

**TOWN OF SOUTHLINGTON,
CONNECTICUT**



**COMPREHENSIVE
ANNUAL FINANCIAL REPORT**

FISCAL YEAR ENDED JUNE 30, 2015

Comprehensive Annual Financial Report

of the

Town Of Southington Connecticut

Fiscal Year Ended June 30, 2015

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 SOUTHINGTON, CONNECTICUT

PRINCIPAL OFFICIALS

JUNE 30, 2015

Town Council

Michael Riccio, Chairman
Cheryl Lounsbury, Vice Chairman
John Barry
Paul Champagne
Tom Lombardi

Dawn Miceli
Christopher Palmieri
Victoria Triano
Stephanie Urillo

Town Manager

Garry Brumback

Administration

Director of Assessments & Revenue
Town Attorney/Assistant Town Manager
Building Inspector
Economic Development Coordinator
Director of Public Works
Town Engineer
Director of Finance
Fire Chief
Librarian
Director of Planning & Community Development
Police Chief
Director of Recreation
Town Clerk
Town Treasurer
Water Pollution Plant Superintendent
Director of Youth Services
Director of Calendar House Senior Center

Brian Lastra
Mark Sciota
John Smigel
Louis Perillo
Keith Hayden
Annette Turnquist
Emilia Portelinha
Harold Clark
Susan Smayda
Robert Phillips
John Daly
David Lapreay
Kathy Larkin
Joyce Williams
John DeGioia
Susan Saucier
Robert Verderame

Board of Finance

John Leary, Chairperson
Joseph Labieniec, Vice Chairperson
Edward Pocock Jr., Secretary

Kevin Beaudoin
James Coleman, Sr
Sandra Feld

Board of Education

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

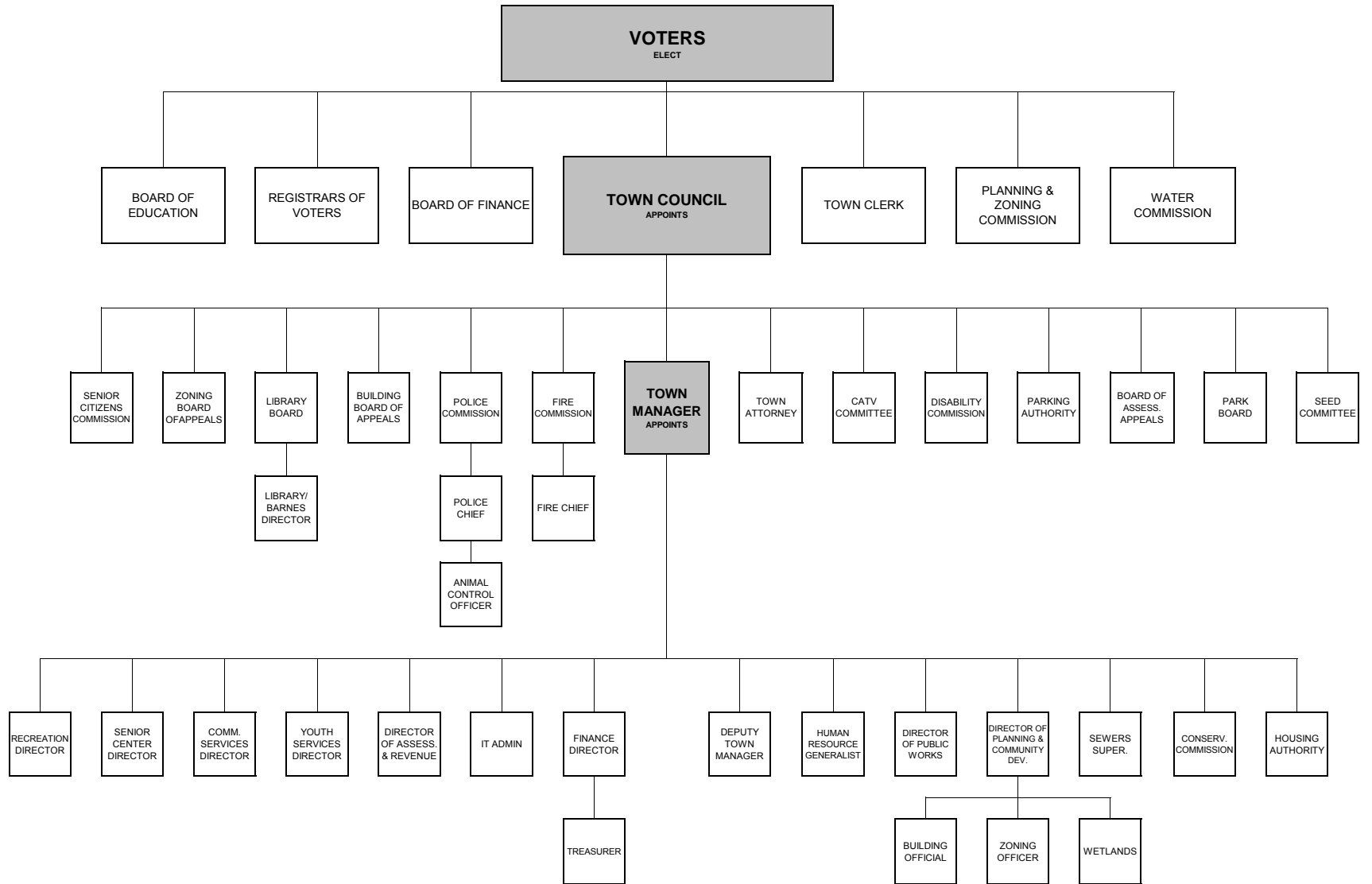
Patricia Johnson
Terry Lombardi
Zaya Oshana
Patricia Queen

Superintendent of Schools

Timothy Connellan

TOWN OF SOUTHLINGTON

GENERAL GOVERNMENT ORGANIZATIONAL CHART





Government Finance Officers Association

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, 2014

Executive Director/CEO



Town of Southington

Finance Department

75 Main Street, P.O. Box 610, Southington, Connecticut 06489

Emilia C. Portelinha, Director of Finance
Christina Sivigny-Smith, Assistant Director of Finance
Joyce Williams, Town Treasurer

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

December 23, 2015

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, 2015.

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, 2015 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 unmodified opinion that the Town of Southington's financial statements for the fiscal year ended June 30, 2015 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 report

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 43,815 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, as described below:

Municipal Services

Police: The Southington Police Department has a sworn staff of 69 including a Chief, two Captains, three Lieutenants, eleven Sergeants, seven Detectives, and forty-five Patrol Officers. The department provides 24 hour service to the community, consisting of Patrol, Detective and Crime Prevention Services. Other specialized divisions include: Traffic Division, K-9 officer, Emergency Response Team, Motorcycle Patrol, Support Services Division, Training Division, and the Bicycle Patrol.

Fire: Fire protection is provided by Southington's 31 career and 97 volunteer firefighters. The department, headed by the chief, consists of a central headquarters and 3 additional companies. The department's responsibilities, other than firefighting, include fire marshal inspections and responding to various emergencies.

Health: The Southington Health Department and Plainville Health Department combined to form the Plainville-Southington Health District. The District services both Towns and is staffed with a full-time Director of Health, four professional sanitarians and a secretary. The mission of the Health District is to protect and preserve the health of the communities through a number of programs of health promotion and disease prevention. The Director and staff spent a significant amount of time in bioterrorism planning and training, and maintaining the Public Health Preparedness and Response Plan.

Senior Services: Calendar House is the Town of Southington's Senior Center and is staffed by an Executive Director, Program Coordinator, secretary, clerk typist and eleven bus drivers (2 full-time and 9 part-time). The Center's purpose is to serve as a resource center, providing a broad range of services and activities which meet the diverse social, physical, and intellectual needs of older adults. The Calendar House offers recreational and social services to seniors and disabled individuals.

Youth Services: The Youth Services Department is staffed by a Director, two counselors, a Youth Prevention Coordinator and a secretary. The Department offers a variety of services to youth and families including confidential counseling, education, diversion and positive youth development programs.

Building: The Building Department issues all types of building permits and is responsible for the inspection and approval of all construction in the Town in accordance with state and local building codes. The Department is staffed by a Building Inspector, Assistant Building Inspector, Electrical Inspector, Plumbing Inspector, one secretary and one office assistant.

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

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

Engineering: The Engineering Department designs or reviews all projects requiring engineering services. The Department is headed by the Director of Public Works and staffed by the Town Engineer, an Assistant Town Engineer, an Engineer-In-Training, a secretary, an Engineer Inspector, two Engineering Aides, and a Survey Crew Chief.

Park & Recreation: The Southington Parks & Recreation Department provides recreational, educational and entertaining programs and services for residents of all ages. Southington's Park facilities encompass over 500 acres of recreational area: Recreation Park (37.6 acres), Western Park (21.2 acres), Central Park (19 acres), Panthorn Park (139.1 acres), Jaycee Park (4.2 acres), Centennial Park (1.5 acres), Memorial Park (20.5 acres), Crescent Lake (223 acres), a hiking and biking trail (11.6 acres) the old Southington Drive-In Theatre (40 acres).

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

Highway and Parks: The Highway Department is supervised by the Town Engineer and staffed by the Assistant Highway Superintendent, supervisor, secretary and twenty-four crewmembers. Additionally, the Town Engineer supervises the Parks employees including: Assistant Parks Superintendent, foreman, and seven crewmembers. The department is responsible for the maintenance and repair of 199 miles of roads. Other duties include snow plowing, street sweeping, sightline improvements and operation of the Bulky Waste Transfer Station.

Water: The Southington Water Works Department has functioned as a semi-autonomous entity for over 50 years. The plant was built in 1993 and an additional reservoir was purchased in 1995, ensuring a comfortable water supply for the Town's future demand. In January of 2005 the Water Department completed and moved into their new headquarters.

Sewer: The Water Pollution Control Department is staffed by a Superintendent, two foremen, one lab chemist and seven operators. The \$14.5 million Denitrification Plant was completed. The Town hired Tighe & Bond Inc. to put together a Facilities Plan to review the current systems in an effort to gain better efficiencies in the Sewer's Operations. This project also includes a WPC Facilities Upgrade upgrade, as well as process improvements such as phosphorus removal and sludge digestion. Town residents approved a \$5.2 million dollar Bond Ordinance for Water Pollution Control Facility Sludge Thickening Project at referendum on November 2014. The project will update the Waste Water Treatment Plant to control odor and reduce the volume of sludge disposal.

Waste and Recycling: Homeowners hire private contractors, who are licensed by the Town Engineer, to collect residential waste and recycling materials. The town is participating with thirteen other cities and towns in a contract with Covanta Bristol, Inc which was signed on December 21, 2012 and is for a period of twenty years. The town pays a fee of \$60 per ton on a minimum required 14,452 tons for fiscal year 2015 for the acceptable solid waste which is sent to the Covanta plant in Bristol, Connecticut.

On July 9, 2014, the Town of Southington entered into an agreement with Murphy Road Recycling, LLC whereby it is required to work with its independent subscription carriers to have all acceptable recycling materials sent to the Murphy Road Recycling plant in Berlin, Connecticut. The agreement expires June 30, 2019.

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: Despite the recession, the Town of Southington has enjoyed a stable economic environment with moderate growth. The Town of Southington's October 1, 2013 Net Taxable Grand list of \$3.8 billion is an increase of \$42.1 million or 1.1% over the previous year.

The Town's Economic Development Department administers a program that focuses on retention of existing businesses as well as the recruitment of new businesses. Since the departure of the Town's largest taxpayer, the Pratt & Whitney division of United Technologies Inc. in 1995, the Town has made strong efforts to diversify its commercial and industrial tax base to avoid over-reliance on one taxpayer or industry. As a result of these efforts, the Town has become less dependent on one taxpayer or industry as evidenced by the Town's top ten taxpayers representing 4.67% of the October 1, 2013 Net Taxable Grand List vs. 16% in the mid-1990s.

Southington and the Economic Development Office continued to accelerate economic activity throughout the year. Significant growth was seen across several sectors including industrial, medical office, retail, casual dining, recreation and office sectors.

Webster Bank announced the company is leasing 85,000 square feet of professional office space within 200 Executive Boulevard. The scheduled move in 2016 shall bring over 500 employees providing back office support to this growing financial institution

Am Trust Financials acquisition of and relocation into 400 Executive Boulevard Drive, 120,000 square foot professional office space, moving 140 employees into the fourth floor prime space and marketing the remaining space at market rates.

Adjacent to 200 Executive Boulevard, 70,000 sf new retail plaza will break ground in February 2016 with anchors including Home Goods and Michael's along with three restaurant pad sites and two outparcels.

Crystal Bee's recreation and dining facility is a 30,000 sf building home to 16 bowling lanes including a private VIP 4 lane area, two bocci courts, an amusement arcade, several dining, bar, and lounging areas.

Strong retail activity along the Town's main corridor has commanded significant increases in rental rates as occupancy levels reach near full capacity. This activity is fostering the redevelopment of several sites allowing for optimum use of retail opportunities spurring growth and attracting national and regional franchises such as Noodle's, Chick-Fil-A and Aldi's which have located or announced their intentions to locate on Queen Street.

Hartford Healthcare was approved to build a new 17,657 square-foot medical office building bringing several medical professionals to the area.

In addition to the aforementioned, the following is a list of companies that have recently built, expanded or moved into empty buildings in Town:

Company	Facility	Origination
Turning Earth	\$20 million food waste facility	new to Southington
Northstar Properties	70,000 sf retail development	new to Southington
Cumberland Farms	West Street	new to Southington
CV Tool	Robert Porter Road	expansion
BMS Aerospace	DePaolo Drive	expansion
FK Bearing	West Queen Street	expansion

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 unassigned fund balance, also known as accumulated surplus or the “rainy day” fund of 10% of actual year-end general fund revenues. The 10% shall be known as the Town’s “floor.” As of June 30, 2015, the Town has a 12.4% Unassigned Fund Balance an increase of .9% from from last year’s 11.5%.

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.

For the first time in at least ten years, the Board of Finance and Town Council decided not to utilize any fund balance to balance the fiscal year 2012-2013 budget. They did, however decide to use Fund Balance for one-time use.

In the fiscal year 2013-2014 budget, the Board of Finance and the Town Council decided to use \$400 thousand dollars of Municipal Revenue Sharing Grant funds received from the State of Connecticut for Property Tax Relief at the end of fiscal year 2011-2012 to reduce Property Taxes required to balance the budget.

In the fiscal year 2014-2015 budget, the Board of Finance and the Town Council decided to use \$4.27 million dollars of Unassigned Fund Balance to cash fund five Capital Projects in year 1 of the Town’s CIP.

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, 2015, total direct indebtedness is 1.9 %.
- b. Total Direct Service shall be below 8% of general fund expenditures. As of June 30, 2015 total debt service as a percentage of general fund expenditures is 5.7%.
- 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 new bond issue of January 2015, the Town structured the debt so that 40.0% of total debt would be retired in 5 years and 69.6% would be retired in 10 years.

Contingency Planning Policy. The Town shall require sufficient contingency fund levels to avoid the use of undesignated fund balance. Contingency shall not exceed 1.125% of previous fiscal year budgeted expenditures. The Town approved the contingency account for fiscal year 2015-2016 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, certificates of deposit and investment pools containing U.S. Government securities during the fiscal year ended June 30, 2015. The low and high earnings rate on investments was 0.30% and 2.65%, respectively. Investment income for the General Fund generated \$308 thousand which represents approximately .08 mills.

The Board of Finance will review the Town's fiscal policies on an annual basis and make recommendations to the Town Council.

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 Manager annually prepares a Five Year Capital Improvement Plan (CIP), which is reviewed by the Planning and Zoning Commission, the Board of Finance and the Town Council in conjunction with the operational budget. The approved fiscal year 2015-16 Five Year CIP includes various road, bridge, and sewer projects as well as major equipment purchases totaling \$108.2 million for the five-year period beginning with fiscal year 2015-16 and ending with fiscal year 2019-20. \$46.5 million of this amount is estimated for the Water Pollution Control Facilities upgrade currently slated for construction in year 2017-18 of the CIP.

Included in the Five Year CIP is a recommended Annual Capital Expenditure Budget for the current fiscal year. The 2015-16 Annual Capital Expenditure Budget approved by the Town Council, and citizen referendum when required, totaled \$7.3 million and included eighteen projects

AWARD

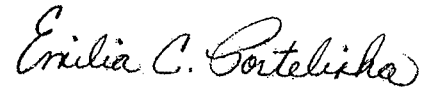
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of Southington for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2014. This was the twenty-fourth 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 Christina Sivigny-Smith, Joyce Williams, and Debbie Landry 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,

A handwritten signature in cursive script that reads "Emilia C. Portelinha".

Emilia C. Portelinha
Director of Finance

Financial Section

BlumShapiro

Accounting | Tax | Business Consulting

Independent Auditors' Report

To the Board of Finance
Town of Southington, Connecticut

Report on the Financial Statements

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, 2015, and the related notes to the financial statements, which collectively comprise the Town of Southington, Connecticut's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Southington, Connecticut, as of June 30, 2015 and the respective changes in financial position and, where applicable, cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed in Note 13 to the financial statements, during the fiscal year ended June 30, 2015, the Town adopted new accounting guidance, GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, and GASB No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. The net position of the Town has been restated to recognize the net pension liability required in implementing both GASB No. 68 and GASB No. 71. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 16, the budgetary comparison information on pages 59 through 72, and pension schedules on pages 73 through 76 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

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

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of the Town of Southington, Connecticut, as of and for the year ended June 30, 2014 (not presented herein), and have issued our report thereon dated December 27, 2014, which contained unmodified opinions on the respective financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information. The accompanying General Fund balance sheet as of June 30, 2014 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the 2014 financial statements. The accompanying General Fund balance sheet has been subjected to the auditing procedures applied in the audit of the 2014 basic financial statements and certain additional procedures including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those financial statements or to those financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the General Fund balance sheet is fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended June 30, 2014.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report December 23, 2015 on our consideration of the Town of Southington, Connecticut's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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* in considering the Town of Southington, Connecticut's internal control over financial reporting and compliance.

Blum, Shapiro & Company, P.C.

West Hartford, Connecticut
December 23, 2015

**TOWN OF SOUTHLINGTON, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015**

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, 2015. 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 position at the close of the fiscal year of \$203.2 million. Total net position for governmental activities at fiscal year-end were \$155.7 million and total net position for business-type activities were \$47.5 million.
- On a government-wide basis, during the year, the Town's net position increased by \$18.7 million or 10.1% from \$184.5 million to \$203.2 million. Net position increased by \$17.0 million for governmental activities and increased by \$1.7 million for business-type activities. Governmental activities expenses and transfers out were \$160.0 million, while revenues were \$177.0 million.
- At the close of the year, the Town's governmental funds reported, on a current financial resource basis, combined ending fund balances of \$29.2 million, an increase of \$12.7 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 \$19.1 million, a decrease of \$2.4 million from the prior fiscal year. Of the total fund balance \$17.8 million represents unassigned fund balance. The unassigned General Fund balance at year-end represents 12.4% of total General Fund revenues (144.1 million), an increase of 0.9% from last year.
- The tax collection rate was 98.84% of the current levy, slightly higher than last year's rate of 98.75%.

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 position presents information on all of Southington's assets and liabilities, with the difference reported as net position. One can think of the Town's net position - 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 position 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 position 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 position 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 29 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 26 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 an internal service fund 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 three agency funds: the Student Activity Fund, the Escrow Deposit Fund and the C-Pace Program 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 27 through 58 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 59 through 76 of this report.

Government-Wide Financial Analysis

As noted earlier, net position 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 \$203.2 million on June 30, 2015. Governmental activities assets exceeded liabilities by \$155.7 million.

Business-type activities assets exceeded liabilities by \$47.5 million.

TABLE 1
NET POSITION
In Thousands

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Current and other assets	\$ 68,446	\$ 66,751	\$ 3,109	\$ 2,497	\$ 71,555	\$ 69,248
Capital assets, net of accumulated depreciation	272,871	232,301	45,324	44,622	318,195	276,923
Total assets	<u>341,317</u>	<u>299,052</u>	<u>48,433</u>	<u>47,119</u>	<u>389,750</u>	<u>346,171</u>
Deferred outflows of resources	5,577	5,139	113	108	5,690	5,247
Long-term debt outstanding	162,375	131,001		584	162,375	131,585
Other liabilities	24,353	34,516	895	779	25,248	35,295
Total liabilities	<u>186,728</u>	<u>165,517</u>	<u>895</u>	<u>1,363</u>	<u>187,623</u>	<u>166,880</u>
Deferred inflows of resources	4,460		134		4,594	
Net Position:						
Net Investment in capital asset	143,966	145,586	45,324	44,622	189,290	190,208
Restricted	705	712			705	712
Unrestricted	<u>11,035</u>	<u>(7,624)</u>	<u>2,193</u>	<u>1,242</u>	<u>13,228</u>	<u>(6,382)</u>
Total Net Position	<u>\$ 155,706</u>	<u>\$ 138,674</u>	<u>\$ 47,517</u>	<u>\$ 45,864</u>	<u>\$ 203,223</u>	<u>\$ 184,538</u>

By far the largest portion of the Town's net position 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.

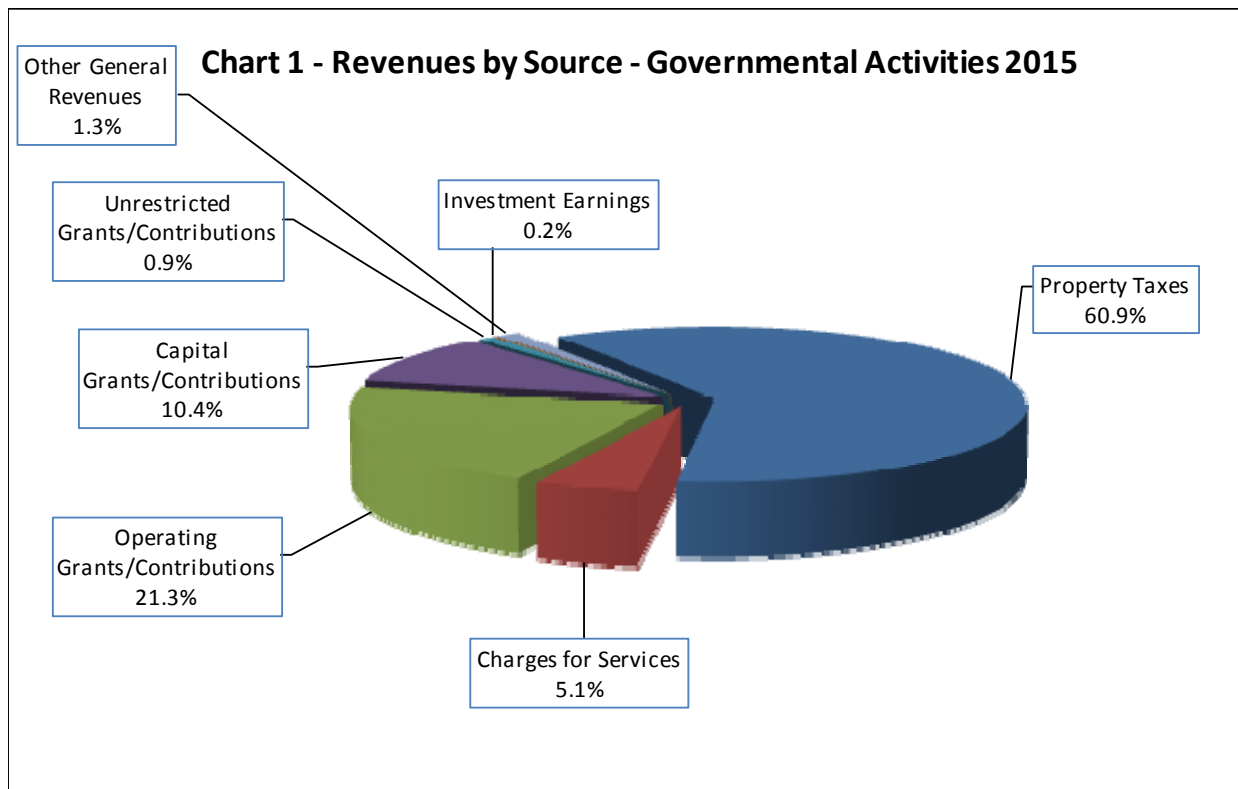
**TABLE 2
CHANGES IN NET POSITION
In Thousands**

	Governmental Activities		Business-Type Activities		Totals	
	2015	2014	2015	2014	2015	2014
Revenues:						
Program revenues:						
Charges for services	\$ 8,953	\$ 9,144	\$ 5,710	\$ 4,359	\$ 14,663	\$ 13,503
Operating grants and contributions	37,636	38,052			37,636	38,052
Capital grants and contributions	18,417	25,292	193		18,610	25,292
General revenues:						
Property taxes	107,729	103,575			107,729	103,575
Grants and contributions not restricted to specific purposes	1,626	1,621			1,626	1,621
Unrestricted investment earnings	351	337			351	337
Other general revenue	2,309				2,309	-
Total revenues	<u>177,021</u>	<u>178,021</u>	<u>5,903</u>	<u>4,359</u>	<u>182,924</u>	<u>182,380</u>
Program expenses:						
General government	4,911	4,166			4,911	4,166
Public safety	20,590	19,229			20,590	19,229
Public works	12,828	13,553			12,828	13,553
Health and welfare	804	812			804	812
Human services	1,699	1,688			1,699	1,688
Parks and recreation	2,468	2,230			2,468	2,230
Public library	2,012	1,983			2,012	1,983
Planning and development	1,399	1,252			1,399	1,252
Education	109,074	106,788			109,074	106,788
Interest on long-term debt	2,954	2,474			2,954	2,474
Sewer			5,500	5,441	5,500	5,441
Total program expenses	<u>158,739</u>	<u>154,175</u>	<u>5,500</u>	<u>5,441</u>	<u>164,239</u>	<u>159,616</u>
Excess (deficiency) before transfers	18,282	23,846	403	(1,082)	18,685	22,764
Transfers	<u>(1,250)</u>	<u>(301)</u>	<u>1,250</u>	<u>301</u>	<u>-</u>	<u>-</u>
Increase (Decrease) in Net Position	<u>\$ 17,032</u>	<u>\$ 23,545</u>	<u>\$ 1,653</u>	<u>\$ (781)</u>	<u>\$ 18,685</u>	<u>\$ 22,764</u>

The Town's net position increased by \$18.7 million during the fiscal year, with net position of governmental activities increasing \$17.0 million and business-type activities increasing by \$1.7 million. The total cost of all programs and services was \$164.2 million. Our analysis below separately considers the operations of governmental and business-type activities.

Governmental Activities

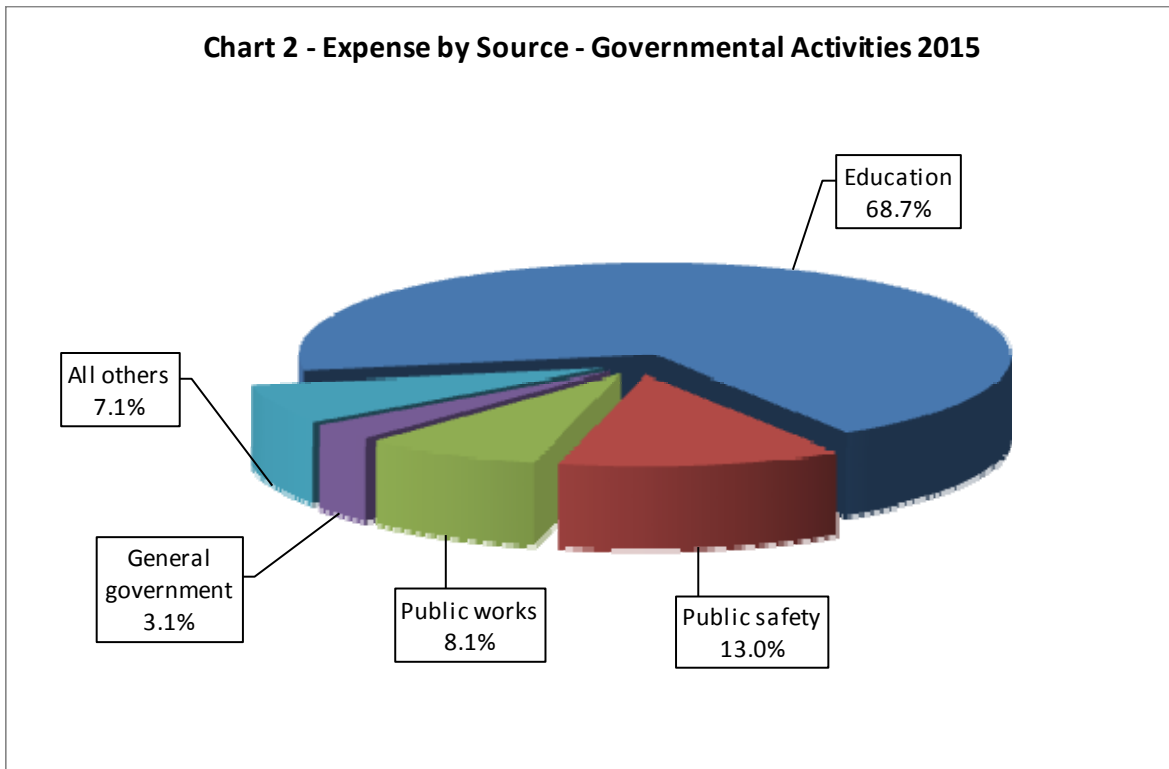
Approximately 60.9% of the revenues were derived from property taxes, followed by 21.3% from operating grants and contributions, 10.3% from capital grants and contributions, 5.1% from charges for services, 1.3% from miscellaneous revenue, 0.9% from unrestricted grants and contributions and 0.2% from investment earnings.



Major revenue factors include:

- Property tax revenue increased by \$4.2 million or 4.0% over last year. The increase is attributable to a 1.1% increase in the grand list (\$42.1 million), an increase in the mill rate from 27.46 to 28.36 or 3.3, and an increase in prior year's tax collections and interest on taxes.
- Capital Grants and Contributions decreased by \$6.9 million from \$25.3 million in fiscal year 2014 to \$18.4 million in fiscal year 2015. This decrease is due to less school construction grants received from the State of Connecticut for the Middle Schools Renovation Project in fiscal year 2015 than in fiscal year 2014.
- The Town had Miscellaneous Revenue of \$2.3 million due to bond premium from the January 2015 bond issue of \$1.5 million and a settlement of \$850 thousand which went into the Debt Reserve Fund

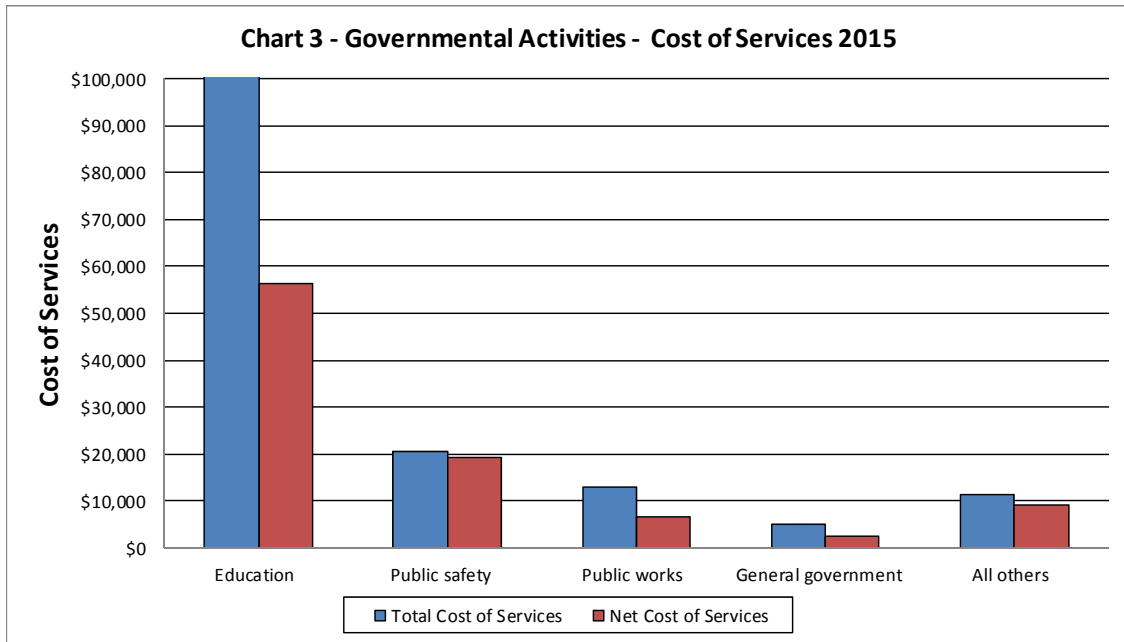
For governmental activities, 68.7% of the Town's expenses related to education. Public safety accounted for 13.0%, public works accounted for 8.1% and general government accounted for 3.1% of expenses. The remaining 7.1% related to health and welfare, human services, parks and recreation, public library, planning and development and interest on long-term debt.



Major expense factors include:

- The cost of education services increased \$2.3 million due to higher operating costs, benefit costs, and special education.
- Town operating costs increased by \$1.8 million mostly due to increased OPEB Obligations, benefit costs and various other costs.
- Interest on long-term debt increased by \$0.5 million due to the accrued interest on the new Bond Issue of January 2015.

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Education	\$ 109,074	\$ 106,788	\$ (56,290)	\$ (45,405)
Public safety	20,590	19,229	(19,253)	(17,647)
Public works	12,828	13,553	(6,494)	(8,048)
General government	4,911	4,166	(2,414)	(2,225)
All others	11,336	10,439	(9,282)	(8,362)
Totals	\$ 158,739	\$ 154,175	\$ (93,733)	\$ (81,687)



Business-Type Activities

Business-type activities (see Table 2) increased the Town’s net position by \$1.7 million primarily due to an increase in charges for services of \$1.4 million and the increase in the capital assets paid for and transferred from the Governmental Activities in fiscal year 2015.

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, 2015, the Town’s governmental funds reported combined ending fund balances of \$29.2 million, an increase of \$12.7 million from last year’s fund balance of \$16.5 million.

General Fund

The General Fund is the primary operating fund of the Town. As of June 30, 2015, unassigned fund balance increased by \$1.6 million to \$17.8 million in the General Fund, while total fund balance decreased \$2.4 million to \$19.1 million.

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

- Property tax revenues exceeded budget estimates by approximately \$775 thousand. The surplus is due to the collection rate and the successful efforts of the Town to collect on delinquent taxes.
- Several departments had aggregate cost savings creating the \$2.1 million expenditure under budget. Of this amount, \$1.3 million was assigned to fiscal year 2016 for purchases on order.
- The Town utilized \$4.3 million of excess unassigned fund balance to cash fund five Capital Projects in year 1 of the Town’s CIP Plan.

Capital Projects

The Capital Projects Fund is used to account for financial resources to be used for the acquisition or construction of major capital projects. The major sources of revenues for this fund are capital grants and the proceeds from the issuance of general obligation bonds. As of June 30, 2015, the fund balance in the Capital Projects Fund increased by \$11.5 million to \$2.6 million. During the fiscal year \$37.6 million was expended for asset acquisition and improvements, mostly for major renovations to the Town's two middle schools, road improvements and various other projects. The Town received intergovernmental grants of \$15.9 million, sold \$26.9 million of General Obligation Bonds and transferred \$6.2 million in from the General Fund to fund these projects.

Sewer Assessments Fund

The Sewer Assessment Fund accounts for the collection of sewer assessments levied against properties connected to the Town's sewer system. These funds are then utilized to pay the debt service on the capital projects that were assessed. As of June 30, 2015, committed fund balance in the Sewer Assessment Fund decreased by \$166 thousand to \$971 thousand, because the debt service paid was more than the revenue collected in this fiscal year.

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 position of the Sewer Fund at year-end totaled \$47.5 million. Unrestricted net position was \$2.2 million, an increase of \$476 thousand. The Sewer Fund experienced a gain of \$1.7 million, mostly due to an increase in the sewer rate to meet operating expenditures, and an increase of \$949 thousand of capital assets contributed from the Capital Fund.

Net position of the Health Insurance Fund was \$3.8 million. The Internal Service Fund's unrestricted net position increased by \$619 thousand, from \$3.2 million. The Town's medical claims and fees came in \$694 lower than budgeted, and the IBNR came in \$75 thousand higher than at 2014 fiscal year-end.

General Fund Budgetary Highlights

The Town's adopted General Fund budget for 2014 - 2015 was \$138.6 million (\$137.8 million for expenditures plus \$850 thousand for contingency appropriations). In addition to the \$787 thousand which was appropriated from the Contingency Account, the Town appropriated \$871 thousand to the expenditure budget with corresponding revenue budget increases, and \$982 thousand was appropriated fiscal year 2014 purchases on order, for a total amended budget of \$140.5 million. The following lists the key changes to the budget during the year:

- \$982 thousand was appropriated for the amount of Fund Balance Assigned for Purchases on order at the end of fiscal year 2014.
- \$710 thousand additional was appropriated to the Snow & Ice Department for overtime, contracted services and program supplies due to the long and challenging winter season.
- \$244 thousand was appropriated to the Board of Education Operations for preschool and special education outside tuitions and rent revenues received.

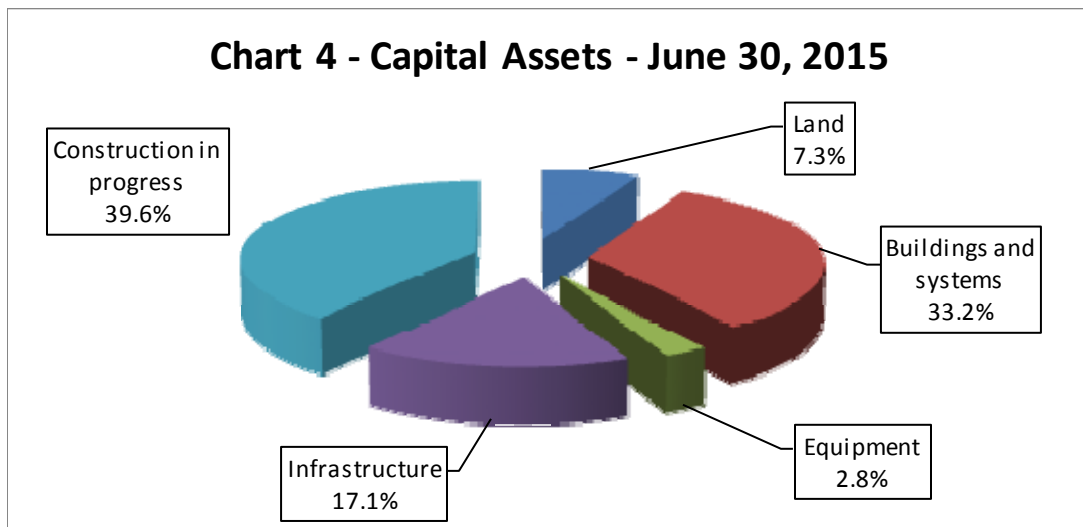
- Savings from various departments and excess revenues were combined to cash fund \$1.4 million of future capital costs on the FY 2015-2016 CIP Plan:
 - \$250 thousand to Repair/Replace Sidewalks
 - \$300 thousand to enhance the Town GIS and Town-wide IT Infrastructure.
 - \$200 thousand to replace the Town Hall Roof.
 - \$100 thousand for a generator at Fire Headquarters.
 - \$240 thousand to renovate the Highway Garage interior.
 - \$300 thousand to continue the Parks Complex Lighting Project.
 - \$58 thousand to plaster the Recreation Pool.

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, 2015 totaled to \$318.3 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 \$41.4 million or a 15.0% increase over last year.

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

	Governmental Activities		Business-Type Activities		Totals	
	2015	2014	2015	2014	2015	2014
Land	\$ 23.1	\$ 22.8	\$	\$	\$ 23.1	\$ 22.8
Buildings and systems	61.2	63.2	44.6	44.1	105.8	107.3
Equipment	8.2	5.2	0.7	0.5	8.9	5.7
Infrastructure	54.4	52.8			54.4	52.8
Construction in progress	126.1	88.3			126.1	88.3
Totals	\$ 273.0	\$ 232.3	\$ 45.3	\$ 44.6	\$ 318.3	\$ 276.9



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

Governmental Activities:

- Construction in progress for Kennedy Middle School of \$13.7 million.
- Construction in progress for DePaolo Middle School of \$14.1 million.
- Construction in progress for various Road Rehabilitation and Reconstruction Projects of \$3.4 million.

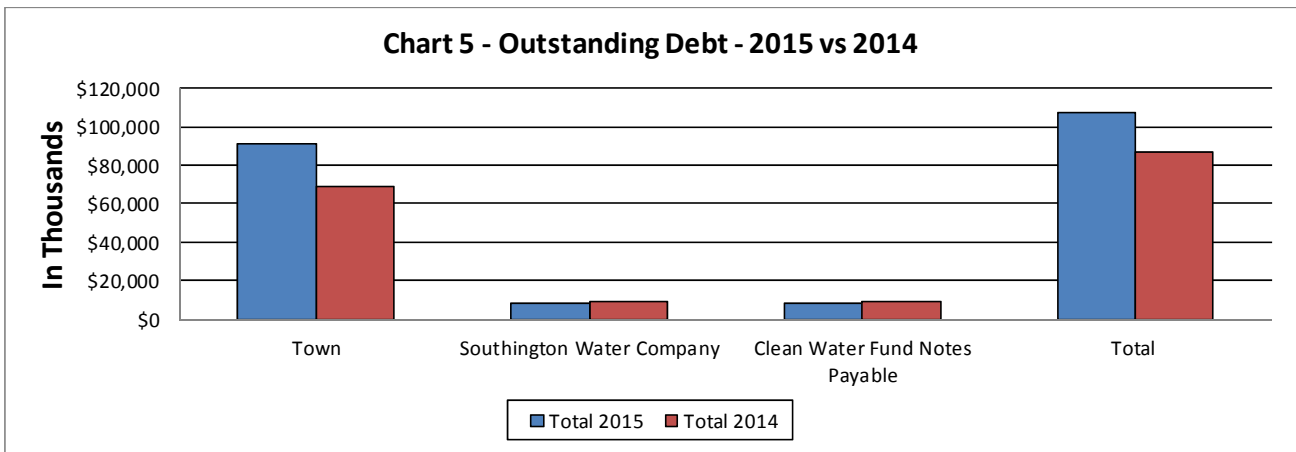
Business-Type Activities:

- No major capital asset events during this year.

The Town's fiscal year 2015-2016 Capital Budget includes another \$1.5 million for the following capital projects: Calendar House Engineering, Open Space, Road Projects paid through LOCIP and Town Aid Roads, and the continuation of Town Wide Vehicle Replacements.

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 outstanding long-term debt of \$107.3, of which total bonded debt outstanding was \$98.8 million. All the bonded debt is backed by the full faith and credit of the Town government.



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

	Governmental Activities		Business-Type Activities		Totals	
	2015	2014	2015	2014	2015	2014
General obligation bonds:						
Town	\$ 90,860	\$ 69,295	\$	\$	\$ 90,860	\$ 69,295
Southington Water Company	7,950	8,725			7,950	8,725
Clean Water Fund Notes Payable	8,526	9,094			8,526	9,094
Total	<u>\$ 107,336</u>	<u>\$ 87,114</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 107,336</u>	<u>\$ 87,114</u>

The Town of Southington's total debt outstanding increased by \$20.2 million or 23.2% during the 2014-2015 fiscal year. The increase is due to a bond sale in January 2015 of \$26.9 million of General Obligation Bonds.

The projects bonded for the Town were: \$15 million for the Middle Schools Project, \$4.8 million for Road Rehabilitation and Reconstruction Projects (2012), \$5.2 million for the Sludge Thickener & Odor Control, \$585 thousand for a Fire Pumper Truck, \$400 thousand for Open Space, and \$935 thousand for the 427 Pleasant Street Purchase. The Town's bond sale resulted in the Town receiving a bond premium of \$1.5 million that has been set-aside in the Debt Reserve Fund to smooth future debt payments.

In January 2015, Standard and Poor's Rating Agency reaffirmed Southington's rating at AA+/Stable Outlook. Within its rating, S&P referenced the Towns "Strong management conditions... with good financial practices", "Strong budgetary performance", "Strong budget flexibility" and "Very strong economy among the factors influencing the Town's high credit 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 \$756.1 million. As of June 30, 2015, the Town recorded long-term debt of \$138.0 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, 2015 was 4.3%, a .6% decrease from the same time last year. After six years ranging from 6.4% to 8%, the Town's unemployment rate has finally dropped to below the fiscal year 2008 level of 4.7% the Town experienced before the start of this recession.

The Town's unemployment rate compares favorably to the 5.7% for the State of Connecticut and the 5.3% nationally. The unemployment rates continue to be a major concern nationwide as we pull out of this recessionary environment.

Elected and appointed officials considered these factors, among others, when setting the fiscal year 2015-2016 General Fund budget and tax rates.

As previously stated, the General Fund total fund balance decreased from \$21.5 million at June 30, 2014 to \$19.1 million at June 30, 2015. Of this \$19.1 million General Fund balance, \$56 thousand was nonspendable due to form (inventory accounts) and \$1.3 million was assigned for purchases on order, leaving an unassigned fund balance of \$17.8 million in the General Fund at June 30, 2015. Last year, the Town had decided to use excess unassigned fund balance to cash fund one-time expenditures during the fiscal year 2014-2015 budget to improve the Town's infrastructure without taking on the additional debt. The Town feels that the \$17.8 million in the unassigned fund balance places the Town in a strong position to withstand unexpected events, and still have flexibility to cash fund additional Capital Projects.

The Town adopted a General Fund budget of \$138.3 million for 2015-2016 compared to an adopted budget of \$134.3 million for 2014-2015 (reduced by one-time capital expenditures of \$4.27 million funded by Use of Fund Balance). This budget is \$3.9 million or 2.9% higher than the fiscal year 2014-2015 budget. Of this amount, the Board of Education budget increased \$2.6 million or 3.0%, the Town operating budget increased \$1.3 million or 2.9%.

Costs of the Town's business-type activities, accounted for in the Sewer Operating Fund, are expected to remain at the fiscal year 2014-2015 level of \$5.7 million for fiscal year 2015-2016. After the sewer rate changes of July 2014, the fund is generating sufficient revenue to cover the expenditures of the fund. The Town hired Tighe & Bond Inc. to put together a Facilities Plan to review the current systems in an effort to gain better efficiencies in the Sewer's Operations. This project includes future upgrade possibilities at the plant, as well as process improvements such as phosphorus removal and sludge digestion, as well as a sewer rate plan.

Town residents approved a \$5.2 million dollar Bond Ordinance for Water Pollution Control Facility Sludge Thickening Project at referendum on November 2014. The project will update the Waste Water Treatment Plant to control odor and reduce the volume of sludge disposal.

Sewer Rate Changes starting in July 2014:

In order to address a recurring shortfall in revenue, projected increased costs, and fairly assess annual costs based on actual use, the Southington Town Council approved a number of changes to its sewer rate structure and billing methods beginning in July 2014. The system relied exclusively on water used during winter months to calculate bills that estimate customers' full-year sewer use. Starting in July 2014, residents using public water and sewer receive a quarterly bill with two parts: a fixed rate and a variable rate. The fixed rate is assessed in one of three separate categories: residential, commercial, or industrial. The variable rate is assessed based on actual water usage. Customers using private wells and public sewer are charged an annual flat rate based on the type of use (residential, commercial, or industrial). In order to close the funding shortage, the average current rate was increased by 10 percent.

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, P.O. Box 610, 75 Main Street, Southington, Connecticut 06489 or visit Southington's website at www.Southington.org

Basic Financial Statements

TOWN OF SOUTHLINGTON, CONNECTICUT
STATEMENT OF NET POSITION
JUNE 30, 2015
(In Thousands)

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Assets:			
Cash and cash equivalents	\$ 43,122	\$ 1,635	\$ 44,757
Investments	10,277		10,277
Receivables, net	14,934	1,474	16,408
Inventory	113		113
Capital assets:			
Assets not being depreciated	149,135	39	149,174
Assets being depreciated, net	123,736	45,285	169,021
Total assets	<u>341,317</u>	<u>48,433</u>	<u>389,750</u>
Deferred Outflows of Resources:			
Deferred charge on refunding	1,535		1,535
Pension contributions made subsequent to the measurement date	4,042	113	4,155
Total Deferred Outflows of Resources	<u>5,577</u>	<u>113</u>	<u>5,690</u>
Liabilities:			
Accounts and other payables	12,175	426	12,601
Other current liabilities		51	51
Bond anticipation notes	12,000		12,000
Unearned revenue	178		178
Noncurrent liabilities:			
Due within one year	9,856		9,856
Due in more than one year	152,519	418	152,937
Total liabilities	<u>186,728</u>	<u>895</u>	<u>187,623</u>
Deferred Inflows of Resources:			
Advance Tax Collections	236		236
Changes in projected pension investment earnings	4,224	134	4,358
Total Deferred Inflows of Resources	<u>4,460</u>	<u>134</u>	<u>4,594</u>
Net Position:			
Net investment in capital assets	143,966	45,324	189,290
Restricted for:			
Trust purposes:			
Expendable	100		100
Nonexpendable	605		605
Unrestricted	11,035	2,193	13,228
Total Net Position	<u>\$ 155,706</u>	<u>\$ 47,517</u>	<u>\$ 203,223</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, 2015
(In Thousands)

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities:							
General government	\$ 4,911	\$ 2,394	\$ 103	\$	\$ (2,414)	\$	\$ (2,414)
Public safety	20,590	1,234	103		(19,253)		(19,253)
Public works	12,828	2,046	1,740	2,548	(6,494)		(6,494)
Health and welfare	804	2	573		(229)		(229)
Human services	1,699	46	312		(1,341)		(1,341)
Parks and recreation	2,468	243	8		(2,217)		(2,217)
Public library	2,012	27	21		(1,964)		(1,964)
Planning and development	1,399	822			(577)		(577)
Education	109,074	2,139	34,776	15,869	(56,290)		(56,290)
Interest on long-term debt	2,954				(2,954)		(2,954)
Total governmental activities	<u>158,739</u>	<u>8,953</u>	<u>37,636</u>	<u>18,417</u>	<u>(93,733)</u>	<u>-</u>	<u>(93,733)</u>
Business-type activities:							
Sewer	<u>5,500</u>	<u>5,710</u>				<u>210</u>	<u>210</u>
Total	<u>\$ 164,239</u>	<u>\$ 14,663</u>	<u>\$ 37,636</u>	<u>\$ 18,417</u>	<u>(93,733)</u>	<u>210</u>	<u>(93,523)</u>
General revenues:							
Property taxes					107,729		107,729
Grants and contributions not restricted to specific programs					1,626	193	1,819
Unrestricted investment earnings					351		351
Miscellaneous Revenue					2,309		2,309
Transfers					(1,250)	1,250	-
Total general revenues					<u>110,765</u>	<u>1,443</u>	<u>112,208</u>
Change in net position					17,032	1,653	18,685
Net Position at Beginning of Year, as restated					<u>138,674</u>	<u>45,864</u>	<u>184,538</u>
Net Position at End of Year					<u>\$ 155,706</u>	<u>\$ 47,517</u>	<u>\$ 203,223</u>

The accompanying notes are an integral part of the financial statements

**TOWN OF SOUTHTON, CONNECTICUT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2015
(In Thousands)**

	<u>General</u>	<u>Capital Projects</u>	<u>Sewer Assessments</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and cash equivalents	\$ 11,423	\$ 19,149	\$ 956	\$ 6,389	\$ 37,917
Investments	9,968			309	10,277
Receivables, net	2,633	1,366	1,570	676	6,245
Due from other funds	2			15	17
Inventories	56			57	113
Total Assets	<u>\$ 24,082</u>	<u>\$ 20,515</u>	<u>\$ 2,526</u>	<u>\$ 7,446</u>	<u>\$ 54,569</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts and other payables	\$ 2,734	\$ 5,913	\$ 14	\$ 714	\$ 9,375
Bond anticipation notes payable		12,000			12,000
Due to other funds	15			2	17
Unearned revenue				178	178
Total liabilities	<u>2,749</u>	<u>17,913</u>	<u>14</u>	<u>894</u>	<u>21,570</u>
Deferred Inflows of Resources:					
Advance property tax collections	236				236
Unavailable revenue - property taxes	1,990				1,990
Unavailable revenue - special assessments			1,541		1,541
Total deferred inflows of resources	<u>2,226</u>	<u>-</u>	<u>1,541</u>	<u>-</u>	<u>3,767</u>
Fund balances:					
Nonspendable	56			662	718
Restricted				150	150
Committed		2,602	971	5,740	9,313
Assigned	1,250				1,250
Unassigned	17,801				17,801
Total fund balances	<u>19,107</u>	<u>2,602</u>	<u>971</u>	<u>6,552</u>	<u>29,232</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 24,082</u>	<u>\$ 20,515</u>	<u>\$ 2,526</u>	<u>\$ 7,446</u>	<u>\$ 54,569</u>

(Continued on next page)

TOWN OF SOUTHLINGTON, CONNECTICUT
BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2015
(In Thousands)

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

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

Fund balances - total governmental funds	\$	29,232
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:

Governmental capital assets	\$	383,477	
Less accumulated depreciation		<u>(110,606)</u>	
Net capital assets			272,871

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

Property tax receivables greater than 60 days	1,990
Interest receivable on property taxes	690
Assessments receivable greater than 60 days	1,541
Interest receivable on assessments	44
Deferred amount in refunding	1,535
Long term receivable	7,950
Deferred outflows related to pension contributions subsequent to the measurement date	4,042

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

3,773

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

Deferred Inflows related to projected pension investment earnings	(4,224)
Bonds and notes payable	(107,336)
Premium on issuance	(3,922)
Interest payable on bonds and notes	(1,363)
Compensated absences	(7,520)
Capital lease	(13,597)
OPEB liability	(9,697)
Heart and Hypertension	(7,692)
Net pension liability	(12,531)
Landfill closure	<u>(80)</u>

Net Position of Governmental Activities (Exhibit I)	\$	<u><u>155,706</u></u>
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The accompanying notes are an integral part of the financial statements

**TOWN OF SOUTHLINGTON, CONNECTICUT
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2015
(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	\$ 108,052	\$	\$	\$	\$ 108,052
Intergovernmental	31,392	15,886		8,020	55,298
Charges for services	3,242		156	4,908	8,306
Income on investments	308		27	15	350
Other revenues	1,106	5		993	2,104
Total revenues	<u>144,100</u>	<u>15,891</u>	<u>183</u>	<u>13,936</u>	<u>174,110</u>
Expenditures:					
Current:					
General government	4,090			35	4,125
Public safety	12,287			1,512	13,799
Public works	5,393			3,487	8,880
Health and welfare	691			15	706
Human services	875			496	1,371
Parks and recreation	1,510			390	1,900
Public library	1,461			41	1,502
Planning and development	1,009				1,009
Employee fringe benefits	9,345				9,345
Education	95,625			7,233	102,858
Debt and sundry	7,872		349	137	8,358
Capital outlay	12,730	37,561			50,291
Total expenditures	<u>152,888</u>	<u>37,561</u>	<u>349</u>	<u>13,346</u>	<u>204,144</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(8,788)</u>	<u>(21,670)</u>	<u>(166)</u>	<u>590</u>	<u>(30,034)</u>
Other Financing Sources (Uses):					
Issuance of general obligation bonds		26,920			26,920
Issuance of refunding bonds				12,285	12,285
Premium on refunding bonds				977	977
Premium on bond anticipation notes				1,459	1,459
Premium on general obligation bonds				1,514	1,514
Payment to refunded bond escrow agent				(13,125)	(13,125)
Issuance of capital leases	12,730				12,730
Transfers in	77	6,216		227	6,520
Transfers out	(6,443)			(77)	(6,520)
Total other financing sources (uses)	<u>6,364</u>	<u>33,136</u>	<u>-</u>	<u>3,260</u>	<u>42,760</u>
Net Change in Fund Balances	(2,424)	11,466	(166)	3,850	12,726
Fund Balances at Beginning of Year	<u>21,531</u>	<u>(8,864)</u>	<u>1,137</u>	<u>2,702</u>	<u>16,506</u>
Fund Balances at End of Year	<u>\$ 19,107</u>	<u>\$ 2,602</u>	<u>\$ 971</u>	<u>\$ 6,552</u>	<u>\$ 29,232</u>

(Continued on next page)

TOWN OF SOUTHLINGTON, CONNECTICUT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - GOVERNMENTAL FUNDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2015
(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)	\$ 12,726
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Governmental funds report capital outlays as expenditures. In the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:

Capital outlay	43,828
Depreciation expense	(5,232)
Donated assets	2,013

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.	(39)
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds, and revenues recognized in the funds are not reported in the statement of activities:

School building grant receipts	(117)
Long term receivable receipts	(775)
Property tax receivable - accrual basis change	(215)
Property tax interest and lien revenue - accrual basis change	(108)
Sewer assessment receivable-accrual basis change	(143)
Sewer assessment interest and lien revenue - accrual basis change	7
Change in deferred outflows related to contributions made subsequent to the measurement date	(92)

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

Issuance of general obligation bonds	(26,920)
Issuance of refunding bonds	(12,285)
Premiums on long term debt	(2,491)
Bonds refunded	(12,485)
Payment to escrow agent	13,125
Bond principal payments	18,415
Note principal payments	568
Issuance of capital leases	(12,730)
Capital lease principal payments	253
Accrued interest	(372)
Amortization of deferred charge on refunding	(110)
Amortization of bond premiums	163

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	129
Net pension liability	5,392
OPEB obligation	(1,286)
Heart and hypertension	(605)
Landfill post closure care and settlement	23
Changes related to deferred inflows related to projected investment returns	(4,224)

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.

619

Change in Net Position of Governmental Activities (Exhibit II)	<u>\$ 17,032</u>
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The accompanying notes are an integral part of the financial statements

TOWN OF SOUTHTON, CONNECTICUT
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
JUNE 30, 2015
(In Thousands)

	Business-Type Activities	Governmental Activities
	Sewer Enterprise Fund	Internal Service Fund
Assets:		
Current:		
Cash and cash equivalents	\$ 1,635	\$ 5,205
Accounts and other receivables	1,474	4
Total current assets	<u>3,109</u>	<u>5,209</u>
Capital assets, net	<u>45,324</u>	
Total assets	<u>48,433</u>	<u>5,209</u>
Deferred Outflows or Resources:		
Pension contributions made subsequent to the measurement date	<u>113</u>	
Liabilities:		
Current:		
Accounts and other payables	426	1,436
Other accrued liabilities	51	
Noncurrent liabilities:		
Net pension liability	<u>418</u>	
Total liabilities	<u>895</u>	<u>1,436</u>
Deferred Inflows of Resources:		
Changes related to projected investment earnings	<u>134</u>	
Net Position:		
Investment in capital assets	45,324	
Unrestricted	<u>2,193</u>	<u>3,773</u>
Total Net Position	<u>\$ 47,517</u>	<u>\$ 3,773</u>

The accompanying notes are an integral part of the financial statements

**TOWN OF SOUTHLINGTON, CONNECTICUT
STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN NET POSITION - PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2015
(In Thousands)**

	Business-Type Activities	Governmental Activities
	Sewer Enterprise Fund	Internal Service Fund
Operating Revenues:		
Fund premiums	\$	\$ 23,099
Charges for services	5,703	
Fines, penalties and interest	7	
Total operating revenues	<u>5,710</u>	<u>23,099</u>
Operating Expenses:		
Plant	3,343	
Benefits	263	21,316
Depreciation	1,625	
Administration and other	269	1,164
Total operating expenses	<u>5,500</u>	<u>22,480</u>
Income before Capital Grants and Contributions	210	619
Capital Grants and Contributions	<u>1,443</u>	
Change in Net Position	1,653	619
Net Position at Beginning of Year, as restated	<u>45,864</u>	<u>3,154</u>
Net Position at End of Year	<u>\$ 47,517</u>	<u>\$ 3,773</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, 2015
(In Thousands)

	<u>Business-Type Activities Sewer Enterprise Fund</u>	<u>Governmental Activities Internal Service Fund</u>
Cash Flows from Operating Activities:		
Cash received from customers and granting agencies	\$ 6,733	\$ 23,095
Cash received for premiums - Town departments and agencies		
Cash payments to suppliers for goods and services	(3,021)	
Cash payments to employees for services	(931)	
Cash payments to providers of benefits	(263)	(21,241)
Cash payments for service fees		(1,164)
Net cash provided by operating activities	<u>2,518</u>	<u>690</u>
Cash Flows from Capital Financing Activities:		
Capital Contributions	193	
Acquisition of capital assets	(1,076)	
Net cash used in capital financing activities	<u>(883)</u>	<u>-</u>
Net Increase in Cash and Cash Equivalents	1,635	690
Cash and Cash Equivalents at Beginning of Year	<u>-</u>	<u>4,515</u>
Cash and Cash Equivalents at End of Year	<u>\$ 1,635</u>	<u>\$ 5,205</u>
Reconciliation of Operating Income to Net Cash		
Provided by Operating Activities:		
Operating income	\$ 210	\$ 619
Depreciation	1,625	
Adjustments to reconcile operating income loss to net cash provided by operating activities:		
Increase in accounts receivable	1,023	(4)
Increase in due to other funds	(283)	
Increase (decrease) in accounts payable and accrued liabilities	(20)	75
Change in net pension liability and related deferrals	(37)	
Net Cash Provided by Operating Activities	<u>\$ 2,518</u>	<u>\$ 690</u>
Noncash Capital Financing Activities:		
Capital assets transferred from governmental funds	<u>\$ 1,250</u>	<u>\$ -</u>

The accompanying notes are an integral part of the financial statements

TOWN OF SOUTHLINGTON, CONNECTICUT
STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUNDS
JUNE 30, 2015
(In Thousands)

	Agency Funds
Assets:	
Cash and cash equivalents	\$ 2,011
Investments	<u>168</u>
Total assets	<u>\$ 2,179</u>
Liabilities:	
Fiduciary Deposits	<u>\$ 2,179</u>

The accompanying notes are an integral part of the financial statements

**TOWN OF SOUTHLINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

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

**TOWN OF SOUTHLINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

(In Thousands)

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 sewer line extension projects within the Town. The major source of revenue is sewer assessments. The Town issues general obligation debt to fund capital improvements to sewer lines.

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.

**TOWN OF SOUTHLINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

(In Thousands)

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.

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 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

**TOWN OF SOUTHLINGTON, CONNECTICUT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2015**

(In Thousands)

statistical revaluation as of October 1, 2011. The Town’s next revaluation with full inspections will be October 1, 2015. The assessed value for the Grand List of October 1, 2013, upon which the fiscal 2015 levy was based, was \$3.8 billion. A 28.36 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, 2015 and 2014 were 98.84% and 98.75%, respectively, of the adjusted tax levy. Uncollected property taxes are recorded as receivables, net of an allowance for estimated uncollectible accounts. Unpaid taxes are liened on or before June 30 following the due date. The revenue relating to property taxes not collected during the fiscal year and within 60 days after the close of the fiscal year is deferred.

F. Inventories and Prepaid Items

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

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

G. Capital Assets

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

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

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

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

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

**TOWN OF SOUTHLINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

(In Thousands)

H. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period or periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town reports a deferred charge on refunding and deferred outflows related to pensions in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. A deferred outflow of resources related to pension results from differences between expected and actual experience, changes in assumptions or other inputs. These amounts are deferred and included in pension expense in a systematic and rational manner over a period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension plan (active employees and inactive employees).

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

I. 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.

**TOWN OF SOUTHLINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

(In Thousands)

J. Net Pension Liability

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

K. Net OPEB Obligations

The net OPEB obligation represents the cumulative difference between the annual OPEB cost and the Town's contributions to the plans. These amounts are calculated on an actuarial basis and are recorded as noncurrent assets and/or noncurrent liabilities, accordingly, in the government-wide financial statements.

L. 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 position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of any significant applicable bond premium or discount. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenses.

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.

M. Fund Equity and Net Position

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

Net Investment in Capital Assets

This category groups all capital assets, including infrastructure, into one component of net position. 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 Position

This category represents the net position of the Town which is restricted by externally imposed constraints placed on net position by grantors, contributors or laws and regulations of other governments.

Unrestricted Net Position

This category represents the net position of the Town which is not restricted for any project or other purpose.

**TOWN OF SOUTHLINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
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(In Thousands)

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). A resolution approved by the Board of Finance is required to modify or rescind a fund balance commitment.

Assigned Fund Balance

This represents 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. The Finance Director is authorized to assign fund balances through the carry forward of appropriations to a subsequent year pending approval from the Board of Finance.

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 unassigned fund balance, also known as accumulated surplus or the rainy day fund at 10% of actual year end general fund revenues. The 10% shall be known as the Town's "floor".

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 Town 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.

**TOWN OF SOUTHLINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

(In Thousands)

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. Through a charter revision question passed on November 5, 2013, the Town Manager has authorization to transfer within a department, not to exceed \$1,000. During the last three months of the fiscal year, the Town 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 Town 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, \$1,853 of supplemental budgetary appropriations from the General Fund were made, \$871 from revised revenue estimates, and \$982 from continued appropriations from the prior year. Also, at year end \$1,250 of appropriations were reappropriated. Authorized continuing appropriations are presented as assignments of fund balances since the commitments will be honored in subsequent years.

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

**TOWN OF SOUTHLINGTON, CONNECTICUT
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(In Thousands)

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*, \$54,694 of the Town’s bank balance of \$56,147 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 49,171
Uninsured and collateral held by the pledging trust department, not in the Town’s name	<u>5,523</u>
Total Amount Subject to Custodial Credit Risk	<u><u>\$ 54,694</u></u>

At June 30, 2015, the Town’s had no cash equivalents.

**TOWN OF SOUTHLINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

(In Thousands)

Investments

As of June 30, 2015, 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	*	\$ 10,441	\$ <u>10,441</u>	\$ <u>-</u>	\$ <u>-</u>
Other investments:					
Common stock	N/A	<u>4</u>			
Total Investments		\$ <u>10,445</u>			

*Subject to coverage by Federal Depository Insurance and collateralization.

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, 2015, the Town had \$4 of uninsured and unregistered securities held by the counterparty, or by its trust department or agent that were not in the Town's name.

**TOWN OF SOUTHTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

(In Thousands)

4. RECEIVABLES

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

	<u>General</u>	<u>Capital Projects</u>	<u>Sewer Assessment</u>	<u>Sewer Enterprise</u>	<u>Internal Service</u>	<u>Nonmajor and Other Funds</u>	<u>Total</u>
Receivables:							
Taxes *	\$ 2,326	\$	\$	\$	\$	\$	\$ 2,326
Accounts	113			1,371	4	437	1,925
Special assessments			1,570				1,570
Intergovernmental	270	1,366		103		239	1,978
Interest **							-
Gross receivables	<u>2,709</u>	<u>1,366</u>	<u>1,570</u>	<u>1,474</u>	<u>4</u>	<u>676</u>	<u>7,799</u>
Less allowance for uncollectibles	<u>76</u>						<u>76</u>
Net Total Receivables	<u>\$ 2,633</u>	<u>\$ 1,366</u>	<u>\$ 1,570</u>	<u>\$ 1,474</u>	<u>4</u>	<u>\$ 676</u>	<u>\$ 7,723</u>

* Does not include amount due from Southington Water Company for bonds \$7,950

** Does not include accrued interest on property taxes and assessments receivable of \$690 and \$44, respectively.

TOWN OF SOUTHLINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

(In Thousands)

5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2015 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	\$ 22,791	\$ 261	\$	\$ 23,052
Construction in progress	88,339	38,941	1,197	126,083
Total capital assets not being depreciated	<u>111,130</u>	<u>39,202</u>	<u>1,197</u>	<u>149,135</u>
Capital assets being depreciated:				
Buildings	118,785	674		119,459
Machinery and equipment	19,878	4,066	273	23,671
Infrastructure	88,116	3,096		91,212
Total capital assets being depreciated	<u>226,779</u>	<u>7,836</u>	<u>273</u>	<u>234,342</u>
Less accumulated depreciation for:				
Buildings	55,561	2,726		58,287
Machinery and equipment	14,713	1,006	234	15,485
Infrastructure	35,334	1,500		36,834
Total accumulated depreciation	<u>105,608</u>	<u>5,232</u>	<u>234</u>	<u>110,606</u>
Total capital assets being depreciated, net	<u>121,171</u>	<u>2,604</u>	<u>39</u>	<u>123,736</u>
Governmental Activities Capital Assets, Net	<u>\$ 232,301</u>	<u>\$ 41,806</u>	<u>\$ 1,236</u>	<u>\$ 272,871</u>
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 39	\$	\$	\$ 39
Capital assets being depreciated:				
Buildings and system	75,567	1,995		77,562
Machinery and equipment	1,549	332		1,881
Total capital assets being depreciated	<u>77,116</u>	<u>2,327</u>	<u>-</u>	<u>79,443</u>
Less accumulated depreciation for:				
Buildings and system	31,465	1,514		32,979
Machinery and equipment	1,068	111		1,179
Total accumulated depreciation	<u>32,533</u>	<u>1,625</u>	<u>-</u>	<u>34,158</u>
Total capital assets being depreciated, net	<u>44,583</u>	<u>702</u>	<u>-</u>	<u>45,285</u>
Business-Type Activities Capital Assets, Net	<u>\$ 44,622</u>	<u>\$ 702</u>	<u>\$ -</u>	<u>\$ 45,324</u>

TOWN OF SOUTHLINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
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(In Thousands)

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

Governmental activities:	
General government	\$ 406
Public safety	732
Public works	1,519
Human services	59
Planning and development	13
Parks and recreation	193
Library	40
Education	<u>2,270</u>
 Total Depreciation Expense - Governmental Activities	 \$ <u><u>5,232</u></u>
 Business-type activities:	
Sewer Enterprise Fund	\$ <u><u>1,625</u></u>

Construction Commitments

The Town has active construction projects as of June 30, 2015. 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>
West Queen Street Bridge	\$ 181	\$ 16
Queen Street Pump Station	93	790
DePaolo Middle School	36,064	2,765
Kennedy Middle School	<u>35,256</u>	<u>3,281</u>
 Total	 \$ <u><u>71,594</u></u>	 \$ <u><u>6,852</u></u>

The commitments are being financed as follows:

- School projects are financed by bonds and grants from the State Department of Education.
- Other projects are primarily funded by Town general obligation bonds.

**TOWN OF SOUTHTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

(In Thousands)

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	Nonmajor Governmental Funds	\$ 2
Nonmajor Governmental Funds	General Fund	<u>15</u>
Total		<u>\$ 17</u>

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

	<u>Transfers In</u>			
	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Nonmajor Governmental</u>	<u>Total Transfers Out</u>
Transfers out:				
General Fund	\$	\$ 6,216	\$ 227	\$ 6,443
Nonmajor governmental	<u>77</u>			<u>77</u>
Total Transfers In	<u>\$ 77</u>	<u>\$ 6,216</u>	<u>\$ 227</u>	<u>\$ 6,520</u>

**TOWN OF SOUTHLINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

(In Thousands)

7. LONG-TERM DEBT

Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2015 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:					
Bonds payable:					
General obligation bonds:					
Town	\$ 69,295	\$ 39,205	\$ 17,640	\$ 90,860	\$ 5,705
Southington Water Company	8,725		775	7,950	640
Premium on bonds	1,594	2,491	163	3,922	
State of Connecticut - serial note	9,094		568	8,526	568
Total bonds and notes payable	<u>88,708</u>	<u>41,696</u>	<u>19,146</u>	<u>111,258</u>	<u>6,913</u>
Compensated absences	7,649	1,591	1,720	7,520	1,732
Capital leases	1,120	12,730	253	13,597	662
OPEB obligation	8,411	2,730	1,444	9,697	
Net pension liability	17,923		5,392	12,531	
Heart and hypertension	7,087	1,035	430	7,692	524
Landfill closure and postclosure	<u>103</u>		<u>23</u>	<u>80</u>	<u>25</u>
Total Governmental Activities Long-Term Liabilities	<u>\$ 131,001</u>	<u>\$ 59,782</u>	<u>\$ 28,408</u>	<u>\$ 162,375</u>	<u>\$ 9,856</u>

**TOWN OF SOUTHLINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

(In Thousands)

Bonds payable at June 30, 2015 are comprised of the following issues:

	Date of Issue	Original Issue	Interest Rate (%)	Date of Maturity	Principal Outstanding June 30, 2015
<u>General Purpose Bonds:</u>					
General Purpose	2009	2,175	3.00-4.00	08/01/27	\$ 260
Refunding (General Purpose)	2010	2,098	2.00-5.00	05/15/21	1,102
General Purpose	2011	1,713	2.50-4.25	08/01/30	1,095
Refunding (General Purpose)	2011	6,042	2.00-5.00	02/01/24	4,293
Refunding (General Purpose)	2012	3,106	2.00-4.00	11/01/25	2,676
General Purpose	2014	7,705	3.00-4.00	01/15/34	7,705
General Purpose	2015	6,720	2.00-4.00	01/15/35	6,720
Refunding (General Purpose)	2015	2,408	1.00-5.00	09/01/28	2,408
					<u>26,259</u>
<u>School Bonds:</u>					
Schools	2009	12,965	3.00-4.00	08/01/27	1,380
Refunding (Schools)	2010	8,008	2.00-5.00	05/15/21	4,343
Schools	2011	6,902	2.50-4.25	08/01/30	5,625
Refunding (Schools)	2011	745	2.00-5.00	02/01/24	532
Refunding (Schools)	2012	1,958	2.00-4.00	11/01/25	1,778
Schools	2014	15,000	3.00-4.00	01/15/34	15,000
Schools	2015	15,000	2.00-4.00	01/15/35	15,000
Refunding (Schools)	2015	8,036	1.00-5.00	09/01/28	8,036
					<u>51,694</u>
<u>Sewer Bonds:</u>					
Refunding (Sewers)	2010	959	2.00-5.00	05/15/21	245
Sewers	2011	3,330	2.50-4.25	08/01/30	2,555
Refunding (Sewers)	2011	1,958	2.00-5.00	02/01/24	1,395
Refunding (Sewers)	2012	1,851	2.00-4.00	11/01/25	1,671
Sewers	2015	5,200	2.00-4.00	01/15/35	5,200
Refunding (Sewers)	2015	1,841	1.00-5.00	09/01/28	1,841
State of Connecticut serial notes payable:					
Clean Water Fund Loan 590-C	2011	11,068	2.00	06/30/30	8,526
					<u>21,433</u>
<u>Water Bonds:</u>					
Water	2011	3,410	2.50-4.25	08/01/21	2,375
Water	2014	5,870	3.00-4.00	01/15/34	5,575
					<u>7,950</u>
Total					\$ <u>107,336</u>

**TOWN OF SOUTHLINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

(In Thousands)

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

<u>Due During Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2016	\$ 6,913	\$ 3,563
2017	8,788	3,396
2018	8,758	3,092
2019	8,473	2,798
2020	8,408	2,491
2021-2025	32,162	8,156
2026-2030	22,647	3,773
2031-2035	<u>11,187</u>	<u>1,017</u>
Total	<u>\$ 107,336</u>	<u>\$ 28,286</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, 2015, \$7,950 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, 2015. In no case shall total indebtedness exceed seven times annual receipts from taxation. The maximum debt amount permitted under this formula would be approximately \$756.1 million. Bonds authorized but unissued are \$38,610 as of June 30, 2015.

General Obligation Bonds Issue

On January 15, 2015, the Town issued \$26,920 of general obligation bonds with interest rates ranging from 2% to 4%.

Refunding Bonds Issue

On March 4, 2015, the Town issued \$12,285 of general obligation refunding bonds with interest rates ranging from 1.0%-5.0%. The bonds were issued to refund \$3,725 of 2007 and \$8,760 of 2009 general obligation bonds. The net proceeds of \$13,125 (after an original issue premium of \$977 and payment of \$137 in underwriter's fees and other issuance costs) were deposited in an irrevocable trust fund under an escrow agreement between the Escrow Agent and the Town. The Escrow Agent will use such proceeds to purchase a portfolio of the United States Treasury State and Local Government Securities. All investment income on and the maturing principal of the escrow securities held in the escrow deposit fund will be irrevocably deposited by the Town for payment of the refunded bonds. The Town refunded the above bonds to reduce total debt service payments over the next 15 years by \$533 and to obtain an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$533. As of June 30, 2015, the amount of defeased debt outstanding from this refunding was \$12,485 and the escrow balance was \$13,125. This amount is removed from the governmental activities column of the statement of net position.

**TOWN OF SOUTHLINGTON, CONNECTICUT
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JUNE 30, 2015**

(In Thousands)

Compensated Absences

Employees can accumulate additional amounts of unused vacation and sick leave time (as determined by individual union contracts) until termination of their employment. At termination, pay-out provisions as determined by individual union contract provides for payments to vested employees.

The following is a summary of management’s estimate of the vested liability for lump-sum payments to employees as of June 30, 2015:

Town	\$ 1,575
Board of Education	<u>5,945</u>
Total	<u>\$ 7,520</u>

Capital Leases

The Town also entered into an equipment lease purchase agreement on May 28, 2014 with a financial institution for energy improvements to be made to Town buildings. 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 \$13,597 at June 30, 2015. The following is a summary of capital lease commitments as of June 30, 2015.

<u>Year Ending June 30,</u>	<u>Amount</u>
2016	\$ 1,055
2017	1,178
2018	955
2019	982
2020	1,005
Thereafter	<u>11,542</u>
Subtotal	16,717
Less interest	<u>(3,120)</u>
Principal Balance	<u>\$ 13,597</u>

**TOWN OF SOUTHLINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

(In Thousands)

Bond Anticipation Notes

The Town uses bond anticipation notes during the construction period of various public projects prior to the issuance of bonds at the completion of the project. The Town has issued the following bond anticipation notes during the year ended June 30, 2015:

Outstanding July 1, 2014	\$	20,000
Repayments		(20,000)
New Borrowings		<u>12,000</u>
Outstanding June 30, 2015	\$	<u>12,000</u>

The bond anticipation notes outstanding on June 30, 2015 mature of January, 26, 2016 and bear interest at 1.50%.

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, 2015, 2014 or 2013. 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, 2015 of \$1,361.

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, 2015 and 2014, is presented below:

<u>Fiscal Year</u>	<u>Accrued Liability Beginning of Fiscal Year</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Accrued Liability Claim Payments</u>	<u>Accrued Liability End of Fiscal Year</u>
2014-15	\$ 1,361	\$ 21,391	\$ 21,316	\$ 1,436
2013-14	1,268	21,195	21,102	1,361

**TOWN OF SOUTHLINGTON, CONNECTICUT
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(In Thousands)

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 2014-15 will be evaluated at 18, 30 and 42 months after the effective date of coverage. The deposit contribution (premium) paid during fiscal year ended June 30, 2015 for the Town and Board of Education was \$1,315. 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, 2015 are as follows:

	<u>General Fund</u>	<u>Capital Projects</u>	<u>Sewer Assessments</u>	<u>Governmental Funds</u>	<u>Total</u>
Fund balances:					
Nonspendable:					
Inventory	\$ 56			\$ 57	\$ 113
Trust				605	605
Restricted for:					
Grants				50	50
Trust				100	100
Committed to:					
Debt service			971	3,823	4,794
Cafeteria operations				568	568
Animal control				13	13
Police services				447	447
Town services				245	245
Apple Harvest Festival				190	190
Community services				104	104
Drive in Theater				64	64
Turf field				50	50
Museum restoration				105	105
Recreation				131	131
Capital Projects		2,602			2,602
Assigned to:					
Purchases on order	1,250				1,250
Unassigned	17,801	-	-		17,801
Total Fund Balances	\$ 19,107	\$ 2,602	\$ 971	\$ 6,552	\$ 29,232

Encumbrances are being reported as assigned fund balance.

**TOWN OF SOUTHLINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
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(In Thousands)

10. 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, 2013, plan participation consisted of the following:

	Participants <i>(not rounded)</i>
Active participants	1,168
Retirees	143
Spouses of retirees	<u>56</u>
Total Participants	<u><u>1,367</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, 2015, the Town has not established a trust fund to segregate assets to fund the liability associated with these benefits.

**TOWN OF SOUTHLINGTON, CONNECTICUT
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(In Thousands)

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, 2015, the amount actually contributed to the plan and changes in the Town’s net OPEB obligation:

		Other Post Employment Benefits (OPEB)
Annual required contribution (ARC)	\$	2,831
Interest on net OPEB obligation		420
Adjustment to annual required contribution		<u>(521)</u>
Annual OPEB cost		2,730
Contributions made		<u>1,444</u>
Increase in net OPEB obligation		1,286
Net OPEB obligation, beginning of year		<u>8,411</u>
Net OPEB Obligation, End of Year	\$	<u><u>9,697</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, 2015, 2014 and 2013 are presented below.

Fiscal Year Ended	Annual OPEB Cost (AOC)	Actual Contribution	Percentage of AOC Contributed	Net OPEB Obligation
6/30/15	\$ 2,730	\$ 1,444	52.9%	\$ 9,697
6/30/14	2,766	1,535	55.5%	8,411
6/30/13	2,751	1,188	43.2%	7,180

**TOWN OF SOUTHLINGTON, CONNECTICUT
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JUNE 30, 2015**

(In Thousands)

Schedule of Employer Contributions

<u>Year Ended</u>	<u>Annual Required Contribution</u>	<u>Actual Contribution</u>	<u>Percentage Contributed</u>
6/30/15	\$ 2,831	\$ 1,444	51.0%
6/30/14	2,852	1,535	53.8%
6/30/13	2,818	1,188	42.2%

D. Schedule of Funding Progress

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a % of Covered Payroll</u>
7/1/2013	\$ -	\$ 34,262	- %	\$ 61,069	56.10%
7/1/2011	-	33,693	-	60,233	55.94%
7/1/2009	-	37,666	-	58,386	64.51%

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, 2013 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 9% initially, grading down to 5% for 2015 and later.

**TOWN OF SOUTHLINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

(In Thousands)

11. EMPLOYEE RETIREMENT SYSTEMS

Municipal Employees' Retirement System

A. Plan Description

All full-time employees except teachers who are eligible to participate in the State of Connecticut Teachers' Retirement System, participate in the Municipal Employees' Retirement System (MERS). MERS is a cost-sharing multiple-employer public employee retirement system established by the State of Connecticut and administered by the State Retirement Commission to provide pension benefits to employees of participating municipalities. Chapters 7-425 to 7-451 of the State of Connecticut General Statutes, which can be amended by legislative action, establishes MERS benefits, member contribution rates and other plan provisions. MERS is considered to be part of the State of Connecticut's financial reporting entity and is included in the State's financial reports as a pension trust fund. Those reports can be obtained at www.ct.gov.

B. Benefit Provisions

The plan provides retirement, disability and death benefits and annual cost-of-living adjustments to plan members and their beneficiaries. Employees are eligible to retire at age 55 with 5 years of continuous service, or 15 year of active aggregate service, or 25 years of aggregate service. In addition, compulsory retirement is at age 65 for police and fire members.

Normal Retirement

For members not covered by social security, retirement benefits are calculated as 2% of the average of the three highest paid years of service times the years of service. For members covered by social security, retirement benefits are calculated as 1 1/2% of the average of the three highest paid years of service not in excess of the year's breakpoint plus 2% of average of the three highest paid years of service in excess of the year's breakpoint, times years of service. The year's breakpoint is defined as \$10,700 increased by 6.0% each year after 1982, rounded to the nearest multiple of \$100. Maximum benefit is 100% of average final compensation and the minimum benefit is \$1,000 annually.

Early Retirement

Members must have 5 years of continuous or 15 years of active aggregate service. Benefits are calculated as a service retirement allowance on the basis of the average of the three highest paid years of service to the date of termination. Deferred to normal retirement age, or an actuarially reduced allowance may begin at the time of separation.

Disability Retirement - Service Connected

Employees who are totally and permanently disabled and such disability has arisen out of an in the course of employment with the municipality. Disability due to heart and hypertension in the case of fire and police, is presumed to have been suffered in the line of duty. Benefits are calculated as a service retirement allowance based on compensation and service to the date of the disability with a minimum benefit (including worker's compensation benefits) of 50% of compensation at the time of disability. are eligible after 25 years of credited service including 20 years of Connecticut service, or age 55 with 20 years of credited service including 15 years of Connecticut service with reduced benefit amounts.

Disability Retirement - Non-Service Connected

Employees who have 10 years of service and are totally and permanently disabled. Benefits are calculated as a service retirement allowance based on compensation and service to the date of the disability.

**TOWN OF SOUTHLINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
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(In Thousands)

Death Benefit

Employees who are eligible for service, disability or early retirement and married for at least 12 months preceding death. Benefits are calculated based on the average of the three highest paid years of service and creditable service at date of death, payable to the spouse. Benefit is equal to 50% of the average of the life annuity allowance and reduced 50% joint and survivor allowance.

C. Contributions

Member - Contributions for members not covered by social security are 5% of compensation; for members covered by social security, 2 ¼% of compensation up to the social security taxable wage base plus 5%, if any, in excess of such base.

Employer - Participating employers make annual contributions consisting of a normal cost contribution, a contribution for the amortization of the net unfunded accrued liability and a prior service amortization payment, which covers the liabilities of MERS not met by member contributions.

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

At June 30, 2015, the Town reports a total liability of \$12,949 (12,531 for government wide in Exhibit I and \$418 for the Sewer Fund in Exhibit V) for its proportionate share of the net pension liability. The net pension liability was measured at June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation at that date. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participants, actuarially determined. At June 30, 2015, the Town's proportion was 12.59 percent. Due to this year being the first year of implementation, the increase or decrease in proportion from June 30, 2014 is not available.

For the year ended June 30, 2015, the Town recognized pension expense of \$3,040 (\$2,965 in Exhibit II and \$75 in Exhibit VI). At June 30, 2015, the Town reported deferred inflow of resources and deferred outflows of resources related to pension from the following sources:

Government Wide	Deferred Inflows of Resources	Deferred Outflows of Resources
	<u> </u>	<u> </u>
Contributions made subsequent to the measurement date	\$	\$ 4,042
Net difference between projected and actual earnings on pension plan investments	<u>4,224</u>	<u> </u>
Total	\$ <u>4,224</u>	\$ <u>4,042</u>

**TOWN OF SOUTHLINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

(In Thousands)

Sewer Fund	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>
Contributions made subsequent to the measurement date	\$	\$ 113
Net difference between projected and actual earnings on pension plan investments	<u>134</u>	<u> </u>
Total	\$ <u><u>134</u></u>	\$ <u><u>113</u></u>

Amounts reported as deferred outflows of resources related to Town contributions after the measurement date will be recognized as a reduction of the net pension liability in the subsequent year. Amounts reported as deferred inflows of resources related to pension will be recognized in pension expense as follows:

Government Wide

2016	\$	1,056
2017		1,056
2018		1,056
2019		<u>1,056</u>
Total	\$	<u><u>4,224</u></u>

Sewer Fund

2016	\$	33
2017		33
2018		34
2019		<u>34</u>
Total	\$	<u><u>134</u></u>

D. Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2014, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.25%
Salary increase	4.25-11.00%, including inflation
Investment rate of return	8.00%, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2000 Mortality Table for annuitants and non-annuitants (set forward one year for males and set back one year for females).

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2005 - June 30, 2010.

TOWN OF SOUTHLINGTON, CONNECTICUT
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(In Thousands)

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

E. Discount Rate

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Large Cap U.S. equities	16.0%	5.8%
Developed non-U.S. equities	14.0%	6.6%
Emerging markets (Non-U.S.)	7.0%	8.3%
Core fixed income	8.0%	1.3%
Inflation linked bond fund	5.0%	1.0%
Emerging market bond	8.0%	3.7%
High yield bonds	14.0%	3.9%
Real estate	7.0%	5.1%
Private equity	10.0%	7.6%
Alternative investments	8.0%	4.1%
Liquidity fund	3.0%	.4%
Total	100.0%	

**TOWN OF SOUTHLINGTON, CONNECTICUT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2015**

(In Thousands)

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

The following presents the Town's proportionate share of the net pension liability, calculated using the discount rate of 8.00%, as well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (7.00%) or 1 percentage point higher (9.00%) than the current rate:

	<u>1% Decrease (7.00%)</u>	<u>Current Discount Rate (8.00%)</u>	<u>1% Increase (9.00%)</u>
Government Wide:			
Town's proportionate share of the net pension liability	\$ 27,784	\$ 12,531	\$ 3,021
Sewer Fund:			
Town's proportionate share of the net pension liability	\$ 848	\$ 418	\$ 53

Teachers Retirement

A. Plan Description

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

B. Benefit Provisions

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

Normal Retirement

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

Early Retirement

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

Disability Retirement

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

**TOWN OF SOUTHLINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
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(In Thousands)

C. Contributions

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

Employer (School Districts)

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

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

Employees

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

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

At June 30, 2015, the Town reports no amounts for its proportionate share of the net pension liability, and related deferred outflows and inflows, due to the statutory requirement that the State pay 100% of the required contribution. The amount recognized by the Town as its proportionate share of the net pension liability, the related state support, and the total portion of the net pension liability that was associated with the Town were as follows:

Town's proportionate share of the net pension liability	\$	-
State's proportionate share of the net pension liability associated with the Town		<u>107,078</u>
Total	\$	<u><u>107,078</u></u>

The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. At June 30, 2015, the Town has no proportionate share of the net pension liability.

For the year ended June 30, 2015, the Town recognized pension expense and revenue of \$8,044 in Exhibit II for on-behalf amounts for the benefits provided by the State.

**TOWN OF SOUTHLINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
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(In Thousands)

E. Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2014, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00%
Salary increase	3.75-7.00%, including inflation
Investment rate of return	8.50%, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2000 Combined Mortality Table projected 19 years using scale AA, with a two-year setback for males and females for the period after service retirement and for dependent beneficiaries.

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2005 - June 30, 2010.

Future cost-of-living increases for members who retire on or after September 1, 1992 are assumed to be an annual cost-of-living adjustment of 2%.

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Large Cap U.S. equities	21.0%	7.3%
Developed non-U.S. equities	18.0%	7.5%
Emerging markets (Non-U.S.)	9.0%	8.6%
Core fixed income	7.0%	1.7%
Inflation linked bond fund	3.0%	1.3%
Emerging market bond	5.0%	4.8%
High yield bonds	5.0%	3.7%
Real estate	7.0%	5.9%
Private equity	11.0%	10.9%
Alternative investments	8.0%	0.7%
Liquidity fund	6.0%	0.0%
Total	<u>100.0%</u>	

**TOWN OF SOUTHTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
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(In Thousands)

F. Discount Rate

The discount rate used to measure the total pension liability was 8.50%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that State contributions will be made at the actuarially determined contribution rates in the future years. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

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

H. Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued financial statements available at www.ct.gov.

I. Other Information

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

12. SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES

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

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

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

**TOWN OF SOUTHLINGTON, CONNECTICUT
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JUNE 30, 2015**

(In Thousands)

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, 2015 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.

13. PRIOR PERIOD ADJUSTMENTS AND RESTATEMENTS

The following restatements were recorded to the beginning of net position of the governmental activities as a result of implementation of GASB Statement No 68 Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27 and GASB Statement No. 71 Pension Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Net position at June 30, 2014, as previously reported	\$ 152,463	\$ 46,340
Adjustments:		
Record net pension liability and deferred inflows/outflows per GASB No. 68	<u>(13,789)</u>	<u>(476)</u>
Net Position at July 1, 2014, as restated	<u>\$ 138,674</u>	<u>\$ 45,864</u>

**Required Supplementary
Information**

**TOWN OF SOUTHTON, CONNECTICUT
GENERAL FUND
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED JUNE 30, 2015
(In Thousands)**

	<u>Budgeted Amounts</u>			
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance</u>
Property taxes, interest and lien fees:				
Taxes	\$ 106,625	\$ 106,625	\$ 107,135	\$ 510
Suspense taxes	45	45	32	(13)
Interest and lien fees	607	607	885	278
Total property taxes, interest and lien fees	<u>107,277</u>	<u>107,277</u>	<u>108,052</u>	<u>775</u>
Licenses, fees and permits:				
Building	850	850	737	(113)
Police	51	51	33	(18)
Library	27	27	27	-
Parking	6	6	4	(2)
Miscellaneous	20	36	34	(2)
Total licenses, fees and permits	<u>954</u>	<u>970</u>	<u>835</u>	<u>(135)</u>
Intergovernmental revenues:				
Educational cost sharing	20,346	20,346	20,304	(42)
Non-public school transportation	38	38	47	9
Public school transportation	165	165	163	(2)
School building construction grants	118	118	112	(6)
Vocational agriculture	370	370	373	3
Children/youth services	26	26	27	1
Youth service/drug free	15	44	36	(8)
Town aid road transportation grant	520	523	523	-
Non-public health services	60	60	62	2
Telephone access lines	72	72	71	(1)
Pequot/Mohegan grant	147	147	150	3
Telecommunications fund grant	72	72	72	-
Municipal video grant	12	12		(12)
Historical society	27	27		(27)
Local capital improvement grant	281			-
In lieu of taxes:				
Hospital	131	131	141	10
Tax relief for elderly	350	350	323	(27)

(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, 2015
(In Thousands)

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
Intergovernmental revenues (continued):				
Veterans' exemption	\$ 55	\$ 55	\$ 56	\$ 1
State properties	22	22	27	5
Disability exemption	6	6	5	(1)
Calendar house grant	200	20		(20)
Distressed municipalities	60	60	53	(7)
Miscellaneous	2	2	27	25
Traffic enforcement grant			4	4
Municipal revenue sharing	772	772	772	-
Total intergovernmental revenues	<u>23,867</u>	<u>23,438</u>	<u>23,348</u>	<u>(90)</u>
Investment Income	<u>260</u>	<u>260</u>	<u>308</u>	<u>48</u>
Charges for services:				
Town Clerk	1,200	1,200	1,352	152
Labels/diskettes/copies			1	1
Recreation	80	80	86	6
Planning and zoning	50	50	49	(1)
Fire Department services	9	26	47	21
Engineering services	3	3	16	13
Assessors returns	1	1	1	-
School tuition and fees	539	540	568	28
School building rentals	14	257	257	-
Miscellaneous	10	10	30	20
Total charges for services	<u>1,906</u>	<u>2,167</u>	<u>2,407</u>	<u>240</u>

(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, 2015
(In Thousands)

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
Other revenues:				
Sale/lease of town property	\$ 2	\$ 2	\$ 2	\$ -
Loss/damage to town property	1	219	234	15
Prior year appropriated funds returned	2	2	2	-
BRRFOC/TROC rebate		640	640	-
Capital project reimbursements		10	15	5
Settlements		151	151	-
Open space donations		3	6	3
Recycling rebates			23	23
Miscellaneous	20	21	33	12
Fund balance utilized	<u>4,270</u>	<u>4,270</u>		<u>(4,270)</u>
Total other revenues	<u>4,295</u>	<u>5,318</u>	<u>1,106</u>	<u>(4,212)</u>
Transfers In	<u>50</u>	<u>50</u>	<u>77</u>	<u>27</u>
Total Revenues and Other Financing Sources	\$ <u>138,609</u>	\$ <u>139,480</u>	136,133	\$ <u>(3,347)</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

8,044

Proceeds from issuance of capital leases are not budgeted

12,730

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

\$ 156,907

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, 2015
(In Thousands)

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
General Government				
Town Council:				
Personnel service	\$ 10	\$ 10	\$ 8	\$ 2
Contractual services	20	21	21	-
Program supplies	7	6	4	2
Professional charges	27	27	27	-
Total	<u>64</u>	<u>64</u>	<u>60</u>	<u>4</u>
Town Manager:				
Personnel service	291	290	281	9
Contractual services	42	39	11	28
Materials and supplies	3	6	6	-
Fixed charges	7	7	5	2
Continued appropriations		26	20	6
Total	<u>343</u>	<u>368</u>	<u>323</u>	<u>45</u>
Board of Finance:				
Personnel service	4	4	4	-
Contractual services	2	2	2	-
Fixed charges	1	1	1	-
Total	<u>7</u>	<u>7</u>	<u>7</u>	<u>-</u>
Finance Department:				
Personnel service	478	478	474	4
Materials and supplies	12	12	12	-
Fixed charges	1	1	1	-
Total	<u>491</u>	<u>491</u>	<u>487</u>	<u>4</u>
Town Clerk:				
Personnel service	275	267	265	2
Contractual services	23	21	19	2
Materials and supplies	11	9	8	1
Fixed charges	3	3	3	-
Total	<u>312</u>	<u>300</u>	<u>295</u>	<u>5</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, 2015
(In Thousands)

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
Tax Department:				
Personnel service	\$ 213	\$ 207	\$ 204	\$ 3
Contractual services	16	19	16	3
Materials and supplies	48	43	43	-
Fixed charges	2	2	2	-
Total	<u>279</u>	<u>271</u>	<u>265</u>	<u>6</u>
Assessor:				
Personnel service	303	302	296	6
Contractual services	235	235	24	211
Materials and supplies	13	13	13	-
Fixed charges	5	5	5	-
Continued appropriations		170	101	69
Total	<u>556</u>	<u>725</u>	<u>439</u>	<u>286</u>
Board of Assessment Appeals:				
Personnel service	2	2	2	-
Contractual services	1	1	1	-
Total	<u>3</u>	<u>3</u>	<u>3</u>	<u>-</u>
Information Technology:				
Personnel service	164	164	164	-
Contractual services	620	579	533	46
Fixed charges	33	32	29	3
Capital outlay	81	81	38	43
Continued Appropriation		3	3	-
Total	<u>898</u>	<u>859</u>	<u>767</u>	<u>92</u>
Probate Court:				
Fixed charges	<u>11</u>	<u>11</u>	<u>11</u>	<u>-</u>
Town Attorney/Legal:				
Personnel service	206	206	206	-
Contractual services	127	105	79	26
Materials and supplies	3	3	3	-
Fixed charges	6	5	5	-
Total	<u>342</u>	<u>319</u>	<u>293</u>	<u>26</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, 2015**

	Budgeted Amounts		Actual	Variance
	Original	Final		
Elections Department:				
Personnel service	\$ 122	\$ 100	\$ 97	\$ 3
Contractual services	12	9	9	-
Materials and supplies	25	25	23	2
Fixed charges	6	6	4	2
Total	<u>165</u>	<u>140</u>	<u>133</u>	<u>7</u>
Insurance:				
Fixed charges	<u>1,048</u>	<u>1,013</u>	<u>966</u>	<u>47</u>
Annual Audit:				
Fixed charges	<u>36</u>	<u>33</u>	<u>33</u>	<u>-</u>
Total general government	<u>4,555</u>	<u>4,604</u>	<u>4,082</u>	<u>522</u>
Public Safety:				
Police Department:				
Personnel service	6,307	6,190	6,174	16
Contractual services	228	247	221	26
Materials and supplies	254	251	207	44
Fixed charges	229	219	166	53
Equipment	199	195	192	3
Total	<u>7,217</u>	<u>7,102</u>	<u>6,960</u>	<u>142</u>
Emergency Management:				
Contractual services	2			-
Materials and supplies	8	8	5	3
Capital outlay	14	3	3	-
Total	<u>24</u>	<u>11</u>	<u>8</u>	<u>3</u>
Central Dispatch:				
Personnel service	707	692	690	2
Contractual services	20	11	11	-
Total	<u>727</u>	<u>703</u>	<u>701</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, 2015

	Budgeted Amounts		Actual	Variance
	Original	Final		
Fire Department:				
Personnel service	\$ 3,296	\$ 3,464	\$ 3,464	\$ -
Contractual services	307	304	300	4
Materials and supplies	222	196	191	5
Fixed charges	155	153	148	5
Equipment	56	56	56	-
Total	<u>4,036</u>	<u>4,173</u>	<u>4,159</u>	<u>14</u>
Fire Hydrant rentals:				
Fixed charges	<u>232</u>	<u>234</u>	<u>234</u>	<u>-</u>
Safety Program:				
Contractual services	12	24	24	-
Materials and supplies	38	29	28	1
Fixed Charges	17	14	13	1
Total	<u>67</u>	<u>67</u>	<u>65</u>	<u>2</u>
Parking Authority:				
Personnel service	1	1	1	-
Contractual services	13	13	6	7
Materials and supplies	15	15	13	2
Fixed charges	1	1	1	-
Continued appropriations		3		3
Total	<u>30</u>	<u>33</u>	<u>21</u>	<u>12</u>
Total public safety	<u>12,333</u>	<u>12,323</u>	<u>12,148</u>	<u>175</u>
Public Works:				
Town Hall and Annex:				
Contractual services	46	46	36	10
Materials and supplies	14	18	16	2
Fixed Charges	55	55	46	9
Total	<u>115</u>	<u>119</u>	<u>98</u>	<u>21</u>
Historical Buildings:				
Fixed Charges	<u>5</u>	<u>7</u>	<u>7</u>	<u>-</u>
Total	<u>5</u>	<u>7</u>	<u>7</u>	<u>-</u>

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**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, 2015**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
Sylvia Bradley Historical Society:				
Contractual services	\$ 6	\$ 6	\$ 3	\$ 3
Fixed Charges	12	12	8	4
Capital outlay	53	53	2	51
Total	<u>71</u>	<u>71</u>	<u>13</u>	<u>58</u>
Engineering Department:				
Personnel service	615	613	609	4
Contractual services	9	10	8	2
Materials and supplies	18	19	18	1
Fixed charges	5	3	1	2
Total	<u>647</u>	<u>645</u>	<u>636</u>	<u>9</u>
Highway Department:				
Personnel service	1,569	1,622	1,622	-
Contractual services	471	542	533	9
Materials and supplies	132	151	147	4
Fixed charges	45	51	46	5
Capital outlay	65	65	11	54
Continued appropriations		48	48	-
Total	<u>2,282</u>	<u>2,479</u>	<u>2,407</u>	<u>72</u>
Snow and Ice Removal:				
Personnel service	115	309	309	-
Contractual services	145	409	409	-
Materials and supplies	350	545	545	-
Total	<u>610</u>	<u>1,263</u>	<u>1,263</u>	<u>-</u>
Street Lighting:				
Contractual services	130	120	74	46
Fixed Charges	281	256	233	23
Capital Outlay	71	71	71	-
Total	<u>482</u>	<u>447</u>	<u>378</u>	<u>69</u>
Tree Maintenance:				
Contractual services	<u>19</u>	<u>19</u>	<u>19</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, 2015**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
Bulky Waste Transfer Station:				
Personnel service	\$ 83	\$ 88	\$ 88	\$ -
Contractual services	177	159	154	5
Materials & Supplies	2	2	1	1
Total	<u>262</u>	<u>249</u>	<u>243</u>	<u>6</u>
Environmental Problems:				-
Contractual services	195	85	49	36
Fixed charges		11	6	5
Continued appropriations		144		144
Total	<u>195</u>	<u>240</u>	<u>55</u>	<u>185</u>
North Center Facility:				-
Contractual services	235	236	233	3
Materials and supplies	14	12	7	5
Fixed charges	20	21	21	-
Total	<u>269</u>	<u>269</u>	<u>261</u>	<u>8</u>
Total Public Works	<u>4,957</u>	<u>5,808</u>	<u>5,380</u>	<u>428</u>
Health and Welfare:				
Community Services:				
Personnel service	204	207	207	-
Contractual services	18	15	15	-
Materials and supplies	6	5	5	-
Fixed charges	16	16	15	1
Total	<u>244</u>	<u>243</u>	<u>242</u>	<u>1</u>
Health Department:				
Contractual services	40			-
Fixed charges	326	326	326	-
Total	<u>366</u>	<u>326</u>	<u>326</u>	<u>-</u>
Mental Health:				
Fixed charges	3	3	3	-
Nonpublic School Nurses:				
Contractual services	119	119	119	-
Total Health and Welfare	<u>732</u>	<u>691</u>	<u>690</u>	<u>1</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, 2015**

	Budgeted Amounts		Actual	Variance
	Original	Final		
Human Services:				
Youth Counseling:				
Personnel service	\$ 294	\$ 323	\$ 303	\$ 20
Contractual services	5	3	3	-
Materials and supplies	1	1	1	-
Fixed charges	2	2	2	-
Total	<u>302</u>	<u>329</u>	<u>309</u>	<u>20</u>
Commission on the Handicapped:				
Contractual services	7	7	2	5
Materials and supplies	1	1	-	1
Total	<u>8</u>	<u>8</u>	<u>2</u>	<u>6</u>
Community Assistance:				
Contractual services	<u>52</u>	<u>52</u>	<u>52</u>	<u>-</u>
Calendar House-Senior Citizens:				
Personnel service	345	349	348	1
Contractual services	93	81	73	8
Materials and supplies	27	24	24	-
Fixed charges	47	47	34	13
Capital outlay	1			-
Total	<u>513</u>	<u>501</u>	<u>479</u>	<u>22</u>
Southington Housing Authority:				
Materials and supplies	<u>26</u>	<u>29</u>	<u>29</u>	<u>-</u>
Total Human Services	<u>901</u>	<u>919</u>	<u>871</u>	<u>48</u>
Parks and Recreation:				
Parks Department:				
Personnel service	611	630	630	-
Contractual services	175	176	174	2
Materials and supplies	55	55	52	3
Fixed Charges	160	178	171	7
Capital outlay	337	695	37	658
Total	<u>1,338</u>	<u>1,734</u>	<u>1,064</u>	<u>670</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, 2015**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
Recreation Department:				
Personnel service	\$ 266	\$ 266	\$ 266	\$ -
Contractual services	63	54	50	4
Materials and supplies	22	21	17	4
Fixed charges	13	13	13	-
Total	<u>364</u>	<u>354</u>	<u>346</u>	<u>8</u>
Community Celebrations:				
Fixed charges	<u>5</u>	<u>4</u>	<u>4</u>	<u>-</u>
Organized Recreation:				
Fixed charges	<u>92</u>	<u>92</u>	<u>92</u>	<u>-</u>
Total Parks and Recreation	<u>1,799</u>	<u>2,184</u>	<u>1,506</u>	<u>678</u>
Library:				
Public Library:				
Personnel service	1,014	1,015	1,015	-
Contractual services	65	64	56	8
Materials and supplies	152	151	149	2
Fixed charges	81	73	64	9
Capital outlay	55	55	54	1
Continued appropriations		9	9	-
Total	<u>1,367</u>	<u>1,367</u>	<u>1,347</u>	<u>20</u>
Barnes Museum:				
Personnel service	79	78	78	-
Contractual services	11	20	17	3
Materials and supplies	3	3	3	-
Fixed Charges	11	11	11	-
Total	<u>104</u>	<u>112</u>	<u>109</u>	<u>3</u>
Total Library	<u>1,471</u>	<u>1,479</u>	<u>1,456</u>	<u>23</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, 2015**

	Budgeted Amounts		Actual	Variance
	Original	Final		
Planning and Development:				
Economic Development Commission:				
Personnel service	\$ 134	\$ 133	\$ 133	\$ -
Contractual services	85	55	35	20
Materials and supplies	2	2	2	-
Fixed charges	5	4	1	3
Total	<u>226</u>	<u>194</u>	<u>171</u>	<u>23</u>
Building Department:				
Personnel service	388	388	380	8
Contractual services	3	5	5	-
Materials and supplies	12	11	10	1
Fixed charges	5	5	5	-
Total	<u>408</u>	<u>409</u>	<u>400</u>	<u>9</u>
Planning and Zoning:				
Personnel service	365	359	355	4
Contractual services	63	62	34	28
Materials and supplies	10	10	7	3
Fixed charges	31	18	18	-
Total	<u>469</u>	<u>449</u>	<u>414</u>	<u>35</u>
Zoning Board of Appeals:				
Personnel service	5	5	5	-
Contractual services	9	8	7	1
Materials and supplies	1	2	2	-
Total	<u>15</u>	<u>15</u>	<u>14</u>	<u>1</u>
Conservation Commission:				
Personnel service	4	4	3	1
Contractual services	5	5	3	2
Materials and supplies	2	1	1	1
Fixed charges		1	1	-
Total	<u>11</u>	<u>11</u>	<u>7</u>	<u>4</u>
Total Planning and Development	<u>1,129</u>	<u>1,078</u>	<u>1,006</u>	<u>72</u>

(Continued on next page)

**TOWN OF SOUTHLINGTON, CONNECTICUT
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2015**

	Budgeted Amounts		Actual	Variance
	Original	Final		
Miscellaneous:				
Land Lease:				
Fixed charges	\$ 1	\$ 1	\$ 1	\$ -
Total Miscellaneous	<u>1</u>	<u>1</u>	<u>1</u>	<u>-</u>
Employee Benefits:				
Medical and group insurance:				
Fixed charges	<u>3,650</u>	<u>3,650</u>	<u>3,650</u>	<u>-</u>
Heart and Hypertension:				
Personnel service	1,343	1,181	1,139	42
Contractual services	27	25	21	4
Total Heart and Hypertension	<u>1,370</u>	<u>1,206</u>	<u>1,160</u>	<u>46</u>
Employee Retirement:				
Municipal:				
Fixed charges	4,171	4,114	4,114	-
Police:				
Fixed charges	181	163	163	-
Unemployment Compensation:				
Fixed charges	15	22	22	-
Total	<u>4,367</u>	<u>4,299</u>	<u>4,299</u>	<u>-</u>
Accumulated Payout:				
Fixed charges	<u>150</u>	<u>229</u>	<u>229</u>	<u>-</u>
Tuition Reimbursement:				
Fixed charges	<u>5</u>	<u>7</u>	<u>7</u>	<u>-</u>
Medical Services:				
Fixed charges	<u>2</u>	<u>2</u>	<u>2</u>	<u>-</u>
Total Employee Benefits	<u>9,544</u>	<u>9,393</u>	<u>9,347</u>	<u>46</u>
Debt Service				
Debt service - principal:				
Town and Sewer	2,768	2,769	2,769	-
Schools	2,616	2,616	2,616	-
Total	<u>5,384</u>	<u>5,385</u>	<u>5,385</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, 2015**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
Debt service - interest:				
Town and Sewer	\$ 894	\$ 1,100	\$ 1,100	\$ -
Schools	1,117	1,387	1,387	-
Total	<u>2,011</u>	<u>2,487</u>	<u>2,487</u>	<u>-</u>
Total Debt Service	<u>7,395</u>	<u>7,872</u>	<u>7,872</u>	<u>-</u>
Board of Education:				
School operations	87,047	87,291	87,278	13
Contractual services		219	219	-
Continued appropriations		91	91	-
Total Board of Education	<u>87,047</u>	<u>87,601</u>	<u>87,588</u>	<u>13</u>
Contingency	<u>962</u>	<u>63</u>		<u>63</u>
Total expenditures	<u>132,826</u>	<u>134,016</u>	<u>131,947</u>	<u>2,069</u>
Other Financing Uses:				
Transfers out	\$ <u>5,783</u>	\$ <u>6,443</u>	\$ <u>6,443</u>	\$ <u>-</u>
Total	\$ <u><u>138,609</u></u>	\$ <u><u>140,459</u></u>	138,390	\$ <u><u>2,069</u></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

8,044

Accrued payroll is reported as expenditure for GAAP purposes

167

Issuance of capital leases are not budgeted

12,730

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

\$ 159,331

**TOWN OF SOUTHTON, CONNECTICUT
 SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
 MUNICIPAL EMPLOYEES RETIREMENT SYSTEM
 LAST FISCAL YEAR**

	<u>2015</u>
Town's proportion of the net pension liability	12.59%
Town's proportionate share of the net pension liability	\$ 12,949
Town's covered-employee payroll	\$ 31,051
Town's proportionate share of the net pension liability as a percentage of its covered-employee payroll	41.70%
Plan fiduciary net position as a percentage of the total pension liability	90.48%

Notes to Schedule

Changes in benefit terms	None
Changes of assumptions	During 2013, rates of mortality, withdrawal, retirement and assumed rates of salary increases were adjusted to reflect actual and anticipated experience. These assumptions were recommended as part of the Experience Study for the System for the five-year period ended June 30, 2012.
Actuarial cost method	Entry age
Amortization method	Level dollar, closed
Remaining amortization period	27 years
Asset valuation method	5-year smoothed market

**TOWN OF SOUTHTON, CONNECTICUT
 SCHEDULE OF EMPLOYER CONTRIBUTIONS - MUNICIPAL EMPLOYEES RETIREMENT SYSTEM - GOVERNMENTAL ACTIVITIES
 LAST TEN FISCAL YEARS**

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Actuarially determined contribution	\$ 1,172	\$ 1,431	\$ 2,506	\$ 2,439	\$ 2,704	\$ 3,488	\$ 4,096	\$ 4,194	\$ 4,400	\$ 4,592
Contributions in relation to the actuarially determined contribution	<u>1,172</u>	<u>1,431</u>	<u>2,506</u>	<u>2,439</u>	<u>2,704</u>	<u>3,488</u>	<u>4,096</u>	<u>4,194</u>	<u>4,400</u>	<u>4,592</u>
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered employee payroll	\$ 16,857	\$ 19,342	\$ 25,085	\$ 25,816	\$ 26,169	\$ 27,006	\$ 27,081	\$ 27,618	\$ 28,694	\$ 30,111
Contributions as a percentage of covered employee payroll	6.95%	7.40%	9.99%	9.45%	10.33%	12.92%	15.12%	15.19%	15.33%	15.25%

Notes to Schedule

Valuation date: June 30, 2014
 Measurement date: June 30, 2014
 Actuarially determined contribution rates are calculated as of June 30, each biennium for the fiscal years ending two and three years after the valuation date.

Methods and assumptions used to determine contribution rates:

Actuarial cost method: Entry Age
 Amortization method: Level dollar, closed
 Single equivalent amortization period: 27 years
 Asset valuation method: 5 years smoothed market (20% write up)
 Inflation: 3.25%
 Salary increases: 4.25% - 11%, including inflation
 Investment rate of return: 8%, net of investment related expense
 Changes in assumptions: In 2013, rates of mortality, withdrawal, retirement and assumed rates of salary increases were adjusted to more closely reflect actual and anticipated experience.

TOWN OF SOUTHTON, CONNECTICUT
SCHEDULE OF EMPLOYER CONTRIBUTIONS - MUNICIPAL EMPLOYEES RETIREMENT SYSTEM - BUSINESS TYPE ACTIVITIES
LAST TEN FISCAL YEARS

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Actuarially determined contribution	\$ 43	\$ 50	\$ 56	\$ 58	\$ 64	\$ 88	\$ 109	\$ 104	\$ 108	\$ 113
Contributions in relation to the actuarially determined contribution	43	50	56	58	64	88	109	104	108	113
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered employee payroll	\$ 693	\$ 736	\$ 797	\$ 825	\$ 852	\$ 930	\$ 940	\$ 884	\$ 901	\$ 940
Contributions as a percentage of covered employee payroll	6.20%	6.79%	7.03%	7.03%	7.51%	9.46%	11.60%	11.76%	11.99%	12.02%

Notes to Schedule

Valuation date: June 30, 2014

Measurement date: June 30, 2014

Actuarially determined contribution rates are calculated as of June 30, each biennium for the fiscal years ending two and three years after the valuation date.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age
Amortization method	Level dollar, closed
Single equivalent amortization period	27 years
Asset valuation method	5 years smoothed market (20% write up)
Inflation	3.25%
Salary increases	4.25% - 11%, including inflation
Investment rate of return	8%, net of investment related expense
Changes in assumptions:	In 2013, rates of mortality, withdrawal, retirement and assumed rates of salary increases were adjusted to more closely reflect actual and anticipated experience.

**TOWN OF SOUTHLINGTON, CONNECTICUT
 SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
 TEACHERS RETIREMENT PLAN
 LAST FISCAL YEAR**

	<u>2015</u>
Town's proportion of the net pension liability	0.00%
Town's proportionate share of the net pension liability	\$ -
State's proportionate share of the net pension liability associated with the Town	<u>107,078</u>
Total	<u>\$ 107,078</u>
Town's covered-employee payroll	\$ 33,621
Town's proportionate share of the net pension liability as a percentage of its covered-employee payroll	0.00%
Plan fiduciary net position as a percentage of the total pension liability	61.51%

Notes to Schedule

Changes in benefit terms	None
Changes of assumptions	During 2011, rates of withdrawal, retirement and assumed rates of salary increases were adjusted to reflect actual and anticipated experience. These assumptions were recommended as part of the Experience Study for the System for the five-year period ended June 30, 2010.
Actuarial cost method	Entry age
Amortization method	Level percent of salary, closed
Remaining amortization period	22.4 years
Asset valuation method	4-year smoothed market

Combining and Individual Fund Statements and Schedules

General Fund

GENERAL FUND

The general fund is the principal fund of the Town and is used to account for all activities of the Town, except those required to be accounted for in another fund. The general fund accounts for the normal recurring activities of the Town (i.e., general government, public safety, public works, health and welfare, human services, parks and recreation, library, education, etc.). These activities are funded principally by property taxes, user fees and grants from other governmental units

**TOWN OF SOUTHBINGTON, CONNECTICUT
GENERAL FUND
COMPARATIVE BALANCE SHEET
JUNE 30, 2015 AND 2014
(In Thousands)**

	<u>2015</u>	<u>2014</u>
ASSETS		
Cash and cash equivalents	\$ 11,423	\$ 13,952
Investments	9,968	9,747
Property taxes receivable, net of allowance for uncollectible accounts of \$76 in 2015 and \$56 in 2014	2,250	2,490
Due from State of Connecticut	270	326
Accounts receivable	113	54
Due from other funds	2	430
Inventories	<u>56</u>	<u>64</u>
Total Assets	<u>\$ 24,082</u>	<u>\$ 27,063</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE		
Liabilities:		
Accounts payable and accrued liabilities	\$ 2,428	\$ 3,013
Due to other funds	15	21
Due to State of Connecticut	306	293
Total liabilities	<u>2,749</u>	<u>3,327</u>
Deferred Inflows of Resources:		
Unavailable revenue - property taxes	1,990	2,205
Advance tax collections	236	
Total deferred inflows of resources	<u>2,226</u>	<u>2,205</u>
Fund Balance:		
Nonspendable	56	64
Assigned	1,250	5,252
Unassigned	17,801	16,215
Total fund balance	<u>19,107</u>	<u>21,531</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 24,082</u>	<u>\$ 27,063</u>

TOWN OF SOUTHWINGTON, CONNECTICUT
GENERAL FUND
REPORT OF TAX COLLECTOR
FOR THE YEAR ENDED JUNE 30, 2015
(In Thousands)

Grand List	Uncollected Taxes July 1, 2014	Lawful Corrections		Transfers To Suspense	Adjusted Taxes Collectible	Collections			Amount Paid to Treasurer	Credit Balances	Uncollected Taxes June 30, 2015
		Additions	Deductions			Taxes	Interest	Warrants Liens/Fees			
2013	\$ 107,781	\$ 46	\$ 717	\$ 6	\$ 107,104	\$ 105,988	\$ 292	\$ 1	\$ 106,281	\$ 129	\$ 1,245
2012	1,284	2	17	51	1,218	728	167	4	899	11	501
2011	557	1	4	55	499	226	93	2	321	2	275
2010	283		1	5	277	137	86	1	224		140
2009	182		1	4	177	110	84	1	195		67
2008	105		11		94	54	48		102		40
2007	55		4		51	31	33		64		20
2006	35		2		33	21	18		39		12
2005	20				20	7	9		16		13
2004	8				8	4	6		10		4
2003	6				6	4	6		10		2
2002	4				4	2	2		4		2
2001	1				1				-		1
2000	2				2				-		2
1999	2				2				-		2
1998	2		2 *		-				-		
	<u>\$ 110,327</u>	<u>\$ 49</u>	<u>\$ 759</u>	<u>\$ 121</u>	<u>\$ 109,496</u>	<u>\$ 107,312</u>	<u>\$ 844</u>	<u>\$ 9</u>	<u>\$ 108,165</u>	<u>\$ 142</u>	<u>\$ 2,326</u>

* Operation of law

**Nonmajor
Governmental Funds**

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Special revenue funds are used to account for and report specific revenue sources that are restricted or committed to expenditure for specific purposes.

Cafeteria

To account for the operation of the public school lunch program. Funding is provided from the sale of food, federal and state grants, and USDA food donations.

Animal Control Fund

To account for the operation of animal control. Financing is provided by license fees, fines and a subsidy from the General Fund.

Federal and State Education Grants

To account for state and federal educational grants received through the State Department of Education.

Police Auction

To account for payment of health insurance premiums for retired officers funded by sale of goods.

Refuse

To account for refuse removal funded by charges for services.

Police Special Duty

To account for public safety services to Town and outside entities funded by charges for the services.

Apple Harvest Festival

To account for the Apple Harvest Festival funded by charges for services and donations.

Police Forfeiture

To account for the proceeds of property confiscated by the Town's Police Department

Town Special Revenue

To account for gifts, small grants and insurance proceeds designated for specific purposes.

Child Development Center

To account for grant received through the Town to maintain the Margaret C. Griffin Child Development Center of Southington, CT.

Library Trust

To account for monies received from private donors for the acquisition of books, materials and other related library services.

Excavation Permit

To account for fees received for excavation permits for trench restoration.

Community Services

To account for contributions to Community Services for needy families.

Drive In Theatre

To account for operations of the Drive-in Theatre through charges for services.

Barnes Museum Restoration

To account for the restoration of the Barnes Museum funded through contributions and sale of goods.

Recreation Programs

To account for recreation programs which are self-sustaining through user fees.

Emergency Management

To account for storm damage repairs and restorations funded through State and Federal Grants

Greenway Commons

To account for grant received through the Town to fund demolition and environmental remediation activities at Ideal Forging site.

Turf Field

To account for the collection of fees and donations to fund the replacement of the Turf Field.

Gura Building

To account for grant received through the Town to fund the building renovation to the former town hall annex, which will be converted into the Southington Arts Center.

Debt Service Funds

Debt Service funds are used to account for money that will be used to pay the interest and principal of long-term debts.

Debt Reserve Fund

The Debt Reserve Fund is used to account for and report financial resources that are restricted, committed, or assigned to pay principal and interest.

Permanent Funds

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

Edna Woodruff

To account for income and education expenditures.

Addin Lewis

To account for income and education expenditures.

Julia Bradley Library

To account for proceeds of trust fund established for the benefit of the Town's library.

Board of Education Scholarships

To account for income and scholarship expenditures.

Library Trust

To account for endowments for the support and benefit of the Town's library.

**TOWN OF SOUTHWINGTON, CONNECTICUT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2015
(In Thousands)**

	Special Revenue							
	<u>Cafeteria</u>	<u>Animal Control</u>	<u>Federal and State Education Grants</u>	<u>Police Auction</u>	<u>Refuse</u>	<u>Police Special Duty</u>	<u>Apple Harvest Festival</u>	<u>Police Forfeiture</u>
ASSETS								
Cash and cash equivalents	\$ 467	\$ 34	\$ 62	\$ 6	\$ 126	\$ 157	\$ 190	\$ 31
Investments								
Accounts receivable	101		138		181	256		
Due from other funds					15			
Inventories	<u>57</u>							
Total Assets	<u>\$ 625</u>	<u>\$ 34</u>	<u>\$ 200</u>	<u>\$ 6</u>	<u>\$ 322</u>	<u>\$ 413</u>	<u>\$ 190</u>	<u>\$ 31</u>
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable and accrued liabilities	\$	\$ 21	\$ 53	\$	\$ 303	\$ 3	\$	\$
Due to other funds			2					
Unearned revenue			95					
Other liabilities					15			
Total liabilities	<u>-</u>	<u>21</u>	<u>150</u>	<u>-</u>	<u>318</u>	<u>3</u>	<u>-</u>	<u>-</u>
Fund Balances:								
Nonspendable	57							
Restricted			50					
Committed	<u>568</u>	<u>13</u>		<u>6</u>	<u>4</u>	<u>410</u>	<u>190</u>	<u>31</u>
Total fund balances	<u>625</u>	<u>13</u>	<u>50</u>	<u>6</u>	<u>4</u>	<u>410</u>	<u>190</u>	<u>31</u>
Total Liabilities and Fund Balances	<u>\$ 625</u>	<u>\$ 34</u>	<u>\$ 200</u>	<u>\$ 6</u>	<u>\$ 322</u>	<u>\$ 413</u>	<u>\$ 190</u>	<u>\$ 31</u>

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**TOWN OF SOUTHLINGTON, CONNECTICUT
 COMBINING BALANCE SHEET (CONTINUED)
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2015
 (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>
ASSETS						
Cash and cash equivalents	\$ 264	\$	\$ 107	\$ 348	\$ 104	\$ 69
Investments						
Accounts receivable						
Due from other funds						
Inventories						
Total Assets	<u>\$ 264</u>	<u>\$ -</u>	<u>\$ 107</u>	<u>\$ 348</u>	<u>\$ 104</u>	<u>\$ 69</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable and accrued liabilities	\$ 63	\$	\$ 7	\$ 4	\$	\$ 5
Due to other funds						
Unearned revenue	22			61		
Other liabilities				235		
Total liabilities	<u>85</u>	<u>-</u>	<u>7</u>	<u>300</u>	<u>-</u>	<u>5</u>
Fund Balances:						
Nonspendable						
Restricted			100			
Committed	179			48	104	64
Total fund balances	<u>179</u>	<u>-</u>	<u>100</u>	<u>48</u>	<u>104</u>	<u>64</u>
Total Liabilities and Fund Balances	<u>\$ 264</u>	<u>\$ -</u>	<u>\$ 107</u>	<u>\$ 348</u>	<u>\$ 104</u>	<u>\$ 69</u>

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**TOWN OF SOUTHLINGTON, CONNECTICUT
 COMBINING BALANCE SHEET (CONTINUED)
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2015
 (In Thousands)**

	Special Revenue						Total
	Barnes Museum Restoration	Recreation Programs	Emergency Management	Greenway Commons	Turf Field	Gura Building	
ASSETS							
Cash and cash equivalents	\$ 105	\$ 136	\$ 14	\$ -	\$ 50	\$ -	\$ 2,270
Investments							-
Accounts receivable							676
Due from other funds							15
Inventories							57
Total Assets	\$ 105	\$ 136	\$ 14	\$ -	\$ 50	\$ -	\$ 3,018
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable and accrued liabilities	\$ -	\$ 5	\$ -	\$ -	\$ -	\$ -	\$ 464
Due to other funds							2
Unearned revenue							178
Other liabilities							250
Total liabilities	-	5	-	-	-	-	894
Fund Balances:							
Nonspendable							57
Restricted							150
Committed	105	131	14	-	50	-	1,917
Total fund balances	105	131	14	-	50	-	2,124
Total Liabilities and Fund Balances	\$ 105	\$ 136	\$ 14	\$ -	\$ 50	\$ -	\$ 3,018

(Continued on next page)

**TOWN OF SOUTHTON, CONNECTICUT
 COMBINING BALANCE SHEET (CONTINUED)
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2015
 (In Thousands)**

	<u>Debt Service</u>	<u>Permanent</u>						<u>Total Nonmajor Governmental Funds</u>
	<u>Debt Reserve</u>	<u>Edna Woodruff</u>	<u>Addin Lewis</u>	<u>Julia Bradley Library</u>	<u>Board of Education Scholarship</u>	<u>Library Trust</u>	<u>Total</u>	
ASSETS								
Cash and cash equivalents	\$ 3,823	\$	\$	\$ 1	\$ 274	\$ 21	\$ 296	\$ 6,389
Investments		2	4		303		309	309
Accounts receivable							-	676
Due from other funds							-	15
Inventories							-	57
Total Assets	\$ 3,823	\$ 2	\$ 4	\$ 1	\$ 577	\$ 21	\$ 605	\$ 7,446
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable and accrued liabilities	\$	\$	\$	\$	\$	\$	\$ -	\$ 464
Due to other funds							-	2
Unearned revenue							-	178
Other liabilities							-	250
Total liabilities	-	-	-	-	-	-	-	894
Fund Balances:								
Nonspendable		2	4	1	577	21	605	662
Restricted							-	150
Committed	3,823						-	5,740
Total fund balances	3,823	2	4	1	577	21	605	6,552
Total Liabilities and Fund Balances	\$ 3,823	\$ 2	\$ 4	\$ 1	\$ 577	\$ 21	\$ 605	\$ 7,446

TOWN OF SOUTHTON, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2015
(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	\$	\$	\$	\$	\$	\$	\$ 64	\$
Intergovernmental	590		5,254					
Charges for services	1,314	10			1,783	1,131	165	
Income on investments				3				4
Total revenues	<u>1,904</u>	<u>10</u>	<u>5,254</u>	<u>3</u>	<u>1,783</u>	<u>1,131</u>	<u>229</u>	<u>4</u>
Expenditures:								
Current:								
General government								
Public safety		212				1,202	45	
Public works					1,783			
Health and welfare								
Human services								
Parks and recreation							175	
Public library								
Education	1,837		5,297					
Debt service								
Total expenditures	<u>1,837</u>	<u>212</u>	<u>5,297</u>	<u>-</u>	<u>1,783</u>	<u>1,202</u>	<u>220</u>	<u>-</u>
Excess (Deficiency) of Revenues over Expenditures	<u>67</u>	<u>(202)</u>	<u>(43)</u>	<u>3</u>	<u>-</u>	<u>(71)</u>	<u>9</u>	<u>4</u>
Other Financing Sources (Uses):								
Transfers in		202						
Transfers out						(30)	(5)	
Premium on bond anticipation notes								
Premium on refunding bonds								
Premium on general obligation bonds								
Refunding bonds issued								
Payment to refunded bond escrow agent								
Total other financing sources (uses)	<u>-</u>	<u>202</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(30)</u>	<u>(5)</u>	<u>-</u>
Net Change in Fund Balances	67	-	(43)	3	-	(101)	4	4
Fund Balances at Beginning of Year	<u>558</u>	<u>13</u>	<u>93</u>	<u>3</u>	<u>4</u>	<u>511</u>	<u>186</u>	<u>27</u>
Fund Balances at End of Year	<u>\$ 625</u>	<u>\$ 13</u>	<u>\$ 50</u>	<u>\$ 6</u>	<u>\$ 4</u>	<u>\$ 410</u>	<u>\$ 190</u>	<u>\$ 31</u>

(Continued on next page)

TOWN OF SOUTHTON, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2015
(In Thousands)

	Special Revenue					
	Town Special Revenue	Child Development Center	Library Trust	Excavation Permit	Community Services	Drive-In Theatre
Revenues:						
Contributions	\$	\$	\$	\$	\$ 61	\$
Intergovernmental	192	379	4			
Charges for services	200		19	81		71
Income on investments						
Total revenues	<u>392</u>	<u>379</u>	<u>23</u>	<u>81</u>	<u>61</u>	<u>71</u>
Expenditures:						
Current:						
General government	35					
Public safety	53					
Public works	31			72		
Health and welfare	15					
Human services	79	379			38	
Parks and recreation	66					57
Public library			23			
Education	78					
Debt service						
Total expenditures	<u>357</u>	<u>379</u>	<u>23</u>	<u>72</u>	<u>38</u>	<u>57</u>
Excess (Deficiency) of Revenues over Expenditures	<u>35</u>	<u>-</u>	<u>-</u>	<u>9</u>	<u>23</u>	<u>14</u>
Other Financing Sources (Uses):						
Transfers in					5	
Transfers out	(47)					
Premium on bond anticipation notes						
Premium on refunding bonds						
Premium on general obligation bonds						
Refunding bonds issued						
Payment to refunded bond escrow agent						
Total other financing sources (uses)	<u>(47)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5</u>	<u>-</u>
Net Change in Fund Balances	(12)	-	-	9	28	14
Fund Balances at Beginning of Year	<u>191</u>	<u>-</u>	<u>100</u>	<u>39</u>	<u>76</u>	<u>50</u>
Fund Balances at End of Year	<u>\$ 179</u>	<u>\$ -</u>	<u>\$ 100</u>	<u>\$ 48</u>	<u>\$ 104</u>	<u>\$ 64</u>

(Continued on next page)

TOWN OF SOUTHTON, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2015
(In Thousands)

	Special Revenue						
	Barnes Museum Restoration	Recreation Programs	Emergency Management	Greenway Commons	Turf Field	Gura Building	Total
Revenues:							
Contributions	\$	\$	\$	\$	\$	\$	\$ 125
Intergovernmental				1,180		421	8,020
Charges for services		115			19		4,908
Income on investments							7
Total revenues	<u>-</u>	<u>115</u>	<u>-</u>	<u>1,180</u>	<u>19</u>	<u>421</u>	<u>13,060</u>
Expenditures:							
Current:							
General government							35
Public safety							1,512
Public works				1,180		421	3,487
Health and welfare							15
Human services							496
Parks and recreation		86			6		390
Public library	6						29
Education							7,212
Debt service							-
Total expenditures	<u>6</u>	<u>86</u>	<u>-</u>	<u>1,180</u>	<u>6</u>	<u>421</u>	<u>13,176</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(6)</u>	<u>29</u>	<u>-</u>	<u>-</u>	<u>13</u>	<u>-</u>	<u>(116)</u>
Other Financing Sources (Uses):							
Transfers in					25		232
Transfers out							(82)
Premium on bond anticipation notes							-
Premium on refunding bonds							-
Premium on general obligation bonds							-
Refunding bonds issued							-
Payment to refunded bond escrow agent							-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>25</u>	<u>-</u>	<u>150</u>
Net Change in Fund Balances	(6)	29	-	-	38	-	34
Fund Balances at Beginning of Year	<u>111</u>	<u>102</u>	<u>14</u>	<u>-</u>	<u>12</u>	<u>-</u>	<u>2,090</u>
Fund Balances at End of Year	<u>\$ 105</u>	<u>\$ 131</u>	<u>\$ 14</u>	<u>\$ -</u>	<u>\$ 50</u>	<u>\$ -</u>	<u>\$ 2,124</u>

(Continued on next page)

**TOWN OF SOUTHTON, CONNECTICUT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2015
 (In Thousands)**

	<u>Debt Service</u>		<u>Permanent</u>					<u>Interfund Eliminations</u>	<u>Total Nonmajor Governmental Funds</u>
	<u>Debt Reserve</u>	<u>Edna Woodruff</u>	<u>Addin Lewis</u>	<u>Julia Bradley Library</u>	<u>Board of Education Scholarship</u>	<u>Library Trust</u>	<u>Total</u>		
Revenues:									
Contributions	\$ 850	\$	\$	\$	\$ 1	\$ 17	\$ 18	\$	\$ 993
Intergovernmental							-		8,020
Charges for services							-		4,908
Income on investments					8		8		15
Total revenues	<u>850</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9</u>	<u>17</u>	<u>26</u>	<u>-</u>	<u>13,936</u>
Expenditures:									
Current:									
General government							-		35
Public safety							-		1,512
Public works							-		3,487
Health and welfare							-		15
Human services							-		496
Parks and recreation							-		390
Public library						12	12		41
Education					21		21		7,233
Debt service	137								137
Total expenditures	<u>137</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>21</u>	<u>12</u>	<u>33</u>	<u>-</u>	<u>13,346</u>
Excess (Deficiency) of Revenues over Expenditures	<u>713</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(12)</u>	<u>5</u>	<u>(7)</u>	<u>-</u>	<u>590</u>
Other Financing Sources (Uses):									
Transfers in							-	(5)	227
Transfers out							-	5	(77)
Premium on bond anticipation notes	1,459						-		1,459
Premium on refunding bonds	977						-		977
Premium on general obligation bonds	1,514						-		1,514
Refunding bonds issued	12,285						-		12,285
Payment to refunded bond escrow agent	(13,125)						-		(13,125)
Total other financing sources (uses)	<u>3,110</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,260</u>
Net Change in Fund Balances	3,823	-	-	-	(12)	5	(7)	-	3,850
Fund Balances at Beginning of Year	-	2	4	1	589	16	612	-	2,702
Fund Balances at End of Year	<u>\$ 3,823</u>	<u>\$ 2</u>	<u>\$ 4</u>	<u>\$ 1</u>	<u>\$ 577</u>	<u>\$ 21</u>	<u>\$ 605</u>	<u>\$ -</u>	<u>\$ 6,552</u>

Fiduciary Funds

Fiduciary Funds

Fiduciary Funds are used to account for assets held by the Town in a trustee capacity for individuals, private organizations, other governments, and/or other funds. These include agency funds.

Agency Funds

Student Activity

To account for the monies generated by student activities in the Southington school system.

Escrow Deposit

To account for cash bonds and other cash and investments held by the Town to ensure compliance with specifications and regulations with respect to various building projects and improvements.

C-PACE Program

To account for the lease payments through the Connecticut Property Assessed Clean Energy program, giving access to affordable, long-term financing to local businesses for qualifying clean energy upgrades.

TOWN OF SOUTHTON, CONNECTICUT
AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2015
(In Thousands)

	<u>Balance</u> <u>July 1, 2014</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2015</u>
Student Activity Fund				
Assets:				
Cash and cash equivalents	\$ 470	\$ 932	\$ 960	\$ 442
Investments	<u>152</u>	<u>16</u>	<u> </u>	<u>168</u>
Total Assets	<u>\$ 622</u>	<u>\$ 948</u>	<u>\$ 960</u>	<u>\$ 610</u>
Liabilities:				
Fiduciary deposits	<u>\$ 622</u>	<u>\$ 948</u>	<u>\$ 960</u>	<u>\$ 610</u>
Escrow Deposit				
Assets:				
Cash and cash equivalents	<u>\$ 1,743</u>	<u>\$ 565</u>	<u>\$ 739</u>	<u>\$ 1,569</u>
Liabilities:				
Fiduciary deposits	<u>\$ 1,743</u>	<u>\$ 565</u>	<u>\$ 739</u>	<u>\$ 1,569</u>
C-Pace Program				
Assets:				
Cash and cash equivalents	<u>\$ </u>	<u>\$ 19</u>	<u>\$ 19</u>	<u>\$ -</u>
Liabilities:				
Fiduciary deposits	<u>\$ </u>	<u>\$ 19</u>	<u>\$ 19</u>	<u>\$ -</u>
Total All Agency Funds				
Assets:				
Cash and cash equivalents	\$ 2,213	\$ 1,516	\$ 1,718	\$ 2,011
Investments	<u>152</u>	<u>16</u>	<u> </u>	<u>168</u>
Total Assets	<u>\$ 2,365</u>	<u>\$ 1,532</u>	<u>\$ 1,718</u>	<u>\$ 2,179</u>
Liabilities:				
Fiduciary deposits	<u>\$ 2,365</u>	<u>\$ 1,532</u>	<u>\$ 1,718</u>	<u>\$ 2,179</u>

Statistical Section

Statistical Section Information

This part of the Town of Southington, Connecticut's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

Contents

Financial Trends

These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.

Revenue Capacity

These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.

Debt Capacity

These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.

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

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

TOWN OF SOUTHLINGTON, CONNECTICUT
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(In Thousands)

	FISCAL YEAR									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Governmental Activities:										
Net investment in capital assets	\$ 143,966	\$ 145,586	\$ 120,862	\$ 110,992	\$ 104,035	\$ 99,125	\$ 119,767	\$ 112,125	\$ 111,260	\$ 63,374
Restricted	705	712	704	631	1,032	985	1,023	1,023	980	919
Unrestricted	11,035	(7,624)	7,352	5,917	6,786	1,814	(22,128)	(14,999)	(8,422)	(3,053)
Total governmental activities net position	155,706	138,674	128,918	117,540	111,853	101,924	98,662	98,149	103,818	61,240
Business-type Activities:										
Net investment in capital assets	45,324	44,622	45,381	46,739	47,450	47,103	44,662	33,460	31,564	30,968
Unrestricted	2,193	1,242	1,740	1,903	1,585	789	483	1,065	1,648	2,397
Total business-type activities net position	47,517	45,864	47,121	48,642	49,035	47,892	45,145	34,525	33,212	33,365
Primary Government:										
Net investment in capital assets	189,290	190,208	166,243	157,731	151,485	146,228	164,429	145,585	142,824	94,342
Restricted	705	712	704	631	1,032	985	1,023	1,023	980	919
Unrestricted	13,228	(6,382)	9,092	7,820	8,371	2,603	(21,645)	(13,934)	(6,774)	(656)
Total Primary Government Net Position	\$ 203,223	\$ 184,538	\$ 176,039	\$ 166,182	\$ 160,888	\$ 149,816	\$ 143,807	\$ 132,674	\$ 137,030	\$ 94,605

Notes:

- (1) Schedule prepared on the accrual basis of accounting.
(2) The Town first reported infrastructure assets acquired prior to July 1, 2002 in 2007.

TOWN OF SOUTHTON, CONNECTICUT
CHANGES IN NET POSITION
LAST TEN YEARS
(In Thousands)

	FISCAL YEAR									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Expenses:										
Governmental activities:										
General government	\$ 4,911	\$ 4,166	\$ 4,804	\$ 4,942	\$ 4,176	\$ 4,464	\$ 7,291	\$ 6,627	\$ 5,916	\$ 5,763
Public safety	20,590	19,229	19,122	20,436	18,711	17,749	16,047	16,789	12,303	10,391
Public works	12,828	13,553	10,614	11,082	9,402	9,712	9,836	10,165	9,388	8,065
Health and welfare	804	812	782	777	1,047	940	1,024	766	778	760
Human services	1,699	1,688	1,699	1,667	1,671	1,477	1,579	1,272	1,229	953
Parks and recreation	2,468	2,230	2,121	1,808	1,903	1,994	2,218	1,992	2,124	1,780
Public library	2,012	1,983	2,026	2,262	1,844	1,830	1,569	1,303	1,254	1,205
Planning and development	1,399	1,252	1,144	1,210	1,245	1,131	785	925	828	917
Employee fringe benefits									3,217	2,591
Education	109,074	106,788	99,453	99,324	94,128	92,209	89,694	106,877	81,356	77,447
Interest on long-term debt	2,954	2,474	1,958	2,370	1,621	2,060	1,697	1,931	1,697	1,688
Miscellaneous									35	370
Total governmental activities expenses	158,739	154,175	143,723	145,878	135,748	133,566	131,740	148,647	120,125	111,930
Business-type activities:										
Sewer	5,500	5,441	6,099	5,347	4,999	4,849	4,419	4,284	4,079	3,609
Total primary government expenses	164,239	159,616	149,822	151,225	140,747	138,415	136,159	152,931	124,204	115,539
Program revenues:										
Governmental activities:										
Charges for services:										
General government	2,394	1,926	2,133	1,220	1,085	1,332	1,323	2,136	2,216	2,582
Public safety	1,234	1,463	1,297	977	1,250	954	1,318	1,064	817	781
Public works	2,046	2,099	3,009	3,137	2,442	2,746	2,894	2,758	2,745	2,654
Education	2,139	2,358	2,266	2,060	1,973	1,963	1,972	1,962	1,922	1,750
Other	1,140	1,298	1,193	1,026	968	1,061	1,633	738	382	308
Operating grants and contributions	37,636	38,052	36,136	36,117	33,906	33,301	31,260	51,074	25,327	24,559
Capital grants and contributions	18,417	25,292	4,898	6,031	6,920	8,329	10,897	2,042	7,818	2,806
Total governmental activities program revenues	65,006	72,488	50,932	50,568	48,544	49,686	51,297	61,774	41,227	35,440
Business-type activities:										
Charges for services	5,710	4,359	4,480	4,355	4,297	3,727	3,058	2,655	2,256	2,309
Total business activities program revenues	5,710	4,359	4,480	4,355	4,297	3,727	3,058	2,655	2,256	2,309
Total primary government program revenues	70,716	76,847	55,412	54,923	52,841	53,413	54,355	64,429	43,483	37,749
Net expense:										
Governmental activities	(93,733)	(81,687)	(92,791)	(95,310)	(87,204)	(83,880)	(80,443)	(86,873)	(78,898)	(76,490)
Business-type activities	210	(1,082)	(1,619)	(992)	(702)	(1,122)	(1,361)	(1,629)	(1,823)	(1,300)
Total primary government net expense	(93,523)	(82,769)	(94,410)	(96,302)	(87,906)	(85,002)	(81,804)	(88,502)	(80,721)	(77,790)
General revenues and other changes in net position:										
Governmental activities:										
Property taxes	107,729	103,575	102,244	99,471	97,004	92,919	90,440	85,534	81,197	79,172
Grants and contributions not restricted to specific purposes	1,626	1,621	1,766	1,930	1,755	2,201	2,128	1,940	2,077	1,917
Unrestricted investment earnings	351	337	257	195	219	278	369	1,190	1,446	1,230
Miscellaneous								127	66	102
Transfers	(1,250)	(301)	(98)	(599)	(1,845)	(3,689)	(11,981)	(2,947)	(1,670)	(1,747)
Total governmental activities	108,456	105,232	104,169	100,997	97,133	91,709	80,956	85,844	83,116	80,674
Business-Type Activities:										
Grants and contributions	193									
Transfers	1,250	301	98	599	1,845	3,689	11,981	2,947	1,670	1,747
Total business-type activities	1,443	301	98	599	1,845	3,689	11,981	2,947	1,670	1,747
Total primary government	109,899	105,533	104,267	101,596	98,978	95,398	92,937	88,791	84,786	82,421
Changes in net position:										
Governmental activities	14,723	23,545	11,378	5,687	9,929	7,829	513	(1,029)	4,218	4,184
Business-type activities	1,653	(781)	(1,521)	(393)	1,143	2,567	10,620	1,318	(153)	447
Total Primary Government	\$ 16,376	\$ 22,764	\$ 9,857	\$ 5,294	\$ 11,072	\$ 10,396	\$ 11,133	\$ 289	\$ 4,065	\$ 4,631

Notes:

(1) Schedule prepared on the accrual basis of accounting

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

	FISCAL YEAR									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
General Fund:										
Nonspendable	\$ 56	\$ 64	\$ 71	\$ 84	\$ 231	\$	\$	\$	\$	\$
Assigned	1,250	5,252	1,328	496	1,347					
Unassigned	17,801	16,215	18,487	16,084	13,486					
Reserved						54	426	365	255	414
Unreserved						13,196	12,044	9,936	9,112	8,939
Total General Fund	<u>\$ 19,107</u>	<u>\$ 21,531</u>	<u>\$ 19,886</u>	<u>\$ 16,664</u>	<u>\$ 15,064</u>	<u>\$ 13,250</u>	<u>\$ 12,470</u>	<u>\$ 10,301</u>	<u>\$ 9,367</u>	<u>\$ 9,353</u>
All other governmental funds:										
Nonspendable	\$ 662	\$ 661	\$ 642	\$ 589	\$ 988	\$	\$	\$	\$	\$
Restricted	150	193	165	1,558	1,562					
Committed	9,313	2,985	2,676	2,194	1,909					
Unassigned		(8,864)								
Reserved						52	44	59	54	51
Unreserved, reported in:										
Special revenue funds						2,299	2,562	2,063	2,199	2,208
Capital projects funds						(21,118)	(9,117)	(5,333)	(7,536)	(2,409)
Permanent funds						878	775	872	826	769
Total All Other Governmental Funds	<u>\$ 10,125</u>	<u>\$ (5,025)</u>	<u>\$ 3,483</u>	<u>\$ 4,341</u>	<u>\$ 4,459</u>	<u>\$ (17,889)</u>	<u>\$ (5,736)</u>	<u>\$ (2,339)</u>	<u>\$ (4,457)</u>	<u>\$ 619</u>

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

Note 2: The Town implemented GASB 54 in Fiscal Year 2011 which is the reason for the fund balance categories being different than in previous years.

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

	FISCAL YEAR									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Revenues:										
Property taxes	\$ 108,052	\$ 103,597	\$ 102,129	\$ 99,615	\$ 97,026	\$ 92,650	\$ 90,440	\$ 85,341	\$ 82,036	\$ 79,246
Intergovernmental	55,298	62,599	40,626	43,377	39,277	41,267	43,615	55,366	34,901	29,342
Charges for services	8,306	8,900	8,618	7,807	7,592	7,724	7,764	5,135	4,914	4,873
Income on investments	350	336	256	195	218	305	369	1,173	1,417	1,182
Other revenues	2,104	730	1,141	503	504	559	1,423	3,588	3,387	3,725
Total revenues	174,110	176,162	152,770	151,497	144,617	142,505	143,611	150,603	126,655	118,368
Expenditures:										
General government	4,125	3,838	3,672	3,610	3,265	3,037	3,018	6,030	5,641	5,833
Public safety	13,799	13,385	13,303	12,958	12,687	12,589	12,398	12,193	12,055	10,442
Public works	8,880	7,585	7,204	7,552	7,188	7,008	8,341	7,469	6,867	7,321
Health and welfare	706	729	702	713	880	769	720	786	766	779
Human resources	1,371	1,357	1,373	1,338	1,387	1,243	1,498	1,280	1,223	916
Parks and recreation	1,900	1,554	1,611	1,505	1,423	1,570	2,071	1,935	1,946	1,930
Public library	1,502	1,488	1,524	1,800	1,472	1,447	1,594	1,311	1,245	1,184
Planning and development	1,009	916	799	857	877	835	841	829	816	937
Miscellaneous	0	1	14	284	29	77	147	56	35	370
Employee fringe benefits	9,345	8,829	8,497	7,931	8,115	7,584	6,920	4,007	3,647	3,057
Education	102,858	102,618	98,040	95,922	93,163	89,674	84,567	103,840	78,249	74,727
Debt service:										
Principal	5,618	4,110	5,507	6,018	4,649	4,767	4,955	4,460	4,530	3,394
Interest	2,740	2,740	2,740	2,244	2,352	1,970	1,126	1,135	1,075	1,610
Capital outlay	50,291	55,092	7,980	7,996	7,041	21,444	32,083	11,195	13,622	8,799
Total expenditures	204,144	204,242	152,966	150,728	144,528	154,014	160,279	156,526	131,717	121,299
Excess (deficiency) of revenue over (under) expenditures	(30,034)	(28,080)	(196)	769	89	(11,509)	(16,668)	(5,923)	(5,062)	(2,931)
Other financing sources (uses):										
Refunding bonds issued	12,285	22,705	6,915		8,745					
Premium on refunding bonds	977		468		887					
Payment to refunded bond escrow agent	(13,125)		(7,277)		(9,515)					
Premium on general obligation bonds	1,514				329					
Premium on BANS	1,459									
Issuance of notes payable					11,068					
Issuance of capital leases	12,730	720	246	713	614					
Bond proceeds	26,920				11,945	136	15,440	8,975		
Transfers in	6,520	3,579	2,069	3,471	2,895	2,766	2,912	3,527	1,947	2,007
Transfers out	(6,520)	(3,579)	(2,069)	(3,471)	(2,895)	(2,766)	(2,912)	(3,527)	(1,947)	(2,007)
Total other financing sources	42,760	23,425	352	713	24,073	136	15,440	8,975	-	-
Net Change in Fund Balances	\$ 12,726	\$ (4,655)	\$ 156	\$ 1,482	\$ 24,162	\$ (11,373)	\$ (1,228)	\$ 3,052	\$ (5,062)	\$ (2,931)
Debt Service as a Percentage of Noncapital Expenditures	5.21%	4.51%	5.66%	5.69%	5.01%	4.94%	4.78%	3.81%	4.50%	4.44%

Notes:

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

TABLE 5

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

Fiscal Year	Grand List October 1,	Real Property			Personal Property	Motor Vehicle	Less Tax Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value As a Percentage of Actual Taxable Value
		Residential	Commercial	Industrial							
2015	2013	\$ 2,759,577	\$ 442,336	\$ 75,308	\$ 232,433	\$ 362,332	\$ 98,209	\$ 3,773,777	28.36	\$ 5,391,110	70%
2014	2012	2,734,920	431,662	75,335	225,953	349,378	85,603	3,731,645	27.46	5,330,921	70%
2013	2011	2,721,148	432,388	75,052	217,863	347,989	79,573	3,714,867	27.48	5,306,953	70%
2012	2010	3,027,300	473,444	110,686	204,328	325,954	78,495	4,063,217	24.28	5,804,596	70%
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%

Source: Town of Southington Office of Tax Assessor

Notes:

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

**TOWN OF SOUTHLINGTON, CONNECTICUT
PRINCIPAL PROPERTY TAX PAYERS
2015 AND 2006
(In Thousands)**

Taxpayer	2015			2006		
	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.	\$ 72,448	1	1.92%	\$ 31,684	1	1.19%
Yankee Gas	16,929	2	0.45%	9,947	6	0.37%
45 Newell Street (Yarde Metals)	16,260	3	0.43%	10,723	4	0.40%
200 Executive Park (formerly Lexington Southington LP)	10,942	4	0.29%			
RK Southington LLC (Galileo Queens Plaza LLC)	10,846	5	0.29%			
Target Corporation	10,454	6	0.28%			
Execwest LLC (Lowes Home Improvement)	10,126	7	0.27%			
Twinco Corp (BJs)	9,649	8	0.26%			
Southington Route 10 Associates	9,361	9	0.25%	10,015	5	0.38%
Webster Bank National Association	9,082	10	0.24%			
Medex Inc (formerly Johnson & Johnson)				27,573	2	1.04%
LXPL, L.P.				10,500	3	0.39%
Hartconn Corporation				8,260	7	0.31%
Southington Suites				7,752	8	0.29%
Bradley Healthcare				7,541	9	0.28%
Alzheimers Resource Center				7,536	10	0.28%
Total	\$ 176,097		4.67%	\$ 131,531		4.94%

Net Taxable Grand List 10/01/2013 of \$3,773,777

Net Taxable Grand List 10/01/2005 of \$2,661,254

(in thousands)

Source: Town of Southington, Office of Tax Assessor

TABLE 7

**TOWN OF SOUTHTON, 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		Total Adjusted Levy	Collected Within the Fiscal Year of Levy		Collections In Subsequent Years	Total Collections to Date	
				Adjustments		Amount	Percentage of Levy		Amount	Percentage of Adjusted Levy
2015	2013	28.36	\$ 107,104	\$	\$ 107,104	\$ 105,860	98.84 %	\$	\$ 105,860	98.84 %
2014	2012	27.46	102,717	67	102,650	101,433	98.75	717	102,150	99.51
2013	2011	27.48	101,940	82	101,858	100,471	98.56	1,112	101,583	99.73
2012	2010	24.28	98,794	106	98,688	97,457	98.65	1,090	98,547	99.86
2011	2009	24.02	96,374	78	96,296	95,119	98.70	1,110	96,229	99.93
2010	2008	23.27	92,337	124	92,213	90,995	98.55	1,179	92,174	99.96
2009	2007	23.02	90,298	115	90,183	88,887	98.44	1,276	90,163	99.98
2008	2006	21.88	84,776	113	84,663	83,662	98.69	988	84,650	99.98
2007	2005	21.40	81,627	140	81,487	80,617	98.76	857	81,474	99.98
2006	2004	29.43	78,877	299	78,578	77,798	98.63	776	78,574	99.99

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

**TOWN OF SOUTHWINGTON, CONNECTICUT
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
(In Thousands, except per capita)**

Fiscal Year	Governmental Activities						Bonded Debt Percentage of Actual Taxable Value	Total Debt Percentage of Actual Taxable Value	Percentage of Personal Income	Bonded Debt Per Capita	Total Debt Per Capita
	General Obligation Bonds	Unamortized Bond Premium	Bond Anticipation Notes	Clean Water Fund Loan	Capital Leases	Total Primary Government					
2015	\$ 90,860	3,922	\$ 12,000	\$ 8,526	\$ 13,597	\$ 128,905	2.14 %	2.39	7.47	2,268	\$ 2,942
2014	69,295	1,594	20,000	9,094	1,120	101,103	1.88	1.90	6.11	1,795	2,316
2013	51,054	1,758		9,662	869	63,343	1.18	1.19	4.09	1,398	1,458
2012	56,410	1,439		10,231	1,094	69,174	1.17	1.19	4.50	1,605	1,605
2011	61,665	1,566		11,068	614	74,913	1.30	1.31	4.83	1,737	1,737
2010	55,166	743				55,909	0.99	0.99	3.65	1,314	1,314
2009	59,584				137	59,721	1.06	1.07	4.35	1,414	1,414
2008	48,596				271	48,867	0.88	0.88	3.57	1,160	1,160
2007	43,466				399	43,865	0.79	0.80	3.19	1,038	1,038
2006	47,362				524	47,886	1.25	1.26	3.50	1,138	1,138
2005	38,581					38,581	1.04	1.04	2.84	925	925

TOWN OF SOUTHLINGTON, CONNECTICUT
SCHEDULE OF DEBT LIMITATION
JUNE 30, 2015
(In Thousands)

Total tax collections (including interest and lien fees) received by Treasurer for current fiscal year	\$ 108,022
Reimbursement for loss of revenue:	
Tax relief for elderly - freeze	<u>-</u>
Base	<u>\$ 108,022</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	\$ 243,050	\$	\$	\$	\$
4-1/2 times base		486,099			
3-3/4 times base			405,083		
3-1/4 times base				351,072	
3 times base					324,066
Total debt limitation	<u>243,050</u>	<u>486,099</u>	<u>405,083</u>	<u>351,072</u>	<u>324,066</u>
Indebtedness:					
Bonds payable	26,259	51,694	12,907		
Bonds authorized - unissued	12,779	24,871	960		
Clean Water Fund Loan			8,526		
Total indebtedness	<u>39,038</u>	<u>76,565</u>	<u>22,393</u>	<u>-</u>	<u>-</u>
Debt limitation in excess of outstanding and authorized debt	<u>\$ 204,012</u>	<u>\$ 409,534</u>	<u>\$ 382,690</u>	<u>\$ 351,072</u>	<u>\$ 324,066</u>

- Note 1: In no case shall total indebtedness exceed seven times annual receipts from taxation of \$756.1 million.
- Note 2: In accordance with Connecticut General Statutes, the above indebtedness does not include water bonds.
- Note 3: Bonds authorized - unissued includes bond authorizations that have bond anticipation notes outstanding or have previously issued partial permanent financing. Also included is \$89.7 million for Kennedy Middle School and DePaolo Middle School Renovations. Southington is eligible for School Construction Grants up to a maximum of 56.07%.

**TOWN OF SOUTHLINGTON, CONNECTICUT
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
(In Thousands)**

	FISCAL YEAR									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Debt limitation	\$ 756,147	\$ 724,535	\$ 715,554	\$ 696,332	\$ 678,741	\$ 649,404	\$ 631,918	\$ 596,100	\$ 575,500	\$ 555,200
Total net debt applicable to limit	<u>137,996</u>	<u>140,068</u>	<u>162,542</u>	<u>156,679</u>	<u>77,495</u>	<u>83,766</u>	<u>92,150</u>	<u>81,907</u>	<u>42,819</u>	<u>58,707</u>
Legal Debt Margin	<u>\$ 618,151</u>	<u>\$ 584,467</u>	<u>\$ 553,012</u>	<u>\$ 539,653</u>	<u>\$ 601,246</u>	<u>\$ 565,638</u>	<u>\$ 539,768</u>	<u>\$ 514,193</u>	<u>\$ 532,681</u>	<u>\$ 496,493</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	<u>18.25%</u>	<u>19.33%</u>	<u>22.72%</u>	<u>22.50%</u>	<u>11.42%</u>	<u>12.90%</u>	<u>14.58%</u>	<u>13.74%</u>	<u>7.44%</u>	<u>10.57%</u>

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>
2015	43,815	\$ 39,373	\$ 1,725,127,995	44.0	6,589	4.30 %
2014	43,661	37,876	1,653,704,036	44.0	6,666	5.50 %
2013	43,434	35,628	1,547,466,552	44.0	6,693	6.40 %
2012	43,103	35,628	1,535,673,684	40.0	6,779	7.10 %
2011	43,130	35,956	1,550,782,280	42.0	6,828	7.40 %
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 %

Source:

- (1) State of Connecticut Department of Public Health as of July 1st of Prior Year.
- (2) U.S. Census Bureau, 2014 American Community Survey 1-Year Estimates.
- (3) Personal Income = Population times Per Capita Personal Income.
- (4) Connecticut Economic Resource Center (CERC), Town Profiles
- (5) Town of Southington, Board of Education.
- (6) State of Connecticut Department of Labor website Annual Averages. For 2015, June 2015 is utilized as an estimate. Next year it will be replaced with the Annual Average.

**TOWN OF SOUTHTON, CONNECTICUT
PRINCIPAL EMPLOYERS
2015 AND 2006**

Employer	Nature of Business	2015			2006		
		Employees	Rank	Percentage of Total Town Employment	Employees	Rank	Percentage of Total Town Employment
Town of Southington	Municipality	1,289	1	5.26%	1,414	2	5.89%
Southington Care Center	Health Care Practice	484	2	1.98%	265	6	1.10%
Yarde Metals	Manufacturing	396	3	1.62%	470	3	1.96%
Connecticut On-Line Computer Company	IT	321	4	1.31%			
Smith's Medical (Medex)	Manufacturing	260	5	1.06%	360	5	1.50%
The Home Depot	Retail Chain	235	6	0.96%	111	9	0.46%
Hospital of Central CT: Bradley Memorial Hospital	Hospital	188	7	0.77%	451	4	1.88%
Wal-Mart	Retail Chain	182	8	0.74%	177	8	0.74%
Shop Rite	Retail Chain	175	9	0.71%			
Stop & Shop	Retail Chain	145	10	0.59%			
Hartford Insurance Group	Insurance				1,500	1	6.24%
Economy Spring and Stamping	Manufacturing				100	10	0.42%
Price Chopper	Retail Chain				200	7	0.83%
Total		3,675		15.00%	5,048		21.01%

FY 2006 Labor Force 24,025

FY 2015 Labor Force 24,493

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

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

<u>Function/Program</u>	<u>Fiscal Year Ended</u>									
	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
General government	65	64	60	53	58	58	57	57	55	52
Police	85	85	85	84	85	85	85	85	79	79
Fire	34	34	33	33	33	33	33	32	33	32
Public works	26	26	26	34	35	35	37	37	37	35
Parks and recreation	12	12	12	12	11	11	13	13	13	13
Library and Barnes	20	20	20	20	20	20	19	19	18	18
Education ⁽¹⁾	1,033	995	942	955	939	931	904	907	890	871
Animal Control	2	2	2	2	2	2	2	2	2	2
Sewer plant and office	<u>9</u>	<u>12</u>	<u>12</u>	<u>12</u>	<u>13</u>	<u>13</u>	<u>12</u>	<u>13</u>	<u>13</u>	<u>12</u>
Total	<u>1,285</u>	<u>1,249</u>	<u>1,192</u>	<u>1,205</u>	<u>1,196</u>	<u>1,188</u>	<u>1,162</u>	<u>1,165</u>	<u>1,140</u>	<u>1,114</u>

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									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
General government:										
Building permits issued	1,301	1,162	1,340	1,424	1,284	1,210	1,181	1,311	1,464	1,541
Police:										
Physical arrests	1,082	932	1,012	903	993	1,000	971	1,247	1,265	967
Parking violations	246	172	376	342	409	867	1,123	500	892	785
Traffic violations	5,611	6,963	6,491	8,264	9,972	10,791	9,014	8,923	8,009	7,435
Fire:										
Emergency responses/Fire calls	2,154	1,942	1,929	2,213	2,284	1,808	1,911	2,083	2,058	1,927
Inspections	593	502	528		2,684	2,592	2,805	1,775	2,381	2,313
Refuse collection:										
Average refuse collected (tons per day)	124	128	118	115	121	121	131	146	153	126
Average recyclables collected (tons per day)	13	12	13	13	14	13	11	10	8	11
Other public works:										
Street resurfacing (miles)	14	8	2	3	4	3	4	5	4	5
Library:										
Total volumes loaned/Combined lending	421,881	482,528	756,993	753,021	701,854	708,039	651,120	572,071	439,685	321,596
Water:										
New connections	102	83	85	116	74	84	112	212	127	236
Average daily consumption (thousands of gallons)	3,775	3,752	3,802	3,829	3,853	3,559	3,929	3,887	4,002	3,950
Wastewater:										
Average daily sewage treatment (thousands of gallons)	4,725	4,670	4,530	5,080	4,070	5,000	5,030	4,690	4,900	5,200

Beginning in FY 2012 Fire Department tracks inspections of property rather than inspector duties

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

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

Function/Program	FISCAL YEAR									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	22	22	22	22	22	22	23	21	21	21
Fire stations	4	4	4	4	4	4	4	4	4	4
Other public works:										
Streets (miles)	202	201	199	199	198	198	197	196	195	194
Streetlights	3,865	3,796	3,711	4,228	4,201	4,173	4,011	4,011	3,973	3,945
Traffic signals	10	9	9	6	6	6	6	5	5	5
Parks and recreation:										
Acreage	351	351	351	351	351	351	351	351	351	351
Parks	10	10	10	10	10	10	10	10	10	10
Swimming Pools	2	2	2	2	2	2	2	2	2	2
Tennis Courts	10	10	10	10	10	10	10	10	10	10
Water:										
Water mains (miles)	200	200	199	199	196	196	195	193	190	190
Fire hydrants	1,473	1,416	1,420	1,405	1,384	1,358	1,345	1,301	1,268	1,268
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)	141	141	140	139	139	138	138	137	137	136
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.