

# Final Official Statement Dated April 19, 2023

**NEW MONEY ISSUE: Book-Entry-Only**

**RATINGS: S&P Global Ratings: "AA+"**

In the opinion of Bond Counsel, rendered in reliance upon and assuming the accuracy of and continuing compliance by the Town with certain representations and covenants relating to the applicable requirements of the Internal Revenue Code of 1986, as amended (the "Code"), under existing law, interest on the Bonds is excluded from gross income for federal income tax purposes and is not treated as an item of tax preference for purposes of the federal alternative minimum tax under the Code; however, such interest is taken into account in determining the annual adjusted financial statement income of certain corporations for the purpose of computing the alternative minimum tax imposed on corporations for tax years beginning after December 31, 2022. In the opinion of Bond Counsel, 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 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. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Bonds. (See "Tax Matters" herein.)



## Town of Southington, Connecticut \$17,450,000 General Obligation Bonds, Issue of 2023

**Dated: Date of Delivery**

**Due: May 1, 2024-2043,  
as shown below:**

Year	Principal	Coupon	Yield	CUSIP <sup>1</sup>	Year	Principal	Coupon	Yield	CUSIP <sup>1</sup>
2024	\$ 905,000	5.000%	2.570%	844402H83	2034*	\$ 840,000	4.000%	2.400%	844402K22
2025	905,000	5.000%	2.380%	844402H91	2035*	840,000	4.000%	2.600%	844402K30
2026	905,000	5.000%	2.280%	844402J24	2036*	840,000	4.000%	2.800%	844402K48
2027	905,000	5.000%	2.180%	844402J32	2037*	840,000	4.000%	3.000%	844402K55
2028	905,000	5.000%	2.180%	844402J40	2038*	840,000	4.000%	3.150%	844402K63
2029	905,000	5.000%	2.150%	844402J57	2039*	840,000	4.000%	3.400%	844402K71
2030	905,000	5.000%	2.120%	844402J65	2040*	840,000	4.000%	3.550%	844402K89
2031*	905,000	4.000%	2.180%	844402J73	2041*	840,000	4.000%	3.700%	844402K97
2032*	905,000	4.000%	2.230%	844402J81	2042*	840,000	4.000%	3.800%	844402L21
2033*	905,000	4.000%	2.260%	844402J99	2043*	840,000	4.000%	3.900%	844402L39

\* Priced assuming redemption on May 1, 2030; however, any such redemption is at the option of the Town.

## CITIGROUP

The General Obligation Bonds, Issue of 2023 (the "Bonds") will bear interest payable November 1, 2023 and semiannually thereafter on May 1 and November 1 in each year until maturity. The Bonds are issuable only as fully-registered bonds, without coupons, and, when issued, 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. Purchases of the Bonds will be made in book-entry form, in the denomination of \$5,000 or any integral multiple thereof. Purchasers will not receive certificates representing their ownership interest in the Bonds. So long as Cede & Co. is the Bondowner, as nominee of 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 Transfer System" herein.

**The Bonds are subject to redemption prior to maturity as herein provided. See "Redemption Provisions" herein.**

The Bonds will be general obligations of the Town of Southington, Connecticut (the "Town") and the Town will pledge its full faith and credit to pay the principal of and the interest on the Bonds when due. See "Security and Remedies" herein.

The Registrar, Transfer Agent, Paying Agent and Certifying Agent for the Bonds will be U.S. Bank Trust Company, National Association, CityPlace I, 185 Asylum Street, 27<sup>th</sup> Floor, Hartford, Connecticut 06103.

The Bonds are offered for delivery when, as and if issued, subject to the final approving opinion of Pullman & Comley, LLC, Bond Counsel, of Hartford, Connecticut. Phoenix Advisors, LLC, Milford, Connecticut has served as Municipal Advisor in connection with the issuance of the Bonds. 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 May 2, 2023.

*This cover page contains certain information for quick reference only. It is not a summary of the issue. Investors must read the entire official statement to obtain information essential to the making of an informed investment decision.*

<sup>1</sup> Copyright, American Bankers Association. CUSIP® is a registered trademark of the American Bankers Association. CUSIP numbers have been assigned by an independent company not affiliated with the Town and are included solely for the convenience of the holders of the Bonds. The Town is not responsible for the selection or use of these CUSIP numbers, does not undertake any responsibility for their accuracy, and makes no representation as to their correctness on the Bonds or as indicated above. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds.

No dealer, broker, salesperson or other person has been authorized by the Town of Southington, Connecticut (the "Town") to give any information or to make any representations, other than those contained in this Official Statement; and if given or made, such other information or representation 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 – "2022 Financial Statements Excerpted from the Town's Comprehensive 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.

The Town deems this Official Statement to be "final" for purposes of Securities and Exchange Commission Rule 15c2-12(b)(1), but it is subject to revision or amendment.

This Official Statement contains a general description of the Bonds, the Town, and the plan of finance. A wide variety of other information, including financial information, concerning the Town is available from publications and websites of the Town and others. Any such information that is inconsistent with the information set forth in this Official Statement should be disregarded. No such information is a part of or incorporated into this Official Statement, except as expressly noted herein.

Under no circumstances shall the delivery of this Official Statement or any sale made after its delivery create any implication that the affairs of the Town have remained unchanged after the date of this Official Statement.

The order and placement of materials in this Official Statement, including the Appendices, are not to be deemed to be a determination of relevance, materiality or importance, and this Official Statement, including the Appendices, must be considered in its entirety.

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

This Official Statement may include "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Without limiting the foregoing, the words "may," "believe," "could," "might," "possible," "potential," "project," "will," "should," "expect," "intend," "plan," "predict," "anticipate," "estimate," "approximate," "contemplate," "continue," "target," "goal" and similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain these words. All forward-looking statements included in this Official Statement are based on information available to the Town up to the date as of which such statements are to be made, or otherwise up to, and including, the date of this document, and the Town assumes no obligation to update any such forward-looking statements to reflect events or circumstances that arise after the date hereof or after the date of any report containing such forward-looking statement, as applicable. Actual results could differ materially from those anticipated in these forward-looking statements as a result of certain important factors, including, but not limited to (i) the effect of and from, future municipal, state and federal budgetary matters, including state and federal grants and other forms of financial aid to the Town; (ii) federal tax policy, including the deductibility of state and local taxes for federal tax purposes; (iii) macroeconomic economic and business developments, both for the country as a whole and particularly affecting the Town; (iv) financial services industry developments; (v) litigation or arbitration; (vi) climate and weather related developments, natural disasters and other acts of God; (vii) factors used in estimating future obligations of the Town; (viii) the effects of epidemics and pandemics, including economic effects; (ix) foreign hostilities or wars; (x) foreign hostilities or domestic terrorism; and (xi) other factors contained in this Official Statement.

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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.*

<b>Date of Sale:</b>	Wednesday, April 19, 2023 at 11:30 A.M. (Eastern Time).
<b>Location of Sale:</b>	Office of the Town Manager, Town Hall, 75 Main Street, Southington, Connecticut 06489.
<b>Issuer:</b>	Town of Southington, Connecticut (the "Town").
<b>Issue:</b>	\$17,450,000 General Obligation Bonds, Issue of 2023 (the "Bonds").
<b>Dated Date:</b>	Date of Delivery.
<b>Principal and Interest Due:</b>	Principal is due serially May 1, 2024 through May 1, 2043. Interest is due May 1 and November 1 in each year until maturity, commencing November 1, 2023.
<b>Purpose:</b>	The Bond proceeds will be used to finance various general purpose projects. See "Authorization and Purpose" herein.
<b>Redemption:</b>	The Bonds are subject to redemption prior to maturity. See "Redemption Provisions" herein.
<b>Security:</b>	The Bonds will be general obligations of the Town, and the Town will pledge its full faith and credit to the payment of principal of and interest on the Bonds when due.
<b>Credit Rating:</b>	The Bonds have been rated "AA+" by S&P Global Ratings.
<b>Bond Insurance:</b>	The Town does not expect to purchase a credit enhancement facility.
<b>Basis of Award:</b>	Lowest True Interest Cost (TIC), as of the dated date.
<b>Tax Exemption:</b>	See "Tax Matters" herein.
<b>Bank Qualification:</b>	The Bonds shall NOT be designated by the Town 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.
<b>Continuing Disclosure:</b>	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 certain 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.
<b>Registrar, Transfer Agent, Certifying Agent and Paying Agent:</b>	U.S. Bank Trust Company, National Association, CityPlace I, 185 Asylum Street, 27 <sup>th</sup> Floor, Hartford, Connecticut 06103.
<b>Municipal Advisor:</b>	Phoenix Advisors, LLC of Milford, Connecticut. Telephone (203) 878-4945.
<b>Legal Opinion:</b>	Pullman & Comley, LLC, of Hartford, Connecticut.
<b>Delivery and Payment:</b>	It is expected that delivery of the Bonds in book-entry-only form will be made to The Depository Trust Company on or about May 2, 2023. Delivery of the Bonds will be made against payment in Federal Funds.
<b>Issuer Official:</b>	Questions concerning the Official Statement should be addressed to Mr. James Bowes, Director of Finance, Town of Southington, Town Hall, 75 Main Street, Southington, Connecticut 06489. Telephone (860) 276-6225.

## ***I. Bond Information***

### ***Introduction***

This Official Statement, including the cover page and appendices, is provided for the purpose of presenting certain information relating to the Town of Southington, Connecticut (the “Town”), in connection with the issuance and sale of \$17,450,000 General Obligation Bonds, Issue of 2023 (the “Bonds”) of the Town.

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 Trust Company, National Association will certify and act as Registrar, Transfer Agent, Paying Agent and Certifying 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.

### ***Global Health Emergency Risk***

#### ***The COVID-19 Outbreak***

The outbreak of COVID-19 was declared a Public Health Emergency of International Concern by the World Health Organization. On March 13, 2020, the President of the United States declared a national emergency as a result of the COVID-19 outbreak. The outbreak of the virus has affected travel, commerce and financial markets globally. There can be no assurances that the continuing prevalence of COVID-19 will not materially affect local, state, national, and global activity; increase public health emergency response costs; and materially adversely impact the financial condition of the Town.

#### ***Federal Response to COVID-19's Impact on the Economy***

On March 11, 2021, President Biden signed into law the \$1.9 trillion American Rescue Plan Act of 2021 (the “Rescue Plan”). The Rescue Plan relief package includes, amongst other provisions, \$350 billion in state and local government aid. Of the \$350 billion, the State and its local governments are expected to receive approximately \$4.2 billion as a result of this legislation, with \$2.6 billion in State relief and another \$1.6 billion in relief for local governments.

The Rescue Plan relief package also includes approximately \$123 billion to allow for a return to full-time, in-person teaching at elementary and high schools, which funds may be used for numerous purposes, including but not limited to expanding testing, modifying classrooms, improving ventilation, and hiring more custodial staff. The State’s K-12 schools are expected to receive approximately \$1.1 billion.

The Rescue Plan relief package includes another \$160 billion dedicated to COVID-19 vaccination development and distribution.

#### ***State and Local Responses to COVID-19's Impact on the Economy***

Governor Lamont also declared a state of emergency throughout the State of Connecticut and took steps to mitigate the spread and impacts of COVID-19. Public schools began to operate remotely and many businesses, with the exception of those deemed to be essential, were required to operate in a limited capacity, if not required to temporarily close altogether. Connecticut’s COVID-19 vaccination plan commenced on December 14, 2020, and today the vaccine is widely available to all individuals aged 5 and over. As of February 28, 2022, the State has lifted nearly all restrictions put in place during the height of the pandemic. The State will continue to evaluate the need for additional restrictions on an on-going basis. For up-to-date information concerning the State’s actions in response to COVID-19, see <https://portal.ct.gov/coronavirus>. Neither the Town, nor the parties involved with the issuance of the

Bonds, has reviewed the information provided by the State on its website and such parties take no responsibility for the accuracy thereof.

The extent to which COVID-19 impacts the State's operations and its financial condition will depend on future developments, which are uncertain and cannot be fully predicted with confidence at this time, including the duration of the outbreak, new information which may emerge concerning the severity of COVID-19 and the actions to contain COVID-19 or treat its impact, among others. There can be no assurances that the outbreak will not further materially adversely affect the financial condition of the State or the Town.

To date, the Town has not experienced a material negative financial impact as a result of COVID-19. The Town collected approximately 99.0% of the Fiscal Year 2022 General Fund current levy, with 99.0% having been collected for Fiscal Year 2021, 99.0% having been collected for Fiscal Year 2020 and 99.2% having been collected for Fiscal Year 2019.

The Town received approximately \$13 million in federal funding as a result of the Rescue Plan. The Town has designated these funds to utilize for long-term capital needs, such as reconstruction/upgrade of five sewer pump stations, purchase of a fire ladder truck, purchase of a street sweeper, lead removal from public water infrastructure projects, major renovations to a town public pool and park facility and field renovations/improvements

### ***Climate Change***

Numerous scientific studies have detailed changing global weather patterns and the potential for increasing extreme weather events across the world. The Town faces certain threats due to climate change, including flooding, drought and damaging wind that could become more severe and frequent. The Town cannot predict the timing, extent or severity of climate change and its impact on the Town's operations and finances.

### ***Cybersecurity***

The Town, like many other public and private entities, relies on technology to conduct its operations. The Town and its departments face cyber threats from time to time, including but not limited to hacking, viruses, malware, phishing, and other attacks on computers and other sensitive digital networks and systems. To reduce the risk of a successful cyber security threat the Town has invested in IT security firewalls, anti-virus software, anti-malware software, and ransomware protection software. All of the Town computers and computer servers are protected by this security software and firewalls. These security protection systems are evaluated annually for upgrades or replacements.

To mitigate the risk of business operations impact and/or damage from cyber security incidents or cyber-attacks, the Town has invested in disaster recovery systems and a continuity of IT operations plan which leverages regular daily system backups. In the event of a cybersecurity incident recovery from an earlier state for any enterprise application system is possible. The Town currently has a cybersecurity insurance policy. No assurances can be given, however, that such security and operational control measures will be completely successful to guard against cyber threats and attacks. The results of any such attack could impact financial operations and/or damage the Town's digital networks and systems and the costs of remedying any such damage could be substantial.

### ***Municipal Advisor***

Phoenix Advisors, LLC, of Milford, Connecticut serves as Municipal Advisor to the Town with respect to the issuance of the Bonds (the "Municipal Advisor"). The information in this Official Statement has been prepared by the Town of Southington, with the help of the Municipal Advisor. The Municipal 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 Municipal Advisor is an independent firm and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities.

## **Description of the Bonds**

The Bonds will mature on May 1, 2024 through May 1, 2043 in each of the years as set forth on the cover page hereof. The Bonds will be dated May 2, 2023 and bear interest at the rates per annum specified on the cover page, payable semiannually on May 1 and November 1 in each year until maturity, commencing November 1, 2023. 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 day of April and October, or the preceding business day if such fifteenth day is not a business day, in each year, or the preceding day if such 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 May 1, 2030 are not subject to redemption prior to maturity. The Bonds maturing on May 1, 2031 and thereafter are subject to redemption prior to maturity, at the election of the Town, on or after May 1, 2030 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 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:

<b>Redemption Dates</b>	<b>Redemption Prices</b>
May 1, 2030 and thereafter.....	100%

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 of the Bonds at the address of such registered owner as the same shall last appear on the registration books for the Bonds kept for such purpose. 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 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 Bond 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 Cede & Co., as nominee of the Depository Trust Company (“DTC”), is the registered owner of the Bonds, will send any notice of redemption only to DTC (or successor securities depository) or its successor 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 contents or effect will not affect the validity of the redemption of such Bonds called for redemption. Redemption of a portion of the Bonds of any maturity by the Town will reduce the outstanding principal amount of Bonds 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 interests held by Direct Participants in the Bonds to be redeemed, the interest to be reduced by such redemption in accordance with its own rules or other agreements with Direct Participants. The Direct Participants and Indirect Participants may allocate reductions of the interest in the Bonds to be redeemed held by the Beneficial Owners. Any such allocations 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 or the responsibility of the Town, 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 or resolutions approved by, as applicable, the Town's Board of Finance, the Town Council and, the voters of the Town at referendum, more particularly described below:

<b>Project</b>	<b>Amount Authorized</b>	<b>This Issue: The Bonds</b>
Land Acquisition (2015) .....	\$ 2,000,000	\$ 350,000
Open Space Acquisition 2018.....	2,000,000	310,000
Road and Bridge Improvements Project (2020) .....	10,000,000	4,000,000
Southington CC Land Development Rights.....	4,500,000	4,500,000
Library Project.....	16,900,000	6,250,000
Southington High School Roof Replacement (2022).....	6,920,000	2,040,000
<b>Total</b> .....	<b>\$ 42,320,000</b>	<b>\$ 17,450,000</b>

## **Book-Entry-Only Transfer 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 Bond certificate will be issued for each maturity of the Bonds in the aggregate principal amount of such maturity, 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 S&P Global Ratings highest rating of AA+. 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](http://www.dtcc.com).

Purchases of the 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 the Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect 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 the 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 the Town 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 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 the 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 its 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 Town can make no assurances that DTC, Direct Participants, Indirect Participants or other nominees of the Beneficial Owners of the Bonds will 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 Bond 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 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 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 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 or qualified disabled persons taxable at limited amounts. The Town may place a lien on the property for the amount of tax relief granted, plus interest, with respect to dwelling houses of qualified elderly persons of low income or qualified disabled persons. Under existing statutes, the State of Connecticut is obligated to pay the Town the amount of the tax revenue which the Town would have received except for the limitation under certain of the statutes upon its power to tax dwelling houses of qualified elderly persons of low income.

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 bonds and notes 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 therefor 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 the Bonds 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, as amended, 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 and 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 NOT 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 certain 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, Moody's Investors Service and S&P Global Ratings 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 (the "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 events not in excess of 10 business days after the occurrence of such 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 with respect to the Bonds. 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. In the past five years, the Town has not failed to comply in any material respect with its undertakings under such agreements.

## ***Ratings***

The Bonds have been rated "AA+" by S&P Global Ratings ("S&P"). The Town furnished the rating agency 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 agency 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 Town's bonds and notes, including the Bonds.

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

## ***Tax Matters***

**Federal Taxes.** In the opinion of Bond Counsel, under existing law, (i) interest on the Bonds is excluded from gross income for federal income tax purposes, and (ii) such interest is not an item of tax preference for purposes of the federal alternative minimum tax; however, such interest is taken into account in determining the annual adjusted financial statement income of certain corporations for the purpose of computing the alternative minimum tax imposed on corporations for tax years beginning after December 31, 2022.

Bond Counsel's opinion with respect to the Bonds will be rendered in reliance upon and assuming the accuracy of and continuing compliance by the Town with its representations and covenants relating to certain requirements of the Internal Revenue Code of 1986, as amended (the "Code"). The Code and regulations promulgated thereunder establish certain requirements which must be satisfied at and subsequent to the issuance of the Bonds in order that interest on the Bonds be and remain excludable from gross income for federal income tax purposes. Failure to comply with such requirements may cause interest on the Bonds to be included in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds irrespective of the date on which such noncompliance occurs. In the Tax Regulatory Agreement, which will be delivered concurrently with the issuance of the Bonds, the Town will covenant to comply with certain provisions of the Code and will make certain representations designed to assure compliance with such requirements of the Code including, but not limited to, investment restrictions, periodic payments of arbitrage profits to the United States, requirements regarding the proper use of the [Bond/Note] proceeds and certain other matters. The opinion of Bond Counsel delivered on the date of issuance of the Bonds is conditioned upon compliance by the Town with such requirements.

No other opinion is expressed by Bond Counsel regarding the federal tax consequences of the ownership of, or the receipt or accrual of interest on, the Bonds.

**Original Issue Discount.** The initial public offering prices of certain maturities of the Bonds may be less than the stated principal amount (the “OID Bonds”). Under existing law, the difference between the stated principal amount and the initial offering price of each maturity of the OID Bonds will constitute original issue discount. The offering prices relating to the yields set forth on the cover page of this Official Statement for such OID Bonds are expected to be the initial offering prices to the public (excluding bond houses and brokers) at which a substantial amount of the OID Bonds are sold. Under existing law, original issue discount on the OID Bonds accrued and properly allocable to the owners thereof under the Code is excludable from gross income for federal income tax purposes if interest on the OID Bonds is excludable from gross income for federal income tax purposes.

Under the Code, for purposes of determining an owner’s adjusted basis in an OID Bond purchased at an original issue discount, original issue discount is treated as having accrued while the owner holds such OID Bond and will be added to the owner’s basis. The owner’s adjusted basis will be used to determine taxable gain or loss upon the sale or other disposition (including redemption or payment at maturity) of such an OID Bond.

Prospective purchasers of OID Bonds should consult their own tax advisors as to the calculation of accrued original issue discount, the accrual of original issue discount in the case of owners of OID Bonds purchasing such OID Bonds after the initial offering and sale, and the state and local tax consequences of owning or disposing of such OID Bonds.

**Original Issue Premium.** The initial public offering prices of certain maturities of the Bonds may be more than their stated principal amounts payable at maturity (the “OIP Bonds”). In general, an owner who purchases an OIP [Bond/Note] must amortize the original issue premium as provided in the applicable Treasury Regulations, and amortized premium reduces the owner’s basis in the OIP [Bond/Note] for federal income tax purposes. Prospective purchasers of OIP Bonds at a premium to its principal amount should consult their tax advisors regarding the amortization of premium and its effect upon basis.

**Other Federal Tax Matters.** Prospective purchasers of the Bonds should be aware that ownership of the Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, certain insurance companies, recipients of Social Security or Railroad Retirement benefits, certain S corporations, foreign corporations subject to the branch profits tax, taxpayers eligible for the earned income credit, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations. Bond Counsel does not express any opinion regarding such collateral tax consequences. Prospective purchasers of the Bonds should consult their tax advisors regarding collateral federal income tax consequences. 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 Taxes.** In the opinion of Bond Counsel, 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 is excluded from amounts on which the net Connecticut minimum tax is based for 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.

Accrued original issue discount on an OID 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 for individuals, trusts and estates required to pay the federal alternative minimum tax.

Owners of the Bonds should consult their own tax advisors with respect to the determination for state and local income tax purposes of original issue discount or original issue premium accrued upon sale or redemption thereof, and with respect to the state and local tax consequences of owning or disposing of such Bonds.

**Changes in Federal and State Tax Law.** Legislation affecting tax-exempt obligations is regularly considered by the United States Congress. Court proceedings may also be filed, the outcome of which could modify the tax treatment of obligations such as the Bonds. There can be no assurance that legislation enacted or proposed, or actions by a court, after the issuance of the Bonds will not have an adverse effect on the tax status of interest on the Bonds or the market value or marketability of the Bonds. These adverse effects could result, for example, from changes to federal or state income tax rates, changes in the structure of federal or state income taxes (including replacement with another type of tax), or repeal (or reduction in the benefit) of the exclusion of interest on the Bonds from gross income for federal or state income tax purposes for all or certain taxpayers.

Investors in the Bonds should be aware that future legislative actions may increase, reduce or otherwise change (including retroactively) the financial benefits and the treatment of all or a portion of the interest on the Bonds for federal income tax purposes for all or certain taxpayers. In all such events, the market value of the Bonds may be adversely affected and the ability of holders to sell their Bonds in the secondary market may be reduced. The Bonds are not subject to special mandatory redemption, and the interest rates on the Bonds are not subject to adjustment, in the event of any such change in the tax treatment of interest on the Bonds.

**General.** The opinion of Bond Counsel is rendered as of its date, and Bond Counsel assumes no obligation to update or supplement its opinion to reflect any facts or circumstances that may come to its attention or any changes in law that may occur after the date of its opinion. Bond Counsel's opinion is based on existing law, which is subject to change. Such opinion is further based on factual representations made to Bond Counsel as of the date of issuance. Moreover, Bond Counsel's opinion is not a guarantee of a particular result, and is not binding on the Internal Revenue Service or the courts; rather, such opinion represents Bond Counsel's professional judgment based on its review of existing law, and in reliance on the representations and covenants that it deems relevant to such opinion.

The discussion above does not purport to deal with all aspects of federal or state or local 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.

### ***Bond Insurance***

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

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## ***II. The Issuer***



### ***Description of the Municipality***

The Town of Southington was originally settled in 1698 and incorporated in 1779. It has a land area of approximately 36.9 square miles and a population of 43,500 located in Hartford County. Found in the geographical center of the State, Southington lies approximately 20 miles west of Hartford, the State capital, and 9 miles east of Waterbury. Other bordering cities include Meriden, New Britain and Bristol.

Some of Connecticut's major highways provide access to the Town. Interstate 84 bisects Southington, and Route 691 leads directly to Interstate 91. Route 10 also runs through the Town.

### ***Economic Development***

The Town of Southington's October 1, 2022 Grand List grew by \$85 million or 1.9% to \$4,672,446,124. Real Estate made up the largest increase at \$60 million, while personal property increased by \$6 million.

The Town's growth remained strong throughout most of the 2021-2022 fiscal year. Significant growth emerged within existing companies in addition to the attraction of new businesses prior to the Covid-19 pandemic. The growth was broad-based, initially. The pandemic has caused contraction in many businesses and has adversely impacted the hospitality, amusement, travel, restaurant and business services sectors. The Town facilitated the closing of a portion of Center Street to accommodate outdoor dining in the street to benefit the restaurants within that area.

Significant progress was made on the clean-up and remediation of the former Beaton & Corbin manufacturing site. For the past seven years the Town's Economic Development Office has worked with the State of Connecticut Department of Economic and Community Development and the Connecticut Brownfield Landbank to obtain financing to remediate, develop and sell this parcel. A developer plans two new buildings for this site, which should be completed by the end of 2023.

The downtown Southington area continues to attract new businesses and economic activity. The Factory Square building is experiencing near full occupancy, adding several new recreational and food establishments to the Town's destination venues. These businesses include Escapism, Rosie's Royal Chocolates, Gamecraft Arcade and Bar, and Perkatory Coffee Roasters. Construction continued on a new 64-unit apartment complex on Eden Avenue, which has transformed a previously under-utilized area.

The former Ideal Forging property known as Greenway Commons is under contract with a new developer conducting due diligence. This project is certain to foster increased activity within the downtown area.

The downtown area of the Plantsville section of town saw Premier Properties Inc. purchasing and improving several properties. Also, construction started on a new Dunkin Donuts building walk-up window and drive thru service kiosk replacing an existing traditional Dunkin Donuts establishment.

The Planning and Zoning Commission approved two new industrial parks, a 10-lot subdivision on Curtiss Street and a 9-lot subdivision on West Queen Street. The Town feels these subdivisions meet the needs of small industrial enterprises and will provide jobs and taxable property growth in the near future.

Town's three main retail corridors, Queen Street, West Street and Meriden-Waterbury Turnpike/Road, continue to perform well with limited vacancies. Approval has been obtained to construct a new 7-Eleven gas station and convenience store, Jersey Mike's sandwich shop and a Starbuck's coffee shop, among others, in these areas.

Some other Fiscal 2022 economic development highlights:

- LiveWell Assisted Living Center began construction on a 57,000 square foot addition to their existing facility.
- New 110 Grill restaurant constructed on Executive Boulevard.
- New AutoZone auto parts store constructed on Meriden Waterbury Road.
- Construction began on Riverstone Square, an 8,000 square foot medical office building on Queen Street.
- Construction began on Connecticut Sealcoat and South End Concrete buildings on Mastrianni Place.
- Town approved a three story hotel at 17 West Street, a 5,000 square foot expansion by Massotti Electric on Industrial Drive and a 30,000 square foot addition by FK Bearing on West Street.

Some new Fiscal 2023 economic development highlights:

The Town land use boards are reviewing plans submitted by Texas based developer Anthony Properties to construct an eleven-building, mixed-use development spanning 41 acres on West Street/Curtiss Street corridor. Plans submitted call for constructing eight buildings consisting of 200 apartments, 10% of which would be deeded affordable under State Statutes, two commercial buildings and a clubhouse for the residential units. This project cost is estimated to be approximately \$90 million.

- A. Duie Pyle, a regional trucking company, is adding 32 bays and a parking garage to their existing facility on Aircraft Road.
- Hemlock Hills, a recreational vehicle sales and service center, has been approved for a 29,340 square foot addition to their Meriden-Waterbury Road facility.
- Kinsmen Brewing Company, which has already converted a former factory on Canal Street into a micro-brewery/eatery, plans to expand by building a whiskey distillery at their location.
- The Town continues to be proactive in attempting to attract new businesses to Town as well as retain and strengthen existing businesses.



## **Form of Government**

The Town of Southington is governed under the provisions of a charter and the Connecticut General Statutes. Southington has had a Council-Manager form of government since 1966. The Town Council, which is comprised of nine members who are elected for two-year terms, appoints the Town Manager. The Town Manager is responsible for the supervision and administration of all commissions, boards, departments, offices and agencies of the Town, except those elected by the people, appointed by the Council, or appointed by a regional, State or Federal authority.

The Town 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, Treasurer, Director of Assessment and Revenue, Economic Development Coordinator, Director of Recreation, Director of Public Works, Director of Planning and Community Development, Building Inspector, Library Director, Town Clerk, Police Chief, and Fire Chief.

### **Town Officials**

<b>Office</b>	<b>Name</b>	<b>Manner of Selection</b>	<b>Term</b>	<b>Length Of Service</b>
Council Member, Chair.....	Victoria Triano	Elected	11/21-11/23	25 years
Council Member, Vice Chair....	Paul Chaplinsky, Jr.	Elected	11/21-11/23	2 years
Council Member.....	William Dziedzic	Elected	11/21-11/23	4 years
Council Member.....	Christopher J. Palmieri	Elected	11/21-11/23	15 years
Council Member.....	Tom Lombardi	Elected	11/21-11/23	6 years
Council Member.....	Michael Del Santo	Elected	11/21-11/23	2 years
Council Member.....	Jim Morelli, Jr.	Elected	11/21-11/23	2 years
Council Member.....	Valerie A. DePaolo	Elected	11/21-11/23	2 years
Council Member.....	Jack Perry	Elected	11/21-11/23	1 year
Town Manager.....	Mark Sciota	Appointed	6/20-6/24	4 years <sup>1</sup>
Director of Finance.....	James Bowes	Appointed	Indefinite	1 year <sup>2</sup>
Assistant Finance Director.....	Christina Sivigny-Smith	Appointed	Indefinite	9 years
Treasurer.....	Ann Marie Anop	Appointed	Indefinite	1 year
Economic Dev. Coordinator....	Louis A. Perillo	Appointed	Indefinite	15 years
School Superintendent.....	Steven G. Madancy	Appointed	6/22-6/25	3 years

<sup>1</sup> Mr. Sciota formerly served as Town Attorney/Assistant Town Manager in Southington for 11 years and officially took office on February 1, 2018.

<sup>2</sup> Mr. Bowes formerly served as Comptroller for the Town of Wallingford for 17 years prior to appointment in Southington.

## ***Municipal Services***

**Police:** The Southington Police Department has a sworn staff of 72 headed by a Chief, which provides 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. Emergency dispatch services are centralized in the Police Headquarters and staffed by twelve civilian dispatchers. The Department also oversees the operation of the Animal Control Facility, which has two full-time staff.

**Fire:** Fire protection is provided by Southington's 37 career and approximately 35 volunteer firefighters. The department, headed by a career Chief, consists of a central headquarters and three additional companies. Central Headquarters and one of the companies are staffed 24 hours per day. All companies are staffed during the day. The department's responsibilities include firefighting, emergency response, fire marshal inspections, fire code compliance, building plan review and fire prevention education.

**Health:** Southington is a member of the Plainville-Southington Health District, which serves the Towns of Plainville, Southington and Middlefield and is headed by a full-time Director of Health. The District provides inspection services in order to license food and personal grooming establishments, certify septic tank installation/repair and reviews building plans for new and existing buildings. It offers programs to protect and preserve the health of the communities through health promotion and disease prevention.

**Senior Services:** Calendar House is the Town of Southington's Senior Center. It is staffed by an Executive Director plus five full time employees and 11 part time and seasonal staff. The Center serves as a resource center, providing a broad range of social services, recreational activities, educational programs and medical appointment transportation to meet the needs of the Town's senior citizens.

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

**Community Services:** Led by a Director, this four-employee staff and many volunteers administer social assistance benefit programs to those in the community who are in most need of this assistance, such as coordinating income driven State paid financial assistance for individuals and children, clothing drives, back to school supply donations and food donations.

**Building:** The Building Department is responsible for ensuring compliance with State and local building codes, through inspection and issuance of permits for all construction activity for residential, commercial and industrial buildings. The Department is headed by a Building Inspector and consists of six employees.

**Planning & Zoning:** The Planning and Zoning Department is led by a Director of Planning and Community Development and has five employees who provide technical assistance to the Planning and Zoning Commission, Conservation Commission and Zoning Board of Appeals. Planning and Zoning develops the Plan of Community Development, enforces zoning regulations and assists potential new or existing town businesses comply with zoning regulations.

**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 a wide array of information and services to prospective businesses as well as existing established businesses.

**Engineering:** The Engineering Department designs or reviews all projects requiring engineering services, including road, drainage and sewer construction projects. The Department has eight employees, led by the Director of Public Works/Town Engineer.

**Recreation:** The 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), Veterans Memorial Park (20.5 acres), Crescent Lake (223 acres), a hiking and biking trail (11.6 acres) and the old Southington Drive-In Theatre (40 acres).

**Library & Museum:** The Southington Public Library and Barnes Museum provides a wide array of services to both adults and children, including lending educational and leisure materials, hosting lectures, book discussion groups and programs for patrons of all ages, providing computer access to patrons and holding educational/informational sessions led by experts in their field. The Barnes Museum program provides tours of the museum, group visits, and special events such as a Taste of Southington. The residents approved construction of a New Library for \$16.9 million at a referendum in November 2021, which is currently in the planning stages. A Library Director leads a total of 18 full time and 5 part time employees.

**Highway and Parks:** The Highway and Parks Department is supervised by the Director of Public Works, and is staffed by a total of 36 employees. The department is responsible for the maintenance and repair of over 200 miles of roads and all the Town Recreational Facilities, as previously stated under Recreation above. Other duties include snow plowing, street sweeping, sightline improvements, annual curb-side leaf collection and operation of the Bulky Waste Transfer Station.

**Water:** The Southington Water Works Department has functioned as a semi-autonomous entity for over 100 years. The current plant was built in 1993 and an additional reservoir was purchased in 1995, ensuring a comfortable water supply for the Town's future demand. In January of 2005 the Water Department completed and moved into their new headquarters. The Town has bonded for many capital projects for the Water Department since 2011, whose principal and interest are repaid by the Water Department. A six-member elected Board of Commissioners governs this function.

**Sewer:** The Water Pollution Control Department is staffed by twelve employees, including a Superintendent. A major treatment plant upgrade authorized for \$57.1 million was nearly completed by the end of fiscal 2022. The Town has participated in a Clean Water Fund grant and loan program administered by the State of Connecticut Department of Energy and Environmental Protection to finance this program.

**Solid Waste and Recycling:** Homeowners hire private contractors, who are licensed by the Town Engineer, to collect residential waste and recycling materials. The Town participates with thirteen other cities and towns in a contract with Covanta Bristol, Inc. which was signed on December 21, 2012 and is for a period of twenty years. The Town paid a fee of \$68.18 per ton for fiscal year 2022 for the acceptable solid waste which is sent to the Covanta trash-to-energy plant in Bristol, Connecticut.

## ***Educational Services***

Southington public 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 two-year terms. The primary functions of the Board are to establish policy in areas such as curriculum and school operations, hiring of a Superintendent and other top leadership positions, adopt budget and financing requests for submission to the Town, ensuring funds for education as appropriated by the Town are properly expended, implementation and compliance with both State and Federal laws, and planning for facilities needed by the system, including construction and renovation.

The Town has eleven schools for grades kindergarten through 12 comprising of: one senior high school, two middle schools, and eight elementary schools. Enrollment in grades pre-kindergarten through 12 as of October 1, 2022 was 6,244. The rated capacity of the system facilities is 8,070.

## School Enrollment

<b>School Year</b>	<b>Historical</b>			<b>Total</b>
	<b>Pre-K-5</b>	<b>6 - 8</b>	<b>9 - 12</b>	
2013-2014	3,011	1,624	2,031	6,666
2014-2015	2,966	1,567	2,056	6,589
2015-2016	2,934	1,600	2,011	6,545
2016-2017	2,847	1,620	2,073	6,540
2017-2018	2,808	1,576	2,077	6,461
2018-2019	2,783	1,526	2,043	6,352
2019-2020	2,726	1,465	2,107	6,298
2020-2021	2,726	1,465	2,107	6,298
2021-2022	2,733	1,460	2,035	6,228
2022-2023	2,794	1,425	2,025	6,244

<b>School Year</b>	<b>Projected</b>			<b>Total</b>
	<b>Pre-K</b>	<b>K - 8</b>	<b>9 - 12</b>	
2023-2024	104	4,111	2,043	6,258
2024-2025	103	4,155	2,032	6,290
2025-2026	104	4,195	1,993	6,292
2026-2027	104	4,265	1,944	6,313
2027-2028	104	4,321	1,881	6,306

*Source: Town of Southington, Board of Education*

## School Facilities

<b>School</b>	<b>Grades</b>	<b>Date of Construction (Additions, Remodeling)</b>	<b>Number of Classrooms</b>	<b>10/1/2022 Enrollment <sup>1</sup></b>	<b>Rated Capacity</b>
Southington High					
and ASTE Building.....	9 - 12	1974 (1985,1987,1994,1995)	125	1,989	2,150
DePaolo Middle.....	6 - 8	1967 (1988, 2013)	63	705	1,015
Kennedy Middle.....	6 - 8	1964 (1988, 2013)	63	720	1,015
Derynoski.....	K-5	1950 (1958,1974,1993)	40	545	775
Flanders.....	K-5	1966	23	277	450
Hatton.....	PK-5	1953 (2001)	26	404	550
ALTA @ Pyne Center <sup>2</sup> .....	9-12	1960	5	36	65
Oshana (formerly Plantsville)...	K-5	1961 (2008)	15	261	300
South End.....	K-5	1954 (2008 New Building)	14	247	300
Strong.....	K-5	1958 (1995,2001)	21	339	500
Thalberg.....	K-5	1959 (2001)	22	431	500
Kelley.....	K-5	1966	23	290	450
<b>Total.....</b>			<b>440</b>	<b>6,244</b>	<b>8,070</b>

<sup>1</sup> A total of 57 Special Education students are out-placed and are not included in the 10/1/2022 Enrollment by Building.

<sup>2</sup> ALTA or Alternative Education is now housed at the Pyne Center.

*Source: Town of Southington, Board of Education*

## **Employee Relations and Collective Bargaining Municipal Employees**

	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
General Government.....	262	258	255	235	238
Board of Education.....	1,127	1,145	1,062	1,014	994
<b>Total.....</b>	<b>1,389</b>	<b>1,403</b>	<b>1,317</b>	<b>1,249</b>	<b>1,232</b>

Source: Town of Southington

## **Employee Relations**

<b>Board of Education Groups</b>	<b>Positions Covered</b>	<b>Current Contract Expiration Date</b>
Teachers (Southington Education Association).....	586	6/30/2025
Administrators (Southington Administrators Association).....	29	6/30/2026
Custodians, Maintenance (A.F.S.C.M.E.).....	48	6/30/2025
Secretaries, Food Service (A.F.S.C.M.E.).....	89	6/30/2024
Nurses (A.F.S.C.M.E.).....	18	6/30/2024
Occupational & Physical Therapists (UPSEU) .....	8	6/30/2023
Paraprofessional, ABA Therapist, EL Tutors (UPSEU) .....	302	6/30/2025
<b>Total Unionized Board of Education Employees.....</b>	<b>1,080</b>	

### **General Government**

Town Employees (UPSEU-Local 424, Unit 35).....	68	6/30/2026
Highway, WPCD & Parks (Local 1303-26 of Council #4 A.F.S.C.M.E.).....	41	6/30/2025
Supervisory (UPSEU - Local 424, Unit 11).....	15	6/30/2023 <sup>1</sup>
Police Department/Canine Officer (Law Enforcement of Southington L.E.A.S.)...	70	6/30/2025
Police Dispatchers (Local 1303-424 of Council #4 A.F.S.C.M.E.).....	12	6/30/2025
Fire Department (Local 2033 International Association of Firefighters).....	34	6/30/2021 <sup>2</sup>
<b>Total Unionized General Government Employees.....</b>	<b>240</b>	

<sup>1</sup> In negotiations.

<sup>2</sup> 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 of Connecticut 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

<b>Year</b>	<b>Population <sup>1</sup></b>	<b>% Increase (Decrease)</b>	<b>Density <sup>2</sup></b>
2021 <sup>3</sup>	43,474	0.9%	1,178.2
2020	43,501	1.0%	1,178.9
2010	43,069	8.4%	1,167.2
2000	39,728	3.1%	1,076.6
1990	38,518	4.4%	1,043.8
1980	36,879	19.2%	999.4

<sup>1</sup> 1980-2020, U.S. Department of Commerce, Bureau of Census

<sup>2</sup> Per square mile: 36.9 square miles

<sup>3</sup> American Community Survey 2017-2021

#### Age Distribution of the Population

<b>Age</b>	<b>Town of Southington</b>		<b>State of Connecticut</b>	
	<b>Number</b>	<b>Percent</b>	<b>Number</b>	<b>Percent</b>
Under 5 years .....	1,881	4.3%	182,122	5.1%
5 to 9 years .....	2,535	5.8	196,540	5.5
10 to 14 years .....	2,643	6.1	224,371	6.2
15 to 19 years .....	2,687	6.2	245,790	6.8
20 to 24 years .....	1,957	4.5	241,370	6.7
25 to 34 years .....	4,842	11.1	445,861	12.4
35 to 44 years .....	5,038	11.6	439,098	12.2
45 to 54 years .....	6,387	14.7	488,283	13.5
55 to 59 years .....	4,046	9.3	269,688	7.5
60 to 64 years .....	2,446	5.6	252,028	7.0
65 to 74 years .....	5,260	12.1	357,409	9.9
75 to 84 years .....	2,697	6.2	173,149	4.8
85 years and over .....	1,055	2.4	89,621	2.5
<b>Total.....</b>	<b>43,474</b>	<b>100.0%</b>	<b>3,605,330</b>	<b>100.0%</b>
Median Age (Years) 2021.....	45.3		41.0	
Median Age (Years) 2010 <sup>1</sup> .....	43.3		40.0	

<sup>1</sup> U.S. Department of Commerce, Bureau of Census, 2010.

Source: American Community Survey 2017-2021.

#### Income Distribution

	<b>Town of Southington</b>		<b>State of Connecticut</b>	
	<b>Families</b>	<b>Percent</b>	<b>Families</b>	<b>Percent</b>
Less than \$10,000.....	53	0.4%	23,811	2.6%
\$10,000 to \$14,999.....	166	1.4	14,243	1.6
\$15,000 to \$24,999.....	303	2.5	36,091	4.0
\$25,000 to \$34,999.....	343	2.8	44,586	4.9
\$35,000 to \$49,999.....	843	6.9	71,397	7.8
\$50,000 to \$74,999.....	1,252	10.3	123,873	13.6
\$75,000 to \$99,999.....	1,440	11.8	113,529	12.5
\$100,000 to \$149,999.....	3,428	28.1	188,052	20.7
\$150,000 to \$199,999.....	2,116	17.3	117,255	12.9
\$200,000 or more.....	2,256	18.5	177,169	19.5
<b>Total.....</b>	<b>12,200</b>	<b>100.0%</b>	<b>910,006</b>	<b>100.0%</b>

Source: American Community Survey 2017-2021.

### Income Levels

	<b>Town of Southington</b>	<b>State of Connecticut</b>
Per Capita Income, 2021.....	\$50,766	\$47,869
Per Capita Income, 2010.....	\$36,053	\$36,775
Median Family Income, 2021.....	\$127,227	\$106,441
Median Family Income, 2010.....	\$94,602	\$84,170

Source: U.S. Department of Commerce, Bureau of Census, 2010

Source: American Community Survey 2017-2021.

### Educational Attainment Years of School Completed Age 25 and Over

	<b>Town of Southington</b>		<b>State of Connecticut</b>	
	<b>Number</b>	<b>Percent</b>	<b>Number</b>	<b>Percent</b>
Less than 9th grade.....	797	4.2%	101,461	4.4%
9th to 12th grade, no diploma.....	1,296	5.8	123,560	6.1
High School graduate (inc. equivalency).....	8,315	26.7	656,949	27.5
Some college, no degree.....	4,780	18.1	418,214	17.8
Associate degree.....	3,417	8.7	194,987	7.4
Bachelor's degree.....	7,822	20.3	561,567	20.5
Graduate or professional degree.....	5,344	16.3	458,399	16.4
<b>Total.....</b>	<b>31,771</b>	<b>100.0%</b>	<b>2,515,137</b>	<b>100.0%</b>
Percent high school graduate or higher.....		93.4%		91.1%
Percent bachelor's degree or higher.....		41.4%		40.6%

Source: American Community Survey 2017-2021.

### Major Employers As of January 2023

<b>Employer</b>	<b>Type of Business</b>	<b>Approximate Number of Employees</b>
Town of Southington.....	Municipal Government	1,389
Hartford Health Care.....	Health Care	1,040
Webster Bank.....	Banking	688
Southington YMCA.....	Health	514
ICU Medical (formerly Smith's Medical).....	Manufacturing	386
Connecticut On-Line Computer Company.....	IT	342
Yarde Metals Inc.....	Manufacturing	301
Home Depot.....	Retail	265
Paragon Medical (formerly Economy Spring).....	Manufacturing	243
Target .....	Retail Chain	210

Source: Town of Southington Economic Development - 2022.

**Employment by Industry**  
**Employed Persons 16 Years and Over**

<b>Sector</b>	<b>Town of Southington</b>		<b>State of Connecticut</b>	
	<b>Number</b>	<b>Percent</b>	<b>Number</b>	<b>Percent</b>
Agriculture, forestry, fishing and hunting, and mining.....	34	0.1%	7,314	0.4%
Construction.....	1,386	6.0	113,665	6.2
Manufacturing.....	2,725	11.8	192,688	10.6
Wholesale trade.....	623	2.7	41,165	2.3
Retail trade.....	1,752	7.6	194,081	10.6
Transportation warehousing, and utilities.....	955	4.1	80,481	4.4
Information.....	425	1.8	36,259	2.0
Finance, insurance, real estate, and leasing...	2,328	10.0	164,657	9.0
Professional, scientific, management, administrative, and waste management.....	2,581	11.1	212,866	11.7
Education, health and social services.....	6,124	26.4	482,274	26.5
Arts, entertainment, recreation, accommodation and food services.....	2,079	9.0	148,835	8.2
Other services (except public admin.).....	1,097	4.7	82,217	4.5
Public Administration.....	1,060	4.6	66,493	3.6
<b>Total Labor Force, Employed.....</b>	<b>23,169</b>	<b>100.0%</b>	<b>1,822,995</b>	<b>100.0%</b>

Source: American Community Survey 2017-2021.

**Employment Data**  
**By Place of Residence**

<b>Period</b>	<b>Town of Southington</b>		<b>Percentage Unemployed</b>		
	<b>Employed</b>	<b>Unemployed</b>	<b>Town of Southington</b>	<b>Hartford Labor Market</b>	<b>State of Connecticut</b>
February 2023 .....	23,574	1,064	4.3	4.6	4.6
<b>Annual Average</b>					
2022.....	23,835	875	3.5	4.1	4.1
2021.....	21,998	1,204	5.2	6.6	6.6
2020.....	23,211	1,456	5.9	7.0	7.3
2019.....	24,123	775	3.1	3.8	3.7
2018.....	23,853	901	3.7	4.2	4.2
2017.....	23,608	969	3.9	4.8	4.7
2016.....	23,265	1,056	4.3	5.3	5.3
2015.....	23,177	1,117	4.6	5.6	5.6
2014.....	23,251	1,361	5.5	6.7	6.7
2013.....	22,625	1,582	6.5	7.9	7.9

Source: Department of Labor, State of Connecticut



### Age Distribution of Housing

Year Built	Town of Southington		State of Connecticut	
	Units	Percent	Units	Percent
1939 or earlier.....	1,773	9.8%	323,631	21.2%
1940 to 1969.....	6,785	37.4	528,583	34.6
1970 to 1979.....	2,741	15.1	206,448	13.5
1980 to 1989.....	2,668	14.7	191,539	12.5
1990 to 1999.....	1,603	8.8	118,124	7.7
2000 or 2009.....	1,701	9.4	104,519	6.8
2010 or later.....	883	4.9	54,195	3.5
<b>Total Housing Units .....</b>	<b>18,154</b>	<b>100.0%</b>	<b>1,527,039</b>	<b>100.0%</b>

Source: American Community Survey 2017-2021.

### Housing Inventory

Housing Units	Town of Southington		State of Connecticut	
	Units	Percent	Units	Percent
1-unit, detached.....	13,428	74.0%	899,368	58.9%
1-unit, attached.....	1,161	6.4	90,010	5.9
2 units.....	1,137	6.3	122,509	8.0
3 or 4 units.....	523	2.9	127,995	8.4
5 to 9 units.....	602	3.3	79,520	5.2
10 to 19 units.....	229	1.3	54,673	3.6
20 or more units.....	632	3.5	141,189	9.2
Mobile home.....	442	2.4	11,240	0.7
Boat, RV, van, etc.....	-	-	535	0.0
<b>Total Inventory.....</b>	<b>18,154</b>	<b>100.0%</b>	<b>1,527,039</b>	<b>100.0%</b>

Source: American Community Survey 2017-2021.

### Owner Occupied Housing Values

Specified Owner-Occupied Units	Town of Southington		State of Connecticut	
	Number	Percent	Number	Percent
Less than \$50,000.....	308	2.1%	19,747	2.1%
\$50,000 to \$99,999.....	386	2.7	25,603	2.8
\$100,000 to \$149,999.....	773	5.4	68,932	7.4
\$150,000 to \$199,999.....	1,483	10.3	130,158	14.1
\$200,000 to \$299,999.....	4,625	32.0	250,981	27.1
\$300,000 to \$499,999.....	5,393	37.4	268,183	29.0
\$500,000 to \$999,999.....	1302	9.0	117,839	12.7
\$1,000,000 or more.....	161	1.1	44,060	4.8
<b>Total.....</b>	<b>14,431</b>	<b>100.0%</b>	<b>925,503</b>	<b>100.0%</b>

**Median Value.....** \$293,600 \$286,700

Source: American Community Survey 2017-2021.

### ***Building Permits***

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

<b><i>Fiscal Year</i></b>	<b><i>Residential</i></b>		<b><i>Comm./Industrial</i></b>		<b><i>Total</i></b>	
	<b><i>No.</i></b>	<b><i>Value</i></b>	<b><i>No.</i></b>	<b><i>Value</i></b>	<b><i>No.</i></b>	<b><i>Value</i></b>
2022	98	\$ 8,864	10	\$ 7,202	108	\$ 16,066
2021	85	7,442	8	7,001	93	14,443
2020	78	7,152	13	6,808	91	13,960
2019	104	10,000	9	3,779	113	13,779
2018	76	7,423	20	7,611	96	15,034
2017	75	6,628	14	5,854	89	12,482
2016	76	7,409	13	12,711	89	20,120
2015	64	6,201	11	8,925	75	15,126
2014	104	9,265	15	4,556	119	13,821
2013	115	10,020	16	10,532	131	20,552

*Source: Town of Southington, Building Official*

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## **IV. Tax Base Data**

### **Property Tax – Assessments**

The Town of Southington had a full revaluation effective October 1, 2020. The Town's next revaluation will be as of October 1, 2025. Under Section 12-62 of the Connecticut General Statutes, the Town must do a revaluation every five years based on generally accepted mass appraisal methods and a revaluation by physical inspection no later than ten years from the preceding physical inspection.

Prior to the completion of each revaluation, the Assessor shall conduct a field review. The maintenance of an equitable tax base, and the location and appraisal of all real and personal property within the Town for inclusion onto the Grand List are the responsibilities of the Town's Assessor's Office. The Grand List represents the total of assessed values for all taxable real and personal property and motor vehicles located with the Town on October 1. A Board of Assessment Appeals determines whether adjustments to the Assessor's list on assessments under appeal are warranted. Assessments for real property are computed at 70 percent of the estimated market value at the time of the last general revaluation.

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 Connecticut General Statutes 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.

**Motor Vehicle Property Tax Cap.** Connecticut General Statutes Section 12-71e, as amended, allows municipalities to tax motor vehicles at a different rate than other taxable property, but caps the motor vehicle rate at 32.46 mills for the assessment year commencing October 1, 2021. Section 4-66l of the General Statutes, as amended ("Section 4-66l"), diverts a portion of the state collected sales tax revenue to provide funding to municipalities to mitigate the revenue loss attributed to motor vehicle property tax cap. The Town's motor vehicle tax rate for current 2021 assessment year (Fiscal Year ending June 30, 2023) is 29.13 mills.

## 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 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 lienied for delinquent taxes within one year after the tax due date.

### Comparative Assessed Valuations

<b>Grand List As Of 10/1</b>	<b>Commercial Residential &amp; Industrial</b>		<b>Other Land (%)</b>	<b>Personal Property (%)</b>	<b>Motor Vehicles (%)</b>	<b>Gross Taxable Grand List</b>	<b>Exemptions, Veterans Relief and Disabled</b>	<b>Net Taxable Grand List</b>	<b>Percent Growth</b>
	<b>Real Property (%)</b>	<b>Real Property (%)</b>							
2022	69.6	11.4	0.8	6.6	11.6	\$ 4,809,855,724	\$ 137,409,600	\$ 4,672,446,124	1.9%
2021	69.6	11.6	1.0	6.6	11.2	4,714,647,603	127,727,918	4,586,919,685	3.4%
2020 <sup>1</sup>	69.7	13.2	1.2	6.6	9.3	4,556,074,973	119,144,548	4,436,930,425	6.7%
2019	68.5	14.0	1.3	7.0	9.2	4,270,278,694	112,937,485	4,157,341,209	2.2%
2018	68.0	13.7	1.3	8.0	9.0	4,185,172,456	116,657,943	4,068,514,513	1.5%
2017	68.4	13.5	1.4	7.8	8.9	4,132,479,203	123,538,168	4,008,941,035	1.6%
2016	68.8	13.5	1.6	6.7	9.4	4,061,773,289	115,956,472	3,945,816,817	1.1%
2015 <sup>1</sup>	68.9	13.6	1.6	6.5	9.4	4,016,803,386	114,693,332	3,902,110,054	1.9%
2014	69.5	13.0	1.6	6.4	9.4	3,930,337,896	101,620,933	3,828,716,963	1.5%
2013	69.8	13.3	1.6	6.0	9.3	3,871,986,634	98,209,468	3,773,777,166	1.1%

<sup>1</sup> Revaluation.

Source: Town of Southington, Assessor's Office.

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### **Exempt Property**

<b>Public</b>	<b>Assessed Value <sup>1</sup></b>
Regular Veterans .....	\$ 9,305,562
Additional Veterans .....	1,408,600
Additional Veterans (1/2).....	2,062,440
100% Disabled and Blind.....	239,000
Local Option Veterans (non-reimbursed).....	297,465
Solar Energy .....	1,844,540
Public buildings/property .....	169,901,700
<b>Sub-Total Public</b> .....	<b>\$ 185,059,307</b>
<b>Private</b>	
Agricultural or Horticultural.....	\$ 395,866
Manufacturing machinery .....	87,092,545
Enterprise zone.....	7,908,697
Solar Energy .....	19,423,699
PP loaned to Tax-Exempt Entity.....	467,626
Trucks for Hire 5 yr Exemption.....	6,291,420
Miscellaneous .....	672,140
<b>Sub-Total Private</b> .....	<b>122,251,993</b>
<b>Total Exempt Property</b> .....	<b>\$ 307,311,300</b>
Percent Compared to Net Taxable Grand List.....	6.6%

<sup>1</sup> Based on the Net Taxable Grand List of October 1, 2022 of \$4,672,446,124.

Source: Town of Southington, Assessor's Office

### **Property Tax Levies and Collections**

<b>Grand List of 10/1</b>	<b>Fiscal Year Ending 6/30</b>	<b>Net Taxable Grand List</b>	<b>Mill Rate</b>	<b>Adjusted Annual Levy</b>	<b>Percent of Annual Levy Collected at End of Fiscal Year</b>	<b>Percent of Annual Levy Uncollected at End of Fiscal Year In Collection</b>	<b>Percent of Annual Levy Uncollected as of 6/30/2022</b>
2021	2023	\$ 4,586,919,685	29.13	\$ 133,616,970			
2020 <sup>1</sup>	2022	4,436,930,425	29.03	129,959,011	99.0%	1.0%	1.0%
2019	2021	4,157,341,209	30.63	128,017,872	99.0%	1.0%	0.0%
2018	2020	4,068,514,513	30.64	125,644,153	99.0%	1.0%	1.0%
2017	2019	4,008,941,035	30.48	123,134,141	99.2%	0.8%	0.8%
2016	2018	3,945,816,817	30.48	120,268,497	99.0%	1.0%	0.3%
2015 <sup>1</sup>	2017	3,902,110,054	29.64	116,198,486	98.9%	1.1%	0.1%
2014	2016	3,828,716,963	29.14	111,033,757	98.9%	1.1%	0.1%
2013	2015	3,773,777,166	28.36	106,321,669	98.8%	1.2%	0.0%
2012	2014	3,731,644,512	27.46	102,631,012	98.8%	1.2%	0.0%

<sup>1</sup> Revaluation.

Source: Town of Southington, Tax Collector

### **Ten Largest Taxpayers**

<b>Name of Taxpayer</b>	<b>Nature of Business</b>	<b>Taxable Valuation</b>	<b>Percent of Net Taxable Grand List <sup>1</sup></b>
Eversource (Connecticut Light & Power).....	Public Utility	\$ 154,045,510	3.30%
Yankee Gas Service.....	Public Utility	33,028,840	0.71%
45 Newell Street Associates (Yarde Metals)....	Manufacturing	22,880,619	0.49%
Target Corporation.....	Retail	12,359,362	0.26%
RK Southington (RK Queen Plaza).....	Real Estate	12,206,090	0.26%
Southington /Rte 10 Assoc.(ShopRite Plaza)...	Real Estate	11,485,420	0.25%
Exesouth KKF LLC (Lowes).....	Retail	9,692,220	0.21%
Olson Murial et al (WalMart Plaza).....	Real Estate	9,562,500	0.20%
Executive 200 LLC.....	Real Estate	8,547,440	0.18%
Briad Lodging Group (Homewood Suites).....	Hotel	8,425,540	0.18%
<sup>1</sup> <b>Total</b> .....		<b>\$ 282,233,541</b>	<b>6.04%</b>

*Based on the Net Taxable Grand List of October 1, 2022 of \$4,672,446,124.*

*Source: Town of Southington, Assessor's Office.*

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**V. Debt Summary**  
**Principal Amount of Indebtedness**  
**As of May 2, 2023**  
**(Pro Forma)**

**Long-Term Debt:**

<b>Date</b>	<b>Purpose</b>	<b>Interest Rate %</b>	<b>Original Issue</b>	<b>Amount Outstanding <sup>1</sup></b>	<b>Fiscal Year of Maturity</b>
2015	General Purpose.....	2.00-4.00	\$ 6,720,000	\$ 3,300,000	2035
2015	Schools.....	2.00-4.00	15,000,000	9,470,000	2035
2015	Sewers.....	2.00-4.00	5,200,000	3,260,000	2035
2015	Refunding (General Purpose).....	1.00-5.00	2,408,000	883,000	2029
2015	Refunding (Schools).....	1.00-5.00	8,036,000	3,872,000	2029
2015	Refunding (Sewers).....	1.00-5.00	1,841,000	670,000	2028
2016	General Purpose.....	2.00-4.00	5,200,000	3,055,000	2036
2016	Schools.....	2.00-4.00	12,000,000	8,220,000	2036
2017	Water - DWSRF.....	2.00	4,073,690	3,096,872	2036
2018	General Purpose.....	2.25-3.00	8,515,000	6,295,000	2038
2018	Schools.....	2.25-3.00	300,000	60,000	2024
2019	Refunding (Schools).....	2.25-5.00	4,414,000	2,294,000	2031
2019	Refunding (Sewers).....	2.25-5.00	1,458,000	1,001,000	2031
2020	Sewer - CWF (651-DC).....	2.00	22,000,000	19,158,334	2030
2020	Refunding Series A (General Purpose).....	4.00	2,775,000	1,071,000	2026
2020	Refunding Series A (Schools).....	4.00	973,000	517,000	2026
2020	Refunding Series A (Sewer).....	4.00	1,212,000	537,000	2026
2020	Refunding Series B (General Purpose) - Taxable....	0.37-2.41	3,555,000	3,056,000	2034
2020	Refunding Series B (Schools) - Taxable.....	0.37-2.41	10,054,000	9,205,000	2034
2020	Refunding Series B (Water) - Taxable.....	0.37-2.41	3,726,000	3,409,000	2034
2020	Refunding Series C (Sewer).....	4.00-5.00	4,495,000	3,780,000	2030
2020	Refunding Series C (Water).....	4.00-5.00	1,695,000	1,295,000	2029
2021	General Purpose.....	2.00-4.00	8,130,000	6,925,000	2041
2021	Schools.....	2.00-4.00	4,875,000	4,295,000	2041
2021	Water <sup>2</sup> .....	2.00-4.00	2,500,000	2,250,000	2041
2023	Sewer - CWF (651-DC1).....	2.00	12,162,895	11,406,611	2043
<b>Total Outstanding Bonded Debt.....</b>			<b>\$ 153,318,585</b>	<b>\$ 112,381,817</b>	
<b><u>This Issue</u></b>					
2023	General Purpose.....	4.00-5.00	\$ 15,410,000	\$ 15,410,000	2043
2023	Schools.....	4.00-5.00	2,040,000	2,040,000	2043
<b>Total This Issue.....</b>			<b>\$ 17,450,000</b>	<b>\$ 17,450,000</b>	
<b>Grand Total.....</b>			<b>\$ 170,768,585</b>	<b>\$ 129,831,817</b>	

<sup>1</sup> Excludes refunded and defeased bonds and capital leases.

<sup>2</sup> Water debt is self-supporting.

**Short-Term Debt**  
**As of May 2, 2023**  
**(Pro Forma)**

As of May 2, 2023, the Town does not have any outstanding short-term debt.

**Annual Bonded Debt Maturity Schedule  
As of May 2, 2023  
(Pro Forma)**

<b>Fiscal Year Ended 6/30</b>	<b>Principal Payments</b>	<b>Interest Payments</b>	<b>Total Debt Service</b>	<b>This Issue:</b>			<b>Total Principal</b>	<b>Cumulative Principal Retired %</b>
				<b>General Purpose</b>	<b>School</b>	<b>Total</b>		
2023 <sup>1</sup>	\$ 1,003,893	\$ 231,819	\$ 1,235,712	\$ -	\$ -	\$ -	\$ 1,003,893	0.8%
2024	10,600,436	2,719,405	13,319,841	803,000	102,000	905,000	11,505,436	9.6%
2025	10,199,342	2,434,459	12,633,801	803,000	102,000	905,000	11,104,342	18.2%
2026	10,028,325	2,178,897	12,207,222	803,000	102,000	905,000	10,933,325	26.6%
2027	9,067,389	1,927,855	10,995,244	803,000	102,000	905,000	9,972,389	34.3%
2028	8,881,534	1,686,983	10,568,517	803,000	102,000	905,000	9,786,534	41.8%
2029	8,595,765	1,451,860	10,047,625	803,000	102,000	905,000	9,500,765	49.1%
2030	7,710,081	1,258,878	8,968,959	803,000	102,000	905,000	8,615,081	55.8%
2031	6,964,484	1,062,158	8,026,642	803,000	102,000	905,000	7,869,484	61.8%
2032	6,148,975	898,000	7,046,975	803,000	102,000	905,000	7,053,975	67.3%
2033	6,133,559	748,469	6,882,028	803,000	102,000	905,000	7,038,559	72.7%
2034	6,108,235	598,082	6,706,317	738,000	102,000	840,000	6,948,235	78.0%
2035	4,928,005	447,108	5,375,113	738,000	102,000	840,000	5,768,005	82.5%
2036	3,752,871	324,167	4,077,038	738,000	102,000	840,000	4,592,871	86.0%
2037	2,881,789	236,510	3,118,299	738,000	102,000	840,000	3,721,789	88.9%
2038	2,652,551	176,690	2,829,241	738,000	102,000	840,000	3,492,551	91.6%
2039	2,302,551	119,170	2,421,721	738,000	102,000	840,000	3,142,551	94.0%
2040	2,302,551	73,033	2,375,584	738,000	102,000	840,000	3,142,551	96.4%
2041	1,477,551	32,416	1,509,967	738,000	102,000	840,000	2,317,551	98.2%
2042	592,551	7,415	599,966	738,000	102,000	840,000	1,432,551	99.3%
2043	49,379	82	49,461	738,000	102,000	840,000	889,379	100.0%
<b>Total.....</b>	<b>\$ 112,381,817</b>	<b>\$ 18,613,456</b>	<b>\$ 130,995,273</b>	<b>\$ 15,410,000</b>	<b>\$ 2,040,000</b>	<b>\$ 17,450,000</b>	<b>\$ 129,831,817</b>	

<sup>1</sup> Excludes principal payments of \$9,760,208 and interest payments of \$2,706,892 made between July 1, 2022 and May 2, 2023.

**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**



**Debt Statement**  
**As of May 2, 2023**  
**(Pro Forma)**

**Long-Term Debt Outstanding:**

General Purpose (Includes this issue).....	\$	39,995,000
Schools (Includes this issue).....		39,973,000
Sewers .....		39,812,945
Water.....		10,050,872
<b>Total Long-Term Debt.....</b>		<b>129,831,817</b>
<b>Short-Term Debt.....</b>		<b>-</b>
<b>Direct Debt.....</b>		<b>129,831,817</b>
<b>Underlying Debt.....</b>		<b>-</b>
<b>Total Overall Debt.....</b>		<b>129,831,817</b>
Less: Self Supporting Water Debt (Long-Term and Short-Term).....	(10,050,872)	
Sewer Fund Debt (As of June 30, 2022).....	(84,181)	
Sewer Assessment Debt (As of June 30, 2022).....	(252,982)	(10,388,035)
<b>Total Overall Net Debt.....</b>		<b>\$ 119,443,782</b>

**Current Debt Ratios**  
**As of May 2, 2023**  
**(Pro Forma)**

Population (2021) <sup>1</sup> .....	43,474
Net Taxable Grand List (10/1/21) .....	\$ 4,672,446,124
Estimated Full Value (70%).....	\$ 6,674,923,034
Equalized Grand List (10/1/20) <sup>2</sup> .....	\$ 6,339,789,130
Money Income per Capita (2010) <sup>1</sup> .....	\$ 36,053
Money Income per Capita (2021) <sup>1</sup> .....	\$ 50,766

	<b>Total Direct Debt / Overall Debt \$129,831,817</b>	<b>Total Overall Net Debt \$119,443,782</b>
Per Capita.....	\$ 2,986.42	\$ 2,747.48
Ratio to Net Taxable Grand List.....	2.78%	2.56%
Ratio to Estimated Full Value.....	1.95%	1.79%
Ratio to Equalized Grand List.....	2.05%	1.88%
Debt per Capita to Money Income per Capita (2021).....	5.88%	5.41%
Debt per Capita to Money Income per Capita (2010).....	8.28%	7.62%

<sup>1</sup> American Community Survey 2017-2021

<sup>2</sup> Office of Policy and Management, State of Connecticut.

**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. Pursuant to the Charter, upon recommendation of the Board of Finance, the Town Council authorizes borrowing. Such authorizations of \$1 million or more are subject to referendum, and all such authorizations are subject to referendum upon qualifying petition timely filed. The issuance of refunding bonds is authorized by a resolution adopted by the Town Council only.

## ***Maturities***

Except for refunding bonds that achieve net present value savings, 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 and school 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 for an aggregate period of 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 year 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).

## ***Clean Water Fund Program***

The Town is a participant in the State of Connecticut's Clean Water Fund Program (Connecticut General Statutes Sections 22a-475 et seq., as amended) which provides financial assistance through a combination of grants and loans bearing interest at a rate of 2% per annum. All participating municipalities receive a grant of 20% and a loan of 80% of total eligible costs (with the exception of combined sewer overflow correction projects which are financed with a 50% grant and a 50% loan).

Loans to each municipality are made pursuant to a Project Grant and Project Loan Agreement. Each municipality is obligated to repay only that amount which it draws down for the payment of project costs. Each municipality must deliver to the State an obligation secured by the full faith and credit of the municipality, and/or a dedicated source of revenue of such municipality.

Amortization of each loan is required to begin one year from the earlier of the project completion date specified in the Project Grant and Project Loan Agreement, or the actual project completion date. The final maturity of each loan is twenty years from the scheduled completion date. Principal and interest payments are payable (1) in equal monthly installments commencing one month after the scheduled completion date, or (2) in single annual installments representing 1/20 of total principal not later than one year from the project completion date specified in the Loan Agreement and thereafter in monthly installments. Borrowers may elect to make level debt service payments or level principal payments, and may prepay their loans at any time prior to maturity without penalty.

## **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, late payment of taxes and state payments for revenue losses under Connecticut General Statutes Section 12-129d and 7-528. In no case shall total indebtedness exceed seven times the base.

Section 7-374 of the Connecticut General Statutes also provides for exclusion from the debt limitation calculation debt: (i) issued in anticipation of taxes; (ii) issued for the supply of water, for the supply of gas, for the supply of electricity, for electric demand response, for conservation and load management, for distributed generation, for renewable energy projects, for the construction of subways for cables, wires and pipes, for the construction of underground conduits for cables, wires and pipes, for the construction and operation of a municipal community antenna television system and for two or more of such purposes; (iii) issued in anticipation of the receipt of proceeds from assessments which have been levied upon property benefited by any public improvement; (iv) issued in anticipation of the receipt of proceeds from any state or federal grant for which the town or municipality has received a written commitment or for which an allocation has been approved by the State Bond Commission or from a contract with the state, a state agency or another municipality providing for the reimbursement of capital costs but only to the extent such indebtedness can be paid from such proceeds; (v) issued for water pollution control projects in order to meet the requirements of an abatement order of the Commissioner of the Department of Energy and Environmental Protection, provided the municipality files a certificate signed by its chief fiscal officer with the commissioner demonstrating to the satisfaction of the commissioner that the municipality has a plan for levying a system of charges, assessments or other revenues which are sufficient, together with other available funds of the municipality, to repay such obligations as the same become due and payable; and (vi) upon placement in escrow of the proceeds of refunding bonds, notes or other obligations or other funds of the municipality in an amount sufficient, together with such investment earnings thereon as are to be retained in said escrow, to provide for the payment when due of the principal of and interest on such bond, note or other evidence of indebtedness.

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**Statement of Debt Limitation**  
**As of May 2, 2023**  
**(Pro Forma)**

Total Tax Collections (including interest and lien fees) received by the Treasurer for the year ended June 30, 2022 .....	\$ 127,927,000
Reimbursement For Revenue Loss (Tax relief for elderly).....	-
<b>Base for Debt Limitation Computation.....</b>	<b>\$ 127,927,000</b>

	<b>General Purpose</b>	<b>Schools</b>	<b>Sewers</b>	<b>Urban Renewal</b>	<b>Unfunded Pension</b>
<b>Debt Limitation:</b>					
2 1/4 times base.....	\$ 287,835,750	-	-	-	-
4 1/2 times base.....	-	\$ 575,671,500	-	-	-
3 3/4 times base.....	-	-	\$ 479,726,250	-	-
3 1/4 times base.....	-	-	-	\$ 415,762,750	-
3 times base.....	-	-	-	-	\$ 383,781,000
<b>Total Debt Limitation.....</b>	<b>\$ 287,835,750</b>	<b>\$ 575,671,500</b>	<b>\$ 479,726,250</b>	<b>\$ 415,762,750</b>	<b>\$ 383,781,000</b>

<b>Indebtedness:</b>	1			2		
Bonds Outstanding .....	\$ 24,585,000	\$ 37,933,000	\$ 39,812,945	\$ -	\$ -	-
Bonds – This Issue .....	15,410,000	2,040,000	-	-	-	-
Debt Authorized But Unissued.....	15,060,000	10,309,578	9,758,570	-	-	-
<b>Total Indebtedness.....</b>	<b>55,055,000</b>	<b>50,282,578</b>	<b>49,571,515</b>	<b>-</b>	<b>-</b>	<b>-</b>
Less:						
State School Grants Receivable.....	-	-	-	-	-	-
Self-Supporting Sewer Fund Debt.....	-	-	(84,181)	-	-	-
Sewer Assessment Debt.....	-	-	(252,982)	-	-	-
<b>Total Net Indebtedness.....</b>	<b>55,055,000</b>	<b>50,282,578</b>	<b>49,234,352</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>DEBT LIMITATION IN EXCESS OF OUTSTANDING INDEBTEDNESS...</b>	<b>\$ 232,780,750</b>	<b>\$ 525,388,922</b>	<b>\$ 430,491,898</b>	<b>\$ 415,762,750</b>	<b>\$ 383,781,000</b>	<b>-</b>

<sup>1</sup> Excludes \$10,050,872 in outstanding bonds of self-supporting water debt.

<sup>2</sup> Includes Clean Water Fund Project Loan Obligations.

Note: In no case shall total indebtedness exceed seven times annual receipts from taxation or \$895,489,000

**Authorized but Unissued Debt**  
**As of May 2, 2023**  
**(Pro Forma)**

<b>Project</b>	<b>Amount Authorized</b>	<b>Previously Bonded/ CWF Loan</b>	<b>Appropriations, Transfers &amp; Grants Rec'd &amp; Paydowns</b>	<b>New Money</b>	<b>This Issue: The Bonds:</b>	<b>Authorized but Unissued</b>
New South End Elementary School .....	\$ 16,860,000	\$ 9,502,000	\$ 6,176,839	\$ -	\$ -	\$ 1,181,161
2011 School Renov., Add., & Improvements .....	89,725,000	45,975,000	40,236,365	-	-	3,513,635
Land Acquisition (2015) .....	2,000,000	1,650,000	-	350,000	350,000	-
WPCF Facilities Upgrade.....	57,100,000	33,479,507	13,861,923	-	-	9,758,570
Road Improvement (2019).....	900,000	-	-	-	-	900,000
Open Space Acquisition 2018.....	2,000,000	1,180,000	-	310,000	310,000	510,000
Road and Bridge Improvements Project (2020) .....	10,000,000	3,000,000	-	4,000,000	4,000,000	3,000,000
Southington CC Land Development Rights.....	4,500,000	-	-	4,500,000	4,500,000	-
Library Project.....	16,900,000	-	-	6,250,000	6,250,000	10,650,000
Southington High School Roof Replacement (2018)...	2,600,000	900,000	965,218	-	-	734,782
Southington High School Roof Replacement (2022)...	6,920,000	-	-	2,040,000	2,040,000	4,880,000
<b>Total .....</b>	<b>\$ 209,505,000</b>	<b>\$ 95,686,507</b>	<b>\$ 61,240,345</b>	<b>\$ 17,450,000</b>	<b>\$ 17,450,000</b>	<b>\$ 35,128,148</b>

**Principal Amount of Outstanding Debt <sup>1</sup>**  
**Last Five Fiscal Years**  
**(000s)**

<b>Long-Term Debt</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
Bonds.....	\$ 79,301	\$ 87,377	\$ 77,770	\$ 86,565	\$ 95,040
CWF.....	20,075	21,175	5,684	6,252	6,822
<b>Sub-Total Long-Term Debt.....</b>	<b>99,376</b>	<b>108,552</b>	<b>83,454</b>	<b>92,817</b>	<b>101,862</b>
<b>Short-Term Debt</b>					
Bond Anticipation Notes.....	-	-	3,975	3,975	16,000
CWF IFO.....	-	31,767	26,022	6,010	-
<b>Sub-Total Short-Term Debt....</b>	<b>-</b>	<b>31,767</b>	<b>29,997</b>	<b>9,985</b>	<b>16,000</b>
<b>Grand Total.....</b>	<b>\$ 99,376</b>	<b>\$ 140,319</b>	<b>\$ 113,451</b>	<b>\$ 102,802</b>	<b>\$ 117,862</b>

<sup>1</sup> Does not include Water debt, compensated absences or capital lease obligations.

Source: Town of Southington Audited Financial Reports.

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

<b>Fiscal Year Ended 6/30</b>	<b>Net Assessed Value</b>	<b>Estimated Full Value</b>	<b>Net Long-Term Debt <sup>1</sup></b>	<b>Ratio of Net Long-Term Debt to Assessed Value (%)</b>	<b>Ratio of Net Long-Term Debt to Estimated Full Value (%)</b>	<b>Population <sup>2</sup></b>	<b>Net Long-Term Debt per Capita</b>	<b>Ratio of Net Long-Term Debt per Capita to Per Capita Income <sup>3</sup></b>
2022	\$ 4,586,919,685	\$ 6,552,742,407	\$ 99,376,000	2.17%	1.52%	43,474	2,285.87	4.50%
2021	4,436,930,425	6,338,472,036	108,552,000	2.45%	1.71%	43,474	2,496.94	4.92%
2020	4,157,341,209	5,939,058,870	83,454,000	2.01%	1.41%	43,474	1,919.63	3.78%
2019	4,068,514,513	5,812,163,590	92,817,000	2.28%	1.60%	43,474	2,135.00	4.21%
2018	4,008,941,035	5,727,058,621	101,862,000	2.54%	1.78%	43,474	2,343.06	4.62%

<sup>1</sup> Long-Term debt does not include Water debt, compensated absences, or capital lease obligations.

<sup>2</sup> Bureau of Census.

<sup>3</sup> American Community Survey (2017-2021), Money Income Per Capita \$50,766.

Source: Town of Southington Audited Financial Reports.

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

<b>Fiscal Year Ended 6/30</b>	<b>Principal</b>	<b>Interest</b>	<b>Total Debt Service</b>	<b>Total General Fund Expenditures <sup>1</sup></b>	<b>Ratio of General Fund Debt Service To General Fund Expenditures</b>
2022	\$ 8,076,000	\$ 2,946,000	\$ 11,022,000	\$ 172,287,000	6.40%
2021	8,505,000	2,467,000	10,972,000	172,380,000	6.37%
2020	8,561,959	2,619,272	11,181,231	165,076,000	6.77%
2019	7,936,309	2,947,422	10,883,731	154,121,000	7.06%
2018	7,902,369	2,667,680	10,570,049	163,378,000	6.47%
2017	6,759,791	2,719,394	9,479,185	159,552,000	5.94%
2016	6,000,463	2,404,960	8,405,423	149,232,000	5.63%
2015	5,732,791	2,616,890	8,349,681	159,331,000	5.24%
2014	5,032,305	1,940,702	6,973,007	140,540,000	4.96%
2013	5,839,337	2,148,607	7,987,944	135,501,000	5.90%

<sup>1</sup> Includes transfers out.

Source: Town of Southington Finance Department.

## **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.

<b>Project</b>	<b>Fiscal 2022-23</b>	<b>Fiscal 2023-24</b>	<b>Fiscal 2024-25</b>	<b>Fiscal 2025-26</b>	<b>Fiscal 2026-27</b>	<b>Total</b>
Town.....	\$ 7,225,867	\$ 8,417,633	\$ 13,754,333	\$ 1,530,000	\$ 1,530,000	\$ 32,457,833
Waste Pollution Control Dept..	2,828,000	-	-	-	-	2,828,000
Board of Education.....	7,111,412	134,987,406	110,000	-	-	142,208,818
<b>Total.....</b>	<b>\$ 17,165,279</b>	<b>\$143,405,039</b>	<b>\$ 13,864,333</b>	<b>\$ 1,530,000</b>	<b>\$ 1,530,000</b>	<b>\$ 177,494,651</b>

<b>Funding Sources</b>	<b>Fiscal 2022-23</b>	<b>Fiscal 2023-24</b>	<b>Fiscal 2024-25</b>	<b>Fiscal 2025-26</b>	<b>Fiscal 2026-27</b>	<b>Total</b>
G.F. Appropriations.....	\$ 2,287,233	\$ 3,133,633	\$ 1,523,633	\$ 500,000	\$ 500,000	\$ 7,944,499
Bond/Note Proceeds.....	6,760,626	70,447,703	10,810,700	-	-	88,019,029
Grants.....	6,321,710	68,023,703	530,000	530,000	530,000	75,935,413
Use of Fund Balance.....	1,795,710	1,800,000	1,000,000	500,000	500,000	5,595,710
<b>Total Funding Sources.....</b>	<b>\$ 17,165,279</b>	<b>\$143,405,039</b>	<b>\$ 13,864,333</b>	<b>\$ 1,530,000</b>	<b>\$ 1,530,000</b>	<b>\$ 177,494,651</b>

## **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, 2022, the financial statements of the various funds of the Town were audited by CliftonLarsonAllen LLP of West Hartford, Connecticut.

## **Liability Insurance**

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

## **Pensions**

### *Municipal Employees’ Retirement System*

All Town of Southington full-time employees, except teachers who are eligible to participate in the State of Connecticut Teachers’ Retirement System, participate in the Municipal Employees’ Retirement System (MERS), a cost sharing multiple-employer public employee retirement system (PERS) established by the State of Connecticut and administered by the State Retirement Commission. MERS 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.

Funding Policy - Plan members are required to contribute 4.25% of earnings upon which Social Security is paid plus 7% of earnings on which no 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 rate for the fiscal year ending June 30, 2022 ranged between 16.44% and 23.59% of covered payroll. The Town’s MERS contribution (rounded) for the fiscal years June 30, 2022 was \$7,194,000, and June 30, 2021 was \$6,417,000, June 30, 2020 was \$4,783,000, and the budgeted amount for the fiscal year ending June 30, 2023 is \$7,445,000; all of which are equal to the required contributions for that year.

### *Teachers’ Retirement*

All Town of Southington Teachers participate in the State of Connecticut Teachers’ Retirement System under Chapter 167a of the General Statutes of the State of Connecticut.

The Board of Education withholds 8.25% (7% +1.25% health insurance) 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. The Town does not have any liability for teacher pensions.

The State of Connecticut Teachers’ 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.

For more information, see Note number 12 in “Notes to Financial Statements” of Appendix A.

## **Other Post Employment Benefits (OPEB)**

GASB Statement 75, 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 75 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 and Board of Education do not offer retirees any post-employment benefits. They do, however, allow retirees to remain on the Health Self-Insurance plan as long as they pay the full COBRA rates. The only exception to the no post-employment benefits would be for those employees who have retired under Heart & Hypertension and have negotiated these benefits. See Note number 11 in “Notes to Financial Statements” of Appendix A.

These other post-employment benefits (OPEB) for former employees are currently funded on a pay-as-you-go basis out of the Self-Insurance Fund and the Heart and Hypertension Department in the General Fund. As of June 30, 2020, the Town has not established a trust fund to segregate assets to fund the liability associated with these benefits. As of June 30, 2022, the Total OPEB Liability is \$34,761.

### **Schedule of Changes in Total OPEB Liability (000's)**

	<b>2022</b>	<b>2021</b>	<b>2020</b>
Total OPEB Liability:			
Service Cost.....	\$ 910	\$ 861	\$ 608
Interest.....	1,087	1,090	1,442
Differences Between Expected and			
Actual Experience.....	(11,533)	(520)	(4,535)
Changes of Assumptions and Other Inputs...	(4,628)	397	11,567
Benefit Payments.....	(952)	(824)	(1,359)
Net Change in Total OPEB Liability.....	(15,116)	1,004	7,723
Total OPEB Liability - Beginning.....	49,877	48,873	41,150
Total OPEB Liability - Ending.....	\$ 34,761	\$ 49,877	\$ 48,873
Covered Payroll.....	\$ 79,446	\$ 79,813	\$ 77,942
Total OPEB Liability as a Percentage of			
Covered Payroll.....	43.75%	62.49%	62.70%

## **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). The Town Treasurer has followed these investment practices and the Town's short term operating funds and capital funds are currently invested in money markets with Connecticut banks.



**General Fund Revenues and Expenditures**  
**Five Year Summary of Audited Revenues and Expenditures (GAAP Basis),**  
**and Adopted Budget (Budgetary Basis)**  
(In thousands)

	<i>Adopted</i> <i>Budget</i> <sup>1</sup>	<i>Actual</i>	<i>Actual</i>	<i>Actual</i>	<i>Actual</i>	<i>Actual</i>
<b>Revenues:</b>	<b>2022-23</b>	<b>2021-22</b>	<b>2020-21</b>	<b>2019-20</b>	<b>2018-19</b>	<b>2017-18</b>
Property Taxes .....	\$ 133,729	\$ 131,118	\$ 127,986	\$ 125,707	\$ 123,664	\$ 121,570
Intergovernmental .....	21,207	38,213	36,649	36,874	28,297	38,324
Income on Investments.....	373	462	29	1,869	1,803	1,033
Other (including Charges for Services) .....	7,112	6,218	5,606	4,337	3,838	4,068
<b>Total Revenues .....</b>	<b>162,421</b>	<b>176,011</b>	<b>170,270</b>	<b>168,787</b>	<b>157,602</b>	<b>164,995</b>
<b>Expenditures:</b>						
General government .....	5,002	4,001	4,456	4,225	4,123	4,188
Public Safety .....	15,694	15,824	14,378	13,699	13,128	13,108
Public Works .....	6,529	5,657	5,990	5,845	6,091	4,933
Health and Welfare .....	771	636	699	684	686	673
Human Services .....	835	690	827	869	950	909
Parks & Recreation .....	463	391	358	369	408	1,443
Public Library .....	1,682	1,578	1,529	1,555	1,474	1,472
Planning and Development .....	1,295	1,215	1,128	1,070	1,077	1,036
Miscellaneous .....	46	157	47	65	-	-
Employee Fringe Benefits .....	11,547	10,146	10,173	9,922	9,042	9,007
Education .....	104,769	116,875	115,406	111,564	102,563	111,170
Debt Service .....	11,008	11,022	10,972	11,181	10,914	10,570
Capital Outlays .....	500	-	-	-	56	-
Contingencies.....	836	-	-	-	-	-
<b>Total Expenditures .....</b>	<b>160,977</b>	<b>168,192</b>	<b>165,963</b>	<b>161,048</b>	<b>150,512</b>	<b>158,509</b>
Revenues over (under) expenditures .....	1,444	7,819	4,307	7,739	7,090	6,486
<b>Other Financing Sources Uses:</b>						
Refunding Bonds Issued.....	-	-	-	-	-	-
Payment to Refunded Bond Escrow Agent.....	-	-	-	-	-	-
Premium on Bonds.....	-	-	-	-	-	-
Issuance of Capital Leases.....	-	-	819	-	-	-
Operating Transfers In .....	307	9	-	-	24	329
Operating Transfers (Out) .....	(1,751)	(4,095)	(6,417)	(4,028)	(3,609)	(4,869)
<b>Total other Financing Sources (uses) ....</b>	<b>(1,444)</b>	<b>(4,086)</b>	<b>(5,598)</b>	<b>(4,028)</b>	<b>(3,585)</b>	<b>(4,540)</b>
<b>Revenues and other financing sources over (under) expenditures and other financing (uses) .....</b>	<b>\$ -</b>	<b>\$ 3,733</b>	<b>\$ (1,291)</b>	<b>\$ 3,711</b>	<b>\$ 3,505</b>	<b>\$ 1,946</b>

<sup>1</sup> Budgetary basis, subject to audit.

## ***Municipal General Budget Expenditures Cap***

Connecticut General Statutes Section 4-661 creates a cap on adopted general budget expenditures for municipalities in Connecticut in order for municipalities to be eligible to receive the full amount of the State's municipal revenue sharing grant. Beginning in fiscal year ending June 30, 2020, and in each fiscal year thereafter, the Office of Policy and Management ("OPM") must reduce the municipal revenue sharing grant amount for those municipalities whose adopted general budget expenditures (with certain exceptions including but not limited to debt service, special education, implementation of court orders or arbitration awards, budgeting for an audited deficit, nonrecurring grants, capital expenditures of \$100,000 or more, or payments on unfunded pension liabilities, and certain major disaster or emergency expenditures) exceeds the spending limits specified in the statute. For each applicable fiscal year, OPM must determine the municipality's percentage growth in general budget expenditures over the prior fiscal year and reduce the grant if the growth rate is equal to or greater than 2.5% or the inflation rate, whichever is greater, each of those amounts adjusted by an amount proportionate to any increase in the municipality's population from the previous fiscal year. The reduction is generally equal to 50 cents for every dollar the municipality spends over this cap. Each municipality must annually certify to the Secretary of the OPM whether such municipality has exceeded the cap set forth in the statute and if so the amount by which the cap was exceeded.

Under the Act, municipal spending does not include expenditures: (1) for debt service, special education, costs to implement court orders or arbitration awards; (2) budgeting for an audited deficit, nonrecurring grants, capital expenditures of \$100,000 or more, or payments on unfunded pension liabilities; (3) associated with a major disaster or emergency declaration by the President or disaster emergency declaration issued by the Governor under the civil preparedness law; or (4) for any municipal revenue sharing grant the municipality disburses to a special taxing district. In addition, if budget expenditures exceed the 2.5% cap, but are proportional to population growth from the previous year, the municipal revenue sharing grant will not be reduced.

### ***Analysis of General Fund Balance (In thousands)***

	<b><i>Adopted Budget <sup>1</sup> 2022-23</i></b>	<b><i>Actual 2021-22</i></b>	<b><i>Actual 2020-21</i></b>	<b><i>Actual 2019-20</i></b>	<b><i>Actual 2018-19</i></b>	<b><i>Actual 2017-18</i></b>
Nonspendable.....	N/A	\$ 41	\$ 49	\$ 34	\$ 27	\$ 25
Committed.....	N/A	-	-	-	-	-
Assigned.....	N/A	6,288	5,441	8,279	3,113	2,222
Unassigned.....	N/A	28,282	25,388	23,856	25,318	22,706
<b><i>Total Fund Balance.....</i></b>	N/A	\$ 34,611	\$ 30,878	\$ 32,169	\$ 28,458	\$ 24,953

<sup>1</sup> Budgetary basis, subject to audit.

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## **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 winning bidder will be furnished the following documents 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, the Town Treasurer, and the Director of Finance which will be dated the date of delivery, and which will certify, to the best of said officials' knowledge and belief, that at the time the bids were awarded for the Bonds, 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 Pullman & Comley, LLC, Bond Counsel, of Hartford, Connecticut, in substantially the form attached hereto as Appendix B to this official statement.
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 has prepared an Official Statement for the Bonds which is dated April 19, 2023. 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 of the Bonds twenty-five (25) 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 at the office of the Town's Municipal Advisor no later than seven business days of the bid opening. If the Town's Municipal Advisor is provided with the necessary information from the winning bidder 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 Bonds. The winning bidder shall arrange with the Municipal Advisor the method of delivery of the copies of the Official Statement to the purchasers.

A record of the proceedings taken by the Town in authorizing the Bonds will be kept on file at offices of U.S. Bank Trust Company, 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 SOUTHTON, CONNECTICUT***

By: /s/ *Mark Sciota*

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Mark Sciota, *Town Manager*

By: /s/ *James Bowes*

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James Bowes, *Director of Finance*

By: /s/ *Ann Marie Anop*

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Ann Marie Anop, *Treasurer*

Dated: April 19, 2023

## ***Appendix A***

### ***2022 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, 2022. 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, Senior Managing Director, Phoenix Advisors, 53 River Street, Suite 1, Milford, Connecticut 06460. Telephone (203) 878-4945.

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## INDEPENDENT AUDITORS' REPORT

Board of Finance  
Town of Southington, Connecticut  
Southington, Connecticut

### Report on the Audit of the Financial Statements

#### ***Opinions***

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, 2022, and the related notes to the financial statements, which collectively comprise the Town of Southington, Connecticut's basic financial statements as listed in the table of contents.

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, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town of Southington, Connecticut and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Emphasis of Matter***

As discussed in Note 1 to the financial statements, effective July 1, 2021, the Town adopted new accounting guidance for leases. The guidance requires lessees to recognize a right-to-use asset and corresponding lease liability and lessors to recognize a lease receivable and corresponding deferred inflow of resources for all leases with lease terms greater than twelve months. Our opinion is not modified with respect to this matter.

***Responsibilities of Management for the Financial Statements***

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Southington, Connecticut's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Town of Southington, Connecticut's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Town of Southington, Connecticut's ability to continue as a going concern for a reasonable period of time.



We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

### ***Required Supplementary Information***

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

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Southington, Connecticut's basic financial statements. The combining and individual nonmajor fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the combining and individual nonmajor fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### ***Other Information***

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Board of Finance  
Town of Southington, Connecticut

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated February 23, 2023, on our consideration of the Town of Southington, Connecticut's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 effectiveness of the Town of Southington, Connecticut's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Town of Southington, Connecticut's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

**CliftonLarsonAllen LLP**

West Hartford, Connecticut  
February 23, 2023

**TOWN OF SOUTHLINGTON, CONNECTICUT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2022**

As management of the Town of Southington, Connecticut (the Town) we offer readers of the financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2022. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, as well as the Town's basic financial statements that follow this section.

**Financial Highlights**

- On a government-wide basis, the assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources resulting in total net position at the close of the fiscal year of \$215.6 million. Total net position for governmental activities at fiscal year-end were \$120.4 million and total net position for business-type activities were \$95.2 million.
- On a government-wide basis, during the year, the Town's net position decreased by \$1.7 million or 0.8% from \$217.3 million to \$215.6 million. Net position for the governmental activities decreased by \$0.4 million for governmental activities and decreased by \$1.3 million for business-type activities.
- During the year, Governmental activities expenses were \$193.8 million and transfers out were \$1.6 million, while revenues were \$195.0 million.
- At the close of the year, the Town's governmental funds reported on a current financial resource basis, combined ending fund balances of \$40.7 million, a decrease of \$4.3 million from the prior fiscal year. (Exhibit IV).
- At the end of the current fiscal year, the total fund balance for the General Fund alone was \$34.6 million, an increase of \$3.7 million from the prior fiscal year. Of the total fund balance, \$28.3 million represents unassigned fund balance. The unassigned General Fund balance at year-end represents 16.1% of total General Fund revenues (\$176.0 million), an increase of 1.1% from last year.
- The tax collection rate was 99.02% of the current levy, the same as last year.

**Overview of the Financial Statements**

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

**Government-Wide Financial Statements**

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

**TOWN OF SOUTHLINGTON, CONNECTICUT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2022**

The statement of net position presents information on all of Southington's assets and liabilities, with the difference reported as net position. One can think of the Town's net position - the difference between assets and liabilities - as one way to measure the Town's financial health or financial position. Over time, increases or decreases in net position may serve as an indicator of whether the financial position of the Town is improving or deteriorating. It speaks to the question of whether or not the Town, as a whole, is better or worse off as a result of this year's activities. Other nonfinancial factors will need to be considered, however, such as changes in the Town's property tax base and the condition of the Town's roads, to assess the overall health of the Town.

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

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

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

### **Fund Financial Statements**

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

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

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

**TOWN OF SOUTHLINGTON, CONNECTICUT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2022**

The Town maintains 31 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund, Capital Projects Fund, Emergency Management and Debt Service Fund which are considered to be major funds. Data from the other 27 governmental funds are combined into a single, aggregated presentation as other non-major governmental funds.

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

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

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

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

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

- *Fiduciary Funds* – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to provide services to the Town's constituency. The Town has one custodial fund: the C-Pace Program Fund. The accounting used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund financial statements can be found on Exhibits VIII and IX.

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

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 30 through 75 of this report.

Certain required supplementary information is reported concerning the Town's progress in funding its obligations to provide pension benefits and other post-employment benefits to its employees. This information can be found on pages 90 through 95 of this report.

### **Government-Wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position and an important determinant of its ability to finance services in the future. The Town's total assets exceeded liabilities by \$215.6 million on June 30, 2022. Governmental activities assets exceeded liabilities by \$120.4 million.

**TOWN OF SOUTHTON, CONNECTICUT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2022**

Business-type activities assets exceeded liabilities by \$95.2 million.

**TABLE 1  
NET POSITION  
(IN THOUSANDS)**

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
<b>Assets:</b>						
Current and Other Assets	\$ 82,903	\$ 92,579	\$ 10,498	\$ 11,906	\$ 93,401	\$ 104,485
Capital Assets, Net of Accumulated Depreciation	286,450	285,765	86,692	86,977	373,142	372,742
Total Assets	369,353	378,344	97,190	98,883	466,543	477,227
<b>Deferred Outflows of Resources</b>	29,816	40,136	502	906	30,318	41,042
<b>Liabilities:</b>						
Long-Term Debt Outstanding	210,004	256,902	878	1,680	210,882	258,582
Other Liabilities	28,034	27,765	1,004	1,369	29,038	29,134
Total Liabilities	238,038	284,667	1,882	3,049	239,920	287,716
<b>Deferred Inflows of Resources</b>	40,696	12,984	655	224	41,351	13,208
<b>Net Position:</b>						
Net Investment in Capital Assets	174,371	153,512	86,692	86,977	261,063	240,489
Restricted	2,090	1,597			2,090	1,597
Unrestricted	(56,026)	(34,280)	8,463	9,539	(47,563)	(24,741)
Total Net Position	\$ 120,435	\$ 120,829	\$ 95,155	\$ 96,516	\$ 215,590	\$ 217,345

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

**TOWN OF SOUTHTON, CONNECTICUT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2022**

**TABLE 2  
CHANGES IN NET POSITION  
(IN THOUSANDS)**

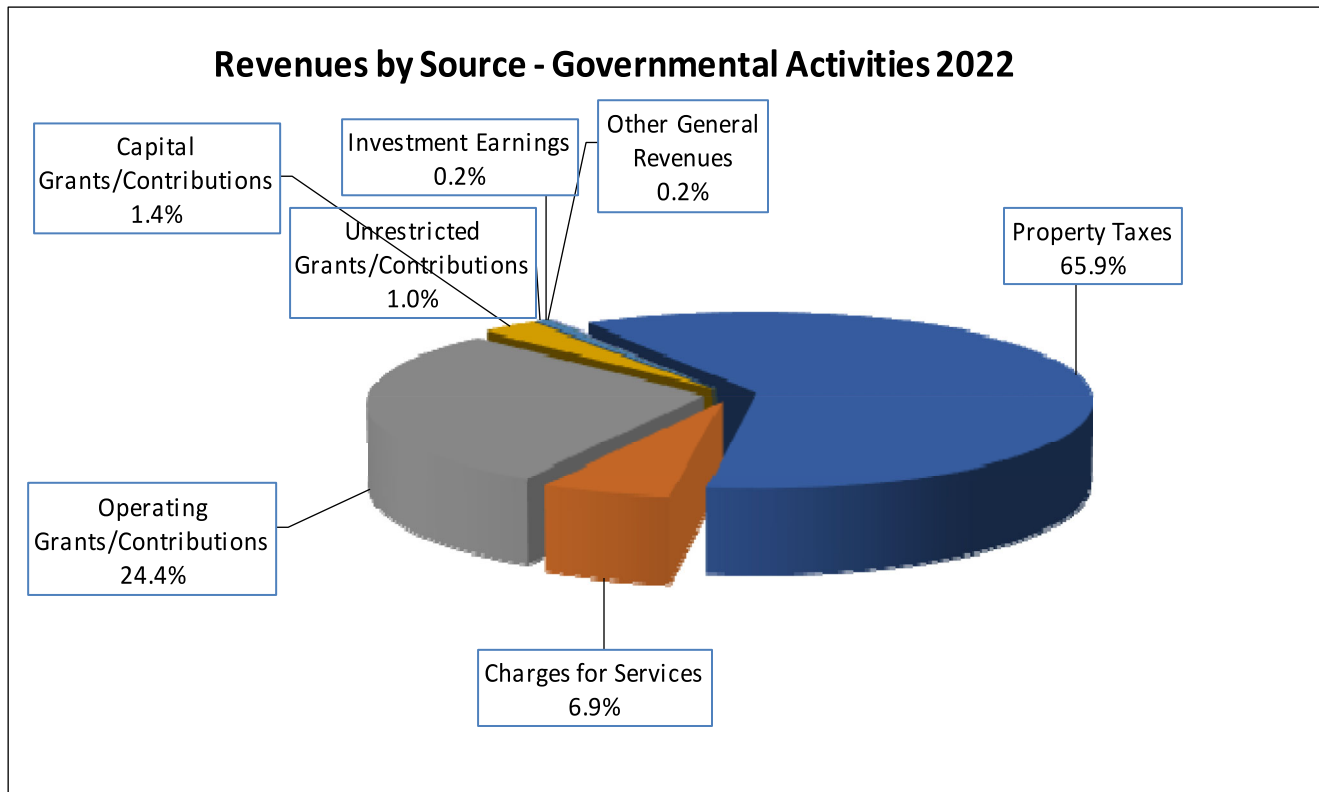
	Governmental Activities		Business-Type Activities		Totals	
	2022	2021	2022	2021	2022	2021
<b>Revenues:</b>						
Program Revenues:						
Charges for Services	\$ 13,569	\$ 12,314	\$ 5,870	\$ 6,545	\$ 19,439	\$ 18,859
Operating Grants and Contributions	47,548	62,121	-	-	47,548	62,121
Capital Grants and Contributions	2,733	6,150	-	-	2,733	6,150
General Revenues:						
Property Taxes	128,574	130,132	-	-	128,574	130,132
Grants and Contributions Not Restricted to Specific Purposes	1,803	1,384	-	-	1,803	1,384
Unrestricted Investment Earnings	470	48	-	-	470	48
Other General Revenue	371	552	-	-	371	552
Total Revenues	195,068	212,701	5,870	6,545	200,938	219,246
<b>Program Expenses:</b>						
General Government	6,170	6,782	-	-	6,170	6,782
Public Safety	26,688	29,368	-	-	26,688	29,368
Public Works	15,231	14,837	-	-	15,231	14,837
Health and Welfare	877	823	-	-	877	823
Human Services	1,353	1,704	-	-	1,353	1,704
Parks and Recreation	1,224	837	-	-	1,224	837
Public Library	2,169	2,062	-	-	2,169	2,062
Planning and Development	1,664	1,589	-	-	1,664	1,589
Education	135,870	145,748	-	-	135,870	145,748
Interest on Long-Term Debt	2,636	2,503	-	-	2,636	2,503
Sewer	-	-	8,811	8,451	8,811	8,451
Total Program Expenses	193,882	206,253	8,811	8,451	202,693	214,704
<b>Excess Before Transfers</b>	1,186	6,448	(2,941)	(1,906)	(1,755)	4,542
Transfers	(1,580)	(10,591)	1,580	10,591	-	-
<b>Change in Net Position</b>	(394)	(4,143)	(1,361)	8,685	(1,755)	4,542
Net Position - Beginning of Year	120,829	124,281	96,516	87,831	217,345	212,112
Restatement	-	691	-	-	-	691
<b>Net Position - End of Year</b>	<u>\$ 120,435</u>	<u>\$ 120,829</u>	<u>\$ 95,155</u>	<u>\$ 96,516</u>	<u>\$ 215,590</u>	<u>\$ 217,345</u>

The Town's net position decreased by \$1.7 million during the fiscal year, with net position of governmental activities decreasing \$0.4 million and business-type activities decreasing by \$1.3 million. The total cost of all programs and services was \$202.7 million. Our analysis below separately considers the operations of governmental and business-type activities.

**TOWN OF SOUTHLINGTON, CONNECTICUT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2022**

**Governmental Activities**

Approximately 65.9% of the revenues were derived from property taxes, followed by 24.4% from operating grants and contributions, 6.9% from charges for services, 1.4% from capital grants and contributions, 1.0% from unrestricted grants and contributions, 0.2% from investment earnings and 0.2% from other sources.



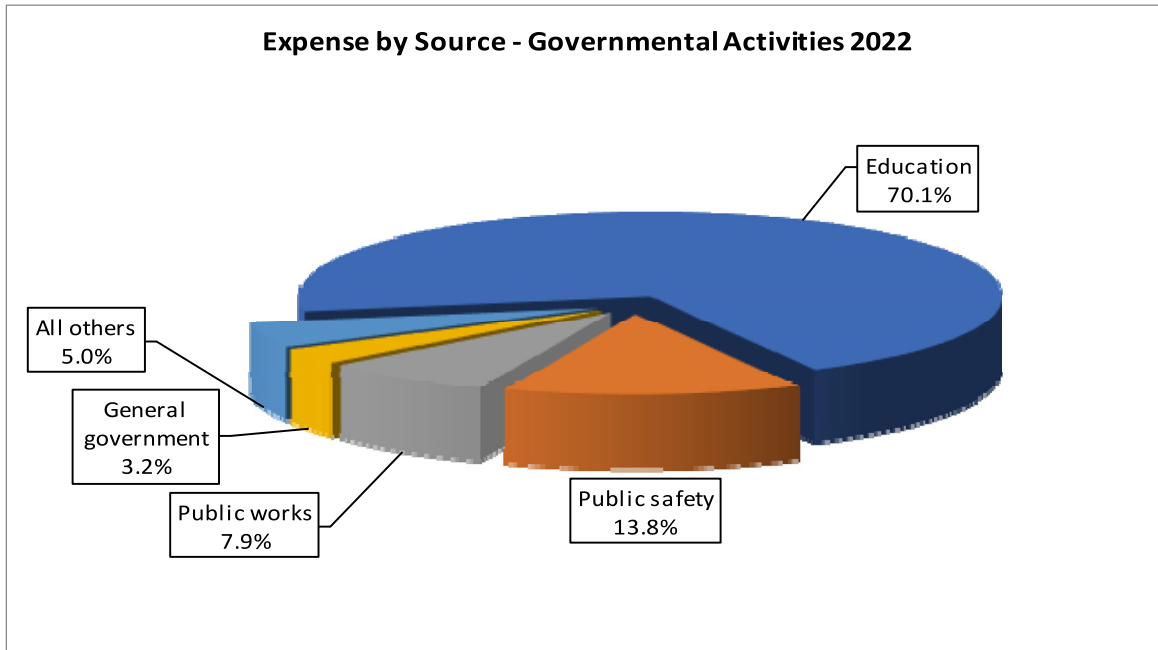
Major revenue factors include:

- Operating Grants and contributions decreased by \$14.6 million or 23.5% from \$62.1 million to \$47.5 million. A major factor in this decrease is recognition of more Federal COVID-19 grants for the Town and Board of Education last year.
- Property tax revenue decreased by \$1.5 million or 1.1% over last year. This is due to recognition of higher amount of accrued taxes received last year vs this year within 60 days of year-end.
- Capital Grants and Contributions decreased by \$3.5 million or 56.5% from \$6.2 million in fiscal year 2021 to \$2.7 million in fiscal year 2022. Most of the decrease is due to the reduction in the State of Connecticut Clean Water Fund Grant Revenue for the Water Pollution Control Facility from \$3.0 million in 2021 to \$0.9 million in 2022.



**TOWN OF SOUTHTON, CONNECTICUT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2022**

For governmental activities, 70.1% of the Town's expenses related to education. Public safety accounted for 13.8%, public works accounted for 7.9% and general government accounted for 3.2% of expenses. The remaining 5.0% related to health and welfare, human services, parks and recreation, public library, planning and development and long-term debt payments.

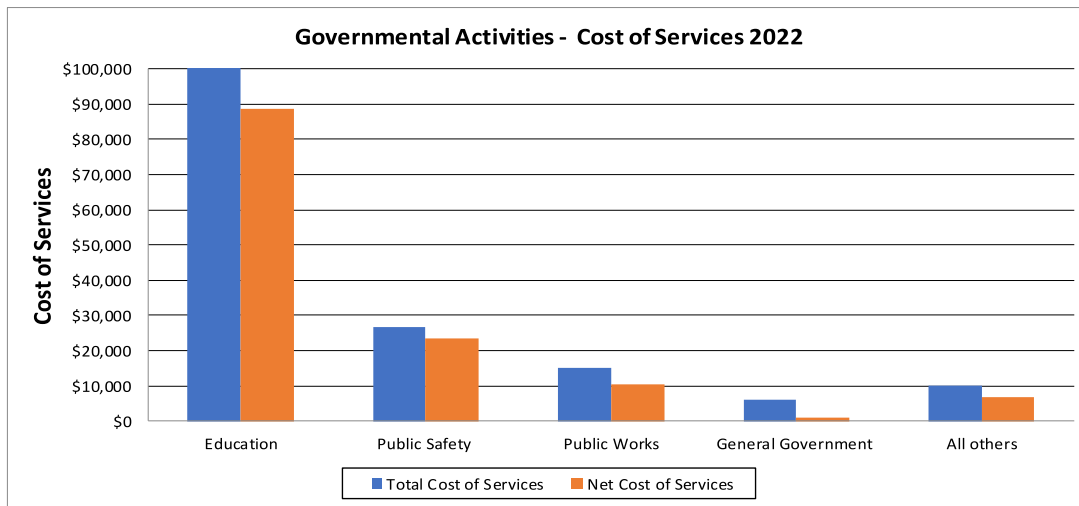


Major expense factors include:

- The cost of education services decreased \$9.9 million or 6.8% due to higher costs responding to the COVID 19 pandemic in 2021 vs 2022.
- General Government costs decreased by \$0.6 million or 9.0% mostly because of the recognition of less MERS net pension expenses in 2022.

	Total Cost of Services		Net Cost of Services	
	2022	2021	2022	2021
Education	\$ 135,870	\$ 145,748	\$ (88,476)	\$ (82,460)
Public Safety	26,688	29,368	(23,342)	(26,010)
Public Works	15,231	14,837	(10,387)	(6,740)
General Government	6,170	6,782	(1,043)	(3,634)
All others	9,923	9,518	(6,784)	(6,824)
Total	<u>\$ 193,882</u>	<u>\$ 206,253</u>	<u>\$ (130,032)</u>	<u>\$ (125,668)</u>

**TOWN OF SOUTHLINGTON, CONNECTICUT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2022**



**Business-Type Activities**

- Business-type activities (see Table 2) decreased the Town's net position by \$1.3 million primarily due to higher claims in the Town's Self-Insured Employee Health Plan.

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

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

- *Governmental Funds* – The focus of the Town's governmental funds is to provide information on the near-term inflows, outflows and balances of expendable resources. Such information is useful in assessing the Town's financing requirements.
  - As of June 30, 2022, the Town's governmental funds reported combined ending fund balances of \$40.7 million, a decrease of \$4.3 million from last year's fund balance of \$45.0 million. Most of this change is due to expenditures in the Capital Projects Fund this year that will be bonded next fiscal year
- *General Fund* – The General Fund is the primary operating fund of the Town. As of June 30, 2022, unassigned fund balance increased by \$2.8 million to \$28.3 million in the General Fund, while total fund balance increased \$3.7 million to \$34.6 million.

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

- Property tax revenues exceeded budget estimates by approximately \$2 million which more than offset some minor negative revenue variances.
- Town Clerk Fees exceeded the amended budget by \$200 thousand due to very high volume of property sales.
- Town departments and the Board of Education expended \$5.8 million less than budgeted. Of this amount, \$0.5 million was appropriated to a BOE non-lapsing account and \$3.6 was assigned to fiscal year 2023 for purchases on order at June 30, 2022.

**TOWN OF SOUTHLINGTON, CONNECTICUT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2022**

- *Capital Projects Fund* – The Capital Projects Fund is used to account for financial resources to be used for the acquisition or construction of major capital projects. The major sources of revenues for this fund are capital grants and the proceeds from the issuance of general obligation bonds. As of June 30, 2022, the fund balance in the Capital Projects Fund decreased by \$8.0 million to a deficit of \$10.7 million. During the fiscal year \$13.8 million was expended for asset acquisition and improvements, mostly for Water Pollution Control Facility Improvements, bridge and road improvements, purchase of property development rights and various other projects. The Town received intergovernmental grants of \$2.0 million and transferred \$3.9 million in from the General Fund to fund these projects.
- *Emergency Management Fund* – The Town was awarded \$13.0 million in ARPA funds. As of June 30, 2022, the Town has received \$6.5 million and spent \$2.3 million, reporting the balance of \$4.2 million as deferred revenue at June 30, 2022.
- *Debt Service Fund* – This Fund is used to record bond premiums and transfers in from completed and closed Capital Projects Funds, to use for future debt service needs.
- *Proprietary Funds* – The Town's proprietary fund provides the same type of information found in the government-wide financial statements, but in more detail.
  - *Sewer Fund* – Net position of the Sewer Fund at year-end totaled \$95.1 million. Unrestricted net position decreased to \$8.5 million, as operating expenses exceeded revenues and capital contributions by \$1.4 million. Investment in Capital Assets remained the same at \$87 million, as additions contributed by the Capital Projects Fund approximated depreciation for the year.
  - *Health Insurance Fund* – Net position of the Health Insurance Fund was \$8.3 million at June 30, 2022. This Internal Service Fund's unrestricted net position decreased by \$3.6 million, primarily due to health claims exceeding premium and budgetary-derived revenues by \$3.0 million.

**General Fund Budgetary Highlights**

The Town's original adopted General Fund budget for 2021 - 2022 was \$156.9 million. In addition, the Town appropriated \$2.8 million to the expenditure budget with corresponding revenue budget increases and appropriated \$3.6 million of fiscal year 2021 purchases on order, for a total amended budget of \$163.3 million.

The following lists the key changes to the budget during the year:

- \$3.6 million was appropriated for Fund Balance Assigned for Purchases on order at the end of fiscal year 2021.
- \$1.1 million was appropriated to the Board of Education Operations for preschool and special education outside tuitions and rent revenues received.
- Savings from various departments and excess Town Clerk & Building Revenues were combined to cash fund \$1.5 million of future capital costs on the FY 2023-2024 CIP Plan.

**TOWN OF SOUTHLINGTON, CONNECTICUT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2022**

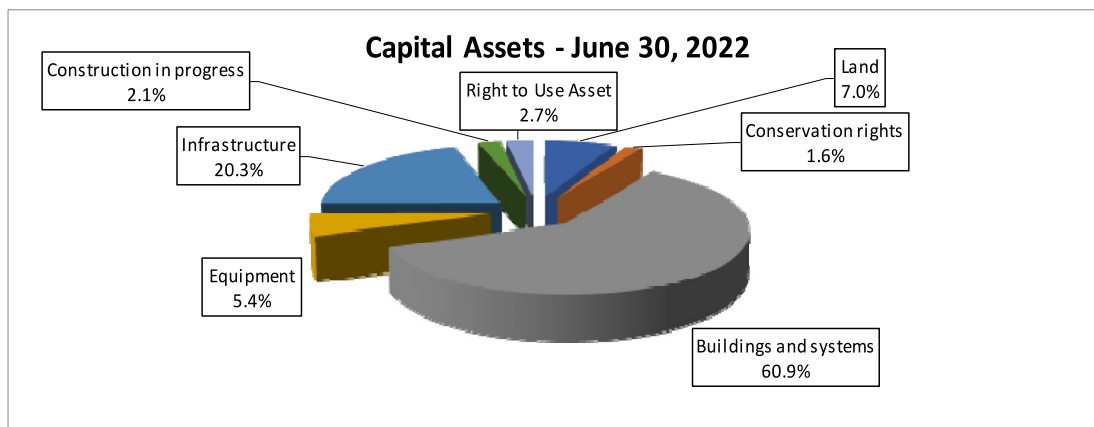
**Capital Assets and Debt Administration**

**Capital Assets**

The Town's investment in capital assets for its governmental and business-type activities as of June 30, 2022 totaled to \$373.3 million, net of accumulated depreciation. This investment in capital assets includes land, conservation rights, buildings and systems, equipment, infrastructure and Construction in progress. This amount represents a net increase (including additions and deductions) of \$0.5 million or a 0.1% increase from last year.

**TABLE 3  
CAPITAL ASSETS AT YEAR END (NET OF DEPRECIATION)  
(IN MILLIONS)**

	Governmental Activities		Business-Type Activities		Totals	
	2022	2021	2022	2021	2022	2021
Land	26.0	25.6	-	-	26.0	25.6
Conservation Rights	6.1	1.6	-	-	6.1	1.6
Buildings and Systems	141.8	156.5	85.6	86.4	227.4	242.9
Equipment	19.7	21.2	0.5	0.6	20.2	21.8
Infrastructure	76.0	77.6	-	-	76.0	77.6
Construction in Progress	7.1	3.3	0.6	-	7.7	3.3
Right to Use Asset	9.9	-	-	-	9.9	-
Total	286.6	285.8	86.7	87.0	373.3	372.8



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

**Governmental Activities**

- Infrastructure Improvements of various Bridges and Road Rehabilitation/Reconstruction Projects of \$5.2 million.
- Purchase of property development rights of the Southington Country Club golf course for \$4.5 million.
- Various Mechanical and Equipment purchases totaling \$0.7 million

**TOWN OF SOUTHLINGTON, CONNECTICUT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2022**

**Business-Type Activities**

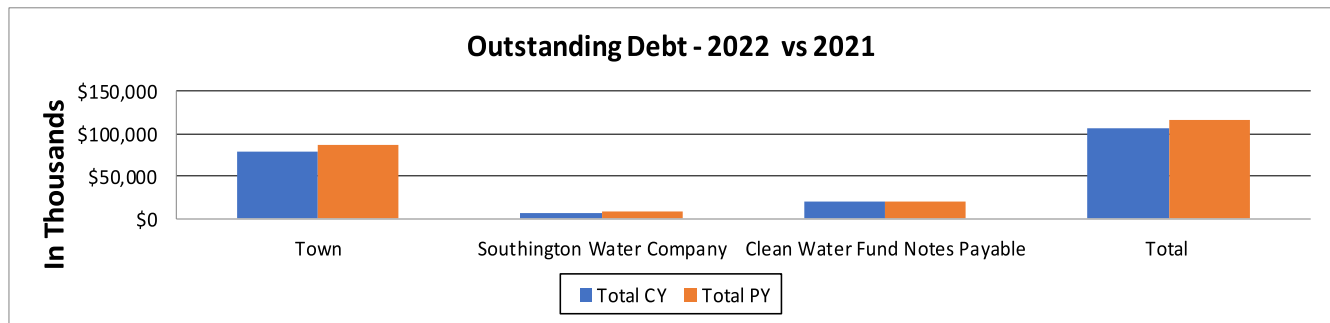
- Completion of the Water Pollution Control Facility Improvements of \$0.9 million.

The Town's fiscal year 2022 – 2023 Capital Budget includes \$34.6 million for various capital projects, including High School athletic facility improvements, replacement of three sewer pump stations, park and town pool improvements and renovations and road projects.

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

**Long-Term Debt**

At the end of the current fiscal year, the Town had total outstanding long-term debt of \$106.7 million, of which total Town bonded debt outstanding was \$79.3 million. All the bonded debt is backed by the full faith and credit of the Town government.



**TABLE 4  
OUTSTANDING DEBT AT YEAR-END  
(IN THOUSANDS)**

	Governmental Activities		Business-Type Activities		Totals	
	2022	2021	2022	2021	2022	2021
General Obligation Bonds:						
Town	\$ 79,301	\$ 87,377	\$ -	\$ -	\$ 79,301	\$ 87,377
Southington Water Company	7,349	8,308	-	-	7,349	8,308
Clean Water Fund Notes Payable	20,075	21,175	-	-	20,075	21,175
<b>Total</b>	<b>\$ 106,725</b>	<b>\$ 116,860</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 106,725</b>	<b>\$ 116,860</b>

The Town of Southington's total debt outstanding decreased by \$10.1 million or 8.7% during the 2021-2022 fiscal year. The Town issued no bonds during this fiscal year. The last time the Town sold bonds, in January 2021, Standard and Poor's Rating Agency reaffirmed Southington's rating at AA+/Stable Outlook. Within the report, S&P referenced the Towns "Strong management...with good financial policies and practices", "Strong budgetary flexibility", "Very strong economy" and "Very strong liquidity" among the factors influencing the Town's high credit rating. The "AA+" rating is only one notch away from the highest bond rating (AAA) awarded by S&P.

The overall statutory limit for the Town is equal to 7 times annual receipts from taxation, or \$895.4 million. As of June 30, 2022, the Town recorded long-term debt of \$106.7 million, well below the statutory debt limits.

**TOWN OF SOUTHLINGTON, CONNECTICUT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2022**

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

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

**Economic Factors and Next Year's Budgets and Rates**

Some of The unemployment rate for the Town of Southington has continued to improve. At June 30, 2022 the unemployment rate was 3.4%, down from 4.9% one year ago. This also compares favorably to 4.1% for the State of Connecticut in 2022.

In addition, the real estate market for commercial/industrial and residential property has continued to be robust and market values have remained strong. Growth in the last few Grand Lists has been sustained, even through the COVID 19 pandemic.

Results of municipal financial operations show stability and consistency, as demonstrated by solid financial results in the past few years audits.

As previously stated, the General Fund total fund balance increased from \$30.9 million at June 30, 2021 to \$34.6 million at June 30, 2022. Of this \$34.6 million General Fund balance, \$41 thousand was non-spendable due to form (prepaid items and inventory), \$4.5 million was assigned for purchases on order, and \$1.8 million was assigned for subsequent year's appropriations, leaving an unassigned fund balance of \$28.3 million in the General Fund at June 30, 2022. The Town feels that the \$28.3 million in the unassigned fund balance places the Town in a strong position to withstand unexpected events. Although all the municipalities in the State, including the Town of Southington, are facing major uncertainties due the COVID-19 pandemic and the resulting inflation rate, the Town's finances and financial plans remain stable.

Elected and appointed officials considered these factors, among others, when setting the fiscal year 2022-2023 General Fund budget and tax rates.

The Town adopted a General Fund budget of \$162.7 million for fiscal year 2022-2023, an increase of \$5.8 million, or 3.7% over the 2021-2022 year. The Town used \$1.8 million of excess fund balance to finance capital items of a non-recurring nature for fiscal year 2022-2023 to minimize the effect on the tax rate. That, plus growth in the Grand List of October 1, 2021 of 3.38% helped keep the tax increase to .10 mills, from 29.03 to 29.13, or .34% increase.

Costs of the Town's business-type activities, accounted for in the Sewer Operating Fund, are expected to increase 13.7% to \$6.6 million, primarily due to increases in professional services required for federal and state regulatory issues. After the sewer rate changes of July 2014, the fund is generating sufficient revenue to cover the expenditures of the fund, so the sewer fixed rates remained unchanged for fiscal year 2022-2023. The Water Pollution Control Facility Upgrade approved for \$57.1 million at a referendum on November 2016 was mainly completed in 2022, under budget by almost \$10 million. The Town is monitoring the new Sewer Fund maintenance costs and other costs, to determine the appropriate sewer rate charge.

**TOWN OF SOUTHLINGTON, CONNECTICUT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2022**

The potential impact of the pandemic on the local economy, businesses and Town revenues is being continually monitored. For fiscal year 2022 there was a negative impact on investment income, but other revenues such as building permits and town clerk conveyance taxes were positively impacted. The Town did not see any impact on tax collections for the prior fiscal year and there is no indication that there will be an impact on 2023 collections.

**Requests for Information**

This financial report is designed to provide a general overview of the Town's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to James Bowes, Finance Director, Town of Southington, 75 Main Street, Southington, Connecticut 06489 or visit Southington's website at [www.Southington.org](http://www.Southington.org).

## **BASIC FINANCIAL STATEMENTS**



**TOWN OF SOUTHBINGTON, CONNECTICUT**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2022**  
**(IN THOUSANDS)**

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 52,300	\$ 7,333	\$ 59,633
Investments	14,247	-	14,247
Receivables, Net	16,274	3,165	19,439
Inventory	76	-	76
Prepaid Items	6	-	6
Capital Assets:			
Assets Not Being Depreciated	39,135	609	39,744
Assets Being Depreciated, Net	247,315	86,083	333,398
Total Assets	369,353	97,190	466,543
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Charge on Refunding	1,215	-	1,215
Deferred Outflows Related to Pension	17,775	502	18,277
Deferred Outflows Related to OPEB	10,826	-	10,826
Total Deferred Outflows of Resources	29,816	502	30,318
<b>LIABILITIES</b>			
Accounts and Other Payables	10,469	891	11,360
Other Current Liabilities	751	113	864
Loan Payable	11,009	-	11,009
Unearned Revenue - Grants	5,805	-	5,805
Noncurrent Liabilities:			
Due Within One Year	15,847	-	15,847
Due in More than One Year	194,157	878	195,035
Total Liabilities	238,038	1,882	239,920
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Inflows Related to Pension	20,380	655	21,035
Deferred Inflows Related to OPEB	20,316	-	20,316
Total Deferred Inflows of Resources	40,696	655	41,351
<b>NET POSITION</b>			
Net Investment in Capital Assets	174,371	86,692	261,063
Restricted for:			
Education	1,965	-	1,965
Planning and Development Grants	21	-	21
Trust Purposes:			
Expendable	93	-	93
Nonexpendable	11	-	11
Unrestricted	(56,026)	8,463	(47,563)
Total Net Position	\$ 120,435	\$ 95,155	\$ 215,590

See accompanying Notes to Financial Statements.

**TOWN OF SOUTHTON, CONNECTICUT**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED JUNE 30, 2022**  
**(IN THOUSANDS)**

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>GOVERNMENTAL ACTIVITIES</b>							
General Government	\$ 6,170	\$ 2,367	\$ 2,570	\$ 190	\$ (1,043)	\$ -	\$ (1,043)
Public Safety	26,688	3,180	166	-	(23,342)	-	(23,342)
Public Works	15,231	2,632	-	2,212	(10,387)	-	(10,387)
Health and Welfare	877	-	537	-	(340)	-	(340)
Human Services	1,353	36	91	-	(1,226)	-	(1,226)
Parks and Recreation	1,224	418	146	-	(660)	-	(660)
Public Library	2,169	9	11	-	(2,149)	-	(2,149)
Planning and Development	1,664	1,674	-	-	10	-	10
Education	135,870	3,253	43,810	331	(88,476)	-	(88,476)
Interest on Long-Term Debt	2,636		217		(2,419)	-	(2,419)
Total Governmental Activities	193,882	13,569	47,548	2,733	(130,032)	-	(130,032)
<b>BUSINESS-TYPE ACTIVITIES</b>							
Sewer	8,811	5,870	-	-	-	(2,941)	(2,941)
Total	\$ 202,693	\$ 19,439	\$ 47,548	\$ 2,733	(130,032)	(2,941)	(132,973)
<b>GENERAL REVENUES</b>							
Property Taxes					128,574	-	128,574
Grants and Contributions Not Restricted to Specific Programs					1,803	-	1,803
Unrestricted Investment Earnings					470	-	470
Miscellaneous Revenue					371	-	371
Transfers					(1,580)	1,580	-
Total General Revenues and Transfers					129,638	1,580	131,218
<b>CHANGE IN NET POSITION</b>							
Net Position - Beginning of Year					(394)	(1,361)	(1,755)
					120,829	96,516	217,345
<b>NET POSITION - END OF YEAR</b>					<b>\$ 120,435</b>	<b>\$ 95,155</b>	<b>\$ 215,590</b>

See accompanying Notes to Financial Statements.

**TOWN OF SOUTHLINGTON, CONNECTICUT**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**JUNE 30, 2022**  
**(IN THOUSANDS)**

	ASSETS						LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	
	General	Capital Projects	Emergency Management	Debt Service	Nonmajor Governmental Funds	Total Governmental Funds		
Cash and Cash Equivalents	\$ 26,028	\$ 1,342	\$ 4,717	\$ 2,150	\$ 8,668	\$ 42,905		
Investments	14,104	-	-	-	143	14,247		
Receivables, Net	2,576	3,418	-	7,349	2,931	16,274		
Due from Other Funds	397	-	-	-	-	397		
Inventories	35	-	-	-	41	76		
Prepaid Items	6	-	-	-	-	6		
Total Assets	\$ 43,146	\$ 4,760	\$ 4,717	\$ 9,499	\$ 11,783	\$ 73,905		
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>								
<b>LIABILITIES</b>								
Accounts and Other Payables	\$ 5,696	\$ 864	\$ 535	\$ -	\$ 1,358	\$ 8,453		
Loans Payable	-	11,009	-	-	-	11,009		
Due to Other Funds	1,011	-	-	-	397	1,408		
Unearned Revenue - Grants	-	185	4,182	-	1,438	5,805		
Total Liabilities	6,707	12,058	4,717	-	3,193	26,675		
<b>DEFERRED INFLOWS OF RESOURCES</b>								
Unavailable Revenue - Property Taxes	1,828	-	-	-	-	1,828		
Unavailable Revenue - Special Assessments	-	-	-	-	980	980		
Unavailable Revenue - Other Receivables	-	3,415	-	-	250	3,665		
Total Deferred Inflows of Resources	1,828	3,415	-	-	1,230	6,473		
<b>FUND BALANCES</b>								
Nonspendable	41	-	-	-	52	93		
Restricted	-	-	-	7,349	1,351	8,700		
Committed	-	-	-	2,150	6,054	8,204		
Assigned	6,288	-	-	-	-	6,288		
Unassigned	28,282	(10,713)	-	-	(97)	17,472		
Total Fund Balances	34,611	(10,713)	-	9,499	7,360	40,757		
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 43,146	\$ 4,760	\$ 4,717	\$ 9,499	\$ 11,783	\$ 73,905		

See accompanying Notes to Financial Statements.

**TOWN OF SOUTHTON, CONNECTICUT**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS (CONTINUED)**  
**JUNE 30, 2022**  
**(IN THOUSANDS)**

**RECONCILIATION TO THE STATEMENT OF NET POSITION**

Total Fund Balances - Governmental Funds (Exhibit III) \$ 40,757

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:

Governmental Capital Assets	462,643
Less Accumulated Depreciation	(176,193)
Net Capital Assets	286,450

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

Property Tax Receivables Greater than 60 Days	1,387
Interest Receivable on Property Taxes	441
Assessments Receivable Greater than 60 Days	937
Interest Receivable on Assessments	43
Deferred Amount in Refunding	1,215
Other Receivables	3,664
Deferred Outflows Related to Pension	17,775
Deferred Outflows Related to OPEB	10,826

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

8,354

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

Deferred Inflows Related to Pension	(20,380)
Deferred Inflows Related to OPEB	(20,316)
Bonds and Notes Payable	(106,725)
MERS Prior Service Costs	(1)
Premium on Issuance	(3,726)
Interest Payable on Bonds and Notes	(714)
Compensated Absences	(7,536)
Lease Liability	(10,192)
Total OPEB Liability	(34,761)
Heart and Hypertension	(9,214)
Net Pension Liability	(37,614)
Landfill Closure	(235)

Net Position of Governmental Activities as Reported on the Statement of Net Position (Exhibit I) \$ 120,435

*See accompanying Notes to Financial Statements.*

**TOWN OF SOUTHLINGTON, CONNECTICUT  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2022**

	General	Capital Projects	Emergency Management	Debt Service	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES</b>						
Property Taxes	\$ 131,118	\$ -	\$ -	\$ -	\$ 6	\$ 131,124
Intergovernmental	38,213	2,040	2,305	-	12,877	55,435
Charges for Services	6,016	-	-	-	7,603	13,619
Income on Investments	462	-	-	-	8	470
Other Revenues	202	-	-	217	175	594
Total Revenues	176,011	2,040	2,305	217	20,669	201,242
<b>EXPENDITURES</b>						
Current:						
General Government	5,375	-	-	-	38	5,413
Public Safety	21,261	-	-	-	3,289	24,550
Public Works	7,600	-	-	-	3,036	10,636
Health and Welfare	855	-	-	-	6	861
Human Services	927	-	-	-	189	1,116
Parks and Recreation	525	-	-	-	474	999
Public Library	2,120	-	-	-	15	2,135
Planning and Development	1,632	-	-	-	-	1,632
Education	116,875	-	-	-	12,564	129,439
Debt and Sundry	11,022	-	-	2,126	70	13,218
Capital Outlay	-	13,768	2,305	-	-	16,073
Total Expenditures	168,192	13,768	2,305	2,126	19,681	206,072
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	7,819	(11,728)	-	(1,909)	988	(4,830)
<b>OTHER FINANCING SOURCES (USES)</b>						
Issuance of Capital Leases	-	515	-	-	-	515
Transfers In	9	3,870	-	617	225	4,721
Transfers Out	(4,095)	(617)	-	-	(9)	(4,721)
Total Other Financing Sources (Uses)	(4,086)	3,768	-	617	216	515
<b>NET CHANGE IN FUND BALANCES</b>	3,733	(7,960)	-	(1,292)	1,204	(4,315)
Fund Balances - Beginning of Year	30,878	(2,753)	-	10,791	6,156	45,072
<b>FUND BALANCES - END OF YEAR</b>	\$ 34,611	\$ (10,713)	\$ -	\$ 9,499	\$ 7,360	\$ 40,757

See accompanying Notes to Financial Statements.

**TOWN OF SOUTHLINGTON, CONNECTICUT**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2022**

**RECONCILIATION TO THE STATEMENT OF ACTIVITIES**

Net Change in Fund Balances - Governmental Funds (Exhibit IV) \$ (4,315)

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

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	12,264
Depreciation and Amortization Expense	(12,743)
Donated Assets	

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. (138)

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:

Property Tax Receivable - Accrual Basis Change	(422)
Property Tax Interest and Lien Revenue - Accrual Basis Change	(2,128)
Sewer Assessment Receivable - Accrual Basis Change	(47)
Sewer Assessment Interest and Lien Revenue - Accrual Basis Change	(4)
Other Receivables - Accrual Basis Change	483
Changes in Deferred Outflows Related to Pension	(9,165)
Changes in Deferred Outflows Related to OPEB	(1,028)

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds.

Neither transaction has any effect on net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are amortized and deferred in the statement of activities. The details of these differences in the treatment of long-term debt and related items are as follows:

Deferred Amount in Refunding	(127)
Bond Principal Payments	9,035
Note Principal Payments	1,100
Issuance of Capital Leases	(515)
Finance Arrangement Principal Payments	32
Lease Principal Payments	1,493
Accrued Interest	36
Amortization of Prior Service Costs	4
Amortization of Leases	(22)
Amortization of Bond Premiums	847

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	(104)
Net Pension Liability	21,436
Total OPEB Liability	15,116
Heart and Hypertension	(231)
Landfill Post Closure Care and Settlement	9
Changes in Deferred Inflows Related to Pension	(13,262)
Changes to Deferred Inflows Related to OPEB	(14,453)

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.

(3,545)

Change in Net Position of Governmental Activities as Reported on the Statement of Activities (Exhibit II)

\$ (394)

See accompanying Notes to Financial Statements.

**TOWN OF SOUTHLINGTON, CONNECTICUT**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUND**  
**JUNE 30, 2022**  
**(IN THOUSANDS)**

	Business-Type Activities Sewer Enterprise Fund	Governmental Activities Internal Service Fund
<b>ASSETS</b>		
Current:		
Cash and Cash Equivalents	\$ 7,333	\$ 9,395
Accounts and Other Receivables	3,165	-
Due from Other Funds	-	1,011
Total Current Assets	<u>10,498</u>	<u>10,406</u>
Capital Assets, Net	<u>86,692</u>	<u>-</u>
Total Assets	<u>97,190</u>	<u>10,406</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred Outflows Related to Pensions	<u>502</u>	<u>-</u>
<b>LIABILITIES</b>		
Current:		
Accounts and Other Payables	891	2,016
Other Accrued Liabilities	<u>113</u>	<u>36</u>
Total Current Liabilities	<u>1,004</u>	<u>2,052</u>
Noncurrent Liabilities:		
Net Pension Liability	<u>878</u>	<u>-</u>
Total Liabilities	<u>1,882</u>	<u>2,052</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred Inflows Related To Pension	<u>655</u>	<u>-</u>
<b>NET POSITION</b>		
Investment in Capital Assets	86,692	-
Unrestricted	<u>8,463</u>	<u>8,354</u>
Total Net Position	<u><u>\$ 95,155</u></u>	<u><u>\$ 8,354</u></u>

See accompanying Notes to Financial Statements.

**TOWN OF SOUTHLINGTON, CONNECTICUT**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**PROPRIETARY FUND**  
**YEAR ENDED JUNE 30, 2022**  
**(IN THOUSANDS)**

	Business-Type Activities Sewer Enterprise Fund	Governmental Activities Internal Service Fund
<b>OPERATING REVENUES</b>		
Fund Premiums	\$ -	\$ 22,500
Charges for Services	5,870	-
Total Operating Revenues	<u>5,870</u>	<u>22,500</u>
<b>OPERATING EXPENSES</b>		
Plant	5,514	-
Benefits	426	25,576
Depreciation	2,492	-
Administration and Other	379	469
Total Operating Expenses	<u>8,811</u>	<u>26,045</u>
<b>INCOME (LOSS) BEFORE CAPITAL GRANTS AND CONTRIBUTIONS</b>	(2,941)	(3,545)
Capital Grants and Contributions	<u>1,580</u>	<u>-</u>
<b>CHANGE IN NET POSITION</b>	(1,361)	(3,545)
Net Position - Beginning of Year	<u>96,516</u>	<u>11,899</u>
<b>NET POSITION - END OF YEAR</b>	<u><u>\$ 95,155</u></u>	<u><u>\$ 8,354</u></u>

See accompanying Notes to Financial Statements.



**TOWN OF SOUTHTON, CONNECTICUT**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUND**  
**YEAR ENDED JUNE 30, 2022**  
**(IN THOUSANDS)**

	Business-Type Activities Sewer Enterprise Fund	Governmental Activities Internal Service Fund
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash Received from Customers and Granting Agencies	\$ 5,859	\$ -
Cash Received for Premiums - Town Departments and Agencies	-	22,500
Cash Payments to Suppliers for Goods and Services	(6,225)	-
Cash Payments to Providers of Benefits	(426)	(25,524)
Cash Payments for Service Fees	-	(469)
Net Cash Provided (Used) by Operating Activities	<u>(792)</u>	<u>(3,493)</u>
<b>CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES</b>		
Acquisition of Capital Assets	<u>(627)</u>	-
Net Cash Provided (Used) by Capital Financing Activities	<u>(627)</u>	<u>-</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(1,419)	(3,493)
Cash and Cash Equivalents - Beginning of Year	<u>8,752</u>	<u>12,888</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u><u>\$ 7,333</u></u>	<u><u>\$ 9,395</u></u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>		
Operating Income (Loss)	\$ (2,941)	\$ (3,545)
Depreciation	2,492	-
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
(Increase) Decrease in Accounts Receivable	(11)	-
(Increase) Decrease n Due from Other Funds	-	(1,011)
Increase (Decrease) in Accounts Payable and Accrued Liabilities	(365)	1,063
Change In Net Pension Liability and Related Deferrals	<u>33</u>	<u>-</u>
Net Cash Provided (Used) by Operating Activities	<u><u>\$ (792)</u></u>	<u><u>\$ (3,493)</u></u>
<b>NONCASH CAPITAL FINANCING ACTIVITIES</b>		
Capital Assets Transferred from Governmental Funds	<u><u>\$ 1,580</u></u>	<u><u>\$ -</u></u>

See accompanying Notes to Financial Statements.

**TOWN OF SOUTHLINGTON, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**  
**(IN THOUSANDS)**

**NOTE 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 (the Water Company) operates the only water system in the Town. The operations of the Water Company benefit primarily Town residents. The 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 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 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.

The Plainville-Southington Regional Health District (the District) is a quasi-municipal district established in accordance with State statutes to provide various health services to Plainville, Southington and Middlefield, Connecticut including inspections of local businesses and regulating the installation of onsite sewage disposal systems and water supply wells. The Board of Directors are appointed by their municipality at a ratio of one member for every 10,000 people or portion thereof up to a maximum of five. The District is not fiscally dependent on the Town.

**TOWN OF SOUTHLINGTON, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**  
**(IN THOUSANDS)**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**B. Government-Wide and Fund Financial Statements**

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

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

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

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary funds and fiduciary 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.

**TOWN OF SOUTHLINGTON, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)**

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:

**General Fund**

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.

**Capital Projects Fund**

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

**Emergency Management Fund**

The Emergency Management Fund accounts for financial resources to be utilized under the American Rescue Plan Act as funded by intergovernmental revenue.

**Debt Service Fund**

The Debt Service Fund accounts for the financial resources to be used to pay the interest and principal of long-term debt.

The Town reports the following as a major proprietary fund:

**Sewer Fund**

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

Additionally, the Town reports the following fund types:

**Internal Service Fund**

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

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.

**TOWN OF SOUTHLINGTON, CONNECTICUT**  
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**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)**

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

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

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources as they are needed. Unrestricted funds are used in the following order: committed, assigned, then unassigned.

**D. Adoption of New Accounting Standards**

GASB Statement No. 87, Leases

In June 2017, the GASB issued GASB Statement No. 87, *Leases*. This standard requires the recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and as inflows of resources or outflows of resources recognized based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this standard, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources.

The Town adopted the requirements of the guidance effective July 1, 2021 and has applied the provisions of this standard to the beginning of the period of adoption.

**E. 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.

**TOWN OF SOUTHLINGTON, CONNECTICUT**  
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**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**E. Deposits and Investments (Continued)**

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.

**F. Receivables and Payables**

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

The Town's property tax is levied each July 1 on the assessed value as of the prior October 1 for all real property, motor vehicles, and commercial personal property located in the Town. Assessed values are established by the Town Assessment Board at 70% of estimated market value. A revaluation of all real property is required to be completed no less than every 10 years. The Town performed a statistical revaluation as of October 1, 2020. The Town's next revaluation with full inspection will be October 1, 2025. The assessed value for the Grand List of October 1, 2020, upon which the 2022 levy was based, was \$4.4 billion. A 29.03mill 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, 2022 and 2021, were 99.02%, of the adjusted tax levy. Uncollected property taxes are recorded as receivables, net of an allowance for estimated uncollectible accounts. Unpaid taxes are lienied on or before June 30 following the due date. The revenue relating to property taxes not collected during the fiscal year and within 60 days after the close of the fiscal year is deferred.

**G. 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.

**TOWN OF SOUTHLINGTON, CONNECTICUT**  
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**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**H. 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 five years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are recorded at acquisition 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:

Buildings	50 Years
Building Improvements	25 Years
Public Domain Infrastructure	35 to 70 Years
System Infrastructure	15 Years
Vehicles	7 Years
Office Equipment	7 Years
Computer Equipment	7 Years

**I. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period or periods and so will not be recognized as an outflow of resources (expense/expenditure) until then.

**TOWN OF SOUTHLINGTON, CONNECTICUT**  
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**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**I. Deferred Outflows/Inflows of Resources (Continued)**

The Town reports a deferred charge on refunding and deferred outflows related to pension and OPEB in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. A deferred outflow of resources related to pension and OPEB results from differences between expected and actual experience, changes in assumptions, or other inputs. These amounts are deferred and included in pension and OPEB expense in a systematic and rational manner over a period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension plan (active employees and inactive employees) or in the case of the difference in projected and actual earnings on pension and OPEB plan investments, in a systematic and rational method over a closed five-year period.

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

**J. 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.



**TOWN OF SOUTHLINGTON, CONNECTICUT**  
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**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**J. Compensated Absences (Continued)**

The Town's accounting and financial reporting policy for compensated absences is based on GASB Statement No. 16. Compensated absences are accrued at current salary rates and paid by the General Fund.

**K. Net Pension Liability**

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

**L. Total Other Postemployment Benefits Other than Pensions (OPEB) Liability**

The total OPEB liability is measured as the portion of the actuarial present value of projected benefits that is attributed to past periods of employee service. The total OPEB liability is measured as of a date (measurement date) no earlier than the end of the employer's prior fiscal year and no later than the end of the current fiscal year, consistently applied from period to period.

**M. Long-Term Obligations**

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt, and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of any significant applicable bond premium or discount. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenses.

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

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**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**N. Fund Equity and Net Position**

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

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

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

*Unrestricted Net Position* – This category represents the net position of the Town which is not restricted for any project or other purpose.

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

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

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

*Committed Fund Balance* – This represents amounts constrained for a specific purpose by a government using its highest level of decision-making authority (Town Council). A resolution approved by the Board of Finance is required to modify or rescind a fund balance commitment.

*Assigned Fund Balance* – This represents amounts constrained for the intent to be used for a specific purpose by a governing board or a body or official that has been delegated authority to assign amounts by the Town Charter. The Finance Director is authorized to assign fund balances through the carry forward of appropriations to a subsequent year pending approval from the Board of Finance.

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

**TOWN OF SOUTHTON, CONNECTICUT**  
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**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**N. Fund Equity and Net Position (Continued)**

The Town has adopted a written fund balance policy which states that the Town shall strive to maintain during the year and specifically at fiscal year-end a level of general fund unassigned fund balance, also known as accumulated surplus or the rainy-day fund at 10% of actual year-end general fund revenues. The 10% shall be known as the Town's "floor".

**O. Leases**

The Town determines if an arrangement is a lease at inception. Leases are included in lease assets and lease liabilities in the statements of net position.

Lease assets represent the Town's control of the right to use an underlying asset for the lease term, as specified in the contract, in an exchange or exchange-like transaction. Lease assets are recognized at the commencement date based on the initial measurement of the lease liability, plus any payments made to the lessor at or before the commencement of the lease term and certain direct costs. Lease assets are amortized in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset.

Lease liabilities represent the Town's obligation to make lease payments arising from the lease. Lease liabilities are recognized at the commencement date based on the present value of expected lease payments over the lease term, less any lease incentives. Interest expense is recognized ratably over the contract term.

The lease term may include options to extend or terminate the lease when it is reasonably certain that the Town will exercise that option.

The Town has elected to recognize payments for short-term leases with a lease term of 12 months or less as expenses as incurred, and these leases are not included as lease liabilities or right-to-use lease assets on the statements of net position.

The individual lease contracts do not provide information about the discount rate implicit in the lease. Therefore, the Town has elected to use their incremental borrowing rate to calculate the present value of expected lease payments.

The Town accounts for contracts containing both lease and non-lease components as separate contracts when possible. In cases where the contract does not provide separate price information for lease and non-lease components, and it is impractical to estimate the price of such components, the Town treats the components as a single lease unit.

**TOWN OF SOUTHLINGTON, CONNECTICUT**  
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**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**P. Accounting Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, including disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results could differ from those estimates.

**NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**A. Budgetary Information**

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

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

**TOWN OF SOUTHLINGTON, CONNECTICUT**  
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**NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONTINUED)**

**A. Budgetary Information (Continued)**

Additional Appropriations and Transfers:

- The control level on which expenditures may not legally exceed appropriations is the object level. Each department must seek approval from the Board of Finance and/or the Town Council for any appropriations or transfers. The Town Council, on the recommendation of the Board of Finance, may appropriate at any time, subject to the other provisions of Chapter VII, any unappropriated and unencumbered cash balance in the Town treasury. The Board of Finance may at any time transfer any unencumbered appropriation balance, or portion thereof, between general classifications of expenditures within an office, department, or agency, not to exceed \$500 (amount not rounded). Transfers in excess of \$500 (amount not rounded) within departments, and all transfers between departments must be approved by the Town Council. Through a charter revision question passed on November 5, 2013, the Town Manager has authorization to transfer within a department, not to exceed \$1,000. During the last three months of the fiscal year, the Town Council may, upon the recommendation of the Board of Finance, by resolution transfer any unencumbered appropriation balance, or portion thereof, from one office, department, or agency to another to meet a pressing need for public expenditure. No money shall be expended, or obligation for such expenditure incurred, by any department, office, board, commission, or agency of the Town, except in accordance with an appropriation by the Town Council.
- The budget is prepared on a modified accrual basis of accounting except for the accrual of payroll, issuance of debt, and on-behalf payments from the state of Connecticut. All appropriations lapse at the end of the budget year to the extent that they have not been expended or lawfully encumbered. Encumbrances outstanding at the end of the year are reappropriated as continued appropriations. Encumbrances are established by adoption of the Town Council (continuing appropriations). Authorized continuing appropriations are presented as assignments of fund balance 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, \$6,451 of supplemental budgetary appropriations from the General Fund were made, \$2,806 from revised revenue estimates, and \$3,645 from continued appropriations from the prior year.

**B. Deficit Fund Equity**

The Capital Projects fund and Brownfield fund had deficit fund balance of \$10,713 and \$97, respectively at June 30, 2022. The deficits will be funded with grants, transfers, and grant reimbursements.

**TOWN OF SOUTHTON, CONNECTICUT**  
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**NOTE 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. Deposits**

Deposit Custodial Credit Risk

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

**TOWN OF SOUTHLINGTON, CONNECTICUT**  
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**NOTE 3 CASH, CASH EQUIVALENTS, AND INVESTMENTS (CONTINUED)**

**A. Deposits (Continued)**

Deposit Custodial Credit Risk (Continued)

Based on the criteria described in GASB Statement No. 40, *Deposits and Investment Risk Disclosures*, \$65,576 of the Town's bank balance of \$81,373 was exposed to custodial credit risk as follows:

Uninsured and Uncollateralized	\$ 58,868
Uninsured and Collateral Held by the Pledging Bank's Trust Department, Not in the Town's Name	<u>6,708</u>
Total Amount Subject to Custodial Credit Risk	<u><u>\$ 65,576</u></u>

Cash Equivalents

At June 30, 2022, the Town's cash equivalents amounted to \$8,037. The following table provides a summary of the Town's cash equivalents excluding U.S. government guaranteed obligations) as rated by nationally recognized statistical rating organizations. The pools all have maturities of less than one year.

	<u>Standard &amp; Poor's AAAm</u>
State Short-Term Investment Fund (STIF)	

**B. Investments**

As of June 30, 2022, the Town had the following investments:

Investment Type	Fair Value	Investment Maturities (Years)		
		Less Than 1	1 - 10	More Than 10
Interest-Bearing Investments:				
Certificates of Deposit*	\$ 9,100	\$ 2,264	\$ 6,836	\$ -
U.S. Government-Backed Securities	5,137	-	5,137	-
Total	<u>14,237</u>	<u><u>\$ 2,264</u></u>	<u><u>\$ 11,973</u></u>	<u><u>\$ -</u></u>
Other Investments:				
Common Stock	<u>10</u>			
Total Investments	<u><u>\$ 14,247</u></u>			

\*Subject to coverage by Federal Depository Insurance and collateralization.

**TOWN OF SOUTHLINGTON, CONNECTICUT**  
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**NOTE 3 CASH, CASH EQUIVALENTS, AND INVESTMENTS (CONTINUED)**

**B. Investments (Continued)**

Average Rating	U.S. Government Agencies	Certificates of Deposit
Aaa	\$ 5,137	\$ -
Unrated	-	9,100
Total	<u>\$ 5,137</u>	<u>\$ 9,100</u>

Interest Rate Risk

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

Credit Risk - Investments

As indicated above, State Statutes limit the investment options of cities and towns. The Town has no investment policy that would further limit its investment choices.

Concentration of Credit Risk

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

Custodial Credit Risk

Custodial credit risk for an investment is the risk that, in the event of the failure of the counterparty (the institution that pledges collateral or repurchase agreement securities to the Town or that sells investments to or buys them for the Town), the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Town does not have a policy for custodial credit risk.



**TOWN OF SOUTHTON, CONNECTICUT**  
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**NOTE 3 CASH, CASH EQUIVALENTS, AND INVESTMENTS (CONTINUED)**

**B. Investments (Continued)**

The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements); followed by quoted prices in inactive markets or for similar assets or with observable inputs (Level 2 measurements); and the lowest priority to unobservable inputs (Level 3 measurements). The Town has the following recurring fair value measurements as of June 30, 2022:

	June 30, 2022	Fair Value Measurements Using		
		Level 1	Level 2	Level 3
Investments by Fair Value Level:				
Common Stock	\$ 10	\$ 10	\$ -	\$ -
U.S. Government Agencies	5,137	5,137	-	-
Total Investments by Fair Value Level	5,147	<u>\$ 5,147</u>	<u>\$ -</u>	<u>\$ -</u>
Certificates of Deposit	<u>9,100</u>			
Total Investments	<u>\$ 14,247</u>			

Debt and equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Debt securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

**NOTE 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:

	General	Capital Projects	Debt Service	Sewer Enterprise	Nonmajor and Other Funds	Total
Receivables:						
Taxes	\$ 2,123	\$ -	\$ -	\$ -	\$ -	\$ 2,123
Accounts	36	-	7,349	-	1,691	9,076
Special Assessments	-	-	-	3,165	994	4,159
Intergovernmental	167	3,418	-	-	246	3,831
Interest	426	-	-	-	-	426
Gross Receivables	<u>2,752</u>	<u>3,418</u>	<u>7,349</u>	<u>3,165</u>	<u>2,931</u>	<u>19,615</u>
Less: Allowance for Uncollectibles	<u>176</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>176</u>
Net Total Receivables	<u>\$ 2,576</u>	<u>\$ 3,418</u>	<u>\$ 7,349</u>	<u>\$ 3,165</u>	<u>\$ 2,931</u>	<u>\$ 19,439</u>

**TOWN OF SOUTHTON, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 5 CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2022 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land	\$ 25,635	\$ 332	\$ -	\$ 25,967
Conservation Restrictions and Development Rights	1,599	4,500	-	6,099
Construction in Progress	3,294	3,775	-	7,069
Total Capital Assets Not Being Depreciated	30,528	8,607	-	39,135
Capital Assets Being Depreciated:				
Buildings and Improvements	241,930	344	-	242,274
Machinery and Equipment	43,808	2,160	1,032	44,936
Infrastructure	125,840	638	1,865	124,613
Right of Use - Leased Equipment	11,170	515	-	11,685
Total Capital Assets Being Depreciated	422,748	3,657	2,897	423,508
Less: Accumulated Depreciation for:				
Buildings and Improvements	94,558	5,957	-	100,515
Machinery and Equipment	23,438	2,817	1,013	25,242
Infrastructure	48,213	2,157	1,746	48,624
Right of Use - Leased Equipment	-	1,812	-	1,812
Total Accumulated Depreciation	166,209	12,743	2,759	176,193
Total Capital Assets Being Depreciated, Net	256,539	(9,086)	138	247,315
Governmental Activities Capital Assets, Net	\$ 287,067	\$ (479)	\$ 138	\$ 286,450

Beginning balances were restated for the implementation of GASB 87 *Leases*.

**TOWN OF SOUTHTON, CONNECTICUT**  
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**NOTE 5 CAPITAL ASSETS (CONTINUED)**

	Beginning Balance	Increases	Decreases	Ending Balance
Business-Type Activities:				
Capital Assets Not Being Depreciated:				
Land	\$ 39	\$ -	\$ -	\$ 39
Construction in Progress	-	570	-	570
Total Capital Assets Not Being Depreciated	39	570	-	609
Capital Assets Being Depreciated:				
Buildings and System	121,324	1,580	-	122,904
Machinery and Equipment	1,254	57	31	1,280
Total Capital Assets Being Depreciated	122,578	1,637	31	124,184
Less: Accumulated Depreciation for:				
Buildings and System	34,949	2,403	-	37,352
Machinery and Equipment	691	89	31	749
Total Accumulated Depreciation	35,640	2,492	31	38,101
Total Capital Assets Being Depreciated, Net	86,938	(855)	-	86,083
Business-Type Activities Capital Assets, Net	<u>\$ 86,977</u>	<u>\$ (285)</u>	<u>\$ -</u>	<u>\$ 86,692</u>

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

Governmental Activities:	
General Government	\$ 1,512
Public Safety	1,124
Public Works	2,428
Health and Welfare Expenses	13
Human Services	229
Planning and Development	20
Parks and Recreation	217
Library	19
Education	<u>7,181</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 12,743</u>
Business-Type Activities:	
Sewer Enterprise Fund	<u>\$ 2,492</u>

**TOWN OF SOUTHLINGTON, CONNECTICUT**  
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**NOTE 5 CAPITAL ASSETS (CONTINUED)**

**Construction Commitments**

The Town has active construction projects as of June 30, 2022. 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:

Project	Spent-to-Date	Commitment
Spring Street Improvements	\$ 232	\$ 3
Rails to Trails Phase IV	274	22
WPCF Improvements	44,633	71
West Street and Jude Intersections	418	153
Farmington Heritage Canal Trail	346	306
West Queen Street Bridge	162	55
Spring Street Bridge	2,002	360
Total	<u>\$ 48,067</u>	<u>\$ 970</u>

The commitments are being financed by a combination of Town general obligation bonds and state and federal grants. The WPCF improvements are financed by State of Connecticut Clean Water Fund Loan and Grant.

**NOTE 6 INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS**

As of June 30, 2022, interfund receivables and payables that resulted from various interfund transactions were as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Nonmajor Fund	\$ 397
Internal Service Fund	General Fund	1,011
Total		<u>\$ 1,408</u>

The outstanding balances between funds result mainly from the time lag between the dates that interfund goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system and payments between funds are made.

The transfers that occurred during the year are as follows:

	Transfers In				Total
	General Fund	Capital Projects Fund	Debt Service Fund	Nonmajor Governmental	Transfers Out
Transfers Out:					
General Fund	\$ -	\$ 3,870	\$ -	\$ 225	\$ 4,095
Capital Projects	-	-	617	-	617
Nonmajor Governmental	9	-	-	-	9
Total Transfers In	<u>\$ 9</u>	<u>\$ 3,870</u>	<u>\$ 617</u>	<u>\$ 225</u>	<u>\$ 4,721</u>

**TOWN OF SOUTHTON, CONNECTICUT**  
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**NOTE 6 INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS (CONTINUED)**

The interfund transfers were used to fund various capital improvement projects and debt service payments.

**NOTE 7 LONG-TERM DEBT**

**Changes in Long-Term Liabilities**

Long-term liability activity for the year ended June 30, 2022 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Bonds Payable:					
General Obligation Bonds:					
Town	\$ 87,377	\$ -	\$ 8,076	\$ 79,301	\$ 7,975
Southington Water Company	8,308	-	959	7,349	645
Premium on Bonds	4,573	-	847	3,726	729
Direct Borrowings:					
State of Connecticut - Notes Payable	21,175	-	1,100	20,075	1,100
Total Bonds and Notes Payable	121,433	-	10,982	110,451	10,449
Compensated Absences	7,432	2,226	2,122	7,536	2,175
Direct Borrowing -					
Finance Arrangements	32	-	32	-	-
Total OPEB Liability	49,877	-	15,116	34,761	1,045
Net Pension Liability	59,050	-	21,436	37,614	-
Prior Service Costs	5	-	4	1	-
Heart and Hypertension	8,983	231	-	9,214	613
Lease Liability	11,170	515	1,493	10,192	1,556
Landfill Closure and Postclosure	244	-	9	235	9
Total Governmental Activities Long-Term Liabilities	<u>\$ 258,226</u>	<u>\$ 2,972</u>	<u>\$ 51,194</u>	<u>\$ 210,004</u>	<u>\$ 15,847</u>
Business-Type Activities:					
Net Pension Liability	<u>\$ 1,680</u>	<u>\$ -</u>	<u>\$ 802</u>	<u>\$ 878</u>	<u>\$ -</u>

**TOWN OF SOUTHTON, CONNECTICUT**  
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**NOTE 7 LONG-TERM DEBT (CONTINUED)**

**Changes in Long-Term Liabilities (Continued)**

In prior years, the General Fund has typically been used to liquidate the net pension liability and the total OPEB liability.

Bonds payable at June 30, 2022 are comprised of the following issues:

	Date of Issue	Original Issue	Interest Rate (%)	Date of Maturity	Principal Outstanding June 30, 2022
General Purpose Bonds:					
General Purpose	2015	\$ 6,720	2.00-4.00	01/15/35	\$ 3,785
Refunding (General Purpose)	2015	2,408	1.00-5.00	09/01/28	1,047
General Purpose	2016	5,200	2.00-4.00	01/15/36	3,330
General Purpose	2018	8,515	2.25-5.00	04/15/38	6,850
Refunding A (General Purpose)	2020	2,775	4.00	11/01/25	1,748
Refunding B (General Purpose)	2020	3,555	0.37-2.41	01/15/34	3,482
General Purpose	2021	8,130	2.00-4.00	01/15/41	7,525
Subtotal					<u>27,767</u>
School Bonds:					
Schools	2015	15,000	2.00-4.00	01/15/35	10,260
Refunding (Schools)	2015	8,036	1.00-5.00	09/01/28	4,519
Schools	2016	12,000	2.00-4.00	01/15/36	8,850
Schools	2018	300	2.25-5.00	04/15/24	120
Refunding (Schools)	2019	4,414	2.25-5.00	08/01/30	2,493
Refunding A (Schools)	2020	973	4.00	11/01/25	734
Refunding B (Schools)	2020	10,054	0.37-2.41	01/15/34	9,929
Schools	2021	4,875	2.00-4.00	01/15/41	4,585
Subtotal					<u>41,490</u>
Sewer Bonds:					
Sewers	2015	5,200	2.00-4.00	01/15/35	3,545
Refunding (Sewers)	2015	1,841	1.00-5.00	09/01/28	804
Refunding (Sewers)	2019	1,458	2.25-5.00	08/01/30	1,092
Refunding A (Sewers)	2020	1,212	4.00	11/01/25	823
Refunding C (Sewers)	2020	4,495	4.00-5.00	06/01/30	3,780
State of Connecticut Serial Notes Payable:					
Clean Water Fund Loan					
651-DC	2020	22,000	2.00	09/30/40	20,075
Subtotal					<u>30,119</u>
Water Bonds:					
Refunding B (Water)	2020	3,726	0.37-2.41	01/15/34	3,679
Refunding C (Water)	2020	1,695	4.00-5.00	06/01/30	1,295
Water	2021	2,500	2.00-4.00	01/15/41	2,375
Subtotal					<u>7,349</u>
Total					<u>\$ 106,725</u>

**TOWN OF SOUTHTON, CONNECTICUT**  
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**NOTE 7 LONG-TERM DEBT (CONTINUED)**

**Changes in Long-Term Liabilities (Continued)**

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

Due During Fiscal Year Ending June 30,	General Obligation Bonds		Direct Borrowings	
	Principal	Interest	Principal	Interest
2023	\$ 8,620	\$ 2,387	\$ 1,100	\$ 392
2024	8,715	2,068	1,100	369
2025	8,310	1,821	1,100	347
2026	8,135	1,603	1,100	325
2027	7,170	1,390	1,100	304
2028-2032	28,750	4,243	5,500	1,187
2033-2037	14,160	1,202	5,500	637
2038-2042	2,790	133	3,575	119
Total	<u>\$ 86,650</u>	<u>\$ 14,847</u>	<u>\$ 20,075</u>	<u>\$ 3,680</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, 2022, \$7,349 is recorded as amounts to be provided by other entities in the debt service fund and governmental activities. 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, 2022. In no case shall total indebtedness exceed seven times annual receipts from taxation. The maximum debt amount permitted under this formula would be approximately \$895.4 million. Bonds authorized but unissued as of June 30, 2022, are \$58,876, which are net of all expected grant revenue.

**Direct Borrowings - Clean Water Fund Loans**

On September 18, 2020, the Town converted \$22,000 in interim loan obligations under the State of Connecticut's Clean Water program to permanent loan obligations for project 651-DC. These Clean Water Fund loans have principal and interest payable monthly starting in October 2020 through maturity on September 30, 2040, with an interest rate of 2.00%.

**Heart and Hypertension Obligations**

The Town makes payments to former police officers and firefighters who retired under State of Connecticut Heart and Hypertension Workers Compensation Statutes, under individual agreements based on provisions required by these State Statutes. The Town does not maintain a separate cash reserve to cover the benefits to be paid in future years. Expenditures related to this program are funded annually by General Fund appropriations. The estimated liability at June 30, 2022 is \$9,214.

**TOWN OF SOUTHLINGTON, CONNECTICUT**  
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**NOTE 7 LONG-TERM DEBT (CONTINUED)**

**Compensated Absences**

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

The following is a summary of management's estimate of the vested liability for lump-sum payments to employees as of June 30, 2022:

Town	\$ 1,143
Board of Education	6,393
Total	<u>\$ 7,536</u>

**Direct Borrowings - Clean Water Fund Loans**

The Town is participating in the State of Connecticut's Clean Water program, which provides low-interest loans bearing a 2% interest for eligible wastewater projects. Projects are financed by interim loan obligations until completion, at which time internal loan obligations are replaced by permanent loan obligations. As of June 30, 2022, the Town has received \$11,009 of clean water loans to fund the water pollution control facility project currently underway which have not yet been converted to long-term loans. The loan is considered short term until the project is completed and a permanent loan is put in place.

Outstanding July 1, 2021	\$ 10,592
New Short-Term Borrowings	<u>417</u>
Outstanding June 30, 2022	<u>\$ 11,009</u>

**Lease Liability**

The Town leases equipment as well as certain operating and office facilities for various terms under long-term, noncancelable lease agreements. The leases expire at various dates through 2032. During the year ended June 30, 2022, the Town made payments as required by lease agreements totaling \$1,804.



**TOWN OF SOUTHTON, CONNECTICUT**  
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**NOTE 7 LONG-TERM DEBT (CONTINUED)**

Total future minimum lease payments under lease agreements are as follows:

Due During Fiscal Year Ending June 30,	Principal	Interest	Total
2023	\$ 1,556	\$ 285	\$ 1,841
2024	1,362	242	1,604
2025	1,212	198	1,410
2026	1,235	161	1,396
2027	1,066	127	1,193
2028-2032	3,761	175	3,936
Total	<u>\$ 10,192</u>	<u>\$ 1,188</u>	<u>\$ 11,380</u>

Right-to-use assets acquired through outstanding leases are shown below, by underlying asset class:

	<b>Amount</b>
Equipment	\$ 11,685
Accumulated Depreciation	<u>(1,812)</u>
Net Book Value	<u>\$ 9,873</u>

**NOTE 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 year ended June 30, 2022. 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, 2022, of \$2,016.

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

**TOWN OF SOUTHTON, CONNECTICUT**  
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**NOTE 8 RISK MANAGEMENT (CONTINUED)**

A schedule of changes in the claims liability for the years ended June 30, 2022 and 2021, is presented below:

Fiscal Year	Accrued Liability Beginning of Fiscal Year	Current Year Claims and Changes in Estimates	Accrued Liability Claim Payments	Accrued Liability End of Fiscal Year
2021-22	\$ 989	\$ 26,603	\$ 25,576	\$ 2,016
2020-21	1,207	20,129	20,347	989

**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 2021-22 will be evaluated at 18, 30, and 42 months after the effective date of coverage. The deposit contribution (premium) paid during fiscal year ended June 30, 2022, for the Town and Board of Education was \$1,432. 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.

**TOWN OF SOUTHLINGTON, CONNECTICUT**  
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**NOTE 9 FUND BALANCE**

The components of fund balance at June 30, 2022 are as follows:

	General Fund	Capital Projects	Debt Service	Nonmajor Governmental Funds	Total
Fund Balances:					
Nonspendable:					
Prepays and Inventory	\$ 41	\$ -	\$ -	\$ 41	\$ 82
Trust	-	-	-	11	11
Restricted for:					
Debt Service	-	-	7,349	-	7,349
Grants	-	-	-	38	38
Trust	-	-	-	93	93
Scholarships	-	-	-	511	511
Education	-	-	-	709	709
Committed to:					
Debt Service	-	-	2,150	-	2,150
Cafeteria Operations	-	-	-	1,693	1,693
Animal Control	-	-	-	27	27
Police Services	-	-	-	2,063	2,063
Town Services	-	-	-	862	862
Apple Harvest Festival	-	-	-	193	193
Community Services	-	-	-	241	241
Drive In Theater	-	-	-	50	50
Turf Field	-	-	-	279	279
Museum Restoration	-	-	-	7	7
Recreation	-	-	-	190	190
Sewer Assessments	-	-	-	437	437
Barnes Museum	-	-	-	12	12
Assigned to:					
Purchases on Order:					
General Government	161	-	-	-	161
Public Safety	21	-	-	-	21
Public Works	68	-	-	-	68
Human Services	12	-	-	-	12
Library	2	-	-	-	2
Planning and Development	159	-	-	-	159
Education	2,858	-	-	-	2,858
Miscellaneous	1,211	-	-	-	1,211
Subsequent Year's Appropriations	1,796	-	-	-	1,796
Unassigned	28,282	(10,713)		(97)	17,472
Total Fund Balances	<u>\$ 34,611</u>	<u>\$ (10,713)</u>	<u>\$ 9,499</u>	<u>\$ 7,360</u>	<u>\$ 40,757</u>

Subsequent year's appropriations are being reported as assigned fund balance in the general fund at \$1,796 and encumbrances for general government, public safety, public works, human services, library, planning and development, education, and miscellaneous are being reported as assigned fund balance in the general fund at \$4,492.

**TOWN OF SOUTHTON, CONNECTICUT**  
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**NOTE 10 EMPLOYEE RETIREMENT SYSTEMS**

**Municipal Employees' Retirement System**

**A. Plan Description**

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

**B. Benefit Provisions**

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

Normal Retirement (Not in Thousands)

For members not covered by social security, retirement benefits are calculated as 2% of the average of the three highest paid years of service times the years of service. For members covered by social security, retirement benefits are calculated as 1½% of the average of the three highest paid years of service not in excess of the year's breakpoint plus 2% of average of the three highest paid years of service in excess of the year's breakpoint, times years of service. The year's breakpoint is defined as \$10,700 increased by 6.0% each year after 1982, rounded to the nearest multiple of \$100. Maximum benefit is 100% of average final compensation and the minimum benefit is \$1,000 annually.

Early Retirement

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

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**NOTE 10 EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)**

**Municipal Employees' Retirement System (Continued)**

**B. Benefit Provisions (Continued)**

Disability Retirement - Service Connected

This applies to employees who are totally and permanently disabled and such disability has arisen out of and in the course of employment with the municipality. Disability due to heart and hypertension in the case of fire and police, who began employment prior to July 1, 1996, is presumed to have been suffered in the line of duty. Benefits are calculated as a service retirement allowance based on compensation and service to the date of the disability with a minimum benefit (including workers' compensation benefits) of 50% of compensation at the time of disability.

Disability Retirement - Nonservice Connected

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

Pre-Retirement Death Benefit

The plan offers a lump-sum return of contributions with interest or if vested and married, the surviving spouse will receive a lifetime benefit.

**C. Contributions**

Member

Contributions for members not covered by social security are 5% of compensation; for members covered by social security, 2¼% of compensation up to the social security taxable wage base plus 5%, if any, in excess of such base.

Employer

Participating employers make annual contributions consisting of a normal cost contribution, a contribution for the amortization of the net unfunded accrued liability, and a prior service amortization payment, which covers the liabilities of MERS not met by member contributions. In addition, there is also an annual administrative fee per active and retired member. For the year ended June 30, 2022, the Town made contributions of \$7,361.

**TOWN OF SOUTHBINGTON, CONNECTICUT**  
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**NOTE 10 EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)**

**Municipal Employees' Retirement System (Continued)**

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

At June 30, 2022, the Town reports a liability of \$38,492 (\$37,614 for governmental activities in Exhibit I and \$878 for the Sewer Fund in Exhibit V) for its proportionate share of the net pension liability. The net pension liability was measured at June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation at June 30, 2021. The actuarial assumptions used in the June 30, 2021 valuation were based on results of an actuarial experience study for the period July 1, 2012 through June 30, 2017. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participants, actuarially determined. At June 30, 2022, the Town's proportion was 5.42%. The decrease in proportion from the prior year was .03%.

For the year ended June 30, 2022, the Town recognized pension expense of \$8,520 in Exhibit II and \$199 in Exhibit VI. At June 30, 2022, the Town reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Governmental Activities	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Town Contributions After the Measurement Date	\$ 7,194	\$ -
Net Difference Between Projected and Actual Earning on Pension Plan Investments	-	15,401
Differences Between Expected and Actual Experience	4,172	4,508
Change in Assumptions	4,620	-
Change in Proportionate Share	1,789	471
Total	<u>\$ 17,775</u>	<u>\$ 20,380</u>

**TOWN OF SOUTHLINGTON, CONNECTICUT**  
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**NOTE 10 EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)**

**Municipal Employees' Retirement System (Continued)**

**D. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

	Business-Type Activities	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Town Contributions After the Measurement Date	\$ 167	\$ -
Net Difference Between Projected and Actual Earning on Pension Plan Investments	-	376
Differences Between Expected and Actual Experience	76	128
Change in Assumptions	118	-
Change in Proportionate Share	141	151
Total	<u>\$ 502</u>	<u>\$ 655</u>

	Primary Government	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Town Contributions After the Measurement Date	\$ 7,361	\$ -
Net Difference Between Projected and Actual Earning on Pension Plan Investments	-	15,777
Differences Between Expected and Actual Experience	4,248	4,636
Change in Assumptions	4,738	-
Change in Proportionate Share	1,930	622
Total	<u>\$ 18,277</u>	<u>\$ 21,035</u>

**TOWN OF SOUTHLINGTON, CONNECTICUT**  
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**NOTE 10 EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)**

**Municipal Employees' Retirement System (Continued)**

**D. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

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

<u>Governmental Activities</u>	
2023	\$ 2,256
2024	(3,795)
2025	(3,575)
2026	(4,685)
Total	<u>\$ (9,799)</u>
<u>Business-Type Activities</u>	
2023	\$ 51
2024	(118)
2025	(109)
2026	(144)
Total	<u>\$ (320)</u>
<u>Primary Government</u>	
2023	\$ 2,307
2024	(3,913)
2025	(3,684)
2026	(4,829)
Total	<u>\$ (10,119)</u>

**E. Actuarial Assumptions**

The total pension liability was determined by an actuarial valuation as of June 30, 2021, using the following actuarial assumptions, applied to all periods included in the measurement period:

Inflation	2.50%
Salary Increase	3.50% - 10.00%, Including Inflation
Investment Rate of Return	7.00%, Net of Pension Plan Investment Expense, Including Inflation



**TOWN OF SOUTHBINGTON, CONNECTICUT**  
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**NOTE 10 EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)**

**Municipal Employees' Retirement System (Continued)**

**E. Actuarial Assumptions (Continued)**

Mortality rates were based on:

- RP-2014 Combined Mortality Table adjusted to 2006 and projected to 2015 with Scale MP-2017 and projected to 2022 with Scale BB for General Employees.
- RP-2014 Blue Collar Mortality Table adjusted to 2006 and projected to 2015 with Scale MP-2017 and projected to 2022 with Scale BB for Police and Fire.
- For disabled retirees, the RP-2014 Disabled Mortality Table projected with Scale BB to 2020 was used.

Cost-of-Living

Future cost-of-living adjustments for members who retire on or after January 1, 2002, are 60% of the annual increase in the CPI up to 6%. The minimum annual COLA is 2.5%; the maximum is 6%.

Long-Term Rate of Return

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	20.0 %	5.3 %
Developed Market International	11.0	5.1
Emerging Market International	9.0	7.4
Core Fixed Income	16.0	1.6
Inflation Linked Bond Fund	5.0	1.3
Emerging Market Debt	5.0	2.9
High Yield Bond	6.0	3.4
Real Estate	10.0	4.7
Private Equity	10.0	7.3
Alternative Investments	7.0	3.2
Liquidity Fund	1.0	0.9
Total	100.0 %	

**TOWN OF SOUTHTON, CONNECTICUT**  
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**NOTE 10 EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)**

**Municipal Employees' Retirement System (Continued)**

**F. Discount Rate**

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at the actuarially determined contribution rates in the future years. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Governmental Activities:			
Town's Proportionate Share of the Net Pension Liability	\$ 63,428	\$ 37,614	\$ 15,247
Sewer Fund:			
Town's Proportionate Share of the Net Pension Liability	\$ 1,481	\$ 878	\$ 356

**Connecticut Teachers Retirement System – Pension**

**A. Plan Description**

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

**TOWN OF SOUTHLINGTON, CONNECTICUT**  
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**NOTE 10 EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)**

**Connecticut Teachers Retirement System – Pension (Continued)**

**B. Benefit Provisions**

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

Normal Retirement

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

Early Retirement

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

Disability Retirement

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

**C. Contributions**

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

Employer (School Districts)

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

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

For the year ended June 30, 2022, the amount of "on-behalf" contributions made by the state was \$13,503 and is recognized in the General Fund as intergovernmental revenues and education expenditures.

**TOWN OF SOUTHTON, CONNECTICUT**  
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**NOTE 10 EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)**

**Connecticut Teachers Retirement System – Pension (Continued)**

**C. Contributions (Continued)**

Employees

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

Effective January 1, 2018, the required contribution increased to 7% of pensionable salary.

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

At June 30, 2022, the Town reports no amounts for its proportionate share of the net pension liability, and related deferred outflows and inflows, due to the statutory requirement that the state pay 100% of the required contribution. The amount recognized by the Town as its proportionate share of the net pension liability, the related state support, and the total portion of the net pension liability that was associated with the Town were as follows:

Town's Proportionate Share of the Net Pension Liability	\$ -
State's Proportionate Share of the Net Pension Liability Associated with the Town	161,255
Total	<u>\$ 161,255</u>

The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as June 30, 2020. At June 30, 2022, the Town has no proportionate share of the net pension liability.

For the year ended June 30, 2022, the Town recognized pension expense and revenue of \$-3,093 in Exhibit II.

**TOWN OF SOUTHLINGTON, CONNECTICUT**  
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**NOTE 10 EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)**

**Connecticut Teachers Retirement System – Pension (Continued)**

**E. Actuarial Assumptions**

The total pension liability was determined by an actuarial valuation as of June 30, 2020, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary Increase	3.00% - 6.50%, Including Inflation
Investment Rate of Return	6.90%, Net of Pension Plan Investment Expense, Including Inflation

Mortality rates were based on the PubT-2010 Healthy Retiree Table (adjusted 105% for males and 103% for females at ages 82 and above), projected generationally with MP-2019 for the period after service retirement.

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the five-year period ending June 30, 2019.

Assumption changes since the prior year are as follows:

- There were no changes in assumptions that affected the measurement of the TPL since the prior measurement date.

Benefit changes since the prior year are as follows:

- There were no changes in benefit provisions that affected the measurement of the TPL since the prior measurement date.

**Cost-of-Living Allowance**

For teachers who retired prior to September 1, 1992, pension benefit adjustments are made in accordance with increases in the Consumer Price Index, with a minimum of 3% and a maximum of 5% per annum.

For teachers who were members of the Teachers' Retirement System before July 1, 2007, and retire on or after September 1, 1992, pension benefit adjustments are made that are consistent with those provided for Social Security benefits on January 1 of the year granted, with a maximum of 6% per annum. If the return on assets in the previous year was less than 8.5%, the maximum increase is 1.5%.

**TOWN OF SOUTHLINGTON, CONNECTICUT**  
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**NOTE 10 EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)**

**Connecticut Teachers Retirement System – Pension (Continued)**

**E. Actuarial Assumptions (Continued)**

For teachers who were members of the Teachers' Retirement System after July 1, 2007, pension benefit adjustments are made that are consistent with those provided for Social Security benefits on January 1 of the year granted, with a maximum of 5% per annum. If the return on assets in the previous year was less than 11.5%, the maximum increase is 3%, and if the return on the assets in the previous year was less than 8.5%, the maximum increase is 1.0%.

**Long-Term Rate of Return**

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

Asset Class	Target Allocation	Expected Rate of Return
Domestic Equity	20.0 %	5.6 %
Developed Market Intl. Stock Fund	11.0	6.0
Emerging Market Intl. Stock Fund	9.0	7.9
Core Fixed Income Fund	16.0	2.1
Inflation Linked Bond Fund	5.0	1.1
Emerging Market Debt Fund	5.0	2.7
High Yield Bond Fund	6.0	4.0
Real Estate Fund	10.0	4.5
Private Equity	10.0	7.3
Alternative Investments	7.0	2.9
Liquidity Fund	1.0	0.4
Total	<u>100.0 %</u>	

**F. Discount Rate**

The discount rate used to measure the total pension liability was 6.90%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that State contributions will be made at the actuarially determined contribution rates in the future years. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**TOWN OF SOUTHTON, CONNECTICUT**  
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**NOTE 10 EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)**

**Connecticut Teachers Retirement System – Pension (Continued)**

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

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

**H. Pension Plan Fiduciary Net Position**

Detailed information about the pension plan's fiduciary net position is available in the separately issued financial statements available at [www.ct.gov](http://www.ct.gov).

**I. Other Information**

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

**NOTE 11 OTHER POST-EMPLOYMENT BENEFITS**

**Town Plan**

**A. Overview**

The Town and Board of Education do not offer retirees any post-employment benefits. They do, however, allow retirees to remain on the Health Self-Insurance plan as long as they pay the full COBRA rates, as a single employer defined benefit plan. The only exception to the no post-employment benefits would be for those employees who have retired under Heart and Hypertension and have negotiated these benefits. There are no stand-alone financial statements available for the plan.

**Employees Covered by Benefit Terms**

Membership in the plan consisted of the following at July 1, 2021, the date of the last actuarial valuation.

Inactive Employees Currently Receiving	
Benefit Payments	98
Active Employees	1,210
Total	<u>1,308</u>

**B. Total OPEB Liability**

The Town's total OPEB liability of \$34,761 was measured as of June 30, 2022, and was determined by an actuarial valuation as of July 1, 2021 and rolled forward to June 30, 2022.

**TOWN OF SOUTHLINGTON, CONNECTICUT**  
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**NOTE 11 OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)**

**Town Plan (Continued)**

**B. Total OPEB Liability (Continued)**

Actuarial Assumptions and Other Inputs

The total OPEB liability in the July 1, 2021 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

Inflation	2.40%
Rate of Compensation Increase (Including Inflation)	2.40%
Interest	3.54% (Prior: 2.16%)
Healthcare Cost Trend Rates	6.50% in 2021, Decreasing 0.20% Per Year to an Ultimate Rate of 4.40% for 2032 and Later Years Prior: 6.50% for 2019, Decreasing 0.25% Per Year to an Ultimate Rate of 4.40% for 2028 and Later Years
Retirees' Share of Benefit-Related Costs	100% of Projected Health Insurance Premiums for Retirees

The discount rate was based on the published Bond Buyer GO 20-Bond Municipal Index.

Mortality rates were based on Pub-2010 Public Retirement Plans Amount-Weighted Mortality Tables (with separate tables for General Employees, Public Safety, and Teachers), projected to the valuation date with Scale MP-2021.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balances - July 1, 2021	\$ 49,877
Changes for the Year:	
Service Cost	910
Interest on Total OPEB Liability	1,087
Changes of Benefit Terms	-
Difference Between Expected and Actual Experience	(11,533)
Changes in Assumptions or Other Inputs	(4,628)
Benefit Payments	(952)
Net Changes	<u>(15,116)</u>
Balances - June 30, 2022	<u>\$ 34,761</u>



**TOWN OF SOUTHTON, CONNECTICUT**  
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**NOTE 11 OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)**

**Town Plan (Continued)**

**C. Sensitivity of the Total OPEB Liability to Changes in the Discount Rate**

The following presents the total OPEB liability of the Town, as well as what the Town's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

	1% Decrease (2.54%)	Current Discount Rate (3.54%)	1% Increase (4.54%)
Total OPEB Liability	\$ 38,797	\$ 34,761	\$ 31,336

**D. Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates**

The following presents the total OPEB liability of the Town, as well as what the Town's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease (5.50%) Decreasing to 3.40%)	Healthcare Cost Trend Rates (6.50%) Decreasing to 4.40%)	1% Increase (7.50%) Decreasing to 5.40%)
Total OPEB Liability	\$ 30,950	\$ 34,761	\$ 39,240

**E. OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

For the year ended June 30, 2022, the Town recognized OPEB expense of \$1,259. At June 30, 2022, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ -	\$ 14,980
Changes of Assumptions or Other Inputs	10,826	5,336
Total	<u>\$ 10,826</u>	<u>\$ 20,316</u>

**TOWN OF SOUTHTON, CONNECTICUT**  
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**NOTE 11 OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)**

**Town Plan (Continued)**

**E. OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)**

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2023	\$ (680)
2024	(680)
2025	(680)
2026	(680)
2027	(680)
Thereafter	(6,090)
Total	<u>\$ (9,490)</u>

**Other Post-Employment Benefit - Connecticut State Teachers Retirement Plan**

**A. Plan Description**

Teachers, principals, superintendents, or supervisors engaged in service of public schools plus professional employees at state schools of higher education are eligible to participate in the Connecticut State Teachers' Retirement System Retiree Health Insurance Plan (TRS-RHIP), a cost-sharing multiple-employer defined benefit other post-employment benefit plan administered by the Teachers' Retirement Board (TRB), if they choose to be covered.

Chapter 167a of the State Statutes grants authority to establish and amend the benefit terms to the TRB. TRS-RHIP issues a publicly available financial report that can be obtained at [www.ct.gov/trb](http://www.ct.gov/trb).

**B. Benefit Provisions (Not in Thousands)**

There are two types of the healthcare benefits offered through the system. Subsidized Local School District Coverage provides a subsidy paid to members still receiving coverage through their former employer and the CTRB Sponsored Medicare Supplemental Plans provide coverage for those participating in Medicare but not receiving Subsidized Local School District Coverage.

**TOWN OF SOUTHLINGTON, CONNECTICUT**  
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**NOTE 11 OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)**

**Other Post-Employment Benefit - Connecticut State Teachers Retirement Plan**  
**(Continued)**

**B. Benefit Provisions (Not in Thousands) (Continued)**

Any member who is not currently participating in Medicare Parts A & B is eligible to continue healthcare coverage with their former employer. A subsidy of up to \$110 per month for a retired member plus an additional \$110 per month for a spouse enrolled in a local school district plan is provided to the school district to first offset the retiree's share of the cost of coverage, and any remaining portion is used to offset the district's cost. The subsidy amount is set by statute and has not increased since July 1996. A subsidy amount of \$220 per month may be paid for a retired member, spouse, or the surviving spouse of a member who has attained the normal retirement age to participate in Medicare, is not eligible for Part A of Medicare without cost, and contributes at least \$220 per month towards coverage under a local school district plan.

Any member who is currently participating in Medicare Parts A & B is eligible to either continue healthcare coverage with their former employer, if offered, or enroll in the plan sponsored by the System. If they elect to remain in the plan with their former employer, the same subsidies as above will be paid to offset the cost of coverage.

If a member participating in Medicare Parts A & B so elects, they may enroll in one of the CTRB Sponsored Medicare Supplemental Plans. Effective July 1, 2018, the System added a Medicare Advantage Plan option. Active members, retirees, and the state pay equally toward the cost of the basic coverage (medical and prescription drug benefits) under the Medicare Advantage Plan. Retired members who choose to enroll in the Medicare Supplement Plan are responsible for the full difference in the premium cost between the two plans. Additionally, effective July 1, 2018, retired members who cancel their healthcare coverage or elect to not enroll in a CTRB sponsored healthcare coverage option, must wait two years to re-enroll.

**Survivor Healthcare Coverage**

Survivors of former employees or retirees remain eligible to participate in the plan and continue to be eligible to receive either the \$110 monthly subsidy or participate in the TRB-Sponsored Medicare Supplement or Medicare Advantage Plan options, as long as they do not remarry.

**TOWN OF SOUTHLINGTON, CONNECTICUT**  
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**NOTE 11 OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)**

**Other Post-Employment Benefit - Connecticut State Teachers Retirement Plan**  
**(Continued)**

**C. Eligibility**

Any member who is currently receiving a retirement or disability benefit is eligible to participate in the plan.

Credited Service

One month for each month of service as a teacher in Connecticut public schools, maximum 10 months for each school year. Ten months of credited service constitutes one year of Credited Service. Certain other types of teaching services, state employment, or wartime military service may be purchased prior to retirement if the member pays one-half the cost.

Normal Retirement

Age 60 with 20 years of Credited Service in Connecticut, or 35 years of Credited Service including at least 25 years of service in Connecticut.

Early Retirement

Age 55 with 20 years of Credited Service including 15 years of Connecticut service, or 25 years of Credited Service including 20 years of Connecticut service.

Proratable Retirement

Age 60 with 10 years of credited service.

Disability Retirement

No service requirement if incurred in the performance of duty, and five years of Credited Service in Connecticut if not incurred in the performance of duty.

Termination of Employment

Ten or more years of Credited Service.

**D. Contributions**

State of Connecticut

Per Connecticut General Statutes Section 10-183z, contribution requirements of active employees and the state of Connecticut are approved, amended, and certified by the State Teachers' Retirement Board and appropriated by the General Assembly. The state appropriates from the General Fund one third of the annual costs of the Plan. Administrative costs of the Plan are financed by the state. Based upon Chapter 167a, Subsection D of Section 10-183t of the Connecticut statutes, it is assumed the state will pay for any long-term shortfall arising from insufficient active member contributions.

**TOWN OF SOUTHLINGTON, CONNECTICUT**  
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**NOTE 11 OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)**

**Other Post-Employment Benefit - Connecticut State Teachers Retirement Plan**  
**(Continued)**

**D. Contributions (Continued)**

Employer (School Districts)

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

For the year ended June 30, 2022, the amount of "on-behalf" contributions made by the state was \$318 and is recognized in the General Fund as intergovernmental revenues and education expenditures.

Employees/Retirees

The cost of providing plan benefits is financed on a pay-as-you-go basis as follows:

- Active teacher's pay for one-third of the Plan costs through a contribution of 1.25% of their pensionable salaries, and retired teacher's pay for one-third of the Plan costs through monthly premiums, which helps reduce the cost of health insurance for eligible retired members and dependents.

**E. OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

At June 30, 2022, the Town reports no amounts for its proportionate share of the net OPEB liability, and related deferred outflows and inflows, due to the statutory requirement that the state pay 100% of the required contribution. The amount recognized by the Town as its proportionate share of the net OPEB liability, the related state support and the total portion of the net OPEB liability that was associated with the Town was as follows:

Town's Proportionate Share of the Net OPEB Liability	\$ -
State's Proportionate Share of the Net OPEB Liability Associated with the Town	17,568
Total	<u>\$ 17,568</u>

The net OPEB liability was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as June 30, 2020. At June 30, 2022, the Town has no proportionate share of the net OPEB liability.

For the year ended June 30, 2022, the Town recognized OPEB expense and revenue of \$-966 in Exhibit II.

**TOWN OF SOUTHTON, CONNECTICUT**  
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**NOTE 11 OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)**

**Other Post-Employment Benefit - Connecticut State Teachers Retirement Plan**  
**(Continued)**

**F. Actuarial Assumptions**

The total OPEB liability was determined by an actuarial valuation as of June 30, 2020, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Healthcare Costs Trend Rate	5.125% for 2020, Decreasing to an Ultimate Rate of 4.50% by 2023
Salary Increase	3.00% - 6.50%, Including Inflation
Investment Rate of Return	2.17%, Net of OPEB Plan Investment Expense, Including Inflation
Year Fund Net Position Will be Depleted	2023

Mortality rates were based on the PubT-2010 Healthy Retiree Table (adjusted 105% for males and 103% for females at ages 82 and above), projected generationally with MP-2019 for the period after service retirement.

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2014 - June 30, 2019.

The changes in the assumptions since the prior year are as follows:

- Discount rate changed from 2.21% to 2.17%
- Expected annual per capita claims costs were updated to better reflect anticipated Medicare and prescription drug claim experience based on scheduled premium increases through calendar year 2024.

The changes in the benefit terms since the prior year are as follows:

- There were no changes to benefit terms in the two years preceding the measurement date.

**TOWN OF SOUTHLINGTON, CONNECTICUT**  
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**NOTE 11 OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)**

**Other Post-Employment Benefit - Connecticut State Teachers Retirement Plan**  
**(Continued)**

**F. Actuarial Assumptions (Continued)**

Long-Term Rate of Return

The long-term expected rate of return on plan assets is reviewed as part of the GASB 75 valuation process. Several factors are considered in evaluating the long-term rate of return assumption, including the plan's current asset allocations and a log-normal distribution analysis using the best-estimate ranges of expected future real rates of return (expected return, net investment expense and inflation) for each major asset class. The long-term expected rate of return was determined by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The assumption is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years. The plan is 100% invested in U.S. Treasuries (Cash Equivalents) for which the expected 10-Year Geometric Real Rate of Return is (0.42%).

**G. Discount Rate**

The discount rate used to measure the total OPEB liability was 2.17%. The projection of cash flows used to determine the discount rate was performed in accordance with GASB 75. The projection was based on an actuarial valuation performed as of June 30, 2020.

In addition to the actuarial methods and assumptions of the June 30, 2020, actuarial valuation, the following actuarial methods and assumptions were used in the projection of cash flows:

- Total payroll for the initial projection year consists of the payroll of the active membership present on the valuation date. In subsequent projection years, total payroll was assumed to increase annually at a rate of 3.00%
- Employee contributions were assumed to be made at the current member contribution rate. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- Annual State contributions were assumed to be equal to the most recent five-year average of state contributions toward the fund.

Based on those assumptions, the Plan's fiduciary net position was projected to be depleted in 2023 and, as a result, the Municipal Bond Index Rate was used in the determination of the single equivalent rate.

**TOWN OF SOUTHTON, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**  
**(IN THOUSANDS)**

**NOTE 11 OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)**

**Other Post-Employment Benefit - Connecticut State Teachers Retirement Plan**  
**(Continued)**

**H. Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate and the Discount Rate**

The Town's proportionate share of the net OPEB liability is \$-0- and, therefore, the change in the healthcare cost trend rate or the discount rate would only impact the amount recorded by the state of Connecticut.

**I. OPEB Plan Fiduciary Net Position**

Detailed information about the Connecticut State Teachers OPEB Plan fiduciary net position is available in the separately issued State of Connecticut Comprehensive Annual Financial Report at [www.ct.gov](http://www.ct.gov).

**J. Other Information**

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

**NOTE 12 SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES**

The Town's Old Turnpike Road (Old Southington) Landfill, which was closed in 1967, was placed on the United States Environmental Protection Agency (EPA) Superfund List for cleanup in the early 1990s. Three hundred and twenty-five parties, including the Town, were identified by the EPA as potentially responsible parties (PRPs) for the cleanup costs. The Town, per agreement with the EPA, is responsible for \$4.4 million of the costs for constructing a cap at the site. However, the EPA granted the Town credit of \$3.2 million for landfill costs paid by the Town since 1989, leaving the Town with a net liability of approximately \$1.2 million. This amount was authorized for bonding at referendum in May 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. In 2019, the Town hired an engineer to estimate the post-closure groundwater monitoring, which amounted to \$262. A long-term liability of \$235 for landfill closure and post-closure costs is reflected in Exhibit I and in Note 7, Long-Term Debt. The costs are to be paid out at \$9 annually over the next 27 years. The funds will pay for the monitoring, inspection, and reporting costs for the DePaolo Drive Landfill Site.



**TOWN OF SOUTHLINGTON, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**  
**(IN THOUSANDS)**

**NOTE 12 SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES (CONTINUED)**

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, 2022, 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.

**NOTE 13 SUBSEQUENT EVENTS**

On February 28, 2023, the Town converted \$12,163 in interim loan obligations under the State of Connecticut's Clean Water program to permanent loan obligation for project 651-DC. These Clean Water Fund loans have principal and interest payable monthly starting in February 2023 with an interest rate of 2%.

## **REQUIRED SUPPLEMENTARY INFORMATION**

**TOWN OF SOUTHTON, CONNECTICUT**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
**YEAR ENDED JUNE 30, 2022**  
**(IN THOUSANDS)**

	Budgeted Amounts			
	Original	Final	Actual	Variance
REVENUES				
Property Taxes, Interest, and Lien Fees:				
Taxes	\$ 128,221	\$ 128,221	\$ 130,235	\$ 2,014
Suspense Taxes	25	25	95	70
Interest and Lien Fees	608	608	788	180
Total Property Taxes, Interest, and Lien Fees	128,854	128,854	131,118	2,264
Licenses, Fees, and Permits:				
Building	900	1,514	1,592	78
Police	38	38	39	1
Library	5	5	9	4
Parking	1	1	1	-
Miscellaneous	13	29	31	2
Total Licenses, Fees, and Permits	957	1,587	1,672	85
Intergovernmental Revenues:				
Educational Cost -Sharing	20,466	20,466	21,092	626
Nonpublic School Transportation	-	-	-	-
Public School Transportation	-	-	-	-
School Building Construction Grants	-	-	-	-
Vocational Agriculture	373	373	373	-
Children and Youth Services	24	24	24	-
Youth Service and Drug Free	-	4	1	(3)
Town Aid Road Transportation Grant	-	-	-	-
Nonpublic Health Services	24	24	23	(1)
Calendar Bus	-	-	-	-
Telephone Access Lines	55	55	51	(4)
Pequot/Mohegan Grant	7	7	7	-
Telecommunications Fund Grant	73	73	75	2
Municipal Video Grant	-	-	-	-
Historical Society	-	-	-	-
Local Capital Improvement Grant	-	-	-	-
FEMA Reimbursement	175	175	118	(57)
Safe Polls Grant	-	-	-	-
Absentee Ballot Grant	-	-	-	-
CT Senior Center CARES Act Grant	-	-	-	-
Municipal CRF Reimbursement	-	26	26	-
In Lieu of Taxes:				
Hospital	94	94	132	38
Tax Relief for Elderly	-	-	-	-
Veterans' Exemption	52	52	47	(5)
State Properties	7	7	-	(7)
Disability Exemption	5	5	5	-
Calendar House Grant	-	-	-	-
Distressed Municipalities	-	-	71	71
Miscellaneous	40	41	39	(2)
Traffic Enforcement Grant	-	-	-	-
MRSA Sales Tax Sharing	-	-	47	47
Municipal Revenue Sharing	1,134	1,427	1,427	-
Municipal Stabilization Grant	-	-	-	-
Total Intergovernmental Revenues	22,529	22,853	23,558	705

**TOWN OF SOUTHTON, CONNECTICUT**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)**  
**YEAR ENDED JUNE 30, 2022**  
**(IN THOUSANDS)**

	Budgeted Amounts		Actual	Variance
	Original	Final		
<b>REVENUES (CONTINUED)</b>				
Investment Income	\$ 318	\$ 365	\$ 462	\$ 97
Charges for Services:				
Town Clerk	1,400	2,024	2,224	200
Labels, Diskettes, and Copies	-	-	-	-
Police Services	50	50	-	(50)
Recreation	30	30	21	(9)
Planning and Zoning	50	50	49	(1)
Fire Department Services	29	35	27	(8)
Engineering Services	3	3	2	(1)
Assessors Returns	1	1	1	-
School Tuition and Fees	696	696	804	108
School Building Rentals	14	1,169	1,169	-
Miscellaneous	5	6	47	41
Total Charges for Services	2,278	4,064	4,344	280
<b>OTHER FINANCING SOURCES</b>				
Sale and Lease of Town Property	5	5	29	24
Prior Year Appropriated Funds Returned	2	2	23	21
Recycling Rebates	55	55	36	(19)
Miscellaneous	40	50	85	35
Leases and Easements	28	28	29	1
Fund Balance Utilized	1,797	1,797	-	(1,797)
Total Other Financing Sources	1,927	1,937	202	(1,735)
Transfers In	-	9	9	-
Total Revenues and Other Financing Sources	\$ 156,863	\$ 159,669	161,365	\$ 1,696
Budgetary Revenues are Different than GAAP Revenues Because:				
State of Connecticut On-Behalf Contributions to the Connecticut State Teachers' Pension Retirement System for Town Teachers are Not Budgeted			13,502	
State of Connecticut On-Behalf Contributions to the Connecticut State Teachers' OPEB Retirement System for Town Teachers are Not Budgeted			318	
Special Education grant revenue not budgeted			835	
Total Revenues and Other Financing Sources as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds Exhibit IV			\$ 176,020	

**TOWN OF SOUTHTON, CONNECTICUT**  
**GENERAL FUND**  
**SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
**YEAR ENDED JUNE 30, 2022**  
**(IN THOUSANDS)**

	Budgeted Amounts			
	Original	Final	Actual	Variance
EXPENDITURES				
General Government:				
Town Council:				
Personnel Service	\$ 10	\$ 11	\$ 11	\$ -
Contractual Services	20	20	10	10
Program Supplies	6	8	5	3
Professional Charges	27	27	27	-
Total	63	66	53	13
Town Manager:				
Personnel Service	258	256	256	-
Contractual Services	22	7	4	3
Materials and Supplies	9	5	4	1
Fixed Charges	5	6	6	-
Total	294	274	270	4
Board of Finance:				
Personnel Service	5	4	4	-
Contractual Services	2	2	2	-
Materials and Supplies	-	-	-	-
Fixed Charges	1	1	1	-
Total	8	7	7	-
Finance Department:				
Personnel Service	559	560	560	-
Contractual Services	-	-	-	-
Materials and Supplies	12	13	12	1
Fixed Charges	1	1	1	-
Total	572	574	573	1
Town Clerk:				
Personnel Service	348	348	347	1
Contractual Services	19	19	17	2
Materials and Supplies	11	9	8	1
Fixed Charges	3	2	2	-
Total	381	378	374	4
Human Resources Department:				
Personnel Service	96	91	90	1
Contractual Services	36	41	39	2
Fixed Charges	2	2	-	2
Total	134	134	129	5

**TOWN OF SOUTHTON, CONNECTICUT**  
**GENERAL FUND**  
**SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)**  
**YEAR ENDED JUNE 30, 2022**  
**(IN THOUSANDS)**

	Budgeted Amounts			
	Original	Final	Actual	Variance
EXPENDITURES (CONTINUED)				
General Government (Continued):				
Tax Department:				
Personnel Service	\$ 177	\$ 172	\$ 171	\$ 1
Contractual Services	8	8	3	5
Materials and Supplies	48	48	40	8
Fixed Charges	1	2	2	-
Total	234	230	216	14
Assessor:				
Personnel Service	376	349	348	1
Contractual Services	161	161	20	141
Materials and Supplies	12	11	9	2
Fixed Charges	3	3	2	1
Total	552	524	379	145
Board of Assessment Appeals:				
Personnel Service	2	2	2	-
Contractual Services	1	-	-	-
Materials and Supplies	-	-	-	-
Total	3	2	2	-
Information Technology:				
Personnel Service	194	194	194	-
Contractual Services	747	770	741	29
Fixed Charges	54	54	51	3
Capital Outlay	57	57	57	-
Total	1,052	1,075	1,043	32
Probate Court:				
Fixed Charges	12	12	12	-
Town Attorney and Legal:				
Personnel Service	160	-	-	-
Contractual Services	30	180	157	23
Materials and Supplies	-	-	-	-
Fixed Charges	-	30	30	-
Total	190	210	187	23

**TOWN OF SOUTHTON, CONNECTICUT**  
**GENERAL FUND**  
**SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)**  
**YEAR ENDED JUNE 30, 2022**  
**(IN THOUSANDS)**

	Budgeted Amounts			
	Original	Final	Actual	Variance
<b>EXPENDITURES (CONTINUED)</b>				
General Government (Continued):				
Elections Department:				
Personnel Service	\$ 136	\$ 111	\$ 100	\$ 11
Contractual Services	17	16	11	5
Materials and Supplies	31	21	17	4
Fixed Charges	3	3	2	1
Total	187	151	130	21
Insurance:				
Fixed Charges	1,135	1,089	1,077	12
Annual Audit:				
Fixed Charges	37	37	37	-
Total General Government	4,854	4,763	4,489	274
Public Safety:				
Police Department:				
Personnel Service	7,525	7,580	7,576	4
Contractual Services	183	188	182	6
Materials and Supplies	207	206	206	-
Fixed Charges	303	297	294	3
Equipment	195	252	251	1
Total	8,413	8,523	8,509	14
Emergency Management:				
Personnel Services	-	-	-	-
Contractual Services	1	1	-	1
Materials And Supplies	8	8	8	-
Capital Outlay	7	3	-	3
Total	16	12	8	4
Central Dispatch:				
Personnel Service	869	944	944	-
Contractual Services	7	2	2	-
Total	876	946	946	-
Fire Department:				
Personnel Service	4,062	4,123	3,938	185
Contractual Services	428	391	322	69
Materials and Supplies	235	236	234	2
Fixed Charges	164	176	172	4
Equipment	61	91	88	3
Total	4,950	5,017	4,754	263

**TOWN OF SOUTHTON, CONNECTICUT**  
**GENERAL FUND**  
**SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)**  
**YEAR ENDED JUNE 30, 2022**  
**(IN THOUSANDS)**

	Budgeted Amounts			
	Original	Final	Actual	Variance
EXPENDITURES (CONTINUED)				
Public Safety:				
Fire Hydrant Rentals:				
Fixed Charges	\$          230	\$          251	\$          251	\$          -
Safety Program:				
Contractual Services	12	4	3	1
Materials and Supplies	42	42	42	-
Fixed Charges	14	11	10	1
Total	68	57	55	2
Parking Authority:				
Personnel Service	-	-	-	-
Contractual Services	1	1	-	1
Materials and Supplies	1	1	-	1
Fixed Charges	1	1	1	-
Total	3	3	1	2
Total Public Safety	14,556	14,809	14,524	285
Public Works:				
Town Hall:				
Personnel Services	14	11	11	-
Contractual Services	42	47	38	9
Materials and Supplies	21	15	14	1
Fixed Charges	47	42	40	2
Total	124	115	103	12
Town Owned Property:				
Contractual Services	15	10	6	4
Fixed Charges	10	8	6	2
Total	25	18	12	6
Sylvia Bradley Historical Society:				
Contractual Services	7	6	4	2
Fixed Charges	13	13	13	-
Total	20	19	17	2



**TOWN OF SOUTHTON, CONNECTICUT**  
**GENERAL FUND**  
**SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)**  
**YEAR ENDED JUNE 30, 2022**  
**(IN THOUSANDS)**

	Budgeted Amounts			
	Original	Final	Actual	Variance
EXPENDITURES (CONTINUED)				
Public Works (Continued):				
Engineering Department:				
Personnel Service	\$ 680	\$ 667	\$ 666	\$ 1
Contractual Services	8	8	1	7
Materials and Supplies	12	8	5	3
Fixed Charges	2	2	1	1
Total	702	685	673	12
Highway Department:				
Personnel Service	2,674	2,559	2,558	1
Contractual Services	532	540	524	16
Materials and Supplies	141	158	154	4
Fixed Charges	297	297	286	11
Capital Outlay	27	24	22	2
Continued Appropriations	-	3	3	-
Total	3,671	3,581	3,547	34
Snow and Ice Removal:				
Personnel Service	204	227	227	-
Contractual Services	162	162	156	6
Materials and Supplies	444	543	534	9
Total	810	932	917	15
Street Lighting:				
Contractual Services	70	70	62	8
Fixed Charges	372	372	348	24
Total	442	442	410	32
Tree Maintenance:				
Contractual Services	38	34	31	3
Bulky Waste Transfer Station:				
Personnel Service	83	86	86	-
Contractual Services	201	201	164	37
Materials and Supplies	5	12	12	-
Total	289	299	262	37
Environmental Problems:				
Contractual Services	228	168	74	94
Continued Appropriations	-	60	17	43
Total	228	228	91	137

**TOWN OF SOUTHTON, CONNECTICUT**  
**GENERAL FUND**  
**SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)**  
**YEAR ENDED JUNE 30, 2022**  
**(IN THOUSANDS)**

	Budgeted Amounts			
	Original	Final	Actual	Variance
<b>EXPENDITURES (CONTINUED)</b>				
Public Works (Continued):				
John Weichsel Municipal Center:				
Personnel Services	\$ 8	\$ 7	\$ 6	\$ 1
Contractual Services	8	6	4	2
Materials and Supplies	6	6	5	1
Fixed Charges	25	26	26	-
Total	47	45	41	4
Total Public Works	6,396	6,398	6,104	294
Health and Welfare:				
Community Services:				
Personnel Service	309	282	282	-
Contractual Services	33	33	33	-
Materials and Supplies	5	5	5	-
Fixed Charges	19	18	15	3
Total	366	338	335	3
Health Department:				
Fixed Charges	331	331	331	-
Mental Health:				
Fixed Charges	3	3	3	-
Nonpublic School Nurses:				
Contractual Services	64	64	64	-
Total Health and Welfare	764	736	733	3
Human Services:				
Youth Counseling:				
Personnel Service	283	237	232	5
Contractual Services	2	2	2	-
Materials and Supplies	3	3	2	1
Fixed Charges	3	3	1	2
Total	291	245	237	8

**TOWN OF SOUTHTON, CONNECTICUT**  
**GENERAL FUND**  
**SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)**  
**YEAR ENDED JUNE 30, 2022**  
**(IN THOUSANDS)**

	Budgeted Amounts			
	Original	Final	Actual	Variance
<b>EXPENDITURES (CONTINUED)</b>				
Human Services (Continued):				
Commission on the Handicapped:				
Contractual Services	\$          8	\$          3	\$          -	\$          3
Materials and Supplies	1	1	-	1
Total	9	4	-	4
Community Assistance:				
Contractual Services	60	60	60	-
Calendar House-Senior Citizens:				
Personnel Service	439	374	314	60
Contractual Services	61	43	29	14
Materials and Supplies	18	7	7	-
Fixed Charges	53	52	49	3
Continued Appropriations	-	8	8	-
Total	571	484	407	77
Southington Housing Authority:				
Fixed Charges	-	-	-	-
Total Human Services	931	793	704	89
Recreation Department:				
Personnel Service	267	275	274	1
Contractual Services	56	49	43	6
Materials and Supplies	14	11	8	3
Fixed Charges	1	1	1	-
Total	338	336	326	10
Community Celebrations:				
Fixed Charges	4	4	4	-
Organized Recreation:				
Fixed Charges	86	84	84	-
Total Parks and Recreation	428	424	414	10

**TOWN OF SOUTHTON, CONNECTICUT**  
**GENERAL FUND**  
**SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)**  
**YEAR ENDED JUNE 30, 2022**  
**(IN THOUSANDS)**

	Budgeted Amounts			
	Original	Final	Actual	Variance
EXPENDITURES (CONTINUED)				
Library:				
Public Library:				
Personnel Service	\$ 1,169	\$ 1,161	\$ 1,157	\$ 4
Contractual Services	78	64	62	2
Materials and Supplies	151	154	151	3
Fixed Charges	69	69	63	6
Capital Outlay	50	52	52	-
Continued Appropriations	-	6	6	-
Total	1,517	1,506	1,491	15
Barnes Museum:				
Personnel Service	97	73	70	3
Contractual Services	13	19	16	3
Materials and Supplies	4	4	4	-
Fixed Charges	12	14	13	1
Continued Appropriations	-	-	-	-
Total	126	110	103	7
Total Library	1,643	1,616	1,594	22
Planning and Development:				
Economic Development Commission:				
Personnel Service	170	170	170	-
Contractual Services	125	10	3	7
Materials and Supplies	2	2	1	1
Fixed Charges	5	1	-	1
Fixed Charges	-	150	-	150
Total	302	333	174	159
Building Department:				
Personnel Service	485	501	495	6
Contractual Services	5	3	2	1
Materials and Supplies	9	7	7	-
Fixed Charges	8	6	6	-
Total	507	517	510	7
Planning and Zoning:				
Personnel Service	424	412	412	-
Contractual Services	11	30	20	10
Materials and Supplies	6	4	4	-
Fixed Charges	36	35	35	-
Total	477	481	471	10

**TOWN OF SOUTHTON, CONNECTICUT**  
**GENERAL FUND**  
**SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)**  
**YEAR ENDED JUNE 30, 2022**  
**(IN THOUSANDS)**

	Budgeted Amounts			
	Original	Final	Actual	Variance
<b>EXPENDITURES (CONTINUED)</b>				
Planning and Development (Continued):				
Zoning Board of Appeals:				
Personnel Service	\$ 5	\$ 5	\$ 5	\$ -
Contractual Services	8	13	12	1
Materials and Supplies	1	-	-	-
Total	14	18	17	1
Conservation Commission:				
Personnel Service	4	3	3	-
Contractual Services	5	5	4	1
Materials and Supplies	2	-	-	-
Total	11	8	7	1
Total Planning and Development	1,311	1,357	1,179	178
Miscellaneous:				
Land Lease:				
Fixed Charges	1	1	1	-
Miscellaneous:				
Personnel Service	-	779	-	779
Continued Appropriations	-	-	-	-
Nonlegal Professional Services:				
Nonlegal Professional Services	45	45	28	17
Continued Appropriations	-	3	3	-
Total Miscellaneous	46	828	32	796
Employee Benefits:				
Medical and Group Insurance:				
Fixed Charges	3,551	3,551	3,361	190
Heart and Hypertension:				
Personnel Service	1,047	1,014	961	53
Contractual Services	345	343	307	36
Total	1,392	1,357	1,268	89
Employee Retirement:				
Municipal:				
Fixed Charges	5,528	5,735	5,407	328
Police:				
Fixed Charges	260	255	255	-
Unemployment Compensation:				
Fixed Charges	15	15	14	1
Total	5,803	6,005	5,676	329

**TOWN OF SOUTHTON, CONNECTICUT**  
**GENERAL FUND**  
**SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)**  
**YEAR ENDED JUNE 30, 2022**  
**(IN THOUSANDS)**

	Budgeted Amounts		Actual	Variance
	Original	Final		
<b>EXPENDITURES (CONTINUED)</b>				
Employee Benefits (Continued):				
Accumulated Payout:				
Fixed Charges	\$ 150	\$ 188	\$ 49	\$ 139
CFW Accumulated Payout	-	70	70	-
Total	150	258	119	139
Tuition Reimbursement:				
Fixed Charges	14	6	3	3
Total Employee Benefits	10,910	11,177	10,427	750
Debt Service				
Debt Service - Principal:				
Town and Sewer	4,742	4,742	4,742	-
Schools	3,343	3,343	3,343	-
Total	8,085	8,085	8,085	-
Debt Service - Interest:				
Town and Sewer	1,710	1,710	1,710	-
Schools	1,227	1,227	1,227	-
Total	2,937	2,937	2,937	-
Total Debt Service	11,022	11,022	11,022	-
Board of Education:				
School Operations	100,593	101,748	101,252	496
Contractual Services	-	-	-	-
Capital Outlay	-	-	-	-
Continued Appropriations	-	3,248	885	2,363
Total Board of Education	100,593	104,996	102,137	2,859
Contingency	820	300	-	300
Total Expenditures	154,274	159,219	153,359	5,860

**TOWN OF SOUTHTON, CONNECTICUT**  
**GENERAL FUND**  
**SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)**  
**YEAR ENDED JUNE 30, 2022**  
**(IN THOUSANDS)**

	Budgeted Amounts		Actual	Variance
	Original	Final		
<b>OTHER FINANCING USES</b>				
Transfers Out	\$ 2,589	\$ 4,095	\$ 4,095	\$ -
Total Expenditures and Other Financing Uses	<u>\$ 156,863</u>	<u>\$ 163,314</u>	157,454	<u>\$ 5,860</u>

Budgetary Expenditures are Different than GAAP Expenditures Because:

State of Connecticut On-Behalf Payments to the Connecticut State Teachers'  
Pension Retirement System for Town Teachers are Not Budgeted

13,502

State of Connecticut On-Behalf Payments to the Connecticut State Teachers'  
OPEB Retirement System for Town Teachers are Not Budgeted

318

Accrued Payroll is Reported as Expenditure for GAAP Purposes

178

Special Education grant expenditure not budgeted

835

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

\$ 172,287

**TOWN OF SOUTHLINGTON, CONNECTICUT**  
**SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**MUNICIPAL EMPLOYEES RETIREMENT SYSTEM**  
**LAST EIGHT FISCAL YEARS\***  
**(IN THOUSANDS)**

	2015	2016	2017	2018	2019	2020	2021	2022
Town's Proportion of the Net Pension Liability	5.97%	5.62%	5.30%	5.67%	5.54%	5.36%	5.46%	5.42%
Town's Proportionate Share of the Net Pension Liability	\$ 5,892	\$ 10,825	\$ 18,318	\$ 14,070	\$ 52,946	\$ 55,389	\$ 60,730	\$ 38,492
Town's Covered Payroll	\$ 31,051	\$ 31,789	\$ 34,340	\$ 34,952	\$ 37,853	\$ 35,501	\$ 36,365	\$ 38,253
Town's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	18.98%	34.05%	53.34%	40.26%	139.87%	156.02%	167.00%	100.62%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	90.48%	92.72%	88.29%	91.68%	73.60%	72.69%	71.18%	82.59%

**\*Notes:**

- This schedule is intended to show information for 10 years. Additional years' information will be displayed as it becomes available.
- The measurement date is one year earlier than the employer's reporting date.



**TOWN OF SOUTHLINGTON, CONNECTICUT  
SCHEDULE OF EMPLOYER CONTRIBUTIONS  
MUNICIPAL EMPLOYEES RETIREMENT SYSTEM – GOVERNMENTAL ACTIVITIES  
LAST TEN FISCAL YEARS  
(IN THOUSANDS)**

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Actuarially Determined Contribution	\$ 4,194	\$ 4,400	\$ 4,592	\$ 4,680	\$ 4,262	\$ 4,576	\$ 4,527	\$ 4,783	\$ 6,417	\$ 7,194
Contributions in Relation to the Actuarially Determined Contribution	4,194	4,400	4,592	4,680	4,262	4,576	4,527	4,783	6,417	7,194
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Contribution Deficiency (Excess)										
Covered Payroll	\$ 28,694	\$ 30,111	\$ 30,944	\$ 33,454	\$ 34,017	\$ 36,917	\$ 34,640	\$ 35,269	\$ 37,283	\$ 39,519
Contributions as a Percentage of Covered Payroll	14.62%	14.61%	14.84%	13.99%	12.53%	12.40%	13.07%	13.56%	17.21%	18.20%

## Notes to Schedule:

Valuation Date June 30, 2021

Measurement Date June 30, 2021

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

## Methods and Assumptions Used to Determine

Contribution Rates:

Actuarial Cost Method

Amortization Method

Single Equivalent Amortization Period

Asset Valuation Method

Inflation

Salary Increases

Investment Rate of Return

Changes in Assumptions

Entry Age

Level Dollar, Closed

20 Years

5 -Year Smoothed Fair Value

2.50%

3.50% - 10.00%, Including Inflation

7%, Net of Investment Related Expense

In 2019, the latest experience study for the System updated most of the actuarial assumptions utilized in the June 30, 2020 valuation to include: rates of inflation, real investment return mortality, withdrawal, disability, retirement, and salary increase were adjusted to more closely reflect actual and anticipated experience. These assumptions were recommended as part of the Experience Study for the System for the five year period ended June 30, 2017.

**TOWN OF SOUTHLINGTON, CONNECTICUT**  
**SCHEDULE OF EMPLOYER CONTRIBUTIONS**  
**MUNICIPAL EMPLOYEES RETIREMENT SYSTEM – BUSINESS-TYPE ACTIVITIES**  
**LAST TEN FISCAL YEARS**  
**(IN THOUSANDS)**

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Actually Determined Contribution	\$ 104	\$ 108	\$ 113	\$ 96	\$ 103	\$ 110	\$ 100	\$ 105	\$ 145	\$ 167
Contributions in Relation to the Actuarially Determined Contribution	104	108	113	96	103	110	100	105	145	167
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 901	\$ 940	\$ 845	\$ 886	\$ 935	\$ 936	\$ 861	\$ 1,096	\$ 970	\$ 1,015
Contributions as a Percentage of Covered Payroll	11.54%	11.49%	13.37%	10.84%	11.02%	11.75%	11.61%	9.58%	14.95%	16.45%

## Notes to Schedule:

Valuation Date June 30, 2021  
Measurement Date June 30, 2021  
Actuarially determined contribution rates are calculated as of June 30, each biennium for the fiscal years ending two and three years after the valuation date.

## Methods and Assumptions Used to Determine

## Contribution Rates:

Actuarial Cost Method Entry Age  
Amortization Method Level Dollar, Closed  
Single Equivalent Amortization Period 20 Years  
Asset Valuation Method 5 -Year Smoothed Fair Value  
Inflation 2.50%  
Salary Increases 3.50% - 10.00%, Including Inflation  
Investment Rate of Return 7%, Net of Investment Related Expense  
Changes in Assumptions In 2019, the latest experience study for the System updated most of the actuarial assumptions utilized in the June 30, 2020 valuation to include: rates of inflation, real investment return mortality, withdrawal, disability, retirement, and salary increase were adjusted to more closely reflect actual and anticipated experience. These assumptions were recommended as part of the Experience Study for the System for the five year period ended June 30, 2017.

**TOWN OF SOUTHLINGTON, CONNECTICUT**  
**SCHEDULE OF TOWN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**TEACHERS RETIREMENT PLAN**  
**LAST EIGHT FISCAL YEARS\***  
**(IN THOUSANDS)**

	2015	2016	2017	2018	2019	2020	2021	2022
Town's Proportion of the Net Pension Liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Town's Proportionate Share of the Net Pension Liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's Proportionate Share of the Net Pension Liability Associated with the Town	107,078	115,998	151,537	143,636	141,779	183,876	203,602	161,255
Total	<u>\$ 107,078</u>	<u>\$ 115,998</u>	<u>\$ 151,537</u>	<u>\$ 143,636</u>	<u>\$ 141,779</u>	<u>\$ 183,876</u>	<u>\$ 203,602</u>	<u>\$ 161,255</u>
Town's Covered Payroll	\$ 33,621	\$ 34,262	\$ 34,721	\$ 37,408	\$ 46,544	\$ 46,154	\$ 47,566	\$ 50,030
Town's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	61.51%	59.50%	52.26%	55.93%	57.69%	52.00%	49.24%	60.77%
Notes to Schedule:								
Changes in Benefit Terms	None							
Changes of Assumptions	None							
Actuarial Cost Method	Entry Age							
Amortization Method	Level percent of pay, closed, grading to a level dollar amortization method for the June 30, 2024 valuation							
Single Equivalent Amortization Period	30 Years							
Asset Valuation Method	4-Year Smoothed Fair Value							
Inflation	2.50%							
Salary Increase	3.25% - 6.50%, Including Inflation							
Investment Rate of Return	6.90%, Net of Investment Related Expense							

**\*Notes:**

- This schedule is intended to show information for 10 years. Additional years' information will be displayed as it becomes available.
- The measurement date is one year earlier than the employer's reporting date.

**TOWN OF SOUTHLINGTON, CONNECTICUT**  
**SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS**  
**LAST FIVE FISCAL YEARS\***  
**(IN THOUSANDS)**

	2018	2019	2020	2021	2022
Total OPEB Liability:					
Service Cost	\$ 549	538	\$ 608	\$ 861	\$ 910
Interest	1,416	1,486	1,442	1,090	1,087
Changes of Benefit Terms					
Differences Between Expected and Actual Experience	(250)	(210)	(4,535)	(520)	(11,533)
Changes of Assumptions and Other Inputs	(1,669)	2,072	11,567	397	(4,628)
Benefit Payments	(1,113)	(1,211)	(1,359)	(824)	(952)
Net Change in Total OPEB Liability	(1,067)	2,675	7,723	1,004	(15,116)
Total OPEB Liability - Beginning	39,542	38,475	41,150	48,873	49,877
Total OPEB Liability - Ending	<u>\$ 38,475</u>	<u>\$ 41,150</u>	<u>\$ 48,873</u>	<u>\$ 49,877</u>	<u>\$ 34,761</u>
Covered Payroll	\$ 73,422	\$ 75,441	\$ 77,942	\$ 79,813	\$ 79,446
Total OPEB Liability as a Percentage of Covered Payroll	52.40%	54.55%	62.70%	62.49%	43.75%

\*Note:

- This schedule is intended to show information for 10 years. Additional years' information will be displayed as it becomes available.

**TOWN OF SOUTHLINGTON, CONNECTICUT**  
**SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY**  
**TEACHERS RETIREMENT PLAN**  
**LAST FIVE FISCAL YEARS\***  
**(IN THOUSANDS)**

	2018	2019	2020	2021	2022
Town's Proportion of the Net OPEB Liability					
Town's Proportionate Share of the Net OPEB Liability	0.00%	0.00%	0.00%	0.00%	0.00%
State's Proportionate Share of the Net OPEB Liability Associated with the Town	\$ -	\$ -	\$ -	\$ -	\$ -
Total	<u>36,970</u>	<u>28,343</u>	<u>28,676</u>	<u>30,367</u>	<u>17,568</u>
	<u>\$ 36,970</u>	<u>\$ 28,343</u>	<u>\$ 28,676</u>	<u>\$ 30,367</u>	<u>\$ 17,568</u>
Town's Covered Payroll	\$ 37,408	\$ 46,544	\$ 46,154	\$ 47,566	\$ 50,030
Town's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	0.00%	0.00%	0.00%	0.00%	0.00%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	1.79%	1.49%	2.08%	2.50%	6.11%
Notes to Schedule:					
Changes in Benefit Terms	None				
Changes of Assumptions	Based on the procedure described in GASB 75, the discount rate used to measure plan obligations for financial accounting purposes as of June 30, 2021, was updated to equal the Municipal Bond Index Rate as of June 30, 2021; Expected annual per capita claims costs were updated to better reflect anticipated medical and prescription drug claim experience based on scheduled premium increases through calendar year 2024				
Actuarial Cost Method	Entry Age				
Amortization Method	Level Percent of Payroll Over an Open Period				
Remaining Amortization Period	30 Years				
Asset Valuation Method	Fair Value of Assets				
Investment Rate of Return	3.00% Net of Investment Related Expense Including Price Inflation				
Price Inflation	2.75%				

## Notes:

- This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.
- The measurement date is one year earlier than the employer's reporting date

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***Appendix B***

***Form of Opinion of Bond Counsel***

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## APPENDIX B – FORM OF OPINION OF BOND COUNSEL

May \_\_, 2023

Town of Southington  
75 Main Street  
Southington, CT 06489

We have acted as Bond Counsel in connection with the issuance by the Town of Southington, Connecticut (the “Town”), of its \$\_\_\_\_\_ General Obligation Bonds, Issue of 2023 (the “Bonds”) dated May \_\_, 2023. In such capacity, we have examined a record of proceedings of the Town authorizing the Bonds, a Tax Regulatory Agreement of the Town dated the date hereof (the “Agreement”), such law and such other proceedings, certifications, and documents as we have deemed necessary to render this opinion.

As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

We are of the opinion that when the Bonds are duly certified by U.S. Bank Trust Company, National Association, the Bonds will be valid and legally binding general obligations of the Town payable as to both principal and interest from ad valorem taxes which may be levied on all taxable property subject to taxation by the Town without limitation as to rate or amount except as to classified property such as certified forest lands taxable at a limited rate and dwelling houses of qualified elderly persons of low income or of qualified disabled persons taxable at limited amounts pursuant to Connecticut statutes. We are further of the opinion that the Agreement is a valid and binding agreement of the Town and was duly authorized by the Town.

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 generally and by equitable principles, whether considered at law or in equity.

The Internal Revenue Code of 1986, as amended (the “Code”), establishes certain requirements that must be satisfied at and subsequent to the issuance and delivery of the Bonds in order that interest on the Bonds be excluded from gross income under Section 103 of the Code. In the Agreement, the Town has made covenants and representations designed to assure compliance with such requirements of the Code. The Town has covenanted in the Agreement that it will at all times comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds to ensure that interest on the Bonds shall not be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds, including covenants regarding, among other matters, the use, expenditure and investment of the proceeds of the Bonds.

In rendering the below opinions regarding the federal treatment of interest on the Bonds, we have relied upon and assumed (i) the material accuracy of the representations, statements of intention and reasonable expectations, and certifications of fact contained in the Agreement, and (ii) continuing compliance by the Town with the covenants set forth in the Agreement as to such tax matters.

In our opinion, under existing statutes and court decisions, (i) interest on the Bonds is excluded from gross income for federal income tax purposes; and (ii) such interest is not an item of tax preference for purposes of the federal alternative minimum tax; however, such interest is taken into account in determining the annual adjusted financial statement income of certain corporations for the purpose of computing the alternative minimum tax imposed on corporations for tax years beginning after December 31, 2022. We express no opinion regarding other federal income tax consequences caused by ownership or disposition of, or receipt of interest on the Bonds.

We are further of the opinion 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 is excluded from amounts on which the net Connecticut minimum tax is based for individuals, trusts and estates required to pay the federal alternative minimum tax. We express no opinion regarding other state income tax consequences caused by ownership or disposition of, or receipt of interest on the Bonds.

We express no opinion herein regarding the accuracy, adequacy, or completeness of the Preliminary Official Statement, the Official Statement and other offering material relating to the Bonds.

The foregoing opinion is based upon existing laws, regulations, rules and court decisions. We undertake no responsibility to inform you of changes in law or fact occurring after the date hereof which may affect the conclusions herein. In addition, we have not undertaken to advise in the future whether any events after the date of issuance of the Bonds, including the adoption of federal tax legislation, may affect the tax status of interest on the Bonds.

Respectfully,

PULLMAN & COMLEY, LLC

***Appendix C***

***Continuing Disclosure Agreement***

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## APPENDIX C - FORM OF CONTINUING DISCLOSURE AGREEMENT

*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 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) in a timely manner not in excess of ten business days after the occurrence of the event, notice of the occurrence of certain 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.*

### **Continuing Disclosure Agreement**

This Continuing Disclosure Agreement (“Agreement”) is made as of May \_\_, 2023 by the Town of Southington, Connecticut (the “Issuer”) acting by its undersigned officers, duly authorized, in connection with the issuance of \$ \_\_\_\_\_ General Obligation Bonds, Issue of 2023 (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 April \_\_, 2023 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.

“Repository” means the MSRB or any other information repository established pursuant to the Rule as amended from time to time.

“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.

### **Section 2. Annual Financial Information.**

(a) The Issuer agrees to provide or cause to be provided to each Repository, 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, 2023) 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, total net direct debt, and total overall net debt (reflecting overlapping and underlying debt), as of the close of the fiscal year,
- (F) total direct debt, total net direct debt and total overall net debt of the Issuer per capita,
- (G) ratios of the total direct debt, total net direct debt and total overall net debt of the Issuer to the Issuer's applicable 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 "Filing Due Date"). The Issuer's fiscal year currently ends on June 30. The Issuer reserves the right to provide unaudited financial statements if audited financial statements are not available as of the Filing Due Date, provided that the Issuer shall promptly provide audited financial statements when available.

(c) Annual financial information and operating data may be provided in whole or in part by cross-reference to other documents available to the public on the MSRB's Internet Web site referenced in the Rule as amended from time to time or filed with the SEC. 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. Notice of Certain Events.**

The Issuer agrees to provide or cause to be provided, in a timely manner not in excess of ten business days after the occurrence of the event, to each Repository notice of the occurrence of any of the following events with respect to the Bonds:

- (a) principal and interest payment delinquencies;
- (b) non-payment related defaults, if material;

- (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, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the bonds, or other material events affecting the tax status of the Bonds;
- (g) modifications to rights of holders of the Bonds, if material;
- (h) Bond calls, if material, and tender offers;
- (i) Bond defeasances;
- (j) release, substitution, or sale of property securing repayment of the Bonds, if material;
- (k) rating changes;
- (l) bankruptcy, insolvency, receivership or similar event of the Issuer;
- (m) the consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (n) appointment of a successor or additional trustee or the change of name of a trustee, if material;
- (o) incurrence of a financial obligation of the Issuer, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation, any of which affect security holders, if material; and
- (p) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the Issuer, any of which reflect financial difficulties. Events (d) and (e). The Issuer does not undertake to provide any notice with respect to credit enhancement added after the primary offering of the Bonds, unless the Issuer applies for or participates in obtaining the enhancement.

*Events (d) and (e).* The Issuer does not undertake to provide any notice with respect to credit enhancement added after the primary offering of the Bonds, unless the Issuer applies for or participates in obtaining the enhancement.

*Event (f).* Event (f) is relevant only to the extent interest on the Bonds is excluded from gross income for federal income tax purposes.

*Event (h).* The Issuer does not undertake to provide the above-described event notice of a mandatory scheduled redemption, not *otherwise* contingent upon the occurrence of an event, if (A) the terms, dates and amounts of redemption are set forth in detail in the Final Official Statement, (B) the sole matter to be determined is which of the Bonds will be redeemed in the case of a partial redemption, (C) notice of redemption is given to the holders of the Bonds to be redeemed as required under the terms of the Bonds,

and (D) public notice of redemption is given pursuant to Exchange Act Release No. 23856 of the SEC, even if the originally scheduled amounts are reduced due to prior optional redemptions or Bond purchases.

*Events (o) and (p).* The term “financial obligation” is defined as a (i) debt obligation, (ii) derivative instrument entered into in connection with or pledged as security or a source of payment for an existing or planned debt obligation, or (iii) guarantee of (i) or (ii). The term financial obligation does not include municipal securities for which a final official statement has been filed with MSRB pursuant to the Rule.

#### **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 each Repository 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 of Southington, 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) All documents provided by the Issuer to a Repository pursuant to the Issuer's undertakings set forth in Sections 2, 3 and 4 of this Agreement shall be in an electronic format as prescribed by the MSRB from time to time and shall be accompanied by identifying information as prescribed by the MSRB from time to time.

(b) 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.

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

(d) 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 provisions of the Agreement as so amended or waived would have complied with the requirements of the Rule, taking into account any amendments or interpretations of the Rule as well as any changes in circumstances, in each case as of the date of such amendment to the Agreement or waiver. A copy of any such amendment or waiver will be filed in a timely manner with each Repository. 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.

(e) 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.

**TOWN OF SOUTHTON, CONNECTICUT**

By \_\_\_\_\_  
MARK SCIOTA  
Town Manager

By \_\_\_\_\_  
JAMES BOWES  
Director of Finance

By \_\_\_\_\_  
ANN MARIE ANOP  
Treasurer

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***Appendix D***

***Notice of Sale***

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## NOTICE OF SALE

### TOWN OF SOUTHLINGTON, CONNECTICUT \$17,450,000 GENERAL OBLIGATION BONDS, ISSUE OF 2023 BOOK-ENTRY-ONLY

NOTICE IS GIVEN that ELECTRONIC BIDS solely via **PARITY**® will be received by the TOWN OF SOUTHLINGTON, CONNECTICUT (the “Issuer”), until 11:30 A.M. (E.T.) on WEDNESDAY,

APRIL 19, 2023

(the “Sale Date”) for the purchase, when issued, of all (but not less than all) of the Issuer’s \$17,450,000 General Obligation Bonds, Issue of 2023, dated May 2, 2023 (the “Bonds”), at no less than par and accrued interest from the date of the Bonds to the date of delivery, if any, maturing on May 1 in the principal amounts and in each of the years as follows:

<u>Maturity</u>	<u>Amount (\$)</u>	<u>Maturity</u>	<u>Amount (\$)</u>
2024	905,000	2034	840,000
2025	905,000	2035	840,000
2026	905,000	2036	840,000
2027	905,000	2037	840,000
2028	905,000	2038	840,000
2029	905,000	2039	840,000
2030	905,000	2040	840,000
2031	905,000	2041	840,000
2032	905,000	2042	840,000
2033	905,000	2043	840,000

The Bonds will bear interest commencing November 1, 2023 and semiannually thereafter on May 1 and November 1 in each year until maturity, as further described in the Preliminary Official Statement (as hereinafter defined), at the rate or rates per annum specified by the winning bidder.

#### Optional Redemption

The Bonds maturing on or before May 1, 2030 are not subject to redemption prior to maturity. The Bonds maturing May 1, 2031 and thereafter are subject to redemption prior to maturity, at the option of the Issuer, on or after May 1, 2030, either in whole or in part at any time, in such order of maturity and amount as the Issuer may determine, and by lot within a maturity, at the respective 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>
May 1, 2030 and thereafter	100.0%

## **Nature of Obligation**

The Bonds will constitute general obligations of the Issuer, and the Issuer 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 ad valorem taxes which may be levied on all taxable property subject to taxation by the Issuer without limit as to rate or amount, except as to classified property such as certified forest lands taxable at a limited rate and dwelling houses of qualified elderly persons of low income or of qualified disabled persons taxable at limited amounts pursuant to provisions of the Connecticut General Statutes, as amended.

## **Bank Qualification**

The Bonds SHALL NOT be designated by the Issuer as qualified tax exempt obligations under the provisions of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended, for purposes of the deduction by financial institutions for interest expense allocable to the Bonds.

## **Registration**

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 Issuer or its agent to DTC or its nominee as registered owner of the Bonds. Principal and interest payments by DTC to participants of DTC will be the responsibility of DTC; principal and interest payments to beneficial owners by participants of DTC will be the responsibility of such participants and other nominees of beneficial owners. The Issuer 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. Upon receipt from the Issuer, the Paying Agent will pay principal of and interest on the Bonds directly to DTC so long as DTC or its nominee, Cede & Co, is the bondholder.

In the event that (a) DTC determines not to continue to act as securities depository for the Bonds and the Issuer fails to identify another qualified securities depository to replace DTC, or (b) the Issuer determines to discontinue the book-entry system of evidence and transfer of ownership of the Bonds, the Issuer 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 Issuer as of the close of business on the record date preceding each interest payment date. The record dates for the Bonds will be the fifteenth day of April and October, or the preceding business day if such fifteenth day is not a business day, in each year.

## **Proposals**

Each bid must be for the entire \$17,450,000 of the Bonds. 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 of one percent ( $1/20$  of 1%) or one-eighth of one percent ( $1/8$  of 1%) the rate or rates of interest per annum which the Bonds are to bear, provided that such proposal shall not state (a) more than one interest rate for any Bonds having a like maturity or (b) any interest rate for any Bonds of one maturity which exceeds the interest rate stated in such proposal for Bonds of a different maturity by more than three (3) 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 ("TIC") to the Issuer, as described under "Basis of Award" below, represented by the rate or rates of interest and the bid price specified in their respective bids. Interest shall be calculated on the basis of a 360-day year consisting of twelve 30-day months. No proposal for less than par and accrued interest to the date of delivery will be considered.

## **Basis of Award; Right to Reject Proposals; Waiver; Postponement; Change of Terms**

Unless all bids are rejected, as between proposals which comply with this Notice of Sale, the Bonds will be awarded to the bidder whose bid proposes the lowest true interest cost ("TIC") to the Issuer. The TIC will be the annual interest rate, compounded semiannually, which, when used to discount all payments of principal and interest payable on 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 bidder making said offer at the same lowest TIC, the Bonds will be sold to the bidder whose proposal is selected by the Issuer by lot from among all such proposals. It is requested that each proposal be accompanied by a statement of the percentage of TIC computed and rounded to six decimal places. Such statement shall not be considered as part of the proposal. The purchase price must be paid in immediately available federal funds.

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 Issuer further reserves the right to postpone the sale to another time and date in its sole discretion for any reason, including Internet difficulties. The Issuer will use its best efforts to notify prospective bidders in a timely manner of any need for a postponement. Upon the establishment of an alternative sale date, any bidder may submit proposals for the purchase of the Bonds in accordance with the provisions of this Notice of Sale.

## CUSIP Numbers

The deposit of the Bonds with DTC under a book-entry system requires the assignment of CUSIP numbers prior to delivery. It shall be the responsibility of Phoenix Advisors LLC to obtain CUSIP numbers for the Bonds prior to delivery, and Phoenix Advisors, LLC, will provide the CUSIP Service Bureau with the final details of the sale, including the identity of the winning bidder. The Issuer will not be responsible for any delay occasioned by the inability to deposit the Bonds with DTC due to the failure of Phoenix Advisors, LLC to obtain such numbers and to supply them to the Issuer in a timely manner. 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 Issuer; provided, however, that the Issuer 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.

## 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®**, c/o i-Deal LLC, 1359 Broadway, 2nd Floor, New York, New York 10018, Attention: Customer Support (telephone: (212) 849-5021 – email notice: [parity@i-deal.com](mailto:parity@i-deal.com)). The Issuer 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 Issuer, it shall constitute an irrevocable offer, in response to this Notice, and shall be binding upon the bidder as if made by the signed, sealed bid delivered to the Issuer. By submitting a bid for the Bonds via **PARITY®**, the bidder represents and warrants to the Issuer 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 Issuer 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 Issuer shall not be responsible for any malfunction or mistake made by, or as a result of the use of the facilities of PARITY®, or the inaccuracies of any information, including bid information or worksheets supplied by PARITY®, the use of PARITY® facilities being the sole risk of the prospective bidder. Each Bidder is solely responsible for knowing the terms of the sale as set forth herein.**

**Disclaimer.** Each of **PARITY®** prospective electronic bidders shall be solely responsible to make necessary arrangements to access **PARITY®** for the purpose of submitting its bid in a timely manner and in compliance with the requirements of this Notice. Neither the Issuer 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 Issuer or **PARITY®** shall be responsible for a bidder's failure to make a bid or for the proper



operation of, or have any liability for any delays or interruptions of, or any damages caused by, **PARITY®**. The Issuer is using **PARITY®** as a communication mechanism, and not as the Issuer's agent, to conduct the electronic bidding for the Bonds. The Issuer is not bound by any advice and determination of **PARITY®** to the effect that any particular bid complies with the terms of this Notice 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 Issuer is not responsible directly or indirectly, for any of such costs or expenses. If the 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 shall control.

For the purpose of the electronic bidding process, the time maintained on **PARITY®** shall constitute the official time.

### **Certifying Agent, Registrar, Paying Agent and Transfer Agent**

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

### **Delivery, Payment and Closing Requirements**

At or prior to the delivery of the Bonds the purchaser shall be furnished, without cost, with (a) the approving opinion of Pullman & Comley, LLC of Hartford, Connecticut, Bond Counsel ("Bond Counsel") (see "Bond Counsel Opinion" below); (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 Issuer 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 Issuer 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.

The Bonds will be delivered against payment in immediately available federal funds through the facilities of DTC, New York, New York or its agent via Fast Automated Securities Transfer ("FAST") on or about May 2, 2023 (the "Closing Date").

The Issuer will have no responsibility to pay for any expenses of the purchaser except to the extent specifically stated in this Notice of Sale. The purchaser will have no responsibility to pay for any of the Issuer's costs of issuance except to the extent specifically stated in this Notice of Sale.

The purchaser will be responsible for the clearance or exemption with respect to the status of the Bonds for sale under securities or "Blue Sky" laws and the preparation of any surveys or memoranda in connection with such sale. The Issuer shall have no responsibility for such clearance, exemption or preparation.

## **Bond Counsel Opinion**

The legality of the issue will be passed upon by Pullman & Comley, LLC of Hartford, Connecticut, Bond Counsel, and the purchaser will be furnished with its opinion, without charge, substantially in the form set forth in Appendix B to the Official Statement. The opinion will state that the Bonds are valid and binding obligations of the Issuer. If the Competitive Sale Rule (as defined below in the “Establishment of Issue Price” section) is met, Bond Counsel will require as a precondition to release of its opinion that the purchaser of such Bonds deliver to it a completed “issue price” certificate, or similar certificate, regarding expectations or public offering prices, as applicable, with respect to the Bonds awarded to such bidder, as described below under “Establishment of Issue Price”.

## **Establishment of Issue Price**

In order to provide the Issuer with information that enables it to comply with certain requirements of the Internal Revenue Code of 1986, as amended (the “Code”), relating to the exclusion of interest on the Bonds from the gross income of their owners, the winning bidder will be required to complete, execute, and deliver to the Issuer at or prior to the delivery of the Bonds an “issue price” or similar certificate setting forth the reasonably expected initial offering price to the Public (the “Initial Offering Price”) or the actual sales price or prices of the Bonds, as circumstances may determine, together with the supporting pricing wires or equivalent communications, with such modifications as may be appropriate or necessary, in the reasonable judgment of Bond Counsel. Communications relating to this “Establishment of Issue Price” section, the completed certificate(s) and any supporting information shall be delivered to (1) Bond Counsel at Glenn Rybacki, Esq., Pullman & Comley, LLC, 90 State House Square, Hartford, CT 06103, Telephone: (860) 424-4391, E-mail: grybacki@pullcom.com and (2) the Municipal Advisor at Matthew Spoerndle, Phoenix Advisors, LLC, 53 River Street, Milford, CT 06460, Telephone: (203) 878-4945, E-mail: mspoerndle@muniadvisors.com (the “Municipal Advisor”). Questions related to this “Establishment of Issue Price” section should be directed to Bond Counsel or the Municipal Advisor. For purposes of this “Establishment of Issue Price” section, Bond Counsel may act on behalf of the Issuer and the Municipal Advisor may act on behalf of the Issuer.

By submitting a bid, each bidder is certifying that its bid is a firm offer to purchase the Bonds, is a good faith offer which the bidder believes reflects current market conditions, and is not a “courtesy bid” being submitted for the purpose of assisting in meeting the competitive sale requirements relating to the establishment of the “issue price” of the Bonds pursuant to Section 148 of the Code, including the requirement that bids be received from at least three (3) underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds.

By submitting a bid, a bidder represents to the Issuer that it has an established industry reputation for underwriting new issuances of municipal bonds such as the Bonds, represents that such bidder’s bid is submitted for or on behalf of such bidder by an officer or agent who is duly authorized to bind the bidder to a legal, valid and enforceable contract for the purchase of the Bonds, and understands that upon award by the Issuer that this Notice of Sale constitutes a written contract between such bidder, as winning bidder, and the Issuer.

By submitting a bid, the bidder agrees that if the Competitive Sale Rule (as set forth below) is not met, it will satisfy either the Actual Sales Rule (as set forth below) or the Hold-the-Offering-Price Rule (as set forth below).

Bids will not be subject to cancellation in the event that the competitive sale requirements are not satisfied.

***Notification of Contact Information of Winning Bidder.*** Promptly upon award, the winning bidder shall notify the Municipal Advisor and Bond Counsel of the contact name, telephone number and e-mail address of the person(s) of the winning bidder for purposes of communications concerning this “Establishment of Issue Price” section.

***Competitive Sale Rule.*** The Issuer intends that the provisions of Treasury Regulations Section 1.148-1(f)(3)(i) (defining “competitive sale” for purposes of establishing the issue price of the Bonds) will apply to the initial sale of the Bonds (the “Competitive Sale Rule”) because:

- (1) the Issuer shall disseminate, or have disseminated on its behalf, this Notice of Sale to potential bidders in a manner that is reasonably designed to reach potential bidders;
- (2) all bidders shall have an equal opportunity to bid;
- (3) the Issuer anticipates receiving bids from at least three underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds; and
- (4) the Issuer anticipates awarding the sale of the Bonds to the bidder who submits a firm offer to purchase the Bonds at the lowest true interest cost (“TIC”), as set forth in this Notice of Sale.

***Competitive Sale Rule Met.*** The Issuer, or the Municipal Advisor on behalf of the Issuer, shall at the time of award advise the winning bidder if the Competitive Sale Rule has been met. Within two (2) hours of award (or such other time as agreed to by Bond Counsel), the winning bidder shall provide Bond Counsel and the Municipal Advisor, via e-mail, a completed “ISSUE PRICE CERTIFICATE” in the form attached hereto as Attachment A.

***Competitive Sale Rule Not Met.*** In the event that the Competitive Sale Rule is not satisfied, the Issuer, or the Municipal Advisor on behalf of the Issuer, shall at the time of award advise the winning bidder. The Issuer may determine to treat (i) the first price at which ten percent (10%) of a Maturity of the Bonds (the “Actual Sales Rule”) is sold to the Public as the issue price of that Maturity, and/or (ii) the Initial Offering Price to the Public as of the Sale Date of any Maturity of the Bonds as the issue price of that Maturity (the “Hold-the-Offering-Price Rule”), in each case applied on a Maturity-by-Maturity basis. In the event that the Competitive Sale Rule is not satisfied, the winning bidder, by 4:30 p.m. (E.T.) on the Sale Date, shall notify and provide, via e-mail, Bond Counsel and the Municipal Advisor (I) of the first price at which ten percent (10%) of each Maturity of Bonds has been sold to the Public and (II) reasonable supporting documentation or certifications of such price the form of which is acceptable to Bond Counsel; i.e., those

Maturities of the Bonds that satisfy the Actual Sales Rule as of the Sale Date. After such receipt, the Issuer, or Bond Counsel on behalf of the Issuer, shall promptly confirm with the winning bidder, via e-mail, which Maturities of the Bonds shall be subject to the Actual Sales Rule and which Maturities shall be subject to the Hold-the-Offering-Price Rule.

For those Maturities of Bonds subject to the Hold-the-Offering-Price Rule, the winning bidder shall (i) provide Bond Counsel (via e-mail) a copy of pricing wire or equivalent communication for the Bonds (ii) confirm that each Underwriter (as defined below) has offered or will offer all of the Bonds to the Public on or before the date of award at the Initial Offering Prices and (ii) agree, on behalf of each Underwriter participating in the purchase of the Bonds, that each Underwriter will neither offer nor sell unsold Bonds of any Maturity to which the Hold-the-Offering-Price Rule shall apply to any person at a price that is higher than the Initial Offering Price for such Maturity during the period starting on the Sale Date and ending on the earlier of the following:

- (1) the close of the fifth (5th) business day after the Sale Date; or
- (2) the date on which the Underwriters have sold at least ten percent (10%) of that Maturity of the Bonds to the Public at a price that is no higher than the Initial Offering Price.

The winning bidder shall promptly advise Bond Counsel and the Municipal Advisor, via e-mail, when the Underwriters have sold ten percent (10%) of that Maturity of the Bonds to the Public at a price that is no higher than the Initial Offering Price, if that occurs prior to the close of the fifth (5th) business day after the Sale Date.

By submitting a bid, each bidder confirms that: (i) any agreement among underwriters, any selling group agreement and each third-party distribution agreement (to which the bidder is a party) relating to the initial sale of the Bonds to the Public, together with the related pricing wires, contains or will contain language obligating each Underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such third-party distribution agreement, as applicable, to (A) report the prices at which it sells to the Public the unsold Bonds of each Maturity allotted to it until it is notified by the winning bidder that either the Actual Sales Rule has been satisfied as to the Bonds of that Maturity or all Bonds of that Maturity have been sold to the Public and (B) comply with the Hold-the-Offering-Price Rule, if applicable, in each case if and for so long as directed by the winning bidder and as set forth in the related pricing wires, and (ii) any agreement among underwriters relating to the initial sale of the Bonds to the Public, together with the related pricing wires, contains or will contain language obligating each Underwriter that is a party to a third-party distribution agreement to be employed in connection with the initial sale of the Bonds to the Public to require each broker-dealer that is a party to such third-party distribution agreement to (A) report the prices at which it sells to the Public the unsold Bonds of each Maturity allotted to it until it is notified by the winning bidder or such Underwriter that either the Actual Sales Rule has been satisfied as to the Bonds of that Maturity or all Bonds of that Maturity have been sold to the Public and (B) comply with the Hold-the-Offering-Price Rule, if applicable, in each case if and for so long as directed by the winning bidder or such Underwriter and as set forth in the related pricing wires.

Sales of any Bonds to any person that is a Related Party (as defined below) to an Underwriter shall not constitute sales to the Public for purposes of this Notice of Sale.

**Definitions.** For purposes of this “Establishment of Issue Price” section:

- (1) “Maturity” means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate Maturities.
- (2) “Public” means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a Related Party to an Underwriter.
- (3) “Related Party” generally means any two or more persons who have greater than 50% common ownership, directly or indirectly.
- (4) “Underwriter” means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead Underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this definition to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Bonds to the Public).

## **Official Statement**

For more information regarding the Bonds or the Issuer, reference is made to the Preliminary Official Statement dated April 12, 2023 (the “Official Statement”) describing the Bonds and the financial condition of the Issuer. The Preliminary Official Statement is available in electronic format at <https://munihub.com>, and such electronic access is being provided as a matter of convenience only. Copies of the Preliminary Official Statement may be obtained from Matthew Spoerndle, Phoenix Advisors, LLC, 53 River Street, Milford, CT 06460, Telephone: (203) 878-4945, E-mail: [mspoerndle@muniadvisors.com](mailto:mspoerndle@muniadvisors.com). The Issuer deems such Official Statement to be a final official statement for purposes of complying with Securities and Exchange Commission Rule 15c2-12 (the “Rule”), but such Official Statement is subject to revision or amendment as appropriate. The Issuer will make available to the purchaser twenty-five (25) copies of the final Official Statement at the Issuer’s expense, and the final Official Statement will be made available to the purchaser by no later than the earlier of the delivery of the Bonds or by the seventh (7th) business day after the day bids on the Bonds are received. If the Issuer’s Municipal Advisor, is provided with the necessary information from the purchaser by 12:00 o’clock noon on the day after the Sale Date, the copies of the final Official Statement will include an additional cover page and other pages, if necessary, indicating the interest rates, rating(s), yields or reoffering prices and the name of the managing underwriter of the Bonds, and any corrections. The purchaser shall arrange with the Municipal Advisor the method of delivery of the copies of the final Official

Statement to the purchaser. Additional copies of the final Official Statement may be obtained by the purchaser at its own expense by arrangement with the printer.

### **Continuing Disclosure Agreement**

As required by the Rule, the Issuer will undertake, pursuant to a Continuing Disclosure Agreement (the “Agreement”), to provide annual financial information and operating data including audited financial statements, notice of the occurrence of certain events with respect to the Bonds within ten (10) business days of such event, and timely notice of any failure by the Issuer to provide annual reports on or before the date specified in the Agreement. A form of the Agreement is attached to the Official Statement as Appendix C. The purchaser’s obligation to purchase the Bonds shall be conditioned upon its receiving, at or prior to delivery of the Bonds, an executed Agreement.

TOWN OF SOUTHLINGTON, CONNECTICUT

MARK SCIOTA  
Town Manager

JAMES BOWES  
Director of Finance

ANN MARIE ANOP  
Treasurer

April 12, 2023

**ATTACHMENT A**

**ISSUE PRICE CERTIFICATE**

*(If Competitive Sale Rule Met)*

TOWN OF SOUTHTON, CONNECTICUT  
\$ \_\_\_\_\_ GENERAL OBLIGATION BONDS, ISSUE OF 2023  
Dated May 2, 2023

The undersigned, on behalf of [UNDERWRITER] (“[SHORT NAME OF UNDERWRITER]”), hereby certifies as set forth below with respect to the sale of the above-captioned obligations (the “Bonds”).

1. ***Due Authorization.*** The undersigned is a duly authorized representative of [SHORT NAME OF UNDERWRITER], the purchaser of the Bonds.

2. ***Purchase Price.*** The TOWN OF SOUTHTON, CONNECTICUT (the “Issuer”) sold to [SHORT NAME OF UNDERWRITER], for delivery on or about May 2, 2023, the Bonds at a price of par (\$ \_\_\_\_\_), plus an aggregate net premium of \$ \_\_\_\_\_ and less an underwriter’s discount of \$ \_\_\_\_\_, resulting in an aggregate net purchase price of \$ \_\_\_\_\_.

3. ***Reasonably Expected Initial Offering Price.***

(a) As of April 19, 2023 (the “Sale Date”), the reasonably expected initial offering prices of the Bonds to the Public by [SHORT NAME OF UNDERWRITER] are the prices listed in **Schedule A** (the “Expected Offering Prices”). The Expected Offering Prices are the prices for the Maturities of the Bonds used by [SHORT NAME OF UNDERWRITER] in formulating its bid to purchase the Bonds. Attached as **Schedule B** is a true and correct copy of the bid provided by [SHORT NAME OF UNDERWRITER] to purchase the Bonds.

(b) [SHORT NAME OF UNDERWRITER] was not given the opportunity to review other bids prior to submitting its bid.

(c) The bid submitted by [SHORT NAME OF UNDERWRITER] constituted a firm offer to purchase the Bonds.

4. ***Defined Terms.***

(a) “Maturity” means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate Maturities.

(b) “Public” means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an

Underwriter. The term “related party” for purposes of this certificate generally means any two or more persons who have greater than fifty percent (50%) common ownership, directly or indirectly.

(c) “Underwriter” means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this definition to participate in the initial sale of the Bonds to the Public (including a member of the selling group or a party to a third-party distribution agreement participating in the initial sale of the Bonds to the Public).

5. ***Representations and Information.*** The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents [SHORT NAME OF UNDERWRITER]’s interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder (collectively, the “Code”). The undersigned understands that the foregoing information will be relied upon by the Issuer in making its certification as to issue price of the Bonds under the Code and with respect to compliance with the federal income tax rules affecting the Bonds. Pullman & Comley, LLC, bond counsel, may rely on the foregoing representations in rendering its opinion on the exclusion from federal gross income of the interest on the Bonds, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer relating to the Bonds. Except as set forth above, no third party may rely on the foregoing certifications, and no party may rely hereon for any other purpose.

IN WITNESS WHEREOF, the undersigned has executed this Certificate as of April 19, 2023.

[UNDERWRITER]

By: \_\_\_\_\_  
Name:  
Title:



**Schedule A to Issue Price Certificate**

<u>Maturity, May 1</u>	<u>Principal Amount (\$)</u>	<u>Interest Rate (%)</u>	<u>Price (\$, not Yield)</u>
2024	905,000		
2025	905,000		
2026	905,000		
2027	905,000		
2028	905,000		
2029	905,000		
2030	905,000		
2031	905,000		
2032	905,000		
2033	905,000		
2034	840,000		
2035	840,000		
2036	840,000		
2037	840,000		
2038	840,000		
2039	840,000		
2040	840,000		
2041	840,000		
2042	840,000		
2043	840,000		

**Schedule B to Issue Price Certificate**