

**TOWN OF SOUTHLINGTON,  
CONNECTICUT**



**COMPREHENSIVE  
ANNUAL FINANCIAL REPORT  
FISCAL YEAR ENDED JUNE 30, 2011**

# **Comprehensive Annual Financial Report**

of the

## **Town of Southington Connecticut**

Fiscal Year Ended June 30, 2011

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

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

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# **Introductory Section**

**TOWN OF SOUTHLINGTON, CONNECTICUT**

**PRINCIPAL OFFICIALS**

**JUNE 30, 2011**

**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**

Garry Brumback

**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 and Parks  
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  
David Lapreay  
Steven Wlodkowski  
Marilyn Dorau  
Leslie Cotton  
Richard Lopatosky  
John DeGioia  
Susan Saucier  
Robert Verderame

**Board of Finance**

Wayne Stanforth, Chairperson  
John Leary, Vice Chairperson  
Edward Pocock Jr., Secretary

Kevin Beaudoin  
Joseph Labieniec  
John Moise

**Board of Education**

Brian Goralski, Chairperson  
Terri Carmody, Vice Chairperson  
Jill Notar-Francesco, Secretary  
Colleen Clark  
David Derynoski

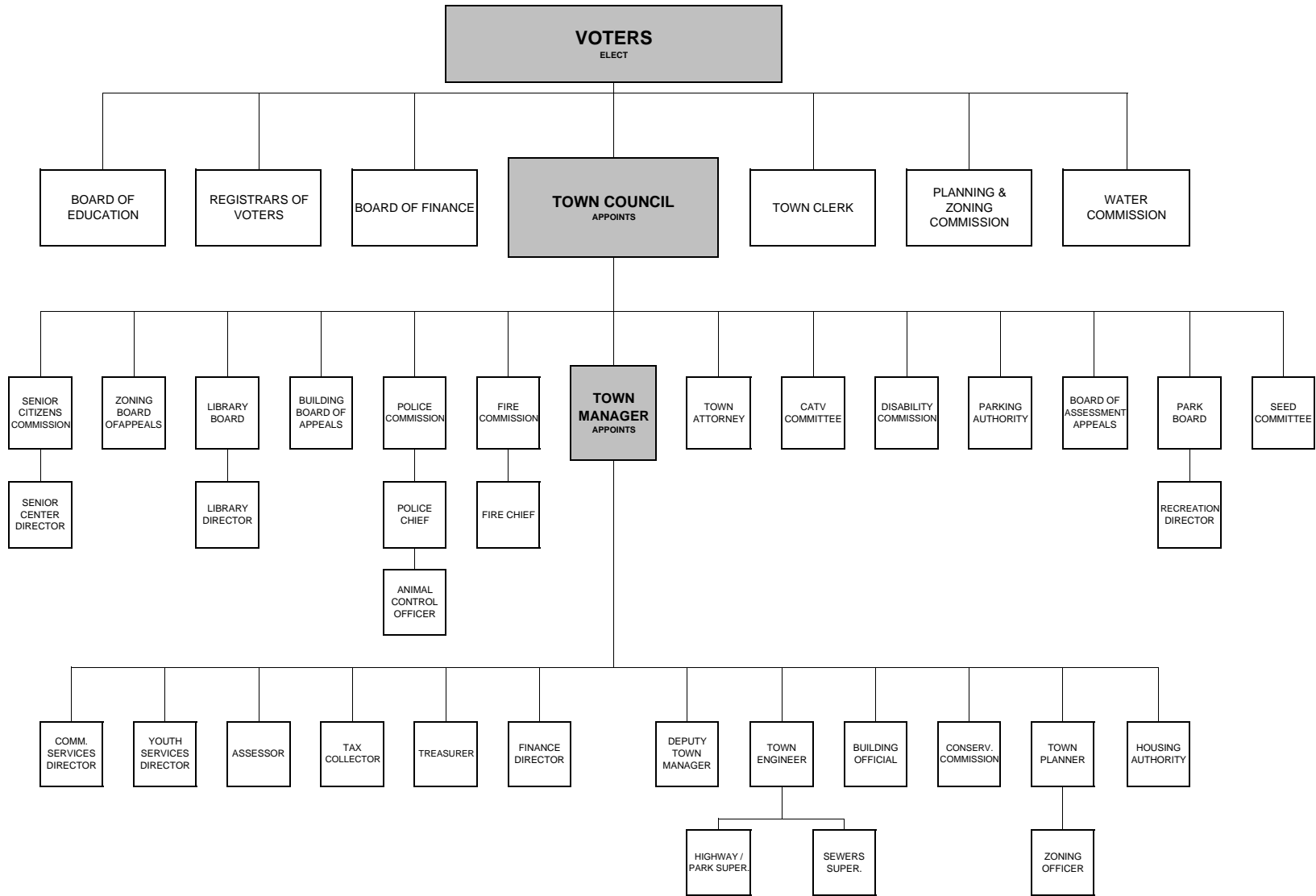
Rosemarie Micacci Fischer  
Patricia Johnson  
Kathleen Rickard  
Patricia Queen

**Superintendent of Schools**

Dr. Joseph Erardi, Jr.

# TOWN OF SOUTHINGTON

## GENERAL GOVERNMENT ORGANIZATIONAL CHART



II:

# 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, 2010

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.



*Linda C. Davidson*

President

*Jeffrey R. Emer*

Executive Director





# Town of Southington

## Finance Department

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

*Emilia C. Portelinha, Finance Director*  
*Christina Sivigny, Assistant Finance Director*

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

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December 21, 2011

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

State law requires that all general-purpose local governments publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America (GAAP) and audited in accordance with auditing standards generally accepted in the United States of America by a firm of licensed certified public accountants. Pursuant to the requirement, issued herein is the comprehensive annual financial report of the Town of Southington for the fiscal year ended June 30, 2011.

This report consists of management's representation concerning the financial statements 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 conformity with GAAP. Given that 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. Management asserts that, to the best of its knowledge and belief, this financial report is complete and reliable in all material respects.

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, 2011 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, 2011 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 requires 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**

### *Description of the Municipality*

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 43,130 located in Hartford County. Found in the geographical center of the State, Southington lies approximately 20 miles west of Hartford, the state capital, and 9 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.

### *Form of Government*

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 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 including: General Government, Public Safety, Public Works, Health and Welfare, Human Services, Parks and Recreation, Public Library and Museum, Planning and Development, and Education.

## **ECONOMY AND FACTORS AFFECTING FINANCIAL CONDITION**

The information presented in the financial statements is perhaps best understood when it is considered from the 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, 2009 Net Taxable Grand list of \$4.0 billion is an increase of \$51.1 million or 1.3% 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 4.35% of the total taxable Grand List and include a medical device manufacturer, a steel processor, three real estate agencies, two public utilities, and three retail facilities. 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.

Since 2008, the nation as a whole has slipped into a recession. As a result, the national unemployment rate remains at a 25-year high of 9.2%. The Town's unemployment rate of 7.5% as of June 2011 continues to be well below the Hartford County's rate of 9.7% and the State of Connecticut's rate of 9.1%.

### **Relevant Financial Policies**

The Town has adopted the following key financial policies:

**Budgetary Control.** Expenditures may not legally exceed budgeted appropriations at the object level. Management cannot amend the budget. Supplemental appropriations and transfers within the same department must be approved by the Board of Finance and, if \$500 or over, the Town Council. Transfers between departments may be made only in the last three months of the fiscal year. Monthly revenue and expenditure actual vs. budget reports are reviewed with the Board of Finance.

**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 of 9% of actual year end general fund revenues. The 9% shall be known as the Town's "target floor." As of June 30, 2011, the Town has surpassed the target and achieved a 10.4% Undesignated Fund Balance (Unassigned Fund Balance). The Town is currently in the process of revising this policy to conform to the language contained in Government Accounting Standards Board No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

**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 \$375 thousand to balance the fiscal year 2011-2012 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, 2011, total direct indebtedness is 1.27 %.
- b. Total Direct Service shall be below 8% of general fund expenditures. As of June 30, 2011, total debt service as a percentage of general fund expenditures is 5.47%.
- 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 March 2011, the Town structured the debt so that 42.1% of total debt would be retired in 5 years and 75.3% 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. Due to the current economic environment, the Town approved the contingency account for fiscal year 2011-2012 budget at \$850 thousand, the same funding level as the prior year's budget.

Investment Policy. The Town invests its idle cash and seeks to maintain safety, liquidity, and optimum yields on its 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, 2011. Due to the drastic decrease in the interest rate environment the Town earned interest between 0.20% and 0.75% on its investments. Approximately \$131 thousand of investment income was generated for the General Fund.

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

### **Long-term financial planning**

The Town views infrastructure maintenance and improvements as vital to future economic growth and financial planning. By assessing needs and developing a capital improvement plan to spread the improvements over a period of years, the tax mill rate effect can be lessened.

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. The Town is currently working on an updated comprehensive Capital Improvement Plan which will be jointly presented by the Town and Board of Education to the Board of Finance and Town Council within the next couple of months.

### **AWARD**

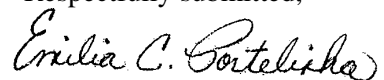
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of Southington for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2010. This was the twentieth 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 for Excellence 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.

### **ACKNOWLEDGEMENTS**

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

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, 2011, 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Southington, Connecticut, as of June 30, 2011 and the respective changes in financial position and cash flows, where applicable, 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 21, 2011 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 and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management's discussion and analysis on pages 3 through 13 and the budgetary comparison information on pages 44 through 57 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 21, 2011

**TOWN OF SOUTHTON, CONNECTICUT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2011**

As management of the Town of Southington, Connecticut (the Town) we offer readers of the financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2011. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, as well as the Town's basic financial statements that follow this section.

**Financial Highlights**

- On a government-wide basis, the assets of the Town exceeded its liabilities resulting in total net assets at the close of the fiscal year of \$160.9 million. Total net assets for governmental activities at fiscal year-end were \$111.9 million and total net assets for business-type activities were \$49.0 million.
- On a government-wide basis, during the year, the Town's net assets increased by \$11.1 million or 7.4% from \$149.8 million to \$160.9 million. Net assets increased by \$9.9 million for governmental activities and increased by \$1.1 million for business-type activities. Governmental activities expenses and transfers out were \$137.6 million, while revenues were \$147.5 million.
- At the close of the year, the Town's governmental funds reported, on a current financial resource basis, combined ending fund balances of \$19.5 million, an increase of \$24.2 million from the prior fiscal year (Exhibit IV).
- At the end of the current fiscal year, the total fund balance for the General Fund alone was \$15.1 million, an increase of \$1.8 million from the prior fiscal year. Of the total fund balance \$13.5 million represents unassigned fund balance. The unassigned General Fund balance at year-end represents 10.4% of total General Fund revenues (\$129.6 million), an increase of .3% from last year.
- The tax collection rate was 98.70% of the current levy, exceeding last year's rate of 98.55%.

**Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements. The basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains supplementary information and a statistical section.

**Government-Wide Financial Statements**

The government-wide financial statements are designed to provide readers with a broad overview of the Town's finances, in a manner similar to private-sector business. All of the resources the Town has at its disposal are shown, including major assets such as buildings and infrastructure. A thorough accounting of the cost of government is rendered because the statements present all costs, not just how much was collected and disbursed. They provide both long-term and short-term information about the Town's overall financial status.

The statement of net assets presents information on all of Southington's assets and liabilities, with the difference reported as net assets. One can think of the Town's net assets - the difference between assets and liabilities - as one way to measure the Town's financial health or financial position. Over time, increases or decreases in net assets may serve as an indicator of whether the financial position of the Town is improving or deteriorating. It speaks to the question of whether or not the Town, as a whole, is better or worse off as a



result of this year's activities. Other nonfinancial factors will need to be considered, however, such as changes in the Town's property tax base and the condition of the Town's roads, to assess the overall health of the Town.

The statement of activities presents information showing how the Town's net assets changed during the most recent fiscal year. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flow in some future fiscal period, for example uncollected taxes and earned but unused vacation leave.

Both of the government-wide financial statements distinguish functions of the Town that are principally supported by property taxes, charges for services and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Town encompass the Town's basic services and include governmental and community services, administration, public safety, health and welfare, and education. The business-type activities of the Town include the Sewer Operating Fund.

The government-wide financial statements (statement of net assets and statement of activities) can be found on Exhibits I and II of this report.

### **Fund Financial Statements**

A fund is a grouping of related accounts that is used to maintain control and accountability over resources that have been segregated for specific activities or objectives. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Town has three kinds of funds:

**Governmental Funds.** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of expendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, the readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Town maintains 23 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund, Capital Projects Fund and the Sewer Assessment Fund, all of which are considered to be major funds. Data from the other 20 governmental funds are combined into a single, aggregated presentation as other non-major governmental funds.

Individual fund data for each of these non-major governmental funds is provided in the combining balance sheet and in the combining statement of revenues, expenditures and changes in fund balances on Exhibit B-1 and B-2.

The basic governmental fund financial statements (balance sheet and statement of revenues, expenditures and changes in fund balances) can be found on Exhibits III and IV of this report.

**Proprietary Funds.** The Town maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town of Southington uses an enterprise fund to account for its Sewer Fund. Internal service funds are an accounting device used to accumulate and allocate certain costs internally among the Town of Southington's various functions. The Town uses internal service funds to account for its Employee Health Self-Insurance Fund.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Sewer Enterprise Fund and the Health Insurance Internal Service Fund.

The proprietary fund financial statements can be found on Exhibits V-VII of this report.

**Fiduciary Funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to provide services to the Town's constituency. The Town has two agency funds: the Student Activity Fund and the Escrow Deposit Fund. The accounting used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund financial statements can be found on Exhibit VIII.

### **Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 24 through 43 of this report.

Certain required supplementary information is reported concerning the Town's progress in funding its obligations to provide pension benefits and other post employment benefits to its employees. This information can be found on pages 44 through 57 of this report.

## Government-Wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position and an important determinant of its ability to finance services in the future. The Town's total assets exceeded liabilities by \$ 160.9 million on June 30, 2011. Governmental activities assets exceeded liabilities by \$111.9 million. Business-type activities assets exceeded liabilities by \$49.0 million.

**TABLE 1**  
**NET ASSETS**  
**In Thousands**

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Current and other assets	\$ 38,106	\$ 29,548	\$ 2,037	\$ 1,526	\$ 40,143	\$ 31,074
Capital assets, net of accumulated depreciation	177,919	175,402	47,450	47,103	225,369	222,505
Total assets	<u>216,025</u>	<u>204,950</u>	<u>49,487</u>	<u>48,629</u>	<u>265,512</u>	<u>253,579</u>
Long-term debt outstanding	98,259	75,703			98,259	75,703
Other liabilities	5,913	27,323	452	737	6,365	28,060
Total liabilities	<u>104,172</u>	<u>103,026</u>	<u>452</u>	<u>737</u>	<u>104,624</u>	<u>103,763</u>
Net Assets:						
Invested in capital assets, net of debt	104,035	99,125	47,450	47,103	151,485	146,228
Restricted	1,032	985			1,032	985
Unrestricted	<u>6,786</u>	<u>1,814</u>	<u>1,585</u>	<u>789</u>	<u>8,371</u>	<u>2,603</u>
Total Net Assets	<u>\$ 111,853</u>	<u>\$ 101,924</u>	<u>\$ 49,035</u>	<u>\$ 47,892</u>	<u>\$ 160,888</u>	<u>\$ 149,816</u>

By far the largest portion of the Town's net assets reflects its investment in capital assets (e.g., land, buildings, machinery and equipment, and infrastructure), less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

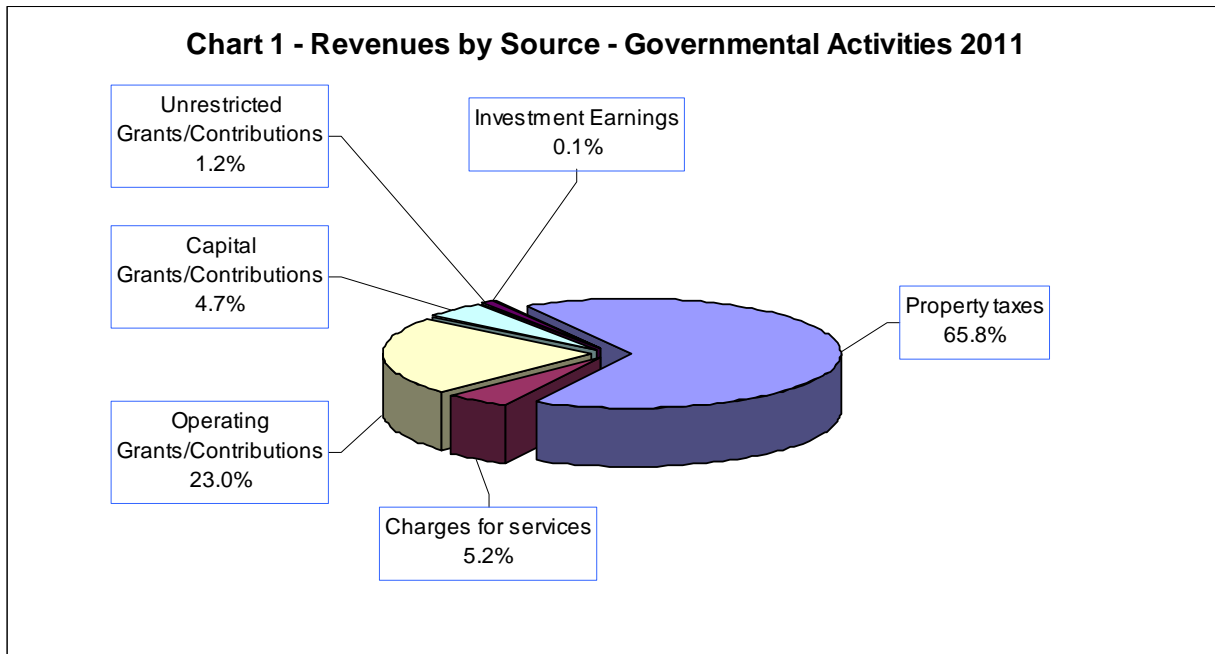
**TABLE 2**  
**CHANGES IN NET ASSETS**  
**In Thousands**

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Totals</b>	
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
Revenues:						
Program revenues:						
Charges for services	\$ 7,718	\$ 8,056	\$ 4,297	\$ 3,727	\$ 12,015	\$ 11,783
Operating grants and contributions	33,906	33,301			33,906	33,301
Capital grants and contributions	6,920	8,329			6,920	8,329
General revenues:						
Property taxes	97,004	92,919			97,004	92,919
Grants and contributions not restricted to specific purposes	1,755	2,201			1,755	2,201
Unrestricted investment earnings	219	278			219	278
Total revenues	<u>147,522</u>	<u>145,084</u>	<u>4,297</u>	<u>3,727</u>	<u>151,819</u>	<u>148,811</u>
Program expenses:						
General government	4,176	4,464			4,176	4,464
Public safety	18,711	17,749			18,711	17,749
Public works	9,402	9,712			9,402	9,712
Health and welfare	1,047	940			1,047	940
Human services	1,671	1,477			1,671	1,477
Parks and recreation	1,903	1,994			1,903	1,994
Public library	1,844	1,830			1,844	1,830
Planning and development	1,245	1,131			1,245	1,131
Education	94,128	92,209			94,128	92,209
Interest on long-term debt	1,621	2,060			1,621	2,060
Sewer			4,999	4,849	4,999	4,849
Total program expenses	<u>135,748</u>	<u>133,566</u>	<u>4,999</u>	<u>4,849</u>	<u>140,747</u>	<u>138,415</u>
Excess (deficiency) before transfers	11,774	11,518	(702)	(1,122)	11,072	10,396
Transfers	<u>(1,845)</u>	<u>(3,869)</u>	<u>1,845</u>	<u>3,869</u>	<u>-</u>	<u>-</u>
Increase in Net Assets	<u>\$ 9,929</u>	<u>\$ 7,649</u>	<u>\$ 1,143</u>	<u>\$ 2,747</u>	<u>\$ 11,072</u>	<u>\$ 10,396</u>

The Town's net assets increased by \$11.1 million during the fiscal year, with net assets of governmental activities increasing \$9.9 million and business-type activities increasing by \$1.1 million. The total cost of all programs and services was \$140.7 million. Our analysis below separately considers the operations of governmental and business-type activities.

## Governmental Activities

Approximately 65.8% of the revenues were derived from property taxes, followed by 23.0% from operating grants and contributions, 5.2% from charges for services, 4.7% from capital grants and contributions, 1.2% from unrestricted grants and contributions and 0.1% from investment earnings.



Major revenue factors include:

- Property tax revenue increased by \$4.1 million or 4.4% over last year. The increase is attributable to a 1.3% increase in the grand list (\$51.1 million), an increase in the mill rate from 23.27 to 24.02 or 3.2%, and an increase in prior years' tax collections and interest on taxes.
- Capital Grants and Contributions decreased by \$1.4 million from \$8.3 million in fiscal year 2010 to \$6.9 million in fiscal year 2011. 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.

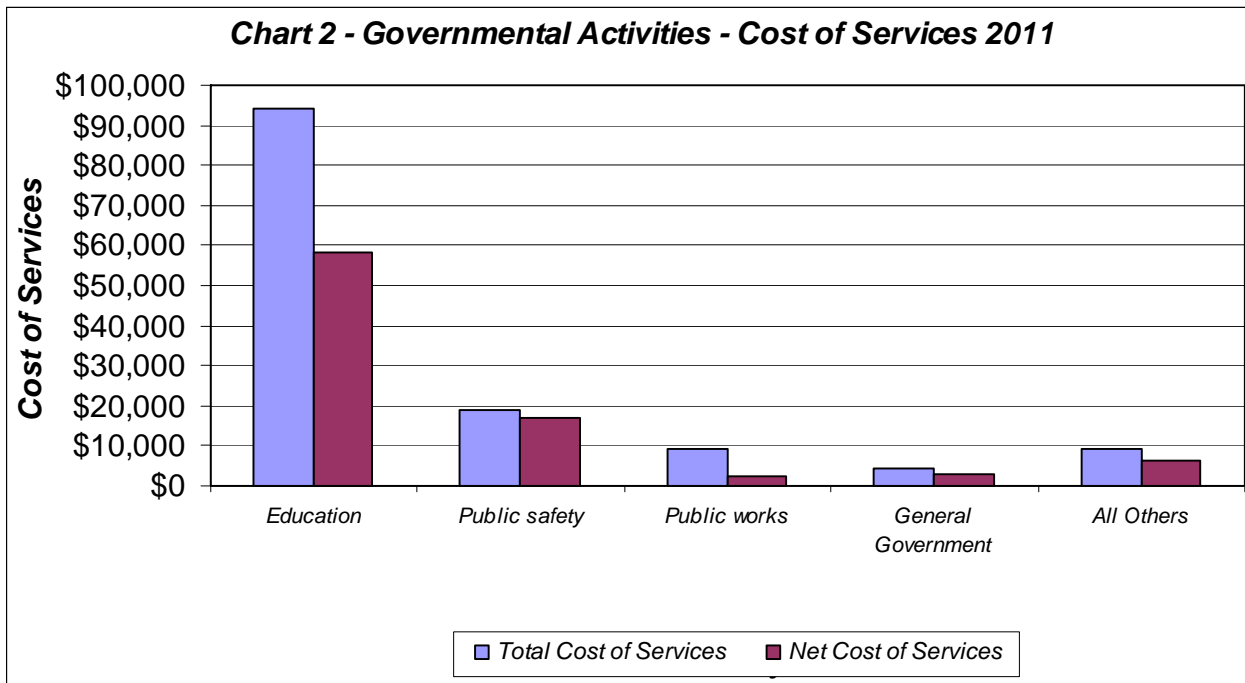
For governmental activities, 69.3% of the Town's expenses related to education. Public safety accounted for 13.8%, public works accounted for 6.9% and general government accounted for 3.1% of expenses. The remaining 6.9% related to health and welfare, human services, parks and recreation, public library, planning and development and interest on long-term debt.

Overall, total program expenses increased \$2.2 million or 1.6% over last year. Education expenses increased 2.1%, Town operating expenses increased 1.8% and interest on long-term debt decreased 21.3%.

Major expense factors include:

- The cost of education services increased \$1.9 million over fiscal year 2010 due to higher operating, health care and special education costs.
- Town operating costs increased \$702 thousand due to increased pension contributions to MERS, 1.5% to 2% increases in wages and various other costs.
- Interest on long-term debt decreased by \$439 thousand due to the pay down of current debt and the bond refunding of January 2010.

**Chart 2 - Governmental Activities - Cost of Services 2011**



**Business-Type Activities**

Business-type activities (see Table 2) increased the Town’s net assets by \$1.1 million primarily due to the 15% increase in the sewer fees. The increased revenue is necessary to pay for the State mandated nitrogen credit purchases, the higher maintenance costs for the new Denitrification Facility, and the aggressive efforts to televise, clean and maintain the sewer system.

**Financial Analysis of the Town’s Funds**

As noted earlier, the Town uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

**Governmental Funds**

The focus of the Town’s governmental funds is to provide information on the near-term inflows, outflows and balances of expendable resources. Such information is useful in assessing the Town’s financing requirements.

As of June 30, 2011, the Town’s governmental funds reported combined ending fund balances of \$19.5 million, an increase of \$24.1 million from last year’s deficit fund balance of \$4.6 million. This increase is mostly due to the permanent financing of last year’s \$21.1 million deficit in the Capital Projects Fund, which represented projects with bond ordinances yet to be financed. In March of 2011, the Town issued \$15.4 million in general obligation bonds (GOB) for the two elementary school projects, two major sewer projects, two Water Company projects (\$3.4 million) and other smaller projects. Additionally, in June 2011, the Town permanently financed the \$11.1 million Clean Water Fund loan used to fund the new Denitrification Facility.

**General Fund**

The General Fund is the primary operating fund of the Town. As of June 30, 2011, unassigned fund balance increased by \$805 thousand to \$13.5 million in the General Fund, while total fund balance increased \$1.8 million to \$15.1 million.

Key factors that contributed to the financial outcome are as follows:

- Property tax revenues exceeded budget estimates by approximately \$563 thousand. The surplus is due to the collection rate and the successful efforts of the Town to collect on delinquent taxes. The increase in the property tax revenue has allowed the Town to withstand local revenue losses in intergovernmental revenues, interest income and charges for services.
- Intergovernmental revenues came in under budget by \$254 thousand, mostly due to the reduction in the Manufacturing, Machinery and Equipment Grant.
- Despite the anticipated decline in the investment income during the FY 2011 budget process, the further decline in the interest rates made it impossible to achieve the budget estimates. The investment income category came in \$165 thousand under budget. This environment is expected to continue for an extended period of time.
- The Town Council had adopted a cost containment policy for fiscal year 2011, which prompted department heads to reduce costs and delay non-urgent expenditures. Savings due to cost avoidance were aggregated and utilized to transfer to pre-fund \$616 thousand of fiscal year 2012 projects.
- Several departments had aggregate cost savings creating the \$1.7 million expenditure under budget. Of this amount, \$972 thousand was assigned to fiscal year 2012 for continued appropriations.
- The Town returned \$64 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.

Net assets of the Sewer Fund at year-end totaled \$49.0 million. Unrestricted net assets were \$1.6 million, an increase of \$1.1 million. The Sewer Fund experienced an operating loss of \$702 thousand, and \$1.8 million of capital assets were contributed from the Capital Fund.

Net assets of the Health Insurance Fund were \$3.7 million. The Internal Service Fund's unrestricted net assets increased by \$2.7 million, from \$951 thousand. The Town's medical claims have taken an unexpected down turn in the last 16 months, resulting in this surplus. The Town is in the process of implementing a Self-Insurance Reserve Policy.

### General Fund Budgetary Highlights

The Town's adopted General Fund budget for 2010 - 2011 was \$123.1 million (\$122.2 million for expenditures plus \$850 thousand for contingency appropriations). In addition to the \$786 thousand which was appropriated from the Contingency Fund, the Town appropriated \$555 million to the expenditure budget with corresponding revenue budget increases, and \$89 thousand was appropriated per fiscal year 2010 designation, for a total amended budget of \$123.7 million. The following lists the key changes to the budget during the year:

- \$89 thousand was appropriated for the amount of Fund Balance Designated for Continued Appropriations at the end of fiscal year 2010.
- \$221 thousand was appropriated to the Board of Education Operations for preschool and special education outside tuitions, and rent revenues received.
- \$129 thousand was appropriated with a revenue match, to the Board of Education Building/Facilities Maintenance account to fund the Derynoski School boiler, 49 Beecher Street site assessment and smart boards for Southington High School.
- \$300 thousand was appropriated to Snow and Ice for Overtime and Contracted Services due to the harsh winter season. This winter the crews were out 68 days plowing, sanding, clearing catch basins and related work. This represents a 26% increase from last year's 54 days.
- \$599 thousand was appropriated or transferred for the following Capital Projects: \$293 thousand for the Pondview Pump Station legal costs; \$180 thousand for Phase I of a New IT Network; \$56 thousand for the Drive-in Park Development; \$40 thousand to the Middle School Feasibility Study; and \$30 thousand for various other projects.

- \$300 thousand was transferred to the Environmental Problems Budget to partially cash fund the final NRD payment and a cash call due next year for the Old Southington Landfill.
- \$136 thousand was transferred to pre-fund six capital and major maintenance projects originally submitted in the Fiscal Year 2012 Operating Budget.

Capital Assets and Debt Administration

**Capital Assets.** The Town’s investment in capital assets for its governmental and business-type activities as of June 30, 2011 totaled to \$225.3 million, net of accumulated depreciation. This investment in capital assets includes land, buildings, vehicles and equipment, roads and sewer lines. This amount represents a net increase (including additions and deductions) of \$2.8 million a 1.3% increase over last year.

**TABLE 3  
CAPITAL ASSETS AT YEAR-END (Net of Depreciation)  
In Millions**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Totals</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Land	\$ 19.5	\$ 19.3	\$	\$	\$ 19.5	\$ 19.3
Buildings and systems	69.2	71.9	47.4	46.7	116.6	118.6
Equipment	5.4	6.0		0.3	5.4	6.3
Infrastructure	47.1	45.5			47.1	45.5
Construction in progress	36.7	32.8			36.7	32.8
Totals	<u>\$ 177.9</u>	<u>\$ 175.5</u>	<u>\$ 47.4</u>	<u>\$ 47.0</u>	<u>\$ 225.3</u>	<u>\$ 222.5</u>

Major capital asset events during the current fiscal year included the following:

Governmental Activities:

- Construction in progress for the New South End Elementary of \$1.6 million.
- Construction in progress for Plantsville Elementary Renovation of \$404 thousand.
- Construction in progress for Rails to Trails Phase II of \$854 thousand.
- Construction in progress for South End Road Reclamation of \$254 thousand.
- Construction in progress for Mount Vernon Road Reclamation of \$347 thousand.

Business-Type Activities:

- Construction of Denitrification Facility for \$677 thousand.
- Construction of Marion Highlands Interceptor for \$289 thousand.
- Construction of Roseanna, Lagana, Hickory Hill Sewers for \$467 thousand.

The Town’s fiscal year 2011-2012 Capital Budget includes another \$1.8 million for capital projects principally for road resurfacing and maintenance, upgrading the Town Hall infrastructure and network connectivity, and various other smaller projects.

Additional information on the Town’s capital assets can be found in Note 5 of this report.

**Long-Term Debt.** At the end of the current fiscal year, the Town had total bonded debt outstanding of \$66.0 million. All this debt is backed by the full faith and credit of the Town government.



**TABLE 4**  
**OUTSTANDING DEBT, AT YEAR-END**  
**In Thousands**

	<b>Governmental</b>		<b>Business-Type</b>		<b>Totals</b>	
	<b>Activities</b>		<b>Activities</b>			
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
General obligation bonds:						
Town	\$ 61,665	\$ 55,166	\$	\$	\$ 61,665	\$ 55,166
Southington Water Company	4,360	1,419			4,360	1,419
Clean Water Fund Notes Payable	<u>11,068</u>				<u>11,068</u>	<u>-</u>
<b>Total</b>	<u>\$ 77,093</u>	<u>\$ 56,585</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 77,093</u>	<u>\$ 56,585</u>

The Town of Southington’s bonded debt increased by \$9.4 million or 16.7% during the 2010-2011 fiscal year.

In March 2011, the Town issued \$15.4 million of new General Obligation Bonds at a phenomenal 3.17% TIC (True Interest Cost), paying off \$10 million in Bond Anticipation Notes. The general obligation bonds were used to finance public improvements including Sewers, School Improvements, Town Infrastructure and Water Department Infrastructure (\$3.4 million of which is paid by the Water Company). Additionally, the Town issued \$8.7 million General Obligation Refunding Bonds in June 2011 and realized \$483 thousand in aggregate budgetary savings over the 13 years.

In May 2009, Standard & Poor’s Rating Services raised its underlying rating on the Town’s general obligation debt two notches from “AA-” to “AA+” due to the Town’s improved financial position, good management practices and low debt burden.

In June 2011, Standard & Poor’s assigned a AA+ long-term rating to the new debt issue and affirmed its AA+ rating on the Town’s GO bonds outstanding. The rating agency cited the Town’s “strong financial position,” “low debt burden,” and the “expectation of the consistently strong reserve levels” among the factors influencing the Town’s rating.

As a result of 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 from a municipal scale to a global scale).

The overall statutory limit for the Town is equal to 7 times annual receipts from taxation, or \$678.7 million. As of June 30, 2011, the Town recorded long-term debt of \$77.5 million, well below the statutory debt limits.

Additional information on the Town’s long-term debt can be found in Note 7 of this report.

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, 2011 was 7.5%. Although the Town’s unemployment has increased considerably in the last couple of years, it still compares favorably to the 9.1% for the State of Connecticut and the 9.2% nationally (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 2011 - 2012 General Fund budget and tax rates.

As previously stated, the General Fund total fund balance increased from \$13.3 million at June 30, 2010 to \$15.1 million at June 30, 2011. Of this \$15.1 million General Fund balance, \$231 thousand was nonspendable due to form (inventories and prepaid accounts), and \$1.3 million was assigned (\$375 thousand to balance the 2011-2012 budget and \$972 thousand for continued appropriations), leaving an unassigned fund balance of \$13.5 million in the General Fund at June 30, 2011. 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 \$125.0 million for 2011-2012 compared to an adopted budget of \$123.1 million for 2010-2011, for an overall increase of \$1.8 million or 1.6%. Most of this increase was for the Town for the following: \$1.1 million for the first year's payment on the State of Connecticut Clean Water Loan (18 months of principal and 12 months of interest); \$521 thousand for Bond Principal and Interest due to the Bond Issue of January 2010; and \$355 thousand to the Payroll taxes and MERS budget due to the second dramatic increase in the Town's MERS required contributions as a result of the State's poor investment returns. Only \$176 thousand of this increase was for the Board of Education Operations. The remainder of the Board of Education's additional operational costs will be paid from the one-time Jobs Grant of \$1.2 million received from the State of Connecticut through the Federal and State Grants Special Revenue Fund.

If these estimates are realized, the Town's budgetary General Fund balance is expected to remain consistent with the June 30, 2011 level.

Costs of the Town's business-type activities, accounted for in the Sewer Operating Fund, are expected to decrease by approximately 3.3% during fiscal year 2011-2012. After four years of double digit rate increases to pay for the cumulative costs of the denitrification credits, the higher costs of the Denitrification Facility and the aggressive maintenance efforts of the Sewer System, the Sewer Fund is finally starting to stabilize. The Town will review the current systems in an effort to gain better efficiencies in the Sewer's Operations.

### **Requests for Information**

This financial report is designed to provide a general overview of the Town's finances for all those with an interest in the government's finances. 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, 2011

(In Thousands)

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Assets:			
Cash and cash equivalents	\$ 23,979	\$ 476	\$ 24,455
Investments	721		721
Receivables, net	12,877	1,549	14,426
Inventory	116		116
Other assets	413	12	425
Capital assets:			
Assets not being depreciated	56,163	39	56,202
Assets being depreciated, net	121,756	47,411	169,167
Total assets	<u>216,025</u>	<u>49,487</u>	<u>265,512</u>
Liabilities:			
Accounts and other payables	5,578	275	5,853
Other current liabilities		177	177
Unearned revenue	335		335
Noncurrent liabilities:			
Due within one year	9,221		9,221
Due in more than one year	89,038		89,038
Total liabilities	<u>104,172</u>	<u>452</u>	<u>104,624</u>
Net Assets:			
Invested in capital assets, net of related debt	104,035	47,450	151,485
Restricted for:			
Trust purposes:			
Expendable	106		106
Nonexpendable	926		926
Unrestricted	6,786	1,585	8,371
Total Net Assets	<u>\$ 111,853</u>	<u>\$ 49,035</u>	<u>\$ 160,888</u>

The accompanying notes are an integral part of the financial statements

## TOWN OF SOUTHLINGTON, CONNECTICUT

## STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2011

(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	\$ 4,176	\$ 1,085	\$ 12	\$	\$ (3,079)	\$	\$ (3,079)
Public safety	18,711	1,250	280		(17,181)		(17,181)
Public works	9,402	2,442	485	4,041	(2,434)		(2,434)
Health and welfare	1,047	43	285		(719)		(719)
Human services	1,671	17	545		(1,109)		(1,109)
Parks and recreation	1,903	221	189	854	(639)		(639)
Public library	1,844	39	23		(1,782)		(1,782)
Planning and development	1,245	648			(597)		(597)
Education	94,128	1,973	32,087	2,007	(58,061)		(58,061)
Interest on long-term debt	1,621			18	(1,603)		(1,603)
Total governmental activities	<u>135,748</u>	<u>7,718</u>	<u>33,906</u>	<u>6,920</u>	<u>(87,204)</u>	<u>-</u>	<u>(87,204)</u>
Business-type activities:							
Sewer	<u>4,999</u>	<u>4,297</u>				<u>(702)</u>	<u>(702)</u>
Total	<u>\$ 140,747</u>	<u>\$ 12,015</u>	<u>\$ 33,906</u>	<u>\$ 6,920</u>	<u>(87,204)</u>	<u>(702)</u>	<u>(87,906)</u>
General revenues:							
Property taxes					97,004		97,004
Grants and contributions not restricted to specific programs					1,755		1,755
Unrestricted investment earnings					219		219
Transfers					(1,845)	1,845	-
Total general revenues and transfers					<u>97,133</u>	<u>1,845</u>	<u>98,978</u>
Change in net assets					9,929	1,143	11,072
Net Assets at Beginning of Year					<u>101,924</u>	<u>47,892</u>	<u>149,816</u>
Net Assets at End of Year					<u>\$ 111,853</u>	<u>\$ 49,035</u>	<u>\$ 160,888</u>

The accompanying notes are an integral part of the financial statements

## TOWN OF SOUTHTON, CONNECTICUT

## BALANCE SHEET - GOVERNMENTAL FUNDS

**JUNE 30, 2011**  
(In Thousands)

	<u>General</u>	<u>Capital Projects</u>	<u>Sewer Assessments</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 16,748	\$	\$ 935	\$ 1,522	\$ 19,205
Investments				721	721
Receivables, net	3,036	2,175	816	577	6,604
Due from other funds	216			111	327
Inventories	54			62	116
Prepaid expenses	<u>177</u>				<u>177</u>
Total Assets	<u>\$ 20,231</u>	<u>\$ 2,175</u>	<u>\$ 1,751</u>	<u>\$ 2,993</u>	<u>\$ 27,150</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts and other payables	\$ 2,963	\$ 593	\$ 13	\$ 488	\$ 4,057
Due to other funds	111	172		44	327
Deferred revenue	<u>2,093</u>		<u>815</u>	<u>335</u>	<u>3,243</u>
Total liabilities	<u>5,167</u>	<u>765</u>	<u>828</u>	<u>867</u>	<u>7,627</u>
Fund balances:					
Nonspendable	231			988	1,219
Restricted		1,410		152	1,562
Committed			923	986	1,909
Assigned	1,347				1,347
Unassigned	<u>13,486</u>				<u>13,486</u>
Total fund balances	<u>15,064</u>	<u>1,410</u>	<u>923</u>	<u>2,126</u>	<u>19,523</u>
Total Liabilities and Fund Balances	<u>\$ 20,231</u>	<u>\$ 2,175</u>	<u>\$ 1,751</u>	<u>\$ 2,993</u>	<u>\$ 27,150</u>

(Continued on next page)

## TOWN OF SOUTHLINGTON, CONNECTICUT

## BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)

JUNE 30, 2011

(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	\$	19,523
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:		
Governmental capital assets	\$	269,774
Less accumulated depreciation		<u>(91,855)</u>
Net capital assets		177,919
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		2,093
Interest receivable on property taxes		962
Assessments receivable greater than 60 days		815
Interest receivable on assessments		195
Deferred amount in refunding		1,029
Bond issuance costs		236
Long term receivable		4,360
Receivable from the state for school construction projects		757
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.		
		3,687
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		(77,093)
Premium on issuance		(1,566)
Interest payable on bonds and notes		(435)
Compensated absences		(7,840)
Capital lease		(614)
OPEB liability		(4,580)
Heart and Hypertension		(7,219)
Landfill closure		<u>(376)</u>
Net Assets of Governmental Activities (Exhibit I)	\$	<u><u>111,853</u></u>

The accompanying notes are an integral part of the financial statements

**TOWN OF SOUTHTON, CONNECTICUT**  
**STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
**(In Thousands)**

	<u>General</u>	<u>Capital Projects</u>	<u>Sewer Assessments</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:					
Property taxes	\$ 97,026	\$	\$	\$	\$ 97,026
Intergovernmental	29,520	3,796		5,961	39,277
Charges for services	2,757		57	4,778	7,592
Income on investments	131		13	74	218
Other revenues	129	158		217	504
Total revenues	<u>129,563</u>	<u>3,954</u>	<u>70</u>	<u>11,030</u>	<u>144,617</u>
Expenditures:					
Current:					
General government	3,214			51	3,265
Public safety	11,460			1,227	12,687
Public works	4,816			2,372	7,188
Health and welfare	863			17	880
Human services	811			576	1,387
Parks and recreation	1,397			26	1,423
Public library	1,417			55	1,472
Planning and development	877				877
Miscellaneous	29				29
Employee fringe benefits	8,115				8,115
Education	86,524			6,639	93,163
Debt and sundry	6,591		410	-	7,001
Capital outlay		7,041			7,041
Total expenditures	<u>126,114</u>	<u>7,041</u>	<u>410</u>	<u>10,963</u>	<u>144,528</u>
Excess (Deficiency) of Revenues over Expenditures	<u>3,449</u>	<u>(3,087)</u>	<u>(340)</u>	<u>67</u>	<u>89</u>
Other Financing Sources (Uses):					
Issuance of general obligation bonds		11,945			11,945
Refunding bonds issued	8,745				8,745
Premium on refunding bonds	887				887
Payment to refunded bond escrow agent	(9,515)				(9,515)
Premium on general obligation bonds	329				329
Issuance of notes payable		11,068			11,068
Issuance of capital leases	614				614
Transfers in	100	2,602		193	2,895
Transfers out	(2,795)			(100)	(2,895)
Total other financing sources (uses)	<u>(1,635)</u>	<u>25,615</u>	<u>-</u>	<u>93</u>	<u>24,073</u>
Net Change in Fund Balances	1,814	22,528	(340)	160	24,162
Fund Balances at Beginning of Year	<u>13,250</u>	<u>(21,118)</u>	<u>1,263</u>	<u>1,966</u>	<u>(4,639)</u>
Fund Balances at End of Year	<u>\$ 15,064</u>	<u>\$ 1,410</u>	<u>\$ 923</u>	<u>\$ 2,126</u>	<u>\$ 19,523</u>

(Continued on next page)



## TOWN OF SOUTHTON, CONNECTICUT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - GOVERNMENTAL FUNDS (CONTINUED)FOR THE YEAR ENDED JUNE 30, 2011  
(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)	\$ 24,162
Governmental funds report capital outlays as expenditures. In the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:	
Capital outlay	4,823
Depreciation expense	(5,056)
Donated assets	2,794

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. (44)

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	(338)
Long term receivable receipts	2,941
Property tax receivable - accrual basis change	(12)
Property tax interest and lien revenue - accrual basis change	(10)
Sewer assessment receivable-accrual basis change	(23)
Sewer assessment interest and lien revenue - accrual basis change	165

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	(8,745)
Premium on refunding	(887)
Deferred amount in refunding	355
Issuance costs on refunding	117
Issuance of general obligation bonds	(15,355)
Issuance of notes payable	(11,068)
Bond principal payments	14,660
Capital leases	(614)
Accrued interest	241
Amortization of deferred charge on refunding	(63)
Amortization of issue costs	(11)
Amortization of bond premiums	64

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	(40)
OPEB obligation	(931)
Heart and hypertension	(161)
Landfill post closure care and settlement	229

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.

2,736

Change in Net Assets of Governmental Activities (Exhibit II)

\$ 9,929

The accompanying notes are an integral part of the financial statements

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

**JUNE 30, 2011**  
**(In Thousands)**

	<u><b>Business-Type Activities Sewer Enterprise Fund</b></u>	<u><b>Governmental Activities Internal Service Fund</b></u>
Assets:		
Current:		
Cash and cash equivalents	\$ 476	\$ 4,774
Accounts and other receivables	1,549	
Other assets	12	
Total current assets	<u>2,037</u>	<u>4,774</u>
Capital assets, net	<u>47,450</u>	
Total assets	<u>49,487</u>	<u>4,774</u>
Liabilities:		
Current:		
Accounts and other payables	275	1,087
Other accrued liabilities	177	
Total liabilities	<u>452</u>	<u>1,087</u>
Net Assets:		
Invested in capital assets	47,450	
Unrestricted	<u>1,585</u>	<u>3,687</u>
Total Net Assets	<u>\$ 49,035</u>	<u>\$ 3,687</u>

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, 2011

(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	\$	\$ 20,955
Charges for services	4,140	
Intergovernmental	31	
Fines, penalties and interest	126	
Total operating revenues	<u>4,297</u>	<u>20,955</u>
Operating Expenses:		
Plant	2,990	
Benefits	233	17,170
Depreciation	1,536	
Administration and other	240	1,050
Total operating expenses	<u>4,999</u>	<u>18,220</u>
Operating Income (Loss)	(702)	2,735
Nonoperating Revenue:		
Income on investments		<u>1</u>
Income before Capital Contributions	(702)	2,736
Capital Contributions	<u>1,845</u>	
Change in Net Assets	1,143	2,736
Net Assets at Beginning of Year	<u>47,892</u>	<u>951</u>
Net Assets at End of Year	<u>\$ 49,035</u>	<u>\$ 3,687</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, 2011**  
**(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	\$ 3,817	\$ 20,955
Cash received for premiums - Town departments and agencies		
Cash payments to suppliers for goods and services	(2,583)	
Cash payments to employees for services	(928)	
Cash payments to providers of benefits	(233)	(17,387)
Cash payments for service fees		(1,050)
Net cash provided by operating activities	73	2,518
Cash Flows from Capital Financing Activities:		
Acquisition of capital assets	(38)	
Cash Flows from Investing Activities:		
Income on investments		1
Net Increase in Cash and Cash Equivalents	35	2,519
Cash and Cash Equivalents at Beginning of Year	441	2,255
Cash and Cash Equivalents at End of Year	\$ 476	\$ 4,774
Reconciliation of Operating Income (Loss) to Net Cash		
Provided by Operating Activities:		
Operating income (loss)	\$ (702)	\$ 2,735
Depreciation	1,536	
Adjustments to reconcile operating income (loss) to net cash		
provided by operating activities:		
(Increase) decrease in accounts receivable	(480)	
Decrease in inventory	4	
Increase (decrease) in accounts payable and accrued liabilities	(285)	(217)
Net Cash Provided by Operating Activities	\$ 73	\$ 2,518
Noncash Capital Financing Activities:		
Capital assets transferred from governmental funds	\$ 1,845	\$

The accompanying notes are an integral part of the financial statements

## TOWN OF SOUTHLINGTON, CONNECTICUT

## STATEMENT OF FIDUCIARY NET ASSETS - FIDUCIARY FUNDS

**JUNE 30, 2011**  
**(In Thousands)**

	<u>Agency Funds</u>
<b>Assets:</b>	
Cash and cash equivalents	\$ 3,288
Investments	<u>214</u>
Total assets	<u>\$ 3,502</u>
<b>Liabilities:</b>	
Fiduciary deposits	<u>3,502</u>
Total liabilities	<u>\$ 3,502</u>

The accompanying notes are an integral part of the financial statements

# TOWN OF SOUTHTON, CONNECTICUT

## NOTES TO FINANCIAL STATEMENTS

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(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 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 Sewer Assessments Fund accounts for the proceeds of sewer line assessments used to fund debt service costs related to sewerline extension projects within the Town. The major source of revenue is sewer assessments.

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. Unrestricted funds are used in the following order: committed, assigned then unassigned.

#### **D. Deposits and Investments**

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

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

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 \$156 is equal to 6.2% of outstanding property taxes at June 30, 2011.



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 performed a full revaluation of its property as of October 1, 2005 and is in the process of performing a statistical revaluation as of October 1, 2011. The assessed value for the Grand List of October 1, 2009, upon which the fiscal 2011 levy was based, was \$4.0 billion. A 24.02 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, 2011 and 2010 were 98.7% and 98.55%, 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

#### **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 and Net Assets**

In the government-wide financial statements and in proprietary fund types, net assets are classified in the following categories:

*Invested in Capital Assets, Net of Related Debt and Accumulated Depreciation* - This category groups all capital assets, including infrastructure, into one component of net assets. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduces this category.

*Restricted Net Assets* - This category represents the net assets of the Town which are restricted by externally imposed constraints placed on the net assets by grantors, contributors or laws and regulations of other governments.

*Unrestricted Net Assets* - This category represents the net assets of the Town which are not restricted for any project or other purpose.

In the fund financial statements, fund balances of governmental funds are classified in five separate categories. The five categories, and their general meanings, are as follows:

*Nonspendable Fund Balance* - This represents amounts that cannot be spent due to form (e.g., inventories and prepaid amounts).

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

*Committed Fund Balance* - This represents amounts constrained for a specific purpose by a government using its highest level of decision-making authority (Town Council).

*Assigned Fund Balance* - For all governmental funds other than the General Fund, this represents any remaining positive amounts not classified as restricted or committed. For the General Fund, this includes amounts constrained for the intent to be used for a specific purpose by a governing board or a body or official that has been delegated authority to assign amounts by the Town Charter.

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

The Town has adopted a written fund balance policy which states that 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."

The Town is currently in the process of revising this policy to conform to the language contained in the Governmental Accounting Standards Board No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

## **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. 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, \$1,430 of supplemental budgetary appropriations from the General Fund were made, of which \$786 was from Contingency, \$555 from revised revenue estimates, and \$89 from continued appropriations from the prior year. Also, at year end \$963 of appropriations were reappropriated.

### 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*, \$27,979 of the Town’s bank balance of \$29,894 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$	25,050
Uninsured and collateral held by the pledging bank’s trust department, not in the Town’s name		<u>2,929</u>
Total Amount Subject to Custodial Credit Risk	\$	<u><u>27,979</u></u>

## Cash Equivalents

At June 30, 2011, the Town's cash equivalents amounted to \$1,191. 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 &amp; Poor's</u>
Wells Fargo*	
Citizens Securites*	
Cutwater - Cooperative Liquid Assets Securities System (CLASS)	AAAm
*Not rated	

## Investments

As of June 30, 2011, 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	*	\$ 541	\$ 541	\$ -	\$ -
Other investments:					
Common stock		32			
Mutual funds		<u>362</u>			
Total Investments		\$ <u>935</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, 2011, 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 Assessment</u>	<u>Sewer Enterprise</u>	<u>Nonmajor and Other Funds</u>	<u>Total</u>
Receivables:						
Taxes *	\$ 2,516	\$	\$	\$	\$	\$ 2,516
Accounts	170		2	1,518	438	2,128
Special assessments			814			814
Intergovernmental	506	2,175		31	139	2,851
Interest **						-
Gross receivables	<u>3,192</u>	<u>2,175</u>	<u>816</u>	<u>1,549</u>	<u>577</u>	<u>8,309</u>
Less allowance for uncollectibles	<u>156</u>					<u>156</u>
Net Total Receivables	<u>\$ 3,036</u>	<u>\$ 2,175</u>	<u>\$ 816</u>	<u>\$ 1,549</u>	<u>\$ 577</u>	<u>\$ 8,153</u>

\* Does not include amount due from Southington Water Company for bonds (\$4,360) and accrued interest (\$29) - Note 7.

\*\* Does not include accrued interest on property taxes and assessments receivable of \$962 and \$195, 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	\$ 2,093	\$	\$ 2,093
Special assessments	815		815
Other		335	335
Total Deferred/Unearned Revenue for Governmental Funds	<u>\$ 2,908</u>	<u>\$ 335</u>	<u>\$ 3,243</u>

## 5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2011 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 19,325	\$ 150	\$	\$ 19,475
Construction in progress	32,750	3,938		36,688
Total capital assets not being depreciated	<u>52,075</u>	<u>4,088</u>	<u>-</u>	<u>56,163</u>
Capital assets being depreciated:				
Buildings	117,162	54		117,216
Machinery and equipment	17,612	674	(86)	18,200
Infrastructure	75,394	2,801		78,195
Total capital assets being depreciated	<u>210,168</u>	<u>3,529</u>	<u>(86)</u>	<u>213,611</u>
Less accumulated depreciation for:				
Buildings	(45,300)	(2,672)		(47,972)
Machinery and equipment	(11,658)	(1,176)	42	(12,792)
Infrastructure	(29,883)	(1,208)		(31,091)
Total accumulated depreciation	<u>(86,841)</u>	<u>(5,056)</u>	<u>42</u>	<u>(91,855)</u>
Total capital assets being depreciated, net	<u>123,327</u>	<u>(1,527)</u>	<u>(44)</u>	<u>121,756</u>
Governmental Activities Capital Assets, Net	<u>\$ 175,402</u>	<u>\$ 2,561</u>	<u>\$ (44)</u>	<u>\$ 177,919</u>
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 39	\$	\$	\$ 39
Capital assets being depreciated:				
Buildings and system	72,256	1,845		74,101
Machinery and equipment	1,175	38	(53)	1,160
Total capital assets being depreciated	<u>73,431</u>	<u>1,883</u>	<u>(53)</u>	<u>75,261</u>
Less accumulated depreciation for:				
Buildings and system	(25,510)	(1,461)		(26,971)
Machinery and equipment	(857)	(75)	53	(879)
Total accumulated depreciation	<u>(26,367)</u>	<u>(1,536)</u>	<u>53</u>	<u>(27,850)</u>
Total capital assets being depreciated, net	<u>47,064</u>	<u>347</u>	<u>-</u>	<u>47,411</u>
Business-Type Activities Capital Assets, Net	<u>\$ 47,103</u>	<u>\$ 347</u>	<u>\$ -</u>	<u>\$ 47,450</u>

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

Governmental activities:	
General government	\$ 416
Public safety	855
Public works	1,220
Planning and development	77
Park and recreation	151
Library	36
Health and welfare	59
Education	<u>2,242</u>
 Total Depreciation Expense - Governmental Activities	 \$ <u>5,056</u>
 Business-type activities:	
Sewer Enterprise Fund	\$ <u>1,536</u>

**Construction Commitments**

The Town has active construction projects as of June 30, 2011. The projects include roads, bridges, water and sewer lines, and school building improvements. At year end the Town’s commitments with contractors are as follows:

<u>Project</u>	<u>Spent-to-Date</u>	<u>Commitment</u>
East St. Realignment	\$ 243	\$ 4
Marion Highlands & Roseanna, Lagana	2,456	50
Rails to Trails II	1,364	134
Lazy Lane Recon/Spring Street Recon	961	20
South End/Mt. Vernon Road Paving	591	60
Drive in Theater	191	65
Triano Drive Development	53	3
South End Elementary	<u>9,442</u>	<u>127</u>
 Total	 \$ <u>15,301</u>	 \$ <u>463</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	\$ 172
General Fund	Nonmajor Governmental	44
Nonmajor Governmental	General Fund	<u>111</u>
 Total		 \$ <u>327</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	\$	\$	\$	\$
Nonmajor Funds	100	2,602	193	2,795
	<u>100</u>	<u>2,602</u>	<u>193</u>	<u>2,895</u>
	<u>\$ 100</u>	<u>\$ 2,602</u>	<u>\$ 193</u>	<u>\$ 2,895</u>

## 7. LONG-TERM DEBT

### Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2011 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	\$ 55,166	\$ 20,690	\$ 14,191	\$ 61,665	\$ 5,255
Southington Water Company	1,419	3,410	469	4,360	460
Premium on bonds	743	887	64	1,566	
Less deferred amounts	(737)	(355)	(63)	(1,029)	
State of Connecticut - serial note		11,068		11,068	838
Total bonds and notes payable	<u>56,591</u>	<u>35,700</u>	<u>14,661</u>	<u>77,630</u>	<u>6,553</u>
Compensated absences	7,800	1,681	1,641	7,840	1,672
Capital leases		614		614	233
OPEB obligation	3,649	931		4,580	
Heart and hypertension	7,058	645	484	7,219	533
Landfill closure and postclosure	<u>605</u>	<u></u>	<u>229</u>	<u>376</u>	<u>230</u>
Total Governmental Activities Long-Term Liabilities	<u>\$ 75,703</u>	<u>\$ 39,571</u>	<u>\$ 17,015</u>	<u>\$ 98,259</u>	<u>\$ 9,221</u>

Bonds payable at June 30, 2011 are comprised of the following issues:

	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Interest Rate (%)</u>	<u>Date of Maturity</u>	<u>Principal Outstanding June 30, 2011</u>
<u>General Purpose Bonds:</u>					
Refunding (General Purpose)	2004	\$ 379	2.00-3.25	09/15/14	\$ 90
General Purpose	2005	5,765	3.50-5.50	11/01/25	3,925
General Purpose	2007	3,025	4.00-5.00	08/01/27	2,280
General Purpose	2009	2,175	3.00-4.00	08/01/27	2,000
Refunding (General Purpose)	2010	2,098	2.00-5.00	05/15/21	1,918
General Purpose	2011	1,713	2.50-4.25	08/01/30	1,713
Refunding (General Purpose)	2011	6,042	2.00-5.00	02/01/24	6,042
					<u>17,968</u>
<u>School Bonds:</u>					
Refunding (Schools)	2004	7,032	2.00-3.25	09/15/14	1,670
Schools	2005	3,510	3.50-5.50	11/01/25	2,250
Schools	2007	2,880	4.00-5.00	08/01/27	1,590
Schools	2009	12,965	3.00-4.00	08/01/27	12,190
Refunding (Schools)	2010	8,008	2.00-5.00	05/15/21	7,430
Schools	2011	6,902	2.50-4.25	08/01/30	6,902
Refunding (Schools)	2011	745	2.00-5.00	02/01/24	745
					<u>32,777</u>
<u>Sewer Bonds:</u>					
Refunding (Sewers)	2004	86	2.00-3.25	09/15/14	20
Sewers	2005	2,900	3.50-5.50	11/01/25	2,150
Sewers	2007	3,070	4.00-5.00	08/01/27	2,555
Sewers	2009	300	3.00-4.00	08/01/27	240
Refunding (Sewers)	2010	959	2.00-5.00	05/15/21	667
Sewers	2011	3,330	2.50-4.25	08/01/30	3,330
Refunding (Sewers)	2011	1,958	2.00-5.00	02/01/24	1,958
State of Connecticut serial notes payable:					
Clean Water Fund Loan 590-C	2011	11,068	2.00	06/30/30	11,068
					<u>21,988</u>
<u>Water Bonds:</u>					
Water	1991	2,044	5.75-6.75	08/15/11	95
Refunding (Water)	2004	3,683	2.00-3.25	09/15/14	855
Water	2011	3,410	2.50-4.25	08/01/21	3,410
					<u>4,360</u>
Total					\$ <u>77,093</u>

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

<u>Fiscal Year Ending</u>	<u>Principal</u>	<u>Interest</u>
2012	\$ 6,553	\$ 2,388
2013	6,398	2,327
2014	6,118	2,128
2015	6,133	1,936
2016	5,513	1,763
2017-2021	25,302	6,156
2022-2026	14,272	2,393
2027-2031	<u>6,804</u>	<u>446</u>
Total	<u>\$ 77,093</u>	<u>\$ 19,537</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, 2011, \$4,360 is recorded as amounts to be provided by other entities in the government-wide financial statements. 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, 2011. In no case shall total indebtedness exceed seven times annual receipts from taxation. The maximum debt amount permitted under this formula would be approximately \$678.7 million.

**General Obligation Bonds-Advance Refunding**

On June 3, 2011, the Town issued \$8,745 of general obligation refunding bonds with interest rates ranging from 2% to 5% to currently refund the outstanding principal amounts of \$9,160 General Obligation Bonds, Series 2004, dated February 1, 2004.

The net proceeds of \$9,519 (including a premium of \$887 and issuance costs of \$113, including underwriter's fees) will reduce total debt service payments over the next 13 years by approximately \$483 and represents an economic gain (difference between present values of the debt service payments on the old and new debt) of \$467. 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 \$9,408 at June 30, 2011. The outstanding balance of the defeased bonds as of June 30, 2011 is \$9,160.

## Capital Leases

The Board of Education has entered into several lease agreements as lessee for financing the acquisition of computer equipment. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date. The net undepreciated value of assets purchased by capital lease approximates the principal balance payable of \$614 at June 30, 2011. The following is a summary of capital lease commitments as of June 30, 2011.

<u>Year Ending June 30,</u>	<u>Amount</u>
2012	\$ 243
2013	243
2014	<u>162</u>
Subtotal	648
Less interest	<u>(34)</u>
Principal Balance	<u>\$ 614</u>

## Bond Anticipation Notes

The following is a schedule of changes in bond anticipation notes for the year ended June 30, 2011:

<u>Date Issued</u>	<u>Maturity Date</u>	<u>Interest Rate (%)</u>	<u>Balance July 1, 2010</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance June 30, 2011</u>
03/03/10	03/02/11	0.41%	\$ 10,000	\$ -	\$ 10,000	\$ -

## **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, 2011, 2010 or 2009. 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, 2011 of \$1,088.

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, 2011 and 2010, 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>
2009-2010	\$ 1,402	\$ 17,409	\$ 17,537	\$ 1,274
2010-2011	1,274	16,983	17,170	1,087

#### 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 2010-11 will be evaluated at 18, 30, and 42 months after the effective date of coverage. The deposit contribution (premium) paid in 2010-11 for the Town and Board of Education was \$1,323. 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 EQUITY

The components of fund balance at June 30, 2011 are as follows:

	<u>General Fund</u>	<u>Capital Projects</u>	<u>Sewer Assessments</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Fund balances:					
Nonspendable:					
Inventory	\$ 54	\$	\$	\$ 62	\$ 116
Prepaid expenses	177				177
Trust				926	926
Restricted for:					
Grants				46	46
Trust				106	106
Bonds		1,410			1,410
Committed to:					
Public safety				365	365
Public works			923	154	1,077
Human services				149	149
Parks and recreation				91	91
Education				227	227
Assigned to:					
General government	155				155
Public works	473				473
Public safety	108				108
Education	129				129
Other	107				107
Next years budget	375				375
Unassigned	13,486				13,486
Total Fund Balances	<u>\$ 15,064</u>	<u>\$ 1,410</u>	<u>\$ 923</u>	<u>\$ 2,126</u>	<u>\$ 19,523</u>

## 10. SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES

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

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

A settlement in United States versus the Town of Southington was reached on November 24, 2010. The Town was required to make three 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, 2011 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. There are no stand-alone financial statements available for the plan.

At July 1, 2009, plan participation consisted of the following:

Active participants	1,163
Retirees	191
Spouses of retirees	<u>68</u>
Total Participants	<u><u>1,422</u></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, 2011, 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, 2011, the amount actually contributed to the plan and changes in the Town's net OPEB obligation:

Annual required contribution (ARC)	\$ 3,054
Interest on OPEB obligation	182
Adjustment to annual required contribution	<u>(226)</u>
Annual OPEB cost	3,010
Contributions made	<u>2,079</u>
Increase in net OPEB obligation	931
Net OPEB obligation, beginning of year	<u>3,649</u>
Net OPEB Obligation, End of Year	<u><u>\$ 4,580</u></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, 2011, 2010 and 2009 are presented below.

<b>Fiscal Year Ended</b>	<b>Annual OPEB Cost (AOC)</b>	<b>Actual Contribution</b>	<b>Percentage of AOC Contributed</b>	<b>Net OPEB Obligation (Asset)</b>
6/30/2011	\$ 3,010	\$ 2,079	69.1%	\$ 4,580
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**

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets</b>	<b>Actuarial Accrued Liability (AAL)</b>	<b>Unfunded AAL</b>	<b>Funded Ratio</b>	<b>Covered Payroll</b>	<b>UAAL as a Percentage of Covered Payroll</b>
7/1/2007	\$ -0-	\$ 37,107	\$ 37,107	0.0%	\$ 61,102	60.7%
7/1/2009	-0-	37,666	37,666	0.0%	58,386	64.5%

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, 2009 actuarial valuation, the projected unit actuarial credit cost method was used. The annual required contribution (ARC) reflects an open 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 2014 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 11.56% 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, 2011, 2010 and 2009 were \$3,024, \$2,212, and \$1,972, 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. Certified payroll subject to retirement amounted to \$39,258 or 74.8% of total Board of Education payroll of \$52,449.

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, 2011 the Town has recorded, in the General Fund, intergovernmental revenue and education expenditures in the amount of \$6,287 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.

**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, 2011

(In Thousands)

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
Property taxes, interest and lien fees:				
Taxes	\$ 95,951	\$ 95,951	\$ 96,227	\$ 276
Suspense taxes	30	30	54	24
Interest and lien fees	482	482	745	263
Total property taxes, interest and lien fees	<u>96,463</u>	<u>96,463</u>	<u>97,026</u>	<u>563</u>
Licenses, fees and permits:				
Building	550	550	586	36
Police	32	32	33	1
Library	30	30	28	(2)
Miscellaneous		23	23	-
Total licenses, fees and permits	<u>612</u>	<u>635</u>	<u>670</u>	<u>35</u>
Educational Cost Sharing	17,009	17,009	16,974	(35)
Education Cost Sharing ARRA	2,830	2,830	2,830	-
Non-public school transportation	44	44	47	3
Public school transportation	268	268	198	(70)
Excess Cost Supplement		129	129	-
School building construction grants	350	350	357	7
Vocational Agriculture	160	160	175	15
Children/youth services	26	26	27	1
Youth Service/Drug free	32	37	36	(1)
Town aid road transportation grant	262	262	261	(1)
Health education/risk reduction grant	6	6	6	-
Non-public health services	58	58	55	(3)
Telephone access lines	110	110	83	(27)
Pequot/Mohegan Grant	143	143	145	2
Telecommunications fund grant	200	200	88	(112)
Municipal video grant	15	15	14	(1)
FEMA reimbursements			87	87
Local capital improvement grant	284	284	278	(6)
In lieu of taxes:				
Hospital	145	145	146	1
Tax relief for elderly	290	290	298	8

(Continued on next page)

## TOWN OF SOUTHLINGTON, CONNECTICUT

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

**FOR THE YEAR ENDED JUNE 30, 2011**

**(In Thousands)**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		<u>Favorable (Unfavorable)</u>
Intergovernmental revenues (continued):				
Veterans' exemption	\$ 48	\$ 48	\$ 50	\$ 2
State properties	34	34	34	-
Disability exemption	5	5	5	-
Boats	7	7	11	4
Manufacturers machinery and equipment	800	800	659	(141)
Distressed municipalities	65	65	58	(7)
Miscellaneous	1	3	24	21
Traffic enforcement grant		4	4	-
Bioterrorism grant	64	64	63	(1)
Health plan flu grant	25	91	91	-
Total intergovernmental revenues	<u>23,281</u>	<u>23,487</u>	<u>23,233</u>	<u>(254)</u>
Investment Income	<u>296</u>	<u>296</u>	<u>131</u>	<u>(165)</u>
Charges for services:				
Town Clerk	1,025	1,025	977	(48)
Health department services	40	40	43	3
Recreation	200	200	183	(17)
Planning and zoning	45	45	35	(10)
Fire Department services	6	35	40	5
Police Department services	50	50	50	-
Engineering services	2	2	11	9
Assessors returns	1	1	1	-
School tuition and fees	575	711	695	(16)
School building rentals	14	98	63	(35)
Miscellaneous	10	23	39	16
Total charges for services	<u>1,968</u>	<u>2,230</u>	<u>2,137</u>	<u>(93)</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, 2011**

**(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	\$ 2	\$ 2	\$ 9	\$ 7
Loss/damage to town property			17	17
Prior year appropriated funds returned	1	1	4	3
Miscellaneous	5	69	99	30
Fund balance utilized	<u>425</u>	<u>425</u>		<u>(425)</u>
Total other revenues	<u>433</u>	<u>497</u>	<u>129</u>	<u>(368)</u>
Transfers In			<u>50</u>	<u>50</u>
Total Revenues and Other Financing Sources	\$ <u>123,053</u>	\$ <u>123,608</u>	123,376	\$ <u>(232)</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

6,287

    Proceeds from issuance of capital leases are not budgeted

614

    Refunding bonds and premiums issued that are not budgeted

9,961

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

\$ 140,238

## 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, 2011  
(In Thousands)

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
General Government				
Town Council:				
Personnel service	\$ 9	\$ 9	\$ 9	\$ -
Contractual services	18	21	21	-
Materials and supplies	8	8	6	2
Fixed charges	30	30	30	-
Total	<u>65</u>	<u>68</u>	<u>66</u>	<u>2</u>
Town Manager:				
Personnel service	176	208	208	-
Contractual services	20	50	44	6
Materials and supplies	5	5	5	-
Fixed charges	5	5	5	-
Capital outlay		10		10
Total	<u>206</u>	<u>278</u>	<u>262</u>	<u>16</u>
Board of Finance:				
Personnel service	4	4	4	-
Contractual services	3	3	3	-
Fixed charges	1	1	1	-
Total	<u>8</u>	<u>8</u>	<u>8</u>	<u>-</u>
Finance Department:				
Personnel service	419	422	422	-
Materials and supplies	11	14	14	-
Fixed charges	1	1	1	-
Total	<u>431</u>	<u>437</u>	<u>437</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, 2011

(In Thousands)

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Town Clerk:				
Personnel service	\$ 245	\$ 243	\$ 243	\$ -
Contractual services	38	40	36	4
Materials and supplies	8	8	8	-
Fixed charges	2	2	2	-
Capital outlay	2			-
Total	<u>295</u>	<u>293</u>	<u>289</u>	<u>4</u>
Tax Department:				
Personnel service	234	234	234	-
Contractual services	16	12	12	-
Materials and supplies	45	45	41	4
Fixed charges	2	2	2	-
Capital outlay	2	2	2	-
Total	<u>299</u>	<u>295</u>	<u>291</u>	<u>4</u>
Assessor:				
Personnel service	271	270	269	1
Contractual services	267	265	125	140
Materials and supplies	12	11	11	-
Fixed charges	4	4	3	1
Capital outlay	4	1	1	-
Total	<u>558</u>	<u>551</u>	<u>409</u>	<u>142</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:				
Capital outlay	<u>116</u>	<u>116</u>	<u>115</u>	<u>1</u>
Probate Court:				
Contractual services	5	6	6	-
Materials and supplies	6	6	6	-
Total	<u>11</u>	<u>12</u>	<u>12</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, 2011**

**(In Thousands)**

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Town Attorney/Legal:				
Personnel service	\$ 185	\$ 185	\$ 185	\$ -
Contractual services	54	48	48	-
Materials and supplies	4	3	3	-
Fixed charges	3	2	2	-
Total	<u>246</u>	<u>238</u>	<u>238</u>	<u>-</u>
Elections Department:				
Personnel service	105	109	103	6
Contractual services	7	6	6	-
Materials and supplies	31	25	21	4
Fixed charges	2	1	1	-
Capital outlay	2			-
Total	<u>147</u>	<u>141</u>	<u>131</u>	<u>10</u>
Insurance:				
Fixed charges	<u>1,051</u>	<u>955</u>	<u>908</u>	<u>47</u>
Annual Audit:				
Fixed charges	<u>34</u>	<u>34</u>	<u>34</u>	<u>-</u>
Total general government	<u>3,473</u>	<u>3,432</u>	<u>3,205</u>	<u>227</u>
Public Safety				
Police Department:				
Personnel service	5,766	5,638	5,626	12
Contractual services	274	353	239	114
Materials and supplies	362	391	372	19
Fixed charges	54	44	35	9
Capital outlay	211	202	184	18
Total	<u>6,667</u>	<u>6,628</u>	<u>6,456</u>	<u>172</u>
Central Dispatch:				
Personnel service	617	627	612	15
Contractual services	50	50	50	-
Total	<u>667</u>	<u>677</u>	<u>662</u>	<u>15</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, 2011  
(In Thousands)**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Fire Department:				
Personnel service	\$ 3,097	\$ 3,220	\$ 3,216	\$ 4
Contractual services	253	247	237	10
Materials and supplies	308	304	303	1
Fixed charges	48	47	46	1
Capital outlay	54	52	52	-
Continued appropriations		16	16	-
Total	<u>3,760</u>	<u>3,886</u>	<u>3,870</u>	<u>16</u>
Fire Hydrant rentals:				
Fixed charges	<u>410</u>	<u>410</u>	<u>409</u>	<u>1</u>
Safety Program:				
Contractual services	4	5	3	2
Materials and supplies	50	30	26	4
Capital outlay	5	4	4	-
Total	<u>59</u>	<u>39</u>	<u>33</u>	<u>6</u>
Parking Authority:				
Personnel service	1	1	1	-
Contractual services	13	12	6	6
Materials and supplies	1	2	1	1
Fixed charges	1	1	1	-
Continued appropriations		4	4	-
Total	<u>16</u>	<u>20</u>	<u>13</u>	<u>7</u>
Total public safety	<u>11,579</u>	<u>11,660</u>	<u>11,443</u>	<u>217</u>
Public Works:				
Town Hall and Annex:				
Contractual services	68	68	60	8
Materials and supplies	97	100	96	4
Total	<u>165</u>	<u>168</u>	<u>156</u>	<u>12</u>
Historical Buildings:				
Materials and supplies	6	6	5	1
Total	<u>6</u>	<u>6</u>	<u>5</u>	<u>1</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, 2011

(In Thousands)

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Sylvia Bradley Historical Society:				
Contractual services	\$ 8	\$ 6	\$ 5	\$ 1
Materials and supplies	10	12	12	-
Total	<u>18</u>	<u>18</u>	<u>17</u>	<u>1</u>
Engineering Department:				
Personnel service	604	561	558	3
Contractual services	11	8	7	1
Materials and supplies	18	21	21	-
Fixed charges	2	2	1	1
Total	<u>635</u>	<u>592</u>	<u>587</u>	<u>5</u>
Highway Department:				
Personnel service	1,478	1,447	1,436	11
Contractual services	484	511	503	8
Materials and supplies	165	162	161	1
Fixed charges	31	30	30	-
Capital outlay	97	159	39	120
Total	<u>2,255</u>	<u>2,309</u>	<u>2,169</u>	<u>140</u>
Snow and Ice Removal:				
Personnel service	115	193	193	-
Contractual services	160	412	408	4
Materials and supplies	430	405	405	-
Total	<u>705</u>	<u>1,010</u>	<u>1,006</u>	<u>4</u>
Street Lighting:				
Contractual services	100	100	63	37
Materials and supplies	276	276	259	17
Total	<u>376</u>	<u>376</u>	<u>322</u>	<u>54</u>
Tree Maintenance:				
Contractual services	19	19	19	-
Bulky Waste Transfer Station:				
Personnel service	90	96	96	-
Contractual services	195	190	177	13
Capital outlay				
Total	<u>285</u>	<u>286</u>	<u>273</u>	<u>13</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, 2011  
(In Thousands)

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Environmental Problems:				
Contractual services	\$ 280	\$ 609	\$ 251	\$ 358
Total	280	609	251	358
Total Public Works	4,744	5,393	4,805	588
Health and Welfare:				
Community Services:				
Personnel service	150	150	150	-
Contractual services	21	21	20	1
Materials and supplies	21	21	21	-
Fixed charges	1	1		1
Capital outlay	8	45	14	31
Continued appropriations		20	18	2
Total	201	258	223	35
Health Department:				
Personnel service	294	296	296	-
Contractual services	142	205	183	22
Materials and supplies	16	14	14	-
Fixed charges	27	27	27	-
Capital outlay	1			-
Continued appropriations		24	15	9
Total	480	566	535	31
Mental Health:				
Fixed charges	3	3	3	-
Nonpublic School Nurses:				
Contractual services	105	107	107	-
Drug Task Force:				
Contractual services	1	1	1	-
Materials and supplies	2	2	2	-
Total	3	3	3	-
Total Health and Welfare	792	937	871	66

(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, 2011

(In Thousands)

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Human Services:				
Youth Counseling:				
Personnel service	\$ 270	\$ 275	\$ 275	\$ -
Contractual services	6	5	5	-
Materials and supplies	1	1	1	-
Fixed charges	2	2	2	-
Capital outlay	2	1		1
Total	<u>281</u>	<u>284</u>	<u>283</u>	<u>1</u>
Commission on the Handicapped:				
Contractual services	9	9	7	2
Materials and supplies	1	1		1
Fixed charges	1	1		1
Total	<u>11</u>	<u>11</u>	<u>7</u>	<u>4</u>
Community Assistance:				
Contractual services	<u>50</u>	<u>50</u>	<u>50</u>	<u>-</u>
Calendar House-Senior Citizens:				
Personnel service	313	308	307	1
Contractual services	92	83	82	1
Materials and supplies	67	65	56	9
Fixed charges	2	2	2	-
Capital outlay	2	10	1	9
Total	<u>476</u>	<u>468</u>	<u>448</u>	<u>20</u>
Southington Housing Authority:				
Materials and supplies	<u>25</u>	<u>25</u>	<u>21</u>	<u>4</u>
Total Human Services	<u>843</u>	<u>838</u>	<u>809</u>	<u>29</u>
Parks and Recreation:				
Parks Department:				
Personnel service	537	537	520	17
Contractual services	192	180	105	75
Materials and supplies	177	219	214	5
Fixed charges	1			-
Capital outlay	5	20	15	5
Total	<u>912</u>	<u>956</u>	<u>854</u>	<u>102</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, 2011  
(In Thousands)

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Recreation Department:				
Personnel service	\$ 321	\$ 309	\$ 298	\$ 11
Contractual services	221	203	100	103
Materials and supplies	23	24	24	-
Fixed charges	24	24	24	-
Total	<u>589</u>	<u>560</u>	<u>446</u>	<u>114</u>
Community Celebrations:				
Fixed charges	<u>5</u>	<u>5</u>	<u>5</u>	<u>-</u>
Organized Recreation:				
Fixed charges	<u>88</u>	<u>88</u>	<u>88</u>	<u>-</u>
Total Parks and Recreation	<u>1,594</u>	<u>1,609</u>	<u>1,393</u>	<u>216</u>
Library:				
Public Library:				
Personnel service	912	914	905	9
Contractual services	95	126	99	27
Materials and supplies	226	231	228	3
Fixed charges	2	2	2	-
Capital outlay	60	54	54	-
Continued appropriations		1	1	-
Total	<u>1,295</u>	<u>1,328</u>	<u>1,289</u>	<u>39</u>
Barnes Museum:				
Personnel service	72	72	72	-
Contractual services	10	40	38	2
Materials and supplies	13	13	13	-
Total	<u>95</u>	<u>125</u>	<u>123</u>	<u>2</u>
Total Library	<u>1,390</u>	<u>1,453</u>	<u>1,412</u>	<u>41</u>
Planning and Development:				
Economic Development Commission:				
Personnel service	120	121	121	-
Contractual services	16	16	14	2
Materials and supplies	2	2	2	-
Fixed charges	2			-
Total	<u>140</u>	<u>139</u>	<u>137</u>	<u>2</u>

(Continued on next page)

## TOWN OF SOUTHLINGTON, CONNECTICUT

## GENERAL FUND

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

FOR THE YEAR ENDED JUNE 30, 2011

(In Thousands)

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Building Department:				
Personnel service	\$ 346	\$ 351	\$ 350	\$ 1
Contractual services	4	4	4	-
Materials and supplies	12	9	9	-
Fixed charges	4	4	3	1
Capital outlay	1			-
Total	<u>367</u>	<u>368</u>	<u>366</u>	<u>2</u>
Planning and Zoning:				
Personnel service	298	308	305	3
Contractual services	25	22	15	7
Materials and supplies	9	9	9	-
Fixed charges	20	20	20	-
Total	<u>352</u>	<u>359</u>	<u>349</u>	<u>10</u>
Zoning Board of Appeals:				
Personnel service	5	5	4	1
Contractual services	8	8	8	-
Materials and supplies	2	2	1	1
Fixed charges		1	1	-
Total	<u>15</u>	<u>16</u>	<u>14</u>	<u>2</u>
Conservation Commission:				
Personnel service	4	4	3	1
Contractual services	4	4	2	2
Materials and supplies	2	2	1	1
Fixed charges	1	1		1
Continued appropriations		6		6
Total	<u>11</u>	<u>17</u>	<u>6</u>	<u>11</u>
Total Planning and Development	<u>885</u>	<u>899</u>	<u>872</u>	<u>27</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, 2011

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Miscellaneous:				
Land Lease:				
Fixed charges	\$ 1	\$ 1	\$ 1	\$ -
Nonlegal professional services:				
Contractual services	40	40	18	22
Continued appropriations		10	10	-
Total Miscellaneous	<u>41</u>	<u>51</u>	<u>29</u>	<u>22</u>
Employee Benefits:				
Medical and group insurance:				
Fixed charges	<u>3,492</u>	<u>3,317</u>	<u>3,317</u>	<u>-</u>
Heart and Hypertension:				
Personnel service	1,180	1,164	1,143	21
Contractual services	<u>26</u>	<u>26</u>	<u>22</u>	<u>4</u>
Total Heart and Hypertension	<u>1,206</u>	<u>1,190</u>	<u>1,165</u>	<u>25</u>
Employee Retirement:				
Municipal:				
Fixed charges	3,673	3,408	3,408	-
Police:				
Fixed charges	107	132	132	-
Unemployment Compensation:				
Fixed charges	<u>15</u>	<u>15</u>	<u>7</u>	<u>8</u>
Total	<u>3,795</u>	<u>3,555</u>	<u>3,547</u>	<u>8</u>
Accumulated Payout:				
Fixed charges	<u>90</u>	<u>90</u>	<u>82</u>	<u>8</u>
Tuition Reimbursement:				
Fixed charges	<u>11</u>	<u>2</u>	<u>2</u>	<u>-</u>
Medical Services:				
Fixed charges	<u>5</u>	<u>2</u>	<u>2</u>	<u>-</u>
Total Employee Benefits	<u>8,599</u>	<u>8,156</u>	<u>8,115</u>	<u>41</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, 2011**

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Debt Service				
Debt service - principal:	\$	\$	\$	\$
Town and Sewer	1,956	1,956	1,923	33
Schools	2,726	2,726	2,726	-
Total	<u>4,682</u>	<u>4,682</u>	<u>4,649</u>	<u>33</u>
Debt service - interest:				
Town and Sewer	847	847	844	3
Schools	981	981	981	-
Total	<u>1,828</u>	<u>1,828</u>	<u>1,825</u>	<u>3</u>
Total Debt Service	<u>6,510</u>	<u>6,510</u>	<u>6,474</u>	<u>36</u>
Board of Education:				
School operations	79,439	79,660	79,658	2
Building maintenance		9	6	3
Contractual services	<u>102</u>	<u>231</u>	<u>95</u>	<u>136</u>
Total Board of Education	<u>79,541</u>	<u>79,900</u>	<u>79,759</u>	<u>141</u>
Contingency	<u>850</u>	<u>64</u>		<u>64</u>
Total expenditures	<u>120,841</u>	<u>120,902</u>	<u>119,187</u>	<u>1,715</u>
Other Financing Uses:				
Transfers out	<u>2,212</u>	<u>2,795</u>	<u>2,795</u>	<u>-</u>
Total	<u>\$ 123,053</u>	<u>\$ 123,697</u>	121,982	<u>\$ 1,715</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				
			6,287	
Accrued payroll is reported as expenditure for GAAP purposes				
			(91)	
Issuance of capital leases are not budgeted				
			614	
Payment to refunded bond escrow agent and issue costs that are not budgeted				
			<u>9,632</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>\$ 138,424</u>	



**Combining and Individual  
Fund Statements and Schedules**

**General Fund**

## TOWN OF SOUTHLINGTON, CONNECTICUT

## GENERAL FUND

## COMPARATIVE BALANCE SHEET

JUNE 30, 2011 AND 2010

(In Thousands)

	<u>2011</u>	<u>2010</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 16,748	\$ 15,396
Property taxes receivable, net of allowance for uncollectible accounts of \$156 in 2011 and \$118 in 2010	2,360	2,421
Due from State of Connecticut	506	435
Accounts receivable	170	54
Due from other funds	216	203
Inventories	54	54
Prepaid assets	<u>177</u>	
Total Assets	<u>\$ 20,231</u>	<u>\$ 18,563</u>
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Accounts payable and accrued liabilities	\$ 2,663	\$ 2,780
Due to other funds	111	133
Due to State of Connecticut	300	295
Deferred revenue	<u>2,093</u>	<u>2,105</u>
Total liabilities	<u>5,167</u>	<u>5,313</u>
Fund balance:		
Nonspendable	231	54
Assigned	1,347	515
Unassigned	<u>13,486</u>	<u>12,681</u>
Total fund balance	<u>15,064</u>	<u>13,250</u>
Total Liabilities and Fund Balance	<u>\$ 20,231</u>	<u>\$ 18,563</u>

TOWN OF SOUTHTON, CONNECTICUT

GENERAL FUND

REPORT OF TAX COLLECTOR

FOR THE YEAR ENDED JUNE 30, 2011

(In Thousands)

Grand List	Uncollected Taxes July 1, 2010	Lawful Corrections		Transfers To Suspense	Adjusted Taxes Collectible	Collections			Amount Paid to Treasurer	Credit Balances	Uncollected Taxes June 30, 2011
		Additions	Deductions			Taxes	Interest	Warrants Liens/Fees			
2009	\$ 96,880	\$ 41	\$ 457	\$ 91	\$ 96,373	\$ 95,296	\$ 271	\$ 1	\$ 95,568	\$ 177	\$ 1,254
2008	1,343	2	18	64	1,263	687	139	5	831	11	587
2007	633	1	8	24	602	245	124	2	371	6	363
2006	265		2	6	257	145	81	1	227	1	113
2005	123		2	7	114	35	29		64	2	81
2004	58		1	3	54	15	13		28		39
2003	32		1	1	30	9	9		18		21
2002	21		1	1	19	4	4		8		15
2001	12				12	3	3		6		9
2000	9				9	2	4		6		7
1999	7				7	2	4		6		5
1998	8				8	2	4		6		6
1997	8				8	2	4		6		6
1996	8				8	2	5		7		6
1995	7				7	3	5		8		4
1994	5		5 *		-				-		-
	<u>\$ 99,419</u>	<u>\$ 44</u>	<u>\$ 495</u>	<u>\$ 197</u>	<u>\$ 98,771</u>	<u>\$ 96,452</u>	<u>\$ 699</u>	<u>\$ 9</u>	<u>\$ 97,160</u>	<u>\$ 197</u>	<u>\$ 2,516</u>

\* Operation of law

**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
Animal Control	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
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
Barnes Museum Restoration	Contributions	Restoration of Barnes Museum

### 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, 2011  
(In Thousands)

	Special Revenue							
	Cafeteria	Animal Control	Federal and State Education Grants	Police Auction	Refuse	Police Special Duty	Apple Harvest Festival	Police Forfeiture
<b>ASSETS</b>								
Cash and cash equivalents	\$ 168	\$ 97	\$ 116	\$ 3	\$	\$ 25	\$ 124	\$ 59
Investments								
Accounts receivable	77		62		216	222		
Due from other funds					22			
Inventories	62							
Total Assets	<u>\$ 307</u>	<u>\$ 97</u>	<u>\$ 178</u>	<u>\$ 3</u>	<u>\$ 238</u>	<u>\$ 247</u>	<u>\$ 124</u>	<u>\$ 59</u>
<b>LIABILITIES AND FUND BALANCES</b>								
Liabilities:								
Accounts payable and accrued liabilities	\$ 18	\$ 20	\$ 29	\$	\$ 182	\$ 21	\$	\$
Due to other funds			4		40			
Deferred revenue			99					
Other liabilities					14			
Total liabilities	<u>18</u>	<u>20</u>	<u>132</u>	<u>-</u>	<u>236</u>	<u>21</u>	<u>-</u>	<u>-</u>
Fund Balances:								
Nonspendable	62							
Restricted			46					
Committed	227	77		3	2	226	124	59
Total fund balance	<u>289</u>	<u>77</u>	<u>46</u>	<u>3</u>	<u>2</u>	<u>226</u>	<u>124</u>	<u>59</u>
Total Liabilities and Fund Balances	<u>\$ 307</u>	<u>\$ 97</u>	<u>\$ 178</u>	<u>\$ 3</u>	<u>\$ 238</u>	<u>\$ 247</u>	<u>\$ 124</u>	<u>\$ 59</u>

(Continued on next page)

## TOWN OF SOUTHLINGTON, CONNECTICUT

COMBINING BALANCE SHEET (CONTINUED)  
NONMAJOR GOVERNMENTAL FUNDSJUNE 30, 2011  
(In Thousands)

	Special Revenue							Total
	Town Special Revenue	Child Development Center	Library Trust	Excavation Permit	Community Services	Drive In Theatre	Barnes Museum Restoration	
<b>ASSETS</b>								
Cash and cash equivalents	\$ 128	\$ -	\$ 17	\$ 440	\$ 41	\$ 19	\$ 75	\$ 1,312
Investments								-
Accounts receivable								577
Due from other funds			89					111
Inventories								62
Total Assets	<u>\$ 128</u>	<u>\$ -</u>	<u>\$ 106</u>	<u>\$ 440</u>	<u>\$ 41</u>	<u>\$ 19</u>	<u>\$ 75</u>	<u>\$ 2,062</u>
<b>LIABILITIES AND FUND BALANCES</b>								
Liabilities:								
Accounts payable and accrued liabilities	\$ 18	\$ -	\$ -	\$ -	\$ 2	\$ 3	\$ -	\$ 293
Due to other funds								44
Deferred revenue				236				335
Other liabilities				176				190
Total liabilities	<u>18</u>	<u>-</u>	<u>-</u>	<u>412</u>	<u>2</u>	<u>3</u>	<u>-</u>	<u>862</u>
Fund Balances:								
Nonspendable								62
Restricted			106					152
Committed	110			28	39	16	75	986
Total fund balance	<u>110</u>	<u>-</u>	<u>106</u>	<u>28</u>	<u>39</u>	<u>16</u>	<u>75</u>	<u>1,200</u>
Total Liabilities and Fund Balances	<u>\$ 128</u>	<u>\$ -</u>	<u>\$ 106</u>	<u>\$ 440</u>	<u>\$ 41</u>	<u>\$ 19</u>	<u>\$ 75</u>	<u>\$ 2,062</u>

(Continued on next page)



TOWN OF SOUTHINGTON, CONNECTICUT

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2011  
(In Thousands)

	Permanent						Interfund Eliminations	Total Nonmajor Governmental Funds
	Edna Woodruff	Addin Lewis	Julia Bradley Library	Board of Education Scholarship	Library Trust	Total		
<b>ASSETS</b>								
Cash and cash equivalents	\$	\$	\$	\$	\$	\$	\$	\$
Investments	2	3	1	193	16	210	-	1,522
Accounts receivable				367	349	721		721
Due from other funds						-		577
Inventories						-		111
						-		62
Total Assets	<u>\$ 2</u>	<u>\$ 3</u>	<u>\$ 1</u>	<u>\$ 560</u>	<u>\$ 365</u>	<u>\$ 931</u>	<u>\$ -</u>	<u>\$ 2,993</u>
<b>LIABILITIES AND FUND BALANCES</b>								
Liabilities:								
Accounts payable and accrued liabilities	\$	\$	\$	\$	\$	\$	\$	\$
Due to other funds					5	5		298
Deferred revenue						-		44
Other liabilities						-		335
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5</u>	<u>5</u>	<u>-</u>	<u>867</u>
Fund Balances:								
Nonspendable	2	3	1	560	360	926		988
Restricted						-		152
Committed						-		986
Total fund balance	<u>2</u>	<u>3</u>	<u>1</u>	<u>560</u>	<u>360</u>	<u>926</u>	<u>-</u>	<u>2,126</u>
Total Liabilities and Fund Balances	<u>\$ 2</u>	<u>\$ 3</u>	<u>\$ 1</u>	<u>\$ 560</u>	<u>\$ 365</u>	<u>\$ 931</u>	<u>\$ -</u>	<u>\$ 2,993</u>

## TOWN OF SOUTHLINGTON, CONNECTICUT

COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDSFOR THE YEAR ENDED JUNE 30, 2011  
(In Thousands)

	Special Revenue							
	Cafeteria	Animal Control	Federal and State Education Grants	Police Auction	Refuse	Police Special Duty	Apple Harvest Festival	Police Forfeiture
Revenues:								
Contributions	\$	\$	\$	\$	\$	\$	\$ 44	\$
Intergovernmental	450		4,954					
Charges for services	1,214	10			1,979	1,114	211	46
Income on investments								
Net increase (decrease) in fair value of investments								
Total revenues	<u>1,664</u>	<u>10</u>	<u>4,954</u>	<u>-</u>	<u>1,979</u>	<u>1,114</u>	<u>255</u>	<u>46</u>
Expenditures:								
Current:								
General government								
Public safety		194				1,029		1
Public works					1,979		148	
Health and welfare								
Human services								
Parks and recreation								
Public library								
Education	1,626		4,966					
Total expenditures	<u>1,626</u>	<u>194</u>	<u>4,966</u>	<u>-</u>	<u>1,979</u>	<u>1,029</u>	<u>148</u>	<u>1</u>
Excess (Deficiency) of Revenues over Expenditures	<u>38</u>	<u>(184)</u>	<u>(12)</u>	<u>-</u>	<u>-</u>	<u>85</u>	<u>107</u>	<u>45</u>
Other Financing Sources (Uses):								
Transfers in		193						
Transfers out						(50)	(50)	
Total other financing sources (uses)	<u>-</u>	<u>193</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(50)</u>	<u>(50)</u>	<u>-</u>
Net Change in Fund Balances	38	9	(12)	-	-	35	57	45
Fund Balances at Beginning of Year	<u>251</u>	<u>68</u>	<u>58</u>	<u>3</u>	<u>2</u>	<u>191</u>	<u>67</u>	<u>14</u>
Fund Balances at End of Year	<u>\$ 289</u>	<u>\$ 77</u>	<u>\$ 46</u>	<u>\$ 3</u>	<u>\$ 2</u>	<u>\$ 226</u>	<u>\$ 124</u>	<u>\$ 59</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, 2011  
(In Thousands)

Special Revenue

	<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>Barnes Museum Restoration</u>	<u>Total</u>
Revenues:								
Contributions	\$	\$	\$	\$	\$ 40	\$	\$ 75	\$ 159
Intergovernmental	171	380	6					5,961
Charges for services	104		11	53		36		4,778
Income on investments								-
Net increase (decrease) in fair value of investments								-
Total revenues	<u>275</u>	<u>380</u>	<u>17</u>	<u>53</u>	<u>40</u>	<u>36</u>	<u>75</u>	<u>10,898</u>
Expenditures:								
Current:								
General government	51							51
Public safety	3							1,227
Public works	195			50				2,372
Health and welfare	17							17
Human services	159	380			37			576
Parks and recreation	4					22		26
Public library			23					23
Education								6,592
Total expenditures	<u>429</u>	<u>380</u>	<u>23</u>	<u>50</u>	<u>37</u>	<u>22</u>	<u>-</u>	<u>10,884</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(154)</u>	<u>-</u>	<u>(6)</u>	<u>3</u>	<u>3</u>	<u>14</u>	<u>75</u>	<u>14</u>
Other Financing Sources (Uses):								
Transfers in			5					198
Transfers out								(100)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>5</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>98</u>
Net Change in Fund Balances	<u>(154)</u>	<u>-</u>	<u>(1)</u>	<u>3</u>	<u>3</u>	<u>14</u>	<u>75</u>	<u>112</u>
Fund Balances at Beginning of Year	<u>264</u>	<u>-</u>	<u>107</u>	<u>25</u>	<u>36</u>	<u>2</u>	<u>-</u>	<u>1,088</u>
Fund Balances at End of Year	<u>\$ 110</u>	<u>\$ -</u>	<u>\$ 106</u>	<u>\$ 28</u>	<u>\$ 39</u>	<u>\$ 16</u>	<u>\$ 75</u>	<u>\$ 1,200</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, 2011**  
(In Thousands)

	Permanent						Interfund Eliminations	Total Nonmajor Governmental Funds
	Edna Woodruff	Addin Lewis	Julia Bradley Library	Board of Education Scholarship	Library Trust	Total		
Revenues:								
Contributions	\$	\$	\$	\$ 43	\$ 15	\$ 58	\$	\$ 217
Intergovernmental						-		5,961
Charges for services						-		4,778
Income on investments				6	57	63		63
Net increase (decrease) in fair value of investments		(1)		12		11		11
Total revenues	<u>-</u>	<u>(1)</u>	<u>-</u>	<u>61</u>	<u>72</u>	<u>132</u>	<u>-</u>	<u>11,030</u>
Expenditures:								
Current:								
General government						-		51
Public safety						-		1,227
Public works						-		2,372
Health and welfare						-		17
Human services						-		576
Parks and recreation						-		26
Public library					32	32		55
Education				47		47		6,639
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>47</u>	<u>32</u>	<u>79</u>	<u>-</u>	<u>10,963</u>
Excess (Deficiency) of Revenues over Expenditures	<u>-</u>	<u>(1)</u>	<u>-</u>	<u>14</u>	<u>40</u>	<u>53</u>	<u>-</u>	<u>67</u>
Other Financing Sources (Uses):								
Transfers in						-	(5)	193
Transfers out					(5)	(5)	5	(100)
Total other financing sources (uses)	<u>-</u>	<u>(1)</u>	<u>-</u>	<u>-</u>	<u>(5)</u>	<u>(5)</u>	<u>-</u>	<u>93</u>
Net Change in Fund Balances	-	(1)	-	14	35	48	-	160
Fund Balances at Beginning of Year	<u>2</u>	<u>4</u>	<u>1</u>	<u>546</u>	<u>325</u>	<u>878</u>	<u>-</u>	<u>1,966</u>
Fund Balances at End of Year	<u>\$ 2</u>	<u>\$ 3</u>	<u>\$ 1</u>	<u>\$ 560</u>	<u>\$ 360</u>	<u>\$ 926</u>	<u>\$ -</u>	<u>\$ 2,126</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, 2011 WITH COMPARATIVE TOTALS FOR 2010

(In Thousands)

	<u>Student Activity Fund</u>	<u>Escrow Deposit Fund</u>	<u>Totals</u>	
			<u>2011</u>	<u>2010</u>
Assets:				
Cash and cash equivalents	\$ 416	\$ 2,872	\$ 3,288	\$ 1,944
Investments	<u>214</u>		<u>214</u>	<u>213</u>
Total Assets	<u>\$ 630</u>	<u>\$ 2,872</u>	<u>\$ 3,502</u>	<u>\$ 2,157</u>
Liabilities:				
Fiduciary deposits	<u>\$ 630</u>	<u>\$ 2,872</u>	<u>\$ 3,502</u>	<u>\$ 2,157</u>

## TOWN OF SOUTHLINGTON, CONNECTICUT

## AGENCY FUNDS

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
FOR THE YEAR ENDED JUNE 30, 2011  
(In Thousands)**

	<u>Balance July 1, 2010</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2011</u>
<b>Student Activity Fund</b>				
Assets:				
Cash and cash equivalents	\$ 316	\$ 1,039	\$ 939	\$ 416
Investments	<u>213</u>	<u>39</u>	<u>38</u>	<u>214</u>
Total Assets	<u>\$ 529</u>	<u>\$ 1,078</u>	<u>\$ 977</u>	<u>\$ 630</u>
Liabilities:				
Fiduciary deposits	<u>\$ 529</u>	<u>\$ 1,078</u>	<u>\$ 977</u>	<u>\$ 630</u>
<b>Escrow Deposit</b>				
Assets:				
Cash and cash equivalents	<u>\$ 1,628</u>	<u>\$ 1,910</u>	<u>\$ 666</u>	<u>\$ 2,872</u>
Liabilities:				
Fiduciary deposits	<u>\$ 1,628</u>	<u>\$ 1,910</u>	<u>\$ 666</u>	<u>\$ 2,872</u>
<b>Total All Agency Funds</b>				
Assets:				
Cash and cash equivalents	\$ 1,944	\$ 2,949	\$ 1,605	\$ 3,288
Investments	<u>213</u>	<u>39</u>	<u>38</u>	<u>214</u>
Total Assets	<u>\$ 2,157</u>	<u>\$ 2,988</u>	<u>\$ 1,643</u>	<u>\$ 3,502</u>
Liabilities:				
Fiduciary deposits	<u>\$ 2,157</u>	<u>\$ 2,988</u>	<u>\$ 1,643</u>	<u>\$ 3,502</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 NINE FISCAL YEARS

(In Thousands)

	FISCAL YEAR								
	2011	2010	2009	2008	2007	2006	2005	2004	2003
Governmental Activities:									
Invested in capital assets, net of related debt	\$ 104,035	\$ 99,125	\$ 119,767	\$ 112,125	\$ 111,260	\$ 63,374	\$ 65,692	\$ 53,356	\$ 58,590
Restricted	1,032	985	1,023	1,023	980	919	898	890	860
Unrestricted	6,786	1,814	(22,128)	(14,999)	(8,422)	(3,053)	(9,534)	(2,779)	(11,387)
Total governmental activities net assets	<u>111,853</u>	<u>101,924</u>	<u>98,662</u>	<u>98,149</u>	<u>103,818</u>	<u>61,240</u>	<u>57,056</u>	<u>51,467</u>	<u>48,063</u>
Business-type Activities:									
Invested in capital assets, net of related debt	47,450	47,103	44,662	33,460	31,564	30,968	30,277	29,922	30,622
Unrestricted	1,585	789	483	1,065	1,648	2,397	2,641	2,302	1,953
Total business-type activities net assets	<u>49,035</u>	<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>	<u>32,575</u>
Primary Government:									
Invested in capital assets, net of related debt	151,485	146,228	164,429	145,585	142,824	94,342	95,969	83,278	89,212
Restricted	1,032	985	1,023	1,023	980	919	898	890	860
Unrestricted	8,371	2,603	(21,645)	(13,934)	(6,774)	(656)	(6,893)	(477)	(9,434)
Total Primary Government Net Assets	<u>\$ 160,888</u>	<u>\$ 149,816</u>	<u>\$ 143,807</u>	<u>\$ 132,674</u>	<u>\$ 137,030</u>	<u>\$ 94,605</u>	<u>\$ 89,974</u>	<u>\$ 83,691</u>	<u>\$ 80,638</u>

## Notes:

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

## TOWN OF SOUTHTONINGTON, CONNECTICUT

## CHANGES IN NET ASSETS

LAST NINE YEARS  
(In Thousands)

	FISCAL YEAR								
	2011	2010	2009	2008	2007	2006	2005	2004	2003
Expenses:									
Governmental activities:									
General government	\$ 4,176	\$ 4,464	\$ 7,291	\$ 6,627	\$ 5,916	\$ 5,763	\$ 5,935	\$ 5,462	\$ 5,749
Public safety	18,711	17,749	16,047	16,789	12,303	10,391	10,111	9,075	9,370
Public works	9,402	9,712	9,836	10,165	9,388	8,065	5,501	6,757	7,559
Health and welfare	1,047	940	1,024	766	778	760	737	606	490
Human services	1,671	1,477	1,579	1,272	1,229	953	900	890	943
Parks and recreation	1,903	1,994	2,218	1,992	2,124	1,780	1,823	1,778	1,535
Public library	1,844	1,830	1,569	1,303	1,254	1,205	1,185	1,089	1,144
Planning and development	1,245	1,131	785	925	828	917	764	636	730
Employee fringe benefits					3,217	2,591	2,131	1,487	1,827
Education	94,128	92,209	89,694	106,877	81,356	77,447	71,556	67,754	64,117
Interest on long-term debt	1,621	2,060	1,697	1,931	1,697	1,688	2,088	1,264	1,562
Miscellaneous					35	370	80	322	134
Total governmental activities expenses	<u>135,748</u>	<u>133,566</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>	<u>95,160</u>
Business-type activities:									
Sewer	<u>4,999</u>	<u>4,849</u>	<u>4,419</u>	<u>4,284</u>	<u>4,079</u>	<u>3,609</u>	<u>3,110</u>	<u>2,967</u>	<u>2,919</u>
Total primary government expenses	<u>140,747</u>	<u>138,415</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>	<u>98,079</u>
Program revenues:									
Governmental activities:									
Charges for services:									
General government	1,085	1,332	1,323	2,136	2,216	2,582	2,394	1,921	1,470
Public safety	1,250	954	1,318	1,064	817	781	848	737	873
Public works	2,442	2,746	2,894	2,758	2,745	2,654	3,386	2,360	2,206
Education	1,973	1,963	1,972	1,962	1,922	1,750	1,804	1,712	1,574
Other	968	1,061	1,633	738	382	308	296	281	278
Operating grants and contributions	33,906	33,301	31,260	51,074	25,327	24,559	21,531	20,547	21,024
Capital grants and contributions	6,920	8,329	10,897	2,042	7,818	2,806	524	2,814	2,880
Total governmental activities program revenues	<u>48,544</u>	<u>49,686</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>	<u>30,305</u>
Business-type activities:									
Charges for services	<u>4,297</u>	<u>3,727</u>	<u>3,058</u>	<u>2,655</u>	<u>2,256</u>	<u>2,309</u>	<u>2,396</u>	<u>2,310</u>	<u>1,945</u>
Total business activities program revenues	<u>4,297</u>	<u>3,727</u>	<u>3,058</u>	<u>2,655</u>	<u>2,256</u>	<u>2,309</u>	<u>2,396</u>	<u>2,310</u>	<u>1,945</u>
Total primary government program revenues	<u>52,841</u>	<u>53,413</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>	<u>32,250</u>
Net (expense) revenue:									
Governmental activities	(87,204)	(83,880)	(80,443)	(86,873)	(78,898)	(76,490)	(72,028)	(66,748)	(64,855)
Business-type activities	(702)	(1,122)	(1,361)	(1,629)	(1,823)	(1,300)	(714)	(657)	(974)
Total primary government net expense	<u>(87,906)</u>	<u>(85,002)</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>	<u>(65,829)</u>
General revenues and other changes in net assets:									
Governmental activities:									
Property taxes	97,004	92,919	90,440	85,534	81,197	79,172	75,351	67,880	64,884
Grants and contributions not restricted to specific purposes	1,755	2,201	2,128	1,940	2,077	1,917	2,811	1,870	2,551
Unrestricted investment earnings	219	278	369	1,190	1,446	1,230	540	288	303
Miscellaneous				127	66	102	323	420	128
Transfers	(1,845)	(3,689)	(11,981)	(2,947)	(1,670)	(1,747)	(1,408)	(306)	
Total governmental activities	<u>97,133</u>	<u>91,709</u>	<u>80,956</u>	<u>85,844</u>	<u>83,116</u>	<u>80,674</u>	<u>77,617</u>	<u>70,152</u>	<u>67,866</u>
Business-Type Activities:									
Transfers	<u>1,845</u>	<u>3,689</u>	<u>11,981</u>	<u>2,947</u>	<u>1,670</u>	<u>1,747</u>	<u>1,408</u>	<u>306</u>	
Total business-type activities	<u>1,845</u>	<u>3,689</u>	<u>11,981</u>	<u>2,947</u>	<u>1,670</u>	<u>1,747</u>	<u>1,408</u>	<u>306</u>	<u>0</u>
Total primary government	<u>98,978</u>	<u>95,398</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>	<u>67,866</u>
Changes in net assets:									
Governmental activities	9,929	7,829	513	(1,029)	4,218	4,184	5,589	3,404	3,011
Business-type activities	<u>1,143</u>	<u>2,567</u>	<u>10,620</u>	<u>1,318</u>	<u>(153)</u>	<u>447</u>	<u>694</u>	<u>(351)</u>	<u>(974)</u>
Total Primary Government	<u>\$ 11,072</u>	<u>\$ 10,396</u>	<u>\$ 11,133</u>	<u>\$ 289</u>	<u>\$ 4,065</u>	<u>\$ 4,631</u>	<u>\$ 6,283</u>	<u>\$ 3,053</u>	<u>\$ 2,037</u>

## Notes:

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

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

	FISCAL YEAR									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
General Fund:										
Nonspendable	\$ 231	\$	\$	\$	\$	\$	\$	\$	\$	\$
Assigned	1,347									
Unassigned	13,486									
Reserved		54	426	365	255	414	560	571	561	343
Unreserved		13,196	12,044	9,936	9,112	8,939	7,450	5,368	6,912	8,579
Total General Fund	<u>\$ 15,064</u>	<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>
All other governmental funds:										
Nonspendable	\$ 988	\$	\$	\$	\$	\$	\$	\$	\$	\$
Restricted	1,562									
Committed	1,909									
Reserved		52	44	59	54	51	38	40	34	56
Unreserved, reported in:										
Special revenue funds		2,299	2,562	2,063	2,199	2,208	2,007	1,506	1,468	1,240
Capital projects funds		(21,118)	(9,117)	(5,333)	(7,536)	(2,409)	(10,074)	(3,933)	(11,816)	(5,014)
Permanent funds		878	775	872	826	769	747	725	680	
Total All Other Governmental Funds	<u>\$ 4,459</u>	<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>

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									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Revenues:										
Property taxes	\$ 97,026	\$ 92,650	\$ 90,440	\$ 85,341	\$ 82,036	\$ 79,246	\$ 74,746	\$ 68,072	\$ 64,360	\$ 62,286
Intergovernmental	39,277	41,267	43,615	55,366	34,901	29,342	24,784	25,087	26,734	35,739
Charges for services	7,592	7,724	7,764	5,135	4,914	4,873	5,071	4,329	4,373	3,242
Income on investments	218	305	369	1,173	1,417	1,182	466	250	260	
Other revenues	504	559	1,423	3,588	3,387	3,725	4,023	4,079	2,704	3,632
<b>Total revenues</b>	<b>144,617</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>
Expenditures:										
General government	3,265	3,037	3,018	6,030	5,641	5,833	5,405	5,090	4,666	4,322
Public safety	12,687	12,589	12,398	12,193	12,055	10,442	9,784	9,075	9,061	8,878
Public works	7,188	7,008	8,341	7,469	6,867	7,321	6,970	6,441	6,031	5,840
Health and welfare	880	769	720	786	766	779	739	625	518	536
Human resources	1,387	1,243	1,498	1,280	1,223	916	862	852	905	866
Parks and recreation	1,423	1,570	2,071	1,935	1,946	1,930	1,724	1,656	1,524	1,554
Public library	1,472	1,447	1,594	1,311	1,245	1,184	1,146	1,130	1,130	1,015
Planning and development	877	835	841	829	816	937	779	738	720	690
Miscellaneous	29	77	147	56	35	370	80	322	134	48
Employee fringe benefits	8,115	7,584	6,920	4,007	3,647	3,057	2,476	2,056	1,811	1,908
Education	93,163	89,674	84,567	103,840	78,249	74,727	69,592	66,426	62,201	58,867
Debt service:										
Principal	4,649	4,767	4,955	4,460	4,530	3,394	4,669	4,123	4,516	4,962
Interest	2,352	1,970	1,126	1,135	1,075	1,610	*	*	*	*
Capital outlay	7,041	21,444	32,083	11,195	13,622	8,799	8,413	10,975	13,440	25,053
<b>Total expenditures</b>	<b>144,528</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>
Excess of revenue under expenditures	89	(11,509)	(16,668)	(5,923)	(5,062)	(2,931)	(3,549)	(7,692)	(8,226)	(9,640)
Other financing sources (uses):										
Refunding bonds issued	8,745									
Premium on refunding bonds	887									
Payment to refunded bond escrow agent	(9,515)									
Premium on general obligation bonds	329									
Issuance of notes payable	11,068									
Issuance of capital leases	614									
Bond proceeds	11,945	136	15,440	8,975						
Transfers in	2,895	2,766	2,912	3,527	1,947	2,007	2,240	2,272	4,008	2,731
Transfers out	(2,895)	(2,766)	(2,912)	(3,527)	(1,947)	(2,007)	(2,240)	(2,272)	(4,008)	(2,731)
<b>Total other financing sources</b>	<b>24,073</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>Net Change in Fund Balances</b>	<b>\$ 24,162</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>
Debt Service as a Percentage of Noncapital Expenditures	5.01%	4.94%	4.78%	3.81%	4.50%	4.44%	4.54%	4.19%	4.69%	5.55%

## Notes:

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

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

\* Information currently being developed

## TOWN OF SOUTHLINGTON, CONNECTICUT

## ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

LAST TEN FISCAL YEARS  
(In Thousands)

Fiscal Year	Grand List October 1,	Real Property			Personal Property	Motor Vehicle	Less Tax Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value As a Percentage of Actual Taxable Value
		Residential	Commercial	Industrial							
2011	2009	\$ 3,001,720	\$ 468,372	\$ 109,734	\$ 200,816	\$ 312,881	\$ 77,368	\$ 4,016,155	24.02	\$ 5,737,364	70%
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%

Source: Town of Southington Office of Tax Assessor

## Notes:

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

TOWN OF SOUTHTON, CONNECTICUT

PRINCIPAL PROPERTY TAX PAYERS

2011 AND 2003  
(In Thousands)

Taxpayer	2011			2003 <sup>(1)</sup>		
	Taxable Assessed Value	Rank	Percentage of Total Town Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Town Taxable Assessed Value
Connecticut Light & Power Co.	\$ 54,778	1	1.36%	\$ 28,306	2	1.12%
Lexington Southington LP (formerly Htfd Fire Insurance )	19,188	2	0.48%	9,708	6	0.38%
RK Southington LLC (Galileo Queens Plaza LLC)	15,453	3	0.38%			
Target Corporation	14,498	4	0.36%			
Yankee Gas	14,157	5	0.35%	7,768	7	0.31%
45 Newell Street (Yarde Metals)	14,022	6	0.35%			
Execwest LLC (Lowe's Home Improvement)	11,818	7	0.29%			
Widewaters WC5 (Home Depot)	10,850	8	0.27%			
Hartconn Corporation	10,546	9	0.26%	10,464	4	0.41%
Medex Inc (formerly Johnson & Johnson)	9,323	10	0.23%	31,574	1	1.25%
Chancellor Gardens				7,707	8	0.30%
Central Connecticut Senior Care				7,243	10	0.29%
LXPL, L.P.				12,904	3	0.51%
Lake Compounce/Kennywood Entertainment				7,301	9	0.29%
Southington Route 10 Associates				9,817	5	0.39%
Total	\$ <u>174,633</u>		<u>4.35%</u>	\$ <u>132,792</u>		<u>5.24%</u>

Net Taxable Grand List 10/01/2011 of \$4,016,155

Net Taxable Grand List 10/01/2003 of \$2,535,788

(in thousands)

Source: Town of Southington, Office of Tax Assessor

Notes:

(1) Data for the 2002 grand list was not available.



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

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

Fiscal Year Ended June 30,	Grand List October 1,	Tax Rate In Mills	Taxes Levied For The Fiscal Year	Adjustments	Total Adjusted Levy	Collected Within the Fiscal Year of Levy		Collections In Subsequent Years	Total Collections to Date	
						Amount	Percentage of Levy		Amount	Percentage of Adjusted Levy
2011	2009	24.02	\$ 96,374	\$	\$ 96,374	\$ 95,119	98.70 %	\$	\$ 95,119	98.70 %
2010	2008	23.27	92,337	79	92,258	90,995	98.55	676	91,671	99.36
2009	2007	23.02	90,298	92	90,206	88,887	98.44	956	89,843	99.60
2008	2006	21.88	84,776	97	84,679	83,662	98.69	904	84,566	99.87
2007	2005	21.40	81,627	126	81,501	80,617	98.76	803	81,420	99.90
2006	2004	29.43	78,877	286	78,591	77,798	98.63	755	78,553	99.95
2005	2003	28.43	74,195	202	73,993	72,967	98.34	1,005	73,972	99.97
2004	2002	26.60	68,598	155	68,443	67,532	98.45	896	68,428	99.98
2003	2001	25.30	64,187	633	63,554	63,118	98.33	427	63,545	99.99
2002	2000	28.90	61,521	196	61,325	60,526	98.38	791	61,317	99.99

## TOWN OF SOUTHLINGTON, CONNECTICUT

## RATIOS OF OUTSTANDING DEBT BY TYPE

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

Fiscal Year	Governmental Activities				Total Primary Government	Percentage of Actual Taxable Value	Percentage of Personal Income	Debt Per Capita
	General Obligation Bonds	Clean Water Fund Loan	Capital Leases					
2011	\$ 61,665	\$ 11,068	\$ 614	\$	73,347	1.28 %	4.73 %	\$ 1,701
2010	55,166				55,166	0.97	3.60	1,297
2009	59,584		137		59,721	1.07	4.35	1,414
2008	48,596		271		48,867	0.88	3.57	1,160
2007	43,466		399		43,865	0.80	3.19	1,038
2006	47,362		524		47,886	1.26	3.50	1,138
2005	38,581				38,581	1.04	2.84	925
2004	41,259				41,259	1.12	3.07	997
2003	29,945				29,945	0.83	2.25	731
2002	32,875				32,875	1.09	2.62	817

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

## TOWN OF SOUTHTON, CONNECTICUT

## SCHEDULE OF DEBT LIMITATION

June 30, 2011  
(In Thousands)

Total tax collections (including interest and lien fees) received by Treasurer for current fiscal year	\$ 96,963
Reimbursement for loss of revenue:	
Tax relief for elderly - freeze	<u>                    </u>
Base	<u>\$ 96,963</u>

	<u>General Purpose</u>	<u>Schools</u>	<u>Sewers</u>	<u>Urban Renewal</u>	<u>Pension Deficit</u>
Debt limitation:					
2-1/4 times base	\$ 218,167	\$	\$	\$	\$
4-1/2 times base		436,334			
3-3/4 times base			363,611		
3-1/4 times base				315,130	
3 times base					290,889
Total debt limitation	<u>218,167</u>	<u>436,334</u>	<u>363,611</u>	<u>315,130</u>	<u>290,889</u>
Indebtedness:					
Bonds payable	17,968	32,777	10,920		
Bonds authorized - unissued	1,246	4,033	240		
Clean Water Fund Loan			11,068		
Grant commitments		(757)			
Total indebtedness	<u>19,214</u>	<u>36,053</u>	<u>22,228</u>	<u>-</u>	<u>-</u>
Debt limitation in excess of outstanding and authorized debt	<u>\$ 198,953</u>	<u>\$ 400,281</u>	<u>\$ 341,383</u>	<u>\$ 315,130</u>	<u>\$ 290,889</u>

Note 1: In no case shall total indebtedness exceed seven times annual receipts from taxation of \$678.7 million

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

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

**TOWN OF SOUTHTON, CONNECTICUT**

**LEGAL DEBT MARGIN INFORMATION**

**LAST TEN FISCAL YEARS**

(In Thousands)

	<b>FISCAL YEAR</b>									
	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
Debt limitation	\$ 678,741	\$ 649,404	\$ 631,918	\$ 596,100	\$ 575,500	\$ 555,200	\$ 518,100	\$ 479,100	\$ 449,600	\$ 434,800
Total net debt applicable to limit	<u>77,495</u>	<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>
Legal Debt Margin	<u>\$ 601,246</u>	<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>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	<u>11.42%</u>	<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>

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Source: Comprehensive Annual Financial Report - Schedule of Debt Limitation

Note: See Table 9 for calculation of current year debt limitation

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

<u>Calendar Year</u>	<u>Population (1)</u>	<u>Per Capita Income (2)</u>	<u>Personal Income (3)</u>	<u>Median Age (4)</u>	<u>Public School Enrollment (5)</u>	<u>Unemployment Rate (6)</u>
2011	43,130	\$ 35,956	\$ 1,550,782,280	42.0	6,828	7.50 %
2010	42,534	36,018	1,531,989,612	42.0	6,844	8.00 %
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 %

## Source:

- (1) State of Connecticut Department of Public Health as of July 1st of Prior Year.
- (2) U.S. Census Bureau, 2005-2009 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 2011.
- (5) Town of Southington, Board of Education.
- (6) State of Connecticut Department of Labor website Annual Averages. For 2011, June 2011 is utilized as an estimate. Next year it will be replaced with the Annual Average.

TOWN OF SOUTHTON, CONNECTICUT

PRINCIPAL EMPLOYERS

2011 AND 2001

Employer	Nature of Business	2011			2001 (1)		
		Employees	Rank	Percentage of Total Town Employment	Employees	Rank	Percentage of Total Town Employment
Town of Southington	Municipality	1,186	1	4.81%	1,046	3	4.58%
Hartford Insurance Group	Insurance	640	2	2.60%	1,650	1	7.22%
Hospital of Central CT: Bradley Memorial Hospital	Hospital	402	3	1.63%	260	5	1.14%
Yarde Metals	Manufacturing	388	4	1.57%			
Southington Care Center	Health Care Practice	315	5	1.28%			
Smith's Medical (Medex Inc.)	Manufacturing	278	6	1.13%			
The Home Depot	Retail Chain	215	7	0.87%	380	4	1.66%
Wal-Mart	Retail Chain	198	8	0.80%			
Stop & Shop	Retail Chain	179	9	0.73%			
Price Chopper	Retail Chain	170	10	0.69%			
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>3,971</u>		<u>16.11%</u>	<u>5,236</u>		<u>22.92%</u>

(1) FY 2001 statistical information used for comparison; FY 2002 statistical information unavailable for 9-year comparison.

FY 2001 Labor Force 22,843

FY 2011 Labor Force 24,651

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

Function/Program	Fiscal Year Ended									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
General government	58	58	57	57	55	52	50	49	49	49
Police	85	85	85	85	79	79	77	76	77	74
Fire	33	33	33	32	33	32	32	32	32	32
Public works	35	35	37	37	37	35	34	33	33	32
Parks and recreation	11	11	13	13	13	13	12	12	12	12
Library and Barnes	20	20	19	19	18	18	18	18	18	18
Education <sup>(1)</sup>	939	931	904	907	890	871	858	856	855	849
Animal Control	2	2	2	2	2	2	2	2	2	2
Sewer plant and office	13	13	12	13	13	12	12	12	12	12
Total	1,196	1,188	1,162	1,165	1,140	1,114	1,095	1,090	1,090	1,080

## Notes:

(1) Beginning FY 2010, Education FTEs include food service workers.

Source: Town of Southington Finance Department and Board of Education records.  
Town utilized Department of Labor reports as of June 30th.

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

Function\Program	FISCAL YEAR									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
General government:										
Building permits issued	1,284	1,210	1,181	1,311	1,464	1,541	1,701	1,594	1,343	1,191
Police:										
Physical arrests	993	1,000	971	1,247	1,265	967	1,049	2,462	1,565	1,267
Parking violations	409	867	1,123	500	892	785	362	492	331	601
Traffic violations	9,972	10,791	9,014	8,923	8,009	7,435	6,607	4,149	4,252	4,673
Fire:										
Emergency responses/Fire calls	2,284	1,808	1,911	2,083	2,058	1,927	1,940	2,036	2,068	1,941
Inspections	2,684	2,592	2,805	1,775	2,381	2,313	2,642	2,170	2,700	3,211
Refuse collection:										
Average refuse collected (tons per day)	121	121	131	146	153	126	117	118	110	102
Average recyclables collected (tons per day)	14	13	11	10	8	11	11	12	11	10
Other public works:										
Street resurfacing (miles)	4	3	4	5	4	5	4	4	5	7
Library:										
Total volumes loaned/Combined lending	701,854	708,039	651,120	572,071	439,685	321,596	307,911	276,957	260,399	253,951
Water:										
New connections	74	84	112	212	127	236	133	171	97	130
Average daily consumption (thousands of gallons)	3,853	3,559	3,929	3,887	4,002	3,950	3,612	3,710	3,760	3,815
Wastewater:										
Average daily sewage treatment (thousands of gallons)	4,070	5,000	5,030	4,690	4,900	5,200	4,420	4,700	4,250	3,620

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									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	22	22	23	21	21	21	21	20	20	20
Fire stations	4	4	4	4	4	4	4	4	4	4
Other public works:										
Streets (miles)	198	198	197	196	195	194	193	190	188	187
Streetlights	4,201	4,173	4,011	4,011	3,973	3,945	3,692	3,692	3,692	3,692
Traffic signals	6	6	6	5	5	5	5	5	5	5
Parks and recreation:										
Acreage	351	351	351	351	351	351	351	351	295	243
Parks	10	10	10	10	10	10	10	10	9	7
Swimming Pools	2	2	2	2	2	2	2	2	2	2
Tennis Courts	10	10	10	10	10	10	10	11	11	11
Water:										
Water mains (miles)	196	196	195	193	190	190	190	190	189	188
Fire hydrants	1,384	1,358	1,345	1,301	1,268	1,268	1,260	1,245	1,225	1,214
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)	139	138	138	137	137	136	135	133	132	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.