

**TOWN OF SOUTHLINGTON,
CONNECTICUT**



**COMPREHENSIVE
ANNUAL FINANCIAL REPORT**

FISCAL YEAR ENDED JUNE 30, 2018

Comprehensive Annual Financial Report

of the

Town Of Southington Connecticut

Fiscal Year Ended June 30, 2018

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

TOWN OF SOUTHTON, CONNECTICUT
COMPREHENSIVE ANNUAL FINANCIAL REPORT
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Introductory Section

TOWN OF SOUTHTON, CONNECTICUT

PRINCIPAL OFFICIALS

JUNE 30, 2018

Town Council

Christopher J. Palmieri, Chairman
Dawn A. Miceli, Vice Chairman
John N. Barry
William Dziedzic
Tom Lombardi

Kelly Morrissey
Christopher J. Poulos
Michael Riccio
Victoria Triano

Town Manager

Mark J. Sciota

Administration

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

Teresa Babon
John Smigel
Louis Perillo
Keith Hayden
Annette Turnquist
Emilia Portelinho
Richard Butler
Susan Smayda
Robert Phillips
John Daly
David Lapreay
Kathy Larkin
Joyce Williams
Peter Stallings
Christina Simms
Robert Verderame

Board of Finance

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

Kevin R. Beaudoin
Tony Morrison
Susan Zoni

Board of Education

Brian S. Goralski, Chairperson
Terri C. Carmody, Vice Chairperson
Colleen W. Clark, Secretary
Joseph Baczewski
Robert S. Brown

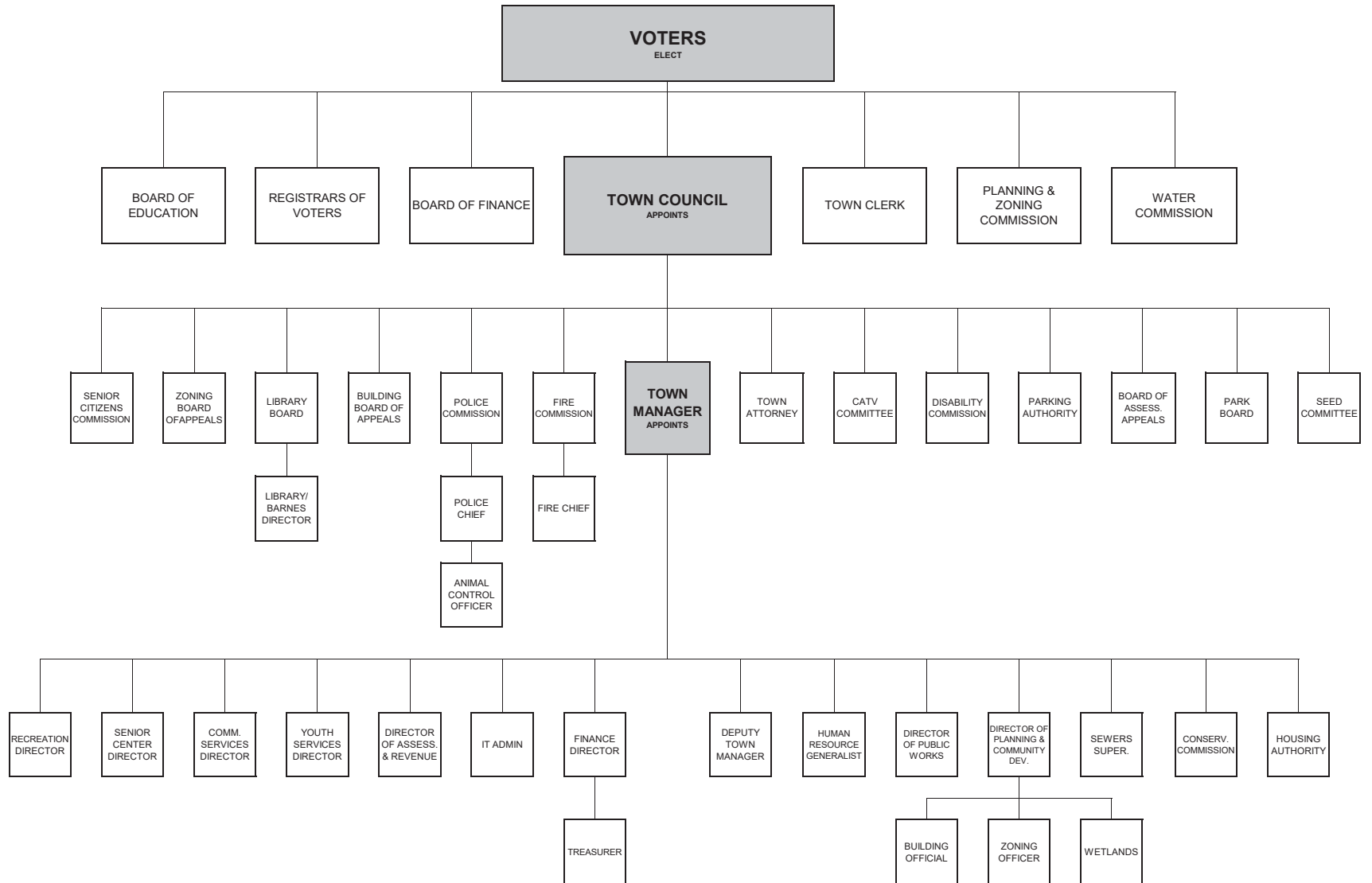
Lisa Cammuso
David J. Derynoski
Zaya G. Oshana, Jr.
Patricia A. Queen

Superintendent of Schools

Timothy F. Connellan

TOWN OF SOUTHTON

GENERAL GOVERNMENT ORGANIZATIONAL CHART





Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**Town of Southington
Connecticut**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2017

Christopher P. Morrell

Executive Director/CEO



Town of Southington

Finance Department

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

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

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

December 21, 2018

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

State law requires that all general-purpose local governments publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America (GAAP) and audited in accordance with auditing standards generally accepted in the United States of America by a firm of licensed certified public accountants. Pursuant to the requirement, issued herein is the comprehensive annual financial report of the Town of Southington for the fiscal year ended June 30, 2018.

This report consists of management's representation concerning the financial statements of the Town of Southington. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the Town of Southington has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft or misuse and to compile sufficient reliable information for the preparation of the Town of Southington's financial statements in conformity with GAAP. Given that the cost of internal controls should not outweigh their benefits, the Town of Southington's comprehensive framework of internal controls has been designed to provide reasonable, rather than absolute, assurance that the financial statements will be free from material misstatement. Management asserts that, to the best of its knowledge and belief, this financial report is complete and reliable in all material respects.

The Town of Southington's financial statements have been audited by Blum, Shapiro & Company, P.C., a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Town of Southington for the fiscal year ended June 30, 2018 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the Town of Southington's financial statements for the fiscal year ended June 30, 2018 are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

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

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

PROFILE OF THE GOVERNMENT

Description of the Municipality

The Town of Southington was originally settled in 1698 and incorporated in 1779. It has a land area of approximately 36.9 square miles and a population of 43,863 located in Hartford County. Found in the geographical center of the State, Southington lies approximately 20 miles west of Hartford, the state capital, and 9 miles east of Waterbury. Other bordering cities include Meriden, New Britain and Bristol. Some of Connecticut's major highways provide access to the Town. Interstate 84 bisects Southington and Route 691 leads directly to Interstate 91. Route 10 also runs through it.

Form of Government

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

The Town of Southington provides a full range of services, as described below:

Municipal Services

Police: The Southington Police Department has a sworn staff of 68 including a Chief, a Deputy Chief, three Lieutenants, five Master Sergeants, nine Sergeants, seven Detectives, and forty-two Patrol Officers. The department provides 24 hour service to the community, consisting of Patrol, Detective and Crime Prevention Services. Other specialized divisions include: Traffic Division, K-9 officer, Emergency Response Team, Motorcycle Patrol, Support Services Division, Training Division, and the Bicycle Patrol.

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

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

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

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

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

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

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

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

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

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

Highway and Parks: The Highway and Parks Departments are supervised by the Town Engineer and staffed by the Assistant Highway Superintendent, one General Foreman, Two Crew Leaders, twenty-nine Crewmembers and a Secretary. The department is responsible for the maintenance and repair of 199 miles of roads and all the Town Recreational facilities. Other duties include snow plowing, street sweeping, sightline improvements and operation of the Bulky Waste Transfer Station.

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

Sewer: The Water Pollution Control Department is staffed by a Superintendent, two foremen, one lab chemist and seven operators. The \$14.5 million Denitrification Plant was completed. The Town hired Tighe & Bond Inc. to put together a Facilities Plan to review the current systems in an effort to gain better efficiencies in the Sewer's Operations. This project also includes a WPC Facilities Upgrade, as well as process improvements such as phosphorus removal and sludge digestion. The \$5.2 million dollar Water Pollution Control Facility Sludge Thickening Project was completed. Town residents approved a \$57.1 million dollar Bond Ordinance for Water Pollution Control Facility Upgrade at Referendum November 2016.

Waste and Recycling: Homeowners hire private contractors, who are licensed by the Town Engineer, to collect residential waste and recycling materials. The town is participating with thirteen other cities and towns in a contract with Covanta Bristol, Inc which was signed on December 21, 2012 and is for a period of twenty years. The town pays a fee of \$63.21 per ton on a minimum required 14,452 tons for fiscal year 2018 for the acceptable solid waste which is sent to the Covanta plant in Bristol, Connecticut.

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

ECONOMY AND FACTORS AFFECTING FINANCIAL CONDITION

The information presented in the financial statements is perhaps best understood when it is considered from the perspective of the specific environment within which the Town of Southington operates.

Local Economy: Despite the State of Connecticut's lag in economic growth, the Town of Southington has enjoyed a stable economic environment with moderate growth. The Town of Southington's October 1, 2016 Net Taxable Grand list of \$3.95 billion is an increase of \$43.71 million or 1.12% over the previous year.

The Town's Economic Development Department administers a program that focuses on retention of existing businesses as well as the recruitment of new businesses. Since the departure of the Town's largest taxpayer, the Pratt & Whitney division of United Technologies Inc. in 1995, the Town has made strong efforts to diversify its commercial and industrial tax base to avoid over-reliance on one taxpayer or industry. As a result of these efforts, the Town has become less dependent on one taxpayer or industry as evidenced by the Town's top ten taxpayers representing 5.14% of the October 1, 2016 Net Taxable Grand List vs. 16% in the mid-1990s.

The Town of Southington has continued expanding commercial and industrial development during the fiscal year of 2017-2018. The Town expects to continue the growth moving forward as proposed projects continue to develop.

The professional office buildings on Executive Boulevard are near full occupancy with Webster Bank's relocation to Southington bringing a workforce of 550 employees to 200 Executive Boulevard. Additionally, Stanley Black and Decker relocated a portion of its workforce bringing 200 employees to Southington at 400 Executive Boulevard, which is now 100% occupied. The professional office park now has a workforce of over 1,400 people employed in the three buildings and 100 Executive Boulevard is also 100% occupied with Connecticut Online Computer Center. With nine new companies occupying these buildings, the opportunity for future growth looks promising. The workforce in this area has created demand for additional retail, restaurant and hospitality developments. A new retail development located at 99 Executive Boulevard has brought a Home Goods, Michaels, Pet Valu and Chip's Restaurant. An adjacent property has a new retail and office development with a Courtyard by Marriott currently under construction.

Further absorption was achieved with 3PL Worldwide occupying 140,000 sf of industrial space in the former Pratt & Whitney facility. The distribution company has an expansion plan to occupy up to 300,000 sf of space in the future. Economy Spring, a local manufacture and subsidiary of a Midwest company, will relocate to 75 Aircraft Road. After conducting a national site search, it decided to stay local with the help of a \$3 million loan from the Connecticut Department of Economic and Community Development (DECD). It will be moving from its 85,000 sf building into 216,000 sf of space. It intends to significantly increase its workforce as it almost triples in size, with the transition expected to take place through 2018 into 2019.

The Town continues to work on a new Land Bank initiative never before seen within Connecticut pertaining to brownfield remediation. Working with the DECD, the Connecticut Land Bank, LLC (a 501 c3 nonprofit) and the Town's Economic Development office, a template is being developed to bring challenging abandoned contaminated sites back to productive use and the tax rolls. The initiative is a strategy to remediate and redevelop the former Beaton and Corbin Manufacturing site located at 318 North Main Street, which was a former plating company that has been a challenge to redevelop for over three decades. The initiative includes a \$400,000 DECD grant, developer money upfront and on the back end, a Naugatuck Valley Council of Governments line of credit, Town funding of up to \$150,000, and a tax abatement, if needed, with the expertise and action of the Connecticut Land Bank, LLC who may take title, foreclose, remediate and transfer the property to the developer to build a \$2 million 13,000 sf professional office building, which may generate tax revenue of \$40,000 annually.

A summary of activities and projects initiated or completed as follows:

- Economy Spring's planned relocation to 216,000 sf - 75 Aircraft Road
- Stanley Black & Decker – 200 employees to 400 Executive Blvd
- Webster Bank – 550 employees occupying 80,000 sf at 200 Executive Blvd
- Quantum Bio Power – a 1.4 megawatt \$14 million anaerobic digestion facility
- Kinsmen Brewing Company – 11,000 sf at 409 Canal Street
- Witchdoctor Brewing - 5,000 sf at Factory Square
- Skygazer Brewing – New construction on Triano Drive
- North Star Properties – 70,000 sf retail; Home Goods, Michaels, Pet Valu, Chip's Restaurant, 99 Executive Blvd
- 125 room Courtyard by Marriott on West Street
- Popeye's, Nutmeg Federal Credit Union, and Silk Nails under construction
- Hartford Healthcare - 42,000 sf medical center Queen Street
- Meade Landscaping's new 6,325 sf building on Triano Drive under construction

- Aldi's 20,162 sf and Chick-fil-A's 4,380 sf, and other planned retail facilities for Queen Street
- Nurturing Nest Daycare, 1721 Meriden-Waterbury Road
- Top Line Manufacturing, 13,300 sf, 158 Industrial Drive
- J & P Manufacturing, 4,800 sf, 158 Industrial Drive
- Sauced restaurant inside of Kinsman Brewery
- Dollar General Store, 9,367 sf, 1724 Meriden-Waterbury Road
- Storage facility on Meriden-Waterbury Road under construction, 60,000 sf
- AAA new service facility, 11,000 sf, Queen Street
- Mission BBQ, Chipotle and Verizon store, Queen Street
- Connecticut Lighting moving to 50 Graham Place and expanding to 12,000 sf
- Crystal Bees Haunted House
- Cava Rooftop Dining
- Art Studio of Connecticut and My Little Rascals Too Daycare – 805 West Queen Street
- Andy LLC, 18,000 sf, 157 Industrial Drive

Relevant Financial Policies

The Town has adopted the following key financial policies:

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

Fund Balance Policy. The Town shall strive to maintain during the year, and specifically at fiscal year-end, a level of general fund unassigned fund balance, also known as accumulated surplus or the “rainy day” fund of 10% of actual year-end general fund revenues. The 10% shall be known as the Town’s “floor.” As of June 30, 2018, the Town has a 13.8% Unassigned Fund Balance an increase of 1.4% from last year’s 12.4%.

Utilization of Fund Balance Policy. The Town had set a goal to reduce and eventually eliminate any use of general fund balance to balance the budget, therefore eliminating “Designated for Subsequent Year’s Expenditures” within the Fund Balance section on the audited general fund balance sheet. This goal was accomplished for the first time in at least ten years when the Board of Finance and Town Council decided not to utilize any fund balance to balance the fiscal year 2012-2013 budget. They have continued this practice through the current fiscal year 2018-2019 budget. The Board of Finance and Town Council, however, did decide to use Fund Balance for one-time use.

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

In the fiscal year 2017-2018 budget, the Board of Finance and the Town Council decided to use \$2.19 million dollars of Unassigned Fund Balance to cash fund six Capital Projects in year 1 of the Town’s CIP.

In the fiscal year 2018-2019 budget, the Board of Finance and the Town Council decided to use \$1.1 million dollars of Unassigned Fund Balance to cash fund four Capital Projects in year 1 of the Town’s CIP.

Debt Management Policy. The Town shall utilize the following limits to guide issuance of debt:

- a. Total Direct Indebtedness shall not exceed 3% of full market valuation (equalized grand list). As of June 30, 2018, total direct indebtedness is 1.9%.
- b. Total Direct Service shall be below 9.5% of general fund expenditures. As of June 30, 2018, total debt service as a percentage of general fund expenditures is 7.64%.
- c. All general obligation debt shall be structured to retire at least 25% in five years and 70% within 10 years. With the general obligation new bond issue of April 2018, the Town structured the debt so that 41.72% of total debt would be retired in 5 years and 72.52% would be retired in 10 years.

Contingency Planning Policy. The Town shall require sufficient contingency fund levels to avoid the use of undesignated fund balance. Contingency shall not exceed 1.125% of previous fiscal year budgeted expenditures. The Town approved the contingency account for fiscal year 2018-2019 Budget at \$1.9 million for salary increases, State uncertainty and other contingency appropriations.

Investment Policy. The Town invests its idle cash and seeks to maintain safety, liquidity, and optimum yields on its investments. Under existing State statutes, allowable investments include certificates of deposit, money market and other short term liquid accounts, repurchase agreements, U.S. Government securities, and investment pools which possess the aforementioned investment instruments. The Town's funds were primarily invested in municipal money market accounts, certificates of deposit and investment pools containing U.S. Government securities during the fiscal year ended June 30, 2018. The low and high earnings rate on investments was 0.45% and 2.90%, respectively. Investment income for the General Fund generated \$1.0 million which represents approximately .26 mills.

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

Long-term Financial Planning

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

The Town Manager annually prepares a Five Year Capital Improvement Plan (CIP), which is reviewed by the Planning and Zoning Commission, the Board of Finance and the Town Council in conjunction with the operational budget. The approved fiscal year 2018-19 Five Year CIP includes various road, bridge, and sewer projects as well as major equipment purchases totaling \$95.8 million for the five-year period beginning with fiscal year 2018-19 and ending with fiscal year 2022-23. \$54.6 million of this amount is estimated for the Water Pollution Control Facilities Upgrade over the first two years of the CIP.

Included in the Five Year CIP is a recommended Annual Capital Expenditure Budget for the current fiscal year. The 2018-2019 Annual Capital Expenditure Budget approved by the Town Council, and citizen referendum when required, totaled \$33.8 million and included eighteen projects.

AWARD

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of Southington for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2017. This was the twenty-seventh consecutive year that the Town has received this prestigious award. In order to be awarded a Certificate of Achievement, the Town published an easily readable and efficiently organized CAFR. This report satisfied both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement for Excellence is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

ACKNOWLEDGEMENTS

The preparation of this report could not have been accomplished without the daily efforts of the entire staff of the Department of Finance. The preparation of the CAFR requires a major effort, and I would like to express my appreciation to Christina Sivigny-Smith, Joyce Williams, and Ann Anop who assisted and contributed to the preparation of this report. I would also like to thank the Town Council, the Board of Finance, and the Town Manager for their interest and support in planning and conducting the financial operations of the Town in a responsible and progressive manner. Finally, the professional assistance and guidance provided by our independent auditors, Blum, Shapiro & Company, P.C., was most appreciated.

Respectfully submitted,

A handwritten signature in black ink that reads "Emilia C. Portelinha". The script is cursive and fluid, with the first letters of each word being capitalized and prominent.

Emilia C. Portelinha
Director of Finance



Financial Section

Independent Auditors' Report

To the Board of Finance
Town of Southington, Connecticut

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Southington, Connecticut, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Town of Southington, Connecticut's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Southington, Connecticut, as of June 30, 2018 and the respective changes in financial position and, where applicable, cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed in Note 11 to the financial statements, during the fiscal year ended June 30, 2018, the Town of Southington, Connecticut adopted new accounting guidance, GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. The net position of the Town of Southington, Connecticut, has been restated to recognize the net other postemployment benefit liability in accordance with GASB No. 75. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

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

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

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

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of the Town of Southington, Connecticut, as of and for the year ended June 30, 2017 (not presented herein), and have issued our report thereon dated December 21, 2017, which contained unmodified opinions on the respective financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information. The accompanying General Fund balance sheet as of June 30, 2017 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the 2017 financial statements. The accompanying General Fund balance sheet has been subjected to the auditing procedures applied in the audit of the 2017 basic financial statements and certain additional procedures including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those financial statements or to those financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the General Fund balance sheet is fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended June 30, 2017.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2018 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 the Town of Southington, Connecticut's internal control over financial reporting and compliance.

Blum, Shapiro & Company, P.C.

West Hartford, Connecticut
December 21, 2018

**TOWN OF SOUTHTON, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018**

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, 2018. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, as well as the Town's basic financial statements that follow this section.

Financial Highlights

- On a government-wide basis, the assets of the Town exceeded its liabilities resulting in total net position at the close of the fiscal year of \$209.6 million. Total net position for governmental activities at fiscal year-end were \$154.0 million and total net position for business-type activities were \$55.6 million.
- On a government-wide basis, during the year, the Town's net position increased by \$4.3 million or 2.1% from \$205.4 million (As Restated) to \$209.6 million. Net position increased by \$3.1 million for governmental activities and increased by \$1.2 million for business-type activities. Governmental activities expenses were \$179.2 million, while revenues were \$182.3 million.
- At the close of the year, the Town's governmental funds reported, on a current financial resource basis, combined ending fund balances of \$36.0 million, an increase of \$5.5 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 \$24.9 million, an increase of \$1.9 million from the prior fiscal year. Of the total fund balance \$22.7 million represents unassigned fund balance. The unassigned General Fund balance at year-end represents 13.8% of total General Fund revenues (\$165.0 million), an increase of 1.4% from last year.
- The tax collection rate was 99.03% of the current levy, slightly higher than last year's rate of 98.89%.

Overview of the Financial Statements

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

Government-Wide Financial Statements

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

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

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

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

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

Fund Financial Statements

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

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

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

The Town maintains 30 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 and the Capital Projects Fund which are considered to be major funds. Data from the other 28 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 three agency funds: the Student Activity Fund, the Escrow Deposit Fund and the C-Pace Program Fund. The accounting used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund financial statements can be found on Exhibit VIII.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 27 through 63 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 77 through 82 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 \$209.6 million on June 30, 2018. Governmental activities assets exceeded liabilities by \$154.0 million.

Business-type activities assets exceeded liabilities by \$55.6 million.

TABLE 1
NET POSITION
In Thousands

	Governmental Activities		Business-Type Activities		Total	
	2018	2017 (as Restated)	2018	2017	2018	2017 (as Restated)
Current and other assets	\$ 73,909	\$ 63,366	\$ 8,223	\$ 6,672	\$ 82,132	\$ 70,038
Capital assets, net of accumulated depreciation	288,321	286,851	48,315	48,572	336,636	335,423
Total assets	<u>362,230</u>	<u>350,217</u>	<u>56,538</u>	<u>55,244</u>	<u>418,768</u>	<u>405,461</u>
Deferred outflows of resources	10,041	16,089	178	320	10,219	16,409
Long-term debt outstanding	191,490	197,014	587	697	192,077	197,711
Other liabilities	24,744	18,023	516	409	25,260	18,432
Total liabilities	<u>216,234</u>	<u>215,037</u>	<u>1,103</u>	<u>1,106</u>	<u>217,337</u>	<u>216,143</u>
Deferred inflows of resources	1,978	310	38	51	2,016	361
Net Position:						
Net Investment in capital assets	172,521	161,862	48,315	48,572	220,836	210,434
Restricted	726	114			726	114
Unrestricted	<u>(19,188)</u>	<u>(11,017)</u>	<u>7,260</u>	<u>5,835</u>	<u>(11,928)</u>	<u>(5,182)</u>
Total Net Position	<u>\$ 154,059</u>	<u>\$ 150,959</u>	<u>\$ 55,575</u>	<u>\$ 54,407</u>	<u>\$ 209,634</u>	<u>\$ 205,366</u>

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

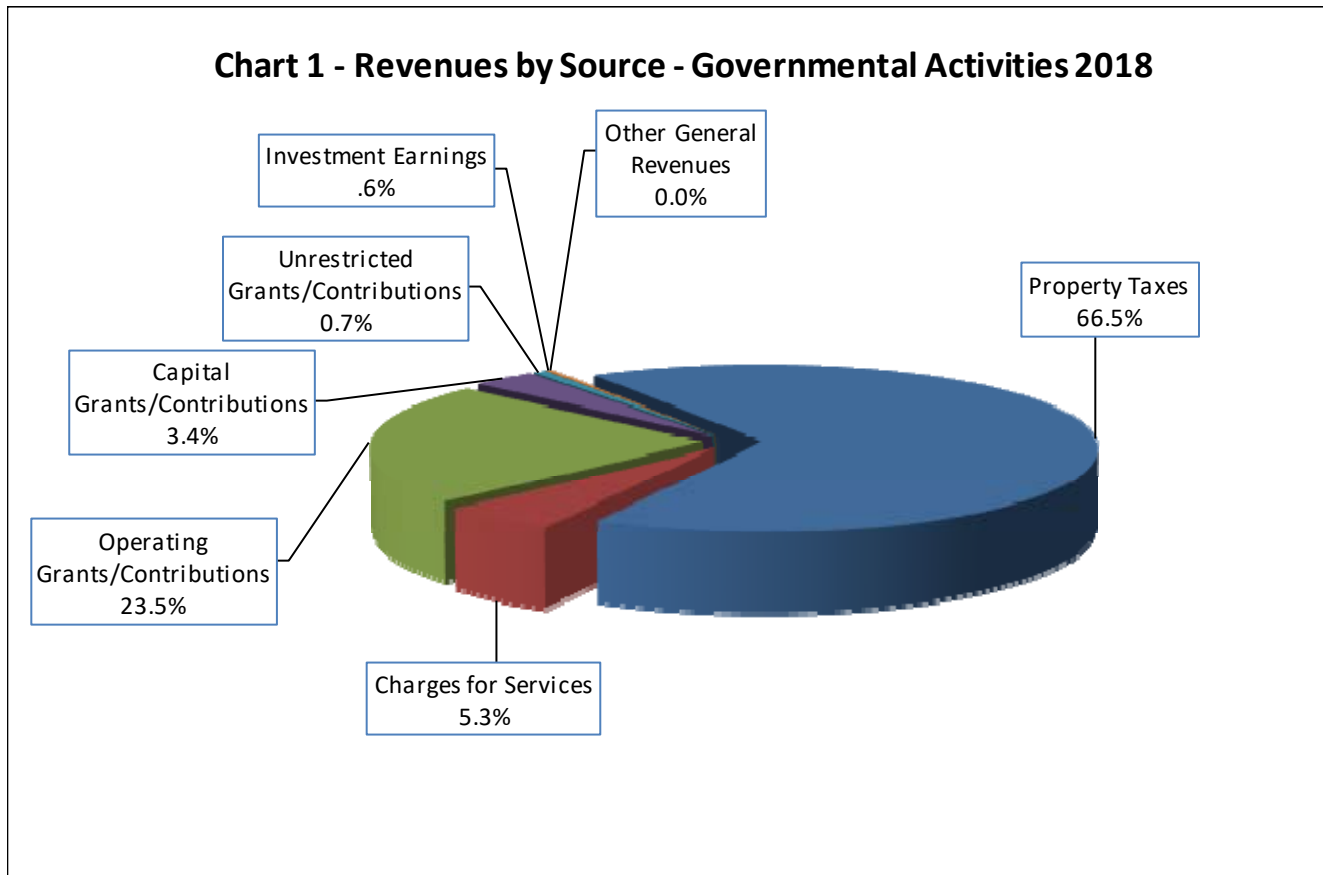
**TABLE 2
CHANGES IN NET POSITION
In Thousands**

	Governmental Activities		Business-Type Activities		Totals	
	2018	2017	2018	2017	2018	2017
Revenues:						
Program revenues:						
Charges for services	\$ 9,687	\$ 9,063	\$ 5,501	\$ 5,913	\$ 15,188	\$ 14,976
Operating grants and contributions	42,675	43,732			42,675	43,732
Capital grants and contributions	6,270	3,733	1,471	1,737	7,741	5,470
General revenues:						
Property taxes	121,341	116,889			121,341	116,889
Grants and contributions not restricted to specific purposes	1,318	2,353			1,318	2,353
Unrestricted investment earnings	1,049	592			1,049	592
Other general revenue		236			-	236
Total revenues	<u>182,340</u>	<u>176,598</u>	<u>6,972</u>	<u>7,650</u>	<u>189,312</u>	<u>184,248</u>
Program expenses:						
General government	6,054	6,157			6,054	6,157
Public safety	23,502	20,877			23,502	20,877
Public works	11,659	10,155			11,659	10,155
Health and welfare	790	775			790	775
Human services	1,592	1,575			1,592	1,575
Parks and recreation	3,506	2,540			3,506	2,540
Public library	2,007	2,033			2,007	2,033
Planning and development	1,460	1,425			1,460	1,425
Education	125,783	123,630			125,783	123,630
Interest on long-term debt	2,887	3,026			2,887	3,026
Sewer			5,804	6,091	5,804	6,091
Total program expenses	<u>179,240</u>	<u>172,193</u>	<u>5,804</u>	<u>6,091</u>	<u>185,044</u>	<u>178,284</u>
Increase in Net Position	3,100	4,405	1,168	1,559	4,268	5,964
Net Position - Beginning of Year	<u>150,959</u>	<u>173,627</u>	<u>54,407</u>	<u>52,848</u>	<u>205,366</u>	<u>226,475</u>
Restatement		<u>(27,073)</u>				<u>(27,073)</u>
Net Position - End of Year	<u>\$ 154,059</u>	<u>\$ 150,959</u>	<u>\$ 55,575</u>	<u>\$ 54,407</u>	<u>\$ 209,634</u>	<u>\$ 205,366</u>

The Town's net position increased by \$4.3 million during the fiscal year, with net position of governmental activities increasing \$3.1 million and business-type activities increasing by \$1.2 million. The total cost of all programs and services was \$185.0 million. Our analysis below separately considers the operations of governmental and business-type activities.

Governmental Activities

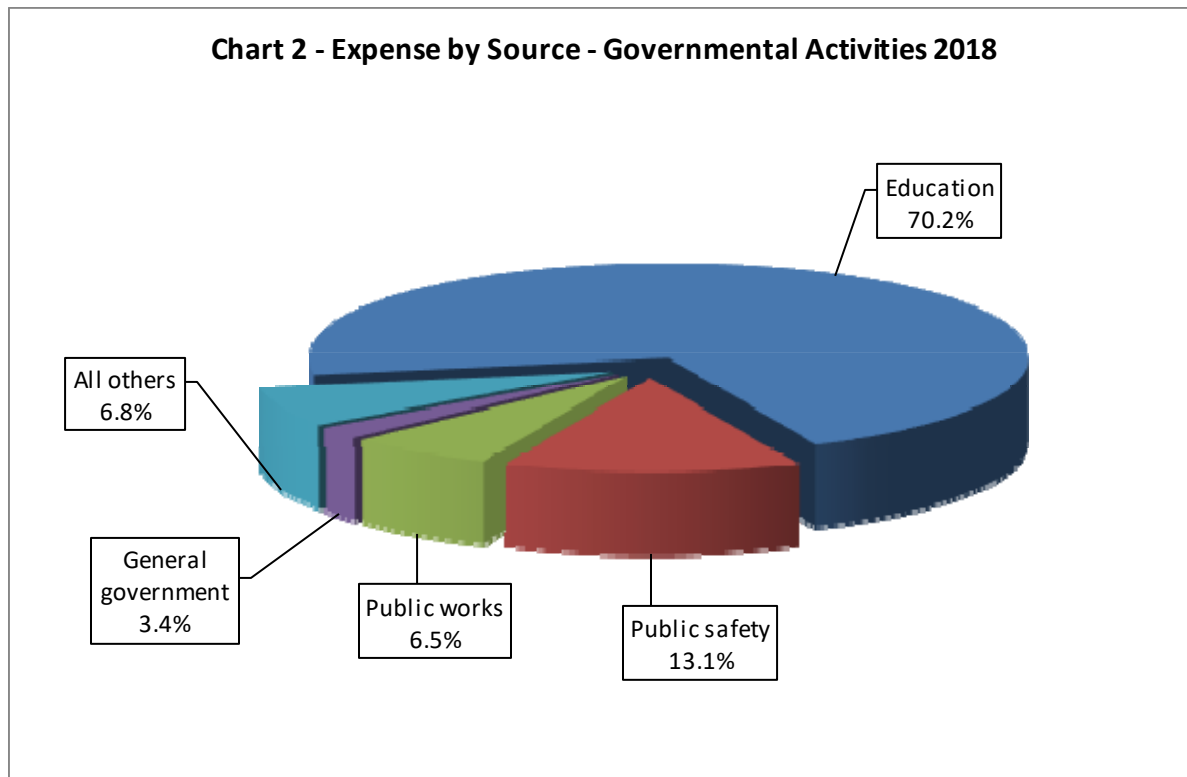
Approximately 66.5% of the revenues were derived from property taxes, followed by 23.5% from operating grants and contributions, 5.3% from charges for services, 3.4% from capital grants and contributions, 0.7% from unrestricted grants and contributions, 0.6% from investment earnings, and 0.0% from investment earnings.



Major revenue factors include:

- Property tax revenue increased by \$4.5 million or 3.8% over last year. The increase is attributable to a 1.12% increase in the grand list (\$43.7 million), an increase in the mill rate from 29.64 to 30.48 or 0.84, and an increase in prior year's tax collections and interest on taxes.
- Capital Grants and Contributions increased by \$2.5 million or 68% from \$3.7 million in fiscal year 2017 to \$6.3 million in fiscal year 2018. Most of the increase is due to the receipt of \$4.1 million of the Calendar House Grant in fiscal year 2018.

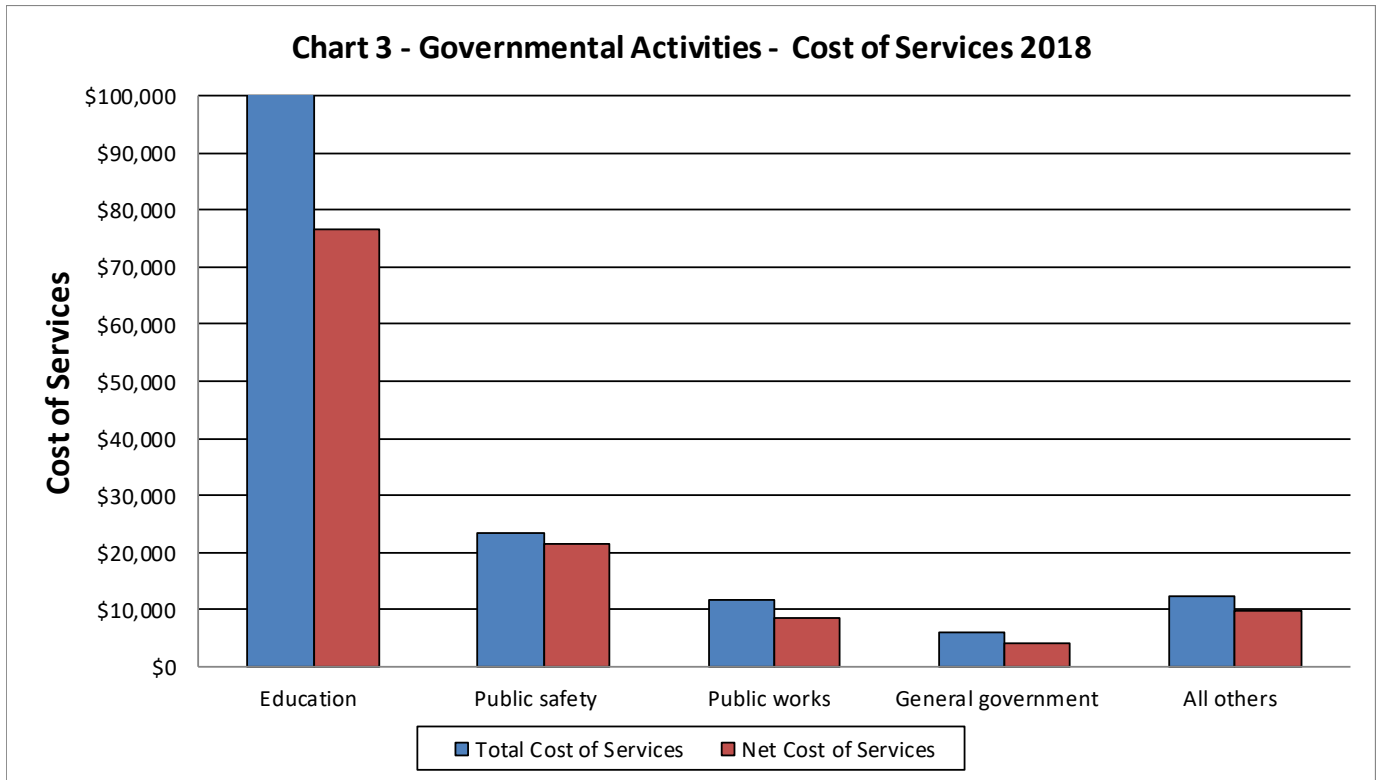
For governmental activities, 70.2% of the Town's expenses related to education. Public safety accounted for 13.1%, public works accounted for 6.5% and general government accounted for 3.4% of expenses. The remaining 6.8% related to health and welfare, human services, parks and recreation, public library, planning and development and interest on long-term debt.



Major expense factors include:

- The cost of education services increased \$2.2 million or 1.74% due to higher operating costs, benefit costs, special education and State of Connecticut Teacher OPEB contributions. The State of Connecticut's on-behalf payments are reflected in the total cost of service, but also reduce the net cost of service.
- Public Safety costs increased \$2.6 million mostly due to increased OPEB and Heart & Hypertension Liability, and various other costs.
- Public Works increased \$1.5 million mostly due to functionalizing capital outlay and reclassification of un-depreciable assets.

	Total Cost of Services		Net Cost of Services	
	2018	2017	2018	2017
Education	\$ 125,783	\$ 123,630	\$ (76,509)	\$ (76,252)
Public safety	23,502	20,877	(21,366)	(19,017)
Public works	11,659	10,155	(8,618)	(6,806)
General government	6,054	6,157	(4,251)	(4,418)
All others	12,242	11,374	(9,864)	(9,172)
Totals	<u>\$ 179,240</u>	<u>\$ 172,193</u>	<u>\$ (120,608)</u>	<u>\$ (115,665)</u>



Business-Type Activities

Business-type activities (see Table 2) increased the Town's net position by \$1.2 million primarily due to the \$1.5 million in capital assets paid for and transferred from the Governmental Activities in fiscal year 2018, which is reflected on Table 2 as a Capital contribution to the Business - Type Activities.

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, 2018, the Town's governmental funds reported combined ending fund balances of \$36.0 million, an increase of \$5.5 million from last year's fund balance of \$30.5 million.

General Fund

The General Fund is the primary operating fund of the Town. As of June 30, 2018, unassigned fund balance increased by \$2.6 million to \$22.7 million in the General Fund, while total fund balance increased \$1.9 million to \$24.9 million.

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

- Property tax revenues exceeded budget estimates by approximately \$1.4 million. The surplus is due to an increased collection rate, brought on by a Tax Sale and the successful efforts of the Town to collect on delinquent taxes. The Tax Reform Act which was signed in December 2017 capping the property tax deduction also added to the higher tax collections.
- Several departments had aggregate cost savings creating the \$2.7 million expenditure under budget. Of this amount, \$1.1 million was assigned to fiscal year 2019 for purchases on order.

Capital Projects

The Capital Projects Fund is used to account for financial resources to be used for the acquisition or construction of major capital projects. The major sources of revenues for this fund are capital grants and the proceeds from the issuance of general obligation bonds. As of June 30, 2018, the fund balance in the Capital Projects Fund increased by \$3.9 million to \$3.0 million. During the fiscal year \$13.9 million was expended for asset acquisition and improvements, mostly for the new Senior Center, bridge and road improvements, WPCF Improvements and various other projects. The Town received intergovernmental grants of \$5.4 million, sold \$8.8 million of General Obligation Bonds and transferred \$4.7 million in from the General Fund to fund these projects.

Proprietary Funds

The Town's proprietary fund provides the same type of information found in the government-wide financial statements, but in more detail.

Net position of the Sewer Fund at year-end totaled \$55.6 million. Unrestricted net position was \$7.3 million, an increase of \$1.4 million. The Sewer Fund experienced a gain of \$1.2 million mostly due to the \$1.5 million of capital assets contributed from the Capital Fund.

Net position of the Health Insurance Fund was \$4.9 million. The Internal Service Fund's unrestricted net position decreased by \$678 thousand, from \$5.5 million. Although the Town's medical claims and fees came in \$322 lower than budgeted, the Town reduced the contributions into the fund by \$1.0 million netting a \$678 reduction in net position.

General Fund Budgetary Highlights

The Town's adopted General Fund budget for 2017 - 2018 was \$143.4 million (\$139.0 million for expenditures plus \$3.0 million for contingency due to state budget uncertainty, and \$1.3 million for other contingency appropriations). In addition to the \$3.9 million which was appropriated from the Contingency Account, the Town appropriated \$4.2 million to the expenditure budget with corresponding revenue budget increases, and \$575 thousand was appropriated fiscal year 2017 purchases on order, for a total amended budget of \$148.2 million.

During fiscal year 2017-2018 the Town appropriated \$2.6 million of unbudgeted ECS grant, \$2.7 million of the \$3.0 million special contingency, and \$217,000 of Town Mitigation Funds to the Board of Education Operations account to restore most of the Board of Education's General Fund Operations account.

The following are additional key changes to the budget during the year:

- \$575 thousand was appropriated for the amount of Fund Balance Assigned for Purchases on order at the end of fiscal year 2017.
- \$362 thousand additional was appropriated to the Snow & Ice Department for overtime, contracted services and program supplies due to the frequent icing events this winter season.
- \$566 thousand was appropriated to the Board of Education Operations for preschool and special education outside tuitions and rent revenues received.
- \$235 thousand for Accumulated Payouts for retiring long-term employees.
- Savings from various departments and excess revenues were combined to cash fund \$525 thousand of future capital costs on the FY 2018-2019 CIP Plan:
 - \$150 thousand to enhance the Town-wide IT Infrastructure.
 - \$130 thousand to improve the John Weichsel Municipal Center Parking Lot
 - \$245 thousand to for Vehicle Replacements, a Highway/Parks Truck Body and to rebuild a 2005 Loader.

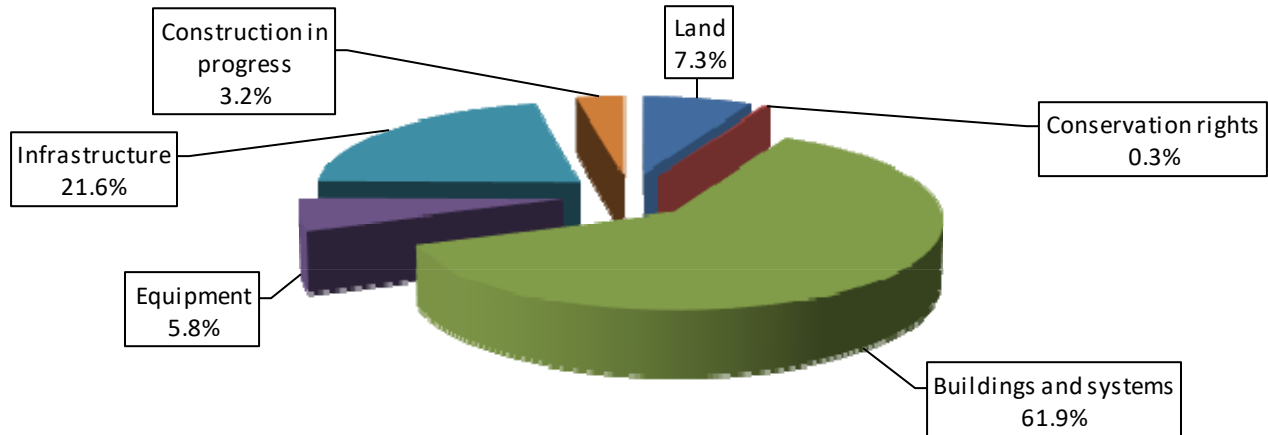
Capital Assets and Debt Administration

Capital Assets. The Town's investment in capital assets for its governmental and business-type activities as of June 30, 2018 totaled to \$336.6 million, net of accumulated depreciation. This investment in capital assets includes land, conservation rights, buildings, vehicles and equipment, roads and sewer lines. This amount represents a net increase (including additions and deductions) of \$1.4 million or a 0.4% increase from last year.

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

	Governmental Activities		Business-Type Activities		Totals	
	2018	2017	2018	2017	2018	2017
Land	\$ 24.5	\$ 24.5	\$	\$	\$ 24.5	\$ 24.5
Conservation rights	1.0	1.0			1.0	1.0
Buildings and systems	160.3	164.8	47.9	48.0	208.2	212.8
Equipment	19.0	19.1	0.4	0.5	19.4	19.6
Infrastructure	72.8	68.4			72.8	68.4
Construction in progress	10.7	8.9			10.7	8.9
Totals	\$ 288.3	\$ 286.7	\$ 48.3	\$ 48.5	\$ 336.6	\$ 335.2

Chart 4 - Capital Assets - June 30, 2018



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

Governmental Activities:

- Infrastructure Improvements of various Road Rehabilitation and Reconstruction Projects of \$2.6 million.
- Construction in progress the Senior Center Facility of \$6.2 million.
- Vehicle and Equipment Replacements of \$1.3 million including a Pumper Fire Truck, Front End Loader, Used Roll Off Truck and a dozen vehicles.

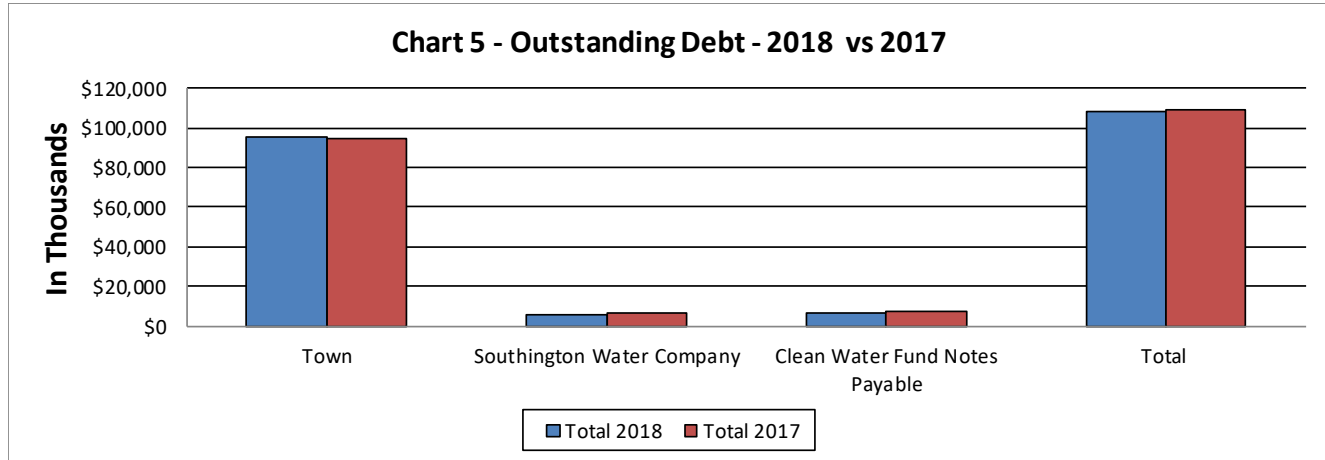
Business-Type Activities:

- Water Pollution Control Facility Improvements of \$1.4 million

The Town's fiscal year 2018 - 2019 Capital Budget includes \$33.8 million for the following capital projects: WPCF Improvements (\$27.3 million), SHS Roof Replacement, Fire Pumper Truck (19), Blatchley Ave Pump Station, Engineering for two Bridges, Highway/Parks Vehicle Wash Bay and Equipment, Public Safety Radio System, Town wide IT infrastructure, Vehicle Replacements and Road and Sidewalk 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 \$107.9 million, of which total Town bonded debt outstanding was \$95.0 million. All the bonded debt is backed by the full faith and credit of the Town government.



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

	Governmental Activities		Business-Type Activities		Totals	
	2018	2017	2018	2017	2018	2017
General obligation bonds:						
Town	\$ 95,040	\$ 94,775	\$ -	\$ -	\$ 95,040	\$ 94,775
Southington Water Company	6,030	6,670	-	-	6,030	6,670
Clean Water Fund Notes Payable	6,822	7,390	-	-	6,822	7,390
Total	\$ 107,892	\$ 108,835	\$ -	\$ -	\$ 107,892	\$ 108,835

The Town of Southington's total debt outstanding decreased by \$943 thousand or 0.9% during the 2017-2018 fiscal year. Although The Town had a bond sale in April 2018 for \$8.8 million, \$9.7 million was paid down on the total outstanding debt.

In April 2018, 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.

As a result of the Moody's rating recalibration to a "Global Scale" in May of 2010, the Town's underlying rating has been officially changed to Aa2 from A1. (The recalibration is not a change in credit rating, but rather a change from a municipal scale to a global scale).

The overall statutory limit for the Town is equal to 7 times annual receipts from taxation, or \$821.9 million. As of June 30, 2018, the Town recorded long-term debt of \$151.0 million, well below the statutory debt limits.

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

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

Economic Factors and Next Year's Budgets and Rates

The Town's unemployment rate at June 30, 2018 was 3.9%, a .4% decrease from the same time last year. The Town's unemployment rate compares favorably to the 4.4% for the State of Connecticut and the 4.0% national rate.

As previously stated, the General Fund total fund balance increased from \$23.0 million at June 30, 2017 to \$24.9 million at June 30, 2018. Of this \$24.9 million General Fund balance, \$25 thousand was nonspendable due to form (inventory accounts), \$1.1 million was assigned for purchases on order, and \$1.1 million was assigned for subsequent year's appropriations, leaving an unassigned fund balance of \$22.7 million in the General Fund at June 30, 2018. The Town feels that the \$22.7 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 budgetary challenges due to the State's massive deficit projections and unknown municipal grant cutbacks.

Elected and appointed officials considered these factors, among others, when setting the fiscal year 2018 - 2019 General Fund budget and tax rates.

The Town adopted a General Fund budget of \$149.04 million for fiscal year 2018 - 2019 compared to the original adopted fiscal year 2017 - 2018 budget of \$143.4 million. (The 2017-2018 budget was later increased by an additional grant appropriation of \$2.6 million for a total amended budget of \$147.0 million) The 2018-2019 budget increased by \$200 thousand or .39% and the Education budget increased by \$3.0 or 3.22% over the 2017-2018 amended budget. The fiscal year 2018-2019 also includes \$1.0 million in contingency to address continued State grant uncertainty as a result of projected State deficits.

Costs of the Town's business-type activities, accounted for in the Sewer Operating Fund, are expected to remain at \$5.6 million for fiscal year 2018 - 2019. 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.

The Town hired Tighe & Bond Inc. to put together a Facilities Plan to review the current systems in an effort to gain better efficiencies in the Sewer's Operations. This project includes upgrade possibilities at the plant, as well as process improvements such as phosphorus removal and sludge digestion, as well as a sewer rate plan.

Town residents approved the \$57.1 million dollar Bond Ordinance for Water Pollution Control Facility Upgrade at referendum on November 2016. The project engineering has been completed and construction has begun.

Requests for Information

This financial report is designed to provide a general overview of the Town's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Emilia C. Portelinha, Finance Director, Town of Southington, P.O. Box 610, 75 Main Street, Southington, Connecticut 06489 or visit Southington's website at www.Southington.org



Basic Financial Statements

TOWN OF SOUTHTON, CONNECTICUT
STATEMENT OF NET POSITION
JUNE 30, 2018
(In Thousands)

	Governmental Activities	Business-Type Activities	Total
Assets:			
Cash and cash equivalents	\$ 45,090	\$ 6,726	\$ 51,816
Investments	14,094		14,094
Receivables, net	14,676	1,497	16,173
Inventory	49		49
Capital assets:			
Assets not being depreciated	36,248	39	36,287
Assets being depreciated, net	252,073	48,276	300,349
Total assets	<u>362,230</u>	<u>56,538</u>	<u>418,768</u>
Deferred Outflows of Resources:			
Deferred charge on refunding	1,406		1,406
Deferred outflows related to pension	8,635	178	8,813
Total deferred outflows of resources	<u>10,041</u>	<u>178</u>	<u>10,219</u>
Liabilities:			
Accounts and other payables	8,258	466	8,724
Other current liabilities		50	50
Bond anticipation notes	16,000		16,000
Unearned revenue	486		486
Noncurrent liabilities:			
Due within one year	12,524		12,524
Due in more than one year	178,966	587	179,553
Total liabilities	<u>216,234</u>	<u>1,103</u>	<u>217,337</u>
Deferred Inflows of Resources:			
Advance tax collections	18		18
Deferred inflows related to pension	185	38	223
Deferred inflows related to OPEB	1,775		1,775
Total deferred inflows of resources	<u>1,978</u>	<u>38</u>	<u>2,016</u>
Net Position:			
Net investment in capital assets	172,521	48,315	220,836
Restricted for:			
Scholarships	597		597
Trust purposes:			
Expendable	119		119
Nonexpendable	10		10
Unrestricted	<u>(19,188)</u>	<u>7,260</u>	<u>(11,928)</u>
Total Net Position	<u>\$ 154,059</u>	<u>\$ 55,575</u>	<u>\$ 209,634</u>

The accompanying notes are an integral part of the financial statements

TOWN OF SOUTHTON, CONNECTICUT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018
(In Thousands)

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities:							
General government	\$ 6,054	\$ 1,707	\$ 7	\$ 89	\$ (4,251)	\$	\$ (4,251)
Public safety	23,502	2,004	132		(21,366)		(21,366)
Public works	11,659	2,228	227	586	(8,618)		(8,618)
Health and welfare	790		523		(267)		(267)
Human services	1,592	98	164	207	(1,123)		(1,123)
Parks and recreation	3,506	324	84		(3,098)		(3,098)
Public library	2,007	19	10		(1,978)		(1,978)
Planning and development	1,460	949			(511)		(511)
Education	125,783	2,358	41,528	5,388	(76,509)		(76,509)
Interest on long-term debt	2,887				(2,887)		(2,887)
Total governmental activities	179,240	9,687	42,675	6,270	(120,608)	-	(120,608)
Business-type activities:							
Sewer	5,804	5,501		1,471		1,168	1,168
Total	\$ 185,044	\$ 15,188	\$ 42,675	\$ 7,741	(120,608)	1,168	(119,440)
General revenues:							
Property taxes					121,341		121,341
Grants and contributions not restricted to specific programs					1,318		1,318
Unrestricted investment earnings					1,049		1,049
Total general revenues					123,708	-	123,708
Change in net position					3,100	1,168	4,268
Net Position at Beginning of Year, as Restated					150,959	54,407	205,366
Net Position at End of Year					\$ 154,059	\$ 55,575	\$ 209,634

The accompanying notes are an integral part of the financial statements

TOWN OF SOUTHTON, CONNECTICUT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2018
(In Thousands)

	<u>General</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ 13,693	\$ 16,387	\$ 8,557	\$ 38,637
Investments	13,967		127	14,094
Receivables, net	2,340	3,749	1,905	7,994
Inventories	<u>25</u>	<u></u>	<u>23</u>	<u>48</u>
Total Assets	<u>\$ 30,025</u>	<u>\$ 20,136</u>	<u>\$ 10,612</u>	<u>\$ 60,773</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts and other payables	\$ 3,307	\$ 1,151	\$ 820	\$ 5,278
Bond anticipation notes payable		16,000		16,000
Unearned revenue			486	486
Total liabilities	<u>3,307</u>	<u>17,151</u>	<u>1,306</u>	<u>21,764</u>
Deferred Inflows of Resources:				
Advance property tax collections	18			18
Unavailable revenue - property taxes	1,747			1,747
Unavailable revenue - special assessments			1,219	1,219
Total deferred inflows of resources	<u>1,765</u>	<u>-</u>	<u>1,219,000</u>	<u>2,984</u>
Fund Balances:				
Nonspendable	25		33	58
Restricted			732	732
Committed		2,985	7,322	10,307
Assigned	2,222			2,222
Unassigned	<u>22,706</u>	<u></u>	<u></u>	<u>22,706</u>
Total fund balances	<u>24,953</u>	<u>2,985</u>	<u>8,087</u>	<u>36,025</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 30,025</u>	<u>\$ 20,136</u>	<u>\$ 10,612</u>	<u>\$ 60,773</u>

(Continued on next page)

TOWN OF SOUTHTON, CONNECTICUT
BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2018
(In Thousands)

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

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

Fund balances - total governmental funds	\$ 36,025
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:

Governmental capital assets	\$ 429,199	
Less accumulated depreciation	<u>(140,878)</u>	
Net capital assets		288,321

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	1,747
Interest receivable on property taxes	594
Assessments receivable greater than 60 days	1,219
Interest receivable on assessments	53
Deferred amount in refunding	1,406
Long term receivable	6,030
Deferred outflows related to pension	8,635

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.

4,862

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	(185)
Deferred inflows related to OPEB	(1,775)
Bonds and notes payable	(107,892)
MERS prior service costs	(14)
Premium on issuance	(3,819)
Interest payable on bonds and notes	(1,383)
Compensated absences	(7,605)
Capital lease	(11,525)
Total OPEB liability	(38,475)
Heart and hypertension	(8,677)
Net pension liability	<u>(13,483)</u>

Net Position of Governmental Activities (Exhibit I)	<u>\$ 154,059</u>
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The accompanying notes are an integral part of the financial statements

**TOWN OF SOUTHTON, CONNECTICUT
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2018
(In Thousands)**

	<u>General</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
Property taxes	\$ 121,570	\$	\$ 222	\$ 121,792
Intergovernmental	38,324	5,390	6,043	49,757
Charges for services	3,819		6,017	9,836
Income on investments	1,033		14	1,047
Other revenues	249			249
Total revenues	<u>164,995</u>	<u>5,390</u>	<u>12,296</u>	<u>182,681</u>
Expenditures:				
Current:				
General government	4,188		20	4,208
Public safety	13,108		2,079	15,187
Public works	4,933		2,327	7,260
Health and welfare	673		15	688
Human services	909		315	1,224
Parks and recreation	1,443		476	1,919
Public library	1,472		35	1,507
Planning and development	1,036			1,036
Employee fringe benefits	9,007			9,007
Education	111,170		6,797	117,967
Debt and sundry	10,570		1,805	12,375
Capital outlay		13,876		13,876
Total expenditures	<u>158,509</u>	<u>13,876</u>	<u>13,869</u>	<u>186,254</u>
Excess (Deficiency) of Revenues over Expenditures	<u>6,486</u>	<u>(8,486)</u>	<u>(1,573)</u>	<u>(3,573)</u>
Other Financing Sources (Uses):				
Issuance of general obligation bonds		8,815		8,815
Premium on general obligation bonds			249	249
Transfers in	329	4,665	980	5,974
Transfers out	(4,869)	(1,105)		(5,974)
Total other financing sources (uses)	<u>(4,540)</u>	<u>12,375</u>	<u>1,229</u>	<u>9,064</u>
Net Change in Fund Balances	1,946	3,889	(344)	5,491
Fund Balances at Beginning of Year	<u>23,007</u>	<u>(904)</u>	<u>8,431</u>	<u>30,534</u>
Fund Balances at End of Year	<u>\$ 24,953</u>	<u>\$ 2,985</u>	<u>\$ 8,087</u>	<u>\$ 36,025</u>

(Continued on next page)

TOWN OF SOUTHTON, CONNECTICUT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - GOVERNMENTAL FUNDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2018
(In Thousands)

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

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

Net change in fund balances - total governmental funds (Exhibit IV)	\$ 5,491
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Governmental funds report capital outlays as expenditures. In the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:

Capital outlay	11,262
Depreciation expense	(9,384)

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.	(408)
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds, and revenues recognized in the funds are not reported in the statement of activities:

Long term receivable receipts	(640)
Property tax receivable - accrual basis change	(206)
Property tax interest and lien revenue - accrual basis change	(24)
Sewer assessment receivable-accrual basis change	(127)
Sewer assessment interest and lien revenue - accrual basis change	4
Changes in deferred outflows related to pension	(6,005)

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

Issuance of general obligation bonds	(8,815)
Premiums on long term debt	(249)
Bond principal payments	9,190
Note principal payments	568
Capital lease principal payments	813
Accrued interest	45
Amortization of prior service costs	4
Amortization of deferred charge on refunding	(43)
Amortization of bond premiums	365

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	(108)
Net pension liability	4,138
Total OPEB liability	1,067
Heart and hypertension	(1,477)
Landfill post closure care and settlement	28
Changes in deferred inflows related to pension	64
Changes to deferred inflows related to OPEB	(1,775)

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.	(678)
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Change in Net Position of Governmental Activities (Exhibit II)	\$ <u>3,100</u>
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The accompanying notes are an integral part of the financial statements

TOWN OF SOUTHLINGTON, CONNECTICUT
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
JUNE 30, 2018
(In Thousands)

	Business-Type Activities	Governmental Activities
	Sewer Enterprise Fund	Internal Service Fund
Assets:		
Current:		
Cash and cash equivalents	\$ 6,726	\$ 6,453
Accounts and other receivables	1,497	5
Total current assets	<u>8,223</u>	<u>6,458</u>
Capital assets, net	48,315	
Total assets	<u>56,538</u>	<u>6,458</u>
Deferred Outflows of Resources:		
Deferred outflows related to pensions	<u>178</u>	
Liabilities:		
Current:		
Accounts and other payables	466	1,596
Other accrued liabilities	50	
Current liabilities	<u>516</u>	<u>1,596</u>
Noncurrent liabilities:		
Net pension liability	587	
Total liabilities	<u>1,103</u>	<u>1,596</u>
Deferred Inflows of Resources:		
Deferred inflows related to pension	<u>38</u>	
Net Position:		
Investment in capital assets	48,315	
Unrestricted	<u>7,260</u>	<u>4,862</u>
Total Net Position	<u>\$ 55,575</u>	<u>\$ 4,862</u>

The accompanying notes are an integral part of the financial statements

TOWN OF SOUTHLINGTON, CONNECTICUT
STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN NET POSITION - PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2018
(In Thousands)

	Business-Type Activities	Governmental Activities
	Sewer Enterprise Fund	Internal Service Fund
Operating Revenues:		
Fund premiums	\$	\$ 21,700
Charges for services	5,501	
Total operating revenues	<u>5,501</u>	<u>21,700</u>
Operating Expenses:		
Plant	3,377	
Benefits	339	21,215
Depreciation	1,789	
Administration and other	299	1,163
Total operating expenses	<u>5,804</u>	<u>22,378</u>
Loss before Capital Grants and Contributions	(303)	(678)
Capital Grants and Contributions	<u>1,471</u>	
Change in Net Position	1,168	(678)
Net Position at Beginning of Year, as Restated	<u>54,407</u>	<u>5,540</u>
Net Position at End of Year	<u>\$ 55,575</u>	<u>\$ 4,862</u>

The accompanying notes are an integral part of the financial statements

TOWN OF SOUTHTON, CONNECTICUT
STATEMENT OF CASH FLOWS - PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2018
(In Thousands)

	Business-Type Activities Sewer Enterprise Fund	Governmental Activities Internal Service Fund
Cash Flows from Operating Activities:		
Cash received from customers and granting agencies	\$ 5,403	\$ 21,700
Cash received for premiums - Town departments and agencies		
Cash payments to suppliers for goods and services	(3,550)	(20,326)
Cash payments to providers of benefits	(339)	(1,163)
Cash payments for service fees		
Net cash provided by (used in) operating activities	<u>1,514</u>	<u>211</u>
Cash Flows from Capital Financing Activities:		
Capital contributions	14	
Acquisition of capital assets	(76)	
Net cash provided by (used in) capital financing activities	<u>(62)</u>	<u>-</u>
Net Increase (Decrease) in Cash and Cash Equivalents	1,452	211
Cash and Cash Equivalents at Beginning of Year	<u>5,274</u>	<u>6,242</u>
Cash and Cash Equivalents at End of Year	<u>\$ 6,726</u>	<u>\$ 6,453</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:		
Operating income (loss)	\$ (303)	\$ (678)
Depreciation	1,789	
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:		
(Increase) decrease in accounts receivable	(98)	(5)
(Increase) decrease in due from other funds		903
Increase (decrease) in accounts payable and accrued liabilities	107	(9)
Change in net pension liability and related deferrals	<u>19</u>	<u></u>
Net Cash Provided by (Used in) Operating Activities	<u>\$ 1,514</u>	<u>\$ 211</u>
Noncash Capital Financing Activities:		
Capital assets transferred from governmental funds	<u>\$ 1,457</u>	<u>\$ -</u>

The accompanying notes are an integral part of the financial statements

TOWN OF SOUTHLINGTON, CONNECTICUT
STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUNDS
JUNE 30, 2018
(In Thousands)

	Agency Funds
	<hr/>
Assets:	
Cash and cash equivalents	\$ 2,154
Investments	<hr/> 126
	<hr/>
Total Assets	\$ <u><u>2,280</u></u>
Liabilities:	
Fiduciary deposits	\$ <u><u>2,280</u></u>

The accompanying notes are an integral part of the financial statements

TOWN OF SOUTHTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

(In Thousands)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

Related Organizations

The Town of Southington Water Company (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.

B. Government-Wide and Fund Financial Statements

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

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

TOWN OF SOUTHTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

(In Thousands)

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

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

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

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

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

The Town reports the following major governmental funds:

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

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

The Town reports the following as a major proprietary fund:

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

Additionally, the Town reports the following fund types:

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

The Agency Funds include the student activities, the escrow deposits and C-Pace program. They are custodial in nature and do not involve measurement of results of operation.

TOWN OF SOUTHTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

(In Thousands)

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

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

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

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

D. Deposits and Investments

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

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

Investments for the Town are reported at fair value.

E. Receivables and Payables

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

The Town's property tax is levied each July 1 on the assessed value as of the prior October 1 for all real property, motor vehicles and commercial personal property located in the Town. Assessed values are established by the Town Assessment Board at 70% of estimated market value. A revaluation of all real property is required to be completed no less than every ten years. The Town performed a revaluation with full inspections as of October 1, 2015. The Town's next statistical revaluation will be on October 1, 2020. The assessed value for the Grand List of October 1, 2016, upon which the fiscal 2018 levy was based, was \$3.9 billion. A 30.48 mill rate was applied to the Grand List.

TOWN OF SOUTHTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

(In Thousands)

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, 2018 and 2017, were 99.03% and 98.89%, respectively, of the adjusted tax levy. Uncollected property taxes are recorded as receivables, net of an allowance for estimated uncollectible accounts. Unpaid taxes are lien on or before June 30 following the due date. The revenue relating to property taxes not collected during the fiscal year and within 60 days after the close of the fiscal year is deferred.

F. Inventories and Prepaid Items

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

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

G. Capital Assets

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

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

TOWN OF SOUTHTON, CONNECTICUT
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JUNE 30, 2018

(In Thousands)

H. Deferred Outflows/Inflows of Resources

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

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period or periods and so will not be recognized as an inflow of resources (revenue) until that time. The Town reports a deferred inflow of resources for advance property tax collections in the government-wide statement of net position. 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). 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 and special assessments. These amounts are deferred and recognized as an inflow of resources (revenue) in the period in which the amounts become available.

I. Compensated Absences

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

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

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

J. Net Pension Liability

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

K. 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.

L. Long-Term Obligations

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

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

M. Fund Equity and Net Position

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

Net Investment in Capital Assets

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

Restricted Net Position

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

Unrestricted Net Position

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

TOWN OF SOUTHTON, CONNECTICUT
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(In Thousands)

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

Nonspendable Fund Balance

This represents amounts that cannot be spent due to form (e.g., inventories and prepaid amounts).

Restricted Fund Balance

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

Committed Fund Balance

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

Assigned Fund Balance

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

Unassigned Fund Balance

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

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

N. 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 and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

TOWN OF SOUTHTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

(In Thousands)

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.

Additional Appropriations and Transfers:

The control level on which expenditures may not legally exceed appropriations is the object level. Each department must seek approval from the Board of Finance and/or the Town Council for any appropriations or transfers. The Town Council, on the recommendation of the Board of Finance, may appropriate at any time, subject to the other provisions of Chapter VII, any unappropriated and unencumbered cash balance in the Town treasury. The Board of Finance may at any time transfer any unencumbered appropriation balance, or portion thereof, between general classifications of expenditures within an office, department or agency, not to exceed \$500 (amount not rounded). Transfers in excess of \$500 (amount not rounded) within departments, and all transfers between departments must be approved by the Town Council. Through a charter revision question passed on November 5, 2013, the Town Manager has authorization to transfer within a department, not to exceed \$1,000. During the last three months of the fiscal year, the Town Council may, upon the recommendation of the Board of Finance, by resolution transfer any unencumbered appropriation balance, or portion thereof, from one office, department or agency to another to meet a pressing need for public expenditure. No money shall be expended, or obligation for such expenditure incurred, by any department, office, board, commission or agency of the Town, except in accordance with an appropriation by the Town Council.

The budget is prepared on a modified accrual basis of accounting except for the accrual of payroll. All appropriations lapse at the end of the budget year to the extent that they have not been expended or lawfully encumbered. Encumbrances outstanding at the end of the year are reappropriated as continued appropriations. Encumbrances are established by adoption of the Town Council (continuing appropriations). Authorized continuing appropriations are presented as 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, \$4,765 of supplemental budgetary appropriations from the General Fund were made, \$4,189 from revised revenue estimates, and \$576 from continued appropriations from the prior year.

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

3. CASH, CASH EQUIVALENTS AND INVESTMENTS

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

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

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

Deposits

Deposit Custodial Credit Risk

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

Based on the criteria described in GASB Statement No. 40, *Deposits and Investment Risk Disclosures*, \$38,694 of the Town's bank balance of \$39,742 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 34,727
Uninsured and collateral held by the pledging trust department, not in the Town's name	<u>3,967</u>
Total Amount Subject to Custodial Credit Risk	<u>\$ 38,694</u>

TOWN OF SOUTHTON, CONNECTICUT
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(In Thousands)

Cash Equivalents

At June 30, 2018, the Town's cash equivalents amounted to \$16,076. 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 & Poor's</u>
National Financial Services*	
State Short-Term Investment Fund (STIF)	AAAm
* Not rated	

Investments

As of June 30, 2018, the Town had the following investments:

Investment Type	Credit Rating	Fair Value	Investment Maturities (Years)		
			Less Than 1	1 - 10	More Than 10
Interest-bearing investments:					
Certificates of deposit	*	\$ 13,600	\$ 961	\$ 12,639	\$
U.S. Government backed securities	Aaa	<u>495</u>		<u>495</u>	
Total		14,095	\$ <u>961</u>	\$ <u>13,134</u>	\$ <u>-</u>
Other investments:					
Mutual funds	N/A	118			
Common stock	N/A	<u>7</u>			
Total Investments		\$ <u>14,220</u>			

*Subject to coverage by Federal Depository Insurance and collateralization.

Interest Rate Risk

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

Credit Risk - Investments

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

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

Concentration of Credit Risk

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

Custodial Credit Risk

Custodial credit risk for an investment is the risk that, in the event of the failure of the counterparty (the institution that pledges collateral or repurchase agreement securities to the Town or that sells investments to or buys them for the Town), the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Town does not have a policy for custodial credit risk. At June 30, 2018, the Town had \$7 of uninsured and unregistered securities held by the counterparty, or by its trust department or agent that were not in the Town's name.

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, 2018:

	<u>June 30,</u> <u>2018</u>	<u>Fair Value Measurements Using</u>		
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments by fair value level:				
U.S. Government agencies	\$ 495	\$ 495	\$	
Common stock	7	7		
Mutual funds	118	118		
Total Investments by Fair Value Level	\$ <u>620</u>	\$ <u>620</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. Venture capital investments classified in Level 3 are valued using either a discounted cash flow or market comparable companies technique.

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

4. RECEIVABLES

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

	<u>General</u>	<u>Capital Projects</u>	<u>Sewer Enterprise</u>	<u>Nonmajor and Other Funds</u>	<u>Total</u>
Receivables:					
Taxes **	\$ 2,112	\$	\$	\$	\$ 2,112
Accounts *	157		1,497	364	2,018
Special assessments				1,230	1,230
Intergovernmental	152	3,749		316	4,217
Interest **					-
Gross receivables	<u>2,421</u>	<u>3,749</u>	<u>1,497</u>	<u>1,910</u>	<u>9,577</u>
Less allowance for uncollectibles	<u>81</u>				<u>81</u>
Net Total Receivables	<u>\$ 2,340</u>	<u>\$ 3,749</u>	<u>\$ 1,497</u>	<u>\$ 1,910</u>	<u>\$ 9,496</u>

* Does not include amount due from Southington Water Company for bonds \$6,030

** Does not include accrued interest on property taxes and assessments receivable of \$594 and \$618, respectively.

TOWN OF SOUTHTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

(In Thousands)

5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2018 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 24,539	\$	\$	\$ 24,539
Conservation restrictions and development rights	975			975
Construction in progress	<u>8,902</u>	<u>7,485</u>	<u>5,653</u>	<u>10,734</u>
Total capital assets not being depreciated	<u>34,416</u>	<u>7,485</u>	<u>5,653</u>	<u>36,248</u>
Capital assets being depreciated:				
Buildings	239,931	1,593	1,082	240,442
Machinery and equipment	36,178	1,743	325	37,596
Infrastructure	<u>108,819</u>	<u>6,094</u>		<u>114,913</u>
Total capital assets being depreciated	<u>384,928</u>	<u>9,430</u>	<u>1,407</u>	<u>392,951</u>
Less accumulated depreciation for:				
Buildings	75,090	5,779	715	80,154
Machinery and equipment	17,041	1,878	284	18,635
Infrastructure	<u>40,362</u>	<u>1,727</u>		<u>42,089</u>
Total accumulated depreciation	<u>132,493</u>	<u>9,384</u>	<u>999</u>	<u>140,878</u>
Total capital assets being depreciated, net	<u>252,435</u>	<u>46</u>	<u>408</u>	<u>252,073</u>
Governmental Activities Capital Assets, Net	<u>\$ 286,851</u>	<u>\$ 7,531</u>	<u>\$ 6,061</u>	<u>\$ 288,321</u>
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 39	\$	\$	\$ 39
Capital assets being depreciated:				
Buildings and system	84,166	1,533		85,699
Machinery and equipment	<u>1,946</u>			<u>1,946</u>
Total capital assets being depreciated	<u>86,112</u>	<u>1,533</u>	<u>-</u>	<u>87,645</u>
Less accumulated depreciation for:				
Buildings and system	36,131	1,669		37,800
Machinery and equipment	<u>1,448</u>	<u>121</u>		<u>1,569</u>
Total accumulated depreciation	<u>37,579</u>	<u>1,790</u>	<u>-</u>	<u>39,369</u>
Total capital assets being depreciated, net	<u>48,533</u>	<u>(257)</u>	<u>-</u>	<u>48,276</u>
Business-Type Activities Capital Assets, Net	<u>\$ 48,572</u>	<u>\$ (257)</u>	<u>\$ -</u>	<u>\$ 48,315</u>

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

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

Governmental activities:	
General government	\$ 464
Public safety	914
Public works	1,657
Human services	68
Planning and development	11
Parks and recreation	219
Library	31
Education	<u>6,020</u>
Total Depreciation Expense - Governmental Activities	\$ <u>9,384</u>
Business-type activities:	
Sewer Enterprise Fund	\$ <u>1,790</u>

Construction Commitments

The Town has active construction projects as of June 30, 2018. The projects include roads, bridges, water and sewer lines, and school building improvements. At year end the Town's commitments with contractors are as follows:

<u>Project</u>	<u>Spent-to-Date</u>	<u>Commitment</u>
Senior Center Facility	\$ 6,929	\$ 648
Rails to Trails Phase IV	257	21
West Queen Street Bridge	<u>1,103</u>	<u>70</u>
Total	\$ <u>8,289</u>	\$ <u>739</u>

The commitments are being financed primarily funded by Town general obligation bonds.

6. TRANSFERS

The transfers that occurred during the year are as follows:

	<u>Transfers In</u>			<u>Total Transfers Out</u>
	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Nonmajor Governmental</u>	
Transfers out:				
General Fund	\$	\$ 4,665	\$ 204	\$ 4,869
Capital Projects	<u>329</u>	<u>776</u>	<u>776</u>	<u>1,105</u>
Total Transfers In	\$ <u>329</u>	\$ <u>4,665</u>	\$ <u>980</u>	\$ <u>5,974</u>

The interfund transfers were used to fund various capital improvement projects.

TOWN OF SOUTHTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

(In Thousands)

7. LONG-TERM DEBT

Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2018 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:					
Bonds payable:					
General obligation					
bonds:					
Town	\$ 94,775	\$ 8,815	\$ 8,550	\$ 95,040	\$ 8,280
Southington Water					
Company	6,670		640	6,030	630
Premium on bonds	3,935	249	365	3,819	
State of Connecticut - serial note	7,390		568	6,822	568
Total bonds and notes payable	<u>112,770</u>	<u>9,064</u>	<u>10,123</u>	<u>111,711</u>	<u>9,478</u>
Compensated absences	7,497	1,881	1,773	7,605	1,798
Capital leases	12,338		813	11,525	716
Total OPEB liability*	39,542		1,067	38,475	
Net pension liability	17,621		4,138	13,483	
Prior service costs	18		4	14	
Heart and hypertension	7,200	1,477		8,677	532
Landfill closure and					
postclosure	28		28	-	
Total Governmental Activities					
Long-Term Liabilities	<u>\$ 197,014</u>	<u>\$ 12,422</u>	<u>\$ 17,946</u>	<u>\$ 191,490</u>	<u>\$ 12,524</u>
Business-Type Activities:					
Net Pension Liability	<u>\$ 697</u>	<u>\$</u>	<u>\$ 110</u>	<u>\$ 587</u>	<u>\$</u>

*as restated - see Note 11.

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

TOWN OF SOUTHTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

(In Thousands)

Bonds payable at June 30, 2018 are comprised of the following issues:

	Date of Issue	Original Issue	Interest Rate (%)	Date of Maturity	Principal Outstanding June 30, 2018
General Purpose Bonds:					
Refunding (General Purpose)	2010	\$ 2,098	2.00-5.00	05/15/21	\$ 548
General Purpose	2011	1,713	2.50-4.25	08/01/30	435
Refunding (General Purpose)	2011	6,042	2.00-5.00	02/01/24	2,846
Refunding (General Purpose)	2012	3,106	2.00-4.00	11/01/25	1,774
General Purpose	2014	7,705	3.00-4.00	01/15/34	5,630
General Purpose	2015	6,720	2.00-4.00	01/15/35	5,740
Refunding (General Purpose)	2015	2,408	1.00-5.00	09/01/28	1,822
General Purpose	2016	5,200	2.00-4.00	01/15/36	4,830
General Purpose	2018	8,515	2.25-5.00	04/15/38	8,515
					<u>32,140</u>
School Bonds:					
Refunding (Schools)	2010	8,008	2.00-5.00	05/15/21	2,160
Schools	2011	6,902	2.50-4.25	08/01/30	4,150
Refunding (Schools)	2011	745	2.00-5.00	02/01/24	353
Refunding (Schools)	2012	1,958	2.00-4.00	11/01/25	1,279
Schools	2014	15,000	3.00-4.00	01/15/34	12,630
Schools	2015	15,000	2.00-4.00	01/15/35	13,420
Refunding (Schools)	2015	8,036	1.00-5.00	09/01/28	7,193
Schools	2016	12,000	2.00-4.00	01/15/36	11,370
Schools	2018	300	2.25-5.00	04/15/24	300
					<u>52,855</u>
Sewer Bonds:					
Refunding (Sewers)	2010	959	2.00-5.00	05/15/21	122
Sewers	2011	3,330	2.50-4.25	08/01/30	1,825
Refunding (Sewers)	2011	1,958	2.00-5.00	02/01/24	926
Refunding (Sewers)	2012	1,851	2.00-4.00	11/01/25	1,162
Sewers	2015	5,200	2.00-4.00	01/15/35	4,650
Refunding (Sewers)	2015	1,841	1.00-5.00	09/01/28	1,360
State of Connecticut serial notes payable:					
Clean Water Fund Loan 590-C	2011	11,068	2.00	06/30/30	<u>6,822</u>
					<u>16,867</u>
Water Bonds:					
Water	2011	3,410	2.50-4.25	08/01/21	1,340
Water	2014	5,870	3.00-4.00	01/15/34	4,690
					<u>6,030</u>
Total					\$ <u>107,892</u>

TOWN OF SOUTHTON, CONNECTICUT
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JUNE 30, 2018

(In Thousands)

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

<u>Due During Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2019	\$ 9,478	\$ 3,617
2020	10,028	3,284
2021	9,233	2,936
2022	8,233	2,575
2023	7,733	2,231
2024-2028	33,457	7,398
2029-2033	21,892	3,396
2034-2038	<u>7,838</u>	<u>609</u>
Total	\$ <u>107,892</u>	\$ <u>26,046</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, 2018, \$6,030 is recorded as amounts to be provided by other entities in the government-wide financial statements. The Town does not have any overlapping debt.

The Town is subject to the General Statutes of the State of Connecticut, which limit the amount of debt outstanding at June 30, 2018. In no case shall total indebtedness exceed seven times annual receipts from taxation. The maximum debt amount permitted under this formula would be approximately \$821.9 million. Bonds authorized but unissued as of June 30, 2018 are \$49,385, which are net of all expected grant revenue.

On April 30, 2018, the Town issued general obligation bonds in the amount of \$8,815,000 to be used to provide funds for various school and general purpose projects. The bonds are set to mature on April 15, 2038 with interest rates of 2.25%-5.00%.

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, 2018:

Town	\$ 1,276
Board of Education	<u>6,329</u>
Total	\$ <u>7,605</u>

TOWN OF SOUTHTON, CONNECTICUT
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(In Thousands)

Capital Leases

The Board of Education has entered into a several lease agreements as lessee for financing the acquisition of computer equipment and the Town has entered into an equipment lease purchase agreement for energy improvements made to Town and Board of Education buildings. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date. The net undepreciated value of assets purchased by capital lease approximates the principal balance payable of \$11,525 at June 30, 2018. The following is a summary of capital lease commitments as of June 30, 2018:

<u>Year Ending June 30,</u>	<u>Amount</u>
2019	\$ 1,019
2020	1,029
2021	1,017
2022	1,037
2023	1,074
Thereafter	<u>8,414</u>
Subtotal	13,590
Less interest	<u>(2,065)</u>
Principal Balance	<u>\$ 11,525</u>

Bond Anticipation Notes

The Town uses bond anticipation notes during the construction period of various public projects prior to the issuance of bonds at the completion of the project. The Town has issued the following bond anticipation notes during the year ended June 30, 2018:

Outstanding July 1, 2017	\$ 8,000
Repayments	(8,000)
New borrowings	<u>16,000</u>
Outstanding June 30, 2018	<u>\$ 16,000</u>

The bond anticipation notes outstanding on June 30, 2018 mature on April 30, 2019 and bear interest at 2.75%.

TOWN OF SOUTHTON, CONNECTICUT
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(In Thousands)

8. RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks did not exceed commercial insurance coverage during the years ended June 30, 2018, 2017 or 2016. 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, 2018 of \$1,596.

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

A schedule of changes in the claims liability for the years ended June 30, 2018 and 2017, is presented below:

<u>Fiscal Year</u>	<u>Accrued Liability Beginning of Fiscal Year</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Accrued Liability Claim Payments</u>	<u>Accrued Liability End of Fiscal Year</u>
2017-18	\$ 1,605	\$ 21,206	\$ 21,215	\$ 1,596
2016-17	1,691	20,891	20,977	1,605

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 2017-18 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, 2018 for the Town and Board of Education was \$1,341. 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.

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9. FUND EQUITY

The components of fund balance at June 30, 2018 are as follows:

	General Fund	Capital Projects	Nonmajor Governmental Funds	Total
Fund balances:				
Nonspendable:				
Inventory	\$ 25	\$	23	\$ 48
Trust			10	10
Restricted for:				
Grants			49	49
Trust			86	86
Scholarships			597	597
Committed to:				
Debt service			3,658	3,658
Cafeteria operations			634	634
Animal control			48	48
Police services			831	831
Town services			518	518
Apple Harvest Festival			184	184
Community services			233	233
Drive in Theater			43	43
Brownfield Project			110	110
Turf field			162	162
Museum restoration			102	102
Recreation			182	182
Sewer Assessments			604	604
Barnes Museum			13	13
Capital Projects		2,985		2,985
Assigned to:				
Purchases on order:				
General Government	101			101
Public Works	118			118
Library	6			6
Planning and Development	75			75
Education	456			456
Miscellaneous	172			172
Debt Service	209			209
Subsequent year's appropriations	1,085			1,085
Unassigned	22,706			22,706
Total Fund Balances	\$ 24,953	\$ 2,985	\$ 8,087	\$ 36,025

Subsequent year's appropriations are being reported as assigned fund balance in the general fund at \$1,085 and encumbrances for general government, public works, planning and development, education and debt service are being reported as assigned fund balance in the general fund at \$1,137.

**TOWN OF SOUTHTON, CONNECTICUT
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10. 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. 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, 2017, the date of the last actuarial valuation.

Inactive employees currently receiving benefit payments	136
Active employees	<u>1,174</u>
Total	<u><u>1,310</u></u>

B. Total OPEB Liability

The Town's total OPEB liability of \$38,475 was measured as of June 30, 2018 and was determined by an actuarial valuation as of July 1, 2017.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the July 1, 2017 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

Inflation	2.75%
Salary increases	2.75%, average, including inflation
Discount rate	3.87%
Healthcare cost trend rates	7.5 % for 2017, decreasing 0.5% per year to an ultimate rate of 4.75% for 2023 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 RP-2014 Adjusted to 2006 Total Dataset Mortality Table projected to valuation date with Scale MP-2017.

The actuarial assumptions used in the July 1, 2017 valuation were based on standard tables modified for certain plan features such as eligibility for full and early retirement where applicable and input from the plan sponsor.

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Changes in the Total OPEB Liability

	Total OPEB Liability
Balances as of July 1, 2017	\$ <u>39,542</u>
Changes for the year:	
Service cost	549
Interest on total OPEB liability	1,416
Difference between expected and actual experience	(250)
Changes in assumptions or other inputs	(1,669)
Benefit payments	<u>(1,113)</u>
Net changes	<u>(1,067)</u>
Balances as of June 30, 2018	\$ <u><u>38,475</u></u>

Changes in assumptions and other inputs reflect a change in the interest rate from 4.00% to 3.58%, salary increases projected at 2.75% versus 3.00%, inflation rate changes from 3.00% to 2.75%, as well as updated mortality tables.

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 (2.87%)	Current Discount Rate (3.87%)	1% Increase (4.87%)
Total OPEB Liability	\$ 44,740	\$ 38,475	\$ 33,486

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 (6.5% Decreasing to 3.75%)	Healthcare Cost Trend Rates (7.5% Decreasing to 4.75%)	1% Increase (8.5% Decreasing to 5.75%)
Total OPEB Liability	\$ 33,130	\$ 38,475	\$ 45,150

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

For the year ended June 30, 2018, the Town recognized OPEB expense of \$1,703. At June 30, 2018, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$	\$ 231
Changes of assumptions or other inputs	<u> </u>	<u>1,544</u>
Total	\$ <u> - </u>	\$ <u>1,775</u>

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

Year Ending June 30

2019	\$ 143
2020	143
2021	143
2022	143
2023	143
Thereafter	1,060

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.

B. Benefit Provisions (not rounded)

There are two types of the health care 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.

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(In Thousands)

Any member who is not currently participating in Medicare Parts A & B is eligible to continue health care 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 health care 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. Active members, retirees and the State pay equally toward the cost of the basic coverage (medical and prescription drug benefits). There are three choices for coverage under the CTRB Sponsored Medicare Supplemental Plans. The choices and 2017 calendar year premiums charged for each choice are shown in the table below:

• Medicare Supplement with Prescriptions	\$ 92
• Medicare Supplement with Prescriptions and Dental	136
• Medicare Supplement with Prescriptions, Dental, Vision & Hearing	141

Those participants electing vision, hearing and/or dental are required by the System's funding policy to pay the full cost of coverage for these benefits, and no liability is assumed by the plan for these benefits.

Survivor Health Care 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 Supplemental Plans, as long as they do not remarry.

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.

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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 5 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 contributions are not currently actuarially funded. 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.

Employer (School Districts)

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

Employees

Each member is required to contribute 1.25% of their annual salary up to \$500,000. Contributions in excess of \$500,000 will be credited to the Retiree Health Insurance Plan.

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

At June 30, 2018, 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		<u>36,970</u>
Total	\$	<u>36,970</u>

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The net OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as June 30, 2016. At June 30, 2018, the Town has no proportionate share of the net OPEB liability.

For the year ended June 30, 2018, the Town recognized OPEB expense and revenue of \$1,713 in Exhibit II for on-behalf amounts for the benefits provided by the State.

F. Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of June 30, 2016, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Health care costs trend rate	7.25% decreasing to 5.00% by 2022
Salary increases	3.25-6.50%, including inflation
Investment rate of return	3.56%, net of OPEB plan investment expense, including inflation
Year fund net position will be depleted	2018

Mortality rates were based on the RPH-2014 White Collar table with employee and annuitant rates blended from ages 50 to 80, projected to the year 2020 using the BB improvement scale, and further adjusted to grade in increases (5% for females and 8% for males) over age 80. For disabled retirees, mortality rates were based on the RPH-2014 Disabled Mortality Table projected to 2017 using the BB improvement scale.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2010 - June 30, 2015.

The long-term expected rate of return on plan assets is reviewed as part of the GASB 74 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 (0.04%).

G. Discount Rate

The discount rate used to measure the total OPEB liability was 3.56%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current member contribution rate and that contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members. No future State contributions were assumed to be made. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be depleted in 2018 and, as a result, the Municipal Bond Index Rate was used in the determination.

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H. Sensitivity of the Net OPEB Liability to Changes in the Health Care 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 health care cost trend rate or the discount rate would only impact the amount recorded by the State of Connecticut.

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. 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.

11. PRIOR PERIOD ADJUSTMENT AND RESTATEMENT

The following restatements were recorded to the beginning of net position of the governmental activities as a result of implementation of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*:

Governmental Activities:

Net position at June 30, 2017, as previously reported	\$	178,032
Adjustments:		
Eliminate net OPEB obligation reported per GASB No. 45		12,469
Record total OPEB liability per GASB No. 75		<u>(39,542)</u>
Net Position at July 1, 2017, as Restated	\$	<u><u>150,959</u></u>

12. EMPLOYEE RETIREMENT SYSTEMS

Municipal Employees' Retirement System

A. Plan Description

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

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B. Benefit Provisions

The plan provides retirement, disability and death benefits and annual cost-of-living adjustments to plan members and their beneficiaries. Employees are eligible to retire at age 55 with 5 years of continuous active service, or 15-year of active non-continuous 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 under certain conditions.

Normal Retirement

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

If any member covered by social security retires before age 62, the member's benefit until the member reaches age 62, or a social security disability award is received, is computed as if the member is not under social security.

Early Retirement

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

Disability Retirement - Service Connected

Employees who are totally and permanently disabled and such disability has arisen out of and in the course of employment with the municipality. Disability due to heart and hypertension in the case of fire and police, is presumed to have been suffered in the line of duty. Benefits are calculated as a service retirement allowance based on compensation and service to the date of the disability with a minimum benefit (including worker's compensation benefits) of 50% of compensation at the time of disability. 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 - Non-Service Connected

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

Death Benefit

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

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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.

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

At June 30, 2018, the Town reports a total liability of \$14,070 (\$13,483 for government-wide in Exhibit I and \$587 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, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation at that date. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participants, actuarially determined. At June 30, 2018, the Town's proportion was 5.67%. The increase in proportion from June 30, 2017 is .37%.

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For the year ended June 30, 2018, the Town recognized pension expense of \$6,326 in Exhibit II and \$128 in Exhibit VI. At June 30, 2018, the Town reported deferred inflow of resources and deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

Governmental Activities

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Town contributions after the measurement date	\$ 4,576	\$
Net difference between projected and actual earning on pension plan investments	1,764	
Differences between expected and actual experience	1,946	
Change in proportionate share	<u>349</u>	<u>185</u>
	\$ <u><u>8,635</u></u>	\$ <u><u>185</u></u>

Business-Type Activities

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Town contributions after the measurement date	\$ 110	\$
Net difference between projected and actual earning on pension plan investments	47	
Differences between expected and actual experience	11	
Change in proportionate share	<u>10</u>	<u>38</u>
	\$ <u><u>178</u></u>	\$ <u><u>38</u></u>

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

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

Governmental Activities

2019	\$	5,924
2020		2,385
2021		1,140
2022		<u>(999)</u>
	\$	<u><u>8,450</u></u>

Business-Type Activities

2019	\$	119
2020		38
2021		8
2022		<u>(25)</u>
	\$	<u><u>140</u></u>

D. Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2016, using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2007 - June 30, 2012.

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%.

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JUNE 30, 2018

(In Thousands)

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

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

E. Discount Rate

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

TOWN OF SOUTHTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

(In Thousands)

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

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

	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
Government Wide:			
Town's proportionate share of the net pension liability	\$ 33,231	\$ 13,483	\$ (3,140)
Sewer Fund:			
Town's proportionate share of the net pension liability	\$ 1,447	\$ 587	\$ (137)

G. Payable to MERS

The Town has also recorded \$14 as a long-term payable to MERS at June 30, 2018.

Teachers Retirement

A. Plan Description

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

B. Benefit Provisions

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

Normal Retirement

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

Early Retirement

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

TOWN OF SOUTHTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

(In Thousands)

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.

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, 2018, the Town reports no amounts for its proportionate share of the net pension liability, and related deferred outflows and inflows, due to the statutory requirement that the State pay 100% of the required contribution. The amount recognized by the Town as its proportionate share of the net pension liability, the related state support, and the total portion of the net pension liability that was associated with the Town were as follows:

Town's proportionate share of the net pension liability	\$	-
State's proportionate share of the net pension liability associated with the Town		<u>143,636</u>
Total	\$	<u><u>143,636</u></u>

The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016. At June 30, 2018, the Town has no proportionate share of the net pension liability.

For the year ended June 30, 2018, the Town recognized pension expense and revenue of \$16,615 in Exhibit II for on-behalf amounts for the benefits provided by the State.

TOWN OF SOUTHTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

(In Thousands)

E. Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2016, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Salary increase	3.25-6.50%, including inflation
Investment rate of return	8.00%, net of pension plan investment expense, including inflation

Mortality rates were based on the RPH-2014 White Collar table with employee and annuitant rates blended from ages 50 to 80, projected to the year 2020 using the BB improvement scale, and further adjusted to grade in increased rates (5% for females and 8% for males) over age 80 for the period after service retirement and for dependent beneficiaries as well as for active members. The RPH-2014 Disabled Mortality Table projected to 2017 with Scale BB is used for the period after disability retirement.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2010 - June 30, 2015.

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%.

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%.

TOWN OF SOUTHTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

(In Thousands)

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Large Cap U.S. equities	21.0%	5.8%
Developed non-U.S. equities	18.0%	6.6%
Emerging markets (Non-U.S.)	9.0%	8.3%
Real estate	7.0%	5.1%
Private equity	11.0%	7.6%
Alternative investments	8.0%	4.1%
Core fixed income	7.0%	1.3%
High yield bonds	5.0%	3.9%
Emerging market bond	5.0%	3.7%
Inflation linked bonds	3.0%	1.0%
Cash	6.0%	0.4%
Total	100.0%	

F. Discount Rate

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

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

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

H. Pension Plan Fiduciary Net Position

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

I. Other Information

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

TOWN OF SOUTHTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

(In Thousands)

13. SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES

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

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

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

The Town participates in a number of federal and state assisted grant programs. These programs are subject to financial and compliance audits by the grantors or their representatives. The audits of certain of these programs for or including the year ended June 30, 2018 have not yet been conducted. Accordingly, the Town's compliance with applicable grant requirements will be established at some future date. The amount, if any, of expenditures that may be disallowed by the granting agencies cannot be determined at this time although the Town expects such amounts, if any, to be immaterial.

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



Required Supplementary Information

TOWN OF SOUTHTON, CONNECTICUT
GENERAL FUND
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED JUNE 30, 2018
(In Thousands)

	Budgeted Amounts		Actual	Variance
	Original	Final		
Property taxes, interest and lien fees:				
Taxes	\$ 119,538	\$ 119,538	\$ 120,838	\$ 1,300
Suspense taxes	40	40	17	(23)
Interest and lien fees	633	633	715	82
Total property taxes, interest and lien fees	<u>120,211</u>	<u>120,211</u>	<u>121,570</u>	<u>1,359</u>
Licenses, fees and permits:				
Building	775	775	855	80
Police	41	41	31	(10)
Library	23	23	19	(4)
Parking	4	4	7	3
Miscellaneous	17	33	35	2
Total licenses, fees and permits	<u>860</u>	<u>876</u>	<u>947</u>	<u>71</u>
Intergovernmental revenues:				
Educational cost sharing	15,071	17,651	17,555	(96)
School building construction grants			6	6
Vocational agriculture	373	373	373	-
Children/youth services	23	23	23	-
Youth service/drug free	46	46	43	(3)
Town aid road transportation grant		526	526	-
Non-public health services	24	24	23	(1)
Telephone access lines	80	80	58	(22)
Pequot/Mohegan grant	122	122	122	-
Telecommunications fund grant	72	72	73	1
Local capital improvement grant		283	27	(256)
In lieu of taxes:				
Tax relief for elderly	360	360		(360)
Veterans' exemption	54	54	57	3
State properties	17	17		(17)
Disability exemption	6	6	5	(1)
Distressed municipalities	48	48		(48)
Miscellaneous	35	37	43	6
Traffic enforcement grant		2	7	5
MRSA Sales Tax Sharing	1,281	1,281		(1,281)
Municipal revenue sharing			821	821
Municipal stabilization grant			234	234
Total intergovernmental revenues	<u>17,612</u>	<u>21,005</u>	<u>19,996</u>	<u>(1,009)</u>

(Continued on next page)

TOWN OF SOUTHTON, CONNECTICUT
GENERAL FUND
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2018
(In Thousands)

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
Investment Income	\$ 368	\$ 368	\$ 1,033	\$ 665
Charges for services:				
Town Clerk	1,250	1,250	1,491	241
Police services	50	50		(50)
Recreation	70	70	64	(6)
Planning and zoning	50	50	57	7
Fire Department services	35	35	31	(4)
Engineering services	9	9	9	-
Assessors returns	1	1	1	-
School tuition and fees	564	564	589	25
School building rentals	13	578	627	49
Miscellaneous	10	10	3	(7)
Total charges for services	<u>2,052</u>	<u>2,617</u>	<u>2,872</u>	<u>255</u>
Other revenues:				
Sale/lease of town property	2	2	38	36
Loss/damage to town property	1	1		(1)
Prior year appropriated funds returned	2	2	32	30
Recycling rebates	60	60	90	30
Miscellaneous	15	16	65	49
Leases/Easements	24	24	24	-
Fund balance utilized	<u>2,189</u>	<u>2,189</u>		<u>(2,189)</u>
Total other revenues	<u>2,293</u>	<u>2,294</u>	<u>249</u>	<u>(2,045)</u>
Transfers In		214	329	115
Total Revenues and Other Financing Sources	\$ <u>143,396</u>	\$ <u>147,585</u>	146,996	\$ <u>(589)</u>

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	16,615
State of Connecticut on-behalf contributions to the Connecticut State Teachers' OPEB Retirement System for Town teachers are not budgeted	<u>1,713</u>

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

\$ 165,324

TOWN OF SOUTHTON, CONNECTICUT
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED JUNE 30, 2018
(In Thousands)

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
General Government				
Town Council:				
Personnel service	\$ 10	\$ 10	\$ 9	\$ 1
Contractual services	18	18	13	5
Program supplies	7	7	4	3
Professional charges	27	27	27	-
Total	<u>62</u>	<u>62</u>	<u>53</u>	<u>9</u>
Town Manager:				
Personnel service	239	213	212	1
Contractual services	23	20	10	10
Materials and supplies	3	3	2	1
Fixed charges	5	4	4	-
Total	<u>270</u>	<u>240</u>	<u>228</u>	<u>12</u>
Board of Finance:				
Personnel service	5	4	4	-
Contractual services	2	2	2	-
Fixed charges	1	1	1	-
Total	<u>8</u>	<u>7</u>	<u>7</u>	<u>-</u>
Finance Department:				
Personnel service	523	522	522	-
Materials and supplies	13	12	9	3
Fixed charges	1	1	1	-
Total	<u>537</u>	<u>535</u>	<u>532</u>	<u>3</u>
Town Clerk:				
Personnel service	298	289	286	3
Contractual services	22	22	19	3
Materials and supplies	11	9	9	-
Fixed charges	3	3	2	1
Total	<u>334</u>	<u>323</u>	<u>316</u>	<u>7</u>
Human Resources Department:				
Personnel service	74	54	54	-
Contractual services	43	34	29	5
Materials and supplies	2	2		2
Fixed charges	7			-
Total	<u>126</u>	<u>90</u>	<u>83</u>	<u>7</u>

(Continued on next page)

TOWN OF SOUTHTON, CONNECTICUT
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2018
(In Thousands)

	<u>Budgeted Amounts</u>			
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance</u>
Tax Department:				
Personnel service	\$ 221	\$ 203	\$ 200	\$ 3
Contractual services	6	7	2	5
Materials and supplies	44	44	34	10
Fixed charges	2	1		1
Total	<u>273</u>	<u>255</u>	<u>236</u>	<u>19</u>
Assessor:				
Personnel service	326	321	320	1
Contractual services	105	105	4	101
Materials and supplies	13	13	8	5
Fixed charges	6	6	5	1
Total	<u>450</u>	<u>445</u>	<u>337</u>	<u>108</u>
Board of Assessment Appeals:				
Personnel service	2	2	2	-
Contractual services	1	1		1
Total	<u>3</u>	<u>3</u>	<u>2</u>	<u>1</u>
Information Technology:				
Personnel service	177	177	177	-
Contractual services	694	675	633	42
Fixed charges	45	44	41	3
Capital outlay	69	69	68	1
Total	<u>985</u>	<u>965</u>	<u>919</u>	<u>46</u>
Probate Court:				
Fixed charges	<u>11</u>	<u>11</u>	<u>11</u>	<u>-</u>
Town Attorney/Legal:				
Personnel service	224	141	141	-
Contractual services	58	56	33	23
Materials and supplies	3	3	2	1
Fixed charges	6	4	4	-
Total	<u>291</u>	<u>204</u>	<u>180</u>	<u>24</u>

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TOWN OF SOUTHTON, CONNECTICUT
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
Elections Department:				
Personnel service	\$ 103	\$ 94	\$ 91	\$ 3
Contractual services	14	11	7	4
Materials and supplies	20	16	14	2
Fixed charges	2	2	2	-
Total	<u>139</u>	<u>123</u>	<u>114</u>	<u>9</u>
Insurance:				
Fixed charges	<u>1,141</u>	<u>1,081</u>	<u>1,080</u>	<u>1</u>
Annual Audit:				
Fixed charges	<u>34</u>	<u>34</u>	<u>34</u>	<u>-</u>
Total general government	<u>4,665</u>	<u>4,379</u>	<u>4,132</u>	<u>247</u>
Public Safety:				
Police Department:				
Personnel service	6,833	6,706	6,614	92
Contractual services	205	191	183	8
Materials and supplies	199	219	190	29
Fixed charges	312	320	314	6
Equipment	187	220	210	10
Total	<u>7,736</u>	<u>7,656</u>	<u>7,511</u>	<u>145</u>
Emergency Management:				
Contractual services	1	1	1	-
Materials and supplies	8	8	5	3
Capital outlay	12	6	1	5
Total	<u>21</u>	<u>15</u>	<u>7</u>	<u>8</u>
Central Dispatch:				
Personnel service	802	809	800	9
Contractual services	12	4	3	1
Total	<u>814</u>	<u>813</u>	<u>803</u>	<u>10</u>
Fire Department:				
Personnel service	3,203	3,846	3,839	7
Contractual services	347	358	324	34
Materials and supplies	215	201	192	9
Fixed charges	155	151	151	-
Equipment	44	39	38	1
Total	<u>3,964</u>	<u>4,595</u>	<u>4,544</u>	<u>51</u>

(Continued on next page)

TOWN OF SOUTHTON, CONNECTICUT
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
Fire Hydrant rentals:				
Fixed charges	\$ 240	\$ 240	\$ 232	\$ 8
Safety Program:				
Contractual services	12	11	10	1
Materials and supplies	38	38	38	-
Fixed charges	17	15	13	2
Total	<u>67</u>	<u>64</u>	<u>61</u>	<u>3</u>
Parking Authority:				
Personnel service	1	1		1
Contractual services	4	4	3	1
Materials and supplies	2	2		2
Fixed charges	1	1	1	-
Continued appropriations		13	4	9
Total	<u>8</u>	<u>21</u>	<u>8</u>	<u>13</u>
Total public safety	<u>12,850</u>	<u>13,404</u>	<u>13,166</u>	<u>238</u>
Public Works:				
Town Hall:				
Contractual services	43	68	33	35
Materials and supplies	18	18	15	3
Fixed charges	53	53	46	7
Total	<u>114</u>	<u>139</u>	<u>94</u>	<u>45</u>
Town Owned Property:				
Contractual services	10	10	8	2
Fixed charges	10	10	5	5
Continued appropriations		3		3
Total	<u>20</u>	<u>23</u>	<u>13</u>	<u>10</u>
Sylvia Bradley Historical Society:				
Contractual services	6	6	4	2
Fixed charges	13	13	13	-
Continued appropriations		2	2	-
Total	<u>19</u>	<u>21</u>	<u>19</u>	<u>2</u>

(Continued on next page)

TOWN OF SOUTHLINGTON, CONNECTICUT
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
Engineering Department:				
Personnel service	\$ 703	\$ 704	\$ 703	\$ 1
Contractual services	8	6	4	2
Materials and supplies	15	15	10	5
Fixed charges	3	1	1	-
Capital outlay	12	12	12	-
Total	<u>741</u>	<u>738</u>	<u>730</u>	<u>8</u>
Highway Department:				
Personnel service	1,673	1,551	1,518	33
Contractual services	461	429	393	36
Materials and supplies	127	131	96	35
Fixed charges	65	65	61	4
Capital outlay	24	20	19	1
Continued appropriations		3	3	-
Total	<u>2,350</u>	<u>2,199</u>	<u>2,090</u>	<u>109</u>
Snow and Ice Removal:				
Personnel service	115	229	229	-
Contractual services	145	195	182	13
Materials and supplies	350	502	498	4
Total	<u>610</u>	<u>926</u>	<u>909</u>	<u>17</u>
Street Lighting:				
Contractual services	60	62	58	4
Fixed charges	322	322	321	1
Total	<u>382</u>	<u>384</u>	<u>379</u>	<u>5</u>
Tree Maintenance:				
Contractual services	<u>38</u>	<u>38</u>	<u>35</u>	<u>3</u>
Bulky Waste Transfer Station:				
Personnel service	84	79	77	2
Contractual services	147	168	163	5
Materials & Supplies	5	5	5	-
Total	<u>236</u>	<u>252</u>	<u>245</u>	<u>7</u>
Environmental Problems:				
Contractual services	122	137	115	22
Continued appropriations		94	47	47
Total	<u>122</u>	<u>231</u>	<u>162</u>	<u>69</u>

(Continued on next page)

TOWN OF SOUTHTON, CONNECTICUT
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
John Weichsel Municipal Center:				
Contractual services	\$ 235	\$ 235	\$ 229	\$ 6
Materials and supplies	12	12	4	8
Fixed charges	26	26	23	3
Total	<u>273</u>	<u>273</u>	<u>256</u>	<u>17</u>
Total Public Works	<u>4,905</u>	<u>5,224</u>	<u>4,932</u>	<u>292</u>
Health and Welfare:				
Community Services:				
Personnel service	239	239	238	1
Contractual services	20	15	15	-
Materials and supplies	5	5	4	1
Fixed charges	17	17	15	2
Continued appropriations		3	1	2
Total	<u>281</u>	<u>279</u>	<u>273</u>	<u>6</u>
Health Department:				
Fixed charges	<u>333</u>	<u>333</u>	<u>333</u>	<u>-</u>
Mental Health:				
Fixed charges	<u>3</u>	<u>3</u>	<u>3</u>	<u>-</u>
Nonpublic School Nurses:				
Contractual services	<u>65</u>	<u>65</u>	<u>64</u>	<u>1</u>
Total Health and Welfare	<u>682</u>	<u>680</u>	<u>673</u>	<u>7</u>
Human Services:				
Youth Counseling:				
Personnel service	327	327	324	3
Contractual services	2	2	2	-
Materials and supplies	4	3	3	-
Fixed charges	3	2	2	-
Total	<u>336</u>	<u>334</u>	<u>331</u>	<u>3</u>
Commission on the Handicapped:				
Contractual services	7	7	5	2
Materials and supplies	1	1	1	-
Total	<u>8</u>	<u>8</u>	<u>6</u>	<u>2</u>

(Continued on next page)

TOWN OF SOUTHTON, CONNECTICUT
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
Community Assistance:				
Contractual services	\$ 55	\$ 55	\$ 55	\$ -
Calendar House-Senior Citizens:				
Personnel service	408	397	390	7
Contractual services	91	74	61	13
Materials and supplies	21	21	7	14
Fixed charges	3	23	22	1
Continued appropriations		17	17	-
Total	<u>523</u>	<u>532</u>	<u>497</u>	<u>35</u>
Southington Housing Authority:				
Fixed charges	<u>23</u>	<u>23</u>	<u>19</u>	<u>4</u>
Total Human Services	<u>945</u>	<u>952</u>	<u>908</u>	<u>44</u>
Parks and Recreation:				
Parks Department:				
Personnel service	601	616	598	18
Contractual services	146	162	142	20
Materials and supplies	62	63	48	15
Fixed charges	230	230	197	33
Capital outlay	25	25		25
Continued appropriations		215	7	208
Total	<u>1,064</u>	<u>1,311</u>	<u>992</u>	<u>319</u>
Recreation Department:				
Personnel service	285	282	277	5
Contractual services	55	54	50	4
Materials and supplies	20	19	13	6
Fixed charges	<u>10</u>	<u>8</u>	<u>7</u>	<u>1</u>
Total	<u>370</u>	<u>363</u>	<u>347</u>	<u>16</u>
Community Celebrations:				
Fixed charges	<u>4</u>	<u>4</u>	<u>4</u>	<u>-</u>
Organized Recreation:				
Fixed charges	<u>107</u>	<u>107</u>	<u>107</u>	<u>-</u>
Total Parks and Recreation	<u>1,545</u>	<u>1,785</u>	<u>1,450</u>	<u>335</u>

(Continued on next page)

TOWN OF SOUTHTON, CONNECTICUT
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
Library:				
Public Library:				
Personnel service	\$ 1,102	\$ 1,033	\$ 1,011	\$ 22
Contractual services	68	78	73	5
Materials and supplies	160	160	157	3
Fixed charges	72	72	69	3
Capital outlay	57	56	55	1
Continued appropriations		1	1	-
Total	<u>1,459</u>	<u>1,400</u>	<u>1,366</u>	<u>34</u>
Barnes Museum:				
Personnel service	86	85	85	-
Contractual services	11	11	10	1
Materials and supplies	3	3	3	-
Fixed charges	10	11	11	-
Total	<u>110</u>	<u>110</u>	<u>109</u>	<u>1</u>
Total Library	<u>1,569</u>	<u>1,510</u>	<u>1,475</u>	<u>35</u>
Planning and Development:				
Economic Development Commission:				
Personnel service	153	153	152	1
Contractual services	110	95	3	92
Materials and supplies	2	2		2
Fixed charges	4	4	3	1
Total	<u>269</u>	<u>254</u>	<u>158</u>	<u>96</u>
Building Department:				
Personnel service	420	419	415	4
Contractual services	7	4	2	2
Materials and supplies	10	10	6	4
Fixed charges	5	5	5	-
Total	<u>442</u>	<u>438</u>	<u>428</u>	<u>10</u>
Planning and Zoning:				
Personnel service	390	387	385	2
Contractual services	11	11	9	2
Materials and supplies	6	3	3	-
Fixed charges	36	35	34	1
Total	<u>443</u>	<u>436</u>	<u>431</u>	<u>5</u>

(Continued on next page)

TOWN OF SOUTHTON, CONNECTICUT
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
Zoning Board of Appeals:				
Personnel service	\$ 5	\$ 5	\$ 4	\$ 1
Contractual services	8	8	7	1
Materials and supplies	1	1	1	-
Total	<u>14</u>	<u>14</u>	<u>12</u>	<u>2</u>
Conservation Commission:				
Personnel service	4	4	3	1
Contractual services	5	5	3	2
Materials and supplies	2	2		2
Total	<u>11</u>	<u>11</u>	<u>6</u>	<u>5</u>
Total Planning and Development	<u>1,179</u>	<u>1,153</u>	<u>1,035</u>	<u>118</u>
Miscellaneous:				
Land Lease:				
Fixed charges	1	1	1	-
Nonlegal professional services	45	45	1	44
Total Miscellaneous	<u>46</u>	<u>46</u>	<u>2</u>	<u>44</u>
Employee Benefits:				
Medical and group insurance:				
Fixed charges	<u>3,770</u>	<u>3,563</u>	<u>3,409</u>	<u>154</u>
Heart and Hypertension:				
Personnel service	1,287	1,265	1,127	138
Contractual services	27	27	12	15
Total Heart and Hypertension	<u>1,314</u>	<u>1,292</u>	<u>1,139</u>	<u>153</u>
Employee Retirement:				
Municipal:				
Fixed charges	3,877	3,877	3,870	7
Police:				
Fixed charges	226	216	216	-
Unemployment Compensation:				
Fixed charges	30	15	8	7
Total	<u>4,133</u>	<u>4,108</u>	<u>4,094</u>	<u>14</u>

(Continued on next page)

TOWN OF SOUTHTON, CONNECTICUT
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
Accumulated Payout:				
Fixed charges	\$ 200	\$ 435	\$ 305	\$ 130
CFW accumulated payout		48	48	-
Total	<u>200</u>	<u>483</u>	<u>353</u>	<u>130</u>
Tuition Reimbursement:				
Fixed charges	<u>14</u>	<u>14</u>	<u>12</u>	<u>2</u>
Total Employee Benefits	<u>9,431</u>	<u>9,460</u>	<u>9,007</u>	<u>453</u>
Debt Service				
Debt service - principal:				
Town and Sewer	3,675	3,675	3,675	-
Schools	<u>4,228</u>	<u>4,228</u>	<u>4,228</u>	-
Total	<u>7,903</u>	<u>7,903</u>	<u>7,903</u>	-
Debt service - interest:				
Town and Sewer	1,132	1,132	932	200
Schools	<u>1,745</u>	<u>1,745</u>	<u>1,735</u>	<u>10</u>
Total	<u>2,877</u>	<u>2,877</u>	<u>2,667</u>	<u>210</u>
Total Debt Service	<u>10,780</u>	<u>10,780</u>	<u>10,570</u>	<u>210</u>
Board of Education:				
School operations	87,309	93,407	93,220	187
Capital outlay	106	106		106
Continued appropriations		174	9	165
Total Board of Education	<u>87,415</u>	<u>93,687</u>	<u>93,229</u>	<u>458</u>
Contingency	<u>4,335</u>	<u>233</u>		<u>233</u>
Total expenditures	<u>140,347</u>	<u>143,293</u>	<u>140,579</u>	<u>2,714</u>

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TOWN OF SOUTHLINGTON, CONNECTICUT
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
Other Financing Uses:				
Transfers out	\$ <u>3,049</u>	\$ <u>4,869</u>	\$ <u>4,869</u>	\$ <u>-</u>
Total	\$ <u>143,396</u>	\$ <u>148,162</u>	145,448	\$ <u>2,714</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			16,615	
State of Connecticut on-behalf payments to the Connecticut State Teachers' OPEB Retirement System for Town teachers are not budgeted			1,713	
Accrued payroll is reported as expenditure for GAAP purposes			(86)	
Farm Heritage expenditures included in General Fund for GAAP purposes, but separate for budgetary purposes			67	
Prior year contributions to Internal Service Fund			<u>(379)</u>	
Total Expenditures and Other Financing Uses as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds - Exhibit IV			\$ <u>163,378</u>	

TOWN OF SOUTHTON, CONNECTICUT
SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
MUNICIPAL EMPLOYEES RETIREMENT SYSTEM
LAST FOUR FISCAL YEARS*
(In Thousands)

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Town's proportion of the net pension liability	5.97%	5.62%	5.30%	5.67%
Town's proportionate share of the net pension liability	\$ 5,892	10,825	\$ 18,318	\$ 14,070
Town's covered payroll	\$ 28,694	30,111	\$ 30,944	\$ 33,454
Town's proportionate share of the net pension liability as a percentage of its covered payroll	18.53%	35.95%	59.20%	42.06%
Plan fiduciary net position as a percentage of the total pension liability	90.48%	92.72%	88.29%	91.68%

Notes to Schedule

Changes in benefit terms	None
Changes of assumptions	During 2013, rates of mortality, withdrawal, retirement and assumed rates of salary increases were adjusted to reflect actual and anticipated experience. These assumptions were recommended as part of the Experience Study for the System for the five-year period ended June 30, 2012.
Actuarial cost method	Entry age
Amortization method	Level dollar, closed
Remaining amortization period	24 years
Asset valuation method	5-year smoothed market

*Note: This schedule is intended to show information for ten years. Additional information will be added as it becomes available.

TOWN OF SOUTHTON, CONNECTICUT
SCHEDULE OF EMPLOYER CONTRIBUTIONS - MUNICIPAL EMPLOYEES RETIREMENT SYSTEM - GOVERNMENTAL ACTIVITIES
LAST TEN FISCAL YEARS
(In Thousands)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Actuarially determined contribution	\$ 2,439	\$ 2,704	\$ 3,488	\$ 4,096	\$ 4,194	\$ 4,400	\$ 4,592	\$ 4,680	\$ 4,262	\$ 4,576
Contributions in relation to the actuarially determined contribution	2,439	2,704	3,488	4,096	4,194	4,400	4,592	4,680	4,262	4,576
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 25,816	\$ 26,169	\$ 27,006	\$ 27,081	\$ 27,618	\$ 28,694	\$ 30,111	\$ 30,944	\$ 33,454	\$ 34,017
Contributions as a percentage of covered payroll	9.45%	10.33%	12.92%	15.12%	15.19%	15.33%	15.25%	15.12%	12.74%	13.45%

Notes to Schedule

Valuation date: June 30, 2016
Measurement date: June 30, 2017
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	24 years
Asset valuation method	5 years smoothed market (20% write up)
Inflation	3.25%
Salary increases	4.25% - 11%, including inflation
Investment rate of return	8%, net of investment related expense
Changes in assumptions:	In 2013, rates of mortality, withdrawal, retirement and assumed rates of salary increases were adjusted to more closely reflect actual and anticipated experience.

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Actuarially determined contribution	\$ 58	\$ 64	\$ 88	\$ 109	\$ 104	\$ 108	\$ 113	\$ 96	\$ 103	\$ 110
Contributions in relation to the actuarially determined contribution	58	64	88	109	104	108	113	96	103	110
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 825	\$ 852	\$ 930	\$ 940	\$ 884	\$ 901	\$ 940	\$ 845	\$ 886	\$ 935
Contributions as a percentage of covered payroll	7.03%	7.51%	9.46%	11.60%	11.76%	11.99%	12.02%	11.36%	11.63%	11.76%

Notes to Schedule

Valuation date: June 30, 2016

Measurement date: June 30, 2017

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	24 years
Asset valuation method	5 years smoothed market (20% write up)
Inflation	3.25%
Salary increases	4.25% - 11%, including inflation
Investment rate of return	8%, net of investment related expense
Changes in assumptions:	In 2013, rates of mortality, withdrawal, retirement and assumed rates of salary increases were adjusted to more closely reflect actual and anticipated experience.

TOWN OF SOUTHTON, CONNECTICUT
SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHERS RETIREMENT PLAN
LAST FOUR FISCAL YEARS*
(In Thousands)

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Town's proportion of the net pension liability	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	<u>107,078</u>	<u>115,998</u>	<u>151,537</u>	<u>143,636</u>
Total	<u>\$ 107,078</u>	<u>\$ 115,998</u>	<u>\$ 151,537</u>	<u>\$ 143,636</u>
Town's covered payroll	\$ 33,621	\$ 34,262	\$ 34,721	\$ 37,408
Town's proportionate share of the net pension liability as a percentage of its covered payroll	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%

Notes to Schedule

Changes in benefit terms	None
Changes of assumptions	During 2016, rates of withdrawal, disability, retirement, mortality and assumed rates of 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, 2015. During 2011, rates of withdrawal, retirement and assumed rates of salary increases were adjusted to reflect actual and anticipated experience. These assumptions were recommended as part of the Experience Study for the System for the five-year period ended June 30, 2010.
Actuarial cost method	Entry age
Amortization method	Level percent of salary, closed
Remaining amortization period	20.4 years
Asset valuation method	4-year smoothed market
Investment rate of return	8.50%, net of investment related expense

*Note: This schedule is intended to show information for ten years. Additional information will be added as it becomes available.

TOWN OF SOUTHTON, CONNECTICUT
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
LAST FISCAL YEAR*
(In Thousands)

	2018
Total OPEB liability:	
Service cost	\$ 549
Interest	1,416
Differences between expected and actual experience	(250)
Changes of assumptions and other inputs	(1,669)
Benefit payments	<u>(1,113)</u>
Net change in total OPEB liability	(1,067)
Total OPEB liability - beginning	<u>39,542</u>
Total OPEB Liability - Ending	\$ <u><u>38,475</u></u>
Covered payroll	\$ 73,422
Total OPEB liability as a percentage of covered payroll	52.40%

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

TOWN OF SOUTHTON, CONNECTICUT
SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
TEACHERS RETIREMENT PLAN
LAST FISCAL YEAR*
(In Thousands)

	2018
Town's proportion of the net OPEB liability	0.00%
Town's proportionate share of the net OPEB liability	\$ -
State's proportionate share of the net OPEB liability associated with the Town	<u>36,970</u>
Total	<u>\$ 36,970</u>
Town's covered payroll	\$ 37,408
Town's proportionate share of the net OPEB liability as a percentage of its covered payroll	0.00%
Plan fiduciary net position as a percentage of the total OPEB liability	1.79%

Notes to Schedule

Changes in benefit terms	None
Changes of assumptions	<p>The discount rate was increased from 3.01% to 3.56% to reflect the change in the Municipal Bond Index Rate.</p> <p>Changes were made to the assumed initial per capita health care costs, rates of health care inflation used to project the per capita costs, and the rates of Plan participation based upon recent experience and current expectations.</p> <p>As a result of the experience study for the five-year period ended June 30, 2015, the payroll growth rate assumption was decreased from 3.75% to 3.25% to reflect the decrease in the rate of inflation and the decrease in the rate of real wage increase. Last, the salary growth assumption, the payroll growth rate, the rates of withdrawal, the rates of retirement, the rates of mortality, and the rates of disability incidence were adjusted based upon the experience study's findings and their adoption by the Board.</p>
Actuarial cost method	Entry age
Amortization method	Level percent of payroll
Remaining amortization period	30 years, open
Asset valuation method	Market value of assets
Investment rate of return	4.25%, net of investment related expense including price inflation

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



Combining and Individual Fund Statements and Schedules



General Fund

GENERAL FUND

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

TOWN OF SOUTHLINGTON, CONNECTICUT
GENERAL FUND
COMPARATIVE BALANCE SHEET
JUNE 30, 2018 AND 2017
(In Thousands)

	<u>2018</u>	<u>2017</u>
ASSETS		
Cash and cash equivalents	\$ 13,693	\$ 13,734
Investments	13,967	13,884
Property taxes receivable, net of allowance for uncollectible accounts of \$75 in 2018 and \$81 in 2017	2,031	2,199
Due from State of Connecticut	152	182
Accounts receivable	157	36
Inventories	<u>25</u>	<u>36</u>
Total Assets	<u>\$ 30,025</u>	<u>\$ 30,071</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE		
Liabilities:		
Accounts payable and accrued liabilities	\$ 2,944	\$ 3,833
Due to other funds		903
Due to State of Connecticut	<u>363</u>	<u>314</u>
Total liabilities	<u>3,307</u>	<u>5,050</u>
Deferred Inflows of Resources:		
Unavailable revenue - property taxes	1,747	1,953
Advance tax collections	<u>18</u>	<u>61</u>
Total deferred inflows of resources	<u>1,765</u>	<u>2,014</u>
Fund Balance:		
Nonspendable	25	36
Committed		67
Assigned	2,222	2,764
Unassigned	<u>22,706</u>	<u>20,140</u>
Total fund balance	<u>24,953</u>	<u>23,007</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 30,025</u>	<u>\$ 30,071</u>

TOWN OF SOUTHTON, CONNECTICUT
GENERAL FUND
REPORT OF TAX COLLECTOR
FOR THE YEAR ENDED JUNE 30, 2018
(In Thousands)

Grand List	Uncollected Taxes July 1, 2017	Lawful Corrections		Transfers To Suspense	Adjusted Taxes Collectible	Collections			Amount Paid to Treasurer	Credit Balances	Uncollected Taxes June 30, 2018
		Additions	Deductions			Taxes	Interest	Warrants Liens/Fees			
2016	\$ 121,361	\$ 109	\$ 565	\$ 18	\$ 120,887	\$ 120,103	\$ 305	\$ 15	\$ 120,423	\$ 394	\$ 1,178
2015	1,290	9	24	14	1,261	802	183	7	992	14	473
2014	530	2	4	22	506	283	109	2	394	1	224
2013	270	1	2	15	254	139	71	1	211		115
2012	92		1	11	80	36	18		54		44
2011	33		1	7	25	1	3		4		24
2010	23		1	1	21	1	1		2		20
2009	10		1	1	8				-		8
2008	9		1	1	7				-		7
2007	5		1	1	3				-		3
2006	5		1	1	3				-		3
2005	5		1	1	3		1		1		3
2004	3		1		2				-		2
2003	2		1		1				-		1
2002	2		1		1				-		1
	<u>\$ 123,640</u>	<u>\$ 121</u>	<u>\$ 606</u>	<u>\$ 93</u>	<u>\$ 123,062</u>	<u>\$ 121,365</u>	<u>\$ 691</u>	<u>\$ 25</u>	<u>\$ 122,081</u>	<u>\$ 409</u>	<u>\$ 2,106</u>

* Operation of law



Nonmajor Governmental Funds

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

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

Cafeteria

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

Animal Control Fund

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

Federal and State Education Grants

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

Police Auction

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

Refuse

To account for refuse removal funded by charges for services.

Police Special Duty

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

Apple Harvest Festival

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

Police Forfeiture

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

Town Special Revenue

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

Child Development Center

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

Library Trust

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

Excavation Permit

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

Community Services

To account for contributions to Community Services for needy families.

Drive In Theatre

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

Barnes Museum Restoration

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

Recreation Programs

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

Turf Field

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

CDBG SC1513101- Housing Rehabilitation Fund

To account for the Southington Rehabilitation Projects benefiting low and moderate income residents with home improvements funded by the CDBG Grant.

Board of Education Scholarships

To account for income and scholarship expenditures.

Brownfield Fund

To account for the demolition and remediation of the former Beaton and Corbin site at 318 North Main Street for redevelopment as commercial office space. This project is funded through a DECD grant, a Town subsidy and a contribution from the private developer.

Sewer Assessment Fund

To account for proceeds of sewer line assessments used to fund debt service costs related to sewer line extension projects within the Town. The major source of revenue is sewer assessments. The Town issues general obligation debt to fund capital improvements to sewer lines.

Barnes Museum

To account for donations and monies collected through the sale of goods for the benefit of the Barnes Museum.

Debt Service

To account for the financial resources to be used to pay the interest and principal of long-term debt.

Permanent Funds

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

Edna Woodruff

To account for income and education expenditures.

Addin Lewis

To account for income and education expenditures.

Julia Bradley Library

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

TOWN OF SOUTHLINGTON, CONNECTICUT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2018
(In Thousands)

	Special Revenue							
	Cafeteria	Animal Control	Federal and State Education Grants	Police Auction	Refuse	Police Special Duty	Apple Harvest Festival	Police Forfeiture
ASSETS								
Cash and cash equivalents	\$ 510	\$ 71	\$ 347	\$ 7	\$ 160	\$ 635	\$ 184	\$ 34
Investments								
Accounts receivable	189		127		188	165		
Inventories	23							
Total Assets	<u>\$ 722</u>	<u>\$ 71</u>	<u>\$ 474</u>	<u>\$ 7</u>	<u>\$ 348</u>	<u>\$ 800</u>	<u>\$ 184</u>	<u>\$ 34</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES								
Liabilities:								
Accounts payable and accrued liabilities	\$ 7	\$ 23	\$ 60	\$	\$ 322	\$ 10	\$	\$
Unearned revenue	58		365		25			
Other liabilities								
Total liabilities	<u>65</u>	<u>23</u>	<u>425</u>	<u>-</u>	<u>347</u>	<u>10</u>	<u>-</u>	<u>-</u>
Deferred Inflows of Resources:								
Unavailable revenue - special assessments								
Fund Balances:								
Nonspendable	23							
Restricted			49					
Committed	634	48		7	1	790	184	34
Total fund balances	<u>657</u>	<u>48</u>	<u>49</u>	<u>7</u>	<u>1</u>	<u>790</u>	<u>184</u>	<u>34</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 722</u>	<u>\$ 71</u>	<u>\$ 474</u>	<u>\$ 7</u>	<u>\$ 348</u>	<u>\$ 800</u>	<u>\$ 184</u>	<u>\$ 34</u>

(Continued on next page)

TOWN OF SOUTHLINGTON, CONNECTICUT
COMBINING BALANCE SHEET (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2018
(In Thousands)

	Special Revenue						
	Town Special Revenue	Child Development Center	Library Trust	Excavation Permit	Community Services	Drive-In Theatre	Barnes Museum Restoration
ASSETS							
Cash and cash equivalents	\$ 500	\$	\$ 86	\$ 419	\$ 236	\$ 59	\$ 102
Investments							
Accounts receivable							
Inventories							
Total Assets	<u>\$ 500</u>	<u>\$ -</u>	<u>\$ 86</u>	<u>\$ 419</u>	<u>\$ 236</u>	<u>\$ 59</u>	<u>\$ 102</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES							
Liabilities:							
Accounts payable and accrued liabilities	\$ 56	\$	\$	\$ 63	\$ 3	\$ 16	\$
Unearned revenue				63			
Other liabilities				220			
Total liabilities	<u>56</u>	<u>-</u>	<u>-</u>	<u>346</u>	<u>3</u>	<u>16</u>	<u>-</u>
Deferred Inflows of Resources:							
Unavailable revenue - special assessments							
Fund Balances:							
Nonspendable							
Restricted			86				
Committed	444			73	233	43	102
Total fund balances	<u>444</u>	<u>-</u>	<u>86</u>	<u>73</u>	<u>233</u>	<u>43</u>	<u>102</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 500</u>	<u>\$ -</u>	<u>\$ 86</u>	<u>\$ 419</u>	<u>\$ 236</u>	<u>\$ 59</u>	<u>\$ 102</u>

(Continued on next page)

TOWN OF SOUTHTON, CONNECTICUT
COMBINING BALANCE SHEET (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2018
(In Thousands)

	Special Revenue					
	Recreation Programs	Turf Field	CDBG	Brownfield	Board of Education Scholarship	Sewer Assessments Barnes Museum
ASSETS						
Cash and cash equivalents	\$ 183	\$ 162	\$	\$ 104	\$ 479	\$ 607
Investments					118	
Accounts receivable				6		1,230
Inventories						
Total Assets	<u>\$ 183</u>	<u>\$ 162</u>	<u>\$ -</u>	<u>\$ 110</u>	<u>\$ 597</u>	<u>\$ 1,837</u>
						<u>\$ 13</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
Liabilities:						
Accounts payable and accrued liabilities	\$ 1	\$	\$	\$	\$	\$ 14
Unearned revenue						
Other liabilities						
Total liabilities	<u>1</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14</u>
Deferred Inflows of Resources:						
Unavailable revenue - special assessments						1,219
Fund Balances:						
Nonspendable					597	
Restricted						
Committed	182	162		110		604
Total fund balances	<u>182</u>	<u>162</u>	<u>-</u>	<u>110</u>	<u>597</u>	<u>604</u>
						<u>13</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 183</u>	<u>\$ 162</u>	<u>\$ -</u>	<u>\$ 110</u>	<u>\$ 597</u>	<u>\$ 1,837</u>
						<u>\$ 13</u>

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TOWN OF SOUTHTON, CONNECTICUT
COMBINING BALANCE SHEET (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2018
(In Thousands)

	Special Revenue		Permanent Fund				Total Nonmajor Governmental Funds
	Debt Service	Total	Edna Woodruff	Addin Lewis	Julia Bradley Library	Total	
ASSETS							
Cash and cash equivalents	\$ 3,658	\$ 8,556	\$	\$	\$ 1	\$ 1	\$ 8,557
Investments		118	2	7		9	127
Accounts receivable		1,905				-	1,905
Inventories		23				-	23
Total Assets	\$ 3,658	\$ 10,602	\$ 2	\$ 7	\$ 1	\$ 10	\$ 10,612
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES							
Liabilities:							
Accounts payable and accrued liabilities	\$	\$ 575	\$	\$	\$	\$ -	\$ 575
Unearned revenue		486				-	486
Other liabilities		245				-	245
Total liabilities	-	1,306	-	-	-	-	1,306
Deferred Inflows of Resources:							
Unavailable revenue - special assessments		1,219					1,219
Fund Balances:							
Nonspendable		23	2	7	1	10	33
Restricted		732				-	732
Committed	3,658	7,322				-	7,322
Total fund balances	3,658	8,077	2	7	1	10	8,087
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 3,658	\$ 10,602	\$ 2	\$ 7	\$ 1	\$ 10	\$ 10,612

TOWN OF SOUTHTON, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2018
(In Thousands)

	Special Revenue							
	Cafeteria	Animal Control	Federal and State Education Grants	Police Auction	Refuse	Police Special Duty	Apple Harvest Festival	Police Forfeiture
Revenues:								
Contributions	\$	\$	\$	\$	\$	\$	\$ 78	\$
Intergovernmental	821		4,433					
Charges for services	1,142	10			2,096	1,931	196	
Income on investments								
Net increase in fair value of investments								
Total revenues	1,963	10	4,433	-	2,096	1,931	274	-
Expenditures:								
Current:								
General government								
Public safety		227				1,733	54	
Public works					2,103			
Health and welfare								
Human services								
Parks and recreation							206	
Public library								
Education	1,933		4,433					
Debt service								
Total expenditures	1,933	227	4,433	-	2,103	1,733	260	-
Excess (Deficiency) of Revenues over Expenditures	30	(217)	-	-	(7)	198	14	-
Other Financing Sources:								
Transfers in		204						
Transfers out								
Premium on general obligation bonds								
Total other financing sources (uses)	-	204	-	-	-	-	-	-
Net Change in Fund Balances	30	(13)	-	-	(7)	198	14	-
Fund Balances at Beginning of Year	627	61	49	7	8	592	170	34
Fund Balances at End of Year	\$ 657	\$ 48	\$ 49	\$ 7	\$ 1	\$ 790	\$ 184	\$ 34

(Continued on next page)

TOWN OF SOUTHTON, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2018
(In Thousands)

	Special Revenue						
	Town Special Revenue	Child Development Center	Library Trust	Excavation Permit	Community Services	Drive-In Theatre	Barnes Museum Restoration
Revenues:							
Contributions	\$ 15	\$	\$	\$	\$ 76	\$	\$
Intergovernmental	125	365	3				
Charges for services	183		16	76		80	
Income on investments							
Net increase in fair value of investments							
Total revenues	<u>323</u>	<u>365</u>	<u>19</u>	<u>76</u>	<u>76</u>	<u>80</u>	<u>-</u>
Expenditures:							
Current:							
General government	20						
Public safety	65						
Public works	46			69			
Health and welfare	15						
Human services	72				36		
Parks and recreation	24					129	
Public library			19				
Education		365					
Debt service							
Total expenditures	<u>242</u>	<u>365</u>	<u>19</u>	<u>69</u>	<u>36</u>	<u>129</u>	<u>-</u>
Excess (Deficiency) of Revenues over Expenditures	<u>81</u>	<u>-</u>	<u>-</u>	<u>7</u>	<u>40</u>	<u>(49)</u>	<u>-</u>
Other Financing Sources:							
Transfers in	24						
Transfers out							
Premium on general obligation bonds							
Total other financing sources (uses)	<u>24</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	105	-	-	7	40	(49)	-
Fund Balances at Beginning of Year	<u>339</u>	<u>-</u>	<u>86</u>	<u>66</u>	<u>193</u>	<u>92</u>	<u>102</u>
Fund Balances at End of Year	\$ 444	\$ -	\$ 86	\$ 73	\$ 233	\$ 43	\$ 102

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TOWN OF SOUTHLINGTON, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2018
(In Thousands)

	Special Revenue						
	Recreation Programs	Turf Field	CDBG	Brownfield	Board of Education Scholarship	Sewer Assessment	Barnes Museum
Revenues:							
Contributions	\$	\$ 25	\$	\$	\$ 18	\$	\$ 10
Intergovernmental			207	89			
Charges for services	139	14				134	
Income on investments					1	12	
Net increase in fair value of investments							
Total revenues	139	39	207	89	19	146	10
Expenditures:							
Current:							
General government							
Public safety							
Public works				109			
Health and welfare							
Human services			207				
Parks and recreation	112	5					
Public library							16
Education					66		
Debt service						305	
Total expenditures	112	5	207	109	66	305	16
Excess (Deficiency) of Revenues over Expenditures	27	34	-	(20)	(47)	(159)	(6)
Other Financing Sources:							
Transfers in							
Transfers out	(24)						
Premium on general obligation bonds							
Total other financing sources (uses)	(24)	-	-	-	-	-	
Net Change in Fund Balances	3	34	-	(20)	(47)	(159)	(6)
Fund Balances at Beginning of Year	179	128	-	130	644	763	19
Fund Balances at End of Year	\$ 182	\$ 162	\$ -	\$ 110	\$ 597	\$ 604	\$ 13

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TOWN OF SOUTHTON, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2018
(In Thousands)

	Special Revenue		Permanent Funds				Total Nonmajor Governmental Funds
	Debt Service	Total	Edna Woodruff	Addin Lewis	Julia Bradley Library	Total	
Revenues:							
Contributions	\$	222	\$	\$	\$	-	222
Intergovernmental		6,043				-	6,043
Charges for services		6,017				-	6,017
Income on investments		13				-	13
Net increase in fair value of investments		-		1		1	1
Total revenues	-	12,295	-	1	-	1	12,296
Expenditures:							
Current:							
General government		20				-	20
Public safety		2,079				-	2,079
Public works		2,327				-	2,327
Health and welfare		15				-	15
Human services		315				-	315
Parks and recreation		476				-	476
Public library		35				-	35
Education		6,797				-	6,797
Debt service	1,500	1,805				-	1,805
Total expenditures	1,500	13,869	-	-	-	-	13,869
Excess (Deficiency) of Revenues over Expenditures	(1,500)	(1,574)	-	1	-	1	(1,573)
Other Financing Sources:							
Transfers in	776	1,004				-	1,004
Transfers out		(24)				-	(24)
Premium on general obligation bonds	249	249				-	249
Total other financing sources (uses)	1,025	1,229	-	-	-	-	1,229
Net Change in Fund Balances	(475)	(345)	-	1	-	1	(344)
Fund Balances at Beginning of Year	4,133	8,422	2	6	1	9	8,431
Fund Balances at End of Year	\$ 3,658	\$ 8,077	\$ 2	\$ 7	\$ 1	\$ 10	\$ 8,087



Fiduciary Funds

Fiduciary Funds

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

Agency Funds

Student Activity

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

Escrow Deposit

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

C-PACE Program

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

TOWN OF SOUTHTON, CONNECTICUT
AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2018
(In Thousands)

	<u>Balance</u> <u>July 1, 2017</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2018</u>
Student Activity Fund				
Assets:				
Cash and cash equivalents	\$ 537	\$ 1,286	\$ 1,273	\$ 550
Investments	<u>87</u>	<u>39</u>		<u>126</u>
Total Assets	<u>\$ 624</u>	<u>\$ 1,325</u>	<u>\$ 1,273</u>	<u>\$ 676</u>
Liabilities:				
Fiduciary deposits	<u>\$ 624</u>	<u>\$ 1,325</u>	<u>\$ 1,273</u>	<u>\$ 676</u>
Escrow Deposit				
Assets:				
Cash and cash equivalents	<u>\$ 1,858</u>	<u>\$ 280</u>	<u>\$ 534</u>	<u>\$ 1,604</u>
Liabilities:				
Fiduciary deposits	<u>\$ 1,858</u>	<u>\$ 280</u>	<u>\$ 534</u>	<u>\$ 1,604</u>
C-Pace Program				
Assets:				
Cash and cash equivalents	<u>\$ -</u>	<u>\$ 39</u>	<u>\$ 39</u>	<u>\$ -</u>
Liabilities:				
Fiduciary deposits	<u>\$ -</u>	<u>\$ 39</u>	<u>\$ 39</u>	<u>\$ -</u>
Total All Agency Funds				
Assets:				
Cash and cash equivalents	\$ 2,395	\$ 1,605	\$ 1,846	\$ 2,154
Investments	<u>87</u>	<u>39</u>		<u>126</u>
Total Assets	<u>\$ 2,482</u>	<u>\$ 1,644</u>	<u>\$ 1,846</u>	<u>\$ 2,280</u>
Liabilities:				
Fiduciary deposits	<u>\$ 2,482</u>	<u>\$ 1,644</u>	<u>\$ 1,846</u>	<u>\$ 2,280</u>



Statistical Section

Statistical Section Information

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

Contents

Financial Trends

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

Revenue Capacity

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

Debt Capacity

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

Demographic and Economic Information

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

Operating Information

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

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

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

TABLE 1

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

	FISCAL YEAR									
	2018	2017 (3)	2016	2015	2014 (2)	2013	2012	2011	2010	2009
Governmental Activities:										
Net investment in capital assets	\$ 172,521	\$ 161,862	\$ 155,774	\$ 143,966	\$ 145,586	\$ 120,862	\$ 110,992	\$ 104,035	\$ 99,125	\$ 119,767
Restricted	726	758	758	705	712	704	631	1,032	985	1,023
Unrestricted	(19,188)	(11,226)	17,095	11,035	(7,624)	7,352	5,917	6,786	1,814	(22,128)
Total governmental activities net position	154,059	151,394	173,627	155,706	138,674	128,918	117,540	111,853	101,924	98,662
Business-type Activities:										
Net investment in capital assets	48,315	48,572	48,515	45,324	44,622	45,381	46,739	47,450	47,103	44,662
Unrestricted	7,260	5,835	4,333	2,193	1,242	1,740	1,903	1,585	789	483
Total business-type activities net position	55,575	54,407	52,848	47,517	45,864	47,121	48,642	49,035	47,892	45,145
Primary Government:										
Net investment in capital assets	220,836	210,434	204,289	189,290	190,208	166,243	157,731	151,485	146,228	164,429
Restricted	726	758	758	705	712	704	631	1,032	985	1,023
Unrestricted	(11,928)	(5,391)	21,428	13,228	(6,382)	9,092	7,820	8,371	2,603	(21,645)
Total Primary Government Net Position	\$ 209,634	\$ 205,801	\$ 226,475	\$ 203,223	\$ 184,538	\$ 176,039	\$ 166,182	\$ 160,888	\$ 149,816	\$ 143,807

Notes:

(1) Schedule prepared on the accrual basis of accounting. (2) Restated for GASB 68 (3) Restated for GASB 75

TABLE 2

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

	FISCAL YEAR									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Expenses:										
Governmental activities:										
General government	\$ 6,054	\$ 6,157	\$ 3,236	\$ 4,911	\$ 4,166	\$ 4,804	\$ 4,942	\$ 4,176	\$ 4,464	\$ 7,291
Public safety	23,502	20,877	20,184	20,590	19,229	19,122	20,436	18,711	17,749	16,047
Public works	11,659	10,155	15,777	12,828	13,553	10,614	11,082	9,402	9,712	9,836
Health and welfare	790	775	749	804	812	782	777	1,047	940	1,024
Human services	1,592	1,575	1,388	1,699	1,688	1,699	1,667	1,671	1,477	1,579
Parks and recreation	3,506	2,540	2,073	2,468	2,230	2,121	1,808	1,903	1,994	2,218
Public library	2,007	2,033	2,105	2,012	1,983	2,026	2,262	1,844	1,830	1,569
Planning and development	1,460	1,425	1,454	1,399	1,252	1,144	1,210	1,245	1,131	785
Education	125,783	123,630	108,892	109,074	106,788	99,453	99,324	94,128	92,209	89,694
Interest on long-term debt	2,887	3,026	2,830	2,954	2,474	1,958	2,370	1,621	2,060	1,697
Total governmental activities expenses	179,240	172,193	158,688	158,739	154,175	143,723	145,878	135,748	133,566	131,740
Business-type activities:										
Sewer	5,804	6,091	5,162	5,500	5,441	6,099	5,347	4,999	4,849	4,419
Total primary government expenses	185,044	178,284	163,850	164,239	159,616	149,822	151,225	140,747	138,415	136,159
Program revenues:										
Governmental activities:										
Charges for services:										
General government	1,707	1,712	2,269	2,394	1,926	2,133	1,220	1,085	1,332	1,323
Public safety	2,004	1,721	1,887	1,234	1,463	1,297	977	1,250	954	1,318
Public works	2,228	2,085	2,197	2,046	2,099	3,009	3,137	2,442	2,746	2,894
Education	2,358	2,304	2,281	2,139	2,358	2,266	2,060	1,973	1,963	1,972
Other	1,390	1,241	1,362	1,140	1,298	1,193	1,026	968	1,061	1,633
Operating grants and contributions	42,675	43,732	38,290	37,636	38,052	36,136	36,117	33,906	33,301	31,260
Capital grants and contributions	6,270	3,733	5,439	18,417	25,292	4,898	6,031	6,920	8,329	10,897
Total governmental activities program revenues	58,632	56,528	53,725	65,006	72,488	50,932	50,568	48,544	49,686	51,297
Business-type activities:										
Charges for services	5,501	5,913	5,708	5,710	4,359	4,480	4,355	4,297	3,727	3,058
Capital grants and contributions	1,471	1,737	4,761							
Total business activities program revenues	6,972	7,650	10,469	5,710	4,359	4,480	4,355	4,297	3,727	3,058
Total primary government program revenues	65,604	64,178	64,194	70,716	76,847	55,412	54,923	52,841	53,413	54,355
Net expense:										
Governmental activities	(120,608)	(115,665)	(104,963)	(93,733)	(81,687)	(92,791)	(95,310)	(87,204)	(83,880)	(80,443)
Business-type activities	1,168	1,559	5,307	210	(1,082)	(1,619)	(992)	(702)	(1,122)	(1,361)
Total primary government net expense	(119,440)	(114,106)	(99,656)	(93,523)	(82,769)	(94,410)	(96,302)	(87,906)	(85,002)	(81,804)
General revenues and other changes in net position:										
Governmental activities:										
Property taxes	121,341	116,889	112,320	107,729	103,575	102,244	99,471	97,004	92,919	90,440
Grants and contributions not restricted to specific purposes	1,318	2,353	1,509	1,626	1,621	1,766	1,930	1,755	2,201	2,128
Unrestricted investment earnings	1,049	592	521	351	337	257	195	219	278	369
Miscellaneous		236	1,525							
Transfers				(1,250)	(301)	(98)	(599)	(1,845)	(3,689)	(11,981)
Total governmental activities	123,708	120,070	115,875	108,456	105,232	104,169	100,997	97,133	91,709	80,956
Business-Type Activities:										
Grants and contributions				193						
Transfers				1,250	301	98	599	1,845	3,689	11,981
Total business-type activities	-	-	-	1,443	301	98	599	1,845	3,689	11,981
Total primary government	123,708	120,070	115,875	109,899	105,533	104,267	101,596	98,978	95,398	92,937
Changes in net position:										
Governmental activities	3,100	4,405	10,912	14,723	23,545	11,378	5,687	9,929	7,829	513
Business-type activities	1,168	1,559	5,307	1,653	(781)	(1,521)	(393)	1,143	2,567	10,620
Total Primary Government	\$ 4,268	\$ 5,964	\$ 16,219	\$ 16,376	\$ 22,764	\$ 9,857	\$ 5,294	\$ 11,072	\$ 10,396	\$ 11,133

Notes:

(1) Schedule prepared on the accrual basis of accounting

TABLE 3

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

	FISCAL YEAR									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
General Fund:										
Nonspendable	\$ 25	\$ 36	\$ 33	\$ 56	\$ 64	\$ 71	\$ 84	\$ 231	\$	\$
Committed		67	146							
Assigned	2,222	2,764	598	1,250	5,252	1,328	496	1,347		
Unassigned	22,706	20,140	19,738	17,801	16,215	18,487	16,084	13,486		
Reserved									54	426
Unreserved									13,196	12,044
Total General Fund	<u>\$ 24,953</u>	<u>\$ 23,007</u>	<u>\$ 20,515</u>	<u>\$ 19,107</u>	<u>\$ 21,531</u>	<u>\$ 19,886</u>	<u>\$ 16,664</u>	<u>\$ 15,064</u>	<u>\$ 13,250</u>	<u>\$ 12,470</u>
All other governmental funds:										
Nonspendable	\$ 33	\$ 57	\$ 84	\$ 662	\$ 661	\$ 642	\$ 589	\$ 988	\$	\$
Restricted	732	779	783	150	193	165	1,558	1,562		
Committed	10,307	7,595	14,339	9,313	2,985	2,676	2,194	1,909		
Unassigned		(904)			(8,864)					
Reserved									52	44
Unreserved, reported in:										
Special revenue funds									2,299	2,562
Capital projects funds									(21,118)	(9,117)
Permanent funds									878	775
Total All Other Governmental Funds	<u>\$ 11,072</u>	<u>\$ 7,527</u>	<u>\$ 15,206</u>	<u>\$ 10,125</u>	<u>\$ (5,025)</u>	<u>\$ 3,483</u>	<u>\$ 4,341</u>	<u>\$ 4,459</u>	<u>\$ (17,889)</u>	<u>\$ (5,736)</u>

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

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

TABLE 4

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

	FISCAL YEAR									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Revenues:										
Property taxes	\$ 121,792	\$ 117,575	\$ 111,979	\$ 108,052	\$ 103,597	\$ 102,129	\$ 99,615	\$ 97,026	\$ 92,650	\$ 90,440
Intergovernmental	49,757	49,460	44,087	55,298	62,599	40,626	43,377	39,277	41,267	43,615
Charges for services	9,836	9,078	9,322	8,306	8,900	8,618	7,807	7,592	7,724	7,764
Income on investments	1,047	593	520	350	336	256	195	218	305	369
Other revenues	249	430	3,147	2,104	730	1,141	503	504	559	1,423
Total revenues	182,681	177,136	169,055	174,110	176,162	152,770	151,497	144,617	142,505	143,611
Expenditures:										
General government	4,208	4,350	4,553	4,125	3,838	3,672	3,610	3,265	3,037	3,018
Public safety	15,187	14,741	14,210	13,799	13,385	13,303	12,958	12,687	12,589	12,398
Public works	7,260	7,335	7,144	8,880	7,585	7,204	7,552	7,188	7,008	8,341
Health and welfare	688	681	652	706	729	702	713	880	769	720
Human resources	1,224	1,235	1,026	1,371	1,357	1,373	1,338	1,387	1,243	1,498
Parks and recreation	1,919	1,945	2,289	1,900	1,554	1,611	1,505	1,423	1,570	2,071
Public library	1,507	1,550	1,556	1,502	1,488	1,524	1,800	1,472	1,447	1,594
Planning and development	1,036	1,032	1,037	1,009	916	799	857	877	835	841
Miscellaneous					1	14	284	29	77	147
Employee fringe benefits	9,007	9,645	9,519	9,345	8,829	8,497	7,931	8,115	7,584	6,920
Education	117,967	116,927	106,503	102,858	102,618	98,040	95,922	93,163	89,674	84,567
Debt service:										
Principal	12,375	11,668	6,188	5,618	4,110	5,507	6,018	4,649	4,767	4,955
Interest			3,240	2,740	2,740	2,740	2,244	2,352	1,970	1,126
Capital outlay	13,876	11,319	23,050	50,291	55,092	7,980	7,996	7,041	21,444	32,083
Total expenditures	186,254	182,428	180,967	204,144	204,242	152,966	150,728	144,528	154,014	160,279
Excess (deficiency) of revenue over (under) expenditures	(3,573)	(5,292)	(11,912)	(30,034)	(28,080)	(196)	769	89	(11,509)	(16,668)
Other financing sources (uses):										
Refunding bonds issued				12,285	22,705	6,915		8,745		
Premium on refunding bonds				977		468		887		
Payment to refunded bond escrow agent				(13,125)		(7,277)		(9,515)		
Premium on general obligation bonds	249		708	1,514				329		
Premium on BANS				1,459						
Issuance of notes payable								11,068		
Issuance of capital leases		106	493	12,730	720	246	713	614		
Bond proceeds	8,815		17,200	26,920				11,945	136	15,440
Transfers in	5,974	3,029	3,934	6,520	3,579	2,069	3,471	2,895	2,766	2,912
Transfers out	(5,974)	(3,030)	(3,934)	(6,520)	(3,579)	(2,069)	(3,471)	(2,895)	(2,766)	(2,912)
Total other financing sources	9,064	105	18,401	42,760	23,425	352	713	24,073	136	15,440
Net Change in Fund Balances	\$ 5,491	\$ (5,187)	\$ 6,489	\$ 12,726	\$ (4,655)	\$ 156	\$ 1,482	\$ 24,162	\$ (11,373)	\$ (1,228)
Debt Service as a Percentage of Noncapital Expenditures	7.07%	6.82%	6.09%	5.21%	4.51%	5.66%	5.69%	5.01%	4.94%	4.78%

Notes:

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

TABLE 5

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

Fiscal Year	Grand List October 1,	Real Property			Personal Property	Motor Vehicle	Less Tax Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value As a Percentage of Actual Taxable Value
		Residential	Commercial	Industrial							
2018	2016	\$ 2,858,882	\$ 471,482	\$ 75,008	\$ 274,374	\$ 382,027	\$ 115,956	\$ 3,945,817	30.48	\$ 5,636,881	70%
2017	2015	2,831,638	471,552	74,021	261,499	378,093	114,693	3,902,110	29.64	5,574,443	70%
2016	2014	2,796,733	435,085	75,121	251,893	371,506	101,621	3,828,717	29.14	5,469,596	70%
2015	2013	2,759,577	442,336	75,308	232,433	362,332	98,209	3,773,777	28.36	5,391,110	70%
2014	2012	2,734,920	431,662	75,335	225,953	349,378	85,603	3,731,645	27.46	5,330,921	70%
2013	2011	2,721,148	432,388	75,052	217,863	347,989	79,573	3,714,867	27.48	5,306,953	70%
2012	2010	3,027,300	473,444	110,686	204,328	325,954	78,495	4,063,217	24.28	5,804,596	70%
2011	2009	3,001,720	468,372	109,734	200,816	312,881	77,368	4,016,155	24.02	5,737,364	70%
2010	2008	2,979,855	458,561	106,722	195,134	304,191	79,443	3,965,020	23.27	5,664,314	70%
2009	2007	2,955,185	439,931	105,021	186,024	319,488	85,934	3,919,715	23.02	5,599,593	70%

Source: Town of Southington Office of Tax Assessor

Notes:

(1) There is no overlapping taxable property.

(2) Does not include supplemental motor vehicle taxes.

TABLE 6

TOWN OF SOUTHLINGTON, CONNECTICUT
PRINCIPAL PROPERTY TAX PAYERS
2018 AND 2009
(In Thousands)

Taxpayer	2018			2009		
	Taxable Assessed Value	Rank	Percentage of Total Town Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Town Taxable Assessed Value
Eversource (Connecticut Light & Power Co.)	\$ 87,415	1	2.22%	\$ 46,777	1	1.19%
Yankee Gas	21,264	2	0.54%	11,734	5	0.30%
45 Newell Street (Yarde Metals)	16,331	3	0.41%			
Home Depot (2 locations)	15,527	4	0.39%			
RK Southington LLC (Galileo Queens Plaza LLC)	11,744	5	0.30%	15,453	3	0.39%
Southington Route 10 Associates	11,383	6	0.29%			
Target Corporation	10,787	7	0.27%			
Execsouth LLC (Lowes Home Improvement)	10,064	8	0.26%			
Olson Murial et al (Wal-Mart Plaza)	9,318	9	0.24%			
Twinco Corp (BJs)	8,787	10	0.22%			
Lexington Southington LP (formerly Lepercq Corp.)				19,868	2	0.51%
Medex Inc (formerly Johnson & Johnson)				14,402	4	0.37%
Hartconn Corporation				10,545	7	0.27%
Widewaters (Home Depot)				10,850	6	0.28%
Alzheimers Resource Center				9,594	8	0.24%
Olsen Herbert R ET AL				9,493	9	0.24%
Southington Plaza Assoc Ltd Partnership				8,260	10	0.21%
Total	\$ 202,620		5.14%	\$ 156,976		4.00%

Net Taxable Grand List 10/01/2016 of \$3,945,817

Net Taxable Grand List 10/01/2007 of \$3,919,715

(in thousands)

Source: Town of Southington, Office of Tax Assessor

TABLE 7

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

Fiscal Year Ended June 30,	Grand List October 1,	Tax Rate In Mills	Taxes Levied For The Fiscal Year	Adjustments	Total Adjusted Levy	Collected Within the Fiscal Year of Levy		Collections In Subsequent Years	Total Collections to Date	
						Amount	Percentage of Levy		Amount	Percentage of Adjusted Levy
2018	2016	30.48	\$ 120,887	\$	\$ 120,887	\$ 119,709	99.03 %	\$	\$ 119,709	99.03 %
2017	2015	29.64	116,198	28	116,170	114,908	98.89	788	115,696	99.59
2016	2014	29.14	111,851	53	111,798	110,580	98.86	995	111,575	99.80
2015	2013	28.36	107,104	82	107,022	105,860	98.84	1,047	106,907	99.89
2014	2012	27.46	102,717	123	102,594	101,433	98.75	1,116	102,549	99.96
2013	2011	27.48	101,940	115	101,825	100,471	98.56	1,330	101,801	99.98
2012	2010	24.28	98,794	118	98,676	97,457	98.65	1,199	98,656	99.98
2011	2009	24.02	96,374	83	96,291	95,119	98.70	1,164	96,283	99.99
2010	2008	23.27	92,337	126	92,211	90,995	98.55	1,210	92,205	99.99
2009	2007	23.02	90,298	117	90,181	88,887	98.44	1,291	90,178	100.00

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

TABLE 8

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

Fiscal Year	Governmental Activities					Bonded Debt Percentage of Actual Taxable Value	Total Debt Percentage of Actual Taxable Value	Percentage of Personal Income	Bonded Debt Per Capita	Total Debt Per Capita
	General Obligation Bonds	Unamortized Bond Premium	Clean Water Fund Loan	Capital Leases	Total Primary Government					
2018	\$ 95,040	\$ 3,819	\$ 6,822	\$ 11,525	\$ 117,206	1.87 %	2.08 %	6.36 %	\$ 2,322	\$ 2,672
2017	94,775	3,935	7,390	12,338	118,438	1.90	2.12	6.60	2,339	2,711
2016	102,355	4,300	7,957	13,258	127,870	2.10	2.34	7.40	2,518	2,918
2015	90,860	4,404	8,526	13,597	117,387	1.93	2.18	6.80	2,268	2,679
2014	69,295	1,594	9,094	1,120	81,103	1.50	1.52	4.90	1,795	1,858
2013	51,054	1,758	9,662	869	63,343	1.18	1.19	4.09	1,398	1,458
2012	56,410	1,439	10,231	1,094	69,174	1.17	1.19	4.50	1,605	1,605
2011	61,665	1,566	11,068	614	74,913	1.30	1.31	4.83	1,737	1,737
2010	55,166	743			55,909	0.99	0.99	3.65	1,314	1,314
2009	59,584			137	59,721	1.06	1.07	4.35	1,414	1,414

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

Note 1: In no case shall total indebtedness exceed seven times annual receipts from taxation of \$821.9 million.

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

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

TABLE 10

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

	FISCAL YEAR									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Debt limitation	\$ 821,905	\$ 821,905	\$ 784,448	\$ 756,147	\$ 724,535	\$ 715,554	\$ 696,332	\$ 678,741	\$ 649,404	\$ 631,918
Total net debt applicable to limit	<u>151,247</u>	<u>158,990</u>	<u>141,415</u>	<u>137,996</u>	<u>140,068</u>	<u>162,542</u>	<u>156,679</u>	<u>77,495</u>	<u>83,766</u>	<u>92,150</u>
Legal Debt Margin	<u>\$ 670,658</u>	<u>\$ 662,915</u>	<u>\$ 643,033</u>	<u>\$ 618,151</u>	<u>\$ 584,467</u>	<u>\$ 553,012</u>	<u>\$ 539,653</u>	<u>\$ 601,246</u>	<u>\$ 565,638</u>	<u>\$ 539,768</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	<u>18.40%</u>	<u>19.34%</u>	<u>18.03%</u>	<u>18.25%</u>	<u>19.33%</u>	<u>22.72%</u>	<u>22.50%</u>	<u>11.42%</u>	<u>12.90%</u>	<u>14.58%</u>

Source: Comprehensive Annual Financial Report - Schedule of Debt Limitation

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

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

Calendar Year	Population (1)	Per Capita Income (2)	Personal Income (3)	Median Age (4)	Public School Enrollment (5)	Unemployment Rate (6)
2018	43,863	\$ 42,029	\$ 1,843,518,027	45.0	6,461	3.90 %
2017	43,685	41,087	1,794,885,595	45.0	6,540	4.00
2016	43,817	39,430	1,727,704,310	45.0	6,544	4.20
2015	43,815	39,373	1,725,127,995	44.0	6,589	4.60
2014	43,661	37,876	1,653,704,036	44.0	6,666	5.50
2013	43,434	35,628	1,547,466,552	44.0	6,693	6.40
2012	43,103	35,628	1,535,673,684	40.0	6,779	7.10
2011	43,130	35,956	1,550,782,280	42.0	6,828	7.40
2010	42,534	36,018	1,531,989,612	42.0	6,844	8.00
2009	42,250	32,517	1,373,843,250	42.0	6,904	7.10

Source:

- (1) State of Connecticut Department of Public Health as of July 1st of Prior Year.
- (2) U.S. Census Bureau, 2017 American Community Survey 1-Year Estimates.
- (3) Personal Income = Population times Per Capita Personal Income.
- (4) Connecticut Economic Resource Center (CERC), Town Profiles
- (5) Town of Southington, Board of Education.
- (6) State of Connecticut Department of Labor website Annual Averages. For 2018, June 2018 is utilized as an estimate. Next year it will be replaced with the Annual Average.

TABLE 12

**TOWN OF SOUTHLINGTON, CONNECTICUT
PRINCIPAL EMPLOYERS
2018 AND 2009**

Employer	Nature of Business	2018			2009		
		Employees	Rank	Percentage of Total Town Employment	Employees	Rank	Percentage of Total Town Employment
Town of Southington	Municipality	1,324	1	5.35%	1,202	2	4.88%
Hartford Health Care	Health Care	840	2	3.39%	738	3, 5	2.99%
Webster Bank	Financial Services	558	3	2.26%			
Southington YMCA	Health Care	530	4	2.14%			
Connecticut On-Line Computer Company	IT	396	5	1.60%			
Yarde Metals	Manufacturing	390	6	1.58%	381	4	1.55%
Smith's Medical (Medex)	Manufacturing	295	7	1.19%	282	6	1.14%
Wal-Mart	Retail Chain	207	8	0.84%	213	9	0.86%
Aqua Turf	Banquet/Food Services	200	9	0.81%			
3PL Worldwide	Fulfillment Center	180	10	0.73%			
The Home Depot	Retail Chain				222	7	0.90%
Hartford Insurance Group	Insurance				1,700	1	6.90%
Southington Care Center	Health Care Practice				309	5	1.25%
Price Chopper	Retail Chain				222	8	0.90%
Stop & Shop	Retail Chain				172	10	0.70%
Total		<u>4,920</u>		<u>19.88%</u>	<u>5,441</u>		<u>22.07%</u>

FY 2009 Labor Force 24,648

FY 2018 Labor Force 24,743

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

TABLE 13

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

Function/Program	Fiscal Year Ended									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
General government	65	65	65	65	64	60	53	58	58	57
Police	87	87	85	85	82	85	84	85	85	85
Fire	34	34	34	34	34	33	33	33	33	33
Public works	25	25	25	26	26	26	34	35	35	37
Parks and recreation	11	12	12	12	12	12	12	11	11	13
Library and Barnes	20	20	20	20	20	20	20	20	20	19
Education ⁽¹⁾	1,070	1,056	1,040	1,033	995	942	955	939	931	904
Animal Control	2	2	2	2	2	2	2	2	2	2
Sewer plant and office	13	13	13	9	12	12	12	13	13	12
Total	<u>1,327</u>	<u>1,314</u>	<u>1,296</u>	<u>1,285</u>	<u>1,246</u>	<u>1,192</u>	<u>1,205</u>	<u>1,196</u>	<u>1,188</u>	<u>1,162</u>

Notes:

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

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

TABLE 14

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

Function\Program	FISCAL YEAR									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
General government:										
Building permits issued	1,327	1,016	1,392	1,301	1,162	1,340	1,424	1,284	1,210	1,181
Police:										
Physical arrests	843	779	857	1,082	932	1,012	903	993	1,000	971
Parking violations	558	477	209	246	172	376	342	409	867	1,123
Traffic violations	8,024	5,859	4,680	5,611	6,963	6,491	8,264	9,972	10,791	9,014
Fire:										
Emergency responses/Fire calls	2,311	2,207	1,996	2,154	1,942	1,929	2,213	2,284	1,808	1,911
Inspections	526	509	552	593	502	528		2,684	2,592	2,805
Refuse collection:										
Average refuse collected (tons per day)	139	130	132	124	128	118	115	121	121	131
Average recyclables collected (tons per day)	15	16	14	13	12	13	13	14	13	11
Other public works:										
Street resurfacing (miles)	16	7	18	14	8	2	3	4	3	4
Library:										
Total volumes loaned/Combined lending	336,427	323,093	389,811	421,881	482,528	756,993	753,021	701,854	708,039	651,120
Water:										
New connections	107	84	69	102	83	85	116	74	84	112
Average daily consumption (thousands of gallons)	3,500	3,837	4,053	3,775	3,752	3,802	3,829	3,853	3,559	3,929
Wastewater:										
Average daily sewage treatment (thousands of gallons)	4,790	4,800	4,790	4,725	4,670	4,530	5,080	4,070	5,000	5,030

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

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

TABLE 15

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

Function/Program	FISCAL YEAR									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	24	23	22	22	22	22	22	22	22	23
Fire stations	4	4	4	4	4	4	4	4	4	4
Other public works:										
Streets (miles)	204	203	203	202	201	199	199	198	198	197
Streetlights	3875	3870	3,866	3,865	3,796	3,711	4,228	4,201	4,173	4,011
Traffic signals	10	10	10	10	9	9	6	6	6	6
Parks and recreation:										
Acreage	351	351	351	351	351	351	351	351	351	351
Parks	10	10	10	10	10	10	10	10	10	10
Swimming Pools	2	2	2	2	2	2	2	2	2	2
Tennis Courts	10	10	10	10	10	10	10	10	10	10
Water:										
Water mains (miles)	202	201	200	200	200	199	199	196	196	195
Fire hydrants	1,481	1,451	1,426	1,425	1,416	1,420	1,405	1,384	1,358	1,345
Storage capacity (thousands of gallons)	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000
Wastewater:										
Storm sewers (miles)	143	142	142	141	141	140	139	139	138	138
Treatment capacity (thousands of gallons)	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500

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