

**TOWN OF SOUTHLINGTON,  
CONNECTICUT**



**COMPREHENSIVE  
ANNUAL FINANCIAL REPORT**

**FISCAL YEAR ENDED JUNE 30, 2008**

# **Comprehensive Annual Financial Report**

of the

## **Town of Southington Connecticut**

Fiscal Year Ended June 30, 2008

Prepared by:  
Department of Finance  
Emilia C. Portelinha  
Director of Finance

**TOWN OF SOUTHLINGTON, CONNECTICUT**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**TABLE OF CONTENTS**

		<u>Page</u>
<b>INTRODUCTORY SECTION</b>		
	Principal Officials	i
	Organizational Chart of the Town Government	ii
	GFOA Certificate of Achievement for Excellence in Financial Reporting	iii
	Letter of Transmittal	iv-ix
<b>FINANCIAL SECTION</b>		
	Independent Auditors' Report	1-2
	Management's Discussion and Analysis	3-13
<b><u>Exhibit</u></b>		
	Basic Financial Statements:	
	Government-Wide Financial Statements:	
I	Statement of Net Assets	14
II	Statement of Activities	15
	Fund Financial Statements:	
	Governmental Funds:	
III	Balance Sheet	16-17
IV	Statement of Revenues, Expenditures and Changes in Fund Balances	18-19
	Proprietary Funds:	
V	Statement of Net Assets	20
VI	Statement of Revenues, Expenses and Changes in Fund Net Assets	21
VII	Statement of Cash Flows	22
	Fiduciary Funds:	
VIII	Statement of Fiduciary Net Assets	23
IX	Statement of Changes in Plan Net Assets - Pension Trust Fund	24
	Notes to Financial Statements	25-44
	Required Supplementary Information:	
	General Fund:	
RSI-1	Schedule of Revenues and Other Financing Sources - Budget and Actual	45-47
RSI-2	Schedule of Expenditures and Other Financing Uses - Budget and Actual	48-58
	Combining and Individual Fund Statements and Schedules:	
	General Fund:	
A-1	Comparative Balance Sheet	59
A-2	Report of Tax Collector	60

**Exhibit****Page**

## Combining and Individual Fund Statements and Schedules (continued):

## Nonmajor Governmental Funds:

B-1	Combining Balance Sheet	61-63
B-2	Combining Statement of Revenues, Expenditures and Changes in Fund Balances	64-66
	Fiduciary Fund:	
	Agency Funds:	
C-1	Combining Balance Sheet	67
C-2	Combining Statement of Changes in Assets and Liabilities	68

**STATISTICAL SECTION****Table**

	Financial Trends:	
1	Net Assets by Component	69
2	Changes in Net Assets	70
3	Fund Balances, Governmental Funds	71
4	Changes in Fund Balances, Governmental Funds	72
	Revenue Capacity:	
5	Assessed Value and Estimated Actual Value of Taxable Property	73
6	Principal Property Taxpayers	74
7	Property Tax Levies and Collections	75
	Debt Capacity:	
8	Ratios of Outstanding Debt by Type	76
9	Ratios of General Bonded Debt Outstanding	77
10	Schedule of Debt Limitation	78
11	Legal Debt Margin Information	79
	Demographic and Economic Statistics:	
12	Demographic and Economic Statistics	80
13	Principal Employers	81
	Operating Information:	
14	Full-Time Equivalent Town Government Employees by Function/Program	82
15	Operating Indicators by Function/Program	83
16	Capital Asset Statistics by Function/Program	84

# **Introductory Section**

**TOWN OF SOUTHLINGTON, CONNECTICUT**

**PRINCIPAL OFFICIALS**

**JUNE 30, 2008**

**Town Council**

John Barry, Chairman  
Anthony D'Angelo, Vice Chairman  
John Carmody  
Nicholas DePaola  
Christopher Palmieri

Edward Pocock, III  
Michael Riccio  
Arthur Secondo  
David Zoni

**Town Manager**

John Weichsel

**Administration**

Assessor  
Town Attorney/Assistant Town Manager  
Building Inspector  
Economic Development Coordinator  
Town Engineer  
Director of Finance  
Health Director  
Fire Chief  
Librarian  
Town Planner  
Police Chief  
Park Superintendent  
Director of Recreation  
Superintendent of Highways  
Tax Collector  
Town Clerk  
Town Treasurer  
Water Pollution Plant Superintendent  
Director of Youth Services  
Director of Calendar House Senior Center

Brian Lastra  
Mark Sciota  
James Butler  
Louis Perillo  
Anthony Tranquillo  
Emilia Portelinha  
Charles Motes  
Richard McDonough  
Susan Smayda  
Mary Savage  
John Daly  
Richard Egidio  
William Masci  
Steven Wlodkowski  
Marilyn Dorau  
Leslie Cotton  
Richard Lopatosky  
John DeGioia  
Susan Saucier  
Robert Verderame

**Board of Finance**

John Moise, Chairperson  
Philip Pomposi, Vice Chairperson  
Kevin Beaudoin

Glenn Klocko  
Wayne Stanforth  
Robert Triano

**Board of Education**

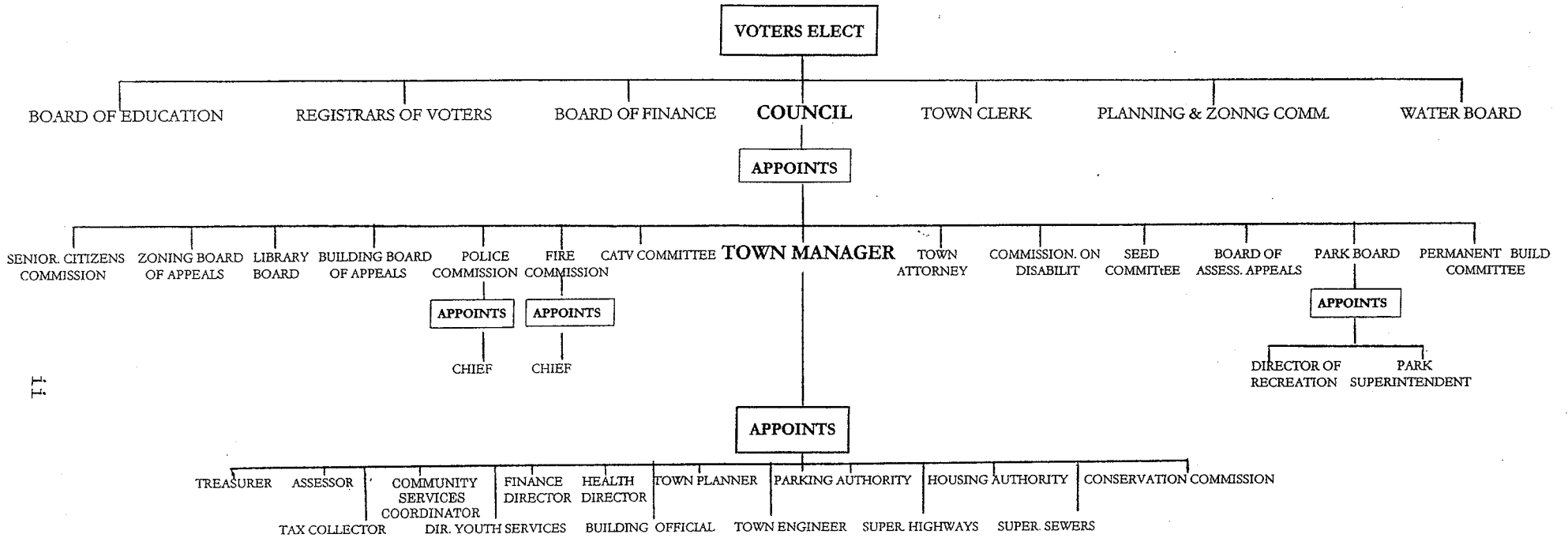
Brian Goralski, Chairperson  
Rosemarie Micacci Fisher, Vice Chairperson  
Terri Carmody  
Colleen Clark  
David Derynoski.

Jill Notar-Francesco  
Patricia Johnson  
Zaya Oshana  
Kathleen Rickard

**Superintendent of Schools**

Dr. Joseph Erardi, Jr.

**TOWN OF SOUTHLINGTON**  
**GENERAL GOVERNMENT ORGANIZATION CHART**



11

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

Town of Southington  
Connecticut

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2007

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



*Oliver S. Cox*

President

*Jeffrey R. Emer*

Executive Director



# Town of Southington

## Finance Department

Dr. George M. Gura Building, Town Hall Annex, 93 Main Street, Southington, Connecticut 06489

*Emilia C. Portelinha, Finance Director*  
*Richard Lopatosky, Assistant Finance Director & MJS Director*

*Telephone (860) 276-6222*  
*Facsimile (860) 276-6252*

---

February 6, 2009

To the Citizens and Honorable Members of the Town Council and Board of Finance  
The Town of Southington, Connecticut

State of Connecticut statutes require that all municipal governments publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report (CAFR) for the Town of Southington for the fiscal year ended June 30, 2008.

This report consists of management's representations concerning the finances of the Town of Southington. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the Town of Southington has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft or misuse and to compile sufficient reliable information for the preparation of the Town of Southington's financial statements in accordance with GAAP. Because the cost of internal controls should not outweigh their benefits, the Town of Southington's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material aspects.

The Town of Southington's financial statements have been audited by Blum, Shapiro & Company, P.C., a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Town of Southington for the fiscal year ended June 30, 2008, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the Town of Southington's financial statements for the fiscal year ended June 30, 2008, are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the Town of Southington was part of a broader federal and state mandated "Single Audit" designed to meet the special needs of federal and state grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the Town's internal controls and compliance with legal requirements for the federal and state grant awards. These reports are available in the Town of Southington's separately issued Federal Single Audit and State Single Audit reports.

GAAP require that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The Town of Southington's MD&A can be found immediately following the report of the independent auditors.

## **PROFILE OF THE GOVERNMENT**

The Town of Southington was originally settled in 1698 and incorporated in 1779. It has a land area of approximately 36.9 square miles and a population of 42,142, located in Hartford County. Found in the geographical center of the State, Southington lies approximately 20 miles west of Hartford, the state capital and nine miles east of Waterbury. Other bordering cities include Meriden, New Britain and Bristol. Some of Connecticut's major highways provide access to the Town. Interstate 84 bisects Southington and Route 691 leads directly to Interstate 91. Route 10 also runs through it.

The Town of Southington is governed under the provisions of a charter and the Connecticut General Statutes. Southington has had a Council-Manager form of government since 1966. The Town Council, which is comprised of nine members who are elected for two-year terms, appoints the Town Manager. The Town Manager, who serves an indefinite term, is responsible for the supervision and administration of all commissions, boards, departments, offices and agencies of the Town, except those elected by the people, appointed by the Council, or appointed by a regional, State or Federal authority.

The Town of Southington provides a full range of services, as described below:

**Police:** The Southington Police Department has a sworn staff of 62 including a Chief, two Captains, four Lieutenants, ten Sergeants, seven Detectives and thirty-eight Patrol Officers. The department provides 24 hour service to the community, consisting of Patrol, Detective and Crime Prevention Services. Other specialized divisions include: Traffic Division, K-9 officer, Emergency Response Team, Motorcycle Patrol, Support Services Division, Training Division and the Bicycle Patrol.

**Fire:** Fire protection is provided by Southington's 31 career and 92 volunteer firefighters. The department, headed by the Chief, consists of a central headquarters and 3 additional companies. The department's responsibilities, other than fire fighting, include fire marshal inspections and responding to various emergencies.

**Health:** The Southington Health Department is staffed with a full-time Director of Health, three professional Sanitarians and a Secretary. The mission of the Health Department is to protect and preserve the health of the community through a number of programs of Health Promotion and Disease Prevention.

**Senior Services:** Calendar House is the Town of Southington's Senior Center and is staffed by an Executive Director, Program Coordinator, Secretary, Clerk Typist and five Bus Drivers (1 full-time and 4 part-time). The Center's purpose is to serve as a resource center, providing a broad range of services and activities which meet the diverse social, physical, and intellectual needs of older adults. The Calendar House offers Recreational and Social Services to seniors and disabled individuals.

**Youth Services:** The Youth Services Department is staffed by a Director, two Counselors and a Secretary. The Department offers a variety of services to youth and families including confidential Counseling, Education, Diversion and Positive Youth Development programs.

**Building:** The Building Department issues all types of building permits and is responsible for the inspection and approval of all construction in the Town in accordance with state and local building codes.

**Planning and Zoning:** The Planning and Zoning Department provides technical assistance to the Planning and Zoning Commission, Conservation Commission and Zoning Board of Appeals. The Department is staffed by a Town Planner, Assistant Town Planner, Zoning Enforcement Officer and two Secretaries.

**Economic Development:** The Economic Development Coordinator works closely with Planning and Zoning, other Town departments and the Chamber of Commerce in promoting the Town and providing information and services to prospective businesses, as well as existing established businesses.

**Engineering:** The Engineering Department designs or reviews all projects requiring engineering services. The Department is staffed by the Town Engineer, two Assistant Town Engineers, a Senior Designer, a Survey Crew Chief, two Inspectors, two Engineering Aides and a Secretary.

**Park and Recreation:** The Southington Parks and Recreation Department provides Recreational, Educational and Entertaining programs and services for residents of all ages. Southington's Park facilities encompass over 500 acres of recreational area: Recreation Park (37.6 acres), Western Park (21.2 acres), Central Park (19 acres), Panthorn Park (139.1 acres), Jaycee Park (4.2 acres), Centennial Park (1.5 acres), Memorial Park (20.5 acres), Crescent Lake (223 acres) and a hiking and biking trail (11.6 acres). Also included is the Town's most recent purchase of 40 acres from the old Southington Drive-In Theatre.

**Library and Museum:** The Southington Public Library and Museum provide the following: Children's Services including over 142 preschool story times, summer reading, after school programs; Community Services offers afternoon movies, free lectures on topics from health to finance; Adult services provide large print materials; computer service, DVD and VHS film collections; Information services include, computer classes on e-mail and applications, afternoon and evening book discussion groups. The Museum program provides tours of the museum, group visits and special events such as the Taste of Southington.

**Highway:** The Highway Department is staffed by a Highway Superintendent, Assistant Highway Superintendent, Supervisor and twenty-four Crew Members. The department is responsible for the maintenance and repair of 194 miles of roads. Other duties include Snow Plowing, Street Sweeping, Sightline Improvements and operation of the Transfer Station.

**Sewer:** The Water Pollution Control Department is staffed by a Superintendent, two Foremen, one Lab Chemist and five Operators. The WPCD oversees management of a sewer system that serves approximately 12,400 service connections and 242 miles of sanitary sewers. The Town is currently building a \$14.5 million Denitrification Facility.

**Water:** The Southington Water Company is an entity independent from the Town which provides water to residents and businesses. The plant was built in 1993 and an additional reservoir was purchased in 1995, ensuring a comfortable water supply for the Town's future demand. In January of 2005, the Water Department completed and moved into their new headquarters. The financial activities of the Southington Water Company are not included with the Town of Southington's financial statements presented here.

**Solid Waste:** The Town of Southington, along with twelve other municipalities, belongs to a regional trash to energy consortium called the Bristol Resource Recovery Facilities Operating Committee (BRRFOC). Businesses and residents may choose from a list of six certified haulers for refuse and recycling removal, which is then sent to the BRRFOC for processing. The businesses and residents pay their hauler directly.

**Education:** The Southington school system services grades pre-kindergarten through 12 and is governed by the local Board of Education. The 9 members of the Southington Board of Education are elected for two year terms. The primary function of the Board is to establish policies regarding curriculum, budget request submissions, ensuring their funds for education as appropriated by the Town are properly expended, implementation of both State and Federal laws, and planning for facilities needed by the system, including construction and renovation. The Town has twelve schools for grades pre-kindergarten through 12: one senior high school, two middle schools, and nine elementary schools. Enrollment in grades pre-kindergarten through 12 as of October 1, 2007 was 6,973. The rated capacity of the system facilities is 8,650.

The annual budget serves as the foundation for the Town of Southington's financial planning and control. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget as presented by the Town Manager and the Board of Education and approved by the Board of Finance and the Town Council. All Town departments are required to submit budget requests for appropriation to the Town Manager by January 15<sup>th</sup> for the upcoming budget fiscal year of July 1 through June 30. The Town Manager is required to submit his recommended budget to the Board of Finance by February 25<sup>th</sup>. The Board of Finance, after holding required public hearings on the proposed budget, is required to submit their recommended budget to the Town Council by the third Monday in April. The Town Council, after its public hearing on the proposed budget, is required to adopt the budget by the second Monday in May. The Board of Finance is required to set the tax rate, based upon the Town Council adopted budget, by the third Monday in May.

Activities of the General Fund are included in the annual appropriated budget. Except for Board of Education expenditures, the budget is legally enacted at the object level, which serves as a management tool. Encumbrances outstanding at year-end are not recorded as budgetary expenditures. The Town Council approves these items as continued appropriations in the following year's budget. Total approved continued appropriations are reported as a reservation of fund balance at June 30. Management cannot amend the budget. Supplemental appropriations and transfers within the same and between different departments must be approved by the Board of Finance and, if \$500 or over, the Town Council. Appropriations exceeding \$1,000,000 shall not become effective until approved by a majority of those qualified to vote at a public referendum. Budget to actual comparisons are provided in this report for the General Fund, which has an appropriated annual budget.

#### **FACTORS AFFECTING FINANCIAL CONDITION**

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the Town of Southington operates.

**Local Economy:** The Town of Southington enjoys a stable economic environment with moderate growth. The Town of Southington's October 1, 2006 Net Taxable Grand list of \$3.872 billion is an increase of \$41 million or 1.1% over the previous year.

The Town of Southington, through its aggressive economic development efforts, has a diverse industrial and commercial tax base. The top ten taxpayers account for only 4.03% of the total taxable Grand List and include a medical device manufacturer, steel processor, four real estate agencies, two public utilities, an assisted living center and an insurance company. The overall goals of the economic development efforts are to retain existing businesses and attract new ones, especially small manufacturers, which is a growing segment of the regional and national business market. The Town utilizes its Enterprise Zone for this purpose. This Enterprise Zone comprises approximately 2,000 acres, one of the largest in New England. Companies may qualify for local tax abatements and state tax credits for job creation within the Enterprise Zone. Several new incentives have been added including a Brownfield Tax Abatement Program to assist with Brownfield redevelopment, a Tax Partnership Program and a Manufacturing Benefits Program with the intent of providing assistance to manufacturers outside of the Enterprise Zone.

As a result of these economic development efforts, the Town's unemployment rate continues to be below State norms and the Town's economic prospects appear quite positive.

**Long-term financial planning:** The Town views infrastructure maintenance and improvements as vital to future economic growth and assisting financial planning by assessing needs and developing a capital improvement plan to spread the improvements over a period of years to soften the tax mill rate effect.

The Town Council approved the Town's Capital Improvement Plan which includes various projects and major equipment totaling \$31 million for the seven-year period beginning with fiscal year 2006-07 and ending with fiscal year 2012-13. Included in the Seven Year CIP is \$1 million to rebuild a pump station, \$2 million for continuation of the Rails to Trails and \$4.5 million for four bridge reconstruction projects.

At a November 2006 Referendum, residents approved the construction of a new South End Elementary School for \$16.860 million and the Plantsville Elementary School Renovation and Addition for \$15.825 million. Construction is planned to begin in August of 2008.

The Town completed the Sewer Denitrification Engineering phase and at a Referendum in May of 2007 the residents approved the construction of a \$14.5 million Denitrification Plant. The State awarded the Town a Clean Water Grant and Loan for \$15.2 million covering both the engineering and construction costs for the project. As of June 30<sup>th</sup>, the project construction was approximately 13% complete. The project is slated for completion in September of 2009.

West Street Sewer Phase II which was approved for \$1.37 million in August of 2005 and later added to for a total of \$1.76 million, was completed in fiscal year 2008. This continued sewer construction in the industrial corridor of the Enterprise Zone combined with a recent zone change made the Town's West Street Corridor more attractive for industrial development.

The Town completed the development of a 1.9 mile linear park during fiscal year 2004-2005. The State of Connecticut granted the Town approximately \$1 million for this Rails to Trails project and the Town funded its share of \$574 thousand. The Town has been awarded a \$250 thousand grant to design the extension of the trail which was commenced in fiscal year 2008.

The Town continues to pursue its open space preservation plan by purchasing parcels of property. During 2007-2008, the Town purchased the 13.26 acre site of the Holmquist Property for \$751 thousand and 47.44 acres at Laning Street for \$1.5 million. A balance of \$750 thousand of the appropriation approved at an October 2003 referendum is still available to purchase more open space.

**Cash management policies and practices:** The Town, through its Investment Policy, invests its idle cash seeking to maintain safety and liquidity and still provide for the optimum yield on investments. Under existing State statutes, allowable investments include certificates of deposit, money market and other short term liquid accounts, repurchase agreements, U.S. Government securities and investment pools which possess the aforementioned investment instruments. The Town's funds were primarily invested in municipal money market accounts and investment pools containing U.S. Government securities during the fiscal year ended June 30, 2008. The Town earned interest rates between 1.45% and 5.25% on its investments. Approximately \$1.18 million of investment income was generated for the General Fund, which translates to a .30 mill rate contribution.

**Risk management:** The Town of Southington is self-insured for employee health insurance coverage, under an Administrative Services Only contract with Anthem Blue Cross/Blue Shield of Connecticut. The Town and Board of Education contribute budgeted funds and employees contribute co-payments, through payroll deduction, to cover medical claims processed by Anthem. A Self Insurance Committee recommends the funding level, monitors claim activity and evaluates alternative coverage and health plans.

The Town of Southington is a member of the Connecticut Interlocal Risk Management Agency (CIRMA), a risk sharing pool created by a Special Act of the Connecticut General Assembly. The Town of Southington has its workers' compensation insurance with CIRMA.

The Town selects an insurance carrier for general liability, automobile and equipment liability, physical damage, professional liability and umbrella coverage by seeking proposals from qualified firms. The Town currently utilizes a premium based method for these insurance needs.

#### **AWARDS AND ACKNOWLEDGEMENTS**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of Southington for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2007. This was the seventeenth consecutive year that the Town has received this prestigious award. In order to be awarded a Certificate of Achievement, the Town published an easily readable and efficiently organized CAFR. This report satisfied both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report could not have been accomplished without the daily efforts of the entire staff of the Department of Finance. The preparation of the CAFR requires a major effort, and I would like to express my appreciation to those who assisted and contributed to the preparation of this report. I would also like to thank the Town Council, the Board of Finance and the Town Manager for their interest and support in planning and conducting the financial operations of the Town in a responsible and progressive manner.

Finally, the professional assistance and guidance provided by our independent auditors, Blum, Shapiro & Company, P.C., was most appreciated.

Respectfully submitted,



Emilia C. Portelinha  
Director of Finance

## **Financial Section**



## Independent Auditors' Report

To the Board of Finance  
Town of Southington  
Southington, Connecticut

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Southington, Connecticut, as of and for the year ended June 30, 2008 which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town's management. 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 of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Southington, Connecticut, as of June 30, 2008 and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Management's discussion and analysis on pages 3 through 13 and budgetary comparison information on pages 45 through 58 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on them.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical tables 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 have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 4, 2009 on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

*Blum, Shapiro & Company, P.C.*

February 4, 2009

**TOWN OF SOUTHLINGTON, CONNECTICUT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2008**

This discussion and analysis of the Town of Southington, Connecticut's (the Town) financial performance is provided by management to provide an overview of the Town's financial activities for the fiscal year ended June 30, 2008. Please read this MD&A in conjunction with the transmittal letter and the Town's financial statements, Exhibits I to IX.

**FINANCIAL HIGHLIGHTS**

- On a government-wide basis, the Town's net assets decreased as a result of this year's operations. Net assets of our business-type activities increased by \$1.3 million, or 4%, and net assets of our governmental activities decreased by \$1.0 million or 1.0%.
- On a government-wide basis, during the year, the Town had expenses and transfers out that were \$1.0 million more than the \$150.6 million generated in tax and other revenues for governmental programs. This was due to an increase of transfers out of \$1.3 million or 76.3% to the business-type activities.
- In the Town's business-type activities, revenues increased \$399 thousand (or 17.7%) while expenses increased by 5%.
- On a government-wide basis, the total cost of all of the Town's programs was \$152.9 million with no new programs added this year.
- The General Fund reported a fund balance this year of \$10.3 million.
- The resources available for appropriation were \$.4 million more than budgeted for the General Fund. Expenditures were kept within spending limits.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This annual report consists of a series of financial statements. The statement of net assets 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 assets 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 assets and changes in them. The Town's net assets, the difference between assets and liabilities, is one way to measure the Town's financial health or financial position. Over time, increases or decreases in the Town's net assets are one indicator of whether its financial health is improving or deteriorating. The reader needs to consider other nonfinancial 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 assets and the statement of activities, we divide the Town into two types of activities as follows:

- *Governmental Activities* - Most of the Town's basic services are reported here, including education, public safety, public works, health and welfare, human resources, parks and recreation, public library, planning and development, and general administration. Property taxes, charges for services, and state and federal grants finance most of these activities.
- *Business-Type Activities* - The Town charges a fee to customers to help it cover all or most of the cost of certain services it provides. The Town's Sewer Enterprise Fund is reported here.

### **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 Police Special Duty Fund) or to show that it is meeting legal responsibilities for using grants and other money (like grants received by the Federal and State Educational Grants 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 assets 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 assets and the statement of activities. In fact the Town's enterprise funds (a component of proprietary funds) are the same as the business-type activities reported in the government-wide statements, but provide more detail and additional information, such as cash flows, for proprietary funds. Internal service funds (the other 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 Medical Claims Fund.
- *Fiduciary Funds (Exhibits VIII and IX)* - The Town accounts for resources held for the benefit of parties outside the government in fiduciary funds. All of the Town's fiduciary activities are reported in separate statements of fiduciary net assets and changes in fiduciary net assets. These funds are not reflected in the government-wide 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. The Town had one pension trust fund (which was closed during fiscal 2008) and currently has two agency funds

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

The Town’s combined net assets decreased from \$99.2 million to \$98.1 million. The analysis below focuses on the net assets (Table 1) and changes in net assets (Table 2) of the Town’s governmental and business-type activities.

**TABLE 1  
NET ASSETS  
In Thousands**

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
Current and other assets	\$ 21,683	\$ 19,377	\$ 1,388	\$ 2,147	\$ 23,071	\$ 21,524
Capital assets, net of accumulated depreciation	149,259	147,257	33,460	31,564	182,719	178,821
Total assets	<u>170,942</u>	<u>166,634</u>	<u>34,848</u>	<u>33,711</u>	<u>205,790</u>	<u>200,345</u>
Long-term debt outstanding	65,099	60,706			65,099	60,706
Other liabilities	7,694	6,755	323	499	8,017	7,254
Total liabilities	<u>72,793</u>	<u>67,461</u>	<u>323</u>	<u>499</u>	<u>73,116</u>	<u>67,960</u>
Net Assets:						
Invested in capital assets, net of debt	112,125	111,260	33,460	31,564	145,585	142,824
Restricted	1,023	980			1,023	980
Unrestricted (deficit)	<u>(14,999)</u>	<u>(13,067)</u>	<u>1,065</u>	<u>1,648</u>	<u>(13,934)</u>	<u>(11,419)</u>
Total Net Assets	<u>\$ 98,149</u>	<u>\$ 99,173</u>	<u>\$ 34,525</u>	<u>\$ 33,212</u>	<u>\$ 132,674</u>	<u>\$ 132,385</u>

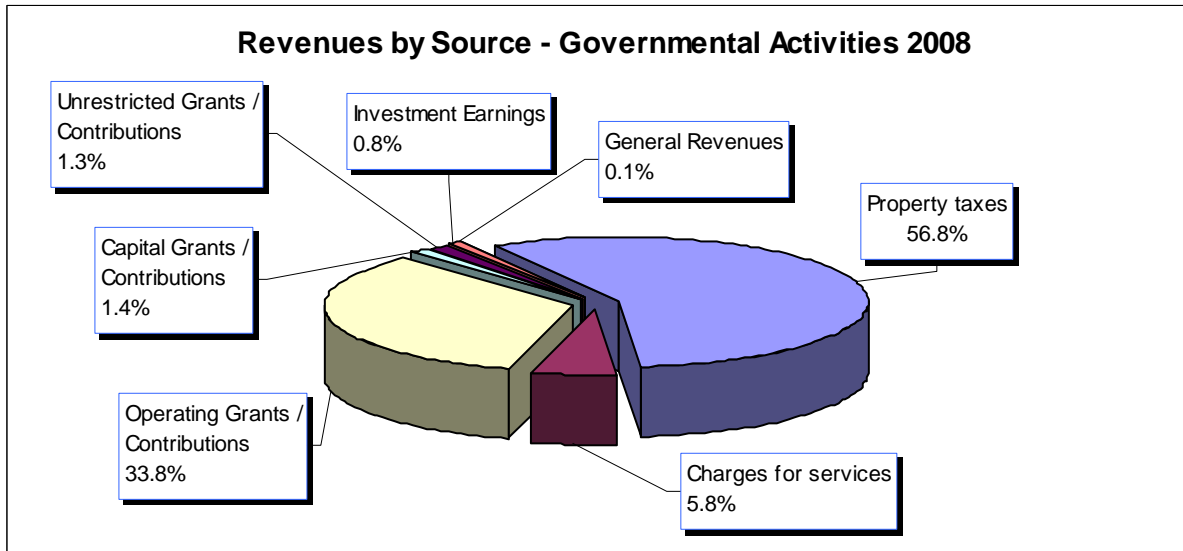
Net assets of the Town’s governmental activities decreased by 1.0% (\$98.1 million compared to \$99.2 million). Unrestricted net assets - the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements - changed from a deficit of \$13.1 million at June 30, 2007 to a deficit of \$15.0 million at the end of this year. This change in unrestricted governmental net assets is due to the fact that the Town has not yet issued bonds for approximately \$5.3 million in capital projects; and the Town restated the beginning year net assets to pick up \$4.6 million in heart & hypertension long term liabilities. A bond sale is planned for the spring of 2009, thereby eliminating some of the deficit.

The net assets of business-type activities increased by 4.0% percent (\$33.2 million in 2007 compared to \$34.5 million in 2008). This change in unrestricted business-type net assets resulted primarily from an increase of \$1.3 million in transfers of capital assets purchased by the governmental activity funds (Capital Projects Fund).

**TABLE 2**  
**CHANGES IN NET ASSETS**  
**In Thousands**

	<u>Governmental</u>		<u>Business-Type</u>		<u>Totals</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Revenues:						
Program revenues:						
Charges for services	\$ 8,658	\$ 8,082	\$ 2,655	\$ 2,256	\$ 11,313	\$ 10,338
Operating grants and contributions	51,074	25,327			51,074	25,327
Capital grants and contributions	2,042	7,818			2,042	7,818
General revenues:						
Property taxes	85,534	81,197			85,534	81,197
Grants and contributions not restricted to specific purposes	1,940	2,077			1,940	2,077
Unrestricted investment earnings	1,190	1,446			1,190	1,446
Other general revenue	127	66			127	66
Total revenues	<u>150,565</u>	<u>126,013</u>	<u>2,655</u>	<u>2,256</u>	<u>153,220</u>	<u>128,269</u>
Program expenses:						
General government	6,627	7,726			6,627	7,726
Public safety	16,789	13,745			16,789	13,745
Public works	10,165	9,388			10,165	9,388
Health and welfare	766	778			766	778
Human resources	1,272	1,229			1,272	1,229
Parks and recreation	1,992	2,124			1,992	2,124
Public library	1,303	1,254			1,303	1,254
Planning and development	925	828			925	828
Education	106,877	81,356			106,877	81,356
Interest on long-term debt	1,931	1,697			1,931	1,697
Sewer			4,284	4,079	4,284	4,079
Total program expenses	<u>148,647</u>	<u>120,125</u>	<u>4,284</u>	<u>4,079</u>	<u>152,931</u>	<u>124,204</u>
Excess (deficiency) before transfers	1,918	5,888	(1,629)	(1,823)	289	4,065
Transfers	<u>(2,942)</u>	<u>(1,670)</u>	<u>2,942</u>	<u>1,670</u>	<u>-</u>	<u>-</u>
Increase in Net Assets	\$ <u>(1,024)</u>	\$ <u>4,218</u>	\$ <u>1,313</u>	\$ <u>(153)</u>	\$ <u>289</u>	\$ <u>4,065</u>

The Town's total revenues were \$153.2 million. The total cost of all programs and services was \$152.9 million. Our analysis below separately considers the operations of governmental and business-type activities.



**Governmental Activities**

Approximately 56.8% of the revenues were derived from property taxes, followed by 33.8% from operating grants and contributions, 5.8% from charges for services, 1.4% from capital grants and contributions, and 1.3% from unrestricted grants and contributions. The remaining 0.9% of revenues was derived from investment earnings and other general revenues

Major revenue factors included:

- Property tax revenue increased by \$4.3 million or 5.3% over last year. The increase is attributable to a 1.1% increase in the grand list (\$41 million) and an increase in the mill rate from 21.40 to 21.88 or 2.2%.
- Capital grants and contributions decreased by \$5.8 from \$7.8 million in fiscal year 2007 to \$2.0 million in fiscal year 2008. This was mostly due to the completion of the Vocational Agricultural Center. State grants received for the Center in fiscal year 2007 totaled \$6 million.

Approximately 71.9% of the Town's expenses related to education. Public safety accounted 11.3%, public works accounted for 6.8%, and general government accounted for 4.5% of expenses. The remaining 5.5% related to health and welfare, human resources, parks & recreation, public library, planning and development, and interest on long term debt.

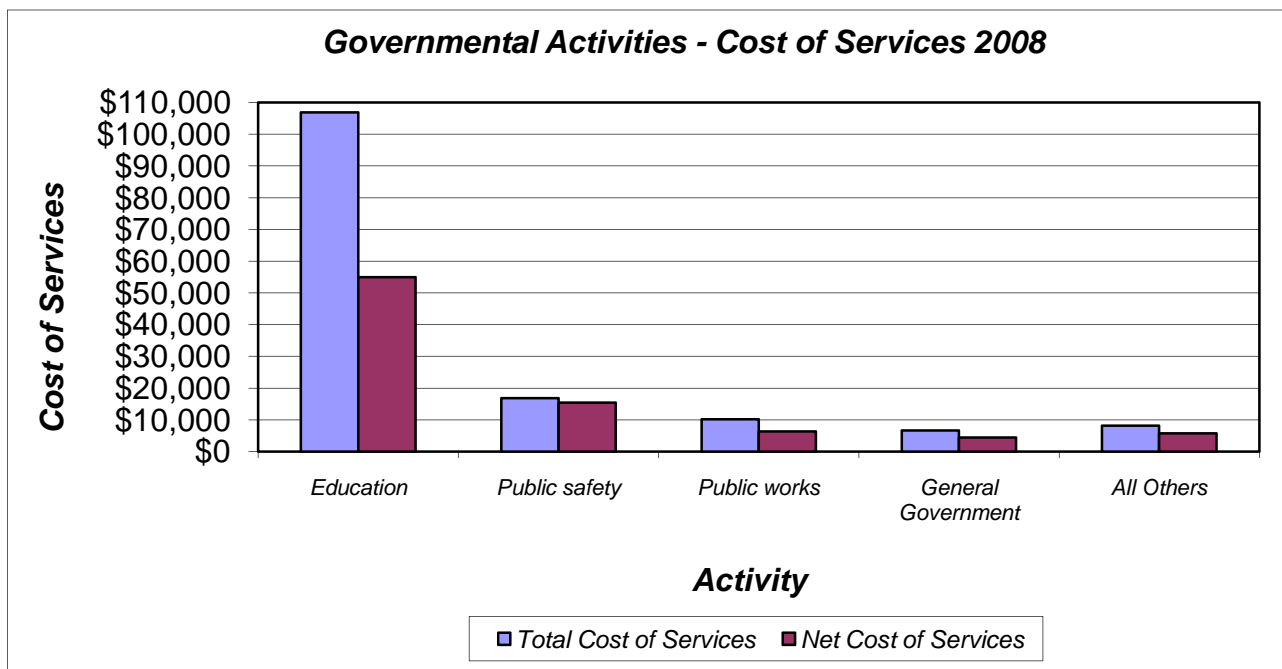
Total program expenses increased by \$28.5 million or 23.7% over last year. Education expenses increased 31.4%, town operating expenses increased 7.5% and interest on long term debt increased 13.8%.

- Education expenses and operating grants increased significantly due to an increase of \$23.0 million in the on-behalf payments made by the State of Connecticut for the teachers retirement board. Education also increased due to higher operating costs, higher health care costs, and higher special education costs.
- Increases in the Town's operating costs were due to increases in Public Safety salaries due to a delay in contract settlement, increased health care costs and increased pension costs.
- Interest on long-term debt increased due to the \$8.975 bond sale of August 2007.

Table 3 presents the cost of each of the Town’s four largest programs - as well as each program’s net cost (total cost less revenues generated by the activities). The net cost shows the financial burden that was placed on the Town’s taxpayers by each of these functions.

**TABLE 3  
GOVERNMENTAL ACTIVITIES  
In Thousands**

	<b>Total Cost of Services</b>		<b>Net Cost of Services</b>	
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
Education	\$ 106,877	\$ 81,356	\$ 54,909	\$ 48,824
Public safety	16,789	13,745	15,450	12,658
Public works	10,165	9,388	6,305	5,445
General government	6,627	7,726	4,437	5,452
All others	8,189	7,910	5,772	6,519
<b>Totals</b>	<b>\$ 148,647</b>	<b>\$ 120,125</b>	<b>\$ 86,873</b>	<b>\$ 78,898</b>



**Business-type Activities**

Revenues of the Town’s business-type activities (see Table 2) increased by 17.7% (\$2.66 million in 2008 compared to \$2.26 million in 2007) and expenses increased by 5%. After the 13% increase in sewer expenses in fiscal year 2007, the Town had to increase the sewer usage rates for fiscal year 2008. The increase in expenses for fiscal year 2008 is a continuation of the elevating costs due to the hike in energy costs, maintenance costs and the increasing cost to purchase denitrification credits. The credits will need to be purchased until the newly approved Sewer Denitrification Facility is operational.

## **TOWN FUNDS FINANCIAL ANALYSIS**

### **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 \$8.0 million which is an increase from last year's total of \$4.9 million. Of the \$3.1 million increase, \$2.2 million is due to the reduction of the Capital Projects fund balance from a deficit of \$7.5 million as of June 30, 2007 to a deficit of \$5.3 million as of June 30, 2008. The Town issued \$8.975 million in bonds in August 2007 and plans another bond sale for spring of 2009, thereby eliminating the current deficit. The remainder of the change in fund balance is due to the General Fund total fund balance increase of \$934 thousand from \$9.4 as of June 30, 2007 to \$10.3 million as of June 30, 2008.

Approximately 5.3% or \$424 thousand of this \$8 million combined fund balance is reserved 1) for encumbrances \$303 thousand, or 2) for inventories \$121 thousand.

Total governmental fund expenditures exceeded the total revenues by \$5.9 million due to the \$10.0 million deficit in the Capital Projects Fund. The capital fund projects have authorized bond ordinances or authorizations to issue long-term debt, and the Town issues bonds as the money is expended or as necessary. The governmental funds deficit was reduced by the \$8.975 million bond sale of August 2007, netting an increase of \$3.0 million in fund balance to \$8.0 million as of June 30, 2008.

### **General Fund**

The General Fund is the primary operating fund of the Town. As of June 30, 2008 unreserved fund balance of the General Fund increased by \$874 thousand to \$9.4 million while total fund balance increased \$934 thousand to \$10.3 million. Key factors in this increase are as follows:

- Interest revenues exceeded projections by \$249 thousand despite the Federal Open Market Committee (FOMC) reduction of the of the fed rate from a high of 5.25% as of June 2007 to 2.0% as of June 2008. Intergovernmental grants came in \$225 thousand higher than the amended projections.
- The Police Department realized savings of \$190 thousand from their amended budget in personnel and contractual services.
- The Town saved \$219 thousand in the MERF amortization for the Uniformed Police membership by selecting a nine-year amortization; and an additional \$280 thousand savings due to a lesser increase in Town MERF contributions than originally projected.
- The Town returned \$96 thousand in the budgeted Contingency account.

### **Proprietary Funds**

The Town's proprietary fund provides the same type of information found in the government-wide financial statements, but in more detail. Unrestricted net assets totaled \$731 thousand at year-end, a decrease of \$1.1 million.

The Sewer Enterprise Fund's unrestricted net assets decreased by \$583 thousand due to a sharp increase in the cost of the State mandated Nitrogen Credit Purchases (71.4% increase over last year) as well some lesser increases in utilities, and maintenance. In fiscal year 2008, the Town attempted to offset some of the increase by implementing a 20% increase in sewer usage rates.

The Internal Service Fund's unrestricted net assets decreased by \$522 thousand because Medical Claims came in \$521 thousand higher than budgeted.

**General Fund Budgetary Highlights**

The Town’s adopted General Fund budget for 2007-08 was \$112.283 million (\$111.533 million for expenditures plus \$750 thousand for contingency appropriations). In addition to the \$654 thousand which was appropriated from the Contingency Fund, the Town appropriated \$1.431 million to the Expenditure Budget with corresponding Revenue Budget increases for a total amended budget of \$113.714 million. The following lists the key changes to the budget during the year.

- \$222 thousand was appropriated for the amounts of Fund Balance Reserved for Encumbrances at the end of fiscal year 2007.
- \$941 thousand was appropriated to Capital Outlays from grants received after the budget was adopted. This amount consists of \$338 thousand received for Open Space; \$215 thousand for the Calendar House Parking Lot; \$69 thousand for additional Town Aid Road projects; and \$315 thousand additional grant revenue appropriated for Widening, Resurfacing & Drainage.
- \$232 thousand was appropriated to various accounts due to grants received during the fiscal year. The major projects were: \$44 thousand to E-911 State Subsidy; \$50 to Calendar House accounts for the Calendar Transportation Grant; \$45 thousand to the Police Department for Security Cameras at Southington High School; \$56 thousand to the Fire Department for Portable Radios; and \$37 thousand in smaller appropriations.
- \$158 thousand was appropriated to the Board of Education Operations for Special Education outside tuitions and Rent Revenues received.
- \$148 thousand was appropriated from Contingency for the following Capital Projects: \$60 thousand for Mt Vernon Road Reconstruction; \$44 thousand for Town Hall expansion; \$26 thousand for the North Main Street Corridor; and \$18 thousand for the Downtown Renaissance.
- \$90 thousand from Contingency to the Fire Department: \$45 thousand for the Volunteer Firemen; and \$45 thousand for Oil/Water Separators Installation.
- \$64 thousand was appropriated for a Heart and Hypertension awards and Pension Supplement increases.
- \$110 thousand was appropriated from Contingency for leaf collections due to the extension of the program into December to allow for additional residential pickups.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

At June 30, 2008, the Town had \$182.6 million invested in a broad range of capital assets, including land, buildings, vehicles and equipment, and sewer lines - Table 4. This amount represents a net increase (including additions and deductions) of \$3.8 million or 2.1%, over last year.

**TABLE 4  
CAPITAL ASSETS AT YEAR-END (Net of Depreciation)  
In Millions**

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Totals</b>	
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
Land	\$ 17.6	\$ 15.2	\$	\$	\$ 17.6	\$ 15.2
Buildings and systems	50.1	52.8	33.0	31.2	83.1	84.0
Equipment	6.0	6.2	0.4	0.4	6.4	6.6
Infrastructure	41.8	42.7			41.8	42.7
Construction in progress	33.7	30.3			33.7	30.3
<b>Totals</b>	<b>\$ 149.2</b>	<b>\$ 147.2</b>	<b>\$ 33.4</b>	<b>\$ 31.6</b>	<b>\$ 182.6</b>	<b>\$ 178.8</b>

This year's major additions included:

Governmental:

- Purchase of the Holmquist property for Open Space at \$751 thousand.
- Purchase of the Laning St property at \$1.5 million for Open Space.
- Construction in progress for the Small Regional Vo-Ag center of \$652 thousand.
- Construction in progress for Plantsville Elementary of \$756 thousand.
- Construction in progress for South End Elementary of \$531 thousand.

Business Type:

- Construction of DeNitrification Facility for \$1.5 million.
- Construction of Pondview Pump Station for \$516 thousand.
- Construction of West Street Sewers Phase II for \$754 thousand.

The Town's fiscal year 2008-2009 Capital Budget calls for it to spend another \$2 million for capital projects principally for Road Resurfacing and Maintenance, further development of the Geographic Information System, upgrading the Public Safety-Town Hall Computer Infrastructure, and various other smaller projects.

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, 2008 the Town had \$51.0 million in bonds outstanding versus \$46.5 million last year - an increase of \$4.5 million or 9.7% - as shown in Table 5.

**TABLE 5  
OUTSTANDING DEBT, AT YEAR-END  
In Thousands**

	<b>Governmental</b>		<b>Business-Type</b>		<b>Totals</b>	
	<b>Activities</b>		<b>Activities</b>			
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
General obligation bonds:						
Town	\$ 48,597	\$ 43,466	\$	\$	\$ 48,597	\$ 43,466
Southington Water Company	2,409	3,024			2,409	3,024
Total	<u>\$ 51,006</u>	<u>\$ 46,490</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 51,006</u>	<u>\$ 46,490</u>

The Town issued \$8.975 million of new general obligation bonds on August 1, 2007. The general obligation bonds were used to finance public improvements including Sewers, School Improvements and Town Infrastructure.

In the fall of 2005, Standard and Poor's indicated their confidence in the Town's financial performance by upgrading the Town from an "A+" credit rating to an "AA-" rating. Moody's Investors Service continues to rate the Town as a firm "A1" credit rating, which has been maintained since the early 1970s.

State statutes limit the amount of general obligation debt a governmental entity may issue to 7 times total tax collections including interest and lien fees. The current debt limitation for the Town is \$596.1 million. The Town has only issued 8.6% of total debt limitation.

Other obligations include capital leases, accrued vacation pay and sick leave. More detailed information about the Town's long-term liabilities is presented in Note 7 to the financial statements.

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

The Town's unemployment rate at June 30, 2008 was 4.8%, an increase of .6 from a year ago. Although Southington's unemployment has increased 1.2% over the last couple of years, it still compares favorably to the 5.7% for Hartford County and 5.7% for the State of Connecticut's unemployment rate. The increasing rates are indicative of the current economy.

Despite the beginnings of an economic downturn, business retention has been strong. Recent development activity includes: the conversion of the former Nelson Screw Machine property into Fresenius Medical Care 's 12,000 sf dialysis center; the addition of Target and Lowes to the West Street corridor, and the planned additions of a Hampton Inn and Courtyard Marriott; the completion of the Comfort Suites Hotel containing 79 rooms on Knotter Drive; the relocation of Mohawk Construction from Newington to the former 40,000 sf Lake Islet Manufacturing facility; the construction of the System Aire Supply new 24,000 sf facility; the construction of REM Chemical 25,300 sf addition; the approval of Southington's newest 20 lot industrial park which currently has seven lots either sold or are pending.; and the approval for Greenway Commons to build 263 residential units and a 24,000 sf retail project with a two story parking garage on the former Ideal Forging 14 acre site.

We anticipate that the level of interest for commercial and industrial relocation to Southington to remain stable due to local property tax incentives, historically stable tax mill rates which are lower than most municipalities in the Hartford County region and Southington's location in the geographic center of the state with easy access to the state highway systems.

Nationwide inflationary trends in health insurance caused substantial double digit increases in the last several years' budgets. This trend appeared to ease slightly to the single digits in fiscal years 2007 and 2008. Although a 5.12% increase was projected for 2008, actual claims came in higher at an 8.6 % increase. For fiscal year 2009 the Town has budgeted a 14% increase.

Energy and fuel costs continue to be a concern. Due to the state of the economy, gasoline and fuel oil prices have dropped temporarily; however, costs are anticipated to creep back up. To mitigate these increases the Town works with the Connecticut Regional Purchasing Council to bid out gasoline, diesel and fuel oil on an annual basis. Two years ago the Town also joined forces with the Connecticut Conference of Municipalities to bid out natural gas and electricity. The Town currently has a three year contract in place for natural gas ending January 1, 2012 and a five year contract for electricity ending January 1, 2012.

Elected and appointed officials considered these factors, among others, when setting the fiscal year 2008-2009 General Fund budget and tax rates.

As previously stated, the General Fund unreserved fund balance increased from \$9.1 million at June 30, 2007 to \$9.9 million at June 30, 2008. Of this \$9.9 million General Fund unreserved fund balance, \$575 thousand was designated for the 2008-2009 budget, leaving an unreserved, undesignated fund balance of \$9.36 million in the General Fund at June 30, 2008. The Town feels that this level is strong enough to withstand unexpected events which may have a negative budget impact and is within the average of comparable towns of our size in Connecticut.

The Town adopted a General Fund budget of \$117.828 million for 2008-2009 compared to an adopted budget of \$112.283 million for 2007-2008. Approximately \$3.845 million of this \$5.545 million increase is for school operations to meet increasing personnel services, additional special education costs and unfunded mandates. Most of the remaining \$1.7 million increase is: \$480 thousand increase to Debt Service budget due to the Bond Sale in August 2007; \$432 thousand for Medical Insurance due to a 14% increase in anticipated claims; \$242 thousand to the Police Department budget for four additional patrolmen and a Civilian for traffic/fleet work; \$212 to the Parks & Recreation Department for the Panthorn Tennis/Basket Courts and to plaster the Recreation Pool;

and \$216 thousand to the Capital Budget for Road Resurfacing, Technology Infrastructure and engineering costs. The Town has added no new programs or initiatives to the 2009 budget.

If these estimates are realized, the Town's budgetary General Fund balance is expected to remain consistent with the June 30, 2008 level.

Costs of the Town's business-type activities, accounted for in the Sewer Operating Fund, are expected to rise approximately 15.8% during fiscal year 2008-2009. Although the Town increased Sewer usage rates by 20% in fiscal year 2007-2008, the increased revenue is not sufficient to offset the dramatic increases in the cost of denitrification credits and the preventative maintenance costs of the Sewer Plant and the Sewer System. The fund will be reviewed within the next several months to determine the necessary increase in the sewer usage rate.

#### **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. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Emilia C. Portelinha, Finance Director, Town of Southington, 75 Main Street, Southington, Connecticut 06489.

# **Basic Financial Statements**

## TOWN OF SOUTHLINGTON, CONNECTICUT

## STATEMENT OF NET ASSETS

JUNE 30, 2008

(In Thousands)

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Assets:			
Cash and cash equivalents	\$ 11,478	\$ 722	\$ 12,200
Investments	722		722
Receivables, net	9,362	666	10,028
Inventory	121		121
Capital assets:			
Assets not being depreciated	51,267	39	51,306
Assets being depreciated, net	97,992	33,421	131,413
Total assets	<u>170,942</u>	<u>34,848</u>	<u>205,790</u>
Liabilities:			
Accounts and other payables	7,483	148	7,631
Other current liabilities		175	175
Unearned revenue	211		211
Noncurrent liabilities:			
Due within one year	7,026		7,026
Due in more than one year	58,073		58,073
Total liabilities	<u>72,793</u>	<u>323</u>	<u>73,116</u>
Net Assets:			
Invested in capital assets, net of related debt	112,125	33,460	145,585
Restricted for:			
Trust purposes:			
Expendable	151		151
Nonexpendable	872		872
Unrestricted	<u>(14,999)</u>	<u>1,065</u>	<u>(13,934)</u>
Total Net Assets	<u>\$ 98,149</u>	<u>\$ 34,525</u>	<u>\$ 132,674</u>

The accompanying notes are an integral part of the financial statements

## TOWN OF SOUTHTON, CONNECTICUT

## STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2008

(In Thousands)

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities:							
General government	\$ 6,627	\$ 2,136	\$ 54	\$	\$ (4,437)	\$	\$ (4,437)
Public safety	16,789	1,064	198	77	(15,450)		(15,450)
Public works	10,165	2,758	285	817	(6,305)		(6,305)
Health and welfare	766	48	85		(633)		(633)
Human resources	1,272	375	381		(516)		(516)
Parks and recreation	1,992	227	36	1,103	(626)		(626)
Public library	1,303	36	36		(1,231)		(1,231)
Planning and development	925	52			(873)		(873)
Education	106,877	1,962	49,961	45	(54,909)		(54,909)
Interest on long-term debt	1,931		38		(1,893)		(1,893)
Total governmental activities	<u>148,647</u>	<u>8,658</u>	<u>51,074</u>	<u>2,042</u>	<u>(86,873)</u>	<u>-</u>	<u>(86,873)</u>
Business-type activities:							
Sewer	<u>4,284</u>	<u>2,655</u>				<u>(1,629)</u>	<u>(1,629)</u>
Total	<u>\$ 152,931</u>	<u>\$ 11,313</u>	<u>\$ 51,074</u>	<u>\$ 2,042</u>	<u>(86,873)</u>	<u>(1,629)</u>	<u>(88,502)</u>
General revenues:							
Property taxes					85,534		85,534
Grants and contributions not restricted to specific programs					1,940		1,940
Unrestricted investment earnings					1,190		1,190
Miscellaneous					127		127
Transfers					(2,942)	2,942	-
Total general revenues and transfers					<u>85,849</u>	<u>2,942</u>	<u>88,791</u>
Change in net assets					(1,024)	1,313	289
Net Assets at Beginning of Year, as Restated					<u>99,173</u>	<u>33,212</u>	<u>132,385</u>
Net Assets at End of Year					<u>\$ 98,149</u>	<u>\$ 34,525</u>	<u>\$ 132,674</u>

The accompanying notes are an integral part of the financial statements

## TOWN OF SOUTHLINGTON, CONNECTICUT

## BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2008

(In Thousands)

	<u>General</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 8,439	\$	\$ 2,068	\$ 10,507
Investments			704	704
Receivables, net	4,162	485	1,491	6,138
Due from other funds	4,147		126	4,273
Inventories	62		59	121
	<u>16,810</u>	<u>485</u>	<u>4,448</u>	<u>21,743</u>
Total Assets	\$ <u>16,810</u>	\$ <u>485</u>	\$ <u>4,448</u>	\$ <u>21,743</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts and other payables	\$ 3,158	\$ 987	\$ 467	\$ 4,612
Notes payable		967		967
Due to other funds	132	3,864	277	4,273
Deferred revenue	3,219		710	3,929
Total liabilities	<u>6,509</u>	<u>5,818</u>	<u>1,454</u>	<u>13,781</u>
Fund balances:				
Reserved	365		59	424
Unreserved, reported in:				
General Fund	9,936			9,936
Special Revenue Funds			2,063	2,063
Capital Project Funds		(5,333)		(5,333)
Permanent Funds			872	872
Total fund balances	<u>10,301</u>	<u>(5,333)</u>	<u>2,994</u>	<u>7,962</u>
Total Liabilities and Fund Balances	\$ <u>16,810</u>	\$ <u>485</u>	\$ <u>4,448</u>	\$ <u>21,743</u>

(Continued on next page)

## TOWN OF SOUTHLINGTON, CONNECTICUT

## BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)

JUNE 30, 2008

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

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

Fund balances - total governmental funds	\$	7,962
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:		
Governmental capital assets	\$	226,572
Less accumulated depreciation		<u>(77,313)</u>
Net capital assets		149,259
Other long-term assets are not available to pay for current-period expenditures and, therefore, are not recorded in the funds:		
Property tax receivables greater than 60 days		1,411
Interest receivable on property taxes		742
Assessments receivable		499
Interest receivable on assessments		36
Receivable from the state for school construction projects		1,808
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 assets.		
		(334)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds:		
Bonds and notes payable		(48,597)
Interest payable on bonds and notes		(544)
Compensated absences		(7,285)
Capital lease		(271)
Landfill closure		(218)
Risk management		<u>(6,319)</u>
Net Assets of Governmental Activities (Exhibit I)	\$	<u><u>98,149</u></u>

The accompanying notes are an integral part of the financial statements

**TOWN OF SOUTHLINGTON, CONNECTICUT**  
**STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2008**  
(In Thousands)

	<u>General</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
Property taxes	\$ 85,341	\$	\$	\$ 85,341
Intergovernmental	51,196	1,102	3,068	55,366
Charges for services			5,135	5,135
Income on investments	1,177		(4)	1,173
Other revenues	3,447		141	3,588
Total revenues	<u>141,161</u>	<u>1,102</u>	<u>8,340</u>	<u>150,603</u>
Expenditures:				
Current:				
General government	6,030			6,030
Public safety	10,961		1,232	12,193
Public works	4,923		2,546	7,469
Health and welfare	786			786
Human resources	783		497	1,280
Parks and recreation	1,935			1,935
Public library	1,268		43	1,311
Planning and development	829			829
Miscellaneous	56			56
Employee fringe benefits	4,007			4,007
Education	99,810		4,030	103,840
Debt and sundry	5,312		283	5,595
Capital outlay		11,195		11,195
Total expenditures	<u>136,700</u>	<u>11,195</u>	<u>8,631</u>	<u>156,526</u>
Excess (Deficiency) of Revenues over Expenditures	<u>4,461</u>	<u>(10,093)</u>	<u>(291)</u>	<u>(5,923)</u>
Other Financing Sources (Uses):				
Bond proceeds		8,975		8,975
Transfers in		3,321	206	3,527
Transfers out	(3,527)			(3,527)
Total other financing sources (uses)	<u>(3,527)</u>	<u>12,296</u>	<u>206</u>	<u>8,975</u>
Net Change in Fund Balances	934	2,203	(85)	3,052
Fund Balances at Beginning of Year	<u>9,367</u>	<u>(7,536)</u>	<u>3,079</u>	<u>4,910</u>
Fund Balances at End of Year	<u>\$ 10,301</u>	<u>\$ (5,333)</u>	<u>\$ 2,994</u>	<u>\$ 7,962</u>

(Continued on next page)

## TOWN OF SOUTHLINGTON, CONNECTICUT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - GOVERNMENTAL FUNDS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2008

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

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

Net change in fund balances - total governmental funds (Exhibit IV)	\$ 3,052
---	----------

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	9,662
Depreciation expense	(4,995)

Donations of capital assets increase net assets in the statement of activities, but do not appear in the governmental funds because they are not financial resources.	341
---	-----

The statement of activities reports losses arising from the trade-in of existing capital assets to acquire new capital assets. Conversely, governmental funds do not report any gain or loss on a trade-in of capital assets.	(64)
---	------

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds, and revenues recognized in the funds are not reported in the statement of activities:

School building grant receipts	(462)
Property tax receivable - accrual basis change	148
Property tax interest and lien revenue - accrual basis change	45
Sewer assessment receivable - accrual basis change	(131)
Sewer assessment interest receivable - accrual change	(4)
Net pension asset	(86)

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 assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are amortized and deferred in the statement of activities. The details of these differences in the treatment of long-term debt and related items are as follows:

Bond principal payments	3,844
Issuance of bonds and notes	(8,975)
Deferred charges	(122)

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	67
Capital leases	(271)
Accrued interest	(58)
Capital asset transfers	(2,942)
Heart & hypertension	433
Landfill post closure care	16

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.	<u>(522)</u>
---	--------------

Change in Net Assets of Governmental Activities (Exhibit II)	<u>\$ (1,024)</u>
--	-------------------

The accompanying notes are an integral part of the financial statements

**TOWN OF SOUTHTON, CONNECTICUT**  
**STATEMENT OF NET ASSETS - PROPRIETARY FUNDS**

**JUNE 30, 2008**  
**(In Thousands)**

	<b>Business-Type Activities Sewer Enterprise Fund</b>	<b>Governmental Activities Internal Service Fund</b>
Assets:		
Current:		
Cash and cash equivalents	\$ 722	\$ 971
Investments		18
Other receivables	666	
Total current assets	1,388	989
Capital assets	33,460	
Total assets	34,848	989
Liabilities:		
Current:		
Accounts and other payables	148	1,323
Other accrued liabilities	175	
Total liabilities	323	1,323
Net Assets:		
Invested in capital assets	33,460	
Unrestricted	1,065	(334)
Total Net Assets	\$ 34,525	\$ (334)

The accompanying notes are an integral part of the financial statements

**TOWN OF SOUTHLINGTON, CONNECTICUT**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES**  
**IN FUND NET ASSETS - PROPRIETARY FUND**

**FOR THE YEAR ENDED JUNE 30, 2008**  
(In Thousands)

	<b>Business-Type Activities</b>	<b>Governmental Activities</b>
	<b>Sewer Enterprise Fund</b>	<b>Internal Service Fund</b>
Operating Revenues:		
Fund premiums	\$	\$ 15,396
Charges for services	2,612	
Fines, penalties and interest	43	
Total operating revenues	2,655	15,396
Operating Expenses:		
Plant	2,698	
Benefits	182	15,408
Depreciation	1,153	
Administration and other	251	541
Total operating expenses	4,284	15,949
Operating Loss	(1,629)	(553)
Nonoperating Revenue:		
Income on investments		31
Loss before Contributions	(1,629)	(522)
Capital Contribution	2,942	
Change in Net Assets	1,313	(522)
Net Assets at Beginning of Year	33,212	188
Net Assets at End of Year	\$ 34,525	\$ (334)

The accompanying notes are an integral part of the financial statements

**TOWN OF SOUTHLINGTON, CONNECTICUT**  
**STATEMENT OF CASH FLOWS - PROPRIETARY FUND**  
**FOR THE YEAR ENDED JUNE 30, 2008**  
(In Thousands)

	<b>Business-Type Activities</b>	<b>Governmental Activities</b>
	<b>Sewer Enterprise Fund</b>	<b>Internal Service Fund</b>
Cash Flows from Operating Activities:		
Cash received from customers	\$ 2,554	\$
Cash payments to employees for services	(3,194)	
Cash payments to suppliers for goods and services	(113)	
Cash received for premiums - Town departments and agencies		15,397
Cash payments to providers of benefits		(15,337)
Cash payments for service fees		(539)
Net cash used in operating activities	(753)	(479)
Cash Flows from Capital Financing Activities:		
Acquisition of capital assets	(107)	
Cash Flows from Investing Activities:		
Income on investments		31
Net Decrease in Cash and Cash Equivalents	(860)	(448)
Cash and Cash Equivalents at Beginning of Year	1,582	1,419
Cash and Cash Equivalents at End of Year	\$ 722	\$ 971
Reconciliation of Operating Loss to Net Cash		
Used in Operating Activities:		
Operating loss	\$ (1,629)	\$ (553)
Depreciation	1,153	
Adjustments to reconcile operating loss to net cash		
used in operating activities:		
(Increase) decrease in accounts receivable	(101)	
Increase (decrease) in accounts payable and accrued liabilities	(176)	74
Net Cash Used in Operating Activities	\$ (753)	\$ (479)
Noncash Capital Financing Activities:		
Capital assets transferred from governmental funds	\$ 2,942	\$ -

The accompanying notes are an integral part of the financial statements

## TOWN OF SOUTHLINGTON, CONNECTICUT

## STATEMENT OF FIDUCIARY NET ASSETS - FIDUCIARY FUNDS

JUNE 30, 2008

(In Thousands)

	<u>Pension Trust Fund</u>	<u>Agency Funds</u>
Assets:		
Cash and cash equivalents	\$	\$ 1,806
Investments		<u>190</u>
Total assets	<u>-</u>	<u>\$ 1,996</u>
Liabilities:		
Fiduciary deposits		<u>\$ 1,996</u>
Total liabilities	<u>-</u>	<u>\$ 1,996</u>
Net Assets:		
Reserved for Retirement Benefits	<u>\$ -</u>	

The accompanying notes are an integral part of the financial statements

**TOWN OF SOUTHLINGTON, CONNECTICUT**  
**STATEMENT OF CHANGES IN PLAN NET ASSETS - FIDUCIARY FUNDS**  
**PENSION TRUST FUND**

**FOR THE YEAR ENDED JUNE 30, 2008**  
**(In Thousands)**

Deductions:	
Distribution of assets to State Municipal Employees' Retirement Fund and to Retirees' Annuity Account - Note 12	\$ <u>15,657</u>
Net Decrease	(15,657)
Net Assets Held in Trust for Pension Benefits at Beginning of Year	<u>15,657</u>
Net Assets Held in Trust for Pension Benefits at End of Year	<u><u>\$ -</u></u>

The accompanying notes are an integral part of the financial statements

# TOWN OF SOUTHLINGTON, CONNECTICUT

## NOTES TO FINANCIAL STATEMENTS

(amounts expressed in thousands)

---

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Town of Southington, Connecticut (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

Accounting principles generally accepted in the United States of America require that the reporting entity include the primary government and its component units, entities for which the government is considered to be financially accountable, all organizations for which the primary government is financially accountable and other organizations that by the nature and significance of their relationship with the primary government would cause the financial statements to be incomplete or misleading if excluded.

#### Related Organizations

The Town of Southington Water Company operates the only water system in the Town. The operations of the Water Company benefit primarily Town residents. The Southington Water Company is an agency that is independent from the Town in all administrative, operational and financial matters. The Board of Water Commissioners is elected by the voters of the Town independently from the Town Council and they do not report nor answer to the Town Council. The Southington Water Company may independently issue its own debt. In prior years, the Town included the Water Company in their general obligation debt only for the purposes of obtaining a lower interest rate for the Water Company. In 2001 legal counsel determined that the Southington Water Company is legally capable of issuing its own debt and it is the Town's option to include them in their debt issuance at their discretion.

The Southington Housing Authority, Inc., a body corporate and politic, provides services primarily to Town residents. Although the Town appoints the governing body, the Town does not have the ability to significantly influence the programs, projects, activities or level of services performed or provided by the Housing Authority. The Southington Housing Authority, Inc., is not fiscally dependent on the Town.

#### B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets 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 separately from business-type activities, which rely to a significant extent on fees and charges for support.

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 and major individual enterprise funds are reported as separate columns in the fund financial statements.

The various funds included in the financial statements are described below:

### **Governmental Funds**

Governmental funds are those through which most governmental functions typically are financed.

The *General Fund* is the primary operating fund of the Town. This fund is used to account for all financial transactions and resources except those required to be accounted for in another fund. Revenues are derived primarily from property taxes, state and federal grants, licenses, permits, charges for service and interest income.

*Special Revenue Funds* account for revenue derived from specific sources (other than major capital projects) that are restricted by legal and regulatory provisions to finance specific activities.

*Capital Project Funds* account for all financial resources used for the acquisition or construction of major capital facilities not being financed by proprietary funds.

*Permanent Funds* are used to report resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the Town's programs.

### **Proprietary Funds**

Proprietary funds are used to account for activities that are similar to those often found in the private sector. These funds are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. The following are the Town's proprietary funds:

*Enterprise Funds* account for operations that are financed in a manner similar to private business enterprises, where the intent is that costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. The Sewer Fund is the Town's only enterprise fund.

*Internal Service Funds* account for the financing of goods or services provided by one department to other departments or agencies of the Town on a cost-reimbursement basis. The Medical Claims Fund is the Town's only internal service fund.

### **Fiduciary Funds**

Fiduciary funds are used to account for assets held by the Town in a trustee capacity or as an agent for individuals, private organizations and other governments. Fiduciary funds are not included in the government-wide statements. The fiduciary funds are as follows:

*Pension Trust Fund* accounts for the Police Department Retirement Fund.

*Agency Funds* are custodial in nature (assets equal liabilities) and do not involve measurement of results of operation. The Student Activity Fund and the Escrow Deposit Fund are the Town's two agency funds.

### **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 funds and Pension Trust Fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

The Town reports the Sewer Fund as a major proprietary fund.

Additionally, the Town reports the following fund types:

The Internal Service Fund accounts for health benefits program for Town employees.

The Pension Trust Fund accounts for the activities of the Town's Police Department Retirement Fund, which accumulates resources for pension benefit payments to qualified Town employees.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989 generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The Town has elected not to follow subsequent private-sector guidance.

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's functions because the elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Sewer Fund and of the Town's Internal Service Fund are charges to customers for sales and services. Operating expenses for the enterprise fund and the internal service fund include the cost of sales and services, administrative expenses and depreciation on capital assets. 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.

#### **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.

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." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances." All trade and property tax receivables are shown net of an allowance for uncollectibles. The property taxes receivable allowance of \$241 is equal to 12.4% of outstanding property taxes at June 30, 2008.

The Town's property tax is levied each July 1 on the assessed value as of the prior October 1 for all real property, motor vehicles and commercial personal property located in the Town. Assessed values are established by the Town Assessment Board at 70% of estimated market value. A revaluation of all real property is required to be completed no less than every ten years. The Town revalued its property as of October 1, 2005. The assessed value for the Grand List of October 1, 2006, upon which the fiscal 2008 levy was based, was \$3.9 billion. A 21.88 mill rate was applied to the Grand List.

Taxes are due in two equal installments on the July 1 and January 1 following the levy date, although a 30 day grace period is provided. Current tax collections for the years ended June 30, 2008 and 2007, were 98.69% and 98.76%, respectively, of the adjusted tax levy. Uncollected property taxes are recorded as receivables, net of an allowance for estimated uncollectible accounts. Unpaid taxes are liened on or before June 30 following the due date. The revenue relating to property taxes not collected during the fiscal year and within 60 days after the close of the fiscal year is deferred.

## F. Inventories and Prepaid Items

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

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

## G. Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$10,000 (amount not rounded) and an estimated useful life in excess of 5 years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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 of the primary government is depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	50
Building improvements	25
Public domain infrastructure	35-70
System infrastructure	15
Vehicles	7
Office equipment	7
Computer equipment	7

## H. Compensated Absences

A limited amount of vacation earned may be accumulated by certain employees until termination of their employment, at which time they are paid for accumulated vacation. Sick leave may be accumulated by Fire Department and AFSCME employees in accordance with union contracts until retirement, termination or death, at which time they are paid for a percentage of their accumulated sick leave.

The Town's accounting and financial reporting policy for compensated absences is based on GASB Statement 16. Compensated absences are accrued at current salary rates and paid by the General Fund. The liability has also been accrued at June 30, 2008.

## I. 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, business-type activities or proprietary fund type statement of net assets. 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.

## **J. Fund Equity**

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

## **2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

### **A. Budgetary Information**

Chapter VII of the Town Charter governs the financial provisions of the Town. The Town Manager presents the budget to the Board of Finance. After required hearings, the Board of Finance recommends its budget to the Town Council. At the annual budget meeting held in May, the Council may adopt the recommended budget or may reduce or increase the proposed estimated expenditures, by the required number of votes. After completing such action, the Council shall adopt the budget by resolution and notify the Board of Finance, the Board of Education and the Town Manager.

The Board of Finance shall, upon adoption of the budget by the Town Council, fix a rate of taxation on the last Grand List, sufficient to produce the required revenue to preserve a balanced relation between estimated receipts and expenditures, net of provision for other estimated revenue and cash surplus or deficit.

Additional Appropriations and Transfers:

The control level on which expenditures may not legally exceed appropriations is the object level. Each department must seek approval from the Board of Finance and/or the Town Council for any appropriations or transfers. The Town Council, on the recommendation of the Board of Finance, may appropriate at any time, subject to the other provisions of Chapter VII, any unappropriated and unencumbered cash balance in the Town treasury. The Board of Finance may at any time transfer any unencumbered appropriation balance, or portion thereof, between general classifications of expenditures within an office, department or agency, not to exceed \$500 (amount not rounded). Transfers in excess of \$500 (amount not rounded) within departments, and all transfers between departments must be approved by the Town Council. During the last three months of the fiscal year, the Council may, upon the recommendation of the Board of Finance, by resolution transfer any unencumbered appropriation balance, or portion thereof, from one office, department or agency to another to meet a pressing need for public expenditure. No money shall be expended, or obligation for such expenditure incurred, by any department, office, board, commission or agency of the Town, except in accordance with an appropriation by the Council.

The budget is prepared on a modified accrual basis of accounting except for the accrual of payroll. All appropriations lapse at the end of the budget year to the extent that they have not been expended or lawfully encumbered. Encumbrances outstanding at the end of the year are reappropriated as continued appropriations. The Town does not have a formal purchase order system. Encumbrances are established by adoption of the Town Council (continuing appropriations). Authorized continuing appropriations are presented as reservations of fund balances since the commitments will be honored in subsequent years. Encumbrances do not constitute expenditures or liabilities for accounting principles generally accepted in the United States of America or budgetary purposes. Only the General Fund has a legally adopted annual budget.

Budgeted amounts are as originally adopted or as amended by the Town Council. During the year, supplemental budgetary appropriations in the amount of \$654 were made from the General Fund unappropriated and unencumbered surplus in a legally permissible manner. Also, \$303 of continued appropriations were reappropriated.

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

**B. Deficit Fund Equity**

The following funds had deficit fund balances at June 30, 2008:

<u>Fund</u>	<u>Amount</u>
Capital Projects Fund	\$ 5,333
Internal Service Fund	334

The deficit balance in the Capital Projects Fund will be primarily funded by the issuance of permanent financing (bonds). The Internal Service Fund deficit will be funded by premiums.

**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.

## A. Cash and Cash Equivalents

The following is a summary of cash and cash equivalents at June 30, 2008:

Deposits:	
Demand accounts	\$ 13,627
Certificates of deposit	481
Total deposits	<u>14,108</u>
Petty cash	2
Cash equivalents:	
MBIA, Inc. - Cooperative Liquid Assets Securities System (CLASS)	197
Wachovia Securities	170
Reich and Tang	10
Less certificates of deposit classified as investments	<u>(481)</u>
Total Cash and Cash Equivalents	\$ <u>14,006</u>

### *Deposits*

At June 30, 2008 the carrying amount of the Town deposits was \$14,108 and the bank balance was \$16,434.

*Custodial Credit Risk* - Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. The Town does not have a deposit policy for custodial credit risk. Of the June 30, 2008 bank balance, \$814 was covered by federal depository insurance. 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. A minimum of \$1,562, based on June 30, 2008 deposits, was collateralized (collateral held by the pledging bank's trust department is not in the Town's name). The balance of deposits of \$14,058 was uninsured and uncollateralized.

### **Cash Equivalents**

Cash equivalents are short-term, highly liquid investments that are both readily convertible to known amounts of cash and purchased within 90 days of maturity. At June 30, 2008 the Town's cash equivalents amounted to \$377. 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.

	<u>Moody's Investor Service</u>	<u>Not Rated</u>
MBIA, Inc. - Cooperative Liquid Assets Securities System (CLASS)	Aaa	
Wachovia Securities		X
Reich and Tang		X

**B. Investments**

Investments as of June 30, 2008 in all funds are as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>
Interest-bearing investments:		
Certificates of deposit*	\$ 481	.41
Other investments:		
Common stock	25	
Pooled open-end mutual fund accounts:		
Internal Service Fund	18	
Nonmajor Governmental Funds	<u>388</u>	
Total	\$ <u>912</u>	

Portfolio weighted average maturity for interest-bearing investments .41

\*Subject to coverage by federal depository insurance and collateralization as described under “Deposits” above.

*Interest Rate Risk* - The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

*Credit Risk - Investments* - As indicated above, State Statutes limit the investment options of cities and towns. The Town has no investment policy that would further limit its investment choices. The following table provides a summary of the Town’s investments (excluding U.S. government guaranteed obligations) as rated by nationally recognized statistical rating organizations.

	<u>Not Rated</u>
Pooled open-end mutual funds:	
Internal Service Fund	X
Nonmajor Governmental Funds	X

*Concentration of Credit Risk* - The Town’s investment policy does not allow for an investment in any one issuer that is in excess of 5% of the Town’s total investments.

*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. At June 30, 2008 the Town’s investments, other than open-end mutual funds and other pooled accounts that are not categorized as to custodial credit risk, were uninsured and unregistered securities held by the counterparty, or by its trust department or agent, and were not in the Town’s name.

#### 4. RECEIVABLES

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

	<u>General</u>	<u>Capital Projects</u>	<u>Sewer Enterprise</u>	<u>Nonmajor and Other Funds</u>	<u>Total</u>
Receivables *:					
Taxes	\$ 1,940	\$	\$	\$	\$ 1,940
Accounts	118			884	1,002
Special assessments			666	607	1,273
Intergovernmental	2,345	485			2,830
Interest **				73	73
Gross receivables	<u>4,403</u>	<u>485</u>	<u>666</u>	<u>1,564</u>	<u>7,118</u>
Less allowance for uncollectibles	<u>241</u>				<u>241</u>
Net Total Receivables	<u>\$ 4,162</u>	<u>\$ 485</u>	<u>\$ 666</u>	<u>\$ 1,564</u>	<u>\$ 6,877</u>

\* Does not include amount due from Southington Water Company for bonds (\$2,409) and accrued interest (\$37) - Note 7.

\*\* Does not include accrued interest on property taxes and assessments receivable of \$742 and \$36, respectively.

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

	<u>Unavailable</u>	<u>Unearned</u>	<u>Total</u>
Delinquent property taxes receivable	\$ 1,411	\$	\$ 1,411
School building grant	1,808		1,808
Special assessments	499		499
Other		211	211
Total Deferred/Unearned Revenue for Governmental Funds	<u>\$ 3,718</u>	<u>\$ 211</u>	<u>\$ 3,929</u>

## 5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2008 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 15,187	\$ 2,371	\$ -	\$ 17,558
Construction in progress	30,320	3,389	-	33,709
Total capital assets not being depreciated	<u>45,507</u>	<u>5,760</u>	<u>-</u>	<u>51,267</u>
Capital assets being depreciated:				
Buildings	90,032	3,017	(2,942)	90,107
Machinery and equipment	15,133	885	(104)	15,914
Infrastructure	68,943	341	-	69,284
Total capital assets being depreciated	<u>174,108</u>	<u>4,243</u>	<u>(3,046)</u>	<u>175,305</u>
Less accumulated depreciation for:				
Buildings	(37,182)	(2,769)	-	(39,951)
Machinery and equipment	(8,926)	(1,042)	40	(9,928)
Infrastructure	(26,250)	(1,184)	-	(27,434)
Total accumulated depreciation	<u>(72,358)</u>	<u>(4,995)</u>	<u>40</u>	<u>(77,313)</u>
Total capital assets being depreciated, net	<u>101,750</u>	<u>(752)</u>	<u>(3,006)</u>	<u>97,992</u>
Governmental Activities Capital Assets, Net	<u>\$ 147,257</u>	<u>\$ 5,008</u>	<u>\$ (3,006)</u>	<u>\$ 149,259</u>
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 39	\$ -	\$ -	\$ 39
Capital assets being depreciated:				
Buildings and system	53,072	2,942	-	56,014
Machinery and equipment	995	107	-	1,102
Total capital assets being depreciated	<u>54,067</u>	<u>3,049</u>	<u>-</u>	<u>57,116</u>
Less accumulated depreciation for:				
Buildings and system	(21,912)	(1,077)	-	(22,989)
Machinery and equipment	(630)	(76)	-	(706)
Total accumulated depreciation	<u>(22,542)</u>	<u>(1,153)</u>	<u>-</u>	<u>(23,695)</u>
Total capital assets being depreciated, net	<u>31,525</u>	<u>1,896</u>	<u>-</u>	<u>33,421</u>
Business-Type Activities Capital Assets, Net	<u>\$ 31,564</u>	<u>\$ 1,896</u>	<u>\$ -</u>	<u>\$ 33,460</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
General government	\$ 505
Public safety	673
Public works	1,243
Human resources	53
Park and recreation	145
Library	28
Education	<u>2,348</u>
 Total Depreciation Expense - Governmental Activities	 \$ <u><u>4,995</u></u>
 Business-type activities:	
Sewer Enterprise Fund	\$ <u><u>1,153</u></u>

### Construction Commitments

The Town has active construction projects as of June 30, 2008. The projects include roads, bridges, water and sewer lines, and school building improvements. At year end the Town's commitments with contractors are as follows:

<u>Project</u>	<u>Spent-to-Date</u>	<u>Commitment</u>
DeFashion St Culvert Replace	\$ 572	\$ 11
Renaissance - Phase III	611	36
Pondview Dr Pump Station	1,046	74
SHS Park.Lot Repave/Recon	150	8
Derynoski Boiler, Windows, etc	258	228
Flanders Floor, Parking Lot	335	5
School Wide Asbestos Abatement	228	84
West St Sewers Phase II	1,274	73
School Access Walks Installation	332	77
Leach Prop Improvements-Canal St	257	8
DeNitrification Facility	1,476	10,990
Sewers-Annelise, Ruessner	<u>182</u>	<u>41</u>
 Total	 \$ <u><u>6,721</u></u>	 \$ <u><u>11,635</u></u>

The commitments are being financed as follows:

- School projects are financed by bonds and grants from the State Department of Education.
- Denitrification Facility is being financed by Clean Water Grant/Loan
- Other projects are primarily funded by Town general obligation bonds.

**6. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS**

Individual fund interfund receivable and payable balances, which result from short-term cash flows needs, are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Capital Projects	\$ 3,864
General Fund	Nonmajor Governmental	277
Nonmajor Governmental	General Fund	<u>132</u>
<b>Total</b>		<b>\$ <u><u>4,273</u></u></b>

Interfund transfers:

	<u>Transfers In</u>		
	<u>Capital Projects Fund</u>	<u>Nonmajor Governmental</u>	<u>Total</u>
Transfers out:			
General Fund	\$ <u><u>3,321</u></u>	\$ <u><u>206</u></u>	\$ 3,527
Transfer in of general capital assets:			
Sewer Enterprise Fund			<u>2,942</u>
<b>Total Transfers In</b>			<b>\$ <u><u>6,469</u></u></b>

In the fund financial statements, total transfers in of \$6,469 are greater than total transfers out of \$3,527 because of the treatment of transfers of capital assets to the Enterprise Fund. During the year, existing capital assets related to governmental funds with a book value of \$2,942 were transferred to the Sewer Enterprise Fund. No amounts were reported in the governmental funds as the amount did not involve the transfer of financial resources. However, the Enterprise Fund did report a transfer in for the capital resources received.

## 7. LONG-TERM DEBT

### Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2008 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:					
Bonds payable:					
General obligation					
bonds:					
Town	\$ 43,466	\$ 8,975	\$ 3,844	\$ 48,597	\$ 4,453
Southington Water Company	<u>3,024</u>		<u>615</u>	<u>2,409</u>	<u>502</u>
Total	46,490	8,975	4,459	51,006	4,955
Less deferred amounts on refunding	<u>(122)</u>	<u>122</u>		<u>-</u>	
Total bonds payable	46,368	9,097	4,459	51,006	4,955
Compensated absences	7,352	15	82	7,285	1,471
Capital leases		271		271	142
Risk management *	6,752		433	6,319	443
Landfill closure and postclosure	<u>234</u>		<u>16</u>	<u>218</u>	<u>15</u>
Total Governmental Activities Long-Term Liabilities	<u>\$ 60,706</u>	<u>\$ 9,383</u>	<u>\$ 4,990</u>	<u>\$ 65,099</u>	<u>\$ 7,026</u>

\*As restated - see Note 9

Bonds payable at June 30, 2008 are comprised of the following issues:

	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Interest Rate (%)</u>	<u>Date of Maturity</u>	<u>Principal Outstanding June 30, 2008</u>
Hatton School Roof	1996	\$ 217	4.60-6.50	10/15/2012	\$ 56
South End School Roof	1996	202	4.60-6.50	10/15/2012	52
High School Addition	1996	318	4.60-6.50	10/15/2012	84
Patton Brook Sewers	1996	2,205	4.60-6.50	10/15/2012	580
Judd Brook Sewers	1996	1,000	4.60-6.50	10/15/2012	264
Sewer Ultraviolet Upgrade	1996	707	4.60-6.50	10/15/2012	189
Town Hall A.D.A. Upgrade	1996	311	4.60-6.50	10/15/2012	76
Monitoring Easements	1996	390	4.60-6.50	10/15/2012	104
Three Fire Pumpers	2001	850	4.00-5.00	5/15/2021	559
Fire Truck	2001	240	4.00-5.00	5/15/2021	159
Old Turnpike Road Land Purchase	2001	330	4.00-5.00	5/15/2021	218
Old Southington Landfill Cap	2001	840	4.00-5.00	5/15/2021	554
West Center St. Bridge	2001	500	4.00-5.00	5/15/2021	332
Park Maintenance Building	2001	500	4.00-5.00	5/15/2021	330
Hatton, Strong, Thalberg School Additions	2001	14,000	4.00-5.00	5/15/2021	9,240
Milldale School Demolition	2001	280	4.00-5.00	5/15/2021	186
Misery Brook Sewers	2001	800	4.00-5.00	5/15/2021	526
Police Station	2004	6,483	3.00-5.00	2/1/2024	4,382
Open Space Acquisitions (2000)	2004	2,000	3.00-5.00	2/1/2024	1,010
Centralized Dispatch	2004	475	3.00-5.00	2/1/2024	336
Blueberry Lane (Brown)	2004	720	3.00-5.00	2/1/2024	574
Blueberry Lane (Ramsay)	2004	280	3.00-5.00	2/1/2024	223
River Street (Brandenburg)	2004	1,600	3.00-5.00	2/1/2024	1,280
Hatton, Strong & Thalberg School Additions	2004	33,450	3.00-5.00	2/1/2024	960
Laning St./Brookwood Dr. Sewers	2004	408	3.00-5.00	2/1/2024	324
Echo Valley Dr./Burrirt St. Sewers	2004	975	3.00-5.00	2/1/2024	681
Sewer Plant Disinfection Upgrade	2004	250	3.00-5.00	2/1/2024	160
Meriden Ave. Sewer Emergency Bypass (Misery Brook)	2004	1,750	3.00-5.00	2/1/2024	1,360
Refunding (General Purpose)	2004	379	2.0-3.25	9/15/2014	214
Refunding (Schools)	2004	7,032	2.0-3.25	9/15/2014	3,945
Refunding (Sewers)	2004	86	2.0-3.25	9/15/2014	49
Hatton, Strong, Thalberg School Additions	2005	3,000	2.0-3.25	11/1/2025	2,780
System Wide Musical Instruments	2005	290	2.0-3.25	11/1/2025	90
Plantville School Roof	2005	220	2.0-3.25	11/1/2025	130
West Street Pump Station and Sewer	2005	2,500	2.0-3.25	11/1/2025	2,250
Sewer Detrification - Engineering	2005	400	2.0-3.25	11/1/2025	350
Central Fire Headquarters Additions	2005	1,645	2.7-4.3	11/1/2025	1,475
Drive In Property Purchase	2005	1,610	2.7-4.3	11/1/2025	1,440
Open Space Acquisitions (2000)	2005	730	2.7-4.3	11/1/2025	650
Renaissance - Phase III	2005	575	2.7-4.3	11/1/2025	495
Atwater Bridge Rehabilitation	2005	350	2.7-4.3	11/1/2025	280
Highway Department Sweeper, Loader, Dumptruck and Backhoe	2005	355	2.7-4.3	11/1/2025	275
Fire Rescue Truck	2005	500	2.7-4.3	11/1/2025	400
Pondview Drive Pump Station	2007	970	3.55-4.25	8/1/2027	970
Sewer Denitrification - Engineering	2007	340	3.55-4.25	8/1/2027	340
Prospect St. Bridge Rehab	2007	410	3.55-4.25	8/1/2027	410
West St. Sewers Ph II	2007	1760	3.55-4.25	8/1/2027	1,760
Bulky Waste Site Development	2007	955	3.55-4.25	8/1/2027	955
DeFashion St. Bridge (replace Culvert)	2007	300	3.55-4.25	8/1/2027	300
Fire Ladder Truck	2007	950	3.55-4.25	8/1/2027	950
School Access Walks Installation	2007	410	3.55-4.25	8/1/2027	410
Southington HS Fire Alarm Upgrade	2007	250	3.55-4.25	8/1/2027	250
Southington HS parking Lot Reconstruction	2007	530	3.55-4.25	8/1/2027	530
Southington HS Bleachers, Ext. doors, Irrigation	2007	750	3.55-4.25	8/1/2027	750
Flanders Floor and Parking Lot replacement and School Wide Asbestos Abatement	2007	490	3.55-4.25	8/1/2027	490
School Wide Technology Replacement	2007	860	3.55-4.25	8/1/2027	860
Water	1991	2,044	5.75-6.75	8/15/2011	390
Refunding (Water)	2004	3,683	2.0-3.25	9/15/2014	2,019
Total					\$ <u>51,006</u>

The annual requirements to amortize bond principal and interest are as follows:

<u>Fiscal Year Ending</u>	<u>Principal</u>	<u>Interest</u>
2009	\$ 4,955	\$ 2,007
2010	4,905	1,818
2011	4,855	1,635
2012	4,725	1,454
2013	3,810	1,289
2014-2018	14,585	4,490
2019-2023	9,970	1,765
2024-2028	<u>3,201</u>	<u>232</u>
Total	\$ <u>51,006</u>	\$ <u>14,690</u>

All bonds are general obligation bonds secured by the general revenue raising powers of the Town. Payment will be provided by General Fund revenues for general purpose bonds and user fees charged by the Southington Water Company, an independent entity, for water bonds. The Town issued debt on behalf of the Southington Water Company. At June 30, 2008, \$2,409 is recorded as amounts to be provided by other entities. The Town does not have any overlapping debt.

The Town is subject to the General Statutes of the State of Connecticut, which limit the amount of debt outstanding at June 30, 2008. In no case shall total indebtedness exceed seven times annual receipts from taxation. The maximum debt amount permitted under this formula would be approximately \$596.1 million.

### **Capital Leases**

The Town has entered into two lease agreements as lessee for financing the acquisition of Street lights from Connecticut Light and Power and Complex lighting at Recreational Park including light poles, light fixtures and lights. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2008, are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2009	\$ 142
2010	<u>142</u>
Total minimum lease payments	284
Less amount representing interest	<u>(13)</u>
Present Value of Minimum Lease Payments	\$ <u>271</u>

### **Clean Water Funds**

During the year, the Town started participation in capital projects under the State of Connecticut Clean Water Fund established in accordance with Section 22a-477 of the General Statutes of Connecticut. The Clean Water Fund is administered by the State Department of Environmental Protection and provides grant and loan funds to municipalities for "eligible water quality project costs." At the end of the year, the Town had \$967 Clean Water Fund loan outstanding at an interest rate of 2%.

## 8. RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks did not exceed commercial insurance coverage during the years ended June 30, 2008, 2007 or 2006. Town insurance can be described as follows:

Employee Health Insurance - The Medical Claims Fund (the Fund), which has been recorded as an Internal Service Fund, was established to account for the medical claims activity of the Town's employees as well as the related funding. Anthem Blue Cross/Blue Shield of Connecticut administers the plan for which the Fund pays a fee.

The Fund establishes claims liabilities based on estimates of claims that have been incurred but not reported; accordingly, the Fund recorded an additional liability at June 30, 2008 of \$1,212.

Premium payments are reported as quasi-external interfund transactions for Town entities, and accordingly, they are treated as operating revenues of the Self-Insurance Fund and operating expenditures of the participating funds.

A schedule of changes in the claims liability for the years ended June 30, 2008 and 2007, is presented below:

		<b>Accrued Liability Beginning of Fiscal Year</b>		<b>Current Year Claims and Changes in Estimates</b>		<b>Claim Payments</b>		<b>Accrued Liability End of Fiscal Year</b>
2006-2007	\$	1,161	\$	14,655	\$	14,575	\$	1,241
2007-2008		1,241		15,396		15,425		1,212

### Interlocal Risk Pool

The Town is a member of the Connecticut Interlocal Risk Management Agency (CIRMA), an unincorporated association of Connecticut local public agencies that was formed in 1980 by the Connecticut Conference of Municipalities for the purpose of establishing and administering an interlocal risk management program pursuant to the provisions of Section 7479a et. seq. of the Connecticut General Statutes.

The Town participates in CIRMA's Workers' Compensation Pool, a risk sharing pool, which was begun on July 1, 1980. The Workers' Compensation Pool provides statutory benefits pursuant to the provisions of the Connecticut Workers' Compensation Act. CIRMA currently has 220 members in the Workers' Compensation Pool. The coverage is subject to an incurred loss retrospective rating plan and losses incurred in coverage period 2007-08 will be evaluated at 18, 30, and 42 months after the effective date of coverage. The deposit contribution (premium) paid in 2007-08 was \$373 thousand. The contribution (premium) is subject to payroll audit at the close of the coverage period. CIRMA's Workers' Compensation Pool retains up to \$1 million per occurrence. Claims over \$1 million are reinsured.

**9. FUND BALANCE - RESERVATIONS AND DESIGNATIONS**

Descriptions of the various reservations and designation of the Town’s fund equity accounts are as follows:

- Reserved for Encumbrances - to segregate a portion of fund balance for expenditure upon vendor performance.
- Reserved for Inventory - to segregate an amount equal to the inventory in the asset section of the balance sheet.
- Designated for Subsequent Year - to segregate a portion of fund balance designated by the Town for subsequent year’s budgeted expenditures.

Additionally, the Town has appropriated \$575 of its General Fund fund balance at June 30, 2008 to balance the 2008-09 budget.

A summary of reserved fund balances at June 30, 2008 is presented below:

General Fund:		
Reserved for encumbrances	\$	303
Reserved for inventories		62
Nonmajor Governmental Funds:		
Reserved for inventory		<u>59</u>
Total	\$	<u><u>424</u></u>

Restatements

The July 1, 2007 balance of governmental activities net assets has been restated as follows:

Net assets, as previously reported	\$	103,818
Restatement due to revaluation of heart and hypertension liability		<u>(4,645)</u>
Net Assets, as Restated	\$	<u><u>99,173</u></u>

**10. SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES**

The Town’s Old Turnpike Road (Old Southington) Landfill, which was closed in 1967, was placed on the United States Environmental Protection Agency (EPA) Superfund List for cleanup in the early 1990s. Three hundred and twenty five parties, including the Town, were identified by the EPA as potentially responsible parties (PRPs) for the cleanup costs. The Town, per agreement with the EPA, is responsible for \$4.4 million of the costs for constructing a cap at the site. However, the EPA granted the Town credit of \$3.2 million for landfill costs paid by the Town since 1989, leaving the Town with a net liability of approximately \$1.2 million. This amount was authorized for bonding at referendum in May of 1998. Construction of the cap was completed during fiscal year 2000-01. The Town paid approximately \$840 thousand of its \$1.2 million net share for the cap during 2000-01, which was bonded on May 15, 2001.

In December 2006, EPA issued a final Record of Decision. As a result of that, a passive groundwater remedy has been selected rather than an active remedy. The remedy will consist of institutional controls and fairly extensive groundwater monitoring. The effect of these items on future budgets will be very small.

The Town and its employees are defendants in numerous claims and legal actions. It is the opinion of Town officials that such pending litigation will not be finally determined so as to result individually, or in the aggregate, in a final judgment against the Town that would materially adversely affect its financial position.

The Town participates in a number of federal and state assisted grant programs. These programs are subject to financial and compliance audits by the grantors or their representatives. The audits of certain of these programs for or including the year ended June 30, 2008 have not yet been conducted. Accordingly, the Town's compliance with applicable grant requirements will be established at some future date. The amount, if any, of expenditures that may be disallowed by the granting agencies cannot be determined at this time although the Town expects such amounts, if any, to be immaterial.

The Town may be subject to rebate penalties to the federal government relating to various bond and note issues. The Town expects such amounts, if any, to be immaterial.

## **11. POSTEMPLOYMENT BENEFITS**

The Town, via union negotiations in connection with early retirement of five (5) employees, comprised of teachers, education administrators and education clerical staff, agreed to pay health insurance premiums for those individuals to age 65. For the year ended June 30, 2008, these benefits totaled \$25 thousand. The Town recognizes the cost of providing these benefits by expending the annual insurance premiums.

## **12. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS**

### Police Pension Trust Fund

The Town of Southington was the administrator of a single employer defined benefit Public Employee Retirement System (PERS), established and administered by the Town to provide pension benefits to substantially all full-time police employees. The PERS was considered to be part of the Town's financial reporting entity and was included in the Town's financial reports as a Pension Trust Fund.

In September of 2006 the Town and police union, International Brotherhood of Police Officers Local 333 negotiated a contract whereby all bargaining unit members were transferred to MERS retirement plan effective April 1, 2007. This was extended to all uniformed Police Officers. The Town of Southington purchased an annuity at \$13.7 million for the current retirees in the Police Pension Trust Fund, transferred the balance of \$9.9 million to the State of Connecticut Treasurer for the Police Merfund, and dissolved the Police Pension Trust Fund. After the transfer of the balance in the Police Pension fund to MERS, the Town assumed an unfunded accrued liability of \$3.2 million for the Police Officers prior service which will be amortized over 9 years.

### Municipal Employees' Retirement System

All Town of Southington full-time employees, except teachers who are eligible to participate in the State of Connecticut Teachers' Retirement System, and other Board of Education employees who participate in the Board's Pension Trust Fund, participate in the Municipal Employees' Retirement Fund (MERF), a cost-sharing multiple-employer public employee retirement system (PERS) established by the State of Connecticut and administered by the State Retirement Commission to provide retirement and disability benefits, annual cost-of-living adjustments and death benefits to the employees and beneficiaries of participating municipalities. Chapter 113 Part II of the General Statutes of Connecticut, which can be amended by legislative action, establishes PERS benefits, member contribution rates and other plan provisions. MERF is considered to be a part of the State of Connecticut financial reporting entity and is included in the State's financial reports as a pension trust fund. Those reports may be obtained by writing

to the State of Connecticut, Office of the State Comptroller, 55 Elm Street, Hartford, Connecticut 06106 or by calling 860-702-3480.

*Funding Policy* - Plan members are required by State Statute to contribute 2-1/4% of earnings upon which Social Security tax is paid plus 5% of earnings on which no Social Security tax is paid. Each participating municipality is required to contribute at an actuarially determined rate. The current rate is 7.00% of annual covered payroll. The contribution requirements of the Town are established and may be amended by the State Retirement Commission. The Town's contributions to MERF for the years ended June 30, 2008, 2007 and 2006 were \$1,895, \$1,401 and \$1,135, respectively, equal to the required contributions for each year.

#### Teachers' Retirement

All Town of Southington teachers participate in the State of Connecticut Teachers' Retirement System under Section 10.183 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.

The retirement system for teachers is funded by the State based upon the recommendation of the Teachers' Retirement Board. Such contribution includes amortization of the actuarially computed unfunded liability. These obligations are established under the authority of the Connecticut General Statutes. For the year ended June 30, 2008 the Town has recorded, in the General Fund, intergovernmental revenue and education expenditures in the amount of \$27,670 as payments made by the State of Connecticut on behalf of the Town. This amount is significantly higher than prior year because the State of Connecticut increased the contribution. The Town does not have any liability for teacher pensions.

The State of Connecticut Teacher Retirement System is considered to be a part of the State of Connecticut financial reporting entity and is included in the State's financial reports as a pension trust fund. Those reports may be obtained by writing to the State of Connecticut, Office of the State Comptroller, 55 Elm Street, Hartford, Connecticut 06106.

### **13. LITIGATION**

There are a number of suits and claims pending against the Town, none of which, individually or in the aggregate, is believed by counsel to result in a judgment or judgments that would materially affect the Town's financial position.

**Required Supplementary  
Information**

## TOWN OF SOUTHLINGTON, CONNECTICUT

## GENERAL FUND

SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)

FOR THE YEAR ENDED JUNE 30, 2008

(In Thousands)

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Property taxes, interest and lien fees:				
Taxes	\$ 84,840	\$ 84,840	\$ 84,699	\$ (141)
Suspense taxes	20	20	29	9
Interest and lien fees	523	523	613	90
Total property taxes	<u>85,383</u>	<u>85,383</u>	<u>85,341</u>	<u>(42)</u>
Intergovernmental revenues:				
Educational Cost Sharing	18,764	19,005	18,978	(27)
Public school transportation	313	313	319	6
Non-public school transportation	43	43	42	(1)
Non-public school health services	50	50	47	(3)
School building construction grants	474	474	499	25
Vocational Education	70	70	145	75
Children/youth services	27	27	27	-
Youth Service Bureau Enhancement		8	8	-
Town aid road transportation grant	191	260	261	1
Health per capita grant	39	39	50	11
Health education/risk reduction grant	6	6	6	-
Telephone access lines	150	150	159	9
Indian casino gambling grants	244	259	265	6
Open Space - DEP		338	338	-
Calendar parking lot grant		215	205	(10)
Calendar transportation		50	50	-
Industrial park grant			18	18
Local capital improvement grant	284	284	286	2
In lieu of taxes:				
Hospital	169	179	179	-
Tax relief for elderly	300	300	321	21
Veterans' exemption	45	45	46	1
State properties	41	44	44	-
Disability exemption	5	5	5	-
Boats	14	14	14	-
Manufacturers' PILOT grant	730	730	753	23
Distressed municipalities	135	135	155	20
Emergency food and shelter	4	4	2	(2)
E911 State grant		44	51	7
Miscellaneous	1	20	41	21

(Continued on next page)

## TOWN OF SOUTHLINGTON, CONNECTICUT

**SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)**

**FOR THE YEAR ENDED JUNE 30, 2008**

**(In Thousands)**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		<u>Favorable (Unfavorable)</u>
Intergovernmental revenues (continued):				
DUI and Traffic Enforcement grant	\$	\$ 8	\$ 7	\$ (1)
Bioterrorism grant	85	85	100	15
Security cameras - SHS		45	45	-
Bulletproof vests		1	2	1
Flu/Medicare reimbursement	5	5		(5)
FEMA - fire equipment		56	56	-
US DEA reimbursement			2	2
Total intergovernmental revenues	<u>22,189</u>	<u>23,311</u>	<u>23,526</u>	<u>215</u>
Other local revenues:				
Licenses and permits	667	667	729	62
Interest and dividends	928	928	1,177	249
Fines, forfeits and penalties	7	7	6	(1)
Town Clerk's fees	1,649	1,675	1,396	(279)
Planning and zoning fees	20	20	52	32
Police Department services	9	9	7	(2)
Fire Department services	6	9	10	1
Highway Department services	1	1		(1)
Engineering services	6	6	3	(3)
Public library	15	15	23	8
Assessors returns	4	4	3	(1)
Health Department services	45	45	42	(3)
Schools:				
Tuition and fees	543	701	753	52
Parks and recreation fees	182	182	223	41
Miscellaneous		13	24	11
Sale, Lease of Town property	6	6	15	9
Loss/Damage to Town property		78	82	4
Kids entertainment		1	3	2
School Nature Day		2	2	-

(Continued on next page)

## TOWN OF SOUTHLINGTON, CONNECTICUT

**SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)**

**FOR THE YEAR ENDED JUNE 30, 2008**

**(In Thousands)**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Other local revenues (continued):				
Renaissance (Bricks)	\$	\$ 1	\$ 1	\$ -
Premium on sale of bonds			41	41
Prior year appropriated funds returned	1	1	3	2
Trails day donations		27	29	2
Total other local revenues	<u>4,089</u>	<u>4,398</u>	<u>4,624</u>	<u>226</u>
Total revenues and other financing sources	\$ <u>111,661</u>	\$ <u>113,092</u>	113,491	\$ <u>399</u>

Budgetary revenues are different than GAAP revenues because:

State of Connecticut on-behalf contributions to the Connecticut State Teachers'  
Retirement System for Town teachers are not budgeted

27,670

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

\$ 141,161

## TOWN OF SOUTHLINGTON, CONNECTICUT

## GENERAL FUND

SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)FOR THE YEAR ENDED JUNE 30, 2008  
(In Thousands)

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
General Government				
Town Council:				
Personnel service	\$ 15	\$ 16	\$ 16	\$ -
Contractual services	18	28	28	-
Materials and supplies	1	1	1	-
Fixed charges	39	39	35	4
Total	<u>73</u>	<u>84</u>	<u>80</u>	<u>4</u>
Town Manager:				
Personnel service	165	166	165	1
Contractual services	24	24	14	10
Materials and supplies	7	7	6	1
Fixed charges	4	4	3	1
Total	<u>200</u>	<u>201</u>	<u>188</u>	<u>13</u>
Board of Finance:				
Personnel service	5	6	6	-
Contractual services	3	3	3	-
Total	<u>8</u>	<u>9</u>	<u>9</u>	<u>-</u>
Finance Department:				
Personnel service	383	383	383	-
Materials and supplies	12	15	15	-
Fixed charges	2	2	2	-
Continued appropriation - equipment	1	1	1	-
Total	<u>398</u>	<u>401</u>	<u>401</u>	<u>-</u>
Town Treasurer:				
Personnel service	<u>3</u>	<u>3</u>	<u>3</u>	<u>-</u>

(Continued on next page)

## TOWN OF SOUTHLINGTON, CONNECTICUT

## GENERAL FUND

SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2008

(In Thousands)

	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable)
Town Clerk:				
Personnel service	\$ 241	\$ 243	\$ 243	\$ -
Contractual services	43	44	43	1
Materials and supplies	13	11	11	-
Fixed charges	3	3	2	1
Equipment	2	2	-	2
Total	<u>302</u>	<u>303</u>	<u>299</u>	<u>4</u>
Tax Department:				
Personnel service	225	230	230	-
Contractual services	15	15	14	1
Materials and supplies	44	44	42	2
Fixed charges	2	2	2	-
Equipment	5	5	4	1
Total	<u>291</u>	<u>296</u>	<u>292</u>	<u>4</u>
Assessor:				
Personnel service	280	284	282	2
Contractual services	66	62	60	2
Materials and supplies	12	12	11	1
Fixed charges	6	6	4	2
Equipment	1	1	1	-
Total	<u>365</u>	<u>365</u>	<u>358</u>	<u>7</u>
Board of Assessment Appeals:				
Personnel service	2	2	2	-
Fixed charges	1	1		1
Total	<u>3</u>	<u>3</u>	<u>2</u>	<u>1</u>
Information Technology				
Contractual services	54	54	52	2
Equipment	20	20		20
Total	<u>74</u>	<u>74</u>	<u>52</u>	<u>22</u>
Probate Court:				
Contractual services	3	3	2	1
Materials and supplies	5	6	6	-
Equipment	2	2	1	1
Continued appropriation - equipment		1	1	-
Total	<u>10</u>	<u>12</u>	<u>10</u>	<u>2</u>

(Continued on next page)

## TOWN OF SOUTHLINGTON, CONNECTICUT

## GENERAL FUND

SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2008

(In Thousands)

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Town Attorney/Legal:				
Personnel service	\$ 175	\$ 175	\$ 175	\$ -
Contractual services	65	205	201	4
Materials and supplies	4	4	4	-
Fixed charges	2	2	1	1
Total	<u>246</u>	<u>386</u>	<u>381</u>	<u>5</u>
Registrar of Voters:				
Personnel service	134	130	101	29
Contractual services	17	36	19	17
Materials and supplies	18	39	35	4
Fixed charges	11	11	10	1
Total	<u>180</u>	<u>216</u>	<u>165</u>	<u>51</u>
Medical and Insurance Plan:				
Fixed charges	<u>2,979</u>	<u>2,899</u>	<u>2,877</u>	<u>22</u>
Insurance and Surety Bonds:				
Fixed charges	<u>901</u>	<u>857</u>	<u>854</u>	<u>3</u>
Annual Audit:				
Fixed charges	<u>32</u>	<u>57</u>	<u>57</u>	<u>-</u>
Total general government	<u>6,065</u>	<u>6,166</u>	<u>6,028</u>	<u>138</u>
Public Safety				
Police Department:				
Personnel service	5,401	5,285	5,186	99
Contractual services	359	453	411	42
Materials and supplies	259	290	277	13
Fixed charges	156	156	149	7
Equipment	249	294	265	29
Continued appropriations - materials		3	3	-
Continued appropriations - equipment		13	13	-
Total	<u>6,424</u>	<u>6,494</u>	<u>6,304</u>	<u>190</u>

(Continued on next page)

## TOWN OF SOUTHLINGTON, CONNECTICUT

## GENERAL FUND

SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2008

(In Thousands)

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Central Dispatch:				
Personnel service	\$ 500	\$ 507	\$ 497	\$ 10
Contractual services	43	43	43	-
Fixed charges		42	42	-
Continued appropriations - fixed charges		1	1	-
Total	<u>543</u>	<u>593</u>	<u>583</u>	<u>10</u>
Fire Department:				
Personnel service	2,811	2,859	2,859	-
Contractual services	339	332	328	4
Materials and supplies	174	170	162	8
Fixed charges	109	107	102	5
Equipment	131	246	147	99
Continued appropriations - equipment		9	9	-
Total	<u>3,564</u>	<u>3,723</u>	<u>3,607</u>	<u>116</u>
Fire Hydrant rentals:				
Fixed charges	<u>323</u>	<u>326</u>	<u>326</u>	<u>-</u>
Safety Program:				
Contractual services	23	25	22	3
Materials and supplies	34	34	30	4
Total	<u>57</u>	<u>59</u>	<u>52</u>	<u>7</u>
Parking Authority:				
Personnel service	1	2	1	1
Contractual services	21	21	12	9
Materials and supplies	3	3	1	2
Fixed charges	1	1	1	-
Continued appropriations - equipment		29	20	9
Total	<u>26</u>	<u>56</u>	<u>35</u>	<u>21</u>
Total public safety	<u>10,937</u>	<u>11,251</u>	<u>10,907</u>	<u>344</u>

(Continued on next page)

## TOWN OF SOUTHLINGTON, CONNECTICUT

## GENERAL FUND

SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2008

(In Thousands)

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Public Works:				
Town Hall and Annex:				
Contractual services	\$ 156	\$ 182	\$ 162	\$ 20
Materials and supplies	5	5	5	-
Total	<u>161</u>	<u>187</u>	<u>167</u>	<u>20</u>
Historical Buildings:				
Contractual services	26	34	28	6
Continued appropriation - equipment	18	37	24	13
Total	<u>44</u>	<u>71</u>	<u>52</u>	<u>19</u>
Engineering Department:				
Personnel service	567	558	546	12
Contractual services	4	5	4	1
Materials and supplies	20	26	26	-
Fixed charges	7	9	5	4
Equipment	1	1	1	1
Total	<u>599</u>	<u>599</u>	<u>581</u>	<u>18</u>
Highway Department:				
Personnel service	1,442	1,439	1,436	3
Contractual services	228	285	279	6
Materials and supplies	448	560	559	1
Fixed charges	1			-
Capital outlay	43	34	32	2
Total	<u>2,162</u>	<u>2,318</u>	<u>2,306</u>	<u>12</u>
Snow and Ice Removal:				
Personnel service	135	163	163	-
Contractual services	505	483	483	-
Total	<u>640</u>	<u>646</u>	<u>646</u>	<u>-</u>
Street Lighting:				
Contractual services	343	345	351	(6)
Capital outlay	94	94	94	-
Total	<u>437</u>	<u>439</u>	<u>445</u>	<u>(6)</u>
Tree Maintenance:				
Contractual services	21	20	20	-

(Continued on next page)

## TOWN OF SOUTHLINGTON, CONNECTICUT

## GENERAL FUND

SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2008

(In Thousands)

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Bulky Waste Transfer Station:				
Contractual services	\$ 438	\$ 463	\$ 460	\$ 3
Environmental Problems:				
Contractual services	170	260	236	24
Total Public Works	4,672	5,003	4,913	90
Health and Welfare:				
Community Services:				
Personnel service	104	116	115	1
Materials and supplies	3	3	3	-
Fixed charges	15	15	15	-
Total	122	134	133	1
Health Department:				
Personnel service	281	281	280	1
Contractual services	42	42	38	4
Materials and supplies	23	23	17	6
Fixed charges	133	133	91	42
Equipment	3	3		3
Contractual services - fixed charges		42	42	-
Total	482	524	468	56
Southington Visiting Nurse:				
Fixed charges	80	80	80	-
Mental Health:				
Fixed charges	3	3	3	-
Nonpublic School Nurses:				
Contractual services	90	90	90	-
Drug Task Force:				
Personnel service	3	5	4	1
Contractual services	1	6	6	-
Total	4	11	10	1
Total Health and Welfare	781	842	784	58

(Continued on next page)

## TOWN OF SOUTHLINGTON, CONNECTICUT

## GENERAL FUND

SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2008

(In Thousands)

	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable)
Human Resources:				
Youth Counseling:				
Personnel service	\$ 209	\$ 209	\$ 209	\$ -
Contractual services	6	16	16	-
Materials and supplies	1	1	1	-
Fixed charges	3	3	2	1
Equipment	2	2	2	-
Continued appropriations - contractual		2	2	-
Total	<u>221</u>	<u>233</u>	<u>232</u>	<u>1</u>
Commission on the Handicapped:				
Materials and supplies	2	2		2
Fixed charges	8	11	10	1
Total	<u>10</u>	<u>13</u>	<u>10</u>	<u>3</u>
Community Assistance:				
Fixed charges	<u>58</u>	<u>58</u>	<u>58</u>	<u>-</u>
Calendar House:				
Personnel service	281	308	306	2
Contractual services	116	129	119	10
Materials and supplies	25	31	28	3
Fixed charges	4	4	4	-
Capital outlay	12	15	9	6
Total	<u>438</u>	<u>487</u>	<u>466</u>	<u>21</u>
Southington Housing Authority:				
Fixed charges	<u>16</u>	<u>16</u>	<u>15</u>	<u>1</u>
Total Human Resources	<u>743</u>	<u>807</u>	<u>781</u>	<u>26</u>
Parks and Recreation:				
Parks and Recreation Department:				
Personnel service	880	877	877	-
Contractual services	339	346	346	-
Materials and supplies	62	66	65	1
Fixed charges	269	260	252	8
Capital outlay	135	143	138	5
Continued appropriations - fixed charges		18	18	-
Continued appropriations - equipment		5	5	-
Total	<u>1,685</u>	<u>1,715</u>	<u>1,701</u>	<u>14</u>

(Continued on next page)

## TOWN OF SOUTHTON, CONNECTICUT

## GENERAL FUND

SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2008

(In Thousands)

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
Community Celebrations:				
Fixed charges	\$ 25	\$ 57	\$ 15	\$ 42
Continued appropriations - fixed charges		5	5	-
Total	<u>25</u>	<u>62</u>	<u>20</u>	<u>42</u>
Organized Recreation:				
Fixed charges	<u>103</u>	<u>103</u>	<u>103</u>	<u>-</u>
Barnes Museum:				
Personnel service	69	69	69	-
Contractual services	24	24	21	3
Materials and supplies	5	5	5	-
Capital outlay	10	10	8	2
Total	<u>108</u>	<u>108</u>	<u>103</u>	<u>5</u>
Total Parks and Recreation	<u>1,921</u>	<u>1,988</u>	<u>1,927</u>	<u>61</u>
Public Library:				
Personnel service	867	867	844	23
Contractual services	209	226	219	7
Materials and supplies	37	37	36	1
Fixed charges	4	4	4	-
Capital outlay	132	173	160	13
Continued appropriations - contractual services		1	1	-
Total Public Library	<u>1,249</u>	<u>1,308</u>	<u>1,264</u>	<u>44</u>
Planning and Development:				
Economic Development Commission:				
Personnel service	115	96	94	2
Contractual services	25	8	1	7
Materials and supplies	3	3	3	-
Fixed charges	4	4	1	3
Total	<u>147</u>	<u>111</u>	<u>99</u>	<u>12</u>
Building Department:				
Personnel service	333	335	330	5
Contractual services	5	5	2	3
Materials and supplies	11	11	10	1
Fixed charges	6	8	6	2
Capital outlay	10	10	10	-
Total	<u>365</u>	<u>369</u>	<u>358</u>	<u>11</u>

(Continued on next page)

## TOWN OF SOUTHTON, CONNECTICUT

## GENERAL FUND

SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2008

(In Thousands)

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
Planning and Zoning:				
Personnel service	\$ 278	\$ 290	\$ 288	\$ 2
Contractual services	13	22	18	4
Materials and supplies	11	11	11	-
Fixed charges	22	25	24	1
Capital outlay	2	2	1	1
Continued appropriations - contractual services		3	3	-
Total	<u>326</u>	<u>353</u>	<u>345</u>	<u>8</u>
Zoning Board of Appeals:				
Personnel service	8	8	4	4
Contractual services	10	10	7	3
Materials and supplies	3	3	3	-
Total	<u>21</u>	<u>21</u>	<u>14</u>	<u>7</u>
Conservation Commission:				
Personnel service	4	4	3	1
Contractual services	4	4	4	-
Materials and supplies	2	2	2	-
Fixed charges	1	1		1
Total	<u>11</u>	<u>11</u>	<u>9</u>	<u>2</u>
Total Planning and Development	<u>870</u>	<u>865</u>	<u>825</u>	<u>40</u>
Miscellaneous:				
Land Lease:				
Fixed charges	1	1	1	
Nonlegal Professional services:				
Contractual services	50	79	52	27
Fixed charges	7	7	5	2
Purchasing	3	3	3	-
Total Miscellaneous	<u>61</u>	<u>90</u>	<u>61</u>	<u>29</u>
Employee Fringe Benefits:				
Heart and Hypertension:				
Fixed charges	<u>1,162</u>	<u>1,130</u>	<u>1,126</u>	<u>4</u>

(Continued on next page)

## TOWN OF SOUTHLINGTON, CONNECTICUT

## GENERAL FUND

SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Employee Retirement:				
Municipal:				
Fixed charges	\$ 3,202	\$ 3,202	\$ 2,704	\$ 498
Police:				
Fixed charges	76	95	94	1
Unemployment Compensation:				
Fixed charges	5	10	8	2
Total	<u>3,283</u>	<u>3,307</u>	<u>2,806</u>	<u>501</u>
Accumulated Pay Due:				
Fixed charges	80	80	67	13
Total Employee Fringe Benefits	<u>4,525</u>	<u>4,517</u>	<u>3,999</u>	<u>518</u>
Debt Service				
Debt service - principal:				
Town and Sewer	1,497	1,497	1,497	-
Schools	2,084	2,084	2,084	-
Total	<u>3,581</u>	<u>3,581</u>	<u>3,581</u>	<u>-</u>
Debt service - interest:				
Town and Sewer	938	911	911	-
Schools	859	820	820	-
Total	<u>1,797</u>	<u>1,731</u>	<u>1,731</u>	<u>-</u>
Total Debt Service	<u>5,378</u>	<u>5,312</u>	<u>5,312</u>	<u>-</u>

(Continued on next page)

## TOWN OF SOUTHTON, CONNECTICUT

## GENERAL FUND

SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Board of Education:				
School operations	\$ 71,860	\$ 72,018	\$ 72,012	\$ 6
Continued appropriation - maintenance/Building Committee	75	128	80	48
Total Board of Education	<u>71,935</u>	<u>72,146</u>	<u>72,092</u>	<u>54</u>
Contingency	750	96		96
Total expenditures	<u>109,887</u>	<u>110,391</u>	<u>108,893</u>	<u>1,498</u>
Other Financing Uses:				
Transfers out	<u>2,396</u>	<u>3,180</u>	<u>3,527</u>	<u>(347)</u>
Total	<u>\$ 112,283</u>	<u>\$ 113,571</u>	112,420	<u>\$ 1,151</u>
Budgetary expenditures are different than GAAP expenditures because:				
State of Connecticut on-behalf payments to the Connecticut State Teachers' Retirement System for Town teachers are not budgeted			27,670	
Accrued payroll is reported as expenditure for GAAP purchases			<u>137</u>	
Total Expenditures and Other Financing Sources as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds - Exhibit IV			<u>\$ 140,227</u>	

**Combining and Individual  
Fund Statements and Schedules**

**General Fund**

## **GENERAL FUND**

To account for resources traditionally associated with governments that are not required to be accounted for in another fund.

## TOWN OF SOUTHLINGTON, CONNECTICUT

## GENERAL FUND

## COMPARATIVE BALANCE SHEET

JUNE 30, 2008 AND 2007

(In Thousands)

	<u>2008</u>	<u>2007</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 8,439	\$ 4,247
Property taxes receivable, net of allowance for uncollectible accounts of \$241 in 2008 and \$307 in 2007	1,699	1,580
Due from State of Connecticut	2,345	2,409
Accounts receivable	118	115
Due from other funds	4,147	7,430
Inventories	<u>62</u>	<u>33</u>
Total Assets	<u>\$ 16,810</u>	<u>\$ 15,814</u>
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Accounts payable and accrued liabilities	\$ 2,881	\$ 2,507
Due to other funds	132	123
Due to State of Connecticut	277	268
Deferred revenue	<u>3,219</u>	<u>3,549</u>
Total liabilities	<u>6,509</u>	<u>6,447</u>
Fund balance:		
Reserved for encumbrances	303	222
Reserved for inventories	62	33
Unreserved:		
Designated for subsequent year's budget	575	625
Undesignated	<u>9,361</u>	<u>8,487</u>
Total fund balance	<u>10,301</u>	<u>9,367</u>
Total Liabilities and Fund Balance	<u>\$ 16,810</u>	<u>\$ 15,814</u>

## TOWN OF SOUTHTON, CONNECTICUT

## GENERAL FUND

## REPORT OF TAX COLLECTOR

FOR THE YEAR ENDED JUNE 30, 2008

(In Thousands)

Grand List	Uncollected Taxes July 1, 2007	Lawful Corrections		Transfers To Suspense	Adjusted Taxes Collectible	Collections			Amount Paid to Treasurer	Credit Balances	Uncollected Taxes June 30, 2008
		Additions	Deductions			Taxes	Interest	Warrants Liens/Fees			
2006	\$ 85,262	\$ 71	\$ 506	\$ 51	\$ 84,776	\$ 83,786	\$ 230	\$ 1	\$ 84,017	\$ 124	\$ 1,114
2005	1,010	3	33	65	915	576	108	5	689	23	362
2004	377		11	32	334	131	68	1	200	2	205
2003	175		8	4	163	92	37		129		71
2002	80			2	78	32	19		51		46
2001	53			1	52	22	18		40		30
2000	31				31	12	14		26		19
1999	24				24	9	12		21		15
1998	23				23	9	13		22		14
1997	24				24	11	14		25		13
1996	22				22	9	16		25		13
1995	21				21	9	18		27		12
1994	16				16	6	3		9		10
1993	11				11	1	3		4		10
1992	10				10	4	16		20		6
	<u>\$ 87,139</u>	<u>\$ 74</u>	<u>\$ 558</u>	<u>\$ 155</u>	<u>\$ 86,500</u>	<u>\$ 84,709</u>	<u>\$ 589</u>	<u>\$ 7</u>	<u>\$ 85,305</u>	<u>\$ 149</u>	<u>\$ 1,940</u>

**Nonmajor  
Governmental Funds**

## NONMAJOR GOVERNMENTAL FUNDS

### Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are designated or legally restricted to expenditures for specific purposes. The nature and purpose of each Special Revenue Fund is as follows:

Fund	Funding Source	Function
Cafeteria	Sale of food and grants	School lunch program
Dog	Licenses and fees	Canine control program
Federal and State Education Grants	State and federal grant	Education programs
Police Auction	Sale of goods	Health insurance premiums for retired officers
Refuse	Charges for services	Refuse removal
Police Special Duty	Charges for services	Public safety
Sewer Assessment	Charges for services	Sewer installation
Apple Harvest Festival	Charges for services and donations	Apple Harvest Festival
Police Forfeiture	Drug forfeitures	Drug education
Town Special Revenue	Town Clerk fees	Maintaining public land, documents and records
Child Development Center	Grants	Maintaining the Margaret C. Griffin Child Development Center of Southington, Inc.
Library Trust	Trust income	Support and benefit of the Town's library
Excavation Permit	Charges for services	Fees for excavation permits.
CDBG	Federal Grant - DHUD	Community development programs

### Permanent Funds

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

Edna Woodruff Fund - to account for income and school expenditures.

Addin Lewis Fund - to account for income and education expenditures.

Julia Bradley Library Fund - proceeds of trust fund established for the benefit of the Town's library.

Board of Education Scholarship Funds - to account for income and scholarship expenditures.

Library Trust Fund - for support and benefit of the Town's library.

## TOWN OF SOUTHLINGTON, CONNECTICUT

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDSJUNE 30, 2008  
(In Thousands)

	Special Revenue						
	Cafeteria	Dog	Federal and State Education Grants	Police Auction	Refuse	Police Special Duty	Sewer Assessment
<b>ASSETS</b>							
Cash and cash equivalents	\$ 124	\$ 49	\$ 31	\$ 2	\$	\$	\$ 1,073
Investments							
Sewer assessments receivable							607
Accounts receivable	53		64		352	413	2
Due from other funds							
Inventories	59						
Total Assets	<u>\$ 236</u>	<u>\$ 49</u>	<u>\$ 95</u>	<u>\$ 2</u>	<u>\$ 352</u>	<u>\$ 413</u>	<u>\$ 1,682</u>
<b>LIABILITIES AND FUND BALANCES</b>							
Liabilities:							
Accounts payable and accrued liabilities	\$ 1	\$ 19	\$ 23	\$	\$ 202	\$ 22	\$ 13
Due to other funds			72		39	143	
Deferred revenue							499
Other liabilities					19		1
Total liabilities	<u>1</u>	<u>19</u>	<u>95</u>	<u>-</u>	<u>260</u>	<u>165</u>	<u>513</u>
Fund Balances:							
Reserved:							
Inventory	59						
Unreserved:							
Undesignated	176	30		2	92	248	1,169
Total fund balance	<u>235</u>	<u>30</u>	<u>-</u>	<u>2</u>	<u>92</u>	<u>248</u>	<u>1,169</u>
Total Liabilities and Fund Balances	<u>\$ 236</u>	<u>\$ 49</u>	<u>\$ 95</u>	<u>\$ 2</u>	<u>\$ 352</u>	<u>\$ 413</u>	<u>\$ 1,682</u>

(Continued on next page)

**TOWN OF SOUTHLINGTON, CONNECTICUT**  
**COMBINING BALANCE SHEET (CONTINUED)**  
**NONMAJOR GOVERNMENTAL FUNDS**

**JUNE 30, 2008**  
(In Thousands)

	<u>Special Revenue</u>							<u>Total</u>
	<u>Apple Harvest Festival</u>	<u>Police Forfeiture</u>	<u>Town Special Revenue</u>	<u>Child Development Center</u>	<u>Library Trust</u>	<u>Excavation Permit</u>	<u>CDBG</u>	
<b>ASSETS</b>								
Cash and cash equivalents	\$ 65	\$ 93	\$ 20	\$ -	\$ 48	\$ 390	\$ 5	1,900
Investments								607
Sewer assessments receivable								884
Accounts receivable					126			126
Due from other funds								59
Inventories								59
Total Assets	<u>\$ 65</u>	<u>\$ 93</u>	<u>\$ 20</u>	<u>\$ -</u>	<u>\$ 174</u>	<u>\$ 390</u>	<u>\$ 5</u>	<u>\$ 3,576</u>
<b>LIABILITIES AND FUND BALANCES</b>								
Liabilities:								
Accounts payable and accrued liabilities	\$ 1	\$ -	\$ -	\$ -	\$ 23	\$ 6	\$ -	287
Due to other funds					23			277
Deferred revenue						206	5	710
Other liabilities						160		180
Total liabilities	<u>1</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>23</u>	<u>372</u>	<u>5</u>	<u>1,454</u>
Fund Balances:								
Reserved:								
Inventory								59
Unreserved:								
Undesignated	64	93	20	-	151	18	-	2,063
Total fund balance	<u>64</u>	<u>93</u>	<u>20</u>	<u>-</u>	<u>151</u>	<u>18</u>	<u>-</u>	<u>2,122</u>
Total Liabilities and Fund Balances	<u>\$ 65</u>	<u>\$ 93</u>	<u>\$ 20</u>	<u>\$ -</u>	<u>\$ 174</u>	<u>\$ 390</u>	<u>\$ 5</u>	<u>\$ 3,576</u>

(Continued on next page)

**TOWN OF SOUTHLINGTON, CONNECTICUT**  
**COMBINING BALANCE SHEET (CONTINUED)**  
**NONMAJOR GOVERNMENTAL FUNDS**

**JUNE 30, 2008**  
(In Thousands)

	<u>Permanent</u>					<u>Total Nonmajor Governmental Funds</u>	
	<u>Edna Woodruff</u>	<u>Addin Lewis</u>	<u>Julia Bradley Library</u>	<u>Board of Education Scholarship</u>	<u>Library Trust</u>		<u>Total</u>
<b>ASSETS</b>							
Cash and cash equivalents	\$		\$ 1	\$ 147	\$ 20	\$ 168	\$ 2,068
Investments		\$ 6		348	348	704	704
Sewer assessments receivable						-	607
Accounts receivable						-	884
Due from other funds						-	126
Inventories						-	59
Total Assets	<u>\$ 2</u>	<u>\$ 6</u>	<u>\$ 1</u>	<u>\$ 495</u>	<u>\$ 368</u>	<u>\$ 872</u>	<u>\$ 4,448</u>
<b>LIABILITIES AND FUND BALANCES</b>							
Liabilities:							
Accounts payable and accrued liabilities	\$					\$ -	\$ 287
Due to other funds						-	277
Deferred revenue						-	710
Other liabilities						-	180
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,454</u>
Fund Balances:							
Reserved:							
Inventory							59
Unreserved:							
Undesignated	<u>2</u>	<u>6</u>	<u>1</u>	<u>495</u>	<u>368</u>	<u>872</u>	<u>2,935</u>
Total fund balance	<u>2</u>	<u>6</u>	<u>1</u>	<u>495</u>	<u>368</u>	<u>872</u>	<u>2,994</u>
Total Liabilities and Fund Balances	<u>\$ 2</u>	<u>\$ 6</u>	<u>\$ 1</u>	<u>\$ 495</u>	<u>\$ 368</u>	<u>\$ 872</u>	<u>\$ 4,448</u>

**TOWN OF SOUTHTON, CONNECTICUT**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2008**  
**(In Thousands)**

	<u>Special Revenue</u>						
	<u>Cafeteria</u>	<u>Dog</u>	<u>Federal and State Education Grants</u>	<u>Police Auction</u>	<u>Refuse</u>	<u>Police Special Duty</u>	<u>Sewer Assessment</u>
Revenues:							
Contributions	\$	\$	\$	\$	\$	\$	\$
Intergovernmental	420		2,250				
Charges for services	1,209	10		1	2,395	1,020	201
Income on investments	3						
Net increase (decrease) in fair value of investments							
Total revenues	<u>1,632</u>	<u>10</u>	<u>2,250</u>	<u>1</u>	<u>2,395</u>	<u>1,020</u>	<u>201</u>
Expenditures:							
Current:							
Public safety		187				925	
Public works					2,395		
Human resources							
Public library							
Education	1,760		2,250				
Debt service							283
Total expenditures	<u>1,760</u>	<u>187</u>	<u>2,250</u>	<u>-</u>	<u>2,395</u>	<u>925</u>	<u>283</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(128)</u>	<u>(177)</u>	<u>-</u>	<u>1</u>	<u>-</u>	<u>95</u>	<u>(82)</u>
Other Financing Sources (Uses):							
Transfers in		195					
Transfers out							
Total other financing sources (uses)	<u>-</u>	<u>195</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(128)	18	-	1	-	95	(82)
Fund Balances at Beginning of Year	<u>363</u>	<u>12</u>	<u>-</u>	<u>1</u>	<u>92</u>	<u>153</u>	<u>1,251</u>
Fund Balances at End of Year	<u>\$ 235</u>	<u>\$ 30</u>	<u>\$ -</u>	<u>\$ 2</u>	<u>\$ 92</u>	<u>\$ 248</u>	<u>\$ 1,169</u>

(Continued on next page)

**TOWN OF SOUTHINGTON, CONNECTICUT**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES (CONTINUED)**  
**NONMAJOR GOVERNMENTAL FUNDS**

**FOR THE YEAR ENDED JUNE 30, 2008**  
(In Thousands)

		<u>Special Revenue</u>							
		<u>Apple Harvest Festival</u>	<u>Police Forfeiture</u>	<u>Town Special Revenue</u>	<u>Child Development Center</u>	<u>Library Trust</u>	<u>Excavation Permit</u>	<u>CDBG</u>	<u>Total</u>
Revenues:									
Contributions	\$	44	\$		\$		\$	\$	44
Intergovernmental			38	12	337	5		6	3,068
Charges for services		120		18		13	148		5,135
Income on investments			2			5			10
Net increase (decrease) in fair value of investments									-
Total revenues		<u>164</u>	<u>40</u>	<u>30</u>	<u>337</u>	<u>23</u>	<u>148</u>	<u>6</u>	<u>8,257</u>
Expenditures:									
Current:									
Public safety			120						1,232
Public works							145	6	2,546
Human resources		127		33	337				497
Public library						35			35
Education									4,010
Debt service									283
Total expenditures		<u>127</u>	<u>120</u>	<u>33</u>	<u>337</u>	<u>35</u>	<u>145</u>	<u>6</u>	<u>8,603</u>
Excess (Deficiency) of Revenues over Expenditures		<u>37</u>	<u>(80)</u>	<u>(3)</u>	<u>-</u>	<u>(12)</u>	<u>3</u>	<u>-</u>	<u>(346)</u>
Other Financing Sources (Uses):									
Transfers in				11		9			215
Transfers out									-
Total other financing sources (uses)		<u>-</u>	<u>-</u>	<u>11</u>	<u>-</u>	<u>9</u>	<u>-</u>	<u>-</u>	<u>215</u>
Net Change in Fund Balances		37	(80)	8	-	(3)	3	-	(131)
Fund Balances at Beginning of Year		<u>27</u>	<u>173</u>	<u>12</u>	<u>-</u>	<u>154</u>	<u>15</u>	<u>-</u>	<u>2,253</u>
Fund Balances at End of Year		<u>\$ 64</u>	<u>\$ 93</u>	<u>\$ 20</u>	<u>\$ -</u>	<u>\$ 151</u>	<u>\$ 18</u>	<u>\$ -</u>	<u>\$ 2,122</u>

(Continued on next page)

**TOWN OF SOUTHLINGTON, CONNECTICUT**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES (CONTINUED)**  
**NONMAJOR GOVERNMENTAL FUNDS**

**FOR THE YEAR ENDED JUNE 30, 2008**  
**(In Thousands)**

	Permanent						Interfund Eliminations	Total Nonmajor Governmental Funds
	Edna Woodruff	Addin Lewis	Julia Bradley Library	Board of Education Scholarship	Library Trust	Total		
Revenues:								
Contributions	\$	\$	\$	\$ 90	\$ 7	\$ 97	\$	\$ 141
Intergovernmental								3,068
Charges for services								5,135
Income on investments				11	12	23		33
Net increase (decrease) in fair value of investments		(6)		(7)	(24)	(37)		(37)
Total revenues	<u>-</u>	<u>(6)</u>	<u>-</u>	<u>94</u>	<u>(5)</u>	<u>83</u>	<u>-</u>	<u>8,340</u>
Expenditures:								
Current:								
Public safety								1,232
Public works								2,546
Human resources								497
Public library					8	8		43
Education				20		20		4,030
Debt service								283
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>20</u>	<u>8</u>	<u>28</u>	<u>-</u>	<u>8,631</u>
Excess (Deficiency) of Revenues over Expenditures	<u>-</u>	<u>(6)</u>	<u>-</u>	<u>74</u>	<u>(13)</u>	<u>55</u>	<u>-</u>	<u>(291)</u>
Other Financing Sources (Uses):								
Transfers in						-	(11)	204
Transfers out						(9)	11	2
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(9)</u>	<u>(9)</u>	<u>-</u>	<u>206</u>
Net Change in Fund Balances	-	(6)	-	74	(22)	46	-	(85)
Fund Balances at Beginning of Year	<u>2</u>	<u>12</u>	<u>1</u>	<u>421</u>	<u>390</u>	<u>826</u>	<u>-</u>	<u>3,079</u>
Fund Balances at End of Year	<u>\$ 2</u>	<u>\$ 6</u>	<u>\$ 1</u>	<u>\$ 495</u>	<u>\$ 368</u>	<u>\$ 872</u>	<u>\$ -</u>	<u>\$ 2,994</u>

## **Fiduciary Funds**

## **AGENCY FUNDS**

Agency Funds are used to account for assets held by the Town in a trustee capacity, or as an agent for individuals, private organizations, other governments, and/or other funds. Agency Funds are custodial in nature and do not involve measurement of results and operations.

**Student Activity Fund** - accounts for the monies generated by student activities in the Southington school system.

**Escrow Deposit Fund** - to account for deposits held as performance bonds.

**TOWN OF SOUTHLINGTON, CONNECTICUT**  
**COMBINING BALANCE SHEET - AGENCY FUNDS**  
**JUNE 30, 2008 WITH COMPARATIVE TOTALS FOR 2007**  
**(In Thousands)**

	<b>Student Activity Fund</b>	<b>Escrow Deposit Fund</b>	<b>Totals</b>	
			<b>2008</b>	<b>2007</b>
<b>Assets:</b>				
Cash and cash equivalents	\$ 296	\$ 1,510	\$ 1,806	\$ 986
Investments	<u>190</u>	<u>          </u>	<u>190</u>	<u>206</u>
<b>Total Assets</b>	<b><u>\$ 486</u></b>	<b><u>\$ 1,510</u></b>	<b><u>\$ 1,996</u></b>	<b><u>\$ 1,192</u></b>
<b>Liabilities:</b>				
Accounts payable	\$	\$	\$ -	\$ 3
Fiduciary deposits	<u>486</u>	<u>1,510</u>	<u>1,996</u>	<u>1,189</u>
<b>Total Liabilities</b>	<b><u>\$ 486</u></b>	<b><u>\$ 1,510</u></b>	<b><u>\$ 1,996</u></b>	<b><u>\$ 1,192</u></b>

## TOWN OF SOUTHLINGTON, CONNECTICUT

## AGENCY FUNDS

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
FOR THE YEAR ENDED JUNE 30, 2008

(In Thousands)

	<u>Balance</u> <u>July 1, 2007</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2008</u>
<b>Student Activity Fund</b>				
Assets:				
Cash and cash equivalents	\$ 413	\$ 1,177	\$ 1,294	\$ 296
Investments	<u>206</u>	<u>7</u>	<u>23</u>	<u>190</u>
Total Assets	<u>\$ 619</u>	<u>\$ 1,184</u>	<u>\$ 1,317</u>	<u>\$ 486</u>
Liabilities:				
Fiduciary deposits	<u>\$ 619</u>	<u>\$ 1,184</u>	<u>\$ 1,317</u>	<u>\$ 486</u>
<b>Escrow Deposit</b>				
Assets:				
Cash and cash equivalents	<u>\$ 573</u>	<u>\$ 1,207</u>	<u>\$ 270</u>	<u>\$ 1,510</u>
Liabilities:				
Accounts payable	\$ 3	\$	\$ 3	\$ -
Fiduciary deposits	<u>570</u>	<u>1,207</u>	<u>267</u>	<u>1,510</u>
Total Liabilities	<u>\$ 573</u>	<u>\$ 1,207</u>	<u>\$ 270</u>	<u>\$ 1,510</u>
<b>Total All Agency Funds</b>				
Assets:				
Cash and cash equivalents	\$ 986	\$ 2,384	\$ 1,564	\$ 1,806
Investments	<u>206</u>	<u>7</u>	<u>23</u>	<u>190</u>
Total Assets	<u>\$ 1,192</u>	<u>\$ 2,391</u>	<u>\$ 1,587</u>	<u>\$ 1,996</u>
Liabilities:				
Accounts payable	\$ 3	\$	\$ 3	\$ -
Fiduciary deposits	<u>1,189</u>	<u>2,391</u>	<u>1,584</u>	<u>1,996</u>
Total Liabilities	<u>\$ 1,192</u>	<u>\$ 2,391</u>	<u>\$ 1,587</u>	<u>\$ 1,996</u>

## **Statistical Section**

## Statistical Section Information

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

Statistical section information is presented in the following categories:

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

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

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

## TOWN OF SOUTHLINGTON, CONNECTICUT

## NET ASSETS BY COMPONENT

LAST SIX FISCAL YEARS  
(In Thousands)

	FISCAL YEAR					
	2008	2007	2006	2005	2004	2003
Governmental Activities:						
Invested in capital assets, net of related debt	\$ 112,125	\$ 111,260	\$ 63,374	\$ 65,692	\$ 53,356	\$ 58,590
Restricted	1,023	980	919	898	890	860
Unrestricted	<u>(14,999)</u>	<u>(13,067)</u>	<u>(3,053)</u>	<u>(9,534)</u>	<u>(2,779)</u>	<u>(11,387)</u>
Total governmental activities net assets	<u>98,149</u>	<u>99,173</u>	<u>61,240</u>	<u>57,056</u>	<u>51,467</u>	<u>48,063</u>
Business-type Activities:						
Invested in capital assets, net of related debt	33,460	31,564	30,968	30,277	29,922	30,622
Unrestricted	<u>1,065</u>	<u>1,648</u>	<u>2,397</u>	<u>2,641</u>	<u>2,302</u>	<u>1,953</u>
Total business-type activities net assets	<u>34,525</u>	<u>33,212</u>	<u>33,365</u>	<u>32,918</u>	<u>32,224</u>	<u>32,575</u>
Primary Government:						
Invested in capital assets, net of related debt	145,585	142,824	94,342	95,969	83,278	89,212
Restricted	1,023	980	919	898	890	860
Unrestricted	<u>(13,934)</u>	<u>(11,419)</u>	<u>(656)</u>	<u>(6,893)</u>	<u>(477)</u>	<u>(9,434)</u>
Total Primary Government Net Assets	<u>\$ 132,674</u>	<u>\$ 132,385</u>	<u>\$ 94,605</u>	<u>\$ 89,974</u>	<u>\$ 83,691</u>	<u>\$ 80,638</u>

## Notes:

- (1) Schedule prepared on the accrual basis of accounting
- (2) The Town began to report accrual information when it implemented GASB Statement No. 34 in fiscal year 2003.
- (3) The Town first reported infrastructure assets acquired prior to July 1, 2002 in 2007.

## TOWN OF SOUTHLINGTON, CONNECTICUT

## CHANGE IN NET ASSETS

LAST SIX YEARS  
(In Thousands)

	FISCAL YEAR					
	2008	2007	2006	2005	2004	2003
Expenses:						
Governmental activities:						
General government	\$ 6,627	\$ 5,916	\$ 5,763	\$ 5,935	\$ 5,462	\$ 5,749
Public safety	12,935	12,303	10,391	10,111	9,075	9,370
Public works	10,165	9,388	8,065	5,501	6,757	7,559
Health and welfare	766	778	760	737	606	490
Human resources	1,272	1,229	953	900	890	943
Parks and recreation	1,992	2,124	1,780	1,823	1,778	1,535
Public library	1,303	1,254	1,205	1,185	1,089	1,144
Planning and development	925	828	917	764	636	730
Employee fringe benefits	3,798	3,217	2,591	2,131	1,487	1,827
Education	106,877	81,356	77,447	71,556	67,754	64,117
Interest on long-term debt	1,931	1,697	1,688	2,088	1,264	1,562
Miscellaneous	56	35	370	80	322	134
Total governmental activities expenses	<u>148,647</u>	<u>120,125</u>	<u>111,930</u>	<u>102,811</u>	<u>97,120</u>	<u>95,160</u>
Business-type activities:						
Sewer	4,284	4,079	3,609	3,110	2,967	2,919
Total primary government expenses	<u>152,931</u>	<u>124,204</u>	<u>115,539</u>	<u>105,921</u>	<u>100,087</u>	<u>98,079</u>
Program revenues:						
Governmental activities:						
Charges for services	8,658	8,082	8,075	8,728	7,011	6,401
Operating grants and contributions	51,074	25,327	24,559	21,531	20,547	21,024
Capital grants and contributions	2,042	7,818	2,806	524	2,814	2,880
Total governmental activities program revenues	<u>61,774</u>	<u>41,227</u>	<u>35,440</u>	<u>30,783</u>	<u>30,372</u>	<u>30,305</u>
Business-type activities:						
Charges for services	2,655	2,256	2,309	2,396	2,310	1,945
Total primary government program revenues	<u>64,429</u>	<u>43,483</u>	<u>37,749</u>	<u>33,179</u>	<u>32,682</u>	<u>32,250</u>
Net (expense) revenue:						
Governmental activities	(86,873)	(78,898)	(76,490)	(72,028)	(66,748)	(64,855)
Business-type activities	(1,629)	(1,823)	(1,300)	(714)	(657)	(974)
Total primary government net expense	<u>(88,502)</u>	<u>(80,721)</u>	<u>(77,790)</u>	<u>(72,742)</u>	<u>(67,405)</u>	<u>(65,829)</u>
General revenues and other changes in net assets:						
Governmental activities:						
Property taxes	85,534	81,197	79,172	75,351	67,880	64,884
Grants and contributions not restricted to specific purposes	1,940	2,077	1,917	2,811	1,870	2,551
Unrestricted investment earnings	1,190	1,446	1,230	540	288	303
Miscellaneous	127	66	102	323	420	128
Total governmental activities	<u>88,791</u>	<u>84,786</u>	<u>82,421</u>	<u>79,025</u>	<u>70,458</u>	<u>67,866</u>
Total primary government	<u>88,791</u>	<u>84,786</u>	<u>82,421</u>	<u>79,025</u>	<u>70,458</u>	<u>67,866</u>
Changes in net assets:						
Governmental activities	(1,024)	4,218	4,184	5,589	3,404	1,086
Business-type activities	1,313	(153)	447	694	(351)	951
Total Primary Government	<u>\$ 289</u>	<u>\$ 4,065</u>	<u>\$ 4,631</u>	<u>\$ 6,283</u>	<u>\$ 3,053</u>	<u>\$ 2,037</u>

## Notes:

- (1) Schedule prepared on the accrual basis of accounting
- (2) The Town began to report accrual information when it implemented GASB Statement No. 34 in fiscal year 2003

**TOWN OF SOUTHTON, CONNECTICUT**  
**FUND BALANCES, GOVERNMENTAL FUNDS**

**LAST TEN FISCAL YEARS**  
**(In Thousands)**

	FISCAL YEAR									
	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
General Fund:										
Reserved	\$ 365	\$ 255	\$ 414	\$ 560	\$ 571	\$ 561	\$ 343	\$ 848	\$ 754	\$ 530
Unreserved	9,936	9,112	8,939	7,450	5,368	6,912	8,579	6,246	6,548	6,010
Total General Fund	<u>\$ 10,301</u>	<u>\$ 9,367</u>	<u>\$ 9,353</u>	<u>\$ 8,010</u>	<u>\$ 5,939</u>	<u>\$ 7,473</u>	<u>\$ 8,922</u>	<u>\$ 7,094</u>	<u>\$ 7,302</u>	<u>\$ 6,540</u>
All other governmental funds:										
Reserved	\$ 59	\$ 54	\$ 51	\$ 38	\$ 40	\$ 34	\$ 56	\$ 55	\$ 52	\$ 55
Unreserved, reported in:										
Special revenue funds	2,063	2,199	2,208	2,007	1,506	1,468	1,240	1,249	1,098	1,122
Capital projects funds	(5,333)	(7,536)	(2,409)	(10,074)	(3,933)	(11,816)	(5,014)	6,435	(4,664)	(1,639)
Permanent funds	872	826	769	747	725	680		807	928	869
Total All Other Governmental Funds	<u>\$ (2,339)</u>	<u>\$ (4,457)</u>	<u>\$ 619</u>	<u>\$ (7,282)</u>	<u>\$ (1,662)</u>	<u>\$ (9,634)</u>	<u>\$ (3,718)</u>	<u>\$ 8,546</u>	<u>\$ (2,586)</u>	<u>\$ 407</u>

Note 1: Schedule prepared on the modified accrual basis of accounting

Note 2: Data presented for years prior to the implementation of GASB No. 34 (2003) has not been restated to conform with current governmental funds structure

**TOWN OF SOUTHTINGTON, CONNECTICUT**  
**FUND BALANCES, GOVERNMENTAL FUNDS**

**LAST TEN FISCAL YEARS**  
**(In Thousands)**

	FISCAL YEAR									
	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
Revenues:										
Property taxes	\$ 85,341	\$ 82,036	\$ 79,246	\$ 74,746	\$ 68,072	\$ 64,360	\$ 62,286	\$ 56,329	\$ 54,513	\$ 51,919
Intergovernmental	55,366	34,901	29,342	24,784	25,087	26,734	35,739	28,155	24,892	24,448
Charges for services	5,135	4,914	4,873	5,071	4,329	4,373	3,242			
Income on investments	1,173	1,417	1,182	466	250	260				
Other revenues	3,588	3,387	3,725	4,023	4,079	2,704	3,632	10,382	6,809	6,562
<b>Total revenues</b>	<b>150,603</b>	<b>126,655</b>	<b>118,368</b>	<b>109,090</b>	<b>101,817</b>	<b>98,431</b>	<b>104,899</b>	<b>94,866</b>	<b>86,214</b>	<b>82,929</b>
Expenditures:										
General government	6,030	5,641	5,833	5,405	5,090	4,666	4,322	3,771	3,696	3,506
Public safety	12,193	12,055	10,442	9,784	9,075	9,061	8,878	8,508	7,708	7,295
Public works	7,469	6,867	7,321	6,970	6,441	6,031	5,840	6,548	6,250	5,955
Health and welfare	786	766	779	739	625	518	536	539	503	538
Human resources	1,280	1,223	916	862	852	905	866	780	791	733
Parks and recreation	1,935	1,946	1,930	1,724	1,656	1,524	1,554	1,309	1,389	1,140
Public library	1,311	1,245	1,184	1,146	1,130	1,130	1,015	1,059	862	796
Planning and development	829	816	937	779	738	720	690	657	631	566
Miscellaneous	56	35	370	80	322	134	48	63	184	322
Employee fringe benefits	4,007	3,647	3,057	2,476	2,056	1,811	1,908	1,647	1,570	1,453
Education	103,840	78,249	74,727	69,592	66,426	62,201	58,867	60,228	55,378	53,485
Debt service:										
Principal	4,460	4,530	3,394	4,669	4,123	4,516	4,962	3,864	4,058	3,682
Interest	1,135	1,075	1,610	*	*	*	*	*	*	*
Capital outlay	11,195	13,622	8,799	8,413	10,975	13,440	25,053	13,187	5,484	4,235
<b>Total expenditures</b>	<b>156,526</b>	<b>131,717</b>	<b>121,299</b>	<b>112,639</b>	<b>109,509</b>	<b>106,657</b>	<b>114,539</b>	<b>102,160</b>	<b>88,504</b>	<b>83,706</b>
Excess of revenue over (under) expenditures	(5,923)	(5,062)	(2,931)	(3,549)	(7,692)	(8,226)	(9,640)	(7,294)	(2,290)	(777)
Other financing sources (uses):										
Bond proceeds	8,975									
Transfers in	3,527	1,947	2,007	2,240	2,272	4,008	2,731	3,279	2,118	1,999
Transfers out	(3,527)	(1,947)	(2,007)	(2,240)	(2,272)	(4,008)	(2,731)	(3,279)	(2,118)	(1,999)
<b>Total other financing sources (uses)</b>	<b>8,975</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Change in Fund Balances</b>	<b>\$ 3,052</b>	<b>\$ (5,062)</b>	<b>\$ (2,931)</b>	<b>\$ (3,549)</b>	<b>\$ (7,692)</b>	<b>\$ (8,226)</b>	<b>\$ (9,640)</b>	<b>\$ (7,294)</b>	<b>\$ (2,290)</b>	<b>\$ (777)</b>
Debt Service as a Percentage of Noncapital Expenditures	3.85%	4.75%	4.45%	4.48%	4.18%	4.84%	5.55%	4.34%	4.89%	4.63%

## Notes:

(1) Schedule prepared on the modified accrual basis of accounting

(2) Data presented for years prior to the implementation of GASB No. 34 (2003) has not been restated to conform with current governmental funds structure

\* Information currently being developed

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

Fiscal Year	Grand List October 1,	Real Property			Personal Property	Motor Vehicle	Less Tax Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value As a Percentage of Actual Taxable Value
		Residential	Commercial	Industrial							
2008	2006	\$ 2,926,675	\$ 427,816	\$ 105,528	\$ 178,417	\$ 311,761	\$ 78,193	\$ 3,872,004	21.88	\$ 5,531,434	70%
2007	2005	2,904,418	413,986	107,691	178,306	305,784	79,568	3,830,617	21.40	5,472,310	70%
2006	2004	1,922,535	283,482	79,330	170,455	283,889	78,438	2,661,253	29.43	3,801,791	70%
2005	2003	1,887,186	278,006	78,224	166,670	264,203	76,627	2,597,662	28.43	3,710,946	70%
2004	2002	1,854,117	290,791	76,772	170,870	268,291	72,223	2,588,618	26.60	3,698,024	70%
2003	2001	1,808,323	290,017	76,963	168,833	259,815	68,163	2,535,788	25.30	3,622,555	70%
2002	2000	1,442,243	248,571	76,368	166,027	245,735	65,276	2,113,668	28.90	3,019,527	70%
2001	1999	1,409,144	243,031	74,601	159,866	228,866	51,505	2,064,003	26.90	2,948,575	70%
2000	1998	1,371,534	235,903	72,895	154,807	206,717	45,582	1,996,274	26.70	2,851,818	70%
1999	1997	1,333,733	245,749	63,923	147,983	194,738	43,862	1,942,264	26.10	2,774,664	70%

Source: Town of Southington Office of Tax Assessor

Notes:

- (1) There is no overlapping taxable property.
- (2) Does not include supplemental motor vehicle taxes.

## TOWN OF SOUTHTON, CONNECTICUT

## PRINCIPAL PROPERTY TAX PAYERS

2006 AND 1997  
(In Thousands)

Taxpayer	October 1, 2006			October 1, 1997		
	Taxable Assessed Value	Rank	Percentage of Total Town Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Town Taxable Assessed Value
Connecticut Light & Power Co.	\$ 43,937	1	1.13%	\$ 24,523	1	1.26%
Lexington Southington LP (formerly Lepercq Corp.)	21,249	2	0.55%	9,459	5	0.49%
Galileo Queen Plaza LLC	15,453	3	0.40%			
Medex Inc (formerly Johnson & Johnson)	14,905	4	0.38%	12,518	3	0.64%
Yankee Gas	11,179	5	0.29%	6,728	8	0.35%
Hartconn Corporation	10,545	6	0.27%	7,853	7	0.40%
45 Newell Street (Yarde Metals Inc.)	9,913	7	0.26%			
Widewaters (Home Depot)	9,711	8	0.25%			
Alzheimers Resource Center of CT	9,594	9	0.25%			
Herbert R Olson et al	9,493	10	0.25%			
United Technologies Corp.				10,682	4	0.55%
Hartford Fire Insurance				15,359	2	0.79%
Arawana Mills (P & W Aircraft)				5,845	10	0.30%
Chancellor Gardens				8,341	6	0.43%
Lake Compounce/Kennywood Entertainment				6,009	9	0.31%
Total	\$ 155,979		4.03%	\$ 107,317		5.53%

Net Taxable Grand List 10/01/2006 of \$3,874,151,000

Net Taxable Grand List 10/01/1997 of \$1,942,265,000

Source: Town of Southington, Office of Tax Assessor

**TOWN OF SOUTHLINGTON, CONNECTICUT**  
**PROPERTY TAX LEVIES AND COLLECTIONS**

**LAST TEN FISCAL YEARS**  
(In Thousands)

Fiscal Year Ended June 30,	Grand List October 1,	Tax Rate In Mills	Taxes Levied For The Fiscal Year	Adjustments	Total Adjusted Levy	Collected Within the Fiscal Year of Levy		Collections In Subsequent Years	Total Collections to Date	
						Amount	Percentage of Levy		Amount	Percentage of Adjusted Levy
2008	2006	21.88	\$ 84,776	\$	\$ 84,776	\$ 83,662	98.69 %	\$	\$ 83,662	98.69 %
2007	2005	21.40	81,627	94	81,533	80,617	98.76	554	81,171	99.56
2006	2004	29.43	78,877	271	78,606	77,798	98.63	603	78,401	99.74
2005	2003	28.43	74,195	195	74,000	72,967	98.34	960	73,927	99.90
2004	2002	26.60	68,598	150	68,448	67,532	98.45	870	68,402	99.93
2003	2001	25.30	64,187	632	63,555	63,118	98.33	407	63,525	99.95
2002	2000	28.90	61,521	196	61,325	60,526	98.38	780	61,306	99.97
2001	1999	26.90	55,878	184	55,694	54,782	98.04	897	55,679	99.97
2000	1998	26.70	54,017	198	53,819	52,840	97.82	965	53,805	99.97
1999	1997	26.10	51,233	202	51,031	50,297	98.17	721	51,018	99.97

75

Source: Tax Collector's Report; Comprehensive Annual Financial Report

## TOWN OF SOUTHLINGTON, CONNECTICUT

## RATIOS OF OUTSTANDING DEBT BY TYPE

LAST TEN FISCAL YEARS  
(In Thousands, except per capita)

Fiscal Year	Governmental Activities		Business-Type Activities		Total Primary Government	Ratio of Debt to Taxable Assessed Value	Debt Per Capita
	General Obligation Bonds	Capital Leases	Sewer				
2008	\$ 48,597	\$ 271	\$	\$	48,868	1.26 %	\$ 1,159.58
2007	43,466	399			43,865	1.15	1,038.25
2006	47,362	524			47,886	1.80	1,138.06
2005	38,581				38,581	1.49	924.69
2004	41,259				41,259	1.59	996.67
2003	29,945				29,945	1.18	731.38
2002	32,875				32,875	1.56	817.24
2001	35,866				35,866	1.74	902.79
2000	19,991				19,991	1.00	513.68
1999	22,605				22,605	1.16	584.37

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

**TOWN OF SOUTHTON, CONNECTICUT**  
**RATIOS OF GENERAL BONDED DEBT OUTSTANDING**  
**LAST TEN FISCAL YEARS**  
(In Thousands, except per capita)

<u>Fiscal Year</u>	<u>General Obligation Bonds</u>	<u>Percentage of Actual Property Value</u>	<u>Debt Per Capita</u>
2008	\$ 48,597	0.88 %	\$ 1,153.17
2007	43,466	0.79	1,028.81
2006	47,362	1.25	1,125.60
2005	38,581	1.04	924.69
2004	41,259	1.12	996.67
2003	29,945	0.83	731.38
2002	32,875	1.09	817.24
2001	35,866	1.22	902.79
2000	19,991	0.70	513.68
1999	22,605	0.81	584.37
1998	25,220	0.93	662.10

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

1. See the Schedule of Assessed value and Estimated Actual Value of Taxable Property on page for property value data
2. Population data can be found in the Schedule of Demographic and Economic Statistics on page

## TOWN OF SOUTHTON, CONNECTICUT

## SCHEDULE OF DEBT LIMITATION

JUNE 30, 2008

(In Thousands)

Total tax collections (including interest and lien fees) received by Treasurer for current fiscal year      \$ 85,158

	<u>General Purpose</u>	<u>Schools</u>	<u>Sewers</u>	<u>Urban Renewal</u>	<u>Pension Deficit</u>
Debt limitation:					
2-1/4 times base	\$ 191,606	\$	\$	\$	\$
4-1/2 times base		383,211			
3-3/4 times base			319,343		
3-1/4 times base				276,764	
3 times base					255,474
Total debt limitation	<u>191,606</u>	<u>383,211</u>	<u>319,343</u>	<u>276,764</u>	<u>255,474</u>
Indebtedness:					
Bonds payable	16,508	20,626	11,463		
Bonds authorized - unissued	3,056	19,211	12,851		
Grant commitments		(1,808)			
Total indebtedness	<u>19,564</u>	<u>38,029</u>	<u>24,314</u>	<u>-</u>	<u>-</u>
Debt limitation in excess of outstanding and authorized debt	<u>\$ 172,042</u>	<u>\$ 345,182</u>	<u>\$ 295,029</u>	<u>\$ 276,764</u>	<u>\$ 255,474</u>

Note 1: In no case shall total indebtedness exceed seven times annual receipts from taxation of \$596.1 million.

Note 2: In accordance with Connecticut General Statutes, the above indebtedness does not include water bonds.

Note 3: Bonds authorized - unissued includes bond authorizations that have bond anticipation notes outstanding or have previously issued partial permanent financing.

## TOWN OF SOUTHLINGTON, CONNECTICUT

## LEGAL DEBT MARGIN INFORMATION

## LAST TEN FISCAL YEARS

(In Thousands)

	FISCAL YEAR									
	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>
Debt limitation	\$ 596,100	\$ 575,500	\$ 555,200	\$ 518,100	\$ 479,100	\$ 449,600	\$ 434,800	\$ 387,450	\$ 383,600	\$ 356,286
Total net debt applicable to limit	<u>81,907</u>	<u>42,819</u>	<u>58,707</u>	<u>57,120</u>	<u>54,344</u>	<u>41,048</u>	<u>31,362</u>	<u>35,866</u>	<u>19,990</u>	<u>66,706</u>
Legal Debt Margin	<u>\$ 514,193</u>	<u>\$ 532,681</u>	<u>\$ 496,493</u>	<u>\$ 460,980</u>	<u>\$ 424,756</u>	<u>\$ 408,552</u>	<u>\$ 403,438</u>	<u>\$ 351,584</u>	<u>\$ 363,610</u>	<u>\$ 289,580</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	<u>13.74%</u>	<u>7.44%</u>	<u>10.57%</u>	<u>11.02%</u>	<u>11.34%</u>	<u>9.13%</u>	<u>7.21%</u>	<u>9.26%</u>	<u>5.21%</u>	<u>18.72%</u>

Source: Comprehensive Annual Financial Report - Schedule of Debt Limitation

Note: See Table 10 for calculation of current year debt limitation

**TOWN OF SOUTHTON, CONNECTICUT**  
**DEMOGRAPHIC AND ECONOMIC STATISTICS**  
**LAST TEN FISCAL YEARS**

<u>Calendar Year</u>	<u>Population(1)</u>	<u>Per Capita Income (2)</u>	<u>Median Age (3)</u>	<u>Public School Enrollment (4)</u>	<u>Unemployment Rate (5)</u>
2008	42,142	\$ 32,517	42.0	6,973	4.80 %
2007	42,249	32,517	42.0	6,996	4.20
2006	42,077	32,517	41.0	6,901	3.60
2005	41,723	32,517	41.0	6,890	4.30
2004	41,397	32,517	39.0	6,830	4.60
2003	40,943	32,517	39.0	6,833	5.10
2002	40,227	31,226	38.0	6,730	3.80
2001	39,728	31,226	38.0	6,755	2.90
2000	38,917	25,656	38.6	6,746	2.00
1999	38,683	25,656	38.6	6,629	2.80

## Source:

- (1) State of Connecticut Department of Public Health as of July 1st of Prior Year.
- (2) U.S. Census, 1990 for data through 1998. State of Connecticut, Department of Economic and Development CT Town Profiles 1999 through 2009.
- (3) State of Connecticut, Department of Economic and Community Development, CT Town Profiles.
- (4) Town of Southington, Board of Education Figure includes students transported to other school districts (special needs students).
- (5) State of Connecticut Department of Labor website Annual Averages. For 2008, June 2008 is utilized as an estimate. Next year it will be replaced with the Annual Average.

## TOWN OF SOUTHLINGTON, CONNECTICUT

## PRINCIPAL EMPLOYERS

2008 AND 2000

Employer	Nature of Business	2008			2000		
		Employees	Rank	Percentage of Total Town Employment	Employees	Rank	Percentage of Total Town Employment
Hartford Insurance Group	Insurance	2,100	1	8.46%	1,650	1	7.77%
Town of Southington	Municipality	1,181	2	4.76%	1,046	3	4.93%
Yarde Metals	Manufacturing	415	3	1.67%			
Bradley Memorial Hospital	Hospital	300	4	1.21%	260	5	1.22%
Smith's Medical (Medex Inc.)	Manufacturing	315	5	1.27%			
Southington Care Center	Health Care Practice	310	6	1.25%			
The Home Depot	Retail Chain	242	7	0.98%	380	4	1.79%
Price Chopper	Retail Chain	226	8	0.91%			
Wal-Mart	Retail Chain	207	9	0.83%			
Stop & Shop	Retail Chain	177	10	0.71%			
Ideal Forging Corp.	Manufacturing				180	6	0.85%
Lori Lock Corporation	Security Equipment				150	7	0.71%
J J Ryan Corporation	Manufacturing				120	8	0.57%
Johnson & Johnson Medical	Manufacturing				1,250	2	5.89%
Economy Spring and Stamping	Manufacturing				100	9	0.47%
Les Care Kitchens	Manufacturing				100	10	0.47%
Total		<u>5,473</u>		<u>22.05%</u>	<u>5,236</u>		<u>24.67%</u>

FY 2000 Labor Force 21,226

FY 2008 Labor Force 24,818

Source: Town of Southington, Economic Development Office  
Connecticut Department of Labor

**TOWN OF SOUTHLINGTON, CONNECTICUT**

**FULL-TIME-EQUIVALENT TOWN GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM**

**LAST TEN FISCAL YEARS**

**Full-Time Equivalent Employees as of June 30,**

<u>Function/Program</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>
General government	57	55	52	50	49	49	49	50	51	53
Police	95	79	79	77	76	77	74	78	78	72
Fire	32	33	32	32	32	32	32	32	31	27
Public works	37	37	35	34	33	33	32	32	32	32
Parks and recreation	13	13	13	12	12	12	12	10	10	10
Library and Barnes	19	18	18	18	18	18	18	18	18	16
Education	907	890	871	858	856	855	849	811	809	807
Sewer plant and office	<u>13</u>	<u>13</u>	<u>12</u>	<u>12</u>	<u>12</u>	<u>12</u>	<u>12</u>	<u>12</u>	<u>13</u>	<u>14</u>
Total	<u><u>1,173</u></u>	<u><u>1,138</u></u>	<u><u>1,112</u></u>	<u><u>1,093</u></u>	<u><u>1,088</u></u>	<u><u>1,088</u></u>	<u><u>1,078</u></u>	<u><u>1,043</u></u>	<u><u>1,042</u></u>	<u><u>1,031</u></u>

Source: Town of Southington Finance Department and Board of Education records.  
 Town utilized Department of Labor reports as of June 30th.  
 Board of Education provided 2002 to 2008 numbers. Prior data from Southington Bonding Official Statement.

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

Function\Program	FISCAL YEAR									
	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
General government:										
Building permits issued	1,311	1,464	1,541	1,701	1,594	1,343	1,191	1,254	1,280	1,224
Police:										
Physical arrests	1,423	1,265	967	1,049	2,462	1,565	1,267	1,488	1,355	1,350
Parking violations	499	892	785	362	492	331	601	517	435	731
Traffic violations	8,917	8,009	7,435	6,607	4,149	4,252	4,673	7,355	7,155	7,151
Fire:										
Emergency responses/Fire calls	2,083	2,058	1,927	1,940	2,036	2,068	1,941	1,808	1,810	1,802
Inspections	1,775	2,381	2,313	2,642	2,170	2,700	3,211	2,908	2,314	1,724
Refuse collection:										
Average refuse collected (tons per day)	146	153	126	117	118	110	102	114	118	N/A
Average recyclables collected (tons per day)	10	8	11	11	12	11	10	11	11	N/A
Other public works:										
Street resurfacing (miles)	5	4	5	4	4	5	7	5	7	8
Library:										
Total volumes loaned/Combined lending	572,071	439,685	321,596	307,911	276,957	260,399	253,951	220,237	253,137	273,454
Water:										
New connections	212	127	236	133	171	97	130	188	210	155
Average daily consumption (thousands of gallons)	3,887	4,002	3,950	3,612	3,710	3,760	3,815	3,830	3,870	4,060
Wastewater:										
Average daily sewage treatment (thousands of gallons)	4,690	4,900	5,200	4,420	4,700	4,250	3,620	4,250	4,040	4,100

Source: Town of Southington CAFRs, Annual Reports, and department records.

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

Function/Program	FISCAL YEAR									
	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	21	21	21	21	20	20	20	20	20	20
Fire stations	4	4	4	4	4	4	4	4	4	4
Other public works:										
Streets (miles)	196	195	194	193	190	188	187	187	186	184
Streetlights	4011	3973	3945	3692	3692	3692	3692	3692	3680	3655
Traffic signals	5	5	5	5	5	5	5	5	5	5
Parks and recreation:										
Acreage	351	351	351	351	351	295	243	243	243	243
Parks	10	10	10	10	10	9	7	7	7	7
Swimming Pools	2	2	2	2	2	2	2	2	2	2
Tennis Courts	10	10	10	10	11	11	11	11	11	11
Water:										
Water mains (miles)	193	190	190	190	190	189	188	187	183	181
Fire hydrants	1301	1268	1268	1260	1245	1225	1214	1198	1168	1133
Storage capacity (thousands of gallons)	7000	7000	7000	7000	7000	7000	7000	7000	7000	7000
Wastewater:										
Storm sewers (miles)	137	137	136	135	133	132	131	131	130	129
Treatment capacity (thousands of gallons)	7500	7500	7500	7500	7500	7500	7500	7500	7500	7500

Source: Town of Southington CAFRs, Annual Reports, and department records.