

Final Official Statement Dated April 11, 2019

REFUNDING / 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; 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 Exemption" herein.)



Town of Southington, Connecticut

\$6,825,000

General Obligation Refunding Bonds, Issue of 2019

Dated: May 3, 2019

**Due: August 1, 2019-2030,
As shown on the inside cover hereof:**

The General Obligation Refunding Bonds, Issue of 2019 (the "Bonds") will bear interest payable August 1, 2019 and semiannually thereafter on February 1 and August 1 in each year until maturity. The Bonds are issuable only as fully-registered bonds, without coupons, and, when issued, will be registered in the name of Cede & Co., as bondowner and nominee for The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the Bonds. Purchases of the Bonds will be made in book-entry form, in the denomination of \$5,000 or any integral multiple thereof. Purchasers will not receive certificates representing their ownership interest in the Bonds. So long as Cede & Co. is the Bondowner, as nominee of DTC, reference herein to the Bondowner or owners shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners (as defined herein) of the Bonds. See "Book-Entry-Only Transfer System" herein.

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

Baird

\$3,975,000

General Obligation Bond Anticipation Notes

Dated: April 29, 2019

Due: April 28, 2020

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, 2019. 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.

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 and the Notes in book-entry-only form will be made to DTC in New York, New York on or about April 29, 2019 with respect to the Notes and May 3, 2019 with respect to the Bonds.

Town of Southington, Connecticut

\$6,825,000

General Obligation Refunding Bonds, Issue of 2019

Dated: May 3, 2019

Due: August 1,
as shown below:

<i>Year</i>	<i>Principal</i>	<i>Coupon</i>	<i>Yield</i>	<i>CUSIP</i> ¹	<i>Year</i>	<i>Principal</i>	<i>Coupon</i>	<i>Yield</i>	<i>CUSIP</i> ¹
2019	\$ 910,000	5.000%	1.500%	844402ZZ3	2025	\$ 420,000	5.000%	1.700%	844402A72
2020	1,640,000	5.000%	1.400%	844402A23	2026*	420,000	3.000%	1.800%	844402A80
2021	690,000	5.000%	1.450%	844402A31	2027*	415,000	3.000%	1.850%	844402A98
2022	290,000	5.000%	1.480%	844402A49	2028*	415,000	2.250%	1.910%	844402B22
2023	405,000	5.000%	1.530%	844402A56	2029*	405,000	2.500%	2.000%	844402B30
2024	415,000	5.000%	1.600%	844402A64	2030*	400,000	3.000%	2.200%	844402B48

* Priced assuming redemption on April 15, 2025; however, any such redemption is at the option of the Town.

Baird

\$3,975,000

General Obligation Bond Anticipation Notes

Dated: April 29, 2019
Rate: 2.75%
Yield: 1.60%

Due: April 28, 2020
CUSIP:¹ 844402B55
Underwriter: Jefferies

¹ 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 – “2018 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 Exemption” herein), and makes no representation that it has independently verified the same.

On April 1, 2019, Baird Financial Corporation, the parent company of Baird, acquired HL Financial Services, LLC, its subsidiaries, affiliates and assigns (collectively “Hilliard Lyons”). As a result of such common control, Baird, Hilliard Lyons and Hilliard Lyons Trust Company are now affiliated. It is expected that Hilliard Lyons will merge with and into Baird later in 2019.

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Refunding Bond Issue Summary

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

Date of Sale:	Thursday, April 11, 2019 at 11:30 A.M. (Eastern Time).
Location of Sale:	Office of the Town Manager, Town Hall, 75 Main Street, Southington, Connecticut 06489.
Issuer:	Town of Southington, Connecticut (the "Town").
Issue:	\$6,825,000 General Obligation Refunding Bonds (the "Bonds"), Issue of 2019.
Dated Date:	May 3, 2019
Principal and Interest Due:	Principal due serially August 1, 2019 through August 1, 2030. Interest due February 1 and August 1 in each year until maturity, commencing August 1, 2019.
Purpose:	The Bond proceeds will be used to refund bonds previously issued for various general purpose, school, sewer, and water projects.
Redemption:	The Bonds are subject to redemption prior to maturity. See "Redemption Provisions" herein.
Security:	The Bonds will be general obligations of the Town of Southington, Connecticut, and the Town will pledge its full faith and credit to the payment of principal of and interest on the Bonds when due.
Credit Rating:	The Bonds have been rated "AA+" by S&P Global Ratings.
Bond Insurance:	The Town does not expect to purchase a credit enhancement facility.
Basis of Award:	Lowest True Interest Cost (TIC), as of the dated date.
Tax Exemption:	See Appendix B-1 - "Opinion of Bond Counsel and Tax Status - Bonds".
Bank Qualification:	The Bonds shall <u>NOT</u> be designated by the Issuer as qualified tax-exempt obligations under the provision of Section 265(b) of the Internal Revenue Code of 1986, as amended, for purposes of the deduction by financial institutions of interest expense allocable to the Bonds.
Continuing Disclosure:	In accordance with the requirements of Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission, the Town will agree to provide, or cause to be provided, annual financial information and operating data and notices of 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.
Registrar, Transfer Agent, Certifying Agent, Paying Agent and Escrow Agent:	U.S. Bank National Association, Goodwin Square, 225 Asylum Street, Hartford, Connecticut 06103.
Municipal Advisor:	Phoenix Advisors, LLC of Milford, Connecticut. Telephone (203) 878-4945.
Legal Opinion:	Day Pitney LLP, of Hartford, Connecticut.
Separate CUSIPS:	Separate CUSIP numbers for the Bonds are required. It shall be the responsibility of the Municipal Advisor to apply for CUSIP numbers for the Bonds prior to delivery.
Delivery and Payment:	It is expected that delivery of the Bonds in book-entry-only form will be made to The Depository Trust Company on or about May 3, 2019. Delivery of the Bonds will be made against payment in Federal Funds.
Issuer Official:	Questions concerning the Official Statement should be addressed to Ms. Emilia C. Portelinha, Director of Finance, Town of Southington, Town 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.

Date of Sale:	Thursday, April 11, 2019 at 11:00 A.M. (Eastern Time).
Location of Sale:	Office of the Town Manager, Town Hall, 75 Main Street, Southington, Connecticut 06489.
Issuer:	Town of Southington, Connecticut (the "Town").
Issue:	\$3,975,000 General Obligation Bond Anticipation Notes (the "Notes").
Dated Date:	April 29, 2019.
Interest Due:	At maturity: April 28, 2020
Principal Due:	At maturity: April 28, 2020
Authorization and Purpose:	The Note proceeds will be used to provide funds for school projects.
Redemption:	The Notes are NOT subject to redemption prior to maturity.
Security:	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.
Credit Rating:	The Notes have been rated "SP-1+" by S&P Global Ratings.
Basis of Award:	Lowest Net Interest Cost (NIC), as of the dated date.
Tax Exemption:	See Appendix B-2 - "Opinion of Bond Counsel and Tax Status - Notes".
Bank Qualification:	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.
Continuing Disclosure:	In accordance with the requirements of Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission, the Town will agree to provide, or cause to be provided, annual financial information and operating data and notices of material events with respect to the 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.
Registrar, Transfer Agent, Certifying Agent and Paying Agent:	U.S. Bank National Association, Goodwin Square, 225 Asylum Street, Hartford, Connecticut 06103.
Municipal Advisor:	Phoenix Advisors, LLC, of Milford, Connecticut. Telephone (203) 878-4945.
Legal Opinion:	Day Pitney LLP, of Hartford, Connecticut.
Delivery and Payment:	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 29, 2019. Delivery of the Notes will be made against payment in Federal Funds.
Issuer Official:	Questions concerning the Official Statement should be addressed to Ms. Emilia C. Portelinha, Director of Finance, Town of Southington, Town 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 \$6,825,000 General Obligation Refunding Bonds, Issue of 2019 (the "Bonds") and \$3,975,000 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, 2019 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 and Escrow Agent for the Bonds.

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

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 "Municipal Advisor"). The information in this Official Statement has been prepared by the Town of Southington, with the help of the Municipal Advisor. The Municipal Advisor is not obligated to undertake, and has not undertaken, either to make an independent verification of or to assume responsibility for the accuracy, completeness, or fairness of the information contained in the Official Statement and the appendices hereto.

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

Description of the Bonds

The Bonds will mature on August 1 in each of the years as set forth on the inside cover page hereof. The Bonds will be dated May 3, 2019 and bear interest at the rates per annum specified on the inside cover page, payable semiannually on February 1 and August 1 in each year until maturity, commencing August 1, 2019. Interest will be calculated on the basis of a 360-day year, consisting of twelve 30-day months. Interest is payable to the registered owner as of the close of business on the fifteenth day of January and July in each year, or the preceding day if such fifteenth day is not a business day, by check mailed to the registered owner; or so long as the Bonds are registered in the name of Cede & Co., as nominee of DTC, by such other means as DTC, the Paying Agent and the Town shall agree.

Redemption Provisions

The Bonds maturing on or before August 1, 2025 are not subject to redemption prior to maturity. The Bonds maturing on August 1, 2026 and thereafter are subject to redemption prior to maturity, at the election of the Town, on or after August 1, 2025 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:

<i>Redemption Dates</i>	<i>Redemption Prices</i>
August 1, 2025 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 29, 2019 and will be due and payable as to both principal and interest at maturity on April 28, 2020. 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 opinions for the Bonds and the Notes will be rendered by Day Pitney LLP, Bond Counsel, of Hartford, Connecticut. See Appendix B-1 “Opinion of Bond Counsel and Tax Status - Bonds” and Appendix B-2 “Opinion of Bond Counsel and Tax Status – Notes”.

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 or resolutions approved by, as applicable, the Town's Board of Finance, the Town Council and, the voters of the Town at referendum, more particularly described below:

Project	Amount Authorized	This Issue:
		The Notes Due: 4/28/20
2011 School Renov., Add., & Improvements	\$ 89,725,000	\$ 3,975,000
Total	\$ 89,725,000	\$ 3,975,000

Plan of Refunding

The Bonds are being issued to refund at or prior to maturity all or a portion of certain maturities of certain of the outstanding series of general obligation bonds of the Town as set forth below (the "Refunded Bonds"). The refunding is contingent upon delivery of the Bonds.

Issue	Dated Date	Maturity Date	Interest Rate	Par Amount	Redemption Date	Redemption Price
Issue of 2010	1/22/2010	5/15/2020	4.250%	\$ 945,000	6/4/2019	100.00%
		5/15/2021	3.750%	940,000	6/4/2019	100.00%
		Total		\$ 1,885,000		
Issue of 2011	3/2/2011	8/01/2020	4.000%	\$ 800,000	8/1/2019	100.00%
		8/01/2021	4.000%	800,000	8/1/2019	100.00%
		8/01/2022	4.000%	400,000	8/1/2019	100.00%
		8/01/2023	4.000%	400,000	8/1/2019	100.00%
		8/01/2024	4.000%	400,000	8/1/2019	100.00%
		8/01/2025	4.000%	400,000	8/1/2019	100.00%
		8/01/2026	4.000%	400,000	8/1/2019	100.00%
		8/01/2027	4.000%	400,000	8/1/2019	100.00%
		8/01/2028	4.125%	400,000	8/1/2019	100.00%
		8/01/2029	4.250%	400,000	8/1/2019	100.00%
		8/01/2030	4.250%	400,000	8/1/2019	100.00%
		Total		\$ 5,200,000		
		Grand Total		\$ 7,085,000		

Upon delivery of the Refunding Bonds, the proceeds will be placed in an irrevocable trust fund (the "Escrow Deposit Fund") established with U.S. Bank National Association, as Escrow Agent (the "Escrow Agent") under an Escrow Agreement (the "Escrow Agreement") to be dated as of May 3, 2019 between the Escrow Agent and the Town. The Escrow Agent will use such proceeds to purchase a portfolio of non-callable direct obligations of, or obligations guaranteed by the United States of America, including United States Treasury securities, Federal National Mortgage Association securities and Federal Home Loan Mortgage Corporation securities, or other investments permitted by Section 7-400 of the Connecticut General Statutes, as amended, all of which shall not be callable or prepayable at the option of the Issuer thereof (the "Government Obligations"). The principal of and interest on the Government Obligations, when due, will provide amounts sufficient to meet principal, interest payments and redemption prices on the Refunded Bonds on the redemption dates. The Escrow Agreement permits substitution of certain Government Obligations for other Government Obligations provided that the maturing principal of and interest on all Government Obligations held at any time under the Escrow Agreement will provide amounts sufficient to pay the principal, interest and redemption prices on the Refunded Bonds on the date such payments are due. All investment income on maturing principal of the Government Obligations held in the Escrow Deposit Fund and needed to pay the principal of, interest and redemption prices, on the Refunded Bonds will be irrevocably deposited by the Town for payment of the Refunded Bonds. The balance of the proceeds of the Refunding Bonds will be used to pay certain costs of issuance and underwriter's discount.

The Connecticut General Statutes provide that upon placement in escrow of proceeds of refunding bonds sufficient to provide for the payment of principal, interest and call premium payments on the bonds to be refunded by

such refunding bonds, such bonds are no longer counted in computing the Town's debt for statutory debt limitation purposes.

Verification of Mathematical Computations

The accuracy of the mathematical computations regarding (i) the adequacy of maturing principal of and interest earned on the Government Obligations deposited with the Escrow Agent to pay, when due, the principal of, accrued interest and redemption premium on the Refunded Bonds on the redemption dates and (ii) the yield on the Bonds and the securities and moneys in the Escrow Deposit Fund and (iii) net present value savings, will be verified by AMTEC of Avon, Connecticut (the "Verification Agent"). Such verification of the accuracy of the mathematical computations will be based upon information and assumptions supplied to the Verification Agent by the Underwriter. AMTEC will express no opinion on the assumptions provided to them. Bond Counsel in rendering its opinion described herein will rely on the verification report.

Sources and Uses of Bond Proceeds:

<i>Sources:</i>	<i>This Issue</i>
Par Amount of the Bonds	\$ 6,825,000.00
Net Original Issue Premium	472,627.60
<i>Total Sources</i>	\$ 7,297,627.60
<i>Uses:</i>	
Deposit to Refunding Escrow	\$ 7,202,512.84
Costs of Issuance	74,435.97
Underwriter's Discount	20,678.79
<i>Total Uses</i>	\$ 7,297,627.60

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 prior 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.

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.***

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.

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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 43,863, 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 2017 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 the 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 foot 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 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 foot 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.

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

- Economy Spring's planned relocation to 216,000 square foot at 75 Aircraft Road
- Stanley Black & Decker – 200 employees to 400 Executive Boulevard
- Webster Bank – 550 employees occupying 80,000 square foot at 200 Executive Boulevard
- Quantum Bio Power – a 1.4 megawatt \$14 million anaerobic digestion facility
- Kinsmen Brewing Company – 11,000 square foot at 409 Canal Street
- Witchdoctor Brewing - 5,000 square foot at Factory Square
- Skygazer Brewing – new construction on Triano Drive
- North Star Properties – 70,000 square foot retail - Home Goods, Michaels, Pet Valu, Chip's Restaurant, at 99 Executive Boulevard
- 125 room Courtyard Marriott on West Street
- Popeye's, Nutmeg Federal Credit Union, Silk Nails retail on West Street
- Hartford Healthcare - 42,000 square foot medical center on Queen Street
- Meade Landscaping - new 6,325 square foot building on Triano Drive
- Aldi's 20,162 square foot, Chick-fil-A's 4,380 square foot, and other planned retail facilities on Queen Street
- Nurturing Nest Daycare at 1721 Meriden-Waterbury Road
- Top Line Manufacturing, 13,300 square foot on 158 Industrial Drive
- J & P Manufacturing - 4,800 square foot on 158 Industrial Drive
- Sauced restaurant inside of Kinsman Brewery
- Dollar General Store - 9,367 square foot on 1724 Meriden-Waterbury Road
- Storage facility on Meriden-Waterbury Road under construction - 60,000 square foot
- AAA new service facility - 11,000 square foot on Queen Street
- Mission BBQ, Chipotle and Verizon store on Queen Street
- Connecticut Lighting moving to 50 Graham Place and expanding to 12,000 square foot
- Crystal Bees expanded venue Haunted House
- Cava Rooftop Dining
- Art Studio of Connecticut and My Little Rascals Too Daycare on 805 West Queen Street
- Andy LLC, 18,000 square foot on 157 Industrial Drive

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

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	13 years
Council Member, Vice Chair.....	Dawn A. Micelli	Elected	11/17-11/19	9 years
Council Member	John N. Barry	Elected	11/17-11/19	15 years
Council Member.....	William Dziedzic	Elected	11/17-11/19	2 years
Council Member.....	Tom Lombardi	Elected	11/17-11/19	4 years
Council Member.....	Kelly Morrissey	Elected	11/17-11/19	2 years
Council Member.....	Christopher J. Poulos	Elected	11/17-11/19	2 years
Council Member.....	Michael Riccio	Elected	11/17-11/19	13 years ²
Council Member.....	Victoria Triano	Elected	11/17-11/19	23 years
Town Manager.....	Mark Sciota	Appointed	2/18-1/21	1 years ¹
Director of Finance.....	Emilia Portelinha	Appointed	Indefinite	13 years
Assistant Finance Director.....	Christina Sivigny	Appointed	Indefinite	7 years
Treasurer.....	Joyce Williams	Appointed	Indefinite	5 years ³
Economic Dev. Coordinator.....	Louis A. Perillo	Appointed	Indefinite	13 years

¹ 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.

² Mr. Riccio started a new term on Council with 10 years of previous Town Council experience.

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

Source: Town of Southington

Municipal Services

Police: The Southington Police Department has a sworn staff of 68 including a Chief, 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 \$64.31 per ton on a minimum required 14,452 tons for fiscal year 2019 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, 2018 was 6,352. The rated capacity of the system facilities is 8,070.

School Enrollment

School Year	Historical			Total
	Pre-K-5	6 - 8	9 - 12	
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
2018-2019	2,783	1,526	2,043	6,352

School Year	Projected			Total
	Pre-K	K - 8	9 - 12	
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
2023-2024	101	4,250	2,006	6,357

Source: Town of Southington, Board of Education

School Facilities

School	Grades	Date of Construction (Additions, Remodeling)	Number of Classrooms	10/1/2018 Enrollment ¹	Rated Capacity
Southington High					
and ASTE Building.....	9 - 12	1974 (1985,1987,1994,1995)	125	2,011	2,150
DePaolo Middle.....	6 - 8	1967 (1988, 2013)	63	751	1,015
Kennedy Middle.....	6 - 8	1964 (1988, 2013)	63	775	1,015
Derynoski.....	K-5	1950 (1958,1974,1993)	40	535	775
Flanders.....	K-5	1966	23	286	450
Hatton.....	PK-5	1953 (2001)	26	417	550
ALTA @ Pyne Center ²	9-12	1960	5	32	65
Plantsville.....	K-5	1961 (2008)	15	265	300
South End.....	K-5	1954 (2008 New Building)	14	233	300
Strong.....	K-5	1958 (1995,2001)	21	300	500
Thalberg.....	K-5	1959 (2001)	22	446	500
Kelley.....	K-5	1966	23	301	450
Total.....			440	6,352	8,070

¹ A total of 49 Special Education students are out-placed and are not included in the 10/1/2018 Enrollment by Building.

² 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

	2019	2018	2017	2016	2015
General Government.....	235	238	237	238	236
Board of Education.....	1,014	994	988	1,001	987
Total.....	1,249	1,232	1,225	1,239	1,223

Source: Town of Southington

Employee Relations

Board of Education Groups	Positions Covered	Current Contract Expiration Date
Teachers (Southington Education Association).....	569	6/30/2022
Administrators (Southington Administrators Association).....	22	6/30/2020
Custodians, Maintenance (A.F.S.C.M.E.).....	48	6/30/2021
Secretaries, Food Service (A.F.S.C.M.E.).....	77	6/30/2020
Nurses (A.F.S.C.M.E.).....	19	6/30/2020
Occupational & Physical Therapists (UPSEU)	6	6/30/2020
Paraprofessional, ABA Therapist, EL Tutors (UPSEU)	273	6/30/2019 ¹
Total Unionized Board of Education Employees.....	1,014	
General Government		
Town Employees (UPSEU-Local 424, Unit 35).....	68	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 ¹
Fire Department (Local 2033 International Association of Firefighters).....	30	6/30/2021
Total Unionized General Government Employees.....	235	

¹ 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

Year	Population ¹	% Increase (Decrease)	Density ²
2017 ³	43,817	1.7%	1,187.5
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

¹ 1970-2010, U.S. Department of Commerce, Bureau of Census

² Per square mile: 36.9 square miles

³ American Community Survey 2013-2017

Age Distribution of the Population

Age	Town of Southington		State of Connecticut	
	Number	Percent	Number	Percent
Under 5 years	2,255	5.1%	186,188	5.2%
5 to 9 years	2,267	5.2	206,536	5.7
10 to 14 years	2,778	6.3	225,831	6.3
15 to 19 years	2,734	6.2	249,777	6.9
20 to 24 years	2,089	4.8	245,849	6.8
25 to 34 years	4,488	10.2	439,239	12.2
35 to 44 years	5,302	12.1	433,401	12.1
45 to 54 years	7,083	16.2	535,611	14.9
55 to 59 years	2,949	6.7	266,501	7.4
60 to 64 years	3,139	7.2	229,788	6.4
65 to 74 years	5,031	11.5	318,515	8.9
75 to 84 years	2,492	5.7	167,133	4.6
85 years and over	1,210	2.8	90,109	2.5
Total.....	43,817	100.0%	3,594,478	100.0%
Median Age (Years) 2017.....	45.0		40.8	
Median Age (Years) 2010..... ¹	43.3		40.0	

¹ U.S. Department of Commerce, Bureau of Census, 2010.

Source: American Community Survey 2013-2017

Income Distribution

	Town of Southington		State of Connecticut	
	Families	Percent	Families	Percent
Less than \$10,000.....	150	1.2%	27,787	3.1%
\$10,000 to \$14,999.....	91	0.8	16,143	1.8
\$15,000 to \$24,999.....	268	2.2	41,072	4.6
\$25,000 to \$34,999.....	386	3.2	52,218	5.8
\$35,000 to \$49,999.....	652	5.4	82,371	9.2
\$50,000 to \$74,999.....	1,688	14.0	134,356	15.0
\$75,000 to \$99,999.....	2,077	17.2	122,244	13.6
\$100,000 to \$149,999...	3,180	26.3	186,352	20.8
\$150,000 to \$199,999...	2,020	16.7	100,359	11.2
\$200,000 or more.....	1,565	13.0	132,765	14.8
Total.....	12,077	100.0%	895,667	100.0%

Source: American Community Survey 2013-2017

Income Levels

	<u>Town of Southington</u>	<u>State of Connecticut</u>
Per Capita Income, 2017.....	\$41,493	\$93,800
Per Capita Income, 2010.....	\$36,053	\$36,775
Median Family Income, 2017.....	\$108,349	\$93,800
Median Family Income, 2010.....	\$94,602	\$84,170

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

Source: American Community Survey 2013-2017

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.....	425	4.2%	104,623	4.4%
9th to 12th grade, no diploma.....	1,400	5.8	137,877	6.1
High School graduate (inc. equivalency).....	8,773	26.7	673,582	27.5
Some college, no degree.....	5,580	18.1	422,535	17.8
Associate degree.....	2,921	8.7	188,481	7.4
Bachelor's degree.....	7,689	20.3	532,055	20.5
Graduate or professional degree.....	4,906	16.3	421,144	16.4
Total.....	31,694	100.0%	2,480,297	100.0%
Percent high school graduate or higher.....		94.2%		90.2%
Percent bachelor's degree or higher.....		39.7%		38.4%

Source: American Community Survey 2013-2017

Major Employers As of March 2019

<u>Employer</u>	<u>Type of Business</u>	<u>Approximate Number of Employees</u>
Town of Southington.....	Municipal Government	1,270
Hartford Health Care.....	Health Care Practice	840
Webster Bank.....	Banking	558
Southington YMCA.....	Health	530
Connecticut On-Line Computer Company.....	IT	396
Yarde Metals Inc.....	Manufacturing	390
Smith's Medical (Medex Inc).....	Manufacturing	295
Walmart.....	Retail	207
Aqua Turf.....	Banquet/Food Services	200
3PL Worldwide.....	Fulfilment Center	180

Source: Town of Southington Economic Development - 2018.

Employment by Industry
Employed Persons 16 Years and Over

Sector	Town of Southington		State of Connecticut	
	Number	Percent	Number	Percent
Agriculture, forestry, fishing and hunting, and mining.....	27	0.1%	7,166	0.4%
Construction.....	1,421	6.1	104,122	5.8
Manufacturing.....	2,319	10.0	191,519	10.6
Wholesale trade.....	696	3.0	44,741	2.5
Retail trade.....	2,316	10.0	193,016	10.7
Transportation warehousing, and utilities....	754	3.2	68,926	3.8
Information.....	805	3.5	42,200	2.3
Finance, insurance, real estate, and leasing..	2,546	10.9	163,810	9.1
Professional, scientific, management, administrative, and waste management.....	2,408	10.3	208,130	11.5
Education, health and social services.....	6,198	26.6	478,083	26.5
Arts, entertainment, recreation, accommodation and food services.....	1,805	7.8	153,679	8.5
Other services (except public admin.).....	986	4.2	82,538	4.6
Public Administration.....	991	4.3	67,156	3.7
Total Labor Force, Employed.....	23,272	100.0%	1,805,086	100.0%

Source: American Community Survey 2013-2017

Employment Data
By Place of Residence

Period	Town of Southington		Percentage Unemployed		
	Employed	Unemployed	Town of Southington	Hartford Labor Market	State of Connecticut
February 2019	23,925	1,001	4.0	4.4	4.4
Annual Average					
2018.....	23,853	901	3.7	4.2	4.2
2017.....	23,608	969	3.9	4.8	4.7
2016.....	23,265	1,056	4.3	5.3	5.3
2015.....	23,177	1,117	4.6	5.6	5.6
2014.....	23,251	1,361	5.5	6.7	6.7
2013.....	22,625	1,582	6.5	7.9	7.9
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

Source: Department of Labor, State of Connecticut

Age Distribution of Housing

Year Built	Town of Southington		State of Connecticut	
	Units	Percent	Units	Percent
1939 or earlier.....	2,041	11.4%	338,011	22.4%
1940 to 1969.....	6,101	33.9	535,477	35.5
1970 to 1979.....	3,229	18.0	200,217	13.3
1980 to 1989.....	2,689	15.0	191,939	12.7
1990 to 1999.....	1,643	9.1	114,261	7.6
2000 or 2009.....	1,943	10.8	105,131	7.0
2010 or later.....	331	1.8	22,675	1.5
Total Housing Units	17,977	100.0%	1,507,711	100.0%

Source: American Community Survey 2013-2017

Housing Inventory

Housing Units	Town of Southington		State of Connecticut	
	Units	Percent	Units	Percent
1-unit, detached.....	12,806	71.2%	892,621	59.2%
1-unit, attached.....	1,106	6.2	81,393	5.4
2 units.....	1,216	6.8	123,040	8.2
3 or 4 units.....	436	2.4	130,914	8.7
5 to 9 units.....	812	4.5	82,787	5.5
10 to 19 units.....	507	2.8	56,540	3.8
20 or more units.....	630	3.5	128,477	8.5
Mobile home.....	464	2.6	11,564	0.8
Boat, RV, van, etc.....	-	-	375	0.0
Total Inventory.....	17,977	100.0%	1,507,711	100.0%

Source: American Community Survey 2013-2017

Owner Occupied Housing Values

Specified Owner-Occupied Units	Town of Southington		State of Connecticut	
	Number	Percent	Number	Percent
Less than \$50,000.....	446	3.2%	24,038	2.7%
\$50,000 to \$99,999.....	424	3.0	29,789	3.3
\$100,000 to \$149,999.....	777	5.6	83,320	9.2
\$150,000 to \$199,999.....	1,797	12.9	141,024	15.6
\$200,000 to \$299,999.....	4,734	34.0	244,356	26.9
\$300,000 to \$499,999.....	4,849	34.8	236,671	26.1
\$500,000 to \$999,999.....	844	6.1	106,192	11.7
\$1,000,000 or more.....	60	0.4	41,408	4.6
Total.....	13,931	100.0%	906,798	100.0%
Median Value.....	\$271,900		\$270,100	

Source: American Community Survey 2013-2017

Building Permits

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

<i>Fiscal Year</i>	<i>Residential</i>		<i>Comm./Industrial</i>		<i>Total</i>	
	<i>No.</i>	<i>Value</i>	<i>No.</i>	<i>Value</i>	<i>No.</i>	<i>Value</i>
2018	76	\$ 7,423	20	\$ 7,611	96	\$ 15,034
2017	75	6,628	14	5,854	89	12,482
2016	76	7,409	13	12,711	89	20,120
2015	64	6,201	11	8,925	75	15,126
2014	104	9,265	15	4,556	119	13,821
2013	115	10,020	16	10,532	131	20,552
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

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.

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

Grand List As Of 10/1	Residential Real Property (%)	Commercial & Industrial Real Property (%)	Other Land (%)	Personal Property (%)	Motor Vehicles (%)	Gross Taxable Grand List	Exemptions, Veterans Relief and Disabled	Net Taxable Grand List	Percent Growth
2018	68.0	13.7	1.3	8.0	9.0	\$4,185,172,456	\$ 116,657,943	\$ 4,068,514,513	1.5%
2017	68.4	13.5	1.4	7.8	8.9	4,132,479,203	123,538,168	4,008,941,035	1.6%
2016	68.8	13.5	1.6	6.7	9.4	4,061,773,289	115,956,472	3,945,816,817	1.1%
2015 ¹	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 ¹	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%

¹ Revaluation.

Source: Town of Southington, Assessor's Office.

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

Exempt Property

Public	Assessed Value ¹
Regular Veterans.....	\$ 10,745,620
Additional Veterans.....	1,674,320
Additional Veterans (1/2).....	2,167,290
100% Disabled and Blind.....	293,940
Local Option Veterans (non-reimbursed).....	305,060
Solar Energy.....	-
Public buildings/property.....	-
Sub-Total Public.....	\$ 15,186,230
Private	
Agricultural or Horticultural.....	\$ 598,936
Manufacturing machinery.....	66,263,542
Enterprise zone.....	15,566,092
Solar Energy.....	14,783,470
PP loaned to Tax-Exempt Entity.....	120,420
PP leased to Southington.....	433,874
PP >10 Y/O and <\$250.....	16,724
Trucks for Hire 5 yr Exemption.....	2,978,400
Miscellaneous.....	710,255
Sub-Total Private.....	101,471,713
Total Exempt Property.....	\$ 116,657,943
Percent Compared to Net Taxable Grand List...	2.9%

¹ Based on the Net Taxable Grand List of October 1, 2018 of \$4,068,514,513.

Source: Town of Southington, Assessor's Office

Property Tax Levies and Collections

Grand List of 10/1	Fiscal Year Ending 6/30	Net Taxable Grand List	Mill Rate	Adjusted Annual Levy	Percent of Annual Levy Collected at End of Fiscal Year	Percent of Annual Levy Uncollected at End of Fiscal Year	Percent of Annual Levy Uncollected as of 6/30/2018
2017	2019	\$4,008,941,035	30.48	\$ 123,134,141		<i>In Collection</i>	
2016	2018	3,945,816,817	30.48	120,268,497	99.0%	1.0%	1.0%
2015 ¹	2017	3,902,110,054	29.64	116,198,486	98.9%	1.1%	0.4%
2014	2016	3,828,716,963	29.14	111,033,757	98.9%	1.1%	0.2%
2013	2015	3,773,777,166	28.36	106,321,669	98.8%	1.2%	0.1%
2012	2014	3,731,644,512	27.46	102,631,012	98.8%	1.2%	0.0%
2011 ¹	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%

¹ Revaluation.

Source: Town of Southington, Tax Collector

Ten Largest Taxpayers

Name of Taxpayer	Nature of Business	Taxable Valuation	Percent of Net Taxable Grand List ¹
Eversource (Connecticut Light & Power)....	Public Utility	\$ 117,206,790	2.88%
45 Newell Street Associates.....	Metal Recycling	22,715,966	0.56%
Yankee Gas Service.....	Public Utility	22,477,540	0.55%
Home Depot.....	Real Estate	15,846,086	0.39%
RK Southington	Real Estate	11,744,070	0.29%
Southington /Route 10 Associates.....	Real Estate	11,383,400	0.28%
Target Corporation.....	Real Estate	10,853,290	0.27%
Exesouth KKF LLC (Lowes).....	Real Estate	9,979,660	0.25%
Olson Murial et al.....	Real Estate	9,318,330	0.23%
Briad Lodging Group (Homewood Suites)	Real Estate	8,502,752	0.21%
Total.....		\$ 240,027,884	5.90%

¹ Based on the Net Taxable Grand List of October 1, 2018 of \$4,068,514,513.

Source: Town of Southington, Assessor's Office.

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V. Debt Summary
Principal Amount of Indebtedness
As of May 3, 2019
(Pro Forma)

Long-Term Debt:

<i>Date</i>	<i>Purpose</i>	<i>Interest Rate %</i>	<i>Original Issue</i>	<i>Amount Outstanding²</i>	<i>Fiscal Year of Maturity</i>
2007	Water ¹	2.32	\$ 2,484,399	\$ 952,353	2027
2009	Water ¹	2.21	1,037,097	535,502	2029
2010	Refunding (General Purpose).....	2.00-5.00	2,098,000	183,000	2021
2010	Refunding (Schools).....	2.00-5.00	8,008,000	721,000	2021
2010	Refunding (Sewers).....	2.00-5.00	959,000	41,000	2021
2010	Water ¹	2.32	1,872,517	907,533	2027
2011	General Purpose.....	2.50-4.25	1,713,000	215,000	2020
2011	Schools.....	2.50-4.25	6,902,000	500,000	2031
2011	Sewers.....	2.50-4.25	3,330,000	200,000	2031
2011	Water ¹	2.50-4.25	3,410,000	335,000	2021
2011	Refunding (General Purpose).....	2.00-5.00	6,042,000	2,372,000	2024
2011	Refunding (Schools).....	2.00-5.00	745,000	295,000	2024
2011	Refunding (Sewers).....	2.00-5.00	1,958,000	773,000	2024
2011	Sewer - CWF (590-C).....	2.00	11,068,356	6,346,855	2030
2012	Refunding (General Purpose).....	2.00-4.00	3,106,000	1,522,000	2026
2012	Refunding (Schools).....	2.00-4.00	1,958,000	1,115,000	2026
2012	Refunding (Sewers).....	2.00-4.00	1,851,000	993,000	2026
2014	General Purpose - Lot A.....	3.00-5.00	7,705,000	4,950,000	2034
2014	Schools - Lot A.....	3.00-5.00	15,000,000	11,840,000	2034
2014	Water - Lot B ¹	3.00-5.00	5,870,000	4,395,000	2034
2015	General Purpose.....	2.00-4.00	6,720,000	5,250,000	2035
2015	Schools.....	2.00-4.00	15,000,000	12,630,000	2035
2015	Sewers.....	2.00-4.00	5,200,000	4,375,000	2035
2015	Refunding (General Purpose).....	1.00-5.00	2,408,000	1,594,000	2029
2015	Refunding (Schools).....	1.00-5.00	8,036,000	6,493,000	2029
2015	Refunding (Sewers).....	1.00-5.00	1,841,000	1,218,000	2028
2016	General Purpose.....	2.00-4.00	5,200,000	4,455,000	2036
2016	Schools.....	2.00-4.00	12,000,000	10,740,000	2036
2017	Water - DWSRF.....	2.00	4,073,690	3,828,460	2036
2018	General Purpose.....	2.25-3.00	8,515,000	8,515,000	2038
2018	Schools.....	2.25-3.00	300,000	300,000	2024
Total Outstanding Bonded Debt.....			\$ 156,411,059	\$ 98,590,704	
This Issue					
2019	Refunding (General Purpose).....	2.25-5.00	\$ 348,000	\$ 348,000	2021
2019	Refunding (Schools).....	2.25-5.00	4,414,000	4,414,000	2031
2019	Refunding (Sewers).....	2.25-5.00	1,458,000	1,458,000	2031
2019	Refunding (Water).....	5.00	605,000	605,000	2022
Total This Issue.....			\$ 6,825,000	\$ 6,825,000	
Grand Total.....			\$ 163,236,059	\$ 105,415,704	

¹ Water debt is self-supporting.

² Excludes bonds refunded or defeased and capital leases.

**Short-Term Debt
As of May 3, 2019
(Pro Forma)**

Project	Amount Authorized	CWF IFO Loan	This Issue:
			The Notes Due:4/28/20
2011 School Renov., Add., & Improvements	\$ 89,725,000	\$ -	\$ 3,975,000
WPCF Facilities Upgrade.....	57,100,000	36,199,948	-
Total	\$ 146,825,000	\$ 36,199,948	\$ 3,975,000

**Annual Bonded Debt Maturity Schedule
As of May 3, 2019
(Pro Forma)**

Fiscal Year Ended 6/30	Principal Payments	Interest Payments	Total Debt Service	This Issue Refunding Bonds	Total Principal	Cumulative Principal Retired %
2019 ¹	\$ 1,116,483	\$ 66,558	\$ 1,183,041	\$ -	\$ 1,116,483	1.1%
2020	9,547,911	3,096,905	12,644,816	910,000	10,457,911	11.0%
2021	7,965,262	2,750,869	10,716,131	1,640,000	9,605,262	20.1%
2022	7,912,772	2,432,653	10,345,425	690,000	8,602,772	28.3%
2023	7,820,444	2,108,349	9,928,793	290,000	8,110,444	35.9%
2024	7,828,282	1,805,835	9,634,117	405,000	8,233,282	43.8%
2025	7,036,292	1,563,664	8,599,956	415,000	7,451,292	50.8%
2026	6,859,475	1,400,663	8,260,138	420,000	7,279,475	57.7%
2027	6,050,749	1,243,325	7,294,074	420,000	6,470,749	63.9%
2028	5,854,921	1,080,454	6,935,375	415,000	6,269,921	69.8%
2029	5,582,151	920,740	6,502,891	415,000	5,997,151	75.5%
2030	4,700,905	782,984	5,483,889	405,000	5,105,905	80.3%
2031	3,941,932	641,129	4,583,061	400,000	4,341,932	84.5%
2032	3,791,423	513,188	4,304,611	-	3,791,423	88.1%
2033	3,796,008	389,804	4,185,812	-	3,796,008	91.7%
2034	3,790,683	266,328	4,057,011	-	3,790,683	95.3%
2035	2,620,454	143,157	2,763,611	-	2,620,454	97.7%
2036	1,445,320	66,454	1,511,774	-	1,445,320	99.1%
2037	579,237	25,050	604,287	-	579,237	99.7%
2038	350,000	11,375	361,375	-	350,000	100.0%
Total.....	\$ 98,590,704	\$21,309,484	\$ 119,900,188	\$ 6,825,000	\$ 105,415,704	

¹ Excludes principal payments of \$8,819,235 and interest payments of \$3,374,223 made between July 1, 2018 and May 3, 2019.

Overlapping/Underlying Debt

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

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

Debt Statement
As of May 3, 2019
(Pro Forma)

Long-Term Debt Outstanding:

General Purpose (Includes this issue).....	\$ 29,404,000
Schools (Includes this issue).....	49,048,000
Sewers (Includes this issue).....	15,404,855
Water (Includes this issue).....	11,558,849
Total Long-Term Debt	105,415,704
Short-Term Debt (Includes This Issue Notes due: 4/28/20).....	40,174,948
Direct Debt	145,590,652
Underlying Debt	-
Total Overall Debt	145,590,652
Less: School Construction Grants Receivable (As of June 30, 2018)	-
Self Supporting Water Debt (Long-Term and Short-Term).....	(11,558,849)
Sewer Fund Debt (As of June 30, 2018).....	(500,000)
Sewer Assessment Debt (As of June 30, 2018).....	(1,819,000)
Total Overall Net Debt	\$ 131,712,803

Current Debt Ratios
As of May 3, 2019
(Pro Forma)

Population (2017) ¹	43,817
Net Taxable Grand List (10/1/18)	\$ 4,068,514,513
Estimated Full Value (70%).....	\$ 5,812,163,590
Equalized Grand List (10/1/16) ²	\$ 5,818,674,670
Money Income per Capita (2010) ¹	\$ 36,053
Money Income per Capita (2017) ¹	\$ 41,493

	Total Overall Debt	Total Overall Net Debt
Per Capita.....	\$ 3,322.70	\$ 3,005.97
Ratio to Net Taxable Grand List.....	3.58%	3.24%
Ratio to Estimated Full Value.....	2.50%	2.27%
Ratio to Equalized Grand List.....	2.50%	2.26%
Debt per Capita to Money Income per Capita (2017)....	8.01%	7.24%
Debt per Capita to Money Income per Capita (2010)....	9.22%	8.34%

¹ American Community Survey 2013-2017

² 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.

Statement of Debt Limitation
As of May 3, 2019
(Pro Forma)

Total Tax Collections (including interest and lien fees) received by the Treasurer for the year ended June 30, 2018.....	\$ 117,415,000
Reimbursement For Revenue Loss (Tax relief for elderly).....	-
Base for Debt Limitation Computation.....	\$ 117,415,000

	General Purpose	Schools	Sewers	Urban Renewal	Unfunded Pension
Debt Limitation:					
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
Total Debt Limitation.....	\$264,183,750	\$528,367,500	\$440,306,250	\$381,598,750	\$ 352,245,000

Indebtedness:					
Bonds Outstanding ¹	29,056,000	44,634,000	13,946,855 ²	-	-
Bonds – This Issue.....	348,000	4,414,000	1,458,000	-	-
Notes – This Issue.....	-	3,975,000	-	-	-
State of CT - CWF IFO Loan.....	-	-	36,199,948	-	-
Debt Authorized But Unissued ³	6,300,000	7,879,796	22,110,052	-	-
Total Indebtedness.....	35,704,000	60,902,796	73,714,855	-	-
Less:					
State School Grants Receivable.....	-	-	-	-	-
Self-Supporting Sewer Fund Debt.....	-	-	(500,000)	-	-
Sewer Assessment Debt.....	-	-	(1,819,000)	-	-
Total Net Indebtedness.....	35,704,000	60,902,796	71,395,855	-	-

DEBT LIMITATION IN EXCESS OF OUTSTANDING INDEBTEDNESS.....	\$228,479,750	\$467,464,704	\$368,910,395	\$381,598,750	\$ 352,245,000
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¹ Excludes \$10,953,849 outstanding and \$605,000 included in this issue of self-supporting water bonds.

² Includes Clean Water Fund Project Loan Obligation.

³ Excludes \$6,400,000 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 May 3, 2019
(Pro Forma)

Project	Amount Authorized	Previously Bonded/ CWF Loan	Appropriations, Transfers & Grants Received	Maturing Notes Due: 4/29/19	New Money	(Paydowns)	CWF IFO Loan	This Issue: The Notes Due: 4/28/20	Authorized but Unissued
New South End Elementary School	\$ 16,860,000	\$ 9,502,000	\$ 6,176,839	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,181,161
2011 School Renov., Add., & Improvements	89,725,000	42,000,000	39,636,365	3,985,000	5,000	(15,000)	-	3,975,000	4,098,635
Land Acquisition	2,000,000	1,400,000	-	-	-	-	-	-	600,000
Senior Center Facility	9,400,000	3,500,000	5,000,000	-	-	-	-	-	900,000
Road and Bridge Improvements (2014)	11,000,000	8,200,000	-	-	-	-	-	-	2,800,000
WPCF Facilities Upgrade-Engineering.....	960,000	-	-	-	-	-	-	-	960,000
WPCF Facilities Upgrade.....	57,100,000	-	-	12,015,000	24,184,948	-	36,199,948	-	20,900,052
South End Pump Station.....	900,000	650,000	-	-	-	-	-	-	250,000
Back-up Well (2A) for Well #2	2,200,000	-	-	-	-	-	-	-	2,200,000
New Mill St Water Storage Tank & Comm. Tower....	4,200,000	-	-	-	-	-	-	-	4,200,000
Open Space Acquisition 2018.....	2,000,000	-	-	-	-	-	-	-	2,000,000
Southington High School Roof Replacement.....	2,600,000	-	-	-	-	-	-	-	2,600,000
Total	\$ 198,945,000	\$ 65,252,000	\$ 50,813,204	\$ 16,000,000	\$24,189,948	\$ (15,000)	\$36,199,948	\$ 3,975,000	\$ 42,689,848

Principal Amount of Outstanding Debt ¹
Last Five Fiscal Years
(000s)

Long-Term Debt	2018	2017	2016	2015	2014
Bonds.....	\$ 95,040	\$ 94,775	\$102,354	\$ 90,860	\$ 69,295
CWF	6,822	7,389	7,958	8,526	9,094
Sub-Total Long-Term Debt.....	101,862	102,164	110,312	99,386	78,389
Short-Term Debt					
Bond Anticipation Notes.....	16,000	8,000	6,000	12,000	20,000
CWF IFO.....	-	-	-	-	-
Sub-Total Short-Term Debt....	16,000	8,000	6,000	12,000	20,000
Grand Total.....	\$ 117,862	\$ 110,164	\$116,312	\$111,386	\$ 98,389

¹ 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

Fiscal Year Ended 6/30	Net Assessed Value	Estimated Full Value	Net Long-Term Debt ¹	Ratio of Net Long-Term Debt to Assessed Value (%)	Ratio of Net Long-Term Debt to Estimated Full Value (%)	Population ²	Net Long-Term Debt per Capita	Ratio of Net Long-Term Debt per Capita to Per Capita Income ³
2018	\$4,008,941,035	\$ 5,727,058,621	\$101,862,000	2.54%	1.78%	43,817	2,324.71	5.60%
2017	3,945,816,817	5,636,881,167	102,164,000	2.59%	1.81%	43,817	2,331.61	5.62%
2016	3,902,110,054	5,574,442,934	110,312,000	2.83%	1.98%	43,817	2,517.56	6.07%
2015	3,828,716,963	5,469,595,661	99,386,000	2.60%	1.82%	43,817	2,268.21	5.47%
2014	3,773,777,166	5,391,110,237	78,389,000	2.08%	1.45%	43,817	1,789.01	4.31%

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

² Bureau of Census.

³ American Community Survey (2013-2017), Money Income Per Capita \$41,493.

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**

Fiscal Year Ended 6/30	Principal	Interest	Total Debt Service	Total General Fund Expenditures ¹	Ratio of General Fund Debt Service To General Fund Expenditures
2018	\$ 7,902,369	\$ 2,667,680	\$ 10,570,049	\$ 163,378,000	6.47%
2017	6,759,791	2,719,394	9,479,185	159,552,000	5.94%
2016	6,000,463	2,404,960	8,405,423	149,232,000	5.63%
2015	5,732,791	2,616,890	8,349,681	159,331,000	5.24%
2014	5,032,305	1,940,702	6,973,007	140,540,000	4.96%
2013	5,839,337	2,148,607	7,987,944	135,501,000	5.90%
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%

¹ 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.

<i>Project</i>	<i>Fiscal 2019-20</i>	<i>Fiscal 2020-21</i>	<i>Fiscal 2021-22</i>	<i>Fiscal 2022-23</i>	<i>Fiscal 2023-24</i>	<i>Total</i>
Town.....	\$ 14,791,128	\$ 26,672,900	\$ 3,701,600	\$ 3,880,100	\$ 13,177,300	\$ 62,223,028
Waste Pollution Control Dept.....	19,506,657	980,000	980,000	980,000	924,000	23,370,657
Board of Education.....	240,869	840,303	8,341,851	1,136,267	117,373	10,676,663
Total	\$ 34,538,654	\$ 28,493,203	\$ 13,023,451	\$ 5,996,367	\$ 14,218,673	\$ 96,270,348

<i>Funding Sources</i>	<i>Fiscal 2019-20</i>	<i>Fiscal 2020-21</i>	<i>Fiscal 2021-22</i>	<i>Fiscal 2022-23</i>	<i>Fiscal 2023-24</i>	<i>Total</i>
G.F. Appropriations.....	\$ 2,160,743	\$ 1,758,289	\$ 2,123,643	\$ 1,870,151	\$ 1,278,773	\$ 9,191,599
Bond/Note Proceeds.....	18,036,660	25,204,914	7,982,575	3,222,450	12,409,900	66,856,499
Grants.....	12,671,751	1,530,000	2,917,233	903,766	530,000	18,552,750
Use of Fund Balance.....	1,669,500	-	-	-	-	1,669,500
Total Funding Sources.....	\$ 34,538,654	\$ 28,493,203	\$ 13,023,451	\$ 5,996,367	\$ 14,218,673	\$ 96,270,348

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, 2018, 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 2019 is 11.74%, and the rate for the year ending June 30, 2018 was 11.74% of annual covered payroll. The Town’s MERF contribution (rounded) for the fiscal years June 30, 2018 was \$ 4,687,000, and June 30, 2017 was \$4,836,000, and the budgeted amount for the fiscal year ending June 30, 2019 is \$4,830,000; 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 75, Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions, generally requires that state and local governmental employers account for and report the annual cost of OPEB and the outstanding obligations and commitments related to OPEB in essentially the same manner as they currently do for pensions.

Statement 75 also establishes disclosure requirements for information about the plans in which an employer participates, the funding policy followed, the actuarial valuation process and assumptions, and, for certain employers, the extent to which the plan has been funded over time.

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

These other post-employment benefits (OPEB) for former employees are currently funded on a pay-as-you-go basis out of the Self-Insurance Fund and the Heart and Hypertension Department in the General Fund. As of June 30, 2018, the Town has not established a trust fund to segregate assets to fund the liability associated with these benefits. As of June 30, 2018, the Total OPEB Liability is \$38,475,000.

Schedule of Funding Progress (000's)

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability ("AAL")	Funded Ratio	Covered Payroll	UAAL as a % of Covered Payroll
7/1/2017	\$ -	\$ 38,475	-	\$ 73,422	52.40%
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%
7/1/2009	-	37,666	-	58,386	64.51%

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

	2018
Total OPEB Liability:	
Service Cost.....	\$ 549
Interest.....	1,416
Differences Between Expected and Actual Experience.....	(250)
Changes of Assumptions and Other Inputs.....	(1,669)
Benefit Payments.....	(1,113)
Net Change in Total OPEB Liability.....	(1,067)
Total OPEB Liability - Beginning.....	39,542
Total OPEB Liability - Ending.....	\$ 38,475
Covered Payroll.....	\$ 73,422
Total OPEB Liability as a Percentage of Covered Payroll.....	52.40%

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.

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

	Adopted Budget ¹	Actual	Actual	Actual	Actual	Actual
Revenues:	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14
Property Taxes	\$ 122,328	\$ 121,570	\$ 117,338	\$ 111,979	\$ 108,052	\$ 103,597
Intergovernmental	21,976	38,324	40,266	33,321	31,392	33,581
Income on Investments.....	668	1,033	561	491	308	294
Other (including Charges for Services)	3,001	4,068	3,773	4,316	4,348	3,924
Total Revenues	147,973	164,995	161,938	150,107	144,100	141,396
Expenditures:						
General government	4,611	4,188	4,203	4,545	4,090	3,807
Public Safety	13,698	13,108	12,776	12,278	12,287	11,875
Public Works	6,102	4,933	5,144	4,693	5,393	5,005
Health and Welfare	699	673	662	643	691	716
Human Services	999	909	891	876	875	860
Parks & Recreation	436	1,443	1,569	1,917	1,510	1,412
Public Library	1,594	1,472	1,515	1,517	1,461	1,459
Planning and Development	1,193	1,036	1,027	1,037	1,009	916
Miscellaneous	46	-	80	-	-	1
Employee Fringe Benefits	9,459	9,007	10,160	9,519	9,345	8,829
Education	95,827	111,170	109,312	99,479	95,625	95,632
Debt Service	10,661	10,570	9,480	8,405	7,872	6,518
Capital Outlays	1,800	-	106	493	12,730	-
Contingencies.....	1,933	-	-	-	-	-
Total Expenditures	149,058	158,509	156,925	145,402	152,888	137,030
Revenues over (under) expenditures	(1,085)	6,486	5,013	4,705	(8,788)	4,366
Other Financing Sources Uses:						
Refunding Bonds Issued.....	-	-	-	-	-	-
Payment to Refunded Bond Escrow Agent.....	-	-	-	-	-	-
Premium on Bonds.....	-	-	-	-	-	-
Issuance of Capital Leases.....	-	-	106	493	12,730	720
Operating Transfers In	-	329	-	40	77	69
Operating Transfers (Out)	-	(4,869)	(2,627)	(3,830)	(6,443)	(3,510)
Total other Financing Sources (uses)	-	(4,540)	(2,521)	(3,297)	6,364	(2,721)
Revenues and other financing sources over (under) expenditures and other financing (uses)	\$ (1,085)	\$ 1,946	\$ 2,492	\$ 1,408	\$ (2,424)	\$ 1,645

¹ 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.

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

Analysis of General Fund Balance

	<i>Adopted</i>					
	<i>Budget</i> ¹	<i>Actual</i>	<i>Actual</i>	<i>Actual</i>	<i>Actual</i>	<i>Actual</i>
	<i>2018-19</i>	<i>2017-18</i>	<i>2016-17</i>	<i>2015-16</i>	<i>2014-15</i>	<i>2013-14</i>
Nonspendable.....	N/A	\$ 25	\$ 36	\$ 33	\$ 56	\$ 64
Committed.....	N/A	-	67	146	-	-
Assigned.....	N/A	2,222	2,764	598	1,250	5,252
Unassigned.....	N/A	22,706	20,140	19,738	17,801	16,215
<i>Total Fund Balance.....</i>	N/A	\$ 24,953	\$ 23,007	\$ 20,515	\$ 19,107	\$ 21,531

¹ 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 opinions of Day Pitney LLP, Bond Counsel, of Hartford, Connecticut, in substantially the forms attached hereto as Appendices B-1 and B-2 to this official statement.
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, 2019. 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 municipal advisor no later than seven business days of the bid opening. If the Town's municipal advisor is provided with the necessary information from the winning 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 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*

Mark Sciota, *Town Manager*

By: /s/ *Emilia Portelinha*

Emilia Portelinha, *Director of Finance*

By: /s/ *Joyce Williams*

Joyce Williams, *Treasurer*

Dated: April 11, 2019

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Appendix A

2018 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, 2018. The supplemental data that was a part of that report has not been reproduced herein. A copy of the complete report is available upon request from Matthew A. Spoerndle, Senior Managing Director, Phoenix Advisors, 53 River Street, Suite 1, Milford, Connecticut 06460. Telephone (203) 878-4945.

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Independent Auditors' Report

To the Board of Finance
Town of Southington, Connecticut

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

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

Change in Accounting Principle

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

Other Matters

Required Supplementary Information

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

Other Information

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

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2018 on our consideration of the Town of Southington, Connecticut's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Southington, Connecticut's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Southington, Connecticut's internal control over financial reporting and compliance.

Blum, Shapiro & Company, P.C.

West Hartford, Connecticut
December 21, 2018

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

As management of the Town of Southington, Connecticut (the Town) we offer readers of the financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2018. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, as well as the Town's basic financial statements that follow this section.

Financial Highlights

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

Overview of the Financial Statements

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

Government-Wide Financial Statements

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

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

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

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

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

Fund Financial Statements

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

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

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

The Town maintains 30 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund and the Capital Projects Fund which are considered to be major funds. Data from the other 28 governmental funds are combined into a single, aggregated presentation as other non-major governmental funds.

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

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

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

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

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

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

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 27 through 63 of this report.

Certain required supplementary information is reported concerning the Town's progress in funding its obligations to provide pension benefits and other post-employment benefits to its employees. This information can be found on pages 77 through 82 of this report.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position and an important determinant of its ability to finance services in the future. The Town's total assets exceeded liabilities by \$209.6 million on June 30, 2018. Governmental activities assets exceeded liabilities by \$154.0 million.

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

TABLE 1
NET POSITION
In Thousands

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

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

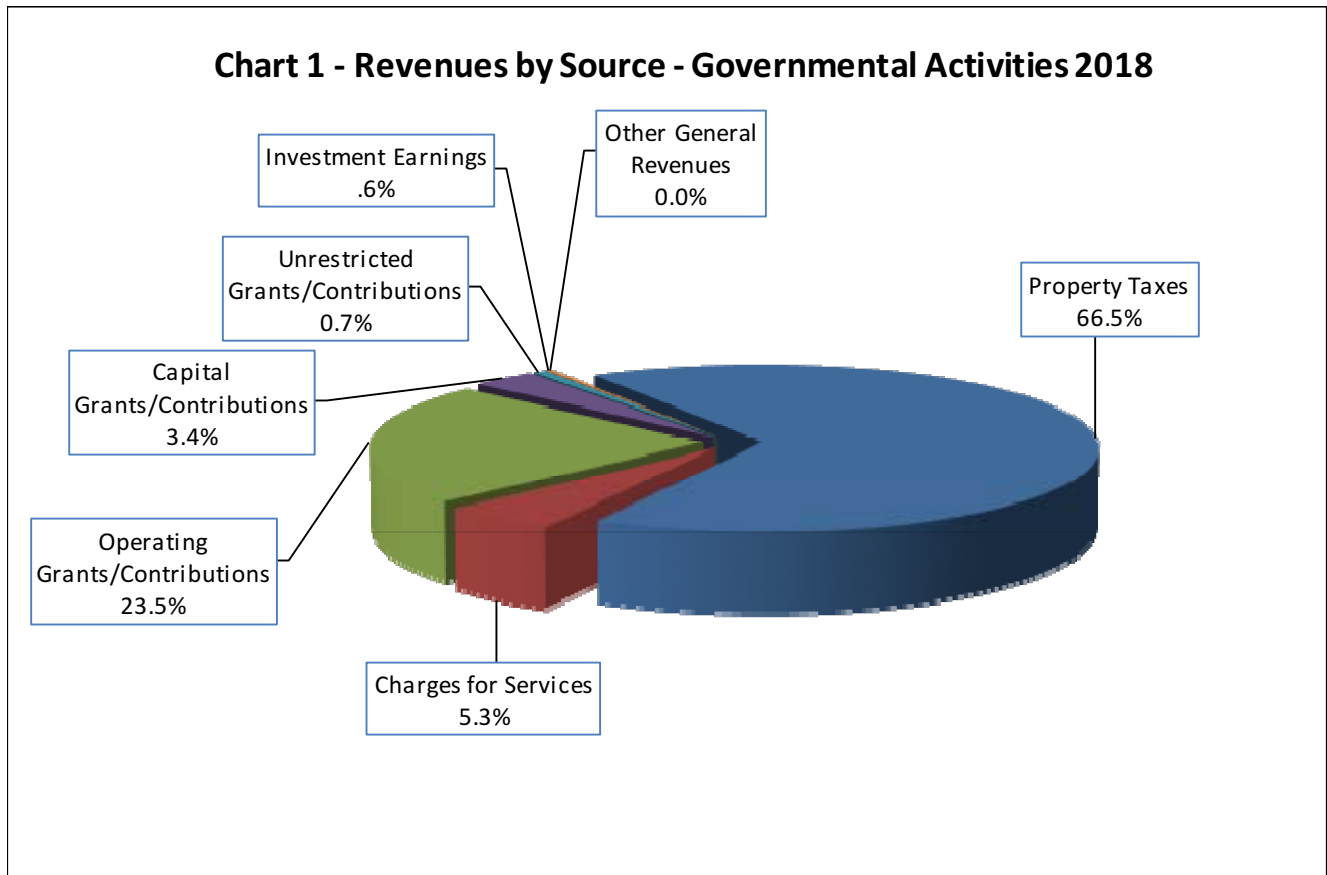
**TABLE 2
CHANGES IN NET POSITION
In Thousands**

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

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

Governmental Activities

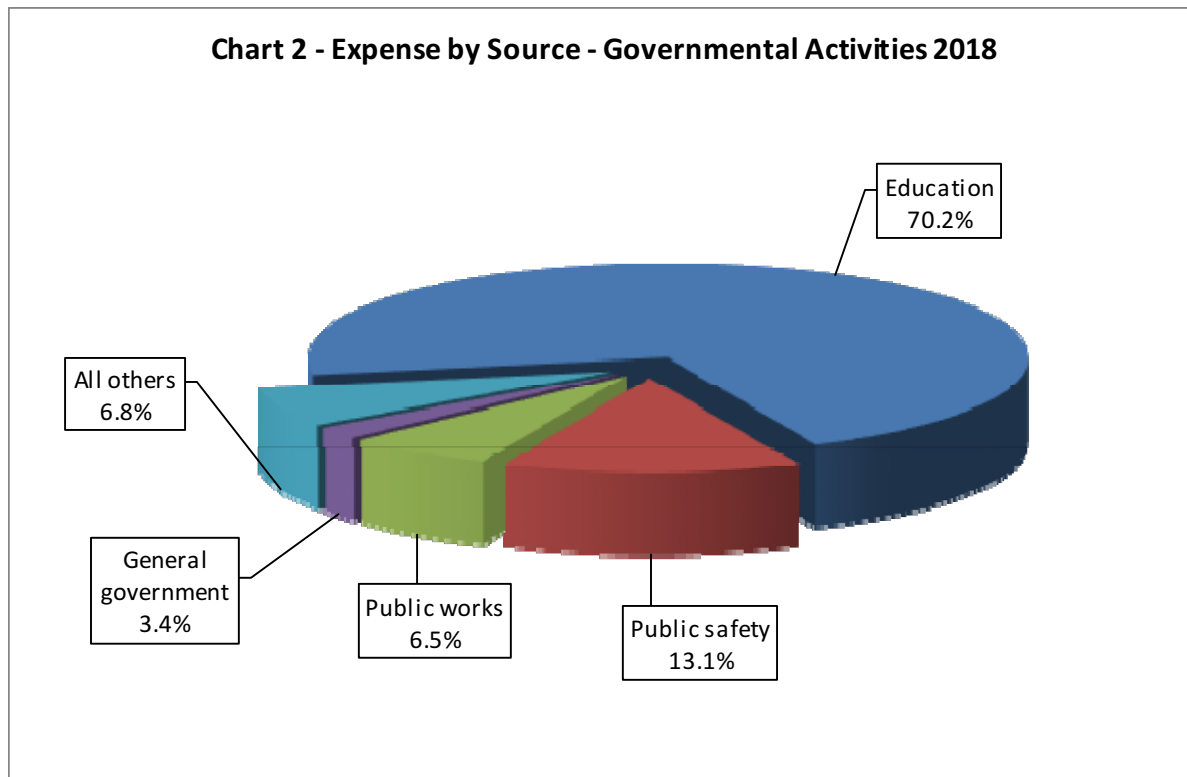
Approximately 66.5% of the revenues were derived from property taxes, followed by 23.5% from operating grants and contributions, 5.3% from charges for services, 3.4% from capital grants and contributions, 0.7% from unrestricted grants and contributions, 0.6% from investment earnings, and 0.0% from investment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



Major revenue factors include:

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

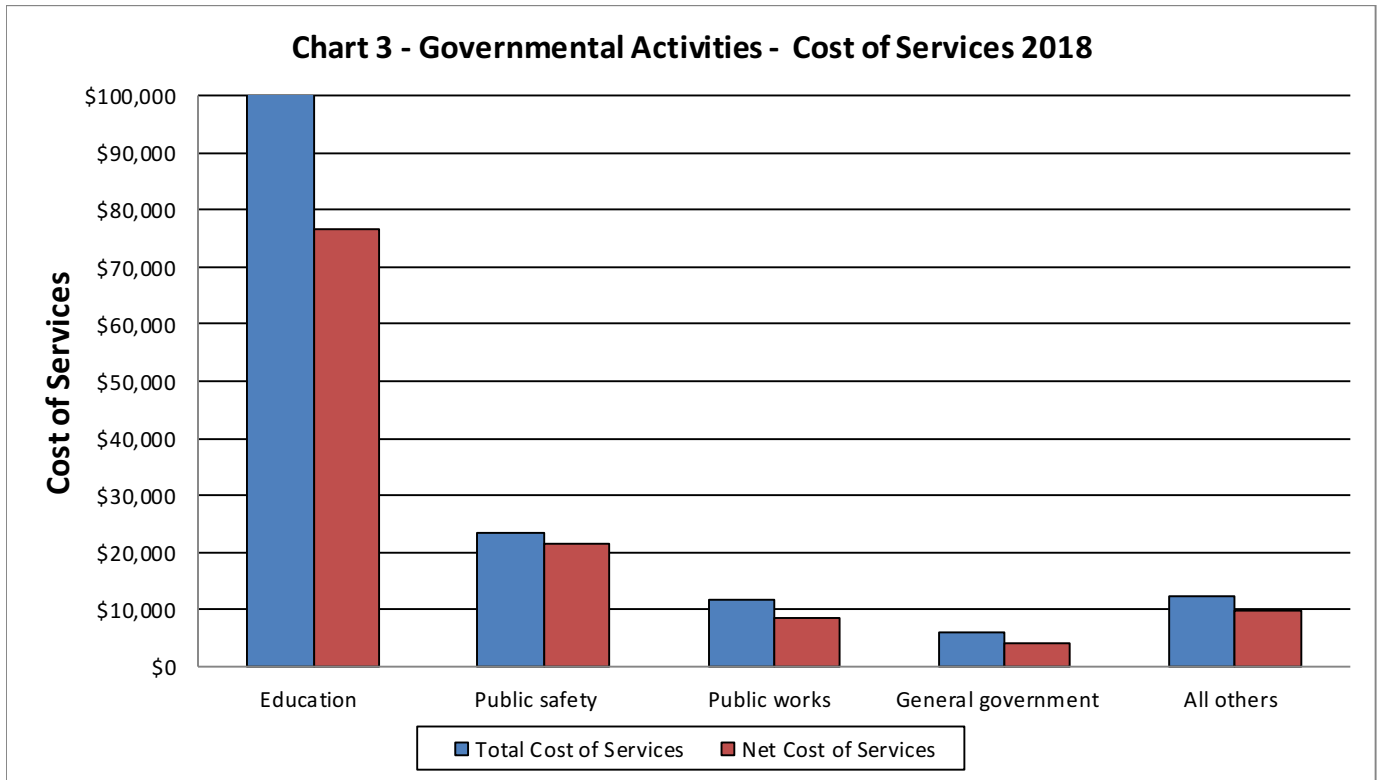
For governmental activities, 70.2% of the Town's expenses related to education. Public safety accounted for 13.1%, public works accounted for 6.5% and general government accounted for 3.4% of expenses. The remaining 6.8% related to health and welfare, human services, parks and recreation, public library,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



Major expense factors include:

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

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



Business-Type Activities

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

Financial Analysis of the Town's Funds

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

Governmental Funds

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

As of June 30, 2018, the Town's governmental funds reported combined ending fund balances of \$36.0 million, an increase of \$5.5 million from last year's fund balance of \$30.5 million.

General Fund

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

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

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

Capital Projects

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

Proprietary Funds

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

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

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

General Fund Budgetary Highlights

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

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

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

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

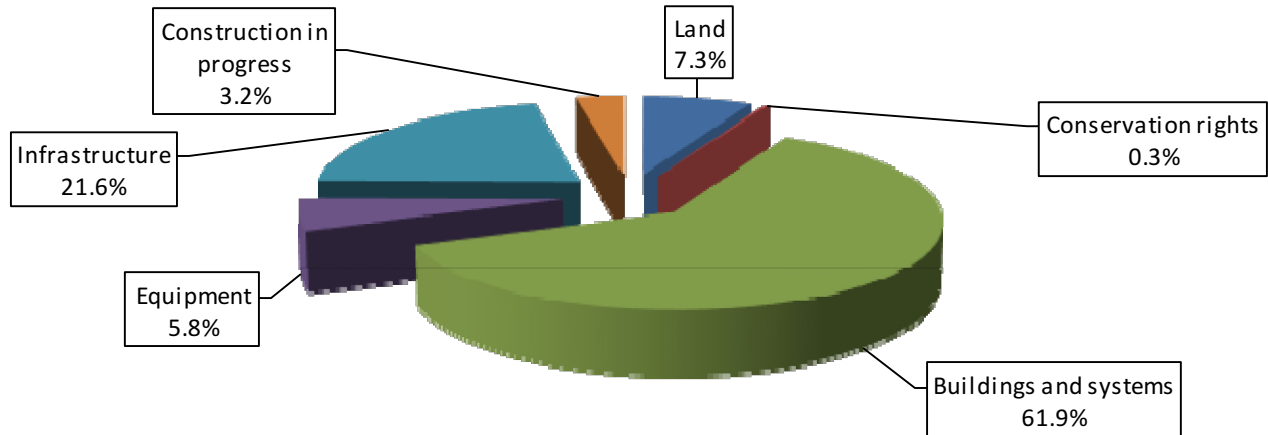
Capital Assets and Debt Administration

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

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

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

Chart 4 - Capital Assets - June 30, 2018



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

Governmental Activities:

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

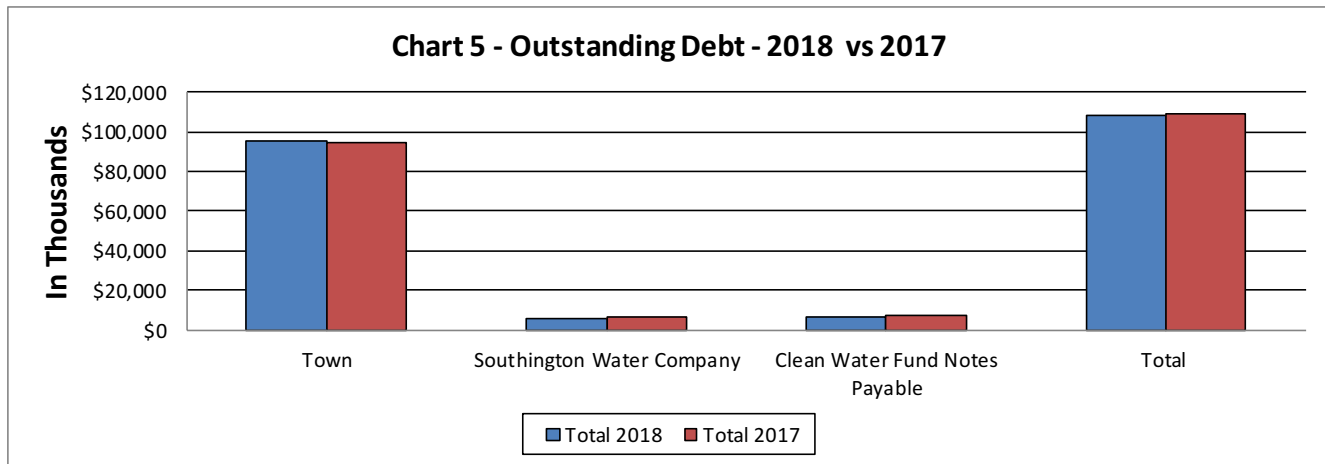
Business-Type Activities:

- Water Pollution Control Facility Improvements of \$1.4 million

The Town's fiscal year 2018 - 2019 Capital Budget includes \$33.8 million for the following capital projects: WPCF Improvements (\$27.3 million), SHS Roof Replacement, Fire Pumper Truck (19), Blatchley Ave Pump Station, Engineering for two Bridges, Highway/Parks Vehicle Wash Bay and Equipment, Public Safety Radio System, Town wide IT infrastructure, Vehicle Replacements and Road and Sidewalk Projects.

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

Long-Term Debt. At the end of the current fiscal year, the Town had total outstanding long-term debt of \$107.9 million, of which total Town bonded debt outstanding was \$95.0 million. All the bonded debt is backed by the full faith and credit of the Town government.



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

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

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

In April 2018, Standard and Poor's Rating Agency reaffirmed Southington's rating at AA+/Stable Outlook. Within the report, S&P referenced the Towns "Strong management...with good financial policies and practices", "Strong budgetary flexibility", "Very strong economy" and "Very strong liquidity" among the factors influencing the Town's high credit rating. The "AA+" rating is only one notch away from the highest bond rating (AAA) awarded by S&P.

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

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

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

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

Economic Factors and Next Year's Budgets and Rates

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

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

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

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

Costs of the Town's business-type activities, accounted for in the Sewer Operating Fund, are expected to remain at \$5.6 million for fiscal year 2018 - 2019. After the sewer rate changes of July 2014, the fund is generating sufficient revenue to cover the expenditures of the fund, so the sewer fixed rates remained unchanged.

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

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

Requests for Information

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



Basic Financial Statements

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

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

The accompanying notes are an integral part of the financial statements

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

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

The accompanying notes are an integral part of the financial statements

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

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

(Continued on next page)

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

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

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

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

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

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

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

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

4,862

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

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

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

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

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

(Continued on next page)

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

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

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

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

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

The statement of activities reports losses arising from the trade-in of existing capital assets to acquire new capital assets. Conversely governmental funds do not report any gain or loss on a trade-in of capital assets.	(408)
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds, and revenues recognized in the funds are not reported in the statement of activities:

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

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

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

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

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

Internal service funds are used by management to charge costs to individual funds. The net revenue of certain activities of internal services funds is reported with governmental activities.	<u>(678)</u>
-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	--------------

Change in Net Position of Governmental Activities (Exhibit II)	<u>\$ 3,100</u>
----------------------------------------------------------------	-----------------

The accompanying notes are an integral part of the financial statements

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

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

The accompanying notes are an integral part of the financial statements

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

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

The accompanying notes are an integral part of the financial statements

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

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

The accompanying notes are an integral part of the financial statements

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

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

The accompanying notes are an integral part of the financial statements

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

(In Thousands)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

Related Organizations

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

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

B. Government-Wide and Fund Financial Statements

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

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

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

(In Thousands)

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

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

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

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

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

The Town reports the following major governmental funds:

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

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

The Town reports the following as a major proprietary fund:

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

Additionally, the Town reports the following fund types:

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

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

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

(In Thousands)

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

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

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

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

D. Deposits and Investments

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

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

Investments for the Town are reported at fair value.

E. Receivables and Payables

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

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

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

(In Thousands)

Taxes are due in two equal installments on the July 1 and January 1 following the levy date, although a 30-day grace period is provided. Current tax collections for the years ended June 30, 2018 and 2017, were 99.03% and 98.89%, respectively, of the adjusted tax levy. Uncollected property taxes are recorded as receivables, net of an allowance for estimated uncollectible accounts. Unpaid taxes are lienied on or before June 30 following the due date. The revenue relating to property taxes not collected during the fiscal year and within 60 days after the close of the fiscal year is deferred.

F. Inventories and Prepaid Items

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

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

G. Capital Assets

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

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

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

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

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

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

(In Thousands)

H. Deferred Outflows/Inflows of Resources

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

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

I. Compensated Absences

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

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

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

(In Thousands)

J. Net Pension Liability

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

K. Total Other Postemployment Benefits Other than Pensions (OPEB) Liability

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

L. Long-Term Obligations

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

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

M. Fund Equity and Net Position

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

Net Investment in Capital Assets

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

Restricted Net Position

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

Unrestricted Net Position

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

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

(In Thousands)

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

Nonspendable Fund Balance

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

Restricted Fund Balance

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

Committed Fund Balance

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

Assigned Fund Balance

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

Unassigned Fund Balance

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

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

N. Accounting Estimates

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

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

(In Thousands)

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

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

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

Additional Appropriations and Transfers:

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

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

Budgeted amounts are as originally adopted or as amended by the Town Council. During the year, \$4,765 of supplemental budgetary appropriations from the General Fund were made, \$4,189 from revised revenue estimates, and \$576 from continued appropriations from the prior year.

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

(In Thousands)

3. CASH, CASH EQUIVALENTS AND INVESTMENTS

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

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

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

Deposits

Deposit Custodial Credit Risk

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

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

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

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

(In Thousands)

Cash Equivalents

At June 30, 2018, the Town's cash equivalents amounted to \$16,076. The following table provides a summary of the Town's cash equivalents excluding U.S. government guaranteed obligations) as rated by nationally recognized statistical rating organizations. The pools all have maturities of less than one year.

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

Investments

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

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

*Subject to coverage by Federal Depository Insurance and collateralization.

Interest Rate Risk

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

Credit Risk - Investments

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

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

Concentration of Credit Risk

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

Custodial Credit Risk

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

The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements); followed by quoted prices in inactive markets or for similar assets or with observable inputs (Level 2 measurements); and the lowest priority to unobservable inputs (Level 3 measurements). The Town has the following recurring fair value measurements as of June 30, 2018:

	<u>June 30,</u> <u>2018</u>	<u>Fair Value Measurements Using</u>		
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments by fair value level:				
U.S. Government agencies	\$ 495	\$ 495		\$
Common stock	7	7		
Mutual funds	<u>118</u>	<u>118</u>		
Total Investments by Fair Value Level	<u>\$ 620</u>	<u>\$ 620</u>	<u>\$ -</u>	<u>\$ -</u>

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

TOWN OF SOUTHTON, CONNECTICUT
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(In Thousands)

4. RECEIVABLES

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

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

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

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

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

(In Thousands)

5. CAPITAL ASSETS

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

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

TOWN OF SOUTHTON, CONNECTICUT
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Depreciation expense was charged to functions/programs of the primary government as follows:

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

Construction Commitments

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

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

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

6. TRANSFERS

The transfers that occurred during the year are as follows:

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

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

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

7. LONG-TERM DEBT

Changes in Long-Term Liabilities

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

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

*as restated - see Note 11.

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

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

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

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

TOWN OF SOUTHTON, CONNECTICUT
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(In Thousands)

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

Due During Fiscal Year Ending June 30,	Principal	Interest
2019	\$ 9,478	\$ 3,617
2020	10,028	3,284
2021	9,233	2,936
2022	8,233	2,575
2023	7,733	2,231
2024-2028	33,457	7,398
2029-2033	21,892	3,396
2034-2038	<u>7,838</u>	<u>609</u>
Total	\$ <u>107,892</u>	\$ <u>26,046</u>

All bonds are general obligation bonds secured by the general revenue raising powers of the Town. Payment will be provided by General Fund revenues for general purpose bonds and user fees charged by the Southington Water Company, an independent entity, for water bonds. The Town issued debt on behalf of the Southington Water Company. At June 30, 2018, \$6,030 is recorded as amounts to be provided by other entities in the government-wide financial statements. The Town does not have any overlapping debt.

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

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

Compensated Absences

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

The following is a summary of management's estimate of the vested liability for lump-sum payments to employees as of June 30, 2018:

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

TOWN OF SOUTHLINGTON, CONNECTICUT
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Capital Leases

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

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

Bond Anticipation Notes

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

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

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

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

(In Thousands)

8. RISK MANAGEMENT

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

Employee Health Insurance

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

The Fund establishes claims liabilities based on estimates of claims that have been incurred but not reported; accordingly, the Fund recorded an additional liability at June 30, 2018 of \$1,596.

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

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

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

Interlocal Risk Pool

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

The Town participates in CIRMA's Workers' Compensation Pool, a risk sharing pool, which was begun on July 1, 1980. The Workers' Compensation Pool provides statutory benefits pursuant to the provisions of the Connecticut Workers' Compensation Act. CIRMA currently has 220 members in the Workers' Compensation Pool. The coverage is subject to an incurred loss retrospective rating plan and losses incurred in coverage period 2017-18 will be evaluated at 18, 30 and 42 months after the effective date of coverage. The deposit contribution (premium) paid during fiscal year ended June 30, 2018 for the Town and Board of Education was \$1,341. The contribution (premium) is subject to payroll audit at the close of the coverage period. CIRMA's Workers' Compensation Pool retains up to \$1 million per occurrence. Claims over \$1 million are reinsured.

TOWN OF SOUTHTON, CONNECTICUT
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(In Thousands)

9. FUND EQUITY

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

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

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

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

10. OTHER POST-EMPLOYMENT BENEFITS

Town Plan

A. Overview

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

Employees Covered by Benefit Terms

Membership in the plan consisted of the following at July 1, 2017, the date of the last actuarial valuation.

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

B. Total OPEB Liability

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

Actuarial Assumptions and Other Inputs

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

Inflation	2.75%
Salary increases	2.75%, average, including inflation
Discount rate	3.87%
Healthcare cost trend rates	7.5 % for 2017, decreasing 0.5% per year to an ultimate rate of 4.75% for 2023 and later years
Retirees' share of benefit-related costs	100% of projected health insurance premiums for retirees

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

Mortality rates were based on RP-2014 Adjusted to 2006 Total Dataset Mortality Table projected to valuation date with Scale MP-2017.

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

TOWN OF SOUTHTON, CONNECTICUT
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Changes in the Total OPEB Liability

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

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

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

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

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

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

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

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

TOWN OF SOUTHTON, CONNECTICUT
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E. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

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

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

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

Year Ending June 30

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

Teachers Retirement Plan

A. Plan Description

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

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

B. Benefit Provisions (not rounded)

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

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(In Thousands)

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

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

If a member participating in Medicare Parts A & B so elects, they may enroll in one of the CTRB Sponsored Medicare Supplemental Plans. Active members, retirees and the State pay equally toward the cost of the basic coverage (medical and prescription drug benefits). There are three choices for coverage under the CTRB Sponsored Medicare Supplemental Plans. The choices and 2017 calendar year premiums charged for each choice are shown in the table below:

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

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

Survivor Health Care Coverage

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

C. Eligibility

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

Credited Service

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

Normal Retirement

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

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

(In Thousands)

Early Retirement

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

Proratable Retirement

Age 60 with 10 years of Credited Service.

Disability Retirement

No service requirement if incurred in the performance of duty, and 5 years of Credited Service in Connecticut if not incurred in the performance of duty.

Termination of Employment

Ten or more years of Credited Service.

D. Contributions

State of Connecticut

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

Employer (School Districts)

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

Employees

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

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

At June 30, 2018, the Town reports no amounts for its proportionate share of the net OPEB liability, and related deferred outflows and inflows, due to the statutory requirement that the State pay 100% of the required contribution. The amount recognized by the Town as its proportionate share of the net OPEB liability, the related State support and the total portion of the net OPEB liability that was associated with the Town was as follows:

Town's proportionate share of the net OPEB liability	\$	-
State's proportionate share of the net OPEB liability associated with the Town		<u>36,970</u>
Total	\$	<u><u>36,970</u></u>

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

(In Thousands)

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

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

F. Actuarial Assumptions

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

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

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

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

The long-term expected rate of return on plan assets is reviewed as part of the GASB 74 valuation process. Several factors are considered in evaluating the long-term rate of return assumption, including the plan's current asset allocations and a log-normal distribution analysis using the best-estimate ranges of expected future real rates of return (expected return, net investment expense and inflation) for each major asset class. The long-term expected rate of return was determined by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The assumption is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years. The plan is 100% invested in U.S. Treasuries (Cash Equivalents) for which the expected 10-Year Geometric Real Rate of Return is (0.04%).

G. Discount Rate

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

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

(In Thousands)

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

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

I. Other Information

Additional information is included in the required supplementary information section of the financial statements. A schedule of contributions is not presented as the Town has no obligation to contribute to the plan. Detailed information about the Connecticut State Teachers OPEB Plan fiduciary net position is available in the separately issued State of Connecticut Comprehensive Annual Financial Report at www.ct.gov.

11. PRIOR PERIOD ADJUSTMENT AND RESTATEMENT

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

Governmental Activities:

Net position at June 30, 2017, as previously reported	\$	178,032
-------------------------------------------------------	----	---------

Adjustments:

Eliminate net OPEB obligation reported per GASB No. 45	12,469
Record total OPEB liability per GASB No. 75	<u>(39,542)</u>

Net Position at July 1, 2017, as Restated	\$	<u><u>150,959</u></u>
-------------------------------------------	----	-----------------------

12. EMPLOYEE RETIREMENT SYSTEMS

Municipal Employees' Retirement System

A. Plan Description

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

TOWN OF SOUTHTON, CONNECTICUT
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(In Thousands)

B. Benefit Provisions

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

Normal Retirement

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

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

Early Retirement

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

Disability Retirement - Service Connected

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

Disability Retirement - Non-Service Connected

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

Death Benefit

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

TOWN OF SOUTHTON, CONNECTICUT
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(In Thousands)

C. Contributions

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

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

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

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

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

(In Thousands)

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

Governmental Activities

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

Business-Type Activities

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

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

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

(In Thousands)

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

Governmental Activities

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

Business-Type Activities

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

D. Actuarial Assumptions

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

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

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

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

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

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

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

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

E. Discount Rate

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

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

(In Thousands)

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

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

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

G. Payable to MERS

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

Teachers Retirement

A. Plan Description

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

B. Benefit Provisions

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

Normal Retirement

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

Early Retirement

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

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

(In Thousands)

Disability Retirement

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

C. Contributions

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

Employer (School Districts)

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

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

Employees

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

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

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

At June 30, 2018, the Town reports no amounts for its proportionate share of the net pension liability, and related deferred outflows and inflows, due to the statutory requirement that the State pay 100% of the required contribution. The amount recognized by the Town as its proportionate share of the net pension liability, the related state support, and the total portion of the net pension liability that was associated with the Town were as follows:

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

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

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

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

(In Thousands)

E. Actuarial Assumptions

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

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

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

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

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

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

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

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

(In Thousands)

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

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

F. Discount Rate

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

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

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

H. Pension Plan Fiduciary Net Position

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

I. Other Information

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

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

(In Thousands)

13. SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES

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

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

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

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

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



Required Supplementary Information

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

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

(Continued on next page)

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

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

Budgetary revenues are different than GAAP revenues because:

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

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

\$ 165,324

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

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

(Continued on next page)

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

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

(Continued on next page)

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

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

(Continued on next page)

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

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

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

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

(Continued on next page)

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

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

(Continued on next page)

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

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

(Continued on next page)

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

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

(Continued on next page)

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

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

(Continued on next page)

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

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

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

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

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

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

Notes to Schedule

Valuation date: June 30, 2016
Measurement date: June 30, 2017
Actuarially determined contribution rates are calculated as of June 30, each biennium for the fiscal years ending two and three years after the valuation date

Methods and assumptions used to determine contribution rates:

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

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

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

Notes to Schedule

Valuation date:

Measurement date: June 30, 2016
June 30, 2017

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

Methods and assumptions used to determine contribution rates:

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

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

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Town's proportion of the net pension liability	0.00%	0.00%	0.00%	0.00%
Town's proportionate share of the net pension liability	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability associated with the Town	<u>107,078</u>	<u>115,998</u>	<u>151,537</u>	<u>143,636</u>
Total	<u>\$ 107,078</u>	<u>\$ 115,998</u>	<u>\$ 151,537</u>	<u>\$ 143,636</u>
Town's covered payroll	\$ 33,621	\$ 34,262	\$ 34,721	\$ 37,408
Town's proportionate share of the net pension liability as a percentage of its covered payroll	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	61.51%	59.50%	52.26%	55.93%

Notes to Schedule

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

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

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

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

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

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

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

Notes to Schedule

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

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

Appendix B-1

Opinion of Bond Counsel and Tax Status - Bonds

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APPENDIX B-1 - OPINION OF BOND COUNSEL AND TAX STATUS

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

BOND COUNSEL OPINION

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

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

[FORM OF BOND COUNSEL OPINION]

(date of closing)

Town of Southington
Southington, Connecticut

We have represented the Town of Southington, Connecticut as Bond Counsel in connection with the issuance by the Town of \$6,865,000* General Obligation Refunding Bonds, Issue of 2019, dated as of May 3, 2019.

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

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

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

Based on such representations and agreements and on the record of proceedings authorizing the Bonds, and assuming the accuracy of such representations and compliance with such agreements, it is our opinion that, under existing statutes: (1) interest on the Bonds is excluded from gross income for Federal income tax purposes pursuant

* Preliminary, subject to change.

to Section 103 of the Code; and (2) the Bonds are not "private activity bonds" and interest on the Bonds is not treated as a preference item for purposes of calculating the Federal alternative minimum tax.

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

Very truly yours,

Day Pitney LLP

FEDERAL INCOME TAX.

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

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

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

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

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

STATE OF CONNECTICUT TAX ON INTEREST.

The opinion of Bond Counsel will state in substance that, based on the record of proceedings authorizing the Bonds, under existing statutes: (1) interest on the Bonds is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts, and estates; and (2) interest on the Bonds is excluded

from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the federal alternative minimum tax.

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

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

ORIGINAL ISSUE DISCOUNT.

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

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

ORIGINAL ISSUE PREMIUM.

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

The discussion in this paragraph applies to those Bonds having original issue premium. Under Sections 1016 and 171 of the Code, the amount of original issue premium treated as having amortized with respect to any bond during each day it is owned by a taxpayer is subtracted from the cost basis of such owner for purposes of determining gain or loss upon the sale or other disposition of such bond by such owner. Original issue premium on any bond is treated as amortizing on the basis of the taxpayer's yield to maturity on such bond using the taxpayer's cost basis and a constant semiannual compounding method. As a consequence of the resulting cost basis reduction, under certain circumstances an owner of a bond acquired with original issue premium may realize a taxable gain upon disposition thereof even though it is sold or redeemed for an amount equal to or less than such owner's original cost of acquiring the bond. Amortized original issue premium on a bond is not allowed as a deduction from gross

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

GENERAL.

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 will not have an effect on the federal tax status or the market price of the Bonds or will not change the effect of other federal tax law consequences, including those discussed above, of owning and disposing of the Bonds, 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 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 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. Prospective owners of the Bonds, 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, including any tax consequences arising under the laws of any other state or other taxing jurisdiction.

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Appendix B-2

Opinion of Bond Counsel and Tax Status - Notes

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APPENDIX B-2 - OPINION OF BOND COUNSEL AND TAX STATUS

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

The opinion of Day Pitney LLP with respect to the 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 \$3,975,000 Bond Anticipation Notes, dated as of April 29, 2019.

We have examined a record of proceedings authorizing the Notes, and based on our examination, we are of the opinion that the Town of Southington is authorized to issue the Notes; the Town is duly and legally organized; all proper proceedings for the issuance and delivery of the Notes have been taken; no limitation of indebtedness under the laws of the State of Connecticut has been exceeded in the issuance of the Notes; the 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 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 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 Notes is excluded from gross income for Federal income tax purposes. The Town officials authorized to issue the 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 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 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 Notes is excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Code; and (2) 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.

Based on the record of proceedings authorizing the Notes, it is our opinion that, under existing statutes: (1) interest on the Notes is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates; and (2) 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.

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 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 Notes. Failure to comply with any of these requirements may cause the interest on the 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 Notes will enter into a Tax Compliance Agreement in connection with the delivery of the 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 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. 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 Notes are not "private activity bonds" so that interest on the Notes will not be treated as a preference item for individuals.

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 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 Notes should consult their own tax advisors with respect to the tax consequences of ownership of the Notes and the treatment elected.

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

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

Owners of the Notes should consult their tax advisors with respect to other applicable state and local tax consequences of ownership of the Notes and the disposition thereof, including the extent to which gains and losses from the sale or exchange of the 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 PREMIUM.

The initial public offering price of certain of the Notes may be greater than the amount payable on the Notes at maturity. The excess of the initial public offering price at which a substantial amount of such Notes are sold over the amount payable thereon at maturity constitutes original issue premium. No representation is made by the Town regarding the prices at which a substantial amount of the Notes ultimately will be sold to the public. An owner who purchases a note with original issue premium must amortize such original issue premium as provided in applicable Treasury Regulations, and amortized premium reduces the owner's basis in the note for federal income tax purposes. Owners of Notes having original issue premium, and especially any owner who is not an original owner of a note who bought the 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 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 Notes will not have an effect on the federal tax status or the market price of the Notes or will not change the effect of other federal tax law consequences, including those discussed above, of owning and disposing of the 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 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 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 Notes. Prospective owners of the 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 Notes, including any tax consequences arising under the laws of any other state or other taxing jurisdiction.

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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 May 3, 2019 by the Town of Southington, Connecticut (the "Issuer") acting by its undersigned officers, duly authorized, in connection with the issuance of \$6,865,000* General Obligation Refunding Bonds, Issue of 2019, dated as of May 3, 2019 (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, 2019 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, 2019) 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,

* Preliminary, subject to change.

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

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

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

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

Section 3. Notice of Certain Events.

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

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

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

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

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

(i) Bond defeasances;

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

(k) rating changes;

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

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

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

(o) incurrence of a financial obligation of the Issuer, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation, any of which affect security holders, if material; and

(p) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the Issuer, any of which reflect financial difficulties. Events (d) and (e). The Issuer does not undertake to provide any notice with respect to credit enhancement added after the primary offering of the Bonds, unless the Issuer applies for or participates in obtaining the enhancement.

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

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

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

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

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

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

Section 5. Use of Agents.

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

Section 6. Termination.

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

Section 7. Enforcement.

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

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

Section 8. Miscellaneous.

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

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

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

(d) Notwithstanding any other provision of this Agreement, the Issuer may amend this Agreement, and any provision of this Agreement may be waived, if such amendment or waiver is made in connection with a change of circumstances that arises from a change in legal requirements, a change in law, or a change in the identity, nature or status of the Issuer, and is supported by an opinion of counsel expert in federal securities laws, to the effect that (i) such amendment or waiver would not materially adversely affect the beneficial owners of the Bonds, and (ii) the provisions of the Agreement as so amended or waived would have complied with the requirements of the Rule, taking into account any amendments or interpretations of the Rule as well as any changes in circumstances, in each

case as of the date of such amendment to the Agreement or waiver. A copy of any such amendment or waiver will be filed in a timely manner with each Repository. The annual financial information provided on the first date following adoption of any such amendment will explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating or financial information provided.

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

TOWN OF SOUTHTON

By: _____
Mark Sciota
Town Manager

By: _____
Joyce Williams
Treasurer

By: _____
Emilia Portelinha
Director of Finance

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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 29, 2019 by the Town of Southington, Connecticut (the "Issuer") acting by its undersigned officers, duly authorized, in connection with the issuance of \$3,975,000 Bond Anticipation Notes, dated as of April 29, 2019 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;
- (n) appointment of a successor or additional trustee or the change of name of a trustee, if material;
- (o) incurrence of a financial obligation, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation, any of which affect security holders, if material; and
- (p) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of the financial obligation of the Issuer, any of which reflect financial difficulties.

Events (d) and (e). The Issuer does not undertake to provide any notice with respect to credit enhancement added after the primary offering of the 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.

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

Section 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 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
\$6,865,000*
Town of Southington, Connecticut
General Obligation Refunding Bonds, Issue of 2019
(BOOK-ENTRY)

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 THURSDAY,**

APRIL 11, 2019

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

\$6,865,000* General Obligation Refunding Bonds, Issue of 2019
Payable annually on August 1 as follows:

\$1,010,000* in 2019
\$1,730,000* in 2020
\$775,000* in 2021
\$375,000* in 2022 and 2023
\$370,000* in 2024, 2025, 2026, 2029, and 2030
\$375,000* in 2027 and 2028

*Preliminary, subject to change. See "Adjustment of Maturity".

The Bonds will be dated May 3, 2019, with interest payable on August 1, 2019 and thereafter semiannually on each February 1st and August 1st.

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

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

* Preliminary, subject to change.

Beneficial Owners or for maintaining, supervising or reviewing the records maintained by DTC, its Participants or persons acting through such Participants.

In the event that (a) DTC determines not to continue to act as securities depository for the Bonds and the Town fails to identify another qualified securities depository to replace DTC, or (b) the Town determines to discontinue the book-entry system of evidence and transfer of ownership of the Bonds, the Town will authenticate and deliver replacement Bonds in the form of fully registered certificates. Any such replacement Bonds will provide that interest will be payable by check mailed by the Paying Agent to the registered owner whose name appears on the registration books of the Town as of the close of business on the record date preceding each interest payment date. The record dates will be the fifteenth day of July and January (or the preceding business day if such fifteenth day is not a business day).

Redemption. Bonds maturing after August 1, 2025 are subject to redemption prior to maturity, at the option of the Town, on or after August 1, 2025, 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>
August 1, 2025 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.

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 of Sale.

Adjustment of Maturity Schedule. The Town reserves the right to change the maturity schedule after the determination of the winning bidder. In such event, the final aggregate principal amount of the Bonds will be increased or decreased by a net amount of such change or changes in principal amount of one or more maturities. The Town anticipates that the final maturity schedule will be communicated to the successful bidder within four (4) hours of the Town's receipt of the reoffering prices and yields for the Bonds from the successful bidder. The dollar amount bid by the bidder will be adjusted to reflect any adjustments in the final maturity schedule and the aggregate principal amount of the Bonds to be issued. The adjusted bid price will reflect changes in the dollar amount of the underwriter's discount and original issue discount/premium, if any, but will not change the per bond underwriter's discount as calculated from the bid and the initial reoffering prices required to be delivered to the Town as stated herein. **The successful bidder may not withdraw its bid or change the interest rates bid or initial reoffering prices provided as a result of any changes made to the principal amounts within these limits.**

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 May 3, 2019, 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 Agent, Paying Agent and Escrow Agent. The Bonds will be authenticated by U.S. Bank National Association, Hartford, Connecticut. U.S. Bank National Association will act as Registrar, Paying Agent and Escrow 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-1 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:

1. "Public" means any person other than an Underwriter or a Related Party,
2. "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),
3. 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
4. "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; 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, Suite 1, 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, 2019. 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 Municipal Advisor to apply for CUSIP numbers for the Bonds. 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 Global Services 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 May 3, 2019 through the facilities of the Depository Trust Company, New York, New York, against payment in immediately available Federal funds.

More Information. For more information regarding this issue and the Town reference is made to the Official Statement. Proposal forms and copies of the Official Statement may be obtained from Mr. Matthew A. Spoerndle, Phoenix Advisors, LLC, 53 River Street, Suite 1, 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, 2019

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

Competitive Sale Requirements Satisfied

**TOWN OF SOUTHLINGTON, CONNECTICUT
\$6,865,000* GENERAL OBLIGATION REFUNDING BONDS, ISSUE OF 2019**

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, 2019.

(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

* Preliminary, subject to change.

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: __/__/2019

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
\$6,865,000* GENERAL OBLIGATION REFUNDING BONDS, ISSUE OF 2019**

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: __/__/2019

Attachment:

**SCHEDULE A
SALE PRICES**

[Remainder of page intentionally left blank]

* Preliminary, subject to change.

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Appendix D-2

Notice of Sale and Bid Form - Notes

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NOTICE OF SALE
\$3,975,000
Town of Southington, Connecticut
Bond Anticipation Notes
(BOOK-ENTRY)

TELEPHONE and 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 THURSDAY,**

APRIL 11, 2019

for the purchase of \$3,975,000 Bond Anticipation Notes of the Town of Southington, dated April 29, 2019, maturing on April 28, 2020 (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.

Telephone Proposals Bidding Procedure. Telephone bids for the purchase of the Notes will be received on behalf of the Town by telephone call to an authorized agent of Phoenix Advisors, LLC, the Town's Municipal Advisor, until 11:00 A.M. (Eastern Time) on the day of the sale at (860) 276-6200.

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-2 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:

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 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:

1. “Public” means any person other than an Underwriter or a Related Party,
2. “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),
3. 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

4. "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; 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, 2019. 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. 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 Notes 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 Notes and any corrections. The purchaser shall arrange with the financial advisor the method of delivery of the copies of the Official Statement to the purchaser. Additional copies of the Official Statement may be obtained by the purchaser at its own expense by arrangement with the printer.

Continuing Disclosure Agreement. The Town will enter into a Continuing Disclosure Agreement with respect to the 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 Municipal Advisor to apply for CUSIP numbers for the Notes. 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 Global Services 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 29, 2019.

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, 2019

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

Competitive Sale Requirements Satisfied

**TOWN OF SOUTHTON, CONNECTICUT
\$3,975,000 BOND ANTICIPATION NOTES, DATED APRIL 29, 2019**

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, 2019.

(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: _____

Dated: __/__/2019

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
\$3,975,000 BOND ANTICIPATION NOTES, DATED APRIL 29, 2019**

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: __/__/2019

Attachment:

**SCHEDULE A
SALE PRICES**

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PROPOSAL FOR NOTES

April 11, 2019

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, 2019 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 \$3,975,000 Bond Anticipation Notes of the Town of Southington, dated April 29, 2019, maturing April 28, 2020, 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: _____