

PRELIMINARY OFFICIAL STATEMENT DATED MAY 14, 2020

NEW MONEY ISSUE: Book-Entry-Only

RATINGS: S&P Global: "AA+"

In the opinion of Bond Counsel, based on existing statutes and court decisions and assuming the accuracy of representations and continuing compliance by the Town with certain covenants and procedures relating to certain requirements of the Internal Revenue Code of 1986, as amended (the "Code"), interest on the Bonds is excluded from the gross income of the owners thereof for Federal income tax purposes 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 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. See Appendix B – "Form of Opinion of Bond Counsel and Tax Matters" herein.



Town of Newington, Connecticut

\$15,000,000

General Obligation Bonds, Issue of 2020

Dated: Date of Delivery

Due: Serially, June 1, 2021-2040

Year	Principal	Coupon	Yield	CUSIP ¹	Year	Principal	Coupon	Yield	CUSIP ¹
2021	\$ 750,000	..%	..%	651469	2031	\$ 750,000	..%	..%	651469
2022	750,000	..%	..%	651469	2032	750,000	..%	..%	651469
2023	750,000	..%	..%	651469	2033	750,000	..%	..%	651469
2024	750,000	..%	..%	651469	2034	750,000	..%	..%	651469
2025	750,000	..%	..%	651469	2035	750,000	..%	..%	651469
2026	750,000	..%	..%	651469	2036	750,000	..%	..%	651469
2027	750,000	..%	..%	651469	2037	750,000	..%	..%	651469
2028	750,000	..%	..%	651469	2038	750,000	..%	..%	651469
2029	750,000	..%	..%	651469	2039	750,000	..%	..%	651469
2030	750,000	..%	..%	651469	2040	750,000	..%	..%	651469

Interest on the Bonds will be payable on December 1, 2020 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 21, 2020, at the offices of Phoenix Advisors, LLC, 53 River Street, Milford, Connecticut 06460.

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

The Bonds 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 when due. (See "Security and Remedies" herein.)

The Bonds 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 in book-entry-only form will be made to DTC or its agent via "FAST" on or about June 4, 2020. The Registrar, Transfer Agent, Certifying Agent and Paying Agent will be U.S. Bank National Association.

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.



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, 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 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 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 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 opinion in Appendix B 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
I. Bond Information.....	2	Assessment Practices.....	25
Introduction.....	2	Property Tax Levy and Collection Procedures.....	25
COVID-19 Outbreak.....	2	Comparative Assessed Valuations.....	26
Municipal Advisor.....	3	Exempt Property.....	26
The Bonds.....	4	Ten Largest Taxpayers.....	27
Redemption Provisions.....	4	Property Tax Levies and Collections.....	27
Authorization and Purpose.....	5	Property Taxes Receivable.....	27
Use of Proceeds.....	5	V. Debt Summary.....	28
Book-Entry-Only Transfer System.....	5	Principal Amount of Bonded Indebtedness.....	28
DTC Practices.....	6	Short-Term Debt.....	28
Replacement Securities.....	7	Other Obligations.....	28
Security and Remedies.....	7	Overlapping/Underlying Debt.....	28
Qualification for Financial Institutions.....	7	Annual Bonded Debt Maturity Schedule.....	29
Availability of Continuing Disclosure.....	8	Debt Statement.....	29
Ratings.....	8	Current Debt Ratios.....	30
Bond Insurance.....	8	Bond Authorization.....	31
II. The Issuer.....	9	Temporary Financing.....	31
Description of the Municipality.....	9	Maturities.....	31
Description of Government.....	10	Limitation of Indebtedness.....	31
Principal Municipal Officials.....	10	Statement of Statutory Debt Limitation.....	33
Organization Chart.....	11	Authorized but Unissued Debt.....	33
Summary of Municipal Services.....	12	Ratios of Net Long-Term Debt to Valuation,	
Principal Public Facilities.....	13	Population and Income.....	34
School Facilities.....	14	Ratio of Annual Long-Term General Fund Debt Service	
School Enrollment.....	14	Expenditures To Total General Fund Expenditures.....	34
Municipal Employees.....	15	Principal Amount of Outstanding Debt.....	34
Municipal Employee Bargaining Organizations.....	15	VI. Financial Administration.....	35
III. Demographic and Economic Data.....	16	Fiscal Year.....	35
Economic Condition and Outlook.....	16	Audit.....	35
Economic Development Initiatives.....	16	Summary of Accounting Principles.....	35
Population and Density.....	18	Budgetary Control.....	35
Age Distribution of the Population.....	18	Capital Improvement Plan.....	36
Income Distribution.....	18	Investment Practices.....	37
Income Levels.....	19	Certificate of Achievement.....	37
Educational Attainment.....	19	Pension Plans.....	37
Labor Force Data.....	19	Deferred Compensation Plan.....	40
Commute to Work.....	20	Other Post-Employment Benefits.....	40
Employment by Industry.....	20	Risk Management.....	41
Major Employers.....	21	Compensated Absences.....	42
Age Distribution of Housing.....	21	Financial Results for Fiscal Year 2020.....	42
Housing Inventory.....	21	Comparative Balance Sheets – General Fund.....	43
Housing Unit Vacancy Rates.....	22	Intergovernmental Revenues as a Percent of Total Revenues.....	43
Owner Occupied Housing Values.....	22	General Fund Revenues and Expenditures.....	44
Number and Value of Building Permits.....	23	VII. Legal and Other Information.....	45
Breakdown of Land Use.....	23	Litigation.....	45
		Transcript and Closing Documents.....	45
		Concluding Statement.....	46
		Appendix A - 2019 General Purpose Financial Statements	
		Appendix B - Form of Opinion of Bond Counsel and Tax Matters	
		Appendix C - Form of Continuing Disclosure Agreement	
		Appendix D - Notice of Sale	

Bond Issue Summary

The information in this Bond Issue Summary, and the front 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 21, 2020 at 11:30 A.M. (Eastern Time).
Location of Sale:	Offices of Phoenix Advisors, LLC, 53 River Street, Milford, Connecticut 06460.
Issuer:	Town of Newington, Connecticut (the "Town").
Issue:	\$15,000,000 General Obligation Bonds, Issue of 2020 (the "Bonds").
Dated Date:	Date of Delivery.
Interest Due:	Interest due December 1, 2020 and semiannually thereafter on June 1 and December 1 in each year until maturity.
Principal Due:	Principal due serially, June 1, 2021 through June 1, 2040 as detailed on the cover of this Official Statement.
Purpose:	The Bond proceeds will be used to finance the Town Hall and Community Center Project including the retirement of notes issued to finance such 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" 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 C 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:	Udike, 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 4, 2020. 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.

I. Bond 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 \$15,000,000 General Obligation Bonds, Issue of 2020 (the "Bonds") 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. 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 and the proceedings of the Town relating thereto are qualified in their entirety by reference to the definitive form of the Bonds 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. The legal opinion for the Bonds 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".

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 opinion in Appendix B herein), and makes no representation that it has independently verified the same.

COVID-19 Outbreak

The outbreak of COVID-19, a respiratory virus caused by a new strain of coronavirus, has been declared a Public Health Emergency of International Concern by the World Health Organization. On March 13, 2020, in response to the COVID-19 outbreak, the President of the United States declared a national emergency. The spread of the virus has affected travel, commerce and financial markets globally, and is expected to affect global, national and State economic growth. Financial markets in the United States and throughout the world have seen a significant increase in volatility attributed to COVID-19 concerns, including significant declines in the stock and bond markets.

In the State of Connecticut, the Governor declared a state of emergency on March 10, 2020 as a result of the COVID-19 outbreak. The Governor has issued numerous Executive Orders prohibiting certain activities in an attempt to slow the spread of COVID-19, including cancellation of all public-school classes for all students, restrictions on the number of people who can attend gatherings of all types, reduction and suspension of activity at State offices, agencies and facilities, the suspension of in-person municipal voting requirements, limiting restaurants to take-out and delivery service only, and the closure of all non-essential businesses.

On April 1, 2020, the Governor issued Executive Order No. 7S entitled "Protection of Public Health and Safety During COVID-19 Pandemic and Response – Safe Stores, Relief for Policyholders, Taxpayers, and Tenants", which was subsequently amended by Executive Order No. 7W issued April 9, 2020 (as amended, "Executive Order No. 7S"). Section 6 of Executive Order 7S established two programs, a "Deferment Program" and a "Low Interest Rate Program". The Deferment Program, for the period April 1, 2020 through and including July 1, 2020, offers eligible taxpayers, businesses, nonprofits, and residents a deferment by three (3) months of any taxes on real property, personal property or motor vehicles, or municipal water, sewer and electric rates, charges or assessments for such tax, rate, charge, or assessment from the time it became due and payable. Eligible taxpayers, businesses, nonprofits, and residents are those that attest to or document significant economic impact by COVID-19, and/or those that document they are providing relief to those significantly affected by the COVID-19 pandemic. The Low Interest Rate Program provides a three percent (3%) per annum interest rate to all taxpayers on the delinquent portion of the principal of any taxes on real property, personal property or motor vehicles, or municipal water, sewer and electric rates, charges or

assessments, or part thereof, for three (3) months from the time when it became due and payable until the same is paid, for any such tax, rate, charge, or assessment due and payable from April 1, 2020 through and including July 1, 2020, unless such delinquent portion is subject to interest and penalties at less than three percent (3%) per annum.

Financial institutions and mortgage servicers that hold property tax payments in escrow on behalf of a borrower shall continue to remit property taxes to the municipality, so long as the borrower remains current on their mortgage or is in a forbearance or deferment program, irrespective of the borrower's eligibility for or participation in the Deferment Program or the Low Interest Rate Program. Municipalities were required to elect participation in one or both programs by vote of its legislative body no later than April 25, 2020.

The Town has elected to adopt both the Deferment Program and Low Interest Rate Program that were a result of the Governor's Executive Order 7S. Under the Low Interest Rate program, the Town will extend to taxpayers that have delinquent taxes as of March 10, 2020 a reduced interest rate from 18% to 1.5% monthly to 3% annually or .25% monthly for a period of 90 days ending July 1, 2020. This program will allow taxpayers that have delinquent balances a reduction in interest for a maximum of 90 days, but payment has to be received within the 90 day period. If payment is not received by July 1, 2020 then the interest rate reverts back to 18% as if the "Low Interest Rate Program" never existed. The loss of revenue that could result from this program would equal \$56,000 if everyone who had delinquent taxes paid within the program's three month period. The Deferment Program offers an extension of 90 days for taxpayers to pay their July 2020 tax bills. The bills are still due July 1, 2020 but the grace period that normally extends to August 1st will now extend until October 1st. The taxpayers can pay their bills up to 90 days after the due date without any penalty or interest. The financial impact to the Town of this program would be an estimated \$150,000. Loss of revenue would result from the interest that the Town receives on collections paid after August 1st. In addition to revenue loss, this program would have an impact on cash flow. The Town anticipates that it will collect enough revenue from escrow accounts to cover the projected expenditures. The Town believes it has adequate cash reserves available to withstand the delay in cash flows, as long as careful monitoring of expenditures occurs during the 2020-21 fiscal year.

Additional Executive Orders may be issued from time to time. The State has a dedicated website providing up-to-date information concerning the State's actions in response to the COVID-19 virus, including the Executive Orders, at: [CT.Gov/coronavirus](https://www.ct.gov/coronavirus). Neither the Town nor any of the other parties involved with the issuance of the Bonds has reviewed the information provided by the State on this website and such parties take no responsibility for the accuracy thereof.

The potential long-term impact of the COVID-19 pandemic, including the national and State response thereto, cannot be predicted at this time, but could have a materially adverse effect on the economies of the State and its municipalities, including the Town, and the Town's finances, credit ratings and ability to pay the debt service on the Bonds in the future. In particular, the ability of the State to provide the same level of assistance to Connecticut municipalities, such as the Town, as in prior fiscal years may be negatively impacted.

In the short term, the Town's finances remain stable and the Town is expected to end the current fiscal year with a surplus of approximately \$1.5 million. See "Financial Results for Fiscal Year 2020 – as of April 30, 2020".

Municipal Advisor

Phoenix Advisors, LLC, of Milford, Connecticut has served as Municipal Advisor to the Town with respect to the issuance of the Bonds (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 14, 2020, a copy of which appears as Appendix D, 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 cover page 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, 2020 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.

Redemption Provisions

The Bonds maturing on or before June 1, 2026 are not subject to redemption prior to maturity. The Bonds maturing on June 1, 2027 and thereafter are subject to redemption prior to maturity, at the election of the Town, on or after June 1, 2026, 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, 2026 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 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

Project	Borrowing Authorization	This Issue
		The Bonds
Town Hall & Community Center Project....	\$ 28,800,000	\$ 15,000,000
Total.....	\$ 28,800,000	\$ 15,000,000

Book-Entry-Only Transfer System

The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the Bonds. The Bonds 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 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 under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds 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 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, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds 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 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; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Bonds 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 may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the bond documents. For example, Beneficial Owners of the Bonds may wish to ascertain that the nominee holding the Bonds 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 the Bonds 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 the Bonds 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 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 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 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 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 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, and the Town fails to identify another qualified securities depository for the Bond 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 issue fully-registered bond certificates directly to the Beneficial Owner. A Beneficial Owner of the Bonds, upon registration of certificates held in such Beneficial Owner's name, will become the registered owner of the Bonds.

Security and Remedies

The Bonds 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 when due. Unless paid from other sources, the Bonds 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 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.

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 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 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 **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.

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”), 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. 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.

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

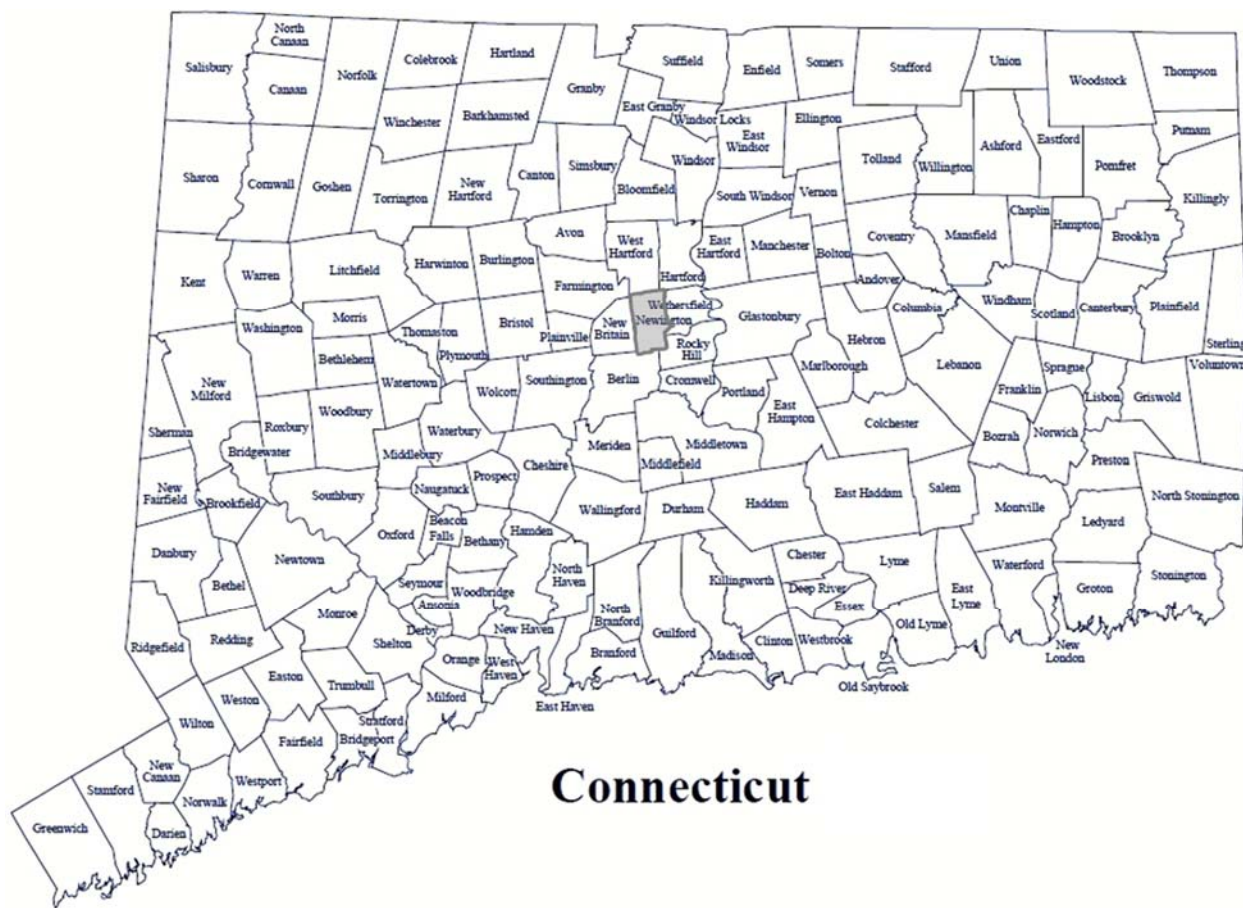
The Bonds have been rated “AA+” by S&P Global. Such ratings reflect only the views of such organization and any explanation of the significance of such ratings should be obtained from the rating agency. Generally, a rating agency bases its rating on the information and materials furnished to it and on 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.

Bond Insurance

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

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II. The Issuer



Connecticut

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 7.3% 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 4,052 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 \$4,417,900, is included in the Town's 2019-20 General Fund budget.

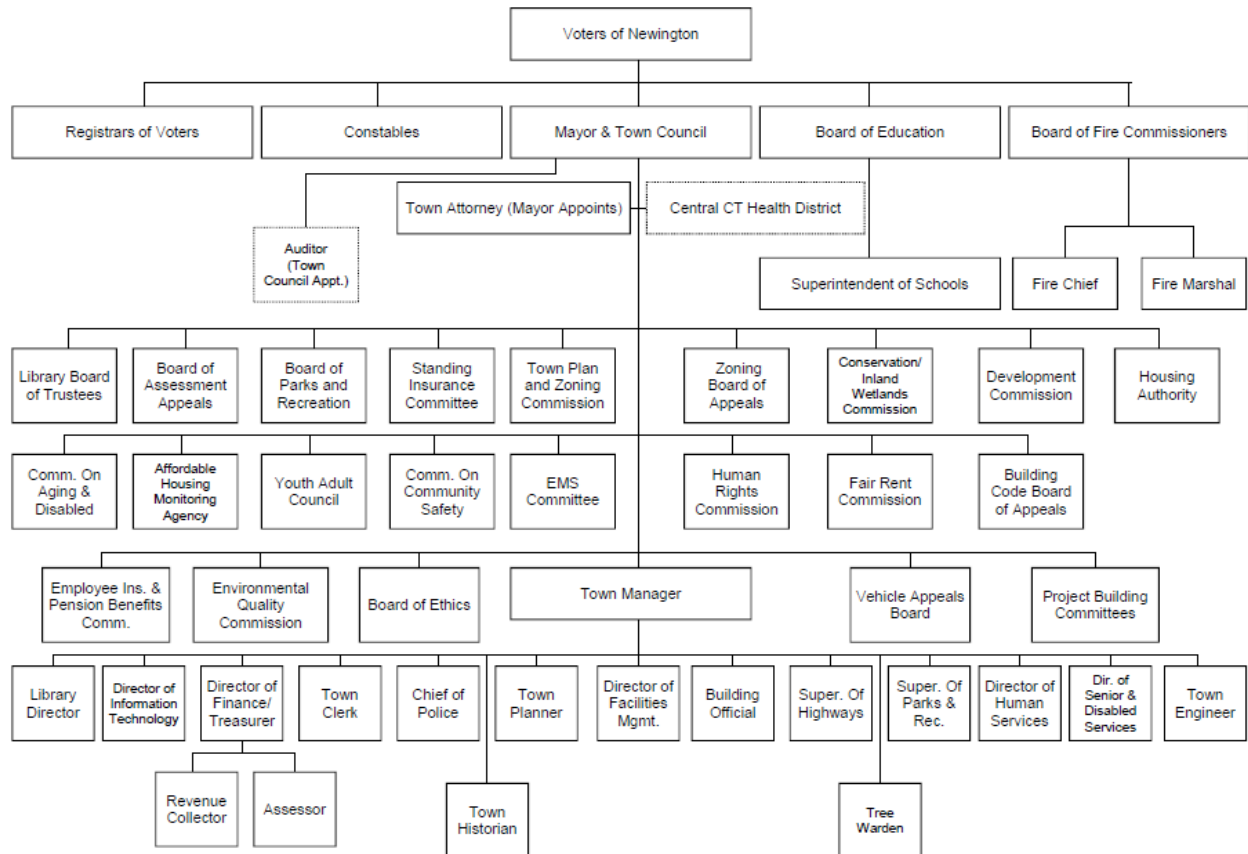
Principal Municipal Officials

Office	Name	Manner of Selection	Term	Length Of Service
Town Council:				
Mayor.....	Beth DelBuono	Elected	2 years	9 years
Councilor.....	Carol Anest	Elected	2 years	5 years
Councilor.....	Timothy Manke	Elected	2 years	5 years
Councilor.....	Gail Budrejko	Elected	2 years	5 years
Councilor.....	Michael Camillo	Elected	2 years	1 year
Councilor.....	John Donahue	Elected	2 years	1 year
Councilor.....	David Nagel	Elected	2 years	1 year
Councilor.....	Chris Miner	Elected	2 years	3 years
Councilor.....	Sharon Braverman	Elected	2 years	1 year
Town Manager.....	Keith Chapman ¹	Appointed	Indefinite	6 months
Director of Finance/Treasurer...	Janet Murphy	Appointed	Indefinite	3 years
Revenue Collector.....	Corinne Aldinger	Appointed	Indefinite	14 years
Assessor.....	Steve Kosofsky	Appointed	Indefinite	4 years
Town Planner.....	Craig Minor	Appointed	Indefinite	9 years
Town Clerk.....	James Krupienski	Appointed	Indefinite	4 years
Town Attorney.....	Ben Ancona	Appointed	Indefinite	5 years
Superintendent of Schools.....	Dr. Maureen Brummett	Appointed	Indefinite	1 year

¹ Mr. Chapman was appointed on January 8, 2020 for a 6 month period which is subject to renewal. Mr. Chapman had been the Town Manager for the Town of Newington from 1991-2001.

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 45 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 2019-20 totals \$4,417,900.

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	10/1/2019 Enrollment	Rated Capacity
Elizabeth Green.....	K-4	1924	1996/1999/2004	20	284	380
Anna Reynolds.....	K-4	1955	2000	19	407	500
John Paterson.....	K-4	1962	2000	22	392	540
Ruth Chaffee.....	K-4	1953	1996/1999/2004	22	324	400
John Wallace.....	5-8	1973	2000	33	659	858
Martin Kellogg.....	5-8	1958	2000	29	629	792
Newington High.....	9-12	1971	2000	84	1,302	1,402
Total.....				229	3,997	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			
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
2019	1,407	1,288	1,302	55		4,052
School Year	Projected				Special Education	Total
	K-4 ²	5-8	9-12			
2020	1,425	1,290	1,304	64		4,083
2021	1,425	1,242	1,310	64		4,041
2022	1,392	1,262	1,339	64		4,057
2023	1,419	1,243	1,345	64		4,071
2024	1,418	1,195	1,314	64		3,991
2025	1,410	1,183	1,277	64		3,934

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:

	2019	2018	2017	2016	2015
General Government.....	171	171	169	169	169
Board of Education. ¹	507	508	515	517	510
Total.....	678	679	684	686	679

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 ¹
Teachers (Newington Teacher's Association).....	355	6/30/2021
NASA (Certified Administrators)	24	6/30/2022
School Nurses.....	10	<i>tbd</i> ¹
Certified Non-Instructional Administrators	4	<i>tbd</i> ¹
Total Unionized Board of Education Employees.....	493	
General Government		
Police (IBPO – Local 443).....	58	6/30/2021
Central Staff (AFSCME – Local 2930).....	67	6/30/2020 ¹
Total Unionized General Government Employees.....	125	

Source: Town of Newington

¹ In negotiations.

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, 2019 Grand List increased by 0.63% 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 5.54% or \$8,578,140 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 2019 Grand List totaled \$2,256,364,870 which is an increase of \$3,075,360 or .14% more than the 2018 Grand List. This increase was attributable to the completion of several new buildings in Town including O'Reilly's Auto Parts Store at 3443 Berlin Turnpike, the Chick-Fil-A fast food restaurant at 3240 Berlin Turnpike and the Goodard School day care center at 320 Alumni Road. The Motor Vehicle section of the 2019 Grant List totals \$237,501,404 which is an increase of \$5,020,394 or 2.16% over the 2018 Grand List. Although the total number of motor vehicles being assessed was slightly less than last year, the average assessment of the vehicles on the list this year increased from \$8,075 to \$8,324 to reflect the increase in the cost of newer vehicles. The 2019 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 11.55% of the total assessed value on the October 1, 2019 Grand List. The Town's tax collection rate for the fiscal year ended June 30, 2019 was 99.18%, a slight increase from the rate achieved in the fiscal year ending 2018. Current year tax collections are similar to the same period of the previous year.

For fiscal year ending 2019 building permit activity generated \$50 million in construction value, representing an increase of approximately \$28.5 million from the prior year. The largest part of the construction was the building of the new Town Hall/Community Center. Other construction included the remodeling of several businesses including Stop and Shop, Target Store, McDonalds and Party City. There was also work completed for Chick-fil-A and O'Reilly's Auto Parts Store 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 two residential units during the 2019 fiscal year.

Economic Development Initiatives

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

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

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

An area of concentration that historically has not been a priority for the Town is regionalization with its neighboring towns. Due to the challenges faced throughout the entire northeast, the Town has recognized that working with other municipalities and the State of Connecticut can derive benefits that could aid in expansion of its tax revenues and employment opportunities. The Town has partnered with commercial realtors and developers to discuss student housing opportunities for local colleges and universities. The Town plans to continue to collaborate with adjacent colleges and universities such as, CCSU, Trinity College, the University of Hartford, and other institutions for internship and employment opportunities.

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

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

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
2018 ¹	30,323	(0.8)	2,314.7

¹ American Community Survey, 2014-2018

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.....	1,229	4.1%	184,983	5.2%
5 to 9 years.....	1,473	4.9	201,006	5.6
10 to 14 years.....	1,553	5.1	224,135	6.3
15 to 19 years.....	2,085	6.9	247,182	6.9
20 to 24 years.....	1,747	5.8	245,490	6.9
25 to 34 years.....	3,272	10.8	439,848	12.3
35 to 44 years.....	3,713	12.2	427,023	11.9
45 to 54 years.....	4,561	15.0	522,138	14.6
55 to 59 years.....	2,406	7.9	266,170	7.4
60 to 64 years.....	1,819	6.0	235,949	6.6
65 to 74 years.....	3,320	10.9	327,414	9.1
75 to 84 years.....	1,903	6.3	170,979	4.8
85 years and over	1,242	4.1	89,187	2.5
Total.....	30,323	100.0%	3,581,504	100.0%

2018 median age (years)..... 45.1 40.8

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

Source: American Community Survey, 2014-2018

U.S. Bureau of Census, 2010 Census.

Income Distribution

	Town of Newington		State of Connecticut	
	Families	Percent	Families	Percent
Less than \$10,000.....	108	1.4%	26,021	2.9%
\$10,000 to \$14,999.....	107	1.4	16,472	1.8
\$15,000 to \$24,999.....	180	2.3	38,804	4.3
\$25,000 to \$34,999.....	331	4.3	50,215	5.6
\$35,000 to \$49,999.....	701	9.1	80,042	9.0
\$50,000 to \$74,999.....	1,040	13.5	127,676	14.3
\$75,000 to \$99,999.....	1,402	18.2	118,848	13.3
\$100,000 to \$149,999...	2,041	26.6	186,154	20.8
\$150,000 to \$199,999...	1,197	15.6	105,285	11.8
\$200,000 or more.....	577	7.5	143,423	16.1
Total.....	7,684	100.0%	892,940	100.0%

Source: American Community Survey, 2014-2018

Income Levels

	Town of Newington	State of Connecticut
Per Capita Income, 2018.....	\$39,117	\$43,056
Per Capita Income, 2010.....	\$35,055	\$36,613
Median Family Income, 2018.....	\$99,460	\$97,310
Median Family Income, 2010.....	\$84,132	\$84,558
Median Household Income, 2018.....	\$80,310	\$76,106
Median Household Income, 2010.....	\$71,817	\$69,243

Source: American Community Survey, 2014-2018

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.....	824	3.7%	101,068	4.1%
9th to 12th grade, no diploma.....	1,026	4.6	134,758	5.4
High School graduate (includes equivalency).....	5,766	25.9	670,519	27.1
Some college, no degree.....	3,727	16.8	416,267	16.8
Associate's degree.....	2,003	9.0	190,869	7.7
Bachelor's degree.....	5,482	24.7	538,924	21.7
Graduate or professional degree.....	3,408	15.3	426,303	17.2
Total.....	22,236	100.0%	2,478,708	100.0%
Total high school graduate or higher (%).....	91.70%		90.50%	
Total bachelor's degree or higher (%).....	40.00%		38.90%	

Source: American Community Survey, 2014-2018

Labor Force Data

	Town of Newington		Percentage Unemployed		
Period	Employed	Unemployed	Town of Newington	Hartford Labor Market	State of Connecticut
March 2020.....	16,947	571	3.3	3.9	3.9
Annual Average					
2019	16,970	588	3.4	3.8	3.7
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

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.....	13,859	86.8%	1,391,925	78.8%
Car pools.....	1,226	7.8	143,527	8.4
Using public transportation.....	227	1.8	84,347	4.5
Walked.....	116	0.8	49,525	3.0
Using other means.....	176	1.0	20,763	1.3
Worked at home.....	650	1.8	90,566	4.0
Total.....	16,254	100.0%	1,780,653	100.0%
Mean travel to work (minutes).....	21.3		26.3	

Source: American Community Survey, 2014-2018

Employment by Industry

Sector	Town of Newington		State of Connecticut	
	Number	Percent	Number	Percent
Agriculture, forestry, fishing and hunting, and mining.....	22	0.1%	7,195	0.4%
Construction.....	773	4.6	107,331	5.9
Manufacturing.....	1,891	11.4	190,995	10.5
Wholesale trade.....	430	2.6	44,714	2.5
Retail trade.....	1,614	9.7	191,939	10.6
Transportation warehousing, and utilities...	496	3.0	72,806	4.0
Information.....	312	1.9	41,839	2.3
Finance, insurance, real estate, and leasing.	1,859	11.2	164,607	9.1
Professional, scientific, management, administrative, and waste management....	1,708	10.3	207,632	11.5
Education, health and social services.....	4,447	26.7	479,677	26.5
Arts, entertainment, recreation, accommodation and food services.....	1,346	8.1	150,852	8.3
Other services (except public admin.).....	841	5.1	83,686	4.6
Public Administration.....	907	5.4	67,172	3.7
Total Labor Force, Employed.....	16,646	100.0%	1,810,445	100.0%

Source: American Community Survey, 2014-2018

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	1,066
Hartford Hospital-Newington Campus.....	Health Services	1,219
Town of Newington.....	Government	1,216
Data-Mail, Inc.....	Direct Mail Service	610
Veterans Administration Hospital.....	Health Services	370
Stew Leonards.....	Grocery	275
Newington Rapid Recovery.....	Health Services	225
Target	Retail Trade	210
Walmart.....	Retail Trade	202
C&S (formerly Davidson Company).....	Distributors	177

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.....	4,547	35.6%	337,795	22.3%
1940 to 1969.....	2,208	17.3	533,321	35.3
1970 to 1979.....	2,919	22.8	201,360	13.3
1980 to 1989.....	1,432	11.2	191,306	12.6
1990 to 1999.....	779	6.1	115,459	7.6
2000 or 2009.....	729	5.7	103,632	6.9
2010 or later.....	172	1.3	29,432	1.9
Total Housing Units.....	12,786	100.0%	1,512,305	100.0%

Source: American Community Survey, 2014-2018

Housing Inventory

Type	Town of Newington		State of Connecticut	
	Units	Percent	Units	Percent
1-unit, detached.....	8,184	64.0%	892,608	59.0%
1-unit, attached.....	1,443	11.3	80,684	5.3
2 units.....	393	3.1	123,908	8.2
3 or 4 units.....	587	4.6	130,948	8.7
5 to 9 units.....	691	5.4	84,021	5.6
10 to 19 units.....	973	7.6	57,153	3.8
20 or more units.....	505	3.9	130,872	8.7
Mobile home.....	10	0.1	11,734	0.8
Boat, RV, van, etc.....	-	-	377	0.0
Total Inventory.....	12,786	100.0%	1,512,305	100.0%

Source: American Community Survey, 2014-2018

Housing Unit Vacancy Rates

Units	Town of Newington		State of Connecticut	
	Units	Percent	Units	Percent
Occupied housing units.....	12,394	96.9%	1,367,374	90.4%
Vacant housing units.....	392	3.1%	144,931	9.6%
Total units.....	12,786	100.0%	1,512,305	100.0%
Homeowner vacancy rate.....	1.2%		1.8%	
Rental vacancy rate.....	3.7%		6.4%	

Source: American Community Survey, 2014-2018

Owner-Occupied Housing Units

Specified Owner-Occupied Units	Town of Newington		State of Connecticut	
	Number	Percent	Number	Percent
Less than \$50,000.....	175	1.8%	21,254	2.3%
\$50,000 to \$99,000.....	251	2.6	29,211	3.2
\$100,000 to \$149,999.....	800	8.3	81,446	9.0
\$150,000 to \$199,000.....	2,027	21.1	139,715	15.4
\$200,000 to \$299,999.....	4,479	46.7	245,801	27.1
\$300,000 to \$499,999.....	1,717	17.9	240,706	26.5
\$500,000 to \$999,999.....	92	1.0	106,993	11.8
\$1,000,000 or more.....	45	0.5	42,008	4.6
Total.....	9,586	100.0%	907,134	100.0%
Median Value.....	\$232,700		\$272,700	

Source: American Community Survey, 2014-2018

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Number and Value of Building Permits

Fiscal Year	Residential		Comm./Industrial		Other/Exempt		Total	
	No.	Value	No.	Value	No.	Value	No.	Value
2020 ¹	4	\$ 782,490	1	\$ 1,348,000	151	\$ 16,645,412	156	\$ 18,775,902
2019	1	150,000	3	1,265,000	1,861	49,029,935	1,865	50,444,935
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

¹ As of 3/31/20.

Source: Town of Newington, Building Official

Breakdown of Land Use

Land Use Category	Acres as of February 2019	Percent
<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, 2018 assessment year is 39.45 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 lien-ed 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.

The Town has elected to adopt both the Deferment Program and Low Interest Rate Program that were a result of the Governor's Executive Order 7S. See "COVID-19 Outbreak" herein.

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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
2019	59.9	21.1	0.6	9.8	8.6	\$ 2,774,712	\$ 117,464	\$ 2,657,248
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

¹ General Revaluation.

Source: Town of Newington, Assessor's Office.

Exempt Property

Public	Assessed Value (10/1/19)
Regular Veterans.....	\$ 5,867,950
Additional Veterans.....	570,120
Additional Veterans (1/2).....	1,372,680
100% Disabled and Blind.....	237,610
Local Option Veterans (non-reimbursed).....	309,190
Local Option Disability (non-remibursed).....	-
Solar Energy.....	3,969,360
Public buildings/property.....	402,117,470
Sub-Total Public.....	\$ 414,444,380
Private	
Agricultural or Horticultural.....	\$ -
Manufacturing machinery.....	97,322,410
Commercial Hauler Truck Exemption.....	420,410
Tax Exempt Personal Property.....	7,393,870
Enterprise zone.....	-
Miscellaneous.....	-
Sub-Total Private.....	\$ 105,136,690
Total Exempt Property.....	\$ 519,581,070
Percent Compared to Net Taxable Grand List...	19.55%

Source: Town of Newington, Assessor's Office

Ten Largest Taxpayers

<i>Name of Taxpayer</i>	<i>Nature of Business</i>	<i>Taxable Valuation As of 10/1/19</i>	<i>Percent of Net Taxable Grand List ¹</i>
Eversource.....	Utility	\$ 54,563,310	2.05%
Mandell Properties/Data Mail.....	Direct Mail Service	25,786,750	0.97%
IREIT Newington Fair LLC.....	Shopping Center	21,509,790	0.81%
Newington VF, LLC.....	Shopping Center	20,300,000	0.76%
Newington Gross LLC.....	Shopping Center	19,462,690	0.73%
GKN Aerospace.....	Manufacturing	19,259,810	0.72%
TLG Newington LLC.....	Shopping Center	18,315,500	0.69%
Brixmor GA Turnpike Plaza LLC.....	Shopping Center	17,850,000	0.67%
Hayes Kaufmann Associates.....	Real Estate	13,724,370	0.52%
Scelza/Landmark Cambridge/Baldwin Apts....	Apartments	13,069,520	0.49%
Total.....		\$ 223,841,740	8.42%

¹ Based on a Net Taxable Grand List for October 1, 2019 of \$2,657,248,000.

Source: Town of Newington, Assessor's Office.

Property Tax Levies and Collections

<i>Grand List of 10/1</i>	<i>Fiscal Year Ending 6/30</i>	<i>Net Taxable Grand List (000s)</i>	<i>Mill Rate</i>	<i>Adjusted Annual Levy</i>	<i>Percent of Annual Levy Collected at End of Fiscal Year</i>	<i>Percent of Annual Levy Uncollected at End of Fiscal Year</i>	<i>Percent of Annual Levy Uncollected as of 6/30/2019</i>
2018	2020	\$ 2,640,575	39.45	\$ 104,728,590	<i>IN COLLECTION</i>		
2017	2019	2,624,409	38.50	99,245,388	99.16	0.84	0.84
2016	2018	2,610,601	36.59	94,975,000	99.05	0.95	0.16
2015	2017	2,631,871	35.75	93,302,000	99.30	0.70	0.09
2014	2016	2,578,975	35.80	91,453,000	99.30	0.70	0.05
2013	2015	2,575,442	34.77	88,599,000	99.20	0.80	0.03
2012	2014	2,537,447	33.63	85,346,000	99.10	0.90	0.01
2011	2013	2,564,277	32.64	82,937,000	99.30	0.70	0.02
2010	2012	2,679,239	30.02	80,441,429	98.90	1.10	0.03
2009	2011	2,667,951	29.18	77,679,105	98.78	1.22	-

Source: Town of Newington, Tax Collector

Property Taxes Receivable

<i>Fiscal Year Ended 6/30</i>	<i>Current Year Levy Uncollected</i>	<i>Total Uncollected (Current & Prior Years)</i>
2019	\$ 829,000	\$ 1,364,000
2018	911,000	1,468,000
2017	673,000	1,146,000
2016	643,000	1,042,000
2015	720,000	1,228,000

Source: Town of Newington Financial Statements, 2015-2

V. Debt Summary

Principal Amount of Bonded Indebtedness As of June 4, 2020 (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 - General Purpose	1.00–4.00	\$ 4,820,000	\$ 1,772,000	2025
3/01/2013	Refunding - School Improvement	1.00–4.00	4,990,000	1,038,000	2024
6/05/2019	General Purpose	3.00–5.00	6,727,445	6,412,500	2039
6/05/2019	School	3.00–5.00	2,272,555	2,137,500	2039
Total Outstanding Bonded Debt.....			\$ 18,810,000	\$ 11,360,000	
This Issue					
6/4/2020	General Purpose	<i>tbd</i>	\$ 11,212,000	\$ 11,212,000	2040
6/4/2020	School	<i>tbd</i>	3,788,000	3,788,000	2040
Total This Issue.....			15,000,000	15,000,000	
Grand Total.....			\$ 33,810,000	\$ 26,360,000	

¹ Excludes Refunded Bonds.

Short-Term Debt

The Town has no outstanding short-term debt as of June 4, 2020.

Other Obligations

The Town has entered into two lease agreements as lessee for financing the acquisition of fire trucks. 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, 2019, the outstanding aggregate balance owed on the leases is \$794,000.

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 June 30, 2019

Net overlapping debt for all member towns.....	\$ 922,227,000
Newington’s percent of net overlapping debt.....	8.97%
Newington’s share of net overlapping debt.....	\$ 82,723,762

Source: Metropolitan District Commission Official Statement Dated June 30, 2019.

The net overlapping debt for all member towns excludes \$922,227,000 in debt issued pursuant to authorizations approved. As of June 30, 2019, the net direct district debt attributable to the Town is \$82,723,762 or 8.97%.

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 4, 2020
(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		
2021	\$ 1,125,000	\$ 393,931	\$ 1,518,931	\$ 560,600	\$ 189,400	\$ 750,000	\$ 1,875,000	7.1%
2022	1,115,000	357,931	1,472,931	560,600	189,400	750,000	1,865,000	14.2%
2023	1,100,000	322,131	1,422,131	560,600	189,400	750,000	1,850,000	21.2%
2024	1,085,000	286,631	1,371,631	560,600	189,400	750,000	1,835,000	28.2%
2025	635,000	251,431	886,431	560,600	189,400	750,000	1,385,000	33.4%
2026	450,000	225,000	675,000	560,600	189,400	750,000	1,200,000	38.0%
2027	450,000	202,500	652,500	560,600	189,400	750,000	1,200,000	42.5%
2028	450,000	184,500	634,500	560,600	189,400	750,000	1,200,000	47.1%
2029	450,000	166,500	616,500	560,600	189,400	750,000	1,200,000	51.6%
2030	450,000	148,500	598,500	560,600	189,400	750,000	1,200,000	56.2%
2031	450,000	130,500	580,500	560,600	189,400	750,000	1,200,000	60.7%
2032	450,000	112,500	562,500	560,600	189,400	750,000	1,200,000	65.3%
2033	450,000	94,500	544,500	560,600	189,400	750,000	1,200,000	69.8%
2034	450,000	81,000	531,000	560,600	189,400	750,000	1,200,000	74.4%
2035	450,000	67,500	517,500	560,600	189,400	750,000	1,200,000	78.9%
2036	450,000	54,000	504,000	560,600	189,400	750,000	1,200,000	83.5%
2037	450,000	40,500	490,500	560,600	189,400	750,000	1,200,000	88.1%
2038	450,000	27,000	477,000	560,600	189,400	750,000	1,200,000	92.6%
2039	450,000	13,500	463,500	560,600	189,400	750,000	1,200,000	97.2%
2040	-	-	-	560,600	189,400	750,000	750,000	100.0%
Total.....	\$11,360,000	\$ 3,160,056	\$14,520,056	\$11,212,000	\$ 3,788,000	\$15,000,000	\$ 26,360,000	

Debt Statement
As of June 4, 2020
(Pro-Forma)

Long-Term Debt Outstanding: ¹

General Purpose (Includes this issue).....	\$ 19,396,500
Schools (Includes this issue).....	6,963,500
Total Long-Term Debt.....	26,360,000
Short-Term Debt	-
Total Direct Debt.....	26,360,000
Overlapping/Underlying Debt (MDC Debt).....	82,723,762
Total Overall Debt.....	109,083,762
Less: School Construction Grants Receivable (As of June 30, 2019)	-
Total Overall Net Debt.....	\$ 109,083,762

¹ Excludes Capital Leases.

Current Debt Ratios
As of June 4, 2020
(Pro-Forma)

Population ¹	30,562
Net Taxable Grand List (10/1/19)	\$ 2,657,248,000
Estimated Full Value (70%).....	\$ 3,796,068,571
Equalized Net Taxable Grand List (10/1/17) ²	\$ 4,227,649,658
Money Income per Capita (2018) ¹	\$39,117
Money Income per Capita (2010) ³	\$35,055

	Total Direct Debt \$26,360,000	Total Overall Net Debt \$109,083,762
Debt per Capita.....	\$862.51	\$3,569.26
Ratio to Net Taxable Grand List.....	0.99%	4.11%
Ratio to Estimated Full Value.....	0.69%	2.87%
Ratio to Equalized Grand List.....	0.62%	2.58%
Debt per Capita to Money Income per Capita (2018)....	2.20%	9.12%
Debt per Capita to Money Income per Capita (2010)....	2.46%	10.18%

¹ U.S. Census Bureau, American Community Survey, 2014 - 2018.

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 Limitation¹
As of June 4, 2020
(Pro Forma)

Total Tax Collections (including interest and lien fees)

For the fiscal year ended June 30, 2019..... \$ 95,532,000

Reimbursement For Revenue Loss:

Tax relief for elderly -

Base for Debt Limitation Computation..... \$ 95,532,000

	General Purpose	Schools	Sewers	Urban Renewal	Unfunded Pension
Debt Limitation:					
2 1/4 times base.....	\$214,947,000	-	-	-	-
4 1/2 times base.....	-	\$429,894,000	-	-	-
3 3/4 times base.....	-	-	\$358,245,000	-	-
3 1/4 times base.....	-	-	-	\$310,479,000	-
3 times base.....	-	-	-	-	\$286,596,000
Total Debt Limitation.....	\$214,947,000	\$429,894,000	\$358,245,000	\$310,479,000	\$286,596,000

Indebtedness:

Bonds Outstanding	8,184,500	3,175,500	-	-	-
Bonds – This Issue.....	11,212,000	3,788,000	-	-	-
Capital Leases.....	794,000	-	-	-	-
Overlapping MDC Debt.....	-	-	82,723,762	-	-
Debt Authorized But Unissued.....	3,588,000	1,212,000	-	-	-
Total Indebtedness.....	23,778,500	8,175,500	82,723,762	-	-

Less:

State School Grants Receivable.....	-	-	-	-	-
-------------------------------------	---	---	---	---	---

Total Net Indebtedness..... 23,778,500 8,175,500 82,723,762 - -

DEBT LIMITATION IN EXCESS

OF OUTSTANDING INDEBTEDNESS..... \$191,168,500 \$421,718,500 \$275,521,238 \$310,479,000 \$286,596,000

Note: In no case shall total indebtedness exceed seven times annual receipts from taxation or \$668,724,000

Authorized but Unissued Debt
As of June 4, 2020
(Pro Forma)

Project	Borrowing Authorization	Bonds Issued	Maturing Notes Due: 6/4/2020	This Issue The Bonds	Authorized But Unissued
Town Hall & Community Center Project....	\$ 28,800,000	\$ 9,000,000	\$ 6,000,000	\$ 15,000,000	\$ 4,800,000
Total.....	\$ 28,800,000	\$ 9,000,000	\$ 6,000,000	\$ 15,000,000	\$ 4,800,000

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
2019	\$ 2,624,409	\$ 3,749,156	\$ 12,500	0.48%	0.33%	30,562	\$409.00	1.05%
2018	2,610,601	3,729,430	4,195	0.16%	0.11%	30,562	137.26	0.35%
2017	2,631,871	3,759,816	5,220	0.20%	0.14%	30,562	170.80	0.44%
2016	2,578,975	3,684,250	6,255	0.24%	0.17%	30,562	204.67	0.52%
2015	2,575,442	3,679,203	7,295	0.28%	0.20%	30,562	238.70	0.61%

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 (2014-2018), Money Income Per Capita: \$39,117.

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
2020 ¹	\$ 1,525,231	\$ 123,706,166	1.23%
2019	786,000	122,411,000	0.64%
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%

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, 2014-2019.

Finance Department, 2020.

Principal Amount of Outstanding Debt

Long-Term Debt¹	2019	2018	2017	2016	2015
Bonds.....	\$12,500,000	\$ 4,195,000	\$ 5,220,000	\$ 6,255,000	\$ 7,295,000
Short-Term Debt					
Bond Anticipation Notes....	-	-	-	-	-
Totals.....	\$12,500,000	\$ 4,195,000	\$ 5,220,000	\$ 6,255,000	\$ 7,295,000

¹ Does not include compensated absences or capital lease obligations.

Source: Town of Newington Annual Audited Financial Statements, 2015-2019.

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.

Pursuant to the Governor's Executive Order No. 7C, all municipal budget deadlines for the preparation of the municipal budget for the fiscal year ending June 30, 2021 that fall on any date prior to and including May 15, 2020 are extended by thirty (30) days. It is therefore expected that the Town Council will be adopting the budget for the 2020-2021 fiscal year on May 19, 2020.

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, 2020 and June 30, 2021, 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

	2019-20	2020-21	2021-22	2022-23	2023-24	Total
<i>Uses of Funds</i>						
General Government.....	\$ 2,529,903	\$ 1,413,000	\$ 1,183,250	\$ 1,152,300	\$ 766,600	\$ 7,045,053
Public Safety.....	388,000	125,000	145,000	65,000	110,000	833,000
Public Works.....	1,140,000	975,000	2,485,000	2,195,000	1,770,000	8,565,000
Community Development.....	25,000	50,000	325,000	-	-	400,000
Library.....	-	25,204	64,378	-	-	89,582
Parks and Recreation.....	688,437	150,000	1,015,000	633,333	633,333	3,120,103
Education/Miscellaneous.....	313,828	125,000	1,555,828	1,555,828	1,555,828	5,106,312
Equipment Replacement.....	787,400	897,400	881,574	967,949	977,949	4,512,272
Total Uses.....	\$ 5,872,568	\$ 3,760,604	\$ 7,655,030	\$ 6,569,410	\$ 5,813,710	\$ 29,671,322
<i>Sources of Funds</i>						
Local Funds.....	\$ 5,232,568	\$ 3,120,604	\$ 7,015,030	\$ 5,589,410	\$ 5,213,710	\$ 26,171,322
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.....	-	-	-	300,000	-	300,000
Other Funds.....	40,000	40,000	40,000	40,000	40,000	200,000
Bond Financing.....	-	-	-	-	-	-
Total Sources.....	\$ 5,872,568	\$ 3,760,604	\$ 7,655,030	\$ 6,529,410	\$ 5,853,710	\$ 29,671,322

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 2018-19 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 Contributions

Town Plan ¹

Fiscal Year Ended	Actuarially		
	Determined Contribution	Actual Contribution	Percent Contributed
6/30/2020 ²	\$ 6,262,202	\$ 6,262,202	100.00%
6/30/2019	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%

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

² Budgeted.

Net Pension Liability of the Town

	Municipal Employees	Police	Administrative Employees	Firefighters
Total Pension Liability	\$ 46,464,000	\$ 70,262,000	\$ 11,748,000	\$ 1,324,000
Plan Fiduciary Net Position	25,931,000	49,328,000	5,547,000	604,000
Net Pension Liability	\$ 20,533,000	\$ 20,934,000	\$ 6,201,000	\$ 720,000
Covered Payroll	\$ 6,115,000	\$ 6,183,000	\$ 766,000	N/A
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability ...	55.81%	70.21%	47.22%	45.62%
Net Pension Liability as a Percentage of Covered Payroll	335.78%	338.57%	809.53%	N/A

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 current discount rate of 7.00% for Municipal Employees, Police and Administrative Employees, as well as what the Town's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Municipal Employees' Net Pension Liability	\$ 25,133,000	\$ 20,533,000	\$ 13,556,000
Police Net Pension Liability	29,773,000	20,934,000	13,625,000
Admin. Employees' Net Pension Liability	7,242,000	6,201,000	5,302,000

The following presents the net pension liability of the Firefighters' Plan, calculated using the current discount rate of 6.00% as well as what the Town's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1% Decrease (5.00%)	Current Discount Rate (6.00%)	1% Increase (7.00%)
Firefighters Net Pension Liability	\$ 843,000	\$ 720,000	\$ 612,000

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 \$34,238,769 or 71.8% of the total Board of Education payroll of \$47,666,029 for the fiscal year ended June 30, 2019.

For more information, please refer to the Town's Comprehensive Annual Financial Report, June 30, 2019, 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, 2019, 128 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 2018-19, expenses for post-retirement health care and life insurance benefits amounted to approximately \$1,422,000. For the fiscal year ended June 30, 2019 the General Fund appropriation payments totaled \$2,122,729.

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>
6/30/2020 ¹	\$ 2,254,400	\$ 2,254,400	100.0%	\$ (46,000)
6/30/2019	2,123,000	2,123,000	100.0%	(46,000)
6/30/2018	1,841,000	1,771,000	96.2%	(46,000)
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

¹ Budgeted.

The Town has budgeted an OPEB contribution for fiscal year 2019-20 of \$2,254,400, representing 100% of the Actuarially Determined Contribution which is \$2,254,400.

Pursuant to a July 1, 2019 actuarial valuation, the most recent study of the Town's OPEB obligations, the Town has determined that the accrued liability for OPEB was approximately \$20,984,217. 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 is typically 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, 2019, Note 10 ("Other Post-employment Benefits").

Net OPEB Liability of the Town

Total OPEB Liability	\$ 26,097,000
Plan Fiduciary Net Position	8,016,000
Net OPEB Liability	\$ 18,081,000
Covered Payroll	\$ 45,740,000
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	30.72%
Net OPEB Liability as a Percentage of Covered Payroll	39.53%

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

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

	<i>1% Decrease (6.13%)</i>	<i>Current Discount Rate (7.13%)</i>	<i>1% Increase (8.13%)</i>
Net OPEB Liability.....	\$ 20,563,000	\$ 18,081,000	\$ 15,892,000

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

	<i>1% Decrease 4.7% Decreasing to 3.7%</i>	<i>Healthcare Cost Trend Rates 5.7% Decreasing to 4.7%</i>	<i>1% Increase 6.7% Decreasing to 5.7%</i>
Net OPEB Liability.....	\$ 15,100,000	\$ 18,081,000	\$ 21,593,000

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, 2019 is \$2,304,000.

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 \$625,000 as of June 30, 2019. The General Fund generally provides for the payment of compensated absences for active employees.

Financial Results for Fiscal Year 2020 – as of April 30, 2020

For Fiscal Year 2020, based upon ten months of results through April 30, 2020, it is anticipated that the Town will end this fiscal year with a surplus of approximately \$1.5 million. Tax collections are currently running over budget by approximately \$706,000 mainly due to a collection rate of 99.23% for real estate and a favorable variance when compared to prior year taxes and liens. In addition, State assistance was received in an amount higher than anticipated primarily for the Municipal Grants in Aid which the Town expects to receive in excess of \$447,000 compared to budget. Most State assistance to the Town has been paid, with the remainder expected to be paid by the State in a timely manner. Town expenditures are projected to be under budget by approximately \$350,000. Town revenues from fees and services have been impacted by the COVID-19 pandemic, but it is expected that due to the Town's conservative budgeting and a solid start to this fiscal year, the Town should meet its primary budget assumptions. The current national COVID-19 epidemic has caused the Town to operate since mid-March on an adjusted basis in the short term. Town Hall has been closed to the public and outside work forces have moved to working seven days a week in shifts. The Board of Education closed schools and central office staff are working from home and only coming into the office one day a week. The Board of Education expects the reduction in school program services to produce budgetary savings for the current fiscal year. Both the Town and Board of Education are tracing and cataloguing all operation expenses that are eligible for FEMA reimbursement. At the current time, this reimbursement is expected to include approximately \$78,000 of Town and Board of Education expenses being incurred this fiscal year attributable to the purchase of medical and protective equipment supplies in response to the epidemic.

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Comparative Balance Sheets General Fund

	<i>Actual</i> <i>2018-19</i>	<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>
ASSETS					
Cash and cash equivalents.....	\$ 30,392,000	\$ 26,282,000	\$ 30,294,000	\$ 31,207,000	\$ 28,954,000
Investments.....	-	-	-	-	-
Receivables, net.....	1,633,000	1,616,000	1,372,000	1,304,000	1,481,000
Due from other funds.....	194,000	826,000	665,000	327,000	268,000
Prepays.....	-	-	-	-	-
Inventories.....	-	-	-	-	-
Total Assets.....	32,219,000	28,724,000	32,331,000	32,838,000	30,703,000
LIABILITIES AND FUND BALANCE					
Liabilities:					
Accounts and other payables.....	5,049,000	5,572,000	5,491,000	5,441,000	5,324,000
Due to state and federal governments.....	-	-	-	-	-
Unearned Revenue.....	-	18,000	15,000	-	14,000
Deferred revenue.....	-	-	-	-	-
Total Liabilities.....	5,049,000	5,590,000	5,506,000	5,441,000	5,338,000
Deferred Inflows:					
Unavailable Revenue.....	1,046,000	1,152,000	949,000	828,000	1,002,000
Advance Property Tax Collections.....	555,000	437,000	4,632,000	4,613,000	2,994,000
Total Deferred Inflows	1,601,000	1,589,000	5,581,000	5,441,000	3,996,000
Fund Balance					
Nonspendable.....	-	-	-	-	-
Restricted.....	-	-	-	-	-
Committed.....	1,025,000	297,000	1,217,000	515,000	-
Assigned.....	5,286,000	5,970,000	5,406,000	6,460,000	5,370,000
Unassigned.....	19,258,000	15,278,000	14,621,000	14,981,000	15,999,000
Total Fund Balance.....	25,569,000	21,545,000	21,244,000	21,956,000	21,369,000
Total Liabilities, Deferred Inflows and Fund Balance.....	\$ 32,219,000	\$ 28,724,000	\$ 32,331,000	\$ 32,838,000	\$ 30,703,000
Analysis of General Fund Balance					
Operating revenues.....	\$ 126,286,000	\$ 126,486,000	\$ 126,467,000	\$ 119,683,000	\$ 116,064,000
Fund balance as a % of operating revenues.....	20.25%	17.03%	16.80%	18.35%	18.41%
Unassigned or Unreserved fund balance as a percent of operating revenues.....	15.25%	12.08%	11.56%	12.52%	13.78%

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>
2019	\$ 19,825,000	\$ 126,286,000	15.70%
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%

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 2019-20	Actual 2018-19	Actual 2017-18	Actual 2016-17	Actual 2015-16
Revenues:					
Property Taxes	\$ 104,371,343	\$ 102,616,000	\$ 95,968,000	\$ 93,725,000	\$ 92,240,000
Payment in Lieu of Taxes	2,001,557	2,002,000	968,000	2,409,000	2,811,000
Licenses, Fees, and Permits	284,500	296,000	289,000	319,000	380,000
Intergovernmental	14,734,228	19,825,000	27,920,000	29,005,000	23,340,000
Contributions	-	-	-	-	-
Rental	101,600	102,000	107,000	107,000	100,000
Income on Investments	250,000	791,000	378,000	78,000	76,000
Fines	22,000	27,000	29,000	23,000	35,000
Charges for Services	550,875	566,000	627,000	703,000	558,000
Refunds and Reimbursements	-	-	-	-	-
Other	131,140	61,000	200,000	98,000	143,000
Total Revenues	122,447,243	126,286,000	126,486,000	126,467,000	119,683,000
Expenditures:					
Current:					
General Government	5,275,110	5,066,000	4,709,000	4,858,000	4,508,000
Public Safety	8,957,901	8,729,000	8,345,000	8,372,000	8,204,000
Public Works	5,397,735	4,965,000	4,732,000	4,702,000	4,608,000
Community Planning and Development ...	557,909	547,000	551,000	542,000	551,000
Health and Human Services	1,249,866	1,221,000	1,163,000	1,179,000	1,176,000
Library	1,809,841	1,770,000	1,726,000	1,704,000	1,758,000
Parks and Recreation	1,810,882	1,668,000	1,614,000	1,571,000	1,566,000
Education	74,768,011	77,976,000	84,487,000	82,546,000	76,094,000
Miscellaneous	16,988,212	15,829,000	14,791,000	14,201,000	13,668,000
Capital Outlay	-	-	-	-	-
Debt Service	1,525,231	786,000	1,151,000	1,192,000	1,228,000
Total Expenditures.....	118,340,698	118,557,000	123,269,000	120,867,000	113,361,000
Excess of Revenues over expenditures	4,106,545	7,729,000	3,217,000	5,600,000	6,322,000
Other Financing Sources (Uses):					
Transfers In	1,258,923	149,000	124,000	119,000	223,000
Transfers Out	(5,365,468)	(3,854,000)	(3,040,000)	(6,431,000)	(5,958,000)
Premium on Refunding Bonds	-	-	-	-	-
Bond Refunding Issued	-	-	-	-	-
Payment to Escrow Agent	-	-	-	-	-
Total other Financing Sources (uses)	(4,106,545)	(3,705,000)	(2,916,000)	(6,312,000)	(5,735,000)
Net Change in Fund Balances.....	-	4,024,000	301,000	(712,000)	587,000
Fund Balance, July 1.....	25,569,000	21,545,000	21,244,000	21,956,000	21,369,000
Fund Balance, June 30.....	\$ 25,569,000	\$ 25,569,000	\$ 21,545,000	\$ 21,244,000	\$ 21,956,000

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 purchaser will be furnished the following documents when the Bonds are delivered:

1. A signature and No Litigation Certificate stating that at the time of delivery no litigation is pending or threatened affecting the validity of the Bonds or the levy or collection of taxes to pay them.
2. A certificate 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, 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. A receipt for the purchase price of the Bonds.
4. The approving opinion of Updike, Kelly & Spellacy, P.C., Bond Counsel, of Hartford, Connecticut substantially in the form of Appendix B attached hereto.
5. An executed Continuing Disclosure Agreement in substantially the forms attached hereto as Appendix C to this Official Statement.
6. The Town will make available to the winning bidder of the Bonds twenty-five (25) 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 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. 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 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: _____
Keith Chapman
Town Manager

By: _____
Janet Murphy
Director of Finance

Dated as of May __, 2020

Appendix A

2019 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, 2019. 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 Town Council
Town of Newington, Connecticut

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Newington, Connecticut, as of and for the year ended June 30, 2019, 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, 2019 and the respective changes in financial position and, where applicable, cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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

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

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

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of the Town of Newington, Connecticut, as of and for the year ended June 30, 2018 (not presented herein), and have issued our report thereon dated December 14, 2018, 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, 2018 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 2018 financial statements. The accompanying General Fund balance sheet has been subjected to the auditing procedures applied in the audit of the 2018 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, 2018.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 9, 2019 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 9, 2019

TOWN OF NEWINGTON, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019

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, 2019. 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 \$6 million from \$60.4 million to \$66.4 million, an increase of 10% from prior year.
- Total cost of all of the Town's programs was \$127 million with no new programs added this year.
- During the year, the Town had expenses that were \$6 million less than the \$132.7 million generated in tax and other revenues for governmental programs.
- The resources available for appropriation were \$4 million more than budgeted for the General Fund. Expenditures were \$2.3 million less than appropriations.
- The General Fund reported a fund balance this year of \$25.6 million. On a budgetary basis, \$19.3 million represents the Town's fund balance; of this, \$1.1 million is assigned for 2019-20 budget.
- The tax collection rate was 99.18%, a slight decrease of .18% from 2018.
- The Town of Newington's outstanding bonded debt at June 30, 2019 was \$12.5 million, an increase of \$8.3 million or 177.6%, 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 \$60.4 million to \$66.4 million. The analysis below focuses on the net position (Table 1).

TABLE 1
NET POSITION
(In Thousands)

	Governmental Activities	
	2019	2018
Current and other assets	\$ 68,305	\$ 49,655
Capital assets, net of accumulated depreciation	94,607	92,703
Total assets	162,912	142,358
Deferred outflow of resources	3,862	3,656
Long-term debt outstanding	83,017	75,008
Other liabilities	14,200	8,157
Total liabilities	97,217	83,165
Deferred inflow of resources	3,146	2,466
Net Position:		
Net investment in capital assets	88,861	87,484
Restricted	652	671
Unrestricted	(23,102)	(27,772)
Total Net Position	\$ 66,411	\$ 60,383

Net position of the Town's governmental activities increased by \$6 million or 10% (\$60.4 million compared to \$66.4 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 \$(27.8) million at June 30, 2018 to \$(23.1) million at the end of this year. The largest portion of the Town's net position, \$89 million or 133.8%, reflects its investment in capital assets less any related debt used to acquire those assets that is still outstanding.

Governmental Activities

Change in net position (Table 2) of the Town's governmental activities increased by \$6 million. Approximately 77% of the revenues were derived from property taxes, followed by 17% from operating grants, the remaining 6% 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 2019 increased by \$6.3 million or 6.5% during the year. This reflects a tax rate of 38.5 mills, an increase of .191 mills over the rate used in the previous fiscal year. The tax collection rate for the year was 99.18%, a slight increase from the prior year of 99.05%. Most of the increase is to support the program expenses of the Town.

- Operating grants and contributions decreased by \$10 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 decreased by \$6.2 million. The town also received a remediation grant in the amount of \$1.5 million last year which was a one-time grant.
- Capital grants and contributions increased by \$170 thousand. Current year capital projects were completed for reimbursement from the State of Connecticut now that the remediation project from the prior year was completed.
- The total cost of all programs and services was \$127 million.

TABLE 2
CHANGE IN NET POSITION
(In Thousands)

	Governmental Activities	
	2019	2018
Revenues:		
Program revenues:		
Charges for services	\$ 3,756	\$ 3,808
Operating grants and contributions	22,102	32,035
Capital grants and contributions	1,034	864
General revenues:		
Property taxes	102,479	96,189
Grants and contributions not restricted to specific purposes	2,257	1,302
Unrestricted investment earnings	1,029	485
Other general revenues	69	258
Total revenues	<u>132,726</u>	<u>134,941</u>
Program expenses:		
General government	7,086	8,099
Public safety	15,296	14,808
Public works	11,807	11,380
Community planning and development	850	1,041
Health and community services	2,316	1,962
Library	2,537	2,470
Parks and recreation	3,897	3,671
Education	82,768	90,949
Interest on long-term debt	141	216
Total program expenses	<u>126,698</u>	<u>134,596</u>
Increase in Net Position	6,028	345
Net Position at Beginning of Year	<u>60,383</u>	<u>60,038</u>
Net Position at End of Year	<u>\$ 66,411</u>	<u>\$ 60,383</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 \$4.1 million (\$99.8 million compared to \$95.7 million). The most noteworthy changes are as follows:

- The cost of General Government, Public Safety, Public Works, Park and Recreation and other miscellaneous departments increased \$518 thousand.
- Education experienced a decrease in the amount of expenses going from \$87.2 to \$82.8 million.

TABLE 3
Governmental Activities
(In Thousands)

	Total Cost of Services		Net Cost of Services	
	2019	2018	2019	2018
General government	\$ 7,086	\$ 8,890	\$ 6,500	\$ 7,981
Public safety	15,296	14,723	15,155	14,600
Public works	11,807	10,581	9,933	9,286
Education	82,768	87,205	60,597	56,907
Parks and recreation	3,897	3,516	2,500	2,076
All others	5,844	5,708	5,121	4,861
Totals	<u>\$ 126,698</u>	<u>\$ 130,623</u>	<u>\$ 99,806</u>	<u>\$ 95,711</u>

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

Governmental Funds

As the Town completed the year, its governmental funds (as presented in the balance sheet - Exhibit III) reported a combined fund balance of \$47 million. Approximately 41% of the fund balance amount or \$19.3 million constitutes unassigned fund balance that is available for unforeseen contingencies and to offset future budgets over the long term. The largest portion, \$20.9 million or 44.5%, is committed to be used only for the specific purposes such as a capital or grant related projects. The balance of \$6.8 million is primarily assigned to balance the subsequent year's budget and to liquidate purchase orders. The Town had positive fund balances in all categories of net position both for the governmental as a whole as well as for its separate governmental activities.

As highlighted in Exhibit IV, the combined fund balance increased by \$11.9 million (\$35.1 million compared to \$47 million) from last years' total. Included in this year's total change in fund balance is an increase of \$7.8 million in Capital Project Funds. These funds account for financial resources to be used for the acquisition of major equipment or construction of facilities and primarily to account for the construction of the new Town Hall/Community Center. The fund's revenue and other financing sources were more than the expenditures by \$7.8 million for the fiscal year thereby increasing 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 above the estimated budgets by \$2. million. Included in this is Education Cost Sharing Grants (\$1.3) million, and Tax Exempt Colleges and Hospitals (\$1) million.
3. General operating expenses were kept under budget by \$2.3 million as a result of personnel savings due to vacancies and a lower facility maintenance expenses. Also under budget was the Board of Education by \$862 thousand and contingency account was favorable \$96 thousand.
4. Public Works expenses came in under budget by \$132 thousand. The majority of this was a 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 increased by \$31 thousand as grants and other revenue sources received this year were not expensed in total by year end. As of June 30, 2019, the fund balance decreased to \$98 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 \$4.1 million, an increase of only \$700 thousand from the prior year. This is primarily due to the performance of the Health Benefits Fund which experienced revenues over benefit payments (expenses) of \$773 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 less than the payments made for insurance claims by \$22 thousand.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2019, the Town had \$94.6 million invested in a broad range of capital assets, including land, buildings, park facilities, vehicles and equipment, roads, bridges, and storm water lines - Table 4. This amount represents a net increase (including additions and deductions) of \$1,904 thousand or 2.05%, over last year.

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

	Governmental Activities	
	2019	2018
Land	\$ 7,847	\$ 7,847
Intangible assets	2,770	2,770
Buildings and improvements	45,478	46,819
Equipment	12,086	12,573
Infrastructure	22,082	21,777
Construction in progress	4,344	917
Total	<u>\$ 94,607</u>	<u>\$ 92,703</u>

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

Buildings - Additions in the amount \$256 thousand were due to Volunteer Ambulance HVAC Replacement, Fire Company 1 Energy Efficient A/C replacement, Highway Garage ADA Improvements, Churchill Park Poolhouse Column Replacement, Ruth Chaffee School A/C replacement and various Town Building improvements.

Land Improvements - Additions in the amount of \$540 were due to replacement of Traffic Signalization at Fenn and Holmes intersection, Irrigation System installation at Mill Pond Soccer Field, additional improvements to Constance Leigh/Lowrey Place Streets, addition of new parking lot for the Library, Clem Lemire Skate Park renovation, and installation of fence at Center Cemetery.

Furniture, Fixtures and Equipment - These were added in the amount of \$1,830. General Government increased by \$130 for a voicemail upgrade, server software, emergency generator and one vehicle. Public Safety increased by \$215 for the purchase of six vehicles, Fire PPE dryer and Fire dispatch console. Public Works increased by \$504 due to the purchase of a Caterpillar loader, a Bobcat and a freightliner dump truck, as well as a new fuel tank system. Senior & Disabled Center increased by \$6 for a recumbent cross trainer. Parks and Recreation increased by \$263 for the purchase of a Toro workman, aerator, aerial bucket truck, sod cutter, Toro groundmaster, portable pressure washer and a sound system for Clem Lemire complex. Board of Education increased by \$701 for four school buses, three box trucks, Ford transit van, musical instruments, two floor machines, wide format printer, portable scraper system for busses, hydraulic jack, refrigerators for Newington High and Anna Reynolds Schools and outdoor playstructure and freezer for Anna Reynolds School. Miscellaneous increased by \$11 for backflow preventers at Indian Hill Country Club.

Infrastructure - Additions in the amount \$1,003 were due to Elton Drive Terminus construction, resurfacing/improvements to Rockwell Road, Pane Road, Schoolhouse Road, Tremont Street and 12 other roads comprising 10,105 linear feet.

Construction in Progress - Additions in the amount of \$3,427 were due to costs for the new Town Hall/Community Center building project.

Total Net Additions \$ 7,056

The Town’s fiscal-year 2019-20 budget calls for it to spend \$5.9 million for capital projects, of which \$0.6 million is financed from the State of Connecticut and the balance from local funds. It is primarily to finance major vehicle equipment replacement, road reconstruction and resurfacing, town technology and fiber optic deployment, school technology, and Town Hall/Community Center 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, 2019, the Town had \$12.5 million in bonds outstanding versus \$4.2 million last year - an increase of 197.6% - as shown in Table 5.

TABLE 5 OUTSTANDING DEBT (In Thousands)		
	Governmental Activities	
	2019	2018
General Obligation Bonds (backed by the Town)	\$ <u>12,500</u>	\$ <u>4,195</u>

- The increase in the Town’s indebtedness is due to the bond issue for the new Town Hall/Community Center during the year totaling \$9 million. The Town has bonds authorized but unissued in the amount of \$19.8 at June 30, 2019.
- 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 \$669 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 2018-19 budget through prudent, conservative fiscal management. This is evidenced from the fact that final actual expenditures are \$558 thousand under the final budget and the revenue side was favorable \$3.5 million. The significant challenges in the development of the 2019-20 Town budget continued to be: 1) the economic conditions in the region and nationally; 2) maintain costs to meet the high level of service to which Town residents are accustomed; and 3) the ability of citizens to absorb any increases in taxes during a year with less municipal aid. The Town’s adopted fiscal year 2019-2020

General Fund appropriations totaled \$123.7, an increase of 4.2% over the 2019 budget of \$118.7 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 capital projects, and wages.

On the revenue side, the 10/1/2017 taxable list increased slightly from the 2016 Grand List. The net real estate grand list increased .20% which is attributable to several new real estate buildings being constructed and additions to current constructions. 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 16.3% of total revenues, stayed the same compared to the actual for 2018-19.

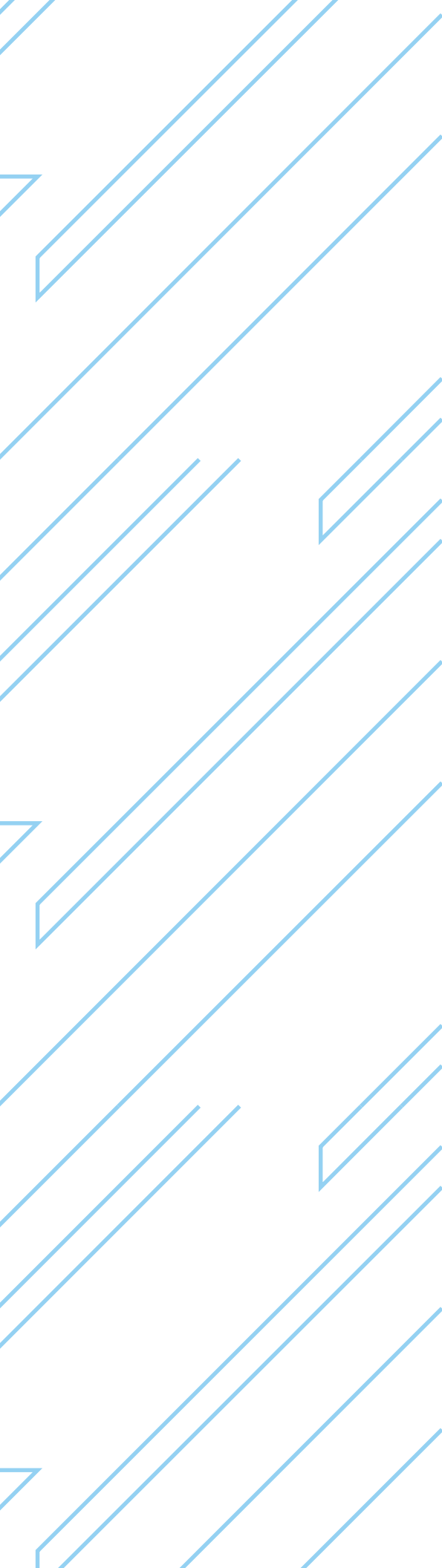
On a budgetary basis, the June 30, 2019 unassigned General Fund balance, after the designation of \$1.1 million to assist in financing the 2019-20 appropriations, increased by \$3.7 million to a level of \$19.3 million or 15.6% of the fiscal year 2019-20 budget. The Town has consistently maintained a 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 2.47% 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, but its median family income of \$80.3 thousand exceeds the statewide average. The KeyPoint Report for 2019 continues rank the Town of Newington as one of the lowest commercial real estate vacancies in the greater Hartford area. Building permit activity is lower in comparison to last year with the value of permits in October of 2019 equal to \$1.7 million compared to \$3.4 million a year ago. As of October 2019, the unemployment rate for Newington was 3.4%, down from 3.9%, in the prior year, and compares favorably to the State's unemployment rate during the same period.

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

CONTACTING THE TOWN'S FINANCIAL MANAGEMENT

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



Basic Financial Statements

TOWN OF NEWINGTON, CONNECTICUT
STATEMENT OF NET POSITION
JUNE 30, 2019
(In Thousands)

	Governmental Activities
Assets:	
Cash and cash equivalents	\$ 64,690
Investments	141
Receivables, net	3,217
Due from trust funds	186
Prepaid asset	15
Inventory	56
Capital assets not being depreciated	14,961
Capital assets being depreciated, net	79,646
Total assets	<u>162,912</u>
Deferred Outflows of Resources:	
Deferred charge on refunding	279
Deferred outflows related to pensions	2,956
Deferred outflows related to OPEB	627
Total deferred outflows	<u>3,862</u>
Liabilities:	
Accounts and other payables	7,560
Bond anticipation notes payable	6,000
Accrued interest payable	38
Unearned revenue	602
Noncurrent liabilities:	
Due within one year	2,377
Due in more than one year	80,640
Total liabilities	<u>97,217</u>
Deferred Inflows of Resources:	
Advance property tax collections	555
Deferred inflows related to pensions	2,465
Deferred inflows related to OPEB	126
Total deferred inflows	<u>3,146</u>
Net Position:	
Net investment in capital assets	88,861
Restricted for:	
Trust purposes:	
Expendable	615
Nonexpendable	37
Unrestricted	<u>(23,102)</u>
Total Net Position	<u>\$ 66,411</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, 2019
(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	\$ 7,086	\$ 579	\$ 7		(6,500)
Public safety	15,296	82	59		(15,155)
Public works	11,807	52	918	904	(9,933)
Community planning and development	850	364		61	(425)
Health and community services	2,316	61	198		(2,057)
Library	2,537	39			(2,498)
Parks and recreation	3,897	1,362	35		(2,500)
Education	82,768	1,217	20,892	62	(60,597)
Interest on long-term debt	141				(141)
Total	\$ 126,698	\$ 3,756	\$ 22,102	\$ 1,034	(99,806)
General revenues:					
Property taxes					102,479
Grants and contributions not restricted to specific programs					2,257
Unrestricted investment earnings					1,029
Miscellaneous					69
Total general revenues					<u>105,834</u>
Change in net position					6,028
Net Position at Beginning of Year					<u>60,383</u>
Net Position at End of Year					<u>\$ 66,411</u>

The accompanying notes are an integral part of the financial statements

TOWN OF NEWINGTON, CONNECTICUT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2019
(In Thousands)

	<u>General</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ 30,392	\$ 23,127	\$ 6,308	\$ 59,827
Investments			141	141
Receivables, net	1,633		937	2,570
Due from other funds	194			194
Prepays			15	15
Inventories			56	56
Total Assets	<u>\$ 32,219</u>	<u>\$ 23,127</u>	<u>\$ 7,457</u>	<u>\$ 62,803</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts and other payables	\$ 5,049	\$ 1,520	\$ 232	\$ 6,801
Due to other funds			8	8
Bond anticipation notes payable		6,000		6,000
Unearned revenue			602	602
Total liabilities	<u>5,049</u>	<u>7,520</u>	<u>842</u>	<u>13,411</u>
Deferred Inflows of Resources:				
Unavailable revenue - property taxes	1,046			1,046
Unavailable revenue - loans receivable			762	762
Advance property tax collections	555			555
Total deferred inflows of resources	<u>1,601</u>	<u>-</u>	<u>762,000</u>	<u>2,363</u>
Fund Balances:				
Nonspendable			71	71
Restricted			1,480	1,480
Committed	1,025	15,607	4,302	20,934
Assigned	5,286			5,286
Unassigned	19,258			19,258
Total fund balances	<u>25,569</u>	<u>15,607</u>	<u>5,853</u>	<u>47,029</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 32,219</u>	<u>\$ 23,127</u>	<u>\$ 7,457</u>	<u>\$ 62,803</u>

(Continued on next page)

TOWN OF NEWINGTON, CONNECTICUT
BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2019
(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	\$ 47,029
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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	\$ 190,732	
Less accumulated depreciation	<u>(96,125)</u>	
Net capital assets		94,607

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

Housing loan receivables	762
Property tax receivables greater than 60 days	1,046
Interest receivable on property taxes	647
Deferred outflows related to pensions	2,956
Deferred outflows related to OPEB	627

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.	4,104
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Long-term liabilities, including bonds payable, are not due and payable
in the current period and, therefore, are not reported in the funds:

Bonds payable	(12,500)
Deferred amount in refunding	279
Deferred charge on premium	(949)
Interest payable on bonds	(38)
Net OPEB liability	(18,081)
Deferred inflows related to OPEB	(126)
Compensated absences	(2,304)
Capital lease	(795)
Deferred inflows related to pensions	(2,465)
Net pension liability	<u>(48,388)</u>

Net Position of Governmental Activities (Exhibit I)	<u>\$ 66,411</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, 2019
(In Thousands)

	<u>General</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
Property taxes	\$ 102,616	\$	\$	\$ 102,616
Payment in lieu of taxes	2,002			2,002
Licenses, fees and permits	296		19	315
Intergovernmental	19,825	3	3,402	23,230
Contributions			79	79
Rental	102	125		227
Income on investments	791	25	161	977
Fines	27			27
Charges for services	566	254	2,269	3,089
Other	61	27	201	289
Total revenues	<u>126,286</u>	<u>434</u>	<u>6,131</u>	<u>132,851</u>
Expenditures:				
Current:				
General government	5,066		6	5,072
Public safety	8,729		89	8,818
Public works	4,965			4,965
Community planning and development	547		37	584
Health and human services	1,221		195	1,416
Library	1,770		38	1,808
Parks and recreation	1,668		1,157	2,825
Education	77,976		3,358	81,334
Miscellaneous	15,829			15,829
Capital outlay		5,913	943	6,856
Debt service	786	297		1,083
Total expenditures	<u>118,557</u>	<u>6,210</u>	<u>5,823</u>	<u>130,590</u>
Excess (Deficiency) of Revenues over Expenditures	<u>7,729</u>	<u>(5,776)</u>	<u>308</u>	<u>2,261</u>
Other Financing Sources (Uses):				
Transfers in	149	3,825	100	4,074
Transfers out	(3,854)		(255)	(4,109)
Bond issuance		9,000		9,000
Premium on bond issuance		715		715
Total other financing sources (uses)	<u>(3,705)</u>	<u>13,540</u>	<u>(155)</u>	<u>9,680</u>
Net Change in Fund Balances	4,024	7,764	153	11,941
Fund Balances at Beginning of Year	<u>21,545</u>	<u>7,843</u>	<u>5,700</u>	<u>35,088</u>
Fund Balances at End of Year	<u>\$ 25,569</u>	<u>\$ 15,607</u>	<u>\$ 5,853</u>	<u>\$ 47,029</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, 2019
(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) \$ 11,941

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	7,055
Depreciation expense	(5,148)

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. (3)

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	(31)
Property tax receivable - accrual basis change	(106)
Housing loan receivable - accrual basis change	(39)
Deferred outflows related to pensions	347
Deferred outflows related to OPEB	(100)

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

Issuance of general obligation bonds	(9,000)
Premium on general obligation bonds	(715)
Bond principal payments	695
Lease payments	279

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	131
Accrued interest	(27)
Deferred inflow related to OPEB	(88)
Change in net OPEB liability	40
Amortization of premium	36
Amortization of deferred charge on refunding	(41)
Deferred inflow related to pensions	(474)
Change in net pension liability	525

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.

751

Change in Net Position of Governmental Activities (Exhibit II) \$ 6,028

The accompanying notes are an integral part of the financial statements

TOWN OF NEWINGTON, CONNECTICUT
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
JUNE 30, 2019
(In Thousands)

	<u>Governmental Activities Internal Service Funds</u>
Assets:	
Cash and cash equivalents	\$ 4,863
Liabilities:	
Accounts and other payables	<u>759</u>
Net Position:	
Unrestricted	\$ <u><u>4,104</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, 2019
(In Thousands)

	Governmental Activities
	Internal Service Funds
Operating Revenues:	
Charges for services	\$ 11,180
Miscellaneous	237
Total operating revenues	<u>11,417</u>
Operating Expenses:	
Benefit payments	9,517
Administration	518
Insurance	423
Casualty loss	294
Total operating expenses	<u>10,752</u>
Operating Income	665
Nonoperating Revenue:	
Interest on investments	<u>51</u>
Income Before Transfers	716
Transfers In	<u>35</u>
Change in Net Position	751
Net Position at Beginning of Year	<u>3,353</u>
Net Position at End of Year	<u>\$ 4,104</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, 2019
(In Thousands)

	Governmental Activities Internal Service Funds
Cash Flows from Operating Activities:	
Cash received from charges for services and other	\$ 11,442
Cash paid to vendors	<u>(10,760)</u>
Net cash provided by (used in) operating activities	682
Cash Flows from Investing Activities:	
Interest on investments	<u>51</u>
Net Increase (Decrease) in Cash and Cash Equivalents	768
Cash and Cash Equivalents at Beginning of Year	<u>4,095</u>
Cash and Cash Equivalents at End of Year	<u><u>\$ 4,863</u></u>
Reconciliation of Operating Income (Loss) to Net	
Cash Provided by (Used in) Operating Activities:	
Operating income (loss)	\$ 665
Adjustments to reconcile operating income (loss) to net cash provided by	
(used in) operating activities:	
(Increase) decrease in accounts and other receivables	25
Increase (decrease) in accounts and other payables	<u>(8)</u>
Net Cash Provided by (Used in) Operating Activities	<u><u>\$ 682</u></u>

The accompanying notes are an integral part of the financial statements

TOWN OF NEWINGTON, CONNECTICUT
STATEMENT OF NET POSITION - FIDUCIARY FUNDS
JUNE 30, 2019
(In Thousands)

	Pension and Other Post Employment Benefit Trust Funds	Agency Funds
Assets:		
Cash and cash equivalents	\$ 3,068	\$ 606
Investments:		
Corporate bonds	6,604	
U.S. government securities	8,744	
Common stocks	35,149	
Mutual funds	38,444	
	<u>92,009</u>	<u>606</u>
Total assets	<u>92,009</u>	<u>\$ 606</u>
Liabilities:		
Accounts payable	12	\$ 606
Due to other funds	186	
	<u>198</u>	<u>606</u>
Total liabilities	<u>198</u>	<u>\$ 606</u>
Net Position:		
Restricted for Pension/OPEB Benefits	<u>\$ 91,811</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, 2019
(In Thousands)

	<u>Pension and Other Employee Benefit Trust Funds</u>
Additions:	
Contributions:	
Employer	\$ 8,068
Plan members	<u>883</u>
Total contributions	<u>8,951</u>
Investment income:	
Net change in fair value of investments	4,835
Interest and dividends	<u>2,590</u>
Total investment income	<u>7,425</u>
Less investment expense	<u>382</u>
Net investment income	<u>7,043</u>
Total additions	<u>15,994</u>
Deductions:	
Benefits	9,188
Administration	<u>245</u>
Total deductions	<u>9,433</u>
Change in Net Position	6,561
Net Position at Beginning of Year	<u>85,250</u>
Net Position at End of Year	<u><u>\$ 91,811</u></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, 2019
(In Thousands)

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

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

The Town reports the following major governmental funds:

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

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

Additionally, the Town reports the following fund types:

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

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

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

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

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

TOWN OF NEWINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019
(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 6.9% of outstanding property taxes at June 30, 2019.

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, 2019
(In Thousands)

G. Capital Assets

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

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

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

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

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

H. Deferred Outflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period or periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. 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, 2019
(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, 2019
(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 2018-19.

TOWN OF NEWINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019
(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, 2019
(In Thousands)

Based on the criteria described in GASB Statement No. 40, *Deposits and Investment Risk Disclosures*, \$50,887 of the Town's bank balance of \$52,160 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 45,698
Uninsured and collateral held by the pledging bank's trust department, not in the Town's name	<u>5,189</u>
Total Amount Subject to Custodial Credit Risk	\$ <u><u>50,887</u></u>

Cash Equivalents

At June 30, 2019, the Town's cash equivalents amounted to \$18,946. 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)	AAA
UBS*	

*Not rated

Investments

Investments as of June 30, 2019 in all funds consisted of \$89,082 as follows:

Investments:	
Special Revenue Fund:	
Mutual Funds	\$ <u>141</u>
Pension and OPEB Trust Funds:	
Corporate Bonds	6,604
U.S. Government Securities	8,744
Common Stocks	35,149
Mutual Funds	<u>38,444</u>
Total pension trust funds	<u>88,941</u>
Total Investments	\$ <u><u>89,082</u></u>

TOWN OF NEWINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019
(In Thousands)

Investment Type	Fair Value	Investment Maturities (Years)		
		Less Than 1	1 - 10	More than 10
Interest-bearing investments:				
U.S. government securities	\$ 8,744	\$	\$ 2,716	\$ 6,028
Corporate bonds	<u>6,604</u>	<u>73</u>	<u>4,843</u>	<u>1,688</u>
Total	15,348	\$ <u>73</u>	\$ <u>7,559</u>	\$ <u>7,716</u>
Other investments:				
Common stocks	35,149			
Mutual funds	<u>38,585</u>			
Total Investments	\$ <u>89,082</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	\$ 1,770	\$ 8,744
Aa2	133	
A1	119	
A2	778	
A3	854	
Baa1	586	
Baa2	458	
Baa3	995	
Ba1	233	
Ba2	278	
Ba3	110	
B1	73	
B2	73	
B3	90	
Unrated	<u>54</u>	
	\$ <u>6,604</u>	\$ <u>8,744</u>

TOWN OF NEWINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019
(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, 2019, 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, 2019:

	<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	\$ 8,744	\$ 8,744	\$	\$
Corporate Bonds	6,604		6,604	
Common Stock	35,149	35,149		
Mutual Funds	<u>38,585</u>	<u>38,585</u>		
Total Investments by Fair Value Level	\$ <u>89,082</u>	\$ <u>82,478</u>	\$ <u>6,604</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, 2019
(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>Nonmajor and Other Funds</u>	<u>Total</u>
Receivables:			
Taxes	\$ 1,364	\$	\$ 1,364
Accounts	363	766	1,129
Housing loans			
Intergovernmental		171	171
Gross receivables	<u>1,727</u>	<u>937</u>	<u>2,664</u>
Less allowance for uncollectibles	<u>94</u>		<u>94</u>
Net Total Receivables	<u>\$ 1,633</u>	<u>\$ 937</u>	<u>\$ 2,570</u>

The above table does not include accrued interest on property taxes of \$647.

TOWN OF NEWINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019
(In Thousands)

5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2019 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases and Adjustments</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 7,847	\$	\$	\$ 7,847
Construction in progress	917	3,427		4,344
Intangible assets	2,770			2,770
Total capital assets not being depreciated	<u>11,534</u>	<u>3,427</u>	<u>-</u>	<u>14,961</u>
Capital assets being depreciated:				
Buildings	76,511	256		76,767
Improvements other than buildings	10,541	540	(15)	11,066
Furniture, fixtures and equipment	34,347	1,829	(433)	35,743
Infrastructure	51,192	1,003		52,195
Total capital assets being depreciated	<u>172,591</u>	<u>3,628</u>	<u>(448)</u>	<u>175,771</u>
Less accumulated depreciation for:				
Buildings	(35,430)	(1,634)		(37,064)
Improvements other than buildings	(4,803)	(503)	15	(5,291)
Furniture, fixtures and equipment	(21,774)	(2,313)	430	(23,657)
Infrastructure	(29,415)	(698)		(30,113)
Total accumulated depreciation	<u>(91,422)</u>	<u>(5,148)</u>	<u>445</u>	<u>(96,125)</u>
Total capital assets being depreciated, net	<u>81,169</u>	<u>(1,520)</u>	<u>(3)</u>	<u>79,646</u>
Governmental Activities Capital Assets, Net	<u>\$ 92,703</u>	<u>\$ 1,907</u>	<u>\$ (3)</u>	<u>\$ 94,607</u>

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
General Government	\$ 375
Public Safety	987
Public Works	996
Community Planning & Development	261
Health & Community Services	96
Library	97
Parks & Recreation	313
Board of Education	<u>2,023</u>
Total Depreciation Expense	<u>\$ 5,148</u>

TOWN OF NEWINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019
(In Thousands)

Construction Projects

The Town has 58 active construction projects as of June 30, 2019. The projects include various school and Town improvements project authorizations. At year end, the Town's appropriation balances are as follows:

Project	Cumulative Authorizations	Spent-to- Date	Remaining Commitment
Town Hall/Community Center Bldg & Improvements	\$ 33,532	\$ 7,721	\$ 25,812
Computer System Replacement	5,170	4,431	739
Public Works Equipment Reserve	4,098	4,009	89
Public Safety Equipment Reserve	4,015	3,933	82
Road Reconstruction	3,728	3,584	144
OCR Compliance	2,781	2,557	224
Newington High School Career Tech Renovations	2,420	2,196	224
Parks & Grounds Equipment Reserve	1,444	1,382	62
Park, Pool & Playground Improvements	1,439	1,417	22
Lease Proceeds	1,421	1,419	1
John Wallace Middle School S.T.E.M. Academy	1,198	1,153	45
Drainage Improvement	1,149	1,003	147
General Property Improvements	1,066	1,045	20
School Bus	1,053	398	655
Tax Revaluation Reserve	1,045	1,007	38
Other various projects	22,662	19,818	2,844
Total	\$ <u>88,221</u>	\$ <u>57,073</u>	\$ <u>31,148</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, 2019 is presented below:

Receivable Fund	Payable Fund	Amount
General Fund	Nonmajor Governmental Funds	8
General Fund	Fiduciary Trust Funds	\$ <u>186</u>
Total		\$ <u>194</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, 2019
(In Thousands)

Interfund transfers:

	Transfer In				
	General	Capital Projects	Nonmajor Governmental	Internal Service	Total Transfers Out
Transfers out:					
General Fund	\$	\$ 3,719	\$ 100	\$ 35	\$ 3,854
Nonmajor Governmental	149	106			255
Total Transfers In	\$ 149	\$ 3,825	\$ 100	\$ 35	\$ 4,109

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, 2019 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Bonds payable:					
General obligation bonds	\$ 4,195	\$ 9,000	\$ 695	\$ 12,500	\$ 1,140
Premiums	270	715	36	949	42
Total bonds payable	4,465	9,715	731	13,449	1,182
Compensated absences	2,435	912	1,043	2,304	911
Net OPEB liability	18,121		40	18,081	
Net pension liability	48,913		525	48,388	
Capital leases	1,074		279	795	284
Total Governmental Activity					
Long-Term Liabilities	\$ 75,008	\$ 10,627	\$ 2,618	\$ 83,017	\$ 2,377

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, 2019
(In Thousands)

A schedule of bonds and serial notes outstanding at June 30, 2019 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, 2019</u>
General purpose bonds:				
Police station	02/13	1.0-4.0%	\$ 8,700	\$ 2,484
Town Hall/Community Center	06/19	3.0-5.0%	6,750	6,750
School:				
School improvements	02/13	1.0-4.0%	4,950	1,016
Board of Education Offices	06/19	3.0-5.0%	2,250	<u>2,250</u>
Total				<u>\$ 12,500</u>

The following is a schedule of bond maturities as of June 30, 2019:

<u>Fiscal Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 1,140	\$ 426	\$ 1,566
2021	1,125	394	1,519
2022	1,115	358	1,473
2023	1,100	322	1,422
2024	1,085	287	1,372
2025-2029	2,435	1030	3,465
2030-2034	2,250	567	2,817
2035-2039	<u>2,250</u>	<u>202</u>	<u>2,452</u>
Total	<u>\$ 12,500</u>	<u>\$ 3,586</u>	<u>\$ 16,086</u>

General Obligation Bond Anticipation Notes

<u>Date Issued</u>	<u>Maturity Date</u>	<u>Interest Rate (%)</u>	<u>Balance July 1, 2018</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance June 30, 2019</u>
6/5/2019	6/4/2020	2.00	\$ -	\$ 6,000	\$ -	\$ 6,000

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

TOWN OF NEWINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019
(In Thousands)

Debt Limit

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

<u>Category</u>	<u>Debt Limit</u>	<u>Net Indebtedness</u>	<u>Balance</u>
General purpose	\$ 214,947	\$ 23,829	\$ 191,118
Schools	429,894	3,266	426,628
Sewers	358,245	82,724	275,521
Urban renewal	310,479		310,479
Pension deficit	286,596		286,596

The total overall statutory debt limit for the Town is equal to seven times annual receipts from taxation or \$669 million (amount not rounded). All long-term debt obligations are retired through General Fund appropriations. At June 30, 2019, the Town had \$13,800 of authorized, unissued bonds for the Town Hall and Community Center Project.

Indebtedness, in accordance with State Statutes, includes long-term debt outstanding in addition to the amount of bonds authorized and unissued against which bonds have been issued to partially finance the project or bond anticipation notes issued and outstanding. Sewer indebtedness includes overlapping debt of the Metropolitan District. As a member of the Metropolitan District (a quasi-municipal corporation that provides water supply and sewerage collection and disposal facilities for members), the Town is contingently liable for \$82,724 or 8.97% of the debt of the Metropolitan District.

Capital Leases

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

	<u>Governmental Activities</u>
Equipment	\$ 1,415
Less accumulated depreciation	<u>277</u>
Total	<u><u>\$ 1,138</u></u>

TOWN OF NEWINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019
(In Thousands)

The future minimum lease obligation and the net present value of the minimum lease payments as of June 30, 2019 were as follows:

<u>Year Ending June 30,</u>	<u>Governmental Activities</u>
2020	\$ 297
2021	297
2022	<u>224</u>
	818
Less amount for interest	<u>23</u>
Minimum Lease Payments	<u><u>\$ 795</u></u>

8. RISK MANAGEMENT

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

The claims liability of \$723 reported in the Health Benefits Internal Service Fund at June 30, 2019 is based on GASB Statement No. 10, which requires that a liability for estimated claims incurred but not reported be recorded. Changes in the claims liability were:

	<u>Liability July 1,</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Liability June 30,</u>
2017-2018	\$ 746	\$ 9,771	\$ 9,765	\$ 752
2018-2019	752	9,517	9,546	723

TOWN OF NEWINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019
(In Thousands)

9. FUND BALANCE

The components of fund balance for the governmental funds at June 30, 2019 are as follows:

	General Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total
Fund balances:				
Nonspendable:				
Inventory	\$	\$	\$ 56	\$ 56
Prepays			15	15
Total nonspendable	<u>-</u>	<u>-</u>	<u>71</u>	<u>71</u>
Restricted for:				
Grants			1,443	1,443
Permanent funds			37	37
Total restricted	<u>-</u>	<u>-</u>	<u>1,480</u>	<u>1,480</u>
Committed to:				
Education non-lapsing	1,025			1,025
Public buildings		7,650		7,650
Capital and nonrecurring projects		5,768		5,768
Public schools		1,711		1,711
Land acquisition		48		48
Parks and recreation		430		430
Education			738	738
Cemetery maintenance			1,536	1,536
Public safety activities			43	43
Recreation programs			990	990
Employee leave liability			625	625
Volunteer ambulance			202	202
Volunteer firefighters			137	137
General government			31	31
Total committed	<u>1,025</u>	<u>15,607</u>	<u>4,302</u>	<u>20,934</u>
Assigned to:				
Subsequent year's budget	1,100			1,100
General government - encumbrances	114			114
Public safety - encumbrances	20			20
Public works - encumbrances	2			2
Community planning and development - encumbrances	3			3
Health and community services - encumbrances	1			1
Parks and recreation - encumbrances	25			25
Education - encumbrances	4,021			4,021
Total assigned	<u>5,286</u>	<u>-</u>	<u>-</u>	<u>5,286</u>
Unassigned	<u>19,258</u>			<u>19,258</u>
Total Fund Balances	<u>\$ 25,569</u>	<u>\$ 15,607</u>	<u>\$ 5,853</u>	<u>\$ 47,029</u>

TOWN OF NEWINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019
(In Thousands)

Major encumbrances are reported in the assigned fund balance of the General Fund of \$4,186, committed fund balance for the Capital Projects Fund of \$1,492, and committed fund balance of Nonmajor Governmental Funds of \$69.

10. OTHER POST EMPLOYMENT BENEFITS

Other Post-Employment Benefits Trust

A. Plan Description (amounts not rounded)

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

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

At July 1, 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.

TOWN OF NEWINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019
(In Thousands)

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

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

C. Investments

Investment Policy

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

Rate of Return

For the year ended June 30, 2019, the annual money-weighted rate of return on investments, net of investment expense, was 8.11%. 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, 2019
(In Thousands)

D. Net OPEB Liability of the Town

The Town's net OPEB liability was measured as of June 30, 2019. The components of the net OPEB liability of the Town at June 30, 2019, were as follows:

Total OPEB liability	\$	26,097
Plan fiduciary net position		<u>8,016</u>
Net OPEB Liability	\$	<u><u>18,081</u></u>
Plan fiduciary net position as a percentage of the total OPEB liability		30.72%

Actuarial Assumptions

The total OPEB liability at June 30, 2019 was determined by an actuarial valuation as of July 1, 2017, 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 65 years

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

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

TOWN OF NEWINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019
(In Thousands)

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset as of June 30, 2019 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Core Fixed Income	32.0 %	2.4 %
Global Bonds	8.0	0.4
U.S. Large Cap	34.0	4.3
U.S. Small and Mid Cap	10.5	5.4
Non-US Equity	<u>15.5</u>	5.8
Total	<u><u>100.0 %</u></u>	

E. Discount Rate

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

TOWN OF NEWINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019
(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, 2018	\$ 24,961	\$ 6,840	\$ 18,121
Changes for the year:			
Service cost	774		774
Interest on total OPEB liability	1,784		1,784
Employer contributions		2,123	(2,123)
Net investment income		628	(628)
Benefit payments	(1,422)	(1,422)	-
Administrative expenses		(153)	153
Net changes	1,136	1,176	(40)
Balances as of June 30, 2019	\$ 26,097	\$ 8,016	\$ 18,081

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

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

	1% Decrease 6.13%	Current Discount Rate 7.13%	1% Increase 8.13%
Net OPEB Liability	\$ 20,563	\$ 18,081	\$ 15,892

TOWN OF NEWINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019
(In Thousands)

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

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

	1% Decrease 4.7% Decreasing to 3.7%	Healthcare Cost Trend Rates 5.7% Decreasing to 4.7%	1% Increase 6.7% Decreasing to 5.7%
Net OPEB Liability	\$ <u>15,100</u>	\$ <u>18,081</u>	\$ <u>21,593</u>

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

For the year ended June 30, 2019, the Town recognized OPEB expense of \$2,270. At June 30, 2019, 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	\$ 560	\$
Changes of assumptions	67	
Net difference between projected and actual earning on OPEB plan investments		126
Total	\$ <u>627</u>	\$ <u>126</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

2020	\$ 66
2021	66
2022	66
2023	75
2024	100
Thereafter	128

TOWN OF NEWINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019
(In Thousands)

The following schedule presents the net position held in trust for OPEB benefits at June 30, 2019 and the changes in net position for the year ended June 30, 2019:

STATEMENT OF NET POSITION

Assets:	
Investments	\$ <u>8,214</u>
Liabilities:	
Accounts payable	12
Due to other funds	<u>186</u>
Total liabilities	<u>198</u>
Net Position:	
Restricted for OPEB Benefits	\$ <u><u>8,016</u></u>

STATEMENT OF CHANGES IN NET POSITION

Additions:	
Contributions:	
Employer	\$ <u>2,123</u>
Investment income:	
Net appreciation in fair value of investments	419
Interest and dividends	<u>241</u>
Total investment income	660
Less investment expense	<u>32</u>
Net investment income	<u>628</u>
Total additions	<u>2,751</u>
Deductions:	
Benefits	1,422
Administration	<u>153</u>
Total deductions	<u>1,575</u>
Change in Net Position	1,176
Net Position - Beginning of Year	<u>6,840</u>
Net Position - End of Year	\$ <u><u>8,016</u></u>

Other Post Employment Benefit - Connecticut State Teachers Retirement Plan

A. Plan Description

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

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

B. Benefit Provisions (amounts not rounded)

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

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

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

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

Survivor Health Care Coverage

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

TOWN OF NEWINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019
(In Thousands)

C. Eligibility

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

Credited Service

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

Normal Retirement

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

Early Retirement

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

Proratable Retirement

Age 60 with 10 years of Credited Service.

Disability Retirement

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

Termination of Employment

Ten or more years of Credited Service.

D. Contributions (Amounts not Rounded)

State of Connecticut

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

Employer (School Districts)

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

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.

TOWN OF NEWINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019
(In Thousands)

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

At June 30, 2019, 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>20,814</u>
Total	\$ <u>20,814</u>

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

For the year ended June 30, 2019, the Town recognized OPEB expense and revenue of \$(6,914) in Exhibit II.

F. Actuarial Assumptions

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

Mortality rates were based on the RPH-2014 White Collar table with employee and annuitant rates blended from ages 50 to 80, projected to the year 2020 using the BB improvement scale, 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 2020 using the BB improvement scale.

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

TOWN OF NEWINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019
(In Thousands)

The long-term expected rate of return on plan assets is reviewed as part of the GASB 75 valuation process. Several factors are considered in evaluating the long-term rate of return assumption, including the plan's current asset allocations and a log-normal distribution analysis using the best-estimate ranges of expected future real rates of return (expected return, net investment expense and inflation) for each major asset class. The long-term expected rate of return was determined by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The assumption is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years. The plan is 100% invested in U.S. Treasuries (Cash Equivalents) for which the expected 10-Year Geometric Real Rate of Return is (0.27%).

G. Discount Rate

The discount rate used to measure the total OPEB liability was 3.87%. 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 2019 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, 2019
(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 (amount not rounded) plus 2% of final earnings in excess of \$10,000 multiplied by the number of years of aggregate service. The plan permits early retirement for participants at age 55 who have 10 years of continuous service or 15 years of aggregate service. Benefits for early retirement are computed based on the normal retirement benefit and adjusted by the appropriate early retirement adjustment factor.

TOWN OF NEWINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019
(In Thousands)

Volunteer Firefighters' Plan (amounts not rounded)

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

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

As of July 1, 2018, for the Municipal, Police, and Administrative, and as of July 1, 2017 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	179	75	31	43
Terminated participants	4	3	2	37
Active participants	<u>85</u>	<u>57</u>	<u>6</u>	<u>24</u>
Total	<u><u>268</u></u>	<u><u>135</u></u>	<u><u>39</u></u>	<u><u>104</u></u>

B. Summary of Significant Accounting Policies and Plan Asset Matters

Basis of Accounting

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

Method Used to Value Investments

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

Basis of Accounting

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

Method Used to Value Investments

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

TOWN OF NEWINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019
(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	28.67%	56.54%	67.47%

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, 2019 and the changes in net position for the year then ended.

Schedule of Plan Net Position							
	Municipal	Police	Administrative	Volunteer Firefighters' Plans			
	Employee's	Officer's	Employees'	Defined	Defined		
	Plan	Plan	Plan	Benefit	Contribution	Eliminations	Total
Assets:							
Cash and equivalents	\$ 650	\$ 1,503	\$ 142	\$	\$ 773	\$	\$ 3,068
Investments	25,281	47,825	5,405	751	1,465		80,727
Due from other funds					147	(147)	-
Total assets	25,931	49,328	5,547	751	2,385	(147)	83,795
Liabilities:							
Due to other funds				147		(147)	-
Net Position Restricted for							
Pension Benefits	\$ 25,931	\$ 49,328	\$ 5,547	\$ 604	\$ 2,385	\$ -	\$ 83,795

TOWN OF NEWINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019
(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	\$ 1,753	\$ 3,496	\$ 517	\$ 106	\$ 73	\$ 5,945
Plan members	250	598	24		11	883
Total contributions	<u>2,003</u>	<u>4,094</u>	<u>541</u>	<u>106</u>	<u>84</u>	<u>6,828</u>
Investment income:						
Net appreciation						
in fair value of investments	1,372	2,553	294	8	189	4,416
Interest and dividends	752	1,396	167	34		2,349
Total investment income	<u>2,124</u>	<u>3,949</u>	<u>461</u>	<u>42</u>	<u>189</u>	<u>6,765</u>
Less investment expenses	113	210	25	2		350
Net investment income	<u>2,011</u>	<u>3,739</u>	<u>436</u>	<u>40</u>	<u>189</u>	<u>6,415</u>
Total additions	<u>4,014</u>	<u>7,833</u>	<u>977</u>	<u>146</u>	<u>273</u>	<u>13,243</u>
Deductions:						
Benefits	2,931	3,686	985	119	45	7,766
Administration	28	38	7	4	15	92
Total deductions	<u>2,959</u>	<u>3,724</u>	<u>992</u>	<u>123</u>	<u>60</u>	<u>7,858</u>
Net increase (decrease)	1,055	4,109	(15)	23	213	5,385
Net Position at Beginning 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>
Net Position at End of Year	<u>\$ 25,931</u>	<u>\$ 49,328</u>	<u>\$ 5,547</u>	<u>\$ 604</u>	<u>\$ 2,385</u>	<u>\$ 83,795</u>

TOWN OF NEWINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019
(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, 2019:

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

The plans did not have any concentrations that warranted disclosure.

Rate of Return

For the year ended June 30, 2019, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 7.82% for Administrative Employees, 7.97% for Municipal Employees, 7.94% for Police and 7.06% 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, 2019
(In Thousands)

F. Net Pension Liability of the Town

The components of the net pension liability of the Town at June 30, 2019, were as follows:

	<u>Municipal Employees</u>	<u>Police</u>	<u>Administrative Employees</u>	<u>Firefighters</u>
Total pension liability	\$ 46,464	\$ 70,262	\$ 11,748	\$ 1,324
Plan fiduciary net position	<u>25,931</u>	<u>49,328</u>	<u>5,547</u>	<u>604</u>
Net Pension Liability	<u>\$ 20,533</u>	<u>\$ 20,934</u>	<u>\$ 6,201</u>	<u>\$ 720</u>
Plan fiduciary net position as a percentage of the total pension liability	55.81%	70.21%	47.22%	45.62%

The Town's net pension liability was measured as of June 30, 2019 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018 for Municipal Employees, Police and Administrative Employees and July 1, 2017 Firefighters.

Actuarial Assumptions

The total pension liability for Administrative Employees, Municipal Employees and Police was determined by an actuarial valuation as of July 1, 2018, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Salary increases	3.50%, average, including inflation
Investment rate of return	7.00%, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2000 Mortality for Employees, Healthy Annuitants, with generational projection per Scale AA.

The total pension liability for Firefighters 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	N/A
Investment rate of return	6.0%, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2000 Mortality for Employees, Healthy Annuitants, with generational projection per Scale AA.

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

TOWN OF NEWINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019
(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, 2019. 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, 2019 (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	2.4 %	2.4 %	2.4 %	1.58 %
Intermediate Fixed Income				3.38
Global Bond Fund	0.38	0.38	0.38	0.38
Equity:				
S & P 500 Index	4.33	4.33	4.33	4.33
Middle Company Value				5.56
Small Company	5.42	5.42	5.42	4.86
Developed Foreign Equities	5.81	5.81	5.81	5.55
Emerging Markets				7.88

Discount Rate

The discount rate used to measure the total pension liability was 7.00% 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, 2019
(In Thousands)

G. Changes in Net Pension Liability

Municipal Employees' Pension Plan			
	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a)-(b)
Balances as of July 1, 2018	\$ 44,824	\$ 24,876	\$ 19,948
Changes for the year:			
Service cost	504		504
Interest on total pension liability	3,127		3,127
Differences between expected and actual experience	402		402
Changes in assumptions	538		538
Employer contributions		1,753	(1,753)
Member contributions		250	(250)
Net investment income		2,011	(2,011)
Benefit payments, including refund to employee contributions	(2,931)	(2,931)	-
Administrative expenses		(28)	28
Net changes	1,640	1,055	585
Balances as of June 30, 2019	\$ 46,464	\$ 25,931	\$ 20,533

Police Employees' Pension Plan			
	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a)-(b)
Balances as of July 1, 2018	\$ 66,857	\$ 45,219	\$ 21,638
Changes for the year:			
Service cost	1,372		1,372
Interest on total pension liability	4,732		4,732
Differences between expected and actual experience	(3)		(3)
Changes in assumptions	990		990
Employer contributions		3,496	(3,496)
Member contributions		598	(598)
Net investment income		3,739	(3,739)
Benefit payments, including refund to employee contributions	(3,686)	(3,686)	-
Administrative expenses		(38)	38
Net changes	3,405	4,109	(704)
Balances as of June 30, 2019	\$ 70,262	\$ 49,328	\$ 20,934

TOWN OF NEWINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019
(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 July 1, 2018	\$ 12,104	\$ 5,562	\$ 6,542
Changes for the year:			
Service cost	48		48
Interest on total pension liability	831		831
Differences between expected and actual experience	(370)		(370)
Changes in assumptions	120		120
Employer contributions		517	(517)
Member contributions		24	(24)
Net investment income		436	(436)
Benefit payments, including refund to employee contributions	(985)	(985)	-
Administrative expenses		(7)	7
Net changes	(356)	(15)	(341)
Balances as of June 30, 2019	\$ 11,748	\$ 5,547	\$ 6,201

Volunteer Firefighters' Pension Plan

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a)-(b)
Balances as of July 1, 2018	\$ 1,366	\$ 581	\$ 785
Changes for the year:			
Interest on total pension liability	78		78
Differences between expected and actual experience	(1)		(1)
Employer contributions		106	(106)
Net investment income		40	(40)
Benefit payments, including refund to employee contributions	(119)	(119)	-
Administrative expenses		(4)	4
Net changes	(42)	23	(65)
Balances as of June 30, 2019	\$ 1,324	\$ 604	\$ 720

TOWN OF NEWINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019
(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 7.00% for Municipal Employees, Police and Administrative Employees, as well as what the Town's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
Municipal Employees' Net Pension Liability	\$ 25,133	\$ 20,533	\$ 13,556
Police Net Pension Liability	29,773	20,934	13,625
Administrative Employees' Net Pension Liability	7,242	6,201	5,302

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

	1% Decrease 5.00%	Current Discount Rate 6.00%	1% Increase 7.00%
Firefighters Net Pension Liability	\$ 843	\$ 720	\$ 612

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

For the year ended June 30, 2019, the Town recognized pension expense of \$1,940, \$3,186, \$295, \$53 for Municipal, Police, Administrative, and Fire employees, respectively. At June 30, 2019, 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	\$ 219	\$ 266	\$	\$	\$ 485
Changes of assumptions	397	2,074			2,471
Total	\$ 616	\$ 2,340	\$ -	\$ -	\$ 2,956

TOWN OF NEWINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019
(In Thousands)

Deferred Inflows of Resources					
	Municipal Employees' Pension Plan	Police Retirement Plan	Administrative Employees' Pension Plan	Volunteer Firefighters' Pension Plan	Total
Differences between expected and actual experience	\$ 246	\$ 658	\$	\$	\$ 904
Net difference between projected and actual earning on pension plan investments	491	949	116	5	1,561
Total	<u>\$ 737</u>	<u>\$ 1,607</u>	<u>\$ 116</u>	<u>\$ 5</u>	<u>\$ 2,465</u>

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

Year Ending June 30	Municipal Employees' Pension Plan	Police Retirement Plan	Administrative Employees' Pension Plan	Volunteer Firefighters' Pension Plan	Total
2020	\$ 322	\$ 626	\$ 10	\$ 1	\$ 959
2021	(289)	(189)	(90)	(5)	(573)
2022	(100)	143	(25)		18
2023	(54)	64	(11)	(1)	(2)
2024		89			89

TOWN OF NEWINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019
(In Thousands)

J. Payable to the Pension Plan

At June 30, 2019, the Town had no outstanding contributions to the pension plan required for the year ended June 30, 2019.

Volunteer Firefighters - Defined Contribution Plan (amounts not rounded)

In addition to the defined benefit plan described above, the Town provides a defined contribution plan to certain volunteer firefighters, which is administered by the three fire commissioners, the Town Manager and the Director of Finance. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Most current active and all new and future members of volunteer firefighters can only participate in this plan. Members are 100% vested after 10 years of service. Contributions range from \$385 per year for members with less than 6 years of service to \$805 per year for members with more than 35 years of service. The firefighters are not required to contribute to the plan; however, they can elect to defer a stipend of \$1. Stipend contributions for 2018-2019 amounted to \$11. Plan provisions and contribution requirements are established and may be amended by the Town Council.

The Town's contribution for 2018-2019, computed in accordance with plan requirements, amounted to \$73. At June 30, 2019, there were 136 members of the plan.

Connecticut Teachers Retirement System - Pension

A. Plan Description

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

B. Benefit Provisions

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

Normal Retirement

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

Early Retirement

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

TOWN OF NEWINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019
(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, 2019, 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>104,120</u>
Total	\$	<u>104,120</u>

The 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 June 30, 2018. At June 30, 2019, the Town has no proportionate share of the net pension liability.

TOWN OF NEWINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019
(In Thousands)

For the year ended June 30, 2019, the Town recognized pension expense and revenue of \$11,686 in Exhibit II.

E. Actuarial Assumptions

The total pension liability 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 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, 2018 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, 2019
(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.

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.



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, 2019
(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	\$ 90,739	\$ 90,739	\$ 92,219	\$ 1,480
Motor vehicle taxes	9,737	9,737	9,342	(395)
Prorated real estate	50	50		(50)
Prior year tax levies	490	490	604	114
Interest and liens	355	355	451	96
Total	<u>101,371</u>	<u>101,371</u>	<u>102,616</u>	<u>1,245</u>
Payments in lieu of taxes:				
State-Owned Property	28	28	30	2
Disabled Exemption	5	5	5	-
Additional Veteran's Exemption	28	28	27	(1)
Tax Exempt Colleges and Hospital	896	896	1,940	1,044
Total	<u>957</u>	<u>957</u>	<u>2,002</u>	<u>1,045</u>
Licenses and permits:				
Building permits	260	260	251	(9)
Vendor's permits	1	1	4	3
Gun permits	10	10	11	1
Raffle and Bingo permits	1	1		(1)
Work Within Rights of Way	12	12	27	15
Refuse handling licenses	2	2	3	1
Total	<u>286</u>	<u>286</u>	<u>296</u>	<u>10</u>
Rentals:				
Town Hall rental	4	4	2	(2)
Indian Hill Country Club	52	52	48	(4)
Other town property	44	44	52	8
Total	<u>100</u>	<u>100</u>	<u>102</u>	<u>2</u>
Investment income	<u>130</u>	<u>130</u>	<u>791</u>	<u>661</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, 2019
(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	\$ 13	\$ (7)
False alarms	10	10	14	4
Blighted Premises	3	3		(3)
Total	<u>33</u>	<u>33</u>	<u>27</u>	<u>(6)</u>
Charges for services:				
Conservation Commission	9	9	4	(5)
Zoning Board of Appeals	1	1	1	-
Town Planning and Zoning	9	9	13	4
Town Clerk Fees	475	475	467	(8)
Police	8	8	13	5
Human Services - counseling fee	5	5	3	(2)
Library - overdue fines	19	19	19	-
Dial-A-Ride Tickets	5	5	4	(1)
Scrap Metal Curbside	12	12	42	30
Engineering fees	1	1		(1)
Total	<u>544</u>	<u>544</u>	<u>566</u>	<u>22</u>
State of Connecticut:				
Public Library	1	1		(1)
Mashantucket Pequot Fund	165	165	165	-
Youth Services Bureau	20	20	21	1
Alcohol and Drug Abuse	5	5	6	1
Telecommunications Tax	115	115	89	(26)
Emergency Management Grant	18	18	22	4
Adult Education	37	37	36	(1)
Municipal Grant-In-Aid	918	918	918	-
School Building Grants	378	378	62	(316)
Health Services	15	15	3	(12)
Education Cost Sharing Grant	11,598	11,598	12,942	1,344
Total	<u>13,270</u>	<u>13,270</u>	<u>14,264</u>	<u>994</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, 2019
(In Thousands)

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Federal government:				
Senior Citizen Trans Aid	\$ 9	\$ 9	\$ 11	\$ 2
Miscellaneous:				
Other - miscellaneous	84	84	55	(29)
Cancelled PY encumbrances	59	59	246	187
United Way (Human Services)	6	6	6	-
Total	<u>149</u>	<u>149</u>	<u>307</u>	<u>158</u>
Total revenues	116,849	116,849	120,982	4,133
Other financing sources:				
Transfers in	<u>748</u>	<u>748</u>	<u>749</u>	<u>1</u>
Total	<u>\$ 117,597</u>	<u>\$ 117,597</u>	121,731	<u>\$ 4,134</u>

Budgetary revenues are different than GAAP revenues because:

State of Connecticut pension expense related to the Connecticut State Teachers' Retirement System for Town teachers are not budgeted	11,686
State of Connecticut OPEB revenue related to the Connecticut State Teachers OPEB System for Town teachers are not budgeted	(6,914)
Cancellation of prior year encumbrances are recognized as budgetary revenue	(246)
The Town budgets for certain transfers that are eliminated for GAAP purposes	(600)
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>778</u>

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

\$ 126,435

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, 2019
(In Thousands)

	<u>Budgeted Amounts</u>			<u>Variance -</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Positive</u>
				<u>(Negative)</u>
General Government:				
Town Council	\$ 53	\$ 53	\$ 51	\$ 2
Town Manager	450	381	381	-
Courts	40	40	40	-
Elections	150	151	150	1
Finance	1,523	1,530	1,513	17
Town Attorney	156	226	226	-
Town Clerk	184	188	184	4
Personnel	42	42	34	8
General services	2,811	2,815	2,599	216
Total general government	5,409	5,426	5,178	248
Public Safety:				
Police Department	7,196	7,520	7,494	26
Fire Department	859	864	792	72
Street lighting	330	330	262	68
Emergency Management	4	4		4
Emergency Medical Service	34	34	32	2
Hydrants	78	81	81	-
Total public safety	8,501	8,833	8,661	172
Public Works:				
Engineering	316	316	312	4
Highway Department	2,676	2,685	2,582	103
Solid Waste Services	2,124	2,124	2,070	54
Total public works	5,116	5,125	4,964	161
Community Planning and Development:				
Planning and Development	220	221	220	1
Town Planning and Zoning	17	19	19	-
Zoning Board of Appeals	3	3	2	1
Building Department	203	210	209	1
Conservation Commission	5	6	6	-
Economic Development	95	95	94	1
Total community planning and development	543	554	550	4
Health and Community Services:				
Public Health:				
Health Services	186	186	183	3
Community Services:				
Human Services	444	451	450	1
Senior and Disabled Center	574	588	581	7
Boards and Commissions	9	9	8	1
Total health and community services	1,213	1,234	1,222	12

(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, 2019
(In Thousands)

	<u>Budgeted Amounts</u>			<u>Variance -</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Positive</u>
				<u>(Negative)</u>
Library:				
Library operations	\$ 1,773	\$ 1,786	\$ 1,766	\$ 20
Parks and Recreation:				
Parks and Recreation Administration	318	329	326	3
Grounds Maintenance	1,440	1,441	1,356	85
Total parks and recreation	1,758	1,770	1,682	88
Board of Education:				
Art	757	724	724	-
Career/Vocational	724	715	715	-
Computers	1,879	3,003	3,006	(3)
Language Arts	4,134	3,974	3,974	-
Foreign Language	1,306	1,283	1,283	-
Math	4,395	4,080	4,080	-
Music	1,160	1,264	1,264	-
Physical Education	1,536	1,470	1,470	-
Reading	4,013	3,930	3,930	-
Science	3,410	3,324	3,324	-
S.T.E.M.	603	570	571	(1)
Social Studies	3,489	3,357	3,357	-
Other Salaries	1,185	428	440	(12)
Special Education	9,164	8,556	8,555	1
Homebound	79	66	68	(2)
Adult Education	98	100	100	-
Guidance	1,208	1,160	1,160	-
Health/Nurses	651	594	593	1
Psychological Services	1,038	1,018	1,018	-
Speech and Hearing	665	634	635	(1)
Curriculum Development	402	323	323	-
Media	920	913	913	-
Board of Education	605	411	334	77
Central Direction	1,680	1,740	1,740	-
Building Direction	3,742	3,717	3,718	(1)
Supplies	253	196	197	(1)
Maintenance	2,222	4,009	4,049	(40)
Plant operation	4,721	4,415	4,273	142
Transportation	2,878	3,011	3,031	(20)
Evaluation, planning and development	93	44	44	-
Insurance	741	641	641	-
Employee benefits	12,231	12,336	11,613	723
Non-athletics	168	170	170	-
Athletics	556	520	520	-
Community service	97	109	110	(1)
Total Board of Education	72,803	72,805	71,943	862

(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, 2019
(In Thousands)

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Miscellaneous:				
Metropolitan District Assessment	\$ 4,349	\$ 4,349	\$ 4,343	\$ 6
Municipal insurance	1,013	873	842	31
Greater Hartford Transit District	3	3	3	-
Employee benefits	10,565	10,580	10,578	2
Donations and contributions	18	18	18	-
Contingency	645	143	47	96
Total miscellaneous	<u>16,593</u>	<u>15,966</u>	<u>15,831</u>	<u>135</u>
Debt service:				
Principal payments	695	695	695	-
Interest expense	91	91	91	-
Total debt service	<u>786</u>	<u>786</u>	<u>786</u>	<u>-</u>
Total expenditures	114,495	114,285	112,583	1,702
Other financing uses:				
Transfers out	<u>4,202</u>	<u>4,412</u>	<u>4,412</u>	<u>-</u>
Total	<u>\$ 118,697</u>	<u>\$ 118,697</u>	116,995	<u>\$ 1,702</u>

Budgetary expenditures are different than GAAP expenditures because:

State of Connecticut pension expense related to the Connecticut State Teachers' Retirement System for Town teachers are not budgeted	11,686
State of Connecticut OPEB revenue related to the Connecticut State Teachers OPEB System for Town teachers are not budgeted	(6,914)
The Town does not budget for write-offs of accounts receivable	28
The Town budgets for certain transfers that are eliminated for GAAP purposes	(600)
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	778
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	438

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

\$ 122,411

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

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

*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
POLICE
LAST SIX FISCAL YEARS*
(In Thousands)

	2014	2015	2016	2017	2018	2019
Total pension liability:						
Service cost	\$ 1,057	\$ 1,164	\$ 1,178	\$ 1,264	\$ 1,311	\$ 1,372
Interest	3,974	4,140	4,319	4,479	4,648	4,732
Differences between expected and actual experience	(36)	259	483	186	(1,000)	(3)
Changes of assumptions			835	913	896	990
Benefit payments, including refunds of member contributions	(3,104)	(3,206)	(3,330)	(3,507)	(3,522)	(3,686)
Net change in total pension liability	1,891	2,357	3,485	3,335	2,333	3,405
Total pension liability - beginning	53,456	55,347	57,704	61,189	64,524	66,857
Total pension liability - ending	55,347	57,704	61,189	64,524	66,857	70,262
Plan fiduciary net position:						
Contributions - employer	2,661	3,195	3,338	3,515	3,613	3,496
Contributions - member	443	493	535	558	568	598
Net investment income (loss)	4,598	1,310	(611)	5,004	3,386	3,739
Benefit payments, including refunds of member contributions	(3,104)	(3,206)	(3,330)	(3,507)	(3,522)	(3,686)
Administrative expense	(20)	(22)	(16)	(24)	(32)	(38)
Net change in plan fiduciary net position	4,578	1,770	(84)	5,546	4,013	4,109
Plan fiduciary net position - beginning	29,396	33,974	35,744	35,660	41,206	45,219
Plan fiduciary net position - ending	33,974	35,744	35,660	41,206	45,219	49,328
Net Pension Liability - Ending	\$ 21,373	\$ 21,960	\$ 25,529	\$ 23,318	\$ 21,638	\$ 20,934
Plan fiduciary net position as a percentage of the total pension liability	61.38%	61.94%	58.28%	63.86%	67.64%	70.21%
Covered payroll	\$ 5,561	\$ 5,536	\$ 5,766	\$ 5,828	\$ 6,151	\$ 6,183
Net pension liability as a percentage of covered payroll	384.34%	396.68%	442.75%	400.10%	351.78%	338.57%

*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 SIX FISCAL YEARS*
(In Thousands)

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

*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 SIX FISCAL YEARS*
(In Thousands)

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

*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)**

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Actuarially determined contribution	\$ 969	\$ 1,219	\$ 1,268	\$ 1,373	\$ 1,453	\$ 1,594	\$ 1,623	\$ 1,695	\$ 1,742	\$ 1,753
Contributions in relation to the actuarially determined contribution	969	1,219	1,268	1,697	1,453	1,594	1,623	1,695	1,742	1,753
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ (324)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 8,823	\$ 8,832	\$ 8,170	\$ 7,503	\$ 7,230	\$ 6,807	\$ 7,037	\$ 6,603	\$ 6,183	\$ 6,115
Contributions as a percentage of covered payroll	10.98%	13.80%	15.52%	22.62%	20.10%	23.42%	23.06%	25.67%	28.17%	28.67%

Notes to Schedule

Valuation date:

July 1, 2018

Measurement date:

June 30, 2019

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	17 years
Asset valuation method	5-year smoothed market
Inflation	2.75%
Salary increases	3.5%, average, including inflation
Investment rate of return	7.00% (Prior: 7.125%), 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)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Actuarially determined contribution	\$ 1,525	\$ 1,800	\$ 2,065	\$ 2,427	\$ 2,661	\$ 3,195	\$ 3,338	\$ 3,486	\$ 3,613	\$ 3,496
Contributions in relation to the actuarially determined contribution	1,525	1,800	2,065	2,805	2,661	3,195	3,338	3,515	3,613	3,496
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ (378)	\$ -	\$ -	\$ -	\$ (29)	\$ -	\$ -
Covered payroll	\$ 4,788	\$ 5,237	\$ 5,248	\$ 5,829	\$ 5,561	\$ 5,536	\$ 5,766	\$ 5,828	\$ 6,151	\$ 6,183
Contributions as a percentage of covered payroll	31.85%	34.37%	39.35%	48.12%	47.85%	57.71%	57.89%	60.31%	58.74%	56.54%

Notes to Schedule

Valuation date:

July 1, 2018

Measurement date:

June 30, 2019

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

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, closed
Remaining amortization period	10 years
Asset valuation method	5-year smoothed market
Inflation	2.75%
Salary increases	3.5%, average, including inflation
Investment rate of return	7.00% (Prior: 7.125%), 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)**

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Actuarially determined contribution	\$ 196	\$ 237	\$ 287	\$ 324	\$ 383	\$ 436	\$ 449	\$ 455	\$ 491	\$ 517
Contributions in relation to the actuarially determined contribution	196	237	287	422	383	436	449	455	491	517
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	(98)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 1,131	\$ 885	\$ 815	\$ 761	\$ 751	\$ 842	\$ 864	\$ 899	\$ 925	\$ 766
Contributions as a percentage of covered payroll	17.33%	26.78%	35.21%	55.45%	51.00%	51.78%	51.97%	50.61%	53.08%	67.49%
Notes to Schedule										
Valuation date:	July 1, 2018									
Measurement date:	June 30, 2019									
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	17 years									
Asset valuation method	5-year smoothed market									
Inflation	2.75%									
Salary increases	3.5%, average, including inflation									
Investment rate of return	7.00% (Prior: 7.125%), 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)**

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Actuarially determined contribution	\$ 72	\$ 77	\$ 77	\$ 102	\$ 102	\$ 133	\$ 133	\$ 125	\$ 125	\$ 106
Contributions in relation to the actuarially determined contribution	72	77	77	102	102	133	133	125	125	106
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, 2019

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

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level dollar of payroll, open
Remaining amortization period	10 years
Asset valuation method	N/A
Inflation	2.75% (Prior: 2.5%)
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 SIX FISCAL YEARS***

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

*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 SIX FISCAL YEARS*

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

*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 SIX FISCAL YEARS***

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

*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 SIX FISCAL YEARS*

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

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

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

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Town's proportion of the net pension liability	0.00%	0.00%	0.00%	0.00%	0.00%
Town's proportionate share of the net pension liability	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability associated with the Town	<u>81,526</u>	<u>88,203</u>	<u>112,951</u>	<u>107,062</u>	<u>104,120</u>
Total	<u>\$ 81,526</u>	<u>\$ 88,203</u>	<u>\$ 112,951</u>	<u>\$ 107,062</u>	<u>\$ 104,120</u>
Town's covered payroll	\$ 31,370	\$ 31,603	\$ 32,498	\$ 32,704	\$ 32,582
Town's proportionate share of the net pension liability as a percentage of its covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	61.51%	59.50%	52.26%	55.93%	57.69%

*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	Beginning January 1, 2018, member contributions increased from 6% to 7% of salary.
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.
Actuarial cost method	Entry age
Amortization method	Level percent of salary, closed
Single equivalent amortization period	17.6 years
Asset valuation method	4-year smoothed market
Investment rate of return	8.00%, net of investment related expense

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

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

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

Notes to Schedule:
Benefit changes : None

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Actuarially determined contribution (1)	\$ 2,598	\$ 1,843	\$ 1,939	\$ 1,713	\$ 1,795	\$ 1,880	\$ 1,970	\$ 1,771	\$ 1,841	\$ 2,123
Contributions in relation to the actuarially determined contribution	2,598	1,843	1,939	2,090	1,916	1,781	1,946	2,138	1,771	2,123
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ (377)	\$ (121)	\$ 99	\$ 24	\$ (367)	\$ 70	\$ -
Covered payroll	N/A	N/A	N/A	N/A	N/A	\$ 46,334	\$ 46,334	\$ 46,163	\$ 46,163	\$ 45,740
Contributions as a percentage of covered payroll	N/A	N/A	N/A	N/A	N/A	3.84%	4.20%	4.63%	3.84%	4.64%

(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:

Measurement date: July 1, 2017
June 30, 2019

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
Teachers	RP-2000 Combined Healthy Mortality Table for males and females, with generational projection per scale AA
All Others	
Disabled	
Teachers	RP-2000 Combined Healthy Mortality Table for males and females, projected forward 19 years using scale AA, with a eight-year age set forward
All Others	RP-2000 Combined Healthy Mortality Table for males and females, with generational projection per scale AA

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

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

*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 TWO FISCAL YEARS*
(In Thousands)

	2018	2019
Town's proportion of the net OPEB liability	0.00%	0.00%
Town's proportionate share of the net OPEB liability	\$ -	\$ -
State's proportionate share of the net OPEB liability associated with the Town	27,557	20,814
Total	\$ 27,557	\$ 20,814
Town's covered payroll	\$ 32,704	\$ 32,582
Town's proportionate share of the net OPEB liability as a percentage of its covered payroll	0.00%	0.00%
Plan fiduciary net position as a percentage of the total OPEB liability	1.79%	1.49%

Notes to Schedule

Changes in benefit terms Effective July 1, 2018, Medicare Advantage Plan was added to available options, changed the base plan to the Medicare Advantage Plan for the purposes of determining retiree subsidies and/or cost sharing amounts, and introduced a two-year waiting period for re-enrollment in a System-sponsored Plan for those who cancel their coverage or choose not to enroll after the effective date.

Changes of assumptions The expected rate of return on assets was changed from 2.75% to 3.00% to better reflect the anticipated returns on cash and other high quality short-term fixed income investments.

Based on the procedure described in GASB 75, the discount rate used to measure Plan obligations for financial accounting purposes as of June 30, 2018 was updated to equal the Municipal Bond Index Rate as of June 30, 2018. The System selected the 3.87% discount rate used to measure the Total OPEB Liability as of the June 30, 2018 measurement date

Expected annual per capita claims costs were updated to better reflect anticipated medical and prescription drug claim experience both before and after the plan change that became effective on July 1, 2018.

The assumed age-related annual percentage increases in expected annual per capita health care claim costs were updated to better reflect the expected differences between the Medicare Supplement and Medicare Advantage Plan amounts as part of the plan change that became effective on July 1, 2018.

Long-term health care cost trend rates were updated to better reflect the anticipated impact of changes in medical inflation, utilization, leverage in the plan design, improvements in technology, and fees and charges on expected claims and retiree contributions in future periods.

The percentage of retired members who are not currently participating in the Plan, but are expected to elect coverage for themselves and their spouses under a System-sponsored health care plan option in the future, was updated to better reflect anticipated plan experience.

The percentages of participating retirees who are expected to enroll in the Medicare Supplement Plan and the Medicare Advantage Plan options, as well as the portion who are expected to migrate to the Medicare Advantage Plan over the next several years, were updated to better reflect anticipated plan experience after the plan change that became effective on July 1, 2018.

The post-disability mortality table was updated to extend the period of projected mortality improvements from 2017 to 2020. This change was made to better reflect anticipated post-disablement plan experience.

The percentages of deferred, vested members who will become ineligible for future health care benefits because they are expected to withdraw their contributions from the System was updated to better reflect anticipated plan experience.

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

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

June 4, 2020

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

RE: Town of Newington, Connecticut
\$15,000,000 General Obligation Bonds, Issue of 2020, dated June 4, 2020

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance by the Town of Newington, Connecticut (the “Town”) of its \$15,000,000 General Obligation Bonds, Issue of 2020, dated June 4, 2020 (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 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.

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 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,

UPDIKE, KELLY & SPELLACY, P.C.

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.

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 prices of certain maturities of the Bonds (the “OID Bonds”) may be less than their state principal amounts, the difference between the stated principal amount and the initial public offering price of each maturity of the OID Bonds to the public (excluding bond houses and brokers) at which a substantial amount of such maturity of the OID Bonds is sold will constitute original issue discount (“OID”). The offering prices relating to the yields set forth on the cover page of the Official Statement for the OID Bonds are expected to be the initial offering prices to the public at which a substantial amount of each maturity of the OID Bonds are sold. Under existing law, OID on the Bonds accrued and properly allocable to the owners thereof under the Code is not included in gross income of the owners of the Bonds for federal income tax purposes if interest on the Bonds is not included in gross income for federal income tax purposes. 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 prices of certain maturities of the 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 an OIP Bond over the principal amount payable at maturity 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 amount 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 not 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 Continuing Disclosure Agreement

Appendix C – Form of Continuing Disclosure Agreement

This Continuing Disclosure Agreement (“Agreement”) is executed and delivered as of the 4th day of June, 2020 by the Town of Newington, Connecticut (the “Town”), acting by its undersigned officers, duly authorized, in connection with the issuance of its \$15,000,000 General Obligation Bonds, Issue of 2020 (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 21, 2020, 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, 2020) 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: _____
KEITH CHAPMAN
Town Manager

By: _____
JANET MURPHY
Director of Finance

Appendix D

Notice of Sale

Appendix D – Notice of Sale

NOTICE OF SALE

TOWN OF NEWINGTON, CONNECTICUT

\$15,000,000 GENERAL OBLIGATION BONDS, ISSUE OF 2020

ELECTRONIC PROPOSALS *solely* via PARITY® will be received by the TOWN OF NEWINGTON, CONNECTICUT (the “Town”), at the offices of Phoenix Advisors, LLC, 53 River Street, Milford, Connecticut 06460, until 11:30 A.M. (Eastern Time) on THURSDAY,

MAY 21, 2020

for the purchase, when issued, of all (but not less than all) of the Town’s \$15,000,000 General Obligation Bonds, Issue of 2020, dated June 4, 2020 (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>
2021	\$750,000	2031	\$750,000
2022	\$750,000	2032	\$750,000
2023	\$750,000	2033	\$750,000
2024	\$750,000	2034	\$750,000
2025	\$750,000	2035	\$750,000
2026	\$750,000	2036	\$750,000
2027	\$750,000	2037	\$750,000
2028	\$750,000	2038	\$750,000
2029	\$750,000	2039	\$750,000
2030	\$750,000	2040	\$750,000

The Bonds will bear interest payable on December 1, 2020 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, 2026 are not subject to redemption prior to maturity. The Bonds maturing June 1, 2027 and thereafter are subject to redemption prior to maturity, at the election of the Town, on or after June 1, 2026, 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 respective 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:

Period During Which Redeemed

June 1, 2026 and thereafter

Redemption Price

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 and of 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 \$15,000,000 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. 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. 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 11:30 A.M. (Eastern Time) on Thursday, May 21, 2020. 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 14, 2020 (the “Official Statement”) prepared by the Town’s Municipal Advisor, 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 (the “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 within ten (10) business days of the occurrence of such events, 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 C. 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 4, 2020. 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

KEITH CHAPMAN
Town Manager

JANET MURPHY
Director of Finance

May 14, 2020

EXHIBIT A

ISSUE PRICE CERTIFICATE

(Competitive Sale Requirements Satisfied)

Town of Newington, Connecticut
\$15,000,000 General Obligation Bonds, Issue of 2020
Dated June 4, 2020

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 4, 2020, the Bonds at a price of par (\$15,000,000), 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 21, 2020 (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 4, 2020.

[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>
2021	\$750,000		
2022	\$750,000		
2023	\$750,000		
2024	\$750,000		
2025	\$750,000		
2026	\$750,000		
2027	\$750,000		
2028	\$750,000		
2029	\$750,000		
2030	\$750,000		
2031	\$750,000		
2032	\$750,000		
2033	\$750,000		
2034	\$750,000		
2035	\$750,000		
2036	\$750,000		
2037	\$750,000		
2038	\$750,000		
2039	\$750,000		
2040	\$750,000		

Schedule B to Issue Price Certificate

[Copy of Bid]

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