

# **Town of Newington Connecticut**



## **Comprehensive Annual Financial Report**

Fiscal Year Ended June 30, 2013

# **Comprehensive Annual Financial Report**

of the

## **Town of Newington Connecticut**

Fiscal Year Ended June 30, 2013

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

# **Introductory Section**

**TOWN OF NEWINGTON, CONNECTICUT**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

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**TOWN OF NEWINGTON, CONNECTICUT**

**PRINCIPAL OFFICIALS**

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**Town Council**

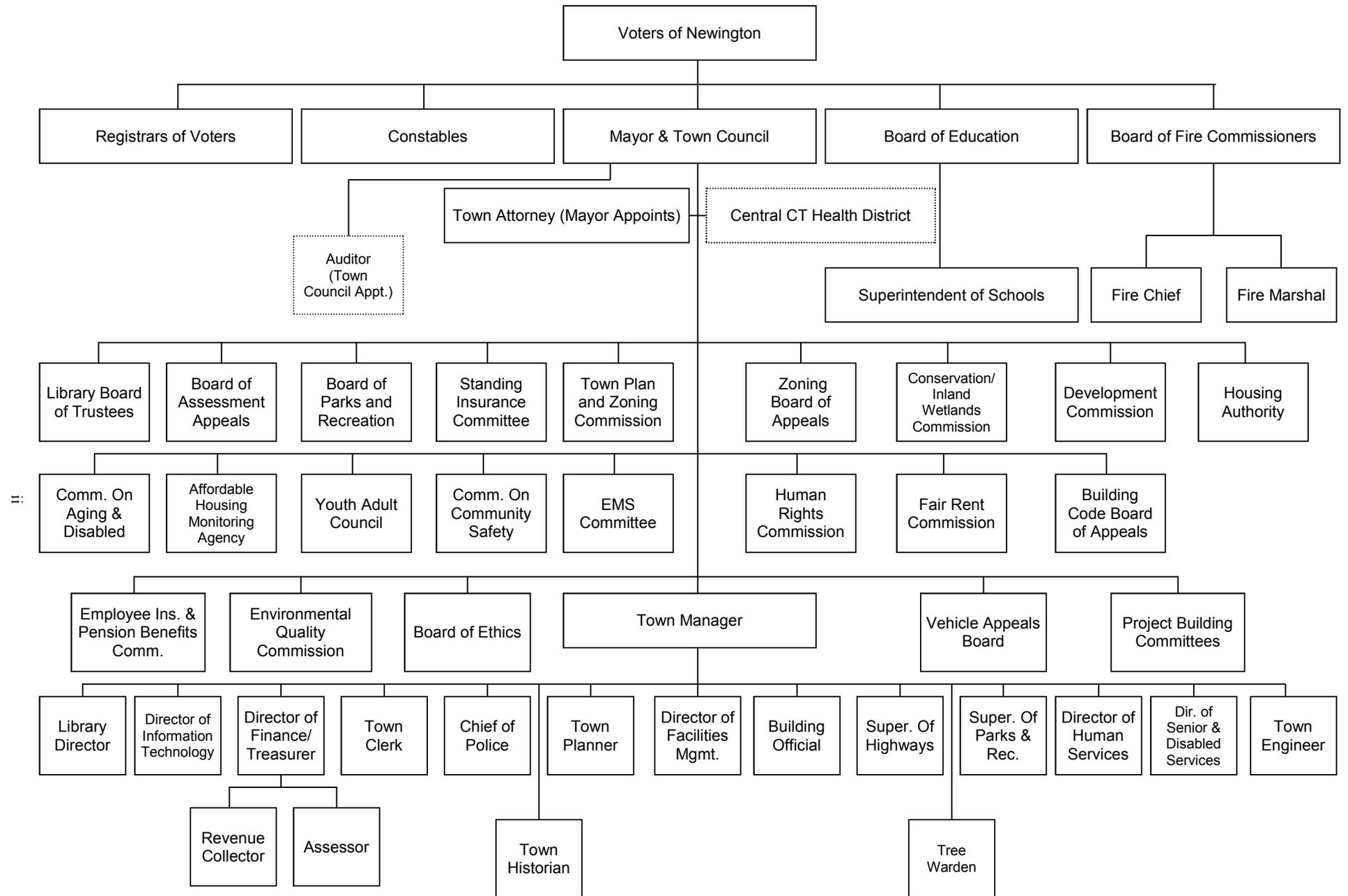
Stephen R. Woods, Mayor  
Terry Borjeson  
Jay Bottalico  
R. Clarke Castelle  
Myra Cohen  
Beth A. Delbuono  
Maureen Klett  
Scott McBride  
David Nagel

**Board of Education**

Marc B. Finkelstein, Chairperson  
Sharon Braverman  
Cynthia Zolad Callahan  
Daniel W. Carson, Sr.  
Nancy Petronio  
Pamela Raynock  
Joshua Shulman  
Jane Ancona Siegel  
David Tatem

**Appointed Officials**

John L. Salomone, Town Manager  
William C. Collins, Superintendent of Schools  
Ann J. Harter, Director of Finance





John Salomone  
Town Manager

# TOWN OF NEWINGTON

131 Cedar Street Newington, Connecticut 06111

## Finance Department

Ann J. Harter  
Director of Finance

November 30, 2013

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

Dear Mr. Salomone:

State law requires that all general-purpose local governments publish within six months of the close of each fiscal year a complete set of audited financial statements. This report is published to fulfill that requirement for the fiscal year ended June 30, 2013.

This report consists of management's representation concerning the financial statements of the Town of Newington. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the Town of Newington has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft or misuse and to compile sufficient reliable information for the preparation of the Town of Newington's financial statements in conformity with generally accepted accounting principles (GAAP). Because the cost of internal controls should not outweigh their benefits, the Town of Newington's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. Management asserts that, to the best of its knowledge and belief, this financial report is complete and reliable in all material respects.

Blum, Shapiro & Company, Certified Public Accountants, have issued an unqualified ("clean") opinion on the Town of Newington's financial statements for the year ended June 30, 2013. The independent auditors' report is located at the front of the financial section of this report.

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

### **Profile of the Town**

The Town of Newington covers approximately 13.2 square miles and is located six miles southwest of the City of Hartford. Newington is geographically in the center of the State and is bordered by West Hartford, Farmington, New Britain, Berlin, Rocky Hill, Wethersfield and Hartford. Newington is primarily a residential community; however, there is substantial industry scattered throughout the Town. The Berlin Turnpike (State Routes 5 and 15) is commercialized along its total length in Newington of 4.5

miles. The Town's population as of the 2010 Census was 30,562. The Town, originally part of the Town of Wethersfield, was settled in 1678 and incorporated in 1871. The Town functions under the Council-Manager form of government, adopted in 1966. A Charter Revision Commission was formed in the prior fiscal year and the Town Charter was adopted by referendum on November 6, 2012.

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

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

The Town provides the following municipal services as authorized in its charter: public safety (police, fire and emergency medical services), public works, solid waste disposal, culture and recreation, library, education, health and community services, community development, public improvements, and general administrative services.

### **Economic Condition and Outlook**

The preparation of Newington's October 1, 2011 taxable list was greatly complicated by the impact of the mandated five year real estate property revaluation producing a decrease of 4.7% from the 2010 Grand List due to the recession's declining property values. Within this reduction of values was a shift to higher values on commercial property located on the Berlin Turnpike. The affects of revaluation created fluctuations within classifications of property values as 80% of residential property values decreased while 20% remained the same or increased. The reduction of 6% on real estate property values was mitigated with an increase in personal property and motor vehicle values by 3.24% and 6.65%, respectively. The Town continues to maintain a balanced mix of retail, manufacturing and light industry and its top ten taxpayers represented only about 7% of the total assessed value on the October 1, 2011 grand list. The Town's tax collection rate as of June 30, 2013 was 99.3%, an increase of .4% from the 2012 levels and the highest rate in over thirty years. Current year tax collections are similar to the same period of the previous year.

A review of key economic indicators shows that per capita income of Newington's residents is \$35,055, slightly below the statewide average of \$37,627; its median household income of \$71,928 exceeds the statewide average by \$2,574. Approximately 4.6% of the Town's families fall below poverty levels. According to the State Department of Labor, the Town's 2013 average unemployment rate of 7.0% compared favorably to the Hartford Labor Market and the statewide average rates of 8.3%.

For fiscal year-end 2013, building permit activity generated \$23 million in construction value, up \$15.1 million from the prior year or 66% and was due in large part to the redevelopment of a “gateway” location along the Berlin Turnpike that included Bassett Furniture, Starbucks, DiBella’s Subs and a Chipotle restaurant. Some other commercial projects that generated building permit activity along the Berlin Turnpike included Floors Now, Premium Urgent Care, and a Sloppy Waffle’s restaurant as well as a Mooyah restaurant, Visual Perceptions Eye, and Farmington Bank in other locations throughout the Town. Another major building project included the construction of Victory Gardens, an affordable housing development with 74 units for veterans and their families on the grounds of the local Veteran’s Administrative healthcare campus.

### **Long-term Financial Planning**

Economic Development over the long term will enhance the Town financially. The recently adopted 2020 Conservation and Development Plan emphasizes the preservation of Newington’s environmental resources, wetlands, flood plains and steep slopes along Cedar Mountain for open space protection. The Plan recommends strategies for the reuse of commercial and industrial sites to grow the Town’s grand list. During the year the Town benefited from the following:

- Improvements to the center of Town continued as a dry cleaning store front which was vacant for ten years and an auto repair shop were demolished for the construction of Farmington Bank.
- Best Market, a supermarket chain from Long Island, N.Y., obtained ownership of Newington Shopping Center on Lowrey Place (a vacant property for the past six years) through public auction. The plaza will be renovated with a 33,000 square foot supermarket along with 37,000 square feet of rental property to house several small retailers. The new store will contribute to the revival of downtown and employ about 100 people.
- Along the Berlin Turnpike plans were approved for a vacant bank to be occupied by an urgent care facility with additional developments on the site for construction of a Bonefish Grill Restaurant and a full-service auto maintenance shop and auto parts store.
- Plans were also approved for Harvest Village on Deming Street where twenty-two duplex homes and sixteen townhouse units will be constructed on an undeveloped parcel which was previously a golf driving range facility.
- Approval was granted for site plans along Fenn Road for a walk-in medical care facility as well as the redevelopment an abandoned vehicle service station into Newington Grocery, a convenience store with gas station.
- The State of Connecticut’s Department of Economic and Community Development awarded the Town with a \$2 million Brownfield grant to demolish and remediate the National Welding Site. The property's proximity to Route 9 and Central Connecticut State University has the potential to be developed into a new industrial structure, office space or an educational facility. This former foundry property may have increased marketability with the construction of CTfastrak which began in May 2012. This new 9.4 mile, two-lane dedicated busway from New Britain to Hartford provides the region with an improved public transportation system to employment, educational and healthcare destinations. Two transit stations will be built in Newington providing increased access and development opportunities.

Newington has a successful Capital Improvement Program through which its goal is to maintain the Town’s infrastructure and make improvements to and/or add community facilities to enhance the Town’s overall image and services it provides to Town residents. To address the capital needs of the Town in a comprehensive fashion, the Town Council in November 2006 established a Capital Improvement

Program Committee to provide a framework for the planning, scheduling and financing for the Town's multi- year capital improvement plan. Composed of Town Council (3) and Board of Education (2) members, with the assistance of Town and Board staff, this Committee's recommendations are advisory in nature, with policy decision making power left with the full Town Council. The Town's capital planning process includes 1) the evaluation of project priorities within the Town's ability to pay, public health and safety needs of its residents and legal mandates, 2) the integration of Town and Board of Education projects 3) financing plans for capital projects and 4) coordination of the capital plan with the annual operating budget. The Town's recommended funding level for capital improvements considers two components. First, the Town's Debt Management Policy advocates that the Town's total outstanding debt should not exceed \$30.0 million. Therefore, the maximum the Town will pay for future debt service payments is \$3.8 million. Secondly, recognizing the merits of the Town's Equipment Replacement Reserve Fund for vehicles, this concept was duplicated to all Town fixed assets (infrastructure and buildings). Therefore, \$2.5 million meets the objective to fund at a constant level equal to straight-line depreciation. The Town consistently budgets the base figure of \$6.3 million by which it is reduced by the amount required for principal and interest payments and the excess is used for "pay-as-you-go" projects.

### **Relevant Financial Policies**

The Town has implemented key financial policies and management uses these as a guideline to maintain the financial stability and strength of the Town.

- Budgetary Control - Expenditures may not legally exceed budgeted appropriations at the department level. The Town Manager may transfer appropriations from one classification to another within the same department, except within the Board of Education, when the Manager deems it necessary for the proper administration of the Town. During the last six months of the fiscal year, the Town Council may transfer any unencumbered appropriation, except within the Board of Education, provided that the resolution making the transfer includes the certification of the Director of Finance that the balance of the appropriation is free of encumbrances. The Town Council may make a special appropriation provided that the resolution is \$375,000 or less and that the Director of Finance certifies that the amount to be appropriated is unencumbered and unappropriated in the Town's treasury. Special appropriations between \$375,000 and \$975,000 require a Town ordinance. Special appropriations of more than \$975,000 require approval of the voters. Budgetary control is maintained by an encumbrance system. All purchases, except certain services as outlined in the Town's Purchasing Manual, require a purchase requisition and a purchase order. In addition, purchases over \$15,000 require evidence that written quotations were received and that the lowest quote, consistent with quality, was selected. Town Charter requires formal competitive bids for expenditures over \$30,000. Funds are recorded as encumbered when the purchase order is issued and expenditures are recorded when the Town issues a check or incurs a liability.

- Debt Policy - In accordance with the Newington Town Council’s Debt Capacity Study completed in June 2002, the Town’s total outstanding debt should not exceed \$30.0 million. Additionally, Debt Service as a percent of total General Fund expenditures should not exceed 6%; outstanding bonded debt as a percent of assessed value should not exceed 2.0%; and outstanding bonded debt against the population on a per capita basis should not exceed \$1,000 per year. Applicable data with regard to debt at the end of the 2013 fiscal year is represented as follows:

	<u>Amount</u>	<u>Ratio of Net Debt Service to Budget</u>	<u>Ratio of Bonded Debt to Grand List</u>	<u>Debt Per Capita</u>
Total direct debt outstanding - bonds	\$ 9,960,000	2.16%	0.39%	\$ 326

### **Major Initiatives**

In conformance with Connecticut General Statutes, the Revenue Collector instituted a tax sale on those properties that were delinquent for two or more years. The owners of forty-six properties were given notice of the tax sale which is a public auction of property with the purchase price paying the outstanding taxes. Before the sales were conducted, twenty-five properties were paid by the owners. The remaining properties were put up for sale at auctions held in February and April with ten being purchased. These tighter enforcement efforts produced \$500 thousand in property tax revenue which dramatically improved collection rates.

In July 2012, the Newington Town Council adopted amendments to the ordinances regarding “Buildings, Vacant and Blighted” referred to as the Blight Ordinance. The code is intended to promote public health and safety for the community by reducing hazards that may occur due to the lack of maintenance to structures (residential and non-residential). The main objective is to maintain and preserve the beauty of the neighborhoods and to allow for control of blighted premises. The change gave the Town the ability to enforce property owners of occupied buildings where previously it only applied to abandoned buildings. The amended regulation improves the Town’s process to remedy properties that are in disrepair.

To increase productivity and/or cost savings several initiatives were made beginning with the retirement of the Animal Control Officer. An agreement was reached between the Town and the IPBO Local 443 police union that this full-time position be removed from the bargaining unit allowing the vacancy to be filled with part-time staff. In collaboration with the Town of Wethersfield part-time personnel of both towns were combined. This regionalization effort produced a wider range of service more efficiently at an estimated savings of \$25,000. An overall savings in interest payments of \$761,007 was achieved when the Town conducted a negotiated \$9,810,000 bond refunding with Roosevelt & Cross for the 2003, 2004, and 2005 issues for school improvements and a police department facility. The Town’s high credit rating of AA by Standard & Poor’s was reaffirmed.

Capital improvements included the completion of several infrastructure projects such as pavement improvements to seven (7) roads, refurbishing of the tennis courts at Newington High School, completion of the Company One Fire House parking lot, and the installation of a new paved parking area at the Clem LeMire Recreation Complex. Facility improvements included the roof replacement at John Wallace Middle School along with roof improvements at Company Five Fire House, Parks & Grounds Storage Barn and Mill Pond Pool House. Additionally, the baseball field dugouts at Newington High School were reconstructed and energy efficient heating, ventilation and air conditioning units were installed at Company One Fire House and the Kellogg Eddy historical house. With the hiring of a project manager, significant effort went into a feasibility study concerning the Town Hall facility. Several meetings with the public building committee and staff took place to discuss the renovations to Town Hall and the construction of a new Parks and Recreation Community Center.

### **Awards and Acknowledgements**

This report has been prepared following the guidelines of the Government Finance Officers Association (GFOA) of the United States and Canada and the Governmental Accounting Standards Board. The GFOA awards a Certificate of Achievement for Excellence in Financial Reporting to governmental units that publish an easily readable and efficiently organized Comprehensive Annual Financial Report whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements. The Certificate of Achievement, which is valid for one year only, is the highest form of recognition in the area of governmental accounting and financial reporting, and its attainment represents a significant accomplishment for a government unit and its management. The Town was awarded the Certificate of Achievement for Excellence in Financial Reporting for the fiscal year ended June 30, 2012 for the twenty-first consecutive year. The Town intends to submit this report to GFOA for review under this program.

The preparation of this report on a timely basis could not be accomplished without the efficient and dedicated services of the entire staff of the Finance Department. My appreciation extends to all members of the Department who assisted and contributed to its preparation, in particular to Deputy Finance Director Lisa Rydecki. This department looks to continue to provide the support and advice you will need in carrying out the policies of the Newington Town Council and addressing the many challenging issues confronting the Town in the years ahead.

Respectfully submitted,



Ann J. Harter  
Director of Finance



Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**Town of Newington  
Connecticut**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2012**

Executive Director/CEO

## **Financial Section**



Accounting | Tax | Business Consulting

## **Independent Auditors' Report**

To the Members of the Town Council  
Town of Newington, Connecticut

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Newington, Connecticut, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Town of Newington, Connecticut's basic financial statements as listed in the table of contents.

#### ***Management's Responsibility for the Financial Statements***

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

#### ***Auditors' Responsibility***

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

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

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Newington, Connecticut, as of June 30, 2013 and the respective changes in financial position and, where applicable, cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 13 and the budgetary comparison information on pages 51 through 56 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Newington, Connecticut's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical section 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 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2013 on our consideration of the Town of Newington, Connecticut's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Newington, Connecticut's internal control over financial reporting and compliance.

*Blum, Shapiro & Company, P.C.*

West Hartford, Connecticut  
November 30, 2013

## **TOWN OF NEWINGTON, CONNECTICUT**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2013**

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, 2013. Please read this MD&A in conjunction with the transmittal letter and the Town's financial statements, Exhibits I to IX.

#### **FINANCIAL HIGHLIGHTS**

- Net position of our governmental activities increased by \$5.245 million, or 5.1%.
- Total cost of all of the Town's programs was \$110.4 million with no new programs added this year.
- During the year, the Town had expenses that were \$1.1 million less than the \$116 million generated in tax and other revenues for governmental programs.
- The resources available for appropriation were \$1.8 million more than budgeted for the General Fund. Expenditures were \$.6 million less than appropriations.
- The General Fund reported a fund balance this year of \$19.6 million. On a budgetary basis, \$16.9 million represents the Town's fund balance; of this, \$2.25 million is assigned for 2013-14 budget.
- The tax collection rate was 99.3%, an increase of .4% from 2012.
- The Town of Newington's outstanding bonded debt at June 30, 2013 was \$9.96 million, a decrease of \$1.73 million or 14.8%, from the prior year. The Town refinanced \$9.6 million in bonds by issuing \$9.81 million in Refunding bonds a 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 position 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 position 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 position and changes in them. The Town's net position, 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 position 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 position 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 position 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 position 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 position and changes in fiduciary net position. 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 position increased from \$102.9 million to \$108.1 million. The analysis below focuses on the net position (Table 1).

	<b>Governmental Activities</b>	
	<b>2013</b>	<b>2012</b>
Current and other assets	\$ 50,886	\$ 48,015
Capital assets, net of accumulated depreciation	85,663	84,988
Total assets	136,549	133,003
Long-term debt outstanding	14,378	17,903
Other liabilities	14,070	12,244
Total liabilities	28,448	30,147
Net Position:		
Net investment in capital assets	74,017	70,426
Restricted	637	657
Unrestricted	33,447	31,773
Total Net Position	\$ 108,101	\$ 102,856

Net position of the Town's governmental activities increased by \$5.2 million or 5.1% (\$108.1 million compared to \$102.9 million). Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements - changed from \$31.8 million at June 30, 2012 to \$33.5 million at the end of this year. The largest portion of the Town's net position, \$74 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 position (Table 2) of the Town's governmental activities increased by \$5.2 million. Approximately 72% of the revenues were derived from property taxes, followed by 21% from operating grants, 6% from both charges for services and other grants that were not restricted for specific purposes and other revenue. The remaining 1% of revenues were derived from capital grants and contributions. Key elements of the increase are as follows:

- Property tax revenues recorded for fiscal year 2013 increased by \$2.6 million or 3% during the year. This reflects a tax rate of 32.64 mills, an increase of 2.62 mills over the rate used in the previous fiscal year. This significant increase of 8.74% was due to the affects of the revaluation of property values in which the Grand List was reduced by a total of 4.7%. The tax collection rate for the year was 99.3%, an improvement from the prior year of 98.9%. Most of the increase is to support the program expenses of the Town.
- Operating grants and contributions decreased by \$1.2 million. This is attributable to a Federal Emergency Disaster Agency (FEMA) reimbursement of \$1.4 million for storm related expenses

that did not recur during the fiscal year. Payments made by State of Connecticut on-behalf of the Newington teachers retirement increased by \$.2 million while all other sources were consistent with the prior year.

- Capital grants and contributions significantly decreased by \$2.8 million. Prior year revenues included two one-time grants: Department Energy and Environment Protection of \$1 million to purchase land for open space and \$800 thousand from Department of Economic and Community Development for improvements to Mill Street and Market Square. Additionally, Department of Education reimbursements for school building projects were \$.1 million compared to \$1.1 million in fiscal year 2011-12. This funding source fluctuates from year to year based on capital expenditures for which reimbursements are based.
- The total cost of all programs and services was \$110.3 million.

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

	<b>Governmental Activities</b>	
	<u>2013</u>	<u>2012</u>
Revenues:		
Program revenues:		
Charges for services	\$ 3,557	\$ 3,286
Operating grants and contributions	23,727	24,946
Capital grants and contributions	799	3,647
General revenues:		
Property taxes	83,514	80,907
Grants and contributions not restricted to specific purposes	3,688	3,379
Unrestricted investment earnings	53	78
Other general revenues	267	1,068
Total revenues	<u>115,605</u>	<u>117,311</u>
Program expenses:		
General government	6,821	7,128
Public safety	11,883	12,062
Public works	9,528	10,597
Community planning and development	990	771
Health and community services	1,696	1,376
Library	2,222	2,118
Parks and recreation	3,214	3,074
Education	73,707	73,232
Interest on long-term debt	299	499
Total program expenses	<u>110,360</u>	<u>110,857</u>
Increase in Net Position	\$ <u>5,245</u>	\$ <u>6,454</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 placed on the Town's taxpayers by each of these functions, increased by \$3.3 million (\$82.3 million compared to \$79 million). The most noteworthy changes are as follows:

- The results of the Health Benefits Fund and Insurance Reserve Fund are incorporated into governmental activities. Significant fluctuations from the previous year of \$.6 million (\$1.2 million loss compared to \$.6 million loss) created a decrease in the cost for General government programs. This can be attributed to an increase of revenues (\$9.9 million compared to \$9.2 million) based on expected claims from historical years experience. The actual expenses however were similar from year to year.
- The total cost of Public Works decreased \$1.1 million (\$9.5 million compared to \$10.6 million) due to costs attributable to provide debris removal caused by an unprecedented winter storm in the prior fiscal year did not recur.
- The cost of Education increased due to salary increases for existing personnel (the largest portion), healthcare, and the high expense of state and federal mandated services.
- The considerable fluctuation in capital grants attributed to the significant increase in the net cost of services for Education (specifically the John Wallace Roof Replacement) and All others (Community Planning and Development).

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
General government	\$ 6,821	\$ 7,128	\$ 6,159	\$ 6,547
Public safety	11,883	12,062	11,317	11,771
Public works	9,528	10,597	8,949	8,681
Education	73,707	73,232	49,495	47,771
Parks and recreation	3,214	3,074	2,112	1,882
All others	5,207	4,764	4,245	2,326
Totals	<u>\$ 110,360</u>	<u>\$ 110,857</u>	<u>\$ 82,277</u>	<u>\$ 78,978</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 \$30.4 million. Approximately 50% of the fund balance amount or \$14.6 million constitutes unassigned fund balance that is available for unforeseen contingencies and to offset future budgets over the long term. The second largest portion, \$9.1 million or 30%, is committed to be used only for the specific purposes such as a capital or grant related projects. The balance of \$6.7 million is primarily assigned to balance the subsequent year's budget and 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.

As highlighted in Exhibit IV, the combined fund balance increased by \$1.1 million (\$30.4 million compared to \$29.3 million). Included in this year's total change in fund balance is an increase of \$1.0 million in the Town's General Fund while the Capital Projects, Small Cities and Nonmajor Governmental funds experienced immaterial changes of excess revenues over expenditures. The primary reason for the General Fund's continued increase is better than expected tax revenue. Delinquent tax collection revenues and related interest continue to exceed conservative budget estimates due to the collections efforts of the Revenue Collector's office, the constables and the public auction of real estate property (tax sale). Personnel costs were contained with no additional positions. The replacement of several retired department heads allowed for additional cost savings. While the Town did not issue any debt during the year to fund capital projects, Other Financing Sources (Uses) illustrate that the Town did issue refunding bonds during the fiscal year resulting in reduced debt service interest expense. The Town made additional contributions to the Administrative, Municipal and Police Pension Trust Funds to address its pension obligation using unspent appropriations within the General Fund. It should also be noted that the assigned \$2.25 million of fund balance to be used to mitigate the impact of revaluation on the budget was not used during the fiscal year; thereby results are better than anticipated.

### **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 position of both funds totaled \$3.2 million, a decrease of \$.6 million from the prior year. This is partially due to the performance of the Health Benefits Fund which experienced benefit payments (expenses) of \$333 thousand over revenue. With several years of positive claim experience, a favorable balance existed which was used to reduce the Town's 2012-13 fiscal year contribution during this difficult revaluation budget year. The Insurance Reserve Fund is to pay for losses incurred through insurance deductibles and uninsured property and casualty losses. Since the fund reached the maximum balance allowed by ordinance, additional contributions by the Town were not warranted thereby creating a decrease of \$237 thousand.

### **GENERAL FUND BUDGETARY HIGHLIGHTS**

The Town's fiscal year 2012-13 original budget of \$103.4 million was not increased during the year. Appropriations were successfully controlled resulting in actual final expenditures (including encumbrances) of \$102.8 million, leaving unexpended departmental appropriations totaling \$.6 million at June 30, 2013. This year-end balance was a result of \$75 thousand of personnel savings due to a multitude of retirements, vacancies and other staffing changes in the Town Manager's Office, Facilities Management, Police Department, Highway, Planning & Development, Senior & Disabled Center, Library and Grounds Maintenance departments. Favorable weather conditions attributed to a positive variance of \$72 thousand in the energy and fuel accounts. As mentioned above, the fund balance in the Insurance Reserve Fund reached a very positive level. Consequently, the budgeted amount to be transferred from the General Fund was not utilized resulting in a \$297 positive variance. Legal fees for zoning issues were not completely spent by year end causing a \$20 thousand savings. In addition to these areas, \$.8 million of additional unspent appropriations from personnel savings due to vacancies, utility, fuel, solid waste services and contingency accounts were transferred to the Pension Trust to address the pension liability.

On the revenue side, final actual revenues exceeded the original budget by \$1.8 million. The Town benefited from a higher collection rate than anticipated on the current levy of property taxes producing a positive variance of \$968 thousand. Additionally, delinquent taxes and the interest associated with these accounts resulted in \$687 thousand of additional revenues. Building permit fees and real estate conveyance fees were higher than estimated by \$324 thousand. Conversely, State of Connecticut School Building Grants experienced a negative variance of \$713 thousand due to reimbursements of school building projects received earlier than expected and recorded in the previous fiscal year.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

At June 30, 2013, the Town had \$86.0 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 \$0.7 million or 0.8%, over last year.

	<b>Governmental Activities</b>	
	<b>2013</b>	<b>2012</b>
	<hr/>	<hr/>
Land	\$ 6,120	\$ 6,104
Intangible assets	2,770	2,770
Buildings and improvements	43,365	43,019
Equipment	8,537	8,161
Infrastructure	22,209	22,312
Construction in progress	<hr/> 2,662	<hr/> 2,622
Total	<hr/> \$ 85,663	<hr/> \$ 84,988

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

**Land** - Additions in the amount of \$15 were for costs related to the purchase of an open space parcel on Cedar Mountain.

**Buildings** - Additions in the amount \$1,494 were due to heating, ventilation and air conditioning replacements at Fire Company #1, Kellogg Eddy House and American Legion Hall, roof improvements at Fire Company #5, Parks Storage Barn, Mill Pond Pool House and John Wallace Middle School, new windows at Fire Companies #1 & #5, new skylight at Lucy Robin Welles Library and the beginning of Career Tech Renovations at John Wallace and Martin Kellogg Middle Schools. Renovations to Newington High School included code compliance and installation of a wood shed for the football program.

**Land Improvements** - Additions in the amount of \$764 were due to the paving of a firehouse parking lot and improvements to Market Square Streetscape, Clem Lemire Skate Park parking lot, Mill Street Extension/Senior & Disabled Center parking lot and Tennis Courts at Newington High School.

**Furniture, Fixtures and Equipment** - These were added in the amount of \$1,906. General Government increased by \$176 for software, battery backup equipment, network server and one vehicle. Public Safety increased by \$1,014 for the purchase of five vehicles and a Mobile Operating Under the Influence (OUI) Enforcement Vehicle. Public works increased by \$104 due to the purchase of one leaf machine, a pickup truck with snowplow and the donation of a used compressor. Parks and Recreation increased by \$71 for the purchase of a large mower, an aquatic lift and one piece of playground equipment for Mill Pond Park. Board of Education increased by \$541 for school buses, network server and kitchen equipment for Newington High School.

**Infrastructure** - Additions in the amount \$576 were due to pavement overlay of Boylston Street and Great Oak Lane and resurfacing of Fenn Road, Fox Lane, Liberty Street, Lyondale Road, Miami Avenue and Turkey Hill Road.

**Construction in Progress** - Additions in the amount of \$40 were due to major renovations at Town Hall.

Total Net Additions \$ 4,795

The Town’s fiscal-year 2013-14 budget calls for it to spend \$6 million for capital projects, of which \$1.1 million is financed from the State and the balance from local funds. It is primarily to finance renovations to the music wing at Newington High School, roof replacement and extension at the senior center, major vehicle equipment replacement, road reconstruction and resurfacing, partial payments toward the open space land purchase, payments for trash and recycling residential curbside containers, park improvements and school career technical facilities.

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

**Long-Term Debt**

At June 30, 2013, the Town had \$9.96 million in bonds outstanding versus \$11.69 million last year - a decrease of 14.8% - as shown in Table 5.

<b>TABLE 5 OUTSTANDING DEBT (In Thousands)</b>	<b>Governmental Activities</b>	
	<b>2013</b>	<b>2012</b>
General obligation bonds (backed by the Town)	\$ 9,960	\$ 11,690

- The decrease in the Town's indebtedness is due to the Town refinancing \$9.6 million in bonds by issuing \$9.81 million in Refunding bonds at lower interest rates. In addition, the Town made principal payments during the year totaling \$1.73 million. The Town had no bonds authorized but unissued at June 30, 2013.
- As part of its bond issue in February 2013, 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 \$586 million state-imposed limit.

Other obligations include a mortgage for the purchase of open space land as well as 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 2012-13 budget through prudent, conservative fiscal management. This is evidenced from the fact that final actual expenditures are \$.6 million under the final budget while the revenue side generated an additional \$1.8 million beyond the original estimates.

The significant challenges in the development of the 2013-14 Town budget were: 1) the economic conditions in the region and nationally; 2) costs to meet the high level of service, specifically education, to which Town residents are accustomed; and 3) the ability of citizens to absorb any increases in taxes with no growth in the Grand List. The Town's adopted fiscal year 2013-2014 General Fund appropriations totaled \$106.1 million, an increase of 2.5% over the 2013 budget of \$103.4 million. The most significant factors driving the overall budget increase include education, pension contributions and wages. As of June 30, 2013 both the AFSCME and IBPO bargaining groups contracts were in negotiations. These increases were offset by reducing the medical, debt and solid waste expense line items. Due to several years of positive claim experience, a favorable balance exists in the Health Benefits Fund which gave the Town the ability to reduce the contribution while continuing to maintain a reserve level equal to 20% of expected claims. Savings in the debt service line items were achieved as interest payments decreased due to declining principal balances in conjunction with the refunding of bonds issued in 2003, 2004 and 2005. Additionally, significant savings were realized by competitively bidding for refuse and recycling collection services as well as contracting with a new provider for trash and recycling disposal services.

On the revenue side, the 10/1/2012 taxable list decreased by 1% from the 2011 Grand List. The personal property category increased by .5% while real estate and motor vehicles declined by 1.1% and 1.2%, respectively. The real estate decline of was primarily attributable to corrections due to a declining real estate market relative to the 2011 revaluation, increased exemptions, and the acquisition of real property by the Town of Newington. The decrease was mitigated due to adjustments made to 2011 Grand List anticipating an increased exposure to legal corrections. The net effect was decrease of .1% creating an insignificant effect on the mill rate calculation. Estimated State Aid to the Town, which comprises approximately 16% of total revenues, decreased slightly by \$19 thousand. Other revenue sources such as building permits and real estate conveyance fees were expected to increase slightly.

On a budgetary basis, the June 30, 2013 unassigned General Fund balance, after the designation of \$2.25 million to assist in financing the 2013-14 appropriations, increased by \$200 thousand to a level of \$14.6 million or 13.8% of the fiscal year 2013-14 budget. The Town has consistently maintained a ratio of unassigned 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 3% 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 a slow national and state economic recovery. Per capita income of Newington's residents is \$35.1 thousand, below the statewide average of \$37.6 thousand, but its median family income of \$71.8 thousand exceeds the statewide average by \$2,574. Of note is the Town's large older population with 40% of its residents 50 years of age or more. The consumer price index for the United States City Average at September 2013 was at a level of 234. The Northeast Region of the United States was at a level of 250 at the same time. Building permit activity is not as robust in comparison to last year with the value of permits in September of 2013 equal to \$5.4 million compared to \$11.8 million a year ago. Newington housing values increased 2.4% from September 2012 to September 2013. As of August 2013, the unemployment rate for Newington was 6.9%, down from 7.6% in the prior year, and compares favorably to the State's unemployment rate of 8.1% during the same period.

While the economy slowly recovers, 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.

# **Basic Financial Statements**

## TOWN OF NEWINGTON, CONNECTICUT

## STATEMENT OF NET POSITION

JUNE 30, 2013

(In Thousands)

	<u>Governmental Activities</u>
Assets:	
Cash and cash equivalents	\$ 46,211
Investments	123
Receivables, net	3,146
Due from trust funds	255
Prepaid asset	11
Inventory	28
Other assets	125
Net pension asset	987
Capital assets not being depreciated	11,552
Capital assets being depreciated, net	74,111
Total assets	<u>136,549</u>
Liabilities:	
Accounts and other payables	6,757
Accrued interest payable	36
Unearned revenue	7,277
Noncurrent liabilities:	
Due within one year	2,828
Due in more than one year	11,550
Total liabilities	<u>28,448</u>
Net Position:	
Net investment in capital assets	74,017
Restricted for:	
Trust purposes:	
Expendable	600
Nonexpendable	37
Unrestricted	<u>33,447</u>
Total Net Position	<u>\$ 108,101</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, 2013

(In Thousands)

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental activities:					
General government	\$ 6,821	\$ 655	\$	\$ 7	\$ (6,159)
Public safety	11,883	129	437		(11,317)
Public works	9,528	41	130	408	(8,949)
Community planning and development	990	410		222	(358)
Health and community services	1,696	75	198		(1,423)
Library	2,222	26	31		(2,165)
Parks and recreation	3,214	1,072	30		(2,112)
Education	73,707	1,149	22,901	162	(49,495)
Interest on long-term debt	299				(299)
Total	<u>\$ 110,360</u>	<u>\$ 3,557</u>	<u>\$ 23,727</u>	<u>\$ 799</u>	<u>(82,277)</u>
General revenues:					
Property taxes					83,514
Grants and contributions not restricted to specific programs					3,688
Unrestricted investment earnings					53
Miscellaneous					267
Total general revenues					<u>87,522</u>
Change in net position					5,245
Net Position at Beginning of Year					<u>102,856</u>
Net Position at End of Year					<u>\$ 108,101</u>

The accompanying notes are an integral part of the financial statements

## TOWN OF NEWINGTON, CONNECTICUT

## BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2013

(In Thousands)

	<u>General</u>	<u>Capital Projects</u>	<u>Small Cities</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 31,069	\$ 6,016	\$ 109	\$ 5,019	\$ 42,213
Investments				123	123
Receivables, net	1,315		808	542	2,665
Due from other funds	325				325
Prepays				10	10
Inventories				28	28
Total Assets	<u>\$ 32,709</u>	<u>\$ 6,016</u>	<u>\$ 917</u>	<u>\$ 5,722</u>	<u>\$ 45,364</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts and other payables	\$ 5,362	\$ 330	\$ 5	\$ 255	\$ 5,952
Due to other funds				70	70
Deferred revenue	7,711		808	410	8,929
Total liabilities	<u>13,073</u>	<u>330</u>	<u>813</u>	<u>735</u>	<u>14,951</u>
Fund balances:					
Nonspendable				38	38
Restricted			104	1,489	1,593
Committed		5,686		3,460	9,146
Assigned	5,010				5,010
Unassigned	14,626				14,626
Total fund balances	<u>19,636</u>	<u>5,686</u>	<u>104</u>	<u>4,987</u>	<u>30,413</u>
Total Liabilities and Fund Balances	<u>\$ 32,709</u>	<u>\$ 6,016</u>	<u>\$ 917</u>	<u>\$ 5,722</u>	<u>\$ 45,364</u>

(Continued on next page)

## TOWN OF NEWINGTON, CONNECTICUT

## BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)

JUNE 30, 2013

(In Thousands)

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

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

Fund balances - total governmental funds	\$	30,413
--	----	--------

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

Governmental capital assets	\$	156,308	
Less accumulated depreciation		<u>(70,645)</u>	
Net capital assets			85,663

Other long-term assets are not available to pay for current-period  
expenditures and, therefore, are not recorded in the funds:

Net pension asset	987
Housing loan receivables	808
Property tax receivables greater than 60 days	844
Interest receivable on property taxes	481
Unamortized net bond issuance costs	125

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 position.

3,194

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	(9,960)
Deferred amount in refunding	541
Deferred amount on premium	(450)
Interest payable on bonds	(36)
Mortgage payable	(1,560)
Net OPEB obligation	(244)
Compensated absences	(2,488)
Capital lease	<u>(217)</u>

Net Position of Governmental Activities (Exhibit I)

\$ 108,101

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 FUNDS

FOR THE YEAR ENDED JUNE 30, 2013

(In Thousands)

	General	Capital Projects	Small Cities	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:					
Property taxes	\$ 83,913	\$	\$	\$	\$ 83,913
Payment in lieu of taxes	2,339				2,339
Licenses, fees and permits	402			15	417
Intergovernmental	22,228		122	3,241	25,591
Contributions				73	73
Rental	146	70			216
Income on investments	39	1		9	49
Fines	122				122
Charges for services	574	258		1,955	2,787
Other	96	47	44	342	529
Total revenues	<u>109,859</u>	<u>376</u>	<u>166</u>	<u>5,635</u>	<u>116,036</u>
Expenditures:					
Current:					
General government	4,245			302	4,547
Public safety	7,474			78	7,552
Public works	4,557				4,557
Community planning and development	456		14		470
Health and human services	1,057			173	1,230
Library	1,633			14	1,647
Parks and recreation	1,512			709	2,221
Education	69,551			3,317	72,868
Miscellaneous	11,748				11,748
Capital outlay		3,681	122	868	4,671
Debt service	2,353	1,127			3,480
Total expenditures	<u>104,586</u>	<u>4,808</u>	<u>136</u>	<u>5,461</u>	<u>114,991</u>
Excess (Deficiency) of Revenues over Expenditures	<u>5,273</u>	<u>(4,432)</u>	<u>30</u>	<u>174</u>	<u>1,045</u>
Other Financing Sources (Uses):					
Transfers in	164	4,371		98	4,633
Transfers out	(4,522)	(54)		(116)	(4,692)
Premium on refunding bonds	462				462
Bond refunding issued	9,810				9,810
Payment to escrow agent	(10,144)				(10,144)
Total other financing sources (uses)	<u>(4,230)</u>	<u>4,317</u>	<u>-</u>	<u>(18)</u>	<u>69</u>
Net Change in Fund Balances	1,043	(115)	30	156	1,114
Fund Balances at Beginning of Year	<u>18,593</u>	<u>5,801</u>	<u>74</u>	<u>4,831</u>	<u>29,299</u>
Fund Balances at End of Year	<u>\$ 19,636</u>	<u>\$ 5,686</u>	<u>\$ 104</u>	<u>\$ 4,987</u>	<u>\$ 30,413</u>

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## TOWN OF NEWINGTON, CONNECTICUT

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

FOR THE YEAR ENDED JUNE 30, 2013

(In Thousands)

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

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

Net change in fund balances - total governmental funds (Exhibit IV)	\$ 1,114
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Governmental funds report capital outlays as expenditures. In the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:

Capital outlay	4,797
Depreciation expense	(4,090)

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

Thus the change in net position differs from the change in fund balance by the cost of the assets sold.	(32)
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds, and revenues recognized in the funds are not reported in the statement of activities:

Property tax interest and lien revenue - accrual basis change	(79)
Property tax receivable - accrual basis change	(320)
Housing loan receivable - accrual basis change	(37)
Net pension asset	797

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 position. 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	(9,810)
Payment to bond escrow agent	10,144
Mortgage principal payments	1,015
Bond principal payments	1,935
Premium on bonds refunded	(462)
Deferred bond issuance cost	128
Capital lease payments	104

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	240
Accrued interest	11
Net OPEB expense	369
Amortization of premium	12
Amortization of deferred charges in refunding	(22)
Amortization of bond issuance costs	(3)

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.

(566)
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Change in Net Position of Governmental Activities (Exhibit II)	<u>\$ 5,245</u>
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The accompanying notes are an integral part of the financial statements

## TOWN OF NEWINGTON, CONNECTICUT

## STATEMENT OF NET POSITION - PROPRIETARY FUNDS

JUNE 30, 2013  
(In Thousands)

	<b>Governmental Activities</b>
	<b><u>Internal Service Funds</u></b>
Assets:	
Cash and cash equivalents	\$ <u>3,998</u>
Liabilities:	
Accounts and other payables	<u>804</u>
Net Position:	
Unrestricted	\$ <u><u>3,194</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 POSITION - PROPRIETARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2013

(In Thousands)

	<u>Governmental Activities</u> <u>Internal Service Funds</u>
Operating Revenues:	
Charges for services	\$ 9,793
Miscellaneous	135
Total operating revenues	<u>9,928</u>
Operating Expenses:	
Benefit payments	9,091
Administration	484
Insurance	551
Casualty loss	431
Total operating expenses	<u>10,557</u>
Operating Loss	(629)
Nonoperating Revenue:	
Interest on investments	<u>4</u>
Loss Before Transfers	(625)
Transfers In	<u>59</u>
Change in Net Position	(566)
Net Position at Beginning of Year	<u>3,760</u>
Net Position at End of Year	<u>\$ 3,194</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, 2013

(In Thousands)

	<b>Governmental Activities</b>
	<b>Internal Service Funds</b>
Cash Flows from Operating Activities:	
Cash received from charges for services and other	\$ 9,928
Cash paid to vendors	(10,335)
Net cash used in operating activities	<u>(407)</u>
Cash Flows from Noncapital Financial Activities:	
Transfers in	59
Cash Flows from Investing Activities:	
Interest on investments	<u>4</u>
Net Decrease in Cash and Cash Equivalents	(344)
Cash and Cash Equivalents at Beginning of Year	<u>4,342</u>
Cash and Cash Equivalents at End of Year	<u>\$ 3,998</u>
Reconciliation of Operating Loss to Net Cash Used in Operating Activities:	
Operating loss	\$ (629)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Increase in accounts and other payables	<u>222</u>
Net Cash Used in Operating Activities	<u>\$ (407)</u>

The accompanying notes are an integral part of the financial statements

**TOWN OF NEWINGTON, CONNECTICUT**  
**STATEMENT OF NET POSITION - FIDUCIARY FUNDS**

**JUNE 30, 2013**  
**(In Thousands)**

	<u>Pension Trust Funds</u>	<u>OPEB Trust Fund</u>	<u>Agency Funds</u>
<b>Assets:</b>			
Cash and cash equivalents	\$ 753	\$ 4	\$ 601
<b>Investments:</b>			
Mutual funds	55,419	2,568	
Certificate of deposits		1,100	
Accounts receivable	<u>800</u>		
<b>Total Assets</b>	<u>56,972</u>	<u>3,672</u>	<u>\$ 601</u>
<b>Liabilities:</b>			
Accounts payable		19	\$ 601
Due to other funds		<u>255</u>	
<b>Total Liabilities</b>	<u>-</u>	<u>274</u>	<u>\$ 601</u>
<b>Net Position:</b>			
Held in Trust for Pension/OPEB Benefits	<u>\$ 56,972</u>	<u>\$ 3,398</u>	

The accompanying notes are an integral part of the financial statements

## TOWN OF NEWINGTON, CONNECTICUT

## STATEMENT OF CHANGES IN NET POSITION - FIDUCIARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2013

(In Thousands)

	<u>Pension Trust Funds</u>	<u>OPEB Trust Fund</u>
Additions:		
Contributions:		
Employer	\$ 5,099	\$ 2,090
Plan members	775	384
Total contributions	<u>5,874</u>	<u>2,474</u>
Investment income:		
Net appreciation in fair value of investments	5,872	103
Interest and dividends	505	88
Total investment income	<u>6,377</u>	<u>191</u>
Less investment expense	337	7
Net investment income	<u>6,040</u>	<u>184</u>
Total income	<u>11,914</u>	<u>2,658</u>
Deductions:		
Benefits	6,260	1,370
Administration	53	198
Total deductions	<u>6,313</u>	<u>1,568</u>
Change in Net Position	5,601	1,090
Net Position - Beginning of Year	<u>51,371</u>	<u>2,308</u>
Net Position - End of Year	<u>\$ 56,972</u>	<u>\$ 3,398</u>

The accompanying notes are an integral part of the financial statements

# TOWN OF NEWINGTON, CONNECTICUT

## NOTES TO FINANCIAL STATEMENTS

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(In Thousands)

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

#### A. Reporting Entity

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

#### B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position 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, with the exception of agency funds, which technically have no measurement focus, but use the accrual basis of accounting for purposes of asset and liability recognition. 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. The major source of revenues for this program is intergovernmental revenue.

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 Other Post Employment Benefits (OPEB) Trust Fund accounts for the activities of the Town's Post Employment Benefits plan, which accumulates resources for healthcare 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. Unrestricted resources are used in the following order: committed, assigned then unassigned.

#### **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 6.4% of outstanding property taxes at June 30, 2013.

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 five 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 position. 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 position” and is classified in the following categories:

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

Restricted - This component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. 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 - This component of net position consists of net amount of the assets, deferred outflows of resources, liabilities and deferred inflows of resources that do not meet the definition of “restricted” or “net investment in capital assets.”

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

Nonspendable Fund Balance - This represents amounts that cannot be spent due to form (e.g., inventories and prepaid amounts).

Restricted Fund Balance - This represents amounts constrained for a specific purpose by external parties, such as grantors, creditors, contributors or laws and regulations of their governments.

Committed Fund Balance - This represents amounts constrained for a specific purpose by a government using its highest level of decision-making authority (Town Council). Amounts remain committed until action is taken by the Town Council (resolution) to remove or revise the limitations.

Assigned Fund Balance - For all governmental funds other than the General Fund, this represents any remaining positive amounts not classified as nonspendable, restricted or committed. For the General Fund, this includes amounts constrained for the intent to be used for a specific purpose by the Town Council or Director of Finance, who have been delegated authority to assign amounts by the Town Charter.

Unassigned Fund Balance - This represents fund balance in the General Fund in excess of nonspendable, restricted, committed and assigned fund balance. If another governmental fund has a fund balance deficit, it is reported as a negative amount in unassigned fund balance.

## 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 \$375,000 (amount not rounded). Special appropriations between \$375,000 and \$975,000 (amount not rounded) require a Town ordinance. Special appropriations over \$975,000 (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 2012-13.

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 committed or assigned fund balance, depending on the nature of restriction, 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*, \$39,061 of the Town’s bank balance of \$47,570 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$	35,075
Uninsured and collateral held by the pledging bank’s trust department, not in the Town’s name		<u>3,986</u>
Total Amount Subject to Custodial Credit Risk	\$	<u><u>39,061</u></u>

## Cash Equivalents

At June 30, 2013, the Town's cash equivalents amounted to \$10,239. 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 &amp; 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, 2013, 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:					
Certificate of deposit	*	\$ 1,100	\$ 1,100	\$ -	\$ -
Total		1,100	<u>1,100</u>	<u>-</u>	<u>-</u>
Other investments:					
Pooled open-end mutual funds		<u>58,110</u>			
Total Investments		<u>\$ 59,210</u>			

\*Subject to coverage by Federal Depository Insurance and collateralization.

*Interest Rate Risk* - The Town limits its maximum final stated maturities to 15 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, 2013, 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	\$ 1,023	\$	\$	\$ 1,023
Accounts	204		817	1,021
Housing loans		808		808
Intergovernmental	<u>182</u>		<u>525</u>	<u>707</u>
Gross receivables	1,409	<u>808</u>	<u>1,342</u>	<u>3,559</u>
Less allowance for uncollectibles	<u>94</u>			<u>94</u>
Net Total Receivables	<u>\$ 1,315</u>	<u>\$ 808</u>	<u>\$ 1,342</u>	<u>\$ 3,465</u>

Note: Does not include accrued interest on property taxes of \$481.

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	\$ 844	\$
Taxes collected in advance		6,867
Grant drawdowns prior to meeting all eligibility requirements		17
Housing loans	808	
Program fees collected in advance		<u>393</u>
Total Deferred/Unearned Revenue for Governmental Funds	<u>\$ 1,652</u>	<u>\$ 7,277</u>

## 5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2013 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	\$ 6,104	\$ 16	\$	\$ 6,120
Construction in progress	2,622	40		2,662
Intangible assets	<u>2,770</u>			<u>2,770</u>
Total capital assets not being depreciated	<u>11,496</u>	<u>56</u>	<u>-</u>	<u>11,552</u>
Capital assets being depreciated:				
Buildings	62,476	1,494		63,970
Improvements other than buildings	8,663	764	(117)	9,310
Furniture, fixtures and equipment	21,917	1,906	(451)	23,372
Infrastructure	<u>47,527</u>	<u>577</u>		<u>48,104</u>
Total capital assets being depreciated	<u>140,583</u>	<u>4,741</u>	<u>(568)</u>	<u>144,756</u>
Less accumulated depreciation for:				
Buildings	(25,859)	(1,504)		(27,363)
Improvements other than buildings	(2,261)	(408)	117	(2,552)
Furniture, fixtures and equipment	(13,756)	(1,498)	419	(14,835)
Infrastructure	<u>(25,215)</u>	<u>(680)</u>		<u>(25,895)</u>
Total accumulated depreciation	<u>(67,091)</u>	<u>(4,090)</u>	<u>536</u>	<u>(70,645)</u>
Total capital assets being depreciated, net	<u>73,492</u>	<u>651</u>	<u>(32)</u>	<u>74,111</u>
Governmental Activities Capital Assets, Net	<u>\$ 84,988</u>	<u>\$ 707</u>	<u>\$ (32)</u>	<u>\$ 85,663</u>

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
General government	\$ 263
Public safety	714
Public works	857
Community planning and development	293
Library	73
Parks and recreation	245
Education	<u>1,645</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 4,090</u>

## Construction Commitments

The Town has 38 active construction projects as of June 30, 2013. The projects include various school and Town improvements project authorizations. At year end, the Town's commitments with contractors are as follows:

	<u>Spent-to-Date</u>	<u>Remaining Commitment</u>
Computer system replacement	\$ 2,718	\$ 513
Town Hall improvements	2,652	319
Road reconstruction	2,337	116
School code compliance	1,992	685
J. Wallace Middle School roof replacement	2,164	206
Drainage improvement	776	194
Tax revaluation reserve	796	22
Parks and playground improvements	694	117
Market Square development	618	44
Newington High School Music Wing		377
Other various projects	<u>7,336</u>	<u>1,778</u>
Total	<u>\$ 22,083</u>	<u>\$ 4,371</u>

## 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, 2013 is presented below:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Nonmajor Governmental Funds	\$ 70
General Fund	Fiduciary Funds	255

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

Interfund transfers:

	<u>Transfers In</u>				<u>Total</u>
	<u>General</u>	<u>Nonmajor Governmental</u>	<u>Capital Projects</u>	<u>Internal Service</u>	
Transfers out:					
General Fund	\$	\$ 98	\$ 4,365	\$ 59	\$ 4,522
Capital Projects	48		6		54
Nonmajor Governmental	<u>116</u>				<u>116</u>
Total Transfers Out	<u>\$ 164</u>	<u>\$ 98</u>	<u>\$ 4,371</u>	<u>\$ 59</u>	<u>\$ 4,692</u>

Transfers are for regularly recurring operational transfers.

**7. LEASES**

**Capital Leases**

The Town entered into lease agreements for financing the acquisition of 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, 2013:

<u>Fiscal Year Ending June 30</u>	
2014	\$ 112
2015	<u>112</u>
Total future minimum lease payments	224
Interest on future lease payments	<u>7</u>
Principal Balance of Future Minimum Payments	<u>\$ 217</u>

The initial value of the recycling containers acquired amounted to \$525. The net book value of the assets approximates the principal balance of the lease at June 30, 2013.

**8. LONG-TERM DEBT**

**Changes in Long-Term Liabilities**

Long-term liability activity for the year ended June 30, 2013 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	\$ 11,690	\$ 9,810	\$ 11,540	\$ 9,960	\$ 1,220
Deferred amounts on:					
Refunding	(24)	(539)	(22)	(541)	
Premium		462	12	450	
Total bonds payable	<u>11,666</u>	<u>9,733</u>	<u>11,530</u>	<u>9,869</u>	<u>1,220</u>
Mortgage payable	2,575		1,015	1,560	515
Compensated absences	2,728	732	972	2,488	986
Net OPEB Obligation	613		369	244	
Capital leases	<u>321</u>		<u>104</u>	<u>217</u>	<u>107</u>
Total Governmental Activity Long-Term Liabilities	<u>\$ 17,903</u>	<u>\$ 10,465</u>	<u>\$ 13,990</u>	<u>\$ 14,378</u>	<u>\$ 2,828</u>

**General Obligation Bonds Refunding**

On February 14, 2013, the Town issued \$9,810 of general obligation refunding bonds with interest rates ranging from 1.0% to 4.0% to current refund at or prior to maturity all or a portion of the outstanding principal amounts of \$1,980, \$5,220 and \$2,405 General Obligation Bonds, dated June 15, 2003, May 15, 2004 and June 15, 2005, respectively.

The net proceeds of \$10,144 (including a premium of \$462 and issuance costs of \$128, net of underwriter’s discounts) will reduce total debt service payments over the next 13 years by approximately \$761 and represents an economic gain (difference between present values of the debt service payments on the old and new debt) of \$741. 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, 2013 is \$6,520 and the escrow balance is \$7,135.

A schedule of bonds and serial notes outstanding at June 30, 2013 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, 2013</u>
General purpose bonds:				
Police station	06/05	4.25-5.0	\$ 3,700	\$ 2,263
Police station	05/04	3.2-4.6	3,750	2,133
School:				
School improvements	04/10	1.5-4.0	3,640	1,235
School improvements	05/04	3.2-4.6	4,950	2,756
School improvements	06/03	2.0-5.0	4,950	<u>1,573</u>
Total				<u>\$ 9,960</u>

The following is a schedule of bond maturities as of June 30, 2013:

<u>Fiscal Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 1,220	\$ 256	\$ 1,476
2015	1,445	232	1,677
2016	1,040	188	1,228
2017	1,035	157	1,192
2018	1,025	125	1,150
2019-2023	3,375	290	3,665
2024-2026	<u>820</u>	<u>21</u>	<u>841</u>
Total	<u>\$ 9,960</u>	<u>\$ 1,269</u>	<u>\$ 11,229</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	\$ 188,516	\$ 4,396	\$ 184,120
Schools	377,033	5,564	371,469
Sewers	314,194	44,306	269,888
Urban renewal	272,301		272,301
Pension deficit	251,355		251,355

**Mortgage Payable**

On February 22, 2012, the Town entered into a \$2,575 mortgage to purchase certain piece or parcel of land. The mortgage is payable in five installments, which began on August 1, 2012 at an interest rate from 3.50% to 4.25%.

The following is a schedule of mortgage maturities as of June 30, 2013:

<u>Fiscal Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 515	\$ 72	\$ 587
2015	515	39	554
2016	515	41	556
2017	15	22	37
Total	\$ <u>1,560</u>	\$ <u>174</u>	\$ <u>1,734</u>

The total overall statutory debt limit for the Town is equal to seven times annual receipts from taxation or \$586 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 \$44.306 million or 8.66% of the debt of the Metropolitan District.

**9. RISK MANAGEMENT**

The Town is exposed to various risks of loss including torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town generally obtains commercial insurance for these risks, but has chosen to retain the risks for employee health and medical claims. The Health Insurance Internal Service Fund is utilized to report the self-insurance activity. Anthem Blue Cross/Blue Shield administers the plan, for which the Town pays a fee. The General Fund (Town and Board of Education) and Cafeteria Fund (Special Revenue Fund) contribute based on Anthem Blue Cross/Blue Shield estimates made using the Town's historical data. The Town covers all claims up to \$175,000 (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 \$778 reported in the Health Benefits Internal Service Fund at June 30, 2013 is based on Governmental Accounting Standards Board Statement No. 10, which requires that a liability for estimated claims incurred but not reported be recorded. Changes in the claims liability were:

	<u>Liability July 1,</u>		<b>Current Year Claims and Changes in Estimates</b>		<b>Claim Payments</b>		<u>Liability June 30,</u>
2011-2012	\$ 589	\$	9,776	\$	9,783	\$	582
2012-2013	582		9,930		9,734		778

## 10. FUND BALANCE

The components of fund balance for the governmental funds at June 30, 2013 are as follows:

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Small Cities</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Fund balances:					
Nonspendable:					
Inventory	\$	\$	\$	\$ 28	\$ 28
Prepays				10	10
Restricted for:					
Grants			104	1,452	1,556
Permanent funds				37	37
Committed to:					
Public buildings		926			926
Capital and nonrecurring projects		3,685			3,685
Public schools		1,027			1,027
Land acquisition		48			48
Education				480	480
Cemetery maintenance				1,298	1,298
Public safety activities				4	4
Recreation programs				607	607
Employee leave liability				706	706
Volunteer ambulance				217	217
Volunteer firefighters				119	119
General government				29	29
Assigned to:					
Subsequent year's budget	2,250				2,250
General government - encumbrances	91				91
Public safety - encumbrances	54				54
Public works - encumbrances	8				8
Health and community services - encumbrances	5				5
Parks and recreation - encumbrances	2				2
Education - encumbrances	2,600				2,600
Unassigned	14,626				14,626
Total Fund Balances	<u>\$ 19,636</u>	<u>\$ 5,686</u>	<u>\$ 104</u>	<u>\$ 4,987</u>	<u>\$ 30,413</u>

## **11. OTHER POST EMPLOYMENT 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. The post employment benefits plan is considered to be part of the Town's financial reporting entity and is included in the Town's financial report as the Other Post Employment Benefits Trust Fund. The Town does not issue a separate stand-alone financial statement for this program.

### **B. Funding Policy**

The Town funding and payment of post employment benefits are accounted for in the General Fund on a pay-as-you-go basis for current year. The Town has established a trust fund to irrevocably segregate assets to fund the liability associated with post employment benefits. The fund is reported as a trust fund in accordance with GASB guidelines. The annual required contribution (ARC) payment is 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 post employment 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 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.
- 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 50 or completion of 20 years of service. Early retirement is age 45 and 10 years of continuous service. For officers hired on or after January 1, 2007, normal retirement is the completion of 25 years of service regardless of age and an officer retiring prior to normal retirement shall not be eligible for retiree health care benefits.
- 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's annual other post employment benefit (OPEB) cost is calculated based on the 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:

	<b>Post Employment Benefits Plan</b>
Annual required contribution (ARC)	\$ 1,713
Interest on net OPEB obligation	48
Adjustment to annual required contribution	(40)
Annual OPEB cost	1,721
Contributions made	2,090
Decrease in net OPEB obligation	(369)
Net OPEB obligation, beginning of year	613
Net OPEB Obligation, End of Year	\$ 244

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation is presented below:

<b>Fiscal Year Ended</b>	<b>Annual OPEB Cost (AOC)</b>	<b>Actual Contribution</b>	<b>Percentage of AOC Contributed</b>	<b>Net OPEB Obligation</b>
6/30/11	\$ 1,882	\$ 3,349	177.94%	\$ 637
6/30/12	1,950	1,974	101.23	613
6/30/13	1,721	2,090	121.44	244

### Schedule of Funding Progress

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Accrued Liability (AAL) (b)</b>	<b>Funded (Unfunded) AAL (UAAL) (a-b)</b>	<b>Percentage Funded (a/b)</b>	<b>Covered Payroll (c)</b>	<b>UAAL as a % of Covered Payroll ((a-b)/c)</b>
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
7/1/11	1,721	18,620	(16,899)	9.2	N/A	N/A

## Schedule of Employer Contributions

<u>Year Ended June 30,</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
2011	\$ 1,843	181.71%
2012	1,939	101.80
2013	1,713	122.01

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, 2011 actuarial valuation, the projected unit credit cost method was used. The actuarial assumptions include a 7.75% 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, a payroll growth rate of 3.5% and an inflation rate of 2.50%. The actuarial value of assets was determined at market value. The UAAL is being amortized as a level percentage over a 30-year period decreasing, closed group. The annual healthcare cost trend rate is 5.9% initially with an ultimate rate of 4.7%.

## 12. 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 three 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 three 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 three 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 17 continuing participants receive benefit enhancements that will be phased in over a 5-year period. Monthly pension benefit amount for normal retirement for those who continue in this Volunteer Firefighters' Plan is equal to \$120 based on the completion of ten years of credited service plus \$7.50 for each additional year of service effective July 1, 1999 (increasing \$.50 each July 1, maximum to \$12.00). There are also percentage increases in the benefits if the participant is an officer of the Volunteer Fire Department for at least five years.

At July 1, 2012, 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	174	63	32	33
Terminated participants	11		4	45
Active participants	<u>128</u>	<u>57</u>	<u>9</u>	<u>31</u>
Total	<u>313</u>	<u>120</u>	<u>45</u>	<u>109</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 the 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	15.5	39.4	35.2

**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	\$ 1,373	\$ 2,426	\$ 324	\$ 102
Interest in net pension obligation	(1)	(13)		
Adjustment to annual required contribution	<u>1</u>	<u>17</u>		
Annual pension cost	1,373	2,430	324	102
Contributions made	<u>1,696</u>	<u>2,805</u>	<u>422</u>	<u>102</u>
Increase in net pension asset	323	375	98	
Net Pension Asset, July 1, 2012	<u>(9)</u>	<u>(176)</u>	<u>(5)</u>	
Net Pension Asset, June 30, 2013	<u>\$ (332)</u>	<u>\$ (551)</u>	<u>\$ (103)</u>	<u>\$ -</u>

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

	<u>Municipal</u>	<u>Police</u>	<u>Administrative</u>	<u>Firefighters</u>
Actuarial valuation date	7-1-12	7-1-12	7-1-12	7-1-11
Actuarial cost method	Entry	Entry	Entry	Frozen
	Age	Age	Age	Entry
	Normal	Normal	Normal	Age Cost
Amortization method	Level	Level	Level	Level
	Percent	Percent	Percent	Dollar
	Closed	Closed	Closed	Open
Remaining amortization period	23 years	13 years	23 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%	6.0%
Projected salary increases	3.5%	3.5%	3.5%	N/A
Inflation rate	2.5%	2.5%	2.5%	2.5%
Cost of living adjustments	None	1.5%	None	None
		Retirees		
		0.5%		
		Active		
		Members		

#### E. Trend Information

	<u>Fiscal Year Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation (Asset)</u>
<b><u>Municipal</u></b>				
	6/30/11	\$ 1,219	100%	\$ (9)
	6/30/12	1,268	100	(9)
	6/30/13	1,373	124	(332)
<b><u>Police</u></b>				
	6/30/11	1,801	100	(179)
	6/30/12	2,068	100	(176)
	6/30/13	2,430	115	(551)
<b><u>Administrative</u></b>				
	6/30/11	237	100	(5)
	6/30/12	287	100	(5)
	6/30/13	324	130	(103)
<b><u>Firefighters</u></b>				
	6/30/11	77	100	-
	6/30/12	77	100	-
	6/30/13	102	100	-

## F. Pension Plan Required Supplementary Information

### Schedule of Funding Progress

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) (b)</u>	<u>Unfunded AAL (UAAL) (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a % of Covered Payroll ((b-a)/c)</u>
<b><u>Municipal</u></b>						
7/1/07	\$ 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
7/1/09	20,807	32,079	11,272	64.9	8,832	127.6
7/1/10	20,550	32,751	12,201	62.7	8,170	149.3
7/1/11	19,765	37,090	17,325	53.3	7,873	220.1
7/1/12	19,210	37,488	18,278	51.2	7,230	252.8
<b><u>Police</u></b>						
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
7/1/09	27,947	43,199	15,252	64.7	5,237	291.2
7/1/10	27,903	45,388	17,485	61.5	5,248	333.1
7/1/11	26,700	46,585	19,885	57.3	5,829	341.2
7/1/12	26,840	48,223	21,383	55.7	5,561	384.5
<b><u>Administrative</u></b>						
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
7/1/09	7,026	9,942	2,916	70.7	885	329.2
7/1/10	6,563	10,057	3,494	65.3	815	428.7
7/1/11	6,018	10,774	4,756	55.9	761	624.9
7/1/12	5,496	11,044	5,548	49.8	751	739.2
<b><u>Firefighters</u></b>						
7/1/03	654	1,383	729	47.3	N/A	N/A
7/1/05	690	1,384	694	49.9	N/A	N/A
7/1/07	747	1,361	614	54.9	N/A	N/A
7/1/09	758	1,169	411	64.8	N/A	N/A
7/1/11	720	1,447	727	49.8	N/A	N/A

### Schedule of Employer Contributions

<u>Fiscal Year Ended</u>	<u>(in thousands)</u>			
	<u>Municipal</u>		<u>Police</u>	
	<u>Required Contribution</u>	<u>Annual Percentage Contributed</u>	<u>Required Contribution</u>	<u>Annual Percentage Contribution</u>
6/30/08	\$ 837	100%	\$ 1,277	100%
6/30/09	853	100	1,336	100
6/30/10	969	100	1,525	100
6/30/11	1,219	100	1,800	100
6/30/12	1,268	100	2,064	100
6/30/13	1,373	124	2,426	115

**Schedule of Employer Contributions**

<b>Fiscal Year Ended</b>	<b>(in thousands)</b>			
	<b>Administrative</b>		<b>Firefighters</b>	
	<b>Required Contribution</b>	<b>Annual Percentage Contributed</b>	<b>Required Contribution</b>	<b>Annual Percentage Contribution</b>
6/30/08	\$ 180	100%	\$ 82	100%
6/30/09	173	100	72	100
6/30/10	196	100	72	100
6/30/11	237	100	77	100
6/30/12	287	100	77	100
6/30/13	324	130	102	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 \$29.7 million or 75% of the total Board of Education payroll of \$39.6 million.

The retirement system for teachers is funded by the State based upon the recommendation of the Teachers' Retirement Board. Such contribution includes amortization of the actuarially computed unfunded liability. These obligations are established under the authority of the Connecticut General Statutes. For the year ended June 30, 2013, the Town has recorded, in the General Fund, intergovernmental revenue and education expenditures in the amount of \$6,225 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 6 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 2012-2013, computed in accordance with plan requirements, amounted to \$74. At June 30, 2013, there were 158 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 position held in trust for pension benefits at June 30, 2013 and the changes in net position for the year then ended.

	<b>Schedule of Plan Net Position</b>					
	<b>Police</b>	<b>Municipal</b>	<b>Administrative</b>	<b>Volunteer Firefighters' Plans</b>		<b>Total</b>
	<b>Officers'</b>	<b>Employees'</b>	<b>Employees'</b>	<b>Defined</b>	<b>Defined</b>	
<b>Plan</b>	<b>Plan</b>	<b>Plan</b>	<b>Benefit</b>	<b>Contribution</b>		
Assets:						
Cash and cash equivalents	\$ 8	\$ 21	\$ 1	\$ 7	\$ 716	\$ 753
Investments	29,010	20,101	5,385	460	463	55,419
Accounts receivable	378	324	98			800
Total assets	<u>29,396</u>	<u>20,446</u>	<u>5,484</u>	<u>467</u>	<u>1,179</u>	<u>56,972</u>
Liabilities:						
Accounts payable	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Position Held in Trust for Pension Benefits	<u>\$ 29,396</u>	<u>\$ 20,446</u>	<u>\$ 5,484</u>	<u>\$ 467</u>	<u>\$ 1,179</u>	<u>\$ 56,972</u>

**Schedule of Plan Net Position**

	<u>Police Officers' Plan</u>	<u>Municipal Employees' Plan</u>	<u>Administrative Employees' Plan</u>	<u>Volunteer Defined Benefit</u>	<u>Firefighters' Plans Defined Contribution</u>	<u>Total Pension Trust Funds</u>
Additions:						
Contributions:						
Employer	\$ 2,805	\$ 1,696	\$ 422	\$ 102	\$ 74	\$ 5,099
Plan members	406	321	38		10	775
Total contributions	<u>3,211</u>	<u>2,017</u>	<u>460</u>	<u>102</u>	<u>84</u>	<u>5,874</u>
Investment income:						
Net appreciation (depreciation) in fair value of investments	3,068	2,149	590	(6)	71	5,872
Interest and dividends	258	180	49	18		505
Total investment income	<u>3,326</u>	<u>2,329</u>	<u>639</u>	<u>12</u>	<u>71</u>	<u>6,377</u>
Less investment expenses	<u>178</u>	<u>125</u>	<u>34</u>			<u>337</u>
Net investment income	<u>3,148</u>	<u>2,204</u>	<u>605</u>	<u>12</u>	<u>71</u>	<u>6,040</u>
Total additions	<u>6,359</u>	<u>4,221</u>	<u>1,065</u>	<u>114</u>	<u>155</u>	<u>11,914</u>
Deductions:						
Benefits	2,945	2,326	875	114		6,260
Administration	16	20	5	2	10	53
Total deductions	<u>2,961</u>	<u>2,346</u>	<u>880</u>	<u>116</u>	<u>10</u>	<u>6,313</u>
Other Financing Sources (Uses):						
Transfers in			39			39
Transfers out		(39)				(39)
Total other financing sources (uses)	<u>-</u>	<u>(39)</u>	<u>39</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net increase (decrease)	3,398	1,836	224	(2)	145	5,601
Net Position Held in Trust for Pension						
Benefits, Beginning of Year	<u>25,998</u>	<u>18,610</u>	<u>5,260</u>	<u>469</u>	<u>1,034</u>	<u>51,371</u>
Net Position Held in Trust for Pension						
Benefits, End of Year	<u>\$ 29,396</u>	<u>\$ 20,446</u>	<u>\$ 5,484</u>	<u>\$ 467</u>	<u>\$ 1,179</u>	<u>\$ 56,972</u>

**Required Supplementary  
Information**

## TOWN OF NEWINGTON, CONNECTICUT

## GENERAL FUND

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

FOR THE YEAR ENDED JUNE 30, 2013

(In Thousands)

	Budgeted Amounts		Actual	Variance - Positive (Negative)
	Original	Final		
Property taxes:				
Current levy	\$ 80,953	\$ 80,953	\$ 81,921	\$ 968
Prorated motor vehicles	600	600	768	168
Prorated real estate	50	50	7	(43)
Prior year tax levies	390	390	711	321
Interest and liens	265	265	506	241
Total	<u>82,258</u>	<u>82,258</u>	<u>83,913</u>	<u>1,655</u>
Payments in lieu of taxes:				
State-Owned Property	648	648	639	(9)
Elderly Freeze Exemption	12	12	8	(4)
Disabled Exemption	5	5	6	1
Elderly Circuit Breaker	255	255	267	12
Additional Veteran's Exemption	28	28	28	-
Tax Exempt Colleges and Hospital	1,368	1,368	1,390	22
Controlling Interest Transfer Tax			1	1
Total	<u>2,316</u>	<u>2,316</u>	<u>2,339</u>	<u>23</u>
Licenses and permits:				
Building permits	150	150	373	223
Vendor's permits	1	1	1	-
Gun permits	5	5	15	10
Work Within Rights of Way	7	7	11	4
Refuse handling licenses	2	2	2	-
Total	<u>165</u>	<u>165</u>	<u>402</u>	<u>237</u>
Rentals:				
Town Hall rental	4	4	3	(1)
Indian Hill Country Club	93	93	96	3
Other town property	40	40	47	7
Total	<u>137</u>	<u>137</u>	<u>146</u>	<u>9</u>
Investment income	<u>100</u>	<u>100</u>	<u>39</u>	<u>(61)</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, 2013**

**(In Thousands)**

	Budgeted Amounts		Actual	Variance - Positive (Negative)
	Original	Final		
Fines:				
Parking tickets	\$ 20	\$ 20	\$ 35	\$ 15
False alarms	15	15	14	(1)
Ambulance Response Overages			73	73
Total	<u>35</u>	<u>35</u>	<u>122</u>	<u>87</u>
Charges for services:				
Conservation Commission	4	4	12	8
Town Planning and Zoning	9	9	13	4
Town Clerk Fees	375	375	476	101
Police	8	8	7	(1)
Human Services - counseling fee	25	25	13	(12)
Library - overdue fines	28	28	26	(2)
Dial-A-Ride Tickets	5	5	5	-
Scrap Metal Curbside	25	25	20	(5)
Engineering fees	1	1	2	1
Total	<u>480</u>	<u>480</u>	<u>574</u>	<u>94</u>
State of Connecticut:				
Public Library	3	3	1	(2)
Mashantucket Pequot Fund	244	244	241	(3)
Youth Services Bureau	23	23	23	-
Alcohol and Drug Abuse	4	4	4	-
Municipal Revenue Sharing	1,038	1,038	1,012	(26)
Telecommunications Tax	10	10	98	88
Emergency Management Grant	5	5	5	-
Transportation - Non-public	7	7	5	(2)
Transportation - Public	208	208	252	44
Adult Education	32	32	35	3
Special Education Excess Cost			156	156
School Building Grants	875	875	162	(713)
Health Services	16	16	23	7
Town Aid Road	35	35	35	-
Education Cost Sharing Grant	12,896	12,896	12,901	5
Total	<u>15,396</u>	<u>15,396</u>	<u>14,953</u>	<u>(443)</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, 2013  
(In Thousands)**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Federal government:				
Senior Citizen Trans Aid	\$ 9	\$ 9	\$ 11	\$ 2
FEMA Storm Assistance Grant			130	130
ARRA Education Jobs Grant			11	11
Total	<u>9</u>	<u>9</u>	<u>152</u>	<u>143</u>
Miscellaneous:				
Other - miscellaneous	121	121	93	(28)
Cancelled PY encumbrances	10	10	132	122
United Way (Human Services)	1	1	3	2
Total	<u>132</u>	<u>132</u>	<u>228</u>	<u>96</u>
Total revenues	101,028	101,028	102,868	1,840
Other financing sources:				
Transfers in	<u>164</u>	<u>164</u>	<u>164</u>	<u>-</u>
Total	<u>\$ 101,192</u>	<u>\$ 101,192</u>	103,032	<u>\$ 1,840</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	6,225
Cancellation of prior year encumbrances are recognized as budgetary revenue	(132)
The Board of Education does not budget for certain intergovernmental grants that are credited against education expenditures for budgetary reporting; these amounts are recorded as revenues and expenditures for financial reporting purposes	898
Premium on refunding bonds	462
Refunding bonds issued	<u>9,810</u>

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

\$ 120,295

## 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, 2013  
(In Thousands)

	Budgeted Amounts		Actual	Variance - Positive (Negative)
	Original	Final		
General Government:				
Town Council	\$ 49	\$ 49	\$ 49	\$ -
Town Manager	361	389	384	5
Courts	31	31	31	-
Elections	114	141	141	-
Finance	1,128	1,144	1,137	7
Town Attorney	130	180	160	20
Town Clerk	167	170	170	-
Personnel	45	61	59	2
General services	2,334	2,265	2,167	98
Total general government	4,359	4,430	4,298	132
Public Safety:				
Police Department	6,443	6,334	6,309	25
Fire Department	805	845	817	28
Street lighting	340	302	302	-
Emergency Medical Service	25	20	20	-
Hydrants	62	62	62	-
Total public safety	7,675	7,563	7,510	53
Public Works:				
Engineering	251	256	253	3
Highway Department	2,494	2,447	2,411	36
Solid Waste Services	2,130	1,851	1,851	-
Total public works	4,875	4,554	4,515	39
Community Planning and Development:				
Planning and Development	219	219	216	3
Town Planning and Zoning	17	17	16	1
Zoning Board of Appeals	3	3	1	2
Building Department	170	173	171	2
Conservation Commission	4	9	9	-
Economic Development	30	45	43	2
Total community planning and development	443	466	456	10
Health and Community Services:				
Public Health:				
Health Services	134	134	134	-
Community Services:				
Human Services	445	419	407	12
Senior and Disabled Center	531	518	512	6
Boards and Commissions	9	9	8	1
Total health and community services	1,119	1,080	1,061	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, 2013  
(In Thousands)

	Budgeted Amounts		Actual	Variance - Positive (Negative)
	Original	Final		
Library:				
Library operations	\$ 1,676	\$ 1,661	\$ 1,633	\$ 28
Parks and Recreation:				
Parks and Recreation Administration	347	347	344	3
Grounds Maintenance	1,232	1,192	1,166	26
Total parks and recreation	1,579	1,539	1,510	29
Board of Education:				
Art	715	748	748	-
Career/Vocational	1,057	997	997	-
Computers	1,317	2,385	2,385	-
Language Arts	3,830	3,801	3,801	-
Foreign Language	1,221	1,178	1,178	-
Math	3,701	3,564	3,564	-
Music	1,109	1,169	1,169	-
Physical Education	1,373	1,341	1,341	-
Reading	3,808	3,391	3,391	-
Science	3,308	3,359	3,359	-
Social Studies	3,289	3,167	3,167	-
Other Salaries	1,068	808	808	-
Special Education	6,945	6,910	6,910	-
Homebound	49	63	63	-
Adult Education	91	87	87	-
Guidance	1,218	1,142	1,142	-
Health/Nurses	631	537	537	-
Psychological Services	738	730	730	-
Speech and Hearing	511	480	480	-
Curriculum Development	127	144	144	-
Media	1,004	1,143	1,143	-
Board of Education	156	176	176	-
Central Direction	1,377	1,456	1,456	-
Building Direction	3,093	3,158	3,158	-
Supplies	275	234	234	-
Maintenance	1,494	2,807	2,807	-
Plant operation	4,694	3,845	3,845	-
Transportation	2,451	2,979	2,979	-
Evaluation, planning and development	120	160	160	-
Insurance	661	548	548	-

(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, 2013  
(In Thousands)

	Budgeted Amounts		Actual	Variance - Positive (Negative)
	Original	Final		
Board of Education (continued):				
Employee benefits	\$ 11,168	\$ 10,095	\$ 10,095	\$ -
Non-athletics	143	127	127	-
Athletics	492	566	566	-
Community service	113	52	52	-
Total board of education	<u>63,347</u>	<u>63,347</u>	<u>63,347</u>	<u>-</u>
Miscellaneous:				
Metropolitan District Assessment	2,952	2,952	2,952	-
Municipal insurance	714	704	695	9
Greater Hartford Transit District	3	3	3	-
Employee benefits	7,215	7,937	7,937	-
Donations and contributions	20	20	20	-
Contingency	435	141	141	-
Total miscellaneous	<u>11,339</u>	<u>11,757</u>	<u>11,748</u>	<u>9</u>
Debt service:				
Principal payments	1,800	1,935	1,935	-
Interest expense	436	290	290	-
Total debt service	<u>2,236</u>	<u>2,225</u>	<u>2,225</u>	<u>-</u>
Total expenditures	98,648	98,622	98,303	319
Other financing uses:				
Transfers out	<u>4,792</u>	<u>4,818</u>	<u>4,522</u>	<u>296</u>
Total	<u>\$ 103,440</u>	<u>\$ 103,440</u>	102,825	<u>\$ 615</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

6,225

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

898

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

(968)

Payment to escrow agent

10,144

Refunding bond issuance cost

128

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

\$ 119,252

**Combining and Individual  
Fund Statements and Schedules**

**General Fund**

## **GENERAL FUND**

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

## TOWN OF NEWINGTON, CONNECTICUT

## GENERAL FUND

## COMPARATIVE BALANCE SHEET

JUNE 30, 2013 AND 2012

(In Thousands)

	<u>2013</u>	<u>2012</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 31,069	\$ 26,996
Receivables:		
Property taxes, net of allowance of \$94 in 2013 and 2012	929	1,381
Intergovernmental	182	1,542
Other receivable	204	157
Due from other funds	<u>325</u>	<u>375</u>
Total Assets	<u>\$ 32,709</u>	<u>\$ 30,451</u>
<b>LIABILITIES AND FUND BALANCES</b>		
Liabilities:		
Accounts payable and other liabilities	\$ 5,362	\$ 4,346
Deferred revenues	<u>7,711</u>	<u>7,512</u>
Total liabilities	<u>13,073</u>	<u>11,858</u>
Fund balances:		
Assigned:		
Encumbrances	2,760	1,924
Designated for subsequent year's budget	2,250	2,250
Unassigned	<u>14,626</u>	<u>14,419</u>
Total fund balances	<u>19,636</u>	<u>18,593</u>
Total Liabilities and Fund Balances	<u>\$ 32,709</u>	<u>\$ 30,451</u>

## TOWN OF NEWINGTON, CONNECTICUT

## GENERAL FUND

## REPORT OF TAX COLLECTOR

FOR THE YEAR ENDED JUNE 30, 2013

(In Thousands)

Grand List	Mill Rate	Uncollected Taxes July 1, 2012	Lawful Corrections		Suspense	Adjusted Taxes Collectible	Taxes	Interest	Liens	Total	Uncollected Taxes June 30, 2013
			Additions	Deductions							
2011	32.64	\$ 83,524	\$ 86	\$ 673	\$	\$ 82,937	\$ 82,378	227	4	\$ 82,609	\$ 559
2010	30.02	859	45	35	102	767	609	135	4	748	158
2009	29.18	256	1	1	1	255	205	63	2	270	50
2008	28.40	67				67	53	24		77	14
2007	27.68	48				48	12	10		22	36
2006	26.91	41				41	10	6		16	31
2005	25.76	35				35	5	2		7	30
2004	36.43	44				44	2	2		4	42
2003	34.24	42				42	2	2		4	40
58 2002	32.29	39				39	2	2		4	37
2001	30.44	10			1	9	1	3		4	8
2000	28.58	9			1	8	2	3		5	6
1999	27.75	9			1	8	2	4		6	6
1998	27.17	8			1	7	1	1		2	6
1997	27.17	7			7	-				-	-
		<u>\$ 84,998</u>	<u>\$ 132</u>	<u>\$ 709</u>	<u>\$ 114</u>	<u>\$ 84,307</u>	<u>\$ 83,284</u>	<u>\$ 484</u>	<u>\$ 10</u>	<u>\$ 83,778</u>	<u>\$ 1,023</u>

**Nonmajor  
Governmental Funds**

## NONMAJOR GOVERNMENTAL FUNDS

### Special Revenue Funds

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

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

### Permanent Funds

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

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

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

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

## TOWN OF NEWINGTON, CONNECTICUT

## NONMAJOR GOVERNMENTAL FUNDS

## COMBINING BALANCE SHEET

JUNE 30, 2013

(In Thousands)

	Special Revenue Funds									
	Cafeteria	Road Aid Maintenance	State and Federal Grants	Cemetery	Dog Licenses	LOCIP Reserve	Recreation Programs	Employee Leave Liability	Balf	Miscellaneous Grants
<b>ASSETS</b>										
Cash and cash equivalents	\$ 265	\$ 269	\$	\$ 1,299	\$ 12	\$	\$ 1,015	\$ 706	\$ 29	\$ 906
Investments										
Receivables:										
Accounts and other	5				1		11			
State and Federal governments	81		24			200				220
Prepays							5			5
Inventory	28									
Total Assets	<u>\$ 379</u>	<u>\$ 269</u>	<u>\$ 24</u>	<u>\$ 1,299</u>	<u>\$ 13</u>	<u>\$ 200</u>	<u>\$ 1,031</u>	<u>\$ 706</u>	<u>\$ 29</u>	<u>\$ 1,131</u>
<b>LIABILITIES AND FUND BALANCES</b>										
Liabilities:										
Accounts and other payables	\$ 101	\$ 41	\$	\$ 1	\$ 9	\$	\$ 60	\$	\$	\$ 43
Due to other funds			19			47				
Deferred revenue	34						359			17
Total liabilities	<u>135</u>	<u>41</u>	<u>19</u>	<u>1</u>	<u>9</u>	<u>47</u>	<u>419</u>	<u>-</u>	<u>-</u>	<u>60</u>
Fund Balances:										
Nonspendable	28						5			5
Restricted		228	5			153				1,066
Committed	216			1,298	4		607	706	29	
Total fund balances	<u>244</u>	<u>228</u>	<u>5</u>	<u>1,298</u>	<u>4</u>	<u>153</u>	<u>612</u>	<u>706</u>	<u>29</u>	<u>1,071</u>
Total Liabilities and Fund Balances	<u>\$ 379</u>	<u>\$ 269</u>	<u>\$ 24</u>	<u>\$ 1,299</u>	<u>\$ 13</u>	<u>\$ 200</u>	<u>\$ 1,031</u>	<u>\$ 706</u>	<u>\$ 29</u>	<u>\$ 1,131</u>

(Continued on next page)

**TOWN OF NEWINGTON, CONNECTICUT**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING BALANCE SHEET (CONTINUED)**  
**JUNE 30, 2013**  
**(In Thousands)**

	Special Revenue Funds				Permanent Funds				Total Nonmajor Governmental Funds
	Volunteer Ambulance	Volunteer Firefighters'	Scholarship Trust	Total	Cemetery Trust	Hubbard Book	Tri-Centennial	Total	
<b>ASSETS</b>									
Cash and cash equivalents	\$ 217	\$	\$ 264	\$ 4,982	\$ 25	\$ 11	\$ 1	\$ 37	\$ 5,019
Investments		123		123					123
Receivables:									
Accounts and other				17					17
State and Federal governments				525					525
Prepays				10					10
Inventory				28					28
Total Assets	<u>\$ 217</u>	<u>\$ 123</u>	<u>\$ 264</u>	<u>\$ 5,685</u>	<u>\$ 25</u>	<u>\$ 11</u>	<u>\$ 1</u>	<u>\$ 37</u>	<u>\$ 5,722</u>
<b>LIABILITIES AND FUND BALANCES</b>									
Liabilities:									
Accounts and other payables	\$	\$	\$	255	\$	\$	\$	\$	255
Due to other funds		4		70					70
Deferred revenue				410					410
Total liabilities	<u>-</u>	<u>4</u>	<u>-</u>	<u>735</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>735</u>
Fund Balances:									
Nonspendable				38					38
Restricted				1,452	25	11	1	37	1,489
Committed	217	119	264	3,460					3,460
Total fund balances	<u>217</u>	<u>119</u>	<u>264</u>	<u>4,950</u>	<u>25</u>	<u>11</u>	<u>1</u>	<u>37</u>	<u>4,987</u>
Total Liabilities and Fund Balances	<u>\$ 217</u>	<u>\$ 123</u>	<u>\$ 264</u>	<u>\$ 5,685</u>	<u>\$ 25</u>	<u>\$ 11</u>	<u>\$ 1</u>	<u>\$ 37</u>	<u>\$ 5,722</u>

TOWN OF NEWINGTON, CONNECTICUT  
NONMAJOR GOVERNMENTAL FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

FOR THE YEAR ENDED JUNE 30, 2013

(In Thousands)

		<u>Special Revenue Funds</u>									
		<u>Cafeteria</u>	<u>Road Aid Maintenance</u>	<u>State and Federal Grants</u>	<u>Cemetery</u>	<u>Dog Licenses</u>	<u>LOCIP Reserve</u>	<u>Recreation Programs</u>	<u>Employee Leave Liability</u>	<u>Balf</u>	<u>Miscellaneous Grants</u>
Revenues:											
	Licenses, fees and permits	\$	\$	\$	\$	\$ 15	\$	\$	\$	\$	\$
	Intergovernmental	513	173	1,878	5		200				472
	Contributions							9			64
	Charges for services	820			238		20	834			43
	Investment income				2			1	3		
	Miscellaneous	47									224
	Total revenues	<u>1,380</u>	<u>173</u>	<u>1,878</u>	<u>245</u>	<u>15</u>	<u>220</u>	<u>844</u>	<u>3</u>	<u>-</u>	<u>803</u>
Expenditures:											
19	Current:										
	General government								295		7
	Public safety					15					18
	Health and human services										173
	Library										14
	Parks and recreation				16			680			13
	Education	1,341		1,878					44		
	Capital outlay		206				200				462
	Total expenditures	<u>1,341</u>	<u>206</u>	<u>1,878</u>	<u>16</u>	<u>15</u>	<u>200</u>	<u>680</u>	<u>339</u>	<u>-</u>	<u>687</u>
Other financing sources (uses):											
	Transfers in								91		2
	Transfers out				(116)						
	Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(116)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>91</u>	<u>-</u>	<u>2</u>
	Net change in fund balance	39	(33)	-	113	-	20	164	(245)	-	118
	Fund balance at beginning of year	<u>205</u>	<u>261</u>	<u>5</u>	<u>1,185</u>	<u>4</u>	<u>133</u>	<u>448</u>	<u>951</u>	<u>29</u>	<u>953</u>
	Fund Balance at End of Year	<u>\$ 244</u>	<u>\$ 228</u>	<u>\$ 5</u>	<u>\$ 1,298</u>	<u>\$ 4</u>	<u>\$ 153</u>	<u>\$ 612</u>	<u>\$ 706</u>	<u>\$ 29</u>	<u>\$ 1,071</u>

(Continued on next page)

## TOWN OF NEWINGTON, CONNECTICUT

## NONMAJOR GOVERNMENTAL FUNDS

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

FOR THE YEAR ENDED JUNE 30, 2013

(In Thousands)

	Special Revenue Funds				Permanent Funds				Total Nonmajor Governmental Funds
	Volunteer Ambulance	Volunteer Firefighters'	Scholarship Trust	Total	Cemetery Trust	Hubbard Book	Tri-Centennial	Total	
Revenues:									
Licenses, fees and permits	\$	\$	\$	\$ 15	\$	\$	\$	\$	\$ 15
Intergovernmental				3,241					3,241
Contributions				73					73
Charges for services				1,955					1,955
Investment income		3		9					9
Miscellaneous			71	342					342
Total revenues	<u>-</u>	<u>3</u>	<u>71</u>	<u>5,635</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,635</u>
Expenditures:									
Current:									
General government				302					302
Public safety	40	5		78					78
Health and human services				173					173
Library				14					14
Parks and recreation				709					709
Education			54	3,317					3,317
Capital outlay				868					868
Total expenditures	<u>40</u>	<u>5</u>	<u>54</u>	<u>5,461</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,461</u>
Other financing sources (uses):									
Transfers in	5			98					98
Transfers out				(116)					(116)
Total other financing sources (uses)	<u>5</u>	<u>-</u>	<u>-</u>	<u>(18)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(18)</u>
Net change in fund balance	(35)	(2)	17	156	-	-	-	-	156
Fund balance at beginning of year	<u>252</u>	<u>121</u>	<u>247</u>	<u>4,794</u>	<u>25</u>	<u>11</u>	<u>1</u>	<u>37</u>	<u>4,831</u>
Fund Balance at End of Year	<u>\$ 217</u>	<u>\$ 119</u>	<u>\$ 264</u>	<u>\$ 4,950</u>	<u>\$ 25</u>	<u>\$ 11</u>	<u>\$ 1</u>	<u>\$ 37</u>	<u>\$ 4,987</u>

## **Internal Service Funds**

## **INTERNAL SERVICE FUNDS**

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

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

**Insurance Reserve Fund:** This fund was established by ordinance to meet any substantial premium adjustments due to retrospective ratings.

## TOWN OF NEWINGTON, CONNECTICUT

## INTERNAL SERVICE FUNDS

## COMBINING BALANCE SHEET

**JUNE 30, 2013**  
**(In Thousands)**

	<u>Health Benefits</u>	<u>Insurance Reserve</u>	<u>Total</u>
Assets:			
Cash and cash equivalents	\$ <u>3,781</u>	\$ <u>217</u>	\$ <u>3,998</u>
Liabilities:			
Accounts and other payable	<u>778</u>	<u>26</u>	<u>804</u>
Net Position:			
Unrestricted	\$ <u><u>3,003</u></u>	\$ <u><u>191</u></u>	\$ <u><u>3,194</u></u>

## TOWN OF NEWINGTON, CONNECTICUT

## INTERNAL SERVICE FUNDS

## COMBINING STATEMENT OF CHANGES IN NET POSITION

FOR THE YEAR ENDED JUNE 30, 2013

(In Thousands)

	<u>Health Benefits</u>	<u>Insurance Reserve</u>	<u>Total</u>
Operating Revenues:			
Charges for services	\$ 9,793	\$	\$ 9,793
Miscellaneous		135	135
Total operating revenues	<u>9,793</u>	<u>135</u>	<u>9,928</u>
Operating Expenses:			
Benefit payments	9,091		9,091
Administration	484		484
Insurance	551		551
Casualty loss		431	431
Total operating expenses	<u>10,126</u>	<u>431</u>	<u>10,557</u>
Operating Loss	(333)	(296)	(629)
Nonoperating Revenue:			
Interest on investments	<u>4</u>		<u>4</u>
Loss Before Transfers	(329)	(296)	(625)
Transfers In		<u>59</u>	<u>59</u>
Change in Net Position	(329)	(237)	(566)
Total Net Position at Beginning of Year	<u>3,332</u>	<u>428</u>	<u>3,760</u>
Total Net Position at End of Year	<u>\$ 3,003</u>	<u>\$ 191</u>	<u>\$ 3,194</u>

## TOWN OF NEWINGTON, CONNECTICUT

## INTERNAL SERVICE FUNDS

## COMBINING STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2013

(In Thousands)

	<u>Health Benefits</u>	<u>Insurance Reserve</u>	<u>Total</u>
Cash Flows from Operating Activities:			
Cash received from charges for services and other	\$ 9,793	\$ 135	\$ 9,928
Cash paid to vendors	<u>(9,930)</u>	<u>(405)</u>	<u>(10,335)</u>
Net cash used in operating activities	(137)	(270)	(407)
Cash Flows from Noncapital Financial Activities:			
Transfers in		59	59
Cash Flows from Investing Activities:			
Interest on investments	<u>4</u>		<u>4</u>
Net Decrease in Cash and Cash Equivalents	(133)	(211)	(344)
Cash and Cash Equivalents at Beginning of Year	<u>3,914</u>	<u>428</u>	<u>4,342</u>
Cash and Cash Equivalents at End of Year	<u>\$ 3,781</u>	<u>\$ 217</u>	<u>\$ 3,998</u>
Reconciliation of Operating Loss to Net Cash Used in Operating Activities:			
Operating loss	\$ (333)	\$ (296)	\$ (629)
Adjustments to reconcile operating loss to net cash used in operating activities:			
Increase in accounts and other payables	<u>196</u>	<u>26</u>	<u>222</u>
Net Cash Used in Operating Activities	<u>\$ (137)</u>	<u>\$ (270)</u>	<u>\$ (407)</u>

## **Fiduciary Funds**

## **FIDUCIARY FUNDS**

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

- Youth Activities - to account for various programs benefiting the Town's youth.
- Student Activities - to account for the various student activities and clubs in the Town's schools.

## TOWN OF NEWINGTON, CONNECTICUT

## AGENCY FUNDS

## COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

FOR THE YEAR ENDED JUNE 30, 2013

(In Thousands)

	<u>Balance</u> <u>July 1, 2012</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2013</u>
<b>Youth Activities Fund</b>				
Assets:				
Cash and cash equivalents	\$ <u>6</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>6</u>
Liabilities:				
Deposits held for others	<u>6</u>	<u>-</u>	<u>-</u>	<u>6</u>
<b>Student Activities Fund</b>				
Assets:				
Cash and cash equivalents	<u>530</u>	<u>1,055</u>	<u>990</u>	<u>595</u>
Liabilities:				
Deposits held for others	<u>530</u>	<u>1,055</u>	<u>990</u>	<u>595</u>
<b>Total All Funds</b>				
Assets:				
Cash and cash equivalents	<u>\$ 536</u>	<u>\$ 1,055</u>	<u>\$ 990</u>	<u>\$ 601</u>
Liabilities:				
Deposits held for others	<u>\$ 536</u>	<u>\$ 1,055</u>	<u>\$ 990</u>	<u>\$ 601</u>

## **Statistical Section**

## Statistical Section Information

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

Statistical section information is presented in the following categories:

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

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

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

## TOWN OF NEWINGTON, CONNECTICUT

## NET POSITION BY COMPONENT

## LAST TEN FISCAL YEARS

(In Thousands)

	FISCAL YEAR									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Governmental Activities:										
Net investment in capital assets	\$ 74,017	\$ 70,426	\$ 65,734	\$ 62,260	\$ 56,392	\$ 52,163	\$ 48,689	\$ 45,677	\$ 36,835	\$ 26,722
Restricted	637	657	685	673	612	582	527	479	452	443
Unrestricted	<u>33,447</u>	<u>31,773</u>	<u>29,983</u>	<u>29,240</u>	<u>24,818</u>	<u>27,626</u>	<u>24,232</u>	<u>22,930</u>	<u>20,722</u>	<u>21,215</u>
Total Governmental Activities Net Position	<u>\$ 108,101</u>	<u>\$ 102,856</u>	<u>\$ 96,402</u>	<u>\$ 92,173</u>	<u>\$ 81,822</u>	<u>\$ 80,371</u>	<u>\$ 73,448</u>	<u>\$ 69,086</u>	<u>\$ 58,009</u>	<u>\$ 48,380</u>

Note: Schedule prepared on the accrual basis of accounting.

## TOWN OF NEWINGTON, CONNECTICUT

## CHANGES IN NET POSITION

LAST TEN FISCAL YEARS  
(In Thousands)

	FISCAL YEAR									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Expenses:										
General government	\$ 6,821	\$ 7,128	\$ 6,204	\$ 5,609	\$ 7,931	\$ 5,857	\$ 4,599	\$ 4,681	\$ 2,786	\$ 3,020
Public safety	11,883	12,062	11,426	10,600	11,323	9,859	6,788	6,520	6,385	6,363
Public works	9,528	10,597	9,669	9,585	9,109	8,747	5,724	5,226	4,950	5,384
Community planning and development	990	771	667	780	697	806	590	515	540	480
Health and community services	1,696	1,376	1,520	1,498	1,416	1,535	1,122	1,160	1,187	1,161
Library	2,222	2,118	2,010	2,104	2,016	2,244	1,821	1,792	1,733	1,710
Parks and recreation	3,214	3,074	2,534	2,941	2,716	3,138	2,398	2,333	2,181	2,333
Education	73,707	73,232	69,342	68,084	65,598	76,236	56,881	52,058	49,902	46,400
Miscellaneous							8,647	8,199	7,792	7,155
Interest on long-term debt	299	499	538	687	780	855	946	1,137	1,000	913
Total governmental activities expenses	<u>110,360</u>	<u>110,857</u>	<u>103,910</u>	<u>101,888</u>	<u>101,586</u>	<u>109,277</u>	<u>89,516</u>	<u>83,621</u>	<u>78,456</u>	<u>74,919</u>
Program Revenues:										
Charges for services										
General government	655	575	790	703	719	907	1,741	1,464	1,582	1,729
Public safety	129	178	120	82	106	54	90	81	79	86
Public works	41	45	45	45	48	58	47	36	20	9
Community planning and development	410	287	208	309	415	735				
Health and community services	75	69	65	69	72	52	33	192	160	52
Library	26	27	29	29	30	33	38	36	34	35
Parks and recreation	1,072	1,052	997	903	801	791	702	839	390	683
Education	1,149	1,053	1,115	1,052	1,117	1,047	1,305	1,079	1,073	937
Operating grants and contributions	23,727	24,946	21,729	23,262	20,574	34,588	17,490	16,646	14,374	13,088
Capital grants and contributions	799	3,647	908	5,874	2,210	1,105	389	4,180	6,200	5,264
Total governmental activities program revenues	<u>28,083</u>	<u>31,879</u>	<u>26,006</u>	<u>32,328</u>	<u>26,092</u>	<u>39,370</u>	<u>21,835</u>	<u>24,553</u>	<u>23,912</u>	<u>21,883</u>
Net expense:										
Governmental activities	<u>(82,277)</u>	<u>(78,978)</u>	<u>(77,904)</u>	<u>(69,560)</u>	<u>(75,494)</u>	<u>(69,907)</u>	<u>(67,681)</u>	<u>(59,068)</u>	<u>(54,544)</u>	<u>(53,036)</u>
General revenues and other changes in net position:										
Governmental activities:										
Property taxes	83,514	80,907	78,159	75,542	72,453	70,617	66,335	65,312	60,008	56,070
Grants and contributions not restricted to specific purposes	3,688	3,379	3,433	3,393	3,411	2,904	3,232	2,981	2,810	2,840
Unrestricted investment earnings	53	78	145	203	642	1,773	2,285	1,829	988	427
Gain on sale of capital assets									291	16
Miscellaneous	267	1,068	396	773	439	1,536	191	23	76	59
Total governmental activities	<u>87,522</u>	<u>85,432</u>	<u>82,133</u>	<u>79,911</u>	<u>76,945</u>	<u>76,830</u>	<u>72,043</u>	<u>70,145</u>	<u>64,173</u>	<u>59,412</u>
Changes in Net Position:										
Governmental Activities	<u>\$ 5,245</u>	<u>\$ 6,454</u>	<u>\$ 4,229</u>	<u>\$ 10,351</u>	<u>\$ 1,451</u>	<u>\$ 6,923</u>	<u>\$ 4,362</u>	<u>\$ 11,077</u>	<u>\$ 9,629</u>	<u>\$ 6,376</u>

Note: Schedule prepared on the accrual basis of accounting.

**TOWN OF NEWINGTON, CONNECTICUT**  
**FUND BALANCES, GOVERNMENTAL FUNDS**

**LAST TEN FISCAL YEARS**  
**(In Thousands)**

	<b>FISCAL YEAR</b>									
	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>
General Fund:										
Reserved	\$	\$	\$	\$ 1,745	\$ 1,947	\$ 1,572	\$ 1,763	\$ 1,721	\$ 1,286	\$ 1,423
Unreserved				15,898	14,744	14,072	12,943	11,687	10,474	9,140
Assigned	5,010	4,174	3,891							
Unassigned	14,626	14,419	13,082							
Total General Fund	\$ <u>19,636</u>	\$ <u>18,593</u>	\$ <u>16,973</u>	\$ <u>17,643</u>	\$ <u>16,691</u>	\$ <u>15,644</u>	\$ <u>14,706</u>	\$ <u>13,408</u>	\$ <u>11,760</u>	\$ <u>10,563</u>
All other governmental funds:										
Reserved	\$	\$	\$	\$ 1,148	\$ 577	\$ 786	\$ 532	\$ 1,615	\$ 5,448	\$ 17,340
Unreserved, reported in:										
Special revenue funds				5,830	4,015	4,596	4,295	3,797	3,770	4,008
Capital projects funds				3,538	3,100	2,980	2,715	2,247	(793)	(295)
Nonspendable	38	33	34							
Restricted	1,593	1,460	1,253							
Committed	9,146	9,213	8,650							
Total All Other Governmental Funds	\$ <u>10,777</u>	\$ <u>10,706</u>	\$ <u>9,937</u>	\$ <u>10,516</u>	\$ <u>7,692</u>	\$ <u>8,362</u>	\$ <u>7,542</u>	\$ <u>7,659</u>	\$ <u>8,425</u>	\$ <u>21,053</u>

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

**TOWN OF NEWINGTON, CONNECTICUT**  
**CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**  
(In Thousands)

	FISCAL YEAR									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
<b>Revenues:</b>										
Property taxes	\$ 83,913	\$ 80,895	\$ 77,704	\$ 75,594	\$ 73,276	\$ 70,359	\$ 66,863	\$ 64,813	\$ 60,047	\$ 55,901
Payment in lieu of taxes	2,339	2,343	3,096	3,050	2,936	2,481	2,339	2,526	2,256	2,151
Licenses, fees and permits	417	292	209	316	425	740	765	525	527	555
Intergovernmental	25,591	29,533	22,873	25,760	23,165	36,016	18,358	21,090	21,128	15,344
Contributions	73	173	91	209	91	99				
Rental	216	214	185	163	214	138	145	202	163	163
Investment income	49	76	137	191	591	1,608	2,120	1,715	936	410
Fines	122	123	93	64	96	41	64	51	52	59
Charges for services	2,787	2,564	2,881	2,645	2,567	2,758	2,813	2,797	2,515	2,574
Refunds and reimbursements						23	185	14	38	51
Sale of Town property								32	322	26
Other	529	1,080	452	385	430	1,432	664	467	320	305
<b>Total revenues</b>	<u>116,036</u>	<u>117,293</u>	<u>107,721</u>	<u>108,377</u>	<u>103,791</u>	<u>115,695</u>	<u>94,316</u>	<u>94,232</u>	<u>88,304</u>	<u>77,539</u>
<b>Expenditures:</b>										
General government	4,547	4,457	4,198	4,260	4,376	3,803	5,501	6,033	4,148	4,335
Public safety	7,552	7,633	7,238	7,297	7,042	6,965	8,949	8,677	7,960	8,000
Public works	4,557	6,227	4,670	4,535	4,766	4,669	8,117	7,595	7,179	6,861
Community planning and development	470	422	430	479	513	503	727	670	683	671
Health and community services	1,230	1,093	1,074	1,117	1,108	1,149	1,473	1,537	1,465	1,491
Library	1,647	1,737	1,607	1,706	1,656	1,785	2,177	2,114	1,992	1,934
Parks and recreation	2,221	2,285	2,248	2,221	2,258	2,416	2,786	2,690	2,514	2,502
Education	72,868	71,555	69,465	66,646	63,667	76,544	56,817	52,728	49,069	46,755
Miscellaneous	11,748	10,424	10,026	8,928	8,741	8,829				
Capital outlay	4,671	8,956	5,259	4,980	6,243	4,165	2,885	8,527	24,910	2,847
Debt service:										
Principal	3,054	1,825	1,630	1,750	1,946	1,940	2,538	2,260	2,030	1,692
Interest	426	599	742	985	790	864	1,067	1,017	769	708
<b>Total expenditures</b>	<u>114,991</u>	<u>117,213</u>	<u>108,587</u>	<u>104,904</u>	<u>103,106</u>	<u>113,632</u>	<u>89,432</u>	<u>94,182</u>	<u>103,203</u>	<u>78,200</u>
Excess of Revenue Over (Under) Expenditures	1,045	80	(866)	3,473	685	2,063	4,884	50	(14,899)	(661)
<b>Other Financing Sources (Uses):</b>										
Bonds issued									3,700	8,700
Bond refunding issued	9,810			3,737						
Payment to escrow agent	(10,144)			(3,668)						
Premium on bond issuance	462									
Mortgage issued		2,575								
Capitalized lease				525				975		
Transfers in	4,633	4,881	4,745	4,129	4,346	4,206	2,875	3,239	1,647	1,531
Transfers out	(4,692)	(5,122)	(5,153)	(4,420)	(4,654)	(4,512)	(3,215)	(3,382)	(1,879)	(1,563)
<b>Total other financing sources (uses)</b>	<u>69</u>	<u>2,334</u>	<u>(408)</u>	<u>303</u>	<u>(308)</u>	<u>(306)</u>	<u>(340)</u>	<u>832</u>	<u>3,468</u>	<u>8,668</u>
Net Change in Fund Balance	\$ <u>1,114</u>	\$ <u>2,414</u>	\$ <u>(1,274)</u>	\$ <u>3,776</u>	\$ <u>377</u>	\$ <u>1,757</u>	\$ <u>4,544</u>	\$ <u>882</u>	\$ <u>(11,431)</u>	\$ <u>8,007</u>
Debt Service as a Percentage of Noncapital Expenditures	3.16%	2.25%	2.30%	2.81%	2.91%	2.63%	3.73%	4.21%	4.19%	3.71%

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

## TOWN OF NEWINGTON, CONNECTICUT

## GENERAL GOVERNMENTAL REVENUES AND OTHER FINANCING SOURCES, BY SOURCE

LAST TEN FISCAL YEARS  
(In Thousands)

<u>Fiscal Year Ended June 30,</u>	<u>Taxes and Special Assessments</u>	<u>Licenses and Permits</u>	<u>Intergovernmental Revenue(1)</u>	<u>Charges for Services</u>	<u>Investment Earnings</u>	<u>Miscellaneous Revenues(2)</u>	<u>Other Financing Sources(3)</u>	<u>Total</u>
2013	\$ 83,913	\$ 402	\$ 17,444	\$ 574	\$ 39	\$ 496	\$ 164	\$ 103,032
2012	80,895	278	20,006	488	67	1,225	164	103,123
2011	77,704	194	16,805	510	123	469	127	95,932
2010	75,594	302	17,406	607	172	275	98	94,454
2009	73,276	409	16,880	597	509	429	284	92,384
2008	70,359	724	15,596	995	1,426	1,035	94	90,229
2007	66,863	749	14,667	885	1,825	426	82	85,497
2006	64,813	509	13,980	808	1,512	228	95	81,945
2005	60,047	511	13,432	974	842	536	77	76,419
2004	55,901	540	12,957	889	366	252	75	70,980

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Includes General Fund revenues, reported on a budgetary basis.

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

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

(3) Includes transfers from other funds.

## TOWN OF NEWINGTON, CONNECTICUT

## GENERAL GOVERNMENTAL EXPENDITURES AND OTHER FINANCING USES, BY FUNCTION

LAST TEN FISCAL YEARS  
(In Thousands)

<b>Fiscal Year Ended June 30,</b>	<b>General Government</b>	<b>Public Safety</b>	<b>Public Works and Community Development</b>	<b>Health and Community Services</b>	<b>Parks, Recreation and Library</b>	<b>Debt Service; Metropolitan District Commission Miscellaneous (1)</b>	<b>Board of Education (2)</b>	<b>Other Financing Uses (3)</b>	<b>Total</b>
2013	\$ 4,298	\$ 7,510	\$ 4,971	\$ 1,061	\$ 3,143	\$ 13,973	\$ 63,347	\$ 4,522	\$ 102,825
2012	4,011	7,528	6,275	1,515	3,213	12,737	61,299	4,958	101,536
2011	3,905	7,214	5,098	1,075	3,039	12,184	59,207	5,026	96,748
2010	3,835	7,052	5,006	1,114	3,073	11,383	57,517	4,320	93,300
2009	3,982	6,827	5,237	1,111	3,082	11,265	55,837	4,370	91,711
2008	3,282	6,851	5,106	1,151	3,330	11,421	53,540	4,418	89,099
2007	2,516	6,483	5,405	1,112	3,191	11,781	50,620	3,133	84,241
2006	2,357	6,188	5,140	1,193	3,122	11,768	47,677	3,287	80,732
2005	2,196	5,913	4,923	1,163	3,060	10,948	45,409	1,474	75,086
2004	2,100	5,809	4,641	1,182	3,019	10,054	43,121	1,362	71,288

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

- (1) Includes Debt Service payments, the Metropolitan District Commission sewer levy on Newington and Miscellaneous (the Town's liability insurance, employee benefits, settlements, contingency, Greater Hartford Transit District contribution and special community activities).
- (2) Represents appropriation for Board of Education budget. Additional funding for Board of Education purposes is included in other functions such as Debt Service, Capital Improvements, and Other Financing Uses (transfers to other funds).
- (3) Includes funding for ongoing capital projects and transfers to other funds.

## TOWN OF NEWINGTON, CONNECTICUT

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

Fiscal Year	Real Property			Personal Property	Motor Vehicle (2)	Less Tax Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Taxable Assessed Value As a Percentage of Actual Taxable Value (3)
	Residential	Commercial	Industrial							
2013 (1)	\$ 1,625,210	\$ 459,583	\$ 125,609	\$ 186,892	\$ 243,491	\$ (62,369)	\$ 2,578,416	32.64	\$ 3,640,890	69.97%
2012	1,765,469	451,349	137,365	184,072	228,738	(64,216)	2,702,777	30.02	3,880,511	69.03%
2011	1,761,191	448,456	140,393	178,241	217,614	(61,059)	2,684,836	29.18	4,073,404	64.89%
2010	1,751,988	438,390	140,898	172,810	196,035	(55,440)	2,644,681	28.40	3,955,308	66.86%
2009	1,733,094	481,617	90,397	174,869	203,608	(50,268)	2,633,317	27.68	4,076,961	64.59%
2008	1,716,024	461,306	91,646	166,225	197,879	(42,831)	2,590,249	26.91	4,219,375	70.00%
2007 (4)	1,697,198	463,573	91,729	160,198	222,248	(46,376)	2,588,570	25.76	3,714,044	70.00%
2006	1,054,697	331,208	87,730	150,176	214,688	(40,733)	1,797,766	36.43	4,051,824	44.37%
2005	1,047,054	338,320	88,152	138,594	202,503	(44,453)	1,770,170	34.24	3,505,059	50.50%
2004	1,041,228	333,229	89,114	138,201	210,134	(49,398)	1,762,508	32.29	3,286,386	53.63%

Source: Town of Newington Office of Tax Assessor

Notes: Assessment rate is 70% of market value.

- (1) Real property revalued as of October 1, 2011 Grand List.
- (2) Includes net supplemental motor vehicle assessments.
- (3) Sales ratios from Connecticut Office of Policy and Management.
- (4) Real property revalued as of October 1, 2005 Grand List.

Note: Town of Newington has no Overlapping Property Tax Rates.

TABLE 8

## TOWN OF NEWINGTON, CONNECTICUT

## PRINCIPAL PROPERTY TAX PAYERS

## CURRENT YEAR AND NINE YEARS AGO

(In Thousands)

Taxpayer	October 1, 2011			October 1, 2002		
	Taxable Assessed Value	Rank	Percentage of Total Town Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Town Taxable Assessed Value
Connecticut Light & Power Co	\$ 36,741	1	1.42%	\$ 23,097	1	1.33%
Newington VF LLC	19,941	2	0.77%	12,512	4	0.72%
TLG Newington LLC	18,957	3	0.74%	12,207	5	0.70%
Centro Ga Turnpike Plaza LLC	18,868	4	0.73%			
Newington Gross LLC	18,806	5	0.73%			
Newington-Berlin Retail LLC	16,315	6	0.63%			
The Balf Company	13,158	7	0.51%	13,707	2	0.79%
Hayes Kaufman Newington	12,949	8	0.50%			
Mandell Properties LLC	12,707	9	0.49%	8,790	9	0.51%
Target Corporation	12,075	10	0.47%			
Volvo Aero Connecticut LLC	12,012	11	0.47%			
Lowes Home Centers Inc	11,386	12	0.44%	9,643	7	0.55%
Furniture Executives	10,901	13	0.42%			
Reno Properties	10,456	14	0.41%	6,636	16	0.38%
EDAC Technologies Corporation	10,288	15	0.40%	12,913	3	0.74%
TOTAL	\$ 235,560		9.14%	\$ 99,505		5.72%

Source: Town of Newington, Office of Tax Assessor

**TOWN OF NEWINGTON, CONNECTICUT**  
**PROPERTY TAX LEVIES AND COLLECTIONS**

**LAST TEN FISCAL YEARS**  
**(In Thousands)**

<b>Fiscal Year Ended June 30,</b>	<b>Tax Rate In Mills</b>	<b>Taxes Levied For The Fiscal Year</b>	<b>Collected Within The Fiscal Year of Levy</b>		<b>Collections In Subsequent Years</b>	<b>Total Collections to Date</b>	
			<b>Amount</b>	<b>Percentage of Levy</b>		<b>Amount</b>	<b>Percentage of Levy</b>
2013	32.64	\$ 82,937	\$ 82,378	99.33	N/A	\$ 82,378	99.33
2012	30.02	80,411	79,582	98.97	609	80,191	99.73
2011	29.18	77,679	76,731	98.78	758	77,489	99.76
2010	28.40	75,091	74,378	99.05	583	74,961	99.83
2009	27.68	72,939	72,143	98.91	658	72,801	99.81
2008	26.91	69,973	69,338	99.09	419	69,757	99.69
2007	25.76	66,004	65,487	99.20	397	65,884	99.82
2006	36.43	64,878	63,970	98.60	743	64,713	99.75
2005	34.24	59,729	59,063	98.89	508	59,571	99.74
2004	32.29	56,122	55,498	98.89	459	55,957	99.71

## TOWN OF NEWINGTON, CONNECTICUT

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

Fiscal Year	Governmental Activities			Total Primary Government	Ratio of Debt to Taxable Assessed Value	Debt as a Percentage of Personal Income	Debt Per Capita
	General Obligation Bonds	Mortgage Payable	Capital Leases				
2013	\$ 9,960	\$ 1,560	\$ 217	\$ 11,737	0.46%	1.30%	\$ 384
2012	11,690	2,575	321	12,011	0.47	1.31%	393
2011	13,515		423	13,938	0.54	1.68%	456
2010	15,145		629	15,774	0.60	1.86%	538
2009	16,855		307	17,162	0.65	2.02%	586
2008	18,605		504	19,109	0.74	2.25%	652
2007	20,355		693	21,048	0.79	2.48%	718
2006	22,560		877	23,437	1.32	2.76%	800
2005	25,000			25,000	1.43	2.94%	853
2004	23,560			23,560	1.36	2.77%	804

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

**TOWN OF NEWINGTON, CONNECTICUT**  
**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT**

**AS OF JUNE 30, 2013**  
**(In Thousands)**

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Shares of Direct and Overlapping Debt</u>
Debt repaid with property taxes - Metropolitan District Commission	\$ 511,612	8.66 %	\$ 44,306
Town direct debt	11,737	100.00 %	<u>11,737</u>
Total Direct and Overlapping Debt			<u><u>\$ 56,043</u></u>

Source: Metropolitan District Commission

Note: Metropolitan District overlapping debt for each member town is divided among the member towns in proportion to the total revenue each received from property taxation, as averaged over the prior three years. Town of Newington reports overlapping debt on a net basis.

## TOWN OF NEWINGTON, CONNECTICUT

## STATEMENT OF DEBT LIMITATION

**JUNE 30, 2013**  
(In Thousands)

Total tax collections (including fire district)					\$ 83,777
Property tax relief elderly					<u>8</u>
Base					<u>\$ 83,785</u>
	<b>General Purpose</b>	<b>Schools</b>	<b>Sewers</b>	<b>Urban Renewal</b>	<b>Pension Deficit</b>
Debt Limitation:					
2-1/4 times base	\$ 188,516	\$	\$	\$	\$
4-1/2 times base		377,033			
3-3/4 times base			314,194		
3-1/4 times base				272,301	
3 times base					<u>251,355</u>
Total debt limitation	<u>188,516</u>	<u>377,033</u>	<u>314,194</u>	<u>272,301</u>	<u>251,355</u>
Indebtedness:					
Bonds payable	4,396	5,564			
Town's share of Metropolitan District debt			<u>44,306</u>		
Total indebtedness	<u>4,396</u>	<u>5,564</u>	<u>44,306</u>	<u>-</u>	<u>-</u>
Debt Limitation in Excess of Net Debt	<u>\$ 184,120</u>	<u>\$ 371,469</u>	<u>\$ 269,888</u>	<u>\$ 272,301</u>	<u>\$ 251,355</u>

Note: In no event shall total indebtedness exceed seven times annual receipts from taxation or \$586 million.

TOWN OF NEWINGTON, CONNECTICUT

LEGAL DEBT MARGIN INFORMATION

LAST TEN FISCAL YEARS  
(In Thousands)

	FISCAL YEAR									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Debt limitation	\$ 586,495	\$ 565,012	\$ 542,409	\$ 527,982	\$ 509,964	\$ 491,141	\$ 466,886	\$ 452,970	\$ 420,035	\$ 391,048
Total net debt applicable to limit	<u>54,266</u>	<u>47,843</u>	<u>38,202</u>	<u>32,674</u>	<u>28,597</u>	<u>27,567</u>	<u>26,651</u>	<u>29,401</u>	<u>32,316</u>	<u>34,388</u>
Legal Debt Margin	<u>\$ 532,229</u>	<u>\$ 517,169</u>	<u>\$ 504,207</u>	<u>\$ 495,308</u>	<u>\$ 481,367</u>	<u>\$ 463,574</u>	<u>\$ 440,235</u>	<u>\$ 423,569</u>	<u>\$ 387,719</u>	<u>\$ 356,660</u>
Total net debt applicable to the limit as a percentage of debt limit	9.25%	8.47%	7.04%	6.19%	5.61%	5.61%	5.71%	6.49%	7.69%	8.79%

Source: Comprehensive annual financial report - Schedule of Debt Limitation

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

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

<b>Calendar Year</b>	<b>Population (1)</b>	<b>Personal Income in Thousands (2)</b>	<b>Per Capita Income (1)</b>	<b>Median Age (2)</b>	<b>School Enrollment (3)</b>	<b>Unemployment Rate (4)</b>
2013	30,562	\$ 905,971	\$ 35,055	44.0	4,316	7.0%
2012	30,562	915,839	32,561	45.0	4,278	7.0%
2011	30,562	831,045	26,881	45.0	4,417	8.1%
2010	29,306	850,000	26,881	42.0	4,489	8.1%
2009	29,306	850,000	26,881	42.0	4,495	6.9%
2008	29,306	850,000	26,881	42.0	4,569	4.7%
2007	29,306	850,000	26,881	42.0	4,557	3.9%
2006	29,306	850,000	26,881	42.0	4,614	4.1%
2005	29,306	850,000	26,881	42.0	4,616	4.3%
2004	29,306	850,000	26,881	42.0	4,612	4.4%

(1) Source: Bureau of Census, 2010 Census and 2000 Census

(2) Source: Connecticut Economic Resource Center

(3) Source: Annual Town Budget

(4) Source: Connecticut Labor Department

## TOWN OF NEWINGTON, CONNECTICUT

## PRINCIPAL EMPLOYERS

## CURRENT YEAR AND NINE YEARS AGO

Employer	Nature of Business	2013 (1)			2004 (2)		
		Employees	Rank	Percentage of Total Town Employment	Employees	Rank	Percentage of Total Town Employment
Connecticut Department of Transportation	Government	1,025	1	6.5%	1,000	1	6.8%
Hartford Hospital-Newington Campus	Health Services	750	2	4.8%	500	4	3.4%
Town of Newington	Government	669	3	4.3%	672	2	4.5%
Veterans Administration Hospital	Health Services	451	4	2.9%	250	6	1.7%
Data-Mail,Inc.	Direct Mail Service	421	5	2.7%	500	3	3.4%
Stew Leonards	Grocery	300	6	1.9%			
Stop & Shop	Retail Grocers	265	7	1.7%			
Newington Health Care Center	Health Services	257	8	1.6%			
Davidson Company	Distributor	249	9	1.6%			
Walmart	Retail Trade	210	10	1.3%	240	8	1.6%
Target	Retail Trade	210	11	1.3%	220	10	1.5%
SPX Precision Components	Manufacturer	190	12	1.2%			
Sam's Club	Wholesale Clubs	175	13	1.1%			
Price Chopper	Retail Grocers	145	14	0.9%			
Keeney Manufacturing	Manufacturer	145	15	0.9%	222	9	1.5%
Northeast Utilities - CL&P	Public Utility	140	16	0.9%	248	7	1.7%
Lowe's	Retail Trade	138	17	0.9%	160	12	1.1%
TOTAL		<u>5,740</u>		<u>36.51%</u>	<u>4,012</u>		<u>27.20%</u>

(1) Source: Connecticut Labor Department

(2) Source: Town of Newington, Bond Official Statements

## TOWN OF NEWINGTON, CONNECTICUT

## FULL-TIME EQUIVALENT TOWN GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM

## LAST TEN FISCAL YEARS

<u>Function/Program</u>	<u>FISCAL YEAR</u>									
	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
General government	44	43	42	44	45	46	43	46	47	46
Police	63	64	64	64	64	61	60	57	57	56
∞ Fire	2	2	2	2	2	2	2	2	2	2
Refuse collection	0	0	0	0	0	0	0	0	0	0
Public works	26	26	26	26	26	26	29	27	27	27
Parks and recreation	19	19	19	19	21	21	21	21	21	21
Library	14	14	14	14	14	14	14	14	14	14
Education	<u>501</u>	<u>506</u>	<u>515</u>	<u>487</u>	<u>487</u>	<u>508</u>	<u>503</u>	<u>498</u>	<u>497</u>	<u>498</u>
Total	<u>669</u>	<u>674</u>	<u>682</u>	<u>656</u>	<u>659</u>	<u>678</u>	<u>672</u>	<u>665</u>	<u>665</u>	<u>664</u>

Source: Annual Town Budgets and Bond Official Statements

TABLE 17

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

<b>Function/Program</b>	<b>FISCAL YEAR</b>									
	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>
General government:										
Building permits issued	1,874	1,669	1,502	1,697	1,806	2,008	1,978	2,121	1,895	1,846
Value of permits (000s)	38,066	23,418	22,056	26,596	44,294	58,294	63,901	36,894	41,940	52,996
Health:										
Food Inspections	544	528	546	484	348	508	299	233	409	429
Complaint Investigations	167	267	242	183	112	324	205	93	204	140
Police:										
Larcenies	565	655	691	724	687	736	618	527	540	515
Calls for service	28,305	28,955	27,102	28,658	30,481	27,422	26,177	24,230	24,320	27,401
Traffic violations	6,524	8,277	7,532	8,848	9,211	6,613	3,277	3,151	2,906	3,690
Fire:										
Emergency responses	716	896	809	763	795	709	832	786	699	711
Residential responses	100	281	225	240	258	212	247	213	207	275
Inspections	572	606	743	780	908	766	801	994	1,195	912
Refuse collection:										
Refuse collected (annual tonnage)	9,018	8,273	8,275	9,231	10,600	10,840	9,550	10,419	10,426	10,006
Recyclables collected (annual tonnage)	2,838	2,810	2,905	2,182	2,200	2,100	2,322	2,332	2,298	2,469
Other public works:										
Street Reconstruction (linear feet)	502	1,070	1,921	280	582	2,600	1,690	2,050	2,605	3,450
Street Resurfacing (linear feet)	14,811	21,212	13,303	23,760	26,400	20,000	10,140	10,770	8,800	11,200
Library:										
Total volumes borrowed (000s)	381	405	409	421	412	410	428	441	442	447

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

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

	FISCAL YEAR									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
<u>Public Safety</u>										
Police stations	1	1	1	1	1	1	1	1	1	0
Fire stations	4	4	4	4	4	4	4	4	4	4
Police vehicles	37	41	42	42	38	37	33	34	35	35
Fire vehicles	21	20	21	21	20	20	20	21	20	21
<u>Public Works</u>										
Miles of town roads	100	100	100	100	100	100	100	97	95	95
Traffic signals	15	15	15	15	15	15	15	15	15	15
Public works vehicles and equipment	53	54	53	53	53	55	55	49	51	51
<u>Parks and Recreation</u>										
Acreage	370	370	370	370	370	370	370	370	370	370
Parks and greens	13	13	13	13	13	13	13	13	13	13
Athletic fields	7	7	7	7	7	7	7	7	7	7
Playgrounds	5	5	5	5	5	5	5	5	5	5
<u>Public Libraries</u>										
Libraries	1	1	1	1	1	1	1	1	1	1
<u>Senior Citizens</u>										
Community center	1	1	1	1	1	1	1	1	1	1
Senior mini-buses	4	4	4	4	5	5	5	3	5	5
<u>Education</u>										
Schools	7	7	7	7	7	7	7	7	7	7

Source(s): Various Town Departments

## TOWN OF NEWINGTON, CONNECTICUT

MISCELLANEOUS STATISTICS  
JUNE 30, 2013

## GENERAL INFORMATION

Incorporated:	1871
Settled:	1678
Form of Government:	Council-Manager
Chief Elected Official:	Mayor
Chief Administrative Officer:	Town Manager
Area of Town:	13.2 square miles
2010 Estimated Population:	30,562

## ELECTIONS

Town Elections:	Odd years	
Board of Education (members):		9
Town Council (members + Mayor)		9
Board of Fire Commissioners:		3
Registrars of Voters:		2
Registered Voters (Active) as of 11/2012:		19,081
Republicans	3,340	
Democrats	8,006	
Minor Parties	247	
Unaffiliated	7,488	

## TAX STRUCTURE 2012-13

10/1/11 Net Grand List:	\$2,554,128,581
10/1/11 Net Supplemental List:	\$24,287,223
Mill Rate:	32.64
Assessment Ratio:	70%
Last Revaluation:	10/1/2011

## EDUCATION

Total Classroom Teachers	261
Public School Enrollment (Oct 2012):	4,316
Teacher/Pupil ratio:	16.5
2012-13 Appropriation per Pupil:	\$14,677

## PUBLIC SAFETY - POLICE

# of Police Stations:		1
# of Police Districts:		5-9
# of Police Officers:		
Police Chief	1	
Dispatchers	7	
Police Officers	50	

Elementary Schools (PK-4):	4
Students (Oct 2012)	1,547

Middle Schools (5-8):	2
Students (Oct 2012)	1,286

High School (9-12):	1
Students (Oct 2012)	1,428

# of Vehicles:		38
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Special Education:	
Students (Oct 2012)	55

## PUBLIC SAFETY - FIRE PROTECTION

# of Fire Companies:		4
# of Volunteer Firefighters:		135
# of Vehicles:		17

## PUBLIC SAFETY - EMERGENCY MEDICAL SERVICES

# of Volunteers (average):		48
# of Ambulances:		5

## FULL-TIME EMPLOYEES (2012-13)

Town General Government:		168
Board of Education (Full-Time Equivalents):		
Classroom Teachers	261	
Other Professional Staff	93	
Administration	20	
Classified Personnel (clerical,custodial,transp.)	<u>127</u>	
	501	
Total		<u>669</u>