

**TOWN OF SOUTHLINGTON,
CONNECTICUT**



**COMPREHENSIVE
ANNUAL FINANCIAL REPORT**

FISCAL YEAR ENDED JUNE 30, 2014

Comprehensive Annual Financial Report

of the

Town of Southington Connecticut

Fiscal Year Ended June 30, 2014

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

TOWN OF SOUTHLINGTON, CONNECTICUT
COMPREHENSIVE ANNUAL FINANCIAL REPORT

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Introductory Section

TOWN OF SOUTHLINGTON, CONNECTICUT

PRINCIPAL OFFICIALS

JUNE 30, 2014

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
Town Engineer
Director of Finance
Fire Chief
Librarian
Director of Planning & Community Development
Police Chief
Director of Recreation
Superintendent of Highways and Parks
Town Clerk
Town Treasurer
Water Pollution Plant Superintendent
Director of Youth Services
Director of Calendar House Senior Center

Brian Lastra
Mark Sciota
James Butler
Louis Perillo
Keith Hayden
Emilia Portelinha
Harold Clark
Susan Smayda
Robert Phillips
John Daly
David Lapreay
Steven Wlodkowski
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

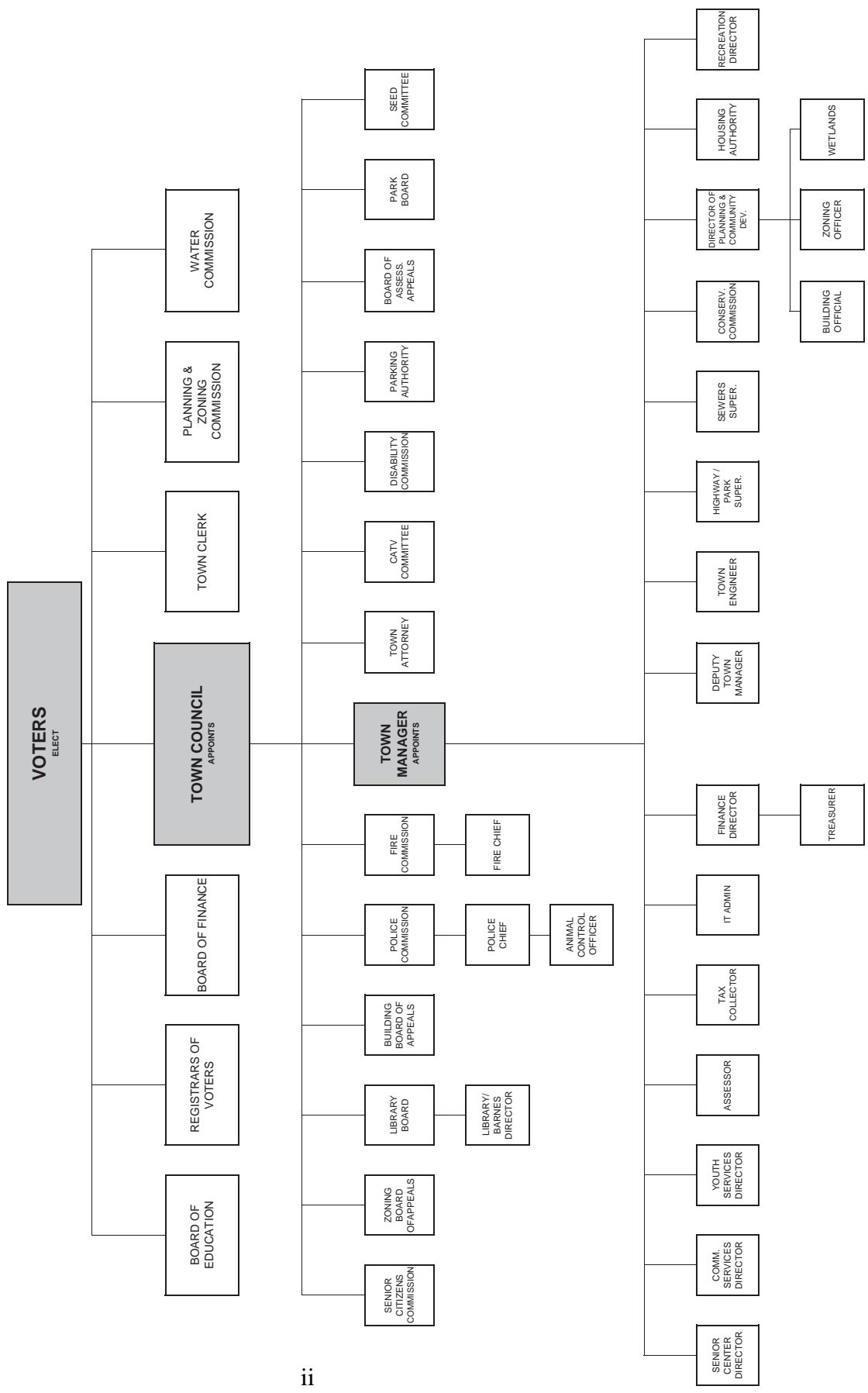
Patricia Johnson
Terry Lombardi
Zaya Oshana
Patricia Queen

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, 2013

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, Assistant Director of Finance
Joyce Williams, Town Treasurer

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

December 27, 2014

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, 2014.

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, 2014 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, 2014 are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

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

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

PROFILE OF THE GOVERNMENT

Description of the Municipality

The Town of Southington was originally settled in 1698 and incorporated in 1779. It has a land area of approximately 36.9 square miles and a population of 43,661 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 91 volunteer firefighters. The department, headed by the chief, consists of a central headquarters and 3 additional companies. The fire headquarters addition and renovation project was approved at referendum and completed August 2005. 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 nine bus drivers (2 full-time and 7 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 and two secretaries

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 staffed by the Town Engineer, two Assistant Town Engineers, 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: The Highway Department is staffed by a Highway Superintendent, Assistant Highway Superintendent, Supervisor, and twenty-four crew members. Additionally, the Highway Superintendent now supervises the Park employees including: Assistant Parks Superintendent, foreman, and seven crew members. 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 transfer station. The Highway Department is now utilizing the newly built Highway Operations Complex (Bulky Waste Site).

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. Over the last several years, the Town's sewage treatment plant received an ultraviolet system upgrade and three new pump stations were built. Additionally, the Town completed the \$14.5 million Denitrification Plant which is now operational.

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. This amount is for the first year of the contract

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, 2012 Net Taxable Grand list of \$3.7 billion is a modest increase of \$17 million or 0.5% 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 4.40% of the October 1, 2012 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 heavy industrial, professional office, retail, restaurant, and hospitality service industries as well as the medical sector.

The big news in Southington is the relocation of Connecticut On-line Computer Center (COCC) with their acquisition of 100 Executive Boulevard, a 75,000 sf office building. COCC completed extensive renovations and relocated in excess of 300 employees.

Additional office activity includes the recent acquisition of 200 Executive Boulevard and approval for two new PAD sites. The 153,000 sf existing professional office building was vacated by The Hartford Insurance Company. Diversified Unlimited LLC has renovated the building and site to attract new companies.

Efforts to attract manufacturing resulted in the approval of over 27 acres of industrial land by Turning Earth for a new development. Turning Earth intends on using the parcel to develop a \$20 million anaerobic digestion facility using food waste to create energy with compost being the waste process byproduct. Additionally, Sign Pro relocated from an adjacent town and built a new 32,000 square-foot state of the art facility bringing 37 employees to Town.

Retention efforts were successfully implemented by assisting Rave with a new three-lot subdivision creating two new PAD sites and retaining the Starplex Cinema's 12 screen movie theater complex. The approval will assist with further development in the area that will complement the movie theater.

Meridian Development Partners, the developers for the Greenway Commons project, have received loan and grant funding for the demolition and remediation to redevelop the 14 acre site anchoring the downtown area. Remediation efforts have commenced and demolition of the existing structures are planned for the fall.

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
HQ Dumpsters	17,200 sf new construction	New to Southington
Atlas Stamping	12,800 sf new construction	Relocation/expansion from Newington, CT
Clock Tower Square	3,632 sf addition/renovation	Expansion
2 new gas stations/stores	West Street	New to Southington
Hartford Healthcare	17,657 sf new construction	New to Southington
Quantum Bio Power	DePaolo Drive	New to Southington
Power & Process	8,000 sf new construction	Relocation/expansion from Naugatuck, CT

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, 2014, the Town has an 11.5% Unassigned Fund Balance. This is a reduction from last year’s 13.4%, due to the assignment of \$4.27 million of Unassigned Fund balance to cash fund 5 Capital Projects in year 1 of the Town’s 2014-2015 CIP.

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, 2014, total direct indebtedness is 1.85 %.
- b. Total Direct Service shall be below 8% of general fund expenditures. As of June 30, 2014 total debt service as a percentage of general fund expenditures is 5.0%.
- 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 2014, the Town structured the debt so that 41.6% of total debt would be retired in 5 years and 72.4% would be retired in 10 years.

Contingency Planning Policy. The Town shall require sufficient contingency fund levels to avoid the use of undesignated fund balance. Contingency shall not exceed 1.125% of previous fiscal year budgeted expenditures. The Town approved the contingency account for fiscal year 2014-2015 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, 2014. The low and high earnings rate on investments was 0.30% and 2.15%, respectively. Investment income for the General Fund generated \$294 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 2014-15 Five Year CIP includes various road, bridge, and sewer projects as well as major equipment purchases totaling \$116.5 million for the five-year period beginning with fiscal year 2014-15 and ending with fiscal year 2018-19. \$44 million of this amount is estimated for the Water Pollution Control Facilities upgrade currently slated for year 2018-19 of the CIP.

Included in the Five Year CIP is a recommended Annual Capital Expenditure Budget for the current fiscal year. The 2014-15 Annual Capital Expenditure Budget approved by the Town Council, and citizen referendum when required, totaled \$22 million and included thirty 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, 2013. This was the twenty-third 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, 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,



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, 2014, 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, 2014 and the respective changes in financial position and, where applicable, cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 16 and the budgetary comparison information on pages 48 through 62 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, 2013 (not presented herein), and have issued our report thereon dated December 26, 2013, 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, 2013 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 2013 financial statements. The accompanying General Fund balance sheet has been subjected to the auditing procedures applied in the audit of the 2013 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, 2013.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 27, 2014 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 27, 2014

**TOWN OF SOUTHLINGTON, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2014**

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, 2014. 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 \$198.8 million. Total net position for governmental activities at fiscal year-end were \$152.5 million and total net position for business-type activities were \$46.3 million.
- On a government-wide basis, during the year, the Town's net position increased by \$22.8 million or 12.9% from \$176.0 million to \$198.8 million. Net position increased by \$23.5 million for governmental activities and decreased by \$0.8 million for business-type activities. Governmental activities expenses and transfers out were \$154.5 million, while revenues were \$178.0 million.
- At the close of the year, the Town's governmental funds reported, on a current financial resource basis, combined ending fund balances of \$16.5 million, a decrease of \$4.7 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 \$21.5 million, an increase of \$1.6 million from the prior fiscal year. Of the total fund balance \$16.2 million represents unassigned fund balance. The unassigned General Fund balance at year-end represents 11.5% of total General Fund revenues (141.4 million), a decrease of 1.9% from last year.
- The tax collection rate was 98.75% of the current levy, slightly higher than last year's rate of 98.56%.

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 28 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 25 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 two agency funds: the Student Activity Fund and the Escrow Deposit Fund. The accounting used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund financial statements can be found on Exhibit VIII.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 27 through 47 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 48 through 62 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 \$198.8 million on June 30, 2014. Governmental activities assets exceeded liabilities by \$152.5 million. Business-type activities assets exceeded liabilities by \$46.3 million.

**TABLE 1
NET POSITION
In Thousands**

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Current and other assets	\$ 66,751	\$ 42,164	\$ 2,497	\$ 2,285	\$ 69,248	\$ 44,449
Capital assets, net of accumulated depreciation	232,301	183,089	44,622	45,381	276,923	228,470
Total assets	<u>299,052</u>	<u>225,253</u>	<u>47,119</u>	<u>47,666</u>	<u>346,171</u>	<u>272,919</u>
Deferred charge on refunding	<u>1,005</u>	<u>1,116</u>			<u>1,005</u>	<u>1,116</u>
Long-term debt outstanding	113,078	88,129			113,078	88,129
Other liabilities	<u>34,516</u>	<u>9,322</u>	<u>779</u>	<u>545</u>	<u>35,295</u>	<u>9,867</u>
Total liabilities	<u>147,594</u>	<u>97,451</u>	<u>779</u>	<u>545</u>	<u>148,373</u>	<u>97,996</u>
Net Position:						
Net Investment in capital assets	145,586	120,862	44,622	45,381	190,208	166,243
Restricted	712	704			712	704
Unrestricted	<u>6,165</u>	<u>7,352</u>	<u>1,718</u>	<u>1,740</u>	<u>7,883</u>	<u>9,092</u>
Total Net Position	<u>\$ 152,463</u>	<u>\$ 128,918</u>	<u>\$ 46,340</u>	<u>\$ 47,121</u>	<u>\$ 198,803</u>	<u>\$ 176,039</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.

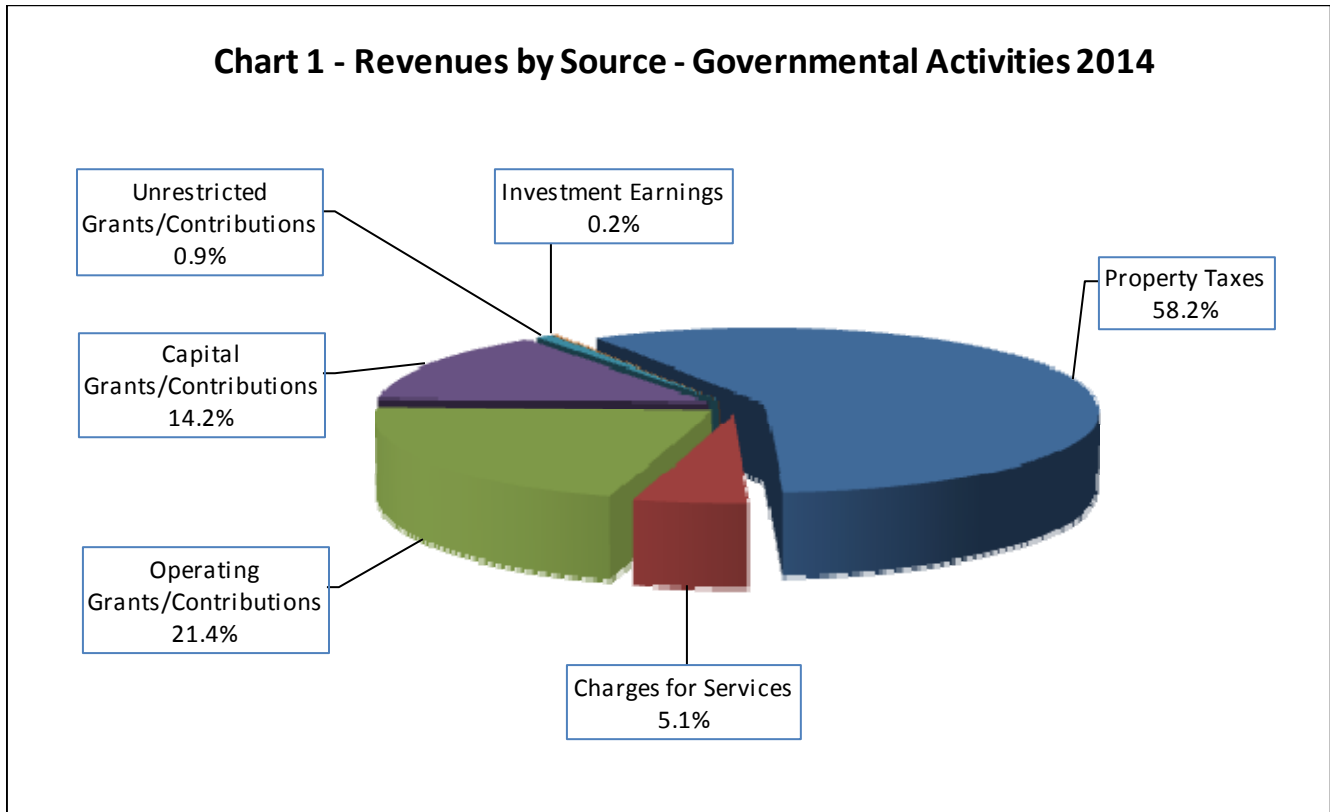
**TABLE 2
CHANGES IN NET POSITION
In Thousands**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Totals</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Revenues:						
Program revenues:						
Charges for services	\$ 9,144	\$ 9,898	\$ 4,359	\$ 4,480	\$ 13,503	\$ 14,378
Operating grants and contributions	38,052	36,136			38,052	36,136
Capital grants and contributions	25,292	4,898			25,292	4,898
General revenues:						
Property taxes	103,575	102,244			103,575	102,244
Grants and contributions not restricted to specific purposes	1,621	1,766			1,621	1,766
Unrestricted investment earnings	337	257			337	257
Total revenues	<u>178,021</u>	<u>155,199</u>	<u>4,359</u>	<u>4,480</u>	<u>182,380</u>	<u>159,679</u>
Program expenses:						
General government	4,166	4,804			4,166	4,804
Public safety	19,229	19,122			19,229	19,122
Public works	13,553	10,614			13,553	10,614
Health and welfare	812	782			812	782
Human services	1,688	1,699			1,688	1,699
Parks and recreation	2,230	2,121			2,230	2,121
Public library	1,983	2,026			1,983	2,026
Planning and development	1,252	1,144			1,252	1,144
Education	106,788	99,453			106,788	99,453
Interest on long-term debt	2,474	1,958			2,474	1,958
Sewer			5,441	6,099	5,441	6,099
Total program expenses	<u>154,175</u>	<u>143,723</u>	<u>5,441</u>	<u>6,099</u>	<u>159,616</u>	<u>149,822</u>
Excess (deficiency) before transfers	23,846	11,476	(1,082)	(1,619)	22,764	9,857
Transfers	<u>(301)</u>	<u>(98)</u>	<u>301</u>	<u>98</u>	<u>-</u>	<u>-</u>
Increase (Decrease) in Net Position	<u>\$ 23,545</u>	<u>\$ 11,378</u>	<u>\$ (781)</u>	<u>\$ (1,521)</u>	<u>\$ 22,764</u>	<u>\$ 9,857</u>

The Town's net position increased by \$22.8 million during the fiscal year, with net position of governmental activities increasing \$23.5 million and business-type activities decreasing by \$0.8 million. The total cost of all programs and services was \$159.6 million. Our analysis below separately considers the operations of governmental and business-type activities.

Governmental Activities

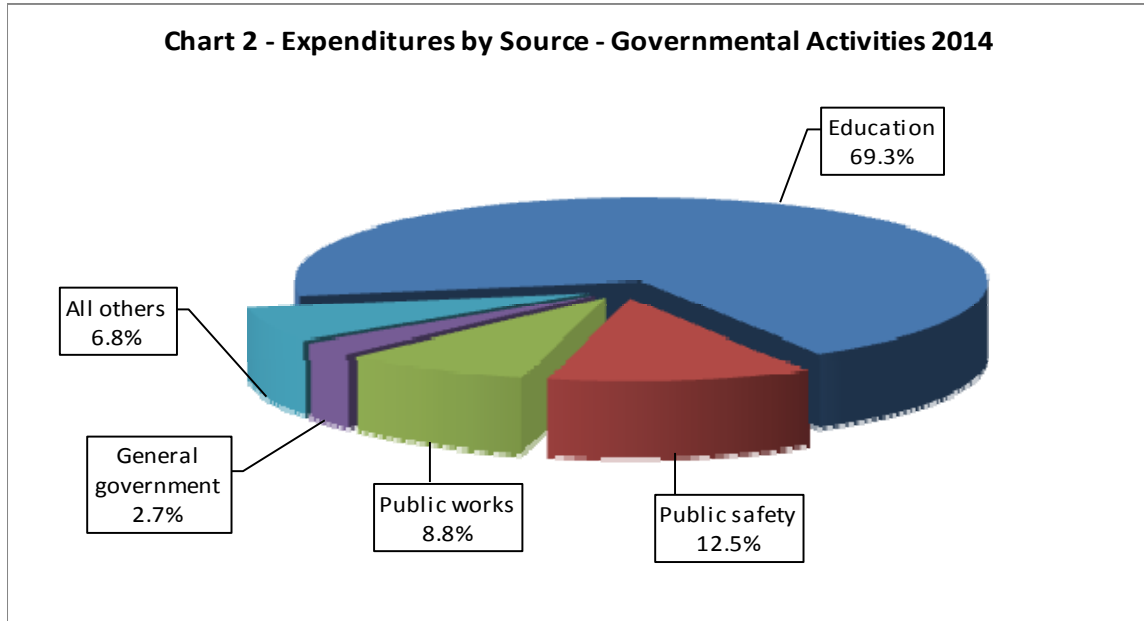
Approximately 58.2% of the revenues were derived from property taxes, followed by 21.4% from operating grants and contributions, 14.2% from capital grants and contributions, 5.1% from charges for services, 0.9% from unrestricted grants and contributions and 0.2% from investment earnings.



Major revenue factors include:

- Capital Grants and Contributions increased by \$20.4 million from \$4.9 million in fiscal year 2013 to \$25.3 million in fiscal year 2014. This increase is due to the school construction grants received from the State of Connecticut for the Middle Schools Renovation Project.
- Operating Grants and Contributions increased by \$1.9 million or 5.3% over last year. The major factor is the increase in the State funded Teachers Retirement Board contribution from \$8.4 million in fiscal year 2013 to \$10.0 million in fiscal year 2014.
- Property tax revenue increased by \$1.3 million or 1.3% over last year. The increase is attributable to a 0.5% increase in the grand list (\$16.9 million), and an increase in prior year's tax collections and interest on taxes.

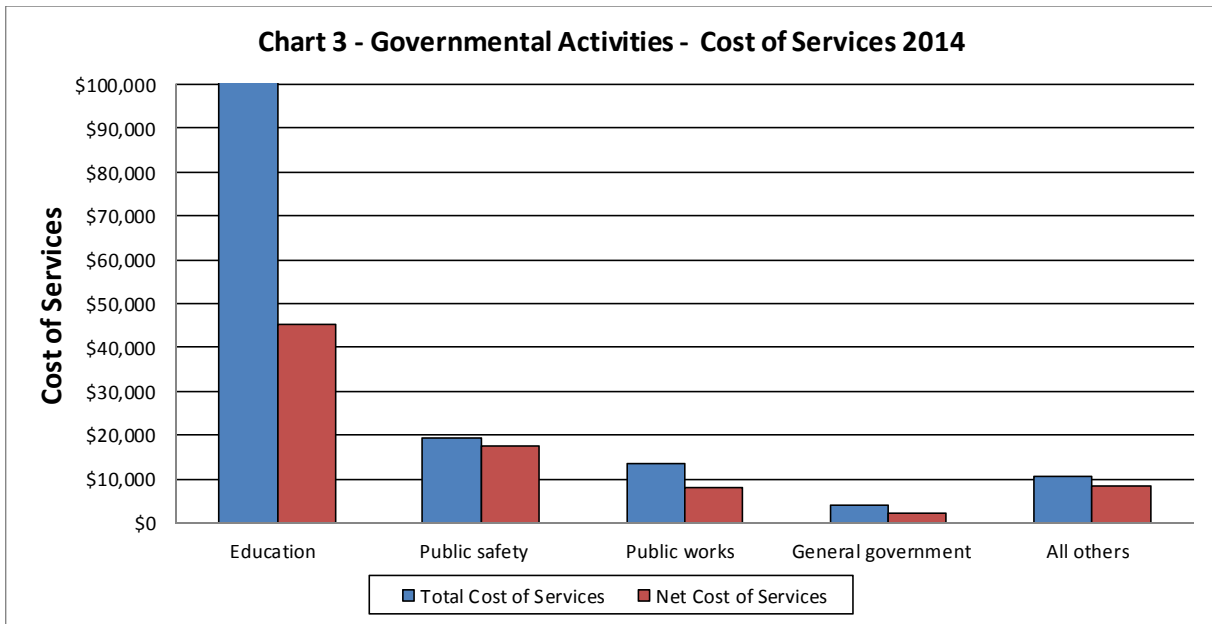
For governmental activities, 69.2% of the Town’s expenses related to education. Public safety accounted for 12.5%, public works accounted for 8.8% and general government accounted for 2.7% of expenses. The remaining 6.8% related to health and welfare, human services, parks and recreation, public library, planning and development and interest on long-term debt.



Major expense factors include:

- The cost of education services increased \$7.3 million due to higher operating costs, benefit costs, special education and TRB contributions.
- Town operating costs increased by \$2.6 million mostly due to the reclassification of uncapitalized capital outlay to expenditure functions.
- Interest on long-term debt increased by \$0.5 million due to the accrued interest on the new Bond Issue of January 2014.
-

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Education	\$ 106,788	\$ 99,453	\$ (45,405)	\$ (60,547)
Public safety	19,229	19,122	(17,647)	(17,506)
Public works	13,553	10,614	(8,048)	(4,346)
General government	4,166	4,804	(2,225)	(2,660)
All others	10,439	9,730	(8,362)	(7,732)
Totals	<u>\$ 154,175</u>	<u>\$ 143,723</u>	<u>\$ (81,687)</u>	<u>\$ (92,791)</u>



Business-Type Activities

Business-type activities (see Table 2) decreased the Town’s net position by \$0.8 million primarily due to the reduction in the capital assets paid for and transferred from the Governmental Activities in fiscal year 2014 and the recognition of depreciation expense in the Enterprise Fund.

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, 2014, the Town’s governmental funds reported combined ending fund balances of \$16.5 million, a decrease of \$4.7 million from last year’s fund balance of \$21.2 million.

General Fund

The General Fund is the primary operating fund of the Town. As of June 30, 2014, unassigned fund balance decreased by \$2.3 million to \$16.2 million in the General Fund, while total fund balance increased \$1.6 million to \$21.5 million.

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

- Property tax revenues exceeded budget estimates by approximately \$728 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 \$1.2 million expenditure under budget. Of this amount, \$982 thousand was assigned to fiscal year 2015 for purchases on order.
- Debt Service costs were \$477 thousand less than original budget due to the delay of the fiscal year 2014 Bond issue until January 2014.
- The Town returned \$184 thousand in the budgeted \$850 thousand Contingency account.

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, 2014, fund balance in the Capital Projects Fund decreased by \$6.7 million to a deficit of \$8.9 million. During the fiscal year \$55.1 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. Although the Town received intergovernmental grants of \$22.4 and is expecting additional school construction grants for the Middle School Renovation projects, the Town will sell bonds in January 2015 to eliminate the deficit in this fund.

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, 2014, committed fund balance in the Sewer Assessment Fund decreased by \$102 thousand to \$1.1 million, 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 \$46.3 million. Unrestricted net position was \$1.7 million, a slight decrease of \$22 thousand. The Sewer Fund experienced an operating loss of \$1.1 million, mostly due to the recognition of the depreciation of assets, and \$301 thousand of capital assets were contributed from the Capital Fund.

Net position of the Health Insurance Fund was \$3.2 million. The Internal Service Fund's unrestricted net position decreased by \$281 thousand, from \$3.4 million. The Town's medical claims and fees came in \$189 higher than budgeted, and the IBNR came in \$92 thousand higher than at 2013 fiscal year-end.

General Fund Budgetary Highlights

The Town's adopted General Fund budget for 2013-2014 was \$129.3 million (\$128.4 million for expenditures plus \$850 thousand for contingency appropriations). In addition to the \$662 thousand which was appropriated from the Contingency Fund, the Town appropriated \$1.3 million to the expenditure budget with corresponding revenue budget increases, and \$928 thousand was appropriated fiscal year 2013 purchases on order, for a total amended budget of \$131.6 million. The following lists the key changes to the budget during the year:

- \$928 thousand was appropriated for the amount of Fund Balance Assigned for Purchases on order at the end of fiscal year 2013.
- \$549 thousand was appropriated to the Board of Education Operations for preschool and special education outside tuitions; rent revenues received; and excess Vocational Agriculture Grant.
- \$360 thousand additional was appropriated to the Snow & Ice Department for overtime, contracted services and program supplies due to the long and challenging winter season that brought twenty events, nine of which required plowing.

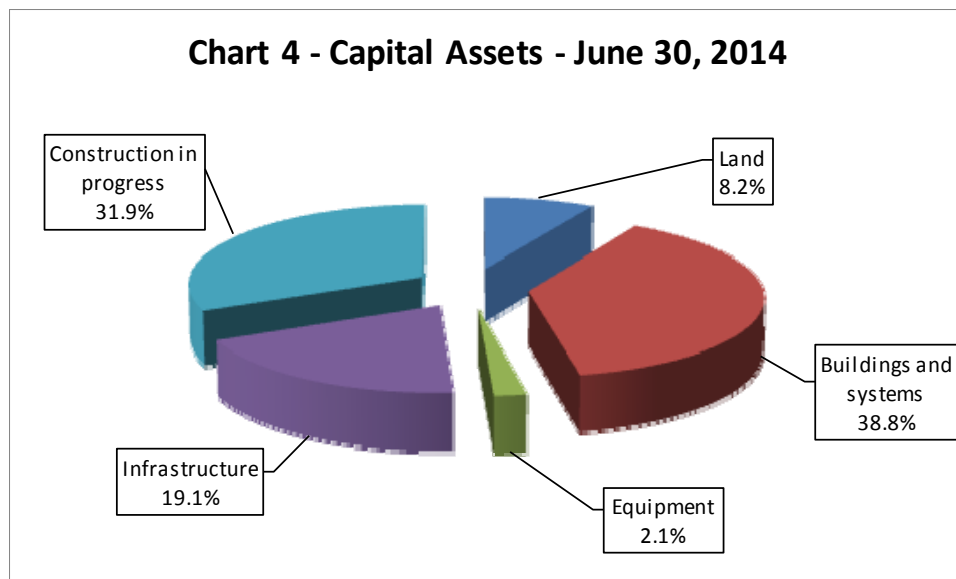
- Savings from various departments and excess revenues were combined to cash fund \$1.9 million of future capital costs on the FY 2014-2015 CIP Plan:
 - \$158 thousand to fund the enhancement of the Town’s Financial Management System.
 - \$287 thousand to enhance the Town GIS and IT Infrastructure.
 - \$477 thousand to jump-start funding the Town Wide Vehicle Replacement Plan.
 - \$120 thousand to replace the Dog Pound Roof.
 - \$215 thousand to purchase a 44,000 lb. Highway Dump Truck with a snow plow.
 - \$160 thousand to purchase a new Multi-Service Vehicle with high capacity snow blower and 15’ deck rotary mower.
 - \$225 thousand to purchase a Highway Truck Wash Bay.
 - \$300 thousand to replace the aging Dispatch Radio Console.

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, 2014 totaled to \$276.9 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 \$48.4 million or a 21.2% increase over last year.

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

	Governmental Activities		Business-Type Activities		Totals	
	2014	2013	2014	2013	2014	2013
Land	\$ 22.8	\$ 21.8	\$	\$	\$ 22.8	\$ 21.8
Buildings and systems	63.2	64.9	44.1	45.0	107.3	109.9
Equipment	5.2	5.7	0.5	0.4	5.7	6.1
Infrastructure	52.8	50.1			52.8	50.1
Construction in progress	88.3	40.6			88.3	40.6
Totals	\$ 232.3	\$ 183.1	\$ 44.6	\$ 45.4	\$ 276.9	\$ 228.5



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

Governmental Activities:

- Construction in progress for Kennedy Middle School of \$23.7 million.
- Construction in progress for DePaolo Middle School of \$24.4 million.
- Construction in progress for various Road Rehabilitation and Reconstruction Projects of \$2.3 million.

Business-Type Activities:

- No major capital asset events during this year.

The Town’s fiscal year 2014-2015 Capital Budget includes another \$5.6 million for the following capital projects: Queen Street Pump Station Replacement, Old Mountain Road Culvert, Memorial Park Improvements, Open Space, and various other smaller projects.

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

Long-Term Debt. At the end of the current fiscal year, the Town had total outstanding long-term debt of \$87.1, of which total bonded debt outstanding was \$78.0 million. All the bonded debt is backed by the full faith and credit of the Town government.

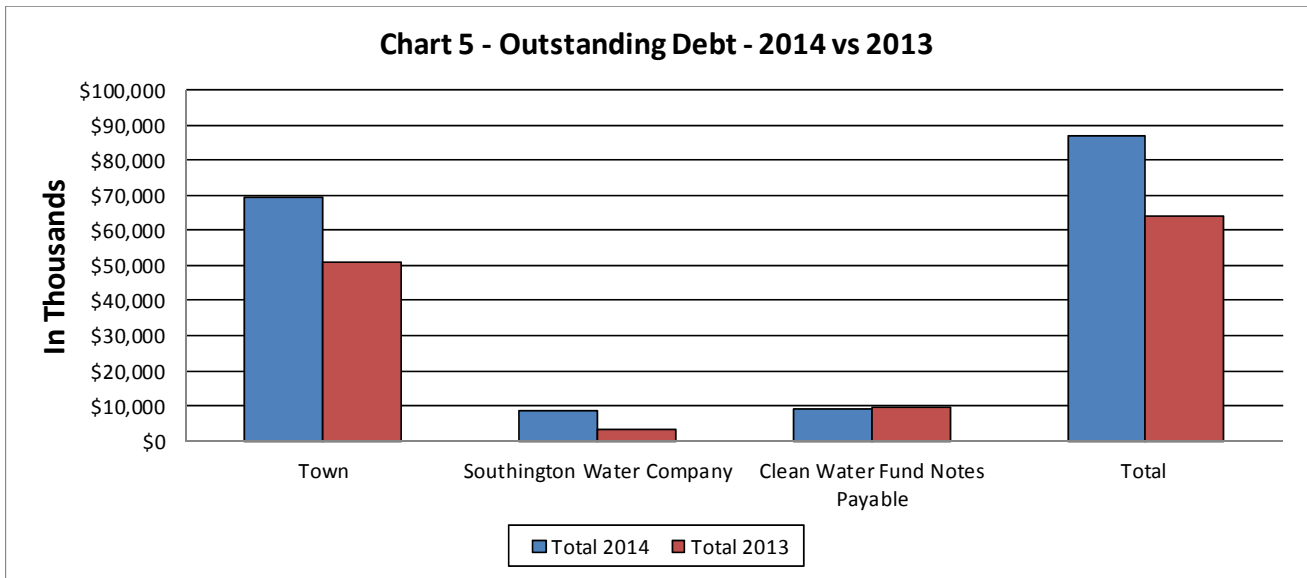


TABLE 4
OUTSTANDING DEBT, AT YEAR-END
In Thousands

	Governmental		Business-Type		Totals	
	Activities		Activities			
	2014	2013	2014	2013	2014	2013
General obligation bonds:						
Town	\$ 69,295	\$ 51,054	\$	\$	\$ 69,295	\$ 51,054
Southington Water Company	8,725	3,341			8,725	3,341
Clean Water Fund Notes Payable	9,094	9,662			9,094	9,662
Total	\$ 87,114	\$ 64,057	\$ -	\$ -	\$ 87,114	\$ 64,057

The Town of Southington’s total debt outstanding increased by \$23.1 million or 36.0% during the 2013-2014 fiscal year. The increase is due to a bond sale in January 2014 of \$22.7 million of General Obligation Bonds for the Town and \$5.9 million of General Obligation Bonds for the Water Department. The projects bonded for the Town were: \$15 million for the Middle Schools Project, \$5 million for Road Rehabilitation and Reconstruction Projects (2012), \$960 thousand for the Turf Field, \$560 thousand for a Fire Pumper Truck, \$510 thousand for the Highway Department Roof and \$675 for Mount Vernon Road Construction. 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 2014, 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...with reserves above 10% of expenditures”, 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 \$724.5 million. As of June 30, 2014, the Town recorded long-term debt of \$140.1 million, well below the statutory debt limits. (The Town anticipates receiving another \$39.1 million in School Construction Grants for Kennedy Middle School Renovation and DePaolo School Renovation. Southington is eligible for School Construction Grants up to a maximum of 56.07% on these two projects.)

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, 2014 was 5.1%, a 1.6% decrease from the same time last year. After five years ranging from 6.4% to 8%, the Town's unemployment rate has finally dropped to close to 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 6.7% for the State of Connecticut and the 6.1% 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 2014-2015 General Fund budget and tax rates.

As previously stated, the General Fund total fund balance increased from \$19.9 million at June 30, 2013 to \$21.5 million at June 30, 2014. Of this \$21.5 million General Fund balance, \$64 thousand was nonspendable due to form (inventory accounts), and \$5.3 million was assigned (\$982 for purchases on order and \$4.3 million for one-time capital expenditures in the 2014-2015 budget), leaving an unassigned fund balance of \$16.2 million in the General Fund at June 30, 2014. The Town 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 \$16.2 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 \$138.6 million for 2014-2015 compared to an adopted budget of \$129.3 million for 2013-2014, for an overall increase of \$9.3 million or 7.2%. Of this amount, the Board of Education budget increased \$2.8 million or 3.4%, the Town operating budget increased \$2.2 million or 4.8%, and one-time Capital expenditures were budget for \$4.3 million (utilizing excess unassigned fund balance).

Costs of the Town's business-type activities, accounted for in the Sewer Operating Fund, are expected to increase by approximately 12.6% during fiscal year 2014-2015. The increase in expenditure budget is to pay for the higher maintenance costs of the Denitrification Facility, the new Facilities Plan, and increased costs to haul sludge. The Town has 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. Currently, the system relies 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 will receive a quarterly bill with two parts: a fixed rate and a variable rate. The fixed rate will be assessed in one of three separate categories: residential, commercial, or industrial. The variable rate will be assessed based on actual water usage. Customers using private wells and public sewer will be charged an annual flat rate based on the type of use (residential, commercial, or industrial). In order to close the current funding shortage, the average current rate will increase 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, 2014

(In Thousands)

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Assets:			
Cash and cash equivalents	\$ 38,030	\$	\$ 38,030
Investments	10,059		10,059
Receivables, net	18,549	2,497	21,046
Inventory	112		112
Other assets	1		1
Capital assets:			
Assets not being depreciated	111,130	39	111,169
Assets being depreciated, net	121,171	44,583	165,754
Total assets	<u>299,052</u>	<u>47,119</u>	<u>346,171</u>
Deferred Outflows of Resources:			
Deferred charge on refunding	<u>1,005</u>		<u>1,005</u>
Liabilities:			
Accounts and other payables	13,008	362	13,370
Other current liabilities	20,000	134	20,134
Unearned revenue	1,791		1,791
Internal balances	(283)	283	-
Noncurrent liabilities:			
Due within one year	9,239		9,239
Due in more than one year	103,839		103,839
Total liabilities	<u>147,594</u>	<u>779</u>	<u>148,373</u>
Net Position:			
Net investment in capital assets	145,586	44,622	190,208
Restricted for:			
Trust purposes:			
Expendable	100		100
Nonexpendable	612		612
Unrestricted	<u>6,165</u>	<u>1,718</u>	<u>7,883</u>
Total Net Position	<u>\$ 152,463</u>	<u>\$ 46,340</u>	<u>\$ 198,803</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, 2014

(In Thousands)

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	
Governmental activities:							
General government	\$ 4,166	\$ 1,926	\$ 15	\$	\$ (2,225)	\$	\$ (2,225)
Public safety	19,229	1,463	119		(17,647)		(17,647)
Public works	13,553	2,099	469	2,937	(8,048)		(8,048)
Health and welfare	812		203		(609)		(609)
Human services	1,688	167	462		(1,059)		(1,059)
Parks and recreation	2,230	223	1		(2,006)		(2,006)
Public library	1,983	29	113		(1,841)		(1,841)
Planning and development	1,252	879			(373)		(373)
Education	106,788	2,358	36,670	22,355	(45,405)		(45,405)
Interest on long-term debt	2,474				(2,474)		(2,474)
Total governmental activities	154,175	9,144	38,052	25,292	(81,687)	-	(81,687)
Business-type activities:							
Sewer	5,441	4,359				(1,082)	(1,082)
Total	\$ 159,616	\$ 13,503	\$ 38,052	\$ 25,292	(81,687)	(1,082)	(82,769)
General revenues:							
Property taxes					103,575		103,575
Grants and contributions not restricted to specific programs					1,621		1,621
Unrestricted investment earnings					337		337
Transfers					(301)	301	-
Total general revenues and transfers					105,232	301	105,533
Change in net position					23,545	(781)	22,764
Net Position at Beginning of Year					128,918	47,121	176,039
Net Position at End of Year					\$ 152,463	\$ 46,340	\$ 198,803

The accompanying notes are an integral part of the financial statements

TOWN OF SOUTHLINGTON, CONNECTICUT

BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2014
(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	\$ 13,952	\$ 14,388	\$ 1,139	\$ 4,036	\$ 33,515
Investments	9,747			312	10,059
Receivables, net	2,870	3,450	1,695	856	8,871
Due from other funds	430			21	451
Inventories	64			49	113
Total Assets	<u>\$ 27,063</u>	<u>\$ 17,838</u>	<u>\$ 2,834</u>	<u>\$ 5,274</u>	<u>\$ 53,009</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts and other payables	\$ 3,306	\$ 6,702	\$ 13	\$ 634	\$ 10,655
Bond anticipation notes payable		20,000			20,000
Due to other funds	21			147	168
Unearned revenue				1,791	1,791
Total liabilities	<u>3,327</u>	<u>26,702</u>	<u>13</u>	<u>2,572</u>	<u>32,614</u>
Deferred Inflows of Resources:					
Unavailable revenue - property taxes	2,205				2,205
Unavailable revenue - special assessments			1,684		1,684
Total deferred inflows of resources	<u>2,205</u>	<u>-</u>	<u>1,684</u>	<u>-</u>	<u>3,889</u>
Fund balances:					
Nonspendable	64			661	725
Restricted				193	193
Committed			1,137	1,848	2,985
Assigned	5,252				5,252
Unassigned	16,215	(8,864)			7,351
Total fund balances	<u>21,531</u>	<u>(8,864)</u>	<u>1,137</u>	<u>2,702</u>	<u>16,506</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 27,063</u>	<u>\$ 17,838</u>	<u>\$ 2,834</u>	<u>\$ 5,274</u>	<u>\$ 53,009</u>

(Continued on next page)

TOWN OF SOUTHLINGTON, CONNECTICUT

BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)

JUNE 30, 2014

(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	\$	16,506
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:		
Governmental capital assets	\$	337,909
Less accumulated depreciation		<u>(105,608)</u>
Net capital assets		232,301
Other long-term assets are not available to pay for current-period expenditures and, therefore, are not recorded in the funds:		
Property tax receivables greater than 60 days		2,205
Interest receivable on property taxes		798
Assessments receivable greater than 60 days		1,684
Interest receivable on assessments		37
Deferred amount in refunding		1,005
Long term receivable		8,725
Receivable from the state for school construction projects		117
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.		
		3,154
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds:		
Bonds and notes payable		(87,114)
Premium on issuance		(1,594)
Interest payable on bonds and notes		(991)
Compensated absences		(7,649)
Capital lease		(1,120)
OPEB liability		(8,411)
Heart and Hypertension		(7,087)
Landfill closure		<u>(103)</u>
Net Position of Governmental Activities (Exhibit I)	\$	<u><u>152,463</u></u>

The accompanying notes are an integral part of the financial statements

TOWN OF SOUTHLINGTON, CONNECTICUT
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2014
(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	\$ 103,597	\$	\$	\$	\$ 103,597
Intergovernmental	33,581	22,385		6,633	62,599
Charges for services	3,447		191	5,262	8,900
Income on investments	294		39	3	336
Other revenues	477	11		242	730
Total revenues	<u>141,396</u>	<u>22,396</u>	<u>230</u>	<u>12,140</u>	<u>176,162</u>
Expenditures:					
Current:					
General government	3,807			31	3,838
Public safety	11,875			1,510	13,385
Public works	5,005			2,580	7,585
Health and welfare	716			13	729
Human services	860			497	1,357
Parks and recreation	1,412			142	1,554
Public library	1,459			29	1,488
Planning and development	916				916
Miscellaneous	1				1
Employee fringe benefits	8,829				8,829
Education	95,632			6,986	102,618
Debt and sundry	6,518		332		6,850
Capital outlay		55,092			55,092
Total expenditures	<u>137,030</u>	<u>55,092</u>	<u>332</u>	<u>11,788</u>	<u>204,242</u>
Excess (Deficiency) of Revenues over Expenditures	<u>4,366</u>	<u>(32,696)</u>	<u>(102)</u>	<u>352</u>	<u>(28,080)</u>
Other Financing Sources (Uses):					
Issuance of general obligation bonds		22,705			22,705
Issuance of capital leases	720				720
Transfers in	69	3,335		175	3,579
Transfers out	(3,510)			(69)	(3,579)
Total other financing sources (uses)	<u>(2,721)</u>	<u>26,040</u>	<u>-</u>	<u>106</u>	<u>23,425</u>
Net Change in Fund Balances	1,645	(6,656)	(102)	458	(4,655)
Fund Balances at Beginning of Year	<u>19,886</u>	<u>(2,208)</u>	<u>1,239</u>	<u>2,244</u>	<u>21,161</u>
Fund Balances at End of Year	<u>\$ 21,531</u>	<u>\$ (8,864)</u>	<u>\$ 1,137</u>	<u>\$ 2,702</u>	<u>\$ 16,506</u>

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TOWN OF SOUTHLINGTON, CONNECTICUT

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

FOR THE YEAR ENDED JUNE 30, 2014

(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)	\$ (4,655)
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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	52,294
Depreciation expense	(5,269)
Donated assets	2,198

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.	(11)
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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	(123)
Long term receivable receipts	(486)
Property tax receivable - accrual basis change	(66)
Property tax interest and lien revenue - accrual basis change	44
Sewer assessment receivable-accrual basis change	(171)
Sewer assessment interest and lien revenue - accrual basis change	(30)

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	(22,705)
Bond principal payments	4,950
Note principal payments	568
Issuance of capital leases	(720)
Capital lease principal payments	469
Accrued interest	(411)
Amortization of deferred charge on refunding	(111)
Amortization of bond premiums	164
Amortization of other	(298)

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	(1,200)
OPEB obligation	(1,231)
Heart and hypertension	604
Landfill post closure care and settlement	22

Internal service funds are used by management to charge costs to individual funds. The net revenue of certain activities of internal services funds is reported with governmental activities.	<u>(281)</u>
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Change in Net Position of Governmental Activities (Exhibit II)	<u>\$ 23,545</u>
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The accompanying notes are an integral part of the financial statements

TOWN OF SOUTHLINGTON, CONNECTICUT
STATEMENT OF NET POSITION - PROPRIETARY FUNDS

JUNE 30, 2014
(In Thousands)

	Business-Type Activities Sewer Enterprise Fund	Governmental Activities Internal Service Fund
Assets:		
Current:		
Cash and cash equivalents	\$	\$ 4,515
Accounts and other receivables	2,497	
Total current assets	2,497	4,515
Capital assets, net	44,622	
Total assets	47,119	4,515
Liabilities:		
Current:		
Accounts and other payables	362	1,361
Other accrued liabilities	134	
Due to other funds	283	
Total liabilities	779	1,361
Net Position:		
Investment in capital assets	44,622	
Unrestricted	1,718	3,154
Total Net Position	\$ 46,340	\$ 3,154

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, 2014

(In Thousands)

	<u>Business-Type Activities</u>	<u>Governmental Activities</u>
	<u>Sewer Enterprise Fund</u>	<u>Internal Service Fund</u>
Operating Revenues:		
Fund premiums	\$	\$ 21,851
Charges for services	4,320	
Fines, penalties and interest	39	
Total operating revenues	<u>4,359</u>	<u>21,851</u>
Operating Expenses:		
Plant	3,191	
Benefits	276	21,102
Depreciation	1,585	
Administration and other	389	1,030
Total operating expenses	<u>5,441</u>	<u>22,132</u>
Loss before Capital Grants and Contributions	(1,082)	(281)
Capital Grants and Contributions	<u>301</u>	
Change in Net Position	(781)	(281)
Net Position at Beginning of Year	<u>47,121</u>	<u>3,435</u>
Net Position at End of Year	<u>\$ 46,340</u>	<u>\$ 3,154</u>

The accompanying notes are an integral part of the financial statements

TOWN OF SOUTHTON, CONNECTICUT
STATEMENT OF CASH FLOWS - PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2014
(In Thousands)

	Business-Type Activities	Governmental Activities
	Sewer Enterprise Fund	Internal Service Fund
Cash Flows from Operating Activities:		
Cash received from customers and granting agencies	\$ 4,052	\$ 21,851
Cash received for premiums - Town departments and agencies		
Cash payments to suppliers for goods and services	(2,415)	
Cash payments to employees for services	(931)	
Cash payments to providers of benefits	(276)	(21,009)
Cash payments for service fees		(1,030)
Net cash provided by (used in) operating activities	430	(188)
Cash Flows from Capital Financing Activities:		
Acquisition of capital assets	(525)	
Net cash used in capital financing activities	(525)	-
Net Decrease in Cash and Cash Equivalents	(95)	(188)
Cash and Cash Equivalents at Beginning of Year	95	4,703
Cash and Cash Equivalents at End of Year	\$ -	\$ 4,515
Reconciliation of Operating Loss to Net Cash Provided by (Used in) Operating Activities:		
Operating loss	\$ (1,082)	\$ (281)
Depreciation	1,585	
Adjustments to reconcile operating income loss to net cash provided by (used in) operating activities:		
Increase in accounts receivable	(307)	
Increase in due to other funds	283	
Increase (decrease) in accounts payable and accrued liabilities	(49)	93
Net Cash Provided by (Used in) Operating Activities	\$ 430	\$ (188)
Noncash Capital Financing Activities:		
Capital assets transferred from governmental funds	\$ 301	\$ -

The accompanying notes are an integral part of the financial statements

TOWN OF SOUTHLINGTON, CONNECTICUT

STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUNDS

JUNE 30, 2014
(In Thousands)

	<u>Agency Funds</u>
Assets:	
Cash and cash equivalents	\$ 2,213
Investments	<u>152</u>
Total assets	<u><u>\$ 2,365</u></u>
Liabilities:	
Fiduciary Deposits	<u><u>\$ 2,365</u></u>

The accompanying notes are an integral part of the financial statements

TOWN OF SOUTHLINGTON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS

(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.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary funds financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

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

The Town reports the following major governmental funds:

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

The Capital Projects Fund accounts for the financial resources to be used for the acquisition or construction of major capital facilities.

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

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 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, 2012, upon which the fiscal 2014 levy was based, was \$3.7 billion. A 27.46 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, 2014 and 2013 were 98.75% and 98.56%, respectively, of the adjusted tax levy. Uncollected property taxes are recorded as receivables, net of an allowance for estimated uncollectible accounts. Unpaid taxes are liened on or before June 30 following the due date. The revenue relating to property taxes not collected during the fiscal year and within 60 days after the close of the fiscal year is deferred.

F. Inventories and Prepaid Items

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

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

G. Capital Assets

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

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

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

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

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

H. 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 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.

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. 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.

J. 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.

K. 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.

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 Council shall adopt the budget by resolution and notify the Board of Finance, the Board of Education and the Town Manager.

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

Additional Appropriations and Transfers:

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

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

Budgeted amounts are as originally adopted or as amended by the Town Council. During the year, \$2,270 of supplemental budgetary appropriations from the General Fund were made, \$1,342 from revised revenue estimates, and \$928 from continued appropriations from the prior year. Also, at year end \$982 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 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*, \$52,641 of the Town's bank balance of \$54,110 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 47,277
Uninsured and collateral held by the pledging bank's trust department, not in the Town's name	<u>5,364</u>
Total Amount Subject to Custodial Credit Risk	<u><u>\$ 52,641</u></u>

Cash Equivalents

At June 30, 2014, the Town's cash equivalents amounted to \$311. The following table provides a summary of the Town's cash equivalents (excluding U.S. government guaranteed obligations) as rated by nationally recognized statistical rating organizations. The pools all have maturities of less than one year.

Cutwater - Cooperative Liquid Assets Securities System (CLASS)	<u>Standard & Poor's</u> AAAm
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Investments

As of June 30, 2014, 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	*	\$ 10,207	<u>\$ 10,207</u>	<u>\$ -</u>	<u>\$ -</u>
Other investments:					
Common stock	N/A	<u>4</u>			
Total Investments		<u><u>\$ 10,211</u></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, 2014, the Town did not have any uninsured and unregistered securities held by the counterparty, or by its trust department or agent that were not in the Town's name.

4. RECEIVABLES

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

	<u>General</u>	<u>Capital Projects</u>	<u>Sewer Assessment</u>	<u>Sewer Enterprise</u>	<u>Nonmajor and Other Funds</u>	<u>Total</u>
Receivables:						
Taxes *	\$ 2,546	\$	\$	\$	\$	\$ 2,546
Accounts	54			2,465	606	3,125
Special assessments			1,695			1,695
Intergovernmental	326	3,450		32	250	4,058
Interest **						-
Gross receivables	<u>2,926</u>	<u>3,450</u>	<u>1,695</u>	<u>2,497</u>	<u>856</u>	<u>11,424</u>
Less allowance for uncollectibles	<u>56</u>					<u>56</u>
Net Total Receivables	<u>\$ 2,870</u>	<u>\$ 3,450</u>	<u>\$ 1,695</u>	<u>\$ 2,497</u>	<u>\$ 856</u>	<u>\$ 11,368</u>

* Does not include amount due from Southington Water Company for bonds (\$8,725) and accrued interest (\$134) - Note 7.

** Does not include accrued interest on property taxes and assessments receivable of \$798 and \$37, respectively.

5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2014 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	\$ 21,824	\$ 967	\$	\$ 22,791
Construction in progress	40,645	50,572	2,878	88,339
Total capital assets not being depreciated	<u>62,469</u>	<u>51,539</u>	<u>2,878</u>	<u>111,130</u>
Capital assets being depreciated:				
Buildings	117,760	1,025		118,785
Machinery and equipment	19,651	562	335	19,878
Infrastructure	83,872	4,244		88,116
Total capital assets being depreciated	<u>221,283</u>	<u>5,831</u>	<u>335</u>	<u>226,779</u>
Less accumulated depreciation for:				
Buildings	52,870	2,691		55,561
Machinery and equipment	14,007	1,030	324	14,713
Infrastructure	33,786	1,548		35,334
Total accumulated depreciation	<u>100,663</u>	<u>5,269</u>	<u>324</u>	<u>105,608</u>
Total capital assets being depreciated, net	<u>120,620</u>	<u>562</u>	<u>11</u>	<u>121,171</u>
Governmental Activities Capital Assets, Net	<u>\$ 183,089</u>	<u>\$ 52,101</u>	<u>\$ 2,889</u>	<u>\$ 232,301</u>
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 39	\$	\$	\$ 39
Capital assets being depreciated:				
Buildings and system	74,916	651		75,567
Machinery and equipment	1,374	175		1,549
Total capital assets being depreciated	<u>76,290</u>	<u>826</u>	<u>-</u>	<u>77,116</u>
Less accumulated depreciation for:				
Buildings and system	29,969	1,496		31,465
Machinery and equipment	979	89		1,068
Total accumulated depreciation	<u>30,948</u>	<u>1,585</u>	<u>-</u>	<u>32,533</u>
Total capital assets being depreciated, net	<u>45,342</u>	<u>(759)</u>	<u>-</u>	<u>44,583</u>
Business-Type Activities Capital Assets, Net	<u>\$ 45,381</u>	<u>\$ (759)</u>	<u>\$ -</u>	<u>\$ 44,622</u>

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

Governmental activities:	
General government	\$ 397
Public safety	747
Public works	1,436
Human services	58
Planning and development	3
Parks and recreation	321
Library	44
Education	<u>2,263</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 5,269</u>
Business-type activities:	
Sewer Enterprise Fund	<u>\$ 1,585</u>

Construction Commitments

The Town has active construction projects as of June 30, 2014. 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	\$ 165	\$ 19
Farmstead Interceptor	161	26
Fire Co #3 Roof	59	1
DePaolo Middle School	22,114	16,815
Kennedy Middle School	<u>21,990</u>	<u>16,000</u>
Total	<u>\$ 44,489</u>	<u>\$ 32,861</u>

The commitments are being financed as follows:

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

6. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

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

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Nonmajor Governmental Funds	\$ 147
General Fund	Sewer Enterprise	283
Nonmajor Governmental Funds	General Fund	<u>21</u>
Total		<u>\$ 168</u>

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

	Transfers In			Total Transfers Out
	General Fund	Capital Projects Fund	Nonmajor Governmental	
Transfers out:				
General Fund	\$	\$ 3,335	\$ 175	\$ 3,510
Nonmajor governmental	<u>69</u>			<u>69</u>
Total Transfers In	<u>\$ 69</u>	<u>\$ 3,335</u>	<u>\$ 175</u>	<u>\$ 3,579</u>

7. LONG-TERM DEBT

Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2014 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Bonds payable:					
General obligation bonds:					
Town	\$ 51,054	\$ 22,705	\$ 4,464	\$ 69,295	\$ 5,155
Southington Water Company	3,341	5,870	486	8,725	775
Premium on bonds	1,758		164	1,594	
State of Connecticut - serial note	<u>9,662</u>		<u>568</u>	<u>9,094</u>	<u>568</u>
Total bonds and notes payable	65,815	28,575	5,682	88,708	6,498
Compensated absences	6,449	2,774	1,574	7,649	1,720
Capital leases	869	720	469	1,120	567
OPEB obligation	7,180	2,766	1,535	8,411	
Heart and hypertension	7,691	256	860	7,087	430
Landfill closure and postclosure	<u>125</u>		<u>22</u>	<u>103</u>	<u>24</u>
Total Governmental Activities Long-Term Liabilities	<u>\$ 88,129</u>	<u>\$ 35,091</u>	<u>\$ 10,142</u>	<u>\$ 113,078</u>	<u>\$ 9,239</u>

Bonds payable at June 30, 2014 are comprised of the following issues:

	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Interest Rate (%)</u>	<u>Date of Maturity</u>	<u>Principal Outstanding June 30, 2013</u>
<u>General Purpose Bonds:</u>					
Refunding (General Purpose)	2004	\$ 379	2.00-3.25	09/15/14	\$ 14
General Purpose	2007	3,025	4.00-5.00	08/01/27	1,615
General Purpose	2009	2,175	3.00-4.00	08/01/27	1,460
Refunding (General Purpose)	2010	2,098	2.00-5.00	05/15/21	1,293
General Purpose	2011	1,713	2.50-4.25	08/01/30	1,320
Refunding (General Purpose)	2011	6,042	2.00-5.00	02/01/24	4,781
Refunding (General Purpose)	2012	3,106	2.00-4.00	11/01/25	3,074
General Purpose	2014	7,705	3.00-4.00	01/15/34	7,705
					<u>21,262</u>
<u>School Bonds:</u>					
Refunding (Schools)	2004	7,032	2.00-3.25	09/15/14	263
Schools	2007	2,880	4.00-5.00	08/01/27	580
Schools	2009	12,965	3.00-4.00	08/01/27	9,880
Refunding (Schools)	2010	8,008	2.00-5.00	05/15/21	5,095
Schools	2011	6,902	2.50-4.25	08/01/30	6,090
Refunding (Schools)	2011	745	2.00-5.00	02/01/24	592
Refunding (Schools)	2012	1,958	2.00-4.00	11/01/25	1,944
Schools	2014	15,000	3.00-4.00	01/15/34	15,000
					<u>39,444</u>
<u>Sewer Bonds:</u>					
Refunding (Sewers)	2004	86	2.00-3.25	09/15/14	3
Sewers	2007	3,070	4.00-5.00	08/01/27	2,030
Sewers	2009	300	3.00-4.00	08/01/27	60
Refunding (Sewers)	2010	959	2.00-5.00	05/15/21	287
Sewers	2011	3,330	2.50-4.25	08/01/30	2,820
Refunding (Sewers)	2011	1,958	2.00-5.00	02/01/24	1,552
Refunding (Sewers)	2012	1,851	2.00-4.00	11/01/25	1,837
State of Connecticut serial notes payable:					
Clean Water Fund Loan 590-C	2011	11,068	2.00	06/30/30	9,094
					<u>17,683</u>
<u>Water Bonds:</u>					
Refunding (Water)	2004	3,683	2.00-3.25	09/15/14	135
Water	2011	3,410	2.50-4.25	08/01/21	2,720
Water	2014	5,870	3.00-4.00	01/15/34	5,870
					<u>8,725</u>
Total					\$ <u>87,114</u>

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>
2015	\$ 6,498	\$ 2,919
2016	7,368	2,781
2017	7,208	2,563
2018	7,183	2,316
2019	6,903	2,080
2020-2024	27,192	6,852
2025-2029	17,277	2,910
2030-2034	<u>7,485</u>	<u>757</u>
Total	<u>\$ 87,114</u>	<u>\$ 23,178</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, 2014, \$8,725 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, 2014. In no case shall total indebtedness exceed seven times annual receipts from taxation. The maximum debt amount permitted under this formula would be approximately \$724.5 million. Bonds authorized but unissued are \$61,796 as of June 30, 2014.

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, 2014:

Town:	\$ 1,704
Board of Education:	<u>5,945</u>
Total	<u>\$ 7,649</u>

Capital Leases

The Board of Education has entered into several lease agreements as lessee for financing the acquisition of computer equipment. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date. The net undepreciated value of assets purchased by capital lease approximates the principal balance payable of \$1,120 at June 30, 2014. The following is a summary of capital lease commitments as of June 30, 2014.

<u>Year Ending June 30,</u>	<u>Amount</u>
2015	\$ 582
2016	334
2017	<u>249</u>
Subtotal	1,165
Less interest	<u>(45)</u>
Principal Balance	<u><u>\$ 1,120</u></u>

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. Town and private entity agreed that an escrow account be established in the amount of \$12,620 to be disbursed in accordance with the account control agreement. There are no substantial assets to record at June 30, 2014 as the energy improvements to Town infrastructure has yet to begin. As such, there is also no liability recorded as of June 30, 2014. Should the lease be fulfilled the Town will be required to repay \$12,620 in principal and \$3,786 in interest by July 28, 2030.

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, 2014:

Outstanding July 1, 2013	\$ -
Repayments	-
New Borrowings	<u>20,000</u>
Outstanding June 30, 2014	<u><u>\$ 20,000</u></u>

The bond anticipation notes outstanding on June 30, 2014 mature of January, 27, 2015 and bear interest at 1.0%.

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, 2014, 2013 or 2012. 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, 2014 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, 2014 and 2013, 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>
2013-14	\$ 1,268	\$ 21,195	\$ 21,102	\$ 1,361
2012-13	1,311	18,997	19,040	1,268

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 2013-14 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, 2014 for the Town and Board of Education was \$1,321. 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, 2014 are as follows:

	<u>General Fund</u>	<u>Capital Projects</u>	<u>Sewer Assessments</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Fund balances:					
Nonspendable:					
Inventory	\$ 64			\$ 49	\$ 113
Trust				612	612
Restricted for:					
Grants				93	93
Trust				100	100
Committed to:					
Debt service			1,137		1,137
Cafeteria operations				509	509
Animal control				13	13
Police services				541	541
Town services				248	248
Apple Harvest Festival				186	186
Community services				76	76
Drive in Theater				50	50
Turf field				12	12
Museum restoration				111	111
Recreation				102	102
Assigned to:					
Subsequent year's appropriations	4,270				4,270
Purchases on order	982				982
Unassigned	<u>16,215</u>	<u>(8,864)</u>			<u>7,351</u>
Total Fund Balances	<u>\$ 21,531</u>	<u>\$ (8,864)</u>	<u>\$ 1,137</u>	<u>\$ 2,702</u>	<u>\$ 16,506</u>

Encumbrances are being reported as assigned fund balance.

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:

	<u>Participants</u> <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, 2014, the Town has not established a trust fund to segregate assets to fund the liability associated with these benefits.

C. Annual OPEB Cost and Net OPEB Obligations

The Town’s annual OPEB cost is calculated based on the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The following table shows the components of the Town’s annual OPEB cost for the year ended June 30, 2014, 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)	\$	2,852
Interest on net OPEB obligation		359
Adjustment to annual required contribution		<u>(445)</u>
Annual OPEB cost		2,766
Contributions made		<u>1,535</u>
Increase in net OPEB obligation		1,231
Net OPEB obligation, beginning of year		<u>7,180</u>
Net OPEB Obligation, End of Year	\$	<u><u>8,411</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, 2014, 2013 and 2012 are presented below.

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost (AOC)</u>	<u>Actual Contribution</u>	<u>Percentage of AOC Contributed</u>	<u>Net OPEB Obligation</u>
6/30/14	\$ 2,766	\$ 1,535	55.5%	\$ 8,411
6/30/13	2,751	1,188	43.2%	7,180
6/30/12	3,032	1,994	65.8%	5,618

Schedule of Employer Contributions

<u>Year Ended</u>	<u>Annual Required Contribution</u>	<u>Actual Contribution</u>	<u>Percentage Contributed</u>
6/30/12	\$ 3,087	\$ 1,994	64.6%
6/30/13	2,818	1,188	42.2%
6/30/14	2,852	1,535	53.8%

D. Schedule of Funding Progress

Schedule of Funding Progress					
Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Funded Ratio	Covered Payroll	UAAL as a % of Covered Payroll
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.

11. EMPLOYEE RETIREMENT SYSTEMS

Municipal Employees' Retirement System

All Town of Southington full-time employees, except teachers who are eligible to participate in the State of Connecticut Teachers' Retirement System, participate in the Municipal Employees' Retirement Fund (MERF), a cost-sharing multiple-employer public employee retirement system (PERS) established by the State of Connecticut and administered by the State Retirement Commission to provide retirement and disability benefits, annual cost-of-living adjustments and death benefits to the employees and beneficiaries of participating municipalities. Chapter 113 Part II of the General Statutes of Connecticut, which can be amended by legislative action, establishes PERS benefits, member contribution rates and other plan provisions. MERF is considered to be a part of the State of Connecticut financial reporting entity and is included in the State's financial reports as a pension trust fund. Those reports may be obtained by writing to the State of Connecticut, Office of the State Comptroller, 55 Elm Street, Hartford, Connecticut 06106 or by calling 860-702-3480.

Funding Policy - Plan members are required by State Statute to contribute 2-1/4% of earnings upon which Social Security tax is paid plus 5% of earnings on which no Social Security tax is paid. Each participating municipality is required to contribute at an actuarially determined rate. The current rate is 11.98% of annual covered payroll. The contribution requirements of the Town are established and may be amended by the State Retirement Commission. The Town's contributions to MERS for the years ended June 30, 2014, 2013 and 2012 were \$3,959, \$3,747 and \$3,653, respectively, equal to the required contributions for each year.

Teachers' Retirement

All Town teachers participate in the State of Connecticut Teachers' Retirement System under Section 10.183 of the General Statutes of the State of Connecticut. A teacher is eligible to receive a normal retirement benefit if he or she has: 1) attained age 60 and has accumulated 20 years of credited service in the public schools of Connecticut or 2) attained any age and has accumulated 35 years of credited service, at least 25 years of which are service in the public schools of Connecticut.

The Board of Education withholds 7.25% of all teachers' annual salaries and transmits the funds to the State Teachers' Retirement Board. Certified payroll subject to retirement amounted to \$32,755 or 59.2% of total Board of Education payroll of \$55,336.

The retirement system for teachers is funded by the State based upon the recommendation of the Teachers' Retirement Board. Such contribution includes amortization of the actuarially computed unfunded liability. These obligations are established under the authority of the Connecticut General Statutes. For the year ended June 30, 2014, the Town has recorded, in the General Fund, intergovernmental revenue and education expenditures in the amount of \$10,045 as payments made by the State of Connecticut on behalf of the Town. The Town does not have any liability for teacher pensions.

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

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.

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, 2014 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.

**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, 2014

(In Thousands)

	Budgeted Amounts		Actual	Variance
	Original	Final		
Property taxes, interest and lien fees:				
Taxes	\$ 102,157	\$ 102,157	\$ 102,800	\$ 643
Suspense taxes	55	55	31	(24)
Interest and lien fees	657	657	766	109
Total property taxes, interest and lien fees	<u>102,869</u>	<u>102,869</u>	<u>103,597</u>	<u>728</u>
Licenses, fees and permits:				
Building	600	700	768	68
Police	23	23	43	20
Library	32	32	29	(3)
Parking	6	6	3	(3)
Miscellaneous	22	40	36	(4)
Total licenses, fees and permits	<u>683</u>	<u>801</u>	<u>879</u>	<u>78</u>
Intergovernmental revenues:				
Educational Cost Sharing	20,311	20,311	20,300	(11)
Non-public school transportation	40	40	38	(2)
Public school transportation		167	161	(6)
School building construction grants	125	125	127	2
Vocational Agriculture	230	373	373	-
Children/youth services	26	26	27	1
Youth Service/Drug free	41	41	28	(13)
Town aid road transportation grant	522	522	521	(1)
Non-public health services	55	55	61	6
Telephone access lines	60	60	72	12
Pequot/Mohegan Grant		152	145	(7)
Telecommunications fund grant	72	72	72	-
Municipal video grant	20	20	10	(10)
FEMA reimbursements			1	1
Local capital improvement grant	431	280	184	(96)
In lieu of taxes:				
Hospital	137	137	137	-
Tax relief for elderly	300	300	321	21

(Continued on next page)

TOWN OF SOUTHTON, CONNECTICUT

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

FOR THE YEAR ENDED JUNE 30, 2014

(In Thousands)

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
Intergovernmental revenues (continued):				
Veterans' exemption	\$ 50	\$ 50	\$ 55	\$ 5
State properties		32	25	(7)
Disability exemption	6	6	5	(1)
Bullet proof vest grant		3	3	-
Distressed municipalities	25	25	41	16
Miscellaneous	2	3	53	50
Traffic enforcement grant			4	4
Hold harmless grant	871			-
Municipal revenue sharing		772	772	-
Total intergovernmental revenues	<u>23,324</u>	<u>23,572</u>	<u>23,536</u>	<u>(36)</u>
Investment Income	<u>220</u>	<u>220</u>	<u>294</u>	<u>74</u>
Charges for services:				
Town Clerk	1,100	1,200	1,314	114
Recreation	75	75	94	19
Planning and zoning	30	30	73	43
Fire Department services	6	6	11	5
Engineering services	3	3	6	3
Assessors returns	1	1	1	-
School tuition and fees	524	524	581	57
School building rentals	14	420	420	-
Miscellaneous	10	75	68	(7)
Total charges for services	<u>1,763</u>	<u>2,334</u>	<u>2,568</u>	<u>234</u>

(Continued on next page)

TOWN OF SOUTHTON, CONNECTICUT

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

FOR THE YEAR ENDED JUNE 30, 2014

(In Thousands)

	<u>Budgeted Amounts</u>			
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance</u>
Other revenues:				
Sale/lease of town property	\$ 2	\$ 2	\$ 5	\$ 3
Loss/damage to town property	1	1	21	20
Prior year appropriated funds returned	2	2	3	1
BRRFOC/TROC rebate		402	402	-
Miscellaneous	20	23	46	23
Fund balance utilized	<u>400</u>	<u>400</u>		<u>(400)</u>
Total other revenues	<u>425</u>	<u>830</u>	<u>477</u>	<u>(353)</u>
Transfers In	<u>30</u>	<u>30</u>	<u>69</u>	<u>39</u>
Total Revenues and Other Financing Sources	<u>\$ 129,314</u>	<u>\$ 130,656</u>	131,420	<u>\$ 764</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

10,045

Proceeds from issuance of capital leases are not budgeted

720

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

\$ 142,185

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, 2014
(In Thousands)

	Budgeted Amounts		Actual	Variance
	Original	Final		
General Government				
Town Council:				
Personnel service	\$ 9	\$ 9	\$ 9	\$ -
Contractual services	20	28	28	-
Materials and supplies	7	4	4	-
Fixed charges	27	27	27	-
Total	<u>63</u>	<u>68</u>	<u>68</u>	<u>-</u>
Town Manager:				
Personnel service	210	215	214	1
Contractual services	98	113	71	42
Materials and supplies	6	5	4	1
Fixed charges	7	7	5	2
Continued appropriations		59	18	41
Total	<u>321</u>	<u>399</u>	<u>312</u>	<u>87</u>
Board of Finance:				
Personnel service	4	4	4	-
Contractual services	3	3	2	1
Fixed charges	1	1	1	-
Total	<u>8</u>	<u>8</u>	<u>7</u>	<u>1</u>
Finance Department:				
Personnel service	449	448	447	1
Contractual services	1			-
Materials and supplies	12	14	13	1
Fixed charges	1	1	1	-
Total	<u>463</u>	<u>463</u>	<u>461</u>	<u>2</u>
Town Clerk:				
Personnel service	262	262	262	-
Contractual services	24	24	19	5
Materials and supplies	10	10	9	1
Fixed charges	3	3	2	1
Total	<u>299</u>	<u>299</u>	<u>292</u>	<u>7</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, 2014

(In Thousands)

	Budgeted Amounts		Actual	Variance
	Original	Final		
Tax Department:				
Personnel service	\$ 259	\$ 215	\$ 208	\$ 7
Contractual services	16	18	13	5
Materials and supplies	47	66	56	10
Fixed charges	2	2	2	-
Total	<u>324</u>	<u>301</u>	<u>279</u>	<u>22</u>
Assessor:				
Personnel service	278	289	289	-
Contractual services	175	179	7	172
Materials and supplies	13	11	11	-
Fixed charges	5	5	4	1
Total	<u>471</u>	<u>484</u>	<u>311</u>	<u>173</u>
Board of Assessment Appeals:				
Personnel service	2	2	2	-
Contractual services	1			-
Materials and supplies	1			-
Total	<u>4</u>	<u>2</u>	<u>2</u>	<u>-</u>
Information Technology:				
Personnel service	156	159	159	-
Contractual services	509	458	445	13
Fixed charges	38	34	28	6
Capital outlay	34	33	32	1
Total	<u>737</u>	<u>684</u>	<u>664</u>	<u>20</u>
Probate Court:				
Fixed charges	<u>11</u>	<u>11</u>	<u>11</u>	<u>-</u>
Town Attorney/Legal:				
Personnel service	196	201	201	-
Contractual services	57	107	100	7
Materials and supplies	4	3	2	1
Fixed charges	3	3	2	1
Continued appropriations		39	23	16
Total	<u>260</u>	<u>353</u>	<u>328</u>	<u>25</u>

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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, 2014

(In Thousands)

	Budgeted Amounts		Actual	Variance
	Original	Final		
Elections Department:				
Personnel service	\$ 101	\$ 84	\$ 82	\$ 2
Contractual services	5	4	3	1
Materials and supplies	38	22	21	1
Fixed charges	3	3	2	1
Total	<u>147</u>	<u>113</u>	<u>108</u>	<u>5</u>
Insurance:				
Fixed charges	<u>1,082</u>	<u>968</u>	<u>922</u>	<u>46</u>
Annual Audit:				
Fixed charges	<u>38</u>	<u>32</u>	<u>32</u>	<u>-</u>
Total general government	<u>4,228</u>	<u>4,185</u>	<u>3,797</u>	<u>388</u>
Public Safety:				
Police Department:				
Personnel service	6,100	6,065	6,054	11
Contractual services	269	301	279	22
Materials and supplies	434	415	392	23
Fixed charges	57	60	57	3
Equipment	218	206	201	5
Total	<u>7,078</u>	<u>7,047</u>	<u>6,983</u>	<u>64</u>
Emergency Management:				
Contractual services	2	61	61	-
Materials and supplies	8	8	6	2
Capital outlay	15	4	4	-
Total	<u>25</u>	<u>73</u>	<u>71</u>	<u>2</u>
Central Dispatch:				
Personnel service	701	713	705	8
Contractual services	54	42	39	3
Total	<u>755</u>	<u>755</u>	<u>744</u>	<u>11</u>

(Continued on next page)

TOWN OF SOUTHTON, CONNECTICUT

GENERAL FUND

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

FOR THE YEAR ENDED JUNE 30, 2014

(In Thousands)

	Budgeted Amounts		Actual	Variance
	Original	Final		
Fire Department:				
Personnel service	\$ 3,213	\$ 3,202	\$ 3,173	\$ 29
Contractual services	277	301	274	27
Materials and supplies	322	323	320	3
Fixed charges	49	48	48	-
Equipment	55	55	54	1
Total	<u>3,916</u>	<u>3,929</u>	<u>3,869</u>	<u>60</u>
Fire Hydrant rentals:				
Fixed charges	<u>232</u>	<u>231</u>	<u>231</u>	<u>-</u>
Safety Program:				
Contractual services	12	5	4	1
Materials and supplies	<u>55</u>	<u>19</u>	<u>14</u>	<u>5</u>
Total	<u>67</u>	<u>24</u>	<u>18</u>	<u>6</u>
Parking Authority:				
Personnel service	1	1	1	-
Contractual services	8	8	5	3
Materials and supplies	2	2	1	1
Fixed charges	1	1	1	-
Continued appropriations		10	10	-
Total	<u>12</u>	<u>22</u>	<u>18</u>	<u>4</u>
Total public safety	<u>12,085</u>	<u>12,081</u>	<u>11,934</u>	<u>147</u>
Public Works:				
Town Hall and Annex:				
Contractual services	46	42	39	3
Materials and supplies	69	79	76	3
Continued appropriations		78	78	-
Total	<u>115</u>	<u>199</u>	<u>193</u>	<u>6</u>
Historical Buildings:				
Materials and supplies	<u>5</u>	<u>8</u>	<u>7</u>	<u>1</u>
Total	<u>5</u>	<u>8</u>	<u>7</u>	<u>1</u>

(Continued on next page)

TOWN OF SOUTHLINGTON, CONNECTICUT

GENERAL FUND

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

FOR THE YEAR ENDED JUNE 30, 2014

(In Thousands)

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
Sylvia Bradley Historical Society:				
Contractual services	\$ 6	\$ 5	\$ 5	\$ -
Materials and supplies	12	13	13	-
Continued appropriations		4	4	-
Total	<u>18</u>	<u>22</u>	<u>22</u>	<u>-</u>
Engineering Department:				
Personnel service	582	596	595	1
Contractual services	4	4	3	1
Materials and supplies	20	18	17	1
Fixed charges	2	2	1	1
Capital Outlay				-
Total	<u>608</u>	<u>620</u>	<u>616</u>	<u>4</u>
Highway Department:				
Personnel service	1,538	1,546	1,546	-
Contractual services	481	487	479	8
Materials and supplies	175	197	193	4
Fixed charges	33			-
Capital outlay	59	51	2	49
Continued appropriations		8	8	-
Total	<u>2,286</u>	<u>2,289</u>	<u>2,228</u>	<u>61</u>
Snow and Ice Removal:				
Personnel service	115	191	191	-
Contractual services	130	267	265	2
Materials and supplies	310	436	436	-
Total	<u>555</u>	<u>894</u>	<u>892</u>	<u>2</u>
Street Lighting:				
Contractual services	130	130	128	2
Materials and supplies	281	281	271	10
Total	<u>411</u>	<u>411</u>	<u>399</u>	<u>12</u>
Tree Maintenance:				
Contractual services	<u>19</u>	<u>19</u>	<u>18</u>	<u>1</u>

(Continued on next page)

TOWN OF SOUTHLINGTON, CONNECTICUT

GENERAL FUND

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

FOR THE YEAR ENDED JUNE 30, 2014

(In Thousands)

	Budgeted Amounts		Actual	Variance
	Original	Final		
Bulky Waste Transfer Station:				
Personnel service	\$ 86	\$ 80	\$ 78	\$ 2
Contractual services	190	175	157	18
Materials & Supplies	2	2	1	1
Total	<u>278</u>	<u>257</u>	<u>236</u>	<u>21</u>
Environmental Problems:				-
Contractual services	253	98	77	21
Continued appropriations		194	50	144
Total	<u>253</u>	<u>292</u>	<u>127</u>	<u>165</u>
North Center Facility:				-
Contractual services	234	234	228	6
Materials and supplies	14	14	6	8
Fixed charges	20	22	22	-
Total	<u>268</u>	<u>270</u>	<u>256</u>	<u>14</u>
Total Public Works	<u>4,816</u>	<u>5,281</u>	<u>4,994</u>	<u>287</u>
Health and Welfare:				
Community Services:				
Personnel service	189	195	195	-
Contractual services	18	19	19	-
Materials and supplies	21	20	19	1
Fixed charges	1	1	1	-
Continued appropriations		3	3	-
Total	<u>229</u>	<u>238</u>	<u>237</u>	<u>1</u>
Health Department:				
Contractual services	40	40	37	3
Fixed charges	322	322	322	-
Total	<u>362</u>	<u>362</u>	<u>359</u>	<u>3</u>
Mental Health:				
Fixed charges	3	3	3	-
Nonpublic School Nurses:				
Contractual services	<u>116</u>	<u>116</u>	<u>116</u>	<u>-</u>
Total Health and Welfare	<u>710</u>	<u>719</u>	<u>715</u>	<u>4</u>

(Continued on next page)

TOWN OF SOUTHLINGTON, CONNECTICUT

GENERAL FUND

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

FOR THE YEAR ENDED JUNE 30, 2014

(In Thousands)

	Budgeted Amounts		Actual	Variance
	Original	Final		
Human Services:				
Youth Counseling:				
Personnel service	\$ 289	\$ 294	\$ 289	\$ 5
Contractual services	5	4	4	-
Materials and supplies	1	1	1	-
Fixed charges	2	2	2	-
Total	<u>297</u>	<u>301</u>	<u>296</u>	<u>5</u>
Commission on the Handicapped:				
Contractual services	7	7	6	1
Materials and supplies	1	1		1
Total	<u>8</u>	<u>8</u>	<u>6</u>	<u>2</u>
Community Assistance:				
Contractual services	<u>51</u>	<u>51</u>	<u>51</u>	<u>-</u>
Calendar House-Senior Citizens:				
Personnel service	326	340	337	3
Contractual services	84	87	81	6
Materials and supplies	70	66	63	3
Fixed charges	2	3	2	1
Capital outlay	1			-
Total	<u>483</u>	<u>496</u>	<u>483</u>	<u>13</u>
Southington Housing Authority:				
Materials and supplies	<u>25</u>	<u>25</u>	<u>22</u>	<u>3</u>
Total Human Services	<u>864</u>	<u>881</u>	<u>858</u>	<u>23</u>
Parks and Recreation:				
Parks Department:				
Personnel service	607	576	575	1
Contractual services	150	159	157	2
Materials and supplies	206	234	233	1
Continued appropriations		42	10	32
Capital outlay	28	25	21	4
Total	<u>991</u>	<u>1,036</u>	<u>996</u>	<u>40</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, 2014

(In Thousands)

	Budgeted Amounts		Actual	Variance
	Original	Final		
Recreation Department:				
Personnel service	\$ 270	\$ 256	\$ 250	\$ 6
Contractual services	71	59	49	10
Materials and supplies	22	23	21	2
Fixed charges	13	13	13	-
Total	<u>376</u>	<u>351</u>	<u>333</u>	<u>18</u>
Community Celebrations:				
Fixed charges	<u>5</u>	<u>5</u>	<u>5</u>	<u>-</u>
Organized Recreation:				
Fixed charges	<u>92</u>	<u>92</u>	<u>92</u>	<u>-</u>
Total Parks and Recreation	<u>1,464</u>	<u>1,484</u>	<u>1,426</u>	<u>58</u>
Library:				
Public Library:				
Personnel service	956	991	986	5
Contractual services	64	77	69	8
Materials and supplies	232	235	233	2
Fixed charges	2	2	2	-
Capital outlay	55	50	50	-
Continued appropriations		4	4	-
Total	<u>1,309</u>	<u>1,359</u>	<u>1,344</u>	<u>15</u>
Barnes Museum:				
Personnel service	75	77	77	-
Contractual services	11	11	11	-
Materials and supplies	14	14	14	-
Total	<u>100</u>	<u>102</u>	<u>102</u>	<u>-</u>
Total Library	<u>1,409</u>	<u>1,461</u>	<u>1,446</u>	<u>15</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, 2014

(In Thousands)

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
Planning and Development:				
Economic Development Commission:				
Personnel service	\$ 125	\$ 123	\$ 123	\$ -
Contractual services	9	11	11	-
Materials and supplies	1	1	1	-
Fixed charges	2	1	1	-
Total	<u>137</u>	<u>136</u>	<u>136</u>	<u>-</u>
Building Department:				
Personnel service	358	370	370	-
Contractual services	3	2	2	-
Materials and supplies	11	11	10	1
Fixed charges	5	4	4	-
Total	<u>377</u>	<u>387</u>	<u>386</u>	<u>1</u>
Planning and Zoning:				
Personnel service	318	302	302	-
Contractual services	13	8	7	1
Materials and supplies	8	8	7	1
Fixed charges	20	21	21	-
Continued appropriations		11	11	-
Total	<u>359</u>	<u>350</u>	<u>348</u>	<u>2</u>
Zoning Board of Appeals:				
Personnel service	5	5	5	-
Contractual services	8	7	7	-
Materials and supplies	1	1	1	-
Total	<u>14</u>	<u>13</u>	<u>13</u>	<u>-</u>
Conservation Commission:				
Personnel service	4	4	4	-
Contractual services	4	4	4	-
Materials and supplies	2	1	1	-
Fixed charges	1			-
Continued appropriations		8	6	2
Total	<u>11</u>	<u>17</u>	<u>15</u>	<u>2</u>
Total Planning and Development	<u>898</u>	<u>903</u>	<u>898</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, 2014

	Budgeted Amounts		Actual	Variance
	Original	Final		
Miscellaneous:				
Land Lease:				
Fixed charges	\$ 1	\$ 1	\$ 1	\$ -
Miscellaneous:				
Personnel service	60			-
Nonlegal professional services:				
Continued appropriations		6		6
Total Miscellaneous	<u>61</u>	<u>7</u>	<u>1</u>	<u>6</u>
Employee Benefits:				
Medical and group insurance:				
Fixed charges	<u>3,353</u>	<u>3,246</u>	<u>3,232</u>	<u>14</u>
Heart and Hypertension:				
Personnel service	1,248	1,349	1,342	7
Contractual services	<u>29</u>	<u>23</u>	<u>19</u>	<u>4</u>
Total Heart and Hypertension	<u>1,277</u>	<u>1,372</u>	<u>1,361</u>	<u>11</u>
Employee Retirement:				
Municipal:				
Fixed charges	4,162	4,000	3,998	2
Police:				
Fixed charges	150	149	149	-
Unemployment Compensation:				
Fixed charges	<u>15</u>	<u>15</u>	<u>9</u>	<u>6</u>
Total	<u>4,327</u>	<u>4,164</u>	<u>4,156</u>	<u>8</u>
Accumulated Payout:				
Fixed charges	<u>150</u>	<u>93</u>	<u>77</u>	<u>16</u>
Tuition Reimbursement:				
Fixed charges	<u>5</u>	<u>5</u>	<u>2</u>	<u>3</u>
Medical Services:				
Fixed charges	<u>3</u>	<u>3</u>	<u>1</u>	<u>2</u>
Total Employee Benefits	<u>9,115</u>	<u>8,883</u>	<u>8,829</u>	<u>54</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, 2014

	Budgeted Amounts		Actual	Variance
	Original	Final		
Debt Service				
Debt service - principal:				
Town and Sewer	\$ 2,272	\$ 2,272	\$ 2,272	\$ -
Schools	2,445	2,445	2,445	-
Total	<u>4,717</u>	<u>4,717</u>	<u>4,717</u>	<u>-</u>
Debt service - interest:				
Town and Sewer	966	1,095	888	207
Schools	1,015	1,183	913	270
Total	<u>1,981</u>	<u>2,278</u>	<u>1,801</u>	<u>477</u>
Total Debt Service	<u>6,698</u>	<u>6,995</u>	<u>6,518</u>	<u>477</u>
Board of Education:				
School operations	84,233	84,782	84,769	13
Continued appropriations		159	68	91
Total Board of Education	<u>84,233</u>	<u>84,941</u>	<u>84,837</u>	<u>104</u>
Contingency	<u>1,040</u>	<u>253</u>		<u>253</u>
Total expenditures	<u>127,621</u>	<u>128,074</u>	<u>126,253</u>	<u>1,821</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, 2014

	<u>Budgeted Amounts</u>			
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance</u>
Other Financing Uses:				
Transfers out	\$ 1,693	\$ 3,510	\$ 3,510	\$ -
Total	<u>\$ 129,314</u>	<u>\$ 131,584</u>	129,763	<u>\$ 1,821</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

10,045

 Accrued payroll is reported as expenditure for GAAP purposes

12

 Issuance of capital leases are not budgeted

720

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

\$ 140,540

**Combining and Individual
Fund Statements and Schedules**

General Fund

TOWN OF SOUTHLINGTON, CONNECTICUT

GENERAL FUND

COMPARATIVE BALANCE SHEET

JUNE 30, 2014 AND 2013

(In Thousands)

	<u>2014</u>	<u>2013</u>
ASSETS		
Cash and cash equivalents	\$ 13,952	\$ 13,277
Investments	9,747	6,505
Property taxes receivable, net of allowance for uncollectible accounts of \$56 in 2014 and \$79 in 2013	2,490	2,550
Due from State of Connecticut	326	1,188
Accounts receivable	54	90
Due from other funds	430	3,092
Inventories	<u>64</u>	<u>71</u>
Total Assets	<u>\$ 27,063</u>	<u>\$ 26,773</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE		
Liabilities:		
Accounts payable and accrued liabilities	\$ 3,013	\$ 4,273
Due to other funds	21	18
Due to State of Connecticut	<u>293</u>	<u>325</u>
Total liabilities	<u>3,327</u>	<u>4,616</u>
Deferred Inflows of Resources:		
Unavailable revenue - property taxes	<u>2,205</u>	<u>2,271</u>
Fund Balance:		
Nonspendable	64	71
Assigned	5,252	1,328
Unassigned	<u>16,215</u>	<u>18,487</u>
Total fund balance	<u>21,531</u>	<u>19,886</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 27,063</u>	<u>\$ 26,773</u>

TOWN OF SOUTHTON, CONNECTICUT

GENERAL FUND

REPORT OF TAX COLLECTOR

FOR THE YEAR ENDED JUNE 30, 2014

(In Thousands)

Grand List	Uncollected Taxes July 1, 2013	Lawful Corrections		Transfers To Suspense	Adjusted Taxes Collectible	Collections			Amount Paid to Treasurer	Credit Balances	Uncollected Taxes June 30, 2014
		Additions	Deductions			Taxes	Interest	Warrants Liens/Fees			
2012	\$ 103,201	\$ 38	\$ 508	\$ 15	\$ 102,716	\$ 101,604	\$ 295	\$ 13	\$ 101,912	\$ 172	\$ 1,284
2011	1,469	4	19	9	1,445	900	192	7	1,099	12	557
2010	526		7	4	515	235	90	2	327	4	284
2009	280		3	2	275	93	47	1	141		182
2008	152		2	1	149	46	33		79	1	104
2007	77		2		75	22	17		39	2	55
2006	51				51	16	23		39		35
2005	41				41	22	25		47		19
2004	14				14	5	7		12		9
2003	6				6				-		6
2002	4				4				-		4
2001	1				1				-		1
2000	2				2				-		2
1999	2				2				-		2
1998	2				2				-		2
1997	2		2 *		-				-		-
	<u>\$ 105,830</u>	<u>\$ 42</u>	<u>\$ 543</u>	<u>\$ 31</u>	<u>\$ 105,298</u>	<u>\$ 102,943</u>	<u>\$ 729</u>	<u>\$ 23</u>	<u>\$ 103,695</u>	<u>\$ 191</u>	<u>\$ 2,546</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.

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 school 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 SOUTHLINGTON, CONNECTICUT

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2014
(In Thousands)

	Special Revenue									
	Cafeteria	Animal Control	Federal and State Education Grants	Police Auction	Refuse	Police Special Duty	Apple Harvest Festival	Police Forfeiture	Town Special Revenue	Child Development Center
ASSETS										
Cash and cash equivalents	\$ 404	\$ 39	\$ 260	\$ 3	\$ 56	\$ 153	\$ 187	\$ 27	\$ 207	\$
Investments										
Accounts receivable	105		145		236	370				
Due from other funds					21					
Inventories	49									
Total Assets	<u>\$ 558</u>	<u>\$ 39</u>	<u>\$ 405</u>	<u>\$ 3</u>	<u>\$ 313</u>	<u>\$ 523</u>	<u>\$ 187</u>	<u>\$ 27</u>	<u>\$ 207</u>	<u>\$ -</u>
LIABILITIES AND FUND BALANCES										
Liabilities:										
Accounts payable and accrued liabilities	\$	\$ 26	\$ 34	\$	\$ 296	\$ 12	\$ 1	\$	\$ 16	\$
Due to other funds			147							
Unearned revenue			131							
Other liabilities					13					
Total liabilities	<u>-</u>	<u>26</u>	<u>312</u>	<u>-</u>	<u>309</u>	<u>12</u>	<u>1</u>	<u>-</u>	<u>16</u>	<u>-</u>
Fund Balances:										
Nonspendable	49									
Restricted			93							
Committed	509	13		3	4	511	186	27	191	
Total fund balances	<u>558</u>	<u>13</u>	<u>93</u>	<u>3</u>	<u>4</u>	<u>511</u>	<u>186</u>	<u>27</u>	<u>191</u>	<u>-</u>
Total Liabilities and Fund Balances	<u>\$ 558</u>	<u>\$ 39</u>	<u>\$ 405</u>	<u>\$ 3</u>	<u>\$ 313</u>	<u>\$ 523</u>	<u>\$ 187</u>	<u>\$ 27</u>	<u>\$ 207</u>	<u>\$ -</u>

(Continued on next page)

TOWN OF SOUTHLINGTON, CONNECTICUT

COMBINING BALANCE SHEET (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2014
(In Thousands)

	<u>Special Revenue</u>									
	<u>Library Trust</u>	<u>Excavation Permit</u>	<u>Community Services</u>	<u>Drive-In Theatre</u>	<u>Barnes Museum Restoration</u>	<u>Recreation Programs</u>	<u>Emergency Management</u>	<u>Greenway Commons</u>	<u>Turf Field</u>	<u>Total</u>
ASSETS										
Cash and cash equivalents	\$ 101	\$ 459	\$ 78	\$ 54	\$ 119	\$ 104	\$ 14	\$ -	\$ 12	\$ 2,277
Investments										-
Accounts receivable										856
Due from other funds										21
Inventories										49
Total Assets	<u>\$ 101</u>	<u>\$ 459</u>	<u>\$ 78</u>	<u>\$ 54</u>	<u>\$ 119</u>	<u>\$ 104</u>	<u>\$ 14</u>	<u>\$ -</u>	<u>\$ 12</u>	<u>\$ 3,203</u>
LIABILITIES AND FUND BALANCES										
Liabilities:										
Accounts payable and accrued liabilities	\$ 1	\$ -	\$ 2	\$ 4	\$ 8	\$ 2	\$ -	\$ -	\$ -	\$ 402
Due to other funds										147
Unearned revenue		201								332
Other liabilities		219								232
Total liabilities	<u>1</u>	<u>420</u>	<u>2</u>	<u>4</u>	<u>8</u>	<u>2</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,113</u>
Fund Balances:										
Nonspendable										49
Restricted	100									193
Committed		39	76	50	111	102	14		12	1,848
Total fund balances	<u>100</u>	<u>39</u>	<u>76</u>	<u>50</u>	<u>111</u>	<u>102</u>	<u>14</u>	<u>-</u>	<u>12</u>	<u>2,090</u>
Total Liabilities and Fund Balances	<u>\$ 101</u>	<u>\$ 459</u>	<u>\$ 78</u>	<u>\$ 54</u>	<u>\$ 119</u>	<u>\$ 104</u>	<u>\$ 14</u>	<u>\$ -</u>	<u>\$ 12</u>	<u>\$ 3,203</u>

(Continued on next page)

TOWN OF SOUTHTON, CONNECTICUT

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2014
(In Thousands)

	<u>Debt Service</u>	<u>Permanent</u>					<u>Total</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>		
ASSETS								
Cash and cash equivalents	\$ 1,459	\$	\$	\$ 1	\$ 283	\$ 16	\$ 300	\$ 4,036
Investments		2	4		306		312	312
Accounts receivable							-	856
Due from other funds							-	21
Inventories							-	49
Total Assets	<u>\$ 1,459</u>	<u>\$ 2</u>	<u>\$ 4</u>	<u>\$ 1</u>	<u>\$ 589</u>	<u>\$ 16</u>	<u>\$ 612</u>	<u>\$ 5,274</u>
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable and accrued liabilities	\$	\$	\$	\$	\$	\$	\$ -	\$ 402
Due to other funds							-	147
Unearned revenue	1,459						-	1,791
Other liabilities							-	232
Total liabilities	<u>1,459</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,572</u>
Fund Balances:								
Nonspendable		2	4	1	589	16	612	661
Restricted							-	193
Committed							-	1,848
Total fund balances	<u>-</u>	<u>2</u>	<u>4</u>	<u>1</u>	<u>589</u>	<u>16</u>	<u>612</u>	<u>2,702</u>
Total Liabilities and Fund Balances	<u>\$ 1,459</u>	<u>\$ 2</u>	<u>\$ 4</u>	<u>\$ 1</u>	<u>\$ 589</u>	<u>\$ 16</u>	<u>\$ 612</u>	<u>\$ 5,274</u>

TOWN OF SOUTHBINGTON, CONNECTICUT

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

FOR THE YEAR ENDED JUNE 30, 2014
(In Thousands)

	Special Revenue									
	Cafeteria	Animal Control	Federal and State Education Grants	Police Auction	Refuse	Police Special Duty	Apple Harvest Festival	Police Forfeiture	Town Special Revenue	Child Development Center
Revenues:										
Contributions	\$	\$	\$	\$	\$	\$	\$ 70	\$	\$	\$
Intergovernmental	600		5,148						147	358
Charges for services	1,358	10			1,915	1,375	192	9	164	
Income on investments										
Total revenues	<u>1,958</u>	<u>10</u>	<u>5,148</u>	<u>-</u>	<u>1,915</u>	<u>1,375</u>	<u>262</u>	<u>9</u>	<u>311</u>	<u>358</u>
Expenditures:										
Current:										
General government									31	
Public safety		214				1,141		42	113	
Public works					1,914		227		11	
Health and welfare									13	
Human services									78	358
Parks and recreation									18	
Public library									1	
Education	1,853		5,124							
Total expenditures	<u>1,853</u>	<u>214</u>	<u>5,124</u>	<u>-</u>	<u>1,914</u>	<u>1,141</u>	<u>227</u>	<u>42</u>	<u>265</u>	<u>358</u>
Excess (Deficiency) of Revenues over Expenditures	<u>105</u>	<u>(204)</u>	<u>24</u>	<u>-</u>	<u>1</u>	<u>234</u>	<u>35</u>	<u>(33)</u>	<u>46</u>	<u>-</u>
Other Financing Sources (Uses):										
Transfers in		175								
Transfers out						(69)	(5)			
Total other financing sources (uses)	<u>-</u>	<u>175</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(69)</u>	<u>(5)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	105	(29)	24	-	1	165	30	(33)	46	-
Fund Balances at Beginning of Year	<u>453</u>	<u>42</u>	<u>69</u>	<u>3</u>	<u>3</u>	<u>346</u>	<u>156</u>	<u>60</u>	<u>145</u>	<u>-</u>
Fund Balances at End 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>	<u>\$ 191</u>	<u>\$ -</u>

(Continued on next page)

TOWN OF SOUTHINGTON, CONNECTICUT

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

FOR THE YEAR ENDED JUNE 30, 2014
(In Thousands)

	<u>Special Revenue</u>									
	<u>Library Trust</u>	<u>Excavation Permit</u>	<u>Community Services</u>	<u>Drive-In Theatre</u>	<u>Barnes Museum Restoration</u>	<u>Recreation Programs</u>	<u>Emergency Management</u>	<u>Greenway Commons</u>	<u>Turf Management</u>	<u>Total</u>
Revenues:										
Contributions	\$	\$	\$ 56	\$	\$ 100	\$	\$	\$	\$	\$ 226
Intergovernmental	4						376			6,633
Charges for services	14	57		65		95		8		5,262
Income on investments										-
Total revenues	<u>18</u>	<u>57</u>	<u>56</u>	<u>65</u>	<u>100</u>	<u>95</u>	<u>-</u>	<u>376</u>	<u>8</u>	<u>12,121</u>
Expenditures:										
Current:										
General government										31
Public safety										1,510
Public works		52					376			2,580
Health and welfare										13
Human services			61							497
Parks and recreation				42		82				142
Public library	14				8					23
Education										6,977
Total expenditures	<u>14</u>	<u>52</u>	<u>61</u>	<u>42</u>	<u>8</u>	<u>82</u>	<u>-</u>	<u>376</u>	<u>-</u>	<u>11,773</u>
Excess (Deficiency) of Revenues over Expenditures	<u>4</u>	<u>5</u>	<u>(5)</u>	<u>23</u>	<u>92</u>	<u>13</u>	<u>-</u>	<u>-</u>	<u>8</u>	<u>348</u>
Other Financing Sources (Uses):										
Transfers in			5							180
Transfers out										(74)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>5</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>106</u>
Net Change in Fund Balances	4	5	-	23	92	13	-	-	8	454
Fund Balances at Beginning of Year	<u>96</u>	<u>34</u>	<u>76</u>	<u>27</u>	<u>19</u>	<u>89</u>	<u>14</u>	<u>-</u>	<u>4</u>	<u>1,636</u>
Fund Balances at End of Year	<u>\$ 100</u>	<u>\$ 39</u>	<u>\$ 76</u>	<u>\$ 50</u>	<u>\$ 111</u>	<u>\$ 102</u>	<u>\$ 14</u>	<u>\$ -</u>	<u>\$ 12</u>	<u>\$ 2,090</u>

(Continued on next page)

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

FOR THE YEAR ENDED JUNE 30, 2014
(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>		
Revenues:								
Contributions	\$	\$	\$	\$	6	\$ 10	\$ 16	\$ 242
Intergovernmental							-	6,633
Charges for services							-	5,262
Income on investments			1		2		3	3
Total revenues	<u>-</u>	<u>-</u>	<u>1</u>	<u>-</u>	<u>8</u>	<u>10</u>	<u>19</u>	<u>12,140</u>
Expenditures:								
Current:								
General government							-	31
Public safety							-	1,510
Public works							-	2,580
Health and welfare							-	13
Human services							-	497
Parks and recreation							-	142
Public library						6	6	29
Education					9		9	6,986
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9</u>	<u>6</u>	<u>15</u>	<u>11,788</u>
Excess (Deficiency) of Revenues over Expenditures	<u>-</u>	<u>-</u>	<u>1</u>	<u>-</u>	<u>(1)</u>	<u>4</u>	<u>4</u>	<u>352</u>
Other Financing Sources (Uses):								
Transfers in							-	175
Transfers out							5	(69)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>106</u>
Net Change in Fund Balances	-	-	1	-	(1)	4	4	458
Fund Balances at Beginning of Year	<u>-</u>	<u>2</u>	<u>3</u>	<u>1</u>	<u>590</u>	<u>12</u>	<u>608</u>	<u>2,244</u>
Fund Balances at End of Year	<u>\$ -</u>	<u>\$ 2</u>	<u>\$ 4</u>	<u>\$ 1</u>	<u>\$ 589</u>	<u>\$ 16</u>	<u>\$ 612</u>	<u>\$ 2,702</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.

TOWN OF SOUTHLINGTON, CONNECTICUT

AGENCY FUNDS

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2014
(In Thousands)**

	<u>Balance</u> <u>July 1, 2013</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2014</u>
Student Activity Fund				
Assets:				
Cash and cash equivalents	\$ 495	\$ 1,271	\$ 1,296	\$ 470
Investments	<u>212</u>	<u> </u>	<u>60</u>	<u>152</u>
Total Assets	<u>\$ 707</u>	<u>\$ 1,271</u>	<u>\$ 1,356</u>	<u>\$ 622</u>
Liabilities:				
Fiduciary deposits	<u>\$ 707</u>	<u>\$ 1,271</u>	<u>\$ 1,356</u>	<u>\$ 622</u>
Escrow Deposit				
Assets:				
Cash and cash equivalents	<u>\$ 1,696</u>	<u>\$ 365</u>	<u>\$ 318</u>	<u>\$ 1,743</u>
Liabilities:				
Fiduciary deposits	<u>\$ 1,696</u>	<u>\$ 365</u>	<u>\$ 318</u>	<u>\$ 1,743</u>
Total All Agency Funds				
Assets:				
Cash and cash equivalents	\$ 2,191	\$ 1,636	\$ 1,614	\$ 2,213
Investments	<u>212</u>	<u>-</u>	<u>60</u>	<u>152</u>
Total Assets	<u>\$ 2,403</u>	<u>\$ 1,636</u>	<u>\$ 1,674</u>	<u>\$ 2,365</u>
Liabilities:				
Fiduciary deposits	<u>\$ 2,403</u>	<u>\$ 1,636</u>	<u>\$ 1,674</u>	<u>\$ 2,365</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									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Governmental Activities:										
Net investment in capital assets	\$ 145,586	\$ 120,862	\$ 110,992	\$ 104,035	\$ 99,125	\$ 119,767	\$ 112,125	\$ 111,260	\$ 63,374	\$ 65,692
Restricted	712	704	631	1,032	985	1,023	1,023	980	919	898
Unrestricted	6,165	7,352	5,917	6,786	1,814	(22,128)	(14,999)	(8,422)	(3,053)	(9,534)
Total governmental activities net position	152,463	128,918	117,540	111,853	101,924	98,662	98,149	103,818	61,240	57,056
Business-type Activities:										
Net investment in capital assets	44,622	45,381	46,739	47,450	47,103	44,662	33,460	31,564	30,968	30,277
Unrestricted	1,718	1,740	1,903	1,585	789	483	1,065	1,648	2,397	2,641
Total business-type activities net position	46,340	47,121	48,642	49,035	47,892	45,145	34,525	33,212	33,365	32,918
Primary Government:										
Net investment in capital assets	190,208	166,243	157,731	151,485	146,228	164,429	145,585	142,824	94,342	95,969
Restricted	712	704	631	1,032	985	1,023	1,023	980	919	898
Unrestricted	7,883	9,092	7,820	8,371	2,603	(21,645)	(13,934)	(6,774)	(656)	(6,893)
Total Primary Government Net Position	\$ 198,803	\$ 176,039	\$ 166,182	\$ 160,888	\$ 149,816	\$ 143,807	\$ 132,674	\$ 137,030	\$ 94,605	\$ 89,974

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 SOUTHBINGTON, CONNECTICUT

CHANGES IN NET POSITION

LAST TEN YEARS
(In Thousands)

	FISCAL YEAR									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Expenses:										
Governmental activities:										
General government	\$ 4,166	\$ 4,804	\$ 4,942	\$ 4,176	\$ 4,464	\$ 7,291	\$ 6,627	\$ 5,916	\$ 5,763	\$ 5,935
Public safety	19,229	19,122	20,436	18,711	17,749	16,047	16,789	12,303	10,391	10,111
Public works	13,553	10,614	11,082	9,402	9,712	9,836	10,165	9,388	8,065	5,501
Health and welfare	812	782	777	1,047	940	1,024	766	778	760	737
Human services	1,688	1,699	1,667	1,671	1,477	1,579	1,272	1,229	953	900
Parks and recreation	2,230	2,121	1,808	1,903	1,994	2,218	1,992	2,124	1,780	1,823
Public library	1,983	2,026	2,262	1,844	1,830	1,569	1,303	1,254	1,205	1,185
Planning and development	1,252	1,144	1,210	1,245	1,131	785	925	828	917	764
Employee fringe benefits								3,217	2,591	2,131
Education	106,788	99,453	99,324	94,128	92,209	89,694	106,877	81,356	77,447	71,556
Interest on long-term debt	2,474	1,958	2,370	1,621	2,060	1,697	1,931	1,697	1,688	2,088
Miscellaneous								35	370	80
Total governmental activities expenses	154,175	143,723	145,878	135,748	133,566	131,740	148,647	120,125	111,930	102,811
Business-type activities:										
Sewer	5,441	6,099	5,347	4,999	4,849	4,419	4,284	4,079	3,609	3,110
Total primary government expenses	159,616	149,822	151,225	140,747	138,415	136,159	152,931	124,204	115,539	105,921
Program revenues:										
Governmental activities:										
Charges for services:										
General government	1,926	2,133	1,220	1,085	1,332	1,323	2,136	2,216	2,582	2,394
Public safety	1,463	1,297	977	1,250	954	1,318	1,064	817	781	848
Public works	2,099	3,009	3,137	2,442	2,746	2,894	2,758	2,745	2,654	3,386
Education	2,358	2,266	2,060	1,973	1,963	1,972	1,962	1,922	1,750	1,804
Other	1,298	1,193	1,026	968	1,061	1,633	738	382	308	296
Operating grants and contributions	38,052	36,136	36,117	33,906	33,301	31,260	51,074	25,327	24,559	21,531
Capital grants and contributions	25,292	4,898	6,031	6,920	8,329	10,897	2,042	7,818	2,806	524
Total governmental activities program revenues	72,488	50,932	50,568	48,544	49,686	51,297	61,774	41,227	35,440	30,783
Business-type activities:										
Charges for services	4,359	4,480	4,355	4,297	3,727	3,058	2,655	2,256	2,309	2,396
Total business activities program revenues	4,359	4,480	4,355	4,297	3,727	3,058	2,655	2,256	2,309	2,396
Total primary government program revenues	76,847	55,412	54,923	52,841	53,413	54,355	64,429	43,483	37,749	33,179
Net expense:										
Governmental activities	(81,687)	(92,791)	(95,310)	(87,204)	(83,880)	(80,443)	(86,873)	(78,898)	(76,490)	(72,028)
Business-type activities	(1,082)	(1,619)	(992)	(702)	(1,122)	(1,361)	(1,629)	(1,823)	(1,300)	(714)
Total primary government net expense	(82,769)	(94,410)	(96,302)	(87,906)	(85,002)	(81,804)	(88,502)	(80,721)	(77,790)	(72,742)
General revenues and other changes in net position:										
Governmental activities:										
Property taxes	103,575	102,244	99,471	97,004	92,919	90,440	85,534	81,197	79,172	75,351
Grants and contributions not restricted to specific purposes	1,621	1,766	1,930	1,755	2,201	2,128	1,940	2,077	1,917	2,811
Unrestricted investment earnings	337	257	195	219	278	369	1,190	1,446	1,230	540
Miscellaneous							127	66	102	323
Transfers	(301)	(98)	(599)	(1,845)	(3,689)	(11,981)	(2,947)	(1,670)	(1,747)	(1,408)
Total governmental activities	105,232	104,169	100,997	97,133	91,709	80,956	85,844	83,116	80,674	77,617
Business-Type Activities:										
Transfers	301	98	599	1,845	3,689	11,981	2,947	1,670	1,747	1,408
Total business-type activities	301	98	599	1,845	3,689	11,981	2,947	1,670	1,747	1,408
Total primary government	105,533	104,267	101,596	98,978	95,398	92,937	88,791	84,786	82,421	79,025
Changes in net position:										
Governmental activities	23,545	11,378	5,687	9,929	7,829	513	(1,029)	4,218	4,184	5,589
Business-type activities	(781)	(1,521)	(393)	1,143	2,567	10,620	1,318	(153)	447	694
Total Primary Government	\$ 22,764	\$ 9,857	\$ 5,294	\$ 11,072	\$ 10,396	\$ 11,133	\$ 289	\$ 4,065	\$ 4,631	\$ 6,283

Notes:

(1) Schedule prepared on the accrual basis of accounting

TOWN OF SOUTHLINGTON, CONNECTICUT
FUND BALANCES, GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS
(In Thousands)

	FISCAL YEAR									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
General Fund:										
Nonspendable	\$ 64	\$ 71	\$ 84	\$ 231	\$	\$	\$	\$	\$	\$
Assigned	5,252	1,328	496	1,347						
Unassigned	16,215	18,487	16,084	13,486						
Reserved					54	426	365	255	414	560
Unreserved					13,196	12,044	9,936	9,112	8,939	7,450
Total General Fund	\$ 21,531	\$ 19,886	\$ 16,664	\$ 15,064	\$ 13,250	\$ 12,470	\$ 10,301	\$ 9,367	\$ 9,353	\$ 8,010
All other governmental funds:										
Nonspendable	\$ 661	\$ 642	\$ 589	\$ 988	\$	\$	\$	\$	\$	\$
Restricted	193	165	1,558	1,562						
Committed	2,985	2,676	2,194	1,909						
Unassigned	(8,864)									
Reserved					52	44	59	54	51	38
Unreserved, reported in:										
Special revenue funds					2,299	2,562	2,063	2,199	2,208	2,007
Capital projects funds					(21,118)	(9,117)	(5,333)	(7,536)	(2,409)	(10,074)
Permanent funds					878	775	872	826	769	747
Total All Other Governmental Funds	\$ (5,025)	\$ 3,483	\$ 4,341	\$ 4,459	\$ (17,889)	\$ (5,736)	\$ (2,339)	\$ (4,457)	\$ 619	\$ (7,282)

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 SOUTHWINGTON, CONNECTICUT
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS
(In Thousands)

	FISCAL YEAR									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Revenues:										
Property taxes	\$ 103,597	\$ 102,129	\$ 99,615	\$ 97,026	\$ 92,650	\$ 90,440	\$ 85,341	\$ 82,036	\$ 79,246	\$ 74,746
Intergovernmental	62,599	40,626	43,377	39,277	41,267	43,615	55,366	34,901	29,342	24,784
Charges for services	8,900	8,618	7,807	7,592	7,724	7,764	5,135	4,914	4,873	5,071
Income on investments	336	256	195	218	305	369	1,173	1,417	1,182	466
Other revenues	730	1,141	503	504	559	1,423	3,588	3,387	3,725	4,023
Total revenues	176,162	152,770	151,497	144,617	142,505	143,611	150,603	126,655	118,368	109,090
Expenditures:										
General government	3,838	3,672	3,610	3,265	3,037	3,018	6,030	5,641	5,833	5,405
Public safety	13,385	13,303	12,958	12,687	12,589	12,398	12,193	12,055	10,442	9,784
Public works	7,585	7,204	7,552	7,188	7,008	8,341	7,469	6,867	7,321	6,970
Health and welfare	729	702	713	880	769	720	786	766	779	739
Human resources	1,357	1,373	1,338	1,387	1,243	1,498	1,280	1,223	916	862
Parks and recreation	1,554	1,611	1,505	1,423	1,570	2,071	1,935	1,946	1,930	1,724
Public library	1,488	1,524	1,800	1,472	1,447	1,594	1,311	1,245	1,184	1,146
Planning and development	916	799	857	877	835	841	829	816	937	779
Miscellaneous	1	14	284	29	77	147	56	35	370	80
Employee fringe benefits	8,829	8,497	7,931	8,115	7,584	6,920	4,007	3,647	3,057	2,476
Education	102,618	98,040	95,922	93,163	89,674	84,567	103,840	78,249	74,727	69,592
Debt service:										
Principal	4,110	5,507	6,018	4,649	4,767	4,955	4,460	4,530	3,394	4,669
Interest	2,740	2,740	2,244	2,352	1,970	1,126	1,135	1,075	1,610	*
Capital outlay	55,092	7,980	7,996	7,041	21,444	32,083	11,195	13,622	8,799	8,413
Total expenditures	204,242	152,966	150,728	144,528	154,014	160,279	156,526	131,717	121,299	112,639
Excess (deficiency) of revenue over (under) expenditures	(28,080)	(196)	769	89	(11,509)	(16,668)	(5,923)	(5,062)	(2,931)	(3,549)
Other financing sources (uses):										
Refunding bonds issued	22,705	6,915		8,745						
Premium on refunding bonds		468		887						
Payment to refunded bond escrow agent		(7,277)		(9,515)						
Premium on general obligation bonds				329						
Issuance of notes payable				11,068						
Issuance of capital leases	720	246	713	614						
Bond proceeds				11,945	136	15,440	8,975			
Transfers in	3,579	2,069	3,471	2,895	2,766	2,912	3,527	1,947	2,007	2,240
Transfers out	(3,579)	(2,069)	(3,471)	(2,895)	(2,766)	(2,912)	(3,527)	(1,947)	(2,007)	(2,240)
Total other financing sources	23,425	352	713	24,073	136	15,440	8,975	-	-	-
Net Change in Fund Balances	\$ (4,655)	\$ 156	\$ 1,482	\$ 24,162	\$ (11,373)	\$ (1,228)	\$ 3,052	\$ (5,062)	\$ (2,931)	\$ (3,549)
Debt Service as a Percentage of Noncapital Expenditures	4.51%	5.66%	5.69%	5.01%	4.94%	4.78%	3.81%	4.50%	4.44%	4.19%

Notes:

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

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							
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%
2005	2003	1,887,186	278,006	78,224	166,670	264,203	76,627	2,597,662	28.43	3,710,946	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.

TABLE 6

TOWN OF SOUTHTON, CONNECTICUT

PRINCIPAL PROPERTY TAX PAYERS

2014 AND 2005

(In Thousands)

Taxpayer	2014			2005		
	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.	\$ 62,255	1	1.67%	\$ 30,178	1	1.16%
Yankee Gas	15,155	2	0.41%	8,793	6	0.34%
45 Newell Street (Yarde Metals)	14,420	3	0.39%	10,058	4	0.39%
Target Corporation	11,570	4	0.31%			
200 Executive Park (formerly Lexington Southington LP)	10,942	5	0.29%			
Execwest LLC (Lowe's Home Improvement)	10,681	6	0.29%			
RK Southington LLC (Galileo Queens Plaza LLC)	10,846	7	0.29%			
Twinco Corp (BJs)	10,006	8	0.27%			
Southington Route 10 Associates	9,361	9	0.25%	9,818	5	0.38%
Hartconn Corporation	9,082	10	0.24%	8,260	7	0.32%
Medex Inc (formerly Johnson & Johnson)				29,943	2	1.15%
LXPL, L.P.				10,500	3	0.40%
Southington Suites				7,752	8	0.30%
Bradley Healthcare				7,508	9	0.29%
Alzheimers Resource Center				7,484	10	0.29%
Total	\$ <u>164,318</u>		<u>4.40%</u>	\$ <u>130,294</u>		<u>5.02%</u>

Net Taxable Grand List 10/01/2012 of \$3,731,645

Net Taxable Grand List 10/01/2003 of \$2,597,663

(in thousands)

Source: Town of Southington, Office of Tax Assessor

TOWN OF SOUTHLINGTON, CONNECTICUT
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
(In Thousands)

Fiscal Year Ended June 30,	Grand List October 1,	Tax Rate In Mills	Taxes Levied For The Fiscal Year	Adjustments	Total Adjusted Levy	Collected Within the Fiscal Year of Levy		Collections In Subsequent Years	Total Collections to Date	
						Amount	Percentage of Levy		Amount	Percentage of Adjusted Levy
2014	2012	27.46	\$ 102,716	\$	\$ 102,716	\$ 101,433	98.75 %	\$	\$ 101,433	98.75 %
2013	2011	27.48	101,940	24	101,916	100,471	98.56	888	101,359	99.45
2012	2010	24.28	98,794	100	98,694	97,457	98.65	954	98,411	99.71
2011	2009	24.02	96,374	73	96,301	95,119	98.70	1,000	96,119	99.81
2010	2008	23.27	92,337	112	92,225	90,995	98.55	1,125	92,120	99.89
2009	2007	23.02	90,298	111	90,187	88,887	98.44	1,245	90,132	99.94
2008	2006	21.88	84,776	111	84,665	83,662	98.69	968	84,630	99.96
2007	2005	21.40	81,627	139	81,488	80,617	98.76	851	81,468	99.98
2006	2004	29.43	78,877	299	78,578	77,798	98.63	772	78,570	99.99
2005	2003	28.43	74,195	214	73,981	72,967	98.34	1,009	73,976	99.99

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

TOWN OF SOUTHLINGTON, CONNECTICUT

RATIOS OF OUTSTANDING DEBT BY TYPE

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

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

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

TOWN OF SOUTHTON, CONNECTICUT

LEGAL DEBT MARGIN INFORMATION

LAST TEN FISCAL YEARS

(In Thousands)

	FISCAL YEAR									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Debt limitation	\$ 724,528	\$ 715,554	\$ 696,332	\$ 678,741	\$ 649,404	\$ 631,918	\$ 596,100	\$ 575,500	\$ 555,200	\$ 518,100
Total net debt applicable to limit	<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>	<u>57,120</u>
Legal Debt Margin	\$ <u>584,460</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>	\$ <u>460,980</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	<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>	<u>11.02%</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>
2014	43,661	\$ 37,876	\$ 1,653,704,036	44.0	6,666	5.10 %
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 %
2005	41,723	32,517	1,356,706,791	41.0	6,890	4.30 %

Source:

- (1) State of Connecticut Department of Public Health as of July 1st of Prior Year.
- (2) U.S. Census Bureau, 2008-2012 American Community Survey.
- (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 2014, June 2014 is utilized as an estimate. Next year it will be replaced with the Annual Average.

TOWN OF SOUTHINGTON, CONNECTICUT

PRINCIPAL EMPLOYERS

2014 AND 2005

Employer	Nature of Business	2014			2005		
		Employees	Rank	Percentage of Total Town Employment	Employees	Rank	Percentage of Total Town Employment
Town of Southington	Municipality	1,246	1	5.06%	1,244	2	5.28%
Yarde Metals	Manufacturing	375	2	1.52%	408	3	1.73%
Connecticut On-Line Computer Company	IT	315	3	1.28%			
Southington Care Center	Health Care Practice	310	4	1.26%	280	6	1.19%
The Home Depot	Retail Chain	267	5	1.08%	110	9	0.47%
Smith's Medical (Medex)	Manufacturing	245	6	0.99%	360	5	1.53%
Hospital of Central CT: Bradley Memorial Hospital	Hospital	215	7	0.87%	400	4	1.70%
Shop Rite	Retail Chain	190	8	0.77%			
Stop & Shop	Retail Chain	182	9	0.74%			
Wal-Mart	Retail Chain	180	10	0.73%	200	7	0.85%
Hartford Insurance Group	Insurance				1,500	1	6.37%
Economy Spring and Stamping	Manufacturing				98	10	0.42%
Price Chopper	Retail Chain				200	8	0.85%
Total		<u>3,525</u>		<u>14.31%</u>	<u>4,800</u>		<u>20.39%</u>

FY 2005 Labor Force 23,545

FY 2014 Labor Force 24,639

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

Function/Program	Fiscal Year Ended									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
General government	64	60	53	58	58	57	57	55	52	50
Police	82	85	84	85	85	85	85	79	79	77
Fire	34	33	33	33	33	33	32	33	32	32
Public works	26	26	34	35	35	37	37	37	35	34
Parks and recreation	12	12	12	11	11	13	13	13	13	12
Library and Barnes	20	20	20	20	20	19	19	18	18	18
Education ⁽¹⁾	995	942	955	939	931	904	907	890	871	858
Animal Control	2	2	2	2	2	2	2	2	2	2
Sewer plant and office	12	12	12	13	13	12	13	13	12	12
Total	<u>1,246</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>	<u>1,095</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 SOUTHLINGTON, CONNECTICUT
OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

Function/Program	FISCAL YEAR									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
General government:										
Building permits issued	1,162	1,340	1,424	1,284	1,210	1,181	1,311	1,464	1,541	1,701
Police:										
Physical arrests	932	1,012	903	993	1,000	971	1,247	1,265	967	1,049
Parking violations	172	376	342	409	867	1,123	500	892	785	362
Traffic violations	6,963	6,491	8,264	9,972	10,791	9,014	8,923	8,009	7,435	6,607
Fire:										
Emergency responses/Fire calls	1,942	1,929	2,213	2,284	1,808	1,911	2,083	2,058	1,927	1,940
Inspections	502	528		2,684	2,592	2,805	1,775	2,381	2,313	2,642
Refuse collection:										
Average refuse collected (tons per day)	128	118	115	121	121	131	146	153	126	117
Average recyclables collected (tons per day)	12	13	13	14	13	11	10	8	11	11
Other public works:										
Street resurfacing (miles)	8	2	3	4	3	4	5	4	5	4
Library:										
Total volumes loaned/Combined lending	482,528	756,993	753,021	701,854	708,039	651,120	572,071	439,685	321,596	307,911
Water:										
New connections	83	85	116	74	84	112	212	127	236	133
Average daily consumption (thousands of gallons)	3,752	3,802	3,829	3,853	3,559	3,929	3,887	4,002	3,950	3,612
Wastewater:										
Average daily sewage treatment (thousands of gallons)	4,670	4,530	5,080	4,070	5,000	5,030	4,690	4,900	5,200	4,420

(1) 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 SOUTHTON, CONNECTICUT
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

Function/Program	FISCAL YEAR									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	22	22	22	22	22	23	21	21	21	21
Fire stations	4	4	4	4	4	4	4	4	4	4
Other public works:										
Streets (miles)	201	199	199	198	198	197	196	195	194	193
Streetlights	3,796	3,711	4,228	4,201	4,173	4,011	4,011	3,973	3,945	3,692
Traffic signals	9	9	6	6	6	6	5	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	199	199	196	196	195	193	190	190	190
Fire hydrants	1,416	1,420	1,405	1,384	1,358	1,345	1,301	1,268	1,268	1,260
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	140	139	139	138	138	137	137	136	135
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.