

## **Final Official Statement Dated April 11, 2018**

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

**RATINGS: S&P Global Ratings: "AA+ / SP-1+"**

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 and the Notes is excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Code; the Bonds and the Notes are not "private activity bonds" and interest on the Bonds and the Notes is not treated as a preference item for purposes of calculating the Federal alternative minimum tax for individuals; however, for tax years beginning before January 1, 2018, interest on the Bonds is included in the calculation of a corporation's adjusted current earnings for purposes of, and thus may be subject to, the federal alternative minimum tax for certain corporations; interest on the Bonds and the Notes is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates; and interest on the Bonds and the Notes 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 Status" herein.)



### **Town of Southington, Connecticut** **\$8,815,000** **General Obligation Bonds, Issue of 2018**

**Dated: Date of Delivery**

**Due: April 15, 2020-2038,**  
**As shown on the inside cover hereof:**

The Bonds will bear interest payable October 15, 2018 and semiannually thereafter on April 15 and October 15 in each year until maturity. The Bonds are issuable only as fully-registered bonds, without coupons, and, when issued, will be registered in the name of Cede & Co., as bondowner and nominee for The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the Bonds. Purchases of the Bonds will be made in book-entry form, in the denomination of \$5,000 or any integral multiple thereof. Purchasers will not receive certificates representing their ownership interest in the Bonds. So long as Cede & Co. is the Bondowner, as nominee of DTC, reference herein to the Bondowner or owners shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners (as defined herein) of the Bonds. See "Book-Entry-Only Transfer System" herein.

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

**BofA Merrill Lynch**

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### **\$16,000,000** **General Obligation Bond Anticipation Notes**

**Dated: April 30, 2018**

**Due: April 29, 2019**

The Notes will be issued in book-entry-only form and will bear interest at such rate or rates per annum as are specified by the successful bidder or bidders in accordance with the Notice of Sale, dated April 4, 2018. The Notes, when issued, will be registered in the name of Cede & Co., as Noteowner and nominee for DTC, New York, New York. See "Book-Entry-Only Transfer System" herein.

The Notes are not subject to redemption prior to maturity.

**Jefferies**

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

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

The Bonds and Notes 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 April 30, 2018.

# Town of Southington, Connecticut

## \$8,815,000

### General Obligation Bonds, Issue of 2018

**Dated:**     **Date of Delivery**

**Due: April 15,**  
**as shown below:**

<i>Year</i>	<i>Principal</i>	<i>Coupon</i>	<i>Yield</i>	<i>CUSIP</i> <sup>1</sup>	<i>Year</i>	<i>Principal</i>	<i>Coupon</i>	<i>Yield</i>	<i>CUSIP</i> <sup>1</sup>
2020	\$ 615,000	5.000%	1.730%	844402ZD2	2030*	\$ 350,000	3.000%	2.880%	844402ZP5
2021	615,000	5.000%	1.850%	844402ZE0	2031	350,000	3.000%	3.000%	844402ZQ3
2022	615,000	5.000%	1.970%	844402ZF7	2032	350,000	3.000%	3.080%	844402ZR1
2023	615,000	5.000%	2.090%	844402ZG5	2033	350,000	3.000%	3.160%	844402ZS9
2024*	615,000	5.000%	2.170%	844402ZH3	2034	350,000	3.000%	3.210%	844402ZT7
2025	515,000	2.250%	2.350%	844402ZJ9	2035	350,000	3.125%	3.250%	844402ZU4
2026	515,000	2.250%	2.450%	844402ZK6	2036	350,000	3.125%	3.280%	844402ZV2
2027*	515,000	3.000%	2.580%	844402ZL4	2037	350,000	3.250%	3.300%	844402ZW0
2028*	520,000	3.000%	2.680%	844402ZM2	2038	350,000	3.250%	3.320%	844402ZX8
2029*	525,000	3.000%	2.800%	844402ZN0					

\* Priced assuming redemption on April 15, 2023; however, any such redemption is at the option of the Town.

## \$16,000,000

### General Obligation Bond Anticipation Notes

**Dated:**     **April 30, 2018**  
**Rate:**     **2.75%**  
**Yield:**     **1.78%**

**Due:**             **April 29, 2019**  
**CUSIP:**<sup>1</sup>       **844402ZY6**  
**Underwriter:**   **Jefferies**

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

No dealer, broker, salesman or other person has been authorized by the Town of Southington, Connecticut (the "Town") to give any information or to make any representations, other than those contained in this Official Statement; and if given or made, such other information or representation must not be relied upon as having been authorized by the Town. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds and the Notes 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 the Notes 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 and the Notes 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 – "2017 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 accuracy or completeness of the statements made in this Official Statement, (other than matters expressly set forth as its opinion in Appendix B "Opinion of Bond Counsel and Tax Status" herein), and makes no representation that it has independently verified the same.

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## Table of Contents

	<u>Page</u>		<u>Page</u>
Bond Issue Summary.....	1	IV. Tax Base Data.....	22
Note Issue Summary.....	2	Property Tax - Assessments.....	22
I. Bond and Note Information.....	3	Levy.....	23
Introduction.....	3	Comparative Assessed Valuations.....	24
Municipal Advisor.....	3	Exempt Property.....	24
The Bonds.....	3	Property Tax Levies and Collections.....	25
Description of the Bonds.....	3	Ten Largest Taxpayers.....	25
Redemption Provisions.....	4	V. Debt Summary.....	26
Description of the Notes.....	4	Principal Amount of Indebtedness.....	26
Authorization and Purpose.....	5	Short Term Debt.....	26
School Projects.....	5	Annual Bonded Debt Maturity Schedule.....	27
Book-Entry-Only Transfer System.....	6	Overlapping/Underlying Debt.....	27
DTC Practices.....	7	Debt Statement.....	28
Replacement Securities.....	7	Current Debt Ratios.....	28
Security and Remedies.....	7	Bond Authorization.....	29
Qualification for Financial Institutions.....	9	Maturities.....	29
Availability of Continuing Information.....	9	Temporary Financing.....	29
Ratings.....	9	Limitation of Indebtedness.....	30
Bond Insurance.....	9	Statement of Debt Limitation.....	31
II. The Issuer.....	10	Authorized But Unissued Debt.....	31
Description of the Municipality.....	10	Principal Amount of Outstanding Debt.....	32
Economic Development.....	10	Ratios of Net Long-Term Debt to Valuation	
Form of Government.....	12	Population and Income.....	32
Town Officials.....	12	Ratio of Total General Fund Debt Service	
Municipal Services.....	13	Expenditures To Total General Fund Expenditures.....	32
Educational Services.....	14	VI. Financial Administration.....	33
School Enrollment.....	15	Fiscal Year.....	33
School Facilities.....	15	Basis of Accounting.....	33
Employee Relations and Collective Bargaining.....	16	Budget Procedure.....	33
Municipal Employees.....	16	Capital Improvement Plan.....	33
Employee Relations.....	16	Audit.....	34
Binding Arbitration.....	16	Liability Insurance.....	34
III. Economic and Demographic Information.....	17	Pensions.....	34
Population and Density.....	17	Other Post Employment Benefits.....	34
Age Distribution of the Population.....	17	Investment Policy.....	36
Income Distribution.....	17	General Fund Revenues and Expenditures.....	37
Income Levels.....	18	Municipal General Budget Expenditures Cap.....	37
Educational Attainment.....	18	Analysis of General Fund Balance.....	37
Major Employers.....	18	VII. Legal and Other Information.....	39
Employment by Industry.....	19	Litigation.....	39
Employment Data.....	19	Documents Furnished at Delivery.....	39
Age Distribution of Housing.....	20	Concluding Statement.....	40
Housing Inventory.....	20	Appendix A: 2017 Financial Statements Excerpted from	
Owner Occupied Housing Values.....	20	the Town's Comprehensive Annual Financial Report	
Building Permits.....	21	Appendix B: Opinion of Bond Counsel and Tax Status	
		Appendix C-1: Form of Continuing Disclosure Agreement for Bonds	
		Appendix C-2: Form of Continuing Disclosure Agreement for Notes	
		Appendix D-1: Notice of Sale and Bid Form - Bonds	
		Appendix D-2: Notice of Sale and Bid Form - Notes	

## ***Bond Issue Summary***

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

<b>Date of Sale:</b>	Wednesday, April 11, 2018 at 11:30 A.M. (Eastern Time).
<b>Location of Sale:</b>	Office of the Town Manager, Town Hall, 75 Main Street, Southington, Connecticut 06489.
<b>Issuer:</b>	Town of Southington, Connecticut (the "Town").
<b>Issue:</b>	\$8,815,000 General Obligation Bonds (the "Bonds"), Issue of 2018.
<b>Dated Date:</b>	Date of Delivery
<b>Principal and Interest Due:</b>	Principal due serially April 15, 2020 through April 15, 2038. Interest due April 15 and October 15 in each year until maturity, commencing October 15, 2018.
<b>Purpose:</b>	The Bond proceeds will be used to provide funds for various school and general purpose projects.
<b>Redemption:</b>	The Bonds are subject to redemption prior to maturity. See "Redemption Provisions" herein.
<b>Security:</b>	The Bonds will be general obligations of the Town 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.
<b>Credit Rating:</b>	The Bonds have been rated "AA+" by S&P Global Ratings.
<b>Basis of Award:</b>	Lowest True Interest Cost (TIC), as of the dated date.
<b>Tax Exemption:</b>	See Appendix B - "Opinion of Bond Counsel and Tax Status".
<b>Bank Qualification:</b>	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.
<b>Continuing Disclosure:</b>	In accordance with the requirements of Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission, the Town will agree to provide, or cause to be provided, annual financial information and operating data and notices of certain events with respect to the Bonds pursuant to a Continuing Disclosure Agreement to be executed by the Town substantially in the form attached as Appendix C-1 to this Official Statement.
<b>Registrar, Transfer Agent, Certifying Agent, and Paying Agent:</b>	U.S. Bank National Association, Goodwin Square, 225 Asylum Street, Hartford, Connecticut 06103.
<b>Municipal Advisor:</b>	Phoenix Advisors, LLC of Milford, Connecticut. Telephone (203) 878-4945.
<b>Legal Opinion:</b>	Day Pitney LLP, of Hartford, Connecticut.
<b>Separate CUSIPs:</b>	Separate CUSIP numbers for the Bonds is required. It shall be the responsibility of the winning bidder to obtain CUSIP numbers for the Bonds prior to delivery.
<b>Delivery and Payment:</b>	It is expected that delivery of the Bonds in book-entry-only form will be made to The Depository Trust Company on or about April 30, 2018. Delivery of the Bonds will be made against payment in Federal Funds.
<b>Issuer Official:</b>	Questions concerning the Official Statement should be addressed to Ms. Emilia C. Portelinha, Director of Finance, Town of Southington, Town Hall, 75 Main Street, Southington, Connecticut 06489. Telephone (860) 276-6222.

## **Note Issue Summary**

*The information in this Note 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. Investors must read the entire Official Statement to obtain information essential to the making of an informed decision. This Official Statement speaks only as of its date and the information herein is subject to change.*

<b>Date of Sale:</b>	Wednesday, April 11, 2018 at 11:00 A.M. (Eastern Time).
<b>Location of Sale:</b>	Office of the Town Manager, Town Hall, 75 Main Street, Southington, Connecticut 06489.
<b>Issuer:</b>	Town of Southington, Connecticut (the "Town").
<b>Issue:</b>	\$16,000,000 General Obligation Bond Anticipation Notes (the "Notes").
<b>Dated Date:</b>	April 30, 2018.
<b>Interest Due:</b>	At maturity: April 29, 2019
<b>Principal Due:</b>	At maturity: April 29, 2019
<b>Authorization and Purpose:</b>	The Note proceeds will be used to provide funds for school and sewer projects.
<b>Redemption:</b>	The Notes are NOT subject to redemption prior to maturity.
<b>Security:</b>	The Notes 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 Notes when due.
<b>Credit Rating:</b>	The Notes have been rated "SP-1+" by S&P Global Ratings.
<b>Basis of Award:</b>	Lowest Net Interest Cost (NIC), as of the dated date.
<b>Tax Exemption:</b>	See Appendix B - "Opinion of Bond Counsel and Tax Status".
<b>Bank Qualification:</b>	The Notes 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 Notes.
<b>Continuing Disclosure:</b>	In accordance with the requirements of Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission, the Town will agree to provide, or cause to be provided, annual financial information and operating data and notices of material events with respect to the Notes pursuant to a Continuing Disclosure Agreement to be executed by the Town substantially in the form attached as Appendix C-2 to this Official Statement.
<b>Registrar, Transfer Agent, Certifying Agent and Paying Agent:</b>	U.S. Bank National Association, Goodwin Square, 225 Asylum Street, Hartford, Connecticut 06103.
<b>Municipal Advisor:</b>	Phoenix Advisors, LLC, of Milford, Connecticut. Telephone (203) 878-4945.
<b>Legal Opinion:</b>	Day Pitney LLP, of Hartford, Connecticut.
<b>Delivery and Payment:</b>	It is expected that delivery of the Notes in book-entry-only form will be made to The Depository Trust Company on or about April 30, 2018. Delivery of the Notes will be made against payment in Federal Funds.
<b>Issuer Official:</b>	Questions concerning the Official Statement should be addressed to Ms. Emilia C. Portelinha, Director of Finance, Town of Southington, Town Hall, 75 Main Street, Southington, Connecticut 06489. Telephone (860) 276-6222.

## ***I. Bond and Note Information***

### ***Introduction***

This Official Statement, including the cover page and appendices, is provided for the purpose of presenting certain information relating to the Town of Southington, Connecticut (the "Town"), in connection with the issuance and sale of \$8,815,000 General Obligation Bonds, (the "Bonds") and \$16,000,000 General Obligation Bond Anticipation Notes (the "Notes") of the Town.

The Bonds and Notes are being offered for sale at public bidding. Notices of Sale dated April 4, 2018 have been furnished to prospective bidders. Reference is made to the Notices of Sale, which are included as Appendices D-1 and D-2 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 or Notes. 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 or Notes and the proceedings of the Town relating thereto are qualified in their entirety by reference to the definitive form of the Bonds and the Notes and such proceedings.

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

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.

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

### ***Municipal Advisor***

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

The Municipal Advisor is an independent firm and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities. An agreement between the Town and Phoenix Advisors, LLC has been entered into to conform to Municipal Securities Rulemaking Board Rule G-23.

### ***The Bonds***

#### ***Description of the Bonds***

The Bonds will mature on April 15 in each of the years as set forth on the inside cover page hereof. The Bonds will be dated the date of delivery and bear interest at the rates per annum specified on the inside cover page, payable semiannually on April 15 and October 15 in each year until maturity, commencing October 15, 2018. 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 last business day of March and September, 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 April 15, 2023 are not subject to redemption prior to maturity. The Bonds maturing on April 15, 2024 and thereafter are subject to redemption prior to maturity, at the election of the Town, on or after April 15, 2023 at any time, either in whole or in part, in such amounts and in such order of maturity, (but by lot within a maturity) as the Town may determine, at the redemption prices (expressed as a percentage of the principal amount of the Bonds to be redeemed), set forth in the following table, plus interest accrued and unpaid to the redemption date:

<b><i>Redemption Dates</i></b>	<b><i>Redemption Prices</i></b>
April 15, 2023 and thereafter.....	100%

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

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

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

## ***Description of the Notes***

The Notes will be dated April 30, 2018 and will be due and payable as to both principal and interest at maturity on April 29, 2019. The Notes will bear interest calculated on the basis of twelve 30-day months and a 360-day year at such rate or rates per annum as are specified by the successful bidder or bidders. A book-entry system will be employed evidencing ownership of the Notes in principal amounts of \$5,000 or integral multiples thereof, with transfers of ownership effected on the records of DTC, and its participants pursuant to rules and procedures established by DTC and its participants. See “Book-Entry-Only Transfer System”. The Notes are not subject to redemption prior to maturity.

U.S. Bank National Association, 225 Asylum Street, Goodwin Square, Hartford, Connecticut 06103 will act as Registrar, Transfer Agent, Paying Agent and Certifying Agent for the Bonds and the Notes. The legal opinion for the Bonds and the Notes will be rendered by Day Pitney LLP, Bond Counsel, of Hartford, Connecticut. See Appendix B “Opinion of Bond Counsel and Tax Status”.



## **Authorization and Purpose**

Authorization: The Bonds and the Notes 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 below:

<b>Project</b>	<b>Amount Authorized</b>	<b>This Issue:</b>	
		<b>The Notes Due: 4/29/19</b>	<b>The Bonds:</b>
High School Atrium Roof Replacement .....	\$ 407,000	\$ -	\$ 300,000
2011 School Renov., Add., & Improvements .....	89,725,000	3,985,000	-
Open Space Acquisition '03 .....	2,000,000	-	215,000
Land Acquisition .....	2,000,000	-	400,000
Senior Center Facility .....	9,400,000	-	3,500,000
Road and Bridge Improvements (2012) .....	11,000,000	-	400,000
Road and Bridge Improvements (2014) .....	11,000,000	-	4,000,000
WPCF Facilities Upgrade.....	57,100,000	12,015,000	-
<b>Total .....</b>	<b>\$ 182,632,000</b>	<b>\$ 16,000,000</b>	<b>\$ 8,815,000</b>

## **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.

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## ***Book-Entry-Only Transfer System***

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

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

Purchases of the Bonds and the Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds and the Notes 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 and the Notes 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 or Notes, except in the event that use of the book-entry system for the Bonds and the Notes is discontinued.

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

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

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

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

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

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

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

### ***DTC Practices***

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

### ***Replacement Securities***

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

### ***Security and Remedies***

The Bonds and the Notes will be general obligations of the Town and the Town will pledge its full faith and credit to pay the principal of and interest on the Bonds and the Notes when due. Unless paid from other sources, the Bonds and the Notes are payable from general property tax revenues. The Town has the power under Connecticut statutes to levy ad valorem taxes on all taxable property in the Town without limit as to rate or amount, except as to certain classified property such as certified forest land taxable at a limited rate and dwelling houses of qualified elderly persons of low income or qualified disabled persons taxable at limited amounts. The Town may place a lien on the property for the amount of tax relief granted, plus interest, with respect to dwelling houses of qualified elderly persons of low income or qualified disabled persons. Under existing statutes, the State of Connecticut is obligated to pay the Town the amount of the tax revenue which the Town would have received except for the limitation under certain of the statutes upon its power to tax dwelling houses of qualified elderly persons of low income.

Payment of the Bonds and the Notes 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 and the Notes.

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 and the Notes or judgments thereon, in priority to other claims.

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

Enforcement of a claim for payment of principal of or interest on the Bonds and the Notes 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 in 1993, provides that no Connecticut municipality shall file a petition in bankruptcy without the express prior written consent of the Governor. This prohibition applies to any town, city, borough, metropolitan district and any other political subdivision of the State having the power to levy taxes and issue bonds or other obligations.

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

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## ***Qualification for Financial Institutions***

The Bonds and Notes 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 or the Notes.

## ***Availability of Continuing Information***

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

The Town will enter into a Continuing Disclosure Agreement with respect to the Bonds and the Notes, substantially in the forms attached as Appendix C-1 and C-2, respectively, 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 events not in excess of 10 business days after the occurrence of such events with respect to the Bonds and the Notes, and (iii) timely notice of a failure by the Town to provide the required annual financial information and operating data on or before the date specified in the Continuing Disclosure Agreement with respect to the Bonds. The winning bidders' obligation to purchase the respective Bonds and the Notes shall be conditioned upon it receiving, at or prior to the delivery of the Bonds and the Notes, an executed copy of the Continuing Disclosure Agreements.

The Town has previously undertaken in continuing disclosure agreements entered into for the benefit of holders of certain of its general obligation bonds and notes to provide certain annual financial information and event notices pursuant to the Rule. In the past five years, the Town has not failed to comply in any material respect its undertakings under such agreements.

## ***Ratings***

The Bonds have been rated "AA+" and the Notes have been rated "SP-1+" by S&P Global Ratings ("S&P"). The Town furnished the rating agency certain information and materials, some of which may not have been included in this Official Statement. The rating, if obtained, will reflect only the views of the rating agency and an explanation of the significance of the rating may be obtained from such rating agency. There is no assurance that the rating will continue for any given period of time or that it will not be revised or withdrawn entirely if in the judgment of such rating agency, circumstances so warrant. A revision or withdrawal of the rating may have an effect on the market price of the Town's bonds and notes, including the Bonds and the Notes.

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 or the Notes.

## ***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 43,685, is located in Hartford County. Located 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 of Southington continues to grow the tax base during the fiscal year. Growth in the grand list pertaining to commercial property of over \$17 million was 41.89% of the overall increase in assessment of \$41 million for the year. This is notable since the residential base far outweighs the commercial and industrial sectors. The Town expects to continue the growth moving forward as proposed projects continue to develop. Additionally, the balance of the growth within Town across all sectors should continue to provide services to the community and strength to the individual businesses.

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

Pet Valu and Chip's Restaurant. An adjacent property has a new retail and office development with a Courtyard by Marriott currently under construction.

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

The Town continues to work on a new Land Bank initiative never before seen within Connecticut pertaining to brownfield remediation. Working with the DECD, the Connecticut Land Bank, LLC (a 501(c)(3) nonprofit) and the Town's Economic Development office, a template is being developed to bring challenging abandoned contaminated sites back to productive use and the tax rolls. The initiative is a strategy to remediate and redevelop the former Beaton and Corbin Manufacturing site located at 318 North Main Street, which was a former plating company that has been a challenge to redevelop for over three decades. The initiative includes a \$400,000 DECD grant, developer money upfront and on the back end, a Naugatuck Valley Council of Government's line of credit, Town funding of up to \$150,000, and a tax abatement, if needed, with the expertise and action of the Connecticut Land Bank, LLC who may take title, foreclose, remediate and transfer the property to the developer to build a \$2 million 13,000 square foot professional office building, which may generate tax revenue of \$40,000 annually.

The Town Council continues to be proactive with business attraction efforts, looking for ways to increase business activity within Southington.

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

- Economy Spring's planned relocation to 216,000 square feet at 75 Aircraft Road
- Stanley Black & Decker – 200 employees to 400 Executive Blvd
- Webster Bank – 550 employees occupying 80,000 square feet at 200 Executive Blvd
- Quantum Bio Power – a 1.4 megawatt \$14 million anaerobic digestion facility
- Kinsmen Brewing Company – 11,000 square feet at 409 Canal Street
- Witchdoctor Brewing - 5,000 square feet at Factory Square
- Skygazer Brewing – New construction on Triano Drive
- North Star Properties – 70,000 square feet retail; Home Goods, Michaels, Pet Valu, Chip's Restaurant, 99 Executive Blvd
- 125 room Courtyard Marriott on West Street
- Popeye's, Nutmeg Federal Credit Union, Silk Nails and Sara's Coffee under construction
- O'Reilly's Auto Parts – 7,735 square feet on Queen Street
- Hartford Healthcare - 42,000 square foot medical center on Queen Street
- ProCaire's 9,775 square foot new building on Triano Drive
- Meade Landscaping's new 6,325 square foot building on Triano Drive under construction
- Aldi's 20,162 square feet and Chick-fil-A's 4,380 square foot construction and other planned retail facilities on Queen Street.

## Form of Government

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

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

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

The full-time professional staff of the Town includes a Town Manager, Assistant Town Manager, Director of Finance, Assistant Director of Finance, Treasurer, Director of Assessment and Revenue, Economic Development Coordinator, Director of Recreation, Town Engineer, Director of Planning and Community Development, Building Inspector, Highway Superintendent, Town Clerk, Police Chief, and Fire Chief.

### Town Officials

Office	Name	Manner of Selection	Term	Length Of Service
Council Member, Chair.....	Christopher J. Palmieri	Elected	11/17-11/19	12 years
Council Member, Vice Chair.....	Dawn A. Micelli	Elected	11/17-11/19	8 years
Council Member .....	John N. Barry	Elected	11/17-11/19	14 years
Council Member.....	William Dziedzic	Elected	11/17-11/19	< 1 year
Council Member.....	Tom Lombardi	Elected	11/17-11/19	4 years
Council Member.....	Kelly Morrissey	Elected	11/17-11/19	< 1 year
Council Member.....	Christopher J. Poulos	Elected	11/17-11/19	< 1 year
Council Member.....	Michael Riccio	Elected	11/17-11/19	12 years <sup>2</sup>
Council Member.....	Victoria Triano	Elected	11/17-11/19	22 years
Town Manager.....	Mark Sciota	Appointed	2/18-1/21	< 1 year <sup>1</sup>
Director of Finance.....	Emilia Portelinha	Appointed	Indefinite	12 years
Assistant Finance Director.....	Christina Sivigny	Appointed	Indefinite	6 years
Treasurer.....	Joyce Williams	Appointed	Indefinite	4 years <sup>3</sup>
Economic Dev. Coordinator.....	Louis A. Perillo	Appointed	Indefinite	12 years

<sup>1</sup> Mr. Sciota formerly served as Town Attorney/Assistant Town Manager in Southington for 11 years and officially took office on February 1, 2018 replacing Garry Brumback who served as Town Manager for 6 years.

<sup>2</sup> Mr. Riccio is starting a new term on Council with 10 years previous Town Council experience.

<sup>3</sup> Ms. Williams formerly served as Assistant Finance Director of Windsor Locks, Connecticut and has 13 years municipal finance experience.

Source: Town of Southington



## ***Municipal Services***

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

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

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

**Senior Services:** Calendar House is the Town of Southington's Senior Center and is staffed by an Executive Director, Program Coordinator, secretary, clerk typist and eleven bus drivers (2 full-time and 9 part-time). The Center's purpose is to serve as a resource center, providing a broad range of services and activities which meet the diverse social, physical, and intellectual needs of older adults. The Calendar House offers recreational and social services to seniors and disabled individuals. Town residents approved a \$9.4 million new Senior Center Facility at referendum on November 2015 which has now been completed and is occupied.

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

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

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

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

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

**Recreation:** The Southington 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), a hiking and biking trail (11.6 acres) and the old Southington Drive-In Theatre (40 acres).

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

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

**Water:** The Southington Water Works Department has functioned as a semi-autonomous entity for over 50 years. The plant was built in 1993 and an additional reservoir was purchased in 1995, ensuring a comfortable water supply for the Town's future demand. In January of 2005 the Water Department completed and moved into their new headquarters. In 2011 the Town bonded 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. In 2014, the Town bonded three capital projects for the Water Department: (1) design, construction and installation of water mains; (2) design and construction of the East Side Pressure Zone, and (3) design and construction of a replacement well.

**Sewer:** The Water Pollution Control Department is staffed by a Superintendent, two foremen, one lab chemist and seven operators. A \$14.5 million Denitrification Plant was completed in 2011. The Town hired Tighe & Bond Inc. to put together a Facilities Plan to review the current systems in an effort to gain better efficiencies in the Sewer's Operations. This project also includes a WPC Facilities Upgrade, as well as process improvements such as phosphorus removal and sludge digestion. A \$5.2 million Water Pollution Control Facility Sludge Thickening Project was completed in 2016. Town residents approved a \$57.1 million Bond Ordinance for a Water Pollution Control Facility Upgrade at Referendum November 2016.

**Solid Waste and Recycling:** Homeowners hire private contractors, who are licensed by the Town Engineer, to collect residential waste and recycling materials. The Town is participating with thirteen other cities and towns in a contract with Covanta Bristol, Inc. which was signed on December 21, 2012 and is for a period of twenty years. The Town pays a fee of \$62.12 per ton on a minimum required 14,452 tons for fiscal year 2018 for the acceptable solid waste which is sent to the Covanta plant in Bristol, Connecticut.

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

## ***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, 2017 was 6,461. The rated capacity of the system facilities is 8,070.

## School Enrollment

<b>School Year</b>	<b>Historical</b>			<b>Total</b>
	<b>Pre-K-5</b>	<b>6 - 8</b>	<b>9 - 12</b>	
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
2011-2012	3,073	1,629	2,077	6,779
2012-2013	3,079	1,580	2,035	6,694
2013-2014	3,011	1,624	2,031	6,666
2014-2015	2,966	1,567	2,056	6,589
2015-2016	2,934	1,600	2,011	6,545
2016-2017	2,847	1,620	2,073	6,540
2017-2018	2,808	1,576	2,077	6,461

<b>School Year</b>	<b>Projected</b>			<b>Total</b>
	<b>Pre-K</b>	<b>K - 8</b>	<b>9 - 12</b>	
2018-2019	101	4,263	2,075	6,439
2019-2020	101	4,215	2,146	6,462
2020-2021	101	4,254	2,080	6,435
2021-2022	101	4,263	2,069	6,433
2022-2023	101	4,255	2,051	6,407

Source: Town of Southington, Board of Education

## School Facilities

<b>School</b>	<b>Grades</b>	<b>Date of Construction (Additions, Remodeling)</b>	<b>Number of Classrooms</b>	<b>10/1/2017 Enrollment <sup>1</sup></b>	<b>Rated Capacity</b>
Southington High					
and New Vo-ag Building.....	9 - 12	1974	125	2,041	2,150
DePaolo Middle.....	6 - 8	1967 (1988, 2013)	63	775	1,015
Kennedy Middle.....	6 - 8	1964 (1988, 2013)	63	801	1,015
Derynoski.....	K-5	1950 (1958,1974,1993)	40	550	775
Flanders.....	K-5	1966	23	283	450
Hatton.....	PK-5	1953 (2001)	26	424	550
ALTA @ Pyne Center <sup>2</sup> .....	9-12	1960	5	36	65
Plantsville.....	K-5	1961 (2008)	15	274	300
South End.....	K-5	1954 (2008 New Building)	14	229	300
Strong.....	K-5	1958 (1995,2001)	21	286	500
Thalberg.....	K-5	1959 (2001)	22	444	500
Kelley.....	K-5	1966	23	318	450
<b>Total.....</b>			<b>440</b>	<b>6,461</b>	<b>8,070</b>

<sup>1</sup> A total of 59 Special Education students are out-placed and are not included in the 10/1/2017 Enrollment by Building.

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

Source: Town of Southington, Board of Education

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

	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
General Government <sup>1</sup> .....	238	237	238	261	258
Board of Education <sup>2</sup> .....	994	988	1,001	987	979
<b>Total</b> .....	<b>1,232</b>	<b>1,225</b>	<b>1,239</b>	<b>1,248</b>	<b>1,237</b>

<sup>1</sup> Includes Non-Union Management

<sup>2</sup> Board of Education includes Federally Funded

Source: Town of Southington

## **Employee Relations**

<b>Board of Education Groups</b>	<b>Positions Covered</b>	<b>Current Contract Expiration Date</b>
Teachers (Southington Education Association).....	567	6/30/2019
Administrators (Southington Administrators Association).....	22	6/30/2020
Custodians, Maintenance.....	48	6/30/2021
Secretaries, Food Service (A.F.S.C.M.E.).....	77	6/30/2017 <sup>1</sup>
Nurses (A.F.S.C.M.E.).....	19	6/30/2017 <sup>1</sup>
Occupational & Physical Therapists (UPSEU) .....	6	6/30/2020
Paraprofessional (C.S.E.A.).....	255	6/30/2019
<b>Total Unionized Board of Education Employees</b> .....	<b>994</b>	
<b>General Government</b>		
Town Employees (UPSEU-Local 424, Unit 35).....	71	6/30/2019
Highway, WPCD & Parks (Local 1303-26 of Council #4 A.F.S.C.M.E.).....	41	6/30/2019
Supervisory (UPSEU - Local 424, Unit 11).....	16	6/30/2020
Police Department/Canine Officer (Law Enforcement of Southington L.E.A.S.)	68	6/30/2021
Police Dispatchers (Local 1303-424 of Council #4 A.F.S.C.M.E.).....	12	6/30/2018 <sup>1</sup>
Fire Department (Local 2033 International Association of Firefighters).....	30	6/30/2018 <sup>1</sup>
<b>Total Unionized General Government Employees</b> .....	<b>238</b>	

<sup>1</sup> 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 of Connecticut and the employee organization must be advised in writing of the reasons for rejection. The State then appoints a new panel of either one or three arbitrators to review the decisions on each of the rejected issues. The panel must accept the last best offer of either party. In reaching its determination, the arbitration panel gives priority to the public interest and the financial capability of the municipal employer, including consideration of other demands on the financial capability of the municipal employer. Effective October 1, 1997, for binding arbitration of teachers' contracts, in assessing the financial capability of a town, there is an irrefutable presumption that a budget reserve of 5% or less is not available for payment of the cost of any items subject to arbitration. In light of the employer's financial capability, the panel considers prior negotiations between the parties, the interests and welfare of the employee group, changes in the cost of living, existing employment conditions, and wages, salaries, fringe benefits, and other conditions of employment prevailing in the labor market, including developments in private sector wages and benefits.

### III. Economic and Demographic Information

#### Population and Density

<b>Year</b>	<b>Population <sup>1</sup></b>	<b>% Increase (Decrease)</b>	<b>Density <sup>2</sup></b>
2016 <sup>3</sup>	43,675	1.4%	1,183.6
2010	43,069	8.4%	1,167.2
2000	39,728	3.1%	1,076.6
1990	38,518	4.4%	1,043.8
1980	36,879	19.2%	999.4
1970	30,946	--	838.6

<sup>1</sup> 1970-2010, U.S. Department of Commerce, Bureau of Census

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

<sup>3</sup> American Community Survey 2012-2016

#### Age Distribution of the Population

<b>Age</b>	<b>Town of Southington</b>		<b>State of Connecticut</b>	
	<b>Number</b>	<b>Percent</b>	<b>Number</b>	<b>Percent</b>
Under 5 years .....	2,307	5.3%	188,812	5.3%
5 to 9 years .....	2,496	5.7	210,557	5.9
10 to 14 years .....	2,859	6.5	228,543	6.4
15 to 19 years .....	2,424	5.6	252,522	7.0
20 to 24 years .....	1,997	4.6	242,007	6.7
25 to 34 years .....	4,592	10.5	438,471	12.2
35 to 44 years .....	5,298	12.1	439,606	12.3
45 to 54 years .....	7,230	16.6	545,977	15.2
55 to 59 years .....	3,231	7.4	263,778	7.4
60 to 64 years .....	2,960	6.8	223,274	6.2
65 to 74 years .....	4,901	11.2	303,959	8.5
75 to 84 years .....	2,324	5.3	163,137	4.5
85 years and over .....	1,056	2.4	87,927	2.5
<b>Total.....</b>	<b>43,675</b>	<b>100.0%</b>	<b>3,588,570</b>	<b>100.0%</b>

Median Age (Years) 2015..... 44.8 40.6

Median Age (Years) 2010..... <sup>1</sup> 43.3 40.0

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

Source: American Community Survey 2012-2016

#### Income Distribution

	<b>Town of Southington</b>		<b>State of Connecticut</b>	
	<b>Families</b>	<b>Percent</b>	<b>Families</b>	<b>Percent</b>
Less than \$10,000.....	176	1.4%	29,623	3.3%
\$10,000 to \$14,999.....	132	1.1	17,060	1.9
\$15,000 to \$24,999.....	314	2.6	44,354	5.0
\$25,000 to \$34,999.....	439	3.6	54,456	6.1
\$35,000 to \$49,999.....	745	6.1	81,300	9.1
\$50,000 to \$74,999.....	1,737	14.1	137,336	15.4
\$75,000 to \$99,999.....	2,113	17.2	124,033	13.9
\$100,000 to \$149,999...	3,405	27.7	186,214	20.8
\$150,000 to \$199,999...	1,850	15.0	96,075	10.7
\$200,000 or more.....	1,394	11.3	123,962	13.9
<b>Total.....</b>	<b>12,305</b>	<b>100.0%</b>	<b>894,413</b>	<b>100.0%</b>

Source: American Community Survey 2012-2016

## Income Levels

	<u>Town of Southington</u>	<u>State of Connecticut</u>
Per Capita Income, 2016.....	\$40,761	\$39,906
Per Capita Income, 2010.....	\$36,053	\$36,775
Median Family Income, 2016.....	\$105,117	\$71,274
Median Family Income, 2010.....	\$94,602	\$84,170

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

*Source: American Community Survey 2012-2016*

## 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.....	472	4.2%	103,279	4.4%
9th to 12th grade, no diploma.....	1,247	5.8	139,653	6.1
High School graduate (includes equivalency)...	8,891	26.7	673,220	27.5
Some college, no degree.....	6,044	18.1	427,232	17.8
Associate degree.....	2,995	8.7	184,426	7.4
Bachelor's degree.....	7,186	20.3	524,370	20.5
Graduate or professional degree.....	4,757	16.3	413,949	16.4
<b>Total.....</b>	<b>31,592</b>	<b>100.0%</b>	<b>2,466,129</b>	<b>100.0%</b>
Percent high school graduate or higher.....		94.6%		89.9%
Percent bachelor's degree or higher.....		37.8%		37.6%

*Source: American Community Survey 2012-2016*

## Major Employers As of March 2018

<u>Employer</u>	<u>Type of Business</u>	<u>Approximate Number of Employees</u>
Town of Southington.....	Municipal Government	1,232
Hartford Health Care .....	Health Care Practice	844
Southington YMCA.....	Health	540
Webster Bank.....	Banking	539
Yarde Metals Inc.....	Manufacturing	386
COCC.....	Information Technology	365
3PL Worldwide.....	Fulfillment Center	330
Smith's Medical (Medex Inc).....	Manufacturing	295
Aqua Turf.....	Banquet/Food Services	200
Economy Spring.....	Manufacturing	163

*Source: Town of Southington Economic Development - 2018.*

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

<b>Sector</b>	<b>Town of Southington</b>		<b>State of Connecticut</b>	
	<b>Number</b>	<b>Percent</b>	<b>Number</b>	<b>Percent</b>
Agriculture, forestry, fishing and hunting, and mining.....	78	0.3%	7,209	0.4%
Construction.....	1,369	5.9	101,497	5.7
Manufacturing.....	2,565	11.1	190,713	10.6
Wholesale trade.....	691	3.0	45,110	2.5
Retail trade.....	2,332	10.0	193,853	10.8
Transportation warehousing, and utilities....	784	3.4	66,516	3.7
Information.....	832	3.6	42,374	2.4
Finance, insurance, real estate, and leasing..	2,532	10.9	163,765	9.1
Professional, scientific, management, administrative, and waste management....	2,410	10.4	206,042	11.5
Education, health and social services.....	6,148	26.5	474,976	26.5
Arts, entertainment, recreation, accommodation and food services.....	1,622	7.0	153,754	8.6
Other services (except public admin.).....	912	3.9	81,588	4.5
Public Administration.....	936	4.0	66,291	3.7
<b>Total Labor Force, Employed.....</b>	<b>23,211</b>	<b>100.0%</b>	<b>1,793,688</b>	<b>100.0%</b>

Source: American Community Survey 2012-2016

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

<b>Period</b>	<b>Town of Southington</b>		<b>Percentage Unemployed</b>		
	<b>Employed</b>	<b>Unemployed</b>	<b>Town of Southington</b>	<b>Hartford Labor Market</b>	<b>State of Connecticut</b>
February 2018 .....	23,551	1,153	4.7	5.1	5.1
<b>Annual Average</b>					
2017.....	23,608	969	3.9	4.8	4.7
2016.....	23,265	1,056	4.3	5.3	5.3
2015.....	23,177	1,117	4.6	5.6	5.6
2014.....	23,251	1,361	5.5	6.7	6.7
2013.....	22,625	1,582	6.5	7.9	7.9
2012.....	23,057	1,755	7.1	8.4	8.3
2011.....	22,854	1,834	7.4	8.9	8.8
2010.....	22,787	1,956	7.9	9.1	9.0
2009.....	22,963	1,757	7.1	8.3	8.2
2008.....	23,439	1,180	4.8	5.9	5.8

Source: Department of Labor, State of Connecticut

### Age Distribution of Housing

<b>Year Built</b>	<b>Town of Southington</b>		<b>State of Connecticut</b>	
	<b>Units</b>	<b>Percent</b>	<b>Units</b>	<b>Percent</b>
1939 or earlier.....	2,069	11.7%	334,202	22.4%
1940 to 1969.....	6,154	34.7	533,202	35.7
1970 to 1979.....	3,057	17.2	200,614	13.4
1980 to 1989.....	2,522	14.2	190,755	12.8
1990 to 1999.....	1,672	9.4	113,584	7.6
2000 or 2009.....	2,063	11.6	104,308	7.0
2010 or later.....	210	1.2	17,133	1.1
<b>Total Housing Units .....</b>	<b>17,747</b>	<b>100.0%</b>	<b>1,493,798</b>	<b>100.0%</b>

Source: American Community Survey 2012-2016

### Housing Inventory

<b>Housing Units</b>	<b>Town of Southington</b>		<b>State of Connecticut</b>	
	<b>Units</b>	<b>Percent</b>	<b>Units</b>	<b>Percent</b>
1-unit, detached.....	12,593	71.0%	882,236	59.1%
1-unit, attached.....	1,129	6.4	80,639	5.4
2 units.....	1,082	6.1	123,152	8.2
3 or 4 units.....	529	3.0	130,686	8.7
5 to 9 units.....	883	5.0	82,581	5.5
10 to 19 units.....	521	2.9	56,858	3.8
20 or more units.....	647	3.6	125,758	8.4
Mobile home.....	363	2.0	11,534	0.8
Boat, RV, van, etc.....	-	-	354	0.0
<b>Total Inventory.....</b>	<b>17,747</b>	<b>100.0%</b>	<b>1,493,798</b>	<b>100.0%</b>

Source: American Community Survey 2012-2016

### Owner Occupied Housing Values

<b>Specified Owner-Occupied Units</b>	<b>Town of Southington</b>		<b>State of Connecticut</b>	
	<b>Number</b>	<b>Percent</b>	<b>Number</b>	<b>Percent</b>
Less than \$50,000.....	493	3.5%	24,343	2.7%
\$50,000 to \$99,999.....	312	2.2	29,703	3.3
\$100,000 to \$149,999.....	838	6.0	81,158	9.0
\$150,000 to \$199,999.....	1,825	13.1	139,979	15.5
\$200,000 to \$299,999.....	4,908	35.3	246,071	27.3
\$300,000 to \$499,999.....	4,595	33.0	233,345	25.9
\$500,000 to \$999,999.....	872	6.3	104,952	11.7
\$1,000,000 or more.....	65	0.5	40,672	4.5
<b>Total.....</b>	<b>13,908</b>	<b>100.0%</b>	<b>900,223</b>	<b>100.0%</b>
<b>Median Value.....</b>	<b>\$267,800</b>		<b>\$269,300</b>	

Source: American Community Survey 2012-2016



### ***Building Permits***

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

<b><i>Fiscal Year</i></b>	<b><i>Residential</i></b>		<b><i>Comm./Industrial</i></b>		<b><i>Total</i></b>	
	<b><i>No.</i></b>	<b><i>Value</i></b>	<b><i>No.</i></b>	<b><i>Value</i></b>	<b><i>No.</i></b>	<b><i>Value</i></b>
2017	75	\$ 6,628	14	\$ 5,854	89	\$ 12,482
2016	76	7,409	13	12,711	89	20,120
2015	64	6,201	11	8,925	75	15,126
2014	104	9,265	15	4,556	119	13,821
2013	115	10,020	16	10,532	131	20,552
2012	75	5,954	14	6,897	89	12,851
2011	74	6,258	11	4,087	85	10,345
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

*Source: Town of Southington, Building Official*

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## **IV. Tax Base Data**

### **Property Tax – Assessments**

The Town of Southington had a full revaluation effective October 1, 2015. The Town's next revaluation will be October 1, 2020. Under Section 12-62 of the Connecticut General Statutes, the Town must do a revaluation every five years based on generally accepted mass appraisal methods and a revaluation by physical inspection no later than ten years from the preceding physical inspection.

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

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

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

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

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

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

**Motor Vehicle Property Tax Cap:** Connecticut General Statutes Section 12-71e creates a cap on the local property tax mill rate for motor vehicles. The State of Connecticut's 2017-2019 biennium budget legislation, adopted after the beginning of the Town's fiscal year ending June 30, 2018, amended that statute to provide that (1) for the assessment year October 1, 2016 (the fiscal year ending June 30, 2018), the mill rate for motor vehicles shall not exceed 39 mills, and (2) for the assessment year October 1, 2017 (the fiscal year ending June 30, 2019), and each assessment year thereafter, the mill rate for motor vehicles shall not exceed 45 mills. No district or borough may set a motor vehicle mill rate that if combined with the motor vehicle mill rate of the town or city in which such district or borough is located would result in a combined motor vehicle mill rate in excess of these mill rate caps. The Town did not issue supplemental motor vehicle property tax bills for the current fiscal year as permitted up to the new 39 mills rate cap.

For the fiscal year ending June 30, 2018, motor vehicle property tax grants to municipalities that impose mill rates on real property and personal property other than motor vehicles greater than 39 mills or that, when combined with the mill rate of any district located within the municipality, impose mill rates greater than 39 mills, shall be made

in an amount equal to the difference between the amount of property taxes levied by the municipality and any district located within the municipality on motor vehicles for the assessment year October 1, 2013 (the fiscal year ending June 30, 2015), and the amount such levy would have been if the mill rate on motor vehicles for that assessment year was 39 mills. For the fiscal year ending June 30, 2019, and each fiscal year thereafter, motor vehicle property tax grants to municipalities that impose mill rates on real property and personal property other than motor vehicles greater than 45 mills or that, when combined with the mill rate of any district located within the municipality, impose mill rates greater than 45 mills, shall be made in an amount equal to the difference between the amount of property taxes levied by the municipality and any district located within the municipality on motor vehicles for the assessment year October 1, 2013, and the amount such levy would have been if the mill rate on motor vehicles for that assessment year was 45 mills.

### **Levy**

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

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## Comparative Assessed Valuations

<b>Grand List As Of 10/1</b>	<b>Residential Real Property (%)</b>	<b>Commercial &amp; Industrial Real Property (%)</b>	<b>Other Land (%)</b>	<b>Personal Property (%)</b>	<b>Motor Vehicles (%)</b>	<b>Gross Taxable Grand List</b>	<b>Exemptions, Veterans Relief and Disabled</b>	<b>Net Taxable Grand List</b>	<b>Percent Growth</b>
2017	69.3	13.4	1.5	7.8	8.9	\$4,132,479,203	\$ 123,538,168	\$ 4,008,941,035	1.6%
2016	68.8	13.5	1.6	6.7	9.4	4,061,773,289	115,956,472	3,945,816,817	1.1%
2015 <sup>1</sup>	68.9	13.6	1.6	6.5	9.4	4,016,803,386	114,693,332	3,902,110,054	1.9%
2014	69.5	13.0	1.6	6.4	9.4	3,930,337,896	101,620,933	3,828,716,963	1.5%
2013	69.8	13.3	1.6	6.0	9.3	3,871,986,634	98,209,468	3,773,777,166	1.1%
2012	70.0	13.3	1.7	5.9	9.1	3,817,247,724	85,603,212	3,731,644,512	0.5%
2011 <sup>1</sup>	70.9	13.5	1.9	4.6	9.1	3,794,440,243	79,573,029	3,714,867,214	-8.6%
2010	70.9	14.1	2.1	4.9	7.9	4,141,712,530	78,495,213	4,063,217,317	1.2%
2009	71.1	14.1	2.2	4.9	7.6	4,093,537,867	77,368,438	4,016,169,429	1.3%
2008	71.4	14.0	2.3	4.8	7.5	4,044,463,136	79,443,177	3,965,019,959	1.2%

<sup>1</sup> 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

<b>Public</b>	<b>Assessed Value <sup>1</sup></b>
Regular Veterans.....	\$ 10,982,260
Additional Veterans.....	1,806,408
Additional Veterans (1/2).....	2,214,170
100% Disabled and Blind.....	292,890
Local Option Veterans (non-reimbursed).....	283,477
Solar Energy.....	-
Public buildings/property.....	-
<b>Sub-Total Public.....</b>	<b>\$ 15,579,205</b>
<b>Private</b>	
Agricultural or Horticultural.....	\$ 430,769
Manufacturing machinery.....	72,044,413
Enterprise zone.....	16,881,698
Miscellaneous.....	741,754
<b>Sub-Total Private.....</b>	<b>90,098,634</b>
<b>Total Exempt Property.....</b>	<b>\$ 105,677,839</b>
Percent Compared to Net Taxable Grand List...	2.6%

<sup>1</sup> Based on the Net Taxable Grand List of October 1, 2017 of \$4,008,941,035.

Source: Town of Southington, Assessor's Office

### Property Tax Levies and Collections

<b>Grand List of 10/1</b>	<b>Fiscal Year Ending 6/30</b>	<b>Net Taxable Grand List</b>	<b>Mill Rate</b>	<b>Adjusted Annual Levy</b>	<b>Percent of Annual Levy Collected at End of Fiscal Year</b>	<b>Percent of Annual Levy Uncollected at End of Fiscal Year</b>	<b>Percent of Annual Levy Uncollected as of 6/30/2017</b>
2016	2018	\$3,945,816,817	30.48	\$ 120,268,497		<i>In Collection</i>	
2015 <sup>1</sup>	2017	3,902,110,054	29.64	116,198,486	98.9%	1.1%	1.1%
2014	2016	3,828,716,963	29.14	111,033,757	98.9%	1.1%	1.6%
2013	2015	3,773,777,166	28.36	106,321,669	98.8%	1.2%	0.2%
2012	2014	3,731,644,512	27.46	102,631,012	98.8%	1.2%	0.1%
2011 <sup>1</sup>	2013	3,714,867,214	27.48	101,573,140	98.6%	1.4%	0.0%
2010	2012	4,063,217,317	24.28	98,793,966	98.7%	1.3%	0.0%
2009	2011	4,016,169,429	24.02	96,373,738	98.7%	1.3%	0.0%
2008	2010	3,965,019,959	23.27	92,337,472	98.6%	1.4%	0.0%
2007	2009	3,919,715,079	23.02	90,297,867	98.4%	1.6%	0.0%

<sup>1</sup> Revaluation.

Source: Town of Southington, Tax Collector

### Ten Largest Taxpayers

<b>Name of Taxpayer</b>	<b>Nature of Business</b>	<b>Taxable Valuation</b>	<b>Percent of Net Taxable Grand List <sup>1</sup></b>
Eversource (Connecticut Light & Power)....	Public Utility	\$ 108,892,781	2.72%
Yankee Gas Service.....	Public Utility	22,020,488	0.55%
45 Newell Street Associates.....	Metal Recycling	18,608,128	0.46%
Home Depot.....	Real Estate	15,360,685	0.38%
RK Southington .....	Real Estate	11,744,070	0.29%
Exesouth KKF LLC (Lowes).....	Real Estate	11,430,432	0.29%
Southington /Route 10 Associates.....	Real Estate	11,383,400	0.28%
Target Corporation.....	Real Estate	10,700,804	0.27%
Olson Murial et al.....	Real Estate	9,318,330	0.23%
Twincor Corporation.....	Real Estate	8,548,782	0.21%
<b>Total.....</b>		<b>\$ 228,007,900</b>	<b>5.69%</b>

<sup>1</sup> Based on the Net Taxable Grand List of October 1, 2017 of \$4,008,941,035.

Source: Town of Southington, Assessor's Office.

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**V. Debt Summary**  
**Principal Amount of Indebtedness**  
**As of April 30, 2018**  
**(Pro Forma)**

**Long-Term Debt:**

<i>Date</i>	<i>Purpose</i>	<i>Interest Rate %</i>	<i>Original Issue</i>	<i>Amount Outstanding</i> <sup>2</sup>	<i>Fiscal Year of Maturity</i>
2007	Water <sup>1</sup> .....	2.32	\$ 2,484,399	\$ 1,086,925	2027
2009	Water <sup>1</sup> .....	2.21	1,037,097	590,810	2029
2010	Refunding (General Purpose).....	2.00-5.00	2,098,000	731,000	2021
2010	Refunding (Schools).....	2.00-5.00	8,008,000	2,881,000	2021
2010	Refunding (Sewers).....	2.00-5.00	959,000	163,000	2021
2010	Water <sup>1</sup> .....	2.32	1,872,517	1,023,256	2027
2011	General Purpose.....	2.50-4.25	1,713,000	435,000	2020
2011	Schools.....	2.50-4.25	6,902,000	4,150,000	2031
2011	Sewers.....	2.50-4.25	3,330,000	1,825,000	2031
2011	Water <sup>1</sup> .....	2.50-4.25	3,410,000	1,340,000	2021
2011	Refunding (General Purpose).....	2.00-5.00	6,042,000	2,846,100	2024
2011	Refunding (Schools).....	2.00-5.00	745,000	353,000	2024
2011	Refunding (Sewers).....	2.00-5.00	1,958,000	925,900	2024
2011	Sewer - CWF (590-C).....	2.00	11,068,356	6,962,595	2030
2012	Refunding (General Purpose).....	2.00-4.00	3,106,000	1,774,000	2026
2012	Refunding (Schools).....	2.00-4.00	1,958,000	1,279,000	2026
2012	Refunding (Sewers).....	2.00-4.00	1,851,000	1,162,000	2026
2014	General Purpose - Lot A.....	3.00-5.00	7,705,000	5,630,000	2034
2014	Schools - Lot A.....	3.00-5.00	15,000,000	12,630,000	2034
2014	Water - Lot B <sup>1</sup> .....	3.00-5.00	5,870,000	4,690,000	2034
2015	General Purpose.....	2.00-4.00	6,720,000	5,740,000	2035
2015	Schools.....	2.00-4.00	15,000,000	13,420,000	2035
2015	Sewers.....	2.00-4.00	5,200,000	4,650,000	2035
2015	Refunding (General Purpose).....	1.00-5.00	2,408,000	1,822,000	2029
2015	Refunding (Schools).....	1.00-5.00	8,036,000	7,193,000	2029
2015	Refunding (Sewers).....	1.00-5.00	1,841,000	1,360,000	2029
2016	General Purpose.....	2.00-4.00	5,200,000	4,830,000	2036
2016	Schools.....	2.00-4.00	12,000,000	11,370,000	2036
2017	Water - DWSRF.....	2.00	4,073,690	4,016,731	2036
<b>Total Outstanding Bonded Debt.....</b>			<b>\$ 147,596,059</b>	<b>\$ 106,880,317</b>	
<b>This Issue</b>					
2018	General Purpose.....	2.25-3.00	\$ 8,515,000	\$ 8,515,000	2038
2018	Schools.....	2.25-3.00	300,000	300,000	2038
<b>Total This Issue.....</b>			<b>\$ 8,815,000</b>	<b>\$ 8,815,000</b>	
<b>Grand Total.....</b>			<b>\$ 156,411,059</b>	<b>\$ 115,695,317</b>	

<sup>1</sup> Water debt is self-supporting.

<sup>2</sup> Excludes bonds refunded or defeased and capital leases.

**Short-Term Debt**  
**As of April 30, 2018**  
**(Pro Forma)**

<i>Project</i>	<i>Amount Authorized</i>	<i>The Notes Due: 4/29/19</i>
2011 School Renov., Add., & Improvements .....	\$ 89,725,000	\$ 3,985,000
WPCF Facilities Upgrade.....	57,100,000	12,015,000
<b>Total .....</b>	<b>\$ 146,825,000</b>	<b>\$ 16,000,000</b>

**Annual Bonded Debt Maturity Schedule**  
**As of April 30, 2018**  
**(Pro Forma)**

<b>Fiscal Year Ended 6/30</b>	<b>Principal Payments</b>	<b>Interest Payments</b>	<b>Total Debt Service</b>	<b>This Issue The Bonds</b>	<b>Total Principal</b>	<b>Cumulative Principal Retired %</b>
2018 <sup>1</sup>	\$ 1,200,378	\$ 205,163	\$ 1,405,541	\$ -	\$ 1,200,378	1.04%
2019	9,935,718	3,419,212	13,354,930	-	9,935,718	9.63%
2020	9,877,911	3,061,967	12,939,878	615,000	10,492,911	18.69%
2021	9,090,262	2,690,519	11,780,781	615,000	9,705,262	27.08%
2022	8,097,772	2,335,803	10,433,575	615,000	8,712,772	34.61%
2023	7,605,444	2,018,249	9,623,693	615,000	8,220,444	41.72%
2024	7,613,282	1,730,485	9,343,767	615,000	8,228,282	48.83%
2025	6,921,292	1,503,064	8,424,356	515,000	7,436,292	55.26%
2026	6,744,475	1,335,650	8,080,125	515,000	7,259,475	61.53%
2027	5,935,749	1,173,900	7,109,649	515,000	6,450,749	67.11%
2028	5,734,921	1,010,479	6,745,400	520,000	6,254,921	72.52%
2029	5,457,151	850,115	6,307,266	525,000	5,982,151	77.69%
2030	4,750,905	711,359	5,462,264	350,000	5,100,905	82.10%
2031	3,991,932	563,004	4,554,936	350,000	4,341,932	85.85%
2032	3,441,423	437,063	3,878,486	350,000	3,791,423	89.13%
2033	3,446,008	324,179	3,770,187	350,000	3,796,008	92.41%
2034	3,440,683	211,203	3,651,886	350,000	3,790,683	95.68%
2035	2,270,454	98,532	2,368,986	350,000	2,620,454	97.95%
2036	1,095,320	32,767	1,128,087	350,000	1,445,320	99.20%
2037	229,237	2,300	231,537	350,000	579,237	99.70%
2038	-	-	-	350,000	350,000	100.00%
<b>Total.....</b>	<b>\$ 106,880,317</b>	<b>\$ 23,715,013</b>	<b>\$ 130,595,330</b>	<b>\$ 8,815,000</b>	<b>\$ 115,695,317</b>	

<sup>1</sup> Excludes principal payments of \$8,937,299 and interest payments of \$3,522,669 made between July 1, 2017 and April 30, 2018.

**Overlapping/Underlying Debt**

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

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

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**Debt Statement**  
**As of April 30, 2018**  
**(Pro Forma)**

**Long-Term Debt Outstanding:**

General Purpose (Includes this issue).....	\$ 32,323,100
Schools (Includes this issue).....	53,576,000
Sewers .....	17,048,495
Water .....	12,747,722
<b>Total Long-Term Debt.....</b>	<b>115,695,317</b>
<b>Short-Term Debt</b> (This Issue Notes due: 4/29/19).....	<b>16,000,000</b>
<b>Direct Debt.....</b>	<b>131,695,317</b>
<b>Underlying Debt.....</b>	<b>-</b>
<b>Total Overall Debt.....</b>	<b>131,695,317</b>
Less: School Construction Grants Receivable (As of June 30, 2017) ....	-
Self Supporting Water Debt (Long-Term and Short-Term).....	(12,747,722)
Sewer Fund Debt (As of June 30, 2017).....	(583,000)
Sewer Assessment Debt (As of June 30, 2017).....	(2,217,000)
<b>Total Overall Net Debt.....</b>	<b>\$ 116,147,595</b>

**Current Debt Ratios**  
**As of April 30, 2018**  
**(Pro Forma)**

Population (2016) <sup>1</sup> .....	43,675
Net Taxable Grand List (10/1/17) .....	\$ 4,008,941,035
Estimated Full Value (70%).....	\$ 5,727,058,621
Equalized Grand List (10/1/15) <sup>2</sup> .....	\$ 5,582,080,126
Money Income per Capita (2010) <sup>1</sup> .....	\$ 36,053
Money Income per Capita (2016) <sup>1</sup> .....	\$ 40,761

	<b>Total Overall Debt</b>	<b>Total Overall Net Debt</b>
Per Capita.....	\$ 3,015.35	\$ 2,659.36
Ratio to Net Taxable Grand List.....	3.29%	2.90%
Ratio to Estimated Full Value.....	2.30%	2.03%
Ratio to Equalized Grand List.....	2.36%	2.08%
Debt per Capita to Money Income per Capita (2016)....	7.40%	6.52%
Debt per Capita to Money Income per Capita (2010)....	8.36%	7.38%

<sup>1</sup> American Community Survey 2012-2016

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



## ***Bond Authorization***

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

## ***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 Connecticut General Statutes Section 12-129d and 7-528. In no case shall total indebtedness exceed seven times the base.

The Connecticut General Statutes 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.

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**Statement of Debt Limitation**  
**As of April 30, 2018**  
**(Pro Forma)**

Total Tax Collections (including interest and lien fees) received by the Treasurer for the year ended June 30, 2017 .....	\$ 117,415,000
Reimbursement For Revenue Loss (Tax relief for elderly).....	-
<b>Base for Debt Limitation Computation.....</b>	<b>\$ 117,415,000</b>

	<b>General Purpose</b>	<b>Schools</b>	<b>Sewers</b>	<b>Urban Renewal</b>	<b>Unfunded Pension</b>
<b>Debt Limitation:</b>					
2 1/4 times base.....	\$264,183,750	-	-	-	-
4 1/2 times base.....	-	\$528,367,500	-	-	-
3 3/4 times base.....	-	-	\$440,306,250	-	-
3 1/4 times base.....	-	-	-	\$381,598,750	-
3 times base.....	-	-	-	-	\$ 352,245,000
<b>Total Debt Limitation.....</b>	<b>\$264,183,750</b>	<b>\$528,367,500</b>	<b>\$440,306,250</b>	<b>\$381,598,750</b>	<b>\$ 352,245,000</b>

<b>Indebtedness:</b>					
Bonds Outstanding <sup>1</sup> .....	23,808,100	53,276,000	17,048,495 <sup>2</sup>	-	-
Bonds – This Issue.....	8,515,000	300,000	-	-	-
Notes – This Issue.....	-	3,985,000	12,015,000	-	-
Debt Authorized But Unissued <sup>3</sup> .....	4,865,166	6,401,245	46,295,000	-	-
<b>Total Indebtedness.....</b>	<b>37,188,266</b>	<b>63,962,245</b>	<b>75,358,495</b>	<b>-</b>	<b>-</b>
Less:					
State School Grants Receivable.....	-	-	-	-	-
Self-Supporting Sewer Fund Debt.....	-	-	(583,000)	-	-
Sewer Assessment Debt.....	-	-	(2,217,000)	-	-
<b>Total Net Indebtedness.....</b>	<b>37,188,266</b>	<b>63,962,245</b>	<b>72,558,495</b>	<b>-</b>	<b>-</b>
<b>DEBT LIMITATION IN EXCESS OF OUTSTANDING INDEBTEDNESS.....</b>	<b>\$226,995,484</b>	<b>\$ 464,405,255</b>	<b>\$ 367,747,755</b>	<b>\$381,598,750</b>	<b>\$ 352,245,000</b>

<sup>1</sup> Excludes \$12,747,722 of outstanding self-supporting water bonds.

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

<sup>3</sup> Excludes \$3,866,310 of authorized but unissued water debt.

Note: In no case shall total indebtedness exceed seven times annual receipts from taxation or \$821,905,000

**Authorized but Unissued Debt**  
**As of April 30, 2018**  
**(Pro Forma)**

Project	Amount Authorized	Previously Bonded/ CWF Loan	Appropriations, Transfers & Grants Received	Maturing Notes Due: 4/30/18	New Money/ (Paydowns)	This Issue:		Authorized but Unissued
						The Notes Due: 4/29/19	The Bonds:	
Schoolwide Asbestos Abatement .....	\$ 323,298	\$ 153,000	\$ 170,000	\$ -	\$ -	\$ -	\$ -	\$ 298
Plantville Elementary School Renov. Imp. & Add. ....	15,825,000	8,200,000	6,600,849	-	-	-	-	1,024,151
New South End Elementary School .....	16,860,000	9,502,000	6,176,839	-	-	-	-	1,181,161
High School Atrium Roof Replacement .....	407,000	-	-	-	300,000	-	300,000	107,000
2011 School Renov., Add., & Improvements .....	89,725,000	42,000,000	39,636,365	4,000,000	(15,000)	3,985,000	-	4,088,635
Open Space Acquisition '03 .....	2,000,000	1,700,000	85,000	-	215,000	-	215,000	-
Land Acquisition .....	2,000,000	1,000,000	-	-	400,000	-	400,000	600,000
Senior Center Facility .....	9,400,000	-	4,628,000	-	3,500,000	-	3,500,000	1,272,000
Road and Bridge Improvements (2012) .....	11,000,000	9,800,000	766,834	-	400,000	-	400,000	33,166
Road and Bridge Improvements (2014) .....	11,000,000	4,200,000	-	-	4,000,000	-	4,000,000	2,800,000
Highway Garage Roof Replacement .....	670,000	510,000	-	-	-	-	-	160,000
WPCF Facilities Upgrade-Engineering.....	960,000	-	-	-	-	-	-	960,000
WPCF Facilities Upgrade.....	57,100,000	-	-	4,000,000	8,015,000	12,015,000	-	45,085,000
South End Pump Station .....	900,000	650,000	-	-	-	-	-	250,000
Design & Construction of East Side Pressure Zone ...	5,775,000	4,073,690	-	-	-	-	-	1,701,310
Storage Tank, Pump Station & Water Mains .....	615,000	-	-	-	-	-	-	615,000
Back-up Well (2A) for Well #2 .....	1,550,000	-	-	-	-	-	-	1,550,000
<b>Total .....</b>	<b>\$ 226,110,298</b>	<b>\$ 81,788,690</b>	<b>\$ 58,063,887</b>	<b>\$ 8,000,000</b>	<b>\$ 16,815,000</b>	<b>\$ 16,000,000</b>	<b>\$ 8,815,000</b>	<b>\$ 61,427,721</b>

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

<b>Long-Term Debt</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
Bonds.....	\$ 94,775	\$102,354	\$ 90,860	\$ 69,295	\$ 51,054
CWF .....	7,389	7,958	8,526	9,094	9,662
<b>Sub-Total Long-Term Debt...</b>	<b>102,164</b>	<b>110,312</b>	<b>99,386</b>	<b>78,389</b>	<b>60,716</b>
<b>Short-Term Debt</b>					
Bond Anticipation Notes.....	8,000	6,000	12,000	20,000	-
CWF IFO.....	-	-	-	-	-
<b>Sub-Total Short-Term Debt..</b>	<b>8,000</b>	<b>6,000</b>	<b>12,000</b>	<b>20,000</b>	<b>-</b>
<b>Grand Total.....</b>	<b>\$ 110,164</b>	<b>\$116,312</b>	<b>\$111,386</b>	<b>\$ 98,389</b>	<b>\$ 60,716</b>

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

Source: Town of Southington Audited Financial Reports.

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

<b>Fiscal Year Ended 6/30</b>	<b>Net Assessed Value</b>	<b>Estimated Full Value</b>	<b>Net Long-Term Debt <sup>1</sup></b>	<b>Ratio of Net Long-Term Debt to Assessed Value (%)</b>	<b>Ratio of Net Long-Term Debt to Estimated Full Value (%)</b>	<b>Population <sup>2</sup></b>	<b>Net Long-Term Debt per Capita</b>	<b>Ratio of Net Long-Term Debt per Capita to Per Capita Income <sup>3</sup></b>
2017	\$3,945,816,817	\$ 5,636,881,167	\$ 94,775,000	2.40%	1.68%	43,675	2,170.01	5.32%
2016	3,902,110,054	5,574,442,934	102,354,000	2.62%	1.84%	43,675	2,343.54	5.75%
2015	3,828,716,963	5,469,595,661	90,860,000	2.37%	1.66%	43,675	2,080.37	5.10%
2014	3,773,777,166	5,391,110,237	69,295,000	1.84%	1.29%	43,675	1,586.61	3.89%
2013	3,731,644,512	5,330,920,731	51,054,000	1.37%	0.96%	43,675	1,168.95	2.87%
2012	3,714,867,214	5,306,953,163	56,410,000	1.52%	1.06%	43,675	1,291.59	3.17%
2011	4,063,217,317	5,804,596,167	61,665,000	1.52%	1.06%	43,675	1,411.91	3.46%
2010	4,016,169,429	5,737,384,899	55,166,000	1.37%	0.96%	43,675	1,263.10	3.10%

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

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

<sup>3</sup> American Community Survey (2012-2016), Money Income Per Capita \$40,761.

Source: Town of Southington Audited Financial Reports.

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

<b>Fiscal Year Ended 6/30</b>	<b>Principal</b>	<b>Interest</b>	<b>Total Debt Service</b>	<b>Total General Fund Expenditures <sup>1</sup></b>	<b>Ratio of Total Debt Service To General Fund Expenditures</b>
2017	\$ 6,191,419	\$ 2,565,459	\$ 8,756,878	\$ 159,552,000	5.49%
2016	5,431,988	2,239,657	7,671,645	149,232,000	5.14%
2015	5,732,791	2,616,890	8,349,681	159,331,000	5.24%
2014	5,032,305	1,940,702	6,973,007	140,540,000	4.96%
2013	5,839,337	2,148,607	7,987,944	135,501,000	5.90%
2012	6,092,768	2,268,503	8,361,271	133,934,000	6.24%
2011	5,030,434	2,026,354	7,056,788	128,909,000	5.47%
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%

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

Source: Town of Southington Finance Department.

## **VI. Financial Administration**

### **Fiscal Year**

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

### **Basis of Accounting**

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

### **Budget Procedure**

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

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

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

### **Capital Improvement Plan - Summary**

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

<b>Project</b>	<b>Fiscal 2017-18</b>	<b>Fiscal 2018-19</b>	<b>Fiscal 2019-20</b>	<b>Fiscal 2020-21</b>	<b>Fiscal 2021-22</b>	<b>Total</b>
Town.....	\$ 3,004,889	\$ 13,865,725	\$ 4,126,900	\$ 3,154,700	\$ 2,769,100	\$ 26,921,314
Waste Pollution Control Dept....	28,274,500	28,644,500	980,000	-	-	57,899,000
Board of Education.....	2,500,000	735,166	3,988,281	2,309,069	1,486,219	11,018,735
<b>Total .....</b>	<b>\$ 33,779,389</b>	<b>\$ 43,245,391</b>	<b>\$ 9,095,181</b>	<b>\$ 5,463,769</b>	<b>\$ 4,255,319</b>	<b>\$ 95,839,049</b>

<b>Funding Sources</b>	<b>Fiscal 2017-18</b>	<b>Fiscal 2018-19</b>	<b>Fiscal 2019-20</b>	<b>Fiscal 2020-21</b>	<b>Fiscal 2021-22</b>	<b>Total</b>
G.F. Appropriations - BOE.....	\$ -	\$ 735,166	\$ -	\$ 251,732	\$ 529,574	\$ 1,516,472
G.F. Appropriations - Town .....	1,240,100	1,499,125	1,436,900	1,244,700	999,100	6,419,925
Bond/Note Proceeds.....	30,824,500	26,337,350	7,128,281	3,437,337	2,196,645	69,924,113
Grants.....	629,789	14,673,750	530,000	530,000	530,000	16,893,539
Use of Fund Balance.....	1,085,000					1,085,000
<b>Total Funding Sources.....</b>	<b>\$ 33,779,389</b>	<b>\$ 43,245,391</b>	<b>\$ 9,095,181</b>	<b>\$ 5,463,769</b>	<b>\$ 4,255,319</b>	<b>\$ 95,839,049</b>

## **Audit**

The Town, pursuant to local ordinance and provisions of the Connecticut General Statutes, is required to undergo an annual audit by an independent public accountant. The auditor is required to conduct the audit under the guidelines outlined by the State of Connecticut Office of Policy and Management, which also receives a copy of the audit report. For the fiscal year ended June 30, 2017, 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 for fiscal year 2018 is 11.74%, and the rate for the year ending June 30, 2017 was 11.38% of annual covered payroll. The Town’s MERF contribution (rounded) for the fiscal years June 30, 2017 was \$4,836,000, and June 30, 2016 was \$4,776,000; and the budgeted amount for the fiscal year ending June 30, 2018 is \$4,480,000; all of which are equal to the required contributions for that year.

### *Teachers’ Retirement*

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

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

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

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

GASB Statement 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, 2017, the Town has not established a trust fund to segregate assets to fund the liability associated with these benefits. As of June 30, 2017, the Net OPEB Obligation is \$12,469,000.

<b>Fiscal Year Ended</b>	<b>Annual OPEB Cost (AOC) (000s)</b>	<b>Actual Contribution (000s)</b>	<b>Percentage of AOC Contributed</b>	<b>Net OPEB Obligation (000s)</b>
6/30/2014	\$ 2,766	\$ 1,535	55.5%	\$ 8,411
6/30/2015	2,730	1,444	52.9%	9,697
6/30/2016	2,748	1,131	41.2%	11,314
6/30/2017	2,767	1,612	58.3%	12,469

Source: Finance Department

#### Schedule of Funding Progress

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets</b>	<b>Actuarial Accrued Liability (“AAL”)</b>	<b>Funded Ratio</b>	<b>Covered Payroll</b>	<b>UAAL as a % of Covered Payroll</b>
7/1/2009	\$ -	\$ 37,666	-	\$ 58,386	64.51%
7/1/2011	-	33,693	-	60,233	55.94%
7/1/2013	-	34,262	-	61,069	56.10%
7/1/2015	-	39,963	-	64,672	61.79%

#### Schedule of Employer Contributions

<b>Fiscal Year Ended</b>	<b>Annual Required Contribution (000s)</b>	<b>Actual Contribution (000s)</b>	<b>Percentage Contributed</b>
6/30/2014	\$ 2,852	\$ 1,535	53.8%
6/30/2015	2,831	1,444	51.0%
6/30/2016	2,864	1,131	39.5%
6/30/2017	2,944	1,612	54.8%
6/30/2018 <sup>1</sup>	2,965	1,485	50.1%

<sup>1</sup> Estimated amount and subject to audit

Source: Finance Department

## ***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 short term operating funds and capital funds are currently invested in money markets with Connecticut banks.

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

	<b>Adopted Budget <sup>1</sup></b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>
<b>Revenues:</b>	<b>2017-18</b>	<b>2016-17</b>	<b>2015-16</b>	<b>2014-15</b>	<b>2013-14</b>	<b>2012-13</b>
Property Taxes .....	\$ 120,211	\$ 117,338	\$ 111,979	\$ 108,052	\$ 103,597	\$ 102,129
Intergovernmental .....	17,612	40,266	33,321	31,392	33,581	31,920
Income on Investments.....	368	561	491	308	294	218
Other (including Charges for Services) .....	3,016	3,773	4,316	4,348	3,924	4,066
<b>Total Revenues .....</b>	<b>141,207</b>	<b>161,938</b>	<b>150,107</b>	<b>144,100</b>	<b>141,396</b>	<b>138,333</b>
<b>Expenditures:</b>						
General government .....	4,662	4,203	4,545	4,090	3,807	3,647
Public Safety .....	13,052	12,776	12,278	12,287	11,875	11,870
Public Works .....	5,968	5,144	4,693	5,393	5,005	4,519
Health and Welfare .....	683	662	643	691	716	698
Human Services .....	945	891	876	875	860	899
Parks & Recreation .....	481	1,569	1,917	1,510	1,412	1,473
Public Library .....	1,570	1,515	1,517	1,461	1,459	1,420
Planning and Development .....	1,180	1,027	1,037	1,009	916	799
Miscellaneous .....	260	80	-	-	1	14
Employee Fringe Benefits .....	9,219	10,160	9,519	9,345	8,829	8,497
Education .....	87,416	109,312	99,479	95,625	95,632	91,796
Debt Service .....	10,795	9,480	8,405	7,872	6,518	7,838
Capital Outlays .....	2,830	106	493	12,730	-	-
Contingencies.....	4,335	-	-	-	-	-
<b>Total Expenditures .....</b>	<b>143,396</b>	<b>156,925</b>	<b>145,402</b>	<b>152,888</b>	<b>137,030</b>	<b>133,470</b>
Revenues over (under) expenditures .....	(2,189)	5,013	4,705	(8,788)	4,366	4,863
<b>Other Financing Sources Uses:</b>						
Refunding Bonds Issued.....	-	-	-	-	-	6,915
Payment to Refunded Bond Escrow Agent.....	-	-	-	-	-	(7,277)
Premium on Bonds.....	-	-	-	-	-	468
Issuance of Capital Leases.....	-	106	493	12,730	720	246
Operating Transfers In .....	-	-	40	77	69	38
Operating Transfers (Out) .....	-	(2,627)	(3,830)	(6,443)	(3,510)	(2,031)
<b>Total other Financing Sources (uses) .....</b>	<b>-</b>	<b>(2,521)</b>	<b>(3,297)</b>	<b>6,364</b>	<b>(2,721)</b>	<b>(1,641)</b>
<b>Revenues and other financing sources over (under) expenditures and other financing (uses) .....</b>	<b>\$ (2,189)</b>	<b>\$ 2,492</b>	<b>\$ 1,408</b>	<b>\$ (2,424)</b>	<b>\$ 1,645</b>	<b>\$ 3,222</b>

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

## **Municipal General Budget Expenditures Cap**

Connecticut General Statutes Section 4-661 creates a cap on adopted general budget expenditures for municipalities in Connecticut in order for municipalities to be eligible to receive the full amount of the State's municipal revenue sharing grant. Beginning in fiscal year ending June 30, 2018, and in each fiscal year thereafter, the Office of Policy and Management ("OPM") must reduce the municipal revenue sharing grant amount for those municipalities whose adopted general budget expenditures (with certain exceptions including but not limited to debt service, special education, implementation of court orders or arbitration awards, budgeting for an audited deficit, nonrecurring grants, capital expenditures of \$100,000 or more, or payments on unfunded pension liabilities, and certain major disaster or emergency expenditures) exceeds the spending limits specified in the statute. For each applicable fiscal year, OPM must determine the municipality's percentage growth in general budget expenditures over the prior fiscal year and reduce the grant if the growth rate is equal to or greater than 2.5% or the inflation rate, whichever is greater, each of those amounts adjusted by an amount proportionate to any increase in the municipality's population from the previous fiscal year. The reduction is generally equal to 50 cents for every dollar the municipality spends over this cap. Each municipality must annually certify to the Secretary of the OPM whether such municipality has exceeded the cap set forth in the statute and if so the amount by which the cap was exceeded. The 2017-2019 biennium budget legislation does not provide funding for the municipal revenue sharing grant in the fiscal years ending June 30, 2018 and June 30, 2019, but provides that such funding will resume following July 1, 2019.

### **Analysis of General Fund Balance**

	<b>Adopted</b>					
	<b>Budget <sup>1</sup></b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>
	<b>2017-18</b>	<b>2016-17</b>	<b>2015-16</b>	<b>2014-15</b>	<b>2013-14</b>	<b>2012-13</b>
Nonspendable.....	N/A	\$ 36	\$ 33	\$ 56	\$ 64	\$ 71
Committed.....	N/A	67	146	-	-	-
Assigned.....	N/A	2,764	598	1,250	5,252	1,328
Unassigned.....	N/A	20,140	19,738	17,801	16,215	18,487
<b>Total Fund Balance.....</b>	N/A	\$ 23,007	\$ 20,515	\$ 19,107	\$ 21,531	\$ 19,886

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

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## **VII. Legal And Other Information**

### ***Litigation***

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

### ***Documents Furnished At Delivery***

The original purchaser(s) will be furnished the following documents when the Bonds and the Notes are delivered:

1. Signature and No Litigation Certificates stating that at the time of delivery no litigation is pending or threatened affecting the validity of the Bonds or the Notes or the levy or collection of taxes to pay them.
2. A certificate on behalf of the Town, signed by the Town Manager, the Town Treasurer, and the Director of Finance which will be dated the date of delivery and 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 bids were awarded for the Bonds and the Notes, 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. Receipts for the purchase price of the Bonds and the Notes.
4. The approving opinion of Day Pitney LLP, Bond Counsel, of Hartford, Connecticut.
5. Executed Continuing Disclosure Agreements for the Bonds and the Notes in substantially the forms attached hereto as Appendices C-1 and C-2 to this Official Statement.
6. The Town of Southington has prepared an Official Statement for the Bonds and the Notes which is dated April 11, 2018. 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, and of the Notes five (5) 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 municipal advisor is provided with the necessary information from the winning purchaser by noon of the day following the day bids on the Bonds and the Notes 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 purchasers shall arrange with the municipal advisor the method of delivery of the copies of the Official Statement to the purchasers.

A record of the proceedings taken by the Town in authorizing the Bonds and the Notes 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/ *Mark Sciota*

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Mark Sciota, *Town Manager*

By: /s/ *Emilia Portelinha*

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Emilia Portelinha, *Director of Finance*

By: /s/ *Joyce Williams*

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Joyce Williams, *Treasurer*

Dated: April 11, 2018

## ***Appendix A***

### ***2017 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, 2017. The supplemental data that was a part of that report has not been reproduced herein. A copy of the complete report is available upon request from Matthew A. Spoerndle, Senior Managing Director, Phoenix Advisors, 53 River Street, Suite 1, Milford, Connecticut 06460. Telephone (203) 878-4945.

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Accounting | Tax | Business Consulting

## **Independent Auditors' Report**

To the Board of Finance  
Town of Southington, Connecticut

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the Town of Southington, Connecticut, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Town of Southington, Connecticut's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditors' Responsibility***

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

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

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

## ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Southington, Connecticut, as of June 30, 2017 and the respective changes in financial position and, where applicable, cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Other Matters***

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

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

### ***Other Information***

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

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

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



We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of the Town of Southington, Connecticut, as of and for the year ended June 30, 2016 (not presented herein), and have issued our report thereon dated December 23, 2016, which contained unmodified opinions on the respective financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information. The accompanying General Fund balance sheet as of June 30, 2016 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the 2016 financial statements. The accompanying General Fund balance sheet has been subjected to the auditing procedures applied in the audit of the 2016 basic financial statements and certain additional procedures including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those financial statements or to those financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the General Fund balance sheet is fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended June 30, 2016.

#### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2017 on our consideration of the Town of Southington, Connecticut's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Southington, Connecticut's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Southington, Connecticut's internal control over financial reporting and compliance.

*Blum, Shapiro & Company, P.C.*

West Hartford, Connecticut  
December 21, 2017

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

As management of the Town of Southington, Connecticut (the Town) we offer readers of the financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2017. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, as well as the Town's basic financial statements that follow this section.

**Financial Highlights**

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

**Overview of the Financial Statements**

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

**Government-Wide Financial Statements**

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

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

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

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

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

### **Fund Financial Statements**

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

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

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

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

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

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

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

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

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

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

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

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

Certain required supplementary information is reported concerning the Town's progress in funding its obligations to provide pension benefits and other post-employment benefits to its employees. This information can be found on pages 73 through 76 of this report.

## Government-Wide Financial Analysis

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

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

**TABLE 1**  
**NET POSITION**  
**In Thousands**

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

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

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

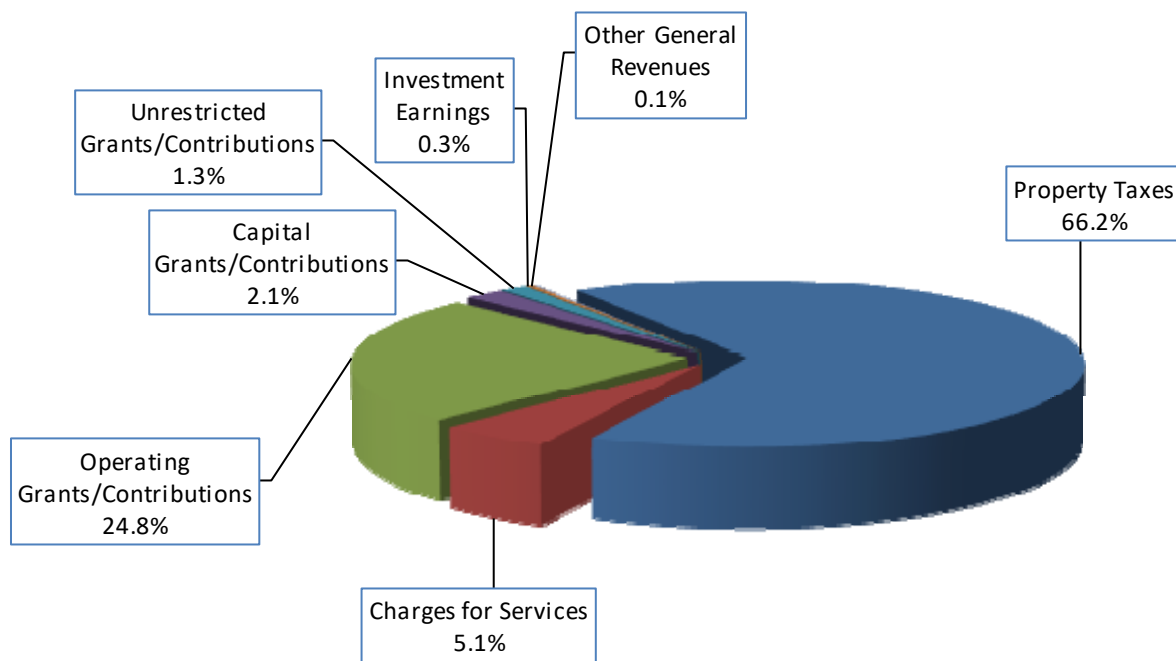
	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Totals</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
Revenues:						
Program revenues:						
Charges for services	\$ 9,063	\$ 9,996	\$ 5,913	\$ 5,708	\$ 14,976	\$ 15,704
Operating grants and contributions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

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

## **Governmental Activities**

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

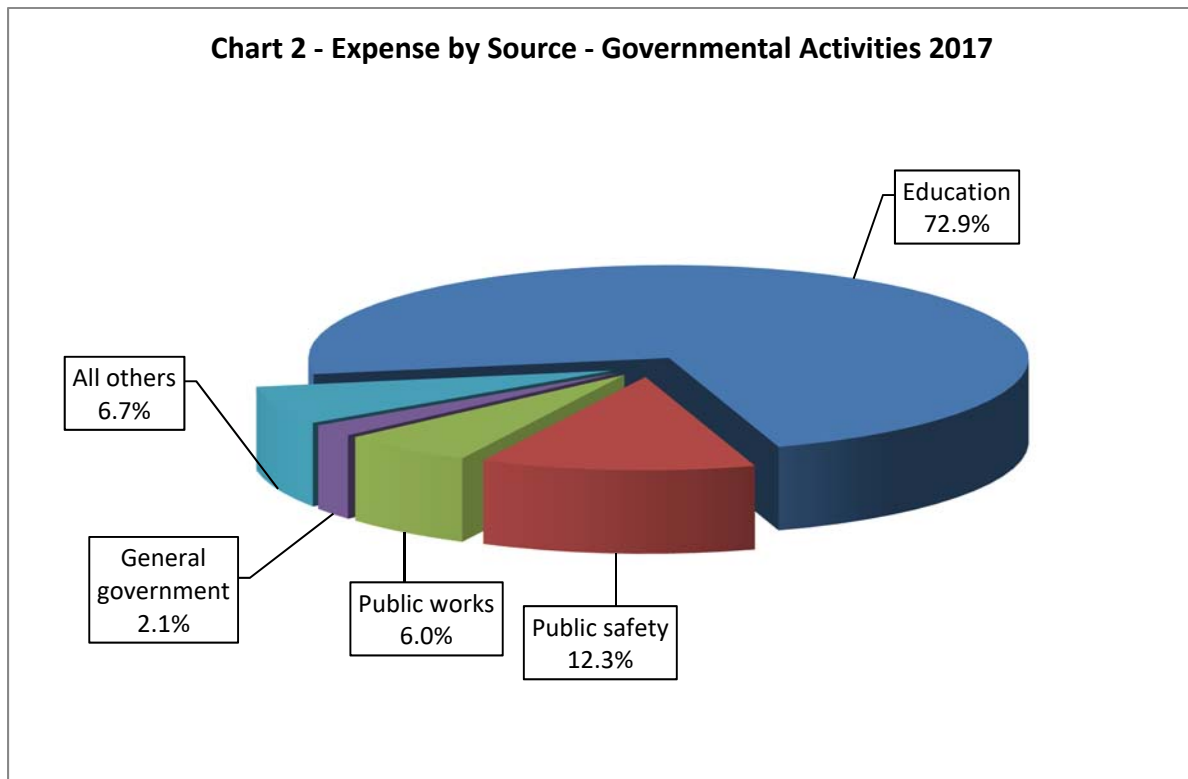
**Chart 1 - Revenues by Source - Governmental Activities 2017**



Major revenue factors include:

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

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

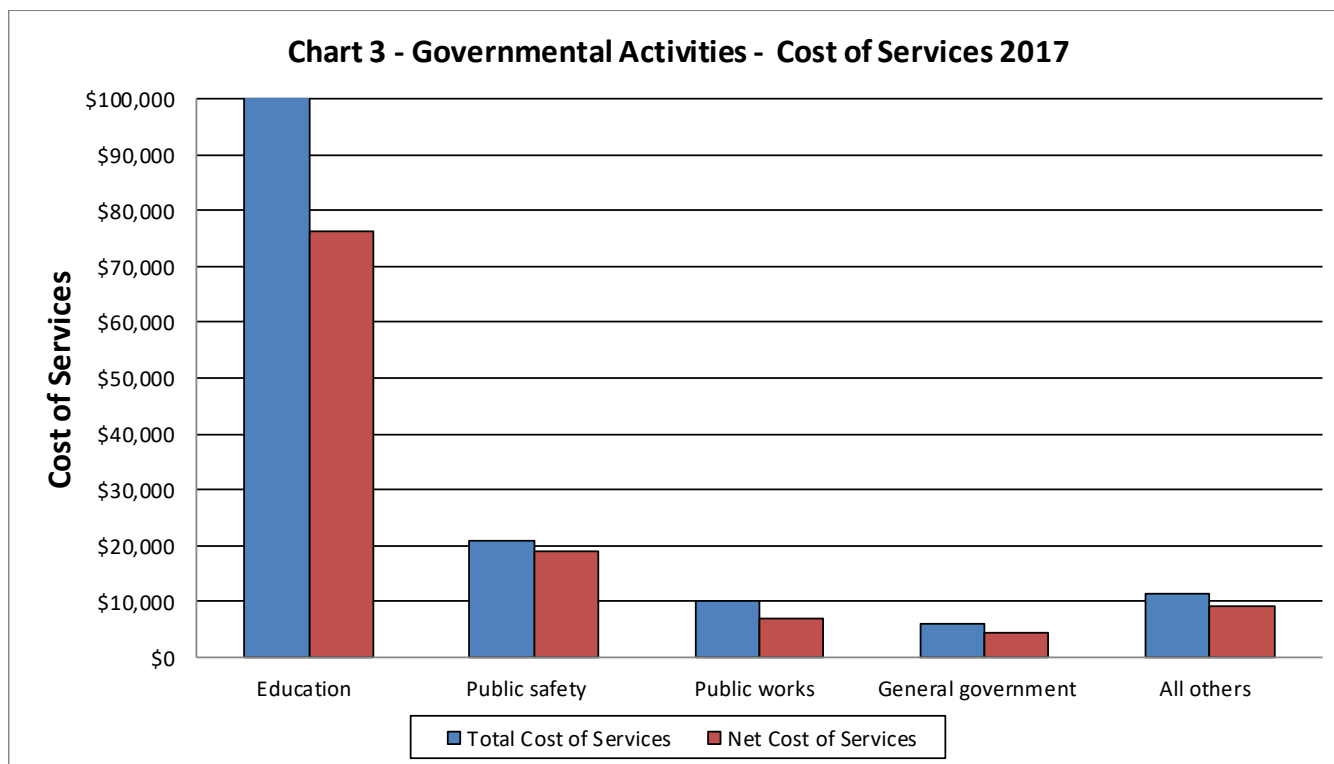


Major expense factors include:

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

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





### **Business-Type Activities**

Business-type activities (see Table 2) increased the Town's net position by \$1.6 million primarily due to a \$3.0 million decrease in the capital assets paid for and transferred from the Governmental Activities in fiscal year 2017, which is now reflected on Table 2 as a Capital contribution to the Business - Type Activities.

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

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

### **Governmental Funds**

The focus of the Town's governmental funds is to provide information on the near-term inflows, outflows and balances of expendable resources. Such information is useful in assessing the Town's financing requirements.

As of June 30, 2017, the Town's governmental funds reported combined ending fund balances of \$30.5 million, a decrease of \$5.2 million from last year's fund balance of \$35.7 million.

### **General Fund**

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

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

- Property tax revenues exceeded budget estimates by approximately \$1.7 million. This was a Revaluation year when higher tax appeals and a slower collection rate were projected. The surplus is due to an increased collection rate, brought on by a Tax Sale and the successful efforts of the Town to collect on delinquent taxes.
- Several departments had aggregate cost savings creating the \$1.4 million expenditure under budget. Of this amount, \$575 thousand was assigned to fiscal year 2018 for purchases on order.

### Capital Projects

The Capital Projects Fund is used to account for financial resources to be used for the acquisition or construction of major capital projects. The major sources of revenues for this fund are capital grants and the proceeds from the issuance of general obligation bonds. As of June 30, 2017, the fund balance in the Capital Projects Fund decreased by \$6.4 million to a deficit of \$900 thousand. During the fiscal year \$11.2 million was expended for asset acquisition and improvements, mostly for the new Senior Center, bridge and road improvements, school renovations and various other projects. The Town received intergovernmental grants of \$2.9 million, and transferred \$2.3 million in from the General Fund to fund these projects.

### Proprietary Funds

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

Net position of the Sewer Fund at year-end totaled \$54.4 million. Unrestricted net position was \$5.8 million, an increase of \$1.5 million. The Sewer Fund experienced a gain of \$1.6 million mostly due to the \$1.7 million of capital assets contributed from the Capital Fund.

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

## **General Fund Budgetary Highlights**

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

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

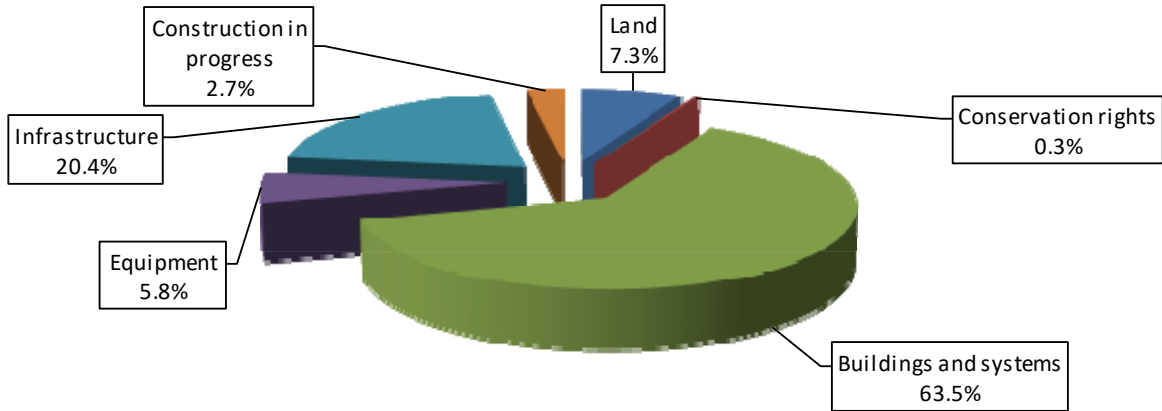
## **Capital Assets and Debt Administration**

**Capital Assets.** The Town's investment in capital assets for its governmental and business-type activities as of June 30, 2017 totaled to \$335.2 million, net of accumulated depreciation. This investment in capital assets includes land, conservation rights, buildings, vehicles and equipment, roads and sewer lines. This amount represents a net decrease (including additions and deductions) of \$1.3 million or a 0.4% decrease from last year.

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

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

**Chart 4 - Capital Assets - June 30, 2017**



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

**Governmental Activities:**

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

**Business-Type Activities:**

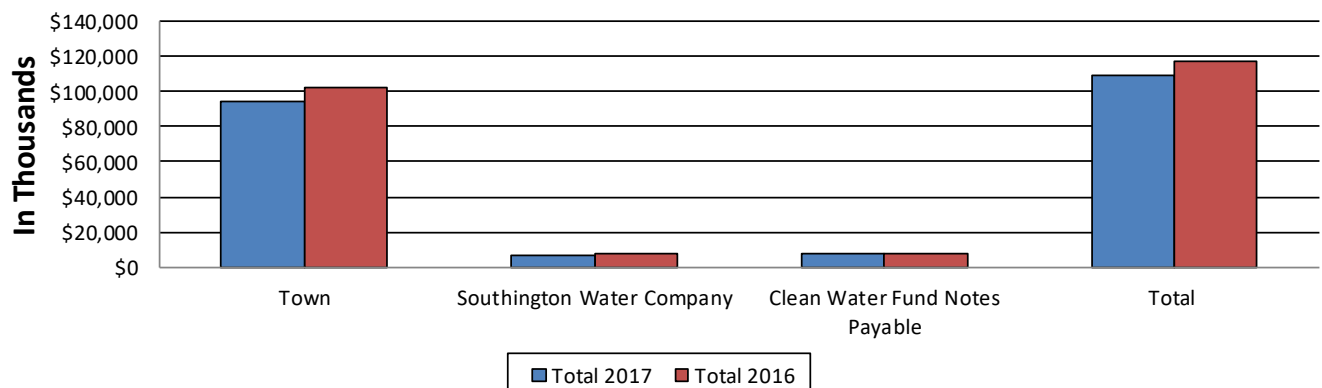
- WPC Upgrade and Renovation design costs of \$1.3 million
- Concluding construction of the WPC Sludge / Odor Control System for \$333 thousand.

The Town's fiscal year 2017 - 2018 Capital Budget includes another \$2.8 million for the following capital projects: Park Improvements, Highway Dump Truck and Front End Loader, Public Safety Radio System, Balance on Fire Pumper Truck (17) and additional Pumper Truck (18), Underground Tanks Removal and Replacement, and Road and Sidewalk Projects.

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

**Long-Term Debt.** At the end of the current fiscal year, the Town had total outstanding long-term debt of \$108.8, of which total Town bonded debt outstanding was \$94.8 million. All the bonded debt is backed by the full faith and credit of the Town government.

**Chart 5 - Outstanding Debt - 2017 vs 2016**



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

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

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

In January 2016, Standard and Poor's Rating Agency reaffirmed Southington's rating at AA+/Stable Outlook. Within the report, S&P referenced the Towns "Strong management conditions...with good financial policies and practices", "Strong budget flexibility", "Very strong economy" and "Very strong liquidity" among the factors influencing the Town's high credit rating. The "AA+" rating is only one notch away from the highest bond rating (AAA) awarded by S&P.

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

The overall statutory limit for the Town is equal to 7 times annual receipts from taxation, or \$821.9 million. As of June 30, 2017, the Town recorded long-term debt of \$159.0 million, well below the statutory debt limits.

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

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

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

The Town's unemployment rate at June 30, 2017 was 4.3%, a .7% decrease from the same time last year. The Town's unemployment rate compares favorably to the 5.0% for the State of Connecticut and the 4.4% national rate.

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

As previously stated, the General Fund total fund balance increased from \$20.5 million at June 30, 2016 to \$23.0 million at June 30, 2017. Of this \$23.0 million General Fund balance, \$36 thousand was nonspendable due to form (inventory accounts), \$67 thousand was committed for Farm Heritage start-up costs, \$575 was assigned for purchases on order, and \$2.2 million was assigned for subsequent year's appropriations, leaving an unassigned fund balance of \$20.1 million in the General Fund at June 30, 2017. The Town feels that the \$20.1 million in the unassigned fund balance places the Town in a strong position to withstand unexpected events. Although all the Municipalities in the State, including the Town of Southington, are facing major budgetary challenges due to the State's massive deficit projections and unknown municipal grant cutbacks.

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

Costs of the Town's business-type activities, accounted for in the Sewer Operating Fund, are expected to remain at \$5.5 million for fiscal year 2017 - 2018. After the sewer rate changes of July 2014, the fund is generating sufficient revenue to cover the expenditures of the fund, so the sewer fixed rates remained unchanged.

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

Town residents approved the \$57.1 million dollar Bond Ordinance for Water Pollution Control Facility Upgrade at referendum on November 2016.

### **Requests for Information**

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

## **Basic Financial Statements**

**TOWN OF SOUTHTON, CONNECTICUT**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2017**  
**(In Thousands)**

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

The accompanying notes are an integral part of the financial statements



**TOWN OF SOUTHTON, CONNECTICUT**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2017**  
(In Thousands)

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

The accompanying notes are an integral part of the financial statements

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

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

(Continued on next page)

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

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

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

Fund balances - total governmental funds	\$ 30,534
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:

Governmental capital assets	\$ 419,344	
Less accumulated depreciation	<u>(132,493)</u>	
Net capital assets		286,851

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

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

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

5,540

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

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

Net Position of Governmental Activities (Exhibit I)	<u><u>\$ 178,032</u></u>
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The accompanying notes are an integral part of the financial statements

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

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

(Continued on next page)

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

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

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

Net change in fund balances - total governmental funds (Exhibit IV)	\$ (5,187)
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Governmental funds report capital outlays as expenditures. In the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:

Capital outlay	11,392
Depreciation expense	(12,680)

The statement of activities reports losses arising from the trade-in of existing capital assets to acquire new capital assets. Conversely governmental funds do not report any gain or loss on a trade-in of capital assets.	(13)
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds, and revenues recognized in the funds are not reported in the statement of activities:

Long term receivable receipts	(640)
Property tax receivable - accrual basis change	(234)
Property tax interest and lien revenue - accrual basis change	(216)
Sewer assessment receivable-accrual basis change	(93)
Sewer assessment interest and lien revenue - accrual basis change	2
Changes to deferred outflows related to projected investment returns	6,423
Change in deferred outflows related to contributions made subsequent to the measurement date	309
Change in deferred outflows related to experience	2,619
Change in deferred outflows related to proportionate share	48

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

Bond principal payments	8,219
Note principal payments	568
Issuance of capital leases	(106)
Capital lease principal payments	1,026
Accrued interest	173
Amortization of prior service costs	3
Amortization of deferred charge on refunding	(43)
Amortization of bond premiums	365

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

Compensated absences	(20)
Net pension liability	(7,351)
OPEB obligation	(1,155)
Heart and hypertension	179
Landfill post closure care and settlement	27
Changes to deferred inflows related to proportionate share	(249)

Internal service funds are used by management to charge costs to individual funds. The net revenue of certain activities of internal services funds is reported with governmental activities.

	1,039
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Change in Net Position of Governmental Activities (Exhibit II)	\$ <u>4,405</u>
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The accompanying notes are an integral part of the financial statements

**TOWN OF SOUTHLINGTON, CONNECTICUT**  
**STATEMENT OF NET POSITION - PROPRIETARY FUNDS**  
**JUNE 30, 2017**  
**(In Thousands)**

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

The accompanying notes are an integral part of the financial statements

**TOWN OF SOUTHLINGTON, CONNECTICUT**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES**  
**IN NET POSITION - PROPRIETARY FUND**  
**FOR THE YEAR ENDED JUNE 30, 2017**  
**(In Thousands)**

	<b>Business-Type Activities</b>	<b>Governmental Activities</b>
	<b>Sewer Enterprise Fund</b>	<b>Internal Service Fund</b>
Operating Revenues:		
Fund premiums	\$	\$ 23,201
Charges for services	5,911	
Fines, penalties and interest	2	
Total operating revenues	<u>5,913</u>	<u>23,201</u>
Operating Expenses:		
Plant	3,703	
Benefits	317	20,977
Depreciation	1,755	
Administration and other	316	1,185
Total operating expenses	<u>6,091</u>	<u>22,162</u>
Income (Loss) before Capital Grants and Contributions	(178)	1,039
Capital Grants and Contributions	<u>1,737</u>	
Change in Net Position	1,559	1,039
Net Position at Beginning of Year	<u>52,848</u>	<u>4,501</u>
Net Position at End of Year	<u>\$ 54,407</u>	<u>\$ 5,540</u>

The accompanying notes are an integral part of the financial statements

**TOWN OF SOUTHTON, CONNECTICUT**  
**STATEMENT OF CASH FLOWS - PROPRIETARY FUND**  
**FOR THE YEAR ENDED JUNE 30, 2017**  
(In Thousands)

	<b>Business-Type Activities</b>	<b>Governmental Activities</b>
	<b>Sewer</b>	<b>Internal</b>
	<b>Enterprise Fund</b>	<b>Service Fund</b>
Cash Flows from Operating Activities:		
Cash received from customers and granting agencies	\$ 5,837	\$ 23,201
Cash received for premiums - Town departments and agencies		
Cash payments to suppliers for goods and services	(3,866)	
Cash payments to employees for services		
Cash payments to providers of benefits	(317)	(21,966)
Cash payments for service fees		(1,185)
Net cash provided by (used in) operating activities	<u>1,654</u>	<u>50</u>
Cash Flows from Capital Financing Activities:		
Capital contributions	15	
Acquisition of capital assets	(89)	
Net cash provided by (used in) capital financing activities	<u>(74)</u>	<u>-</u>
Net Increase (Decrease) in Cash and Cash Equivalents	1,580	50
Cash and Cash Equivalents at Beginning of Year	<u>3,694</u>	<u>6,192</u>
Cash and Cash Equivalents at End of Year	<u>\$ 5,274</u>	<u>\$ 6,242</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:		
Operating income (loss)	\$ (178)	\$ 1,039
Depreciation	1,755	
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:		
(Increase) decrease in accounts receivable	(76)	
(Increase) decrease in due from other funds		(903)
Increase (decrease) in accounts payable and accrued liabilities	142	(86)
Change in net pension liability and related deferrals	<u>11</u>	<u>-</u>
Net Cash Provided by (Used in) Operating Activities	<u>\$ 1,654</u>	<u>\$ 50</u>
Noncash Capital Financing Activities:		
Capital assets transferred from governmental funds	<u>\$ 1,722</u>	<u>\$ -</u>

The accompanying notes are an integral part of the financial statements



**TOWN OF SOUTHLINGTON, CONNECTICUT**  
**STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUNDS**  
**JUNE 30, 2017**  
**(In Thousands)**

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

The accompanying notes are an integral part of the financial statements

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

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(In Thousands)

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**A. Reporting Entity**

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

**Related Organizations**

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

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

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

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

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

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

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(In Thousands)

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

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

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

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

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

The Town reports the following major governmental funds:

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

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

The Town reports the following as a major proprietary fund:

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

Additionally, the Town reports the following fund types:

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

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

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

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(In Thousands)

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

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

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

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

**D. Deposits and Investments**

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

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

Investments for the Town are reported at fair value.

**E. Receivables and Payables**

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

The Town's property tax is levied each July 1 on the assessed value as of the prior October 1 for all real property, motor vehicles and commercial personal property located in the Town. Assessed values are established by the Town Assessment Board at 70% of estimated market value. A revaluation of all real property is required to be completed no less than every ten years. The Town performed a revaluation with full inspections as of October 1, 2015. The Town's next statistical revaluation will be on October 1, 2020. The assessed value for the Grand List of October 1, 2015, upon which the fiscal 2017 levy was based, was \$3.9 billion. A 29.64 mill rate was applied to the Grand List.

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

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(In Thousands)

Taxes are due in two equal installments on the July 1 and January 1 following the levy date, although a 30-day grace period is provided. Current tax collections for the years ended June 30, 2017 and 2016, were 98.89% and 98.86%, respectively, of the adjusted tax levy. Uncollected property taxes are recorded as receivables, net of an allowance for estimated uncollectible accounts. Unpaid taxes are lien on or before June 30 following the due date. The revenue relating to property taxes not collected during the fiscal year and within 60 days after the close of the fiscal year is deferred.

**F. Inventories and Prepaid Items**

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

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

**G. Capital Assets**

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

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

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

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

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

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

---

(In Thousands)

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

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

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

**I. Compensated Absences**

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

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

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

---

(In Thousands)

**J. Net Pension Liability**

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

**K. Net OPEB Obligation**

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

**L. Long-Term Obligations**

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

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

**M. Fund Equity and Net Position**

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

**Net Investment in Capital Assets**

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

**Restricted Net Position**

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

**Unrestricted Net Position**

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

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

---

(In Thousands)

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

**Nonspendable Fund Balance**

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

**Restricted Fund Balance**

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

**Committed Fund Balance**

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

**Assigned Fund Balance**

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

**Unassigned Fund Balance**

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

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

**N. Accounting Estimates**

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



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

---

(In Thousands)

**2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. Budgetary Information**

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

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

**Additional Appropriations and Transfers:**

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

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

Budgeted amounts are as originally adopted or as amended by the Town Council. During the year, \$2,300 of supplemental budgetary appropriations from the General Fund were made, \$1,702 from revised revenue estimates, and \$598 from continued appropriations from the prior year.

**B. Fund Deficits**

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

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

---

(In Thousands)

**3. CASH, CASH EQUIVALENTS AND INVESTMENTS**

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

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

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

**Deposits**

**Deposit Custodial Credit Risk**

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

Based on the criteria described in GASB Statement No. 40, *Deposits and Investment Risk Disclosures*, \$41,361 of the Town's bank balance of \$42,662 was exposed to custodial credit risk as follows:

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

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

(In Thousands)

**Cash Equivalents**

At June 30, 2017, the Town's cash equivalents amounted to \$57. The following table provides a summary of the Town's cash equivalents excluding U.S. government guaranteed obligations) as rated by nationally recognized statistical rating organizations. The pools all have maturities of less than one year.

	<b><u>Standard &amp; Poor's</u></b>
National Financial Services*	
State Short-Term Investment Fund (STIF)	AAAm
* Not rated	

**Investments**

As of June 30, 2017, the Town had the following investments:

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

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

**Interest Rate Risk**

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

**Credit Risk - Investments**

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

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

(In Thousands)

**Concentration of Credit Risk**

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

**Custodial Credit Risk**

Custodial credit risk for an investment is the risk that, in the event of the failure of the counterparty (the institution that pledges collateral or repurchase agreement securities to the Town or that sells investments to or buys them for the Town), the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Town does not have a policy for custodial credit risk. At June 30, 2017, the Town had \$6 of uninsured and unregistered securities held by the counterparty, or by its trust department or agent that were not in the Town's name.

The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements); followed by quoted prices in inactive markets or for similar assets or with observable inputs (Level 2 measurements); and the lowest priority to unobservable inputs (Level 3 measurements). The Town has the following recurring fair value measurements as of June 30, 2017:

	June 30, 2017	Fair Value Measurements Using		
		Level 1	Level 2	Level 3
Investments by fair value level:				
U.S. Government agencies	\$ 508	\$ 508		\$
Common stock	6	6		
Mutual funds	70	70		
Total Investments by Fair Value Level	\$ 584	\$ 584	\$ -	\$ -

Debt and equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Debt securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. Venture capital investments classified in Level 3 are valued using either a discounted cash flow or market comparable companies technique.

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

(In Thousands)

**4. RECEIVABLES**

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

	<u>General</u>	<u>Capital Projects</u>	<u>Sewer Enterprise</u>	<u>Nonmajor and Other Funds</u>	<u>Total</u>
Receivables:					
Taxes *	\$ 2,280	\$	\$	\$	\$ 2,280
Accounts	36		1,398	445	1,879
Special assessments				1,346	1,346
Intergovernmental	182	3,776		276	4,234
Interest **					-
Gross receivables	<u>2,498</u>	<u>3,776</u>	<u>1,398</u>	<u>2,067</u>	<u>9,739</u>
Less allowance for uncollectibles	<u>81</u>				<u>81</u>
Net Total Receivables	<u>\$ 2,417</u>	<u>\$ 3,776</u>	<u>\$ 1,398</u>	<u>\$ 2,067</u>	<u>\$ 9,658</u>

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

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

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

(In Thousands)

**5. CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2017 was as follows:

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

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

(In Thousands)

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

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

**Construction Commitments**

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

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

The commitments are being financed as follows:

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

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

(In Thousands)

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

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

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

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

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

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



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

(In Thousands)

**7. LONG-TERM DEBT**

**Changes in Long-Term Liabilities**

Long-term liability activity for the year ended June 30, 2017 was as follows:

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

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

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

(In Thousands)

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

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

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

(In Thousands)

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

<b>Due During Fiscal Year Ending June 30,</b>	<b>Principal</b>	<b>Interest</b>
2018	\$ 9,758	\$ 3,617
2019	9,478	3,284
2020	9,413	2,936
2021	8,618	2,575
2022	7,618	2,231
2023-2027	32,432	7,398
2028-2032	22,215	3,396
2033-2037	9,303	609
Total	<u>\$ 108,835</u>	<u>\$ 26,046</u>

All bonds are general obligation bonds secured by the general revenue raising powers of the Town. Payment will be provided by General Fund revenues for general purpose bonds and user fees charged by the Southington Water Company, an independent entity, for water bonds. The Town issued debt on behalf of the Southington Water Company. At June 30, 2017, \$6,670 is recorded as amounts to be provided by other entities in the government-wide financial statements. The Town does not have any overlapping debt.

The Town is subject to the General Statutes of the State of Connecticut, which limit the amount of debt outstanding at June 30, 2017. In no case shall total indebtedness exceed seven times annual receipts from taxation. The maximum debt amount permitted under this formula would be approximately \$821.9 million. Bonds authorized but unissued as of June 30, 2017 are \$56,825, which are net of all expected grant revenue.

#### **Prior Year Defeasance of Debt**

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

#### **Compensated Absences**

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

The following is a summary of management's estimate of the vested liability for lump-sum payments to employees as of June 30, 2017:

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

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

(In Thousands)

**Capital Leases**

The Board of Education has entered into a several lease agreement as lessee for financing the acquisition of computer equipment and the Town has entered into an equipment lease purchase agreement for energy improvements made to Town and Board of Education buildings. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date. The net undepreciated value of assets purchased by capital lease approximates the principal balance payable of \$12,338 at June 30, 2017. The following is a summary of capital lease commitments as of June 30, 2017.

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

**Bond Anticipation Notes**

The Town uses bond anticipation notes during the construction period of various public projects prior to the issuance of bonds at the completion of the project. The Town has issued the following bond anticipation notes during the year ended June 30, 2017:

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

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

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

(In Thousands)

**8. RISK MANAGEMENT**

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks did not exceed commercial insurance coverage during the years ended June 30, 2017, 2016 or 2015. Town insurance can be described as follows:

**Employee Health Insurance**

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

The Fund establishes claims liabilities based on estimates of claims that have been incurred but not reported; accordingly, the Fund recorded an additional liability at June 30, 2017 of \$1,605.

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

A schedule of changes in the claims liability for the years ended June 30, 2017 and 2016, is presented below:

<u>Fiscal Year</u>	<u>Accrued Liability Beginning of Fiscal Year</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Accrued Liability Claim Payments</u>	<u>Accrued Liability End of Fiscal Year</u>
2016-17	\$ 1,691	\$ 20,891	\$ 20,977	\$ 1,605
2015-16	1,436	23,454	23,199	1,691

**Interlocal Risk Pool**

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

The Town participates in CIRMA's Workers' Compensation Pool, a risk sharing pool, which was begun on July 1, 1980. The Workers' Compensation Pool provides statutory benefits pursuant to the provisions of the Connecticut Workers' Compensation Act. CIRMA currently has 220 members in the Workers' Compensation Pool. The coverage is subject to an incurred loss retrospective rating plan and losses incurred in coverage period 2016-17 will be evaluated at 18, 30 and 42 months after the effective date of coverage. The deposit contribution (premium) paid during fiscal year ended June 30, 2017 for the Town and Board of Education was \$1,302. The contribution (premium) is subject to payroll audit at the close of the coverage period. CIRMA's Workers' Compensation Pool retains up to \$1 million per occurrence. Claims over \$1 million are reinsured.

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

(In Thousands)

**9. FUND EQUITY**

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

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

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

**10. OTHER POST-EMPLOYMENT BENEFITS**

**A. Overview**

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

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

(In Thousands)

At July 1, 2015, plan participation consisted of the following:

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

**B. Funding Policy**

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

**C. Annual OPEB Cost and Net OPEB Obligations**

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

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

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

(In Thousands)

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

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

**Schedule of Employer Contributions**

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

**D. Schedule of Funding Progress**

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

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

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



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

---

(In Thousands)

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

## **11. EMPLOYEE RETIREMENT SYSTEMS**

### **Municipal Employees' Retirement System**

#### **A. Plan Description**

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

#### **B. Benefit Provisions**

The plan provides retirement, disability and death benefits and annual cost-of-living adjustments to plan members and their beneficiaries. Employees are eligible to retire at age 55 with 5 years of continuous active service, or 15 year of active non-continuous aggregate service. In addition, compulsory retirement is at age 65 for police and fire members. Employees under the age of 55 are eligible to retire with 25 years of service under certain conditions.

##### **Normal Retirement**

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

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

##### **Early Retirement**

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

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

---

(In Thousands)

**Disability Retirement - Service Connected**

Employees who are totally and permanently disabled and such disability has arisen out of and in the course of employment with the municipality. Disability due to heart and hypertension in the case of fire and police, is presumed to have been suffered in the line of duty. Benefits are calculated as a service retirement allowance based on compensation and service to the date of the disability with a minimum benefit (including worker's compensation benefits) of 50% of compensation at the time of disability. Employees are eligible after 25 years of credited service including 20 years of Connecticut service, or age 55 with 20 years of credited service including 15 years of Connecticut service with reduced benefit amounts.

**Disability Retirement - Non-Service Connected**

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

**Death Benefit**

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

**C. Contributions**

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

Employer - Participating employers make annual contributions consisting of a normal cost contribution, a contribution for the amortization of the net unfunded accrued liability and a prior service amortization payment, which covers the liabilities of MERS not met by member contributions.

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

At June 30, 2017, the Town reports a total liability of \$18,318 (\$17,621 for government-wide in Exhibit I and \$697 for the Sewer Fund in Exhibit V) for its proportionate share of the net pension liability. The net pension liability was measured at June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation at that date. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participants, actuarially determined. At June 30, 2017, the Town's proportion was 5.30%. The decrease in proportion from June 30, 2016 is .32%.

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

(In Thousands)

For the year ended June 30, 2017, the Town recognized pension expense of \$(1,792) (\$1,803) in Exhibit II and \$2 in Exhibit VI. At June 30, 2017, the Town reported deferred inflow of resources and deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

**Governmental Activities**

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

**Business-Type Activities**

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

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

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

(In Thousands)

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

**Governmental Activities**

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

**Business-Type Activities**

2018	\$	137
2019		34
2020		64
2021		<u>34</u>
	\$	<u><u>269</u></u>

**D. Actuarial Assumptions**

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

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

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

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

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

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

(In Thousands)

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

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

**E. Discount Rate**

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

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

(In Thousands)

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

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

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

**G. Payable to MERS**

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

**Teachers Retirement**

**A. Plan Description**

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

**B. Benefit Provisions**

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

**Normal Retirement**

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

**Early Retirement**

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

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

---

(In Thousands)

**Disability Retirement**

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

**C. Contributions**

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

*Employer (School Districts)*

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

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

*Employees*

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

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

At June 30, 2017, the Town reports no amounts for its proportionate share of the net pension liability, and related deferred outflows and inflows, due to the statutory requirement that the State pay 100% of the required contribution. The amount recognized by the Town as its proportionate share of the net pension liability, the related state support, and the total portion of the net pension liability that was associated with the Town were as follows:

Town's proportionate share of the net pension liability	\$	-
State's proportionate share of the net pension liability associated with the Town		<u>151,537</u>
Total	\$	<u><u>151,537</u></u>

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

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

**TOWN OF SOUTHLINGTON, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

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(In Thousands)

**E. Actuarial Assumptions**

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

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

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

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

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

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

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



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

(In Thousands)

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

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
Large Cap U.S. equities	21.0%	7.3%
Developed non-U.S. equities	18.0%	7.5%
Emerging markets (Non-U.S.)	9.0%	8.6%
Core fixed income	7.0%	1.7%
Inflation linked bond fund	3.0%	1.3%
Emerging market bond	5.0%	4.8%
High yield bonds	5.0%	3.7%
Real estate	7.0%	5.9%
Private equity	11.0%	10.9%
Alternative investments	8.0%	0.7%
Liquidity fund	6.0%	0.4%
Total	100.0%	

**F. Discount Rate**

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

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

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

**H. Pension Plan Fiduciary Net Position**

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

**I. Other Information**

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

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

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(In Thousands)

**12. SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES**

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

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

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

The Town participates in a number of federal and state assisted grant programs. These programs are subject to financial and compliance audits by the grantors or their representatives. The audits of certain of these programs for or including the year ended June 30, 2017 have not yet been conducted. Accordingly, the Town's compliance with applicable grant requirements will be established at some future date. The amount, if any, of expenditures that may be disallowed by the granting agencies cannot be determined at this time although the Town expects such amounts, if any, to be immaterial.

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

**Required Supplementary  
Information**

**TOWN OF SOUTHTON, CONNECTICUT**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
**FOR THE YEAR ENDED JUNE 30, 2017**  
**(In Thousands)**

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

(Continued on next page)

**TOWN OF SOUTHTON, CONNECTICUT**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)**  
**FOR THE YEAR ENDED JUNE 30, 2017**  
**(In Thousands)**

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

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

	<u>Budgeted Amounts</u>			
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance</u>
General Government				
Town Council:				
Personnel service	\$ 10	\$ 10	\$ 9	\$ 1
Contractual services	20	17	11	6
Program supplies	7	7	7	-
Professional charges	27	27	26	1
Total	<u>64</u>	<u>61</u>	<u>53</u>	<u>8</u>
Town Manager:				
Personnel service	227	233	233	-
Contractual services	23	14	7	7
Materials and supplies	4	3	2	1
Fixed charges	5	5	4	1
Continued appropriations		5	5	-
Total	<u>259</u>	<u>260</u>	<u>251</u>	<u>9</u>
Board of Finance:				
Personnel service	5	4	4	-
Contractual services	2	2	1	1
Fixed charges	1	1	1	-
Total	<u>8</u>	<u>7</u>	<u>6</u>	<u>1</u>
Finance Department:				
Personnel service	494	506	505	1
Materials and supplies	13	12	11	1
Fixed charges	1	1	1	-
Total	<u>508</u>	<u>519</u>	<u>517</u>	<u>2</u>
Town Clerk:				
Personnel service	283	282	281	1
Contractual services	22	16	14	2
Materials and supplies	11	9	9	-
Fixed charges	3	3	2	1
Total	<u>319</u>	<u>310</u>	<u>306</u>	<u>4</u>
Human Resources Department:				
Personnel service	68	70	70	-
Contractual services	47	50	49	1
Materials and supplies	2	1	1	-
Fixed charges	2	3	2	1
Continued appropriations		6	6	-
Total	<u>119</u>	<u>130</u>	<u>128</u>	<u>2</u>

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

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
Tax Department:				
Personnel service	\$ 208	\$ 213	\$ 213	\$ -
Contractual services	6	15	13	2
Materials and supplies	48	40	40	-
Fixed charges	2	2	1	1
Total	<u>264</u>	<u>270</u>	<u>267</u>	<u>3</u>
Assessor:				
Personnel service	311	310	309	1
Contractual services	5	5	4	1
Materials and supplies	13	13	11	2
Fixed charges	6	6	6	-
Continued appropriations		8	8	-
Total	<u>335</u>	<u>342</u>	<u>338</u>	<u>4</u>
Board of Assessment Appeals:				
Personnel service	2	2	2	-
Contractual services	1	1		1
Total	<u>3</u>	<u>3</u>	<u>2</u>	<u>1</u>
Information Technology:				
Personnel service	168	173	173	-
Contractual services	687	668	621	47
Fixed charges	43	42	42	-
Capital outlay	69	84	78	6
Continued appropriation		17	16	1
Total	<u>967</u>	<u>984</u>	<u>930</u>	<u>54</u>
Probate Court:				
Fixed charges	<u>11</u>	<u>11</u>	<u>11</u>	<u>-</u>
Town Attorney/Legal:				
Personnel service	212	219	219	-
Contractual services	58	23	12	11
Materials and supplies	3	3	1	2
Fixed charges	6	6	5	1
Total	<u>279</u>	<u>251</u>	<u>237</u>	<u>14</u>

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

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

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

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

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

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

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

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
John Weichsel Municipal Center:				
Contractual services	\$ 235	\$ 235	\$ 233	\$ 2
Materials and supplies	12	12	6	6
Fixed charges	26	26	24	2
Total	<u>273</u>	<u>273</u>	<u>263</u>	<u>10</u>
Total Public Works	<u>4,788</u>	<u>5,393</u>	<u>5,144</u>	<u>249</u>
Health and Welfare:				
Community Services:				
Personnel service	228	230	230	-
Contractual services	18	18	14	4
Materials and supplies	5	5	5	-
Fixed charges	16	16	16	-
Total	<u>267</u>	<u>269</u>	<u>265</u>	<u>4</u>
Health Department:				
Fixed charges	<u>332</u>	<u>332</u>	<u>332</u>	<u>-</u>
Mental Health:				
Fixed charges	<u>3</u>	<u>3</u>	<u>3</u>	<u>-</u>
Nonpublic School Nurses:				
Contractual services	<u>63</u>	<u>63</u>	<u>62</u>	<u>1</u>
Total Health and Welfare	<u>665</u>	<u>667</u>	<u>662</u>	<u>5</u>
Human Services:				
Youth Counseling:				
Personnel service	312	318	317	1
Contractual services	5	3	3	-
Materials and supplies	1	1	1	-
Fixed charges	3	3	2	1
Total	<u>321</u>	<u>325</u>	<u>323</u>	<u>2</u>
Commission on the Handicapped:				
Contractual services	7	7	5	2
Materials and supplies	1	1	1	-
Total	<u>8</u>	<u>8</u>	<u>6</u>	<u>2</u>

(Continued on next page)

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

	<u>Budgeted Amounts</u>			
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance</u>
Community Assistance:				
Contractual services	\$ 54	\$ 54	\$ 54	\$ -
Calendar House-Senior Citizens:				
Personnel service	370	383	378	5
Contractual services	93	84	71	13
Materials and supplies	24	11	8	3
Fixed charges	47	47	29	18
Capital outlay	1			-
Total	<u>535</u>	<u>525</u>	<u>486</u>	<u>39</u>
Southington Housing Authority:				
Materials and supplies	<u>24</u>	<u>24</u>	<u>22</u>	<u>2</u>
Total Human Services	<u>942</u>	<u>936</u>	<u>891</u>	<u>45</u>
Parks and Recreation:				
Parks Department:				
Personnel service	661	672	652	20
Contractual services	151	152	150	2
Materials and supplies	60	59	48	11
Fixed charges	181	229	215	14
Capital outlay	25	25	15	10
Continued appropriations		231	33	198
Total	<u>1,078</u>	<u>1,368</u>	<u>1,113</u>	<u>255</u>
Recreation Department:				
Personnel service	273	277	269	8
Contractual services	58	55	47	8
Materials and supplies	22	20	17	3
Fixed charges	<u>13</u>	<u>13</u>	<u>12</u>	<u>1</u>
Total	<u>366</u>	<u>365</u>	<u>345</u>	<u>20</u>
Community Celebrations:				
Fixed charges	<u>4</u>	<u>4</u>	<u>4</u>	<u>-</u>
Organized Recreation:				
Fixed charges	<u>107</u>	<u>107</u>	<u>107</u>	<u>-</u>
Total Parks and Recreation	<u>1,555</u>	<u>1,844</u>	<u>1,569</u>	<u>275</u>

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

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

(Continued on next page)

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

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

(Continued on next page)

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

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

(Continued on next page)

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

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
Other Financing Uses:				
Transfers out	\$ <u>1,617</u>	\$ <u>2,627</u>	\$ <u>2,627</u>	\$ <u>-</u>
Total	\$ <u>141,419</u>	\$ <u>143,727</u>	142,325	\$ <u>1,402</u>
Budgetary expenditures are different than GAAP expenditures because:				
State of Connecticut on-behalf payments to the Connecticut State Teachers' Retirement System for Town teachers are not budgeted			16,526	
Accrued payroll is reported as expenditure for GAAP purposes			137	
Farm Heritage expenditures included in General Fund for GAAP purposes, but separate for budgetary purposes			79	
Issuance of capital leases are not budgeted			106	
Contributions to Internal Service Fund			<u>379</u>	
Total Expenditures and Other Financing Uses as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds - Exhibit IV			\$ <u>159,552</u>	

(Continued on next page)



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

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

**Notes to Schedule**

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

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

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

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

**Notes to Schedule**

Valuation date: June 30, 2016

Measurement date: June 30, 2016

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

Methods and assumptions used to determine contribution rates:

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

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

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

**Notes to Schedule**

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

Methods and assumptions used to determine contribution rates:

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

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

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

**Notes to Schedule**

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

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

## ***Appendix B***

### ***Opinion of Bond Counsel and Tax Status***

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## **APPENDIX B - OPINION OF BOND COUNSEL AND TAX STATUS**

*The following information has been prepared by Bond Counsel in connection with this bond and note 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 and Notes are delivered, and a copy of the legal opinion will be included in the record of proceedings of the Town authorizing the Bonds and Notes. The opinion will be dated and given on and will speak only as of the date of original delivery of the Bonds and Notes to the successful bidder.

The opinion of Day Pitney LLP with respect to the Bonds and Notes 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 \$8,815,000 General Obligation Bonds, Issue of 2018, dated as of April 30, 2018 and \$16,000,000 Bond Anticipation Notes, dated as of April 30, 2018.

We have examined a record of proceedings authorizing the Bonds and Notes, and based on our examination, we are of the opinion that the Town of Southington is authorized to issue the Bonds and Notes; the Town is duly and legally organized; all proper proceedings for the issuance and delivery of the Bonds and Notes have been taken; no limitation of indebtedness under the laws of the State of Connecticut has been exceeded in the issuance of the Bonds and Notes; the Bonds and Notes 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 and Notes 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 Notes 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 and Notes is excluded from gross income for Federal income tax purposes. The Town officials authorized to issue the Bonds and Notes 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 and Notes 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 Notes, 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 and Notes is excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Code; and (2) the Bonds and Notes are not "private activity bonds" and

interest on the Bonds and Notes is not treated as a preference item for purposes of calculating the Federal alternative minimum tax, however, for tax years beginning prior to January 1, 2018, interest on the Bonds and Notes is included in the calculation of a corporation's adjusted current earnings for purposes of, and thus may be subject to, the Federal alternative minimum tax for certain corporations.

Based on the record of proceedings authorizing the Bonds and Notes, it is our opinion that, under existing statutes: (1) interest on the Bonds and Notes is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates; and (2) interest on the Bonds and Notes 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 and Notes 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 and Notes. Failure to comply with any of these requirements may cause the interest on the Bonds and Notes 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 and Notes will enter into a Tax Compliance Agreement in connection with the delivery of the Bonds and Notes, 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 and Notes 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, for tax years beginning prior to January 1, 2018, an alternative minimum tax on corporations. The alternative minimum tax on corporations has been repealed for tax years beginning after December 31, 2017. 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 and Notes are not "private activity bonds" so that interest on the Bonds and Notes will not be treated as a preference item for individuals or corporations in calculating alternative minimum taxable income.

For tax years beginning prior to January 1, 2018, the Code provides, however, that for certain 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 and Notes 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.*** Notice 94-84, 1994-2 C.B. 559, states that the Internal Revenue Service (the "IRS") is studying whether the amount of the payment at maturity on short-term debt obligations (i.e., debt obligations with a stated fixed rate of interest which mature not more than one year from the date of issue) that is excluded from gross income for federal income tax purposes is (i) the stated interest payable at maturity ("qualified stated interest"), or (ii) the difference between the issue price of the short-term debt obligations and the



aggregate amount to be paid at maturity (“original issue discount”). For this purpose, the issue price of the short-term debt obligations is the first price at which a substantial amount of the short-term debt obligations is sold to the public (excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). Until the IRS provides further guidance with respect to short-term debt obligations, taxpayers holding such obligations may treat the stated interest payable at maturity either as qualified stated interest or as included in the stated redemption price at maturity of the obligation. However, taxpayers must treat the amount to be paid at maturity on all tax-exempt short-term debt obligations in a consistent manner. Prospective purchasers of the Bonds and Notes should consult their own tax advisors with respect to the tax consequences of ownership of the Bonds and Notes and the treatment elected.

In addition to the matters addressed above, prospective purchasers of the Bonds and Notes should be aware that the ownership of tax-exempt obligations, such as the Bonds and Notes, 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 and Notes 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 and Notes, under existing statutes: (1) interest on the Bonds and Notes is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts, and estates; and (2) interest on the Bonds and Notes 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 and Notes is included in gross income for purposes of the Connecticut corporation business tax.

Owners of the Bonds and Notes should consult their tax advisors with respect to other applicable state and local tax consequences of ownership of the Bonds and Notes and the disposition thereof, including the extent to which gains and losses from the sale or exchange of the Bonds and Notes 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 and Notes may be greater than the amount payable on the Bonds and Notes at maturity. The excess of the initial public offering price at which a substantial amount of such Bonds and Notes 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 and Notes were ultimately sold to the public.

The discussion in this paragraph applies to those Bonds and Notes 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 the Bonds and Notes having original issue premium, and especially any owner who is not an original owner of a bond or note who bought the bond or note 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 and notes.

#### **GENERAL.**

The opinion of Bond Counsel is rendered as of its date and Bond Counsel assumes no obligation to update or supplement its opinion to reflect any facts or circumstances that may come to its attention, or any changes in law or the interpretation thereof that may occur after the date of its opinion. Legislation affecting municipal bonds is regularly under consideration by the United States Congress. No assurance can be given that pending federal legislation, if any, or federal legislation enacted or proposed after the date of issuance of the Bonds and Notes will not have an effect on the federal tax status or the market price of the Bonds and Notes or will not change the effect of other federal tax law consequences, including those discussed above, of owning and disposing of the Bonds and Notes, and Bond Counsel expresses no opinion thereon. No assurance can be given that future legislation or amendments to the income tax law of the State of Connecticut, if enacted into law, will not contain provisions that could, directly or indirectly, reduce the benefit of the exclusion of the interest on the Bonds and Notes 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, and Bond Counsel expresses no opinion thereon. Prospective owners of the Bonds and Notes are advised to consult their tax advisors regarding the potential tax consequences of proposed federal or State of Connecticut tax legislation, if any, affecting municipal bonds.

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

***Appendix C-1***

***Form of Continuing Disclosure Agreement for Bonds***

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## APPENDIX C-1 - 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 April 30, 2018 by the Town of Southington, Connecticut (the "Issuer") acting by its undersigned officers, duly authorized, in connection with the issuance of \$8,815,000 General Obligation Bonds, Issue of 2018, dated as of April 30, 2018 (the "Bonds"), for the benefit of the beneficial owners from time to time of the Bonds.

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

"Final Official Statement" means the official statement of the Issuer dated April 11, 2018 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, 2017) as follows:

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

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

- (A) amounts of the gross and the net taxable grand list applicable to the fiscal year,
- (B) listing of the ten largest taxpayers on the applicable grand list, together with each such taxpayer's taxable valuation thereon,
- (C) percentage of the annual property tax levy uncollected as of the close of the fiscal year,

- (D) schedule of annual debt service on outstanding long-term bonded indebtedness as of the close of the fiscal year,
- (E) calculation of total direct debt, total net direct debt, and total overall net debt (reflecting overlapping and underlying debt), as of the close of the fiscal year,
- (F) total direct debt, total net direct debt and total overall net debt of the Issuer per capita,
- (G) ratios of the total direct debt, total net direct debt and total overall net debt of the Issuer to the Issuer's applicable net taxable grand list,
- (H) statement of statutory debt limitation as of the close of the fiscal year, and
- (I) funding status of the Issuer's pension benefit obligation.

(b) The financial information and operating data described above will be provided on or before the date eight months after the close of the fiscal year for which such information is being provided (the "Filing Due Date"). The Issuer's fiscal year currently ends on June 30. The Issuer reserves the right to provide unaudited financial statements if audited financial statements are not available as of the Filing Due Date, provided that the Issuer shall promptly provide audited financial statements when available.

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

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

### **Section 3. Notice of Certain Events.**

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

- (a) principal and interest payment delinquencies;
- (b) non-payment related defaults, if material;
- (c) unscheduled draws on debt service reserves reflecting financial difficulties;
- (d) unscheduled draws on credit enhancements reflecting financial difficulties;
- (e) substitution of credit or liquidity providers, or their failure to perform;
- (f) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the bonds, or other material events affecting the tax status of the Bonds;
- (g) modifications to rights of holders of the Bonds, if material;

- (h) Bond calls, if material, and tender offers;
- (i) Bond defeasances;
- (j) release, substitution, or sale of property securing repayment of the Bonds, if material;
- (k) rating changes;
- (l) bankruptcy, insolvency, receivership or similar event of the Issuer;
- (m) the consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
- (n) appointment of a successor or additional trustee or the change of name of a trustee, if material.

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

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

*Event (h).* The Issuer does not undertake to provide the above-described event notice of a mandatory scheduled redemption, not *otherwise* contingent upon the occurrence of an event, if (A) the terms, dates and amounts of redemption are set forth in detail in the Final Official Statement, (B) the sole matter to be determined is which of the Bonds will be redeemed in the case of a partial redemption, (C) notice of redemption is given to the holders of the Bonds to be redeemed as required under the terms of the Bonds, and (D) public notice of redemption is given pursuant to Exchange Act Release No. 23856 of the SEC, even if the originally scheduled amounts are reduced due to prior optional redemptions or Bond purchases.

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

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

#### **Section 5. Use of Agents.**

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

#### **Section 6. Termination.**

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

#### **Section 7. Enforcement.**

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

with respect to the undertakings set forth in Sections 3 and 4 of this Agreement) from the time the Issuer's Director of Finance, or a successor, receives written notice from any beneficial owner of the Bonds of such failure. The present address of the Director of Finance is Town of Southington, Town Hall, 75 Main Street, Southington, Connecticut 06489.

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

**Section 8. Miscellaneous.**

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

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

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

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

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

TOWN OF SOUTHTON

By \_\_\_\_\_  
Mark Sciota  
Town Manager

By \_\_\_\_\_  
Joyce Williams  
Treasurer

By \_\_\_\_\_  
Emilia Portelinha  
Director of Finance



***Appendix C-2***

***Form of Continuing Disclosure Agreement for Notes***

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## APPENDIX C-2 - FORM OF CONTINUING DISCLOSURE AGREEMENT FOR NOTES

*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 Notes to be executed by the Town substantially in the following form, to provide, or cause to be provided, notice of the occurrence of certain events with respect to the Notes:*

### **Continuing Disclosure Agreement For Notes**

This Continuing Disclosure Agreement for Notes ("Agreement") is made as of April 30, 2018 by the Town of Southington, Connecticut (the "Issuer") acting by its undersigned officers, duly authorized, in connection with the issuance of \$16,000,000 Bond Anticipation Notes, dated as of April 30, 2018 of the Issuer (the "Notes"), for the benefit of the beneficial owners from time to time of the Notes.

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

"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. 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 Notes:

- (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 notes, or other material events affecting the tax status of the Notes;
- (g) modifications to rights of holders of the Notes, if material;
- (h) Note calls, if material, and tender offers;
- (i) Note defeasances;

- (j) release, substitution, or sale of property securing repayment of the Notes, 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.

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

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

*Event (h).* The Issuer does not undertake to provide the above-described event notice of a mandatory scheduled redemption, not otherwise contingent upon the occurrence of an event, if (A) the terms, dates and amounts of redemption are set forth in detail in the Final Official Statement, (B) the sole matter to be determined is which of the Notes will be redeemed in the case of a partial redemption, (C) notice of redemption is given to the holders of the Note to be redeemed as required under the terms of the Notes, and (D) public notice of redemption is given pursuant to Exchange Act Release No. 23856 of the SEC, even if the originally scheduled amounts are reduced due to prior optional redemptions or Note purchases.

### **Section 3. Use of Agents.**

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 4. 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 Notes, or (ii) such time as the Issuer ceases to be an obligated person with respect to the Notes within the meaning of the Rule.

### **Section 5. Enforcement.**

The Issuer acknowledges that the undertakings set forth in Section 2 of this Agreement are intended to be for the benefit of, and enforceable by, the beneficial owners from time to time of the Notes. 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 five business days with respect to the undertakings set forth in Section 2 of this Agreement) from the time the Issuer's Director of Finance, or a successor, receives written notice from any beneficial owner of the Notes of such failure. The present address of the Director of Finance is Town of Southington, Town Hall, 75 Main Street, Southington, Connecticut 06489.

In the event the Issuer does not cure such failure within the time specified above, the beneficial owner of any Notes 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 Notes.

**Section 6. Miscellaneous.**

(a) All documents provided by the Issuer to a Repository pursuant to the Issuer's undertakings set forth in Section 2 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 information, data or additional notices from time to time as it deems appropriate in connection with the Notes. If the Issuer elects to provide any such information, data or additional notices, the Issuer shall have no obligation under this Agreement to update or continue to provide further information, data or additional 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 Notes, 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.

(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: \_\_\_\_\_  
Mark Sciota  
Town Manager

By: \_\_\_\_\_  
Joyce Williams  
Treasurer

By: \_\_\_\_\_  
Emilia Portelinha  
Director of Finance

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***Appendix D-1***

***Notice of Sale and Bid Form - Bonds***

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**NOTICE OF SALE**  
**\$8,815,000**  
**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 Time on WEDNESDAY,**

**APRIL 11, 2018**

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

**\$8,815,000 General Obligation Bonds, Issue of 2018**  
**Payable annually on April 15 as follows:**

**\$615,000 in 2020 through 2024**

**\$515,000 in 2025 through 2027**

**\$520,000 in 2028**

**\$525,000 in 2029**

**\$350,000 in 2030 through 2038**

The Bonds will be dated April 30, 2018, with interest payable on October 15, 2018 and thereafter semiannually on each April 15th and October 15th.

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 last business day of September and March.

**Redemption.** Bonds maturing after April 15, 2023 are subject to redemption prior to maturity, at the option of the Town, on or after April 15, 2023, at any time, either in whole or in part, in such amounts and in such order of maturity (but by lot within a maturity) as the Town may determine, following notice mailed by first class mail at least 30 days prior to the redemption date to the registered owners of the Bonds to be redeemed, at the following redemption price, expressed as a percentage of the principal amount, plus accrued interest to the date set for redemption:

<u>Period During Which Redeemed</u>	<u>Redemption Price</u>
April 15, 2023 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 three (3%) percentage points. In addition to the amount bid for the Bonds, the purchaser must pay an amount equal to the interest on the Bonds accrued to the date of delivery. For the purpose of the bidding process, the time as maintained on PARITY® shall constitute the official time. For information purposes only, bidders are requested to state in their bids the true interest cost 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 April 30, 2018, the date of the Bonds, results in an amount equal to the purchase price for the Bonds, excluding interest accrued to the date of delivery. If there is more than one responsible bidder making said offer at the same lowest true interest cost, the Bonds will be sold to the responsible bidder whose proposal is selected by the Town by lot from among all such proposals. It is requested that each proposal be accompanied by a statement of the percentage of true interest cost completed to four decimal places. Such statement shall not be considered as part of the proposal.

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

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

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

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

**Establishment of Issue Price.** The winning bidder shall assist the Town in establishing the issue price of the Bonds and shall execute and deliver to the Town at Closing an "issue price" or similar certificate setting forth the reasonably expected initial offering price to the Public or the sales price or prices of the Bonds, together with the supporting pricing wires or equivalent communications, substantially in the applicable form set out in the Appendix hereto, with such modifications as may be appropriate or necessary, in the reasonable judgment of the winning bidder and Bond Counsel. All actions to be taken by the Town under this Notice of Sale to establish the issue price of the Bonds may be taken on behalf of the Town by the Town's Municipal Advisor identified herein and any notice or report to be provided to the Town may be provided to the Town's Municipal Advisor.

By submitting a bid for the Bonds, a bidder represents that it has an established industry reputation for underwriting new issuances of municipal obligations.

If the winning bidder has purchased the Bonds for its own account and not with a view to distribution or resale to the Public, then, whether or not the Competitive Sale Requirements, as herein defined, were met, the certificate will recite such facts and identify the price or prices at which the purchase of the Bonds was made.

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

- (1) the Town shall disseminate this Notice of Sale to potential Underwriters in a manner that is reasonably designed to reach potential Underwriters;
- (2) all bidders shall have an equal opportunity to bid;
- (3) the Town may receive bids from at least three Underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds; and
- (4) the Town anticipates awarding the sale of the Bonds to the bidder who submits a firm offer to purchase the Bonds at the highest price (or lowest interest cost), as set forth in this Notice of Sale.

Any bid submitted pursuant to this Notice of Sale shall be considered a firm offer for the purchase of the Bonds, as specified in the bid.

In the event that the Competitive Sale Requirements are not satisfied, the Town shall so advise the winning bidder. The Town shall treat the first price at which 10% of a maturity of the Bonds (the “10% Test”) is sold to the Public as the issue price of that maturity, applied on a maturity-by-maturity basis (and if different interest rates apply within a maturity, to each separate CUSIP number within that maturity). The winning bidder shall advise the Town if any maturity of the Bonds satisfies the 10% Test as of the date and time of the award of the Bonds. The Town will not require bidders to comply with the “Hold-The-Offering-Price Rule”, as described in Treasury Regulations Section 1.148-1(f)(2)(ii), and therefore does not intend to use the initial offering price to the Public as of the Sale Date of any maturity of the Bonds as the issue price of that maturity. **Bids will not be subject to cancellation in the event that the Competitive Sale Requirements are not satisfied.**

If the Competitive Sale Requirements are not satisfied, then until the 10% Test has been satisfied as to each maturity of the Bonds, the winning bidder agrees to promptly report to the Town the prices at which the unsold Bonds of that maturity have been sold to the Public. That reporting obligation shall continue, whether or not the Closing Date has occurred, until the earlier to occur of the satisfaction of the 10% Test as to the Bonds of that maturity or the sale of all Bonds of that maturity.

By submitting a bid, each bidder confirms that: (i) any agreement among Underwriters, any selling group agreement and each retail distribution agreement (to which the bidder is a party) relating to the initial sale of the Bonds to the Public, together with the related pricing wires, contains or will contain language obligating each Underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such retail distribution agreement, as applicable, to report the prices at which it sells to the Public the unsold Bonds of each maturity allotted to it until it is notified by the winning bidder that either the 10% Test has been satisfied as to the Bonds of that maturity or all Bonds of that maturity have been sold to the Public, if and for so long as directed by the winning bidder and as set forth in the related pricing wires, and (ii) any agreement among Underwriters relating to the initial sale of the Bonds to the Public, together with the related pricing wires, contains or will contain language obligating each Underwriter that is a party to a retail distribution agreement to be employed in connection with the initial sale of the Bonds to the Public to require each broker-dealer that is a party to such retail distribution agreement to report the prices at which it sells to the Public the unsold Bonds of each maturity allotted to it until it is notified by the winning bidder or such Underwriter that either the 10% Test has been satisfied as to the Bonds of that maturity or all Bonds of that maturity have been sold to the Public, if and for so long as directed by the winning bidder or such Underwriter and as set forth in the related pricing wires.

Sales of any Bonds to any person that is a Related Party to an Underwriter shall not constitute sales to the Public for purposes of this Notice of Sale. Further, for purposes of this Notice of Sale:

- (i) “Public” means any person other than an Underwriter or a Related Party,
- (ii) “Underwriter” means (A) any person that agrees pursuant to a written contract with the Town (or with the lead Underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public),
- (iii) a purchaser of any of the Bonds is a “Related Party” to an Underwriter if the Underwriter and the purchaser are subject, directly or indirectly, to (i) at least 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and
- (iv) “Sale Date” means the date that the Bonds are awarded by the Town to the winning bidder.

**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, however, for tax years beginning prior to January 1, 2018, interest on the Bonds is included in the calculation of a corporation’s adjusted current earnings for purposes of, and thus may be subject to, the Federal alternative minimum tax for certain corporations; 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.

**Municipal Advisor.** The Town of Southington has retained Phoenix Advisors, LLC, 53 River Street, Milford, Connecticut 06460 (the “Municipal Advisor”) to serve as its municipal advisor in connection with the issuance of the Bonds. The Municipal Advisor has not independently verified any of the information contained in the Notice of Sale and its appendices and makes no guarantee as to their completeness or accuracy.

**Official Statement.** The Town of Southington has prepared a preliminary Official Statement for the Bond issue which is dated April 4, 2018. 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 Municipal Advisor 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 Municipal 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 or revised 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 Municipal 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-1 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 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 shall be the responsibility of the purchaser to 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.

**Delivery Date and Payment.** It is expected that the closing on the Bonds will occur on or about April 30, 2018 through the facilities of the Depository Trust Company, New York, New York, against payment in immediately available Federal funds.

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

MARK SCIOTA,  
*Town Manager*

JOYCE WILLIAMS,  
*Treasurer*

EMILIA PORTELINHA,  
*Director of Finance*

April 4, 2018

**APPENDIX TO NOTICE OF SALE  
FORM OF ISSUE PRICE CERTIFICATE**

*Competitive Sale Requirements Satisfied*

**TOWN OF SOUTHTON, CONNECTICUT  
\$8,815,000 GENERAL OBLIGATION BONDS, ISSUE OF 2018**

**ISSUE PRICE CERTIFICATE**

The undersigned, on behalf of Name of the Underwriter ("Underwriter Short Name"), hereby certifies as set forth below with respect to the sale of the above-captioned obligations (the "Bonds").

**1. Reasonably Expected Initial Offering Price.**

(a) As of the Sale Date, the reasonably expected initial offering prices of the Bonds to the Public by Underwriter Short Name are the prices listed in Schedule A (the "Expected Offering Prices"). The Expected Offering Prices are the prices for the Maturities of the Bonds used by Underwriter Short Name in formulating its bid to purchase the Bonds. Attached as Schedule B is a true and correct copy of the bid provided by Underwriter Short Name to purchase the Bonds.

(b) Underwriter Short Name was not given the opportunity to review other bids prior to submitting its bid.

(c) The bid submitted by Underwriter Short Name constituted a firm offer to purchase the Bonds.

**2. Defined Terms.**

(a) *Maturity* means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate Maturities.

(b) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term "related party" for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(c) *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is April 11, 2018.

(d) *Underwriter* means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

(e) *Issuer* means the Town of Southington, Connecticut.

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents Underwriter Short Name's interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Compliance Agreement and with respect to compliance with the federal income tax rules affecting the Bonds, and by Day Pitney LLP, as bond counsel, in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds.

*Name of the Underwriter*

By: \_\_\_\_\_

Name: \_\_\_\_\_

Dated: \_\_/\_\_/2018

**Attachments:**

**SCHEDULE A  
EXPECTED OFFERING PRICES**

**SCHEDULE B  
COPY OF UNDERWRITER'S BID**

*[Remainder of page intentionally left blank]*



***Competitive Sale Requirements Not Satisfied - 10% Test Applied***

**TOWN OF SOUTHTON, CONNECTICUT  
\$8,815,000 GENERAL OBLIGATION BONDS, ISSUE OF 2018**

**ISSUE PRICE CERTIFICATE**

The undersigned, on behalf of Name of the Underwriter ("Underwriter Short Name"), hereby certifies as set forth below with respect to the sale and issuance of the above-captioned obligations (the "Bonds").

1. ***Sale of the Bonds.*** As of the date of this certificate, for each Maturity of the Bonds, the first price at which at least 10% of such Maturity of the Bonds was sold to the Public is the respective price listed in Schedule A.

2. ***Defined Terms.***

(a) "Issuer" means the Town of Southington, Connecticut.

(b) "Maturity" means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate Maturities.

(c) "Public" means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term "related party" for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(d) "Underwriter" means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents Underwriter Short Name's interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Compliance Agreement and with respect to compliance with the federal income tax rules affecting the Bonds, and by Day Pitney LLP, as bond counsel, in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds.

Name of the Underwriter

By: \_\_\_\_\_

Name: \_\_\_\_\_

Dated: \_\_/\_\_/2018

**Attachment:**

**SCHEDULE A  
SALE PRICES**

***[Remainder of page intentionally left blank]***

# PROPOSAL FOR BONDS

April 11, 2018

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 April 4, 2018 which is hereby made a part of this proposal, we hereby offer to purchase all of the aggregate principal amount of \$8,815,000 General Obligation Bonds, Issue of 2018, 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</u> <u>Maturity</u>	<u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Year of</u> <u>Maturity</u>	<u>Amount</u>	<u>Interest</u> <u>Rate</u>
2020	\$615,000	_____%	2030	\$350,000	_____%
2021	\$615,000	_____%	2031	\$350,000	_____%
2022	\$615,000	_____%	2032	\$350,000	_____%
2023	\$615,000	_____%	2033	\$350,000	_____%
2024	\$615,000	_____%	2034	\$350,000	_____%
2025	\$515,000	_____%	2035	\$350,000	_____%
2026	\$515,000	_____%	2036	\$350,000	_____%
2027	\$515,000	_____%	2037	\$350,000	_____%
2028	\$520,000	_____%	2038	\$350,000	_____%
2029	\$525,000	_____%			

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 \$ \_\_\_\_\_

Premium \$ \_\_\_\_\_

***Appendix D-2***

***Notice of Sale and Bid Form - Notes***

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**NOTICE OF SALE**  
**\$16,000,000**  
**Town of Southington, Connecticut**  
**Bond Anticipation Notes**  
**(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 **11:00 A.M. Eastern Time on WEDNESDAY,**

**APRIL 11, 2018**

for the purchase of \$16,000,000 Bond Anticipation Notes of the Town of Southington, dated April 30, 2018, maturing on April 29, 2019 (the "Notes").

The Notes will be payable with interest at maturity. Interest shall be computed on the basis of a 30-day month and a 360-day year. The Notes are not subject to redemption prior to maturity.

The Notes 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 Notes will be issued by means of a book-entry system with no physical distribution of note certificates made to the public. The Notes will be issued in registered form and one note certificate for each interest rate 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 Notes 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 Notes, will be required to deposit the note certificates with DTC, registered in the name of Cede & Co. Principal of and interest on the Notes will be payable by the Town or its agent to DTC or its nominee as registered owner of the Notes. Principal and interest payments by DTC to Participants of DTC will be the responsibility of DTC; principal and interest payments to Beneficial Owners by Participants of DTC will be the responsibility of such Participants and other nominees of Beneficial Owners. The 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 Notes 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 Notes, the Town will authenticate and deliver replacement Notes in the form of fully registered certificates. Any such replacement Notes, will provide that principal of and interest on the Notes will be payable to the registered owner upon presentation and surrender of the Notes at the principal office of the Paying Agent, or of its successors as paying agent for the Notes.

**Proposals.** Proposals may be made for all or any part of the Notes. No proposal for less than the minimum denomination or for less than par and accrued interest will be entertained. Each proposal must state one rate of interest in a multiple of one-hundredth (1/100) of one-percent (1%) per annum for each part of the Notes bid for in the proposal, and may, at the option of the bidder, include a premium. 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 net interest rate 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 sealed proposals for the purchase of the Notes 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 Notes." 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 Notes 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 Notes via PARITY®, the bidder represents and warrants to the Town that such bidder's bid for the purchase of the Notes 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 Notes 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 Notes. 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 Notes, the prospective bidder should telephone PARITY® at (212) 849-5021. If any provision of this Notice of Sale 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 of Sale and the form of Proposal for Notes.

**Basis of Award.** As between proposals which comply with this Notice, the Notes will be sold to the responsible bidder or bidders offering to purchase the Notes at the lowest net interest rate, which will be determined for each interest rate stated in the proposal based on the total interest to be payable at such rate and deducting therefrom any premium. If there is more than one responsible bidder making said offer at the same lowest net interest rate, the Notes will be sold to the responsible bidder with a proposal for the highest principal amount of Notes specified or, if the same principal amount of Notes is specified in such proposals, to the responsible bidder whose proposal is selected by the Town by lot from among all such proposals. If a bidder is awarded only a part of the Notes, any premium offered in such proposal will be proportionately reduced so that the resulting net interest rate with respect to the Notes awarded is the same as that contained in the bidder's proposal with respect to the entire amount bid at such rate, carried to four places.

The Town reserves the right to award to any bidder all or any part of the Notes bid for in its proposal. The right is reserved to reject any and all proposals and to reject any proposal not complying with this Notice of Sale and to waive any irregularity or informality with respect to any proposal.

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

**Certifying and Paying Agent.** The Notes 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 Notes 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 Notes and receipt of payment therefor, and stating that there is no litigation pending, or to the knowledge of the signer or signers thereof threatened, affecting the validity of the Notes 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 Note 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 Notes. 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.

**Establishment of Issue Price.** The winning bidder shall assist the Town in establishing the issue price of the Notes and shall execute and deliver to the Town at Closing an “issue price” or similar certificate setting forth the reasonably expected initial offering price to the Public or the sales price or prices of the Notes, together with the supporting pricing wires or equivalent communications, substantially in the applicable form set out in the Appendix hereto, with such modifications as may be appropriate or necessary, in the reasonable judgment of the winning bidder and Bond Counsel. All actions to be taken by the Town under this Notice of Sale to establish the issue price of the Notes may be taken on behalf of the Town by the Town’s Municipal Advisor identified herein and any notice or report to be provided to the Town may be provided to the Town’s Municipal Advisor.

By submitting a bid for the Notes, a bidder represents that it has an established industry reputation for underwriting new issuances of municipal obligations.

If the winning bidder has purchased the Notes for its own account and not with a view to distribution or resale to the Public, then, whether or not the Competitive Sale Requirements, as herein defined, were met, the certificate will recite such facts and identify the price or prices at which the purchase of the Notes was made.

The Town intends that the provisions of Treasury Regulation Section 1.148-1(f)(3)(i) (defining “competitive sale” for purposes of establishing the issue price of the Notes) will apply to the initial sale of the Notes (the “Competitive Sale Requirements”) because:

- (5) the Town shall disseminate this Notice of Sale to potential Underwriters in a manner that is reasonably designed to reach potential Underwriters;
- (6) all bidders shall have an equal opportunity to bid;
- (7) the Town may receive bids from at least three Underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds; and
- (8) the Town anticipates awarding the sale of the Notes to the bidder who submits a firm offer to purchase the Notes at the highest price (or lowest interest cost), as set forth in this Notice of Sale.

Any bid submitted pursuant to this Notice of Sale shall be considered a firm offer for the purchase of the Notes, as specified in the bid.

In the event that the Competitive Sale Requirements are not satisfied, the Town shall so advise the winning bidder. The Town shall treat the first price at which 10% of a maturity of the Notes (the "10% Test") is sold to the Public as the issue price of that maturity, applied on a maturity-by-maturity basis (and if different interest rates apply within a maturity, to each separate CUSIP number within that maturity). The winning bidder shall advise the Town if any maturity of the Notes satisfies the 10% Test as of the date and time of the award of the Notes. The Town will not require bidders to comply with the "Hold-The-Offering-Price Rule", as described in Treasury Regulations Section 1.148-1(f)(2)(ii), and therefore does not intend to use the initial offering price to the Public as of the Sale Date of any maturity of the Notes as the issue price of that maturity. **Bids will not be subject to cancellation in the event that the Competitive Sale Requirements are not satisfied.**

If the Competitive Sale Requirements are not satisfied, then until the 10% Test has been satisfied as to each maturity of the Notes, the winning bidder agrees to promptly report to the Town the prices at which the unsold Notes of that maturity have been sold to the Public. That reporting obligation shall continue, whether or not the Closing Date has occurred, until the earlier to occur of the satisfaction of the 10% Test as to the Notes of that maturity or the sale of all Notes of that maturity.

By submitting a bid, each bidder confirms that: (i) any agreement among Underwriters, any selling group agreement and each retail distribution agreement (to which the bidder is a party) relating to the initial sale of the Notes to the Public, together with the related pricing wires, contains or will contain language obligating each Underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such retail distribution agreement, as applicable, to report the prices at which it sells to the Public the unsold Notes of each maturity allotted to it until it is notified by the winning bidder that either the 10% Test has been satisfied as to the Notes of that maturity or all Notes of that maturity have been sold to the Public, if and for so long as directed by the winning bidder and as set forth in the related pricing wires, and (ii) any agreement among Underwriters relating to the initial sale of the Notes to the Public, together with the related pricing wires, contains or will contain language obligating each Underwriter that is a party to a retail distribution agreement to be employed in connection with the initial sale of the Notes to the Public to require each broker-dealer that is a party to such retail distribution agreement to report the prices at which it sells to the Public the unsold Notes of each maturity allotted to it until it is notified by the winning bidder or such Underwriter that either the 10% Test has been satisfied as to the Notes of that maturity or all Notes of that maturity have been sold to the Public, if and for so long as directed by the winning bidder or such Underwriter and as set forth in the related pricing wires.

Sales of any Notes to any person that is a Related Party to an Underwriter shall not constitute sales to the Public for purposes of this Notice of Sale. Further, for purposes of this Notice of Sale:

- (i) "Public" means any person other than an Underwriter or a Related Party,
- (ii) "Underwriter" means (A) any person that agrees pursuant to a written contract with the Town (or with the lead Underwriter to form an underwriting syndicate) to participate in the initial sale of the Notes to the Public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Notes to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Notes to the Public),
- (iii) a purchaser of any of the Notes is a "Related Party" to an Underwriter if the Underwriter and the purchaser are subject, directly or indirectly, to (i) at least 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit



interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and

- (iv) “Sale Date” means the date that the Notes are awarded by the Town to the winning bidder.

**Bond Counsel Opinion.** The opinion of Bond Counsel will cover the following matters: (1) that the Notes 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 Notes is excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Code; the Notes are not “private activity bonds” and interest on the Notes is not treated as a preference item for purposes of calculating the Federal alternative minimum tax, however, for tax years beginning prior to January 1, 2018, interest on the Notes is included in the calculation of a corporation’s adjusted current earnings for purposes of, and thus may be subject to, the Federal alternative minimum tax for certain corporations; and (3) that, under existing statutes, interest on the Notes is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates; and interest on the Notes 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 Notes will *not* be “qualified tax-exempt obligations” for purposes of the deduction by financial institutions of interest expenses that is allocable to tax-exempt obligations.

**Municipal Advisor.** The Town of Southington has retained Phoenix Advisors, LLC, 53 River Street, Milford, Connecticut 06460, to serve as its municipal advisor (the “Municipal Advisor”) in connection with the issuance of the Notes. The Municipal Advisor has not independently verified any of the information contained in the Notice of Sale and its appendices and makes no guarantee as to their completeness or accuracy.

**Official Statement.** The Town of Southington has prepared a preliminary Official Statement for the Note issue which is dated April 4, 2018. 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 each winning purchaser 5 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(s) at the office of the Town’s Municipal Advisor by the delivery of the Notes or by the seventh business day after the day bids on the Notes are received if earlier. 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 Notes, substantially in the form attached as Appendix C-2 to the Official Statement (the “Continuing Disclosure Agreement for Notes”), to provide or cause to be provided, in accordance with the requirements of SEC Rule 15c2-12, timely notice of the occurrence of certain events with respect to the Notes. The winning bidder’s obligation to purchase the Notes shall be conditioned upon its receiving, at or prior to the delivery of the Notes, an executed copy of the Continuing Disclosure Agreement for Notes.

**CUSIP Numbers.** The deposit of the Notes with DTC under a book-entry system requires the assignment of CUSIP numbers prior to delivery. It shall be the responsibility of the purchaser to apply for CUSIP numbers for the Notes prior to delivery. Neither the failure to print such CUSIP number on any note, 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 Notes. All expenses in relation to the printing of CUSIP numbers on the Notes 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.

**Delivery Date and Payment.** The Notes will be delivered against payment in immediately available Federal funds through the facilities of The Depository Trust Company, New York, New York on April 30, 2018.

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

MARK SCIOTA,  
*Town Manager*

JOYCE WILLIAMS,  
*Treasurer*

EMILIA PORTELINHA,  
*Director of Finance*

April 4, 2018

**APPENDIX TO NOTICE OF SALE  
FORM OF ISSUE PRICE CERTIFICATE**

*Competitive Sale Requirements Satisfied*

**TOWN OF SOUTHLINGTON, CONNECTICUT  
\$16,000,000 BOND ANTICIPATION NOTES, DATED APRIL 30, 2018**

**ISSUE PRICE CERTIFICATE**

The undersigned, on behalf of Name of the Underwriter ("Underwriter Short Name"), hereby certifies as set forth below with respect to the sale of the above-captioned obligations (the "Notes").

**1. Reasonably Expected Initial Offering Price.**

(a) As of the Sale Date, the reasonably expected initial offering prices of the Notes to the Public by Underwriter Short Name are the prices listed in Schedule A (the "Expected Offering Prices"). The Expected Offering Prices are the prices for the Maturities of the Notes used by Underwriter Short Name in formulating its bid to purchase the Notes. Attached as Schedule B is a true and correct copy of the bid provided by Underwriter Short Name to purchase the Notes.

(b) Underwriter Short Name was not given the opportunity to review other bids prior to submitting its bid.

(c) The bid submitted by Underwriter Short Name constituted a firm offer to purchase the Notes.

**2. Defined Terms.**

(a) *Maturity* means Notes with the same credit and payment terms. Notes with different maturity dates, or Notes with the same maturity date but different stated interest rates, are treated as separate Maturities.

(b) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term "related party" for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(c) *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Notes. The Sale Date of the Notes is April 11, 2018.

(d) *Underwriter* means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Notes to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Notes to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Notes to the Public).

(e) *Issuer* means the Town of Southington, Connecticut.

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents Underwriter Short Name's interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Compliance Agreement and with respect to compliance with the federal income tax rules affecting the Notes, and by Day Pitney LLP, as bond counsel, in connection with rendering its opinion that the interest on the Notes is excluded from gross income for federal income tax purposes, the preparation of the

Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Notes.

*Name of the Underwriter*

By: \_\_\_\_\_

Name: \_\_\_\_\_

\_\_\_\_/\_\_\_\_/\_\_\_\_

**Attachments:**

**SCHEDULE A  
EXPECTED OFFERING PRICES**

**SCHEDULE B  
COPY OF UNDERWRITER'S BID**

*[Remainder of page intentionally left blank]*

***Competitive Sale Requirements Not Satisfied - 10% Test Applied***

**TOWN OF SOUTHTON, CONNECTICUT  
\$16,000,000 BOND ANTICIPATION NOTES, DATED APRIL 30, 2018**

**ISSUE PRICE CERTIFICATE**

The undersigned, on behalf of Name of the Underwriter ("Underwriter Short Name"), hereby certifies as set forth below with respect to the sale and issuance of the above-captioned obligations (the "Notes").

1. ***Sale of the Notes.*** As of the date of this certificate, for each Maturity of the Notes, the first price at which at least 10% of such Maturity of the Notes was sold to the Public is the respective price listed in Schedule A.

2. ***Defined Terms.***

(a) "*Issuer*" means the Town of Southington, Connecticut.

(b) "*Maturity*" means Notes with the same credit and payment terms. Notes with different maturity dates, or Notes with the same maturity date but different stated interest rates, are treated as separate Maturities.

(c) "*Public*" means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term "related party" for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(d) "*Underwriter*" means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Notes to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Notes to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Notes to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents Underwriter Short Name's interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Compliance Agreement and with respect to compliance with the federal income tax rules affecting the Notes, and by Day Pitney LLP, as bond counsel, in connection with rendering its opinion that the interest on the Notes is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Notes.

*Name of the Underwriter*

By: \_\_\_\_\_

Name: \_\_\_\_\_

Dated: \_\_/\_\_/2018

**Attachment:**

**SCHEDULE A  
SALE PRICES**

***[Remainder of page intentionally left blank]***

## PROPOSAL FOR NOTES

April 11, 2018

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 April 4, 2018 which is hereby made a part of this proposal, we hereby offer to purchase the principal amount of the Notes specified below at the interest rate per annum plus the premium, if any, specified below, and to pay therefor said principal amount, premium, if any, and interest accrued on said Notes to the date of their delivery, if any. The following is our computation of the net interest rate, made as provided in the above-mentioned Notice of Sale, but not constituting any part of the foregoing proposal.

Of the \$16,000,000 Bond Anticipation Notes of the Town of Southington, dated April 30, 2018, maturing April 29, 2019, we bid the following:

Principal Amount	\$	_____	Principal Amount	\$	_____
Interest Rate		_____ %	Interest Rate		_____ %
Premium	\$	_____	Premium	\$	_____
Net Interest Rate		_____ % (four decimals)	Net Interest Rate		_____ % (four decimals)
Principal Amount	\$	_____	Principal Amount	\$	_____
Interest Rate		_____ %	Interest Rate		_____ %
Premium	\$	_____	Premium	\$	_____
Net Interest Rate		_____ % (four decimals)	Net Interest Rate		_____ % (four decimals)

Name of Bidder: \_\_\_\_\_

Address of Bidder: \_\_\_\_\_

Signature of Officer or  
Authorized Agent of Bidder: \_\_\_\_\_

Telephone Number: \_\_\_\_\_