

Town of Newington Connecticut



Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2020

Comprehensive Annual Financial Report

of the

Town of Newington Connecticut

Fiscal Year Ended June 30, 2020

Prepared by:
Finance Department
Janet Murphy
Director of Finance

TOWN OF NEWINGTON, CONNECTICUT
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Introductory Section

TOWN OF NEWINGTON, CONNECTICUT

PRINCIPAL OFFICIALS

Town Council

Beth DelBuono, Mayor

Carol Anest

Sharon Braverman

Gail Budrejko

Michael Camilo

John Donahue

Tim Manke

Chris Miner

David Nagel

Board of Education

Paul Vessella, Chairperson

Michael Branda

Bruce Fletcher

Emily Guion

Beth Manke Hutvagner

Steven Silvia

Cindy Stamm

Robert Tofeldt, Sr.

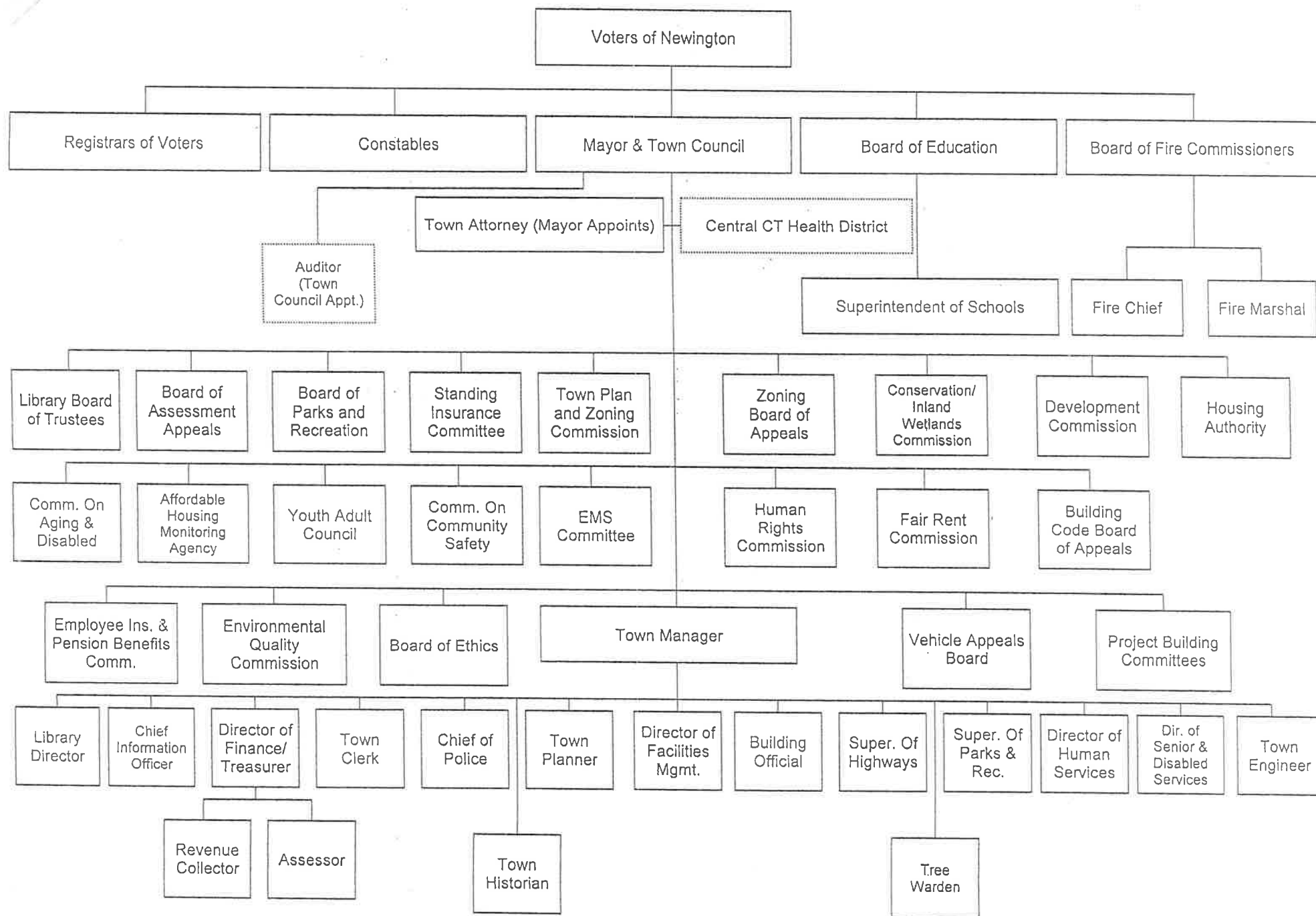
Jessica Weaver

Appointed Officials

Keith Chapman, Town Manager

Maureen L. Brummett, Superintendent of Schools

Janet Murphy, Director of Finance





Keith Chapman
Town Manager

TOWN OF NEWINGTON

200 Garfield Street Newington, Connecticut 06111

Finance Department

Janet Murphy
Director of Finance

December 1, 2020

Keith Chapman, Town Manager
Town of Newington
Newington, Connecticut

Dear Mr. Chapman:

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, 2020.

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, P.C., Certified Public Accountants, have issued an unmodified ("clean") opinion on the Town of Newington's financial statements for the year ended June 30, 2020. 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, 2018 grand list increased slightly compared to the prior year. The slight increase was primarily attributed to the value of personal property that is being assessed on the 2018 Grand List compared to the prior year. The increase in personal property value was 6.18%. Additionally, motor vehicle components increased by 3.35% while Real Estate decreased by .02%. The Town continues to maintain a balanced mix of retail, manufacturing and light industry and its top ten taxpayers represented about 7.2% of the total assessed value on the October 1, 2018 grand list. The Town's tax collection rate as of June 30, 2020 was 99.33%, a slight increase of .15% from the 2019 levels. Current year tax collections are similar to the same period of the previous year.

For fiscal year-end 2020, building permit activity generated \$26.06 million in construction value, down significantly from the prior year since the prior year included the permits for the building of the new Town Hall/Community Center. Commercial projects that generated building permit activity included Southfield Day Care Center, Subway, Amazon, Geico Office, Salsa's 4 Taqueria, Tony Boloney's and Universal Supply Co. Although Newington is limited in land for extensive housing development, there was significant remodeling being done including installation of pools and additions due to everyone not traveling due to the COVID pandemic.

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 2020 average unemployment rate increased to 5.0%, versus the Hartford Labor Market and the statewide average rates of 5.8%.
- Annual Median Income continues to strengthen, now surpassing \$80,000.
- A "Economic Index" published by the Connecticut Department of Labor shows Newington's overall economic health has continued to improve since 2014, among the highest of any town with a population over 25,000.

Long-term Financial Planning

Economic development over the long term will enhance the Town financially by business recruitment and retention, resulting in an increase for the annual Grand List. The Town has recently reviewed its processes and efforts in expanding the annual Grand List and has commissioned an internal team consisting of the Town Manager, Assessor, and Planner. This newly created team will focus on recruitment, dedicated to soliciting new business ventures, with the recognition that Town is approximately 95% fully developed at this time. The recruitment efforts will not only be at a local and state level, but also national and worldwide. The retention will focus on existing commercial businesses, by providing valuable feedback on their business outlook, future plans, as well as providing a sounding board for their needs and frustrations that must be addressed in assuring they remain and expand in Newington, not outside of Newington. A review of the last 24 months revealed that over 110 new commercial businesses have chosen Newington as their preferred location. Of those 110 companies, they include Amazon, Tempoe LLC, Premier Truck Rental LLC, Supreme Industries Inc., Trumpf Inc., American Shoring Inc., and Baltazar Contractors LLC. The list of new business property accounts will generate projected new taxes of over \$200,000 annually.

The Berlin Turnpike continues to be the Town's main retail corridor, attracting a dynamic and eclectic mix of big box, national and locally-owned stores and restaurants. New tenants routinely replace those at the end of their life cycles. Recent additions include the Flying Monkey Restaurant, Just Guitars, Zavarella, A Poke, Credo- Financial, South End Café, and Ren's Kitchen.

Newington's Town Center continues to prosper, offering affordable rents to more than one hundred businesses ranging from banks, restaurants, and health care, along with professional and personal services. The Town has supported infrastructure improvements of the commercial area by obtaining State grants to fund additional streetscape enhancements, the most recent being Hartford Ave and Main Street, along with New Britain Ave and Maple Hill Ave. Land available in the Town Center for further development, along with redevelopment, has the potential to nearly double the size of the existing center while adding residential and new mixed-use options.

An area of concentration that historically has not been a priority is regionalization with our neighboring towns and region. Newington is unique, in that it provides employment and housing to major cities such as Hartford, New Britain, New Haven, and East Hartford. Due to the challenges faced throughout the entire northeast, the Town of Newington has recognized that working with other communities, and the State of Connecticut can derive benefits that could aid in expansion of our tax revenues and employment opportunities. The Town of Newington has partnered with commercial realtors and developers to discuss student housing opportunities for local Universities. We will continue to collaborate with adjacent Universities such as, CCSU, Trinity, University of Hartford, and other institutions for internship and employment opportunities.

In reviewing the residential growth figures, a single-family proposed subdivision consisting of 30 single-family homes is currently under Town review. In efforts to enhance residential development, blight conditions are an important factor for our current and future residents, any blighted properties have a negative effect on our economic development efforts. As presented at a recent Town Council meeting, the Town of Newington will be focusing on decreasing and eliminating blighted properties to maintain real estate values, while enhancing the overall appearance of our residential communities.

Since 2004, the Town of Newington has hired an independent auditor to review personal property declarations of local businesses, last year, our revenues were increased by \$274,000 through these audits, at a cost to the Town of just \$5,000 for consulting services.

The Town of Newington has always been known as a highly desirable place to live, work and invest in. The entire Town staff is committed to working with the Newington Town Council, Chamber of Commerce, Economic Development Commission, Town Planning and Zoning Commission, and the Newington Community Access TV. All of the entities are committed to overcome the negative impact of the Coronavirus (COVID-19) pandemic, and any future challenges we may face.

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 be held at a manageable level. Therefore, the maximum the Town will pay for future debt service payments would allow enough funds to cover other initiatives. Secondly, recognizing the merits of the Town's Equipment Replacement Reserve Fund for vehicles, this concept was duplicated to all Town fixed assets (infrastructure and buildings). This year the Town budgeted an increase over the base figure of \$6.3 that we had used in the past. This amount 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 2020 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 | \$26,360,000 | 1.97% | 1.00% | \$942 |

Major Initiatives

Economic Development presented a proposal for the Newington Train Station and the creation of a Transit Village Design District to the Town Council last fiscal year. During this fiscal year they approved applying for the OPM Regional Performance Incentive which is an opportunity for the Town to provide funding for a study to be done for the proposed rail station in Newington. The Town would be required to provide 20% of the funding or approximately \$10,000.

The Town Council approved the application for the 2018 LOCTCIP Grant which would be used to do work on Robbins Avenue from Main Street up to Maple Hill. This project would be to widen 3 locations along this existing road right-of-way. This project adds bike lanes to the corridor and reduces the area from 4 lanes to 2 lanes. This project also includes sidewalk and curb improvements, drainage improvements and traffic signal improvements.

Creation of the Mill Pond Park Pool PBC Committee was established. The committee has gone forward with plans to review and design plans for renovation of the Mill Pond Park Pool and recreation area.

Town Hall Building Project construction phase continued with the completion of the construction of the New Town Hall and the demolition of the old Town Hall underway. The temporary transition academy at 25 Mill Street will continue to be used until the completion of the demo and parking lot where the old Town Hall was is complete.

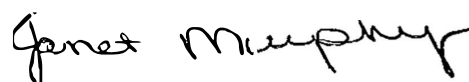
Capital improvements included the completion of several infrastructure projects such as pavement improvements to various roads, MDC work that continues along Cedar Road and Willard Ave, ADA compliance improvements to Clem Lemire Park, various drainage and sidewalk improvements, and various items for the new Town Hall/Community Center such as furniture, network items and audio-visual items.

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, 2019 for the twenty-seventh 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

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finance@newingtonct.gov

www.newingtonct.gov



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, 2019

Christopher P. Morill

Executive Director/CEO



Financial Section

Independent Auditors' Report

To the Town Council
Town of Newington, Connecticut

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Newington, Connecticut, as of and for the year ended June 30, 2020, 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, 2020 and the respective changes in financial position and, where applicable, cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, 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, who 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, 2019 (not presented herein), and have issued our report thereon dated December 9, 2019, 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, 2019 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 2019 financial statements. The accompanying General Fund balance sheet has been subjected to the auditing procedures applied in the audit of the 2019 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, 2019.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 1, 2020 on our consideration of the Town of Newington, Connecticut's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Newington, Connecticut's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Newington, Connecticut's internal control over financial reporting and compliance.

Blum, Shapiro & Company, P.C.

West Hartford, Connecticut
December 1, 2020

TOWN OF NEWINGTON, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2020

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, 2020. 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 \$7.4 million from \$66.4 million to \$73.8 million, an increase of 11% 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 \$7 million less than the \$142.8 million generated in tax and other revenues for governmental programs.
- The resources available for appropriation were \$2.7 million more than budgeted for the General Fund. Expenditures were \$4.4 million less than appropriations.
- The General Fund reported a fund balance this year of \$32 million. On a budgetary basis, \$22 million represents the Town's fund balance; of this, \$2.5 million is assigned for 2020-21 budget.
- The tax collection rate was 99.33%, a slight increase of .15% from 2019.
- The Town of Newington's outstanding bonded debt at June 30, 2020 was \$26.4 million, an increase of \$14.4 million or 115.2%, 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 \$66.4 million to \$73.8 million. The analysis below focuses on the net position (Table 1).

TABLE 1
NET POSITION
(In Thousands)

| | Governmental Activities | |
|---|--------------------------------|------------------|
| | 2020 | 2019 |
| Current and other assets | \$ 67,351 | \$ 68,305 |
| Capital assets, net of accumulated depreciation | 113,964 | 94,607 |
| Total assets | <u>181,315</u> | <u>162,912</u> |
| Deferred outflow of resources | <u>7,295</u> | <u>3,862</u> |
| Long-term debt outstanding | 99,254 | 83,017 |
| Other liabilities | 8,445 | 14,200 |
| Total liabilities | <u>107,699</u> | <u>97,217</u> |
| Deferred inflow of resources | <u>7,086</u> | <u>3,146</u> |
| Net Position: | | |
| Net investment in capital assets | 86,517 | 88,861 |
| Restricted | 652 | 652 |
| Unrestricted | <u>(13,344)</u> | <u>(23,102)</u> |
| Total Net Position | \$ <u>73,825</u> | \$ <u>66,411</u> |

Net position of the Town's governmental activities increased by \$7.4 million or 11% (\$66.4 million compared to \$73.8 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 \$(23.1) million at June 30, 2019 to \$(13.3) million at the end of this year. The largest portion of the Town's net position, \$86.5 million or 117.2%, 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 \$7.4 million. Approximately 74% of the revenues were derived from property taxes, followed by 21% 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 2020 increased by \$3.1 million or 3% during the year. This reflects a tax rate of 39.45 mills, an increase of .95 mills over the rate used in the previous fiscal year. The tax collection rate for the year was 99.33%, a slight increase from the prior year of 99.18%. Most of the increase is to support the program expenses of the Town.

- Operating grants and contributions increased by \$7.5 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 \$5.7 million. The town also received an increase in various annual operating grants, primarily grants in aid, in the amount of approximately \$.75 million compared to last year.
- Capital grants and contributions decreased by \$348 thousand. Construction of the new Town Hall/Community Center was the major capital project this year and completion and reimbursement by the State of Connecticut will not take place until the 2020-2021 fiscal year.
- The total cost of all programs and services was \$136 million.

TABLE 2
CHANGE IN NET POSITION
(In Thousands)

| | Governmental Activities | |
|---|------------------------------------|------------------|
| | 2020 | 2019 |
| Revenues: | | |
| Program revenues: | | |
| Charges for services | \$ 3,862 | \$ 3,756 |
| Operating grants and contributions | 29,589 | 22,102 |
| Capital grants and contributions | 686 | 1,034 |
| General revenues: | | |
| Property taxes | 105,527 | 102,479 |
| Grants and contributions not restricted to specific purposes | 2,248 | 2,257 |
| Unrestricted investment earnings | 804 | 1,029 |
| Other general revenues | 89 | 69 |
| Total revenues | <u>142,805</u> | <u>132,726</u> |
| Program expenses: | | |
| General government | 9,359 | 7,086 |
| Public safety | 14,151 | 15,296 |
| Public works | 12,246 | 11,807 |
| Community planning and development | 1,078 | 850 |
| Health and community services | 2,091 | 2,316 |
| Library | 2,538 | 2,537 |
| Parks and recreation | 3,978 | 3,897 |
| Education | 89,321 | 82,768 |
| Interest on long-term debt | 629 | 141 |
| Total program expenses | <u>135,391</u> | <u>126,698</u> |
| Increase in Net Position | 7,414 | 6,028 |
| Net Position at Beginning of Year | <u>66,411</u> | <u>60,383</u> |
| Net Position at End of Year | <u>\$ 73,825</u> | <u>\$ 66,411</u> |

The following analysis separately considers the operations of governmental activities. Table 3 presents the cost of each of the Town's five largest programs - general government, police and fire, public works, education, and parks and recreation - as well as each program's net cost (total cost less revenues generated by the activities). The net cost, which shows the financial burden placed on the Town's taxpayers by each of these functions, increased by \$1.8 million (\$101.6 million compared to \$99.8 million). The most noteworthy changes are as follows:

- The cost of General Government, Public Safety, Public Works, Park and Recreation and other miscellaneous departments increased \$2.3 million.
- Education experienced an increase in the amount of expenses going from \$82.8 to \$89.5 million.

TABLE 3
Governmental Activities
(In Thousands)

| | Total Cost of Services | | Net Cost of Services | |
|----------------------|-------------------------------|-------------|-----------------------------|-------------|
| | 2020 | 2019 | 2020 | 2019 |
| General government | \$ 9,359 | \$ 7,086 | \$ 8,521 | \$ 6,500 |
| Public safety | 14,151 | 15,296 | 14,026 | 15,155 |
| Public works | 12,246 | 11,807 | 10,205 | 9,933 |
| Education | 89,321 | 82,768 | 60,237 | 60,597 |
| Parks and recreation | 3,978 | 3,897 | 2,593 | 2,500 |
| All others | 6,336 | 5,844 | 5,672 | 5,121 |
| Totals | \$ 135,391 | \$ 126,698 | \$ 101,254 | \$ 99,806 |

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 \$50.9 million. Approximately 43% of the fund balance amount or \$22 million constitutes unassigned fund balance that is available for unforeseen contingencies and to offset future budgets over the long term. The next largest portion, \$19.7 million or 38.7%, is committed to be used only for the specific purposes such as a capital or grant related projects. The balance of \$9.2 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 increased by \$3.9 million (\$47 million compared to \$50.9 million) from last years' total. Included in this year's total change in fund balance is a decrease of \$2.6 million in Capital Project Funds. These decreased funds account for financial resources used for the acquisition of major equipment or construction of facilities and primarily to account for the construction of the new Town Hall/Community Center. The fund's revenue and other financing sources were more than the expenditures by \$6.4 million for the fiscal year thereby increasing the fund's equity balance to \$32 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 increase in the collection rate and a tax sale of prior year unpaid taxes. This resulted in a positive variance for current year levy, prior year levy and interest and liens totaling \$1.7 million.
2. State of Connecticut funding was above the estimated budgets by \$448 thousand. This was primarily due to the increase in Municipal Aid Grant that the Town received.
3. General operating expenses were kept under budget by \$2.3 million as a result of personnel savings due to vacancies and a lower facility maintenance expenses. Also under budget was the Board of Education by \$2 million. Town and Board of Education expenses were lower than expected partly due to the COVID pandemic forcing the closing of the Town Hall and Schools during the spring.
4. Public Works expenses came in under budget by \$351 thousand. The majority of this was a favorable variance in Highway due to a reduction in full time and seasonal crew and solid waste services.
5. The Town enjoyed a successful investing result for the majority of the year, ending with a favorable variance compared to budget of \$316 thousand.

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 \$5 thousand as grants and other revenue sources received last year were expensed in this year. As of June 30, 2020, the fund balance decreased to \$93 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 \$6.1 million, an increase of only \$2 million from the prior year. This is primarily due to the performance of the Health Benefits Fund which experienced revenues over benefit payments (expenses) of \$1.8 million. 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 \$126 thousand.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2020, the Town had \$114 million invested in a broad range of capital assets, including land, buildings, park facilities, vehicles and equipment, roads, bridges, and storm water lines - Table 4. This amount represents a net increase (including additions and deductions) of \$19.4 million or 20.5%, over last year.

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

| | Governmental Activities | |
|----------------------------|--------------------------------|-------------|
| | 2020 | 2019 |
| Land | \$ 7,847 | \$ 7,847 |
| Intangible assets | 2,770 | 2,770 |
| Buildings and improvements | 44,062 | 45,478 |
| Equipment | 12,634 | 12,086 |
| Infrastructure | 22,308 | 22,082 |
| Construction in progress | 24,343 | 4,344 |
| Total | \$ 113,964 | \$ 94,607 |

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

Buildings - Additions in the amount \$188 thousand were due to Police Department Door Access Controls, Tankless Water Heater, Highway Garage Alarm System update, Park and Recreation Hot Water Heater, new Pavilion at Clem Lemire, Indian Hill HVAC/Roof and various Town Building improvements.

Land Improvements - Additions in the amount of \$355 thousand were due to replacement fencing, Irrigation System installation at Emmanuel Christian Soccer Field, Clem Lemire ADA park and pathway improvements, and repairs to the High School parking lot.

Furniture, Fixtures and Equipment - These were added in the amount of \$2,815. General Government increased by \$1,019 for many items for the new Town Hall including phone system, network switches, audio visual, and smart ups. Also purchased were a dial-a-ride van, two facility cargo vans and work on the Town wide Fiber Optic project. Public Safety increased by \$146 for the purchase of two vehicles, Fire PPE dryer/extractor, lift bag kits, imaging cameras, and enclosed trailer. Public Works increased by \$139 due to the purchase of a Ford Pickup, a dump truck and a video detection system with cameras. Parks and Recreation increased by \$416 for the purchase of new sports equipment and furniture for the new Community Center, a tractor/loader, turf tiger mower, ADA playground equipment at Clem Lemire, Ford pickup, Ford dump truck, a plow/sander, and a vericutter. Board of Education increased by \$1,094 for five school buses, five mini buses, fire alarm control panels, High School hallway cameras, new Town Hall audio visual equipment, network equipment and furniture.

Infrastructure - Additions in the amount \$906 were due to Robbins/Maple Hill bike lane construction, resurfacing/improvements to Pascone Place, Francis Ave., Goodale Drive, Holmes Road, Glenwood Drive, Fleetwood Drive, Patriot Ave. and other smaller roads comprising 21,067 linear feet.

Construction in Progress - Additions in the amount of \$20 million were due to costs for the new Town Hall/Community Center building project.

| | |
|---------------------|----------|
| Total Net Additions | \$ 4,264 |
|---------------------|----------|

The Town’s fiscal-year 2020-21 budget calls for it to spend \$3.2 million for capital projects, of which \$0.6 million is financed from the State of Connecticut and the balance from local funds. It is primarily to finance major vehicle equipment replacement, road reconstruction and resurfacing, town technology and fiber optic deployment.

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, 2020, the Town had \$26.4 million in bonds outstanding versus \$12.5 million last year - an increase of 110.9% - as shown in Table 5.

| TABLE 5 OUTSTANDING DEBT (In Thousands) | | |
|--|--------------------------------|-------------|
| | Governmental Activities | |
| | 2020 | 2019 |
| General Obligation Bonds (backed by the Town) | \$ 26,360 | \$ 12,500 |

- The increase in the Town’s indebtedness is due to the bond issue for the new Town Hall/Community Center during the year totaling \$15 million. The Town has bonds authorized but unissued in the amount of \$4.8 at June 30, 2020.
- 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 \$714 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 2019-20 budget through prudent, conservative fiscal management. This is evidenced from the fact that final actual expenditures are \$4,389 million under the final budget and the revenue side was favorable \$2.7 million. The significant challenges in the development of the 2020-21 Town budget continued to be: 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 2020-21 General Fund appropriations totaled \$125.7, an increase of 1.6% over the 2020 budget of \$123.7 million. This increase is one of the smallest increases this century. The most significant factors driving the overall budget increase include MDC charges, medical insurance, pension contributions capital projects, and wages.

On the revenue side, the 10/1/2018 taxable list increased slightly from the 2017 Grand List. The net real estate grand list decreased .02% which is attributable to the demolition of several buildings in town. The personal property category increased by 6.18%. The 2018 motor vehicle component of the Grand List increased slightly over the 2017 Grand List. Estimated State Aid and other revenue sources such as building permits and real estate conveyance fees, which comprises approximately 20.3% of total revenues, stayed the same compared to the actual for 2019-20.

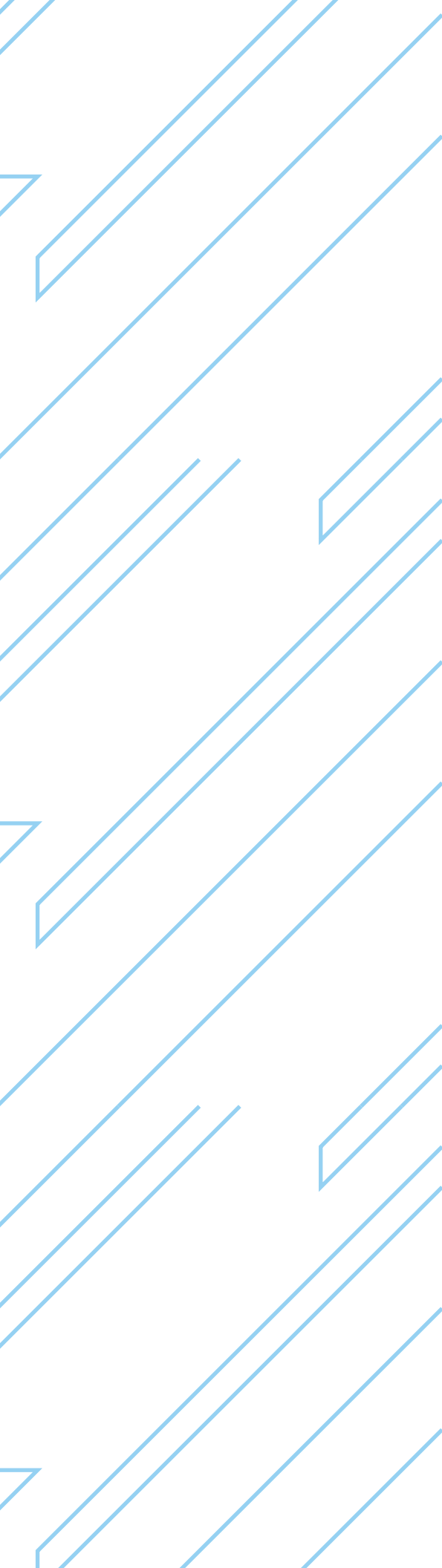
On a budgetary basis, the June 30, 2020 unassigned General Fund balance, after the designation of \$2.5 million to assist in financing the 2020-21 appropriations, increased by \$2.7 million to a level of \$22 million or 17.5% of the fiscal year 2020-21 budget. The Town has consistently maintained a ratio 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 decrease of .44% 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 decline due to the COVID pandemic. We continue to hold steady with per capita income of Newington's residents being \$39.1 thousand, slightly below the statewide average, but its median family income of \$80.3 thousand exceeds the statewide average. Building permit activity is higher in comparison to then compared to last year's value of permits in October of 2019. As of October 2020, the unemployment rate for Newington was 5.0%, up from 3.4%, in the prior year, but compares favorably to the State's unemployment rate 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, 2020
(In Thousands)

| | Governmental Activities |
|--|------------------------------------|
| Assets: | |
| Cash and cash equivalents | \$ 59,411 |
| Investments | 4,811 |
| Receivables, net | 3,055 |
| Prepaid asset | 11 |
| Inventory | 63 |
| Capital assets not being depreciated | 34,960 |
| Capital assets being depreciated, net | 79,004 |
| Total assets | <u>181,315</u> |
| Deferred Outflows of Resources: | |
| Deferred charge on refunding | 238 |
| Deferred outflows related to pensions | 6,406 |
| Deferred outflows related to OPEB | 651 |
| Total deferred outflows | <u>7,295</u> |
| Liabilities: | |
| Accounts and other payables | 8,227 |
| Accrued interest payable | 75 |
| Unearned revenue | 143 |
| Noncurrent liabilities: | |
| Due within one year | 3,215 |
| Due in more than one year | 96,039 |
| Total liabilities | <u>107,699</u> |
| Deferred Inflows of Resources: | |
| Advance property tax collections | 33 |
| Deferred inflows related to pensions | 2,119 |
| Deferred inflows related to OPEB | 4,934 |
| Total deferred inflows | <u>7,086</u> |
| Net Position: | |
| Net investment in capital assets | 86,517 |
| Restricted for: | |
| Trust purposes: | |
| Expendable | 615 |
| Nonexpendable | 37 |
| Unrestricted | <u>(13,344)</u> |
| Total Net Position | <u>\$ 73,825</u> |

The accompanying notes are an integral part of the financial statements

TOWN OF NEWINGTON, CONNECTICUT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020
(In Thousands)

| Functions/Programs | Expenses | Program Revenues | | | Net (Expense) Revenue and Changes in Net Position |
|--|------------|----------------------|------------------------------------|----------------------------------|---|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities |
| Governmental activities: | | | | | |
| General government | \$ 9,359 | \$ 681 | \$ 149 | \$ 8 | \$ (8,521) |
| Public safety | 14,151 | 64 | 61 | | (14,026) |
| Public works | 12,246 | 102 | 1,366 | 573 | (10,205) |
| Community planning and development | 1,078 | 331 | | 23 | (724) |
| Health and community services | 2,091 | 37 | 242 | | (1,812) |
| Library | 2,538 | 31 | | | (2,507) |
| Parks and recreation | 3,978 | 1,364 | 21 | | (2,593) |
| Education | 89,321 | 1,252 | 27,750 | 82 | (60,237) |
| Interest on long-term debt | 629 | | | | (629) |
| Total | \$ 135,391 | \$ 3,862 | \$ 29,589 | \$ 686 | (101,254) |
| General revenues: | | | | | |
| Property taxes | | | | | 105,527 |
| Grants and contributions not restricted to specific programs | | | | | 2,248 |
| Unrestricted investment earnings | | | | | 804 |
| Miscellaneous | | | | | 89 |
| Total general revenues | | | | | 108,668 |
| Change in net position | | | | | 7,414 |
| Net Position at Beginning of Year | | | | | 66,411 |
| Net Position at End of Year | | | | | \$ 73,825 |

The accompanying notes are an integral part of the financial statements

TOWN OF NEWINGTON, CONNECTICUT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2020
(In Thousands)

| | <u>General</u> | <u>Capital Projects</u> | <u>Nonmajor Governmental Funds</u> | <u>Total Governmental Funds</u> |
|---|------------------|-----------------------------|--|---|
| ASSETS | | | | |
| Cash and cash equivalents | \$ 34,841 | \$ 14,328 | \$ 3,506 | \$ 52,675 |
| Investments | 2,335 | | 2,476 | 4,811 |
| Receivables, net | 1,057 | 583 | 967 | 2,607 |
| Due from other funds | 8 | | | 8 |
| Prepays | | | 11 | 11 |
| Inventories | | | 63 | 63 |
| Total Assets | <u>\$ 38,241</u> | <u>\$ 14,911</u> | <u>\$ 7,023</u> | <u>\$ 60,175</u> |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES | | | | |
| Liabilities: | | | | |
| Accounts and other payables | \$ 5,533 | \$ 1,896 | \$ 185 | \$ 7,614 |
| Due to other funds | | | 8 | 8 |
| Unearned revenue | | | 143 | 143 |
| Total liabilities | <u>5,533</u> | <u>1,896</u> | <u>336</u> | <u>7,765</u> |
| Deferred Inflows of Resources: | | | | |
| Unavailable revenue - property taxes | 719 | | | 719 |
| Unavailable revenue - loans receivable | | | 760 | 760 |
| Advance property tax collections | 33 | | | 33 |
| Total deferred inflows of resources | <u>752</u> | <u>-</u> | <u>760</u> | <u>1,512</u> |
| Fund Balances: | | | | |
| Nonspendable | | | 74 | 74 |
| Restricted | | | 1,508 | 1,508 |
| Committed | 2,361 | 13,015 | 4,345 | 19,721 |
| Assigned | 7,620 | | | 7,620 |
| Unassigned | 21,975 | | | 21,975 |
| Total fund balances | <u>31,956</u> | <u>13,015</u> | <u>5,927</u> | <u>50,898</u> |
| Total Liabilities, Deferred Inflows of Resources and Fund Balances | <u>\$ 38,241</u> | <u>\$ 14,911</u> | <u>\$ 7,023</u> | <u>\$ 60,175</u> |

(Continued on next page)

TOWN OF NEWINGTON, CONNECTICUT
BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2020
(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 | \$ 50,898 |
|--|-----------|

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

| | | |
|-------------------------------|------------------|---------|
| Governmental capital assets | \$ 214,704 | |
| Less accumulated depreciation | <u>(100,740)</u> | |
| Net capital assets | | 113,964 |

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

| | |
|---|-------|
| Housing loan receivables | 760 |
| Property tax receivables greater than 60 days | 719 |
| Interest receivable on property taxes | 448 |
| Deferred outflows related to pensions | 6,406 |
| Deferred outflows related to OPEB | 651 |

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.

6,123

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 | (26,360) |
| Deferred amount in refunding | 238 |
| Deferred charge on premium | (1,927) |
| Interest payable on bonds | (75) |
| Net OPEB liability | (12,539) |
| Deferred inflows related to OPEB | (4,934) |
| Compensated absences | (2,439) |
| Capital lease | (511) |
| Deferred inflows related to pensions | (2,119) |
| Net pension liability | <u>(55,478)</u> |

| | |
|---|------------------|
| Net Position of Governmental Activities (Exhibit I) | <u>\$ 73,825</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, 2020
(In Thousands)

| | <u>General</u> | <u>Capital Projects</u> | <u>Nonmajor Governmental Funds</u> | <u>Total Governmental Funds</u> |
|--|------------------|-----------------------------|--|---|
| Revenues: | | | | |
| Property taxes | \$ 106,053 | \$ | \$ | \$ 106,053 |
| Payment in lieu of taxes | 2,000 | | | 2,000 |
| Licenses, fees and permits | 307 | | 15 | 322 |
| Intergovernmental | 26,775 | 108 | 3,400 | 30,283 |
| Contributions | | | 67 | 67 |
| Rental | 101 | 102 | | 203 |
| Income on investments | 566 | 16 | 168 | 750 |
| Fines | 26 | | | 26 |
| Charges for services | 640 | 574 | 1,991 | 3,205 |
| Other | 103 | 149 | 178 | 430 |
| Total revenues | <u>136,571</u> | <u>949</u> | <u>5,819</u> | <u>143,339</u> |
| Expenditures: | | | | |
| Current: | | | | |
| General government | 5,047 | | 42 | 5,089 |
| Public safety | 8,407 | | 73 | 8,480 |
| Public works | 5,018 | | | 5,018 |
| Community planning and development | 536 | | 23 | 559 |
| Health and human services | 1,243 | | 176 | 1,419 |
| Library | 1,721 | | 30 | 1,751 |
| Parks and recreation | 1,700 | | 1,072 | 2,772 |
| Education | 83,358 | | 3,450 | 86,808 |
| Miscellaneous | 16,204 | | | 16,204 |
| Capital outlay | | 24,598 | 650 | 25,248 |
| Debt service | 1,686 | 363 | | 2,049 |
| Total expenditures | <u>124,920</u> | <u>24,961</u> | <u>5,516</u> | <u>155,397</u> |
| Excess (Deficiency) of Revenues over Expenditures | <u>11,651</u> | <u>(24,012)</u> | <u>303</u> | <u>(12,058)</u> |
| Other Financing Sources (Uses): | | | | |
| Transfers in | 159 | 5,368 | 101 | 5,628 |
| Transfers out | (5,423) | | (330) | (5,753) |
| Bond issuance | | 15,000 | | 15,000 |
| Premium on bond issuance | | 1,052 | | 1,052 |
| Total other financing sources (uses) | <u>(5,264)</u> | <u>21,420</u> | <u>(229)</u> | <u>15,927</u> |
| Net Change in Fund Balances | 6,387 | (2,592) | 74 | 3,869 |
| Fund Balances at Beginning of Year | <u>25,569</u> | <u>15,607</u> | <u>5,853</u> | <u>47,029</u> |
| Fund Balances at End of Year | <u>\$ 31,956</u> | <u>\$ 13,015</u> | <u>\$ 5,927</u> | <u>\$ 50,898</u> |

(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, 2020
(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) | \$ 3,869 |
|---|----------|

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 | 24,477 |
| Depreciation expense | (5,057) |

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. | (63) |
|---|------|

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 | (199) |
| Property tax receivable - accrual basis change | (327) |
| Housing loan receivable - accrual basis change | (2) |
| Deferred outflows related to pensions | 3,450 |
| Deferred outflows related to OPEB | 24 |

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are amortized and deferred in the statement of activities. The details of these differences in the treatment of long-term debt and related items are as follows:

| | |
|--------------------------------------|----------|
| Issuance of general obligation bonds | (15,000) |
| Premium on general obligation bonds | (1,052) |
| Bond principal payments | 1,140 |
| Lease payments | 284 |

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 | (135) |
| Accrued interest | (37) |
| Deferred inflow related to OPEB | (4,808) |
| Change in net OPEB liability | 5,542 |
| Amortization of premium | 74 |
| Amortization of deferred charge on refunding | (41) |
| Deferred inflow related to pensions | 346 |
| Change in net pension liability | (7,090) |

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.

| |
|-------|
| 2,019 |
|-------|

| | |
|--|-----------------|
| Change in Net Position of Governmental Activities (Exhibit II) | \$ <u>7,414</u> |
|--|-----------------|

The accompanying notes are an integral part of the financial statements

TOWN OF NEWINGTON, CONNECTICUT
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
JUNE 30, 2020
(In Thousands)

| | Governmental Activities Internal Service Funds |
|-----------------------------|---|
| Assets: | |
| Cash and cash equivalents | \$ 6,736 |
| Liabilities: | |
| Accounts and other payables | <u>613</u> |
| Net Position: | |
| Unrestricted | \$ <u><u>6,123</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, 2020
(In Thousands)**

| | Governmental Activities |
|-----------------------------------|---------------------------------------|
| | Internal Service Funds |
| Operating Revenues: | |
| Charges for services | \$ 10,544 |
| Miscellaneous | 74 |
| Total operating revenues | <u>10,618</u> |
| Operating Expenses: | |
| Benefit payments | 7,778 |
| Administration | 462 |
| Insurance | 465 |
| Casualty loss | 73 |
| Total operating expenses | <u>8,778</u> |
| Operating Income | 1,840 |
| Nonoperating Revenue: | |
| Interest on investments | <u>54</u> |
| Income Before Transfers | 1,894 |
| Transfers In | <u>125</u> |
| Change in Net Position | 2,019 |
| Net Position at Beginning of Year | <u>4,104</u> |
| Net Position at End of Year | <u><u>\$ 6,123</u></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, 2020
(In Thousands)

| | Governmental Activities Internal Service Funds |
|---|---|
| Cash Flows from Operating Activities: | |
| Cash received from charges for services and other | \$ 10,618 |
| Cash paid to vendors | <u>(8,924)</u> |
| Net cash provided by (used in) operating activities | 1,694 |
| Cash Flows from Investing Activities: | |
| Interest on investments | <u>54</u> |
| Net Increase (Decrease) in Cash and Cash Equivalents | 1,873 |
| Cash and Cash Equivalents at Beginning of Year | <u>4,863</u> |
| Cash and Cash Equivalents at End of Year | <u><u>\$ 6,736</u></u> |
| Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities: | |
| Operating income (loss) | \$ 1,840 |
| Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities: | |
| Increase (decrease) in accounts and other payables | <u>(146)</u> |
| Net Cash Provided by (Used in) Operating Activities | <u><u>\$ 1,694</u></u> |

The accompanying notes are an integral part of the financial statements

TOWN OF NEWINGTON, CONNECTICUT
STATEMENT OF NET POSITION - FIDUCIARY FUNDS
JUNE 30, 2020
(In Thousands)

| | Pension and Other Post Employment Benefit Trust Funds | Agency Funds |
|------------------------------|--|-------------------------|
| Assets: | | |
| Cash and cash equivalents | \$ 3,141 | \$ 760 |
| Investments: | | |
| Corporate bonds | 7,568 | |
| U.S. government securities | 9,560 | |
| Common stocks | 36,230 | |
| Mutual funds | <u>39,829</u> | <u></u> |
| Total assets | <u>96,328</u> | <u>\$ 760</u> |
| Liabilities: | | |
| Accounts payable | <u>52</u> | <u>\$ 760</u> |
| Net Position: | | |
| Restricted for pension | 87,328 | |
| Restricted for OPEB benefits | <u>8,948</u> | |
| Total net position | <u>\$ 96,276</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, 2020
(In Thousands)

| | Pension and Other Employee Benefit Trust Funds |
|---|---|
| Additions: | |
| Contributions: | |
| Employer | \$ 8,571 |
| Plan members | 829 |
| Total contributions | <u>9,400</u> |
| Investment income: | |
| Net change in fair value of investments | 2,882 |
| Interest and dividends | <u>2,486</u> |
| Total investment income | <u>5,368</u> |
| Less investment expense | <u>415</u> |
| Net investment income | <u>4,953</u> |
| Total additions | <u>14,353</u> |
| Deductions: | |
| Benefits | 9,764 |
| Administration | <u>124</u> |
| Total deductions | <u>9,888</u> |
| Change in Net Position | 4,465 |
| Net Position at Beginning of Year | <u>91,811</u> |
| Net Position at End of Year | <u>\$ 96,276</u> |

The accompanying notes are an integral part of the financial statements

TOWN OF NEWINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020
(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, 2020
(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.

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, 2020
(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 9.4% of outstanding property taxes at June 30, 2020.

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, 2020
(In Thousands)

G. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure (e.g., roads, bridges, sidewalks and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of five years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value at the date of donation. The intangible asset consists of a perpetual easement agreement and is recorded at fair value and is not amortized. In accordance with GASB Statement No. 51, intangible assets with indefinite useful lives are not subject to amortization.

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, 2020
(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.

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, 2020
(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.

P. Subsequent Events Evaluation by Management

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is December 1, 2020.

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.

TOWN OF NEWINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020
(In Thousands)

- 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 additional appropriations from fund balance of \$476 during 2019-20.

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. Encumbrances outstanding at year end are classified as restricted, committed or assigned based on the restrictions on the underlying revenue source, in accounting with GAAP.

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.

TOWN OF NEWINGTON, CONNECTICUT
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Deposits

Deposit Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, the Town's deposit will not be returned. The Town does not have a deposit policy for custodial credit risk. The deposit of public funds is controlled by the Connecticut General Statutes. Deposits may be placed with any qualified public depository that has its main place of business in the State of Connecticut. Connecticut General Statutes require that each depository maintain segregated collateral (not required to be based on a security agreement between the depository and the municipality and, therefore, not perfected in accordance with federal law) in an amount equal to a defined percentage of its public deposits based upon the depository's risk-based capital ratio.

Based on the criteria described in GASB Statement No. 40, *Deposits and Investment Risk Disclosures*, \$30,677 of the Town's bank balance of \$32,277 was exposed to custodial credit risk as follows:

| | |
|--|------------------|
| Uninsured and uncollateralized | \$ 27,484 |
| Uninsured and collateral held by the pledging bank's trust department, not in the Town's name | <u>3,193</u> |
| Total Amount Subject to Custodial Credit Risk | <u>\$ 30,677</u> |

Cash Equivalents

At June 30, 2020, the Town's cash equivalents amounted to \$31,896. 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) | AAA |
| UBS | A- |
| Comerica | BBB+ |
| RBC | AA- |
| Bank of America | A- |
| Liberty Bank | B |

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Investments

Investments as of June 30, 2020 in all funds consisted of \$97,998 as follows:

Investments:

General Fund:

| | | |
|--------------------|----|--------------|
| Common Stocks | \$ | 1,783 |
| Mutual Funds | | <u>552</u> |
| Total general fund | | <u>2,335</u> |

Special Revenue Fund:

| | | |
|---------------|--|--------------|
| Common Stocks | | 694 |
| Mutual Funds | | <u>1,782</u> |
| | | <u>2,476</u> |

Pension and OPEB Trust Funds:

| | | |
|----------------------------|--|---------------|
| Corporate Bonds | | 7,568 |
| U.S. Government Securities | | 9,560 |
| Common Stocks | | 36,230 |
| Mutual Funds | | <u>39,829</u> |
| Total pension trust funds | | <u>93,187</u> |

Total Investments \$ 97,998

| Investment Type | Fair Value | Investment Maturities (Years) | | |
|-------------------------------|------------------|-------------------------------|-----------------|-----------------|
| | | Less Than 1 | 1 - 10 | More than 10 |
| Interest-bearing investments: | | | | |
| U.S. government securities | \$ 9,560 | \$ 20 | \$ 3,033 | \$ 6,507 |
| Corporate bonds | <u>7,568</u> | <u>56</u> | <u>5,733</u> | <u>1,779</u> |
| Total | 17,128 | \$ <u>76</u> | \$ <u>8,766</u> | \$ <u>8,286</u> |
| Other investments: | | | | |
| Common stocks | 39,795 | | | |
| Mutual funds | <u>41,075</u> | | | |
| Total Investments | \$ <u>97,998</u> | | | |

TOWN OF NEWINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
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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 | Corporate Bonds | U.S. Government Securities |
|---------------------------|----------------------------|---|
| Aaa | \$ 773 | \$ 9,560 |
| Aa2 | 101 | |
| Aa3 | 114 | |
| A1 | 213 | |
| A2 | 844 | |
| A3 | 929 | |
| Baa1 | 896 | |
| Baa2 | 1,303 | |
| Baa3 | 1,531 | |
| Ba1 | 158 | |
| Ba2 | 328 | |
| Ba3 | 214 | |
| B1 | 43 | |
| B2 | 43 | |
| Unrated | 78 | |
| | <u>\$ 7,568</u> | <u>\$ 9,560</u> |

Interest Rate Risk

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

Credit Risk - Investments

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

Concentration of Credit Risk

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

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, 2020, 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.

TOWN OF NEWINGTON, CONNECTICUT
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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, 2020:

| | <u>Fair Value</u> | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> |
|---------------------------------------|-------------------|------------------|------------------|----------------|
| Investments by fair value level: | | | | |
| U.S. Government Securities | \$ 9,560 | \$ | \$ 9,560 | \$ |
| Corporate Bonds | 7,568 | 91 | 7,477 | |
| Common Stock | 39,795 | 39,795 | | |
| Mutual Funds | <u>41,075</u> | <u>41,075</u> | | |
| Total Investments by Fair Value Level | \$ <u>97,998</u> | \$ <u>80,961</u> | \$ <u>17,037</u> | \$ <u>-</u> |

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.

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>Nonmajor and Other Funds</u> | <u>Total</u> |
|-----------------------------------|-----------------|-------------------------|---------------------------------|-----------------|
| Receivables: | | | | |
| Taxes | \$ 1,005 | \$ | \$ | \$ 1,005 |
| Accounts | 146 | 583 | 761 | 1,490 |
| Intergovernmental | | | 206 | 206 |
| Gross receivables | <u>1,151</u> | <u>583</u> | <u>967</u> | <u>2,701</u> |
| Less allowance for uncollectibles | <u>94</u> | | | <u>94</u> |
| Net Total Receivables | \$ <u>1,057</u> | \$ <u>583</u> | \$ <u>967</u> | \$ <u>2,607</u> |

The above table does not include accrued interest on property taxes of \$448.

TOWN OF NEWINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
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5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2020 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 | \$ 7,847 | \$ | \$ | \$ 7,847 |
| Construction in progress | 4,344 | 19,999 | | 24,343 |
| Intangible assets | 2,770 | | | 2,770 |
| Total capital assets not being depreciated | <u>14,961</u> | <u>19,999</u> | <u>-</u> | <u>34,960</u> |
| Capital assets being depreciated: | | | | |
| Buildings | 76,767 | 323 | | 77,090 |
| Improvements other than buildings | 11,066 | 433 | | 11,499 |
| Furniture, fixtures and equipment | 35,743 | 2,815 | (505) | 38,053 |
| Infrastructure | 52,195 | 907 | | 53,102 |
| Total capital assets being depreciated | <u>175,771</u> | <u>4,478</u> | <u>(505)</u> | <u>179,744</u> |
| Less accumulated depreciation for: | | | | |
| Buildings | (37,064) | (1,648) | | (38,712) |
| Improvements other than buildings | (5,291) | (524) | | (5,815) |
| Furniture, fixtures and equipment | (23,657) | (2,204) | 442 | (25,419) |
| Infrastructure | (30,113) | (681) | | (30,794) |
| Total accumulated depreciation | <u>(96,125)</u> | <u>(5,057)</u> | <u>442</u> | <u>(100,740)</u> |
| Total capital assets being depreciated, net | <u>79,646</u> | <u>(579)</u> | <u>(63)</u> | <u>79,004</u> |
| Governmental Activities Capital Assets, Net | <u>\$ 94,607</u> | <u>\$ 19,420</u> | <u>\$ (63)</u> | <u>\$ 113,964</u> |

Depreciation expense was charged to functions/programs as follows:

| | |
|----------------------------------|-----------------|
| Governmental activities: | |
| General Government | \$ 341 |
| Public Safety | 906 |
| Public Works | 998 |
| Community Planning & Development | 261 |
| Health & Community Services | 98 |
| Library | 109 |
| Parks & Recreation | 329 |
| Board of Education | <u>2,015</u> |
| Total Depreciation Expense | <u>\$ 5,057</u> |

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

Construction Projects

The Town has 57 active construction projects as of June 30, 2020. 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 Bldg & Improvements | \$ 34,494 | \$ 32,792 | \$ 1,702 |
| Computer System Replacement | 5,578 | 4,700 | 878 |
| Public Works Equipment Reserve | 4,420 | 4,248 | 172 |
| Road Reconstruction | 4,177 | 4,027 | 150 |
| Public Safety Equipment Reserve | 4,090 | 3,981 | 109 |
| OCR Compliance | 2,781 | 2,557 | 224 |
| Park, Pool & Playground Improvements | 1,639 | 1,637 | 2 |
| Parks & Grounds Equipment Reserve | 1,607 | 1,529 | 77 |
| Lease Proceeds | 1,421 | 1,419 | 1 |
| General Property Improvements | 1,264 | 1,256 | 8 |
| Drainage Improvement | 1,174 | 1,039 | 136 |
| School Bus | 1,053 | 398 | 655 |
| Tax Revaluation Reserve | 1,045 | 1,007 | 38 |
| Town Hall/Community Center Technology | 950 | 601 | 349 |
| Other various projects | 20,985 | 18,080 | 2,906 |
| Total | \$ 86,678 | \$ 79,271 | \$ 7,407 |

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, 2020 is presented below:

| Receivable Fund | Payable Fund | Amount |
|------------------------|-----------------------------|---------------|
| General Fund | Nonmajor Governmental Funds | \$ 8 |

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

TOWN OF NEWINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
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Interfund transfers:

| | Transfer In | | | | |
|-----------------------|--------------------|-------------------------|------------------------------|-------------------------|----------------------------|
| | General | Capital Projects | Nonmajor Governmental | Internal Service | Total Transfers Out |
| Transfers out: | | | | | |
| General Fund | \$ | \$ 5,197 | \$ 101 | \$ 125 | \$ 5,423 |
| Nonmajor Governmental | 159 | 171 | | | 330 |
| Total Transfers In | \$ 159 | \$ 5,368 | \$ 101 | \$ 125 | \$ 5,753 |

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, 2020 was as follows:

| | Beginning Balance | Additions | Reductions | Ending Balance | Due Within One Year |
|-----------------------------|--------------------------|------------------|-------------------|-----------------------|----------------------------|
| Governmental Activities: | | | | | |
| Bonds payable: | | | | | |
| General obligation bonds | \$ 12,500 | \$ 15,000 | \$ 1,140 | \$ 26,360 | \$ 1,875 |
| Premiums | 949 | 1,052 | 74 | 1,927 | 129 |
| Total bonds payable | 13,449 | 16,052 | 1,214 | 28,287 | 2,004 |
| Compensated absences | 2,304 | 1,046 | 911 | 2,439 | 922 |
| Net OPEB liability | 18,081 | | 5,542 | 12,539 | |
| Net pension liability | 48,388 | 7,090 | | 55,478 | |
| Capital leases | 795 | | 284 | 511 | 289 |
| Total Governmental Activity | | | | | |
| Long-Term Liabilities | \$ 83,017 | \$ 24,188 | \$ 7,951 | \$ 99,254 | \$ 3,215 |

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

TOWN OF NEWINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
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A schedule of bonds and serial notes outstanding at June 30, 2020 is presented below:

| <u>Description</u> | <u>Date of Issue</u> | <u>Amount of Interest Rate (%)</u> | <u>Balance Original Issue</u> | <u>Outstanding June 30, 2020</u> |
|----------------------------|----------------------|------------------------------------|-------------------------------|----------------------------------|
| General purpose bonds: | | | | |
| Police station | 02/13 | 1.0-4.0% | \$ 8,700 | \$ 2,005 |
| Town Hall/Community Center | 06/19 | 3.0-5.0% | 6,750 | 6,413 |
| Town Hall/Community Center | 06/20 | 2.0-5.0% | 11,250 | 11,250 |
| School: | | | | |
| School improvements | 02/13 | 1.0-4.0% | 4,950 | 805 |
| Board of Education Offices | 06/19 | 3.0-5.0% | 2,250 | 2,137 |
| Board of Education Offices | 06/20 | 2.0-5.0% | 3,750 | <u>3,750</u> |
| Total | | | | <u>\$ 26,360</u> |

The following is a schedule of bond maturities as of June 30, 2020:

| <u>Fiscal Year Ending June 30</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|-----------------------------------|------------------|-----------------|------------------|
| 2021 | \$ 1,875 | \$ 876 | \$ 2,751 |
| 2022 | 1,865 | 806 | 2,671 |
| 2023 | 1,850 | 733 | 2,583 |
| 2024 | 1,835 | 660 | 2,495 |
| 2025 | 1,385 | 587 | 1,972 |
| 2026-2030 | 6,000 | 2,097 | 8,097 |
| 2031-2035 | 6,000 | 1,116 | 7,116 |
| 2036-2040 | <u>5,550</u> | <u>382</u> | <u>5,932</u> |
| Total | <u>\$ 26,360</u> | <u>\$ 7,257</u> | <u>\$ 33,617</u> |

General Obligation Bond Anticipation Notes

| <u>Date Issued</u> | <u>Maturity Date</u> | <u>Interest Rate (%)</u> | <u>Balance July 1, 2019</u> | <u>Issued</u> | <u>Retired</u> | <u>Balance June 30, 2020</u> |
|--------------------|----------------------|--------------------------|-----------------------------|---------------|----------------|------------------------------|
| 6/5/2019 | 6/4/2020 | 2.00 | \$ 6,000 | \$ | \$ (6,000) | \$ - |

The outstanding bond anticipation notes were issued to fund cash flows for capital expenses.

TOWN OF NEWINGTON, CONNECTICUT
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Debt Limit

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

| <u>Category</u> | <u>Debt Limit</u> | <u>Net Indebtedness</u> | <u>Balance</u> |
|-----------------|-----------------------|-----------------------------|----------------|
| General purpose | \$ 229,538 | \$ 24,978 | \$ 204,560 |
| Schools | 459,077 | 6,692 | 452,385 |
| Sewers | 382,564 | 81,106 | 301,458 |
| Urban renewal | 331,555 | | 331,555 |
| Pension deficit | 306,051 | | 306,051 |

The total overall statutory debt limit for the Town is equal to seven times annual receipts from taxation or \$714 million (amount not rounded). All long-term debt obligations are retired through General Fund appropriations. At June 30, 2020, the Town had \$4,800 of authorized, unissued bonds for the Town Hall and Community Center Project.

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 \$81,106 or 8.98% 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:

| | <u>Governmental Activities</u> |
|-------------------------------|------------------------------------|
| Equipment | \$ 1,415 |
| Less accumulated depreciation | <u>395</u> |
| Total | <u>\$ 1,020</u> |

TOWN OF NEWINGTON, CONNECTICUT
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The future minimum lease obligation and the net present value of the minimum lease payments as of June 30, 2020 were as follows:

| <u>Year Ending June 30,</u> | <u>Governmental Activities</u> |
|-----------------------------|------------------------------------|
| 2021 | \$ 297 |
| 2022 | 224 |
| | <u>521</u> |
| Less amount for interest | <u>10</u> |
| Minimum Lease Payments | <u>\$ 511</u> |

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 \$608 reported in the Health Benefits Internal Service Fund at June 30, 2020 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:

| | <u>Liability July 1,</u> | <u>Current Year Claims and Changes in Estimates</u> | <u>Claim Payments</u> | <u>Liability June 30,</u> |
|-----------|------------------------------|---|---------------------------|-------------------------------|
| 2018-2019 | \$ 752 | \$ 9,517 | \$ 9,546 | \$ 723 |
| 2019-2020 | 723 | 7,778 | 7,893 | 608 |

TOWN OF NEWINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
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9. FUND BALANCE

The components of fund balance for the governmental funds at June 30, 2020 are as follows:

| | <u>General Fund</u> | <u>Capital Projects Fund</u> | <u>Nonmajor Governmental Funds</u> | <u>Total</u> |
|---|-------------------------|--------------------------------------|--|------------------|
| Fund balances: | | | | |
| Nonspendable: | | | | |
| Inventory | \$ | \$ | \$ 63 | \$ 63 |
| Prepays | | | 11 | 11 |
| Total nonspendable | <u>-</u> | <u>-</u> | <u>74</u> | <u>74</u> |
| Restricted for: | | | | |
| Grants | | | 1,471 | 1,471 |
| Permanent funds | | | 37 | 37 |
| Total restricted | <u>-</u> | <u>-</u> | <u>1,508</u> | <u>1,508</u> |
| Committed to: | | | | |
| Education non-lapsing | 2,361 | | | 2,361 |
| Public buildings | | 4,518 | | 4,518 |
| Capital and nonrecurring projects | | 6,507 | | 6,507 |
| Public schools | | 1,585 | | 1,585 |
| Land acquisition | | 47 | | 47 |
| Parks and recreation | | 358 | | 358 |
| Education | | | 689 | 689 |
| Cemetery maintenance | | | 1,603 | 1,603 |
| Public safety activities | | | 35 | 35 |
| Recreation programs | | | 988 | 988 |
| Employee leave liability | | | 649 | 649 |
| Volunteer ambulance | | | 211 | 211 |
| Volunteer firefighters | | | 139 | 139 |
| General government | | | 31 | 31 |
| Total committed | <u>2,361</u> | <u>13,015</u> | <u>4,345</u> | <u>19,721</u> |
| Assigned to: | | | | |
| Subsequent year's budget | 2,500 | | | 2,500 |
| General government - encumbrances | 99 | | | 99 |
| Public safety - encumbrances | 97 | | | 97 |
| Public works - encumbrances | 46 | | | 46 |
| Health and community services - encumbrances | 2 | | | 2 |
| Parks and recreation - encumbrances | 25 | | | 25 |
| Library - encumbrances | 20 | | | 20 |
| Education - encumbrances | 4,805 | | | 4,805 |
| Miscellaneous - encumbrances | 26 | | | 26 |
| Total assigned | <u>7,620</u> | <u>-</u> | <u>-</u> | <u>7,620</u> |
| Unassigned | <u>21,975</u> | | | <u>21,975</u> |
| Total Fund Balances | <u>\$ 31,956</u> | <u>\$ 13,015</u> | <u>\$ 5,927</u> | <u>\$ 50,898</u> |

TOWN OF NEWINGTON, CONNECTICUT
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Major encumbrances are reported in the assigned fund balance of the General Fund of \$5,120, committed fund balance for the Capital Projects Fund of \$7,870, and committed fund balance of Nonmajor Governmental Funds of \$100.

10. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS

Defined Benefit Plans

A. Plan Description and Benefits Provided

The Town maintains four single-employer, contributory (except for Volunteer Firefighters' Plan), defined benefit pension plans. The plans cover substantially all full-time employees except certified personnel at the Board of Education. The four pension plans are part of the Town's financial reporting entity and are accounted for in the Pension Trust Funds: Municipal Employees', Police Officers', Administrative Employees' and Volunteer Firefighters' Plans. Each plan provides retirement, disability and death benefits to plan members and beneficiaries. The Charter provides the authority to establish and amend benefit provisions to the Town Council. Stand-alone financial statements are not issued.

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

Municipal Employees' Plan

All bargaining unit employees are eligible to participate in the plan except elected officials, police officers and certified professional employees of the Newington Board of Education. Effective January 1, 2007, the plan was closed to all new hires. Benefits vest after 5 years of continuous service or 15 years of aggregate service. The normal retirement is the earlier of age 63 or completion of 25 years of service.

Pension benefits for normal retirement under the Municipal Employees' Plan are based on the average rate of earnings during the three years for which the participants' earnings were at their highest level (final earnings). The participants' yearly pension amount will be equal to 1.7% of the final earnings multiplied by the number of years of aggregate service through July 1, 1990 plus 2% of final earnings times years of aggregate service since July 1, 1990. The plan permits early retirement for participants at age 55 with 5 years of continuous service or 15 years of aggregate service.

Police Officers' Plan

All Police Officers, Canine Control officers and Public Safety Dispatchers of the Newington Police Department are eligible to participate in the plan. Benefits vest after 10 years of full-time service. Normal retirement is the earlier of age 50 or 20 years of service. For employees hired after October 1, 2013, normal retirement is the later of age 50 or 25 years of service.

Pension benefits for normal retirement under the Police Officers' Plan are based on the average rate of earnings during the three years of which the participants' earnings were at their highest level (final earnings). The participants' yearly pension benefit will be equal to 2.5% of the final earnings multiplied by the years of service. For employees hired after January 1, 2007, the benefit is capped at 70% of base compensation in the year prior to retirement. The plan permits early retirement for participants at age 45 with 10 years of service (or 20 years of service if hired after January 1, 2007) with benefits reduced by the appropriate early retirement adjustment.

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(In Thousands)

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 (amount not rounded) plus 2% of final earnings in excess of \$10,000 multiplied by the number of years of aggregate service. The plan permits early retirement for participants at age 55 who have 10 years of continuous service or 15 years of aggregate service. Benefits for early retirement are computed based on the normal retirement benefit and adjusted by the appropriate early retirement adjustment factor.

Volunteer Firefighters' Plan (amounts not rounded)

Effective July 1, 1994, accrued benefits for eligible members of the Newington Volunteer Fire Department are frozen for all but 17 participants. Ongoing benefits are provided through a new Volunteer Firefighters' Defined Contribution Plan. Benefits vest after 10 years of service. Normal retirement age is 60.

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

As of July 1, 2019, for the Municipal, Police, and Administrative, and as of July 1, 2019, Firefighters, the plan membership of defined benefit plans consisted of the following:

| | <u>Municipal</u> | <u>Police</u> | <u>Administrative</u> | <u>Firefighters</u> |
|----------------------------|-------------------------|----------------------|------------------------------|----------------------------|
| Retirees and beneficiaries | 183 | 77 | 31 | 44 |
| Terminated participants | 4 | 4 | 2 | 36 |
| Active participants | <u>75</u> | <u>57</u> | <u>6</u> | <u>22</u> |
| Total | <u><u>262</u></u> | <u><u>138</u></u> | <u><u>39</u></u> | <u><u>102</u></u> |

B. Summary of Significant Accounting Policies and Plan Asset Matters

Basis of Accounting

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

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Method Used to Value Investments

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

Basis of Accounting

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

Method Used to Value Investments

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

C. Funding Policy

The contribution requirements of plan members, with the exception of the Firefighters' Plan which is noncontributory, are established and may be amended by the Town Council, subject to union contract negotiation. If an employee leaves covered employment or participation or dies before meeting the vesting requirements, accumulated employee contributions and interest thereon are refunded. The Town is required to contribute the amount necessary to finance the benefits for its employees, net of employee contributions, as determined by its actuaries. In conjunction with the application of GASB 68, the Town Council adopted a plan for future contributions in May of 2016. Investment services and actuarial valuations are paid by the individual plans. Other costs of administering the plans are paid by the Town. The employees' required contribution rates and the Town's current rate of annual covered payroll is presented in the following table:

| | <u>Municipal</u> | <u>Police</u> | <u>Administrative</u> |
|--------------------------------|------------------|---------------|-----------------------|
| Employee required contribution | 4.50% | 8.50% | 4.50% |
| Town current rate | 32.48% | 58.89% | 94.46% |

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, 2020 and the changes in net position for the year then ended.

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| Schedule of Plan Net Position | | | | | | | |
|---|---------------------------------|-----------------------------|--------------------------------------|-------------------------------|-------------------------|--------------|------------------|
| | Municipal Employee's Plan | Police Officer's Plan | Administrative Employees' Plan | Volunteer Firefighters' Plans | | Eliminations | Total |
| | | | | Defined Benefit | Defined Contribution | | |
| Assets: | | | | | | | |
| Cash and equivalents | \$ 803 | \$ 1,270 | \$ 295 | \$ | \$ 639 | \$ | \$ 3,007 |
| Investments | 25,437 | 51,170 | 5,048 | 757 | 1,917 | | 84,329 |
| Due from other funds | | | | | 157 | (157) | - |
| Total assets | <u>26,240</u> | <u>52,440</u> | <u>5,343</u> | <u>757</u> | <u>2,713</u> | <u>(157)</u> | <u>87,336</u> |
| Liabilities: | | | | | | | |
| Accounts payable | | | | 8 | | | 8 |
| Due to other funds | | | | 157 | | (157) | - |
| Total liabilities | <u>-</u> | <u>-</u> | <u>-</u> | <u>165</u> | <u>-</u> | <u>(157)</u> | <u>8</u> |
| Net Position Restricted for Pension Benefits | <u>\$ 26,240</u> | <u>\$ 52,440</u> | <u>\$ 5,343</u> | <u>\$ 592</u> | <u>\$ 2,713</u> | <u>\$ -</u> | <u>\$ 87,328</u> |

| Schedule of Changes in Plan Net Position | | | | | | |
|---|---------------------------------|-----------------------------|--------------------------------------|-------------------------------|-------------------------|---------------------------------|
| | Municipal Employees' Plan | Police Officers' Plan | Administrative Employees' Plan | Volunteer Firefighters' Plans | | Total Pension Trust Funds |
| | | | | Defined Benefit | Defined Contribution | |
| Additions: | | | | | | |
| Contributions: | | | | | | |
| Employer | \$ 1,885 | \$ 3,758 | \$ 512 | \$ 106 | \$ 56 | \$ 6,317 |
| Plan members | 221 | 579 | 23 | | 6 | 829 |
| Total contributions | <u>2,106</u> | <u>4,337</u> | <u>535</u> | <u>106</u> | <u>62</u> | <u>7,146</u> |
| Investment income: | | | | | | |
| Net appreciation (depreciation) in fair value of investments | 756 | 1,444 | 151 | (22) | 337 | 2,666 |
| Interest and dividends | 691 | 1,358 | 145 | 35 | | 2,229 |
| Total investment income | <u>1,447</u> | <u>2,802</u> | <u>296</u> | <u>13</u> | <u>337</u> | <u>4,895</u> |
| Less investment expenses | <u>117</u> | <u>228</u> | <u>25</u> | <u>6</u> | | <u>376</u> |
| Net investment income | <u>1,330</u> | <u>2,574</u> | <u>271</u> | <u>7</u> | <u>337</u> | <u>4,519</u> |
| Total additions | <u>3,436</u> | <u>6,911</u> | <u>806</u> | <u>113</u> | <u>399</u> | <u>11,665</u> |
| Deductions: | | | | | | |
| Benefits | 3,102 | 3,774 | 1,001 | 117 | 54 | 8,048 |
| Administration | 25 | 25 | 9 | 8 | 17 | 84 |
| Total deductions | <u>3,127</u> | <u>3,799</u> | <u>1,010</u> | <u>125</u> | <u>71</u> | <u>8,132</u> |
| Net increase (decrease) | <u>309</u> | <u>3,112</u> | <u>(204)</u> | <u>(12)</u> | <u>328</u> | <u>3,533</u> |
| Net Position at Beginning of Year | <u>25,931</u> | <u>49,328</u> | <u>5,547</u> | <u>604</u> | <u>2,385</u> | <u>83,795</u> |
| Net Position at End of Year | <u>\$ 26,240</u> | <u>\$ 52,440</u> | <u>\$ 5,343</u> | <u>\$ 592</u> | <u>\$ 2,713</u> | <u>\$ 87,328</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, 2020:

| Asset Class | Municipal Employees Target Allocation | Police Target Allocation | Administrative Employees Target Allocation | Firefighters Target Allocation |
|----------------------------|--|---|---|---|
| Strategic Bond | 35 % | 35 % | 35 % | 25 % |
| Intermediate Fixed Income | | | | 25 |
| Global Bond Fund | 5 | 5 | 5 | 18 |
| Total fixed | <u>40</u> | <u>40</u> | <u>40</u> | <u>68</u> |
| S & P 500 Index | 34 | 34 | 34 | 14 |
| Middle Company | | | | 4 |
| Small Company | 10 | 10 | 10 | 4 |
| Developed Foreign Equities | 16 | 16 | 16 | 7 |
| Emerging Markets | | | | 3 |
| Total equity | <u>60</u> | <u>60</u> | <u>60</u> | <u>32</u> |
| Total Allocation | <u>100 %</u> | <u>100 %</u> | <u>100 %</u> | <u>100 %</u> |

The plans did not have any concentrations that warranted disclosure.

Rate of Return

For the year ended June 30, 2020, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 5.06% for Municipal Employees, 5.01% for Police 4.91% for Administrative Employees, and 1.51% 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, 2020, were as follows:

| | <u>Municipal Employees</u> | <u>Police</u> | <u>Administrative Employees</u> | <u>Firefighters</u> |
|---|---------------------------------------|----------------------|--|----------------------------|
| Total pension liability | \$ 51,418 | \$ 74,671 | \$ 12,616 | \$ 1,388 |
| Plan fiduciary net position | <u>26,240</u> | <u>52,440</u> | <u>5,343</u> | <u>592</u> |
| Net Pension Liability | <u>\$ 25,178</u> | <u>\$ 22,231</u> | <u>\$ 7,273</u> | <u>\$ 796</u> |
| Plan fiduciary net position as a percentage of the total pension liability | 51.03% | 70.23% | 42.35% | 42.65% |

The Town's net pension liability was measured as of June 30, 2020 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019 for Municipal Employees, Police and Administrative Employees and July 1, 2019 for Firefighters.

Actuarial Assumptions

The total pension liability for Administrative Employees, Municipal Employees and Police was determined by an actuarial valuation as of July 1, 2019, using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|---------------------------|---|
| Inflation | 2.75% |
| Salary increases | 3.50%, average, including inflation |
| Investment rate of return | 6.88% (prior: 7.00%), net of pension plan investment expense, including inflation |

Mortality rates were based on the PubS-2010 Mortality Table with generational projection per the MP-Ultimate Scale.

The total pension liability for Firefighters was determined by an actuarial valuation as of July 1, 2019, using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|---------------------------|--|
| Inflation | 2.75% |
| Salary increases | N/A |
| Investment rate of return | 5.88% (prior: 6.0%), net of pension plan investment expense, including inflation |

Mortality rates were based on the PubS-2010 Mortality with generational projections per MP Ultimate Scale.

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, 2020. 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, 2020 (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 | 2.28 % | 2.28 % | 2.28 % | 1.47 % |
| Intermediate Fixed Income | | | | 3.38 |
| Global Bond Fund | 0.73 | 0.73 | 0.73 | 0.73 |
| Equity: | | | | |
| S & P 500 Index | 4.46 | 4.46 | 4.46 | 4.46 |
| Middle Company Value | | | | 5.79 |
| Small Company Value | 5.52 | 5.52 | 5.52 | 4.84 |
| Developed Foreign Equities | 6.28 | 6.28 | 6.28 | 6.09 |
| Emerging Markets | | | | 8.28 |

Discount Rate

The discount rate used to measure the total pension liability was 6.88% for Municipal Employees, Administrative Employees, and Police. The discount rate used to measure the total pension liability was 5.88% 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 | Plan Fiduciary Net Position | Net Pension Liability |
| | (a) | (b) | (a)-(b) |
| Balances as of July 1, 2019 | \$ 46,464 | \$ 25,931 | \$ 20,533 |
| Changes for the year: | | | |
| Service cost | 423 | | 423 |
| Interest on total pension liability | 3,175 | | 3,175 |
| Differences between expected and actual experience | 649 | | 649 |
| Changes in assumptions | 3,809 | | 3,809 |
| Employer contributions | | 1,885 | (1,885) |
| Member contributions | | 221 | (221) |
| Net investment income | | 1,330 | (1,330) |
| Benefit payments, including refund to employee contributions | (3,102) | (3,102) | - |
| Administrative expenses | | (25) | 25 |
| Net changes | 4,954 | 309 | 4,645 |
| Balances as of June 30, 2020 | \$ 51,418 | \$ 26,240 | \$ 25,178 |

| Police Employees' Pension Plan | | | |
|--|--------------------------------|------------------------------------|------------------------------|
| | Increase (Decrease) | | |
| | Total Pension Liability | Plan Fiduciary Net Position | Net Pension Liability |
| | (a) | (b) | (a)-(b) |
| Balances as of July 1, 2019 | \$ 70,262 | \$ 49,328 | \$ 20,934 |
| Changes for the year: | | | |
| Service cost | 1,349 | | 1,349 |
| Interest on total pension liability | 4,883 | | 4,883 |
| Differences between expected and actual experience | (1,588) | | (1,588) |
| Changes in assumptions | 3,539 | | 3,539 |
| Employer contributions | | 3,758 | (3,758) |
| Member contributions | | 579 | (579) |
| Net investment income | | 2,574 | (2,574) |
| Benefit payments, including refund to employee contributions | (3,774) | (3,774) | - |
| Administrative expenses | | (25) | 25 |
| Net changes | 4,409 | 3,112 | 1,297 |
| Balances as of June 30, 2020 | \$ 74,671 | \$ 52,440 | \$ 22,231 |

TOWN OF NEWINGTON, CONNECTICUT
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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 July 1, 2019 | \$ 11,748 | \$ 5,547 | \$ 6,201 |
| Changes for the year: | | | |
| Service cost | 50 | | 50 |
| Interest on total pension liability | 791 | | 791 |
| Differences between expected and actual experience | 153 | | 153 |
| Changes in assumptions | 875 | | 875 |
| Employer contributions | | 512 | (512) |
| Member contributions | | 23 | (23) |
| Net investment income | | 271 | (271) |
| Benefit payments, including refund to employee contributions | (1,001) | (1,001) | - |
| Administrative expenses | | (9) | 9 |
| Net changes | 868 | (204) | 1,072 |
| Balances as of June 30, 2020 | \$ 12,616 | \$ 5,343 | \$ 7,273 |

Volunteer Firefighters' Pension Plan

| | Increase (Decrease) | | |
|--|--------------------------------|------------------------------------|------------------------------|
| | Total Pension Liability | Plan Fiduciary Net Position | Net Pension Liability |
| | (a) | (b) | (a)-(b) |
| Balances as of July 1, 2019 | \$ 1,324 | \$ 604 | \$ 720 |
| Changes for the year: | | | |
| Interest on total pension liability | 76 | | 76 |
| Differences between expected and actual experience | (96) | | (96) |
| Changes in assumptions | 201 | | 201 |
| Employer contributions | | 106 | (106) |
| Net investment income | | 7 | (7) |
| Benefit payments, including refund to employee contributions | (117) | (117) | - |
| Administrative expenses | | (8) | 8 |
| Net changes | 64 | (12) | 76 |
| Balances as of June 30, 2020 | \$ 1,388 | \$ 592 | \$ 796 |

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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 6.88% 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 or 1 percentage point higher than the current rate:

| | 1% Decrease 5.88% | Current Discount Rate 6.88% | 1% Increase 7.88% |
|---|----------------------------------|--|----------------------------------|
| Municipal Employees' Net Pension Liability | \$ 30,590 | \$ 25,178 | \$ 20,540 |
| Police Net Pension Liability | 32,036 | 22,231 | 14,188 |
| Administrative Employees' Net Pension Liability | 8,461 | 7,273 | 6,253 |

The following presents the net pension liability of the Firefighters' Plan, calculated using the discount rate of 6.00% 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 or 1 percentage point higher than the current rate:

| | 1% Decrease 5.00% | Current Discount Rate 6.00% | 1% Increase 7.00% |
|------------------------------------|----------------------------------|--|----------------------------------|
| Firefighters Net Pension Liability | \$ 928 | \$ 796 | \$ 682 |

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

For the year ended June 30, 2020, the Town recognized pension expense of \$4,381, \$3,540, \$1,513, \$121 for Municipal, Police, Administrative, and Fire employees, respectively, for a total of \$9,555. At June 30, 2020, 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 | \$ 344 | \$ 104 | \$ | \$ 75 | \$ 523 |
| Changes of assumptions | 1,853 | 4,015 | | 15 | 5,883 |
| Total | \$ 2,197 | \$ 4,119 | \$ - | \$ 90 | \$ 6,406 |

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| | 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 | \$ | \$ 1,644 | \$ | \$ 36 | \$ 1,680 |
| Net difference between projected and actual earning on pension plan investments | 167 | 226 | 46 | | 439 |
| Total | \$ 167 | \$ 1,870 | \$ 46 | \$ 36 | \$ 2,119 |

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 | Municipal Employees' Pension Plan | Police Retirement Plan | Administrative Employees' Pension Plan | Volunteer Firefighters' Pension Plan | Total |
|----------------------------|--|---------------------------------------|---|---|--------------|
| 2021 | \$ 1,914 | \$ 517 | \$ (71) | \$ 40 | \$ 2,400 |
| 2022 | (10) | 850 | (5) | 6 | 841 |
| 2023 | 36 | 613 | 9 | 4 | 662 |
| 2024 | 90 | 269 | 20 | 5 | 384 |
| 2025 | | | | | - |

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J. Payable to the Pension Plan

At June 30, 2020, the Town had no outstanding contributions to the pension plan required for the year ended June 30, 2020.

Volunteer Firefighters - Defined Contribution Plan (amounts not rounded)

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 per year for members with less than 6 years of service to \$805 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 \$1,000. Stipend contributions for 2019-2020 amounted to \$6,000. Plan provisions and contribution requirements are established and may be amended by the Town Council.

The Town's contribution for 2019-2020, computed in accordance with plan requirements, amounted to \$55,592. At June 30, 2020, there were 129 members of the plan.

Connecticut Teachers Retirement System - Pension

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.

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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.

For the year ended June 30, 2020, the amount of "on-behalf" contributions made by the State was \$10,222 and is recognized in the General Fund as intergovernmental revenues and education expenditures.

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, 2020, 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>135,035</u> |
| Total | \$ | <u><u>135,035</u></u> |

The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as June 30, 2018. At June 30, 2020, the Town has no proportionate share of the net pension liability.

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For the year ended June 30, 2020, the Town recognized pension expense and revenue of \$16,585 in Exhibit II.

E. Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2019, using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|---------------------------|--|
| Inflation | 2.50% |
| 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.

The actuarial assumptions used in the June 30, 2019 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, 2020
(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 current capital market assumptions and the target asset allocation as provided by the State of Connecticut Treasurer's Office are summarized in the following table:

| Asset Class | Expected Return | Target Allocation | Standard Deviation |
|--|----------------------------|------------------------------|-------------------------------|
| Public Equity - US Equity | 8.10 % | 20.00 % | 17.00 % |
| Public Equity - International Developed Equity | 8.50 | 11.00 | 19.00 |
| Public Equity - Emerging Markets Equity | 10.40 | 9.00 | 24.00 |
| Fixed Income - Core Fixed Income | 4.60 | 16.00 | 7.00 |
| Fixed Income - Inflation Linked Bonds | 3.60 | 5.00 | 7.00 |
| Fixed Income - High Yield | 6.50 | 6.00 | 11.00 |
| Fixed Income - Emerging Market Debt | 5.20 | 5.00 | 11.00 |
| Private Equity | 9.80 | 10.00 | 23.00 |
| Real Estate | 7.00 | 10.00 | 15.00 |
| Alternative Investments - Real Assets | 8.20 | 4.00 | 17.00 |
| Alternative Investments - Hedge Funds | 5.40 | 3.00 | 7.00 |
| Liquidity Fund | 2.90 | 1.00 | 1.00 |
| Total | | <u>100.00 %</u> | |

F. Discount Rate

The discount rate used to measure the total pension liability was 6.90%. 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.

11. OTHER POST EMPLOYMENT BENEFITS

Other Post-Employment Benefits Trust

A. Plan Description (amounts not rounded)

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, 2019, plan membership consisted of the following:

| | |
|-------------------|-------------------|
| Active employees | 669 |
| Retired employees | <u>119</u> |
| Total | <u><u>788</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.

TOWN OF NEWINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020
(In Thousands)

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

- AFSCME Board of Education and Town employees are eligible for retiree health care coverage until age 65 upon attainment of normal or early retirement. Normal retirement is the earlier of age 63 or completion of 25 years of service. Early retirement is age 55, and 5 years of continuous service or 15 years of aggregate service. Coverage is pre-65 only. Post-65 non-Medicare eligible retirees can continue coverage at their own expense.
- Police officers are eligible for retiree health care coverage until age 65 upon attainment of normal or early retirement. Normal retirement is the earlier of age 50 or completion of 20 years of service. Early retirement is age 45 and 10 years of continuous service. For officers hired on or after January 1, 2007, normal retirement is the completion of 25 years of service regardless of age and an officer retiring prior to normal retirement shall not be eligible for retiree health care benefits.
- 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, 2020, the annual money-weighted rate of return on investments, net of investment expense, was 4.54%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

TOWN OF NEWINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020
(In Thousands)

D. Net OPEB Liability of the Town

The Town's net OPEB liability was measured as of June 30, 2020. The components of the net OPEB liability of the Town at June 30, 2020, were as follows:

| | | |
|---|----|----------------------|
| Total OPEB liability | \$ | 21,487 |
| Plan fiduciary net position | | <u>8,948</u> |
| Net OPEB Liability | \$ | <u><u>12,539</u></u> |
| Plan fiduciary net position as a percentage of the total OPEB liability | | 41.64% |

Actuarial Assumptions

The total OPEB liability at June 30, 2020 was determined by an actuarial valuation as of July 1, 2019, 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 | 6.88% |
| Healthcare cost trend rates | 6.10%-4.10% over 54 years prior to age 65; 6.20% - 4.20% over 55 years after age 65 |

Mortality rates for healthy teachers 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 teachers 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. Mortality rates for all other healthy participants were based on the RP-2000 Combined Healthy Mortality Table for males and females, projected forward 19 years using scale AA, with an eight-year age set forward. Mortality rates for all other disabled participants were based on RP-2000 Combined Healthy Mortality Table for males and females, with generational projection per scale AA.

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

TOWN OF NEWINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020
(In Thousands)

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, 2020 are summarized in the following table:

| <u>Asset Class</u> | <u>Target Allocation</u> | <u>Long-Term Expected Real Rate of Return</u> |
|------------------------|--------------------------|---|
| U.S. Core Fixed Income | 32.0 % | 2.3 % |
| Global Bonds | 8.0 | 0.7 |
| U.S. Large Cap | 34.0 | 4.5 |
| U.S. Small and Mid Cap | 10.5 | 5.5 |
| Non-US Equity | 15.5 | 6.3 |
| Total | <u>100.0 %</u> | |

E. Discount Rate

The discount rate used to measure the total OPEB liability was 6.88%. 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.

TOWN OF NEWINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020
(In Thousands)

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, 2019 | \$ 26,097 | \$ 8,016 | \$ 18,081 |
| Changes for the year: | | | |
| Service cost | 626 | | 626 |
| Interest on total OPEB liability | 1,844 | | 1,844 |
| Economic/demographic gains or losses | (4,485) | | (4,485) |
| Changes in assumptions | (879) | | (879) |
| Employer contributions | | 2,254 | (2,254) |
| Net investment income | | 434 | (434) |
| Benefit payments | (1,716) | (1,716) | - |
| Administrative expenses | | (40) | 40 |
| Net changes | (4,610) | 932 | (5,542) |
| Balances as of June 30, 2020 | \$ 21,487 | \$ 8,948 | \$ 12,539 |

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 or 1 percentage point higher than the current discount rate:

| | 1% Decrease 5.88% | Current Discount Rate 6.88% | 1% Increase 7.88% |
|--------------------|----------------------------------|--|----------------------------------|
| Net OPEB Liability | \$ 14,393 | \$ 12,539 | \$ 10,896 |

TOWN OF NEWINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020
(In Thousands)

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 or 1 percentage point higher than the current healthcare cost trend rates:

| | 1% Decrease 5.1% Decreasing to 3.1% | Healthcare Cost Trend Rates 6.1% Decreasing to 4.1% | 1% Increase 6.1% Decreasing to 5.1% |
|--------------------|--|--|--|
| Net OPEB Liability | \$ <u>10,250</u> | \$ <u>12,539</u> | \$ <u>14,841</u> |

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

For the year ended June 30, 2020, the Town recognized OPEB expense of \$1,497. At June 30, 2020, 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 | \$ 472 | \$ 4,049 |
| Changes of assumptions | 56 | 793 |
| Net difference between projected and actual earning on OPEB plan investments | <u>123</u> | <u>92</u> |
| Total | \$ <u>651</u> | \$ <u>4,934</u> |

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

| | |
|------------|----------|
| 2021 | \$ (424) |
| 2022 | (424) |
| 2023 | (415) |
| 2024 | (390) |
| 2025 | (421) |
| Thereafter | (2,209) |

TOWN OF NEWINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020
(In Thousands)

The following schedule presents the net position held in trust for OPEB benefits at June 30, 2020 and the changes in net position for the year ended June 30, 2020:

STATEMENT OF NET POSITION

| | | |
|------------------------------|----|---------------------|
| Assets: | | |
| Investments | \$ | <u>8,858</u> |
| Liabilities: | | |
| Accounts payable | | <u>44</u> |
| Net Position: | | |
| Restricted for OPEB Benefits | \$ | <u><u>8,948</u></u> |

STATEMENT OF CHANGES IN NET POSITION

| | | |
|---|----|---------------------|
| Additions: | | |
| Contributions: | | |
| Employer | \$ | <u>2,254</u> |
| Investment income: | | |
| Net appreciation in fair value of investments | | 216 |
| Interest and dividends | | <u>257</u> |
| Total investment income | | 473 |
| Less investment expense | | <u>39</u> |
| Net investment income | | <u>434</u> |
| Total additions | | <u>2,688</u> |
| Deductions: | | |
| Benefits | | 1,716 |
| Administration | | <u>40</u> |
| Total deductions | | <u>1,756</u> |
| Change in Net Position | | 932 |
| Net Position - Beginning of Year | | <u>8,016</u> |
| Net Position - End of Year | \$ | <u><u>8,948</u></u> |

Other Post Employment Benefit - Connecticut State 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 (amounts not rounded)

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 Supplement 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 Supplement Plans. Effective July 1, 2018, the System added a Medicare Advantage Plan option. Active members, retirees and the State pay equally toward the cost of the basic coverage (medical and prescription drug benefits) under the Medicare Advantage Plan. Retired members who choose to enroll in the Medicare Supplement Plan are responsible for the full difference in the premium cost between the two plans. Additionally, effective July 1, 2018, retired members who cancel their health care coverage or elect to not enroll in a CTRB sponsored health care coverage option must wait two years to re-enroll.

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 Supplement Plans, as long as they do not remarry.

TOWN OF NEWINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020
(In Thousands)

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 (Amounts not Rounded)

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.

For the year ended June 30, 2020, the amount of "on-behalf" contributions made by the State was \$279 and is recognized in the General Fund as intergovernmental revenues and education expenditures.

TOWN OF NEWINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020
(In Thousands)

Employees/Retirees

The cost of providing plan benefits is financed on a pay-as-you-go basis as follows: active teachers pay for one-third of the Plan costs through a contribution of 1.25% of their pensionable salaries, and retired teachers pay for one-third of the Plan costs through monthly premiums, which helps reduce the cost of health insurance for eligible retired members and dependents.

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

At June 30, 2020, 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>21,059</u> |
| Total | \$ | <u><u>21,059</u></u> |

The net OPEB liability was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as June 30, 2019. At June 30, 2020, the Town has no proportionate share of the net OPEB liability.

For the year ended June 30, 2020, the Town recognized OPEB expense and revenue of \$(1,541) in Exhibit II.

F. Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of June 30, 2019, using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|---|---|
| Inflation | 2.50% |
| Health care costs trend rate | |
| Pre-Medicare | 5.95% decreasing to 4.75% by 2025 |
| Medicare | 5.00% decreasing to 4.75% by 2028 |
| Salary increases | 3.25-6.50%, including inflation |
| Investment rate of return | 3.00%, net of OPEB plan investment expense, including inflation |
| Year fund net position will be depleted | 2019 |

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.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2010 - June 30, 2015.

TOWN OF NEWINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020
(In Thousands)

The long-term expected rate of return on plan assets is reviewed as part of the GASB 75 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 (0.41%).

G. Discount Rate

The discount rate used to measure the total OPEB liability was 3.50%. 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 2020 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.

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. CORONAVIRUS (COVID-19)

On January 30, 2020, the World Health Organization declared the coronavirus to be a public health emergency. On March 10, 2020, the Governor of the State of Connecticut declared a public health emergency and a civil preparedness emergency due to COVID-19.

The Town derives a significant portion of its revenues from property taxes. While the Town has not experienced any significant increase in the amount of delinquency from its taxpayers, the situation creates uncertainty about the impact of future revenues that might be generated. In addition, at this time, it is uncertain what the effects of the pandemic will be on the Town's health care costs, changes in interest rates, investment valuation and future federal or state fiscal relief.



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, 2020
(In Thousands)

| | <u>Budgeted Amounts</u> | | | <u>Variance -</u> |
|----------------------------------|-------------------------|----------------|----------------|--------------------------------------|
| | <u>Original</u> | <u>Final</u> | <u>Actual</u> | <u>Positive</u> <u>(Negative)</u> |
| Property taxes: | | | | |
| Current levy | \$ 93,330 | \$ 93,330 | \$ 94,769 | \$ 1,439 |
| Motor vehicle taxes | 10,237 | 10,237 | 9,972 | (265) |
| Prorated real estate | 50 | 50 | | (50) |
| Prior year tax levies | 400 | 400 | 803 | 403 |
| Interest and liens | 353 | 353 | 509 | 156 |
| Total | <u>104,370</u> | <u>104,370</u> | <u>106,053</u> | <u>1,683</u> |
| Payments in lieu of taxes: | | | | |
| State-Owned Property | 30 | 30 | 30 | - |
| Disabled Exemption | 5 | 5 | 5 | - |
| Additional Veteran's Exemption | 27 | 27 | 25 | (2) |
| Tax Exempt Colleges and Hospital | 1,940 | 1,940 | 1,940 | - |
| Total | <u>2,002</u> | <u>2,002</u> | <u>2,000</u> | <u>(2)</u> |
| Licenses and permits: | | | | |
| Building permits | 250 | 250 | 281 | 31 |
| Vendor's permits | 2 | 2 | 1 | (1) |
| Gun permits | 10 | 10 | 9 | (1) |
| Raffle and Bingo permits | 1 | 1 | | (1) |
| Work Within Rights of Way | 20 | 20 | 15 | (5) |
| Refuse handling licenses | 2 | 2 | 1 | (1) |
| Total | <u>285</u> | <u>285</u> | <u>307</u> | <u>22</u> |
| Rentals: | | | | |
| Town Hall rental | 4 | 4 | | (4) |
| Indian Hill Country Club | 48 | 48 | 48 | - |
| Other town property | 50 | 50 | 53 | 3 |
| Total | <u>102</u> | <u>102</u> | <u>101</u> | <u>(1)</u> |
| Investment income | <u>250</u> | <u>250</u> | <u>566</u> | <u>316</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, 2020
(In Thousands)

| | <u>Budgeted Amounts</u> | | | <u>Variance -</u> |
|---------------------------------|-------------------------|---------------|---------------|-------------------|
| | <u>Original</u> | <u>Final</u> | <u>Actual</u> | <u>Positive</u> |
| | | | | <u>(Negative)</u> |
| Fines: | | | | |
| Parking tickets | \$ 11 | \$ 11 | \$ 11 | \$ - |
| False alarms | 10 | 10 | 15 | 5 |
| Blighted Premises | 1 | 1 | | (1) |
| Total | <u>22</u> | <u>22</u> | <u>26</u> | <u>4</u> |
| Charges for services: | | | | |
| Conservation Commission | 6 | 6 | 4 | (2) |
| Zoning Board of Appeals | 1 | 1 | 1 | - |
| Town Planning and Zoning | 10 | 10 | 11 | 1 |
| Town Clerk Fees | 475 | 475 | 567 | 92 |
| Police | 10 | 10 | 12 | 2 |
| Human Services - counseling fee | 4 | 4 | 3 | (1) |
| Library - overdue fines | 20 | 20 | 14 | (6) |
| Dial-A-Ride Tickets | 5 | 5 | 3 | (2) |
| Scrap Metal Curbside | 20 | 20 | 25 | 5 |
| Engineering fees | | | | - |
| Total | <u>551</u> | <u>551</u> | <u>640</u> | <u>89</u> |
| State of Connecticut: | | | | |
| Public Library | | | | - |
| Mashantucket Pequot Fund | 165 | 165 | 165 | - |
| Youth Services Bureau | 20 | 20 | 21 | 1 |
| Alcohol and Drug Abuse | 5 | 5 | 6 | 1 |
| Telecommunications Tax | 98 | 98 | 82 | (16) |
| Emergency Management Grant | 18 | 18 | | (18) |
| Adult Education | 39 | 39 | 42 | 3 |
| Municipal Grant-In-Aid | 918 | 918 | 1,366 | 448 |
| School Building Grants | 50 | 50 | 82 | 32 |
| Health Services | 3 | 3 | 4 | 1 |
| Controlling Interest | | | 5 | 5 |
| Education Cost Sharing Grant | 13,409 | 13,409 | 13,400 | (9) |
| Total | <u>14,725</u> | <u>14,725</u> | <u>15,173</u> | <u>448</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, 2020
(In Thousands)

| | <u>Budgeted Amounts</u> | | | <u>Variance -</u> |
|--|-------------------------|-------------------|-------------------|-------------------|
| | <u>Original</u> | <u>Final</u> | <u>Actual</u> | <u>Positive</u> |
| | | | | <u>(Negative)</u> |
| Federal government: | | | | |
| Senior Citizen Trans Aid | \$ 9 | \$ 9 | \$ 11 | \$ 2 |
| Miscellaneous: | | | | |
| Other - miscellaneous | 45 | 45 | 97 | 52 |
| Cancelled PY encumbrances | 80 | 80 | 211 | 131 |
| United Way (Human Services) | 6 | 6 | 6 | - |
| Total | <u>131</u> | <u>131</u> | <u>314</u> | <u>183</u> |
| Total revenues | 122,447 | 122,447 | 125,191 | 2,744 |
| Other financing sources: | | | | |
| Transfers in | <u>159</u> | <u>159</u> | <u>671</u> | <u>512</u> |
| Total | <u>\$ 122,606</u> | <u>\$ 122,606</u> | 125,862 | <u>\$ 3,256</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 | | | 10,222 | |
| State of Connecticut on-behalf contributions the Connecticut State Teachers OPEB System for Town teachers are not budgeted | | | 279 | |
| Cancellation of prior year encumbrances are recognized as budgetary revenue | | | (211) | |
| The Town budgets for certain transfers that are eliminated for GAAP purposes | | | (512) | |
| 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 | | | <u>1,090</u> | |
| Total Revenues and Other Financing Sources as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds - Exhibit IV | | | <u>\$ 136,730</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, 2020
(In Thousands)

| | <u>Budgeted Amounts</u> | | | <u>Variance -</u> |
|--|-------------------------|--------------|---------------|--------------------------------------|
| | <u>Original</u> | <u>Final</u> | <u>Actual</u> | <u>Positive</u> <u>(Negative)</u> |
| General Government: | | | | |
| Town Council | \$ 54 | \$ 57 | \$ 55 | \$ 2 |
| Town Manager | 387 | 481 | 476 | 5 |
| Courts | 40 | 40 | 38 | 2 |
| Elections | 163 | 163 | 117 | 46 |
| Finance | 1,548 | 1,584 | 1,545 | 39 |
| Town Attorney | 157 | 231 | 230 | 1 |
| Town Clerk | 186 | 193 | 188 | 5 |
| Personnel | 42 | 42 | 26 | 16 |
| General services | 2,698 | 2,627 | 2,255 | 372 |
| Total general government | 5,275 | 5,418 | 4,930 | 488 |
| Public Safety: | | | | |
| Police Department | 7,633 | 7,638 | 7,237 | 401 |
| Fire Department | 875 | 876 | 852 | 24 |
| Street lighting | 330 | 330 | 271 | 59 |
| Emergency Management | 4 | 4 | | 4 |
| Emergency Medical Service | 34 | 34 | 30 | 4 |
| Hydrants | 81 | 100 | 100 | - |
| Total public safety | 8,957 | 8,982 | 8,490 | 492 |
| Public Works: | | | | |
| Engineering | 323 | 327 | 319 | 8 |
| Highway Department | 2,738 | 2,747 | 2,545 | 202 |
| Solid Waste Services | 2,337 | 2,338 | 2,197 | 141 |
| Total public works | 5,398 | 5,412 | 5,061 | 351 |
| Community Planning and Development: | | | | |
| Planning and Development | 229 | 238 | 231 | 7 |
| Town Planning and Zoning | 18 | 18 | 16 | 2 |
| Zoning Board of Appeals | 2 | 2 | 1 | 1 |
| Building Department | 209 | 216 | 212 | 4 |
| Conservation Commission | 5 | 5 | 5 | - |
| Economic Development | 95 | 96 | 71 | 25 |
| Total community planning and development | 558 | 575 | 536 | 39 |
| Health and Community Services: | | | | |
| Public Health: | | | | |
| Health Services | 193 | 193 | 191 | 2 |
| Community Services: | | | | |
| Human Services | 460 | 464 | 453 | 11 |
| Senior and Disabled Center | 588 | 609 | 593 | 16 |
| Boards and Commissions | 9 | 9 | 8 | 1 |
| Total health and community services | 1,250 | 1,275 | 1,245 | 30 |

(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, 2020
(In Thousands)

| | <u>Budgeted Amounts</u> | | | <u>Variance -</u> |
|--------------------------------------|-------------------------|--------------|---------------|-------------------|
| | <u>Original</u> | <u>Final</u> | <u>Actual</u> | <u>Positive</u> |
| | | | | <u>(Negative)</u> |
| Library: | | | | |
| Library operations | \$ 1,810 | \$ 1,822 | \$ 1,725 | \$ 97 |
| Parks and Recreation: | | | | |
| Parks and Recreation Administration | 329 | 337 | 333 | 4 |
| Grounds Maintenance | 1,482 | 1,484 | 1,387 | 97 |
| Total parks and recreation | 1,811 | 1,821 | 1,720 | 101 |
| Board of Education: | | | | |
| Art | 785 | 720 | 720 | - |
| Career/Vocational | 768 | 726 | 726 | - |
| Computers | 1,677 | 2,448 | 2,462 | (14) |
| Language Arts | 4,220 | 4,052 | 4,052 | - |
| Foreign Language | 1,328 | 1,348 | 1,348 | - |
| Math | 4,406 | 4,070 | 4,070 | - |
| Music | 1,205 | 1,208 | 1,209 | (1) |
| Physical Education | 1,540 | 1,510 | 1,510 | - |
| Reading | 3,969 | 3,938 | 3,938 | - |
| Science | 3,464 | 3,463 | 3,463 | - |
| S.T.E.M. | 636 | 598 | 598 | - |
| Social Studies | 3,511 | 3,583 | 3,583 | - |
| Other Salaries | 1,115 | 266 | 266 | - |
| Special Education | 10,099 | 10,233 | 9,354 | 879 |
| Homebound | 79 | 49 | 49 | - |
| Adult Education | 104 | 95 | 95 | - |
| Guidance | 1,169 | 1,165 | 1,165 | - |
| Health/Nurses | 680 | 571 | 572 | (1) |
| Psychological Services | 1,127 | 1,141 | 1,141 | - |
| Speech and Hearing | 687 | 652 | 652 | - |
| Curriculum Development | 415 | 282 | 282 | - |
| Media | 829 | 808 | 808 | - |
| Board of Education | 528 | 240 | 247 | (7) |
| Central Direction | 1,767 | 1,754 | 1,144 | 610 |
| Building Direction | 3,886 | 3,902 | 3,904 | (2) |
| Supplies | 269 | 153 | 154 | (1) |
| Maintenance | 2,215 | 3,432 | 3,440 | (8) |
| Plant operation | 4,832 | 4,582 | 4,459 | 123 |
| Transportation | 3,238 | 3,133 | 3,140 | (7) |
| Evaluation, planning and development | 94 | 87 | 87 | - |
| Insurance | 812 | 638 | 638 | - |
| Employee benefits | 12,449 | 13,176 | 11,842 | 1,334 |
| Non-athletics | 170 | 177 | 177 | - |
| Athletics | 597 | 473 | 473 | - |
| Community service | 98 | 95 | 95 | - |
| Total Board of Education | 74,768 | 74,768 | 71,863 | 2,905 |

(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, 2020
(In Thousands)

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance - Positive (Negative)</u> |
|--|-------------------------|-------------------|-------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| Miscellaneous: | | | | |
| Metropolitan District Assessment | \$ 4,466 | \$ 4,466 | \$ 4,452 | \$ 14 |
| Municipal insurance | 991 | 991 | 934 | 57 |
| Greater Hartford Transit District | 3 | 3 | 3 | - |
| Employee benefits | 11,078 | 11,078 | 10,912 | 166 |
| Donations and contributions | 23 | 23 | 23 | - |
| Contingency | 428 | 110 | 83 | 27 |
| Total miscellaneous | <u>16,989</u> | <u>16,671</u> | <u>16,407</u> | <u>264</u> |
| Debt service: | | | | |
| Principal payments | 1,140 | 1,140 | 1,140 | - |
| Interest expense | <u>385</u> | <u>546</u> | <u>546</u> | <u>-</u> |
| Total debt service | <u>1,525</u> | <u>1,686</u> | <u>1,686</u> | <u>-</u> |
| Total expenditures | 118,341 | 118,430 | 113,663 | 4,767 |
| Other financing uses: | | | | |
| Transfers out | <u>5,365</u> | <u>5,752</u> | <u>5,752</u> | <u>-</u> |
| Total | <u>\$ 123,706</u> | <u>\$ 124,182</u> | 119,415 | <u>\$ 4,767</u> |
| Budgetary expenditures are different than GAAP expenditures because: | | | | |
| State of Connecticut on-behalf contributions to the Connecticut State Teachers' Retirement System for Town teachers are not budgeted | | | 10,221 | |
| State of Connecticut on-behalf contributions to the Connecticut State Teachers OPEB System for Town teachers are not budgeted | | | 279 | |
| The Town budgets investment income net of investment expenses | | | 105 | |
| The Town budgets for certain transfers that are eliminated for GAAP purposes | | | (512) | |
| 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 | | | 1,090 | |
| 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 | | | (255) | |
| Total Expenditures and Other Financing Uses as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds - Exhibit IV | | | <u>\$ 130,343</u> | |

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

| | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|--|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Total pension liability: | | | | | | | |
| Service cost | \$ 567 | \$ 561 | \$ 538 | \$ 503 | \$ 507 | \$ 504 | \$ 423 |
| Interest | 2,923 | 3,026 | 3,122 | 3,184 | 3,173 | 3,127 | 3,175 |
| Differences between expected and actual experience | (30) | 471 | 581 | (856) | (1,228) | 402 | 649 |
| Changes of assumptions | | | 518 | 518 | 520 | 538 | 3,809 |
| Benefit payments, including refunds of member contributions | (2,496) | (2,586) | (2,796) | (2,768) | (2,761) | (2,931) | (3,102) |
| Net change in total pension liability | 964 | 1,472 | 1,963 | 581 | 211 | 1,640 | 4,954 |
| Total pension liability - beginning | 39,633 | 40,597 | 42,069 | 44,032 | 44,613 | 44,824 | 46,464 |
| Total pension liability - ending | 40,597 | 42,069 | 44,032 | 44,613 | 44,824 | 46,464 | 51,418 |
| Plan fiduciary net position: | | | | | | | |
| Contributions - employer | 1,453 | 1,594 | 1,623 | 1,695 | 1,742 | 1,753 | 1,885 |
| Contributions - member | 326 | 303 | 284 | 274 | 268 | 250 | 221 |
| Net investment income (loss) | 3,122 | 842 | (397) | 2,938 | 1,893 | 2,011 | 1,330 |
| Benefit payments, including refunds of member contributions | (2,496) | (2,586) | (2,796) | (2,768) | (2,761) | (2,931) | (3,102) |
| Administrative expense | (20) | (21) | (15) | (20) | (28) | (28) | (25) |
| Net change in plan fiduciary net position | 2,385 | 132 | (1,301) | 2,119 | 1,114 | 1,055 | 309 |
| Plan fiduciary net position - beginning | 20,427 | 22,812 | 22,944 | 21,643 | 23,762 | 24,876 | 25,931 |
| Plan fiduciary net position - ending | 22,812 | 22,944 | 21,643 | 23,762 | 24,876 | 25,931 | 26,240 |
| Net Pension Liability - Ending | \$ 17,785 | \$ 19,125 | \$ 22,389 | \$ 20,851 | \$ 19,948 | \$ 20,533 | \$ 25,178 |
| Plan fiduciary net position as a percentage of the total pension liability | 56.19% | 54.54% | 49.15% | 53.26% | 55.50% | 55.81% | 51.03% |
| Covered payroll | \$ 7,230 | \$ 6,807 | \$ 7,037 | \$ 6,603 | \$ 6,123 | \$ 6,115 | \$ 5,803 |
| Net pension liability as a percentage of covered payroll | 245.99% | 280.96% | 318.16% | 315.78% | 325.79% | 335.78% | 433.88% |

*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 SEVEN FISCAL YEARS*
(In Thousands)

| | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> |
|--|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Total pension liability: | | | | | | | |
| Service cost | \$ 1,057 | \$ 1,164 | \$ 1,178 | \$ 1,264 | \$ 1,311 | \$ 1,372 | \$ 1,349 |
| Interest | 3,974 | 4,140 | 4,319 | 4,479 | 4,648 | 4,732 | 4,883 |
| Differences between expected and actual experience | (36) | 259 | 483 | 186 | (1,000) | (3) | (1,588) |
| Changes of assumptions | | | 835 | 913 | 896 | 990 | 3,539 |
| Benefit payments, including refunds of member contributions | <u>(3,104)</u> | <u>(3,206)</u> | <u>(3,330)</u> | <u>(3,507)</u> | <u>(3,522)</u> | <u>(3,686)</u> | <u>(3,774)</u> |
| Net change in total pension liability | 1,891 | 2,357 | 3,485 | 3,335 | 2,333 | 3,405 | 4,409 |
| Total pension liability - beginning | <u>53,456</u> | <u>55,347</u> | <u>57,704</u> | <u>61,189</u> | <u>64,524</u> | <u>66,857</u> | <u>70,262</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> | <u>70,262</u> | <u>74,671</u> |
| Plan fiduciary net position: | | | | | | | |
| Contributions - employer | 2,661 | 3,195 | 3,338 | 3,515 | 3,613 | 3,496 | 3,758 |
| Contributions - member | 443 | 493 | 535 | 558 | 568 | 598 | 579 |
| Net investment income (loss) | 4,598 | 1,310 | (611) | 5,004 | 3,386 | 3,739 | 2,574 |
| Benefit payments, including refunds of member contributions | <u>(3,104)</u> | <u>(3,206)</u> | <u>(3,330)</u> | <u>(3,507)</u> | <u>(3,522)</u> | <u>(3,686)</u> | <u>(3,774)</u> |
| Administrative expense | <u>(20)</u> | <u>(22)</u> | <u>(16)</u> | <u>(24)</u> | <u>(32)</u> | <u>(38)</u> | <u>(25)</u> |
| Net change in plan fiduciary net position | 4,578 | 1,770 | (84) | 5,546 | 4,013 | 4,109 | 3,112 |
| 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> | <u>45,219</u> | <u>49,328</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> | <u>49,328</u> | <u>52,440</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> | \$ <u>20,934</u> | \$ <u>22,231</u> |
| Plan fiduciary net position as a percentage of the total pension liability | 61.38% | 61.94% | 58.28% | 63.86% | 67.64% | 70.21% | 70.23% |
| Covered payroll | \$ 5,561 | \$ 5,536 | \$ 5,766 | \$ 5,828 | \$ 6,151 | \$ 6,183 | \$ 6,381 |
| Net pension liability as a percentage of covered payroll | 384.34% | 396.68% | 442.75% | 400.10% | 351.78% | 338.57% | 348.39% |

*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 SEVEN FISCAL YEARS*
(In Thousands)

| | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Total pension liability: | | | | | | | |
| Service cost | \$ 61 | \$ 62 | \$ 66 | \$ 69 | \$ 61 | \$ 48 | \$ 50 |
| Interest | 836 | 845 | 838 | 843 | 842 | 831 | 791 |
| Differences between expected and actual experience | 11 | 113 | (63) | 71 | 1 | (370) | 153 |
| Changes of assumptions | | | 85 | 129 | 128 | 120 | 875 |
| Benefit payments, including refunds of member contributions | (899) | (855) | (848) | (848) | (958) | (985) | (1,001) |
| Net change in total pension liability | 9 | 165 | 78 | 264 | 74 | (356) | 868 |
| Total pension liability - beginning | 11,514 | 11,523 | 11,688 | 11,766 | 12,030 | 12,104 | 11,748 |
| Total pension liability - ending | 11,523 | 11,688 | 11,766 | 12,030 | 12,104 | 11,748 | 12,616 |
| Plan fiduciary net position: | | | | | | | |
| Contributions - employer | 383 | 436 | 449 | 455 | 491 | 517 | 512 |
| Contributions - member | 38 | 40 | 41 | 43 | 29 | 24 | 23 |
| Net investment income (loss) | 824 | 213 | (101) | 701 | 448 | 436 | 271 |
| Benefit payments, including refunds of member contributions | (899) | (855) | (848) | (848) | (958) | (985) | (1,001) |
| Administrative expense | (4) | (5) | (3) | (4) | (6) | (7) | (9) |
| Net change in plan fiduciary net position | 342 | (171) | (462) | 347 | 4 | (15) | (204) |
| Plan fiduciary net position - beginning | 5,502 | 5,844 | 5,673 | 5,211 | 5,558 | 5,562 | 5,547 |
| Plan fiduciary net position - ending | 5,844 | 5,673 | 5,211 | 5,558 | 5,562 | 5,547 | 5,343 |
| Net Pension Liability - Ending | \$ 5,679 | \$ 6,015 | \$ 6,555 | \$ 6,472 | \$ 6,542 | \$ 6,201 | \$ 7,273 |
| Plan fiduciary net position as a percentage of the total pension liability | 50.72% | 48.54% | 44.29% | 46.20% | 45.95% | 47.22% | 42.35% |
| Covered payroll | \$ 751 | \$ 842 | \$ 864 | \$ 899 | \$ 925 | \$ 766 | \$ 542 |
| Net pension liability as a percentage of covered payroll | 756.19% | 714.37% | 758.68% | 719.91% | 707.24% | 809.53% | 1341.88% |

*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 SEVEN FISCAL YEARS*
(In Thousands)

| | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> |
|--|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Total pension liability: | | | | | | | |
| Service cost | | | | | | | |
| Interest | \$ 87 | \$ 86 | \$ 86 | \$ 84 | \$ 81 | \$ 78 | \$ 76 |
| Differences between expected and actual experience | | | 50 | | (12) | (1) | (96) |
| Changes of assumptions | | | | | | | 201 |
| Benefit payments, including refunds of member contributions | (114) | (121) | (125) | (120) | (119) | (119) | (117) |
| Net change in total pension liability | (27) | (35) | 11 | (36) | (50) | (42) | 64 |
| Total pension liability - beginning | 1,503 | 1,476 | 1,441 | 1,452 | 1,416 | 1,366 | 1,324 |
| Total pension liability - ending | 1,476 | 1,441 | 1,452 | 1,416 | 1,366 | 1,324 | 1,388 |
| Plan fiduciary net position: | | | | | | | |
| Contributions - employer | 102 | 133 | 133 | 125 | 125 | 106 | 106 |
| Net investment income (loss) | 60 | (5) | (3) | 58 | 27 | 40 | 7 |
| Benefit payments, including refunds of member contributions | (113) | (121) | (125) | (120) | (119) | (119) | (117) |
| Administrative expense | (9) | (6) | (12) | (5) | (11) | (4) | (8) |
| Net change in plan fiduciary net position | 40 | 1 | (7) | 58 | 22 | 23 | (12) |
| Plan fiduciary net position - beginning | 467 | 507 | 508 | 501 | 559 | 581 | 604 |
| Plan fiduciary net position - ending | 507 | 508 | 501 | 559 | 581 | 604 | 592 |
| Net Pension Liability - Ending | \$ <u>969</u> | \$ <u>933</u> | \$ <u>951</u> | \$ <u>857</u> | \$ <u>785</u> | \$ <u>720</u> | \$ <u>796</u> |
| Plan fiduciary net position as a percentage of the total pension liability | 34.35% | 35.25% | 34.50% | 39.48% | 42.53% | 45.62% | 42.65% |
| Covered payroll | N/A | N/A | 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 | 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)

| | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> |
|--|--------------|--------------|-----------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Actuarially determined contribution | \$ 1,219 | \$ 1,268 | \$ 1,373 | \$ 1,453 | \$ 1,594 | \$ 1,623 | \$ 1,695 | \$ 1,742 | \$ 1,753 | \$ 1,885 |
| Contributions in relation to the actuarially determined contribution | <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> | <u>1,753</u> | <u>1,885</u> |
| Contribution Deficiency (Excess) | \$ <u>-</u> | \$ <u>-</u> | \$ <u>(324)</u> | \$ <u>-</u> | \$ <u>-</u> | \$ <u>-</u> | \$ <u>-</u> | \$ <u>-</u> | \$ <u>-</u> | \$ <u>-</u> |
| Covered payroll | \$ 8,832 | \$ 8,170 | \$ 7,503 | \$ 7,230 | \$ 6,807 | \$ 7,037 | \$ 6,603 | \$ 6,183 | \$ 6,115 | \$ 5,803 |
| Contributions as a percentage of covered payroll | 13.80% | 15.52% | 22.62% | 20.10% | 23.42% | 23.06% | 25.67% | 28.17% | 28.67% | 32.48% |

Notes to Schedule

Valuation date: July 1, 2019

Measurement date: June 30, 2020

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 normal |
| Amortization method | Level percentage of payroll, closed |
| Remaining amortization period | 16 years |
| Asset valuation method | 5-year non-asymptotic |
| Inflation | 2.75% |
| Salary increases | 3.5%, average, including inflation |
| Investment rate of return | 6.88% (Prior: 7.00%), net of pension plan investment expense, including inflation |

Retirement age: Age based table

Mortality: PUB-2010 Mortality Table with generational projection per the MP-Ultimate Scale

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

| | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> |
|--|--------------|--------------|-----------------|--------------|--------------|--------------|----------------|--------------|--------------|--------------|
| Actuarially determined contribution | \$ 1,800 | \$ 2,065 | \$ 2,427 | \$ 2,661 | \$ 3,195 | \$ 3,338 | \$ 3,486 | \$ 3,613 | \$ 3,496 | \$ 3,758 |
| Contributions in relation to the actuarially determined contribution | <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> | <u>3,496</u> | <u>3,758</u> |
| Contribution Deficiency (Excess) | \$ <u>-</u> | \$ <u>-</u> | \$ <u>(378)</u> | \$ <u>-</u> | \$ <u>-</u> | \$ <u>-</u> | \$ <u>(29)</u> | \$ <u>-</u> | \$ <u>-</u> | \$ <u>-</u> |
| Covered payroll | \$ 5,237 | \$ 5,248 | \$ 5,829 | \$ 5,561 | \$ 5,536 | \$ 5,766 | \$ 5,828 | \$ 6,151 | \$ 6,183 | \$ 6,381 |
| Contributions as a percentage of covered payroll | 34.37% | 39.35% | 48.12% | 47.85% | 57.71% | 57.89% | 60.31% | 58.74% | 56.54% | 58.89% |

Notes to Schedule

Valuation date: July 1, 2019

Measurement date: June 30, 2020

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 normal |
| Amortization method | Level percentage of payroll, closed |
| Remaining amortization period | 13 years |
| Asset valuation method | 5-year non-asymptotic |
| Inflation | 2.75% |
| Salary increases | 3.5%, average, including inflation |
| Investment rate of return | 6.88% (Prior: 7.00%), net of pension plan investment expense, including inflation |

Retirement age Based on age and service

Mortality PubS-2010 Mortality Table with generational projection per the MP-Ultimate Scale

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

| | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> |
|--|-------------|-------------|----------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Actuarially determined contribution | \$ 237 | \$ 287 | \$ 324 | \$ 383 | \$ 436 | \$ 449 | \$ 455 | \$ 491 | \$ 517 | \$ 512 |
| Contributions in relation to the actuarially determined contribution | <u>237</u> | <u>287</u> | <u>422</u> | <u>383</u> | <u>436</u> | <u>449</u> | <u>455</u> | <u>491</u> | <u>517</u> | <u>512</u> |
| Contribution Deficiency (Excess) | \$ <u>-</u> | \$ <u>-</u> | \$ <u>(98)</u> | \$ <u>-</u> | \$ <u>-</u> | \$ <u>-</u> | \$ <u>-</u> | \$ <u>-</u> | \$ <u>-</u> | \$ <u>-</u> |
| Covered payroll | \$ 885 | \$ 815 | \$ 761 | \$ 751 | \$ 842 | \$ 864 | \$ 899 | \$ 925 | \$ 766 | \$ 542 |
| Contributions as a percentage of covered payroll | 26.78% | 35.21% | 55.45% | 51.00% | 51.78% | 51.97% | 50.61% | 53.08% | 67.49% | 94.46% |

Notes to Schedule

Valuation date: July 1, 2019

Measurement date: June 30, 2020

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 normal |
| Amortization method | Level percentage of payroll, closed |
| Remaining amortization period | 16 years |
| Asset valuation method | 5-year non-asymptotic |
| Inflation | 2.75% |
| Salary increases | 3.5%, average, including inflation |
| Investment rate of return | 6.88% (Prior: 7.00%), net of pension plan investment expense, including inflation |

Retirement age Age related table

Mortality PUB-2010 Mortality Table with generational projection per the MP-Ultimate Scale

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

| | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Actuarially determined contribution | \$ 77 | \$ 77 | \$ 102 | \$ 102 | \$ 133 | \$ 133 | \$ 125 | \$ 125 | \$ 106 | \$ 106 |
| Contributions in relation to the actuarially determined contribution | <u>77</u> | <u>77</u> | <u>102</u> | <u>102</u> | <u>133</u> | <u>133</u> | <u>125</u> | <u>125</u> | <u>106</u> | <u>106</u> |
| Contribution Deficiency (Excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Covered payroll | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| Contributions as a percentage of covered payroll | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |

Notes to Schedule

Valuation date: July 1, 2019

Measurement date: June 30, 2020

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 normal
Amortization method Level dollar of payroll, open
Remaining amortization period 10 years
Asset valuation method N/A
Inflation 2.75% (Prior: 2.75%)
Salary increases N/A
Investment rate of return 5.88%, net of pension plan investment expense, including inflation

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

Mortality PubS-2010 Morality with generational projection per MP Ultimate Scale

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

| | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Annual money-weighted rate of return, net of investment expense | 15.07% | 3.64% | -1.71% | 13.36% | 7.83% | 7.97% | 5.06% |

*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 SEVEN FISCAL YEARS*

| | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Annual money-weighted rate of return, net of investment expense | 15.01% | 3.67% | -1.63% | 13.31% | 7.83% | 7.94% | 5.01% |

*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 SEVEN FISCAL YEARS***

| | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Annual money-weighted rate of return, net of investment expense | 15.17% | 3.65% | -1.77% | 13.37% | 8.07% | 7.82% | 4.91% |

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

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

| | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Annual money-weighted rate of return, net of investment expense | 11.38% | -1.20% | -0.70% | 9.87% | 3.98% | 7.06% | 1.51% |

*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 SIX FISCAL YEARS*
(In Thousands)

| | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|--|------------------|------------------|-------------------|-------------------|-------------------|-------------------|
| Town's proportion of the net pension liability | 0.00% | 0.00% | 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 | 81,526 | 88,203 | 112,951 | 107,062 | 104,120 | 135,035 |
| Total | <u>\$ 81,526</u> | <u>\$ 88,203</u> | <u>\$ 112,951</u> | <u>\$ 107,062</u> | <u>\$ 104,120</u> | <u>\$ 135,035</u> |
| Town's covered payroll | \$ 31,370 | \$ 31,603 | \$ 32,498 | \$ 32,704 | \$ 32,582 | \$ 33,569 |
| Town's proportionate share of the net pension liability as a percentage of its covered payroll | 0.00% | 0.00% | 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% | 57.69% | 52.00% |

*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 | <p>HB 7424 made the following provision changes:</p> <ul style="list-style-type: none"> - Beginning July 1, 2019, annual interest credited on mandatory contributions set at 4.0%. - For members retiring on or after July 1, 2019 with a partial refund option election (Plan N), if 50% of the benefits paid prior to death do not exceed the Member's mandatory contributions plus interest frozen at the date of benefit commencement, the difference is paid to the Member's beneficiary. |
| Changes of assumptions | <p>HB 7424 made the following assumption changes:</p> <ul style="list-style-type: none"> - Reduce the inflation assumption from 2.75% to 2.50%. - Reduce the real rate of return assumption from 5.25% to 4.40% which, when combined with the inflation assumption change, results in a decrease in the investment rate of return assumption from 8.00% to 6.90%. - Increase the annual rate of wage increase assumption from 0.50% to 0.75%. - Phase in to a level dollar amortization method for the June 30, 2024 valuation. |
| Actuarial cost method | Entry age |
| Amortization method | Level percent of pay, closed |
| Single equivalent amortization period | 17.6 years |
| Asset valuation method | 4-year smoothed market |
| Inflation | 2.75% |
| Salary increase | 3.25%-6.50%, including inflation |
| Investment rate of return | 8.00%, 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 FOUR FISCAL YEARS*
(In Thousands)

| | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> |
|---|------------------|------------------|------------------|------------------|
| Total OPEB liability: | | | | |
| Service cost | \$ 756 | \$ 734 | \$ 774 | \$ 626 |
| Interest | 1,646 | 1,717 | 1,784 | 1,844 |
| Differences between expected and actual experience | | 737 | | (4,485) |
| Changes of assumptions | | 88 | | (879) |
| Benefit payments | <u>(1,175)</u> | <u>(1,688)</u> | <u>(1,422)</u> | <u>(1,716)</u> |
| Net change in total OPEB liability | 1,227 | 1,588 | 1,136 | (4,610) |
| Total OPEB liability - beginning | <u>22,146</u> | <u>23,373</u> | <u>24,961</u> | <u>26,097</u> |
| Total OPEB liability - ending | <u>23,373</u> | <u>24,961</u> | <u>26,097</u> | <u>21,487</u> |
| Plan fiduciary net position: | | | | |
| Contributions - employer | 2,138 | 1,771 | 2,123 | 2,254 |
| Net investment income | 792 | 516 | 628 | 434 |
| Benefit payments | (1,175) | (1,688) | (1,422) | (1,716) |
| Administrative expense | <u>(167)</u> | <u>(134)</u> | <u>(153)</u> | <u>(40)</u> |
| Net change in plan fiduciary net position | 1,588 | 465 | 1,176 | 932 |
| Plan fiduciary net position - beginning | <u>4,787</u> | <u>6,375</u> | <u>6,840</u> | <u>8,016</u> |
| Plan fiduciary net position - ending | <u>6,375</u> | <u>6,840</u> | <u>8,016</u> | <u>8,948</u> |
| Net OPEB Liability - Ending | \$ <u>16,998</u> | \$ <u>18,121</u> | \$ <u>18,081</u> | \$ <u>12,539</u> |
| Plan fiduciary net position as a percentage of the total OPEB liability | 27.28% | 27.40% | 30.72% | 41.64% |
| Covered payroll | \$ 46,163 | \$ 46,163 | \$ 45,740 | \$ 45,740 |
| Net OPEB liability as a percentage of covered payroll | 36.82% | 39.25% | 39.53% | 27.41% |

*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

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

| | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|--|--------------|--------------|-----------------|-----------------|--------------|--------------|-----------------|--------------|--------------|--------------|
| Actuarially determined contribution (1) | \$ 1,843 | \$ 1,939 | \$ 1,713 | \$ 1,795 | \$ 1,880 | \$ 1,970 | \$ 1,771 | \$ 1,841 | \$ 2,123 | \$ 2,254 |
| Contributions in relation to the actuarially determined contribution | <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> | <u>2,123</u> | <u>2,254</u> |
| Contribution Deficiency (Excess) | \$ <u>-</u> | \$ <u>-</u> | \$ <u>(377)</u> | \$ <u>(121)</u> | \$ <u>99</u> | \$ <u>24</u> | \$ <u>(367)</u> | \$ <u>70</u> | \$ <u>-</u> | \$ <u>-</u> |
| Covered payroll | N/A | N/A | N/A | N/A | \$ 46,334 | \$ 46,334 | \$ 46,163 | \$ 46,163 | \$ 45,740 | \$ 56,654 |
| Contributions as a percentage of covered payroll | N/A | N/A | N/A | N/A | 3.84% | 4.20% | 4.63% | 3.84% | 4.64% | 3.98% |

(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:

July 1, 2019

Measurement date:

June 30, 2020

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 Normal |
| Amortization method | Level Percent, Closed |
| Amortization period | 18 Years |
| Asset valuation method | Non-asymptotic |
| Inflation | 2.75% |
| Healthcare cost trend rates | 6.10%-4.10% over 54 years |
| Salary increases | 3.50% |
| Investment rate of return | 6.88% |
| Retirement age | Varies by age and years of service |
| Mortality: | |
| Healthy | |
| Teachers | RP-2000 Combined Healthy Mortality Table for males and females, projected forward 19 years using scale AA, with a two-year age setback |
| All Others | Pub-2010 Mortality Table for Employees and Healthy Annuitants with generational projection of future improvements in longevity per the MP Ultimate Scale. PubS-2010 Mortality Table used for Police Employees |
| Disabled | |
| Teachers | RP-2000 Combined Healthy Mortality Table for males and females, projected forward 19 years using scale AA, with a eight-year age set forward |
| All Others | Pub-2010 Mortality Table for Disabled Annuitants with generational projection of future improvements in longevity per MP Ultimate Scale. PubS-2010 Mortality Table used for Police Employees |

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

| | 2017 | 2018 | 2019 | 2020 |
|--|-------------|-------------|-------------|-------------|
| Annual money-weighted rate of return, net of investment expense | 12.22% | 7.26% | 8.11% | 4.54% |

*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 THREE FISCAL YEARS*
(in Thousands)

| | 2018 | 2019 | 2020 |
|---|------------------|------------------|------------------|
| Town's proportion of the net OPEB liability | 0.00% | 0.00% | 0.00% |
| Town's proportionate share of the net OPEB liability | \$ - | \$ - | \$ - |
| State's proportionate share of the net OPEB liability associated with the Town | 27,557 | 20,814 | 21,059 |
| Total | <u>\$ 27,557</u> | <u>\$ 20,814</u> | <u>\$ 21,059</u> |
| Town's covered payroll | \$ 32,704 | \$ 32,582 | \$ 33,569 |
| Town's proportionate share of the net OPEB liability as a percentage of its covered payroll | 0.00% | 0.00% | 0.00% |
| Plan fiduciary net position as a percentage of the total OPEB liability | 1.79% | 1.49% | 2.08% |

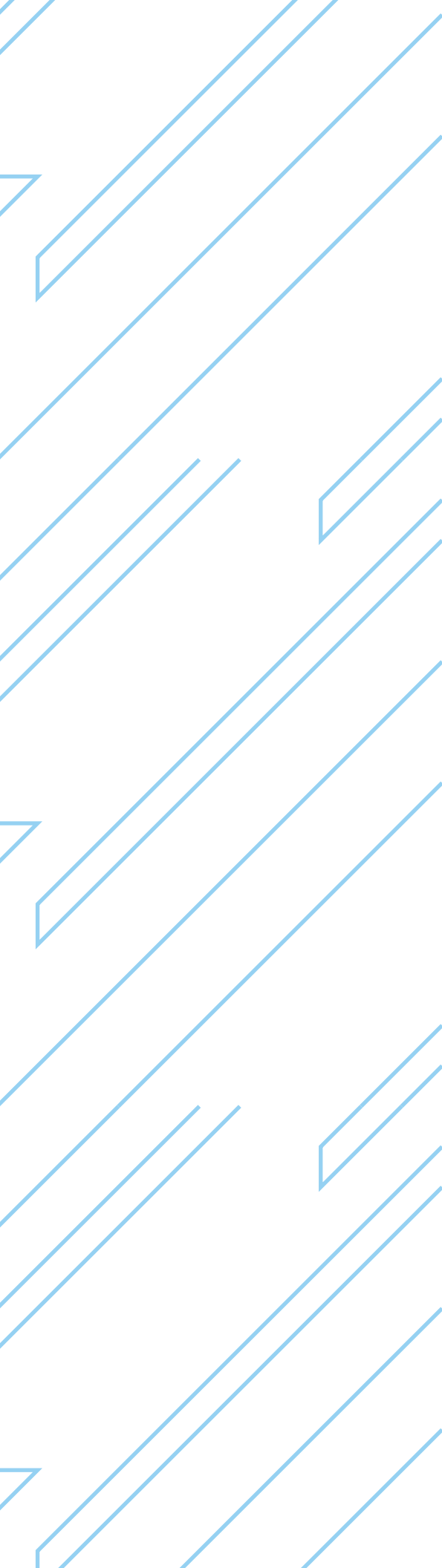
Notes to Schedule

| | |
|-------------------------------|--|
| Changes in benefit terms | The Plan was amended by the Board, effective January 1, 2019, during the September 12, 2018 meeting. The Board elected a new prescription drug plan, which is expected to reduce overall costs and allow for the Board to receive a government subsidy for members whose claims reach a catastrophic level. These changes were communicated to retired members during the months leading up to the open enrollment period that preceded the January 1, 2019 implementation date. |
| Changes of assumptions | Based on the procedure described in GASB 74, the discount rate used to measure Plan obligations for financial accounting purposes as of June 30, 2019 was updated to equal the Municipal Bond Index Rate of 3.50% as of June 30, 2019. Expected annual per capita claims costs were updated to better reflect anticipated medical and prescription drug claim experience both before and after the plan change that became effective on July 1, 2019. The expected rate of inflation was decreased, and the real wage growth assumption was increased. |
| Actuarial cost method | Entry age |
| Amortization method | Level percent of payroll over an open period |
| Remaining amortization period | 30 years |
| Asset valuation method | Market value of assets |
| Investment rate of return | 3.00%, net of investment related expense including price inflation |
| Price inflation | 2.75% |

* 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, 2020 AND 2019
(In Thousands)

| | <u>2020</u> | <u>2019</u> |
|---|------------------|------------------|
| ASSETS | | |
| Cash and cash equivalents | \$ 34,841 | \$ 30,392 |
| Investments | 2,335 | |
| Receivables: | | |
| Property taxes, net of allowance of \$94 in 2020 and 2019 | 911 | 1,270 |
| Intergovernmental | | |
| Other receivable | 146 | 363 |
| Due from other funds | <u>8</u> | <u>194</u> |
| Total Assets | \$ <u>38,241</u> | \$ <u>32,219</u> |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES | | |
| Liabilities: | | |
| Accounts payable and other liabilities | \$ 5,533 | \$ 5,049 |
| Unearned revenue | | |
| Total liabilities | <u>5,533</u> | <u>5,049</u> |
| Deferred Inflows of Resources: | | |
| Unavailable revenue - property taxes | 719 | 1,046 |
| Advance property tax collections | <u>33</u> | <u>555</u> |
| Total deferred inflows of resources | <u>752</u> | <u>1,601</u> |
| Fund Balances: | | |
| Committed | 2,361 | 1,025 |
| Assigned: | | |
| Encumbrances | 5,120 | 4,186 |
| Designated for subsequent year's budget | 2,500 | 1,100 |
| Unassigned | <u>21,975</u> | <u>19,258</u> |
| Total fund balances | <u>31,956</u> | <u>25,569</u> |
| Total Liabilities and Fund Balances | \$ <u>38,241</u> | \$ <u>32,219</u> |

**TOWN OF NEWINGTON, CONNECTICUT
GENERAL FUND
REPORT OF TAX COLLECTOR
FOR THE YEAR ENDED JUNE 30, 2020
(In Thousands)**

| Grand List | Mill Rate | Uncollected Taxes July 1, 2019 | Lawful Corrections | | Suspense | Adjusted Taxes Collectible | Taxes | Interest | Liens | Total | Uncollected Taxes June 30, 2020 |
|------------|-----------|-----------------------------------|--------------------|------------|----------|-------------------------------|------------|----------|-------|------------|------------------------------------|
| | | | Additions | Deductions | | | | | | | |
| 2018 | | \$ | \$ 105,128 | \$ 404 | \$ | \$ 104,724 | \$ 104,017 | \$ 222 | \$ 4 | \$ 104,243 | \$ 707 |
| 2017 | 39.45 | 829 | 91 | 79 | 115 | 726 | 647 | 116 | 3 | 766 | 79 |
| 2016 | 36.59 | 153 | 61 | 1 | | 213 | 193 | 62 | 1 | 256 | 20 |
| 2015 | 35.75 | 88 | | | | 88 | 79 | 39 | 1 | 119 | 9 |
| 2014 | 35.80 | 42 | | | | 42 | 33 | 21 | | 54 | 9 |
| 2013 | 34.77 | 29 | | | | 29 | 17 | 11 | | 28 | 12 |
| 2012 | 33.63 | 8 | | | | 8 | 4 | 3 | | 7 | 4 |
| 2011 | 32.64 | 19 | 8 | 16 | | 11 | | | | - | 11 |
| 2010 | 30.02 | 26 | | | | 26 | | | | - | 26 |
| 2009 | 29.18 | 25 | | | | 25 | | | | - | 25 |
| 2008 | 28.4 | 10 | | | | 10 | | | | - | 10 |
| 2007 | 27.68 | 32 | | | | 32 | | | | - | 32 |
| 2006 | 26.91 | 31 | | | | 31 | | | | - | 31 |
| 2005 | 25.76 | 30 | | | | 30 | | | | - | 30 |
| 2004 | 36.43 | 42 | | | 42 | - | | | | - | - |
| | | \$ 1,364 | \$ 105,288 | \$ 500 | \$ 157 | \$ 105,995 | \$ 104,990 | \$ 474 | \$ 9 | \$ 105,473 | \$ 1,005 |



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 |
| Small Cities | Federal grants | Community development and housing loan program |
| 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, 2020
(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 |
| ASSETS | | | | | | | | | | | |
| Cash and cash equivalents | \$ 308 | \$ 199 | \$ 39 | \$ 670 | \$ 43 | \$ 93 | \$ 151 | \$ 182 | \$ 31 | \$ 1,127 | \$ 211 |
| Investments | | | | 933 | | | 933 | 467 | | | |
| Receivables: | | | | | | | | | | | |
| Accounts and other | | | | | 1 | | | | | | |
| State and Federal governments | 133 | | 19 | | | | | | | 50 | |
| Prepays | | | | | | | 11 | | | | |
| Inventory | 63 | | | | | | | | | | |
| Total Assets | \$ 504 | \$ 199 | \$ 58 | \$ 1,603 | \$ 44 | \$ 93 | \$ 1,095 | \$ 649 | \$ 31 | \$ 1,177 | \$ 211 |
| LIABILITIES AND FUND BALANCES | | | | | | | | | | | |
| Liabilities: | | | | | | | | | | | |
| Accounts and other payables | \$ 1 | \$ 95 | \$ 40 | \$ | \$ 9 | \$ | \$ 26 | \$ | \$ | \$ 14 | \$ |
| Due to other funds | | | | | | | | | | | |
| Unearned revenue | 73 | | | | | | 70 | | | | |
| Total liabilities | 74 | 95 | 40 | - | 9 | - | 96 | - | - | 14 | - |
| Deferred Inflows of Resources: | | | | | | | | | | | |
| Unavailable revenue - loans receivable | | | | | | | | | | | |
| Fund Balances: | | | | | | | | | | | |
| Nonspendable | 63 | | | | | | 11 | | | | |
| Restricted | | 104 | 18 | | | 93 | | | | 1,163 | |
| Committed | 367 | | | 1,603 | 35 | | 988 | 649 | 31 | | 211 |
| Total fund balances | 430 | 104 | 18 | 1,603 | 35 | 93 | 999 | 649 | 31 | 1,163 | 211 |
| Total Liabilities and Fund Balances | \$ 504 | \$ 199 | \$ 58 | \$ 1,603 | \$ 44 | \$ 93 | \$ 1,095 | \$ 649 | \$ 31 | \$ 1,177 | \$ 211 |

(Continued on next page)

TOWN OF NEWINGTON, CONNECTICUT
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET (CONTINUED)
JUNE 30, 2020
(In Thousands)

| | Special Revenue Funds | | | | | Permanent Funds | | | | | Total Nonmajor Governmental Funds |
|--|----------------------------|----------------------|------|-----------------|---|-----------------|-------------------|-----------------|--------------------|-------|--|
| | Volunteer Firefighters' | Scholarship Trust | DECD | Small Cities | Student Technology Insurance Fund | Total | Cemetery Trust | Hubbard Book | Tri- Centennial | Total | |
| ASSETS | | | | | | | | | | | |
| Cash and cash equivalents | \$ | \$ 265 | \$ | \$ 93 | \$ 57 | \$ 3,469 | \$ 25 | \$ 11 | \$ 1 | \$ 37 | \$ 3,506 |
| Investments | 143 | | | | | 2,476 | | | | - | 2,476 |
| Receivables: | | | | | | | | | | | |
| Accounts and other | | | | 760 | | 761 | | | | - | 761 |
| State and Federal governments | | | 4 | | | 206 | | | | - | 206 |
| Prepays | | | | | | 11 | | | | - | 11 |
| Inventory | | | | | | 63 | | | | - | 63 |
| Total Assets | \$ 143 | \$ 265 | \$ 4 | \$ 853 | \$ 57 | \$ 6,986 | \$ 25 | \$ 11 | \$ 1 | \$ 37 | \$ 7,023 |
| LIABILITIES AND FUND BALANCES | | | | | | | | | | | |
| Liabilities: | | | | | | | | | | | |
| Accounts and other payables | \$ | \$ | \$ | \$ | \$ | \$ 185 | \$ | \$ | \$ | \$ - | \$ 185 |
| Due to other funds | 4 | | 4 | | | 8 | | | | - | 8 |
| Unearned revenue | | | | | | 143 | | | | - | 143 |
| Total liabilities | 4 | - | 4 | - | - | 336 | - | - | - | - | 336 |
| Deferred Inflows of Resources: | | | | | | | | | | | |
| Unavailable revenue - loans receivable | | | | 760 | | 760 | | | | | 760 |
| Fund Balances: | | | | | | | | | | | |
| Nonspendable | | | | | | 74 | | | | - | 74 |
| Restricted | | | | 93 | | 1,471 | 25 | 11 | 1 | 37 | 1,508 |
| Committed | 139 | 265 | | | 57 | 4,345 | | | | - | 4,345 |
| Total fund balances | 139 | 265 | - | 93 | 57 | 5,890 | 25 | 11 | 1 | 37 | 5,927 |
| Total Liabilities and Fund Balances | \$ 143 | \$ 265 | \$ 4 | \$ 853 | \$ 57 | \$ 6,986 | \$ 25 | \$ 11 | \$ 1 | \$ 37 | \$ 7,023 |

TOWN OF NEWINGTON, CONNECTICUT
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2020
(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 | \$ | \$ | \$ | \$ | \$ 15 | \$ | \$ | \$ | \$ | \$ | \$ |
| Intergovernmental | 835 | 413 | 1,877 | 1 | | 159 | | | | 115 | |
| Contributions | | | | | | | 18 | | | 49 | |
| Charges for services | 529 | | | 261 | | 9 | 1,103 | | | 41 | |
| Investment income | | | | 43 | | | 38 | 15 | | 2 | 3 |
| Miscellaneous | 12 | | | | | | | | | 148 | |
| Total revenues | 1,376 | 413 | 1,877 | 305 | 15 | 168 | 1,159 | 15 | - | 355 | 3 |
| Expenditures: | | | | | | | | | | | |
| Current: | | | | | | | | | | | |
| General government | | | | | | | | 42 | | | |
| Public safety | | | | | 23 | | | | | 45 | |
| Community planning and development | | | | | | | | | | | |
| Health and human services | | | | | | | | | | 176 | |
| Library | | | | | | | | | | 30 | |
| Parks and recreation | | | | 79 | | | 989 | | | 4 | |
| Education | 1,405 | | 1,882 | | | | | 42 | | | |
| Capital outlay | | 452 | | | | 159 | | | | 39 | |
| Total expenditures | 1,405 | 452 | 1,882 | 79 | 23 | 159 | 989 | 84 | - | 294 | - |
| Other financing sources (uses): | | | | | | | | | | | |
| Transfers in | | | | | | | | 93 | | 2 | 6 |
| Transfers out | | | | (159) | | | (171) | | | | |
| Total other financing sources (uses) | - | - | - | (159) | - | - | (171) | 93 | - | 2 | 6 |
| Net change in fund balances | (29) | (39) | (5) | 67 | (8) | 9 | (1) | 24 | - | 63 | 9 |
| Fund balances at beginning of year | 459 | 143 | 23 | 1,536 | 43 | 84 | 1,000 | 625 | 31 | 1,100 | 202 |
| Fund Balances at End of Year | \$ 430 | \$ 104 | \$ 18 | \$ 1,603 | \$ 35 | \$ 93 | \$ 999 | \$ 649 | \$ 31 | \$ 1,163 | \$ 211 |

(Continued on next page)

TOWN OF NEWINGTON, CONNECTICUT
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2020
(In Thousands)

| | Special Revenue Funds | | | | | | Permanent Funds | | | | Total Nonmajor Governmental Funds |
|--------------------------------------|----------------------------|----------------------|-------------|-----------------|---|-----------------|-------------------|-----------------|----------------|--------------|--|
| | Volunteer Firefighters' | Scholarship Trust | DECD | Small Cities | Student Technology Insurance Fund | Total | Cemetery Trust | Hubbard Book | Tri-Centennial | Total | |
| Revenues: | | | | | | | | | | | |
| Licenses, fees and permits | \$ | \$ | \$ | \$ | \$ | 15 | \$ | \$ | \$ | - | \$ 15 |
| Intergovernmental | | | | | | 3,400 | | | | - | 3,400 |
| Contributions | | | | | | 67 | | | | - | 67 |
| Charges for services | | | | | 48 | 1,991 | | | | - | 1,991 |
| Investment income | 7 | 60 | | | | 168 | | | | - | 168 |
| Miscellaneous | | | | 18 | | 178 | | | | - | 178 |
| Total revenues | <u>7</u> | <u>60</u> | <u>-</u> | <u>18</u> | <u>48</u> | <u>5,819</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>5,819</u> |
| Expenditures: | | | | | | | | | | | |
| Current: | | | | | | | | | | | |
| General government | | | | | | 42 | | | | - | 42 |
| Public safety | 5 | | | | | 73 | | | | - | 73 |
| Community planning and development | | | | 23 | | 23 | | | | - | 23 |
| Health and human services | | | | | | 176 | | | | - | 176 |
| Library | | | | | | 30 | | | | - | 30 |
| Parks and recreation | | | | | | 1,072 | | | | - | 1,072 |
| Education | | 71 | | | 50 | 3,450 | | | | - | 3,450 |
| Capital outlay | | | - | | | 650 | | | | - | 650 |
| Total expenditures | <u>5</u> | <u>71</u> | <u>-</u> | <u>23</u> | <u>50</u> | <u>5,516</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>5,516</u> |
| Other financing sources (uses): | | | | | | | | | | | |
| Transfers in | | | | | | 101 | | | | - | 101 |
| Transfers out | | | | | | (330) | | | | - | (330) |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(229)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(229)</u> |
| Net change in fund balances | 2 | (11) | - | (5) | (2) | 74 | - | - | - | - | 74 |
| Fund balances at beginning of year | <u>137</u> | <u>276</u> | <u>-</u> | <u>98</u> | <u>59</u> | <u>5,816</u> | <u>25</u> | <u>11</u> | <u>1</u> | <u>37</u> | <u>5,853</u> |
| Fund Balances at End of Year | <u>\$ 139</u> | <u>\$ 265</u> | <u>\$ -</u> | <u>\$ 93</u> | <u>\$ 57</u> | <u>\$ 5,890</u> | <u>\$ 25</u> | <u>\$ 11</u> | <u>\$ 1</u> | <u>\$ 37</u> | <u>\$ 5,927</u> |



Internal Service Funds

INTERNAL SERVICE FUNDS

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

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

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

TOWN OF NEWINGTON, CONNECTICUT
INTERNAL SERVICE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2020
(In Thousands)

| | <u>Health Benefits</u> | <u>Insurance Reserve</u> | <u>Total</u> |
|----------------------------|----------------------------|------------------------------|-----------------|
| Assets: | | | |
| Cash and cash equivalents | \$ 5,889 | \$ 847 | \$ 6,736 |
| Liabilities: | | | |
| Accounts and other payable | <u>608</u> | <u>5</u> | <u>613</u> |
| Net Position: | | | |
| Unrestricted | \$ <u>5,281</u> | \$ <u>842</u> | \$ <u>6,123</u> |

TOWN OF NEWINGTON, CONNECTICUT
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2020
(In Thousands)

| | Health Benefits | Insurance Reserve | Total |
|---|----------------------------|------------------------------|-----------------|
| Operating Revenues: | | | |
| Charges for services | \$ 10,544 | \$ | \$ 10,544 |
| Miscellaneous | | 74 | 74 |
| Total operating revenues | <u>10,544</u> | <u>74</u> | <u>10,618</u> |
| Operating Expenses: | | | |
| Benefit payments | 7,778 | | 7,778 |
| Administration | 462 | | 462 |
| Insurance | 465 | | 465 |
| Casualty loss | | 73 | 73 |
| Total operating expenses | <u>8,705</u> | <u>73</u> | <u>8,778</u> |
| Operating Income (Loss) | 1,839 | 1 | 1,840 |
| Nonoperating Revenue: | | | |
| Interest on investments | <u>54</u> | | <u>54</u> |
| Income (Loss) Before Transfers | 1,893 | 1 | 1,894 |
| Transfers In | | 125 | 125 |
| Change in Net Position | 1,893 | 126 | 2,019 |
| Total Net Position at Beginning of Year | <u>3,388</u> | <u>716</u> | <u>4,104</u> |
| Total Net Position at End of Year | <u>\$ 5,281</u> | <u>\$ 842</u> | <u>\$ 6,123</u> |

TOWN OF NEWINGTON, CONNECTICUT
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2020
(In Thousands)

| | Health Benefits | Insurance Reserve | Total |
|---|----------------------------|------------------------------|-----------------|
| Cash Flows from Operating Activities: | | | |
| Cash received from charges for services and other | \$ 10,544 | \$ 74 | \$ 10,618 |
| Cash paid to vendors | <u>(8,820)</u> | <u>(104)</u> | <u>(8,924)</u> |
| Net cash provided by (used in) operating activities | <u>1,724</u> | <u>(30)</u> | <u>1,694</u> |
| Cash Flows from Noncapital Financial Activities: | | | |
| Transfers in | | <u>125</u> | <u>125</u> |
| Cash Flows from Investing Activities: | | | |
| Interest on investments | <u>54</u> | | <u>54</u> |
| Net Increase (Decrease) in Cash and Cash Equivalents | 1,778 | 95 | 1,873 |
| Cash and Cash Equivalents at Beginning of Year | <u>4,111</u> | <u>752</u> | <u>4,863</u> |
| Cash and Cash Equivalents at End of Year | <u>\$ 5,889</u> | <u>\$ 847</u> | <u>\$ 6,736</u> |
| Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities: | | | |
| Operating income (loss) | \$ 1,839 | \$ 1 | \$ 1,840 |
| Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities: | | | |
| Increase (decrease) in accounts and other payables | <u>(115)</u> | <u>(31)</u> | <u>(146)</u> |
| Net Cash Provided by (Used in) Operating Activities | <u>\$ 1,724</u> | <u>\$ (30)</u> | <u>\$ 1,694</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, 2020
(In Thousands)

| | Pension Trust Funds | OPEB Trust Fund | Total |
|--------------------------------------|------------------------------------|--------------------------------|---------------|
| Assets: | | | |
| Cash and cash equivalents | \$ 3,007 | \$ 134 | \$ 3,141 |
| Investments: | | | |
| U.S. treasury bonds | | | |
| Corporate bonds | 6,754 | 814 | 7,568 |
| U.S. government securities | 8,601 | 959 | 9,560 |
| Common stocks | 33,289 | 2,941 | 36,230 |
| Mutual funds | 35,685 | 4,144 | 39,829 |
| Total assets | 87,336 | 8,992 | 96,328 |
| Liabilities: | | | |
| Accounts payable | 8 | 44 | 52 |
| Net Position: | | | |
| Restricted for Pension/OPEB Benefits | \$ 87,328 | \$ 8,948 | \$ 96,276 |

TOWN OF NEWINGTON, CONNECTICUT
COMBINING STATEMENT OF CHANGES IN NET POSITION
PENSION AND OTHER EMPLOYEE BENEFIT TRUST FUNDS
FOR THE YEAR ENDED JUNE 30, 2020
(In Thousands)

| | Pension Trust Funds | OPEB Trust Fund | Total |
|---|--------------------------------|----------------------------|------------------|
| Additions: | | | |
| Contributions: | | | |
| Employer | \$ 6,317 | \$ 2,254 | \$ 8,571 |
| Plan members | 829 | | 829 |
| Total contributions | <u>7,146</u> | <u>2,254</u> | <u>9,400</u> |
| Investment income: | | | |
| Net appreciation in fair value of investments | 2,666 | 216 | 2,882 |
| Interest and dividends | <u>2,229</u> | <u>257</u> | <u>2,486</u> |
| Total investment income | 4,895 | 473 | 5,368 |
| Less investment expense | <u>376</u> | <u>39</u> | <u>415</u> |
| Net investment income | <u>4,519</u> | <u>434</u> | <u>4,953</u> |
| Total additions | <u>11,665</u> | <u>2,688</u> | <u>14,353</u> |
| Deductions: | | | |
| Benefits | 8,048 | 1,716 | 9,764 |
| Administration | <u>84</u> | <u>40</u> | <u>124</u> |
| Total deductions | <u>8,132</u> | <u>1,756</u> | <u>9,888</u> |
| Change in Net Position | 3,533 | 932 | 4,465 |
| Net Position - Beginning of Year | <u>83,795</u> | <u>8,016</u> | <u>91,811</u> |
| Net Position - End of Year | <u>\$ 87,328</u> | <u>\$ 8,948</u> | <u>\$ 96,276</u> |

TOWN OF NEWINGTON, CONNECTICUT
AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2020
(In Thousands)

| | <u>Balance</u> <u>July 1, 2019</u> | <u>Additions</u> | <u>Deductions</u> | <u>Balance</u> <u>June 30, 2020</u> |
|--------------------------------|---------------------------------------|------------------|-------------------|--|
| Youth Activities Fund | | | | |
| Assets: | | | | |
| Cash and cash equivalents | \$ <u>7</u> | \$ <u>-</u> | \$ <u>-</u> | \$ <u>7</u> |
| Liabilities: | | | | |
| Deposits held for others | \$ <u>7</u> | \$ <u>-</u> | \$ <u>-</u> | \$ <u>7</u> |
| Student Activities Fund | | | | |
| Assets: | | | | |
| Cash and cash equivalents | \$ <u>599</u> | \$ <u>754</u> | \$ <u>600</u> | \$ <u>753</u> |
| Liabilities: | | | | |
| Deposits held for others | \$ <u>599</u> | \$ <u>754</u> | \$ <u>600</u> | \$ <u>753</u> |
| Total All Funds | | | | |
| Assets: | | | | |
| Cash and cash equivalents | \$ <u>606</u> | \$ <u>754</u> | \$ <u>600</u> | \$ <u>760</u> |
| Liabilities: | | | | |
| Deposits held for others | \$ <u>606</u> | \$ <u>754</u> | \$ <u>600</u> | \$ <u>760</u> |



Statistical Section

Statistical Section Information

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

Statistical section information is presented in the following categories:

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

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

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

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

| | FISCAL YEAR | | | | | | | | | |
|--|------------------|------------------|------------------|------------------|------------------|------------------|------------------|-------------------|-------------------|------------------|
| | 2020 | 2019 | 2018 | 2017 (2) | 2016 | 2015 | 2014 (1) | 2013 | 2012 | 2011 |
| Governmental Activities: | | | | | | | | | | |
| Net investment in capital assets | \$ 86,517 | \$ 88,861 | \$ 87,484 | \$ 86,658 | \$ 84,015 | \$ 81,409 | \$ 77,244 | \$ 74,017 | \$ 70,426 | \$ 65,734 |
| Restricted | 652 | 652 | 671 | 689 | 655 | 654 | 662 | 637 | 657 | 685 |
| Unrestricted | <u>(13,344)</u> | <u>(23,102)</u> | <u>(27,772)</u> | <u>(27,309)</u> | <u>(9,527)</u> | <u>(10,359)</u> | <u>(12,544)</u> | <u>33,447</u> | <u>31,773</u> | <u>29,983</u> |
| Total Governmental Activities Net Position | <u>\$ 73,825</u> | <u>\$ 66,411</u> | <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> |

Note: Schedule prepared on the accrual basis of accounting.

(1) Restated for GASB 68

(2) Restated for GASB 75

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

| | FISCAL YEAR | | | | | | | | | |
|--|------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 |
| Expenses: | | | | | | | | | | |
| General government | \$ 9,359 | \$ 7,086 | \$ 8,099 | \$ 8,890 | \$ 7,546 | \$ 6,049 | \$ 7,293 | \$ 6,821 | \$ 7,128 | \$ 6,204 |
| Public safety | 14,151 | 15,296 | 14,808 | 14,723 | 14,633 | 12,955 | 11,702 | 11,883 | 12,062 | 11,426 |
| Public works | 12,246 | 11,807 | 11,380 | 10,581 | 10,172 | 10,032 | 9,690 | 9,528 | 10,597 | 9,669 |
| Community planning and development | 1,078 | 850 | 1,041 | 1,033 | 1,733 | 1,083 | 965 | 990 | 771 | 667 |
| Health and community services | 2,091 | 2,316 | 1,962 | 2,084 | 1,930 | 1,756 | 1,812 | 1,696 | 1,376 | 1,520 |
| Library | 2,538 | 2,537 | 2,470 | 2,421 | 2,452 | 2,261 | 2,210 | 2,222 | 2,118 | 2,010 |
| Parks and recreation | 3,978 | 3,897 | 3,671 | 3,516 | 3,478 | 3,179 | 3,129 | 3,214 | 3,074 | 2,534 |
| Education | 89,321 | 82,768 | 90,949 | 87,205 | 80,656 | 79,776 | 78,993 | 73,707 | 73,232 | 69,342 |
| Interest on long-term debt | 629 | 141 | 216 | 170 | 210 | 279 | 448 | 299 | 499 | 538 |
| Total governmental activities expenses | <u>135,391</u> | <u>126,698</u> | <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> |
| Program revenues: | | | | | | | | | | |
| Charges for services: | | | | | | | | | | |
| General government | 681 | 579 | 672 | 735 | 602 | 625 | 555 | 655 | 575 | 790 |
| Public safety | 64 | 82 | 72 | 70 | 85 | 177 | 119 | 129 | 178 | 120 |
| Public works | 102 | 52 | 147 | 36 | 24 | 27 | 38 | 41 | 45 | 45 |
| Community planning and development | 331 | 364 | 301 | 360 | 387 | 392 | 348 | 410 | 287 | 208 |
| Health and community services | 37 | 61 | 54 | 53 | 55 | 49 | 56 | 75 | 69 | 65 |
| Library | 31 | 39 | 26 | 23 | 23 | 22 | 22 | 26 | 27 | 29 |
| Parks and recreation | 1,364 | 1,362 | 1,282 | 1,402 | 1,081 | 1,016 | 977 | 1,072 | 1,052 | 997 |
| Education | 1,252 | 1,217 | 1,254 | 1,235 | 1,209 | 1,261 | 986 | 1,149 | 1,053 | 1,115 |
| Operating grants and contributions | 29,589 | 22,102 | 32,035 | 29,667 | 24,745 | 23,939 | 26,753 | 23,727 | 24,946 | 21,729 |
| Capital grants and contributions | 686 | 1,034 | 864 | 1,331 | 2,342 | 3,427 | 839 | 799 | 3,647 | 908 |
| Total governmental activities program revenues | <u>34,137</u> | <u>26,892</u> | <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> |
| Net expense: | | | | | | | | | | |
| Governmental activities | <u>(101,254)</u> | <u>(99,806)</u> | <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> |
| General revenues and other changes in net position: | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Property taxes | 105,527 | 102,479 | 96,189 | 93,918 | 92,051 | 89,211 | 85,894 | 83,514 | 80,907 | 78,159 |
| Grants and contributions not restricted to specific purposes | 2,248 | 2,257 | 1,302 | 3,427 | 3,172 | 3,117 | 3,310 | 3,688 | 3,379 | 3,433 |
| Unrestricted investment earnings | 804 | 1,029 | 485 | 139 | 98 | 86 | 88 | 53 | 78 | 145 |
| Miscellaneous | 89 | 69 | 258 | 236 | 375 | 363 | 312 | 267 | 1,068 | 396 |
| Total governmental activities | <u>108,668</u> | <u>105,834</u> | <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> |
| Changes in Net Position: | | | | | | | | | | |
| Governmental Activities | <u>\$ 7,414</u> | <u>\$ 6,028</u> | <u>\$ 345</u> | <u>\$ 2,009</u> | <u>\$ 3,439</u> | <u>\$ 6,342</u> | <u>\$ 4,055</u> | <u>\$ 5,245</u> | <u>\$ 6,454</u> | <u>\$ 4,229</u> |

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 | | | | | | | | | |
|------------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 |
| General Fund: | | | | | | | | | | |
| Committed | \$ 2,361 | \$ 297 | \$ 297 | \$ 1,217 | \$ 515 | \$ | \$ | \$ | \$ | \$ |
| Assigned | 7,620 | 5,970 | 5,970 | 5,406 | 6,460 | 5,370 | 4,877 | 5,010 | 4,174 | 3,891 |
| Unassigned | <u>21,975</u> | <u>15,278</u> | <u>15,278</u> | <u>14,621</u> | <u>14,981</u> | <u>15,999</u> | <u>15,183</u> | <u>14,626</u> | <u>14,419</u> | <u>13,082</u> |
| Total General Fund | <u>\$ 31,956</u> | <u>\$ 21,545</u> | <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> |
| All Other Governmental Funds: | | | | | | | | | | |
| Nonspendable | \$ 74 | \$ 72 | \$ 72 | \$ 50 | \$ 61 | \$ 43 | \$ 43 | \$ 38 | \$ 33 | \$ 34 |
| Restricted | 1,508 | 1,372 | 1,372 | 1,442 | 1,508 | 1,665 | 2,239 | 1,593 | 1,460 | 1,253 |
| Committed | 17,360 | 12,099 | 12,099 | 12,647 | 11,671 | 10,215 | 9,081 | 9,146 | 9,213 | 8,650 |
| Unassigned | <u>-</u> | <u></u> | <u></u> | <u></u> | <u></u> | <u></u> | <u></u> | <u></u> | <u></u> | <u></u> |
| Total All Other Governmental Funds | <u>\$ 18,942</u> | <u>\$ 13,543</u> | <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> |

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

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

| | FISCAL YEAR | | | | | | | | | |
|---|-----------------|------------------|-----------------|----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-------------------|
| | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 |
| Revenues: | | | | | | | | | | |
| Property taxes | \$ 106,053 | \$ 102,616 | \$ 95,968 | \$ 93,725 | \$ 92,240 | \$ 89,177 | \$ 85,646 | \$ 83,913 | \$ 80,895 | \$ 77,704 |
| Payment in lieu of taxes | 2,000 | 2,002 | 968 | 2,409 | 2,811 | 2,731 | 2,764 | 2,339 | 2,343 | 3,096 |
| Licenses, fees and permits | 322 | 315 | 306 | 337 | 396 | 361 | 360 | 417 | 292 | 209 |
| Intergovernmental | 30,283 | 28,801 | 27,669 | 31,714 | 27,290 | 27,606 | 27,958 | 25,591 | 29,533 | 22,873 |
| Contributions | 67 | 79 | 93 | 180 | 28 | 67 | 62 | 73 | 173 | 91 |
| Rental | 203 | 227 | 206 | 172 | 172 | 180 | 146 | 216 | 214 | 185 |
| Investment income | 750 | 977 | 454 | 124 | 93 | 83 | 85 | 49 | 76 | 137 |
| Fines | 26 | 27 | 29 | 23 | 35 | 155 | 89 | 122 | 123 | 93 |
| Charges for services | 3,205 | 3,089 | 3,135 | 3,360 | 2,852 | 2,817 | 2,504 | 2,787 | 2,564 | 2,881 |
| Refunds and reimbursements | | | | | | | | | | |
| Other | 430 | 289 | 399 | 418 | 509 | 513 | 393 | 529 | 1,080 | 452 |
| Total revenues | <u>143,339</u> | <u>138,422</u> | <u>129,227</u> | <u>132,462</u> | <u>126,426</u> | <u>123,690</u> | <u>120,007</u> | <u>116,036</u> | <u>117,293</u> | <u>107,721</u> |
| Expenditures: | | | | | | | | | | |
| General government | 5,089 | 5,072 | 4,892 | 4,919 | 4,557 | 4,581 | 4,483 | 4,547 | 4,457 | 4,198 |
| Public safety | 8,480 | 8,818 | 8,420 | 8,433 | 8,275 | 7,985 | 7,635 | 7,552 | 7,633 | 7,238 |
| Public works | 5,018 | 4,965 | 5,144 | 4,702 | 4,625 | 4,945 | 4,728 | 4,557 | 6,227 | 4,670 |
| Community planning and development | 559 | 584 | 552 | 576 | 1,248 | 638 | 543 | 470 | 422 | 430 |
| Health and community services | 1,419 | 1,416 | 1,392 | 1,384 | 1,375 | 1,382 | 1,415 | 1,230 | 1,093 | 1,074 |
| Library | 1,751 | 1,808 | 1,760 | 1,727 | 1,769 | 1,728 | 1,668 | 1,647 | 1,737 | 1,607 |
| Parks and recreation | 2,772 | 2,825 | 2,647 | 2,554 | 2,458 | 2,373 | 2,234 | 2,221 | 2,285 | 2,248 |
| Education | 86,808 | 86,905 | 82,283 | 85,737 | 79,459 | 77,530 | 77,440 | 72,868 | 71,555 | 69,465 |
| Miscellaneous | 16,204 | 15,829 | 14,791 | 14,201 | 13,668 | 12,063 | 11,031 | 11,748 | 10,424 | 10,026 |
| Capital outlay | 25,248 | 6,856 | 6,193 | 7,930 | 5,099 | 6,248 | 5,307 | 4,671 | 8,956 | 5,259 |
| Debt service: | | | | | | | | | | |
| Principal | 1,140 | 695 | 1,025 | 1,050 | 1,555 | 2,070 | 1,842 | 3,054 | 1,825 | 1,630 |
| Interest | 909 | 388 | 423 | 304 | 209 | 273 | 316 | 426 | 599 | 742 |
| Total expenditures | <u>155,397</u> | <u>136,161</u> | <u>129,522</u> | <u>133,517</u> | <u>124,297</u> | <u>121,816</u> | <u>118,642</u> | <u>114,991</u> | <u>117,213</u> | <u>108,587</u> |
| Excess of Revenue Over (Under) Expenditures | <u>(12,058)</u> | <u>2,261</u> | <u>(295)</u> | <u>(1,055)</u> | <u>2,129</u> | <u>1,874</u> | <u>1,365</u> | <u>1,045</u> | <u>80,000</u> | <u>(866)</u> |
| Other Financing Sources (Uses): | | | | | | | | | | |
| Bonds issued | | | | | | | | | | |
| Bond refunding issued | 1,052 | 715 | | | | | | 9,810 | | |
| Payment to escrow agent | | | | | | | | (10,144) | | |
| Premium on bond issuance | 15,000 | 9,000 | | | | | | 462 | | |
| Mortgage issued | | | | | | | | | 2,575 | |
| Capitalized lease | | | | 1,415 | | | | | | |
| Transfers in | 5,628 | 4,074 | 3,488 | 6,377 | 5,962 | 5,162 | 5,044 | 4,633 | 4,881 | 4,745 |
| Transfers out | (5,753) | (4,109) | (3,488) | (6,550) | (6,187) | (5,167) | (5,399) | (4,692) | (5,122) | (5,153) |
| Total other financing sources (uses) | <u>15,927</u> | <u>9,680</u> | <u>-</u> | <u>1,242</u> | <u>(225)</u> | <u>(5)</u> | <u>(355)</u> | <u>69</u> | <u>2,334</u> | <u>(408)</u> |
| Net Change in Fund Balance | <u>\$ 3,869</u> | <u>\$ 11,941</u> | <u>\$ (295)</u> | <u>\$ 187</u> | <u>\$ 1,904</u> | <u>\$ 1,869</u> | <u>\$ 1,010</u> | <u>\$ 1,114</u> | <u>\$ 2,414</u> | <u>\$ (1,274)</u> |
| Debt Service as a Percentage of Noncapital Expenditures | 1.57% | 0.88% | 1.11% | 1.08% | 1.49% | 2.04% | 1.91% | 3.16% | 2.25% | 2.30% |

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 |
|---|--|-------------------------------------|---|---------------------------------|--------------------------------|--------------------------------------|---|--------------|
| 2020 | \$ 106,053 | \$ 307 | \$ 28,775 | \$ 640 | \$ 566 | \$ 230 | \$ 159 | \$ 136,730 |
| 2019 | 102,616 | 296 | 16,263 | 566 | 791 | 466 | 749 | 121,747 |
| 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 |

Note: 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 |
|---|-------------------------------|--------------------------|---|--|--|--|----------------------------------|---|--------------|
| 2020 | \$ 5,047 | \$ 8,407 | \$ 5,554 | \$ 1,243 | \$ 3,421 | \$ 17,890 | \$ 83,358 | \$ 5,423 | \$ 130,343 |
| 2019 | 5,180 | 8,661 | 5,515 | 1,222 | 3,448 | 16,616 | 71,942 | 4,412 | 116,996 |
| 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 |

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 | | | | | | | |
| 2020 | \$ 1,665,807 | \$ 521,129 | \$ 73,511 | \$ 254,172 | \$ 267,815 | \$ (107,847) | \$ 2,674,587 | 39.45 | \$ 4,039,763 | 66.21% |
| 2019 | 1,656,510 | 533,734 | 70,988 | 240,897 | 274,739 | (152,250) | 2,624,618 | 38.5 | 4,227,650 | 62.08% |
| 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% |

Source: Town of Newington Office of Tax Assessor

Notes: Assessment rate is 70% of market value.

Town of Newington has no Overlapping Property Tax Rates.

(1) Real property revalued as of October 1, 2015 Grand List.

(2) Includes net supplemental motor vehicle assessments.

(3) Sales ratios from Connecticut Office of Policy and Management.

(4) Real property revalued as of October 1, 2011 Grand List.

TABLE 8

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

| Taxpayer | October 1, 2018 | | | October 1, 2009 | | |
|-----------------------------------|------------------------------|------|---|------------------------------|------|---|
| | 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 | \$ 47,472 | 1 | 1.77% | \$ 27,809 | 1 | 1.05% |
| IREIT Newington Fair LLC | 21,510 | 2 | 0.80% | | | |
| Newington VF LLC | 20,300 | 3 | 0.76% | 20,392 | 2 | 0.77% |
| Newington Gross LLC | 19,463 | 4 | 0.73% | | | |
| TLG Newington LLC | 18,316 | 5 | 0.68% | 18,826 | 4 | 0.71% |
| Brixmor Ga Turnpike Plaza LLC | 17,850 | 6 | 0.67% | | | |
| Hayes Kaufman Newington | 13,724 | 7 | 0.51% | 12,952 | 6 | 0.49% |
| Scelza/Cambridge/Landmark/Baldwin | 13,005 | 8 | 0.49% | | | |
| Lowes Home Centers Inc #623 | 10,969 | 9 | 0.41% | 11,516 | 9 | 0.44% |
| Target Corporation | 10,852 | 10 | 0.41% | 11,640 | 8 | 0.44% |
| Mandell Properties LLC | 10,114 | 11 | 0.38% | 10,823 | 12 | 0.41% |
| Furniture Executives No 4 LP | 9,853 | 12 | 0.37% | 10,729 | 13 | 0.41% |
| Reno Properties II LLC | 9,802 | 13 | 0.37% | | | |
| BRE Select Hotels Properties LLC | 9,452 | 14 | 0.35% | | | |
| Shelbourne Newington, LLC | 9,068 | 15 | 0.34% | | | |
| CNG | 7,048 | | 0.26% | | | |
| Cohen Family Properties | 6,885 | | 0.26% | | | |
| Berlin Newington Associates LLC | 6,650 | | 0.25% | | | |
| TOTAL | \$ 262,333 | | 9.81% | \$ 124,687 | | 4.73% |

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 |
| 2020 | 39.45 | \$ 104,725 | \$ 104,018 | 99.33 | N/A | \$ | |
| 2019 | 38.50 | 101,640 | 100,811 | 99.18 | 647 | 101,458 | 99.82 |
| 2018 | 36.59 | 95,685 | 94,774 | 99.05 | 814 | 95,588 | 99.90 |
| 2017 | 35.75 | 93,302 | 92,629 | 99.28 | 587 | 93,216 | 99.91 |
| 2016 | 35.8 | 91,453 | 90,810 | 99.30 | 540 | 91,350 | 99.89 |
| 2015 | 34.77 | 88,599 | 87,879 | 99.19 | 603 | 88,482 | 99.87 |
| 2014 | 33.63 | 85,346 | 84,607 | 99.13 | 650 | 85,257 | 99.90 |
| 2013 | 32.64 | 82,937 | 82,378 | 99.33 | 451 | 82,829 | 99.87 |
| 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 |

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)

| <u>Fiscal Year</u> | <u>Governmental Activities</u> | | | | <u>Total Primary Government</u> | <u>Ratio of Debt to Taxable Assessed Value</u> | <u>Debt as a Percentage of Personal Income</u> | <u>Debt Per Capita</u> |
|--------------------|---------------------------------|-----------------|-------------------------|-----------------------|---------------------------------|--|--|------------------------|
| | <u>General Obligation Bonds</u> | <u>Premiums</u> | <u>Mortgage Payable</u> | <u>Capital Leases</u> | | | | |
| 2020 | \$ 26,360 | \$ 1,929 | \$ | \$ 510 | \$ 28,799 | 1.08% | 2.89% | \$ 942 |
| 2019 | 12,500 | 949 | | 794 | 14,243 | 0.55% | 1.44% | 466 |
| 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 | 110 | 10,309 | 0.40 | 1.08% | 337 |
| 2013 | 9,960 | 450 | 1,560 | 217 | 12,187 | 0.47 | 1.35% | 384 |
| 2012 | 11,690 | | 2,575 | 321 | 12,011 | 0.47 | 1.31% | 393 |
| 2011 | 13,515 | | | 423 | 13,938 | 0.54 | 1.68% | 456 |

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

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

| Fiscal Year | General Obligation Bonds | Premiums | Mortgage Payable | Capital Leases | Total Primary Government | Percentage of Estimated Actual Taxable Value of Property | Debt Per Capita |
|--------------------|---|-----------------|-----------------------------|---------------------------|---|---|--------------------------------|
| 2020 | \$ 26,360 | \$ 1,929 | | \$ 510 | \$ 28,799 | 0.72 | \$ 942 |
| 2019 | 12,500 | 949 | | 794 | 14,243 | 0.34 | 466 |
| 2018 | 4,195 | 270 | | 1,074 | 5,539 | 0.14 | 181 |
| 2017 | 4,914 | 306 | | 1,280 | 6,500 | 0.17 | 213 |
| 2016 | 6,255 | 342 | 15 | | 6,612 | 0.35 | 443 |
| 2015 | 7,295 | 379 | 515 | | 8,189 | 0.41 | 515 |
| 2014 | 8,740 | 414 | 1,045 | 110 | 10,309 | 0.52 | 616 |
| 2013 | 9,960 | 450 | 1,560 | 217 | 12,187 | 0.59 | 703 |
| 2012 | 11,690 | | 2,575 | 321 | 12,011 | 0.61 | 776 |
| 2011 | 13,515 | | | 423 | 13,938 | 0.67 | 898 |

TOWN OF NEWINGTON, CONNECTICUT
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
June 30, 2020
(In Thousands)

| <u>Governmental Unit</u> | <u>Debt Outstanding</u> | <u>Estimated Percentage Applicable</u> | <u>Estimated Shares of Direct and Overlapping Debt</u> |
|---|-----------------------------|--|--|
| Debt repaid with property taxes - Metropolitan District Commission | \$ 903,188 | 8.98 % | \$ 81,106 |
| Town direct debt | 26,870 | 100.00 % | 26,870 |
| Total direct and overlapping debt | | | \$ <u>107,976</u> |

Source: Metropolitan District Commission

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

TOWN OF NEWINGTON, CONNECTICUT
STATEMENT OF DEBT LIMITATION
JUNE 30, 2020
(In Thousands)

| | | | | | |
|---|------------------------|-------------------|-------------------|----------------------|------------------------|
| Total tax collections (including fire district) | | | | | \$ 102,017 |
| Property tax relief elderly | | | | | <u>-</u> |
| Base | | | | | <u>\$ 102,017</u> |
| | General Purpose | Schools | Sewers | Urban Renewal | Pension Deficit |
| Debt Limitation: | | | | | |
| 2-1/4 times base | \$ 229,538 | \$ | \$ | \$ | \$ |
| 4-1/2 times base | | 459,077 | | | |
| 3-3/4 times base | | | 382,564 | | |
| 3-1/4 times base | | | | 331,555 | |
| 3 times base | | | | | 306,051 |
| | <u>229,538</u> | <u>459,077</u> | <u>382,564</u> | <u>331,555</u> | <u>306,051</u> |
| Total debt limitation | | | | | |
| Indebtedness: | | | | | |
| Bonds payable | 19,668 | 6,692 | | | |
| Capital Lease | 510 | | | | |
| Town's share of Metropolitan District debt | | | 81,106 | | |
| Bonds authorized-unissued | 4,800 | | | | |
| | <u>24,978</u> | <u>6,692</u> | <u>81,106</u> | <u>-</u> | <u>-</u> |
| Total Indebtedness | | | | | |
| Debt Limitation in Excess of Net Debt | \$ <u>204,560</u> | \$ <u>452,385</u> | \$ <u>301,458</u> | \$ <u>331,555</u> | \$ <u>306,051</u> |

Note: In no event shall total indebtedness exceed seven times annual receipts from taxation or \$714 million.

TABLE 14

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

| | FISCAL YEAR | | | | | | | | | |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| | 2019 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 |
| Debt limitation | \$ 714,119 | \$ 668,724 | \$ 654,045 | \$ 643,657 | \$ 622,300 | \$ 597,394 | \$ 586,495 | \$ 565,012 | \$ 542,409 | \$ 527,982 |
| Total net debt applicable to limit | <u>112,776</u> | <u>109,819</u> | <u>94,664</u> | <u>91,942</u> | <u>88,616</u> | <u>60,129</u> | <u>65,035</u> | <u>54,266</u> | <u>47,843</u> | <u>38,202</u> |
| Legal debt margin | <u>\$ 601,343</u> | <u>\$ 558,905</u> | <u>\$ 559,381</u> | <u>\$ 551,715</u> | <u>\$ 533,684</u> | <u>\$ 537,265</u> | <u>\$ 521,460</u> | <u>\$ 510,746</u> | <u>\$ 494,566</u> | <u>\$ 489,780</u> |
| Total net debt applicable to the limit as a percentage of debt limit | 15.79% | 16.42% | 14.47% | 14.28% | 14.24% | 10.07% | 11.09% | 9.60% | 8.82% | 7.24% |

Source: Comprehensive annual financial report - Schedule of Debt Limitation

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

**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) |
|--------------------------|----------------------|---|-------------------------------------|--------------------------|---------------------------------|---------------------------------|
| 2020 | 30,562 | \$ 995,362 | \$ 39,117 | 45.0 | 3,993 | 4.7% |
| 2019 | 30,562 | 991,267 | 38,179 | 45.0 | 4,051 | 3.4% |
| 2018 | 30,562 | 1,013,334 | 38,255 | 45.0 | 4,035 | 3.9% |
| 2017 | 30,562 | 1,011,414 | 38,192 | 44.0 | 18,725 | 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% |

(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 | 2020 (1) | | | 2010 (2) | | |
|---|---------------------|-----------|------|-------------------------------------|-----------|------|-------------------------------------|
| | | Employees | Rank | Percentage of Total Town Employment | Employees | Rank | Percentage of Total Town Employment |
| Hartford Hospital-Newington Campus | Health Services | 1481 | 1 | 9.0% | 275 | 6 | 1.7% |
| Town of Newington | Government | 1183 | 2 | 7.2% | 656 | 2 | 4.2% |
| Connecticut Department of Transportation | Government | 1066 | 3 | 6.5% | 1,200 | 1 | 6.3% |
| Data-Mail, Inc. | Direct Mail Service | 402 | 4 | 2.4% | 651 | 3 | 4.1% |
| Stew Leonards | Grocery | 286 | 5 | 1.7% | 350 | 4 | 2.2% |
| Newington Rapid Recovery Health Care Center | Health Services | 257 | 6 | 1.6% | 243 | 9 | 1.5% |
| Veterans Administration Hospital | Health Services | 240 | 7 | 1.5% | 250 | 8 | 1.6% |
| Davidson Specialty Food, LLC | Distributor | 231 | 8 | 1.4% | | | |
| Walmart | Retail Trade | 216 | 9 | 1.3% | | | |
| Target | Retail Trade | 210 | 10 | 1.3% | 139 | 14 | 1.0% |
| PCX Precision Components | Manufacturer | 170 | 11 | 1.0% | | | |
| Sam's Club | Wholesale Clubs | 170 | 12 | 1.0% | 168 | 10 | 1.1% |
| Stop & Shop | Retail Grocers | 165 | 13 | 1.0% | 288 | 5 | |
| GKN Aerospace | Manufacturer | 150 | 14 | 0.9% | | | |
| Lowes | Retail Trade | 139 | 15 | 0.8% | | | |
| H.O. Penn | Retail Machinery | 120 | 16 | 0.7% | | | |
| Bel-Air Manor | Health Services | 117 | 17 | 0.7% | | | |
| Price Chopper | Retail Grocers | 108 | 18 | 0.7% | 151 | 12 | 1.0% |
| | | | | | | | 1.0% |
| TOTAL | | 5,230 | | 31.65% | 4,096 | | 24.00% |

(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 | | | | | | | | | |
|-------------------------|--------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 |
| General government | 44 | 44 | 45 | 44 | 44 | 45 | 44 | 44 | 43 | 42 |
| Police | 66 | 65 | 65 | 64 | 63 | 63 | 63 | 63 | 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 | 20 | 20 | 19 | 19 | 19 | 19 | 19 | 19 | 19 | 19 |
| Library | 14 | 14 | 14 | 14 | 14 | 14 | 14 | 14 | 14 | 14 |
| Education | <u>512</u> | <u>507</u> | <u>508</u> | <u>515</u> | <u>515</u> | <u>510</u> | <u>510</u> | <u>501</u> | <u>506</u> | <u>515</u> |
| Total | <u>684</u> | <u>678</u> | <u>679</u> | <u>684</u> | <u>683</u> | <u>679</u> | <u>678</u> | <u>669</u> | <u>674</u> | <u>682</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 | | | | | | | | | |
|--|-------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 |
| General government: | | | | | | | | | | |
| Building permits issued | 1,912 | 1,865 | 1,909 | 1,836 | 2,255 | 2,157 | 2,029 | 1,874 | 1,669 | 1,502 |
| Value of permits (000s) | 26,057 | 50,445 | 21,496 | 27,956 | 30,203 | 30,259 | 27,027 | 38,066 | 23,418 | 22,056 |
| Police: | | | | | | | | | | |
| Larcenies | 937 | 903 | 902 | 788 | 670 | 640 | 559 | 565 | 655 | 691 |
| Calls for service | 22,915 | 23,566 | 26,766 | 25,472 | 26,049 | 28,718 | 27,279 | 28,305 | 28,955 | 27,102 |
| Traffic violations | 2,874 | 3,841 | 4,962 | 6,061 | 5,355 | 8,205 | 6,860 | 6,524 | 8,277 | 7,532 |
| Fire: | | | | | | | | | | |
| Emergency responses | 570 | 618 | 616 | 600 | 607 | 598 | 602 | 716 | 896 | 809 |
| Residential responses | N/A | N/A | N/A | N/A | 70 | 54 | 72 | 100 | 281 | 225 |
| Inspections | 438 | 878 | 878 | 689 | 758 | 549 | 559 | 572 | 606 | 743 |
| Refuse collection: | | | | | | | | | | |
| Refuse collected (annual tonnage) | 8,585 | 8,415 | 8,397 | 8,213 | 8,290 | 9,092 | 9,190 | 9,018 | 8,273 | 8,275 |
| Recyclables collected (annual tonnage) | 2,467 | 2,521 | 2,694 | 2,775 | 2,845 | 2,810 | 2,819 | 2,838 | 2,810 | 2,905 |
| Other public works: | | | | | | | | | | |
| Street Reconstruction (linear feet) | 0 | 0 | 1,125 | 320 | 1,050 | 1,067 | 985 | 502 | 1,070 | 1,921 |
| Street Resurfacing (linear feet) | 21,067 | 22,598 | 13,500 | 18,741 | 15,820 | 15,241 | 17,443 | 14,811 | 21,212 | 13,303 |
| Library: | | | | | | | | | | |
| Total volumes borrowed (000s) | 227 | 300 | 310 | 329 | 350 | 375 | 378 | 381 | 405 | 409 |

Source: 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 | | | | | | | | | |
|-------------------------------------|-------------|------|------|------|------|------|------|------|------|------|
| | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 |
| <u>Public Safety</u> | | | | | | | | | | |
| Police stations | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Fire stations | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 |
| Police vehicles | 41 | 41 | 41 | 41 | 41 | 44 | 41 | 37 | 41 | 42 |
| Fire vehicles | 20 | 20 | 17 | 20 | 20 | 20 | 21 | 21 | 20 | 21 |
| <u>Public Works</u> | | | | | | | | | | |
| Miles of town roads | 104 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 |
| Traffic signals | 13 | 13 | 13 | 13 | 13 | 13 | 15 | 15 | 15 | 15 |
| Public works vehicles and equipment | 56 | 56 | 56 | 56 | 56 | 57 | 56 | 53 | 54 | 53 |
| <u>Parks and Recreation</u> | | | | | | | | | | |
| Acreage | 370 | 370 | 370 | 370 | 370 | 370 | 370 | 370 | 370 | 370 |
| Parks and greens | 13 | 13 | 13 | 13 | 13 | 13 | 13 | 13 | 13 | 13 |
| Athletic fields | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 |
| Playgrounds | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 |
| <u>Public Libraries</u> | | | | | | | | | | |
| Libraries | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| <u>Senior Citizens</u> | | | | | | | | | | |
| Community center | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Senior mini-buses | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 4 | 4 | 4 |
| <u>Education</u> | | | | | | | | | | |
| Schools | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 |

Source(s): Various Town Departments

TOWN OF NEWINGTON, CONNECTICUT
MISCELLANEOUS STATISTICS
JUNE 30, 2020

| 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 | | TAX STRUCTURE 2019-20 | |
| Town Elections: | Odd years | 10/1/18 Net Grand List: | \$2,640,574,930 |
| Town Council (members + Mayor) | 9 | 10/1/18 Net Supplemental List: | \$33,374,125 |
| Board of Education (members): | 9 | Mill Rate: | 39.45 |
| Board of Fire Commissioners: | 3 | Assessment Ratio: | 70% |
| Registrars of Voters: | 2 | Last Revaluation: | 10/1/2015 |
| Registered Voters (Active) as of | 19,653 | | |
| Republicans | 3,731 | EDUCATION | |
| Democrats | 7,680 | Total Classroom Teachers | 358.0 |
| Minor Parties | 346 | Public School Enrollment (Oct 2018): | 3,993 |
| Unaffiliated | 7,896 | Teacher/Pupil ratio: | 11.2 |
| | | 2019-20 Appropriation per Pupil: | \$18,725 |
| PUBLIC SAFETY - POLICE | | Elementary Schools (PK-4): | 4 |
| # of Police Stations: | 1 | Students (Oct 2018) | 1404 |
| # of Police Districts: | 5-9 | Middle Schools (5-8): | 2 |
| # of Police Officers: | | Students (Oct 2018) | 1288 |
| Police Chief | 1 | High School (9-12): | 1 |
| Dispatchers | 8 | Students (Oct 2018) | 1301 |
| Police Officers | 50 | Special Education | |
| # of Vehicles: | 38 | Students (Oct 2018) | 603 |
| PUBLIC SAFETY - FIRE PROTECTION | | | |
| # of Fire Companies: | 4 | | |
| # of Volunteer Firefighters: | 105 | | |
| # of Vehicles: | 17 | | |
| PUBLIC SAFETY - EMERGENCY MEDICAL SERVICES | | | |
| # of Volunteers (average): | 55 | | |
| # of Ambulances: | 4 | | |
| FULL-TIME EMPLOYEES (2018-19) | | | |
| Town General Government: | | 172 | |
| Board of Education (Full-Time Equivalents): | | | |
| Certified Teachers | 358.0 | | |
| Certified - Administration | 21.0 | | |
| Total Certified | 379.0 | | |
| Classified Personnel (clerical, custodial, transp.) | 133 | | |
| | 512.0 | <u>512.0</u> | |
| Total | | 684.0 | |