

Final Official Statement Dated May 27, 2009

NEW ISSUE: Book-Entry-Only

**RATINGS: Moody's Investors Service "A1"
Standard & Poor's Corporation "AA+"**

In the opinion of Bond Counsel, assuming the accuracy of and compliance by the Town with its representations and covenants relating to certain requirements contained in the Internal Revenue Code of 1986, as amended (the "Code"), under existing statutes, interest on the Bonds is excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Code; the Bonds are not "private activity bonds" and interest on the Bonds is not treated as a preference item for purposes of calculating the Federal alternative minimum tax, but in the case of corporations a portion of such interest may be included in alternative minimum taxable income for purposes of computing any Federal alternative minimum tax; the Bonds are "qualified tax-exempt obligations"; interest on the Bonds is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates; and interest on the Bonds is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the Federal alternative minimum tax. See Appendix B – "Opinion of Bond Counsel and Tax Exemption" herein.



Town of Southington, Connecticut **\$15,440,000** **General Obligation Bonds, Issue of 2009**

Dated: June 1, 2009

**Due: Serially on September 1, 2010 - 2028
as detailed below**

Interest on the Bonds will be payable on March 1, 2010 and semiannually thereafter on September 1 and March 1 in each year until maturity.

The Bonds are subject to redemption prior to maturity as more fully described under "Redemption Provisions" herein.

<u>Year</u>	<u>Principal</u>	<u>Coupon</u>	<u>Yield</u>	<u>CUSIP</u>	<u>Year</u>	<u>Principal</u>	<u>Coupon</u>	<u>Yield</u>	<u>CUSIP</u>
2010	\$ 1,010,000	4.000%	1.000%	844402RJ8	2020	\$ 700,000	3.250%	3.350%	844402RU3
2011	1,015,000	3.000%	1.250%	844402RK5	2021	700,000	3.375%	3.450%	844402RV1
2012	1,015,000	3.000%	1.600%	844402RL3	2022	700,000	3.500%	3.600%	844402RW9
2013	1,000,000	3.000%	1.850%	844402RM1	2023	700,000	3.625%	3.750%	844402RX7
2014	1,000,000	3.000%	2.200%	844402RN9	2024	700,000	3.750%	3.900%	844402RY5
2015	820,000	3.000%	2.400%	844402RP4	2025	700,000	4.000%	4.000%	844402RZ2
2016	820,000	3.000%	2.600%	844402RQ2	2026	700,000	4.000%	4.050%	844402SA6
2017	820,000	3.000%	2.800%	844402RR0	2027	700,000	4.000%	4.100%	844402SB4
2018*	820,000	3.500%	3.000%	844402RS8	2028	700,000	4.000%	4.150%	844402SC2
2019	820,000	3.000%	3.150%	844402RT6					

* Priced assuming redemption on September 1, 2017; however, any such redemption is at the option of the Town.

Morgan Keegan

The Bonds will be issued by means of a book-entry-only system and will be registered in the name of Cede & Co., as Bondowner and nominee for The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the Bonds. Ownership of the Bonds will be in the denominations of \$5,000 or integral multiples thereof. The Beneficial Owners will not receive certificates representing their ownership interest in the Bonds. Principal and interest on the Bonds will be payable by the Town or its agent to DTC or its nominee as registered owner of the Bonds. So long as Cede & Co. is the Bondowner as nominee for DTC, reference herein to the Bondowner or owners shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners (as defined herein) of the Bonds. See "Book-Entry-Only System" herein.

The Registrar, Transfer Agent, Paying Agent, and Certifying Agent for the Bonds will be U.S. Bank National Association, Goodwin Square, 225 Asylum Street, Hartford, Connecticut 06103.

The Bonds will be general obligations of the Town of Southington, Connecticut and the Town will pledge its full faith and credit to pay the principal of and interest on the Bonds when due.

The Bonds are offered for delivery when, as and if issued, subject to the final approving opinion of Day Pitney LLP, Bond Counsel, of Hartford, Connecticut. It is expected that delivery of the Bonds in book-entry-only form will be made to DTC in New York, New York on or about June 5, 2009.

No dealer, broker, salesman or other person has been authorized by the Town to give any information or to make any representations other than those contained in this Official Statement or any supplement which may be issued hereto, and if given or made, such other information or representations must not be relied upon as having been authorized by the Town. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

This Official Statement has been prepared only in connection with the initial offering and sale of the Bonds and may not be reproduced or used in whole or in part for any other purpose. The information, estimates and expressions of opinion in this Official Statement are subject to change without notice. Neither the delivery of this Official Statement nor any sale of the Bonds shall, under any circumstances, create any implication that there has been no material change in the affairs of the Town since the date of this Official Statement.

Set forth in Appendix A – “Excerpts from the Town’s 2008 Annual Financial Report” hereto is a copy of the report of the independent auditors for the Town with respect to the financial statements of the Town included in that appendix. The report speaks only as of its date, and only to the matters expressly set forth therein. The auditors have not been engaged to review this Official Statement or to perform audit procedures regarding the post-audit period, nor have the auditors been requested to give their consent to the inclusion of their report in Appendix A. Except as stated in their report, the auditors have not been engaged to verify the financial information set out in Appendix A and are not passing upon and do not assume responsibility for the sufficiency, accuracy or completeness of the financial information presented in that appendix.

Bond Counsel is not passing on and does not assume any responsibility for the sufficiency, accuracy or completeness of the statements made or financial information presented in this Official Statement, (other than matters expressly set forth as its opinion in Appendix B "Opinion of Bond Counsel and Tax Exemption" herein), and makes no representation that it has independently verified the same.

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Bond Issue Summary

The information in this Bond Issue Summary and the front cover page is qualified in its entirety by the detailed information and financial statements appearing elsewhere in this Official Statement. This Official Statement speaks only as of its date and the information herein is subject to change.

- Date of Sale:** Wednesday, May 27, 2009 at 11:30 A.M. (EDT).
- Location of Sale:** Office of the Town Manager, Town Hall, 75 Main Street, Southington, Connecticut 06489.
- Issuer:** Town of Southington, Connecticut (the "Town").
- Issue:** \$15,440,000 General Obligation Bonds, Issue of 2009 (the "Bonds").
- Dated Date:** June 1, 2009
- Principal and Interest Due:** Principal due serially September 1, 2010 through September 1, 2028. Interest due March 1 and September 1 in each year until maturity, commencing March 1, 2010.
- Purpose:** The Bond proceeds will be used to provide funds for various school, general purpose, and sewer projects.
- Redemption:** The Bonds are subject to redemption prior to maturity. Refer to "Redemption Provisions" herein.
- Security:** The Bonds will be general obligations of the Town of Southington, Connecticut, and the Town will pledge its full faith and credit to the payment of principal of and interest on the Bonds when due.
- Credit Rating:** The Town received an "A1" and "AA+" from Moody's Investors Service and Standard & Poor's, respectively on the Bonds.
- Bond Insurance:** The Town does not expect to purchase a credit enhancement facility.
- Basis of Award:** Lowest True Interest Cost (TIC), as of the dated date.
- Tax Exemption:** See Appendix B - "Opinion of Bond Counsel and Tax Exemption".
- Bank Qualification:** The Bonds shall be designated by the Issuer as qualified tax-exempt obligations under the provision of Section 265(b) of the Internal Revenue Code of 1986, as amended, for purposes of the deduction by financial institutions of interest expense allocable to the Bonds.
- Continuing Disclosure:** In accordance with the requirements of Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission, the Town will agree to provide, or cause to be provided, annual financial information and operating data and notices of material events with respect to the Bonds pursuant to a Continuing Disclosure Agreement to be executed by the Town substantially in the form attached as Appendix C to this Official Statement.
- Registrar, Transfer Agent, Certifying Agent, and Paying Agent:** U.S. Bank National Association, Goodwin Square, 225 Asylum Street, Hartford, Connecticut 06103.
- Financial Advisor:** Phoenix Advisors, LLC of Milford, Connecticut. Telephone (203) 878-4945.
- Legal Opinion:** Day Pitney LLP, of Hartford, Connecticut will act as Bond Counsel.
- Separate CUSIPS:** Separate CUSIP numbers for each of the Bonds is required. It shall be the responsibility of the winning bidder to obtain CUSIP numbers for the Bonds prior to delivery.
- Delivery and Payment:** It is expected that delivery of the Bonds in book-entry-only form will be made to The Depository Trust Company on or about June 5, 2009. Delivery of the Bonds will be made against payment in Federal Funds.
- Issuer Official:** Questions concerning the Official Statement should be addressed to Ms. Emilia C. Portelinha, Director of Finance, Town of Southington, Town Office Building, 75 Main Street, Southington, Connecticut 06489. Telephone (860) 276-6222.

I. Bond Information

Introduction

This Official Statement, including the cover page and appendices, is provided for the purpose of presenting certain financial information and supplementary economic and demographic data relevant to the Town of Southington, Connecticut, only in connection with the original offering and sale of \$15,440,000 General Obligation Bonds (the "Bonds") of the Town.

The Bonds are being offered for sale at public bidding. Notice of Sale dated May 18, 2009 has been furnished to prospective bidders. Reference is made to the Notice of Sale, which is included as a separate document for the terms and conditions of the bidding.

This Official Statement is not to be construed as a contract or agreement between the Town and the purchasers or holders of any of the Bonds. Any statements made in this Official Statement involving matters of opinion or estimates are not intended to be representations of fact, and no representation is made that any such opinion or estimate will be realized. No representation is made that past experience, as might be shown by financial or other information herein, will necessarily continue or be repeated in the future. All quotations from and summaries and explanations of provisions of Statutes, Charters, or other laws and acts and proceedings of the Town contained herein do not purport to be complete, are subject to repeal or amendment, and are qualified in their entirety by reference to such laws and the original official documents. All references to the Bonds and the proceedings of the Town relating thereto are qualified in their entirety by reference to the definitive form of the Bonds and such proceedings.

U.S. Bank National Association will certify and act as Registrar, Transfer Agent and Paying Agent for the Bonds.

The presentation of information in this Official Statement is intended to show recent historical trends and is not intended to indicate future or continuing trends in the financial or other positions of the Town.

See cover page for further information regarding the Official Statement.

Financial Advisor

Phoenix Advisors, LLC, of Milford, Connecticut has served as Financial Advisor to the Town with respect to the issuance of the Bonds (the "Financial Advisor"). The information in this Official Statement has been prepared by the Town of Southington, with the help of the Financial Advisor. The Financial Advisor is not obligated to undertake, and has not undertaken, either to make an independent verification of or to assume responsibility for the accuracy, completeness, or fairness of the information contained in the Official Statement and the appendices hereto.

The Financial Advisor is an independent firm and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities.

The Bonds

Description of the Bonds

The Bonds will be dated June 1, 2009 and will bear interest at the rates per annum specified on the cover page, payable semiannually on March 1 and September 1 in each year until maturity, commencing March 1, 2010. Interest will be calculated on the basis of a 360-day year, consisting of twelve 30-day months. Interest is payable to the registered owner as of the close of business on the fifteenth business day of February and August in each year, or the preceding business day if such fifteenth day is not a business day, by check mailed to the registered owner; or so long as the Bonds are registered in the name of Cede & Co., as nominee of DTC, by such other means as DTC, the Paying Agent and the Town shall agree.

Redemption Provisions

The Bonds maturing on or before September 1, 2017 are not subject to redemption prior to maturity. The Bonds maturing September 1, 2018 and thereafter are subject to redemption prior to maturity, at the election of the Town, on or after September 1, 2017, at any time, either in whole or in part in such amounts and in such order of maturity (but by lot within a maturity), as the Town may determine, at the redemption price or prices (expressed as a percentage of the principal amount of the Bonds to be redeemed), set forth in the following table, plus interest accrued and unpaid to the redemption date:

<u>Period During Which Redeemed</u>	<u>Redemption Price</u>
September 1, 2017 and thereafter	100.0%

Notice of redemption shall be given by the Town or its agent by mailing a copy of the redemption notice by first-class mail not less than thirty (30) days prior to the redemption date to the registered owner as the same shall last appear on the registration books for the Bonds. Failure to give such notice by mailing to any registered owner, or any defect therein, shall not affect the validity of the redemption of any other Bonds. Upon the giving of such notice, if sufficient funds available solely for redemption are on deposit with the Paying Agent, the Bonds or portions thereof so called for redemption will cease to bear interest after the specified redemption date.

If less than all of the Bonds of any one maturity shall be called for redemption, the particular Bonds or portions of the Bonds of such maturity to be redeemed shall be selected by lot in such manner as the Town in its discretion may determine, provided, however, that the portion of any Bonds to be redeemed shall be in the principal amount of \$5,000 or a multiple thereof and that, in selecting Bonds for redemption, each Bond shall be considered as representing that number of Bonds which is obtained by dividing the principal amount of such Bond by \$5,000.

The Town, so long as a book-entry only system is used for the Bonds, will send any notice of redemption only to DTC (or successor securities depository) or its nominee. Any failure of DTC to advise any Direct Participant, or of any Direct Participant or Indirect Participant to notify any Indirect Participant or Beneficial Owner, of any such notice and its content or effect will not affect the validity of the redemption of such Bonds called for redemption. Redemption of portions of the Bonds of any maturity by the Town will reduce the outstanding principal amount of such maturity held by DTC. In such event it is the current practice of DTC to allocate by lot, through its book-entry system, among the interest held by Direct Participants in the Bonds to be redeemed, the interest to be reduced by such redemptions in accordance with its own rules or other agreements with Direct Participants. The Direct Participants and Indirect Participants may allocate reductions of the interests in the Bonds to be redeemed held by the Beneficial Owners. Any such allocation of reductions of interests in the Bonds to be redeemed will not be governed by the determination of the Town authorizing the issuance of the Bonds and will not be conducted by the Town or the Registrar or Paying Agent.

Authorization and Purpose

Authorization: The Bonds are issued pursuant to Titles 7 and 10, as applicable, of the General Statutes of the State of Connecticut, as amended, the Charter of the Town of Southington, and bond ordinances approved by the Town’s Board of Finance and Town Council and, as applicable, the voters of the Town at referendum, more particularly described under "Proceeds of the Bonds".

Proceeds of the Bonds

The proceeds of the Bonds will finance the following projects:

<i>Project</i>	<i>Amount Authorized</i>	<i>This Issue Bonds:</i>	<i>Date of Final Approval</i>
Plantsville School Addition and Renovation.....	\$ 15,825,000	\$ 6,000,000	11/27/2006
New South End Elementary School.....	16,860,000	6,000,000	11/27/2006
Open Space Acquisition.....	2,000,000	1,300,000	10/15/2003
Sanitary Sewer Annelise, Reusner.....	300,000	300,000	11/01/2007
Spring Lake Rd Reconstruction.....	625,000	625,000	07/23/2008
East Street Realignment.....	250,000	250,000	07/23/2008
Derynoski Boiler, Windows & Auditorium Lighting Replacements and Kennedy Middle School Boilers Replacements.....	965,000	965,000	10/25/2004
Total	\$ 36,825,000	\$ 15,440,000	

School Projects

Pursuant to Section 10-287i of the Connecticut General Statutes, the State of Connecticut will provide proportional progress payments for eligible school construction expenses on projects approved after July 1, 1996.

Debt service reimbursement will continue under the prior reimbursement program for all projects approved prior to July 1, 1996. Under the old program, a municipality issues bonds for the entire amount of the school construction project and the State of Connecticut reimburses the Town for principal and interest costs for eligible school construction projects over the life of outstanding school bonds and subsequent bond issues necessary to completely fund the approved school project.

Under the new program, the State of Connecticut will make proportional progress payments for eligible construction costs during project construction. The State grant will be paid directly to the municipality after it submits its request for progress payments, and accordingly, the municipality will issue its bonds only for its share of project costs.

Book-Entry-Only System

The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered Bonds registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for each maturity of the Bonds, in the aggregate principal amount of such issue, and will be deposited with DTC.

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has Standard & Poor’s highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC’s records. The ownership interest of each actual purchaser of each Security (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on, and redemption premium, if any, with respect to the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Town or Paying Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with Bonds held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent, or the Town, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest, and redemption premium, if any, to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Town or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the Town or the Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

The Town may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Town believes to be reliable, but the Town takes no responsibility for the accuracy thereof.

DTC Practices

The Issuer can make no assurances that DTC, Direct Participants, Indirect Participants or other nominees of the Beneficial Owners of the Bonds act in a manner described in this Official Statement. DTC is required to act according to rules and procedures established by DTC and its participants which are on file with the Securities and Exchange Commission.

Replacement Bonds

In the event that: (a) DTC determines not to continue to act as securities depository for the Bonds, and the Town fails to identify another qualified securities depository for the Bonds to replace DTC; or (b) the Town determines to discontinue the book-entry system of evidence and transfer of ownership of the Bonds, the Town is authorized to issue fully registered Bond certificates directly to the Beneficial Owner. A Beneficial Owner of the Bonds, upon registration of certificates held in such Beneficial Owner's name, will become the registered owner of the Bonds.

Security and Remedies

The Bonds will be general obligations of the Town of Southington, Connecticut and the Town will pledge its full faith and credit to pay the principal of and interest on the Bonds when due.

Unless paid from other sources, the Bonds are payable from general property tax revenues. The Town has the power under Connecticut General Statutes to levy ad valorem taxes on all taxable property in the Town without limit as to rate or amount, except as to certain classified property such as certified forest land taxable at a limited rate and dwelling houses of qualified elderly persons of low income taxable at limited amounts. There was, however, no such classified property on the last completed Grand List of the Town, and, under existing statutes the State of Connecticut is obligated to pay the Town the amount of tax revenue which the Town would have received except for the limitation upon its power to tax such dwelling houses or the Town may place a lien on the property for the amount of tax relief granted plus interest.

Payment of the Bonds is not limited to property tax revenues or any other revenue source, but certain revenues of the Town may be restricted as to use and therefore may not be available to pay debt service on the Bonds.

There are no statutory provisions for priorities in the payment of general obligations of the Town. There are no statutory provisions for a lien on any portion of the tax levy or other revenues to secure the Bonds, or judgments thereon, in priority to other claims.

The Town is subject to suit on its general obligation debt (hereafter "debt") and a court of competent jurisdiction has power in appropriate proceedings to render a judgment against the Town. Courts of competent jurisdiction also have power in appropriate proceedings to order a payment of a judgment on such debt from funds lawfully available therefore or, in the absence thereof, to order the Town to take all lawful action to obtain the same, including the raising of the required amount in the next annual tax levy. In exercising their discretion as to whether to enter such an order, the courts may take into account all relevant factors including the current operating needs of the Town and the availability and adequacy of other remedies.

Enforcement of a claim for payment of principal of or interest on such debt would also be subject to the applicable provisions of Federal bankruptcy laws as well as other bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or, hereafter enacted and to the exercise of judicial discretion. Section 7-566 of the Connecticut General Statutes, amended in 1993, provides that no Connecticut municipality shall file a petition in bankruptcy without the express prior written consent of the Governor. This prohibition applies to any town, city, borough, metropolitan district or any other political subdivision of the State having the power to levy taxes and issue bonds or other obligations.

The Town has never defaulted in the payment of principal or interest on its Bonds or Notes.

Qualification for Financial Institutions

The Bonds shall be designated by the Town as qualified tax-exempt obligations under the provisions of Section 265(b) of the Internal Revenue Code of 1986, as amended, for purposes of the deduction by financial institutions for interest expense allocable to the Bonds.

Availability of Continuing Information

The Town prepares, in accordance with State law, annual independent audited financial statements and operating statements and files such annual reports with the State of Connecticut, Office of Policy and Management on an annual basis. The Town provides, and will continue to provide Fitch Investors Service, Moody's Investors Service and Standard and Poor's ongoing disclosure in the form of independent annual financial reports, adopted budgets, and other materials relating to its management and financial condition, as may be necessary or requested.

The Town will enter into a Continuing Disclosure Agreement with respect to the Bonds, substantially in the form attached as Appendix C to this Official Statement ("Form of Continuing Disclosure Agreement"), to provide or cause to be provided, in accordance with the requirements of SEC Rule 15c2-12(b)(5) (the "Rule") (i) annual financial information and operating data with respect to the Bonds, (ii) timely notice of the occurrence of certain material events with respect to the Bonds, and (iii) timely notice of a failure by the Town to provide the required annual financial information and operating data on or before the date specified in the Continuing Disclosure Agreement. The winning bidder's obligation to purchase the Bonds shall be conditioned upon it receiving, at or prior to the delivery of the Bonds, an executed copy of the Continuing Disclosure Agreement.

The Town has previously undertaken in continuing disclosure agreements entered into for the benefit of holders of certain of its general obligation bonds and notes to provide certain annual financial information and event notices pursuant to the Rule. To date, the Town has not failed to meet any of its undertakings under such agreements, except that on or before February 28, 2007 (the deadline for submitting the Town's required annual financial information and operating data filings for the fiscal year ending June 30, 2006) the Town inadvertently filed with the Nationally Recognized Municipal Securities Information Repositories (the "NRMSIRs") a draft, rather than the final, version of its Comprehensive Annual Financial Report for the fiscal year ending June 30, 2006 (the "FYE 2006 CAFR"). Promptly upon discovery of the error, the Town filed the final version of the FYE 2006 CAFR with the NRMSIRs. There are no material differences between the required annual financial information and operating data information set out in the draft FYE 2006 CAFR and that set out in the final FYE 2006 CAFR.

Ratings

Application was made to Moody's Investors Service and Standard & Poor's for a rating on the Bonds. The Town furnished the rating agencies certain information and materials, some of which may not have been included in this Official Statement. The rating, if obtained, will reflect only the views of the rating agencies and an explanation of the significance of the rating may be obtained from such rating agency. There is no assurance that the rating will continue for any given period of time or that it will not be revised or withdrawn entirely if in the judgment of such rating agency, circumstances so warrant. A revision or withdrawal of the rating may have an effect on the market price of the Bonds.

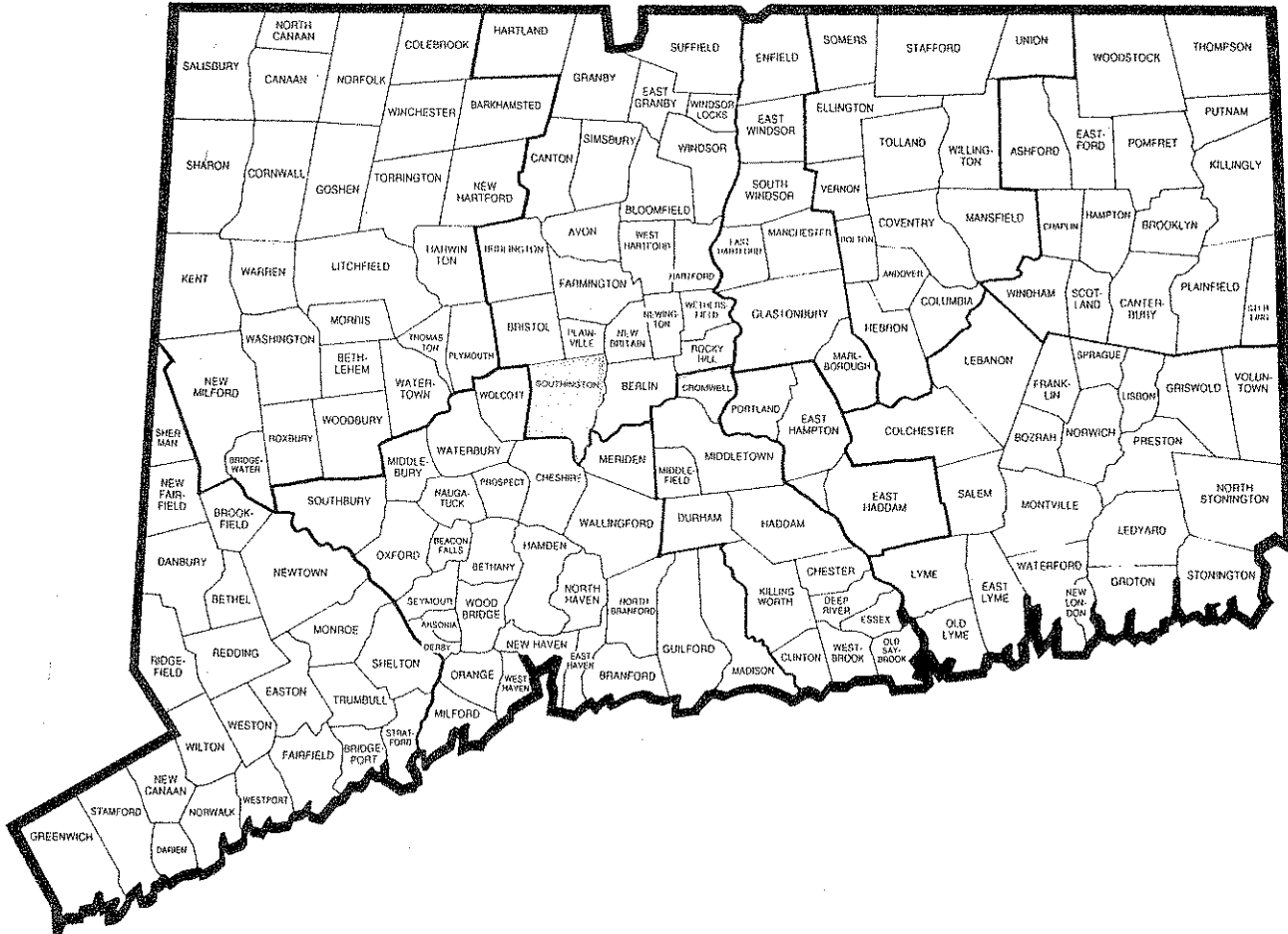
The Town expects to furnish the rating agencies with certain information and materials that the agencies may request. However, the Town may issue short-term or other debt for which a rating is not requested.

The Town received an "A1" and "AA+" rating from Moody's and Standard and Poor's respectively, on the Bonds.

Bond Insurance

The Town does not expect to purchase a credit enhancement facility for the Bonds.

II. The Issuer



Description of the Municipality

The Town of Southington was originally settled in 1698 and incorporated in 1779. Southington, which has land area of approximately 36.9 square miles and a population of 42,142, is located in Hartford County. Found in the geographical center of the State, Southington lies approximately 20 miles west of Hartford, the state capital, and nine miles east of Waterbury. Other nearby cities include Meriden, New Britain, Bristol and New Haven.

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 the Town.

Economic Development

The Town's Economic Development Coordinator 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. The recruitment and diversification effort has resulted in bringing a blend of commercial and manufacturing businesses to Southington, both to the Town's Enterprise Zone and elsewhere. The Enterprise Zone contains over 1,700 acres of land. Companies that move to the zone may qualify for local property tax abatements, some of which are reimbursed by the State of Connecticut. Other incentives for locating within the zone are reductions in state business taxes and state tax credits for job creation.

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 4.31% of the October 1, 2008 taxable Grand List vs. 16% in the mid 1990s.

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

Company	Facility	Origination
REM Chemical.....	25,300 SF Addition	Existing within Southington
Clear Automation.....	12,900 SF Addition	Existing within Southington
Washington Concrete.....	New 7,400 SF Facility	Expanding from Plainville
Jet Tool.....	New 13,000 SF Facility	Relocating from Plainville
North American Theatrics.....	New 14,600 SF Facility	Relocating from Waterbury
Donati Construction.....	New 10,000 SF Facility	Existing within Southington

The following commercial businesses have recently constructed, are renovating or have moved into existing facilities:

- Comfort Suites – new 79 room hotel on Knotter Drive
- Mohawk Construction – relocated from Newington
- Target – new 130,000 SF retail facility on Executive Boulevard
- Lowes – New 137,000 SF retail facility on Executive Boulevard
- Liberty Centre – new 21,450 SF office
- Beacon Pharmacy – relocated and redevelopment of 3,000 SF building

Other Economic Development Initiatives:

- The Town has made a large sewer investment in the West Street corridor to allow for continuing commercial and industrial development. The recent zoning change of an additional 50 acres of West Street property adjacent to the interchange from industrial to commercial has yielded significant development interest and tax revenue generation potential. Target and Lowes opened new stores. A 20,000 SF medical office facility is operational. The Planning and Zoning Commission has recently approved two hotel sites.
- Also of significant importance were the recent favorable changes to the Town regulations allowing for one half acre light industrial building lots and two acre heavy industrial lots. These changes allow for flexibility with industrial development planning, and have yielded immediate benefits. A new 20 lot industrial subdivision is currently under construction with 11 lots under contract. This industrial subdivision was built privately with no town expenditures.
- The former Leach farm property on Canal Street was successfully developed into three 2.8 acre heavy industrial lots providing significant additional revenue and employment opportunities for the Town. This project was enhanced by a Small Town Economic Assistance Program (STEAP) award of \$195,000 providing financing for a road for this project. The Westfield Drive heavy industrial subdivision was completed July 2007. System Air Supply Company moved into its 25,000 square foot building and New England Liner Systems has built a 7,000 square foot building. These companies employ approximately 35 individuals.
- The Southington Downtown Renaissance effort continues its progress with several new businesses and additional municipal parking initiatives providing for redevelopment opportunities. Meridian Development Partners, LLC is still awaiting Connecticut legislative approval naming that area a special taxing district to assist them in developing their 14 acre parcel into 263 condominiums and a 24,000 square foot retail project on the former Ideal Forging site. This infill project has the potential to transform the abandoned brownfield site into a productive and attractive downtown anchor.

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, who serves an indefinite term, is responsible for the supervision and administration of all commissions, boards, departments, offices and agencies of the Town, except those elected by the people, appointed by the Council, or appointed by a regional, State or Federal authority.

The Town Manager’s duties include executing laws and ordinances governing the Town, periodically reporting to the Council, preparing the annual report and the annual budget, and performing any other duties iterated in the Charter, Ordinances or Council Resolution.

The Director of Finance, who is appointed by the Manager, acts as purchasing agent for the Town. The Director assists the Manager in the preparation of the annual budget, processes bills for payment, and performs any additional duties detailed in the Charter.

The full-time professional staff of the Town includes a Town Manager, Assistant Town Manager, Director of Finance, Assistant Director of Finance, Assessor, Economic Development Coordinator, Director of Recreation, Town Engineer, Town Planner, Building Inspector, Highway Superintendent, Town Clerk, Tax Collector, Director of Public Works, Police Chief, and Fire Chief.

Town Officials

Office	Name	Manner of Selection	Term	Length Of Service
Council Member, Chair.....	John N. Barry	Elected	11/07-11/09	8 years
Council Member, Vice Chair....	Anthony E. D'Angelo	Elected	11/07-11/09	6 years
Council Member.....	John E. Carmody	Elected	11/07-11/09	2 years
Council Member.....	Nicholas DePaola	Elected	11/07-11/09	2 years
Council Member.....	Christopher J. Palmieri	Elected	11/07-11/09	6 years
Council Member.....	Michael A. Riccio	Elected	11/07-11/09	8 years
Council Member.....	Arthur H. Secondo	Elected	11/07-11/09	10 years
Council Member.....	Edward S. Pocock, III	Elected	11/07-11/09	2 years
Council Member.....	David Zoni	Elected	11/07-11/09	4 years
Town Manager.....	John Weichsel	Appointed	Indefinite	43 years
Town Attorney/ Assistant Town Manager.....	Mark Sciota	Appointed	Indefinite	3 years
Director of Finance.....	Emilia Portelinha	Appointed	Indefinite	5 years
Treasurer.....	Richard E. Lopatosky	Appointed	Indefinite	24 years
Economic Dev. Coordinator.....	Louis A. Perillo	Appointed	Indefinite	5 years

Source: Town of Southington

Municipal Services

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

The department also employs five supernumerary officers, two animal control personnel and a support staff that included ten civilian dispatchers, four records clerks, one maintenance person and one administrative secretary.

A new, central Police headquarters was built and completed September 2003 and includes a state of the art Centralized Dispatch Center.

Fire: Fire protection is provided by Southington's 31 career and 92 volunteer firefighters. The department, headed by the chief, consists of a central headquarters and 3 additional companies. The fire headquarters addition and renovation project was approved at referendum and completed August 2005. The department's responsibilities, other than fire fighting, include fire marshal inspections and responding to various emergencies.

Health: The Southington Health Department is staffed with a full-time Director of Health, three professional sanitarians and a secretary. The mission of the Health Department is to protect and preserve the health of the community through a number of programs of health promotion and disease prevention. 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 five bus drivers (1 F/T & 4 P/T). The Center's purpose is to serve as a resource center, providing a broad range of services and activities which meet the diverse social, physical, and intellectual needs of older adults. The Calendar House offers recreational and social services to seniors and disabled individuals.

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

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

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 Town Planner, Assistant Town Planner, Zoning Enforcement Officer, secretary and clerk typist.

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, a secretary, a senior draftsman, two Engineer Inspectors, 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) and a hiking and biking trail (11.6 acres). Also included is the Town's most recent purchase of 40 acres from the old Southington Drive-In Theatre.

Library & 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-three crew members. The department is responsible for the maintenance and repair of 194 miles of roads. Other duties include snow plowing, street sweeping, sightline improvements and operation of the transfer station. 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 six operators. Over the last several years, the Town's sewage treatment plant received an ultraviolet system upgrade and three new pump stations were built. The Town has now completed the sewer denitrification engineering phase and, at a Referendum on May 8, 2007, the Residents approved construction of a \$14.5 million denitrification plant.

Electric/Gas: Southington obtains its gas from Yankee Gas and electricity from the Connecticut Light and Power Company.

Solid Waste: Homeowners hire private contractors, who are licensed by the Town Engineer, to collect residential waste. The Town has a contract with the Bristol Resource Recovery Facility under which it pays a tipping fee of \$65.50 per ton on a minimum required 34,400 tons for fiscal year 2009 and 31,000 tons for fiscal year 2010.

Under an Inter-Community Agreement dated August 15, 1985, the Town of Southington, together with thirteen other Connecticut municipalities, formed an Operating Committee, the Bristol Resource Recovery Facility Operating Committee (BRRFOC), authorized by statute to exercise certain rights on the communities' behalf in dealing with the trash to energy plant constructed by Covanta, Inc. ("Company"). The BRRFOC governing board

consists of town officials appointed by each of the participating municipalities and assumes all management decisions for BRRFOC.

The Company operates a 650-ton per day mass burn solid waste disposal, electric power generation and resource recovery facility (the "Facility") at 229 Technology Park in Bristol, Connecticut. The Company is a subsidiary of Covanta, Inc., a Delaware Corporation ("Covanta"). The Company was formed in 1984 for the purpose of owning, designing, constructing, and operating the Facility for the processing and disposing of certain solid waste ("Acceptable Waste") from each of the City of Bristol, the Town of Berlin, the Town of Burlington, the City of New Britain, the Town of Plainville, the Town of Plymouth, the Town of Prospect, the Town of Southington, the Town of Washington, the Town of Wolcott, and the Town of Warren (such eleven municipalities being collectively referred to as the "Contracting Communities"). In addition, the Towns of Seymour, Branford and Hartland have also become contracting communities.

The project was funded from the proceeds of the Connecticut Development Authority's (the "Authority") \$73,520,000 Series 1985 Bonds loaned to the Company by the Authority. On May 15, 1995, BRRFOC issued \$68,040,000 in Solid Waste Revenue Refunding Bonds with interest rates varying from 5.20% to 6.50% to currently refund \$66,835,000 of outstanding special obligation bonds of the Authority. In April 2005, the Committee issued \$41,920,000 Solid Waste Revenue Refunding Bonds (Covanta Bristol, Inc. Project – 2005 Series) (the "Bonds") with interest rates varying from 3.00% to 5.00% to currently refund \$46,670,000 outstanding revenue bonds of the Committee, with an interest rate of 6.50%. The current refunding was undertaken to reduce total debt service costs over the period of fiscal years 2005 through 2014 by approximately \$4,300,000 and resulted in present value savings of approximately \$4,000,000.

All required federal and state permits for construction of the Facility were granted prior to the issuance of the Series 1985 Bonds. Commercial operations began in April of 1988.

Under the Service Agreement, the Company has obligated itself to accept and dispose of, using the Facility and Alternate Disposal Methods, in each contract Year at least (1) 200,000 tons per year of Acceptable Waste, (2) the sum of the billing Period Acceptance Guarantees for a Contract Year, and (3) the sum of the Tons delivered during the Contract Year and Acceptable Waste that would have been Waste but for its rejection by the Company or the Service Agreement sum of the yearly Adjusted Guarantee Facility Capacity and the amount of landfill capacity for such Contract Year. Additionally, the Company has obligated itself to operate and maintain the Facility throughout the term of the Service Agreement for a service fee paid by the Contracting Communities through BRRFOC. The Contracting Communities have agreed to use their best efforts to cause to be delivered to the Facility all Acceptable Waste generated within their boundaries up to the Annual Guaranteed Capacity of the Facility and in any event, to deliver, or cause to be delivered, to the Facility, not less than 153,300 tons of Acceptable Waste in each Contract Year. The Company and the Contracting Communities have each agreed to seek additional Acceptable Waste up to the capacity of the Facility. In the event that for any reason such additional Acceptable Waste is not available, each Contracting Community is nevertheless obligated to pay its respective portion of the Service Fee, which is currently \$65.50 per ton and will remain the same through June 30, 2010.

Waste disposal by the Company is to be provided through the operation of the Facility or by any other Alternate Disposal Method reasonably acceptable to the Contracting Communities, including permitted sanitary landfills. The Service Fee payable by each contracting Community for such waste disposal service is its pro-rata share, based on its respective tonnage deliveries of Acceptable Waste, of the sum for each monthly billing portion of (1) an amount equal to debt service on the BRRFOC Solid Waste Revenue Refunding Series 1995 Bonds; (2) the Operation and Maintenance Expense; and (3) passthrough costs, including certain taxes, insurance, and utility costs, less a credit equal to 90% of all energy revenues and with an adjustment with respect to recovered ferrous metals. Southington is committed to deliver 34,400 tons of Acceptable Waste in fiscal year 2009 and 31,000 tons in fiscal year 2010.

If the Facility is temporarily or permanently shut down and partially or completely unable to receive and process Acceptable Waste, the Company is obligated to provide waste disposal services by alternate disposal methods. In such circumstances, the Energy Credit and the Recovered Materials Adjustment will decrease.

The Company is obligated under the Service Agreement to seek to mitigate the effect of any shutdown, and the Operation and Maintenance Expense is to be adjusted to the extent the Facility is unable to receive and process Acceptable Waste, to reflect the Company's actual direct costs of alternate disposal.

For as long as the Service Agreement remains in effect, the Contracting Communities are obligated to pay the Service Fee to the Company whether or not the Contracting Communities deliver Acceptable Waste to the Facility and whether or not the Company disposes of such Acceptable Waste through the Facility. This obligation is absolute and unconditional, it is not subject to any rights of set-off, recoupment or counterclaim any contracting community may have against the Company, the Bond Indenture Trustee or any other person, and may not be

suspended or discontinued for any purpose. In the event of a payment default under the Service Agreement by any one or more of the Contracting Communities, the non-defaulting Contracting Communities are jointly and severally liable to pay such defaulted amount. Each of the Contracting Communities pledges its full faith and credit to, and is obligated to appropriate, levy taxes, or otherwise raise the funds necessary for the payment in full of all amounts at any given time due from such Contracting Community under the Project Agreement or the Service Agreement to the complete satisfaction of all obligations of such Contracting Community under such agreements.

The Contracting Communities' obligation to pay the Service Fee ceases if the Service Agreement is terminated. If the Service Agreement is terminated due to a default by the Contracting Community, the Contracting Communities are obligated to pay amounts sufficient to decrease the Bonds or pay amounts sufficient to make timely payments of principal and interest on the Bonds. If the Service Agreement is terminated due to a default by the Company, the Company is generally obligated to defease the Bonds or continue to make timely payments of principal and interest on the Bonds. If the Company does not perform its obligation under the Service Agreement and Ogden Corporation fails to perform such obligations pursuant to the Guaranty Agreement referred to below, the Contracting Communities have certain rights to terminate the Service Agreement and upon termination would be no longer obligated to pay the Service Fee.

The Company provides specific performance to the Contracting Communities under the Project Agreement and the Service Agreement. These include an Annual Acceptance Guarantee and an Energy Efficiency Guarantee of a minimum of 486.5-kilowatt hours of electricity net of in-plant use per ton of reference composition Acceptable Waste. Specific liquidated damages are payable for failure to meet performance guarantees. In the event the Company fails to demonstrate that the Facility meets the Minimal Performance Standard in Performance Tests by the end of the Extension Period which is a period of one year following the scheduled Commercial Operation Date (can be subject to extensions), the Contracting Communities have the right to terminate the Project Agreement and the Service Agreement.

The Contracting Communities have each designated, in accordance with State legislation, the Facility as the area for the disposal of municipal solid waste generated within such Contracting Communities' boundaries.

Covanta guarantees the performance of all the obligations of the Company under the Project Agreement and the Service Agreement, including its obligation upon default, pursuant to a guarantee dated as of August 1, 1985 (the "Guaranty Agreement"). The obligations of Covanta under the Guaranty Agreement are absolute and unconditional.

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Educational Services

The Southington school system services grades kindergarten through 12 and is governed by the local Board of Education. The nine members of the Southington Board of Education are elected for four year staggered terms. The primary function of the Board is to establish policy. Some of the areas for which such policies are set include curriculum, budget requests submission, ensuring funds for education as appropriated by the Town are properly expended, implementation of both State and Federal laws, and planning for facilities needed by the system, including construction and renovation.

The Town has twelve schools for grades kindergarten through 12 comprising of: one senior high school, two middle schools, and nine elementary schools. Enrollment in grades pre-kindergarten through 12 as of October 1, 2008 was 6,904. The rated capacity of the system facilities is 8,650.

School Enrollment

School Year	Historical			Total
	Pre-K-5	6 - 8	9 - 12	
2000-2001	2,899	1,679	2,088	6,666
2001-2002	2,948	1,663	2,138	6,749
2002-2003	2,953	1,703	2,086	6,742
2003-2004	3,026	1,641	2,163	6,830
2004-2005	3,057	1,623	2,210	6,890
2005-2006	3,139	1,587	2,175	6,901
2006-2007	3,177	1,587	2,232	6,996
2007-2008	3,197	1,572	2,204	6,973
2008-2009	3,191	1,559	2,154	6,904

School Year	Projected			Total
	Pre-School	K - 8	9 - 12	
2009-2010	95	4,815	2,095	7,005
2010-2011	95	4,847	2,130	7,072
2011-2012	95	4,891	2,116	7,102
2012-2013	95	4,891	2,136	7,122
2013-2014	95	4,891	2,183	7,169

Source: Town of Southington, Board of Education

School Facilities

School	Grades	Date of Construction (Additions, Remodeling)	Number of Classrooms	10/1/2008 Enrollment ¹	Rated Capacity
Southington High					
and New Vo-ag Building.....	9 - 12	1974 (1985,1987,1994,1995)	125	2,125	2,250
DePaolo Middle.....	6 - 8	1967 (1988)	44	754	900
Kennedy Middle.....	6 - 8	1964 (1988)	45	810	900
Derynoski.....	K-5	1950 (1958,1974,1993)	40	691	1,000
Flanders.....	K-5	1966	23	323	550
Hatton.....	PK-5	1953 (2001)	26	434	500
Plantsville @ North Center ²	K-5	1960	15	216	400
ALTA @ Pyne Center ²	9-12	1960	5	29	50
Plantsville.....	K-5	1961 (2008)	15	-	400
South End.....	K-5	1954 (2008 New Building)	14	213	325
Strong.....	K-5	1958 (1995,2001)	21	461	500
Thalberg.....	K-5	1959 (2001)	22	428	500
Kelley.....	K-5	1966	23	420	575
Total.....			418	6,904	8,850

¹ Special Education Students which are out-placed are included in the 10/1/2008 Enrollment

² ALTA or Alternative Education has been moved to the Pyne Center so that the Plantsville School Students & Faculty can utilize North Center School during the reconstruction/renovation.

**Employee Relations and Collective Bargaining
Municipal Employees**

	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
General Government.. ¹	263	246	241	239	238
Board of Education.....	914	910	910	895	890
Federally Funded.....	24	24	24	22	22
Total.....	1,201	1,180	1,175	1,156	1,150

¹ Includes Non-Union Management

Source: Town of Southington

Employee Relations

<u>Board of Education Groups</u>	<u>Positions Covered</u>	<u>Current Contract Expiration Date</u>
Teachers (Southington Education Association).....	567	6/30/2010
Administrators (Southington Administrators Association).....	26	6/30/2011
Custodians, Maintenance.....	44	6/30/2011
Nurses, Secretaries, Food Service (A.F.S.C.M.E.).....	110	6/30/2011
Paraprofessional (C.S.E.A.).....	167	6/30/2012
Total Unionized Board of Education Employees.....	914	
 General Government		
Town Employees (Local 1303-26 of Council #4 A.F.S.C.M.E.).....	78	6/30/2010 ^{1,2}
Highway, WPCD & Parks (Local 1303-428 of Council #4 A.F.S.C.M.E.).....	45	6/30/2010 ^{1,2}
Supervisory (UPSEU - Local 424, Unit 11).....	12	6/30/2010 ²
Police Department/Canine Officer (Law Enforcement of Southington)	61	6/30/2008 ³
Police Dispatchers (Local 1303-424 of Council #4 A.F.S.C.M.E.)...	12	6/30/2010
Fire Department (Local 2033 International Association of Firefighters).....	30	6/30/2010
Total Unionized General Government Employees.....	238	

¹ With the latest contract negotiation the Highway Department, Park and Recreation, and Sewer Plant broke off into a separate union Local 1303-428. The two unions will negotiate separate contracts effective 7/1/2009.

² AFSCME Local 1303-26, AFSCME Local 1303-428, and UPSEU Local 424 have agreed to extend their contracts one year, maintaining the same benefit levels and freezing salaries at the fiscal year 2008-09 levels in exchange for no layoffs and/or furlough days.

³ In arbitration

Source: Town of Southington

Binding Arbitration

Connecticut General Statutes Sections 7-473c, 7-474, and 10-153a to 10-153n provide for a procedure for binding arbitration of collective bargaining agreements between municipal employers and organizations representing municipal employees, including certified teachers and certain other employees. The legislative body of a municipality may reject the arbitration panel's decision by a two-thirds majority vote. The State and the employee organization must be advised in writing of the reasons for rejection. The State then appoints a new panel of either one or three arbitrators to review the decisions on each of the rejected issues. The panel must accept the last best offer of either party. In reaching its determination, the arbitration panel gives priority to the public interest and the financial capability of the municipal employer, including consideration of other demands on the financial capability of the municipal employer. Effective October 1, 1997, for binding arbitration of teachers' contracts, in assessing the financial capability of a town, there is an irrefutable presumption that a budget reserve of 5% or less is not available for payment of the cost of any items subject to arbitration. In light of the employer's financial capability, the panel considers prior negotiations between the parties, the interests and welfare of the employee group, changes in the cost of living, existing employment conditions, and wages, salaries, fringe benefits, and other conditions of employment prevailing in the labor market, including developments in private sector wages and benefits.

III. Economic and Demographic Information

Population and Density

Year	Population ¹	% Increase (Decrease)	Density ²
1970	30,946	--	838.6
1980	36,879	19.2	999.4
1990	38,518	4.4	1,043.8
2000	39,728	3.1	1,076.6
2007 ³	42,142	6.1	1,142.1

¹ 1970-2000, U.S. Department of Commerce, Bureau of Census

² Per square mile: 36.9 square miles

³ State of Connecticut Department of Public Health, July 1, 2007.

Age Distribution of the Population

	Town of Southington		State of Connecticut	
	Number	Percent	Number	Percent
Under 5.....	2,399	6.0%	223,344	6.6%
5 - 19.....	7,851	19.8	702,358	20.6
20 - 24.....	1,581	4.0	187,571	5.5
25 - 44.....	11,629	29.3	1,032,689	30.3
45 - 64.....	10,431	26.3	789,420	23.2
65 and over.....	5,837	14.7	470,183	13.8
Total.....	39,728	100.0%	3,405,565	100.0%

Source: U.S. Department of Commerce, Bureau of Census, 2000

Income Distribution

	Town of Southington		State of Connecticut	
	Families	Percent	Families	Percent
Less than \$10,000.....	536	3.6%	33,423	3.8%
\$10,000 to \$14,999.....	564	3.7	23,593	2.7
\$15,000 to \$24,999.....	1,299	8.6	63,262	7.1
\$25,000 to \$34,999.....	1,356	9.0	75,413	8.5
\$35,000 to \$49,999.....	2,105	14.0	120,134	13.6
\$50,000 to \$74,999.....	3,664	24.3	198,924	22.5
\$75,000 to \$99,999.....	2,454	16.3	141,981	16.0
\$100,000 to \$149,999.....	2,371	15.7	132,177	14.9
\$150,000 to \$199,999.....	483	3.2	42,472	4.8
\$200,000 or more.....	257	1.7	54,368	6.1
Total.....	15,089	100.0%	885,747	100.0%

Source: U.S. Department of Commerce, Bureau of Census, 2000

Income Levels

	<i>Town of Southington</i>	<i>State of Connecticut</i>
Per Capita Income, 1999.....	\$ 26,370	\$ 28,766
Per Capita Income, 1989.....	\$ 19,954	\$ 20,189
Median Family Income, 1999.....	\$ 60,538	\$ 65,521
Percent Below Poverty.....	2.2%	5.6%

Source: U.S. Department of Commerce, Bureau of Census, 2000

Educational Attainment Years of School Completed Age 25 and Over

	<i>Town of Southington</i>		<i>State of Connecticut</i>	
	<i>Number</i>	<i>Percent</i>	<i>Number</i>	<i>Percent</i>
Less than 9th grade.....	1,196	4.3%	132,917	5.8%
9th to 12th grade, no diploma.....	2,705	9.7	234,739	10.2
High School graduate (includes equivalency).....	8,841	31.6	653,300	28.5
Some college, no degree.....	5,303	19.0	402,741	17.5
Associate degree.....	2,288	8.2	150,926	6.6
Bachelor's degree.....	4,883	17.5	416,751	18.2
Graduate or professional degree.....	2,726	9.8	304,243	13.3
Total	27,942	100.0%	2,295,617	100.0%
Percent high school graduate or higher.....		86.0%		84.0%
Percent bachelor's degree or higher.....		27.2%		31.4%

Source: U.S. Department of Commerce, Bureau of Census, 2000

Major Employers As of May 1, 2009

<i>Employer</i>	<i>Type of Business</i>	<i>Approximate Number of Employees</i>
Hartford Insurance Group.....	Insurance	1,700
Town of Southington.....	Municipal Government	1,202
Hospital of Central CT: Bradley Memorial Hospital....	Hospital	429
Yarde Metals Inc.....	Manufacturing	381
Southington Care Center.....	Health Care Practice	309
Smith's Medical (Medex Inc).....	Manufacturing	282
Home Depot (2 Stores).....	Retail Chain	222
Price Chopper.....	Retail Chain	222
Wal-Mart.....	Retail Chain	213
Stop & Shop.....	Retail Chain	172

Source: Town of Southington Economic Development

Employment By Industry
Employed Persons 16 Years and Over

Sector	Town of Southington		State of Connecticut	
	Number	Percent	Number	Percent
Agriculture, forestry, fishing and hunting, and mining.....	91	0.4%	7,445	0.4%
Construction.....	1,196	5.6	99,913	6.0
Manufacturing.....	3,780	17.7	246,607	14.8
Wholesale trade.....	799	3.7	53,231	3.2
Retail trade.....	2,253	10.5	185,633	11.2
Transportation and warehousing, and utilities.....	853	4.0	64,662	3.9
Information.....	595	2.8	55,202	3.3
Finance, insurance, real estate, and rental and leasing.....	2334	10.9	163,568	9.8
Professional, scientific, management, administrative, and waste management services.....	1768	8.3	168,334	10.1
Education, health and social services.....	4,842	22.6	366,568	22.0
Arts, entertainment, recreation, accommodation and food services.....	1046	4.9	111,424	6.7
Other services (except public administration).....	881	4.1	74,499	4.5
Public Administration.....	977	4.6	67,354	4.0
Total Labor Force, Employed.....	21,415	100.0%	1,664,440	100.0%

Source: U.S. Department of Commerce, Bureau of Census, 2000

Employment Data
By Place of Residence

Period	Town of Southington		Percentage Unemployed		
	Employed	Unemployed	Town of Southington	Hartford Labor Market	State of Connecticut
March 2009.....	22,804	1,683	6.9	7.8	7.8
Annual Average					
2008	23,439	1,180	4.8	5.9	5.8
2007	23,319	969	4.0	4.7	4.6
2006	23,026	869	3.6	4.4	4.3
2005	22,442	1,008	4.3	5.1	4.9
2004	22,091	1,041	4.5	5.2	4.9
2003	22,009	1,169	5.0	5.9	5.5
2002	20,624	814	3.8	8.2	4.3
2001	20,306	615	2.9	3.3	3.3
2000	20,836	424	2.0	2.4	2.3
1999	20,131	571	2.8	3.3	3.2

Source: Department of Labor, State of Connecticut

Age Distribution of Housing

Year Built	Town of Southington		State of Connecticut	
	Units	Percent	Units	Percent
1999 to March 2000.....	322	2.1%	15,993	1.2%
1995 to 1998.....	739	4.8	47,028	3.4
1990 to 1994.....	697	4.5	56,058	4.0
1980 to 1989.....	2,316	14.9	183,405	13.2
1970 to 1979.....	3,479	22.4	203,377	14.7
1960 to 1969.....	2,743	17.6	212,176	15.3
1940 to 1959.....	3,400	21.9	359,042	25.9
1939 or earlier.....	1,861	12.0	308,896	22.3
Total Housing Units, 1999.....	15,557	100.0%	1,385,975	100.0%
Percent Owner Occupied, 1999.....		69.1%		66.8%

Source: U.S. Department of Commerce, Bureau of Census, 2000

Housing Inventory

Type	Units	Percent
1-unit, detached.....	11,037	70.9%
1-unit, attached.....	850	5.5
2 units.....	1,122	7.2
3 or 4 units.....	556	3.6
5 to 9 units.....	627	4.0
10 to 19 units.....	523	3.4
20 or more units.....	382	2.5
Mobile home.....	460	3.0
Boat, RV, van, etc.....	-	-
Total Inventory.....	15,557	100.0%

Source: U.S. Department of Commerce, Bureau of Census, 2000

Owner Occupied Housing Values

Specified Owner-Occupied Units	Town of Southington		State of Connecticut	
	Number	Percent	Number	Percent
Less than \$50,000.....	11	0.1%	5,996	0.8%
\$50,000 to \$99,999.....	638	5.9	85,221	11.7
\$100,000 to \$149,999.....	3,531	32.9	212,010	29.1
\$150,000 to \$199,999.....	3,448	32.1	156,397	21.5
\$200,000 to \$299,999.....	2,460	22.9	137,499	18.9
\$300,000 to \$499,999.....	612	5.7	79,047	10.9
\$500,000 to \$999,999.....	35	0.3	38,168	5.2
\$1,000,000 or more.....	11	0.1	13,906	1.9
Total.....	10,746	100.0%	728,244	100.0%
Median Sales Price.....		\$164,500		\$166,900

Source: U.S. Department of Commerce, Bureau of Census, 2000

Building Permits

The following schedule of building permits and their estimated values (in thousands) over the last ten years:

Fiscal Year	Residential		Comm./Industrial		Total	
	No.	Value	No.	Value	No.	Value
2008	112	\$ 8,899	18	\$ 22,968	130	\$ 31,867
2007	114	8,340	10	4,723	124	13,063
2006	122	10,676	11	10,296	133	20,972
2005	196	15,204	13	2,459	209	17,663
2004	150	14,068	7	4,800	157	18,868
2003	188	13,160	7	2,898	195	16,058
2002	212	13,680	6	3,999	218	17,679
2001	208	13,404	8	2,004	216	15,408
2000	241	14,445	11	2,443	252	16,888
1999	267	15,682	17	2,997	284	18,679
1998	190	11,160	13	2,600	203	13,760

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IV. Tax Base Data

Property Tax – Assessments

The maintenance of an equitable tax base and the location and appraisal of all real and personal property within the Town for inclusion on the Grand List is the responsibility of the Assessor. The Grand List represents the total of assessed value for all taxable real and personal property and motor vehicles located within the Town as of October 1. A Board of Assessment Appeals determines whether adjustments to the Assessor's list on assessments of real estate under appeal are warranted. Real estate assessments are computed at seventy percent (70%) of the estimated market value at the time of the last revaluation. The Town's last revaluation by physical inspection was as of October 1, 2005. The Town's next revaluation will be October 1, 2010. Section 1 of Public Act 06-148 completely revised the State Statute 12-62 which governs the periodic revaluation of real property. Periodic revaluations must be conducted once every five years with a physical or full inspection performed once every ten years. Therefore, the Town's next revaluation with full inspections will be October 1, 2015.

When a new structure, or modification to an existing structure, is undertaken, the Assessor's Office receives a copy of the permit issued by the Building Inspector. A physical appraisal is then completed and the structure classified and priced from a schedule developed as of the latest revaluation. Property depreciation and obsolescence factors are also considered when arriving at an equitable value.

Motor vehicle lists are furnished to the Town by the State of Connecticut and appraisals of motor vehicles are accomplished in accordance with an automobile price schedule developed by the Connecticut Association of Assessing Officials and as recommended by the State Office of Policy and Management. Section 12-71b of the Connecticut General Statutes (CGS) provides that motor vehicles which are registered with the Commissioner of Motor Vehicles after the October 1 assessment date but before the next August 1 are subject to a property tax as if the motor vehicle had been included on the October 1 Grand List. The tax is prorated, and the proration is based on the number of months of ownership between October 1 and the following July 31. Cars purchased in August and September are not taxed until the next October 1 Grand List. If the motor vehicle replaces a motor vehicle that was taxed on the October Grand List, the taxpayer is entitled to certain credits.

All business personal property (furniture, fixtures, equipment, computers, machinery and leased equipment) is assessed annually. An assessor's check and audit is completed periodically. Assessments for both personal property and motor vehicles are computed at 70% of present market value.

Section 12-124a of the CGS permits a municipality, upon approval by its legislative body, to abate property taxes on owner-occupied residences to the extent that the taxes exceed eight percent of the owner's total income, from any source, adjusted for self-employed persons to reflect expenses allowed in determining adjusted gross income. The owner must agree to pay the amount of taxes abated with interest at 6% per annum, or at such rate approved by the legislative body, at such time that the residence is sold or transferred or on the death of the last surviving owner. A lien for such amounts is recorded in the land records but does not take precedence over any mortgage recorded before the lien. The Town has not approved the use of this abatement provision to date.

All State of Connecticut permitted veterans and elderly tax relief programs are utilized.

Levy

Property taxes are levied on all assessed property on the Grand List of October 1 prior to the beginning of the fiscal year. Real estate taxes are payable in two installments - July 1 and January 1. Real estate taxes and personal property taxes of under \$100, and motor vehicle taxes are due in one installment in July. Supplemental motor vehicle taxes (those vehicles registered between October 2 and July 31) are due in one installment in January. Payments not received one month after the due date become delinquent. A margin against delinquencies, legal reductions, and Grand List adjustments, such as assessor errors, is provided by adjusting the Grand List downward when computing anticipated property tax revenue from the current levy. A modest estimate for delinquent taxes and outstanding interest and lien fees anticipated to be collected during the fiscal year is normally included as a revenue item in the budget. Interest is charged at the rate of one and one-half percent per month with a minimum charge of \$2.00. In accordance with State law, all interest is collected first and then taxes in the order of the oldest outstanding tax first. Real estate is liened for delinquent taxes within one year after the tax due date.

Comparative Assessed Valuations

Grand List As Of 10/1	Residential Real Property (%)	Commercial & Industrial	Other Land (%)	Personal Property (%)	Motor Vehicles (%)	Gross Taxable Grand List	Exemptions, Veterans Relief and Disabled	Net Taxable Grand List
		Real Property (%)						
2008	71.4	14.0	2.3	4.8	7.5	\$4,044,374,672	\$ 79,443,177	\$3,964,931,495
2007	71.3	13.6	2.4	4.7	8.0	4,005,649,016	85,933,937	3,919,715,079
2006	71.6	13.5	2.4	4.6	7.9	3,952,344,137	78,193,061	3,874,151,076
2005 ¹	71.6	13.3	2.7	4.6	7.8	3,910,093,433	80,087,922	3,830,005,511
2004	67.9	13.2	2.3	6.2	10.4	2,739,512,383	78,258,096	2,661,254,287
2003	68.1	13.2	2.6	6.2	9.9	2,673,520,983	75,858,475	2,597,662,508
2002	66.8	13.9	2.8	6.4	10.1	2,660,758,544	72,140,506	2,588,618,038
2001 ¹	66.7	14.1	2.7	6.5	10.0	2,603,061,613	67,273,826	2,535,787,787
2000	66.1	14.9	0.0	7.6	11.3	2,177,954,349	65,276,104	2,112,678,245
1999	66.3	15.3	0.1	7.5	10.8	2,115,507,423	51,505,307	2,064,002,116

¹ Revaluation.

Source: Town of Southington, Assessor's Office.

Connecticut General Statutes Section 12-81(72) exempts new manufacturing equipment from property taxation by the Town. The State of Connecticut will directly reimburse the Town for 100% of the foregone taxes.

Exempt Property

Public	Assessed Value¹
Regular Veterans.....	\$ 6,603,480
Additional Veterans.....	2,058,100
Additional Veterans (1/2).....	2,684,600
100% Disabled and Blind.....	312,730
Local Option Veterans (non-reimbursed).....	7,578,020
Solar Energy.....	18,000
Public buildings/property.....	-
Sub-Total Public.....	\$ 19,254,930
Private	
Agricultural or Horticultural.....	\$ 344,227
Manufacturing machinery.....	48,877,701
Enterprise zone.....	10,556,124
Miscellaneous.....	410,195
Sub-Total Private.....	60,188,247
Total Exempt Property.....	\$ 79,443,177
Percent Compared to Net Taxable Grand List.....	2.0%

¹ Net Taxable Grand List 10/1/08 of \$3,964,931,495.

Source: Town of Southington, Assessor's Office

Property Tax Levies and Collections

Grand List of 10/1	Fiscal Year Ending 6/30	Net Taxable Grand List	Mill Rate	Adjusted Annual Levy	Percent of Annual Levy Collected at End of Fiscal Year	Percent of Annual Levy Uncollected at End of Fiscal Year	Percent of Annual Levy Uncollected as of 5/1/2009
2007 ¹	2009	\$ 3,919,715,079	23.02	\$90,227,516		IN PROCESS	
2006	2008	3,874,151,076	21.88	84,775,991	98.7	1.3	0.44
2005 ²	2007	3,830,005,511	21.40	81,627,086	98.8	1.2	0.33
2004	2006	2,661,254,287	29.43	78,876,559	98.6	1.4	0.18
2003	2005	2,597,662,508	28.43	74,194,665	98.3	1.7	0.08
2002	2004	2,588,618,038	26.60	68,598,042	98.5	1.5	0.06
2001 ²	2003	2,535,787,787	25.30	64,186,658	98.3	1.7	0.03
2000	2002	2,112,678,245	28.90	61,521,000	98.4	1.6	0.02
1999	2001	2,064,002,386	26.90	55,878,000	98.0	2.0	0.02
1998	2000	1,999,598,164	26.70	54,017,000	97.8	2.2	0.02

¹ Subject to audit

² Revaluation.

Source: Town of Southington, Tax Collector

Ten Largest Taxpayers

Name of Taxpayer	Nature of Business	Taxable Valuation	Percent of Net Taxable Grand List¹
Connecticut Light & Power.....	Public Utility	\$ 49,993,802	1.26%
Lexington Southington LP.....	Insurance	20,017,938	0.50%
Galileo Queens Plaza LLC.....	Real Estate	15,453,200	0.39%
Target Corporation.....	Retail	14,345,905	0.36%
45 Newell St Assocs LLC (Yarde Metals Inc)...	Steel Processing/Distribution	13,355,287	0.34%
Medex Inc (Johnson & Johnson Medical).....	Medical/Surgical Devices	12,769,287	0.32%
Yankee Gas Service.....	Public Utility	12,734,667	0.32%
Widewaters WC5 Southington.....	Real Estate	10,850,280	0.27%
Southington Route 10 Associates.....	Real Estate	10,820,191	0.27%
Hartconn Corp.....	Real Estate	10,545,430	0.27%
Total.....		\$ 170,885,987	4.31%

¹ Net Taxable Grand List 10/1/08 of \$3,964,931,495.

Source: Town of Southington, Assessor's Office

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V. Debt Summary
Principal Amount of Indebtedness
As of June 5, 2009
(Pro Forma)

Long-Term Debt:

Date	Purpose	Interest Rate %	Original Issue	Amount Outstanding	Fiscal Year of Maturity
1991	Water ¹	5.75-6.75	\$ 2,044,000	\$ 290,000	2012
1996	General Purpose.....	4.60-6.50	701,000	138,000	2012
1996	Schools.....	4.60-6.50	737,000	147,000	2012
1996	Sewers.....	4.60-6.50	3,912,000	765,000	2012
2001	General Purpose.....	4.00-5.00	3,540,000	2,159,000	2021
2001	Schools.....	4.00-5.00	14,000,000	8,526,000	2021
2001	Sewers.....	4.00-5.00	800,000	485,000	2021
2004	General Purpose.....	3.00-5.00	9,767,000	7,314,000	2024
2004	Schools.....	3.00-5.00	1,200,000	900,000	2024
2004	Sewers.....	3.00-5.00	3,163,000	2,366,000	2024
2004	Refunding (General Purpose).....	2.00-3.25	379,000	87,000	2015
2004	Refunding (Schools).....	2.00-3.25	7,032,000	3,433,000	2015
2004	Refunding (Sewers).....	2.00-3.25	86,000	52,000	2015
2004	Refunding (Water) ¹	3.00-5.00	3,683,000	1,413,000	2012
2005	General Purpose.....	3.50-5.50	5,765,000	4,655,000	2026
2005	Schools.....	3.50-5.50	3,510,000	2,745,000	2026
2005	Sewers.....	3.50-5.50	2,900,000	2,450,000	2026
2007	Water ¹	2.32	2,484,399	2,184,201	2027
2007	General Purpose.....	4.00-5.00	3,025,000	2,775,000	2028
2007	Schools.....	4.00-5.00	2,880,000	2,450,000	2019
2007	Sewers.....	4.00-5.00	3,070,000	2,900,000	2028
	Total Outstanding Bonded Debt....		\$ 74,678,399	\$ 48,234,201	
This Issue					
2009	General Purpose.....	3.00-4.00	2,175,000	2,175,000	2029
2009	Schools.....	3.00-4.00	12,965,000	12,965,000	2029
2009	Sewers.....	3.00-4.00	300,000	300,000	2029
	Total This Issue.....		15,440,000	15,440,000	
	Grand Total.....		\$ 90,118,399	\$ 63,674,201	

¹ Water debt is self-supporting.

Short-Term Debt
As of June 5, 2009
(Pro Forma)

As of June 5, 2009, the Town has no short term debt outstanding, except for \$3,658,631 in borrowing from the State of Connecticut Drinking Water State Revolving Fund, which is self-supporting.

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Annual Bonded Debt Maturity Schedule
As of June 5, 2009
(Pro Forma)

Fiscal Year Ended 6/30	Principal Payments	Interest Payments	Total Debt Service ¹	Pro-forma		Cumulative Principal Retired %
				This Issue	Total Principal	
2010	\$ 5,029,220	\$ 1,867,065	\$ 6,896,285	\$ -	\$ 5,029,220	7.90%
2011	4,979,220	1,680,809	6,660,029	1,010,000	5,989,220	17.31%
2012	4,849,220	1,497,499	6,346,719	1,015,000	5,864,220	26.52%
2013	3,934,220	1,329,518	5,263,738	1,015,000	4,949,220	34.29%
2014	3,359,220	1,182,582	4,541,802	1,000,000	4,359,220	41.14%
2015	3,339,220	1,047,291	4,386,511	1,000,000	4,339,220	47.96%
2016	2,919,220	923,329	3,842,549	820,000	3,739,220	53.83%
2017	2,799,220	806,196	3,605,416	820,000	3,619,220	59.51%
2018	2,789,220	689,335	3,478,555	820,000	3,609,220	65.18%
2019	2,524,220	578,173	3,102,393	820,000	3,344,220	70.44%
2020	2,519,220	469,387	2,988,607	820,000	3,339,220	75.68%
2021	2,514,220	360,625	2,874,845	700,000	3,214,220	80.73%
2022	1,519,220	252,738	1,771,958	700,000	2,219,220	84.22%
2023	1,514,220	191,621	1,705,841	700,000	2,214,220	87.69%
2024	1,514,220	129,647	1,643,867	700,000	2,214,220	91.17%
2025	814,220	67,204	881,424	700,000	1,514,220	93.55%
2026	814,220	35,267	849,487	700,000	1,514,220	95.93%
2027	277,111	13,723	290,834	700,000	977,111	97.46%
2028	215,000	4,434	219,434	700,000	915,000	98.90%
2029	-	-	-	700,000	700,000	100.00%
Total....	\$ 48,223,851	\$ 13,126,443	\$ 61,350,294	\$ 15,440,000	\$ 63,663,851	

¹ Excludes principal payments of \$10,352 and interest payments of \$4,443 made between June 5, 2009 and June 30, 2009.

Overlapping/Underlying Debt

The Town of Southington does not have any overlapping or underlying debt.

**THE TOWN OF SOUTHINGTON HAS NEVER DEFAULTED IN THE PAYMENT OF
PRINCIPAL OR INTEREST ON ITS BONDS OR NOTES**

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Debt Statement
As of June 5, 2009
(Pro Forma)

Long-Term Debt Outstanding:

General Purpose (Includes \$17,128,000 Outstanding and \$2,175,000 of this Issue).....	\$19,303,000
Schools (Includes \$18,201,000 Outstanding and \$12,965,000 of this Issue).....	31,166,000
Sewers (Includes \$9,018,000 Outstanding and \$300,000 of this Issue).....	9,318,000
Water.....	3,887,201
Total Long-Term Debt	63,674,201
Short-Term Debt	3,658,631
Direct Debt	67,332,832
Underlying Debt	-
Total Overall Debt	67,332,832
Less: School Construction Grants Receivable (As of June 1, 2009).....	(1,445,544)
Self Supporting Water Debt (Long-Term and Short-Term).....	(7,545,832)
Sewer Fund Debt.....	(1,275,000)
Sewer Assessment Debt.....	(2,838,689)
Total Overall Net Debt	\$54,227,767

Current Debt Ratios
As of June 5, 2009
(Pro Forma)

Population ¹	42,142
Net Taxable Grand List (10/1/08) ²	\$ 3,964,931,495
Estimated Full Value (70%).....	\$ 5,664,187,850
Equalized Grand List (10/1/06) ³	\$ 6,045,594,484
Money Income per Capita (1990) ⁴	\$ 19,954
Money Income per Capita (2000) ⁵	\$ 26,370

	Total Overall Debt	Total Overall Net Debt
Per Capita.....	\$ 1,597.76	\$ 1,286.79
Ratio to Net Taxable Grand List.....	1.70%	1.37%
Ratio to Estimated Full Value.....	1.19%	0.96%
Ratio to Equalized Grand List.....	1.11%	0.90%
Debt per Capita to Money Income per Capita (1990)....	8.01%	6.45%
Debt per Capita to Money Income per Capita (2000)....	6.06%	4.88%

¹ State of Connecticut Department of Health estimated population as of July 1, 2007.

² Revalued 10/1/2005

³ Office of Policy and Management, State of Connecticut.

⁴ U.S. Department of Commerce, Bureau of Census, 1990.

⁵ U.S. Department of Commerce, Bureau of Census, 2000.

Bond Authorization

The Town has the power to incur indebtedness by issuing its bonds or notes as authorized by the General Statutes of the State of Connecticut subject to statutory debt limitations and the requirements of the Town Charter for the authorization of indebtedness. Under the Charter, the Board of Finance and the Town Council authorizes borrowing subject to approval by the First Selectman. The Council can override a negative vote of the Board of Finance or the First Selectman with a 2/3 majority. Such authorizations are subject to referendum upon qualifying petition timely filed.

Maturities

General obligation (serial or term) bonds are required to be payable in maturities wherein a succeeding maturity may not exceed any prior maturity by more than 50%, or aggregate annual principal and interest payments must be substantially equal. The term of the issue may not exceed twenty years, except in the case of sewer bonds, which may mature in up to thirty years.

Temporary Financing

When General Obligation bonds have been authorized, bond anticipation notes may be issued maturing in not more than two years (CGS Sec. 7-378). Temporary notes may be renewed up to ten years from their original date of issue as long as all project grant payments are applied toward payment of temporary notes when they become due and payable and the legislative body schedules principal reductions by the end of the third and each subsequent year during which such temporary notes remain outstanding in an amount equal to a minimum of 1/20th (1/30th for sewer and school projects) of the estimated net project cost (CGS Sec. 7-378a). The term of the bond issue is reduced by the amount of time temporary financing exceeds two years, or, for sewer and school projects, by the amount of time temporary financing has been outstanding.

Temporary notes must be permanently funded no later than ten years from the initial borrowing date, except for sewer or school notes issued in anticipation of state and/or federal grants. If a written commitment exists, the municipality may renew the sewer or school notes from time to time in terms not to exceed six months until such time that the final grant payments are received (CGS Sec. 7-378b).

Temporary notes may also be issued for up to 15 years for certain capital projects associated with the operation of a waterworks system (CGS Sec. 7-244a) or a sewage system (CGS Sec. 7-264a). In the first year following the completion of the project(s), or in the sixth year following the issuance of such notes (whichever is sooner), and in each year thereafter, the notes must be reduced by at least 1/15 of the total amount of the notes issued by funds derived from certain sources of payment. Temporary notes may be issued in one year maturities for up to 15 years in anticipation of sewer assessments receivable, such notes to be reduced annually by the amount of assessments received during the preceding year (CGS Sec. 7-269a).

Limitation of Indebtedness

Municipalities shall not incur indebtedness through the issuance of bonds which will cause aggregate indebtedness by class to exceed the following:

General Purposes:	2.25 times annual receipts from taxation
School Purposes:	4.50 times annual receipts from taxation
Sewer Purposes:	3.75 times annual receipts from taxation
Urban Renewal Purposes:	3.25 times annual receipts from taxation
Unfunded Past Pension Purposes:	3.00 times annual receipts from taxation

“Annual receipts from taxation” (the “base”) are defined as total tax collections (including interest and penalties) and state payments for revenue losses under CGS Section 12-129d and P.A. 87-584, Sections 3 and 4. In no case shall total indebtedness exceed seven times the base.

The statutes also provide for exclusion from the debt limit calculation debt issued in anticipation of taxes; for the supply of water, gas, electricity; for the construction of underground conduits for cables, wires and pipes; and for two or more of such purposes. There are additional exclusions for indebtedness issued in anticipation of the receipt of proceeds from assessments levied upon property benefited by any public improvement, and for indebtedness issued in anticipation of the receipt of proceeds from State or federal grants evidenced by a written commitment or contract but only to the extent such indebtedness can be paid from such proceeds.

Statement of Debt Limitation
As of June 5, 2009
(Pro Forma)

Total Tax Collections (including interest and lien fees)

Received by the Treasurer for the year ended June 30, 2008..... \$ 90,191,000

Reimbursement For Revenue Loss:

Tax relief for elderly -

Base for Debt Limitation Computation..... \$ 90,191,000

	<u>General Purpose</u>	<u>Schools</u>	<u>Sewers</u>	<u>Urban Renewal</u>	<u>Unfunded Pension</u>
Debt Limitation:					
2 1/4 times base.....	\$202,929,750	-	-	-	-
4 1/2 times base.....	-	\$405,859,500	-	-	-
3 3/4 times base.....	-	-	\$338,216,250	-	-
3 1/4 times base.....	-	-	-	\$293,120,750	-
3 times base.....	-	-	-	-	\$270,573,000
Total Debt Limitation	<u>\$202,929,750</u>	<u>\$405,859,500</u>	<u>\$338,216,250</u>	<u>\$293,120,750</u>	<u>\$270,573,000</u>

Indebtedness: ¹

Bonds Outstanding	17,128,000	18,201,000	9,018,000	-	-
Bonds – This Issue.....	2,175,000	12,965,000	300,000	-	-
Notes.....	-	-	-	-	-
Debt Authorized But Unissued.....	3,193,470	18,588,889	14,914,824	-	-
Total Indebtedness	<u>22,496,470</u>	<u>49,754,889</u>	<u>24,232,824</u>	<u>-</u>	<u>-</u>

Less:

State School Grants Receivable.....	-	(1,445,544)	-	-	-
Self-Supporting Sewer Fund Debt.....	-	-	(1,275,000)	-	-
Sewer Assessment Debt.....	-	-	(2,838,689)	-	-

Total Net Indebtedness..... 22,496,470 48,309,345 20,119,135 - -

DEBT LIMITATION IN EXCESS

OF OUTSTANDING INDEBTEDNESS..... \$180,433,280 \$357,550,155 \$318,097,115 \$293,120,750 \$270,573,000

¹ Excludes \$7,545,832 of outstanding self-supporting water debt.

Note: In no case shall total indebtedness exceed seven times annual receipts from taxation or \$631,337,000

Authorized but Unissued Debt
As of June 5, 2009
(Pro Forma)

Project	Amount Authorized	Previously Bonded/ CWF Loan	Appropriations, Transfers & Grants Received	This Issue	Authorized But Unissued Debt
General Purpose....	\$ 13,229,000	\$ 6,240,000	\$ 1,620,530	\$ 2,175,000	\$ 3,193,470
Schools.....	79,969,130	20,440,000	27,975,241	12,965,000	18,588,889
Sewers.....	22,081,000	3,758,000	3,108,176	300,000	14,914,824
Total	<u>\$ 115,279,130</u>	<u>\$ 30,438,000</u>	<u>\$ 32,703,947</u>	<u>\$ 15,440,000</u>	<u>\$ 36,697,183¹</u>

¹ Includes estimated grants receivable in the aggregate amount of \$12,794,100 of which the Town does not expect to borrow.

**Principal Amount of Outstanding Debt ¹
Last Five Fiscal Years
(000s)**

Long-Term Debt	2008	2007	2006	2005	2004
Bonds.....	\$ 48,597	\$ 43,466	\$ 47,362	\$ 38,581	\$ 41,259
Short-Term Debt					
Bond Anticipation Notes.....	-	-	-	-	-
Totals.....	\$ 48,597	\$ 43,466	\$ 47,362	\$ 38,581	\$ 41,259

¹ Does not include Water debt, compensated absences or capital lease obligations.

Source: Town of Southington Financial Reports 2004-2008.

Ratios of Net Long-Term Debt to Valuation, Population, and Income

Fiscal Year Ended	Net Assessed Value	Estimated Full Value	Net Long-Term Debt ¹	Ratio of Net Long-Term Debt to		Population ²	Net Long-Term Debt per Capita	Ratio of Net Long-Term Debt per Capita to Per Capita Income ³ (%)
				Assessed Value (%)	Estimated Full Value (%)			
2008	\$3,874,151,076	\$5,534,501,537	\$48,597,000	1.25%	0.88%	42,142	1,153.17	4.37%
2007	3,830,005,511	5,471,436,444	43,465,598	1.13%	0.79%	42,249	1,028.80	3.90%
2006	2,661,254,287	3,801,791,839	47,362,125	1.78%	1.25%	42,077	1,125.61	4.27%
2005	2,597,662,508	3,710,946,440	38,581,394	1.49%	1.04%	41,723	924.70	3.51%
2004	2,588,618,038	3,698,025,769	41,259,325	1.59%	1.12%	41,397	996.67	3.78%

¹ Long-Term debt does not include Water Debt

² State of Connecticut Department of Health

³ Bureau of Census 2000, Money Income Per Capita \$26,370.

Source: Town of Southington, Department of Finance

**Ratio of Total General Fund Debt Service Expenditures
To Total General Fund Expenditures and Transfers Out
Last Five Fiscal Years**

Fiscal Year Ended 6/30	Principal	Interest	Total Debt Service	Total General Fund Expenditures ¹	Ratio of Total Debt Service To General Fund Expenditures
2009 ²	\$ 4,452,868	\$ 1,929,751	\$ 6,382,619	\$ 120,328,000	5.30%
2008	3,844,363	1,705,138	5,549,501	140,227,000	3.96%
2007	3,896,527	1,853,449	5,749,976	111,605,000	5.15%
2006	3,394,269	1,515,912	4,910,181	107,480,000	4.57%
2005	2,677,931	1,676,534	4,354,465	99,287,000	4.39%

¹ Includes transfers out.

² Subject to audit.

Source: Town of Southington Financial Statements 2003-2008. Town of Southington, Department of Finance for 2009.

VI. Financial Administration

Fiscal Year

The Town's fiscal year begins July 1 and ends June 30.

Basis of Accounting

See footnote number 1 in "Notes to Financial Statements" of Appendix A.

Budget Procedure

Annually, the Town Manager presents the budget to the Board of Finance. After required hearings, the Board of Finance, which administers the budget, recommends its budget to the Town Council. At the annual budget meeting held in April, the Council may, by the required number of votes, reduce or increase the proposed estimated expenditures. After completing such action, the Council adopts the budget by resolution. The Board of Finance then calculates a rate of taxation on the most recent Grand List, which will produce the revenue required to preserve a balance between estimated receipts and expenditures, net of provisions for other estimated revenue and cash surplus or deficit.

Subject to the provisions of Chapter VII of the Town Charter, the Town Council, on recommendation of the Board of Finance, may appropriate at any time any unappropriated and unencumbered appropriation balance, or portion thereof, between general classifications of expenditures within an office, department or agency, up to a maximum of \$500. The Town Council must approve any transfer over \$500 from one office, department or agency to another to meet a pressing need for public expenditure. The Board of Finance and the Town Council may review the budget after recommendation by the Town Manager and certification by the Director of Finance that sufficient funds exist.

The budget is prepared on a modified accrual basis of accounting, except for the accrual of payroll. Encumbrances that are outstanding at year-end are not recorded as budgetary expenditures. The Town Council approves those items as continued appropriations in the following year's budget. Authorized continuing appropriations are presented as reservation of fund balance since the commitments will be honored in subsequent years. Encumbrances do not constitute expenditures or liabilities for generally accepted accounting principles or budgetary purposes. The control level on which expenditures may not legally exceed appropriation is the department level.

Capital Improvement Plan - Summary

The Town expects to finance the projects as set out in the following table.

<i>Project</i>	<i>Fiscal</i> 2009-10	<i>Fiscal</i> 2010-11	<i>Fiscal</i> 2011-12	<i>Fiscal</i> 2012-13	<i>Fiscal</i> 2013-14	<i>Fiscal</i> 2014-15	<i>Total</i>
Town.....	\$ 8,330,000	\$ 3,360,000	\$ 10,045,000	\$ 14,840,000	\$ 10,135,000	\$ 17,700,000	\$ 64,410,000
Waste Pollution Control Dept.....	2,400,000	700,000	1,050,000	1,200,000	1,250,000	-	6,600,000
Board of Education. ¹	1,568,246	4,658,799	2,754,753	1,694,433	3,111,956	-	13,788,187
Total	\$ 12,298,246	\$ 8,718,799	\$ 13,849,753	\$ 17,734,433	\$ 14,496,956	\$ 17,700,000	\$ 84,798,187

<i>Funding Sources</i>	<i>Fiscal</i> 2009-10	<i>Fiscal</i> 2010-11	<i>Fiscal</i> 2011-12	<i>Fiscal</i> 2012-13	<i>Fiscal</i> 2013-14	<i>Fiscal</i> 2014-15	<i>Total</i>
G.F. Appropriations - BOE.....	\$ 807,040	\$ 920,300	\$ 1,377,150	\$ 891,150	\$ 742,750	\$ -	\$ 4,738,390
G.F. Appropriations - Town	1,225,000	1,830,000	1,740,000	2,010,000	1,655,000	1,780,000	10,240,000
Sewer Fund Appropriations.....	850,000	700,000	300,000	200,000	-	-	2,050,000
Bond/Note Proceeds.....	4,166,206	4,418,499	7,822,603	6,183,283	7,669,206	7,990,000	38,249,797
Grants (balances to be bonded)....	5,250,000	850,000	2,610,000	8,450,000	4,430,000	7,930,000	29,520,000
Total Funding Sources.....	\$ 12,298,246	\$ 8,718,799	\$ 13,849,753	\$ 17,734,433	\$ 14,496,956	\$ 17,700,000	\$ 84,798,187

¹ Does not include the Middle School Building Project.

Audit

The Town, pursuant to local ordinance and provisions of the Connecticut General Statutes, is required to undergo an annual audit by an independent public accountant. The auditor is required to conduct the audit under the guidelines outlined by the State of Connecticut Office of Policy and Management, which also receives a copy of the audit report. For the fiscal year ended June 30, 2008, the financial statements of the various funds of the Town were audited by Blum Shapiro & Company, P.C. of West Hartford, Connecticut.

Liability Insurance

See Note number 8 in “Notes to Financial Statements” of Appendix A.

Pensions

See Note number 12 in “Notes to Financial Statements” of Appendix A.

Other Post Employment Benefits (OPEB)

GASB Statement 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions, generally requires that state and local governmental employers account for and report the annual cost of OPEB and the outstanding obligations and commitments related to OPEB in essentially the same manner as they currently do for pensions.

Statement 45 also establishes disclosure requirements for information about the plans in which an employer participates, the funding policy followed, the actuarial valuation process and assumptions, and, for certain employers, the extent to which the plan has been funded over time.

The Town of Southington qualified as a “phase 2” government for GASB 34, and likewise qualifies for a “phase 2” government for GASB 45. Southington will need to implement GASB 45 for periods beginning after December 15, 2007 or Fiscal Year 2008-09. The Town is in the process of having the actuarial valuation completed.

The Town does not offer retirees any post-employment benefits, although they do 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 & Hypertension and have negotiated these benefits. See Note number 11 in “Notes to Financial Statements” of Appendix A.

Investment Policy

The Town Charter and Sections 7-400 and 7-402 of the Connecticut General Statutes govern the investments the Town is permitted to acquire. Generally, the Town may invest in certificates of deposits, municipal notes and bonds, obligations of the United States of America, including joint and several obligations of the United States of America, joint and several obligations of the Federal Home Loan Mortgage Association, the Federal Savings and Loan Insurance Corporation, obligations of the United States Postal Service, all the Federal Home Loan Banks, all Federal Land Banks, the Tennessee Valley Authority, or any other agency of the United States government, mutual funds and money market mutual funds.

The Town’s investment practices have been to invest in certificate of deposits, obligations of the United States of America, the State of Connecticut Short-Term Investment Fund (STIF) and the State of Connecticut Tax Exempt Proceeds Fund. The Town Treasurer has followed these investment practices and the Town’s operating funds and capital funds are currently invested in the following short-term investments: (1) money markets with Connecticut banks; (2) the State of Connecticut Short-Term Investment Fund; and (3) the State of Connecticut Tax Exempt Proceeds Fund.

General Fund Revenues and Expenditures
Four Year Summary of Audited Revenues and Expenditures (GAAP Basis)
and Estimated Actuals and Adopted Budget (Budgetary Basis)
(In thousands)

Revenues:	Adopted Budget ¹	Estimated Actual ^{1,2}	Actual	Actual	Actual	Actual
	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05
Property Taxes	\$ 92,065	\$ 90,302	\$ 85,341	\$ 82,036	\$ 79,246	\$ 74,746
Intergovernmental	23,199	26,275	51,196	24,926	24,762	22,186
Income on Investments.....	449	446	1,177	1,338	-	-
Other	2,626	3,101	3,447	3,319	4,815	4,426
Total Revenues	118,339	120,124	141,161	111,619	108,823	101,358
Expenditures:						
General government	3,238	3,166	6,030	5,641	5,833	5,405
Public Safety	11,425	11,558	10,961	11,004	9,546	8,765
Public Works	5,024	5,501	4,923	4,288	4,675	4,633
Health and Welfare	766	770	786	766	779	739
Human Resources	791	851	783	762	628	594
Parks and Recreations	1,741	2,013	1,935	1,946	1,877	1,724
Public Library	1,372	1,410	1,268	1,207	1,184	1,099
Planning and Development	871	892	829	816	937	779
Miscellaneous	147	146	56	35	370	80
Employee Fringe Benefits	7,760	7,057	4,007	3,647	3,057	2,476
Education	76,450	77,392	99,810	74,210	71,773	66,365
Debt Service	6,204	5,921	5,312	5,336	4,782	4,367
Capital Outlays	-	-	-	-	32	21
Contingencies.....	825	-	-	-	-	-
Total Expenditures	116,614	116,677	136,700	109,658	105,473	97,047
Revenues over (under) expenditures	1,725	3,447	4,461	1,961	3,350	4,311
Other Financing Sources Uses:						
Refunding Bonds Issued.....	-	-	-	-	-	-
Payment to Refunded Bond Escrow Agent.....	-	-	-	-	-	-
Premium on Bonds.....	-	-	-	-	-	-
Operating Transfers In	495	-	-	-	-	-
Operating Transfers (Out)	(2,220)	(2,543)	(3,527)	(1,947)	(2,007)	(2,240)
Total other Financing Sources (uses)	(1,725)	(2,543)	(3,527)	(1,947)	(2,007)	(2,240)
Revenues and other financing sources over (under) expenditures and other financing (uses)	\$ -	\$ 904	\$ 934	\$ 14	\$ 1,343	\$ 2,071

Note: Estimated \$2,500,000 State Teacher's Retirement Board payment for Fiscal Years ending June 30, 2009.

Analysis of General Fund Balance

	Adopted Budget ¹	Estimated Actual ¹	Actual	Actual	Actual	Actual
	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05
Reserved.....	N/A	N/A	\$ 365	\$ 255	\$ 414	\$ 560
Unreserved-Designated.....	N/A	N/A	575	625	1,580	795
Unreserved Undesignated.....	N/A	N/A	9,361	8,487	7,359	6,655
Total Fund Balance.....	\$ -	\$ -	\$ 10,301	\$ 9,367	\$ 9,353	\$ 8,010

¹ Budgetary basis and subject to audit.

² Subject to audit.

VII. Legal And Other Information

Litigation

During the normal course of business, claims against the Town arise from personal injury suits, contract disputes, property damage claims, and other normal type claims related to a municipality. It is the opinion of the Town's attorney that the ultimate liability of the Town for these cases currently pending will not have a materially adverse effect upon the Town's financial position.

Documents Furnished At Delivery

The original purchaser of the Bonds will be furnished the following documentation when the Bonds are delivered:

1. A Signature and No Litigation Certificate stating that at the time of delivery no litigation is pending or threatened affecting the validity of the Bonds or the levy or collection of taxes to pay them.
2. A Certificate on behalf of the Town, signed by the Town Manager, Town Treasurer and Director of Finance which will be dated the date of delivery and attached to a signed copy of the Official Statement, and which will certify, to the best of said officials' knowledge and belief, that at the time bids on the Bonds were accepted the descriptions and statements in the Official Statement relating to the Town and its finances were true and correct in all material respects and did not contain any untrue statement of a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, and that there has been no material adverse change in the financial condition of the Town from that set forth in or contemplated by the Official Statement.
3. A receipt for the purchase price of the Bonds.
4. The approving opinion of Day Pitney LLP, Bond Counsel, of Hartford, Connecticut.
5. An executed Continuing Disclosure Agreement for the Bonds in substantially the form attached hereto as Appendix C to this Official Statement.
6. The Town of Southington has prepared an Official Statement for the Bonds which is dated May 18, 2009. The Town deems such Official Statement final as of its date for purposes of SEC Rule 15c2-12 (b)(1), but it is subject to revision or amendment. The Town will make available to the winning bidder(s) of each series of Bonds one hundred (100) copies of the final Official Statement at the Town's expense. The copies of the Official Statement will be made available to the winning bidder(s) at the office of the Town's financial advisor no later than seven business days of the bid opening. If the Town's financial advisor is provided with the necessary information from the winning purchaser by noon of the day following the day bids on the Bonds are received, the copies of the final Official Statement will include an additional cover page and other pages indicating the interest rates, yields or reoffering prices, the name of the managing underwriter, the name of the insurer, if any, and any changes on the Securities. The purchaser shall arrange with the financial advisor the method of delivery of the copies of the Official Statement to the purchaser.

A record of the proceedings taken by the Town in authorizing the Bonds will be kept on file at offices of U.S. Bank National Association, and may be examined upon reasonable request.

Concluding Statement

To the extent that any statements made in this Official Statement involve matters of opinion or estimates, such statements are made as such and not as representations of fact or certainty, and no representation is made that any of such statements will be realized. Information herein has been derived by the Town from official and other sources and is believed by the Town to be reliable, but such information other than that obtained from official records of the Town has not been independently confirmed or verified by the Town and its accuracy is not guaranteed.

This Official Statement has been duly prepared and delivered by the Town, and executed for and on behalf of the Town by the following officials:

TOWN OF SOUTHLINGTON, CONNECTICUT

By: /s/ John Weichsel
John Weichsel, *Town Manager*

By: /s/ Emilia Portelinha
Emilia Portelinha, *Director of Finance*

By: /s/ Richard E. Lopatosky
Richard E. Lopatosky, *Treasurer*

Dated: May 27, 2009

Appendix A

2008 Financial Statements Excerpted from the Town's Comprehensive Annual Financial Report

The following includes the General Purpose Financial Statements of the Town of Southington, Connecticut for the fiscal year ended June 30, 2008. The supplemental data that was a part of that report has not been reproduced herein. A copy of the complete report is available upon request from Matthew A. Spoerndle, Managing Director, Phoenix Advisors, 53 River Street, Suite 3, Milford, Connecticut 06460. Telephone (203) 878-4945.

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TOWN OF SOUTHTON, CONNECTICUT
COMPREHENSIVE ANNUAL FINANCIAL REPORT

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Independent Auditors' Report

To the Board of Finance
Town of Southington
Southington, Connecticut

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Southington, Connecticut, as of and for the year ended June 30, 2008 which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

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

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

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

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

Blum, Shapiro & Company, P.C.

February 4, 2009

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

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

FINANCIAL HIGHLIGHTS

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

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of a series of financial statements. The statement of net assets and the statement of activities (Exhibits I and II, respectively) provide information about the activities of the Town as a whole and present a longer-term view of the Town's finances. Fund financial statements are presented in Exhibits III to IX. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the Town's operations in more detail than the government-wide statements by providing information about the Town's most significant funds. The remaining statements provide financial information about activities for which the Town acts solely as a trustee or agent for the benefit of those outside of the government.

Government-Wide Financial Statements

The analysis of the Town as a whole begins on Exhibits I and II. The statement of net assets and the statement of activities report information about the Town as a whole and about its activities for the current period. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Town's net assets and changes in them. The Town's net assets, the difference between assets and liabilities, is one way to measure the Town's financial health or financial position. Over time, increases or decreases in the Town's net assets are one indicator of whether its financial health is improving or deteriorating. The reader needs to consider other nonfinancial factors, however, such as changes in the Town's property tax base and the condition of the Town's capital assets, to assess the overall health of the Town.

In the statement of net assets and the statement of activities, we divide the Town into two types of activities as follows:

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

Fund Financial Statements

The fund financial statements begin with Exhibit III and provide detailed information about the most significant funds - not the Town as a whole. Some funds are required to be established by Charter. However, the Town Council establishes many other funds to help control and manage financial activities for particular purposes (like the Police Special Duty Fund) or to show that it is meeting legal responsibilities for using grants and other money (like grants received by the Federal and State Educational Grants Fund). The Town's funds are divided into three categories: governmental, proprietary and fiduciary.

- *Governmental Funds (Exhibits III and IV)* - Most of the Town's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Town's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs. The relationship (or differences) between governmental activities (reported in the statement of net assets and the statement of activities) and governmental funds is described in a reconciliation at the bottom of the fund financial statements.
- *Proprietary Funds (Exhibits V, VI and VII)* - When the Town charges customers for the services it provides, whether to outside customers or to other units of the Town, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the statement of net assets and the statement of activities. In fact the Town's enterprise funds (a component of proprietary funds) are the same as the business-type activities reported in the government-wide statements, but provide more detail and additional information, such as cash flows, for proprietary funds. Internal service funds (the other component of proprietary funds) are used to report activities that provide supplies and services for the Town's other programs and activities - such as the Town's Medical Claims Fund.
- *Fiduciary Funds (Exhibits VIII and IX)* - The Town accounts for resources held for the benefit of parties outside the government in fiduciary funds. All of the Town's fiduciary activities are reported in separate statements of fiduciary net assets and changes in fiduciary net assets. These funds are not reflected in the government-wide financial statements because the Town cannot use these assets to finance its operations. The Town is responsible for ensuring that the assets reported in these funds are used for their intended purposes. The Town had one pension trust fund (which was closed during fiscal 2008) and currently has two agency funds

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

**TABLE 1
NET ASSETS
In Thousands**

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

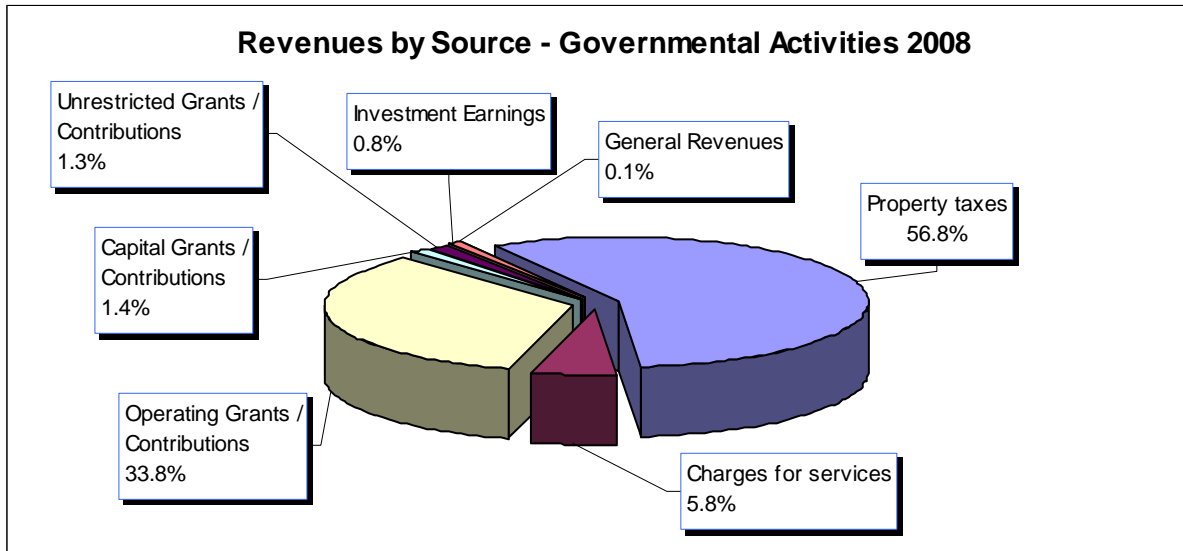
Net assets of the Town’s governmental activities decreased by 1.0% (\$98.1 million compared to \$99.2 million). Unrestricted net assets - the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements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

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

TABLE 2
CHANGES IN NET ASSETS
In Thousands

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

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



Governmental Activities

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

Major revenue factors included:

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

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

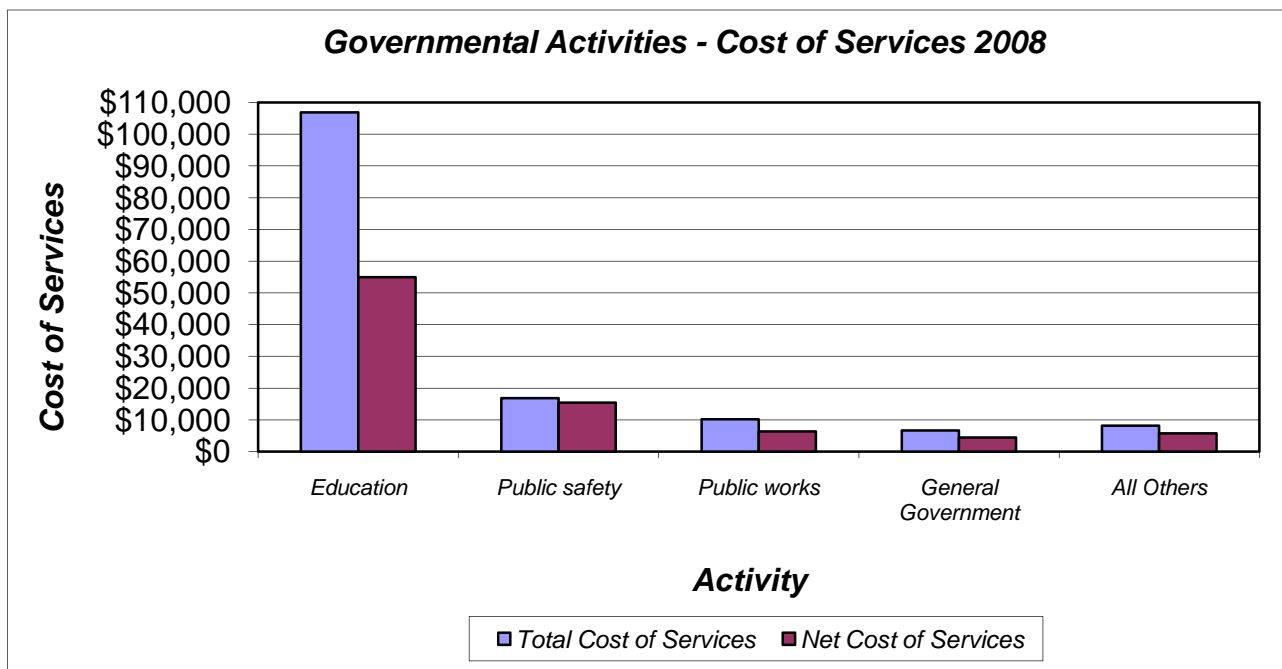
Total program expenses increased by \$28.5 million or 23.7% over last year. Education expenses increased 31.4%, town operating expenses increased 7.5% and interest on long term debt increased 13.8%.

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

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

**TABLE 3
GOVERNMENTAL ACTIVITIES
In Thousands**

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



Business-type Activities

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

TOWN FUNDS FINANCIAL ANALYSIS

Governmental Funds

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

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

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

General Fund

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

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

Proprietary Funds

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

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

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

General Fund Budgetary Highlights

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

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

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

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

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

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

This year's major additions included:

Governmental:

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

Business Type:

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

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

More detailed information about the Town's capital assets is presented in Note 1 and Note 5 to the financial statements.

Long-Term Debt

At June 30, 2008 the Town had \$51.0 million in bonds outstanding versus \$46.5 million last year - an increase of \$4.5 million or 9.7% - as shown in Table 5.

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

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

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

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

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

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

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

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

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

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

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

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

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

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

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

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

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

CONTACTING THE TOWN'S FINANCIAL MANAGEMENT

This financial report is designed to provide citizens, taxpayers, customers, investors and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Emilia C. Portelinha, Finance Director, Town of Southington, 75 Main Street, Southington, Connecticut 06489.

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Basic Financial Statements

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TOWN OF SOUTHLINGTON, CONNECTICUT

STATEMENT OF NET ASSETS

JUNE 30, 2008

(In Thousands)

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

The accompanying notes are an integral part of the financial statements

TOWN OF SOUTHTON, CONNECTICUT

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2008

(In Thousands)

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

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The accompanying notes are an integral part of the financial statements

TOWN OF SOUTHLINGTON, CONNECTICUT

BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2008

(In Thousands)

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

(Continued on next page)

TOWN OF SOUTHLINGTON, CONNECTICUT

BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)

JUNE 30, 2008

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

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

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

The accompanying notes are an integral part of the financial statements

TOWN OF SOUTHLINGTON, CONNECTICUT

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDSFOR THE YEAR ENDED JUNE 30, 2008
(In Thousands)

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

(Continued on next page)

TOWN OF SOUTHLINGTON, CONNECTICUT

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

FOR THE YEAR ENDED JUNE 30, 2008

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

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

Net change in fund balances - total governmental funds (Exhibit IV)	\$ 3,052
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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	9,662
Depreciation expense	(4,995)

Donations of capital assets increase net assets in the statement of activities, but do not appear in the governmental funds because they are not financial resources.	341
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The statement of activities reports losses arising from the trade-in of existing capital assets to acquire new capital assets. Conversely, governmental funds do not report any gain or loss on a trade-in of capital assets.	(64)
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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	(462)
Property tax receivable - accrual basis change	148
Property tax interest and lien revenue - accrual basis change	45
Sewer assessment receivable - accrual basis change	(131)
Sewer assessment interest receivable - accrual change	(4)
Net pension asset	(86)

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

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

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds:

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

Internal service funds are used by management to charge costs to individual funds. The net revenue of certain activities of internal services funds is reported with governmental activities.	<u>(522)</u>
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Change in Net Assets of Governmental Activities (Exhibit II)	<u>\$ (1,024)</u>
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The accompanying notes are an integral part of the financial statements

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

JUNE 30, 2008
(In Thousands)

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

The accompanying notes are an integral part of the financial statements

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

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

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

The accompanying notes are an integral part of the financial statements

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

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

The accompanying notes are an integral part of the financial statements

TOWN OF SOUTHLINGTON, CONNECTICUT

STATEMENT OF FIDUCIARY NET ASSETS - FIDUCIARY FUNDS

JUNE 30, 2008

(In Thousands)

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

The accompanying notes are an integral part of the financial statements

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

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

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

The accompanying notes are an integral part of the financial statements

TOWN OF SOUTHLINGTON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS

(amounts expressed in thousands)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Town of Southington, Connecticut (the Town) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant policies of the Town are described below.

A. Reporting Entity

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

Related Organizations

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

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

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the Town. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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

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

Governmental Funds

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

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

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

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

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

Proprietary Funds

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

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

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

Fiduciary Funds

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

Pension Trust Fund accounts for the Police Department Retirement Fund.

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

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

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

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

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

The Town reports the following major governmental funds:

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

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

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

Additionally, the Town reports the following fund types:

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

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

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

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes and other charges between certain Town's functions because the elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Sewer Fund and of the Town's Internal Service Fund are charges to customers for sales and services. Operating expenses for the enterprise fund and the internal service fund include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Deposits and Investments

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

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

Investments for the Town are reported at fair value.

E. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances." All trade and property tax receivables are shown net of an allowance for uncollectibles. The property taxes receivable allowance of \$241 is equal to 12.4% of outstanding property taxes at June 30, 2008.

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

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

F. Inventories and Prepaid Items

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

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

G. Capital Assets

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

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

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

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

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

H. Compensated Absences

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

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

I. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of any significant applicable bond premium or discount. Significant bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

J. Fund Equity

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

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

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

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

Additional Appropriations and Transfers:

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

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

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

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

B. Deficit Fund Equity

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

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

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

3. CASH, CASH EQUIVALENTS AND INVESTMENTS

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

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

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

A. Cash and Cash Equivalents

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

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

Deposits

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

Custodial Credit Risk - Custodial credit risk is the risk that in the event of a bank failure, the Town’s deposits may not be returned to it. The Town does not have a deposit policy for custodial credit risk. Of the June 30, 2008 bank balance, \$814 was covered by federal depository insurance. Connecticut General Statutes require that each depository maintain segregated collateral (not required to be based on a security agreement between the depository and the municipality and, therefore, not perfected in accordance with Federal law) in an amount equal to a defined percentage of its public deposits based upon the depository’s risk based capital ratio. A minimum of \$1,562, based on June 30, 2008 deposits, was collateralized (collateral held by the pledging bank’s trust department is not in the Town’s name). The balance of deposits of \$14,058 was uninsured and uncollateralized.

Cash Equivalents

Cash equivalents are short-term, highly liquid investments that are both readily convertible to known amounts of cash and purchased within 90 days of maturity. At June 30, 2008 the Town’s cash equivalents amounted to \$377. The following table provides a summary of the Town’s cash equivalents (excluding U.S. government guaranteed obligations) as rated by nationally recognized statistical rating organizations.

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

B. Investments

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

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

Portfolio weighted average maturity for interest-bearing investments .41

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

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

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

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

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

Custodial Credit Risk - Custodial credit risk for an investment is the risk that, in the event of the failure of the counterparty (the institution that pledges collateral or repurchase agreement securities to the Town or that sells investments to or buys them for the Town), the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. At June 30, 2008 the Town’s investments, other than open-end mutual funds and other pooled accounts that are not categorized as to custodial credit risk, were uninsured and unregistered securities held by the counterparty, or by its trust department or agent, and were not in the Town’s name.

4. RECEIVABLES

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

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

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

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

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

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

5. CAPITAL ASSETS

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

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

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

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

Construction Commitments

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

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

The commitments are being financed as follows:

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

6. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

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

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

Interfund transfers:

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

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

7. LONG-TERM DEBT

Changes in Long-Term Liabilities

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

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

*As restated - see Note 9

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

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

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

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

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

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

Capital Leases

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

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

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

Clean Water Funds

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

8. RISK MANAGEMENT

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

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

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

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

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

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

Interlocal Risk Pool

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

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

9. FUND BALANCE - RESERVATIONS AND DESIGNATIONS

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

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

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

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

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

Restatements

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

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

10. SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES

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

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

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

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

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

11. POSTEMPLOYMENT BENEFITS

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

12. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS

Police Pension Trust Fund

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

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

Municipal Employees' Retirement System

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

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

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

Teachers' Retirement

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

The Board of Education withholds 7.25% of all teachers' annual salaries and transmits the funds to the State Teachers' Retirement Board.

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

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

13. LITIGATION

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

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**Required Supplementary
Information**

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TOWN OF SOUTHLINGTON, CONNECTICUT

GENERAL FUND

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

FOR THE YEAR ENDED JUNE 30, 2008

(In Thousands)

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

(Continued on next page)

TOWN OF SOUTHLINGTON, CONNECTICUT

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

FOR THE YEAR ENDED JUNE 30, 2008

(In Thousands)

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

(Continued on next page)

TOWN OF SOUTHLINGTON, CONNECTICUT

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

FOR THE YEAR ENDED JUNE 30, 2008

(In Thousands)

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

Budgetary revenues are different than GAAP revenues because:

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

27,670

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

\$ 141,161

TOWN OF SOUTHLINGTON, CONNECTICUT

GENERAL FUND

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

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

(Continued on next page)

TOWN OF SOUTHLINGTON, CONNECTICUT

GENERAL FUND

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

FOR THE YEAR ENDED JUNE 30, 2008

(In Thousands)

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

(Continued on next page)

TOWN OF SOUTHTON, CONNECTICUT

GENERAL FUND

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

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

(Continued on next page)

TOWN OF SOUTHLINGTON, CONNECTICUT

GENERAL FUND

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

FOR THE YEAR ENDED JUNE 30, 2008

(In Thousands)

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

(Continued on next page)

TOWN OF SOUTHTON, CONNECTICUT

GENERAL FUND

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

FOR THE YEAR ENDED JUNE 30, 2008

(In Thousands)

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

(Continued on next page)

TOWN OF SOUTHLINGTON, CONNECTICUT

GENERAL FUND

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

FOR THE YEAR ENDED JUNE 30, 2008

(In Thousands)

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

(Continued on next page)

TOWN OF SOUTHLINGTON, CONNECTICUT

GENERAL FUND

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

FOR THE YEAR ENDED JUNE 30, 2008

(In Thousands)

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

(Continued on next page)

TOWN OF SOUTHLINGTON, CONNECTICUT

GENERAL FUND

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

FOR THE YEAR ENDED JUNE 30, 2008

(In Thousands)

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

(Continued on next page)

TOWN OF SOUTHLINGTON, CONNECTICUT

GENERAL FUND

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

FOR THE YEAR ENDED JUNE 30, 2008

(In Thousands)

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

(Continued on next page)

TOWN OF SOUTHLINGTON, CONNECTICUT

GENERAL FUND

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

FOR THE YEAR ENDED JUNE 30, 2008

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

(Continued on next page)

TOWN OF SOUTHLINGTON, CONNECTICUT

GENERAL FUND

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

FOR THE YEAR ENDED JUNE 30, 2008

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

Appendix B

Opinion of Bond Counsel and Tax Exemption

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APPENDIX B - OPINION OF BOND COUNSEL AND TAX EXEMPTION

The following information has been prepared by Bond Counsel in connection with this bond issue. Bond Counsel are not passing upon and do not assume responsibility for the accuracy or completeness of the statements made in the Official Statement (other than matters in this Appendix), and they make no representation that they have independently verified the same.

BOND COUNSEL OPINION

The legal opinion of the firm of Day Pitney LLP of Hartford, Connecticut, Bond Counsel, will be furnished to the successful bidder when the Bonds are delivered, and a copy of the legal opinion will be included in the record of proceedings of the Town authorizing the Bonds. The opinion will be dated and given on and will speak only as of the date of original delivery of the Bonds to the successful bidder.

The opinion of Day Pitney LLP with respect to the Bonds will be substantially in the following form:

[FORM OF BOND COUNSEL OPINION]

(date of closing)

Town of Southington
Southington, Connecticut

We have represented the Town of Southington, Connecticut as Bond Counsel in connection with the issuance by the Town of \$15,440,000 General Obligation Bonds, Issue of 2009, dated as of June 1, 2009.

We have examined a record of proceedings authorizing the Bonds, and based on our examination, we are of the opinion that the Town of Southington is authorized to issue the Bonds; the Town is duly and legally organized; all proper proceedings for the issuance and delivery of the Bonds have been taken; no limitation of indebtedness under the laws of the State of Connecticut has been exceeded in the issuance of the Bonds; the Bonds will be valid and binding general obligations of the Town when certified as provided thereon by a duly authorized official of U.S. Bank National Association; and the Town has the power to levy ad valorem taxes to pay the Bonds against all the taxable property in the Town without limit as to rate or amount except certified forest land taxable at a limited rate pursuant to Section 12-97 of the General Statutes of Connecticut, Revision of 1958, as amended, and dwelling houses of qualified elderly people of low income taxable at limited amounts pursuant to Section 12-129b of said General Statutes or Public Act No. 06-176.

It is to be understood that the rights of the holders of the Bonds and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted and to the exercise of judicial discretion.

The Internal Revenue Code of 1986, as amended (the "Code"), establishes certain requirements that must be met in order that interest on the Bonds is excluded from gross income for Federal income tax purposes. The Town officials authorized to issue the Bonds have executed written representations and agreements on behalf of the Town relating to compliance with such provisions of the Code to ensure that the interest on the Bonds will be excluded from gross income for Federal income tax purposes. The representations and agreements also provide that the Bonds are designated or deemed designated as "qualified tax-exempt obligations" for purposes of the deduction for Federal income tax purposes by financial institutions of a portion of interest expense allocable to tax-exempt obligations.

Based on such representations and agreements and on the record of proceedings authorizing the Bonds, and assuming the accuracy of such representations and compliance with such agreements, it is our opinion that, under existing statutes: (1) interest on the Bonds is excluded from gross income for Federal income tax purposes pursuant

to Section 103 of the Code; (2) interest on the Bonds is not treated as a preference item for purposes of calculating the Federal alternative minimum tax and is not taken into account in the calculation of adjusted current earnings for purposes of the Federal alternative minimum tax imposed on corporations; and (3) the Bonds are "qualified tax-exempt obligations" for purposes of the deduction for Federal income tax purposes by financial institutions of a portion of interest expense allocable to tax-exempt obligations.

Based on the record of proceedings authorizing the Bonds, it is our opinion that, under existing statutes: (1) interest on the Bonds is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates; and (2) interest on the Bonds is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the Federal alternative minimum tax.

Very truly yours,

Day Pitney LLP

FEDERAL INCOME TAX.

Interest Excluded From Gross Income. The Internal Revenue Code of 1986, as amended (the "Code") establishes certain requirements that must be met in order that interest on the Bonds is excluded from the gross income of the owners thereof for Federal income tax purposes. Some of these requirements must be continuously met subsequent to delivery of the Bonds. Failure to comply with any of these requirements may cause the interest on the Bonds to be includable in gross income for Federal income tax purposes retroactively to the date of their issuance irrespective of the date on which such noncompliance occurs.

The Town officials authorized to issue the Bonds will enter into a Tax Compliance Agreement in connection with the delivery of the Bonds, which will contain certain representations and covenants on behalf of the Town relating to compliance with such requirements of the Code to ensure that the interest on the Bonds will be excluded from the gross income of the owners thereof for Federal income tax purposes.

Alternative Minimum Tax. The Code imposes an alternative minimum tax on individuals and an alternative minimum tax on corporations. The alternative minimum tax is imposed on alternative minimum taxable income, which includes preference items. The Code also provides that for most corporations a portion of the excess of adjusted current earnings (which includes certain tax-exempt interest) over other alternative minimum taxable income will be included in alternative minimum taxable income for purposes of calculating the corporation's alternative minimum tax. The interest on certain tax-exempt bonds issued in calendar years 2009 and 2010 is excluded from treatment as a preference item for purposes of the Federal alternative tax and from being taken into account in the calculation of adjusted current earnings for purposes of the Federal alternative minimum tax imposed on corporations. The Town's Tax Compliance Agreement will contain certain representations to ensure that interest on the Bonds is not treated as a preference item for individuals or corporations or included in the calculation of adjusted current earnings for corporations in calculating alternative minimum taxable income.

Financial Institutions. The Code provides that commercial banks, thrift institutions and certain other financial institutions may not deduct the portion of their interest expense allocable to tax-exempt obligations acquired after August 7, 1986, other than "qualified tax-exempt obligations". The Town's Tax Compliance Agreement will contain certain representations and covenants to ensure that the Bonds will be "qualified tax-exempt obligations" for purposes of the deduction for Federal income tax purposes by financial institutions of a portion of interest expense allocable to tax-exempt obligations.

Additional Federal Income Tax Matters. In addition to the matters addressed above, prospective purchasers of the Bonds should be aware that the ownership of tax-exempt obligations, such as the Bonds, may result in collateral Federal income tax consequences to certain taxpayers, including without limitation, taxpayers otherwise eligible for the earned income credit, recipients of Social Security and certain Railroad Retirement benefits, taxpayers that may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, financial institutions, certain insurance companies, certain S corporations and foreign corporations subject to the branch profits tax. Prospective purchasers of the Bonds may also wish to consult with their tax advisors with respect to the need to furnish certain taxpayer information in order to avoid backup withholding.

STATE OF CONNECTICUT TAX ON INTEREST.

The opinion of Bond Counsel will state in substance that, based on the record of proceedings authorizing the Bonds, under existing statutes: (1) interest on the Bonds is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates; and (2) interest on the Bonds is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the Federal alternative minimum tax.

Interest on the Bonds is included in gross income for purposes of the Connecticut corporation business tax.

Owners of the Bonds should consult their tax advisors with respect to other applicable state and local tax consequences of ownership of the Bonds and the disposition thereof, including the extent to which gains and losses from the sale or exchange of the Bonds held as capital assets reduce and increase, respectively, amounts taken into account in computing the Connecticut income tax on individuals, trusts and estates and may affect the net Connecticut minimum tax on such taxpayers who are also required to pay the Federal alternative minimum tax.

ORIGINAL ISSUE DISCOUNT.

The initial public offering price of certain of the Bonds may be less than the amount payable on the Bonds at maturity. The excess of the amount payable at maturity over the initial public offering price at which a substantial amount of such Bonds are sold constitutes original issue discount. Any prices set forth on the cover page of the Official Statement may or may not reflect the prices at which a substantial amount of the Bonds were ultimately sold to the public.

The discussion in this paragraph applies to those Bonds having original issue discount. Under Section 1288 of the Code, the amount of original issue discount treated as having accrued with respect to any such bond during each day it is owned by a taxpayer is added to the cost basis of such owner for purposes of determining gain or loss upon the sale or other disposition of such bond by such owner. Accrued original issue discount on a bond is excluded from gross income of the owners thereof for Federal income tax purposes. Accrued original issue discount on a bond is also excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates and is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the Federal alternative minimum tax. Original issue discount on any bond is treated as accruing on the basis of economic accrual for such purposes, computed by a constant semiannual compounding method using the yield to maturity on such bond. The original issue discount attributable to any bond for any particular semiannual period is equal to the excess of the product of (i) one-half of the yield to maturity of such bond and (ii) the amount which would be the adjusted basis of the bond at the beginning of such semiannual period if held by the original owner and purchased by such owner at the initial public offering price, over the interest payable on such bond during such period. The amount so treated as accruing during each semiannual period is apportioned in equal amounts among the days in that period to determine the amount of original issue discount accruing for such purposes during each such day. Owners of Bonds having original issue discount, and especially any owner who is not an original owner of a bond who bought the bond at its initial public offering price, should consult their tax advisors with respect to the Federal and state income tax consequences of the disposition of such Bonds.

ORIGINAL ISSUE PREMIUM.

The initial public offering price of certain of the Bonds may be greater than the amount payable on the Bonds at maturity. The excess of the initial public offering price at which a substantial amount of such Bonds are sold over the amount payable thereon at maturity constitutes original issue premium. Any prices set forth on the cover page of the Official Statement may or may not reflect the prices at which a substantial amount of the Bonds were ultimately sold to the public.

The discussion in this paragraph applies to those Bonds having original issue premium. Under Sections 1016 and 171 of the Code, the amount of original issue premium treated as having amortized with respect to any bond during each day it is owned by a taxpayer is subtracted from the cost basis of such owner for purposes of determining gain or loss upon the sale or other disposition of such bond by such owner. Original issue premium on any bond is treated as amortizing on the basis of the taxpayer's yield to maturity on such bond using the taxpayer's cost basis and a constant semiannual compounding method. As a consequence of the resulting cost basis reduction, under certain circumstances an owner of a bond acquired with original issue premium may realize a taxable gain upon disposition thereof even though it is sold or redeemed for an amount equal to or less than such owner's original cost of acquiring the bond. Amortized original issue premium on a bond is not allowed as a deduction from gross income for Federal income tax purposes. Amortized original issue premium on a bond also does not reduce Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates and does not reduce amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the Federal alternative minimum tax. Owners of Bonds having original issue premium, and especially any owner who is not an original owner of a bond who bought the bond at its initial public offering price, should consult their tax advisors with respect to the Federal and state income tax consequences of the disposition of such Bonds.

GENERAL.

Bond Counsel has not undertaken to advise in the future whether any events after the date of issuance of the Bonds may affect the tax status of interest on the Bonds. Legislation affecting municipal bonds is regularly under consideration by the United States Congress. No assurance can be given that future Federal legislation enacted or proposed after the date of issuance of the Bonds will not have an adverse effect on the tax-exempt status or market price of the Bonds or will not change the effect of other Federal tax law consequences discussed above of owning and disposing of the Bonds. No assurance can be given that future legislation, or amendments to the State income tax law, if enacted into law, will not contain provisions which could, directly or indirectly, reduce the benefit of the exclusion of the interest on the Bonds or any gain made on the sale or exchange thereof from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates.

The information above does not purport to deal with all aspects of Federal or State of Connecticut taxation that may be relevant to a particular owner of the Bonds. Prospective owners of the Bonds, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the Federal, state and local tax consequences of owning and disposing of the Bonds, including any tax consequences arising under the laws of any other state or other taxing jurisdiction.

Appendix C

Form of Continuing Disclosure Agreement

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APPENDIX C - FORM OF CONTINUING DISCLOSURE AGREEMENT FOR BONDS

In accordance with the requirements of Rule 15c2-12 promulgated by the Securities and Exchange Commission, the Town will agree, pursuant to a Continuing Disclosure Agreement for Bonds to be executed by the Town substantially in the following form, to provide, or cause to be provided, (i) annual financial information and operating data, (ii) timely notice of the occurrence of certain material events with respect to the Bonds and (iii) timely notice of a failure by the Town to provide the required annual financial information on or before the date specified in the Continuing Disclosure Agreement for Bonds.

Continuing Disclosure Agreement for Bonds

This Continuing Disclosure Agreement for Bonds ("Agreement") is made as of June 5, 2009 by the Town of Southington, Connecticut (the "Issuer") acting by its undersigned officers, duly authorized, in connection with the issuance of \$15,440,000 General Obligation Bonds, Issue of 2009, dated as of June 1, 2009 (the "Bonds"), for the benefit of the beneficial owners from time to time of the Bonds.

Section 1. Definitions. For purposes of this Agreement, the following capitalized terms shall have the following meanings:

"Final Official Statement" means the official statement of the Issuer dated May 27, 2009 prepared in connection with the Bonds.

"MSRB" means the Municipal Securities Rulemaking Board established under the Securities Exchange Act of 1934, as amended, or any successor thereto.

"NRMSIR" means any nationally recognized municipal securities information repository recognized by the SEC from time to time. As of the date of this Agreement the NRMSIRs are:

Bloomberg Municipal Repository
100 Business Park Drive
Skillman, NJ 08558
Phone: (609) 279-3225
Fax: (609) 279-5962

<http://www.bloomberg.com/markets/rates/municontacts.html>

Email: Munis@Bloomberg.com

DPC Data Inc.
One Executive Drive
Fort Lee, NJ 07024
Phone: (201) 346-0701
Fax: (201) 947-0107

<http://www.MuniFILINGS.com>

Email: nrmsir@dpcdata.com

Interactive Data Pricing and Reference Data, Inc.

Attn: NRMSIR

100 William Street, 15th Floor
New York, NY 10038

Phone: (212) 771-6999; (800) 689-8466

Fax: (212) 771-7390

<http://www.interactivedata-prd.com>

Email: NRMSIR@interactivedata.com

Standard & Poor's Securities Evaluations, Inc.

55 Water Street - 45th Floor
New York, NY 10041

Phone: (212) 438-4595

Fax: (212) 438-3975

<http://www.disclosuredirectory.standardandpoors.com>

Email: nrmsir_repository@sandp.com

Effective July 1, 2009, Repository shall mean the MSRB or any other nationally recognized municipal securities information repository or organization recognized by the SEC from time to time for purposes of compliance with the Rule.

"Rule" means Rule 15c2-12 under the Securities Exchange Act of 1934, as of the date of this Agreement.

"SEC" means the Securities and Exchange Commission of the United States, or any successor thereto.

"SID" means any state information depository established or designated by the State of Connecticut and recognized by the SEC from time to time. As of the date of this Agreement no SID has been established or designated by the State of Connecticut.

Section 2. Annual Financial Information.

(a) The Issuer agrees to provide or cause to be provided to each Repository and any SID, in accordance with the provisions of the Rule and of this Agreement, annual financial information and operating data (commencing with information and data for the fiscal year ending June 30, 2008) as follows:

(i) Financial statements of the Issuer's general fund and, any special revenue, capital projects, permanent enterprise, internal service and trust or agency funds, for the prior fiscal year which statements shall be prepared in accordance with generally accepted accounting principles or mandated state statutory principles as in effect from time to time. As of the date of this Agreement, the Issuer prepares its financial statements in accordance with generally accepted accounting principles. The financial statements will be audited.

(ii) The following financial information and operating data to the extent not included in the financial statements described in (i) above:

- (A) amounts of the gross and the net taxable grand list applicable to the fiscal year,
- (B) listing of the ten largest taxpayers on the applicable grand list, together with each such taxpayer's taxable valuation thereon,
- (C) percentage of the annual property tax levy uncollected as of the close of the fiscal year,
- (D) schedule of annual debt service on outstanding long-term bonded indebtedness as of the close of the fiscal year,
- (E) calculation of total direct debt and total overall net debt as of the close of the fiscal year,
- (F) total direct debt and total overall net debt of the Issuer per capita,
- (G) ratios of the total direct debt and total overall net debt of the Issuer to the Issuer's net taxable grand list,
- (H) statement of statutory debt limitation as of the close of the fiscal year, and
- (I) funding status of the Issuer's pension benefit obligation.

(b) The financial information and operating data described above will be provided on or before the date eight months after the close of the fiscal year for which such information is being provided. The Issuer's fiscal year currently ends on June 30.

(c) Annual financial information and operating data may be provided in whole or in part by cross-reference to other documents previously provided to each Repository and any SID, or filed with the SEC. If the

document to be referenced is a final official statement, it must be available from the MSRB. All or a portion of the financial information and operating data may be provided in the form of a comprehensive annual financial report.

(d) The Issuer reserves the right (i) to provide financial statements which are not audited if no longer required by law, (ii) to modify from time to time the format of the presentation of such information or data, and (iii) to modify the accounting principles it follows to the extent required by law, by changes in generally accepted accounting principles, or by changes in accounting principles adopted by the Issuer; provided that the Issuer agrees that any such modification will be done in a manner consistent with the Rule.

Section 3. Material Events.

The Issuer agrees to provide or cause to be provided, in a timely manner, to (i) each Repository (or prior to July 1, 2009, each Repository or the MSRB) and (ii) any SID, notice of the occurrence of any of the following events with respect to the Bonds, if material:

- (a) principal and interest payment delinquencies;
- (b) non-payment related defaults;
- (c) unscheduled draws on debt service reserves reflecting financial difficulties;
- (d) unscheduled draws on credit enhancements reflecting financial difficulties;
- (e) substitution of credit or liquidity providers, or their failure to perform;
- (f) adverse tax opinions or events affecting the tax-exempt status of the Bonds;
- (g) modifications to rights of holders of the Bonds;
- (h) Bond calls;
- (i) Bond defeasances;
- (j) release, substitution, or sale of property securing repayment of the Bonds; and
- (k) rating changes.

Section 4. Notice of Failure to Provide Annual Financial Information.

The Issuer agrees to provide or cause to be provided, in a timely manner, to (i) each NRMSIR or the MSRB and (ii) any SID, notice of any failure by the Issuer to provide annual financial information as set forth in Section 2(a) hereof on or before the date set forth in Section 2(b) hereof.

Section 5. Use of Agents.

Annual financial information and operating data and notices to be provided pursuant to this Agreement may be provided by the Issuer or by any agents which may be employed by the Issuer for such purpose from time to time.

Section 6. Termination.

The obligations of the Issuer under this Agreement shall terminate upon the earlier of (i) payment or legal defeasance, at maturity or otherwise, of all of the Bonds, or (ii) such time as the Issuer ceases to be an obligated person with respect to the Bonds within the meaning of the Rule.

Section 7. Enforcement.

The Issuer acknowledges that the undertakings set forth in this Agreement are intended to be for the benefit of, and enforceable by, the beneficial owners from time to time of the Bonds. In the event the Issuer shall fail to perform its duties hereunder, the Issuer shall have the option to cure such failure within a reasonable time (but not exceeding 30 days with respect to the undertakings set forth in Section 2 of this Agreement or five business days with respect to the undertakings set forth in Sections 3 and 4 of this Agreement) from the time the Issuer's Director

of Finance, or a successor, receives written notice from any beneficial owner of the Bonds of such failure. The present address of the Director of Finance is Town Hall, 75 Main Street, Southington, Connecticut 06489.

In the event the Issuer does not cure such failure within the time specified above, the beneficial owner of any Bonds shall be entitled only to the remedy of specific performance. The parties expressly acknowledge and agree that no monetary damages shall arise or be payable hereunder nor shall any failure to comply with this Agreement constitute an event of default with respect to the Bonds.

Section 8. Miscellaneous.

(a) The Issuer shall have no obligation to provide any information, data or notices other than as set forth in this Agreement; provided, however, nothing in this Agreement shall be construed as prohibiting the Issuer from providing such additional information, data or notices from time to time as it deems appropriate in connection with the Bonds. If the Issuer elects to provide any such additional information, data or notices, the Issuer shall have no obligation under this Agreement to update or continue to provide further additional information, data or notices of the type so provided.

(b) This Agreement shall be governed by the laws of the State of Connecticut.

(c) Notwithstanding any other provision of this Agreement, the Issuer may amend this Agreement, and any provision of this Agreement may be waived, if such amendment or waiver is made in connection with a change of circumstances that arises from a change in legal requirements, a change in law, or a change in the identity, nature or status of the Issuer, and is supported by an opinion of counsel expert in federal securities laws, to the effect that (i) such amendment or waiver would not materially adversely affect the beneficial owners of the Bonds, and (ii) the Agreement as so amended would have complied with the requirements of the Rule as of the date of the Agreement, taking into account any amendments or interpretations of the Rules as well as any changes in circumstances. A copy of any such amendment will be filed in a timely manner with (i) each Repository (or prior to July 1, 2009, each Repository or the MSRB) and (ii) any SID. The annual financial information provided on the first date following adoption of any such amendment will explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating or financial information provided.

(d) This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but such counterparts shall together constitute but one and the same instrument.

(e) Prior to July 1, 2009, any filing under this Agreement may be made solely by transmitting such filing to the Texas Municipal Advisory Council (the "MAC") as provided at <http://www.disclosureusa.org> unless the SEC has withdrawn the interpretive advice in its letter to the MAC dated September 7, 2004. Effective July 1, 2009, any filing under this Agreement shall be made through the Electronic Municipal Market Access system as described in 1934 Act Release No. 59062 for purposes of the Rule or any such other system designated by the MSRB or the SEC from time to time.

TOWN OF SOUTHTON

By _____
John Weichsel
Town Manager

By _____
Emilia Portelinha
Director of Finance

By _____
Richard E. Lopatosky
Treasurer

Appendix D

Notices of Sale and Bid Form

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NOTICE OF SALE
\$15,440,000
Town of Southington, Connecticut
General Obligation Bonds
(BOOK-ENTRY)

SEALED PROPOSALS and ELECTRONIC BIDS via PARITY® will be received by the Town of Southington, Connecticut at Office of the Town Manager, 75 Main Street, Southington, Connecticut, until **11:30 A.M. (Eastern Daylight Time) on WEDNESDAY,**

MAY 27, 2009

for the purchase, when issued, at not less than par and accrued interest from the date of the Bonds to the date of delivery, of the whole of

\$15,440,000 General Obligation Bonds, Issue of 2009
Payable annually on September 1 as follows:

\$1,010,000 in 2010
\$1,015,000 in 2011 to 2012
\$1,000,000 in 2013 to 2014
\$820,000 in 2015 to 2019
\$700,000 in 2020 to 2028

The Bonds will be dated June 1, 2009, with interest payable on March 1, 2010 and thereafter semiannually on each September 1st and March 1st.

The Bonds will be general obligations of the Town payable from ad valorem taxes levied on all taxable property in the Town without limitation as to rate or amount except classified property such as certified forest land taxable at a limited rate and dwelling houses of qualified elderly persons of low income taxable at limited amounts.

DTC Book Entry. The Bonds will be issued by means of a book-entry system with no physical distribution of bond certificates made to the public. The Bonds will be issued in registered form and one bond certificate for each maturity will be issued to The Depository Trust Company ("DTC"), New York, New York, registered in the name of its nominee, Cede & Co., and immobilized in its custody. A book-entry system will be employed, evidencing ownership of the Bonds in principal amounts of \$5,000 or any integral multiple thereof, with transfers of ownership effected on the records of DTC and its Participants pursuant to rules and procedures adopted by DTC and its Participants. The purchaser, as a condition to delivery of the Bonds, will be required to deposit the bond certificates with DTC, registered in the name of Cede & Co. Principal of, redemption premium, if any, and interest on the Bonds will be payable by the Town or its agent to DTC or its nominee as registered owner of the Bonds. Principal, redemption premium, if any, and interest payments by DTC to Participants of DTC will be the responsibility of DTC; principal, redemption premium, if any, and interest payments to Beneficial Owners by Participants of DTC will be the responsibility of such Participants and other nominees of Beneficial Owners. The Town will not be responsible or liable for payments by DTC to its Participants or by DTC Participants or Indirect Participants to Beneficial Owners or for maintaining, supervising or reviewing the records maintained by DTC, its Participants or persons acting through such Participants.

In the event that (a) DTC determines not to continue to act as securities depository for the Bonds and the Town fails to identify another qualified securities depository to replace DTC, or (b) the Town determines to discontinue the book-entry system of evidence and transfer of ownership of the Bonds, the Town will authenticate and deliver replacement Bonds in the form of fully registered certificates. Any such replacement Bonds will provide that interest will be payable by check mailed by the Paying Agent to the registered owner whose name appears on the registration books of the Town as of the close of business on the record date preceding each interest payment date.

The record dates will be the fifteenth day of February and August (or the preceding business day if such fifteenth day is not a business day).

Redemption. Bonds maturing on September 1, 2018 and thereafter are subject to redemption prior to maturity, at the election of the Town, on or after September 1, 2017, at any time, either in whole or in part, in such amounts and in such order of maturity (but by lot within a maturity) as the Town may determine, following notice mailed by first class mail at least 30 days prior to the redemption date to the registered owners of the Bonds to be redeemed, at the following redemption price, expressed as a percentage of the principal amount, plus accrued interest to the date set for redemption:

<u>Period During Which Redeemed</u>	<u>Redemption Prices</u>
September 1, 2017 and thereafter	100.0%

Proposals. Each proposal must specify the amount bid for the Bonds (which shall be the aggregate par value of the Bonds, and, at the option of the bidder, a premium, and must specify in a multiple of one-twentieth or one eighth of one percent the rate or rates of interest per annum which the Bonds are to bear, but shall not specify (a) more than one interest rate for any Bonds having a like maturity, or (b) any interest rate for any Bonds which exceeds the interest rate specified in such proposal for any other Bonds by more than two (2%) percentage points. In addition to the amount bid for the Bonds, the purchaser must pay an amount equal to the interest on the Bonds accrued to the date of delivery. For the purpose of the bidding process, the time as maintained on PARITY® shall constitute the official time. For information purposes only, bidders are requested to state in their bids the true interest cost to the Town, as described under "Basis of Award" below, represented by the rate or rates of interest and the bid price specified in their respective bids.

Sealed Proposals Bidding Procedure. All proposals for the purchase of Bonds shall be submitted on forms furnished by the Town and submitted at the time and place indicated above. All proposals must be enclosed in sealed envelopes marked on the outside, in substance, "Proposal for Southington Bonds." All proposals should be addressed to Mr. John Weichsel, Town Manager, Town of Southington, Office of the Town Manager, 75 Main Street, Southington, Connecticut 06489.

Electronic Proposals Bidding Procedure. Electronic bids for the purchase of the Bonds must be submitted through the facilities of PARITY®. Any prospective bidder must be a subscriber of I-Deal's Bidcomp competitive bidding system. Further information about PARITY®, including any fee charged, may be obtained from PARITY®, 1359 Broadway, 2nd Floor, New York, New York 10018, Attention: Customer Service Department (telephone: (212) 849-5021 - email notice: parity@i-deal.com). The Town neither will confirm any subscription nor be responsible for any failure of a prospective bidder to subscribe.

Once an electronic bid made through the facilities of PARITY® is communicated to the Town, it shall constitute an irrevocable offer, in response to this Notice, and shall be binding upon the bidder as if made by a signed, sealed bid delivered to the Town. By submitting a bid for the Bonds via PARITY®, the bidder represents and warrants to the Town that such bidder's bid for the purchase of the Bonds is submitted for and on behalf of such prospective bidder by an officer or agent who is duly authorized to bind the prospective bidder by an irrevocable offer and that acceptance of such bid by the Town will bind the bidder by a legal, valid and enforceable contract, for the purchase of the Bonds on the terms described in this Notice. **The Town shall not be responsible for any malfunction or mistake made by, or as a result of the use of the facilities of PARITY®, the use of such facilities being the sole risk of the prospective bidder.**

Disclaimer - Each PARITY® prospective electronic bidder shall be solely responsible to make necessary arrangements to access PARITY® for the purposes of submitting its bid in a timely manner and in compliance with the requirements of this Notice of Sale. Neither the Town nor PARITY® shall have any duty or obligation to undertake such arrangements to bid for any prospective bidder or to provide or assure such access to any prospective bidder, and neither the Town nor PARITY® shall be responsible for a bidder's failure to make a bid or for proper operation of, or have any liability for any delays or interruptions of, or any damages caused by, PARITY®. The Town is using PARITY® as a communication mechanism, and not as the Town's agent, to conduct the electronic

bidding for the Bonds. The Town is not bound by any advice and determination of PARITY® to the effect that any particular bid complies with the terms of this Notice of Sale and in particular the bid requirements herein set forth. All costs and expenses incurred by prospective bidders in connection with their subscription to, arrangements with and submission of bids via PARITY® are the sole responsibility of the bidders; and the Town is not responsible, directly or indirectly, for any such costs or expenses. If a prospective bidder encounters any difficulty in arranging to bid or submitting, modifying or withdrawing a bid for the Bonds, the prospective bidder should telephone PARITY® at (212) 849-5021. If any provision of this Notice shall conflict with information provided by PARITY®, this Notice of Sale shall control.

All electronic bids shall be deemed to incorporate the provisions of this Notice and the form of Proposal for Bonds.

Basis of Award. As between proposals which comply with this Notice, the Bonds will be sold to the responsible bidder offering to purchase the Bonds at the lowest true interest cost to the Town. For the purpose of determining the successful bidder, the true interest cost to the Town will be the annual interest rate, compounded semiannually, which, when used to discount all payments of principal and interest payable on the Bonds to June 1, 2009, the date of the Bonds, results in an amount equal to the purchase price for the Bonds, excluding interest accrued to the date of delivery. If there is more than one responsible bidder making said offer at the same lowest true interest cost, the Bonds will be sold to the responsible bidder whose proposal is selected by the Town by lot from among all such proposals. It is requested that each proposal be accompanied by a statement of the percentage of true interest cost completed to four decimal places. Such statement shall not be considered as part of the proposal.

The right is reserved to reject any and all proposals and to reject any proposal not complying with this Notice of Sale and to waive any irregularity or informality with respect to any proposal.

The Town further reserves the right to postpone the sale to another time and date in its sole discretion for any reason, including internet difficulties. The Town will use its best efforts to notify prospective bidders in a timely manner of any need for a postponement. If the sale is postponed, an alternative bid date will be published on Bloomberg at least 48 hours prior to such alternative bid date. Upon the establishment of an alternative bid date, any bidder may submit proposals for the purchase of the Bonds in accordance with the provisions of this Notice of Sale.

Certifying and Paying Agent. The Bonds will be authenticated by U.S. Bank National Association, Hartford, Connecticut. U.S. Bank National Association will act as Registrar and Paying Agent.

Delivery. At or prior to the delivery of the Bonds the successful bidder shall be furnished, without cost, with (a) the approving opinion of Day Pitney LLP of Hartford, Connecticut, Bond Counsel, substantially in the form set out in Appendix B to the Official Statement; (b) a signature and no litigation certificate, in form satisfactory to said firm, dated as of the date of delivery of the Bonds, and stating that there is no litigation pending, or to the knowledge of the signer or signers thereof threatened, affecting the validity of the Bonds or the power of the Town to levy and collect taxes to pay them; (c) a signed copy of the Official Statement prepared for this bond issue; (d) a certificate of Town Officials relating to the accuracy and completeness of the Official Statement; (e) a Continuing Disclosure Agreement; and (f) a receipt of payment for the Bonds. U.S. Bank National Association will keep the original opinion and certificates and copies of the supporting documents, which may be examined at its principal office in Hartford, Connecticut, upon reasonable notice.

Bond Counsel Opinion. The opinion of Bond Counsel will cover the following matters: (1) that the Bonds will be valid general obligations of the Town when duly certified; (2) that, assuming the accuracy of and compliance by the Town with its representations and covenants relating to certain requirements contained in the Internal Revenue Code of 1986, as amended, under existing statutes, interest on the Bonds is excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Code; interest on the Bonds is not treated as a preference item for purposes of calculating the Federal alternative minimum tax and is not taken into account in the calculation of adjusted current earnings for purposes of the Federal alternative minimum tax imposed on corporations; and the Bonds are "qualified tax-exempt obligations"; and (3) that, under existing statutes, interest on the Bonds is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates; and interest on the Bonds is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the Federal alternative minimum tax.

Official Statement. The Town of Southington has prepared a preliminary Official Statement for the Bond issue which is dated May 18, 2009. The Town deems such preliminary Official Statement final as of its date for purposes of SEC Rule 15c2-12(b)(1), but it is subject to revision or amendment. The Town will make available to the winning purchaser 100 copies of the Official Statement as prepared by the Town at the Town's expense. The copies of the Official Statement will be made available to the winning purchaser at the office of the Town's financial advisor, Phoenix Advisors, LLC, Milford, Connecticut, by the delivery of the Bonds or by the seventh business day after the day bids on the Bonds are received if earlier. If the Town's financial advisor is provided with the necessary information from the winning purchaser by noon of the day following the day bids on the Bonds are received, the copies of the Official Statement will include an additional cover page and other pages indicating the interest rates, ratings, yields or reoffering prices, the name of the managing underwriter, the name of the insurer, if any, on the Bonds and any corrections. The purchaser shall arrange with the financial advisor the method of delivery of the copies of the Official Statement to the purchaser. Additional copies of the Official Statement may be obtained by the purchaser at its own expense by arrangement with the printer.

Continuing Disclosure Agreement. The Town will enter into a Continuing Disclosure Agreement with respect to the Bonds, substantially in the form attached as Appendix C to the Official Statement (the "Continuing Disclosure Agreement for Bonds"), to provide or cause to be provided, in accordance with the requirements of SEC Rule 15c2 12, (i) annual financial information and operating data, (ii) timely notice of the occurrence of certain material events with respect to the Bonds, and (iii) timely notice of a failure by the Town to provide the required annual financial information on or before the date specified in the Continuing Disclosure Agreement for Bonds. The winning bidder's obligation to purchase the Bonds shall be conditioned upon its receiving, at or prior to the delivery of the Bonds, an executed copy of the Continuing Disclosure Agreement for Bonds.

CUSIP Numbers. The deposit of the Bonds with DTC under a book-entry system requires the assignment of CUSIP numbers prior to delivery. It is anticipated that the Town will apply for CUSIP numbers for the Bonds prior to delivery. Neither the failure to print such CUSIP number on any bond, nor any error with respect thereto, shall constitute cause for a failure or refusal by the purchaser thereof to accept delivery of and pay for the Bonds. All expenses in relation to the printing of CUSIP numbers on the Bonds shall be paid for by the Town; provided, however, that the Town assumes no responsibility for any CUSIP Service Bureau charge or other charge that may be imposed for the assignment of such numbers, which charges shall be the responsibility of and shall be paid for by the purchaser.

Reoffering Prices. **IT SHALL BE THE RESPONSIBILITY OF THE PURCHASER TO FURNISH TO THE TOWN IN WRITING BEFORE THE DELIVERY OF THE BONDS THE REOFFERING PRICES AT WHICH A SUBSTANTIAL PORTION OF EACH MATURITY OF THE BONDS WERE SOLD.**

Delivery Date and Payment. It is expected that the closing on the Bonds will occur on or about June 5, 2009 through the facilities of the Depository Trust Company, New York, New York, against payment in immediately available Federal funds.

More Information. For more information regarding this issue and the Town reference is made to the Official Statement. Proposal forms and copies of the Official Statement may be obtained from Mr. Matthew A. Spoerndle, Phoenix Advisors, LLC, 53 River Street, Milford, Connecticut 06460 (telephone: (203) 878-4945) or from Mr. John Weichsel, Town Manager, Town of Southington, Town Hall, 75 Main Street, Southington, Connecticut 06489 (telephone: (860) 276-6222).

JOHN WEICHSEL,
Town Manager

EMILIA PORTELINHA,
Director of Finance

RICHARD E. LOPATOSKY,
Treasurer

May 18, 2009

PROPOSAL FOR BONDS

May 27, 2009

Mr. John Weichsel
 Town Manager
 Town of Southington
 c/o Office of the Town Manager
 75 Main Street
 Southington, Connecticut 06489

Subject to the provisions and in accordance with the terms of the annexed Notice of Sale dated May 18, 2009 which is hereby made a part of this proposal, we hereby offer to purchase all of the aggregate principal amount of \$15,440,000 General Obligation Bonds, Issue of 2009, of the Town of Southington described in said Notice of Sale, and to pay therefor the price of par plus a premium of \$_____ plus interest accrued on said Bonds to the date of their delivery, provided that the Bonds maturing in the several years set forth below shall bear interest from their date until maturity at the respective rates per annum stated in the following table:

<u>Year of Maturity</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Year of Maturity</u>	<u>Amount</u>	<u>Interest Rate</u>
2010	\$1,010,000	_____%	2020	\$700,000	_____%
2011	\$1,015,000	_____%	2021	\$700,000	_____%
2012	\$1,015,000	_____%	2022	\$700,000	_____%
2013	\$1,000,000	_____%	2023	\$700,000	_____%
2014	\$1,000,000	_____%	2024	\$700,000	_____%
2015	\$820,000	_____%	2025	\$700,000	_____%
2016	\$820,000	_____%	2026	\$700,000	_____%
2017	\$820,000	_____%	2027	\$700,000	_____%
2018	\$820,000	_____%	2028	\$700,000	_____%
2019	\$820,000	_____%			

We acknowledge receipt of the Official Statement referred to in the Notice of Sale.

Name of Bidder: _____
 Address of Bidder: _____
 Signature of Officer or Authorized Agent of Bidder: _____
 Telephone Number: _____

The following is our computation of the percentage of true interest cost, made as provided in the above mentioned Notice of Sale, and certain other information, which is not part of the foregoing proposal.

Percent of True Interest Cost _____%
 (four decimals)

Gross Interest \$ _____
 Accrued Interest from June 1, 2009 to June 5, 2009 \$ _____
 Premium \$ _____

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