

Town of Newington Connecticut



Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2018

Comprehensive Annual Financial Report

of the

**Town of Newington
Connecticut**

Fiscal Year Ended June 30, 2018

Prepared by:
Finance Department
Janet Murphy
Director of Finance

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Introductory Section

TOWN OF NEWINGTON, CONNECTICUT

PRINCIPAL OFFICIALS

Town Council

Roy C. Zartarian, Mayor

Carol Anest

Gail Budrejko

Beth DelBuono

Nicholas Arace

Tim Manke

Jim Marocchini

Chris Miner

Diana Serra

Board of Education

Joshua C. Shulman, Chairperson

Sharon Braverman

Emily Guion

Michael Branda

Danielle Drozd

Steven Silvia

Cindy Stamm

Robert Tofeldt, Sr.

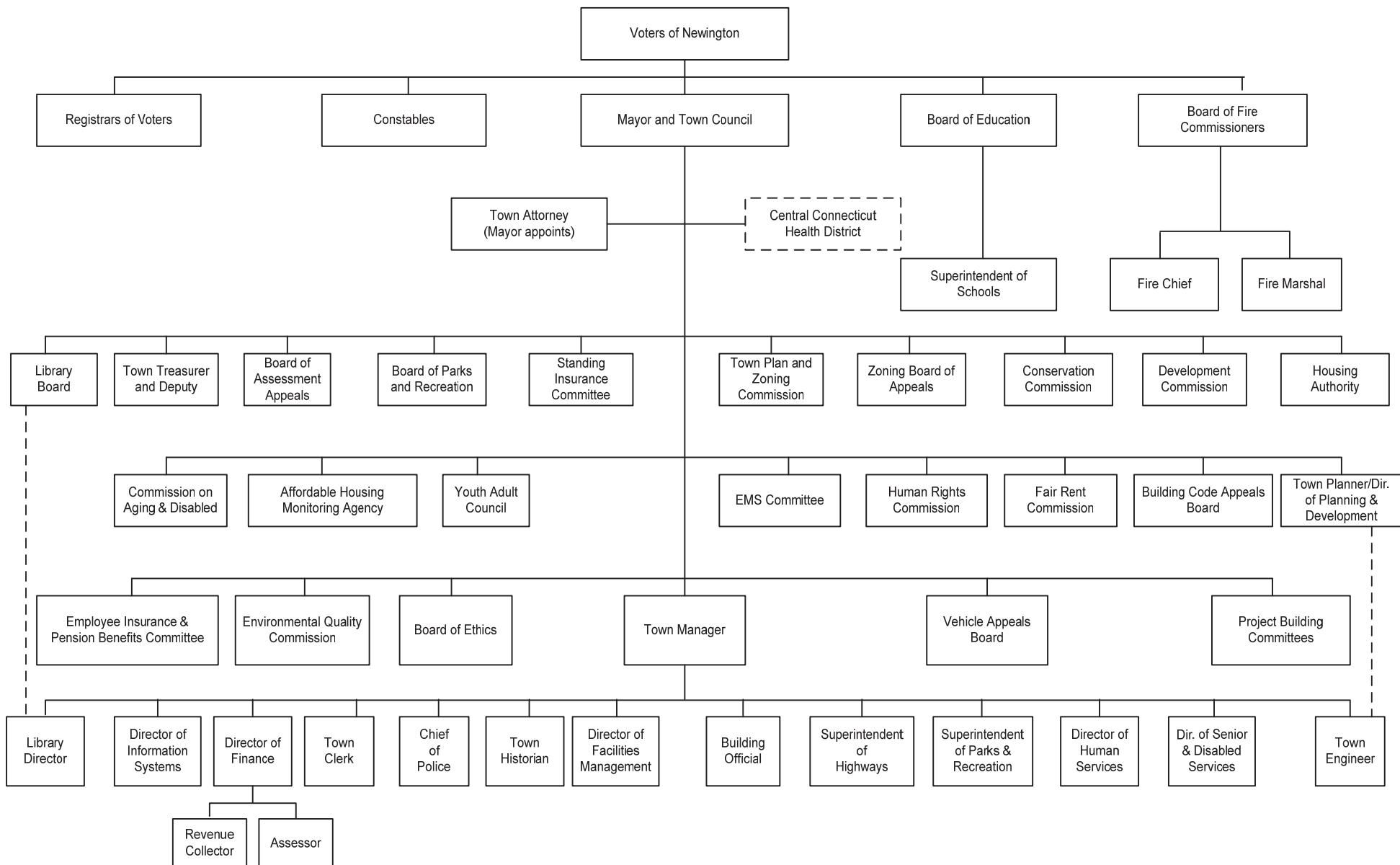
Paul Vessella

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 17, 2018

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, 2018.

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, 2018. 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, 2016 grand list decreased slightly compared to the prior year. The slight decrease was primarily attributed to the settlement of ten court cases filed as a result of the 2015 revaluation. Additionally, the personal property and motor vehicle components increased by 4.47% and 1.06%, respectively. The Town continues to maintain a balanced mix of retail, manufacturing and light industry and its top ten taxpayers represented about 10.28 % of the total assessed value on the October 1, 2016 grand list. The Town's tax collection rate as of June 30, 2018 was 99.05%, a slight decrease of .45% from the 2017 levels. Current year tax collections are similar to the same period of the previous year.

For fiscal year-end 2018, building permit activity generated \$21.50 million in construction value, down from the prior year. Commercial projects that generated building permit activity included Stop and Shop, Target Store, Hartford Health Care Rehabilitation Network, McDonalds, Chick-fil-A Inc., Party City, and Corsicana Bedding. Although Newington is limited in land for extensive housing development, residential building is still occurring at such developments as building lots in the Harvest Court and Shady Lane subdivisions. In total, building permits were issued for six 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 2018 average unemployment rate dropped to 3.9%, versus the Hartford Labor Market and the statewide average rates of 4.2%.
- Median Household Income has increased to \$80,315 which exceeds the statewide average by \$8,560. The per capita income of Newington's residents increased to \$38,255, while slightly below the statewide average of \$39,906 and only 4.3% 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 continued improved by 9.18 percent since 2014, 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 5.4 percent, second lowest in the greater Hartford area.

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:

- A November 2017 Referendum produced nearly seventy percent support for construction of a new Community Center and Town Hall. The Community Center will be unparalleled in the region, adding another asset that will help Newington remain attractive to people of all ages.
- CTfastrak, Connecticut's first Bus Rapid Transit (BRT) system with stops in Newington at Cedar Street and Newington Junction, has seen ridership approaching 500,000 passenger trips per month. The areas surrounding CTfastrak stations continue to draw developer interest.
- 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 has been completed. Seventeen trains in each direction per day now make it possible to travel conveniently by rail from central Connecticut to New York, Philadelphia, Washington DC and beyond. The Connecticut Department of Transportation unveiled its proposal to build a Harford Line Station in Newington on Cedar Street.
- Streetscape improvements to Constance Leigh Drive were completed, adding a boulevard type entryway to the Town Center, further strengthening the central business district.
- Nearly thirty new businesses with physical locations opened in town, including restaurants, personal services, medical offices, retail stores and professional services.
- New businesses also included the opening of Corsicana Mattress manufacturing facility in 212,000 square feet of leased space. Corsicana, the nation's largest private label mattress company, expects employment to grow to 150 as production ramps up to two shifts.
- To close the financing gap for The Villas at Cedar Mountain assisted living and independent living project, the developers were awarded a Tax Assessment Fixing Agreement that is expected to abate some \$6 million of property taxes over ten years while producing incremental tax revenue exceeding \$7 million during the same period. The 221 unit project will be funded with some \$60,000,000 of private investment.
- Following environmental cleanup of the largest undeveloped commercial parcel on the Berlin Turnpike, Eversource entered into a contract for sale to a developer that is planning to build 80,000 square feet of retail space plus 82 townhouse type residential units on the site.
- The \$4,500,000 rebuilding and widening of the Amtrak bridge on Cedar Street was completed, making more development possible on Cedar Street, including 550 Cedar Street, where a developer has submitted land use applications to construct a 108 unit workforce housing apartment complex.
- Vacant and underutilized properties throughout town were repurposed including buildings on the Berlin Turnpike, Fenn Road, Main Street, Cedar Street, and North Mountain Road.
- A new Goddard School was constructed and opened on Alumni Road.
- Chick-fil-A began construction on its new store on the Berlin Turnpike.
- A developer received land use board approval to construct a new O'Reilly Auto Parts on the Berlin Turnpike, while across the street, a new Batteries + Bulbs store opened.
- Sunpower, a NASDAQ listed solar energy company, opened a 14,000 square foot sales and service facility on Rockwell Road.

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 capital 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	\$4,465,000	1.00%	0.11%	\$146

Major Initiatives

An ordinance establishing the Recreation Non-Lapsing CIP Fund was adopted. The purpose of the fund is to allow the Recreation Fund to transfer surplus amount over \$1 million at the end of the fiscal year to a separate fund to cover future Recreation CIP expenses.

The Town Council approved the submission of the Community Connectivity Grant which make Garfield Street more bike and pedestrian friendly and to make the crosswalks between Mill Pond Park and Town Hall safer.

After it was found that we had incurred a diesel fuel spill at the Board of Education Bus Garage, remediation work was completed. Also we applied for a remediation grant from the State and were awarded a \$1.5 million dollar grant through the DEEP to help defray the cost of the cleanup.

Town Hall Building Project passed at referendum in November, 2017 and the planning and design phase of the project has started. The Town Council also approved the Board of Education applying to the State for a construction grant related to the building of the new Town Hall.

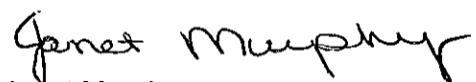
Capital improvements included the completion of several infrastructure projects such as pavement improvements to various roads, pool repairs at Mill Pond/Churchill Parks, play area improvements at Churchill Park, Deming Young Farmhouse upgrades, and replacement of the Library front entryway.

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, 2017 for the twenty-fifth 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, 2017

Christopher P. Morill

Executive Director/CEO

Financial Section

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, 2018, 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, 2018 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 13 to the financial statements, during the fiscal year ended June 30, 2018, the Town of Newington, Connecticut, adopted new accounting guidance, GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. The net position of the Town of Newington, Connecticut, has been restated to recognize the net other postemployment benefit liability in accordance with GASB No. 75. 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, the budgetary comparison information and the pension and OPEB schedules, as listed in the table of contents, 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.

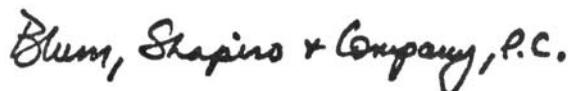
The combining and individual nonmajor fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing 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 statements of the Town of Newington, Connecticut, as of and for the year ended June 30, 2017 (not presented herein), and have issued our report thereon dated December 20, 2017, 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, 2017 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 2017 financial statements. The accompanying General Fund balance sheet has been subjected to the auditing procedures applied in the audit of the 2017 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, 2017.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 17, 2018 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.

A handwritten signature in black ink that reads "Blum, Shapiro & Company, P.C." The signature is cursive and fluid, with "Blum" and "Shapiro" on the first line and "& Company, P.C." on the second line.

West Hartford, Connecticut
December 17, 2018

TOWN OF NEWINGTON, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018

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, 2018. 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 \$345 thousand from \$60.0 million to \$60.4 million, an increase of .57% from prior year.
- Total cost of all of the Town's programs was \$135 million with no new programs added this year.
- During the year, the Town had expenses that were \$295 thousand more than the \$134.7 million generated in tax and other revenues for governmental programs.
- The resources available for appropriation were \$301 thousand more than budgeted for the General Fund. Expenditures were \$3.2 million less than appropriations.
- The General Fund reported a fund balance this year of \$21.5 million. On a budgetary basis, \$15.3 million represents the Town's fund balance; of this, \$1.1 million is assigned for 2018-19 budget.
- The tax collection rate was 99.0%, a slight decrease of .48% from 2017.
- The Town of Newington's outstanding bonded debt at June 30, 2018 was \$4.2 million, a decrease of \$1 million or 19.6%, from the prior year. Bonds were authorized at referendum in November for work on the Town Hall/Community Center in the amount of \$28.8 million.

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 \$60.0 million to \$60.4 million. The analysis below focuses on the net position (Table 1).

TABLE 1
NET POSITION
(In Thousands)

	Governmental Activities	
	2018	2017 (as restated)
Current and other assets	\$ 49,655	\$ 53,460
Capital assets, net of accumulated depreciation	92,703	93,103
Total assets	<u>142,358</u>	<u>146,563</u>
Deferred outflow of resources	<u>3,656</u>	<u>4,143</u>
Long-term debt outstanding	75,008	77,855
Other liabilities	<u>8,157</u>	<u>7,654</u>
Total liabilities	<u>83,165</u>	<u>85,509</u>
Deferred inflow of resources	<u>2,466</u>	<u>5,159</u>
Net Position:		
Net investment in capital assets	87,484	86,658
Restricted	671	689
Unrestricted	<u>(27,772)</u>	<u>(27,309)</u>
Total Net Position	<u>\$ 60,383</u>	<u>\$ 60,038</u>

Net position of the Town's governmental activities increased by \$345 thousand or .57% (\$60.0 million compared to \$60.4 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 \$(27.3) million at June 30, 2017 to \$(20.8) million at the end of this year. The largest portion of the Town's net position, \$87 million or 144.9%, 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 \$345 thousand. Approximately 71% of the revenues were derived from property taxes, followed by 24% from operating grants, the remaining 5% 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 2018 increased by \$2.3 million or 2.4% during the year. This reflects a tax rate of 36.59 mills, a decrease of .84 mills over the rate used in the previous fiscal year. The tax collection rate for the year was 99.05%, a slight decrease from the prior year of 99.5%. Most of the increase is to support the program expenses of the Town.

- Operating grants and contributions increased by \$2.4 million. This is attributable to payments made by State of Connecticut on-behalf of the Newington teachers' retirement, OPEB for teachers and other intergovernmental grants for Board of Education increased by \$1.3 million. The town also received a remediation grant in the amount of \$1.5 million.
- Capital grants and contributions decreased by \$467 thousand. This is attributable to a reduction in capital projects being completed for reimbursement from the State of Connecticut due to the remediation project that needed to be handled.
- The total cost of all programs and services was \$135 million.

TABLE 2
CHANGE IN NET POSITION
(In Thousands)

	Governmental Activities	
	2018	2017
Revenues:		
Program revenues:		
Charges for services	\$ 3,808	\$ 3,914
Operating grants and contributions	32,035	29,667
Capital grants and contributions	864	1,331
General revenues:		
Property taxes	96,189	93,918
Grants and contributions not restricted to specific purposes	1,302	3,427
Unrestricted investment earnings	485	139
Other general revenues	258	236
Total revenues	<u>134,941</u>	<u>132,632</u>
Program expenses:		
General government	8,099	8,890
Public safety	14,808	14,723
Public works	11,380	10,581
Community planning and development	1,041	1,033
Health and community services	1,962	2,084
Library	2,470	2,421
Parks and recreation	3,671	3,516
Education	90,949	87,205
Interest on long-term debt	216	170
Total program expenses	<u>134,596</u>	<u>130,623</u>
Increase in Net Position	345	2,009
Restatement		(17,114)
Net Position at Beginning of Year	<u>60,038</u>	<u>75,143</u>
Net Position at End of Year	\$ 60,383	\$ 60,038

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 \$2.2 million (\$97.9 million compared to \$95.7 million). The most noteworthy changes are as follows:

- The cost of General Government, Public Safety and other miscellaneous departments increased only \$229 thousand.
- Education also experienced an increase in the amount of expenses going from \$87.2 to \$90.9 million.

TABLE 3
Governmental Activities
(In Thousands)

	Total Cost of Services		Net Cost of Services	
	2018	2017	2018	2017
General government	\$ 8,099	\$ 8,890	\$ 6,723	\$ 7,981
Public safety	14,808	14,723	14,702	14,600
Public works	11,380	10,581	9,355	9,286
Education	90,949	87,205	60,005	56,907
Parks and recreation	3,671	3,516	2,355	2,076
All others	5,689	5,708	4,749	4,861
Totals	\$ 134,596	\$ 130,623	\$ 97,889	\$ 95,711

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 million. Approximately 44% of the fund balance amount or \$15.3 million constitutes unassigned fund balance that is available for unforeseen contingencies and to offset future budgets over the long term. The second largest portion, \$12.3 million or 35%, is committed to be used only for the specific purposes such as a capital or grant related projects. The balance of \$7.3 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 position both for the governmental as a whole as well as for its separate governmental activities.

As highlighted in Exhibit IV, the combined fund balance decreased by \$295 thousand (\$35.1 million compared to \$35.4 million) from last years' total. Included in this year's total change in fund balance is a decrease of \$381 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 revenue and other financing sources were less than the expenditures by \$381 thousand for the fiscal year thereby decreasing the fund's equity balance to \$7.8 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 an adjustment to the motor vehicle tax rate when they increased it mid-year to match the property tax rate. This resulted in a positive variance for both current year levy and supplemental motor vehicle totaling \$1.6 million. Originally the tax rate for motor vehicles was based on the mill rate cap proposed by the State of Connecticut. That amount was increased by the State during the fall along with the reduction in funding so the Town therefore increased its motor vehicle tax rate to match the property tax rate.
2. State of Connecticut funding was below estimated budgets by \$2.8 million. Included in this is Education Cost Sharing Grants (\$1.7) million, and Municipal Revenue Sharing (\$937) thousand,
3. General operating expenses were kept under budget by \$274 thousand as a result of personnel savings due to vacancies and a lower facility maintenance expenses. Included in the facility maintenance savings is \$76 thousand for fuel.
4. Public Works expenses came in under budget by \$242 thousand. The majority of this was a \$142 favorable variance in solid waste services.

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 decreased by \$1 thousand as grants and other revenue sources received this year were not expensed in total by year end. As of June 30, 2018, the fund balance decreased to \$67 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 slight decrease of only \$44 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 \$178 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 \$134 thousand.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2018, the Town had \$92.7 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 decrease (including additions and deductions) of \$400 thousand or .43%, over last year.

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

	Governmental Activities	
	2018	2017
Land	\$ 7,847	\$ 7,843
Intangible assets	2,770	2,770
Buildings and improvements	46,819	47,191
Equipment	12,573	12,904
Infrastructure	21,777	21,913
Construction in progress	917	482
 Total	 \$ 92,703	 \$ 93,103

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

Land - Addition in the amount of \$4 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 \$1,086 thousand were due to Deming Young Farmhouse upgrades, new front entry doors for the library, Newington high School air handler installation, Martin Kellogg School HVAC replacement, John Patterson School Roof Replacement and various Town Building improvements.

Land Improvements - Additions in the amount of \$721 were due to continued driveway improvements at the Highway garage, E Green Playground renovations, and installation of a new pickle ball court at Churchill Park, additional improvements to Constance Leigh/Lowrey Place Streets, and playground improvements at Churchill Park.

Furniture, Fixtures and Equipment - These were added in the amount of \$2,073. General Government increased by \$530 for a laptops, server memory and software licenses, audio recording system, pressure washer, energy fluke, drain cleaning machine and security camera system. Public Safety increased by \$430 for the purchase of two vehicles, two suit aggressors, three tasers, two cameras for Company 1, cap truck emergency response, and fire truck. Public Works increased by \$152 due to the purchase of a Ford pick-up truck and a freightliner dump truck. Senior & Disabled Center increased by \$25 for two televisions, under-counter ice machine, cabinets for arts/crafts, and a projection system. Library increased by \$5 for the three chairs and bookshelves. Parks and Recreation increased by \$37 for the purchase of a cut off machine, two aerators, Exmark zero turn mower, utility trailer, Exmark ultra mower, and a Toro Workman HDX. Board of Education increased by \$896 for school buses, interactive projectors for Newington High School career tech, musical instruments, four auto speed scrubber, two walk behind floor scrubber, man blocking sled, steamer for Martin Kellogg Middle School, recovery devise backup, computer switches, server rack for Newington High School, John Deere gator, Camry sedan, F-250 pickup, and F-350 supper box truck.

Infrastructure - Additions in the amount \$581 were due to drainage improvements at the landfill and Garfield Street, reconstruction/resurfacing of Eagle Drive and resurfacing/improvements on 11 other roads comprising 14,625 linear feet.

Construction in Progress - Additions in the amount of \$902 were due to costs for the Town Hall Renovation project.

Total Net Additions	\$ <u>3,748</u>
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The Town's fiscal-year 2018-19 budget calls for it to spend \$5.6 million for capital projects, of which \$0.9 million is financed from the State of Connecticut and the balance from local funds. It is primarily to finance 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, 2018, the Town had \$4.2 million in bonds outstanding versus \$5.2 million last year - a decrease of 19.6% - as shown in Table 5.

TABLE 5
OUTSTANDING DEBT
(In Thousands)

	Governmental Activities	
	2018	2017
General Obligation Bonds (backed by the Town)	\$ <u>4,195</u>	\$ <u>5,220</u>

- The decrease in the Town's indebtedness is due to principal payments during the year totaling \$1.04 million. The Town has bonds authorized but unissued in the amount of \$28.8 at June 30, 2018.
- 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 an accrued vacation pay and sick leave and capital leases for two fire trucks. 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 2017-18 budget through prudent, conservative fiscal management. This is evidenced from the fact that final actual expenditures are \$3.8 million under the final budget which more than offset the revenue side shortfall of \$2.3 million. The significant challenges in the development of the 2018-19 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 2018-2019 General Fund appropriations totaled \$118.7, an increase of 2.5% over the 2017 budget of \$115.8 million. This increase is one of the highest increases this century. The most significant factors driving the overall budget increase include MDC charges, medical insurance, pension contributions and wages.

On the revenue side, the 10/1/2017 taxable list increased by .53% from the 2016 Grand List. The net real estate grand list increased \$4.5 million or .20% which is attributable to several new real estate buildings being constructed including a children's daycare facility and 22 new condominiums. The personal property category increased by 5.15%. The 2017 motor vehicle component of the Grand List increased by 1% over the 2016 Grand List. Estimated State Aid and other revenue sources such as building permits and real estate conveyance fees, which comprises approximately 16% of total revenues, decreased approximately 12.8%.

On a budgetary basis, the June 30, 2018 unassigned General Fund balance, after the designation of \$1.1 million to assist in financing the 2018-19 appropriations, increased by \$954 thousand to a level of \$15.6 million or 13.1% of the fiscal year 2018-19 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 5.2% 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. We continue to hold steady with per capita income of Newington's residents being \$38.2 thousand, slightly below the statewide average of \$38.9 thousand, but its median family income of \$80.3 thousand exceeds the statewide average by \$8,560. The KeyPoint Report for 2018 continues rank the Town of Newington as number one for the lowest commercial real estate vacancies in the greater Hartford area. Building permit activity is higher in comparison to last year with the value of permits in October of 2018 equal to \$3.4 million compared to \$1.9 million a year ago. As of October 2018, the unemployment rate for Newington was 3.9%, down from 4.1%, in the prior year, and compares favorably to the State's unemployment rate of 4.2% 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, 2018
(In Thousands)

	Governmental Activities
Assets:	
Cash and cash equivalents	\$ 43,986
Investments	133
Receivables, net	4,874
Due from trust funds	590
Prepaid asset	25
Inventory	47
Capital assets not being depreciated	11,534
Capital assets being depreciated, net	81,169
Total assets	<u>142,358</u>
Deferred Outflows of Resources:	
Deferred charge on refunding	320
Deferred outflows related to pensions	2,609
Deferred outflows related to OPEB	727
Total deferred outflows	<u>3,656</u>
Liabilities:	
Accounts and other payables	7,457
Accrued interest payable	11
Unearned revenue	689
Noncurrent liabilities:	
Due within one year	1,986
Due in more than one year	73,022
Total liabilities	<u>83,165</u>
Deferred Inflows of Resources:	
Advance property tax collections	437
Deferred inflows related to pensions	1,991
Deferred inflows related to OPEB	38
Total deferred inflows	<u>2,466</u>
Net Position:	
Net investment in capital assets	87,484
Restricted for:	
Trust purposes:	
Expendable	634
Nonexpendable	37
Unrestricted	<u>(27,772)</u>
Total Net Position	\$ 60,383

The accompanying notes are an integral part of the financial statements

TOWN OF NEWINGTON, CONNECTICUT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018
(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	\$ 8,099	\$ 672	\$ 699	\$ 5	\$ (6,723)		
Public safety	14,808	72	34			(14,702)	
Public works	11,380	147	1,396	482		(9,355)	
Community planning and development	1,041	301		377		(363)	
Health and community services	1,962	54	162			(1,746)	
Library	2,470	26	20			(2,424)	
Parks and recreation	3,671	1,282	34			(2,355)	
Education	90,949	1,254	29,690			(60,005)	
Interest on long-term debt	216					(216)	
Total	\$ 134,596	\$ 3,808	\$ 32,035	\$ 864		(97,889)	
General revenues:							
Property taxes						96,189	
Grants and contributions not restricted to specific programs						1,302	
Unrestricted investment earnings						485	
Miscellaneous						258	
Total general revenues						98,234	
Change in net position						345	
Net Position at Beginning of Year, as Restated						60,038	
Net Position at End of Year						\$ 60,383	

The accompanying notes are an integral part of the financial statements

TOWN OF NEWINGTON, CONNECTICUT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2018
(In Thousands)

	<u>General</u>	<u>Capital Projects</u>	<u>Small Cities</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and cash equivalents	\$ 26,282	\$ 7,277	\$ 67	\$ 6,265	\$ 39,891
Investments				133	133
Receivables, net	1,616	1,475	801	279	4,171
Due from other funds	826				826
Prepays				25	25
Inventories				47	47
Total Assets	\$ 28,724	\$ 8,752	\$ 868	\$ 6,749	\$ 45,093
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts and other payables	\$ 5,572	\$ 909	\$ 209	\$ 209	\$ 6,690
Due to other funds			236	236	236
Unearned revenue	18		671	671	689
Total liabilities	\$ 5,590	\$ 909	\$ -	\$ 1,116	\$ 7,615
Deferred inflows of resources:					
Unavailable revenue - property taxes	1,152				1,152
Unavailable revenue - loans receivable		801			801
Advance property tax collections	437				437
Total deferred inflows of resources	\$ 1,589	\$ -	\$ 801	\$ -	\$ 2,390
Fund balances:					
Nonspendable				72	72
Restricted			67	1,305	1,372
Committed	297	7,843		4,256	12,396
Assigned	5,970				5,970
Unassigned	15,278				15,278
Total fund balances	\$ 21,545	\$ 7,843	\$ 67	\$ 5,633	\$ 35,088
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 28,724	\$ 8,752	\$ 868	\$ 6,749	\$ 45,093

(Continued on next page)

TOWN OF NEWINGTON, CONNECTICUT
BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2018
(In Thousands)

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

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

Fund balances - total governmental funds	\$ 35,088
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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	\$ 184,125
Less accumulated depreciation	<u>(91,422)</u>
Net capital assets	92,703

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	1,152
Interest receivable on property taxes	678
Deferred outflows related to pensions	2,609
Deferred outflows related to OPEB	727

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.

	3,353
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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	(4,195)
Deferred amount in refunding	320
Deferred charge on premium	(270)
Interest payable on bonds	(11)
Net OPEB liability	(18,121)
Deferred inflows related to OPEB	(38)
Compensated absences	(2,435)
Capital lease	(1,074)
Deferred inflows related to pensions	(1,991)
Net pension liability	<u>(48,913)</u>
Net Position of Governmental Activities (Exhibit I)	<u>\$ 60,383</u>

The accompanying notes are an integral part of the financial statements

TOWN OF NEWINGTON, CONNECTICUT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2018
(In Thousands)

	General	Capital Projects	Small Cities	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:					
Property taxes	\$ 95,968	\$	\$	\$	\$ 95,968
Payment in lieu of taxes	968				968
Licenses, fees and permits	289			17	306
Intergovernmental	27,920	1,536		3,690	33,146
Contributions				93	93
Rental	107	99			206
Income on investments	378	15		61	454
Fines	29				29
Charges for services	627	296		2,212	3,135
Other	200			199	399
Total revenues	126,486	1,946	-	6,272	134,704
Expenditures:					
Current:					
General government	4,709			183	4,892
Public safety	8,345			75	8,420
Public works	4,732			412	5,144
Community planning and development	551		1		552
Health and human services	1,163			229	1,392
Library	1,726			34	1,760
Parks and recreation	1,614			1,033	2,647
Education	84,487			3,273	87,760
Miscellaneous	14,791				14,791
Capital outlay		5,293		900	6,193
Debt service	1,151	297			1,448
Total expenditures	123,269	5,590	1	6,139	134,999
Excess (Deficiency) of Revenues over Expenditures	3,217	(3,644)	(1)	133	(295)
Other Financing Sources (Uses):					
Transfers in	124	3,263		101	3,488
Transfers out	(3,040)	-		(448)	(3,488)
Total other financing sources (uses)	(2,916)	3,263	-	(347)	-
Net Change in Fund Balances	301	(381)	(1)	(214)	(295)
Fund Balances at Beginning of Year	21,244	8,224	68	5,847	35,383
Fund Balances at End of Year	\$ 21,545	\$ 7,843	\$ 67	\$ 5,633	\$ 35,088

(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, 2018

(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)	\$ (295)
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Governmental funds report capital outlays as expenditures. In the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:

Capital outlay	4,900
Depreciation expense	(5,170)

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. (130)

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	18
Property tax receivable - accrual basis change	203
Deferred outflows related to pensions	(1,173)
Deferred outflows related to OPEB	727

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:

Bond principal payments	1,025
Lease payments	206

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	118
Accrued interest	5
Deferred outflows related to OPEB	(38)
Change in net OPEB liability	(1,123)
Amortization of premium	36
Amortization of deferred charge on refunding	(41)
Deferred outflows related to pensions	(1,464)
Change in net pension liability	2,585

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.

(44)

Change in Net Position of Governmental Activities (Exhibit II)

\$ 345

The accompanying notes are an integral part of the financial statements

TOWN OF NEWINGTON, CONNECTICUT
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
JUNE 30, 2018
(In Thousands)

	<u>Governmental</u>	<u>Activities</u>
	<u>Internal</u>	<u>Service Funds</u>
Assets:		
Cash and cash equivalents	\$ 4,095	
Accounts receivable	<u>25</u>	
 Total assets	 4,120	
Liabilities:		
Accounts and other payables	<u>767</u>	
 Net Position:		
Unrestricted	<u><u>\$ 3,353</u></u>	

The accompanying notes are an integral part of the financial statements

TOWN OF NEWINGTON, CONNECTICUT
STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN FUND NET POSITION - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2018
(In Thousands)

	Governmental Activities	Internal Service Funds
Operating Revenues:		
Charges for services	\$ 10,516	
Miscellaneous	260	
Total operating revenues	<u>10,776</u>	
Operating Expenses:		
Benefit payments	9,772	
Administration	432	
Insurance	520	
Casualty loss	126	
Total operating expenses	<u>10,850</u>	
Operating Loss	(74)	
Nonoperating Revenue:		
Interest on investments	<u>30</u>	
Change in Net Position	(44)	
Net Position at Beginning of Year	<u>3,397</u>	
Net Position at End of Year	<u>\$ 3,353</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, 2018
(In Thousands)

	Governmental Activities	Internal Service Funds
Cash Flows from Operating Activities:		
Cash received from charges for services and other	\$ 10,752	
Cash paid to vendors	<u>(10,839)</u>	
Net cash provided by (used in) operating activities	(87)	
Cash Flows from Investing Activities:		
Interest on investments	<u>30</u>	
Net Increase (Decrease) in Cash and Cash Equivalents	(57)	
Cash and Cash Equivalents at Beginning of Year	<u>4,152</u>	
Cash and Cash Equivalents at End of Year	<u>\$ 4,095</u>	
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:		
Operating income (loss)	\$ (74)	
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:		
(Increase) decrease in accounts and other receivables	(25)	
Increase (decrease) in accounts and other payables	<u>12</u>	
Net Cash Provided by (Used in) Operating Activities	<u>\$ (87)</u>	

The accompanying notes are an integral part of the financial statements

TOWN OF NEWINGTON, CONNECTICUT
STATEMENT OF NET POSITION - FIDUCIARY FUNDS
JUNE 30, 2018
(In Thousands)

	Pension and Other Post Employment Benefit Trust Funds	Agency Funds
Assets:		
Cash and cash equivalents	\$ 1,969	\$ 548
Investments:		
Corporate bonds	6,718	
U.S. government securities	7,589	
Common stocks	30,049	
Mutual funds	<u>39,533</u>	
Total Assets	<u>85,858</u>	<u>\$ 548</u>
Liabilities:		
Accounts payable	18	\$ 548
Due to other funds	<u>590</u>	
Total Liabilities	<u>608</u>	<u>\$ 548</u>
Net Position:		
Restricted for Pension/OPEB Benefits	<u>\$ 85,250</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, 2018
(In Thousands)

	Pension and Other Employee Benefit Trust Funds
Additions:	
Contributions:	
Employer	\$ 7,835
Plan members	876
Total contributions	<u>8,711</u>
Investment income:	
Net change in fair value of investments	4,514
Interest and dividends	2,349
Total investment income	<u>6,863</u>
Less investment expense	351
Net investment income	<u>6,512</u>
Total additions	<u>15,223</u>
Deductions:	
Benefits	9,069
Administration	224
Total deductions	<u>9,293</u>
Change in Net Position	5,930
Net Position at Beginning of Year	<u>79,320</u>
Net Position at End of Year	<u>\$ 85,250</u>

The accompanying notes are an integral part of the financial statements

TOWN OF NEWINGTON, CONNECTICUT**NOTES TO FINANCIAL STATEMENTS****JUNE 30, 2018****(In Thousands)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

B. Government-Wide and Fund Financial Statements

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

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

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

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements, with the exception of agency funds, which technically have no measurement focus, but use the accrual basis of accounting for purposes of asset and liability recognition. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

TOWN OF NEWINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018
(In Thousands)

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, 2018
(In Thousands)

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 6.4% of outstanding property taxes at June 30, 2018.

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, 2018
(In Thousands)

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, donate 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:

Assets	Years
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 and OPEB 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 and OPEB results from differences between expected and actual experience and investment gains or losses. These amounts are deferred and included in pension and OPEB 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 and OPEB 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, 2018
(In Thousands)

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 and OPEB in the government-wide statement of net position. A deferred inflow of resources related to pension and OPEB results from differences between expected and actual experience, changes in assumptions or other inputs. These amounts are deferred and included in pension and OPEB 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 and OPEB 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 Liability

The net OPEB liability is measured as the portion of the present value of projected benefit payments to be provided to current active and inactive employees that is attributed to those employees' past periods of service (total OPEB liability), less the amount of the OPEB plan's fiduciary net position. The OPEB plan's fiduciary net position is determined using the same valuation methods that are used by the OPEB plan for purposes of preparing its statement of fiduciary net position. The net OPEB 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.

TOWN OF NEWINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018
(In Thousands)

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, 2018
(In Thousands)

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 2017-18.

TOWN OF NEWINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018
(In Thousands)

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.

TOWN OF NEWINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018
(In Thousands)

Based on the criteria described in GASB Statement No. 40, *Deposits and Investment Risk Disclosures*, \$36,650 of the Town's bank balance of \$37,959 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 32,885
Uninsured and collateral held by the pledging bank's trust department, not in the Town's name	<u>3,765</u>
Total Amount Subject to Custodial Credit Risk	\$ <u>36,650</u>

Cash Equivalents

At June 30, 2018, the Town's cash equivalents amounted to \$10,942. 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.

	Standard & Poor's
State Short-Term Investment Fund (STIF) Broadridge Matrix*	AAAm

*Not rated

Investments

Investments as of June 30, 2018 in all funds consisted of \$84,022 as follows:

Investments:	
Special Revenue Fund:	
Mutual Funds	\$ <u>133</u>
Pension and OPEB Trust Funds:	
Corporate Bonds	6,718
U.S. Government Securities	7,589
Common Stocks	30,049
Mutual Funds	<u>39,533</u>
Total Pension Trust Funds	<u>83,889</u>
Total Investments	\$ <u>84,022</u>

TOWN OF NEWINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018
(In Thousands)

Investment Type	Fair Value	Investment Maturities (Years)		
		Less Than 1	1 - 10	More than 10
Interest-bearing investments:				
U.S. government securities	\$ 7,569	\$ 27	\$ 2,765	\$ 4,777
Corporate bonds	6,738		4,800	1,938
Total	14,307	\$ 27	\$ 7,565	\$ 6,715
Other investments:				
Common stocks	30,049			
Mutual funds	39,666			
Total Investments	\$ 84,022			

Credit Risk

Generally, credit risk is the risk that an issuer of a debt-type investment will not fulfill its obligation to the holder of the investment. This is measured by assignment of a rating by a nationally recognized rating organization. U.S. government securities or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk exposure. Presented below is the rating of investments for each debt type investment.

Average Rating	U.S.		
	Corporate Bonds	Government Securities	
Aaa	\$ 1,752	\$ 7,569	
Aa2	115		
Aa3	71		
A1	78		
A2	230		
A3	969		
Baa1	553		
Baa2	313		
Baa3	1,040		
Ba1	609		
Ba2	343		
Ba3	8		
B1	24		
B2	80		
B3	331		
Unrated	222		
	\$ 6,738	\$ 7,569	

TOWN OF NEWINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018
(In Thousands)

Interest Rate Risk

The Town limits its maximum final stated maturities to 15 years, unless specific authority is given to exceed. To the extent possible, the Town will attempt to match its investments with anticipated cash flow requirements.

Credit Risk - Investments

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

Concentration of Credit Risk

The Town's investments are maintained in open-end mutual funds and are therefore not subject to concentration of credit risk market conditions.

Custodial Credit Risk

Custodial credit risk for an investment is the risk that, in the event of the failure of the counterparty (the institution that pledges collateral or repurchase agreement securities to the Town or that sells investments to or buys them for the Town), the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Town does not have a policy for custodial credit risk. At June 30, 2018, 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, 2018:

	Fair Value	Level 1	Level 2	Level 3
Investments by fair value level:				
U.S. Government securities	\$ 7,569	\$ 7,569	\$ 7,569	\$ 7,569
Corporate bonds	6,738		6,738	
Common stock	30,049	30,049		
Mutual funds	39,666	39,666		
Total Investments by Fair Value Level	\$ 84,022	\$ 69,715	\$ 14,307	\$ -

Mutual funds and common stock classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. U.S. Government securities and corporate bonds classified as Level 2 of the fair value hierarchy are valued using matrix pricing techniques. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

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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>Capital Projects</u>	<u>Small Cities</u>	<u>Nonmajor and Other Funds</u>	<u>Total</u>
Receivables:					
Taxes	\$ 1,468	\$	\$	\$	\$ 1,468
Accounts	125	1,475		35	1,635
Housing loans			801		801
Intergovernmental	117			269	386
Gross receivables	<u>1,710</u>	<u>1,475</u>	<u>801</u>	<u>304</u>	<u>4,290</u>
Less allowance for uncollectibles	<u>94</u>				<u>94</u>
Net Total Receivables	<u>\$ 1,616</u>	<u>\$ 1,475</u>	<u>\$ 801</u>	<u>\$ 304</u>	<u>\$ 4,196</u>

The above table does not include accrued interest on property taxes of \$678.

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5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2018 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases and Adjustments</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 7,843	\$ 4	\$ (467)	\$ 7,847
Construction in progress	482	902	(467)	917
Intangible assets	2,770			2,770
Total capital assets not being depreciated	<u>11,095</u>	<u>906</u>	<u>(467)</u>	<u>11,534</u>
Capital assets being depreciated:				
Buildings	75,587	1,086	(162)	76,511
Improvements other than buildings	9,820	721		10,541
Furniture, fixtures and equipment	33,264	2,073	(990)	34,347
Infrastructure	50,611	581		51,192
Total capital assets being depreciated	<u>169,282</u>	<u>4,461</u>	<u>(1,152)</u>	<u>172,591</u>
Less accumulated depreciation for:				
Buildings	(33,901)	(1,665)	136	(35,430)
Improvements other than buildings	(4,315)	(488)		(4,803)
Furniture, fixtures and equipment	(20,360)	(2,300)	886	(21,774)
Infrastructure	(28,698)	(717)		(29,415)
Total accumulated depreciation	<u>(87,274)</u>	<u>(5,170)</u>	<u>1,022</u>	<u>(91,422)</u>
Total capital assets being depreciated, net	<u>82,008</u>	<u>(709)</u>	<u>(130)</u>	<u>81,169</u>
Governmental Activities Capital Assets, Net	\$ <u>93,103</u>	\$ <u>197</u>	\$ <u>(597)</u>	\$ <u>92,703</u>

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
General Government	\$ 390
Public Safety	1,030
Public Works	999
Community Planning & Development	253
Community Services	93
Library	94
Parks & Recreation	302
Board of Education	<u>2,009</u>
Total Depreciation Expense	\$ <u>5,170</u>

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Construction Projects

The Town has 31 active construction projects as of June 30, 2018. The projects include various school and Town improvements project authorizations. At year end, the Town's appropriation balances are as follows:

Project	Cumulative Authorizations	Spent-to-Date	Remaining Commitment
Town Hall/Community Center Project	\$ 28,818	\$ 1,441	\$ 27,377
Town Hall Improvements	4,204	3,292	912
Computer System Replacement	4,734	4,348	386
Public Safety Equipment Reserve	3,944	3,799	145
Public Works Equipment Reserve	3,843	3,775	68
Road Reconstruction	3,428	3,004	424
OCR Compliance	2,781	2,470	311
Newington High School Career Tech Renovations	2,420	2,197	223
Lease Proceeds	1,419	1,417	2
Park, Pool & Playground Improvements	1,335	1,328	7
Parks & Grounds Equipment Reserve	1,312	1,129	183
John Wallace Middle School S.T.E.M. Academy	1,198	1,153	45
Drainage Improvement	1,149	889	260
Tax Revaluation Reserve	1,045	1,007	38
Other various projects	22,063	19,033	3,030
Total	\$ 83,693	\$ 50,282	\$ 33,411

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, 2018 is presented below:

Receivable Fund	Payable Fund	Amount
General Fund	Nonmajor Governmental Funds	\$ 236
General Fund	Fiduciary Trust Funds	590
Total		\$ 826

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

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Interfund transfers:

	Transfer In				Total Transfers Out
	General	Capital Projects	Nonmajor Governmental		
Transfers out:					
General Fund	\$ 124	\$ 2,939	\$ 101	\$ 3,040	
Nonmajor Governmental		324			448
Total Transfers In	\$ 124	\$ 3,263	\$ 101	\$ 3,488	

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, 2018 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Bonds payable:					
General obligation bonds	\$ 5,220	\$ 1,025	\$ 1,025	\$ 4,195	\$ 695
Premiums	306		36	270	36
Total bonds payable	5,526		1,061	4,465	731
Compensated absences	2,553	931	1,049	2,435	1,049
Net OPEB Liability	16,998 *	1,123		18,121	
Net pension liability	51,498		2,585	48,913	
Capital leases	1,280		206	1,074	206
Total Governmental Activity	\$ 77,855	\$ 2,054	\$ 4,901	\$ 75,008	\$ 1,986
Long-Term Liabilities					

The beginning New OPEB Liability has been restated. See Note 13 for details.

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, 2018 is presented below:

Description	Date of Issue	Amount of Interest Rate (%)	Balance Original Issue	Outstanding June 30, 2018
General purpose bonds:				
Police station	02/13	1-4.0%	\$ 4,818	\$ 2,966
School:				
School improvements	02/13	1-4.0%	4,992	<u>1,229</u>
Total				\$ <u>4,195</u>

The following is a schedule of bond maturities as of June 30, 2018:

Fiscal Year Ending June 30	Principal	Interest	Total
2019	\$ 695	\$ 91	\$ 786
2020	690	70	760
2021	675	56	731
2022	665	43	708
2023	650	30	680
2024-2026	<u>820</u>	<u>20</u>	<u>840</u>
Total	\$ <u>4,195</u>	\$ <u>310</u>	\$ <u>4,505</u>

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

Category	Debt Limit	Net Indebtedness	Balance
General purpose	\$ 210,229	\$ 3,851	\$ 206,378
Schools	420,458	1,688	418,770
Sewers	350,381	89,125	261,256
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 \$89,125 or 9.16% 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:

	Governmental Activities
Equipment	\$ 1,415
Less accumulated depreciation	<u>118</u>
 Total	 <u>\$ 1,297</u>

The future minimum lease obligation and the net present value of the minimum lease payments as of June 30, 2018 were as follows:

Year Ending June 30,	Governmental Activities
2019	\$ 297
2020	297
2021	297
2022	<u>224</u>
	1,115
Less amount for interest	<u>41</u>
 Minimum lease payments	 <u>\$ 1,074</u>

TOWN OF NEWINGTON, CONNECTICUT
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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 \$752 reported in the Health Benefits Internal Service Fund at June 30, 2018 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:

	Liability July 1,	Current Year		Claim Payments	Liability June 30,
		Claims and Changes in Estimates			
2016-2017	\$ 721	\$ 10,070		\$ 10,045	\$ 746
2017-2018	746	9,771		9,765	752

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9. FUND BALANCE

The components of fund balance for the governmental funds at June 30, 2018 are as follows:

	General Fund	Capital Projects Fund	Small Cities	Nonmajor Governmental Funds	Total
Fund balances:					
Nonspendable:					
Inventory	\$	\$	\$	\$	\$
Prepays				47	47
Total nonspendable	<u>-</u>	<u>-</u>	<u>-</u>	<u>25</u>	<u>25</u>
Restricted for:					
Grants			67	1,268	1,335
Permanent funds				<u>37</u>	<u>37</u>
Total restricted	<u>-</u>	<u>-</u>	<u>67</u>	<u>1,305</u>	<u>1,372</u>
Committed to:					
Education non-lapsing	297				297
Public buildings		1,290			1,290
Capital and nonrecurring projects		4,312			4,312
Public schools		1,869			1,869
Land acquisition		48			48
Parks and recreation		324			324
Education			785		785
Cemetery maintenance			1,519		1,519
Public safety activities			25		25
Recreation programs			977		977
Employee leave liability			568		568
Volunteer ambulance			224		224
Volunteer firefighters			128		128
General government			30		30
Total committed	<u>297</u>	<u>7,843</u>	<u>-</u>	<u>4,256</u>	<u>12,396</u>
Assigned to:					
Subsequent year's budget	1,100				1,100
General government - encumbrances	8				8
Public safety - encumbrances	102				102
Public works - encumbrances	5				5
Parks and recreation - encumbrances	11				11
Library - encumbrances	4				4
Education - encumbrances	<u>4,740</u>				<u>4,740</u>
Total assigned	<u>5,970</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,970</u>
Unassigned	<u>15,278</u>				<u>15,278</u>
Total Fund Balances	<u>\$ 21,545</u>	<u>\$ 7,843</u>	<u>\$ 67</u>	<u>\$ 5,633</u>	<u>\$ 35,088</u>

Major encumbrances are reported in the assigned fund balance of the General Fund of \$4,870, committed fund balance for the Capital Projects Fund of \$957, and committed fund balance of Nonmajor Governmental Funds of \$18.

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10. OTHER POST EMPLOYMENT BENEFITS

Other Post-Employment Benefits Trust

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, 2017, plan membership consisted of the following:

Active employees	578
Retired employees	<u>128</u>
Total	<u><u>706</u></u>

B. Funding Policy and Benefits Provided

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 actuarially determined contribution 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.

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- 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.
- Per state statute, any Teacher and School Certified Administrator hired prior to March 1986 that does not qualify for Medicare is eligible for retiree health coverage for life, 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, 2018, 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

The Town's net OPEB liability was measured as of June 30, 2018. The components of the net OPEB liability of the Town at June 30, 2018, were as follows:

Total OPEB liability	\$ 24,962
Plan fiduciary net position	<u>6,841</u>
Net OPEB Liability	\$ <u>18,121</u>
Plan fiduciary net position as a percentage of the total OPEB liability	27.41%

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Actuarial Assumptions

The total OPEB liability at June 30, 2018 was determined by an actuarial valuation as of July 1, 2016, 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	7.13%
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, 2018 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	1.1	
U.S. Small Caps	5.0	5.8	
U.S. Large Growth	14.5	5.3	
U.S. Large Value	14.5	4.5	
U.S. MidCap Growth	5.0	6.0	
Foreign Developed Equity	13.0	5.8	
Emerging Markets Equity	2.0	8.1	
Hedge Funds - Macro	12.0	3.1	
Total	<u>100.0</u> %		

E. Discount Rate

The discount rate used to measure the total OPEB liability was 7.13%. 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.

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F. Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a)-(b)
Balances as of July 1, 2017	\$ 23,373	\$ 6,375	\$ 16,998
Changes for the year:			
Service cost	734		734
Interest on total OPEB liability	1,717		1,717
Economic/demographic gains or losses	738		738
Changes in assumptions	88		88
Employer contributions		1,771	(1,771)
Net investment income (loss)		516	(516)
Benefit payments	(1,688)	(1,688)	-
Administrative expenses		(133)	133
Net changes	<u>1,589</u>	<u>466</u>	<u>1,123</u>
Balances as of June 30, 2018	<u>\$ 24,962</u>	<u>\$ 6,841</u>	<u>\$ 18,121</u>

G. 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 (6.13%) or 1 percentage point higher (8.13%) than the current discount rate:

	1% Decrease 6.13%	Current Discount Rate 7.13%	1% Increase 8.13%
Net OPEB liability	<u>\$ 20,537</u>	<u>\$ 18,121</u>	<u>\$ 15,997</u>

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H. 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:

	1% Decrease 4.7% decreasing to 3.7%	Healthcare cost Trend Rates 5.7% decreasing to 4.7%	6.7% decreasing to 5.7%
Net OPEB liability	\$ <u>15,451</u>	\$ <u>18,121</u>	\$ <u>21,260</u>

I. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2018, the Town recognized OPEB expense of \$2,205. At June 30, 2018, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows Of Resources	Deferred Inflows Of Resources
Differences between expected and actual experience	\$ 650	\$ 650
Changes of assumptions	77	77
Net difference between projected and actual earning on OPEB plan investments		38
Total	\$ 727	\$ 38

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

Year Ending June 30

2019	\$ 90
2020	90
2021	90
2022	90
2023	100
Thereafter	229

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The following schedule presents the net position held in trust for OPEB benefits at June 30, 2018 and the changes in net position for the year ended June 30, 2018:

STATEMENT OF NET POSITION

Assets:

Cash and cash equivalents	\$	
Investments		<u>7,448</u>
Total assets		<u>7,448</u>

Liabilities:

Accounts payable	18
Due to other funds	<u>590</u>
Total liabilities	<u>608</u>

Net Position:

Restricted for OPEB Benefits	\$	<u>6,840</u>
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STATEMENT OF CHANGES IN NET POSITION

Additions:

Contributions:

Employer	\$	<u>1,771</u>
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Investment income:

Net appreciation in fair value of investments	175
Interest and dividends	<u>370</u>
Total investment income	<u>545</u>

Less investment expense	30
Net investment income	<u>515</u>

Total additions	<u>2,286</u>
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Deductions:

Benefits	1,688
Administration	<u>133</u>

Total deductions	<u>1,821</u>
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Change in Net Position	465
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Net Position - Beginning of Year	<u>6,375</u>
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Net Position - End of Year	\$ <u>6,840</u>
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Teachers Retirement Plan

A. Plan Description

Teachers, principals, superintendents or supervisors engaged in service of public schools plus professional employees at State Schools of higher education are eligible to participate in the Connecticut State Teachers' Retirement System Retiree Health Insurance Plan (TRS-RHIP), a cost sharing multiple-employer defined benefit other post employment benefit plan administered by the Teachers' Retirement Board (TRB), if they choose to be covered.

Chapter 167a of the State Statutes grants authority to establish and amend the benefit terms to the TRB. TRS-RHIP issues a publicly available financial report that can be obtained at www.ct.gov/trb.

B. Benefit Provisions

There are two types of the health care benefits offered through the system. Subsidized Local School District Coverage provides a subsidy paid to members still receiving coverage through their former employer and the CTRB Sponsored Medicare Supplemental Plans provide coverage for those participating in Medicare but not receiving Subsidized Local School District Coverage.

Any member who is not currently participating in Medicare Parts A & B is eligible to continue health care coverage with their former employer. A subsidy of up to \$110 per month for a retired member plus an additional \$110 per month for a spouse enrolled in a local school district plan is provided to the school district to first offset the retiree's share of the cost of coverage, and any remaining portion is used to offset the district's cost. The subsidy amount is set by statute and has not increased since July 1996. A subsidy amount of \$220 per month may be paid for a retired member, spouse or the surviving spouse of a member who has attained the normal retirement age to participate in Medicare, is not eligible for Part A of Medicare without cost, and contributes at least \$220 per month towards coverage under a local school district plan.

Any member who is currently participating in Medicare Parts A & B is eligible to either continue health care coverage with their former employer, if offered, or enroll in the plan sponsored by the System. If they elect to remain in the plan with their former employer, the same subsidies as above will be paid to offset the cost of coverage.

If a member participating in Medicare Parts A & B so elects, they may enroll in one of the CTRB Sponsored Medicare Supplemental Plans. Active members, retirees and the State pay equally toward the cost of the basic coverage (medical and prescription drug benefits). There are three choices for coverage under the CTRB Sponsored Medicare Supplemental Plans. The choices and 2017 calendar year premiums charged for each choice are shown in the table below:

Medicare Supplement with Prescriptions	\$ 92
Medicare Supplement with Prescriptions and Dental	136
Medicare Supplement with Prescriptions, Dental, Vision & Hearing	141

Those participants electing vision, hearing and/or dental are required by the System's funding policy to pay the full cost of coverage for these benefits, and no liability is assumed by the plan for these benefits.

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Survivor Health Care Coverage

Survivors of former employees or retirees remain eligible to participate in the plan and continue to be eligible to receive either the \$110 monthly subsidy or participate in the TRB-Sponsored Medicare Supplemental Plans, as long as they do not remarry.

C. Eligibility

Any member who is currently receiving a retirement or disability benefit is eligible to participate in the plan.

Credited Service

One month for each month of service as a teacher in Connecticut public schools, maximum 10 months for each school year. Ten months of credited service constitutes one year of Credited Service. Certain other types of teaching services, State employment, or wartime military service may be purchased prior to retirement if the member pays one-half the cost.

Normal Retirement

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.

Early Retirement

Age 55 with 20 years of Credited Service including 15 years of Connecticut service, or 25 years of Credited Service including 20 years of Connecticut service.

Proratable Retirement

Age 60 with 10 years of credited service

Disability Retirement

No service requirement if incurred in the performance of duty, and 5 years of Credited Service in Connecticut if not incurred in the performance of duty.

Termination of Employment

Ten or more years of Credited Service.

D. Contributions

State of Connecticut

Per Connecticut General Statutes Section 10-183z, 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. The State contributions are not currently actuarially funded. The State appropriates from the General Fund one third of the annual costs of the Plan. Administrative costs of the Plan are financed by the State. Based upon Chapter 167a, Subsection D of Section 10-183t of the Connecticut statutes, it is assumed the State will pay for any long-term shortfall arising from insufficient active member contributions.

Employer (School Districts)

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

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Employees

Each member is required to contribute 1.25% of their annual salary up to \$500,000. Contributions in excess of \$500,000 will be credited to the Retiree Health Insurance Plan.

E. OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2018, the Town reports no amounts for its proportionate share of the net OPEB 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 OPEB liability, the related State support and the total portion of the net OPEB liability that was associated with the Town was as follows:

Town's proportionate share of the net OPEB liability	\$	-
State's proportionate share of the net OPEB liability associated with the Town		<u>27,557</u>
Total	\$	<u>22,557</u>

The net OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as June 30, 2016. At June 30, 2018, the Town has no proportionate share of the net OPEB liability.

For the year ended June 30, 2018, the Town recognized OPEB expense and revenue of \$1,277 in Exhibit II for on-behalf amounts for the benefits provided by the State.

F. Actuarial Assumptions

The total OPEB 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%
Health care costs trend rate	7.25% decreasing to 5.00% by 2022
Salary increases	3.25-6.50%, including inflation
Investment rate of return	3.56%, net of OPEB plan investment expense, including inflation
Year fund net position will be depleted	2018

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 increases (5% for females and 8% for males) over age 80. For disabled retirees, mortality rates were based on the RPH-2014 Disabled Mortality Table projected to 2017 using the BB improvement scale.

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.

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The long-term expected rate of return on plan assets is reviewed as part of the GASB 74 valuation process. Several factors are considered in evaluating the long-term rate of return assumption, including the plan's current asset allocations and a log-normal distribution analysis using the best-estimate ranges of expected future real rates of return (expected return, net investment expense and inflation) for each major asset class. The long-term expected rate of return was determined by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The assumption is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years. The plan is 100% invested in U.S. Treasuries (Cash Equivalents) for which the expected 10-Year Geometric Real Rate of Return is (0.04%).

G. Discount Rate

The discount rate used to measure the total OPEB liability was 3.56%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current member contribution rate and that contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members. No future State contributions were assumed to be made. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be depleted in 2018 and, as a result, the Municipal Bond Index Rate was used in the determination.

H. Sensitivity of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate and the Discount Rate

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

I. 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. Detailed information about the Connecticut State Teachers OPEB Plan fiduciary net position is available in the separately issued State of Connecticut Comprehensive Annual Financial Report at www.ct.gov.

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.

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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.

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.

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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, 2017, for the Municipal, Police, and Administrative, and Firefighters, the plan membership of defined benefit plans consisted of the following:

	Municipal	Police	Administrative	Firefighters
Retirees and beneficiaries	175	72	30	43
Terminated participants	7	2	3	37
Active participants	92	60	8	24
Total	274	134	41	104

B. Summary of Significant Accounting Policies and Plan Asset Matters

Basis of Accounting

The four Pension Trust Funds are accounted for using the accrual basis of accounting. Employee and employer contributions are recognized as revenues in the period in which employee services are performed. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Method Used to Value Investments

Investments are reported at fair value. Investment income is recognized when earned and gains and losses on sales or exchanges of investments are recognized on the transaction date. Unrealized gains and losses due to appreciation and depreciation of plan assets are also recognized at fiscal year end.

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.

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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:

	Municipal	Police	Administrative
Employee required contribution	4.5	8.5	4.5
Town current rate	23.0	57.9	52.0

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, 2018 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
Assets:							
Cash and equivalents	\$ 413	\$ 630	\$ 115	\$ 811	\$ 1,969		
Investments	24,463	44,589	5,447	712	1,230		76,441
Due from other funds					131	(131)	
Total assets	24,876	45,219	5,562	712	2,172	(131)	78,410
Liabilities:							
Due to other funds				131		(131)	-
Total liabilities	-	-	-	131	-	(131)	-
Net Position Restricted for							
Pension Benefits	\$ 24,876	\$ 45,219	\$ 5,562	\$ 581	\$ 2,172	\$ -	\$ 78,410

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	Schedule of Changes in Plan Net Position						
	Municipal Employees' Plan	Police Officers' Plan	Administrative Employees' Plan	Volunteer Defined Benefit	Firefighters' Plans	Defined Contribution	Total Pension Trust Funds
Additions:							
Contributions:							
Employer	\$ 1,742	\$ 3,613	\$ 491	\$ 125	\$ 93	\$ 104	\$ 6,064
Plan members	268	568	29		11		876
Total contributions	<u>2,010</u>	<u>4,181</u>	<u>520</u>	<u>125</u>	<u>104</u>	<u>104</u>	<u>6,940</u>
Investment income:							
Net appreciation (depreciation) in fair value of investments	1,337	2,392	365	2	243		4,339
Interest and dividends	659	1,179	114	27			1,979
Total investment income	<u>1,996</u>	<u>3,571</u>	<u>479</u>	<u>29</u>	<u>243</u>	<u>243</u>	<u>6,318</u>
Less investment expenses	103	185	31	2			321
Net investment income	<u>1,893</u>	<u>3,386</u>	<u>448</u>	<u>27</u>	<u>243</u>	<u>243</u>	<u>5,997</u>
Total additions	<u>3,903</u>	<u>7,567</u>	<u>968</u>	<u>152</u>	<u>347</u>	<u>347</u>	<u>12,937</u>
Deductions:							
Benefits	2,761	3,522	958	119	21		7,381
Administration	28	32	6	11	14		91
Total deductions	<u>2,789</u>	<u>3,554</u>	<u>964</u>	<u>130</u>	<u>35</u>	<u>35</u>	<u>7,472</u>
Net increase	1,114	4,013	4	22	312		5,465
Net Position at Beginning of Year	<u>23,762</u>	<u>41,206</u>	<u>5,558</u>	<u>559</u>	<u>1,860</u>	<u>1,860</u>	<u>72,945</u>
Net Position at End of Year	<u>\$ 24,876</u>	<u>\$ 45,219</u>	<u>\$ 5,562</u>	<u>\$ 581</u>	<u>\$ 2,172</u>	<u>\$ 2,172</u>	<u>\$ 78,410</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, 2018:

Asset Class	Municipal Employees Target Allocation	Police Target Allocation	Administrative Employees Target Allocation	Firefighters Target Allocation
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><u>100 %</u></u>	<u><u>100 %</u></u>	<u><u>100 %</u></u>	<u><u>100 %</u></u>

The plans did not have any concentrations that warranted disclosure.

Rate of Return

For the year ended June 30, 2018, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 8.07% for Administrative Employees, 7.83% for Municipal Employees, 7.83% for Police and 3.98% 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, 2018, were as follows:

	Municipal Employees	Police	Administrative Employees	Firefighters
Total pension liability	\$ 44,824	\$ 66,857	\$ 12,104	\$ 1,366
Plan fiduciary net position	<u>24,876</u>	<u>45,219</u>	<u>5,562</u>	<u>581</u>
Net Pension Liability	<u><u>\$ 19,948</u></u>	<u><u>\$ 21,638</u></u>	<u><u>\$ 6,542</u></u>	<u><u>\$ 785</u></u>
Plan fiduciary net position as a percentage of the total pension liability	55.50%	67.64%	45.95%	42.53%

The Town's net pension liability was measured as of June 30, 2018 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017 for Municipal Employees, Police, Administrative Employees and Firefighters.

Actuarial Assumptions

The total pension liability for Administrative Employees, Municipal Employees and Police was determined by an actuarial valuation as of July 1, 2017, 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	7.125%, 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, 2018, 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, 2017. 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, 2018 (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
Fixed:				
Strategic Bond	2.51 %	2.51 %	2.51 %	1.58 %
Intermediate Fixed Income	2.09	2.09	2.09	3.26
Global Bond Fund	0.45	0.45	0.45	0.45
Equity:				
S & P 500 Index	3.37	3.37	3.37	3.37
Middle Company Value				3.52
Small Company	3.86	3.86	3.86	3.86
Developed Foreign Equities	4.15	4.15	4.15	4.15
Emerging Markets				4.84

Discount Rate

The discount rate used to measure the total pension liability was 7.125% 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

Municipal Employees' Pension Plan			
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances as of June 30, 2017	\$ 44,613	\$ 23,762	\$ 20,851
Changes for the year:			
Service cost	507		507
Interest on total pension liability	3,173		3,173
Differences between expected and actual experience	(1,228)		(1,228)
Changes in assumptions	520		520
Employer contributions		1,742	(1,742)
Member contributions		268	(268)
Net investment income (loss)		1,893	(1,893)
Benefit payments, including refund to employee contributions	(2,761)	(2,761)	-
Administrative expenses		(28)	28
Net changes	211	1,114	(903)
Balances as of June 30, 2018	\$ 44,824	\$ 24,876	\$ 19,948
Police Employees' Pension Plan			
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances as of June 30, 2017	\$ 64,524	\$ 41,206	\$ 23,318
Changes for the year:			
Service cost	1,311		1,311
Interest on total pension liability	4,648		4,648
Differences between expected and actual experience	(1,000)		(1,000)
Changes in assumptions	896		896
Employer contributions		3,613	(3,613)
Member contributions		568	(568)
Net investment income (loss)		3,386	(3,386)
Benefit payments, including refund to employee contributions	(3,522)	(3,522)	-
Administrative expenses		(32)	32
Net changes	2,333	4,013	(1,680)
Balances as of June 30, 2018	\$ 66,857	\$ 45,219	\$ 21,638

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Administrative Employees' Pension Plan

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a)-(b)
Balances as of June 30, 2017	\$ 12,030	\$ 5,558	\$ 6,472
Changes for the year:			
Service cost	61		61
Interest on total pension liability	842		842
Differences between expected and actual experience	1		1
Changes in assumptions	128		128
Employer contributions		491	(491)
Member contributions		29	(29)
Net investment income (loss)		448	(448)
Benefit payments, including refund to employee contributions	(958)	(958)	-
Administrative expenses		(6)	6
Net changes	74	4	70
Balances as of June 30, 2018	\$ 12,104	\$ 5,562	\$ 6,542

Volunteer Firefighters' Pension Plan

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a)-(b)
Balances as of June 30, 2017	\$ 1,416	\$ 559	\$ 857
Changes for the year:			
Service cost	81		81
Interest on total pension liability		81	
Effect of plan changes			
Differences between expected and actual experience	(12)		(12)
Changes in assumptions			-
Employer contributions		125	(125)
Member contributions			
Net investment income (loss)		27	(27)
Benefit payments, including refund to employee contributions	(119)	(119)	-
Administrative expenses		(11)	11
Net changes	(50)	22	(72)
Balances as of June 30, 2018	\$ 1,366	\$ 581	\$ 785

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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 7.125% 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 (6.125%) or 1 percentage point higher (8.125%) than the current rate:

	1% Decrease <u>6.125%</u>	Current Discount Rate <u>7.125%</u>	1% Increase <u>8.125%</u>
Municipal Employees' Net Pension Liability	\$ 24,468	\$ 19,948	\$ 16,039
Police Net Pension Liability	30,058	21,638	14,679
Administrative Employees' Net Pension Liability	7,656	6,542	5,582

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 <u>5.00%</u>	Current Discount Rate <u>6.00%</u>	1% Increase <u>7.00%</u>
Firefighters Net Pension Liability	\$ 915	\$ 785	\$ 672

TOWN OF NEWINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018
(In Thousands)

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

For the year ended June 30, 2018, the Town recognized pension expense of (\$5,121). At June 30, 2018, 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		\$ 429			\$ 429
Changes of assumptions	431	1,725	12		2,168
Net difference between projected and actual earning on pension plan investments				12	12
Total	\$ 431	\$ 2,154	\$ 12	\$ 12	\$ 2,609

Deferred Inflows of Resources

	Municipal Employees' Pension Plan	Police Retirement Plan	Administrative Employees' Pension Plan	Volunteer Firefighters' Pension Plan	Total
Differences between expected and actual experience	\$ 935	\$ 827		\$ 6	\$ 1,768
Net difference between projected and actual earning on pension plan investments	16	199	8		223
Total	\$ 951	\$ 1,026	\$ 8	\$ 6	\$ 1,991

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

2019	\$ 777
2020	520
2021	(672)
2022	7
2023	(14)

TOWN OF NEWINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018
(In Thousands)

J. Payable to the Pension Plan

At June 30, 2018, the Town had no outstanding contributions to the pension plan required for the year ended June 30, 2018.

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 2017-2018 amounted to \$11. Plan provisions and contribution requirements are established and may be amended by the Town Council.

The Town's contribution for 2017-2018, computed in accordance with plan requirements, amounted to \$93. At June 30, 2018, there were 140 members of the plan.

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.

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.

TOWN OF NEWINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018
(In Thousands)

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.

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

At June 30, 2018, 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>107,062</u>
Total	\$	<u>107,062</u>

The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as June 30, 2017. At June 30, 2018, the Town has no proportionate share of the net pension liability.

TOWN OF NEWINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018
(In Thousands)

For the year ended June 30, 2018, the Town recognized pension expense and revenue of \$12,384 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.

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%.

TOWN OF NEWINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018
(In Thousands)

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:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
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%
Total	100.0%	

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.

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.

TOWN OF NEWINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018
(In Thousands)

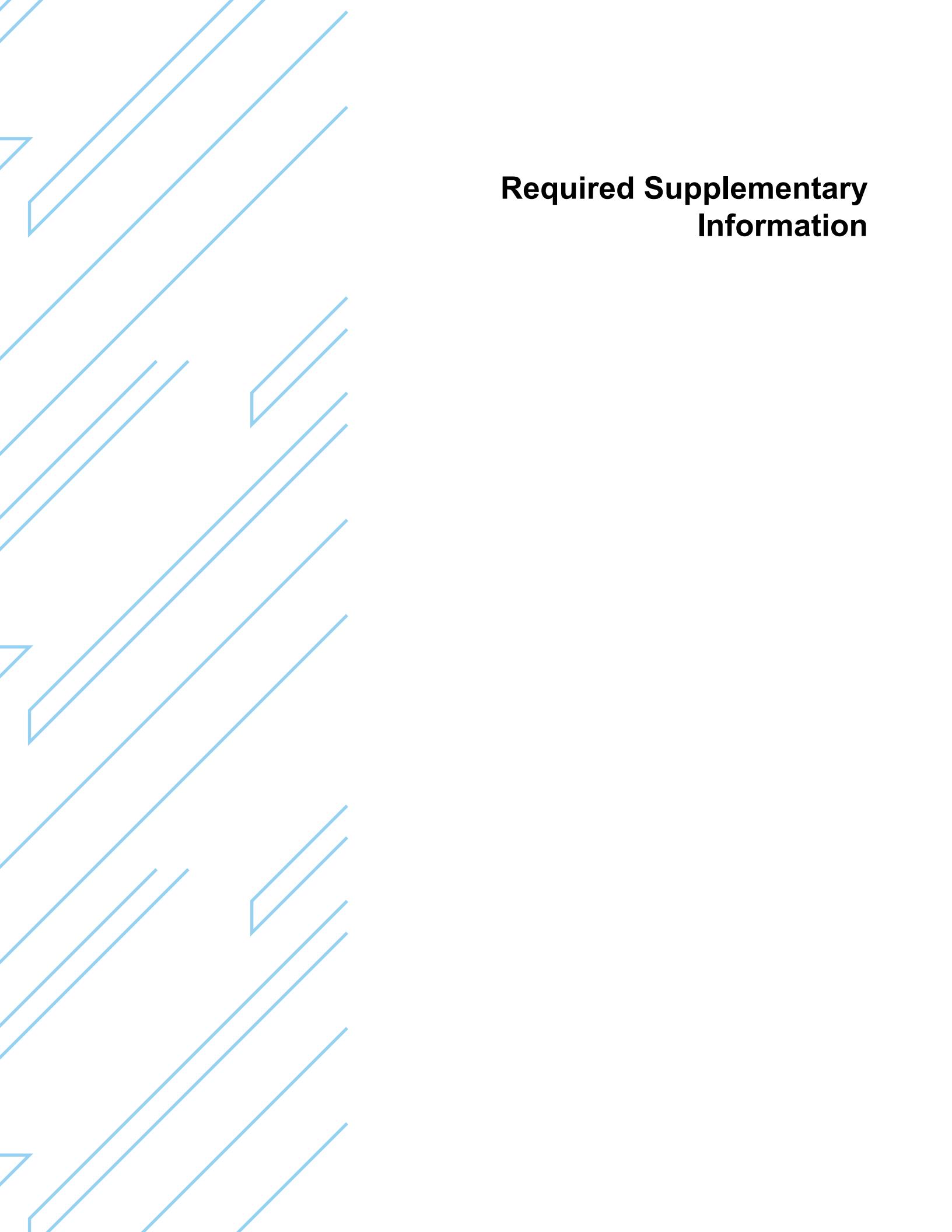
12. CONTINGENT LIABILITIES

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.

13. PRIOR PERIOD ADJUSTMENT AND RESTATEMENT

The following restatements were recorded to the beginning of net position of the governmental activities as a result of implementation of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*:

Net position at June 30, 2017, as previously reported	\$ 77,152
Adjustments:	
Eliminate net OPEB asset reported per GASB No. 45	(116)
Record net OPEB liability per GASB No. 75	<u>(16,998)</u>
Net Position at July 1, 2017, as Restated	\$ <u>60,038</u>



Required Supplementary Information

TOWN OF NEWINGTON, CONNECTICUT**GENERAL FUND****SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES****BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)****FOR THE YEAR ENDED JUNE 30, 2018****(In Thousands)**

	Budgeted Amounts			Variance - Positive (Negative)
	Original	Final	Actual	
Property taxes:				
Current levy	\$ 85,793	\$ 85,793	\$ 86,430	\$ 637
Prorated motor vehicles	7,846	7,846	8,830	984
Prorated real estate	50	50		(50)
Prior year tax levies	490	490	387	(103)
Interest and liens	355	355	321	(34)
Total	<u>94,534</u>	<u>94,534</u>	<u>95,968</u>	<u>1,434</u>
Payments in lieu of taxes:				
State-Owned Property	492	492	28	(464)
Elderly Freeze Exemption				-
Disabled Exemption	5	5	5	-
Elderly Circuit Breaker	272	272		(272)
Additional Veteran's Exemption	28	28	28	-
Controlling Interest Transfer Tax			10	10
Tax Exempt Colleges and Hospital	<u>1,628</u>	<u>1,628</u>	<u>897</u>	<u>(731)</u>
Total	<u>2,425</u>	<u>2,425</u>	<u>968</u>	<u>(1,457)</u>
Licenses and permits:				
Building permits	250	250	253	3
Vendor's permits	1	1	2	1
Gun permits	10	10	8	(2)
Raffle and Bingo permits	1	1		(1)
Work Within Rights of Way	12	12	26	14
Refuse handling licenses	2	2		(2)
Total	<u>276</u>	<u>276</u>	<u>289</u>	<u>13</u>
Rentals:				
Town Hall rental	4	4	3	(1)
Indian Hill Country Club	52	52	52	-
Other town property	44	44	52	8
Total	<u>100</u>	<u>100</u>	<u>107</u>	<u>7</u>
Investment income	<u>75</u>	<u>75</u>	<u>378</u>	<u>303</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, 2018****(In Thousands)**

	Budgeted Amounts			Variance - Positive (Negative)
	Original	Final	Actual	
Fines:				
Parking tickets	\$ 20	\$ 20	\$ 12	\$ (8)
False alarms	15	15	17	2
Blighted Premises	3	3		(3)
Total	38	38	29	(9)
Charges for services:				
Conservation Commission	9	9	9	-
Zoning Board of Appeals	1	1	1	-
Town Planning and Zoning	9	9	13	4
Town Clerk Fees	475	475	546	71
Police	8	8	10	2
Human Services - counseling fee	5	5	4	(1)
Library - overdue fines	19	19	22	3
Dial-A-Ride Tickets	5	5	4	(1)
Scrap Metal Curbside	12	12	17	5
Engineering fees	1	1	1	-
Total	544	544	627	83
State of Connecticut:				
Public Library	1	1		(1)
Mashantucket Pequot Fund	246	246	246	-
Youth Services Bureau	11	11	20	9
Alcohol and Drug Abuse	5	5	6	1
Municipal Revenue Sharing	937	937		(937)
Telecommunications Tax	115	115	98	(17)
Emergency Management Grant	18	18	9	(9)
Motor Vehicle Property Tax Grant	668	668		(668)
Adult Education	37	37	39	2
Municipal Grant-In-Aid			918	918
School Building Grants	378	378		(378)
Health Services	15	15	2	(13)
Education Cost Sharing Grant	12,984	12,984	11,263	(1,721)
Total	15,415	15,415	12,601	(2,814)

(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, 2018****(In Thousands)**

	Budgeted Amounts			Variance - Positive (Negative)
	Original	Final	Actual	
Federal government:				
Senior Citizen Trans Aid	\$ 9	\$ 9	\$ 8	\$ (1)
Municipal Revenue Sharing	<u>177</u>	<u>177</u>	<u>699</u>	<u>522</u>
Total	<u>186</u>	<u>186</u>	<u>707</u>	<u>521</u>
Miscellaneous:				
Other - miscellaneous	77	77	190	113
Cancelled PY encumbrances	59	59	85	26
United Way (Human Services)	6	6	10	4
Total	<u>142</u>	<u>142</u>	<u>285</u>	<u>143</u>
Total revenues	113,735	113,735	111,959	(2,298)
Other financing sources:				
Transfers in	<u>124</u>	<u>124</u>	<u>124</u>	<u>-</u>
Total	<u>\$ 113,859</u>	<u>\$ 113,859</u>	<u>112,083</u>	<u>\$ (2,298)</u>
Budgetary revenues are different than GAAP revenues because:				
State of Connecticut on-behalf contributions to the Connecticut State Teachers' Retirement System for Town teachers are not budgeted			12,384	
State of Connecticut on-behalf payments to the Connecticut State Teachers' OPEB for Town teachers are not budgeted			1,277	
Cancellation of prior year encumbrances are recognized as budgetary revenue			(85)	
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			951	
Total Revenues and Other Financing Sources as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances -				
Governmental Funds - Exhibit IV			\$ <u>126,610</u>	

TOWN OF NEWINGTON, CONNECTICUT

GENERAL FUND

SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES

BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)

FOR THE YEAR ENDED JUNE 30, 2018

(In Thousands)

	Budgeted Amounts			Variance - Positive (Negative)
	Original	Final	Actual	
General Government:				
Town Council	\$ 53	\$ 53	\$ 53	\$ -
Town Manager	436	436	403	33
Courts	40	40	40	-
Elections	117	118	116	2
Finance	1,231	1,261	1,241	20
Town Attorney	156	156	155	1
Town Clerk	177	185	176	9
Personnel	42	42	35	7
General services	2,686	2,698	2,496	202
Total general government	4,938	4,989	4,715	274
Public Safety:				
Police Department	7,160	7,242	7,157	85
Fire Department	896	908	880	28
Street lighting	330	330	305	25
Emergency Management	4	4		4
Emergency Medical Service	32	34	28	6
Hydrants	78	78	77	1
Total public safety	8,500	8,596	8,447	149
Public Works:				
Engineering	317	317	282	35
Highway Department	2,579	2,579	2,514	65
Solid Waste Services	2,083	2,083	1,941	142
Total public works	4,979	4,979	4,737	242
Community Planning and Development:				
Planning and Development	217	221	220	1
Town Planning and Zoning	18	18	18	-
Zoning Board of Appeals	2	3	2	1
Building Department	209	214	212	2
Conservation Commission	5	5	5	-
Economic Development	94	94	94	-
Total community planning and development	545	555	551	4
Health and Community Services:				
Public Health:				
Health Services	177	177	176	1
Community Services:				
Human Services	458	458	410	48
Senior and Disabled Center	551	570	569	1
Boards and Commissions	9	9	8	1
Total health and community services	1,195	1,214	1,163	51

(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, 2018

(In Thousands)

	Budgeted Amounts			Variance - Positive (Negative)
	Original	Final	Actual	
Library:				
Library operations	\$ 1,753	\$ 1,753	\$ 1,727	\$ 26
Parks and Recreation:				
Parks and Recreation Administration	311	320	310	10
Grounds Maintenance	1,381	1,381	1,313	68
Total parks and recreation	1,692	1,701	1,623	78
Board of Education:				
Art	706	723	723	-
Career/Vocational	680	684	684	-
Computers	1,916	2,440	2,443	(3)
Language Arts	3,982	4,001	4,001	-
Foreign Language	1,321	1,323	1,323	-
Math	4,151	3,922	3,922	-
Music	1,117	1,203	1,203	-
Physical Education	1,495	1,495	1,495	-
Reading	3,856	3,694	3,694	-
Science	3,367	3,186	3,186	-
S.T.E.M.	633	786	786	-
Social Studies	3,473	3,351	3,351	-
Other Salaries	1,193	567	567	-
Special Education	8,362	7,656	7,663	(7)
Homebound	76	58	58	-
Adult Education	95	96	97	(1)
Guidance	1,272	1,188	1,188	-
Health/Nurses	653	546	547	(1)
Psychological Services	906	906	906	-
Speech and Hearing	623	625	625	-
Curriculum Development	398	444	444	-
Media	908	894	894	-
Board of Education	498	293	294	(1)
Central Direction	1,777	1,674	1,674	-
Building Direction	3,663	3,923	3,924	(1)
Supplies	271	242	243	(1)
Maintenance	1,908	4,558	4,569	(11)
Plant operation	4,604	4,481	4,151	330
Transportation	2,764	3,187	3,192	(5)
Evaluation, planning and development	93	146	146	-
Insurance	719	635	635	-
Employee benefits	12,064	10,708	10,709	(1)
Non-athletics	163	162	162	-
Athletics	563	505	506	(1)
Community service	119	83	83	-
Transfer to non-lapsing account for current year			297	(297)
Total Board of Education	70,389	70,385	70,385	-

(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, 2018

(In Thousands)

	Budgeted Amounts			Variance -	
	Original	Final	Actual	Positive	(Negative)
Miscellaneous:					
Metropolitan District Assessment	\$ 3,915	\$ 3,917	\$ 3,917	\$ -	-
Municipal insurance	986	986	803	183	
Greater Hartford Transit District	3	3	3	-	-
Employee benefits	10,014	10,014	10,014	-	-
Donations and contributions	25	25	25	-	-
Contingency	657	474	25	449	
Total miscellaneous	<u>15,600</u>	<u>15,419</u>	<u>14,787</u>	<u>632</u>	
Debt service:					
Principal payments	1,025	1,025	1,025	-	-
Interest expense	126	126	126	-	-
Total debt service	<u>1,151</u>	<u>1,151</u>	<u>1,151</u>	<u>-</u>	
Total expenditures	110,742	110,742	109,286	1,456	
Other financing uses:					
Transfers out	<u>5,117</u>	<u>5,117</u>	<u>3,040</u>	<u>2,077</u>	
Total	\$ 115,859	\$ 115,859	112,326	\$ 3,533	

Budgetary expenditures are different than GAAP expenditures because:

State of Connecticut on-behalf payments to the Connecticut State Teachers' Pension for Town teachers are not budgeted	12,384
State of Connecticut on-behalf payments to the Connecticut State Teachers' OPEB for Town teachers are not budgeted	1,277
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	951
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	(1,549)
The Board of Education does not budget for certain non-lapsing expenditures	1,217
Transfer to non-lapsing account	<u>(297)</u>

Total Expenditures and Other Financing Uses as Reported on the Statement of

Revenues, Expenditures and Changes in Fund Balances - Governmental Funds -

Exhibit IV

\$ 126,309

TOWN OF NEWINGTON, CONNECTICUT
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
MUNICIPAL EMPLOYEES
LAST FIVE FISCAL YEARS*
(In Thousands)

	2014	2015	2016	2017	2018
Total pension liability:					
Service cost	\$ 567	\$ 561	\$ 538	\$ 503	\$ 507
Interest	2,923	3,026	3,122	3,184	3,173
Differences between expected and actual experience	(30)	471	581	(856)	(1,228)
Changes of assumptions			518	518	520
Benefit payments, including refunds of member contributions	(2,496)	(2,586)	(2,796)	(2,768)	(2,761)
Net change in total pension liability	964	1,472	1,963	581	211
Total pension liability - beginning	39,633	40,597	42,069	44,032	44,613
Total pension liability - ending	<u>40,597</u>	<u>42,069</u>	<u>44,032</u>	<u>44,613</u>	<u>44,824</u>
Plan fiduciary net position:					
Contributions - employer	1,453	1,594	1,623	1,695	1,742
Contributions - member	326	303	284	274	268
Net investment income (loss)	3,122	842	(397)	2,938	1,893
Benefit payments, including refunds of member contributions	(2,496)	(2,586)	(2,796)	(2,768)	(2,761)
Administrative expense	(20)	(21)	(15)	(20)	(28)
Net change in plan fiduciary net position	2,385	132	(1,301)	2,119	1,114
Plan fiduciary net position - beginning	20,427	22,812	22,944	21,643	23,762
Plan fiduciary net position - ending	<u>22,812</u>	<u>22,944</u>	<u>21,643</u>	<u>23,762</u>	<u>24,876</u>
Net Pension Liability - Ending	\$ 17,785	\$ 19,125	\$ 22,389	\$ 20,851	\$ 19,948
Plan fiduciary net position as a percentage of the total pension liability	56.19%	54.54%	49.15%	53.26%	55.50%
Covered payroll	\$ 7,230	\$ 6,807	\$ 7,037	\$ 6,603	\$ 6,123
Net pension liability as a percentage of covered payroll	245.99%	280.96%	318.16%	315.78%	325.79%

*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 FIVE FISCAL YEARS*
(In Thousands)

	2014	2015	2016	2017	2018
Total pension liability:					
Service cost	\$ 1,057	\$ 1,164	\$ 1,178	\$ 1,264	\$ 1,311
Interest	3,974	4,140	4,319	4,479	4,648
Differences between expected and actual experience	(36)	259	483	186	(1,000)
Changes of assumptions			835	913	896
Benefit payments, including refunds of member contributions	(3,104)	(3,206)	(3,330)	(3,507)	(3,522)
Net change in total pension liability	1,891	2,357	3,485	3,335	2,333
Total pension liability - beginning	<u>53,456</u>	<u>55,347</u>	<u>57,704</u>	<u>61,189</u>	<u>64,524</u>
Total pension liability - ending	<u>55,347</u>	<u>57,704</u>	<u>61,189</u>	<u>64,524</u>	<u>66,857</u>
Plan fiduciary net position:					
Contributions - employer	2,661	3,195	3,338	3,515	3,613
Contributions - member	443	493	535	558	568
Net investment income (loss)	4,598	1,310	(611)	5,004	3,386
Benefit payments, including refunds of member contributions	(3,104)	(3,206)	(3,330)	(3,507)	(3,522)
Administrative expense	(20)	(22)	(16)	(24)	(32)
Net change in plan fiduciary net position	4,578	1,770	(84)	5,546	4,013
Plan fiduciary net position - beginning	<u>29,396</u>	<u>33,974</u>	<u>35,744</u>	<u>35,660</u>	<u>41,206</u>
Plan fiduciary net position - ending	<u>33,974</u>	<u>35,744</u>	<u>35,660</u>	<u>41,206</u>	<u>45,219</u>
Net Pension Liability - Ending	<u>\$ 21,373</u>	<u>\$ 21,960</u>	<u>\$ 25,529</u>	<u>\$ 23,318</u>	<u>\$ 21,638</u>
Plan fiduciary net position as a percentage of the total pension liability	61.38%	61.94%	58.28%	63.86%	67.64%
Covered payroll	\$ 5,561	\$ 5,536	\$ 5,766	\$ 5,828	\$ 6,151
Net pension liability as a percentage of covered payroll	384.34%	396.68%	442.75%	400.10%	351.78%

*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

ADMINISTRATIVE EMPLOYEES

LAST FIVE FISCAL YEARS*

(In Thousands)

	2014	2015	2016	2017	2018
Total pension liability:					
Service cost	\$ 61	\$ 62	\$ 66	\$ 69	\$ 61
Interest	836	845	838	843	842
Differences between expected and actual experience	11	113	(63)	71	1
Changes of assumptions			85	129	128
Benefit payments, including refunds of member contributions	(899)	(855)	(848)	(848)	(958)
Net change in total pension liability	9	165	78	264	74
Total pension liability - beginning	<u>11,514</u>	<u>11,523</u>	<u>11,688</u>	<u>11,766</u>	<u>12,030</u>
Total pension liability - ending	<u>11,523</u>	<u>11,688</u>	<u>11,766</u>	<u>12,030</u>	<u>12,104</u>
Plan fiduciary net position:					
Contributions - employer	383	436	449	455	491
Contributions - member	38	40	41	43	29
Net investment income (loss)	824	213	(101)	701	448
Benefit payments, including refunds of member contributions	(899)	(855)	(848)	(848)	(958)
Administrative expense	(4)	(5)	(3)	(4)	(6)
Net change in plan fiduciary net position	342	(171)	(462)	347	4
Plan fiduciary net position - beginning	<u>5,502</u>	<u>5,844</u>	<u>5,673</u>	<u>5,211</u>	<u>5,558</u>
Plan fiduciary net position - ending	<u>5,844</u>	<u>5,673</u>	<u>5,211</u>	<u>5,558</u>	<u>5,562</u>
Net Pension Liability - Ending	\$ <u>5,679</u>	\$ <u>6,015</u>	\$ <u>6,555</u>	\$ <u>6,472</u>	\$ <u>6,542</u>
Plan fiduciary net position as a percentage of the total pension liability	50.72%	48.54%	44.29%	46.20%	45.95%
Covered payroll	\$ 751	\$ 842	\$ 864	\$ 899	\$ 925
Net pension liability as a percentage of covered payroll	756.19%	714.37%	758.68%	719.91%	707.24%

*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 FIVE FISCAL YEARS*
(In Thousands)

	2014	2015	2016	2017	2018
Total pension liability:					
Service cost					
Interest	\$ 87	\$ 86	\$ 86	\$ 84	\$ 81
Differences between expected and actual experience			50		(12)
Benefit payments, including refunds of member contributions	(114)	(121)	(125)	(120)	(119)
Net change in total pension liability	(27)	(35)	11	(36)	(50)
Total pension liability - beginning	1,503	1,476	1,441	1,452	1,416
Total pension liability - ending	<u>1,476</u>	<u>1,441</u>	<u>1,452</u>	<u>1,416</u>	<u>1,366</u>
Plan fiduciary net position:					
Contributions - employer	102	133	133	125	125
Net investment income (loss)	60	(5)	(3)	58	27
Benefit payments, including refunds of member contributions	(113)	(121)	(125)	(120)	(119)
Administrative expense	(9)	(6)	(12)	(5)	(11)
Other					
Net change in plan fiduciary net position	40	1	(7)	58	22
Plan fiduciary net position - beginning	467	507	508	501	559
Plan fiduciary net position - ending	<u>507</u>	<u>508</u>	<u>501</u>	<u>559</u>	<u>581</u>
Net Pension Liability - Ending	\$ 969	\$ 933	\$ 951	\$ 857	\$ 785
Plan fiduciary net position as a percentage of the total pension liability	34.35%	35.25%	34.50%	39.48%	42.53%
Covered payroll	N/A	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	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)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Actuarially determined contribution	\$ 853	\$ 969	\$ 1,219	\$ 1,268	\$ 1,373	\$ 1,453	\$ 1,594	\$ 1,623	\$ 1,695	\$ 1,742
Contributions in relation to the actuarially determined contribution	<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>	<u>1,742</u>
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ (324)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 8,665	\$ 8,823	\$ 8,832	\$ 8,170	\$ 7,503	\$ 7,230	\$ 6,807	\$ 7,037	\$ 6,603	\$ 6,123
Contributions as a percentage of covered payroll	9.84%	10.98%	13.80%	15.52%	22.62%	20.10%	23.42%	23.06%	25.67%	28.45%

Notes to Schedule

Valuation date: July 1, 2017

Measurement date: June 30, 2018

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	18 years
Asset valuation method	5-year smoothed market
Inflation	2.75%
Salary increases	3.5%, average, including inflation
Investment rate of return	7.125% (Prior: 7.25%), 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)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Actuarially determined contribution	\$ 1,336	\$ 1,525	\$ 1,800	\$ 2,065	\$ 2,427	\$ 2,661	\$ 3,195	\$ 3,338	\$ 3,486	\$ 3,613
Contributions in relation to the actuarially determined contribution	<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>	<u>3,613</u>
Contribution Deficiency (Excess)	\$ <u> -</u>	\$ <u> -</u>	\$ <u> -</u>	\$ <u> -</u>	\$ <u>(378)</u>	\$ <u> -</u>	\$ <u> -</u>	\$ <u> -</u>	\$ <u>(29)</u>	\$ <u> -</u>
Covered payroll	\$ 4,500	\$ 4,788	\$ 5,237	\$ 5,248	\$ 5,829	\$ 5,561	\$ 5,536	\$ 5,766	\$ 5,828	\$ 6,151
Contributions as a percentage of covered payroll	29.69%	31.85%	34.37%	39.35%	48.12%	47.85%	57.71%	57.89%	60.31%	58.74%

Notes to Schedule

Valuation date: July 1, 2017

Measurement date: June 30, 2018

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	8 years
Asset valuation method	5-year smoothed market
Inflation	2.75%
Salary increases	3.5%, average, including inflation
Investment rate of return	7.125% (Prior: 7.25%), 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)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Actuarially determined contribution	\$ 173	\$ 196	\$ 237	\$ 287	\$ 324	\$ 383	\$ 436	\$ 449	\$ 455	\$ 491
Contributions in relation to the actuarially determined contribution	<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>	<u>491</u>
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ (98)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 1,112	\$ 1,131	\$ 885	\$ 815	\$ 761	\$ 751	\$ 842	\$ 864	\$ 899	\$ 925
Contributions as a percentage of covered payroll	15.56%	17.33%	26.78%	35.21%	55.45%	51.00%	51.78%	51.97%	50.61%	53.08%

Notes to Schedule

Valuation date: July 1, 2017

Measurement date: June 30, 2018

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

18 years

Asset valuation method

5-year smoothed market

Inflation

2.75%

Salary increases

3.5%, average, including inflation

Investment rate of return

7.125% (Prior: 7.25%), 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)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Actuarially determined contribution	\$ 72	\$ 72	\$ 77	\$ 77	\$ 102	\$ 102	\$ 133	\$ 133	\$ 125	\$ 125
Contributions in relation to the actuarially determined contribution	<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>	<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, 2017

Measurement date: June 30, 2018

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	8 years
Asset valuation method	N/A
Inflation	2.50%
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.

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

	2014	2015	2016	2017	2018
Annual money-weighted rate of return, net of investment expense	15.07%	3.64%	-1.71%	13.36%	7.83%

*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 FIVE FISCAL YEARS*

	2014	2015	2016	2017	2018
Annual money-weighted rate of return, net of investment expense	15.01%	3.67%	-1.63%	13.31%	7.83%

*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 FIVE FISCAL YEARS*

	2014	2015	2016	2017	2018
Annual money-weighted rate of return, net of investment expense	15.17%	3.65%	-1.77%	13.37%	8.07%

*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 FIVE FISCAL YEARS*

	2014	2015	2016	2017	2018
Annual money-weighted rate of return, net of investment expense	11.38%	-1.20%	-0.70%	9.87%	3.98%

*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 FOUR FISCAL YEARS*
(In Thousands)

	2015	2016	2017	2018
Town's proportion of the net pension liability	0.00%	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>	<u>107,062</u>
Total	\$ 81,526	\$ 88,203	\$ 112,951	\$ 107,062
Town's covered payroll	\$ 31,370	\$ 31,603	\$ 32,498	\$ 32,704
Town's proportionate share of the net pension liability as a percentage of its covered payroll	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	61.51%	59.50%	52.26%	55.93%

*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

OTHER POST-EMPLOYMENT BENEFIT TRUST FUND

LAST TWO FISCAL YEARS*

(In Thousands)

	2017	2018
Total OPEB liability:		
Service cost	\$ 756	\$ 734
Interest	1,646	1,717
Differences between expected and actual experience	738	
Changes of assumptions	88	
Benefit payments	(1,175)	(1,688)
Net change in total OPEB liability	1,227	1,589
Total OPEB liability - beginning	22,146	23,373
Total OPEB liability - ending	<u>23,373</u>	<u>24,962</u>
Plan fiduciary net position:		
Contributions - employer	2,138	1,771
Net investment income (loss)	792	516
Benefit payments	(1,175)	(1,688)
Administrative expense	(167)	(133)
Net change in plan fiduciary net position	1,588	466
Plan fiduciary net position - beginning	4,787	6,375
Plan fiduciary net position - ending	<u>6,375</u>	<u>6,841</u>
Net OPEB Liability - Ending	<u>\$ 16,998</u>	<u>\$ 18,121</u>
Plan fiduciary net position as a percentage of the total OPEB liability	27.28%	27.41%
Covered payroll	46,163	46,163
Net OPEB liability as a percentage of covered payroll	36.82%	39.25%

*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*:**2018:**

Discount Rate: 7.13%, previously 7.38%

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Actuarially determined contribution (1)	\$ 2,455	\$ 2,598	\$ 1,843	\$ 1,939	\$ 1,713	\$ 1,795	\$ 1,880	\$ 1,970	\$ 1,771	\$ 1,841
Contributions in relation to the actuarially determined contribution	<u>2,455</u>	<u>2,598</u>	<u>1,843</u>	<u>1,939</u>	<u>2,090</u>	<u>1,916</u>	<u>1,781</u>	<u>1,946</u>	<u>2,138</u>	<u>1,771</u>
Contribution Deficiency (Excess)	\$ <u> </u>	\$ <u> </u>	\$ <u> </u>	\$ <u> </u>	\$ <u>(377)</u>	\$ <u>(121)</u>	\$ <u>99</u>	\$ <u>24</u>	\$ <u>(367)</u>	\$ <u>70</u>
Covered payroll	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ 46,334	\$ 46,334	\$ 46,163
Contributions as a percentage of covered payroll	N/A	N/A	N/A	N/A	N/A	N/A	3.84%	4.20%	4.63%	3.84%

(1) Actuarially Determined Contributions prior to fiscal year ending June 30, 2018 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	20 Years
Asset valuation method	Market Value
Inflation	2.75%
Healthcare cost trend rates	5.70%-4.70% over 65 years
Salary increases	3.50%
Investment rate of return	7.13%
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 TWO FISCAL YEARS*

	2017	2018
Annual money-weighted rate of return, net of investment expense	12.22%	7.26%

*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 OPEB LIABILITY
TEACHERS RETIREMENT PLAN
LAST FISCAL YEAR*
(in Thousands)

	2018
Town's proportion of the net OPEB liability	0.00%
Town's proportionate share of the net OPEB liability	\$ -
State's proportionate share of the net OPEB liability associated with the Town	<u>27,557</u>
Total	<u>\$ 27,557</u>
Town's covered payroll	\$ 32,704
Town's proportionate share of the net OPEB liability as a percentage of its covered payroll	0.00%
Plan fiduciary net position as a percentage of the total OPEB liability	1.79%

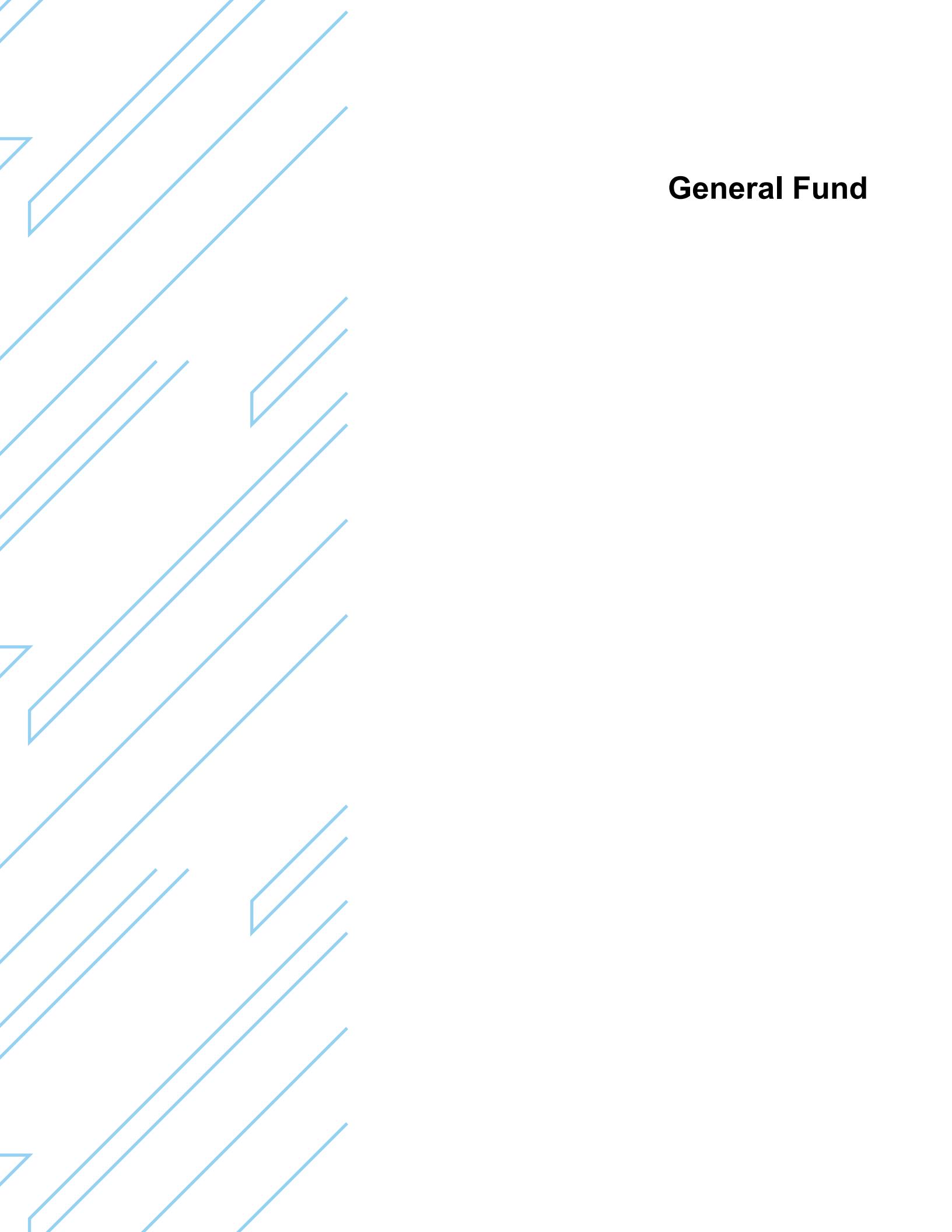
Notes to Schedule

Changes in benefit terms	None
Changes of assumptions	The discount rate was increased from 3.01% to 3.56% to reflect the change in the Municipal Bond Index Rate. Changes were made to the assumed initial per capita health care costs, rates of health care inflation used to project the per capita costs, and the rates of Plan participation based upon recent experience and current expectations. As a result of the experience study for the five-year period ended June 30, 2015, the payroll growth rate assumption was decreased from 3.75% to 3.25% to reflect the decrease in the rate of inflation and the decrease in the rate of real wage increase. Last, the salary growth assumption, the payroll growth rate, the rates of withdrawal, the rates of retirement, the rates of mortality, and the rates of disability incidence were adjusted based upon the experience study's findings and their adoption by the Board.
Actuarial cost method	Entry age
Amortization method	Level percent of payroll
Remaining amortization period	30 years, open
Asset valuation method	Market value of assets
Investment rate of return	4.25%, net of investment related expense including price inflation

* 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

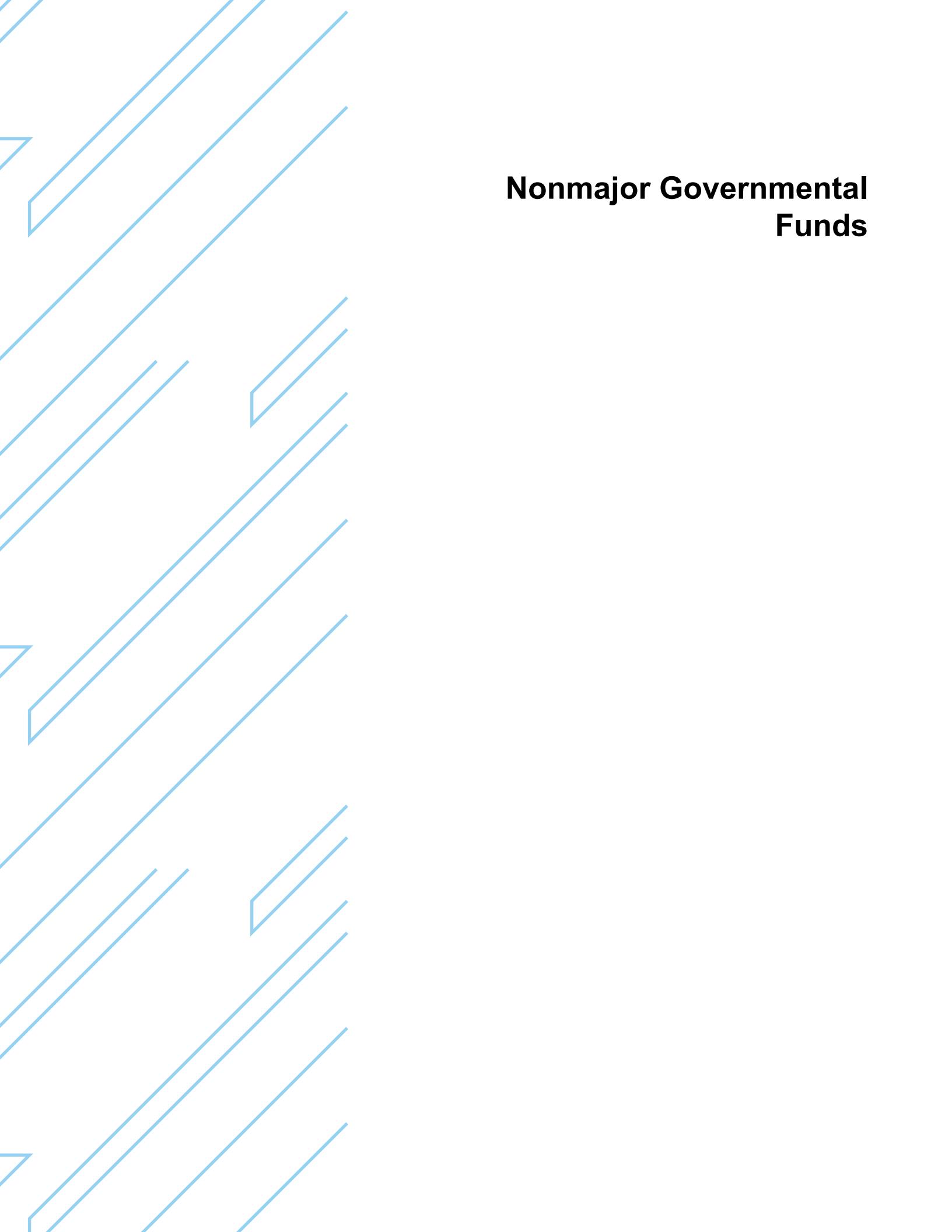
The General Fund is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund.

TOWN OF NEWINGTON, CONNECTICUT
GENERAL FUND
COMPARATIVE BALANCE SHEET
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017
(In Thousands)

	2018	2017
ASSETS		
Cash and cash equivalents	\$ 26,282	\$ 30,294
Receivables:		
Property taxes, net of allowance of \$94 in 2018 and 2017	1,374	1,052
Intergovernmental	117	117
Other receivable	125	203
Due from other funds	826	665
 Total Assets	 \$ 28,724	 \$ 32,331
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES		
Liabilities:		
Accounts payable and other liabilities	\$ 5,572	\$ 5,491
Unearned revenue	18	15
Total liabilities	5,590	5,506
 Deferred inflows of resources:		
Unavailable revenue - property taxes	1,152	949
Advance property tax collections	437	4,632
Total deferred inflows of resources	1,589	5,581
 Fund balances:		
Committed	297	1,217
Assigned:		
Encumbrances	4,870	3,406
Designated for subsequent year's budget	1,100	2,000
Unassigned	15,278	14,621
Total fund balances	21,545	21,244
 Total Liabilities and Fund Balances	 \$ 28,724	 \$ 32,331

TOWN OF NEWINGTON, CONNECTICUT
GENERAL FUND
REPORT OF TAX COLLECTOR
FOR THE YEAR ENDED JUNE 30, 2018
(In Thousands)

Grand List	Mill Rate	Uncollected Taxes July 1, 2017				Suspense	Adjusted Taxes Collectible				Interest	Liens	Total	Uncollected Taxes June 30, 2018		
		Additions	Deductions	Taxes	Interest		Taxes	Interest	Liens	Total						
2016	36.59	\$ 95,930	\$ 111	\$ 356	\$ 198	\$ 95,685	\$ 94,774	\$ 3	\$ 94,975	\$ 911						
2015	35.75	673	47	50	95	575	398	3	481	177						
2014	35.80	127	33	31	1	128	43	1	55	85						
2013	34.8	43				43	11	7	18	32						
2012	33.6	10				10	2	1	3	8						
2011	32.6	19				19				19						
2010	30	26				26				26						
2009	29.2	26		1		25				25						
2008	28.4	10				10				10						
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						
		<u>\$ 97,076</u>	<u>\$ 191</u>	<u>\$ 438</u>	<u>\$ 133</u>	<u>\$ 96,696</u>	<u>\$ 95,228</u>	<u>\$ 297</u>	<u>\$ 7</u>	<u>\$ 95,532</u>	<u>\$ 1,468</u>					



Nonmajor Governmental Funds

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

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

Fund	Funding Source	Function
Cafeteria	Sale of food, state and federal grants	Food service operations
Road Aid Maintenance	State funds	Improvement of the Town's roads
State and Federal Grants	Federal or state grants	Education programs
Cemetery	Charges for services	Maintaining the Town's cemeteries
Dog Licenses	License fees	Canine control program
LOCIP Reserve	State funds	Infrastructure improvements
Recreation Programs	User fees	Recreation
Employee Leave Liability	Local	Pay employees for accumulated sick leave upon termination
Balf	The Balf Company	The use of these funds is to be determined in the future by the Town's governing body
Miscellaneous Grants	State and federal grants	Special programs administered by Town departments
Volunteer Ambulance	Local	Money purchase plan established
Volunteer Firefighters'	Local	Provides a one-time payment based on length of service to volunteer firefighters who are vested but no longer active
Scholarship Trust	Donations	Scholarship endowments/gifts
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	Balif	Miscellaneous Grants	Volunteer Ambulance
ASSETS											
Cash and cash equivalents	\$ 312	\$ 337	\$ 20	\$ 1,519	\$ 36	\$ 74	\$ 1,478	\$ 604	\$ 30	\$ 1,181	\$ 224
Investments											
Receivables:											
Accounts and other	3						7				
State and Federal governments	101		4							160	
Prepays							23			2	
Inventory	47										
Total Assets	\$ 463	\$ 337	\$ 24	\$ 1,519	\$ 36	\$ 74	\$ 1,508	\$ 604	\$ 30	\$ 1,343	\$ 224
LIABILITIES AND FUND BALANCES											
Liabilities:											
Accounts and other payables	\$ 2	\$ 10	\$ 11	\$ 125	\$ 36	\$ 125	\$ 21				
Due to other funds										231	
Unearned revenue	44	227	10	383						17	
Total liabilities	44	229	10	508	36	-	269				
Fund Balances:											
Nonspendable	47			23						2	
Restricted		108	14	74						1,072	
Committed	372	108	14	977	568	30				224	
Total fund balances	419	108	14	1,000	568	30	1,074			224	
Total Liabilities and Fund Balances	\$ 463	\$ 337	\$ 24	\$ 1,519	\$ 36	\$ 74	\$ 1,508	\$ 604	\$ 30	\$ 1,343	\$ 224

(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	
ASSETS										
Cash and cash equivalents	\$ 133	\$ 282	\$ 4	\$ 131	\$ 6,228	\$ 25	\$ 11	\$ 1	\$ 37	\$ 6,265
Investments					\$ 133					- 133
Receivables:										
Accounts and other					10					- 10
State and Federal governments			4		269					- 269
Prepays					25					- 25
Inventory					47					- 47
Total Assets	\$ 133	\$ 282	\$ 4	\$ 131	\$ 6,712	\$ 25	\$ 11	\$ 1	\$ 37	\$ 6,749
LIABILITIES AND FUND BALANCES										
Liabilities:										
Accounts and other payables	\$ 5	\$ 4	\$ 4	\$ 209	\$ 236					\$ 209
Due to other funds					671					- 236
Unearned revenue										- 671
Total liabilities	\$ 5	-	4	\$ 1,116						\$ 1,116
Fund Balances:										
Nonspendable					72					- 72
Restricted					1,268	25	11	1	37	1,305
Committed	128	282	-	131	4,256					- 4,256
Total fund balances	128	282	-	131	5,596	25	11	1	37	5,633
Total Liabilities and Fund Balances	\$ 133	\$ 282	\$ 4	\$ 131	\$ 6,712	\$ 25	\$ 11	\$ 1	\$ 37	\$ 6,749

TOWN OF NEWINGTON, CONNECTICUT

NONMAJOR GOVERNMENTAL FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

FOR THE YEAR ENDED JUNE 30, 2018

(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	\$ 630	\$ 263	\$ 1,734	\$ 3	\$ 17	\$ 219	\$ 28	\$ 9	\$ -	\$ 837	\$ 65
Intergovernmental Contributions											
Charges for services	805			206		10	1,076			60	
Investment income				18			14			12	
Miscellaneous	42							9		109	3
Total revenues	<u>1,477</u>	<u>263</u>	<u>1,734</u>	<u>227</u>	<u>17</u>	<u>229</u>	<u>1,118</u>	<u>9</u>	<u>-</u>	<u>1,083</u>	<u>3</u>
Expenditures:											
Current:											
General government								183			
Public safety										56	2
Public works										412	
Health and human services										229	
Library										34	
Parks and recreation				28			982			23	
Education	1,429		1,734					37			
Capital outlay		263				219				414	
Total expenditures	<u>1,429</u>	<u>263</u>	<u>1,734</u>	<u>28</u>	<u>12</u>	<u>219</u>	<u>982</u>	<u>220</u>	<u>-</u>	<u>1,168</u>	<u>2</u>
Other financing sources (uses):											
Transfers in								93		2	6
Transfers out											
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(124)</u>	<u>-</u>	<u>-</u>	<u>(324)</u>	<u>93</u>	<u>-</u>	<u>2</u>	<u>6</u>
Net change in fund balances	48	-	-	75	5	10	(188)	(118)	-	(83)	7
Fund balances at beginning of year	371	108	14	1,444	20	64	1,188	686	30	1,157	217
Fund Balances at End of Year	<u>\$ 419</u>	<u>\$ 108</u>	<u>\$ 14</u>	<u>\$ 1,519</u>	<u>\$ 25</u>	<u>\$ 74</u>	<u>\$ 1,000</u>	<u>\$ 568</u>	<u>\$ 30</u>	<u>\$ 1,074</u>	<u>\$ 224</u>

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TOWN OF NEWINGTON, CONNECTICUT

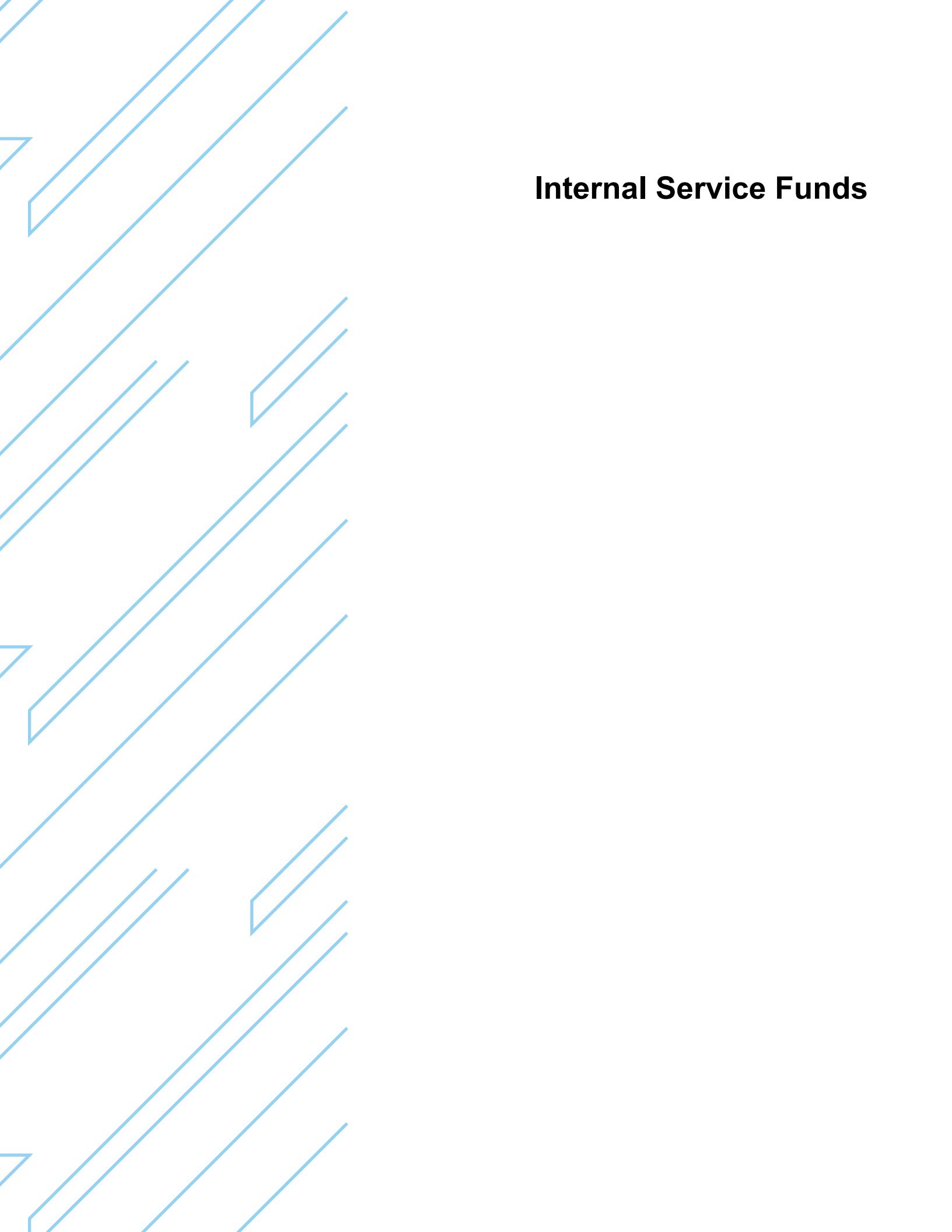
NONMAJOR GOVERNMENTAL FUNDS

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

FOR THE YEAR ENDED JUNE 30, 2018

(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	\$	\$	\$	\$	17	\$	\$	\$	\$	-	\$ 17
Intergovernmental			4		3,690						3,690
Contributions					93						93
Charges for services				55	2,212						2,212
Investment income	5	-			61						61
Miscellaneous		48			199						199
Total revenues	5	48	4	55	6,272	-	-	-	-	-	6,272
Expenditures:											
Current:											
General government					183					-	183
Public safety	5				75						75
Public works					412					-	412
Health and human services					229					-	229
Library					34					-	34
Parks and recreation					1,033					-	1,033
Education		73			3,273						3,273
Capital outlay			4		900						900
Total expenditures	5	73	4	-	6,139	-	-	-	-	-	6,139
Other financing sources (uses):											
Transfers in					101					-	101
Transfers out					(448)						(448)
Total other financing sources (uses)	-	-	-	-	(347)	-	-	-	-	-	(347)
Net change in fund balances	-	(25)	-	55	(214)	-	-	-	-	-	(214)
Fund balances at beginning of year	128	307	-	76	5,810	25	11	1	37		5,847
Fund Balances at End of Year	\$ 128	\$ 282	\$ -	\$ 131	\$ 5,596	\$ 25	\$ 11	\$ 1	\$ 37	\$	\$ 5,633



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, 2018
(In Thousands)

	Health Benefits	Insurance Reserve	Total
Assets:			
Cash and cash equivalents	\$ 3,367	\$ 728	\$ 4,095
Accounts receivable	<u> </u>	<u> 25</u>	<u> 25</u>
Total assets	3,367	753	4,120
Liabilities:			
Accounts and other payable	<u> 752</u>	<u> 15</u>	<u> 767</u>
Net Position:			
Unrestricted	\$ <u> 2,615</u>	\$ <u> 738</u>	\$ <u> 3,353</u>

TOWN OF NEWINGTON, CONNECTICUT
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2018
(In Thousands)

	Health Benefits	Insurance Reserve	Total
Operating Revenues:			
Charges for services	\$ 10,516	\$ 260	\$ 10,516
Miscellaneous			260
Total operating revenues	<u>10,516</u>	<u>260</u>	<u>10,776</u>
Operating Expenses:			
Benefit payments	9,772		9,772
Administration	432		432
Insurance	520		520
Casualty loss		126	126
Total operating expenses	<u>10,724</u>	<u>126</u>	<u>10,850</u>
Operating Income (Loss)	(208)	134	(74)
Nonoperating Revenue:			
Interest on investments	<u>30</u>		<u>30</u>
Change in Net Position	(178)	134	(44)
Total Net Position at Beginning of Year	<u>2,793</u>	<u>604</u>	<u>3,397</u>
Total Net Position at End of Year	<u>\$ 2,615</u>	<u>\$ 738</u>	<u>\$ 3,353</u>

TOWN OF NEWINGTON, CONNECTICUT
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2018
(In Thousands)

	Health Benefits	Insurance Reserve	Total
Cash Flows from Operating Activities:			
Cash received from charges for services and other	\$ 10,517	\$ 235	\$ 10,752
Cash paid to vendors	<u>(10,718)</u>	<u>(121)</u>	<u>(10,839)</u>
Net cash provided by (used in) operating activities	<u>(201)</u>	<u>114</u>	<u>(87)</u>
Cash Flows from Investing Activities:			
Interest on investments	<u>30</u>		<u>30</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>(171)</u>	<u>114</u>	<u>(57)</u>
Cash and Cash Equivalents at Beginning of Year	<u>3,538</u>	<u>614</u>	<u>4,152</u>
Cash and Cash Equivalents at End of Year	<u>\$ 3,367</u>	<u>\$ 728</u>	<u>\$ 4,095</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:			
Operating income (loss)	\$ (208)	\$ 134	\$ (74)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
(Increase) decrease in accounts receivable		<u>(25)</u>	<u>(25)</u>
Increase (decrease) in accounts and other payables	<u>7</u>	<u>5</u>	<u>12</u>
Net Cash Provided by (Used in) Operating Activities	<u>\$ (201)</u>	<u>\$ 114</u>	<u>\$ (87)</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, 2018
(In Thousands)

	Pension Trust Funds	OPEB Trust Fund	Total
Assets:			
Cash and cash equivalents	\$ 1,969	\$	1,969
Investments:			
Corporate bonds	6,157	561	6,718
U.S. government securities	6,869	720	7,589
Common stocks	27,303	2,746	30,049
Mutual funds	36,112	3,421	39,533
Total assets	78,410	7,448	85,858
Liabilities:			
Accounts payable		18	18
Due to other funds	590		590
Total liabilities		608	608
Net Position:			
Restricted for Pension/OPEB Benefits	\$ 78,410	\$ 6,840	\$ 85,250

TOWN OF NEWINGTON, CONNECTICUT
COMBINING STATEMENT OF CHANGES IN NET POSITION
PENSION AND OTHER EMPLOYEE BENEFIT TRUST FUNDS
FOR THE YEAR ENDED JUNE 30, 2018
(In Thousands)

	Pension Trust Funds	OPEB Trust Fund	Total
Additions:			
Contributions:			
Employer	\$ 6,064	\$ 1,771	\$ 7,835
Plan members	876		876
Total contributions	<u>6,940</u>	<u>1,771</u>	<u>8,711</u>
Investment income (loss):			
Net depreciation in fair value of investments	4,339	175	4,514
Interest and dividends	1,979	370	2,349
Total investment income	<u>6,318</u>	<u>545</u>	<u>6,863</u>
Less investment expense	321	30	351
Net investment income	<u>5,997</u>	<u>515</u>	<u>6,512</u>
Total additions	<u>12,937</u>	<u>2,286</u>	<u>15,223</u>
Deductions:			
Benefits	7,381	1,688	9,069
Administration	91	133	224
Total deductions	<u>7,472</u>	<u>1,821</u>	<u>9,293</u>
Change in Net Position	5,465	465	5,930
Net Position - Beginning of Year	<u>72,945</u>	<u>6,375</u>	<u>79,320</u>
Net Position - End of Year	<u>\$ 78,410</u>	<u>\$ 6,840</u>	<u>\$ 85,250</u>

TOWN OF NEWINGTON, CONNECTICUT
AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2018
(In Thousands)

	Balance July 1, 2017	Additions	Deductions	Balance June 30, 2018
Youth Activities Fund				
Assets:				
Cash and cash equivalents	\$ <u>6</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>6</u>
Liabilities:				
Deposits held for others	\$ <u>6</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>6</u>
Student Activities Fund				
Assets:				
Cash and cash equivalents	\$ <u>530</u>	\$ <u>974</u>	\$ <u>962</u>	\$ <u>542</u>
Liabilities:				
Deposits held for others	\$ <u>530</u>	\$ <u>974</u>	\$ <u>962</u>	\$ <u>542</u>
Total All Funds				
Assets:				
Cash and cash equivalents	\$ <u>536</u>	\$ <u>974</u>	\$ <u>962</u>	\$ <u>548</u>
Liabilities:				
Deposits held for others	\$ <u>536</u>	\$ <u>974</u>	\$ <u>962</u>	\$ <u>548</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)

	FISCAL YEAR									
	2018	2017 (3)	2016	2015	2014 (2)	2013	2012	2011	2010	2009
Governmental Activities:										
Net investment in capital assets	\$ 87,484	\$ 86,658	\$ 84,015	\$ 81,409	\$ 77,244	\$ 74,017	\$ 70,426	\$ 65,734	\$ 62,260	\$ 56,392
Restricted	671	689	655	654	662	637	657	685	673	612
Unrestricted	(27,772)	(27,309)	(9,527)	(10,359)	(12,544)	33,447	31,773	29,983	29,240	24,818
Total Governmental Activities Net Position	\$ <u>60,383</u>	\$ <u>60,038</u>	\$ <u>75,143</u>	\$ <u>71,704</u>	\$ <u>65,362</u>	\$ <u>108,101</u>	\$ <u>102,856</u>	\$ <u>96,402</u>	\$ <u>92,173</u>	\$ <u>81,822</u>

Note: (1) Schedule prepared on the accrual basis of accounting (2) Restated for GASB 68 (3) Restated for GASB 75

TABLE 2

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

	FISCAL YEAR									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Expenses:										
General government	\$ 8,099	\$ 8,890	\$ 7,546	\$ 6,049	\$ 7,293	\$ 6,821	\$ 7,128	\$ 6,204	\$ 5,609	\$ 7,931
Public safety	14,808	14,723	14,633	12,955	11,702	11,883	12,062	11,426	10,600	11,323
Public works	11,380	10,581	10,172	10,032	9,690	9,528	10,597	9,669	9,585	9,109
Community planning and development	1,041	1,033	1,733	1,083	965	990	771	667	780	697
Health and community services	1,962	2,084	1,930	1,756	1,812	1,696	1,376	1,520	1,498	1,416
Library	2,470	2,421	2,452	2,261	2,210	2,222	2,118	2,010	2,104	2,016
Parks and recreation	3,671	3,516	3,478	3,179	3,129	3,214	3,074	2,534	2,941	2,716
Education	90,949	87,205	80,656	79,776	78,993	73,707	73,232	69,342	68,084	65,598
Interest on long-term debt	216	170	210	279	448	299	499	538	687	780
Total governmental activities expenses	<u>134,596</u>	<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>
Program Revenues:										
Charges for services:										
General government	672	735	602	625	555	655	575	790	703	719
Public safety	72	70	85	177	119	129	178	120	82	106
Public works	147	36	24	27	38	41	45	45	45	48
Community planning and development	301	360	387	392	348	410	287	208	309	415
Health and community services	54	53	55	49	56	75	69	65	69	72
Library	26	23	23	22	22	26	27	29	29	30
Parks and recreation	1,282	1,402	1,081	1,016	977	1,072	1,052	997	903	801
Education	1,254	1,235	1,209	1,261	986	1,149	1,053	1,115	1,052	1,117
Operating grants and contributions	32,035	29,667	24,745	23,939	26,753	23,727	24,946	21,729	23,262	20,574
Capital grants and contributions	864	1,331	2,342	3,427	839	799	3,647	908	5,874	2,210
Total governmental activities program revenues	<u>36,707</u>	<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>
Net expense:										
Governmental activities	<u>(97,889)</u>	<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>
General revenues and other changes in net position:										
Governmental activities:										
Property taxes	96,189	93,918	92,051	89,211	85,894	83,514	80,907	78,159	75,542	72,453
Grants and contributions not restricted to specific purposes	1,302	3,427	3,172	3,117	3,310	3,688	3,379	3,433	3,393	3,411
Unrestricted investment earnings	485	139	98	86	88	53	78	145	203	642
Miscellaneous	258	236	375	363	312	267	1,068	396	773	439
Total governmental activities	<u>98,234</u>	<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>
Changes in Net Position:										
Governmental Activities	\$ 345	\$ 2,009	\$ 3,439	\$ 6,342	\$ 4,055	\$ 5,245	\$ 6,454	\$ 4,229	\$ 10,351	\$ 1,451

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									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
General Fund:										
Reserved	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Unreserved									1,745	1,947
Committed	297	1,217	515						15,898	14,744
Assigned	5,970	5,406	6,460	5,370	4,877	5,010	4,174	3,891		
Unassigned	15,278	14,621	14,981	15,999	15,183	14,626	14,419	13,082		
Total General Fund	\$ <u>21,545</u>	\$ <u>21,244</u>	\$ <u>21,956</u>	\$ <u>21,369</u>	\$ <u>20,060</u>	\$ <u>19,636</u>	\$ <u>18,593</u>	\$ <u>16,973</u>	\$ <u>17,643</u>	\$ <u>16,691</u>
All other governmental funds:										
Reserved	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Unreserved, reported in:									1,148	577
Special revenue funds									5,830	4,015
Capital projects funds									3,538	3,100
Nonspendable	72	50	61	43	43	38	33	34		
Restricted	1,372	1,442	1,508	1,665	2,239	1,593	1,460	1,253		
Committed	12,099	12,647	11,671	10,215	9,081	9,146	9,213	8,650		
Total All Other Governmental Funds	\$ <u>13,543</u>	\$ <u>14,139</u>	\$ <u>13,240</u>	\$ <u>11,923</u>	\$ <u>11,363</u>	\$ <u>10,777</u>	\$ <u>10,706</u>	\$ <u>9,937</u>	\$ <u>10,516</u>	\$ <u>7,692</u>

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									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Revenues:										
Property taxes	\$ 95,968	\$ 93,725	\$ 92,240	\$ 89,177	\$ 85,646	\$ 83,913	\$ 80,895	\$ 77,704	\$ 75,594	\$ 73,276
Payment in lieu of taxes	968	2,409	2,811	2,731	2,764	2,339	2,343	3,096	3,050	2,936
Licenses, fees and permits	306	337	396	361	360	417	292	209	316	425
Intergovernmental	33,146	31,714	27,290	27,606	27,958	25,591	29,533	22,873	25,760	23,165
Contributions	93	180	28	67	62	73	173	91	209	91
Rental	206	172	172	180	146	216	214	185	163	214
Investment income	454	124	93	83	85	49	76	137	191	591
Fines	29	23	35	155	89	122	123	93	64	96
Charges for services	3,135	3,360	2,852	2,817	2,504	2,787	2,564	2,881	2,645	2,567
Refunds and reimbursements										
Other	399	418	509	513	393	529	1,080	452	385	430
Total revenues	134,704	132,462	126,426	123,690	120,007	116,036	117,293	107,721	108,377	103,791
Expenditures:										
General government	4,892	4,919	4,557	4,581	4,483	4,547	4,457	4,198	4,260	4,376
Public safety	8,420	8,433	8,275	7,985	7,635	7,552	7,633	7,238	7,297	7,042
Public works	5,144	4,702	4,625	4,945	4,728	4,557	6,227	4,670	4,535	4,766
Community planning and development	552	576	1,248	638	543	470	422	430	479	513
Health and community services	1,392	1,384	1,375	1,382	1,415	1,230	1,093	1,074	1,117	1,108
Library	1,760	1,727	1,769	1,728	1,668	1,647	1,737	1,607	1,706	1,656
Parks and recreation	2,647	2,554	2,458	2,373	2,234	2,221	2,285	2,248	2,221	2,258
Education	87,760	85,737	79,459	77,530	77,440	72,868	71,555	69,465	66,646	63,667
Miscellaneous	14,791	14,201	13,668	12,063	11,031	11,748	10,424	10,026	8,928	8,741
Capital outlay	6,193	7,930	5,099	6,248	5,307	4,671	8,956	5,259	4,980	6,243
Debt service:										
Principal	1,025	1,050	1,555	2,070	1,842	3,054	1,825	1,630	1,750	1,946
Interest	423	304	209	273	316	426	599	742	985	790
Total expenditures	134,999	133,517	124,297	121,816	118,642	114,991	117,213	108,587	104,904	103,106
Excess of Revenue Over (Under) Expenditures	(295)	(1,055)	2,129	1,874	1,365	1,045	80,000	(866)	3,473	685
Other Financing Sources (Uses):										
Bonds issued										
Bond refunding issued										
Payment to escrow agent										
Premium on bond issuance										
Mortgage issued										
Capitalized lease										
Transfers in	3,488	6,377	5,962	5,162	5,044	4,633	4,881	4,745	4,129	4,346
Transfers out	(3,488)	(6,550)	(6,187)	(5,167)	(5,399)	(4,692)	(5,122)	(5,153)	(4,420)	(4,654)
Total other financing sources (uses)	-	1,242	(225)	(5)	(355)	69	2,334	(408)	303	(308)
Net Change in Fund Balance	\$ (295)	\$ 187	\$ 1,904	\$ 1,869	\$ 1,010	\$ 1,114	\$ 2,414	\$ (1,274)	\$ 3,776	\$ 377
Debt Service as a Percentage of Noncapital Expenditures	1.11%	1.08%	1.49%	2.04%	1.91%	3.16%	2.25%	2.30%	2.81%	2.91%

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)

Fiscal Year Ended June 30,	Taxes and Special Assessments	Licenses and Permits	Intergovernmental Revenue(1)	Charges for Services	Investment Earnings	Miscellaneous Revenues(2)	Other Financing Sources(3)	Total
2018	\$ 95,968	\$ 289	\$ 14,276	\$ 763	\$ 378	\$ 285	\$ 124	\$ 112,083
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

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
2018	\$ 4,715	\$ 8,447	\$ 5,288	\$ 1,163	\$ 3,350	\$ 15,938	\$ 70,385	\$ 3,040	\$ 112,326
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

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							
2018	1,651,907	535,584	69,484	221,486	259,873	(146,816)	2,591,518	36.59	3,912,907	66.23%
2017 (1)	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	35.8	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 (4)	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%

TABLE 8

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

Taxpayer	October 1, 2016			October 1, 2007		
	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	\$ 43,711	1	1.69%	\$ 27,195	1	1.05%
GKN Aerospace	27,002	2	1.04%			
IREIT Newington Fair LLC	21,510	3	0.83%			
Newington VF LLC	20,300	4	0.78%	20,392	3	0.79%
Newington Gross LLC	19,463	5	0.75%			
Mandell Properties LLC	19,361	6	0.75%			
TLG Newington LLC	18,316	7	0.71%	18,826	5	0.73%
Brixmor Ga Turnpike Plaza LLC	17,850	8	0.69%			
Hayes Kaufman Newington	13,086	9	0.50%	13,230	7	0.51%
Scelza/Cambridge/Landmark/Baldwin	12,456	10	0.48%			
Lowes Home Centers Inc #623	11,174	11	0.43%	10,236	12	0.40%
Target Corporation T 1802	10,742	12	0.41%	10,879	10	0.42%
Saputo Dairy Foods USA/ Catamount Newington LLC	10,666	13	0.41%			
Balf/Tilcon Company	10,577	14	0.41%	9,961	13	
Reno Properties II LLC	10,161	15	0.39%	7,707	14	
Hartford Hospital	0		0.00%	11,150	9	0.43%
TOTAL	\$ 266,375		10.28%	\$ 129,576		5.00%

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	Amount
2018	36.59	\$ 95,685	\$ 94,774	99.05		N/A		
2017	35.75	93,302	92,629	99.28	398	\$ 93,027	99.71	
2016	35.8	91,453	90,810	99.30	465	91,275	99.81	
2015	34.77	88,599	87,879	99.19	586	88,465	99.85	
2014	33.63	85,346	84,607	99.13	645	85,252	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	

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	Premiums	Mortgage Payable	Capital Leases				
2018	\$ 4,195	\$ 270	\$ 1,074	\$ 5,539	0.21%	0.55%	\$ 181	
2017	4,914	306	1,280	6,500	0.25%	0.64%	213	
2016	6,255	342	15	6,612	0.26%	0.66%	216	
2015	7,295	379	515	8,189	0.32	0.84%	268	
2014	8,740	414	1,045	10,309	0.40	1.08%	337	
2013	9,960	450	1,560	12,187	0.47	1.35%	384	
2012	11,690		2,575	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

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)

Fiscal Year					Total Primary Government		Percentage of Estimated Actual Taxable Value of Property		Debt Per Capita	
	General Obligation Bonds	Premiums	Mortgage Payable	Capital Leases						
2018	\$ 4,195	\$ 270	\$	\$ 1,074	\$ 5,539		0.14	\$		181
2017	4,914	306		1,280	6,500		0.17			213
2016	6,597	342	6,597		13,536		0.35			443
2015	7,674	379	7,674		15,727		0.41			515
2014	9,154	414	9,154	110	18,832		0.52			616
2013	10,410	450	10,410	217	21,487		0.59			703
2012	11,690		11,690	321	23,701		0.61			776
2011	13,515		13,515	423	27,453		0.67			898
2010	15,145		15,145	629	30,919		0.78			1,055
2009	16,855		16,855	307	34,017		0.83			1,161

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, 2018
(In Thousands)

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Shares of Direct and Overlapping Debt
Debt repaid with property taxes - Metropolitan District Commission	\$ 972,976	9.16 %	\$ 89,125
Town direct debt	5,539	100.00 %	<u>5,539</u>
Total direct and overlapping debt			\$ <u>94,664</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, 2018
(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>	<u>-</u>
Base				\$ 93,435	<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	2,777	1,688			
Capital Lease	1,074				
Town's share of Metropolitan District debt			89,125		
Total Indebtedness	<u>3,851</u>	<u>1,688</u>	<u>89,125</u>	<u>-</u>	<u>-</u>
Debt Limitation in Excess of Net Debt	<u>\$ 206,378</u>	<u>\$ 418,770</u>	<u>\$ 261,256</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									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
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	94,664	91,942	88,616	60,129	65,035	54,266	47,843	38,202	32,674	28,597
Legal debt margin	\$ 559,381	\$ 551,715	\$ 533,684	\$ 537,265	\$ 521,460	\$ 510,746	\$ 494,566	\$ 489,780	\$ 477,290	\$ 462,544
Total net debt applicable to the limit as a percentage of debt limit	14.47%	14.28%	14.24%	10.07%	11.09%	9.60%	8.82%	7.24%	6.19%	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

Calendar Year	Population(1)	Personal Income in Thousands (1)	Per Capita Income(1)	Median Age(2)	School Enrollment(3)	Unemployment Rate(4)
2018	30,562	1,013,334	38,255	45.0	4,035	3.9%
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%

(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

Employer	Nature of Business	2018 (1)			2008 (2)		
		Employees	Rank	Percentage of Total Town Employment	Employees	Rank	Percentage of Total Town Employment
Connecticut Department of Transportation	Government	1,028	1	6.3%	1,200	1	7.2%
Hartford Hospital-Newington Campus	Health Services	853	2	5.2%	250	5	1.5%
Town of Newington	Government	681	3	4.2%	678	2	4.0%
Data-Mail, Inc.	Direct Mail Service	604	4	3.7%	500	3	3.0%
Veterans Administration Hospital	Health Services	370	5	2.3%	250	6	1.5%
C & S (formerly Davidson Company)	Distributor	346	6	2.1%			
Stew Leonards	Grocery	285	7	1.7%			
Stop & Shop	Retail Grocers	215	8	1.3%			
Newington Rapid Recovery Health Care Center	Health Services	212	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%
PCX Precision Components	Manufacturer	172	12	1.0%			
Sam's Club	Wholesale Clubs	168	13	1.0%			
Bel-Air Manor	Health Services	150	14	0.9%			
GKN Aerospace	Manufacturer	150	15	0.9%			
Lowes	Retail Trade	149	16	0.9%			
Price Chopper	Retail Grocers	123	17	0.7%	180	11	1.1%
Keeney Manufacturing	Manufacturer	120	18	0.7%			
H.O. Penn	Retail Machinery	110	19	0.7%			
EDAC Aerospace	Manufacturer	100	20	0.6%			
TOTAL		6,246		38.08%	3,661		21.90%

(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

Function/Program	FISCAL YEAR									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
General government	45	44	44	45	44	44	43	42	44	45
Police	65	64	63	63	63	63	64	64	64	64
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	19	21
Library	14	14	14	14	14	14	14	14	14	14
Education	<u>508</u>	<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>
Total	<u>679</u>	<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>

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									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
General government:										
Building permits issued	1,909	1,836	2,255	2,157	2,029	1,874	1,669	1,502	1,697	1,806
Value of permits (000s)	21,496	27,956	30,203	30,259	27,027	38,066	23,418	22,056	26,596	44,294
Police:										
Larcenies	902	788	670	640	559	565	655	691	724	687
Calls for service	26,766	25,472	26,049	28,718	27,279	28,305	28,955	27,102	28,658	30,481
Traffic violations	4,962	6,061	5,355	8,205	6,860	6,524	8,277	7,532	8,848	9,211
Fire:										
Emergency responses	616	600	607	598	602	716	896	809	763	795
Residential responses	N/A	N/A	70	54	72	100	281	225	240	258
Inspections	878	689	758	549	559	572	606	743	780	908
Refuse collection:										
Refuse collected (annual tonnage)	8,397	8,213	8,290	9,092	9,190	9,018	8,273	8,275	9,231	10,600
Recyclables collected (annual tonnage)	2,694	2,775	2,845	2,810	2,819	2,838	2,810	2,905	2,182	2,200
Other public works:										
Street Reconstruction (linear feet)	1,125	320	1,050	1,067	985	502	1,070	1,921	280	582
Street Resurfacing (linear feet)	13,500	18,741	15,820	15,241	17,443	14,811	21,212	13,303	23,760	26,400
Library:										
Total volumes borrowed (000s)	310	329	350	375	378	381	405	409	421	412

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									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Public Safety										
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	41	44	41	37	41	42	42	38
Fire vehicles	17	20	20	20	21	21	20	21	21	20
Public Works										
Miles of town roads	100	100	100	100	100	100	100	100	100	100
Traffic signals	13	13	13	13	15	15	15	15	15	15
Public works vehicles and equipment	56	56	56	57	56	53	54	53	53	53
Parks and Recreation										
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
Public Libraries										
Libraries	1	1	1	1	1	1	1	1	1	1
Senior Citizens										
Community center	1	1	1	1	1	1	1	1	1	1
Senior mini-buses	5	5	5	5	5	4	4	4	4	5
Education										
Schools	7	7	7	7	7	7	7	7	7	7

Source(s): Various Town Departments

TOWN OF NEWINGTON, CONNECTICUT
MISCELLANEOUS STATISTICS
JUNE 30, 2018

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:	18,243
Republicans	3,444
Democrats	7,257
Minor Parties	284
Unaffiliated	7,258
PUBLIC SAFETY - POLICE	
# of Police Stations:	1
# of Police Districts:	5-9
# of Police Officers:	
Police Chief	1
Dispatchers	8
Police Officers	50
# of Vehicles:	41
PUBLIC SAFETY - FIRE PROTECTION	
# of Fire Companies:	4
# of Volunteer Firefighters:	110
# of Vehicles:	17
PUBLIC SAFETY - EMERGENCY MEDICAL SERVICES	
# of Volunteers (average):	48
# of Ambulances:	5
FULL-TIME EMPLOYEES (2017-18)	
Town General Government:	171
Board of Education (Full-Time Equivalents):	
Certified Teachers	352.0
Certified - Administration	23.0
Total Certified	375.0
Classified Personnel (clerical, custodial, transp.)	<u>133</u>
Total	508.0
	<u>508.0</u>
	679.0
TAX STRUCTURE 2017-18	
10/1/15 Net Grand List:	\$2,615,695,201
10/1/15 Net Supplemental List:	\$34,673,356
Mill Rate:	36.59
Assessment Ratio:	70%
Last Revaluation:	10/1/2011
EDUCATION	
Total Classroom Teachers	352.0
Public School Enrollment (Oct 2015):	4,035
Teacher/Pupil ratio:	11.5
2017-18 Appropriation per Pupil:	\$17,445
Elementary Schools (PK-4):	
Students (Oct 2016)	1135
Middle Schools (5-8):	
Students (Oct 2016)	1149
High School (9-12):	
Students (Oct 2016)	1164
Special Education	
Students (Oct 2016)	587