

Town of Newington Connecticut



Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2016

Comprehensive Annual Financial Report

of the

Town of Newington Connecticut

Fiscal Year Ended June 30, 2016

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

TOWN OF NEWINGTON, CONNECTICUT
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JUNE 30, 2016

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Introductory Section

TOWN OF NEWINGTON, CONNECTICUT

PRINCIPAL OFFICIALS

Town Council

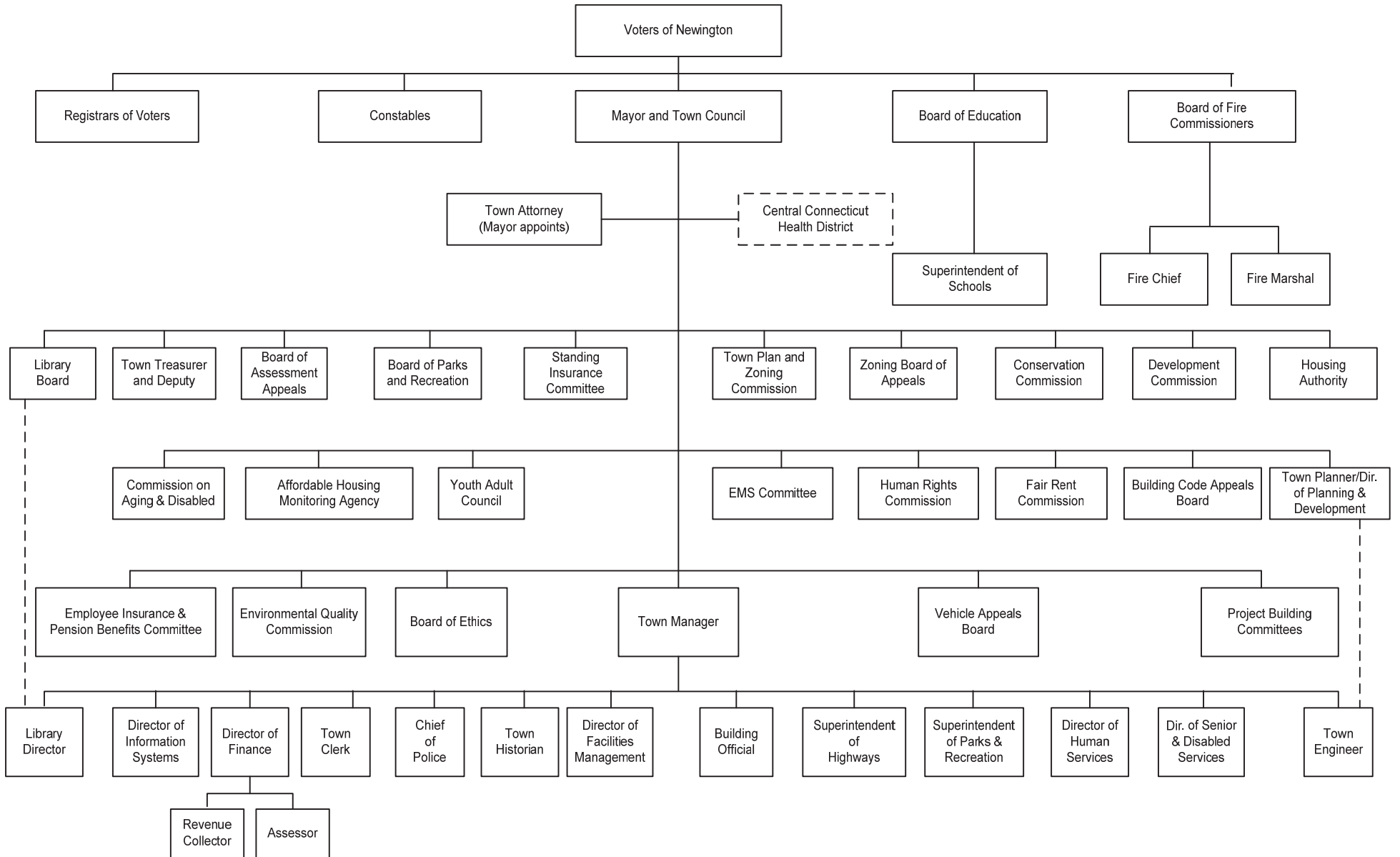
Roy C. Zartarian, Mayor
Carol Anest
Gail Budrejko
Beth DeIBuono
Maureen Klett
Tim Manke
James Marocchini
David Nagel
Diana Serra

Board of Education

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

Appointed Officials

Tanya D. Lane, Town Manager
William C. Collins, Superintendent of Schools
Ann J. Harter, Director of Finance





Tanya D. Lane
Town Manager

TOWN OF NEWINGTON

131 Cedar Street Newington, Connecticut 06111

Finance Department

Ann J. Harter
Director of Finance

December 22, 2016

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

Dear Mrs. Lane:

State law requires that all general-purpose local governments publish within six months of the close of each fiscal year a complete set of audited financial statements. This report is published to fulfill that requirement for the fiscal year ended June 30, 2016.

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

Blum, Shapiro & Company, Certified Public Accountants, have issued an unmodified ("clean") opinion on the Town of Newington's financial statements for the year ended June 30, 2016. 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, 2014 grand list increased slightly by .1% over the prior year. This increase was primarily attributed to new real estate construction. Additionally, the personal property component remained the same while the motor vehicle component increased by .4% from the prior year. The Town continues to maintain a balanced mix of retail, manufacturing and light industry and its top ten taxpayers represented only about 7.8% of the total assessed value on the October 1, 2014 grand list. The Town's tax collection rate as of June 30, 2016 was 99.3%, a slight increase of .1% from the 2015 levels. Current year tax collections are similar to the same period of the previous year.

For fiscal year-end 2016, building permit activity generated \$30.2 million in construction value, the same as the prior year. Commercial projects that generated building permit activity included Firestone, Verizon, Enterprise Rent-a-Car, Subway restaurant and Jump On In, a children's party facility featuring inflatable equipment. Although Newington is limited in land for extensive housing development, residential building is still occurring at such developments as Harvest Village, Newington Ridge Preserve and Packard's Way as well as several individual building lots. In total, building permits were issued for twenty-eight residential units.

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

- According to the State Department of Labor, the Town's 2016 average unemployment rate dropped to 4.8%, versus the Hartford Labor Market and the statewide average rates of 5.5%.
- Median Household Income has increased to \$79,008 which exceeds the statewide average by \$9,109. The per capita income of Newington's residents increased to \$37,061, while slightly below the statewide average of \$38,480 and only 4.9% of the Town's families fall below poverty levels.
- A "Economic Index" published by the Connecticut Department of Labor shows Newington's overall economic health has improved by 26.6 percent since 2010, the second highest of any town with a population over 25,000.
- A report by KeyPoint Partners indicates retail square footage in Newington now exceeds 2.6 million square feet with a vacancy rate of 5.7 percent, second lowest in the greater Hartford area.
- Annual retail sales are above \$770,000,000 according to the latest information from the Connecticut Department of Revenue Services.

Long-term Financial Planning

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

- CTfastrak, Connecticut's first Bus Rapid Transit (BRT) system with stops in Newington at Cedar Street and Newington Junction, successfully completed its first year of operation, far exceeding ridership expectations. To encourage development, the Town Plan and Zoning Commission adopted a "Transit Oriented Development Overlay Zone" that will allow for more intensive development near CTfastrak stations.
- In addition, a new commuter rail line from New Haven to Springfield is under construction, with a station at Newington Junction scheduled for opening in 2019. These mass transit initiatives are bringing heightened interest from developers for properties within one-half mile of the stations, opening up new opportunities for redeveloping numerous industrial sites.
- The National Welding site is immediately adjacent to the Cedar Street Station. After demolishing dilapidated industrial buildings and removing asbestos containing materials from the site, PCB's in soil and rubble were characterized and remediated, and the site graded. Requests for Expressions of Interest are now being sought from developers for significant Transit Oriented

Development at this highly desirable location, bringing the Town closer to returning this property to the tax rolls after some twenty-five years.

- Over thirty new businesses with physical locations opened in town, including small manufacturers, personal services, medical offices, commercial enterprises and restaurants.
- Best Market Plaza, a 75,000 square foot shopping plaza in the Town Center district, continues to be revitalized, achieving over 90 percent occupancy, up from just 25 percent only three years ago.
- Beacon Industries, an aerospace manufacturer that previously consolidated its operations in Newington and acquired the property it occupies on Cedar Street, has placed the surplus portion of that property up for sale, some 12+ acres, creating the potential for a substantial new retail or commercial development on a main traffic artery.
- Newington Arena, a regionally popular dual rink facility offering ice skating to organizations, teams and individuals for some twenty years, received approval to construct a third rink. That rink will be three-quarter sized to better serve teams of younger skaters and for skills practice.
- Long vacant industrial properties throughout town were purchased and reoccupied including buildings on Pane Road, Fenn Road, Kelsey Street and Budney Road.
- The iconic T-Bowl bowling alley on the Berlin Turnpike closed and was immediately replaced by a new 42,000 square foot Ashley Furniture Home Center.
- CliniSanitas, which provides emergency, primary and specialty care, opened a 24,000 square foot medical center on the Berlin Turnpike. CliniSanitas provides services to all, but is particularly targeted to patients who have enrolled under the Affordable Care Act with ConnectiCare.
- Other new enterprises opening on the Berlin Turnpike included a 19,000 square foot medical office building, a Firestone Service Center and a Wood-n-Tap restaurant.

Newington has a successful Capital Improvement Program through which its goal is to maintain the Town's infrastructure and make improvements to and/or add community facilities to enhance the Town's overall image and services it provides to Town residents. To address the capital needs of the Town in a comprehensive fashion, the Town Council in November 2006 established a Capital Improvement Program Committee to provide a framework for the planning, scheduling and financing for the Town's multi-year capital improvement plan. Composed of Town Council (3) and Board of Education (2) members, with the assistance of Town and Board staff, this Committee's recommendations are advisory in nature, with policy decision making power left with the full Town Council. The Town's capital planning process includes 1) the evaluation of project priorities within the Town's ability to pay, public health and safety needs of its residents and legal mandates, 2) the integration of Town and Board of Education projects 3) financing plans for capital projects and 4) coordination of the capital plan with the annual operating budget. The Town's recommended funding level for capital improvements considers two components. First, the Town's Debt Management Policy advocates that the Town's total outstanding debt should not exceed \$30.0 million. Therefore, the maximum the Town will pay for future debt service payments is \$3.8 million. Secondly, recognizing the merits of the Town's Equipment Replacement Reserve Fund for vehicles, this concept was duplicated to all Town fixed assets (infrastructure and buildings). Therefore, \$2.5 million meets the objective to fund at a constant level equal to straight-line depreciation. The Town consistently budgets the base figure of \$6.3 million by which it is reduced by the amount required for principal and interest payments and the excess is used for "pay-as-you-go" projects.

Relevant Financial Policies

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

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

- **Debt Policy** - In accordance with the Newington Town Council’s Debt Capacity Study completed in June 2002, the Town’s total outstanding debt should not exceed \$30.0 million. Additionally, Debt Service as a percent of total General Fund expenditures should not exceed 6%; outstanding bonded debt as a percent of assessed value should not exceed 2.0%; and outstanding bonded debt against the population on a per capita basis should not exceed \$1,000 per year. Applicable data with regard to debt at the end of the 2016 fiscal year is represented as follows:

	<u>Amount</u>	<u>Ratio of Net Debt Service to Budget</u>	<u>Ratio of Bonded Debt to Grand List</u>	<u>Debt Per Capita</u>
Total direct debt outstanding - bonds	\$6,255,000	1.08%	0.25%	\$205

Major Initiatives

The Town Council appointed new members to the Town Hall Renovations Project Building Committee which continues to review plan designs for the reconstruction of the Town Hall and community center.

An ordinance establishing the Student Technology Insurance Fund was adopted. The purpose of the fund is to account for fees collected and related expenses connected with issuance of computer devices associated with Newington Public Schools 1:1 Technology Initiative.

The Town entered into a tax exempt lease purchase agreement to finance the acquisition of a Velocity Custom Heavy Rescue Truck and related equipment for the Fire Department.

The Assessor's office successfully completed the state mandated October 1, 2015 town-wide property revaluation within the statutory required deadline. New assessments were effective with the July 1, 2016 tax billing.

In January, John L. Salomone resigned as Town Manager after having served a 9½ year tenure. The Town Council subsequently appointed Town Clerk, Tanya D. Lane to the Town Manager position.

The Town Council established a building committee for the proposed renovation work of the classroom wings at John Wallace Middle School. This project includes a transformation of each classroom into traditional hard walled spaces to significantly improve both the learning environment and student safety/security. This project is eligible for a school construction grant provided by the State of Connecticut Office of School Facilities.

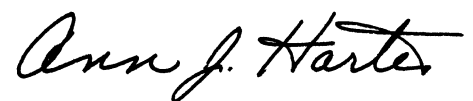
Capital improvements included the completion of several infrastructure projects such as pavement improvements to nine (9) roads, the reconstruction of Olympia Avenue and Oregon Avenue, reconstruction of the Newington Volunteer Ambulance facility parking lot and the east side of Martin Kellogg Middle School parking lot, drainage improvements on Edward Street. Additionally, at John Wallace Middle School the aerospace STEM (Science, Technology, Engineering and Mathematics) Academy was completed.

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, 2015 for the twenty-third consecutive year. The Town intends to submit this report to GFOA for review under this program.

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

Respectfully submitted,



Ann J. Harter
Director of Finance

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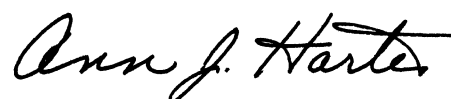
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Respectfully submitted,



Ann J. Harter
Director of Finance



Government Finance Officers Association

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

Presented to

**Town of Newington
Connecticut**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2015

Executive Director/CEO

Financial Section

BlumShapiro

Accounting | Tax | Business Consulting

Independent Auditors' Report

To the Board of Finance
Town of Newington, Connecticut

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Newington, Connecticut, as of and for the year ended June 30, 2016, 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, 2016 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.

Change in Accounting Principle

As discussed in Note 3 to the financial statements, during the fiscal year ended June 30, 2016, the Town adopted new accounting guidance, GASB Statement No. 72, *Fair Value Measurement and Application*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 12, the budgetary comparison information on pages 59 through 64 and the pension schedules on pages 65 through 77 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Newington, Connecticut's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statement of the Town of Newington, Connecticut, as of and for the year ended June 30, 2015 (not presented herein), and have issued our report thereon dated December 11, 2015, 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, 2015 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 2015 financial statements. The accompanying General Fund balance sheet has been subjected to the auditing procedures applied in the audit of the 2015 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, 2015.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2016 on our consideration of the Town of Newington, Connecticut's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Newington, Connecticut's internal control over financial reporting and compliance.

Blum, Shapiro & Company, P.C.

West Hartford, Connecticut
December 22, 2016

TOWN OF NEWINGTON, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2016

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, 2016. Please read this MD&A in conjunction with the transmittal letter and the Town's financial statements, Exhibits I to IX.

FINANCIAL HIGHLIGHTS

- Net position of our governmental activities increased by \$3.439 million, or 4.8%.
- Total cost of all of the Town's programs was \$122.8 million with no new programs added this year.
- During the year, the Town had expenses that were \$3.4 million less than the \$126.2 million generated in tax and other revenues for governmental programs.
- The resources available for appropriation were \$1.1 million more than budgeted for the General Fund. Expenditures were \$872 thousand less than appropriations.
- The General Fund reported a fund balance this year of \$21.9 million. On a budgetary basis, \$17.5 million represents the Town's fund balance; of this, \$2.5 million is assigned for 2016-17 budget.
- The tax collection rate was 99.3%, a slight increase of .1% from 2015.
- The Town of Newington's outstanding bonded debt at June 30, 2016 was \$6.3 million, a decrease of \$1 million or 14%, from the prior year. No bonds were authorized at referendum during the year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of a series of financial statements. The statement of net position and the statement of activities (Exhibits I and II, respectively) provide information about the activities of the Town as a whole and present a longer-term view of the Town's finances. Fund financial statements are presented in Exhibits III to IX. For governmental activities, these statements tell how these services were financed in the short term, as well as what remains for future spending. Fund financial statements also report the Town's operations in more detail than the government-wide statements by providing information about the Town's most significant funds. The remaining statements provide financial information about activities for which the Town acts solely as a trustee or agent for the benefit of those outside of the government.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The analysis of the Town as a whole begins on Exhibits I and II. The statement of net position and the statement of activities report information about the Town as a whole and about its activities for the current period. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Town's net position and changes in them. The Town's net position, the difference between assets and liabilities, are one way to measure the Town's financial health, or financial position. Over time, increases or decreases in the Town's net position are one indicator of whether its financial health is improving or deteriorating. The reader needs to consider other non-financial factors, however, such as changes in the Town's property tax base and the condition of the Town's capital assets, to assess the overall health of the Town.

In the statement of net position and the statement of activities, the Town reports its activities:

- *Governmental activities* - The Town's basic services are reported here, including education, public safety, highways and streets, sanitation, health and social services, culture-recreation, public improvements, planning and zoning, and general administration. Property taxes, charges for services, and state and federal grants finance most of these activities.

Fund Financial Statements

The fund financial statements begin with Exhibit III and provide detailed information about the most significant funds - not the Town as a whole. Some funds are required to be established by Charter. However, the Town Council establishes many other funds to help control and manage financial activities for particular purposes (like the Recreation Programs, Health Benefits Fund and the Employee Leave Liability Fund,) or to show that it is meeting legal responsibilities for using grants and other money (like grants received for education from the State and Federal governments and accounted for in the Special Revenue Fund). The Town's funds are divided into three categories: governmental, proprietary and fiduciary.

- *Governmental funds (Exhibits III and IV)* - Most of the Town's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Town's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs. The relationship (or differences) between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds is described in a reconciliation at the bottom of the fund financial statements.
- *Proprietary funds (Exhibits V, VI and VII)* - When the Town charges customers for the services it provides, whether to outside customers or to other units of the Town, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the statement of net position and the statement of activities. Internal service funds (the component of proprietary funds) are used to report activities that provide supplies and services for the Town's other programs and activities - such as the Town's Health Benefits Fund and Insurance Reserve Fund.
- *Fiduciary funds (Exhibits VIII and IX)* - The Town is the trustee, or fiduciary, for its employees' pension plans. All of the Town's fiduciary activities are reported in separate statements of fiduciary net position and changes in fiduciary net position. These activities are excluded from the Town's other financial statements because the Town cannot use these assets to finance its operations. The Town is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The Town's combined net position increased from \$71.7 million to \$75.1 million. The analysis below focuses on the net position (Table 1).

	Governmental Activities	
	2016	2015
Current and other assets	\$ 52,881	\$ 48,834
Capital assets, net of accumulated depreciation	90,225	89,170
Total assets	<u>143,106</u>	<u>138,004</u>
Deferred outflow of resources	<u>8,664</u>	<u>2,902</u>
Long-term debt outstanding	64,812	58,983
Other liabilities	7,176	7,225
Total liabilities	<u>71,988</u>	<u>66,208</u>
Deferred inflow of resources	<u>4,639</u>	<u>2,994</u>
Net Position:		
Net investment in capital assets	84,015	81,409
Restricted	655	654
Unrestricted	<u>(9,527)</u>	<u>(10,359)</u>
Total Net Position	<u>\$ 75,143</u>	<u>\$ 71,704</u>

Net position of the Town's governmental activities increased by \$3.4 million or 4.7% (\$71.7 million compared to \$75.1 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 \$(10.4) million at June 30, 2015 to \$(9.5) million at the end of this year. The largest portion of the Town's net position, \$84 million or 111.8%, 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 \$3.4 million. Approximately 73% of the revenues were derived from property taxes, followed by 20% from operating grants, the remaining 7% is from charges for services, capital grants and contributions and other grants that were not restricted for specific purposes. Key elements of the increase are as follows:

- Property tax revenues recorded for fiscal year 2016 increased by \$2.8 million or 3% during the year. This reflects a tax rate of 35.80 mills, an increase of 1.03 mills over the rate used in the previous fiscal year. The tax collection rate for the year was 99.3%, a slight increase from the prior year of 99.2%. Most of the increase is to support the program expenses of the Town.

- Operating grants and contributions increased by \$806 thousand. This is attributable to payments made by State of Connecticut on-behalf of the Newington teachers' retirement increased by \$950 thousand.
- Capital grants and contributions decreased by \$1.1 million. This is attributable a \$1.5 million reimbursement received in the prior year from the State of Connecticut Department of Economic and Community Development for expenses related to the demolition and remediation of the former National Welding site.
- The total cost of all programs and services was \$122.8 million.

TABLE 2
CHANGE IN NET POSITION
(In Thousands)

	Governmental Activities	
	2016	2015
Revenues:		
Program revenues:		
Charges for services	\$ 3,466	\$ 3,569
Operating grants and contributions	24,745	23,939
Capital grants and contributions	2,342	3,427
General revenues:		
Property taxes	92,051	89,211
Grants and contributions not restricted to specific purposes	3,172	3,117
Unrestricted investment earnings	98	86
Other general revenues	375	363
Total revenues	<u>126,249</u>	<u>123,712</u>
Program expenses:		
General government	7,546	6,049
Public safety	14,633	12,955
Public works	10,172	10,032
Community planning and development	1,733	1,083
Health and community services	1,930	1,756
Library	2,452	2,261
Parks and recreation	3,478	3,179
Education	80,656	79,776
Interest on long-term debt	210	279
Total program expenses	<u>122,810</u>	<u>117,370</u>
Increase in Net Position	<u>\$ 3,439</u>	<u>\$ 6,342</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 \$5.8 million (\$92.3 million compared to \$86.4 million). The most noteworthy changes are as follows:

- The cost of General Government, Public Safety and other miscellaneous departments increased due to higher pension and healthcare expenses.
- General Government also experienced an increase in the amount reserved for property and casualty losses.

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
General government	\$ 7,546	\$ 6,049	\$ 6,940	\$ 5,411
Public safety	14,633	12,955	14,470	12,654
Public works	10,172	10,032	8,577	8,390
Education	80,656	79,776	55,071	54,830
Parks and recreation	3,478	3,179	2,389	2,131
All others	6,325	5,379	4,810	3,019
Totals	<u>\$ 122,810</u>	<u>\$ 117,370</u>	<u>\$ 92,257</u>	<u>\$ 86,435</u>

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

Governmental Funds

As the Town completed the year, its governmental funds (as presented in the balance sheet - Exhibit III) reported a combined fund balance of \$35.2 million. Approximately 43% of the fund balance amount or \$15 million constitutes unassigned fund balance that is available for unforeseen contingencies and to offset future budgets over the long term. The second largest portion, \$12.1 million or 35%, is committed to be used only for the specific purposes such as a capital or grant related projects. The balance of \$6.4 million is primarily assigned to balance the subsequent year's budget and to liquidate purchase orders. The Town had positive fund balances in all categories of net assets both for the governmental as a whole as well as for its separate governmental activities.

As highlighted in Exhibit IV, the combined fund balance increased by \$1.9 million (\$35.2 million compared to \$33.3 million) from last years' total. Included in this year's total change in fund balance is an increase of \$1.4 million in Capital Project Funds. These funds account for financial resources to be used for the acquisition of major equipment or construction of facilities and primarily to account for \$4 million on improvements to school facilities, computer technology and open space. The fund's expenditures were less than the revenues and other financing sources by \$1.4 million for the fiscal year thereby increasing the fund's equity balance to \$7.7 million. Expenditures related to the transfers in will be used in future years.

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

1. The Town benefited from a higher collection rate than anticipated on the current and prior year levies of property taxes producing a positive variance of \$800 thousand. Furthermore, taxes associated with the supplemental motor vehicle purchases resulted in \$91 thousand of additional revenues.
2. Education Cost Sharing Grants the State of Connecticut exceeded budget estimates by \$130 thousand.
3. General operating expenses were kept under budget by \$137 thousand as a result of personnel savings due to vacancies and a lower demand of overtime with mild winter mainly in the Highway and Parks & Recreation departments.
4. Other savings occurred in the area of motor fuel resulted in the amount of \$48 thousand.
5. To address the financial impact of the high medical claim activity, \$600 thousand of unspent appropriations from contingency, solid waste services, motor and heating fuel accounts were transferred to the Health Benefits Fund.
6. The Board of Education realized a surplus of \$515 thousand which is committed to address expenses in subsequent fiscal years.

The Town's Nonmajor Governmental Funds account for special revenue sources that are restricted to specific purposes. The primary reason for the Nonmajor Governmental Funds decrease is that expenditures related to grants received in the prior year were made in the current year.

Small Cities Fund accounts for financial resources from the Federal Community Development Block Grants/Small Cities Program. The fund balance decreased by \$15 thousand as grants and other revenue sources received in prior years were used for housing rehabilitation. As of June 30, 2016, the fund balance decreased to \$31 thousand.

Proprietary Funds

The Town accounts for two funds in its proprietary funds. The Town's Health Benefits Fund and its Insurance Reserve Fund, both of which are self-funded programs and the Town's only business-type activities. Unrestricted net position of both funds totaled \$3.7 million, an increase of \$753 thousand from the prior year. This is primarily due to the performance of the Health Benefits Fund which experienced revenue over benefit payments (expenses) of \$620 thousand. The Insurance Reserve Fund is to pay for losses incurred through insurance deductibles and uninsured property and casualty losses. During the year contributions by the Town were more than the payments made for insurance claims by \$128 thousand.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2016, the Town had \$90.2 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 \$1.1 million or 1.2%, over last year.

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

	Governmental Activities	
	<u>2016</u>	<u>2015</u>
Land	\$ 7,789	\$ 7,713
Intangible assets	2,770	2,770
Buildings and improvements	46,392	46,469
Equipment	10,996	10,051
Infrastructure	21,932	21,891
Construction in progress	<u>346</u>	<u>276</u>
Total	<u>\$ 90,225</u>	<u>\$ 89,170</u>

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

Land - Addition in the amount of \$76 is for improvements to the National Welding property. A grant was used to perform Brownfield remediation, demolish the building and prepare the land to be sold.

Buildings - Additions in the amount \$1,794 were due to completion of the chapel addition at West Meadow Cemetery, upgrades to the Police Training Center at the former Dog Pound, box gutter system at the Highway Garage, new boiler/ductwork/VFD drives at the Library, fire/security alarm system at the Park & Grounds Garage, energy management system at the Police Station, shingled roof replacement at Fire Company #1, lighting improvements at Newington Volunteer Ambulance, Highway Garage and Park & Grounds Garage, new boilers and heating systems at Fire Companies #1, #2 and #3, bathroom renovations at John Patterson Elementary School, career tech renovations at Newington High School, and renovations at John Wallace Middle School for the STEM Academies.

Land Improvements - Additions in the amount of \$173 were due to site, drainage and sidewalk improvements at Newington Volunteer Ambulance, traffic signalization at Fire Company #1, the installation of at large Yurt at the Challenge Course, improvements to Market Square Streetscape and playground improvements at Ruth Chaffee School.

Furniture, Fixtures and Equipment - These were added in the amount of \$2,932. General Government increased by \$188 for new wireless network, managed file transfer system and backup appliances for Town Hall and a sewer line inspection camera. Public Safety increased by \$502 for the purchase of five vehicles, additions to core network, commercial stove for Fire Company #3, 80" monitor for Fire Company #1, modifications to an armored vehicle, self-contained breathing apparatus (SCBA), emergency generator for Fire Company #2 and modifications to dispatch video wall. Public Works increased by \$309 due to the purchase of a three pickup trucks, one large dump truck and a diagnostic tool. Community Planning increased by \$2 for the completion of the electric vehicle charging station at Constitution Square. Senior & Disabled Center increased by \$63 for the purchase of a Dial-a-Ride bus. Library increased by \$90 for the second stage of the radio frequency identification (RFID) security system installation and for the replacement of the fire alarm system. Parks and Recreation increased by \$379 for the purchase of one vehicle, RecTrac software, an Exmark mower, a Sand Pro, a Groundmaster, a backhoe attachment and new equipment at Mill Pond Park Playscape. Board of Education increased by \$1,400 for school buses, vans, a box truck and a security vehicle, network UPS power backup, projector and projection screen, kitchen equipment, floor scrubbers, phone/voicemail systems, lounge seating for John Wallace library, scoreboard for High School softball field and new playscape at Ruth Chaffee.

Infrastructure - Additions in the amount \$742 were due to drainage improvements on Veteran's Drive and resurfacing of Oregon Avenue, Costello Road, Costello Place, Richard Street, Pickens Drive, Olympia Avenue, Chestnut Road, Griswoldville Avenue, Michael Lane, Kitts Lane and Woodland Street.

Construction in Progress - Additions in the amount of \$70 were due to pre-referendum costs for the Town Hall Renovation project and Library Renovation project.

Total Net Additions \$ 5,787

The Town's fiscal-year 2016-17 budget calls for it to spend \$6.5 million for capital projects, of which \$0.6 million is financed from the State of Connecticut and the balance from local funds. It is primarily to finance renovations at John Wallace Middle School for phase I of classroom wings reconfiguration, self-contained breathing apparatus, or SCBA replacements for the fire department, major vehicle equipment replacement, road reconstruction and resurfacing, school general property improvements, school technology, asbestos and lead abatement at the Senior & Disabled Center, Highway Garage HVAC conversion to natural gas and Town Hall improvements.

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

Long-Term Debt

At June 30, 2016, the Town had \$6.3 million in bonds outstanding versus \$7.3 million last year - a decrease of 14.3% - as shown in Table 5.

TABLE 5 OUTSTANDING DEBT (In Thousands)	Governmental Activities	
	2016	2015
	General Obligation Bonds (backed by the Town)	\$ <u>6,255</u>

- The decrease in the Town's indebtedness is due to principal payments during the year totaling \$1.04 million. The Town had no bonds authorized but unissued at June 30, 2016.
- 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 \$644 million state-imposed limit.

Other obligations include a mortgage for the purchase of open space land as well as accrued vacation pay and sick leave. More detailed information about the Town's long-term liabilities is presented in Note 7 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

From a financial perspective as detailed in this annual financial report, Newington successfully managed the 2015-16 budget through prudent, conservative fiscal management. This is evidenced from the fact that final actual expenditures are \$872 thousand under the final budget while the revenue side generated

an additional \$1.1 million beyond the original estimates. The significant challenges in the development of the 2016-17 Town budget were: 1) the economic conditions in the region and nationally; 2) maintain costs to meet the high level of service to which Town residents are accustomed; and 3) the ability of citizens to absorb any increases in taxes during a year with a property revaluation and less municipal aid. The Town's adopted fiscal year 2016-2017 General Fund appropriations totaled \$115.6, an increase of 1.8% over the 2016 budget of \$113.6 million. The most significant factors driving the overall budget increase include medical insurance, pension contributions and wages.

On the revenue side, the 10/1/2015 taxable list increased by 2.2% from the 2014 Grand List. The net real estate grand list increased \$56 million or 2.6% which is attributable to the State mandated revaluation of all real estate parcels and to new construction that occurred at Harvest Village. The personal property category decreased by 2.4%. The 2015 motor vehicle component of the Grand List increased by 1.7% over the 2014 Grand List. However, the State of Connecticut passed legislation that provided a capped mill rate for all motor vehicles throughout the State as well as municipal aid to remediate this loss of revenue (derived increase in state sales tax). Therefore, Newington's budget included a net motor vehicle tax loss of \$169 thousand. Estimated State Aid and other revenue sources such as building permits and real estate conveyance fees, which comprises approximately 20% of total revenues, increased approximately 6.5%.

On a budgetary basis, the June 30, 2016 unassigned General Fund balance, after the designation of \$2.5 million to assist in financing the 2016-17 appropriations, decreased by \$1 million to a level of \$15 million or 13% of the fiscal year 2016-17 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 .2% without compromising the delivery of services to the community. Similar to other communities, Newington has had to address the difficult budgetary and economic times through strong management, well-managed fund balances and an active economic development program.

At this point in time, a review of key economic indicators shows that Newington has seen the effects of a national and state economic recovery. Per capita income of Newington's residents is \$36.5 thousand, below the statewide average of \$37.9 thousand, but its median family income of \$77.4 thousand exceeds the statewide average by \$7,907. The consumer price index for the United States City Average at October 2016 was at a level of 242. The Northeast Region of the United States was at a level of 257 at the same time. Building permit activity is slightly lower in comparison to last year with the value of permits in October of 2016 equal to \$10 million compared to \$10.4 million a year ago. Newington housing values have increased from October 2015 to October 2016, showing a marginal increase of 0.7%. As of October 2016, the unemployment rate for Newington was 3.8%, down from 4.1%, in the prior year, and compares favorably to the State's unemployment rate of 4.5% 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, 2016
(In Thousands)

	Governmental Activities
Assets:	
Cash and cash equivalents	\$ 49,505
Investments	119
Receivables, net	2,912
Due from trust funds	284
Prepaid asset	25
Inventory	36
Capital assets not being depreciated	10,905
Capital assets being depreciated, net	79,320
Total assets	<u>143,106</u>
Deferred Outflows of Resources:	
Deferred charge on refunding	402
Changes in projected actuarial experience	1,113
Changes in projected actuarial assumptions	1,051
Changes in projected investments earnings	6,098
Total deferred outflows	<u>8,664</u>
Liabilities:	
Accounts and other payables	6,613
Accrued interest payable	20
Unearned revenue	543
Noncurrent liabilities:	
Due within one year	2,137
Due in more than one year	62,675
Total liabilities	<u>71,988</u>
Deferred Inflows of Resources:	
Advance property tax collections	4,613
Changes in projected actuarial experience	26
Total deferred inflows	<u>4,639</u>
Net Position:	
Net investment in capital assets	84,015
Restricted for:	
Trust purposes:	
Expendable	618
Nonexpendable	37
Unrestricted	<u>(9,527)</u>
Total Net Position	\$ <u>75,143</u>

The accompanying notes are an integral part of the financial statements

TOWN OF NEWINGTON, CONNECTICUT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016
(In Thousands)

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental activities:					
General government	\$ 7,546	\$ 602	\$	\$ 4	\$ (6,940)
Public safety	14,633	85	78		(14,470)
Public works	10,172	24	929	642	(8,577)
Community planning and development	1,733	387		790	(556)
Health and community services	1,930	55	235		(1,640)
Library	2,452	23	25		(2,404)
Parks and recreation	3,478	1,081	8		(2,389)
Education	80,656	1,209	23,470	906	(55,071)
Interest on long-term debt	210				(210)
Total	\$ 122,810	\$ 3,466	\$ 24,745	\$ 2,342	(92,257)
General revenues:					
Property taxes					92,051
Grants and contributions not restricted to specific programs					3,172
Unrestricted investment earnings					98
Miscellaneous					375
Total general revenues					<u>95,696</u>
Change in net position					3,439
Net Position at Beginning of Year					<u>71,704</u>
Net Position at End of Year					<u>\$ 75,143</u>

The accompanying notes are an integral part of the financial statements

TOWN OF NEWINGTON, CONNECTICUT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2016
(In Thousands)

	<u>General</u>	<u>Capital Projects</u>	<u>Small Cities</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and cash equivalents	\$ 31,207	\$ 8,010	\$ 32	\$ 5,869	\$ 45,118
Investments				119	119
Receivables, net	1,304	4	839	177	2,324
Due from other funds	327				327
Prepays				25	25
Inventories				36	36
Total Assets	<u>\$ 32,838</u>	<u>\$ 8,014</u>	<u>\$ 871</u>	<u>\$ 6,226</u>	<u>\$ 47,949</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts and other payables	\$ 5,441	\$ 306	\$ 1	\$ 139	\$ 5,887
Due to other funds				43	43
Unearned revenue				543	543
Total liabilities	<u>5,441</u>	<u>306</u>	<u>1</u>	<u>725</u>	<u>6,473</u>
Deferred inflows of resources:					
Unavailable revenue - property taxes	828				828
Unavailable revenue - loans receivable			839		839
Advance property tax collections	4,613				4,613
Total deferred inflows of resources	<u>5,441</u>	<u>-</u>	<u>839</u>	<u>-</u>	<u>6,280</u>
Fund balances:					
Nonspendable				61	61
Restricted			31	1,477	1,508
Committed	515	7,708		3,963	12,186
Assigned	6,460				6,460
Unassigned	14,981				14,981
Total fund balances	<u>21,956</u>	<u>7,708</u>	<u>31</u>	<u>5,501</u>	<u>35,196</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 32,838</u>	<u>\$ 8,014</u>	<u>\$ 871</u>	<u>\$ 6,226</u>	<u>\$ 47,949</u>

(Continued on next page)

TOWN OF NEWINGTON, CONNECTICUT
BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2016
(In Thousands)

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

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

Fund balances - total governmental funds	\$ 35,196
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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	\$ 173,080	
Less accumulated depreciation	<u>(82,855)</u>	
Net capital assets		90,225

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

Housing loan receivables	839
Property tax receivables greater than 60 days	828
Interest receivable on property taxes	588
Deferred outflows related to pension actuarial experience	1,113
Deferred outflows related to pension assumptions	1,051
Deferred outflows related to changes in projected investment earnings	6,098

Internal service funds are used by management to charge the costs of
risk management to individual funds. The assets and liabilities of
the internal service funds are reported with governmental activities
in the statement of net position.

3,661

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	(6,255)
Deferred amount in refunding	402
Deferred charge on premium	(342)
Interest payable on bonds	(20)
Mortgage payable	(15)
Net OPEB obligation	(250)
Compensated absences	(2,526)
Deferred inflows related to pension actuarial experience	(26)
Net pension liability	<u>(55,424)</u>

Net Position of Governmental Activities (Exhibit I)	<u>\$ 75,143</u>
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The accompanying notes are an integral part of the financial statements

TOWN OF NEWINGTON, CONNECTICUT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2016
(In Thousands)

	<u>General</u>	<u>Capital Projects</u>	<u>Small Cities</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:					
Property taxes	\$ 92,240	\$	\$	\$	\$ 92,240
Payment in lieu of taxes	2,811				2,811
Licenses, fees and permits	380			16	396
Intergovernmental	23,340		677	3,273	27,290
Contributions				28	28
Rental	100	72			172
Income on investments	76	3		14	93
Fines	35				35
Charges for services	558	362		1,932	2,852
Other	143	68	5	293	509
Total revenues	<u>119,683</u>	<u>505</u>	<u>682</u>	<u>5,556</u>	<u>126,426</u>
Expenditures:					
Current:					
General government	4,508			49	4,557
Public safety	8,204			71	8,275
Public works	4,608			17	4,625
Community planning and development	551		697		1,248
Health and human services	1,176			199	1,375
Library	1,758			11	1,769
Parks and recreation	1,566			892	2,458
Education	76,094			3,365	79,459
Miscellaneous	13,668				13,668
Capital outlay		4,102		997	5,099
Debt service	1,228	536			1,764
Total expenditures	<u>113,361</u>	<u>4,638</u>	<u>697</u>	<u>5,601</u>	<u>124,297</u>
Excess (Deficiency) of Revenues over Expenditures	<u>6,322</u>	<u>(4,133)</u>	<u>(15)</u>	<u>(45)</u>	<u>2,129</u>
Other Financing Sources (Uses):					
Transfers in	223	5,632		107	5,962
Transfers out	(5,958)	(102)		(127)	(6,187)
Total other financing sources (uses)	<u>(5,735)</u>	<u>5,530</u>	<u>-</u>	<u>(20)</u>	<u>(225)</u>
Net Change in Fund Balances	587	1,397	(15)	(65)	1,904
Fund Balances at Beginning of Year	<u>21,369</u>	<u>6,311</u>	<u>46</u>	<u>5,566</u>	<u>33,292</u>
Fund Balances at End of Year	<u>\$ 21,956</u>	<u>\$ 7,708</u>	<u>\$ 31</u>	<u>\$ 5,501</u>	<u>\$ 35,196</u>

(Continued on next page)

TOWN OF NEWINGTON, CONNECTICUT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2016
(In Thousands)

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

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

Net change in fund balances - total governmental funds (Exhibit IV) \$ 1,904

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	5,787
Depreciation expense	(4,668)

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. (64)

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	(17)
Property tax receivable - accrual basis change	(174)
Housing loan receivable - accrual basis change	8
Deferred outflows related to pension actuarial experience	539
Deferred outflows related to pension assumptions	1,051
Deferred outflows related to changes in projected investment earnings	4,213

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

Mortgage principal payments	515
Bond principal payments	1,040

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	(5)
Accrued interest	3
Net OPEB expense	(25)
Amortization of premium	37
Amortization of deferred charge on refunding	(41)
Deferred outflows related to pension actuarial experience	(26)
Change in net pension liability	(7,391)

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.

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Change in Net Position of Governmental Activities (Exhibit II) \$ 3,439

The accompanying notes are an integral part of the financial statements

TOWN OF NEWINGTON, CONNECTICUT
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
JUNE 30, 2016
(In Thousands)

	Governmental Activities Internal Service Funds
Assets:	
Cash and cash equivalents	\$ 4,387
Liabilities:	
Accounts and other payables	<u>726</u>
Net Position:	
Unrestricted	\$ <u><u>3,661</u></u>

The accompanying notes are an integral part of the financial statements

**TOWN OF NEWINGTON, CONNECTICUT
STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN FUND NET POSITION - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2016
(In Thousands)**

	Governmental Activities
	Internal Service Funds
Operating Revenues:	
Charges for services	\$ 11,339
Miscellaneous	42
Total operating revenues	<u>11,381</u>
Operating Expenses:	
Benefit payments	9,623
Administration	456
Insurance	640
Casualty loss	139
Total operating expenses	<u>10,858</u>
Operating Income	523
Nonoperating Revenue:	
Interest on investments	<u>5</u>
Income Before Transfers	528
Transfers In	<u>225</u>
Change in Net Position	753
Net Position at Beginning of Year	<u>2,908</u>
Net Position at End of Year	<u>\$ 3,661</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, 2016
(In Thousands)**

	Governmental Activities Internal Service Funds
Cash Flows from Operating Activities:	
Cash received from charges for services and other	\$ 11,381
Cash paid to vendors	<u>(10,785)</u>
Net cash provided by (used in) operating activities	596
Cash Flows from Noncapital Financial Activities:	
Transfers in	225
Cash Flows from Investing Activities:	
Interest on investments	<u>5</u>
Net Increase (Decrease) in Cash and Cash Equivalents	826
Cash and Cash Equivalents at Beginning of Year	<u>3,561</u>
Cash and Cash Equivalents at End of Year	\$ <u><u>4,387</u></u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:	
Operating income (loss)	\$ 523
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:	
Increase (decrease) in accounts and other payables	<u>73</u>
Net Cash Provided by (Used in) Operating Activities	\$ <u><u>596</u></u>

The accompanying notes are an integral part of the financial statements

TOWN OF NEWINGTON, CONNECTICUT
STATEMENT OF NET POSITION - FIDUCIARY FUNDS
JUNE 30, 2016
(In Thousands)

	Pension and Other Employee Benefit Trust Funds	Agency Funds
Assets:		
Cash and cash equivalents	\$ 1,401	\$ 570
Investments:		
Mutual funds	<u>68,918</u>	
Total Assets	<u>70,319</u>	<u>\$ 570</u>
Liabilities:		
Accounts payable	600	\$ 570
Due to other funds	<u>284</u>	
Total Liabilities	<u>884</u>	<u>\$ 570</u>
Net Position:		
Restricted for Pension/OPEB Benefits	<u>\$ 69,435</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, 2016
(In Thousands)**

	Pension and Other Employee Benefit Trust Funds
Additions: Contributions: Employer Plan members Total contributions	\$ 7,566 1,463 <u>9,029</u>
Investment income (loss): Net change in fair value of investments Interest and dividends Total investment income (loss)	(2,170) 1,290 <u>(880)</u>
Less investment expense Net investment income (loss)	359 <u>(1,239)</u>
Total additions	<u>7,790</u>
Deductions: Benefits Administration Total deductions	9,648 277 <u>9,925</u>
Change in Net Position	(2,135)
Net Position at Beginning of Year	<u>71,570</u>
Net Position at End of Year	\$ <u><u>69,435</u></u>

The accompanying notes are an integral part of the financial statements

TOWN OF NEWINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016
(In Thousands)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

B. Government-Wide and Fund Financial Statements

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

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

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

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For

TOWN OF NEWINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016
(In Thousands)

this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, charges for services, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received.

The Town reports the following major governmental funds:

The *General Fund* is the Town's primary operating fund. It accounts for all financial resources of the Town, except those required to be accounted for in another fund.

The *Capital Projects Fund* accounts for the construction and acquisition of major capital assets.

The *Small Cities Fund* accounts for Federal grants for community development and a housing loan program. The major source of revenues for this program is intergovernmental revenue.

Additionally, the Town reports the following fund types:

The *Internal Service Fund* accounts for the Town's health benefits program.

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

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

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

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

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.

TOWN OF NEWINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016
(In Thousands)

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 7.7% of outstanding property taxes at June 30, 2016.

The Town's property tax is levied each May on the assessed value listed on the prior October 1 Grand List for all taxable property located in the Town. Although taxes are levied in May, the legal right to attach property does not exist until July 1, and, as such, taxes are due and payable in two installments on July 1 and January 1 following the date of the Grand List. Additional property taxes are assessed for motor vehicles registered subsequent to the Grand List date through July 31 and are payable in one installment due January 1. It is the policy of the Town to record deferred revenue for property taxes receivable at June 30. Property taxes collected prior to June 30 that are applicable to the subsequent year's assessment are reported as deferred revenue. Taxes become overdue one month after the installment due date. Interest at the rate of 1.5% per month accrues on all overdue taxes. The Town files liens against property if taxes that are due July 1 remain unpaid on the following June 30.

F. Inventories and Prepaid Items

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

G. Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of five years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

TOWN OF NEWINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016
(In Thousands)

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant and equipment is depreciated using the straight-line method over the following estimated useful lives:

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

H. 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. Deferred outflows of resources are reported in the Town’s government-wide statement of net position for deferred charge on refunding, for differences between expected and actual experience, and for changes in projected investment earning related to pension plans. No deferred outflows of resources affect the governmental fund financial statements in the current year.

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 for differences between expected and actual experience is recognized when a loss is incurred as a result of economic/demographic changes. These amounts are deferred and included in pension expense in a systematic and rational manner over a period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension plan (active employees and inactive employees) beginning with the current year. The deferred outflows of resources related to losses between the projected earnings on pension plan investments and actual earnings are attributed to pension expense over a total of five years, beginning with the current year.

I. Deferred Inflows of Resources

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period or periods and so will not be recognized as an inflow of resources (revenue) until that time. The Town reports advance property tax collections and deferred inflows of resources related to pensions in the government-wide statement of net position. A deferred inflow of resources related to pension results from differences between expected and actual experience, changes in assumptions or other inputs. These amounts are deferred and included in pension expense in a systematic and rational manner over a period equal to

TOWN OF NEWINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016
(In Thousands)

the average of the expected remaining service lives of all employees that are provided with benefits through the pension plan (active employees and inactive employees). Advance property tax collections represent taxes inherently associated with a future period. This amount is recognized during the period in which the revenue is associated. For governmental funds, the Town reports unavailable revenue, which arises only under the modified accrual basis of accounting. The governmental funds report unavailable revenues from the following sources: property taxes and long-term loans. These amounts are deferred and recognized as an inflow of resources (revenue) in the period that the amounts become available.

J. Compensated Absences

Employees are paid by a prescribed formula for absence due to vacation or sickness. For eligible Town employees and Board of Education noncertified employees, sick time may be accumulated and paid upon death, retirement or termination, up to certain limits. The Town does not recognize sick pay liability for Board of Education certified staff. The Town does not accrue vacation pay liability because employees are generally not allowed to carry vacation time over to the following year.

A special revenue fund, the Employee Leave Liability Fund, has been established to offset the Town's future liability for unused, accrued sick pay earned by Town employees in accordance with official personnel policies. The fund is used to pay employees who are entitled to cash payments for unused sick leave. The General Fund generally provides for the payment of compensated absences for active employees.

K. Net Pension Liability

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

L. Net OPEB Obligations

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

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.

TOWN OF NEWINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016
(In Thousands)

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.

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.

TOWN OF NEWINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016
(In Thousands)

O. Use of Estimates

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

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

The Town adheres to the following procedures in establishing the budgetary data reported in the financial statements for the General Fund. Prior to March 16, the Town Manager submits to the Town Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.

Two public hearings are held by the Town Council, at which taxpayer comments are obtained, and then the Town Council legally adopts the budget by a majority vote of all its members. If the Town Council fails to adopt a budget within ten days after holding its second public hearing, the Town Manager's budget becomes the Town budget.

- The Town Manager is authorized to transfer budgeted amounts within departments within any fund, except within the Board of Education. The Town Council, during the last six months of the year, may transfer any unencumbered appropriations between departments, except for the Board of Education. The Board of Education is responsible for establishing its own system of budgetary control and certification of the sufficiency of unexpended and unencumbered balance of appropriation. The Town Council may authorize additional appropriations from unappropriated and unencumbered General Fund balance up to \$375,000 (amount not rounded). Special appropriations between \$375,000 and \$975,000 (amount not rounded) require a Town ordinance. Special appropriations over \$975,000 (amount not rounded) require voter approval.
- Formal budgetary integration is employed as a management control device during the year for the General Fund legally adopted budget.
- Except for encumbrance accounting, the budget is prepared on the modified accrual basis of accounting.
- The legal level of control (the level at which expenditures may not legally exceed appropriations) is at the department level for the General Fund.
- Budgeted amounts shown are as amended. There were no additional appropriations from fund balance during 2015-16.

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.

TOWN OF NEWINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016
(In Thousands)

3. CASH, CASH EQUIVALENTS AND INVESTMENTS

The deposit of public funds is controlled by the Connecticut General Statutes (Section 7-402). Deposits may be made in a “qualified public depository” as defined by Statute, or, in amounts not exceeding the Federal Deposit Insurance Corporation insurance limit, in an “out of state bank” as defined by the Statutes, which is not a “qualified public depository.”

The Connecticut General Statutes (Section 7-400) permit municipalities to invest in: 1) obligations of the United States and its agencies, 2) highly rated obligations of any state of the United States or of any political subdivision, authority or agency thereof, and 3) shares or other interests in custodial arrangements or pools maintaining constant net asset values and in highly rated no-load open end money market and mutual funds (with constant or fluctuating net asset values) whose portfolios are limited to obligations of the United States and its agencies, and repurchase agreements fully collateralized by such obligations. Other provisions of the Statutes cover specific municipal funds with particular investment authority. The provisions of the Statutes regarding the investment of municipal pension funds do not specify permitted investments. Therefore, investment of such funds is generally controlled by the laws applicable to fiduciaries and the provisions of the applicable plan.

The Statutes (Sections 3-24f and 3-27f) also provide for investment in shares of the State Short-Term Investment Fund (STIF) and the State Tax Exempt Proceeds Fund (TEPF). These investment pools are under the control of the State Treasurer, with oversight provided by the Treasurer’s Cash Management Advisory Board, and are regulated under the State Statutes and subject to annual audit by the Auditors of Public Accounts. Investment yields are accounted for on an amortized-cost basis with an investment portfolio that is designed to attain a market-average rate of return throughout budgetary and economic cycles. Investors accrue interest daily based on actual earnings, less expenses and transfers to the designated surplus reserve, and the fair value of the position in the pool is the same as the value of the pool shares.

Deposits

Deposit Custodial Credit Risk

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

Based on the criteria described in GASB Statement No. 40, *Deposits and Investment Risk Disclosures*, \$42,119 of the Town’s bank balance of \$43,713 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 37,748
Uninsured and collateral held by the pledging bank’s trust department, not in the Town’s name	<u>4,371</u>
Total Amount Subject to Custodial Credit Risk	<u>\$ 42,119</u>

TOWN OF NEWINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016
(In Thousands)

Cash Equivalents

At June 30, 2016, the Town's cash equivalents amounted to \$9,934. The following table provides a summary of the Town's cash equivalents (excluding U.S. government guaranteed obligations) as rated by nationally recognized statistical rating organizations. The pools all have maturities of less than one year.

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

*Not rated

Investments

Investments as of June 30, 2016 in all funds consisted of \$69,037 as follows:

Investments:	
Special Revenue Fund:	
Mutual Funds	\$ <u>119</u> *
Pension and OPEB Trust Funds:	
Mutual Funds	<u>68,918</u> *
Total Investments	\$ <u><u>69,037</u></u>

*These investments are uninsured and unregistered, with securities held by the counterparty, but not in the Town's or the Pension Trust Fund's name.

Interest Rate Risk

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

Credit Risk - Investments

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

Concentration of Credit Risk

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

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Custodial Credit Risk

Custodial credit risk for an investment is the risk that, in the event of the failure of the counterparty (the institution that pledges collateral or repurchase agreement securities to the Town or that sells investments to or buys them for the Town), the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Town does not have a policy for custodial credit risk. At June 30, 2016, 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.

The Town adopted new accounting guidance, GASB Statement No. 72, *Fair Value Measurement and Application*. The new disclosure is presented below:

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, 2016:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments by fair value level:				
Mutual Funds	\$ <u>69,037</u>	\$ <u>69,037</u>	\$ <u>-</u>	\$ <u>-</u>

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

4. RECEIVABLES

Receivables as of year end for the Town's individual major funds and nonmajor, internal service and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Capital Projects</u>	<u>Small Cities</u>	<u>Nonmajor and Other Funds</u>	<u>Total</u>
Receivables:					
Taxes	\$ 1,042	\$	\$	\$	\$ 1,042
Accounts	239	4		43	286
Housing loans			839		839
Intergovernmental	<u>117</u>			<u>134</u>	<u>251</u>
Gross receivables	1,398	4	839	177	2,418
Less allowance for uncollectibles	<u>94</u>				<u>94</u>
Net Total Receivables	\$ <u>1,304</u>	\$ <u>4</u>	\$ <u>839</u>	\$ <u>177</u>	\$ <u>2,324</u>

The above table does not include accrued interest on property taxes of \$588.

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5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2016 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	\$ 7,713	\$ 76	\$	\$ 7,789
Construction in progress	276	70		346
Intangible assets	<u>2,770</u>			<u>2,770</u>
Total capital assets not being depreciated	<u>10,759</u>	<u>146</u>	<u>-</u>	<u>10,905</u>
Capital assets being depreciated:				
Buildings	71,098	1,794	(5)	72,887
Improvements other than buildings	9,460	173		9,633
Furniture, fixtures and equipment	27,583	2,932	(779)	29,736
Infrastructure	<u>49,177</u>	<u>742</u>		<u>49,919</u>
Total capital assets being depreciated	<u>157,318</u>	<u>5,641</u>	<u>(784)</u>	<u>162,175</u>
Less accumulated depreciation for:				
Buildings	(30,665)	(1,600)		(32,265)
Improvements other than buildings	(3,424)	(439)		(3,863)
Furniture, fixtures and equipment	(17,532)	(1,928)	720	(18,740)
Infrastructure	<u>(27,286)</u>	<u>(701)</u>		<u>(27,987)</u>
Total accumulated depreciation	<u>(78,907)</u>	<u>(4,668)</u>	<u>720</u>	<u>(82,855)</u>
Total capital assets being depreciated, net	<u>78,411</u>	<u>973</u>	<u>(64)</u>	<u>79,320</u>
Governmental Activities Capital Assets, Net	<u>\$ 89,170</u>	<u>\$ 1,119</u>	<u>\$ (64)</u>	<u>\$ 90,225</u>

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
General government	\$ 355
Public safety	886
Public works	928
Community planning and development	243
Community services	101
Library	96
Parks and recreation	258
Education	<u>1,801</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 4,668</u>

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Construction Projects

The Town has 49 active construction projects as of June 30, 2016. The projects include various school and Town improvements project authorizations. At year end, the Town's appropriation balances are as follows:

<u>Project</u>	<u>Cumulative Authorizations</u>	<u>Spent-to-Date</u>	<u>Remaining Commitment</u>
Computer system replacement	\$ 4,234	\$ 3,731	\$ 503
Town Hall improvements	3,470	2,905	565
School code compliance	2,677	2,442	235
Road reconstruction	2,675	2,628	47
Newington High School Career renovations	2,420	148	2,272
J. Wallace Middle School S.T.E.M. Academy	1,198	1,153	45
Parks and playground improvements	1,086	1,031	55
Drainage improvement	1,049	810	239
Tax revaluation reserve	1,045	1,009	36
Other various projects	<u>8,406</u>	<u>6,830</u>	<u>1,576</u>
Total	<u>\$ 28,260</u>	<u>\$ 22,687</u>	<u>\$ 5,573</u>

6. INTERFUND ACCOUNTS

During the course of operations, transactions are processed through the General Fund on behalf of other funds. A summary of General Fund interfund balances as of June 30, 2016 is presented below:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Nonmajor Governmental Funds	\$ 43
General Fund	Fiduciary Trust Funds	284

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

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Interfund transfers:

	Transfer In				Total Transfers Out
	General	Capital Projects	Nonmajor Governmental	Internal Service	
Transfers out:					
General Fund	\$	\$ 5,632	\$ 101	\$ 225	\$ 5,958
Capital Projects	96		6		102
Nonmajor Governmental	127				127
Total Transfers In	\$ 223	\$ 5,632	\$ 107	\$ 225	\$ 6,187

Transfers are for regularly recurring operational transfers.

7. LONG-TERM DEBT

Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2016 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Bonds payable:					
General obligation bonds	\$ 7,295	\$	\$ 1,040	\$ 6,255	\$ 1,035
Premiums	379		37	342	36
Total bonds payable	7,674		1,077	6,597	1,071
Mortgage payable	530		515	15	15
Compensated absences	2,521	1,045	1,040	2,526	1,051
Net OPEB Obligation	225	25		250	
Net pension liability	48,033	7,391		55,424	
Total Governmental Activity Long-Term Liabilities	\$ 58,983	\$ 8,461	\$ 2,632	\$ 64,812	\$ 2,137

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A schedule of bonds and serial notes outstanding at June 30, 2016 is presented below:

<u>Description</u>	<u>Date of Issue</u>	<u>Amount of Interest Rate (%)</u>	<u>Balance Original Issue</u>	<u>Outstanding June 30, 2016</u>
General purpose bonds:				
Police station	02/13	1-4.0%	\$ 4,818	\$ 3,422
School:				
School improvements	02/13	1-4.0%	4,992	<u>2,833</u>
Total				<u>\$ 6,255</u>

The following is a schedule of bond maturities as of June 30, 2016:

<u>Fiscal Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 1,035	\$ 157	\$ 1,192
2018	1,025	126	1,151
2019	695	91	786
2020	690	70	760
2021	675	56	731
2022-2026	<u>2,135</u>	<u>93</u>	<u>2,228</u>
Total	<u>\$ 6,255</u>	<u>\$ 593</u>	<u>\$ 6,848</u>

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

<u>Category</u>	<u>Debt Limit</u>	<u>Net Indebtedness</u>	<u>Balance</u>
General purpose	\$ 206,890	\$ 3,422	\$ 203,468
Schools	413,780	2,833	410,947
Sewers	344,816	82,361	262,455
Urban renewal	298,841	-	298,841
Pension deficit	275,853	-	275,853

The total overall statutory debt limit for the Town is equal to seven times annual receipts from taxation or \$644 million. All long-term debt obligations are retired through General Fund appropriations.

Indebtedness, in accordance with State Statutes, includes long-term debt outstanding in addition to the amount of bonds authorized and unissued against which bonds have been issued to partially finance the project or bond anticipation notes issued and outstanding. Sewer indebtedness includes overlapping debt of the Metropolitan District. As a member of the Metropolitan District (a quasi-municipal corporation that provides water supply and sewerage collection and disposal facilities for members), the Town is contingently liable for \$82,361 or 9.01% of the debt of the Metropolitan District.

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The Town entered into a master lease-purchase agreement dated June 30, 2016 to purchase a fire rescue truck for an amount of \$700. Initial payment of the equipment was on July 1, 2016 with final payment estimated to be November 1, 2016 upon the delivery of the fire rescue truck. The Town will pay the lease back with an interest of 1.620% for a period of five years starting on January 1, 2017.

Mortgage Payable

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

The following is a schedule of mortgage maturities as of June 30, 2016:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 15	\$ 1	\$ 16

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 \$721 reported in the Health Benefits Internal Service Fund at June 30, 2016 is based on GASB Statement No. 10, which requires that a liability for estimated claims incurred but not reported be recorded. Changes in the claims liability were:

	<u>Liability</u>		<u>Current Year</u>		<u>Claim</u>		<u>Liability</u>
	<u>July 1,</u>		<u>Claims and</u>		<u>Payments</u>		<u>June 30,</u>
			<u>Changes in Estimates</u>				
2014-2015	\$ 622	\$	9,466	\$	9,442	\$	646
2015-2016	646		9,623		9,548		721

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.

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9. FUND BALANCE

The components of fund balance for the governmental funds at June 30, 2016 are as follows:

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Small Cities</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Fund balances:					
Nonspendable:					
Inventory	\$	\$	\$	\$ 36	\$ 36
Prepays				25	25
Restricted for:					
Grants			31	1,440	1,471
Permanent funds				37	37
Committed to:					
Education non-lapsing	515				515
Public buildings		3,166			3,166
Capital and nonrecurring projects		3,136			3,136
Public schools		1,358			1,358
Land acquisition		48			48
Education				643	643
Cemetery maintenance				1,360	1,360
Public safety activities				16	16
Recreation programs				889	889
Employee leave liability				685	685
Volunteer ambulance				222	222
Volunteer firefighters				119	119
General government				29	29
Assigned to:					
Subsequent year's budget	2,500				2,500
General government - encumbrances	186				186
Public safety - encumbrances	21				21
Public works - encumbrances	2				2
Health and community services - encumbrances	5				5
Parks and recreation - encumbrances	2				2
Library - encumbrances	1				1
Education - encumbrances	3,717				3,717
Miscellaneous - encumbrances	26				26
Unassigned	14,981				14,981
Total Fund Balances	\$ 21,956	\$ 7,708	\$ 31	\$ 5,501	\$ 35,196

Major encumbrances are reported in the assigned fund balance of the General Fund of \$3,960, committed fund balance for Capital Projects of \$767, and restricted and committed fund balance of Nonmajor Governmental Funds of \$14 and \$3, respectively.

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In accordance with Connecticut General Statute 10-248a, the Town Council established a non-lapsing account to deposit unexpended funds from the budgeted appropriations for education purposes capped at one percent (1%) of the Board of Education's operating budget. As such, the Board of Education's unexpended funds as of June 30, 2016 is reported in the committed fund balance of the General Fund in the amount of \$515.

10. OTHER POST EMPLOYMENT BENEFITS

A. Plan Description

The Town provides post employment benefits for Police Department, Teachers and certain other retirees. This benefit is provided per various bargaining agreements. The Town pays for 100% of retiree and spouse costs for Police and 75% of retiree costs for Town and Board of Education administrators. The Town is required to provide medical, dental and life insurance to certain retired police officers. The Town is also required to provide medical and dental insurance to certain other retirees until the retirees reach the age of 65 or unless covered elsewhere. The post employment benefits plan is a single-employer defined benefit healthcare plan administered by the Town. The post employment benefits plan is considered to be part of the Town's financial reporting entity and is included in the Town's financial report as the Other Post Employment Benefits Trust Fund. The Town does not issue a separate stand-alone financial statement for this program.

B. Funding Policy

The Town has established a trust fund to irrevocably segregate assets to fund the liability associated with post employment benefits. The fund is reported as a trust fund in accordance with GASB guidelines. The annual required contribution (ARC) payment is transferred into this account annually from the General Fund and budgeted as part of the budgeting process, which is approved by the Town Council.

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

- AFSCME Board of Education and Town employees are eligible for retiree health care coverage until age 65 upon attainment of normal or early retirement. Normal retirement is the earlier of age 63 or completion of 25 years of service. Early retirement is age 55, and 5 years of continuous service or 15 years of aggregate service. Coverage is pre-65 only. Post-65 non-Medicare eligible retirees can continue coverage at their own expense.
- Police officers are eligible for retiree health care coverage until age 65 upon attainment of normal or early retirement. Normal retirement is the earlier of age 50 or completion of 20 years of service. Early retirement is age 45 and 10 years of continuous service. For officers hired on or after January 1, 2007, normal retirement is the completion of 25 years of service regardless of age and an officer retiring prior to normal retirement shall not be eligible for retiree health care benefits.
- Per state statute, any Teacher and School Certified Administrator hired prior to March 1986 that does not qualify for Medicare can be eligible for retiree health coverage for lifetime at the earlier of age 55 with 20 years of service or 25 years of service. Those qualifying for Medicare are allowed to remain on the health insurance plan until age 65.

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- 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.

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

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

C. Annual OPEB Cost and Net OPEB Obligations

The Town's annual other post employment benefit (OPEB) cost is calculated based on the ARC, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The following table shows the components of the Town's annual OPEB cost for the year, the amount actually contributed to the plan and changes in the Town's net OPEB obligation:

	Post Employment Benefits Plan
Annual required contribution (ARC)	\$ 1,970
Interest on net OPEB obligation	16
Adjustment to annual required contribution	<u>(15)</u>
Annual OPEB cost	1,971
Contributions made	<u>1,946</u>
Increase in net OPEB obligation	25
Net OPEB obligation, beginning of year	<u>225</u>
Net OPEB Obligation, End of Year	<u><u>\$ 250</u></u>

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

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost (AOC)</u>	<u>Actual Contribution</u>	<u>Percentage of AOC Contributed</u>	<u>Net OPEB Obligation</u>
6/30/14	\$ 1,797	\$ 1,916	106.62%	\$ 125
6/30/15	1,881	1,781	94.70	225
6/30/16	1,971	1,946	98.72	250

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Schedule of Funding Progress

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) (b)</u>	<u>Funded (Unfunded) AAL (UAAL) (a-b)</u>	<u>Percentage Funded (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a % of Covered Payroll ((a-b)/c)</u>
7/1/11	\$ 1,721	\$ 18,620	\$ (16,899)	9.2%	\$ N/A	N/A
7/1/13	3,398	20,863	(17,465)	16.3	46,334	37.69%
7/1/15	5,289	20,561	(15,272)	25.9	46,163	33.08%

Schedule of Employer Contributions

<u>Year Ended June 30,</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
2011	\$ 1,843	181.71%
2012	1,939	101.80
2013	1,713	122.01
2014	1,795	106.74
2015	1,880	94.70
2016	1,970	98.72

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as accrual results are compared with past expectations and new estimates are made about the future. Projections for benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2015 actuarial valuation, the projected unit credit cost method was used. The actuarial assumptions include a 7.38% investment rate of return, which is the rate of the expected long-term investment returns of plan assets calculated based on the funding policy of the plan at the valuation date, a payroll growth rate of 3.5% and an inflation rate of 2.75%. The actuarial value of assets was determined at market value. The UAAL is being amortized as a level percentage over a 30-year period decreasing, closed group. The annual healthcare cost trend rate is 5.7% initially with an ultimate rate of 4.7%.

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The following schedule presents the net position held in trust for OPEB benefits at June 30, 2016 and the changes in net position for the year ended:

	OPEB
	Trust Fund
	<u> </u>
Assets:	
Cash and cash equivalents	\$ 50
Investments:	
Mutual funds	<u> 5,030</u>
Total assets	<u> 5,080</u>
Liabilities:	
Accounts payable	10
Due to other funds	<u> 284</u>
Total liabilities	<u> 294</u>
Net Position:	
Restricted for OPEB Benefits	\$ <u><u> 4,786</u></u>

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	OPEB
	Trust Fund
Additions:	
Contributions:	
Employer	\$ 1,946
Plan members	592
Total contributions	<u>2,538</u>
Investment income (loss):	
Net depreciation in fair value of investments	(381)
Interest and dividends	252
Total investment loss	<u>(129)</u>
Less investment expense	19
Net investment loss	<u>(148)</u>
Total additions	<u>2,390</u>
Deductions:	
Benefits	2,504
Administration	218
Total deductions	<u>2,722</u>
Change in Net Position	(332)
Net Position - Beginning of Year	<u>5,118</u>
Net Position - End of Year	<u>\$ 4,786</u>

11. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS

Defined Benefit Plans

A. Plan Description and Benefits Provided

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

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

Municipal Employees' Plan

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

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

Police Officers' Plan

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

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

Administrative Employees' Plan

All administrative or technical employees not covered under the Municipal Employees' Plan or Police Officers' Plan are eligible under the Administrative Employees' Plan. Effective January 1, 1997, the plan was closed to all new hires. Benefits vest after 5 years of continuous service or 15 years of aggregate service. Normal retirement is the earlier of age 65 or 30 years of service.

Pension benefits for normal retirement under the Administrative Employees' Plan are based on the rate of earnings for the highest average earnings received in any three consecutive years. The participants' yearly pension amount will be equal to 1.75% of final earnings up to \$10,000 (not rounded) plus 2% of final earnings in excess of \$10,000 multiplied by the number of years of aggregate service. The plan permits early retirement for participants at age 55 who have 10 years of continuous service or 15 years of aggregate service. Benefits for early retirement are computed based on the normal retirement benefit and adjusted by the appropriate early retirement adjustment factor.

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(In Thousands)

Volunteer Firefighters’ Plan

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

The 17 continuing participants receive benefit enhancements that will be phased in over a 5-year period. Monthly pension benefit amount for normal retirement for those who continue in this Volunteer Firefighters’ Plan is equal to \$120 (not rounded) based on the completion of ten years of credited service plus \$7.50 (not rounded) for each additional year of service effective July 1, 1999 (increasing \$.50 each July 1, maximum to \$12.00). There are also percentage increases in the benefits if the participant is an officer of the Volunteer Fire Department for at least five years. The pension plan is closed to new entrants.

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

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

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.

TOWN OF NEWINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016
(In Thousands)

C. Funding Policy

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

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

D. Pension Trust Funds

The Town maintains various pension trust funds to account for its fiduciary responsibility. The following schedules present the net position held in trust for pension benefits at June 30, 2016 and the changes in net position for the year then ended.

	<u>Schedule of Plan Net Position</u>						
	<u>Municipal</u>	<u>Police</u>	<u>Administrative</u>	<u>Volunteer Firefighters' Plans</u>		<u>Eliminations</u>	<u>Total</u>
	<u>Employee's</u>	<u>Officer's</u>	<u>Employees'</u>	<u>Defined</u>	<u>Defined</u>		
	<u>Plan</u>	<u>Plan</u>	<u>Plan</u>	<u>Benefit</u>	<u>Contribution</u>		
Assets:							
Cash and equivalents	\$ 251	\$ 301	\$ 73	\$	\$ 726	\$	\$ 1,351
Investments	21,609	35,643	5,227	501	908		63,888
Due from other funds	17					(17)	-
Total assets	<u>21,877</u>	<u>35,944</u>	<u>5,300</u>	<u>501</u>	<u>1,634</u>	<u>(17)</u>	<u>65,239</u>
Liabilities:							
Accounts payable	234	284	72				590
Due to other funds			17			(17)	-
Total liabilities	<u>234</u>	<u>284</u>	<u>89</u>	<u>-</u>	<u>-</u>	<u>(17)</u>	<u>590</u>
Net Position Restricted for							
Pension Benefits	<u>\$ 21,643</u>	<u>\$ 35,660</u>	<u>\$ 5,211</u>	<u>\$ 501</u>	<u>\$ 1,634</u>	<u>\$ -</u>	<u>\$ 64,649</u>

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

	Schedule of Changes in Plan Net Position					
	Municipal Employees' Plan	Police Officers' Plan	Administrative Employees' Plan	Volunteer Firefighters' Plans		Total Pension Trust Funds
				Defined Benefit	Defined Contribution	
Additions:						
Contributions:						
Employer	\$ 1,623	\$ 3,338	\$ 449	\$ 133	\$ 77	\$ 5,620
Plan members	<u>284</u>	<u>535</u>	<u>41</u>	<u>11</u>	<u>11</u>	<u>871</u>
Total contributions	<u>1,907</u>	<u>3,873</u>	<u>490</u>	<u>133</u>	<u>88</u>	<u>6,491</u>
Investment income (loss):						
Net appreciation (depreciation) in fair value of investments	(633)	(993)	(159)	(25)	21	(1,789)
Interest and dividends	<u>355</u>	<u>574</u>	<u>87</u>	<u>22</u>	<u>21</u>	<u>1,038</u>
Total investment income (loss)	<u>(278)</u>	<u>(419)</u>	<u>(72)</u>	<u>(3)</u>	<u>21</u>	<u>(751)</u>
Less investment expenses	<u>119</u>	<u>192</u>	<u>29</u>	<u>3</u>	<u>21</u>	<u>340</u>
Net investment income (loss)	<u>(397)</u>	<u>(611)</u>	<u>(101)</u>	<u>(3)</u>	<u>21</u>	<u>(1,091)</u>
Total additions	<u>1,510</u>	<u>3,262</u>	<u>389</u>	<u>130</u>	<u>109</u>	<u>5,400</u>
Deductions:						
Benefits	2,796	3,330	848	125	45	7,144
Administration	<u>15</u>	<u>16</u>	<u>3</u>	<u>12</u>	<u>13</u>	<u>59</u>
Total deductions	<u>2,811</u>	<u>3,346</u>	<u>851</u>	<u>137</u>	<u>58</u>	<u>7,203</u>
Net increase (decrease)	(1,301)	(84)	(462)	(7)	51	(1,803)
Net Position at Beginning of Year	<u>22,944</u>	<u>35,744</u>	<u>5,673</u>	<u>508</u>	<u>1,583</u>	<u>66,452</u>
Net Position at End of Year	<u>\$ 21,643</u>	<u>\$ 35,660</u>	<u>\$ 5,211</u>	<u>\$ 501</u>	<u>\$ 1,634</u>	<u>\$ 64,649</u>

TOWN OF NEWINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016
(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, 2016:

Asset Class	Municipal Employees Target Allocation		Police Target Allocation		Administrative Employees Target Allocation		Firefighters Target Allocation
Strategic Bond	18	%	18	%	18	%	25
Intermediate Fixed Income	14		14		14		25
Global Bond Fund	8		8		8		18
Total fixed	<u>40</u>		<u>40</u>		<u>40</u>		<u>68</u>
S & P 500 Index	34		34		34		14
Middle Company							4
Small Company	10		10		10		4
Developed Foreign Equities	16		16		16		7
Emerging Markets							3
Total equity	<u>60</u>		<u>60</u>		<u>60</u>		<u>32</u>
Total Allocation	<u>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, 2016, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was (1.77)% for Administrative Employees, (1.71)% for Municipal Employees, (1.36)% for Police and (.70)% 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, 2016
(In Thousands)

F. Net Pension Liability of the Town

The components of the net pension liability of the Town at June 30, 2016, were as follows:

	<u>Municipal Employees</u>	<u>Police</u>	<u>Administrative Employees</u>	<u>Firefighters</u>
Total pension liability	\$ 44,032	\$ 61,189	\$ 11,766	\$ 1,452
Plan fiduciary net position	<u>21,643</u>	<u>35,660</u>	<u>5,211</u>	<u>501</u>
Net Pension Liability	<u>\$ 22,389</u>	<u>\$ 25,529</u>	<u>\$ 6,555</u>	<u>\$ 951</u>
Plan fiduciary net position as a percentage of the total pension liability	49.15%	58.28%	44.29%	34.50%

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

Actuarial Assumptions

The total pension liability for Administrative Employees, Municipal Employees and Police was determined by an actuarial valuation as of June 1, 2015, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Salary increases	3.5%, average, including inflation
Investment rate of return	7.38%, net of pension plan investment expense, including inflation

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

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

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

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

TOWN OF NEWINGTON, CONNECTICUT
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The long-term expected rate of return on pension plan investments was determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions are per Milliman's investment consulting practice as of June 30, 2015. 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, 2016 (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	2.55 %	2.55 %	2.55 %	1.75 %
Intermediate Fixed Income	2.12	2.12	2.12	3.21
Global Bond Fund	0.93	0.93	0.93	0.93
Equity:				
S & P 500 Index	3.86	3.86	3.86	3.86
Middle Company Value				4.25
Small Company	4.25	4.25	4.25	4.01
Developed Foreign Equities	4.35	4.35	4.35	4.35
Emerging Markets				4.84

Discount Rate

The discount rate used to measure the total pension liability was 7.38%. 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
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(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 June 30, 2015	\$ 42,069	\$ 22,944	\$ 19,125
Changes for the year:			
Service cost	538		538
Interest on total pension liability	3,122		3,122
Differences between expected and actual experience	581		581
Changes in assumptions	518		518
Employer contributions		1,623	(1,623)
Member contributions		284	(284)
Net investment income (loss)		(397)	397
Benefit payments, including refund to employee contributions	(2,796)	(2,796)	-
Administrative expenses		(15)	15
Net changes	1,963	(1,301)	3,264
Balances as of June 30, 2016	\$ 44,032	\$ 21,643	\$ 22,389

Police Employees' Pension Plan			
	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a)-(b)
Balances as of June 30, 2015	\$ 57,704	\$ 35,744	\$ 21,960
Changes for the year:			
Service cost	1,178		1,178
Interest on total pension liability	4,319		4,319
Differences between expected and actual experience	483		483
Changes in assumptions	835		835
Employer contributions		3,338	(3,338)
Member contributions		535	(535)
Net investment income (loss)		(611)	611
Benefit payments, including refund to employee contributions	(3,330)	(3,330)	-
Administrative expenses		(16)	16
Net changes	3,485	(84)	3,569
Balances as of June 30, 2016	\$ 61,189	\$ 35,660	\$ 25,529

TOWN OF NEWINGTON, CONNECTICUT
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JUNE 30, 2016
(In Thousands)

Administrative Employees' Pension Plan

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a)-(b)
Balances as of June 30, 2015	\$ 11,688	\$ 5,673	\$ 6,015
Changes for the year:			
Service cost	66		66
Interest on total pension liability	838		838
Differences between expected and actual experience	(63)		(63)
Changes in assumptions	85		85
Employer contributions		449	(449)
Member contributions		41	(41)
Net investment income (loss)		(101)	101
Benefit payments, including refund to employee contributions	(848)	(848)	-
Administrative expenses		(3)	3
Net changes	78	(462)	540
Balances as of June 30, 2016	\$ 11,766	\$ 5,211	\$ 6,555

Volunteer Firefighters' Pension Plan

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a)-(b)
Balances as of June 30, 2015	\$ 1,441	\$ 508	\$ 933
Changes for the year:			
Interest on total pension liability	86		86
Differences between expected and actual experience	50		50
Employer contributions		133	(133)
Net investment income (loss)		(4)	4
Benefit payments, including refund to employee contributions	(125)	(125)	-
Administrative expenses		(11)	11
Net changes	11	(7)	18
Balances as of June 30, 2016	\$ 1,452	\$ 501	\$ 951

TOWN OF NEWINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
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(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 7.38% for Municipal Employees, Police and Administrative Employees, as well as what the Town's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.38%) or 1 percentage point higher (8.38%) than the current rate:

	1% Decrease 6.38%	Current Discount Rate 7.38%	1% Increase 8.38%
Municipal Employees' Net Pension Liability	\$ 26,900	\$ 22,389	\$ 18,507
Police Net Pension Liability	33,193	25,529	19,172
Administrative Employees' Net Pension Liability	7,673	6,555	5,593

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

	1% Decrease 5.00%	Current Discount Rate 6.00%	1% Increase 7.00%
Firefighters Net Pension Liability	\$ 1,094	\$ 951	\$ 830

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

For the year ended June 30, 2016, the Town recognized pension expense of (\$7,158). At June 30, 2016, the Town reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

Deferred Outflows of Resources

	Municipal Employees' Pension Plan	Police Retirement Plan	Administrative Employees' Pension Plan	Volunteer Firefighters' Pension Plan	Total
Differences between expected and actual experience	\$ 519	\$ 568	\$	\$ 26	\$ 1,113
Changes of assumptions	333	683	35		1,051
Net difference between projected and actual earning on pension plan investments	<u>2,148</u>	<u>3,362</u>	<u>531</u>	<u>57</u>	<u>6,098</u>
Total	<u>\$ 3,000</u>	<u>\$ 4,613</u>	<u>\$ 566</u>	<u>\$ 83</u>	<u>\$ 8,262</u>

TOWN OF NEWINGTON, CONNECTICUT
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JUNE 30, 2016
(In Thousands)

Deferred Inflows of Resources

	<u>Administrative Employees' Pension Plan</u>
Differences between expected and actual experience	\$ <u>26</u>

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

Year Ending June 30

2017	\$ 2,496
2018	2,241
2019	1,925
2020	1,454
2021	120

J. Payable to the Pension Plan

At June 30, 2016, the Town had no outstanding contributions to the pension plan required for the year ended June 30, 2016.

Volunteer Firefighters - Defined Contribution Plan

In addition to the defined benefit plan described above, the Town provides a defined contribution plan to certain volunteer firefighters. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Most current active and all new and future members of volunteer firefighters can only participate in this plan. Members are 100% vested after 10 years of service. Contributions range from \$385 (not rounded) per year for members with less than 6 years of service to \$805 (not rounded) per year for members with more than 35 years of service. The firefighters are not required to contribute to the plan; however, they can elect to defer a stipend of \$1. Stipend contributions for 2015-2016 amounted to \$11. Plan provisions and contribution requirements are established and may be amended by the Town Council.

The Town's contribution for 2015-2016, computed in accordance with plan requirements, amounted to \$77. At June 30, 2016, there were 140 members of the plan.

TOWN OF NEWINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016
(In Thousands)

Teachers Retirement

A. Plan Description

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

B. Benefit Provisions

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

Normal Retirement

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

Early Retirement

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

Disability Retirement

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

C. Contributions

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

Employer (School Districts)

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

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

Employees

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

TOWN OF NEWINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016
(In Thousands)

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

At June 30, 2016, the Town reports no amounts for its proportionate share of the net pension liability, and related deferred outflows and inflows, due to the statutory requirement that the State pay 100% of the required contribution. The amount recognized by the Town as its proportionate share of the net pension liability, the related state support, and the total portion of the net pension liability that was associated with the Town were as follows:

Town's proportionate share of the net pension liability	\$ -
State's proportionate share of the net pension liability associated with the Town	<u>88,203</u>
Total	<u>\$ 88,203</u>

The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as June 30, 2014. At June 30, 2016, the Town has no proportionate share of the net pension liability.

For the year ended June 30, 2016, the Town recognized pension expense and revenue of \$7,067 in Exhibit II for on-behalf amounts for the benefits provided by the State.

E. Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2014, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00%
Salary increase	3.75-7.00%, including inflation
Investment rate of return	8.50%, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2000 Combined Mortality Table projected 19 years using scale AA, with a two-year setback for males and females for the period after service retirement and for dependent beneficiaries.

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2005 - June 30, 2010.

Future cost-of-living increases for members who retire on or after September 1, 1992 are assumed to be an annual cost-of-living adjustment of 2%.

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

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

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

F. Discount Rate

The discount rate used to measure the total pension liability was 8.50%. 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.

**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, 2016
(In Thousands)

	<u>Budgeted Amounts</u>			<u>Variance - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Property taxes:				
Current levy	\$ 89,713	\$ 89,713	\$ 90,258	\$ 545
Prorated motor vehicles	826	826	917	91
Prorated real estate	50	50	16	(34)
Prior year tax levies	440	440	624	184
Interest and liens	320	320	425	105
Total	<u>91,349</u>	<u>91,349</u>	<u>92,240</u>	<u>891</u>
Payments in lieu of taxes:				
State-Owned Property	733	733	586	(147)
Elderly Freeze Exemption	6	6	4	(2)
Disabled Exemption	5	5	5	-
Elderly Circuit Breaker	273	273	286	13
Additional Veteran's Exemption	30	30	31	1
Tax Exempt Colleges and Hospital	1,893	1,893	1,893	-
Controlling Interest Transfer Tax			6	6
Total	<u>2,940</u>	<u>2,940</u>	<u>2,811</u>	<u>(129)</u>
Licenses and permits:				
Building permits	290	290	347	57
Vendor's permits	1	1		(1)
Gun permits	10	10	18	8
Raffle and Bingo permits	1	1		(1)
Work Within Rights of Way	12	12	12	-
Refuse handling licenses	2	2	3	1
Total	<u>316</u>	<u>316</u>	<u>380</u>	<u>64</u>
Rentals:				
Town Hall rental	4	4	4	-
Indian Hill Country Club	60	60	48	(12)
Other town property	44	44	48	4
Total	<u>108</u>	<u>108</u>	<u>100</u>	<u>(8)</u>
Investment income	<u>68</u>	<u>68</u>	<u>76</u>	<u>8</u>

(Continued on next page)

TOWN OF NEWINGTON, CONNECTICUT
GENERAL FUND
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2016
(In Thousands)

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Fines:				
Parking tickets	\$ 20	\$ 20	\$ 19	\$ (1)
False alarms	15	15	15	-
Snow Removal			1	1
Blighted Premises	1	1		(1)
Total	<u>36</u>	<u>36</u>	<u>35</u>	<u>(1)</u>
Charges for services:				
Conservation Commission	9	9	11	2
Zoning Board of Appeals			1	1
Town Planning and Zoning	9	9	11	2
Town Clerk Fees	475	475	480	5
Police	8	8	13	5
Human Services - counseling fee	15	15	5	(10)
Library - overdue fines	19	19	19	-
Dial-A-Ride Tickets	5	5	5	-
Scrap Metal Curbside	25	25	12	(13)
Engineering fees	1	1	1	-
Total	<u>566</u>	<u>566</u>	<u>558</u>	<u>(8)</u>
State of Connecticut:				
Public Library	1	1	1	-
Mashantucket Pequot Fund	284	284	268	(16)
Youth Services Bureau	23	23	22	(1)
Alcohol and Drug Abuse	5	5	6	1
Telecommunications Tax	80	80	98	18
Emergency Management Grant	5	5	15	10
Excess Cost			93	93
Transportation - Non-public	5	5	6	1
Transportation - Public	234	234	279	45
Adult Education	34	34	39	5
Municipal Grant-In-Aid	918	918	918	-
School Building Grants	932	932	906	(26)
Health Services	18	18	20	2
Education Cost Sharing Grant	13,032	13,032	13,162	130
Total	<u>15,571</u>	<u>15,571</u>	<u>15,833</u>	<u>262</u>

(Continued on next page)

TOWN OF NEWINGTON, CONNECTICUT
GENERAL FUND
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2016
(In Thousands)

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Federal government:				
Senior Citizen Trans Aid	\$ 9	\$ 9	\$ 7	\$ (2)
Miscellaneous:				
Other - miscellaneous	111	111	140	29
Cancelled PY encumbrances	50	50	63	13
United Way (Human Services)	2	2	3	1
Total	<u>163</u>	<u>163</u>	<u>206</u>	<u>43</u>
Total revenues	111,126	111,126	112,246	1,120
Other financing sources:				
Transfers in	<u>218</u>	<u>218</u>	<u>223</u>	<u>5</u>
Total	\$ <u>111,344</u>	\$ <u>111,344</u>	112,469	\$ <u>1,125</u>

Budgetary revenues are different than GAAP revenues because:

State of Connecticut on-behalf contributions to the Connecticut State Teachers' Retirement System for Town teachers are not budgeted	7,067
Cancellation of prior year encumbrances are recognized as budgetary revenue	(63)
The Board of Education does not budget for certain intergovernmental grants that are credited against education expenditures for budgetary reporting; these amounts are recorded as revenues and expenditures for financial reporting purposes	<u>433</u>

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

\$ 119,906

**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, 2016
(In Thousands)**

	Budgeted Amounts		Actual	Variance - Positive (Negative)
	Original	Final		
General Government:				
Town Council	\$ 51	\$ 51	\$ 51	\$ -
Town Manager	408	532	531	1
Courts	39	40	40	-
Elections	149	150	146	4
Finance	1,212	1,227	1,223	4
Town Attorney	130	190	190	-
Town Clerk	178	148	137	11
Personnel	45	69	67	2
General services	2,559	2,327	2,293	34
Total general government	<u>4,771</u>	<u>4,734</u>	<u>4,678</u>	<u>56</u>
Public Safety:				
Police Department	6,897	6,900	6,890	10
Fire Department	917	919	869	50
Street lighting	315	315	315	-
Emergency Management	4	4		4
Emergency Medical Service	25	25	25	-
Hydrants	77	78	78	-
Total public safety	<u>8,235</u>	<u>8,241</u>	<u>8,177</u>	<u>64</u>
Public Works:				
Engineering	297	300	296	4
Highway Department	2,642	2,531	2,438	93
Solid Waste Services	2,023	1,898	1,876	22
Total public works	<u>4,962</u>	<u>4,729</u>	<u>4,610</u>	<u>119</u>
Community Planning and Development:				
Planning and Development	211	215	215	-
Town Planning and Zoning	15	18	18	-
Zoning Board of Appeals	2	3	3	-
Building Department	209	213	211	2
Conservation Commission	5	6	6	-
Economic Development	79	97	97	-
Total community planning and development	<u>521</u>	<u>552</u>	<u>550</u>	<u>2</u>
Health and Community Services:				
Public Health:				
Health Services	158	159	159	-
Community Services:				
Human Services	468	474	461	13
Senior and Disabled Center	551	559	553	6
Boards and Commissions	9	9	7	2
Total health and community services	<u>1,186</u>	<u>1,201</u>	<u>1,180</u>	<u>21</u>

(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, 2016
(In Thousands)

	Budgeted Amounts		Actual	Variance - Positive (Negative)
	Original	Final		
Library:				
Library operations	\$ 1,735	\$ 1,759	\$ 1,754	\$ 5
Parks and Recreation:				
Parks and Recreation Administration	310	315	315	
Grounds Maintenance	1,333	1,333	1,253	80
Total parks and recreation	1,643	1,648	1,568	80
Board of Education:				
Art	656	641	641	-
Career/Vocational	839	753	753	-
Computers	1,964	2,064	2,064	-
Language Arts	3,976	3,941	3,941	-
Foreign Language	1,143	1,221	1,221	-
Math	4,204	3,902	3,902	-
Music	1,149	1,259	1,259	-
Physical Education	1,422	1,406	1,406	-
Reading	3,980	3,587	3,587	-
Science	3,502	3,375	3,375	-
S.T.E.M.	654	551	551	-
Social Studies	3,650	3,603	3,603	-
Other Salaries	1,236	688	688	-
Special Education	7,480	7,630	7,630	-
Homebound	67	78	78	-
Adult Education	105	112	112	-
Guidance	1,257	1,194	1,194	-
Health/Nurses	638	563	563	-
Psychological Services	886	852	852	-
Speech and Hearing	579	539	539	-
Curriculum Development	328	339	339	-
Media	971	994	994	-
Board of Education	466	334	334	-
Central Direction	1,654	1,603	1,603	-
Building Direction	3,494	3,874	3,874	-
Supplies	293	198	198	-
Maintenance	1,847	4,760	4,760	-
Plant operation	4,702	4,532	4,017	515
Transportation	2,711	3,055	3,055	-
Evaluation, planning and development	156	113	113	-
Insurance	661	600	600	-
Employee benefits	12,352	10,721	10,721	-
Non-athletics	158	153	153	-
Athletics	545	551	551	-
Community service	116	55	55	-
Total Board of Education	69,841	69,841	69,326	515

(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, 2016
(In Thousands)**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Miscellaneous:				
Metropolitan District Assessment	\$ 3,404	\$ 3,404	\$ 3,396	\$ 8
Municipal insurance	767	767	767	-
Greater Hartford Transit District	3	3	3	-
Employee benefits	8,946	9,456	9,456	-
Donations and contributions	25	25	25	-
Contingency	369	48	46	2
Total miscellaneous	<u>13,514</u>	<u>13,703</u>	<u>13,693</u>	<u>10</u>
Debt service:				
Principal payments	1,040	1,040	1,040	-
Interest expense	188	188	188	-
Total debt service	<u>1,228</u>	<u>1,228</u>	<u>1,228</u>	<u>-</u>
Total expenditures	107,636	107,636	106,764	872
Other financing uses:				
Transfers out	<u>5,958</u>	<u>5,958</u>	<u>5,958</u>	<u>-</u>
Total	<u>\$ 113,594</u>	<u>\$ 113,594</u>	112,722	<u>\$ 872</u>
Budgetary expenditures are different than GAAP expenditures because				
State of Connecticut on-behalf payments to the Connecticut State Teachers' Retirement System for Town teachers are not budgeted			7,067	
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			433	
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			(903)	
Total Expenditures and Other Financing Uses as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds - Exhibit IV			<u>\$ 119,319</u>	

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

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

*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 THREE FISCAL YEARS*
(In Thousands)

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

*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 THREE FISCAL YEARS*
(In Thousands)

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

*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 THREE FISCAL YEARS*
(In Thousands)

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

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

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

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Actuarially determined contribution	\$ 622	\$ 837	\$ 853	\$ 969	\$ 1,219	\$ 1,268	\$ 1,373	\$ 1,453	\$ 1,594	\$ 1,623
Contributions in relation to the actuarially determined contribution	<u>622</u>	<u>837</u>	<u>853</u>	<u>969</u>	<u>1,219</u>	<u>1,268</u>	<u>1,697</u>	<u>1,453</u>	<u>1,594</u>	<u>1,623</u>
Contribution Deficiency (Excess)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>(324)</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
Covered-employee payroll	\$ 8,529	\$ 8,828	\$ 8,665	\$ 8,823	\$ 8,832	\$ 8,170	\$ 7,503	\$ 7,230	\$ 6,807	\$ 7,037
Contributions as a percentage of covered-employee payroll	7.29%	9.48%	9.84%	10.98%	13.80%	15.52%	22.62%	20.10%	23.42%	23.06%

Notes to Schedule

Valuation date: July 1, 2015

Measurement date: June 30, 2016

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

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, closed
Remaining amortization period	20 years
Asset valuation method	5-year smoothed market
Inflation	2.75%
Salary increases	3.5%, average, including inflation
Investment rate of return	7.38%, net of pension plan investment expense, including inflation

Retirement age: Age based table

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

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

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Actuarially determined contribution	\$ 1,354	\$ 1,277	\$ 1,336	\$ 1,525	\$ 1,800	\$ 2,065	\$ 2,427	\$ 2,661	\$ 3,195	\$ 3,338
Contributions in relation to the actuarially determined contribution	<u>1,354</u>	<u>1,277</u>	<u>1,336</u>	<u>1,525</u>	<u>1,800</u>	<u>2,065</u>	<u>2,805</u>	<u>2,661</u>	<u>3,195</u>	<u>3,338</u>
Contribution Deficiency (Excess)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>(378)</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
Covered-employee payroll	\$ 4,205	\$ 4,375	\$ 4,500	\$ 4,788	\$ 5,237	\$ 5,248	\$ 5,829	\$ 5,561	\$ 5,536	\$ 5,766
Contributions as a percentage of covered-employee payroll	32.20%	29.19%	29.69%	31.85%	34.37%	39.35%	48.12%	47.85%	57.71%	57.89%

Notes to Schedule

Valuation date: July 1, 2015

Measurement date: June 30, 2016

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

Methods and assumptions used to determine contribution rates:

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

Retirement age Based on age and service

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

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

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Actuarially determined contribution	\$ 204	\$ 180	\$ 173	\$ 196	\$ 237	\$ 287	\$ 324	\$ 383	\$ 436	\$ 449
Contributions in relation to the actuarially determined contribution	<u>204</u>	<u>180</u>	<u>173</u>	<u>196</u>	<u>237</u>	<u>287</u>	<u>422</u>	<u>383</u>	<u>436</u>	<u>449</u>
Contribution Deficiency (Excess)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>(98)</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
Covered-employee payroll	\$ 1,253	\$ 1,133	\$ 1,112	\$ 1,131	\$ 885	\$ 815	\$ 761	\$ 751	\$ 842	\$ 864
Contributions as a percentage of covered-employee payroll	16.28%	15.89%	15.56%	17.33%	26.78%	35.21%	55.45%	51.00%	51.78%	51.97%

Notes to Schedule

Valuation date: July 1, 2015

Measurement date: June 30, 2016

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

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, closed
Remaining amortization period	20 years
Asset valuation method	5-year smoothed market
Inflation	2.75%
Salary increases	3.5%, average, including inflation
Investment rate of return	7.38%, net of pension plan investment expense, including inflation

Retirement age: Age related table

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

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

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Actuarially determined contribution	\$ 82	\$ 82	\$ 72	\$ 72	\$ 77	\$ 77	\$ 102	\$ 102	\$ 133	\$ 133
Contributions in relation to the actuarially determined contribution	<u>82</u>	<u>82</u>	<u>72</u>	<u>72</u>	<u>77</u>	<u>77</u>	<u>102</u>	<u>102</u>	<u>133</u>	<u>133</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee 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-employee 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, 2015

Measurement date: June 30, 2016

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

Methods and assumptions used to determine contribution rates:

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

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

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

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

	<u>2014</u>	<u>2015</u>	<u>2016</u>
Annual money-weighted rate of return, net of investment expense	15.07%	3.64%	-1.71%

*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 THREE FISCAL YEARS**

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

*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 THREE FISCAL YEARS**

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

*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 THREE FISCAL YEARS**

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

*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 TWO FISCAL YEARS*
(In Thousands)

	<u>2015</u>	<u>2016</u>
Town's proportion of the net pension liability	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>
Total	<u>\$ 81,526</u>	<u>\$ 88,203</u>
Town's covered-employee payroll	\$ 31,370	\$ 31,603
Town's proportionate share of the net pension liability as a percentage of its covered-employee payroll	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	61.51%	59.50%

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

Notes to Schedule

Changes in benefit terms	None
Changes of assumptions	During 2011, rates of withdrawal, retirement and assumed rates of salary increases were adjusted to reflect actual and anticipated experience. These assumptions were recommended as part of the Experience Study for the System for the five-year period ended June 30, 2010.
Actuarial cost method	Entry age
Amortization method	Level percent of salary, closed
Remaining amortization period	22.4 years
Asset valuation method	4-year smoothed market

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, 2016 AND 2015
(In Thousands)**

	<u>2016</u>	<u>2015</u>
ASSETS		
Cash and cash equivalents	\$ 31,207	\$ 28,954
Receivables:		
Property taxes, net of allowance of \$94 in 2016 and 2015	948	1,134
Intergovernmental	117	117
Other receivable	239	230
Due from other funds	<u>327</u>	<u>268</u>
Total Assets	<u>\$ 32,838</u>	<u>\$ 30,703</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES		
Liabilities:		
Accounts payable and other liabilities	\$ 5,441	\$ 5,324
Unearned revenue		14
Total liabilities	<u>5,441</u>	<u>5,338</u>
Deferred inflows of resources:		
Unavailable revenue - property taxes	828	1,002
Advance property tax collections	<u>4,613</u>	<u>2,994</u>
Total deferred inflows of resources	<u>5,441</u>	<u>3,996</u>
Fund balances:		
Committed	515	
Assigned:		
Encumbrances	3,960	3,120
Designated for subsequent year's budget	2,500	2,250
Unassigned	<u>14,981</u>	<u>15,999</u>
Total fund balances	<u>21,956</u>	<u>21,369</u>
Total Liabilities and Fund Balances	<u>\$ 32,838</u>	<u>\$ 30,703</u>

**TOWN OF NEWINGTON, CONNECTICUT
GENERAL FUND
REPORT OF TAX COLLECTOR
FOR THE YEAR ENDED JUNE 30, 2016
(In Thousands)**

Grand List	Mill Rate	Uncollected Taxes		Lawful Corrections		Suspense	Adjusted Taxes		Taxes	Interest	Liens	Total	Uncollected Taxes
		July 1, 2015		Additions	Deductions		Collectible						
2014	35.80	\$ 91,677	\$ 108	\$ 332	\$	\$ 91,453	\$ 90,810	\$ 212	\$ 10	\$ 91,032	\$	643	
2013	34.8	720	8	21	85	622	551	114	7	672		71	
2012	33.6	130	1	2		129	110	39	1	150		19	
2011	32.6	68		1		67	42	17		59		25	
2010	30	47				47	19	12		31		28	
2009	29.2	28	1			29	2			2		27	
2008	28.4	9				9				-		9	
2007	27.7	32				32				-		32	
2006	26.9	31				31				-		31	
2005	25.8	30				30				-		30	
2004	36.4	42				42				-		42	
2003	34.2	40				40				-		40	
2002	32.3	37				37				-		37	
2001	30.4	8				8				-		8	
2000	28.6	6			6	-				-		-	
		<u>\$ 92,905</u>	<u>\$ 118</u>	<u>\$ 356</u>	<u>\$ 91</u>	<u>\$ 92,576</u>	<u>\$ 91,534</u>	<u>\$ 394</u>	<u>\$ 18</u>	<u>\$ 91,946</u>	<u>\$</u>	<u>1,042</u>	

**Nonmajor
Governmental Funds**

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

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

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

Permanent Funds

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

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

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

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

TOWN OF NEWINGTON, CONNECTICUT
 NONMAJOR GOVERNMENTAL FUNDS
 COMBINING BALANCE SHEET
 JUNE 30, 2016
 (In Thousands)

	Special Revenue Funds										
	<u>Cafeteria</u>	<u>Road Aid Maintenance</u>	<u>State and Federal Grants</u>	<u>Cemetery</u>	<u>Dog Licenses</u>	<u>LOCIP Reserve</u>	<u>Recreation Programs</u>	<u>Employee Leave Liability</u>	<u>Balf</u>	<u>Miscellaneous Grants</u>	<u>Volunteer Ambulance</u>
ASSETS											
Cash and cash equivalents	\$ 298	\$ 108	\$ 15	\$ 1,363	\$ 23	\$ 177	\$ 1,433	\$ 685	\$ 29	\$ 1,163	\$ 222
Investments											
Receivables:											
Accounts and other	4				3		36				
State and Federal governments	69		1							45	
Prepays							11			14	
Inventory	36										
Total Assets	\$ 407	\$ 108	\$ 16	\$ 1,363	\$ 26	\$ 177	\$ 1,480	\$ 685	\$ 29	\$ 1,222	\$ 222
LIABILITIES AND FUND BALANCES											
Liabilities:											
Accounts and other payables	\$ 5	\$	\$	\$ 3	\$ 10	\$	\$ 95	\$	\$	\$ 17	\$
Due to other funds										33	
Unearned revenue	39		2				485			17	
Total liabilities	44	-	2	3	10	-	580	-	-	67	-
Fund Balances:											
Nonspendable	36						11			14	
Restricted		108	14			177				1,141	
Committed	327			1,360	16		889	685	29		222
Total fund balances	363	108	14	1,360	16	177	900	685	29	1,155	222
Total Liabilities and Fund Balances	\$ 407	\$ 108	\$ 16	\$ 1,363	\$ 26	\$ 177	\$ 1,480	\$ 685	\$ 29	\$ 1,222	\$ 222

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TOWN OF NEWINGTON, CONNECTICUT
 NONMAJOR GOVERNMENTAL FUNDS
 COMBINING BALANCE SHEET (CONTINUED)
 JUNE 30, 2016
 (In Thousands)

	Special Revenue Funds					Permanent Funds				Total Nonmajor Governmental Funds
	Volunteer Firefighters'	Scholarship Trust	DECD	Student Technology Insurance Fund	Total	Cemetery Trust	Hubbard Book	Tri- Centennial	Total	
ASSETS										
Cash and cash equivalents	\$	\$ 277	\$	\$ 39	\$ 5,832	\$ 25	\$ 11	\$ 1	\$ 37	\$ 5,869
Investments	119				119				-	119
Receivables:										
Accounts and other					43				-	43
State and Federal governments			19		134				-	134
Prepays					25				-	25
Inventory					36				-	36
Total Assets	\$ 119	\$ 277	\$ 19	\$ 39	\$ 6,189	\$ 25	\$ 11	\$ 1	\$ 37	\$ 6,226
LIABILITIES AND FUND BALANCES										
Liabilities:										
Accounts and other payables	\$	\$	\$ 9	\$	\$ 139	\$	\$	\$	\$ -	\$ 139
Due to other funds			10		43				-	43
Unearned revenue					543				-	543
Total liabilities	-	-	19	-	725	-	-	-	-	725
Fund Balances:										
Nonspendable					61				-	61
Restricted					1,440	25	11	1	37	1,477
Committed	119	277		39	3,963				-	3,963
Total fund balances	119	277	-	39	5,464	25	11	1	37	5,501
Total Liabilities and Fund Balances	\$ 119	\$ 277	\$ 19	\$ 39	\$ 6,189	\$ 25	\$ 11	\$ 1	\$ 37	\$ 6,226

**TOWN OF NEWINGTON, CONNECTICUT
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2016
(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	\$	\$	\$	\$	16	\$	\$	\$	\$	\$	\$
Intergovernmental Contributions	607	416	1,765	2		226				180	
Charges for services	737			158		11	923			64	
Investment income (expense)				4			3	3		2	1
Miscellaneous	45									137	
Total revenues	<u>1,389</u>	<u>416</u>	<u>1,765</u>	<u>164</u>	<u>16</u>	<u>237</u>	<u>932</u>	<u>3</u>	<u>-</u>	<u>405</u>	<u>1</u>
Expenditures:											
Current:											
General government								48		1	
Public safety					11					44	13
Public works										17	
Health and human services										199	
Library										11	
Parks and recreation				42			841			9	
Education	1,409		1,765					89			
Capital outlay		461				228				231	
Total expenditures	<u>1,409</u>	<u>461</u>	<u>1,765</u>	<u>42</u>	<u>11</u>	<u>228</u>	<u>841</u>	<u>137</u>	<u>-</u>	<u>512</u>	<u>13</u>
Other financing sources (uses):											
Transfers in								93		8	6
Transfers out				(127)							
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(127)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>93</u>	<u>-</u>	<u>8</u>	<u>6</u>
Net change in fund balances	(20)	(45)	-	(5)	5	9	91	(41)	-	(99)	(6)
Fund balances at beginning of year	383	153	14	1,365	11	168	809	726	29	1,254	228
Fund Balances at End of Year	<u>\$ 363</u>	<u>\$ 108</u>	<u>\$ 14</u>	<u>\$ 1,360</u>	<u>\$ 16</u>	<u>\$ 177</u>	<u>\$ 900</u>	<u>\$ 685</u>	<u>\$ 29</u>	<u>\$ 1,155</u>	<u>\$ 222</u>

(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, 2016
(In Thousands)**

	Special Revenue Funds					Permanent Funds				Total Nonmajor Governmental Funds
	Volunteer Firefighters'	Scholarship Trust	DECD	Student Technology Insurance Fund	Total	Cemetery Trust	Hubbard Book	Tri-Centennial	Total	
Revenues:										
Licenses, fees and permits	\$	\$	\$	\$	\$ 16	\$	\$	\$	\$	\$ 16
Intergovernmental			77		3,273					3,273
Contributions					28					28
Charges for services				39	1,932					1,932
Investment income (expense)		1			14					14
Miscellaneous		111			293					293
Total revenues	<u>-</u>	<u>112</u>	<u>77</u>	<u>39</u>	<u>5,556</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,556</u>
Expenditures:										
Current:										
General government					49					49
Public safety	3				71					71
Public works					17					17
Health and human services					199					199
Library					11					11
Parks and recreation					892					892
Education		102			3,365					3,365
Capital outlay			77		997					997
Total expenditures	<u>3</u>	<u>102</u>	<u>77</u>	<u>-</u>	<u>5,601</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,601</u>
Other financing sources (uses):										
Transfers in					107					107
Transfers out					(127)					(127)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(20)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(20)</u>
Net change in fund balances	(3)	10	-	39	(65)	-	-	-	-	(65)
Fund balances at beginning of year	<u>122</u>	<u>267</u>	<u>-</u>	<u>-</u>	<u>5,529</u>	<u>25</u>	<u>11</u>	<u>1</u>	<u>37</u>	<u>5,566</u>
Fund Balances at End of Year	<u>\$ 119</u>	<u>\$ 277</u>	<u>\$ -</u>	<u>\$ 39</u>	<u>\$ 5,464</u>	<u>\$ 25</u>	<u>\$ 11</u>	<u>\$ 1</u>	<u>\$ 37</u>	<u>\$ 5,501</u>

Internal Service Funds

INTERNAL SERVICE FUNDS

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

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

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

**TOWN OF NEWINGTON, CONNECTICUT
INTERNAL SERVICE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2016
(In Thousands)**

	<u>Health Benefits</u>	<u>Insurance Reserve</u>	<u>Total</u>
Assets:			
Cash and cash equivalents	\$ 3,966	\$ 421	\$ 4,387
Liabilities:			
Accounts and other payable	<u>721</u>	<u>5</u>	<u>726</u>
Net Position:			
Unrestricted	<u>\$ 3,245</u>	<u>\$ 416</u>	<u>\$ 3,661</u>

**TOWN OF NEWINGTON, CONNECTICUT
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2016
(In Thousands)**

	<u>Health Benefits</u>	<u>Insurance Reserve</u>	<u>Total</u>
Operating Revenues:			
Charges for services	\$ 11,339	\$	\$ 11,339
Miscellaneous		42	42
Total operating revenues	<u>11,339</u>	<u>42</u>	<u>11,381</u>
Operating Expenses:			
Benefit payments	9,623		9,623
Administration	456		456
Insurance	640		640
Casualty loss		139	139
Total operating expenses	<u>10,719</u>	<u>139</u>	<u>10,858</u>
Operating Income (Loss)	620	(97)	523
Nonoperating Revenue:			
Interest on investments	<u>5</u>		<u>5</u>
Income (Loss) Before Transfers	625	(97)	528
Transfers In		<u>225</u>	<u>225</u>
Change in Net Position	625	128	753
Total Net Position at Beginning of Year	<u>2,620</u>	<u>288</u>	<u>2,908</u>
Total Net Position at End of Year	<u>\$ 3,245</u>	<u>\$ 416</u>	<u>\$ 3,661</u>

**TOWN OF NEWINGTON, CONNECTICUT
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2016
(In Thousands)**

	<u>Health Benefits</u>	<u>Insurance Reserve</u>	<u>Total</u>
Cash Flows from Operating Activities:			
Cash received from charges for services and other	\$ 11,339	\$ 42	\$ 11,381
Cash paid to vendors	<u>(10,644)</u>	<u>(141)</u>	<u>(10,785)</u>
Net cash provided by (used in) operating activities	<u>695</u>	<u>(99)</u>	<u>596</u>
Cash Flows from Noncapital Financial Activities:			
Transfers in		<u>225</u>	<u>225</u>
Cash Flows from Investing Activities:			
Interest on investments	<u>5</u>		<u>5</u>
Net Increase (Decrease) in Cash and Cash Equivalents	700	126	826
Cash and Cash Equivalents at Beginning of Year	<u>3,266</u>	<u>295</u>	<u>3,561</u>
Cash and Cash Equivalents at End of Year	<u>\$ 3,966</u>	<u>\$ 421</u>	<u>\$ 4,387</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:			
Operating income (loss)	\$ 620	\$ (97)	\$ 523
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Increase (decrease) in accounts and other payables	<u>75</u>	<u>(2)</u>	<u>73</u>
Net Cash Provided by (Used in) Operating Activities	<u>\$ 695</u>	<u>\$ (99)</u>	<u>\$ 596</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, 2016
 (In Thousands)**

	<u>Pension Trust Funds</u>	<u>OPEB Trust Fund</u>	<u>Total</u>
Assets:			
Cash and cash equivalents	\$ 1,351	\$ 50	\$ 1,401
Investments:			
Mutual funds	<u>63,888</u>	<u>5,030</u>	<u>68,918</u>
Total assets	<u>65,239</u>	<u>5,080</u>	<u>70,319</u>
Liabilities:			
Accounts payable	590	10	600
Due to other funds	<u> </u>	<u>284</u>	<u>284</u>
Total liabilities	<u>590</u>	<u>294</u>	<u>884</u>
Net Position:			
Restricted for Pension/OPEB Benefits	<u>\$ 64,649</u>	<u>\$ 4,786</u>	<u>\$ 69,435</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, 2016
(In Thousands)

	<u>Pension</u> <u>Trust Funds</u>	<u>OPEB</u> <u>Trust Fund</u>	<u>Total</u>
Additions:			
Contributions:			
Employer	\$ 5,620	\$ 1,946	\$ 7,566
Plan members	871	592	1,463
Total contributions	<u>6,491</u>	<u>2,538</u>	<u>9,029</u>
Investment income (loss):			
Net depreciation in fair value of investments	(1,789)	(381)	(2,170)
Interest and dividends	1,038	252	1,290
Total investment loss	<u>(751)</u>	<u>(129)</u>	<u>(880)</u>
Less investment expense	340	19	359
Net investment loss	<u>(1,091)</u>	<u>(148)</u>	<u>(1,239)</u>
Total additions	<u>5,400</u>	<u>2,390</u>	<u>7,790</u>
Deductions:			
Benefits	7,144	2,504	9,648
Administration	59	218	277
Total deductions	<u>7,203</u>	<u>2,722</u>	<u>9,925</u>
Change in Net Position	(1,803)	(332)	(2,135)
Net Position - Beginning of Year	<u>66,452</u>	<u>5,118</u>	<u>71,570</u>
Net Position - End of Year	<u>\$ 64,649</u>	<u>\$ 4,786</u>	<u>\$ 69,435</u>

TOWN OF NEWINGTON, CONNECTICUT
AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2016
(In Thousands)

	<u>Balance</u> <u>July 1, 2015</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2016</u>
Youth Activities Fund				
Assets:				
Cash and cash equivalents	\$ <u>6</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>6</u>
Liabilities:				
Deposits held for others	\$ <u>6</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>6</u>
Student Activities Fund				
Assets:				
Cash and cash equivalents	\$ <u>516</u>	\$ <u>1,214</u>	\$ <u>1,166</u>	\$ <u>564</u>
Liabilities:				
Deposits held for others	\$ <u>516</u>	\$ <u>1,214</u>	\$ <u>1,166</u>	\$ <u>564</u>
Total All Funds				
Assets:				
Cash and cash equivalents	\$ <u>522</u>	\$ <u>1,214</u>	\$ <u>1,166</u>	\$ <u>570</u>
Liabilities:				
Deposits held for others	\$ <u>522</u>	\$ <u>1,214</u>	\$ <u>1,166</u>	\$ <u>570</u>

Statistical Section

Statistical Section Information

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

Statistical section information is presented in the following categories:

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

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

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

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

	FISCAL YEAR									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Governmental Activities:										
Net investment in capital assets	\$ 84,015	\$ 81,409	\$ 77,244	\$ 74,017	\$ 70,426	\$ 65,734	\$ 62,260	\$ 56,392	\$ 52,163	\$ 48,689
Restricted	655	654	662	637	657	685	673	612	582	527
Unrestricted	(9,527)	(10,359)	34,250	33,447	31,773	29,983	29,240	24,818	27,626	24,232
Total Governmental Activities Net Position	<u>\$ 75,143</u>	<u>\$ 71,704</u>	<u>\$ 112,156</u>	<u>\$ 108,101</u>	<u>\$ 102,856</u>	<u>\$ 96,402</u>	<u>\$ 92,173</u>	<u>\$ 81,822</u>	<u>\$ 80,371</u>	<u>\$ 73,448</u>

Note: Schedule prepared on the accrual basis of accounting.

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

	FISCAL YEAR									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Expenses:										
General government	\$ 7,546	\$ 6,049	\$ 7,293	\$ 6,821	\$ 7,128	\$ 6,204	\$ 5,609	\$ 7,931	\$ 5,857	\$ 4,599
Public safety	14,633	12,955	11,702	11,883	12,062	11,426	10,600	11,323	9,859	6,788
Public works	10,172	10,032	9,690	9,528	10,597	9,669	9,585	9,109	8,747	5,724
Community planning and development	1,733	1,083	965	990	771	667	780	697	806	590
Health and community services	1,930	1,756	1,812	1,696	1,376	1,520	1,498	1,416	1,535	1,122
Library	2,452	2,261	2,210	2,222	2,118	2,010	2,104	2,016	2,244	1,821
Parks and recreation	3,478	3,179	3,129	3,214	3,074	2,534	2,941	2,716	3,138	2,398
Education	80,656	79,776	78,993	73,707	73,232	69,342	68,084	65,598	76,236	56,881
Miscellaneous										8,647
Interest on long-term debt	210	279	448	299	499	538	687	780	855	946
Total governmental activities expenses	<u>122,810</u>	<u>117,370</u>	<u>116,242</u>	<u>110,360</u>	<u>110,857</u>	<u>103,910</u>	<u>101,888</u>	<u>101,586</u>	<u>109,277</u>	<u>89,516</u>
Program Revenues:										
Charges for services:										
General government	602	625	555	655	575	790	703	719	907	1,741
Public safety	85	177	119	129	178	120	82	106	54	90
Public works	24	27	38	41	45	45	45	48	58	47
Community planning and development	387	392	348	410	287	208	309	415	735	
Health and community services	55	49	56	75	69	65	69	72	52	33
Library	23	22	22	26	27	29	29	30	33	38
Parks and recreation	1,081	1,016	977	1,072	1,052	997	903	801	791	702
Education	1,209	1,261	986	1,149	1,053	1,115	1,052	1,117	1,047	1,305
Operating grants and contributions	24,745	23,939	26,753	23,727	24,946	21,729	23,262	20,574	34,588	17,490
Capital grants and contributions	2,342	3,427	839	799	3,647	908	5,874	2,210	1,105	389
Total governmental activities program revenues	<u>30,553</u>	<u>30,935</u>	<u>30,693</u>	<u>28,083</u>	<u>31,879</u>	<u>26,006</u>	<u>32,328</u>	<u>26,092</u>	<u>39,370</u>	<u>21,835</u>
Net expense:										
Governmental activities	<u>(92,257)</u>	<u>(86,435)</u>	<u>(85,549)</u>	<u>(82,277)</u>	<u>(78,978)</u>	<u>(77,904)</u>	<u>(69,560)</u>	<u>(75,494)</u>	<u>(69,907)</u>	<u>(67,681)</u>
General revenues and other changes in net position:										
Governmental activities:										
Property taxes	92,051	89,211	85,894	83,514	80,907	78,159	75,542	72,453	70,617	66,335
Grants and contributions not restricted to specific purposes	3,172	3,117	3,310	3,688	3,379	3,433	3,393	3,411	2,904	3,232
Unrestricted investment earnings	98	86	88	53	78	145	203	642	1,773	2,285
Miscellaneous	375	363	312	267	1,068	396	773	439	1,536	191
Total governmental activities	<u>95,696</u>	<u>92,777</u>	<u>89,604</u>	<u>87,522</u>	<u>85,432</u>	<u>82,133</u>	<u>79,911</u>	<u>76,945</u>	<u>76,830</u>	<u>72,043</u>
Changes in Net Position:										
Governmental Activities	<u>\$ 3,439</u>	<u>\$ 6,342</u>	<u>\$ 4,055</u>	<u>\$ 5,245</u>	<u>\$ 6,454</u>	<u>\$ 4,229</u>	<u>\$ 10,351</u>	<u>\$ 1,451</u>	<u>\$ 6,923</u>	<u>\$ 4,362</u>

Note: Schedule prepared on the accrual basis of accounting.

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

	FISCAL YEAR									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
General Fund:										
Reserved	\$	\$	\$	\$	\$	\$	\$ 1,745	\$ 1,947	\$ 1,572	\$ 1,763
Unreserved							15,898	14,744	14,072	12,943
Committed	515									
Assigned	6,460	5,370	4,877	5,010	4,174	3,891				
Unassigned	14,981	15,999	15,183	14,626	14,419	13,082				
Total General Fund	<u>\$ 21,956</u>	<u>\$ 21,369</u>	<u>\$ 20,060</u>	<u>\$ 19,636</u>	<u>\$ 18,593</u>	<u>\$ 16,973</u>	<u>\$ 17,643</u>	<u>\$ 16,691</u>	<u>\$ 15,644</u>	<u>\$ 14,706</u>
All other governmental funds:										
Reserved	\$	\$	\$	\$	\$	\$	\$ 1,148	\$ 577	\$ 786	\$ 532
Unreserved, reported in:										
Special revenue funds							5,830	4,015	4,596	4,295
Capital projects funds							3,538	3,100	2,980	2,715
Nonspendable	61	43	43	38	33	34				
Restricted	1,508	1,665	2,239	1,593	1,460	1,253				
Committed	11,671	10,215	9,081	9,146	9,213	8,650				
Total All Other Governmental Funds	<u>\$ 13,240</u>	<u>\$ 11,923</u>	<u>\$ 11,363</u>	<u>\$ 10,777</u>	<u>\$ 10,706</u>	<u>\$ 9,937</u>	<u>\$ 10,516</u>	<u>\$ 7,692</u>	<u>\$ 8,362</u>	<u>\$ 7,542</u>

Notes:

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

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

	FISCAL YEAR									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Revenues:										
Property taxes	\$ 92,240	\$ 89,177	\$ 85,646	\$ 83,913	\$ 80,895	\$ 77,704	\$ 75,594	\$ 73,276	\$ 70,359	\$ 66,863
Payment in lieu of taxes	2,811	2,731	2,764	2,339	2,343	3,096	3,050	2,936	2,481	2,339
Licenses, fees and permits	396	361	360	417	292	209	316	425	740	765
Intergovernmental	27,290	27,606	27,958	25,591	29,533	22,873	25,760	23,165	36,016	18,358
Contributions	28	67	62	73	173	91	209	91	99	
Rental	172	180	146	216	214	185	163	214	138	145
Investment income	93	83	85	49	76	137	191	591	1,608	2,120
Fines	35	155	89	122	123	93	64	96	41	64
Charges for services	2,852	2,817	2,504	2,787	2,564	2,881	2,645	2,567	2,758	2,813
Refunds and reimbursements									23	185
Sale of Town property										
Other	509	513	393	529	1,080	452	385	430	1,432	664
Total revenues	<u>126,426</u>	<u>123,690</u>	<u>120,007</u>	<u>116,036</u>	<u>117,293</u>	<u>107,721</u>	<u>108,377</u>	<u>103,791</u>	<u>115,695</u>	<u>94,316</u>
Expenditures:										
General government	4,557	4,581	4,483	4,547	4,457	4,198	4,260	4,376	3,803	5,501
Public safety	8,275	7,985	7,635	7,552	7,633	7,238	7,297	7,042	6,965	8,949
Public works	4,625	4,945	4,728	4,557	6,227	4,670	4,535	4,766	4,669	8,117
Community planning and development	1,248	638	543	470	422	430	479	513	503	727
Health and community services	1,375	1,382	1,415	1,230	1,093	1,074	1,117	1,108	1,149	1,473
Library	1,769	1,728	1,668	1,647	1,737	1,607	1,706	1,656	1,785	2,177
Parks and recreation	2,458	2,373	2,234	2,221	2,285	2,248	2,221	2,258	2,416	2,786
Education	79,459	77,530	77,440	72,868	71,555	69,465	66,646	63,667	76,544	56,817
Miscellaneous	13,668	12,063	11,031	11,748	10,424	10,026	8,928	8,741	8,829	
Capital outlay	5,099	6,248	5,307	4,671	8,956	5,259	4,980	6,243	4,165	2,885
Debt service:										
Principal	3,054	3,054	3,054	3,054	1,825	1,630	1,750	1,946	1,940	2,538
Interest	(1,290)	(711)	(896)	426	599	742	985	790	864	1,067
Total expenditures	<u>124,297</u>	<u>121,816</u>	<u>118,642</u>	<u>114,991</u>	<u>117,213</u>	<u>108,587</u>	<u>104,904</u>	<u>103,106</u>	<u>113,632</u>	<u>93,037</u>
Excess of Revenue Over (Under) Expenditures	<u>2,129</u>	<u>1,874</u>	<u>1,365</u>	<u>1,045</u>	<u>80</u>	<u>(866)</u>	<u>3,473</u>	<u>685</u>	<u>2,063</u>	<u>1,279</u>
Other Financing Sources (Uses):										
Bonds issued										
Bond refunding issued				9,810			3,737			
Payment to escrow agent				(10,144)			(3,668)			
Premium on bond issuance				462						
Mortgage issued					2,575					
Capitalized lease							525			
Transfers in	5,962	5,162	5,044	4,633	4,881	4,745	4,129	4,346	4,206	2,875
Transfers out	(6,187)	(5,167)	(5,399)	(4,692)	(5,122)	(5,153)	(4,420)	(4,654)	(4,512)	(3,215)
Total other financing sources (uses)	<u>(225)</u>	<u>(5)</u>	<u>(355)</u>	<u>69</u>	<u>2,334</u>	<u>(408)</u>	<u>303</u>	<u>(308)</u>	<u>(306)</u>	<u>(340)</u>
Net Change in Fund Balance	<u>\$ 1,904</u>	<u>\$ 1,869</u>	<u>\$ 1,010</u>	<u>\$ 1,114</u>	<u>\$ 2,414</u>	<u>\$ (1,274)</u>	<u>\$ 3,776</u>	<u>\$ 377</u>	<u>\$ 1,757</u>	<u>\$ 939</u>
Debt Service as a Percentage of Noncapital Expenditures	1.49%	2.04%	1.91%	3.16%	2.25%	2.30%	2.81%	2.91%	2.63%	3.73%

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

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

<u>Fiscal Year Ended June 30,</u>	<u>Taxes and Special Assessments</u>	<u>Licenses and Permits</u>	<u>Intergovernmental Revenue(1)</u>	<u>Charges for Services</u>	<u>Investment Earnings</u>	<u>Miscellaneous Revenues(2)</u>	<u>Other Financing Sources(3)</u>	<u>Total</u>
2016	\$ 92,240	\$ 380	\$ 18,651	\$ 558	\$ 76	\$ 342	\$ 223	\$ 112,470
2015	89,177	345	18,421	544	74	608	331	109,500
2014	85,646	344	17,995	551	62	425	433	105,456
2013	83,913	402	17,444	574	39	496	164	103,032
2012	80,895	278	20,006	488	67	1,225	164	103,123
2011	77,704	194	16,805	510	123	469	127	95,932
2010	75,594	302	17,406	607	172	275	98	94,454
2009	73,276	409	16,880	597	509	429	284	92,384
2008	70,359	724	15,596	995	1,426	1,035	94	90,229
2007	66,863	749	14,667	885	1,825	426	82	85,497

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
2016	\$ 4,678	\$ 8,177	\$ 5,160	\$ 1,180	\$ 3,322	\$ 14,921	\$ 69,326	\$ 5,958	\$ 112,722
2015	4,499	7,958	5,406	1,160	3,254	13,742	67,979	4,836	108,834
2014	4,435	7,597	5,215	1,119	3,171	12,507	65,867	4,955	104,866
2013	4,298	7,510	4,971	1,061	3,143	13,973	63,347	4,522	102,825
2012	4,011	7,528	6,275	1,515	3,213	12,737	61,299	4,958	101,536
2011	3,905	7,214	5,098	1,075	3,039	12,184	59,207	5,026	96,748
2010	3,835	7,052	5,006	1,114	3,073	11,383	57,517	4,320	93,300
2009	3,982	6,827	5,237	1,111	3,082	11,265	55,837	4,370	91,711
2008	3,282	6,851	5,106	1,151	3,330	11,421	53,540	4,418	89,099
2007	2,516	6,483	5,405	1,112	3,191	11,781	50,620	3,133	84,241

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

(1) Includes Debt Service payments, the Metropolitan District Commission sewer levy on Newington and Miscellaneous (the Town's liability insurance, employee benefits, settlements, contingency, Greater Hartford Transit District contribution and special community activities).

(2) Represents appropriation for Board of Education budget. Additional funding for Board of Education purposes is included in other functions such as Debt Service, Capital Improvements, and Other Financing Uses (transfers to other funds).

(3) Includes funding for ongoing capital projects and transfers to other funds.

TOWN OF NEWINGTON, CONNECTICUT
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS
(In Thousands)

Fiscal Year	Real Property			Personal Property	Motor Vehicle (2)	Less Tax Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Taxable Assessed Value As a Percentage of Actual Taxable Value (3)
	Residential	Commercial	Industrial							
2016	\$ 1,634,230	\$ 450,371	\$ 122,672	\$ 214,781	\$ 246,442	\$ (89,521)	\$ 2,578,975	35.8	\$ 3,852,014	66.43%
2015	1,628,724	453,595	122,526	205,348	246,150	(80,901)	2,575,442	34.77	3,834,825	67.16%
2014	1,625,491	449,216	122,551	203,055	240,725	(79,193)	2,561,845	33.63	3,651,833	70.00%
2013 (1)	1,625,210	459,583	125,609	186,892	243,491	(62,369)	2,578,416	32.64	3,640,890	69.97%
2012	1,765,469	451,349	137,365	184,072	228,738	(64,216)	2,702,777	30.02	3,880,511	69.03%
2011	1,761,191	448,456	140,393	178,241	217,614	(61,059)	2,684,836	29.18	4,073,404	64.89%
2010	1,751,988	438,390	140,898	172,810	196,035	(55,440)	2,644,681	28.40	3,955,308	66.86%
2009	1,733,094	481,617	90,397	174,869	203,608	(50,268)	2,633,317	27.68	4,076,961	64.59%
2008	1,716,024	461,306	91,646	166,225	197,879	(42,831)	2,590,249	26.91	4,219,375	70.00%
2007 (4)	1,697,198	463,573	91,729	160,198	222,248	(46,376)	2,588,570	25.76	3,714,044	70.00%

Source: Town of Newington Office of Tax Assessor

Notes: Assessment rate is 70% of market value.

Town of Newington has no Overlapping Property Tax Rates.

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

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

Taxpayer	October 1, 2014			October 1, 2005		
	Taxable Assessed Value	Rank	Percentage of Total Town Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Town Taxable Assessed Value
Connecticut Light & Power Co	\$ 37,538	1	1.46%	\$ 25,810	1	1.00%
GKN Aerospace	24,315	2	0.94%			
IREIT Newington Fair LLC	20,376	3	0.79%			
Newington VF LLC	19,941	4	0.77%	20,392	2	0.79%
TLG Newington LLC	17,840	5	0.69%	18,826	4	0.73%
Centro Ga Turnpike Plaza LLC	17,360	6	0.67%	19,704	3	0.76%
Newington Gross LLC	17,150	7	0.66%			0.00%
Mandell Properties LLC	15,719	8	0.61%			
Saputo Dairy Foods USA/ Catamount Newington LLC	14,587	9	0.57%			
Hayes Kaufman Newington	12,904	10	0.50%	11,156	6	0.43%
Scelza/Cambridge/Landmark/Baldwin	11,788	11	0.46%			
Hartford Hospital	11,161	12	0.43%	9,051	9	0.35%
Newington 2007 LLC	10,601	13	0.41%			
Balf Company	10,553	14	0.41%			
Reno Properties II LLC	9,898	15	0.38%			
TOTAL	\$ 251,731		9.76%	\$ 104,939		4.05%

Source: Town of Newington, Office of Tax Assessor

**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
2016	35.80	\$ 91,453	\$ 90,810	99.30	N/A	\$ 90,810	99.30
2015	34.77	88,599	87,879	99.19	551	87,879	99.19
2014	33.63	85,346	84,607	99.13	637	85,244	99.88
2013	32.64	82,937	82,378	99.33	454	82,832	99.87
2012	30.02	80,411	79,582	98.97	700	80,282	99.84
2011	29.18	77,679	76,731	98.78	782	77,513	99.79
2010	28.40	75,091	74,378	99.05	588	74,966	99.83
2009	27.68	72,939	72,143	98.91	662	72,805	99.82
2008	26.91	69,973	69,338	99.09	419	69,757	99.69
2007	25.76	66,004	65,487	99.20	397	65,884	99.82

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

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

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

Fiscal Year	Governmental Activities			Total Primary Government	Ratio of Debt to Taxable Assessed Value	Debt as a Percentage of Personal Income	Debt Per Capita
	General Obligation Bonds	Mortgage Payable	Capital Leases				
2016	\$ 6,597	\$ 15	\$	\$ 6,612	0.26%	0.66%	\$ 216
2015	7,674	515		8,189	0.32	0.84%	268
2014	9,154	1,045	110	10,309	0.40	1.08%	337
2013	10,410	1,560	217	12,187	0.47	1.35%	384
2012	11,690	2,575	321	12,011	0.47	1.31%	393
2011	13,515		423	13,938	0.54	1.68%	456
2010	15,145		629	15,774	0.60	1.86%	538
2009	16,855		307	17,162	0.65	2.02%	586
2008	18,605		504	19,109	0.74	2.25%	652
2007	20,355		693	21,048	0.79	2.48%	718

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

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

Fiscal Year	General Obligation Bonds	Percentage of Estimated Actual Taxable Value of Property	Debt Per Capita
2016	\$ 6,597	0.17	\$ 216
2015	7,674	0.20	251
2014	9,154	0.25	300
2013	10,410	0.29	341
2012	11,690	0.30	383
2011	13,515	0.33	442
2010	15,145	0.38	517
2009	16,855	0.41	575
2008	18,605	0.44	635
2007	20,355	0.55	695

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

TOWN OF NEWINGTON, CONNECTICUT
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
June 30, 2016
(In Thousands)

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Shares of Direct and Overlapping Debt</u>
Debt repaid with property taxes - Metropolitan District Commission	\$ 914,104	9.01 %	\$ 82,361
Town direct debt	6,612	100.00 %	6,612
Total Direct and Overlapping Debt			\$ <u>88,973</u>

Source: Metropolitan District Commission

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

TOWN OF NEWINGTON, CONNECTICUT
STATEMENT OF DEBT LIMITATION
JUNE 30, 2016
(In Thousands)

Total tax collections (including fire district)					\$ 91,947
Property tax relief elderly					<u>4</u>
Base					\$ <u>91,951</u>
	General Purpose	Schools	Sewers	Urban Renewal	Pension Deficit
Debt Limitation:					
2-1/4 times base	\$ 206,890	\$	\$	\$	\$
4-1/2 times base		413,780			
3-3/4 times base			344,816		
3-1/4 times base				298,841	
3 times base					<u>275,853</u>
Total debt limitation	<u>206,890</u>	<u>413,780</u>	<u>344,816</u>	<u>298,841</u>	<u>275,853</u>
Indebtedness:					
Bonds payable	3,422	2,833			
Town's share of Metropolitan District debt			82,361		
Total Indebtedness	<u>3,422</u>	<u>2,833</u>	<u>82,361</u>	<u>-</u>	<u>-</u>
Debt Limitation in Excess of Net Debt	\$ <u>203,468</u>	\$ <u>410,947</u>	\$ <u>262,455</u>	\$ <u>298,841</u>	\$ <u>275,853</u>

Note: In no event shall total indebtedness exceed seven times annual receipts from taxation or \$644 million.

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

	FISCAL YEAR									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Debt limitation	\$ 643,657	\$ 622,300	\$ 597,394	\$ 586,495	\$ 565,012	\$ 542,409	\$ 527,982	\$ 509,964	\$ 491,141	\$ 466,886
Total net debt applicable to limit	<u>88,616</u>	<u>60,129</u>	<u>65,035</u>	<u>54,266</u>	<u>47,843</u>	<u>38,202</u>	<u>32,674</u>	<u>28,597</u>	<u>27,567</u>	<u>26,651</u>
Legal debt margin	<u>\$ 555,041</u>	<u>\$ 562,171</u>	<u>\$ 532,359</u>	<u>\$ 532,229</u>	<u>\$ 517,169</u>	<u>\$ 504,207</u>	<u>\$ 495,308</u>	<u>\$ 481,367</u>	<u>\$ 463,574</u>	<u>\$ 440,235</u>
Total net debt applicable to the limit as a percentage of debt limit	13.77%	9.66%	10.89%	9.25%	8.47%	7.04%	6.19%	5.61%	5.61%	5.71%

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**

<u>Calendar Year</u>	<u>Population(1)</u>	<u>Personal Income in Thousands (1)</u>	<u>Per Capita Income(1)</u>	<u>Median Age(2)</u>	<u>School Enrollment(3)</u>	<u>Unemployment Rate(4)</u>
2016	30,562	998,187	37,061	44.0	4,030	4.8%
2015	30,562	979,402	36,462	44.0	4,103	5.1%
2014	30,562	955,435	36,209	44.0	4,199	6.1%
2013	30,562	905,971	35,055	44.0	4,316	7.0%
2012	30,562	915,839	32,561	45.0	4,278	7.0%
2011	30,562	831,045	26,881	45.0	4,417	8.1%
2010	29,306	850,000	26,881	42.0	4,489	8.1%
2009	29,306	850,000	26,881	42.0	4,495	6.9%
2008	29,306	850,000	26,881	42.0	4,569	4.7%
2007	29,306	850,000	26,881	42.0	4,557	3.9%

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

(2) Source: Connecticut Economic Resource Center

(3) Source: Annual Town Budget

(4) Source: Connecticut Labor Department

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

Employer	Nature of Business	2016 (1)			2006 (2)		
		Employees	Rank	Percentage of Total Town Employment	Employees	Rank	Percentage of Total Town Employment
Hartford Hospital-Newington Campus	Health Services	1,179	1	7.2%	250	5	1.5%
Connecticut Department of Transportation	Government	1,087	2	6.6%	1,200	1	7.2%
Town of Newington	Government	1,018	3	6.2%	665	2	4.0%
Data-Mail, Inc.	Direct Mail Service	569	4	3.5%	500	3	3.0%
Veterans Administration Hospital	Health Services	370	5	2.3%	250	6	1.5%
Davidson Company	Distributor	318	6	1.9%			
Stew Leonard's	Grocery	275	7	1.7%			
Stop & Shop	Retail Grocers	228	8	1.4%			
Newington Health Care Center	Health Services	220	9	1.3%			
Target	Retail Trade	210	10	1.3%			
Walmart	Retail Trade	182	11	1.1%	170	10	1.0%
Eversource	Public Utility	172	12	1.0%	200	8	1.2%
Sam's Club	Wholesale Clubs	168	13	1.0%			
PCX Precision Components	Manufacturer	151	14	0.9%	121	13	0.7%
Bel-Air Manor	Health Services	150	15	0.9%			
Lowe's	Retail Trade	149	16	0.9%	155	12	0.9%
Price Chopper	Retail Grocers	142	17	0.9%			
GKN Aerospace	Manufacturer	127	18	0.8%			
Keeney Manufacturing	Manufacturer	125	19	0.8%	222	7	1.3%
TOTAL		6,840		41.70%	3,733		22.30%

(1) Source: Connecticut Labor Department

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

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

<u>Function/Program</u>	<u>FISCAL YEAR</u>									
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
General government	44	45	44	44	43	42	44	45	46	43
Police	63	63	63	63	64	64	64	64	61	60
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	29
Parks and recreation	19	19	19	19	19	19	19	21	21	21
Library	14	14	14	14	14	14	14	14	14	14
Education	<u>517</u>	<u>510</u>	<u>510</u>	<u>501</u>	<u>506</u>	<u>515</u>	<u>487</u>	<u>487</u>	<u>508</u>	<u>503</u>
Total	<u>685</u>	<u>679</u>	<u>678</u>	<u>669</u>	<u>674</u>	<u>682</u>	<u>656</u>	<u>659</u>	<u>678</u>	<u>672</u>

Source: Annual Town Budgets and Bond Official Statements

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

Function/Program	FISCAL YEAR									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
General government:										
Building permits issued	2,255	2,157	2,029	1,874	1,669	1,502	1,697	1,806	2,008	1,978
Value of permits (000s)	30,203	30,259	27,027	38,066	23,418	22,056	26,596	44,294	58,294	63,901
Police:										
Larcenies	670	640	559	565	655	691	724	687	736	618
Calls for service	26,049	28,718	27,279	28,305	28,955	27,102	28,658	30,481	27,422	26,177
Traffic violations	5,355	8,205	6,860	6,524	8,277	7,532	8,848	9,211	6,613	3,277
Fire:										
Emergency responses	607	598	602	716	896	809	763	795	709	832
Residential responses	70	54	72	100	281	225	240	258	212	247
Inspections	758	549	559	572	606	743	780	908	766	801
Refuse collection:										
Refuse collected (annual tonnage)	8,290	9,092	9,190	9,018	8,273	8,275	9,231	10,600	10,840	9,550
Recyclables collected (annual tonnage)	2,845	2,810	2,819	2,838	2,810	2,905	2,182	2,200	2,100	2,322
Other public works:										
Street Reconstruction (linear feet)	1,050	1,067	985	502	1,070	1,921	280	582	2,600	1,690
Street Resurfacing (linear feet)	15,820	15,241	17,443	14,811	21,212	13,303	23,760	26,400	20,000	10,140
Library:										
Total volumes borrowed (000s)	350	375	378	381	405	409	421	412	410	428

Town of Newington Annual Reports and Capital Budgets

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

	FISCAL YEAR									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
<u>Public Safety</u>										
Police stations	1	1	1	1	1	1	1	1	1	1
Fire stations	4	4	4	4	4	4	4	4	4	4
Police vehicles	41	44	41	37	41	42	42	38	37	33
Fire vehicles	20	20	21	21	20	21	21	20	20	20
<u>Public Works</u>										
Miles of town roads	100	100	100	100	100	100	100	100	100	100
Traffic signals	13	13	15	15	15	15	15	15	15	15
Public works vehicles and equipment	56	57	56	53	54	53	53	53	55	55
<u>Parks and Recreation</u>										
Acreage	370	370	370	370	370	370	370	370	370	370
Parks and greens	13	13	13	13	13	13	13	13	13	13
Athletic fields	7	7	7	7	7	7	7	7	7	7
Playgrounds	5	5	5	5	5	5	5	5	5	5
<u>Public Libraries</u>										
Libraries	1	1	1	1	1	1	1	1	1	1
<u>Senior Citizens</u>										
Community center	1	1	1	1	1	1	1	1	1	1
Senior mini-buses	5	5	5	4	4	4	4	5	5	5
<u>Education</u>										
Schools	7	7	7	7	7	7	7	7	7	7

Source(s): Various Town Departments

**TOWN OF NEWINGTON, CONNECTICUT
MISCELLANEOUS STATISTICS
JUNE 30, 2016**

GENERAL INFORMATION			
Incorporated:		1871	
Settled:		1678	
Form of Government:		Council-Manager	
Chief Elected Official:		Mayor	
Chief Administrative Officer:		Town Manager	
Area of Town:		13.2 square miles	
2010 Estimated Population:		30,562	
ELECTIONS		TAX STRUCTURE 2015-16	
Town Elections:	Odd years	10/1/14 Net Grand List:	\$2,551,501,424
Town Council (members + Mayor)	9	10/1/14 Net Supplemental List:	\$27,475,400
Board of Education (members):	9	Mill Rate:	35.8
Board of Fire Commissioners:	3	Assessment Ratio:	70%
Registrars of Voters:	2	Last Revaluation:	10/1/2011
Registered Voters (Active) as of 11/2015:	16,980	EDUCATION	
Republicans	3,059	Total Classroom Teachers	362.3
Democrats	7,047	Public School Enrollment (Oct 2015):	4,030
Minor Parties	235	Teacher/Pupil ratio:	11.1
Unaffiliated	6,639	2015-16 Appropriation per Pupil:	\$0
PUBLIC SAFETY - POLICE		Elementary Schools (PK-4):	4
# of Police Stations:	1	Students (Oct 2015)	1426
# of Police Districts:	5-9	Middle Schools (5-8):	2
# of Police Officers:		Students (Oct 2015)	1294
Police Chief	1	High School (9-12):	1
Dispatchers	7	Students (Oct 2015)	1264
Police Officers	50	Special Education	
# of Vehicles:	45	Students (Oct 2015)	46
PUBLIC SAFETY - FIRE PROTECTION			
# of Fire Companies:	4		
# of Volunteer Firefighters:	105		
# of Vehicles:	20		
PUBLIC SAFETY - EMERGENCY MEDICAL SERVICES			
# of Volunteers (average):	48		
# of Ambulances:	5		
FULL-TIME EMPLOYEES (2015-16)			
Town General Government:		168.4	
Board of Education (Full-Time Equivalents):			
Certified Teachers	362.3		
Certified - Administration	23.0		
Total Certified	385.3		
Classified Personnel (clerical, custodial, transp.)	132		
	517.3	<u>517.3</u>	
Total		685.7	