

# **Town of Newington Connecticut**



## **Comprehensive Annual Financial Report**

**Fiscal Year Ended June 30, 2017**

# **Comprehensive Annual Financial Report**

of the

**Town of Newington  
Connecticut**

**Fiscal Year Ended June 30, 2017**

Prepared by:  
Finance Department  
Janet Murphy  
Director of Finance

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## **Introductory Section**

## TOWN OF NEWINGTON, CONNECTICUT

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### PRINCIPAL OFFICIALS

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#### Town Council

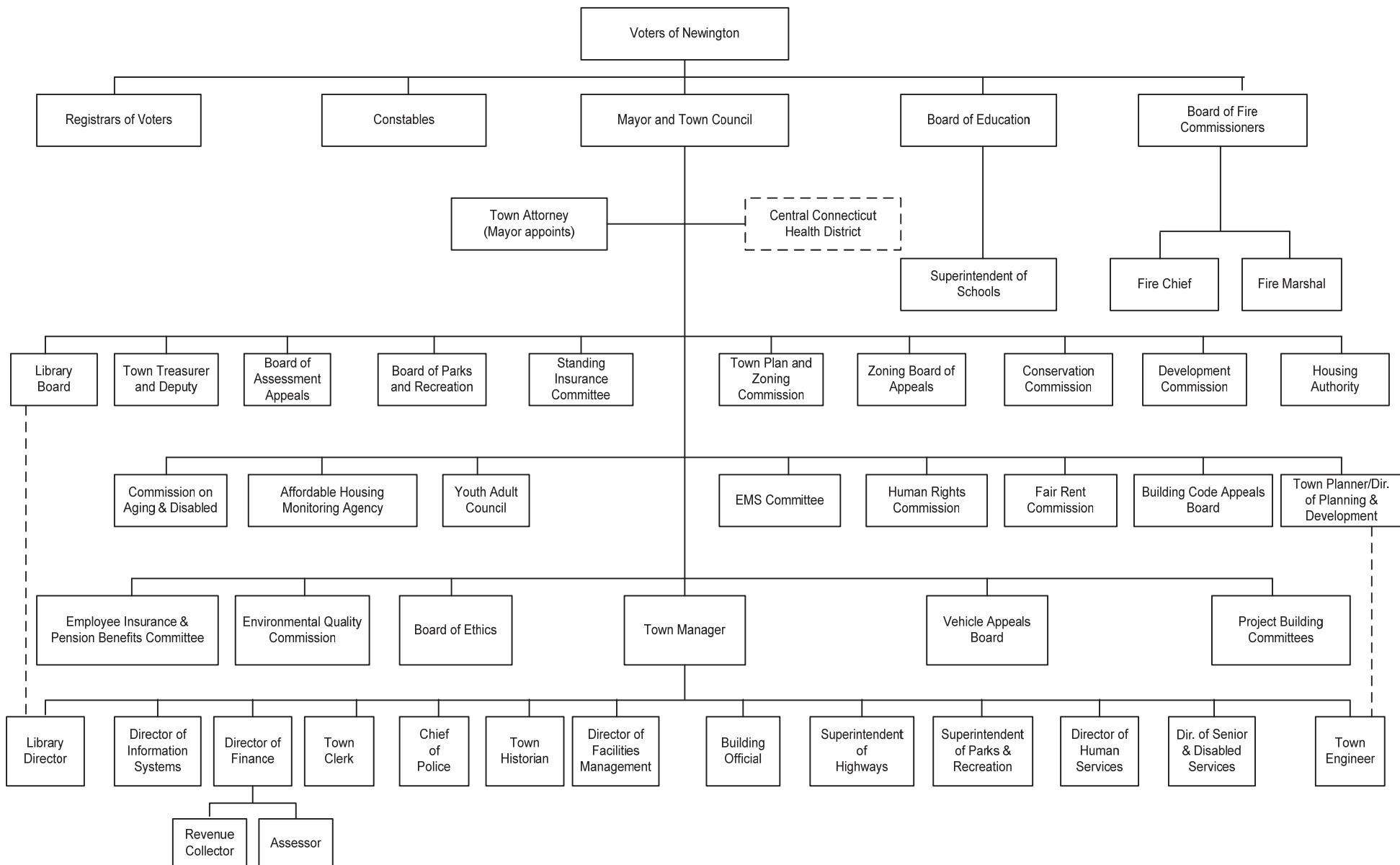
Roy C. Zartarian, Mayor  
Carol Anest  
Gail Budrejko  
Beth DelBuono  
Maureen Klett  
Tim Manke  
Jim Marocchini  
David Nagel  
Diana Serra

#### Board of Education

Nancy A. Petronio, Chairperson  
Sharon Braverman  
Emily Guion  
Joshua Shulman  
Jane Ancona Siegel  
Steven Silvia  
Cindy Stamm  
Robert Tofeldt, Sr.  
Paul Vessella

#### Appointed Officials

Tanya D. Lane, Town Manager  
William C. Collins, Superintendent of Schools  
Janet Murphy, Director of Finance





# TOWN OF NEWINGTON

131 Cedar Street Newington, Connecticut 06111

## Finance Department

Tanya D. Lane  
Town Manager

Janet Murphy  
Director of Finance

December 20, 2017

Tanya D. Lane, Town Manager  
Town of Newington  
Newington, Connecticut

Dear Mrs. Lane:

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, 2017.

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 unmodified ("clean") opinion on the Town of Newington's financial statements for the year ended June 30, 2017. 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 revision to 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**

Newington's October 1, 2015 grand list increased by 2% over the prior year. This increase was primarily attributed to commercial real property. Additionally, the personal property component remained the same while the motor vehicle component increased by 3% from the prior year. The Town continues to maintain a balanced mix of retail, manufacturing and light industry and its top ten taxpayers represented about 10.1% of the total assessed value on the October 1, 2015 grand list. The Town's tax collection rate as of June 30, 2017 was 99.5%, a slight increase of .2% from the 2016 levels. Current year tax collections are similar to the same period of the previous year.

For fiscal year-end 2017, building permit activity generated \$27.96 million in construction value, slightly down from the prior year. Commercial projects that generated building permit activity included Starbucks, Medcare Express/Primary Care Walk-In Clinic, Wood-n-Tap Restaurant, Clinisanitas Medical Center, Select Comfort Sleep number, and Damato Chiropractic Center. Although Newington is limited in land for extensive housing development, residential building is still occurring at such developments as Villas at Cedar Mountain as well as several individual building lots. In total, building permits were issued for sixteen residential units.

The Town's overall economic condition continues to improve, surpassing most towns in Connecticut, as exemplified by a number of economic indicators:

- According to the State Department of Labor, the Town's 2016 average unemployment rate dropped to 4.1%, versus the Hartford Labor Market and the statewide average rates of 5.25%.
- Median Household Income has increased to \$79,960 which exceeds the statewide average by \$9,629. The per capita income of Newington's residents increased to \$38,192, while slightly below the statewide average of \$38,803 and only 4.4% of the Town's families fall below poverty levels.
- A "Economic Index" published by the Connecticut Department of Labor shows Newington's overall economic health has improved by 25.6 percent since 2010, among the highest of any town with a population over 25,000.
- A report by KeyPoint Partners indicates retail square footage in Newington now exceeds 2.6 million square feet with a vacancy rate of 3.4 percent, lowest in the greater Hartford area.
- Annual retail sales are above \$770,517,581 according to the latest information from the Connecticut Department of Revenue Services.

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

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

- CTfastrak, Connecticut's first Bus Rapid Transit (BRT) system with stops in Newington at Cedar Street and Newington Junction, successfully completed its second year of operation, reaching a high of 19,000 weekday riders. Developer interest remains strong in the areas surrounding CTfastrak stations.
- The National Welding site is immediately adjacent to the Cedar Street Station. After demolishing dilapidated industrial buildings and removing asbestos containing materials from the site, PCB's in soil and rubble were characterized and remediated, and the site graded. Requests for Expressions of Interest yielded a proposal from a developer to construct a hotel and parking structure that would serve both the hotel and the CTfastrak station, bringing the Town closer to returning this property to the tax rolls after some twenty-five years.
- Construction of The Hartford Line, a new commuter rail service from New Haven, CT to Springfield, MA is nearing completion, with service scheduled to begin in May, 2018. A new station to be built at Newington Junction is in the design phase.
- Over twenty new businesses with physical locations opened in town, including small contractors, personal services, medical offices, commercial enterprises and restaurants.

- The largest commercial parcel on the Berlin Turnpike is available for development. Environmental cleanup is underway to be followed by demolition of the existing buildings. The site can support over 200,000 square feet of commercial development.
- The Villas at Cedar Mountain received land use board approval to construct a 122 unit assisted living facility and an 89 unit independent living facility. The combined value of the two buildings is projected to be in excess of \$50,000,000.
- The \$4,500,000 rebuilding and widening of the Amtrak bridge on Cedar Street commended, making it possible for more intensive development of the nearby vacant commercial parcel at 550 Cedar Street.
- Vacant and underused industrial and commercial properties throughout town were purchased, renovated and reoccupied including buildings on Day Street, East Robbins Avenue, Elmwood court, Fenn Road, Holmes Road, Rockwell Road, Stamm Road and Summit Street.
- Bradford Commons and Woodbridge Apartments were sold in a combined transaction for \$15,000,000, reflecting a per unit price somewhat higher than comparable apartments in the region.
- A new Goddard School received land use board approval and began construction of its daycare/preschool building on Alumni Road.
- Chick-fil-a leased property on the Berlin Turnpike to build a new store.
- Starbucks opened its third Newington store on Fenn Road.
- Med Care Express constructed a new 19,000 square foot building on the Berlin Turnpike to which it relocated its clinic. The building includes space for additional medical type enterprises, including a LabCorp location.
- The Newington Town Council endorsed construction of a larger community center and a dramatically smaller and more efficient town hall. The project received voter approval in November, 2017 and it will provide Newington citizens with a recreation center unmatched in the area while lowering the overall cost of operating and maintaining Town government buildings.

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 2017 fiscal year is represented as follows:

	Amount	Ratio of Net Debt Service to Budget	Ratio of Bonded Debt to Grand List	Debt Per Capita
Total direct debt outstanding - bonds	\$5,220,000	1.03%	0.24%	\$210

## **Major Initiatives**

The Town Council appointed new members to the Anna Reynolds School renovation project which continues to review plan designs.

An ordinance establishing the Board of Education Non-Lapsing Fund was adopted. The purpose of the fund is to allow the Board of Education to transfer surplus, not more than 1% of the annual budgeted amount, to a separate fund to cover future Board of Education operational expenses.

The Town entered into a tax exempt lease purchase agreement to finance the acquisition of a Velocity Custom Heavy Rescue Truck and related equipment for the Fire Department in the amount of \$715,000.

The Town Council approved the submission of the STEAP grant application in the amount of \$500,000 for sidewalk and streetscape improvements as part of the Constance Leigh Drive Project part 2.

Plans and specifications for the Newington High School Career Technical Program renovation project were approved by the Town Council and the majority of the work was completed.

Town Hall Building Project was approved by the Town Council to go to referendum in November, 2017 for voters' approval to go out to bonding for this project.

Economic Development prepared a grant application to OPM Responsible Growth/TOD in the amount of \$2,000,000 for funds to build a parking structure. This grant will help with the continued development of the National Welding site.

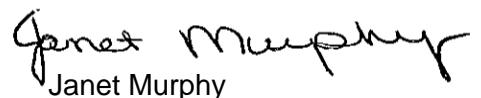
Capital improvements included the completion of several infrastructure projects such as pavement improvements to nine (18) roads, boiler and HVAC replacement at Park & Grounds garage, HVAC conversion to natural gas at the Highway Garage, replacement of the HVAC at the Senior & Disabled Center, John Wallace Middle School gym floor replacement and John Patterson classroom HVAC.

### **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, 2016 for the twenty-fourth 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,

  
Janet Murphy  
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, 2016**

A handwritten signature in black ink that reads "Jeffrey R. Ehmer". The signature is fluid and cursive, with "Jeffrey" on top, "R." in the middle, and "Ehmer" on the bottom line.

Executive Director/CEO

## **Financial Section**

# BlumShapiro

Accounting | Tax | Business Consulting

## Independent Auditors' Report

To the Board of Finance  
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, 2017, 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 from 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, 2017 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.

## **Changes in Accounting Principle**

As discussed in Note 10 to the financial statements, during the fiscal year ended June 30, 2017, the Town adopted new accounting guidance, GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*. Our opinion is not modified with respect to this matter.

## **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 12, the budgetary comparison information on pages 63 through 68 and the pension and OPEB schedules on pages 69 through 84 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.

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statement of the Town of Newington, Connecticut as of and for the year ended June 30, 2016 (not presented herein), and have issued our report thereon dated December 22, 2016, which contained unmodified opinions on the respective financial statements of the governmental activities, each major fund, and the aggregate remaining fund information. The accompanying General Fund balance sheet as of June 30, 2016 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the 2016 financial statements. The accompanying General Fund balance sheet has been subjected to the auditing procedures applied in the audit of the 2016 basic financial statements and certain additional procedures including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those financial statements or to those financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the General Fund balance sheet is fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended June 30, 2016.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2017 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Newington, Connecticut's 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  
December 20, 2017

**TOWN OF NEWINGTON, CONNECTICUT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2017**

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, 2017. Please read this MD&A in conjunction with the transmittal letter and the Town's financial statements, Exhibits I to IX.

## **FINANCIAL HIGHLIGHTS**

- The Total Net Position for government-wide activities increased \$2.1 million from \$75.1 million to \$ 77.2 million, an increase of 2.8% from prior year.
- Total cost of all of the Town's programs was \$131 million with no new programs added this year.
- During the year, the Town had expenses that were \$2 million less than the \$132.6 million generated in tax and other revenues for governmental programs.
- The resources available for appropriation were \$1 million more than budgeted for the General Fund. Expenditures were \$1.8 thousand less than appropriations.
- The General Fund reported a fund balance this year of \$21.2 million. On a budgetary basis, \$16.6 million represents the Town's fund balance; of this, \$2 million is assigned for 2017-18 budget.
- The tax collection rate was 99.5%, a slight increase of .2% from 2016.
- The Town of Newington's outstanding bonded debt at June 30, 2017 was \$5.2 million, a decrease of \$1.1 million or 17.5%, from the prior year. 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 \$75.1 million to \$77.2 million. The analysis below focuses on the net position (Table 1).

**TABLE 1**  
**NET POSITION**  
**(In Thousands)**

	<b>Governmental Activities</b>	
	<b>2017</b>	<b>2016</b>
Current and other assets	\$ 53,576	\$ 52,881
Capital assets, net of accumulated depreciation	93,103	90,225
Total assets	<u>146,679</u>	<u>143,106</u>
Deferred outflow of resources	4,143	8,664
Long-term debt outstanding	60,857	64,812
Other liabilities	7,654	7,176
Total liabilities	<u>68,511</u>	<u>71,988</u>
Deferred inflow of resources	5,159	4,639
Net Position:		
Net investment in capital assets	86,658	84,015
Restricted	689	655
Unrestricted	<u>(10,195)</u>	<u>(9,527)</u>
Total Net Position	<u>\$ 77,152</u>	<u>\$ 75,143</u>

Net position of the Town's governmental activities increased by \$2.1 million or 2.8% (\$75.1 million compared to \$77.2 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 \$(9.5) million at June 30, 2016 to \$(10.2) million at the end of this year. The largest portion of the Town's net position, \$87 million or 112.9%, 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 \$2 million. Approximately 71% of the revenues were derived from property taxes, followed by 22% from operating grants, the remaining 7% is from charges for services, capital grants and contributions and other grants that were not restricted for specific purposes. Key elements of the increase are as follows:

- Property tax revenues recorded for fiscal year 2017 increased by \$1.9 million or 2% during the year. This reflects a tax rate of 35.75 mills, a decrease of .05 mills over the rate used in the previous fiscal year. The tax collection rate for the year was 99.5%, a slight increase from the prior year of 99.3%. Most of the increase is to support the program expenses of the Town.

- Operating grants and contributions increased by \$4.9 million. This is attributable to payments made by State of Connecticut on-behalf of the Newington teachers' retirement increased by \$5.3 million.
- Capital grants and contributions decreased by \$1 million. This is attributable a reduction in reimbursement received in the prior year from the State of Connecticut Department of Economic and Community Development for expenses related to the demolition and remediation of the former National Welding site.
- The total cost of all programs and services was \$131 million.

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

	<b>Governmental Activities</b>	
	<b>2017</b>	<b>2016</b>
Revenues:		
Program revenues:		
Charges for services	\$ 3,914	\$ 3,466
Operating grants and contributions	29,667	24,745
Capital grants and contributions	1,331	2,342
General revenues:		
Property taxes	93,918	92,051
Grants and contributions not restricted to specific purposes	3,427	3,172
Unrestricted investment earnings	139	98
Other general revenues	236	375
Total revenues	<u>132,632</u>	<u>126,249</u>
Program expenses:		
General government	8,890	7,546
Public safety	14,723	14,633
Public works	10,581	10,172
Community planning and development	1,033	1,733
Health and community services	2,084	1,930
Library	2,421	2,452
Parks and recreation	3,516	3,478
Education	87,205	80,656
Interest on long-term debt	170	210
Total program expenses	<u>130,623</u>	<u>122,810</u>
Increase in Net Position	2,009	3,439
Net Position at Beginning of Year	<u>75,143</u>	<u>71,704</u>
Net Position at End of Year	<u>\$ 77,152</u>	<u>\$ 75,143</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 - general government, police and 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 \$3.4 million (\$95.7 million compared to \$92.3 million). The most noteworthy changes are as follows:

- The cost of General Government, Public Safety and other miscellaneous departments increased due to higher pension and healthcare expenses.
- Education also experienced an increase in the amount of expenses going from \$80.7 to \$87.2 million.

**TABLE 3**  
**Governmental Activities**  
**(In Thousands)**

	<b>Total Cost of Services</b>		<b>Net Cost of Services</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
General government	\$ 8,890	\$ 7,546	\$ 7,981	\$ 6,940
Public safety	14,723	14,633	14,600	14,470
Public works	10,581	10,172	9,286	8,577
Education	87,205	80,656	56,907	55,071
Parks and recreation	3,516	3,478	2,076	2,389
All others	5,708	6,325	4,861	4,810
<b>Totals</b>	<b>\$ 130,623</b>	<b>\$ 122,810</b>	<b>\$ 95,711</b>	<b>\$ 92,257</b>

## 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 \$35.4 million. Approximately 41% 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, \$13.9 million or 39%, is committed to be used only for the specific purposes such as a capital or grant related projects. The balance of \$6.9 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 \$187 thousand (\$35.4 million compared to \$35.2 million) from last years' total. Included in this year's total change in fund balance is an increase of \$516 thousand in Capital Project Funds. These funds account for financial resources to be used for the acquisition of major equipment or construction of facilities and primarily to account for \$4 million on improvements to school facilities, computer technology and open space. The fund's expenditures were less than the revenues and other financing sources by \$516 thousand for the fiscal year thereby increasing the fund's equity balance to \$8.2 million. Expenditures related to the transfers in will be used in future years.

The Town experienced a variety of significant General Fund budgetary events that affected the year ending equity balances. The major impacts include:

1. The Town benefited from a higher collection rate than anticipated on the current and prior year levies of property taxes producing a positive variance of \$1.1 million. Furthermore, taxes associated with the supplemental motor vehicle purchases resulted in \$863 thousand of additional revenues.
2. State of Connecticut funding was below estimated budgets by \$1.4 million. Included in this is Education Cost Sharing Grants (\$257) thousand, Municipal Revenue Sharing (\$286) thousand, and Transportation – Public (\$282) thousand.
3. General operating expenses were kept under budget by \$323 thousand as a result of personnel savings due to vacancies and a lower facility maintenance expenses. Included in the facility maintenance savings is \$108 thousand for fuel.
4. Public Works expenses came in under budget by \$191 thousand. The majority of this was a \$156 favorable variance in solid waste services.
5. To address the emergency repairs to the Highway Garage, \$278,000 were transferred from the contingency account to CIP.
6. The Board of Education realized a surplus of \$790 thousand of which \$702 thousand is committed to address expenses in subsequent fiscal years.

The Town's Nonmajor Governmental Funds account for special revenue sources that are restricted to specific purposes. The primary reason for the Nonmajor Governmental Funds increased due to the recreation program and cemetery activity.

Small Cities Fund accounts for financial resources from the Federal Community Development Block Grants/Small Cities Program. The fund balance increased by \$6 thousand as grants and other revenue sources received this year were not expensed in total by year end. As of June 30, 2017, the fund balance decreased to \$37 thousand.

### **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 \$3.4 million, a decrease of \$264 thousand from the prior year. This is primarily due to the performance of the Health Benefits Fund which experienced benefit payments (expenses) over revenues of \$452 thousand. The Insurance Reserve Fund is to pay for losses incurred through insurance deductibles and uninsured property and casualty losses. During the year contributions by the Town were more than the payments made for insurance claims by \$188 thousand.

## **CAPITAL ASSET AND DEBT ADMINISTRATION**

### **Capital Assets**

At June 30, 2017, the Town had \$93.1 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 \$2.9 million or 3.2%, over last year.

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

	<b>Governmental Activities</b>	
	<b>2017</b>	<b>2016</b>
Land	\$ 7,843	\$ 7,789
Intangible assets	2,770	2,770
Buildings and improvements	47,191	46,392
Equipment	12,904	10,996
Infrastructure	21,913	21,932
Construction in progress	482	346
 Total	 \$ 93,103	 \$ 90,225

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

**Land** - Addition in the amount of \$54 is for improvements to the National Welding property. A grant was used to perform Brownfield remediation, demolish the building and prepare the land to be sold.

**Buildings** - Additions in the amount \$2,700 were due to lighting upgrades and entry doors at Town Hall, HVAC conversion to natural gas and new roof snow guards at the Highway Garage, new HVAC units at the Senior & Disabled Center, new boilers and HVAC and new overhead doors at the Park & Grounds Garage, energy management system at Fire Company #1, shingled roof replacement at Fire Company #3, new boilers and heating systems at Fire Companies #2 and #3, upgrades and improvements to the Kellogg Eddy and Kelsey Houses, bathroom renovations at John Paterson Elementary School, career tech renovations and code compliance renovations at Newington High School, gym floor replacement at John Wallace Middle School, and classroom HVAC at John Paterson Elementary School.

**Land Improvements** - Additions in the amount of \$187 were due to driveway improvements at the Highway garage, installation of fence at Senior & Disabled Center garden, new sign at the Library, improvements to Constance Leigh/Lowrey Place Streetscape, and playground improvements at Ruth Chaffee School and Churchill Park.

**Furniture, Fixtures and Equipment** - These were added in the amount of \$4,034. General Government increased by \$88 for a laser printer, one truck for Facilities and a passenger van for Human Services. Public Safety increased by \$1,850 for the purchase of five vehicles, two fire trucks, computer assisted dispatch (CAD) system, emergency generators for Fire Company #3 and #5, self-contained breathing apparatus (SCBA), thermal imaging camera for Fire Company #1, and breathing air systems for Fire Company #1 and #2. Public Works increased by \$340 due to the purchase of two large dump trucks and an in-ground lift for the Highway garage. Senior & Disabled Center increased by \$20 for one used vehicle. Library increased by \$14 for the third stage of the radio frequency identification (RFID) security system installation. Parks and Recreation increased by \$193 for the purchase of one vehicle, additional RecTrac software, an Exmark mower, a leaf blower, a golf cart, and emergency generator, fuel tanks and transfer switch at the Parks garage. Board of Education increased by \$1,529 for school buses, security vehicles, laser projectors and screens, floor scrubbers, carpet shampooer, flight simulator, circulation desks for John Wallace library, compressor for bus garage, Google Expeditions mobile carts, fume hood for chemistry lab at the High School, video editing kit, bleachers for John Wallace gym, sound system and furniture for High School career tech, security system for the High School and network computer/storage infrastructure.

**Infrastructure** - Additions in the amount \$692 were due to drainage improvements at Beacon Park, reconstruction/resurfacing of Forest Drive and resurfacing of 16 other roads comprising 16,514 additional linear feet..

**Construction in Progress** - Additions in the amount of \$136 were due to pre-referendum costs for the Town Hall Renovation project and Library Renovation project.

Total Net Additions	\$ <u>7,297</u>
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The Town's fiscal-year 2017-18 budget calls for it to spend \$5.6 million for capital projects, of which \$0.6 million is financed from the State of Connecticut and the balance from local funds. It is primarily to finance renovations at John Wallace Middle School for phase II, major vehicle equipment replacement, road reconstruction and resurfacing, school general property improvements, school technology, public safety communications tower, and Town Hall improvements.

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, 2017, the Town had \$5.2 million in bonds outstanding versus \$6.3 million last year - a decrease of 16.5% - as shown in Table 5.

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

	<b>Governmental Activities</b>	
	<b>2017</b>	<b>2016</b>
General Obligation Bonds (backed by the Town)	\$ <u>5,220</u>	\$ <u>6,255</u>

- The decrease in the Town's indebtedness is due to principal payments during the year totaling \$1.04 million. The Town had no bonds authorized but unissued at June 30, 2017.
- The Town holds a credit rating from Moody's Investor Services of Aa2. Standard & Poor's Ratings Services raised its rating on the Town's general obligation bonds to 'AA+' from 'AA' based on the implementation of its local GO criteria.
- 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 \$654 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 7 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 2016-17 budget through prudent, conservative fiscal management. This is evidenced from the fact that final actual expenditures are \$1.8 million under the final budget while the revenue side generated an additional \$691 thousand beyond the original estimates. The significant challenges in the development

of the 2017-18 Town budget were: 1) the economic conditions in the region and nationally; 2) maintain costs to meet the high level of service to which Town residents are accustomed; and 3) the ability of citizens to absorb any increases in taxes during a year with less municipal aid. The Town's adopted fiscal year 2017-2018 General Fund appropriations totaled \$115.8, an increase of .2% over the 2017 budget of \$115.6 million. This increase is one of the lowest increases this century. The most significant factors driving the overall budget increase include medical insurance, pension contributions and wages.

On the revenue side, the 10/1/2016 taxable list decreased by .19% from the 2015 Grand List. The net real estate grand list decreased \$13.2 million or .58% which is attributable to the settlement of ten court cases filed as a result of the 2015 revaluation and \$2.9 million was removed from the taxable portion of the 2016 Grand List as a result of Hartford Hospital occupying a major commercial property owned by them that was formerly being leased to a taxable entity. The personal property category increased by 4.47%. The 2016 motor vehicle component of the Grand List increased by 1% over the 2015 Grand List. Estimated State Aid and other revenue sources such as building permits and real estate conveyance fees, which comprises approximately 17% of total revenues, decreased approximately 9.5%.

On a budgetary basis, the June 30, 2017 unassigned General Fund balance, after the designation of \$2 million to assist in financing the 2017-18 appropriations, decreased by \$360 thousand to a level of \$14.6 million or 12.6% of the fiscal year 2017-18 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 2.4% 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 national and state economic recovery. Per capita income of Newington's residents is \$38.2 thousand, slightly below the statewide average of \$38.8 thousand, but its median family income of \$79.9 thousand exceeds the statewide average by \$9,629. The KeyPoint Report for 2017 ranks the Town of Newington as number one for the lowest commercial real estate vacancies in the greater Hartford area. Building permit activity is slightly higher in comparison to last year with the value of permits in October of 2017 equal to \$1.9 million compared to \$1.5 million a year ago. As of October 2017, the unemployment rate for Newington was 4.1%, down from 4.8%, in the prior year, and compares favorably to the State's unemployment rate of 4.8% during the same period.

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, 2017**  
**(In Thousands)**

	<b>Governmental Activities</b>
<b>Assets:</b>	
Cash and cash equivalents	\$ 49,682
Investments	131
Receivables, net	2,934
Due from trust funds	662
Prepaid asset	15
Inventory	36
Net OPEB asset	116
Capital assets not being depreciated	11,095
Capital assets being depreciated, net	82,008
Total assets	<u>146,679</u>
<b>Deferred Outflows of Resources:</b>	
Deferred charge on refunding	361
Deferred outflows related to pensions	3,782
Total deferred outflows	<u>4,143</u>
<b>Liabilities:</b>	
Accounts and other payables	7,135
Accrued interest payable	16
Unearned revenue	503
<b>Noncurrent liabilities:</b>	
Due within one year	2,318
Due in more than one year	58,539
Total liabilities	<u>68,511</u>
<b>Deferred Inflows of Resources:</b>	
Advance property tax collections	4,632
Deferred inflows related to pensions	527
Total deferred inflows	<u>5,159</u>
<b>Net Position:</b>	
Net investment in capital assets	86,658
<b>Restricted for:</b>	
Trust purposes:	
Expendable	652
Nonexpendable	37
Unrestricted	<u>(10,195)</u>
<b>Total Net Position</b>	<b>\$ 77,152</b>

The accompanying notes are an integral part of the financial statements

**TOWN OF NEWINGTON, CONNECTICUT**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2017**  
**(In Thousands)**

Functions/Programs	Expenses	Program Revenues			Capital Grants and Contributions	Governmental Activities	Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions			
Governmental activities:							
General government	\$ 8,890	\$ 735	\$ 169	\$ 5	\$ (7,981)		
Public safety	14,723	70	53			(14,600)	
Public works	10,581	36	918	341		(9,286)	
Community planning and development	1,033	360		52		(621)	
Health and community services	2,084	53	337			(1,694)	
Library	2,421	23	22			(2,376)	
Parks and recreation	3,516	1,402	38			(2,076)	
Education	87,205	1,235	28,130	933		(56,907)	
Interest on long-term debt	170					(170)	
<b>Total</b>	<b>\$ 130,623</b>	<b>\$ 3,914</b>	<b>\$ 29,667</b>	<b>\$ 1,331</b>		<b>(95,711)</b>	
General revenues:							
Property taxes						93,918	
Grants and contributions not restricted to specific programs						3,427	
Unrestricted investment earnings						139	
Miscellaneous						236	
<b>Total general revenues</b>						<b>97,720</b>	
Change in net position						2,009	
<b>Net Position at Beginning of Year</b>						<b>75,143</b>	
<b>Net Position at End of Year</b>						<b>\$ 77,152</b>	

The accompanying notes are an integral part of the financial statements

**TOWN OF NEWINGTON, CONNECTICUT**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**JUNE 30, 2017**  
**(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	\$ 30,294	\$ 8,875	\$ 68	\$ 6,293	\$ 45,530
Investments				131	131
Receivables, net	1,372		801	101	2,274
Due from other funds	665				665
Prepays				14	14
Inventories				36	36
<b>Total Assets</b>	<b>\$ 32,331</b>	<b>\$ 8,875</b>	<b>\$ 869</b>	<b>\$ 6,575</b>	<b>\$ 48,650</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>					
Liabilities:					
Accounts and other payables	\$ 5,491	\$ 651	\$	\$ 237	\$ 6,379
Due to other funds				3	3
Unearned revenue	15			488	503
<b>Total liabilities</b>	<b>\$ 5,506</b>	<b>\$ 651</b>	<b>\$ -</b>	<b>\$ 728</b>	<b>\$ 6,885</b>
Deferred inflows of resources:					
Unavailable revenue - property taxes	949				949
Unavailable revenue - loans receivable			801		801
Advance property tax collections	4,632				4,632
<b>Total deferred inflows of resources</b>	<b>\$ 5,581</b>	<b>\$ -</b>	<b>\$ 801</b>	<b>\$ -</b>	<b>\$ 6,382</b>
Fund balances:					
Nonspendable				50	50
Restricted			68	1,374	1,442
Committed	1,217	8,224		4,423	13,864
Assigned	5,406				5,406
Unassigned	14,621				14,621
<b>Total fund balances</b>	<b>\$ 21,244</b>	<b>\$ 8,224</b>	<b>\$ 68</b>	<b>\$ 5,847</b>	<b>\$ 35,383</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 32,331</b>	<b>\$ 8,875</b>	<b>\$ 869</b>	<b>\$ 6,575</b>	<b>\$ 48,650</b>

(Continued on next page)

**TOWN OF NEWINGTON, CONNECTICUT**  
**BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)**  
**JUNE 30, 2017**  
**(In Thousands)**

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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	\$ 35,383
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Capital assets used in governmental activities are not financial  
 resources and, therefore, are not reported in the funds:

Governmental capital assets	\$ 180,377
Less accumulated depreciation	<u>(87,274)</u>
Net capital assets	93,103

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

Housing loan receivables	801
Property tax receivables greater than 60 days	949
Interest receivable on property taxes	660
Net OPEB asset	116
Deferred outflows related to pensions	3,782

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.

3,397

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	(5,220)
Deferred amount in refunding	361
Deferred charge on premium	(306)
Interest payable on bonds	(16)
Compensated absences	(2,553)
Capital lease	(1,280)
Deferred inflows related to pensions	(527)
Net pension liability	<u>(51,498)</u>

Net Position of Governmental Activities (Exhibit I)	\$ <u>77,152</u>
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The accompanying notes are an integral part of the financial statements

**TOWN OF NEWINGTON, CONNECTICUT**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2017**  
**(In Thousands)**

	General	Capital Projects	Small Cities	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues:</b>					
Property taxes	\$ 93,725	\$	\$	\$	\$ 93,725
Payment in lieu of taxes	2,409				2,409
Licenses, fees and permits	319			18	337
Intergovernmental	29,005		34	2,675	31,714
Contributions				180	180
Rental	107	65			172
Income on investments	78	6		40	124
Fines	23				23
Charges for services	703	325		2,332	3,360
Other	98		37	283	418
<b>Total revenues</b>	<b>126,467</b>	<b>396</b>	<b>71</b>	<b>5,528</b>	<b>132,462</b>
<b>Expenditures:</b>					
<b>Current:</b>					
General government	4,858			61	4,919
Public safety	8,372			61	8,433
Public works	4,702				4,702
Community planning and development	542		34		576
Health and human services	1,179			205	1,384
Library	1,704			23	1,727
Parks and recreation	1,571			983	2,554
Education	82,546			3,191	85,737
Miscellaneous	14,201				14,201
Capital outlay		7,290		640	7,930
Debt service	1,192	162			1,354
<b>Total expenditures</b>	<b>120,867</b>	<b>7,452</b>	<b>34</b>	<b>5,164</b>	<b>133,517</b>
<b>Excess (Deficiency) of Revenues over Expenditures</b>	<b>5,600</b>	<b>(7,056)</b>	<b>37</b>	<b>364</b>	<b>(1,055)</b>
<b>Other Financing Sources (Uses):</b>					
Transfers in	119	6,157		101	6,377
Transfers out	(6,431)			(119)	(6,550)
Capital leases issued		1,415			1,415
<b>Total other financing sources (uses)</b>	<b>(6,312)</b>	<b>7,572</b>	<b>-</b>	<b>(18)</b>	<b>1,242</b>
<b>Net Change in Fund Balances</b>	<b>(712)</b>	<b>516</b>	<b>37</b>	<b>346</b>	<b>187</b>
<b>Fund Balances at Beginning of Year</b>	<b>21,956</b>	<b>7,708</b>	<b>31</b>	<b>5,501</b>	<b>35,196</b>
<b>Fund Balances at End of Year</b>	<b>\$ 21,244</b>	<b>\$ 8,224</b>	<b>\$ 68</b>	<b>\$ 5,847</b>	<b>\$ 35,383</b>

(Continued on next page)

## TOWN OF NEWINGTON, CONNECTICUT

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

## GOVERNMENTAL FUNDS

## FOR THE YEAR ENDED JUNE 30, 2017

(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)	\$ 187
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Governmental funds report capital outlays as expenditures. In the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:

Capital outlay	7,803
Depreciation expense	(4,901)

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. (24)

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	72
Property tax receivable - accrual basis change	121
Housing loan receivable - accrual basis change	(38)
Deferred outflows related to pensions	(4,480)

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:

Mortgage principal payments	15
Bond principal payments	1,035
Capital leases issued	(1,415)
Lease payments	135

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	(27)
Accrued interest	4
Net OPEB expense	366
Amortization of premium	36
Amortization of deferred charge on refunding	(41)
Deferred outflows related to pensions	(501)
Change in net pension liability	3,926

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. (264)

Change in Net Position of Governmental Activities (Exhibit II)	\$ 2,009
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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, 2017**  
**(In Thousands)**

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	<u>Governmental</u> <u>Activities</u>	<u>Internal</u> <u>Service Funds</u>
Assets:		
Cash and cash equivalents	\$ 4,152	
Prepaid expenses	<u>1</u>	
 Total assets	 4,153	
Liabilities:		
Accounts and other payables	<u>756</u>	
 Net Position:		
Unrestricted	<u>\$ 3,397</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, 2017**  
**(In Thousands)**

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	<b>Governmental Activities</b>	<b>Internal Service Funds</b>
Operating Revenues:		
Charges for services	\$ 10,678	
Miscellaneous	59	
Total operating revenues	<u>10,737</u>	
Operating Expenses:		
Benefit payments	10,070	
Administration	444	
Insurance	631	
Casualty loss	44	
Total operating expenses	<u>11,189</u>	
Operating Income (Loss)	(452)	
Nonoperating Revenue:		
Interest on investments	<u>15</u>	
Income (Loss) Before Transfers	(437)	
Transfers In	<u>173</u>	
Change in Net Position	(264)	
Net Position at Beginning of Year	<u>3,661</u>	
Net Position at End of Year	<u>\$ 3,397</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, 2017**  
**(In Thousands)**

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	<b>Governmental Activities</b>	<b>Internal Service Funds</b>
<b>Cash Flows from Operating Activities:</b>		
Cash received from charges for services and other	\$ 10,736	
Cash paid to vendors	<u>(11,159)</u>	
Net cash provided by (used in) operating activities	<u>(423)</u>	
<b>Cash Flows from Noncapital Financial Activities:</b>		
Transfers in	173	
<b>Cash Flows from Investing Activities:</b>		
Interest on investments	<u>15</u>	
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>(235)</b>	
<b>Cash and Cash Equivalents at Beginning of Year</b>	<b>4,387</b>	
<b>Cash and Cash Equivalents at End of Year</b>	<b>\$ 4,152</b>	
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:</b>		
Operating income (loss)	\$ (452)	
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:		
(Increase) decrease in accounts and other receivables	(1)	
Increase (decrease) in accounts and other payables	<u>30</u>	
<b>Net Cash Provided by (Used in) Operating Activities</b>	<b>\$ (423)</b>	

The accompanying notes are an integral part of the financial statements

**TOWN OF NEWINGTON, CONNECTICUT**  
**STATEMENT OF NET POSITION - FIDUCIARY FUNDS**  
**JUNE 30, 2017**  
**(In Thousands)**

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	<b>Pension and Other Post Employment Benefit Trust Funds</b>	<b>Agency Funds</b>
Assets:		
Cash and cash equivalents	\$ 848	\$ 536
Investments:		
Mutual funds	<u>79,142</u>	<u></u>
Total Assets	<u>79,990</u>	<u>\$ 536</u>
Liabilities:		
Accounts payable	8	\$ 536
Due to other funds	<u>662</u>	<u></u>
Total Liabilities	<u>670</u>	<u>\$ 536</u>
Net Position:		
Restricted for Pension/OPEB Benefits	<u>\$ 79,320</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, 2017**  
**(In Thousands)**

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	<b>Pension and Other Employee Benefit Trust Funds</b>
Additions:	
Contributions:	
Employer	\$ 8,005
Plan members	1,353
Total contributions	<u>9,358</u>
Investment income:	
Net change in fair value of investments	8,781
Interest and dividends	1,230
Total investment income	<u>10,011</u>
Less investment expense	365
Net investment income	<u>9,646</u>
Total additions	<u>19,004</u>
Deductions:	
Benefits	8,886
Administration	233
Total deductions	<u>9,119</u>
Change in Net Position	9,885
Net Position at Beginning of Year	<u>69,435</u>
Net Position at End of Year	<u>\$ 79,320</u>

The accompanying notes are an integral part of the financial statements

**TOWN OF NEWINGTON, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**  
**(In Thousands)**

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**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.

**TOWN OF NEWINGTON, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**  
**(In Thousands)**

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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 and Other Employee Benefit Trust Funds* account for the activities of the Town's four defined benefits pension plans, one defined contribution plan and the Other Post Employment Benefits (OPEB) Trust Fund, which accumulates resources for pension and health benefit payments to qualified Town employees.

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

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes and other charges between certain Town functions because the elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include property taxes.

**TOWN OF NEWINGTON, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**  
**(In Thousands)**

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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." All trade and property tax receivables are shown net of an allowance for collectibles. The property tax receivable allowance of \$94 is equal to 8.2% of outstanding property taxes at June 30, 2017.

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. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

**TOWN OF NEWINGTON, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**  
**(In Thousands)**

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**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, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition 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:

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

**H. Deferred Outflows of Resources**

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period or periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town reports a deferred charge on refunding and deferred outflows related to pension in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. A deferred outflow of resources related to pension results from differences between expected and actual experience and investment gains or losses. These amounts are deferred and included in pension expense in a systematic and rational manner over a period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension plan (active employees and inactive employees). No deferred outflows of resources affect the governmental fund financial statements in the current year.

**TOWN OF NEWINGTON, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**  
**(In Thousands)**

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**I. Deferred Inflows of Resources**

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period or periods and so will not be recognized as an inflow of resources (revenue) until that time. The Town reports advance property tax collections and deferred inflows of resources related to pensions in the government-wide statement of net position. A deferred inflow of resources related to pension results from differences between expected and actual experience, changes in assumptions or other inputs. These amounts are deferred and included in pension expense in a systematic and rational manner over a period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension plan (active employees and inactive employees). Advance property tax collections represent taxes inherently associated with a future period. This amount is recognized during the period in which the revenue is associated. For governmental funds, the Town reports unavailable revenue, which arises only under the modified accrual basis of accounting. The governmental funds report unavailable revenues from the following sources: property taxes and long-term loans. These amounts are deferred and recognized as an inflow of resources (revenue) in the period that the amounts become available.

**J. 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.

**K. Net Pension Liability**

The net pension liability is measured as the portion of the actuarial present value of projected benefits that is attributed to past periods of employee service (total pension liability), net of the pension plan's fiduciary net position. The pension plan's fiduciary net position is determined using the same valuation methods that are used by the pension plan for purposes of preparing its statement of fiduciary net position. The net pension liability is measured as of a date (measurement date) no earlier than the end of the employer's prior fiscal year, consistently applied from period to period.

**L. Net OPEB Obligations**

The net OPEB obligation represents the cumulative difference between the annual OPEB cost and the Town's contributions to the plans. These amounts are calculated on an actuarial basis and are recorded as noncurrent assets and/or noncurrent liabilities, accordingly, in the government-wide financial statements.

**TOWN OF NEWINGTON, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**  
**(In Thousands)**

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**M. 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.

**N. 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.

**TOWN OF NEWINGTON, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**  
**(In Thousands)**

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**Assigned Fund Balance**

This balance represents 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.

**O. Use of Estimates**

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities including disclosures of contingent assets and liabilities and reported revenues, expenses and expenditures during the fiscal year. Accordingly, actual results could differ from those estimates.

**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 2016-17.

**TOWN OF NEWINGTON, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**  
**(In Thousands)**

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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.

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Based on the criteria described in GASB Statement No. 40, *Deposits and Investment Risk Disclosures*, \$40,957 of the Town's bank balance of \$42,786 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 36,711
Uninsured and collateral held by the pledging bank's trust department, not in the Town's name	<u>4,246</u>
Total Amount Subject to Custodial Credit Risk	\$ <u>40,957</u>

**Cash Equivalents**

At June 30, 2017, the Town's cash equivalents amounted to \$9,321. 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.

	<b>Standard &amp; Poor's</b>
State Short-Term Investment Fund (STIF) Comerica Bank*	AAAm

\*Not rated

**Investments**

Investments as of June 30, 2017 in all funds consisted of \$79,273 as follows:

Investments:	
Special Revenue Fund:	
Mutual Funds	\$ 131
Pension and OPEB Trust Funds:	
Mutual Funds	<u>79,142</u>
Total Investments	\$ <u>79,273</u>

**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.

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**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, 2017, 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.

**Fair Value Measurement**

The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements); followed by quoted prices in inactive markets or for similar assets or with observable inputs (Level 2 measurements); and the lowest priority to unobservable inputs (Level 3 measurements). The Town has the following recurring fair value measurements as of June 30, 2017:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments by fair value level:				
Mutual Funds	\$ <u>79,273</u>	\$ <u>79,273</u>	\$ <u>-</u>	\$ <u>-</u>

Mutual Funds classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities.

**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	\$ 1,146	\$	\$ 1,146	
Accounts	203		6	209
Housing loans		801		801
Intergovernmental	117		95	212
Gross receivables	<u>1,466</u>	<u>801</u>	<u>101</u>	<u>2,368</u>
Less allowance for uncollectibles	<u>94</u>			<u>94</u>
Net Total Receivables	\$ <u>1,372</u>	\$ <u>801</u>	\$ <u>101</u>	\$ <u>2,274</u>

The above table does not include accrued interest on property taxes of \$660.

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**5. CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2017 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases and Adjustments</u>	<u>Ending Balance</u>
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	\$ 7,789	\$ 54	\$	\$ 7,843
Construction in progress	346	136		482
Intangible assets	2,770			2,770
Total capital assets not being depreciated	<u>10,905</u>	<u>190</u>	<u>-</u>	<u>11,095</u>
Capital assets being depreciated:				
Buildings	72,887	2,700		75,587
Improvements other than buildings	9,633	187		9,820
Furniture, fixtures and equipment	29,736	4,034	(506)	33,264
Infrastructure	49,919	692		50,611
Total capital assets being depreciated	<u>162,175</u>	<u>7,613</u>	<u>(506)</u>	<u>169,282</u>
Less accumulated depreciation for:				
Buildings	(32,265)	(1,636)		(33,901)
Improvements other than buildings	(3,863)	(452)		(4,315)
Furniture, fixtures and equipment	(18,740)	(2,102)	482	(20,360)
Infrastructure	(27,987)	(711)		(28,698)
Total accumulated depreciation	<u>(82,855)</u>	<u>(4,901)</u>	<u>482</u>	<u>(87,274)</u>
Total capital assets being depreciated, net	<u>79,320</u>	<u>2,712</u>	<u>(24)</u>	<u>82,008</u>
Governmental Activities Capital Assets, Net	\$ <u>90,225</u>	\$ <u>2,902</u>	\$ <u>(24)</u>	\$ <u>93,103</u>

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
General Government	\$ 390
Public Safety	969
Public Works	963
Community Planning & Development	235
Community Services	95
Library	97
Parks & Recreation	286
Board of Education	<u>1,866</u>
Total Depreciation Expense	\$ <u>4,901</u>

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**Construction Projects**

The Town has 58 active construction projects as of June 30, 2017. The projects include various school and Town improvements project authorizations. At year end, the Town's appropriation balances are as follows:

<b>Project</b>	<b>Cumulative Authorizations</b>	<b>Spent-to-Date</b>	<b>Remaining Commitment</b>
Computer System Replacement	\$ 4,405	\$ 3,856	\$ 549
Town Hall Improvements	4,204	3,040	1,164
OCR Compliance	2,781	2,474	307
Road Reconstruction	2,992	2,895	97
Newington High Career Tech	2,420	2,164	256
John Wallace STEM	1,198	1,153	45
Park, Pool & Playground Improvements	1,244	1,234	10
Drainage Improvement	1,149	842	307
Tax Revaluation Reserve	1,045	1,007	38
Other various projects	<u>19,734</u>	<u>16,398</u>	<u>3,336</u>
<b>Total</b>	<b>\$ 41,172</b>	<b>\$ 35,063</b>	<b>\$ 6,109</b>

**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, 2017 is presented below:

<b>Receivable Fund</b>	<b>Payable Fund</b>	<b>Amount</b>
General Fund	Nonmajor Governmental Funds	\$ 3
General Fund	Fiduciary Trust Funds	<u>662</u>
<b>Total</b>		<b>\$ 665</b>

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

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Interfund transfers:

	Transfer In					<b>Total Transfers Out</b>
	<b>General</b>	<b>Capital Projects</b>	<b>Nonmajor Governmental</b>	<b>Internal Service</b>		
<b>Transfers out:</b>						
General Fund	\$ 119	\$ 6,157	\$ 101	\$ 173		\$ 6,431
Nonmajor Governmental						119
<b>Total Transfers In</b>	<b>\$ 119</b>	<b>\$ 6,157</b>	<b>\$ 101</b>	<b>\$ 173</b>		<b>\$ 6,550</b>

Transfers are used to move General Fund revenues to finance various capital projects in accordance with budgetary authorizations, as well as to transfer amounts provided as subsidies or matching funds for various grant programs.

## 7. LONG-TERM DEBT

### Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2017 was as follows:

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>	<b>Due Within One Year</b>
<b>Governmental Activities:</b>					
Bonds payable:					
General obligation bonds	\$ 6,255	\$ 1,035	\$ 5,220	\$ 1,025	
Premiums	342	36	306	36	
Total bonds payable	6,597	1,071	5,526	1,061	
Mortgage payable	15	15			
Compensated absences	2,526	1,078	1,051	2,553	1,051
Net OPEB Obligation	250	250			
Net pension liability	55,424	3,926	51,498		
Capital leases		1,415	135	1,280	206
<b>Total Governmental Activity</b>					
Long-Term Liabilities	<b>\$ 64,812</b>	<b>\$ 2,493</b>	<b>\$ 6,448</b>	<b>\$ 60,857</b>	<b>\$ 2,318</b>

For the governmental activities, compensated absences, net pension liability and net OPEB obligation are generally liquidated by the General Fund.

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A schedule of bonds and serial notes outstanding at June 30, 2017 is presented below:

<b>Description</b>	<b>Date of Issue</b>	<b>Amount of Interest Rate (%)</b>	<b>Balance Original Issue</b>	<b>Outstanding June 30, 2016</b>
General purpose bonds:				
Police station	02/13	1-4.0%	\$ 4,818	\$ 3,430
School:				
School improvements	02/13	1-4.0%	4,992	<u>1,790</u>
Total				\$ <u>5,220</u>

The following is a schedule of bond maturities as of June 30, 2017:

<b>Fiscal Year Ending June 30</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2018	\$ 1,025	\$ 126	\$ 1,151
2019	695	91	786
2020	690	70	760
2021	675	56	731
2022	665	43	708
2023-2026	<u>1,470</u>	<u>50</u>	<u>1,520</u>
Total	\$ <u>5,220</u>	\$ <u>436</u>	\$ <u>5,656</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:

<b>Category</b>	<b>Debt Limit</b>	<b>Net Indebtedness</b>	<b>Balance</b>
General purpose	\$ 210,229	\$ 4,225	\$ 206,004
Schools	420,458	2,206	418,252
Sewers	350,381	85,511	264,870
Urban renewal	303,664	-	303,664
Pension deficit	280,305	-	280,305

The total overall statutory debt limit for the Town is equal to seven times annual receipts from taxation or \$654 million. All long-term debt obligations are retired through General Fund appropriations.

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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 \$85,511 or 9.01% of the debt of the Metropolitan District.

**Capital Leases**

The Town has entered into various lease agreements as lessee for financing the acquisition for firetrucks. The lease qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of its future minimum lease payments as of the inception date. The asset acquired through the capital lease is as follows:

	<b>Governmental Activities</b>
Equipment	\$ 1,415
Less accumulated depreciation	<u>42</u>
 Total	 <u>\$ 1,373</u>

The future minimum lease obligation and the net present value of the minimum lease payments as of June 30, 2017 were as follows:

<b>Year Ending June 30,</b>	<b>Governmental Activities</b>
2018	\$ 224
2019	297
2020	297
2021	297
2022	<u>223</u>
	1,338
Less amount for interest	<u>58</u>
 Minimum lease payments	 <u>\$ 1,280</u>

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**8. 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 \$746 reported in the Health Benefits Internal Service Fund at June 30, 2017 is based on GASB Statement No. 10, which requires that a liability for estimated claims incurred but not reported be recorded. Changes in the claims liability were:

	<b>Liability July 1,</b>	<b>Current Year</b>		<b>Claim Payments</b>	<b>Liability June 30,</b>
		<b>Claims and Changes in Estimates</b>			
2015-2016	\$ 646	\$ 9,623		\$ 9,548	\$ 721
2016-2017	721	10,070		10,045	746

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**9. FUND BALANCE**

The components of fund balance for the governmental funds at June 30, 2017 are as follows:

	<b>General Fund</b>	<b>Capital Projects Fund</b>	<b>Small Cities</b>	<b>Nonmajor Governmental Funds</b>	<b>Total</b>
<b>Fund balances:</b>					
Nonspendable:					
Inventory	\$	\$	\$	\$	36
Prepays					14
Restricted for:					
Grants			68	1,337	1,405
Permanent funds				37	37
Committed to:					
Education non-lapsing	1,217				1,217
Public buildings		2,808			2,808
Capital and nonrecurring projects		4,027			4,027
Public schools		1,341			1,341
Land acquisition		48			48
Education			718		718
Cemetery maintenance			1,444		1,444
Public safety activities			20		20
Recreation programs			1,180		1,180
Employee leave liability			686		686
Volunteer ambulance			217		217
Volunteer firefighters			128		128
General government			30		30
Assigned to:					
Subsequent year's budget	2,000				2,000
General government - encumbrances	2				2
Public safety - encumbrances	15				15
Public works - encumbrances	3				3
Parks and recreation - encumbrances	6				6
Education - encumbrances	3,363				3,363
Miscellaneous - encumbrances	17				17
Unassigned	14,621				14,621
<b>Total Fund Balances</b>	<b>\$ 21,244</b>	<b>\$ 8,224</b>	<b>\$ 68</b>	<b>\$ 5,847</b>	<b>\$ 35,383</b>

Major encumbrances are reported in the assigned fund balance of the General Fund of \$3,406 committed fund balance for Capital Projects of \$815, and restricted and committed fund balance of Nonmajor Governmental Funds of \$46 and \$2, respectively.

In accordance with Connecticut General Statute 10-248a, the Town Council established a non-lapsing account to deposit unexpended funds from the budgeted appropriations for education purposes capped at one percent (1%) of the Board of Education's operating budget. For fiscal year ending June 30, 2017, \$702 of the unexpended Board of Education budget was committed for the Education non-lapsing account to bring the total balance at year end to \$1,217.

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## **10. 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.

Management of the post employment benefits plan is vested with the Town Manager and Director of Finance. Policy oversight is provided by the Employee Insurance and Pension Benefits Committee, which consists of eleven members: five who specialize in the employee benefits field, two from the Town Council, two from the Board of Education and two alternate members.

At July 1, 2015, plan membership consisted of the following:

Active employees	603
Retired employees	<u>202</u>
Total	<u><u>805</u></u>

### **B. Funding Policy**

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.

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- Per state statute, any Teacher and School Certified Administrator hired prior to March 1986 that does not qualify for Medicare can be eligible for retiree health coverage for lifetime at the earlier of age 55 with 20 years of service or 25 years of service. Those qualifying for Medicare are allowed to remain on the health insurance plan until age 65.
- 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. Investments**

**Investment Policy**

OPEB Benefits Plan's policy in regard to the allocation of invested assets is established and may be amended by the Employee Insurance and Pension Benefits Committee by a majority vote of its members. It is the policy of the Employee Insurance and Pension Benefits Committee to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. Employee Insurance and Pension Benefits Committee's investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans.

**Rate of return**

For the year ended June 30, 2017, the annual money-weighted rate of return on investments, net of investment expense, was 12.22%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**D. Net OPEB Liability of the Town**

During the year, the Town implemented GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans* (OPEB). This Statement requires the net OPEB liability to be measured as the total OPEB liability, less the amount of the OPEB plan's fiduciary net position. The components of the net OPEB liability of the Town at June 30, 2017, were as follows:

Total OPEB liability	\$ 23,373
Plan fiduciary net position	<hr/> 6,375
Net OPEB Liability	\$ <hr/> 16,998
Plan fiduciary net position as a percentage of the total OPEB liability	27.28%

The Town's net OPEB liability will be required to be recorded on the government-wide financial statement of net position at June 30, 2018.

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**Actuarial Assumptions**

The total OPEB liability at June 30, 2017 was determined by an actuarial valuation as of July 1, 2015, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.75%
Salary increases	Graded by age for Teachers and Administrators; 3.50% for all others
Investment rate of return	7.38%
Healthcare cost trend rates	5.70%-4.70% over 67 years

Mortality rates for healthy participants were based on the RP-2000 Combined Healthy Mortality Table for males and females, projected forward 19 years using scale AA, with a two-year age setback. Mortality rates for disabled participants were based on RP-2000 Combined Healthy Mortality Table for males and females, projected forward 19 years using scale AA, with an eight-year set forward.

The plan has not had a formal actuarial experience study performed.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset as of June 30, 2017 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return	
U.S. Core Fixed Income	20.0 %	2.7	%
Global Bonds	14.0	1.7	
U.S. Small Caps	5.0	6.1	
U.S. Large Growth	14.5	5.6	
U.S. Large Value	14.5	4.7	
U.S. MidCap Growth	5.0	6.3	
Foreign Developed Equity	13.0	5.9	
Emerging Markets Equity	2.0	8.1	
Hedge Funds - Macro	12.0	4.1	
Total	<u>100.0</u> %		

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**E. Discount Rate**

The discount rate used to measure the total OPEB liability was 7.38%. The projection of cash flows used to determine the discount rate assumed that Town contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

**F. Sensitivity of the Net OPEB Liability to Changes in the Discount Rate**

The following presents the net OPEB liability of the Town, as well as what the Town's net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.38%) or 1 percentage point higher (8.38%) than the current discount rate:

	<b>1% Decrease 6.38%</b>	<b>Current Discount Rate 7.38%</b>	<b>1% Increase 8.38%</b>
Net OPEB liability	\$ <u>19,268</u>	\$ <u>16,998</u>	\$ <u>15,004</u>

**G. Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates**

The following presents the net OPEB liability of the Town, as well as what the Town's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower (4.7% decreasing to 3.7%) or 1 percentage point higher (6.7% decreasing to 5.7%) than the current healthcare cost trend rates:

	<b>Healthcare cost Trend Rates</b>		
	<b>1% Decrease 4.7% decreasing to 3.7%</b>	<b>5.7% decreasing to 4.7%</b>	<b>6.7% decreasing to 5.7%</b>
Net OPEB liability	\$ <u>14,280</u>	\$ <u>16,998</u>	\$ <u>20,222</u>

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**H. Annual OPEB Cost and Net OPEB Obligations of the Town**

The Town's annual OPEB cost is calculated based on the ARC, an amount actuarially determined in accordance with the parameters of GASB Statement No. 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)	\$ 1,771
Interest on net OPEB obligation	18
Adjustment to annual required contribution	<u>(17)</u>
Annual OPEB cost	1,772
Contributions made	<u>2,138</u>
Increase in net OPEB obligation (asset)	(366)
Net OPEB obligation (asset), beginning of year	<u>250</u>
Net OPEB Obligation (Asset), End of Year	<u>\$ (116)</u>

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/(Asset)</b>
6/30/2015	\$ 1,881	\$ 1,781	94.70 %	\$ 225
6/30/2016	1,971	1,946	98.72	250
6/30/2017	1,772	2,138	120.07	(116)

**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>
7/1/11	\$ 1,721	\$ 18,620	\$ (16,899)	9.2%	\$ N/A	N/A
7/1/13	3,398	20,863	(17,465)	16.3	46,334	37.69%
7/1/15	5,289	20,561	(15,272)	25.9	46,163	33.08

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The following schedule presents the net position held in trust for OPEB benefits at June 30, 2017 and the changes in net position for the year ended June 30, 2017:

	<b>OPEB Trust Fund</b>
Assets:	
Cash and cash equivalents	\$ 2
Investments:	
Mutual funds	<u>7,043</u>
Total assets	<u>7,045</u>
Liabilities:	
Accounts payable	8
Due to other funds	<u>662</u>
Total liabilities	<u>670</u>
Net Position:	
Restricted for OPEB Benefits	<u>\$ 6,375</u>

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**OPEB  
Trust Fund**

Additions:	
Contributions:	
Employer	\$ 2,138
Plan members	467
Total contributions	<u>2,605</u>
Investment income:	
Net appreciation in fair value of investments	561
Interest and dividends	250
Total investment income	<u>811</u>
Less investment expense	17
Net investment income	<u>794</u>
Total additions	<u>3,399</u>
Deductions:	
Benefits	1,643
Administration	167
Total deductions	<u>1,810</u>
Change in Net Position	1,589
Net Position - Beginning of Year	<u>4,786</u>
Net Position - End of Year	\$ <u>6,375</u>

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## **11. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS**

### **Defined Benefit Plans**

#### **A. Plan Description and Benefits Provided**

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 and death benefits 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.

Management of the plans rests with the Town Manager and Director of Finance. Policy oversight is provided by The Employee Insurance and Pension Benefits Committee (EIPBC), which consists of eleven members: five who specialize in the employee benefits field, two from the Town Council, two from the Board of Education and two alternate members.

#### **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. For employees hired after October 1, 2013 normal retirement is the later of age 50 or 25 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 (or 20 years of service if hired after January 1, 2007) with benefits reduced by the appropriate early retirement adjustment.

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**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 (not rounded) 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 (not rounded) based on the completion of ten years of credited service plus \$7.50 (not rounded) 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. The pension plan is closed to new entrants.

As of July 1, 2016 for the Municipal, Police, and Administrative, and as of July 1, 2015 for Firefighters, the plan membership of defined benefit plans consisted of the following:

	<b>Municipal</b>	<b>Police</b>	<b>Administrative</b>	<b>Firefighters</b>
Retirees and beneficiaries	189	71	31	43
Terminated participants	8	1	2	40
Active participants	103	54	10	32
<b>Total</b>	<b>300</b>	<b>126</b>	<b>43</b>	<b>115</b>

**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.

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**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.

**Basis of Accounting**

Financial statements are prepared using the accrual basis of accounting for the three defined benefit pension plans. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions are recognized when due and a formal commitment to provide the contributions has been made. Benefits and refunds are recognized when due and payable in accordance with the terms of the plans.

**Method Used to Value Investments**

Investments are reported at market value. Securities traded on a national exchange are valued at the last reported sales price. Investment income is recognized as earned.

**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 to contribute the amount necessary to finance the benefits for its employees, net of employee contributions, as determined by its actuaries. In conjunction with the application of GASB 68, the Town Council adopted a plan for future contributions in May of 2016. 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:

	<b>Municipal</b>	<b>Police</b>	<b>Administrative</b>
Employee required contribution	4.5	8.5	4.5
Town current rate	23.0	57.9	52.0

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**D. 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, 2017 and the changes in net position for the year then ended.

	Schedule of Plan Net Position						
	Municipal Employee's Plan	Police Officer's Plan	Administrative Employees' Plan	Volunteer Firefighters' Plans			
				Defined Benefit	Defined Contribution	Eliminations	Total
<b>Assets:</b>							
Cash and equivalents	\$ 26	\$ 29	\$ 4	\$ 787	\$ 846		
Investments	23,736	41,177	5,554	618	1,014		72,099
Due from other funds					59	(59)	
Total assets	<u>23,762</u>	<u>41,206</u>	<u>5,558</u>	<u>618</u>	<u>1,860</u>	<u>(59)</u>	<u>72,945</u>
<b>Liabilities:</b>							
Due to other funds				59		(59)	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>59</u>	<u>-</u>	<u>(59)</u>	<u>-</u>
Net Position Restricted for Pension Benefits	<u>\$ 23,762</u>	<u>\$ 41,206</u>	<u>\$ 5,558</u>	<u>\$ 559</u>	<u>\$ 1,860</u>	<u>\$ -</u>	<u>\$ 72,945</u>

	Schedule of Changes in Plan Net Position						
	Municipal Employees' Plan	Police Officers' Plan	Administrative Employees' Plan	Volunteer Firefighters' Plans			Total Pension Trust Funds
				Defined Benefit	Defined Contribution	Eliminations	
<b>Additions:</b>							
Contributions:							
Employer	\$ 1,695	\$ 3,515	\$ 455	\$ 125	\$ 77	\$ 5,867	
Plan members	<u>274</u>	<u>558</u>	<u>43</u>		<u>11</u>		<u>886</u>
Total contributions	<u>1,969</u>	<u>4,073</u>	<u>498</u>	<u>125</u>	<u>88</u>		<u>6,753</u>
Investment income (loss):							
Net appreciation (depreciation) in fair value of investments	2,732	4,651	652	34	151		8,220
Interest and dividends	<u>325</u>	<u>554</u>	<u>77</u>	<u>24</u>			<u>980</u>
Total investment income (loss)	<u>3,057</u>	<u>5,205</u>	<u>729</u>	<u>58</u>	<u>151</u>		<u>9,200</u>
Less investment expenses	<u>119</u>	<u>201</u>	<u>28</u>				<u>348</u>
Net investment income (loss)	<u>2,938</u>	<u>5,004</u>	<u>701</u>	<u>58</u>	<u>151</u>		<u>8,852</u>
Total additions	<u>4,907</u>	<u>9,077</u>	<u>1,199</u>	<u>183</u>	<u>239</u>		<u>15,605</u>
<b>Deductions:</b>							
Benefits	2,768	3,507	848	120			7,243
Administration	<u>20</u>	<u>24</u>	<u>4</u>	<u>5</u>	<u>13</u>		<u>66</u>
Total deductions	<u>2,788</u>	<u>3,531</u>	<u>852</u>	<u>125</u>	<u>13</u>		<u>7,309</u>
Net increase (decrease)	<u>2,119</u>	<u>5,546</u>	<u>347</u>	<u>58</u>	<u>226</u>		<u>8,296</u>
Net Position at Beginning of Year	<u>21,643</u>	<u>35,660</u>	<u>5,211</u>	<u>501</u>	<u>1,634</u>		<u>64,649</u>
Net Position at End of Year	<u>\$ 23,762</u>	<u>\$ 41,206</u>	<u>\$ 5,558</u>	<u>\$ 559</u>	<u>\$ 1,860</u>		<u>\$ 72,945</u>

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**E. Investments**

**Investment Policy**

The Municipal, Police and Administrative pension plans' policy in regard to the allocation of invested assets is established and may be amended by the EIPBC by a majority vote of its members. The Firefighters pension plan allocation of invested assets is amended by the Director of Finance in conjunction with the Fire Commissioners. It is the policy of the Town to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The pension plan's investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans. The following was the adopted asset allocation policy for the year ended June 30, 2017:

<b>Asset Class</b>	<b>Municipal Employees Target Allocation</b>	<b>Police Target Allocation</b>	<b>Administrative Employees Target Allocation</b>	<b>Firefighters Target Allocation</b>
Strategic Bond	18 %	18 %	18 %	25 %
Intermediate Fixed Income	14	14	14	25
Global Bond Fund	8	8	8	18
Total fixed	<u>40</u>	<u>40</u>	<u>40</u>	<u>68</u>
S & P 500 Index	34	34	34	14
Middle Company				4
Small Company	10	10	10	4
Developed Foreign Equities	16	16	16	7
Emerging Markets				3
Total equity	<u>60</u>	<u>60</u>	<u>60</u>	<u>32</u>
Total Allocation	<u>100 %</u>	<u>100 %</u>	<u>100 %</u>	<u>100 %</u>

The plans did not have any concentrations that warranted disclosure.

**Rate of Return**

For the year ended June 30, 2017, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 13.37% for Administrative Employees, 13.36% for Municipal Employees, 13.31% for Police and 9.87% for Firefighters, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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**F. Net Pension Liability of the Town**

The components of the net pension liability of the Town at June 30, 2017, were as follows:

	<b>Municipal Employees</b>	<b>Police</b>	<b>Administrative Employees</b>	<b>Firefighters</b>
Total pension liability	\$ 44,613	\$ 64,524	\$ 12,030	\$ 1,416
Plan fiduciary net position	<u>23,762</u>	<u>41,206</u>	<u>5,558</u>	<u>559</u>
Net Pension Liability	<u><u>\$ 20,851</u></u>	<u><u>\$ 23,318</u></u>	<u><u>\$ 6,472</u></u>	<u><u>\$ 857</u></u>
Plan fiduciary net position as a percentage of the total pension liability	53.26%	63.86%	46.20%	39.48%

The Town's net pension liability was measured as of June 30, 2016 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016 for Municipal Employees, Police, Administrative Employees and July 1, 2015 for Firefighters.

**Actuarial Assumptions**

The total pension liability for Administrative Employees, Municipal Employees and Police was determined by an actuarial valuation as of June 1, 2016, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Salary increases	3.5%, average, including inflation
Investment rate of return	7.25%, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2000 Combined Healthy and Disabled Mortality, Male and Female, with generational projection per Scale AA.

The total pension liability for Firefighters was determined by an actuarial valuation as of June 30, 2016, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Salary increases	N/A
Investment rate of return	6.0%, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2000 Healthy Annuitant Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA.

The plans have not had a formal actuarial experience study performed.

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The long-term expected rate of return on pension plan investments was determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions are per Milliman's investment consulting practice as of June 30, 2016. Best estimates of geometric real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2017 (see the discussion of the pension plan's investment policy) are summarized in the following table:

Asset Class	Municipal Employees Long-Term Expected Real Rate of Return	Police Long- Term Expected Real Rate of Return	Administrative Employees Long-Term Expected Real Rate of Return	Firefighters Long-Term Expected Real Rate of Return
<b>Fixed:</b>				
Strategic Bond	2.52 %	2.52 %	2.52 %	1.61 %
Intermediate Fixed Income	2.05	2.05	2.05	3.12
Global Bond Fund	1.01	1.01	1.01	1.01
<b>Equity:</b>				
S & P 500 Index	3.61	3.61	3.61	3.61
Middle Company Value				3.76
Small Company	4.1	4.1	4.1	4.1
Developed Foreign Equities	4.2	4.2	4.2	4.2
Emerging Markets				4.79

**Discount Rate**

The discount rate used to measure the total pension liability was 7.25% for Municipal Employees, Administrative Employees, and Police. The discount rate used to measure the total pension liability was 6.00% for Firefighters. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that Town contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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**G. Changes in Net Pension Liability**

<b>Municipal Employees' Pension Plan</b>			
	<b>Increase (Decrease)</b>		
	<b>Total Pension Liability</b>	<b>Plan Fiduciary Net Position</b>	<b>Net Pension Liability</b>
	<b>(a)</b>	<b>(b)</b>	<b>(a)-(b)</b>
Balances as of June 30, 2016	\$ 44,032	\$ 21,643	\$ 22,389
Changes for the year:			
Service cost	503		503
Interest on total pension liability	3,184		3,184
Differences between expected and actual experience	(856)		(856)
Changes in assumptions	518		518
Employer contributions		1,695	(1,695)
Member contributions		274	(274)
Net investment income (loss)		2,938	(2,938)
Benefit payments, including refund to employee contributions	(2,768)	(2,768)	-
Administrative expenses		(20)	20
Net changes	581	2,119	(1,538)
Balances as of June 30, 2017	\$ 44,613	\$ 23,762	\$ 20,851
<b>Police Employees' Pension Plan</b>			
	<b>Increase (Decrease)</b>		
	<b>Total Pension Liability</b>	<b>Plan Fiduciary Net Position</b>	<b>Net Pension Liability</b>
	<b>(a)</b>	<b>(b)</b>	<b>(a)-(b)</b>
Balances as of June 30, 2016	\$ 61,189	\$ 35,660	\$ 25,529
Changes for the year:			
Service cost	1,264		1,264
Interest on total pension liability	4,479		4,479
Differences between expected and actual experience	186		186
Changes in assumptions	913		913
Employer contributions		3,515	(3,515)
Member contributions		558	(558)
Net investment income (loss)		5,004	(5,004)
Benefit payments, including refund to employee contributions	(3,507)	(3,507)	-
Administrative expenses		(24)	24
Net changes	3,335	5,546	(2,211)
Balances as of June 30, 2017	\$ 64,524	\$ 41,206	\$ 23,318

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**Administrative Employees' Pension Plan**

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances as of June 30, 2016	\$ 11,766	\$ 5,211	\$ 6,555
Changes for the year:			
Service cost	69		69
Interest on total pension liability	843		843
Differences between expected and actual experience	71		71
Changes in assumptions	129		129
Employer contributions		455	(455)
Member contributions		43	(43)
Net investment income (loss)		701	(701)
Benefit payments, including refund to employee contributions	(848)	(848)	-
Administrative expenses		(4)	4
Net changes	264	347	(83)
Balances as of June 30, 2017	\$ 12,030	\$ 5,558	\$ 6,472

**Volunteer Firefighters' Pension Plan**

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances as of June 30, 2016	\$ 1,452	\$ 501	\$ 951
Changes for the year:			
Interest on total pension liability	84		84
Employer contributions		125	(125)
Net investment income (loss)		58	(58)
Benefit payments, including refund to employee contributions	(120)	(120)	-
Administrative expenses		(5)	5
Net changes	(36)	58	(94)
Balances as of June 30, 2017	\$ 1,416	\$ 559	\$ 857

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**H. Sensitivity of the Net Pension Liability to Changes in the Discount Rate**

The following presents the net pension liability of the Town, calculated using the discount rate of 7.25% for Municipal Employees, Police and Administrative Employees, as well as what the Town's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.25%) or 1 percentage point higher (8.25%) than the current rate:

	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
Municipal Employees' Net Pension Liability	\$ 25,357	\$ 20,851	\$ 16,963
Police Net Pension Liability	31,476	23,318	16,576
Administrative Employees' Net Pension Liability	7,599	6,472	5,499

The following presents the net pension liability of the Firefighters' Plan, calculated using the discount rate of 6.0% as well as what the Town's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (5.0%) or 1 percentage point higher (7.0%) than the current rate:

	1% Decrease 5.00%	Current Discount Rate 6.00%	1% Increase 7.00%
Firefighters Net Pension Liability	\$ 993	\$ 857	\$ 740

**I. Pension Expense and Deferred Outflows/Inflows of Resources Related to Pensions**

For the year ended June 30, 2017, the Town recognized pension expense of (\$6,842). At June 30, 2017, the Town reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

Deferred Outflows of Resources	Municipal Employees' Pension Plan	Police Retirement Plan	Administrative Employees' Pension Plan	Volunteer Firefighters' Pension Plan	Total
Differences between expected and actual experience	\$ 166	\$ 592	\$ 27	\$ 2	\$ 787
Changes of assumptions	466	1,290	49		1,805
Net difference between projected and actual earning on pension plan investments	472	576	124	18	1,190
<b>Total</b>	<b>\$ 1,104</b>	<b>\$ 2,458</b>	<b>\$ 200</b>	<b>\$ 20</b>	<b>\$ 3,782</b>

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**Deferred Inflows of Resources**

	<b>Municipal Employees' Pension Plan</b>
Differences between expected and actual experience	\$ 527
Net difference between projected and actual earning on pension plan investments	<hr/>
Total	<hr/> \$ <u>527</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

**Year Ending June 30**

2018	\$ 1,556
2019	1,216
2020	824
2021	(510)
2022	169

**J. Payable to the Pension Plan**

At June 30, 2017, the Town had no outstanding contributions to the pension plan required for the year ended June 30, 2017.

**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, which is administered by the three fire commissioners, the Town Manager and the Director of Finance. 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 (not rounded) per year for members with less than 6 years of service to \$805 (not rounded) per year for members with more than 35 years of service. The firefighters are not required to contribute to the plan; however, they can elect to defer a stipend of \$1. Stipend contributions for 2016-2017 amounted to \$11. Plan provisions and contribution requirements are established and may be amended by the Town Council.

The Town's contribution for 2016-2017, computed in accordance with plan requirements, amounted to \$77. At June 30, 2017, there were 142 members of the plan.

**TOWN OF NEWINGTON, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**  
**(In Thousands)**

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**Teachers Retirement**

**A. Plan Description**

Teachers, principals, superintendents or supervisors engaged in service of public schools are provided with pensions through the Connecticut State Teachers' Retirement System, a cost sharing multiple-employer defined benefit pension plan administered by the Teachers Retirement Board. Chapter 167a of the State Statutes grants authority to establish and amend the benefit terms to the Teachers Retirement Board. The Teachers Retirement Board issues a publicly available financial report that can be obtained at [www.ct.gov](http://www.ct.gov).

**B. Benefit Provisions**

The plan provides retirement, disability and death benefits. Employees are eligible to retire at age 60 with 20 years of credited service in Connecticut, or 35 years of credited service including at least 25 years of service in Connecticut.

**Normal Retirement**

Retirement benefits for employees are calculated as 2% of the average annual salary times the years of credited service (maximum benefit is 75% of average annual salary during the 3 years of highest salary).

**Early Retirement**

Employees are eligible after 25 years of credited service including 20 years of Connecticut service, or age 55 with 20 years of credited service including 15 years of Connecticut service with reduced benefit amounts.

**Disability Retirement**

Employees are eligible for service-related disability benefits regardless of length of service. Five years of credited service is required for nonservice-related disability eligibility. Disability benefits are calculated as 2% of average annual salary times credited service to date of disability, but not less than 15% of average annual salary, nor more than 50% of average annual salary.

**C. Contributions**

Per Connecticut General Statutes Section 10-183z (which reflects Public Act 79-436 as amended), contribution requirements of active employees and the State of Connecticut are approved, amended and certified by the State Teachers Retirement Board and appropriated by the General Assembly.

*Employer (School Districts)*

School District employers are not required to make contributions to the plan.

The statutes require the State of Connecticut to contribute 100% of each school districts' required contributions, which are actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of the benefits earned by employees during the year, with any additional amount to finance any unfunded accrued liability.

*Employees*

Effective July 1, 1992, each teacher is required to contribute 6% of salary for the pension benefit.

**TOWN OF NEWINGTON, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**  
**(In Thousands)**

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**D. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

At June 30, 2017, the Town reports no amounts for its proportionate share of the net pension liability, and related deferred outflows and inflows, due to the statutory requirement that the State pay 100% of the required contribution. The amount recognized by the Town as its proportionate share of the net pension liability, the related state support, and the total portion of the net pension liability that was associated with the Town were as follows:

Town's proportionate share of the net pension liability	\$	-
State's proportionate share of the net pension liability associated with the Town		<u>112,951</u>
Total	\$	<u>112,951</u>

The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as June 30, 2016. At June 30, 2017, the Town has no proportionate share of the net pension liability.

For the year ended June 30, 2017, the Town recognized pension expense and revenue of \$12,318 in Exhibit II for on-behalf amounts for the benefits provided by the State.

**E. Actuarial Assumptions**

The total pension liability was determined by an actuarial valuation as of June 30, 2016, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Salary increase	3.25-6.50%, including inflation
Investment rate of return	8.00%, net of pension plan investment expense, including inflation

Mortality rates were based on the RPH-2014 White Collar table with employee and annuitant rates blended from ages 50 to 80, projected to the year 2020 using the BB improvement scale, and further adjusted to grade in increased rates (5% for females and 8% for males) over age 80 for the period after service retirement and for dependent beneficiaries as well as for active members. The RPH-2014 Disabled Mortality Table projected to 2017 with Scale BB is used for the period after disability retirement.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2010 - June 30, 2015.

For teachers who retired prior to September 1, 1992, pension benefit adjustments are made in accordance with increases in the Consumer Price Index, with a minimum of 3% and a maximum of 5% per annum.

**TOWN OF NEWINGTON, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**  
**(In Thousands)**

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For teachers who were members of the Teachers' Retirement System before July 1, 2007 and retire on or after September 1, 1992, pension benefit adjustments are made that are consistent with those provided for Social Security benefits on January 1 of the year granted, with a maximum of 6% per annum. If the return on assets in the previous year was less than 8.5%, the maximum increase is 1.5%.

For teachers who were members of the Teachers' Retirement System after July 1, 2007, pension benefit adjustments are made that are consistent with those provided for Social Security benefits on January 1 of the year granted, with a maximum of 5% per annum. If the return on assets in the previous year was less than 11.5%, the maximum increase is 3%, and if the return on the assets in the previous year was less than 8.5%, the maximum increase is 1.0%.

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimates of arithmetic real rates of return for each major class are summarized in the following table:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
Large Cap U.S. equities	21.0%	5.8%
Developed non-U.S. equities	18.0%	6.6%
Emerging markets (non-U.S.)	9.0%	8.3%
Core fixed income	7.0%	1.3%
Inflation linked bond fund	3.0%	1.0%
Emerging market bond	5.0%	3.7%
High yield bonds	5.0%	3.9%
Real estate	7.0%	5.1%
Private equity	11.0%	7.6%
Alternative investments	8.0%	4.1%
Liquidity fund	6.0%	0.4%
<b>Total</b>	<b>100.0%</b>	

**F. Discount Rate**

The discount rate used to measure the total pension liability was 8.00%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that State contributions will be made at the actuarially determined contribution rates in the future years. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**TOWN OF NEWINGTON, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**  
**(In Thousands)**

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**G. Sensitivity of the Net Pension Liability to Changes in the Discount Rate**

The Town's proportionate share of the net pension liability is \$-0- and, therefore, the change in the discount rate would only impact the amount recorded by the State of Connecticut.

**H. Other Information**

Additional information is included in the required supplementary information section of the financial statements. A schedule of contributions is not presented as the Town has no obligation to contribute to the plan.

**12. CONTINGENT LIABILITIES**

The Town is subject to various legal actions arising in the normal course of business. While the ultimate outcome of the aforementioned contingencies is not determinable at this time, the Town believes that any liability or loss resulting therefrom will not materially affect the financial statements.

## **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, 2017****(In Thousands)**

	<b>Budgeted Amounts</b>			<b>Variance - Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	
Property taxes:				
Current levy	\$ 83,117	\$ 83,117	\$ 84,366	\$ 1,249
Prorated motor vehicles	7,764	7,764	8,627	863
Prorated real estate	50	50		(50)
Prior year tax levies	480	480	375	(105)
Interest and liens	345	345	357	12
Total	<u>91,756</u>	<u>91,756</u>	<u>93,725</u>	<u>1,969</u>
Payments in lieu of taxes:				
State-Owned Property	579	579	574	(5)
Elderly Freeze Exemption	4	4		(4)
Disabled Exemption	5	5	5	-
Elderly Circuit Breaker	286	286	272	(14)
Additional Veteran's Exemption	31	31	28	(3)
Tax Exempt Colleges and Hospital	1,542	1,542	1,530	(12)
Total	<u>2,447</u>	<u>2,447</u>	<u>2,409</u>	<u>(38)</u>
Licenses and permits:				
Building permits	289	289	288	(1)
Vendor's permits	1	1	2	1
Gun permits	10	10	16	6
Raffle and Bingo permits	1	1		(1)
Work Within Rights of Way	12	12	11	(1)
Refuse handling licenses	2	2	2	-
Total	<u>315</u>	<u>315</u>	<u>319</u>	<u>4</u>
Rentals:				
Town Hall rental	4	4	3	(1)
Indian Hill Country Club	60	60	54	(6)
Other town property	44	44	50	6
Total	<u>108</u>	<u>108</u>	<u>107</u>	<u>(1)</u>
Investment income	<u>71</u>	<u>71</u>	<u>78</u>	<u>7</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, 2017

(In Thousands)

	<b>Budgeted Amounts</b>			<b>Variance - Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	
<b>Fines:</b>				
Parking tickets	\$ 20	\$ 20	\$ 18	\$ (2)
False alarms	15	15	5	(10)
<b>Total</b>	<b>35</b>	<b>35</b>	<b>23</b>	<b>(12)</b>
<b>Charges for services:</b>				
Conservation Commission	9	9	4	(5)
Zoning Board of Appeals			1	1
Town Planning and Zoning	9	9	20	11
Town Clerk Fees	475	475	612	137
Police	8	8	11	3
Human Services - counseling fee	15	15	6	(9)
Library - overdue fines	19	19	20	1
Dial-A-Ride Tickets	5	5	4	(1)
Scrap Metal Curbside	4	4	24	20
Engineering fees	1	1	1	-
<b>Total</b>	<b>545</b>	<b>545</b>	<b>703</b>	<b>158</b>
<b>State of Connecticut:</b>				
Public Library	1	1		(1)
Mashantucket Pequot Fund	249	249	248	(1)
Youth Services Bureau	23	23	21	(2)
Alcohol and Drug Abuse	5	5	6	1
Municipal Revenue Sharing	937	937	651	(286)
Telecommunications Tax	80	80	119	39
Emergency Management Grant	14	14	24	10
Motor Vehicle Property Tax Grant	668	668		(668)
Transportation - Non-public	6	6		(6)
Transportation - Public	282	282		(282)
Adult Education	37	37	39	2
Municipal Grant-In-Aid	918	918	918	-
School Building Grants	930	930	933	3
Health Services	15	15	20	5
Education Cost Sharing Grant	13,225	13,225	12,968	(257)
<b>Total</b>	<b>17,390</b>	<b>17,390</b>	<b>15,947</b>	<b>(1,443)</b>

(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, 2017

(In Thousands)

	<b>Budgeted Amounts</b>			<b>Variance - Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	
<b>Federal government:</b>				
Senior Citizen Trans Aid	\$ 9	\$ 9	\$ 12	\$ 3
Municipal Revenue Sharing	177	177	169	(8)
Total	186	186	181	(5)
<b>Miscellaneous:</b>				
Other - miscellaneous	79	79	92	13
Cancelled PY encumbrances	59	59	92	33
United Way (Human Services)	6	6	6	-
Total	144	144	190	46
Total revenues	112,997	112,997	113,682	693
<b>Other financing sources:</b>				
Transfers in	119	119	119	-
Total	\$ 113,116	\$ 113,116	\$ 113,801	\$ 693
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			12,318	
Cancellation of prior year encumbrances are recognized as budgetary revenue			(92)	
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			559	
Total Revenues and Other Financing Sources as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds - Exhibit IV	\$ 126,586			

## 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, 2017

(In Thousands)

	Budgeted Amounts			Variance - Positive (Negative)
	Original	Final	Actual	
<b>General Government:</b>				
Town Council	\$ 51	\$ 51	\$ 49	\$ 2
Town Manager	438	448	439	9
Courts	40	40	39	1
Elections	164	164	124	40
Finance	1,224	1,256	1,243	13
Town Attorney	130	203	203	-
Town Clerk	186	186	161	25
Personnel	43	75	58	17
General services	2,562	2,577	2,361	216
<b>Total general government</b>	<b>4,838</b>	<b>5,000</b>	<b>4,677</b>	<b>323</b>
<b>Public Safety:</b>				
Police Department	7,143	7,152	7,105	47
Fire Department	889	892	844	48
Street lighting	315	315	315	-
Emergency Management	4	4		4
Emergency Medical Service	25	25	25	-
Hydrants	78	78	77	1
<b>Total public safety</b>	<b>8,454</b>	<b>8,466</b>	<b>8,366</b>	<b>100</b>
<b>Public Works:</b>				
Engineering	298	302	300	2
Highway Department	2,510	2,526	2,493	33
Solid Waste Services	2,063	2,063	1,907	156
<b>Total public works</b>	<b>4,871</b>	<b>4,891</b>	<b>4,700</b>	<b>191</b>
<b>Community Planning and Development:</b>				
Planning and Development	216	220	218	2
Town Planning and Zoning	18	18	16	2
Zoning Board of Appeals	2	3	2	1
Building Department	212	216	209	7
Conservation Commission	5	5	4	1
Economic Development	94	94	93	1
<b>Total community planning and development</b>	<b>547</b>	<b>556</b>	<b>542</b>	<b>14</b>
<b>Health and Community Services:</b>				
Public Health:				
Health Services	162	162	161	1
Community Services:				
Human Services	457	466	465	1
Senior and Disabled Center	548	557	540	17
Boards and Commissions	9	9	9	-
<b>Total health and community services</b>	<b>1,176</b>	<b>1,194</b>	<b>1,175</b>	<b>19</b>

(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, 2017

(In Thousands)

	Budgeted Amounts			Variance - Positive (Negative)
	Original	Final	Actual	
Library:				
Library operations	\$ 1,715	\$ 1,729	\$ 1,706	\$ 23
Parks and Recreation:				
Parks and Recreation Administration	326	326	321	5
Grounds Maintenance	1,318	1,327	1,255	72
Total parks and recreation	1,644	1,653	1,576	77
Board of Education:				
Art	671	701	701	-
Career/Vocational	761	682	682	-
Computers	1,995	2,461	2,461	-
Language Arts	4,092	4,037	4,037	-
Foreign Language	1,218	1,268	1,268	-
Math	4,242	4,312	4,312	-
Music	1,184	1,219	1,219	-
Physical Education	1,449	1,450	1,450	-
Reading	3,932	3,538	3,538	-
Science	3,436	3,319	3,319	-
S.T.E.M.	663	674	674	-
Social Studies	3,721	3,525	3,525	-
Other Salaries	1,236	498	498	-
Special Education	7,519	7,603	7,614	(11)
Homebound	67	79	79	-
Adult Education	107	102	102	-
Guidance	1,261	1,183	1,183	-
Health/Nurses	636	541	541	-
Psychological Services	898	932	932	-
Speech and Hearing	592	623	623	-
Curriculum Development	420	365	365	-
Media	881	907	907	-
Board of Education	480	350	350	-
Central Direction	1,739	1,602	1,602	-
Building Direction	3,684	3,791	3,791	-
Supplies	268	202	205	(3)
Maintenance	2,417	3,846	3,866	(20)
Plant operation	4,578	4,376	4,240	136
Transportation	2,730	3,300	3,308	(8)
Evaluation, planning and development	159	184	186	(2)
Insurance	690	609	609	-
Employee benefits	11,629	11,094	10,394	700
Non-athletics	162	154	156	(2)
Athletics	551	574	574	-
Community service	118	85	85	-
Total Board of Education	70,186	70,186	69,396	790

(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, 2017

(In Thousands)

	Budgeted Amounts			Variance -	
	Original	Final	Actual	Positive	(Negative)
<b>Miscellaneous:</b>					
Metropolitan District Assessment	\$ 3,659	\$ 3,659	\$ 3,654	\$ 5	
Municipal insurance	789	790	790	-	
Greater Hartford Transit District	3	3	3	-	
Employee benefits	9,782	9,782	9,680	102	
Donations and contributions	25	25	25	-	
Contingency	581	59	46	13	
Total miscellaneous	<u>14,839</u>	<u>14,318</u>	<u>14,198</u>	<u>120</u>	
<b>Debt service:</b>					
Principal payments	1,035	1,035	1,035	-	
Interest expense	157	157	157	-	
Total debt service	<u>1,192</u>	<u>1,192</u>	<u>1,192</u>	<u>-</u>	
Total expenditures	109,462	109,185	107,528	1,657	
<b>Other financing uses:</b>					
Transfers out	<u>6,154</u>	<u>6,431</u>	<u>6,431</u>	<u>-</u>	
<b>Total</b>	<b>\$ 115,616</b>	<b>\$ 115,616</b>	<b>113,959</b>	<b>\$ 1,657</b>	

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	12,318
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	559
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	<u>462</u>

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

\$ 127,298

## TOWN OF NEWINGTON, CONNECTICUT

## SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

## MUNICIPAL EMPLOYEES

## LAST FOUR FISCAL YEARS\*

(In Thousands)

	2014	2015	2016	2017
Total pension liability:				
Service cost	\$ 567	\$ 561	\$ 538	\$ 503
Interest	2,923	3,026	3,122	3,184
Differences between expected and actual experience	(30)	471	581	(856)
Changes of assumptions			518	518
Benefit payments, including refunds of member contributions	(2,496)	(2,586)	(2,796)	(2,768)
Net change in total pension liability	964	1,472	1,963	581
Total pension liability - beginning	39,633	40,597	42,069	44,032
Total pension liability - ending	<u>40,597</u>	<u>42,069</u>	<u>44,032</u>	<u>44,613</u>
Plan fiduciary net position:				
Contributions - employer	1,453	1,594	1,623	1,695
Contributions - member	326	303	284	274
Net investment income (loss)	3,122	842	(397)	2,938
Benefit payments, including refunds of member contributions	(2,496)	(2,586)	(2,796)	(2,768)
Administrative expense	(20)	(21)	(15)	(20)
Net change in plan fiduciary net position	2,385	132	(1,301)	2,119
Plan fiduciary net position - beginning	20,427	22,812	22,944	21,643
Plan fiduciary net position - ending	<u>22,812</u>	<u>22,944</u>	<u>21,643</u>	<u>23,762</u>
Net Pension Liability - Ending	\$ <u>17,785</u>	\$ <u>19,125</u>	\$ <u>22,389</u>	\$ <u>20,851</u>
Plan fiduciary net position as a percentage of the total pension liability	56.19%	54.54%	49.15%	53.26%
Covered payroll	\$ 7,230	\$ 6,807	\$ 7,037	\$ 6,603
Net pension liability as a percentage of covered payroll	245.99%	280.96%	318.16%	315.78%

\*Note: This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

**TOWN OF NEWINGTON, CONNECTICUT**  
**SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS**  
**POLICE**  
**LAST FOUR FISCAL YEARS\***  
**(In Thousands)**

	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
<b>Total pension liability:</b>				
Service cost	\$ 1,057	\$ 1,164	\$ 1,178	\$ 1,264
Interest	3,974	4,140	4,319	4,479
Differences between expected and actual experience	(36)	259	483	186
Changes of assumptions			835	913
Benefit payments, including refunds of member contributions	(3,104)	(3,206)	(3,330)	(3,507)
Net change in total pension liability	1,891	2,357	3,485	3,335
Total pension liability - beginning	<u>53,456</u>	<u>55,347</u>	<u>57,704</u>	<u>61,189</u>
Total pension liability - ending	<u>55,347</u>	<u>57,704</u>	<u>61,189</u>	<u>64,524</u>
<b>Plan fiduciary net position:</b>				
Contributions - employer	2,661	3,195	3,338	3,515
Contributions - member	443	493	535	558
Net investment income (loss)	4,598	1,310	(611)	5,004
Benefit payments, including refunds of member contributions	(3,104)	(3,206)	(3,330)	(3,507)
Administrative expense	(20)	(22)	(16)	(24)
Net change in plan fiduciary net position	4,578	1,770	(84)	5,546
Plan fiduciary net position - beginning	<u>29,396</u>	<u>33,974</u>	<u>35,744</u>	<u>35,660</u>
Plan fiduciary net position - ending	<u>33,974</u>	<u>35,744</u>	<u>35,660</u>	<u>41,206</u>
<b>Net Pension Liability - Ending</b>	<b>\$ 21,373</b>	<b>\$ 21,960</b>	<b>\$ 25,529</b>	<b>\$ 23,318</b>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	61.38%	61.94%	58.28%	63.86%
<b>Covered payroll</b>	<b>\$ 5,561</b>	<b>\$ 5,536</b>	<b>\$ 5,766</b>	<b>\$ 5,828</b>
<b>Net pension liability as a percentage of covered payroll</b>	384.34%	396.68%	442.75%	400.10%

\*Note: This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

## TOWN OF NEWINGTON, CONNECTICUT

## SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

## ADMINISTRATIVE EMPLOYEES

## LAST FOUR FISCAL YEARS\*

(In Thousands)

	2014	2015	2016	2017
Total pension liability:				
Service cost	\$ 61	\$ 62	\$ 66	\$ 69
Interest	836	845	838	843
Differences between expected and actual experience	11	113	(63)	71
Changes of assumptions			85	129
Benefit payments, including refunds of member contributions	(899)	(855)	(848)	(848)
Net change in total pension liability	9	165	78	264
Total pension liability - beginning	11,514	11,523	11,688	11,766
Total pension liability - ending	<u>11,523</u>	<u>11,688</u>	<u>11,766</u>	<u>12,030</u>
Plan fiduciary net position:				
Contributions - employer	383	436	449	455
Contributions - member	38	40	41	43
Net investment income (loss)	824	213	(101)	701
Benefit payments, including refunds of member contributions	(899)	(855)	(848)	(848)
Administrative expense	(4)	(5)	(3)	(4)
Net change in plan fiduciary net position	342	(171)	(462)	347
Plan fiduciary net position - beginning	5,502	5,844	5,673	5,211
Plan fiduciary net position - ending	<u>5,844</u>	<u>5,673</u>	<u>5,211</u>	<u>5,558</u>
Net Pension Liability - Ending	\$ <u>5,679</u>	\$ <u>6,015</u>	\$ <u>6,555</u>	\$ <u>6,472</u>
Plan fiduciary net position as a percentage of the total pension liability	50.72%	48.54%	44.29%	46.20%
Covered payroll	\$ 751	\$ 842	\$ 864	\$ 899
Net pension liability as a percentage of covered payroll	756.19%	714.37%	758.68%	719.91%

\*Note: This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

**TOWN OF NEWINGTON, CONNECTICUT**  
**SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS**  
**FIREFIGHTERS**  
**LAST FOUR FISCAL YEARS\***  
**(In Thousands)**

	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
<b>Total pension liability:</b>				
Service cost				
Interest	\$ 87	\$ 86	\$ 86	\$ 84
Differences between expected and actual experience			50	
Benefit payments, including refunds of member contributions	(114)	(121)	(125)	(120)
Net change in total pension liability	(27)	(35)	11	(36)
Total pension liability - beginning	1,503	1,476	1,441	1,452
Total pension liability - ending	1,476	1,441	1,452	1,416
<b>Plan fiduciary net position:</b>				
Contributions - employer	102	133	133	125
Net investment income (loss)	60	(5)	(3)	58
Benefit payments, including refunds of member contributions	(113)	(121)	(125)	(120)
Administrative expense	(9)	(6)	(12)	(5)
Other				
Net change in plan fiduciary net position	40	1	(7)	58
Plan fiduciary net position - beginning	467	507	508	501
Plan fiduciary net position - ending	507	508	501	559
<b>Net Pension Liability - Ending</b>	<b>\$ 969</b>	<b>\$ 933</b>	<b>\$ 951</b>	<b>\$ 857</b>
Plan fiduciary net position as a percentage of the total pension liability	34.35%	35.25%	34.50%	39.48%
Covered payroll	N/A	N/A	N/A	N/A
Net pension liability as a percentage of covered payroll	N/A	N/A	N/A	N/A

\*Note: This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

**TOWN OF NEWINGTON, CONNECTICUT**  
**SCHEDULE OF EMPLOYER CONTRIBUTIONS**  
**MUNICIPAL EMPLOYEES**  
**LAST TEN FISCAL YEARS**  
**(In Thousands)**

	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
Actuarially determined contribution	\$ 837	\$ 853	\$ 969	\$ 1,219	\$ 1,268	\$ 1,373	\$ 1,453	\$ 1,594	\$ 1,623	\$ 1,695
Contributions in relation to the actuarially determined contribution	<u>837</u>	<u>853</u>	<u>969</u>	<u>1,219</u>	<u>1,268</u>	<u>1,697</u>	<u>1,453</u>	<u>1,594</u>	<u>1,623</u>	<u>1,695</u>
Contribution Deficiency (Excess)	\$ <u>      -</u>	\$ <u>(324)</u>	\$ <u>      -</u>	\$ <u>      -</u>	\$ <u>      -</u>	\$ <u>      -</u>				
Covered payroll	\$ 8,828	\$ 8,665	\$ 8,823	\$ 8,832	\$ 8,170	\$ 7,503	\$ 7,230	\$ 6,807	\$ 7,037	\$ 6,603
Contributions as a percentage of covered payroll	9.48%	9.84%	10.98%	13.80%	15.52%	22.62%	20.10%	23.42%	23.06%	25.67%

Notes to Schedule

Valuation date: July 1, 2016

Measurement date: June 30, 2017

Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported

Methods and assumptions used to determine contribution rates:

Actuarial cost method

Entry age

Amortization method

Level percentage of payroll, closed

Remaining amortization period

19 years

Asset valuation method

5-year smoothed market

Inflation

2.75%

Salary increases

3.5%, average, including inflation

Investment rate of return

7.25% (Prior: 7.38%), net of pension plan investment expense, including inflation

Retirement age

Age based table

Mortality

RP-2000 Combined Healthy and Disabled Mortality, Male and Female, with generational projection per Scale AA.

**TOWN OF NEWINGTON, CONNECTICUT**  
**SCHEDULE OF EMPLOYER CONTRIBUTIONS**  
**POLICE**  
**LAST TEN FISCAL YEARS**  
**(In Thousands)**

	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
Actuarially determined contribution	\$ 1,277	\$ 1,336	\$ 1,525	\$ 1,800	\$ 2,065	\$ 2,427	\$ 2,661	\$ 3,195	\$ 3,338	\$ 3,486
Contributions in relation to the actuarially determined contribution	<u>1,277</u>	<u>1,336</u>	<u>1,525</u>	<u>1,800</u>	<u>2,065</u>	<u>2,805</u>	<u>2,661</u>	<u>3,195</u>	<u>3,338</u>	<u>3,515</u>
Contribution Deficiency (Excess)	\$ <u>      -</u>	\$ <u>(378)</u>	\$ <u>      -</u>	\$ <u>      -</u>	\$ <u>      -</u>	\$ <u>(29)</u>				
Covered payroll	\$ 4,375	\$ 4,500	\$ 4,788	\$ 5,237	\$ 5,248	\$ 5,829	\$ 5,561	\$ 5,536	\$ 5,766	\$ 5,828
Contributions as a percentage of covered payroll	29.19%	29.69%	31.85%	34.37%	39.35%	48.12%	47.85%	57.71%	57.89%	60.31%

Notes to Schedule

Valuation date: July 1, 2016

Measurement date: June 30, 2017

Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, closed
Remaining amortization period	10 years
Asset valuation method	5-year smoothed market
Inflation	2.75%
Salary increases	3.5%, average, including inflation
Investment rate of return	7.25% (prior: 7.38%), net of pension plan investment expense, including inflation

Retirement age Based on age and service

Mortality RP-2000 Combined Healthy Male and Female, with generational projection per Scale AA.

**TOWN OF NEWINGTON, CONNECTICUT**  
**SCHEDULE OF EMPLOYER CONTRIBUTIONS**  
**ADMINISTRATIVE EMPLOYEES**  
**LAST TEN FISCAL YEARS**  
**(In Thousands)**

	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
Actuarially determined contribution	\$ 180	\$ 173	\$ 196	\$ 237	\$ 287	\$ 324	\$ 383	\$ 436	\$ 449	\$ 455
Contributions in relation to the actuarially determined contribution	<u>180</u>	<u>173</u>	<u>196</u>	<u>237</u>	<u>287</u>	<u>422</u>	<u>383</u>	<u>436</u>	<u>449</u>	<u>455</u>
Contribution Deficiency (Excess)	\$ <u>    -</u>	\$ <u>(98)</u>	\$ <u>    -</u>	\$ <u>    -</u>	\$ <u>    -</u>	\$ <u>    -</u>				
Covered payroll	\$ 1,133	\$ 1,112	\$ 1,131	\$ 885	\$ 815	\$ 761	\$ 751	\$ 842	\$ 864	\$ 899
Contributions as a percentage of covered payroll	15.89%	15.56%	17.33%	26.78%	35.21%	55.45%	51.00%	51.78%	51.97%	50.61%

**Notes to Schedule**

Valuation date: July 1, 2016

Measurement date: June 30, 2017

Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported

**Methods and assumptions used to determine contribution rates:**

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, closed
Remaining amortization period	19 years
Asset valuation method	5-year smoothed market
Inflation	2.75%
Salary increases	3.5%, average, including inflation
Investment rate of return	7.25% (Prior: 7.38%), net of pension plan investment expense, including inflation

Retirement age Age related table

Mortality RP-2000 Combined Healthy and Disabled Mortality, Male and Female, with generational projection per Scale AA.

**TOWN OF NEWINGTON, CONNECTICUT**  
**SCHEDULE OF EMPLOYER CONTRIBUTIONS**  
**FIREFIGHTERS**  
**LAST TEN FISCAL YEARS**  
**(In Thousands)**

	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
Actuarially determined contribution	\$ 82	\$ 72	\$ 72	\$ 77	\$ 77	\$ 102	\$ 102	\$ 133	\$ 133	\$ 125
Contributions in relation to the actuarially determined contribution	<u>82</u>	<u>72</u>	<u>72</u>	<u>77</u>	<u>77</u>	<u>102</u>	<u>102</u>	<u>133</u>	<u>133</u>	<u>125</u>
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	N/A									
Contributions as a percentage of covered payroll	N/A									

Notes to Schedule

Valuation date: July 1, 2015

Measurement date: June 30, 2017

Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level dollar of payroll, open
Remaining amortization period	10 years
Asset valuation method	N/A
Inflation	2.75%
Salary increases	N/A
Investment rate of return	6.0%, net of pension plan investment expense, including inflation

Retirement age 100% are assumed to retire at Normal Retirement Date

Mortality RP-2000 Mortality for Employees, Healthy Annuitants, with generational projection per Scale AA.  
 Prior: RP-2000 Combined Healthy Male and Female, with generational projection per Scale AA.

**TOWN OF NEWINGTON, CONNECTICUT**  
**SCHEDULE OF INVESTMENT RETURNS**  
**MUNICIPAL EMPLOYEES**  
**LAST FOUR FISCAL YEARS\***

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	<b>2014</b>	<b>2015</b>	<b>2015</b>	<b>2017</b>
Annual money-weighted rate of return, net of investment expense	15.07%	3.64%	-1.71%	13.36%

\*Note: This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

**TOWN OF NEWINGTON, CONNECTICUT**  
**SCHEDULE OF INVESTMENT RETURNS**  
**POLICE**  
**LAST FOUR FISCAL YEARS\***

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	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
Annual money-weighted rate of return, net of investment expense	15.01%	3.67%	-1.63%	13.31%

\*Note: This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

**TOWN OF NEWINGTON, CONNECTICUT**  
**SCHEDULE OF INVESTMENT RETURNS**  
**ADMINISTRATIVE EMPLOYEES**  
**LAST FOUR FISCAL YEARS\***

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	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Annual money-weighted rate of return, net of investment expense	15.17%	3.65%	-1.77%	13.37%

\*Note: This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

**TOWN OF NEWINGTON, CONNECTICUT**  
**SCHEDULE OF INVESTMENT RETURNS**  
**FIREFIGHTERS**  
**LAST FOUR FISCAL YEARS\***

---

	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
Annual money-weighted rate of return, net of investment expense	11.38%	-1.20%	-0.70%	9.87%

\*Note: This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

**TOWN OF NEWINGTON, CONNECTICUT****SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY****TEACHERS RETIREMENT PLAN****LAST THREE FISCAL YEARS\*****(In Thousands)**

	<u>2015</u>	<u>2016</u>	<u>2017</u>
Town's proportion of the net pension liability	0.00%	0.00%	0.00%
Town's proportionate share of the net pension liability	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability associated with the Town	<u>81,526</u>	<u>88,203</u>	<u>112,951</u>
<b>Total</b>	<b>\$ <u>81,526</u></b>	<b>\$ <u>88,203</u></b>	<b>\$ <u>112,951</u></b>
Town's covered payroll	\$ 31,370	\$ 31,603	\$ 32,498
Town's proportionate share of the net pension liability as a percentage of its covered payroll	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	61.51%	59.50%	52.26%

\*Note: This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

**Notes to Schedule**

Changes in benefit terms

None

Changes of assumptions

During 2016, rates of withdrawal, disability, retirement, mortality and assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience. These assumptions were recommended as part of the Experience Study for the System for the five-year period ended June 30, 2015.

During 2011, rates of withdrawal, retirement and assumed rates of salary increases were adjusted to reflect actual and anticipated experience. These assumptions were recommended as part of the Experience Study for the System for the five-year period ended June 30, 2010.

Actuarial cost method

Entry age

Amortization method

Level percent of salary, closed

Remaining amortization period

20.4 years

Asset valuation method

4-year smoothed market

Investment rate of return

8.50%, net of investment related expense

**TOWN OF NEWINGTON, CONNECTICUT**  
**SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS**  
**LAST FISCAL YEAR\***  
**(In Thousands)**

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	<b>2017</b>
Total OPEB liability:	
Service cost	\$ 756
Interest	1,646
Benefit payments	<u>(1,175)</u>
Net change in total OPEB liability	1,227
Total OPEB liability - beginning	<u>22,146</u>
Total OPEB liability - ending	<u>23,373</u>
Plan fiduciary net position:	
Contributions - employer	2,138
Net investment income (loss)	792
Benefit payments	<u>(1,175)</u>
Administrative expense	<u>(167)</u>
Net change in plan fiduciary net position	1,588
Plan fiduciary net position - beginning	<u>4,787</u>
Plan fiduciary net position - ending	<u>6,375</u>
Net OPEB Liability - Ending	<u>\$ 16,998</u>
Plan fiduciary net position as a percentage of the total OPEB liability	27.28%
Covered payroll	46,163
Net OPEB liability as a percentage of covered payroll	36.82%

\*Note: This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

Notes to Schedule:

*Benefit changes* : None

*Assumption changes*:

**2017:**

Discount Rate: 7.38%, previously 7.50%

**TOWN OF NEWINGTON, CONNECTICUT**  
**SCHEDULE OF EMPLOYER CONTRIBUTIONS**  
**OTHER POST-EMPLOYMENT BENEFIT TRUST FUND**  
**LAST TEN FISCAL YEARS**  
**(In Thousands)**

	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
Actuarially determined contribution (1)	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Contributions in relation to the actuarially determined contribution	2,455	2,598	1,843	1,939	1,713	1,795	1,880	1,970	1,771	
	2,455	2,598	1,843	1,939	2,090	1,916	1,781	1,946	2,138	
Contribution Deficiency (Excess)	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
	-	-	-	-	(377)	(121)	99	24	(367)	
Covered payroll	\$	N/A	\$	N/A	\$	N/A	\$	N/A	\$	\$
Contributions as a percentage of covered payroll		N/A		N/A		N/A		N/A		

(1) Actuarially Determined Contributions prior to fiscal year ending June 30, 2017 is based on the Annual Required Contribution (ARC) calculated in accordance with GASB No. 45

Notes to Schedule

Valuation date:

Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Projected Unit Credit
Amortization method	Level Percent, Closed
Amortization period	22 Years
Asset valuation method	Market Value
Inflation	2.75%
Healthcare cost trend rates	5.70%-4.70% over 67 years
Salary increases	3.50%
Investment rate of return	7.38%
Retirement age	Varies by age and years of service
Mortality:	
Healthy	RP-2000 Combined Healthy Mortality Table for males and females, projected forward 19 years using scale AA, with a two-year age setback
Disabled	RP-2000 Combined Healthy Mortality Table for males and females, projected forward 19 years using scale AA, with a eight-year age set forward

**TOWN OF NEWINGTON, CONNECTICUT**  
**SCHEDULE OF INVESTMENT RETURNS**  
**OTHER POST-EMPLOYMENT BENEFIT TRUST FUND**  
**LAST FISCAL YEAR\***

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**2017**

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Annual money-weighted rate of return, net of investment expense	12.22%
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\*Note: This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

## **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**  
**FOR THE YEARS ENDED JUNE 30, 2017 AND 2016**  
**(In Thousands)**

	<b>2017</b>	<b>2016</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 30,294	\$ 31,207
Receivables:		
Property taxes, net of allowance of \$94 in 2017 and 2016	1,052	948
Intergovernmental	117	117
Other receivable	203	239
Due from other funds	<u>665</u>	<u>327</u>
Total Assets	<u><u>\$ 32,331</u></u>	<u><u>\$ 32,838</u></u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>		
Liabilities:		
Accounts payable and other liabilities	\$ 5,491	\$ 5,441
Unearned revenue	<u>15</u>	<u>15</u>
Total liabilities	<u><u>5,506</u></u>	<u><u>5,441</u></u>
Deferred inflows of resources:		
Unavailable revenue - property taxes	949	828
Advance property tax collections	<u>4,632</u>	<u>4,613</u>
Total deferred inflows of resources	<u><u>5,581</u></u>	<u><u>5,441</u></u>
Fund balances:		
Committed	1,217	515
Assigned:		
Encumbrances	3,406	3,960
Designated for subsequent year's budget	<u>2,000</u>	<u>2,500</u>
Unassigned	<u><u>14,621</u></u>	<u><u>14,981</u></u>
Total fund balances	<u><u>21,244</u></u>	<u><u>21,956</u></u>
Total Liabilities and Fund Balances	<u><u>\$ 32,331</u></u>	<u><u>\$ 32,838</u></u>

**TOWN OF NEWINGTON, CONNECTICUT**  
**GENERAL FUND**  
**REPORT OF TAX COLLECTOR**  
**FOR THE YEAR ENDED JUNE 30, 2017**  
**(In Thousands)**

Grand List	Mill Rate	Uncollected Taxes July 1, 2016				Suspense	Adjusted Taxes Collectible				Uncollected Taxes June 30, 2017		
		Additions	Deductions				Taxes	Interest	Liens	Total			
2015	35.75	\$ 93,794	\$ 261	\$ 753	\$	\$ 93,302	\$ 92,629	\$ 240	\$ 5	\$ 92,874	\$	673	
2014	35.80	643	3	20	77	549	422	79	4	505		127	
2013	34.8	71	1	5		67	24	7		31		43	
2012	33.6	19	1	1		19	8	4		12		11	
2011	32.6	25				25	5	4		9		20	
2010	30	28				28	4			4		24	
2009	29.2	27				27				-		27	
2008	28.4	9				9				-		9	
2007	27.7	32				32				-		32	
2006	26.9	31				31				-		31	
2005	25.8	30				30				-		30	
2004	36.4	42				42				-		42	
2003	34.2	40				40				-		40	
2002	32.3	37				37				-		37	
2001	30.4	8				8	-			-		-	
		\$ 94,836	\$ 266	\$ 779	\$ 85	\$ 94,238	\$ 93,092	\$ 334	\$ 9	\$ 93,435	\$ 1,146		

## **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
DECD	State funds	Improvements for community development
Student Technology Insurance Fund	User Fees	Repair and replacement of student chromebooks

### 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, 2017**  
**(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	Volunteer Ambulance	
<b>ASSETS</b>												
Cash and cash equivalents	\$ 281	\$ 187	\$ 13	\$ 1,450	\$ 32	\$ 64	\$ 1,643	\$ 770	\$ 30	\$ 1,186	\$ 217	
Investments												
Receivables:												
Accounts and other	6											
State and Federal governments	86		3								6	
Prepays								8				6
Inventory	36											
Total Assets	\$ 409	\$ 187	\$ 16	\$ 1,450	\$ 32	\$ 64	\$ 1,651	\$ 770	\$ 30	\$ 1,198	\$ 217	
<b>LIABILITIES AND FUND BALANCES</b>												
Liabilities:												
Accounts and other payables	\$ 1	\$ 5	\$ 2	\$ 6	\$ 12	\$	\$ 103	\$ 84	\$	\$	\$ 24	
Due to other funds												
Unearned revenue	37	74	2	6	12	-	360	84	-	17		
Total liabilities	38	79	2	6	12	-	463	84	-	41		
Fund Balances:												
Nonspendable	36						8				6	
Restricted		108	14			64					1,151	
Committed	335			1,444	20		1,180	686	30			217
Unassigned												
Total fund balances	371	108	14	1,444	20	64	1,188	686	30	1,157		217
Total Liabilities and Fund Balances	\$ 409	\$ 187	\$ 16	\$ 1,450	\$ 32	\$ 64	\$ 1,651	\$ 770	\$ 30	\$ 1,198	\$ 217	

(Continued on next page)

**TOWN OF NEWINGTON, CONNECTICUT**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING BALANCE SHEET (CONTINUED)**  
**JUNE 30, 2017**  
**(In Thousands)**

	Special Revenue Funds					Permanent Funds				Total Nonmajor Governmental Funds	
	Volunteer Firefighters'	Scholarship Trust	DECD	Student Technology Insurance Fund	Total	Cemetery Trust	Hubbard Book	Tri-Centennial	Total		
<b>ASSETS</b>											
Cash and cash equivalents	\$ 131	\$ 307	\$ -	\$ 76	\$ 6,256	\$ 25	\$ 11	\$ 1	\$ 37	\$ -	\$ 6,293
Investments					\$ 131						\$ 131
Receivables:											
Accounts and other					6						6
State and Federal governments					95						95
Prepays					14						14
Inventory					36						36
Total Assets	\$ 131	\$ 307	\$ -	\$ 76	\$ 6,538	\$ 25	\$ 11	\$ 1	\$ 37	\$ -	\$ 6,575
<b>LIABILITIES AND FUND BALANCES</b>											
Liabilities:											
Accounts and other payables	\$ 3	\$ -	\$ -	\$ -	\$ 237	\$ 3	\$ -	\$ -	\$ -	\$ -	\$ 237
Due to other funds											3
Unearned revenue					488						488
Total liabilities	\$ 3	\$ -	\$ -	\$ -	\$ 728	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 728
Fund Balances:											
Nonspendable					50						50
Restricted					1,337						1,374
Committed	128	307		76	4,423	25	11	1	37		4,423
Unassigned					-						-
Total fund balances	\$ 128	\$ 307	\$ -	\$ 76	\$ 5,810	\$ 25	\$ 11	\$ 1	\$ 37	\$ -	\$ 5,847
Total Liabilities and Fund Balances	\$ 131	\$ 307	\$ -	\$ 76	\$ 6,538	\$ 25	\$ 11	\$ 1	\$ 37	\$ -	\$ 6,575

## TOWN OF NEWINGTON, CONNECTICUT

## NONMAJOR GOVERNMENTAL FUNDS

## COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

FOR THE YEAR ENDED JUNE 30, 2017

(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	Volunteer Ambulance
Revenues:											
Licenses, fees and permits	\$ 604	\$ 341	\$ 1,623	\$ 1	\$ 18	\$ 10	\$ 1,184	\$ 5	\$ 1	\$ 52	\$ 170
Intergovernmental Contributions											
Charges for services	790			218		11	6	5		75	
Investment income (expense)				8						5	1
Miscellaneous	45									126	
Total revenues	<u>1,439</u>	<u>341</u>	<u>1,623</u>	<u>227</u>	<u>18</u>	<u>11</u>	<u>1,200</u>	<u>5</u>	<u>1</u>	<u>428</u>	<u>1</u>
Expenditures:											
Current:											
General government								61			
Public safety										32	12
Health and human services										205	
Library										23	
Parks and recreation				24			912			47	
Education	1,431		1,623					36			
Capital outlay		341				124				121	
Total expenditures	<u>1,431</u>	<u>341</u>	<u>1,623</u>	<u>24</u>	<u>14</u>	<u>124</u>	<u>912</u>	<u>97</u>	<u>-</u>	<u>428</u>	<u>12</u>
Other financing sources (uses):											
Transfers in								93		2	6
Transfers out				(119)							
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(119)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>93</u>	<u>-</u>	<u>2</u>	<u>6</u>
Net change in fund balances	8	-	-	84	4	(113)	288	1	1	2	(5)
Fund balances at beginning of year	<u>363</u>	<u>108</u>	<u>14</u>	<u>1,360</u>	<u>16</u>	<u>177</u>	<u>900</u>	<u>685</u>	<u>29</u>	<u>1,155</u>	<u>222</u>
Fund Balances at End of Year	<u>\$ 371</u>	<u>\$ 108</u>	<u>\$ 14</u>	<u>\$ 1,444</u>	<u>\$ 20</u>	<u>\$ 64</u>	<u>\$ 1,188</u>	<u>\$ 686</u>	<u>\$ 30</u>	<u>\$ 1,157</u>	<u>\$ 217</u>

(Continued on next page)

## TOWN OF NEWINGTON, CONNECTICUT

## NONMAJOR GOVERNMENTAL FUNDS

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

FOR THE YEAR ENDED JUNE 30, 2017

(In Thousands)

	Special Revenue Funds					Permanent Funds				Total Nonmajor Governmental Funds	
	Volunteer Firefighters'	Scholarship Trust	DECD	Student Technology Insurance Fund	Total	Cemetery Trust	Hubbard Book	Tri-Centennial	Total		
Revenues:											
Licenses, fees and permits	\$	\$	\$	\$	18	\$	\$	\$	\$	-	\$ 18
Intergovernmental			54		2,675						2,675
Contributions					180						180
Charges for services				54	2,332						2,332
Investment income (expense)	12	2			40						40
Miscellaneous		112	54	54	283						283
Total revenues	12	114	54	54	5,528	-	-	-	-	-	5,528
Expenditures:											
Current:											
General government					61						61
Public safety	3				61						61
Health and human services					205						205
Library					23						23
Parks and recreation					983						983
Education		84		17	3,191						3,191
Capital outlay			54		640						640
Total expenditures	3	84	54	17	5,164	-	-	-	-	-	5,164
Other financing sources (uses):											
Transfers in					101						101
Transfers out					(119)						(119)
Total other financing sources (uses)	-	-	-	-	(18)	-	-	-	-	-	(18)
Net change in fund balances	9	30	-	37	346	-	-	-	-	-	346
Fund balances at beginning of year	119	277	-	39	5,464	25	11	1	37		5,501
Fund Balances at End of Year	\$ 128	\$ 307	\$ -	\$ 76	\$ 5,810	\$ 25	\$ 11	\$ 1	\$ 37	\$ -	\$ 5,847

## **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, 2017**  
**(In Thousands)**

	<b>Health Benefits</b>	<b>Insurance Reserve</b>	<b>Total</b>
Assets:			
Cash and cash equivalents	\$ 3,538	\$ 614	\$ 4,152
Prepaid expenses	<u>1</u>		<u>1</u>
Total assets	3,539	614	4,153
Liabilities:			
Accounts and other payable	<u>746</u>	<u>10</u>	<u>756</u>
Net Position:			
Unrestricted	\$ <u>2,793</u>	\$ <u>604</u>	\$ <u>3,397</u>

**TOWN OF NEWINGTON, CONNECTICUT**  
**INTERNAL SERVICE FUNDS**  
**COMBINING STATEMENT OF CHANGES IN NET POSITION**  
**FOR THE YEAR ENDED JUNE 30, 2017**  
**(In Thousands)**

	<b>Health Benefits</b>	<b>Insurance Reserve</b>	<b>Total</b>
<b>Operating Revenues:</b>			
Charges for services	\$ 10,678	\$ 59	\$ 10,678
Miscellaneous		59	59
Total operating revenues	<u>10,678</u>	<u>59</u>	<u>10,737</u>
<b>Operating Expenses:</b>			
Benefit payments	10,070		10,070
Administration	444		444
Insurance	631		631
Casualty loss		44	44
Total operating expenses	<u>11,145</u>	<u>44</u>	<u>11,189</u>
Operating Income (Loss)	(467)	15	(452)
<b>Nonoperating Revenue:</b>			
Interest on investments	<u>15</u>		<u>15</u>
Income (Loss) Before Transfers	(452)	15	(437)
Transfers In		<u>173</u>	<u>173</u>
Change in Net Position	(452)	188	(264)
Total Net Position at Beginning of Year	<u>3,245</u>	<u>416</u>	<u>3,661</u>
Total Net Position at End of Year	<u>\$ 2,793</u>	<u>\$ 604</u>	<u>\$ 3,397</u>

**TOWN OF NEWINGTON, CONNECTICUT**  
**INTERNAL SERVICE FUNDS**  
**COMBINING STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2017**  
**(In Thousands)**

	<b>Health Benefits</b>	<b>Insurance Reserve</b>	<b>Total</b>
<b>Cash Flows from Operating Activities:</b>			
Cash received from charges for services and other	\$ 10,677	\$ 59	\$ 10,736
Cash paid to vendors	<u>(11,120)</u>	<u>(39)</u>	<u>(11,159)</u>
Net cash provided by (used in) operating activities	<u>(443)</u>	<u>20</u>	<u>(423)</u>
<b>Cash Flows from Noncapital Financial Activities:</b>			
Transfers in		173	173
<b>Cash Flows from Investing Activities:</b>			
Interest on investments	15		15
Net Increase (Decrease) in Cash and Cash Equivalents	(428)	193	(235)
Cash and Cash Equivalents at Beginning of Year	<u>3,966</u>	<u>421</u>	<u>4,387</u>
Cash and Cash Equivalents at End of Year	<u>\$ 3,538</u>	<u>\$ 614</u>	<u>\$ 4,152</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:</b>			
Operating income (loss)	\$ (467)	\$ 15	\$ (452)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
(Increase) decrease in prepaid expenses	(1)		(1)
Increase (decrease) in accounts and other payables	<u>25</u>	<u>5</u>	<u>30</u>
Net Cash Provided by (Used in) Operating Activities	<u>\$ (443)</u>	<u>\$ 20</u>	<u>\$ (423)</u>

## **Fiduciary Funds**

## **FIDUCIARY FUNDS**

Pension Trust Funds account for the activities of the Town retirement system, which accumulated 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.

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**  
**COMBINING STATEMENT OF NET POSITION**  
**PENSION AND OTHER EMPLOYEE BENEFIT TRUST FUNDS**  
**JUNE 30, 2017**  
**(In Thousands)**

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	<b>Pension Trust Funds</b>	<b>OPEB Trust Fund</b>	<b>Total</b>
<b>Assets:</b>			
Cash and cash equivalents	\$ 846	\$ 2	848
<b>Investments:</b>			
Mutual funds	<u>72,099</u>	<u>7,043</u>	<u>79,142</u>
Total assets	<u>72,945</u>	<u>7,045</u>	<u>79,990</u>
<b>Liabilities:</b>			
Accounts payable		8	8
Due to other funds	<u>662</u>	<u>662</u>	<u>662</u>
Total liabilities	<u>670</u>	<u>670</u>	<u>670</u>
<b>Net Position:</b>			
Restricted for Pension/OPEB Benefits	<u>\$ 72,945</u>	<u>\$ 6,375</u>	<u>\$ 79,320</u>

**TOWN OF NEWINGTON, CONNECTICUT**  
**COMBINING STATEMENT OF CHANGES IN NET POSITION**  
**PENSION AND OTHER EMPLOYEE BENEFIT TRUST FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2017**  
**(In Thousands)**

	<b>Pension Trust Funds</b>	<b>OPEB Trust Fund</b>	<b>Total</b>
Additions:			
Contributions:			
Employer	\$ 5,867	\$ 2,138	\$ 8,005
Plan members	886	467	1,353
Total contributions	<u>6,753</u>	<u>2,605</u>	<u>9,358</u>
Investment income (loss):			
Net depreciation in fair value of investments	8,220	561	8,781
Interest and dividends	980	250	1,230
Total investment income	<u>9,200</u>	<u>811</u>	<u>10,011</u>
Less investment expense	348	17	365
Net investment income	<u>8,852</u>	<u>794</u>	<u>9,646</u>
Total additions	<u>15,605</u>	<u>3,399</u>	<u>19,004</u>
Deductions:			
Benefits	7,243	1,643	8,886
Administration	66	167	233
Total deductions	<u>7,309</u>	<u>1,810</u>	<u>9,119</u>
Change in Net Position	8,296	1,589	9,885
Net Position - Beginning of Year	<u>64,649</u>	<u>4,786</u>	<u>69,435</u>
Net Position - End of Year	<u>\$ 72,945</u>	<u>\$ 6,375</u>	<u>\$ 79,320</u>

**TOWN OF NEWINGTON, CONNECTICUT****AGENCY FUNDS****COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES****FOR THE YEAR ENDED JUNE 30, 2017****(In Thousands)**

	<b>Balance</b> <b>July 1, 2016</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance</b> <b>June 30, 2017</b>
<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>564</u>	\$ <u>1,446</u>	\$ <u>1,480</u>	\$ <u>530</u>
Liabilities:				
Deposits held for others	\$ <u>564</u>	\$ <u>1,446</u>	\$ <u>1,480</u>	\$ <u>530</u>
<b>Total All Funds</b>				
Assets:				
Cash and cash equivalents	\$ <u>570</u>	\$ <u>1,446</u>	\$ <u>1,480</u>	\$ <u>536</u>
Liabilities:				
Deposits held for others	\$ <u>570</u>	\$ <u>1,446</u>	\$ <u>1,480</u>	\$ <u>536</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.

TABLE 1

**TOWN OF NEWINGTON, CONNECTICUT**  
**NET POSITION BY COMPONENT**  
**LAST TEN FISCAL YEARS**  
**(In Thousands)**

	<b>FISCAL YEAR</b>									
	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>
<b>Governmental Activities:</b>										
Net investment in capital assets	\$ 86,658	\$ 84,015	\$ 81,409	\$ 77,244	\$ 74,017	\$ 70,426	\$ 65,734	\$ 62,260	\$ 56,392	\$ 52,163
Restricted	689	655	654	662	637	657	685	673	612	582
Unrestricted	(10,195)	(9,527)	(10,359)	34,250	33,447	31,773	29,983	29,240	24,818	27,626
Total Governmental Activities Net Position	\$ <u>77,152</u>	\$ <u>75,143</u>	\$ <u>71,704</u>	\$ <u>112,156</u>	\$ <u>108,101</u>	\$ <u>102,856</u>	\$ <u>96,402</u>	\$ <u>92,173</u>	\$ <u>81,822</u>	\$ <u>80,371</u>

Note: Schedule prepared on the accrual basis of accounting.

TABLE 2

**TOWN OF NEWINGTON, CONNECTICUT**  
**CHANGES IN NET POSITION**  
**LAST TEN FISCAL YEARS**  
**(In Thousands)**

	FISCAL YEAR									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
<b>Expenses:</b>										
General government	\$ 8,890	\$ 7,546	\$ 6,049	\$ 7,293	\$ 6,821	\$ 7,128	\$ 6,204	\$ 5,609	\$ 7,931	\$ 5,857
Public safety	14,723	14,633	12,955	11,702	11,883	12,062	11,426	10,600	11,323	9,859
Public works	10,581	10,172	10,032	9,690	9,528	10,597	9,669	9,585	9,109	8,747
Community planning and development	1,033	1,733	1,083	965	990	771	667	780	697	806
Health and community services	2,084	1,930	1,756	1,812	1,696	1,376	1,520	1,498	1,416	1,535
Library	2,421	2,452	2,261	2,210	2,222	2,118	2,010	2,104	2,016	2,244
Parks and recreation	3,516	3,478	3,179	3,129	3,214	3,074	2,534	2,941	2,716	3,138
Education	87,205	80,656	79,776	78,993	73,707	73,232	69,342	68,084	65,598	76,236
Interest on long-term debt	170	210	279	448	299	499	538	687	780	855
Total governmental activities expenses	<u>130,623</u>	<u>122,810</u>	<u>117,370</u>	<u>116,242</u>	<u>110,360</u>	<u>110,857</u>	<u>103,910</u>	<u>101,888</u>	<u>101,586</u>	<u>109,277</u>
<b>Program Revenues:</b>										
Charges for services:										
General government	735	602	625	555	655	575	790	703	719	907
Public safety	70	85	177	119	129	178	120	82	106	54
Public works	36	24	27	38	41	45	45	45	48	58
Community planning and development	360	387	392	348	410	287	208	309	415	735
Health and community services	53	55	49	56	75	69	65	69	72	52
Library	23	23	22	22	26	27	29	29	30	33
Parks and recreation	1,402	1,081	1,016	977	1,072	1,052	997	903	801	791
Education	1,235	1,209	1,261	986	1,149	1,053	1,115	1,052	1,117	1,047
Operating grants and contributions	29,667	24,745	23,939	26,753	23,727	24,946	21,729	23,262	20,574	34,588
Capital grants and contributions	1,331	2,342	3,427	839	799	3,647	908	5,874	2,210	1,105
Total governmental activities program revenues	<u>34,912</u>	<u>30,553</u>	<u>30,935</u>	<u>30,693</u>	<u>28,083</u>	<u>31,879</u>	<u>26,006</u>	<u>32,328</u>	<u>26,092</u>	<u>39,370</u>
<b>Net expense:</b>										
Governmental activities	<u>(95,711)</u>	<u>(92,257)</u>	<u>(86,435)</u>	<u>(85,549)</u>	<u>(82,277)</u>	<u>(78,978)</u>	<u>(77,904)</u>	<u>(69,560)</u>	<u>(75,494)</u>	<u>(69,907)</u>
<b>General revenues and other changes in net position:</b>										
Governmental activities:										
Property taxes	93,918	92,051	89,211	85,894	83,514	80,907	78,159	75,542	72,453	70,617
Grants and contributions not restricted to specific purposes	3,427	3,172	3,117	3,310	3,688	3,379	3,433	3,393	3,411	2,904
Unrestricted investment earnings	139	98	86	88	53	78	145	203	642	1,773
Miscellaneous	236	375	363	312	267	1,068	396	773	439	1,536
Total governmental activities	<u>97,720</u>	<u>95,696</u>	<u>92,777</u>	<u>89,604</u>	<u>87,522</u>	<u>85,432</u>	<u>82,133</u>	<u>79,911</u>	<u>76,945</u>	<u>76,830</u>
<b>Changes in Net Position:</b>										
Governmental Activities	\$ 2,009	\$ 3,439	\$ 6,342	\$ 4,055	\$ 5,245	\$ 6,454	\$ 4,229	\$ 10,351	\$ 1,451	\$ 6,923

Note: Schedule prepared on the accrual basis of accounting.

TABLE 3

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

	FISCAL YEAR									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
<b>General Fund:</b>										
Reserved	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Unreserved								1,745	1,947	1,572
Committed	1,217	515						15,898	14,744	14,072
Assigned	5,406	6,460	5,370	4,877	5,010	4,174	3,891			
Unassigned	14,621	14,981	15,999	15,183	14,626	14,419	13,082			
<b>Total General Fund</b>	<b>\$ 21,244</b>	<b>\$ 21,956</b>	<b>\$ 21,369</b>	<b>\$ 20,060</b>	<b>\$ 19,636</b>	<b>\$ 18,593</b>	<b>\$ 16,973</b>	<b>\$ 17,643</b>	<b>\$ 16,691</b>	<b>\$ 15,644</b>
<b>All other governmental funds:</b>										
Reserved	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Unreserved, reported in:								1,148	577	786
Special revenue funds								5,830	4,015	4,596
Capital projects funds								3,538	3,100	2,980
Nonspendable	50	61	43	43	38	33	34			
Restricted	1,442	1,508	1,665	2,239	1,593	1,460	1,253			
Committed	12,647	11,671	10,215	9,081	9,146	9,213	8,650			
<b>Total All Other Governmental Funds</b>	<b>\$ 14,139</b>	<b>\$ 13,240</b>	<b>\$ 11,923</b>	<b>\$ 11,363</b>	<b>\$ 10,777</b>	<b>\$ 10,706</b>	<b>\$ 9,937</b>	<b>\$ 10,516</b>	<b>\$ 7,692</b>	<b>\$ 8,362</b>

## Notes:

1. Schedule prepared on the modified accrual basis of accounting.
2. The Town began to report new fund categories when it implemented GASB Statement No. 54 in fiscal year 2011.

TABLE 4

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

	FISCAL YEAR									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
<b>Revenues:</b>										
Property taxes	\$ 93,725	\$ 92,240	\$ 89,177	\$ 85,646	\$ 83,913	\$ 80,895	\$ 77,704	\$ 75,594	\$ 73,276	\$ 70,359
Payment in lieu of taxes	2,409	2,811	2,731	2,764	2,339	2,343	3,096	3,050	2,936	2,481
Licenses, fees and permits	337	396	361	360	417	292	209	316	425	740
Intergovernmental	31,714	27,290	27,606	27,958	25,591	29,533	22,873	25,760	23,165	36,016
Contributions	180	28	67	62	73	173	91	209	91	99
Rental	172	172	180	146	216	214	185	163	214	138
Investment income	124	93	83	85	49	76	137	191	591	1,608
Fines	23	35	155	89	122	123	93	64	96	41
Charges for services	3,360	2,852	2,817	2,504	2,787	2,564	2,881	2,645	2,567	2,758
Refunds and reimbursements										23
Other	418	509	513	393	529	1,080	452	385	430	1,432
Total revenues	<u>132,462</u>	<u>126,426</u>	<u>123,690</u>	<u>120,007</u>	<u>116,036</u>	<u>117,293</u>	<u>107,721</u>	<u>108,377</u>	<u>103,791</u>	<u>115,695</u>
<b>Expenditures:</b>										
General government	4,919	4,557	4,581	4,483	4,547	4,457	4,198	4,260	4,376	3,803
Public safety	8,433	8,275	7,985	7,635	7,552	7,633	7,238	7,297	7,042	6,965
Public works	4,702	4,625	4,945	4,728	4,557	6,227	4,670	4,535	4,766	4,669
Community planning and development	576	1,248	638	543	470	422	430	479	513	503
Health and community services	1,384	1,375	1,382	1,415	1,230	1,093	1,074	1,117	1,108	1,149
Library	1,727	1,769	1,728	1,668	1,647	1,737	1,607	1,706	1,656	1,785
Parks and recreation	2,554	2,458	2,373	2,234	2,221	2,285	2,248	2,221	2,258	2,416
Education	85,737	79,459	77,530	77,440	72,868	71,555	69,465	66,646	63,667	76,544
Miscellaneous	14,201	13,668	12,063	11,031	11,748	10,424	10,026	8,928	8,741	8,829
Capital outlay	7,930	5,099	6,248	5,307	4,671	8,956	5,259	4,980	6,243	4,165
Debt service:										
Principal	1,050	1,555	2,070	1,842	3,054	1,825	1,630	1,750	1,946	1,940
Interest	304	209	273	316	426	599	742	985	790	864
Total expenditures	<u>133,517</u>	<u>124,297</u>	<u>121,816</u>	<u>118,642</u>	<u>114,991</u>	<u>117,213</u>	<u>108,587</u>	<u>104,904</u>	<u>103,106</u>	<u>113,632</u>
Excess of Revenue Over (Under) Expenditures	<u>(1,055)</u>	<u>2,129</u>	<u>1,874</u>	<u>1,365</u>	<u>1,045</u>	<u>80</u>	<u>(866)</u>	<u>3,473</u>	<u>685</u>	<u>2,063</u>
<b>Other Financing Sources (Uses):</b>										
Bonds issued										
Bond refunding issued										
Payment to escrow agent										
Premium on bond issuance										
Mortgage issued										
Capitalized lease	1,415									
Transfers in	6,377	5,962	5,162	5,044	4,633	4,881	4,745	4,129	4,346	4,206
Transfers out	(6,550)	(6,187)	(5,167)	(5,399)	(4,692)	(5,122)	(5,153)	(4,420)	(4,654)	(4,512)
Total other financing sources (uses)	<u>1,242</u>	<u>(225)</u>	<u>(5)</u>	<u>(355)</u>	<u>69</u>	<u>2,334</u>	<u>(408)</u>	<u>303</u>	<u>(308)</u>	<u>(306)</u>
Net Change in Fund Balance	\$ <u>187</u>	\$ <u>1,904</u>	\$ <u>1,869</u>	\$ <u>1,010</u>	\$ <u>1,114</u>	\$ <u>2,414</u>	\$ <u>(1,274)</u>	\$ <u>3,776</u>	\$ <u>377</u>	\$ <u>1,757</u>
Debt Service as a Percentage of Noncapital Expenditures	1.08%	1.49%	2.04%	1.91%	3.16%	2.25%	2.30%	2.81%	2.91%	2.63%

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

TABLE 5

**TOWN OF NEWINGTON, CONNECTICUT**  
**GENERAL GOVERNMENTAL REVENUES AND OTHER FINANCING SOURCES, BY SOURCE**  
**LAST TEN FISCAL YEARS**  
**(In Thousands)**

<b>Fiscal Year Ended June 30,</b>	<b>Taxes and Special Assessments</b>	<b>Licenses and Permits</b>	<b>Intergovernmental Revenue(1)</b>	<b>Charges for Services</b>	<b>Investment Earnings</b>	<b>Miscellaneous Revenues(2)</b>	<b>Other Financing Sources(3)</b>	<b>Total</b>
2017	\$ 93,725	\$ 319	\$ 18,523	\$ 692	\$ 78	\$ 345	\$ 119	\$ 113,801
2016	92,240	380	18,651	558	76	342	223	112,470
2015	89,177	345	18,421	544	74	608	331	109,500
2014	85,646	344	17,995	551	62	425	433	105,456
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

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.

TABLE 6

**TOWN OF NEWINGTON, CONNECTICUT**  
**GENERAL GOVERNMENTAL EXPENDITURES AND OTHER FINANCING USES, BY FUNCTION**  
**LAST TEN FISCAL YEARS**  
**(In Thousands)**

Fiscal Year Ended June 30,	General Government	Public Safety	Public Works and Community Development	Health and Community Services	Parks, Recreation and Library	Debt Service; Metropolitan District Commission Miscellaneous(1)	Board of Education(2)	Other Financing Uses (3)	Total
2017	\$ 4,677	\$ 8,367	\$ 5,242	\$ 1,175	\$ 3,283	\$ 15,391	\$ 69,392	\$ 6,431	\$ 113,958
2016	4,678	8,177	5,160	1,180	3,322	14,921	69,326	5,958	112,722
2015	4,499	7,958	5,406	1,160	3,254	13,742	67,979	4,836	108,834
2014	4,435	7,597	5,215	1,119	3,171	12,507	65,867	4,955	104,866
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

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.

TABLE 7

## 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							
2017	\$ 1,636,728	\$ 532,428	\$ 86,198	\$ 216,315	\$ 254,019	\$ (93,817)	\$ 2,631,871	35.75	\$ 3,759,815	70.00%
2016	1,634,230	450,371	122,672	214,781	246,442	(89,521)	2,578,975	35.80	3,852,014	66.95%
2015	1,628,724	453,595	122,526	205,348	246,150	(80,901)	2,575,442	34.77	3,834,825	67.16%
2014	1,625,491	449,216	122,551	203,055	240,725	(79,193)	2,561,845	33.63	3,651,833	70.00%
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%

Source: Town of Newington Office of Tax Assessor

Notes: Assessment rate is 70% of market value.

Town of Newington has no Overlapping Property Tax Rates.

(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.

TABLE 8

**TOWN OF NEWINGTON, CONNECTICUT**  
**PRINCIPAL PROPERTY TAX PAYERS**  
**CURRENT YEAR AND NINE YEARS AGO**  
**(In Thousands)**

Taxpayer	October 1, 2015			October 1, 2006		
	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	\$ 38,086	1	1.45%	\$ 23,770	1	0.92%
GKN Aerospace	25,475	2	0.97%			
IREIT Newington Fair LLC	21,510	3	0.82%			
TLG Newington LLC	20,448	4	0.78%	18,826	4	0.73%
Newington VF LLC	20,300	5	0.77%	20,392	2	0.79%
Newington Gross LLC	19,463	6	0.74%			
Brixmor Ga Turnpike Plaza LLC	17,850	7	0.68%	19,703	3	0.76%
Hayes Kaufman Newington	17,164	8	0.65%	9,450	8	0.36%
Saputo Dairy Foods USA/ Catamount Newington LLC	14,122	9	0.54%			
Mandell Properties LLC	13,759	10	0.52%			
Hartford Hospital	12,877	11	0.49%	9,033	9	0.35%
Scelza/Cambridge/Landmark/Baldwin	11,788	12	0.45%			
Lowes Home Centers Inc #623	12,115	13	0.46%	10,935	6	0.42%
Balf/Tilcon Company	10,577	14	0.40%			
Reno Properties II LLC	10,161	15	0.39%			
<b>TOTAL</b>	<b>\$ 265,695</b>		<b>10.10%</b>	<b>\$ 112,109</b>		<b>4.33%</b>

Source: Town of Newington, Office of Tax Assessor

TABLE 9

**TOWN OF NEWINGTON, CONNECTICUT**  
**PROPERTY TAX LEVIES AND COLLECTIONS**  
**LAST TEN FISCAL YEARS**  
**(In Thousands)**

Fiscal Year Ended June 30,	Tax Rate In Mills (1)	Taxes Levied For The Fiscal Year	Collected Within The Fiscal Year of Levy			Collections In Subsequent Years	Total Collections to Date	
			Amount	Percentage of Levy	%		Amount	Percentage of Levy
2017	35.75	\$ 93,302	\$ 92,860	99.53	%	N/A		
2016	35.8	91,453	90,810	99.30		436	\$ 90,810	99.30
2015	34.77	88,599	87,879	99.19		580	87,879	99.19
2014	33.63	85,346	84,607	99.13		646	85,253	99.89
2013	32.64	82,937	82,378	99.33		459	82,837	99.88
2012	30.02	80,411	79,582	98.97		703	80,285	99.84
2011	29.18	77,679	76,731	98.78		782	77,513	99.79
2010	28.40	75,091	74,378	99.05		588	74,966	99.83
2009	27.68	72,939	72,143	98.91		662	72,805	99.82
2008	26.91	69,973	69,338	99.09		419	69,757	99.69

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

(1) The Town of Newington has a single tax rate as such there are no separate components.

TABLE 10

**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				
2017	\$ 5,220	\$ 15	\$ 1,211	\$ 6,431	0.24%	0.64%	\$ 210
2016	6,597	15		6,612	0.26%	0.66%	216
2015	7,674	515		8,189	0.32	0.84%	268
2014	9,154	1,045	110	10,309	0.40	1.08%	337
2013	10,410	1,560	217	12,187	0.47	1.35%	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

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

TABLE 11

**TOWN OF NEWINGTON, CONNECTICUT**  
**RATIOS OF GENERAL BONDED DEBT OUTSTANDING**  
**LAST TEN FISCAL YEARS**  
**(In Thousands, Except Per Capita)**

<b>Fiscal Year</b>		<b>General Obligation Bonds</b>		<b>Percentage of Estimated Actual Taxable Value of Property</b>		<b>Debt Per Capita</b>
2017	\$	5,220		0.14	\$	171
2016		6,597		0.17		216
2015		7,674		0.20		251
2014		9,154		0.25		300
2013		10,410		0.29		341
2012		11,690		0.30		383
2011		13,515		0.33		442
2010		15,145		0.38		517
2009		16,855		0.41		575
2008		18,605		0.44		635

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

TABLE 12

**TOWN OF NEWINGTON, CONNECTICUT**  
**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT**  
**June 30, 2017**  
**(In Thousands)**

<b>Governmental Unit</b>	<b>Debt Outstanding</b>	<b>Estimated Percentage Applicable</b>	<b>Estimated Shares of Direct and Overlapping Debt</b>
Debt repaid with property taxes - Metropolitan District Commission	\$ 949,066	9.01 %	\$ 85,511
Town direct debt	6,431	100.00 %	<u>6,431</u>
Total direct and overlapping debt			\$ <u>91,942</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.

TABLE 13

**TOWN OF NEWINGTON, CONNECTICUT**  
**STATEMENT OF DEBT LIMITATION**  
**JUNE 30, 2017**  
**(In Thousands)**

	<u>General Purpose</u>	<u>Schools</u>	<u>Sewers</u>	<u>Urban Renewal</u>	<u>Pension Deficit</u>
Total tax collections (including fire district)				\$ 93,435	
Property tax relief elderly				<u>-</u>	
Base				\$ <u>93,435</u>	
Debt Limitation:					
2-1/4 times base	\$ 210,229	\$ 420,458	\$ 350,381	\$ 303,664	\$ 280,305
4-1/2 times base					
3-3/4 times base					
3-1/4 times base					
3 times base					
Total debt limitation	<u>210,229</u>	<u>420,458</u>	<u>350,381</u>	<u>303,664</u>	<u>280,305</u>
Indebtedness:					
Bonds payable	3,014	2,206			
Capital Lease	1,211				
Town's share of					
Metropolitan District					
debt					
Total Indebtedness	<u>4,225</u>	<u>2,206</u>	<u>85,511</u>	<u>-</u>	<u>-</u>
Debt Limitation in Excess of Net Debt	\$ <u>206,004</u>	\$ <u>418,252</u>	\$ <u>264,870</u>	\$ <u>303,664</u>	\$ <u>280,305</u>

Note: In no event shall total indebtedness exceed seven times annual receipts from taxation or \$654 million.

TABLE 14

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

	FISCAL YEAR									
	2017	2016	2015	2014	2013	2012	211	2010	2009	2008
Debt limitation	\$ 654,045	\$ 643,657	\$ 622,300	\$ 597,394	\$ 586,495	\$ 565,012	\$ 542,409	\$ 527,982	\$ 509,964	\$ 491,141
Total net debt applicable to limit	91,942	88,616	60,129	65,035	54,266	47,843	38,202	32,674	28,597	27,567
Legal debt margin	\$ 562,103	\$ 555,041	\$ 562,171	\$ 532,359	\$ 532,229	\$ 517,169	\$ 504,207	\$ 495,308	\$ 481,367	\$ 463,574
Total net debt applicable to the limit as a percentage of debt limit	14.06%	13.77%	9.66%	10.89%	9.25%	8.47%	7.04%	6.19%	5.61%	5.61%

Source: Comprehensive annual financial report - Schedule of Debt Limitation

Note: See Table 13 for calculation of current year debt limitation

TABLE 15

**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 (1)</b>	<b>Per Capita Income(1)</b>	<b>Median Age(2)</b>	<b>School Enrollment(3)</b>	<b>Unemployment Rate(4)</b>
2017	30,562	1,011,414	38,192	44.0	4,050	4.1%
2016	30,562	998,187	37,061	44.0	4,030	4.8%
2015	30,562	979,402	36,462	44.0	4,103	5.1%
2014	30,562	955,435	36,209	44.0	4,199	6.1%
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%

(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

TABLE 16

**TOWN OF NEWINGTON, CONNECTICUT**  
**PRINCIPAL EMPLOYERS**  
**CURRENT YEAR AND NINE YEARS AGO**

<b>Employer</b>	<b>Nature of Business</b>	<b>2017 (1)</b>			<b>2007 (2)</b>		
		<b>Employees</b>	<b>Rank</b>	<b>Percentage of Total Town Employment</b>	<b>Employees</b>	<b>Rank</b>	<b>Percentage of Total Town Employment</b>
Connecticut Department of Transportation	Government	1,156	1	7.0%	1,200	1	7.2%
Town of Newington	Government	1,048	2	6.4%	666	2	4.0%
Hartford Hospital-Newington Campus	Health Services	923	3	5.6%	250	5	1.5%
Data-Mail, Inc.	Direct Mail Service	569	4	3.5%	500	3	3.0%
C & S (formerly Davidson Company)	Distributor	372	5	2.3%			
Veterans Administration Hospital	Health Services	370	6	2.3%	250	6	1.5%
Stew Leonards	Grocery	275	7	1.7%			
Stop & Shop	Retail Grocers	219	8	1.3%			
Newington Rapid Recovery Health Care Center	Health Services	215	9	1.3%	238	7	1.4%
Target	Retail Trade	210	10	1.3%	195	10	1.2%
Walmart	Retail Trade	200	11	1.2%	170	13	1.0%
Sam's Club	Wholesale Clubs	168	12	1.0%			
PCX Precision Components	Manufacturer	152	13	0.9%			
Bel-Air Manor	Health Services	150	14	0.9%			
Lowes	Retail Trade	149	15	0.9%			
GKN Aerospace	Manufacturer	127	16	0.8%			
Price Chopper	Retail Grocers	123	17	0.7%	180	11	1.1%
Keeney Manufacturing	Manufacturer	119	18	0.7%			
H.O. Penn	Retail Machinery	119	19	0.7%			
<b>TOTAL</b>		<b><u>6,664</u></b>		<b><u>40.63%</u></b>	<b><u>3,649</u></b>		<b><u>21.90%</u></b>

(1) Source: Connecticut Labor Department

(2) Source: Town of Newington, Comprehensive Annual Financial Report

TABLE 17

**TOWN OF NEWINGTON, CONNECTICUT**  
**FULL-TIME EQUIVALENT TOWN GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM**  
**LAST TEN FISCAL YEARS**

<b>Function/Program</b>	<b>FISCAL YEAR</b>									
	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>
General government	44	44	45	44	44	43	42	44	45	46
Police	64	63	63	63	63	64	64	64	64	61
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	26	26	26	26
Parks and recreation	19	19	19	19	19	19	19	19	21	21
Library	14	14	14	14	14	14	14	14	14	14
Education	<u>515</u>	<u>515</u>	<u>510</u>	<u>510</u>	<u>501</u>	<u>506</u>	<u>515</u>	<u>487</u>	<u>487</u>	<u>508</u>
Total	<u>684</u>	<u>683</u>	<u>679</u>	<u>678</u>	<u>669</u>	<u>674</u>	<u>682</u>	<u>656</u>	<u>659</u>	<u>678</u>

Source: Annual Town Budgets and Bond Official Statements

TABLE 18

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

Function/Program	FISCAL YEAR									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
General government:										
Building permits issued	1,836	2,255	2,157	2,029	1,874	1,669	1,502	1,697	1,806	2,008
Value of permits (000s)	27,956	30,203	30,259	27,027	38,066	23,418	22,056	26,596	44,294	58,294
Police:										
Larcenies	788	670	640	559	565	655	691	724	687	736
Calls for service	25,472	26,049	28,718	27,279	28,305	28,955	27,102	28,658	30,481	27,422
Traffic violations	6,061	5,355	8,205	6,860	6,524	8,277	7,532	8,848	9,211	6,613
Fire:										
Emergency responses	600	607	598	602	716	896	809	763	795	709
Residential responses	N/A	70	54	72	100	281	225	240	258	212
Inspections	689	758	549	559	572	606	743	780	908	766
Refuse collection:										
Refuse collected (annual tonnage)	8,213	8,290	9,092	9,190	9,018	8,273	8,275	9,231	10,600	10,840
Recyclables collected (annual tonnage)	2,775	2,845	2,810	2,819	2,838	2,810	2,905	2,182	2,200	2,100
Other public works:										
Street Reconstruction (linear feet)	320	1,050	1,067	985	502	1,070	1,921	280	582	2,600
Street Resurfacing (linear feet)	18,741	15,820	15,241	17,443	14,811	21,212	13,303	23,760	26,400	20,000
Library:										
Total volumes borrowed (000s)	329	350	375	378	381	405	409	421	412	410

Town of Newington Annual Reports and Capital Budgets

TABLE 19

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

	FISCAL YEAR									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
<u>Public Safety</u>										
Police stations	1	1	1	1	1	1	1	1	1	1
Fire stations	4	4	4	4	4	4	4	4	4	4
Police vehicles	41	41	44	41	37	41	42	42	38	37
Fire vehicles	20	20	20	21	21	20	21	21	20	20
<u>Public Works</u>										
Miles of town roads	100	100	100	100	100	100	100	100	100	100
Traffic signals	13	13	13	15	15	15	15	15	15	15
Public works vehicles and equipment	56	56	57	56	53	54	53	53	53	55
<u>Parks and Recreation</u>										
Acreage	370	370	370	370	370	370	370	370	370	370
Parks and greens	13	13	13	13	13	13	13	13	13	13
Athletic fields	7	7	7	7	7	7	7	7	7	7
Playgrounds	5	5	5	5	5	5	5	5	5	5
<u>Public Libraries</u>										
Libraries	1	1	1	1	1	1	1	1	1	1
<u>Senior Citizens</u>										
Community center	1	1	1	1	1	1	1	1	1	1
Senior mini-buses	5	5	5	5	4	4	4	4	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, 2017**

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
Town Council (members + Mayor)	9
Board of Education (members):	9
Board of Fire Commissioners:	3
Registrars of Voters:	2
Registered Voters (Active) as of 11/2015:	16,980
Republicans	3,059
Democrats	7,047
Minor Parties	235
Unaffiliated	6,639
PUBLIC SAFETY - POLICE	
# of Police Stations:	1
# of Police Districts:	5-9
# of Police Officers:	
Police Chief	1
Dispatchers	7
Police Officers	50
# of Vehicles:	45
PUBLIC SAFETY - FIRE PROTECTION	
# of Fire Companies:	4
# of Volunteer Firefighters:	105
# of Vehicles:	20
PUBLIC SAFETY - EMERGENCY MEDICAL SERVICES	
# of Volunteers (average):	48
# of Ambulances:	5
FULL-TIME EMPLOYEES (2015-16)	
Town General Government:	168.4
Board of Education (Full-Time Equivalents):	
Certified Teachers	362.0
Certified - Administration	21.0
Total Certified	383.0
Classified Personnel (clerical, custodial, transp.)	<u>132</u>
Total	515.0
	<u>515.0</u>
	683.4
TAX STRUCTURE 2015-16	
10/1/14 Net Grand List:	\$2,608,609,074
10/1/14 Net Supplemental List:	\$33,599,672
Mill Rate:	35.75
Assessment Ratio:	70%
Last Revaluation:	10/1/2011
EDUCATION	
Total Classroom Teachers	362.0
Public School Enrollment (Oct 2015):	4,050
Teacher/Pupil ratio:	11.2
2016-17 Appropriation per Pupil:	\$17,330
Elementary Schools (PK-4):	4
Students (Oct 2016)	1299
Middle Schools (5-8):	2
Students (Oct 2016)	1140
High School (9-12):	1
Students (Oct 2016)	1100
Special Education	
Students (Oct 2016)	511