-
Computers	1,180	1,804	1,804	-
Language Arts	3,498	3,582	3,582	-
Foreign Language	1,141	1,125	1,125	-
Health/Safety	139	135	135	-
Math	3,361	3,267	3,267	-
Music	1,011	1,137	1,137	-
Physical Education	1,089	1,103	1,103	-
Reading	3,487	3,245	3,245	-
Science	3,223	3,149	3,149	-
Social Studies	3,248	3,164	3,164	-
Other Salaries	1,025	633	633	-
Special Education	5,720	5,812	5,812	-
Homebound	37	58	58	-
Adult Education	82	83	83	-
Guidance	1,049	1,085	1,085	-
Health/Nurses	614	499	499	-
Psychological Services	713	669	669	-
Speech and Hearing	519	450	450	-
Curriculum Development	59	80	80	-
Media	997	996	996	-
Board of Education	128	147	147	-
Central Direction	1,157	1,179	1,179	-
Building Direction	2,840	3,206	3,206	-
Supplies	190	270	270	-

(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, 2010

(In Thousands)

	Budgeted Amounts		Actual	Variance - Positive (Negative)
	Original	Final		
Board of Education (continued):				
Maintenance	\$ 1,422	\$ 2,160	\$ 2,160	\$ -
Plant operation	4,645	4,078	4,047	31
Transportation	2,298	2,308	2,308	-
Evaluation, planning and development	105	81	81	-
Insurance	762	535	535	-
Employee benefits	9,233	8,932	8,932	-
Non Athletics	121	129	129	-
Athletics	465	513	513	-
Community service	119	73	73	-
Total Board of Education	<u>57,548</u>	<u>57,548</u>	<u>57,517</u>	<u>31</u>
Miscellaneous:				
Metropolitan District Assessment	2,592	2,591	2,588	3
Municipal insurance	681	615	615	-
Greater Hartford Transit District	3	3	3	-
Employee benefits	5,704	5,704	5,670	34
Donations and contributions	25	25	25	-
Contingency	254	254	27	227
Total miscellaneous	<u>9,259</u>	<u>9,192</u>	<u>8,928</u>	<u>264</u>
Debt service:				
Principal payments	1,750	1,750	1,750	-
Interest expense	704	704	704	-
Total debt service	<u>2,454</u>	<u>2,454</u>	<u>2,454</u>	<u>-</u>
Total expenditures	90,466	90,388	88,979	1,409
Other financing uses:				
Transfers out	<u>4,243</u>	<u>4,321</u>	<u>4,321</u>	<u>-</u>
Total	<u>\$ 94,709</u>	<u>\$ 94,709</u>	93,300	<u>\$ 1,409</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

4,323

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

1,206

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

166

Payment to escrow agent

3,571

Refunding bond issuance cost

69

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

\$ 102,635