

PRELIMINARY OFFICIAL STATEMENT DATED MAY 16, 2019

NEW MONEY ISSUE: Book-Entry-Only

RATINGS: S&P Global: "AA+ / SP-1+"

In the opinion of Bond Counsel, based on existing statutes and court decisions and assuming continuing compliance by the Town with its covenants relating to certain requirements contained in the Internal Revenue Code of 1986, as amended (the "Code"), interest on the Bonds and the Notes is excludable from the gross income of the owners thereof for purposes of Federal income taxation and will not be treated as a preference item for purposes of computing the Federal alternative minimum tax. In the opinion of Bond Counsel, based on existing statutes, interest on the Bonds and the Notes is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates, and is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the Federal alternative minimum tax. See Appendix B – "Form of Opinion of Bond Counsel and Tax Matters - Bonds" and Appendix C – "Form of Opinion of Bond Counsel and Tax Matters - Notes" herein.



Town of Newington, Connecticut

\$9,000,000

General Obligation Bonds, Issue of 2019

Dated: Date of Delivery

Due: Serially, June 1, 2020-2039
As detailed on the inside cover:

Interest on the Bonds will be payable on December 1, 2019 and semiannually thereafter on June 1 and December 1 in each year until maturity. The Bonds are issuable only as fully-registered bonds, without coupons, and, when issued, will be registered in the name of Cede & Co., as bondowner and nominee for The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the Bonds. Purchases of the Bonds will be made in book-entry form, in the denomination of \$5,000 or any integral multiple thereof. Purchasers will not receive certificates representing their ownership interest in the Bonds. So long as Cede & Co. is the Bondowner, as nominee of DTC, reference herein to the Bondowner or owners shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners (as defined herein) of the Bonds. See "Book-Entry-Only Transfer System" herein.

Electronic bids via PARITY® for the Bonds will be received until 11:30 A.M. (Eastern Time) on Thursday, May 23, 2019, at Town Hall, Town Manager's Conference Room, 131 Cedar Street, Newington, Connecticut 06111.

The Bonds are subject to redemption prior to maturity. See "Redemption Provisions" herein.

\$6,000,000

General Obligation Bond Anticipation Notes

Dated: June 5, 2019

Due: June 4, 2020

The Notes will be issued in book-entry-only form and will bear interest at such rate or rates per annum as are specified by the successful bidder or bidders in accordance with the Notice of Sale, dated May 16, 2019. The Notes, when issued, will be registered in the name of Cede & Co., as Noteowner and nominee for DTC, New York, New York. See "Book-Entry-Only Transfer System" herein.

The Notes are not subject to redemption prior to maturity.

Electronic bids via PARITY® for the Notes will be received until 11:00 A.M. (Eastern Time) on Thursday, May 23, 2019, at Town Hall, Town Manager's Conference Room, 131 Cedar Street, Newington, Connecticut 06111.

The Bonds and the Notes will be general obligations of the Town of Newington, Connecticut, (the "Town"), and the Town will pledge its full faith and credit to pay the principal and interest on the Bonds and the Notes when due. (See "Security and Remedies" herein.)

The Bonds and Notes are offered for delivery when, as and if issued, subject to the approving opinion of Updike, Kelly & Spellacy, P.C., Bond Counsel, of Hartford, Connecticut. It is expected that delivery of the Bonds and the Notes in book-entry-only form will be made to DTC or its agent via "FAST" on or about June 5, 2019. The Registrar, Transfer Agent, Certifying Agent and Paying Agent will be U.S. Bank National Association.



This Preliminary Official Statement and the information contained herein are subject to completion or amendment. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

Town of Newington, Connecticut
\$9,000,000
General Obligation Bonds, Issue of 2019

Dated: Date of Delivery

Due: Serially, June 1, 2020-2039

Year	Principal	Coupon	Yield	CUSIP ¹	Year	Principal	Coupon	Yield	CUSIP ¹
2020	\$ 450,000	__%	__%	651469__	2030	\$ 450,000	__%	__%	651469__
2021	450,000	__%	__%	651469__	2031	450,000	__%	__%	651469__
2022	450,000	__%	__%	651469__	2032	450,000	__%	__%	651469__
2023	450,000	__%	__%	651469__	2033	450,000	__%	__%	651469__
2024	450,000	__%	__%	651469__	2034	450,000	__%	__%	651469__
2025	450,000	__%	__%	651469__	2035	450,000	__%	__%	651469__
2026	450,000	__%	__%	651469__	2036	450,000	__%	__%	651469__
2027	450,000	__%	__%	651469__	2037	450,000	__%	__%	651469__
2028	450,000	__%	__%	651469__	2038	450,000	__%	__%	651469__
2029	450,000	__%	__%	651469__	2039	450,000	__%	__%	651469__

\$6,000,000
General Obligation Bond Anticipation Notes

Dated: June 5, 2019

Due: June 4, 2020

CUSIP: 093851__

Rate: __%

Yield: __%

Underwriter: tbd

¹ Copyright, American Bankers Association. CUSIP® is a registered trademark of the American Bankers Association. CUSIP numbers have been assigned by an independent company not affiliated with the Town and are included solely for the convenience of the holders of the Bonds. The Town is not responsible for the selection or use of these CUSIP numbers, does not undertake any responsibility for their accuracy, and makes no representation as to their correctness on the Bonds or as indicated above. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds.

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No broker, dealer, salesman or other person has been authorized by the Town to give any information or to make any representations not contained in this Official Statement or any supplement which may be issued hereto, in connection with the offering of the Bonds or the Notes, and if given or made, such other information or representations must not be relied upon as having been authorized by the Town. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds or the Notes by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

This Official Statement has been prepared only in connection with the initial offering and sale of the Bonds and the Notes and may not be reproduced or used in whole or in part for any other purpose. The information, estimates and expressions of opinion in this Official Statement are subject to change without notice. Neither the delivery of this Official Statement nor any sale of the Bonds or the Notes shall, under any circumstances, create any implication that there has been no material change in the affairs of the Town since the date of this Official Statement or any earlier date as of which any information contained herein is given.

Bond Counsel is not passing on and does not assume any responsibility for the accuracy or completeness of the statements made in this Official Statement (other than matters expressly set forth in its opinions in Appendices B and C herein), and makes no representation that it has independently verified the same.

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Table of Contents

	<i>Page</i>		<i>Page</i>
Bond Issue Summary.....	1	IV. Tax Base Data.....	24
Note Issue Summary.....	1	Assessment Practices.....	25
I. Bond & Note Information.....	3	Property Tax Collection Procedures.....	25
Introduction.....	3	Comparative Assessed Valuations.....	25
Financial Advisor.....	3	Exempt Property.....	26
The Bonds.....	3	Ten Largest Taxpayers.....	26
The Notes.....	4	Property Tax Levies and Collections.....	27
Redemption Provisions.....	4	Property Taxes Receivable.....	27
Authorization and Purpose.....	4	V. Debt Summary.....	28
Use of Proceeds.....	5	Principal Amount of Bonded Indebtedness.....	28
Book-Entry-Only Transfer System.....	5	Short-Term Debt.....	28
DTC Practices.....	6	Other Obligations.....	28
Replacement Securities.....	6	Overlapping/Underlying Debt.....	28
Security and Remedies.....	7	Annual Bonded Debt Maturity Schedule.....	29
Qualification for Financial Institutions.....	7	Debt Statement.....	29
Availability of Continuing Disclosure.....	7	Current Debt Ratios.....	30
Ratings.....	8	Bond Authorization.....	31
Bond and Note Insurance.....	8	Temporary Financing.....	31
II. The Issuer.....	9	Maturities.....	31
Description of the Municipality.....	9	Limitation of Indebtedness.....	31
Description of Government.....	10	Statement of Statutory Debt Limitation.....	33
Principal Municipal Officials.....	11	Authorized but Unissued Debt.....	33
Organization Chart.....	11	Ratios of Net Long-Term Debt to Valuation,	
Summary of Municipal Services.....	12	Population and Income.....	34
Principal Public Facilities.....	13	Ratio of Annual Long-Term General Fund Debt Service	
School Facilities.....	14	Expenditures To Total General Fund Expenditures.....	34
School Enrollment.....	14	Principal Amount of Outstanding Debt.....	34
Municipal Employees.....	15	VI. Financial Administration.....	35
Municipal Employee Bargaining Organizations.....	15	Fiscal Year.....	35
III. Demographic and Economic Data.....	16	Audit.....	35
Economic Condition and Outlook.....	16	Summary of Accounting Principles.....	35
Economic Development Initiatives.....	16	Budgetary Control.....	35
Population and Density.....	18	Capital Improvement Plan.....	36
Age Distribution of the Population.....	18	Investment Practices.....	37
Income Distribution.....	18	Certificate of Achievement.....	37
Income Levels.....	19	Pension Plans.....	37
Educational Attainment.....	19	Deferred Compensation Plan.....	39
Labor Force Data.....	19	Other Post-Employment Benefits.....	40
Commute to Work.....	20	Risk Management.....	41
Employment by Industry.....	20	Compensated Absences.....	41
Major Employers.....	21	Comparative Balance Sheets – General Fund.....	42
Age Distribution of Housing.....	21	Intergovernmental Revenues as a Percent of Total Revenues.....	42
Housing Inventory.....	21	General Fund Revenues and Expenditures.....	43
Housing Unit Vacancy Rates.....	22	VII. Legal and Other Information.....	44
Owner Occupied Housing Values.....	22	Litigation.....	44
Number and Value of Building Permits.....	23	Transcript and Closing Documents.....	44
Breakdown of Land Use.....	23	Concluding Statement.....	45
		Appendix A - 2018 General Purpose Financial Statements	
		Appendix B - Form of Opinion of Bond Counsel and Tax Matters - Bonds	
		Appendix C - Form of Opinion of Bond Counsel and Tax Matters - Notes	
		Appendix D - Form of Continuing Disclosure Agreement - Bonds	
		Appendix E - Form of Continuing Disclosure Agreement - Notes	
		Appendix F - Notice of Sale - Bonds	
		Appendix G - Notice of Sale - Notes	

Bond Issue Summary

The information in this Bond Issue Summary, the front cover page and inside cover page is qualified in its entirety by the detailed information and financial statements appearing elsewhere in this Official Statement. Investors must read the entire Official Statement to obtain information essential to the making of an informed decision. This Official Statement speaks only as of its date and the information herein is subject to change.

Date of Sale:	Thursday, May 23, 2019 at 11:30 A.M. (Eastern Time).
Location of Sale:	Town of Newington, Town Hall, Town Manager's Conference Room, 131 Cedar Street, Newington, Connecticut 06111. Telephone: 860-665-8510
Issuer:	Town of Newington, Connecticut (the "Town").
Issue:	\$9,000,000 General Obligation Bonds, Issue of 2019 (the "Bonds").
Dated Date:	Date of Delivery.
Interest Due:	Interest due December 1, 2019 and semiannually thereafter on June 1 and December 1 in each year until maturity.
Principal Due:	Principal due serially, June 1, 2020 through June 1, 2039 as detailed on the inside cover of this Official Statement.
Purpose:	The Bond proceeds will be used to finance the Town Hall and Community Center Project.
Redemption:	The Bonds are subject to redemption prior to maturity.
Security:	The Bonds will be general obligations of the Town, and the Town will pledge its full faith and credit to the payment of principal of and interest on the Bonds when due.
Credit Rating:	The Bonds have been rated "AA+" by S&P Global. An application for a rating on the Bonds has not been made to any other rating agency.
Bond Insurance:	The Town does <u>NOT</u> expect to purchase a credit enhancement facility.
Tax Matters:	See Appendix B - "Form of Opinion of Bond Counsel and Tax Matters - Bonds" herein.
Bank Qualification:	The Bonds <u>shall NOT</u> be designated by the Town as qualified tax-exempt obligations under the provisions of Section 265(b) of the Internal Revenue Code of 1986, as amended, for purposes of the deduction by financial institutions for interest expense allocable to the Bonds.
Continuing Disclosure:	In accordance with the requirements of Rule 15c2-12(b)(5) promulgated by the U.S. Securities and Exchange Commission, the Town will agree to provide, or cause to be provided, annual financial information and operating data, notices of listed events and notices of failure to provide required information with respect to the Bonds pursuant to a Continuing Disclosure Agreement to be executed by the Town substantially in the form attached as Appendix D to this Official Statement.
Registrar, Transfer Agent, Certifying Agent and Paying Agent:	U.S. Bank National Association, Goodwin Square, 23rd Floor, 225 Asylum Street, Hartford, Connecticut 06103 will act as Registrar, Transfer Agent, Certifying Agent and Paying Agent.
Municipal Advisor:	Phoenix Advisors, LLC, 53 River Street, Suite 1, Milford, Connecticut 06460 will act as Municipal Advisor. Telephone: (203) 878-4945.
Legal Opinion:	Updike, Kelly & Spellacy, P.C., of Hartford, Connecticut will act as Bond Counsel.
Delivery and Payment:	It is expected that delivery of the Bonds in book-entry-only form will be made to The Depository Trust Company on or about June 5, 2019. Delivery of the Bonds will be made against payment in Federal Funds.
Issuer Official:	Questions concerning this Official Statement should be addressed to Janet Murphy, Director of Finance, Town Hall, 131 Cedar Street, Newington, Connecticut 06111, Telephone: (860) 665-8525 or Mr. Matthew A. Spoerndle, Senior Managing Director, Phoenix Advisors, LLC, 53 River Street, Milford, Connecticut, Telephone: (203) 878-4945.

Note Issue Summary

The information in this Note Issue Summary, the front cover page and inside cover page is qualified in its entirety by the detailed information and financial statements appearing elsewhere in this Official Statement. Investors must read the entire Official Statement to obtain information essential to the making of an informed decision. This Official Statement speaks only as of its date and the information herein is subject to change.

Date of Sale:	Thursday, May 23, 2019 at 11:00 A.M. (Eastern Time).
Location of Sale:	Town of Newington, Town Hall, Town Manager's Conference Room, 131 Cedar Street, Newington, Connecticut 06111. Telephone: 860-665-8510
Issuer:	Town of Newington, Connecticut (the "Town").
Issue:	\$6,000,000 General Obligation Bond Anticipation Notes (the "Notes").
Dated Date:	June 5, 2019.
Interest Due:	At maturity: June 4, 2020
Principal Due:	At maturity: June 4, 2020
Purpose:	The Note proceeds will be used to finance the Town Hall and Community Center Project.
Redemption:	The Notes are NOT subject to redemption prior to maturity.
Security:	The Notes will be general obligations of the Town, and the Town will pledge its full faith and credit to the payment of principal of and interest on the Notes when due.
Credit Rating:	The Notes have been rated "SP-1+" by S&P Global. An application for a rating on the Notes has not been made to any other rating agency.
Bond Insurance:	The Town does <u>NOT</u> expect to purchase a credit enhancement facility.
Tax Matters:	See Appendix C - "Form of Opinion of Bond Counsel and Tax Matters - Notes" herein.
Bank Qualification:	The Notes <u>shall NOT</u> be designated by the Town as qualified tax-exempt obligations under the provisions of Section 265(b) of the Internal Revenue Code of 1986, as amended, for purposes of the deduction by financial institutions for interest expense allocable to the Notes.
Continuing Disclosure:	In accordance with the requirements of Rule 15c2-12(b)(5) promulgated by the U.S. Securities and Exchange Commission, the Town will agree to provide, or cause to be provided, notices of the occurrence of certain listed events pursuant to a Continuing Disclosure Agreement to be executed by the Town substantially in the form attached as Appendix E to this Official Statement.
Registrar, Transfer Agent, Certifying Agent and Paying Agent:	U.S. Bank National Association, Goodwin Square, 23rd Floor, 225 Asylum Street, Hartford, Connecticut 06103 will act as Registrar, Transfer Agent, Certifying Agent and Paying Agent.
Municipal Advisor:	Phoenix Advisors, LLC, 53 River Street, Suite 1, Milford, Connecticut 06460 will act as Municipal Advisor. Telephone: (203) 878-4945.
Legal Opinion:	Updike, Kelly & Spellacy, P.C., of Hartford, Connecticut will act as Bond Counsel.
Delivery and Payment:	It is expected that delivery of the Notes in book-entry-only form will be made to The Depository Trust Company on or about June 5, 2019. Delivery of the Notes will be made against payment in Federal Funds.
Issuer Official:	Questions concerning this Official Statement should be addressed to Janet Murphy, Director of Finance, Town Hall, 131 Cedar Street, Newington, Connecticut 06111, Telephone: (860) 665-8525 or Mr. Matthew A. Spoerndle, Senior Managing Director, Phoenix Advisors, LLC, 53 River Street, Milford, Connecticut, Telephone: (203) 878-4945.

I. Bond & Note Information

Introduction

This Official Statement, including the front and inside cover page and appendices, is provided for the purpose of presenting certain information relating to the Town of Newington, Connecticut (the "Town"), in connection with the original issuance and sale of \$9,000,000 General Obligation Bonds, Issue of 2019 (the "Bonds") and \$6,000,000 General Obligation Bond Anticipation Notes (the "Notes") of the Town.

This Official Statement is not to be construed as a contract or agreement between the Town and the purchasers or holders of any of the Bonds or Notes. Any statements made in this Official Statement involving matters of opinion or estimates are not intended to be representations of fact, and no representation is made that any such opinion or estimate will be realized. No representation is made that past experience, as might be shown by financial or other information herein, will necessarily continue or be repeated in the future. All quotations from and summaries and explanations of provisions of statutes, charters, or acts of the Town contained herein do not purport to be complete, and are qualified in their entirety by reference to such laws, charters or acts. Such provisions of law are subject to repeal or amendment. All references to the Bonds or Notes and the proceedings of the Town relating thereto are qualified in their entirety by reference to the definitive form of the Bonds and the Notes and such proceedings.

U.S. Bank National Association, 225 Asylum Street, Goodwin Square, Hartford, Connecticut 06103 will act as Registrar, Transfer Agent, Paying Agent and Certifying Agent for the Bonds and the Notes. The legal opinions for the Bonds and the Notes will be rendered by Updike, Kelly & Spellacy, P.C., Bond Counsel, of Hartford, Connecticut. See Appendix B - "Form of Opinion of Bond Counsel and Tax Matters - Bonds" and Appendix C - "Form of Opinion of Bond Counsel and Tax Matters - Notes".

The presentation of information in this Official Statement is intended to show recent historical trends and is not intended to indicate future or continuing trends in the financial or other positions of the Town.

The Town deems this Official Statement to be "final" for the purposes of Securities and Exchange Commission Rule 15c2-12(b)(1), but it is subject to revision or amendment.

Bond Counsel is not passing on and does not assume any responsibility for the accuracy or completeness of the statements made in this Official Statement (other than matters expressly set forth in its opinions in Appendices B and C herein), and makes no representation that it has independently verified the same.

Municipal Advisor

Phoenix Advisors, LLC, of Milford, Connecticut has served as Municipal Advisor to the Town with respect to the issuance of the Bonds and the Notes (the "Municipal Advisor"). The Municipal Advisor is not obligated to undertake, and has not undertaken, either to make an independent verification of or to assume responsibility for the accuracy, completeness, or fairness of the information contained in the Official Statement and the appendices hereto.

The Municipal Advisor is an independent firm and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities.

The Bonds

The Bonds are being offered for sale through public bidding. A Notice of Sale for the Bonds dated May 16, 2019, a copy of which appears as Appendix F, has been furnished to prospective bidders. Reference is made to the Notice of Sale for the Bonds for the terms and conditions of the bidding on the Bonds.

The Bonds will mature on June 1 in each of the years and in the principal amounts as set forth on the inside cover of this Official Statement. The Bonds will be dated the date of delivery and will bear interest at the rate or rates per annum specified on the inside cover page of this Official Statement, payable on December 1, 2019 and semiannually thereafter on June 1 and December 1 in each year until maturity. Interest will be calculated on the basis of a 360-day year consisting of twelve 30-day months. Interest is payable to the registered owners as of the close of business on the fifteenth day of May and November, or preceding day if such fifteenth day is not a business day, in each year, by check, mailed to the registered owner at the address as shown on the registration books of the Town kept for such purpose, or so long as the Bonds are registered in the name of Cede & Co., as nominee of DTC, by such other means as DTC, the Paying Agent and the Town shall agree. Principal will be payable at the principal office of U.S. Bank National Association, as Paying Agent.

The Notes

The Notes are being offered for sale through public bidding. A Notice of Sale for the Notes dated May 16, 2019, a copy of which appears as Appendix G, has been furnished to prospective bidders. Reference is made to the Notice of Sale for the Notes for the terms and conditions of the bidding on the Notes.

The Notes will be dated June 5, 2019 and will be due and payable as to both principal and interest at maturity, on June 4, 2020. The Notes will bear interest calculated on the basis of twelve 30-day months and a 360-day year at such rate or rates per annum as are specified by the successful bidder or bidders. A book-entry system will be employed evidencing ownership of the Notes in principal amounts of \$5,000 or any multiple thereof, with transfers of ownership effected on the records of DTC, and its participants pursuant to rules and procedures established by DTC and its participants. See "Book-Entry-Only Transfer System". The Notes are not subject to redemption prior to maturity.

Redemption Provisions

The Bonds maturing on or before June 1, 2025 are not subject to redemption prior to maturity. The Bonds maturing on June 1, 2026 and thereafter are subject to redemption prior to maturity, at the election of the Town, on or after June 1, 2025, at any time, either in whole or in part and by lot within a maturity, in such amounts and in such order of maturity as the Town may determine, at the redemption price (expressed as a percentage of the principal amount of the Bonds to be redeemed), set forth in the following table, plus interest accrued and unpaid to the redemption date:

<i>Redemption Dates</i>	<i>Redemption Price</i>
June 1, 2025 and thereafter	100.0%

Notice of redemption shall be given by the Town or its agent by mailing a copy of the redemption notice by first-class mail not less than thirty (30) days prior to the redemption date to the registered owner of any Bonds designated for redemption, at the address of such registered owner, as the same shall last appear on the registration books for the Bonds kept for such purposes. Failure to give such notice by mailing to any registered owner, or any defect therein, shall not affect the validity of the redemption of any other Bonds. Upon the giving of such notice, if sufficient funds available solely for redemption are on deposit with the Paying Agent, the Bonds or portions thereof so called for redemption will cease to bear interest after the specified redemption date.

If less than all of the Bonds of any one maturity shall be called for redemption, the particular Bonds or portions of the Bonds of such maturity to be redeemed shall be selected by lot in such manner as the Town in its discretion may determine, provided, however, that the portion of any Bonds to be redeemed shall be in the principal amount of \$5,000 or a multiple thereof and that, in selecting Bonds for redemption, each Bond shall be considered as representing that number of Bonds which is obtained by dividing the principal amount of such Bond by \$5,000.

The Town, so long as a book-entry system is used for the Bonds being called for redemption, will send any notice of redemption only to DTC (or successor securities depository) or its nominee. Any failure of DTC to advise any Direct Participant, or of any Direct Participant or Indirect Participant to notify any Indirect Participant or Beneficial Owner, of any such notice and its content or effect will not affect the validity of the redemption of such Bonds called for redemption. Redemption of a portion of the Bonds of any maturity by the Town will reduce the outstanding principal amount of Bonds of such maturity held by DTC. In such event it is the current practice of DTC to allocate by lot, through its book-entry system, among the interests held by Direct Participants in the Bonds to be redeemed, the interests to be reduced by such redemptions in accordance with its own rules or other agreements with Direct Participants. The Direct Participants and Indirect Participants may allocate reductions of the interests in the Bonds to be redeemed held by the Beneficial Owners. Any such allocation of reductions of interests in the Bonds to be redeemed will not be governed by the determination of the Town authorizing the issuance of the Bonds and will not be conducted by the Town, the Registrar or the Paying Agent.

Authorization and Purpose

Town Hall and Community Center Project: The Bonds and Notes are being issued pursuant to an appropriation and bonding authorization in the amount of \$28,800,000 adopted at a referendum on November 7, 2017 for the purpose of financing costs related to demolition, planning, design and construction work associated with a new town hall, Board of Education offices, Transition Academy and community center.

Use of Proceeds

<i>Project</i>	<i>Borrowing Authorization</i>	<i>This Issue</i>	
		<i>The Notes Due: 6/4/2020</i>	<i>The Bonds</i>
Town Hall & Community Center Project....	\$ 28,800,000	\$ 6,000,000	\$ 9,000,000
Total.....	\$ 28,800,000	\$ 6,000,000	\$ 9,000,000

Book-Entry-Only Transfer System

The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the Bonds and the Notes. The Bonds and the Notes will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered bond certificate will be issued for each maturity of the Bonds in the aggregate principal amount of such maturity, and one fully-registered note certificate will be issued for each interest rate of the Notes, and will be deposited with DTC.

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has S&P Global’s highest rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of the Bonds and the Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds and the Notes on DTC’s records. The ownership interest of each actual purchaser of each security (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds and the Notes are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds or Notes, except in the event that use of the book-entry system for the Bonds and/or the Notes is discontinued.

To facilitate subsequent transfers, all Bonds and Notes deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the Bonds and the Notes with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds and the Notes; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Bonds and Notes are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the Bonds and the Notes may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds and the Notes, such as redemptions, tenders, defaults, and

proposed amendments to the bond and note documents. For example, Beneficial Owners of the Bonds and/or the Notes may wish to ascertain that the nominee holding the Bonds or the Notes for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds and Notes unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Town as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds and Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest on, and redemption premium, if any, with respect to the Bonds and the Notes will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Town or the Paying Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent, or the Town, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest, and redemption premium, if any, to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Town or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds and the Notes at any time by giving reasonable notice to the Town or its Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, bond and note certificates are required to be printed and delivered.

The Town may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, bond and note certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Town believes to be reliable, but the Town takes no responsibility for the accuracy thereof.

Neither the Town nor the Paying Agent will have any responsibility or obligation to the Participants of DTC or the persons for whom they act as nominees with respect to (i) the accuracy of any records maintained by DTC or by any Participant of DTC, (ii) payments or the providing of notice to the Direct Participants, the Indirect Participants or the Beneficial Owners, or (iii) any other actions taken by DTC or its partnership nominees as owner of the Bonds.

DTC Practices

The Town can make no assurances that DTC, Direct Participants, Indirect Participants or other nominees of the Beneficial Owners of the Bonds or the Notes will act in a manner described in this Official Statement. DTC is required to act according to rules and procedures established by DTC and its participants which are on file with the Securities and Exchange Commission.

Replacement Securities

In the event that: (a) DTC determines not to continue to act as securities depository for the Bonds or the Notes, and the Town fails to identify another qualified securities depository for the Bond or the Notes to replace DTC; or (b) the Town determines to discontinue the book-entry system of evidence and transfer of ownership of the Bonds or the Notes, the Town will issue fully-registered bond or note certificates, as the case may be, directly to the Beneficial Owner. A Beneficial Owner of the Bonds or the Notes, upon registration of certificates held in such Beneficial Owner's name, will become the registered owner of the Bonds or the Notes, as the case may be.

Security and Remedies

The Bonds and the Notes will be general obligations of the Town, and the Town will pledge its full faith and credit to pay the principal of and interest on the Bonds and the Notes when due. Unless paid from other sources, the Bonds and the Notes are payable from general property tax revenues. The Town has the power under Connecticut General Statutes to levy ad valorem taxes on all taxable property in the Town without limit as to rate or amount, except as to certain classified property such as certified forest land taxable at a limited rate and dwelling houses of qualified elderly persons of low income or qualified disabled persons taxable at limited amounts. There was no classified property on the last completed Grand List of the Town except for a small number of dwelling home qualified elderly persons of low income. The Town may place a lien on the property for the amount of tax relief granted, plus interest, with respect to dwelling houses of qualified elderly persons of low income or qualified disabled persons. Under existing statutes, the State of Connecticut is obligated to pay the Town a portion of the amount of the tax revenue which the Town would have received except for the limitation on its power to tax dwelling houses of qualified elderly persons of low income.

Payment of the Bonds and the Notes is not limited to property tax revenues or any other revenue source, but certain revenues of the Town may be restricted as to use and therefore may not be available to pay debt service on the Bonds and the Notes.

There are no statutory provisions for priorities in the payment of general obligations of the Town. There are no statutory provisions for a lien on any portion of the tax levy or other revenues to secure the Bonds and the Notes or judgments thereon, in priority to other claims.

The Town is subject to suit on its general obligation bonds and notes and a court of competent jurisdiction has power in appropriate proceedings to render a judgment against the Town. Courts of competent jurisdiction also have power in appropriate proceedings to order a payment of a judgment on such debt from funds lawfully available therefor or, in the absence thereof, to order the Town to take all lawful action to obtain the same, including the raising of the required amount in the next annual tax levy. In exercising their discretion as to whether to enter such an order, the courts may take into account all relevant factors including the current operating needs of the Town and the availability and adequacy of other remedies.

Enforcement of a claim for payment of principal of or interest on the Bonds and the Notes would also be subject to the applicable provisions of Federal bankruptcy laws as well as other bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted and to the exercise of judicial discretion. Section 7-566 of the Connecticut General Statutes, as amended in 1993, provides that no Connecticut municipality shall file a petition in bankruptcy without the express prior written consent of the Governor. This prohibition applies to any town, city, borough, metropolitan district and any other political subdivision of the State having the power to levy taxes and issue bonds or other obligations.

Qualification for Financial Institutions

The Bonds and the Notes **shall NOT** be designated by the Town as qualified tax-exempt obligations under the provisions of Section 265(b) of the Internal Revenue Code of 1986, as amended, for purposes of the deduction by financial institutions for interest expense allocable to the Bonds and the Notes.

Availability of Continuing Disclosure

The Town prepares, in accordance with State law, annual independent audited financial statements and files such annual reports with the State Office of Policy and Management.

The Town will enter into a Continuing Disclosure Agreement with respect to the Bonds, substantially in the form attached as Appendix C to this Official Statement (the "Continuing Disclosure Agreement for the Bonds"), to provide or cause to be provided, in accordance with the requirements of the SEC Rule 15c2-12(b)(5) (the "Rule"), (i) annual financial information and operating data, (ii) timely, but not in excess of ten (10) business days after the occurrence of the event, notice of the occurrence of certain listed events with respect to the Bonds, and (iii) timely notice of the failure by the Town to provide the required annual financial information and operating data on or before the date specified in the Continuing Disclosure Agreement for the Bonds. The winning bidder's obligation to purchase the Bonds shall be conditioned upon it receiving, at or prior to the delivery of the Bonds, an executed copy of the Continuing Disclosure Agreement for the Bonds.

The Town will enter into a Continuing Disclosure Agreement with respect to the Notes, substantially in the form attached as Appendix D to this Official Statement (the “Continuing Disclosure Agreement for the Notes”), to provide or cause to be provided, in accordance with the requirements of the Rule, timely, but not in excess of ten (10) business days after the occurrence of the event, notice of the occurrence of certain listed events with respect to the Notes. The winning bidder’s obligation to purchase the Notes shall be conditioned upon it receiving, at or prior to the delivery of the Notes, an executed copy of the Continuing Disclosure Agreement for the Notes.

The Town has previously undertaken in continuing disclosure agreements entered into for the benefit of holders of certain of its general obligation bonds and notes to provide certain annual financial information and event notices pursuant to the Rule. To its knowledge, the Town has not failed to comply, in any material respect, with its previous undertakings under such agreements in the past five years.

Ratings

The Bonds have been rated “AA+” and the Notes have been rated “SP-1+” by S&P Global. Such ratings reflect only the views of such organization and any explanation of the significance of such ratings should be obtained from the rating agency. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. The Town furnished certain information and materials to the rating agency, some of which may not have been included in this Official Statement. There can be no assurance that such ratings will continue for any given period of time or that the ratings will not be revised or withdrawn entirely if, in the judgment of the rating agency, circumstances so warrant. A revision or withdrawal of such ratings may have an effect on the market price of the Town’s outstanding bonds and/or notes, including the Bonds and the Notes.

Bond and Note Insurance

The Town does not expect to purchase a credit enhancement facility for the Bonds or the Notes.

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II. The Issuer



Description of the Municipality

The Town of Newington was first settled in 1678 and received its Charter from the State of Connecticut in 1871. The Town covers approximately 13.2 square miles and is located five 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, Hartford and Wethersfield. Population as of the 2010 Census was 30,562, an increase of 4.3% since the 2000 Census.

Newington has U.S. Route 5/15 (Berlin Turnpike) as a main north-south highway from Hartford to New Haven, which intersects with Interstates 91 and 84 in Hartford. In addition, State Route 9 provides a north-south link from Interstate 84 in Farmington to I-95 in Old Saybrook. The Town is served by various motor common carriers, and interstate and intrastate buses.

Newington is primarily a residential community. Its ten largest taxpayers comprise 10.28% of the net taxable grand list and include a balanced mix of commercial, manufacturing and light industry. The Town has two municipal-sponsored and five privately owned industrial parks as well as three office parks. Principal industries include manufacture of airplane parts, milk processing, printing, dies, gauges, tools and plumbing supplies. The Berlin Turnpike serves as a major retail trade location within the Central Connecticut market area. The 4.5 miles of the Berlin Turnpike in Newington and the Town Center comprise the bulk of the commercial areas in Newington. See "Economic Condition and Outlook" herein for more information.

The Town maintains an extensive recreation system that includes two major public parks, a synthetic turf field, baseball fields, swimming pools, soccer fields, picnic grounds, and tennis courts. The Newington public school system with an enrollment of approximately 4,035 students consists of four elementary schools, two middle schools and a high school. Medical facilities include the Hartford Hospital-Newington Campus, Veteran's Affairs Connecticut Health Care Facility, the Newington branch of the Grove Hill Clinic, Dialysis Center, and Newington Diagnostic Center. The Town also provides library services at the Lucy Robbins Welles Library.

Description of Government

Newington adopted the Council-Manager form of government in 1966. The Town Charter was revised in November 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. Minority representation is guaranteed in that no political party may have more than six members sitting on the Council. The Town Council appoints the Town Manager, who is the Chief Executive and Administrative Officer of the Town. The Town Manager is directly responsible to the Council for the supervision and administration of all Town departments, offices, agencies, boards and commissions, except those elected by the voters or appointed by the Council, Mayor, or a regional, State or Federal authority. The Mayor, elected separately, is a member and the presiding official of the Council with the power to vote. The Council appoints the Town's auditor annually. The Board of Education consists of nine members who each are elected at large for two-year terms.

The Director of Finance is an appointee of the Town Manager and is responsible for the financial affairs of the Town, including supervision of the Assessor's office and Revenue Collector's office. Both the Assessor and the Revenue Collector are appointees of the Town Manager. The Assessor's office locates, lists, and assesses real estate, personal property, and motor vehicles for the purpose 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 Superintendent signs all checks for the Board of Education. Town and Board of Education checks are countersigned by the Town Manager and the Director of Finance, respectively.

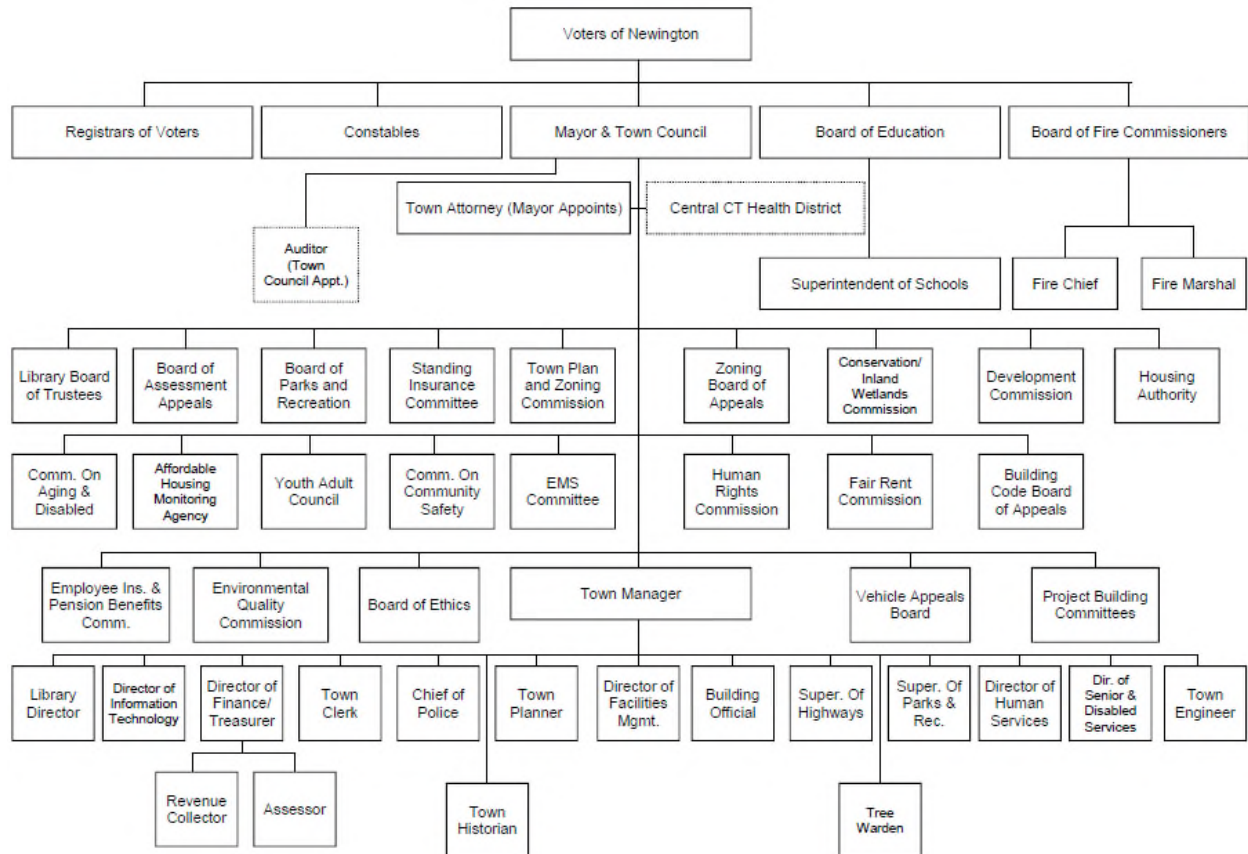
There are no overlapping taxing districts in Newington. The Town's share of the Metropolitan District Commission sewer levy, which totals approximately \$4,304,900 million, is included in the Town's 2018-19 General Fund budget.

Principal Municipal Officials

Office	Name	Manner of Selection	Term	Length Of Service
Town Council:				
Mayor.....	Roy Zartarian	Elected	2 years	3 years
Councilor.....	Carol Anest	Elected	2 years	3 years
Councilor.....	Timothy Manke	Elected	2 years	3 years
Councilor.....	Gail Budrejko	Elected	2 years	3 years
Councilor.....	Nicholas Arace	Elected	2 years	1 year
Councilor.....	Beth DelBuono	Elected	2 years	8 years
Councilor.....	James Marocchini	Elected	2 years	5 years
Councilor.....	Chris Miner	Elected	2 years	1 year
Councilor.....	Dinana Cassasanta-Serra	Elected	2 years	3 years
Town Manager.....	Tanya Lane	Appointed	Indefinite	3 years
Director of Finance/Treasurer...	Janet Murphy	Appointed	Indefinite	2 years
Revenue Collector.....	Corinne Aldinger	Appointed	Indefinite	13 years
Assessor.....	Steve Kosofsky	Appointed	Indefinite	2 years
Town Planner.....	Craig Minor	Appointed	Indefinite	7 years
Town Clerk.....	James Krupienski	Appointed	Indefinite	3 years
Town Attorney.....	Ben Ancona	Appointed	Indefinite	3 years
Superintendent of Schools.....	Pamela Muraca	Appointed	Indefinite	1 year

Source: Town of Newington

Organizational Chart



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Summary of Municipal Services

The Town provides the following municipal services as authorized by its Charter: public safety (police, fire, and emergency medical services), public works, solid waste disposal, sewer and water, public health, culture and recreation, library, education, and general administrative services.

Police: The Town police department has an authorized staff of 50 sworn personnel with an administrative and support staff consisting of the Chief and Assistant to the Chief. A fleet of 41 vehicles is maintained for police protection.

Fire: Fire protection is provided by the all-volunteer Newington Fire Department consisting of approximately 110 volunteer firefighters within four companies. Administrative matters are handled by the Fire Chief and four Deputy Chiefs, all of whom are part-time. The Town also employs one full-time fire marshal. Apparatus consists of pumpers, aerial ladder trucks, rescue vehicles, and brush trucks. A three-member elected board of commissioners acts as the policy-making body for the Fire Department.

Emergency Medical Services: The Newington Volunteer Ambulance Corps, which comprises 48 volunteers, provides emergency medical services to Town residents. It also holds the Primary Service Area paramedic services for the Town. The Corps has four ambulances and one mass-casualty van.

Public Works: The public works function includes the Highway and Engineering Departments with a combined full-time staff of 26 positions. The Town Engineer serves as the administrative and enforcement officer for the Conservation/Inland Wetlands Commission, which is the regulatory agency for inland/wetlands and watercourses within the Town. Through the Highway Department, the Town does all of its street construction and repair, with some in-place paving work outsourced under contract.

Solid Waste Disposal: The Town executed a Tier 1 long term contract with Materials Innovation and Recycling Authority (MIRA), effective July 1, 2018 for the disposal of its solid waste. The contract will remain in effect through June 30, 2027. The Town may elect to “opt out” of the contract annually in the event “opt out” pricing terms outlined in the contract are met. The Town estimates delivering on an annual basis 9,500 tons of solid waste for processing at a rate of \$72.00 per ton. The annual rate will increase based on MIRA’s estimated cost of operations to be determined in February of each year.

The Town operates a municipal recycling center for scrap metal and waste motor oil. Curbside service is provided for recyclable materials. Leaves, brush and grass clippings may be disposed at the bulky waste landfill operated by the Town.

Sewer and Water: The Metropolitan District (“MDC”), a regional water and sewer utility, provides water and sewer facilities for the Town. The Town pays the sewer user charge. MDC assesses its eight member towns for residential sewer service annually using total tax revenues received in each town averaged over the previous three years in relation to the total of the member towns. Water consumers are invoiced directly by MDC on a quarterly basis. The Town’s share of the MDC’s sewer budget in 2018-19 totals \$4,304,900.

Health and Community Services: Effective July 1, 2006, the Town became a member of the Central Connecticut Health District (CCHD), which also includes the Towns of Berlin, Wethersfield and Rocky Hill. The district-wide services offered by CCHD include environmental health, community health, and emergency preparedness for the Town’s residents. The Newington Senior and Disabled Center (the “Center”), located in close proximity to Town Hall, is the first center in the State of Connecticut to be accredited by the National Institute of Senior Centers. It provides support to older adults and people with disabilities by enriching their independence, well-being and quality of life by promoting their inclusion in the community and facilitating access to a comprehensive choice of services and activities that respond to their diverse needs and interests. Working with other Town departments, state and community agencies, service providers and businesses, a wide array of services and programs are provided by the Center to more than 3,500 members. The staff of 18 full-time employees is assisted by more than 140 volunteers.

Culture and Recreation: The Newington Parks and Recreation Department is responsible for providing cultural programs, recreational activities and maintaining public grounds. The Recreation Division provides programs in seven programming areas: social, cultural, sports and fitness, aquatics, playgrounds, summer programs, and senior citizen programs. The Parks and Grounds Division is responsible for the aesthetic and functional maintenance of all parks, public grounds, and school grounds. Public swimming is available at the outdoor pools at Mill Pond and Churchill Parks and an indoor pool at the Newington High School. Municipal-owned and operated tennis courts are available at the Mill

Pond and Churchill Parks. Town facilities are used for self-sponsored activities for Little League Baseball, Babe Ruth Baseball, and Midget Football. Recreation programs are financed by user fees accounted for in a Special Revenue Fund.

Library: The Lucy Robbins Welles Library, located across from the Town Hall, is one of the busiest and most used libraries in the state, with an estimated 250,000 patron visits annually. It has 14 full-time staff members with policy oversight by a 15-member Board of Trustees.

Education: The Town provides kindergarten through high school education. An elected nine-member Board of Education has the responsibility for the Town's seven schools. The primary function of the Board is to establish policy, set curriculum, submit budget requests, ensure appropriated funds for education are properly expended, and plan for facilities including construction and renovations.

Principal Public Facilities

<i>Facility</i>	<i>Date Constructed</i>	<i>Additions and Major Renovations</i>	<i>Type of Construction</i>
Town Hall	1951	1995, 1996, 2009	Brick
Police Station	2005	—	Brick
Lucy Robbins Welles Library	1939	1988, 1998	Brick
Senior and Disabled Center	1950	1989	Brick
Newington Volunteer Fire Dept. Headquarters	1967	1988, 1989	Brick
Newington Volunteer Fire Dept. Co. 2	1977	2008	Brick
Newington Volunteer Fire Dept. Co. 3	1977	1998, 1999	Brick
Newington Volunteer Fire Dept. Co. 4	1954	—	Brick
Newington Volunteer Fire Dept. Co. 5	1929	1982	Brick
Highway Garage	1970	1985	Steel
Kellogg Eddy House	1804	1929, 1998	Wood frame
Kelsey House	1799	1980	Wood frame
Parks Garage	1976	2001	Concrete

Source: Town of Newington

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School Facilities

School	Grades	Date Constructed	Last Remodeled/ Code Improvements	Number of Classrooms	10/1/2018 Enrollment	Rated Capacity
Elizabeth Green.....	K-4	1924	1996/1999/2004	20	279	380
Anna Reynolds.....	K-4	1955	2000	19	406	500
John Paterson.....	K-4	1962	2000	22	353	540
Ruth Chaffee.....	K-4	1953	1996/1999/2004	22	322	400
John Wallace.....	5-8	1973	2000	33	670	858
Martin Kellogg.....	5-8	1958	2000	29	649	792
Newington High....	9-12	1971	2000	84	1,311	1,402
Total.....				229	3,990	4,872

Source: Town of Newington, Board of Education

School Enrollment ¹

School Year as of October 1	Historical			Special Education	Total
	K-4 ²	5-8	9-12		
2009	1,623	1,361	1,469	36	4,489
2010	1,533	1,328	1,485	36	4,382
2011	1,560	1,268	1,450	47	4,325
2012	1,547	1,286	1,428	55	4,316
2013	1,490	1,294	1,361	54	4,199
2014	1,442	1,303	1,308	50	4,103
2015	1,426	1,294	1,264	46	4,030
2016	1,449	1,288	1,271	48	4,056
2017	1,410	1,306	1,287	49	4,052
2018	1,360	1,319	1,311	44	4,034
	Projected			Special Education	Total
School Year	K-4 ²	5-8	9-12		
2019	1,323	1,302	1,314	50	3,989
2020	1,334	1,265	1,337	50	3,986
2021	1,313	1,247	1,348	50	3,958
2022	1,343	1,203	1,350	50	3,946
2023	1,349	1,189	1,330	50	3,918
2024	1,374	1,164	1,293	50	3,881

¹ Includes students from Open Choice Program which consists of K-12 students from neighboring towns.

² Includes Pre-K students.

Source: Town of Newington, Board of Education

Municipal Employees

The Town of Newington employs full-time and permanent part-time employees as shown below:

	2018	2017	2016	2015	2014
General Government.....	171	169	169	169	168
Board of Education. ¹	508	515	517	510	496
Total	679	684	686	679	664

¹ Full-time Equivalent.

Source: Town of Newington

Municipal Employee Bargaining Organizations

Board of Education Groups	Positions Covered	Current Contract Expiration Date
Central Staff (AFSCME – Local 2930).....	100	6/30/2020
Teachers (Newington Teacher's Association).....	345	6/30/2021
NASA (Certified Administrators)	24	6/30/2022
Total Unionized Board of Education Employees	469	
General Government		
Police (IBPO – Local 443).....	58	6/30/2021
Central Staff (AFSCME – Local 2930).....	67	6/30/2020
Total Unionized General Government Employees	125	

Source: Town of Newington

Connecticut General Statutes Sections 7-473c, 7-474 and 10-153a to 10-153n provide a procedure for binding arbitration of collective bargaining agreements between municipal employers and organizations representing municipal employees, including certified teachers and certain other employees. The legislative body of a municipal entity may reject an arbitration panel's decision by a two-thirds majority vote. The State of Connecticut and the employee organization must be advised in writing of the reasons for rejection. The State then appoints a new panel of either one or three arbitrators to review the decisions on each of the rejected issues. The panel must accept the last best offer of either party. In reaching its determination, the arbitration panel gives priority to the public interest and the financial capability of the municipal employer, including consideration of other demands on the financial capability of the municipal employer. For binding arbitration of teachers' contracts, in assessing the financial capability of a municipal entity, there is an irrefutable presumption that a budget reserve of 5% or less is not available for payment of the cost of any item subject to arbitration. In the light of the employer's financial capability, the panel considers prior negotiations between the parties, the interests and welfare of the employee group, changes in the cost of living, existing employment conditions, and the wages, salaries, fringe benefits, and other conditions of employment prevailing in the labor market, including developments in private sector wages and benefits.

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III. Demographic and Economic Data

Economic Condition and Outlook

Newington's October 1, 2018 grand list increased by 0.62% over the prior year. This increase was primarily attributable to a significant increase in the business Personal Property section of the Grand List which increased by 6.18% or \$9,008,438 from the prior year. Major investment in personal property by Eversource, Stop & Shop Supermarkets, Data Mail, Data Graphics, and Sam's Club as well as the continuation of future benefits realized as a result of our highly successful audit program were the major sources of the increase in the Personal Property section of the Grand List. The Real Estate section of the 2018 Grand List totaled \$2,253,289,510 which is a decrease of \$372,840 or .02% less than the 2017 Grand List. This decrease was attributable to the demolition of several buildings in Town including the former Eversource complex at 3333 Berlin Turnpike, the former Ruby Tuesday restaurant at 3240 Berlin Turnpike and a large group of vacant buildings located at the Tilcon quarry on Hartford Avenue. Additionally, adjustments to the assessments of several commercial buildings that have experienced lengthy total vacancies contributed to the decrease in the total value of the real estate in Town. Although there was a small offset due to the completion of 18 residential homes, the absence of any new significant commercial development has continued to affect the overall growth of the real estate portion of the Grand List in Newington. The 2018 grand list is subject to further adjustments by the Board of Assessment Appeals and any future court cases that may be filed. The Town continues to maintain a balanced mix of retail, manufacturing, and light industry and its top twenty-five assessments represented about 12.82% of the total assessed value on the October 1, 2018 Grand List. The Town's tax collection rate for the fiscal year ended June 30, 2018 was 99.05%, a slight decrease from the rate achieved in the fiscal year ending 2017. Current year tax collections are similar to the same period of the previous year.

For fiscal year end 2018, building permit activity generated \$21 million in construction value, representing a decrease of approximately \$6.46 million from the prior year. Construction included the remodeling of several businesses including Stop and Shop, Target Store, McDonalds and Party City. There was also work completed for Hartford Health Care Rehabilitation Network, Corsicana Bedding and the start of construction of a new Chick-fil-A on the Berlin Turnpike. Although Newington is limited in land for extensive housing development, residential building is still occurring at such developments in the Harvest Court and Shady Lane subdivisions. Building permits were issued for six residential units during the 2018 fiscal year.

Economic Development Initiatives

Economic development over the long term will enhance the Town financially. The Town's Plan of Conservation and Development recommends strategies for the reuse of commercial and industrial sites to grow the Town's grand list while also making it a priority to preserve Newington's environmental resources, wetlands, flood plains and steep slopes along Cedar Mountain for open space protection. A number of projects are underway or in the planning stages that will significantly improve Newington's economic base, including the following:

- Aided by a ten year, fifty percent tax fixing agreement, construction of a \$60 million assisted living and independent living facility will begin in 2019 at the corner of East Cedar Street and Russell Road.
- A vacant 24 acre parcel at 3333 Berlin Turnpike for sale by Eversource is anticipated to be sold to a developer that will construct a mixed-use retail and residential development with a value exceeding \$50 million.

Newington is home to two recently opened CTfastrak Bus Rapid Transit stations. Constructed at a cost of \$567 million, the CTfastrak system has ten stations along a 9.4 mile route from Hartford to New Britain, Connecticut. Projects associated with the opening of the stations in Town are as follows:

- Adjacent to the Cedar Street Station at the corner of Fenn Road and Cedar Street, the Town acquired through tax foreclosure a four acre parcel with dilapidated buildings known as the National Welding site. With \$2 million of Brownfields funding secured from the State of Connecticut, the Town abated and demolished the National Welding buildings and remediated ground contamination. The site is ready for development which will most likely be a hotel and potentially a privately-owned parking structure to serve passengers utilizing CTfastrak. The value of this development, along with the potential development of six acres of mostly vacant privately-owned land west of Cedar Street Station, could approach \$50 million.
- Newington Junction on Willard Avenue in the north end of Town, is located next to an aging industrial area in need of redevelopment. A Transit Oriented Development Overlay Zone designed to spur development near the CTfastrak station in this area has been drafted by Newington's Town Plan and Zoning Commission.

Connecticut's \$769 million Hartford Line train system opened in 2018 offering high speed commuter service between New Haven, CT and Springfield MA, running through Newington. Connecting to existing rail service in New Haven, the Hartford Line provides a convenient new way to travel to New York, Philadelphia, Washington, DC and points beyond. Newington expects to benefit from this service upon the opening of a \$55 million Hartford Line station on Cedar Street by as early as 2022. Town officials are in the process of formulating an extensive mixed-use development plan for sixty-four acres in the immediate vicinity of the proposed Newington Station. The plan contemplates the creation of a Transit Village Design District designed to promote a new master-planned Newington neighborhood comprising residential, restaurant, retail, office, personal service, health care, hotel, entertainment, gallery, innovation and co-working uses, along with public amenities. Investment in the Village is expected to exceed \$500 million over the next twenty years.

The Berlin Turnpike continues to be the Town's main retail corridor, attracting a dynamic and eclectic mix of big box, national and locally-owned stores and restaurants. New tenants routinely replace those at the end of their life cycles. Recent additions include Saz Jamaican Restaurant, Batteries & Bulbs, Zavarella Granite, Chick-fil-A, Bri-Airy Style Salons, O'Reilly Autoparts, Artichoke Basile, Nostrom Pharmacy, Re:Nu Medspa, ENL Nail Bar, Industrial Protection Products, Turnpike Pizzeria, Original Foot Spa, and Try-Zen. An emphasis of the Town in the coming years will be on promoting the redevelopment of old motel sites that have the potential for greater economic activity.

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

Industry remains a material component of Newington's economy, with an emphasis on aerospace manufacturing. Major aerospace manufacturing firms include GKN, EDAC, Beacon Industries and Reno Machine. Newington has created an Aerospace Academy program in its public schools to help supply a pipeline of qualified people for these high-value companies. In addition, Newington is home to the world headquarters of Data-Mail and the quarrying operations of Oldcastle's Tilcon division. Lastly, Corsicana Mattress opened a new 212,000 square foot bedding factory on Alumni Road in 2018.

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Population and Density

Year	Population	% Increase (Decrease)	Density ²
1970	26,037	--	1,987.6
1980	28,841	10.8	2,201.6
1990	29,208	1.3	2,229.6
2000	29,306	0.3	2,237.1
2010	30,562	4.3	2,333.0
2017 ¹	30,603	0.1	2,336.1

¹ American Community Survey, 2013-2017

² Per square mile: 13.1 square miles.

Source: U.S. Department of Commerce, Bureau of Census.

Age Distribution of the Population

	Town of Newington		State of Connecticut	
	Number	Percent	Number	Percent
Under 5 years.....	1,395	4.6%	186,188	5.2%
5 to 9 years.....	1,439	4.7	206,536	5.7
10 to 14 years.....	1,722	5.6	225,831	6.3
15 to 19 years.....	1,820	5.9	249,777	6.9
20 to 24 years.....	1,706	5.6	245,849	6.8
25 to 34 years.....	3,655	11.9	439,239	12.2
35 to 44 years.....	3,612	11.8	433,401	12.1
45 to 54 years.....	4,504	14.7	535,611	14.9
55 to 59 years.....	2,482	8.1	266,501	7.4
60 to 64 years.....	1,867	6.1	229,788	6.4
65 to 74 years.....	3,358	11.0	318,515	8.9
75 to 84 years.....	1,909	6.2	167,133	4.6
85 years and over	1,134	3.7	90,109	2.5
Total.....	30,603	100.0%	3,594,478	100.0%

2017 median age (years)..... 44.9 40.8

2010 median age (years)..... 43.7 39.8

Source: American Community Survey, 2013-2017

U.S. Bureau of Census, 2010 Census.

Income Distribution

	Town of Newington		State of Connecticut	
	Families	Percent	Families	Percent
Less than \$10,000.....	129	1.6%	27,787	3.1%
\$10,000 to \$14,999.....	77	1.0	16,143	1.8
\$15,000 to \$24,999.....	125	1.6	41,072	4.6
\$25,000 to \$34,999.....	341	4.3	52,218	5.8
\$35,000 to \$49,999.....	775	9.8	82,371	9.2
\$50,000 to \$74,999.....	1,080	13.7	134,356	15.0
\$75,000 to \$99,999.....	1,426	18.1	122,244	13.6
\$100,000 to \$149,999...	2,331	29.6	186,352	20.8
\$150,000 to \$199,999...	1,091	13.8	100,359	11.2
\$200,000 or more.....	512	6.5	132,765	14.8
Total.....	7,887	100.0%	895,667	100.0%

Source: American Community Survey, 2013-2017

Income Levels

	Town of Newington	State of Connecticut
Per Capita Income, 2017.....	\$38,179	\$41,365
Per Capita Income, 2010.....	\$35,055	\$36,613
Median Family Income, 2017.....	\$99,812	\$93,800
Median Family Income, 2010.....	\$84,132	\$84,558
Median Household Income, 2017.....	\$79,181	\$73,781
Median Household Income, 2010.....	\$71,817	\$69,243

Source: American Community Survey, 2013-2017

U.S. Bureau of Census, 2010 Census.

Educational Attainment

Years of School Completed – Age 25 and Over

	Town of Newington		State of Connecticut	
	Number	Percent	Number	Percent
Less than 9th grade.....	971	4.3%	104,623	4.2%
9th to 12th grade, no diploma.....	1,032	4.6	137,877	5.6
High School graduate (includes equivalency).....	5,832	25.9	673,582	27.2
Some college, no degree.....	3,775	16.8	422,535	17.0
Associate's degree.....	2,065	9.2	188,481	7.6
Bachelor's degree.....	5,464	24.3	532,055	21.5
Graduate or professional degree.....	3,382	15.0	421,144	17.0
Total.....	22,521	100.0%	2,480,297	100.0%
Total high school graduate or higher (%).....	91.10%		90.20%	
Total bachelor's degree or higher (%).....	39.30%		38.40%	

Source: American Community Survey, 2013-2017

Labor Force Data

	Town of Newington		Percentage Unemployed		
Period	Employed	Unemployed	Town of Newington	Hartford Labor Market	State of Connecticut
December 2018.....	17,167	516	2.9	3.3	3.2
Annual Average					
2018	16,859	646	3.7	4.2	4.2
2017	16,753	708	4.1	4.7	4.7
2016	16,516	791	4.3	5.2	5.1
2015	16,578	815	4.9	5.7	5.7
2014	16,022	938	5.5	6.6	6.6
2013	15,703	1,129	6.6	7.8	7.8
2012	16,002	1,225	7.1	8.3	8.3
2011	15,670	1,318	7.6	8.8	8.8
2010	15,667	1,387	8.2	9.2	9.1
2009	15,788	1,229	7.3	8.3	8.3

Source: State of Connecticut, Department of Labor.

Commute to Work

16 years of age and over

	Town of Newington		State of Connecticut	
	Number	Percent	Number	Percent
Drove alone.....	13,502	86.8%	1,387,093	78.8%
Car pools.....	1,245	7.8	143,925	8.4
Using public transportation.....	235	1.8	86,778	4.5
Walked.....	67	0.8	51,059	3.0
Using other means.....	177	1.0	19,988	1.3
Worked at home.....	636	1.8	85,156	4.0
Total.....	15,862	100.0%	1,773,999	100.0%
Mean travel to work (minutes).....	21.5		26.0	

Source: American Community Survey, 2013-2017

Employment by Industry

Sector	Town of Newington		State of Connecticut	
	Number	Percent	Number	Percent
Agriculture, forestry, fishing and hunting, and mining.....	32	0.2%	7,166	0.4%
Construction.....	819	5.0	104,122	5.8
Manufacturing.....	1,936	11.9	191,519	10.6
Wholesale trade.....	444	2.7	44,741	2.5
Retail trade.....	1,564	9.6	193,016	10.7
Transportation warehousing, and utilities...	623	3.8	68,926	3.8
Information.....	346	2.1	42,200	2.3
Finance, insurance, real estate, and leasing.	1,835	11.3	163,810	9.1
Professional, scientific, management, administrative, and waste management....	1,750	10.7	208,130	11.5
Education, health and social services.....	4,145	25.4	478,083	26.5
Arts, entertainment, recreation, accommodation and food services.....	1,123	6.9	153,679	8.5
Other services (except public admin.).....	784	4.8	82,538	4.6
Public Administration.....	897	5.5	67,156	3.7
Total Labor Force, Employed.....	16,298	100.0%	1,805,086	100.0%

Source: American Community Survey, 2013-2017

Major Employers

The following are among the most significant employers in the Town of Newington:

Employer	Type of Business	Approximate Number of Employees ¹
Connecticut Department of Transportation.....	Government	1,028
Hartford Hospital-Newington Campus.....	Health Services	853
Town of Newington.....	Government	681
Data-Mail, Inc.....	Direct Mail Service	604
Veterans Administration Hospital.....	Health Services	370
Davidson Company.....	Distributors	346
Stew Leonards.....	Grocery	285
Stop & Shop.....	Grocery	215
Newington Health Care Center.....	Health Services	212
Target	Retail Trade	210

¹ Full-time equivalent.

Source: Town of Newington Economic Development

Age Distribution of Housing

Year Built	Town of Newington		State of Connecticut	
	Units	Percent	Units	Percent
1939 or earlier.....	1,214	9.4%	338,011	22.4%
1940 to 1969.....	5,796	45.0	535,477	35.5
1970 to 1979.....	2,720	21.1	200,217	13.3
1980 to 1989.....	1,553	12.1	191,939	12.7
1990 to 1999.....	848	6.6	114,261	7.6
2000 or 2009.....	612	4.8	105,131	7.0
2010 or later.....	128	1.0	22,675	1.5
Total Housing Units.....	12,871	100.0%	1,507,711	100.0%

Source: American Community Survey, 2013-2017

Housing Inventory

Type	Town of Newington		State of Connecticut	
	Units	Percent	Units	Percent
1-unit, detached.....	8,390	65.2%	892,621	59.2%
1-unit, attached.....	1,354	10.5	81,393	5.4
2 units.....	430	3.3	123,040	8.2
3 or 4 units.....	579	4.5	130,914	8.7
5 to 9 units.....	764	5.9	82,787	5.5
10 to 19 units.....	867	6.7	56,540	3.8
20 or more units.....	487	3.8	128,477	8.5
Mobile home.....	-	-	11,564	0.8
Boat, RV, van, etc.....	-	-	375	0.0
Total Inventory.....	12,871	100.0%	1,507,711	100.0%

Source: American Community Survey, 2013-2017

Housing Unit Vacancy Rates

Units	Town of Newington		State of Connecticut	
	Units	Percent	Units	Percent
Occupied housing units.....	12,519	97.3%	1,361,755	90.3%
Vacant housing units.....	352	2.7%	145,956	9.7%
Total units.....	12,871	100.0%	1,507,711	100.0%
Homeowner vacancy rate.....	0.8%		1.9%	
Rental vacancy rate.....	3.7%		6.6%	

Source: American Community Survey, 2013-2017

Owner-occupied Housing Units

Specified Owner-Occupied Units	Town of Newington		State of Connecticut	
	Number	Percent	Number	Percent
Less than \$50,000.....	215	2.2%	24,038	2.7%
\$50,000 to \$99,000.....	210	2.1	29,789	3.3
\$100,000 to \$149,999.....	831	8.4	83,320	9.2
\$150,000 to \$199,000.....	2,149	21.8	141,024	15.6
\$200,000 to \$299,999.....	4,692	47.6	244,356	26.9
\$300,000 to \$499,999.....	1,614	16.4	236,671	26.1
\$500,000 to \$999,999.....	97	1.0	106,192	11.7
\$1,000,000 or more.....	57	0.6	41,408	4.6
Total.....	9,865	100.0%	906,798	100.0%
Median Value.....	\$229,900		\$270,100	

Source: American Community Survey, 2013-2017

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Number and Value of Building Permits

<i>Fiscal Year</i>	<i>Residential</i>		<i>Comm./Industrial</i>		<i>Other/Exempt</i>		<i>Total</i>	
	<i>No.</i>	<i>Value</i>	<i>No.</i>	<i>Value</i>	<i>No.</i>	<i>Value</i>	<i>No.</i>	<i>Value</i>
2018	6	\$ 1,249,970	2	\$ 950,000	1,901	\$ 19,295,538	1,909	\$ 21,495,508
2017	16	3,501,053	3	1,429,774	1,817	23,025,013	1,836	27,955,840
2016	26	5,370,428	1	520,000	2,228	24,312,254	2,255	30,202,682
2015	21	5,062,020	2	1,500,000	2,006	23,696,566	2,029	30,258,586
2014	18	2,720,377	1	223,000	2,010	24,083,751	2,029	27,027,128
2013	20	8,734,723	4	993,421	1,850	28,337,815	1,874	38,065,959
2012	3	527,440	11	7,602,723	1,655	15,288,251	1,669	23,418,414
2011	8	5,550,600	4	806,320	1,503	15,698,725	1,515	22,055,645
2010	17	4,200,161	2	3,997,000	1,678	18,398,911	1,697	26,596,072
2009	34	8,726,450	9	5,330,905	1,763	29,236,429	1,806	43,293,784

Source: Town of Newington, Building Official

Breakdown of Land Use

<i>Land Use Category</i>	<i>Acres as of February 2019</i>	<i>Percent</i>
<u>Developed:</u>		
Residential.....	3,069	44.1%
Commercial/Industrial/Utility.....	2,884	41.4%
Open Space.....	-	0.0%
Community Facilities/Institutional.....	-	0.0%
Roads/Utility/Rights of Way.....	-	0.0%
<u>Undeveloped:</u>		
Inland/Wetland and Flood hazards.....	-	0.0%
Non-residential vacant.....	373	5.4%
Residential vacant.....	632	9.1%
Total All Land.....	6,958	100.0%

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IV. Tax Base Data

Assessment Practices

The maintenance of an equitable tax base and the location and appraisal of all real and personal property within the Town for inclusion on the Grand List is the responsibility of the Assessor. The Grand List represents the total of assessed value for all taxable real property, personal property and motor vehicles located within the Town as of October 1. Each year the Town's Board of Assessment Appeals determines whether adjustments to the Assessor's list on assessments under appeal are warranted. Real estate assessments are computed at seventy percent (70%) of the estimated market value at the time of the last revaluation. When conducting a revaluation generally accepted mass appraisal methods shall be used. A revaluation by physical or full inspection must be performed for real property once every ten years except in the event the Assessor obtains satisfactory verification of data listed on the Assessor's record for such property in which case a full inspection shall not be required. Pursuant to Section 12-62 of the Connecticut General Statutes, as amended, which statute governs the periodic revaluation of real property, revaluations of real property must be performed every five years. The Town's last revaluation was completed as of October 1, 2016, and became effective for the 2017-18 fiscal year. The Town's next revaluation will be October 1, 2021.

When a new structure, or modification to an existing structure, is undertaken, the Assessor's Office receives a copy of the permit issued by the Building Official. Upon issuance of a certification of completion, a physical inspection is conducted and a new fair market value is determined for the structure with the aid of schedules developed at the time of the last revaluation. All value adjustments are reviewed to determine equity with similar properties and estimate changes to existing income streams. Property depreciation and obsolescence factors are also considered when arriving at an equitable value.

All personal property (furniture, fixtures, equipment, machinery, supplies, non-registered motor vehicles, and leased equipment) is revalued annually. Random audits are conducted periodically. Assessments for both personal property and motor vehicles are completed at 70% of the current fair market value.

Section 12-71e of the Connecticut General Statutes, as amended, allows municipalities to tax motor vehicles at a different rate than other taxable property but caps the motor vehicle tax rate at (1) 39.00 mills for the assessment year commencing October 1, 2016 (fiscal year beginning July 1, 2017 and ending June 30, 2018) and (2) 45 mills for the assessment year commencing October 1, 2017 (fiscal year beginning July 1, 2018 and ending June 30, 2019) and each assessment year thereafter. Section 4-66l of the Connecticut General Statutes, as amended, establishes the municipal revenue sharing account which provides that sales tax revenue diverted to this fund shall mitigate the revenue loss attributed to the motor vehicle property tax cap.

The Town's motor vehicle tax rate for the current October 1, 2017 assessment year is 38.5 mills. Motor vehicle lists are furnished to the Town by the State of Connecticut and appraisals of motor vehicles are accomplished in accordance with an automobile price schedule developed by the Connecticut Association of Assessing Officials and as recommended by the State Office of Policy and Management. Section 12-71b of the Connecticut General Statutes, as amended, provides that motor vehicles which are registered with the Commissioner of Motor Vehicles after the October 1 assessment date but prior to the first day of August in such assessment year, are subject to a property tax as if the motor vehicle had been included on the October 1 Grand List. The tax is prorated, and the pro-ratio is based on the number of months of ownership, including the month of registration, to the next succeeding October 1. Cars purchased in August and September are not taxed until the next October 1 Grand List. If the motor vehicle replaces a motor vehicle that was taxed on the October 1 Grand List, the taxpayer is entitled to certain credits.

Section 12-124a of the Connecticut General Statutes, as amended, permits a municipality, upon approval by its legislative body, to abate property taxes on owner-occupied residences to the extent that the taxes exceed eight percent of the owner's total income from any source, adjusted for self-employed persons to reflect expenses allowed in determining adjusted gross income. The owner must agree to pay the amount of taxes abated with interest at 6% per annum, or at such rate approved by the legislative body, at such time that the residence is sold or transferred or on the death of the last surviving owner. A lien for such amounts is recorded in the land records but does not take precedence over any mortgage recorded before the lien. Section 12-170v of the Connecticut General Statutes permits a municipality upon approval by its legislative body to freeze the property taxes due for certain low-income elderly residents. Any municipality providing such property tax relief may place a lien upon such property in the amount of total tax relief granted plus interest.

The Town has not approved the use of the 12-124a or 12-170v abatement provisions to date.

All State of Connecticut permitted veterans and elderly tax relief programs are utilized.

Property Tax Levy and Collection

Property taxes are levied on all taxable assessed property on the grand list of October 1 prior to the beginning of the fiscal year. Real property and personal property taxes are payable in two equal installments on July 1 and January 1 following the levy date, except that any taxes under \$500 are payable in one installment on July 1. Motor vehicle taxes are payable in one installment on July 1 following the levy date, although a 30-day grace period is provided. Motor vehicle supplemental bills are payable on January 1. Payments not received within one month after the due date become delinquent, with interest charged at the rate of one and one-half percent per month from the due date on the tax. In accordance with State law, the oldest outstanding tax is collected first. Outstanding real estate tax accounts are liened each year prior to June 30 with legal demands and alias tax warrants used in the collection of personal property and motor vehicle tax bills.

Each year delinquent motor vehicle, real estate and personal property tax accounts are transferred to a suspense account when collection appears unlikely, at which time they cease to be carried as receivables. Tax accounts are deemed uncollectible 15 years after the due date in accordance with State statutes, at which time such accounts are transferred to a suspense account.

Property tax revenues are recognized when they become available. Available means due or past due and receivable within the current period or expected to be collected soon enough thereafter (within 60 days) to be used to pay liabilities of the current period. Property taxes receivable not expected to be collected during the available period are reflected as deferred revenue.

Section 12-165 of the Connecticut General Statutes, as amended, requires each municipality to write off, on an annual basis, the property taxes that are deemed to be uncollectible.

Comparative Assessed Valuations (\$ in thousands)

Grand List As Of 10/1	Residential Real Property (%)	Commercial & Industrial Real Property (%)	Other Real Property (%)	Personal Property (%)	Motor Vehicles (%)	Gross Taxable Grand List	Exemptions, Veterans Relief and Disabled	Net Taxable Grand List
2018	60.4	21.3	0.6	9.2	8.5	\$ 2,749,192	\$ 108,617	\$ 2,640,575
2017	60.7	21.6	0.6	8.8	8.3	2,729,468	105,059	2,624,409
2016 ¹	61.1	21.9	0.5	8.2	8.3	2,703,924	93,323	2,610,601
2015	60.1	22.3	0.8	7.9	8.9	2,725,688	93,817	2,631,871
2014	61.2	21.2	0.7	8.1	8.8	2,668,496	89,521	2,578,975
2013	61.3	21.1	0.9	7.6	9.1	2,656,343	80,901	2,575,442
2012	62.1	21.0	0.9	7.8	8.2	2,616,640	79,193	2,537,447
2011 ¹	61.9	21.8	0.9	7.1	8.3	2,626,646	62,369	2,564,277
2010	64.4	20.6	0.8	6.7	7.5	2,743,455	64,216	2,679,239
2009	64.6	20.1	1.6	6.5	7.2	2,729,010	61,059	2,667,951

¹ General Revaluation.

Source: Town of Newington, Assessor's Office.

Exempt Property

Public	Assessed Value (10/1/18)
Regular Veterans.....	\$ 4,460,560
Additional Veterans.....	698,030
Additional Veterans (1/2).....	1,364,160
100% Disabled and Blind.....	249,710
Local Option Veterans (non-reimbursed).....	1,521,800
Local Option Disability (non-remibursed).....	239,530
Solar Energy.....	3,897,520
Public buildings/property.....	396,956,650
Sub-Total Public.....	\$ 409,387,960
Private	
Agricultural or Horticultural.....	\$ -
Manufacturing machinery.....	87,455,520
Commercial Hauler Truck Exemption.....	716,000
Tax Exempt Personal Property.....	8,014,380
Enterprise zone.....	-
Miscellaneous.....	-
Sub-Total Private.....	\$ 96,185,900
Total Exempt Property.....	\$ 505,573,860
Percent Compared to Net Taxable Grand List...	0.02%

Source: Town of Newington, Assessor's Office

Ten Largest Taxpayers

Name of Taxpayer	Nature of Business	Taxable Valuation As of 10/1/18	Percent of Net Taxable Grand List ¹
Eversource.....	Utility	\$ 47,472,340	1.80%
Mandell Properties/Data Mail.....	Direct Mail Service	22,312,330	0.84%
IREIT Newington Fair LLC.....	Shopping Center	21,509,790	0.81%
Newington VF, LLC.....	Shopping Center	20,300,000	0.77%
Newington Gross LLC.....	Shopping Center	19,462,690	0.74%
GKN Aerospace.....	Manufacturing	19,288,260	0.73%
TLG Newington LLC.....	Shopping Center	18,315,500	0.69%
Brixxmor GA Turnpike Plaza LLC.....	Shopping Center	17,850,000	0.68%
Hayes Kaufmann Associates.....	Real Estate	13,724,370	0.52%
Scelza/Landmark Cambridge/Baldwin Apts.	Apartments	13,005,440	0.49%
Total.....		\$ 213,240,720	8.08%

¹ Based on a Net Taxable Grand List for October 1, 2018 of \$2,640,575,000.

Source: Town of Newington, Assessor's Office.

Property Tax Levies and Collections

Grand List of 10/1	Fiscal Year Ending 6/30	Net Taxable Grand List (000s)	Mill Rate	Adjusted Annual Levy	Percent of Annual Levy Collected at End of Fiscal Year	Percent of Annual Levy Uncollected at End of Fiscal Year	Percent of Annual Levy Uncollected as of 6/30/2018
2017	2019	\$ 2,624,409	38.50	\$99,245,388	<i>IN COLLECTION</i>		
2016	2018	2,610,601	36.59	94,975,000	99.05	0.95	0.95
2015	2017	2,631,871	35.75	93,302,000	99.30	0.70	0.29
2014	2016	2,578,975	35.80	91,453,000	99.30	0.70	0.19
2013	2015	2,575,442	34.77	88,599,000	99.20	0.80	0.15
2012	2014	2,537,447	33.63	85,346,000	99.10	0.90	0.11
2011	2013	2,564,277	32.64	82,937,000	99.30	0.70	0.12
2010	2012	2,679,239	30.02	80,441,429	98.90	1.10	0.16
2009	2011	2,667,951	29.18	77,679,105	98.78	1.22	0.21
2008	2010	2,645,519	28.40	75,090,971	99.05	0.95	0.17

Source: Town of Newington, Tax Collector

Property Taxes Receivable

Fiscal Year Ended 6/30	Current Year Levy Uncollected	Total Uncollected (Current & Prior Years)
2018	\$ 911,000	\$ 1,468,000
2017	673,000	1,146,000
2016	643,000	1,042,000
2015	720,000	1,228,000
2014	739,000	1,227,000
2013	559,000	1,023,000

Source: Town of Newington Financial Statements, 2013-2018.

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V. Debt Summary

Principal Amount of Bonded Indebtedness As of June 5, 2019 (Pro-Forma)

Long-Term Debt:

<i>Date</i>	<i>Purpose</i>	<i>Interest Rate %</i>	<i>Original Issue</i>	<i>Amount Outstanding¹</i>	<i>Fiscal Year of Maturity</i>
3/01/2013	Refunding of General Purpose Bonds.....	1.00–4.00	\$ 4,820,000	\$ 2,609,000	2025
3/01/2013	Refunding of School Improvement Bonds....	1.00–4.00	4,990,000	1,586,000	2024
Total Outstanding Bonded Debt.....			\$ 9,810,000	\$ 4,195,000	
This Issue					
5/20/2019	General Purpose Bonds.....	<i>tbd</i>	\$ 6,727,445	\$ 6,727,445	2039
5/20/2019	School Bonds.....	<i>tbd</i>	2,272,555	2,272,555	2039
Total This Issue.....			\$ 9,000,000	\$ 9,000,000	
Grand Total.....			\$ 18,810,000	\$ 13,195,000	

¹ Excludes Refunded Bonds.

Short-Term Debt

<i>Project</i>	<i>Borrowing</i>	<i>This Issue</i>
	<i>Authorization</i>	<i>The Notes Due: 6/4/2020</i>
Town Hall & Community Center Project....	\$ 28,800,000	\$ 6,000,000
Total.....	\$ 28,800,000	\$ 6,000,000

Other Obligations

The Town has entered into two lease agreements as lessee for financing the acquisition of firetrucks. Each of the leases qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of its future minimum lease payments as of its inception date. As of June 30, 2018, the outstanding aggregate balance owed on the leases is \$1,074,000.

Overlapping/Underlying Debt

The Town is a member of the Metropolitan District Commission (the “District”), a special district created by the Connecticut General Assembly in 1929 as a quasi-municipal corporation of the State of Connecticut under Act No. 511 of the 1929 Special Acts of the State of Connecticut, as amended, to provide, as authorized, complete, adequate and modern systems of water supply, sewerage collection, and disposal facilities for its eight member municipalities. The member municipalities incorporated in the District are the City of Hartford and the Towns of Bloomfield, East Hartford, Newington, Rocky Hill, West Hartford, Wethersfield, and Windsor. The District also provides sewerage disposal facilities and supplies water under special agreements to certain towns, or areas therein, that are not members of the District.

Metropolitan District Commission Statement of Overlapping Debt (Pro Forma)

As of July 31, 2018

Net overlapping debt for all member towns.....	\$ 962,770,995
Newington’s percent of net overlapping debt.....	9.16%
Newington’s share of net overlapping debt.....	\$ 88,181,005

Source: Metropolitan District Commission Official Statement Dated July 31, 2018.

The net overlapping debt for all member towns excludes \$962,770,995 in debt issued pursuant to authorizations approved. As of July 31, 2018, the net direct district debt attributable to the Town is \$88,181,005 or 9.16%.

The total cost of the Clean Water Project is estimated at approximately \$2.1 billion. An \$800 million appropriation was approved by the voters of the member towns at referendum in November 2006 for Phase I of the Clean Water Project. An appropriation for an additional \$800 million for Phase II of the Clean Water Project was approved by the voters of the member towns at referendum on November 6, 2012. The District's goal is to fund 25%-35% of the entire project with State and Federal grants; an additional 50% with State and Federal low-cost loans and the remainder with debt. Project financing is expected to be repaid by a special sewer service surcharge levied annually and collected directly from the District's water customers.

Annual Bonded Debt Maturity Schedule
As of June 5, 2019
(Pro-Forma)

Fiscal Year Ended 6/30	Principal Payments	Interest Payments	Total Debt Service	Pro-forma					Cumulative Principal Retired %
				This Issue:			Total Principal		
				Gen. Purpose	Schools	Total			
2019 ¹	\$ 695,000	\$ 45,541	\$ 740,541	\$ -	\$ -	\$ -	\$ 695,000	5.27%	
2020	690,000	70,231	760,231	337,500	112,500	450,000	1,140,000	13.91%	
2021	675,000	56,431	731,431	337,500	112,500	450,000	1,125,000	22.43%	
2022	665,000	42,931	707,931	337,500	112,500	450,000	1,115,000	30.88%	
2023	650,000	29,631	679,631	337,500	112,500	450,000	1,100,000	39.22%	
2024	635,000	16,631	651,631	337,500	112,500	450,000	1,085,000	47.44%	
2025	185,000	3,931	188,931	337,500	112,500	450,000	635,000	52.25%	
2026	-	-	-	337,500	112,500	450,000	450,000	55.67%	
2027	-	-	-	337,500	112,500	450,000	450,000	59.08%	
2028	-	-	-	337,500	112,500	450,000	450,000	62.49%	
2029	-	-	-	337,500	112,500	450,000	450,000	65.90%	
2030	-	-	-	337,500	112,500	450,000	450,000	69.31%	
2031	-	-	-	337,500	112,500	450,000	450,000	72.72%	
2032	-	-	-	337,500	112,500	450,000	450,000	76.13%	
2033	-	-	-	337,500	112,500	450,000	450,000	79.54%	
2034	-	-	-	337,500	112,500	450,000	450,000	82.95%	
2035	-	-	-	337,500	112,500	450,000	450,000	86.36%	
2036	-	-	-	337,500	112,500	450,000	450,000	89.77%	
2037	-	-	-	337,500	112,500	450,000	450,000	93.18%	
2038	-	-	-	337,500	112,500	450,000	450,000	96.59%	
2039	-	-	-	337,500	112,500	450,000	450,000	100.00%	
Total.....	\$ 4,195,000	\$ 265,328	\$ 4,460,328	\$ 6,750,000	\$ 2,250,000	\$ 9,000,000	\$ 13,195,000		

¹ Excludes interest payments of \$45,540 made between July 1, 2018 and June 5, 2019.

Debt Statement
As of June 5, 2019
(Pro-Forma)

Long-Term Debt Outstanding: ¹

General Purpose (Includes this issue).....	\$ 9,336,445
Schools (Includes this issue).....	3,858,555
Total Long-Term Debt.....	13,195,000
Short-Term Debt (Includes this issue Due: June 4, 2020)	6,000,000
Total Direct Debt.....	19,195,000
Overlapping/Underlying Debt (MDC Debt).....	88,181,005
Total Overall Debt.....	107,376,005
Less: School Construction Grants Receivable (As of June 30, 2018)	-
Total Overall Net Debt.....	\$ 107,376,005

¹ Excludes Capital Leases.

Current Debt Ratios
As of June 5, 2019
(Pro-Forma)

Population ¹	30,562
Net Taxable Grand List (10/1/18)	\$ 2,640,575,000
Estimated Full Value (70%).....	\$ 3,772,250,000
Equalized Net Taxable Grand List (10/1/16) ²	\$ 3,912,907,248
Money Income per Capita (2017) ¹	\$38,179
Money Income per Capita (2010) ³	\$35,055

	Total Direct Debt \$19,195,000	Total Overall Net Debt \$107,376,005
Debt per Capita.....	\$628.07	\$3,513.38
Ratio to Net Taxable Grand List.....	0.73%	4.07%
Ratio to Estimated Full Value.....	0.51%	2.85%
Ratio to Equalized Grand List.....	0.49%	2.74%
Debt per Capita to Money Income per Capita (2017)....	1.65%	9.20%
Debt per Capita to Money Income per Capita (2010)....	1.79%	10.02%

¹ U.S. Census Bureau, American Community Survey, 2013 - 2017.

² Office of Policy and Management, State of Connecticut.

³ U.S. Department of Commerce, Bureau of Census, 2010.

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Bond Authorization

The Town has the power to incur indebtedness as provided by the Connecticut General Statutes and the Charter of the Town, including, without limitation, Sections 407 and 408 thereof. The issuance of bonds and notes shall be authorized by resolution of the Town Council. No resolution authorizing the issuance of bonds or notes, except notes in the amount of \$375,000 or less, shall become effective until approved by a majority of the qualified electors voting thereon at referendum called by the Town Council for such purpose. Notwithstanding the foregoing, refunding bonds may be issued upon resolution of the Town Council (CGS Sec. 7-370c). Notes and bonds may be issued to meet certain emergency appropriations as provided in the Connecticut General Statutes and the Town Charter.

Temporary Financing

When general obligation bonds have been authorized, bond anticipation notes may be issued maturing in not more than two years (CGS Sec. 7-378). Temporary notes may be renewed up to ten years from their original date of issue as long as all project grant payments are applied toward payment of temporary notes when they become due and payable and the legislative body schedules principal reductions by the end of the third year and for all subsequent years during which such temporary notes remain outstanding in an amount equal to a minimum of 1/20th (1/30th for sewer and certain school construction projects) of the estimated net project cost (CGS Sec. 7-378a). The term of the bond issue is reduced by the amount of time by which temporary financing exceeds two years.

Temporary notes must be permanently funded no later than ten years from their initial borrowing date, except for sewer or school project notes issued in anticipation of State and/or Federal grants. If a written commitment exists for State and/or Federal grants, a municipality may renew sewer or school project notes from time to time in terms not to exceed six months until such time that the final grant payments are received (CGS Sec. 7-378b).

Temporary notes may also be issued for up to fifteen years for certain capital projects associated with the operation of a waterworks system (CGS Sec. 7-244a) or a sewage system (CGS Sec. 7-264a). In the first year following the completion of the project(s), or in the sixth year following the original date of issue (whichever is sooner), and in each year thereafter, the notes must be reduced by at least 1/15th of the total amount of the notes issued by funds derived from certain sources of payment specified by statute. Temporary notes may be issued in one year maturities for up to fifteen years in anticipation of sewer assessments receivable, such notes to be reduced annually by the amount of assessments received during the preceding year (CGS Sec. 7-269a).

Maturities

Except for refunding bonds that achieve net present value savings or are approved by a two-thirds vote of the municipality's legislative body, general obligation (serial or term) bonds are required to be payable in maturities wherein a succeeding maturity may not exceed any prior maturity by more than 50%, or aggregate annual principal and interest payments must be substantially equal. The term of the issue may not exceed twenty years, except in the case of sewer and school bonds or other bonds issued on or after July 1, 2017, but prior to July 1, 2022, which may mature in up to thirty years.

Limitation of Indebtedness

Municipalities shall not incur indebtedness through the issuance of bonds which will cause aggregate indebtedness by class to exceed the following:

General Purposes:	2.25 times annual receipts from taxation
School Purposes:	4.50 times annual receipts from taxation
Sewer Purposes:	3.75 times annual receipts from taxation
Urban Renewal Purposes:	3.25 times annual receipts from taxation
Unfunded Past Pension Purposes:	3.00 times annual receipts from taxation

In no case, however, shall total indebtedness exceed seven times the annual receipts from taxation. Annual receipts from taxation (the "base") are defined as total tax collections including interest, penalties, late payment of taxes and state payments for revenue loss under CGS Sections 12-129d and 7-528.

The Connecticut General Statutes also provide for exclusion from the debt limit calculation debt (i) issued in anticipation of taxes; (ii) issued for the supply of water, gas, electricity, electric demand response, conservation and load management, distributed generation, and renewable energy projects; for the construction of subways for cables, wires and pipes; for the construction of underground conduits for cables, wires and pipes for the construction and operation of a municipal community antenna television system and for two or more of such purposes; (iii) issued in

anticipation of the receipt of proceeds from assessments levied upon property benefited by any public improvement; (iv) issued in anticipation of the receipt of proceeds from State or Federal grants evidenced by a written commitment or for which allocation has been approved by the State Bond Commission or from a contract with the state, state agencies or another municipality providing for the reimbursement of costs but only to the extent such indebtedness can be paid from such proceeds; (v) issued for certain water pollution control projects; and (vi) upon placement in escrow of the proceeds of refunding bonds, notes or other obligations or other funds of the municipality in an amount sufficient to provide for the payment when due of principal of, and interest on, such bond, note or other evidence of indebtedness.

***THE TOWN OF NEWINGTON HAS NEVER DEFAULTED IN THE PAYMENT
OF PRINCIPAL OR INTEREST ON ITS BONDS OR NOTES.***

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Statement of Statutory Debt Limitation ¹
As of June 5, 2019
(Pro Forma)

Total Tax Collections (including interest and lien fees)

For the fiscal year ended June 30, 2018..... \$ 93,435,000

Reimbursement For Revenue Loss:

Tax relief for elderly -

Base for Debt Limitation Computation..... \$ 93,435,000

	General Purpose	Schools	Sewers	Urban Renewal	Unfunded Pension
Debt Limitation:					
2 ¹ / ₄ times base.....	\$ 210,228,750	-	-	-	-
4 ¹ / ₂ times base.....	-	\$ 420,457,500	-	-	-
3 ³ / ₄ times base.....	-	-	\$ 350,381,250	-	-
3 ¹ / ₄ times base.....	-	-	-	\$ 303,663,750	-
3 times base.....	-	-	-	-	\$ 280,305,000
Total Debt Limitation	\$ 210,228,750	\$ 420,457,500	\$ 350,381,250	\$ 303,663,750	\$ 280,305,000

Indebtedness:

Bonds Outstanding	2,609,000	1,586,000	-	-	-
Bonds – This Issue.....	6,727,000	2,273,000	-	-	-
Notes – This Issue.....	4,485,000	1,515,000	-	-	-
Capital Leases.....	1,074,000	-	-	-	-
Overlapping MDC Debt.....	-	-	88,181,005	-	-
Debt Authorized But Unissued.....	10,315,000	3,485,000	-	-	-
Total Indebtedness	25,210,000	8,859,000	88,181,005	-	-

Less:

State School Grants Receivable.....	-	-	-	-	-
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Total Net Indebtedness..... 25,210,000 8,859,000 88,181,005 - -

DEBT LIMITATION IN EXCESS

OF OUTSTANDING INDEBTEDNESS..... \$ 185,018,750 \$ 411,598,500 \$ 262,200,245 \$ 303,663,750 \$ 280,305,000

Note: In no case shall total indebtedness exceed seven times annual receipts from taxation or \$654,045,000

Authorized but Unissued Debt
As of June 5, 2019
(Pro Forma)

Project	Borrowing Authorization	This Issue		Authorized But Unissued	Date Authorized
		The Notes Due: 6/4/2020	The Bonds		
Town Hall & Community Center Project....	\$ 28,800,000	\$ 6,000,000	\$ 9,000,000	\$ 13,800,000	11/7/2017
Total	\$ 28,800,000	\$ 6,000,000	\$ 9,000,000	\$ 13,800,000	

Ratios of Net Long-Term Debt to Valuation, Population, and Income

Fiscal Year Ended 6/30	Net Assessed Value (000s)	Estimated Full Value (000s)¹	Net Long-Term Debt (000s)²	Ratio of Net Long-Term Debt to Assessed Value (%)	Ratio of Net Long-Term Debt to Estimated Full Value (%)	Population³	Net Long-Term Debt per Capita	Ratio of Net Long-Term Debt per Capita to Per Capita Income (%)³
2018	\$ 2,610,601	\$ 3,729,430	\$ 4,195	0.16%	0.11%	30,562	\$137.26	0.39%
2017	2,631,871	3,759,816	5,220	0.20%	0.14%	30,562	170.80	0.49%
2016	2,578,975	3,684,250	6,255	0.24%	0.17%	30,562	204.67	0.58%
2015	2,575,442	3,679,203	7,295	0.28%	0.20%	30,562	238.70	0.68%
2014	2,537,447	3,624,924	8,740	0.34%	0.24%	30,562	285.98	0.82%
2013	2,564,277	3,663,253	9,960	0.39%	0.27%	30,562	325.89	0.93%

¹ Assessment Ratio: 70%.

² Long-Term debt does not include Water Debt, compensated absences, capital lease obligations, or State of Connecticut Clean Water Fund Debt.

³ American Community Survey (2013-2017), Money Income Per Capita: \$35,055.

Source: Town of Newington, Audited Financial Reports

Ratios of Annual Long-Term General Fund Debt Service Expenditures To Total General Fund Expenditures

Fiscal Year Ended 6/30	Total Debt Service	Total General Fund Expenditures²	Ratio of Total Debt Service to Total General Fund Expenditures
2019 ¹	\$ 786,081	\$ 131,080,585	0.60%
2018	1,151,000	126,309,000	0.91%
2017	1,192,000	127,298,000	0.94%
2016	1,228,000	119,319,000	1.03%
2015	1,677,000	115,086,000	1.46%
2014	1,476,000	113,260,000	1.30%
2013	2,353,000	109,108,000	2.16%

¹ Budgetary basis and subject to audit. Expenditures include an estimate for the State of Connecticut Teacher's Retirement Board allocation to be consistent with prior years.

² Includes transfers out.

Source: Town of Newington Annual Audited Financial Statements, 2013-2018.

Finance Department, 2019.

Principal Amount of Outstanding Debt

Long-Term Debt¹	2018	2017	2016	2015	2014
Bonds.....	\$ 4,195,000	\$ 5,220,000	\$ 6,255,000	\$ 7,295,000	\$ 8,740,000
Short-Term Debt					
Bond Anticipation Notes....	-	-	-	-	-
Totals.....	\$ 4,195,000	\$ 5,220,000	\$ 6,255,000	\$ 7,295,000	\$ 8,740,000

¹ Does not include compensated absences or capital lease obligations.

Source: Town of Newington Annual Audited Financial Statements, 2014-2018.

VI. Financial Administration

Fiscal Year

The Town's fiscal year begins July 1 and ends June 30.

Audit

The Town of Newington, in accordance with the provisions of Chapter 111 of the Connecticut General Statutes, employs the services of an independent CPA firm to audit its financial records annually. The annual audits are conducted in compliance with Chapter 111 and contain the financial statements of the Town and the auditor's opinion thereon, in addition to specific comments and recommendations. The firm of Blum, Shapiro & Company, P.C. currently serves as the Town's auditor.

Summary of Accounting Principles

The Town's accounting system is organized on a fund basis and uses funds and account groups to report on its financial position and results of operations. The General Fund is the primary operating fund of the Town and operates under a legal budget. The Town's internal service fund is its Medical Self-Insurance Fund. The Town's General Fund accounting records are maintained on a modified accrual basis, with major revenues recorded when susceptible to accrual or earned and expenditures recorded when incurred. Proprietary Fund type revenues and expenses are recognized on the accrual basis of accounting whereby revenues and expenses are recognized when incurred. The accounting policies and financial statements of the Town conform with generally accepted accounting principles as applied to governmental units. (See Appendix A – "Auditor's Section, Notes to Basic Financial Statements" herein.)

Budgetary Control

At least 105 days before the end of the fiscal year, the Town Manager submits to the Town Council a proposed operating budget for the ensuing fiscal year beginning July 1. The proposed budget includes proposed expenditures and estimated revenues. Two public hearings are held on the budget: the first hearing occurring within 15 days of the Town Manager's budget submission, and the second hearing occurring within 30 days of the first hearing. The Town Council adopts the budget by a majority vote of all of its members. The Town Council is legally required to adopt a budget for the General Fund. If the Council fails to adopt the budget within ten days after the second public hearing, the Town Manager's proposed budget becomes the Town's budget.

The Town Manager may transfer appropriations from one classification to another within the same department, except within the Board of Education, when the Town 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. Transfers among any capital project funds may occur at any time and are not subject to the forgoing six month limitation. The Town Council may make a special appropriation by resolution provided the appropriation 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 the adoption of a Town ordinance. Special appropriations of more than \$975,000 require approval of the voters.

The Town's budgeting system for the General Fund requires accounting for certain transactions to be on a basis other than generally accepted accounting principles (GAAP). The major difference between a budget and a GAAP basis is that, on a budget basis, encumbrances are recognized as a charge against a budget appropriation in the year in which the purchase order is issued and, accordingly, encumbrances outstanding at year-end are recorded in budgetary reports as expenditures in that year; whereas, on a GAAP basis, encumbrances at year-end are recorded as reservations of fund balance. Additionally, State of Connecticut payments on behalf of Town of Newington teachers for the State teacher retirement system are reported for GAAP purposes only.

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 \$1,500 require evidence that 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.

All unencumbered appropriations lapse at year-end except in the Capital Projects Funds where appropriations are continued until completion of projects. Budgetary control in the Capital Projects Funds is achieved by the constraints imposed by the project's authorization or grant awards related to these funds.

The Town's budget process must also anticipate the impact of the State's budget which process proceeds simultaneously with the Town's budget process.

Municipal Budget Expenditures Cap

Connecticut General Statute Section 4-66l, as amended ("Section 4-66l"), creates certain disincentives on increasing adopted general budget expenditures for municipalities in Connecticut. Section 4-66l reduces a municipality's revenue sharing grant if its general budget expenditures in any fiscal year, with certain exceptions, exceeds the statutory threshold. Beginning in fiscal year ending June 30, 2018, the Office of Policy and Management ("OPM") is required to reduce the municipal revenue sharing grant amount for those municipalities whose spending, with certain exceptions, exceeds the spending limits specified in Section 4-66l. For each fiscal year, OPM must determine the municipality's percentage growth in spending over the prior fiscal year and reduce the grant if the growth rate is equal to or greater than 2.5% or the inflation rate, whichever is greater. The reduction is generally equal to 50 cents for every dollar the municipality spends over this cap.

For fiscal years ending June 30, 2019 and June 30, 2020, the Town does not expect to receive municipal revenue sharing grant monies from the State.

Section 4-66l requires that each municipality annually certify to the Secretary of OPM whether the municipality has exceeded the spending cap and if so, the amount over the cap.

Under Section 4-66l, municipal spending does not include expenditures: (1) for debt service, special education, costs to implement court orders or arbitration awards, budgeting for an audited deficit, non-recurring grants, capital expenditures of \$100,000 or more, or payments on unfunded pension liabilities; (2) associated with a major disaster or emergency declaration by the President or disaster emergency declaration issued by the Governor under the civil preparedness law; or (3) for any municipal revenue sharing grant the municipality disburses to a special taxing district. In addition, if budget expenditures exceed the 2.5% cap, but are proportional to a municipality's population growth from the previous year, the municipal revenue sharing grant for such municipality will not be reduced.

Capital Improvement Plan						
	2018-19	2019-20	2020-21	2021-22	2022-23	Total
Uses of Funds						
General Government.....	\$ 1,744,600	\$ 2,258,100	\$ 1,232,450	\$ 759,150	\$ 606,600	\$ 6,600,900
Public Safety.....	179,000	126,000	180,000	125,000	150,000	760,000
Public Works.....	1,155,000	955,000	980,000	900,000	850,000	4,840,000
Community Development.....	40,000	-	-	-	-	40,000
Library.....	-	-	-	-	-	-
Parks and Recreation.....	289,000	800,000	300,000	200,000	200,000	1,789,000
Education/Miscellaneous.....	513,828	1,207,961	1,190,961	867,961	787,961	4,568,672
Equipment Replacement.....	787,400	787,400	956,374	930,549	867,949	4,329,672
Total Uses.....	\$ 4,708,828	\$ 6,134,461	\$ 4,839,785	\$ 3,782,660	\$ 3,462,510	\$ 22,928,244
Sources of Funds						
Local Funds.....	\$ 4,108,828	\$ 5,116,461	\$ 4,199,785	\$ 3,142,660	\$ 2,522,510	\$ 19,090,244
State Aid:						
LoCIP.....	200,000	200,000	200,000	200,000	200,000	1,000,000
Town Aid Road.....	400,000	400,000	400,000	400,000	400,000	2,000,000
Other Grants.....	-	378,000	-	-	300,000	678,000
Other Funds.....	-	40,000	40,000	40,000	40,000	160,000
Bond Financing.....	-	-	-	-	-	-
Total Sources.....	\$ 4,708,828	\$ 6,134,461	\$ 4,839,785	\$ 3,782,660	\$ 3,462,510	\$ 22,928,244

Investment Practices

The Town of Newington invests cash temporarily idle during the fiscal year principally in the Connecticut State Treasurer's Short Term Investment Fund ("STIF") and municipal money market funds at local financial institutions, in accordance with Connecticut General Statutes.

The Connecticut General Statutes (Section 7-402) govern the deposit of public funds. 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 does not constitute a "qualified public depository."

The Connecticut General Statutes (Section 7-400) permit municipalities to invest in obligations of the United States and its agencies, highly rated obligations of any state of the United States or of any political subdivision, authority or agency thereof, and shares or other interests in custodial arrangements or pools maintaining constant net asset values and in highly rated investment companies (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. The Connecticut General Statutes (Sections 3-24f and 3-27f) also provide for investment in shares of the Connecticut STIF and the Tax Exempt Proceeds Fund. Other provisions of the Connecticut General Statutes cover specific municipal funds with particular investment authority. The provisions of the Connecticut General Statutes regarding the investment of municipal pension funds does not specify permitted investments. Therefore, the laws applicable to fiduciaries and the provisions of the applicable plan generally control investment of such funds.

Certificate of Achievement

The financial statements and tables found in the Town's Comprehensive Annual Financial Report conform to the high standards promulgated by the Government Accounting Standards Board. The Government Finance Officers' Association each year since 1990 has awarded the Town a Certificate of Achievement for Excellence in Financial Reporting. 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 governmental unit and its management. For additional information on accounting policies, financial statements, and tables refer to the 2017-18 Basic Financial Statements and "Notes to Financial Statements" incorporated in this Official Statement and the independent auditor's report.

Pension Plans

The Town maintains four single-employer defined-benefit pension plans. The plans cover substantially all full-time employees except certified Board of Education personnel. The four pension plans (Municipal Employees', Police Officers', Administrative Employees' and Volunteer Firefighters' Plans) are part of the Town's financial reporting entity and are accounted for in the Pension Trust Funds. Each plan provides retirement, disability, death benefits, and cost of living adjustments to plan members and beneficiaries. Employees contribute a fixed rate to the pension plan per contract. The Town is required, by Charter, to contribute the amount necessary to finance the benefits for its employees, net of employee contributions, as determined by its actuaries. The Town Charter gives the Town Council the authority to establish and amend benefit provisions.

The Town has consistently contributed 100% of the actuarially determined contribution for at least the last twenty years. The table below shows the most recent years' contributions:

Schedule of Funding Progress

<i>Town Plan</i> ¹			
<i>Fiscal Year Ended</i>	<i>Actuarially</i>		
	<i>Determined Contribution</i>	<i>Actual Contribution</i>	<i>Percent Contributed</i>
6/30/2019 ²	\$ 5,872,000	\$ 5,872,000	100.00%
6/30/2018	5,971,000	5,971,000	100.00%
6/30/2017	4,761,000	5,790,000	121.61%
6/30/2016	5,543,000	5,543,000	100.00%
6/30/2015	5,358,000	5,358,000	100.00%
6/30/2014	4,599,000	4,599,000	100.00%
6/30/2013	4,226,000	5,026,000	118.93%
6/30/2012	3,697,000	3,697,000	100.00%
6/30/2011	3,333,000	3,333,000	100.00%

¹ Includes Municipal Employees, Police Officers, Administrative Employees and Firefighters plans.

² Budgeted.

Net Pension Liability of the Town

	<i>Municipal Employees</i>	<i>Police</i>	<i>Administrative Employees</i>	<i>Firefighters</i>
Total Pension Liability	\$ 44,824,000	\$ 66,857,000	\$ 12,104,000	\$ 1,366,000
Plan Fiduciary Net Position	24,876,000	45,219,000	5,562,000	581,000
Net Pension Liability	\$ 19,948,000	\$ 21,638,000	\$ 6,542,000	\$ 785,000
Covered Payroll	\$ 6,123,000	\$ 6,151,000	\$ 925,000	N/A
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability ...	55.50%	67.64%	45.95%	42.53%
Net Pension Liability as a Percentage of Covered Payroll	325.79%	351.78%	707.24%	N/A

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. Benefits vest after five 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. For municipal employees hired after January 1, 2007, pension benefits are limited to a defined contribution plan which provides for an employee contribution of 4.5 percent supplemented by a Town contribution of 9 percent.

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 is 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 five 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 ten years of full-time service. Normal retirement is the earlier of age 50 or 20 years of service. For members hired after January 1, 2007, normal retirement is the completion of 25 years of service regardless of age.

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 amount is equal to 2.5% of the final earnings multiplied by the years of service. The plan permits early retirement for participants at age 45 with ten years of service 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. Benefits vest after five years of continuous service or 15 years of aggregate service. Normal retirement is the earlier of age 65 or 30 years of service. For administrative employees hired after July 1, 1997, pension benefits are limited to a defined contribution plan which provides for an employee contribution of 4.5 percent supplemented by a Town contribution of 9 percent.

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 is equal to 1.75% of final earnings up to \$10,000 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 ten years of continuous service or 15 years of aggregate service. Benefits for early retirement are computed based on the normal retirement benefit and adjusted by the appropriate early retirement adjustment factor.

Volunteer Firefighters' Plan: Effective July 1, 1994, accrued benefits for eligible members of the Newington Volunteer Fire Department were 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 phased in over a five-year period. Monthly pension benefit amount for normal retirement for those who continue in this Volunteer Firefighters' Plan is equal to \$120 based on the completion of ten years of credited service plus \$7.50 for each additional year of service effective July 1, 1999 (increasing \$0.50 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.

Teachers Retirement System: All Town teachers participate in the State of Connecticut Teachers' Retirement System under Chapter 167a of the General Statutes of the State of Connecticut. A teacher is eligible to receive a normal retirement benefit if he or she has (1) attained age 60 and has accumulated 20 years of credited service in the public schools of Connecticut, or (2) attained any age and has accumulated 35 years of credited service, at least 25 years of which are service in the public schools of Connecticut.

The Board of Education withholds 7.25% of all teachers' annual salaries and transmits the funds to the State Teachers Retirement Board. Teacher payroll subject to retirement amounted to \$35,257,253 or 73.6% of the total Board of Education payroll of \$47,889,251 for the fiscal year ended June 30, 2018.

For more information, please refer to the Town's Comprehensive Annual Financial Report, June 30, 2018, Note 12 ("Employee Retirement Systems and Pension Plans").

Deferred Compensation Plan

The Town offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all full-time Town employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are (until paid or made available to the employee or other beneficiary) solely the property and rights of the Town (without being restricted to the provisions of benefits under the plan), subject only to the claims of the Town's general creditors. Participants' rights under the plan are equal to those of general creditors of the Town in an amount equal to the fair market value of the deferred account for each participant.

The investment manager, International City Management Association ("ICMA") Retirement Corporation, holds all investments. Each employee directs the investment of the assets in his/her account. The Town does not have custodial responsibility for the funds of the plan.

Other Post-employment Benefits

The Town provides other post-employment benefits (OPEB) for teachers, members of the Police Department and certain other retirees. These benefits are furnished pursuant to various bargaining agreements. Teachers and school administrators retiring under the Connecticut State Teachers Retirement System are eligible for retiree health care coverage for lifetime at the earlier of 25 years of service or age 55 with 20 years of service. The Town is required to provide medical, dental and life insurance to certain retired police officers until such retirees reach the age of 65 upon the 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. Municipal employees and administrators are eligible for retiree medical benefits and dental insurance coverage until such retirees reach the age of 65 upon the attainment of normal or early retirement. The Town pays for 100% of retiree and spouse costs for police and teacher groups (less an annual State subsidy) and 75% of retiree costs for all other eligible Town employees. As of June 30, 2018, 109 retirees have met these eligibility requirements.

The Town reimburses the entire amount of validated claims for medical, dental and hospitalization costs incurred by pre-Medicare retirees and their dependents. Expenses for postretirement benefits are recognized by the Town as health care claims and life insurance premiums paid. During the fiscal year 2017-18, expenses for post-retirement health care and life insurance benefits amounted to approximately \$1,821,000. For the fiscal year ended June 30, 2018 the General Fund appropriation payments totaled \$1,771,000.

The Town's audited annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for the most recent prior fiscal years are presented below:

<i>Fiscal Year</i>	<i>Annual OPEB Cost (AOC)</i>	<i>Actual Contribution</i>	<i>Percentage of AOC Contributed</i>	<i>Net OPEB Obligation / (Asset)</i>
6/30/2019 ¹	\$ 2,122,729	\$ 2,122,729	100.0%	\$ -
6/30/2018	1,841,000	1,771,000	96.2%	70,000
6/30/2017	1,772,000	2,138,000	120.7%	(116,000)
6/30/2016	1,971,000	1,946,000	98.7%	250,000
6/30/2015	1,881,000	1,781,000	94.7%	225,000
6/30/2014	1,797,000	1,916,000	106.6%	125,000
6/30/2013	1,721,000	2,090,000	121.4%	244,000

¹ Budgeted.

The Town has budgeted an OPEB contribution for fiscal year 2018-19 of \$2,122,729, representing 100% of the AOC which is \$2,122,729.

Per a July 1, 2017 actuarial valuation, the most recent study of the Town's OPEB obligations, the Town has determined that the accrued liability for OPEB was approximately \$24,183,902. The Town's payments of post-employment benefits are accounted for in the OPEB Trust Fund on a pay-as-you go basis which is funded annually by the General Fund. The Town has established a trust to irrevocably segregate assets to fund the liability associated with post-employment benefits in accordance with GASB guidelines. The annual contribution will be approved by the Town Council during the budgeting process. For additional information regarding the Town's other post-employment benefits, see Comprehensive Annual Financial Report, June 30, 2018, Note 10 ("Other Post-employment Benefits").

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 Town has a self-insurance Administered Services Only account with the employee health insurance carrier, Anthem Blue Cross/Blue Shield which is accounted for in the Health Benefits Fund. The Town and the Board of Education contribute funds to cover costs associated with providing medical benefits to current full-time employees and eligible former employees. The Town covers claims up to \$175,000 per participant per year with an individual stop-loss policy covering amounts exceeding that limit. In addition, there is an aggregate stop-loss policy that would cover claims exceeding 120% of total estimated claims for the year. The Town seeks to maintain a reserve of at least 25% of expected claims in the Health Benefits Fund in addition to an allowance for claims incurred but not reported at year-end. This reserve is intended to cover the Town's claims exposure; that is, the difference between the expected or estimated claims for the plan year, which the Town budgets annually, and the 120% aggregate stop-loss level. The Employee Insurance and Pension Benefits Committee reviews the Town's various benefit programs. The Town Council appoints an employee benefits Agent of Record to assist the Committee.

The Town has insurance coverage for workers compensation, general liability, automobile liability, physical damage, and professional liability. The Town has a Standing Insurance Committee that determines the Town's insurance needs, reviews insurance proposals, reviews loss data and other information, and makes recommendations to the Town Manager and Town Council. Further, the Town Council appointed Insurance Agent of Record works with the committee and the Town Manager to review and monitor the Town's insurance program and experience.

Per the Town's Code of Ordinances, an Insurance Reserve Fund was established to account for and finance the Town's obligations from uninsured losses, deductibles, and rating plan adjustments from its property and casualty insurance programs. Each fiscal year the Town appropriates the level of funds required to meet its obligations based on an actuarial-based recommendation using a seventy-five-percent confidence level and additional consideration by the Town Manager of exposures not subject to the actuarial-based review. The Town seeks to maintain a reserve level of 5% above this obligation.

Compensated Absences

Employees are paid by a prescribed formula for absence due to vacation or sickness. For eligible Town employees and Board of Education non-certified 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. The long-term liability for compensated absences as of June 30, 2018 is \$2,435,000.

A special revenue fund, the Employee Leave Liability Fund, was 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 fund had a fund balance of \$568,000 as of June 30, 2018. The General Fund generally provides for the payment of compensated absences for active employees.

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Comparative Balance Sheets General Fund

	<i>Actual</i> <i>2017-18</i>	<i>Actual</i> <i>2016-17</i>	<i>Actual</i> <i>2015-16</i>	<i>Actual</i> <i>2014-15</i>	<i>Actual</i> <i>2013-14</i>
ASSETS					
Cash and cash equivalents.....	\$ 26,282,000	\$ 30,294,000	\$ 31,207,000	\$ 28,954,000	\$ 29,251,000
Investments.....	-	-	-	-	-
Receivables, net.....	1,616,000	1,372,000	1,304,000	1,481,000	1,524,000
Due from other funds.....	826,000	665,000	327,000	268,000	260,000
Prepays.....	-	-	-	-	-
Inventories.....	-	-	-	-	-
Total Assets.....	28,724,000	32,331,000	32,838,000	30,703,000	31,035,000
LIABILITIES AND FUND BALANCE					
Liabilities:					
Accounts and other payables.....	5,572,000	5,491,000	5,441,000	5,324,000	4,860,000
Due to state and federal governments.....	-	-	-	-	-
Unearned Revenue.....	18,000	15,000	-	14,000	-
Deferred revenue.....	-	-	-	-	-
Total liabilities.....	5,590,000	5,506,000	5,441,000	5,338,000	4,860,000
Deferred Inflows:					
Unavailable Revenue.....	1,152,000	949,000	828,000	1,002,000	1,028,000
Advance Property Tax Collections.....	437,000	4,632,000	4,613,000	2,994,000	5,087,000
Total Deferred Inflows	1,589,000	5,581,000	5,441,000	3,996,000	6,115,000
Fund balance					
Nonspendable.....	-	-	-	-	-
Restricted.....	-	-	-	-	-
Committed.....	297,000	1,217,000	515,000	-	-
Assigned.....	5,970,000	5,406,000	6,460,000	5,370,000	4,877,000
Unassigned.....	15,278,000	14,621,000	14,981,000	15,999,000	15,183,000
Total Fund Balance.....	21,545,000	21,244,000	21,956,000	21,369,000	20,060,000
Total Liabilities, Deferred Inflows and Fund Balance.....	\$ 28,724,000	\$ 32,331,000	\$ 32,838,000	\$ 30,703,000	\$ 31,035,000
Analysis of General Fund Balance					
Operating revenues.....	\$ 126,486,000	\$ 126,467,000	\$ 119,683,000	\$ 116,064,000	\$ 113,251,000
Fund balance as a percent of operating revenues...	17.03%	16.80%	18.35%	18.41%	17.71%
Unassigned or Unreserved fund balance as a percent of operating revenues.....	12.08%	11.56%	12.52%	13.78%	13.41%

Intergovernmental Revenues as a Percent of Total Revenues

<i>Fiscal Year</i> <i>Ended 6/30</i>	<i>Intergovernmental</i> <i>Revenues</i>	<i>General Fund</i> <i>Revenues</i>	<i>Percent</i>
2018	\$ 27,920,000	\$ 126,486,000	22.07%
2017	29,005,000	126,467,000	22.93%
2016	23,340,000	119,683,000	19.50%
2015	22,709,000	116,064,000	19.57%
2014	23,590,000	113,251,000	20.83%
2013	22,228,000	109,859,000	20.23%

Source: Town of Newington Financial Statements.

General Fund Revenues and Expenditures
Four Year Summary of Audited Revenues and Expenditures (GAAP Basis), and
Current Year Budget (Budgetary Basis)

	Adopted Budget ¹	Actual	Actual	Actual	Actual
Revenues:	2018-19	2017-18	2016-17	2015-16	2014-15
Property Taxes	\$ 101,371,025	\$ 95,968,000	\$ 93,725,000	\$ 92,240,000	\$ 89,177,000
Payment in Lieu of Taxes	943,291	968,000	2,409,000	2,811,000	2,731,000
Licenses, Fees, and Permits	285,500	289,000	319,000	380,000	345,000
Intergovernmental	13,279,182	27,920,000	29,005,000	23,340,000	22,709,000
Contributions	-	-	-	-	-
Rental	99,934	107,000	107,000	100,000	113,000
Income on Investments	130,000	378,000	78,000	76,000	74,000
Fines	32,500	29,000	23,000	35,000	155,000
Charges for Services	543,375	627,000	703,000	558,000	544,000
Refunds and Reimbursements	79,000	-	-	-	-
Other	84,486	200,000	98,000	143,000	216,000
Total Revenues	116,848,293	126,486,000	126,467,000	119,683,000	116,064,000
Expenditures:					
Current:					
General Government	5,406,439	4,709,000	4,858,000	4,508,000	4,509,000
Public Safety	8,500,201	8,345,000	8,372,000	8,204,000	7,935,000
Public Works	5,114,679	4,732,000	4,702,000	4,608,000	4,908,000
Community Planning and Development	543,704	551,000	542,000	551,000	525,000
Health and Human Services	1,213,083	1,163,000	1,179,000	1,176,000	1,160,000
Library	1,772,571	1,726,000	1,704,000	1,758,000	1,706,000
Parks and Recreation	1,757,676	1,614,000	1,571,000	1,566,000	1,544,000
Education	72,803,285	84,487,000	82,546,000	76,094,000	74,223,000
Miscellaneous	16,597,138	14,791,000	14,201,000	13,668,000	12,063,000
Capital Outlay	-	-	-	-	-
Debt Service	786,081	1,151,000	1,192,000	1,228,000	1,677,000
Total Expenditures	114,494,857	123,269,000	120,867,000	113,361,000	110,250,000
Excess (Deficiency) of Revenues over expenditures ..	2,353,436	3,217,000	5,600,000	6,322,000	5,814,000
Other Financing Sources (Uses):					
Transfers In	1,848,292	124,000	119,000	223,000	331,000
Transfers Out	(4,201,728)	(3,040,000)	(6,431,000)	(5,958,000)	(4,836,000)
Premium on Refunding Bonds	-	-	-	-	-
Bond Refunding Issued	-	-	-	-	-
Payment to Escrow Agent	-	-	-	-	-
Total other Financing Sources (uses)	(2,353,436)	(2,916,000)	(6,312,000)	(5,735,000)	(4,505,000)
Net Change in Fund Balances	-	301,000	(712,000)	587,000	1,309,000
Fund Balance, July 1	21,545,000	21,244,000	21,956,000	21,369,000	20,060,000
Fund Balance, June 30	\$ 21,545,000	\$ 21,545,000	\$ 21,244,000	\$ 21,956,000	\$ 21,369,000

¹ Budgetary basis of accounting, subject to audit.

VII. Legal and Other Information

Litigation

Following consultation with the Town Attorney for the Town of Newington, Connecticut, and other attorneys providing legal services to the Town, Town officials advise that the Town, its officers, employees, boards and commissions are named defendants in a number of lawsuits. With regard to these pending lawsuits, it is the Town officials' opinion that such pending litigation will not be finally determined so as to result individually or in the aggregate in final judgments against the Town which would materially adversely affect its financial position.

Transcript and Closing Documents

The original purchasers will be furnished the following documents when the Bonds and the Notes are delivered:

1. Signature and No Litigation Certificates stating that at the time of delivery no litigation is pending or threatened affecting the validity of the Bonds or the Notes or the levy or collection of taxes to pay them.
2. Certificates on behalf of the Town, signed by the Town Manager and the Director of Finance, which will be dated the date of delivery and attached to a signed copy of the Official Statement, and which will certify, to the best of said officials' knowledge and belief, that at the time the bids were awarded for the Bonds and the Notes, the descriptions and statements in the Official Statement relating to the Town and its finances were true and correct in all material respects and did not contain any untrue statement of a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, and that there has been no material adverse change in the financial condition of the Town from that set forth in or contemplated by the Official Statement.
3. Receipts for the purchase price of the Bonds and the Notes.
4. The approving opinions of Updike, Kelly & Spellacy, P.C., Bond Counsel, of Hartford, Connecticut substantially in the forms of Appendices B and C attached hereto.
5. Executed Continuing Disclosure Agreements for the Bonds and the Notes in substantially the forms attached hereto as Appendices D and E to this Official Statement.
6. The Town will make available to the winning bidder of the Bonds twenty-five (25) copies, and to the winning bidder of the Notes five (5) copies, of the final Official Statement at the Town's expense. The copies of the Official Statement will be made available to the winning bidders at the office of the Town's Municipal Advisor no later than seven business days of the bid opening. If the Town's Municipal Advisor is provided with the necessary information from the winning bidders by noon of the day following the day bids on the Bonds and the Notes are received, the copies of the final Official Statement will include an additional cover page and other pages indicating the interest rates, yields or reoffering prices, the name of the underwriters, the name of the insurer, if any, and any changes on the Bonds or Notes. The purchasers shall arrange with the Municipal Advisor the method of delivery of the copies of the Official Statement to the purchasers.

A record of the proceedings taken by the Town in authorizing the Bonds and the Notes will be kept on file at offices of U.S. Bank National Association, in Hartford, Connecticut, and may be examined upon reasonable request.

Concluding Statement

The following officials, in their capacity as officers of the Town, and in the name and on behalf of the Town, do hereby certify in connection with this issue that they have examined this Official Statement, and to the best of their knowledge and belief, the description and statements relating to the Town and its finances were true and correct in all material respects and do not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

TOWN OF NEWINGTON, CONNECTICUT

By: _____
Tanya Lane
Town Manager

By: _____
Janet Murphy
Director of Finance

Dated as of May __, 2019

Appendix A

2018 General Purpose Financial Statements

The following includes excerpts from the basic financial statements of the Town of Newington, Connecticut for the fiscal year ended June 30, 2018. The supplemental data which was a part of that report has not been reproduced herein. A copy of the complete report is available upon request from Matthew A. Spoerndle, Senior Managing Director, Phoenix Advisors LLC, 53 River Street, Suite 1, Milford, Connecticut 06460. Telephone (203) 878-4945.

Independent Auditors' Report

To the Board of Finance
Town of Newington, Connecticut

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Newington, Connecticut, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Town of Newington, Connecticut's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Newington, Connecticut, as of June 30, 2018 and the respective changes in financial position and, where applicable, cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Changes in Accounting Principle

As discussed in Note 13 to the financial statements, during the fiscal year ended June 30, 2018, the Town of Newington, Connecticut, adopted new accounting guidance, GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. The net position of the Town of Newington, Connecticut, has been restated to recognize the net other postemployment benefit liability in accordance with GASB No. 75. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

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

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

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

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of the Town of Newington, Connecticut, as of and for the year ended June 30, 2017 (not presented herein), and have issued our report thereon dated December 20, 2017, which contained unmodified opinions on the respective financial statements of the governmental activities, each major fund, and the aggregate remaining fund information. The accompanying General Fund balance sheet as of June 30, 2017 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the 2017 financial statements. The accompanying General Fund balance sheet has been subjected to the auditing procedures applied in the audit of the 2017 basic financial statements and certain additional procedures including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those financial statements or to those financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the General Fund balance sheet is fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended June 30, 2017.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 17, 2018 on our consideration of the Town of Newington, Connecticut's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Newington, Connecticut's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Newington, Connecticut's internal control over financial reporting and compliance.

Blum, Shapiro & Company, P.C.

West Hartford, Connecticut
December 17, 2018

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

This discussion and analysis of the Town of Newington, Connecticut's (Town) financial performance is provided by management to provide an overview of the Town's financial activities for the fiscal year ended June 30, 2018. Please read this MD&A in conjunction with the transmittal letter and the Town's financial statements, Exhibits I to IX.

FINANCIAL HIGHLIGHTS

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

OVERVIEW OF THE FINANCIAL STATEMENTS

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

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

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

Fund Financial Statements

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The Town's combined net position increased from \$60.0 million to \$60.4 million. The analysis below focuses on the net position (Table 1).

TABLE 1
NET POSITION
(In Thousands)

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

Net position of the Town's governmental activities increased by \$345 thousand or .57% (\$60.0 million compared to \$60.4 million). Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements - changed from \$(27.3) million at June 30, 2017 to \$(20.8) million at the end of this year. The largest portion of the Town's net position, \$87 million or 144.9%, reflects its investment in capital assets less any related debt used to acquire those assets that is still outstanding.

Governmental Activities

Change in net position (Table 2) of the Town's governmental activities increased by \$345 thousand. Approximately 71% of the revenues were derived from property taxes, followed by 24% from operating grants, the remaining 5% is from charges for services, capital grants and contributions and other grants that were not restricted for specific purposes. Key elements of the increase are as follows:

- Property tax revenues recorded for fiscal year 2018 increased by \$2.3 million or 2.4% during the year. This reflects a tax rate of 36.59 mills, a decrease of .84 mills over the rate used in the previous fiscal year. The tax collection rate for the year was 99.05%, a slight decrease from the prior year of 99.5%. Most of the increase is to support the program expenses of the Town.

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

TABLE 2
CHANGE IN NET POSITION
(In Thousands)

	Governmental Activities	
	2018	2017
Revenues:		
Program revenues:		
Charges for services	\$ 3,808	\$ 3,914
Operating grants and contributions	32,035	29,667
Capital grants and contributions	864	1,331
General revenues:		
Property taxes	96,189	93,918
Grants and contributions not restricted to specific purposes	1,302	3,427
Unrestricted investment earnings	485	139
Other general revenues	258	236
Total revenues	<u>134,941</u>	<u>132,632</u>
Program expenses:		
General government	8,099	8,890
Public safety	14,808	14,723
Public works	11,380	10,581
Community planning and development	1,041	1,033
Health and community services	1,962	2,084
Library	2,470	2,421
Parks and recreation	3,671	3,516
Education	90,949	87,205
Interest on long-term debt	216	170
Total program expenses	<u>134,596</u>	<u>130,623</u>
Increase in Net Position	345	2,009
Restatement		(17,114)
Net Position at Beginning of Year	<u>60,038</u>	<u>75,143</u>
Net Position at End of Year	<u>\$ 60,383</u>	<u>\$ 60,038</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 \$2.2 million (\$97.9 million compared to \$95.7 million). The most noteworthy changes are as follows:

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

TABLE 3
Governmental Activities
(In Thousands)

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

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

Governmental Funds

As the Town completed the year, its governmental funds (as presented in the balance sheet - Exhibit III) reported a combined fund balance of \$35 million. Approximately 44% of the fund balance amount or \$15.3 million constitutes unassigned fund balance that is available for unforeseen contingencies and to offset future budgets over the long term. The second largest portion, \$12.3 million or 35%, is committed to be used only for the specific purposes such as a capital or grant related projects. The balance of \$7.3 million is primarily assigned to balance the subsequent year's budget and to liquidate purchase orders. The Town had positive fund balances in all categories of net position both for the governmental as a whole as well as for its separate governmental activities.

As highlighted in Exhibit IV, the combined fund balance decreased by \$295 thousand (\$35.1 million compared to \$35.4 million) from last years' total. Included in this year's total change in fund balance is a decrease of \$381 thousand in Capital Project Funds. These funds account for financial resources to be used for the acquisition of major equipment or construction of facilities and primarily to account for \$4 million on improvements to school facilities, computer technology and open space. The fund's revenue and other financing sources were less than the expenditures by \$381 thousand for the fiscal year thereby decreasing the fund's equity balance to \$7.8 million. Expenditures related to the transfers in will be used in future years.

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

1. The Town benefited from an adjustment to the motor vehicle tax rate when they increased it mid-year to match the property tax rate. This resulted in a positive variance for both current year levy and supplemental motor vehicle totaling \$1.6 million. Originally the tax rate for motor vehicles was based on the mill rate cap proposed by the State of Connecticut. That amount was increased by the State during the fall along with the reduction in funding so the Town therefore increased its motor vehicle tax rate to match the property tax rate.
2. State of Connecticut funding was below estimated budgets by \$2.8 million. Included in this is Education Cost Sharing Grants (\$1.7) million, and Municipal Revenue Sharing (\$937) thousand,
3. General operating expenses were kept under budget by \$274 thousand as a result of personnel savings due to vacancies and a lower facility maintenance expenses. Included in the facility maintenance savings is \$76 thousand for fuel.
4. Public Works expenses came in under budget by \$242 thousand. The majority of this was a \$142 favorable variance in solid waste services.

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

Small Cities Fund accounts for financial resources from the Federal Community Development Block Grants/Small Cities Program. The fund balance decreased by \$1 thousand as grants and other revenue sources received this year were not expensed in total by year end. As of June 30, 2018, the fund balance decreased to \$67 thousand.

Proprietary Funds

The Town accounts for two funds in its proprietary funds. The Town's Health Benefits Fund and its Insurance Reserve Fund, both of which are self-funded programs and the Town's only business-type activities. Unrestricted net position of both funds totaled \$3.4 million, a slight decrease of only \$44 thousand from the prior year. This is primarily due to the performance of the Health Benefits Fund which experienced benefit payments (expenses) over revenues of \$178 thousand. The Insurance Reserve Fund is to pay for losses incurred through insurance deductibles and uninsured property and casualty losses. During the year contributions by the Town were more than the payments made for insurance claims by \$134 thousand.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2018, the Town had \$92.7 million invested in a broad range of capital assets, including land, buildings, park facilities, vehicles and equipment, roads, bridges, and storm water lines - Table 4. This amount represents a net decrease (including additions and deductions) of \$400 thousand or .43%, over last year.

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

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

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

Land - Addition in the amount of \$4 is for improvements to the National Welding property. A grant was used to perform Brownfield remediation, demolish the building and prepare the land to be sold.

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

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

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

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

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

Total Net Additions	\$ 3,748
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The Town’s fiscal-year 2018-19 budget calls for it to spend \$5.6 million for capital projects, of which \$0.9 million is financed from the State of Connecticut and the balance from local funds. It is primarily to finance major vehicle equipment replacement, road reconstruction and resurfacing, school general property improvements, school technology, public safety communications tower, and Town Hall improvements.

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

Long-Term Debt

At June 30, 2018, the Town had \$4.2 million in bonds outstanding versus \$5.2 million last year - a decrease of 19.6% - as shown in Table 5.

TABLE 5 OUTSTANDING DEBT (In Thousands)		
	Governmental Activities	
	2018	2017
General Obligation Bonds (backed by the Town)	\$ 4,195	\$ 5,220

- The decrease in the Town’s indebtedness is due to principal payments during the year totaling \$1.04 million. The Town has bonds authorized but unissued in the amount of \$28.8 at June 30, 2018.
- The Town holds a credit rating from Moody’s Investor Services of Aa2. Standard & Poor’s Ratings Services raised its rating on the Town’s general obligation bonds to 'AA+' from 'AA' based on the implementation of its local GO criteria.
- The State limits the amount of general obligation debt that towns can issue based on a formula determined under State Statutes based on type of debt and tax base. When the Town’s outstanding general obligation debt is calculated in accordance with this formula, it is significantly below this \$654 million state-imposed limit.

Other obligations include an accrued vacation pay and sick leave and capital leases for two fire trucks. More detailed information about the Town’s long-term liabilities is presented in Note 7 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR’S BUDGETS AND RATES

From a financial perspective as detailed in this annual financial report, Newington successfully managed the 2017-18 budget through prudent, conservative fiscal management. This is evidenced from the fact that final actual expenditures are \$3.8 million under the final budget which move than offset the revenue side shortfall of \$2.3 million. The significant challenges in the development of the 2018-19 Town budget

were: 1) the economic conditions in the region and nationally; 2) maintain costs to meet the high level of service to which Town residents are accustomed; and 3) the ability of citizens to absorb any increases in taxes during a year with less municipal aid. The Town's adopted fiscal year 2018-2019 General Fund appropriations totaled \$118.7, an increase of 2.5% over the 2017 budget of \$115.8 million. This increase is one of the highest increases this century. The most significant factors driving the overall budget increase include MDC charges, medical insurance, pension contributions and wages.

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

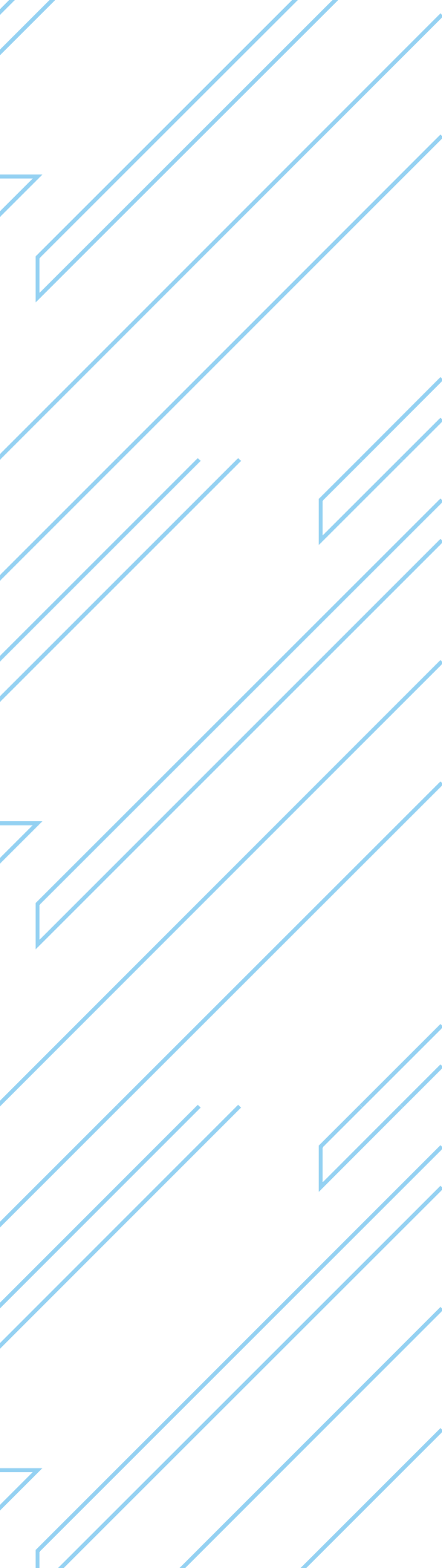
On a budgetary basis, the June 30, 2018 unassigned General Fund balance, after the designation of \$1.1 million to assist in financing the 2018-19 appropriations, increased by \$954 thousand to a level of \$15.6 million or 13.1% of the fiscal year 2018-19 budget. The Town has consistently maintained a ratio of unassigned fund balance at a level of 10% or higher of subsequent year's appropriation, which is consistent with the parameters as set forth by the credit industry. The result was a tax increase of 5.2% without compromising the delivery of services to the community. Similar to other communities, Newington has had to address the difficult budgetary and economic times through strong management, well-managed fund balances and an active economic development program.

At this point in time, a review of key economic indicators shows that Newington has seen the effects of a national and state economic recovery. We continue to hold steady with per capita income of Newington's residents being \$38.2 thousand, slightly below the statewide average of \$38.9 thousand, but its median family income of \$80.3 thousand exceeds the statewide average by \$8,560. The KeyPoint Report for 2018 continues rank the Town of Newington as number one for the lowest commercial real estate vacancies in the greater Hartford area. Building permit activity is higher in comparison to last year with the value of permits in October of 2018 equal to \$3.4 million compared to \$1.9 million a year ago. As of October 2018, the unemployment rate for Newington was 3.9%, down from 4.1%, in the prior year, and compares favorably to the State's unemployment rate of 4.2% during the same period.

The Town of Newington is well positioned to deal with the present economic situation. With an overwhelming reliance on property taxes, Newington's income stream is rather stable, even during a period of fiscal stress. The Town's diverse tax base lends stability to the Town's revenue. The Town's Berlin Turnpike, central location in the State and proximity to Hartford continue to attract and retain housing and commercial development. This increased development will lend itself to expand the tax base. Newington will continue to take steps to exercise fiscal discipline and manage revenue shortfalls through diligent cost control and enhanced operating efficiencies.

CONTACTING THE TOWN'S FINANCIAL MANAGEMENT

This financial report is designed to provide citizens, taxpayers, customers, investors and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Finance Department, Town of Newington, Connecticut, 131 Cedar Street, Newington, Connecticut 06111.



Basic Financial Statements

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

	Governmental Activities
Assets:	
Cash and cash equivalents	\$ 43,986
Investments	133
Receivables, net	4,874
Due from trust funds	590
Prepaid asset	25
Inventory	47
Capital assets not being depreciated	11,534
Capital assets being depreciated, net	81,169
Total assets	<u>142,358</u>
Deferred Outflows of Resources:	
Deferred charge on refunding	320
Deferred outflows related to pensions	2,609
Deferred outflows related to OPEB	727
Total deferred outflows	<u>3,656</u>
Liabilities:	
Accounts and other payables	7,457
Accrued interest payable	11
Unearned revenue	689
Noncurrent liabilities:	
Due within one year	1,986
Due in more than one year	73,022
Total liabilities	<u>83,165</u>
Deferred Inflows of Resources:	
Advance property tax collections	437
Deferred inflows related to pensions	1,991
Deferred inflows related to OPEB	38
Total deferred inflows	<u>2,466</u>
Net Position:	
Net investment in capital assets	87,484
Restricted for:	
Trust purposes:	
Expendable	634
Nonexpendable	37
Unrestricted	<u>(27,772)</u>
Total Net Position	<u>\$ 60,383</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, 2018
(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:					
General government	\$ 8,099	\$ 672	\$ 699	\$ 5	\$ (6,723)
Public safety	14,808	72	34		(14,702)
Public works	11,380	147	1,396	482	(9,355)
Community planning and development	1,041	301		377	(363)
Health and community services	1,962	54	162		(1,746)
Library	2,470	26	20		(2,424)
Parks and recreation	3,671	1,282	34		(2,355)
Education	90,949	1,254	29,690		(60,005)
Interest on long-term debt	216				(216)
Total	\$ 134,596	\$ 3,808	\$ 32,035	\$ 864	\$ (97,889)
General revenues:					
Property taxes					96,189
Grants and contributions not restricted to specific programs					1,302
Unrestricted investment earnings					485
Miscellaneous					258
Total general revenues					<u>98,234</u>
Change in net position					345
Net Position at Beginning of Year, as Restated					<u>60,038</u>
Net Position at End of Year					<u>\$ 60,383</u>

The accompanying notes are an integral part of the financial statements

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

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

(Continued on next page)

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

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

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

Fund balances - total governmental funds	\$ 35,088
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Capital assets used in governmental activities are not financial
resources and, therefore, are not reported in the funds:

Governmental capital assets	\$ 184,125	
Less accumulated depreciation	<u>(91,422)</u>	
Net capital assets		92,703

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

Housing loan receivables	801
Property tax receivables greater than 60 days	1,152
Interest receivable on property taxes	678
Deferred outflows related to pensions	2,609
Deferred outflows related to OPEB	727

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

3,353

Long-term liabilities, including bonds payable, are not due and payable
in the current period and, therefore, are not reported in the funds:

Bonds payable	(4,195)
Deferred amount in refunding	320
Deferred charge on premium	(270)
Interest payable on bonds	(11)
Net OPEB liability	(18,121)
Deferred inflows related to OPEB	(38)
Compensated absences	(2,435)
Capital lease	(1,074)
Deferred inflows related to pensions	(1,991)
Net pension liability	<u>(48,913)</u>

Net Position of Governmental Activities (Exhibit I)	<u>\$ 60,383</u>
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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, 2018
(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	\$ 95,968	\$	\$	\$	\$ 95,968
Payment in lieu of taxes	968				968
Licenses, fees and permits	289			17	306
Intergovernmental	27,920	1,536		3,690	33,146
Contributions				93	93
Rental	107	99			206
Income on investments	378	15		61	454
Fines	29				29
Charges for services	627	296		2,212	3,135
Other	200			199	399
Total revenues	<u>126,486</u>	<u>1,946</u>	<u>-</u>	<u>6,272</u>	<u>134,704</u>
Expenditures:					
Current:					
General government	4,709			183	4,892
Public safety	8,345			75	8,420
Public works	4,732			412	5,144
Community planning and development	551		1		552
Health and human services	1,163			229	1,392
Library	1,726			34	1,760
Parks and recreation	1,614			1,033	2,647
Education	84,487			3,273	87,760
Miscellaneous	14,791				14,791
Capital outlay		5,293		900	6,193
Debt service	1,151	297			1,448
Total expenditures	<u>123,269</u>	<u>5,590</u>	<u>1</u>	<u>6,139</u>	<u>134,999</u>
Excess (Deficiency) of Revenues over Expenditures	<u>3,217</u>	<u>(3,644)</u>	<u>(1)</u>	<u>133</u>	<u>(295)</u>
Other Financing Sources (Uses):					
Transfers in	124	3,263		101	3,488
Transfers out	(3,040)	-		(448)	(3,488)
Total other financing sources (uses)	<u>(2,916)</u>	<u>3,263</u>	<u>-</u>	<u>(347)</u>	<u>-</u>
Net Change in Fund Balances	301	(381)	(1)	(214)	(295)
Fund Balances at Beginning of Year	<u>21,244</u>	<u>8,224</u>	<u>68</u>	<u>5,847</u>	<u>35,383</u>
Fund Balances at End of Year	<u>\$ 21,545</u>	<u>\$ 7,843</u>	<u>\$ 67</u>	<u>\$ 5,633</u>	<u>\$ 35,088</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, 2018
(In Thousands)

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

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

Net change in fund balances - total governmental funds (Exhibit IV)	\$ (295)
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Governmental funds report capital outlays as expenditures. In the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:

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

In the statement of activities, only the gain on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources.

Thus the change in net position differs from the change in fund balance by the cost of the assets sold.	(130)
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds, and revenues recognized in the funds are not reported in the statement of activities:

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

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

Bond principal payments	1,025
Lease payments	206

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

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

Internal service funds are used by management to charge costs to individual funds. The net revenue of certain activities of internal services funds is reported with governmental activities.

(44)

Change in Net Position of Governmental Activities (Exhibit II)	\$ <u>345</u>
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The accompanying notes are an integral part of the financial statements

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

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

The accompanying notes are an integral part of the financial statements

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

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

The accompanying notes are an integral part of the financial statements

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

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

The accompanying notes are an integral part of the financial statements

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

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

The accompanying notes are an integral part of the financial statements

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

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

The accompanying notes are an integral part of the financial statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

B. Government-Wide and Fund Financial Statements

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

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

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

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

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

The Town reports the following major governmental funds:

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

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

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

Additionally, the Town reports the following fund types:

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

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

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

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

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

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Town's internal service fund are charges to customers for services. Operating expenses for the internal service fund include the cost of health benefits and administrative expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources as they are needed. Unrestricted resources are used in the following order: committed, assigned then unassigned.

D. Deposits and Investments

The Town's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the Town to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements and certain other investments as described in Note 3.

Investments for the Town are reported at fair value.

E. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." All trade and property tax receivables are shown net of an allowance for collectibles. The property tax receivable allowance of \$94 is equal to 6.4% of outstanding property taxes at June 30, 2018.

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

F. Inventories and Prepaid Items

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

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

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

G. Capital Assets

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

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

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

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

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

H. Deferred Outflows of Resources

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

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

I. Deferred Inflows of Resources

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

J. Compensated Absences

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

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

K. Net Pension Liability

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

L. Net OPEB Liability

The net OPEB liability is measured as the portion of the present value of projected benefit payments to be provided to current active and inactive employees that is attributed to those employees' past periods of service (total OPEB liability), less the amount of the OPEB plan's fiduciary net position. The OPEB plan's fiduciary net position is determined using the same valuation methods that are used by the OPEB plan for purposes of preparing its statement of fiduciary net position. The net OPEB liability is measured as of a date (measurement date) no earlier than the end of the employer's prior fiscal year, consistently applied from period to period.

M. Long-Term Obligations

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

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

N. Equity

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

Net Investment in Capital Assets

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

Restricted

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

Unrestricted

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

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

Nonspendable Fund Balance

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

Restricted Fund Balance

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

Committed Fund Balance

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

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

Assigned Fund Balance

This balance represents amounts constrained for the intent to be used for a specific purpose by the Town Council or Director of Finance, who have been delegated authority to assign amounts by the Town Charter.

Unassigned Fund Balance

This represents fund balance in the General Fund in excess of nonspendable, restricted, committed and assigned fund balance. If another governmental fund has a fund balance deficit, it is reported as a negative amount in unassigned fund balance.

O. Use of Estimates

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

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

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

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

- The Town Manager is authorized to transfer budgeted amounts within departments within any fund, except within the Board of Education. The Town Council, during the last six months of the year, may transfer any unencumbered appropriations between departments, except for the Board of Education. The Board of Education is responsible for establishing its own system of budgetary control and certification of the sufficiency of unexpended and unencumbered balance of appropriation. The Town Council may authorize additional appropriations from unappropriated and unencumbered General Fund balance up to \$375,000 (amount not rounded). Special appropriations between \$375,000 and \$975,000 (amount not rounded) require a Town ordinance. Special appropriations over \$975,000 (amount not rounded) require voter approval.
- Formal budgetary integration is employed as a management control device during the year for the General Fund legally adopted budget.
- Except for encumbrance accounting, the budget is prepared on the modified accrual basis of accounting.
- The legal level of control (the level at which expenditures may not legally exceed appropriations) is at the department level for the General Fund.
- Budgeted amounts shown are as amended. There were no additional appropriations from fund balance during 2017-18.

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

Generally, all unencumbered appropriations lapse at year end, except those for the Capital Projects Funds. Appropriations for capital projects are continued until completion of applicable projects, even when projects extend more than one fiscal year.

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year end are reported as committed or assigned fund balance, depending on the nature of restriction, and do not constitute expenditures or liabilities because the commitments will be honored during the subsequent year.

3. CASH, CASH EQUIVALENTS AND INVESTMENTS

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

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

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

Deposits

Deposit Custodial Credit Risk

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

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

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

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

Cash Equivalents

At June 30, 2018, the Town's cash equivalents amounted to \$10,942. The following table provides a summary of the Town's cash equivalents (excluding U.S. government guaranteed obligations) as rated by nationally recognized statistical rating organizations. The pools all have maturities of less than one year.

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

*Not rated

Investments

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

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

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

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

Credit Risk

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

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

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

Interest Rate Risk

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

Credit Risk - Investments

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

Concentration of Credit Risk

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

Custodial Credit Risk

Custodial credit risk for an investment is the risk that, in the event of the failure of the counterparty (the institution that pledges collateral or repurchase agreement securities to the Town or that sells investments to or buys them for the Town), the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Town does not have a policy for custodial credit risk. At June 30, 2018, the Town did not have any uninsured and unregistered securities held by the counterparty, or by its trust department or agent that were not in the Town's name.

Fair Value Measurement

The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements); followed by quoted prices in inactive markets or for similar assets or with observable inputs (Level 2 measurements); and the lowest priority to unobservable inputs (Level 3 measurements). The Town has the following recurring fair value measurements as of June 30, 2018:

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

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

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

4. RECEIVABLES

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

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

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

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

5. CAPITAL ASSETS

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

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

Depreciation expense was charged to functions/programs as follows:

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

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

Construction Projects

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

Project	Cumulative Authorizations	Spent-to- Date	Remaining Commitment
Town Hall/Community Center Project	\$ 28,818	\$ 1,441	\$ 27,377
Town Hall Improvements	4,204	3,292	912
Computer System Replacement	4,734	4,348	386
Public Safety Equipment Reserve	3,944	3,799	145
Public Works Equipment Reserve	3,843	3,775	68
Road Reconstruction	3,428	3,004	424
OCR Compliance	2,781	2,470	311
Newington High School Career Tech Renovations	2,420	2,197	223
Lease Proceeds	1,419	1,417	2
Park, Pool & Playground Improvements	1,335	1,328	7
Parks & Grounds Equipment Reserve	1,312	1,129	183
John Wallace Middle School S.T.E.M. Academy	1,198	1,153	45
Drainage Improvement	1,149	889	260
Tax Revaluation Reserve	1,045	1,007	38
Other various projects	<u>22,063</u>	<u>19,033</u>	<u>3,030</u>
Total	\$ <u>83,693</u>	\$ <u>50,282</u>	\$ <u>33,411</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, 2018 is presented below:

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

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

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

Interfund transfers:

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

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

7. LONG-TERM DEBT

Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2018 was as follows:

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

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

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

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

A schedule of bonds and serial notes outstanding at June 30, 2018 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, 2018</u>
General purpose bonds:				
Police station	02/13	1-4.0%	\$ 4,818	\$ 2,966
School:				
School improvements	02/13	1-4.0%	4,992	<u>1,229</u>
Total				<u>\$ 4,195</u>

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

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

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

<u>Category</u>	<u>Debt Limit</u>	<u>Net Indebtedness</u>	<u>Balance</u>
General purpose	\$ 210,229	\$ 3,851	\$ 206,378
Schools	420,458	1,688	418,770
Sewers	350,381	89,125	261,256
Urban renewal	303,664		303,664
Pension deficit	280,305		280,305

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

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

Indebtedness, in accordance with State Statutes, includes long-term debt outstanding in addition to the amount of bonds authorized and unissued against which bonds have been issued to partially finance the project or bond anticipation notes issued and outstanding. Sewer indebtedness includes overlapping debt of the Metropolitan District. As a member of the Metropolitan District (a quasi-municipal corporation that provides water supply and sewerage collection and disposal facilities for members), the Town is contingently liable for \$89,125 or 9.16% of the debt of the Metropolitan District.

Capital Leases

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

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

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

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

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

8. RISK MANAGEMENT

The Town is exposed to various risks of loss including torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town generally obtains commercial insurance for these risks, but has chosen to retain the risks for employee health and medical claims. The Health Insurance Internal Service Fund is utilized to report the self-insurance activity. Anthem Blue Cross/Blue Shield administers the plan, for which the Town pays a fee. The General Fund (Town and Board of Education) and Cafeteria Fund (Special Revenue Fund) contribute based on Anthem Blue Cross/Blue Shield estimates made using the Town's historical data. The Town covers all claims up to \$175,000 (amount not rounded) per participant per year with an individual stop-loss policy covering amounts exceeding the limit. In addition, the Town has an aggregate stop-loss policy that would cover claims exceeding 120% of the total estimated claims for the plan year. Settled claims for all types of commercial coverage have not exceeded coverage in any of the past three years.

The claims liability of \$752 reported in the Health Benefits Internal Service Fund at June 30, 2018 is based on GASB Statement No. 10, which requires that a liability for estimated claims incurred but not reported be recorded. Changes in the claims liability were:

		<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>				
2016-2017	\$	721	\$	10,070	\$	10,045	\$	746
2017-2018		746		9,771		9,765		752

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

9. FUND BALANCE

The components of fund balance for the governmental funds at June 30, 2018 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	\$	\$	\$	\$ 47	\$ 47
Prepays				25	25
Total nonspendable	<u>-</u>	<u>-</u>	<u>-</u>	<u>72</u>	<u>72</u>
Restricted for:					
Grants			67	1,268	1,335
Permanent funds				37	37
Total restricted	<u>-</u>	<u>-</u>	<u>67</u>	<u>1,305</u>	<u>1,372</u>
Committed to:					
Education non-lapsing	297				297
Public buildings		1,290			1,290
Capital and nonrecurring projects		4,312			4,312
Public schools		1,869			1,869
Land acquisition		48			48
Parks and recreation		324			324
Education				785	785
Cemetery maintenance				1,519	1,519
Public safety activities				25	25
Recreation programs				977	977
Employee leave liability				568	568
Volunteer ambulance				224	224
Volunteer firefighters				128	128
General government				30	30
Total committed	<u>297</u>	<u>7,843</u>	<u>-</u>	<u>4,256</u>	<u>12,396</u>
Assigned to:					
Subsequent year's budget	1,100				1,100
General government - encumbrances	8				8
Public safety - encumbrances	102				102
Public works - encumbrances	5				5
Parks and recreation - encumbrances	11				11
Library - encumbrances	4				4
Education - encumbrances	4,740				4,740
Total assigned	<u>5,970</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,970</u>
Unassigned	<u>15,278</u>				<u>15,278</u>
Total Fund Balances	<u>\$ 21,545</u>	<u>\$ 7,843</u>	<u>\$ 67</u>	<u>\$ 5,633</u>	<u>\$ 35,088</u>

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

10. OTHER POST EMPLOYMENT BENEFITS

Other Post-Employment Benefits Trust

A. Plan Description

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

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

At July 1, 2017, plan membership consisted of the following:

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

B. Funding Policy and Benefits Provided

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

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

- AFSCME Board of Education and Town employees are eligible for retiree health care coverage until age 65 upon attainment of normal or early retirement. Normal retirement is the earlier of age 63 or completion of 25 years of service. Early retirement is age 55, and 5 years of continuous service or 15 years of aggregate service. Coverage is pre-65 only. Post-65 non-Medicare eligible retirees can continue coverage at their own expense.

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

- Police officers are eligible for retiree health care coverage until age 65 upon attainment of normal or early retirement. Normal retirement is the earlier of age 50 or completion of 20 years of service. Early retirement is age 45 and 10 years of continuous service. For officers hired on or after January 1, 2007, normal retirement is the completion of 25 years of service regardless of age and an officer retiring prior to normal retirement shall not be eligible for retiree health care benefits.
- Per state statute, any Teacher and School Certified Administrator hired prior to March 1986 that does not qualify for Medicare is eligible for retiree health coverage for life, at the earlier of age 55 with 20 years of service or 25 years of service. Those qualifying for Medicare are allowed to remain on the health insurance plan until age 65.
- Surviving spouses of retired teachers and nonteachers at the school are allowed to remain on the plan.
- Surviving spouses of retirees and actives eligible to retire are allowed to remain on the plan.

C. Investments

Investment Policy

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

Rate of return

For the year ended June 30, 2018, the annual money-weighted rate of return on investments, net of investment expense, was 12.22%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

D. Net OPEB Liability of the Town

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

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

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

Actuarial Assumptions

The total OPEB liability at June 30, 2018 was determined by an actuarial valuation as of July 1, 2016, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.75%
Salary increases	Graded by age for Teachers and Administrators; 3.50% for all others
Investment rate of return	7.13%
Healthcare cost trend rates	5.70%-4.70% over 67 years

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

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

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset as of June 30, 2018 are summarized in the following table:

Asset Class	Target Allocation		Long-Term Expected Real Rate of Return	
U.S. Core Fixed Income	20.0	%	2.7	%
Global Bonds	14.0		1.1	
U.S. Small Caps	5.0		5.8	
U.S. Large Growth	14.5		5.3	
U.S. Large Value	14.5		4.5	
U.S. MidCap Growth	5.0		6.0	
Foreign Developed Equity	13.0		5.8	
Emerging Markets Equity	2.0		8.1	
Hedge Funds - Macro	12.0		3.1	
Total	100.0	%		

E. Discount Rate

The discount rate used to measure the total OPEB liability was 7.13%. The projection of cash flows used to determine the discount rate assumed that Town contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

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

F. Changes in the Net OPEB Liability

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

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

The following presents the net OPEB liability of the Town, as well as what the Town's net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.13%) or 1 percentage point higher (8.13%) than the current discount rate:

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

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

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

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

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

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

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

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

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

Year Ending June 30

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

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

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

STATEMENT OF NET POSITION

Assets:	
Cash and cash equivalents	\$
Investments	<u>7,448</u>
Total assets	<u>7,448</u>
Liabilities:	
Accounts payable	18
Due to other funds	<u>590</u>
Total liabilities	<u>608</u>
Net Position:	
Restricted for OPEB Benefits	\$ <u><u>6,840</u></u>

STATEMENT OF CHANGES IN NET POSITION

Additions:	
Contributions:	
Employer	\$ <u>1,771</u>
Investment income:	
Net appreciation in fair value of investments	175
Interest and dividends	<u>370</u>
Total investment income	545
Less investment expense	<u>30</u>
Net investment income	<u>515</u>
Total additions	<u>2,286</u>
Deductions:	
Benefits	1,688
Administration	<u>133</u>
Total deductions	<u>1,821</u>
Change in Net Position	465
Net Position - Beginning of Year	<u>6,375</u>
Net Position - End of Year	\$ <u><u>6,840</u></u>

Teachers Retirement Plan

A. Plan Description

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

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

B. Benefit Provisions

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

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

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

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

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

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

Survivor Health Care Coverage

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

C. Eligibility

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

Credited Service

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

Normal Retirement

Age 60 with 20 years of Credited Service in Connecticut, or 35 years of Credited Service including at least 25 years of service in Connecticut.

Early Retirement

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

Proratable Retirement

Age 60 with 10 years of credited service

Disability Retirement

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

Termination of Employment

Ten or more years of Credited Service.

D. Contributions

State of Connecticut

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

Employer (School Districts)

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

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

Employees

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

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

At June 30, 2018, the Town reports no amounts for its proportionate share of the net OPEB liability, and related deferred outflows and inflows, due to the statutory requirement that the State pay 100% of the required contribution. The amount recognized by the Town as its proportionate share of the net OPEB liability, the related State support and the total portion of the net OPEB liability that was associated with the Town was as follows:

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

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

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

F. Actuarial Assumptions

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

Inflation	2.75%
Health care costs trend rate	7.25% decreasing to 5.00% by 2022
Salary increases	3.25-6.50%, including inflation
Investment rate of return	3.56%, net of OPEB plan investment expense, including inflation
Year fund net position will be depleted	2018

Mortality rates were based on the RPH-2014 White Collar table with employee and annuitant rates blended from ages 50 to 80, projected to the year 2020 using the BB improvement scale, and further adjusted to grade in increases (5% for females and 8% for males) over age 80. For disabled retirees, mortality rates were based on the RPH-2014 Disabled Mortality Table projected to 2017 using the BB improvement scale.

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

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

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

G. Discount Rate

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

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

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

I. Other Information

Additional information is included in the required supplementary information section of the financial statements. A schedule of contributions is not presented as the Town has no obligation to contribute to the plan. Detailed information about the Connecticut State Teachers OPEB Plan fiduciary net position is available in the separately issued State of Connecticut Comprehensive Annual Financial Report at www.ct.gov.

11. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS

Defined Benefit Plans

A. Plan Description and Benefits Provided

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

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

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.

TOWN OF NEWINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018
(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, 2017, 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	175	72	30	43
Terminated participants	7	2	3	37
Active participants	<u>92</u>	<u>60</u>	<u>8</u>	<u>24</u>
Total	<u>274</u>	<u>134</u>	<u>41</u>	<u>104</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, 2018
(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, 2018 and the changes in net position for the year then ended.

Schedule of Plan Net Position							
	<u>Municipal</u>	<u>Police</u>	<u>Administrative</u>	<u>Volunteer Firefighters' Plans</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>	<u>Eliminations</u>	<u>Total</u>
Assets:							
Cash and equivalents	\$ 413	\$ 630	\$ 115	\$	\$ 811	\$	\$ 1,969
Investments	24,463	44,589	5,447	712	1,230		76,441
Due from other funds					131	(131)	
Total assets	<u>24,876</u>	<u>45,219</u>	<u>5,562</u>	<u>712</u>	<u>2,172</u>	<u>(131)</u>	<u>78,410</u>
Liabilities:							
Due to other funds				131		(131)	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>131</u>	<u>-</u>	<u>(131)</u>	<u>-</u>
Net Position Restricted for							
Pension Benefits	<u>\$ 24,876</u>	<u>\$ 45,219</u>	<u>\$ 5,562</u>	<u>\$ 581</u>	<u>\$ 2,172</u>	<u>\$ -</u>	<u>\$ 78,410</u>

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

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

TOWN OF NEWINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018
(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, 2018:

Asset Class	Municipal Employees Target Allocation	Police Target Allocation	Administrative Employees Target Allocation	Firefighters Target Allocation
Strategic Bond	18 %	18 %	18 %	25 %
Intermediate Fixed Income	14	14	14	25
Global Bond Fund	8	8	8	18
Total fixed	<u>40</u>	<u>40</u>	<u>40</u>	<u>68</u>
S & P 500 Index	34	34	34	14
Middle Company				4
Small Company	10	10	10	4
Developed Foreign Equities	16	16	16	7
Emerging Markets				3
Total equity	<u>60</u>	<u>60</u>	<u>60</u>	<u>32</u>
Total Allocation	<u>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, 2018, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 8.07% for Administrative Employees, 7.83% for Municipal Employees, 7.83% for Police and 3.98% for Firefighters, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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

F. Net Pension Liability of the Town

The components of the net pension liability of the Town at June 30, 2018, were as follows:

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

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

Actuarial Assumptions

The total pension liability for Administrative Employees, Municipal Employees and Police was determined by an actuarial valuation as of July 1, 2017, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Salary increases	3.5%, average, including inflation
Investment rate of return	7.125%, net of pension plan investment expense, including inflation

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

The total pension liability for Firefighters was determined by an actuarial valuation as of June 30, 2018, using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

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

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

The long-term expected rate of return on pension plan investments was determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions are per Milliman's investment consulting practice as of June 30, 2017. Best estimates of geometric real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2018 (see the discussion of the pension plan's investment policy) are summarized in the following table:

Asset Class	Municipal Employees Long-Term Expected Real Rate of Return	Police Long- Term Expected Real Rate of Return	Administrative Employees Long-Term Expected Real Rate of Return	Firefighters Long-Term Expected Real Rate of Return
Fixed:				
Strategic Bond	2.51 %	2.51 %	2.51 %	1.58 %
Intermediate Fixed Income	2.09	2.09	2.09	3.26
Global Bond Fund	0.45	0.45	0.45	0.45
Equity:				
S & P 500 Index	3.37	3.37	3.37	3.37
Middle Company Value				3.52
Small Company	3.86	3.86	3.86	3.86
Developed Foreign Equities	4.15	4.15	4.15	4.15
Emerging Markets				4.84

Discount Rate

The discount rate used to measure the total pension liability was 7.125% for Municipal Employees, Administrative Employees, and Police. The discount rate used to measure the total pension liability was 6.00% for Firefighters. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that Town contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

TOWN OF NEWINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018
(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, 2017	\$ 44,613	\$ 23,762	\$ 20,851
Changes for the year:			
Service cost	507		507
Interest on total pension liability	3,173		3,173
Differences between expected and actual experience	(1,228)		(1,228)
Changes in assumptions	520		520
Employer contributions		1,742	(1,742)
Member contributions		268	(268)
Net investment income (loss)		1,893	(1,893)
Benefit payments, including refund to employee contributions	(2,761)	(2,761)	-
Administrative expenses		(28)	28
Net changes	211	1,114	(903)
Balances as of June 30, 2018	\$ 44,824	\$ 24,876	\$ 19,948

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

TOWN OF NEWINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018
(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, 2017	\$ 12,030	\$ 5,558	\$ 6,472
Changes for the year:			
Service cost	61		61
Interest on total pension liability	842		842
Differences between expected and actual experience	1		1
Changes in assumptions	128		128
Employer contributions		491	(491)
Member contributions		29	(29)
Net investment income (loss)		448	(448)
Benefit payments, including refund to employee contributions	(958)	(958)	-
Administrative expenses		(6)	6
Net changes	74	4	70
Balances as of June 30, 2018	\$ 12,104	\$ 5,562	\$ 6,542

Volunteer Firefighters' Pension Plan

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

TOWN OF NEWINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018
(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 7.125% for Municipal Employees, Police and Administrative Employees, as well as what the Town's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.125%) or 1 percentage point higher (8.125%) than the current rate:

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

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

		1% Decrease 5.00%	Current Discount Rate 6.00%	1% Increase 7.00%
Firefighters Net Pension Liability	\$	915	\$ 785	\$ 672

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

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

For the year ended June 30, 2018, the Town recognized pension expense of (\$5,121). At June 30, 2018, the Town reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

Deferred Outflows of Resources					
	Municipal Employees' Pension Plan	Police Retirement Plan	Administrative Employees' Pension Plan	Volunteer Firefighters' Pension Plan	Total
Differences between expected and actual experience	\$	\$	\$	\$	\$
		429			429
Changes of assumptions	431	1,725	12		2,168
Net difference between projected and actual earning on pension plan investments				12	12
Total	\$ 431	\$ 2,154	\$ 12	\$ 12	\$ 2,609

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

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

Year Ending June 30

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

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

J. Payable to the Pension Plan

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

Volunteer Firefighters - Defined Contribution Plan

In addition to the defined benefit plan described above, the Town provides a defined contribution plan to certain volunteer firefighters, which is administered by the three fire commissioners, the Town Manager and the Director of Finance. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Most current active and all new and future members of volunteer firefighters can only participate in this plan. Members are 100% vested after 10 years of service. Contributions range from \$385 (not rounded) per year for members with less than 6 years of service to \$805 (not rounded) per year for members with more than 35 years of service. The firefighters are not required to contribute to the plan; however, they can elect to defer a stipend of \$1. Stipend contributions for 2017-2018 amounted to \$11. Plan provisions and contribution requirements are established and may be amended by the Town Council.

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

Teachers Retirement

A. Plan Description

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

B. Benefit Provisions

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

Normal Retirement

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

Early Retirement

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

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

Disability Retirement

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

C. Contributions

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

Employer (School Districts)

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

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

Employees

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

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

At June 30, 2018, the Town reports no amounts for its proportionate share of the net pension liability, and related deferred outflows and inflows, due to the statutory requirement that the State pay 100% of the required contribution. The amount recognized by the Town as its proportionate share of the net pension liability, the related state support, and the total portion of the net pension liability that was associated with the Town were as follows:

Town's proportionate share of the net pension liability	\$	-
State's proportionate share of the net pension liability associated with the Town		<u>107,062</u>
Total	\$	<u>107,062</u>

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

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

For the year ended June 30, 2018, the Town recognized pension expense and revenue of \$12,384 in Exhibit II for on-behalf amounts for the benefits provided by the State.

E. Actuarial Assumptions

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

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

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

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

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

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

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

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

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

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

F. Discount Rate

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

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

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

H. Other Information

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

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

12. CONTINGENT LIABILITIES

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

13. PRIOR PERIOD ADJUSTMENT AND RESTATEMENT

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

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



Required Supplementary Information

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

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

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

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

(Continued on next page)

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

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

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

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

(Continued on next page)

TOWN OF NEWINGTON, CONNECTICUT

GENERAL FUND

SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES

BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2018

(In Thousands)

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

(Continued on next page)

TOWN OF NEWINGTON, CONNECTICUT

GENERAL FUND

SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES

BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2018

(In Thousands)

	Budgeted Amounts		Actual	Variance - Positive (Negative)
	Original	Final		
Miscellaneous:				
Metropolitan District Assessment	\$ 3,915	\$ 3,917	\$ 3,917	\$ -
Municipal insurance	986	986	803	183
Greater Hartford Transit District	3	3	3	-
Employee benefits	10,014	10,014	10,014	-
Donations and contributions	25	25	25	-
Contingency	657	474	25	449
Total miscellaneous	<u>15,600</u>	<u>15,419</u>	<u>14,787</u>	<u>632</u>
Debt service:				
Principal payments	1,025	1,025	1,025	-
Interest expense	126	126	126	-
Total debt service	<u>1,151</u>	<u>1,151</u>	<u>1,151</u>	<u>-</u>
Total expenditures	110,742	110,742	109,286	1,456
Other financing uses:				
Transfers out	<u>5,117</u>	<u>5,117</u>	<u>3,040</u>	<u>2,077</u>
Total	<u>\$ 115,859</u>	<u>\$ 115,859</u>	112,326	<u>\$ 3,533</u>
Budgetary expenditures are different than GAAP expenditures because:				
State of Connecticut on-behalf payments to the Connecticut State Teachers' Pension for Town teachers are not budgeted			12,384	
State of Connecticut on-behalf payments to the Connecticut State Teachers' OPEB for Town teachers are not budgeted			1,277	
The Board of Education does not budget for certain intergovernmental grants that are credited against education expenditures for budgetary reporting; these amounts are recorded as revenues and expenditures for financial reporting purposes			951	
Encumbrances for purchases and commitments ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year received for financial reporting purposes			(1,549)	
The Board of Education does not budget for certain non-lapsing expenditures			1,217	
Transfer to non-lapsing account			<u>(297)</u>	
Total Expenditures and Other Financing Uses as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds - Exhibit IV			<u>\$ 126,309</u>	

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

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

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

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

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

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

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

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

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

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

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

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

**TOWN OF NEWINGTON, CONNECTICUT
SCHEDULE OF EMPLOYER CONTRIBUTIONS**

MUNICIPAL EMPLOYEES

LAST TEN FISCAL YEARS

(In Thousands)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Actuarially determined contribution	\$ 853	\$ 969	\$ 1,219	\$ 1,268	\$ 1,373	\$ 1,453	\$ 1,594	\$ 1,623	\$ 1,695	\$ 1,742
Contributions in relation to the actuarially determined contribution	853	969	1,219	1,268	1,697	1,453	1,594	1,623	1,695	1,742
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ (324)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 8,665	\$ 8,823	\$ 8,832	\$ 8,170	\$ 7,503	\$ 7,230	\$ 6,807	\$ 7,037	\$ 6,603	\$ 6,123
Contributions as a percentage of covered payroll	9.84%	10.98%	13.80%	15.52%	22.62%	20.10%	23.42%	23.06%	25.67%	28.45%

Notes to Schedule

Valuation date:

July 1, 2017

Measurement date:

June 30, 2018

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

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, closed
Remaining amortization period	18 years
Asset valuation method	5-year smoothed market
Inflation	2.75%
Salary increases	3.5%, average, including inflation
Investment rate of return	7.125% (Prior: 7.25%), net of pension plan investment expense, including inflation

Retirement age

Age based table

Mortality

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

**TOWN OF NEWINGTON, CONNECTICUT
SCHEDULE OF EMPLOYER CONTRIBUTIONS**

POLICE

LAST TEN FISCAL YEARS

(In Thousands)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Actuarially determined contribution	\$ 1,336	\$ 1,525	\$ 1,800	\$ 2,065	\$ 2,427	\$ 2,661	\$ 3,195	\$ 3,338	\$ 3,486	\$ 3,613
Contributions in relation to the actuarially determined contribution	1,336	1,525	1,800	2,065	2,805	2,661	3,195	3,338	3,515	3,613
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ (378)	\$ -	\$ -	\$ -	\$ (29)	\$ -
Covered payroll	\$ 4,500	\$ 4,788	\$ 5,237	\$ 5,248	\$ 5,829	\$ 5,561	\$ 5,536	\$ 5,766	\$ 5,828	\$ 6,151
Contributions as a percentage of covered payroll	29.69%	31.85%	34.37%	39.35%	48.12%	47.85%	57.71%	57.89%	60.31%	58.74%

Notes to Schedule

Valuation date:

July 1, 2017

Measurement date:

June 30, 2018

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

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, closed
Remaining amortization period	8 years
Asset valuation method	5-year smoothed market
Inflation	2.75%
Salary increases	3.5%, average, including inflation
Investment rate of return	7.125% (Prior: 7.25%), net of pension plan investment expense, including inflation

Retirement age

Based on age and service

Mortality

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

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Actuarially determined contribution	\$ 173	\$ 196	\$ 237	\$ 287	\$ 324	\$ 383	\$ 436	\$ 449	\$ 455	\$ 491
Contributions in relation to the actuarially determined contribution	173	196	237	287	422	383	436	449	455	491
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ (98)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 1,112	\$ 1,131	\$ 885	\$ 815	\$ 761	\$ 751	\$ 842	\$ 864	\$ 899	\$ 925
Contributions as a percentage of covered payroll	15.56%	17.33%	26.78%	35.21%	55.45%	51.00%	51.78%	51.97%	50.61%	53.08%
Notes to Schedule										
Valuation date:	July 1, 2017									
Measurement date:	June 30, 2018									
Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported										
Methods and assumptions used to determine contribution rates:										
Actuarial cost method	Entry age									
Amortization method	Level percentage of payroll, closed									
Remaining amortization period	18 years									
Asset valuation method	5-year smoothed market									
Inflation	2.75%									
Salary increases	3.5%, average, including inflation									
Investment rate of return	7.125% (Prior: 7.25%), net of pension plan investment expense, including inflation									
Retirement age	Age related table									
Mortality	RP-2000 Combined Healthy and Disabled Mortality, Male and Female, with generational projection per Scale AA.									

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Actuarially determined contribution	\$ 72	\$ 72	\$ 77	\$ 77	\$ 102	\$ 102	\$ 133	\$ 133	\$ 125	\$ 125
Contributions in relation to the actuarially determined contribution	72	72	77	77	102	102	133	133	125	125
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Contributions as a percentage of covered payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Notes to Schedule

Valuation date: July 1, 2017

Measurement date: June 30, 2018

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

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level dollar of payroll, open
Remaining amortization period	8 years
Asset valuation method	N/A
Inflation	2.50%
Salary increases	N/A
Investment rate of return	6.0%, net of pension plan investment expense, including inflation
Retirement age	100% are assumed to retire at Normal Retirement Date

Mortality RP-2000 Mortality for Employees, Healthy Annuitants, with generational projection per Scale AA.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Notes to Schedule

Changes in benefit terms	None
Changes of assumptions	During 2016, rates of withdrawal, disability, retirement, mortality and assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience. These assumptions were recommended as part of the Experience Study for the System for the five-year period ended June 30, 2015. During 2011, rates of withdrawal, retirement and assumed rates of salary increases were adjusted to reflect actual and anticipated experience. These assumptions were recommended as part of the Experience Study for the System for the five-year period ended June 30, 2010.
Actuarial cost method	Entry age
Amortization method	Level percent of salary, closed
Remaining amortization period	20.4 years
Asset valuation method	4-year smoothed market
Investment rate of return	8.50%, net of investment related expense

TOWN OF NEWINGTON, CONNECTICUT
SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS
OTHER POST-EMPLOYMENT BENEFIT TRUST FUND
LAST TWO FISCAL YEARS*
(In Thousands)

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

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

Notes to Schedule:
Benefit changes: None

Assumption changes:

2018:

Discount Rate: 7.13%, previously 7.38%

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

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

(1) Actuarially Determined Contributions prior to fiscal year ending June 30, 2018 is based on the Annual Required Contribution (ARC) calculated in accordance with GASB No. 45

Notes to Schedule

Valuation date:

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

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Projected Unit Credit
Amortization method	Level Percent, Closed
Amortization period	20 Years
Asset valuation method	Market Value
Inflation	2.75%
Healthcare cost trend rates	5.70%-4.70% over 65 years
Salary increases	3.50%
Investment rate of return	7.13%
Retirement age	Varies by age and years of service
Mortality:	
Healthy	RP-2000 Combined Healthy Mortality Table for males and females, projected forward 19 years using scale AA, with a two-year age setback
Disabled	RP-2000 Combined Healthy Mortality Table for males and females, projected forward 19 years using scale AA, with a eight-year age set forward

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

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

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

TOWN OF NEWINGTON CONNECTICUT
SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
TEACHERS RETIREMENT PLAN
LAST FISCAL YEAR*
(in Thousands)

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

Notes to Schedule

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

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

Appendix B

Form of Opinion of Bond Counsel and Tax Matters - Bonds

Appendix B – Form of Opinion of Bond Counsel and Tax Matters - Bonds

June 5, 2019

Town of Newington
Town Hall
131 Cedar Street
Newington, CT 06111

RE: Town of Newington, Connecticut
\$9,000,000 General Obligation Bonds, Issue of 2019, dated June 5, 2019

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance by the Town of Newington, Connecticut (the “Town”) of its \$9,000,000 General Obligation Bonds, Issue of 2019, dated June 5, 2019 (the “Bonds”).

In connection therewith, we have examined the law and such other materials as we have deemed necessary in order to render this opinion and have relied upon originals or copies, certified or otherwise identified to our satisfaction, of such public and private records, certificates and correspondence of public officials, including certificates of officials of the Town and such other documents as were provided to us. In making such examinations, we have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals and the conformity to original documents of documents submitted as certified or photostatic copies, the validity of all applicable statutes, ordinances, rules and regulations, the capacity of all persons executing documents and the proper indexing and accuracy of all public records and documents. As to questions of fact material to our opinion, we have relied upon written representations and agreements executed by officials of the Town authorized to issue the Bonds, in connection with the issuance and delivery of the Bonds, without undertaking to verify the same by independent investigation.

We have not been engaged nor have we undertaken to review the accuracy, completeness or sufficiency of the Preliminary Official Statement, the final Official Statement or any other offering material relating to the Bonds (except only the matters set forth as our opinion in the Preliminary Official Statement and the final Official Statement), and we express no opinion relating thereto.

Based upon the foregoing examination, we are of the opinion, as of the date hereof and under existing law, as follows:

1. When certified as provided thereon by a duly authorized official of U.S. Bank National Association, the Bonds will be the valid and binding general obligations of the Town.

The Bonds will be payable as to both principal and interest, unless paid from other sources, from ad valorem taxes which may be levied on all taxable property subject to taxation by the Town without limitation as to rate or amount except as to certain classified property. Pursuant to the Connecticut General Statutes, classified property includes certified forest land, taxable at a limited rate, and dwelling houses of qualified elderly persons of low income or qualified disabled persons taxable at limited amounts.

2. Under existing law, interest on the Bonds is not includable in the gross income of the owners thereof for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and such interest is not treated as a preference item for purposes of calculating the federal alternative minimum tax for individuals or corporations.

The opinion set forth in the preceding paragraph is subject to the condition that the Town comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The Town has covenanted to comply with all such requirements. Failure to comply with certain of such requirements may cause interest on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds.

3. Under existing law, interest on the Bonds is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates and is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates subject to and required to pay the federal alternative minimum tax.

It is to be understood that the rights of the holders of the Bonds and the enforceability of the Bonds may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted, and their enforcement may be subject to the exercise of judicial discretion in accordance with general principles of equity.

The foregoing opinion is based upon existing laws, regulations, rules and court decisions. We undertake no responsibility to inform you of changes in law or fact occurring after the date hereof which may affect the conclusions herein. In addition, we have not undertaken to advise in the future whether any events after the date of issuance of the Bonds may affect the tax status of interest on the Bonds.

Although we have rendered an opinion that interest on the Bonds is not includable in the gross income of the owners thereof for purposes of federal income taxation, federal income tax liability may otherwise be affected by the ownership or disposition of the Bonds. We express no opinion regarding any other federal or state tax consequence of ownership or disposition of, or receipt of interest income on, the Bonds not specifically described herein.

Very truly yours,

TAX MATTERS

Federal Tax Matters

The Internal Revenue Code of 1986, as amended (the “Code”), imposes certain requirements which must be met at and subsequent to delivery of the Bonds in order that interest on the Bonds be and remains excluded from gross income for federal income tax purposes. Failure to comply with the continuing requirements of the Code may cause interest on the Bonds to be includable in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds, irrespective of the date on which such noncompliance occurs. The Tax Regulatory Agreement, which will be executed and delivered by the Town concurrently with the Bonds, contains certain representations, covenants and procedures relating to the use, expenditure and investment of proceeds of the Bonds in order to comply with requirements of the Code. Pursuant to the Tax Regulatory Agreement, the Town also covenants and agrees that it shall perform all things necessary or appropriate under any valid provision of law to ensure interest on the Bonds shall be excluded from gross income for federal income tax purposes under the Code.

In the opinion of Bond Counsel, based on existing statutes and court decisions and assuming continuing compliance by the Town with its covenants and the procedures contained in the Tax Regulatory Agreement, interest on the Bonds is excluded from gross income for federal income tax purposes and is not treated as an item of tax preference for purposes of computing the federal alternative minimum tax that may be imposed on individuals and corporations.

Ownership of the Bonds may result in certain collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty insurance companies, certain foreign corporations doing business in the United States, certain S corporations with excess passive income, individual recipients of Social Security and Railroad Retirement benefits, taxpayers utilizing the earned income credit and taxpayers who have or are deemed to have incurred indebtedness to purchase or carry tax exempt obligations, such as the Bonds. The foregoing is not intended to be an exhaustive list of potential tax consequences. Prospective purchasers of the Bonds, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the federal tax consequences of ownership and disposition of the Bonds.

State Taxes

In the opinion of Bond Counsel, based on existing statutes, interest on the Bonds is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates, and is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the federal alternative minimum tax. The opinion of Bond Counsel is rendered as of its date and is based on existing law, which is subject to change. Bond Counsel assumes no obligation to update or supplement its opinion to reflect any facts or circumstances that may come to its attention, or to reflect any changes in law that may thereafter occur or become effective.

Interest on the Bonds is included in gross income for purposes of the Connecticut corporation business tax.

No assurance can be given that future legislation, or amendments to the income tax law of the State of Connecticut, if enacted into law, will not contain provisions that could, directly or indirectly, reduce the benefit of the exclusion of the interest on the Bonds or any gain made on the sale or exchange thereof from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates, and Bond Counsel expresses no opinion thereon.

Prospective purchasers of the Bonds are advised to consult their own tax advisors regarding other state and local tax consequences of ownership and disposition of the Bonds.

Original Issue Discount

With respect to any of the Bonds where the initial public offering price of such Bonds is less than the amount payable on those Bonds at maturity (the “OID Bonds”), the difference between the initial public offering price to the public (excluding bond houses and brokers) at which a substantial amount of the OID Bonds of any maturity are sold and the amount payable on such OID Bonds at maturity constitutes original issue discount. Accrued original issue discount is excludable from gross income for Federal income tax purposes if interest on the OID Bonds is excluded therefrom. Accrued original issue discount on an OID Bond is also excludable from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates and is excludable from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the Federal alternative minimum tax.

Under Section 1288 of the Code, the amount of original issue discount treated as having accrued with respect to any bond during each day it is owned is added to the adjusted basis of such owner for purposes of determining gain or loss upon the sale or other disposition of such bonds by such owner. Original issue discount on any bond is treated as accruing on the basis of economic accrual, computed by a constant semiannual compounding method using the yield to maturity on such bond, and the adjusted basis of such OID Bond acquired at such initial offering price by an initial purchaser thereof will be increased by the amount of such accrued original issue discount. Owners of the OID Bonds are advised to consult with their tax advisors with respect to the Federal, state and local tax consequences of owning the OID Bonds.

Prospective purchasers of OID Bonds should consult their own tax advisors as to the calculation of accrued OID, the accrual of OID in the cases of owners of the OID Bonds purchasing such Bonds after the initial offering and sale, and the state and local tax consequences of owning or disposing of such OID Bonds.

Original Issue Premium

With respect to any of the Bonds where the initial public offering price of such Bonds is greater than the amount payable on those Bonds at maturity (the “OIP Bonds”), the excess of the price paid by the first owner of a OIP Bond over the principal amount payable at the maturity or the earlier call date, if any, of such OIP Bond constitutes original issue premium. Original issue premium on any bond is treated as amortizing on the basis of the taxpayer’s yield to maturity using the taxpayer’s adjusted basis and a constant semiannual compounding method. The portion of such premium amortizing over the period the OIP Bond is held by the owner does not reduce taxable income for purposes of either the federal income tax or the Connecticut income tax on individuals, trusts and estates and does not reduce amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the federal alternative minimum tax, but it does reduce the owner’s adjusted basis in the OIP Bond for purposes of determining gain or loss on its disposition. Prospective purchasers of OIP Bonds should consult their own tax advisors regarding the amortization of premium and the effect upon basis.

Proposed Legislation and Other Matters

Federal, state or local legislation, administrative pronouncements or court decisions may affect the tax-exempt status of interest on the Bonds, gain from the sale or other disposition of the Bonds, the market value of the Bonds, or the marketability of the Bonds, or otherwise prevent the owners of the Bonds from realizing the full current benefit of the exclusion from gross income of the interest thereon. For example, federal legislative proposals have been made recently and in recent years that would, among other things, limit the exclusion from gross income of interest on obligations such as the Bonds for higher-income taxpayers. If enacted into law, such proposals could affect the tax exemption of interest on the Bonds or the market price for, or marketability of, the Bonds. No assurance can be given with respect to the impact of future legislation on the Bonds. Prospective purchasers of the Bonds should consult their own tax and financial advisors regarding such matters.

General

The opinions of Bond Counsel are rendered as of their date, and Bond Counsel assumes no obligation to update or supplement their opinion to reflect any facts or circumstances that may come to their attention or any changes in law that may occur after the date of their opinion. Bond Counsel’s opinions are based on existing law, which is subject to change. Bond Counsel has not undertaken to advise in the future whether any events after the date of issuance of the Bonds may affect the tax status of interest on the Bonds. No assurance can be given that future federal legislation enacted or proposed after the date of issuance of the Bonds will not have an adverse

effect on the tax-exempt status or market price of the Bonds or will not change the effect of other federal tax law consequences discussed above of owning and disposing of the Bonds. No assurance can be given that future legislation, or amendments to the State of Connecticut income tax law, if enacted into law, will not contain provisions which could, directly or indirectly, reduce the benefit of the exclusion of the interest on the Bonds or any gain made on the sale or exchange thereof from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates. The opinions of Bond Counsel are further based on factual representations made to Bond Counsel as of the date of issuance. Moreover, Bond Counsel's opinions are not a guarantee of a particular result, and are not binding on the Internal Revenue Service or the courts; rather, such opinions represent Bond Counsel's professional judgment based on its review of existing law, and in reliance on the representations and covenants that it deems relevant to such opinions.

The information above does not purport to deal with all aspects of federal or state taxation that may be relevant to particular investors. Prospective investors, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the federal and state tax consequences of owning and disposing of the Bonds, including any tax consequences arising under the laws of any state or other taxing jurisdiction.

Appendix C

Form of Opinion of Bond Counsel and Tax Matters - Notes

Appendix C – Form of Opinion of Bond Counsel and Tax Matters - Notes

June 5, 2019

Town of Newington
Town Hall
131 Cedar Street
Newington, CT 06111

RE: Town of Newington, Connecticut
\$6,000,000 General Obligation Bond Anticipation Notes, dated June 5, 2019

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance by the Town of Newington, Connecticut (the “Town”) of its \$6,000,000 General Obligation Bond Anticipation Notes, dated June 5, 2019 and due June 4, 2020 (the “Notes”).

In connection therewith, we have examined the law and such other materials as we have deemed necessary in order to render this opinion and have relied upon originals or copies, certified or otherwise identified to our satisfaction, of such public and private records, certificates and correspondence of public officials, including certificates of officials of the Town, and such other documents as were provided to us. In making such examinations, we have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals and the conformity to original documents of documents submitted as certified or photostatic copies, the validity of all applicable statutes, ordinances, rules and regulations, the capacity of all persons executing documents and the proper indexing and accuracy of all public records and documents. As to questions of fact material to our opinion, we have relied upon written representations and agreements executed by officials of the Town authorized to issue the Notes, in connection with the issuance and delivery of the Notes, without undertaking to verify the same by independent investigation.

We have not been engaged nor have we undertaken to review the accuracy, completeness or sufficiency of the Preliminary Official Statement, the final Official Statement or any other offering material relating to the Notes (except only the matters set forth as our opinion in the Preliminary Official Statement and the final Official Statement), and we express no opinion relating thereto.

Based upon the foregoing examination, we are of the opinion, as of the date hereof and under existing law, as follows:

1. When certified as provided thereon by a duly authorized official of U.S. Bank National Association, the Notes will be the valid and binding general obligations of the Town.

The Notes will be payable as to both principal and interest, unless paid from other sources, from ad valorem taxes which may be levied on all taxable property subject to taxation by the Town without limitation as to rate or amount except as to certain classified property. Pursuant to Connecticut General Statutes, classified property includes certified forest land, taxable at a limited rate, and dwelling houses of qualified elderly persons of low income or qualified disabled persons taxable at limited amounts.

2. Under existing law, interest on the Notes is not includable in the gross income of the owners thereof for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and such interest is not treated as a preference item for purposes of calculating the federal alternative minimum tax for individuals or corporations.

The opinions set forth in the preceding paragraphs are subject to the condition that the Town comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Notes in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The Town has covenanted to comply with all such requirements. Failure to comply with certain of such requirements may cause interest on the Notes to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Notes.

3. Under existing law, interest on the Notes is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates and is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates subject to and required to pay the federal alternative minimum tax.

It is to be understood that the rights of the holders of the Notes and the enforceability of the Notes may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted, and their enforcement may be subject to the exercise of judicial discretion in accordance with general principles of equity.

The foregoing opinion is based upon existing laws, regulations, rules and court decisions. We undertake no responsibility to inform you of changes in law or fact occurring after the date hereof which may affect the conclusions herein. In addition, we have not undertaken to advise in the future whether any events after the date of issuance of the Notes may affect the tax status of interest on the Notes.

Although we have rendered an opinion that interest on the Notes is not includable in the gross income of the owners thereof for purposes of federal income taxation, federal income tax liability may otherwise be affected by the ownership or disposition of the Notes. We express no opinion regarding any other federal or state tax consequence of ownership or disposition of, or receipt of interest income on, the Notes not specifically described herein.

Very truly yours,

TAX MATTERS

Federal Tax Matters

The Internal Revenue Code of 1986, as amended (the “Code”), imposes certain requirements which must be met at and subsequent to delivery of the Notes in order that interest on the Notes be and remains excluded from gross income for federal income tax purposes. Failure to comply with the continuing requirements of the Code may cause interest on the Notes to be includable in gross income for federal income tax purposes retroactively to the date of issuance of the Notes, irrespective of the date on which such noncompliance occurs. The Tax Regulatory Agreement, which will be executed and delivered by the Town concurrently with the Notes, contains certain representations, covenants and procedures relating to the use, expenditure and investment of proceeds of the Notes in order to comply with requirements of the Code. Pursuant to the Tax Regulatory Agreement, the Town also covenants and agrees that it shall perform all things necessary or appropriate under any valid provision of law to ensure interest on the Notes shall be excluded from gross income for federal income tax purposes under the Code.

In the opinion of Bond Counsel, based on existing statutes and court decisions and assuming continuing compliance by the Town with its covenants and the procedures contained in the Tax Regulatory Agreement, interest on the Notes is excluded from gross income for federal income tax purposes and is not treated as an item of tax preference for purposes of computing the federal alternative minimum tax that may be imposed on individuals and corporations.

Ownership of the Notes may result in certain collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty insurance companies, certain foreign corporations doing business in the United States, certain S corporations with excess passive income, individual recipients of Social Security and Railroad Retirement benefits, taxpayers utilizing the earned income credit and taxpayers who have or are deemed to have incurred indebtedness to purchase or carry tax exempt obligations, such as the Notes. The foregoing is not intended to be an exhaustive list of potential tax consequences. Prospective purchasers of the Notes, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the federal tax consequences of ownership and disposition of the Notes.

State Taxes

In the opinion of Bond Counsel, based on existing statutes, interest on the Notes is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates, and is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the federal alternative minimum tax. The opinion of Bond Counsel is rendered as of its date and is based on existing law, which is subject to change. Bond Counsel assumes no obligation to update or

supplement its opinion to reflect any facts or circumstances that may come to its attention, or to reflect any changes in law that may thereafter occur or become effective.

Interest on the Notes is included in gross income for purposes of the Connecticut corporation business tax.

No assurance can be given that future legislation, or amendments to the income tax law of the State of Connecticut, if enacted into law, will not contain provisions that could, directly or indirectly, reduce the benefit of the exclusion of the interest on the Notes or any gain made on the sale or exchange thereof from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates, and Bond Counsel expresses no opinion thereon.

Prospective purchasers of the Notes are advised to consult their own tax advisors regarding other state and local tax consequences of ownership and disposition of the Notes.

Original Issue Discount

With respect to any of the Notes where the initial public offering price of such Notes is less than the amount payable on those Notes at maturity (the “OID Notes”), the difference between the initial public offering price to the public (excluding bond houses and brokers) at which a substantial amount of the OID Notes of any maturity are sold and the amount payable on such OID Notes at maturity constitutes original issue discount. Accrued original issue discount is excludable from gross income for Federal income tax purposes if interest on the OID Notes is excluded therefrom. Accrued original issue discount on an OID Note is also excludable from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates and is excludable from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the Federal alternative minimum tax.

Under Section 1288 of the Code, the amount of original issue discount treated as having accrued with respect to any note during each day it is owned is added to the adjusted basis of such owner for purposes of determining gain or loss upon the sale or other disposition of such notes by such owner. Original issue discount on any note is treated as accruing on the basis of economic accrual, computed by a constant semiannual compounding method using the yield to maturity on such note, and the adjusted basis of such OID Note acquired at such initial offering price by an initial purchaser thereof will be increased by the amount of such accrued original issue discount. Owners of the OID Notes are advised to consult with their tax advisors with respect to the Federal, state and local tax consequences of owning the OID Notes.

Prospective purchasers of OID Notes should consult their own tax advisors as to the calculation of accrued OID, the accrual of OID in the cases of owners of the OID Notes purchasing such Notes after the initial offering and sale, and the state and local tax consequences of owning or disposing of such OID Notes.

Original Issue Premium

With respect to any of the Notes where the initial public offering price of such Notes is greater than the amount payable on those Notes at maturity (the “OIP Notes”), the excess of the price paid by the first owner of a OIP Note over the principal amount payable at the maturity of such OIP Note constitutes original issue premium. Original issue premium on any note is treated as amortizing on the basis of the taxpayer’s yield to maturity using the taxpayer’s adjusted basis and a constant semiannual compounding method. The portion of such premium amortizing over the period the OIP Note is held by the owner does not reduce taxable income for purposes of either the federal income tax or the Connecticut income tax on individuals, trusts and estates and does not reduce amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the federal alternative minimum tax, but it does reduce the owner’s adjusted basis in the OIP Note for purposes of determining gain or loss on its disposition. Prospective purchasers of OIP Notes should consult their own tax advisors regarding the amortization of premium and the effect upon basis.

Proposed Legislation and Other Matters

Federal, state or local legislation, administrative pronouncements or court decisions may affect the tax-exempt status of interest on the Notes, gain from the sale or other disposition of the Notes, the market value of the Notes, or the marketability of the Notes, or otherwise prevent the owners of the Notes from realizing the full current benefit of the exclusion from gross income of the interest thereon. For example, federal legislative proposals have been made recently and in recent years that would, among other things, limit the exclusion from gross income of interest on obligations such as the Notes for higher-income taxpayers. If enacted into law, such proposals could affect the tax exemption of interest on the Notes or the market price for, or marketability of, the Notes. No assurance can be given with respect to the impact of future legislation on the Notes. Prospective purchasers of the Notes should consult their own tax and financial advisors regarding such matters.

General

The opinions of Bond Counsel are rendered as of their date, and Bond Counsel assumes no obligation to update or supplement their opinion to reflect any facts or circumstances that may come to their attention or any changes in law that may occur after the date of their opinion. Bond Counsel’s opinions are based on existing law, which is subject to change. Bond Counsel has not undertaken to advise in the future whether any events after the date of issuance of the Notes may affect the tax status of interest on the Notes. No assurance can be given that future federal legislation enacted or proposed after the date of issuance of the Notes will not have an adverse effect on the tax-exempt status or market price of the Notes or will not change the effect of other federal tax law consequences discussed above of owning and disposing of the Notes. No assurance can be given that future legislation, or amendments to the State of Connecticut income tax law, if enacted into law, will not contain provisions which could, directly or indirectly, reduce the benefit of the exclusion of the interest on the Notes or any gain made on the sale or exchange thereof from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates. The opinions of Bond Counsel are further based on factual

representations made to Bond Counsel as of the date of issuance. Moreover, Bond Counsel's opinions are not a guarantee of a particular result, and are not binding on the Internal Revenue Service or the courts; rather, such opinions represent Bond Counsel's professional judgment based on its review of existing law, and in reliance on the representations and covenants that it deems relevant to such opinions.

The information above does not purport to deal with all aspects of federal or state taxation that may be relevant to particular investors. Prospective investors, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the federal and state tax consequences of owning and disposing of the Notes, including any tax consequences arising under the laws of any state or other taxing jurisdiction.

Appendix D

Form of Continuing Disclosure Agreement - Bonds

Appendix D – Form of Continuing Disclosure Agreement - Bonds

CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (“Agreement”) is executed and delivered as of the 5th day of June, 2019 by the Town of Newington, Connecticut (the “Town”), acting by its undersigned officers, duly authorized, in connection with the issuance of its \$9,000,000 General Obligation Bonds, Issue of 2019 (the “Bonds”).

Section 1. Definitions.

For purposes of this Agreement, the following capitalized terms shall have the following meanings:

“Final Official Statement” means the official statement of the Town, dated May ____, 2019, prepared in connection with the Bonds.

“Listed Events” means any of the events listed in Section 3 of this Agreement.

“MSRB” means the Municipal Securities Rulemaking Board established under the Securities Exchange Act of 1934, as amended, or any successor thereto.

“Repository” means the MSRB, through the operation of the Electronic Municipal Market Access (EMMA) system as described in 1934 Act Release No. 59061 and maintained by the MSRB for purposes of the Rule, or any other nationally recognized municipal securities information repository or organization recognized by the SEC from time to time for purposes of the Rule.

“Rule” means rule 15c2-12 adopted by the SEC under the Securities Exchange Act of 1934, as of the date of this Agreement.

“SEC” means the Securities and Exchange Commission of the United States or any successor thereto.

Section 2. Annual Financial Information.

(a) The Town agrees to provide, or cause to be provided, to the Repository in an electronic format, accompanied by identifying information, as prescribed by the MSRB, and otherwise in accordance with the provisions of the Rule and of this Agreement, annual financial information and operating data (commencing with information and data for the fiscal year ending June 30, 2019) as follows:

(i) Audited financial statements or Comprehensive Annual Financial Report (which must include the audited financial statements of the Town) (the “Annual Report”) of the Town, as of and for the year ending on its fiscal year end, prepared in accordance with generally

accepted accounting principles, as promulgated by the Government Accounting Standards Board from time to time, or mandated state statutory principles as in effect from time to time. As of the date of this Agreement, the Town is required to prepare audited financial statements of its various funds and accounts.

(ii) To the extent not provided in the audited financial statements or Annual Report of the Town, the following information:

- (A) amount of the net grand list applicable to the fiscal year;
- (B) listing of the principal property taxpayers on the applicable grand list, together with each such taxpayer's taxable assessed value thereon;
- (C) property tax levy and collection information for the last ten fiscal years, including percentage or amount of the annual property tax levy collected for such fiscal year;
- (D) schedule of bond and note indebtedness outstanding as of the close of the fiscal year;
- (E) ratios of outstanding debt by type of the Town as of the close of the fiscal year and the last ten fiscal years, including debt per capita and ratio of debt to taxable assessed value;
- (F) statement of debt limitation as of the close of the fiscal year;
- (G) net pension liability of the Town as of the close of the fiscal year;
- (H) schedule of employer contributions for each of the Town's pension plans for the last ten fiscal years; and
- (I) schedule of changes in net OPEB liability for the last two fiscal years.

(b) The financial statements and other financial information and operating data described above will be provided on or before the date eight months after the close of the fiscal year for which such information is being provided. The Town's fiscal year currently ends on June 30.

(c) Annual financial information or operating data may be provided in whole or in part by specific reference to other documents available to the public on the MSRB's Electronic Municipal Market Access (EMMA) system, the current internet web address of which is www.emma.msrb.org, or filed with the SEC. If the document to be cross-referenced is a final official statement, it must be available from the MSRB. The Town shall clearly identify each

such other document so incorporated by cross-reference. All or a portion of the financial information and operating data may be provided in the form of a comprehensive annual financial report or the annual adopted budget.

(d) The Town reserves the right (i) to provide financial statements which are not audited if no longer required by law, (ii) to modify from time to time the format of the presentation of such information or data, and (iii) to modify the accounting principles it follows to the extent required by law, by changes in generally accepted accounting principles, or by changes in mandated statutory accounting principles as in effect from time to time, provided that the Town agrees that the exercise of any such right will be done in a manner consistent with the Rule.

(e) The Town may file information with the Repository, from time to time, in addition to that specifically required by this Agreement (a "Voluntary Filing"). If the Town chooses to make a Voluntary Filing, the Town shall have no obligation under this Agreement to update information contained in such Voluntary Filing or include such information in any future filing. Notwithstanding the foregoing provisions of this Section 2(e), the Town is under no obligation to provide any Voluntary Filing.

Section 3. Reporting of Listed Events.

The Town agrees to provide, or cause to be provided, to the Repository in an electronic format, accompanied by identifying information, as prescribed by the MSRB, notice of the occurrence of any of the following Listed Events with respect to the Bonds, in a timely manner not later than ten (10) business days after the occurrence of any such Listed Event:

- (a) principal and interest payment delinquencies;
- (b) non-payment related defaults, if material;
- (c) unscheduled draws on debt service reserves reflecting financial difficulties;
- (d) unscheduled draws on credit enhancements reflecting financial difficulties;
- (e) substitution of credit or liquidity providers, or their failure to perform;
- (f) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- (g) modifications to rights of holders of the Bonds, if material;

- (h) Bond calls, if material, and tender offers;
- (i) defeasances;
- (j) release, substitution, or sale of property securing repayment of the Bonds, if material;
- (k) rating changes;
- (l) bankruptcy, insolvency, receivership or similar event of the Town;

Note to clause (l): For the purposes of the event identified in clause (l) above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Town in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or government authority has assumed jurisdiction over substantially all of the assets or business of the Town, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Town;

- (m) the consummation of a merger, consolidation, or acquisition involving the Town or the sale of all or substantially all of the assets of the Town, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (n) appointment of a successor or additional trustee or the change of name of trustee, if material;
- (o) the incurrence of a financial obligation of the Town, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Town, any of which affect securities holders, if material; and
- (p) a default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the Town, any of which reflect financial difficulties.

Note to clauses (o) and (p): For the purposes of the events identified in clauses (o) and (p) above, the term “financial obligation” shall mean a

(i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii) but shall not include municipal securities as to which a final official statement has been provided to MSRB consistent with the Rule.

Section 4. Notice of Failure to Provide Annual Financial Information.

The Town agrees to provide, or cause to be provided, in a timely manner, to the Repository in an electronic format, accompanied by identifying information, as prescribed by the MSRB, notice of any failure by the Town to provide annual financial information as set forth in Section 2(a) hereof on or before the date set forth in Section 2(b) hereof.

Section 5. Use of Agents.

Annual financial information and operating data and notices to be provided pursuant to this Agreement may be provided by the Town or by any agents which may be employed by the Town for such purpose from time to time.

Section 6. Termination.

The obligations of the Town under this Agreement shall terminate upon the earlier of (i) payment or legal defeasance, at maturity or otherwise, of all of the Bonds, or (ii) such time as the Town ceases to be an obligated person with respect to the Bonds within the meaning of the Rule.

Section 7. Enforcement.

The Town acknowledges that the undertakings set forth in Sections 2, 3 and 4 of this Agreement are intended to be for the benefit of, and enforceable by, the beneficial owners from time to time of the Bonds. In the event the Town shall fail to perform its duties hereunder, the Town shall have the option to cure such failure within a reasonable time (but not exceeding thirty (30) days with respect to undertakings set forth in Section 2 of this Agreement or five (5) business days with respect to undertakings set forth in Sections 3 and 4 of this Agreement) from the time the Director of Finance receives written notice from any beneficial owner of the Bonds of such failure. For purposes of this section, notice to the Town should be made to the Director of Finance, Town Hall, 131 Cedar Street, Newington, CT 06111.

In the event the Town does not cure such failure within the time specified above, the beneficial owner of any of the Bonds shall be entitled only to the remedy of specific performance. No monetary damages shall arise or be payable hereunder nor shall any failure to comply with this Agreement constitute an event of default with respect to the Bonds.

Section 8. Miscellaneous.

(a) The Town shall have no obligation to provide any information, data or notices other than as set forth in this Agreement; provided, however, nothing in this Agreement shall be construed as prohibiting the Town from providing such additional information, data or notices from time to time as it deems appropriate in connection with the Bonds. If the Town elects to provide any such additional information, data or notices, the Town shall have no obligation under this Agreement to update or continue to provide further additional information, data or notices of the type so provided.

(b) This Agreement shall be governed by the laws of the State of Connecticut.

(c) Notwithstanding any other provisions of this Agreement, the Town may amend this Agreement, and any provision of this Agreement may be waived, if (i) such amendment or waiver is made in connection with a change of circumstances that arises from a change in legal requirements, a change in law, or a change in the identity, nature or status of the Town, (ii) this Agreement as so amended or waived would have complied with the requirements of the Rule as of the date of this Agreement, taking into account any amendments or interpretations of the Rule, as well as any change in circumstances, and (iii) such amendment or waiver is supported by either an opinion of counsel expert in federal securities laws to the effect that such amendment or waiver would not materially adversely affect the beneficial owners of the Bonds or an approving vote by the holders of not less than 66 2/3% of the aggregate principal amount of the Bonds then outstanding. A copy of any such amendment or waiver will be filed in a timely manner with the Repository in electronic format. The annual financial information provided on the first date following adoption of any such amendment or waiver will explain, in narrative form, the reasons for the amendment or waiver and the impact of the change in the type of operating or financial information provided.

TOWN OF NEWINGTON, CONNECTICUT

By: _____
TANYA LANE
Town Manager

By: _____
JANET MURPHY
Director of Finance

Appendix E

Form of Continuing Disclosure Agreement - Notes

Appendix E – Form of Continuing Disclosure Agreement - Notes

CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (“Agreement”) is executed and delivered as of the 5th day of June, 2019 by the Town of Newington, Connecticut (the “Town”) acting by its undersigned officers, duly authorized, in connection with the issuance of its \$6,000,000 General Obligation Bond Anticipation Notes, dated June 5, 2019 (the “Notes”), for the benefit of the beneficial owners from time to time of the Notes.

Section 1. Definitions.

For purposes of this Agreement, the following capitalized terms shall have the following meanings:

“Listed Events” means any of the events listed in Section 2 of this Agreement.

“MSRB” means the Municipal Securities Rulemaking Board established under the Securities Exchange Act of 1934, as amended, or any successor thereto.

“Repository” means the MSRB, through the operation of the Electronic Municipal Market Access (EMMA) system as described in 1934 Act Release No. 59061 and maintained by the MSRB for purposes of the Rule, or any other nationally recognized municipal securities information repository or organization recognized by the SEC from time to time for purposes of the Rule.

“Rule” means rule 15c2-12 adopted by the SEC under the Securities Exchange Act of 1934, as of the date of this Agreement.

“SEC” means the Securities and Exchange Commission of the United States, or any successor thereto.

Section 2. Reporting of Listed Events.

The Town agrees to provide, or cause to be provided, to the Repository in an electronic format, accompanied by identifying information, as prescribed by the MSRB, notice of the occurrence of any of the following Listed Events with respect to the Notes, in a timely manner not later than ten (10) business days after the occurrence of any such Listed Event:

- (a) principal and interest payment delinquencies;
- (b) non-payment related defaults, if material;
- (c) unscheduled draws on debt service reserves reflecting financial difficulties;

- (d) unscheduled draws on credit enhancements reflecting financial difficulties;
- (e) substitution of credit or liquidity providers, or their failure to perform;
- (f) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Notes, or other material events affecting the tax status of the Notes;
- (g) modifications to rights of holders of the Notes, if material;
- (h) Note calls, if material, and tender offers;
- (i) defeasances;
- (j) release, substitution, or sale of property securing repayment of the Notes, if material;
- (k) rating changes;
- (l) bankruptcy, insolvency, receivership or similar event of the Town;

Note to clause (l): For the purposes of the event identified in clause (l) above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Town in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or government authority has assumed jurisdiction over substantially all of the assets or business of the Town, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Town;

- (m) the consummation of a merger, consolidation, or acquisition involving the Town or the sale of all or substantially all of the assets of the Town, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (n) appointment of a successor or additional trustee or the change of name of trustee, if material;

- (o) the incurrence of a financial obligation of the Town, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Town, any of which affect securities holders, if material; and
- (p) a default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the Town, any of which reflect financial difficulties.

Note to clauses (o) and (p): For the purposes of the events identified in clauses (o) and (p) above, the term “financial obligation” shall mean a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii) but shall not include municipal securities as to which a final official statement has been provided to MSRB consistent with the Rule.

Section 3. Use of Agents.

Notices to be provided pursuant to this Agreement may be provided by the Town or by any agents which may be employed by the Town for such purpose from time to time.

Section 4. Termination.

The obligations of the Town under this Agreement shall terminate upon the earlier of (i) payment or legal defeasance, at maturity or otherwise, of all of the Notes, or (ii) such time as the Town ceases to be an obligated person with respect to the Notes within the meaning of the Rule.

Section 5. Enforcement.

The Town acknowledges that the undertakings set forth in Section 2 of this Agreement are intended to be for the benefit of, and enforceable by, the beneficial owners from time to time of the Notes. In the event the Town shall fail to perform its duties hereunder, the Town shall have the option to cure such failure within a reasonable time (but not exceeding five (5) business days) from the time the Director of Finance receives written notice from any beneficial owner of the Notes of such failure. For purposes of this section, notice to the Town should be made to the Director of Finance, Town Hall, 131 Cedar Street, Newington, Connecticut 06111.

In the event the Town does not cure such failure within the time specified above, the beneficial owner of any of the Notes shall be entitled only to the remedy of specific performance. No monetary damages shall arise or be payable hereunder nor shall any failure to comply with this Agreement constitute an event of default with respect to the Notes.

Section 6. Miscellaneous.

(a) The Town shall have no obligation to provide any information, data or notices other than as set forth in this Agreement; provided, however, nothing in this Agreement shall be construed as prohibiting the Town from providing such additional information, data or notices from time to time as it deems appropriate in connection with the Notes. If the Town elects to provide any such additional information, data or notices, the Town shall have no obligation under this Agreement to update or continue to provide further additional information, data or notices of the type so provided.

(b) This Agreement shall be governed by the laws of the State of Connecticut.

(c) Notwithstanding any other provisions of this Agreement, the Town may amend this Agreement, and any provision of this Agreement may be waived, if (i) such amendment or waiver is made in connection with a change of circumstances that arises from a change in legal requirements, a change in law, or a change in the identity, nature or status of the Town, (ii) this Agreement as so amended or waived would have complied with the requirements of the Rule as of the date of this Agreement, taking into account any amendments or interpretations of the Rule, as well as any change in circumstances, and (iii) such amendment or waiver is supported by either an opinion of counsel expert in federal securities laws to the effect that such amendment or waiver would not materially adversely affect the beneficial owners of the Notes or an approving vote by the holders of not less than 66 2/3% of the aggregate principal amount of the Notes then outstanding. A copy of any such amendment or waiver will be filed in a timely manner with the Repository in electronic format.

TOWN OF NEWINGTON, CONNECTICUT

By: _____
TANYA LANE
Town Manager

By: _____
JANET MURPHY
Director of Finance

Appendix F

Notice of Sale - Bonds

Appendix F – Notice of Sale - Bonds

NOTICE OF SALE

TOWN OF NEWINGTON, CONNECTICUT

\$9,000,000 GENERAL OBLIGATION BONDS, ISSUE OF 2019

ELECTRONIC PROPOSALS via PARITY® will be received by the TOWN OF NEWINGTON, CONNECTICUT (the “Town”), at Newington Town Hall, Town Manager’s Conference Room, 131 Cedar Street, Newington, Connecticut 06111, until 11:30 A.M. (Eastern Time) on THURSDAY,

MAY 23, 2019

for the purchase, when issued, of all (but not less than all) of the Town’s \$9,000,000 General Obligation Bonds, Issue of 2019, dated June 5, 2019 (the “Bonds”), at no less than par and accrued interest from the date of the Bonds to the date of delivery, if any, maturing on June 1 in the principal amounts and in each of the years as follows:

<u>Maturity</u>	<u>Amount</u>	<u>Maturity</u>	<u>Amount</u>
2020	\$450,000	2030	\$450,000
2021	\$450,000	2031	\$450,000
2022	\$450,000	2032	\$450,000
2023	\$450,000	2033	\$450,000
2024	\$450,000	2034	\$450,000
2025	\$450,000	2035	\$450,000
2026	\$450,000	2036	\$450,000
2027	\$450,000	2037	\$450,000
2028	\$450,000	2038	\$450,000
2029	\$450,000	2039	\$450,000

The Bonds will bear interest commencing December 1, 2019 and semiannually thereafter on June 1 and December 1 in each year until maturity, as further described in the Preliminary Official Statement (as hereinafter defined), at the rate or rates per annum specified by the winning bidder.

Optional Redemption. The Bonds maturing on or before June 1, 2025 are not subject to redemption prior to maturity. The Bonds maturing June 1, 2026 and thereafter are subject to redemption prior to maturity, at the election of the Town, on or after June 1, 2025, at any time, either in whole or in part, in such amounts and in such order of maturity as the Town may determine, and by lot within a maturity, at the redemption prices (expressed as a percentage of

the principal amount of the Bonds to be redeemed) set forth in the following table, plus interest accrued and unpaid to the redemption date:

<u>Period During Which Redeemed</u>	<u>Redemption Price</u>
June 1, 2025 and thereafter	100.0%

Nature of Obligation. The Bonds will constitute general obligations of the Town, and the Town will pledge its full faith and credit to pay the principal of and interest on the Bonds when due. Unless paid from other sources, the Bonds are payable from ad valorem taxes which may be levied against all taxable property in the Town. All property taxation is without limit as to rate or amount, except as to classified property such as certified forest land, taxable at a limited rate, and dwelling houses of qualified elderly persons of low income or qualified disabled persons taxable at limited amounts.

Bank Qualification. The Bonds shall NOT be designated by the Town as qualified tax-exempt obligations under the provisions of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended, for purposes of the deduction by financial institutions for interest expense allocable to the Bonds.

Book-Entry. The Bonds will be issued by means of a book-entry system with no physical distribution of bond certificates made to the public. The Bonds will be issued in registered form and one bond certificate for each maturity will be issued to The Depository Trust Company (“DTC”), New York, New York, registered in the name of its nominee, Cede & Co., and immobilized in its custody. A book-entry system will be employed, evidencing ownership of the Bonds in principal amounts of \$5,000 or any integral multiple thereof, with transfers of ownership effected on the records of DTC and its Participants pursuant to rules and procedures adopted by DTC and its Participants. The purchaser, as a condition to delivery of the Bonds, will be required to deposit the bond certificates with DTC, registered in the name of Cede & Co. Principal of, redemption premium, if any, and interest on the Bonds will be payable by the Town or its agent to DTC or its nominee as registered owner of the Bonds. Principal and interest payments by DTC to Participants of DTC will be the responsibility of DTC; principal and interest payments to Beneficial Owners by Participants of DTC will be the responsibility of such Participants and other nominees of Beneficial Owners. The Town will not be responsible or liable for payments by DTC to its Participants or by DTC Participants or Indirect Participants to Beneficial Owners or for maintaining, supervising or reviewing the records maintained by DTC, its Participants or persons acting through such Participants. Upon receipt from the Town, the Paying Agent will pay principal of and interest on the Bonds directly to DTC so long as DTC or its nominee, Cede & Co, is the bondholder.

In the event that (a) DTC determines not to continue to act as securities depository for the Bonds and the Town fails to identify another qualified securities depository to replace DTC, or (b) the Town determines to discontinue the book-entry system of evidence and transfer of ownership of the Bonds, the Town will authenticate and deliver replacement Bonds in the form of fully registered certificates. Any such replacement Bonds will provide that interest will be payable by check mailed by the Paying Agent to the registered owner whose name appears on the

registration books of the Town as of the close of business on the record date preceding each interest payment date. The record dates for the Bonds will be the fifteenth day of May and November in each year, or the preceding day if such fifteenth day is not a business day.

Proposals. Each bid must be for the entire \$9,000,000 of the Bonds. Each proposal must specify the amount bid for the Bonds (which shall be the aggregate par value of the Bonds, and, at the option of the bidder, a premium), and must specify in a multiple of one-twentieth of one percent ($1/20$ of 1%) or one-eighth of one percent ($1/8$ of 1%) the rate or rates of interest per annum which the Bonds are to bear, provided that such proposal shall not state (a) more than one interest rate for any Bonds having a like maturity or (b) any interest rate for any Bonds of one maturity which exceeds the interest rate stated in such proposal for Bonds of a different maturity by more than three (3) percentage points. In addition to the amount bid for the Bonds, the purchaser must pay an amount equal to the interest on the Bonds accrued to the date of delivery. For the purpose of the bidding process, the time as maintained on **PARITY®** shall constitute the official time. For information purposes only, bidders are requested to state in their bids the true interest cost ("TIC") to the Town, as described under "Basis of Award" below, represented by the rate or rates of interest and the bid price specified in their respective bids. Interest shall be calculated on the basis of a 360-day year consisting of twelve 30-day months. No proposal for less than par and accrued interest to the date of delivery will be considered.

Basis of Award; Right to Reject Proposals; Waiver; Postponement; Change of Terms. Unless all bids are rejected, as between proposals which comply with this Notice of Sale, the Bonds will be awarded to the responsible bidder whose bid proposes the lowest TIC to the Town. The TIC will be the annual interest rate, compounded semiannually, which, when used to discount all payments of principal and interest payable on the Bonds, results in an amount equal to the purchase price for the Bonds, excluding interest accrued to the date of delivery of the Bonds. If there is more than one responsible bidder making said offer at the same lowest TIC, the Bonds will be sold to the responsible bidder whose proposal is selected by the Town by lot from among all such proposals. It is requested that each proposal be accompanied by a statement of the percentage of TIC computed and rounded to six decimal places. Such statement shall not be considered as part of the proposal. The purchase price must be paid in immediately available federal funds.

The right is reserved to reject any and all proposals and to reject any proposal not complying with this Notice of Sale and to waive any irregularity or informality with respect to any proposal.

The Town further reserves the right to postpone the sale to another time and date in its sole discretion for any reason, including Internet difficulties. The Town will use its best efforts to notify prospective bidders in a timely manner of any need for a postponement. Upon the establishment of an alternative sale date, any bidder may submit proposals for the purchase of the Bonds in accordance with the provisions of this Notice of Sale.

Electronic Proposals Bidding Procedure. Electronic bids for the purchase of the Bonds must be submitted through the facilities of **PARITY®** by 11:00 A.M. (Eastern Time) on

Thursday, May 23, 2019. Any prospective bidder must be a subscriber of i-Deal's BiDCOMP competitive bidding system. Further information about **PARITY®**, including any fee charged, may be obtained from **PARITY®**, c/o i-Deal LLC, 1359 Broadway, 2nd Floor, New York, New York 10018, Attention: Customer Support (telephone: (212) 849-5021 – email notice: parity@i-deal.com). The Town neither will confirm any subscription nor be responsible for any failure of a prospective bidder to subscribe. All bids shall be deemed to incorporate the provisions of this Notice.

Once an electronic bid made through the facilities of **PARITY®** is communicated to the Town, it shall constitute an irrevocable offer, in response to this Notice, and shall be binding upon the bidder as if made by the signed, sealed bid delivered to the Town. By submitting a bid for the Bonds via **PARITY®**, the bidder represents and warrants to the Town that such bidder's bid for the purchase of the Bonds is submitted for and on behalf of such prospective bidder by an officer or agent who is duly authorized to bind the prospective bidder by an irrevocable offer and that acceptance of such bid by the Town will bind the bidder by a legal, valid and enforceable contract, for the purchase of the Bonds on the terms described in this Notice. **The Town shall not be responsible for any malfunction or mistake made by, or as a result of the use of the facilities of PARITY®, or the inaccuracies of any information, including bid information or worksheets supplied by PARITY®, the use of PARITY® facilities being the sole risk of the prospective bidder. Each Bidder is solely responsible for knowing the terms of the sale as set forth herein.**

Disclaimer. Each of **PARITY®** prospective electronic bidders shall be solely responsible to make necessary arrangements to access **PARITY®** for the purpose of submitting its bid in a timely manner and in compliance with the requirements of this Notice. Neither the Town nor **PARITY®** shall have any duty or obligation to undertake such arrangements to bid for any prospective bidder or to provide or assure such access to any prospective bidder, and neither the Town or **PARITY®** shall be responsible for a bidder's failure to make a bid or for the proper operation of, or have any liability for any delays or interruptions of, or any damages caused by, **PARITY®**. The Town is using **PARITY®** as a communication mechanism, and not as the Town's agent, to conduct the electronic bidding for the Bonds. The Town is not bound by any advice and determination of **PARITY®** to the effect that any particular bid complies with the terms of this Notice and in particular the bid requirements herein set forth. All costs and expenses incurred by prospective bidders in connection with their subscription to, arrangements with and submission of bids via **PARITY®** are the sole responsibility of the bidders; and the Town is not responsible directly or indirectly, for any of such costs or expenses. If the prospective bidder encounters any difficulty in arranging to bid or submitting, modifying or withdrawing a bid for the Bonds, the prospective bidder should telephone **PARITY®** at (212) 849-5021. If any provision of this Notice shall conflict with information provided by **PARITY®**, this Notice shall control.

For the purpose of the electronic bidding process, the time maintained on **PARITY®** shall constitute the official time.

Certifying Agent, Registrar, Paying Agent and Transfer Agent. The Bonds will be certified by U.S. Bank National Association, Hartford, Connecticut. U.S. Bank National Association will also act as Registrar, Paying Agent and Transfer Agent.

Bond Counsel Opinion. The legality of the issue will be passed upon by Updike, Kelly & Spellacy, P.C., of Hartford, Connecticut, Bond Counsel, and the purchaser will be furnished with its opinion, without charge, substantially in the form set forth in Appendix B to the Official Statement. The opinion will appear on each Bond certificate and will state that the Bonds are valid and binding obligations of the Town. Bond Counsel will require as a precondition to release of its opinion printed on the Bonds that the purchaser of such Bonds deliver to it a completed “issue price” certificate, or similar certificate, regarding expectations or public offering prices, as applicable, with respect to the Bonds awarded to such bidder, as described below under “Establishment of Issue Price”.

Establishment of Issue Price. In order to provide the Town with information that enables it to comply with certain requirements of the Internal Revenue Code of 1986, as amended (the “Code”), relating to the exclusion of interest on the Bonds from the gross income of their owners, the winning bidder will be required to complete, execute, and deliver to the Town at or prior to the delivery of the Bonds an “issue price” or similar certificate setting forth the reasonably expected initial offering price to the Public (the “Initial Offering Price”) or the actual sales price or prices of the Bonds, as circumstances may determine, together with the supporting pricing wires or equivalent communications, with such modifications as may be appropriate or necessary, in the reasonable judgment of Bond Counsel. Communications relating to this “Establishment of Issue Price” section, the completed certificate(s) and any supporting information shall be delivered to (1) Bond Counsel at Michael Botelho, Esq., Updike, Kelly & Spellacy, P.C., 100 Pearl Street, 17th floor, Hartford, CT 06103, Telephone: (860) 548-2637, E-mail: mbotelho@uks.com and (2) the Municipal Advisor at Matthew A. Spoerndle, Senior Managing Director, Phoenix Advisors, LLC, 53 River Street, Milford, Connecticut 06460, Telephone: (203) 878-4945, E-mail: mspoerndle@muniadvisors.com (the “Municipal Advisor”). Questions related to this “Establishment of Issue Price” section should be directed to Bond Counsel or the Municipal Advisor. For purposes of this “Establishment of Issue Price” section, Bond Counsel may act on behalf of the Town and the Municipal Advisor may act on behalf of the Town.

By submitting a bid, each bidder is certifying that its bid is a firm offer to purchase the Bonds, is a good faith offer which the bidder believes reflects current market conditions, and is not a “courtesy bid” being submitted for the purpose of assisting in meeting the competitive sale requirements relating to the establishment of the “issue price” of the Bonds pursuant to Section 148 of the Code, including the requirement that bids be received from at least three (3) underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds.

By submitting a bid, a bidder represents to the Town that it has an established industry reputation for underwriting new issuances of municipal bonds such as the Bonds, represents that such bidder’s bid is submitted for or on behalf of such bidder by an officer or agent who is duly

authorized to bind the bidder to a legal, valid and enforceable contract for the purchase of the Bonds, and understands that upon award by the Town that this Notice of Sale constitutes a written contract between such bidder, as winning bidder, and the Town.

By submitting a bid, the bidder agrees that if the Competitive Sale Rule (as set forth below) is not met, it will satisfy either the Actual Sales Rule (as set forth below) or the Hold-the-Offering-Price Rule (as set forth below).

Bids will not be subject to cancellation in the event that the competitive sale requirements are not satisfied.

Notification of Contact Information of Winning Bidder. Promptly upon award, the winning bidder shall notify the Municipal Advisor and Bond Counsel of the contact name, telephone number and e-mail address of the person(s) of the winning bidder for purposes of communications concerning this “Establishment of Issue Price” section.

Competitive Sale Rule. The Town intends that the provisions of Treasury Regulations Section 1.148-1(f)(3)(i) (defining “competitive sale” for purposes of establishing the issue price of the Bonds) will apply to the initial sale of the Bonds (the “Competitive Sale Rule”) because:

- (1) the Town shall disseminate, or have disseminated on its behalf, this Notice of Sale to potential bidders in a manner that is reasonably designed to reach potential bidders;
- (2) all bidders shall have an equal opportunity to bid;
- (3) the Town anticipates receiving bids from at least three underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds; and
- (4) the Town anticipates awarding the sale of the Bonds to the bidder who submits a firm offer to purchase the Bonds at the lowest true interest cost (“TIC”), as set forth in this Notice of Sale.

Competitive Sale Rule Met. The Town, or the Municipal Advisor on behalf of the Town, shall at the time of award advise the winning bidder if the Competitive Sale Rule has been met. Within two (2) hours of award (or such other time as agreed to by Bond Counsel), the winning bidder shall provide Bond Counsel and the Municipal Advisor, via e-mail, a completed “ISSUE PRICE CERTIFICATE” in the form attached hereto as Exhibit A.

Competitive Sale Rule Not Met. In the event that the Competitive Sale Rule is not satisfied, the Town, or the Municipal Advisor on behalf of the Town, shall at the time of award advise the winning bidder. The Town may determine to treat (i) the first price at which ten percent (10%) of a Maturity of the Bonds (the “Actual Sales Rule”) is sold to the Public as the issue price of that Maturity, and/or (ii) the Initial Offering Price to the Public as of the Sale Date of any Maturity of the Bonds as the issue price of that Maturity (the “Hold-the-Offering-Price

Rule”), in each case applied on a Maturity-by-Maturity basis. In the event that the Competitive Sale Rule is not satisfied, the winning bidder, by 3:30 p.m. (E.D.T.) on the Sale Date, shall notify and provide, via e-mail, Bond Counsel and the Municipal Advisor (I) of the first price at which ten percent (10%) of each Maturity of Bonds has been sold to the Public and (II) reasonable supporting documentation or certifications of such price the form of which is acceptable to Bond Counsel; i.e., those Maturities of the Bonds that satisfy the Actual Sales Rule as of the Sale Date. After such receipt, the Town, or Bond Counsel on behalf of the Town, shall promptly confirm with the winning bidder, via e-mail, which Maturities of the Bonds shall be subject to the Actual Sales Rule and which Maturities shall be subject to the Hold-the-Offering-Price Rule.

For those Maturities of Bonds subject to the Hold-the-Offering-Price Rule, the winning bidder shall (i) provide Bond Counsel (via e-mail) a copy of pricing wire or equivalent communication for the Bonds (ii) confirm that each Underwriter (as defined below) has offered or will offer all of the Bonds to the Public on or before the date of award at the Initial Offering Prices and (ii) agree, on behalf of each Underwriter participating in the purchase of the Bonds, that each Underwriter will neither offer nor sell unsold Bonds of any Maturity to which the Hold-the-Offering-Price Rule shall apply to any person at a price that is higher than the Initial Offering Price for such Maturity during the period starting on the Sale Date and ending on the earlier of the following:

- (1) the close of the fifth (5th) business day after the Sale Date; or
- (2) the date on which the Underwriters have sold at least ten percent (10%) of that Maturity of the Bonds to the Public at a price that is no higher than the Initial Offering Price.

The winning bidder shall promptly advise Bond Counsel and the Municipal Advisor, via e-mail, when the Underwriters have sold ten percent (10%) of that Maturity of the Bonds to the Public at a price that is no higher than the Initial Offering Price, if that occurs prior to the close of the fifth (5th) business day after the Sale Date.

By submitting a bid, each bidder confirms that: (i) any agreement among underwriters, any selling group agreement and each retail distribution agreement (to which the bidder is a party) relating to the initial sale of the Bonds to the Public, together with the related pricing wires, contains or will contain language obligating each Underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such retail distribution agreement, as applicable, to (A) report the prices at which it sells to the Public the unsold Bonds of each Maturity allotted to it until it is notified by the winning bidder that either the Actual Sales Rule has been satisfied as to the Bonds of that Maturity or all Bonds of that Maturity have been sold to the Public and (B) comply with the Hold-the-Offering-Price Rule, if applicable, in each case if and for so long as directed by the winning bidder and as set forth in the related pricing wires, and (ii) any agreement among underwriters relating to the initial sale of the Bonds to the Public, together with the related pricing wires, contains or will contain language obligating each Underwriter that is a party to a retail distribution agreement to be employed in connection with the initial sale of the Bonds to the Public to require each broker-dealer that is a party to such

retail distribution agreement to (A) report the prices at which it sells to the Public the unsold Bonds of each Maturity allotted to it until it is notified by the winning bidder or such Underwriter that either the Actual Sales Rule has been satisfied as to the Bonds of that Maturity or all Bonds of that Maturity have been sold to the Public and (B) comply with the Hold-the-Offering-Price Rule, if applicable, in each case if and for so long as directed by the winning bidder or such Underwriter and as set forth in the related pricing wires.

Sales of any Bonds to any person that is a Related Party (as defined below) to an Underwriter shall not constitute sales to the Public for purposes of this Notice of Sale.

Definitions. For purposes of this “Establishment of Issue Price” section:

- (1) “Maturity” means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate Maturities.
- (2) “Public” means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a Related Party to an Underwriter.
- (3) “Related Party” generally means any two or more persons who have greater than 50% common ownership, directly or indirectly.
- (4) “Underwriter” means (i) any person that agrees pursuant to a written contract with the Town (or with the lead Underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this definition to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

Official Statement. For more information regarding the Bonds or the Town, reference is made to the Preliminary Official Statement dated May 16, 2019 (the “Official Statement”) describing the Bonds and the financial condition of the Town. The Official Statement is available in electronic format at www.i-dealprospectus.com, and such electronic access is being provided as a matter of convenience only. Copies of the Official Statement may be obtained from the Municipal Advisor. The Town deems such Official Statement to be a final official statement for purposes of complying with Securities and Exchange Commission Rule 15c2-12 (the “Rule”), but such Official Statement is subject to revision or amendment as appropriate. The Town will make available to the purchaser twenty-five (25) copies of the final Official Statement at the Town’s expense, and the final Official Statement will be made available to the purchaser by no later than the earlier of the delivery of the Bonds or by the seventh (7th) business day after the day bids on the Bonds are received. If the Town’s Municipal Advisor, is provided with the necessary information from the purchaser by 12:00 o’clock noon on the day after the Sale Date, the copies of the final Official Statement will include an additional cover page and other pages, if necessary, indicating the interest rates, rating(s), yields or reoffering prices and the name of the managing underwriter of the Bonds, and any corrections. The purchaser shall arrange with the Municipal Advisor the method of delivery of the copies of the final Official Statement to the purchaser. Additional copies of the final Official Statement may be obtained by the purchaser at its own expense by arrangement with the printer.

Continuing Disclosure Agreement. As required by the Rule, the Town will undertake, pursuant to a Continuing Disclosure Agreement, to provide annual financial information and operating data, including audited financial statements, notice of the occurrence of certain events with respect to the Bonds, and timely notice of any failure by the Town to provide annual financial information on or before the dates specified in the Continuing Disclosure Agreement. A form of the Continuing Disclosure Agreement is attached to the Official Statement as Appendix D. The purchaser’s obligation to purchase the Bonds shall be conditioned upon its receiving, at or prior to delivery of the Bonds, an executed copy of the Continuing Disclosure Agreement.

Delivery, Payment and Closing Requirements. The Bonds will be delivered against payment in immediately available federal funds through the facilities of DTC, New York, New York or its agent via Fast Automated Securities Transfer (“FAST”) on or about June 5, 2019. At or prior to the delivery of the Bonds the winning bidder shall be furnished, without cost, with (a) the approving opinion of Updike, Kelly & Spellacy, P.C. of Hartford, Connecticut (see “Bond Counsel Opinion” above); (b) a signature and no litigation certificate, in form satisfactory to said firm, dated as of the date of delivery of the Bonds, and stating that there is no litigation pending, or to the knowledge of the signer or signers thereof threatened, affecting the validity of the Bonds or the power of the Town to levy and collect taxes to pay them; (c) a certificate of Town Officials relating to the accuracy and completeness of the Official Statement; (d) an executed copy of the Continuing Disclosure Agreement; and (e) a receipt of payment for the Bonds.

The Town will have no responsibility to pay for any expenses of the purchaser except to the extent specifically stated in this Notice of Sale. The purchaser will have no responsibility to pay for any of the Town’s costs of issuance except to the extent specifically stated in this Notice

of Sale. The purchaser will be responsible for the clearance or exemption with respect to the status of the Bonds for sale under securities or “Blue Sky” laws and the preparation of any surveys or memoranda in connection with such sale. The Town shall have no responsibility for such clearance, exemption or preparation.

CUSIP Numbers. The deposit of the Bonds with DTC under a book-entry system requires the assignment of CUSIP numbers prior to delivery. The Town’s Municipal Advisor will apply for CUSIP numbers for the Bonds prior to their delivery. Neither the failure to print such CUSIP number on any bond, nor any error with respect thereto, shall constitute cause for a failure or refusal by the purchaser thereof to accept delivery of and pay for the Bonds. All expenses in relation to the printing of CUSIP numbers on the Bonds shall be paid for by the Town; provided, however, that the Town assumes no responsibility for any CUSIP Service Bureau charge or other charge that may be imposed for the assignment of such numbers, which charges shall be the responsibility of and shall be paid for by the purchaser.

TOWN OF NEWINGTON, CONNECTICUT

TANYA LANE
Town Manager

JANET MURPHY
Director of Finance

May 16, 2019

EXHIBIT A

ISSUE PRICE CERTIFICATE

(Competitive Sale Requirements Satisfied)

Town of Newington, Connecticut
\$9,000,000 General Obligation Bonds, Issue of 2019
Dated June 5, 2019

The undersigned, on behalf of [Underwriter] (“[Short Name of Underwriter]”), hereby certifies as set forth below with respect to the sale of the above-captioned obligations (the “Bonds”).

1. ***Due Authorization.*** The undersigned is a duly authorized representative of [Short Name of Underwriter], the purchaser of the Bonds.

2. ***Purchase Price.*** The Town of Newington, Connecticut (the “Issuer”) sold to [Short Name of Underwriter], for delivery on or about June 5, 2019, the Bonds at a price of par (\$9,000,000), plus an aggregate net premium of \$_____ and less an underwriter’s discount of \$_____, resulting in an aggregate net purchase price of \$_____.

3. ***Reasonably Expected Initial Offering Price.***

(a) As of May 23, 2019 (the “Sale Date”), the reasonably expected initial offering prices of the Bonds to the Public by [Short Name of Underwriter] are the prices listed in **Schedule A** (the “Expected Offering Prices”). The Expected Offering Prices are the prices for the Maturities of the Bonds used by [Short Name of Underwriter] in formulating its bid to purchase the Bonds. Attached as **Schedule B** is a true and correct copy of the bid provided by [Short Name of Underwriter] to purchase the Bonds.

(b) [Short Name of Underwriter] was not given the opportunity to review other bids prior to submitting its bid.

(c) The bid submitted by [Short Name of Underwriter] constituted a firm offer to purchase the Bonds.

4. ***Defined Terms.***

(a) “Maturity” means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate Maturities.

(b) “Public” means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an

Underwriter. The term “related party” for purposes of this certificate generally means any two or more persons who have greater than fifty percent (50%) common ownership, directly or indirectly.

(c) “Underwriter” means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this definition to participate in the initial sale of the Bonds to the Public (including a member of the selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

5. ***Representations and Information.*** The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents [Short name of Underwriter]’s interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder (collectively, the “Code”). The undersigned understands that the foregoing information will be relied upon by the Issuer in making its certification as to issue price of the Bonds under the Code and with respect to compliance with the federal income tax rules affecting the Bonds. Updike, Kelly & Spellacy, P.C., bond counsel, may rely on the foregoing representations in rendering its opinion on the exclusion from federal gross income of the interest on the Bonds, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer relating to the Bonds. Except as set forth above, no third party may rely on the foregoing certifications, and no party may rely hereon for any other purpose.

IN WITNESS WHEREOF, the undersigned has executed this Certificate as of June 5, 2019.

[UNDERWRITER]

By:_____

Name:

Title:

Schedule A to Issue Price Certificate

<u>Maturity, June 1</u>	<u>Principal Amount (\$)</u>	<u>Interest Rate (%)</u>	<u>Price (\$, not Yield)</u>
2020	\$450,000		
2021	\$450,000		
2022	\$450,000		
2023	\$450,000		
2024	\$450,000		
2025	\$450,000		
2026	\$450,000		
2027	\$450,000		
2028	\$450,000		
2029	\$450,000		
2030	\$450,000		
2031	\$450,000		
2032	\$450,000		
2033	\$450,000		
2034	\$450,000		
2035	\$450,000		
2036	\$450,000		
2037	\$450,000		
2038	\$450,000		
2039	\$450,000		

Schedule B to Issue Price Certificate

[Copy of Bid]

Appendix G

Notice of Sale - Notes

Appendix G – Notice of Sale - Notes

NOTICE OF SALE

TOWN OF NEWINGTON, CONNECTICUT

\$6,000,000 GENERAL OBLIGATION BOND ANTICIPATION NOTES

ELECTRONIC PROPOSALS via PARITY® will be received by the TOWN OF NEWINGTON, CONNECTICUT (the “Town”), at Newington Town Hall, Town Manager’s Conference Room, 131 Cedar Street, Newington, Connecticut 06111, until 11:30 A.M. (Eastern Time) on THURSDAY,

MAY 23, 2019

for the purchase, when issued, of all or any part of the Town’s \$6,000,000 General Obligation Bond Anticipation Notes, dated June 5, 2019 and due June 4, 2020 (the “Notes”).

The Notes are due and payable as to both principal and interest at maturity at the rate or rates per annum fixed in the proposal or proposals accepted for their purchase, which rates shall be in multiples of 1/100 of 1% per annum. Interest shall be computed on the basis of a 30-day month and a 360-day year. The Notes are not subject to redemption prior to maturity.

Nature of Obligation. The Notes will constitute general obligations of the Town, and the Town will pledge its full faith and credit to pay the principal of and interest on the Notes when due. Unless paid from other sources, the Notes are payable from ad valorem taxes levied against all taxable property subject to taxation by the Town. All property taxation is without limit as to rate or amount, except as to classified property such as certified forest land, taxable at a limited rate, and dwelling houses of qualified elderly persons of low income or qualified disabled persons taxable at limited amounts.

Bank Qualification. The Notes shall NOT be designated by the Town as qualified tax exempt obligations under the provisions of Section 265(b) of the Internal Revenue Code of 1986, as amended, for purposes of the deduction by financial institutions for interest expense allocable to the Notes.

Delivery Date and Payment. The Notes will be delivered against payment in immediately available federal funds through the facilities of The Depository Trust Company, New York, New York on June 5, 2019.

Book-Entry. The Notes will be issued by means of a book-entry system with no physical distribution of note certificates made to the public. The Notes will be issued in registered form and one note certificate for each interest rate will be issued to The Depository Trust Company (“DTC”), New York, New York, registered in the name of its nominee, Cede & Co., and

immobilized in its custody. A book-entry system will be employed, evidencing ownership of the Notes in principal amounts of \$5,000, or any integral multiples thereof, with transfers of ownership effected on the records of DTC and its Participants pursuant to rules and procedures adopted by DTC and its Participants. The purchaser, as a condition to delivery of the Notes, will be required to deposit the note certificates with DTC, registered in the name of Cede & Co. Principal of and interest on the Notes will be payable by the Town or its agent to DTC or its nominee as registered owner of the Notes. Principal and interest payments by DTC to Participants of DTC will be the responsibility of DTC; principal and interest payments to Beneficial Owners by Participants of DTC will be the responsibility of such Participants and other nominees of Beneficial Owners. The Town will not be responsible or liable for payments by DTC to its Participants or by DTC Participants or Indirect Participants to Beneficial Owners or for maintaining, supervising or reviewing the records maintained by DTC, its Participants or persons acting through such Participants. Upon receipt from the Town, the Paying Agent will pay principal of and interest on the Notes directly to DTC so long as DTC or its nominee, Cede & Co, is the noteholder.

Bid Terms and Basis of Award. Except as otherwise provided herein, bidders may submit proposals for all or any part of the Notes, but any proposal for a part must be for a minimum of \$100,000 of principal amount or integral multiples of \$5,000 in excess thereof. A separate proposal is required for each part of the Notes for which a separate stated interested rate is bid. Bidders are to name one rate of interest in a multiple of one hundredths (1/100ths) of one per cent for each part of the Notes for which a separate interest rate is bid. Unless all bids are rejected, the Notes will be awarded to the responsible bidder or bidders offering to purchase the Notes at the lowest net interest cost to the Town, which will be determined for each interest rate stated in the proposal based on the total interest to be payable at such rate and deducting therefrom any premium. If there is more than one responsible bidder making said offer at the same lowest net interest cost, the Notes will be sold to the responsible bidder with a proposal for the highest principal amount of Notes specified. No bid for less than par and accrued interest, if any, will be considered. The Town reserves the right to award to any bidder all or any part of the Notes bid in its proposal. If a bidder is awarded only a part of the Notes, any premium offered in such proposal will be proportionately reduced so that the resulting net interest rate with respect to the Notes awarded is the same as that contained in the bidder's proposal with respect to the entire amount bid, carried to four places. The right is reserved to reject any and all bids and to waive any irregularity or informality with respect to any bid. The Town further reserves the right to postpone the sale to another time and date in its sole discretion for any reason. The Town will use its best efforts to notify prospective bidders in a timely manner of any need for a postponement.

Electronic Proposals Bidding Procedure. Electronic bids for the purchase of the Notes must be submitted through the facilities of **PARITY®** by 11:30 A.M. (Eastern Time) on Thursday, May 23, 2019. Any prospective bidder must be a subscriber of i-Deal's BiDCOMP competitive bidding system. Further information about **PARITY®**, including any fee charged, may be obtained from **PARITY®**, c/o i-Deal LLC, 1359 Broadway, 2nd Floor, New York, New York 10018, Attention: Customer Support (telephone: (212) 849-5021 – email notice: parity@i-deal.com). The Town neither will confirm any subscription nor be responsible for any failure of

a prospective bidder to subscribe. All bids shall be deemed to incorporate the provisions of this Notice.

Once an electronic bid made through the facilities of **PARITY®** is communicated to the Town, it shall constitute an irrevocable offer, in response to this Notice, and shall be binding upon the bidder as if made by the signed, sealed bid delivered to the Town. By submitting a bid for the Notes via **PARITY®**, the bidder represents and warrants to the Town that such bidder's bid for the purchase of the Notes is submitted for and on behalf of such prospective bidder by an officer or agent who is duly authorized to bind the prospective bidder by an irrevocable offer and that acceptance of such bid by the Town will bind the bidder by a legal, valid and enforceable contract, for the purchase of the Notes on the terms described in this Notice. **The Town shall not be responsible for any malfunction or mistake made by, or as a result of the use of the facilities of PARITY®, or the inaccuracies of any information, including bid information or worksheets supplied by PARITY®, the use of PARITY® facilities being the sole risk of the prospective bidder. Each Bidder is solely responsible for knowing the terms of the sale as set forth herein.**

Disclaimer. Each of **PARITY®** prospective electronic bidders shall be solely responsible to make necessary arrangements to access **PARITY®** for the purpose of submitting its bid in a timely manner and in compliance with the requirements of this Notice. Neither the Town nor **PARITY®** shall have any duty or obligation to undertake such arrangements to bid for any prospective bidder or to provide or assure such access to any prospective bidder, and neither the Town or **PARITY®** shall be responsible for a bidder's failure to make a bid or for the proper operation of, or have any liability for any delays or interruptions of, or any damages caused by, **PARITY®**. The Town is using **PARITY®** as a communication mechanism, and not as the Town's agent, to conduct the electronic bidding for the Notes. The Town is not bound by any advice and determination of **PARITY®** to the effect that any particular bid complies with the terms of this Notice and in particular the bid requirements herein set forth. All costs and expenses incurred by prospective bidders in connection with their subscription to, arrangements with and submission of bids via **PARITY®** are the sole responsibility of the bidders; and the Town is not responsible directly or indirectly, for any of such costs or expenses. If the prospective bidder encounters any difficulty in arranging to bid or submitting, modifying or withdrawing a bid for the Notes, the prospective bidder should telephone **PARITY®** at (212) 849-5021. If any provision of this Notice shall conflict with information provided by **PARITY®**, this Notice shall control.

For the purpose of the sealed proposals bidding procedure and the electronic proposals bidding procedure, the time maintained on **PARITY®** shall constitute the official time.

Certifying Agent, Registrar, Paying Agent and Transfer Agent. The Notes will be certified by U.S. Bank National Association, Hartford, Connecticut. U.S. Bank National Association will also act as Registrar, Paying Agent and Transfer Agent.

Bond Counsel Opinion. The legality of the issue will be passed upon by Bond Counsel, and the purchaser will be furnished with its opinion, without charge, substantially in the form

attached as Appendix C to the Official Statement. The opinion will appear on each Note certificate and will state that the Notes are valid and binding obligations of the Town. Absent special circumstances preventing compliance, Bond Counsel will require as a precondition to release of its opinion printed on the Notes that the purchaser of such Notes deliver to it a completed “issue price” certificate regarding public offering prices with respect to the Notes awarded to such bidder, as described below under “Establishment of Issue Price”.

Establishment of Issue Price. In order to provide the Town with information that enables it to comply with certain requirements of the Internal Revenue Code of 1986, as amended (the “Code”), relating to the exclusion of interest on the Notes from the gross income of their owners, the winning bidder will be required to complete, execute, and deliver to the Town at or prior to the delivery of the Notes an “issue price” or similar certificate setting forth the reasonably expected initial offering price to the Public (the “Initial Offering Price”) or the actual sales price or prices of the Notes, as circumstances may determine, together with the supporting pricing wires or equivalent communications, with such modifications as may be appropriate or necessary, in the reasonable judgment of Bond Counsel. Communications relating to this “Establishment of Issue Price” section, the completed certificate(s) and any supporting information shall be delivered to (1) Bond Counsel at Michael Botelho, Esq., Updike, Kelly & Spellacy, P.C., 100 Pearl Street, 17th floor, Hartford, CT 06103, Telephone: (860) 548-2637, E-mail: mbotelho@uks.com and (2) the Municipal Advisor at Matthew A. Spoerndle, Senior Managing Director, Phoenix Advisors, LLC, 53 River Street, Milford, Connecticut 06460, Telephone: (203) 878-4945, E-mail: mspoerndle@muniadvisors.com (the “Municipal Advisor”). Questions related to this “Establishment of Issue Price” section should be directed to Bond Counsel or the Municipal Advisor. For purposes of this “Establishment of Issue Price” section, Bond Counsel may act on behalf of the Town and the Municipal Advisor may act on behalf of the Town.

By submitting a bid, each bidder is certifying that its bid is a firm offer to purchase the Notes, is a good faith offer which the bidder believes reflects current market conditions, and is not a “courtesy bid” being submitted for the purpose of assisting in meeting the competitive sale requirements relating to the establishment of the “issue price” of the Notes pursuant to Section 148 of the Code, including the requirement that bids be received from at least three (3) underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds.

By submitting a bid, a bidder represents to the Town that it has an established industry reputation for underwriting new issuances of municipal bonds such as the Notes, represents that such bidder’s bid is submitted for or on behalf of such bidder by an officer or agent who is duly authorized to bind the bidder to a legal, valid and enforceable contract for the purchase of the Notes, and understands that upon award by the Town that this Notice of Sale constitutes a written contract between such bidder, as winning bidder, and the Town.

By submitting a bid, the bidder agrees that if the Competitive Sale Rule (as set forth below) is not met, it will satisfy either the Actual Sales Rule (as set forth below) or the Hold-the-Offering-Price Rule (as set forth below).

Bids will not be subject to cancellation in the event that the competitive sale requirements are not satisfied.

Notification of Contact Information of Winning Bidder. Promptly upon award, the winning bidder shall notify the Municipal Advisor and Bond Counsel of the contact name, telephone number and e-mail address of the person(s) of the winning bidder for purposes of communications concerning this “Establishment of Issue Price” section.

Competitive Sale Rule. The Town intends that the provisions of Treasury Regulations Section 1.148-1(f)(3)(i) (defining “competitive sale” for purposes of establishing the issue price of the Notes) will apply to the initial sale of the Notes (the “Competitive Sale Rule”) because:

- (1) the Town shall disseminate, or have disseminated on its behalf, this Notice of Sale to potential bidders in a manner that is reasonably designed to reach potential bidders;
- (2) all bidders shall have an equal opportunity to bid;
- (3) the Town anticipates receiving bids from at least three underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds; and
- (4) the Town anticipates awarding the sale of the Notes to the bidder who submits a firm offer to purchase the Notes at the lowest true interest cost (“TIC”), as set forth in this Notice of Sale.

Competitive Sale Rule Met. The Town, or the Municipal Advisor on behalf of the Town, shall at the time of award advise the winning bidder if the Competitive Sale Rule has been met. Within two (2) hours of award (or such other time as agreed to by Bond Counsel), the winning bidder shall provide Bond Counsel and the Municipal Advisor, via e-mail, a completed “ISSUE PRICE CERTIFICATE” in the form attached hereto as Exhibit A.

Competitive Sale Rule Not Met. In the event that the Competitive Sale Rule is not satisfied, the Town, or the Municipal Advisor on behalf of the Town, shall at the time of award advise the winning bidder. The Town may determine to treat (i) the first price at which ten percent (10%) of a Maturity of the Notes (the “Actual Sales Rule”) is sold to the Public as the issue price of that Maturity, and/or (ii) the Initial Offering Price to the Public as of the Sale Date of any Maturity of the Notes as the issue price of that Maturity (the “Hold-the-Offering-Price Rule”), in each case applied on a Maturity-by-Maturity basis. In the event that the Competitive Sale Rule is not satisfied, the winning bidder, by 3:30 p.m. (Eastern Time) on the Sale Date, shall notify and provide, via e-mail, Bond Counsel and the Municipal Advisor (A)(I) of the first price at which ten percent (10%) of each Maturity of Notes has been sold to the Public and (II) reasonable supporting documentation or certifications of such price the form of which is acceptable to Bond Counsel; i.e., those Maturities of the Notes that satisfy the Actual Sales Rule as of the Sale Date, and (B) those Maturities of the Notes that the winning bidder is purchasing

for its own account and not with a view to distribution or resale of such Maturity to the Public. After such receipt, the Town, or Bond Counsel on behalf of the Town, shall promptly confirm with the winning bidder, via e-mail, which Maturities of the Notes shall be subject to the Actual Sales Rule and which Maturities shall be subject to the Hold-the-Offering-Price Rule.

For those Maturities of Notes subject to the Hold-the-Offering-Price Rule, the winning bidder shall (i) provide Bond Counsel (via e-mail) a copy of pricing wire or equivalent communication for the Notes (ii) confirm that each Underwriter (as defined below) has offered or will offer all of the Notes to the Public on or before the date of award at the Initial Offering Prices and (ii) agree, on behalf of each Underwriter participating in the purchase of the Notes, that each Underwriter will neither offer nor sell unsold Notes of any Maturity to which the Hold-the-Offering-Price Rule shall apply to any person at a price that is higher than the Initial Offering Price for such Maturity during the period starting on the Sale Date and ending on the earlier of the following:

- (1) the close of the fifth (5th) business day after the Sale Date; or
- (2) the date on which the Underwriters have sold at least ten percent (10%) of that Maturity of the Notes to the Public at a price that is no higher than the Initial Offering Price.

The winning bidder shall promptly advise Bond Counsel and the Municipal Advisor, via e-mail, when the Underwriters have sold ten percent (10%) of that Maturity of the Notes to the Public at a price that is no higher than the Initial Offering Price, if that occurs prior to the close of the fifth (5th) business day after the Sale Date.

By submitting a bid, each bidder confirms that: (i) any agreement among underwriters, any selling group agreement and each retail distribution agreement (to which the bidder is a party) relating to the initial sale of the Notes to the Public, together with the related pricing wires, contains or will contain language obligating each Underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such retail distribution agreement, as applicable, to (A) report the prices at which it sells to the Public the unsold Notes of each Maturity allotted to it until it is notified by the winning bidder that either the Actual Sales Rule has been satisfied as to the Notes of that Maturity or all Notes of that Maturity have been sold to the Public and (B) comply with the Hold-the-Offering-Price Rule, if applicable, in each case if and for so long as directed by the winning bidder and as set forth in the related pricing wires, and (ii) any agreement among underwriters relating to the initial sale of the Notes to the Public, together with the related pricing wires, contains or will contain language obligating each Underwriter that is a party to a retail distribution agreement to be employed in connection with the initial sale of the Notes to the Public to require each broker-dealer that is a party to such retail distribution agreement to (A) report the prices at which it sells to the Public the unsold Notes of each Maturity allotted to it until it is notified by the winning bidder or such Underwriter that either the Actual Sales Rule has been satisfied as to the Notes of that Maturity or all Notes of that Maturity have been sold to the Public and (B) comply with the Hold-the-Offering-Price Rule, if

applicable, in each case if and for so long as directed by the winning bidder or such Underwriter and as set forth in the related pricing wires.

Sales of any Notes to any person that is a Related Party (as defined below) to an Underwriter shall not constitute sales to the Public for purposes of this Notice of Sale.

Definitions. For purposes of this “Establishment of Issue Price” section:

- (1) “Maturity” means Notes with the same credit and payment terms. Notes with different maturity dates, or Notes with the same maturity date but different stated interest rates, are treated as separate Maturities.
- (2) “Public” means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a Related Party to an Underwriter.
- (3) “Related Party” generally means any two or more persons who have greater than 50% common ownership, directly or indirectly.
- (4) “Underwriter” means (i) any person that agrees pursuant to a written contract with the Town (or with the lead Underwriter to form an underwriting syndicate) to participate in the initial sale of the Notes to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this definition to participate in the initial sale of the Notes to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Notes to the Public).

Official Statement. For more information regarding the Notes or the Town, reference is made to the Preliminary Official Statement dated May 16, 2019 (the “Official Statement”) describing the Notes and the financial condition of the Town. The Official Statement is available in electronic format at www.i-dealprospectus.com, and such electronic access is being provided as a matter of convenience only. Copies of the Official Statement may be obtained from the Municipal Advisor. The Town deems such Official Statement to be a final official statement for purposes of complying with Securities and Exchange Commission Rule 15c2-12 (the “Rule”), but such Official Statement is subject to revision or amendment as appropriate. The Town will make available to the purchaser five (5) copies of the final Official Statement at the Town’s expense, and the final Official Statement will be made available to the purchaser by no later than the earlier of the delivery of the Notes or by the seventh (7th) business day after the day bids on the Notes are received. If the Town’s Municipal Advisor, is provided with the necessary information from the purchaser by 12:00 o’clock noon on the day after the Sale Date, the copies of the final Official Statement will include an additional cover page and other pages, if necessary, indicating the interest rates, rating(s), yields or reoffering prices and the name of the managing underwriter of the Notes, and any corrections. The purchaser shall arrange with the Municipal Advisor the method of delivery of the copies of the final Official Statement to the purchaser.

Additional copies of the final Official Statement may be obtained by the purchaser at its own expense by arrangement with the printer.

Continuing Disclosure. As required by the Rule, the Town will undertake, pursuant to a Continuing Disclosure Agreement, to provide notice of the occurrence of certain events with respect to the Notes within ten (10) business days of the occurrence of such events. The Continuing Disclosure Agreement will be substantially in the form attached as Appendix E to the Official Statement. The winning bidder's obligation to purchase the Notes shall be conditioned upon its receiving, at or prior to delivery of the Notes, an executed copy of the Continuing Disclosure Agreement.

Delivery, Payment and Closing Requirements. The Notes will be delivered against payment in immediately available federal funds through the facilities of DTC, New York, New York or its agent via Fast Automated Securities Transfer ("FAST") on or about June 5, 2019. At or prior to the delivery of the Notes, the winning bidder shall be furnished, without cost, with (a) the approving opinion of Updike, Kelly & Spellacy, P.C. of Hartford, Connecticut (see "Bond Counsel Opinion" above); (b) a signature and no litigation certificate, in form satisfactory to said firm, dated as of the date of delivery of the Notes, and stating that there is no litigation pending, or to the knowledge of the signer or signers thereof threatened, affecting the validity of the Notes or the power of the Town to levy and collect taxes to pay them; (c) a certificate of Town Officials relating to the accuracy and completeness of the Official Statement, (d) an executed copy of the Continuing Disclosure Agreement; and (e) a receipt of payment for the Notes.

The Town will have no responsibility to pay for any expenses of the purchaser except to the extent specifically stated in this Notice of Sale. The purchaser will have no responsibility to pay for any of the Town's costs of issuance except to the extent specifically stated in this Notice of Sale. The purchaser will be responsible for the clearance or exemption with respect to the status of the Notes for sale under securities or "Blue Sky" laws and the preparation of any surveys or memoranda in connection with such sale. The Town shall have no responsibility for such clearance, exemption or preparation.

CUSIP Numbers. The deposit of the Notes with DTC under book-entry system requires the assignment of CUSIP numbers prior to delivery. The Town's Municipal Advisor will apply for CUSIP numbers for the Notes prior to delivery. Neither the failure to print such CUSIP number on any note, nor any error with respect thereto, shall constitute cause for a failure or refusal by the purchaser thereof to accept delivery of and pay for the Notes. All expenses in relation to the printing of CUSIP numbers on the Notes shall be paid by the Town provided, however, that the Town assumes no responsibility for any CUSIP Service Bureau charge or other charge that may be imposed for assignment of such numbers, which charges shall be the responsibility of and shall be paid for by the purchaser.

TOWN OF NEWINGTON, CONNECTICUT

By: TANYA LANE
Town Manager

By: JANET MURPHY
Director of Finance

May 16, 2019

(See attached form of Proposal for Notes)

EXHIBIT A

ISSUE PRICE CERTIFICATE

Town of Newington, Connecticut
\$[Par] General Obligation Bond Anticipation Notes
Dated and Issued June 5, 2019

The undersigned, on behalf of [Underwriter] (“[Short Name of Underwriter]”), hereby certifies as set forth below with respect to the sale of the above-captioned obligations (the “Notes”).

1. ***Due Authorization.*** The undersigned is a duly authorized representative of [Short Name of Underwriter], the purchaser of the Notes.

2. ***Purchase Price.*** The Town of Newington, Connecticut (the “Issuer”) sold to [Short Name of Underwriter], for delivery on or about June 5, 2019 (the “Issue Date”), the Notes at a price of par (\$[Par]), plus an aggregate net premium of \$_____ and less an underwriter’s discount of \$_____, resulting in an aggregate net purchase price of \$_____.

3. ***Reasonably Expected Initial Offering Price.***

(a) As of May 23, 2019 (the “Sale Date”), the reasonably expected initial offering price(s) of the Notes to the Public by [Short Name of Underwriter] are the prices listed in **Schedule A** (the “Expected Offering Prices”). The Expected Offering Prices are the prices for the Maturities of the Notes used by [Short Name of Underwriter] in formulating its bid to purchase the Notes. Attached as **Schedule B** is a true and correct copy of the bid provided by [Short Name of Underwriter] to purchase the Notes.

(b) [Short Name of Underwriter] was not given the opportunity to review other bids prior to submitting its bid.

(c) The bid submitted by [Short Name of Underwriter] constituted a firm offer to purchase the Notes.

4. ***Defined Terms.***

(a) “Maturity” means Notes with the same credit and payment terms. Notes with different maturity dates, or Notes with the same maturity date but different stated interest rates, are treated as separate Maturities.

(b) “Public” means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term “related party” for purposes of this certificate generally means any two or

more persons who have greater than fifty percent (50%) common ownership, directly or indirectly.

(c) “Underwriter” means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Notes to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this definition to participate in the initial sale of the Notes to the Public (including a member of the selling group or a party to a retail distribution agreement participating in the initial sale of the Notes to the Public).

5. ***Representations and Information.*** The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents [Short Name of Underwriter]’s interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder (collectively, the “Code”). The undersigned understands that the foregoing information will be relied upon by the Issuer in making its certification as to issue price of the Notes under the Code and with respect to compliance with the federal income tax rules affecting the Notes. Urdike, Kelly & Spellacy, P.C., bond counsel, may rely on the foregoing representations in rendering its opinion on the exclusion from federal gross income of the interest on the Notes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer relating to the Notes. Except as set forth above, no third party may rely on the foregoing certifications, and no party may rely hereon for any other purpose.

IN WITNESS WHEREOF, the undersigned has executed this Certificate as of June 5, 2019.

[UNDERWRITER]

By:_____

Name:

Title:

Schedule A to Issue Price Certificate

Maturity <u>Date</u>	<u>Principal Amount (\$)</u>	Interest <u>Rate (%)</u>	Price <u>(\$, not Yield)</u>
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Schedule B to Issue Price Certificate

[Copy of Bid]

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