

Final Official Statement Dated January 16, 2014

NEW MONEY ISSUE: Book-Entry-Only

RATINGS: Standard & Poor's Corporation "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 Lot A Bonds and Lot B Bonds (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, but in the case of corporations a portion of such interest may be included in alternative minimum taxable income for purposes of computing any Federal alternative minimum tax; the Bonds and the Notes shall not be designated by the Town as "qualified tax-exempt obligations"; 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 "Form of Opinion of Bond Counsel and Tax Exemption" herein.)



Town of Southington, Connecticut

\$22,705,000

General Obligation Bonds, Issue of 2014 – Lot A

Dated: Date of Delivery

**Due: January 15, 2016-2034,
As shown on the inside cover hereof:**

\$5,870,000

General Obligation Bonds, Issue of 2014 – Lot B

Dated: Date of Delivery

**Due: January 15, 2015-2034,
As shown on the inside cover hereof:**

The Bonds will bear interest payable July 15, 2014 and semiannually thereafter on January 15 and July 15 in each year until maturity. The Bonds are issuable only as fully registered bonds, without coupons, and, when issued, will be registered in the name of Cede & Co., as bondowner and nominee for The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the Bonds. Purchases of the Bonds will be made in book-entry form, in the denomination of \$5,000 or any integral multiple thereof. Purchasers will not receive certificates representing their ownership interest in the Bonds. So long as Cede & Co. is the Bondowner, as nominee of DTC, reference herein to the Bondowner or owners shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners (as defined herein) of the Bonds. See "Book-Entry-Only System" herein.

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

Lot A Underwriter

Janney Montgomery Scott, Inc.

Lot B Underwriter

Janney Montgomery Scott, Inc.

\$20,000,000

General Obligation Bond Anticipation Notes

Dated: January 28, 2014

Due: January 27, 2015

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 January 9, 2014. 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.

Notes Underwriter

Bank of America Merrill Lynch

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

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

The Bonds and Notes are offered for delivery when, as and if issued, subject to the final approving opinion of Day Pitney LLP, Bond Counsel, of Hartford, Connecticut. It is expected that delivery of the Bonds in book-entry-only form will be made to DTC in New York, New York on or about January 28, 2014.

Town of Southington, Connecticut
\$22,705,000
General Obligation Bonds, Issue of 2014 – Lot A

Dated: *Date of Delivery*

Due: January 15,
as shown below:

Year	Principal	Coupon	Yield	CUSIP¹	Year	Principal	Coupon	Yield	CUSIP¹
2016	\$ 1,495,000	3.000%	0.390%	844402VE4	2026	\$ 1,095,000	3.000%	3.050%	844402VQ7
2017	1,480,000	4.000%	0.540%	844402VF1	2027	1,095,000	3.125%	3.250%	844402VR5
2018	1,470,000	3.000%	0.860%	844402VG9	2028	1,095,000	3.250%	3.420%	844402VS3
2019	1,470,000	4.000%	1.210%	844402VH7	2029	1,095,000	3.375%	3.520%	844402VT1
2020	1,470,000	5.000%	1.670%	844402VJ3	2030*	1,095,000	4.000%	3.620%	844402VU8
2021	1,255,000	5.000%	2.010%	844402VK0	2031*	895,000	4.000%	3.710%	844402VV6
2022	1,255,000	5.000%	2.310%	844402VL8	2032*	895,000	4.000%	3.800%	844402VW4
2023*	1,255,000	4.000%	2.530%	844402VM6	2033*	895,000	4.000%	3.900%	844402VX2
2024*	1,255,000	4.000%	2.690%	844402VN4	2034	885,000	4.000%	4.000%	844402VY0
2025*	1,255,000	3.000%	2.900%	844402VP9					

* Priced assuming redemption on January 15, 2022; however, any such redemption is at the option of the Town.

\$5,870,000
General Obligation Bonds, Issue of 2014 – Lot B

Dated: *Date of Delivery*

Due: January 15,
as shown below:

Year	Principal	Coupon	Yield	CUSIP¹	Year	Principal	Coupon	Yield	CUSIP¹
2015	\$ 295,000	3.000%	0.220%	844402VZ7	2025*	\$ 295,000	3.000%	2.900%	844402WK9
2016	295,000	3.000%	0.390%	844402WA1	2026	295,000	3.000%	3.050%	844402WL7
2017	295,000	4.000%	0.540%	844402WB9	2027	295,000	3.125%	3.250%	844402WM5
2018	295,000	4.000%	0.860%	844402WC7	2028	295,000	3.250%	3.420%	844402WN3
2019	295,000	4.000%	1.210%	844402WD5	2029	290,000	3.375%	3.520%	844402WP8
2020	295,000	5.000%	1.640%	844402WE3	2030*	290,000	4.000%	3.620%	844402WQ6
2021	295,000	5.000%	2.010%	844402WF0	2031*	290,000	4.000%	3.710%	844402WR4
2022	295,000	5.000%	2.310%	844402WG8	2032*	290,000	4.000%	3.800%	844402WS2
2023*	295,000	4.000%	2.530%	844402WH6	2033*	290,000	4.000%	3.900%	844402WT0
2024*	295,000	4.000%	2.690%	844402WJ2	2034	290,000	4.000%	4.000%	844402WU7

* Priced assuming redemption on January 15, 2022; however, any such redemption is at the option of the Town.

\$20,000,000
General Obligation Bond Anticipation Notes

Dated: **January 28, 2014**
Rate: **1.00%**
Yield: **0.15%**

Due: **January 27, 2015**
CUSIP: ¹ **844402VD6**

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 – "2012 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 "Form of Opinion of Bond Counsel and Tax Exemption" herein), and makes no representation that it has independently verified the same.

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Bond Issue Summary – Lot A

The information in this Lot A 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, January 16, 2014 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:	\$22,705,000 General Obligation Bonds, Lot A (the "Lot A Bonds").
Dated Date:	Date of Delivery
Principal and Interest Due:	Principal due serially January 15, 2016 through January 15, 2034. Interest due July 15 and January 15 in each year until maturity, commencing July 15, 2014.
Purpose:	The Lot A Bond proceeds will be used to provide funds for various school and general purpose projects.
Redemption:	The Lot A Bonds are subject to redemption prior to maturity. See "Redemption Provisions" herein.
Security:	The Lot A 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 Lot A Bonds when due.
Credit Rating:	The Lot A Bonds were rated "AA+" from Standard & Poor's Corporation. No other ratings have been applied for from any other rating agency.
Bond Insurance:	The Town does not expect to purchase a credit enhancement facility.
Basis of Award:	Lowest True Interest Cost (TIC), as of the dated date.
Tax Exemption:	See Appendix B - "Form of Opinion of Bond Counsel and Tax Exemption".
Bank Qualification:	The Lot A 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 Lot A 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 Lot A 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, and Paying Agent:	U.S. Bank National Association, Goodwin Square, 225 Asylum Street, Hartford, Connecticut 06103.
Financial Advisor:	Phoenix Advisors, LLC of Milford, Connecticut. Telephone (203) 878-4945.
Legal Opinion:	Day Pitney LLP, of Hartford, Connecticut.
Separate CUSIPS:	Separate CUSIP numbers for the Lot A Bonds is required. It shall be the responsibility of the winning bidder to obtain CUSIP numbers for the Lot A Bonds prior to delivery.
Delivery and Payment:	It is expected that delivery of the Lot A Bonds in book-entry-only form will be made to The Depository Trust Company on or about January 28, 2014. Delivery of the Lot A Bonds will be made against payment in Federal Funds.
Issuer Official:	Questions concerning the Official Statement should be addressed to Ms. Emilia C. Portelinha, Director of Finance, Town of Southington, Town Office Building, 75 Main Street, Southington, Connecticut 06489. Telephone (860) 276-6222.

Bond Issue Summary – Lot B

The information in this Lot B 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, January 16, 2014 at 12:00 P.M. Noon (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:	\$5,870,000 General Obligation Bonds, Lot B (the "Lot B Bonds").
Dated Date:	Date of Delivery
Principal and Interest Due:	Principal due serially January 15, 2015 through January 15, 2034. Interest due July 15 and January 15 in each year until maturity, commencing July 15, 2014.
Purpose:	The Lot B Bond proceeds will be used to provide funds for various water projects.
Redemption:	The Lot B Bonds are subject to redemption prior to maturity. See "Redemption Provisions" herein.
Security:	The Lot B 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 Lot B Bonds when due.
Credit Rating:	The Lot B Bonds were rated "AA+" from Standard & Poor's Corporation. No other ratings have been applied for from any other rating agency.
Bond Insurance:	The Town does not expect to purchase a credit enhancement facility.
Basis of Award:	Lowest True Interest Cost (TIC), as of the dated date.
Tax Exemption:	See Appendix B - "Form of Opinion of Bond Counsel and Tax Exemption".
Bank Qualification:	The Lot B 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 Lot B 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 Lot B Bonds 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.
Financial Advisor:	Phoenix Advisors, LLC of Milford, Connecticut. Telephone (203) 878-4945.
Legal Opinion:	Day Pitney LLP, of Hartford, Connecticut.
Separate CUSIPS:	Separate CUSIP numbers for the Lot B Bonds is required. It shall be the responsibility of the winning bidder to obtain CUSIP numbers for the Lot B Bonds prior to delivery.
Delivery and Payment:	It is expected that delivery of the Lot B Bonds in book-entry-only form will be made to The Depository Trust Company on or about January 28, 2014. Delivery of the Lot B Bonds will be made against payment in Federal Funds.
Issuer Official:	Questions concerning the Official Statement should be addressed to Ms. Emilia C. Portelinha, Director of Finance, Town of Southington, Town Office Building, 75 Main Street, Southington, Connecticut 06489. Telephone (860) 276-6222.

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, January 16, 2014 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:	\$20,000,000 General Obligation Bond Anticipation Notes (the "Notes").
Dated Date:	January 28, 2014.
Interest Due:	At maturity: January 27, 2015
Principal Due:	At maturity: January 27, 2015
Authorization and Purpose:	The Notes are being issued to finance a middle school project. See "Authorization and Purpose" herein.
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 were rated "SP-1+" from Standard & Poor's Corporation. No other ratings have been applied for from any other rating agency.
Basis of Award:	Lowest Net Interest Cost (NIC), as of the dated date.
Tax Exemption:	See Appendix B - "Form of Opinion of Bond Counsel and Tax Exemption".
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-3 to this Official Statement.
Registrar, Transfer Agent, Certifying Agent and Paying Agent:	U.S. Bank National Association, Goodwin Square, 225 Asylum Street, Hartford, Connecticut 06103.
Financial Advisor:	Phoenix Advisors, LLC, of Milford, Connecticut. Telephone (203) 878-4945.
Legal Opinion:	Day Pitney LLP, of Hartford, Connecticut.
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 January 28, 2014. 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. Portelinho, Director of Finance, Town of Southington, Town Office Building, 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 \$22,705,000 General Obligation Bonds, Lot A (the "Lot A Bonds"), \$5,870,000 General Obligation Bonds, Lot B (the "Lot B Bonds") (collectively, the "Bonds") and \$20,000,000 General Obligation Bond Anticipation Notes (the "Notes") of the Town.

The Bonds and Notes are being offered for sale at public bidding. Notices of Sale dated January 9, 2014 have been furnished to prospective bidders. Reference is made to the Notices of Sale, which are included as Appendix D for the terms and conditions of the bidding.

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

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

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

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

Financial Advisor

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

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

The Bonds

Description of the Bonds

The Bonds will mature on January 15 in each of the years as set forth on the inside cover page hereof. The Bonds will be dated the date of delivery and bear interest at the rates per annum specified on the inside cover page, payable semiannually on January 15 and July 15 in each year until maturity, commencing July 15, 2014. Interest will be calculated on the basis of a 360-day year, consisting of twelve 30-day months. Interest is payable to the registered owner as of the close of business on the last business day of June and December, in each year, by check mailed to the registered owner; or so long as the Bonds are registered in the name of Cede & Co., as nominee of DTC, by such other means as DTC, the Paying Agent and the Town shall agree.

Redemption Provisions

The Bonds maturing on or before January 15, 2022 are not subject to redemption prior to maturity. The Bonds maturing on January 15, 2023 and thereafter are subject to redemption prior to maturity, at the election of the Town, on or after January 15, 2022 at any time, 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:

<u>Redemption Dates</u>	<u>Redemption Prices</u>
January 15, 2022 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 January 28, 2014 and will be due and payable as to both principal and interest at maturity on January 27, 2015. The Notes will bear interest calculated on the basis of twelve 30-day months and a 360-day year at such rate or rates per annum as are specified by the successful bidder or bidders. A book-entry system will be employed evidencing ownership of the Notes in principal amounts of \$5,000 or integral multiples thereof, with transfers of ownership effected on the records of DTC, and its participants pursuant to rules and procedures established by DTC and its participants. See “Book-Entry Only Transfer System”. The Notes are not subject to redemption prior to maturity.

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

Authorization and Purpose

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

Project	Amount Authorized	Notes Due: 1/28/2014	New Money/ (Paydowns)	This Issue			Date of Final Approval
				The Notes:	Lot A Bonds:	Lot B Bonds:	
Fire Pumper Truck.....	\$ 560,000	\$ -	\$ 560,000	\$ -	\$ 560,000	\$ -	10/11/2011
Road and Bridge Projects 2012-13	11,000,000	-	5,000,000	-	5,000,000	-	11/06/2012
Highway Department Roof.....	670,000	-	510,000	-	510,000	-	07/09/2012
Mt Vernon Road.....	675,000	-	675,000	-	675,000	-	07/09/2012
Middle School Project.....	89,725,000	20,000,000	15,000,000	20,000,000	15,000,000	-	03/19/2013
H.S. Athletic Facilities Improvements..	960,000	-	960,000	-	960,000	-	06/25/2012
Well #7A Replacement.....	1,020,000	-	1,020,000	-	-	1,020,000	10/15/2013
Water Mains Installation.....	4,850,000	-	4,850,000	-	-	4,850,000	10/15/2013
Total	\$ 109,460,000	\$ 20,000,000	\$ 28,575,000	\$ 20,000,000	\$ 22,705,000	\$ 5,870,000	

School Projects

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

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

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

Book-Entry-Only Transfer System

The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the Bonds 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 Standard & Poor’s highest rating: 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 redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of 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 could 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 Standard & Poor's ongoing disclosure in the form of independent annual financial reports, adopted budgets, and other materials relating to its management and financial condition, as may be necessary or requested.

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

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

Ratings

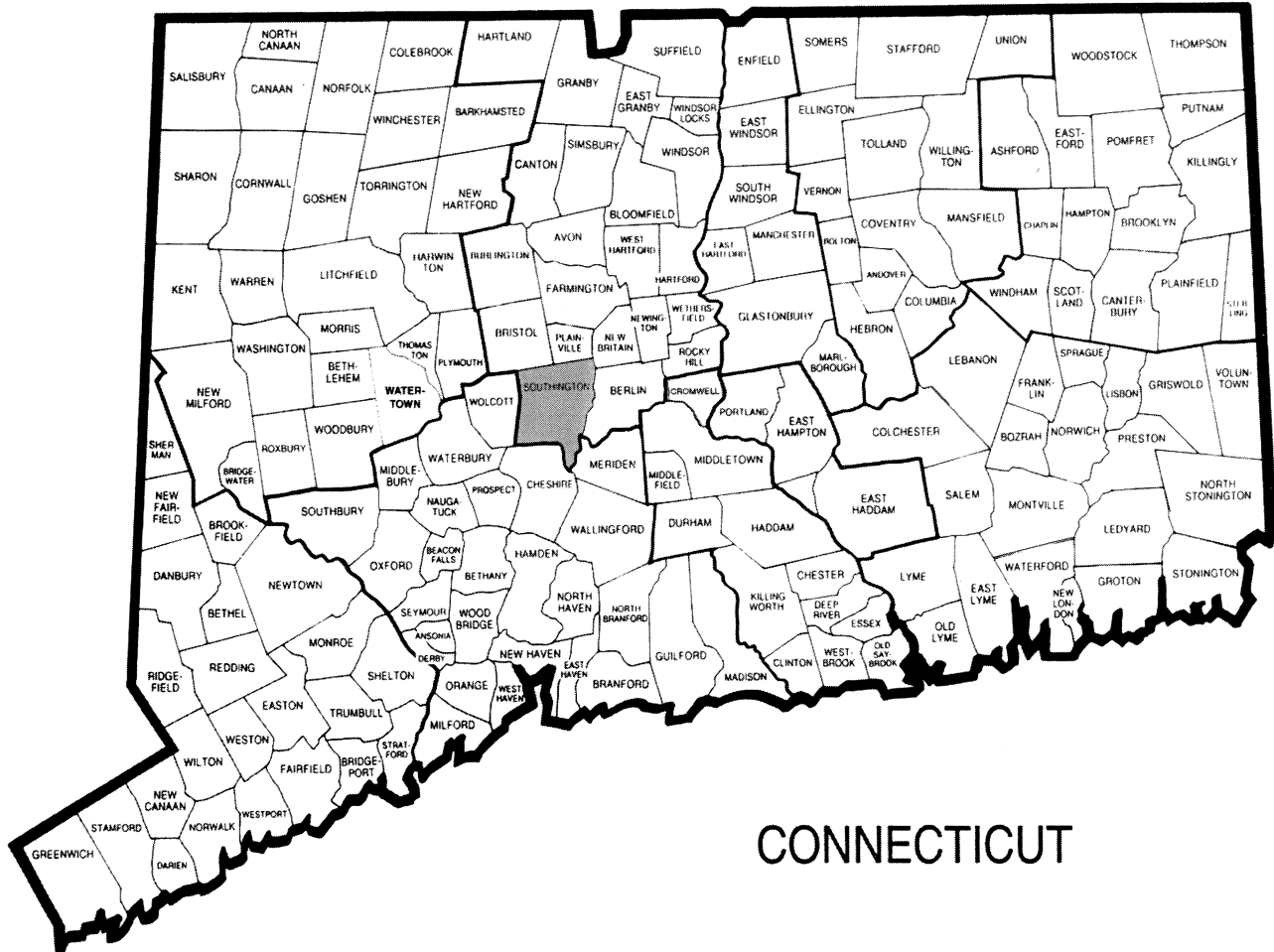
The Bonds have been rated "AA+" and the Notes have been rated "SP-1+" by Standard & Poor's Corporation ("S&P"). The Town furnished the rating agency certain information and materials, some of which may not have been included in this Official Statement. The rating, if obtained, will reflect only the views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

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

Bond Insurance

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

II. The Issuer



Description of the Municipality

The Town of Southington was originally settled in 1698 and incorporated in 1779. Southington, which has land area of approximately 36.9 square miles and a population of 43,434, 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's Economic Development Coordinator administers a program that focuses on retention of existing businesses as well as the recruitment of new businesses. Since the departure of the Pratt & Whitney division of United Technologies Inc. in 1995, the Town has made strong efforts to diversify its commercial and industrial tax base to avoid over-reliance on one taxpayer or industry.

As a result of these efforts, the Town has become less dependent on one taxpayer or industry as evidenced by the Town's top ten taxpayers representing 4.62% of the October 1, 2012 taxable Grand List vs. 16% in the mid-1990s.

Strong retail activity along the Town's main corridor has commanded significant increases in rental rates as occupancy levels reach near full capacity. This activity is fostering the redevelopment of several sites allowing for optimum use of retail opportunities, spurring growth and attracting national and regional franchises such as Panera Bread, Sprint, Urgent Care Medical Center, Family Dollar, Nardelli's, The Guitar Store, Jo-Ann Fabrics, Buffalo Wild Wings, and Liberty Bank.

Southington's office sector received a significant boost with Connecticut-On-Line Computer Center's acquisition and renovation of 100 Executive Boulevard, a 75,000 square-foot Class A office building. The project will bring 250 jobs into Southington as the company continues its steady growth. This area of town is experiencing new growth opportunities with the newly constructed 110-room Homewood Suites Hotel and adjacent restaurant prompting land values to increase substantially. Further new construction includes the UConn Health Center's new Southington office and a planned 40,000 square-foot retail center.

Manufacturing activity is expanding in Southington as the Town continues to attract new companies. This includes a new 32,000 square-foot building for Sign Pro which is currently under construction, Supreme Forest Product's acquisition of 30 acres for wood processing operations, Diamond Ice Manufacturing Company's new state-of-the-art facility, and the recent sale of several industrial lots to manufacturers looking to locate in Southington.

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

<i>Company</i>	<i>Facility</i>	<i>Origination</i>
Reverse Solutions, LLC.....	100,000 sf renovation	Relocation/expansion from Meriden, CT
Urgent Care Medical Center.....	3,000 sf redevelopment	New to Southington
Panera Bread.....	5,000 sf redevelopment	New to Southington
Family Dollar.....	9,000 sf redevelopment	New to Southington
Sprint.....	2,500 sf redevelopment	New to Southington
Liberty Bank.....	2,500 sf redevelopment	New to Southington
Buffalo Wild Wings.....	5,000 sf renovation	New to Southington
Jo-Ann Fabrics.....	20,000 sf renovation	New to 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.....	Michael Riccio	Elected	11/13-11/15	8 years ²
Council Member, Vice Chair.....	Cheryl Lounsbury	Elected	11/13-11/15	14 years ²
Council Member	John N. Barry	Elected	11/13-11/15	10 years
Council Member.....	Paul Champagne	Elected	11/13-11/15	1st term
Council Member.....	Tom Lombardi	Elected	11/13-11/15	1st term
Council Member.....	Dawn A. Micelli	Elected	11/13-11/15	4 years
Council Member.....	Christopher J. Palmieri	Elected	11/13-11/15	8 years
Council Member.....	Victoria Triano	Elected	11/13-11/15	18 years ²
Council Member.....	Stephanie A. Urillo	Elected	11/13-11/15	4 years
Town Manager.....	Garry Brumback	Appointed	01/11-06/14	3 years ¹
Town Attorney/				
Assistant Town Manager.....	Mark Sciota	Appointed	Indefinite	7 years
Director of Finance.....	Emilia Portelinha	Appointed	Indefinite	8 years
Assistant Finance Director.....	Christina Sivigny	Appointed	Indefinite	2 years
Treasurer.....	Joyce Williams	Appointed	Indefinite	.5 years ³
Economic Dev. Coordinator.....	Louis A. Perillo	Appointed	Indefinite	8 years

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

² Mr. Riccio is starting a new term on Council with 8 years previous Town Council experience. Ms. Lounsbury and Ms. Triano also are returning to Town Council with leadership experience.

³ Ms. Williams formerly served as Assistant Finance Director of Windsor Locks, Connecticut and has 9 years municipal finance experience.

Source: Town of Southington

Municipal Services

Police: The Southington Police Department has a sworn staff of 66 including a Chief, two Captains, three Lieutenants, eleven Sergeants, seven Detectives, and forty-two Patrol Officers. The department provides 24 hour service to the community, consisting of Patrol, Detective and Crime Prevention Services. Other specialized divisions include: Traffic Division, K-9 officer, Emergency Response Team, Motorcycle Patrol, Support Services Division, Training Division, and the Bicycle Patrol.

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

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

Health: The Southington Health Department 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 five bus drivers (2 full-time and 4 part-time). The Center's purpose is to serve as a resource center, providing a broad range of services and activities which meet the diverse social, physical, and intellectual needs of older adults. The Calendar House offers recreational and social services to seniors and disabled individuals.

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

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

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 staffed by the Town Engineer, two Assistant Town Engineers, a secretary, a senior draftsman, an Engineer Inspector, two Engineering Aides, and a Survey Crew Chief.

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

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

Highway: The Highway Department is staffed by a Highway Superintendent, Assistant Highway Superintendent, Supervisor, and twenty-four crew members. Additionally, the Highway Superintendent now supervises the Park employees including: Assistant Parks Superintendent, foreman, and seven crew members. The department is responsible for the maintenance and repair of 199 miles of roads. Other duties include snow plowing, street sweeping, sightline improvements and operation of the transfer station. The Highway Department is now utilizing the newly built Highway Operations Complex (Bulky Waste Site).

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

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

Solid Waste and Recycling: Homeowners hire private contractors, who are licensed by the Town Engineer, to collect residential waste and recycling materials. The Town has a contract with the Bristol Resource Recovery Facility under which it pays a tipping fee of \$62.50 per ton on a minimum required 28,000 tons for fiscal year 2014.

The Town is a participant with 13 other cities and towns in a joint venture, the Bristol Resource Recovery Facility Operating Committee. BRRFOC was created pursuant to an Inter-Community Agreement to exercise certain rights on behalf of Contracting Municipalities in dealing with the trash-to-energy plant built by Ogden Martin Systems of Bristol, Inc. (now Covanta Bristol, Inc.). The governing board consists of town officials appointed by each of the Contracting Municipalities, and assumes all the management decisions. The Town has an obligation to appropriate funds in amounts necessary to fulfill its obligations created pursuant to the Inter-

Community Agreement dated as of August 15, 1985. These obligations deal with guarantees to meet certain tonnage requirements. The Town expenditures to BRRFOC amounted to \$1,775,660 this year. The fund balance for fiscal year ended June 30, 2013 as reflected in BRRFOC's financial statements is \$6,382,817 (\$2,564,551 assigned and \$3,818,266 unassigned). A complete set of financial statements for BRRFOC can be obtained from the administrative office at 43 Enterprise Drive, Bristol, Connecticut 06010.

Under the Service Agreement, the service fee is an obligation of the Contracting Municipalities to which each has pledged its full faith and credit. Should any Contracting Municipality default in its obligation to pay the service fee, the other Contracting Municipalities shall have an obligation to continue to pay the aggregate service fee. If BRRFOC does not perform its obligations under the service agreement and Covanta Bristol, Inc., fails to perform such obligations pursuant to its guarantee, the Contracting Municipalities have certain rights to terminate the service agreement and, upon termination, would no longer be obligated to pay the service fee.

On June 25, 2013, the remaining amount of BRRFOC's \$41,920,000 Solid Waste Refunding Bonds for the Covanta Bristol, Inc., Project dated April 28, 2005 was defeased. These 2005 bonds refunded BRRFOC's 1995 refunding bonds, which had refunded the original issue of BRRFOC bonds in 1985. In accordance with the terms of the bond indenture and an Escrow Deposit Agreement, sufficient funds were made available to provide for the payment of all remaining debt service. As a result of the defeasance, \$605,754 was distributed to the member towns. The Town received \$101,183. During 2013, BRRFOC distributed the \$2,100,000 balance in the Capital Non-Recurring Fund. The Town's share was \$350,775.

Tunxis Recycling Operating Committee: The Town is a participant with 13 other cities and towns in a joint venture, the Tunxis Recycling Operating Committee (TROC). TROC is responsible for the development, operations and management of a solid waste recycling program for all Contracting Municipalities. The governing board consists of town officials appointed by each of the Contracting Municipalities and assumes all the management decisions. The Town has an obligation to appropriate funds in amounts necessary to fulfill its obligations created pursuant to the Inter-Community Agreement dated as of June 21, 1990. Expenditures of \$0 were incurred in 2012-13 related to the Town's participation in TROC. During 2013, TROC's Budget Committee distributed the \$250,000 balance in the Capital Non-Recurring Fund. The Town's share was \$35,000. A Fund balance for fiscal year ended June 30, 2013 as reflected in TROC's financial statements is \$1,006,497. A complete set of financial statements for TROC can be obtained from TROC's administrative office at 43 Enterprise Drive, Bristol, Connecticut 06010.

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Educational Services

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

The Town has eleven schools for grades kindergarten through 12 comprising of: one senior high school, two middle schools, and eight elementary schools. Enrollment in grades pre-kindergarten through 12 as of October 1, 2013 was 6,666. The rated capacity of the system facilities is 7,540.

School Enrollment

School Year	Historical			Total
	Pre-K-5	6 - 8	9 - 12	
2004-2005	3,057	1,623	2,210	6,890
2005-2006	3,139	1,587	2,175	6,901
2006-2007	3,177	1,587	2,232	6,996
2007-2008	3,197	1,572	2,204	6,973
2008-2009	3,191	1,559	2,154	6,904
2009-2010	3,189	1,597	2,058	6,844
2010-2011	3,180	1,577	2,071	6,828
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

School Year	Projected			Total
	Pre-K	K - 8	9 - 12	
2014-2015	99	4,410	2,131	6,640
2015-2016	99	4,396	2,098	6,593
2016-2017	99	4,317	2,145	6,561
2017-2018	99	4,247	2,152	6,498
2018-2019	99	4,221	2,083	6,403

Source: Town of Southington, Board of Education

School Facilities

School	Grades	Date of Construction (Additions, Remodeling)	Number of Classrooms	10/1/2013 Enrollment ¹	Rated Capacity
Southington High					
and New Vo-ag Building.....	9 - 12	1974 (1985,1987,1994,1995)	125	1,982	2,150
DePaolo Middle.....	6 - 8	1967 (1988, 2013)	44	776	750
Kennedy Middle.....	6 - 8	1964 (1988, 2013)	45	848	750
Derynoski.....	K-5	1950 (1958,1974,1993)	40	640	775
Flanders.....	K-5	1966	23	293	450
Hatton.....	PK-5	1953 (2001)	26	455	550
ALTA @ Pyne Center ²	9-12	1960	5	49	65
Plantsville.....	K-5	1961 (2008)	15	276	300
South End.....	K-5	1954 (2008 New Building)	14	237	300
Strong.....	K-5	1958 (1995,2001)	21	327	500
Thalberg.....	K-5	1959 (2001)	22	423	500
Kelley.....	K-5	1966	23	360	450
Total.....			403	6,666	7,540

¹ A total of 61 Special Education students are out-placed and are not included in the 10/1/2013 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**

	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
General Government. ¹	258	257	263	261	261
Board of Education... ²	943	935	951	931	933
Total	1,201	1,192	1,214	1,192	1,194

¹ Includes Non-Union Management

² Board of Education includes Federally Funded

Source: Town of Southington

Employee Relations

Board of Education Groups	Positions Covered	Current Contract Expiration Date
Teachers (Southington Education Association).....	558	6/30/2016
Administrators (Southington Administrators Association).....	22	6/30/2017
Custodians, Maintenance.....	46	6/30/2014
Secretaries, Food Service (A.F.S.C.M.E.).....	90	6/30/2014
Nurses (A.F.S.C.M.E.).....	18	6/30/2014
Paraprofessional (C.S.E.A.).....	205	6/30/2016
Total Unionized Board of Education Employees	939	
General Government		
Town Employees (Local 1303-428 of Council #4 A.F.S.C.M.E.).....	73	6/30/2013 ¹
Highway, WPCD & Parks (Local 1303-26 of Council #4 A.F.S.C.M.E.).....	42	6/30/2013 ¹
Supervisory (UPSEU - Local 424, Unit 11).....	14	6/30/2016
Police Department/Canine Officer (Law Enforcement of Southington L.E.A.S.).....	65	6/30/2016
Police Dispatchers (Local 1303-424 of Council #4 A.F.S.C.M.E.).....	12	6/30/2015
Fire Department (Local 2033 International Association of Firefighters).....	29	6/30/2013 ¹
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
1970	30,946	--	838.6
1980	36,879	19.2	999.4
1990	38,518	4.4	1,043.8
2000	39,728	3.1	1,076.6
2010	43,069	8.4	1,167.2

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

² Per square mile: 36.9 square miles

Age Distribution of the Population

	Town of Southington		State of Connecticut	
	Number	Percent	Number	Percent
Under 5.....	2,183	5.1%	202,106	5.7%
5 - 19.....	8,416	19.5	713,670	20.0
20 - 24.....	1,972	4.6	227,898	6.4
25 - 44.....	10,184	23.6	904,815	25.3
45 - 64.....	12,871	29.9	1,019,049	28.5
65 and over.....	7,443	17.3	506,559	14.2
Total.....	43,069	100.0%	3,574,097	100.0%

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

Income Distribution

	Town of Southington		State of Connecticut	
	Families	Percent	Families	Percent
Less than \$10,000.....	421	2.6%	73,564	5.4%
\$10,000 to \$14,999.....	588	3.6	55,426	4.1
\$15,000 to \$24,999.....	1,264	7.7	112,550	8.3
\$25,000 to \$34,999.....	1,252	7.6	107,632	7.9
\$35,000 to \$49,999.....	1,746	10.7	157,126	11.6
\$50,000 to \$74,999.....	2,742	16.8	234,976	17.3
\$75,000 to \$99,999.....	2,303	14.1	188,102	13.8
\$100,000 to \$149,999.....	3,592	21.9	226,765	16.7
\$150,000 to \$199,999.....	1,503	9.2	93,104	6.8
\$200,000 or more.....	956	5.8	109,973	8.1
Total.....	16,367	100.0%	1,359,218	100.0%

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

Income Levels

	<u>Town of Southington</u>	<u>State of Connecticut</u>
Per Capita Income, 2010.....	\$36,053	\$36,775
Per Capita Income, 1999.....	\$26,370	\$28,766
Per Capita Income, 1989.....	\$19,954	\$20,189
Median Family Income, 2010.....	\$94,602	\$84,170
Percent Below Poverty 2010.....	2.9%	6.5%

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

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.....	877	2.9%	112,719	4.7%
9th to 12th grade, no diploma.....	1,604	5.3	167,880	7.0
High School graduate (includes equivalency).....	9,228	30.5	685,909	28.6
Some college, no degree.....	6,021	19.9	414,903	17.3
Associate degree.....	2,723	9.0	175,075	7.3
Bachelor's degree.....	5,991	19.8	477,258	19.9
Graduate or professional degree.....	3,782	12.5	366,937	15.3
Total.....	30,226	100.0%	2,400,681	100.0%
Percent high school graduate or higher.....		91.8%		88.4%
Percent bachelor's degree or higher.....		32.4%		35.2%

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

Major Employers As of September 2013

<u>Employer</u>	<u>Type of Business</u>	<u>Approximate Number of Employees</u>
Town of Southington.....	Municipal Government	1201
Yarde Metals Inc.....	Manufacturing	388
Southington Care Center.....	Health Care Practice	312
Hospital of Central CT: Bradley Memorial Hospital...	Hospital	302
Smith's Medical (Medex Inc).....	Manufacturing	270
Home Depot (2 Stores).....	Retail Chain	224
Shop Rite.....	Retail Chain	200
Wal-Mart.....	Retail Chain	187
Stop & Shop.....	Retail Chain	182
Target.....	Retail Chain	175

Source: Town of Southington Economic Development -2013.

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.....	25	0.1%	6,592	0.4%
Construction.....	1,445	6.7	112,301	6.4
Manufacturing.....	2,912	13.4	207,476	11.8
Wholesale trade.....	751	3.5	47,436	2.7
Retail trade.....	2,276	10.5	195,667	11.1
Transportation and warehousing, and utilities.....	856	3.9	67,556	3.8
Information.....	618	2.8	46,077	2.6
Finance, insurance, real estate, and rental and leasing.....	2,595	12.0	167,484	9.5
Professional, scientific, management, administrative, and waste management services.....	1,611	7.4	189,671	10.7
Education, health and social services.....	5,081	23.4	438,801	24.9
Arts, entertainment, recreation, accommodation and food services.....	1,529	7.0	140,551	8.0
Other services (except public administration).....	911	4.2	78,859	4.5
Public Administration.....	1,090	5.0	67,078	3.8
Total Labor Force, Employed.....	21,700	100.0%	1,765,549	100.0%

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

Employment Data
By Place of Residence

Period	Town of Southington		Percentage Unemployed		
	Employed	Unemployed	Town of Southington	Hartford Labor Market	State of Connecticut
November 2013.....	22,782	1,355	5.60	6.80	6.90
Annual Average					
2012	23,057	1,755	7.08	8.40	8.30
2011	22,854	1,834	7.40	8.90	8.80
2010	22,787	1,956	7.91	9.10	9.00
2009	22,963	1,757	7.10	8.30	8.20
2008	23,439	1,180	4.78	5.90	5.80
2007	23,319	969	4.00	4.70	4.60
2006	23,026	869	3.64	4.40	4.30
2005	22,442	1,008	4.30	5.10	4.90
2004	22,091	1,041	4.50	5.20	4.90
2003	22,009	1,169	5.04	5.90	5.50

Source: Department of Labor, State of Connecticut

Age Distribution of Housing

Year Built	Town of Southington		State of Connecticut	
	Units	Percent	Units	Percent
2005 or later.....	433	2.5%	28,434	1.9%
2000 to 2004.....	1,179	6.9	61,101	4.1
1990 to 1999.....	1,896	11.1	108,780	7.4
1980 to 1989.....	2,242	13.1	189,562	12.8
1970 to 1979.....	3,328	19.5	202,661	13.7
1960 to 1969.....	2,583	15.1	198,079	13.4
1940 to 1959.....	3,842	22.5	335,217	22.7
1939 or earlier.....	1,568	9.2	351,823	23.8
Total Housing Units, 2010.....	17,071	100.0%	1,475,657	100.0%
Percent Owner Occupied, 2010...		88.9%		72.7%

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

Housing Inventory

Type	Units	Percent
1-unit, detached.....	12,276	71.9%
1-unit, attached.....	1,065	6.2
2 units.....	861	5.0
3 or 4 units.....	426	2.5
5 to 9 units.....	702	4.1
10 to 19 units.....	609	3.6
20 or more units.....	605	3.5
Mobile home.....	527	3.1
Boat, RV, van, etc.....	-	-
Total Inventory.....	17,071	100.0%

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

Owner Occupied Housing Values

Specified Owner-Occupied Units	Town of Southington		State of Connecticut	
	Number	Percent	Number	Percent
Less than \$50,000.....	344	2.5%	13,644	1.5%
\$50,000 to \$99,999.....	411	2.9	18,668	2.0
\$100,000 to \$149,999.....	838	6.0	56,161	6.0
\$150,000 to \$199,999.....	1,555	11.2	122,274	13.0
\$200,000 to \$299,999.....	4,678	33.6	267,519	28.5
\$300,000 to \$499,999.....	5,161	37.0	280,008	29.8
\$500,000 to \$999,999.....	879	6.3	134,075	14.3
\$1,000,000 or more.....	68	0.5	47,635	5.1
Total.....	13,934	100.0%	939,984	100.0%
Median Sales Price.....		\$279,600		\$296,500

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

Building Permits

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

Fiscal Year	Residential		Comm./Industrial		Total	
	No.	Value	No.	Value	No.	Value
2013	115	\$ 10,020	16	\$ 10,532	131	\$ 20,552
2012	75	5,954	14	6,897	89	12,851
2011	74	6,258	11	4,087	85	10,345
2010	88	7,234	14	6,754	102	13,988
2009	76	5,943	22	9,388	98	15,331
2008	112	8,899	17	11,077	129	19,976
2007	114	8,340	10	4,723	124	13,063
2006	122	10,676	11	10,296	133	20,972
2005	196	15,204	13	2,459	209	17,663
2004	150	14,068	7	4,800	157	18,868

Source: Town of Southington, Building Official

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IV. Tax Base Data

Property Tax – Assessments

The Town of Southington had a general property revaluation effective October 1, 2011. 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. Public Act 09-60 permits any municipality required to effect a revaluation of real property under Section 12-62 of the Connecticut General Statutes for the 2008, 2009 or 2010 assessment years upon approval of its legislative body, to delay such revaluation until the 2011 assessment year. Any required revaluation subsequent to such a delayed revaluation shall re-commence at the point in the schedule required pursuant to Section 12-62 that the municipality was following prior to such delay. 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. The Town's next revaluation with full inspections will be October 1, 2015.

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

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

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

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

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

Levy

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

Comparative Assessed Valuations

Grand List As Of 10/1	Residential Real Property (%)	Commercial & Industrial Real Property (%)	Other Land (%)	Personal Property (%)	Motor Vehicles (%)	Gross Taxable Grand List	Exemptions, Veterans Relief and Disabled	Net Taxable Grand List
2012	70.0	13.3	1.7	5.9	9.1	\$ 3,817,247,724	\$ 85,603,212	\$ 3,731,644,512
2011 ¹	70.9	13.5	1.9	4.6	9.1	3,794,440,243	79,573,029	3,714,867,214
2010	70.9	14.1	2.1	4.9	7.9	4,141,712,530	78,495,213	4,063,217,317
2009	71.1	14.1	2.2	4.9	7.6	4,093,537,867	77,368,438	4,016,169,429
2008	71.4	14.0	2.3	4.8	7.5	4,044,463,136	79,443,177	3,965,019,959
2007	71.3	13.6	2.4	4.7	8.0	4,005,649,016	85,933,937	3,919,715,079
2006	71.6	13.5	2.4	4.6	7.9	3,952,344,137	78,193,061	3,874,151,076
2005 ¹	71.6	13.3	2.7	4.6	7.8	3,910,093,433	80,087,922	3,830,005,511
2004	67.9	13.2	2.3	6.2	10.4	2,739,512,383	78,258,096	2,661,254,287
2003	68.1	13.2	2.6	6.2	9.9	2,673,520,983	75,858,475	2,597,662,508

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 Value¹
Regular Veterans.....	\$ 12,336,760
Additional Veterans.....	2,103,160
Additional Veterans (1/2).....	2,488,672
100% Disabled and Blind.....	226,000
Local Option Veterans (non-reimbursed).....	150,585
Solar Energy.....	-
Public buildings/property.....	-
Sub-Total Public.....	\$ 17,305,177
Private	
Agricultural or Horticultural.....	\$ 431,117
Manufacturing machinery.....	50,789,452
Enterprise zone.....	4,754,635
Miscellaneous.....	12,322,931
Sub-Total Private.....	68,298,135
Total Exempt Property.....	\$ 85,603,312
Percent Compared to Net Taxable Grand List.....	2.3%

¹ Based on the Net Taxable Grand List of October 1, 2012 of \$3,731,644,512.

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 6/30/2013
2012	2014	\$ 3,731,644,512	27.46	102,631,012		<i>In Collection</i>	
2011 ¹	2013	3,714,867,214	27.48	101,573,140	98.6	1.4	1.4
2010	2012	4,063,217,317	24.28	98,793,966	98.7	1.3	0.5
2009	2011	4,016,169,429	24.02	96,373,738	98.8	1.3	0.3
2008	2010	3,965,019,959	23.27	92,337,472	98.6	1.5	0.2
2007	2009	3,919,715,079	23.02	90,297,867	98.4	1.6	0.1
2006	2008	3,874,151,076	21.88	84,775,991	98.7	1.3	0.1
2005 ¹	2007	3,830,005,511	21.40	81,627,086	98.8	1.2	0.1
2004	2006	2,661,254,287	29.43	78,876,559	98.6	1.4	0.0
2003	2005	2,597,662,508	28.43	74,194,665	98.3	1.7	0.0

¹ Revaluation.

Source: Town of Southington, Tax Collector

Ten Largest Taxpayers

Name of Taxpayer	Nature of Business	Taxable Valuation	Percent of Net Taxable Grand List¹
Connecticut Light & Power.....	Public Utility	\$ 69,260,335	1.86%
45 Newell Street Associates.....	Metal Recycling	16,032,155	0.43%
Yankee Gas Service.....	Public Utility	15,832,194	0.42%
Lexington Southington LP.....	Real Estate	10,942,350	0.29%
RK Southington	Real Estate	10,846,300	0.29%
Target Corporation.....	Real Estate	10,587,862	0.28%
Execwest LLC.....	Real Estate	10,489,655	0.28%
Twinco Corp.....	Real Estate	9,872,967	0.26%
Southington Route 10 Associates.....	Real Estate	9,360,730	0.25%
Hartconn Corporation.....	Real Estate	9,081,840	0.24%
Total.....		\$ 172,306,388	4.62%

¹ Based on the Net Taxable Grand List of October 1, 2012 of \$3,731,644,512.

Source: Town of Southington, Assessor's Office.

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V. Debt Summary
Principal Amount of Indebtedness
As of January 28, 2014
(Pro Forma)

Long-Term Debt:

<u>Date</u>	<u>Purpose</u>	<u>Interest Rate %</u>	<u>Original Issue</u>	<u>Amount Outstanding²</u>	<u>Fiscal Year of Maturity</u>
2004	Refunding (General Purpose).....	2.00-3.25	\$ 379,000	\$ 14,000	2015
2004	Refunding (Schools).....	2.00-3.25	7,032,000	393,000	2015
2004	Refunding (Sewers).....	2.00-3.25	86,000	8,000	2015
2007	General Purpose.....	4.00-5.00	3,025,000	1,615,000	2028
2007	Schools.....	4.00-5.00	2,880,000	580,000	2018
2007	Sewers.....	4.00-5.00	3,070,000	2,030,000	2028
2007	Water ¹	2.32	2,484,399	1,614,860	2027
2009	Water ¹	2.21	1,037,097	795,450	2029
2009	General Purpose.....	3.00-4.00	2,175,000	1,460,000	2029
2009	Schools.....	3.00-4.00	12,965,000	9,880,000	2029
2009	Sewers.....	3.00-4.00	300,000	60,000	2015
2010	Refunding (General Purpose).....	2.00-5.00	2,098,000	1,484,000	2021
2010	Refunding (Schools).....	2.00-5.00	8,008,000	5,855,000	2021
2010	Refunding (Sewers).....	2.00-5.00	959,000	331,000	2021
2010	Water ¹	2.32	1,872,517	1,450,197	2027
2011	General Purpose.....	2.50-4.25	1,713,000	1,320,000	2020
2011	Schools.....	2.50-4.25	6,902,000	6,090,000	2031
2011	Sewers.....	2.50-4.25	3,330,000	2,820,000	2031
2011	Water.....	2.50-4.25	3,410,000	2,720,000	2031
2011	Refunding (General Purpose).....	2.00-5.00	6,042,000	5,273,000	2024
2011	Refunding (Schools).....	2.00-5.00	745,000	652,000	2024
2011	Refunding (Sewers).....	2.00-5.00	1,958,000	1,710,000	2024
2011	Sewer - CWF (590-C).....	2.00	11,068,356	9,378,188	2030
2012	Refunding (General Purpose).....	2.00-4.00	3,106,000	3,074,000	2026
2012	Refunding (Schools).....	2.00-4.00	1,958,000	1,944,000	2026
2012	Refunding (Sewers).....	2.00-4.00	1,851,000	1,837,000	2026
	Total Outstanding Bonded Debt....		\$ 90,454,369	\$ 64,388,695	
	This Issue				
2014	General Purpose - Lot A.....	3.00-5.00	\$ 7,705,000	\$ 7,705,000	2034
2014	Schools - Lot A.....	3.00-5.00	15,000,000	15,000,000	2034
2014	Water - Lot B.....	3.00-5.00	5,870,000	5,870,000	2034
	Total This Issue.....		\$ 28,575,000	\$ 28,575,000	
	Grand Total.....		\$119,029,369	\$ 92,963,695	

¹ Water debt is self-supporting.

² Excludes bonds refunded or defeased.

Short-Term Debt
As of January 28, 2014
(Pro Forma)

<u>Project</u>	<u>Amount Authorized</u>	<u>The Notes: Due 1/27/15</u>
Middle School Project.....	\$ 89,725,000	\$ 20,000,000
Totals	\$ 89,725,000	\$ 20,000,000

Annual Bonded Debt Maturity Schedule
As of January 28, 2014
(Pro Forma)

Fiscal Year Ended 6/30	Principal Payments	Interest Payments	Total Debt Service	Pro-forma - This Issue		Total Principal	Cumulative Principal Retired %
				The Lot A Bonds	The Lot B Bonds		
2014 ¹	\$ 2,122,461	\$ 1,036,491	\$ 3,158,952	\$ -	\$ -	\$ 2,122,461	2.28%
2015	6,472,382	1,946,204	8,418,586	-	295,000	6,767,382	9.56%
2016	5,850,724	1,771,079	7,621,803	1,495,000	295,000	7,640,724	17.78%
2017	5,709,143	1,600,012	7,309,155	1,480,000	295,000	7,484,143	25.83%
2018	5,697,642	1,417,708	7,115,350	1,470,000	295,000	7,462,642	33.86%
2019	5,421,221	1,231,148	6,652,369	1,470,000	295,000	7,186,221	41.59%
2020	5,364,883	1,046,434	6,411,317	1,470,000	295,000	7,129,883	49.26%
2021	4,788,630	866,390	5,655,020	1,255,000	295,000	6,338,630	56.08%
2022	3,787,463	700,588	4,488,051	1,255,000	295,000	5,337,463	61.82%
2023	3,376,384	580,710	3,957,095	1,255,000	295,000	4,926,384	67.12%
2024	3,380,397	470,984	3,851,380	1,255,000	295,000	4,930,397	72.42%
2025	2,679,501	357,181	3,036,682	1,255,000	295,000	4,229,501	76.97%
2026	2,673,701	276,925	2,950,626	1,095,000	295,000	4,063,701	81.34%
2027	2,070,911	201,267	2,272,179	1,095,000	295,000	3,460,911	85.07%
2028	1,945,939	134,810	2,080,749	1,095,000	295,000	3,335,939	88.65%
2029	1,678,937	73,799	1,752,736	1,095,000	290,000	3,063,937	91.95%
2030	968,375	31,652	1,000,027	1,095,000	290,000	2,353,375	94.48%
2031	400,000	8,500	408,500	895,000	290,000	1,585,000	96.19%
2032	-	-	-	895,000	290,000	1,185,000	97.46%
2033	-	-	-	895,000	290,000	1,185,000	98.74%
2034	-	-	-	885,000	290,000	1,175,000	100.00%
Total.....	\$64,388,695	\$13,751,883	\$ 78,140,578	\$ 22,705,000	\$ 5,870,000	\$ 92,963,695	

¹ Excludes principal payments of \$3,661,654 and interest payments of \$1,091,574 made between July 1, 2013 and January 28, 2014.

Overlapping/Underlying Debt

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

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

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Debt Statement
As of January 28, 2014
(Pro Forma)

Long-Term Debt Outstanding:

General Purpose (Includes \$7,705,000 of this issue).....	\$21,945,000
Schools (Includes \$15,000,000 of this issue).....	40,394,000
Sewers.....	18,174,188
Water (Includes \$5,870,000 of this issue).....	12,450,507
Total Long-Term Debt.....	92,963,695
Short-Term Debt (The Notes):.....	20,000,000
Direct Debt.....	112,963,695
Underlying Debt.....	-
Total Overall Debt.....	112,963,695
Less: School Construction Grants Receivable (As of June 30, 2013)	(240,410)
Self Supporting Water Debt (Long-Term and Short-Term).....	(12,450,507)
Sewer Fund Debt (As of June 30, 2013).....	(922,757)
Sewer Assessment Debt (As of June 30, 2013).....	(3,385,670)
Total Overall Net Debt.....	\$95,964,351

Current Debt Ratios
As of January 28, 2014
(Pro Forma)

Population (2010) ¹	43,069
Net Taxable Grand List (10/1/12)	\$ 3,731,644,512
Estimated Full Value (70%).....	\$ 5,330,920,731
Equalized Grand List (10/1/10) ²	\$ 5,622,660,761
Money Income per Capita (2000) ¹	\$ 26,370
Money Income per Capita (2010) ¹	\$ 36,053

	Total	Total Overall
	Overall Debt	Net Debt
Per Capita.....	\$ 2,622.85	\$ 2,228.15
Ratio to Net Taxable Grand List.....	3.03%	2.57%
Ratio to Estimated Full Value.....	2.12%	1.80%
Ratio to Equalized Grand List.....	2.01%	1.71%
Debt per Capita to Money Income per Capita (2000)....	9.95%	8.45%
Debt per Capita to Money Income per Capita (2010)....	7.27%	6.18%

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

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 CGS Section 12-129d and 7-528. In no case shall total indebtedness exceed seven times the base.

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

Statement of Debt Limitation
As of January 28, 2014
(Pro Forma)

Total Tax Collections (including interest and lien fees) received by the Treasurer for the year ended June 30, 2013.....	\$102,221,951
Reimbursement For Revenue Loss (Tax relief for elderly).....	-
Base for Debt Limitation Computation.....	\$102,221,951

	<u>General Purpose</u>	<u>Schools</u>	<u>Sewers</u>	<u>Urban Renewal</u>	<u>Unfunded Pension</u>
Debt Limitation:					
2 1/4 times base.....	\$229,999,390	-	-	-	-
4 1/2 times base.....	-	\$459,998,780	-	-	-
3 3/4 times base.....	-	-	\$383,332,316	-	-
3 1/4 times base.....	-	-	-	\$332,221,341	-
3 times base.....	-	-	-	-	\$ 306,665,853
Total Debt Limitation.....	\$229,999,390	\$459,998,780	\$383,332,316	\$332,221,341	\$ 306,665,853

Indebtedness:					
Bonds Outstanding	14,240,000 ¹	25,394,000	18,174,188 ²	-	-
Bonds – This Issue.....	7,705,000 ³	15,000,000	-	-	-
Notes – This Issue.....	-	20,000,000	-	-	-
Debt Authorized But Unissued.....	6,019,181	52,564,277	-	-	-
Total Indebtedness.....	27,964,181	112,958,277	18,174,188	-	-

Less:					
State School Grants Receivable.....	-	(240,410)	-	-	-
Self-Supporting Sewer Fund Debt.....	-	-	(922,757)	-	-
Sewer Assessment Debt.....	-	-	(3,385,670)	-	-
Total Net Indebtedness.....	27,964,181	112,717,867	13,865,761	-	-

DEBT LIMITATION IN EXCESS OF OUTSTANDING INDEBTEDNESS.....	\$202,035,209	\$347,280,913	\$369,466,555	\$332,221,341	\$ 306,665,853
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¹ Excludes \$6,580,507 of outstanding self-supporting water bonds.

² Includes Clean Water Fund Project Loan Obligation.

³ Excludes \$5,870,000 of self-supporting water bonds.

Note: In no case shall total indebtedness exceed seven times annual receipts from taxation or \$715,553,657

Authorized but Unissued Debt
As of January 28, 2014
(Pro Forma)

Project	Amount Authorized	Previously Bonded/ CWF Loan	Appropriations, Transfers & Grants Received	This Issue:			Authorized But Unissued Debt
				The Notes	The Lot A Bonds	The Lot B Bonds	
General Purpose.	\$ 15,090,000	\$ 1,300,000	\$ 65,819	\$ -	\$ 7,705,000	\$ -	\$ 6,019,181
Schools.....	123,693,298	17,855,000	18,274,021	20,000,000	15,000,000	-	52,564,277 ¹
Water.....	8,035,000	-	-	-	-	5,870,000	2,165,000
Total.....	\$ 146,818,298	\$ 19,155,000	\$ 18,339,840	\$ 20,000,000	\$ 22,705,000	\$ 5,870,000	\$ 60,748,458

¹ The Town anticipates receiving approximately 56% on eligible costs by the State of Connecticut for school construction grants associated with the Middle School Projects. As a result, the Town does not anticipate bonding for roughly \$45,000,000 of the \$89,725,000 total authorization.

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

<u>Long-Term Debt</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Bonds.....	\$ 51,054	\$ 56,410	\$ 61,665	\$ 55,166	\$ 59,584
CWF	9,662	10,230	11,086	-	-
Sub-Total Long-Term Debt....	60,716	66,640	72,751	55,166	59,584
Short-Term Debt					
Bond Anticipation Notes.....	-	-	-	10,000	-
CWF IFO.....	-	-	-	9,686	-
Sub-Total Short-Term Debt...	-	-	-	19,686	-
Grand Total.....	\$ 60,716	\$ 66,640	\$ 72,751	\$ 74,852	\$ 59,584

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

Source: Town of Southington Audited Financial Reports 2009-2013.

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

<u>Fiscal Year Ended 6/30</u>	<u>Net Assessed Value</u>	<u>Estimated Full Value</u>	<u>Net Long-Term Debt¹</u>	<u>Ratio of Net Long-Term Debt to Assessed Value (%)</u>	<u>Ratio of Net Long-Term Debt to Estimated Full Value (%)</u>	<u>Population²</u>	<u>Net Long-Term Debt per Capita</u>	<u>Ratio of Net Long-Term Debt per Capita to Per Capita Income³</u>
2013	\$3,731,644,512	\$ 5,330,920,731	\$ 51,054,000	1.37%	0.96%	43,069	1,185.40	3.29%
2012	3,714,867,214	5,306,953,163	56,410,000	1.52%	1.06%	43,069	1,309.76	3.63%
2011	4,063,217,317	5,804,596,167	61,665,000	1.52%	1.06%	43,069	1,431.77	3.97%
2010	4,016,169,429	5,737,384,899	55,166,000	1.37%	0.96%	43,069	1,280.87	3.55%
2009	3,965,019,959	5,664,314,227	59,584,000	1.50%	1.05%	42,250	1,410.27	3.91%

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

² State of Connecticut Department of Health 2009. Bureau of Census 2010 used for 2010-2013.

³ Bureau of Census 2010, Money Income Per Capita \$36,053.

Source: Town of Southington Audited Financial Reports 2009-2013.

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

<u>Fiscal Year Ended 6/30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>	<u>Total General Fund Expenditures¹</u>	<u>Ratio of Total Debt Service To General Fund Expenditures</u>
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.

Project	Fiscal 2013-14	Fiscal 2014-15	Fiscal 2015-16	Fiscal 2016-17	Fiscal 2017-18	Total
Town.....	\$ 6,510,340	\$ 2,545,000	\$ 6,732,495	\$ 11,042,364	\$ 9,664,000	\$ 36,494,199
Waste Pollution Control Dept.....	1,880,000	1,375,000	1,210,000	-	2,420,000	6,885,000
Board of Education.....	747,152	2,798,095	697,124	1,091,407	1,227,058	6,560,836
Total	\$ 9,137,492	\$ 6,718,095	\$ 8,639,619	\$ 12,133,771	\$ 13,311,058	\$ 49,940,035

Funding Sources	Fiscal 2013-14	Fiscal 2014-15	Fiscal 2015-16	Fiscal 2016-17	Fiscal 2017-18	Total
G.F. Appropriations - BOE.....	\$ -	\$ 461,109	\$ 447,124	\$ 311,987	\$ -	\$ 1,220,220
G.F. Appropriations - Town	1,057,000	1,165,000	1,332,495	1,110,364	484,000	5,148,859
Bond/Note Proceeds.....	6,380,000	4,561,986	5,987,600	10,181,420	12,297,058	39,408,064
Performance Contracting.....	747,152					747,152
Grants.....	953,340	530,000	872,400	530,000	530,000	3,415,740
Total Funding Sources.....	\$ 9,137,492	\$ 6,718,095	\$ 8,639,619	\$ 12,133,771	\$ 13,311,058	\$ 49,940,035

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, 2013, 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 2014 is 11.98%, and the rate for the year ending June 30, 2013 was 11.79% of annual covered payroll. The Town’s contribution for MERS for the year ending June 30, 2013 was \$3,746,626 and the budgeted amount for the year ending June 30, 2014 is \$3,900,000, both 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 Teacher Retirement System is considered to be a part of the State of Connecticut financial reporting entity and is included in the State’s financial reports as a pension trust fund.

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

Other Post Employment Benefits (OPEB)

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

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

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

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

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

Investment Policy

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

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

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

Revenues:	Adopted Budget ¹ 2013-14	Actual 2012-13	Actual 2011-12	Actual 2010-11	Actual 2009-10	Actual 2008-09
Property Taxes	\$ 102,871	\$ 102,129	\$ 99,615	\$ 97,026	\$ 92,650	\$ 90,440
Intergovernmental	23,323	31,920	31,838	29,520	29,406	29,730
Income on Investments.....	220	218	164	131	225	407
Other (including Charges for Services)	2,500	4,066	3,132	2,886	3,045	3,009
Total Revenues	128,914	138,333	134,749	129,563	125,326	123,586
Expenditures:						
General government	4,226	3,647	3,602	3,214	3,064	3,018
Public Safety	12,260	11,870	11,920	11,460	11,428	11,133
Public Works	5,805	4,519	4,387	4,816	4,764	5,349
Health and Welfare	709	698	696	863	760	720
Human Services	863	899	842	811	819	814
Parks & Recreation	473	1,473	1,476	1,397	1,568	2,071
Public Library	1,409	1,420	1,382	1,417	1,361	1,281
Planning and Development	903	799	857	877	835	841
Miscellaneous	219	14	284	29	45	147
Employee Fringe Benefits	8,958	8,497	8,231	8,115	7,584	6,920
Education	84,233	91,796	88,326	86,524	83,561	80,875
Debt Service	6,698	7,838	8,546	6,591	6,079	5,889
Capital Outlays	-	-	-	-	-	-
Contingencies.....	1,040	-	-	-	-	-
Total Expenditures	127,796	133,470	130,549	126,114	121,868	119,058
Revenues over (under) expenditures	1,118	4,863	4,200	3,449	3,458	4,528
Other Financing Sources Uses:						
Refunding Bonds Issued.....	-	6,915	-	8,745	11,065	-
Payment to Refunded Bond Escrow Agent.....	-	(7,277)	-	(9,515)	(11,834)	-
Premium on Bonds.....	-	468	-	1,216	770	-
Issuance of Capital Leases.....	-	246	713	614	-	-
Operating Transfers In	-	38	72	100	41	277
Operating Transfers (Out)	(1,518)	(2,031)	(3,385)	(2,795)	(2,720)	(2,636)
Total other Financing Sources (uses)	(1,518)	(1,641)	(2,600)	(1,635)	(2,678)	(2,359)
Revenues and other financing sources over (under) expenditures and other financing (uses)	\$ (400)	\$ 3,222	\$ 1,600	\$ 1,814	\$ 780	\$ 2,169

Analysis of General Fund Balance

	Adopted Budget ¹ 2013-14	Actual 2012-13	Actual 2011-12	Actual 2010-11	Actual 2009-10	Actual 2008-09
Nonspendable.....	N/A	\$ 71	\$ 84	\$ 231	\$ 55	\$ 426
Assigned.....	N/A	1,328	496	1,347	515	1,286
Unassigned.....	N/A	18,487	16,084	13,486	12,680	10,758
Total Fund Balance...	\$ -	\$ 19,886	\$ 16,664	\$ 15,064	\$ 13,250	\$ 12,470

¹ Budgetary basis, subject to audit.

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. A Signature and No Litigation Certificate stating that at the time of delivery no litigation is pending or threatened affecting the validity of the Bonds or the Notes or the levy or collection of taxes to pay them.
2. Certificates on behalf of the Town, signed by the Town Manager or the Deputy Town Manager and the Town Treasurer or the Director of Finance which will be dated the date of delivery and attached to a signed copy of the Official Statement, and which will certify, to the best of said officials' knowledge and belief, that at the time the bids were awarded for the Bonds and the Notes, the descriptions and statements in the Official Statement relating to the Town and its finances were true and correct in all material respects and did not contain any untrue statement of a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, and that there has been no material adverse change in the financial condition of the Town from that set forth in or contemplated by the Official Statement.
3. Receipts for the purchase price of the Bonds and the Notes.
4. The approving opinion of Day Pitney LLP, Bond Counsel, of Hartford, Connecticut.
5. Executed Continuing Disclosure Agreements for the Bonds and the Notes in substantially the form attached hereto as Appendix C to this Official Statement.
6. The Town of Southington has prepared an Official Statement for the Bonds and the Notes which is dated January 16, 2014. 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 the Notes five (5) copies, of the final Official Statement at the Town's expense. The copies of the Official Statement will be made available to the winning bidder(s) at the office of the Town's financial advisor no later than seven business days of the bid opening. If the Town's financial 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 financial advisor the method of delivery of the copies of the Official Statement to the purchasers.

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

Concluding Statement

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

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

TOWN OF SOUTHLINGTON, CONNECTICUT

By: /s/ *Garry Brumback*

Garry Brumback, *Town Manager*

By: /s/ *Emilia Portelinha*

Emilia Portelinha, *Director of Finance*

By: /s/ *Joyce Williams*

Joyce Williams, *Treasurer*

Dated: January 16, 2014

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Appendix A

2013 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, 2013. The supplemental data that was a part of that report has not been reproduced herein. A copy of the complete report is available upon request from Matthew A. Spoerndle, Managing Director, Phoenix Advisors, 53 River Street, Suite 3, Milford, Connecticut 06460. Telephone (203) 878-4945.

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Accounting | Tax | Business Consulting

Independent Auditors' Report

To the Board of Finance
Town of Southington, Connecticut

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, 2013, 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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, 2013 and the respective changes in financial position and, where applicable, cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages A-3 through A-14 and the budgetary comparison information on pages A-46 through A-60 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.

Blum, Shapiro & Company, P.C.

West Hartford, Connecticut
December 26, 2013

**TOWN OF SOUTHLINGTON, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2013**

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, 2013. 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 \$176.0 million. Total net position for governmental activities at fiscal year-end were \$128.9 million and total net position for business-type activities were \$47.1 million.
- On a government-wide basis, during the year, the Town's net position increased by \$9.9 million or 5.9% from \$166.2 million to \$176.0 million. Net position increased by \$11.4 million for governmental activities and decreased by \$1.5 million for business-type activities. Governmental activities expenses and transfers out were \$143.8 million, while revenues were \$155.2 million.
- At the close of the year, the Town's governmental funds reported, on a current financial resource basis, combined ending fund balances of \$21.2 million, an increase of \$200 thousand 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 \$19.9 million, an increase of \$3.2 million from the prior fiscal year. Of the total fund balance \$18.5 million represents unassigned fund balance. The unassigned General Fund balance at year-end represents 13.4% of total General Fund revenues (\$138.3 million), an increase of 1.4% from last year.
- The tax collection rate was 98.56% of the current levy, slightly lower than last year's rate of 98.65%.

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 27 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, Capital Projects Fund and the Sewer Assessment Fund, all of which are considered to be major funds. Data from the other 24 governmental funds are combined into a single, aggregated presentation as other non-major governmental funds.

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

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

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

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

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

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to provide services to the Town's constituency. The Town has two agency funds: the Student Activity Fund and the Escrow Deposit 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 26 through 46 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 47 through 61 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 \$176.0 million on June 30, 2013. Governmental activities assets exceeded liabilities by \$128.9 million. Business-type activities assets exceeded liabilities by \$47.1 million.

**TABLE 1
NET POSITION
In Thousands**

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Current and other assets	\$ 42,164	\$ 37,600	\$ 2,285	\$ 2,420	\$ 44,449	\$ 40,020
Capital assets, net of accumulated depreciation	183,089	179,225	45,381	46,739	228,470	225,964
Total assets	<u>225,253</u>	<u>216,825</u>	<u>47,666</u>	<u>49,159</u>	<u>272,919</u>	<u>265,984</u>
Long-term debt outstanding	87,013	93,798			87,013	93,798
Other liabilities	9,322	5,487	545	517	9,867	6,004
Total liabilities	<u>96,335</u>	<u>99,285</u>	<u>545</u>	<u>517</u>	<u>96,880</u>	<u>99,802</u>
Net Position:						
Net Investment in capital asse	120,862	110,992	45,381	46,739	166,243	157,731
Restricted	704	631			704	631
Unrestricted	<u>7,352</u>	<u>5,917</u>	<u>1,740</u>	<u>1,903</u>	<u>9,092</u>	<u>7,820</u>
Total Net Position	<u>\$ 128,918</u>	<u>\$ 117,540</u>	<u>\$ 47,121</u>	<u>\$ 48,642</u>	<u>\$ 176,039</u>	<u>\$ 166,182</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.

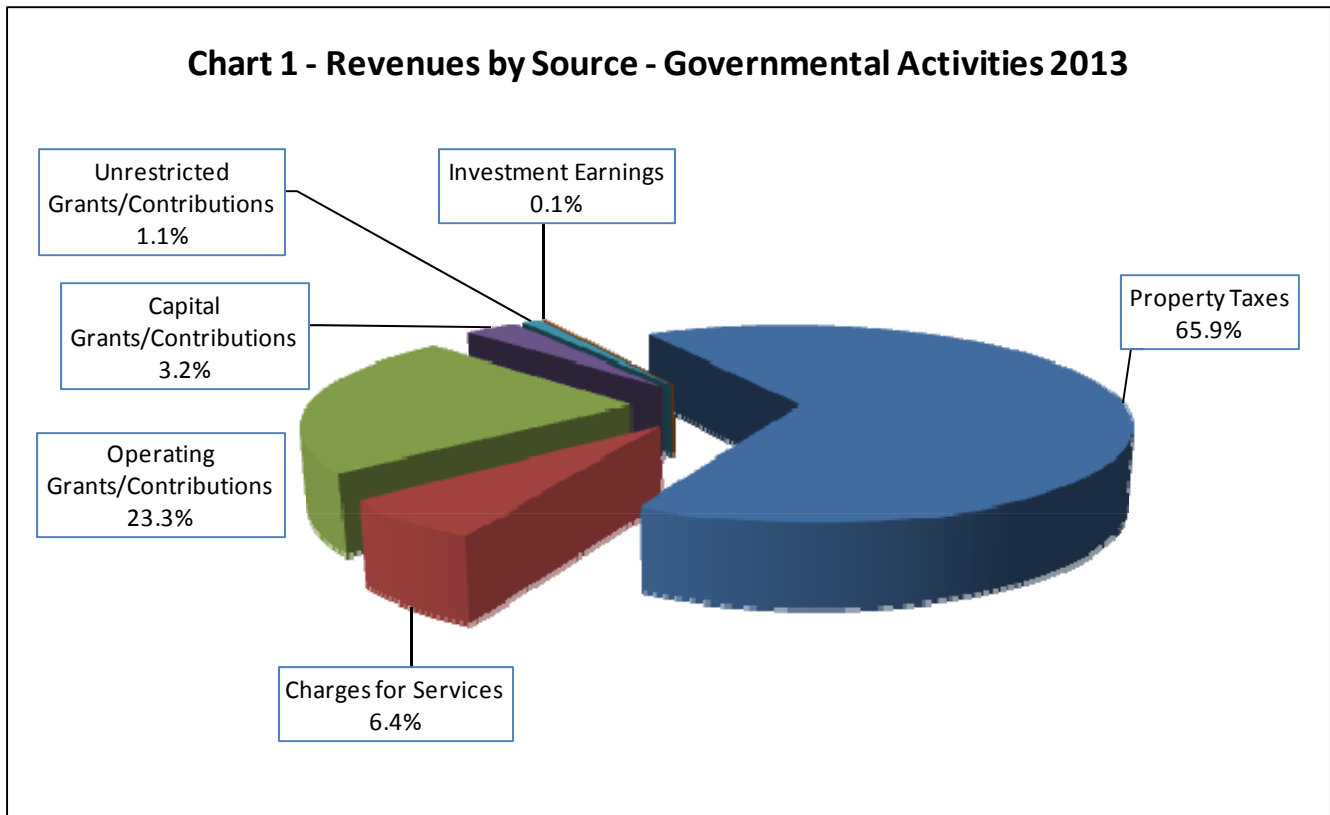
TABLE 2
CHANGES IN NET POSITION
In Thousands

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Totals</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Revenues:						
Program revenues:						
Charges for services	\$ 9,898	\$ 8,420	\$ 4,480	\$ 4,355	\$ 14,378	\$ 12,775
Operating grants and contributions	36,136	36,117			36,136	36,117
Capital grants and contributions	4,898	6,031			4,898	6,031
General revenues:						
Property taxes	102,244	99,471			102,244	99,471
Grants and contributions not restricted to specific purposes	1,766	1,930			1,766	1,930
Unrestricted investment earnings	257	195			257	195
Total revenues	<u>155,199</u>	<u>152,164</u>	<u>4,480</u>	<u>4,355</u>	<u>159,679</u>	<u>156,519</u>
Program expenses:						
General government	4,804	4,942			4,804	4,942
Public safety	19,122	20,436			19,122	20,436
Public works	10,614	10,839			10,614	10,839
Health and welfare	782	777			782	777
Human services	1,699	1,667			1,699	1,667
Parks and recreation	2,121	2,051			2,121	2,051
Public library	2,026	2,262			2,026	2,262
Planning and development	1,144	1,210			1,144	1,210
Education	99,453	99,324			99,453	99,324
Interest on long-term debt	1,958	2,370			1,958	2,370
Sewer			6,099	5,347	6,099	5,347
Total program expenses	<u>143,723</u>	<u>145,878</u>	<u>6,099</u>	<u>5,347</u>	<u>149,822</u>	<u>151,225</u>
Excess (deficiency) before transfers	11,476	6,286	(1,619)	(992)	9,857	5,294
Transfers	<u>(98)</u>	<u>(599)</u>	<u>98</u>	<u>599</u>	<u>-</u>	<u>-</u>
Increase (Decrease) in Net Position	<u>\$ 11,378</u>	<u>\$ 5,687</u>	<u>\$ (1,521)</u>	<u>\$ (393)</u>	<u>\$ 9,857</u>	<u>\$ 5,294</u>

The Town's net position increased by \$9.9 million during the fiscal year, with net position of governmental activities increasing \$11.4 million and business-type activities decreasing by \$1.5 million. The total cost of all programs and services was \$149.8 million. Our analysis below separately considers the operations of governmental and business-type activities.

Governmental Activities

Approximately 65.9% of the revenues were derived from property taxes, followed by 23.3% from operating grants and contributions, 6.4% from charges for services, 3.2% from capital grants and contributions, 1.1% from unrestricted grants and contributions and 0.1% from investment earnings.

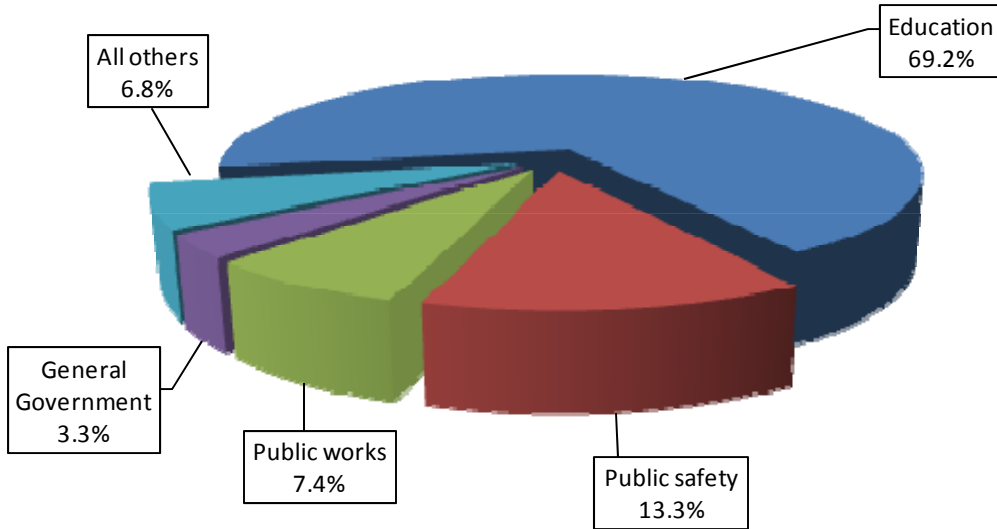


Major revenue factors include:

- Property tax revenue increased by \$2.8 million or 2.8% over last year. The increased tax revenue supported budgeted revenue decreases in investment income, permits and fees, service charges and the removal of the “use of Fund Balance” to balance the budget to allow the Town to provide services consistent with previous years’ levels. It also supported an increase in the Board of Education’s General Fund budget increase of \$2.8 million or 3.5%.
- Actual Charges for Services increased by \$1.5 million from \$8.4 million in fiscal year 2012 to \$9.9 million in fiscal year 2013. One major factor in this increase was unanticipated rebounds in charges for services including Town Clerk Fees and Building Permits. Additionally the Town received BRRFOC/TROC Rebates totaling \$386 thousand, State DOT Refunds of \$232 thousand and Capital Project Reimbursements of \$168 thousand.

For governmental activities, 69.2% of the Town’s expenses related to education. Public safety accounted for 13.3%, public works accounted for 7.4% and general government accounted for 3.3% 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.

Chart 2 - Expenditures by Source - Governmental Activities 2013

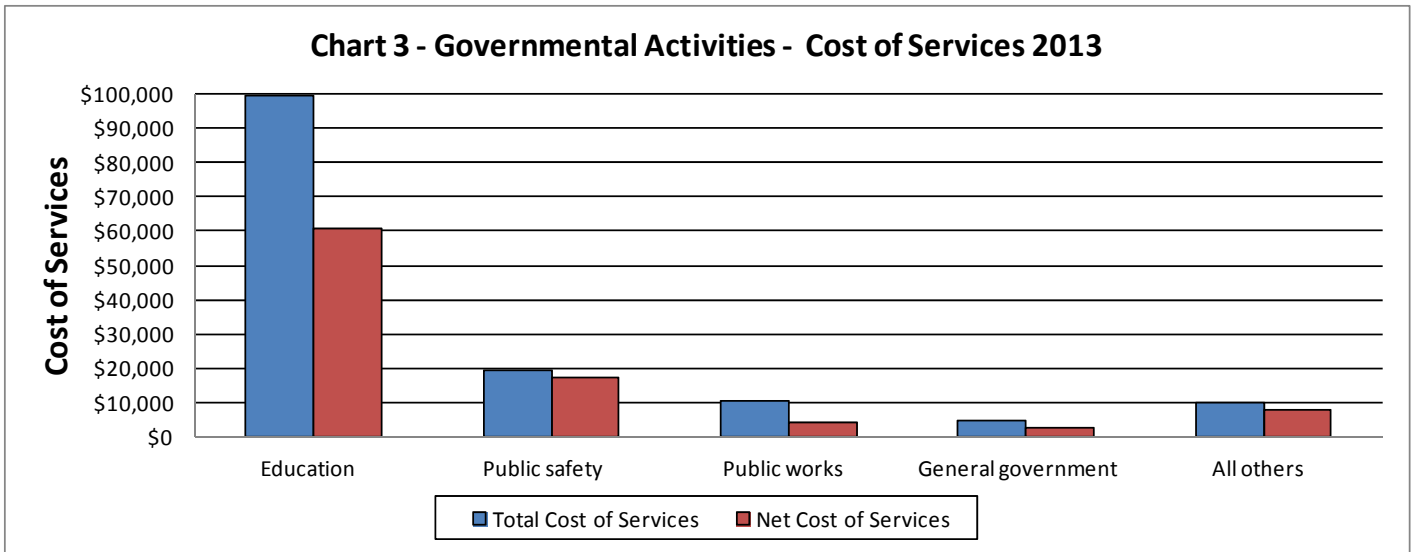


Major expense factors include:

- Town operating costs decreased by \$1.9 million mostly due to the recognition of \$1.2 million of expenses in fiscal year 2012 for Hurricane Alfred. Additionally, there was a lesser increase in benefits, such as compensated absences and Heart & Hypertension Obligations.
- Interest on long-term debt decreased by \$412 thousand due to the pay down of current debt and the bond refunding of November 2012.

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Education	\$ 99,453	\$ 99,324	\$ (60,547)	\$ (61,639)
Public safety	19,122	20,436	(17,506)	(19,088)
Public works	10,614	10,839	(4,346)	(2,988)
General government	4,804	4,942	(2,660)	(3,716)
All others	9,730	10,337	(7,732)	(7,879)
Totals	<u>\$ 143,723</u>	<u>\$ 145,878</u>	<u>\$ (92,791)</u>	<u>\$ (95,310)</u>

Chart 3 - Governmental Activities - Cost of Services 2013



Business-Type Activities

Business-type activities (see Table 2) decreased the Town’s net position by \$1.5 million primarily due to the reduction in the capital assets paid for and transferred from the Governmental Activities in fiscal year 2013.

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, 2013, the Town’s governmental funds reported combined ending fund balances of \$21.2 million, an increase of \$200 thousand from last year’s fund balance of \$21.0 million.

General Fund

The General Fund is the primary operating fund of the Town. As of June 30, 2013, unassigned fund balance increased by \$2.4 million to \$18.5 million in the General Fund, while total fund balance increased \$3.2 million to \$19.9 million.

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

- Intergovernmental revenues came in over budget by \$368 thousand, mostly due to an additional \$272 thousand in the Municipal Revenue Sharing Grant.
- Charges for Services were \$281 thousand over budget due to an increase in activity in the Town Clerk’s office resulting in an additional \$196 thousand of revenue.
- Licenses, Fees and Permits came in at \$176 higher because of the increased activity in the Building Department in residential and commercial permits resulting in an additional \$154 thousand.
- The Town received several large unanticipated revenues in Other Revenues totaling \$441 including: State DOT Refunds totaling \$232 for several old State Projects which were partially funded by the Town through Demand Deposits and recently closed out by the State; and During 2013 the Bristol Resource Recovery Facility Operating Committee (BRRFOC) and the Tunxis Recycling Operating Committee (TROC) closed out Capital Nonrecurring funds and approved a total of \$2.35 million in refunds to the member Towns of which the Town received \$386 thousand.
- Several departments had aggregate cost savings creating the \$1.7 million expenditure under budget. Of this amount, \$928 thousand was assigned to fiscal year 2014 for purchases on order.

- Debt Service costs were \$297 thousand less than original budget due to the Refunding of \$6,915,000 of General Obligation Bonds issued in November 2012.
- The Town returned \$484 thousand in the budgeted Contingency account.

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, 2013, fund balance in the Capital Projects Fund decreased by \$3.6 million to a deficit of \$2.2 million. During the fiscal year \$8.0 million was expended for asset acquisition and improvements, most notably for major renovations to the Town's two middle schools, road improvements and various other projects.

Sewer Assessments Fund

The Sewer Assessment Fund accounts for the collection of sewer assessments levied against properties connected to the Town's sewer system. These funds are then utilized to pay the debt service on the capital projects that were assessed. As of June 30, 2013, committed fund balance in the Sewer Assessment Fund increased by \$185 thousand to \$1.2 million, partially due to the addition of Assessment 35 in this fiscal year.

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 \$47.1 million. Unrestricted net position was \$1.7 million, a decrease of \$163 thousand. The Sewer Fund experienced an operating loss of \$1.6 million, mostly due to the recognition of the depreciation of assets, and \$98 thousand of capital assets were contributed from the Capital Fund.

Net position of the Health Insurance Fund was \$3.4 million. The Internal Service Fund's unrestricted net position increased by \$557 thousand, from \$2.9 million. The Town's medical claims and fees came in \$505 lower than budgeted, and the IBNR came in \$52 thousand lower than at 2012 fiscal year-end.

General Fund Budgetary Highlights

The Town's adopted General Fund budget for 2012-2013 was \$127.7 million (\$126.9 million for expenditures plus \$850 thousand for contingency appropriations). In addition to the \$366 thousand which was appropriated from the Contingency Fund, the Town appropriated \$942 thousand to the expenditure budget with corresponding revenue budget increases, and \$496 thousand was appropriated per fiscal year 2012 designation, for a total amended budget of \$129.2 million. The following lists the key changes to the budget during the year:

- \$496 thousand was appropriated for the amount of Fund Balance Assigned for Continued Appropriations at the end of fiscal year 2012.
- \$463 thousand was appropriated to the Board of Education Operations for preschool and special education outside tuitions; rent revenues received; and excess Vocational Agriculture Grant.
- \$141 thousand additional was appropriated to the Accumulated Payout Account due to the retirement of ten long-term employees and the departure of an additional four employees.
- \$202 thousand was appropriated to the Fire Department for the following: \$162 thousand for Overtime Pay; and \$40 thousand for Vehicle Maintenance.
- Savings from various departments were combined to buy down future costs:
 - \$147 thousand to Capital Budget - Fire Department Company #3 Roof to cash fund FY 2014 roof replacement at Company #3.
 - \$210 thousand to Capital Budget - Highway Heavy Equipment to fund the FY 2014 44,000 lb. GVW Dump Truck.

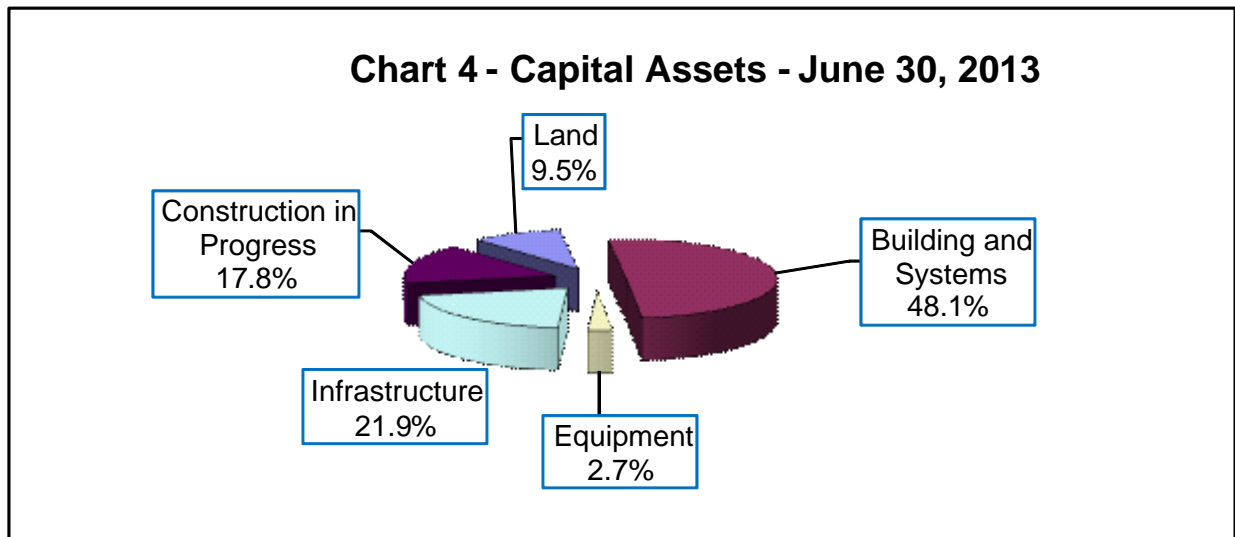
- \$227 thousand additional was appropriated for Building Security Measures, of which \$159 thousand was for the Board of Education Buildings and \$68 thousand was for Town Buildings. The Town received \$386 thousand in unbudgeted BRRFOC/TROC Distribution Rebates of which \$227 was utilized toward these appropriations.

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, 2013 totaled to \$228.5 million, net of accumulated depreciation. This investment in capital assets includes land, buildings, vehicles and equipment, roads and sewer lines. This amount represents a net increase (including additions and deductions) of \$2.6 million or a 1.2% increase over last year.

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

	Governmental Activities		Business-Type Activities		Totals	
	2013	2012	2013	2012	2013	2012
Land	\$ 21.8	\$ 21.9	\$	\$	\$ 21.8	\$ 21.9
Buildings and systems	64.9	67.0	45.0	46.3	109.9	113.3
Equipment	5.7	6.0	0.4	0.4	6.1	6.4
Infrastructure	50.1	47.4			50.1	47.4
Construction in progress	40.6	36.9			40.6	36.9
Totals	\$ 183.1	\$ 179.2	\$ 45.4	\$ 46.7	\$ 228.5	\$ 225.9



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

Governmental Activities:

- Construction in progress for Kennedy Middle School of \$2.1 million.
- Construction in progress for DePaolo Middle School of \$1.8 million.
- Construction in progress for Athletic Turf Field of \$888 thousand.
- Construction in progress for Mount Vernon Road Reclamation of \$636 thousand.
- Construction in progress for Highway Garage Roof of \$464 thousand.

Business-Type Activities:

- No major capital asset events during this year.

The Town’s fiscal year 2013-2014 Capital Budget includes another \$1.5 million for capital projects principally for road resurfacing and maintenance, upgrading the Town Hall infrastructure and network connectivity, and various other smaller 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 debt of \$64.1, of which total bonded debt outstanding was \$54.4 million. All the bonded debt is backed by the full faith and credit of the Town government.

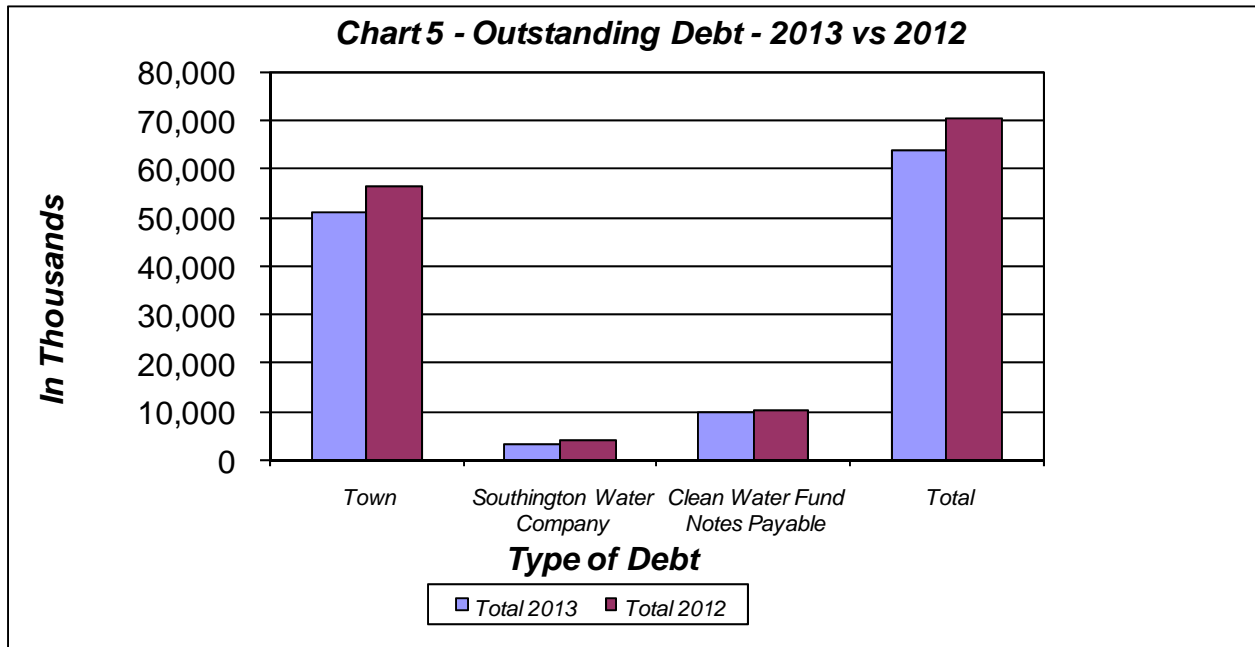


TABLE 4
OUTSTANDING DEBT, AT YEAR-END
In Thousands

	Governmental		Business-Type		Totals	
	Activities		Activities			
	2013	2012	2013	2012	2013	2012
General obligation bonds:						
Town	\$ 51,054	\$ 56,410	\$	\$	\$ 51,054	\$ 56,410
Southington Water Company	3,341	3,900			3,341	3,900
Clean Water Fund Notes Payable	9,662	10,230			9,662	10,230
Total	\$ 64,057	\$ 70,540	\$ -	\$ -	\$ 64,057	\$ 70,540

The Town of Southington's total debt outstanding decreased by \$6.5 million or 9.2% during the 2012-2013 fiscal year.

In May 2009, Standard & Poor's Rating Services raised its underlying rating on the Town's general obligation debt two notches from "AA-" to "AA+" due to the Town's improved financial position, good management practices and low debt burden.

In June 2011, Standard & Poor's assigned an AA+ long-term rating to the new debt issue and affirmed its AA+ rating on the Town's GO bonds outstanding. The rating agency cited the Town's "strong financial position," "low debt burden," and the "expectation of the consistently strong reserve levels" among the factors influencing the Town's rating.

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 \$715.6 million. As of June 30, 2013, the Town recorded long-term debt of \$162.5 million, well below the statutory debt limits. (This includes the full balance of \$84 million authorized and unissued for Kennedy Middle School Renovation and DePaolo School Renovation. Southington is eligible for School Construction Grants up to a maximum of 56.07% on these two projects.)

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, 2013 was 6.7%, a 0.40% decrease from the same time last year. After four years above 7.0%, the Town's unemployment rate has finally dropped to below 7.0%. However, it is still well above the fiscal year 2008 level of 4.7% just before the start of this recession. Leading economic indicators continue to indicate the continuation of a slow economic rebound.

The Town's unemployment rate still compares favorably to the 8.1% for the State of Connecticut and the 7.6% nationally. The higher unemployment rates continue to be a major concern nationwide in this recessionary environment.

Elected and appointed officials considered these factors, among others, when setting the fiscal year 2013-2014 General Fund budget and tax rates.

As previously stated, the General Fund total fund balance increased from \$16.7 million at June 30, 2012 to \$19.9 million at June 30, 2013. Of this \$19.9 million General Fund balance, \$71 thousand was nonspendable due to form (inventory accounts), and \$1.3 million was assigned (\$928 for purchases on order and \$400 thousand for the 2013-2014 budget), leaving an unassigned fund balance of \$18.5 million in the General Fund at June 30, 2013. The Town feels that this level places the Town in a strong position to withstand unexpected events, and still have flexibility to cash fund additional Capital Projects.

The Town adopted a General Fund budget of \$129.3 million for 2013-2014 compared to an adopted budget of \$127.7 million for 2012-2013, for an overall increase of \$1.6 million or 1.2%. Of this amount, the Board of Education budget increased \$1.8 million and the Town budget decreased by \$218 thousand.

If these estimates are realized, the Town's budgetary General Fund balance is expected to remain consistent with the June 30, 2013 level.

Costs of the Town's business-type activities, accounted for in the Sewer Operating Fund, are expected to increase by approximately 9.8% during fiscal year 2013-2014. The increase in expenditure budget is to pay for the higher maintenance costs of the Denitrification Facility, the aggressive maintenance efforts of the Sewer System, and the new Facilities Plan. The Town has 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 future upgrade possibilities at the plant, as well as process improvements such as phosphorus removal and sludge digestion, as well as a sewer rate plan.

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.

TOWN OF SOUTHLINGTON, CONNECTICUT

STATEMENT OF NET POSITION

JUNE 30, 2013

(In Thousands)

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Assets:			
Cash and cash equivalents	\$ 21,359	\$ 95	\$ 21,454
Investments	6,869		6,869
Receivables, net	13,532	2,190	15,722
Inventory	105		105
Other assets	299		299
Capital assets:			
Assets not being depreciated	62,469	39	62,508
Assets being depreciated, net	120,620	45,342	165,962
Total assets	<u>225,253</u>	<u>47,666</u>	<u>272,919</u>
Liabilities:			
Accounts and other payables	8,988	417	9,405
Other current liabilities		128	128
Unearned revenue	334		334
Noncurrent liabilities:			
Due within one year	8,079		8,079
Due in more than one year	78,934		78,934
Total liabilities	<u>96,335</u>	<u>545</u>	<u>96,880</u>
Net Position:			
Net investment in capital assets	120,862	45,381	166,243
Restricted for:			
Trust purposes:			
Expendable	96		96
Nonexpendable	608		608
Unrestricted	7,352	1,740	9,092
Total Net Position	<u>\$ 128,918</u>	<u>\$ 47,121</u>	<u>\$ 176,039</u>

The accompanying notes are an integral part of the financial statements

TOWN OF SOUTHLINGTON, CONNECTICUT

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2013

(In Thousands)

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities:							
General government	\$ 4,804	\$ 2,133	\$ 11	\$	\$ (2,660)	\$	\$ (2,660)
Public safety	19,122	1,297	319		(17,506)		(17,506)
Public works	10,614	3,009	745	2,514	(4,346)		(4,346)
Health and welfare	782		177		(605)		(605)
Human services	1,699	101	534		(1,064)		(1,064)
Parks and recreation	2,121	215	15	24	(1,867)		(1,867)
Public library	2,026	34	55		(1,937)		(1,937)
Planning and development	1,144	843			(301)		(301)
Education	99,453	2,266	34,280	2,360	(60,547)		(60,547)
Interest on long-term debt	1,958				(1,958)		(1,958)
Total governmental activities	143,723	9,898	36,136	4,898	(92,791)	-	(92,791)
Business-type activities:							
Sewer	6,099	4,480				(1,619)	(1,619)
Total	\$ 149,822	\$ 14,378	\$ 36,136	\$ 4,898	(92,791)	(1,619)	(94,410)
General revenues:							
Property taxes					102,244		102,244
Grants and contributions not restricted to specific programs					1,766		1,766
Unrestricted investment earnings					257		257
Transfers					(98)	98	-
Total general revenues and transfers					104,169	98	104,267
Change in net position					11,378	(1,521)	9,857
Net Position at Beginning of Year					117,540	48,642	166,182
Net Position at End of Year					\$ 128,918	\$ 47,121	\$ 176,039

The accompanying notes are an integral part of the financial statements

TOWN OF SOUTHBINGTON, CONNECTICUT

BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2013

(In Thousands)

	<u>General</u>	<u>Capital Projects</u>	<u>Sewer Assessments</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and cash equivalents	\$ 13,277	\$	\$ 1,230	\$ 2,149	\$ 16,656
Investments	6,505			364	6,869
Receivables, net	3,828	2,717	1,877	706	9,128
Due from other funds	3,092			18	3,110
Inventories	71			34	105
Total Assets	<u>\$ 26,773</u>	<u>\$ 2,717</u>	<u>\$ 3,107</u>	<u>\$ 3,271</u>	<u>\$ 35,868</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts and other payables	\$ 4,598	\$ 1,950	\$ 13	\$ 576	\$ 7,137
Due to other funds	18	2,975		117	3,110
Deferred revenue	2,271		1,855	334	4,460
Total liabilities	<u>6,887</u>	<u>4,925</u>	<u>1,868</u>	<u>1,027</u>	<u>14,707</u>
Fund balances:					
Nonspendable	71			642	713
Restricted				165	165
Committed			1,239	1,437	2,676
Assigned	1,328				1,328
Unassigned	18,487	(2,208)			16,279
Total fund balances	<u>19,886</u>	<u>(2,208)</u>	<u>1,239</u>	<u>2,244</u>	<u>21,161</u>
Total Liabilities and Fund Balances	<u>\$ 26,773</u>	<u>\$ 2,717</u>	<u>\$ 3,107</u>	<u>\$ 3,271</u>	<u>\$ 35,868</u>

(Continued on next page)

TOWN OF SOUTHTON, CONNECTICUT

BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)

JUNE 30, 2013

(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	\$	21,161
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:		
Governmental capital assets	\$	283,752
Less accumulated depreciation		<u>(100,663)</u>
Net capital assets		183,089
Other long-term assets are not available to pay for current-period expenditures and, therefore, are not recorded in the funds:		
Property tax receivables greater than 60 days		2,271
Interest receivable on property taxes		754
Assessments receivable greater than 60 days		1,855
Interest receivable on assessments		67
Deferred amount in refunding		1,116
Bond issuance costs		298
Long term receivable		3,341
Receivable from the state for school construction projects		240
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.		
		3,435
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds:		
Bonds and notes payable		(64,057)
Premium on issuance		(1,758)
Interest payable on bonds and notes		(580)
Compensated absences		(6,449)
Capital lease		(869)
OPEB liability		(7,180)
Heart and Hypertension		(7,691)
Landfill closure		<u>(125)</u>
Net Position of Governmental Activities (Exhibit I)	\$	<u><u>128,918</u></u>

The accompanying notes are an integral part of the financial statements

TOWN OF SOUTHLINGTON, CONNECTICUT
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2013
(In Thousands)

	<u>General</u>	<u>Capital Projects</u>	<u>Sewer Assessments</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:					
Property taxes	\$ 102,129	\$	\$	\$	\$ 102,129
Intergovernmental	31,920	2,471		6,235	40,626
Charges for services	3,202		563	4,853	8,618
Income on investments	218		31	7	256
Other revenues	864	59		218	1,141
Total revenues	<u>138,333</u>	<u>2,530</u>	<u>594</u>	<u>11,313</u>	<u>152,770</u>
Expenditures:					
Current:					
General government	3,647			25	3,672
Public safety	11,870			1,433	13,303
Public works	4,519			2,685	7,204
Health and welfare	698			4	702
Human services	899			474	1,373
Parks and recreation	1,473			138	1,611
Public library	1,420			104	1,524
Planning and development	799				799
Miscellaneous	14				14
Employee fringe benefits	8,497				8,497
Education	91,796			6,244	98,040
Debt and sundry	7,838		409		8,247
Capital outlay		7,980			7,980
Total expenditures	<u>133,470</u>	<u>7,980</u>	<u>409</u>	<u>11,107</u>	<u>152,966</u>
Excess (Deficiency) of Revenues over Expenditures	<u>4,863</u>	<u>(5,450)</u>	<u>185</u>	<u>206</u>	<u>(196)</u>
Other Financing Sources (Uses):					
Refunding bonds issued	6,915				6,915
Premium on refunding bonds	468				468
Payment to refunded bond escrow agent	(7,277)				(7,277)
Issuance of capital leases	246				246
Transfers in	38	1,837		194	2,069
Transfers out	(2,031)			(38)	(2,069)
Total other financing sources (uses)	<u>(1,641)</u>	<u>1,837</u>	<u>-</u>	<u>156</u>	<u>352</u>
Net Change in Fund Balances	3,222	(3,613)	185	362	156
Fund Balances at Beginning of Year	<u>16,664</u>	<u>1,405</u>	<u>1,054</u>	<u>1,882</u>	<u>21,005</u>
Fund Balances at End of Year	<u>\$ 19,886</u>	<u>\$ (2,208)</u>	<u>\$ 1,239</u>	<u>\$ 2,244</u>	<u>\$ 21,161</u>

(Continued on next page)

TOWN OF SOUTHLINGTON, CONNECTICUT

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

FOR THE YEAR ENDED JUNE 30, 2013

(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)	\$	156
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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	7,250
Depreciation expense	(5,269)
Donated assets	2,009

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.	(126)
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds, and revenues recognized in the funds are not reported in the statement of activities:

School building grant receipts	(187)
Long term receivable receipts	(559)
Property tax receivable - accrual basis change	282
Property tax interest and lien revenue - accrual basis change	(167)
Sewer assessment receivable-accrual basis change	451
Sewer assessment interest and lien revenue - accrual basis change	41

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 issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are amortized and deferred in the statement of activities. The details of these differences in the treatment of long-term debt and related items are as follows:

Issuance of refunding bonds	(6,915)
Premium on refunding	(468)
Deferred amount in refunding	277
Issuance costs on refunding	106
Bonds refunded	7,000
Bond principal payments	5,830
Note principal payments	568
Issuance of capital leases	(246)
Capital lease principal payments	471
Accrued interest	74
Amortization of deferred charge on refunding	(101)
Amortization of issue costs	(25)
Amortization of bond premiums	149

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	1,598
OPEB obligation	(1,562)
Heart and hypertension	163
Landfill post closure care and settlement	21

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.

557

Change in Net Position of Governmental Activities (Exhibit II)	\$	<u><u>11,378</u></u>
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The accompanying notes are an integral part of the financial statements

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

JUNE 30, 2013
(In Thousands)

	Business-Type Activities Sewer Enterprise Fund	Governmental Activities Internal Service Fund
Assets:		
Current:		
Cash and cash equivalents	\$ 95	\$ 4,703
Accounts and other receivables	2,190	
Total current assets	2,285	4,703
Capital assets, net	45,381	
Total assets	47,666	4,703
Liabilities:		
Current:		
Accounts and other payables	417	1,268
Other accrued liabilities	128	
Total liabilities	545	1,268
Net Position:		
Net investment in capital assets	45,381	
Unrestricted	1,740	3,435
Total Net Position	\$ 47,121	\$ 3,435

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, 2013

(In Thousands)

	<u>Business-Type Activities</u>	<u>Governmental Activities</u>
	<u>Sewer Enterprise Fund</u>	<u>Internal Service Fund</u>
Operating Revenues:		
Fund premiums	\$	\$ 20,514
Charges for services	4,450	
Fines, penalties and interest	30	
Total operating revenues	<u>4,480</u>	<u>20,514</u>
Operating Expenses:		
Plant	3,999	
Benefits	236	19,040
Depreciation	1,586	
Administration and other	278	917
Total operating expenses	<u>6,099</u>	<u>19,957</u>
Income (Loss) before Capital Contributions	(1,619)	557
Capital Contributions	<u>98</u>	
Change in Net Position	(1,521)	557
Net Position at Beginning of Year	<u>48,642</u>	<u>2,878</u>
Net Position at End of Year	<u>\$ 47,121</u>	<u>\$ 3,435</u>

The accompanying notes are an integral part of the financial statements

TOWN OF SOUTHLINGTON, CONNECTICUT

STATEMENT OF CASH FLOWS - PROPRIETARY FUND

FOR THE YEAR ENDED JUNE 30, 2013

(In Thousands)

	<u>Business-Type Activities</u> Sewer Enterprise Fund	<u>Governmental Activities</u> Internal Service Fund
Cash Flows from Operating Activities:		
Cash received from customers and granting agencies	\$ 3,800	\$ 20,514
Cash received for premiums - Town departments and agencies		20,514
Cash payments to suppliers for goods and services	(3,318)	
Cash payments to employees for services	(931)	
Cash payments to providers of benefits	(236)	(19,083)
Cash payments for service fees		(917)
Net cash provided by (used in) operating activities	<u>(685)</u>	<u>514</u>
Cash Flows from Capital Financing Activities:		
Acquisition of capital assets	<u>(130)</u>	
Net cash used in capital financing activities	<u>(130)</u>	<u>-</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(815)	514
Cash and Cash Equivalents at Beginning of Year	<u>910</u>	<u>4,189</u>
Cash and Cash Equivalents at End of Year	<u>\$ 95</u>	<u>\$ 4,703</u>
Reconciliation of Operating Income (Loss) to Net Cash		
Provided by (Used in) Operating Activities:		
Operating income (loss)	\$ (1,619)	\$ 557
Depreciation	1,586	
Adjustments to reconcile operating income loss to net cash		
provided by (used in) operating activities:		
Increase in accounts receivable	(680)	
Increase (decrease) in accounts payable and accrued liabilities	<u>28</u>	<u>(43)</u>
Net Cash Provided by (Used in) Operating Activities	<u>\$ (685)</u>	<u>\$ 514</u>
Noncash Capital Financing Activities:		
Capital assets transferred from governmental funds	<u>\$ 98</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, 2013
(In Thousands)

	<u>Agency Funds</u>
Assets:	
Cash and cash equivalents	\$ 2,191
Investments	<u>212</u>
Total assets	<u>\$ 2,403</u>
Liabilities:	
Fiduciary Deposits	<u>\$ 2,403</u>

The accompanying notes are an integral part of the financial statements

TOWN OF SOUTHTON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS

(In Thousands)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

Related Organizations

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

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

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net 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.

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

The Town reports the following as a major proprietary fund:

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

Additionally, the Town reports the following fund types:

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

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

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 statistical revaluation as of October 1, 2011. Despite the one year postponement of the statistical revaluation, the Town's next revaluation with full inspections will be October 1, 2015. The assessed value for the Grand List of October 1, 2011, upon which the fiscal 2013 levy was based, was \$3.7 billion. A 27.48 mill rate was applied to the Grand List.

Taxes are due in two equal installments on the July 1 and January 1 following the levy date, although a 30-day grace period is provided. Current tax collections for the years ended June 30, 2013 and 2012 were 98.56% and 98.65%, respectively, of the adjusted tax levy. Uncollected property taxes are recorded as receivables, net of an allowance for estimated uncollectible accounts. Unpaid taxes are lien on or before

June 30 following the due date. The revenue relating to property taxes not collected during the fiscal year and within 60 days after the close of the fiscal year is deferred.

F. Inventories and Prepaid Items

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

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

G. Capital Assets

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

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

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

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

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

H. Compensated Absences

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

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

I. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type statement of net 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.

Significant bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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

J. Fund Equity 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.

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 - For all governmental funds other than the General Fund, this represents any remaining positive amounts not classified as nonspendable, restricted or committed. For the General Fund, this includes 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".

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

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

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

Additional Appropriations and Transfers:

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

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

Budgeted amounts are as originally adopted or as amended by the Town Council. During the year, \$1,438 of supplemental budgetary appropriations from the General Fund were made, \$942 from revised revenue estimates, and \$496 from continued appropriations from the prior year. Also, at year end \$928 of appropriations were reappropriated. Authorized continuing appropriations are presented as assignments of fund balances since the commitments will be honored in subsequent years.

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*, \$30,132 of the Town’s bank balance of \$31,622 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 27,034
Uninsured and collateral held by the pledging bank’s trust department, not in the Town’s name	<u>3,098</u>
Total Amount Subject to Custodial Credit Risk	<u><u>\$ 30,132</u></u>

Cash Equivalents

At June 30, 2013, the Town’s cash equivalents amounted to \$532. 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.

Cutwater - Cooperative Liquid Assets Securities System (CLASS)	<u>Standard & Poor’s</u> AAAm
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Investments

As of June 30, 2013, the Town had the following investments:

<u>Investment Type</u>	<u>Credit Rating</u>	<u>Fair Value</u>	<u>Investment Maturities (Years)</u>		
			<u>Less Than 1</u>	<u>1 - 10</u>	<u>More Than 10</u>
Interest-bearing investments:					
Certificates of deposit	*	\$ 7,079	<u>\$ 7,079</u>	<u>\$ -</u>	<u>\$ -</u>
Other investments:					
Common stock	N/A	<u>2</u>			
Total Investments		<u>\$ 7,081</u>			

*Subject to coverage by Federal Depository Insurance and collateralization.

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

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

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, 2013, the Town did not have any uninsured and unregistered securities held by the counterparty, or by its trust department or agent that were not in the Town’s name.

4. RECEIVABLES

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

	<u>General</u>	<u>Capital Projects</u>	<u>Sewer Assessment</u>	<u>Sewer Enterprise</u>	<u>Nonmajor and Other Funds</u>	<u>Total</u>
Receivables:						
Taxes *	\$ 2,629	\$	\$	\$	\$	\$ 2,629
Accounts	90			2,190	535	2,815
Special assessments			1,877			1,877
Intergovernmental	1,188	2,717			171	4,076
Interest **						-
Gross receivables	<u>3,907</u>	<u>2,717</u>	<u>1,877</u>	<u>2,190</u>	<u>706</u>	<u>11,397</u>
Less allowance for uncollectibles	<u>79</u>					<u>79</u>
Net Total Receivables	<u>\$ 3,828</u>	<u>\$ 2,717</u>	<u>\$ 1,877</u>	<u>\$ 2,190</u>	<u>\$ 706</u>	<u>\$ 11,318</u>

* Does not include amount due from Southington Water Company for bonds (\$3,341) and accrued interest (\$38) - Note 7.

** Does not include accrued interest on property taxes and assessments receivable of \$754 and \$67, respectively.

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

	<u>Unavailable</u>	<u>Unearned</u>	<u>Total</u>
General Fund:			
Delinquent property taxes	\$ 2,271	\$	\$ 2,271
Special assessments	1,855		1,855
Other deferred receivables		334	334
Total Deferred/Unearned Revenue for Governmental Funds	<u>\$ 4,126</u>	<u>\$ 334</u>	<u>\$ 4,460</u>

5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2013 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	\$ 21,912	\$	\$ 88	\$ 21,824
Construction in progress	36,866	5,980	2,201	40,645
Total capital assets not being depreciated	<u>58,778</u>	<u>5,980</u>	<u>2,289</u>	<u>62,469</u>
Capital assets being depreciated:				
Buildings	117,697	583	520	117,760
Machinery and equipment	19,158	779	286	19,651
Infrastructure	79,754	4,118		83,872
Total capital assets being depreciated	<u>216,609</u>	<u>5,480</u>	<u>806</u>	<u>221,283</u>
Less accumulated depreciation for:				
Buildings	50,654	2,719	503	52,870
Machinery and equipment	13,121	1,151	265	14,007
Infrastructure	32,387	1,399		33,786
Total accumulated depreciation	<u>96,162</u>	<u>5,269</u>	<u>768</u>	<u>100,663</u>
Total capital assets being depreciated, net	<u>120,447</u>	<u>211</u>	<u>38</u>	<u>120,620</u>
Governmental Activities Capital Assets, Net	<u>\$ 179,225</u>	<u>\$ 6,191</u>	<u>\$ 2,327</u>	<u>\$ 183,089</u>
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 39	\$	\$	\$ 39
Capital assets being depreciated:				
Buildings and system	74,776	140		74,916
Machinery and equipment	1,303	88	(17)	1,408
Total capital assets being depreciated	<u>76,079</u>	<u>228</u>	<u>(17)</u>	<u>76,290</u>
Less accumulated depreciation for:				
Buildings and system	28,466	1,503		29,969
Machinery and equipment	913	83	(17)	979
Total accumulated depreciation	<u>29,379</u>	<u>1,586</u>	<u>(17)</u>	<u>30,948</u>
Total capital assets being depreciated, net	<u>46,700</u>	<u>(1,358)</u>	<u>-</u>	<u>45,342</u>
Business-Type Activities Capital Assets, Net	<u>\$ 46,739</u>	<u>\$ (1,358)</u>	<u>\$ -</u>	<u>\$ 45,381</u>

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

Governmental activities:	
General government	\$ 489
Public safety	830
Public works	1,412
Human services	59
Planning and development	4
Parks and recreation	165
Library	44
Education	<u>2,266</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 5,269</u>
Business-type activities:	
Sewer Enterprise Fund	<u>\$ 1,586</u>

Construction Commitments

The Town has active construction projects as of June 30, 2013. The projects include roads, bridges, water and sewer lines, and school building improvements. At year end the Town's commitments with contractors are as follows:

<u>Project</u>	<u>Spent-to-Date</u>	<u>Commitment</u>
West Queen Street Bridge	\$ 124	\$ 51
Farmstead Interceptor	129	59
Athletic Turf Field	852	45
Highway Garage Roof	461	24
DePaolo Middle School	4,958	31,971
Kennedy Middle School	<u>4,802</u>	<u>31,936</u>
Total	<u>\$ 11,326</u>	<u>\$ 64,086</u>

The commitments are being financed as follows:

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

6. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

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

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Capital Projects	\$ 2,975
	Nonmajor Governmental Funds	<u>117</u>
		3,092
Nonmajor Governmental Funds	General Fund	<u>18</u>
Total		<u>\$ 3,110</u>

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

	<u>Transfers In</u>			
	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Nonmajor Governmental</u>	<u>Total Transfers Out</u>
Transfers out:				
General Fund	\$	\$ 1,837	\$ 194	\$ 2,031
Nonmajor governmental	<u>38</u>			<u>38</u>
Total Transfers In	<u>\$ 38</u>	<u>\$ 1,837</u>	<u>\$ 194</u>	<u>\$ 2,069</u>

7. LONG-TERM DEBT

Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2013 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	\$ 56,410	\$ 6,915	\$ 12,271	\$ 51,054	\$ 4,464
Southington Water Company	3,900		559	3,341	486
Premium on bonds	1,439	468	149	1,758	
Less deferred amounts	(940)	(277)	(101)	(1,116)	
State of Connecticut - serial note	<u>10,230</u>		<u>568</u>	<u>9,662</u>	<u>568</u>
Total bonds and notes payable	<u>71,039</u>	<u>7,106</u>	<u>13,446</u>	<u>64,699</u>	<u>5,518</u>
Compensated absences	8,047	127	1,725	6,449	1,574
Capital leases	1,094	246	471	869	470
OPEB obligation	5,618	2,750	1,188	7,180	
Heart and hypertension	7,854	320	483	7,691	494
Landfill closure and postclosure	<u>146</u>		<u>21</u>	<u>125</u>	<u>23</u>
Total Governmental Activities Long-Term Liabilities	<u>\$ 93,798</u>	<u>\$ 10,549</u>	<u>\$ 17,334</u>	<u>\$ 87,013</u>	<u>\$ 8,079</u>

Bonds payable at June 30, 2013 are comprised of the following issues:

	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Interest Rate (%)</u>	<u>Date of Maturity</u>	<u>Principal Outstanding June 30, 2013</u>
<u>General Purpose Bonds:</u>					
Refunding (General Purpose)	2004	\$ 379	2.00-3.25	09/15/14	\$ 29
General Purpose	2007	3,025	4.00-5.00	08/01/27	1,790
General Purpose	2009	2,175	3.00-4.00	08/01/27	1,640
Refunding (General Purpose)	2010	2,098	2.00-5.00	05/15/21	1,484
General Purpose	2011	1,713	2.50-4.25	08/01/30	1,540
Refunding (General Purpose)	2011	6,042	2.00-5.00	02/01/24	5,273
Refunding (General Purpose)	2012	3,106	2.00-4.00	11/01/25	3,106
					<u>14,862</u>
<u>School Bonds:</u>					
Refunding (Schools)	2004	7,032	2.00-3.25	09/15/14	539
Schools	2007	2,880	4.00-5.00	08/01/27	730
Schools	2009	12,965	3.00-4.00	08/01/27	10,640
Refunding (Schools)	2010	8,008	2.00-5.00	05/15/21	5,855
Schools	2011	6,902	2.50-4.25	08/01/30	6,515
Refunding (Schools)	2011	745	2.00-5.00	02/01/24	652
Refunding (Schools)	2012	1,958	2.00-4.00	11/01/25	1,958
					<u>26,889</u>
<u>Sewer Bonds:</u>					
Refunding (Sewers)	2004	86	2.00-3.25	09/15/14	6
Sewers	2007	3,070	4.00-5.00	08/01/27	2,205
Sewers	2009	300	3.00-4.00	08/01/27	120
Refunding (Sewers)	2010	959	2.00-5.00	05/15/21	331
Sewers	2011	3,330	2.50-4.25	08/01/30	3,080
Refunding (Sewers)	2011	1,958	2.00-5.00	02/01/24	1,710
Refunding (Sewers)	2012	1,851	2.00-4.00	11/01/25	1,851
State of Connecticut serial notes payable:					
Clean Water Fund Loan 590-C	2011	11,068	2.00	06/30/30	9,662
					<u>18,965</u>
<u>Water Bonds:</u>					
Refunding (Water)	2004	3,683	2.00-3.25	09/15/14	276
Water	2011	3,410	2.50-4.25	08/01/21	3,065
					<u>3,341</u>
Total					\$ <u>64,057</u>

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

<u>Fiscal Year Ending</u>	<u>Principal</u>	<u>Interest</u>
2014	\$ 5,518	\$ 2,039
2015	6,203	1,863
2016	5,578	1,694
2017	5,433	1,530
2018	5,418	1,354
2019-2023	21,287	4,204
2024-2028	11,582	1,387
2029-2031	3,038	114
Total	\$ <u>64,057</u>	\$ <u>14,185</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, 2013, \$3,341 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, 2013. In no case shall total indebtedness exceed seven times annual receipts from taxation. The maximum debt amount permitted under this formula would be approximately \$715.6 million. Bonds authorized but unissued are \$102,066 as of June 30, 2013.

Capital Leases

The Board of Education has entered into several lease agreements as lessee for financing the acquisition of computer equipment. 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 \$869 at June 30, 2013. The following is a summary of capital lease commitments as of June 30, 2013.

<u>Year Ending June 30,</u>	<u>Amount</u>
2014	\$ 495
2015	332
2016	85
Subtotal	912
Less interest	(43)
Principal Balance	\$ <u>869</u>

General Obligation Bonds - Current Refunding

On November 27, 2012, the Town issued \$6,915 of general obligation refunding bonds with interest rates ranging from 2% to 4%. The proceeds were used to currently refund all of the outstanding maturities of \$7,000 of the Town's Series 2005 Bonds dated November 1, 2005. The net proceeds of \$7,277 (including a premium of \$468 and issuance costs of \$106 including underwriter's fees) were wired to the paying agent to pay the principal, interest and redemption premium of the refunded bonds. As a result, the Series 2005 general obligation bonds are considered defeased and the liability for those bonds has been removed from the statement of net position. The refunding will reduce total debt service payments over the next 13 years

by approximately \$788 and represents an economic gain (difference between present values of the debt service payments on the old and new debt) of \$776. The defeased balance of refunded bonds at June 30, 2013 was \$7,000. The Town has funds in an irrevocable trust account to provide for all future debt service payments on the old bonds of \$7,133 at June 30, 2013.

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, 2013, 2012 or 2011. 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, 2013 of \$1,268.

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, 2013 and 2012, is presented below:

Fiscal Year	Accrued Liability Beginning of Fiscal Year	Current Year Claims and Changes in Estimates	Accrued Liability Claim Payments	Accrued Liability End of Fiscal Year
2012-13	\$ 1,311	\$ 18,997	\$ 19,040	\$ 1,268
2011-12	1,087	19,874	19,650	1,311

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 2012-13 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, 2013 for the Town and Board of Education was \$1,389. The contribution (premium) is subject to payroll audit at the close of the coverage period. CIRMA's Workers' Compensation Pool retains up to \$1 million per occurrence. Claims over \$1 million are reinsured.

9. FUND EQUITY

The components of fund balance at June 30, 2013 are as follows:

	<u>General Fund</u>	<u>Capital Projects</u>	<u>Sewer Assessments</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Fund balances:					
Nonspendable:					
Inventory	\$ 71			\$ 34	\$ 105
Trust				608	608
Restricted for:					
Grants				69	69
Trust				96	96
Committed to:					
Debt service			1,239		1,239
Cafeteria operations				419	419
Animal control				42	42
Police services				409	409
Town services				196	196
Apple Harvest Festival				156	156
Community services				76	76
Drive in Theater				27	27
Turf field				4	4
Museum restoration				19	19
Recreation				89	89
Assigned to:					
Subsequent year's appropriations	400				400
Purchases on order	928				928
Unassigned	<u>18,487</u>	<u>(2,208)</u>			<u>16,279</u>
Total Fund Balances	<u>\$ 19,886</u>	<u>\$ (2,208)</u>	<u>\$ 1,239</u>	<u>\$ 2,244</u>	<u>\$ 21,161</u>

Encumbrances are being reported as assigned fund balance.

10. OTHER POST-EMPLOYMENT BENEFITS

A. Overview

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

At July 1, 2011, plan participation consisted of the following:

	Participants <i>(not rounded)</i>
Active participants	1,146
Retirees	157
Spouses of retirees	<u>46</u>
Total Participants	<u><u>1,349</u></u>

B. Funding Policy

These other post-employment benefits (OPEB) for former employees are currently funded on a pay-as-you-go basis out of the Self-Insurance Fund and the Heart and Hypertension Department in the General Fund. As of June 30, 2013, the Town has not established a trust fund to segregate assets to fund the liability associated with these benefits.

C. Annual OPEB Cost and Net OPEB Obligations

The Town’s annual OPEB cost is calculated based on the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The following table shows the components of the Town’s annual OPEB cost for the year ended June 30, 2013, the amount actually contributed to the plan and changes in the Town’s net OPEB obligation:

	Other Post Employment Benefits (OPEB)
Annual required contribution (ARC)	\$ 2,818
Interest on net OPEB obligation	281
Adjustment to annual required contribution	<u>(349)</u>
Annual OPEB cost	2,750
Contributions made	<u>1,188</u>
Increase in net OPEB obligation	1,562
Net OPEB obligation, beginning of year	<u>5,618</u>
Net OPEB Obligation, End of Year	<u><u>\$ 7,180</u></u>

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for the fiscal year ended June 30, 2013, 2012 and 2011 are presented below.

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost (AOC)</u>	<u>Actual Contribution</u>	<u>Percentage of AOC Contributed</u>	<u>Net OPEB Obligation</u>
6/30/13	\$ 2,750	\$ 1,188	43.2%	\$ 7,180
6/30/12	3,032	1,994	65.8%	5,618
6/30/11	3,010	2,079	69.1%	4,580

Schedule of Employer Contributions

<u>Year Ended</u>	<u>Annual Required Contribution</u>	<u>Actual Contribution</u>	<u>Percentage Contributed</u>
6/30/11	\$ 3,054	2,079	68.1%
6/30/12	3,087	1,994	64.6%
6/30/13	2,818	1,188	42.2%

D. Schedule of Funding Progress

<u>Schedule of Funding Progress</u>					
<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a % of Covered Payroll</u>
7/1/2011	\$ -	\$ 33,693	- %	\$ 60,233	55.94%
7/1/2009	-	37,666	-	58,386	64.51%
7/1/2007	-	37,107	-	61,102	60.73%

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

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

In the July 1, 2011 actuarial valuation, the projected unit actuarial credit cost method was used. The annual required contribution (ARC) reflects an open 30-year, level amortization of the unfunded actuarial accrued liability (AAL). The actuarial assumptions include a 5% investment rate of return and an inflation rate of 3%. The annual healthcare cost trend rate is 9% initially, grading down to 5% for 2014 and later.

11. EMPLOYEE RETIREMENT SYSTEMS

Municipal Employees' Retirement System

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

Funding Policy - Plan members are required by State Statute to contribute 2-1/4% of earnings upon which Social Security tax is paid plus 5% of earnings on which no Social Security tax is paid. Each participating municipality is required to contribute at an actuarially determined rate. The current rate is 11.98% of annual covered payroll. The contribution requirements of the Town are established and may be amended by the State Retirement Commission. The Town's contributions to MERS for the years ended June 30, 2013, 2012 and 2011 were \$3,747, \$3,653 and \$3,024, respectively, equal to the required contributions for each year.

Teachers' Retirement

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

The Board of Education withholds 7.25% of all teachers' annual salaries and transmits the funds to the State Teachers' Retirement Board. Certified payroll subject to retirement amounted to \$32,567 or 61.1% of total Board of Education payroll of \$53,497.

The retirement system for teachers is funded by the State based upon the recommendation of the Teachers' Retirement Board. Such contribution includes amortization of the actuarially computed unfunded liability. These obligations are established under the authority of the Connecticut General Statutes. For the year ended June 30, 2013, the Town has recorded, in the General Fund, intergovernmental revenue and education expenditures in the amount of \$8,446 as payments made by the State of Connecticut on behalf of the Town. The Town does not have any liability for teacher pensions.

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

12. SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES

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

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

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

The Town participates in a number of federal and state assisted grant programs. These programs are subject to financial and compliance audits by the grantors or their representatives. The audits of certain of these programs for or including the year ended June 30, 2013 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.

13. SUBSEQUENT EVENTS

On October 29, 2012, the Town issued \$20,000,000 in Bond Anticipation Notes. The notes carry an interest rate of .50% and will mature on January 28, 2014. The Town will issue General Obligation Bonds on January 28, 2014.

TOWN OF SOUTHLINGTON, CONNECTICUT

GENERAL FUND

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

FOR THE YEAR ENDED JUNE 30, 2013

(In Thousands)

	Budgeted Amounts			
	Original	Final	Actual	Variance
Property taxes, interest and lien fees:				
Taxes	\$ 101,344	\$ 101,344	\$ 101,415	\$ 71
Suspense taxes	50	50	39	(11)
Interest and lien fees	659	659	675	16
Total property taxes, interest and lien fees	<u>102,053</u>	<u>102,053</u>	<u>102,129</u>	<u>76</u>
Licenses, fees and permits:				
Building	586	586	740	154
Police	22	22	26	4
Library	32	32	34	2
Parking	6	6	5	(1)
Miscellaneous		28	45	17
Total licenses, fees and permits	<u>646</u>	<u>674</u>	<u>850</u>	<u>176</u>
Intergovernmental revenues:				
Educational Cost Sharing	20,191	20,191	20,283	92
Non-public school transportation	51	51	38	(13)
Public school transportation	165	165	147	(18)
School building construction grants	193	193	193	-
Vocational Agriculture	160	224	231	7
Children/youth services	26	26	27	1
Youth Service/Drug free	40	46	43	(3)
Town aid road transportation grant	262	262	261	(1)
Non-public health services	56	56	56	-
Telephone access lines	70	70	73	3
Pequot/Mohegan Grant	157	157	152	(5)
Telecommunications fund grant	75	75	72	(3)
Municipal video grant	10	10	28	18
FEMA reimbursements			214	214
Local capital improvement grant	286	286	101	(185)
In lieu of taxes:				
Hospital	136	136	135	(1)
Tax relief for elderly	300	300	305	5

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TOWN OF SOUTHTON, CONNECTICUT

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

FOR THE YEAR ENDED JUNE 30, 2013

(In Thousands)

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
Intergovernmental revenues (continued):				
Veterans' exemption	\$ 50	\$ 50	\$ 56	\$ 6
State properties	34	34	32	(2)
Disability exemption	5	5	6	1
Boats	11	11		(11)
Distressed municipalities	50	50	26	(24)
Miscellaneous	2	2	17	15
Traffic enforcement grant		6	6	-
Municipal revenue sharing	660	660	932	272
Calendar Bus		40	40	-
Total intergovernmental revenues	<u>22,990</u>	<u>23,106</u>	<u>23,474</u>	<u>368</u>
Investment Income	<u>302</u>	<u>302</u>	<u>218</u>	<u>(84)</u>
Charges for services:				
Town Clerk	1,000	1,000	1,196	196
Recreation	70	70	88	18
Planning and zoning	30	30	56	26
Fire Department services	6	7	7	-
Engineering services	5	5	7	2
Assessors returns	1	1	1	-
School tuition and fees	535	535	573	38
School building rentals	14	413	413	-
Miscellaneous	10	10	11	1
Total charges for services	<u>1,671</u>	<u>2,071</u>	<u>2,352</u>	<u>281</u>

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TOWN OF SOUTHTON, CONNECTICUT

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

FOR THE YEAR ENDED JUNE 30, 2013

(In Thousands)

	<u>Budgeted Amounts</u>			
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance</u>
Other revenues:				
Sale/lease of town property	\$ 2	\$ 2	\$ 18	\$ 16
Loss/damage to town property	1	1	16	15
Prior year appropriated funds returned	2	2	11	9
BRRFOC/TROC rebate		227	386	159
Capital project reimbursements		168	168	-
State DOT refund			232	232
Miscellaneous	20	23	33	10
Total other revenues	<u>25</u>	<u>423</u>	<u>864</u>	<u>441</u>
Transfers In	<u>50</u>	<u>50</u>	<u>38</u>	<u>(12)</u>
Total Revenues and Other Financing Sources	<u>\$ 127,737</u>	<u>\$ 128,679</u>	129,925	<u>\$ 1,246</u>

Budgetary revenues are different than GAAP revenues because:

State of Connecticut on-behalf contributions to the Connecticut State Teachers'

Retirement System for Town teachers are not budgeted

8,446

Issuance of refunded bonds are not budgeted

6,915

Premiums on the issuance of refunded bonds are not budgeted

468

Proceeds from issuance of capital leases are not budgeted

246

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

\$ 146,000

TOWN OF SOUTHLINGTON, CONNECTICUT

GENERAL FUND

SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)FOR THE YEAR ENDED JUNE 30, 2013
(In Thousands)

	Budgeted Amounts		Actual	Variance
	Original	Final		
General Government				
Town Council:				
Personnel service	\$ 10	\$ 12	\$ 10	\$ 2
Contractual services	20	21	21	-
Materials and supplies	8	8	3	5
Fixed charges	26	27	27	-
Total	<u>64</u>	<u>68</u>	<u>61</u>	<u>7</u>
Town Manager:				
Personnel service	209	209	209	-
Contractual services	158	194	81	113
Materials and supplies	6	6	4	2
Fixed charges	7	7	5	2
Continued appropriations		14	14	-
Total	<u>380</u>	<u>430</u>	<u>313</u>	<u>117</u>
Board of Finance:				
Personnel service	4	4	4	-
Contractual services	3	3	2	1
Fixed charges	1	1	1	-
Total	<u>8</u>	<u>8</u>	<u>7</u>	<u>1</u>
Finance Department:				
Personnel service	446	395	395	-
Materials and supplies	12	13	13	-
Fixed charges	1	1	1	-
Total	<u>459</u>	<u>409</u>	<u>409</u>	<u>-</u>
Town Clerk:				
Personnel service	262	260	260	-
Contractual services	38	38	38	-
Materials and supplies	10	11	11	-
Fixed charges	3	3	2	1
Equipment	2	2	2	-
Total	<u>315</u>	<u>314</u>	<u>313</u>	<u>1</u>

(Continued on next page)

TOWN OF SOUTHLINGTON, CONNECTICUT

GENERAL FUND

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

FOR THE YEAR ENDED JUNE 30, 2013

(In Thousands)

	Budgeted Amounts		Actual	Variance
	Original	Final		
Tax Department:				
Personnel service	\$ 250	\$ 246	\$ 243	\$ 3
Contractual services	16	19	17	2
Materials and supplies	47	46	32	14
Fixed charges	2	2	2	-
Total	<u>315</u>	<u>313</u>	<u>294</u>	<u>19</u>
Assessor:				
Personnel service	280	274	271	3
Contractual services	50	44	44	-
Materials and supplies	13	13	13	-
Fixed charges	4	5	4	1
Continued appropriations		7	5	2
Total	<u>347</u>	<u>343</u>	<u>337</u>	<u>6</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	155	134	134	-
Contractual services	221	249	249	-
Fixed charges	24	37	33	4
Capital outlay	107	112	112	-
Total	<u>507</u>	<u>532</u>	<u>528</u>	<u>4</u>
Probate Court:				
Contractual services				
Materials and supplies				
Fixed charges	<u>11</u>	<u>11</u>	<u>11</u>	<u>-</u>
Town Attorney/Legal:				
Personnel service	193	193	193	-
Contractual services	57	78	28	50
Materials and supplies	3	2	2	-
Fixed charges	2	1	1	-
Total	<u>255</u>	<u>274</u>	<u>224</u>	<u>50</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, 2013

(In Thousands)

	Budgeted Amounts		Actual	Variance
	Original	Final		
Elections Department:				
Personnel service	\$ 129	\$ 113	\$ 110	\$ 3
Contractual services	8	6	5	1
Materials and supplies	39	35	31	4
Fixed charges	2	2	2	-
Total	<u>178</u>	<u>156</u>	<u>148</u>	<u>8</u>
Insurance:				
Fixed charges	<u>1,082</u>	<u>1,041</u>	<u>963</u>	<u>78</u>
Annual Audit:				
Fixed charges	<u>38</u>	<u>35</u>	<u>35</u>	<u>-</u>
Total general government	<u>3,962</u>	<u>3,937</u>	<u>3,645</u>	<u>292</u>
Public Safety:				
Police Department:				
Personnel service	6,043	5,845	5,823	22
Contractual services	281	314	291	23
Materials and supplies	393	421	406	15
Fixed charges	53	53	53	-
Equipment	209	216	214	2
Total	<u>6,979</u>	<u>6,849</u>	<u>6,787</u>	<u>62</u>
Emergency Management:				
Contractual services	1	1	1	1
Materials and supplies	8	8	2	5
Capital outlay	15	14	14	1
Total	<u>24</u>	<u>23</u>	<u>17</u>	<u>7</u>
Central Dispatch:				
Personnel service	689	687	680	7
Contractual services	54	52	51	1
Total	<u>743</u>	<u>739</u>	<u>731</u>	<u>8</u>

(Continued on next page)

TOWN OF SOUTHLINGTON, CONNECTICUT

GENERAL FUND

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

FOR THE YEAR ENDED JUNE 30, 2013

(In Thousands)

	Budgeted Amounts		Actual	Variance
	Original	Final		
Fire Department:				
Personnel service	\$ 3,191	\$ 3,341	\$ 3,313	\$ 28
Contractual services	271	313	291	22
Materials and supplies	310	316	303	13
Fixed charges	48	49	48	1
Equipment	84	88	87	1
Total	<u>3,904</u>	<u>4,107</u>	<u>4,042</u>	<u>65</u>
Fire Hydrant rentals:				
Fixed charges	<u>222</u>	<u>229</u>	<u>229</u>	<u>-</u>
Safety Program:				
Contractual services	12			
Materials and supplies	55	55	49	6
Total	<u>67</u>	<u>55</u>	<u>49</u>	<u>6</u>
Parking Authority:				
Personnel service	1	1	1	-
Contractual services	9	15	3	12
Materials and supplies	2	1	1	-
Fixed charges	1	1	1	-
Continued appropriations		2	2	-
Total	<u>13</u>	<u>20</u>	<u>8</u>	<u>12</u>
Total public safety	<u>11,952</u>	<u>12,022</u>	<u>11,863</u>	<u>160</u>
Public Works:				
Town Hall and Annex:				
Contractual services	52	47	40	7
Materials and supplies	74	87	84	3
Continued appropriations		159	72	87
Total	<u>126</u>	<u>293</u>	<u>196</u>	<u>97</u>
Historical Buildings:				
Materials and supplies	<u>6</u>	<u>6</u>	<u>5</u>	<u>1</u>

(Continued on next page)

TOWN OF SOUTHLINGTON, CONNECTICUT

GENERAL FUND

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

FOR THE YEAR ENDED JUNE 30, 2013

(In Thousands)

	Budgeted Amounts		Actual	Variance
	Original	Final		
Sylvia Bradley Historical Society:				
Contractual services	\$ 8	\$ 7	\$ 4	\$ 3
Materials and supplies	10	12	11	1
Continued appropriations		4		4
Total	<u>18</u>	<u>23</u>	<u>15</u>	<u>8</u>
Engineering Department:				
Personnel service	580	579	503	76
Contractual services	6	6	6	-
Materials and supplies	19	20	20	-
Fixed charges	2	1	1	-
Capital Outlay	9	8	8	-
Total	<u>616</u>	<u>614</u>	<u>538</u>	<u>76</u>
Highway Department:				
Personnel service	1,537	1,524	1,521	3
Contractual services	496	459	453	6
Materials and supplies	161	198	196	2
Fixed charges	33	33	32	1
Capital outlay	63	57	37	20
Total	<u>2,290</u>	<u>2,271</u>	<u>2,239</u>	<u>32</u>
Snow and Ice Removal:				
Personnel service	115	174	174	-
Contractual services	160	291	288	3
Materials and supplies	395	276	275	1
Total	<u>670</u>	<u>741</u>	<u>737</u>	<u>4</u>
Street Lighting:				
Contractual services	130	130	112	18
Materials and supplies	281	281	255	26
Total	<u>411</u>	<u>411</u>	<u>367</u>	<u>44</u>
Tree Maintenance:				
Contractual services	<u>19</u>	<u>9</u>	<u>5</u>	<u>4</u>

(Continued on next page)

TOWN OF SOUTHLINGTON, CONNECTICUT

GENERAL FUND

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

FOR THE YEAR ENDED JUNE 30, 2013

(In Thousands)

	Budgeted Amounts		Actual	Variance
	Original	Final		
Bulky Waste Transfer Station:				
Personnel service	\$ 78	\$ 81	\$ 81	\$ -
Contractual services	178	170	169	1
Total	<u>256</u>	<u>251</u>	<u>250</u>	<u>1</u>
Environmental Problems:				
Contractual services	310	290	151	139
Continued appropriations		126	14	112
Total	<u>310</u>	<u>416</u>	<u>165</u>	<u>251</u>
Total Public Works	<u>4,722</u>	<u>5,035</u>	<u>4,517</u>	<u>518</u>
Health and Welfare:				
Community Services:				
Personnel service	189	175	175	-
Contractual services	23	26	23	3
Materials and supplies	22	21	20	1
Fixed charges	1	1	1	-
Continued appropriations		8	8	-
Total	<u>235</u>	<u>231</u>	<u>227</u>	<u>4</u>
Health Department:				
Contractual services	40	40	34	6
Fixed charges	320	320	320	-
Total	<u>360</u>	<u>360</u>	<u>354</u>	<u>6</u>
Mental Health:				
Fixed charges	3	3	3	-
Nonpublic School Nurses:				
Contractual services	113	113	113	-
Total Health and Welfare	<u>711</u>	<u>707</u>	<u>697</u>	<u>10</u>

(Continued on next page)

TOWN OF SOUTHLINGTON, CONNECTICUT

GENERAL FUND

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

FOR THE YEAR ENDED JUNE 30, 2013

(In Thousands)

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
Human Services:				
Youth Counseling:				
Personnel service	\$ 288	\$ 293	\$ 289	\$ 4
Contractual services	6	4	4	-
Materials and supplies	1	1	1	-
Fixed charges	2	2	2	-
Equipment	1	1	1	-
Total	<u>298</u>	<u>301</u>	<u>297</u>	<u>4</u>
Commission on the Handicapped:				
Contractual services	7	7	2	5
Materials and supplies	1	1	1	-
Continued appropriations		4	2	2
Total	<u>8</u>	<u>12</u>	<u>5</u>	<u>7</u>
Community Assistance:				
Contractual services	<u>51</u>	<u>51</u>	<u>51</u>	<u>-</u>
Calendar House-Senior Citizens:				
Personnel service	326	333	332	1
Contractual services	84	68	66	2
Materials and supplies	70	81	73	8
Fixed charges	2	3	3	-
Capital outlay	1	40	40	-
Continued appropriations		9	9	-
Total	<u>483</u>	<u>534</u>	<u>523</u>	<u>11</u>
Southington Housing Authority:				
Materials and supplies	<u>24</u>	<u>24</u>	<u>23</u>	<u>1</u>
Total Human Services	<u>864</u>	<u>922</u>	<u>899</u>	<u>23</u>
Parks and Recreation:				
Parks Department:				
Personnel service	616	606	603	3
Contractual services	154	172	155	17
Materials and supplies	204	223	220	3
Continued appropriations		15	15	-
Capital outlay	77	76	41	35
Total	<u>1,051</u>	<u>1,092</u>	<u>1,034</u>	<u>58</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, 2013

(In Thousands)

	Budgeted Amounts		Actual	Variance
	Original	Final		
Recreation Department:				
Personnel service	\$ 271	\$ 259	\$ 248	\$ 11
Contractual services	75	62	45	17
Materials and supplies	23	23	18	5
Fixed charges	13	13	12	1
Capital outlay	3	3	3	-
Total	<u>385</u>	<u>360</u>	<u>326</u>	<u>34</u>
Community Celebrations:				
Fixed charges	<u>5</u>	<u>5</u>	<u>5</u>	<u>-</u>
Organized Recreation:				
Fixed charges	<u>88</u>	<u>88</u>	<u>88</u>	<u>-</u>
Total Parks and Recreation	<u>1,529</u>	<u>1,545</u>	<u>1,453</u>	<u>92</u>
Library:				
Public Library:				
Personnel service	953	946	942	4
Contractual services	83	88	86	2
Materials and supplies	232	233	231	2
Fixed charges	2	2	2	-
Capital outlay	55	54	54	-
Continued appropriations		20	17	3
Total	<u>1,325</u>	<u>1,343</u>	<u>1,332</u>	<u>11</u>
Barnes Museum:				
Personnel service	75	75	75	-
Contractual services	11	11	11	-
Materials and supplies	13	13	12	1
Total	<u>99</u>	<u>99</u>	<u>98</u>	<u>1</u>
Total Library	<u>1,424</u>	<u>1,442</u>	<u>1,430</u>	<u>12</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, 2013

(In Thousands)

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
Planning and Development:				
Economic Development Commission:				
Personnel service	\$ 125	\$ 113	\$ 112	\$ 1
Contractual services	15	15	4	11
Materials and supplies	2	2	1	1
Fixed charges	2	2		2
Total	<u>144</u>	<u>132</u>	<u>117</u>	<u>15</u>
Building Department:				
Personnel service	359	351	350	1
Contractual services	4	5	4	1
Materials and supplies	11	12	10	2
Fixed charges	5	4	3	1
Total	<u>379</u>	<u>372</u>	<u>367</u>	<u>5</u>
Planning and Zoning:				
Personnel service	322	314	271	43
Contractual services	22	24	9	15
Materials and supplies	9	9	8	1
Fixed charges	20	20	19	1
Total	<u>373</u>	<u>367</u>	<u>307</u>	<u>60</u>
Zoning Board of Appeals:				
Personnel service	5	7	6	1
Contractual services	8	8	7	1
Materials and supplies	1	1	1	-
Fixed charges	1	1		1
Total	<u>15</u>	<u>17</u>	<u>14</u>	<u>3</u>
Conservation Commission:				
Personnel service	4	4	3	1
Contractual services	6	4	3	1
Materials and supplies	2	2	1	1
Fixed charges	1	1		1
Continued appropriations		8		8
Total	<u>13</u>	<u>19</u>	<u>7</u>	<u>12</u>
Total Planning and Development	<u>924</u>	<u>907</u>	<u>812</u>	<u>95</u>

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TOWN OF SOUTHTON, CONNECTICUT

GENERAL FUND

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

FOR THE YEAR ENDED JUNE 30, 2013

	Budgeted Amounts		Actual	Variance
	Original	Final		
Miscellaneous:				
Land Lease:				
Fixed charges	\$ 1	\$ 1	\$ 1	\$ -
Nonlegal professional services:				
Continued appropriations		18	13	5
Total Miscellaneous	1	19	14	5
Employee Benefits:				
Medical and group insurance:				
Fixed charges	3,067	3,067	2,984	83
Heart and Hypertension:				
Personnel service	1,191	1,191	1,145	46
Contractual services	29	29	25	4
Total Heart and Hypertension	1,220	1,220	1,170	50
Employee Retirement:				
Municipal:				
Fixed charges	4,079	3,967	3,886	81
Police:				
Fixed charges	150	150	129	21
Unemployment Compensation:				
Fixed charges	15	29	21	8
Total	4,244	4,146	4,036	110
Accumulated Payout:				
Fixed charges	163	304	304	-
Tuition Reimbursement:				
Fixed charges	7	7	2	5
Medical Services:				
Fixed charges	3	3	1	2
Total Employee Benefits	8,704	8,747	8,497	250

(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, 2013

	Budgeted Amounts		Actual	Variance
	Original	Final		
Debt Service				
Debt service - principal:				
Town and Sewer	\$ 2,542	\$ 2,543	\$ 2,543	\$ -
Schools	2,964	2,964	2,964	-
Total	<u>5,506</u>	<u>5,507</u>	<u>5,507</u>	<u>-</u>
Debt service - interest:				
Town and Sewer	1,096	1,096	967	129
Schools	1,180	1,180	1,012	168
Total	<u>2,276</u>	<u>2,276</u>	<u>1,979</u>	<u>297</u>
Total Debt Service	<u>7,782</u>	<u>7,783</u>	<u>7,486</u>	<u>297</u>
Board of Education:				
School operations	82,438	82,901	82,888	13
Contractual services		159		159
Capital outlay	245	245	204	41
Total Board of Education	<u>82,683</u>	<u>83,305</u>	<u>83,092</u>	<u>213</u>
Education - other:				
North Center Facility:				
Contractual services	224	189	186	3
Materials and supplies	14	8	6	2
Fixed charges	40	33	16	17
Capital outlay	40	40	40	-
Total Education - other	<u>318</u>	<u>270</u>	<u>248</u>	<u>22</u>
Contingency	<u>850</u>	<u>484</u>		<u>484</u>
Total expenditures	<u>126,426</u>	<u>127,125</u>	<u>124,653</u>	<u>2,473</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, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
Other Financing Uses:				
Transfers out	\$ <u>1,311</u>	\$ <u>2,050</u>	\$ <u>2,031</u>	\$ <u>19</u>
Total	\$ <u><u>127,737</u></u>	\$ <u><u>129,175</u></u>	126,684	\$ <u><u>2,491</u></u>

Budgetary expenditures are different than GAAP expenditures because:

State of Connecticut on-behalf payments to the Connecticut State Teachers'

Retirement System for Town teachers are not budgeted

8,446

Accrued payroll is reported as expenditure for GAAP purposes

19

Payments to escrow agent on refunded bonds are not budgeted

7,277

Refunding bonds issuance costs are not budgeted

106

Issuance of capital leases are not budgeted

246Total Expenditures and Other Financing Uses as Reported on the Statement of
Revenues, Expenditures and Changes in Fund Balances - Governmental Funds -
Exhibit IV\$ 142,778

Appendix B

Opinions of Bond Counsel and Tax Exemption

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APPENDIX B - OPINION OF BOND COUNSEL AND TAX EXEMPTION

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

BOND COUNSEL OPINION

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

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

[FORM OF BOND COUNSEL OPINION]

(date of closing)

Town of Southington
Southington, Connecticut

We have represented the Town of Southington, Connecticut as Bond Counsel in connection with the issuance by the Town of \$22,705,000 General Obligation Bonds, Issue of 2014, Lot A, dated as of January 28, 2014, \$5,870,000 General Obligation Bonds, Issue of 2014, Lot B, dated as of January 28, 2014 and \$20,000,000 Bond Anticipation Notes, dated as of January 28, 2014.

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

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

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

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

minimum tax, but in the case of corporations a portion of such interest may be included in alternative minimum taxable income for purposes of computing any Federal alternative minimum tax.

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

Very truly yours,

Day Pitney LLP

FEDERAL INCOME TAX.

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

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

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

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

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

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

STATE OF CONNECTICUT TAX ON INTEREST.

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

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

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

ORIGINAL ISSUE DISCOUNT.

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

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

ORIGINAL ISSUE PREMIUM

The initial public offering price of certain of the Bonds and Notes may be greater than the amount payable on the Bonds and Notes at maturity. The excess of the initial public offering price at which a substantial amount of such Bonds And Notes are sold over the amount payable thereon at maturity constitutes original issue premium. No representation is made by the Town regarding the prices at which a substantial amount of the Bonds and Notes ultimately will be sold to the public. An owner who purchases a Bond and 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 Bond and Note for federal income tax purposes. Owners of Bonds And Notes having original issue premium, and especially any owner who is not an original owner of a the Bond and Note who

bought the Bond and Note at its initial public offering price, should consult their tax advisors with respect to the Federal and state income tax consequences of the disposition of such Bonds And Notes.

GENERAL.

Bond Counsel has not undertaken to advise in the future whether any events after the date of issuance of the Bonds and Notes may affect the tax status of interest on the Bonds and Notes. Legislation affecting municipal bonds is regularly under consideration by the United States Congress. For example, on September 13, 2011, S.B. 1549, the "American Jobs Act of 2011" (the "Jobs Act"), was introduced into the United States Senate, which legislation, if enacted as introduced, would have subjected to federal income taxation a portion of the interest on all tax-exempt bonds (including the Bonds and Notes) received for taxable years beginning on or after January 1, 2013 by certain individuals with incomes above specified limits. The Jobs Act was not enacted; however, on February 13, 2012, President Obama released his fiscal 2013 Federal budget request, which includes a proposal to cap at 28% the value of tax preferences, including tax-exempt interest for municipal bonds. No assurance can be given that Federal legislation enacted or proposed after the date of issuance of the Bonds and Notes will not have an adverse effect on the tax-exempt status or market price of the Bonds and Notes or will not change the effect of other Federal tax law consequences discussed above of owning and disposing of the Bonds and Notes and Bond Counsel expresses no opinion thereon. No assurance can be given that future legislation, or amendments to the income tax law of the State of Connecticut, if enacted into law, will not contain provisions that could, directly or indirectly, reduce the benefit of the exclusion of the interest on the Bonds and Notes or any gain made on the sale or exchange thereof from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates, and Bond Counsel expresses no opinion thereon. Prospective owners of the the Bonds and Notes are advised to consult their tax advisors regarding the potential tax consequences of proposed Federal or State of Connecticut tax legislation affecting municipal bonds.

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

Appendix C

Forms of Continuing Disclosure Agreement

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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 January 28, 2014 by the Town of Southington, Connecticut (the "Issuer") acting by its undersigned officers, duly authorized, in connection with the issuance of \$22,705,000 General Obligation Bonds, Issue of 2014, Lot A, dated as of January 28, 2014 and \$5,870,000 General Obligation Bonds, Issue of 2014, Lot B, dated as of January 28, 2014 (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 January 16, 2014 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, 2013) as follows:

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

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

(A) amounts of the gross and the net taxable grand list applicable to the fiscal year,

(B) listing of the ten largest taxpayers on the applicable grand list, together with each such taxpayer's taxable valuation thereon,

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

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

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

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

Section 3. Notice of Certain Events.

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

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

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

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

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

Section 5. Use of Agents.

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

Section 6. Termination.

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

Section 7. Enforcement.

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

By: _____
Garrison C. Brumback
Town Manager

By: _____
Emilia C. Portelinha
Director of Finance

By: _____
Joyce Williams
Treasurer

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 January 28, 2014 by the Town of Southington, Connecticut (the “Issuer”) acting by its undersigned officers, duly authorized, in connection with the issuance of \$20,000,000 Bond Anticipation Notes, dated as of January 28, 2014 of the Issuer (the “Notes”), for the benefit of the beneficial owners from time to time of the Notes.

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

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

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

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

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

Section 2. Notice of Certain Events.

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

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

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

Section 3. Use of Agents.

Notices to be provided pursuant to this Agreement may be provided by the Issuer or by any agents which may be employed by the Issuer for such purpose from time to time.

Section 4. Termination.

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

Section 5. Enforcement.

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

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

Section 6. Miscellaneous.

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

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

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

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

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

TOWN OF SOUTHLINGTON

By: _____
Garrison C. Brumback
Town Manager

By: _____
Emilia C. Portelinha
Director of Finance

By: _____
Joyce Williams
Treasurer

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Appendix D

Notices of Sale and Bid Forms

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NOTICE OF SALE
\$22,705,000
Town of Southington, Connecticut
General Obligation Bonds, Issue of 2014, Lot A
(BOOK-ENTRY)

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

JANUARY 16, 2014

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

\$22,705,000 General Obligation Bonds, Issue of 2014, Lot A
Payable annually on January 15 as follows:

\$1,495,000 in 2016
\$1,480,000 in 2017
\$1,470,000 in 2018 to 2020
\$1,255,000 in 2021 to 2025
\$1,095,000 in 2026 to 2030
\$895,000 in 2031 to 2033
\$885,000 in 2034

The Bonds will be dated January 28, 2014, with interest payable on July 15, 2014 and thereafter semiannually on each January 15th and July 15th.

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

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

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

registration books of the Town as of the close of business on the record date preceding each interest payment date. The record dates will be the last business day of June and December.

Redemption. Bonds maturing on or before January 15, 2022 are not subject to redemption prior to maturity. Bonds maturing on January 15, 2023 and thereafter are subject to redemption prior to maturity, at the election of the Town, on or after January 15, 2022, 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>
January 15, 2022 and thereafter	100%

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

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

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

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

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

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

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

Basis of Award. As between proposals which comply with this Notice, the Bonds will be sold to the responsible bidder offering to purchase the Bonds at the lowest true interest cost to the Town. For the purpose of determining the successful bidder, the true interest cost to the Town will be the annual interest rate, compounded semiannually, which, when used to discount all payments of principal and interest payable on the Bonds to January 28, 2014, the date of the Bonds, results in an amount equal to the purchase price for the Bonds, excluding interest accrued to the date of delivery. If there is more than one responsible bidder making said offer at the same lowest true interest cost, the Bonds will be sold to the responsible bidder whose proposal is selected by the Town by lot from among all such proposals. It is requested that each proposal be accompanied by a statement of the percentage of true interest cost completed to four decimal places. Such statement shall not be considered as part of the proposal.

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

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

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

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

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

Official Statement. The Town of Southington has prepared a preliminary Official Statement for the Bond issue which is dated January 9, 2014. The Town deems such preliminary Official Statement final as of its date for purposes of SEC Rule 15c2-12(b)(1), but it is subject to revision or amendment. The Town will make available to the winning purchaser 100 copies of the Official Statement as prepared by the Town at the Town's expense. The copies of the Official Statement will be made available to the winning purchaser at the office of the Town's financial advisor, Phoenix Advisors, LLC, Milford, Connecticut, by the delivery of the Bonds or by the seventh business day after the day bids on the Bonds are received if earlier. If the Town's financial advisor is provided with the necessary information from the winning purchaser by noon of the day following the day bids on the Bonds are received, the copies of the Official Statement will include an additional cover page and other pages indicating the interest rates, ratings, yields or reoffering prices, the name of the managing underwriter, the name of the insurer, if any, on the Bonds and any corrections. The purchaser shall arrange with the financial advisor the method of delivery of the copies of the Official Statement to the purchaser. Additional copies of the Official Statement may be obtained by the purchaser at its own expense by arrangement with the printer.

Continuing Disclosure Agreement. The Town will enter into a Continuing Disclosure Agreement with respect to the Bonds, substantially in the form attached as Appendix C-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 material events with respect to the Bonds, and (iii) timely notice of a failure by the Town to provide the required annual financial information on or before the date specified in the Continuing Disclosure Agreement for Bonds. The winning bidder's obligation to purchase the Bonds shall be conditioned upon its receiving, at or prior to the delivery of the Bonds, an executed copy of the Continuing Disclosure Agreement for Bonds.

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

Reoffering Prices. **IT SHALL BE THE RESPONSIBILITY OF THE PURCHASER TO FURNISH TO THE TOWN IN WRITING BEFORE THE DELIVERY OF THE BONDS THE REOFFERING PRICES AT WHICH A SUBSTANTIAL PORTION OF EACH MATURITY OF THE BONDS WERE SOLD.** The successful bidder may specify that the Bonds as "not reoffered" if the successful bidder certifies that it purchased the specified Bonds for its own account (or the account of a related party) without any present intention of reoffering such Bonds to any other investor.

Delivery Date and Payment. It is expected that the closing on the Bonds will occur on or about January 28, 2014 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 C. Portelinha, Director of Finance, Town of Southington, Town Hall, 75 Main Street, Southington, Connecticut 06489 (telephone: (860) 276-6222).

GARRISON C. BRUMBACK,
Town Manager

ELIMIA C. PORTELINHA,
Director of Finance

JOYCE WILLIAMS,
Treasurer

January 9, 2014

PROPOSAL FOR BONDS

January 16, 2014

Ms. Emilia C. Portelinha
 Director of Finance
 Town of Southington
 Town Office Building
 75 Main Street
 Southington, Connecticut 06489

Subject to the provisions and in accordance with the terms of the annexed Notice of Sale dated January 9, 2014 which is hereby made a part of this proposal, we hereby offer to purchase all of the aggregate principal amount of \$22,705,000 General Obligation Bonds, Issue of 2014, Lot A, of the Town of Southington described in said Notice of Sale, and to pay therefor the price of par plus a premium of \$_____ plus interest accrued on said Bonds to the date of their delivery, provided that the Bonds maturing in the several years set forth below shall bear interest from their date until maturity at the respective rates per annum stated in the following table:

<u>Year of Maturity</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Year of Maturity</u>	<u>Amount</u>	<u>Interest Rate</u>
2016	\$1,495,000	_____%	2026	\$1,095,000	_____%
2017	\$1,480,000	_____%	2027	\$1,095,000	_____%
2018	\$1,470,000	_____%	2028	\$1,095,000	_____%
2019	\$1,470,000	_____%	2029	\$1,095,000	_____%
2020	\$1,470,000	_____%	2030	\$1,095,000	_____%
2021	\$1,255,000	_____%	2031	\$895,000	_____%
2022	\$1,255,000	_____%	2032	\$895,000	_____%
2023	\$1,255,000	_____%	2033	\$895,000	_____%
2024	\$1,255,000	_____%	2034	\$885,000	_____%
2025	\$1,255,000	_____%			

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

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

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

Percent of True Interest Cost _____%
 (four decimals)

Gross Interest \$ _____
 Accrued Interest from January 28, 2014 to January 28, 2014 \$ _____
 Premium \$ _____

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NOTICE OF SALE
\$5,870,000
Town of Southington, Connecticut
General Obligation Bonds, Issue of 2014, Lot B
(BOOK-ENTRY)

SEALED PROPOSALS and ELECTRONIC BIDS via PARITY® will be received by the Town of Southington, Connecticut at Office of the Town Manager, Town Hall, 75 Main Street, Southington, Connecticut, until **12:00 P.M. (Eastern Standard Time) on THURSDAY,**

JANUARY 16, 2014

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

\$5,870,000 General Obligation Bonds, Issue of 2014, Lot B
Payable annually on January 15 as follows:

\$295,000 in 2015 to 2028
\$290,000 in 2029 to 2034

The Bonds will be dated January 28, 2014, with interest payable on July 15, 2014 and thereafter semiannually on each January 15th and July 15th.

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

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

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

Redemption. Bonds maturing on or before January 15, 2022 are not subject to redemption prior to maturity. Bonds maturing on January 15, 2023 and thereafter are subject to redemption prior to maturity, at the election of the Town, on or after January 15, 2022, 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>
January 15, 2022 and thereafter	100%

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

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

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

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

Disclaimer - Each PARITY® prospective electronic bidder shall be solely responsible to make necessary arrangements to access PARITY® for the purposes of submitting its bid in a timely manner and in compliance with the requirements of this Notice of Sale. Neither the Town nor PARITY® shall have any duty or obligation to undertake such arrangements to bid for any prospective bidder or to provide or assure such access to any prospective bidder, and neither the Town nor PARITY® shall be responsible for a bidder's failure to make a bid or for proper operation of, or have any liability for any delays or interruptions of, or any damages caused by, PARITY®. The Town is using PARITY® as a communication mechanism, and not as the Town's agent, to conduct the electronic bidding for the Bonds. The Town is not bound by any advice and determination of PARITY® to the effect that any particular bid complies with the terms of this Notice of Sale and in particular the bid requirements herein set forth. All costs and expenses incurred by prospective bidders in connection with their subscription to, arrangements with and submission of bids via PARITY® are the sole responsibility of the bidders; and the Town is not responsible, directly or indirectly, for any such costs or expenses. If a prospective bidder encounters any difficulty in arranging

to bid or submitting, modifying or withdrawing a bid for the Bonds, the prospective bidder should telephone PARITY® at (212) 849-5021. If any provision of this Notice shall conflict with information provided by PARITY®, this Notice of Sale shall control.

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

Basis of Award. As between proposals which comply with this Notice, the Bonds will be sold to the responsible bidder offering to purchase the Bonds at the lowest true interest cost to the Town. For the purpose of determining the successful bidder, the true interest cost to the Town will be the annual interest rate, compounded semiannually, which, when used to discount all payments of principal and interest payable on the Bonds to January 28, 2014, the date of the Bonds, results in an amount equal to the purchase price for the Bonds, excluding interest accrued to the date of delivery. If there is more than one responsible bidder making said offer at the same lowest true interest cost, the Bonds will be sold to the responsible bidder whose proposal is selected by the Town by lot from among all such proposals. It is requested that each proposal be accompanied by a statement of the percentage of true interest cost completed to four decimal places. Such statement shall not be considered as part of the proposal.

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

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

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

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

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

Official Statement. The Town of Southington has prepared a preliminary Official Statement for the Bond issue which is dated January 9, 2014. The Town deems such preliminary Official Statement final as of its date for purposes of SEC Rule 15c2-12(b)(1), but it is subject to revision or amendment. The Town will make available to the winning purchaser 100 copies of the Official Statement as prepared by the Town at the Town's expense. The

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

Continuing Disclosure Agreement. The Town will enter into a Continuing Disclosure Agreement with respect to the Bonds, substantially in the form attached as Appendix C-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 material events with respect to the Bonds, and (iii) timely notice of a failure by the Town to provide the required annual financial information on or before the date specified in the Continuing Disclosure Agreement for Bonds. The winning bidder's obligation to purchase the Bonds shall be conditioned upon its receiving, at or prior to the delivery of the Bonds, an executed copy of the Continuing Disclosure Agreement for Bonds.

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

Reoffering Prices. **IT SHALL BE THE RESPONSIBILITY OF THE PURCHASER TO FURNISH TO THE TOWN IN WRITING BEFORE THE DELIVERY OF THE BONDS THE REOFFERING PRICES AT WHICH A SUBSTANTIAL PORTION OF EACH MATURITY OF THE BONDS WERE SOLD.** The successful bidder may specify that the Bonds as "not reoffered" if the successful bidder certifies that it purchased the specified Bonds for its own account (or the account of a related party) without any present intention of reoffering such Bonds to any other investor.

Delivery Date and Payment. It is expected that the closing on the Bonds will occur on or about January 28, 2014 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 C. Portelinha, Director of Finance, Town of Southington, Town Hall, 75 Main Street, Southington, Connecticut 06489 (telephone: (860) 276-6222).

GARRISON C. BRUMBACK,
Town Manager

EMILIA C. PORTELINHA,
Director of Finance

JOYCE WILLIAMS,
Treasurer

January 9, 2014

PROPOSAL FOR BONDS

January 16, 2014

Ms. Emilia C. Portelinha
 Director of Finance
 Town of Southington
 Town Office Building
 75 Main Street
 Southington, Connecticut 06489

Subject to the provisions and in accordance with the terms of the annexed Notice of Sale dated January 9, 2014 which is hereby made a part of this proposal, we hereby offer to purchase all of the aggregate principal amount of \$5,870,000 General Obligation Bonds, Issue of 2014, Lot B, of the Town of Southington described in said Notice of Sale, and to pay therefor the price of par plus a premium of \$_____ plus interest accrued on said Bonds to the date of their delivery, provided that the Bonds maturing in the several years set forth below shall bear interest from their date until maturity at the respective rates per annum stated in the following table:

<u>Year of Maturity</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Year of Maturity</u>	<u>Amount</u>	<u>Interest Rate</u>
2015	\$295,000	____%	2025	\$295,000	____%
2016	\$295,000	____%	2026	\$295,000	____%
2017	\$295,000	____%	2027	\$295,000	____%
2018	\$295,000	____%	2028	\$295,000	____%
2019	\$295,000	____%	2029	\$290,000	____%
2020	\$295,000	____%	2030	\$290,000	____%
2021	\$295,000	____%	2031	\$290,000	____%
2022	\$295,000	____%	2032	\$290,000	____%
2023	\$295,000	____%	2033	\$290,000	____%
2024	\$295,000	____%	2034	\$290,000	____%

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

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

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

Percent of True Interest Cost _____%
 (four decimals)
 Gross Interest \$ _____
 Accrued Interest from January 28, 2014 to January 28, 2014 \$ _____
 Premium \$ _____

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NOTICE OF SALE
\$20,000,000
Town of Southington, Connecticut
Bond Anticipation Notes
(BOOK-ENTRY)

SEALED PROPOSALS and ELECTRONIC BIDS via PARITY® will be received by the Town of Southington, Connecticut at Town Office Building, Southington, Connecticut until **11:00 A.M. (Eastern Standard Time) on THURSDAY,**

JANUARY 16, 2014

for the purchase of \$20,000,000 Bond Anticipation Notes of the Town of Southington, dated January 28, 2014, maturing on January 27, 2015 (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 \$1,000 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. For the purpose of the bidding process, the time as maintained on PARITY® shall constitute the official time. For information purposes only, bidders are requested to state in their bids the net interest rate to the Town, as described under "Basis of Award" below, represented by the rate or rates of interest and the bid price specified in their respective bids.

Sealed Proposals Bidding Procedure. All sealed proposals for the purchase of the Notes shall be submitted on forms furnished by the Town and submitted at the time and place indicated above. All proposals must be enclosed in sealed envelopes marked on the outside, in substance, "Proposal for Southington Notes." All proposals should be addressed to Ms. Emilia C. Portelinha, Director of Finance, Town of Southington, Town Office Building, 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 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 Bonds in accordance with the provisions of this Notice of Sale.

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

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

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, but in the case of corporations a portion of such interest may be included in alternative minimum taxable income for purposes of computing any Federal alternative minimum tax; and (3) that, under existing statutes, interest on the 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.

Official Statement. The Town of Southington has prepared a preliminary Official Statement for the Note issue which is dated January 9, 2014. 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 financial advisor, Phoenix Advisors, LLC, Milford, Connecticut, by the delivery of the Notes or by the seventh business day after the day bids on the Notes are received if earlier. The purchaser shall arrange with the financial advisor the method of delivery of the copies of the Official Statement to the purchaser. Additional copies of the Official Statement may be obtained by the purchaser at its own expense by arrangement with the printer.

Continuing Disclosure Agreement. The Town will enter into a Continuing Disclosure Agreement with respect to the Notes, substantially in the form attached as AppendixC-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 material events with respect to the Notes. The winning bidder's obligation to purchase the Notes shall be conditioned upon its receiving, at or prior to the delivery of the Notes, an executed copy of the Continuing Disclosure Agreement for Notes.

CUSIP Numbers. The deposit of the Notes with DTC under a book-entry system requires the assignment of CUSIP numbers prior to delivery. It shall be the responsibility of the purchaser to apply for CUSIP numbers for the Notes prior to delivery. Neither the failure to print such CUSIP number on any note, nor any error with respect thereto, shall constitute cause for a failure or refusal by the purchaser thereof to accept delivery of and pay for the Notes. All

expenses in relation to the printing of CUSIP numbers on the Notes shall be paid for by the Town; provided, however, that the Town assumes no responsibility for any CUSIP Service Bureau charge or other charge that may be imposed for the assignment of such numbers, which charges shall be the responsibility of and shall be paid for by the purchaser.

Reoffering Prices. IT SHALL BE THE RESPONSIBILITY OF THE PURCHASER TO FURNISH TO THE TOWN IN WRITING BEFORE THE DELIVERY OF THE NOTES THE REOFFERING PRICES AT WHICH A SUBSTANTIAL PORTION OF THE NOTES WERE SOLD. The successful bidder may specify that the Note as “not reoffered” if the successful bidder certifies that it purchased the specified Note for its own account (or the account of a related party) without any present intention of reoffering such Note to any other investor.

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 January 28, 2014.

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, Suite 1, Milford, Connecticut 06460 (telephone: (203) 878-4945) or from Ms. Emilia C. Portelinha, Director of Finance, Town of Southington, Town Hall, 75 Main Street, Southington, Connecticut 06489 (telephone: (860) 276-6222).

GARRISON C. BRUMBACK,
Town Manager

EMILIA C. PORTELINHA,
Director of Finance

JOYCE WILLIAMS,
Treasurer

January 9, 2014

PROPOSAL FOR NOTES

January 16, 2014

Ms. Emilia C. Portelinha
Director of Finance
Town of Southington
75 Main Street
Southington, Connecticut 06489

Subject to the provisions and in accordance with the terms of the annexed Notice of Sale dated January 9, 2014 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, (not to exceed false months interest on the principal amount bid for), 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 \$20,000,000 Bond Anticipation Notes of the Town of Southington, dated January 28, 2014, maturing January 27, 2015, 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: _____

The following is our computation of the net interest cost, made as provided in the above mentioned Notice of Sale, but not constituting any part of the foregoing proposal:

Gross Interest	\$	_____	
Less Premium	\$	_____	
Net Interest Cost	\$	_____	
Percent Net Interest Cost		_____	%
		(four decimals)	