

**TOWN OF SOUTHLINGTON,
CONNECTICUT**



**COMPREHENSIVE
ANNUAL FINANCIAL REPORT**

FISCAL YEAR ENDED JUNE 30, 2017

Comprehensive Annual Financial Report

of the

Town Of Southington Connecticut

Fiscal Year Ended June 30, 2017

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, 2017

Town Council

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

Dawn A. Miceli
Christopher J. Palmieri
Edward S. Pocock, III
Victoria Triano

Town Manager

Garry Brumback

Administration

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

Brian Lastra
Mark Sciota
John Smigel
Louis Perillo
Keith Hayden
Annette Turnquist
Emilia Portelinha
Eric Heath
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
James W. Coleman, Sr
John P. Moise

Board of Education

Brian S. Goralski, Chairperson
Terri Carmody, Vice Chairperson
Colleen W. Clark, Secretary
David J. Derynoski
Robert S. Brown

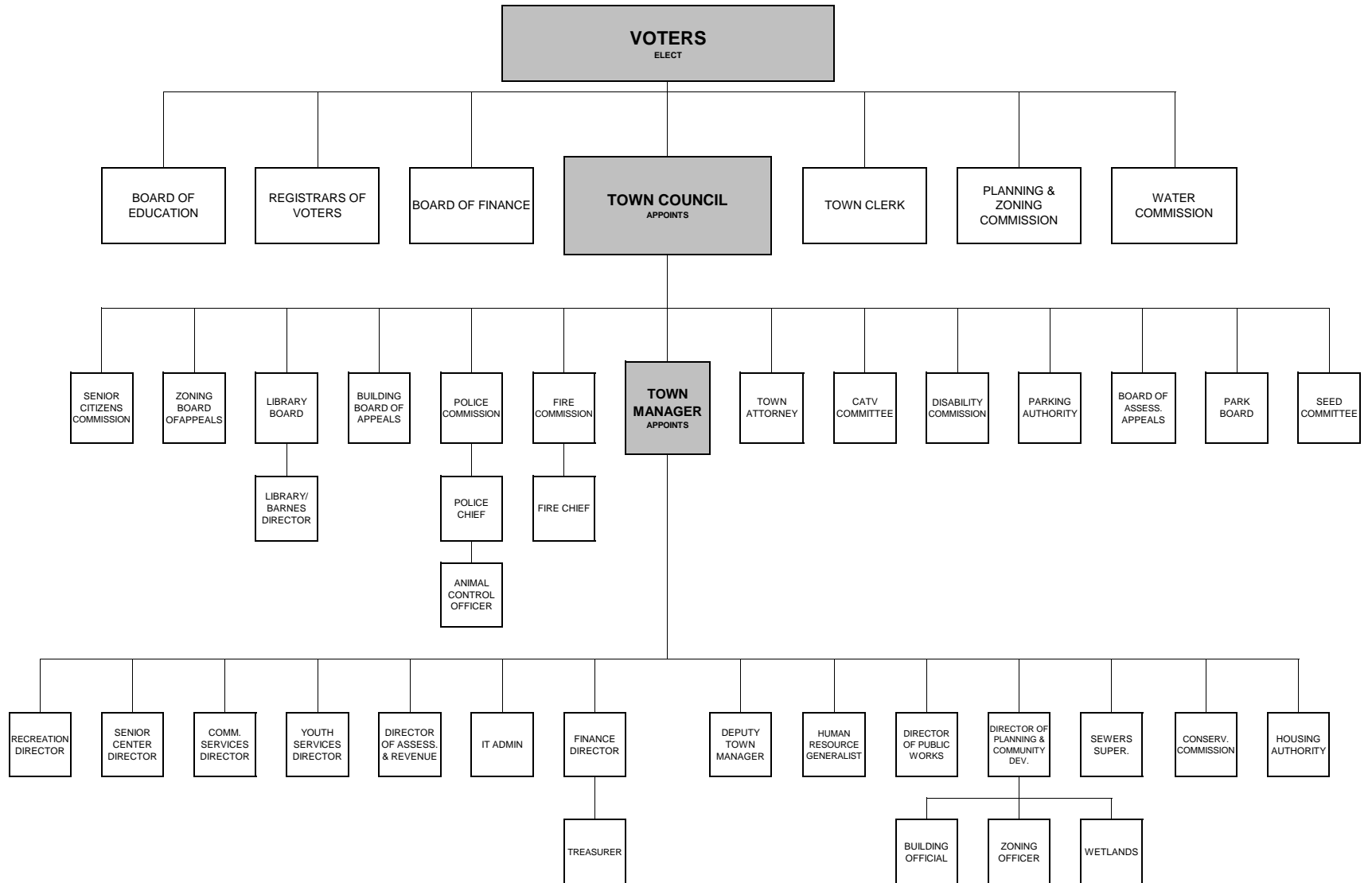
Juanita Champagne
Terry G. Lombardi
Zaya G. Oshana, Jr.
Patricia A. Queen

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, 2016

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, 2017

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, 2017.

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, 2017 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, 2017 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 43,685 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 \$62.12 per ton on a minimum required 14,452 tons for fiscal year 2017 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, 2015 Net Taxable Grand list of \$3.9 billion is an increase of \$73.4 million or 1.92% 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 5.10% of the October 1, 2015 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 2016-2017. The effects of this growth will be experienced within the next several years.

The Town of Southington continues to gain strength and capitalize on the diversity with various sectors of the local economy. While the residential sector continues to grow, the Town's commercial and industrial sectors continue to balance that growth expanding upon previous years' gains.

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. The professional office park now has a workforce of over 1,300 people employed in the three buildings. With nine new companies occupying these buildings, the opportunity for future growth looks promising. Further absorption was achieved with 3PL Worldwide occupying 140,000 square feet 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 by the end of 2017.

The Town is embracing a new Land Bank initiative never before seen within Connecticut pertaining to brownfield remediation. Working with the Department of Economic and Community Development (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 square foot professional office building, which may generate tax revenue of \$40,000 annually.

The Town Council, being proactive with business attraction efforts, was successful with the application of a brewery and distillery tax abatement. This tool attracted three breweries and one distillery to Southington. Witch Doctor Brewing and The Kinsmen Brewing Company opened in the second quarter of 2017 and Skygazer Brewing Company broke ground on its new facility expecting to open in the first quarter of 2018.

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

- 3PL Worldwide – 120 employees occupying 140,000 sf at former Pratt facility
- Stanley Black & Decker – 200 employees to the second and third floors of 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, Chip's Restaurant, Executive Blvd
- 125 room Courtyard Marriott on West Street
- O'Reilly's Auto Parts – 7,735 sf Queen Street
- Hartford Healthcare - 42,000 sf medical center Queen Street
- Ductworks' completion of 16,200 sf addition on Spring St
- FK Bearing's 8,600 sf addition completed on West Queen
- CV Tool's 15,000 sf addition on Robert Porter Drive

- ProCaire's 9,775 sf new building on Triano Drive
- 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 ground breaking along with other planned retail facilities for Queen Street.

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, 2017, the Town has a 12.4% Unassigned Fund Balance a decrease of 0.7% from last year's 13.1%.

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 2016-2017 budget. The Board of Finance and Town Council, however, did decide to use Fund Balance for one-time use.

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

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

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.

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

- Total Direct Indebtedness shall not exceed 3% of full market valuation (equalized grand list). As of June 30, 2017, total direct indebtedness is 1.9 %.
- Total Direct Service shall be below 9.5% of general fund expenditures. As of June 30, 2017 total debt service as a percentage of general fund expenditures is 5.9%.
- All general obligation debt shall be structured to retire at least 25% in five years and 70% within 10 years. With the general obligation new bond issue of January 2016, the Town structured the debt so that 40.3% of total debt would be retired in 5 years and 69.6% would be retired in 10 years.

Contingency Planning Policy. The Town shall require sufficient contingency fund levels to avoid the use of undesignated fund balance. Contingency shall not exceed 1.125% of previous fiscal year budgeted expenditures. The Town approved the contingency account for fiscal year 2017-2018 Budget at \$1.3 million for salary increase contingency 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, 2017. The low and high earnings rate on investments was 0.40% and 2.35%, respectively. Investment income for the General Fund generated \$561 thousand which represents approximately .14 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 2017-18 Five Year CIP includes various road, bridge, and sewer projects as well as major equipment purchases totaling \$115.3 million for the five-year period beginning with fiscal year 2017-18 and ending with fiscal year 2021-22. \$57.1 million of this amount is estimated for the Water Pollution Control Facilities upgrade currently slated for construction in year 2017-18 of the CIP.

Included in the Five Year CIP is a recommended Annual Capital Expenditure Budget for the current fiscal year. The 2017-18 Annual Capital Expenditure Budget approved by the Town Council, and citizen referendum when required, totaled \$8.8 million and included twenty-one 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, 2016. This was the twenty-sixth 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,



Emilia C. Portelinha
Director of Finance

Financial Section



Accounting | Tax | Business Consulting

Independent Auditors' Report

To the Board of Finance
Town of Southington, Connecticut

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, 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, 2017, 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, 2017 and the respective changes in financial position and, where applicable, cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 16, the budgetary comparison information on pages 60 through 72 and the pension schedules on pages 73 through 76 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

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

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of the Town of Southington, Connecticut, as of and for the year ended June 30, 2016 (not presented herein), and have issued our report thereon dated December 23, 2016, which contained unmodified opinions on the respective financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information. The accompanying General Fund balance sheet as of June 30, 2016 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 2016 financial statements. The accompanying General Fund balance sheet has been subjected to the auditing procedures applied in the audit of the 2016 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, 2016.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2017 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, 2017

**TOWN OF SOUTHTON, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2017**

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, 2017. 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 \$232.4 million. Total net position for governmental activities at fiscal year-end were \$178.0 million and total net position for business-type activities were \$54.4 million.
- On a government-wide basis, during the year, the Town's net position increased by \$6.0 million or 2.6% from \$226.5 million to \$232.4 million. Net position increased by \$4.4 million for governmental activities and increased by \$1.6 million for business-type activities. Governmental activities expenses and transfers out were \$172.2 million, while revenues were \$176.6 million.
- At the close of the year, the Town's governmental funds reported, on a current financial resource basis, combined ending fund balances of \$30.5 million, a decrease of \$5.2 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 \$23.0 million, an increase of \$2.5 million from the prior fiscal year. Of the total fund balance \$20.1 million represents unassigned fund balance. The unassigned General Fund balance at year-end represents 12.4% of total General Fund revenues (\$161.9 million), a decrease of 0.7% from last year.
- The tax collection rate was 98.89% of the current levy, slightly higher than last year's rate of 98.86%.

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 31 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund and the Capital Projects Fund which are considered to be major funds. Data from the other 29 governmental funds are combined into a single, aggregated presentation as other non-major governmental funds.

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

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

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

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

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

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to provide services to the Town's constituency. The Town has three agency funds: the Student Activity Fund, the Escrow Deposit Fund and the C-Pace Program Fund. The accounting used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund financial statements can be found on Exhibit VIII.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 27 through 59 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 73 through 76 of this report.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position and an important determinant of its ability to finance services in the future. The Town's total assets exceeded liabilities by \$232.4 million on June 30, 2017. Governmental activities assets exceeded liabilities by \$178.0 million.

Business-type activities assets exceeded liabilities by \$54.4 million.

TABLE 1
NET POSITION
In Thousands

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Current and other assets	\$ 63,366	\$ 67,347	\$ 6,672	\$ 5,017	\$ 70,038	\$ 72,364
Capital assets, net of accumulated depreciation	286,851	288,152	48,572	48,515	335,423	336,667
Total assets	<u>350,217</u>	<u>355,499</u>	<u>55,244</u>	<u>53,532</u>	<u>405,461</u>	<u>409,031</u>
Deferred outflows of resources	<u>16,089</u>	<u>6,733</u>	<u>320</u>	<u>139</u>	<u>16,409</u>	<u>6,872</u>
Long-term debt outstanding	169,941	171,696	697	556	170,638	172,252
Other liabilities	18,023	16,860	409	267	18,432	17,127
Total liabilities	<u>187,964</u>	<u>188,556</u>	<u>1,106</u>	<u>823</u>	<u>189,070</u>	<u>189,379</u>
Deferred inflows of resources	<u>310</u>	<u>49</u>	<u>51</u>		<u>361</u>	<u>49</u>
Net Position:						
Net Investment in capital assets	161,862	155,774	48,572	48,515	210,434	204,289
Restricted	114	114			114	114
Unrestricted	<u>16,056</u>	<u>17,739</u>	<u>5,835</u>	<u>4,333</u>	<u>21,891</u>	<u>22,072</u>
Total Net Position	<u>\$ 178,032</u>	<u>\$ 173,627</u>	<u>\$ 54,407</u>	<u>\$ 52,848</u>	<u>\$ 232,439</u>	<u>\$ 226,475</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**

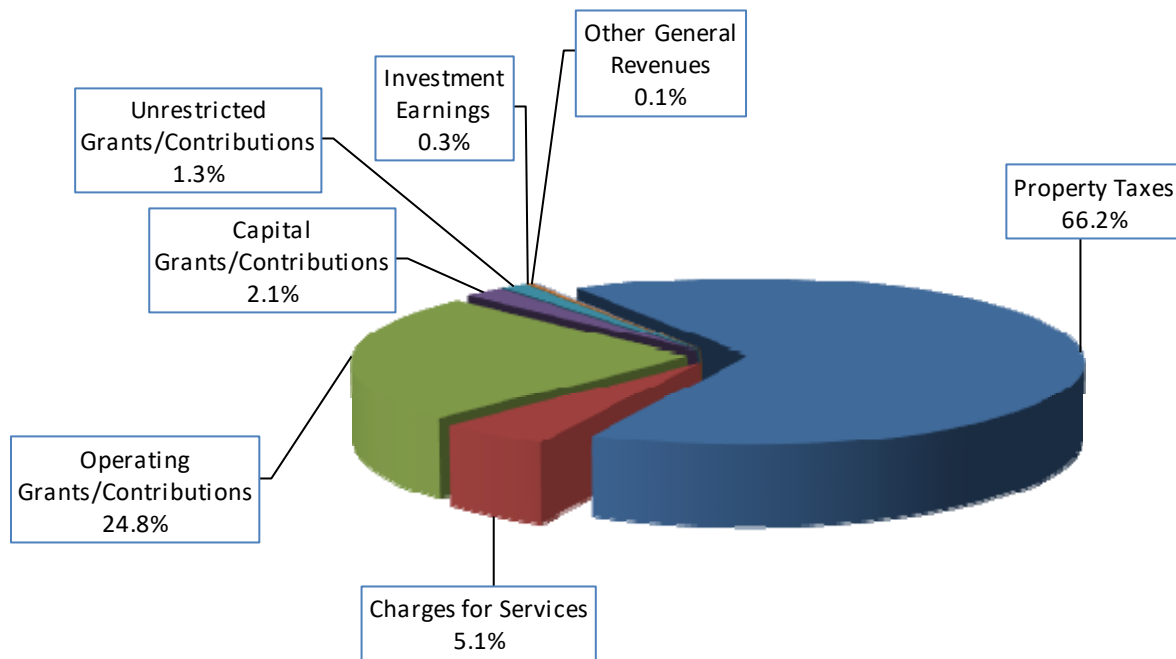
	Governmental Activities		Business-Type Activities		Totals	
	2017	2016	2017	2016	2017	2016
Revenues:						
Program revenues:						
Charges for services	\$ 9,063	\$ 9,996	\$ 5,913	\$ 5,708	\$ 14,976	\$ 15,704
Operating grants and contributions	43,732	38,290			43,732	38,290
Capital grants and contributions	3,733	5,439	1,737	4,761	5,470	10,200
General revenues:						
Property taxes	116,889	112,320			116,889	112,320
Grants and contributions not restricted to specific purposes	2,353	1,509			2,353	1,509
Unrestricted investment earnings	592	521			592	521
Other general revenue	236	1,525			236	1,525
Total revenues	<u>176,598</u>	<u>169,600</u>	<u>7,650</u>	<u>10,469</u>	<u>184,248</u>	<u>180,069</u>
Program expenses:						
General government	6,157	3,236			6,157	3,236
Public safety	20,877	20,184			20,877	20,184
Public works	10,155	15,777			10,155	15,777
Health and welfare	775	749			775	749
Human services	1,575	1,388			1,575	1,388
Parks and recreation	2,540	2,073			2,540	2,073
Public library	2,033	2,105			2,033	2,105
Planning and development	1,425	1,454			1,425	1,454
Education	123,630	108,892			123,630	108,892
Interest on long-term debt	3,026	2,830			3,026	2,830
Sewer			6,091	5,162	6,091	5,162
Total program expenses	<u>172,193</u>	<u>158,688</u>	<u>6,091</u>	<u>5,162</u>	<u>178,284</u>	<u>163,850</u>
Increase (Decrease) in Net Position	4,405	10,912	1,559	5,307	5,964	16,219
Net Position - Beginning of Year	<u>173,627</u>	<u>162,715</u>	<u>52,848</u>	<u>47,541</u>	<u>226,475</u>	<u>210,256</u>
Net Position - End of Year	<u>\$ 178,032</u>	<u>\$ 173,627</u>	<u>\$ 54,407</u>	<u>\$ 52,848</u>	<u>\$ 232,439</u>	<u>\$ 226,475</u>

The Town's net position increased by \$6.0 million during the fiscal year, with net position of governmental activities increasing \$4.4 million and business-type activities increasing by \$1.6 million. The total cost of all programs and services was \$178.2 million. Our analysis below separately considers the operations of governmental and business-type activities.

Governmental Activities

Approximately 66.2% of the revenues were derived from property taxes, followed by 24.8% from operating grants and contributions, 5.1% from charges for services, 2.1% from capital grants and contributions, 1.3% from unrestricted grants and contributions, 0.4% from investment earnings and, 0.1% from miscellaneous revenue.

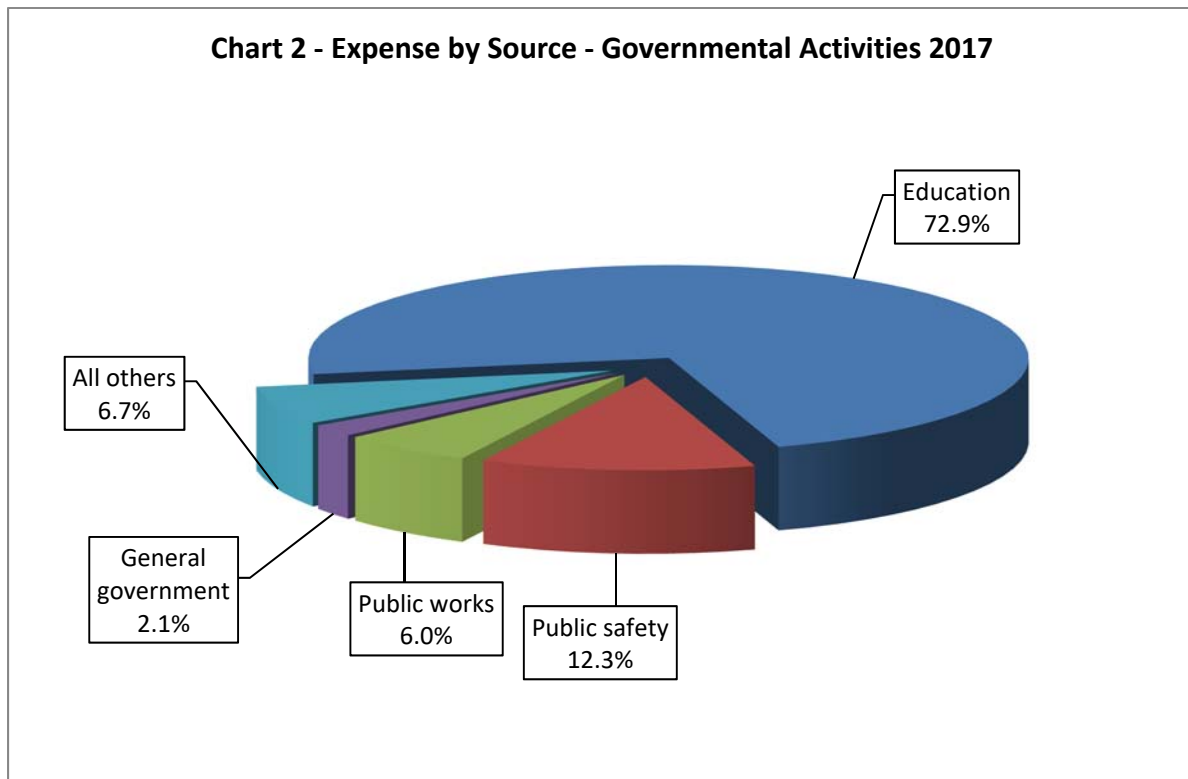
Chart 1 - Revenues by Source - Governmental Activities 2017



Major revenue factors include:

- Property tax revenue increased by \$4.6 million or 4.1% over last year. The increase is attributable to a 1.92% increase in the grand list (\$73.4 million), an increase in the mill rate from 29.14 to 29.64 or 0.50, and an increase in prior year's tax collections and interest on taxes.
- Operating Grants and Contributions increased by \$5.4 million or 14.2% from \$38.3 in fiscal year 2016 to \$43.7 million in fiscal year 2017. The major factor is the \$7.2 million increase in the State of Connecticut's on behalf payments to the Connecticut State Teacher's Retirement System for Town Teachers.
- Capital Grants and Contributions decreased by \$1.7 million from \$5.4 million in fiscal year 2016 to \$3.7 million in fiscal year 2017. This decrease is due to less school construction grants received in fiscal year 2017 than in fiscal year 2016.

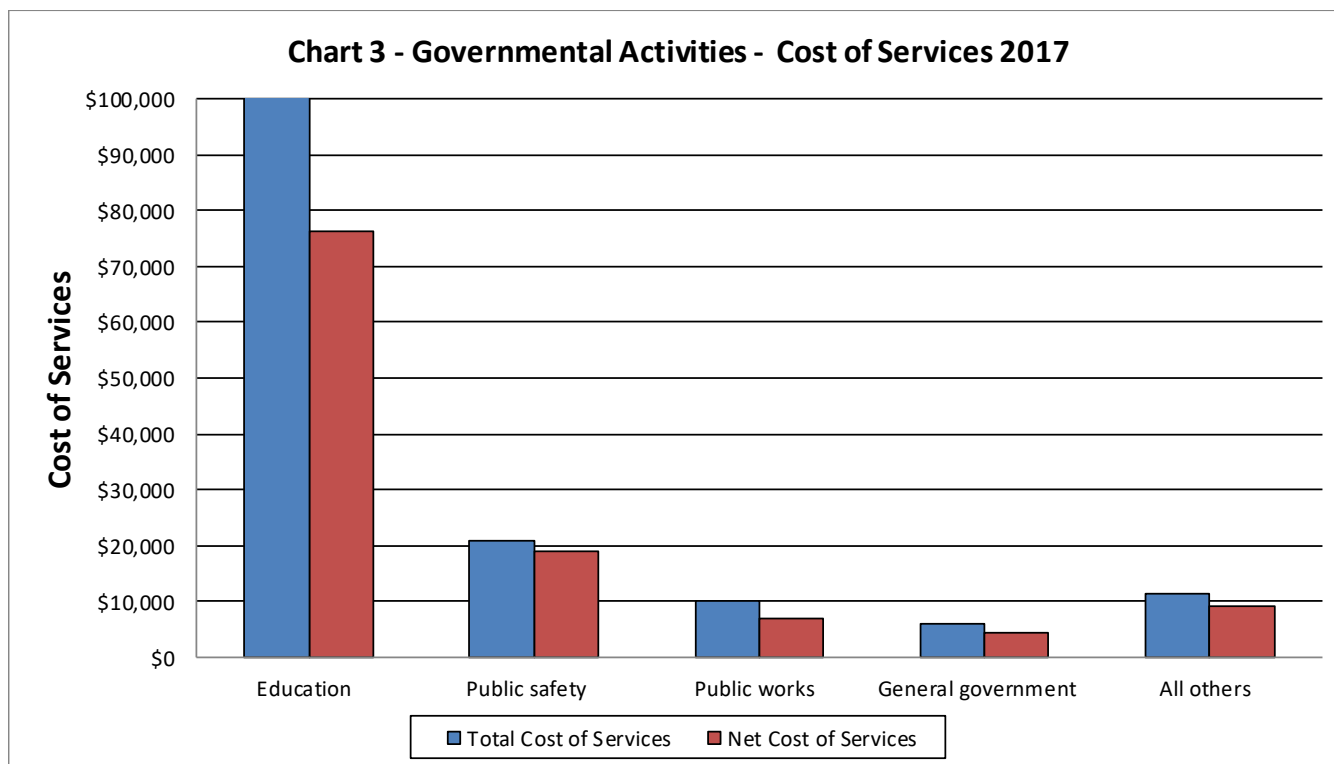
For governmental activities, 71.8% of the Town's expenses related to education. Public safety accounted for 12.1%, public works accounted for 5.9% and general government accounted for 3.6% of expenses. The remaining 6.6% related to health and welfare, human services, parks and recreation, public library, planning and development and interest on long-term debt.



Major expense factors include:

- The cost of education services increased \$14.7 million due to higher operating costs, benefit costs, special education and TRB contributions. The State of Connecticut's TRB Contribution increased from \$9.3 million in 2016 to \$16.5 million in 2017, which is reflected in the total cost of service, but also reduces the net cost of service due to the State making the payment on behalf of the Town.
- Town operating costs decreased by \$1.4 million.

	Total Cost of Services		Net Cost of Services	
	2017	2016	2017	2016
Education	\$ 123,630	\$ 108,892	\$ (76,252)	\$ (67,099)
Public safety	20,877	20,184	(19,017)	(18,157)
Public works	10,155	15,777	(6,806)	(10,382)
General government	6,157	3,236	(4,418)	(941)
All others	11,374	10,599	(9,172)	(8,384)
Totals	\$ 172,193	\$ 158,688	\$ (115,665)	\$ (104,963)



Business-Type Activities

Business-type activities (see Table 2) increased the Town's net position by \$1.6 million primarily due to a \$3.0 million decrease in the capital assets paid for and transferred from the Governmental Activities in fiscal year 2017, which is now 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, 2017, the Town's governmental funds reported combined ending fund balances of \$30.5 million, a decrease of \$5.2 million from last year's fund balance of \$35.7 million.

General Fund

The General Fund is the primary operating fund of the Town. As of June 30, 2017, unassigned fund balance increased by \$0.4 million to \$20.1 million in the General Fund, while total fund balance increased \$2.5 million to \$23.0 million.

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

- Property tax revenues exceeded budget estimates by approximately \$1.7 million. This was a Revaluation year when higher tax appeals and a slower collection rate were projected. 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.
- Several departments had aggregate cost savings creating the \$1.4 million expenditure under budget. Of this amount, \$575 thousand was assigned to fiscal year 2018 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, 2017, the fund balance in the Capital Projects Fund decreased by \$6.4 million to a deficit of \$900 thousand. During the fiscal year \$11.2 million was expended for asset acquisition and improvements, mostly for the new Senior Center, bridge and road improvements, school renovations and various other projects. The Town received intergovernmental grants of \$2.9 million, and transferred \$2.3 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 \$54.4 million. Unrestricted net position was \$5.8 million, an increase of \$1.5 million. The Sewer Fund experienced a gain of \$1.6 million mostly due to the \$1.7 million of capital assets contributed from the Capital Fund.

Net position of the Health Insurance Fund was \$5.5 million. The Internal Service Fund's unrestricted net position increased by \$1.0 million, from \$4.5 million. The Town's medical claims and fees came in \$972 lower than budgeted.

General Fund Budgetary Highlights

The Town's adopted General Fund budget for 2016 - 2017 was \$141.4 million (\$140.1 million for expenditures plus \$1.3 for salary increase contingency and other contingency appropriations). In addition to the \$704 thousand which was appropriated from the Contingency Account, the Town appropriated \$1.7 million to the expenditure budget with corresponding revenue budget increases, and \$598 thousand was appropriated fiscal year 2016 purchases on order, for a total amended budget of \$141.3 million. The following lists the key changes to the budget during the year:

- \$598 thousand was appropriated for the amount of Fund Balance Assigned for Purchases on order at the end of fiscal year 2016.
- \$365 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.
- \$412 thousand was appropriated to the Board of Education Operations for preschool and special education outside tuitions and rent revenues received.
- \$170 thousand to the Fire Department for Volunteer Firefighter stipends, Overtime and a boiler replacement.
- \$142 thousand for Accumulated Payouts for retiring long-term employees.
- Savings from various departments and excess revenues were combined to cash fund \$1.1 million of future capital costs on the FY 2017-2018 CIP Plan:
 - \$300 thousand to enhance the Town GIS and Town-wide IT Infrastructure.
 - \$220 thousand for a Used Roll off Truck.
 - \$189 thousand to for Vehicle Replacements and a Highway Pugmill.
 - \$130 thousand for a Police Community Training Room.
 - \$120 thousand to pave Fire Co 2 Parking Lot
 - \$139 thousand for the SHS Elevator Hydraulic Upgrade.

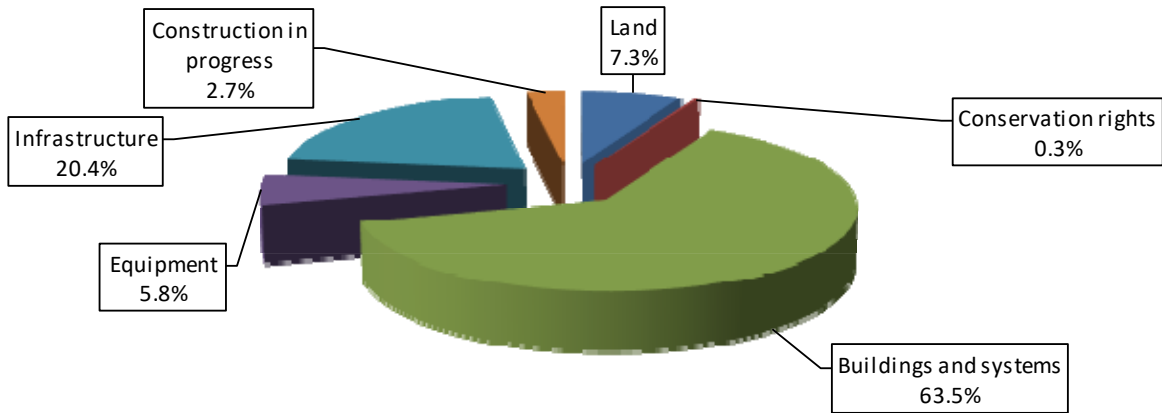
Capital Assets and Debt Administration

Capital Assets. The Town's investment in capital assets for its governmental and business-type activities as of June 30, 2017 totaled to \$335.2 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 decrease (including additions and deductions) of \$1.3 million or a 0.4% decrease from last year.

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

	Governmental Activities		Business-Type Activities		Totals	
	2017	2016	2017	2016	2017	2016
Land	\$ 24.5	\$ 24.1	\$	\$	\$ 24.5	\$ 24.1
Conservation rights	1.0	1.0			1.0	1.0
Buildings and systems	164.8	85.2	48.0	47.8	212.8	133.0
Equipment	19.1	19.4	0.5	0.6	19.6	20.0
Infrastructure	68.4	62.5			68.4	62.5
Construction in progress	8.9	95.9			8.9	95.9
Totals	\$ 286.7	\$ 288.1	\$ 48.5	\$ 48.4	\$ 335.2	\$ 336.5

Chart 4 - Capital Assets - June 30, 2017



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

Governmental Activities:

- Infrastructure Improvements of various Road Rehabilitation and Reconstruction Projects of \$4.7 million.
- Construction in progress the Senior Center Facility of \$1.7 million.
- Construction in progress for three bridges of \$564 thousand
- Various Building Improvements of \$856 thousand.

Business-Type Activities:

- WPC Upgrade and Renovation design costs of \$1.3 million
- Concluding construction of the WPC Sludge / Odor Control System for \$333 thousand.

The Town's fiscal year 2017 - 2018 Capital Budget includes another \$2.8 million for the following capital projects: Park Improvements, Highway Dump Truck and Front End Loader, Public Safety Radio System, Balance on Fire Pumper Truck (17) and additional Pumper Truck (18), Underground Tanks Removal and Replacement, 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 \$108.8, of which total Town bonded debt outstanding was \$94.8 million. All the bonded debt is backed by the full faith and credit of the Town government.

Chart 5 - Outstanding Debt - 2017 vs 2016

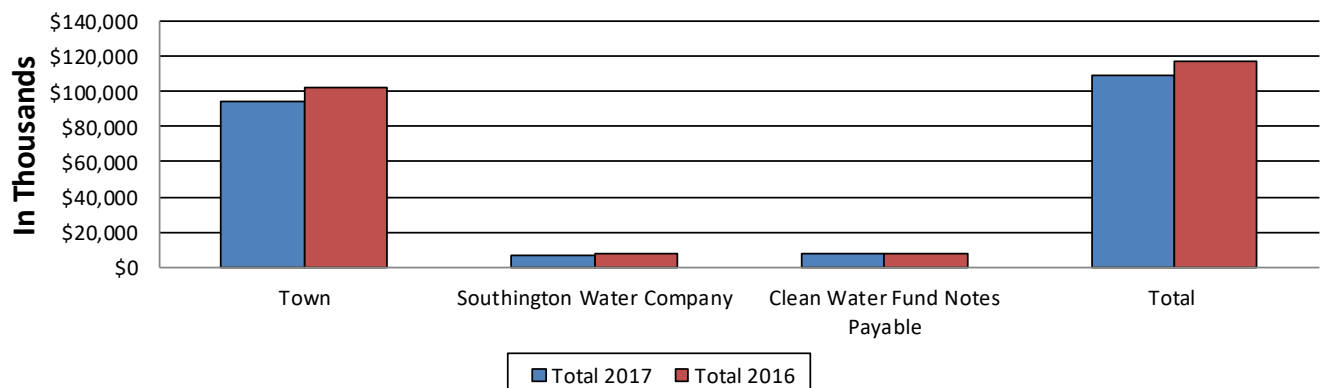


TABLE 4
OUTSTANDING DEBT, AT YEAR-END
In Thousands

	Governmental Activities		Business-Type Activities		Totals	
	2017	2016	2017	2016	2017	2016
General obligation bonds:						
Town	\$ 94,775	\$ 102,354	\$	\$	\$ 94,775	\$ 102,354
Southington Water Company	6,670	7,310			6,670	7,310
Clean Water Fund Notes Payable	7,390	7,958			7,390	7,958
Total	<u>\$ 108,835</u>	<u>\$ 117,622</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 108,835</u>	<u>\$ 117,622</u>

The Town of Southington's total debt outstanding decreased by \$8.8 million or 7.5% during the 2016 - 2017 fiscal year due to scheduled debt payments.

In January 2016, Standard and Poor's Rating Agency reaffirmed Southington's rating at AA+/Stable Outlook. Within the report, S&P referenced the Towns "Strong management conditions...with good financial policies and practices", "Strong budget 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, 2017, the Town recorded long-term debt of \$159.0 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, 2017 was 4.3%, a .7% decrease from the same time last year. The Town's unemployment rate compares favorably to the 5.0% for the State of Connecticut and the 4.4% national rate.

Elected and appointed officials considered these factors, among others, when setting the fiscal year 2017 - 2018 General Fund budget and tax rates.

As previously stated, the General Fund total fund balance increased from \$20.5 million at June 30, 2016 to \$23.0 million at June 30, 2017. Of this \$23.0 million General Fund balance, \$36 thousand was nonspendable due to form (inventory accounts), \$67 thousand was committed for Farm Heritage start-up costs, \$575 was assigned for purchases on order, and \$2.2 million was assigned for subsequent year's appropriations, leaving an unassigned fund balance of \$20.1 million in the General Fund at June 30, 2017. The Town feels that the \$20.1 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.

The Town adopted a General Fund budget of \$143.4 million for fiscal year 2017 - 2018 compared to an adopted budget of \$141.4 million for fiscal year 2016-2017. This budget is \$2.0 million or 1.4% higher than the fiscal year 2017-2018 budget in the General Fund. In a budget year when the State of Connecticut did not adopt an operating budget until November 2017, the Town utilized the Governor's budget numbers in our own budget adopted June 2017. At that time, the projection was that the Governor intended to take 25.3% of the ECS grant and the Special Education Excess cost Grant, throw in additional funds and provide the Board of Education with a new Special Education grant of \$8.4 million which would go directly to the Board of Education. To reflect this situation, the Town took \$8.4 million of Board of Education expenditures with the matching grants out of the General Fund, with no effect to the mill rate. The Town also budget an additional \$3.0 million in Contingency to handle this State uncertainty. Combining all the moving parts, the Town Budget increased \$682 thousand or 1.4% and the Board of Education Budget increased \$1.9 million or \$2.0% over fiscal year 2016-2017.

Costs of the Town's business-type activities, accounted for in the Sewer Operating Fund, are expected to remain at \$5.5 million for fiscal year 2017 - 2018. 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.

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, 2017
(In Thousands)

	Governmental Activities	Business-Type Activities	Total
Assets:			
Cash and cash equivalents	\$ 33,600	\$ 5,274	\$ 38,874
Investments	14,104		14,104
Receivables, net	15,597	1,398	16,995
Inventory	65		65
Capital assets:			
Assets not being depreciated	34,416	39	34,455
Assets being depreciated, net	252,435	48,533	300,968
Total assets	<u>350,217</u>	<u>55,244</u>	<u>405,461</u>
Deferred Outflows of Resources:			
Deferred charge on refunding	1,449		1,449
Deferred outflows related to pension	14,640	320	14,960
Total deferred outflows of resources	<u>16,089</u>	<u>320</u>	<u>16,409</u>
Liabilities:			
Accounts and other payables	9,127	363	9,490
Other current liabilities		46	46
Bond anticipation notes	8,000		8,000
Unearned revenue	896		896
Noncurrent liabilities:			
Due within one year	12,855		12,855
Due in more than one year	157,086	697	157,783
Total liabilities	<u>187,964</u>	<u>1,106</u>	<u>189,070</u>
Deferred Inflows of Resources:			
Advance tax collections	61		61
Deferred inflows related to pension	249	51	300
Total Deferred Inflows of Resources	<u>310</u>	<u>51</u>	<u>361</u>
Net Position:			
Net investment in capital assets	161,862	48,572	210,434
Restricted for:			
Trust purposes:			
Expendable	86		86
Nonexpendable	28		28
Unrestricted	16,056	5,835	21,891
Total Net Position	<u>\$ 178,032</u>	<u>\$ 54,407</u>	<u>\$ 232,439</u>

The accompanying notes are an integral part of the financial statements

TOWN OF SOUTHLINGTON, CONNECTICUT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017
(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	\$ 6,157	\$ 1,712	\$ 5	\$ 22	\$ (4,418)	\$	\$ (4,418)
Public safety	20,877	1,721	139		(19,017)		(19,017)
Public works	10,155	2,085	256	1,008	(6,806)		(6,806)
Health and welfare	775		526		(249)		(249)
Human services	1,575	92	118	234	(1,131)		(1,131)
Parks and recreation	2,540	276	72		(2,192)		(2,192)
Public library	2,033	23	11		(1,999)		(1,999)
Planning and development	1,425	850			(575)		(575)
Education	123,630	2,304	42,605	2,469	(76,252)		(76,252)
Interest on long-term debt	3,026				(3,026)		(3,026)
Total governmental activities	<u>172,193</u>	<u>9,063</u>	<u>43,732</u>	<u>3,733</u>	<u>(115,665)</u>	<u>-</u>	<u>(115,665)</u>
Business-type activities:							
Sewer	<u>6,091</u>	<u>5,913</u>		<u>1,737</u>		<u>1,559</u>	<u>1,559</u>
Total	<u>\$ 178,284</u>	<u>\$ 14,976</u>	<u>\$ 43,732</u>	<u>\$ 5,470</u>	<u>(115,665)</u>	<u>1,559</u>	<u>(114,106)</u>
General revenues:							
Property taxes					116,889		116,889
Grants and contributions not restricted to specific programs					2,353		2,353
Unrestricted investment earnings					592		592
Miscellaneous revenue					236		236
Total general revenues					<u>120,070</u>	<u>-</u>	<u>120,070</u>
Change in net position					4,405	1,559	5,964
Net Position at Beginning of Year					<u>173,627</u>	<u>52,848</u>	<u>226,475</u>
Net Position at End of Year					<u>\$ 178,032</u>	<u>\$ 54,407</u>	<u>\$ 232,439</u>

The accompanying notes are an integral part of the financial statements

TOWN OF SOUTHLINGTON, CONNECTICUT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2017
(In Thousands)

	<u>General</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ 13,734	\$ 5,113	\$ 8,511	\$ 27,358
Investments	13,884		220	14,104
Receivables, net	2,417	3,776	2,067	8,260
Inventories	<u>36</u>	<u></u>	<u>29</u>	<u>65</u>
Total Assets	<u>\$ 30,071</u>	<u>\$ 8,889</u>	<u>\$ 10,827</u>	<u>\$ 49,787</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts and other payables	\$ 4,147	\$ 1,248	\$ 699	\$ 6,094
Bond anticipation notes payable		8,000		8,000
Due to other funds	903			903
Unearned revenue		545	351	896
Total liabilities	<u>5,050</u>	<u>9,793</u>	<u>1,050</u>	<u>15,893</u>
Deferred Inflows of Resources:				
Advance property tax collections	61			61
Unavailable revenue - property taxes	1,953			1,953
Unavailable revenue - special assessments			1,346	1,346
Total deferred inflows of resources	<u>2,014</u>	<u>-</u>	<u>1,346,000</u>	<u>3,360</u>
Fund Balances:				
Nonspendable	36		57	93
Restricted			779	779
Committed	67		7,595	7,662
Assigned	2,764			2,764
Unassigned	<u>20,140</u>	<u>(904)</u>	<u></u>	<u>19,236</u>
Total fund balances	<u>23,007</u>	<u>(904)</u>	<u>8,431</u>	<u>30,534</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 30,071</u>	<u>\$ 8,889</u>	<u>\$ 10,827</u>	<u>\$ 49,787</u>

(Continued on next page)

TOWN OF SOUTHTON, CONNECTICUT
BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2017
(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	\$ 30,534
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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	\$ 419,344	
Less accumulated depreciation	(132,493)	
Net capital assets		286,851

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	1,953
Interest receivable on property taxes	618
Assessments receivable greater than 60 days	1,346
Interest receivable on assessments	49
Deferred amount in refunding	1,449
Long term receivable	6,670
Deferred outflows related to projected pension investment earnings	7,711
Deferred outflows related to pension contributions subsequent to the measurement date	4,262
Deferred outflows related to experience	2,619
Deferred outflows related to proportionate share	48

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.

5,540

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 proportionate share	(249)
Bonds and notes payable	(108,835)
MERS prior service costs	(18)
Premium on issuance	(3,935)
Interest payable on bonds and notes	(1,428)
Compensated absences	(7,497)
Capital lease	(12,338)
OPEB liability	(12,469)
Heart and hypertension	(7,200)
Net pension liability	(17,621)
Landfill closure	(28)

Net Position of Governmental Activities (Exhibit I)	\$ <u>178,032</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, 2017
(In Thousands)**

	<u>General</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
Property taxes	\$ 117,338	\$	\$ 237	\$ 117,575
Intergovernmental	40,266	2,888	6,306	49,460
Charges for services	3,579		5,499	9,078
Income on investments	561		32	593
Other revenues	194		236	430
Total revenues	<u>161,938</u>	<u>2,888</u>	<u>12,310</u>	<u>177,136</u>
Expenditures:				
Current:				
General government	4,294		56	4,350
Public safety	12,828		1,913	14,741
Public works	5,162		2,173	7,335
Health and welfare	663		18	681
Human services	895		340	1,235
Parks and recreation	1,572		373	1,945
Public library	1,520		30	1,550
Planning and development	1,032			1,032
Employee fringe benefits	9,645			9,645
Education	109,728		7,199	116,927
Debt and sundry	9,480		2,188	11,668
Capital outlay	106	11,213		11,319
Total expenditures	<u>156,925</u>	<u>11,213</u>	<u>14,290</u>	<u>182,428</u>
Excess (Deficiency) of Revenues over Expenditures	<u>5,013</u>	<u>(8,325)</u>	<u>(1,980)</u>	<u>(5,292)</u>
Other Financing Sources (Uses):				
Issuance of capital leases	106			106
Transfers in		2,330	699	3,029
Transfers out	(2,627)	(403)		(3,030)
Total other financing sources (uses)	<u>(2,521)</u>	<u>1,927</u>	<u>699</u>	<u>105</u>
Net Change in Fund Balances	2,492	(6,398)	(1,281)	(5,187)
Fund Balances at Beginning of Year	<u>20,515</u>	<u>5,494</u>	<u>9,712</u>	<u>35,721</u>
Fund Balances at End of Year	<u>\$ 23,007</u>	<u>\$ (904)</u>	<u>\$ 8,431</u>	<u>\$ 30,534</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, 2017
(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)	\$ (5,187)
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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	11,392
Depreciation expense	(12,680)

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.	(13)
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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	(234)
Property tax interest and lien revenue - accrual basis change	(216)
Sewer assessment receivable-accrual basis change	(93)
Sewer assessment interest and lien revenue - accrual basis change	2
Changes to deferred outflows related to projected investment returns	6,423
Change in deferred outflows related to contributions made subsequent to the measurement date	309
Change in deferred outflows related to experience	2,619
Change in deferred outflows related to proportionate share	48

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:

Bond principal payments	8,219
Note principal payments	568
Issuance of capital leases	(106)
Capital lease principal payments	1,026
Accrued interest	173
Amortization of prior service costs	3
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	(20)
Net pension liability	(7,351)
OPEB obligation	(1,155)
Heart and hypertension	179
Landfill post closure care and settlement	27
Changes to deferred inflows related to proportionate share	(249)

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.

1,039

Change in Net Position of Governmental Activities (Exhibit II)	\$ <u>4,405</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, 2017
(In Thousands)

	Business-Type Activities	Governmental Activities
	Sewer Enterprise Fund	Internal Service Fund
Assets:		
Current:		
Cash and cash equivalents	\$ 5,274	\$ 6,242
Accounts and other receivables	1,398	
Due from other funds		903
Total current assets	<u>6,672</u>	<u>7,145</u>
Capital assets, net	48,572	
Total assets	<u>55,244</u>	<u>7,145</u>
Deferred Outflows of Resources:		
Changes related to pensions	<u>320</u>	
Liabilities:		
Current:		
Accounts and other payables	363	1,605
Other accrued liabilities	46	
Current liabilities	<u>409</u>	<u>1,605</u>
Noncurrent liabilities:		
Net pension liability	697	
Total liabilities	<u>1,106</u>	<u>1,605</u>
Deferred Inflows of Resources:		
Changes related to pension	<u>51</u>	
Net Position:		
Investment in capital assets	48,572	
Unrestricted	<u>5,835</u>	<u>5,540</u>
Total Net Position	<u>\$ 54,407</u>	<u>\$ 5,540</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, 2017
(In Thousands)

	Business-Type Activities	Governmental Activities
	Sewer Enterprise Fund	Internal Service Fund
Operating Revenues:		
Fund premiums	\$	\$ 23,201
Charges for services	5,911	
Fines, penalties and interest	2	
Total operating revenues	<u>5,913</u>	<u>23,201</u>
Operating Expenses:		
Plant	3,703	
Benefits	317	20,977
Depreciation	1,755	
Administration and other	316	1,185
Total operating expenses	<u>6,091</u>	<u>22,162</u>
Income (Loss) before Capital Grants and Contributions	(178)	1,039
Capital Grants and Contributions	<u>1,737</u>	
Change in Net Position	1,559	1,039
Net Position at Beginning of Year	<u>52,848</u>	<u>4,501</u>
Net Position at End of Year	\$ <u><u>54,407</u></u>	\$ <u><u>5,540</u></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, 2017
(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	\$ 5,837	\$ 23,201
Cash received for premiums - Town departments and agencies		
Cash payments to suppliers for goods and services	(3,866)	
Cash payments to employees for services		
Cash payments to providers of benefits	(317)	(21,966)
Cash payments for service fees		(1,185)
Net cash provided by (used in) operating activities	<u>1,654</u>	<u>50</u>
Cash Flows from Capital Financing Activities:		
Capital contributions	15	
Acquisition of capital assets	(89)	
Net cash provided by (used in) capital financing activities	<u>(74)</u>	<u>-</u>
Net Increase (Decrease) in Cash and Cash Equivalents	1,580	50
Cash and Cash Equivalents at Beginning of Year	<u>3,694</u>	<u>6,192</u>
Cash and Cash Equivalents at End of Year	<u>\$ 5,274</u>	<u>\$ 6,242</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:		
Operating income (loss)	\$ (178)	\$ 1,039
Depreciation	1,755	
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:		
(Increase) decrease in accounts receivable	(76)	
(Increase) decrease in due from other funds		(903)
Increase (decrease) in accounts payable and accrued liabilities	142	(86)
Change in net pension liability and related deferrals	<u>11</u>	<u>-</u>
Net Cash Provided by (Used in) Operating Activities	<u>\$ 1,654</u>	<u>\$ 50</u>
Noncash Capital Financing Activities:		
Capital assets transferred from governmental funds	<u>\$ 1,722</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, 2017
(In Thousands)

	Agency Funds
	<hr/>
Assets:	
Cash and cash equivalents	\$ 2,395
Investments	<hr/> 87
	<hr/>
Total Assets	\$ <u><u>2,482</u></u>
Liabilities:	
Fiduciary Deposits	\$ <u><u>2,482</u></u>

The accompanying notes are an integral part of the financial statements

TOWN OF SOUTHTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

(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, 2017

(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, 2017

(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, 2015, upon which the fiscal 2017 levy was based, was \$3.9 billion. A 29.64 mill rate was applied to the Grand List.

TOWN OF SOUTHTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

(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, 2017 and 2016, were 98.89% and 98.86%, 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
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

(In Thousands)

H. Deferred Outflows/Inflows of Resources

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

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period or periods and so will not be recognized as an inflow of resources (revenue) until that time. The Town reports a deferred inflow of resources for advance property tax collections in the government-wide statement of net position. A deferred inflow of resources related to pension relates to pension results from changes in the Town's proportionate share in liability. These amounts are deferred and included in pension expense in a systematic and rational manner over a period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension plan (active employees and inactive employees). For governmental funds, the 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. Net OPEB Obligation

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

L. Long-Term Obligations

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

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

M. Fund Equity and Net Position

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

Net Investment in Capital Assets

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

Restricted Net Position

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

Unrestricted Net Position

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

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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, 2017

(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, \$2,300 of supplemental budgetary appropriations from the General Fund were made, \$1,702 from revised revenue estimates, and \$598 from continued appropriations from the prior year.

B. Fund Deficits

The Capital Fund had a deficit balance of \$904 at June 30, 2017 that will be funded by future bonding.

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*, \$41,361 of the Town's bank balance of \$42,662 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 37,104
Uninsured and collateral held by the pledging trust department, not in the Town's name	<u>4,257</u>
Total Amount Subject to Custodial Credit Risk	<u>\$ 41,361</u>

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

Cash Equivalents

At June 30, 2017, the Town's cash equivalents amounted to \$57. 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, 2017, the Town had the following investments:

Investment Type	Credit Rating	Fair Value	Investment Maturities (Years)	
			Less Than 1	1 - 10
Interest-bearing investments:				
Certificates of deposit	*	\$ 13,607	\$ 4,800	\$ 8,807
U.S. Government backed securities	Aaa	508		508
Total		14,115	\$ 4,800	\$ 9,315
Other investments:	N/A			
Mutual funds	N/A	70		
Common stock	N/A	6		
Total Investments		\$ 14,191		

*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
JUNE 30, 2017

(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, 2017, the Town had \$6 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, 2017:

	June 30, 2017	Fair Value Measurements Using		
		Level 1	Level 2	Level 3
Investments by fair value level:				
U.S. Government agencies	\$ 508	\$ 508		\$
Common stock	6	6		
Mutual funds	70	70		
Total Investments by Fair Value Level	\$ <u>584</u>	\$ <u>584</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 SOUTHTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

(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 *	\$ 2,280	\$	\$	\$	\$ 2,280
Accounts	36		1,398	445	1,879
Special assessments				1,346	1,346
Intergovernmental	182	3,776		276	4,234
Interest **					-
Gross receivables	<u>2,498</u>	<u>3,776</u>	<u>1,398</u>	<u>2,067</u>	<u>9,739</u>
Less allowance for uncollectibles	<u>81</u>				<u>81</u>
Net Total Receivables	<u>\$ 2,417</u>	<u>\$ 3,776</u>	<u>\$ 1,398</u>	<u>\$ 2,067</u>	<u>\$ 9,658</u>

* Does not include amount due from Southington Water Company for bonds \$6,670

** Does not include accrued interest on property taxes and assessments receivable of \$618 and \$49, respectively.

TOWN OF SOUTHTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

(In Thousands)

5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2017 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	\$ 24,122	\$ 417	\$	\$ 24,539
Conservation restrictions and development rights	975			975
Construction in progress	95,869	3,798	90,765	8,902
Total capital assets not being depreciated	<u>120,966</u>	<u>4,215</u>	<u>90,765</u>	<u>34,416</u>
Capital assets being depreciated:				
Buildings	151,257	88,674		239,931
Machinery and equipment	34,851	1,595	268	36,178
Infrastructure	101,146	7,673		108,819
Total capital assets being depreciated	<u>287,254</u>	<u>97,942</u>	<u>268</u>	<u>384,928</u>
Less accumulated depreciation for:				
Buildings	66,017	9,073		75,090
Machinery and equipment	15,441	1,855	255	17,041
Infrastructure	38,610	1,752		40,362
Total accumulated depreciation	<u>120,068</u>	<u>12,680</u>	<u>255</u>	<u>132,493</u>
Total capital assets being depreciated, net	<u>167,186</u>	<u>85,262</u>	<u>13</u>	<u>252,435</u>
Governmental Activities Capital Assets, Net	<u>\$ 288,152</u>	<u>\$ 89,477</u>	<u>\$ 90,778</u>	<u>\$ 286,851</u>
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 39	\$	\$	\$ 39
Capital assets being depreciated:				
Buildings and system	82,354	1,812		84,166
Machinery and equipment	1,946			1,946
Total capital assets being depreciated	<u>84,300</u>	<u>1,812</u>	<u>-</u>	<u>86,112</u>
Less accumulated depreciation for:				
Buildings and system	34,512	1,619		36,131
Machinery and equipment	1,312	136		1,448
Total accumulated depreciation	<u>35,824</u>	<u>1,755</u>	<u>-</u>	<u>37,579</u>
Total capital assets being depreciated, net	<u>48,476</u>	<u>57</u>	<u>-</u>	<u>48,533</u>
Business-Type Activities Capital Assets, Net	<u>\$ 48,515</u>	<u>\$ 57</u>	<u>\$ -</u>	<u>\$ 48,572</u>

TOWN OF SOUTHTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

(In Thousands)

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

Governmental activities:		
General government	\$	448
Public safety		799
Public works		1,751
Human services		58
Planning and development		10
Parks and recreation		347
Library		27
Education		<u>9,240</u>
Total Depreciation Expense - Governmental Activities	\$	<u>12,680</u>
Business-type activities:		
Sewer Enterprise Fund	\$	<u>1,755</u>

Construction Commitments

The Town has active construction projects as of June 30, 2017. The projects include roads, bridges, water and sewer lines, and school building improvements. At year end the Town's commitments with contractors are as follows:

<u>Project</u>	<u>Spent-to-Date</u>	<u>Commitment</u>
West Queen Street Bridge	\$ 969	\$ 8
Park Improvements	813	46
WPC Sludge Odor	3,892	79
Highway Garage Renovation	359	19
Senior Center Facility	941	6,672
West Center Street Bridge	<u>311</u>	<u>806</u>
Total	\$ <u>7,285</u>	\$ <u>7,630</u>

The commitments are being financed as follows:

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

TOWN OF SOUTHTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

(In Thousands)

6. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

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

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Internal Service Fund	General Fund	\$ <u>903</u>

Interfund balances were used to pay for benefit claims for the Town. The transfers that occurred during the year are as follows:

	<u>Transfers In</u>		
	<u>Capital Projects Fund</u>	<u>Nonmajor Governmental</u>	<u>Total Transfers Out</u>
Transfers out:			
General Fund	\$ 2,330	\$ 297	\$ 2,627
Capital Projects	<u> </u>	<u>403</u>	<u>403</u>
Total Transfers In	\$ <u>2,330</u>	\$ <u>700</u>	\$ <u>3,030</u>

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

TOWN OF SOUTHTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

(In Thousands)

7. LONG-TERM DEBT

Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2017 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	\$ 102,354	\$	\$ 7,579	\$ 94,775	\$ 8,550
Southington Water Company	7,310		640	6,670	640
Premium on bonds	4,300		365	3,935	
State of Connecticut - serial note	7,958		568	7,390	568
Total bonds and notes payable	<u>121,922</u>	<u>-</u>	<u>9,152</u>	<u>112,770</u>	<u>9,758</u>
Compensated absences	7,477	1,754	1,734	7,497	1,773
Capital leases	13,258	106	1,026	12,338	813
OPEB obligation	11,314	1,155		12,469	
Net pension liability	10,270	7,351		17,621	
Prior service costs	21		3	18	
Heart and hypertension	7,379		179	7,200	483
Landfill closure and postclosure	55		27	28	28
Total Governmental Activities Long-Term Liabilities	<u>\$ 171,696</u>	<u>\$ 10,366</u>	<u>\$ 12,121</u>	<u>\$ 169,941</u>	<u>\$ 12,855</u>
Business Type Activities:					
Net Pension Liability	<u>\$ 556</u>	<u>\$ 141</u>	<u>\$ -</u>	<u>\$ 697</u>	<u>\$ -</u>

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

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

Bonds payable at June 30, 2017 are comprised of the following issues:

	Date of Issue	Original Issue	Interest Rate (%)	Date of Maturity	Principal Outstanding June 30, 2017
General Purpose Bonds:					
General Purpose	2009	2,175	3.00-4.00	08/01/27	\$ 130
Refunding (General Purpose)	2010	2,098	2.00-5.00	05/15/21	731
General Purpose	2011	1,713	2.50-4.25	08/01/30	655
Refunding (General Purpose)	2011	6,042	2.00-5.00	02/01/24	3,323
Refunding (General Purpose)	2012	3,106	2.00-4.00	11/01/25	2,030
General Purpose	2014	7,705	3.00-4.00	01/15/34	6,310
General Purpose	2015	6,720	2.00-4.00	01/15/35	6,230
Refunding (General Purpose)	2015	2,408	1.00-5.00	09/01/28	2,014
General Purpose	2016	5,200	2.00-4.00	01/15/36	5,200
					<u>26,623</u>
School Bonds:					
Schools	2009	12,965	3.00-4.00	08/01/27	690
Refunding (Schools)	2010	8,008	2.00-5.00	05/15/21	2,881
Schools	2011	6,902	2.50-4.25	08/01/30	4,685
Refunding (Schools)	2011	745	2.00-5.00	02/01/24	412
Refunding (Schools)	2012	1,958	2.00-4.00	11/01/25	1,446
Schools	2014	15,000	3.00-4.00	01/15/34	13,420
Schools	2015	15,000	2.00-4.00	01/15/35	14,210
Refunding (Schools)	2015	8,036	1.00-5.00	09/01/28	7,339
Schools	2016	12,000	2.00-4.00	01/15/36	12,000
					<u>57,083</u>
Sewer Bonds:					
Refunding (Sewers)	2010	959	2.00-5.00	05/15/21	163
Sewers	2011	3,330	2.50-4.25	08/01/30	2,025
Refunding (Sewers)	2011	1,958	2.00-5.00	02/01/24	1,080
Refunding (Sewers)	2012	1,851	2.00-4.00	11/01/25	1,334
Sewers	2015	5,200	2.00-4.00	01/15/35	4,925
Refunding (Sewers)	2015	1,841	1.00-5.00	09/01/28	1,542
State of Connecticut serial notes payable:					
Clean Water Fund Loan 590-C	2011	11,068	2.00	06/30/30	7,390
					<u>18,459</u>
Water Bonds:					
Water	2011	3,410	2.50-4.25	08/01/21	1,685
Water	2014	5,870	3.00-4.00	01/15/34	4,985
					<u>6,670</u>
Total					\$ <u>108,835</u>

TOWN OF SOUTHTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

(In Thousands)

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

Due During Fiscal Year Ending June 30,	Principal	Interest
2018	\$ 9,758	\$ 3,617
2019	9,478	3,284
2020	9,413	2,936
2021	8,618	2,575
2022	7,618	2,231
2023-2027	32,432	7,398
2028-2032	22,215	3,396
2033-2037	9,303	609
Total	<u>\$ 108,835</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, 2017, \$6,670 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, 2017. 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, 2017 are \$56,825, which are net of all expected grant revenue.

Prior Year Defeasance of Debt

In prior years, the Town had defeased certain general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the Town's financial statements. As of June 30, 2017, the amount of defeased debt outstanding was \$9,845 and the escrow balance was \$8,051.

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, 2017:

Town	\$ 1,464
Board of Education	<u>6,033</u>
Total	<u>\$ 7,497</u>

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Capital Leases

The Board of Education has entered into a several lease agreement 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 \$12,338 at June 30, 2017. The following is a summary of capital lease commitments as of June 30, 2017.

<u>Year Ending June 30,</u>	<u>Amount</u>
2018	\$ 1,144
2019	1,019
2020	1,029
2021	1,017
2022	1,037
Thereafter	<u>9,488</u>
Subtotal	14,734
Less interest	<u>(2,396)</u>
Principal Balance	<u>\$ 12,338</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, 2017:

Outstanding July 1, 2016	\$ 6,000
Repayments	(6,000)
New borrowings	<u>8,000</u>
Outstanding June 30, 2017	<u>\$ 8,000</u>

The bond anticipation notes outstanding on June 30, 2017 mature on August 1, 2017 and bear interest at 2%.

TOWN OF SOUTHTON, CONNECTICUT
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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, 2017, 2016 or 2015. 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, 2017 of \$1,605.

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, 2017 and 2016, 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>
2016-17	\$ 1,691	\$ 20,891	\$ 20,977	\$ 1,605
2015-16	1,436	23,454	23,199	1,691

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 2016-17 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, 2017 for the Town and Board of Education was \$1,302. The contribution (premium) is subject to payroll audit at the close of the coverage period. CIRMA's Workers' Compensation Pool retains up to \$1 million per occurrence. Claims over \$1 million are reinsured.

TOWN OF SOUTHTON, CONNECTICUT
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9. FUND EQUITY

The components of fund balance at June 30, 2017 are as follows:

	<u>General Fund</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Fund balances:				
Nonspendable:				
Inventory	\$ 36	\$	\$ 29	\$ 65
Trust			28	28
Restricted for:				
Grants			49	49
Trust			86	86
Scholarships			644	644
Committed to:				
Debt service			4,133	4,133
Cafeteria operations			598	598
Animal control			61	61
Police services			633	633
Town services			413	413
Apple Harvest Festival			170	170
Community services			193	193
Drive in Theater			92	92
Brownfield Project			130	130
Turf field			128	128
Museum restoration			102	102
Recreation			179	179
Farm Heritage Initiative	67			67
Sewer Assessments			763	763
Assigned to:				
Purchases on order	575			575
Subsequent year's appropriations	2,189			2,189
Unassigned	<u>20,140</u>	<u>(904)</u>		<u>19,236</u>
Total Fund Balances	\$ <u>23,007</u>	\$ <u>(904)</u>	\$ <u>8,431</u>	\$ <u>30,534</u>

Subsequent year's appropriations are being reported as assigned fund balance in the general fund at \$2,189 and encumbrances are being reported as assigned fund balance in the general fund at \$575.

10. OTHER POST-EMPLOYMENT BENEFITS

A. Overview

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

TOWN OF SOUTHBINGTON, CONNECTICUT
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At July 1, 2015, plan participation consisted of the following:

	Participants <i>(not rounded)</i>
Active participants	1,202
Retirees	<u>145</u>
Total Participants	<u><u>1,347</u></u>

B. Funding Policy

These other post-employment benefits (OPEB) for former employees are currently funded on a pay-as-you-go basis out of the Self-Insurance Fund and the Heart and Hypertension Department in the General Fund. As of June 30, 2017, the Town has not established a trust fund to segregate assets to fund the liability associated with these benefits.

C. Annual OPEB Cost and Net OPEB Obligations

The Town's annual OPEB cost is calculated based on the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The following table shows the components of the Town's annual OPEB cost for the year ended June 30, 2017, the amount actually contributed to the plan and changes in the Town's net OPEB obligation:

	Other Post Employment Benefits (OPEB)
Annual required contribution (ARC)	\$ 2,944
Interest on net OPEB obligation	452
Adjustment to annual required contribution	<u>(629)</u>
Annual OPEB cost	2,767
Contributions made	<u>1,612</u>
Change in net OPEB obligation	1,155
Net OPEB obligation, beginning of year	<u>11,314</u>
Net OPEB Obligation, End of Year	<u><u>\$ 12,469</u></u>

TOWN OF SOUTHTON, CONNECTICUT
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The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for the fiscal year ended June 30, 2017, 2016 and 2015 are presented below.

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost (AOC)</u>	<u>Actual Contribution</u>	<u>Percentage of AOC Contributed</u>	<u>Net OPEB Obligation</u>
6/30/17	\$ 2,767	\$ 1,612	58.3%	\$ 12,469
6/30/16	2,748	1,131	41.2%	11,314
6/30/15	2,730	1,444	52.9%	9,697

Schedule of Employer Contributions

<u>Year Ended</u>	<u>Annual Required Contribution</u>	<u>Actual Contribution</u>	<u>Percentage Contributed</u>
6/30/17	\$ 2,944	\$ 1,612	54.8%
6/30/16	2,864	1,131	39.5%
6/30/15	2,831	1,444	51.0%

D. Schedule of Funding Progress

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a % of Covered Payroll</u>
7/1/2015	\$ -	\$ 39,963	- %	\$ 64,672	61.79%
7/1/2013	-	34,262	- %	61,069	56.10%
7/1/2011	-	33,693	-	60,233	55.94%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as accrual results are compared with past expectations and new estimates are made about the future.

Projections for benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. The plan is a single-employer plan.

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In the July 1, 2015 actuarial valuation, the entry age normal (level of percentage of salary) method was used. The annual required contribution (ARC) reflects a constant 30-year amortization of the unfunded actuarial accrued liability (AAL) over a level dollar basis. The actuarial assumptions include a 4% investment rate of return and an inflation rate of 3%. The annual healthcare cost trend rate is 8% for 2015 decreasing by .5% per year to 5% for 2021 and later.

11. EMPLOYEE RETIREMENT SYSTEMS

Municipal Employees' Retirement System

A. Plan Description

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

B. Benefit Provisions

The plan provides retirement, disability and death benefits and annual cost-of-living adjustments to plan members and their beneficiaries. Employees are eligible to retire at age 55 with 5 years of continuous 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.

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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.

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, 2017, the Town reports a total liability of \$18,318 (\$17,621 for government-wide in Exhibit I and \$697 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, 2016, 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, 2017, the Town's proportion was 5.30%. The decrease in proportion from June 30, 2016 is .32%.

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For the year ended June 30, 2017, the Town recognized pension expense of \$(1,792) (\$1,803) in Exhibit II and \$2 in Exhibit VI. At June 30, 2017, 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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Town contributions after the measurement date	\$ 4,262	\$
Net difference between projected and actual earning on pension plan investments	7,711	
Differences between expected and actual experience	2,619	
Change in proportionate share	<u>48</u>	<u>249</u>
	\$ <u><u>14,640</u></u>	\$ <u><u>249</u></u>

Business-Type Activities

	Deferred Outflows of Resources	Deferred Inflows of Resources
Town contributions after the measurement date	\$ 103	\$
Net difference between projected and actual earning on pension plan investments	202	
Differences between expected and actual experience	15	
Change in proportionate share	<u> </u>	<u>51</u>
	\$ <u><u>320</u></u>	\$ <u><u>51</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

2018	\$	6,579
2019		2,317
2020		3,357
2021		<u>2,138</u>
	\$	<u><u>14,391</u></u>

Business-Type Activities

2018	\$	137
2019		34
2020		64
2021		<u>34</u>
	\$	<u><u>269</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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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
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F. Sensitivity of the Net Pension Liability to Changes in the Discount Rate

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

	<u>1% Decrease (7.00%)</u>	<u>Current Discount Rate (8.00%)</u>	<u>1% Increase (9.00%)</u>
Government Wide:			
Town's proportionate share of the net pension liability	\$ 34,765	\$ 17,621	\$ 3,201
Sewer Fund:			
Town's proportionate share of the net pension liability	\$ 1,099	\$ 697	\$ 355

G. Payable to MERS

The Town has also recorded \$18 as a long-term payable to MERS at June 30, 2017.

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
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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.

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

At June 30, 2017, 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>151,537</u>
Total	\$ <u><u>151,537</u></u>

The net pension liability was measured as of June 30, 2016, 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, 2017, the Town has no proportionate share of the net pension liability.

For the year ended June 30, 2017, the Town recognized pension expense and revenue of \$16,526 in Exhibit II for on-behalf amounts for the benefits provided by the State.

TOWN OF SOUTHTON, CONNECTICUT
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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%.

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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%	7.3%
Developed non-U.S. equities	18.0%	7.5%
Emerging markets (Non-U.S.)	9.0%	8.6%
Core fixed income	7.0%	1.7%
Inflation linked bond fund	3.0%	1.3%
Emerging market bond	5.0%	4.8%
High yield bonds	5.0%	3.7%
Real estate	7.0%	5.9%
Private equity	11.0%	10.9%
Alternative investments	8.0%	0.7%
Liquidity fund	6.0%	0.4%
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, 2017

(In Thousands)

12. SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES

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

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

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

The Town participates in a number of federal and state assisted grant programs. These programs are subject to financial and compliance audits by the grantors or their representatives. The audits of certain of these programs for or including the year ended June 30, 2017 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, 2017
(In Thousands)

	Budgeted Amounts		Actual	Variance
	Original	Final		
Property taxes, interest and lien fees:				
Taxes	\$ 114,630	\$ 114,880	\$ 116,324	\$ 1,444
Suspense taxes	35	35	28	(7)
Interest and lien fees	633	763	986	223
Total property taxes, interest and lien fees	<u>115,298</u>	<u>115,678</u>	<u>117,338</u>	<u>1,660</u>
Licenses, fees and permits:				
Building	750	750	759	9
Police	37	37	41	4
Library	24	24	23	(1)
Parking	3	3	6	3
Miscellaneous	11	28	32	4
Total licenses, fees and permits	<u>825</u>	<u>842</u>	<u>861</u>	<u>19</u>
Intergovernmental revenues:				
Educational cost sharing	19,700	20,418	20,243	(175)
Non-public school transportation	38			-
Public school transportation	154			-
Vocational agriculture	373	373	373	-
Children/youth services	25	25	24	(1)
Youth service/drug free	45	46	46	-
Town aid road transportation grant	524	524	525	1
Non-public health services	56	56	24	(32)
Telephone access lines	90	90	72	(18)
Pequot/Mohegan grant	126	126	126	-
Telecommunications fund grant	72	72	73	1
Local capital improvement grant	283		40	40
In lieu of taxes:				
Tax relief for elderly	340	340	318	(22)
Veterans' exemption	56	56	55	(1)
Disability exemption	6	6	5	(1)
Distressed municipalities	52	52	48	(4)
Miscellaneous	2	2	51	49
Traffic enforcement grant			6	6
MRSA Sales Tax Sharing	210	790	890	100
Municipal revenue sharing	821	821	821	-
Total intergovernmental revenues	<u>22,973</u>	<u>23,797</u>	<u>23,740</u>	<u>(57)</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, 2017
(In Thousands)

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
Investment Income	\$ 344	\$ 374	\$ 561	\$ 187
Charges for services:				
Town Clerk	1,250	1,250	1,420	170
Labels/diskettes/copies				
Police services	50	50		(50)
Recreation	75	75	82	7
Planning and zoning	50	50	58	8
Fire Department services	25	45	60	15
Engineering services	7	7	6	(1)
Assessors returns	1	1	1	-
School tuition and fees	445	445	609	164
School building rentals	14	425	425	-
Miscellaneous	10	23	57	34
Total charges for services	<u>1,927</u>	<u>2,371</u>	<u>2,718</u>	<u>347</u>
Other revenues:				
Sale/lease of town property	2	2	35	33
Prior year appropriated funds returned	2	2	1	(1)
Capital project reimbursements		6	6	-
Open space donations			2	2
Recycling rebates	28	28	86	58
Miscellaneous	20	21	22	1
Leases/Easements			42	42
Total other revenues	<u>52</u>	<u>59</u>	<u>194</u>	<u>135</u>
Total Revenues and Other Financing Sources	\$ <u>141,419</u>	\$ <u>143,121</u>	145,412	\$ <u>2,291</u>
Budgetary revenues are different than GAAP revenues because:				
State of Connecticut on-behalf contributions to the Connecticut State Teachers' Retirement System for Town teachers are not budgeted			16,526	
Proceeds from issuance of capital leases are not budgeted			<u>106</u>	
Total Revenues and Other Financing Sources as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds Exhibit IV			\$ <u>162,044</u>	

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, 2017
(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	20	17	11	6
Program supplies	7	7	7	-
Professional charges	27	27	26	1
Total	<u>64</u>	<u>61</u>	<u>53</u>	<u>8</u>
Town Manager:				
Personnel service	227	233	233	-
Contractual services	23	14	7	7
Materials and supplies	4	3	2	1
Fixed charges	5	5	4	1
Continued appropriations		5	5	-
Total	<u>259</u>	<u>260</u>	<u>251</u>	<u>9</u>
Board of Finance:				
Personnel service	5	4	4	-
Contractual services	2	2	1	1
Fixed charges	1	1	1	-
Total	<u>8</u>	<u>7</u>	<u>6</u>	<u>1</u>
Finance Department:				
Personnel service	494	506	505	1
Materials and supplies	13	12	11	1
Fixed charges	1	1	1	-
Total	<u>508</u>	<u>519</u>	<u>517</u>	<u>2</u>
Town Clerk:				
Personnel service	283	282	281	1
Contractual services	22	16	14	2
Materials and supplies	11	9	9	-
Fixed charges	3	3	2	1
Total	<u>319</u>	<u>310</u>	<u>306</u>	<u>4</u>
Human Resources Department:				
Personnel service	68	70	70	-
Contractual services	47	50	49	1
Materials and supplies	2	1	1	-
Fixed charges	2	3	2	1
Continued appropriations		6	6	-
Total	<u>119</u>	<u>130</u>	<u>128</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, 2017
(In Thousands)

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
Tax Department:				
Personnel service	\$ 208	\$ 213	\$ 213	\$ -
Contractual services	6	15	13	2
Materials and supplies	48	40	40	-
Fixed charges	2	2	1	1
Total	<u>264</u>	<u>270</u>	<u>267</u>	<u>3</u>
Assessor:				
Personnel service	311	310	309	1
Contractual services	5	5	4	1
Materials and supplies	13	13	11	2
Fixed charges	6	6	6	-
Continued appropriations		8	8	-
Total	<u>335</u>	<u>342</u>	<u>338</u>	<u>4</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	168	173	173	-
Contractual services	687	668	621	47
Fixed charges	43	42	42	-
Capital outlay	69	84	78	6
Continued appropriation		17	16	1
Total	<u>967</u>	<u>984</u>	<u>930</u>	<u>54</u>
Probate Court:				
Fixed charges	<u>11</u>	<u>11</u>	<u>11</u>	<u>-</u>
Town Attorney/Legal:				
Personnel service	212	219	219	-
Contractual services	58	23	12	11
Materials and supplies	3	3	1	2
Fixed charges	6	6	5	1
Total	<u>279</u>	<u>251</u>	<u>237</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, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
Elections Department:				
Personnel service	\$ 114	\$ 95	\$ 95	\$ -
Contractual services	14	8	7	1
Materials and supplies	25	21	17	4
Fixed charges	6	6	4	2
Total	<u>159</u>	<u>130</u>	<u>123</u>	<u>7</u>
Insurance:				
Fixed charges	<u>1,094</u>	<u>1,029</u>	<u>1,000</u>	<u>29</u>
Annual Audit:				
Fixed charges	<u>37</u>	<u>34</u>	<u>34</u>	<u>-</u>
Total general government	<u>4,426</u>	<u>4,341</u>	<u>4,203</u>	<u>138</u>
Public Safety:				
Police Department:				
Personnel service	6,277	6,520	6,504	16
Contractual services	255	223	203	20
Materials and supplies	213	182	164	18
Fixed charges	217	191	189	2
Equipment	195	181	168	13
Total	<u>7,157</u>	<u>7,297</u>	<u>7,228</u>	<u>69</u>
Emergency Management:				
Contractual services	1	1	1	-
Materials and supplies	8	8	2	6
Capital outlay	12	1	1	-
Total	<u>21</u>	<u>10</u>	<u>4</u>	<u>6</u>
Central Dispatch:				
Personnel service	767	775	767	8
Contractual services	16	2	1	1
Total	<u>783</u>	<u>777</u>	<u>768</u>	<u>9</u>
Fire Department:				
Personnel service	3,512	3,814	3,792	22
Contractual services	335	296	267	29
Materials and supplies	214	201	190	11
Fixed charges	160	149	140	9
Equipment	50	80	79	1
Total	<u>4,271</u>	<u>4,540</u>	<u>4,468</u>	<u>72</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, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
Fire Hydrant rentals:				
Fixed charges	\$ 239	\$ 239	\$ 238	\$ 1
Safety Program:				
Contractual services	12	10	7	3
Materials and supplies	38	38	38	-
Fixed charges	17	12	12	-
Total	<u>67</u>	<u>60</u>	<u>57</u>	<u>3</u>
Parking Authority:				
Personnel service	1	1	1	-
Contractual services	7	7	3	4
Materials and supplies	2	4		4
Fixed charges	1	1	1	-
Continued appropriations		21	8	13
Total	<u>11</u>	<u>34</u>	<u>13</u>	<u>21</u>
Total public safety	<u>12,549</u>	<u>12,957</u>	<u>12,776</u>	<u>181</u>
Public Works:				
Town Hall:				
Contractual services	43	45	44	1
Materials and supplies	19	18	16	2
Fixed charges	53	52	41	11
Continued appropriations		6	5	1
Total	<u>115</u>	<u>121</u>	<u>106</u>	<u>15</u>
Town Owned Property:				
Contractual services	54	54	32	22
Fixed charges	10	9	5	4
Total	<u>64</u>	<u>63</u>	<u>37</u>	<u>26</u>
Sylvia Bradley Historical Society:				
Contractual services	6	7	6	1
Fixed Charges	12	13	12	1
Continued appropriations		48	46	2
Total	<u>18</u>	<u>68</u>	<u>64</u>	<u>4</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, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
Engineering Department:				
Personnel service	\$ 668	\$ 687	\$ 686	\$ 1
Contractual services	9	5	4	1
Materials and supplies	16	14	13	1
Fixed charges	5	2	1	1
Total	<u>698</u>	<u>708</u>	<u>704</u>	<u>4</u>
Highway Department:				
Personnel service	1,541	1,595	1,589	6
Contractual services	469	481	471	10
Materials and supplies	137	104	93	11
Fixed charges	46	41	38	3
Capital outlay	27	48	48	-
Total	<u>2,220</u>	<u>2,269</u>	<u>2,239</u>	<u>30</u>
Snow and Ice Removal:				
Personnel service	115	198	198	-
Contractual services	145	221	220	1
Materials and supplies	350	511	510	1
Total	<u>610</u>	<u>930</u>	<u>928</u>	<u>2</u>
Street Lighting:				
Contractual services	60	106	102	4
Fixed charges	351	336	326	10
Total	<u>411</u>	<u>442</u>	<u>428</u>	<u>14</u>
Tree Maintenance:				
Contractual services	<u>38</u>	<u>38</u>	<u>36</u>	<u>2</u>
Bulky Waste Transfer Station:				
Personnel service	84	84	71	13
Contractual services	149	149	136	13
Materials & Supplies	5	5	4	1
Continued appropriations		1	1	-
Total	<u>238</u>	<u>239</u>	<u>212</u>	<u>27</u>
Environmental Problems:				
Contractual services	103	148	127	21
Continued appropriations		94		94
Total	<u>103</u>	<u>242</u>	<u>127</u>	<u>115</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, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
John Weichsel Municipal Center:				
Contractual services	\$ 235	\$ 235	\$ 233	\$ 2
Materials and supplies	12	12	6	6
Fixed charges	26	26	24	2
Total	<u>273</u>	<u>273</u>	<u>263</u>	<u>10</u>
Total Public Works	<u>4,788</u>	<u>5,393</u>	<u>5,144</u>	<u>249</u>
Health and Welfare:				
Community Services:				
Personnel service	228	230	230	-
Contractual services	18	18	14	4
Materials and supplies	5	5	5	-
Fixed charges	16	16	16	-
Total	<u>267</u>	<u>269</u>	<u>265</u>	<u>4</u>
Health Department:				
Fixed charges	<u>332</u>	<u>332</u>	<u>332</u>	<u>-</u>
Mental Health:				
Fixed charges	<u>3</u>	<u>3</u>	<u>3</u>	<u>-</u>
Nonpublic School Nurses:				
Contractual services	<u>63</u>	<u>63</u>	<u>62</u>	<u>1</u>
Total Health and Welfare	<u>665</u>	<u>667</u>	<u>662</u>	<u>5</u>
Human Services:				
Youth Counseling:				
Personnel service	312	318	317	1
Contractual services	5	3	3	-
Materials and supplies	1	1	1	-
Fixed charges	3	3	2	1
Total	<u>321</u>	<u>325</u>	<u>323</u>	<u>2</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, 2017

	<u>Budgeted Amounts</u>			
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance</u>
Community Assistance:				
Contractual services	\$ 54	\$ 54	\$ 54	\$ -
Calendar House-Senior Citizens:				
Personnel service	370	383	378	5
Contractual services	93	84	71	13
Materials and supplies	24	11	8	3
Fixed charges	47	47	29	18
Capital outlay	1			-
Total	<u>535</u>	<u>525</u>	<u>486</u>	<u>39</u>
Southington Housing Authority:				
Materials and supplies	<u>24</u>	<u>24</u>	<u>22</u>	<u>2</u>
Total Human Services	<u>942</u>	<u>936</u>	<u>891</u>	<u>45</u>
Parks and Recreation:				
Parks Department:				
Personnel service	661	672	652	20
Contractual services	151	152	150	2
Materials and supplies	60	59	48	11
Fixed charges	181	229	215	14
Capital outlay	25	25	15	10
Continued appropriations		231	33	198
Total	<u>1,078</u>	<u>1,368</u>	<u>1,113</u>	<u>255</u>
Recreation Department:				
Personnel service	273	277	269	8
Contractual services	58	55	47	8
Materials and supplies	22	20	17	3
Fixed charges	<u>13</u>	<u>13</u>	<u>12</u>	<u>1</u>
Total	<u>366</u>	<u>365</u>	<u>345</u>	<u>20</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>1,555</u>	<u>1,844</u>	<u>1,569</u>	<u>275</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, 2017

	<u>Budgeted Amounts</u>			
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance</u>
Library:				
Public Library:				
Personnel service	\$ 1,050	\$ 1,047	\$ 1,047	\$ -
Contractual services	68	80	80	-
Materials and supplies	158	156	154	2
Fixed charges	72	66	66	-
Capital outlay	56	55	54	1
Continued appropriations		6	6	-
Total	<u>1,404</u>	<u>1,410</u>	<u>1,407</u>	<u>3</u>
Barnes Museum:				
Personnel service	82	85	85	-
Contractual services	11	10	10	-
Materials and supplies	3	3	3	-
Fixed charges	11	11	10	1
Total	<u>107</u>	<u>109</u>	<u>108</u>	<u>1</u>
Total Library	<u>1,511</u>	<u>1,519</u>	<u>1,515</u>	<u>4</u>
Planning and Development:				
Economic Development Commission:				
Personnel service	145	149	148	1
Contractual services	35	23	7	16
Materials and supplies	2	2	2	-
Fixed charges	4	1	1	-
Total	<u>186</u>	<u>175</u>	<u>158</u>	<u>17</u>
Building Department:				
Personnel service	399	410	408	2
Contractual services	7	3	2	1
Materials and supplies	10	9	8	1
Fixed charges	5	5	5	-
Total	<u>421</u>	<u>427</u>	<u>423</u>	<u>4</u>
Planning and Zoning:				
Personnel service	371	377	376	1
Contractual services	15	10	9	1
Materials and supplies	7	4	4	-
Fixed charges	35	36	36	-
Continued appropriations		29		29
Total	<u>428</u>	<u>456</u>	<u>425</u>	<u>31</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, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
Zoning Board of Appeals:				
Personnel service	\$ 5	\$ 5	\$ 5	\$ -
Contractual services	8	8	8	-
Materials and supplies	1	1	1	-
Total	<u>14</u>	<u>14</u>	<u>14</u>	<u>-</u>
Conservation Commission:				
Personnel service	4	4	3	1
Contractual services	5	4	3	1
Materials and supplies	2	1	1	-
Total	<u>11</u>	<u>9</u>	<u>7</u>	<u>2</u>
Total Planning and Development	<u>1,060</u>	<u>1,081</u>	<u>1,027</u>	<u>54</u>
Miscellaneous:				
Land Lease:				
Fixed charges	<u>1</u>	<u>1</u>	<u>1</u>	<u>-</u>
Employee Benefits:				
Medical and group insurance:				
Fixed charges	<u>3,878</u>	<u>3,878</u>	<u>3,851</u>	<u>27</u>
Heart and Hypertension:				
Personnel service	1,272	1,217	1,124	93
Contractual services	27	27	18	9
Total Heart and Hypertension	<u>1,299</u>	<u>1,244</u>	<u>1,142</u>	<u>102</u>
Employee Retirement:				
Municipal:				
Fixed charges	4,217	4,178	4,169	9
Police:				
Fixed charges	186	188	188	-
Unemployment Compensation:				
Fixed charges	15	42	40	2
Total	<u>4,418</u>	<u>4,408</u>	<u>4,397</u>	<u>11</u>

(Continued on next page)

TOWN OF SOUTHLINGTON, CONNECTICUT
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
Accumulated Payout:				
Fixed charges	\$ 150	\$ 290	\$ 242	\$ 48
Tuition Reimbursement:				
Fixed charges	10	12	12	-
Total Employee Benefits	9,755	9,832	9,644	188
Debt Service				
Debt service - principal:				
Town and Sewer	3,321	3,321	3,321	-
Schools	3,439	3,439	3,439	-
Total	6,760	6,760	6,760	-
Debt service - interest:				
Town and Sewer	956	956	956	-
Schools	1,764	1,764	1,764	-
Total	2,720	2,720	2,720	-
Total Debt Service	9,480	9,480	9,480	-
Board of Education:				
School operations	91,782	92,721	92,688	33
Capital outlay		140		140
Continued appropriations		100	98	2
Total Board of Education	91,782	92,961	92,786	175
Contingency	1,288	88		88
Total expenditures	139,802	141,100	139,698	1,402

(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, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
Other Financing Uses:				
Transfers out	\$ <u>1,617</u>	\$ <u>2,627</u>	\$ <u>2,627</u>	\$ <u>-</u>
Total	\$ <u>141,419</u>	\$ <u>143,727</u>	142,325	\$ <u>1,402</u>
Budgetary expenditures are different than GAAP expenditures because:				
State of Connecticut on-behalf payments to the Connecticut State Teachers' Retirement System for Town teachers are not budgeted			16,526	
Accrued payroll is reported as expenditure for GAAP purposes			137	
Farm Heritage expenditures included in General Fund for GAAP purposes, but separate for budgetary purposes			79	
Issuance of capital leases are not budgeted			106	
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>159,552</u>	

(Continued on next page)

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

	<u>2015</u>	<u>2016</u>	<u>2017</u>
Town's proportion of the net pension liability	5.97%	5.62%	5.30%
Town's proportionate share of the net pension liability	\$ 5,892	\$ 10,825	\$ 18,318
Town's covered-employee payroll	\$ 31,789	\$ 28,792	\$ 27,947
Town's proportionate share of the net pension liability as a percentage of its covered-employee payroll	18.53%	37.60%	65.55%
Plan fiduciary net position as a percentage of the total pension liability	90.48%	92.72%	88.29%

Notes to Schedule

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

*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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Actuarially determined contribution	\$ 2,506	\$ 2,439	\$ 2,704	\$ 3,488	\$ 4,096	\$ 4,194	\$ 4,400	\$ 4,592	\$ 4,680	\$ 4,262
Contributions in relation to the actuarially determined contribution	2,506	2,439	2,704	3,488	4,096	4,194	4,400	4,592	4,680	4,262
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered employee payroll	\$ 25,085	\$ 25,816	\$ 26,169	\$ 27,006	\$ 27,081	\$ 27,618	\$ 28,694	\$ 30,111	\$ 30,944	\$ 27,947
Contributions as a percentage of covered employee payroll	9.99%	9.45%	10.33%	12.92%	15.12%	15.19%	15.33%	15.25%	15.12%	15.25%

Notes to Schedule

Valuation date: June 30, 2016

Measurement date: June 30, 2016

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

Methods and assumptions used to determine contribution rates:

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

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

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Actuarially determined contribution	\$ 56	\$ 58	\$ 64	\$ 88	\$ 109	\$ 104	\$ 108	\$ 113	\$ 96	\$ 103
Contributions in relation to the actuarially determined contribution	<u>56</u>	<u>58</u>	<u>64</u>	<u>88</u>	<u>109</u>	<u>104</u>	<u>108</u>	<u>113</u>	<u>96</u>	<u>103</u>
Contribution Deficiency (Excess)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
Covered employee payroll	\$ 797	\$ 825	\$ 852	\$ 930	\$ 940	\$ 884	\$ 901	\$ 940	\$ 845	\$ 845
Contributions as a percentage of covered employee payroll	7.03%	7.03%	7.51%	9.46%	11.60%	11.76%	11.99%	12.02%	11.36%	12.19%

Notes to Schedule

Valuation date: June 30, 2016
Measurement date: June 30, 2016
Actuarially determined contribution rates are calculated as of June 30, each biennium for the fiscal years ending two and three years after the valuation date.

Methods and assumptions used to determine contribution rates:

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

TOWN OF SOUTHTON, CONNECTICUT
SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHERS RETIREMENT PLAN
LAST THREE FISCAL YEARS*

	<u>2015</u>	<u>2016</u>	<u>2017</u>
Town's proportion of the net pension liability	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>
Total	<u>\$ 107,078</u>	<u>\$ 115,998</u>	<u>\$ 151,537</u>
Town's covered-employee payroll	\$ 33,621	\$ 34,262	\$ 34,721
Town's proportionate share of the net pension liability as a percentage of its covered-employee payroll	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	61.51%	59.50%	52.26%

Notes to Schedule

Changes in benefit terms	None
Changes of assumptions	<p>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.</p> <p>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.</p>
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.

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, 2017 AND 2016
(In Thousands)

	<u>2017</u>	<u>2016</u>
ASSETS		
Cash and cash equivalents	\$ 13,734	\$ 12,310
Investments	13,884	10,534
Property taxes receivable, net of allowance for uncollectible accounts of \$81 in 2017 and \$113 in 2016	2,199	2,462
Due from State of Connecticut	182	760
Accounts receivable	36	40
Inventories	<u>36</u>	<u>33</u>
Total Assets	<u>\$ 30,071</u>	<u>\$ 26,139</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE		
Liabilities:		
Accounts payable and accrued liabilities	\$ 3,833	\$ 3,027
Due to other funds	903	46
Due to State of Connecticut	<u>314</u>	<u>316</u>
Total liabilities	<u>5,050</u>	<u>3,389</u>
Deferred Inflows of Resources:		
Unavailable revenue - property taxes	1,953	2,186
Advance tax collections	<u>61</u>	<u>49</u>
Total deferred inflows of resources	<u>2,014</u>	<u>2,235</u>
Fund Balance:		
Nonspendable	36	33
Committed	67	146
Assigned	2,764	598
Unassigned	<u>20,140</u>	<u>19,738</u>
Total fund balance	<u>23,007</u>	<u>20,515</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 30,071</u>	<u>\$ 26,139</u>

**TOWN OF SOUTHLINGTON, CONNECTICUT
GENERAL FUND
REPORT OF TAX COLLECTOR
FOR THE YEAR ENDED JUNE 30, 2017
(In Thousands)**

Grand List	Uncollected Taxes July 1, 2016	Lawful Corrections		Transfers To Suspense	Adjusted Taxes Collectible	Collections			Amount Paid to Treasurer	Credit Balances	Uncollected Taxes June 30, 2017
		Additions	Deductions			Taxes	Interest	Warrants Liens/Fees			
2015	\$ 116,679	\$ 140	\$ 604	\$ 17	\$ 116,198	\$ 115,200	\$ 285	\$ 12	\$ 115,497	\$ 292	\$ 1,290
2014	1,271	6	18	15	1,244	725	169	6	900	11	530
2013	588		1	10	577	308	129	3	440	1	270
2012	318		1	4	313	222	119	2	343	1	92
2011	169		1	5	163	130	89	1	220		33
2010	90		1	3	86	63	57	1	121		23
2009	52			1	51	41	44		85		10
2008	34				34	25	27		52		9
2007	17				17	12	16		28		5
2006	13				13	8	8		16		5
2005	13				13	8	8		16		5
2004	4				4	1			1		3
2003	2				2				-		2
2002	2				2				-		2
2001	1				1		1		1		1
	<u>\$ 119,253</u>	<u>\$ 146</u>	<u>\$ 626</u>	<u>\$ 55</u>	<u>\$ 118,718</u>	<u>\$ 116,743</u>	<u>\$ 952</u>	<u>\$ 25</u>	<u>\$ 117,720</u>	<u>\$ 305</u>	<u>\$ 2,280</u>

* Operation of law

**Nonmajor
Governmental Funds**

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

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

Cafeteria

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

Animal Control Fund

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

Federal and State Education Grants

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

Police Auction

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

Refuse

To account for refuse removal funded by charges for services.

Police Special Duty

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

Apple Harvest Festival

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

Police Forfeiture

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

Town Special Revenue

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

Child Development Center

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

Library Trust

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

Excavation Permit

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

Community Services

To account for contributions to Community Services for needy families.

Drive In Theatre

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

Barnes Museum Restoration

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

Recreation Programs

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

Emergency Management

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

Greenway Commons

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

Turf Field

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

Gura Building

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

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.

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.

Library Trust

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

TOWN OF SOUTHTON, CONNECTICUT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2017
(In Thousands)

	Special Revenue						
	Cafeteria	Animal Control	Federal and State Education Grants	Police Auction	Refuse	Police Special Duty	Apple Harvest Festival
ASSETS							
Cash and cash equivalents	\$ 504	\$ 84	\$ 200	\$ 7	\$ 167	\$ 388	\$ 171
Investments							
Accounts receivable	149		127		173	216	
Inventories	29						
Total Assets	\$ 682	\$ 84	\$ 327	\$ 7	\$ 340	\$ 604	\$ 171
LIABILITIES DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES							
Liabilities:							
Accounts payable and accrued liabilities	\$	\$ 23	\$ 58	\$	\$ 309	\$ 12	\$ 1
Unearned revenue	55		220				
Other liabilities					23		
Total liabilities	55	23	278	-	332	12	1
Deferred Inflows of Resources							
Unavailable revenue - special assessments							
Fund Balances:							
Nonspendable	29						
Restricted			49				
Committed	598	61		7	8	592	170
Total fund balances	627	61	49	7	8	592	170
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 682	\$ 84	\$ 327	\$ 7	\$ 340	\$ 604	\$ 171

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TOWN OF SOUTHTON, CONNECTICUT
COMBINING BALANCE SHEET (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2017
(In Thousands)

	Special Revenue						
	Police Forfeiture	Town Special Revenue	Child Development Center	Library Trust	Excavation Permit	Community Services	Drive-In Theatre
ASSETS							
Cash and cash equivalents	\$ 34	\$ 309	\$	\$ 89	\$ 389	\$ 193	\$ 97
Investments							
Accounts receivable		34					
Inventories							
Total Assets	<u>\$ 34</u>	<u>\$ 343</u>	<u>\$ -</u>	<u>\$ 89</u>	<u>\$ 389</u>	<u>\$ 193</u>	<u>\$ 97</u>
LIABILITIES DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES							
Liabilities:							
Accounts payable and accrued liabilities	\$	\$ 4	\$	\$ 3	\$ 39	\$	\$ 5
Unearned revenue					76		
Other liabilities					208		
Total liabilities	<u>-</u>	<u>4</u>	<u>-</u>	<u>3</u>	<u>323</u>	<u>-</u>	<u>5</u>
Deferred Inflows of Resources							
Unavailable revenue - special assessments							
Fund Balances:							
Nonspendable							
Restricted				86			
Committed	34	339			66	193	92
Total fund balances	<u>34</u>	<u>339</u>	<u>-</u>	<u>86</u>	<u>66</u>	<u>193</u>	<u>92</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 34</u>	<u>\$ 343</u>	<u>\$ -</u>	<u>\$ 89</u>	<u>\$ 389</u>	<u>\$ 193</u>	<u>\$ 97</u>

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TOWN OF SOUTHTON, CONNECTICUT
COMBINING BALANCE SHEET (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2017
(In Thousands)

	Special Revenue					
	Barnes Museum Restoration	Recreation Programs	Emergency Management	Greenway Commons	Turf Field	Gura Building
ASSETS						
Cash and cash equivalents	\$ 102	\$ 181	\$	\$	\$ 128	\$
Investments						
Accounts receivable						
Inventories						
Total Assets	<u>\$ 102</u>	<u>\$ 181</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 128</u>	<u>\$ -</u>
LIABILITIES DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
Liabilities:						
Accounts payable and accrued liabilities	\$	\$ 2	\$	\$	\$	\$
Unearned revenue						
Other liabilities						
Total liabilities	<u>-</u>	<u>2</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deferred Inflows of Resources						
Unavailable revenue - special assessments						
Fund Balances:						
Nonspendable						
Restricted						
Committed	102	179			128	
Total fund balances	<u>102</u>	<u>179</u>	<u>-</u>	<u>-</u>	<u>128</u>	<u>-</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 102</u>	<u>\$ 181</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 128</u>	<u>\$ -</u>

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TOWN OF SOUTHTON, CONNECTICUT
COMBINING BALANCE SHEET (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2017
(In Thousands)

	Special Revenue					
	CDBG	Brownfield	Board of Education Scholarship	Sewer Assessments	Debt Service	Total
ASSETS						
Cash and cash equivalents	\$	\$ 108	\$ 432	\$ 775	\$ 4,133	\$ 8,491
Investments			212			212
Accounts receivable		22		1,346		2,067
Inventories						29
Total Assets	\$ -	\$ 130	\$ 644	\$ 2,121	\$ 4,133	\$ 10,799
LIABILITIES DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
Liabilities:						
Accounts payable and accrued liabilities	\$	\$	\$	\$ 12	\$	\$ 468
Unearned revenue						351
Other liabilities						231
Total liabilities	-	-	-	12	-	1,050
Deferred Inflows of Resources						
Unavailable revenue - special assessments				1,346		1,346
Fund Balances:						
Nonspendable						29
Restricted			644			779
Committed		130		763	4,133	7,595
Total fund balances	-	130	644	763	4,133	8,403
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ -	\$ 130	\$ 644	\$ 2,121	\$ 4,133	\$ 10,799

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TOWN OF SOUTHTON, CONNECTICUT
COMBINING BALANCE SHEET (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2017
(In Thousands)

	Permanent Fund					Total Nonmajor Governmental Funds
	Edna Woodruff	Addin Lewis	Julia Bradley Library	Library Trust	Total	
ASSETS						
Cash and cash equivalents	\$	\$	\$	\$	\$	\$
Investments	2	6	1	19	20	8,511
Accounts receivable					8	220
Inventories					-	2,067
					-	29
Total Assets	\$ 2	\$ 6	\$ 1	\$ 19	\$ 28	\$ 10,827
LIABILITIES DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
Liabilities:						
Accounts payable and accrued liabilities	\$	\$	\$	\$	\$ -	\$ 468
Unearned revenue					-	351
Other liabilities					-	231
Total liabilities	-	-	-	-	-	1,050
Deferred Inflows of Resources						
Unavailable revenue - special assessments						1,346
Fund Balances:						
Nonspendable	2	6	1	19	28	57
Restricted					-	779
Committed					-	7,595
Total fund balances	2	6	1	19	28	8,431
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 2	\$ 6	\$ 1	\$ 19	\$ 28	\$ 10,827

TOWN OF SOUTHTON, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2017
(In Thousands)

	Special Revenue						
			Federal and State Education Grants	Police Auction	Refuse	Police Special Duty	Apple Harvest Festival
	Cafeteria	Animal Control					
Revenues:							
Contributions	\$	\$	\$	\$	\$	\$	\$ 70
Intergovernmental	626		4,797				
Charges for services	1,269	9			1,939	1,610	174
Income on investments				1			
Other revenues							
Net increase in fair value of investments							
Total revenues	1,895	9	4,797	1	1,939	1,610	244
Expenditures:							
Current:							
General government							
Public safety		222				1,577	51
Public works					1,940		
Health and welfare							
Human services							
Parks and recreation							203
Public library							
Education	1,991		4,798				
Debt service							
Total expenditures	1,991	222	4,798	-	1,940	1,577	254
Excess (Deficiency) of Revenues over Expenditures	(96)	(213)	(1)	1	(1)	33	(10)
Other Financing Sources:							
Transfers in		221					
Net Change in Fund Balances	(96)	8	(1)	1	(1)	33	(10)
Fund Balances at Beginning of Year	723	53	50	6	9	559	180
Fund Balances at End of Year	\$ 627	\$ 61	\$ 49	\$ 7	\$ 8	\$ 592	\$ 170

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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, 2017
(In Thousands)

	Special Revenue						
	Police Forfeiture	Town Special Revenue	Child Development Center	Library Trust	Excavation Permit	Community Services	Drive-In Theatre
Revenues:							
Contributions	\$	\$ 17	\$	\$	\$	\$ 74	\$
Intergovernmental		132	362	2			
Charges for services		110		16	55		67
Income on investments	3						
Other revenues							
Net increase in fair value of investments							
Total revenues	<u>3</u>	<u>259</u>	<u>362</u>	<u>18</u>	<u>55</u>	<u>74</u>	<u>67</u>
Expenditures:							
Current:							
General government		56					
Public safety		49					
Public works		26			46		
Health and welfare		18					
Human services		76				30	
Parks and recreation							59
Public library				21			
Education			362				
Debt service							
Total expenditures	<u>-</u>	<u>225</u>	<u>362</u>	<u>21</u>	<u>46</u>	<u>30</u>	<u>59</u>
Excess (Deficiency) of Revenues over Expenditures	3	34	-	(3)	9	44	8
Other Financing Sources:							
Transfers in							
Net Change in Fund Balances	3	34	-	(3)	9	44	8
Fund Balances at Beginning of Year	<u>31</u>	<u>305</u>	<u>-</u>	<u>89</u>	<u>57</u>	<u>149</u>	<u>84</u>
Fund Balances at End of Year	\$ <u>34</u>	\$ <u>339</u>	\$ <u>-</u>	\$ <u>86</u>	\$ <u>66</u>	\$ <u>193</u>	\$ <u>92</u>

(Continued on next page)

TOWN OF SOUTHTON, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2017
(In Thousands)

	Special Revenue					
	Barnes Museum Restoration	Recreation Programs	Emergency Management	Greenway Commons	Turf Field	Gura Building
Revenues:						
Contributions	\$	\$	\$	\$	\$ 27	\$
Intergovernmental				81		50
Charges for services		121			18	
Income on investments						
Other revenues						
Net increase in fair value of investments						
Total revenues	-	121	-	81	45	50
Expenditures:						
Current:						
General government						
Public safety			14			
Public works				81		50
Health and welfare						
Human services						
Parks and recreation		106			5	
Public library						
Education						
Debt service						
Total expenditures	-	106	14	81	5	50
Excess (Deficiency) of Revenues over Expenditures	-	15	(14)	-	40	-
Other Financing Sources:						
Transfers in						
Net Change in Fund Balances	-	15	(14)	-	40	-
Fund Balances at Beginning of Year	102	164	14	-	88	-
Fund Balances at End of Year	\$ 102	\$ 179	\$ -	\$ -	\$ 128	\$ -

(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, 2017
(In Thousands)

	Special Revenue					
	CDBG	Brownfield	Board of Education Scholarship	Sewer Assessment	Debt Service	Total
Revenues:						
Contributions	\$	\$	\$ 40	\$	\$	\$ 228
Intergovernmental	234	22				6,306
Charges for services				111		5,499
Income on investments			8	17		29
Other revenues					236	236
Net increase in fair value of investments						-
Total revenues	<u>234</u>	<u>22</u>	<u>48</u>	<u>128</u>	<u>236</u>	<u>12,298</u>
Expenditures:						
Current:						
General government						56
Public safety						1,913
Public works		30				2,173
Health and welfare						18
Human services	234					340
Parks and recreation						373
Public library						21
Education			48			7,199
Debt service				313	1,875	2,188
Total expenditures	<u>234</u>	<u>30</u>	<u>48</u>	<u>313</u>	<u>1,875</u>	<u>14,281</u>
Excess (Deficiency) of Revenues over Expenditures	-	(8)	-	(185)	(1,639)	(1,983)
Other Financing Sources:						
Transfers in		75			403	699
Net Change in Fund Balances	-	67	-	(185)	(1,236)	(1,284)
Fund Balances at Beginning of Year	-	63	644	948	5,369	9,687
Fund Balances at End of Year	<u>\$ -</u>	<u>\$ 130</u>	<u>\$ 644</u>	<u>\$ 763</u>	<u>\$ 4,133</u>	<u>\$ 8,403</u>

(Continued on next page)

TOWN OF SOUTHTON, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2017
(In Thousands)

	Permanent Funds					Total Nonmajor Governmental Funds
	Edna Woodruff	Addin Lewis	Julia Bradley Library	Library Trust	Total	
Revenues:						
Contributions	\$	\$	\$	\$ 9	\$ 9	\$ 237
Intergovernmental					-	6,306
Charges for services					-	5,499
Income on investments					-	29
Other revenues					-	236
Net increase in fair value of investments		3			3	3
Total revenues	-	3	-	9	12	12,310
Expenditures:						
Current:						
General government					-	56
Public safety					-	1,913
Public works					-	2,173
Health and welfare					-	18
Human services					-	340
Parks and recreation					-	373
Public library				9	9	30
Education					-	7,199
Debt service					-	2,188
Total expenditures	-	-	-	9	9	14,290
Excess (Deficiency) of Revenues over Expenditures	-	3	-	-	3	(1,980)
Other Financing Sources:						
Transfers in					-	699
Net Change in Fund Balances	-	3	-	-	3	(1,281)
Fund Balances at Beginning of Year	2	3	1	19	25	9,712
Fund Balances at End of Year	\$ 2	\$ 6	\$ 1	\$ 19	\$ 28	\$ 8,431

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, 2017
(In Thousands)

	<u>Balance</u> <u>July 1, 2016</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2017</u>
Student Activity Fund				
Assets:				
Cash and cash equivalents	\$ 485	\$ 1,409	\$ 1,357	\$ 537
Investments	<u>98</u>	<u></u>	<u>11</u>	<u>87</u>
Total Assets	<u>\$ 583</u>	<u>\$ 1,409</u>	<u>\$ 1,368</u>	<u>\$ 624</u>
Liabilities:				
Fiduciary deposits	<u>\$ 583</u>	<u>\$ 1,409</u>	<u>\$ 1,368</u>	<u>\$ 624</u>
Escrow Deposit				
Assets:				
Cash and cash equivalents	\$ <u>1,134</u>	\$ <u>769</u>	\$ <u>45</u>	\$ <u>1,858</u>
Liabilities:				
Fiduciary deposits	<u>\$ 1,134</u>	<u>\$ 769</u>	<u>\$ 45</u>	<u>\$ 1,858</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	\$ 1,619	\$ 2,217	\$ 1,441	\$ 2,395
Investments	<u>98</u>	<u></u>	<u>11</u>	<u>87</u>
Total Assets	<u>\$ 1,717</u>	<u>\$ 2,217</u>	<u>\$ 1,452</u>	<u>\$ 2,482</u>
Liabilities:				
Fiduciary deposits	<u>\$ 1,717</u>	<u>\$ 2,217</u>	<u>\$ 1,452</u>	<u>\$ 2,482</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 SOUTHBINGTON, CONNECTICUT
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(In Thousands)

	FISCAL YEAR									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Governmental Activities:										
Net investment in capital assets	\$ 161,862	\$ 155,774	\$ 143,966	\$ 145,586	\$ 120,862	\$ 110,992	\$ 104,035	\$ 99,125	\$ 119,767	\$ 112,125
Restricted	114	114	705	712	704	631	1,032	985	1,023	1,023
Unrestricted	16,056	17,739	11,035	(7,624)	7,352	5,917	6,786	1,814	(22,128)	(14,999)
Total governmental activities net position	178,032	173,627	155,706	138,674	128,918	117,540	111,853	101,924	98,662	98,149
Business-type Activities:										
Net investment in capital assets	48,572	48,515	45,324	44,622	45,381	46,739	47,450	47,103	44,662	33,460
Unrestricted	5,835	4,333	2,193	1,242	1,740	1,903	1,585	789	483	1,065
Total business-type activities net position	54,407	52,848	47,517	45,864	47,121	48,642	49,035	47,892	45,145	34,525
Primary Government:										
Net investment in capital assets	210,434	204,289	189,290	190,208	166,243	157,731	151,485	146,228	164,429	145,585
Restricted	114	114	705	712	704	631	1,032	985	1,023	1,023
Unrestricted	21,891	22,072	13,228	(6,382)	9,092	7,820	8,371	2,603	(21,645)	(13,934)
Total Primary Government Net Position	\$ 232,439	\$ 226,475	\$ 203,223	\$ 184,538	\$ 176,039	\$ 166,182	\$ 160,888	\$ 149,816	\$ 143,807	\$ 132,674

Notes:

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

(2) The Town first reported infrastructure assets acquired prior to July 1, 2002 in 2007.

TABLE 2

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

	FISCAL YEAR									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Expenses:										
Governmental activities:										
General government	\$ 6,157	\$ 3,236	\$ 4,911	\$ 4,166	\$ 4,804	\$ 4,942	\$ 4,176	\$ 4,464	\$ 7,291	\$ 6,627
Public safety	20,877	20,184	20,590	19,229	19,122	20,436	18,711	17,749	16,047	16,789
Public works	10,155	15,777	12,828	13,553	10,614	11,082	9,402	9,712	9,836	10,165
Health and welfare	775	749	804	812	782	777	1,047	940	1,024	766
Human services	1,575	1,388	1,699	1,688	1,699	1,667	1,671	1,477	1,579	1,272
Parks and recreation	2,540	2,073	2,468	2,230	2,121	1,808	1,903	1,994	2,218	1,992
Public library	2,033	2,105	2,012	1,983	2,026	2,262	1,844	1,830	1,569	1,303
Planning and development	1,425	1,454	1,399	1,252	1,144	1,210	1,245	1,131	785	925
Education	123,630	108,892	109,074	106,788	99,453	99,324	94,128	92,209	89,694	106,877
Interest on long-term debt	3,026	2,830	2,954	2,474	1,958	2,370	1,621	2,060	1,697	1,931
Total governmental activities expenses	172,193	158,688	158,739	154,175	143,723	145,878	135,748	133,566	131,740	148,647
Business-type activities:										
Sewer	6,091	5,162	5,500	5,441	6,099	5,347	4,999	4,849	4,419	4,284
Total primary government expenses	178,284	163,850	164,239	159,616	149,822	151,225	140,747	138,415	136,159	152,931
Program revenues:										
Governmental activities:										
Charges for services:										
General government	1,712	2,269	2,394	1,926	2,133	1,220	1,085	1,332	1,323	2,136
Public safety	1,721	1,887	1,234	1,463	1,297	977	1,250	954	1,318	1,064
Public works	2,085	2,197	2,046	2,099	3,009	3,137	2,442	2,746	2,894	2,758
Education	2,304	2,281	2,139	2,358	2,266	2,060	1,973	1,963	1,972	1,962
Other	1,241	1,362	1,140	1,298	1,193	1,026	968	1,061	1,633	738
Operating grants and contributions	43,732	38,290	37,636	38,052	36,136	36,117	33,906	33,301	31,260	51,074
Capital grants and contributions	3,733	5,439	18,417	25,292	4,898	6,031	6,920	8,329	10,897	2,042
Total governmental activities program revenues	56,528	53,725	65,006	72,488	50,932	50,568	48,544	49,686	51,297	61,774
Business-type activities:										
Charges for services	5,913	5,708	5,710	4,359	4,480	4,355	4,297	3,727	3,058	2,655
Capital grants and contributions	1,737	4,761								
Total business activities program revenues	7,650	10,469	5,710	4,359	4,480	4,355	4,297	3,727	3,058	2,655
Total primary government program revenues	64,178	64,194	70,716	76,847	55,412	54,923	52,841	53,413	54,355	64,429
Net expense:										
Governmental activities	(115,665)	(104,963)	(93,733)	(81,687)	(92,791)	(95,310)	(87,204)	(83,880)	(80,443)	(86,873)
Business-type activities	1,559	5,307	210	(1,082)	(1,619)	(992)	(702)	(1,122)	(1,361)	(1,629)
Total primary government net expense	(114,106)	(99,656)	(93,523)	(82,769)	(94,410)	(96,302)	(87,906)	(85,002)	(81,804)	(88,502)
General revenues and other changes in net position:										
Governmental activities:										
Property taxes	116,889	112,320	107,729	103,575	102,244	99,471	97,004	92,919	90,440	85,534
Grants and contributions not restricted to specific purposes	2,353	1,509	1,626	1,621	1,766	1,930	1,755	2,201	2,128	1,940
Unrestricted investment earnings	592	521	351	337	257	195	219	278	369	1,190
Miscellaneous	236	1,525								127
Transfers			(1,250)	(301)	(98)	(599)	(1,845)	(3,689)	(11,981)	(2,947)
Total governmental activities	120,070	115,875	108,456	105,232	104,169	100,997	97,133	91,709	80,956	85,844
Business-Type Activities:										
Grants and contributions			193							
Transfers			1,250	301	98	599	1,845	3,689	11,981	2,947
Total business-type activities	-	-	1,443	301	98	599	1,845	3,689	11,981	2,947
Total primary government	120,070	115,875	109,899	105,533	104,267	101,596	98,978	95,398	92,937	88,791
Changes in net position:										
Governmental activities	4,405	10,912	14,723	23,545	11,378	5,687	9,929	7,829	513	(1,029)
Business-type activities	1,559	5,307	1,653	(781)	(1,521)	(393)	1,143	2,567	10,620	1,318
Total Primary Government	\$ 5,964	\$ 16,219	\$ 16,376	\$ 22,764	\$ 9,857	\$ 5,294	\$ 11,072	\$ 10,396	\$ 11,133	\$ 289

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									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
General Fund:										
Nonspendable	\$ 36	\$ 33	\$ 56	\$ 64	\$ 71	\$ 84	\$ 231	\$	\$	\$
Committed	67	146								
Assigned	2,764	598	1,250	5,252	1,328	496	1,347			
Unassigned	20,140	19,738	17,801	16,215	18,487	16,084	13,486			
Reserved								54	426	365
Unreserved								13,196	12,044	9,936
Total General Fund	<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>	<u>\$ 10,301</u>
All other governmental funds:										
Nonspendable	\$ 57	\$ 84	\$ 662	\$ 661	\$ 642	\$ 589	\$ 988	\$	\$	\$
Restricted	779	783	150	193	165	1,558	1,562			
Committed	7,595	14,339	9,313	2,985	2,676	2,194	1,909			
Unassigned	(904)			(8,864)						
Reserved								52	44	59
Unreserved, reported in:										
Special revenue funds								2,299	2,562	2,063
Capital projects funds								(21,118)	(9,117)	(5,333)
Permanent funds								878	775	872
Total All Other Governmental Funds	<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>	<u>\$ (2,339)</u>

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

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

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

	FISCAL YEAR									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Revenues:										
Property taxes	\$ 117,575	\$ 111,979	\$ 108,052	\$ 103,597	\$ 102,129	\$ 99,615	\$ 97,026	\$ 92,650	\$ 90,440	\$ 85,341
Intergovernmental	49,460	44,087	55,298	62,599	40,626	43,377	39,277	41,267	43,615	55,366
Charges for services	9,078	9,322	8,306	8,900	8,618	7,807	7,592	7,724	7,764	5,135
Income on investments	593	520	350	336	256	195	218	305	369	1,173
Other revenues	430	3,147	2,104	730	1,141	503	504	559	1,423	3,588
Total revenues	177,136	169,055	174,110	176,162	152,770	151,497	144,617	142,505	143,611	150,603
Expenditures:										
General government	4,350	4,553	4,125	3,838	3,672	3,610	3,265	3,037	3,018	6,030
Public safety	14,741	14,210	13,799	13,385	13,303	12,958	12,687	12,589	12,398	12,193
Public works	7,335	7,144	8,880	7,585	7,204	7,552	7,188	7,008	8,341	7,469
Health and welfare	681	652	706	729	702	713	880	769	720	786
Human resources	1,235	1,026	1,371	1,357	1,373	1,338	1,387	1,243	1,498	1,280
Parks and recreation	1,945	2,289	1,900	1,554	1,611	1,505	1,423	1,570	2,071	1,935
Public library	1,550	1,556	1,502	1,488	1,524	1,800	1,472	1,447	1,594	1,311
Planning and development	1,032	1,037	1,009	916	799	857	877	835	841	829
Miscellaneous				1	14	284	29	77	147	56
Employee fringe benefits	9,645	9,519	9,345	8,829	8,497	7,931	8,115	7,584	6,920	4,007
Education	116,927	106,503	102,858	102,618	98,040	95,922	93,163	89,674	84,567	103,840
Debt service:										
Principal	11,668	6,188	5,618	4,110	5,507	6,018	4,649	4,767	4,955	4,460
Interest		3,240	2,740	2,740	2,740	2,244	2,352	1,970	1,126	1,135
Capital outlay	11,319	23,050	50,291	55,092	7,980	7,996	7,041	21,444	32,083	11,195
Total expenditures	182,428	180,967	204,144	204,242	152,966	150,728	144,528	154,014	160,279	156,526
Excess (deficiency) of revenue over (under) expenditures	(5,292)	(11,912)	(30,034)	(28,080)	(196)	769	89	(11,509)	(16,668)	(5,923)
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		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		17,200	26,920				11,945	136	15,440	8,975
Transfers in	3,029	3,934	6,520	3,579	2,069	3,471	2,895	2,766	2,912	3,527
Transfers out	(3,030)	(3,934)	(6,520)	(3,579)	(2,069)	(3,471)	(2,895)	(2,766)	(2,912)	(3,527)
Total other financing sources	105	18,401	42,760	23,425	352	713	24,073	136	15,440	8,975
Net Change in Fund Balances	\$ (5,187)	\$ 6,489	\$ 12,726	\$ (4,655)	\$ 156	\$ 1,482	\$ 24,162	\$ (11,373)	\$ (1,228)	\$ 3,052
Debt Service as a Percentage of Noncapital Expenditures	6.82%	6.09%	5.21%	4.51%	5.66%	5.69%	5.01%	4.94%	4.78%	3.81%

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							
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%
2008	2006	2,926,675	427,816	105,528	178,417	311,761	78,193	3,872,004	21.88	5,531,434	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
2017 AND 2008
(In Thousands)**

Taxpayer	2017			2008		
	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.)	\$ 83,241	1	2.13%	\$ 43,937	1	1.13%
Yankee Gas	19,810	2	0.51%	11,179	5	0.29%
45 Newell Street (Yarde Metals)	16,467	3	0.42%	9,913	7	0.26%
Home Depot (2 locations)	15,451	4	0.40%			
RK Southington LLC (Galileo Queens Plaza LLC)	11,744	5	0.30%	15,453	3	0.40%
Execsouth LLC (Lowes Home Improvement)	11,727	6	0.30%			
Southington Route 10 Associates	11,383	7	0.29%			
Target Corporation	10,820	8	0.28%			
Olson Murial et al (Wal-Mart Plaza)	9,318	9	0.24%			
Twinco Corp (BJs)	9,017	10	0.23%			
Lexington Southington LP (formerly Medex Inc (formerly Johnson & Johnson)				21,249	2	0.55%
Hartconn Corporation				14,905	4	0.38%
Widewaters (Home Depot)				10,545	6	0.27%
Alzheimers Resource Center				9,711	8	0.25%
Olsen Herbert R ET AL				9,594	9	0.25%
				9,493	10	0.25%
Total	\$ <u>198,978</u>		<u>5.10%</u>	\$ <u>155,979</u>		<u>4.03%</u>

Net Taxable Grand List 10/01/2015 of \$3,902,110

Net Taxable Grand List 10/01/2006 of \$3,874,151

(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
2017	2015	29.64	\$ 116,198	\$	\$ 116,198	\$ 114,908	98.89 %	\$	\$ 114,908	98.89 %
2016	2014	29.14	111,851	28	111,823	110,580	98.86	713	111,293	99.53
2015	2013	28.36	107,104	66	107,038	105,860	98.84	909	106,769	99.75
2014	2012	27.46	102,717	111	102,606	101,433	98.75	1,081	102,514	99.91
2013	2011	27.48	101,940	106	101,834	100,471	98.56	1,329	101,800	99.97
2012	2010	24.28	98,794	116	98,678	97,457	98.65	1,198	98,655	99.98
2011	2009	24.02	96,374	80	96,294	95,119	98.70	1,165	96,284	99.99
2010	2008	23.27	92,337	124	92,213	90,995	98.55	1,209	92,204	99.99
2009	2007	23.02	90,298	115	90,183	88,887	98.44	1,291	90,178	99.99
2008	2006	21.88	84,776	113	84,663	83,662	98.69	996	84,658	99.99

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

TABLE 8

TOWN OF SOUTHLINGTON, 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					
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
2008	48,596			271	48,867	0.88	0.88	3.57	1,160	1,160

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

	General Purpose	Schools	Sewers	Urban Renewal	Pension Deficit
Debt limitation:					
2-1/4 times base	\$ 264,184	\$	\$	\$	\$
4-1/2 times base		528,368			
3-3/4 times base			440,306		
3-1/4 times base				381,599	
3 times base					352,245
Total debt limitation	<u>264,184</u>	<u>528,368</u>	<u>440,306</u>	<u>381,599</u>	<u>352,245</u>
Indebtedness:					
Bonds payable	26,623	57,083	11,069		
Bonds authorized - unissued	12,674	3,451	40,700		
Clean Water Fund Loan			7,390		
Total indebtedness	<u>39,297</u>	<u>60,534</u>	<u>59,159</u>	<u>-</u>	<u>-</u>
Debt limitation in excess of outstanding and authorized debt	\$ <u>224,887</u>	\$ <u>467,834</u>	\$ <u>381,147</u>	\$ <u>381,599</u>	\$ <u>352,245</u>

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TABLE 10

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

	FISCAL YEAR									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Debt limitation	\$ 821,905	\$ 784,448	\$ 756,147	\$ 724,535	\$ 715,554	\$ 696,332	\$ 678,741	\$ 649,404	\$ 631,918	\$ 596,100
Total net debt applicable to limit	<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>	<u>81,907</u>
Legal Debt Margin	<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>	<u>\$ 514,193</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	<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>	<u>13.74%</u>

Source: Comprehensive Annual Financial Report - Schedule of Debt Limitation

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

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

Calendar Year	Population (1)	Per Capita Income (2)	Personal Income (3)	Median Age (4)	Public School Enrollment (5)	Unemployment Rate (6)
2017	43,685	\$ 41,087	\$ 1,794,885,595	45.0	6,540	4.30 %
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 %
2008	42,142	32,517	1,370,331,414	42.0	6,973	4.70 %

Source:

- (1) State of Connecticut Department of Public Health as of July 1st of Prior Year.
- (2) U.S. Census Bureau, 2016 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 2017, June 2017 is utilized as an estimate. Next year it will be replaced with the Annual Average.

TABLE 12

**TOWN OF SOUTHLINGTON, CONNECTICUT
PRINCIPAL EMPLOYERS
2017 AND 2008**

Employer	Nature of Business	2017			2008		
		Employees	Rank	Percentage of Total Town Employment	Employees	Rank	Percentage of Total Town Employment
Town of Southington	Municipality	1,312	1	5.26%	1,181	2	4.76%
Webster Bank	Financial Services	539	2	2.16%			
Hartford Health Care Senior Services	Health Care Practice	463	3	1.86%			
Yarde Metals	Manufacturing	386	4	1.55%	415	3	1.67%
Connecticut On-Line Computer Company	IT	350	5	1.40%			
Smith's Medical (Medex)	Manufacturing	241	6	0.97%	315	5	1.27%
The Home Depot	Retail Chain	235	7	0.94%	242	7	0.98%
Hospital of Central CT: Bradley Memorial Hospital	Hospital	202	8	0.81%	300	4	1.21%
Wal-Mart	Retail Chain	182	9	0.73%	207	9	0.83%
Hartford Healthcare at Home	Health Care	179	10	0.72%			
Hartford Insurance Group	Insurance				2,100	1	8.46%
Southington Care Center	Health Care Practice				310	6	1.25%
Price Chopper	Retail Chain				226	8	0.91%
Stop & Shop	Retail Chain				177	10	0.71%
Total		<u>4,089</u>		<u>16.39%</u>	<u>5,473</u>		<u>22.05%</u>

FY 2008 Labor Force 24,818

FY 2017 Labor Force 24,953

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									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
General government	65	65	65	64	60	53	58	58	57	57
Police	87	85	85	82	85	84	85	85	85	85
Fire	34	34	34	34	33	33	33	33	33	32
Public works	25	25	26	26	26	34	35	35	37	37
Parks and recreation	12	12	12	12	12	12	11	11	13	13
Library and Barnes	20	20	20	20	20	20	20	20	19	19
Education ⁽¹⁾	1,056	1,040	1,033	995	942	955	939	931	904	907
Animal Control	2	2	2	2	2	2	2	2	2	2
Sewer plant and office	13	13	9	12	12	12	13	13	12	13
Total	<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>	<u>1,165</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									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
General government:										
Building permits issued	1,016	1,392	1,301	1,162	1,340	1,424	1,284	1,210	1,181	1,311
Police:										
Physical arrests	779	857	1,082	932	1,012	903	993	1,000	971	1,247
Parking violations	477	209	246	172	376	342	409	867	1,123	500
Traffic violations	5,859	4,680	5,611	6,963	6,491	8,264	9,972	10,791	9,014	8,923
Fire:										
Emergency responses/Fire calls	2,207	1,996	2,154	1,942	1,929	2,213	2,284	1,808	1,911	2,083
Inspections	509	552	593	502	528		2,684	2,592	2,805	1,775
Refuse collection:										
Average refuse collected (tons per day)	130	132	124	128	118	115	121	121	131	146
Average recyclables collected (tons per day)	16	14	13	12	13	13	14	13	11	10
Other public works:										
Street resurfacing (miles)	7	18	14	8	2	3	4	3	4	5
Library:										
Total volumes loaned/Combined lending	323,093	389,811	421,881	482,528	756,993	753,021	701,854	708,039	651,120	572,071
Water:										
New connections	84	69	102	83	85	116	74	84	112	212
Average daily consumption (thousands of gallons)	3,837	4,053	3,775	3,752	3,802	3,829	3,853	3,559	3,929	3,887
Wastewater:										
Average daily sewage treatment (thousands of gallons)	4,800	4,790	4,725	4,670	4,530	5,080	4,070	5,000	5,030	4,690

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 SOUTHLINGTON, CONNECTICUT
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS**

Function/Program	FISCAL YEAR									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	23	22	22	22	22	22	22	22	23	21
Fire stations	4	4	4	4	4	4	4	4	4	4
Other public works:										
Streets (miles)	203	203	202	201	199	199	198	198	197	196
Streetlights	3870	3,866	3,865	3,796	3,711	4,228	4,201	4,173	4,011	4,011
Traffic signals	10	10	10	9	9	6	6	6	6	5
Parks and recreation:										
Acreage	351	351	351	351	351	351	351	351	351	351
Parks	10	10	10	10	10	10	10	10	10	10
Swimming Pools	2	2	2	2	2	2	2	2	2	2
Tennis Courts	10	10	10	10	10	10	10	10	10	10
Water:										
Water mains (miles)	201	200	200	200	199	199	196	196	195	193
Fire hydrants	1,451	1,426	1,425	1,416	1,420	1,405	1,384	1,358	1,345	1,301
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)	142	142	141	141	140	139	139	138	138	137
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.