

Final Official Statement Dated February 22, 2011

NEW MONEY ISSUE: Book-Entry-Only

RATING: Standard & Poor's Corporation "AA+"

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



Town of Southington, Connecticut \$15,355,000 General Obligation Bonds, Issue of 2011

Dated: March 1, 2011

**Due: Serially on August 1, 2012-2030
as detailed below**

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

Interest on the Bonds will be payable on February 1, 2012 and semiannually thereafter on August 1 and February 1 in each year until maturity.

<u>Year</u>	<u>Principal</u>	<u>Coupon</u>	<u>Yield</u>	<u>CUSIP</u>	<u>Year</u>	<u>Principal</u>	<u>Coupon</u>	<u>Yield</u>	<u>CUSIP</u>
2012	\$ 1,155,000	2.500%	0.600%	844402SX6	2022*	\$ 400,000	4.000%	3.450%	844402TH0
2013	1,250,000	2.500%	0.900%	844402SY4	2023*	400,000	4.000%	3.650%	844402TJ6
2014	1,300,000	2.500%	1.270%	844402SZ1	2024*	400,000	4.000%	3.800%	844402TK3
2015	1,300,000	2.500%	1.650%	844402TA5	2025*	400,000	4.000%	3.930%	844402TL1
2016	1,300,000	3.000%	1.950%	844402TB3	2026	400,000	4.000%	4.050%	844402TM9
2017	1,300,000	3.000%	2.250%	844402TC1	2027	400,000	4.000%	4.150%	844402TN7
2018	1,300,000	3.250%	2.550%	844402TD9	2028	400,000	4.125%	4.250%	844402TP2
2019	1,250,000	3.500%	2.800%	844402TE7	2029	400,000	4.250%	4.350%	844402TQ0
2020*	800,000	4.000%	3.100%	844402TF4	2030	400,000	4.250%	4.430%	844402TR8
2021*	800,000	4.000%	3.300%	844402TG2					

* Priced assuming redemption on August 1, 2019; however, any such redemption is at the option of the Town.

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

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

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

The Bonds are offered for delivery when, as and if issued, subject to the final approving opinion of Day Pitney LLP, Bond Counsel, of Hartford, Connecticut. It is expected that delivery of the Bonds in book-entry-only form will be made to DTC in New York, New York on or about March 2, 2011.

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

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

Set forth in Appendix A – “2010 Financial Statements Excerpted from the Town’s Comprehensive Annual Financial Report” hereto is a copy of the report of the independent auditors for the Town with respect to the financial statements of the Town included in that appendix. The report speaks only as of its date, and only to the matters expressly set forth therein. The auditors have not been engaged to review this Official Statement or to perform audit procedures regarding the post-audit period, nor have the auditors been requested to give their consent to the inclusion of their report in Appendix A. Except as stated in their report, the auditors have not been engaged to verify the financial information set out in Appendix A and are not passing upon and do not assume responsibility for the sufficiency, accuracy or completeness of the financial information presented in that appendix.

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

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Bond Issue Summary

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

Date of Sale:	Tuesday, February 22, 2011 at 11:30 A.M. (EST).
Location of Sale:	Office of the Town Manager, Town Hall, 75 Main Street, Southington, Connecticut 06489.
Issuer:	Town of Southington, Connecticut (the "Town").
Issue:	\$15,355,000 General Obligation Bonds, Issue of 2011 (the "Bonds").
Dated Date:	March 1, 2011
Principal and Interest Due:	Principal due serially August 1, 2012 through August 1, 2030. Interest due February 1 and August 1 in each year until maturity, commencing February 1, 2012.
Purpose:	The Bond proceeds will be used to provide funds for various school, general purpose, sewer and water projects.
Redemption:	The Bonds are subject to redemption prior to maturity. Refer to "Redemption Provisions" herein.
Security:	The Bonds will be general obligations of the Town of Southington, Connecticut, and the Town will pledge its full faith and credit to the payment of principal of and interest on the Bonds when due.
Credit Rating:	The Town received a "AA+" from Standard & Poor's Corporation on the Bonds. No other ratings have been applied for from any other rating agency.
Bond Insurance:	The Town does not expect to purchase a credit enhancement facility.
Basis of Award:	Lowest True Interest Cost (TIC), as of the dated date.
Tax Exemption:	See Appendix B - "Opinion of Bond Counsel and Tax Exemption".
Bank Qualification:	The Bonds shall <u>NOT</u> be designated by the Issuer as qualified tax-exempt obligations under the provision of Section 265(b) of the Internal Revenue Code of 1986, as amended, for purposes of the deduction by financial institutions of interest expense allocable to the Bonds.
Continuing Disclosure:	In accordance with the requirements of Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission, the Town will agree to provide, or cause to be provided, annual financial information and operating data and notices of material events with respect to the Bonds pursuant to a Continuing Disclosure Agreement to be executed by the Town substantially in the form attached as Appendix C to this Official Statement.
Registrar, Transfer Agent, Certifying Agent, and Paying Agent:	U.S. Bank National Association, Goodwin Square, 225 Asylum Street, Hartford, Connecticut 06103.
Financial Advisor:	Phoenix Advisors, LLC of Milford, Connecticut. Telephone (203) 878-4945.
Legal Opinion:	Day Pitney LLP, of Hartford, Connecticut.
Separate CUSIPS:	Separate CUSIP numbers for each of the Bonds is required. It shall be the responsibility of the winning bidder to obtain CUSIP numbers for the Bonds prior to delivery.
Delivery and Payment:	It is expected that delivery of the Bonds in book-entry-only form will be made to The Depository Trust Company on or about March 2, 2011. Delivery of the Bonds will be made against payment in Federal Funds.
Issuer Official:	Questions concerning the Official Statement should be addressed to Ms. Emilia C. Portelinha, Director of Finance, Town of Southington, Town Office Building, 75 Main Street, Southington, Connecticut 06489. Telephone (860) 276-6222.

I. Bond Information

Introduction

This Official Statement, including the cover page and appendices, is provided for the purpose of presenting certain information relating to the Town of Southington, Connecticut (the "Town"), in connection with the original offering and sale of \$15,355,000 General Obligation Bonds, Issue of 2011 (the "Bonds") of the Town.

The Bonds are being offered for sale at public bidding. Notice of Sale dated February 16, 2011 has been furnished to prospective bidders. Reference is made to the Notice of Sale, which is included as a separate document for the terms and conditions of the bidding.

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

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

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

See cover page for further information regarding the Official Statement.

Financial Advisor

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

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

The Bonds

Description of the Bonds

The Bonds will be dated March 1, 2011 and will bear interest at the rates per annum specified on the cover page, payable semiannually on February 1 and August 1 in each year until maturity, commencing February 1, 2012. Interest will be calculated on the basis of a 360-day year, consisting of twelve 30-day months. Interest is payable to the registered owner as of the close of business on the fifteenth day of January and July, or the preceding business day if such fifteenth day is not a business day, in each year, by check mailed to the registered owner; or so long as the Bonds are registered in the name of Cede & Co., as nominee of DTC, by such other means as DTC, the Paying Agent and the Town shall agree.

Redemption Provisions

The Bonds maturing on or before August 1, 2019 are not subject to redemption prior to maturity. The Bonds maturing on August 1, 2020 and thereafter are subject to redemption prior to maturity, at the election of the Town, on or after August 1, 2019 at any time, in whole or in part and by lot within a maturity, in such amounts and in such order of maturity as the Town may determine, at the respective prices (expressed as a percentage of the principal amount of the Bonds to be redeemed), set forth in the following table, plus interest accrued and unpaid to the redemption date:

<u>Redemption Dates</u>	<u>Redemption Prices</u>
August 1, 2019 and thereafter	100%

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

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

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

Authorization and Purpose

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

<i>Project</i>	<i>Amount Authorized</i>	<i>Note Due: 3/2/2011</i>	<i>New Money/ (Paydowns)</i>	<i>This Issue Bonds:</i>	<i>Date of Final Approval</i>
Plantsville School Addition and Renovation.....	\$ 15,825,000	\$ 3,000,000	\$ (800,000)	\$ 2,200,000	11/27/2006
New South End Elementary School.....	16,860,000	4,500,000	(998,000)	3,502,000	11/27/2006
Small Regional Vo-Ag Center.....	10,000,000	-	1,200,000	1,200,000	10/15/2003
Farmstead Interceptor.....	300,000	-	300,000	300,000	02/18/2010
Spring Street Interceptor Extension.....	225,000	-	225,000	225,000	10/20/2010
Marion Highland Sewer Interceptor.....	1,435,000	1,300,000	135,000	1,435,000	08/12/2008
Sewers: Roseanna, Lagana, Hickory Hill.....	1,370,000	1,200,000	170,000	1,370,000	06/19/2008
Purchase of 996 West Center St (Jurglewicz Property).....	1,258,000	-	758,000	758,000	08/12/2008
Lazy Lane Reconstruction.....	535,000	-	535,000	535,000	08/05/2009
Spring Street Reconstruction.....	420,000	-	420,000	420,000	08/05/2009
Construction of Water Main on West Center Street, West Street, and Welch Road.....	1,680,000	-	1,680,000	1,680,000	01/24/2011
Demolition of the Water Storage tank at the Mariondale Water Filtration Plant and its Replacement.....	1,730,000	-	1,730,000	1,730,000	01/24/2011
Total	\$ 51,638,000	\$ 10,000,000	\$ 5,355,000	\$ 15,355,000	

School Projects

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

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

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

Book-Entry-Only Transfer System

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

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other security transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of security certificates. Direct Participants include both U.S. and non-U.S. security brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The

Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has Standard & Poor’s highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

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

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

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

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

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

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

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

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

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

DTC Practices

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

Replacement Bonds

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

Security and Remedies

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

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

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

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

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

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

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

Qualification for Financial Institutions

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

Availability of Continuing Information

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

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

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

Ratings

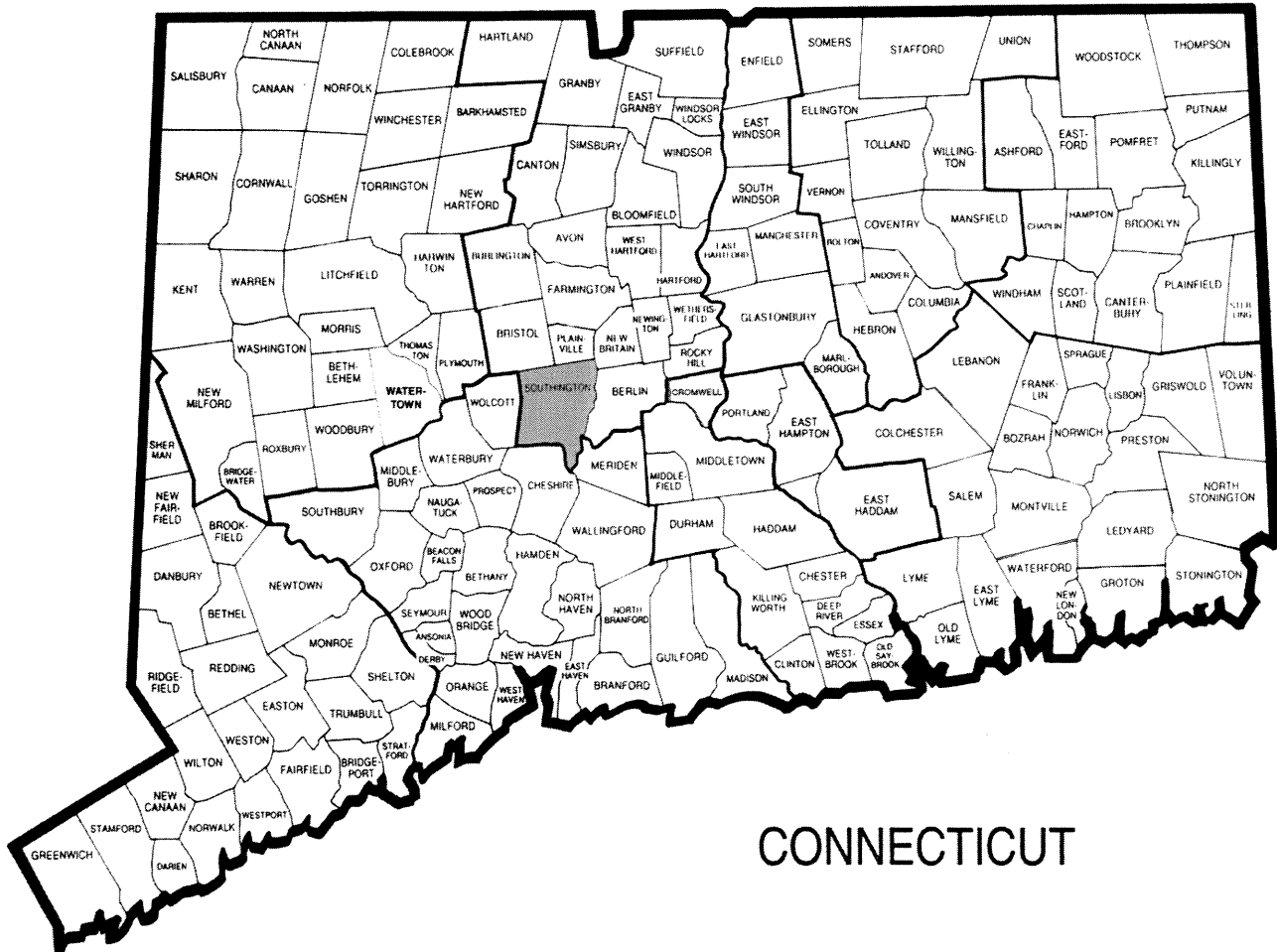
The Town received a "AA+" rating from Standard and Poor's Corporation on the Bonds. The Town furnished the rating agency certain information and materials, some of which may not have been included in this Official Statement. The rating, if obtained, will reflect only the views of the rating agency and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

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

Bond Insurance

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

II. The Issuer



Description of the Municipality

The Town of Southington was originally settled in 1698 and incorporated in 1779. Southington, which has land area of approximately 36.9 square miles and a population of 42,534, is located in Hartford County. Found in the geographical center of the State, Southington lies approximately 20 miles west of Hartford, the state capital, and nine miles east of Waterbury. Other nearby cities include Meriden, New Britain, Bristol and New Haven.

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

Economic Development

The Town's Economic Development Coordinator administers a program that focuses on retention of existing businesses as well as the recruitment of new businesses. Since the departure of the Town's largest taxpayer, the Pratt & Whitney division of United Technologies Inc. in 1995, the Town has made strong efforts to diversify its commercial and industrial tax base to avoid over-reliance on one taxpayer or industry.

As a result of these efforts, the Town has become less dependent on one taxpayer or industry as evidenced by the Town's top ten taxpayers representing 4.4% of the October 1, 2010 taxable Grand List vs. 16% in the mid 1990s.

The fiscal year of 2009-2010 while challenged by the "Great Recession", proved to be a difficult yet productive year for the Town of Southington and Economic Development. The Town's largest employer, the Hartford transferred 1,105 employees out of two of the three leased buildings in Southington into company owned space in Hartford, Simsbury and Farmington. The departure allows for 220,000 square feet of office vacancy. The Hartford still maintains a strong presence in Southington utilizing a building at 400 Executive Boulevard for their AARP product servicing.

The Town continues its program of attraction and expansion as evidenced with the success of Industrial Drive and the various new companies relocating to Southington, as well as the additional space added to existing facilities. Interest continues along a range of business including manufacturing, retail and service industries. The Town Council and administration continuously strive to remain competitive with area towns to create opportunities for employment and tax revenue growth.

- Southington’s newest industrial park, the twenty lot Industrial Drive subdivision continues to lead the Town’s industrial development activity. North American Theatrics completed the building of a 14,600 square foot facility bringing 15 jobs to Town. Donati Contracting’s 10,000 square foot building and Aparo Motors 7,000 square foot building are currently under construction. Additionally, Dee Zee Ice LLC was recently approved to construct a 12,350 square foot ice manufacturing facility bringing 13 jobs into Southington.
- The Southington Downtown Renaissance effort continues its progress with the redevelopment of two local restaurants in the area. Testa’s Restaurant transformed into Testa’s Banquet facility on South Center Street with an addition and renovation. Friends Café underwent major renovations on it’s building on North Liberty Street as well, continuing the trend of reinvestment and transformation of the Downtown area. Additionally, the Town applied for a \$6.3 million state grant for contamination remediation pertaining to the Greenway Commons project. The Town did not receive any grant awards for this project, however Meridian Development Partners, LLC maintains their interest in developing the 14 acre site.
- Plantsville’s center is gaining momentum with the addition of municipal parking adjacent to Dean’s Stove and Spa. Dean Michanczyk owner of Dean’s Stove and Spa is currently providing the thirty-five space municipal lot while developing the former O’Hala & Taylor Grocery building into The Hearthstone Pub, a 6,700 square foot new restaurant. Mr. Michanczyk also acquired the Kess Café property with the intention of transforming that property in conjunction with the new theme of Plantsville’s center. Paris in Plantsville is a new art gallery that recently opened at that location providing a cultural experience to the area. Zingarella’s Restaurant is near completion of the redevelopment of 83 West Main Street further complimenting the progress transpiring within Plantsville’s downtown area.

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

<i>Company</i>	<i>Facility</i>	<i>Origination</i>
Jet Tool.....	New 13,000 sf facility	Relocating from Plainville
Scales Technology.....	16,000 sf facility	Relocating from Meriden (16 jobs)
AES Remediation.....	New 10,100 sf facility	New to Town
Sno-White Power Equipment.....	9,300 sf building	Relocating from Plainville
Yarde Metal.....	Building 200,000 sf warehouse	Existing within Southington
Lazy Lane Industrial LLC	25,000 sf facility approved	New to Town

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

- Shop-rite Supermarket – renovated former Shaw’s and bringing 180 new jobs to Town
- Bj’s Wholesale – constructed 110,000 sf building and bringing 120 new jobs to Town
- Fish and Chop’s – renovation of the former Ponderosa building.
- Rite-Aid Pharmacy - constructed a new 14,000 sf facility on Queen Street
- Mid –State Sports Complex has been approved for a 170,000 sf facility

Form of Government

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

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

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

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

Town Officials

Office	Name	Manner of Selection	Term	Length Of Service
Council Member, Chair.....	Edward S. Pocock, III	Elected	11/09-11/11	2 years
Council Member, Vice Chair.....	John C. Dobbins	Elected	11/09-11/11	1st term
Council Member	John N. Barry	Elected	11/09-11/11	8 years
Council Member.....	Anthony E. D’Angelo	Elected	11/09-11/11	6 years
Council Member.....	Dawn A. Micelli	Elected	11/09-11/11	1st term
Council Member.....	Albert A. Natelli, Jr.	Elected	11/09-11/11	1st term
Council Member.....	Christopher J. Palmieri	Elected	11/09-11/11	6 years
Council Member.....	Peter J. Romano, Jr.	Elected	11/09-11/11	1st term
Council Member.....	Stephanie A. Urillo	Elected	11/09-11/11	1st term
Town Manager.....	Garry Brumback	Appointed	01/11-06/14	-- ¹
Town Attorney/				
Assistant Town Manager.....	Mark Sciota	Appointed	Indefinite	4 years
Director of Finance.....	Emilia Portelinha	Appointed	Indefinite	6 years
Treasurer.....	Richard E. Lopatosky	Appointed	Indefinite	25 years
Economic Dev. Coordinator.....	Louis A. Perillo	Appointed	Indefinite	6 years

¹ Mr. Brumback formerly served as Town Manager in Baytown, Texas and officially took office on January 31, 2011 replacing John Weichsel who served as Town Manager for 44 years.

Source: Town of Southington

Municipal Services

Police: The Southington Police Department has a sworn staff of 66 including a Chief, two Captains, three Lieutenants, eleven 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.

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

Fire: Fire protection is provided by Southington’s 31 career and 89 volunteer firefighters. The department, headed by the chief, consists of a central headquarters and 3 additional companies. The fire headquarters addition and renovation project was approved at referendum and completed August 2005. The department’s responsibilities, other than fire fighting, include fire marshal inspections and responding to various emergencies.

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

Senior Services: Calendar House is the Town of Southington’s Senior Center and is staffed by an Executive Director, Program Coordinator, secretary, clerk typist and five bus drivers (1 full-time and 4 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, secretary and clerk typist.

Planning & Zoning: The Planning and Zoning Department provides technical assistance to the Planning and Zoning Commission, Conservation Commission and Zoning Board of Appeals. The Department is staffed by a Town Planner, Assistant Town Planner, Zoning Enforcement Officer, secretary and clerk typist.

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

Engineering: The Engineering Department designs or reviews all projects requiring engineering services. The Department is staffed by the Town Engineer, two Assistant Town Engineers, a secretary, a senior draftsman, two Engineer Inspectors, two Engineering Aides, and a Survey Crew Chief. The Town Engineer is also the Public Works Director, and oversees the Highway Department and the Water Pollution Control Department.

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

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

Highway: The Highway Department is staffed by a Highway Superintendent, Assistant Highway Superintendent, Supervisor, and twenty-four crew members. Additionally, this year the Park employees: Assistant Parks Superintendent, foreman, and seven crew members, are now reporting to the Highway Superintendent. The department is responsible for the maintenance and repair of 194 miles of roads. Other duties include snow plowing, street sweeping, sightline improvements and operation of the transfer station. The Highway Department is now utilizing the newly built Highway Operations Complex (Bulky Waste Site).

Water: The Southington Water Works Department has functioned as a semi-autonomous entity for over 50 years. The plant was built in 1993 and an additional reservoir was purchased in 1995, ensuring a comfortable water supply for the Town's future demand. In January of 2005 the Water Department completed and moved into their new headquarters. The Town will be bonding two capital projects for the Water Department: (1) Construction of a water main on West Center Street, West Street, and Welch Road; and (2) Demolition of the water storage tank at the Mariondale Water Filtration Plant and its replacement.

Sewer: The Water Pollution Control Department is staffed by a Superintendent, two foremen, one lab chemist and six operators. Over the last several years, the Town's sewage treatment plant received an ultraviolet system upgrade and three new pump stations were built. The \$14.5 million denitrification plant is now completed and operational.

Solid Waste: Homeowners hire private contractors, who are licensed by the Town Engineer, to collect residential waste. The Town has a contract with the Bristol Resource Recovery Facility under which it pays a tipping fee of \$64.50 per ton on a minimum required 29,450 tons for fiscal year 2011.

Under an Inter-Community Agreement dated August 15, 1985, the Town of Southington, together with thirteen other Connecticut municipalities, formed an Operating Committee, the Bristol Resource Recovery Facility Operating Committee (BRRFOC), authorized by statute to exercise certain rights on the communities' behalf in

dealing with the trash to energy plant constructed by Covanta, Inc. ("Company"). The BRRFOC governing board consists of town officials appointed by each of the participating municipalities and assumes all management decisions for BRRFOC.

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

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

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

Under the Service Agreement, the Company has obligated itself to accept and dispose of, using the Facility and Alternate Disposal Methods, in each contract Year at least (1) 200,000 tons per year of Acceptable Waste, (2) the sum of the billing Period Acceptance Guarantees for a Contract Year, and (3) the sum of the Tons delivered during the Contract Year and Acceptable Waste that would have been Waste but for its rejection by the Company or the Service Agreement sum of the yearly Adjusted Guarantee Facility Capacity and the amount of landfill capacity for such Contract Year. Additionally, the Company has obligated itself to operate and maintain the Facility throughout the term of the Service Agreement for a service fee paid by the Contracting Communities through BRRFOC. The Contracting Communities have agreed to use their best efforts to cause to be delivered to the Facility all Acceptable Waste generated within their boundaries up to the Annual Guaranteed Capacity of the Facility and in any event, to deliver, or cause to be delivered, to the Facility, not less than 153,300 tons of Acceptable Waste in each Contract Year. The Company and the Contracting Communities have each agreed to seek additional Acceptable Waste up to the capacity of the Facility. In the event that for any reason such additional Acceptable Waste is not available, each Contracting Community is nevertheless obligated to pay its respective portion of the Service Fee, which is currently \$64.50 per ton and will remain the same through June 30, 2012. The extension of the current cost for another year was voted on by the BRRFOC at their meeting of January 28, 2011.

Waste disposal by the Company is to be provided through the operation of the Facility or by any other Alternate Disposal Method reasonably acceptable to the Contracting Communities, including permitted sanitary landfills. The Service Fee payable by each contracting Community for such waste disposal service is its pro-rata share, based on its respective tonnage deliveries of Acceptable Waste, of the sum for each monthly billing portion of (1) an amount equal to debt service on the BRRFOC Solid Waste Revenue Refunding Series 2005 Bonds; (2) the Operation and Maintenance Expense; and (3) passthrough costs, including certain taxes, insurance, and utility costs, less a credit equal to 90% of all energy revenues and with an adjustment with respect to recovered ferrous metals. Southington is committed to deliver 29,450 tons of Acceptable Waste in fiscal year 2011 and 28,000 tons of Acceptable Waste in fiscal year 2012.

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

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

For as long as the Service Agreement remains in effect, the Contracting Communities are obligated to pay the Service Fee to the Company whether or not the Contracting Communities deliver Acceptable Waste to the Facility

and whether or not the Company disposes of such Acceptable Waste through the Facility. This obligation is absolute and unconditional, it is not subject to any rights of set-off, recoupment or counterclaim any contracting community may have against the Company, the Bond Indenture Trustee or any other person, and may not be suspended or discontinued for any purpose. In the event of a payment default under the Service Agreement by any one or more of the Contracting Communities, the non-defaulting Contracting Communities are jointly and severally liable to pay such defaulted amount. Each of the Contracting Communities pledges its full faith and credit to, and is obligated to appropriate, levy taxes, or otherwise raise the funds necessary for the payment in full of all amounts at any given time due from such Contracting Community under the Project Agreement or the Service Agreement to the complete satisfaction of all obligations of such Contracting Community under such agreements.

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

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

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

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

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Educational Services

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

The Town has eleven schools for grades kindergarten through 12 comprising of: one senior high school, two middle schools, and eight elementary schools. Enrollment in grades pre-kindergarten through 12 as of October 1, 2010 was 6,828. The rated capacity of the system facilities is 8,850.

School Enrollment

School Year	Historical			Total
	Pre-K-5	6 - 8	9 - 12	
2001-2002	2,948	1,663	2,138	6,749
2002-2003	2,953	1,703	2,086	6,742
2003-2004	3,026	1,641	2,163	6,830
2004-2005	3,057	1,623	2,210	6,890
2005-2006	3,139	1,587	2,175	6,901
2006-2007	3,177	1,587	2,232	6,996
2007-2008	3,197	1,572	2,204	6,973
2008-2009	3,191	1,559	2,154	6,904
2009-2010	3,189	1,597	2,058	6,844
2010-2011	3,180	1,577	2,071	6,828

School Year	Projected			Total
	Pre-School	K - 8	9 - 12	
2011-2012	95	4,670	2,116	6,881
2012-2013	95	4,670	2,136	6,901
2013-2014	95	4,670	2,183	6,948
2014-2015	95	4,670	2,256	7,021
2015-2016	95	4,670	2,285	7,050

Source: Town of Southington, Board of Education

School Facilities

School	Grades	Date of Construction (Additions, Remodeling)	Number of Classrooms	10/1/2010 Enrollment ¹	Rated Capacity
Southington High and New Vo-ag Building.....	9 - 12	1974 (1985,1987,1994,1995)	125	2,031	2,250
DePaolo Middle.....	6 - 8	1967 (1988)	44	739	900
Kennedy Middle.....	6 - 8	1964 (1988)	45	838	900
Derynoski.....	K-5	1950 (1958,1974,1993)	40	680	1,000
Flanders.....	K-5	1966	23	290	550
Hatton.....	PK-5	1953 (2001)	26	429	500
North Center	K-5	1960	15	-	400
ALTA @ Pyne Center ²	9-12	1960	5	41	50
Plantsville.....	K-5	1961 (2008)	15	282	400
South End.....	K-5	1954 (2008 New Building)	14	245	325
Strong.....	K-5	1958 (1995,2001)	21	397	500
Thalberg.....	K-5	1959 (2001)	22	449	500
Kelley.....	K-5	1966	23	407	575
Total.....			418	6,828	8,850

¹ Special Education Students which are out-placed are included in the 10/1/2010 Enrollment

² ALTA or Alternative Education has is now housed at the Pyne Center.

Source: Town of Southington, Board of Education

**Employee Relations and Collective Bargaining
Municipal Employees**

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
General Government... ¹	261	261	263	246	241
Board of Education... ²	931	933	938	934	934
Total	1,192	1,194	1,201	1,180	1,175

¹ Includes Non-Union Management

² Board of Education includes Federally Funded

Source: Town of Southington

Employee Relations

Board of Education Groups	Positions Covered	Current Contract Expiration Date
Teachers (Southington Education Association).....	563	6/30/2013
Administrators (Southington Administrators Association).....	26	6/30/2014
Custodians, Maintenance.....	44	6/30/2011 ²
Nurses, Secretaries, Food Service (A.F.S.C.M.E.).....	108	6/30/2011 ²
Paraprofessional (C.S.E.A.).....	173	6/30/2012
Total Unionized Board of Education Employees	914	
General Government		
Town Employees (Local 1303-428 of Council #4 A.F.S.C.M.E.).....	73	6/30/2013
Highway, WPCD & Parks (Local 1303-26 of Council #4 A.F.S.C.M.E.).....	41	6/30/2013
Supervisory (UPSEU - Local 424, Unit 11).....	13	6/30/2013
Police Department/Canine Officer (Law Enforcement of Southington L.E.A.S.).....	65	6/30/2012
Police Dispatchers (Local 1303-424 of Council #4 A.F.S.C.M.E.).....	13	6/30/2011 ^{1,2}
Fire Department (Local 2033 International Association of Firefighters).....	29	6/30/2010 ²
Total Unionized General Government Employees	234	

¹ AFSCME Local 1303-424 has agreed to extend their contracts one year, maintaining the same benefit levels and freezing salaries at the fiscal year 2009-2010 levels in exchange for no layoffs and/or furlough days.

² In negotiations

Source: Town of Southington

Binding Arbitration

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

III. Economic and Demographic Information

Population and Density

Year	Population ¹	% Increase (Decrease)	Density ²
1970	30,946	--	838.6
1980	36,879	19.2	999.4
1990	38,518	4.4	1,043.8
2000	39,728	3.1	1,076.6
2009 ³	42,534	7.1	1,152.7

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

² Per square mile: 36.9 square miles

³ State of Connecticut, Department of Public Health. July 1, 2009.

Age Distribution of the Population

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

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

Income Distribution

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

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

Income Levels

	<u>Town of Southington</u>	<u>State of Connecticut</u>
Per Capita Income, 2008 ¹	\$36,018	\$37,083
Per Capita Income, 1999.....	\$26,370	\$28,766
Per Capita Income, 1989.....	\$19,954	\$20,189
Median Family Income, 1999.....	\$60,538	\$65,521
Percent Below Poverty.....	2.2%	5.6%

¹ U.S. Census Bureau, 2006-2008 American Community Survey.
Source: U.S. Department of Commerce, Bureau of Census, 2000

Educational Attainment Years of School Completed Age 25 and Over

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

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

Major Employers As of December 2010

<u>Employer</u>	<u>Type of Business</u>	<u>Approximate Number of Employees</u>
Town of Southington.....	Municipal Government	1,192
Hartford Insurance Group.....	Insurance	820 ¹
Hospital of Central CT: Bradley Memorial Hospital...	Hospital	377
Yarde Metals Inc.....	Manufacturing	368
Southington Care Center.....	Health Care Practice	307
Smith's Medical (Medex Inc).....	Manufacturing	279
Home Depot (2 Stores).....	Retail Chain	217
Price Chopper.....	Retail Chain	191
Wal-Mart.....	Retail Chain	183
Stop & Shop.....	Retail Chain	179

¹ Over the last couple of years, the Hartford Insurance Group closed two of its three buildings in Southington, thus reducing its workforce in town from 2,100 to 820.

Source: Town of Southington Economic Development

Employment by Industry
Employed Persons 16 Years and Over

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

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

Employment Data
By Place of Residence

Period	Town of Southington		Percentage Unemployed		
	Employed	Unemployed	Town of Southington	Hartford Labor Market	State of Connecticut
December 2010.....	22,786	1,864	7.60	8.70	8.60
Annual Average					
2010	22,787	1,956	7.91	9.10	9.00
2009	22,963	1,757	7.10	8.30	8.20
2008	23,439	1,180	4.78	5.90	5.80
2007	23,319	969	4.00	4.70	4.60
2006	23,026	869	3.64	4.40	4.30
2005	22,442	1,008	4.30	5.10	4.90
2004	22,091	1,041	4.50	5.20	4.90
2003	22,009	1,169	5.04	5.90	5.50
2002	20,624	814	3.80	8.20	4.30
2001	20,306	615	2.94	3.30	3.30

Source: Department of Labor, State of Connecticut

Age Distribution of Housing

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

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

Housing Inventory

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

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

Owner Occupied Housing Values

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

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

Building Permits

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

Fiscal Year	Residential		Comm./Industrial		Total	
	No.	Value	No.	Value	No.	Value
2010	88	\$ 7,234	14	\$ 6,754	102	\$ 13,988
2009	76	5,943	22	9,388	98	15,331
2008	112	8,899	17	11,077	129	19,976
2007	114	8,340	10	4,723	124	13,063
2006	122	10,676	11	10,296	133	20,972
2005	196	15,204	13	2,459	209	17,663
2004	150	14,068	7	4,800	157	18,868
2003	188	13,160	7	2,898	195	16,058
2002	212	13,680	6	3,999	218	17,679
2001	208	13,404	8	2,004	216	15,408

Source: Town of Southington, Building Official

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IV. Tax Base Data

Property Tax – Assessments

The maintenance of an equitable tax base and the location and appraisal of all real and personal property within the Town for inclusion on the Grand List is the responsibility of the Assessor. The Grand List represents the total of assessed value for all taxable real and personal property and motor vehicles located within the Town as of October 1. A Board of Assessment Appeals determines whether adjustments to the Assessor's list on assessments of real estate under appeal are warranted. Real estate assessments are computed at seventy percent (70%) of the estimated market value at the time of the last revaluation. The Town's last revaluation by physical inspection was as of October 1, 2005. Due to a delay approved by the State Legislature, the Town's next statistical revaluation will be October 1, 2011. Section 1 of Public Act 06-148 completely revised the State Statute 12-62 which governs the periodic revaluation of real property. Periodic revaluations must be conducted once every five years based on generally accepted mass appraisal methods, with a physical or full inspection performed once every ten years. Despite the one year postponement of the statistical revaluation, the Town's next revaluation with full inspections will still be October 1, 2015.

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

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

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

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

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

Levy

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

Comparative Assessed Valuations

Grand List As Of 10/1	Residential Real Property (%)	Commercial & Industrial		Personal Property (%)	Motor Vehicles (%)	Gross Taxable Grand List	Exemptions, Veterans Relief and Disabled	Net Taxable Grand List
		Real Property (%)	Other Land (%)					
2010	70.9	14.1	2.1	4.9	7.9	\$4,141,712,530	\$ 78,495,213	\$4,063,217,317
2009	71.1	14.1	2.2	4.9	7.6	4,093,537,867	77,368,438	4,016,169,429
2008	71.4	14.0	2.3	4.8	7.5	4,044,463,136	79,443,177	3,965,019,959
2007	71.3	13.6	2.4	4.7	8.0	4,005,649,016	85,933,937	3,919,715,079
2006	71.6	13.5	2.4	4.6	7.9	3,952,344,137	78,193,061	3,874,151,076
2005 ¹	71.6	13.3	2.7	4.6	7.8	3,910,093,433	80,087,922	3,830,005,511
2004	67.9	13.2	2.3	6.2	10.4	2,739,512,383	78,258,096	2,661,254,287
2003	68.1	13.2	2.6	6.2	9.9	2,673,520,983	75,858,475	2,597,662,508
2002	66.8	13.9	2.8	6.4	10.1	2,660,758,544	72,140,506	2,588,618,038
2001 ¹	66.7	14.1	2.7	6.5	10.0	2,603,061,613	67,273,826	2,535,787,787

¹ Revaluation.

Source: Town of Southington, Assessor's Office.

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

Exempt Property

Public	Assessed Value ¹
Regular Veterans.....	\$ 13,251,030
Additional Veterans.....	2,217,610
Additional Veterans (1/2).....	2,585,640
100% Disabled and Blind.....	337,820
Local Option Veterans (non-reimbursed).....	162,070
Solar Energy.....	-
Public buildings/property.....	-
Sub-Total Public.....	\$ 18,554,170
Private	
Agricultural or Horticultural.....	\$ 418,469
Manufacturing machinery.....	49,849,683
Enterprise zone.....	9,334,584
Miscellaneous.....	338,307
Sub-Total Private.....	59,941,043
Total Exempt Property.....	\$ 78,495,213
Percent Compared to Net Taxable Grand List.....	1.9%

¹ Net Taxable Grand List October 1, 2010 of \$4,063,217,317.

Source: Town of Southington, Assessor's Office

Property Tax Levies and Collections

Grand List of 10/1	Fiscal Year Ending 6/30	Net Taxable Grand List	Mill Rate	Adjusted Annual Levy	Percent of Annual Levy Collected at End of Fiscal Year	Percent of Annual Levy Uncollected at End of Fiscal Year	Percent of Annual Levy Uncollected as of 6/30/2010
2009	2011	\$ 4,016,169,429	24.02	\$ 95,968,328		<i>In collection</i>	
2008	2010	3,965,019,959	23.27	92,739,594	98.6	1.5	1.5
2007	2009	3,919,715,079	23.02	90,297,867	98.4	1.6	0.7
2006	2008	3,874,151,076	21.88	84,775,991	98.7	1.3	0.3
2005 ¹	2007	3,830,005,511	21.40	81,627,086	98.8	1.2	0.2
2004	2006	2,661,254,287	29.43	78,876,559	98.6	1.4	0.1
2003	2005	2,597,662,508	28.43	74,194,665	98.3	1.7	0.0
2002	2004	2,588,618,038	26.60	68,598,042	98.5	1.5	0.0
2001 ¹	2003	2,535,787,787	25.30	64,186,658	98.3	1.7	0.0
2000	2002	2,112,678,245	28.90	61,521,000	98.4	1.6	0.0

¹ Revaluation.

Source: Town of Southington, Tax Collector

Ten Largest Taxpayers

Name of Taxpayer	Nature of Business	Taxable Valuation	Percent of Net Taxable Grand List¹
Connecticut Light & Power.....	Public Utility	\$ 59,228,529	1.46%
Galileo Queens Plaza LLC.....	Real Estate	15,453,200	0.38%
Hartconn Corp.....	Insurance	15,278,137	0.38%
Yankee Gas Service.....	Public Utility	14,580,747	0.36%
Execwest LLC.....	Real Estate	14,102,690	0.35%
45 Newell Street Associates.....	Metal Recycling	13,408,637	0.33%
Lexington Southington LP.....	Real Estate	13,094,620	0.32%
Target Corporation.....	Real Estate	12,570,724	0.31%
Widewaters WC5 Southington (Home Depot)...	Real Estate	10,850,280	0.27%
Southington Route 10 Associates.....	Real Estate	10,820,191	0.27%
Total.....		\$ 179,387,755	4.41%

¹ Net Taxable Grand List October 1, 2010 of \$4,063,217,317

Source: Town of Southington, Assessor's Office.

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V. Debt Summary
Principal Amount of Indebtedness
As of March 2, 2011
(Pro Forma)

Long-Term Debt:

<u>Date</u>	<u>Purpose</u>	<u>Interest Rate %</u>	<u>Original Issue</u>	<u>Amount Outstanding</u> ²	<u>Fiscal Year of Maturity</u>
1991	Water ¹	5.75-6.75	\$ 2,044,000	\$ 95,000	2012
2004	General Purpose.....	3.00-5.00	9,767,000	6,332,000	2024
2004	Schools.....	3.00-5.00	1,200,000	780,000	2024
2004	Sewers.....	3.00-5.00	3,163,000	2,048,000	2024
2004	Refunding (General Purpose).....	2.00-3.25	379,000	57,000	2015
2004	Refunding (Schools).....	2.00-3.25	7,032,000	2,094,000	2015
2004	Refunding (Sewers).....	2.00-3.25	86,000	34,000	2015
2004	Refunding (Water) ¹	3.00-5.00	3,683,000	450,000	2012
2005	General Purpose.....	3.50-5.50	5,765,000	3,925,000	2026
2005	Schools.....	3.50-5.50	3,510,000	2,250,000	2026
2005	Sewers.....	3.50-5.50	2,900,000	2,150,000	2026
2007	General Purpose.....	4.00-5.00	3,025,000	2,280,000	2028
2007	Schools.....	4.00-5.00	2,880,000	1,590,000	2018
2007	Sewers.....	4.00-5.00	3,070,000	2,555,000	2028
2007	Water ¹	2.32	2,484,399	1,966,816	2027
2009	Water ¹	2.21	1,037,097	921,589	2029
2009	General Purpose.....	3.00-4.00	2,175,000	2,000,000	2029
2009	Schools.....	3.00-4.00	12,965,000	12,190,000	2029
2009	Sewers.....	3.00-4.00	300,000	240,000	2015
2010	Refunding (General Purpose).....	2.00-5.00	2,098,000	2,074,000	2021
2010	Refunding (Schools).....	2.00-5.00	8,008,000	7,914,000	2021
2010	Refunding (Sewers).....	2.00-5.00	959,000	947,000	2021
2010	Water ¹	2.32	1,872,517	1,712,335	2027
Total Outstanding Bonded Debt....			\$ 80,403,013	\$ 56,605,740	
This Issue					
2011	General Purpose.....	2.50-4.25	\$ 1,713,000	\$ 1,713,000	2031
2011	Schools.....	2.50-4.25	6,902,000	6,902,000	2031
2011	Sewers.....	2.50-4.25	3,330,000	3,330,000	2031
2011	Water.....	2.50-4.25	3,410,000	3,410,000	2031
Total This Issue.....			\$ 15,355,000	\$ 15,355,000	
Grand Total.....			\$ 95,758,013	\$ 71,960,740	

¹ Water debt is self-supporting.

² Excludes bonds previously refunded or defeased.

Short-Term Debt
As of March 2, 2011
(Pro Forma)

As of March 2, 2011, the Town has no short term debt outstanding, except for \$9,685,892 in borrowing from the State of Connecticut Clean Water State Revolving Fund, which is self-supporting.

Annual Bonded Debt Maturity Schedule
As of March 2, 2011
(Pro Forma)

Fiscal Year Ended 6/30	Principal Payments¹	Interest Payments¹	Total Debt Service^{1, 2}	Pro-forma		Cumulative Principal Retired %
				This Issue	Total Principal	
2011	\$ 1,005,577	\$ 442,634	\$ 1,448,212	\$ -	\$ 1,005,577	1.40%
2012	6,064,438	1,951,802	8,016,240	-	6,064,438	9.82%
2013	5,157,560	1,747,047	6,904,607	1,155,000	6,312,560	18.60%
2014	4,565,753	1,575,042	6,140,795	1,250,000	5,815,753	26.68%
2015	4,539,021	1,415,961	5,954,982	1,300,000	5,839,021	34.79%
2016	3,922,362	1,281,028	5,203,391	1,300,000	5,222,362	42.05%
2017	3,790,783	1,150,561	4,941,344	1,300,000	5,090,783	49.12%
2018	3,779,282	1,011,774	4,791,055	1,300,000	5,079,282	56.18%
2019	3,517,861	869,056	4,386,917	1,300,000	4,817,861	62.88%
2020	3,516,523	729,207	4,245,730	1,250,000	4,766,523	69.50%
2021	3,390,270	599,357	3,989,628	800,000	4,190,270	75.32%
2022	2,389,104	475,698	2,864,802	800,000	3,189,104	79.76%
2023	2,388,026	386,594	2,774,619	400,000	2,788,026	83.63%
2024	2,392,038	295,669	2,687,707	400,000	2,792,038	87.51%
2025	1,696,143	203,305	1,899,448	400,000	2,096,143	90.42%
2026	1,700,343	140,041	1,840,384	400,000	2,100,343	93.34%
2027	1,102,545	86,513	1,189,057	400,000	1,502,545	95.43%
2028	977,564	47,420	1,024,984	400,000	1,377,564	97.34%
2029	710,562	14,029	724,591	400,000	1,110,562	98.89%
2030	-	-	-	400,000	400,000	99.44%
2031	-	-	-	400,000	400,000	100.00%
Total.....	\$ 56,605,755	\$14,422,736	\$ 71,028,491	\$ 15,355,000	\$ 71,960,755	

¹ Excludes Refunded Bonds.

² Excludes principal payments of \$4,750,810 and interest payments of \$1,689,780 made between July 1, 2010 and March 2, 2011.

Overlapping/Underlying Debt

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

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

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Debt Statement
As of March 2, 2011
(Pro Forma)

Long-Term Debt Outstanding:

General Purpose (Includes \$16,668,000 Outstanding and \$1,713,000 of this Issue).....	\$18,381,000
Schools (Includes \$26,818,000 Outstanding and \$6,902,000 of this Issue).....	33,720,000
Sewers (Includes \$7,974,000 Outstanding and \$3,330,000 of this Issue).....	11,304,000
Water (Includes \$5,145,740 Outstanding and \$3,410,000 of this Issue).....	8,555,740
Total Long-Term Debt	<u>71,960,740</u>
Short-Term Debt	-
Direct Debt	71,960,740
Underlying Debt	-
Total Overall Debt	<u>71,960,740</u>
Less: School Construction Grants Receivable (As of June 30, 2010)	(1,095,617)
Self Supporting Water Debt (Long-Term and Short-Term).....	(8,555,740)
Sewer Fund Debt (As of June 30, 2010).....	(1,190,000)
Sewer Assessment Debt (As of June 30, 2010).....	(2,903,812)
Total Overall Net Debt	<u><u>\$58,215,571</u></u>

Current Debt Ratios
As of March 2, 2011
(Pro Forma)

Population ¹	42,534
Net Taxable Grand List (10/1/09) ²	\$ 4,016,169,429
Estimated Full Value (70%).....	\$ 5,737,384,899
Equalized Grand List (10/1/08) ³	\$ 5,796,798,062
Money Income per Capita (1990) ⁴	\$ 19,954
Money Income per Capita (2000) ⁵	\$ 26,370

	<u>Total</u> <u>Overall Debt</u>	<u>Total Overall</u> <u>Net Debt</u>
Per Capita.....	\$ 1,691.84	\$ 1,368.68
Ratio to Net Taxable Grand List.....	1.79%	1.45%
Ratio to Estimated Full Value.....	1.25%	1.01%
Ratio to Equalized Grand List.....	1.24%	1.00%
Debt per Capita to Money Income per Capita (1990)....	8.48%	6.86%
Debt per Capita to Money Income per Capita (2000)....	6.42%	5.19%

¹ State of Connecticut, Department of Public Health. July 1, 2009.

² Revalued October 1, 2005.

³ Office of Policy and Management, State of Connecticut.

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

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

Bond Authorization

The Town has the power to incur indebtedness by issuing its bonds or notes as authorized by the General Statutes of the State of Connecticut subject to statutory debt limitations and the requirements of the Town Charter for the authorization of indebtedness. Pursuant to the Charter, upon recommendation of the Board of Finance, the Town Council authorizes borrowing. Such authorizations of \$1 million or more are subject to referendum, and all such authorizations are subject to referendum upon qualifying petition timely filed. Pursuant to CGS 7-370c, refunding bonds may be authorized by resolution of the Town Council.

Maturities

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

Temporary Financing

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

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

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

Limitation of Indebtedness

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

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

“Annual receipts from taxation” (the “base”) are defined as total tax collections including interest and penalties, late payment of taxes and state payments for revenue losses under CGS Section 12-129d and 7-528. In no case shall total indebtedness exceed seven times the base.

The CGS also provide for exclusion from the debt limit calculation debt (i) issued in anticipation of taxes; (ii) issued for the supply of water, gas, electricity, electric demand response, conservation and load management, distributed generation and renewable energy projects; for the construction of subways for cables, wires and pipes; for the construction of underground conduits for cables, wires and pipes; for the construction and operation of a municipal community antenna television system and for two or more of such purposes; (iii) issued in anticipation of the receipt of proceeds from assessments levied upon property benefited by any public improvement; (iv) issued in anticipation of the receipt of proceeds from State or Federal grants evidenced by a written commitment or for which allocation has been approved by the State Bond Commission or from a contract with the state, state agencies or another municipality providing for the reimbursement of costs but only to the extent such indebtedness can be paid from such proceeds; (v) issued for certain water pollution control projects; and (vi) upon placement in an escrow of the proceeds of refunding bonds, notes or other obligations or other funds of the municipality in an amount sufficient to provide for the payment when due of principal of and interest on such bond, note or other evidence of indebtedness.

Statement of Debt Limitation
As of March 2, 2011
(Pro Forma)

Total Tax Collections (including interest and lien fees)	
Received by the Treasurer for the year ended June 30, 2010.....	\$ 92,772,000
Reimbursement For Revenue Loss:	
Tax relief for elderly	-
Base for Debt Limitation Computation.....	\$ 92,772,000

	<u>General Purpose</u>	<u>Schools</u>	<u>Sewers</u>	<u>Urban Renewal</u>	<u>Unfunded Pension</u>
Debt Limitation:					
2 1/4 times base.....	\$208,737,000	-	-	-	-
4 1/2 times base.....	-	\$417,474,000	-	-	-
3 3/4 times base.....	-	-	\$347,895,000	-	-
3 1/4 times base.....	-	-	-	\$301,509,000	-
3 times base.....	-	-	-	-	\$278,316,000
Total Debt Limitation.....	\$208,737,000	\$417,474,000	\$347,895,000	\$301,509,000	\$278,316,000
Indebtedness: ¹					
Bonds Outstanding	16,668,000	26,818,000	7,974,000	-	-
Bonds – This Issue.....	1,713,000	6,902,000	3,330,000	-	-
Short-Term Debt.....	-	-	-	-	-
Debt Authorized But Unissued.....	1,311,470	4,932,556	11,584,903	-	-
Total Indebtedness.....	19,692,470	38,652,556	22,888,903	-	-
Less:					
State School Grants Receivable.....	-	(1,095,617)	-	-	-
Self-Supporting Sewer Fund Debt.....	-	-	(1,190,000)	-	-
Sewer Assessment Debt.....	-	-	(2,903,812)	-	-
Total Net Indebtedness.....	19,692,470	37,556,939	18,795,091	-	-
DEBT LIMITATION IN EXCESS OF OUTSTANDING INDEBTEDNESS.....	\$189,044,530	\$379,917,061	\$329,099,909	\$301,509,000	\$278,316,000

¹ Excludes \$5,145,740 of outstanding and \$3,410,000 in this issue of self-supporting water long-term.

Note: In no case shall total indebtedness exceed seven times annual receipts from taxation or \$649,404,000

Authorized but Unissued Debt
As of March 2, 2011
(Pro Forma)

<u>Project</u>	<u>Amount Authorized</u>	<u>Previously Bonded/ CWF Loan</u>	<u>Appropriations, Transfers & Grants Received</u>	<u>This Issue</u>	<u>Authorized But Unissued Debt</u>
General Purpose.....	\$ 6,201,000	\$ 2,060,000	\$ 1,116,530	\$ 1,713,000	\$ 1,311,470
Schools.....	79,004,130	32,440,000	34,729,574	6,902,000	4,932,556 ¹
Sewers.....	22,306,000	3,240,000	4,151,097	3,330,000	11,584,903 ²
Water.....	3,410,000	-	-	3,410,000	-
Total.....	\$ 110,921,130	\$ 37,740,000	\$ 39,997,201	\$ 15,355,000	\$ 17,828,929

¹ Includes estimated grants receivable in the amount of \$3,072,656 of which the Town does not expect to borrow.

² The Town expects to finance \$10,846,500 of this amount with a 2% Clean Water Fund Loan from the State of Connecticut. The Town also expects to receive grants totaling \$497,403 of which the Town does not expect to borrow.

**Principal Amount of Outstanding Debt¹
Last Five Fiscal Years
(000s)**

<u>Long-Term Debt</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Bonds.....	\$ 55,166	\$ 59,584	\$ 48,597	\$ 43,466	\$ 47,362
<u>Short-Term Debt</u>					
Bond Anticipation Notes.....	10,000	-	-	-	-
Totals.....	\$ 65,166	\$ 59,584	\$ 48,597	\$ 43,466	\$ 47,362

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

Source: Town of Southington Financial Reports 2005-2010.

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

<u>Fiscal Year Ended 6/30</u>	<u>Net Assessed Value</u>	<u>Estimated Full Value</u>	<u>Net Long-Term Debt¹</u>	<u>Ratio of Net Long-Term Debt to Assessed Value (%)</u>	<u>Ratio of Net Long-Term Debt to Estimated Full Value (%)</u>	<u>Population²</u>	<u>Net Long-Term Debt per Capita</u>	<u>Ratio of Net Long-Term Debt per Capita to Per Capita Income³</u>
2010	\$3,965,019,959	\$5,664,314,227	\$55,166,000	1.39%	0.97%	42,534	1,296.99	4.92%
2009	3,919,715,079	5,599,592,970	59,584,000	1.52%	1.06%	42,250	1,410.27	5.35%
2008	3,874,151,076	5,534,501,537	48,597,000	1.25%	0.88%	42,142	1,153.17	4.37%
2007	3,830,005,511	5,471,436,444	43,465,598	1.13%	0.79%	42,249	1,028.80	3.90%
2006	2,661,254,287	3,801,791,839	47,362,125	1.78%	1.25%	42,077	1,125.61	4.27%

¹ Long-Term debt does not include Water debt, compensated absences, capital lease obligations, or State of Connecticut Clean Water Fund Debt.

² State of Connecticut Department of Health

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

Source: Town of Southington, Department of Finance

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

<u>Fiscal Year Ended 6/30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>	<u>Total General Fund Expenditures¹</u>	<u>Ratio of Total Debt Service To General Fund Expenditures</u>
2010	\$ 4,547,462	\$ 2,016,815	\$ 6,564,277	\$ 124,588,000	5.27%
2009	4,452,868	1,929,748	6,382,616	121,694,000	5.24%
2008	3,844,363	1,705,138	5,549,501	117,227,000 ²	4.73%
2007	3,896,527	1,853,449	5,749,976	111,605,000	5.15%
2006	3,394,269	1,515,912	4,910,181	107,480,000	4.57%

¹ Includes transfers out.

² Excludes an extraordinary item in 2008 due to the State of Connecticut's contribution to the Teacher's Retirement on behalf of the Town payment.

Source: Town of Southington Financial Statements 2006-2010.

VI. Financial Administration

Fiscal Year

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

Basis of Accounting

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

Budget Procedure

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

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

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

Capital Improvement Plan - Summary

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

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

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

¹ Does not include the Middle School Building Project.

Audit

The Town, pursuant to local ordinance and provisions of the Connecticut General Statutes, is required to undergo an annual audit by an independent public accountant. The auditor is required to conduct the audit under the guidelines outlined by the State of Connecticut Office of Policy and Management, which also receives a copy of the audit report. For the fiscal year ended June 30, 2010, the financial statements of the various funds of the Town were audited by Blum Shapiro & Company, P.C. of West Hartford, Connecticut.

Liability Insurance

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

Pensions

Municipal Employees’ Retirement System

All Town of Southington full-time employees, except teachers who are eligible to participate in the State of Connecticut Teachers’ Retirement System, participate in the Municipal Employees’ Retirement Fund (MERF), a cost sharing multiple-employer public employee retirement system (PERS) established by the State of Connecticut and administered by the State Retirement Commission. MERF is considered to be a part of the State of Connecticut financial reporting entity and is included in the State’s financial reports as a pension trust fund.

Funding Policy - Plan members are required by State Statute to contribute 2-1/4% of earnings upon which Social Security tax is paid plus 5% of earnings on which no Social Security tax is paid. Each participating municipality is required to contribute at an actuarially determined rate. The current rate is 9.50% of annual covered payroll.

Teachers’ Retirement

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

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

The retirement system for teachers is funded by the State based upon the recommendation of the Teachers’ Retirement Board. Such contribution includes amortization of the actuarially computed unfunded liability. The Town does not have any liability for teacher pensions.

The State of Connecticut Teacher Retirement System is considered to be a part of the State of Connecticut financial reporting entity and is included in the State’s financial reports as a pension trust fund.

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

Other Post Employment Benefits (OPEB)

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

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

The Town of Southington qualified as a “phase 2” government for GASB 34, and likewise qualifies for a “phase 2” government for GASB 45. Southington, per GASB requirements, has implemented GASB 45 effective beginning Fiscal Year 2008-09.

The Town and Board of Education do not offer retirees any post-employment benefits. They do, however, allow retirees to remain on the Health Self-Insurance plan as long as they pay the full COBRA rates. The only

exception to the no post-employment benefits would be for those employees who have retired under Heart & Hypertension and have negotiated these benefits. See Note number 11 in “Notes to Financial Statements” of Appendix A.

These other post-employment benefits (OPEB) for former employees are currently funded on a pay-as-you go basis out of the Self Insurance Fund and the Heart and Hypertension Department in the General Fund. As of June 30, 2010, the Town has not established a trust fund to segregate assets to fund the liability associated with these benefits.

Investment Policy

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

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

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

Revenues:	Adopted Budget ¹ 2010-11	Actual 2009-10	Actual 2008-09	Actual 2007-08	Actual 2006-07	Actual 2005-06
Property Taxes	\$ 96,463	\$ 92,650	\$ 90,440	\$ 85,341	\$ 82,036	\$ 79,246
Intergovernmental	23,280	29,406	29,730	51,196	24,926	24,762
Income on Investments	296	225	407	1,177	1,338	-
Other (including Charges for Services)	2,590	3,045	3,009	3,447	3,319	4,815
Total Revenues	122,629	125,326	123,586	141,161	111,619	108,823
Expenditures:						
General government	3,475	3,064	3,018	6,030	5,641	5,833
Public Safety	11,579	11,428	11,133	10,961	11,004	9,546
Public Works	4,742	4,764	5,349	4,923	4,288	4,675
Health and Welfare	791	760	720	786	766	779
Human Resources	842	819	814	783	762	628
Parks and Recreations	1,627	1,568	2,071	1,935	1,946	1,877
Public Library	1,389	1,361	1,281	1,268	1,207	1,184
Planning and Development	886	835	841	829	816	937
Miscellaneous	41	45	147	56	35	370
Employee Fringe Benefits	8,600	7,584	6,920	4,007	3,647	3,057
Education	79,542	83,561	80,875	99,810	74,210	71,773
Debt Service	6,510	6,079	5,889	5,312	5,336	4,782
Capital Outlays	-	-	-	-	-	32
Contingencies	850	-	-	-	-	-
Total Expenditures	120,874	121,868	119,058	136,700	109,658	105,473
Revenues over (under) expenditures	1,755	3,458	4,528	4,461	1,961	3,350
Other Financing Sources Uses:						
Refunding Bonds Issued	-	11,065	-	-	-	-
Payment to Refunded Bond Escrow Agent	-	(11,834)	-	-	-	-
Premium on Bonds	-	770	-	-	-	-
Operating Transfers In	425	41	277	-	-	-
Operating Transfers (Out)	(2,180)	(2,720)	(2,636)	(3,527)	(1,947)	(2,007)
Total other Financing Sources (uses)	(1,755)	(2,678)	(2,359)	(3,527)	(1,947)	(2,007)
Revenues and other financing sources over (under) expenditures and other financing (uses)	\$ -	\$ 780	\$ 2,169	\$ 934	\$ 14	\$ 1,343

Analysis of General Fund Balance

	Adopted Budget ¹ 2010-11	Actual 2009-10	Actual 2008-09	Actual 2007-08	Actual 2006-07	Actual 2005-06
Reserved	N/A	\$ 55	\$ 426	\$ 365	\$ 255	\$ 414
Unreserved-Designated	N/A	515	1,286	575	625	1,580
Unreserved Undesignated	N/A	12,680	10,758	9,361	8,487	7,359
Total Fund Balance	\$ -	\$ 13,250	\$ 12,470	\$ 10,301	\$ 9,367	\$ 9,353

¹ Budgetary basis

VII. Legal And Other Information

Litigation

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

Documents Furnished At Delivery

The original purchaser of the Bonds will be furnished with the following:

1. A Signature and No Litigation Certificate stating that at the time of delivery no litigation is pending or threatened affecting the validity of the Bonds or the levy or collection of taxes to pay them.
2. A Certificate on behalf of the Town, signed by the Town Manager or the Deputy Town Manager and the Town Treasurer or the Director of Finance which will be dated the date of delivery and attached to a signed copy of the Official Statement, and which will certify, to the best of said officials' knowledge and belief, that at the time the purchase contract for the Bonds was signed and as of the closing date, the descriptions and statements in the Official Statement relating to the Town and its finances were true and correct in all material respects and did not contain any untrue statement of a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, and that there has been no material adverse change in the financial condition of the Town from that set forth in or contemplated by the Official Statement.
3. A receipt for the purchase price of the Bonds.
4. The approving opinion of Day Pitney LLP, Bond Counsel, of Hartford, Connecticut.
5. An executed Continuing Disclosure Agreement for the Bonds in substantially the form attached hereto as Appendix C to this Official Statement.
6. The Town of Southington has prepared an Official Statement for the Bonds which is dated February 16, 2010. The Town deems such Official Statement final as of its date for purposes of SEC Rule 15c2-12 (b)(1), but it is subject to revision or amendment. The Town will make available to the winning bidder(s) of the Bonds one hundred (100) copies of the final Official Statement at the Town's expense. The copies of the Official Statement will be made available to the winning bidder(s) at the office of the Town's financial advisor no later than seven business days of the bid opening. If the Town's financial advisor is provided with the necessary information from the winning purchaser by noon of the day following the day bids on the Bonds are received, the copies of the final Official Statement will include an additional cover page and other pages indicating the interest rates, yields or reoffering prices, the name of the managing underwriter, the name of the insurer, if any, and any changes on the Securities. The purchaser shall arrange with the financial advisor the method of delivery of the copies of the Official Statement to the purchaser.

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

Concluding Statement

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

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

TOWN OF SOUTHTON, CONNECTICUT

By: /s/ Garry Brumback
Garry Brumback, *Town Manager*

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

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

Dated: February 22, 2011

Appendix A

2010 Financial Statements Excerpted from the Town's Comprehensive Annual Financial Report

The following includes the General Purpose Financial Statements of the Town of Southington, Connecticut for the fiscal year ended June 30, 2010. The supplemental data that was a part of that report has not been reproduced herein. A copy of the complete report is available upon request from Matthew A. Spoerndle, Managing Director, Phoenix Advisors, 53 River Street, Suite 3, Milford, Connecticut 06460. Telephone (203) 878-4945.

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Accounting | Tax | Business Consulting

Independent Auditors' Report

To the Board of Finance
Town of Southington, Connecticut
Southington, Connecticut

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Southington, Connecticut, as of and for the year ended June 30, 2010, which collectively comprise the Town of Southington, Connecticut's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Southington, Connecticut, as of June 30, 2010 and the respective changes in financial position and cash flows, where applicable, thereof, for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 28, 2010 on our consideration of the Town of Southington, Connecticut's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management's discussion and analysis on pages 3 through 12 and the budgetary comparison information on pages 42 through 55 are not required parts of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

Blum, Shapiro & Company, P.C.

December 28, 2010

TOWN OF SOUTHTON, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2010

This discussion and analysis of the Town of Southington, Connecticut's (the Town) financial performance is provided by management to provide an overview of the Town's financial activities for the fiscal year ended June 30, 2010. Please read this MD&A in conjunction with the transmittal letter and the Town's financial statements, Exhibits I to IX.

FINANCIAL HIGHLIGHTS

- On a government-wide basis, the Town's net assets increased as a result of this year's operations. Net assets of our business-type activities increased by \$2.7 million or 6.1%, and net assets of our governmental activities increased by \$7.6 thousand or 8.1%.
- On a government-wide basis, during the year, the Town had expenses and transfers out that were \$7.6 million less than the \$145.1 million generated in tax and other revenues for governmental programs.
- In the Town's business-type activities, revenues increased \$669 thousand or 21.9% while expenses increased by \$430 thousand or 9.7%.
- On a government-wide basis, the total cost of all of the Town's programs was \$138.4 million with no new programs added this year.
- The General Fund reported a total fund balance this year of \$13.3 million.
- The tax collection rate was 98.55% of the current levy, exceeding last year's rate of 98.44%.
- The Town of Southington refunded \$11.065 million in 10/15/1996 and 5/15/2001 general obligation (GO) bonds and realized \$501 thousand in aggregate budgetary savings over the next 12 years.
- The Town also sold \$10 million in tax exempt general obligation bond anticipation notes.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-Wide Financial Statements

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

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

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

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

Fund Financial Statements

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

- *Governmental Funds (Exhibits III and IV)* - Most of the Town's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Town's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs. The relationship (or differences) between governmental activities (reported in the statement of net assets and the statement of activities) and governmental funds is described in a reconciliation at the bottom of the fund financial statements.
- *Proprietary Funds (Exhibits V, VI and VII)* - When the Town charges customers for the services it provides, whether to outside customers or to other units of the Town, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the statement of net assets and the statement of activities. In fact the Town's enterprise funds (a component of proprietary funds) are the same as the business-type activities reported in the government-wide statements, but provide more detail and additional information, such as cash flows, for proprietary funds. Internal service funds (the other component of proprietary funds) are used to report activities that provide supplies and services for the Town's other programs and activities - such as the Town's Medical Claims Fund.
- *Fiduciary Funds (Exhibits VIII and IX)* - The Town accounts for resources held for the benefit of parties outside the government in fiduciary funds. All of the Town's fiduciary activities are reported in separate statements of fiduciary net assets and changes in fiduciary net assets. These funds are not reflected in the government-wide financial statements because the Town cannot use these assets to finance its operations. The Town is responsible for ensuring that the assets reported in these funds are used for their intended purposes. The Town had one pension trust fund (which was closed during fiscal 2009) and currently has two agency funds.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The Town’s combined net assets increased from \$139.4 million to \$149.8 million. The analysis below focuses on the net assets (Table 1) and changes in net assets (Table 2) of the Town’s governmental and business-type activities.

**TABLE 1
NET ASSETS
In Thousands**

	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
Current and other assets	\$ 29,548	\$ 33,848	\$ 1,526	\$ 1,059	\$ 31,074	\$ 34,907
Capital assets, net of accumulated depreciation	175,402	160,525	47,103	44,662	222,505	205,187
Total assets	<u>204,950</u>	<u>194,373</u>	<u>48,629</u>	<u>45,721</u>	<u>253,579</u>	<u>240,094</u>
Long-term debt outstanding	75,703	78,257			75,703	78,257
Other liabilities	27,323	21,841	737	576	28,060	22,417
Total liabilities	<u>103,026</u>	<u>100,098</u>	<u>737</u>	<u>576</u>	<u>103,763</u>	<u>100,674</u>
Net Assets:						
Invested in capital assets, net of debt	99,125	90,113	47,103	44,662	146,228	134,775
Restricted	985	1,023			985	1,023
Unrestricted (deficit)	<u>1,814</u>	<u>3,139</u>	<u>789</u>	<u>483</u>	<u>2,603</u>	<u>3,622</u>
Total Net Assets	<u>\$ 101,924</u>	<u>\$ 94,275</u>	<u>\$ 47,892</u>	<u>\$ 45,145</u>	<u>\$ 149,816</u>	<u>\$ 139,420</u>

Net assets of the Town’s governmental activities increased by 8.1% (\$101.9 million compared to \$94.3 million). Unrestricted net assets - the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements - changed from \$3.1 million at June 30, 2009 to \$1.8 at the end of this year. This change in unrestricted governmental net assets is mostly due to the increase in the OPEB liability for fiscal year 2010 of \$2.1 million.

The net assets as of June 30, 2009 for governmental activities were restated to reflect the completion of Construction in progress projects and reclassification to Buildings with a net reduction in assets of \$4.4 million.

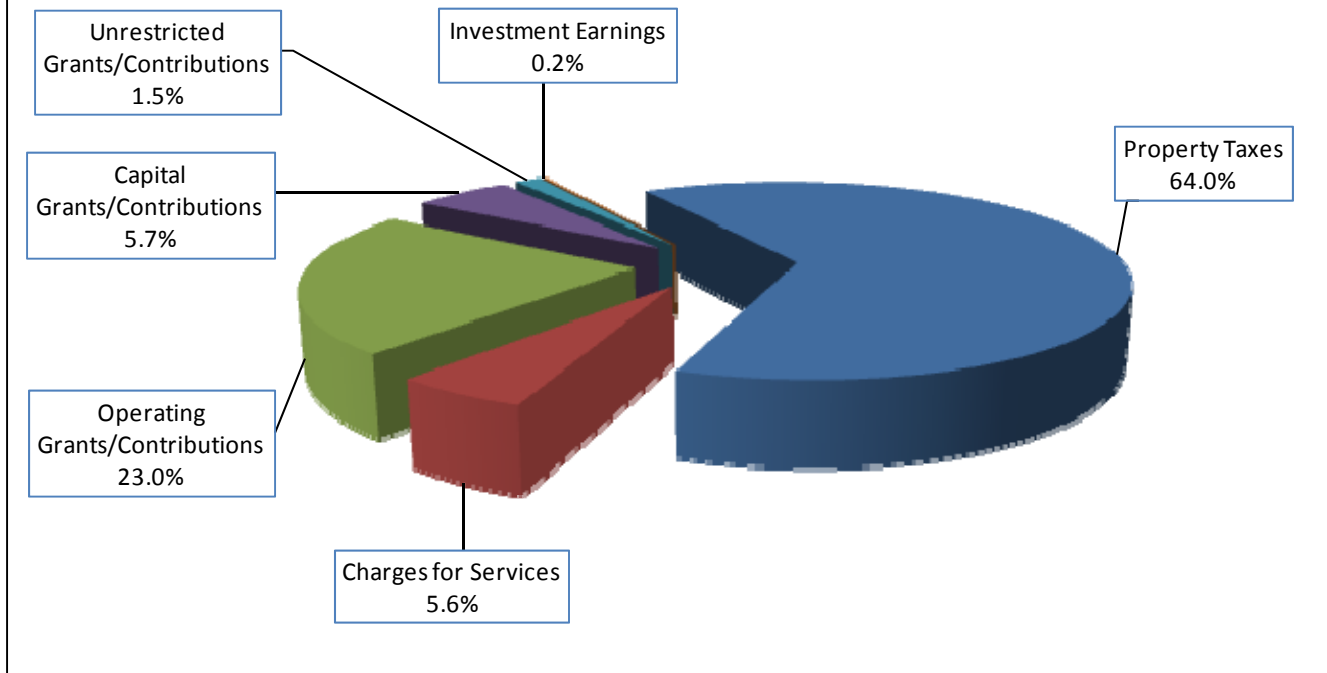
The net assets of business-type activities increased by 6.1% percent (\$47.9 million in 2010 compared to \$45.1 million in 2009). This change in unrestricted business-type net assets resulted primarily from \$3.9 million in transfers of capital assets purchased by the governmental activity funds (Capital Projects Fund).

TABLE 2
CHANGES IN NET ASSETS
In Thousands

	Governmental Activities		Business-Type Activities		Totals	
	2010	2009	2010	2009	2010	2009
Revenues:						
Program revenues:						
Charges for services	\$ 8,056	\$ 9,140	\$ 3,727	\$ 3,058	\$ 11,783	\$ 12,198
Operating grants and contributions	33,301	31,260			33,301	31,260
Capital grants and contributions	8,329	10,897			8,329	10,897
General revenues:						
Property taxes	92,919	90,440			92,919	90,440
Grants and contributions not restricted to specific purposes	2,201	2,128			2,201	2,128
Unrestricted investment earnings	278	369			278	369
Total revenues	<u>145,084</u>	<u>144,234</u>	<u>3,727</u>	<u>3,058</u>	<u>148,811</u>	<u>147,292</u>
Program expenses:						
General government	4,464	7,291			4,464	7,291
Public safety	17,749	16,047			17,749	16,047
Public works	9,712	9,836			9,712	9,836
Health and welfare	940	1,024			940	1,024
Human services	1,477	1,579			1,477	1,579
Parks and recreation	1,994	2,218			1,994	2,218
Public library	1,830	1,569			1,830	1,569
Planning and development	1,131	785			1,131	785
Education	92,209	89,694			92,209	89,694
Interest on long-term debt	2,060	1,697			2,060	1,697
Sewer			4,849	4,419	4,849	4,419
Total program expenses	<u>133,566</u>	<u>131,740</u>	<u>4,849</u>	<u>4,419</u>	<u>138,415</u>	<u>136,159</u>
Excess (deficiency) before transfers	11,518	12,494	(1,122)	(1,361)	10,396	11,133
Transfers	<u>(3,869)</u>	<u>(11,981)</u>	<u>3,869</u>	<u>11,981</u>	<u>-</u>	<u>-</u>
Increase in Net Assets	<u>\$ 7,649</u>	<u>\$ 513</u>	<u>\$ 2,747</u>	<u>\$ 10,620</u>	<u>\$ 10,396</u>	<u>\$ 11,133</u>

The Town's total revenues were \$148.8 million. The total cost of all programs and services was \$138.4 million. Our analysis below separately considers the operations of governmental and business-type activities.

Revenues by Source - Governmental Activities 2010



Governmental Activities

Approximately 64.0% of the revenues were derived from property taxes, followed by 23.0% from operating grants and contributions, 5.7% from capital grants and contributions, 5.6% from charges for services, 1.5% from unrestricted grants and contributions, and 0.2% from investment earnings.

Major revenue factors included:

- Capital Grants and Contributions decreased by \$2.6 million from \$10.9 million in fiscal year 2009 to \$8.3 million in fiscal year 2010. This decrease is due to the reduction in grants received from the State for the Plantsville Elementary School Renovation and the New South End Elementary School.
- Property tax revenue increased by \$2.5 million or 2.7% over last year. The increase is attributable to a 1.2% increase in the grand list (\$45.3 million), an increase in the mill rate from 23.02 to 23.27 or 1.1%, and an increase in prior years' tax collections and interest on taxes.

Approximately 69.0% of the Town's expenses related to education. Public safety accounted 13.3%, public works accounted for 7.3%, and general government accounted for 3.3% of expenses. The remaining 7.1% related to health and welfare, human services, parks & recreation, public library, planning and development, and interest on long-term debt.

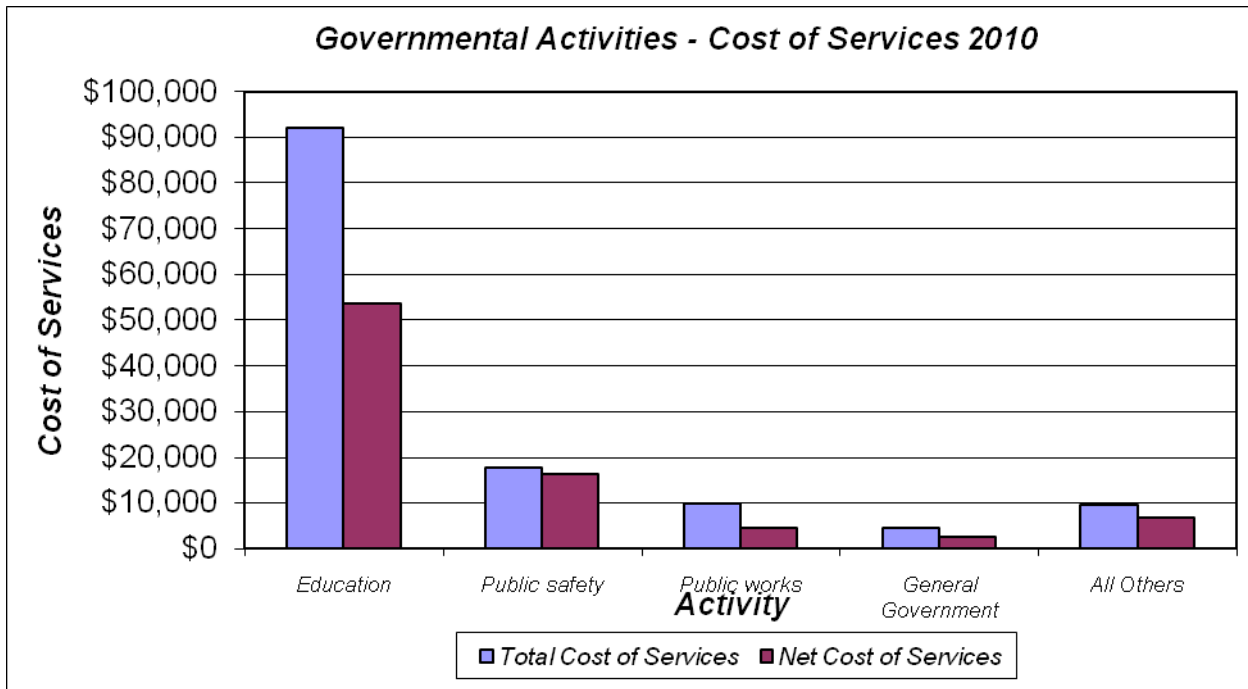
Total program expenses increased \$1.8 million or 1.4% over last year. Education expenses increased 2.8%, interest on long term debt increased 21.4%, and town operating expenses decreased 2.6%.

- Education expenses increased \$2.5 million over fiscal year 2009 due to higher operating costs, higher health care costs, and higher special education costs.
- Interest on long-term debt increased by \$363 thousand due to the increase in debt service payments as a result of the sale of \$15.44 million in general obligation bonds on June 1, 2009.

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

**TABLE 3
GOVERNMENTAL ACTIVITIES
In Thousands**

	Total Cost of Services		Net Cost of Services	
	2010	2009	2010	2009
Education	\$ 92,209	\$ 89,694	\$ (53,785)	\$ (51,312)
Public safety	17,749	16,047	(16,255)	(14,590)
Public works	9,712	9,836	(4,422)	(3,610)
General government	4,464	7,291	(2,632)	(5,552)
All others	9,432	8,872	(6,786)	(5,379)
Totals	\$ 133,566	\$ 131,740	\$ (83,880)	\$ (80,443)



Business-type Activities

Revenues of the Town’s business-type activities (see Table 2) increased by 21.9% (\$3.7 million in 2010 compared to \$3.1 million in 2009) and expenses increased by 9.7%. The increased costs are due to the final payment of State mandated nitrogen credit purchase, the higher maintenance costs for the new Denitrification Facility, and the aggressive efforts to televise, clean and maintain the sewer system.

TOWN FUNDS FINANCIAL ANALYSIS

Governmental Funds

As the Town completed the year, its governmental funds (as presented in the balance sheet - Exhibit III) reported a combined fund balance deficit of 4.6 million which is a decrease of \$11.4 million from last year's total of \$6.7 million. This decrease is due to the \$21.1 deficit in the Capital Projects fund which represents projects with bond authorizations yet to be financed. The Town issued \$10 million in bond anticipation notes for the two elementary school projects and two sewer projects, which will be permanently issued in March of 2011. Additionally the Town has a \$9.7 million Clean Water Fund loan outstanding which will be permanently financed June of 2011.

\$106 thousand of this combined fund balance is reserved for inventories.

Total governmental fund expenditures exceeded the total revenues by \$11.5 million due to the \$14.5 million deficit (of revenues over expenditures) in the Capital Projects fund. The capital fund projects have authorized bond ordinances or authorizations to issue long-term debt, and the Town issues bonds as the money is expended or as necessary. Bonds will be issued, and the Clean Water Fund Loan permanently financed, thereby eliminating the fund deficit.

General Fund

The general fund is the primary operating fund of the Town. As of June 30, 2010 unreserved, undesignated fund balance of the General Fund increased by \$1.9 million to \$12.7 million while total fund balance increased \$780 thousand \$13.3 million.

Major revenue factors include:

- Property taxes, interest and liens fees came in \$585 thousand higher than originally projected.
- Charges for services came in \$271 thousand higher than budget due to the rebound in the Town Clerk fees.

These factors have allowed the Town to withstand local revenue losses incurred in both intergovernmental revenues and interest income totaling approximately \$344 thousand.

Major expenditure factors include:

- The Police Department realized savings of \$178, from their amended budget in personnel, contractual services and, materials and supplies. There was additional money in the personnel because several officers were out on Workers Compensation and Military leave, and job openings were not filled immediately.
- The Town saved \$183 thousand in the Payroll Taxes and MERF account due to a reduction in overtime and a smaller increase in employer MERF contributions than originally projected.
- Environmental Problems came in \$108 thousand lower than budget due to a decrease in the legal costs paid from the operating budget.
- Debt Service costs were \$126 thousand less than original budget due to the lower interest rates obtained on the General Obligation Bonds of June 2009.
- The Town Council had adopted a cost containment policy for fiscal year 2009 which precipitated department heads to reduce costs and delay non-urgent expenditures. The cost containment efforts were continued into the adopted budget for fiscal year 2010.
- The Town returned \$495 thousand in the budgeted Contingency account.

Proprietary Funds

The Town's proprietary fund provides the same type of information found in the government-wide financial statements, but in more detail. Unrestricted net assets of the Town's proprietary funds totaled \$789 thousand at year-end, an increase of \$1,947 thousand.

The Internal Service Fund was responsible for the majority of this increase. The Internal Service Fund's unrestricted net assets increased by \$1.6 million, from a deficit of \$690 thousand to \$951 thousand. The Town's medical claims took an unexpected down turn in the last four months of the fiscal year, resulting in this surplus.

The Sewer Enterprise Fund's unrestricted net assets increased by \$306 thousand. For the third year, the town has implemented a sewer usage rate increase of 20% in order to pay for State mandated Nitrogen Credit Purchases, the higher maintenance costs of the new Denitrification Facility, and take an aggressive stance on the sewer system maintenance

General Fund Budgetary Highlights

The Town's adopted General Fund budget for 2009-2010 was \$118.834 million (\$118.009 million for expenditures plus \$825 thousand for contingency appropriations). In addition to the \$330 thousand which was appropriated from the Contingency Fund, the Town appropriated \$379 million to the Expenditure Budget with corresponding Revenue Budget increases, and \$791 thousand per fiscal year 2009 designation, for a total amended budget of \$120.390 million. The following lists the key changes to the budget during the year.

- \$386 thousand was appropriated for the amounts of Fund Balance Reserved for Encumbrances at the end of fiscal year 2009.
- \$791 thousand was appropriated to the Board of Education for current year Operations. These funds were a surplus in the Board of Education fiscal year 2009 operations, and were Designated for current year operations at 2009 fiscal year end
- \$185 thousand was appropriated to various accounts due to grants received during the fiscal year. The major projects were: \$70 thousand for additional Town Aid projects; \$40 thousand for a Calendar House Bus; \$40 thousand additional for the Health Department Bioterrorism and Pan Flu Programs; \$24 thousand for the Youth Services Drug Free; and \$11 thousand in smaller appropriations.
- \$131 thousand was appropriated to the Board of Education Operations for Special Education outside tuitions and Rent Revenues received.
- \$273 thousand was appropriated from Contingency for the following Capital Projects: \$110 thousand additional for the Lazy Lane and Spring Street Reconstruction projects; \$73 thousand for the Phase IV Soil Characterization; \$60 thousand to Design the West Street Bridge; and \$30 thousand for various other projects.
- The Southington Police Union contract for fiscal years 2009 through 2013 was ratified and the Police union was paid their retroactive increases for fiscal for two years. The \$240 thousand due the employees was paid from the "Union Salary increase" budgets set aside over the last two years.

Capital Assets

At June 30, 2010, the Town had \$222.5 million invested in a broad range of capital assets, including land, buildings, vehicles and equipment, and sewer lines - Table 4. This amount represents a net increase (including additions and deductions) of \$17.4 million or 8.5%, over last year.

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

	Governmental Activities		Business-Type Activities		Totals	
	2010	2009	2010	2009	2010	2009
Land	\$ 19.3	\$ 17.9	\$	\$	\$ 19.3	\$ 17.9
Buildings and systems	71.9	74.2	46.7	44.2	118.6	118.4
Equipment	6.0	6.0	0.3	0.4	6.3	6.4
Infrastructure	45.5	43.3			45.5	43.3
Construction in progress	32.8	19.0			32.8	19.0
Totals	\$ 175.5	\$ 160.4	\$ 47.0	\$ 44.6	\$ 222.5	\$ 205.0

2009 capital assets were restated to reflect the completion of Construction in progress projects and reclassification to Buildings with a net reduction in assets of \$4.4 million.

This year’s major additions included:

Governmental:

- Purchase of 996 West Center Street for \$1.0 million (final).
- Construction in progress for Plantsville Elementary Renovation of \$4.3 million.
- Construction in progress for the New South End Elementary of \$8.1 million.
- Construction in progress for Rails to Trails Phase II of \$738 thousand.
- Construction in progress for Lazy Lane Reconstruction of \$532 thousand.

Business Type:

- Construction of Denitrification Facility for \$1.6 million.
- Construction of Marion Highlands Interceptor for \$913 thousand
- Construction of Roseanna, Lagana , Hickory Hill Sewers for \$890 thousand

The Town’s fiscal year 2010-2011 Capital Budget calls for it to spend another \$1.8 million for capital projects principally for road resurfacing and maintenance, upgrading the Town Hall infrastructure and network connectivity, Drive-in Park development, and various other smaller projects.

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

Long-Term Debt

At June 30, 2010 the Town had \$56.6 million in bonds outstanding versus \$61.5 million last year – a decrease of \$4.9 million or 8.0 % - as shown in Table 5.

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

	Governmental Activities		Business-Type Activities		Totals	
	2010	2009	2010	2009	2010	2009
General obligation bonds:						
Town	\$ 55,166	\$ 59,584	\$ -	\$ -	\$ 55,166	\$ 59,584
Southington Water Company	1,419	1,907	-	-	1,419	1,907
Total	\$ 56,585	\$ 61,491	\$ -	\$ -	\$ 56,585	\$ 61,491

In January 2010 Southington issued \$11.065 million General Obligation Refunding Bonds and realized \$501 thousand in aggregate budgetary savings over the twelve years. The Town also issued \$10 million in Bond Anticipation Notes for the two elementary school projects and two sewer projects. These projects will be permanently financed with the Bond issue of March 2011.

In May 2009, Standard and Poor’s Rating Services raised its underlying rating on the Southington’s general obligation (GO) debt two notches to “AA+” from “AA-” due to the Town’s improved financial position, good management practices and low debt burden. As a result 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 in scale from the municipal scale to the global scale).

State statutes limit the amount of general obligation debt a governmental entity may issue to seven times total tax collections including interest and lien fees. The current debt limitation for the Town is \$649.4 million. The Town has only issued 12.9% of total debt limitation.

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, 2010 was 7.8% versus 7.1% last year. Although Southington's unemployment has increased considerably in the last couple of years, it still compares favorably to the 8.9% for the State of Connecticut and the 9.5% for the national unemployment rate (the highest in 25 years). The increasing unemployment rates are a major concern in this recessionary environment. Unfortunately, leading economic indicators continue to indicate a slow economic rebound.

Elected and appointed officials considered these factors, among others, when setting the fiscal year 2010-2011 General Fund budget and tax rates.

As previously stated, the General Fund unreserved fund balance increased from \$12.0 million at June 30, 2009 to \$13.2 million at June 30, 2010. Of this \$13.2 million General Fund unreserved fund balance, \$90 thousand was designated for continued appropriations and \$425 thousand was designated for the 2010-2011 budget leaving an unreserved, undesignated fund balance of \$12.7 million in the General Fund at June 30, 2010. The Town feels that this level is strong enough to withstand unexpected events which may have a negative budget impact and is within the average of comparable towns of our size in Connecticut. This increase in the "rainy day" fund is pivotal to maintaining the Town's enhanced bond rating thereby reducing the cost of the Town's current and future debt service payments.

The Town adopted a General Fund budget of \$123.053 million for 2010-2011 compared to an adopted budget of \$118.834 million for 2009-2010 or an overall increase of 3.6%. Approximately \$3.1 million of this \$4.2 million increase is for school operations to meet increasing personnel services, additional special education costs and unfunded mandates. Most of the remaining \$1.1 million increase is: \$578 thousand to the Payroll taxes and MERS budget due to the dramatic increase in the Town's MERS required contributions as a result of the State's poor investment returns; \$306 thousand to the Debt Service budget for increased debt service payments as a result of the Bond issue of June 2009; and \$199 thousand to the Department of Assessments to pay for half of the required statistical valuation effective for the grand list of October 1, 2011. The Town has added no new programs or initiatives to the 2010 budget

If these estimates are realized, the Town's budgetary General Fund balance is expected to remain consistent with the June 30, 2010 level.

Costs of the Town's business-type activities, accounted for in the Sewer Operating Fund, are expected to rise approximately 7.4% during fiscal year 2010-2011. Although the Town increased Sewer usage rates by 20% in the last three fiscal years, the increased revenue is not sufficient to offset the cumulative costs of the denitrification credits, the higher costs of the Denitrification Facility and the aggressive maintenance efforts of the Sewer System. The Town will review the current systems in an effort to gain better efficiencies in the Sewer's Operations.

CONTACTING THE TOWN'S FINANCIAL MANAGEMENT

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

Basic Financial Statements

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TOWN OF SOUTHLINGTON, CONNECTICUT

STATEMENT OF NET ASSETS

JUNE 30, 2010

(In Thousands)

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Assets:			
Cash and cash equivalents	\$ 19,331	\$ 441	\$ 19,772
Investments	565		565
Receivables, net	9,415	1,069	10,484
Inventory	104		104
Other assets	133	16	149
Capital assets:			
Assets not being depreciated	52,075	39	52,114
Assets being depreciated, net	123,327	47,064	170,391
Total assets	<u>204,950</u>	<u>48,629</u>	<u>253,579</u>
Liabilities:			
Accounts and other payables	7,296	553	7,849
Other current liabilities	19,686	184	19,870
Unearned revenue	341		341
Noncurrent liabilities:			
Due within one year	7,853		7,853
Due in more than one year	67,850		67,850
Total liabilities	<u>103,026</u>	<u>737</u>	<u>103,763</u>
Net Assets:			
Invested in capital assets, net of related debt	99,125	47,103	146,228
Restricted for:			
Trust purposes:			
Expendable	107		107
Nonexpendable	878		878
Unrestricted	1,814	789	2,603
Total Net Assets	<u>\$ 101,924</u>	<u>\$ 47,892</u>	<u>\$ 149,816</u>

The accompanying notes are an integral part of the financial statements

TOWN OF SOUTHTON, CONNECTICUT

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2010

(In Thousands)

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities:							
General government	\$ 4,464	\$ 1,332	\$	\$ 500	\$ (2,632)	\$	\$ (2,632)
Public safety	17,749	954	162	378	(16,255)		(16,255)
Public works	9,712	2,746	340	2,204	(4,422)		(4,422)
Health and welfare	940	43	150		(747)		(747)
Human services	1,477	134	573		(770)		(770)
Parks and recreation	1,994	178	129	680	(1,007)		(1,007)
Public library	1,830	36	28		(1,766)		(1,766)
Planning and development	1,131	670			(461)		(461)
Education	92,209	1,963	31,919	4,542	(53,785)		(53,785)
Interest on long-term debt	2,060			25	(2,035)		(2,035)
Total governmental activities	<u>133,566</u>	<u>8,056</u>	<u>33,301</u>	<u>8,329</u>	<u>(83,880)</u>	<u>-</u>	<u>(83,880)</u>
Business-type activities:							
Sewer	4,849	3,727				(1,122)	(1,122)
Total	<u>\$ 138,415</u>	<u>\$ 11,783</u>	<u>\$ 33,301</u>	<u>\$ 8,329</u>	<u>(83,880)</u>	<u>(1,122)</u>	<u>(85,002)</u>
General revenues:							
Property taxes					92,919		92,919
Grants and contributions not restricted to specific programs					2,201		2,201
Unrestricted investment earnings					278		278
Transfers					(3,869)	3,869	-
Total general revenues and transfers					<u>91,529</u>	<u>3,869</u>	<u>95,398</u>
Change in net assets					7,649	2,747	10,396
Net Assets at Beginning of Year, as restated					<u>94,275</u>	<u>45,145</u>	<u>139,420</u>
Net Assets at End of Year					<u>\$ 101,924</u>	<u>\$ 47,892</u>	<u>\$ 149,816</u>

The accompanying notes are an integral part of the financial statements

TOWN OF SOUTHLINGTON, CONNECTICUT

BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2010
(In Thousands)

	<u>General</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ 14,127	\$	\$ 2,949	\$ 17,076
Investments			565	565
Receivables, net	2,910	1,420	1,568	5,898
Due from other funds	1,472		133	1,605
Inventories	54		52	106
	<u>18,563</u>	<u>1,420</u>	<u>5,267</u>	<u>25,250</u>
Total Assets	\$ <u>18,563</u>	\$ <u>1,420</u>	\$ <u>5,267</u>	\$ <u>25,250</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts and other payables	\$ 3,075	\$ 1,733	\$ 506	\$ 5,314
Notes payable		19,686		19,686
Due to other funds	133	1,119	353	1,605
Deferred revenue	2,105		1,179	3,284
Total liabilities	<u>5,313</u>	<u>22,538</u>	<u>2,038</u>	<u>29,889</u>
Fund balances:				
Reserved	54		52	106
Unreserved, reported in:				
Designated for continued appropriations	90			90
General Fund	13,105			13,105
Special Revenue Funds			2,299	2,299
Capital Project Funds		(21,118)		(21,118)
Permanent Funds			878	878
Total fund balances	<u>13,250</u>	<u>(21,118)</u>	<u>3,229</u>	<u>(4,639)</u>
Total Liabilities and Fund Balances	\$ <u>18,563</u>	\$ <u>1,420</u>	\$ <u>5,267</u>	\$ <u>25,250</u>

(Continued on next page)

TOWN OF SOUTHTON, CONNECTICUT

BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)

JUNE 30, 2010

(In Thousands)

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

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

Fund balances - total governmental funds	\$	(4,639)
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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	\$	262,242	
Less accumulated depreciation		<u>(86,840)</u>	
Net capital assets			175,402

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

Property tax receivables greater than 60 days	2,105
Interest receivable on property taxes	972
Assessments receivable greater than 60 days	838
Interest receivable on assessments	30
Deferred amount in refunding	737
Bond issuance costs	130
Long term receivable	1,419
Receivable from the state for school construction projects	1,096

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

951

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

Bonds and notes payable	(56,585)
Premium on issuance	(743)
Interest payable on bonds and notes	(677)
Compensated absences	(7,800)
OPEB liability	(3,649)
Heart and Hypertension	(7,058)
Landfill closure	<u>(605)</u>

Net Assets of Governmental Activities (Exhibit I)

\$ 101,924

The accompanying notes are an integral part of the financial statements

TOWN OF SOUTHLINGTON, CONNECTICUT

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

FOR THE YEAR ENDED JUNE 30, 2010

(In Thousands)

	<u>General</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
Property taxes	\$ 92,650	\$	\$	\$ 92,650
Intergovernmental	29,406	6,659	5,202	41,267
Charges for services	2,941		4,783	7,724
Income on investments	225		80	305
Other revenues	104	260	195	559
Total revenues	<u>125,326</u>	<u>6,919</u>	<u>10,260</u>	<u>142,505</u>
Expenditures:				
Current:				
General government	3,032		5	3,037
Public safety	11,428		1,161	12,589
Public works	4,764		2,244	7,008
Health and welfare	760		9	769
Human services	819		424	1,243
Parks and recreation	1,568		2	1,570
Public library	1,361		86	1,447
Planning and development	835			835
Miscellaneous	77			77
Employee fringe benefits	7,584			7,584
Education	83,561		6,113	89,674
Debt and sundry	6,214		523	6,737
Capital outlay		21,444		21,444
Total expenditures	<u>122,003</u>	<u>21,444</u>	<u>10,567</u>	<u>154,014</u>
Excess (Deficiency) of Revenues over Expenditures	<u>3,323</u>	<u>(14,525)</u>	<u>(307)</u>	<u>(11,509)</u>
Other Financing Sources (Uses):				
Refunding bonds issued	11,065			11,065
Premium on refunding bonds	770			770
Payment to refunded bond escrow agent	(11,699)			(11,699)
Transfers in	41	2,524	201	2,766
Transfers out	(2,720)		(46)	(2,766)
Total other financing sources (uses)	<u>(2,543)</u>	<u>2,524</u>	<u>155</u>	<u>136</u>
Net Change in Fund Balances	780	(12,001)	(152)	(11,373)
Fund Balances at Beginning of Year	<u>12,470</u>	<u>(9,117)</u>	<u>3,381</u>	<u>6,734</u>
Fund Balances at End of Year	<u>\$ 13,250</u>	<u>\$ (21,118)</u>	<u>\$ 3,229</u>	<u>\$ (4,639)</u>

(Continued on next page)

TOWN OF SOUTHINGTON, CONNECTICUT

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

FOR THE YEAR ENDED JUNE 30, 2010

(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)	\$ (11,373)
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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	17,609
Depreciation expense	(4,983)
Donated assets	2,270

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.	(20)
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds, and revenues recognized in the funds are not reported in the statement of activities:

School building grant receipts	(350)
Long term receivable receipts	(488)
Property tax receivable - accrual basis change	229
Property tax interest and lien revenue - accrual basis change	40
Sewer assessment receivable-accrual basis change	417

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

Issuance of refunding bonds	(11,065)
Premium on refunding	(770)
Deferred amount in refunding	764
Issuance costs on refunding	135
Payment to escrow agent for refunding	11,699
Bond principal payments	3,784
Note principal payments	488

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	(180)
OPEB obligation	(2,096)
Capital leases	137
Accrued interest	(27)
Heart and hypertension	196
Landfill post closure care and settlement	(403)
Amortization of deferred charge on refunding	(27)
Amortization of issue costs	(5)
Amortization of bond premiums	27

Internal service funds are used by management to charge costs to individual funds. The net revenue of certain activities of internal services funds is reported with governmental activities.	<u>1,641</u>
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Change in Net Assets of Governmental Activities (Exhibit II)	<u>\$ 7,649</u>
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The accompanying notes are an integral part of the financial statements

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

JUNE 30, 2010
(In Thousands)

	<u>Business-Type Activities Sewer Enterprise Fund</u>	<u>Governmental Activities Internal Service Fund</u>
Assets:		
Current:		
Cash and cash equivalents	\$ 441	\$ 2,255
Accounts and other receivables	1,069	
Other assets	16	
Total current assets	<u>1,526</u>	<u>2,255</u>
Capital assets, net	<u>47,103</u>	
Total assets	<u>48,629</u>	<u>2,255</u>
Liabilities:		
Current:		
Accounts and other payables	553	1,274
Other accrued liabilities	184	30
Total liabilities	<u>737</u>	<u>1,304</u>
Net Assets:		
Invested in capital assets	47,103	
Unrestricted	<u>789</u>	<u>951</u>
Total Net Assets	<u>\$ 47,892</u>	<u>\$ 951</u>

The accompanying notes are an integral part of the financial statements

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

FOR THE YEAR ENDED JUNE 30, 2010
(In Thousands)

	Business-Type Activities	Governmental Activities
	Sewer Enterprise Fund	Internal Service Fund
Operating Revenues:		
Fund premiums	\$	\$ 19,049
Charges for services	3,567	
Intergovernmental	41	
Fines, penalties and interest	119	2
Total operating revenues	3,727	19,051
Operating Expenses:		
Plant	2,926	
Benefits	226	16,238
Depreciation	1,461	
Administration and other	236	1,171
Total operating expenses	4,849	17,409
Operating Income (Loss)	(1,122)	1,642
Nonoperating Revenue:		
Income (loss) on investments		(1)
Income before Capital Contributions	(1,122)	1,641
Capital Contributions	3,869	
Change in Net Assets	2,747	1,641
Net Assets at Beginning of Year	45,145	(690)
Net Assets at End of Year	\$ 47,892	\$ 951

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, 2010
(In Thousands)

	Business-Type Activities	Governmental Activities
	Sewer Enterprise Fund	Internal Service Fund
Cash Flows from Operating Activities:		
Cash received from customers and granting agencies	\$ 3,668	\$ 19,059
Cash received for premiums - Town departments and agencies		
Cash payments to suppliers for goods and services	(2,968)	
Cash payments to providers of benefits	(226)	(16,060)
Cash payments for service fees		(1,171)
Net cash provided by operating activities	474	1,828
Cash Flows from Capital Financing Activities:		
Acquisition of capital assets	(33)	
Cash Flows from Investing Activities:		
Loss on investments		(1)
Net Increase in Cash and Cash Equivalents	441	1,827
Cash and Cash Equivalents at Beginning of Year		428
Cash and Cash Equivalents at End of Year	\$ 441	\$ 2,255
Reconciliation of Operating Income (Loss) to Net Cash		
Provided by Operating Activities:		
Operating income (loss)	\$ (1,122)	\$ 1,642
Depreciation	1,461	
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
(Increase) decrease in accounts receivable	(59)	8
Decrease in investments		18
Decrease in inventory	33	
Increase (decrease) in accounts payable and accrued liabilities	352	(98)
Increase (decrease) in interfunds	(191)	258
Net Cash Provided by Operating Activities	\$ 474	\$ 1,828
Noncash Capital Financing Activities:		
Capital assets transferred from governmental funds	\$ 3,869	\$ -

The accompanying notes are an integral part of the financial statements

TOWN OF SOUTHLINGTON, CONNECTICUT
STATEMENT OF FIDUCIARY NET ASSETS - FIDUCIARY FUNDS

JUNE 30, 2010
(In Thousands)

	<u>Agency Funds</u>
Assets:	
Cash and cash equivalents	\$ 1,944
Investments	<u>213</u>
Total assets	\$ <u><u>2,157</u></u>
Liabilities:	
Fiduciary deposits	<u>2,157</u>
Total liabilities	\$ <u><u>2,157</u></u>

The accompanying notes are an integral part of the financial statements

TOWN OF SOUTHLINGTON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS

(amounts expressed in thousands)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

Related Organizations

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

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

B. Government-Wide and Fund Financial Statements

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

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

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

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

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

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

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

The Town reports the following major governmental funds:

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

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

The Town reports the following as a major proprietary fund:

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

Additionally, the Town reports the following fund types:

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

The agency funds include the student activities and the escrow deposits. They are custodial in nature and do not involve measurement of results of operation.

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

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

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

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

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

D. Deposits and Investments

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

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

Investments for the Town are reported at fair value.

E. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances." All trade and property tax receivables are shown net of an allowance for uncollectibles. The property taxes receivable allowance of \$118 is equal to 4.60% of outstanding property taxes at June 30, 2010.

The Town's property tax is levied each July 1 on the assessed value as of the prior October 1 for all real property, motor vehicles and commercial personal property located in the Town. Assessed values are established by the Town Assessment Board at 70% of estimated market value. A revaluation of all real property is required to be completed no less than every ten years. The Town revalued its property as of October 1, 2005. The assessed value for the Grand List of October 1, 2008, upon which the fiscal 2010 levy was based, was \$4.0 billion. A 23.27 mill rate was applied to the Grand List.

Taxes are due in two equal installments on the July 1 and January 1 following the levy date, although a 30-day grace period is provided. Current tax collections for the years ended June 30, 2010 and 2009, were 98.55% and 98.44%, respectively, of the adjusted tax levy. Uncollected property taxes are recorded as receivables, net of an allowance for estimated uncollectible accounts. Unpaid taxes are liened on or before June 30 following the due date. The revenue relating to property taxes not collected during the fiscal year and within 60 days after the close of the fiscal year is deferred.

F. Inventories and Prepaid Items

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

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

G. Capital Assets

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

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

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

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

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

In the current year, the Town valued and reported all infrastructure acquired prior to July, 1, 2002.

H. Compensated Absences

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

The Town's accounting and financial reporting policy for compensated absences is based on GASB Statement 16. Compensated absences are accrued at current salary rates and paid by the General Fund.

I. Long-Term Obligations

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

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

J. Fund Equity

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

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

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

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

Additional Appropriations and Transfers:

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

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

Budgeted amounts are as originally adopted or as amended by the Town Council. During the year, \$1,556 of supplemental budgetary appropriations from the General Fund were made, of which \$379 was from revised revenue estimates, \$387 from continued appropriations from the prior year, and \$791 from designated fund balance for Board of Education expenditures. Also, \$90 of continued appropriations were reappropriated.

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

B. Deficit Fund Equity

The following fund had deficit fund balances at June 30, 2010:

<u>Fund</u>	<u>Amount</u>
Capital Projects Fund	\$ 21,118

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

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*, \$22,507 of the Town's bank balance of \$24,629 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$	20,119
Uninsured and collateral held by the pledging bank's trust department, not in the Town's name		<u>2,388</u>
Total Amount Subject to Custodial Credit Risk	\$	<u><u>22,507</u></u>

Cash Equivalents

At June 30, 2010, the Town's cash equivalents amounted to \$1,047. 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 And Poor's</u>
Wells Fargo*	
Citizens Securites*	
Reich and Tang*	
Cutwater - Cooperative Liquid Assets Securities System (CLASS)	AAAm

*Not rated

Investments

As of June 30, 2010, the Town had the following investments:

<u>Investment Type</u>	<u>Credit Rating</u>	<u>Fair Value</u>	<u>Investment Maturities (Years)</u>		
			<u>Less Than 1</u>	<u>1 - 10</u>	<u>More Than 10</u>
Interest-bearing investments:					
Certificates of deposit	*	\$ 414	\$ 414	\$ -	\$ -
Other investments:					
Common stock		26			
Mutual funds		<u>338</u>			
Total Investments		\$ <u>778</u>			

*Subject to coverage by Federal Depository Insurance and collateralization.
N/A Not applicable

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

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

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

Custodial Credit Risk - Custodial credit risk for an investment is the risk that, in the event of the failure of the counterparty (the institution that pledges collateral or repurchase agreement securities to the Town or that sells investments to or buys them for the Town), the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Town does not have a policy for custodial credit risk. At June 30, 2010, the Town did not have any uninsured and unregistered securities held by the counterparty, or by its trust department or agent that were not in the Town's name.

4. RECEIVABLES

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

	<u>General</u>	<u>Capital Projects</u>	<u>Sewer Enterprise</u>	<u>Nonmajor and Other Funds</u>	<u>Total</u>
Receivables:					
Taxes *	\$ 2,539		\$	\$	\$ 2,539
Accounts	54			529	583
Special assessments			1,069	849	1,918
Intergovernmental	435	1,420		190	2,045
Interest **					
Gross receivables	<u>3,028</u>	<u>1,420</u>	<u>1,069</u>	<u>1,568</u>	<u>7,085</u>
Less allowance for uncollectibles	<u>118</u>				<u>118</u>
Net Total Receivables	<u>\$ 2,910</u>	<u>\$ 1,420</u>	<u>\$ 1,069</u>	<u>\$ 1,568</u>	<u>\$ 6,967</u>

* Does not include amount due from Southington Water Company for bonds (\$1,419) and accrued interest (\$86) - Note 7.

** Does not include accrued interest on property taxes and assessments receivable of \$972 and \$30, respectively.

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

	<u>Unavailable</u>	<u>Unearned</u>	<u>Total</u>
Delinquent property taxes receivable	\$ 2,105	\$	\$ 2,105
Special assessments	838		838
Other		<u>341</u>	<u>341</u>
Total Deferred/Unearned Revenue for Governmental Funds	<u>\$ 2,943</u>	<u>\$ 341</u>	<u>\$ 3,284</u>

5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2010 was as follows:

	<u>Balance restated</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 17,914	\$ 1,411	\$	\$ 19,325
Construction in progress	19,079	14,670	(999)	32,750
Total capital assets not being depreciated	<u>36,993</u>	<u>16,081</u>	<u>(999)</u>	<u>52,075</u>
Capital assets being depreciated:				
Buildings	116,924	238		117,162
Machinery and equipment	16,707	1,094	(189)	17,612
Infrastructure	71,929	3,465		75,394
Total capital assets being depreciated	<u>205,560</u>	<u>4,797</u>	<u>(189)</u>	<u>210,168</u>
Less accumulated depreciation for:				
Buildings	(42,630)	(2,670)		(45,300)
Machinery and equipment	(10,792)	(1,035)	169	(11,658)
Infrastructure	(28,605)	(1,278)		(29,883)
Total accumulated depreciation	<u>(82,027)</u>	<u>(4,983)</u>	<u>169</u>	<u>(86,841)</u>
Total capital assets being depreciated, net	<u>123,533</u>	<u>(186)</u>	<u>(20)</u>	<u>123,327</u>
Governmental Activities Capital Assets, Net	<u>\$ 160,526</u>	<u>\$ 15,895</u>	<u>\$ (1,019)</u>	<u>\$ 175,402</u>
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 39	\$	\$	\$ 39
Capital assets being depreciated:				
Buildings and system	68,387	3,869		72,256
Machinery and equipment	1,143	32		1,175
Total capital assets being depreciated	<u>69,530</u>	<u>3,901</u>	<u>-</u>	<u>73,431</u>
Less accumulated depreciation for:				
Buildings and system	(24,125)	(1,385)		(25,510)
Machinery and equipment	(781)	(76)		(857)
Total accumulated depreciation	<u>(24,906)</u>	<u>(1,461)</u>	<u>-</u>	<u>(26,367)</u>
Total capital assets being depreciated, net	<u>44,624</u>	<u>2,440</u>	<u>-</u>	<u>47,064</u>
Business-Type Activities Capital Assets, Net	<u>\$ 44,663</u>	<u>\$ 2,440</u>	<u>\$ -</u>	<u>\$ 47,103</u>

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

Governmental activities:	
General government	\$ 480
Public safety	768
Public works	1,238
Human resources	62
Park and recreation	159
Library	36
Education	<u>2,240</u>
 Total Depreciation Expense - Governmental Activities	 \$ <u><u>4,983</u></u>
 Business-type activities:	
Sewer Enterprise Fund	\$ <u><u>1,461</u></u>

Construction Commitments

The Town has active construction projects as of June 30, 2010. 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>Remaining Spent-to-Date</u>	<u>Commitment</u>
Renaissance - Phase III	\$ 83	\$ 4
DeNitrification Facility	12,220	165
East St. Realignment	243	4
Marion Highlands & Roseanna, Lagana	1,693	690
Rails to Trails II	638	789
Lazy Lane Recon/Spring Street Recon	932	80
Plantsville Elementary	5,554	139
South end Elementary	<u>8,133</u>	<u>1,107</u>
 Total	 \$ <u><u>29,496</u></u>	 \$ <u><u>2,978</u></u>

The commitments are being financed as follows:

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

6. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

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

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Capital Fund	\$ 1,119
General Fund	Nonmajor Governmental	353
Nonmajor Governmental	General Fund	<u>133</u>
 Total		 \$ <u><u>1,605</u></u>

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

		Transfers In			
		General Fund	Capital Projects Fund	Nonmajor Governmental	Total
Transfers out:					
General Fund	\$		2,524	\$ 196	\$ 2,720
Nonmajor Funds		41		5	46
	\$	<u>41</u>	\$ <u>2,524</u>	\$ <u>201</u>	\$ <u>2,766</u>

During the year, existing capital assets related to governmental funds with a book value of \$3,869 were transferred to the Sewer Enterprise Fund. No amounts were reported in the governmental funds as the amount did not involve the transfer of financial resources. However, the Enterprise Fund did report a transfer in for the capital resources received.

7. LONG-TERM DEBT

Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2010 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	\$ 59,584	\$ 11,065	\$ 15,483	\$ 55,166	\$ 5,030
Southington Water Company	1,907		488	1,419	470
Premium on bonds		770	27	743	
Less deferred amounts		(764)	(27)	(737)	
Total bonds payable	<u>61,491</u>	<u>11,071</u>	<u>15,971</u>	<u>56,591</u>	<u>5,500</u>
Compensated absences	7,620	617	437	7,800	1,641
Capital leases	137		137		
OPEB obligation	1,553	2,096		3,649	
Heart and Hypertension	7,254	260	456	7,058	484
Landfill closure and postclosure	202	420	17	605	228
Total Governmental Activities					
Long-Term Liabilities	\$ <u>78,257</u>	\$ <u>14,464</u>	\$ <u>17,018</u>	\$ <u>75,703</u>	\$ <u>7,853</u>

Bonds payable at June 30, 2010 are comprised of the following issues:

	Date of Issue	Original Issue	Interest Rate (%)	Date of Maturity	Principal Outstanding June 30, 2010
General Purpose Bonds:					
General Purpose	2004	\$ 9,767	3.00-5.00	2/1/2024	\$ 6,823
Refunding (General Purpose)	2004	379	2.00-3.25	9/15/2014	130
General Purpose	2005	5,765	3.50-5.50	11/1/2025	4,290
General Purpose	2007	3,025	4.00-5.00	8/1/2027	2,525
General Purpose	2009	2,175	3.00-4.00	8/1/2027	2,175
Refunding (General Purpose)	2010	2,098	2.00-5.00	5/15/2021	2,074
					<u>18,017</u>
School Bonds:					
Schools	2004	1,200	3.00-5.00	2/1/2024	840
Refunding (Schools)	2004	7,032	2.00-3.25	9/15/2014	2,401
Schools	2005	3,510	3.50-5.50	11/1/2025	2,495
Schools	2007	2,880	4.00-5.00	8/1/2027	2,020
Schools	2009	12,965	3.00-4.00	8/1/2027	12,965
Refunding (Schools)	2010	8,008	2.00-5.00	5/15/2021	7,914
					<u>28,635</u>
Sewer Bonds:					
Sewers	2004	3,163	3.00-5.00	2/1/2024	2,207
Refunding (Sewers)	2004	86	2.00-3.25	9/15/2014	30
Sewers	2005	2,900	3.50-5.50	11/1/2025	2,300
Sewers	2007	3,070	4.00-5.00	8/1/2027	2,730
Sewers	2009	300	3.00-4.00	8/1/2027	300
Refunding (Sewers)	2010	959	2.00-5.00	5/15/2021	947
					<u>8,514</u>
Water Bonds:					
Water	1991	2,044	5.75-6.75	8/15/2011	190
Refunding (Water)	2004	3,683	2.00-3.25	9/15/2014	1,229
					<u>1,419</u>
Total					\$ <u>56,585</u>

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

<u>Fiscal Year Ending</u>	<u>Principal</u>	<u>Interest</u>
2011	\$ 5,500	\$ 2,025
2012	5,805	1,850
2013	4,895	1,651
2014	4,300	1,486
2015	4,270	1,333
2016-2020	17,130	4,720
2021-2025	10,765	1,805
2026-2030	3,920	280
Total	\$ <u>56,585</u>	\$ <u>15,150</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, 2010, \$1,419 is recorded as amounts to be provided by other entities. The Town does not have any overlapping debt.

The Town is subject to the General Statutes of the State of Connecticut, which limit the amount of debt outstanding at June 30, 2010. In no case shall total indebtedness exceed seven times annual receipts from taxation. The maximum debt amount permitted under this formula would be approximately \$649.4 million.

General Obligation Bonds-Advance Refunding

On January 22, 2010, the Town issued \$11,065 of general obligation refunding bonds with interest rates ranging from 2% to 5% to currently refund the outstanding principal amounts of \$350,000 General Obligation Bonds, Series 1996, dated October 15, 1996, \$10,235 General Obligations Bonds, Series 2001 dated May 15, 2001.

The net proceeds of \$11,835 (including a premium of \$770 and issuance costs of \$135, including underwriter's fees) will reduce total debt service payments over the next 12 years by approximately \$501 and represents an economic gain (difference between present values of the debt service payments on the old and new debt) of \$499. As a result, the refunded bonds are considered defeased, and all future interest and principal on the defeased bonds will be paid from the proceeds of the refunding issue which were placed into an irrevocable escrow account until all the defeased bonds have been called. The principal balance in escrow was \$10,753 at June 30, 2010. The outstanding balance of the defeased bonds as of June 30, 2010 is \$10,235.

Capital Leases

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

The lease obligation has been fully relieved as of June 30, 2010.

Bond Anticipation Notes Payable

The Town issued bond anticipation notes in the amount of \$10 million in order to fund construction projects. The bond anticipation notes outstanding at June 30, 2010 bear interest at .41% and mature on March 2, 2011.

Clean Water Funds

During the year, the Town started participation in capital projects under the State of Connecticut Clean Water Fund established in accordance with Section 22a-477 of the General Statutes of Connecticut. The Clean Water Fund is administered by the State Department of Environmental Protection and provides grant and loan funds to municipalities for "eligible water quality project costs." At the end of the year, the Town had \$9,686 Clean Water Fund loan outstanding at an interest rate of 2%. The balance is a short-term liability until it is converted to a permanent loan.

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, 2010, 2009 or 2008. 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, 2010 of \$1,274.

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, 2010 and 2009, is presented below:

		Accrued Liability Beginning of Fiscal Year	Current Year Claims and Changes in Estimates	Claim Payments	Accrued Liability End of Fiscal Year
2008-2009	\$	1,212	\$ 17,403	\$ 17,213	\$ 1,402
2009-2010		1,402	17,409	17,537	1,274

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 2008-09 will be evaluated at 18, 30, and 42 months after the effective date of coverage. The deposit contribution (premium) paid in 2009-10 for the Town and Board of Education was \$1,230 thousand. The contribution (premium) is subject to payroll audit at the close of the coverage period. CIRMA's Workers' Compensation Pool retains up to \$1 million per occurrence. Claims over \$1 million are reinsured.

9. FUND BALANCE - RESERVATIONS AND DESIGNATIONS

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

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

Additionally, the Town has appropriated \$425 of its General Fund balance at June 30, 2010 to balance the 2010-11 budget.

A summary of reserved fund balances at June 30, 2010 is presented below:

General Fund:	
Reserved for inventories	\$ 54
Nonmajor Governmental Funds:	
Reserved for inventory	52
Total	\$ 106

10. SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES

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

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

A settlement in United States versus the Town of Southington was reached on November 24, 2010. The Town was required to make two payments of \$210 thousand to the State of Connecticut, the last of which is due on November 24, 2011.

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, 2010 have not yet been conducted. Accordingly, the Town's compliance with applicable grant requirements will be established at some future date. The amount, if any, of expenditures that may be disallowed by the granting agencies cannot be determined at this time although the Town expects such amounts, if any, to be immaterial.

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

11. 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. A separate GAAP-Basis postemployment benefit plan report is not issued for this plan.

At July 1, 2007, plan participation consisted of the following:

Active participants	\$	1,000
Retirees		<u>202</u>
Total Participants	\$	<u><u>1,202</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, 2010, 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, 2010, the amount actually contributed to the plan and changes in the Town's net OPEB obligation:

Annual required contribution (ARC)	3,473
Interest on OPEB obligation	78
Adjustment to annual required contribution	<u>(96)</u>
Annual OPEB cost	3,455
Contributions made	<u>1,359</u>
Increase in net OPEB obligation	2,096
Net OPEB obligation, beginning of year	<u>1,553</u>
Net OPEB Obligation, End of Year	<u>\$ 3,649</u>

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for the fiscal year ended June 30, 2010 and 2009 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 (Asset)</u>
6/30/2010	\$ 3,455	\$ 1,359	39.3%	\$ 3,649
6/30/2009	3,425	1,872	54.7%	1,553

D. Schedule of Funding Progress

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Unfunded AAL</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
7/1/2007	\$ -0-	\$ 37,107	\$ 37,107	0.0%	\$ 61,102	N/A

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

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

In the July 1, 2007 actuarial valuation, the projected unit actuarial credit cost method was used. The annual required contribution (ARC) reflects a 30-year, level amortization of the unfunded actuarial accrued

liability (AAL). The actuarial assumptions include a 5% investment rate of return and an inflation rate of 3%. The annual healthcare cost trend rate is 10% initially, grading down to 5% for 2013 and later.

12. EMPLOYEE RETIREMENT SYSTEMS

Municipal Employees' Retirement System

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

Funding Policy - Plan members are required by State Statute to contribute 2-1/4% of earnings upon which Social Security tax is paid plus 5% of earnings on which no Social Security tax is paid. Each participating municipality is required to contribute at an actuarially determined rate. The current rate is 9.50% of annual covered payroll. The contribution requirements of the Town are established and may be amended by the State Retirement Commission. The Town's contributions to MERS for the years ended June 30, 2010, 2009 and 2008 were \$2,212, \$1,972 and \$1,895, respectively, equal to the required contributions for each year.

Teachers' Retirement

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

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

The retirement system for teachers is funded by the State based upon the recommendation of the Teachers' Retirement Board. Such contribution includes amortization of the actuarially computed unfunded liability. These obligations are established under the authority of the Connecticut General Statutes. For the year ended June 30, 2010 the Town has recorded, in the General Fund, intergovernmental revenue and education expenditures in the amount of \$6,140 as payments made by the State of Connecticut on behalf of the Town. The Town does not have any liability for teacher pensions.

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

13. PRIOR PERIOD ADJUSTMENT

Net assets and capital assets have been decreased by \$4,387 to properly reflect capital asset balances as of that July 1, 2009.

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**Required Supplementary
Information**

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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, 2010
(In Thousands)

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
Property taxes, interest and lien fees:				
Taxes	\$ 91,608	\$ 91,608	91,954	\$ 346
Suspense taxes	25	25	36	11
Interest and lien fees	432	432	660	228
Total property taxes	<u>92,065</u>	<u>92,065</u>	<u>92,650</u>	<u>585</u>
Licenses, fees and permits:				
Building	570	570	594	24
Police	29	29	32	3
Library	30	30	28	(2)
Miscellaneous		24	24	-
Total property taxes	<u>629</u>	<u>653</u>	<u>678</u>	<u>25</u>
Educational Cost Sharing	19,839	17,009	16,882	(127)
Education Cost Sharing ARRA		2,830	2,830	-
Non-public school transportation	53	53	53	-
Public school transportation	337	208	194	(14)
Excess Cost Supplement		129	129	-
School building construction grants	365	365	376	11
Vocational Agriculture	160	160	167	7
Children/youth services	26	26	27	1
Youth Service/Drug free		24	23	(1)
Town aid road transportation grant	192	262	262	-
Health education/risk reduction grant	6	6	6	-
Non-public health services	56	56	58	2
Telephone access lines	125	125	93	(32)
Pequot/Mohegan Grant	146	146	145	(1)
Calendar bus		40	40	-
Municipal video grant			23	23
Industrial park grant			7	7
Local capital improvement grant	296	296	296	-
In lieu of taxes:				-
Hospital	157	157	156	(1)
Tax relief for elderly	300	300	301	1

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TOWN OF SOUTHTON, CONNECTICUT

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

FOR THE YEAR ENDED JUNE 30, 2010

(In Thousands)

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Intergovernmental revenues (continued):				
Veterans' exemption	\$ 45	\$ 45	\$ 48	\$ 3
State properties	29	29	29	-
Disability exemption	5	5	5	-
Boats	14	14	7	(7)
Manufacturers machinery and equipment	950	950	874	(76)
Distressed municipalities	44	44	70	26
Miscellaneous	1	5	28	23
DUI and traffic enforcement grant		7	7	-
Bioterrorism grant	54	79	100	21
Health plan flu grant		15	30	15
Bulletproof vests				-
Total intergovernmental revenues	<u>23,200</u>	<u>23,385</u>	<u>23,266</u>	<u>(119)</u>
Investment Income	<u>449</u>	<u>449</u>	<u>225</u>	<u>(224)</u>
Charges for services:				
Town Clerk	925	925	1,249	324
Health department services	40	40	43	3
Parks and recreation	225	225	179	(46)
Planning and zoning	40	40	48	8
Fire Department services	9	9	3	(6)
Highway Department services	1	1		(1)
Engineering services	2	2	6	4
Assessors returns	1	1	1	-
School tuition and fees	575	657	631	(26)
School building rentals	14	63	63	-
Miscellaneous	2	28	40	12
Total charges for services	<u>1,834</u>	<u>1,991</u>	<u>2,263</u>	<u>272</u>

(Continued on next page)

TOWN OF SOUTHLINGTON, CONNECTICUT

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

FOR THE YEAR ENDED JUNE 30, 2010

(In Thousands)

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		<u>Favorable</u> <u>(Unfavorable)</u>
Other revenues:				
Sale/lease of Town Property	\$ 10	\$ 11	\$ 23	\$ 12
Loss/damage to town property			12	12
Prior year appropriated funds returned		1	58	57
Miscellaneous		11	11	-
Fund balance utilized	495	495		(495)
Total other revenues	<u>505</u>	<u>518</u>	<u>104</u>	<u>(414)</u>
Transfer In	<u>152</u>	<u>152</u>	<u>41</u>	<u>(111)</u>
Total revenues and other financing sources	<u>\$ 118,834</u>	<u>\$ 119,213</u>	119,227	<u>\$ 14</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

6,140

Refunding bonds and premiums issued

11,835

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

\$ 137,202

TOWN OF SOUTHLINGTON, CONNECTICUT

GENERAL FUND

SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)FOR THE YEAR ENDED JUNE 30, 2010
(In Thousands)

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
General Government				
Town Council:				
Personnel service	\$ 9	\$ 13	\$ 13	\$ -
Contractual services	19	22	21	1
Materials and supplies	9	9	7	2
Fixed charges	30	30	30	-
Continued appropriation		4	4	-
Total	<u>67</u>	<u>78</u>	<u>75</u>	<u>3</u>
Town Manager:				
Personnel service	176	172	172	-
Contractual services	20	37	36	1
Materials and supplies	7	5	5	-
Fixed charges	4	5	5	-
Total	<u>207</u>	<u>219</u>	<u>218</u>	<u>1</u>
Board of Finance:				
Personnel service	4	4	3	1
Contractual services	3	4	3	1
Fixed charges	1	1	1	-
Total	<u>7</u>	<u>9</u>	<u>7</u>	<u>2</u>
Finance Department:				
Personnel service	411	417	416	1
Materials and supplies	11	11	12	(1)
Fixed charges	2	1	1	-
Total	<u>424</u>	<u>429</u>	<u>429</u>	<u>-</u>
Town Treasurer:				
Personnel service	<u>3</u>	<u>3</u>	<u>3</u>	<u>-</u>

(Continued on next page)

TOWN OF SOUTHLINGTON, CONNECTICUT

GENERAL FUND

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

FOR THE YEAR ENDED JUNE 30, 2010

(In Thousands)

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Town Clerk:				
Personnel service	\$ 222	\$ 230	\$ 230	\$ -
Contractual services	42	36	33	3
Materials and supplies	10	10	10	-
Fixed charges	3	3	2	1
Equipment	5	3	3	-
Total	<u>282</u>	<u>282</u>	<u>278</u>	<u>4</u>
Tax Department:				
Personnel service	232	228	221	7
Contractual services	18	26	22	4
Materials and supplies	47	51	44	7
Fixed charges	2	2	1	1
Equipment	1	1	-	1
Continued appropriations	-	1	1	-
Total	<u>300</u>	<u>309</u>	<u>289</u>	<u>20</u>
Assessor:				
Personnel service	270	270	262	8
Contractual services	51	51	38	13
Materials and supplies	15	15	15	-
Fixed charges	4	4	2	2
Equipment	19	19	18	1
Total	<u>359</u>	<u>359</u>	<u>335</u>	<u>24</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				
Equipment	<u>101</u>	<u>101</u>	<u>101</u>	<u>-</u>
Probate Court:				
Contractual services	5	4	4	-
Materials and supplies	6	7	7	-
Total	<u>11</u>	<u>11</u>	<u>11</u>	<u>-</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, 2010

(In Thousands)

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Town Attorney/Legal:				
Personnel service	\$ 181	\$ 181	\$ 181	\$ -
Contractual services	52	76	76	-
Materials and supplies	4	4	2	2
Fixed charges	3	3	1	2
Total	<u>240</u>	<u>264</u>	<u>260</u>	<u>4</u>
Elections Department:				
Personnel service	102	94	80	14
Contractual services	5	5	3	2
Materials and supplies	29	29	13	16
Fixed charges	4	4	2	2
Equipment	5	5	3	2
Total	<u>145</u>	<u>137</u>	<u>101</u>	<u>36</u>
Insurance:				
Fixed charges	<u>1,056</u>	<u>969</u>	<u>890</u>	<u>79</u>
Annual Audit:				
Fixed charges	<u>33</u>	<u>33</u>	<u>33</u>	<u>-</u>
Total general government	<u>3,238</u>	<u>3,206</u>	<u>3,032</u>	<u>174</u>
Public Safety				
Police Department:				
Personnel service	5,694	5,527	5,473	54
Contractual services	192	311	263	48
Materials and supplies	271	254	202	52
Fixed charges	135	170	170	-
Equipment	347	383	359	24
Continued appropriations		126	126	-
Total	<u>6,639</u>	<u>6,771</u>	<u>6,593</u>	<u>178</u>
Central Dispatch:				
Personnel service	528	540	538	2
Contractual services	50	51	44	7
Total	<u>578</u>	<u>591</u>	<u>582</u>	<u>9</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, 2010

(In Thousands)

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Fire Department:				
Personnel service	\$ 3,054	\$ 3,148	\$ 3,148	\$ -
Contractual services	306	274	255	19
Materials and supplies	72	72	62	10
Fixed charges	122	122	121	1
Equipment	168	177	174	3
Continued appropriations	-	26	26	-
Total	<u>3,722</u>	<u>3,819</u>	<u>3,786</u>	<u>33</u>
Fire Hydrant rentals:				
Fixed charges	<u>409</u>	<u>409</u>	<u>401</u>	<u>8</u>
Safety Program:				
Contractual services	21	24	24	-
Materials and supplies	34	31	30	1
Total	<u>55</u>	<u>55</u>	<u>54</u>	<u>1</u>
Parking Authority:				
Personnel service	1	1	1	-
Contractual services	17	17	7	10
Materials and supplies	3	2	2	-
Continued appropriations		11	2	9
Total	<u>21</u>	<u>31</u>	<u>12</u>	<u>19</u>
Total public safety	<u>11,424</u>	<u>11,676</u>	<u>11,428</u>	<u>248</u>
Public Works:				
Town Hall and Annex:				
Contractual services	164	155	153	2
Materials and supplies	5	5	3	2
Total	<u>169</u>	<u>160</u>	<u>156</u>	<u>4</u>
Historical Buildings:				
Contractual services	6	6	4	2
Continued appropriations		10	3	7
Total	<u>6</u>	<u>16</u>	<u>7</u>	<u>9</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, 2010

(In Thousands)

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Sylvia Bradley Historical Society:				
Contractual services	\$ 20	\$ 20	\$ 17	\$ 3
Capital outlay	11	11	12	(1)
Total	<u>31</u>	<u>31</u>	<u>29</u>	<u>2</u>
Engineering Department:				
Personnel service	598	598	559	39
Contractual services	12	11	5	6
Materials and supplies	20	20	20	-
Fixed charges	2	3	3	-
Total	<u>632</u>	<u>632</u>	<u>587</u>	<u>45</u>
Highway Department:				
Personnel service	1,465	1,420	1,406	14
Contractual services	530	548	538	10
Materials and supplies	108	108	76	32
Fixed charges	52	52	45	7
Capital outlay	115	124	119	5
Continued appropriations		25	24	1
Total	<u>2,270</u>	<u>2,277</u>	<u>2,208</u>	<u>69</u>
Snow and Ice Removal:				
Personnel service	130	130	114	16
Contractual services	175	150	142	8
Materials and supplies	480	448	443	5
Total	<u>785</u>	<u>728</u>	<u>699</u>	<u>29</u>
Street Lighting:				
Contractual services	369	402	381	21
Capital outlay	94	94	94	-
Total	<u>463</u>	<u>496</u>	<u>475</u>	<u>21</u>
Tree Maintenance:				
Contractual services	19	19	19	-

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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, 2010

(In Thousands)

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Bulky Waste Transfer Station:				
Personnel service	\$ 93	\$ 113	\$ 107	\$ 6
Contractual services	257	312	295	17
Total	<u>350</u>	<u>425</u>	<u>402</u>	<u>23</u>
Environmental Problems:				
Contractual services	300	290	182	-
Total	<u>300</u>	<u>290</u>	<u>182</u>	<u>108</u>
Total Public Works	<u>5,025</u>	<u>5,074</u>	<u>4,764</u>	<u>310</u>
Health and Welfare:				
Community Services:				
Personnel service	145	145	144	1
Materials and supplies	30	35	15	20
Fixed charges	31	26	26	-
Total	<u>206</u>	<u>206</u>	<u>185</u>	<u>21</u>
Health Department:				
Personnel service	288	290	290	-
Contractual services	126	165	118	47
Materials and supplies	12	19	16	3
Fixed charges	31	31	29	2
Equipment	1	1	1	-
Continued appropriations		35	14	21
Total	<u>458</u>	<u>541</u>	<u>468</u>	<u>73</u>
Mental Health:				
Fixed charges	<u>3</u>	<u>3</u>	<u>3</u>	<u>-</u>
Nonpublic School Nurses:				
Contractual services	<u>96</u>	<u>101</u>	<u>101</u>	<u>-</u>
Drug Task Force:				
Contractual services	4	4	3	1
Continued Appropriations		1		1
Total	<u>4</u>	<u>5</u>	<u>3</u>	<u>2</u>
Total Health and Welfare	<u>767</u>	<u>856</u>	<u>760</u>	<u>96</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, 2010

(In Thousands)

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Human Services:				
Youth Counseling:				
Personnel service	\$ 234	\$ 257	\$ 255	\$ 2
Contractual services	6	6	5	1
Materials and supplies	1	1	1	-
Fixed charges	2	2	2	-
Equipment	2	2	1	1
Continued appropriations		1	1	-
Total	<u>245</u>	<u>269</u>	<u>265</u>	<u>4</u>
Commission on the Handicapped:				
Materials and supplies	1	1	1	-
Fixed charges	9	9	8	1
Total	<u>10</u>	<u>10</u>	<u>9</u>	<u>1</u>
Community Assistance:				
Fixed charges	<u>49</u>	<u>49</u>	<u>49</u>	<u>-</u>
Calendar House-Senior Citizens:				
Personnel service	309	310	307	3
Contractual services	82	83	69	14
Materials and supplies	13	14	13	1
Fixed charges	50	51	35	16
Capital outlay	11	51	51	-
Total	<u>465</u>	<u>509</u>	<u>475</u>	<u>34</u>
Southington Housing Authority:				
Fixed charges	<u>23</u>	<u>23</u>	<u>21</u>	<u>2</u>
Total	<u>23</u>	<u>23</u>	<u>21</u>	<u>2</u>
Total Human Services	<u>792</u>	<u>860</u>	<u>819</u>	<u>41</u>
Parks and Recreation:				
Parks Department:				
Personnel service	602	593	563	30
Contractual services	204	176	150	26
Materials and supplies	25	25	19	6
Fixed charges	149	178	177	1
Capital outlay	93	104	95	9
Total	<u>1,073</u>	<u>1,076</u>	<u>1,004</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, 2010

(In Thousands)

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Recreation Department:				
Personnel service	\$ 320	\$ 310	\$ 310	\$ -
Contractual services	77	62	62	-
Materials and supplies	23	22	22	-
Fixed charges	162	163	77	86
Total	<u>582</u>	<u>557</u>	<u>471</u>	<u>86</u>
Community Celebrations:				
Fixed charges	<u>5</u>	<u>5</u>	<u>5</u>	<u>-</u>
Organized Recreation:				
Fixed charges	<u>80</u>	<u>88</u>	<u>88</u>	<u>-</u>
Total Parks and Recreation	<u>1,740</u>	<u>1,726</u>	<u>1,568</u>	<u>158</u>
Library:				
Public Library:				
Personnel service	895	890	876	14
Contractual services	109	108	107	1
Materials and supplies	36	38	38	-
Fixed charges	182	182	179	3
Capital outlay	55	59	59	-
Continued appropriations		10	10	-
Total	<u>1,277</u>	<u>1,287</u>	<u>1,269</u>	<u>18</u>
Barnes Museum:				
Personnel service	70	70	69	1
Contractual services	23	23	21	2
Materials and supplies	<u>2</u>	<u>2</u>	<u>2</u>	<u>-</u>
Total	<u>95</u>	<u>95</u>	<u>92</u>	<u>3</u>
Total Library	<u>1,372</u>	<u>1,382</u>	<u>1,361</u>	<u>21</u>
Planning and Development:				
Economic Development Commission:				
Personnel service	126	126	119	7
Materials and supplies	2	2	2	-
Fixed charges	<u>2</u>	<u>2</u>	<u>2</u>	<u>-</u>
Total	<u>130</u>	<u>130</u>	<u>123</u>	<u>7</u>

(Continued on next page)

TOWN OF SOUTHLINGTON, CONNECTICUT

GENERAL FUND

SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)FOR THE YEAR ENDED JUNE 30, 2010
(In Thousands)

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Building Department:				
Personnel service	\$ 341	\$ 341	\$ 339	\$ 2
Contractual services	5	5	4	1
Materials and supplies	6	6	5	1
Fixed charges	8	8	6	2
Total	<u>360</u>	<u>360</u>	<u>354</u>	<u>6</u>
Planning and Zoning:				
Personnel service	293	293	289	4
Contractual services	44	45	36	9
Materials and supplies	10	9	9	-
Fixed charges	1	1	1	-
Total	<u>348</u>	<u>348</u>	<u>335</u>	<u>13</u>
Zoning Board of Appeals:				
Personnel service	5	5	5	-
Contractual services	8	8	7	1
Materials and supplies	2	2	2	-
Total	<u>15</u>	<u>15</u>	<u>14</u>	<u>1</u>
Conservation Commission:				
Personnel service	4	4	3	1
Contractual services	11	11	4	7
Materials and supplies	2	2	2	-
Fixed charges	1	1	-	1
Total	<u>18</u>	<u>18</u>	<u>9</u>	<u>9</u>
Total Planning and Development	<u>871</u>	<u>871</u>	<u>835</u>	<u>36</u>
Miscellaneous:				
Land Lease:				
Fixed charges	1	1	1	-
Nonlegal professional services:				
Professional services	50	50	39	11
Continued appropriations		5	5	-
Total Miscellaneous	<u>51</u>	<u>56</u>	<u>45</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, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Employee Benefits:				
Medical and group insurance:				
Fixed charges	\$ 3,421	\$ 3,421	\$ 3,388	\$ 33
Heart and Hypertension:				
Fixed charges	1,121	1,065	1,063	2
Continued appropriations		41	41	-
Total Heart and Hypertension	<u>1,121</u>	<u>1,106</u>	<u>1,104</u>	<u>2</u>
Employee Retirement:				
Municipal:				
Fixed charges	3,095	3,031	2,849	182
Police:				
Fixed charges	112	107	107	-
Unemployment Compensation:				
Fixed charges	10	20	19	1
Total	<u>3,217</u>	<u>3,158</u>	<u>2,975</u>	<u>183</u>
Accumulated Payout:				
Fixed charges	<u>80</u>	<u>113</u>	<u>113</u>	<u>-</u>
Tuition Reimbursement:				
Fixed charges	<u>11</u>	<u>2</u>	<u>2</u>	<u>-</u>
Medical Services:				
Fixed charges	<u>5</u>	<u>5</u>	<u>2</u>	<u>3</u>
Total Employee Benefits	<u>7,855</u>	<u>7,805</u>	<u>7,584</u>	<u>221</u>
Debt Service				
Debt service - principal:				
Town and Sewer	1,837	1,872	1,872	-
Schools	<u>2,259</u>	<u>2,353</u>	<u>2,353</u>	<u>-</u>
Total	<u>4,096</u>	<u>4,225</u>	<u>4,225</u>	<u>-</u>

(Continued on next page)

TOWN OF SOUTHLINGTON, CONNECTICUT

GENERAL FUND

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

FOR THE YEAR ENDED JUNE 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Debt service - interest:				
Town and Sewer	\$ 1,046	\$ 1,022	\$ 896	\$ 126
Schools	1,062	958	958	-
Total	<u>2,108</u>	<u>1,980</u>	<u>1,854</u>	<u>126</u>
Total Debt Service	<u>6,204</u>	<u>6,205</u>	<u>6,079</u>	<u>126</u>
Board of Education:				
School operations	76,333	77,256	77,228	28
Building maintenance	117	117	108	9
Continued Appropriations		85	85	-
Total Board of Education	<u>76,450</u>	<u>77,458</u>	<u>77,421</u>	<u>37</u>
Contingency	825	495		495
Total expenditures	<u>116,614</u>	<u>117,670</u>	<u>115,696</u>	<u>1,974</u>
Other Financing Uses:				
Transfers out	<u>2,220</u>	<u>2,720</u>	<u>2,720</u>	<u>-</u>
Total	\$ <u>118,834</u>	\$ <u>120,390</u>	118,416	\$ <u>1,974</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			6,140	
Accrued payroll is reported as expenditure for GAAP purchases			32	
Payment to refunded bond escrow agent and issue costs			<u>11,834</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>136,422</u>	

Appendix B

Opinion of Bond Counsel and Tax Exemption

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APPENDIX B - OPINION OF BOND COUNSEL AND TAX EXEMPTION

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

BOND COUNSEL OPINION

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

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

[FORM OF BOND COUNSEL OPINION]

(date of closing)

Town of Southington
Southington, Connecticut

We have represented the Town of Southington, Connecticut as Bond Counsel in connection with the issuance by the Town of \$15,355,000 General Obligation Bonds, Issue of 2011, dated as of March 1, 2011.

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

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

The Internal Revenue Code of 1986, as amended (the "Code"), establishes certain requirements that must be met in order that interest on the Bonds is excluded from gross income for Federal income tax purposes. The Town officials authorized to issue the Bonds have executed written representations and agreements on behalf of the Town relating to compliance with such provisions of the Code to ensure that the interest on the Bonds will be excluded from gross income for Federal income tax purposes.

Based on such representations and agreements and on the record of proceedings authorizing the Bonds, and assuming the accuracy of such representations and compliance with such agreements, it is our opinion that, under existing statutes: (1) interest on the Bonds is excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Code; and (2) the Bonds are not "private activity bonds" and interest on the Bonds is not treated as a preference item for purposes of calculating the Federal alternative minimum tax, but in the case of corporations a portion of such interest may be included in alternative minimum taxable income for purposes of computing any Federal alternative minimum tax.

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

Very truly yours,

Day Pitney LLP

FEDERAL INCOME TAX.

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

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

Alternative Minimum Tax. The Code imposes an alternative minimum tax on individuals and an alternative minimum tax on corporations. The alternative minimum tax is imposed on alternative minimum taxable income, which includes preference items. The interest on certain tax-exempt "private activity bonds" is treated as a preference item. The Town's Tax Compliance Agreement will contain certain representations and covenants to ensure that the Bonds are not "private activity bonds" so that interest on the Bonds will not be treated as a preference item for individuals or corporations in calculating alternative minimum taxable income.

The Code provides, however, that for most corporations a portion of the excess of adjusted current earnings (which includes certain tax-exempt interest) over other alternative minimum taxable income will be included in alternative minimum taxable income for purposes of calculating the corporation's alternative minimum tax.

Financial Institutions. The Code provides that commercial banks, thrift institutions and certain other financial institutions may not deduct the portion of their interest expense allocable to tax-exempt obligations acquired after August 7, 1986, other than "qualified tax-exempt obligations". The bonds will **not** be "qualified tax-exempt obligations" for purposes of the deduction for Federal income tax purposes by financial institutions of a portion of interest expense allocable to tax-exempt obligations.

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

STATE OF CONNECTICUT TAX ON INTEREST.

The opinion of Bond Counsel will state in substance that, based on the record of proceedings authorizing the Bonds, under existing statutes: (1) interest on the Bonds is excluded from Connecticut taxable income for

purposes of the Connecticut income tax on individuals, trusts and estates; and (2) interest on the Bonds is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the Federal alternative minimum tax.

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

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

ORIGINAL ISSUE DISCOUNT.

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

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

ORIGINAL ISSUE PREMIUM.

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

The discussion in this paragraph applies to those Bonds having original issue premium. Under Sections 1016 and 171 of the Code, the amount of original issue premium treated as having amortized with respect to any bond during each day it is owned by a taxpayer is subtracted from the cost basis of such owner for purposes of determining gain or loss upon the sale or other disposition of such bond by such owner. Original issue premium on any bond is treated as amortizing on the basis of the taxpayer's yield to maturity on such bond using the taxpayer's cost basis and a constant semiannual compounding method. As a consequence of the resulting cost basis reduction, under certain circumstances an owner of a bond acquired with original issue premium may realize a taxable gain upon disposition thereof even though it is sold or redeemed for an amount equal to or less than such owner's original

cost of acquiring the bond. Amortized original issue premium on a bond is not allowed as a deduction from gross income for Federal income tax purposes. Amortized original issue premium on a bond also does not reduce Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates and does not reduce amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the Federal alternative minimum tax. Owners of Bonds having original issue premium, and especially any owner who is not an original owner of a bond who bought the bond at its initial public offering price, should consult their tax advisors with respect to the Federal and state income tax consequences of the disposition of such Bonds.

GENERAL.

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

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

Appendix C

Form of Continuing Disclosure Agreement

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APPENDIX C - FORM OF CONTINUING DISCLOSURE AGREEMENT FOR BONDS

In accordance with the requirements of Rule 15c2-12 promulgated by the Securities and Exchange Commission, the Town will agree, pursuant to a Continuing Disclosure Agreement for Bonds to be executed by the Town substantially in the following form, to provide, or cause to be provided, (i) annual financial information and operating data, (ii) in a timely manner not in excess of ten business days after the occurrence of the event, notice of the occurrence of certain events with respect to the Bonds and (iii) timely notice of a failure by the Town to provide the required annual financial information on or before the date specified in the Continuing Disclosure Agreement for Bonds.

Continuing Disclosure Agreement for Bonds

This Continuing Disclosure Agreement for Bonds ("Agreement") is made as of March 2, 2011 by the Town of Southington, Connecticut (the "Issuer") acting by its undersigned officers, duly authorized, in connection with the issuance of \$15,355,000 General Obligation Bonds, Issue of 2011, dated as of March 1, 2011 (the "Bonds"), for the benefit of the beneficial owners from time to time of the Bonds.

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

"Final Official Statement" means the official statement of the Issuer dated February 22, 2011 prepared in connection with the Bonds.

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

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

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

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

Section 2. Annual Financial Information.

(a) The Issuer agrees to provide or cause to be provided to each Repository, in accordance with the provisions of the Rule and of this Agreement, annual financial information and operating data (commencing with information and data for the fiscal year ending June 30, 2011) as follows:

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

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

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

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

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

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

Section 3. Notice of Certain Events.

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

- (a) principal and interest payment delinquencies;
- (b) non-payment related defaults, if material;
- (c) unscheduled draws on debt service reserves reflecting financial difficulties;
- (d) unscheduled draws on credit enhancements reflecting financial difficulties;
- (e) substitution of credit or liquidity providers, or their failure to perform;

(f) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the bonds, or other material events affecting the tax status of the Bonds;

(g) modifications to rights of holders of the Bonds, if material;

(h) Bond calls, if material, and tender offers;

(i) Bond defeasances;

(j) release, substitution, or sale of property securing repayment of the Bonds, if material;

(k) rating changes;

(l) bankruptcy, insolvency, receivership or similar event of the Issuer;

(m) the consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and

(n) appointment of a successor or additional trustee or the change of name of a trustee, if material.

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

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

Section 5. Use of Agents.

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

Section 6. Termination.

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

Section 7. Enforcement.

The Issuer acknowledges that the undertakings set forth in this Agreement are intended to be for the benefit of, and enforceable by, the beneficial owners from time to time of the Bonds. In the event the Issuer shall fail to perform its duties hereunder, the Issuer shall have the option to cure such failure within a reasonable time (but not exceeding 30 days with respect to the undertakings set forth in Section 2 of this Agreement or five business days with respect to the undertakings set forth in Sections 3 and 4 of this Agreement) from the time the Issuer's Director of Finance, or a successor, receives written notice from any beneficial owner of the Bonds of such failure. The present address of the Director of Finance is Town Hall, 75 Main Street, Southington, Connecticut 06489.

In the event the Issuer does not cure such failure within the time specified above, the beneficial owner of any Bonds shall be entitled only to the remedy of specific performance. The parties expressly acknowledge and

agree that no monetary damages shall arise or be payable hereunder nor shall any failure to comply with this Agreement constitute an event of default with respect to the Bonds.

Section 8. Miscellaneous.

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

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

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

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

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

TOWN OF SOUTHTON

By _____
Garry C. Brumback
Town Manager

By _____
Emilia Portelinha
Director of Finance

By _____
Richard E. Lopatosky
Treasurer

Appendix D

Notice of Sale and Bid Form

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NOTICE OF SALE
\$15,355,000
Town of Southington, Connecticut
General Obligation Bonds
(BOOK-ENTRY)

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

FEBRUARY 22, 2011

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

\$15,355,000 General Obligation Bonds, Issue of 2011
Payable annually on August 1 as follows:

\$1,155,000 in 2012
\$1,250,000 in 2013
\$1,300,000 in 2014 through 2018
\$1,250,000 in 2019
\$800,000 in 2020 through 2021
\$400,000 in 2022 through 2030

The Bonds will be dated March 1, 2011, with interest payable on February 1, 2012 and thereafter semiannually on each August 1st and February 1st.

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

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

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

registration books of the Town as of the close of business on the record date preceding each interest payment date. The record dates will be the fifteenth day of January and July (or the preceding business day if such fifteenth day is not a business day).

Redemption. Bonds maturing after August 1, 2019 are subject to redemption prior to maturity, at the option of the Town, on or after August 1, 2019, either in whole or in part, in such amounts and in such order of maturity (but by lot within a maturity) as the Town may determine, following notice mailed by first class mail at least 30 days prior to the redemption date to the registered owners of the Bonds to be redeemed, at the following redemption price, expressed as a percentage of the principal amount, plus accrued interest to the date set for redemption:

<u>Period During Which Redeemed</u>	<u>Redemption Price</u>
August 1, 2019 and thereafter	100%

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

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

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

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

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

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

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

Basis of Award. As between proposals which comply with this Notice, the Bonds will be sold to the responsible bidder offering to purchase the Bonds at the lowest true interest cost to the Town. For the purpose of determining the successful bidder, the true interest cost to the Town will be the annual interest rate, compounded semiannually, which, when used to discount all payments of principal and interest payable on the Bonds to March 1, 2011, the date of the Bonds, results in an amount equal to the purchase price for the Bonds, excluding interest accrued to the date of delivery. If there is more than one responsible bidder making said offer at the same lowest true interest cost, the Bonds will be sold to the responsible bidder whose proposal is selected by the Town by lot from among all such proposals. It is requested that each proposal be accompanied by a statement of the percentage of true interest cost completed to four decimal places. Such statement shall not be considered as part of the proposal.

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

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

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

Bond Counsel Opinion. The opinion of Bond Counsel will cover the following matters: (1) that the Bonds will be valid general obligations of the Town when duly certified; (2) that, assuming the accuracy of and compliance by the Town with its representations and covenants relating to certain requirements contained in the Internal Revenue Code of 1986, as amended, under existing statutes, interest on the Bonds is excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Code; and the Bonds are not "private activity bonds" and interest on the Bonds is not treated as a preference item for purposes of calculating the Federal alternative minimum tax, but in the case of corporations a portion of such interest may be included in alternative minimum taxable income for purposes of computing any Federal alternative minimum tax; and (3) that, under existing statutes, interest on the Bonds is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates; and interest on the Bonds is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the Federal alternative minimum tax. The Bonds will *not* be "qualified tax-exempt obligations" for purposes of the deduction by financial institutions of interest expense that is allocable to tax-exempt obligations.

Official Statement. The Town of Southington has prepared a preliminary Official Statement for the Bond issue which is dated February 16, 2011. The Town deems such preliminary Official Statement final as of its date for purposes of SEC Rule 15c2-12(b)(1), but it is subject to revision or amendment. The Town will make available to the winning purchaser 100 copies of the Official Statement as prepared by the Town at the Town's expense. The copies of the Official Statement will be made available to the winning purchaser at the office of the Town's financial

advisor, Phoenix Advisors, LLC, Milford, Connecticut, by the delivery of the Bonds or by the seventh business day after the day bids on the Bonds are received if earlier. If the Town's financial advisor is provided with the necessary information from the winning purchaser by noon of the day following the day bids on the Bonds are received, the copies of the Official Statement will include an additional cover page and other pages indicating the interest rates, ratings, yields or reoffering prices, the name of the managing underwriter, the name of the insurer, if any, on the Bonds and any corrections. The purchaser shall arrange with the financial advisor the method of delivery of the copies of the Official Statement to the purchaser. Additional copies of the Official Statement may be obtained by the purchaser at its own expense by arrangement with the printer.

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

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

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

Delivery Date and Payment. It is expected that the closing on the Bonds will occur on or about March 2, 2011 through the facilities of the Depository Trust Company, New York, New York, against payment in immediately available Federal funds.

More Information. For more information regarding this issue and the Town reference is made to the Official Statement. Proposal forms and copies of the Official Statement may be obtained from Mr. Matthew A. Spoerndle, Phoenix Advisors, LLC, 53 River Street, Suite 3, Milford, Connecticut 06460 (telephone: (203) 878-4945) or from Ms. Emilia Portelinha, Director of Finance, Town of Southington, Town Hall, 75 Main Street, Southington, Connecticut 06489 (telephone: (860) 276-6222).

GARRY C. BRUMBACK,
Town Manager

EMILIA PORTELINHA,
Director of Finance

RICHARD E. LOPATOSKY,
Treasurer

February 16, 2011

PROPOSAL FOR BONDS

February 22, 2011

Ms. Emilia Portelinha
 Director of Finance
 Town of Southington
 Office of the Town Manager
 Town Hall
 75 Main Street
 Southington, Connecticut 06489

Subject to the provisions and in accordance with the terms of the annexed Notice of Sale dated February 16, 2011 which is hereby made a part of this proposal, we hereby offer to purchase all of the aggregate principal amount of \$15,355,000 General Obligation Bonds, Issue of 2011, of the Town of Southington described in said Notice of Sale, and to pay therefor the price of par plus a premium of \$_____ plus interest accrued on said Bonds to the date of their delivery, provided that the Bonds maturing in the several years set forth below shall bear interest from their date until maturity at the respective rates per annum stated in the following table:

<u>Year of Maturity</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Year of Maturity</u>	<u>Amount</u>	<u>Interest Rate</u>
2012	\$1,155,000	_____%	2022	\$400,000	_____%
2013	\$1,250,000	_____%	2023	\$400,000	_____%
2014	\$1,300,000	_____%	2024	\$400,000	_____%
2015	\$1,300,000	_____%	2025	\$400,000	_____%
2016	\$1,300,000	_____%	2026	\$400,000	_____%
2017	\$1,300,000	_____%	2027	\$400,000	_____%
2018	\$1,300,000	_____%	2028	\$400,000	_____%
2019	\$1,250,000	_____%	2029	\$400,000	_____%
2020	\$800,000	_____%	2030	\$400,000	_____%
2021	\$800,000	_____%			

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

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

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

Percent of True Interest Cost _____%
 (four decimals)

Gross Interest \$ _____
 Accrued Interest from March 1, 2011 to March 2, 2011 \$ _____
 Premium \$ _____

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