

**TOWN OF SOUTHLINGTON,  
CONNECTICUT**



**COMPREHENSIVE  
ANNUAL FINANCIAL REPORT  
FISCAL YEAR ENDED JUNE 30, 2010**

# **Comprehensive Annual Financial Report**

of the

## **Town of Southington Connecticut**

Fiscal Year Ended June 30, 2010

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

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

**TABLE OF CONTENTS**

		<u><b>Page</b></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	3-12
<b><u>Exhibit</u></b>		
	Basic Financial Statements:	
	Government-Wide Financial Statements:	
I	Statement of Net Assets	13
II	Statement of Activities	14
	Fund Financial Statements:	
	Governmental Funds:	
III	Balance Sheet	15-16
IV	Statement of Revenues, Expenditures and Changes in Fund Balances	17-18
	Proprietary Funds:	
V	Statement of Net Assets	19
VI	Statement of Revenues, Expenses and Changes in Fund Net Assets	20
VII	Statement of Cash Flows	21
	Fiduciary Funds:	
VIII	Statement of Fiduciary Net Assets	22
	Notes to Financial Statements	23-41
	Required Supplementary Information:	
	General Fund:	
RSI-1	Schedule of Revenues and Other Financing Sources - Budget and Actual	42-44
RSI-2	Schedule of Expenditures and Other Financing Uses - Budget and Actual	45-55
	Combining and Individual Fund Statements and Schedules:	
	General Fund:	
A-1	Comparative Balance Sheet	56
A-2	Report of Tax Collector	57

**Exhibit****Page**

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

## Nonmajor Governmental Funds:

B-1	Combining Balance Sheet	58-60
B-2	Combining Statement of Revenues, Expenditures and Changes in Fund Balances	61-63
	Fiduciary Fund:	
	Agency Funds:	
C-1	Combining Balance Sheet	64
C-2	Combining Statement of Changes in Assets and Liabilities	65

**STATISTICAL SECTION****Table**

	Financial Trends:	
1	Net Assets by Component	66
2	Changes in Net Assets	67
3	Fund Balances, Governmental Funds	68
4	Changes in Fund Balances, Governmental Funds	69
	Revenue Capacity:	
5	Assessed Value and Estimated Actual Value of Taxable Property	70
6	Principal Property Taxpayers	71
7	Property Tax Levies and Collections	72
	Debt Capacity:	
8	Ratios of Outstanding Debt by Type	73
9	Ratios of General Bonded Debt Outstanding	74
10	Schedule of Debt Limitation	75
11	Legal Debt Margin Information	76
	Demographic and Economic Statistics:	
12	Demographic and Economic Statistics	77
13	Principal Employers	78
	Operating Information:	
14	Full-Time Equivalent Town Government Employees by Function/Program	79
15	Operating Indicators by Function/Program	80
16	Capital Asset Statistics by Function/Program	81

# **Introductory Section**

**TOWN OF SOUTHLINGTON, CONNECTICUT**

**PRINCIPAL OFFICIALS**

**JUNE 30, 2010**

**Town Council**

Edward Pocock, III, Chairman  
John Dobbins, Vice Chairman  
John Barry  
Anthony D'Angelo  
Dawn Miceli

Albert Natelli, Jr.  
Christopher Palmieri  
Peter Romano, Jr.  
Stephanie Urillo

**Town Manager**

John Weichsel

**Administration**

Assessor  
Town Attorney/Assistant Town Manager  
Building Inspector  
Economic Development Coordinator  
Public Works Director / Town Engineer  
Director of Finance  
Health Director  
Fire Chief  
Librarian  
Town Planner  
Police Chief  
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  
Harold Clark  
Susan Smayda  
Mary Savage-Dunham  
John Daly  
William Masci  
Steven Wlodkowski  
Marilyn Dorau  
Leslie Cotton  
Richard Lopatosky  
John DeGioia  
Susan Saucier  
Robert Verderame

**Board of Finance**

Wayne Stanforth, Chairperson  
John Leary, Vice Chairperson  
Timothy Theriault, Secretary

Kevin Beaudoin  
Joseph Labieniec  
John Moise

**Board of Education**

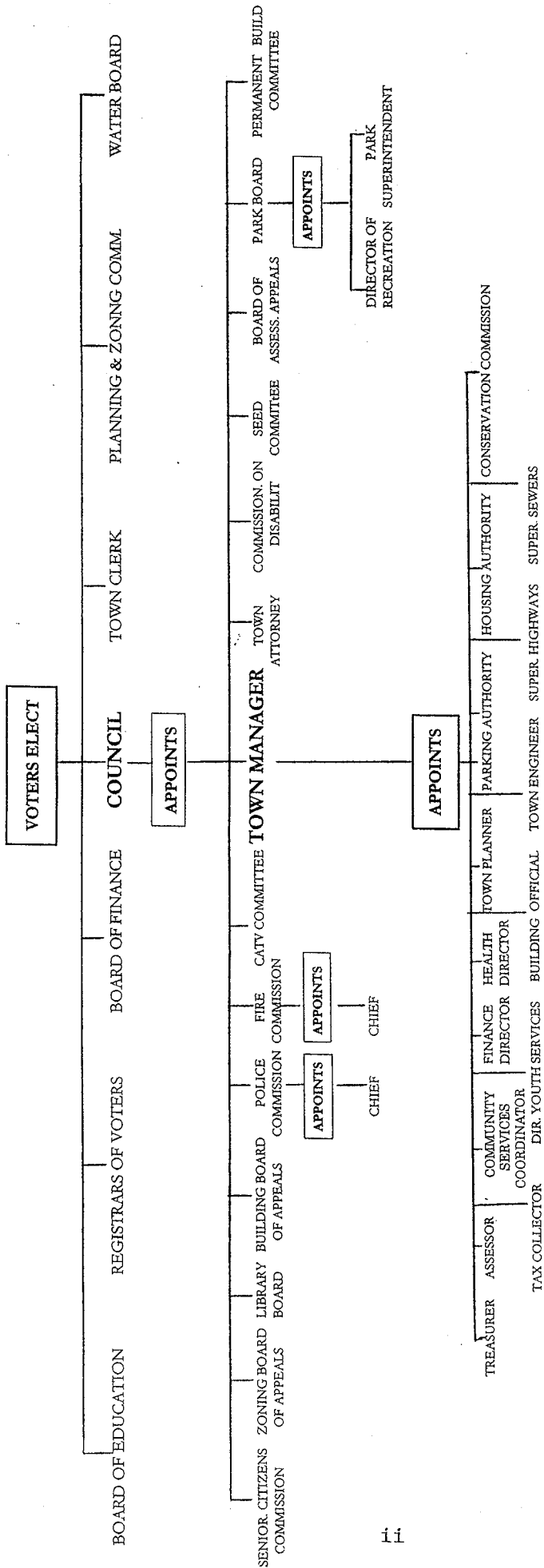
Brian Goralski, Chairperson  
Rosemarie Fischer, Vice Chairperson  
Terri Carmody  
Colleen Clark  
David Derynoski.

Jill Notar-Francesco  
Patricia Johnson  
Kathleen Rickard  
Michelle Schroeder

**Superintendent of Schools**

Dr. Joseph Erardi, Jr.

TOWN OF SOUTHTON  
GENERAL GOVERNMENT ORGANIZATION CHART



# 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, 2009

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.



A stylized, handwritten signature in black ink.

President

A handwritten signature in black ink, appearing to read "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 Lopatofsky, Assistant Finance Director & MJS Director*

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

---

December 28, 2010

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 ending June 30, 2010.

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, 2010, 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, 2010, 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 42,534 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 66 including a Chief, two Captains, three Lieutenants, eleven Sergeants, seven Detectives and forty-two 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 89 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, a Youth Prevention Coordinator 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), a hiking and biking trail (11.6 acres) and the old Southington Drive-In Theatre (40 acres).

**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. Additionally this year, the Parks employees: Assistant Parks Superintendent; foreman and seven crew members, are now reporting to the Highway Superintendent. The department is responsible for the maintenance and repair of 194 miles of roads. Other duties include snow plowing, street sweeping, sightline improvements, operation of the Transfer Station, and maintenance of all the Parks, Town Green, and open spaces.

**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 WPCD has a new \$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, 2009 was 6,844. The rated capacity of the system facilities is 8,850.

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 18<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 first 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, 2008 Net Taxable Grand list of \$3.97 billion is an increase of \$45.3 million or 1.2% 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 4.31% of the total taxable Grand List and include a medical device manufacturer, a steel processor, five real estate agencies, two public utilities, and a retail facility. 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.

These past couple years the nation as a whole has slipped into a recession. As a result, the national unemployment rate remains at a twenty-five year high of 9.5%. The Town's unemployment rate of 7.8% as of June 2010 continues to be below the Hartford County's of 9.1% and the State of Connecticut's 8.9%.

**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 infrastructure projects and major equipment totaling \$84.8 million for the six-year period beginning with fiscal year 2009-10 and ending with fiscal year 2014-15.

**Relevant Financial Policies:** The Town has adopted the following key financial policies:

Fund Balance Policy - The Town shall strive to maintain during the year and specifically at fiscal year end a level of general fund undesignated fund balance, also known as accumulated surplus or the rainy day fund at 9% of actual year end general fund revenues. The 9% shall be known as the town's 'target floor.' As of June 30, 2010 Southington has surpassed the target, and achieved a 10.1% Undesignated Fund Balance.

Utilization of Fund Balance Policy - The Town has set a goal to reduce and eventually eliminate any use of general fund balance to balance the budget, therefore eliminating 'designated for subsequent year's expenditures' within the fund balance section on the audited general fund balance sheet. This goal shall be accomplished by the reduction of 100,000-125,000 per year of such a budget balancing revenue source until the source/use is completely eliminated. Due to the current economic environment, the Board of Finance and Town Council have decided to reduce the utilization of fund balance by the lesser amount of 50,000 for the new fiscal year. The Town utilized \$425 thousand to balance the fiscal year 2010-2011 budget.

Debt Management Policy - The Town shall utilize the following limits to guide issuance of debt:

- a. Total Direct Indebtedness shall not exceed 3% of full market valuation (equalized grand list). As of June 30, 2009 total direct indebtedness is 0.92%.
- b. Total Direct Service shall be below 8% of general fund expenditures. As of June 30, 2009 total debt service as a percentage of general fund expenditures is 5.27%
- c. All general obligation debt shall be structured to retire at least 25% in five years and 70% within 10 years.

With the general obligation bond issue of June 2009, the Town structured the debt so that 41.1% of total debt would be retired in 5 years and 70.4% would be retired in 10 years.

Contingency Planning Policy - The Town shall require sufficient contingency fund levels to avoid the use of undesignated fund balance. Contingency shall not exceed 1.125% of previous fiscal year budgeted expenditures. The Town increased the contingency account for fiscal year 2010-2011 budget to \$850 thousand.

Investment Policy: The Town 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, 2010. The Town earned interest rates between 0.40% and 1.35% on its investments. Approximately \$224

thousand of investment income was generated for the General Fund, which translates to a .06 mill rate contribution.

The Town will look to update its investment policy and implement additional financial policies in the near-term.

**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**

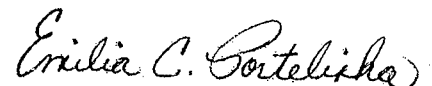
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of Southington for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2009. This was the nineteenth 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**



Accounting | Tax | Business Consulting

## Independent Auditors' Report

To the Board of Finance  
Town of Southington, Connecticut  
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, 2010, which collectively comprise the Town of Southington, Connecticut'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 basic 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 also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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, 2010 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 28, 2010 on our consideration of the Town of Southington, Connecticut's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management's discussion and analysis on pages 3 through 12 and the budgetary comparison information on pages 42 through 55 are not required parts 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 it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Southington, Connecticut'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.

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

December 28, 2010

**TOWN OF SOUTHTON, CONNECTICUT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2010**

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, 2010. 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 increased as a result of this year's operations. Net assets of our business-type activities increased by \$2.7 million or 6.1%, and net assets of our governmental activities increased by \$7.6 thousand or 8.1%.
- On a government-wide basis, during the year, the Town had expenses and transfers out that were \$7.6 million less than the \$145.1 million generated in tax and other revenues for governmental programs.
- In the Town's business-type activities, revenues increased \$669 thousand or 21.9% while expenses increased by \$430 thousand or 9.7%.
- On a government-wide basis, the total cost of all of the Town's programs was \$138.4 million with no new programs added this year.
- The General Fund reported a total fund balance this year of \$13.3 million.
- The tax collection rate was 98.55% of the current levy, exceeding last year's rate of 98.44%.
- The Town of Southington refunded \$11.065 million in 10/15/1996 and 5/15/2001 general obligation (GO) bonds and realized \$501 thousand in aggregate budgetary savings over the next 12 years.
- The Town also sold \$10 million in tax exempt general obligation bond anticipation notes.

**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 2009) and currently has two agency funds.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

The Town’s combined net assets increased from \$139.4 million to \$149.8 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>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
Current and other assets	\$ 29,548	\$ 33,848	\$ 1,526	\$ 1,059	\$ 31,074	\$ 34,907
Capital assets, net of accumulated depreciation	175,402	160,525	47,103	44,662	222,505	205,187
Total assets	<u>204,950</u>	<u>194,373</u>	<u>48,629</u>	<u>45,721</u>	<u>253,579</u>	<u>240,094</u>
Long-term debt outstanding	75,703	78,257			75,703	78,257
Other liabilities	27,323	21,841	737	576	28,060	22,417
Total liabilities	<u>103,026</u>	<u>100,098</u>	<u>737</u>	<u>576</u>	<u>103,763</u>	<u>100,674</u>
Net Assets:						
Invested in capital assets, net of debt	99,125	90,113	47,103	44,662	146,228	134,775
Restricted	985	1,023			985	1,023
Unrestricted (deficit)	<u>1,814</u>	<u>3,139</u>	<u>789</u>	<u>483</u>	<u>2,603</u>	<u>3,622</u>
Total Net Assets	<u>\$ 101,924</u>	<u>\$ 94,275</u>	<u>\$ 47,892</u>	<u>\$ 45,145</u>	<u>\$ 149,816</u>	<u>\$ 139,420</u>

Net assets of the Town’s governmental activities increased by 8.1% (\$101.9 million compared to \$94.3 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 \$3.1 million at June 30, 2009 to \$1.8 at the end of this year. This change in unrestricted governmental net assets is mostly due to the increase in the OPEB liability for fiscal year 2010 of \$2.1 million.

The net assets as of June 30, 2009 for governmental activities were restated to reflect the completion of Construction in progress projects and reclassification to Buildings with a net reduction in assets of \$4.4 million.

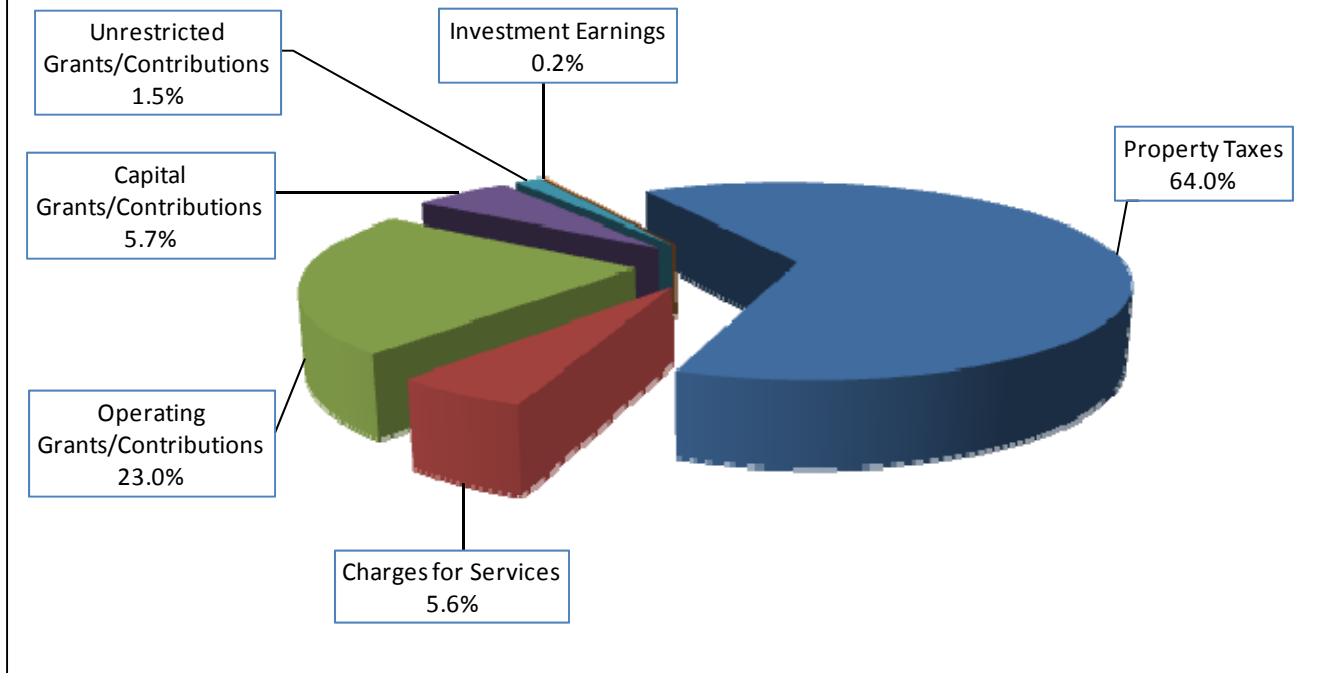
The net assets of business-type activities increased by 6.1% percent (\$47.9 million in 2010 compared to \$45.1 million in 2009). This change in unrestricted business-type net assets resulted primarily from \$3.9 million in transfers of capital assets purchased by the governmental activity funds (Capital Projects Fund).

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

	<b>Governmental</b>		<b>Business-Type</b>		<b>Totals</b>	
	<b>Activities</b>		<b>Activities</b>			
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
Revenues:						
Program revenues:						
Charges for services	\$ 8,056	\$ 9,140	\$ 3,727	\$ 3,058	\$ 11,783	\$ 12,198
Operating grants and contributions	33,301	31,260			33,301	31,260
Capital grants and contributions	8,329	10,897			8,329	10,897
General revenues:						
Property taxes	92,919	90,440			92,919	90,440
Grants and contributions not restricted to specific purposes	2,201	2,128			2,201	2,128
Unrestricted investment earnings	278	369			278	369
Total revenues	<u>145,084</u>	<u>144,234</u>	<u>3,727</u>	<u>3,058</u>	<u>148,811</u>	<u>147,292</u>
Program expenses:						
General government	4,464	7,291			4,464	7,291
Public safety	17,749	16,047			17,749	16,047
Public works	9,712	9,836			9,712	9,836
Health and welfare	940	1,024			940	1,024
Human services	1,477	1,579			1,477	1,579
Parks and recreation	1,994	2,218			1,994	2,218
Public library	1,830	1,569			1,830	1,569
Planning and development	1,131	785			1,131	785
Education	92,209	89,694			92,209	89,694
Interest on long-term debt	2,060	1,697			2,060	1,697
Sewer			4,849	4,419	4,849	4,419
Total program expenses	<u>133,566</u>	<u>131,740</u>	<u>4,849</u>	<u>4,419</u>	<u>138,415</u>	<u>136,159</u>
Excess (deficiency) before transfers	11,518	12,494	(1,122)	(1,361)	10,396	11,133
Transfers	<u>(3,869)</u>	<u>(11,981)</u>	<u>3,869</u>	<u>11,981</u>	<u>-</u>	<u>-</u>
Increase in Net Assets	<u>\$ 7,649</u>	<u>\$ 513</u>	<u>\$ 2,747</u>	<u>\$ 10,620</u>	<u>\$ 10,396</u>	<u>\$ 11,133</u>

The Town's total revenues were \$148.8 million. The total cost of all programs and services was \$138.4 million. Our analysis below separately considers the operations of governmental and business-type activities.

## Revenues by Source - Governmental Activities 2010



### Governmental Activities

Approximately 64.0% of the revenues were derived from property taxes, followed by 23.0% from operating grants and contributions, 5.7% from capital grants and contributions, 5.6% from charges for services, 1.5% from unrestricted grants and contributions, and 0.2% from investment earnings.

Major revenue factors included:

- Capital Grants and Contributions decreased by \$2.6 million from \$10.9 million in fiscal year 2009 to \$8.3 million in fiscal year 2010. This decrease is due to the reduction in grants received from the State for the Plantsville Elementary School Renovation and the New South End Elementary School.
- Property tax revenue increased by \$2.5 million or 2.7% over last year. The increase is attributable to a 1.2% increase in the grand list (\$45.3 million), an increase in the mill rate from 23.02 to 23.27 or 1.1%, and an increase in prior years' tax collections and interest on taxes.

Approximately 69.0% of the Town's expenses related to education. Public safety accounted 13.3%, public works accounted for 7.3%, and general government accounted for 3.3% of expenses. The remaining 7.1% related to health and welfare, human services, parks & recreation, public library, planning and development, and interest on long-term debt.

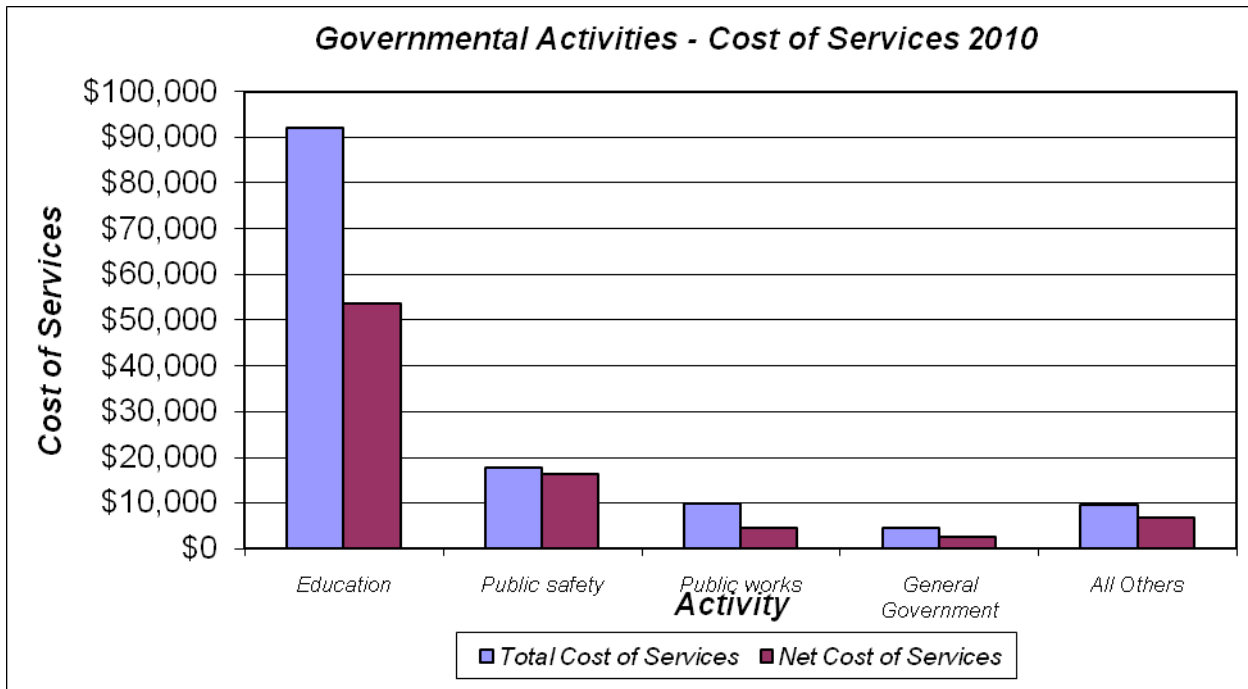
Total program expenses increased \$1.8 million or 1.4% over last year. Education expenses increased 2.8%, interest on long term debt increased 21.4%, and town operating expenses decreased 2.6%.

- Education expenses increased \$2.5 million over fiscal year 2009 due to higher operating costs, higher health care costs, and higher special education costs.
- Interest on long-term debt increased by \$363 thousand due to the increase in debt service payments as a result of the sale of \$15.44 million in general obligation bonds on June 1, 2009.

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**

	Total Cost of Services		Net Cost of Services	
	2010	2009	2010	2009
Education	\$ 92,209	\$ 89,694	\$ (53,785)	\$ (51,312)
Public safety	17,749	16,047	(16,255)	(14,590)
Public works	9,712	9,836	(4,422)	(3,610)
General government	4,464	7,291	(2,632)	(5,552)
All others	9,432	8,872	(6,786)	(5,379)
Totals	\$ 133,566	\$ 131,740	\$ (83,880)	\$ (80,443)



**Business-type Activities**

Revenues of the Town’s business-type activities (see Table 2) increased by 21.9% (\$3.7 million in 2010 compared to \$3.1 million in 2009) and expenses increased by 9.7%. The increased costs are due to the final payment of State mandated nitrogen credit purchase, the higher maintenance costs for the new Denitrification Facility, and the aggressive efforts to televise, clean and maintain the sewer system.

## **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 deficit of 4.6 million which is a decrease of \$11.4 million from last year's total of \$6.7 million. This decrease is due to the \$21.1 deficit in the Capital Projects fund which represents projects with bond authorizations yet to be financed. The Town issued \$10 million in bond anticipation notes for the two elementary school projects and two sewer projects, which will be permanently issued in March of 2011. Additionally the Town has a \$9.7 million Clean Water Fund loan outstanding which will be permanently financed June of 2011.

\$106 thousand of this combined fund balance is reserved for inventories.

Total governmental fund expenditures exceeded the total revenues by \$11.5 million due to the \$14.5 million deficit (of revenues over expenditures) 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. Bonds will be issued, and the Clean Water Fund Loan permanently financed, thereby eliminating the fund deficit.

### **General Fund**

The general fund is the primary operating fund of the Town. As of June 30, 2010 unreserved, undesignated fund balance of the General Fund increased by \$1.9 million to \$12.7 million while total fund balance increased \$780 thousand \$13.3 million.

Major revenue factors include:

- Property taxes, interest and liens fees came in \$585 thousand higher than originally projected.
- Charges for services came in \$271 thousand higher than budget due to the rebound in the Town Clerk fees.

These factors have allowed the Town to withstand local revenue losses incurred in both intergovernmental revenues and interest income totaling approximately \$344 thousand.

Major expenditure factors include:

- The Police Department realized savings of \$178, from their amended budget in personnel, contractual services and, materials and supplies. There was additional money in the personnel because several officers were out on Workers Compensation and Military leave, and job openings were not filled immediately.
- The Town saved \$183 thousand in the Payroll Taxes and MERF account due to a reduction in overtime and a smaller increase in employer MERF contributions than originally projected.
- Environmental Problems came in \$108 thousand lower than budget due to a decrease in the legal costs paid from the operating budget.
- Debt Service costs were \$126 thousand less than original budget due to the lower interest rates obtained on the General Obligation Bonds of June 2009.
- The Town Council had adopted a cost containment policy for fiscal year 2009 which precipitated department heads to reduce costs and delay non-urgent expenditures. The cost containment efforts were continued into the adopted budget for fiscal year 2010.
- The Town returned \$495 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 of the Town's proprietary funds totaled \$789 thousand at year-end, an increase of \$1,947 thousand.

The Internal Service Fund was responsible for the majority of this increase. The Internal Service Fund's unrestricted net assets increased by \$1.6 million, from a deficit of \$690 thousand to \$951 thousand. The Town's medical claims took an unexpected down turn in the last four months of the fiscal year, resulting in this surplus.

The Sewer Enterprise Fund's unrestricted net assets increased by \$306 thousand. For the third year, the town has implemented a sewer usage rate increase of 20% in order to pay for State mandated Nitrogen Credit Purchases, the higher maintenance costs of the new Denitrification Facility, and take an aggressive stance on the sewer system maintenance

**General Fund Budgetary Highlights**

The Town's adopted General Fund budget for 2009-2010 was \$118.834 million (\$118.009 million for expenditures plus \$825 thousand for contingency appropriations). In addition to the \$330 thousand which was appropriated from the Contingency Fund, the Town appropriated \$379 million to the Expenditure Budget with corresponding Revenue Budget increases, and \$791 thousand per fiscal year 2009 designation, for a total amended budget of \$120.390 million. The following lists the key changes to the budget during the year.

- \$386 thousand was appropriated for the amounts of Fund Balance Reserved for Encumbrances at the end of fiscal year 2009.
- \$791 thousand was appropriated to the Board of Education for current year Operations. These funds were a surplus in the Board of Education fiscal year 2009 operations, and were Designated for current year operations at 2009 fiscal year end
- \$185 thousand was appropriated to various accounts due to grants received during the fiscal year. The major projects were: \$70 thousand for additional Town Aid projects; \$40 thousand for a Calendar House Bus; \$40 thousand additional for the Health Department Bioterrorism and Pan Flu Programs; \$24 thousand for the Youth Services Drug Free; and \$11 thousand in smaller appropriations.
- \$131 thousand was appropriated to the Board of Education Operations for Special Education outside tuitions and Rent Revenues received.
- \$273 thousand was appropriated from Contingency for the following Capital Projects: \$110 thousand additional for the Lazy Lane and Spring Street Reconstruction projects; \$73 thousand for the Phase IV Soil Characterization; \$60 thousand to Design the West Street Bridge; and \$30 thousand for various other projects.
- The Southington Police Union contract for fiscal years 2009 through 2013 was ratified and the Police union was paid their retroactive increases for fiscal for two years. The \$240 thousand due the employees was paid from the "Union Salary increase" budgets set aside over the last two years.

**Capital Assets**

At June 30, 2010, the Town had \$222.5 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 \$17.4 million or 8.5%, over last year.

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

	<b>Governmental</b>		<b>Business-Type</b>		<b>Totals</b>	
	<b>Activities</b>		<b>Activities</b>			
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Land	\$ 19.3	\$ 17.9	\$	\$	\$ 19.3	\$ 17.9
Buildings and systems	71.9	74.2	46.7	44.2	118.6	118.4
Equipment	6.0	6.0	0.3	0.4	6.3	6.4
Infrastructure	45.5	43.3			45.5	43.3
Construction in progress	<u>32.8</u>	<u>19.0</u>			<u>32.8</u>	<u>19.0</u>
<b>Totals</b>	<u>\$ 175.5</u>	<u>\$ 160.4</u>	<u>\$ 47.0</u>	<u>\$ 44.6</u>	<u>\$ 222.5</u>	<u>\$ 205.0</u>

2009 capital assets were restated to reflect the completion of Construction in progress projects and reclassification to Buildings with a net reduction in assets of \$4.4 million.

This year’s major additions included:

Governmental:

- Purchase of 996 West Center Street for \$1.0 million (final).
- Construction in progress for Plantsville Elementary Renovation of \$4.3 million.
- Construction in progress for the New South End Elementary of \$8.1 million.
- Construction in progress for Rails to Trails Phase II of \$738 thousand.
- Construction in progress for Lazy Lane Reconstruction of \$532 thousand.

Business Type:

- Construction of Denitrification Facility for \$1.6 million.
- Construction of Marion Highlands Interceptor for \$913 thousand
- Construction of Roseanna, Lagana , Hickory Hill Sewers for \$890 thousand

The Town’s fiscal year 2010-2011 Capital Budget calls for it to spend another \$1.8 million for capital projects principally for road resurfacing and maintenance, upgrading the Town Hall infrastructure and network connectivity, Drive-in Park development, 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, 2010 the Town had \$56.6 million in bonds outstanding versus \$61.5 million last year – a decrease of \$4.9 million or 8.0 % - as shown in Table 5.

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

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Totals</b>	
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
General obligation bonds:						
Town	\$ 55,166	\$ 59,584	\$ -	\$ -	\$ 55,166	\$ 59,584
Southington Water Company	1,419	1,907	-	-	1,419	1,907
<b>Total</b>	<b>\$ 56,585</b>	<b>\$ 61,491</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 56,585</b>	<b>\$ 61,491</b>

In January 2010 Southington issued \$11.065 million General Obligation Refunding Bonds and realized \$501 thousand in aggregate budgetary savings over the twelve years. The Town also issued \$10 million in Bond Anticipation Notes for the two elementary school projects and two sewer projects. These projects will be permanently financed with the Bond issue of March 2011.

In May 2009, Standard and Poor’s Rating Services raised its underlying rating on the Southington’s general obligation (GO) debt two notches to “AA+” from “AA-” due to the Town’s improved financial position, good management practices and low debt burden. As a result the Moody’s rating recalibration to a “Global Scale” in May of 2010, the Town’s underlying rating has been officially changed to Aa2 from A1. (The recalibration is not a change in credit rating, but rather a change in scale from the municipal scale to the global scale).

State statutes limit the amount of general obligation debt a governmental entity may issue to seven times total tax collections including interest and lien fees. The current debt limitation for the Town is \$649.4 million. The Town has only issued 12.9% of total debt limitation.

Other obligations include 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, 2010 was 7.8% versus 7.1% last year. Although Southington's unemployment has increased considerably in the last couple of years, it still compares favorably to the 8.9% for the State of Connecticut and the 9.5% for the national unemployment rate (the highest in 25 years). The increasing unemployment rates are a major concern in this recessionary environment. Unfortunately, leading economic indicators continue to indicate a slow economic rebound.

Elected and appointed officials considered these factors, among others, when setting the fiscal year 2010-2011 General Fund budget and tax rates.

As previously stated, the General Fund unreserved fund balance increased from \$12.0 million at June 30, 2009 to \$13.2 million at June 30, 2010. Of this \$13.2 million General Fund unreserved fund balance, \$90 thousand was designated for continued appropriations and \$425 thousand was designated for the 2010-2011 budget leaving an unreserved, undesignated fund balance of \$12.7 million in the General Fund at June 30, 2010. 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. This increase in the "rainy day" fund is pivotal to maintaining the Town's enhanced bond rating thereby reducing the cost of the Town's current and future debt service payments.

The Town adopted a General Fund budget of \$123.053 million for 2010-2011 compared to an adopted budget of \$118.834 million for 2009-2010 or an overall increase of 3.6%. Approximately \$3.1 million of this \$4.2 million increase is for school operations to meet increasing personnel services, additional special education costs and unfunded mandates. Most of the remaining \$1.1 million increase is: \$578 thousand to the Payroll taxes and MERS budget due to the dramatic increase in the Town's MERS required contributions as a result of the State's poor investment returns; \$306 thousand to the Debt Service budget for increased debt service payments as a result of the Bond issue of June 2009; and \$199 thousand to the Department of Assessments to pay for half of the required statistical valuation effective for the grand list of October 1, 2011. The Town has added no new programs or initiatives to the 2010 budget

If these estimates are realized, the Town's budgetary General Fund balance is expected to remain consistent with the June 30, 2010 level.

Costs of the Town's business-type activities, accounted for in the Sewer Operating Fund, are expected to rise approximately 7.4% during fiscal year 2010-2011. Although the Town increased Sewer usage rates by 20% in the last three fiscal years, the increased revenue is not sufficient to offset the cumulative costs of the denitrification credits, the higher costs of the Denitrification Facility and the aggressive maintenance efforts of the Sewer System. The Town will review the current systems in an effort to gain better efficiencies in the Sewer's Operations.

## **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 or visit Southington's website at [www.Southington.org](http://www.Southington.org).

# **Basic Financial Statements**

## TOWN OF SOUTHLINGTON, CONNECTICUT

## STATEMENT OF NET ASSETS

JUNE 30, 2010

(In Thousands)

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Assets:			
Cash and cash equivalents	\$ 19,331	\$ 441	\$ 19,772
Investments	565		565
Receivables, net	9,415	1,069	10,484
Inventory	104		104
Other assets	133	16	149
Capital assets:			
Assets not being depreciated	52,075	39	52,114
Assets being depreciated, net	123,327	47,064	170,391
Total assets	<u>204,950</u>	<u>48,629</u>	<u>253,579</u>
Liabilities:			
Accounts and other payables	7,296	553	7,849
Other current liabilities	19,686	184	19,870
Unearned revenue	341		341
Noncurrent liabilities:			
Due within one year	7,853		7,853
Due in more than one year	67,850		67,850
Total liabilities	<u>103,026</u>	<u>737</u>	<u>103,763</u>
Net Assets:			
Invested in capital assets, net of related debt	99,125	47,103	146,228
Restricted for:			
Trust purposes:			
Expendable	107		107
Nonexpendable	878		878
Unrestricted	1,814	789	2,603
Total Net Assets	<u>\$ 101,924</u>	<u>\$ 47,892</u>	<u>\$ 149,816</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, 2010

(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	\$ 4,464	\$ 1,332	\$	\$ 500	\$ (2,632)	\$	\$ (2,632)
Public safety	17,749	954	162	378	(16,255)		(16,255)
Public works	9,712	2,746	340	2,204	(4,422)		(4,422)
Health and welfare	940	43	150		(747)		(747)
Human services	1,477	134	573		(770)		(770)
Parks and recreation	1,994	178	129	680	(1,007)		(1,007)
Public library	1,830	36	28		(1,766)		(1,766)
Planning and development	1,131	670			(461)		(461)
Education	92,209	1,963	31,919	4,542	(53,785)		(53,785)
Interest on long-term debt	2,060			25	(2,035)		(2,035)
Total governmental activities	<u>133,566</u>	<u>8,056</u>	<u>33,301</u>	<u>8,329</u>	<u>(83,880)</u>	<u>-</u>	<u>(83,880)</u>
Business-type activities:							
Sewer	4,849	3,727				(1,122)	(1,122)
Total	<u>\$ 138,415</u>	<u>\$ 11,783</u>	<u>\$ 33,301</u>	<u>\$ 8,329</u>	<u>(83,880)</u>	<u>(1,122)</u>	<u>(85,002)</u>
General revenues:							
Property taxes					92,919		92,919
Grants and contributions not restricted to specific programs					2,201		2,201
Unrestricted investment earnings					278		278
Transfers					(3,869)	3,869	-
Total general revenues and transfers					<u>91,529</u>	<u>3,869</u>	<u>95,398</u>
Change in net assets					7,649	2,747	10,396
Net Assets at Beginning of Year, as restated					<u>94,275</u>	<u>45,145</u>	<u>139,420</u>
Net Assets at End of Year					<u>\$ 101,924</u>	<u>\$ 47,892</u>	<u>\$ 149,816</u>

The accompanying notes are an integral part of the financial statements

## TOWN OF SOUTHLINGTON, CONNECTICUT

## BALANCE SHEET - GOVERNMENTAL FUNDS

**JUNE 30, 2010**  
(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	\$ 14,127	\$	\$ 2,949	\$ 17,076
Investments			565	565
Receivables, net	2,910	1,420	1,568	5,898
Due from other funds	1,472		133	1,605
Inventories	54		52	106
	<u>18,563</u>	<u>1,420</u>	<u>5,267</u>	<u>25,250</u>
Total Assets	\$ <u>18,563</u>	\$ <u>1,420</u>	\$ <u>5,267</u>	\$ <u>25,250</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts and other payables	\$ 3,075	\$ 1,733	\$ 506	\$ 5,314
Notes payable		19,686		19,686
Due to other funds	133	1,119	353	1,605
Deferred revenue	2,105		1,179	3,284
Total liabilities	<u>5,313</u>	<u>22,538</u>	<u>2,038</u>	<u>29,889</u>
Fund balances:				
Reserved	54		52	106
Unreserved, reported in:				
Designated for continued appropriations	90			90
General Fund	13,105			13,105
Special Revenue Funds			2,299	2,299
Capital Project Funds		(21,118)		(21,118)
Permanent Funds			878	878
Total fund balances	<u>13,250</u>	<u>(21,118)</u>	<u>3,229</u>	<u>(4,639)</u>
Total Liabilities and Fund Balances	\$ <u>18,563</u>	\$ <u>1,420</u>	\$ <u>5,267</u>	\$ <u>25,250</u>

(Continued on next page)

## TOWN OF SOUTHTON, CONNECTICUT

## BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)

JUNE 30, 2010

(In Thousands)

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	\$	(4,639)
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:		
Governmental capital assets	\$	262,242
Less accumulated depreciation		<u>(86,840)</u>
Net capital assets		175,402
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		2,105
Interest receivable on property taxes		972
Assessments receivable greater than 60 days		838
Interest receivable on assessments		30
Deferred amount in refunding		737
Bond issuance costs		130
Long term receivable		1,419
Receivable from the state for school construction projects		1,096
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.		
		951
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		(56,585)
Premium on issuance		(743)
Interest payable on bonds and notes		(677)
Compensated absences		(7,800)
OPEB liability		(3,649)
Heart and Hypertension		(7,058)
Landfill closure		<u>(605)</u>
Net Assets of Governmental Activities (Exhibit I)	\$	<u><u>101,924</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, 2010

(In Thousands)

	<u>General</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
Property taxes	\$ 92,650	\$	\$	\$ 92,650
Intergovernmental	29,406	6,659	5,202	41,267
Charges for services	2,941		4,783	7,724
Income on investments	225		80	305
Other revenues	104	260	195	559
Total revenues	<u>125,326</u>	<u>6,919</u>	<u>10,260</u>	<u>142,505</u>
Expenditures:				
Current:				
General government	3,032		5	3,037
Public safety	11,428		1,161	12,589
Public works	4,764		2,244	7,008
Health and welfare	760		9	769
Human services	819		424	1,243
Parks and recreation	1,568		2	1,570
Public library	1,361		86	1,447
Planning and development	835			835
Miscellaneous	77			77
Employee fringe benefits	7,584			7,584
Education	83,561		6,113	89,674
Debt and sundry	6,214		523	6,737
Capital outlay		21,444		21,444
Total expenditures	<u>122,003</u>	<u>21,444</u>	<u>10,567</u>	<u>154,014</u>
Excess (Deficiency) of Revenues over Expenditures	<u>3,323</u>	<u>(14,525)</u>	<u>(307)</u>	<u>(11,509)</u>
Other Financing Sources (Uses):				
Refunding bonds issued	11,065			11,065
Premium on refunding bonds	770			770
Payment to refunded bond escrow agent	(11,699)			(11,699)
Transfers in	41	2,524	201	2,766
Transfers out	(2,720)		(46)	(2,766)
Total other financing sources (uses)	<u>(2,543)</u>	<u>2,524</u>	<u>155</u>	<u>136</u>
Net Change in Fund Balances	780	(12,001)	(152)	(11,373)
Fund Balances at Beginning of Year	<u>12,470</u>	<u>(9,117)</u>	<u>3,381</u>	<u>6,734</u>
Fund Balances at End of Year	<u>\$ 13,250</u>	<u>\$ (21,118)</u>	<u>\$ 3,229</u>	<u>\$ (4,639)</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, 2010

(In Thousands)

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

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

Net change in fund balances - total governmental funds (Exhibit IV) \$ (11,373)

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	17,609
Depreciation expense	(4,983)
Donated assets	2,270

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. (20)

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	(350)
Long term receivable receipts	(488)
Property tax receivable - accrual basis change	229
Property tax interest and lien revenue - accrual basis change	40
Sewer assessment receivable-accrual basis change	417

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:

Issuance of refunding bonds	(11,065)
Premium on refunding	(770)
Deferred amount in refunding	764
Issuance costs on refunding	135
Payment to escrow agent for refunding	11,699
Bond principal payments	3,784
Note principal payments	488

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	(180)
OPEB obligation	(2,096)
Capital leases	137
Accrued interest	(27)
Heart and hypertension	196
Landfill post closure care and settlement	(403)
Amortization of deferred charge on refunding	(27)
Amortization of issue costs	(5)
Amortization of bond premiums	27

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. 1,641

Change in Net Assets of Governmental Activities (Exhibit II) \$ 7,649

The accompanying notes are an integral part of the financial statements

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

**JUNE 30, 2010**  
**(In Thousands)**

	<b>Business-Type Activities Sewer Enterprise Fund</b>	<b>Governmental Activities Internal Service Fund</b>
Assets:		
Current:		
Cash and cash equivalents	\$ 441	\$ 2,255
Accounts and other receivables	1,069	
Other assets	16	
Total current assets	1,526	2,255
Capital assets, net	47,103	
Total assets	48,629	2,255
Liabilities:		
Current:		
Accounts and other payables	553	1,274
Other accrued liabilities	184	30
Total liabilities	737	1,304
Net Assets:		
Invested in capital assets	47,103	
Unrestricted	789	951
Total Net Assets	\$ 47,892	\$ 951

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, 2010**  
(In Thousands)

	<u>Business-Type Activities</u>	<u>Governmental Activities</u>
	<u>Sewer Enterprise Fund</u>	<u>Internal Service Fund</u>
Operating Revenues:		
Fund premiums	\$	\$ 19,049
Charges for services	3,567	
Intergovernmental	41	
Fines, penalties and interest	119	2
Total operating revenues	<u>3,727</u>	<u>19,051</u>
Operating Expenses:		
Plant	2,926	
Benefits	226	16,238
Depreciation	1,461	
Administration and other	236	1,171
Total operating expenses	<u>4,849</u>	<u>17,409</u>
Operating Income (Loss)	(1,122)	1,642
Nonoperating Revenue:		
Income (loss) on investments		<u>(1)</u>
Income before Capital Contributions	(1,122)	1,641
Capital Contributions	<u>3,869</u>	
Change in Net Assets	2,747	1,641
Net Assets at Beginning of Year	<u>45,145</u>	<u>(690)</u>
Net Assets at End of Year	<u>\$ 47,892</u>	<u>\$ 951</u>

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, 2010**  
(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 and granting agencies	\$ 3,668	\$ 19,059
Cash received for premiums - Town departments and agencies		
Cash payments to suppliers for goods and services	(2,968)	
Cash payments to providers of benefits	(226)	(16,060)
Cash payments for service fees		(1,171)
Net cash provided by operating activities	474	1,828
Cash Flows from Capital Financing Activities:		
Acquisition of capital assets	(33)	
Cash Flows from Investing Activities:		
Loss on investments		(1)
Net Increase in Cash and Cash Equivalents	441	1,827
Cash and Cash Equivalents at Beginning of Year		428
Cash and Cash Equivalents at End of Year	\$ 441	\$ 2,255
Reconciliation of Operating Income (Loss) to Net Cash		
Provided by Operating Activities:		
Operating income (loss)	\$ (1,122)	\$ 1,642
Depreciation	1,461	
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
(Increase) decrease in accounts receivable	(59)	8
Decrease in investments		18
Decrease in inventory	33	
Increase (decrease) in accounts payable and accrued liabilities	352	(98)
Increase (decrease) in interfunds	(191)	258
Net Cash Provided by Operating Activities	\$ 474	\$ 1,828
Noncash Capital Financing Activities:		
Capital assets transferred from governmental funds	\$ 3,869	\$ -

The accompanying notes are an integral part of the financial statements

## TOWN OF SOUTHLINGTON, CONNECTICUT

## STATEMENT OF FIDUCIARY NET ASSETS - FIDUCIARY FUNDS

JUNE 30, 2010

(In Thousands)

	<u>Agency Funds</u>
Assets:	
Cash and cash equivalents	\$ 1,944
Investments	<u>213</u>
Total assets	<u>\$ 2,157</u>
Liabilities:	
Fiduciary deposits	<u>2,157</u>
Total liabilities	<u>\$ 2,157</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.

### **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 following as a major proprietary fund:

The Sewer Fund accounts for the activities of the government's sewer operations.

Additionally, the Town reports the following fund types:

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

The agency funds include the student activities and the escrow deposits. They are custodial in nature and do not involve measurement of results of operation.

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 \$118 is equal to 4.60% of outstanding property taxes at June 30, 2010.

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, 2008, upon which the fiscal 2010 levy was based, was \$4.0 billion. A 23.27 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, 2010 and 2009, were 98.55% and 98.44%, respectively, of the adjusted tax levy. Uncollected property taxes are recorded as receivables, net of an allowance for estimated uncollectible accounts. Unpaid taxes are lienied 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

In the current year, the Town valued and reported all infrastructure acquired prior to July, 1, 2002.

## 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.

## 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, \$1,556 of supplemental budgetary appropriations from the General Fund were made, of which \$379 was from revised revenue estimates, \$387 from continued appropriations from the prior year, and \$791 from designated fund balance for Board of Education expenditures. Also, \$90 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 fund had deficit fund balances at June 30, 2010:

<u>Fund</u>	<u>Amount</u>
Capital Projects Fund	\$ 21,118

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

### **3. CASH, CASH EQUIVALENTS AND INVESTMENTS**

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

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

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

## Deposits

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

Based on the criteria described in GASB Statement No. 40, *Deposits and Investment Risk Disclosures*, \$22,507 of the Town's bank balance of \$24,629 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$	20,119
Uninsured and collateral held by the pledging bank's trust department, not in the Town's name		<u>2,388</u>
Total Amount Subject to Custodial Credit Risk	\$	<u><u>22,507</u></u>

## Cash Equivalents

At June 30, 2010, the Town's cash equivalents amounted to \$1,047. The following table provides a summary of the Town's cash equivalents (excluding U.S. government guaranteed obligations) as rated by nationally recognized statistical rating organizations. The pools all have maturities of less than one year

	<u>Standard And Poor's</u>
Wells Fargo*	
Citizens Securites*	
Reich and Tang*	
Cutwater - Cooperative Liquid Assets Securities System (CLASS)	AAAm

\*Not rated

## Investments

As of June 30, 2010, the Town had the following investments:

<u>Investment Type</u>	<u>Credit Rating</u>	<u>Fair Value</u>	<u>Investment Maturities (Years)</u>		
			<u>Less Than 1</u>	<u>1 - 10</u>	<u>More Than 10</u>
Interest-bearing investments:					
Certificates of deposit	*	\$ 414	\$ 414	\$ -	\$ -
Other investments:					
Common stock		26			
Mutual funds		<u>338</u>			
Total Investments		\$ <u>778</u>			

\*Subject to coverage by Federal Depository Insurance and collateralization.  
N/A Not applicable

*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.

*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. The Town does not have a policy for custodial credit risk. At June 30, 2010, the Town did not have any uninsured and unregistered securities held by the counterparty, or by its trust department or agent that were not in the Town's name.

#### 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 *	\$ 2,539		\$	\$	\$ 2,539
Accounts	54			529	583
Special assessments			1,069	849	1,918
Intergovernmental	435	1,420		190	2,045
Interest **					
Gross receivables	<u>3,028</u>	<u>1,420</u>	<u>1,069</u>	<u>1,568</u>	<u>7,085</u>
Less allowance for uncollectibles	<u>118</u>				<u>118</u>
Net Total Receivables	<u>\$ 2,910</u>	<u>\$ 1,420</u>	<u>\$ 1,069</u>	<u>\$ 1,568</u>	<u>\$ 6,967</u>

\* Does not include amount due from Southington Water Company for bonds (\$1,419) and accrued interest (\$86) - Note 7.

\*\* Does not include accrued interest on property taxes and assessments receivable of \$972 and \$30, 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	\$ 2,105	\$	\$ 2,105
Special assessments	838		838
Other		341	341
Total Deferred/Unearned Revenue for Governmental Funds	<u>\$ 2,943</u>	<u>\$ 341</u>	<u>\$ 3,284</u>

## 5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2010 was as follows:

	<u>Balance restated</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 17,914	\$ 1,411	\$	\$ 19,325
Construction in progress	19,079	14,670	(999)	32,750
Total capital assets not being depreciated	<u>36,993</u>	<u>16,081</u>	<u>(999)</u>	<u>52,075</u>
Capital assets being depreciated:				
Buildings	116,924	238		117,162
Machinery and equipment	16,707	1,094	(189)	17,612
Infrastructure	71,929	3,465		75,394
Total capital assets being depreciated	<u>205,560</u>	<u>4,797</u>	<u>(189)</u>	<u>210,168</u>
Less accumulated depreciation for:				
Buildings	(42,630)	(2,670)		(45,300)
Machinery and equipment	(10,792)	(1,035)	169	(11,658)
Infrastructure	(28,605)	(1,278)		(29,883)
Total accumulated depreciation	<u>(82,027)</u>	<u>(4,983)</u>	<u>169</u>	<u>(86,841)</u>
Total capital assets being depreciated, net	<u>123,533</u>	<u>(186)</u>	<u>(20)</u>	<u>123,327</u>
Governmental Activities Capital Assets, Net	<u>\$ 160,526</u>	<u>\$ 15,895</u>	<u>\$ (1,019)</u>	<u>\$ 175,402</u>
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 39	\$	\$	\$ 39
Capital assets being depreciated:				
Buildings and system	68,387	3,869		72,256
Machinery and equipment	1,143	32		1,175
Total capital assets being depreciated	<u>69,530</u>	<u>3,901</u>	<u>-</u>	<u>73,431</u>
Less accumulated depreciation for:				
Buildings and system	(24,125)	(1,385)		(25,510)
Machinery and equipment	(781)	(76)		(857)
Total accumulated depreciation	<u>(24,906)</u>	<u>(1,461)</u>	<u>-</u>	<u>(26,367)</u>
Total capital assets being depreciated, net	<u>44,624</u>	<u>2,440</u>	<u>-</u>	<u>47,064</u>
Business-Type Activities Capital Assets, Net	<u>\$ 44,663</u>	<u>\$ 2,440</u>	<u>\$ -</u>	<u>\$ 47,103</u>

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

Governmental activities:	
General government	\$ 480
Public safety	768
Public works	1,238
Human resources	62
Park and recreation	159
Library	36
Education	<u>2,240</u>
 Total Depreciation Expense - Governmental Activities	 \$ <u><u>4,983</u></u>
 Business-type activities:	
Sewer Enterprise Fund	\$ <u><u>1,461</u></u>

### Construction Commitments

The Town has active construction projects as of June 30, 2010. 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>Remaining Spent-to-Date</u>	<u>Commitment</u>
Renaissance - Phase III	\$ 83	\$ 4
DeNitrification Facility	12,220	165
East St. Realignment	243	4
Marion Highlands & Roseanna, Lagana	1,693	690
Rails to Trails II	638	789
Lazy Lane Recon/Spring Street Recon	932	80
Plantsville Elementary	5,554	139
South end Elementary	<u>8,133</u>	<u>1,107</u>
 Total	 \$ <u><u>29,496</u></u>	 \$ <u><u>2,978</u></u>

The commitments are being financed as follows:

- School projects are financed by bonds and grants from the State Department of Education.
- 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 Fund	\$ 1,119
General Fund	Nonmajor Governmental	353
Nonmajor Governmental	General Fund	<u>133</u>
 Total		 \$ <u><u>1,605</u></u>

Interfund transfers are generally used to supplement revenues of other funds. The transfers that occurred during the year are as follows:

		<b>Transfers In</b>			
		<b>General Fund</b>	<b>Capital Projects Fund</b>	<b>Nonmajor Governmental</b>	<b>Total</b>
Transfers out:					
General Fund	\$		2,524	\$ 196	\$ 2,720
Nonmajor Funds		41		5	46
	\$	<u>41</u>	\$ <u>2,524</u>	\$ <u>201</u>	\$ <u>2,766</u>

During the year, existing capital assets related to governmental funds with a book value of \$3,869 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, 2010 was as follows:

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>	<b>Due Within One Year</b>
Governmental Activities:					
Bonds payable:					
General obligation bonds:					
Town	\$ 59,584	\$ 11,065	\$ 15,483	\$ 55,166	\$ 5,030
Southington Water Company	1,907		488	1,419	470
Premium on bonds		770	27	743	
Less deferred amounts		(764)	(27)	(737)	
Total bonds payable	<u>61,491</u>	<u>11,071</u>	<u>15,971</u>	<u>56,591</u>	<u>5,500</u>
Compensated absences	7,620	617	437	7,800	1,641
Capital leases	137		137		
OPEB obligation	1,553	2,096		3,649	
Heart and Hypertension	7,254	260	456	7,058	484
Landfill closure and postclosure	202	420	17	605	228
Total Governmental Activities					
Long-Term Liabilities	<u>\$ 78,257</u>	<u>\$ 14,464</u>	<u>\$ 17,018</u>	<u>\$ 75,703</u>	<u>\$ 7,853</u>

Bonds payable at June 30, 2010 are comprised of the following issues:

	<b>Date of Issue</b>	<b>Original Issue</b>	<b>Interest Rate (%)</b>	<b>Date of Maturity</b>	<b>Principal Outstanding June 30, 2010</b>
<b>General Purpose Bonds:</b>					
General Purpose	2004	\$ 9,767	3.00-5.00	2/1/2024	\$ 6,823
Refunding (General Purpose)	2004	379	2.00-3.25	9/15/2014	130
General Purpose	2005	5,765	3.50-5.50	11/1/2025	4,290
General Purpose	2007	3,025	4.00-5.00	8/1/2027	2,525
General Purpose	2009	2,175	3.00-4.00	8/1/2027	2,175
Refunding (General Purpose)	2010	2,098	2.00-5.00	5/15/2021	2,074
					<u>18,017</u>
<b>School Bonds:</b>					
Schools	2004	1,200	3.00-5.00	2/1/2024	840
Refunding (Schools)	2004	7,032	2.00-3.25	9/15/2014	2,401
Schools	2005	3,510	3.50-5.50	11/1/2025	2,495
Schools	2007	2,880	4.00-5.00	8/1/2027	2,020
Schools	2009	12,965	3.00-4.00	8/1/2027	12,965
Refunding (Schools)	2010	8,008	2.00-5.00	5/15/2021	7,914
					<u>28,635</u>
<b>Sewer Bonds:</b>					
Sewers	2004	3,163	3.00-5.00	2/1/2024	2,207
Refunding (Sewers)	2004	86	2.00-3.25	9/15/2014	30
Sewers	2005	2,900	3.50-5.50	11/1/2025	2,300
Sewers	2007	3,070	4.00-5.00	8/1/2027	2,730
Sewers	2009	300	3.00-4.00	8/1/2027	300
Refunding (Sewers)	2010	959	2.00-5.00	5/15/2021	947
					<u>8,514</u>
<b>Water Bonds:</b>					
Water	1991	2,044	5.75-6.75	8/15/2011	190
Refunding (Water)	2004	3,683	2.00-3.25	9/15/2014	1,229
					<u>1,419</u>
Total					\$ <u>56,585</u>

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

<u>Fiscal Year Ending</u>	<u>Principal</u>	<u>Interest</u>
2011	\$ 5,500	\$ 2,025
2012	5,805	1,850
2013	4,895	1,651
2014	4,300	1,486
2015	4,270	1,333
2016-2020	17,130	4,720
2021-2025	10,765	1,805
2026-2030	3,920	280
 Total	 \$ <u>56,585</u>	 \$ <u>15,150</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, 2010, \$1,419 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, 2010. In no case shall total indebtedness exceed seven times annual receipts from taxation. The maximum debt amount permitted under this formula would be approximately \$649.4 million.

**General Obligation Bonds-Advance Refunding**

On January 22, 2010, the Town issued \$11,065 of general obligation refunding bonds with interest rates ranging from 2% to 5% to currently refund the outstanding principal amounts of \$350,000 General Obligation Bonds, Series 1996, dated October 15, 1996, \$10,235 General Obligations Bonds, Series 2001 dated May 15, 2001.

The net proceeds of \$11,835 (including a premium of \$770 and issuance costs of \$135, including underwriter's fees) will reduce total debt service payments over the next 12 years by approximately \$501 and represents an economic gain (difference between present values of the debt service payments on the old and new debt) of \$499. As a result, the refunded bonds are considered defeased, and all future interest and principal on the defeased bonds will be paid from the proceeds of the refunding issue which were placed into an irrevocable escrow account until all the defeased bonds have been called. The principal balance in escrow was \$10,753 at June 30, 2010. The outstanding balance of the defeased bonds as of June 30, 2010 is \$10,235.

**Capital Leases**

The Town had 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, had been recorded at the present value of their future minimum lease payments as of the inception date.

The lease obligation has been fully relieved as of June 30, 2010.

## **Bond Anticipation Notes Payable**

The Town issued bond anticipation notes in the amount of \$10 million in order to fund construction projects. The bond anticipation notes outstanding at June 30, 2010 bear interest at .41% and mature on March 2, 2011.

## **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 \$9,686 Clean Water Fund loan outstanding at an interest rate of 2%. The balance is a short-term liability until it is converted to a permanent loan.

## **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, 2010, 2009 or 2008. 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, 2010 of \$1,274.

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, 2010 and 2009, 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>
2008-2009	\$	1,212	\$ 17,403	\$ 17,213	\$ 1,402
2009-2010		1,402	17,409	17,537	1,274

## **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 2008-09 will be evaluated at 18, 30, and 42 months after the effective date of coverage. The deposit contribution (premium) paid in 2009-10 for the Town and Board of Education was \$1,230 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 Continued Appropriations - to segregate the portion of fund balance for continued appropriations that were reappropriated.
- 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 \$425 of its General Fund balance at June 30, 2010 to balance the 2010-11 budget.

A summary of reserved fund balances at June 30, 2010 is presented below:

General Fund:	
Reserved for inventories	\$ 54
Nonmajor Governmental Funds:	
Reserved for inventory	52
Total	\$ 106

**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.

A settlement in United States versus the Town of Southington was reached on November 24, 2010. The Town was required to make two payments of \$210 thousand to the State of Connecticut, the last of which is due on November 24, 2011.

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, 2010 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. OTHER POST-EMPLOYMENT BENEFITS

### A. Overview

The Town and Board of Education do not offer retirees any post-employment benefits. They do, however, allow retirees to remain on the Health Self-Insurance plan as long as they pay the full COBRA rates. The only exception to the no post-employment benefits would be for those employees who have retired under Heart and Hypertension and have negotiated these benefits. A separate GAAP-Basis postemployment benefit plan report is not issued for this plan.

At July 1, 2007, plan participation consisted of the following:

Active participants	\$ 1,000
Retirees	<u>202</u>
Total Participants	<u>\$ 1,202</u>

### B. Funding Policy

These other post-employment benefits (OPEB) for former employees are currently funded on a pay-as-you-go basis out of the Self-Insurance Fund and the Heart and Hypertension Department in the General Fund. As of June 30, 2010, the Town has not established a trust fund to segregate assets to fund the liability associated with these benefits.

### C. Annual OPEB Cost and Net OPEB Obligations

The Town's annual OPEB cost is calculated based on the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The following table shows the components of the Town's annual OPEB cost for the year ended June 30, 2010, the amount actually contributed to the plan and changes in the Town's net OPEB obligation:

Annual required contribution (ARC)	3,473
Interest on OPEB obligation	78
Adjustment to annual required contribution	<u>(96)</u>
Annual OPEB cost	3,455
Contributions made	<u>1,359</u>
Increase in net OPEB obligation	2,096
Net OPEB obligation, beginning of year	<u>1,553</u>
Net OPEB Obligation, End of Year	<u>\$ 3,649</u>

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for the fiscal year ended June 30, 2010 and 2009 are presented below.

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost(AOC)</u>	<u>Actual Contribution</u>	<u>Percentage of AOC Contributed</u>	<u>Net OPEB Obligation (Asset)</u>
6/30/2010	\$ 3,455	\$ 1,359	39.3%	\$ 3,649
6/30/2009	3,425	1,872	54.7%	1,553

### D. Schedule of Funding Progress

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Unfunded AAL</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
7/1/2007	\$ -0-	\$ 37,107	\$ 37,107	0.0%	\$ 61,102	N/A

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as accrual results are compared with past expectations and new estimates are made about the future.

Projections for benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. The plan is a single-employer plan.

In the July 1, 2007 actuarial valuation, the projected unit actuarial credit cost method was used. The annual required contribution (ARC) reflects a 30-year, level amortization of the unfunded actuarial accrued

liability (AAL). The actuarial assumptions include a 5% investment rate of return and an inflation rate of 3%. The annual healthcare cost trend rate is 10% initially, grading down to 5% for 2013 and later.

## **12. EMPLOYEE RETIREMENT SYSTEMS**

### 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, 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 9.50% 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 MERS for the years ended June 30, 2010, 2009 and 2008 were \$2,212, \$1,972 and \$1,895, 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, 2010 the Town has recorded, in the General Fund, intergovernmental revenue and education expenditures in the amount of \$6,140 as payments made by the State of Connecticut on behalf of the Town. 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. PRIOR PERIOD ADJUSTMENT**

Net assets and capital assets have been decreased by \$4,387 to properly reflect capital asset balances as of that July 1, 2009.

**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, 2010  
(In Thousands)

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
Property taxes, interest and lien fees:				
Taxes	\$ 91,608	\$ 91,608	91,954	\$ 346
Suspense taxes	25	25	36	11
Interest and lien fees	432	432	660	228
Total property taxes	<u>92,065</u>	<u>92,065</u>	<u>92,650</u>	<u>585</u>
Licenses, fees and permits:				
Building	570	570	594	24
Police	29	29	32	3
Library	30	30	28	(2)
Miscellaneous		24	24	-
Total property taxes	<u>629</u>	<u>653</u>	<u>678</u>	<u>25</u>
Educational Cost Sharing	19,839	17,009	16,882	(127)
Education Cost Sharing ARRA		2,830	2,830	-
Non-public school transportation	53	53	53	-
Public school transportation	337	208	194	(14)
Excess Cost Supplement		129	129	-
School building construction grants	365	365	376	11
Vocational Agriculture	160	160	167	7
Children/youth services	26	26	27	1
Youth Service/Drug free		24	23	(1)
Town aid road transportation grant	192	262	262	-
Health education/risk reduction grant	6	6	6	-
Non-public health services	56	56	58	2
Telephone access lines	125	125	93	(32)
Pequot/Mohegan Grant	146	146	145	(1)
Calendar bus		40	40	-
Municipal video grant			23	23
Industrial park grant			7	7
Local capital improvement grant	296	296	296	-
In lieu of taxes:				-
Hospital	157	157	156	(1)
Tax relief for elderly	300	300	301	1

(Continued on next page)

## TOWN OF SOUTHTON, CONNECTICUT

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

**FOR THE YEAR ENDED JUNE 30, 2010**

**(In Thousands)**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Intergovernmental revenues (continued):				
Veterans' exemption	\$ 45	\$ 45	\$ 48	\$ 3
State properties	29	29	29	-
Disability exemption	5	5	5	-
Boats	14	14	7	(7)
Manufacturers machinery and equipment	950	950	874	(76)
Distressed municipalities	44	44	70	26
Miscellaneous	1	5	28	23
DUI and traffic enforcement grant		7	7	-
Bioterrorism grant	54	79	100	21
Health plan flu grant		15	30	15
Bulletproof vests				-
Total intergovernmental revenues	<u>23,200</u>	<u>23,385</u>	<u>23,266</u>	<u>(119)</u>
Investment Income	<u>449</u>	<u>449</u>	<u>225</u>	<u>(224)</u>
Charges for services:				
Town Clerk	925	925	1,249	324
Health department services	40	40	43	3
Parks and recreation	225	225	179	(46)
Planning and zoning	40	40	48	8
Fire Department services	9	9	3	(6)
Highway Department services	1	1		(1)
Engineering services	2	2	6	4
Assessors returns	1	1	1	-
School tuition and fees	575	657	631	(26)
School building rentals	14	63	63	-
Miscellaneous	2	28	40	12
Total charges for services	<u>1,834</u>	<u>1,991</u>	<u>2,263</u>	<u>272</u>

(Continued on next page)

## TOWN OF SOUTHTON, CONNECTICUT

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

**FOR THE YEAR ENDED JUNE 30, 2010**

**(In Thousands)**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		<u>Favorable (Unfavorable)</u>
Other revenues:				
Sale/lease of Town Property	\$ 10	\$ 11	\$ 23	\$ 12
Loss/damage to town property			12	12
Prior year appropriated funds returned		1	58	57
Miscellaneous		11	11	-
Fund balance utilized	495	495		(495)
Total other revenues	<u>505</u>	<u>518</u>	<u>104</u>	<u>(414)</u>
Transfer In	<u>152</u>	<u>152</u>	<u>41</u>	<u>(111)</u>
Total revenues and other financing sources	<u>\$ 118,834</u>	<u>\$ 119,213</u>	119,227	<u>\$ 14</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

6,140

Refunding bonds and premiums issued

11,835

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

\$ 137,202

## 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, 2010  
(In Thousands)

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
General Government				
Town Council:				
Personnel service	\$ 9	\$ 13	\$ 13	\$ -
Contractual services	19	22	21	1
Materials and supplies	9	9	7	2
Fixed charges	30	30	30	-
Continued appropriation		4	4	-
Total	<u>67</u>	<u>78</u>	<u>75</u>	<u>3</u>
Town Manager:				
Personnel service	176	172	172	-
Contractual services	20	37	36	1
Materials and supplies	7	5	5	-
Fixed charges	4	5	5	-
Total	<u>207</u>	<u>219</u>	<u>218</u>	<u>1</u>
Board of Finance:				
Personnel service	4	4	3	1
Contractual services	3	4	3	1
Fixed charges	1	1	1	-
Total	<u>7</u>	<u>9</u>	<u>7</u>	<u>2</u>
Finance Department:				
Personnel service	411	417	416	1
Materials and supplies	11	11	12	(1)
Fixed charges	2	1	1	-
Total	<u>424</u>	<u>429</u>	<u>429</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, 2010

(In Thousands)

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Town Clerk:				
Personnel service	\$ 222	\$ 230	\$ 230	\$ -
Contractual services	42	36	33	3
Materials and supplies	10	10	10	-
Fixed charges	3	3	2	1
Equipment	5	3	3	-
Total	<u>282</u>	<u>282</u>	<u>278</u>	<u>4</u>
Tax Department:				
Personnel service	232	228	221	7
Contractual services	18	26	22	4
Materials and supplies	47	51	44	7
Fixed charges	2	2	1	1
Equipment	1	1	-	1
Continued appropriations	-	1	1	-
Total	<u>300</u>	<u>309</u>	<u>289</u>	<u>20</u>
Assessor:				
Personnel service	270	270	262	8
Contractual services	51	51	38	13
Materials and supplies	15	15	15	-
Fixed charges	4	4	2	2
Equipment	19	19	18	1
Total	<u>359</u>	<u>359</u>	<u>335</u>	<u>24</u>
Board of Assessment Appeals:				
Personnel service	2	2	2	-
Contractual services	1	1		1
Total	<u>3</u>	<u>3</u>	<u>2</u>	<u>1</u>
Information Technology				
Equipment	<u>101</u>	<u>101</u>	<u>101</u>	<u>-</u>
Probate Court:				
Contractual services	5	4	4	-
Materials and supplies	6	7	7	-
Total	<u>11</u>	<u>11</u>	<u>11</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, 2010

(In Thousands)

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Town Attorney/Legal:				
Personnel service	\$ 181	\$ 181	\$ 181	\$ -
Contractual services	52	76	76	-
Materials and supplies	4	4	2	2
Fixed charges	3	3	1	2
Total	<u>240</u>	<u>264</u>	<u>260</u>	<u>4</u>
Elections Department:				
Personnel service	102	94	80	14
Contractual services	5	5	3	2
Materials and supplies	29	29	13	16
Fixed charges	4	4	2	2
Equipment	5	5	3	2
Total	<u>145</u>	<u>137</u>	<u>101</u>	<u>36</u>
Insurance:				
Fixed charges	<u>1,056</u>	<u>969</u>	<u>890</u>	<u>79</u>
Annual Audit:				
Fixed charges	<u>33</u>	<u>33</u>	<u>33</u>	<u>-</u>
Total general government	<u>3,238</u>	<u>3,206</u>	<u>3,032</u>	<u>174</u>
Public Safety				
Police Department:				
Personnel service	5,694	5,527	5,473	54
Contractual services	192	311	263	48
Materials and supplies	271	254	202	52
Fixed charges	135	170	170	-
Equipment	347	383	359	24
Continued appropriations		126	126	-
Total	<u>6,639</u>	<u>6,771</u>	<u>6,593</u>	<u>178</u>
Central Dispatch:				
Personnel service	528	540	538	2
Contractual services	50	51	44	7
Total	<u>578</u>	<u>591</u>	<u>582</u>	<u>9</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, 2010  
(In Thousands)

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Fire Department:				
Personnel service	\$ 3,054	\$ 3,148	\$ 3,148	\$ -
Contractual services	306	274	255	19
Materials and supplies	72	72	62	10
Fixed charges	122	122	121	1
Equipment	168	177	174	3
Continued appropriations	-	26	26	-
Total	<u>3,722</u>	<u>3,819</u>	<u>3,786</u>	<u>33</u>
Fire Hydrant rentals:				
Fixed charges	<u>409</u>	<u>409</u>	<u>401</u>	<u>8</u>
Safety Program:				
Contractual services	21	24	24	-
Materials and supplies	34	31	30	1
Total	<u>55</u>	<u>55</u>	<u>54</u>	<u>1</u>
Parking Authority:				
Personnel service	1	1	1	-
Contractual services	17	17	7	10
Materials and supplies	3	2	2	-
Continued appropriations		11	2	9
Total	<u>21</u>	<u>31</u>	<u>12</u>	<u>19</u>
Total public safety	<u>11,424</u>	<u>11,676</u>	<u>11,428</u>	<u>248</u>
Public Works:				
Town Hall and Annex:				
Contractual services	164	155	153	2
Materials and supplies	5	5	3	2
Total	<u>169</u>	<u>160</u>	<u>156</u>	<u>4</u>
Historical Buildings:				
Contractual services	6	6	4	2
Continued appropriations		10	3	7
Total	<u>6</u>	<u>16</u>	<u>7</u>	<u>9</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, 2010

(In Thousands)

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Sylvia Bradley Historical Society:				
Contractual services	\$ 20	\$ 20	\$ 17	\$ 3
Capital outlay	11	11	12	(1)
Total	<u>31</u>	<u>31</u>	<u>29</u>	<u>2</u>
Engineering Department:				
Personnel service	598	598	559	39
Contractual services	12	11	5	6
Materials and supplies	20	20	20	-
Fixed charges	2	3	3	-
Total	<u>632</u>	<u>632</u>	<u>587</u>	<u>45</u>
Highway Department:				
Personnel service	1,465	1,420	1,406	14
Contractual services	530	548	538	10
Materials and supplies	108	108	76	32
Fixed charges	52	52	45	7
Capital outlay	115	124	119	5
Continued appropriations		25	24	1
Total	<u>2,270</u>	<u>2,277</u>	<u>2,208</u>	<u>69</u>
Snow and Ice Removal:				
Personnel service	130	130	114	16
Contractual services	175	150	142	8
Materials and supplies	480	448	443	5
Total	<u>785</u>	<u>728</u>	<u>699</u>	<u>29</u>
Street Lighting:				
Contractual services	369	402	381	21
Capital outlay	94	94	94	-
Total	<u>463</u>	<u>496</u>	<u>475</u>	<u>21</u>
Tree Maintenance:				
Contractual services	19	19	19	-

(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, 2010

(In Thousands)

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Bulky Waste Transfer Station:				
Personnel service	\$ 93	\$ 113	\$ 107	\$ 6
Contractual services	257	312	295	17
Total	<u>350</u>	<u>425</u>	<u>402</u>	<u>23</u>
Environmental Problems:				
Contractual services	300	290	182	-
Total	<u>300</u>	<u>290</u>	<u>182</u>	<u>108</u>
Total Public Works	<u>5,025</u>	<u>5,074</u>	<u>4,764</u>	<u>310</u>
Health and Welfare:				
Community Services:				
Personnel service	145	145	144	1
Materials and supplies	30	35	15	20
Fixed charges	31	26	26	-
Total	<u>206</u>	<u>206</u>	<u>185</u>	<u>21</u>
Health Department:				
Personnel service	288	290	290	-
Contractual services	126	165	118	47
Materials and supplies	12	19	16	3
Fixed charges	31	31	29	2
Equipment	1	1	1	-
Continued appropriations		35	14	21
Total	<u>458</u>	<u>541</u>	<u>468</u>	<u>73</u>
Mental Health:				
Fixed charges	<u>3</u>	<u>3</u>	<u>3</u>	<u>-</u>
Nonpublic School Nurses:				
Contractual services	<u>96</u>	<u>101</u>	<u>101</u>	<u>-</u>
Drug Task Force:				
Contractual services	4	4	3	1
Continued Appropriations		1		1
Total	<u>4</u>	<u>5</u>	<u>3</u>	<u>2</u>
Total Health and Welfare	<u>767</u>	<u>856</u>	<u>760</u>	<u>96</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, 2010

(In Thousands)

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Human Services:				
Youth Counseling:				
Personnel service	\$ 234	\$ 257	\$ 255	\$ 2
Contractual services	6	6	5	1
Materials and supplies	1	1	1	-
Fixed charges	2	2	2	-
Equipment	2	2	1	1
Continued appropriations		1	1	-
Total	<u>245</u>	<u>269</u>	<u>265</u>	<u>4</u>
Commission on the Handicapped:				
Materials and supplies	1	1	1	-
Fixed charges	9	9	8	1
Total	<u>10</u>	<u>10</u>	<u>9</u>	<u>1</u>
Community Assistance:				
Fixed charges	<u>49</u>	<u>49</u>	<u>49</u>	<u>-</u>
Calendar House-Senior Citizens:				
Personnel service	309	310	307	3
Contractual services	82	83	69	14
Materials and supplies	13	14	13	1
Fixed charges	50	51	35	16
Capital outlay	11	51	51	-
Total	<u>465</u>	<u>509</u>	<u>475</u>	<u>34</u>
Southington Housing Authority:				
Fixed charges	<u>23</u>	<u>23</u>	<u>21</u>	<u>2</u>
Total	<u>23</u>	<u>23</u>	<u>21</u>	<u>2</u>
Total Human Services	<u>792</u>	<u>860</u>	<u>819</u>	<u>41</u>
Parks and Recreation:				
Parks Department:				
Personnel service	602	593	563	30
Contractual services	204	176	150	26
Materials and supplies	25	25	19	6
Fixed charges	149	178	177	1
Capital outlay	93	104	95	9
Total	<u>1,073</u>	<u>1,076</u>	<u>1,004</u>	<u>72</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, 2010

(In Thousands)

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Recreation Department:				
Personnel service	\$ 320	\$ 310	\$ 310	\$ -
Contractual services	77	62	62	-
Materials and supplies	23	22	22	-
Fixed charges	162	163	77	86
Total	<u>582</u>	<u>557</u>	<u>471</u>	<u>86</u>
Community Celebrations:				
Fixed charges	<u>5</u>	<u>5</u>	<u>5</u>	<u>-</u>
Organized Recreation:				
Fixed charges	<u>80</u>	<u>88</u>	<u>88</u>	<u>-</u>
Total Parks and Recreation	<u>1,740</u>	<u>1,726</u>	<u>1,568</u>	<u>158</u>
Library:				
Public Library:				
Personnel service	895	890	876	14
Contractual services	109	108	107	1
Materials and supplies	36	38	38	-
Fixed charges	182	182	179	3
Capital outlay	55	59	59	-
Continued appropriations		10	10	-
Total	<u>1,277</u>	<u>1,287</u>	<u>1,269</u>	<u>18</u>
Barnes Museum:				
Personnel service	70	70	69	1
Contractual services	23	23	21	2
Materials and supplies	2	2	2	-
Total	<u>95</u>	<u>95</u>	<u>92</u>	<u>3</u>
Total Library	<u>1,372</u>	<u>1,382</u>	<u>1,361</u>	<u>21</u>
Planning and Development:				
Economic Development Commission:				
Personnel service	126	126	119	7
Materials and supplies	2	2	2	-
Fixed charges	2	2	2	-
Total	<u>130</u>	<u>130</u>	<u>123</u>	<u>7</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, 2010  
(In Thousands)

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Building Department:				
Personnel service	\$ 341	\$ 341	\$ 339	\$ 2
Contractual services	5	5	4	1
Materials and supplies	6	6	5	1
Fixed charges	8	8	6	2
Total	<u>360</u>	<u>360</u>	<u>354</u>	<u>6</u>
Planning and Zoning:				
Personnel service	293	293	289	4
Contractual services	44	45	36	9
Materials and supplies	10	9	9	-
Fixed charges	1	1	1	-
Total	<u>348</u>	<u>348</u>	<u>335</u>	<u>13</u>
Zoning Board of Appeals:				
Personnel service	5	5	5	-
Contractual services	8	8	7	1
Materials and supplies	2	2	2	-
Total	<u>15</u>	<u>15</u>	<u>14</u>	<u>1</u>
Conservation Commission:				
Personnel service	4	4	3	1
Contractual services	11	11	4	7
Materials and supplies	2	2	2	-
Fixed charges	1	1	-	1
Total	<u>18</u>	<u>18</u>	<u>9</u>	<u>9</u>
Total Planning and Development	<u>871</u>	<u>871</u>	<u>835</u>	<u>36</u>
Miscellaneous:				
Land Lease:				
Fixed charges	1	1	1	-
Nonlegal professional services:				
Professional services	50	50	39	11
Continued appropriations		5	5	-
Total Miscellaneous	<u>51</u>	<u>56</u>	<u>45</u>	<u>11</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, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Employee Benefits:				
Medical and group insurance:				
Fixed charges	\$ 3,421	\$ 3,421	\$ 3,388	\$ 33
Heart and Hypertension:				
Fixed charges	1,121	1,065	1,063	2
Continued appropriations		41	41	-
Total Heart and Hypertension	<u>1,121</u>	<u>1,106</u>	<u>1,104</u>	<u>2</u>
Employee Retirement:				
Municipal:				
Fixed charges	3,095	3,031	2,849	182
Police:				
Fixed charges	112	107	107	-
Unemployment Compensation:				
Fixed charges	10	20	19	1
Total	<u>3,217</u>	<u>3,158</u>	<u>2,975</u>	<u>183</u>
Accumulated Payout:				
Fixed charges	<u>80</u>	<u>113</u>	<u>113</u>	<u>-</u>
Tuition Reimbursement:				
Fixed charges	<u>11</u>	<u>2</u>	<u>2</u>	<u>-</u>
Medical Services:				
Fixed charges	<u>5</u>	<u>5</u>	<u>2</u>	<u>3</u>
Total Employee Benefits	<u>7,855</u>	<u>7,805</u>	<u>7,584</u>	<u>221</u>
Debt Service				
Debt service - principal:				
Town and Sewer	1,837	1,872	1,872	-
Schools	<u>2,259</u>	<u>2,353</u>	<u>2,353</u>	<u>-</u>
Total	<u>4,096</u>	<u>4,225</u>	<u>4,225</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, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Debt service - interest:				
Town and Sewer	\$ 1,046	\$ 1,022	\$ 896	\$ 126
Schools	1,062	958	958	-
Total	<u>2,108</u>	<u>1,980</u>	<u>1,854</u>	<u>126</u>
Total Debt Service	<u>6,204</u>	<u>6,205</u>	<u>6,079</u>	<u>126</u>
Board of Education:				
School operations	76,333	77,256	77,228	28
Building maintenance	117	117	108	9
Continued Appropriations		85	85	-
Total Board of Education	<u>76,450</u>	<u>77,458</u>	<u>77,421</u>	<u>37</u>
Contingency	825	495		495
Total expenditures	<u>116,614</u>	<u>117,670</u>	<u>115,696</u>	<u>1,974</u>
Other Financing Uses:				
Transfers out	<u>2,220</u>	<u>2,720</u>	<u>2,720</u>	<u>-</u>
Total	<u>\$ 118,834</u>	<u>\$ 120,390</u>	118,416	<u>\$ 1,974</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			6,140	
Accrued payroll is reported as expenditure for GAAP purchases			32	
Payment to refunded bond escrow agent and issue costs			<u>11,834</u>	
Total Expenditures and Other Financing Uses as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds - Exhibit IV			<u>\$ 136,422</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, 2010 AND 2009

(In Thousands)

	<u>2010</u>	<u>2009</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 15,396	\$ 14,230
Property taxes receivable, net of allowance for uncollectible accounts of \$118 in 2010 and \$139 in 2009	2,421	2,296
Due from State of Connecticut	435	1,682
Accounts receivable	54	175
Due from other funds	203	433
Inventories	54	39
Total Assets	<u>\$ 18,563</u>	<u>\$ 18,855</u>
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Accounts payable and accrued liabilities	\$ 2,780	\$ 2,362
Due to other funds	133	423
Due to State of Connecticut	295	278
Deferred revenue	2,105	3,322
Total liabilities	<u>5,313</u>	<u>6,385</u>
Fund balance:		
Reserved for encumbrances		387
Reserved for inventory	54	39
Unreserved:		
Designated for continued appropriations	90	
Designated for subsequent year's budget	425	495
Designated for Board of Education operations		791
Undesignated	12,680	10,758
Total fund balance	<u>13,250</u>	<u>12,470</u>
Total Liabilities and Fund Balance	<u>\$ 18,563</u>	<u>\$ 18,855</u>

## TOWN OF SOUTHLINGTON, CONNECTICUT

## GENERAL FUND

## REPORT OF TAX COLLECTOR

FOR THE YEAR ENDED JUNE 30, 2010

(In Thousands)

Grand List	Uncollected Taxes July 1, 2009	Lawful Corrections		Transfers To Suspense	Adjusted Taxes Collectible	Collections			Amount Paid to Treasurer	Credit Balances	Uncollected Taxes June 30, 2010
		Additions	Deductions			Taxes	Interest	Warrants Liens/Fees			
2008	\$ 92,740	\$ 35	\$ 390	\$ 47	\$ 92,338	\$ 91,192	\$ 258	\$ 1	\$ 91,451	\$ 197	\$ 1,343
2007	1,411	4	23	42	1,350	737	152	5	894	20	633
2006	532	1	3	23	507	243	90	2	335	1	265
2005	219		2	2	215	93	56	1	150	1	123
2004	110		1	1	108	51	24		75	1	58
2003	49				49	17	14		31		32
2002	33				33	12	16		28		21
2001	19				19	7	10		17		12
2000	12				12	3	4		7		9
1999	9				9	2	2		4		7
1998	8				8		1		1		8
1997	8				8				-		8
1996	8				8				-		8
1995	7				7				-		7
1994	5				5				-		5
	<u>\$ 95,170</u>	<u>\$ 40</u>	<u>\$ 419</u>	<u>\$ 115</u>	<u>\$ 94,676</u>	<u>\$ 92,357</u>	<u>\$ 627</u>	<u>\$ 9</u>	<u>\$ 92,993</u>	<u>\$ 220</u>	<u>\$ 2,539</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.
Community Services	Contributions	Community services
Drive In Theatre	Charges for services	Improvements to the Drive-In theatre site

### 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 SOUTHTON, CONNECTICUT

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDSJUNE 30, 2010  
(In Thousands)

	Special Revenue						
	Cafeteria	Animal Control	Federal and State Education Grants	Police Auction	Refuse	Police Special Duty	Sewer Assessment
<b>ASSETS</b>							
Cash and cash equivalents	\$ 124	\$ 89	\$ 279	\$ 3	\$	\$	\$ 1,264
Investments							
Sewer assessments receivable							849
Accounts receivable	84		106		232	287	2
Due from other funds					35		
Inventories	52						
Total Assets	<u>\$ 260</u>	<u>\$ 89</u>	<u>\$ 385</u>	<u>\$ 3</u>	<u>\$ 267</u>	<u>\$ 287</u>	<u>\$ 2,115</u>
<b>LIABILITIES AND FUND BALANCES</b>							
Liabilities:							
Accounts payable and accrued liabilities	\$ 9	\$ 21	\$ 38	\$	\$ 185	\$ 12	\$ 13
Due to other funds			203		66	84	
Due to State of Connecticut			21				
Deferred revenue			65				838
Other liabilities					14		1
Total liabilities	<u>\$ 9</u>	<u>\$ 21</u>	<u>\$ 327</u>	<u>\$ -</u>	<u>\$ 265</u>	<u>\$ 96</u>	<u>\$ 852</u>
Fund Balances:							
Reserved:							
Inventory	52						
Unreserved:							
Undesignated	199	68	58	3	2	191	1,263
Total fund balance	<u>251</u>	<u>68</u>	<u>58</u>	<u>3</u>	<u>2</u>	<u>191</u>	<u>1,263</u>
Total Liabilities and Fund Balances	<u>\$ 260</u>	<u>\$ 89</u>	<u>\$ 385</u>	<u>\$ 3</u>	<u>\$ 267</u>	<u>\$ 287</u>	<u>\$ 2,115</u>

(Continued on next page)

## TOWN OF SOUTHLINGTON, CONNECTICUT

COMBINING BALANCE SHEET (CONTINUED)  
NONMAJOR GOVERNMENTAL FUNDSJUNE 30, 2010  
(In Thousands)

	Special Revenue								Total
	Apple Harvest Festival	Police Forfeiture	Town Special Revenue	Child Development Center	Library Trust	Excavation Permit	Communit Services	Drive In Theatre	
<b>ASSETS</b>									
Cash and cash equivalents	\$ 71	\$ 14	\$ 272	\$ -	\$ 9	\$ 469	\$ 37	\$ 4	2,636
Investments									-
Sewer assessments receivable									849
Accounts receivable			8						719
Due from other funds					98				133
Inventories									52
Total Assets	<u>\$ 71</u>	<u>\$ 14</u>	<u>\$ 280</u>	<u>\$ -</u>	<u>\$ 107</u>	<u>\$ 469</u>	<u>\$ 37</u>	<u>\$ 4</u>	<u>\$ 4,389</u>
<b>LIABILITIES AND FUND BALANCES</b>									
Liabilities:									
Accounts payable and accrued liabilities	\$ 4	\$ -	\$ 16	\$ -	\$ -	\$ 1	\$ 1	\$ 2	303
Due to other funds									353
Due to State of Connecticut									21
Deferred revenue						276			1,179
Other liabilities						167			182
Total liabilities	<u>4</u>	<u>-</u>	<u>16</u>	<u>-</u>	<u>-</u>	<u>444</u>	<u>1</u>	<u>2</u>	<u>2,038</u>
Fund Balances:									
Reserved:									
Inventory									52
Unreserved:									
Undesignated	67	14	264	-	107	25	36	2	2,299
Total fund balance	<u>67</u>	<u>14</u>	<u>264</u>	<u>-</u>	<u>107</u>	<u>25</u>	<u>36</u>	<u>2</u>	<u>2,351</u>
Total Liabilities and Fund Balances	<u>\$ 71</u>	<u>\$ 14</u>	<u>\$ 280</u>	<u>\$ -</u>	<u>\$ 107</u>	<u>\$ 469</u>	<u>\$ 37</u>	<u>\$ 4</u>	<u>\$ 4,389</u>

(Continued on next page)

TOWN OF SOUTHLINGTON, CONNECTICUT

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2010  
(In Thousands)

	Permanent					Total	Total Nonmajor Governmental Funds
	Edna Woodruff	Addin Lewis	Julia Bradley Library	Board of Education Scholarship	Library Trust		
<b>ASSETS</b>							
Cash and cash equivalents	\$	\$	\$ 1	\$ 287	\$ 25	\$ 313	\$ 2,949
Investments	2	4		259	300	565	565
Sewer assessments receivable						-	849
Accounts receivable						-	719
Due from other funds						-	133
Inventories						-	52
Total Assets	<u>\$ 2</u>	<u>\$ 4</u>	<u>\$ 1</u>	<u>\$ 546</u>	<u>\$ 325</u>	<u>\$ 878</u>	<u>\$ 5,267</u>
<b>LIABILITIES AND FUND BALANCES</b>							
Liabilities:							
Accounts payable and accrued liabilities	\$	\$	\$	\$	\$	\$ -	\$ 303
Due to other funds						-	353
Due to State of Connecticut						-	21
Deferred revenue						-	1,179
Other liabilities						-	182
Total liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,038</u>
Fund Balances:							
Reserved:							
Inventory							52
Unreserved:							
Undesignated	2	4	1	546	325	878	3,177
Total fund balance	<u>2</u>	<u>4</u>	<u>1</u>	<u>546</u>	<u>325</u>	<u>878</u>	<u>3,229</u>
Total Liabilities and Fund Balances	<u>\$ 2</u>	<u>\$ 4</u>	<u>\$ 1</u>	<u>\$ 546</u>	<u>\$ 325</u>	<u>\$ 878</u>	<u>\$ 5,267</u>

TOWN OF SOUTHTON, CONNECTICUT

COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2010  
(In Thousands)

Special Revenue

	<u>Cafeteria</u>	<u>Animal Control</u>	<u>Federal and State Education Grants</u>	<u>Police Auction</u>	<u>Refuse</u>	<u>Police Special Duty</u>	<u>Sewer Assessment</u>	<u>Apple Harvest Festival</u>
Revenues:								
Contributions	\$	\$	\$	\$	\$	\$	\$	\$ 24
Intergovernmental	371		4,378					
Charges for services	1,266	10		1	2,015	904	206	123
Income on investments							30	
Net increase (decrease) in fair value of investments								
Total revenues	<u>1,637</u>	<u>10</u>	<u>4,378</u>	<u>1</u>	<u>2,015</u>	<u>904</u>	<u>236</u>	<u>147</u>
Expenditures:								
Current:								
General government								
Public safety		189				849		
Public works					2,015			118
Health and welfare								
Human services								
Parks and recreation								
Public library								
Education	1,641		4,414					
Debt service							523	
Total expenditures	<u>1,641</u>	<u>189</u>	<u>4,414</u>	<u>-</u>	<u>2,015</u>	<u>849</u>	<u>523</u>	<u>118</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(4)</u>	<u>(179)</u>	<u>(36)</u>	<u>1</u>	<u>-</u>	<u>55</u>	<u>(287)</u>	<u>29</u>
Other Financing Sources (Uses):								
Transfers in		196						
Transfers out						(41)		
Total other financing sources (uses)	<u>-</u>	<u>196</u>	<u>-</u>	<u>1</u>	<u>-</u>	<u>(41)</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(4)	17	(36)	1	-	14	(287)	29
Fund Balances at Beginning of Year	<u>255</u>	<u>51</u>	<u>94</u>	<u>2</u>	<u>2</u>	<u>177</u>	<u>1,550</u>	<u>38</u>
Fund Balances at End of Year	<u>\$ 251</u>	<u>\$ 68</u>	<u>\$ 58</u>	<u>\$ 3</u>	<u>\$ 2</u>	<u>\$ 191</u>	<u>\$ 1,263</u>	<u>\$ 67</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, 2010  
(In Thousands)

Special Revenue

	<u>Police Forfeiture</u>	<u>Town Special Revenue</u>	<u>Child Development Center</u>	<u>Library Trust</u>	<u>Excavation Permit</u>	<u>Community Services</u>	<u>Drive In Theatre</u>	<u>Total</u>
Revenues:								
Contributions	\$	\$	\$	\$	\$	\$ 33	\$	\$ 57
Intergovernmental		104	344	5			-	5,202
Charges for services	13	126		7	108		4	4,783
Income on investments				1				31
Net increase (decrease) in fair value of investments								-
Total revenues	<u>13</u>	<u>230</u>	<u>344</u>	<u>13</u>	<u>108</u>	<u>33</u>	<u>4</u>	<u>10,073</u>
Expenditures:								
Current:								
General government		5						5
Public safety	82	41						1,161
Public works		5			106			2,244
Health and welfare		9						9
Human services		49	344			31		424
Parks and recreation							2	2
Public library		14		51				65
Education								6,055
Debt service								523
Total expenditures	<u>82</u>	<u>123</u>	<u>344</u>	<u>51</u>	<u>106</u>	<u>31</u>	<u>2</u>	<u>10,488</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(69)</u>	<u>107</u>	<u>-</u>	<u>(38)</u>	<u>2</u>	<u>2</u>	<u>2</u>	<u>(415)</u>
Other Financing Sources (Uses):								
Transfers in		5		5				206
Transfers out						(5)		(46)
Total other financing sources (uses)	<u>-</u>	<u>5</u>	<u>-</u>	<u>5</u>	<u>-</u>	<u>(5)</u>	<u>-</u>	<u>160</u>
Net Change in Fund Balances	(69)	112	-	(33)	2	(3)	2	(255)
Fund Balances at Beginning of Year	<u>83</u>	<u>152</u>	<u>-</u>	<u>140</u>	<u>23</u>	<u>39</u>	<u>-</u>	<u>2,606</u>
Fund Balances at End of Year	<u>\$ 14</u>	<u>\$ 264</u>	<u>\$ -</u>	<u>\$ 107</u>	<u>\$ 25</u>	<u>\$ 36</u>	<u>\$ 2</u>	<u>\$ 2,351</u>

(Continued on next page)

## TOWN OF SOUTHBINGTON, CONNECTICUT

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

**FOR THE YEAR ENDED JUNE 30, 2010  
(In Thousands)**

	<u>Permanent</u>						<u>Interfund Eliminations</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>		
Revenues:								
Contributions	\$	\$	\$	\$ 124	\$ 14	\$ 138	\$	\$ 195
Intergovernmental						-		5,202
Charges for services						-		4,783
Income on investments				8		8		39
Net increase (decrease) in fair value of investments				7	34	41		41
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>139</u>	<u>48</u>	<u>187</u>	<u>-</u>	<u>10,260</u>
Expenditures:								
Current:								
General government						-		5
Public safety						-		1,161
Public works						-		2,244
Health and welfare						-		9
Human services						-		424
Parks and recreation						-		2
Public library					21	21		86
Education				58		58		6,113
Debt service								523
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>58</u>	<u>21</u>	<u>79</u>	<u>-</u>	<u>10,567</u>
Excess (Deficiency) of Revenues over Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>81</u>	<u>27</u>	<u>108</u>	<u>-</u>	<u>(307)</u>
Other Financing Sources (Uses):								
Transfers in						-	(5)	201
Transfers out					(5)	(5)	5	(46)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(5)</u>	<u>(5)</u>	<u>-</u>	<u>155</u>
Net Change in Fund Balances	-	-	-	81	22	103	-	(152)
Fund Balances at Beginning of Year	<u>2</u>	<u>4</u>	<u>1</u>	<u>465</u>	<u>303</u>	<u>775</u>	<u>-</u>	<u>3,381</u>
Fund Balances at End of Year	<u>\$ 2</u>	<u>\$ 4</u>	<u>\$ 1</u>	<u>\$ 546</u>	<u>\$ 325</u>	<u>\$ 878</u>	<u>\$ -</u>	<u>\$ 3,229</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, 2010 WITH COMPARATIVE TOTALS FOR 2009**  
**(In Thousands)**

	<u>Student Activity Fund</u>	<u>Escrow Deposit Fund</u>	<u>Totals</u>	
			<u>2010</u>	<u>2009</u>
Assets:				
Cash and cash equivalents	\$ 316	\$ 1,628	\$ 1,944	\$ 1,408
Investments	<u>213</u>		<u>213</u>	<u>131</u>
Total Assets	<u>\$ 529</u>	<u>\$ 1,628</u>	<u>\$ 2,157</u>	<u>\$ 1,539</u>
Liabilities:				
Fiduciary deposits	<u>\$ 529</u>	<u>\$ 1,628</u>	<u>\$ 2,157</u>	<u>\$ 1,539</u>

## TOWN OF SOUTHLINGTON, CONNECTICUT

## AGENCY FUNDS

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
FOR THE YEAR ENDED JUNE 30, 2010

(In Thousands)

	<u>Balance</u> <u>July 1, 2009</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2010</u>
<b>Student Activity Fund</b>				
Assets:				
Cash and cash equivalents	\$ 326	\$ 1,218	\$ 1,228	\$ 316
Investments	<u>131</u>	<u>82</u>	<u></u>	<u>213</u>
Total Assets	<u>\$ 457</u>	<u>\$ 1,300</u>	<u>\$ 1,228</u>	<u>\$ 529</u>
Liabilities:				
Fiduciary deposits	<u>\$ 457</u>	<u>\$ 1,300</u>	<u>\$ 1,228</u>	<u>\$ 529</u>
<b>Escrow Deposit</b>				
Assets:				
Cash and cash equivalents	<u>\$ 1,082</u>	<u>\$ 1,173</u>	<u>\$ 627</u>	<u>\$ 1,628</u>
Liabilities:				
Fiduciary deposits	<u>\$ 1,082</u>	<u>\$ 1,173</u>	<u>\$ 627</u>	<u>\$ 1,628</u>
<b>Total All Agency Funds</b>				
Assets:				
Cash and cash equivalents	\$ 1,408	\$ 2,391	\$ 1,855	\$ 1,944
Investments	<u>131</u>	<u>82</u>	<u></u>	<u>213</u>
Total Assets	<u>\$ 1,539</u>	<u>\$ 2,473</u>	<u>\$ 1,855</u>	<u>\$ 2,157</u>
Liabilities:				
Fiduciary deposits	<u>\$ 1,539</u>	<u>\$ 2,473</u>	<u>\$ 1,855</u>	<u>\$ 2,157</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 SOUTHTON, CONNECTICUT

## NET ASSETS BY COMPONENT

LAST SEVEN FISCAL YEARS  
(In Thousands)

	FISCAL YEAR						
	2010	2009	2008	2007	2006	2005	2004
Governmental Activities:							
Invested in capital assets, net of related debt	\$ 99,125	\$ 119,767	\$ 112,125	\$ 111,260	\$ 63,374	\$ 65,692	\$ 53,356
Restricted	985	1,023	1,023	980	919	898	890
Unrestricted	2,235	(22,128)	(14,999)	(13,067)	(3,053)	(9,534)	(2,779)
Total governmental activities net assets	<u>102,345</u>	<u>98,662</u>	<u>98,149</u>	<u>99,173</u>	<u>61,240</u>	<u>57,056</u>	<u>51,467</u>
Business-type Activities:							
Invested in capital assets, net of related debt	47,102	44,662	33,460	31,564	30,968	30,277	29,922
Unrestricted	790	483	1,065	1,648	2,397	2,641	2,302
Total business-type activities net assets	<u>47,892</u>	<u>45,145</u>	<u>34,525</u>	<u>33,212</u>	<u>33,365</u>	<u>32,918</u>	<u>32,224</u>
Primary Government:							
Invested in capital assets, net of related debt	146,227	164,429	145,585	142,824	94,342	95,969	83,278
Restricted	985	1,023	1,023	980	919	898	890
Unrestricted	3,025	(21,645)	(13,934)	(11,419)	(656)	(6,893)	(477)
Total Primary Government Net Assets	<u>\$ 150,237</u>	<u>\$ 143,807</u>	<u>\$ 132,674</u>	<u>\$ 132,385</u>	<u>\$ 94,605</u>	<u>\$ 89,974</u>	<u>\$ 83,691</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 SOUTHTON, CONNECTICUT

## CHANGE IN NET ASSETS

## LAST SEVEN YEARS

(In Thousands)

	FISCAL YEAR						
	2010	2009	2008	2007	2006	2005	2004
Expenses:							
Governmental activities:							
General government	\$ 4,495	\$ 3,318	\$ 6,627	\$ 5,916	\$ 5,763	\$ 5,935	\$ 5,462
Public safety	10,117	12,074	12,935	12,303	10,391	10,111	9,075
Public works	9,633	9,836	10,165	9,388	8,065	5,501	6,757
Health and welfare	941	1,024	766	778	760	737	606
Human resources	1,453	1,579	1,272	1,229	953	900	890
Parks and recreation	1,973	2,218	1,992	2,124	1,780	1,823	1,778
Public library	1,807	1,569	1,303	1,254	1,205	1,185	1,089
Planning and development	1,114	785	925	828	917	764	636
Employee fringe benefits	7,584	7,946	3,798	3,217	2,591	2,131	1,487
Education	91,968	89,694	106,877	81,356	77,447	71,556	67,754
Interest on long-term debt	2,060	1,697	1,931	1,697	1,688	2,088	1,264
Miscellaneous			56	35	370	80	322
Total governmental activities expenses	<u>133,145</u>	<u>131,740</u>	<u>148,647</u>	<u>120,125</u>	<u>111,930</u>	<u>102,811</u>	<u>97,120</u>
Business-type activities:							
Sewer	4,849	4,419	4,284	4,079	3,609	3,110	2,967
Total primary government expenses	<u>137,994</u>	<u>136,159</u>	<u>152,931</u>	<u>124,204</u>	<u>115,539</u>	<u>105,921</u>	<u>100,087</u>
Program revenues:							
Governmental activities:							
Charges for services	8,056	9,140	8,658	8,082	8,075	8,728	7,011
Operating grants and contributions	35,583	31,260	51,074	25,327	24,559	21,531	20,547
Capital grants and contributions	5,626	10,897	2,042	7,818	2,806	524	2,814
Total governmental activities program revenues	<u>49,265</u>	<u>51,297</u>	<u>61,774</u>	<u>41,227</u>	<u>35,440</u>	<u>30,783</u>	<u>30,372</u>
Business-type activities:							
Charges for services	3,727	3,058	2,655	2,256	2,309	2,396	2,310
Total primary government program revenues	<u>52,992</u>	<u>54,355</u>	<u>64,429</u>	<u>43,483</u>	<u>37,749</u>	<u>33,179</u>	<u>32,682</u>
Net (expense) revenue:							
Governmental activities	(83,880)	(80,443)	(86,873)	(78,898)	(76,490)	(72,028)	(66,748)
Business-type activities		(1,361)	(1,629)	(1,823)	(1,300)	(714)	(657)
Total primary government net expense	<u>(83,880)</u>	<u>(81,804)</u>	<u>(88,502)</u>	<u>(80,721)</u>	<u>(77,790)</u>	<u>(72,742)</u>	<u>(67,405)</u>
General revenues and other changes in net assets:							
Governmental activities:							
Property taxes	92,919	90,440	85,534	81,197	79,172	75,351	67,880
Grants and contributions not restricted to specific purposes	2,201	2,128	1,940	2,077	1,917	2,811	1,870
Unrestricted investment earnings	278	369	1,190	1,446	1,230	540	288
Miscellaneous	421		127	66	102	323	420
Total governmental activities	<u>95,819</u>	<u>92,937</u>	<u>88,791</u>	<u>84,786</u>	<u>82,421</u>	<u>79,025</u>	<u>70,458</u>
Total primary government	<u>95,819</u>	<u>92,937</u>	<u>88,791</u>	<u>84,786</u>	<u>82,421</u>	<u>79,025</u>	<u>70,458</u>
Changes in net assets:							
Governmental activities	8,070	513	(1,024)	4,218	4,184	5,589	3,404
Business-type activities	2,747	10,620	1,313	(153)	447	694	(351)
Total Primary Government	<u>\$ 10,817</u>	<u>\$ 11,133</u>	<u>\$ 289</u>	<u>\$ 4,065</u>	<u>\$ 4,631</u>	<u>\$ 6,283</u>	<u>\$ 3,053</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									
	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
General Fund:										
Reserved	\$ 54	\$ 426	\$ 365	\$ 255	\$ 414	\$ 560	\$ 571	\$ 561	\$ 343	\$ 848
Unreserved	<u>13,196</u>	<u>12,044</u>	<u>9,936</u>	<u>9,112</u>	<u>8,939</u>	<u>7,450</u>	<u>5,368</u>	<u>6,912</u>	<u>8,579</u>	<u>6,246</u>
Total General Fund	<u>\$ 13,250</u>	<u>\$ 12,470</u>	<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>
All other governmental funds:										
Reserved	\$ 52	\$ 44	\$ 59	\$ 54	\$ 51	\$ 38	\$ 40	\$ 34	\$ 56	\$ 55
Unreserved, reported in:										
Special revenue funds	2,299	2,562	2,063	2,199	2,208	2,007	1,506	1,468	1,240	1,249
Capital projects funds	(21,118)	(9,117)	(5,333)	(7,536)	(2,409)	(10,074)	(3,933)	(11,816)	(5,014)	6,435
Permanent funds	<u>878</u>	<u>775</u>	<u>872</u>	<u>826</u>	<u>769</u>	<u>747</u>	<u>725</u>	<u>680</u>		<u>807</u>
Total All Other Governmental Funds	<u>\$ (17,889)</u>	<u>\$ (5,736)</u>	<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>

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 SOUTHTON, CONNECTICUT**  
**CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**  
(In Thousands)

	FISCAL YEAR									
	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Revenues:										
Property taxes	\$ 92,650	\$ 90,440	\$ 85,341	\$ 82,036	\$ 79,246	\$ 74,746	\$ 68,072	\$ 64,360	\$ 62,286	\$ 56,329
Intergovernmental	41,267	43,615	55,366	34,901	29,342	24,784	25,087	26,734	35,739	28,155
Charges for services	7,724	7,764	5,135	4,914	4,873	5,071	4,329	4,373	3,242	
Income on investments	305	369	1,173	1,417	1,182	466	250	260		
Other revenues	559	1,423	3,588	3,387	3,725	4,023	4,079	2,704	3,632	10,382
<b>Total revenues</b>	<b>142,505</b>	<b>143,611</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>
Expenditures:										
General government	3,037	3,018	6,030	5,641	5,833	5,405	5,090	4,666	4,322	3,771
Public safety	12,589	12,398	12,193	12,055	10,442	9,784	9,075	9,061	8,878	8,508
Public works	7,008	8,341	7,469	6,867	7,321	6,970	6,441	6,031	5,840	6,548
Health and welfare	769	720	786	766	779	739	625	518	536	539
Human resources	1,243	1,498	1,280	1,223	916	862	852	905	866	780
Parks and recreation	1,570	2,071	1,935	1,946	1,930	1,724	1,656	1,524	1,554	1,309
Public library	1,447	1,594	1,311	1,245	1,184	1,146	1,130	1,130	1,015	1,059
Planning and development	835	841	829	816	937	779	738	720	690	657
Miscellaneous	77	147	56	35	370	80	322	134	48	63
Employee fringe benefits	7,584	6,920	4,007	3,647	3,057	2,476	2,056	1,811	1,908	1,647
Education	89,674	84,567	103,840	78,249	74,727	69,592	66,426	62,201	58,867	60,228
Debt service:										
Principal	4,767	4,955	4,460	4,530	3,394	4,669	4,123	4,516	4,962	3,864
Interest	1,970	1,126	1,135	1,075	1,610	*	*	*	*	*
Capital outlay	21,444	32,083	11,195	13,622	8,799	8,413	10,975	13,440	25,053	13,187
<b>Total expenditures</b>	<b>154,014</b>	<b>160,279</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>
Excess of revenue under expenditures	(11,509)	(16,668)	(5,923)	(5,062)	(2,931)	(3,549)	(7,692)	(8,226)	(9,640)	(7,294)
Other financing sources (uses):										
Bond proceeds	136	15,440	8,975							
Transfers in	2,766	2,912	3,527	1,947	2,007	2,240	2,272	4,008	2,731	3,279
Transfers out	(2,766)	(2,912)	(3,527)	(1,947)	(2,007)	(2,240)	(2,272)	(4,008)	(2,731)	(3,279)
<b>Total other financing sources</b>	<b>136</b>	<b>15,440</b>	<b>8,975</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Change in Fund Balances</b>	<b>\$ 780</b>	<b>\$ (1,228)</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>
Debt Service as a Percentage of Noncapital Expenditures	5.08%	3.95%	3.85%	4.75%	4.45%	4.48%	4.18%	4.84%	5.55%	4.57%

## 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 SOUTHTON, 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							
2010	2008	\$ 2,979,855	\$ 458,561	\$ 106,722	\$ 195,134	\$ 304,191	\$ 79,443	\$ 3,965,020	23.27	\$ 5,664,314	70%
2009	2007	2,955,185	439,931	105,021	186,024	319,488	85,934	3,919,715	23.02	5,599,593	70%
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%

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 SOUTHLINGTON, CONNECTICUT**

**PRINCIPAL PROPERTY TAX PAYERS**

**2008 AND 1999  
(In Thousands)**

<b>Taxpayer</b>	<b>October 1, 2008</b>			<b>October 1, 1999</b>		
	<b>Taxable Assessed Value</b>	<b>Rank</b>	<b>Percentage of Total Town Taxable Assessed Value</b>	<b>Taxable Assessed Value</b>	<b>Rank</b>	<b>Percentage of Total Town Taxable Assessed Value</b>
Connecticut Light & Power Co.	\$ 49,994	1	1.26%	\$ 25,570	1	1.24%
Lexington Southington LP (formerly Lepercq Corp.)	20,018	2	0.50%	9,459	5	0.46%
Galileo Queen Plaza LLC	15,453	3	0.39%			
Target Corporation	14,346	4	0.36%			
45 Newell Street (Yarde Metals)	13,355	5	0.34%			
Medex Inc (formerly Johnson & Johnson)	12,769	6	0.32%	24,527	2	1.19%
Yankee Gas	12,735	7	0.32%	7,904	6	0.38%
Widewaters (Home Depot)	10,850	8	0.27%			
Southington Route 10 Associates	10,820	9	0.27%			
Hartconn Corporation	10,545	10	0.27%	7,853	7	0.38%
Hartford Fire Insurance				15,127	4	0.73%
United Technologies Corp.				16,616	3	0.81%
Chancellor Gardens				7,765	8	0.38%
Central Connecticut Senior Care				6,614	9	0.32%
Lake Compounce/Kennywood Entertainment				6,327	10	0.31%
<b>Total</b>	<b>\$ 170,886</b>		<b>4.31%</b>	<b>\$ 127,762</b>		<b>6.19%</b>

71

Net Taxable Grand List 10/01/2008 of \$3,965,020,000

Net Taxable Grand List 10/01/1999 of \$2,064,002,000

Source: Town of Southington, Office of Tax Assessor

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

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

<u>Fiscal Year Ended June 30,</u>	<u>Grand List October 1,</u>	<u>Tax Rate In Mills</u>	<u>Taxes Levied For The Fiscal Year</u>	<u>Adjustments</u>	<u>Total Adjusted Levy</u>	<u>Collected Within the Fiscal Year of Levy</u>		<u>Collections In Subsequent Years</u>	<u>Total Collections to Date</u>	
						<u>Amount</u>	<u>Percentage of Levy</u>		<u>Amount</u>	<u>Percentage of Adjusted Levy</u>
2010	2008	23.27	\$ 92,337	\$	\$ 92,337	\$ 90,995	98.55 %	\$	\$ 90,995	98.55 %
2009	2007	23.02	90,298	60	90,238	88,887	98.44	717	89,604	99.30
2008	2006	21.88	84,776	90	84,686	83,662	98.69	759	84,421	99.69
2007	2005	21.40	81,627	118	81,509	80,617	98.76	768	81,385	99.85
2006	2004	29.43	78,877	281	78,596	77,798	98.63	741	78,539	99.93
2005	2003	28.43	74,195	200	73,995	72,967	98.34	996	73,963	99.96
2004	2002	26.60	68,598	153	68,445	67,532	98.45	892	68,424	99.97
2003	2001	25.30	64,187	632	63,555	63,118	98.33	425	63,543	99.98
2002	2000	28.90	61,521	196	61,325	60,526	98.38	790	61,316	99.99
2001	1999	26.90	55,878	184	55,694	54,782	98.04	904	55,686	99.99

## TOWN OF SOUTHTON, 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	Percentage of Taxable Assessed Value	Percentage of Personal Income	Debt Per Capita
	General Obligation Bonds	Capital Leases	Sewer				
2009	\$ 55,166	\$	\$	\$ 55,166	1.39 %	3.60 %	\$ 1,296.99
2009	59,584	137		59,721	1.52	4.35	1,413.51
2008	48,596	271		48,867	1.26	3.57	1,159.58
2007	43,466	399		43,865	1.15	3.19	1,038.25
2006	47,362	524		47,886	1.80	3.50	1,138.06
2005	38,581			38,581	1.49	2.84	924.69
2004	41,259			41,259	1.59	3.07	996.67
2003	29,945			29,945	1.18	2.25	731.38
2002	32,875			32,875	1.56	2.62	817.24
2001	35,866			35,866	1.74	2.89	902.79

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

**TOWN OF SOUTHLINGTON, 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>
2010	\$ 55,166	0.97 %	\$ 1,296.99
2009	59,584	1.06	1,410.27
2008	48,596	0.88	1,153.15
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

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 70 for property value data
- 2 Population data can be found in the Schedule of Demographic and Economic Statistics on page 77



**TOWN OF SOUTHTON, CONNECTICUT**

**LEGAL DEBT MARGIN INFORMATION**

**LAST TEN FISCAL YEARS**

(In Thousands)

	FISCAL YEAR									
	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Debt limitation	\$ 649,404	\$ 631,918	\$ 596,100	\$ 575,500	\$ 555,200	\$ 518,100	\$ 479,100	\$ 449,600	\$ 434,800	\$ 387,450
Total net debt applicable to limit	<u>83,766</u>	<u>92,150</u>	<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>
Legal Debt Margin	<u>\$ 565,638</u>	<u>\$ 539,768</u>	<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>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	<u>12.90%</u>	<u>14.58%</u>	<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>

76

Source: Comprehensive Annual Financial Report - Schedule of Debt Limitation

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

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

<u>Calendar Year</u>	<u>Population (1)</u>	<u>Per Capita Income (2)</u>	<u>Personal Income (3)</u>	<u>Median Age (4)</u>	<u>Public School Enrollment (5)</u>	<u>Unemployment Rate (6)</u>
2010	42,534	\$ 36,018	\$ 1,531,989,612	42.0	6,844	7.80 %
2009	42,250	32,517	1,373,843,250	42.0	6,904	7.10 %
2008	42,142	32,517	1,370,331,414	42.0	6,973	4.70 %
2007	42,249	32,517	1,373,810,733	42.0	6,996	4.00 %
2006	42,077	32,517	1,368,217,809	41.0	6,901	3.60 %
2005	41,723	32,517	1,356,706,791	41.0	6,890	4.30 %
2004	41,397	32,517	1,346,106,249	39.0	6,830	4.60 %
2003	40,943	32,517	1,331,343,531	39.0	6,833	5.10 %
2002	40,227	31,226	1,256,128,302	38.0	6,730	3.80 %
2001	39,728	31,226	1,240,546,528	38.0	6,755	2.90 %

## Source:

- (1) State of Connecticut Department of Public Health as of July 1st of Prior Year.
- (2) U.S. Census Bureau, 2006-2008 American Community Survey.
- (3) Personal Income = Population times Per Capita Personal Income.
- (3) State of Connecticut, Department of Economic and Community Development, CT Town Profiles
- (4) Connecticut Economic Resource Center (CERC), Town Profiles 2010.
- (5) Town of Southington, Board of Education.
- (6) State of Connecticut Department of Labor website Annual Averages. For 2010, June 2010 is utilized as an estimate. Next year it will be replaced with the Annual Average.

TOWN OF SOUTHTON, CONNECTICUT

PRINCIPAL EMPLOYERS

2010 AND 2001

Employer	Nature of Business	2010			2001		
		Employees	Rank	Percentage of Total Town Employment	Employees	Rank	Percentage of Total Town Employment
Town of Southington	Municipality	1,192	1	4.81%	1,046	3	4.58%
Hartford Insurance Group	Insurance	820	2	3.31%	1,650	1	7.22%
Hospital of Central CT: Bradley Memorial Hospital	Hospital	377	3	1.52%	260	5	1.14%
Yarde Metals	Manufacturing	368	4	1.49%			
Southington Care Center	Health Care Practice	307	5	1.24%			
Smith's Medical (Medex Inc.)	Manufacturing	279	6	1.13%			
The Home Depot	Retail Chain	217	7	0.88%	380	4	1.66%
Price Chopper	Retail Chain	191	8	0.77%			
Wal-Mart	Retail Chain	183	9	0.74%			
Stop & Shop	Retail Chain	179	10	0.72%			
Ideal Forging Corp.	Manufacturing				180	6	0.79%
Lori Lock Corporation	Security Equipment				150	7	0.66%
J J Ryan Corporation	Manufacturing				120	8	0.53%
Johnson & Johnson Medical	Manufacturing				1,250	2	5.47%
Economy Spring and Stamping	Manufacturing				100	9	0.44%
Les Care Kitchens	Manufacturing				100	10	0.44%
Total		<u>4,113</u>		<u>16.61%</u>	<u>5,236</u>		<u>22.92%</u>

FY 2001 Labor Force 22,843

FY 2010 Labor Force 24,768

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

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

79

<b>Function/Program</b>	<b>Full-Time Equivalent Employees as of June 30, 2010</b>									
	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>	<b>2002</b>	<b>2001</b>
General government	58	57	57	55	52	50	49	49	49	50
Police	85	85	85	79	79	77	76	77	74	78
Fire	33	33	32	33	32	32	32	32	32	32
Public works	35	37	37	37	35	34	33	33	32	32
Parks and recreation	11	13	13	13	13	12	12	12	12	10
Library and Barnes	20	19	19	18	18	18	18	18	18	18
Education <sup>(1)</sup>	931	904	907	890	871	858	856	855	849	811
Sewer plant and office	13	12	13	13	12	12	12	12	12	12
<b>Total</b>	<b>1,186</b>	<b>1,160</b>	<b>1,163</b>	<b>1,138</b>	<b>1,112</b>	<b>1,093</b>	<b>1,088</b>	<b>1,088</b>	<b>1,078</b>	<b>1,043</b>

Notes:

(1) 2010 - Education includes food service workers

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 2009 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									
	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
General government:										
Building permits issued	1,210	1,181	1,311	1,464	1,541	1,701	1,594	1,343	1,191	1,254
Police:										
Physical arrests	1,000	971	1,247	1,265	967	1,049	2,462	1,565	1,267	1,488
Parking violations	867	1,123	500	892	785	362	492	331	601	517
Traffic violations	10,791	9,014	8,923	8,009	7,435	6,607	4,149	4,252	4,673	7,355
Fire:										
Emergency responses/Fire calls	1,808	1,911	2,083	2,058	1,927	1,940	2,036	2,068	1,941	1,808
Inspections	2,592	2,805	1,775	2,381	2,313	2,642	2,170	2,700	3,211	2,908
Refuse collection:										
Average refuse collected (tons per day)	121	131	146	153	126	117	118	110	102	114
Average recyclables collected (tons per day)	13	11	10	8	11	11	12	11	10	11
Other public works:										
Street resurfacing (miles)	3	4	5	4	5	4	4	5	7	5
Library:										
Total volumes loaned/Combined lending	708,039	651,120	572,071	439,685	321,596	307,911	276,957	260,399	253,951	220,237
Water:										
New connections	84	112	212	127	236	133	171	97	130	188
Average daily consumption (thousands of gallons)	3,559	3,929	3,887	4,002	3,950	3,612	3,710	3,760	3,815	3,830
Wastewater:										
Average daily sewage treatment (thousands of gallons)	5,000	5,030	4,690	4,900	5,200	4,420	4,700	4,250	3,620	4,250

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									
	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	22	23	21	21	21	21	20	20	20	20
Fire stations	4	4	4	4	4	4	4	4	4	4
Other public works:										
Streets (miles)	198	197	196	195	194	193	190	188	187	187
Streetlights	4,173	4,011	4,011	3,973	3,945	3,692	3,692	3,692	3,692	3,692
Traffic signals	6	6	5	5	5	5	5	5	5	5
Parks and recreation:										
Acreage	351	351	351	351	351	351	351	295	243	243
Parks	10	10	10	10	10	10	10	9	7	7
Swimming Pools	2	2	2	2	2	2	2	2	2	2
Tennis Courts	10	10	10	10	10	10	11	11	11	11
Water:										
Water mains (miles)	196	195	193	190	190	190	190	189	188	187
Fire hydrants	1,358	1,345	1,301	1,268	1,268	1,260	1,245	1,225	1,214	1,198
Storage capacity (thousands of gallons)	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000
Wastewater:										
Storm sewers (miles)	138	138	137	137	136	135	133	132	131	131
Treatment capacity (thousands of gallons)	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500

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