

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**TABLE OF CONTENTS****JUNE 30, 2020**

	<u>Page</u>	
Introductory Section		
List of Principal Officials	i	
Organizational Chart	ii	
Letter of Transmittal	iii-viii	
GFOA Certificate of Achievement for Excellence in Financial Reporting	ix	
Financial Section		
Independent Auditors' Report	1-3	
Management's Discussion and Analysis	4-12	
Exhibit		
Basic Financial Statements:		
Government-Wide Financial Statements:		
I	Statement of Net Position	13
II	Statement of Activities	14
Fund Financial Statements:		
Governmental Funds:		
III	Balance Sheet	15-16
IV	Statement of Revenues, Expenditures and Changes in Fund Balances	17-18
Proprietary Funds:		
V	Statement of Net Position	19
VI	Statement of Revenues, Expenses and Changes in Fund Net Position	20
VII	Statement of Cash Flows	21
Fiduciary Funds:		
VIII	Statement of Net Position	22
IX	Statement of Changes in Net Position - Trust Funds	23
Notes to the Financial Statements		24-69
Required Supplementary Information		
General Fund:		
RSI-1	Schedule of Revenues and Other Financing Sources - Budget and Actual	70-72
RSI-2	Schedule of Expenditures and Other Financing Uses - Budget and Actual	73-75
RSI-3	Schedule of Changes in Net Pension Liability and Related Ratios - Municipal Employees	76
RSI-4	Schedule of Changes in Net Pension Liability and Related Ratios - Police	77
RSI-5	Schedule of Changes in Net Pension Liability and Related Ratios - Administrative Employees	78
RSI-6	Schedule of Changes in Net Pension Liability and Related Ratios - Firefighters	79
RSI-7	Schedule of Employer Contributions - Municipal Employees	80
RSI-8	Schedule of Employer Contributions - Police	81
RSI-9	Schedule of Employer Contributions - Administrative Employees	82
RSI-10	Schedule of Employer Contributions - Firefighters	83
RSI-11	Schedule of Investment Returns - Municipal Employees	84
RSI-12	Schedule of Investment Returns - Police	85
RSI-13	Schedule of Investment Returns - Administrative Employees	86
RSI-14	Schedule of Investment Returns - Firefighters	87

Exhibit		Page
RSI-15	Schedule of the Town's Proportionate Share of the Net Pension Liability - Teachers Retirement Plan	88
RSI-16	Schedule of Changes in Net OPEB Liability and Related Ratios - Other Post-Employment Benefit Trust Fund	89
RSI-17	Schedule of Employer Contributions - Other Post-Employment Benefit Trust Fund	90
RSI-18	Schedule of Investment Returns - Other Post-Employment Benefit Trust Fund	91
RSI-19	Schedules of the Town's Proportionate Share of the Net OPEB Liability - Teachers Retirement Plan	92
Combining and Individual Fund Statements and Schedules:		
General Fund:		
A-1	Comparative Balance Sheet	93
A-2	Report of Tax Collector	94
Nonmajor Governmental Funds:		
B-1	Combining Balance Sheet	95-96
B-2	Combining Statement of Revenues, Expenditures and Changes in Fund Balances	97-98
Internal Service Funds:		
C-1	Combining Balance Sheet	99
C-2	Combining Statement of Changes in Net Position	100
C-3	Combining Statement of Cash Flows	101
Fiduciary Funds:		
Trust Funds:		
D-1	Combining Statement of Net Position	102
D-2	Combining Statement of Changes in Net Position	103
Agency Funds:		
D-3	Combining Statement of Changes in Assets and Liabilities	104

Statistical Section

Table

Financial Trends:		
1	Net Position by Component	105
2	Changes in Net Position	106
3	Fund Balances, Governmental Funds	107
4	Changes in Fund Balances, Governmental Funds	108
Revenue Capacity:		
5	General Governmental Revenues and Other Financing Sources, By Source	109
6	General Governmental Expenditures and Other Financing Uses, By Function	110
7	Assessed Value and Estimated Actual Value of Taxable Property	111
8	Principal Property Tax Payers	112
9	Property Tax Levies and Collections	113
Debt Capacity:		
10	Ratios of Outstanding Debt by Type	114
11	Ratios of General Bonded Debt Outstanding	115
12	Direct and Overlapping Governmental Activities Debt	116
13	Statement of Debt Limitation	117
14	Legal Debt Margin Information	118
Demographic and Economic Statistics:		
15	Demographic and Economic Statistics	119
16	Principal Employers	120
Operating Information:		
17	Full-Time Equivalent Town Government Employees by Function/Program	121
18	Operating Indicators by Function/Program	122
19	Capital Asset Statistics by Function/Program	123
20	Miscellaneous Statistics	124



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.

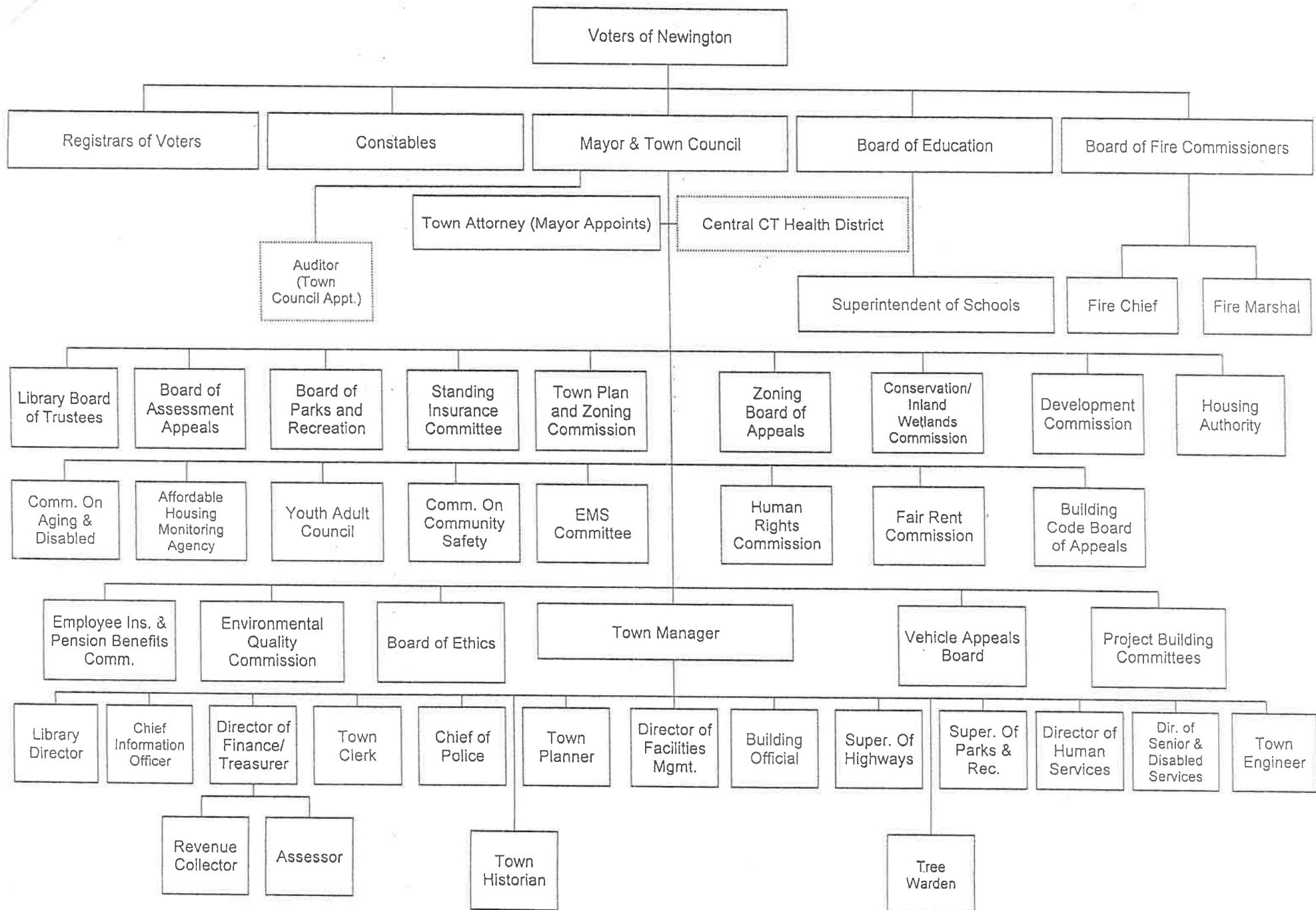
Jessica Weaver

Appointed Officials

Keith Chapman, Town Manager

Maureen L. Brummett, Superintendent of Schools

Janet Murphy, Director of Finance





TOWN OF NEWINGTON

200 Garfield Street Newington, Connecticut 06111

Finance Department

Keith Chapman
Town Manager

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



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. Monill

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	<u>113,964</u>	<u>94,607</u>
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	<u>8,445</u>	<u>14,200</u>
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	\$ <u>4,264</u>
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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)	\$ <u>26,360</u>	\$ <u>12,500</u>

- 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	\$ 73,825

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			Governmental Activities	Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		
Governmental activities:						
General government	\$ 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	\$ 38,241	\$ 14,911	\$ 7,023	\$ 60,175
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	5,533	1,896	336	7,765
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	752	-	760	1,512
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	31,956	13,015	5,927	50,898
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 38,241	\$ 14,911	\$ 7,023	\$ 60,175

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

Governmental capital assets	\$ 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)

\$ 73,825

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)

	General	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
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	136,571	949	5,819	143,339
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	124,920	24,961	5,516	155,397
Excess (Deficiency) of Revenues over Expenditures	11,651	(24,012)	303	(12,058)
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)	(5,264)	21,420	(229)	15,927
Net Change in Fund Balances	6,387	(2,592)	74	3,869
Fund Balances at Beginning of Year	25,569	15,607	5,853	47,029
Fund Balances at End of Year	\$ 31,956	\$ 13,015	\$ 5,927	\$ 50,898

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

Capital outlay	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) \$ 7,414

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>\$ 6,123</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>6,123</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>\$ 6,736</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>\$ 1,694</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>	
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	2,486
Total investment income	<u>5,368</u>
Less investment expense	415
Net investment income	<u>4,953</u>
Total additions	<u>14,353</u>
Deductions:	
Benefits	9,764
Administration	124
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.

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

M. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund type statement of net position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of any significant applicable bond premium or discount. Significant bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

N. Equity

Equity in the government-wide financial statements is defined as “net position” and is classified in the following categories:

Net Investment in Capital Assets

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

Restricted

This component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Restrictions are externally imposed by creditors (such as through debt covenants), grantors, contributors or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

Unrestricted

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

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

Nonspendable Fund Balance

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

Restricted Fund Balance

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

Committed Fund Balance

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

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

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

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

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	552
Total general fund	<u>2,335</u>
Special Revenue Fund:	
Common Stocks	694
Mutual Funds	1,782
Total	<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	39,829
Total pension trust funds	<u>93,187</u>
Total Investments	\$ <u>97,998</u>

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	\$ 76	\$ 8,766	\$ 8,286
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
JUNE 30, 2020
(In Thousands)

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
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020
(In Thousands)

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:

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

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:

	General	Capital Projects	Nonmajor and Other Funds	Total
Receivables:				
Taxes	\$ 1,005	\$ 1,005	\$ 1,005	\$ 1,005
Accounts	146	583	761	1,490
Intergovernmental			206	206
Gross receivables	1,151	583	967	2,701
 Less allowance for uncollectibles	 94			 94
 Net Total Receivables	 \$ 1,057	 \$ 583	 \$ 967	 \$ 2,607

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

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

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	\$ 19,999	\$ -	\$ 7,847
Construction in progress	4,344			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
JUNE 30, 2020
(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
JUNE 30, 2020
(In Thousands)

Interfund transfers:

	Transfer In					Total Transfers Out
	General	Capital Projects	Nonmajor Governmental	Internal Service		
Transfers out:						
General Fund	\$ 159	\$ 5,197	\$ 101	\$ 125	\$ 5,423	
Nonmajor Governmental		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
JUNE 30, 2020
(In Thousands)

A schedule of bonds and serial notes outstanding at June 30, 2020 is presented below:

Description	Date of Issue	Amount of Interest Rate (%)	Balance Original Issue	Outstanding June 30, 2020
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:

Fiscal Year Ending June 30	Principal	Interest	Total
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

Date Issued	Maturity Date	Interest Rate (%)	Balance July 1, 2019	Issued	Retired	Balance June 30, 2020
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
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020
(In Thousands)

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:

Category	Debt Limit	Net Indebtedness	Balance
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:

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

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

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

Year Ending June 30,	Governmental Activities
2021	\$ 297
2022	<u>224</u>
	521
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:

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

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

9. FUND BALANCE

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

	General Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total
Fund balances:				
Nonspendable:				
Inventory	\$	\$	\$	\$ 63
Prepays				11
Total nonspendable	<u>-</u>	<u>-</u>	<u>74</u>	<u>74</u>
Restricted for:				
Grants				1,471
Permanent funds				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
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020
(In Thousands)

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.

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

	Municipal	Police	Administrative	Firefighters
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.

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

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:

	Municipal	Police	Administrative
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.

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

	Schedule of Plan Net Position						
	Municipal Employee's Plan	Police Officer's Plan	Administrative Employees' Plan	Volunteer Firefighters' Plans			Total
				Defined Benefit	Defined Contribution	Eliminations	
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	Defined Benefit	Defined Contribution	Total	Pension Trust Funds
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	117	228	25	6			376
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)	309	3,112	(204)	(12)	328		3,533
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>	

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

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.

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

F. Net Pension Liability of the Town

The components of the net pension liability of the Town at June 30, 2020, were as follows:

	Municipal Employees	Police	Administrative Employees	Firefighters
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.

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 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.

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

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
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020
(In Thousands)

Administrative Employees' Pension Plan

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (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 (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (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

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

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 6.0% as well as what the Town's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower 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				Total
	Municipal Employees' Pension Plan	Police Retirement Plan	Administrative Employees' Pension Plan	Volunteer Firefighters' Pension Plan	
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	\$ -	\$ 6,406	

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

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:

<u>Year Ending June 30</u>	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					-

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

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.

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

Disability Retirement

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

C. Contributions

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

Employer (School Districts)

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

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

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		135,035
Total	\$	<u>135,035</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.

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

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>	<u>%</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.

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

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	<hr/> 119
Total	<hr/> <hr/> 788

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>12,539</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:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return	
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	<u>15.5</u>	<u>6.3</u>	
Total	<u><u>100.0</u></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	<u>(4,610)</u>	<u>932</u>	<u>(5,542)</u>
Balances as of June 30, 2020	<u>\$ 21,487</u>	<u>\$ 8,948</u>	<u>\$ 12,539</u>

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

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

	1% Decrease <u>5.88%</u>	Current Discount Rate <u>6.88%</u>	1% Increase <u>7.88%</u>
Net OPEB Liability	<u>\$ 14,393</u>	<u>\$ 12,539</u>	<u>\$ 10,896</u>

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 Trend Rates 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	\$ 651	\$ 4,934

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>8,948</u>
------------------------------	-----------------

STATEMENT OF CHANGES IN NET POSITION

Additions:

Contributions:

Employer	\$ <u>2,254</u>
----------	-----------------

Investment income:

Net appreciation in fair value of investments	<u>216</u>
Interest and dividends	<u>257</u>
Total investment income	<u>473</u>

Less investment expense	<u>39</u>
Net investment income	<u>434</u>

Total additions	<u>2,688</u>
-----------------	--------------

Deductions:

Benefits	<u>1,716</u>
Administration	<u>40</u>

Total deductions	<u>1,756</u>
------------------	--------------

Change in Net Position	<u>932</u>
------------------------	------------

Net Position - Beginning of Year	<u>8,016</u>
----------------------------------	--------------

Net Position - End of Year	\$ <u>8,948</u>
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TOWN OF NEWINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020
(In Thousands)

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		21,059
Total	\$	<u>21,059</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

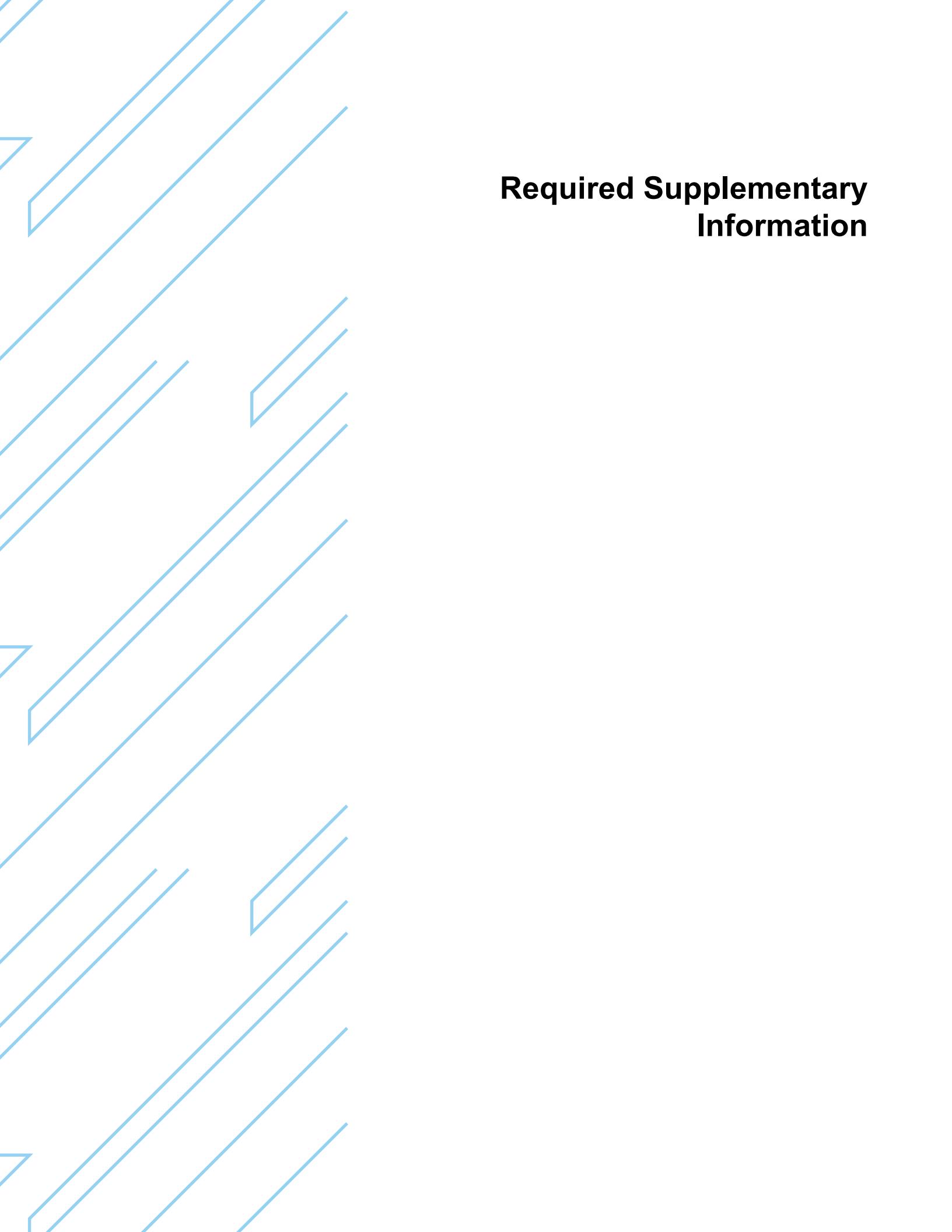
The Town is subject to various legal actions arising in the normal course of business. While the ultimate outcome of the aforementioned contingencies is not determinable at this time, the Town believes that any liability or loss resulting therefrom will not materially affect the financial statements.

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

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)**

	Budgeted Amounts			Variance - Positive (Negative)
	Original	Final	Actual	
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	104,370	104,370	106,053	1,683
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	2,002	2,002	2,000	(2)
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	285	285	307	22
Rentals:				
Town Hall rental	4	4		(4)
Indian Hill Country Club	48	48	48	-
Other town property	50	50	53	3
Total	102	102	101	(1)
Investment income	250	250	566	316

(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)**

	Budgeted Amounts			Variance - Positive (Negative)
	Original	Final	Actual	
Fines:				
Parking tickets	\$ 11	\$ 11	\$ 11	\$ -
False alarms	10	10	15	5
Blighted Premises	1	1		(1)
Total	22	22	26	4
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	551	551	640	89
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	14,725	14,725	15,173	448

(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 - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</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	131	131	314	183
Total revenues	122,447	122,447	125,191	2,744
Other financing sources:				
Transfers in	159	159	671	512
Total	\$ 122,606	\$ 122,606	125,862	\$ 3,256
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			1,090	
Total Revenues and Other Financing Sources as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds - Exhibit IV			\$ 136,730	

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)

	Budgeted Amounts			Variance - Positive (Negative)	
	Original	Final	Actual		
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)

	Budgeted Amounts			Variance - Positive (Negative)
	Original	Final	Actual	
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)

	Budgeted Amounts			Variance - Positive (Negative)	
	Original	Final	Actual		
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	385	546	546	-	
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	\$ 123,706	\$ 124,182	119,415	\$ 4,767	

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

\$ 130,343

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	<u>40,597</u>	<u>42,069</u>	<u>44,032</u>	<u>44,613</u>	<u>44,824</u>	<u>46,464</u>	<u>51,418</u>
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	<u>22,812</u>	<u>22,944</u>	<u>21,643</u>	<u>23,762</u>	<u>24,876</u>	<u>25,931</u>	<u>26,240</u>
Net Pension Liability - Ending	\$ <u>17,785</u>	\$ <u>19,125</u>	\$ <u>22,389</u>	\$ <u>20,851</u>	\$ <u>19,948</u>	\$ <u>20,533</u>	\$ <u>25,178</u>
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)

	2014	2015	2016	2017	2018	2019	2020
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	(3,104)	(3,206)	(3,330)	(3,507)	(3,522)	(3,686)	(3,774)
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	(3,104)	(3,206)	(3,330)	(3,507)	(3,522)	(3,686)	(3,774)
Administrative expense	(20)	(22)	(16)	(24)	(32)	(38)	(25)
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	\$ 21,373	\$ 21,960	\$ 25,529	\$ 23,318	\$ 21,638	\$ 20,934	\$ 22,231
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)

	2014	2015	2016	2017	2018	2019	2020
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	<u>11,514</u>	<u>11,523</u>	<u>11,688</u>	<u>11,766</u>	<u>12,030</u>	<u>12,104</u>	<u>11,748</u>
Total pension liability - ending	<u>11,523</u>	<u>11,688</u>	<u>11,766</u>	<u>12,030</u>	<u>12,104</u>	<u>11,748</u>	<u>12,616</u>
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	<u>5,502</u>	<u>5,844</u>	<u>5,673</u>	<u>5,211</u>	<u>5,558</u>	<u>5,562</u>	<u>5,547</u>
Plan fiduciary net position - ending	<u>5,844</u>	<u>5,673</u>	<u>5,211</u>	<u>5,558</u>	<u>5,562</u>	<u>5,547</u>	<u>5,343</u>
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)

	2014	2015	2016	2017	2018	2019	2020
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	\$ 969	\$ 933	\$ 951	\$ 857	\$ 785	\$ 720	\$ 796
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						
Net pension liability as a percentage of covered payroll	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)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
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>						
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)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
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)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
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)	\$ -	\$ -	\$ (98)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
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)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
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)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
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*

	2014	2015	2016	2017	2018	2019	2020
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*

	2014	2015	2016	2017	2018	2019	2020
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*

	2014	2015	2016	2017	2018	2019	2020
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	<u>81,526</u>	<u>88,203</u>	<u>112,951</u>	<u>107,062</u>	<u>104,120</u>	<u>135,035</u>
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	HB 7424 made the following provision changes: - 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	HB 7424 made the following assumption changes: - 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)

	2017	2018	2019	2020
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	(1,175)	(1,688)	(1,422)	(1,716)
Net change in total OPEB liability	1,227	1,588	1,136	(4,610)
Total OPEB liability - beginning	22,146	23,373	24,961	26,097
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	(167)	(134)	(153)	(40)
Net change in plan fiduciary net position	1,588	465	1,176	932
Plan fiduciary net position - beginning	4,787	6,375	6,840	8,016
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	RP-2000 Combined Healthy Mortality Table for males and females, projected forward 19 years using scale AA, with a two-year age setback
Teachers	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
All Others	RP-2000 Combined Healthy Mortality Table for males and females, projected forward 19 years using scale AA, with a eight-year age set forward
Disabled	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
Teachers	
All Others	

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	<u>27,557</u>	<u>20,814</u>	<u>21,059</u>
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

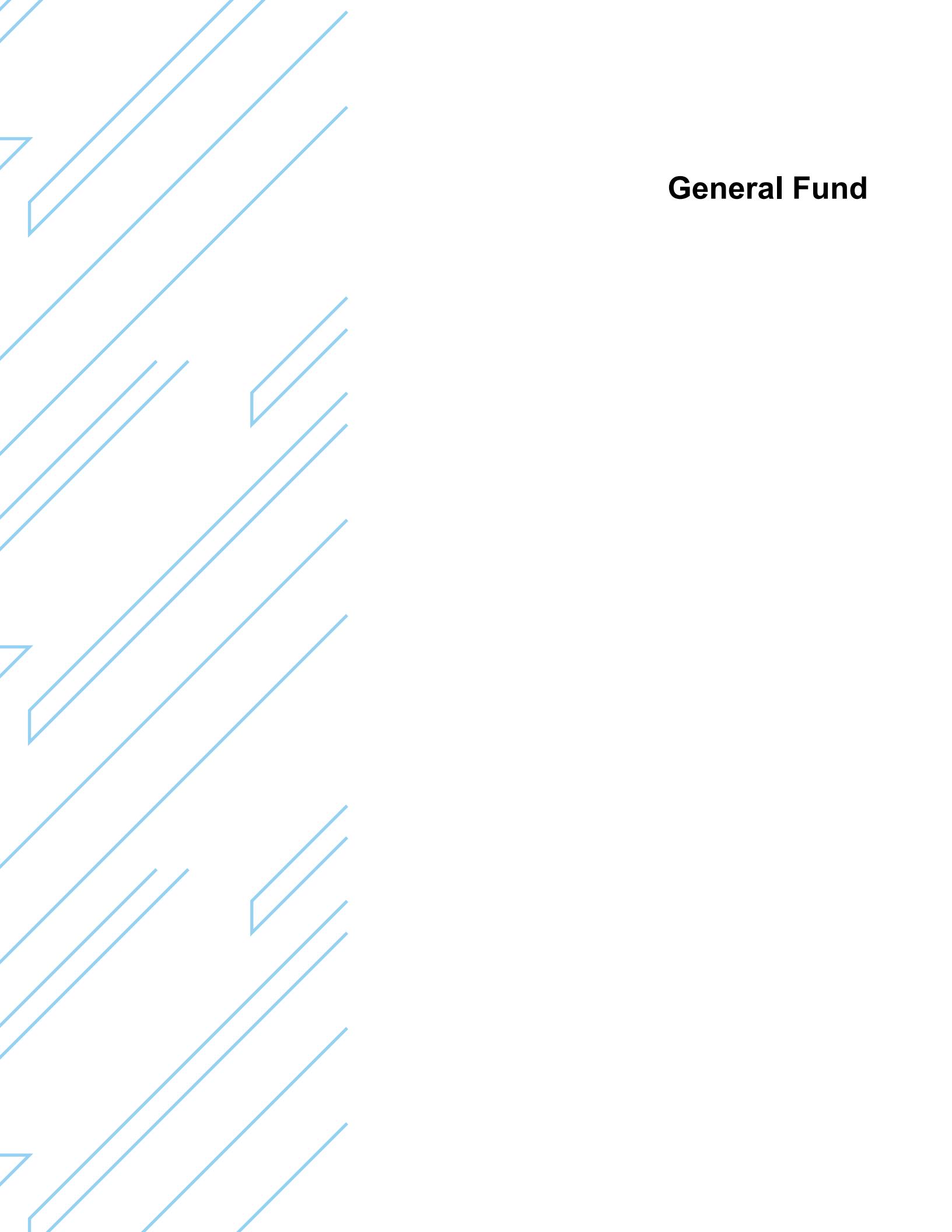
3.00%, net of investment related expense including price inflation

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

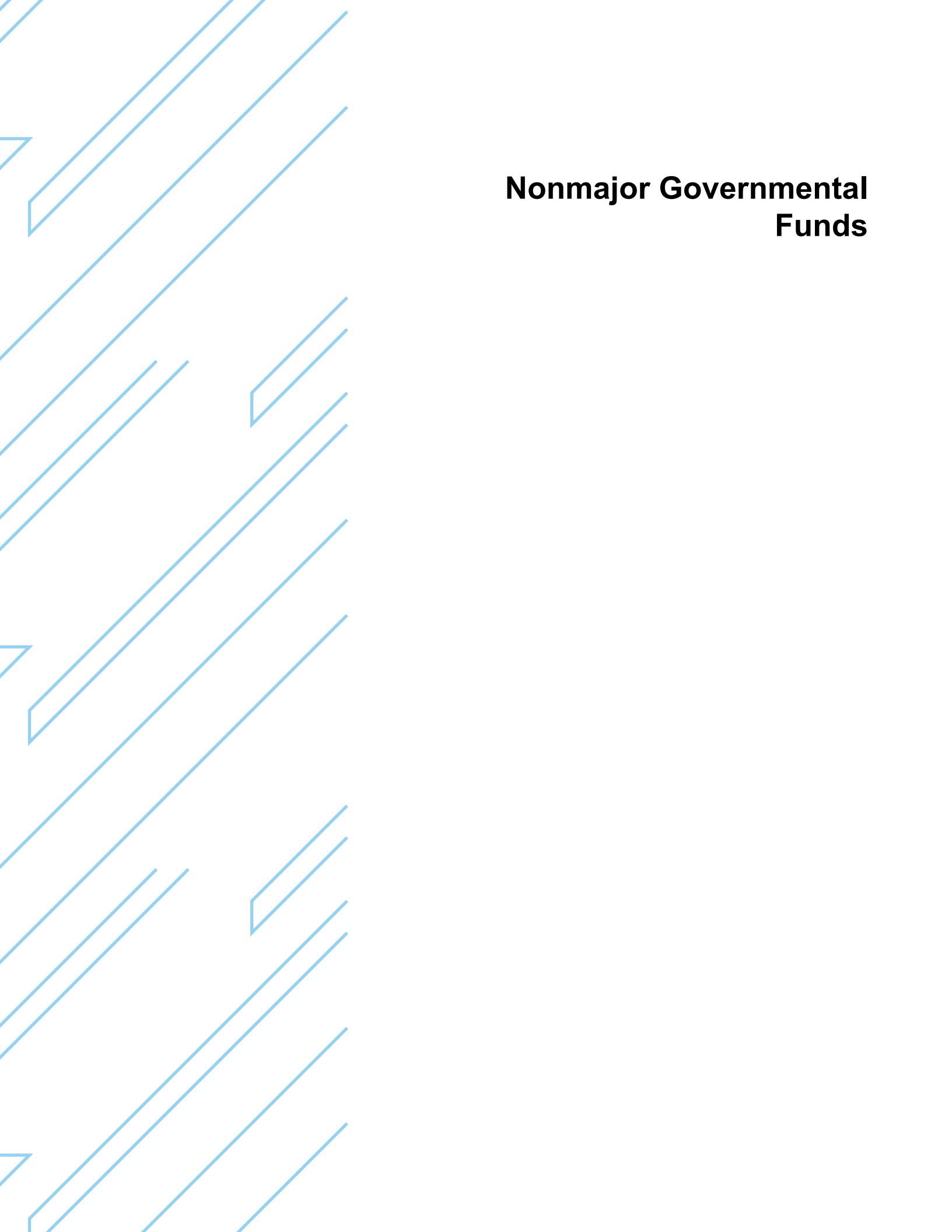
The General Fund is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund.

TOWN OF NEWINGTON, CONNECTICUT
GENERAL FUND
COMPARATIVE BALANCE SHEET
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019
(In Thousands)

	2020	2019
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	8	194
 Total Assets	 \$ 38,241	 \$ 32,219
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES		
Liabilities:		
Accounts payable and other liabilities	\$ 5,533	\$ 5,049
Unearned revenue		
Total liabilities	 5,533	 5,049
Deferred Inflows of Resources:		
Unavailable revenue - property taxes	719	1,046
Advance property tax collections	33	555
Total deferred inflows of resources	 752	 1,601
Fund Balances:		
Committed	2,361	1,025
Assigned:		
Encumbrances	5,120	4,186
Designated for subsequent year's budget	2,500	1,100
Unassigned	 21,975	 19,258
Total fund balances	 31,956	 25,569
 Total Liabilities and Fund Balances	 \$ 38,241	 \$ 32,219

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				Adjusted Taxes Collectible				Uncollected Taxes June 30, 2020				
		Additions	Deductions	Suspense		Taxes	Interest	Liens	Total					
2018	\$ 39.45	\$ 105,128	\$ 404	\$ 115	\$ 104,724	\$ 104,017	\$ 222	4	\$ 104,243	\$ 707				
2017	36.59	829	91	79	726	647	116	3	766	79				
2016	35.75	153	61	1	213	193	62	1	256	20				
2015	35.80	88			88	79	39	1	119	9				
2014	34.77	42			42	33	21		54	9				
2013	33.63	29			29	17	11		28	12				
2012	32.64	8			8	4	3		7	4				
2011	30.02	19	8	16		11				-	11			
2010	29.18	26				26				-	26			
2009	28.4	25				25				-	25			
2008	27.68	10				10				-	10			
2007	26.91	32				32				-	32			
2006	25.76	31				31				-	31			
2005	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:					1							
Accounts and other												
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		40				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									
Committed	367		1,603	35		988	649	31		1,163		
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	\$ 143	\$ 265	\$ 4	\$ 93	\$ 57	\$ 3,469	\$ 25	\$ 11	\$ 1	\$ 37	\$ 3,506
Investments						\$ 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	\$ 4	\$ 4	\$ 4		\$ 185	\$ 8					\$ 185
Due to other funds						143					8
Unearned revenue											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					1,508
Committed					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

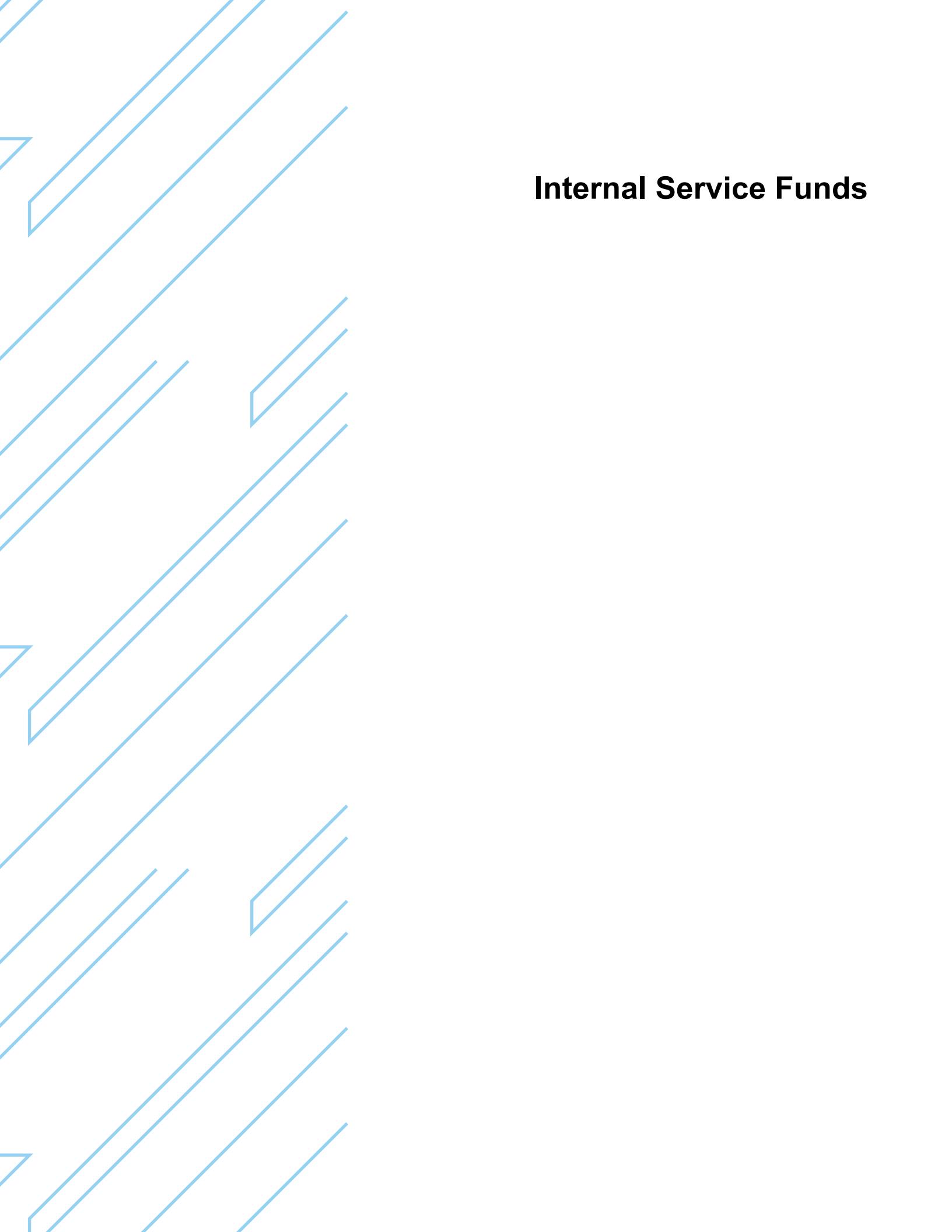
TOWN OF NEWINGTON, CONNECTICUT
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2020
(In Thousands)

	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	\$ 835	\$ 413	\$ 1,877	\$ 1	\$ 15	\$ 159	\$ 18	\$ 15	\$ -	\$ 115	\$
Intergovernmental Contributions										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:					23			42			
General government											45
Public safety											
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											
Total other financing sources (uses)	-	-	(159)	(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	7	60	-	18	48	5,819	-	-	-	-	-	5,819
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		71				1,072					-	1,072
Education					50	3,450					-	3,450
Capital outlay						650					-	650
Total expenditures	5	71	-	23	50	5,516	-	-	-	-	-	5,516
Other financing sources (uses):												
Transfers in						101					-	101
Transfers out						(330)					-	(330)
Total other financing sources (uses)	-	-	-	-	-	(229)	-	-	-	-	-	(229)
Net change in fund balances	2	(11)	-	(5)	(2)	74	-	-	-	-	-	74
Fund balances at beginning of year	137	276	-	98	59	5,816	25	11	1	37		5,853
Fund Balances at End of Year	\$ 139	\$ 265	\$ -	\$ 93	\$ 57	\$ 5,890	\$ 25	\$ 11	\$ 1	\$ 37		\$ 5,927



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)

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

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	\$ 74	\$ 10,544
Miscellaneous			
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		125	125
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	<u>87,336</u>	<u>8,992</u>	<u>96,328</u>
Liabilities:			
Accounts payable	<u>8</u>	<u>44</u>	<u>52</u>
Net Position:			
Restricted for Pension/OPEB Benefits	<u>\$ 87,328</u>	<u>\$ 8,948</u>	<u>\$ 96,276</u>

TOWN OF NEWINGTON, CONNECTICUT
COMBINING STATEMENT OF CHANGES IN NET POSITION
PENSION AND OTHER EMPLOYEE BENEFIT TRUST FUNDS
FOR THE YEAR ENDED JUNE 30, 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	2,229	257	2,486
Total investment income	<u>4,895</u>	<u>473</u>	<u>5,368</u>
Less investment expense	376	39	415
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	84	40	124
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)**

	Balance July 1, 2019	Additions	Deductions	Balance June 30, 2020
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.

TABLE 1

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	(13,344)	(23,102)	(27,772)	(27,309)	(9,527)	(10,359)	(12,544)	33,447	31,773	29,983
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

TABLE 2

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	\$ 7,414	\$ 6,028	\$ 345	\$ 2,009	\$ 3,439	\$ 6,342	\$ 4,055	\$ 5,245	\$ 6,454	\$ 4,229

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	\$ 5,370	\$ 4,877	\$ 5,010	\$ 4,174	\$ 3,891
Assigned	7,620	5,970	5,970	5,406	6,460	15,999	15,183	14,626	14,419	13,082
Unassigned	<u>21,975</u>	<u>15,278</u>	<u>15,278</u>	<u>14,621</u>	<u>14,981</u>	<u>15,183</u>	<u>14,626</u>	<u>14,419</u>	<u>13,082</u>	
Total General Fund	\$ 31,956	\$ 21,545	\$ 21,545	\$ 21,244	\$ 21,956	\$ 21,369	\$ 20,060	\$ 19,636	\$ 18,593	\$ 16,973
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>									
Total All Other Governmental Funds	\$ 18,942	\$ 13,543	\$ 13,543	\$ 14,139	\$ 13,240	\$ 11,923	\$ 11,363	\$ 10,777	\$ 10,706	\$ 9,937

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

TABLE 4

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								
Payment to escrow agent										
Premium on bond issuance	15,000	9,000								
Mortgage issued										
Capitalized lease										
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	\$ 3,869	\$ 11,941	\$ (295)	\$ 187	\$ 1,904	\$ 1,869	\$ 1,010	\$ 1,114	\$ 2,414	\$ (1,274)
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.

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	Rank	Percentage of Total Town	
			Taxable Assessed Value	Taxable Assessed Value			Taxable Assessed Value	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	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)

Fiscal Year	Governmental Activities				Total Primary Government	Ratio of Debt to Taxable Assessed Value	Debt as a Percentage of Personal Income	Debt Per Capita
	General Obligation Bonds	Premiums	Mortgage Payable	Capital Leases				
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.

TABLE 11

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

Fiscal Year	General Obligation Bonds			Mortgage Payable	Capital Leases	Total Primary Government	Percentage of Estimated Actual Taxable Value of Property		Debt Per Capita
			Premiums						
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

TABLE 12

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

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

TABLE 13

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

	<u>General Purpose</u>	<u>Schools</u>	<u>Sewers</u>	<u>Urban Renewal</u>	<u>Pension Deficit</u>
Total tax collections (including fire district)				\$ 102,017	
Property tax relief elderly				<u>-</u>	
Base				\$ <u>102,017</u>	
Debt Limitation:					
2-1/4 times base	\$ 229,538	\$ 459,077	\$ 382,564	\$ 331,555	\$ 306,051
4-1/2 times base					
3-3/4 times base					
3-1/4 times base					
3 times base					
Total debt limitation	<u>229,538</u>	<u>459,077</u>	<u>382,564</u>	<u>331,555</u>	<u>306,051</u>
Indebtedness:					
Bonds payable	19,668	6,692			
Capital Lease	510				
Town's share of Metropolitan District debt			81,106		
Bonds authorized- unissued	<u>4,800</u>				
Total Indebtedness	<u>24,978</u>	<u>6,692</u>	<u>81,106</u>	<u>-</u>	<u>-</u>
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)			Percentage of Total Town Employment
		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
Public Safety										
Police stations	1	1	1	1	1	1	1	1	1	1
Fire stations	4	4	4	4	4	4	4	4	4	4
Police vehicles	41	41	41	41	41	44	41	37	41	42
Fire vehicles	20	20	17	20	20	20	21	21	20	21
Public Works										
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
Parks and Recreation										
Acreage	370	370	370	370	370	370	370	370	370	370
Parks and greens	13	13	13	13	13	13	13	13	13	13
Athletic fields	7	7	7	7	7	7	7	7	7	7
Playgrounds	5	5	5	5	5	5	5	5	5	5
Public Libraries										
Libraries	1	1	1	1	1	1	1	1	1	1
Senior Citizens										
Community center	1	1	1	1	1	1	1	1	1	1
Senior mini-buses	5	5	5	5	5	5	5	4	4	4
Education										
Schools	7	7	7	7	7	7	7	7	7	7

Source(s): Various Town Departments

TOWN OF NEWINGTON, CONNECTICUT
MISCELLANEOUS STATISTICS
JUNE 30, 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		
Town Elections:	Odd years	
Town Council (members + Mayor)	9	
Board of Education (members):	9	
Board of Fire Commissioners:	3	
Registrars of Voters:	2	
Registered Voters (Active) as of	19,653	
Republicans	3,731	
Democrats	7,680	
Minor Parties	346	
Unaffiliated	7,896	
TAX STRUCTURE 2019-20		
10/1/18 Net Grand List:		\$2,640,574,930
10/1/18 Net Supplemental List:		\$33,374,125
Mill Rate:		39.45
Assessment Ratio:		70%
Last Revaluation:		10/1/2015
EDUCATION		
Total Classroom Teachers		358.0
Public School Enrollment (Oct 2018):		3,993
Teacher/Pupil ratio:		11.2
2019-20 Appropriation per Pupil:		\$18,725
PUBLIC SAFETY - POLICE		
# of Police Stations:	1	
# of Police Districts:	5-9	
# of Police Officers:		
Police Chief	1	
Dispatchers	8	
Police Officers	50	
# of Vehicles:	38	
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.)	<u>133</u>	
	512.0	
Total		512.0
		684.0