

**TOWN OF SOUTHLINGTON,
CONNECTICUT**



**COMPREHENSIVE
ANNUAL FINANCIAL REPORT**

FISCAL YEAR ENDED JUNE 30, 2020

Comprehensive Annual Financial Report

of the

Town of Southington Connecticut

Fiscal Year Ended June 30, 2020

Prepared by:
Department of Finance
Emilia C. Portelinha
Director of Finance

TOWN OF SOUTHTON, CONNECTICUT
COMPREHENSIVE ANNUAL FINANCIAL REPORT
TABLE OF CONTENTS
JUNE 30, 2020

Introductory Section		Page
	Principal Officials	i
	General Government Organizational Chart	ii
	GFOA Certificate of Achievement	iii
	Letter of Transmittal	iv-x
Financial Section		
	Independent Auditors' Report	1-3
	Management's Discussion and Analysis	4-16
Basic Financial Statements		
Exhibit	Government-Wide Financial Statements:	
I	Statement of Net Position	17
II	Statement of Activities	18
	Fund Financial Statements:	
	Governmental Funds	
III	Balance Sheet	19-20
IV	Statement of Revenues, Expenditures and Changes in Fund Balances	21-22
	Proprietary Funds:	
V	Statement of Net Position	23
VI	Statement of Revenues, Expenses and Changes in Net Position	24
VII	Statement of Cash Flows	25
	Fiduciary Funds:	
VIII	Statement of Fiduciary Net Position	26
	Notes to the Financial Statements	27-64
Required Supplementary Information		
	General Fund:	
RSI-1	Schedule of Revenues and Other Financing Sources - Budget and Actual	65-66
RSI-2	Schedule of Expenditures and Other Financing Uses - Budget and Actual	67-77
	Pension Plans:	
RSI-3	Schedule of the Town's Proportionate Share of the Net Pension Liability - Municipal Employees Retirement System	78
RSI-4	Schedule of Employer Contributions - Municipal Employees Retirement System	79-80
RSI-5	Schedule of the Town's Proportionate Share of the Net Pension Liability - Teachers Retirement Plan	81
	OPEB Plans:	
RSI-6	Schedule of Changes in Total OPEB Liability and Related Ratios	82
RSI-7	Schedule of the Town's Proportionate Share of the Net OPEB Liability - Teachers Retirement Plan	83

Exhibit		Page
	Supplemental, Combining and Individual Fund Statements and Schedules	
A-1	General Fund: Report of Tax Collector	84
B-1	Nonmajor Governmental Funds: Combining Balance Sheet	85-88
B-2	Combining Statement of Revenues, Expenditures and Changes in Fund Balances	89-92
C-1	Fiduciary Fund: Agency Funds Combining Statement of Changes in Assets and Liabilities	93

Statistical Section

Table		
	Financial Trends:	
1	Net Position by Component	94
2	Changes in Net Position	95
3	Fund Balances, Governmental Funds	96
4	Changes in Fund Balances, Governmental Funds	97
	Revenue Capacity:	
5	Assessed Value and Estimated Actual Value of Taxable Property	98
6	Principal Property Taxpayers	99
7	Property Tax Levies and Collections	100
	Debt Capacity:	
8	Ratios of Outstanding Debt by Type	101
9	Schedule of Debt Limitation	102
10	Legal Debt Margin Information	103
	Demographic and Economic Statistics:	
11	Demographic and Economic Statistics	104
12	Principal Employers	105
	Operating Information:	
13	Full-Time Equivalent Town Government Employees by Function/Program	106
14	Operating Indicators by Function/Program	107
15	Capital Asset Statistics by Function/Program	108



Introductory Section

TOWN OF SOUTHTON, CONNECTICUT

PRINCIPAL OFFICIALS

JUNE 30, 2020

Town Council

Victoria Triano, Chairwoman
Tom Lombardi, Vice Chairman
Paul Chaplinsky, Jr
Michael DelSanto
Valerie A. DePaolo

William Dziedzic
Jim Morelli
Christopher J. Palmieri
Christopher J. Poulos

Town Manager

Mark J. Sciota

Administration

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

Teresa Babon
John Smigel
Louis Perillo
Keith Hayden
Annette Turnquist
Emilia Portelinha
Richard Butler
Kristi Sadowski
Robert Phillips
John Daly
David Lapreay
Kathy Larkin
Joyce Williams
Peter Stallings
Christina Simms
Robert Verderame

Board of Finance

John J. Leary, Chairperson
Joseph K. Labieniec, Vice Chairperson
Edward S. Pocock Jr., Secretary

Kevin R. Beaudoin
Tony Morrison
Susan Zoni

Board of Education

Terri C. Carmody, Chairperson
Joseph Baczewski, Vice Chairperson
Colleen W. Clark, Secretary
Robert S. Brown
James J. Chrzanowski

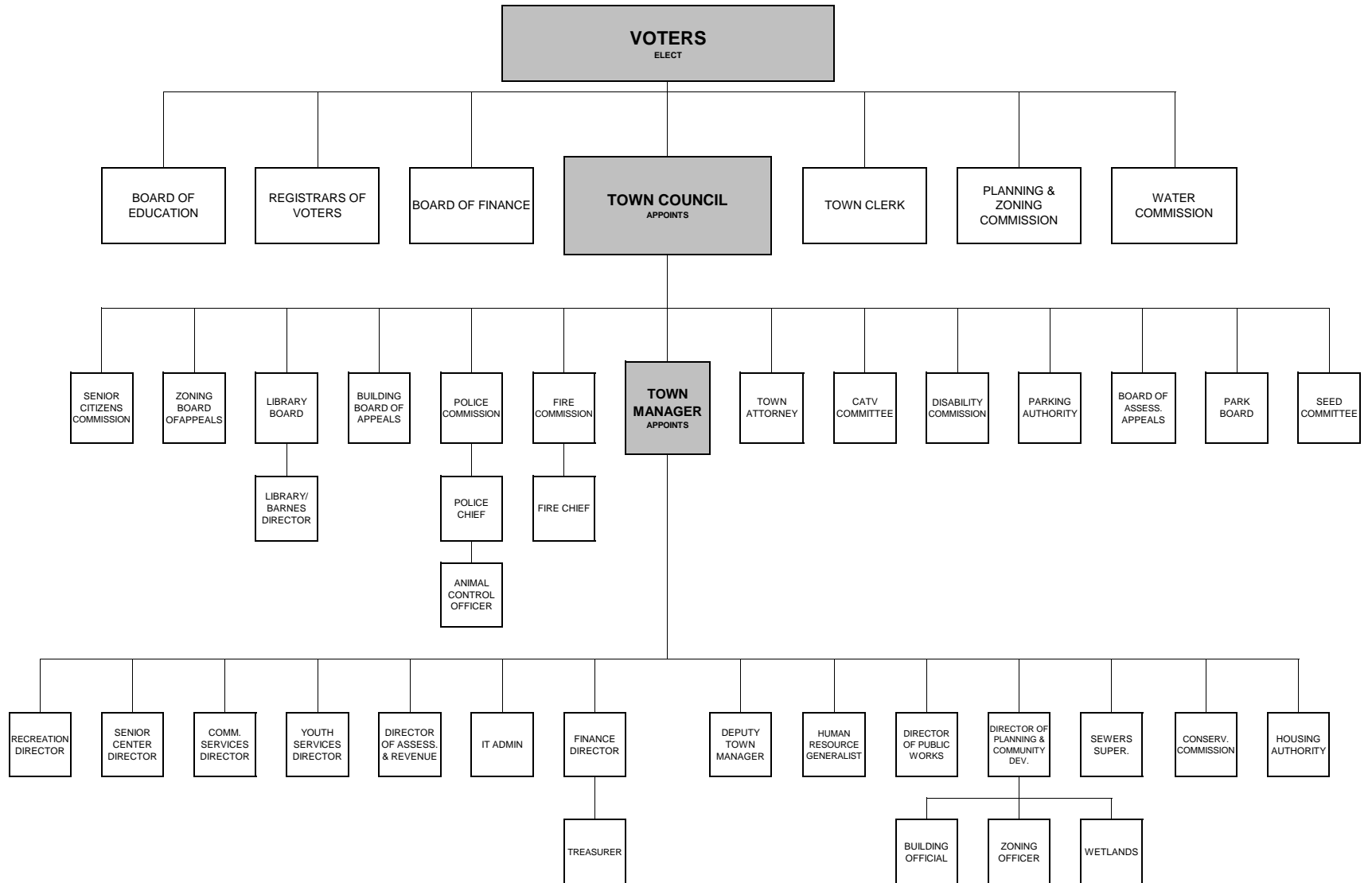
Missy Cipriano
David J. Derynoski
David M. Falvo
Zaya G. Oshana, Jr.

Superintendent of Schools

Timothy F. Connellan

TOWN OF SOUTHLINGTON

GENERAL GOVERNMENT ORGANIZATIONAL CHART





Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Town of Southington
Connecticut**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2019

Christopher P. Morill

Executive Director/CEO



Town of Southington

Finance Department

75 Main Street, Southington, Connecticut 06489

Emilia C. Portelinha, Director of Finance
Christina Sivigny-Smith, Assistant Director of Finance
Joyce Williams, Town Treasurer

Telephone (860) 276-6222
Facsimile (860) 276-6252

December 28, 2020

To the Honorable Members of the Town Council, Members of the Board of Finance
and Citizens of the Town of Southington:

State law requires that all general-purpose local governments publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America (GAAP) and audited in accordance with auditing standards generally accepted in the United States of America by a firm of licensed certified public accountants. Pursuant to the requirement, issued herein is the comprehensive annual financial report of the Town of Southington for the fiscal year ended June 30, 2020.

This report consists of management's representation concerning the financial statements of the Town of Southington. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the Town of Southington has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft or misuse and to compile sufficient reliable information for the preparation of the Town of Southington's financial statements in conformity with GAAP. Given that the cost of internal controls should not outweigh their benefits, the Town of Southington's comprehensive framework of internal controls has been designed to provide reasonable, rather than absolute, assurance that the financial statements will be free from material misstatement. Management asserts that, to the best of its knowledge and belief, this financial report is complete and reliable in all material respects.

The Town of Southington's financial statements have been audited by Blum, Shapiro & Company, P.C., a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Town of Southington for the fiscal year ended June 30, 2020 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the Town of Southington's financial statements for the fiscal year ended June 30, 2020 are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the Town of Southington was part of a broader federal and state mandated "Single Audit" designed to meet the special needs of federal and state grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the Town's internal controls and compliance with legal requirements for the federal and state grant awards. These reports are available in the Town of Southington's separately issued Federal Single Audit and State Single Audit report.

GAAP requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The Town of Southington's MD&A can be found immediately following the report of the independent auditors.

PROFILE OF THE GOVERNMENT

Description of the Municipality

The Town of Southington was originally settled in 1698 and incorporated in 1779. It has a land area of approximately 36.9 square miles and a population of 43,834 located in Hartford County. Found in the geographical center of the State, Southington lies approximately 20 miles west of Hartford, the state capital, and 9 miles east of Waterbury. Other bordering cities include Meriden, New Britain and Bristol. Some of Connecticut's major highways provide access to the Town. Interstate 84 bisects Southington and Route 691 leads directly to Interstate 91. Route 10 also runs through it.

Form of Government

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

The Town of Southington provides a full range of services, as described below:

Municipal Services

Police: The Southington Police Department has a sworn staff of 69 including a Chief, Deputy Chief, three Lieutenants, five Master Sergeants, nine Sergeants, seven Detectives, and forty-three Patrol Officers. The department provides 24 hour service to the community, consisting of Patrol, Detective and Crime Prevention Services. Other specialized divisions include: Traffic Division, K-9 officer, Emergency Response Team, Motorcycle Patrol, Support Services Division, Training Division, and the Bicycle Patrol.

Fire: Fire protection is provided by Southington's 34 career and 55 volunteer firefighters. The department, headed by the chief, consists of a central headquarters and 3 additional companies. The department's responsibilities, other than firefighting, include fire marshal inspections and responding to various emergencies.

Health: The Southington Health Department and Plainville Health Department combined to form the Plainville-Southington Health District. The District services Plainville, Southington and Middlefield is staffed with a full-time Director of Health, an emergency response coordinator, four professional sanitarians and an Administrative Assistant. 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 are spending a significant amount of time training for and coordinating the response to the COVID 19 pandemic.

Senior Services: Calendar House is the Town of Southington's Senior Center and is staffed by an Executive Director, Program Coordinator, secretary, clerk typist and eleven bus drivers (2 full-time and 9 part-time). The Center's purpose is to serve as a resource center, providing a broad range of services and activities which meet the diverse social, physical, and intellectual needs of older adults. The Calendar House offers recreational and social services to seniors and disabled individuals. The Town completed a new \$9.4 million-dollar Senior Center Facility Building in 2018.

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

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

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

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

Engineering: The Engineering Department designs or reviews all projects requiring engineering services. The Department is headed by the Director of Public Works/Town Engineer and staffed by 2 Assistant Town Engineers, an Engineer Inspector, two Engineering Aides, a Survey Crew Chief and an Administrative Assistant.

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

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

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

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

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

Solid Waste and Recycling: Homeowners hire private contractors, who are licensed by the Town Engineer, to collect residential waste and recycling materials. The Town is participating with thirteen other cities and towns in a contract with Covanta Bristol, Inc. which was signed on December 21, 2012 and is for a period of twenty years. The Town pays a fee of \$67.01 per ton for fiscal year 2021 for the acceptable solid waste which is sent to the Covanta plant in Bristol, Connecticut.

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, 2020 was 6,298. The rated capacity of the system facilities is 8,070.

COVID-19

The outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus, has quickly spread worldwide causing a major pandemic. On March 10, 2020 Governor Lamont declared a state of emergency through the State of Connecticut as a result of the COVID-19 outbreak. The Town of Southington followed the State's lead, and closed all Town Departments with only Public Safety and limited staff performing essential services reporting to work. From mid-March through the end of May, only essential meetings were held. These meetings were noticed on the website and newspapers, held remotely via webex or telephone, and the public was provided with access to listen to or view the meeting, and participate during public comment sessions. Most of the Town offices opened to the public on June 1st with protective measures in place such as requiring social distancing (6 feet) and masks be worn by all. The Library and Senior Center are opened later with limited capacities.

During this public health emergency, the Governor has issued several Executive Orders which supersede existing statutes, municipal charters, ordinances and other laws. Executive Order 7S established a tax deferment program and a low interest rate program collectively known as Tax Assistance Programs to support eligible taxpayers who have been affected by the COVID-19 pandemic. The Town Council voted to elect to implement the Deferment Program, which provide a 90-day deferment to pay taxes and municipal assessments and utilities.

Fortunately, the pandemic did not have a material adverse financial impact on the Town for fiscal year 2020. By March 2020 we had already received 90% of our revenue.

For fiscal year 2021, the Town budgeted receiving 14% of our revenue from the State per available information at the time of our budget adoption. Participation in the Tax Deferment Program resulted in extending the due date for property taxes to October 1st, resulting in a slower collection of tax revenue. At this time, we are uncertain whether there will be material changes to this year's State grants and Tax Revenue.

ECONOMY AND FACTORS AFFECTING FINANCIAL CONDITION

The information presented in the financial statements is perhaps best understood when it is considered from the perspective of the specific environment within which the Town of Southington operates.

Local Economy: Despite the State of Connecticut's lag in economic growth, the Town of Southington has enjoyed a stable economic environment with moderate growth. The Town of Southington's October 1, 2018 Net Taxable Grand list of \$4.069 billion is an increase of \$59.574 million or 1.49% over the previous year.

The Town's growth remained strong throughout most of the 2019-2020 fiscal year. We are very pleased to report that significant growth emerged within existing companies in addition to the attraction of new businesses prior to the Covid-19 pandemic. The growth was broad based initially. The pandemic has caused contraction in many businesses and had adversely impacted the hospitality, amusement, travel, restaurant and business services sectors. The Town facilitated the closing of a portion of Center Street to accommodate outdoor dining in the street to benefit the restaurants within that area.

The Town's three main retail corridors continue to perform well with limited vacancy. Additionally, Plantsville and Southington downtown areas are experiencing near full occupancy with several new restaurants and service businesses. A new 64-unit apartment complex is under construction on Eden Ave as changes occur within that area. Factory Square continues to attract entertainment venues joining WitchDoctor Brewing. These businesses include Escapism, Rosie's Royal Chocolates, Gamecraft Arcade and Bar, and Perkatory Coffee Roasters.

Juniper Lighting completed a \$2 million investment in its purchase and renovation of a beautiful mill-style building for its manufacturing facility to create and produce high-end lighting fixtures. The company relocated from Brooklyn New York adding 28 new jobs to the downtown area. In Plantsville, renovations and redevelopment of 57 West Main Street created new space attracting the Lion's Den Coffee Shop.

The Town continues to pursue the potential remediation of the former Beaton & Corbin Manufacturing Company site located at 318 North Main Street. The Town went out to bid in early summer and anticipates an award in July with demolition to commence in August. Additionally, the Economic Development Department continues to attempt to foster beneficial reuse of the former Lincoln College site and the former Ideal Forging property known as Greenway Commons. Additionally, the Town is embarking on a new marketing initiative to promote local businesses.

A brief summary of activities and projects include:

Fiscal Year 2019-2020

- Tops Market re-opening
- Long Horn Steakhouse
- Polish Kitchen
- Hidden Valley batting cages removed and additional outdoor dining provided
- Perkatory Coffee Roasters
- Rosie's Royal Chocolates
- New Dunkin Donut on Meriden-Waterbury Road
- New Wendy's on Meriden-Waterbury Road
- Sav-Mor addition on Captain Lewis
- Conexc/Carrier Construction on Birch St
- AHCO Affordable Conveyor – 2 new buildings
- Titanium expanded
- Scruples Hair Salon
- Cava expanded
- Marketing RFP
- Established Southington Long-Term Recovery Group
- Plan B restaurant on Queen Street
- Go Happy Gas Station
- Juniper Lighting - 20,000 sf of manufacturing space located at 157 Water Street
- AES Remedial Contracting - 4,800 sf addition to its 10,000 sf facility

The Town will continue to be proactive with our approach to attract new business looking to create new opportunities as well as retain and strengthen our existing businesses

Relevant Financial Policies

The Town has adopted the following key financial policies:

Budgetary Control. Expenditures may not legally exceed budgeted appropriations at the object level. Management cannot amend the budget. Supplemental appropriations and transfers within the same department must be approved by the Board of Finance and, if \$500 or over, the Town Council. Transfers between departments may be made only in the last three months of the fiscal year. Monthly revenue and expenditure actual vs. budget reports are reviewed with the Board of Finance.

Fund Balance Policy. The Town shall strive to maintain during the year, and specifically at fiscal year-end, a level of general fund unassigned fund balance, also known as accumulated surplus or the “rainy day” fund of 10% of actual year-end general fund revenues. The 10% shall be known as the Town’s “floor.” As of June 30, 2020, the Town has a 14.1% Unassigned Fund Balance a decrease of 2.0% from last year’s 16.1%. This is due to the assignment of \$4.5 million in excess reserve to cash fund one-time capital projects.

Utilization of Fund Balance Policy. The Town had set a goal to reduce and eventually eliminate any use of general fund balance to balance the budget, therefore eliminating “Designated for Subsequent Year’s Expenditures” within the Fund Balance section on the audited general fund balance sheet. This goal was accomplished for the first time in at least ten years when the Board of Finance and Town Council decided not to utilize any fund balance to balance the fiscal year 2012-2013 budget. They have continued this practice through the current fiscal year 2020-2021 budget. The Board of Finance and Town Council, however, did decide to use Fund Balance for one-time use.

In the fiscal year 2020-2021 budget, the Board of Finance and the Town Council decided to use \$4.49 million dollars of Unassigned Fund Balance to cash fund five Capital Projects in year 1 of the Town’s CIP, including \$2.9 million to cash fund the purchase of the John Weichsel Municipal Center.

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

- a. Total Direct Indebtedness shall not exceed 3% of full market valuation (equalized grand list). As of June 30, 2020, total direct indebtedness is 1.49%.
- b. Total Direct Service shall be below 9.5% of general fund expenditures. As of June 30, 2020, total debt service as a percentage of general fund expenditures is 7.14%.
- c. All general obligation debt shall be structured to retire at least 25% in five years and 70% within 10 years. With the general obligation new bond issue of April 2018, the Town structured the debt so that 41.72% of total debt would be retired in 5 years and 72.52% would be retired in 10 years.

Contingency Planning Policy. The Town shall require sufficient contingency fund levels to avoid the use of undesignated fund balance. Contingency shall not exceed 1.125% of previous fiscal year budgeted expenditures. The Town approved the contingency account for fiscal year 2020-2021 Budget at \$1.1 million for salary increases, and other contingency appropriations.

Investment Policy. The Town invests its idle cash and seeks to maintain safety, liquidity, and optimum yields on its investments. Under existing State statutes, allowable investments include certificates of deposit, money market and other short term liquid accounts, repurchase agreements, U.S. Government securities, and investment pools which possess the aforementioned investment instruments. The Town’s funds were primarily invested in municipal money market accounts, certificates of deposit and investment pools containing U.S. Government securities during the fiscal year ended June 30, 2020. The low and high earnings rate on investments was 0.20% and 3.37%, respectively. Investment income for the General Fund generated \$1.87 million which represents approximately .46 mills.

The Board of Finance will review the Town’s fiscal policies on an annual basis and make recommendations to the Town Council.

Long-Term Financial Planning

The Town views infrastructure maintenance and improvements as vital to future economic growth and financial planning. By assessing needs and developing a capital improvement plan to spread the improvements over a period of years, the tax mill rate effect can be lessened.

The Town Manager annually prepares a Five Year Capital Improvement Plan (CIP), which is reviewed by the Planning and Zoning Commission, the Board of Finance and the Town Council in conjunction with the operational budget. The approved fiscal year 2020-21 Five Year CIP includes various road, bridge, and sewer projects as well as major equipment purchases totaling \$62.0 million for the five-year period beginning with fiscal year 2020-21 and ending with fiscal year 2024-25.

Included in the Five Year CIP is a recommended Annual Capital Expenditure Budget for the current fiscal year. The 2020-2021 Annual Capital Expenditure Budget approved by the Town Council, and citizen referendum when required, totaled \$17.9 million and included twenty-two projects.

AWARD

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of Southington for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2019. This was the twenty-ninth consecutive year that the Town has received this prestigious award. In order to be awarded a Certificate of Achievement, the Town published an easily readable and efficiently organized CAFR. This report satisfied both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement for Excellence is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

ACKNOWLEDGEMENTS

The preparation of this report could not have been accomplished without the daily efforts of the entire staff of the Department of Finance. The preparation of the CAFR requires a major effort, and I would like to express my appreciation to Christina Sivigny-Smith and Joyce Williams who assisted and contributed to the preparation of this report. I would also like to thank the Town Council, the Board of Finance, and the Town Manager for their interest and support in planning and conducting the financial operations of the Town in a responsible and progressive manner. Finally, the professional assistance and guidance provided by our independent auditors, Blum, Shapiro & Company, P.C., was most appreciated.

Respectfully submitted,

A handwritten signature in dark ink, reading "Emilia Portelinha". The signature is fluid and cursive, with the first name "Emilia" and last name "Portelinha" clearly distinguishable.

Emilia C. Portelinha
Director of Finance



Financial Section

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, 2020, and the related notes to the financial statements, which collectively comprise the Town of Southington, Connecticut's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Southington, Connecticut, as of June 30, 2020 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, the budgetary comparison information and the pension and OPEB schedules, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 28, 2020 on our consideration of the Town of Southington, Connecticut's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Southington, Connecticut's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Southington, Connecticut's internal control over financial reporting and compliance.

Blum, Shapiro & Company, P.C.

West Hartford, Connecticut
December 28, 2020

**TOWN OF SOUTHTON, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2020**

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, 2020. 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 \$212.1 million. Total net position for governmental activities at fiscal year-end were \$124.3 million and total net position for business-type activities were \$87.8 million.
- On a government-wide basis, during the year, the Town's net position increased by \$6.7 million or 3.3% from \$205.4 million to \$212.1 million. Net position for the governmental activities decreased by \$19.4 million for governmental activities and increased by \$26.1 million for business-type activities, mostly due to the transfer of the Water Pollution Control Facility capital costs from the Capital Fund to the Sewer Fund.
- Another factor in the governmental activities net position decrease, was the increase in deferred inflows/outflows of resources, related to the increase in the Town's proportionate share of the MERS Pension liabilities.
- During the year, Governmental activities expenses were \$195.4 million and transfers out were \$28.0 million, while revenues were \$204.0 million.
- At the close of the year, the Town's governmental funds reported, on a current financial resource basis, combined ending fund balances of \$15.3 million, a decrease of \$19.5 million from the prior fiscal year (Exhibit IV). This change is due to the deficit balance in the Capital Fund of (\$24.0) million, as a result of funding the Water Pollution Control Facility Construction costs with Clean Water Interim Loan Obligations of \$26.0 million through the end of the fiscal year.
- At the end of the current fiscal year, the total fund balance for the General Fund alone was \$32.2 million, an increase of \$3.7 million from the prior fiscal year. Of the total fund balance, \$23.9 million represents unassigned fund balance. The unassigned General Fund balance at year-end represents 14.1% of total General Fund revenues (\$168.8 million), a decrease of 2.0% from last year. This is due to the \$4.5 million fund balance assigned to fund one time capital expenditures for fiscal year 2021.
- The tax collection rate was 98.97% of the current levy, slightly lower than last year's rate of 99.01%.

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 28 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund and the Capital Projects Fund which are considered to be major funds. Data from the other 26 governmental funds are combined into a single, aggregated presentation as other non-major governmental funds.

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

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

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

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

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

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

Notes to the Financial Statements

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

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

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position and an important determinant of its ability to finance services in the future. The Town's total assets exceeded liabilities by \$212.1 million on June 30, 2020. Governmental activities assets exceeded liabilities by \$124.3 million.

Business-type activities assets exceeded liabilities by \$87.8 million.

TABLE 1
NET POSITION
In Thousands

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Current and other assets	\$ 73,386	\$ 69,113	\$ 10,444	\$ 10,149	\$ 83,830	\$ 79,262
Capital assets, net of accumulated depreciation	285,259	284,194	78,374	52,711	363,633	336,905
Total assets	<u>358,645</u>	<u>353,307</u>	<u>88,818</u>	<u>62,860</u>	<u>447,463</u>	<u>416,167</u>
Deferred outflows of resources	<u>39,914</u>	<u>36,991</u>	<u>683</u>	<u>843</u>	<u>40,597</u>	<u>37,834</u>
Long-term debt outstanding	221,234	222,144	1,236	1,272	222,470	223,416
Other liabilities	42,607	20,924	297	666	42,904	21,590
Total liabilities	<u>263,841</u>	<u>243,068</u>	<u>1,533</u>	<u>1,938</u>	<u>265,374</u>	<u>245,006</u>
Deferred inflows of resources	<u>10,437</u>	<u>3,521</u>	<u>137</u>	<u>44</u>	<u>10,574</u>	<u>3,565</u>
Net Position:						
Net Investment in capital assets	159,281	168,142	78,374	52,711	237,655	220,853
Restricted	662	625			662	625
Unrestricted	<u>(35,662)</u>	<u>(25,058)</u>	<u>9,457</u>	<u>9,010</u>	<u>(26,205)</u>	<u>(16,048)</u>
Total Net Position	<u>\$ 124,281</u>	<u>\$ 143,709</u>	<u>\$ 87,831</u>	<u>\$ 61,721</u>	<u>\$ 212,112</u>	<u>\$ 205,430</u>

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

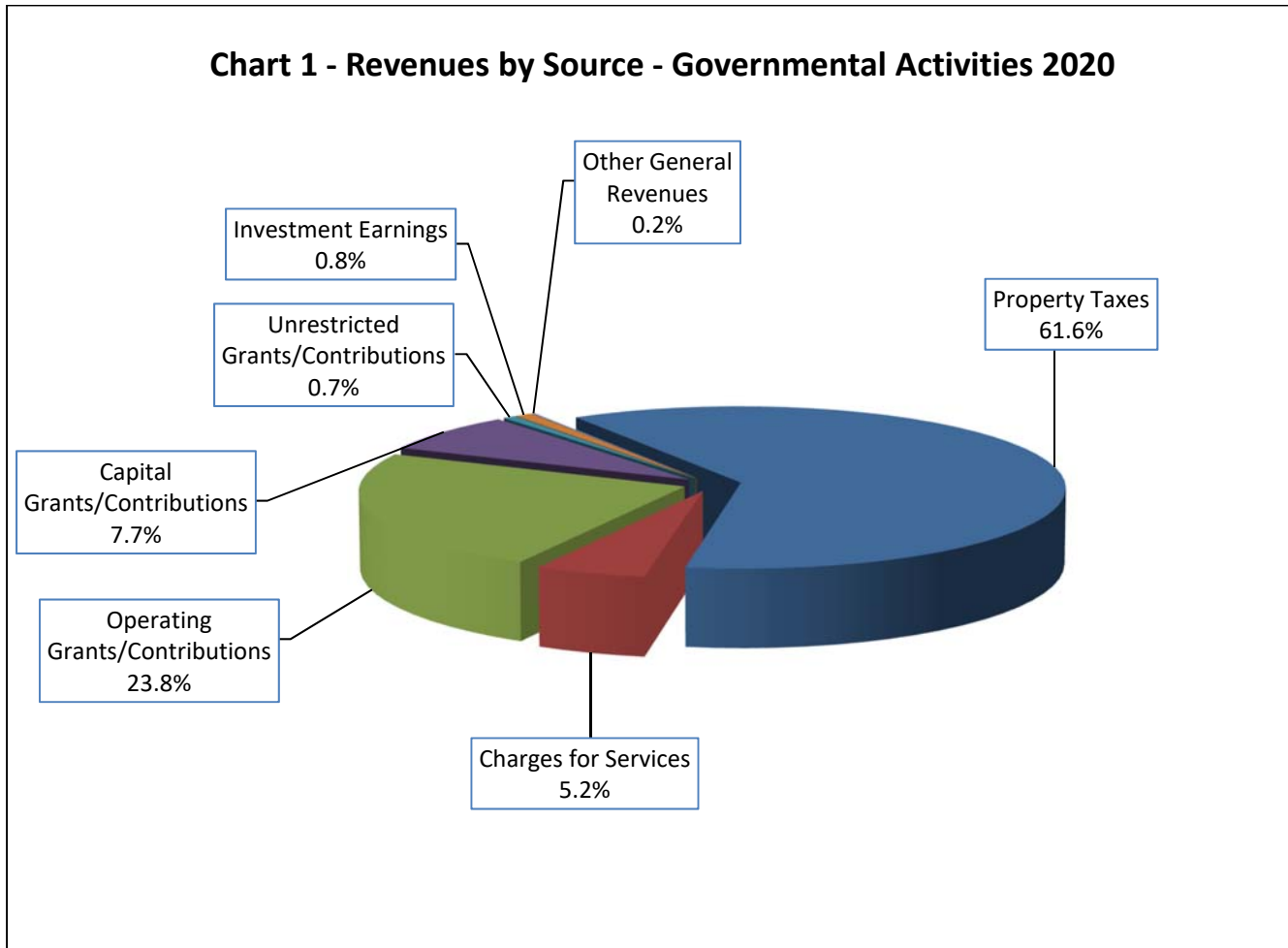
TABLE 2
CHANGES IN NET POSITION
In Thousands

	Governmental Activities		Business-Type Activities		Totals	
	2020	2019	2020	2019	2020	2019
Revenues:						
Program revenues:						
Charges for services	\$ 10,607	\$ 10,272	\$ 5,950	\$ 5,706	\$ 16,557	\$ 15,978
Operating grants and contributions	48,489	33,663			48,489	33,663
Capital grants and contributions	15,725	3,210			15,725	3,210
General revenues:						
Property taxes	125,542	123,664			125,542	123,664
Grants and contributions not restricted to specific purposes	1,388	1,074			1,388	1,074
Unrestricted investment earnings	1,890	1,903			1,890	1,903
Other general revenue	316				316	-
Total revenues	<u>203,957</u>	<u>173,786</u>	<u>5,950</u>	<u>5,706</u>	<u>209,907</u>	<u>179,492</u>
Program expenses:						
General government	8,608	5,324			8,608	5,324
Public safety	29,175	35,113			29,175	35,113
Public works	14,265	10,912			14,265	10,912
Health and welfare	807	782			807	782
Human services	2,411	1,738			2,411	1,738
Parks and recreation	1,134	1,110			1,134	1,110
Public library	2,080	495			2,080	495
Planning and development	1,492	2,949			1,492	2,949
Education	133,098	116,831			133,098	116,831
Interest on long-term debt	2,361	3,144			2,361	3,144
Sewer			7,794	6,187	7,794	6,187
Total program expenses	<u>195,431</u>	<u>178,398</u>	<u>7,794</u>	<u>6,187</u>	<u>203,225</u>	<u>184,585</u>
Excess before transfers	8,526	(4,612)	(1,844)	(481)	6,682	(5,093)
Transfers	<u>(27,954)</u>	<u>(5,738)</u>	<u>27,954</u>	<u>5,738</u>	<u>-</u>	<u>-</u>
Increase in Net Position	(19,428)	(10,350)	26,110	5,257	6,682	(5,093)
Net Position - Beginning of Year	143,709	154,059	61,721	55,575	205,430	209,634
Restatement				889		889
Net Position - End of Year	<u>\$ 124,281</u>	<u>\$ 143,709</u>	<u>\$ 87,831</u>	<u>\$ 61,721</u>	<u>\$ 212,112</u>	<u>\$ 205,430</u>

The Town's net position increased by \$6.7 million during the fiscal year, with net position of governmental activities decreasing \$19.4 million and business-type activities increasing by \$26.1 million. The total cost of all programs and services was \$203.2 million. Our analysis below separately considers the operations of governmental and business-type activities.

Governmental Activities

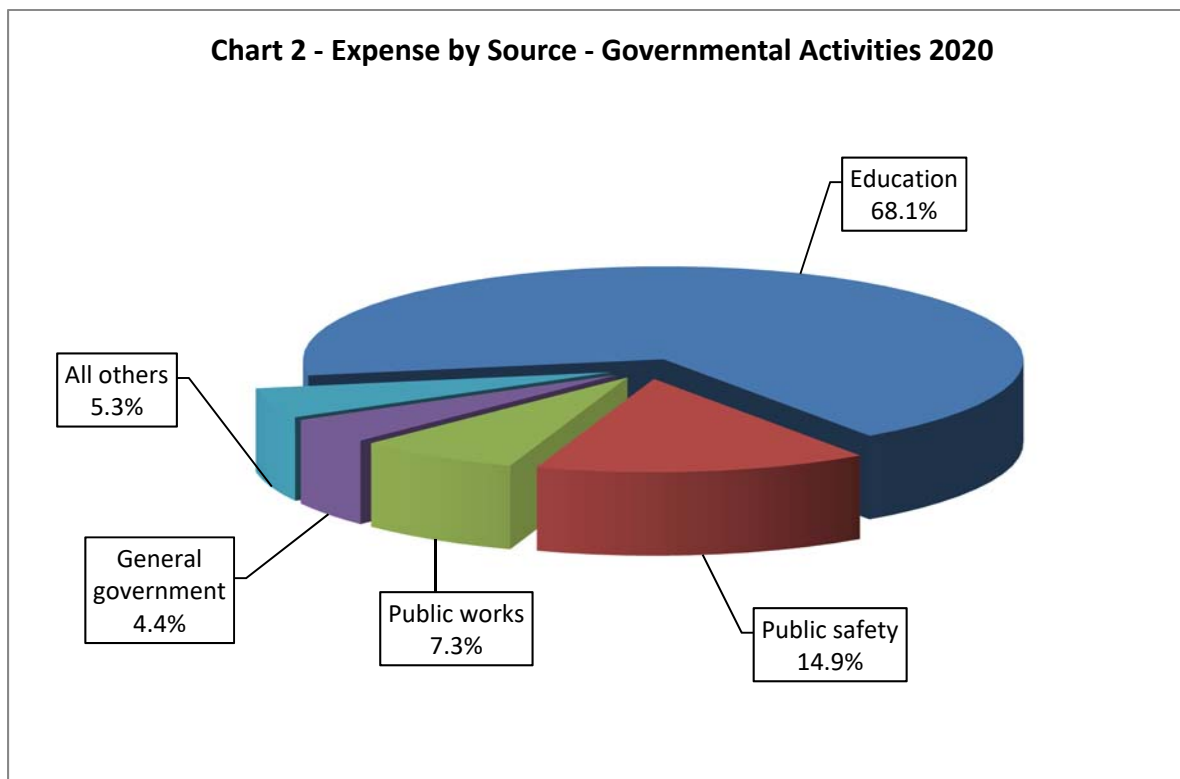
Approximately 61.6% of the revenues were derived from property taxes, followed by 23.8% from operating grants and contributions, 7.7% from capital grants and contributions, 5.2% from charges for services, 0.8% from investment earnings, 0.7% from unrestricted grants and contributions, and 0.2% from miscellaneous revenue.



Major revenue factors include:

- Property tax revenue increased by \$1.9 million or 1.5% over last year. The increase is attributable to a 1.49% increase in the grand list (\$59.6 million), and an increase in tax collections.
- Operating Grants and contributions increased by \$14.8 million or 44.0% from \$33.7 million to \$48.5 million. A major factor is the \$7.8 million increase in the State of Connecticut's on behalf payments to the Connecticut State Teacher's Pension and OPEB Retirement System.
- Capital Grants and Contributions increased by \$12.5 million or 389.9% from \$3.2 million in fiscal year 2019 to \$15.7 million in fiscal year 2020. Most of the increase is due to the receipt of \$8.1 million in State of Connecticut Clean Water Fund Grant for the Water Pollution Control Facility.

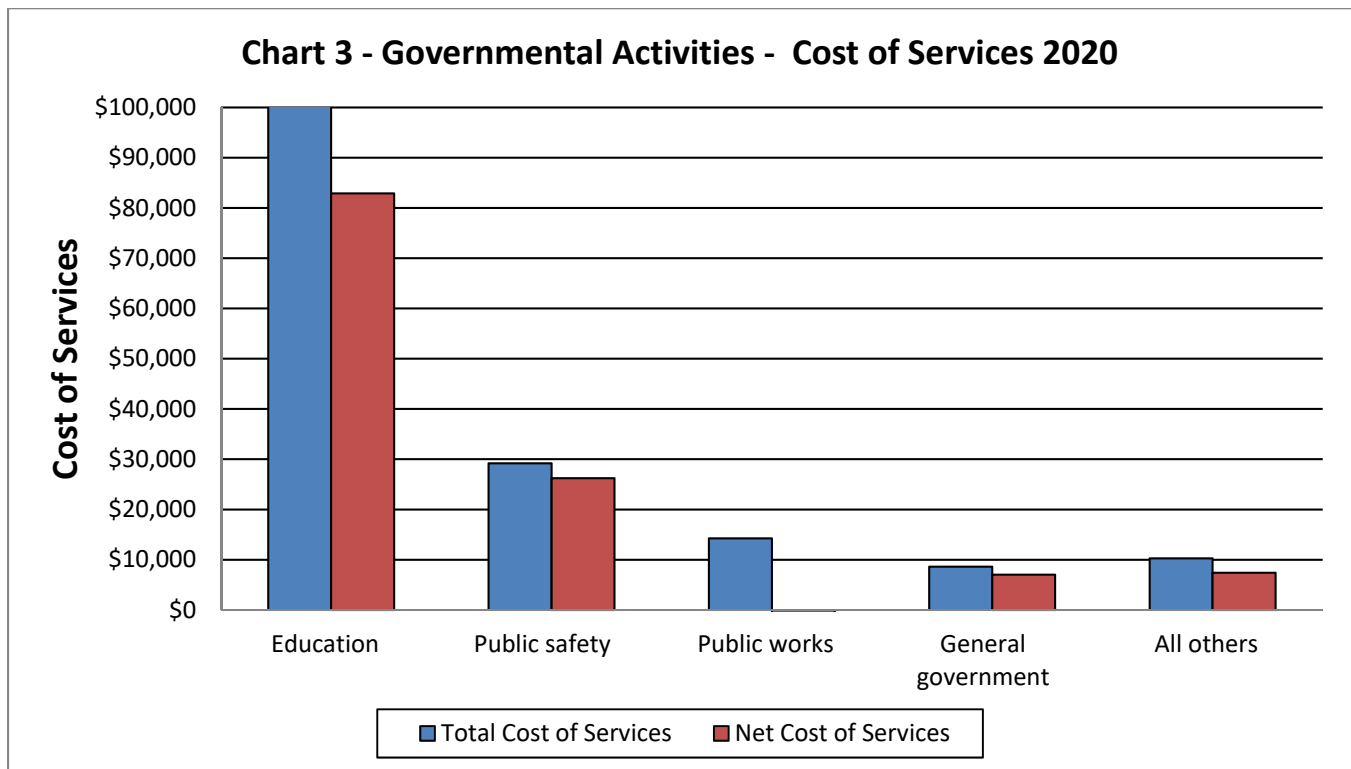
For governmental activities, 68.1% of the Town's expenses related to education. Public safety accounted for 14.9%, public works accounted for 7.3% and general government accounted for 4.4% of expenses. The remaining 5.3% related to health and welfare, human services, parks and recreation, public library, planning and development and interest on long-term debt.



Major expense factors include:

- The cost of education services increased \$16.3 million or 13.9% due to higher operating costs, benefit costs, special education and State of Connecticut Teacher Retirement & OPEB contributions. The State of Connecticut's on-behalf payments are reflected in the total cost of service, but also reduce the net cost of service.
- Public Safety costs decreased by \$5.9 million or 16.9% mostly because of the recognition of \$18.9 million in increased MERS net pension liability in the prior fiscal year.
- Public Works increased \$3.4 million or 30.7%, mostly due to functionalizing capital outlay, and reclassification of un-depreciable assets.

	Total Cost of Services		Net Cost of Services	
	2020	2019	2020	2019
Education	\$ 133,098	\$ 116,831	\$ (82,899)	\$ (81,570)
Public safety	29,175	35,113	(26,217)	(32,697)
Public works	14,265	10,912	2,929	(5,201)
General government	8,608	5,324	(7,009)	(3,731)
All others	10,285	10,218	(7,414)	(8,054)
Totals	\$ 195,431	\$ 178,398	\$ (120,610)	\$ (131,253)



Business-Type Activities

Business-type activities (see Table 2) increased the Town's net position by \$26.1 million primarily due to the \$28.0 million in capital assets paid for and transferred from the Governmental Activities in fiscal year 2020, which is reflected on Table 2 as a Capital transfer to the Business - Type Activities.

Financial Analysis of the Town's Funds

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

Governmental Funds

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

As of June 30, 2020, the Town's governmental funds reported combined ending fund balances of \$15.3 million, a decrease of \$19.5 million from last year's fund balance of \$34.7 million. This is due to the \$24.0 million deficit in the Capital Fund.

General Fund

The General Fund is the primary operating fund of the Town. As of June 30, 2020, unassigned fund balance decreased by \$1.5 million to \$23.9 million in the General Fund, while total fund balance increased \$3.7 million to \$32.2 million.

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

- Property tax revenues exceeded budget estimates by approximately \$751 thousand. The surplus is as a result of increased collection rate due to successful efforts of the Town to collect on delinquent taxes.
- Town departments and the Board of Education had aggregate cost savings creating the \$5.8 million expenditure under budget. Of this amount, \$2.0 million was appropriated to a 2020 BOE non-lapsing account and \$1.8 was assigned to fiscal year 2021 for purchases on order.

Capital Projects

The Capital Projects Fund is used to account for financial resources to be used for the acquisition or construction of major capital projects. The major sources of revenues for this fund are capital grants and the proceeds from the issuance of general obligation bonds. As of June 30, 2020, the fund balance in the Capital Projects Fund decreased by \$23.0 million to a deficit of (\$24.0) million. During the fiscal year \$37.2 million was expended for asset acquisition and improvements, mostly for Water Pollution Control Facility Improvements, bridge and road improvements, and various other projects. The Town received intergovernmental grants of \$11.2 million and transferred \$3.8 million in from the General Fund to fund these projects. On September 2020, the Town converted \$22.0 million in interim loan obligations under the State of Connecticut's Clean Water program to permanent loan obligations for the WPCF Improvements. Additionally, the Town will be issuing GO Bonds in January 2021.

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 \$87.8 million. Unrestricted net position was \$9.5 million, an increase of \$ 0.5 million. The Sewer Fund experienced a gain of \$26.1 million mostly due to the \$28.0 million of capital assets contributed from the Capital Fund.

Net position of the Health Insurance Fund was \$8.4 million. The Internal Service Fund's unrestricted net position increased by \$2.7 million, from \$5.7 million. The Town's total claims and fees came in substantially under budget for the months of April, May and June with a total \$2.4 million under budget through the end of the fiscal year. The increase in fund balance for fiscal year 2020 should be viewed as a delay of expenditures due to the COVID-19 pandemic, rather an actual reduction in expenditures.

General Fund Budgetary Highlights

The Town's adopted General Fund budget for 2019 - 2020 was \$153.0 million (\$151.9 million for expenditures plus \$1.1 million for contingency). In addition to the \$219 thousand which was appropriated from the Contingency Accounts, the Town appropriated \$2.14 million to the expenditure budget with corresponding revenue budget increases, and appropriated \$1.25 million of fiscal year 2019 purchases on order, for a total amended budget of \$156.4 million.

The following lists the key changes to the budget during the year:

- \$1.25 million was appropriated for the amount of Fund Balance Assigned for Purchases on order at the end of fiscal year 2019.
- \$884 thousand was appropriated to the Board of Education Operations for preschool and special education outside tuitions and rent revenues received.
- \$150 thousand was appropriated for PPE, plexiglass, and other costs due to the COVID-19 pandemic.
- Savings from various departments were combined to cash fund \$943 thousand of future capital costs on the FY 2020-2021 CIP Plan:
 - \$275 thousand to add a turning lane on Spring Street.
 - \$250 thousand to repair and replace sidewalks
 - \$308 thousand for the Board of Education to replace the SHS auditorium sound system, remove fuel tanks at the Pyne Center & Derynoski Elementary, and for paving at SHS.
 - \$110 thousand for the deposit on a Public Safety radio system, and a Town Hall renovation.

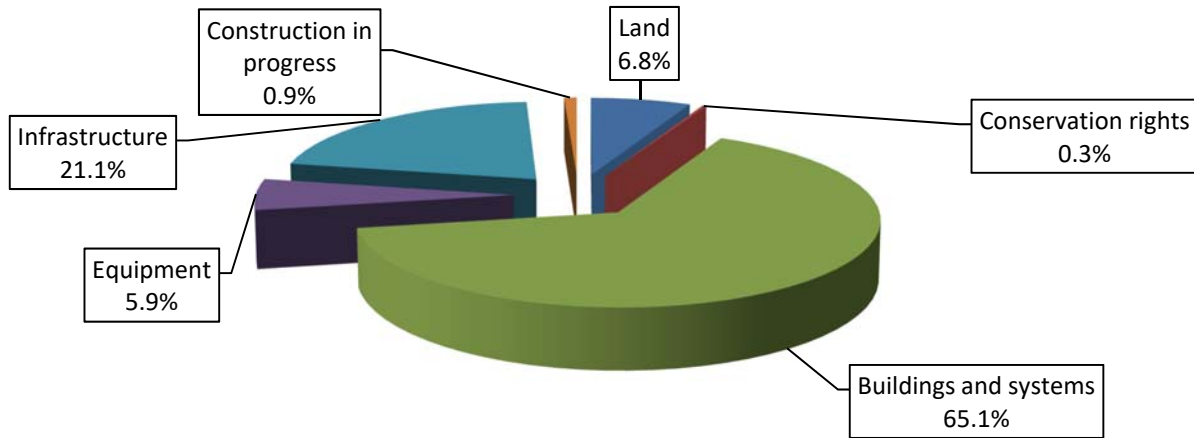
Capital Assets and Debt Administration

Capital Assets. The Town's investment in capital assets for its governmental and business-type activities as of June 30, 2020 totaled to \$363.6 million, net of accumulated depreciation. This investment in capital assets includes land, conservation rights, buildings and systems, equipment, infrastructure and Construction in progress. This amount represents a net increase (including additions and deductions) of \$26.7 million or a 7.9% increase from last year.

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

	Governmental Activities		Business-Type Activities		Totals	
	2020	2019	2020	2019	2020	2019
Land	\$ 24.8	\$ 24.5	\$ 0.0	\$	\$ 24.8	\$ 24.5
Conservation rights	1.0	1.0			1.0	1.0
Buildings and systems	159.1	163.0	77.6	51.9	236.7	214.9
Equipment	20.6	18.5	0.7	0.7	21.3	19.2
Infrastructure	76.7	74.0			76.7	74.0
Construction in progress	3.1	3.3			3.1	3.3
Totals	\$ 285.3	\$ 284.3	\$ 78.3	\$ 52.6	\$ 363.6	\$ 336.9

Chart 4 - Capital Assets - June 30, 2020



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

Governmental Activities:

- Infrastructure Improvements of various Road Rehabilitation and Reconstruction Projects of \$4.3 million.
- Completion of a portion of the Southington High School Roof Replacement for \$1.8 million
- Construction in progress of a Sutphen Custom Fire Truck for \$695,000 and a Spartan ER Tanker for \$457,000.

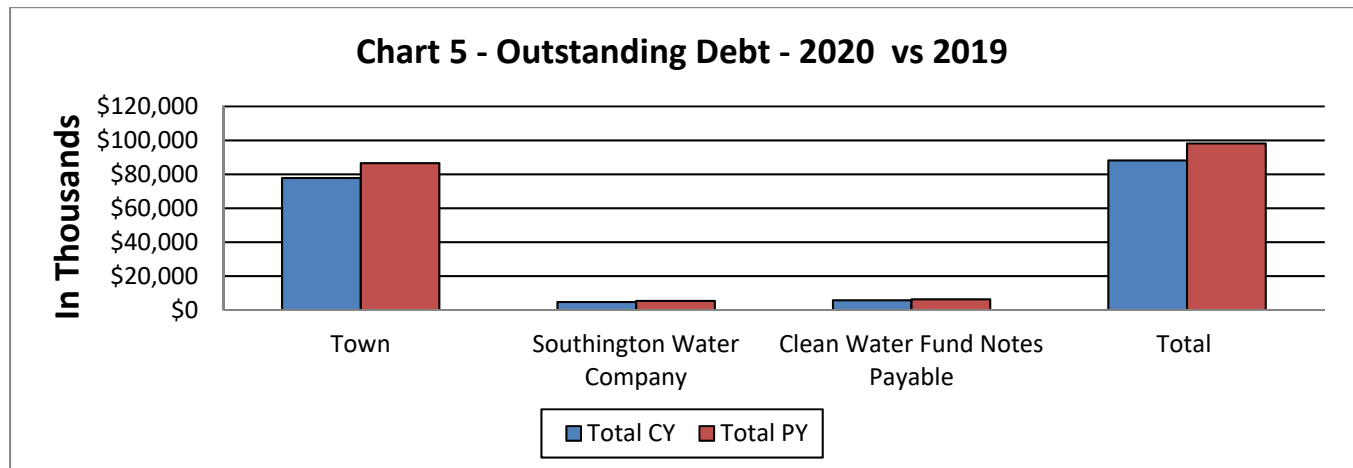
Business-Type Activities:

- Water Pollution Control Facility Improvements of \$28.0 million

The Town's fiscal year 2020 - 2021 Capital Budget includes \$17.9 million for the following capital projects: Town wide Road & Bridge Improvements (\$10.0 million), Purchase of the JW Municipal Center (\$2.9 million), Town wide Roof Replacement, Park Improvements, Plantsville Pump Station, Highway/Parks Heavy Trucks and Equipment, Vehicle Replacements and Road and Sidewalk Projects.

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

Long-Term Debt. At the end of the current fiscal year, the Town had total outstanding long-term debt of \$88.2 million, of which total Town bonded debt outstanding was \$77.8 million. All the bonded debt is backed by the full faith and credit of the Town government.



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

	Governmental Activities		Business-Type Activities		Totals	
	2020	2019	2020	2019	2020	2019
General obligation bonds:						
Town	\$ 77,770	\$ 86,565	\$ -	\$ -	\$ 77,770	\$ 86,565
Southington Water Company	4,705	5,335			4,705	5,335
Clean Water Fund Notes Payable	5,684	6,252			5,684	6,252
Total	\$ 88,159	\$ 98,152	\$ -	\$ -	\$ 88,159	\$ 98,152

The Town of Southington's total debt outstanding decreased by \$10.0 million or 10.2% during the 2019-2020 fiscal year due to scheduled paydowns. The Town did not issue new debt this fiscal year, but did roll-over \$3.975 million in Bond Anticipation Notes.

In April 2019, Standard and Poor's Rating Agency reaffirmed Southington's rating at AA+/Stable Outlook. Within the report, S&P referenced the Towns "Strong management...with good financial policies and practices", "Strong budgetary flexibility", "Very strong economy" and "Very strong liquidity" among the factors influencing the Town's high credit rating. The "AA+" rating is only one notch away from the highest bond rating (AAA) awarded by S&P.

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

The overall statutory limit for the Town is equal to 7 times annual receipts from taxation, or \$865.9 million. As of June 30, 2020, the Town recorded long-term debt of \$149.4 million, well below the statutory debt limits.

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

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

Economic Factors and Next Year's Budgets and Rates

The Town's unemployment rate at June 30, 2020 jumped to 8.4%, due to the COVID-19 pandemic shutdowns in March thru June. Despite this drastic increase, the Town's unemployment rate still compares favorably to 10.1% for the State of Connecticut and the 11.1% national rate. Gradually over the Summer and Fall, the Town's unemployment rate decreased to 5.8% for November 2020. As the cases of COVID-19 increase in the winter, the unemployment rate is anticipated to increase as well.

As previously stated, the General Fund total fund balance increased from \$28.5 million at June 30, 2019 to \$32.2 million at June 30, 2020. Of this \$32.2 million General Fund balance, \$34 thousand was non-spendable due to form (inventory accounts), \$3.8 million was assigned for purchases on order, and \$4.5 million was assigned for subsequent year's appropriations, leaving an unassigned fund balance of \$23.9 million in the General Fund at June 30, 2020. The Town feels that the \$23.9 million in the unassigned fund balance places the Town in a strong position to withstand unexpected events. Although all the Municipalities in the State, including the Town of Southington, are facing major uncertainties due the COVID-19 pandemic and the State's massive deficit projections, the Town's Finances and financial plans remain stable.

Elected and appointed officials considered these factors, among others, when setting the fiscal year 2020-2021 General Fund budget and tax rates.

The Town adopted a General Fund budget of \$158.2 million for fiscal year 2020-2021 compared to an adopted budget of \$153.0 million for fiscal year 2019-2020. This budget is \$5.3 million or 3.44% higher than the 2019-2020 budget. The Town is using \$4.5 million of excess fund balance to cash fund the purchase of the JW Municipal Center and \$1.6 million for parks improvements, vehicles and equipment and Town wide roof replacements. After backing out these onetime capital purchases, the Town budget is increasing \$883 thousand or 1.68% and the Education Budget is increasing \$1.7 million or 1.77%. Since the 2019 grand list increased by \$88.8 million or 2.18%, the Town was able to slightly decrease the mill rate to 30.63 mills.

Costs of the Town's business-type activities, accounted for in the Sewer Operating Fund, are expected to remain at \$5.6 million for fiscal year 2020-2021. After the sewer rate changes of July 2014, the fund is generating sufficient revenue to cover the expenditures of the fund, so the sewer fixed rates remained unchanged.

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

Town residents approved the \$57.1 million Bond Ordinance for Water Pollution Control Facility Upgrade at referendum on November 2016. The construction is well underway, and is projected to be completed for the middle of 2021.

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, 75 Main Street, Southington, Connecticut 06489 or visit Southington's website at www.Southington.org.



Basic Financial Statements

TOWN OF SOUTHTON, CONNECTICUT
STATEMENT OF NET POSITION
JUNE 30, 2020
(In Thousands)

	Governmental Activities	Business-Type Activities	Total
Assets:			
Cash and cash equivalents	\$ 40,882	\$ 7,814	\$ 48,696
Investments	14,294		14,294
Receivables, net	13,423	2,630	16,053
Inventory	77		77
Other assets	4,710		4,710
Capital assets:			
Assets not being depreciated	28,839	39	28,878
Assets being depreciated, net	256,420	78,335	334,755
Total assets	<u>358,645</u>	<u>88,818</u>	<u>447,463</u>
Deferred Outflows of Resources:			
Deferred charge on refunding	1,161		1,161
Deferred outflows related to pension	26,268	683	26,951
Deferred outflows related to OPEB	12,485		12,485
Total deferred outflows of resources	<u>39,914</u>	<u>683</u>	<u>40,597</u>
Liabilities:			
Accounts and other payables	9,933	175	10,108
Other current liabilities	1,399	122	1,521
Bond anticipation notes	3,975		3,975
Loan payable	26,022		26,022
Unearned revenue	1,278		1,278
Noncurrent liabilities:			
Due within one year	12,767		12,767
Due in more than one year	208,467	1,236	209,703
Total liabilities	<u>263,841</u>	<u>1,533</u>	<u>265,374</u>
Deferred Inflows of Resources:			
Advance tax collections	1		1
Deferred inflows related to pension	4,564	137	4,701
Deferred inflows related to OPEB	5,872		5,872
Total deferred inflows of resources	<u>10,437</u>	<u>137</u>	<u>10,574</u>
Net Position:			
Net investment in capital assets	159,281	78,374	237,655
Restricted for:			
Scholarships	514		514
Trust purposes:			
Expendable	139		139
Nonexpendable	9		9
Unrestricted	<u>(35,662)</u>	<u>9,457</u>	<u>(26,205)</u>
Total Net Position	\$ <u>124,281</u>	\$ <u>87,831</u>	\$ <u>212,112</u>

The accompanying notes are an integral part of the financial statements

TOWN OF SOUTHTON, CONNECTICUT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020
(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	\$ 8,608	\$ 1,552	\$ 44	\$ 3	\$ (7,009)	\$	\$ (7,009)
Public safety	29,175	2,747	211		(26,217)		(26,217)
Public works	14,265	2,556		14,638	2,929		2,929
Health and welfare	807		496		(311)		(311)
Human services	2,411	11	996		(1,404)		(1,404)
Parks and recreation	1,134	284	41		(809)		(809)
Public library	2,080	11	10		(2,059)		(2,059)
Planning and development	1,492	1,022			(470)		(470)
Education	133,098	2,424	46,691	1,084	(82,899)		(82,899)
Interest on long-term debt	2,361				(2,361)		(2,361)
Total governmental activities	195,431	10,607	48,489	15,725	(120,610)	-	(120,610)
Business-type activities:							
Sewer	7,794	5,950		-		(1,844)	(1,844)
Total	\$ 203,225	\$ 16,557	\$ 48,489	\$ 15,725	(120,610)	(1,844)	(122,454)
General revenues:							
Property taxes					125,542		125,542
Grants and contributions not restricted to specific programs					1,388		1,388
Unrestricted investment earnings					1,890		1,890
Miscellaneous revenue					316		316
Transfers					(27,954)	27,954	-
Total general revenues and transfers					101,182	27,954	129,136
Change in net position					(19,428)	26,110	6,682
Net Position at Beginning of Year					143,709	61,721	205,430
Net Position at End of Year					\$ 124,281	\$ 87,831	\$ 212,112

The accompanying notes are an integral part of the financial statements

TOWN OF SOUTHTON, CONNECTICUT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2020
(In Thousands)

	<u>General</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ 22,358	\$ 1,096	\$ 7,785	\$ 31,239
Investments	14,286		8	14,294
Receivables, net	2,140	8,528	2,189	12,857
Inventories	34		43	77
Total Assets	<u>\$ 38,818</u>	<u>\$ 9,624</u>	<u>\$ 10,025</u>	<u>\$ 58,467</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts and other payables	\$ 4,752	\$ 3,405	\$ 913	\$ 9,070
Bond anticipation notes payable		3,975		3,975
Loans payable		26,022		26,022
Unearned revenue	174	195	909	1,278
Total liabilities	<u>4,926</u>	<u>33,597</u>	<u>1,822</u>	<u>40,345</u>
Deferred Inflows of Resources:				
Advance property tax collections	1			1
Unavailable revenue - property taxes	1,722			1,722
Unavailable revenue - special assessments			1,066	1,066
Unavailable revenue - grants			66	66
Total deferred inflows of resources	<u>1,723</u>	<u>-</u>	<u>1,132</u>	<u>2,855</u>
Fund Balances:				
Nonspendable	34		52	86
Restricted			726	726
Committed			6,293	6,293
Assigned	8,279			8,279
Unassigned	23,856	(23,973)		(117)
Total fund balances	<u>32,169</u>	<u>(23,973)</u>	<u>7,071</u>	<u>15,267</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 38,818</u>	<u>\$ 9,624</u>	<u>\$ 10,025</u>	<u>\$ 58,467</u>

(Continued on next page)

TOWN OF SOUTHTON, CONNECTICUT
BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2020
(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	\$ 15,267
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:

Governmental capital assets	\$ 445,091	
Less accumulated depreciation	<u>(159,832)</u>	
Net capital assets		285,259

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

Property tax receivables greater than 60 days	1,722
Interest receivable on property taxes	520
Assessments receivable greater than 60 days	1,066
Interest receivable on assessments	49
Deferred amount in refunding	1,161
Long term receivable	4,705
Other receivables	66
Deferred outflows related to pension	26,268
Deferred outflows related to OPEB	12,485

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.

8,436

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

Deferred inflows related to pension	(4,564)
Deferred inflows related to OPEB	(5,872)
Bonds and notes payable	(88,159)
MERS prior service costs	(8)
Premium on issuance	(3,401)
Interest payable on bonds and notes	(1,053)
Compensated absences	(7,523)
Capital lease	(10,287)
Total OPEB liability	(48,873)
Heart and hypertension	(8,577)
Net pension liability	(54,153)
Landfill closure	<u>(253)</u>

Net Position of Governmental Activities (Exhibit I)	<u>\$ 124,281</u>
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The accompanying notes are an integral part of the financial statements

TOWN OF SOUTHTON, CONNECTICUT
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2020
(In Thousands)

	<u>General</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
Property taxes	\$ 125,707	\$	\$ 23	\$ 125,730
Intergovernmental	36,874	11,235	7,089	55,198
Charges for services	4,110		6,560	10,670
Income on investments	1,869		22	1,891
Other revenues	227		89	316
Total revenues	<u>168,787</u>	<u>11,235</u>	<u>13,783</u>	<u>193,805</u>
Expenditures:				
Current:				
General government	4,225		43	4,268
Public safety	13,699		2,839	16,538
Public works	5,845		2,610	8,455
Health and welfare	684		11	695
Human services	869		1,028	1,897
Parks and recreation	369		413	782
Public library	1,555		25	1,580
Planning and development	1,070			1,070
Miscellaneous	65			65
Employee fringe benefits	9,922			9,922
Education	111,564		7,035	118,599
Debt and sundry	11,181		1,047	12,228
Capital outlay		37,173		37,173
Total expenditures	<u>161,048</u>	<u>37,173</u>	<u>15,051</u>	<u>213,272</u>
Excess (Deficiency) of Revenues over Expenditures	<u>7,739</u>	<u>(25,938)</u>	<u>(1,268)</u>	<u>(19,467)</u>
Other Financing Sources (Uses):				
Transfers in		3,800	1,068	4,868
Transfers out	(4,028)	(840)		(4,868)
Total other financing sources (uses)	<u>(4,028)</u>	<u>2,960</u>	<u>1,068</u>	<u>-</u>
Net Change in Fund Balances	3,711	(22,978)	(200)	(19,467)
Fund Balances at Beginning of Year	<u>28,458</u>	<u>(995)</u>	<u>7,271</u>	<u>34,734</u>
Fund Balances at End of Year	<u>\$ 32,169</u>	<u>\$ (23,973)</u>	<u>\$ 7,071</u>	<u>\$ 15,267</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, 2020
(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)	\$ (19,467)
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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	12,068
Depreciation expense	(10,989)

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. (14)

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

Long term receivable receipts	(630)
Property tax receivable - accrual basis change	(75)
Property tax interest and lien revenue - accrual basis change	(90)
Sewer assessment receivable-accrual basis change	(68)
Sewer assessment interest and lien revenue - accrual basis change	6
Other receivables - accrual basis change	(7)
Changes in deferred outflows related to pension	(7,601)
Changes in deferred outflows related to OPEB	10,568

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

Bond principal payments	9,425
Note principal payments	568
Issuance of capital leases	(103)
Capital lease principal payments	1,191
Accrued interest	195
Amortization of prior service costs	3
Amortization of deferred charge on refunding	(43)
Amortization of bond premiums	353

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	(530)
Net pension liability	(2,478)
Total OPEB liability	(7,723)
Heart and hypertension	195
Landfill post closure care and settlement	9
Changes in deferred inflows related to pension	(2,871)
Changes to deferred inflows related to OPEB	(4,045)

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.

2,725

Change in Net Position of Governmental Activities (Exhibit II)	\$ <u>(19,428)</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, 2020
(In Thousands)

	Business-Type Activities	Governmental Activities
	Sewer	Internal
	Enterprise Fund	Service Fund
Assets:		
Current:		
Cash and cash equivalents	\$ 7,814	\$ 9,643
Accounts and other receivables	2,630	
Total current assets	<u>10,444</u>	<u>9,643</u>
Capital assets, net	78,374	
Total assets	<u>88,818</u>	<u>9,643</u>
Deferred Outflows of Resources:		
Deferred outflows related to pensions	<u>683</u>	
Liabilities:		
Current:		
Accounts and other payables	175	1,207
Other accrued liabilities	122	
Current liabilities	<u>297</u>	<u>1,207</u>
Noncurrent liabilities:		
Net pension liability	1,236	
Total liabilities	<u>1,533</u>	<u>1,207</u>
Deferred Inflows of Resources:		
Deferred inflows related to pension	<u>137</u>	
Net Position:		
Investment in capital assets	78,374	
Unrestricted	<u>9,457</u>	<u>8,436</u>
Total Net Position	<u>\$ 87,831</u>	<u>\$ 8,436</u>

The accompanying notes are an integral part of the financial statements

**TOWN OF SOUTHLINGTON, CONNECTICUT
STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN NET POSITION - PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2020
(In Thousands)**

	Business-Type Activities Sewer Enterprise Fund	Governmental Activities Internal Service Fund
Operating Revenues:		
Fund premiums	\$	\$ 23,802
Charges for services	5,950	
Total operating revenues	<u>5,950</u>	<u>23,802</u>
Operating Expenses:		
Plant	3,868	
Benefits	625	20,637
Depreciation	3,050	
Administration and other	251	440
Total operating expenses	<u>7,794</u>	<u>21,077</u>
Loss before Capital Grants and Contributions	(1,844)	2,725
Capital Grants and Contributions	<u>27,954</u>	
Change in Net Position	26,110	2,725
Net Position at Beginning of Year	<u>61,721</u>	<u>5,711</u>
Net Position at End of Year	<u>\$ 87,831</u>	<u>\$ 8,436</u>

The accompanying notes are an integral part of the financial statements

TOWN OF SOUTHTON, CONNECTICUT
STATEMENT OF CASH FLOWS - PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2020
(In Thousands)

	Business-Type Activities	Governmental Activities
	Sewer	Internal
	Enterprise Fund	Service Fund
Cash Flows from Operating Activities:		
Cash received from customers and granting agencies	\$ 5,811	\$ 23,802
Cash received from premiums - Town departments and agencies		
Cash payments to suppliers for goods and services	(4,296)	
Cash payments to providers of benefits	(625)	(20,951)
Cash payments for service fees		(440)
Net cash provided by (used in) operating activities	<u>890</u>	<u>2,411</u>
Cash Flows from Capital Financing Activities:		
Capital contributions	25	
Acquisition of capital assets	(759)	
Net cash provided by (used in) capital financing activities	<u>(734)</u>	<u>-</u>
Net Increase (Decrease) in Cash and Cash Equivalents	156	2,411
Cash and Cash Equivalents at Beginning of Year	<u>7,658</u>	<u>7,232</u>
Cash and Cash Equivalents at End of Year	<u>\$ 7,814</u>	<u>\$ 9,643</u>
Reconciliation of Operating Income (Loss) to Net Cash		
Provided by (Used in) Operating Activities:		
Operating income (loss)	\$ (1,844)	\$ 2,725
Depreciation	3,050	
Adjustments to reconcile operating income (loss) to net cash		
provided by (used in) operating activities:		
(Increase) decrease in accounts receivable	(139)	
Increase (decrease) in accounts payable and accrued liabilities	(394)	(314)
Change in net pension liability and related deferrals	<u>217</u>	<u>-</u>
Net Cash Provided by (Used in) Operating Activities	<u>\$ 890</u>	<u>\$ 2,411</u>
Noncash Capital Financing Activities:		
Capital assets transferred from governmental funds	<u>\$ 27,954</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, 2020
(In Thousands)

	Agency Funds
	<hr/>
Assets:	
Cash and cash equivalents	\$ 1,649
Investments	<hr/> 132
Total Assets	\$ <hr/> <hr/> 1,781
Liabilities:	
Fiduciary deposits	\$ <hr/> <hr/> 1,781

The accompanying notes are an integral part of the financial statements

TOWN OF SOUTHTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

(In Thousands)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

Related Organizations

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

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

B. Government-Wide and Fund Financial Statements

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

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

TOWN OF SOUTHTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

(In Thousands)

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

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

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

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

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

The Town reports the following major governmental funds:

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

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

The Town reports the following as a major proprietary fund:

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

Additionally, the Town reports the following fund types:

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

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

TOWN OF SOUTHTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

(In Thousands)

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

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

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

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

D. Deposits and Investments

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

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

Investments for the Town are reported at fair value.

E. Receivables and Payables

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

The Town's property tax is levied each July 1 on the assessed value as of the prior October 1 for all real property, motor vehicles and commercial personal property located in the Town. Assessed values are established by the Town Assessment Board at 70% of estimated market value. A revaluation of all real property is required to be completed no less than every ten years. The Town performed a revaluation with full inspections as of October 1, 2015. The Town's next statistical revaluation will be on October 1, 2020. The assessed value for the Grand List of October 1, 2018, upon which the fiscal 2020 levy was based, was \$4.1 billion. A 30.64 mill rate was applied to the Grand List.

TOWN OF SOUTHTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

(In Thousands)

Taxes are due in two equal installments on the July 1 and January 1 following the levy date, although a 30-day grace period is provided. Current tax collections for the years ended June 30, 2020 and 2019, were 98.97% and 99.01%, respectively, of the adjusted tax levy. Uncollected property taxes are recorded as receivables, net of an allowance for estimated uncollectible accounts. Unpaid taxes are lien on or before June 30 following the due date. The revenue relating to property taxes not collected during the fiscal year and within 60 days after the close of the fiscal year is deferred.

F. Inventories and Prepaid Items

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

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

G. Capital Assets

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

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

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

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

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

H. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period or periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town

TOWN OF SOUTHTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

(In Thousands)

reports a deferred charge on refunding and deferred outflows related to pension and OPEB in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. A deferred outflow of resources related to pension and OPEB results from differences between expected and actual experience, changes in assumptions or other inputs. These amounts are deferred and included in pension and OPEB expense in a systematic and rational manner over a period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension plan (active employees and inactive employees).

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

I. Compensated Absences

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

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

J. Net Pension Liability

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

TOWN OF SOUTHTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

(In Thousands)

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

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

L. Long-Term Obligations

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

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

M. Fund Equity and Net Position

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

Net Investment in Capital Assets

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

Restricted Net Position

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

Unrestricted Net Position

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

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.

**TOWN OF SOUTHTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

(In Thousands)

Committed Fund Balance

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

Assigned Fund Balance

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

Unassigned Fund Balance

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

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

N. Accounting Estimates

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

O. Subsequent Events

In preparing these financial statements, management has evaluated subsequent events through December 28, 2020, which represents the date the financial statements were available to be issued.

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

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

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

TOWN OF SOUTHTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

(In Thousands)

Additional Appropriations and Transfers:

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

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

Budgeted amounts are as originally adopted or as amended by the Town Council. During the year, \$3,399 of supplemental budgetary appropriations from the General Fund were made, \$2,144 from revised revenue estimates, and \$1,255 from continued appropriations from the prior year.

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.

TOWN OF SOUTHTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

(In Thousands)

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*, \$43,898 of the Town's bank balance of \$59,367 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 39,408
Uninsured and collateral held by the pledging trust department, not in the Town's name	<u>4,490</u>
Total Amount Subject to Custodial Credit Risk	<u>\$ 43,898</u>

Cash Equivalents

At June 30, 2020, the Town's cash equivalents amounted to \$5,859. The following table provides a summary of the Town's cash equivalents excluding U.S. government guaranteed obligations) as rated by nationally recognized statistical rating organizations. The pools all have maturities of less than one year.

	<u>Standard & Poor's</u>
State Short-Term Investment Fund (STIF)	AAAm

TOWN OF SOUTHTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

(In Thousands)

Investments

As of June 30, 2020, the Town had the following investments:

Investment Type	Credit Rating	Fair Value	Investment Maturities (Years)		
			Less Than 1	1 - 10	More Than 10
Interest-bearing investments:					
Certificates of deposit	*	\$ 14,419	\$ <u>4,492</u>	\$ <u>9,927</u>	\$ <u> </u>
Other investments:					
Common stock	N/A	<u>7</u>			
Total Investments		\$ <u>14,426</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.

The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements); followed by quoted prices in inactive markets or for similar assets or with observable inputs (Level 2 measurements); and the lowest priority to unobservable inputs (Level 3 measurements). The Town has the following recurring fair value measurements as of June 30, 2020:

	June 30, 2020	Fair Value Measurements Using		
		Level 1	Level 2	Level 3
Investments by fair value level:				
Common stock	\$ 7	\$ 7		\$

TOWN OF SOUTHTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

(In Thousands)

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

4. RECEIVABLES

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

	<u>General</u>	<u>Capital Projects</u>	<u>Sewer Enterprise</u>	<u>Nonmajor and Other Funds</u>	<u>Total</u>
Receivables:					
Taxes **	\$ 2,099	\$	\$	\$	\$ 2,099
Accounts *	90			1,107	1,197
Special assessments			2,630	1,073	3,703
Intergovernmental	174	8,528		9	8,711
Gross receivables	<u>2,363</u>	<u>8,528</u>	<u>2,630</u>	<u>2,189</u>	<u>15,710</u>
Less allowance for uncollectibles	<u>223</u>				<u>223</u>
Net Total Receivables	<u>\$ 2,140</u>	<u>\$ 8,528</u>	<u>\$ 2,630</u>	<u>\$ 2,189</u>	<u>\$ 15,487</u>

* Does not include amount due from Southington Water Company for bonds \$4,705

** Does not include accrued interest on property taxes and assessments receivable of \$520 and \$49, respectively.

TOWN OF SOUTHTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

(In Thousands)

5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2020 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 24,539	\$ 219	\$	\$ 24,758
Conservation restrictions and development rights	975			975
Construction in progress	3,266	2,358	2,518	3,106
Total capital assets not being depreciated	<u>28,780</u>	<u>2,577</u>	<u>2,518</u>	<u>28,839</u>
Capital assets being depreciated:				
Buildings	249,061	2,112		251,173
Machinery and equipment	37,433	5,131	333	42,231
Infrastructure	118,082	4,766		122,848
Total capital assets being depreciated	<u>404,576</u>	<u>12,009</u>	<u>333</u>	<u>416,252</u>
Less accumulated depreciation for:				
Buildings	86,102	5,998		92,100
Machinery and equipment	18,983	2,965	319	21,629
Infrastructure	44,077	2,026		46,103
Total accumulated depreciation	<u>149,162</u>	<u>10,989</u>	<u>319</u>	<u>159,832</u>
Total capital assets being depreciated, net	<u>255,414</u>	<u>1,020</u>	<u>14</u>	<u>256,420</u>
Governmental Activities Capital Assets, Net	<u>\$ 284,194</u>	<u>\$ 3,597</u>	<u>\$ 2,532</u>	<u>\$ 285,259</u>
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 39	\$	\$	\$ 39
Capital assets being depreciated:				
Buildings and system	91,437	28,612	9,710	110,339
Machinery and equipment	2,374	101	919	1,556
Total capital assets being depreciated	<u>93,811</u>	<u>28,713</u>	<u>10,629</u>	<u>111,895</u>
Less accumulated depreciation for:				
Buildings and system	39,497	2,943	9,710	32,730
Machinery and equipment	1,642	107	919	830
Total accumulated depreciation	<u>41,139</u>	<u>3,050</u>	<u>10,629</u>	<u>33,560</u>
Total capital assets being depreciated, net	<u>52,672</u>	<u>25,663</u>	<u>-</u>	<u>78,335</u>
Business-Type Activities Capital Assets, Net	<u>\$ 52,711</u>	<u>\$ 25,663</u>	<u>\$ -</u>	<u>\$ 78,374</u>

TOWN OF SOUTHTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

(In Thousands)

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

Governmental activities:		
General government	\$	334
Public safety		1677
Public works		2,219
Human services		245
Planning and development		21
Parks and recreation		205
Library		23
Education		<u>6,265</u>
Total Depreciation Expense - Governmental Activities	\$	<u><u>10,989</u></u>
Business-type activities:		
Sewer Enterprise Fund	\$	<u><u>3,050</u></u>

Construction Commitments

The Town has active construction projects as of June 30, 2020. 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>
Rails to Trails Phase IV	\$ 274	\$ 22
WPCF Improvements	33,042	10,824
West Street & Jude Intersections	407	163
Farmington Heritage Canal Trail	290	361
West Queen Street Bridge	<u>156</u>	<u>61</u>
Total	\$ <u><u>34,169</u></u>	\$ <u><u>11,431</u></u>

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

TOWN OF SOUTHTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

(In Thousands)

6. TRANSFERS

The transfers that occurred during the year are as follows:

	Transfers In		
	Capital Projects Fund	Nonmajor Governmental	Total Transfers Out
Transfers out:			
General Fund	\$ 3,800	\$ 228	\$ 4,028
Capital Projects		840	840
Total Transfers In	<u>\$ 3,800</u>	<u>\$ 1,068</u>	<u>\$ 4,868</u>

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

7. LONG-TERM DEBT

Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2020 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Bonds payable:					
General obligation bonds:					
Town	\$ 86,565	\$	\$ 8,795	\$ 77,770	\$ 7,954
Southington Water Company	5,335		630	4,705	611
Premium on bonds	3,754		353	3,401	
State of Connecticut - serial note	6,252		568	5,684	568
Total bonds and notes payable	<u>101,906</u>	<u>-</u>	<u>10,346</u>	<u>91,560</u>	<u>9,133</u>
Compensated absences	6,993	2,281	1,751	7,523	2,112
Capital leases	11,375	103	1,191	10,287	954
Total OPEB liability	41,150	7,723		48,873	
Net pension liability	51,675	2,478		54,153	
Prior service costs	11		3	8	
Heart and hypertension	8,772		195	8,577	559
Landfill closure and postclosure	262		9	253	9
Total Governmental Activities					
Long-Term Liabilities	<u>\$ 222,144</u>	<u>\$ 12,585</u>	<u>\$ 13,495</u>	<u>\$ 221,234</u>	<u>\$ 12,767</u>
Business-Type Activities:					
Net Pension Liability	<u>\$ 1,272</u>	<u>\$</u>	<u>\$ 36</u>	<u>\$ 1,236</u>	<u>\$</u>

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

TOWN OF SOUTHTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

(In Thousands)

Bonds payable at June 30, 2020 are comprised of the following issues:

	Date of Issue	Original Issue	Interest Rate (%)	Date of Maturity	Principal Outstanding June 30, 2020
General Purpose Bonds:					
Refunding (General Purpose)	2011	\$ 6,042	2.00-5.00	02/01/24	\$ 1,904
Refunding (General Purpose)	2012	3,106	2.00-4.00	11/01/25	1,270
General Purpose	2014	7,705	3.00-4.00	01/15/34	4,270
General Purpose	2015	6,720	2.00-4.00	01/15/35	4,760
Refunding (General Purpose)	2015	2,408	1.00-5.00	09/01/28	1,372
General Purpose	2016	5,200	2.00-4.00	01/15/36	4,080
General Purpose	2018	8,515	2.25-5.00	04/15/38	7,960
Refunding (General Purpose)	2019	348	2.25-5.00	08/01/30	172
					<u>25,788</u>
School Bonds:					
Refunding (Schools)	2011	745	2.00-5.00	02/01/24	237
Refunding (Schools)	2012	1,958	2.00-4.00	11/01/25	951
Schools	2014	15,000	3.00-4.00	01/15/34	11,050
Schools	2015	15,000	2.00-4.00	01/15/35	11,840
Refunding (Schools)	2015	8,036	1.00-5.00	09/01/28	5,796
Schools	2016	12,000	2.00-4.00	01/15/36	10,110
Schools	2018	300	2.25-5.00	04/15/24	240
Refunding (Schools)	2019	4,414	2.25-5.00	08/01/30	3,719
					<u>43,943</u>
Sewer Bonds:					
Refunding (Sewers)	2011	1,958	2.00-5.00	02/01/24	619
Refunding (Sewers)	2012	1,851	2.00-4.00	11/01/25	824
Sewers	2015	5,200	2.00-4.00	01/15/35	4,100
Refunding (Sewers)	2015	1,841	1.00-5.00	09/01/28	1,077
Refunding (Sewers)	2019	1,458	2.25-5.00	08/01/30	1,419
State of Connecticut serial notes payable:					
Clean Water Fund Loan 590-C	2011	11,068	2.00	06/30/30	5,684
					<u>13,723</u>
Water Bonds:					
Water	2014	5,870	3.00-4.00	01/15/34	4,100
Water	2019	605	2.25-5.00	08/01/30	605
					<u>4,705</u>
Total					<u>\$ 88,159</u>

TOWN OF SOUTHLINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

(In Thousands)

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

<u>Due During Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2021	\$ 9,133	\$ 2,844
2022	8,123	2,478
2023	7,623	2,140
2024	7,738	1,831
2025	6,948	1,579
2026-2030	29,507	5,395
2031-2035	17,187	1,852
2036-2038	1,900	93
Total	\$ <u>88,159</u>	\$ <u>18,212</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, 2020, \$4,705 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, 2020. In no case shall total indebtedness exceed seven times annual receipts from taxation. The maximum debt amount permitted under this formula would be approximately \$86.4 million. Bonds authorized but unissued as of June 30, 2020 are \$65,932, which are net of all expected grant revenue.

Compensated Absences

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

The following is a summary of management's estimate of the vested liability for lump-sum payments to employees as of June 30, 2020:

Town	\$ 1,315
Board of Education	<u>6,208</u>
Total	\$ <u>7,523</u>

TOWN OF SOUTHTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

(In Thousands)

Capital Leases

The Board of Education has entered into a several lease agreements as lessee for financing the acquisition of computer equipment and the Town has entered into an equipment lease purchase agreement for energy improvements made to Town and Board of Education buildings. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date. The net undepreciated value of assets purchased by capital lease approximates the principal balance payable of \$10,287 at June 30, 2020. The following is a summary of capital lease commitments as of June 30, 2020:

<u>Year Ending June 30,</u>	<u>Amount</u>
2021	\$ 1,222
2022	1,071
2023	1,074
2024	1,098
2025	1,122
Thereafter	<u>6,193</u>
Subtotal	11,780
Less interest	<u>(1,493)</u>
Principal Balance	<u>\$ 10,287</u>

Bond Anticipation Notes

The Town uses bond anticipation notes during the construction period of various public projects prior to the issuance of bonds at the completion of the project. The Town has issued the following bond anticipation notes during the year ended June 30, 2020:

Outstanding July 1, 2019	\$ 3,975
Repayments	(3,975)
New borrowings	<u>3,975</u>
Outstanding June 30, 2020	<u>\$ 3,975</u>

The bond anticipation notes outstanding on June 30, 2020 mature on January 27, 2021 and bear interest at 2.50%.

Clean Water Fund Loans

The Town is participating in the State of Connecticut's Clean Water program, which provides low-interest loans bearing a 2% interest for eligible wastewater projects. Projects are financed by interim loan obligations until completion, at which time internal loan obligations are replaced by permanent loan obligations. As of June 30, 2020, the Town has received \$26,022 of clean water loans to fund the water pollution control facility project currently underway. The loan is considered short term until the project is completed and a permanent loan is put in place.

TOWN OF SOUTHLINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

(In Thousands)

8. RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks did not exceed commercial insurance coverage during the years ended June 30, 2020, 2019 or 2018. 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, 2020 of \$1,207.

Premium payments are reported as interfund services provided and used 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, 2020 and 2019 is presented below:

<u>Fiscal Year</u>	<u>Accrued Liability Beginning of Fiscal Year</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Accrued Liability Claim Payments</u>	<u>Accrued Liability End of Fiscal Year</u>
2019-20	\$ 1,513	\$ 20,331	\$ 20,637	\$ 1,207
2018-19	1,596	21,519	21,602	1,513

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 2019-20 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, 2020 for the Town and Board of Education was \$1,432. The contribution (premium) is subject to payroll audit at the close of the coverage period. CIRMA's Workers' Compensation Pool retains up to \$1 million per occurrence. Claims over \$1 million are reinsured.

TOWN OF SOUTHTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

(In Thousands)

9. FUND EQUITY

The components of fund balance at June 30, 2020 are as follows:

	<u>General Fund</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Fund balances:				
Nonspendable:				
Inventory	\$ 34	\$	\$ 43	\$ 77
Trust			9	9
Restricted for:				
Grants			125	125
Trust			87	87
Scholarships			514	514
Committed to:				
Debt service			2,698	2,698
Cafeteria operations			359	359
Animal control			41	41
Police services			1,275	1,275
Town services			664	664
Apple Harvest Festival			87	87
Community services			261	261
Drive in Theater			33	33
Turf field			226	226
Museum restoration			103	103
Recreation			139	139
Sewer Assessments			394	394
Barnes Museum			13	13
Capital Projects				-
Assigned to:				
Purchases on order:				
General Government	118			118
Public Safety	75			75
Public Works	37			37
Human Services	3			3
Library	19			19
Planning and Development	178			178
Education	3,130			3,130
Miscellaneous	229			229
Subsequent year's appropriations	4,490			4,490
Unassigned	<u>23,856</u>	<u>(23,973)</u>		<u>(117)</u>
Total Fund Balances	\$ <u>32,169</u>	\$ <u>(23,973)</u>	\$ <u>7,071</u>	\$ <u>15,267</u>

Subsequent year's appropriations are being reported as assigned fund balance in the general fund at \$4,490 and encumbrances for general government, public safety, public works, human services, library, planning and development, education and miscellaneous are being reported as assigned fund balance in the general fund at \$3,789.

**TOWN OF SOUTHTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

(In Thousands)

10. EMPLOYEE RETIREMENT SYSTEMS

Municipal Employees' Retirement System

A. Plan Description

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

B. Benefit Provisions

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

Normal Retirement (Not in Thousands)

For members not covered by social security, retirement benefits are calculated as 2% of the average of the three highest paid years of service times the years of service. For members covered by social security, retirement benefits are calculated as 1½% of the average of the three highest paid years of service not in excess of the year's breakpoint plus 2% of average of the three highest paid years of service in excess of the year's breakpoint, times years of service. The year's breakpoint is defined as \$10,700 increased by 6.0% each year after 1982, rounded to the nearest multiple of \$100. Maximum benefit is 100% of average final compensation and the minimum benefit is \$1,000 annually.

Early Retirement

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

Disability Retirement - Service Connected

This applies to employees who are totally and permanently disabled and such disability has arisen out of and in the course of employment with the municipality. Disability due to heart and hypertension in the case of fire and police, who began employment prior to July 1, 1996, is presumed to have been suffered in the line of duty. Benefits are calculated as a service retirement allowance based on compensation and service to the date of the disability with a minimum benefit (including worker's compensation benefits) of 50% of compensation at the time of disability.

Disability Retirement - Non-Service Connected

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

**TOWN OF SOUTHTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

(In Thousands)

Pre-Retirement Death Benefit

The plan offers a lump-sum return of contributions with interest or if vested and married, the surviving spouse will receive a lifetime benefit.

C. Contributions

Member

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

Employer

Participating employers make annual contributions consisting of a normal cost contribution, a contribution for the amortization of the net unfunded accrued liability and a prior service amortization payment, which covers the liabilities of MERS not met by member contributions. In addition, there is also an annual administrative fee per active and retired member. For the year ended June 30, 2020, the Town made contributions of \$4,888.

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

At June 30, 2020, the Town reports a liability of \$55,389 (\$54,153 for governmental activities in Exhibit I and \$1,236 for the Sewer Fund in Exhibit V) for its proportionate share of the net pension liability. The net pension liability was measured at June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation at June 30, 2019. The actuarial assumptions used in the June 30, 2019 valuation were based on results of an actuarial experience study for the period July 1, 2012 through June 30, 2017. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participants, actuarially determined. At June 30, 2020, the Town's proportion was 5.36%. The decrease in proportion from the prior year was .17%.

TOWN OF SOUTHTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

(In Thousands)

For the year ended June 30, 2020, the Town recognized pension expense of \$15,663 in Exhibit II and \$345 in Exhibit VI. At June 30, 2020, the Town reported deferred outflows of resources related to pension from the following sources:

Governmental Activities

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Town contributions after the measurement date	\$ 3,732	\$
Net difference between projected and actual earning on pension plan investments	5,381	3,911
Differences between expected and actual experience	2,093	
Change in assumptions	13,696	
Change in proportionate share	<u>1,366</u>	<u>653</u>
	\$ <u><u>26,268</u></u>	\$ <u><u>4,564</u></u>

Business-Type Activities

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Town contributions after the measurement date	\$ 150	\$
Net difference between projected and actual earning on pension plan investments	135	111
Differences between expected and actual experience	50	
Change in assumptions	326	
Change in proportionate share	<u>22</u>	<u>26</u>
	\$ <u><u>683</u></u>	\$ <u><u>137</u></u>

TOWN OF SOUTHTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

(In Thousands)

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

Governmental Activities

2021	\$	7,172
2022		4,984
2023		5,849
2024		(33)
	\$	<u>17,972</u>

Business-Type Activities

2021	\$	301
2022		119
2023		139
2024		(13)
	\$	<u>546</u>

D. Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2019, using the following actuarial assumptions, applied to all periods included in the measurement period:

Inflation	2.50%
Salary increase	3.50-10.00%, including inflation
Investment rate of return	7.00%, net of pension plan investment expense, including inflation

Mortality rates were based on:

RP-2014 Combined Mortality Table adjusted to 2006 and projected to 2015 with Scale MP-2017 and projected to 2022 with Scale BB for General Employees.

RP-2014 Blue Collar Mortality Table adjusted to 2006 and projected to 2015 with Scale MP-2017 and projected to 2022 with Scale BB for Police and Fire.

For disabled retirees, the RP-2014 Disabled Mortality Table projected with Scale BB to 2020 was used.

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

TOWN OF SOUTHTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

(In Thousands)

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	20.0%	5.3%
Developed market international	11.0%	5.1%
Emerging market international	9.0%	7.4%
Core fixed income	16.0%	1.6%
Inflation linked bond fund	5.0%	1.3%
Emerging market debt	5.0%	2.9%
High yield bond	6.0%	3.4%
Real estate	10.0%	4.7%
Private equity	10.0%	7.3%
Alternative investments	7.0%	3.2%
Liquidity fund	1.0%	0.9%
Total	100.0%	

E. Discount Rate

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at the actuarially determined contribution rates in the future years. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

TOWN OF SOUTHTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

(In Thousands)

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

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Governmental Activities:			
Town's Proportionate Share of the Net Pension Liability	\$ 33,601	\$ 54,153	\$ 78,704
Sewer Fund:			
Town's Proportionate Share of the Net Pension Liability	\$ 767	\$ 1,236	\$ 1,796

G. Payable to MERS

In addition, the Town has also recorded \$8 as a long-term payable to MERS at June 30, 2020. This amount represents prior service costs calculated when the Town entered the plan.

Connecticut Teachers Retirement System - Pension

A. Plan Description

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

B. Benefit Provisions

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

Normal Retirement

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

Early Retirement

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

TOWN OF SOUTHTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

(In Thousands)

Disability Retirement

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

C. Contributions

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

Employer (School Districts)

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

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

For the year ended June 30, 2020, the amount of "on-behalf" contributions made by the State was \$13,919 and is recognized in the General Fund as intergovernmental revenues and education expenditures.

Employees

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

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

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

At June 30, 2020, the Town reports no amounts for its proportionate share of the net pension liability, and related deferred outflows and inflows, due to the statutory requirement that the State pay 100% of the required contribution. The amount recognized by the Town as its proportionate share of the net pension liability, the related state support, and the total portion of the net pension liability that was associated with the Town were as follows:

Town's proportionate share of the net pension liability	\$	-
State's proportionate share of the net pension liability associated with the Town		<u>183,876</u>
Total	\$	<u><u>183,876</u></u>

The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as June 30, 2018. At June 30, 2020, the Town has no proportionate share of the net pension liability.

TOWN OF SOUTHTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

(In Thousands)

For the year ended June 30, 2020, the Town recognized pension expense and revenue of \$22,583 in Exhibit II.

E. Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2018, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increase	3.25-6.50%, including inflation
Investment rate of return	6.90%, net of pension plan investment expense, including inflation

Mortality rates were based on the RPH-2014 White Collar table with employee and annuitant rates blended from ages 50 to 80, projected to the year 2020 using the BB improvement scale.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2010 - June 30, 2015.

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

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

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

TOWN OF SOUTHTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

(In Thousands)

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

Asset Class	Expected Return		Target Allocation		Standard Deviation	
Public Equity - US Equity	8.10	%	20.00	%	17.00	%
Public Equity - International Developed Equity	8.50		11.00		19.00	
Public Equity - Emerging Markets Equity	10.40		9.00		24.00	
Fixed Income - Core Fixed Income	4.60		16.00		7.00	
Fixed Income - Inflation Linked Bonds	3.60		5.00		7.00	
Fixed Income - High Yield	6.50		6.00		11.00	
Fixed Income - Emerging Market Debt	5.20		5.00		11.00	
Private Equity	9.80		10.00		23.00	
Real Estate	7.00		10.00		15.00	
Alternative Investments - Real Assets	8.20		4.00		17.00	
Alternative Investments - Hedge Funds	5.40		3.00		7.00	
Liquidity Fund	2.90		1.00		1.00	
Total			100.00	%		

TOWN OF SOUTHTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

(In Thousands)

F. Discount Rate

The discount rate used to measure the total pension liability was 6.90%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that State contributions will be made at the actuarially determined contribution rates in the future years. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

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

H. Other Information

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

11. OTHER POST-EMPLOYMENT BENEFITS

Town Plan

A. Overview

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

Employees Covered by Benefit Terms

Membership in the plan consisted of the following at July 1, 2019, the date of the last actuarial valuation.

Inactive employees currently receiving benefit payments	103
Active employees	<u>1,193</u>
Total	<u><u>1,296</u></u>

TOWN OF SOUTHTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

(In Thousands)

B. Total OPEB Liability

The Town's total OPEB liability of \$48,873 was measured as of June 30, 2020 and was determined by an actuarial valuation as of July 1, 2019.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the July 1, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

Inflation	2.40% (Prior: 3.51%)
Rate of compensation increase (including inflation)	2.40% (Prior: 2.75%)
Interest	2.21% (Prior: 3.51%)
Healthcare cost trend rates	6.50% for 2019, decreasing 0.25% per year to an ultimate rate of 4.40% for 2028 and later years Prior: 7.50% for 2017, decreasing 0.50% per year to an ultimate rate of 4.75% for 2023 and later years
Retirees' share of benefit-related costs	100% of projected health insurance premiums for retirees

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

Mortality rates were based on Pub-2010 Public Retirement Plans Amount-Weighted Mortality Tables (with separate tables for General Employees, Public Safety and Teachers), projected to the valuation date with Scale MP-2019.

The actuarial assumptions used in the July 1, 2019 valuation were based on standard tables modified for certain plan features such as eligibility for full and early retirement where applicable and input from the plan sponsor.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balances as of July 1, 2019	\$ <u>41,150</u>
Changes for the year:	
Service cost	608
Interest on total OPEB liability	1,442
Difference between expected and actual experience	(4,535)
Changes in assumptions or other inputs	11,567
Benefit payments	<u>(1,359)</u>
Net changes	<u>7,723</u>
Balances as of June 30, 2020	\$ <u><u>48,873</u></u>

TOWN OF SOUTHTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

(In Thousands)

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

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

	1% Decrease (1.21%)	Current Discount Rate (2.21%)	1% Increase (3.21%)
Total OPEB Liability	\$ 57,928	\$ 48,873	\$ 41,782

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

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

	1% Decrease (5.50% Decreasing to 3.40%)	Healthcare Cost Trend Rates (6.50% Decreasing to 4.40%)	1% Increase (7.50% Decreasing to 5.40%)
Total OPEB Liability	\$ 41,018	\$ 48,873	\$ 58,859

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

For the year ended June 30, 2020, the Town recognized OPEB expense of \$2,479. At June 30, 2020, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$	\$ 4,577
Changes of assumptions or other inputs	12,485	1,295
Total	\$ 12,485	\$ 5,872

TOWN OF SOUTHTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

(In Thousands)

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

Year Ending June 30

2021	\$	509
2022		509
2023		509
2024		509
2025		509
Thereafter		4,068

Other Post Employment Benefit - Connecticut State Teachers Retirement Plan

A. Plan Description

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

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

B. Benefit Provisions (Not in Thousands)

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

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

TOWN OF SOUTHTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

(In Thousands)

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

If a member participating in Medicare Parts A & B so elects, they may enroll in one of the CTRB Sponsored Medicare Supplemental Plans. Effective July 1, 2018, the System added a Medicare Advantage Plan option. Active members, retirees and the State pay equally toward the cost of the basic coverage (medical and prescription drug benefits) under the Medicare Advantage Plan. Retired members who choose to enroll in the Medicare Supplement Plan are responsible for the full difference in the premium cost between the two plans. Additionally, effective July 1, 2018, retired members who cancel their health care coverage or elect to not enroll in a CTRB sponsored health care coverage option, must wait two years to re-enroll.

Survivor Health Care Coverage

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

C. Eligibility

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

Credited Service

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

Normal Retirement

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

Early Retirement

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

Proratable Retirement

Age 60 with 10 years of credited service.

Disability Retirement

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

Termination of Employment

Ten or more years of Credited Service.

TOWN OF SOUTHTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

(In Thousands)

D. Contributions

State of Connecticut

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

Employer (School Districts)

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

For the year ended June 30, 2020, the amount of "on-behalf" contributions made by the State was \$380 and is recognized in the General Fund as intergovernmental revenues and education expenditures.

Employees/Retirees

The cost of providing plan benefits is financed on a pay-as-you-go basis as follows: active teachers pay for one-third of the Plan costs through a contribution of 1.25% of their pensionable salaries, and retired teachers pay for one-third of the Plan costs through monthly premiums, which helps reduce the cost of health insurance for eligible retired members and dependents.

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

At June 30, 2020, the Town reports no amounts for its proportionate share of the net OPEB liability, and related deferred outflows and inflows, due to the statutory requirement that the State pay 100% of the required contribution. The amount recognized by the Town as its proportionate share of the net OPEB liability, the related State support and the total portion of the net OPEB liability that was associated with the Town was as follows:

Town's proportionate share of the net OPEB liability	\$	-
State's proportionate share of the net OPEB liability associated with the Town		<u>28,676</u>
Total	\$	<u><u>28,676</u></u>

The net OPEB liability was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as June 30, 2018. At June 30, 2020, the Town has no proportionate share of the net OPEB liability.

For the year ended June 30, 2020, the Town recognized OPEB expense and revenue of (\$2,098) in Exhibit II.

TOWN OF SOUTHTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

(In Thousands)

F. Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of June 30, 2018, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Health care costs trend rate	
Pre-Medicare	5.95% decreasing to 4.75% by 2025
Medicare	5.00% decreasing to 4.75% by 2028
Salary increases	3.25-6.50%, including inflation
Investment rate of return	3.00%, net of OPEB plan investment expense, including inflation
Year fund net position will be depleted	2019

Mortality rates were based on the RPH-2014 White Collar table with employee and annuitant rates blended from ages 50 to 80, projected to the year 2020 using the BB improvement scale-

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2010 - June 30, 2015.

The long-term expected rate of return on plan assets is reviewed as part of the GASB 75 valuation process. Several factors are considered in evaluating the long-term rate of return assumption, including the plan's current asset allocations and a log-normal distribution analysis using the best-estimate ranges of expected future real rates of return (expected return, net investment expense and inflation) for each major asset class. The long-term expected rate of return was determined by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The assumption is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years. The plan is 100% invested in U.S. Treasuries (Cash Equivalents) for which the expected 10-Year Geometric Real Rate of Return is (0.41%).

TOWN OF SOUTHTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

(In Thousands)

G. Discount Rate

The discount rate used to measure the total OPEB liability was 3.50%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current member contribution rate and that contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members. No future State contributions were assumed to be made. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be depleted in 2019 and, as a result, the Municipal Bond Index Rate was used in the determination.

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

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

I. Other Information

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

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 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. In 2019, the Town hired an engineer to estimate the post-closure groundwater monitoring, which amounted to \$262. A long-term liability of \$253 for landfill closure and post-closure costs are reflected in Exhibit I and in Note 7, Long-Term Debt. The costs are to be paid out at \$9 annually over the next 28 years. The funds will pay for the monitoring, inspection and reporting costs for the DePaolo Drive Landfill Site.

TOWN OF SOUTHTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

(In Thousands)

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

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

13. CORONAVIRUS (COVID-19)

On January 30, 2020, the World Health Organization declared the coronavirus to be a public health emergency. On March 10, 2020, the Governor of the State of Connecticut declared a public health emergency and a civil preparedness emergency due to COVID-19.

The Town derives a significant portion of its revenues from property taxes. While the Town has not experienced any significant increase in the amount of delinquency from its taxpayers, the situation creates uncertainty about the impact of future revenues that might be generated. In addition, at this time, it is uncertain what the effects of the pandemic will be on the Town's health care costs, changes in interest rates, investment valuation and the future federal or state fiscal relief.

14. SUBSEQUENT EVENTS

On September 18, 2020, the Town converted \$22,000 in interim loan obligations under the State of Connecticut's Clean Water program to permanent loan obligations for project 651-DC. These Clean Water Fund loans have principal and interest payable monthly starting in October 2020 through maturity on September 30, 2040 with an interest rate of 2.00%.

On October 29, 2020, the Town issued \$4,960 in General Obligation Refunding Bonds, Issue of 2020, Series A. These bonds have principal and interest payable semi-annually starting in May 2021 through maturity on November 1, 2025 with a coupon rate of 4.00% and a net interest cost of 0.5235%. The bonds have a AA+ rating from S&P. The bond proceeds will be used to refinance a State of Connecticut Clean Water Fund loan originally issued to fund a sewer project and to pay costs of issuance. The settlement date was November 12, 2020.

TOWN OF SOUTHLINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

(In Thousands)

On October 29, 2020, the Town issued \$17,335 in General Obligation Refunding Bonds (Federally Taxable), Issue of 2020, Series B. These bonds have principal and interest payable semi-annually starting in January 2021 through maturity on January 15, 2034 with a coupon rate of 0.37%-2.41% and a net interest cost of 1.8891%. The bonds have an AA+ rating from S&P. The bond proceeds will be used to refinance a State of Connecticut Clean Water Fund loan originally issued to fund a sewer project and to pay costs of issuance. The settlement date was November 12, 2020.

On December 7, 2020, the Town issued \$6,190 in General Obligation Refunding Bonds, Issue of 2020, Series C. These bonds have principal and interest payable semi-annually starting in June 2021 through maturity on December 1, 2030 with a coupon rate of 4.00%-5.00% and a net interest cost of 0.6511%. The bonds have an AA+ rating from S&P. The bond proceeds will be used to refinance a State of Connecticut Clean Water Fund and Drinking Water loans originally issued to fund a sewer project and to pay costs of issuance. The settlement date was December 18, 2020.



Required Supplementary Information

TOWN OF SOUTHTON, CONNECTICUT
GENERAL FUND
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED JUNE 30, 2020
(In Thousands)

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
Property taxes, interest and lien fees:				
Taxes	\$ 124,293	\$ 124,293	\$ 125,044	\$ 751
Suspense taxes	30	30	17	(13)
Interest and lien fees	633	633	646	13
Total property taxes, interest and lien fees	<u>124,956</u>	<u>124,956</u>	<u>125,707</u>	<u>751</u>
Licenses, fees and permits:				
Building	800	900	938	38
Police	35	35	29	(6)
Library	18	18	11	(7)
Parking	7	7	4	(3)
Miscellaneous	17	31	32	1
Total licenses, fees and permits	<u>877</u>	<u>991</u>	<u>1,014</u>	<u>23</u>
Intergovernmental revenues:				
Educational cost sharing	20,414	20,414	20,409	(5)
Vocational agriculture	373	373	373	-
Children/youth services	23	23	24	1
Youth service/drug free	14	17	20	3
Town aid road transportation grant				-
Non-public health services	23	23	24	1
Calendar Bus				-
Telephone access lines	50	50	69	19
Pequot/Mohegan grant	7	7	7	-
Telecommunications fund grant	73	73	73	-
Local capital improvement grant		255	259	4
FEMA reimbursement		150		(150)
In lieu of taxes:				
Hospital	90	90	94	4
Veterans' exemption	55	55	52	(3)
State properties	7	7	7	-
Disability exemption	4	4	5	1
Miscellaneous	30	32	21	(11)
Traffic enforcement grant			4	4
Municipal revenue sharing	821	1,134	1,134	-
Total intergovernmental revenues	<u>21,984</u>	<u>22,707</u>	<u>22,575</u>	<u>(132)</u>

(Continued on next page)

TOWN OF SOUTHTON, CONNECTICUT
GENERAL FUND
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2020
(In Thousands)

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
Investment Income	\$ 1,198	\$ 1,447	\$ 1,869	\$ 422
Charges for services:				
Town Clerk	1,250	1,400	1,474	74
Labels/diskettes/copies				-
Police services	50	50		(50)
Recreation	35	35	9	(26)
Planning and zoning	55	55	50	(5)
Fire Department services	25	25	25	-
Engineering services	6	6	2	(4)
Assessors returns	1	1	1	-
School tuition and fees	574	574	635	61
School building rentals	14	898	898	-
Miscellaneous	10	11	2	(9)
Total charges for services	<u>2,020</u>	<u>3,055</u>	<u>3,096</u>	<u>41</u>
Other revenues:				
Sale/lease of town property	2	2	10	8
Prior year appropriated funds returned	2	2	104	102
Recycling rebates	30	50	52	2
Miscellaneous	30	33	41	8
Leases/Easements	24	24	20	(4)
Fund balance utilized	<u>1,864</u>	<u>1,864</u>		<u>(1,864)</u>
Total other revenues	<u>1,952</u>	<u>1,975</u>	<u>227</u>	<u>(1,748)</u>
Transfers In				-
Total Revenues and Other Financing Sources	\$ <u>152,987</u>	\$ <u>155,131</u>	154,488	\$ <u>(643)</u>

Budgetary revenues are different than GAAP revenues because:

State of Connecticut on-behalf contributions to the Connecticut State Teachers' Pension Retirement System for Town teachers are not budgeted	13,919
State of Connecticut on-behalf contributions to the Connecticut State Teachers' OPEB Retirement System for Town teachers are not budgeted	<u>380</u>

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

\$ 168,787

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, 2020
(In Thousands)

	<u>Budgeted Amounts</u>			
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance</u>
General Government				
Town Council:				
Personnel service	\$ 10	\$ 10	\$ 9	\$ 1
Contractual services	19	19	13	6
Program supplies	7	7	6	1
Professional charges	27	27	27	-
Total	<u>63</u>	<u>63</u>	<u>55</u>	<u>8</u>
Town Manager:				
Personnel service	242	242	239	3
Contractual services	23	17	6	11
Materials and supplies	8	9	6	3
Fixed charges	5	5	4	1
Total	<u>278</u>	<u>273</u>	<u>255</u>	<u>18</u>
Board of Finance:				
Personnel service	5	4	4	-
Contractual services	2	2	2	-
Materials and supplies				-
Fixed charges	1	1	1	-
Total	<u>8</u>	<u>7</u>	<u>7</u>	<u>-</u>
Finance Department:				
Personnel service	540	540	539	1
Contractual services				-
Materials and supplies	12	11	9	2
Fixed charges	1	2	1	1
Total	<u>553</u>	<u>553</u>	<u>549</u>	<u>4</u>
Town Clerk:				
Personnel service	309	308	295	13
Contractual services	19	19	17	2
Materials and supplies	11	10	9	1
Fixed charges	3	2	2	-
Total	<u>342</u>	<u>339</u>	<u>323</u>	<u>16</u>
Human Resources Department:				
Personnel service	89	89	79	10
Contractual services	36	33	28	5
Materials and supplies				-
Fixed charges	2	1		1
Continued appropriations				-
Total	<u>127</u>	<u>123</u>	<u>107</u>	<u>16</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, 2020
(In Thousands)

	<u>Budgeted Amounts</u>			
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance</u>
Tax Department:				
Personnel service	\$ 223	\$ 220	\$ 217	\$ 3
Contractual services	6	6	3	3
Materials and supplies	42	41	37	4
Fixed charges	2	2		2
Total	<u>273</u>	<u>269</u>	<u>257</u>	<u>12</u>
Assessor:				
Personnel service	343	341	341	-
Contractual services	106	251	135	116
Materials and supplies	13	13	9	4
Fixed charges	7	4	1	3
Total	<u>469</u>	<u>609</u>	<u>486</u>	<u>123</u>
Board of Assessment Appeals:				
Personnel service	2	2	2	-
Contractual services	1	1	1	-
Total	<u>3</u>	<u>3</u>	<u>3</u>	<u>-</u>
Information Technology:				
Personnel service	185	185	185	-
Contractual services	695	674	634	40
Materials and supplies	42	41	40	1
Fixed charges	2			-
Capital outlay	69	69	67	2
Total	<u>993</u>	<u>969</u>	<u>926</u>	<u>43</u>
Probate Court:				
Fixed charges	11	11	11	-
Total	<u>11</u>	<u>11</u>	<u>11</u>	<u>-</u>
Town Attorney/Legal:				
Contractual services	145	141	44	97
Total	<u>145</u>	<u>141</u>	<u>44</u>	<u>97</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, 2020

	<u>Budgeted Amounts</u>			
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance</u>
Elections Department:				
Personnel service	\$ 132	\$ 102	\$ 94	\$ 8
Contractual services	14	13	8	5
Materials and supplies	21	16	15	1
Fixed charges	2	2	1	1
Total	<u>169</u>	<u>133</u>	<u>118</u>	<u>15</u>
Insurance:				
Fixed charges	<u>1,150</u>	<u>1,030</u>	<u>1,030</u>	<u>-</u>
Annual Audit:				
Fixed charges	<u>38</u>	<u>36</u>	<u>36</u>	<u>-</u>
Total general government	<u>4,622</u>	<u>4,559</u>	<u>4,207</u>	<u>352</u>
Public Safety:				
Police Department:				
Personnel service	7,163	7,070	7,004	66
Contractual services	189	200	186	14
Materials and supplies	332	350	331	19
Fixed charges	179	182	180	2
Equipment	182	182	180	2
Total	<u>8,045</u>	<u>7,984</u>	<u>7,881</u>	<u>103</u>
Emergency Management:				
Contractual services	1	1		1
Materials and supplies	8	141	139	2
Capital outlay	8			-
Total	<u>17</u>	<u>142</u>	<u>139</u>	<u>3</u>
Central Dispatch:				
Personnel service	814	841	822	19
Contractual services	12	4	3	1
Total	<u>826</u>	<u>845</u>	<u>825</u>	<u>20</u>
Fire Department:				
Personnel service	3,732	3,764	3,709	55
Contractual services	401	497	385	112
Materials and supplies	313	363	330	33
Fixed charges	34	27	25	2
Equipment	44	51	50	1
Total	<u>4,524</u>	<u>4,702</u>	<u>4,499</u>	<u>203</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, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
Fire Hydrant rentals:				
Fixed charges	\$ 230	\$ 230	\$ 228	\$ 2
Safety Program:				
Contractual services	12	4		4
Materials and supplies	56	53	53	-
Fixed charges				-
Total	<u>68</u>	<u>57</u>	<u>53</u>	<u>4</u>
Parking Authority:				
Personnel service	1	1		1
Contractual services	5	5	4	1
Materials and supplies	1	1		1
Total	<u>7</u>	<u>7</u>	<u>4</u>	<u>3</u>
Total public safety	<u>13,717</u>	<u>13,967</u>	<u>13,629</u>	<u>338</u>
Public Works:				
Town Hall:				
Contractual services	44	44	35	9
Materials and supplies	58	58	52	6
Fixed charges	7	7	7	-
Total	<u>109</u>	<u>109</u>	<u>94</u>	<u>15</u>
Town Owned Property:				
Contractual services	20	15	12	3
Total	<u>20</u>	<u>15</u>	<u>12</u>	<u>3</u>
Sylvia Bradley Historical Society:				
Contractual services	17	22	18	4
Fixed charges	3	3	3	-
Total	<u>20</u>	<u>25</u>	<u>21</u>	<u>4</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, 2020

	<u>Budgeted Amounts</u>			
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance</u>
Engineering Department:				
Personnel service	\$ 645	\$ 645	\$ 643	\$ 2
Contractual services	7	7	3	4
Materials and supplies	14	11	5	6
Fixed charges	2	2	1	1
Total	<u>668</u>	<u>665</u>	<u>652</u>	<u>13</u>
Highway Department:				
Personnel service	2,472	2,456	2,446	10
Contractual services	609	587	533	54
Materials and supplies	435	429	375	54
Fixed charges	29	29	29	-
Capital outlay	6	6	1	5
Continued appropriations		1	1	-
Total	<u>3,551</u>	<u>3,508</u>	<u>3,385</u>	<u>123</u>
Snow and Ice Removal:				
Personnel service	204	124	121	3
Contractual services	162	89	83	6
Materials and supplies	444	436	427	9
Total	<u>810</u>	<u>649</u>	<u>631</u>	<u>18</u>
Street Lighting:				
Contractual services	190	196	196	-
Fixed charges	202	202	202	-
Total	<u>392</u>	<u>398</u>	<u>398</u>	<u>-</u>
Tree Maintenance:				
Contractual services	<u>38</u>	<u>39</u>	<u>36</u>	<u>3</u>
Bulky Waste Transfer Station:				
Personnel service	84	84	79	5
Contractual services	160	178	176	2
Materials & Supplies	5	5	5	-
Total	<u>249</u>	<u>267</u>	<u>260</u>	<u>7</u>
Environmental Problems:				
Contractual services	225	215	73	142
Continued appropriations		6	2	4
Total	<u>225</u>	<u>221</u>	<u>75</u>	<u>146</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, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
John Weichsel Municipal Center:				
Contractual services	\$ 235	\$ 234	\$ 229	\$ 5
Materials and supplies	31	28	24	4
Fixed charges	4	4	4	-
Total	<u>270</u>	<u>266</u>	<u>257</u>	<u>9</u>
Total Public Works	<u>6,352</u>	<u>6,162</u>	<u>5,821</u>	<u>341</u>
Health and Welfare:				
Community Services:				
Personnel service	248	247	247	-
Contractual services	29	28	27	1
Materials and supplies	20	22	22	-
Fixed charges	2	2	2	-
Total	<u>299</u>	<u>299</u>	<u>298</u>	<u>1</u>
Health Department:				
Fixed charges	335	335	335	-
Total	<u>335</u>	<u>335</u>	<u>335</u>	<u>-</u>
Mental Health:				
Fixed charges	3	3	3	-
Nonpublic School Nurses:				
Contractual services	67	48	47	1
Total Health and Welfare	<u>704</u>	<u>685</u>	<u>683</u>	<u>2</u>
Human Services:				
Youth Counseling:				
Personnel service	280	282	270	12
Contractual services	2	2	1	1
Materials and supplies	3	2	2	-
Fixed charges	4	3	2	1
Equipment	1			-
Total	<u>290</u>	<u>289</u>	<u>275</u>	<u>14</u>

(Continued on next page)

TOWN OF SOUTHTON, CONNECTICUT
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2020

	<u>Budgeted Amounts</u>			
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance</u>
Commission on the Handicapped:				
Contractual services	\$ 8	\$ 8	\$ 1	\$ 7
Materials and supplies	1	1	-	1
Total	<u>9</u>	<u>9</u>	<u>1</u>	<u>8</u>
Community Assistance:				
Contractual services	58	58	58	-
Total	<u>58</u>	<u>58</u>	<u>58</u>	
Calendar House-Senior Citizens:				
Personnel service	418	395	391	4
Contractual services	86	86	79	7
Materials and supplies	59	65	58	7
Fixed charges	14	6	2	4
Total	<u>577</u>	<u>552</u>	<u>530</u>	<u>22</u>
Southington Housing Authority:				
Fixed charges	21			-
Total	<u>21</u>			<u>-</u>
Total Human Services	<u>955</u>	<u>908</u>	<u>864</u>	<u>44</u>
Recreation Department:				
Personnel service	257	250	247	3
Contractual services	56	50	44	6
Materials and supplies	14	8	4	4
Fixed charges	22	2	1	1
Total	<u>349</u>	<u>310</u>	<u>296</u>	<u>14</u>
Community Celebrations:				
Fixed charges	4	4	4	-
Organized Recreation:				
Fixed charges	86	86	86	-
Total Parks and Recreation	<u>439</u>	<u>400</u>	<u>386</u>	<u>14</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, 2020**

	<u>Budgeted Amounts</u>			
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance</u>
Library:				
Public Library:				
Personnel service	\$ 1,129	\$ 1,114	\$ 1,100	\$ 14
Contractual services	68	109	90	19
Materials and supplies	220	215	204	11
Fixed charges	10	10	10	-
Capital outlay	52	52	52	-
Continued appropriations		2	2	-
Total	<u>1,479</u>	<u>1,502</u>	<u>1,458</u>	<u>44</u>
Barnes Museum:				
Personnel service	88	79	72	7
Contractual services	11	11	8	3
Materials and supplies	12	13	12	1
Fixed charges	1	2	1	1
Total	<u>112</u>	<u>105</u>	<u>93</u>	<u>12</u>
Total Library	<u>1,591</u>	<u>1,607</u>	<u>1,551</u>	<u>56</u>
Planning and Development:				
Economic Development Commission:				
Personnel service	159	243	168	75
Contractual services	110	105	2	103
Materials and supplies	2	1	1	-
Fixed charges	5	2		2
Total	<u>276</u>	<u>351</u>	<u>171</u>	<u>180</u>
Building Department:				
Personnel service	431	429	425	4
Contractual services	5	2	1	1
Materials and supplies	9	8	7	1
Fixed charges	5	5	4	1
Capital outlay				-
Total	<u>450</u>	<u>444</u>	<u>437</u>	<u>7</u>
Planning and Zoning:				
Personnel service	402	397	395	2
Contractual services	11	10	6	4
Materials and supplies	6	5	4	1
Fixed charges	35	36	35	1
Total	<u>454</u>	<u>448</u>	<u>440</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, 2020

	<u>Budgeted Amounts</u>			
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance</u>
Zoning Board of Appeals:				
Personnel service	\$ 5	\$ 4	\$ 4	\$ -
Contractual services	8	7	6	1
Materials and supplies	1	1	1	-
Total	<u>14</u>	<u>12</u>	<u>11</u>	<u>1</u>
Conservation Commission:				
Personnel service	4	3	3	-
Contractual services	5	4	3	1
Materials and supplies	2	1		1
Fixed charges		1		1
Total	<u>11</u>	<u>9</u>	<u>6</u>	<u>3</u>
Total Planning and Development	<u>1,205</u>	<u>1,264</u>	<u>1,065</u>	<u>199</u>
Miscellaneous:				
Land Lease:				
Fixed charges	1	1	1	-
Miscellaneous:				
Personnel service			2	(2)
Nonlegal professional services:				
Professional services				-
Nonlegal professional services	45	78	62	16
Continued appropriations				-
Total Miscellaneous	<u>46</u>	<u>79</u>	<u>65</u>	<u>14</u>
Employee Benefits:				
Medical and group insurance:				
Fixed charges	<u>3,633</u>	<u>3,633</u>	<u>3,633</u>	<u>-</u>
Heart and Hypertension:				
Personnel service	987	910	906	4
Contractual services	325	340	327	13
Total Heart and Hypertension	<u>1,312</u>	<u>1,250</u>	<u>1,233</u>	<u>17</u>
Employee Retirement:				
Municipal:				
Fixed charges	4,759	4,715	4,714	1
Police:				
Fixed charges	247	235	232	3
Unemployment Compensation:				
Fixed charges	20	20	13	7
Total	<u>5,026</u>	<u>4,970</u>	<u>4,959</u>	<u>11</u>

(Continued on next page)

TOWN OF SOUTHTON, CONNECTICUT
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
Accumulated Payout:				
Fixed charges	\$ 214	\$ 174	\$ 97	\$ 77
Total	<u>214</u>	<u>174</u>	<u>97</u>	<u>77</u>
 Total Employee Benefits	 <u>10,185</u>	 <u>10,027</u>	 <u>9,922</u>	 <u>105</u>
Debt Service				
Debt service - principal:				
Town and Sewer	8,497	8,562	8,562	-
Total	<u>8,497</u>	<u>8,562</u>	<u>8,562</u>	<u>-</u>
Debt service - interest:				
Town and Sewer	2,675	2,619	2,619	-
Total	<u>2,675</u>	<u>2,619</u>	<u>2,619</u>	<u>-</u>
Total Debt Service	<u>11,172</u>	<u>11,181</u>	<u>11,181</u>	<u>-</u>
Board of Education:				
School operations	98,824	99,438	96,790	2,648
Capital outlay		241		241
Continued appropriations		970	432	538
Total Board of Education	<u>98,824</u>	<u>100,649</u>	<u>97,222</u>	<u>3,427</u>
Contingency	<u>1,106</u>	<u>887</u>		<u>887</u>
Total expenditures	<u>150,918</u>	<u>152,375</u>	<u>146,596</u>	<u>5,779</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, 2020**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
Other Financing Uses:				
Transfers out	\$ <u>2,069</u>	\$ <u>4,011</u>	\$ <u>4,028</u>	\$ <u>(17)</u>
Total	\$ <u>152,987</u>	\$ <u>156,386</u>	150,624	\$ <u>5,762</u>
Budgetary expenditures are different than GAAP expenditures because:				
State of Connecticut on-behalf payments to the Connecticut State Teachers' Pension Retirement System for Town teachers are not budgeted			13,919	
State of Connecticut on-behalf payments to the Connecticut State Teachers' OPEB Retirement System for Town teachers are not budgeted			380	
Accrued payroll is reported as expenditure for GAAP purposes			<u>153</u>	
Total Expenditures and Other Financing Uses as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds - Exhibit IV			\$ <u>165,076</u>	

TOWN OF SOUTHTON, CONNECTICUT
SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
MUNICIPAL EMPLOYEES RETIREMENT SYSTEM
LAST SIX FISCAL YEARS*
(In Thousands)

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Town's proportion of the net pension liability	5.97%	5.62%	5.30%	5.67%	5.54%	5.36%
Town's proportionate share of the net pension liability	\$ 5,892	\$ 10,825	\$ 18,318	\$ 14,070	\$ 52,946	\$ 55,389
Town's covered payroll	\$ 31,051	\$ 31,789	\$ 34,340	\$ 34,952	\$ 37,853	\$ 35,501
Town's proportionate share of the net pension liability as a percentage of its covered payroll	18.98%	34.05%	53.34%	40.26%	139.87%	156.02%
Plan fiduciary net position as a percentage of the total pension liability	90.48%	92.72%	88.29%	91.68%	73.60%	72.69%

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

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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Actuarially determined contribution	\$ 3,488	\$ 4,096	\$ 4,194	\$ 4,400	\$ 4,592	\$ 4,680	\$ 4,262	\$ 4,576	\$ 4,527	\$ 4,783
Contributions in relation to the actuarially determined contribution	3,488	4,096	4,194	4,400	4,592	4,680	4,262	4,576	4,527	4,783
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 27,006	\$ 27,081	\$ 27,618	\$ 28,694	\$ 30,111	\$ 30,944	\$ 33,454	\$ 34,017	\$ 36,917	\$ 34,640
Contributions as a percentage of covered payroll	12.92%	15.12%	15.19%	15.33%	15.25%	15.12%	12.74%	13.45%	12.26%	13.81%

Notes to Schedule

Valuation date: June 30, 2019
Measurement date: June 30, 2019
Actuarially determined contribution rates are calculated as of June 30, each biennium for the fiscal years ending two and three years after the valuation date

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age
Amortization method	Level dollar, closed
Single equivalent amortization period	21 years
Asset valuation method	5 years smoothed market (20% write up)
Inflation	3.25%
Salary increases	4.25% - 11%, including inflation
Investment rate of return	8%, net of investment related expense
Changes in assumptions:	In 2019, the latest experience study for the System updated most of the actuarial assumptions utilized in the June 30, 2019 valuation to include: rates of inflation, real investment return mortality, withdrawal, disability, retirement and salary increase were adjusted to more closely reflect actual and anticipated experience. These assumptions were recommended as part of the Experience Study for the System for the five year period ended June 30, 2017.

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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Actuarially determined contribution	\$ 88	\$ 109	\$ 104	\$ 108	\$ 113	\$ 96	\$ 103	\$ 110	\$ 100	\$ 105
Contributions in relation to the actuarially determined contribution	88	109	104	108	113	96	103	110	100	105
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 930	\$ 940	\$ 884	\$ 901	\$ 940	\$ 845	\$ 886	\$ 935	\$ 936	\$ 861
Contributions as a percentage of covered payroll	9.46%	11.60%	11.76%	11.99%	12.02%	11.36%	11.63%	11.76%	10.68%	12.20%

Notes to Schedule

Valuation date: June 30, 2019
Measurement date: June 30, 2019
Actuarially determined contribution rates are calculated as of June 30, each biennium for the fiscal years ending two and three years after the valuation date.

Methods and assumptions used to determine contribution rates:

Actuarial cost method: Entry Age
Amortization method: Level dollar, closed
Single equivalent amortization period: 21 years
Asset valuation method: 5 years smoothed market (20% write up)
Inflation: 3.25%
Salary increases: 4.25% - 11%, including inflation
Investment rate of return: 8%, net of investment related expense
Changes in assumptions: In 2019, the latest experience study for the System updated most of the actuarial assumptions utilized in the June 30, 2019 valuation to include: rates of inflation, real investment return mortality, withdrawal, disability, retirement and salary increase were adjusted to more closely reflect actual and anticipated experience. These assumptions were recommended as part of the Experience Study for the System for the five year period ended June 30, 2017.

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

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Town's proportion of the net pension liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Town's proportionate share of the net pension liability \$	-	-	-	-	-	-
State's proportionate share of the net pension liability associated with the Town	<u>107,078</u>	<u>115,998</u>	<u>151,537</u>	<u>143,636</u>	<u>141,779</u>	<u>183,876</u>
Total	<u>\$ 107,078</u>	<u>\$ 115,998</u>	<u>\$ 151,537</u>	<u>\$ 143,636</u>	<u>\$ 141,779</u>	<u>\$ 183,876</u>
Town's covered payroll	\$ 33,621	\$ 34,262	\$ 34,721	\$ 37,408	\$ 46,544	\$ 36,925
Town's proportionate share of the net pension liability as a percentage of its covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total per	61.51%	59.50%	52.26%	55.93%	57.69%	52.00%

Notes to Schedule

Changes in benefit terms	HB 7424 made the following provision changes: - Beginning July 1, 2019, annual interest credited on mandatory contributions set at 4.0%. - For members retiring on or after July 1, 2019 with a partial refund option election (Plan N), if 50% of the benefits paid prior to death do not exceed the Member's mandatory contributions plus interest frozen at the date of benefit commencement, the difference is paid to the Member's beneficiary.
Changes of assumptions	HB 7424 made the following assumption changes: - Reduce the inflation assumption from 2.75% to 2.50%. - Reduce the real rate of return assumption from 5.25% to 4.40% which, when combined with the inflation assumption change, results in a decrease in the investment rate of return assumption from 8.00% to 6.90%. - Increase the annual rate of wage increase assumption from 0.50% to 0.75%. - Phase in to a level dollar amortization method for the June 30, 2024 valuation.
Actuarial cost method	Entry age
Amortization method	Level percent of pay, closed
Single equivalent amortization period	17.6 years
Asset valuation method	4-year smoothed market
Inflation	2.75%
Salary increase	3.25%-6.50%, including inflation
Investment rate of return	8.00%, net of investment related expense

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

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

	<u>2018</u>	<u>2019</u>	<u>2020</u>
Total OPEB liability:			
Service cost	\$ 549	\$ 538	\$ 608
Interest	1,416	1,486	1,442
Differences between expected and actual experience	(250)	(210)	(4,535)
Changes of assumptions and other inputs	(1,669)	2,072	11,567
Benefit payments	<u>(1,113)</u>	<u>(1,211)</u>	<u>(1,359)</u>
Net change in total OPEB liability	(1,067)	2,675	7,723
Total OPEB liability - beginning	<u>39,542</u>	<u>38,475</u>	<u>41,150</u>
Total OPEB Liability - Ending	\$ <u>38,475</u>	\$ <u>41,150</u>	\$ <u>48,873</u>
Covered payroll	\$ 73,422	\$ 75,441	\$ 77,942
Total OPEB liability as a percentage of covered payroll	52.40%	54.55%	62.70%

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

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

	<u>2018</u>	<u>2019</u>	<u>2020</u>
Town's proportion of the net OPEB liability	0.00%	0.00%	0.00%
Town's proportionate share of the net OPEB liability	\$ -	\$ -	\$ -
State's proportionate share of the net OPEB liability associated with the Town	<u>36,970</u>	<u>28,343</u>	<u>28,676</u>
Total	\$ <u>36,970</u>	\$ <u>28,343</u>	\$ <u>28,676</u>
Town's covered payroll	\$ 37,408	\$ 43,899	\$ 36,925
Town's proportionate share of the net OPEB liability as a percentage of its covered payroll	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total OPEB I	1.79%	1.49%	2.08%

Notes to Schedule

Changes in benefit terms

The Plan was amended by the Board, effective January 1, 2019, during the September 12, 2018 meeting. The Board elected a new prescription drug plan, which is expected to reduce overall costs and allow for the Board to receive a government subsidy for members whose claims reach a catastrophic level. These changes were communicated to retired members during the months leading up to the open enrollment period that preceded the January 1, 2019 implementation date.

Changes of assumptions

Based on the procedure described in GASB 74, the discount rate used to measure Plan obligations for financial accounting purposes as of June 30, 2019 was updated to equal the Municipal Bond Index Rate of 3.50% as of June 30, 2019.

Expected annual per capita claims costs were updated to better reflect anticipated medical and prescription drug claim experience both before and after the plan change that became effective on July 1, 2019.

The expected rate of inflation was decreased, and the real wage growth assumption was increased.

Actuarial cost method

Entry age

Amortization method

Level percent of payroll over an open period

Remaining amortization period

30 years

Asset valuation method

Market value of assets

Investment rate of return

3.00%, net of investment related expense including price inflation

Price inflation

2.75%

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



Combining and Individual Fund Statements and Schedules



General Fund

GENERAL FUND

The general fund is the principal fund of the Town and is used to account for all activities of the Town, except those required to be accounted for in another fund. The general fund accounts for the normal recurring activities of the Town (i.e., general government, public safety, public works, health and welfare, human services, parks and recreation, library, education, etc.). These activities are funded principally by property taxes, user fees and grants from other governmental units

TOWN OF SOUTHTON, CONNECTICUT
GENERAL FUND
REPORT OF TAX COLLECTOR
FOR THE YEAR ENDED JUNE 30, 2020
(In Thousands)

Grand List	Uncollected Taxes July 1, 2019	Lawful Corrections		Transfers To Suspense	Adjusted Taxes Collectible	Collections			Amount Paid to Treasurer	Credit Balances	Uncollected Taxes June 30, 2020
		Additions	Deductions			Taxes	Interest	Warrants Liens/Fees			
2018	\$ 126,022	\$ 209	\$ 586	\$ 15	\$ 125,630	\$ 124,645	\$ 296	\$ 15	\$ 124,956	\$ 315	\$ 1,300
2017	1,220	7	69	12	1,146	695	151	6	852	60	511
2016	506	1	10	98	399	247	97	2	346	8	160
2015	241		7	80	154	107	51	1	159	7	54
2014	121			67	54	33	18		51		21
2013	11				11	1			1		10
2012	7				7				-		7
2011	7				7				-		7
2010	8				8				-		8
2009	6				6				-		6
2008	6				6	1			1		5
2007	3				3				-		3
2006	3				3				-		3
2005	3				3				-		3
2004	1				1				-		1
	<u>\$ 128,165</u>	<u>\$ 217</u>	<u>\$ 672</u>	<u>\$ 272</u>	<u>\$ 127,438</u>	<u>\$ 125,729</u>	<u>\$ 613</u>	<u>\$ 24</u>	<u>\$ 126,366</u>	<u>\$ 390</u>	<u>\$ 2,099</u>



Nonmajor Governmental Funds

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

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

Cafeteria

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

Animal Control Fund

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

Federal and State Education Grants

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

Police Auction

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

Refuse

To account for refuse removal funded by charges for services.

Police Special Duty

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

Apple Harvest Festival

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

Police Forfeiture

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

Town Special Revenue

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

Child Development Center

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

Library Trust

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

Excavation Permit

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

Community Services

To account for contributions to Community Services for needy families.

Drive In Theatre

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

Barnes Museum Restoration

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

Recreation Programs

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

Turf Field

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

CDBG SC1513101- Housing Rehabilitation Fund

To account for the Southington Rehabilitation Projects benefiting low and moderate income residents with home improvements funded by the CDBG Grant.

Brownfield Fund

To account for the demolition and remediation of the former Beaton and Corbin site at 318 North Main Street for redevelopment as commercial office space. This project is funded through a DECD grant, a Town subsidy and a contribution from the private developer.

Board of Education Scholarships

To account for income and scholarship expenditures.

Sewer Assessment Fund

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

Barnes Museum

To account for donations and monies collected through the sale of goods for the benefit of the Barnes Museum.

Debt Service

To account for the financial resources to be used to pay the interest and principal of long-term debt.

Permanent Funds

Permanent funds are used to account for and report resources that are restricted to the extent that only earnings, not principal, may be used for purposes that support the reporting government's programs.

Edna Woodruff

To account for income and education expenditures.

Addin Lewis

To account for income and education expenditures.

Julia Bradley Library

To account for proceeds of trust fund established for the benefit of the Town's library.

TOWN OF SOUTHLINGTON, CONNECTICUT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 20120
(In Thousands)

	Special Revenue							
	Cafeteria	Animal Control	Federal and State Education Grants	Police Auction	Refuse	Police Special Duty	Apple Harvest Festival	Police Forfeiture
ASSETS								
Cash and cash equivalents	\$ 361	\$ 54	\$ 890	\$ 7	\$	\$ 735	\$ 88	\$ 26
Investments								
Accounts receivable	109		61		418	519		
Due from other funds						169		
Inventories	43							
Total Assets	<u>\$ 513</u>	<u>\$ 54</u>	<u>\$ 951</u>	<u>\$ 7</u>	<u>\$ 418</u>	<u>\$ 1,423</u>	<u>\$ 88</u>	<u>\$ 26</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES								
Liabilities:								
Accounts payable and accrued liabilities	\$	\$ 13	\$ 225	\$	\$ 248	\$ 115	\$ 1	\$
Due to other funds					169			
Unearned revenue	111		692					
Total liabilities	<u>111</u>	<u>13</u>	<u>917</u>	<u>-</u>	<u>417</u>	<u>115</u>	<u>1</u>	<u>-</u>
Deferred Inflows of Resources:								
Unavailable revenue - special assessments						66		
Unavailable revenue - receivables						66		
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:								
Nonspendable	43							
Restricted			34					
Committed	359	41		7	1	1,242	87	26
Total fund balances	<u>402</u>	<u>41</u>	<u>34</u>	<u>7</u>	<u>1</u>	<u>1,242</u>	<u>87</u>	<u>26</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 513</u>	<u>\$ 54</u>	<u>\$ 951</u>	<u>\$ 7</u>	<u>\$ 418</u>	<u>\$ 1,423</u>	<u>\$ 88</u>	<u>\$ 26</u>

(Continued on next page)

TOWN OF SOUTHTON, CONNECTICUT
COMBINING BALANCE SHEET (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2020
(In Thousands)

	Special Revenue							
	Town Special Revenue	Child Development Center	Library Trust	Excavation Permit	Community Services	Drive-In Theatre	Barnes Museum Restoration	Recreation Programs
ASSETS								
Cash and cash equivalents	\$ 590	\$	\$ 88	\$ 467	\$ 266	\$ 33	\$ 103	\$ 142
Investments								
Accounts receivable								
Due from other funds								
Inventories								
Total Assets	<u>\$ 590</u>	<u>\$ -</u>	<u>\$ 88</u>	<u>\$ 467</u>	<u>\$ 266</u>	<u>\$ 33</u>	<u>\$ 103</u>	<u>\$ 142</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES								
Liabilities:								
Accounts payable and accrued liabilities	\$ 13	\$	\$ 1	\$ 275	\$ 5	\$	\$	\$ 3
Due to other funds				106				
Unearned revenue								
Total liabilities	<u>13</u>	<u>-</u>	<u>1</u>	<u>381</u>	<u>5</u>	<u>-</u>	<u>-</u>	<u>3</u>
Deferred Inflows of Resources:								
Unavailable revenue - special assessments								
Unavailable revenue - receivables								
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:								
Nonspendable								
Restricted			87					
Committed	<u>577</u>			<u>86</u>	<u>261</u>	<u>33</u>	<u>103</u>	<u>139</u>
Total fund balances	<u>577</u>	<u>-</u>	<u>87</u>	<u>86</u>	<u>261</u>	<u>33</u>	<u>103</u>	<u>139</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 590</u>	<u>\$ -</u>	<u>\$ 88</u>	<u>\$ 467</u>	<u>\$ 266</u>	<u>\$ 33</u>	<u>\$ 103</u>	<u>\$ 142</u>

(Continued on next page)

TOWN OF SOUTHTON, CONNECTICUT
COMBINING BALANCE SHEET (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2020
(In Thousands)

	Special Revenue						
	Turf Field	CDBG	Brownfield	Board of Education Scholarship	Sewer Assessments	Barnes Museum	Debt Service
ASSETS							Total
Cash and cash equivalents	\$ 226	\$ 6	\$ 77	\$ 514	\$ 400	\$ 13	\$ 2,698
Investments							-
Accounts receivable			9		1,073		2,189
Due from other funds							169
Inventories							43
Total Assets	\$ 226	\$ 6	\$ 86	\$ 514	\$ 1,473	\$ 13	\$ 2,698
							10,185
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES							
Liabilities:							
Accounts payable and accrued liabilities	\$	\$	\$ 1	\$	\$ 13	\$	\$ 913
Due to other funds							169
Unearned revenue							909
Total liabilities	-	-	1	-	13	-	1,991
Deferred Inflows of Resources:							
Unavailable revenue - special assessments					1,066		1,066
Unavailable revenue - receivables							66
Total deferred inflows of resources	-	-	-	-	1,066	-	1,132
Fund Balances:							
Nonspendable							43
Restricted		6	85	514			726
Committed	226				394	13	6,293
Total fund balances	226	6	85	514	394	13	7,062
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 226	\$ 6	\$ 86	\$ 514	\$ 1,473	\$ 13	\$ 2,698
							10,185

(Continued on next page)

TOWN OF SOUTHTON, CONNECTICUT
COMBINING BALANCE SHEET (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2020
(In Thousands)

	Permanent Fund				Interfund Elimination	Total Nonmajor Governmental Funds
	Edna Woodruff	Addin Lewis	Julia Bradley Library	Total		
ASSETS						
Cash and cash equivalents	\$	\$	\$ 1	\$ 1	\$	\$ 7,785
Investments	2	6		8		8
Accounts receivable				-		2,189
Due from other funds				-	(169)	-
Inventories				-		43
Total Assets	<u>\$ 2</u>	<u>\$ 6</u>	<u>\$ 1</u>	<u>\$ 9</u>	<u>\$ (169)</u>	<u>\$ 10,025</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
Liabilities:						
Accounts payable and accrued liabilities	\$	\$	\$	-	\$	\$ 913
Due to other funds				-	(169)	-
Unearned revenue				-		909
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(169)</u>	<u>1,822</u>
Deferred Inflows of Resources:						
Unavailable revenue - special assessments						1,066
Unavailable revenue - receivables						66
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,132</u>
Fund Balances:						
Nonspendable	2	6	1	9		52
Restricted				-		726
Committed				-		6,293
Total fund balances	<u>2</u>	<u>6</u>	<u>1</u>	<u>9</u>	<u>-</u>	<u>7,071</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 2</u>	<u>\$ 6</u>	<u>\$ 1</u>	<u>\$ 9</u>	<u>\$ (169)</u>	<u>\$ 10,025</u>

TOWN OF SOUTHTON, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2020
(In Thousands)

	Special Revenue							
	Cafeteria	Animal Control	Federal and State Education Grants	Police Auction	Refuse	Police Special Duty	Apple Harvest Festival	Police Forfeiture
Revenues:								
Contributions	\$	\$	\$	\$	\$	\$	\$	\$
Intergovernmental	841		4,567				36	
Charges for services	891	8			2,485	2,688	139	
Income on investments								
Other revenue								
Total revenues	1,732	8	4,567	-	2,485	2,688	175	-
Expenditures:								
Current:								
General government								
Public safety		208				2,393	56	8
Public works					2,485		5	
Health and welfare								
Human services								
Parks and recreation							198	
Public library								
Education	2,068		4,577					
Debt service								
Total expenditures	2,068	208	4,577	-	2,485	2,393	259	8
Excess (Deficiency) of Revenues over Expenditures	(336)	(200)	(10)	-	-	295	(84)	(8)
Other Financing Sources:								
Transfers in		211						
Net Change in Fund Balances	(336)	11	(10)	-	-	295	(84)	(8)
Fund Balances at Beginning of Year	738	30	44	7	1	947	171	34
Fund Balances at End of Year	\$ 402	\$ 41	\$ 34	\$ 7	\$ 1	\$ 1,242	\$ 87	\$ 26

(Continued on next page)

TOWN OF SOUTHTON, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2020
(In Thousands)

	Special Revenue							
	Town Special Revenue	Child Development Center	Library Trust	Excavation Permit	Community Services	Drive-In Theatre	Barnes Museum Restoration	Recreation Programs
Revenues:								
Contributions	\$ 18	\$	\$	\$	\$	\$	\$	\$ 5
Intergovernmental	262	360	3		100			
Charges for services	70		14	47		71		44
Income on investments							2	
Other revenue	89							
Total revenues	439	360	17	47	100	71	2	49
Expenditures:								
Current:								
General government	42							
Public safety	174							
Public works	52			40				
Health and welfare	11							
Human services	75				84			
Parks and recreation	6					91		114
Public library			18					
Education		360						
Debt service								
Total expenditures	360	360	18	40	84	91	-	114
Excess (Deficiency) of Revenues over Expenditures	79	-	(1)	7	16	(20)	2	(65)
Other Financing Sources:								
Transfers in	17							
Net Change in Fund Balances	96	-	(1)	7	16	(20)	2	(65)
Fund Balances at Beginning of Year	481	-	88	79	245	53	101	204
Fund Balances at End of Year	\$ 577	\$ -	\$ 87	\$ 86	\$ 261	\$ 33	\$ 103	\$ 139

(Continued on next page)

TOWN OF SOUTHTON, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2020
(In Thousands)

	Special Revenue							
	Turf Field	CDBG	Brownfield	Board of Education Scholarship	Sewer Assessment	Barnes Museum	Debt Service	Total
Revenues:								
Contributions	\$	\$	\$	\$	\$	\$	\$	23
Intergovernmental	25	869	3	16		7		7,089
Charges for services	9	6			88			6,560
Income on investments				1	19			22
Other revenue					\$			89
Total revenues	<u>34</u>	<u>875</u>	<u>3</u>	<u>17</u>	<u>107</u>	<u>7</u>	<u>-</u>	<u>13,783</u>
Expenditures:								
Current:								
General government								42
Public safety								2,839
Public works			28					2,610
Health and welfare								11
Human services		869						1,028
Parks and recreation	4							413
Public library						7		25
Education				30				7,035
Debt service					147		900	1,047
Total expenditures	<u>4</u>	<u>869</u>	<u>28</u>	<u>30</u>	<u>147</u>	<u>7</u>	<u>900</u>	<u>15,050</u>
Excess (Deficiency) of Revenues over Expenditures	30	6	(25)	(13)	(40)	-	(900)	(1,267)
Other Financing Sources:								
Transfers in							840	1,068
Net Change in Fund Balances	30	6	(25)	(13)	(40)	-	(60)	(199)
Fund Balances at Beginning of Year	196	-	110	527	434	13	2,758	7,261
Fund Balances at End of Year	<u>\$ 226</u>	<u>\$ 6</u>	<u>\$ 85</u>	<u>\$ 514</u>	<u>\$ 394</u>	<u>\$ 13</u>	<u>\$ 2,698</u>	<u>\$ 7,062</u>

(Continued on next page)

TOWN OF SOUTHLINGTON, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2020
(In Thousands)

	Permanent Funds				Total Nonmajor Governmental Funds
	Edna Woodruff	Addin Lewis	Julia Bradley Library	Total	
Revenues:					
Contributions	\$	\$	\$	\$ -	\$ 23
Intergovernmental				-	7,089
Charges for services				-	6,560
Income on investments				-	22
Other revenue				-	89
Total revenues	-	-	-	-	13,783
Expenditures:					
Current:					
General government		1		1	43
Public safety				-	2,839
Public works				-	2,610
Health and welfare				-	11
Human services				-	1,028
Parks and recreation				-	413
Public library				-	25
Education				-	7,035
Debt service				-	1,047
Total expenditures	-	1	-	1	15,051
Excess (Deficiency) of Revenues over Expenditures	-	(1)	-	(1)	(1,268)
Other Financing Sources:					
Transfers in				-	1,068
Net Change in Fund Balances	-	(1)	-	(1)	(200)
Fund Balances at Beginning of Year	2	7	1	10	7,271
Fund Balances at End of Year	\$ 2	\$ 6	\$ 1	\$ 9	\$ 7,071



Fiduciary Funds

Fiduciary Funds

Fiduciary Funds are used to account for assets held by the Town in a trustee capacity for individuals, private organizations, other governments, and/or other funds. These include agency funds.

Agency Funds

Student Activity

To account for the monies generated by student activities in the Southington school system.

Escrow Deposit

To account for cash bonds and other cash and investments held by the Town to ensure compliance with specifications and regulations with respect to various building projects and improvements.

C-PACE Program

To account for the lease payments through the Connecticut Property Assessed Clean Energy program, giving access to affordable, long-term financing to local businesses for qualifying clean energy upgrades.

TOWN OF SOUTHTON, CONNECTICUT
AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2020
(In Thousands)

	<u>Balance July 1, 2019</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2020</u>
Student Activity Fund				
Assets:				
Cash and cash equivalents	\$ 611	\$ 1,093	\$ 1,145	\$ 559
Investments	<u>127</u>	<u>5</u>		<u>132</u>
Total Assets	<u>\$ 738</u>	<u>\$ 1,098</u>	<u>\$ 1,145</u>	<u>\$ 691</u>
Liabilities:				
Fiduciary deposits	<u>\$ 738</u>	<u>\$ 1,098</u>	<u>\$ 1,145</u>	<u>\$ 691</u>
Escrow Deposit				
Assets:				
Cash and cash equivalents	\$ <u>1,496</u>	\$ <u>62</u>	\$ <u>468</u>	\$ <u>1,090</u>
Liabilities:				
Fiduciary deposits	<u>\$ 1,496</u>	<u>\$ 62</u>	<u>\$ 468</u>	<u>\$ 1,090</u>
C-Pace Program				
Assets:				
Cash and cash equivalents	\$ <u> </u>	\$ <u>123</u>	\$ <u>123</u>	\$ <u> </u>
Liabilities:				
Fiduciary deposits	<u>\$ <u> </u></u>	<u>\$ <u>123</u></u>	<u>\$ <u>123</u></u>	<u>\$ <u> </u></u>
Total All Agency Funds				
Assets:				
Cash and cash equivalents	\$ 2,107	\$ 1,278	\$ 1,736	\$ 1,649
Investments	<u>127</u>	<u>5</u>		<u>132</u>
Total Assets	<u>\$ 2,234</u>	<u>\$ 1,283</u>	<u>\$ 1,736</u>	<u>\$ 1,781</u>
Liabilities:				
Fiduciary deposits	<u>\$ 2,234</u>	<u>\$ 1,283</u>	<u>\$ 1,736</u>	<u>\$ 1,781</u>



Statistical Section

Statistical Section Information

This part of the Town of Southington, Connecticut's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

Contents

Financial Trends

These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.

Revenue Capacity

These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.

Debt Capacity

These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.

The accompanying tables are presented in the above order. Refer to the Table of Contents for applicable page number locations.

Sources: Unless otherwise noted, the information in the tables is derived from the comprehensive annual financial reports for the relevant year.

TABLE 1

TOWN OF SOUTHTON, CONNECTICUT
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(In Thousands)

	FISCAL YEAR									
	2020	2019	2018	2017 (3)	2016	2015	2014 (2)	2013	2012	2011
Governmental Activities:										
Net investment in capital assets	\$ 159,281	\$ 168,142	\$ 172,521	\$ 161,862	\$ 155,774	\$ 143,966	\$ 145,586	\$ 120,862	\$ 110,992	\$ 104,035
Restricted	662	625	726	758	758	705	712	704	631	1,032
Unrestricted	(35,662)	(25,058)	(19,188)	(11,226)	17,095	11,035	(7,624)	7,352	5,917	6,786
Total governmental activities net position	124,281	143,709	154,059	151,394	173,627	155,706	138,674	128,918	117,540	111,853
Business-type Activities:										
Net investment in capital assets	78,374	52,711	48,315	48,572	48,515	45,324	44,622	45,381	46,739	47,450
Unrestricted	9,457	9,010	7,260	5,835	4,333	2,193	1,242	1,740	1,903	1,585
Total business-type activities net position	87,831	61,721	55,575	54,407	52,848	47,517	45,864	47,121	48,642	49,035
Primary Government:										
Net investment in capital assets	237,655	220,853	220,836	210,434	204,289	189,290	190,208	166,243	157,731	151,485
Restricted	662	625	726	758	758	705	712	704	631	1,032
Unrestricted	(26,205)	(16,048)	(11,928)	(5,391)	21,428	13,228	(6,382)	9,092	7,820	8,371
Total Primary Government Net Position	\$ 212,112	\$ 205,430	\$ 209,634	\$ 205,801	\$ 226,475	\$ 203,223	\$ 184,538	\$ 176,039	\$ 166,182	\$ 160,888

Notes:

- (1) Schedule prepared on the accrual basis of accounting.
(2) Restated for GASB 68
(3) Restated for GASB 75

TABLE 2

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

	FISCAL YEAR									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Expenses:										
Governmental activities:										
General government	\$ 8,608	\$ 5,324	\$ 6,054	\$ 6,157	\$ 3,236	\$ 4,911	\$ 4,166	\$ 4,804	\$ 4,942	\$ 4,176
Public safety	29,175	35,113	23,502	20,877	20,184	20,590	19,229	19,122	20,436	18,711
Public works	14,265	10,912	11,659	10,155	15,777	12,828	13,553	10,614	11,082	9,402
Health and welfare	807	782	790	775	749	804	812	782	777	1,047
Human services	2,411	1,738	1,592	1,575	1,388	1,699	1,688	1,699	1,667	1,671
Parks and recreation	1,134	1,110	3,506	2,540	2,073	2,468	2,230	2,121	1,808	1,903
Public library	2,080	495	2,007	2,033	2,105	2,012	1,983	2,026	2,262	1,844
Planning and development	1,492	2,949	1,460	1,425	1,454	1,399	1,252	1,144	1,210	1,245
Education	133,098	116,831	125,783	123,630	108,892	109,074	106,788	99,453	99,324	94,128
Interest on long-term debt	2,361	3,144	2,887	3,026	2,830	2,954	2,474	1,958	2,370	1,621
Total governmental activities expenses	195,431	178,398	179,240	172,193	158,688	158,739	154,175	143,723	145,878	135,748
Business-type activities:										
Sewer	7,794	6,187	5,804	6,091	5,162	5,500	5,441	6,099	5,347	4,999
Total primary government expenses	203,225	184,585	185,044	178,284	163,850	164,239	159,616	149,822	151,225	140,747
Program revenues:										
Governmental activities:										
Charges for services:										
General government	1,552	1,579	1,707	1,712	2,269	2,394	1,926	2,133	1,220	1,085
Public safety	2,747	2,316	2,004	1,721	1,887	1,234	1,463	1,297	977	1,250
Public works	2,556	2,527	2,228	2,085	2,197	2,046	2,099	3,009	3,137	2,442
Education	2,424	2,474	2,358	2,304	2,281	2,139	2,358	2,266	2,060	1,973
Other	1,328	1,376	1,390	1,241	1,362	1,140	1,298	1,193	1,026	968
Operating grants and contributions	48,489	33,663	42,675	43,732	38,290	37,636	38,052	36,136	36,117	33,906
Capital grants and contributions	15,725	3,210	6,270	3,733	5,439	18,417	25,292	4,898	6,031	6,920
Total governmental activities program revenues	74,821	47,145	58,632	56,528	53,725	65,006	72,488	50,932	50,568	48,544
Business-type activities:										
Charges for services	5,950	5,706	5,501	5,913	5,708	5,710	4,359	4,480	4,355	4,297
Capital grants and contributions			1,471	1,737	4,761					
Total business activities program revenues	5,950	5,706	6,972	7,650	10,469	5,710	4,359	4,480	4,355	4,297
Total primary government program revenues	80,771	52,851	65,604	64,178	64,194	70,716	76,847	55,412	54,923	52,841
Net expense:										
Governmental activities	(120,610)	(131,253)	(120,608)	(115,665)	(104,963)	(93,733)	(81,687)	(92,791)	(95,310)	(87,204)
Business-type activities	(1,844)	(481)	1,168	1,559	5,307	210	(1,082)	(1,619)	(992)	(702)
Total primary government net expense	(122,454)	(131,734)	(119,440)	(114,106)	(99,656)	(93,523)	(82,769)	(94,410)	(96,302)	(87,906)
General revenues and other changes in net position:										
Governmental activities:										
Property taxes	125,542	123,664	121,341	116,889	112,320	107,729	103,575	102,244	99,471	97,004
Grants and contributions not restricted to specific purposes	1,388	1,074	1,318	2,353	1,509	1,626	1,621	1,766	1,930	1,755
Unrestricted investment earnings	1,890	1,903	1,049	592	521	351	337	257	195	219
Miscellaneous	316			236	1,525					
Transfers	(27,954)	(5,738)		(27,954)	27,954	(1,250)	(301)	(98)	(599)	(1,845)
Total governmental activities	101,182	120,903	123,708	92,116	143,829	108,456	105,232	104,169	100,997	97,133
Business-Type Activities:										
Grants and contributions						193				
Transfers	27,954	5,738	(27,954)	27,954		1,250	301	98	599	1,845
Total business-type activities	27,954	5,738	(27,954)	27,954	-	1,443	301	98	599	1,845
Total primary government	129,136	126,641	95,754	120,070	143,829	109,899	105,533	104,267	101,596	98,978
Changes in net position:										
Governmental activities	(19,428)	(10,350)	3,100	(23,549)	38,866	14,723	23,545	11,378	5,687	9,929
Business-type activities	26,110	5,257	(26,786)	29,513	5,307	1,653	(781)	(1,521)	(393)	1,143
Total Primary Government	\$ 6,682	\$ (5,093)	\$ (23,686)	\$ 5,964	\$ 44,173	\$ 16,376	\$ 22,764	\$ 9,857	\$ 5,294	\$ 11,072

Notes:

(1) Schedule prepared on the accrual basis of accounting

TABLE 3

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

	FISCAL YEAR									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
General Fund:										
Nonspendable	\$ 34	\$ 27	\$ 25	\$ 36	\$ 33	\$ 56	\$ 64	\$ 71	\$ 84	\$ 231
Committed				67	146					
Assigned	8,279	3,113	2,222	2,764	598	1,250	5,252	1,328	496	1,347
Unassigned	<u>23,856</u>	<u>25,318</u>	<u>22,706</u>	<u>20,140</u>	<u>19,738</u>	<u>17,801</u>	<u>16,215</u>	<u>18,487</u>	<u>16,084</u>	<u>13,486</u>
Total General Fund	<u>\$ 32,169</u>	<u>\$ 28,458</u>	<u>\$ 24,953</u>	<u>\$ 23,007</u>	<u>\$ 20,515</u>	<u>\$ 19,107</u>	<u>\$ 21,531</u>	<u>\$ 19,886</u>	<u>\$ 16,664</u>	<u>\$ 15,064</u>
All other governmental funds:										
Nonspendable	\$ 52	\$ 46	\$ 33	\$ 57	\$ 84	\$ 662	\$ 661	\$ 642	\$ 589	\$ 988
Restricted	726	659	732	779	783	150	193	165	1,558	1,562
Committed	6,293	6,566	10,307	7,595	14,339	9,313	2,985	2,676	2,194	1,909
Unassigned	<u>(23,973)</u>	<u>(995)</u>		<u>(904)</u>			<u>(8,864)</u>			
Total All Other Governmental Funds	<u>\$ (16,902)</u>	<u>\$ 6,276</u>	<u>\$ 11,072</u>	<u>\$ 7,527</u>	<u>\$ 15,206</u>	<u>\$ 10,125</u>	<u>\$ (5,025)</u>	<u>\$ 3,483</u>	<u>\$ 4,341</u>	<u>\$ 4,459</u>

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

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

	FISCAL YEAR									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Revenues:										
Property taxes	\$ 125,730	\$ 123,664	\$ 121,792	\$ 117,575	\$ 111,979	\$ 108,052	\$ 103,597	\$ 102,129	\$ 99,615	\$ 97,026
Intergovernmental	55,198	45,291	42,408	49,460	44,087	55,298	62,599	40,626	43,377	39,277
Charges for services	10,670	10,195	9,836	9,078	9,322	8,306	8,900	8,618	7,807	7,592
Income on investments	1,891	1,837	1,047	593	520	350	336	256	195	218
Other revenues	316	341	249	430	3,147	2,104	730	1,141	503	504
Total revenues	193,805	181,328	175,332	177,136	169,055	174,110	176,162	152,770	151,497	144,617
Expenditures:										
General government	4,268	4,146	4,208	4,350	4,553	4,125	3,838	3,672	3,610	3,265
Public safety	16,538	15,461	15,187	14,741	14,210	13,799	13,385	13,303	12,958	12,687
Public works	8,455	8,423	7,260	7,335	7,144	8,880	7,585	7,204	7,552	7,188
Health and welfare	695	694	688	681	652	706	729	702	713	880
Human resources	1,897	1,255	1,224	1,235	1,026	1,371	1,357	1,373	1,338	1,387
Parks and recreation	782	873	1,919	1,945	2,289	1,900	1,554	1,611	1,505	1,423
Public library	1,580	1,500	1,507	1,550	1,556	1,502	1,488	1,524	1,800	1,472
Planning and development	1,070	1,077	1,036	1,032	1,037	1,009	916	799	857	877
Miscellaneous	65			65			1	14	284	29
Employee fringe benefits	9,922	9,042	9,007	9,645	9,519	9,345	8,829	8,497	7,931	8,115
Education	118,599	117,390	110,618	116,927	106,503	102,858	102,618	98,040	95,922	93,163
Debt service:										
Principal	12,228	12,282	12,375	11,668	6,188	5,618	4,110	5,507	6,018	4,649
Interest					3,240	2,740	2,740	2,740	2,244	2,352
Capital outlay	37,173	11,239	13,876	11,319	23,050	50,291	55,092	7,980	7,996	7,041
Total expenditures	213,272	183,382	178,905	182,493	180,967	204,144	204,242	152,966	150,728	144,528
Excess (deficiency) of revenue over (under) expenditures	(19,467)	(2,054)	(3,573)	(5,357)	(11,912)	(30,034)	(28,080)	(196)	769	89
Other financing sources (uses):										
Refunding bonds issued		6,825				12,285	22,705	6,915		8,745
Premium on refunding bonds		473				977		468		887
Payment to refunded bond escrow agent		(7,203)				(13,125)		(7,277)		(9,515)
Premium on general obligation bonds			249		708	1,514				329
Premium on BANS						1,459				
Issuance of notes payable										11,068
Issuance of capital leases		668		106	493	12,730	720	246	713	614
Bond proceeds			8,815		17,200	26,920				11,945
Transfers in	4,868	3,634	5,974	3,029	3,934	6,520	3,579	2,069	3,471	2,895
Transfers out	(4,868)	(3,634)	(5,974)	(3,030)	(3,934)	(6,520)	(3,579)	(2,069)	(3,471)	(2,895)
Total other financing sources	-	763	9,064	105	18,401	42,760	23,425	352	713	24,073
Net Change in Fund Balances	\$ (19,467)	\$ (1,291)	\$ 5,491	\$ (5,252)	\$ 6,489	\$ 12,726	\$ (4,655)	\$ 156	\$ 1,482	\$ 24,162
Debt Service as a Percentage of Noncapital Expenditures	6.08%	7.23%	7.07%	6.82%	6.09%	5.21%	4.51%	5.66%	5.69%	5.01%

Notes:

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

TABLE 5

TOWN OF SOUTHTON, CONNECTICUT
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS
(In Thousands)

Fiscal Year	Grand List October 1,	Real Property			Personal Property	Motor Vehicle	Less Tax Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value As a Percentage of Actual Taxable Value
		Residential	Commercial	Industrial							
2020	2018	\$ 2,906,352	\$ 491,236	\$ 76,328	\$ 336,395	\$ 374,861	\$ 116,658	\$ 4,068,514	30.64	\$ 5,812,163	70%
2019	2017	2,881,765	481,520	77,872	322,621	368,701	123,538	4,008,941	30.48	5,727,059	70%
2018	2016	2,858,882	471,482	75,008	274,374	382,027	115,956	3,945,817	30.48	5,636,881	70%
2017	2015	2,831,638	471,552	74,021	261,499	378,093	114,693	3,902,110	29.64	5,574,443	70%
2016	2014	2,796,733	435,085	75,121	251,893	371,506	101,621	3,828,717	29.14	5,469,596	70%
2015	2013	2,759,577	442,336	75,308	232,433	362,332	98,209	3,773,777	28.36	5,391,110	70%
2014	2012	2,734,920	431,662	75,335	225,953	349,378	85,603	3,731,645	27.46	5,330,921	70%
2013	2011	2,721,148	432,388	75,052	217,863	347,989	79,573	3,714,867	27.48	5,306,953	70%
2012	2010	3,027,300	473,444	110,686	204,328	325,954	78,495	4,063,217	24.28	5,804,596	70%
2011	2009	3,001,720	468,372	109,734	200,816	312,881	77,368	4,016,155	24.02	5,737,364	70%

Source: Town of Southington Office of Tax Assessor

Notes:

- (1) There is no overlapping taxable property.
- (2) Does not include supplemental motor vehicle taxes.

TABLE 6

**TOWN OF SOUTHLINGTON, CONNECTICUT
PRINCIPAL PROPERTY TAXPAYERS
2020 AND 2011
(In Thousands)**

Taxpayer	2020			2011		
	Taxable Assessed Value	Rank	Percentage of Total Town Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Town Taxable Assessed Value
Eversource (Connecticut Light & Power Co.)	\$ 117,234	1	2.88%	\$ 25,570	1	0.64%
45 Newell Street (Yarde Metals)	22,694	2	0.56%			
Yankee Gas	22,478	3	0.55%	6,934	8	0.17%
Home Depot	15,730	4	0.39%			
RK Southington LLC (Galileo Queens Plaza LLC)	11,744	5	0.29%			
Southington Route 10 Associates	11,383	6	0.28%			
Target Corporation	10,853	7	0.27%			
Execsouth LLC (Lowes Home Improvement)	9,980	8	0.25%			
Olson Murial et al (Wal-Mart Plaza)	9,318	9	0.23%			
Briad Lodging Group	8,503	10	0.21%			
Lexington Southington LP (formerly Lepercq Corp.)				8,833	5	0.22%
Medex Inc (formerly Johnson & Johnson)				15,408	3	0.38%
Chancellor Gardens				7,853	6	0.20%
United Technologies Corporation				9,459	4	0.24%
Hartford Fire Insurance				25,008	2	0.62%
Lake Compounce/Kennywood Entertainment				6,726	9	0.17%
Arawana Mills (P & W Aircraft Rd)				5,845	10	0.15%
Hartconn Corporation				7,334	7	0.18%
Total	\$ <u>239,917</u>		<u>5.90%</u>	\$ <u>118,970</u>		<u>2.96%</u>

Net Taxable Grand List 10/01/2018 of \$4,068,515

Net Taxable Grand List 10/01/2009 of \$4,016,159

(in thousands)

Source: Town of Southington, Office of Tax Assessor

TABLE 7

**TOWN OF SOUTHTON, CONNECTICUT
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
(In Thousands)**

Fiscal Year Ended June 30,	Grand List October 1,	Tax Rate In Mills	Taxes Levied For The Fiscal Year	Adjustments	Total Adjusted Levy	Collected Within the Fiscal Year of Levy		Collections In Subsequent Years	Total Collections to Date	
						Amount	Percentage of Levy		Amount	Percentage of Adjusted Levy
2020	2018	30.64	\$ 125,629	\$	\$ 125,629	\$ 124,330	98.97 %	\$	\$ 124,330	98.97 %
2019	2017	30.48	123,101	74	123,027	121,881	99.01	635	122,516	99.58
2018	2016	30.48	120,887	137	120,750	119,709	99.03	881	120,590	99.87
2017	2015	29.64	116,198	128	116,070	114,908	98.89	1,107	116,015	99.95
2016	2014	29.14	111,851	131	111,720	110,580	98.86	1,119	111,699	99.98
2015	2013	28.36	107,104	152	106,952	105,860	98.84	1,082	106,942	99.99
2014	2012	27.46	102,717	153	102,564	101,433	98.75	1,124	102,557	99.99
2013	2011	27.48	101,940	125	101,815	100,471	98.56	1,337	101,808	99.99
2012	2010	24.28	98,794	128	98,666	97,457	98.65	1,201	98,658	99.99
2011	2009	24.02	96,374	84	96,290	95,119	98.70	1,165	96,284	99.99

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

TABLE 8

TOWN OF SOUTHTON, CONNECTICUT
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
(In Thousands, except per capita)

Fiscal Year	Governmental Activities						Bonded Debt Percentage of Actual Taxable Value	Total Debt Percentage of Actual Taxable Value	Total Debt Percentage of Personal Income	Bonded Debt Per Capita	Total Debt Per Capita
	General Obligation Bonds	Unamortized Bond Premium	Southington Water Co. Bonds	Clean Water Fund Loan	Capital Leases	Total Primary Government					
2020	\$ 77,770	\$ 3,401	\$ 4,705	\$ 5,684	\$ 10,287	\$ 101,847	1.48 %	1.75 %	5.12 %	\$ 1,959	\$ 2,323
2019	86,565	3,754	5,335	6,252	11,375	113,281	1.67	1.98	5.87	2,184	2,586
2018	95,040	3,819	6,030	6,822	11,525	123,236	1.86	2.19	6.68	2,391	2,810
2017	94,775	3,935	6,670	7,390	12,338	125,108	1.89	2.24	6.97	2,412	2,864
2016	102,355	4,300	7,310	7,957	13,258	135,180	2.08	2.47	7.82	2,601	3,085
2015	90,860	4,404	7,950	8,526	13,597	125,337	1.91	2.32	7.27	2,356	2,861
2014	69,295	1,594	8,725	9,094	1,120	89,828	1.49	1.69	5.43	1,823	2,057
2013	51,054	1,758	3,341	9,662	869	66,684	1.06	1.26	4.31	1,293	1,535
2012	56,410	1,439	3,900	10,231	1,094	73,074	1.06	1.26	4.76	1,433	1,695
2011	61,665	1,566	4,360	11,068	614	79,273	1.18	1.38	5.11	1,567	1,838

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

TOWN OF SOUTHTON, CONNECTICUT
SCHEDULE OF DEBT LIMITATION
JUNE 30, 2020
(In Thousands)

Total tax collections (including interest and lien fees) received by Treasurer for prior fiscal year	\$	123,703				
Reimbursement for loss of revenue:						
Tax relief for elderly - freeze						
Base	\$	<u>123,703</u>				
		General Purpose	Schools	Sewers	Urban Renewal	Pension Deficit
Debt limitation:						
2-1/4 times base	\$	278,332	\$		\$	
4-1/2 times base			556,664			
3-3/4 times base				463,886		
3-1/4 times base					402,035	
3 times base						371,109
Total debt limitation		<u>278,332</u>	<u>556,664</u>	<u>463,886</u>	<u>402,035</u>	<u>371,109</u>
Indebtedness:						
Bonds payable		25,788	43,943	8,039		
Bonds authorized - unissued		7,228	10,904	47,800		
Clean Water Fund Loan				5,684		
Total indebtedness		<u>33,016</u>	<u>54,847</u>	<u>61,523</u>	<u>-</u>	<u>-</u>
Debt limitation in excess of outstanding and authorized debt	\$	<u>245,316</u>	\$	<u>501,817</u>	\$	<u>402,035</u>
					\$	<u>371,109</u>

Note 1: In no case shall total indebtedness exceed seven times annual receipts from taxation of \$865.9 million.

Note 2: In accordance with Connecticut General Statutes, the above indebtedness does not include water bonds.

Note 3: Bonds authorized - unissued includes bond authorizations that have bond anticipation notes outstanding or have previously issued partial permanent financing.

TABLE 10

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

	FISCAL YEAR									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Debt limitation	\$ 865,921	\$ 851,704	\$ 821,905	\$ 821,905	\$ 784,448	\$ 756,147	\$ 724,535	\$ 715,554	\$ 696,332	\$ 678,741
Total net debt applicable to limit	<u>149,386</u>	<u>146,317</u>	<u>151,247</u>	<u>158,990</u>	<u>141,415</u>	<u>137,996</u>	<u>140,068</u>	<u>162,542</u>	<u>156,679</u>	<u>77,495</u>
Legal Debt Margin	<u>\$ 716,535</u>	<u>\$ 705,387</u>	<u>\$ 670,658</u>	<u>\$ 662,915</u>	<u>\$ 643,033</u>	<u>\$ 618,151</u>	<u>\$ 584,467</u>	<u>\$ 553,012</u>	<u>\$ 539,653</u>	<u>\$ 601,246</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	<u>17.25%</u>	<u>17.18%</u>	<u>18.40%</u>	<u>19.34%</u>	<u>18.03%</u>	<u>18.25%</u>	<u>19.33%</u>	<u>22.72%</u>	<u>22.50%</u>	<u>11.42%</u>

Source: Comprehensive Annual Financial Report - Schedule of Debt Limitation

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

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

Calendar Year	Population (1)	Per Capita Income (2)	Personal Income (3)	Median Age (4)	Public School Enrollment (5)	Unemployment Rate (6)
2020	43,834	\$ 45,359	\$ 1,988,266,406	45.0	6,298	8.40 %
2019	43,807	44,026	1,928,646,982	45.0	6,352	3.10
2018	43,863	42,029	1,843,518,027	45.0	6,461	3.50
2017	43,685	41,087	1,794,885,595	45.0	6,540	4.00
2016	43,817	39,430	1,727,704,310	45.0	6,544	4.20
2015	43,815	39,373	1,725,127,995	44.0	6,589	4.60
2014	43,661	37,876	1,653,704,036	44.0	6,666	5.50
2013	43,434	35,628	1,547,466,552	44.0	6,693	6.40
2012	43,103	35,628	1,535,673,684	40.0	6,779	7.10
2011	43,130	35,956	1,550,782,280	42.0	6,828	7.40

Source:

- (1) State of Connecticut Department of Public Health as of July 1st of Prior Year.
- (2) U.S. Census Bureau, 2019 American Community Survey 1-Year Estimates.
- (3) Personal Income = Population times Per Capita Personal Income.
- (4) Connecticut Economic Resource Center (CERC), Town Profiles
- (5) Town of Southington, Board of Education.
- (6) State of Connecticut Department of Labor website Annual Averages. For 2020, June 2020 is utilized as an estimate. Next year it will be replaced with the Annual Average.

TABLE 12

**TOWN OF SOUTHTON, CONNECTICUT
PRINCIPAL EMPLOYERS
2020 AND 2011**

Employer	Nature of Business	2020			2011		
		Employees	Rank	Percentage of Total Town Employment	Employees	Rank	Percentage of Total Town Employment
Town of Southington	Municipality	1,317	1	5.32%	1,186	1	4.81%
Hartford Health Care	Health Care	1,020	2	4.12%			
Webster Bank	Financial Services	653	3	2.64%			
Economy Spring	Manufacturing	384	4	1.55%			
Connecticut On-Line Computer Company	IT	380	5	1.54%			
Southington YMCA	Health Care	362	6	1.46%			
Yarde Metals	Manufacturing	336	7	1.36%	388	4	1.57%
Smith's Medical (Medex)	Manufacturing	250	8	1.01%	278	6	1.13%
The Home Depot	Retail Chain	243	9	0.98%	215	7	0.87%
Lowe	Retail Chain	170	10	0.69%			
Southington Care Center	Health Care Practice				315	5	1.28%
Price Chopper	Retail Chain				170	10	0.69%
Stop & Shop	Retail Chain				179	9	0.73%
Hospital of Central CT - Bradley Hospital	Hospital				402	3	1.63%
Wal-Mart	Retail Chain				198	8	0.80%
Hartford Insurance Group	Insurance				640	2	2.60%
Total		<u>5,115</u>		<u>20.67%</u>	<u>3,971</u>		<u>16.11%</u>

FY 2011 Labor Force 24,651

FY 2020 Labor Force 24,748

Source: Town of Southington, Economic Development Office
Connecticut Department of Labor

TABLE 13

**TOWN OF SOUTHTON, CONNECTICUT
FULL-TIME-EQUIVALENT TOWN GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS**

Function/Program	Fiscal Year Ended									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
General government	62	62	65	65	65	65	64	60	53	58
Police	87	87	87	87	85	85	82	85	84	85
Fire	36	36	34	34	34	34	34	33	33	33
Public works ⁽¹⁾	34	34	25	25	25	26	26	26	34	35
Parks and recreation ⁽¹⁾	2	2	11	12	12	12	12	12	12	11
Library and Barnes	20	20	20	20	20	20	20	20	20	20
Education	1,080	1,074	1,070	1,056	1,040	1,033	995	942	955	939
Animal Control	2	2	2	2	2	2	2	2	2	2
Sewer plant and office	13	13	13	13	13	9	12	12	12	13
Total	<u>1,336</u>	<u>1,330</u>	<u>1,327</u>	<u>1,314</u>	<u>1,296</u>	<u>1,285</u>	<u>1,246</u>	<u>1,192</u>	<u>1,205</u>	<u>1,196</u>

Notes:

(1) Beginning FY 2019, Public Works includes Highway and Parks. Recreation is now a standalone function/program.

Source: Town of Southington Finance Department and Board of Education records.
Town utilized Department of Labor reports as of June 30th.

TABLE 14

**TOWN OF SOUTHLINGTON, CONNECTICUT
OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS**

Function\Program	FISCAL YEAR									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
General government:										
Building permits issued	1,300	1,496	1,327	1,016	1,392	1,301	1,162	1,340	1,424	1,284
Police:										
Physical arrests	630	675	843	779	857	1,082	932	1,012	903	993
Parking violations	242	368	558	477	209	246	172	376	342	409
Traffic violations	3,316	6,564	8,024	5,859	4,680	5,611	6,963	6,491	8,264	9,972
Fire:										
Emergency responses/Fire calls	2,334	2,292	2,311	2,207	1,996	2,154	1,942	1,929	2,213	2,284
Inspections	823	908	526	509	552	593	502	528		2,684
Refuse collection:										
Average refuse collected (tons per day)	158	153	139	130	132	124	128	118	115	121
Average recyclables collected (tons per day)		9	15	16	14	13	12	13	13	14
Other public works:										
Street resurfacing (miles)	5	6	16	7	18	14	8	2	3	4
Library:										
Total volumes loaned/Combined lending	287,408	380,288	336,427	323,093	389,811	421,881	482,528	756,993	753,021	701,854
Water:										
New connections	158	59	107	84	69	102	83	85	116	74
Average daily consumption (thousands of gallons)	4,655	3,569	3,500	3,837	4,053	3,775	3,752	3,802	3,829	3,853
Wastewater:										
Average daily sewage treatment (thousands of gallons)	4,990	4,790	4,790	4,800	4,790	4,725	4,670	4,530	5,080	4,070

Beginning in FY 2012 Fire Department tracks inspections of property rather than inspector duties

Source: Town of Southington CAFRs, Annual Reports, and department records.

TABLE 15

**TOWN OF SOUTHTON, CONNECTICUT
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS**

Function/Program	FISCAL YEAR									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	24	24	24	23	22	22	22	22	22	22
Fire stations	4	4	4	4	4	4	4	4	4	4
Other public works:										
Streets (miles)	205	204	204	203	203	202	201	199	199	198
Streetlights	3907	3897	3875	3870	3,866	3,865	3,796	3,711	4,228	4,201
Traffic signals	10	10	10	10	10	10	9	9	6	6
Parks and recreation:										
Acreage	351	351	351	351	351	351	351	351	351	351
Parks	10	10	10	10	10	10	10	10	10	10
Swimming Pools	2	2	2	2	2	2	2	2	2	2
Tennis Courts	10	10	10	10	10	10	10	10	10	10
Water:										
Water mains (miles)	256	255	202	201	200	200	200	199	199	196
Fire hydrants	1,492	1,486	1,481	1,451	1,426	1,425	1,416	1,420	1,405	1,384
Storage capacity (thousands of gallons)	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000
Wastewater:										
Storm sewers (miles)	144	143	143	142	142	141	141	140	139	139
Treatment capacity (thousands of gallons)	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500

Source: Town of Southington CAFRs, Annual Reports, and department records.