

FINAL OFFICIAL STATEMENT DATED JANUARY 14, 2016

NEW MONEY ISSUE: Book-Entry-Only

RATINGS: Standard & Poor's Corporation: AA+ / SP-1+

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



Town of Southington, Connecticut

\$17,200,000

General Obligation Bonds, Issue of 2016

Dated: Date of Delivery

**Due: January 15, 2018-2036,
As shown on the inside cover hereof:**

The Bonds will bear interest payable July 15, 2016 and semiannually thereafter on January 15 and July 15 in each year until maturity. The Bonds are issuable only as fully-registered bonds, without coupons, and, when issued, will be registered in the name of Cede & Co., as bondowner and nominee for The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the Bonds. Purchases of the Bonds will be made in book-entry form, in the denomination of \$5,000 or any integral multiple thereof. Purchasers will not receive certificates representing their ownership interest in the Bonds. So long as Cede & Co. is the Bondowner, as nominee of DTC, reference herein to the Bondowner or owners shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners (as defined herein) of the Bonds. See "Book-Entry-Only Transfer System" herein.

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

RAYMOND JAMES

\$6,000,000

General Obligation Bond Anticipation Notes

Dated: January 26, 2016

Due: January 25, 2017

The Notes will be issued in book-entry-only form and will bear interest at such rate or rates per annum as are specified by the successful bidder or bidders in accordance with the Notice of Sale, dated January 7, 2016. The Notes, when issued, will be registered in the name of Cede & Co., as Noteowner and nominee for DTC, New York, New York. See "Book-Entry-Only Transfer System" herein.

The Notes are not subject to redemption prior to maturity.

EASTERN BANK

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

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

The Bonds and Notes are offered for delivery when, as and if issued, subject to the final approving opinion of Day Pitney LLP, Bond Counsel, of Hartford, Connecticut. It is expected that delivery of the Bonds in book-entry-only form will be made to DTC in New York, New York on or about January 26, 2016.

Town of Southington, Connecticut
\$17,200,000
General Obligation Bonds, Issue of 2016

Dated: *Date of Delivery*

Due: January 15,
as shown below:

<i>Year</i>	<i>Principal</i>	<i>Coupon</i>	<i>Yield</i>	<i>CUSIP</i> ¹	<i>Year</i>	<i>Principal</i>	<i>Coupon</i>	<i>Yield</i>	<i>CUSIP</i> ¹
2018	\$1,000,000	4.000%	0.720%	844402YF8	2028	\$ 845,000	2.125%	2.230%	844402YR2
2019	1,005,000	4.000%	0.860%	844402YG6	2029	845,000	2.250%	2.350%	844402YS0
2020	1,005,000	4.000%	0.970%	844402YH4	2030*	845,000	3.000%	2.450%	844402YT8
2021	1,005,000	4.000%	1.090%	844402YJ0	2031*	850,000	3.000%	2.550%	844402YU5
2022	1,005,000	4.000%	1.200%	844402YK7	2032*	850,000	3.000%	2.650%	844402YV3
2023	905,000	4.000%	1.400%	844402YL5	2033*	850,000	3.000%	2.780%	844402YW1
2024*	905,000	2.000%	1.580%	844402YM3	2034*	850,000	3.000%	2.900%	844402YX9
2025*	910,000	2.000%	1.750%	844402YN1	2035	850,000	3.000%	3.000%	844402YY7
2026*	910,000	2.000%	1.880%	844402YP6	2036	850,000	3.000%	3.030%	844402YZ4
2027	915,000	2.000%	2.100%	844402YQ4					

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

\$6,000,000
General Obligation Bond Anticipation Notes

Dated: **January 26, 2016**
Rate: **2.00%**
Yield: **0.59%**

Due: **January 25, 2017**
CUSIP:¹ **844402ZA8**
Underwriter: **Eastern Bank**

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

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

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

Set forth in Appendix A – "2015 Financial Statements Excerpted from the Town's Comprehensive Annual Financial Report" hereto is a copy of the report of the independent auditors for the Town with respect to the financial statements of the Town included in that appendix. The report speaks only as of its date, and only to the matters expressly set forth therein. The auditors have not been engaged to review this Official Statement or to perform audit procedures regarding the post-audit period, nor have the auditors been requested to give their consent to the inclusion of their report in Appendix A. Except as stated in their report, the auditors have not been engaged to verify the financial information set out in Appendix A and are not passing upon and do not assume responsibility for the sufficiency, accuracy or completeness of the financial information presented in that appendix.

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

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Bond Issue Summary

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

Date of Sale:	Thursday, January 14, 2016 at 11:30 A.M. (Eastern Time).
Location of Sale:	Office of the Town Manager, Town Hall, 75 Main Street, Southington, Connecticut 06489.
Issuer:	Town of Southington, Connecticut (the "Town").
Issue:	\$17,200,000 General Obligation Bonds (the "Bonds"), Issue of 2016.
Dated Date:	Date of Delivery
Principal and Interest Due:	Principal due serially January 15, 2018 through January 15, 2036. Interest due July 15 and January 15 in each year until maturity, commencing July 15, 2016.
Purpose:	The Bond proceeds will be used to provide funds for various school and general purpose projects.
Redemption:	The Bonds are subject to redemption prior to maturity. See "Redemption Provisions" herein.
Security:	The Bonds will be general obligations of the Town of Southington, Connecticut, and the Town will pledge its full faith and credit to the payment of principal of and interest on the Bonds when due.
Credit Rating:	The Bonds have been rated "AA+" by Standard & Poor's Corporation.
Bond Insurance:	The Town does not expect to purchase a credit enhancement facility.
Basis of Award:	Lowest True Interest Cost (TIC), as of the dated date.
Tax Exemption:	See Appendix B - "Opinion of Bond Counsel and Tax Exemption".
Bank Qualification:	The Bonds shall <u>NOT</u> be designated by the Issuer as qualified tax-exempt obligations under the provision of Section 265(b) of the Internal Revenue Code of 1986, as amended, for purposes of the deduction by financial institutions of interest expense allocable to the Bonds.
Continuing Disclosure:	In accordance with the requirements of Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission, the Town will agree to provide, or cause to be provided, annual financial information and operating data and notices of certain events with respect to the Bonds pursuant to a Continuing Disclosure Agreement to be executed by the Town substantially in the form attached as Appendix C-1 to this Official Statement.
Registrar, Transfer Agent, Certifying Agent, and Paying Agent:	U.S. Bank National Association, Goodwin Square, 225 Asylum Street, Hartford, Connecticut 06103.
Financial Advisor:	Phoenix Advisors, LLC of Milford, Connecticut. Telephone (203) 878-4945.
Legal Opinion:	Day Pitney LLP, of Hartford, Connecticut.
Separate CUSIPS:	Separate CUSIP numbers for the Bonds is required. It shall be the responsibility of the winning bidder to obtain CUSIP numbers for the Bonds prior to delivery.
Delivery and Payment:	It is expected that delivery of the Bonds in book-entry-only form will be made to The Depository Trust Company on or about January 26, 2016. Delivery of the Bonds will be made against payment in Federal Funds.
Issuer Official:	Questions concerning the Official Statement should be addressed to Ms. Emilia C. Portelinha, Director of Finance, Town of Southington, Town Hall, 75 Main Street, Southington, Connecticut 06489. Telephone (860) 276-6222.

Note Issue Summary

The information in this Note Issue Summary and the front cover page is qualified in its entirety by the detailed information and financial statements appearing elsewhere in this Official Statement. Investors must read the entire Official Statement to obtain information essential to the making of an informed decision. This Official Statement speaks only as of its date and the information herein is subject to change.

Date of Sale:	Thursday, January 14, 2016 at 11:00 A.M. (Eastern Time).
Location of Sale:	Office of the Town Manager, Town Hall, 75 Main Street, Southington, Connecticut 06489.
Issuer:	Town of Southington, Connecticut (the "Town").
Issue:	\$6,000,000 General Obligation Bond Anticipation Notes (the "Notes").
Dated Date:	January 26, 2016.
Interest Due:	At maturity: January 25, 2017
Principal Due:	At maturity: January 25, 2017
Authorization and Purpose:	The Notes are being issued to finance a middle school project and senior center. See "Authorization and Purpose" herein.
Redemption:	The Notes are NOT subject to redemption prior to maturity.
Security:	The Notes will be general obligations of the Town of Southington, Connecticut, and the Town will pledge its full faith and credit to the payment of principal of and interest on the Notes when due.
Credit Rating:	The Notes have been rated "SP-1+" by Standard & Poor's Corporation.
Basis of Award:	Lowest Net Interest Cost (NIC), as of the dated date.
Tax Exemption:	See Appendix B - "Opinion of Bond Counsel and Tax Exemption".
Bank Qualification:	The Notes shall <u>NOT</u> be designated by the Issuer as qualified tax-exempt obligations under the provision of Section 265(b) of the Internal Revenue Code of 1986, as amended, for purposes of the deduction by financial institutions of interest expense allocable to the Notes.
Continuing Disclosure:	In accordance with the requirements of Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission, the Town will agree to provide, or cause to be provided, annual financial information and operating data and notices of material events with respect to the Notes pursuant to a Continuing Disclosure Agreement to be executed by the Town substantially in the form attached as Appendix C-2 to this Official Statement.
Registrar, Transfer Agent, Certifying Agent and Paying Agent:	U.S. Bank National Association, Goodwin Square, 225 Asylum Street, Hartford, Connecticut 06103.
Financial Advisor:	Phoenix Advisors, LLC, of Milford, Connecticut. Telephone (203) 878-4945.
Legal Opinion:	Day Pitney LLP, of Hartford, Connecticut.
Delivery and Payment:	It is expected that delivery of the Notes in book-entry-only form will be made to The Depository Trust Company on or about January 26, 2016. Delivery of the Notes will be made against payment in Federal Funds.
Issuer Official:	Questions concerning the Official Statement should be addressed to Ms. Emilia C. Portelinha, Director of Finance, Town of Southington, Town Hall, 75 Main Street, Southington, Connecticut 06489. Telephone (860) 276-6222.

I. Bond and Note Information

Introduction

This Official Statement, including the cover page and appendices, is provided for the purpose of presenting certain information relating to the Town of Southington, Connecticut (the "Town"), in connection with the issuance and sale of \$17,200,000 General Obligation Bonds, (the "Bonds") and \$6,000,000 General Obligation Bond Anticipation Notes (the "Notes") of the Town.

The Bonds and Notes are being offered for sale at public bidding. Notices of Sale dated January 7, 2016 have been furnished to prospective bidders. Reference is made to the Notices of Sale, which are included as Appendices D-1 and D-2 for the terms and conditions of the bidding.

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

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

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

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

Financial Advisor

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

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

The Bonds

Description of the Bonds

The Bonds will mature on January 15 in each of the years as set forth on the inside cover page hereof. The Bonds will be dated the date of delivery and bear interest at the rates per annum specified on the inside cover page, payable semiannually on January 15 and July 15 in each year until maturity, commencing July 15, 2016. Interest will be calculated on the basis of a 360-day year, consisting of twelve 30-day months. Interest is payable to the registered owner as of the close of business on the last business day of December and June, in each year, by check mailed to the registered owner; or so long as the Bonds are registered in the name of Cede & Co., as nominee of DTC, by such other means as DTC, the Paying Agent and the Town shall agree.

Redemption Provisions

The Bonds maturing on or before January 15, 2023 are not subject to redemption prior to maturity. The Bonds maturing on January 15, 2024 and thereafter are subject to redemption prior to maturity, at the election of the Town, on or after January 15, 2023 at any time, either in whole or in part, in such amounts and in such order of maturity, (but by lot within a maturity) as the Town may determine, at the redemption prices (expressed as a percentage of the principal amount of the Bonds to be redeemed), set forth in the following table, plus interest accrued and unpaid to the redemption date:

<u>Redemption Dates</u>	<u>Redemption Prices</u>
January 15, 2023 and thereafter.....	100%

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

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

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

Description of the Notes

The Notes will be dated January 26, 2016 and will be due and payable as to both principal and interest at maturity on January 25, 2017. The Notes will bear interest calculated on the basis of twelve 30-day months and a 360-day year at such rate or rates per annum as are specified by the successful bidder or bidders. A book-entry system will be employed evidencing ownership of the Notes in principal amounts of \$5,000 or integral multiples thereof, with transfers of ownership effected on the records of DTC, and its participants pursuant to rules and procedures established by DTC and its participants. See “Book-Entry-Only Transfer System”. The Notes are not subject to redemption prior to maturity.

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

Authorization and Purpose

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

Project	Amount Authorized	Notes Due: 1/26/2016	New Money/ (Paydowns)	This Issue:	
				The Notes Due: 1/25/2017	The Bonds:
2011 School Renov., Add., & Improvements	\$ 89,725,000	\$ 12,000,000	\$ 5,000,000	\$ 5,000,000	\$ 12,000,000
Land Acquisition	2,000,000	-	1,000,000	-	1,000,000
Senior Center Facility	9,400,000	-	1,000,000	1,000,000	-
Road and Bridge Improvements (2014)	11,000,000	-	4,200,000	-	4,200,000
Total	\$ 112,125,000	\$ 12,000,000	\$ 11,200,000	\$ 6,000,000	\$ 17,200,000

School Projects

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

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

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

Book-Entry-Only Transfer System

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

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

Purchases of the Bonds and the Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds and the Notes on DTC's records. The ownership interest of each actual purchaser of each Security ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants'

records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds and the Notes are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds or Notes, except in the event that use of the book-entry system for the Bonds and the Notes is discontinued.

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

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

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

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

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

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

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

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

DTC Practices

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

Replacement Securities

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

Security and Remedies

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

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

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

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

Enforcement of a claim for payment of principal of or interest on the Bonds and the Notes would also be subject to the applicable provisions of Federal bankruptcy laws as well as other bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted and to the exercise of judicial discretion. Section 7-566 of the Connecticut General Statutes, as amended in 1993, provides that no Connecticut municipality shall file a petition in bankruptcy without the express prior written consent of the Governor. This prohibition applies to any town, city, borough, metropolitan district and any other political subdivision of the State having the power to levy taxes and issue bonds or other obligations.

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

Qualification for Financial Institutions

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

Availability of Continuing Information

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

The Town will enter into a Continuing Disclosure Agreement with respect to the Bonds and the Notes, substantially in the forms attached as Appendix C-1 and C-2, respectively, to this Official Statement ("Form of Continuing Disclosure Agreement"), to provide or cause to be provided, in accordance with the requirements of SEC Rule 15c2-12(b)(5) (the "Rule") (i) annual financial information and operating data with respect to the Bonds, (ii) timely notice of the occurrence of certain events not in excess of 10 business days after the occurrence of such events with respect to the Bonds and the Notes, and (iii) timely notice of a failure by the Town to provide the required annual financial information and operating data on or before the date specified in the Continuing Disclosure Agreement with respect to the Bonds. The winning bidders' obligation to purchase the respective Bonds and the Notes shall be conditioned upon it receiving, at or prior to the delivery of the Bonds and the Notes, an executed copy of the Continuing Disclosure Agreements.

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

Ratings

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

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

Bond Insurance

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

II. The Issuer



Connecticut

Description of the Municipality

The Town of Southington was originally settled in 1698 and incorporated in 1779. Southington, which has land area of approximately 36.9 square miles and a population of 43,434, is located in Hartford County. Located in the geographical center of the State, Southington lies approximately 20 miles west of Hartford, the state capital, and nine miles east of Waterbury. Other nearby cities include Meriden, New Britain, Bristol and New Haven.

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

Economic Development

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

As a result of these efforts, the Town has become less dependent on one taxpayer or industry as evidenced by the Town's top ten taxpayers representing 4.87% of the October 1, 2014 taxable Grand List vs. 16% in the mid-1990s.

Southington and the Economic Development Office continued to accelerate economic activity throughout the year. Significant growth was seen across several sectors including industrial, medical office retail, casual dining, recreation and office sectors.

Major announcements include:

AmTrust Financials acquisition of and relocation into 400 Executive Boulevard Drive, a 120,000 square foot professional office building. AmTrust Financial moved 140 employees into the fourth floor of the prime space and is marketing the remaining space at market rates.

Webster Bank announced the company was leasing 85,000 square feet of professional office space within 200 Executive Boulevard. The scheduled move in 2016 shall bring over 500 employees providing back office support to this growing financial institution.

Adjacent to 200 Executive Boulevard, a 70,000 sf new retail plaza will break ground in February of 2016 with anchors including Home Goods and Michael's along with three restaurant pad sites and two outparcels.

The Town's recreation destination strategy is proving effective with the new Crystal Bee's recreation and dining facility. The 30,000 sf building is home to 16 bowling lanes including a private VIP 4 lane area, two bocci courts, an amusement arcade, several dining, bar and lounging areas.

Lake Compounce Amusement Park continues to invest in new rides and attractions scheduled bi-annually, and planning is in the works for a new \$2 million ride and potential expansion next year.

The Town demonstrated its commitment to expanding the recreation destination strategy by funding an initiative to attract a sports complex. The initiative resulted with a conceptual approval for a 300,000 sf sports complex facility that has garnered developer/operator interest.

Strong retail activity along the Town's main corridor has commanded significant increases in rental rates as occupancy levels reach near full capacity. This activity is fostering the redevelopment of several sites allowing for optimum use of retail opportunities spurring growth and attracting national and regional franchises such as Noodle's, Chick-Fil-A and Aldi's which have located or announced their intentions to locate on Queen Street.

Hartford Healthcare was approved to build a new 17,657 square-foot medical office building bringing several medical professionals to the area.

Supreme Forest Products is expanding its wood processing operations to include a \$10 million anaerobic digestion power producing facility.

Turning Earth was approved for a \$20 million food waste power facility using Aikan technology. The company purchased a 27 acre site and is awaiting approvals from the State to commence its building project.

Residential housing continues a robust pace as over 200 new units of single family, condominium.

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

<i>Company</i>	<i>Facility</i>	<i>Origination</i>
Northstar Properties.....	70,000 sf retail development	New to Southington
HQ Dumpsters.....	17,200 sf new construction	New to Southington
Cumberland Farms.....	West Street	New to Southington
Quantum Bio Power.....	DePaolo Drive	New to Southington
Clock Tower Square.....	3,632 sf Addition/Renovation	Expansion
CV Tool.....	Robert Porter Road	Expansion
BMS Aerospace.....	DePaolo Drive	Expansion
FK Bearing.....	West Queen Street	Expansion

Form of Government

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

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

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

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

Town Officials

Office	Name	Manner of Selection	Term	Length Of Service
Council Member, Chair.....	Michael Riccio	Elected	11/15-11/17	10 years ²
Council Member, Vice Chair.....	Cheryl Lounsbury	Elected	11/15-11/17	16 years ²
Council Member	John N. Barry	Elected	11/15-11/17	12 years
Council Member.....	Paul Champagne	Elected	11/15-11/17	2 years
Council Member.....	Tom Lombardi	Elected	11/15-11/17	2 years
Council Member.....	Dawn A. Micelli	Elected	11/15-11/17	6 years
Council Member.....	Christopher J. Palmieri	Elected	11/15-11/17	10 years
Council Member.....	Victoria Triano	Elected	11/15-11/17	20 years ²
Council Member.....	Edward S. Pocock III	Elected	11/15-11/17	4.5 years
Town Manager.....	Garry Brumback	Appointed	07/14-06/17	5 years ¹
Town Attorney/ Assistant Town Manager.....	Mark Sciota	Appointed	Indefinite	9 years
Director of Finance.....	Emilia Portelinha	Appointed	Indefinite	10 years
Assistant Finance Director.....	Christina Sivigny	Appointed	Indefinite	4 years
Treasurer.....	Joyce Williams	Appointed	Indefinite	2 years ³
Economic Dev. Coordinator.....	Louis A. Perillo	Appointed	Indefinite	10 years

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

² Mr. Riccio is starting a new term on Council with 10 years previous Town Council experience. Mr. Pocock III is also returning to Town Council with leadership experience.

³ Ms. Williams formerly served as Assistant Finance Director of Windsor Locks, Connecticut and has 10 years municipal finance experience.

Source: Town of Southington

Municipal Services

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

Fire: Fire protection is provided by Southington's 31 career and 97 volunteer firefighters. The department, headed by the chief, consists of a central headquarters and 3 additional companies. The fire headquarters addition and renovation project was approved at referendum and completed August 2005. The department's responsibilities, other than firefighting, include fire marshal inspections and responding to various emergencies.

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

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

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

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

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

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

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

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

Library & Museum: The Southington Public Library and Museum provides the following: Children's Services including over 142 pre-school story times, Summer reading, after-school programs; community services including afternoon movies, free lectures on topics from health to finance, adult services, large print materials; computer service, DVD and VHS film collections. Information services include computer classes on e-mail and applications, afternoon 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 Department is supervised by the Town Engineer, and staffed by an Assistant Highway Superintendent, Supervisor, secretary, and twenty-four crew members. Additionally, the Town

Engineer supervises the Park employees including: Assistant Parks Superintendent, foreman, and seven crew members. The department is responsible for the maintenance and repair of 199 miles of roads. Other duties include snow plowing, street sweeping, sightline improvements and operation of the 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. The \$14.5 million Denitrification Plant was completed. 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. Town residents approved a \$5.2 million dollar Bond Ordinance for Water Pollution Control Facility Sludge Thickening Project at referendum on November 2014. The project will update the Waste Water Treatment Plant to control odor and reduce the volume of sludge disposal.

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 \$61.05 per ton on a minimum required 14,452 tons for fiscal year 2016 for the acceptable solid waste which is sent to the Covanta plant in Bristol, Connecticut

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

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Educational Services

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

The Town has eleven schools for grades kindergarten through 12 comprising of: one senior high school, two middle schools, and eight elementary schools. Enrollment in grades pre-kindergarten through 12 as of October 1, 2014 was 6,589. The rated capacity of the system facilities is 8,070.

School Enrollment

School Year	Historical			Total
	Pre-K-5	6 - 8	9 - 12	
2006-2007	3,177	1,587	2,232	6,996
2007-2008	3,197	1,572	2,204	6,973
2008-2009	3,191	1,559	2,154	6,904
2009-2010	3,189	1,597	2,058	6,844
2010-2011	3,180	1,577	2,071	6,828
2011-2012	3,073	1,629	2,077	6,779
2012-2013	3,079	1,580	2,035	6,694
2013-2014	3,011	1,624	2,031	6,666
2014-2015	2,966	1,567	2,056	6,589
2015-2016	2,934	1,600	2,011	6,545

School Year	Projected			Total
	Pre-K	K - 8	9 - 12	
2016-2017	102	4,324	2,041	6,467
2017-2018	103	4,218	2,039	6,360
2018-2019	104	4,137	1,984	6,225
2019-2020	105	4,037	2,028	6,170
2020-2021	106	3,982	1,958	6,046

Source: Town of Southington, Board of Education

School Facilities

School	Grades	Date of Construction (Additions, Remodeling)	Number of Classrooms	10/1/2015 Enrollment ¹	Rated Capacity
Southington High and New Vo-ag Building.....	9 - 12	1974	125	1,978	2,150
DePaolo Middle.....	6 - 8	1967 (1988, 2013)	63	750	1,015
Kennedy Middle.....	6 - 8	1964 (1988, 2013)	63	850	1,015
Derynoski.....	K-5	1950 (1958,1974,1993)	40	600	775
Flanders.....	K-5	1966	23	300	450
Hatton.....	PK-5	1953 (2001)	26	451	550
ALTA @ Pyne Center ²	9-12	1960	5	33	65
Plantsville.....	K-5	1961 (2008)	15	288	300
South End.....	K-5	1954 (2008 New Building)	14	252	300
Strong.....	K-5	1958 (1995,2001)	21	295	500
Thalberg.....	K-5	1959 (2001)	22	429	500
Kelley.....	K-5	1966	23	319	450
Total.....			440	6,545	8,070

¹ A total of 51 Special Education students are out-placed and are not included in the 10/1/2015 Enrollment by Building.

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

Source: Town of Southington, Board of Education

Employee Relations and Collective Bargaining Municipal Employees

	2015	2014	2013	2012	2011
General Government. ¹	261	258	258	257	263
Board of Education. ²	987	979	943	935	951
Total	1,248	1,237	1,201	1,192	1,214

¹ Includes Non-Union Management

² Board of Education includes Federally Funded

Source: Town of Southington

Employee Relations

Board of Education Groups	Positions Covered	Current Contract Expiration Date
Teachers (Southington Education Association).....	574	6/30/2016
Administrators (Southington Administrators Association).....	23	6/30/2017
Custodians, Maintenance.....	48	6/30/2017
Secretaries, Food Service (A.F.S.C.M.E.).....	77	6/30/2017
Nurses (A.F.S.C.M.E.).....	18	6/30/2017
Paraprofessional (C.S.E.A.).....	247	6/30/2016
Total Unionized Board of Education Employees	987	
General Government		
Town Employees (UPSEU-Local 424, Unit 35).....	71	6/30/2016
Highway, WPCD & Parks (Local 1303-26 of Council #4 A.F.S.C.M.E.).....	42	6/30/2016
Supervisory (UPSEU - Local 424, Unit 11).....	16	6/30/2016
Police Department/Canine Officer (Law Enforcement of Southington L.E.A.S.)	65	6/30/2016
Police Dispatchers (Local 1303-424 of Council #4 A.F.S.C.M.E.).....	12	6/30/2018
Fire Department (Local 2033 International Association of Firefighters).....	30	6/30/2016
Total Unionized General Government Employees	236	

Source: Town of Southington

Binding Arbitration

Connecticut General Statutes Sections 7-473c, 7-474, and 10-153a to 10-153n provide for a procedure for binding arbitration of collective bargaining agreements between municipal employers and organizations representing municipal employees, including certified teachers and certain other employees. The legislative body of a municipality may reject the arbitration panel's decision by a two-thirds majority vote. The State of Connecticut and the employee organization must be advised in writing of the reasons for rejection. The State then appoints a new panel of either one or three arbitrators to review the decisions on each of the rejected issues. The panel must accept the last best offer of either party. In reaching its determination, the arbitration panel gives priority to the public interest and the financial capability of the municipal employer, including consideration of other demands on the financial capability of the municipal employer. Effective October 1, 1997, for binding arbitration of teachers' contracts, in assessing the financial capability of a town, there is an irrefutable presumption that a budget reserve of 5% or less is not available for payment of the cost of any items subject to arbitration. In light of the employer's financial capability, the panel considers prior negotiations between the parties, the interests and welfare of the employee group, changes in the cost of living, existing employment conditions, and wages, salaries, fringe benefits, and other conditions of employment prevailing in the labor market, including developments in private sector wages and benefits.

III. Economic and Demographic Information

Population and Density

Year	Population ¹	% Increase (Decrease)	Density ²
2014 ³	43,509	1.0%	1,179.1
2010	43,069	8.4%	1,167.2
2000	39,728	3.1%	1,076.6
1990	38,518	4.4%	1,043.8
1980	36,879	19.2%	999.4
1970	30,946	--	838.6

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

² Per square mile: 36.9 square miles

³ American Community Survey 2010-2014

Age Distribution of the Population

Age	Town of Southington		State of Connecticut	
	Number	Percent	Number	Percent
Under 5 years	2,413	5.5%	194,338	5.4%
5 to 9 years	2,783	6.4	217,491	6.1
10 to 14 years	2,834	6.5	234,666	6.5
15 to 19 years	2,262	5.2	255,499	7.1
20 to 24 years	1,839	4.2	234,482	6.5
25 to 34 years	4,644	10.7	433,145	12.1
35 to 44 years	5,300	12.2	459,130	12.8
45 to 54 years	7,033	16.2	563,772	15.7
55 to 59 years	3,404	7.8	253,952	7.1
60 to 64 years	2,934	6.7	214,499	6.0
65 to 74 years	4,517	10.4	280,541	7.8
75 to 84 years	2,372	5.5	162,971	4.5
85 years and over	1,174	2.7	87,567	2.4
Total	43,509	100.0%	3,592,053	100.0%
Median Age (Years) 2014.....	44.5		40.3	
Median Age (Years) 2010..... ¹	43.3		40.0	

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

Source: American Community Survey 2010-2014

Income Distribution

	Town of Southington		State of Connecticut	
	Families	Percent	Families	Percent
Less than \$10,000.....	109	0.9%	30,584	3.4%
\$10,000 to \$14,999.....	127	1.0	18,591	2.1
\$15,000 to \$24,999.....	476	3.9	46,537	5.2
\$25,000 to \$34,999.....	489	4.0	56,473	6.3
\$35,000 to \$49,999.....	895	7.3	85,206	9.5
\$50,000 to \$74,999.....	1,984	16.3	140,776	15.6
\$75,000 to \$99,999.....	1,779	14.6	129,656	14.4
\$100,000 to \$149,999...	3,376	27.7	184,327	20.5
\$150,000 to \$199,999...	1,761	14.4	93,100	10.3
\$200,000 or more.....	1,192	9.8	114,307	12.7
Total	12,188	100.0%	899,557	100.0%

Source: American Community Survey 2010-2014

Income Levels

	Town of Southington	State of Connecticut
Per Capita Income, 2014.....	\$39,082	\$38,480
Per Capita Income, 2010.....	\$36,053	\$36,775
Median Family Income, 2014.....	\$102,168	\$88,217
Median Family Income, 2010.....	\$94,602	\$84,170

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

Source: American Community Survey 2010-2014

Educational Attainment Years of School Completed Age 25 and Over

	Town of Southington		State of Connecticut	
	Number	Percent	Number	Percent
Less than 9th grade.....	637	4.2%	106,784	4.4%
9th to 12th grade, no diploma.....	1,478	5.8	150,227	6.1
High School graduate (includes equivalency).....	9,152	26.7	677,887	27.5
Some college, no degree.....	6,103	18.1	431,807	17.8
Associate degree.....	2,920	8.7	180,321	7.4
Bachelor's degree.....	6,454	20.3	506,662	20.5
Graduate or professional degree.....	4,634	16.3	401,889	16.4
Total	31,378	100%	2,455,577	100%
Percent high school graduate or higher.....		93.3%		89.5%
Percent bachelor's degree or higher.....		35.3%		37.0%

Source: American Community Survey 2010-2014

Major Employers As of December 2015

Employer	Type of Business	Approximate Number of Employees
Town of Southington.....	Municipal Government	1,248
Hartford Health Care Senior Services	Health Care Practice	484
Yarde Metals Inc.....	Manufacturing	396
COCC.....	Information Technology	321
Smith's Medical (Medex Inc).....	Manufacturing	260
Home Depot (2 Stores).....	Retail Chain	235
Hospital of Central CT: Bradley Memorial Hospital...	Health Care Practice	188
Wal-Mart.....	Retail Chain	182
Shop Rite	Retail Chain	175
Stop & Shop.....	Retail Chain	145

Source: Town of Southington Economic Development -2015.

Employment by Industry
Employed Persons 16 Years and Over

Sector	Town of Southington		State of Connecticut	
	Number	Percent	Number	Percent
Agriculture, forestry, fishing and hunting, and mining.....	59	0.3%	7,413	0.4%
Construction.....	1,180	5.2	97,974	5.5
Manufacturing.....	2,825	12.4	191,057	10.8
Wholesale trade.....	710	3.1	44,195	2.5
Retail trade.....	2,040	9.0	191,267	10.8
Transportation warehousing, and utilities....	978	4.3	65,068	3.7
Information.....	947	4.2	41,905	2.4
Finance, insurance, real estate, and leasing..	2,425	10.7	161,926	9.2
Professional, scientific, management, administrative, and waste management.....	2,453	10.8	197,880	11.2
Education, health and social services.....	5,565	24.5	467,574	26.5
Arts, entertainment, recreation, accommodation and food services.....	1,723	7.6	154,005	8.7
Other services (except public admin.).....	935	4.1	80,179	4.5
Public Administration.....	861	3.8	66,491	3.8
Total Labor Force, Employed.....	22,701	100.0%	1,766,934	100.0%

Source: American Community Survey 2010-2014

Employment Data
By Place of Residence

Period	Town of Southington		Percentage Unemployed		
	Employed	Unemployed	Town of Southington	Hartford Labor Market	State of Connecticut
November 2015.....	23,299	934	3.9	4.8	4.8
Annual Average					
2014.....	23,251	1,361	5.5	6.7	6.7
2013.....	22,625	1,582	6.5	7.9	7.9
2012.....	23,057	1,755	7.1	8.4	8.3
2011.....	22,854	1,834	7.4	8.9	8.8
2010.....	22,787	1,956	7.9	9.1	9.0
2009.....	22,963	1,757	7.1	8.3	8.2
2008.....	23,439	1,180	4.8	5.9	5.8
2007.....	23,319	969	4.0	4.7	4.6
2006.....	23,026	869	3.6	4.4	4.3
2005.....	22,442	1,008	4.3	5.1	4.9

Source: Department of Labor, State of Connecticut

Age Distribution of Housing

Year Built	Town of Southington		State of Connecticut	
	Units	Percent	Units	Percent
1939 or earlier.....	1,788	10.0%	334,290	22.4%
1940 to 1969.....	6,605	36.9	536,618	36.0
1970 to 1979.....	3,336	18.7	200,288	13.4
1980 to 1989.....	2,365	13.2	193,794	13.0
1990 to 1999.....	1,635	9.1	113,875	7.6
2000 or 2009.....	2,055	11.5	104,093	7.0
2010 or later.....	94	0.5	7,423	0.5
Total Housing Units, 2014.....	17,878	100.0%	1,490,381	100.0%

Source: American Community Survey 2010-2014

Housing Inventory

Housing Units	Town of Southington		State of Connecticut	
	Units	Percent	Units	Percent
1-unit, detached.....	12,516	70.0%	882,955	59.2%
1-unit, attached.....	1,323	7.4	79,922	5.4
2 units.....	1,046	5.9	120,070	8.1
3 or 4 units.....	522	2.9	133,452	9.0
5 to 9 units.....	869	4.9	81,574	5.5
10 to 19 units.....	414	2.3	55,609	3.7
20 or more units.....	634	3.5	124,683	8.4
Mobile home.....	554	3.1	11,819	0.8
Boat, RV, van, etc.....	-	-	297	0.0
Total Inventory.....	17,878	100.0%	1,490,381	100.0%

Source: American Community Survey 2010-2014

Owner Occupied Housing Values

Specified Owner-Occupied Units	Town of Southington		State of Connecticut	
	Number	Percent	Number	Percent
Less than \$50,000.....	522	3.7%	24,122	2.6%
\$50,000 to \$99,999.....	417	2.9	26,438	2.9
\$100,000 to \$149,999.....	798	5.6	72,756	8.0
\$150,000 to \$199,999.....	1,857	13.1	137,797	15.1
\$200,000 to \$299,999.....	5,125	36.0	257,364	28.2
\$300,000 to \$499,999.....	4,613	32.4	243,882	26.7
\$500,000 to \$999,999.....	837	5.9	109,918	12.0
\$1,000,000 or more.....	54	0.4	40,766	4.5
Total.....	14,223	100.0%	913,043	100.0%

Median Value..... \$263,300 \$274,500

Source: American Community Survey 2010-2014

Building Permits

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

Fiscal Year	Residential		Comm./Industrial		Total	
	No.	Value	No.	Value	No.	Value
2015	64	\$ 6,201	11	\$ 8,925	75	\$ 15,126
2014	104	9,265	15	4,556	119	13,821
2013	115	10,020	16	10,532	131	20,552
2012	75	5,954	14	6,897	89	12,851
2011	74	6,258	11	4,087	85	10,345
2010	88	7,234	14	6,754	102	13,988
2009	76	5,943	22	9,388	98	15,331
2008	112	8,899	17	11,077	129	19,976
2007	114	8,340	10	4,723	124	13,063
2006	122	10,676	11	10,296	133	20,972

Source: Town of Southington, Building Official

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IV. Tax Base Data

Property Tax – Assessments

The Town of Southington is currently working on a full revaluation effective October 1, 2015, ten years after the full revaluation of October 1, 2005. Under Section 12-62 of the Connecticut General Statutes, the Town must do a revaluation every five years based on generally accepted mass appraisal methods and a revaluation by physical inspection no later than ten years from the preceding physical inspection.

Public Act 09-60 permitted any municipality required to effect a revaluation of real property under Section 12-62 of the Connecticut General Statutes for the 2008, 2009 or 2010 assessment years upon approval of its legislative body, to delay such revaluation until the 2011 assessment year. The Town of Southington delayed the revaluation of October 1, 2010 to October 1, 2011 Any required revaluation subsequent to such a delayed revaluation shall recommence at the point in the schedule required pursuant to Section 12-62 that the municipality was following prior to such delay.

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

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

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

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

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

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

Levy

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

with State law, all interest is collected first and then taxes in the order of the oldest outstanding tax first. Real estate is lienied for delinquent taxes within one year after the tax due date.

Comparative Assessed Valuations

Grand List As Of 10/1	Residential Real Property (%)	Commercial & Industrial			Motor Vehicle (%)	Gross Taxable Grand List	Exemptions, Veterans Relief and Disabled	Net Taxable Grand List
		Real Property (%)	Other Land (%)	Personal Property (%)				
2014	69.5	13.0	1.6	6.4	9.4	\$3,930,337,896	\$101,620,933	\$3,828,716,963
2013	69.8	13.3	1.6	6.0	9.3	3,871,986,634	98,209,468	3,773,777,166
2012	70.0	13.3	1.7	5.9	9.1	3,817,247,724	85,603,212	3,731,644,512
2011 ¹	70.9	13.5	1.9	4.6	9.1	3,794,440,243	79,573,029	3,714,867,214
2010	70.9	14.1	2.1	4.9	7.9	4,141,712,530	78,495,213	4,063,217,317
2009	71.1	14.1	2.2	4.9	7.6	4,093,537,867	77,368,438	4,016,169,429
2008	71.4	14.0	2.3	4.8	7.5	4,044,463,136	79,443,177	3,965,019,959
2007	71.3	13.6	2.4	4.7	8.0	4,005,649,016	85,933,937	3,919,715,079
2006	71.6	13.5	2.4	4.6	7.9	3,952,344,137	78,193,061	3,874,151,076
2005 ¹	71.6	13.3	2.7	4.6	7.8	3,910,093,433	80,087,922	3,830,005,511

¹ Revaluation.

Source: Town of Southington, Assessor's Office.

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

Exempt Property

Public	Assessed Value¹
Regular Veterans.....	\$ 11,367,100
Additional Veterans.....	1,916,472
Additional Veterans (1/2).....	2,377,925
100% Disabled and Blind.....	218,928
Local Option Veterans (non-reimbursed).....	212,138
Solar Energy.....	-
Public buildings/property.....	-
Sub-Total Public.....	\$ 16,092,563
Private	
Agricultural or Horticultural.....	\$ 463,210
Manufacturing machinery.....	58,113,364
Enterprise zone.....	3,606,032
Miscellaneous.....	23,345,764
Sub-Total Private.....	85,528,370
Total Exempt Property.....	\$ 101,620,933
Percent Compared to Net Taxable Grand List...	2.7%

¹ Based on the Net Taxable Grand List of October 1, 2014 of \$3,828,716,963.

Source: Town of Southington, Assessor's Office

Property Tax Levies and Collections

Grand List of 10/1	Fiscal Year Ending 6/30	Net Taxable Grand List	Mill Rate	Adjusted Annual Levy	Percent of Annual Levy Collected at End of Fiscal Year	Percent of Annual Levy Uncollected at End of Fiscal Year	Percent of Annual Levy Uncollected as of 12/31/2015
					<i>In Collection</i>		
2014	2016	\$3,828,716,963	29.14	\$111,033,757			
2013	2015	3,773,777,166	28.36	106,321,669	98.8%	1.2%	1.0%
2012	2014	3,731,644,512	27.46	102,631,012	98.8%	1.2%	0.5%
2011 ¹	2013	3,714,867,214	27.48	101,573,140	98.6%	1.4%	0.3%
2010	2012	4,063,217,317	24.28	98,793,966	98.7%	1.3%	0.1%
2009	2011	4,016,169,429	24.02	96,373,738	98.7%	1.3%	0.1%
2008	2010	3,965,019,959	23.27	92,337,472	98.6%	1.4%	0.0%
2007	2009	3,919,715,079	23.02	90,297,867	98.4%	1.6%	0.0%
2006	2008	3,874,151,076	21.88	84,775,991	98.7%	1.3%	0.0%
2005 ¹	2007	3,830,005,511	21.40	81,627,086	98.8%	1.2%	0.0%
2004	2006	2,661,254,287	29.43	78,876,559	98.6%	1.4%	0.0%

¹ Revaluation.

Source: Town of Southington, Tax Collector

Ten Largest Taxpayers

Name of Taxpayer	Nature of Business	Taxable Valuation	Percent of Net Taxable Grand List¹
Connecticut Light & Power.....	Public Utility	\$ 78,897,122	2.06%
Yankee Gas Service.....	Public Utility	18,647,649	0.49%
45 Newell Street Associates.....	Metal Recycling	16,096,349	0.42%
Home Depot.....	Real Estate	14,855,791	0.39%
RK Southington	Real Estate	10,846,300	0.28%
Target Corporation.....	Real Estate	10,275,706	0.27%
Execwest LLC.....	Real Estate	9,937,481	0.26%
Southington Route 10 Associates.....	Real Estate	9,360,730	0.24%
Twinco	Real Estate	9,338,626	0.24%
Olson Murial et al.....	Real Estate	8,252,890	0.22%
Total.....		\$ 186,508,644	4.87%

¹ Based on the Net Taxable Grand List of October 1, 2014 of \$3,828,716,963.

Source: Town of Southington, Assessor's Office.

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V. Debt Summary
Principal Amount of Indebtedness
As of January 26, 2016
(Pro Forma)

Long-Term Debt:

Date	Purpose	Interest Rate %	Original Issue	Amount Outstanding²	Fiscal Year of Maturity
2007	Water ¹	2.32	\$ 2,484,399	\$ 1,366,420	2027
2009	Water ¹	2.21	1,037,097	701,539	2029
2009	General Purpose.....	3.00-4.00	2,175,000	260,000	2018
2009	Schools.....	3.00-4.00	12,965,000	1,380,000	2018
2010	Refunding (General Purpose).....	2.00-5.00	2,098,000	1,102,000	2021
2010	Refunding (Schools).....	2.00-5.00	8,008,000	4,343,000	2021
2010	Refunding (Sewers).....	2.00-5.00	959,000	245,000	2021
2010	Water ¹	2.32	1,872,517	1,254,516	2027
2011	General Purpose.....	2.50-4.25	1,713,000	875,000	2020
2011	Schools.....	2.50-4.25	6,902,000	5,155,000	2031
2011	Sewers.....	2.50-4.25	3,330,000	2,290,000	2031
2011	Water.....	2.50-4.25	3,410,000	2,030,000	2021
2011	Refunding (General Purpose).....	2.00-5.00	6,042,000	4,293,000	2024
2011	Refunding (Schools).....	2.00-5.00	745,000	532,000	2024
2011	Refunding (Sewers).....	2.00-5.00	1,958,000	1,395,000	2024
2011	Sewer - CWF (590-C).....	2.00	11,068,356	8,241,439	2030
2012	Refunding (General Purpose).....	2.00-4.00	3,106,000	2,286,000	2026
2012	Refunding (Schools).....	2.00-4.00	1,958,000	1,613,000	2026
2012	Refunding (Sewers).....	2.00-4.00	1,851,000	1,506,000	2026
2014	General Purpose - Lot A.....	3.00-5.00	7,705,000	7,000,000	2034
2014	Schools - Lot A.....	3.00-5.00	15,000,000	14,210,000	2034
2014	Water - Lot B ¹	3.00-5.00	5,870,000	5,280,000	2034
2015	General Purpose.....	2.00-4.00	6,720,000	6,720,000	2035
2015	Schools.....	2.00-4.00	15,000,000	15,000,000	2035
2015	Sewers.....	2.00-4.00	5,200,000	5,200,000	2035
2015	Refunding (General Purpose).....	1.00-5.00	2,408,000	2,208,000	2029
2015	Refunding (Schools).....	1.00-5.00	8,036,000	7,486,000	2029
2015	Refunding (Sewers).....	1.00-5.00	1,841,000	1,726,000	2029
Total Outstanding Bonded Debt.....			\$ 141,462,369	\$ 105,698,913	
This Issue					
2016	General Purpose.....	2.00-4.00	\$ 5,200,000	\$ 5,200,000	2036
2016	Schools.....	2.00-4.00	12,000,000	12,000,000	2036
Total This Issue.....			\$ 17,200,000	\$ 17,200,000	
Grand Total.....			\$ 158,662,369	\$ 122,898,913	

¹ Water debt is self-supporting.

² Excludes bonds refunded or defeased and capital leases.

Short-Term Debt
As of January 26, 2016
(Pro Forma)

Project	Amount Authorized	The Notes Due: 1/25/2017
2011 School Renov., Add., & Improvements	\$ 89,725,000	\$ 5,000,000
Senior Center Facility	9,400,000	1,000,000
Total	\$ 99,125,000	\$ 6,000,000

Annual Bonded Debt Maturity Schedule
As of January 26, 2016
(Pro Forma)

Fiscal Year Ended 6/30	Principal Payments	Interest Payments	Total Debt Service	This Issue The Bonds	Total Principal	Cumulative Principal Retired %
2016 ¹	\$ 2,090,785	\$ 844,428	\$ 2,935,213	\$ -	\$ 2,090,785	1.70%
2017	9,064,144	3,466,643	12,530,787	-	9,064,144	9.08%
2018	9,037,642	3,155,464	12,193,106	1,000,000	10,037,642	17.24%
2019	8,756,221	2,856,004	11,612,225	1,005,000	9,761,221	25.19%
2020	8,694,883	2,542,490	11,237,373	1,005,000	9,699,883	33.08%
2021	7,903,630	2,214,846	10,118,476	1,005,000	8,908,630	40.33%
2022	6,907,463	1,904,007	8,811,470	1,005,000	7,912,463	46.77%
2023	6,511,384	1,630,404	8,141,788	905,000	7,416,384	52.80%
2024	6,515,397	1,382,665	7,898,062	905,000	7,420,397	58.84%
2025	5,814,501	1,177,250	6,991,751	910,000	6,724,501	64.31%
2026	5,633,701	1,032,019	6,665,720	910,000	6,543,701	69.63%
2027	4,815,911	892,533	5,708,444	915,000	5,730,911	74.30%
2028	4,680,939	751,557	5,432,495	845,000	5,525,939	78.79%
2029	4,398,937	613,380	5,012,317	845,000	5,243,937	83.06%
2030	3,688,375	497,952	4,186,327	845,000	4,533,375	86.75%
2031	2,920,000	379,350	3,299,350	850,000	3,770,000	89.82%
2032	2,365,000	283,400	2,648,400	850,000	3,215,000	92.43%
2033	2,365,000	200,600	2,565,600	850,000	3,215,000	95.05%
2034	2,355,000	117,800	2,472,800	850,000	3,205,000	97.66%
2035	1,180,000	35,400	1,215,400	850,000	2,030,000	99.31%
2036	-	-	-	850,000	850,000	100.00%
Total.....	\$ 105,698,913	\$ 25,978,192	\$ 131,677,105	\$ 17,200,000	\$ 122,898,913	

¹ Excludes principal payments of \$5,094,940 and interest payments of \$2,794,890 made between July 1, 2015 and January 26, 2016.

Overlapping/Underlying Debt

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

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

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Debt Statement
As of January 26, 2016
(Pro Forma)

Long-Term Debt Outstanding:

General Purpose (Includes this issue).....	\$ 29,944,000
Schools (Includes this issue).....	61,719,000
Sewers	20,603,439
Water	10,632,475
Total Long-Term Debt	122,898,913
Short-Term Debt (This Issue Notes due: 1/25/17).....	6,000,000
Direct Debt	128,898,913
Underlying Debt	-
Total Overall Debt	128,898,913
Less: School Construction Grants Receivable (As of June 30, 2015)	-
Self Supporting Water Debt (Long-Term and Short-Term).....	(10,632,475)
Sewer Fund Debt (As of June 30, 2015).....	(752,829)
Sewer Assessment Debt (As of June 30, 2015).....	(2,628,079)
	<u>(14,013,383)</u>
Total Overall Net Debt	\$ 114,885,531

Current Debt Ratios
As of January 26, 2016
(Pro Forma)

Population (2014) ¹	43,509
Net Taxable Grand List (10/1/14)	\$ 3,828,716,963
Estimated Full Value (70%).....	\$ 5,469,595,661
Equalized Grand List (10/1/13) ²	\$ 5,446,032,327
Money Income per Capita (2010) ¹	\$ 36,053
Money Income per Capita (2014) ¹	\$ 39,082

	Total	Total Overall
	Overall Debt	Net Debt
Per Capita.....	\$ 2,962.58	\$ 2,640.50
Ratio to Net Taxable Grand List.....	3.37%	3.00%
Ratio to Estimated Full Value.....	2.36%	2.10%
Ratio to Equalized Grand List.....	2.37%	2.11%
Debt per Capita to Money Income per Capita (2014)....	7.58%	6.76%
Debt per Capita to Money Income per Capita (2010)....	8.22%	7.32%

¹ American Community Survey 2010-2014

² Office of Policy and Management, State of Connecticut.

Bond Authorization

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

Maturities

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

Temporary Financing

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

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

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

Limitation of Indebtedness

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

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

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

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

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Statement of Debt Limitation
As of January 26, 2016
(Pro Forma)

Total Tax Collections (including interest and lien fees) received by the Treasurer for the year ended June 30, 2015.....	\$ 108,022,000
Reimbursement For Revenue Loss (Tax relief for elderly).....	-
Base for Debt Limitation Computation.....	\$ 108,022,000

	<u>General Purpose</u>	<u>Schools</u>	<u>Sewers</u>	<u>Urban Renewal</u>	<u>Unfunded Pension</u>
Debt Limitation:					
2 1/4 times base.....	\$ 243,049,500	-	-	-	-
4 1/2 times base.....	-	\$ 486,099,000	-	-	-
3 3/4 times base.....	-	-	\$ 405,082,500	-	-
3 1/4 times base.....	-	-	-	\$ 351,071,500	-
3 times base.....	-	-	-	-	\$ 324,066,000
Total Debt Limitation.....	\$ 243,049,500	\$ 486,099,000	\$ 405,082,500	\$ 351,071,500	\$ 324,066,000

Indebtedness: ¹					
Bonds Outstanding	24,744,000	49,719,000	20,603,439 ²	-	-
Bonds – This Issue.....	5,200,000	12,000,000	-	-	-
Notes – This Issue.....	1,000,000	5,000,000	-	-	-
Debt Authorized But Unissued.....	17,979,181 ³	6,870,575	960,000	-	-
Total Indebtedness.....	48,923,181	73,589,575	21,563,439	-	-
Less:					
State School Grants Receivable.....	-	-	-	-	-
Self-Supporting Sewer Fund Debt.....	-	-	(752,829)	-	-
Sewer Assessment Debt.....	-	-	(2,628,079)	-	-
Total Net Indebtedness.....	48,923,181	73,589,575	18,182,531	-	-

DEBT LIMITATION IN EXCESS OF OUTSTANDING INDEBTEDNESS.....	\$ 194,126,319	\$ 412,509,425	\$ 386,899,969	\$ 351,071,500	\$ 324,066,000
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¹ Excludes \$10,632,475 of outstanding self-supporting water bonds and \$7,940,000 of Authorized Unissued water debt.

² Includes Clean Water Fund Project Loan Obligation.

³ Excludes \$7,940,000 authorized/unissued water debt. The Town anticipates issuing approximately \$4,076,690 interim funding obligations under the State of Connecticut's Drinking Water State Revolving Fund Program during first quarter 2016 to fund in part the East side Pressure Zone Project.

Note: In no case shall total indebtedness exceed seven times annual receipts from taxation or \$756,154,000

Authorized but Unissued Debt
As of January 26, 2016
(Pro Forma)

Project	Amount Authorized	Previously Bonded/ CWF Loan	Appropriations, Transfers & Grants Received	Notes Due: 1/26/2016	New Money/ (Paydowns)	This Issue:		Authorized but Unissued
						The Notes Due: 1/25/2017	The Bonds:	
Schoolwide Asbestos Abatement	\$ 323,298	\$ 153,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 170,298
Plantsville Elementary School Renov, Imp. & Add.	15,825,000	8,200,000	5,601,519	-	-	-	-	2,023,481
New South End Elementary School	16,860,000	9,502,000	6,176,839	-	-	-	-	1,181,161
High School Atrium Roof Replacement	407,000	-	-	-	-	-	-	407,000
2011 School Renov., Add., & Improvements	89,725,000	30,000,000	39,636,365	12,000,000	5,000,000	5,000,000	12,000,000	3,088,635
Open Space Acquisition '03	2,000,000	1,700,000	65,819	-	-	-	-	234,181
Leaf Composting Facility	185,000	-	-	-	-	-	-	185,000
Land Acquisition	2,000,000	-	-	-	1,000,000	-	1,000,000	1,000,000
Senior Center Facility	9,400,000	-	-	-	1,000,000	1,000,000	-	8,400,000
Road and Bridge Improvements (2012)	11,000,000	9,800,000	-	-	-	-	-	1,200,000
Road and Bridge Improvements (2014)	11,000,000	-	-	-	4,200,000	-	4,200,000	6,800,000
Highway Garage Roof Replacement	670,000	510,000	-	-	-	-	-	160,000
WPCF Facilities Upgrade-Engineering.....	960,000	-	-	-	-	-	-	960,000
Design & Construction of East Side Pressure Zone ...	5,775,000	-	-	-	-	-	-	5,775,000
Storage Tank, Pump Station & Water Mains	615,000	-	-	-	-	-	-	615,000
Back-up Well (2A) for Well #2	1,550,000	-	-	-	-	-	-	1,550,000
Total	\$ 168,295,298	\$ 59,865,000	\$ 51,480,542	\$ 12,000,000	\$ 11,200,000	\$ 6,000,000	\$ 17,200,000	\$ 33,749,756

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

<u>Long-Term Debt</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Bonds.....	\$ 90,860	\$ 69,295	\$ 51,054	\$ 56,410	\$ 61,665
CWF	8,526	9,094	9,662	10,230	11,086
Sub-Total Long-Term Debt...	99,386	78,389	60,716	66,640	72,751
Short-Term Debt					
Bond Anticipation Notes.....	12,000	20,000	-	-	-
CWF IFO.....	-	-	-	-	-
Sub-Total Short-Term Debt..	12,000	20,000	-	-	-
Grand Total.....	\$ 111,386	\$ 98,389	\$ 60,716	\$ 66,640	\$ 72,751

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

Source: Town of Southington Audited Financial Reports.

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

<u>Fiscal Year Ended 6/30</u>	<u>Net Assessed Value</u>	<u>Estimated Full Value</u>	<u>Net Long-Term Debt ¹</u>	<u>Ratio of Net Long-Term Debt to Assessed Value (%)</u>	<u>Ratio of Net Long-Term Debt to Estimated Full Value (%)</u>	<u>Population ²</u>	<u>Net Long-Term Debt per Capita</u>	<u>Ratio of Net Long-Term Debt per Capita to Income ³</u>
2015	\$3,828,716,963	\$5,469,595,661	\$90,860,000	2.37%	1.66%	43,509	2,088.30	5.34%
2014	3,773,777,166	5,391,110,237	69,295,000	1.84%	1.29%	43,509	1,592.66	4.08%
2013	3,731,644,512	5,330,920,731	51,054,000	1.37%	0.96%	43,509	1,173.41	3.00%
2012	3,714,867,214	5,306,953,163	56,410,000	1.52%	1.06%	43,509	1,296.51	3.32%
2011	4,063,217,317	5,804,596,167	61,665,000	1.52%	1.06%	43,509	1,417.29	3.63%
2010	4,016,169,429	5,737,384,899	55,166,000	1.37%	0.96%	43,509	1,267.92	3.24%

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

² Bureau of Census.

³ American Community Survey (2011-2013), Money Income Per Capita \$39,082.

Source: Town of Southington Audited Financial Reports.

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

<u>Fiscal Year Ended 6/30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>	<u>Total General Fund Expenditures ¹</u>	<u>Ratio of Total Debt Service To General Fund Expenditures</u>
2015	\$ 5,732,791	\$ 2,616,890	\$ 8,349,681	\$ 159,331,000	5.24%
2014	5,032,305	1,940,702	6,973,007	140,540,000	4.96%
2013	5,839,337	2,148,607	7,987,944	135,501,000	5.90%
2012	6,092,768	2,268,503	8,361,271	133,934,000	6.24%
2011	5,030,434	2,026,354	7,056,788	128,909,000	5.47%
2010	4,547,462	2,016,815	6,564,277	124,588,000	5.27%
2009	4,452,868	1,929,748	6,382,616	121,694,000	5.24%

¹ Includes transfers out.

Source: Town of Southington Finance Department.

VI. Financial Administration

Fiscal Year

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

Basis of Accounting

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

Budget Procedure

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

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

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

Capital Improvement Plan - Summary

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

Project	Fiscal 2015-16	Fiscal 2016-17	Fiscal 2017-18	Fiscal 2018-19	Fiscal 2019-20	Total
Town.....	\$ 6,215,640	\$ 15,869,997	\$ 11,958,200	\$ 11,996,950	\$ 5,695,700	\$ 51,736,487
Waste Pollution Control Dept...	960,000	4,950,000	43,309,000	1,700,000	1,930,000	52,849,000
Board of Education.....	160,000	915,791	-	1,640,045	901,552	3,617,388
Total	\$ 7,335,640	\$ 21,735,788	\$ 55,267,200	\$ 15,336,995	\$ 8,527,252	\$ 108,202,875

Funding Sources	Fiscal 2015-16	Fiscal 2016-17	Fiscal 2017-18	Fiscal 2018-19	Fiscal 2019-20	Total
G.F. Appropriations - BOE.....	\$ 160,000	\$ 733,791	\$ -	\$ -	\$ -	\$ 893,791
G.F. Appropriations - Town	1,898,303	2,957,997	1,498,200	1,311,950	700,700	8,367,150
Bond/Note Proceeds.....	4,425,000	14,314,000	36,899,000	11,095,045	7,256,552	73,989,597
Grants.....	852,337	3,730,000	16,870,000	2,930,000	570,000	24,952,337
Total Funding Sources.....	\$ 7,335,640	\$ 21,735,788	\$ 55,267,200	\$ 15,336,995	\$ 8,527,252	\$ 108,202,875

Audit

The Town, pursuant to local ordinance and provisions of the Connecticut General Statutes, is required to undergo an annual audit by an independent public accountant. The auditor is required to conduct the audit under the guidelines outlined by the State of Connecticut Office of Policy and Management, which also receives a copy of the audit report. For the fiscal year ended June 30, 2014, the financial statements of the various funds of the Town were audited by Blum Shapiro & Company, P.C. of West Hartford, Connecticut.

Liability Insurance

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

Pensions

Municipal Employees’ Retirement System

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

Funding Policy - Plan members are required by State Statute to contribute 2-1/4% of earnings upon which Social Security tax is paid plus 5% of earnings on which no Social Security tax is paid. Each participating municipality is required to contribute at an actuarially determined rate. The current rate for fiscal year 2016 is 11.38%, and the rate for the year ending June 30, 2015 was 11.98% of annual covered payroll. The Town’s MERF contribution (rounded) for the fiscal years June 30, 2014 was \$3,959,000, and June 30, 2015 was \$4,155,000; and the budgeted amount for the fiscal year ending June 30, 2016 is \$4,448,600; all of which are equal to the required contributions for that year.

Teachers’ Retirement

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

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

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

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

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

Other Post Employment Benefits (OPEB)

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

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

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

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

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

These other post-employment benefits (OPEB) for former employees are currently funded on a pay-as-you go basis out of the Self-Insurance Fund and the Heart and Hypertension Department in the General Fund. As of June 30, 2015, the Town has not established a trust fund to segregate assets to fund the liability associated with these benefits. As of June 30, 2015, the Net OPEB Obligation is \$9,697,000.

Schedule of Employer Contributions

Fiscal Year Ended	Annual Required Contribution (000s)	Actual Contribution (000s)	Percentage Contributed
6/30/2012	\$ 3,087	\$ 1,994	64.6%
6/30/2013	2,818	1,188	42.2%
6/30/2014	2,852	1,535	53.8%
6/30/2015	2,831	1,444	51.0%
6/30/2016 ¹	2,864	1,496	52.2%

¹ Estimated amount and subject to audit
Source: Finance Department

Investment Policy

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

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

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

	Adopted Budget ¹ 2015-16	Actual 2014-15	Actual 2013-14	Actual 2012-13	Actual 2011-12	Actual 2010-11
Revenues:						
Property Taxes	\$ 111,748	\$ 108,052	\$ 103,597	\$ 102,129	\$ 99,615	\$ 97,026
Intergovernmental	23,573	31,392	33,581	31,920	31,838	29,520
Income on Investments.....	218	308	294	218	164	131
Other (including Charges for Services)	2,744	4,348	3,924	4,066	3,132	2,886
Total Revenues	138,283	144,100	141,396	138,333	134,749	129,563
Expenditures:						
General government	4,466	4,090	3,807	3,647	3,602	3,214
Public Safety	12,828	12,287	11,875	11,870	11,920	11,460
Public Works	5,900	5,393	5,005	4,519	4,387	4,816
Health and Welfare	652	691	716	698	696	863
Human Services	939	875	860	899	842	811
Parks & Recreation	468	1,510	1,412	1,473	1,476	1,397
Public Library	1,512	1,461	1,459	1,420	1,382	1,417
Planning and Development	1,166	1,009	916	799	857	877
Miscellaneous	159	-	1	14	284	29
Employee Fringe Benefits	9,632	9,345	8,829	8,497	8,231	8,115
Education	89,827	95,625	95,632	91,796	88,326	86,524
Debt Service	8,405	7,872	6,518	7,838	8,546	6,591
Capital Outlays	-	12,730	-	-	-	-
Contingencies.....	868	-	-	-	-	-
Total Expenditures	136,822	152,888	137,030	133,470	130,549	126,114
Revenues over (under) expenditures	1,461	(8,788)	4,366	4,863	4,200	3,449
Other Financing Sources Uses:						
Refunding Bonds Issued.....	-	-	-	6,915	-	8,745
Payment to Refunded Bond Escrow Agent.....	-	-	-	(7,277)	-	(9,515)
Premium on Bonds.....	-	-	-	468	-	1,216
Issuance of Capital Leases.....	-	12,730	720	246	713	614
Operating Transfers In	-	77	69	38	72	100
Operating Transfers (Out)	(1,461)	(6,443)	(3,510)	(2,031)	(3,385)	(2,795)
Total other Financing Sources (uses)	(1,461)	6,364	(2,721)	(1,641)	(2,600)	(1,635)
Revenues and other financing sources over (under) expenditures and other financing (uses)						
	\$ -	\$ (2,424)	\$ 1,645	\$ 3,222	\$ 1,600	\$ 1,814

¹ Budgetary basis, subject to audit.

Analysis of General Fund Balance

	Adopted Budget ¹ 2014-15	Actual 2014-15	Actual 2013-14	Actual 2012-13	Actual 2011-12	Actual 2010-11
Nonspendable.....	N/A	\$ 56	\$ 64	\$ 71	\$ 84	\$ 231
Assigned.....	N/A	1,250	5,252	1,328	496	1,347
Unassigned.....	N/A	17,801	16,215	18,487	16,084	13,486
Total Fund Balance.....	N/A	\$ 19,107	\$ 21,531	\$ 19,886	\$ 16,664	\$ 15,064

¹ Budgetary basis, subject to audit.

VII. Legal And Other Information

Litigation

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

Documents Furnished At Delivery

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

1. Signature and No Litigation Certificates stating that at the time of delivery no litigation is pending or threatened affecting the validity of the Bonds or the Notes or the levy or collection of taxes to pay them.
2. A certificate on behalf of the Town, signed by the Town Manager or the Deputy Town Manager and the Town Treasurer or the Director of Finance which will be dated the date of delivery and attached to a signed copy of the Official Statement, and which will certify, to the best of said officials' knowledge and belief, that at the time the bids were awarded for the Bonds and the Notes, the descriptions and statements in the Official Statement relating to the Town and its finances were true and correct in all material respects and did not contain any untrue statement of a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, and that there has been no material adverse change in the financial condition of the Town from that set forth in or contemplated by the Official Statement.
3. Receipts for the purchase price of the Bonds and the Notes.
4. The approving opinion of Day Pitney LLP, Bond Counsel, of Hartford, Connecticut.
5. Executed Continuing Disclosure Agreements for the Bonds and the Notes in substantially the forms attached hereto as Appendices C-1 and C-2 to this Official Statement.
6. The Town of Southington has prepared an Official Statement for the Bonds and the Notes which is dated January 14, 2016. The Town deems such Official Statement final as of its date for purposes of SEC Rule 15c2-12 (b)(1), but it is subject to revision or amendment. The Town will make available to the winning bidder(s) of the Bonds one hundred (100) copies, and the Notes five (5) copies, of the final Official Statement at the Town's expense. The copies of the Official Statement will be made available to the winning bidder(s) at the office of the Town's financial advisor no later than seven business days of the bid opening. If the Town's financial advisor is provided with the necessary information from the winning purchaser by noon of the day following the day bids on the Bonds and the Notes are received, the copies of the final Official Statement will include an additional cover page and other pages indicating the interest rates, yields or reoffering prices, the name of the managing underwriter, the name of the insurer, if any, and any changes on the Securities. The purchasers shall arrange with the financial advisor the method of delivery of the copies of the Official Statement to the purchasers.

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

Concluding Statement

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

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

TOWN OF SOUTHLINGTON, CONNECTICUT

By: /s/ *Garry Brumback*

Garry Brumback, *Town Manager*

By: /s/ *Emilia Portelinha*

Emilia Portelinha, *Director of Finance*

By: /s/ *Joyce Williams*

Joyce Williams, *Treasurer*

Dated: January 14, 2016

Appendix A

2015 Financial Statements Excerpted from the Town's Comprehensive Annual Financial Report

The following includes the General Purpose Financial Statements of the Town of Southington, Connecticut for the fiscal year ended June 30, 2015. The supplemental data that was a part of that report has not been reproduced herein. A copy of the complete report is available upon request from Matthew A. Spoerndle, Senior Managing Director, Phoenix Advisors, 53 River Street, Suite 1, Milford, Connecticut 06460. Telephone (203) 878-4945.

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Independent Auditors' Report

To the Board of Finance
Town of Southington, Connecticut

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Southington, Connecticut, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Town of Southington, Connecticut's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Southington, Connecticut, as of June 30, 2015 and the respective changes in financial position and, where applicable, cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed in Note 13 to the financial statements, during the fiscal year ended June 30, 2015, the Town adopted new accounting guidance, GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, and GASB No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. The net position of the Town has been restated to recognize the net pension liability required in implementing both GASB No. 68 and GASB No. 71. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages A-3 through A-15, the budgetary comparison information on pages A-58 through A-71, and pension schedules on pages A-72 through A-75 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Blum, Shapiro & Company, P.C.

West Hartford, Connecticut
December 23, 2015

**TOWN OF SOUTHLINGTON, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015**

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, 2015. 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 \$203.2 million. Total net position for governmental activities at fiscal year-end were \$155.7 million and total net position for business-type activities were \$47.5 million.
- On a government-wide basis, during the year, the Town's net position increased by \$18.7 million or 10.1% from \$184.5 million to \$203.2 million. Net position increased by \$17.0 million for governmental activities and increased by \$1.7 million for business-type activities. Governmental activities expenses and transfers out were \$160.0 million, while revenues were \$177.0 million.
- At the close of the year, the Town's governmental funds reported, on a current financial resource basis, combined ending fund balances of \$29.2 million, an increase of \$12.7 million from the prior fiscal year (Exhibit IV).
- At the end of the current fiscal year, the total fund balance for the General Fund alone was \$19.1 million, a decrease of \$2.4 million from the prior fiscal year. Of the total fund balance \$17.8 million represents unassigned fund balance. The unassigned General Fund balance at year-end represents 12.4% of total General Fund revenues (144.1 million), an increase of 0.9% from last year.
- The tax collection rate was 98.84% of the current levy, slightly higher than last year's rate of 98.75%.

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

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

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

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

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

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

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

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 27 through 58 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 59 through 76 of this report.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position and an important determinant of its ability to finance services in the future. The Town's total assets exceeded liabilities by \$203.2 million on June 30, 2015. Governmental activities assets exceeded liabilities by \$155.7 million.

Business-type activities assets exceeded liabilities by \$47.5 million.

TABLE 1
NET POSITION
In Thousands

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Current and other assets	\$ 68,446	\$ 66,751	\$ 3,109	\$ 2,497	\$ 71,555	\$ 69,248
Capital assets, net of accumulated depreciation	272,871	232,301	45,324	44,622	318,195	276,923
Total assets	<u>341,317</u>	<u>299,052</u>	<u>48,433</u>	<u>47,119</u>	<u>389,750</u>	<u>346,171</u>
Deferred outflows of resources	5,577	5,139	113	108	5,690	5,247
Long-term debt outstanding	162,375	131,001		584	162,375	131,585
Other liabilities	24,353	34,516	895	779	25,248	35,295
Total liabilities	<u>186,728</u>	<u>165,517</u>	<u>895</u>	<u>1,363</u>	<u>187,623</u>	<u>166,880</u>
Deferred inflows of resources	4,460		134		4,594	
Net Position:						
Net Investment in capital asset	143,966	145,586	45,324	44,622	189,290	190,208
Restricted	705	712			705	712
Unrestricted	<u>11,035</u>	<u>(7,624)</u>	<u>2,193</u>	<u>1,242</u>	<u>13,228</u>	<u>(6,382)</u>
Total Net Position	<u>\$ 155,706</u>	<u>\$ 138,674</u>	<u>\$ 47,517</u>	<u>\$ 45,864</u>	<u>\$ 203,223</u>	<u>\$ 184,538</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.

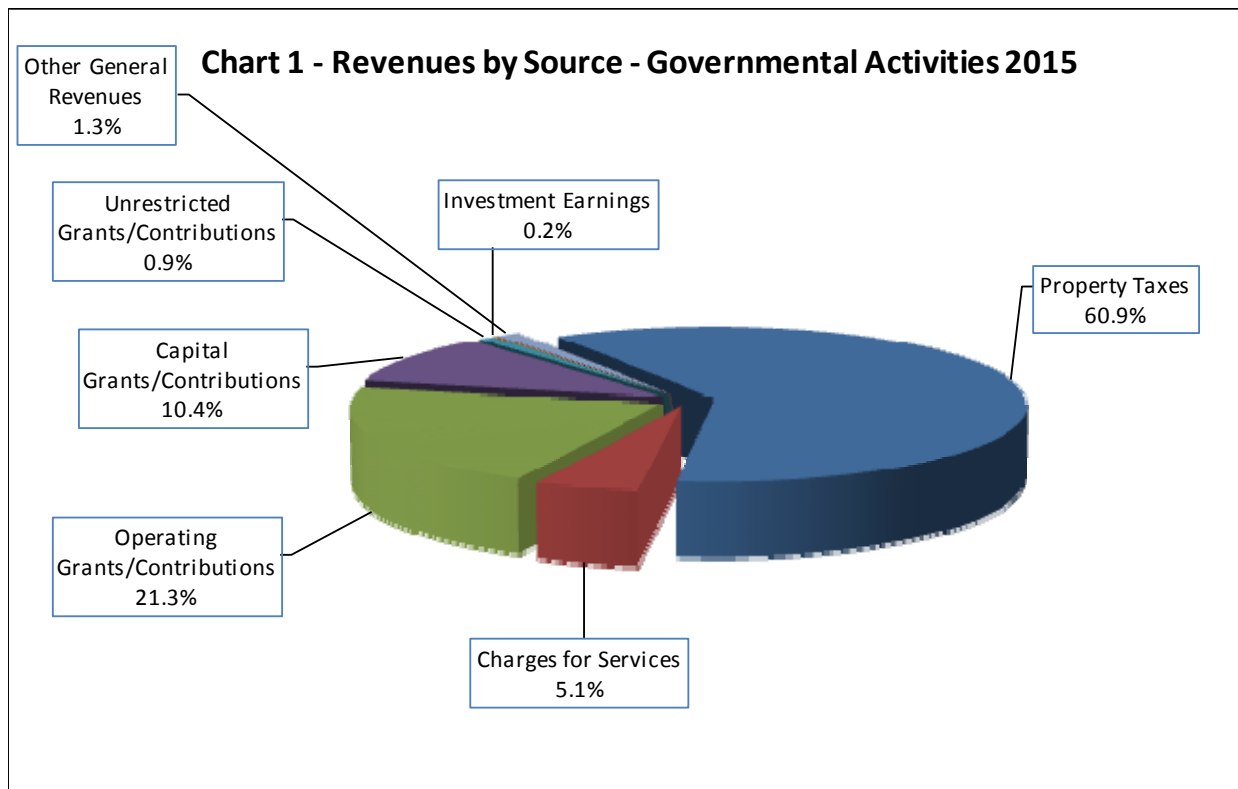
**TABLE 2
CHANGES IN NET POSITION
In Thousands**

	Governmental Activities		Business-Type Activities		Totals	
	2015	2014	2015	2014	2015	2014
Revenues:						
Program revenues:						
Charges for services	\$ 8,953	\$ 9,144	\$ 5,710	\$ 4,359	\$ 14,663	\$ 13,503
Operating grants and contributions	37,636	38,052			37,636	38,052
Capital grants and contributions	18,417	25,292	193		18,610	25,292
General revenues:						
Property taxes	107,729	103,575			107,729	103,575
Grants and contributions not restricted to specific purposes	1,626	1,621			1,626	1,621
Unrestricted investment earnings	351	337			351	337
Other general revenue	2,309				2,309	-
Total revenues	<u>177,021</u>	<u>178,021</u>	<u>5,903</u>	<u>4,359</u>	<u>182,924</u>	<u>182,380</u>
Program expenses:						
General government	4,911	4,166			4,911	4,166
Public safety	20,590	19,229			20,590	19,229
Public works	12,828	13,553			12,828	13,553
Health and welfare	804	812			804	812
Human services	1,699	1,688			1,699	1,688
Parks and recreation	2,468	2,230			2,468	2,230
Public library	2,012	1,983			2,012	1,983
Planning and development	1,399	1,252			1,399	1,252
Education	109,074	106,788			109,074	106,788
Interest on long-term debt	2,954	2,474			2,954	2,474
Sewer			5,500	5,441	5,500	5,441
Total program expenses	<u>158,739</u>	<u>154,175</u>	<u>5,500</u>	<u>5,441</u>	<u>164,239</u>	<u>159,616</u>
Excess (deficiency) before transfers	18,282	23,846	403	(1,082)	18,685	22,764
Transfers	<u>(1,250)</u>	<u>(301)</u>	<u>1,250</u>	<u>301</u>	<u>-</u>	<u>-</u>
Increase (Decrease) in Net Position	<u>\$ 17,032</u>	<u>\$ 23,545</u>	<u>\$ 1,653</u>	<u>\$ (781)</u>	<u>\$ 18,685</u>	<u>\$ 22,764</u>

The Town's net position increased by \$18.7 million during the fiscal year, with net position of governmental activities increasing \$17.0 million and business-type activities increasing by \$1.7 million. The total cost of all programs and services was \$164.2 million. Our analysis below separately considers the operations of governmental and business-type activities.

Governmental Activities

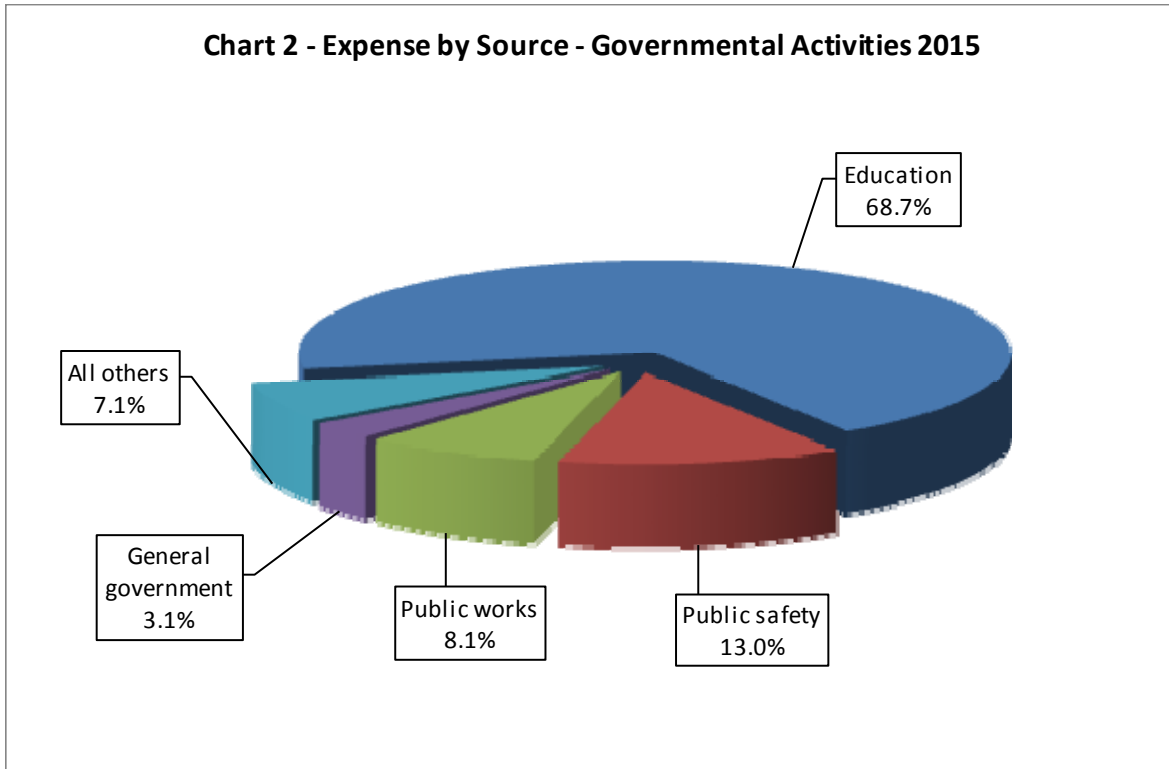
Approximately 60.9% of the revenues were derived from property taxes, followed by 21.3% from operating grants and contributions, 10.3% from capital grants and contributions, 5.1% from charges for services, 1.3% from miscellaneous revenue, 0.9% from unrestricted grants and contributions and 0.2% from investment earnings.



Major revenue factors include:

- Property tax revenue increased by \$4.2 million or 4.0% over last year. The increase is attributable to a 1.1% increase in the grand list (\$42.1 million), an increase in the mill rate from 27.46 to 28.36 or 3.3, and an increase in prior year's tax collections and interest on taxes.
- Capital Grants and Contributions decreased by \$6.9 million from \$25.3 million in fiscal year 2014 to \$18.4 million in fiscal year 2015. This decrease is due to less school construction grants received from the State of Connecticut for the Middle Schools Renovation Project in fiscal year 2015 than in fiscal year 2014.
- The Town had Miscellaneous Revenue of \$2.3 million due to bond premium from the January 2015 bond issue of \$1.5 million and a settlement of \$850 thousand which went into the Debt Reserve Fund

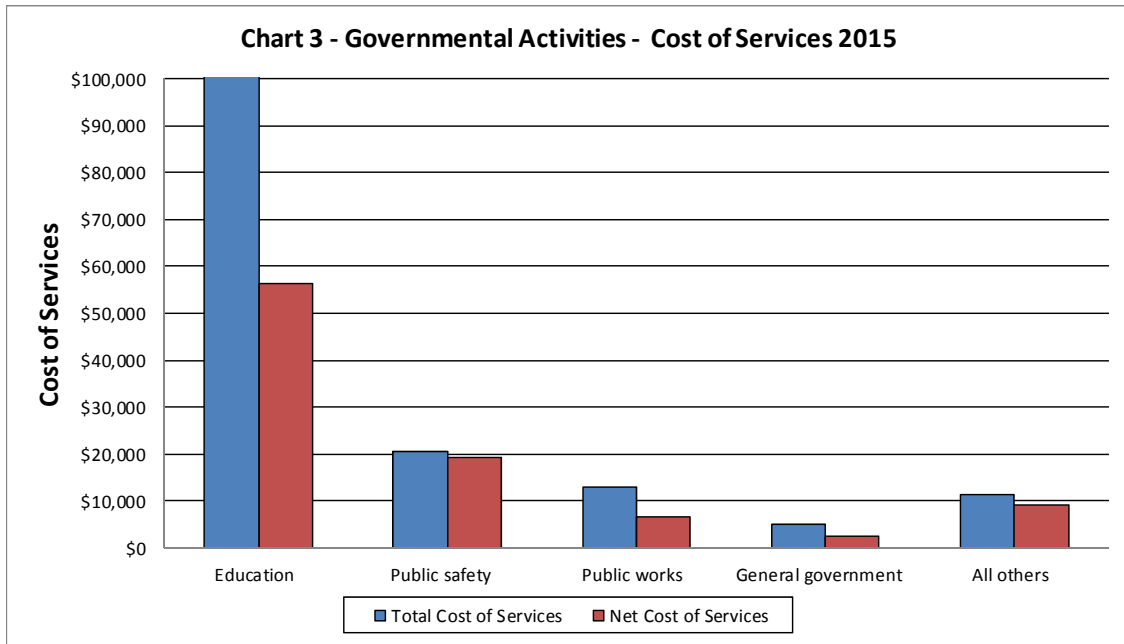
For governmental activities, 68.7% of the Town's expenses related to education. Public safety accounted for 13.0%, public works accounted for 8.1% and general government accounted for 3.1% of expenses. The remaining 7.1% related to health and welfare, human services, parks and recreation, public library, planning and development and interest on long-term debt.



Major expense factors include:

- The cost of education services increased \$2.3 million due to higher operating costs, benefit costs, and special education.
- Town operating costs increased by \$1.8 million mostly due to increased OPEB Obligations, benefit costs and various other costs.
- Interest on long-term debt increased by \$0.5 million due to the accrued interest on the new Bond Issue of January 2015.

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Education	\$ 109,074	\$ 106,788	\$ (56,290)	\$ (45,405)
Public safety	20,590	19,229	(19,253)	(17,647)
Public works	12,828	13,553	(6,494)	(8,048)
General government	4,911	4,166	(2,414)	(2,225)
All others	11,336	10,439	(9,282)	(8,362)
Totals	\$ 158,739	\$ 154,175	\$ (93,733)	\$ (81,687)



Business-Type Activities

Business-type activities (see Table 2) increased the Town’s net position by \$1.7 million primarily due to an increase in charges for services of \$1.4 million and the increase in the capital assets paid for and transferred from the Governmental Activities in fiscal year 2015.

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, 2015, the Town’s governmental funds reported combined ending fund balances of \$29.2 million, an increase of \$12.7 million from last year’s fund balance of \$16.5 million.

General Fund

The General Fund is the primary operating fund of the Town. As of June 30, 2015, unassigned fund balance increased by \$1.6 million to \$17.8 million in the General Fund, while total fund balance decreased \$2.4 million to \$19.1 million.

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

- Property tax revenues exceeded budget estimates by approximately \$775 thousand. The surplus is due to the collection rate and the successful efforts of the Town to collect on delinquent taxes.
- Several departments had aggregate cost savings creating the \$2.1 million expenditure under budget. Of this amount, \$1.3 million was assigned to fiscal year 2016 for purchases on order.
- The Town utilized \$4.3 million of excess unassigned fund balance to cash fund five Capital Projects in year 1 of the Town’s CIP Plan.

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, 2015, the fund balance in the Capital Projects Fund increased by \$11.5 million to \$2.6 million. During the fiscal year \$37.6 million was expended for asset acquisition and improvements, mostly for major renovations to the Town's two middle schools, road improvements and various other projects. The Town received intergovernmental grants of \$15.9 million, sold \$26.9 million of General Obligation Bonds and transferred \$6.2 million in from the General Fund to fund these projects.

Sewer Assessments Fund

The Sewer Assessment Fund accounts for the collection of sewer assessments levied against properties connected to the Town's sewer system. These funds are then utilized to pay the debt service on the capital projects that were assessed. As of June 30, 2015, committed fund balance in the Sewer Assessment Fund decreased by \$166 thousand to \$971 thousand, because the debt service paid was more than the revenue collected in this fiscal year.

Proprietary Funds

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

Net position of the Sewer Fund at year-end totaled \$47.5 million. Unrestricted net position was \$2.2 million, an increase of \$476 thousand. The Sewer Fund experienced a gain of \$1.7 million, mostly due to an increase in the sewer rate to meet operating expenditures, and an increase of \$949 thousand of capital assets contributed from the Capital Fund.

Net position of the Health Insurance Fund was \$3.8 million. The Internal Service Fund's unrestricted net position increased by \$619 thousand, from \$3.2 million. The Town's medical claims and fees came in \$694 lower than budgeted, and the IBNR came in \$75 thousand higher than at 2014 fiscal year-end.

General Fund Budgetary Highlights

The Town's adopted General Fund budget for 2014 - 2015 was \$138.6 million (\$137.8 million for expenditures plus \$850 thousand for contingency appropriations). In addition to the \$787 thousand which was appropriated from the Contingency Account, the Town appropriated \$871 thousand to the expenditure budget with corresponding revenue budget increases, and \$982 thousand was appropriated fiscal year 2014 purchases on order, for a total amended budget of \$140.5 million. The following lists the key changes to the budget during the year:

- \$982 thousand was appropriated for the amount of Fund Balance Assigned for Purchases on order at the end of fiscal year 2014.
- \$710 thousand additional was appropriated to the Snow & Ice Department for overtime, contracted services and program supplies due to the long and challenging winter season.
- \$244 thousand was appropriated to the Board of Education Operations for preschool and special education outside tuitions and rent revenues received.

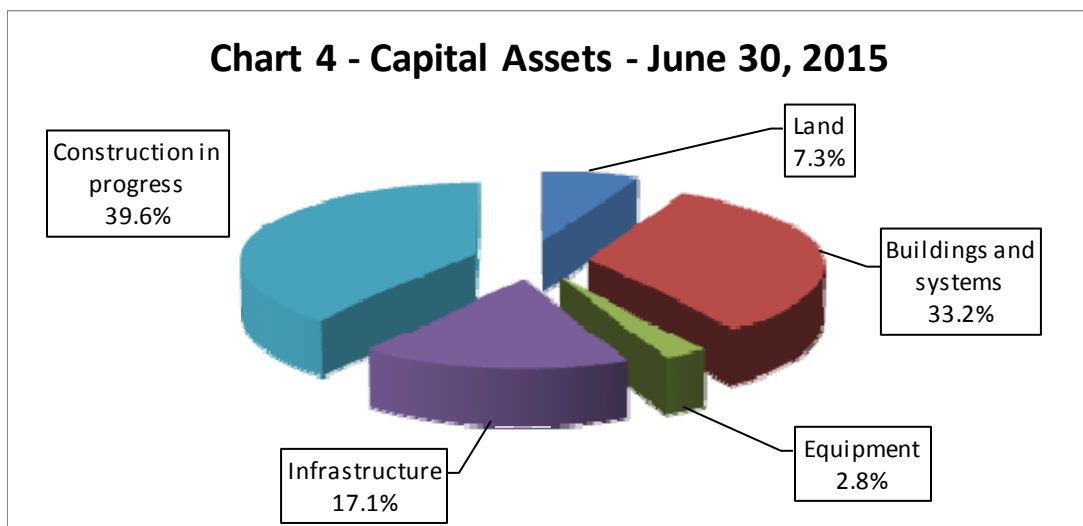
- Savings from various departments and excess revenues were combined to cash fund \$1.4 million of future capital costs on the FY 2015-2016 CIP Plan:
 - \$250 thousand to Repair/Replace Sidewalks
 - \$300 thousand to enhance the Town GIS and Town-wide IT Infrastructure.
 - \$200 thousand to replace the Town Hall Roof.
 - \$100 thousand for a generator at Fire Headquarters.
 - \$240 thousand to renovate the Highway Garage interior.
 - \$300 thousand to continue the Parks Complex Lighting Project.
 - \$58 thousand to plaster the Recreation Pool.

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, 2015 totaled to \$318.3 million, net of accumulated depreciation. This investment in capital assets includes land, buildings, vehicles and equipment, roads and sewer lines. This amount represents a net increase (including additions and deductions) of \$41.4 million or a 15.0% increase over last year.

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

	Governmental Activities		Business-Type Activities		Totals	
	2015	2014	2015	2014	2015	2014
Land	\$ 23.1	\$ 22.8	\$	\$	\$ 23.1	\$ 22.8
Buildings and systems	61.2	63.2	44.6	44.1	105.8	107.3
Equipment	8.2	5.2	0.7	0.5	8.9	5.7
Infrastructure	54.4	52.8			54.4	52.8
Construction in progress	126.1	88.3			126.1	88.3
Totals	\$ 273.0	\$ 232.3	\$ 45.3	\$ 44.6	\$ 318.3	\$ 276.9



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

Governmental Activities:

- Construction in progress for Kennedy Middle School of \$13.7 million.
- Construction in progress for DePaolo Middle School of \$14.1 million.
- Construction in progress for various Road Rehabilitation and Reconstruction Projects of \$3.4 million.

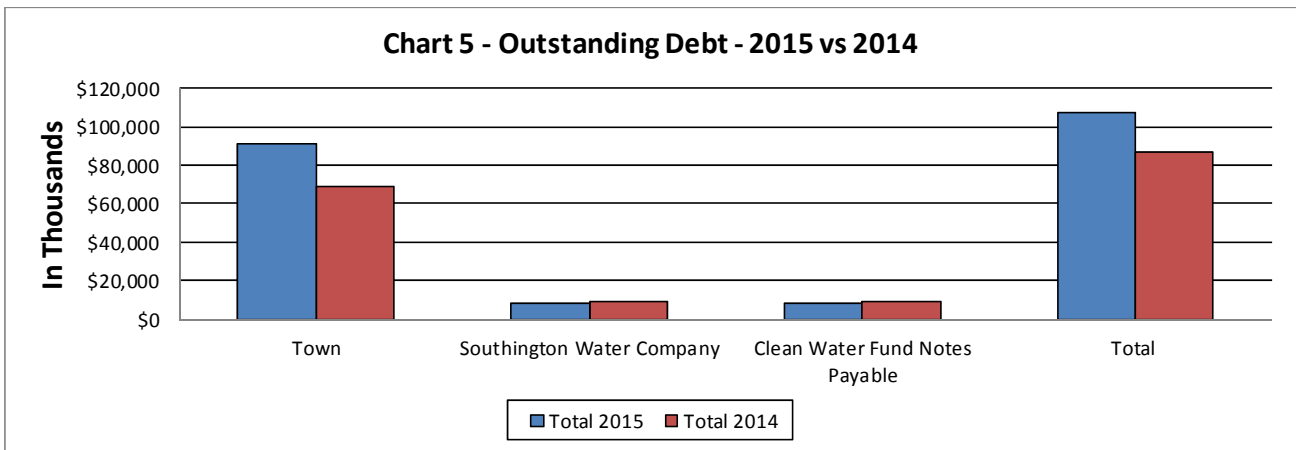
Business-Type Activities:

- No major capital asset events during this year.

The Town's fiscal year 2015-2016 Capital Budget includes another \$1.5 million for the following capital projects: Calendar House Engineering, Open Space, Road Projects paid through LOCIP and Town Aid Roads, and the continuation of Town Wide Vehicle Replacements.

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

Long-Term Debt. At the end of the current fiscal year, the Town had total outstanding long-term debt of \$107.3, of which total bonded debt outstanding was \$98.8 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	
	2015	2014	2015	2014	2015	2014
General obligation bonds:						
Town	\$ 90,860	\$ 69,295	\$	\$	\$ 90,860	\$ 69,295
Southington Water Company	7,950	8,725			7,950	8,725
Clean Water Fund Notes Payable	8,526	9,094			8,526	9,094
Total	<u>\$ 107,336</u>	<u>\$ 87,114</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 107,336</u>	<u>\$ 87,114</u>

The Town of Southington's total debt outstanding increased by \$20.2 million or 23.2% during the 2014-2015 fiscal year. The increase is due to a bond sale in January 2015 of \$26.9 million of General Obligation Bonds.

The projects bonded for the Town were: \$15 million for the Middle Schools Project, \$4.8 million for Road Rehabilitation and Reconstruction Projects (2012), \$5.2 million for the Sludge Thickener & Odor Control, \$585 thousand for a Fire Pumper Truck, \$400 thousand for Open Space, and \$935 thousand for the 427 Pleasant Street Purchase. The Town's bond sale resulted in the Town receiving a bond premium of \$1.5 million that has been set-aside in the Debt Reserve Fund to smooth future debt payments.

In January 2015, Standard and Poor's Rating Agency reaffirmed Southington's rating at AA+/Stable Outlook. Within its rating, S&P referenced the Towns "Strong management conditions... with good financial practices", "Strong budgetary performance", "Strong budget flexibility" and "Very strong economy among the factors influencing the Town's high credit rating.

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

The overall statutory limit for the Town is equal to 7 times annual receipts from taxation, or \$756.1 million. As of June 30, 2015, the Town recorded long-term debt of \$138.0 million, well below the statutory debt limits.

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

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

Economic Factors and Next Year's Budgets and Rates

The Town's unemployment rate at June 30, 2015 was 4.3%, a .6% decrease from the same time last year. After six years ranging from 6.4% to 8%, the Town's unemployment rate has finally dropped to below the fiscal year 2008 level of 4.7% the Town experienced before the start of this recession.

The Town's unemployment rate compares favorably to the 5.7% for the State of Connecticut and the 5.3% nationally. The unemployment rates continue to be a major concern nationwide as we pull out of this recessionary environment.

Elected and appointed officials considered these factors, among others, when setting the fiscal year 2015-2016 General Fund budget and tax rates.

As previously stated, the General Fund total fund balance decreased from \$21.5 million at June 30, 2014 to \$19.1 million at June 30, 2015. Of this \$19.1 million General Fund balance, \$56 thousand was nonspendable due to form (inventory accounts) and \$1.3 million was assigned for purchases on order, leaving an unassigned fund balance of \$17.8 million in the General Fund at June 30, 2015. Last year, the Town had decided to use excess unassigned fund balance to cash fund one-time expenditures during the fiscal year 2014-2015 budget to improve the Town's infrastructure without taking on the additional debt. The Town feels that the \$17.8 million in the unassigned fund balance places the Town in a strong position to withstand unexpected events, and still have flexibility to cash fund additional Capital Projects.

The Town adopted a General Fund budget of \$138.3 million for 2015-2016 compared to an adopted budget of \$134.3 million for 2014-2015 (reduced by one-time capital expenditures of \$4.27 million funded by Use of Fund Balance). This budget is \$3.9 million or 2.9% higher than the fiscal year 2014-2015 budget. Of this amount, the Board of Education budget increased \$2.6 million or 3.0%, the Town operating budget increased \$1.3 million or 2.9%.

Costs of the Town's business-type activities, accounted for in the Sewer Operating Fund, are expected to remain at the fiscal year 2014-2015 level of \$5.7 million for fiscal year 2015-2016. After the sewer rate changes of July 2014, the fund is generating sufficient revenue to cover the expenditures of the fund. 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 future upgrade possibilities at the plant, as well as process improvements such as phosphorus removal and sludge digestion, as well as a sewer rate plan.

Town residents approved a \$5.2 million dollar Bond Ordinance for Water Pollution Control Facility Sludge Thickening Project at referendum on November 2014. The project will update the Waste Water Treatment Plant to control odor and reduce the volume of sludge disposal.

Sewer Rate Changes starting in July 2014:

In order to address a recurring shortfall in revenue, projected increased costs, and fairly assess annual costs based on actual use, the Southington Town Council approved a number of changes to its sewer rate structure and billing methods beginning in July 2014. The system relied exclusively on water used during winter months to calculate bills that estimate customers' full-year sewer use. Starting in July 2014, residents using public water and sewer receive a quarterly bill with two parts: a fixed rate and a variable rate. The fixed rate is assessed in one of three separate categories: residential, commercial, or industrial. The variable rate is assessed based on actual water usage. Customers using private wells and public sewer are charged an annual flat rate based on the type of use (residential, commercial, or industrial). In order to close the funding shortage, the average current rate was increased by 10 percent.

Requests for Information

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

TOWN OF SOUTHLINGTON, CONNECTICUT
STATEMENT OF NET POSITION
JUNE 30, 2015
(In Thousands)

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Assets:			
Cash and cash equivalents	\$ 43,122	\$ 1,635	\$ 44,757
Investments	10,277		10,277
Receivables, net	14,934	1,474	16,408
Inventory	113		113
Capital assets:			
Assets not being depreciated	149,135	39	149,174
Assets being depreciated, net	123,736	45,285	169,021
Total assets	<u>341,317</u>	<u>48,433</u>	<u>389,750</u>
Deferred Outflows of Resources:			
Deferred charge on refunding	1,535		1,535
Pension contributions made subsequent to the measurement date	4,042	113	4,155
Total Deferred Outflows of Resources	<u>5,577</u>	<u>113</u>	<u>5,690</u>
Liabilities:			
Accounts and other payables	12,175	426	12,601
Other current liabilities		51	51
Bond anticipation notes	12,000		12,000
Unearned revenue	178		178
Noncurrent liabilities:			
Due within one year	9,856		9,856
Due in more than one year	152,519	418	152,937
Total liabilities	<u>186,728</u>	<u>895</u>	<u>187,623</u>
Deferred Inflows of Resources:			
Advance Tax Collections	236		236
Changes in projected pension investment earnings	4,224	134	4,358
Total Deferred Inflows of Resources	<u>4,460</u>	<u>134</u>	<u>4,594</u>
Net Position:			
Net investment in capital assets	143,966	45,324	189,290
Restricted for:			
Trust purposes:			
Expendable	100		100
Nonexpendable	605		605
Unrestricted	11,035	2,193	13,228
Total Net Position	<u>\$ 155,706</u>	<u>\$ 47,517</u>	<u>\$ 203,223</u>

The accompanying notes are an integral part of the financial statements

**TOWN OF SOUTHLINGTON, CONNECTICUT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015
(In Thousands)**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities:							
General government	\$ 4,911	\$ 2,394	\$ 103	\$	\$ (2,414)	\$	\$ (2,414)
Public safety	20,590	1,234	103		(19,253)		(19,253)
Public works	12,828	2,046	1,740	2,548	(6,494)		(6,494)
Health and welfare	804	2	573		(229)		(229)
Human services	1,699	46	312		(1,341)		(1,341)
Parks and recreation	2,468	243	8		(2,217)		(2,217)
Public library	2,012	27	21		(1,964)		(1,964)
Planning and development	1,399	822			(577)		(577)
Education	109,074	2,139	34,776	15,869	(56,290)		(56,290)
Interest on long-term debt	2,954				(2,954)		(2,954)
Total governmental activities	<u>158,739</u>	<u>8,953</u>	<u>37,636</u>	<u>18,417</u>	<u>(93,733)</u>	<u>-</u>	<u>(93,733)</u>
Business-type activities:							
Sewer	<u>5,500</u>	<u>5,710</u>				<u>210</u>	<u>210</u>
Total	<u>\$ 164,239</u>	<u>\$ 14,663</u>	<u>\$ 37,636</u>	<u>\$ 18,417</u>	<u>(93,733)</u>	<u>210</u>	<u>(93,523)</u>
General revenues:							
Property taxes					107,729		107,729
Grants and contributions not restricted to specific programs					1,626	193	1,819
Unrestricted investment earnings					351		351
Miscellaneous Revenue					2,309		2,309
Transfers					(1,250)	1,250	-
Total general revenues					<u>110,765</u>	<u>1,443</u>	<u>112,208</u>
Change in net position					17,032	1,653	18,685
Net Position at Beginning of Year, as restated					<u>138,674</u>	<u>45,864</u>	<u>184,538</u>
Net Position at End of Year					<u>\$ 155,706</u>	<u>\$ 47,517</u>	<u>\$ 203,223</u>

The accompanying notes are an integral part of the financial statement•

TOWN OF SOUTHTON, CONNECTICUT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2015
(In Thousands)

	<u>General</u>	<u>Capital Projects</u>	<u>Sewer Assessments</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and cash equivalents	\$ 11,423	\$ 19,149	\$ 956	\$ 6,389	\$ 37,917
Investments	9,968			309	10,277
Receivables, net	2,633	1,366	1,570	676	6,245
Due from other funds	2			15	17
Inventories	56			57	113
Total Assets	<u>\$ 24,082</u>	<u>\$ 20,515</u>	<u>\$ 2,526</u>	<u>\$ 7,446</u>	<u>\$ 54,569</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts and other payables	\$ 2,734	\$ 5,913	\$ 14	\$ 714	\$ 9,375
Bond anticipation notes payable		12,000			12,000
Due to other funds	15			2	17
Unearned revenue				178	178
Total liabilities	<u>2,749</u>	<u>17,913</u>	<u>14</u>	<u>894</u>	<u>21,570</u>
Deferred Inflows of Resources:					
Advance property tax collections	236				236
Unavailable revenue - property taxes	1,990				1,990
Unavailable revenue - special assessments			1,541		1,541
Total deferred inflows of resources	<u>2,226</u>	<u>-</u>	<u>1,541</u>	<u>-</u>	<u>3,767</u>
Fund balances:					
Nonspendable	56			662	718
Restricted				150	150
Committed		2,602	971	5,740	9,313
Assigned	1,250				1,250
Unassigned	17,801				17,801
Total fund balances	<u>19,107</u>	<u>2,602</u>	<u>971</u>	<u>6,552</u>	<u>29,232</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 24,082</u>	<u>\$ 20,515</u>	<u>\$ 2,526</u>	<u>\$ 7,446</u>	<u>\$ 54,569</u>

(Continued on next page)

TOWN OF SOUTHLINGTON, CONNECTICUT
BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2015
(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	\$	29,232
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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	\$	383,477	
Less accumulated depreciation		<u>(110,606)</u>	
Net capital assets			272,871

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	1,990
Interest receivable on property taxes	690
Assessments receivable greater than 60 days	1,541
Interest receivable on assessments	44
Deferred amount in refunding	1,535
Long term receivable	7,950
Deferred outflows related to pension contributions subsequent to the measurement date	4,042

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

3,773

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 projected pension investment earnings	(4,224)
Bonds and notes payable	(107,336)
Premium on issuance	(3,922)
Interest payable on bonds and notes	(1,363)
Compensated absences	(7,520)
Capital lease	(13,597)
OPEB liability	(9,697)
Heart and Hypertension	(7,692)
Net pension liability	(12,531)
Landfill closure	<u>(80)</u>

Net Position of Governmental Activities (Exhibit I)	\$	<u><u>155,706</u></u>
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The accompanying notes are an integral part of the financial statements

**TOWN OF SOUTHLINGTON, CONNECTICUT
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2015
(In Thousands)**

	<u>General</u>	<u>Capital Projects</u>	<u>Sewer Assessments</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:					
Property taxes	\$ 108,052	\$	\$	\$	\$ 108,052
Intergovernmental	31,392	15,886		8,020	55,298
Charges for services	3,242		156	4,908	8,306
Income on investments	308		27	15	350
Other revenues	1,106	5		993	2,104
Total revenues	<u>144,100</u>	<u>15,891</u>	<u>183</u>	<u>13,936</u>	<u>174,110</u>
Expenditures:					
Current:					
General government	4,090			35	4,125
Public safety	12,287			1,512	13,799
Public works	5,393			3,487	8,880
Health and welfare	691			15	706
Human services	875			496	1,371
Parks and recreation	1,510			390	1,900
Public library	1,461			41	1,502
Planning and development	1,009				1,009
Employee fringe benefits	9,345				9,345
Education	95,625			7,233	102,858
Debt and sundry	7,872		349	137	8,358
Capital outlay	12,730	37,561			50,291
Total expenditures	<u>152,888</u>	<u>37,561</u>	<u>349</u>	<u>13,346</u>	<u>204,144</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(8,788)</u>	<u>(21,670)</u>	<u>(166)</u>	<u>590</u>	<u>(30,034)</u>
Other Financing Sources (Uses):					
Issuance of general obligation bonds		26,920			26,920
Issuance of refunding bonds				12,285	12,285
Premium on refunding bonds				977	977
Premium on bond anticipation notes				1,459	1,459
Premium on general obligation bonds				1,514	1,514
Payment to refunded bond escrow agent				(13,125)	(13,125)
Issuance of capital leases	12,730				12,730
Transfers in	77	6,216		227	6,520
Transfers out	(6,443)			(77)	(6,520)
Total other financing sources (uses)	<u>6,364</u>	<u>33,136</u>	<u>-</u>	<u>3,260</u>	<u>42,760</u>
Net Change in Fund Balances	(2,424)	11,466	(166)	3,850	12,726
Fund Balances at Beginning of Year	<u>21,531</u>	<u>(8,864)</u>	<u>1,137</u>	<u>2,702</u>	<u>16,506</u>
Fund Balances at End of Year	<u>\$ 19,107</u>	<u>\$ 2,602</u>	<u>\$ 971</u>	<u>\$ 6,552</u>	<u>\$ 29,232</u>

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TOWN OF SOUTHLINGTON, CONNECTICUT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - GOVERNMENTAL FUNDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2015
(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)	\$ 12,726
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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	43,828
Depreciation expense	(5,232)
Donated assets	2,013

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.	(39)
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds, and revenues recognized in the funds are not reported in the statement of activities:

School building grant receipts	(117)
Long term receivable receipts	(775)
Property tax receivable - accrual basis change	(215)
Property tax interest and lien revenue - accrual basis change	(108)
Sewer assessment receivable-accrual basis change	(143)
Sewer assessment interest and lien revenue - accrual basis change	7
Change in deferred outflows related to contributions made subsequent to the measurement date	(92)

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

Issuance of general obligation bonds	(26,920)
Issuance of refunding bonds	(12,285)
Premiums on long term debt	(2,491)
Bonds refunded	(12,485)
Payment to escrow agent	13,125
Bond principal payments	18,415
Note principal payments	568
Issuance of capital leases	(12,730)
Capital lease principal payments	253
Accrued interest	(372)
Amortization of deferred charge on refunding	(110)
Amortization of bond premiums	163

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	129
Net pension liability	5,392
OPEB obligation	(1,286)
Heart and hypertension	(605)
Landfill post closure care and settlement	23
Changes related to deferred inflows related to projected investment returns	(4,224)

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.

619

Change in Net Position of Governmental Activities (Exhibit II)

\$ 17,032

The accompanying notes are an integral part of the financial statements

TOWN OF SOUTHLINGTON, CONNECTICUT
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
JUNE 30, 2015
(In Thousands)

	Business-Type Activities	Governmental Activities
	Sewer Enterprise Fund	Internal Service Fund
Assets:		
Current:		
Cash and cash equivalents	\$ 1,635	\$ 5,205
Accounts and other receivables	1,474	4
Total current assets	<u>3,109</u>	<u>5,209</u>
Capital assets, net	<u>45,324</u>	
Total assets	<u>48,433</u>	<u>5,209</u>
Deferred Outflows or Resources:		
Pension contributions made subsequent to the measurement date	<u>113</u>	
Liabilities:		
Current:		
Accounts and other payables	426	1,436
Other accrued liabilities	51	
Noncurrent liabilities:		
Net pension liability	<u>418</u>	
Total liabilities	<u>895</u>	<u>1,436</u>
Deferred Inflows of Resources:		
Changes related to projected investment earnings	<u>134</u>	
Net Position:		
Investment in capital assets	45,324	
Unrestricted	<u>2,193</u>	<u>3,773</u>
Total Net Position	<u>\$ 47,517</u>	<u>\$ 3,773</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, 2015
(In Thousands)**

	Business-Type Activities	Governmental Activities
	Sewer Enterprise Fund	Internal Service Fund
Operating Revenues:		
Fund premiums	\$	\$ 23,099
Charges for services	5,703	
Fines, penalties and interest	7	
Total operating revenues	<u>5,710</u>	<u>23,099</u>
Operating Expenses:		
Plant	3,343	
Benefits	263	21,316
Depreciation	1,625	
Administration and other	269	1,164
Total operating expenses	<u>5,500</u>	<u>22,480</u>
Income before Capital Grants and Contributions	210	619
Capital Grants and Contributions	<u>1,443</u>	
Change in Net Position	1,653	619
Net Position at Beginning of Year, as restated	<u>45,864</u>	<u>3,154</u>
Net Position at End of Year	<u>\$ 47,517</u>	<u>\$ 3,773</u>

The accompanying notes are an integral part of the financial statements

TOWN OF SOUTHLINGTON, CONNECTICUT
STATEMENT OF CASH FLOWS - PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2015
(In Thousands)

	<u>Business-Type Activities Sewer Enterprise Fund</u>	<u>Governmental Activities Internal Service Fund</u>
Cash Flows from Operating Activities:		
Cash received from customers and granting agencies	\$ 6,733	\$ 23,095
Cash received for premiums - Town departments and agencies		23,095
Cash payments to suppliers for goods and services	(3,021)	
Cash payments to employees for services	(931)	
Cash payments to providers of benefits	(263)	(21,241)
Cash payments for service fees		(1,164)
Net cash provided by operating activities	<u>2,518</u>	<u>690</u>
Cash Flows from Capital Financing Activities:		
Capital Contributions	193	
Acquisition of capital assets	(1,076)	
Net cash used in capital financing activities	<u>(883)</u>	<u>-</u>
Net Increase in Cash and Cash Equivalents	1,635	690
Cash and Cash Equivalents at Beginning of Year	<u>-</u>	<u>4,515</u>
Cash and Cash Equivalents at End of Year	<u>\$ 1,635</u>	<u>\$ 5,205</u>
Reconciliation of Operating Income to Net Cash		
Provided by Operating Activities:		
Operating income	\$ 210	\$ 619
Depreciation	1,625	
Adjustments to reconcile operating income loss to net cash provided by operating activities:		
Increase in accounts receivable	1,023	(4)
Increase in due to other funds	(283)	
Increase (decrease) in accounts payable and accrued liabilities	(20)	75
Change in net pension liability and related deferrals	(37)	
Net Cash Provided by Operating Activities	<u>\$ 2,518</u>	<u>\$ 690</u>
Noncash Capital Financing Activities:		
Capital assets transferred from governmental funds	<u>\$ 1,250</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, 2015
(In Thousands)

	<u>Agency Funds</u>
Assets:	
Cash and cash equivalents	\$ 2,011
Investments	<u>168</u>
Total assets	<u>\$ 2,179</u>
Liabilities:	
Fiduciary Deposits	<u>\$ 2,179</u>

The accompanying notes are an integral part of the financial statements

**TOWN OF SOUTHTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

(In Thousands)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

Related Organizations

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

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

B. Government-Wide and Fund Financial Statements

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

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

**TOWN OF SOUTHLINGTON, CONNECTICUT
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(In Thousands)

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

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

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

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

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

The Town reports the following major governmental funds:

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

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

The Sewer Assessments Fund accounts for the 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.

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.

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

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

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

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

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

D. Deposits and Investments

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

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

Investments for the Town are reported at fair value.

E. Receivables and Payables

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

The Town's property tax is levied each July 1 on the assessed value as of the prior October 1 for all real property, motor vehicles and commercial personal property located in the Town. Assessed values are established by the Town Assessment Board at 70% of estimated market value. A revaluation of all real property is required to be completed no less than every ten years. The Town performed a

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statistical revaluation as of October 1, 2011. The Town’s next revaluation with full inspections will be October 1, 2015. The assessed value for the Grand List of October 1, 2013, upon which the fiscal 2015 levy was based, was \$3.8 billion. A 28.36 mill rate was applied to the Grand List.

Taxes are due in two equal installments on the July 1 and January 1 following the levy date, although a 30-day grace period is provided. Current tax collections for the years ended June 30, 2015 and 2014 were 98.84% and 98.75%, respectively, of the adjusted tax levy. Uncollected property taxes are recorded as receivables, net of an allowance for estimated uncollectible accounts. Unpaid taxes are liened on or before June 30 following the due date. The revenue relating to property taxes not collected during the fiscal year and within 60 days after the close of the fiscal year is deferred.

F. Inventories and Prepaid Items

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

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

G. Capital Assets

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

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

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

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

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

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H. Deferred Outflows/Inflows of Resources

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

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

I. Compensated Absences

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

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

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J. Net Pension Liability

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

K. Net OPEB Obligations

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

L. Long-Term Obligations

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

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

M. Fund Equity and Net Position

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

Net Investment in Capital Assets

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

Restricted Net Position

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

Unrestricted Net Position

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

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

Nonspendable Fund Balance

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

Restricted Fund Balance

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

Committed Fund Balance

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

Assigned Fund Balance

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

Unassigned Fund Balance

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

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

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 SOUTHLINGTON, CONNECTICUT
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(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 reservations of fund balances since the commitments will be honored in subsequent years. Encumbrances do not constitute expenditures or liabilities for accounting principles generally accepted in the United States of America or budgetary purposes. Only the General Fund has a legally adopted annual budget.

Budgeted amounts are as originally adopted or as amended by the Town Council. During the year, \$1,853 of supplemental budgetary appropriations from the General Fund were made, \$871 from revised revenue estimates, and \$982 from continued appropriations from the prior year. Also, at year end \$1,250 of appropriations were reappropriated. Authorized continuing appropriations are presented as assignments of fund balances since the commitments will be honored in subsequent years.

3. CASH, CASH EQUIVALENTS AND INVESTMENTS

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

The Connecticut General Statutes (Section 7-400) permit municipalities to invest in: 1) obligations of the United States and its agencies; 2) highly rated obligations of any state of the United States or of any political subdivision, authority or agency thereof; and 3) shares or other interests in custodial arrangements or pools maintaining constant net asset values and in highly rated no-load open end money market and mutual funds (with constant or fluctuating net asset values) whose portfolios are limited to obligations of the United States and its agencies, and repurchase agreements fully

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(In Thousands)

collateralized by such obligations. Other provisions of the Statutes cover specific municipal funds with particular investment authority. The provisions of the Statutes regarding the investment of municipal pension funds do not specify permitted investments. Therefore, investment of such funds is generally controlled by the laws applicable to fiduciaries and the provisions of the applicable plan.

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

Deposits

Deposit Custodial Credit Risk

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

Based on the criteria described in GASB Statement No. 40, *Deposits and Investment Risk Disclosures*, \$54,694 of the Town's bank balance of \$56,147 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 49,171
Uninsured and collateral held by the pledging trust department, not in the Town's name	<u>5,523</u>
Total Amount Subject to Custodial Credit Risk	<u>\$ 54,694</u>

At June 30, 2015, the Town's had no cash equivalents.

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NOTES TO FINANCIAL STATEMENTS
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(In Thousands)

Investments

As of June 30, 2015, the Town had the following investments:

<u>Investment Type</u>	<u>Credit Rating</u>	<u>Fair Value</u>	<u>Investment Maturities (Years)</u>		
			<u>Less Than 1</u>	<u>1 - 10</u>	<u>More Than 10</u>
Interest-bearing investments:					
Certificates of deposit	*	\$ 10,441	\$ <u>10,441</u>	\$ <u>-</u>	\$ <u>-</u>
Other investments:					
Common stock	N/A	<u>4</u>			
Total Investments		\$ <u>10,445</u>			

*Subject to coverage by Federal Depository Insurance and collateralization.

Interest Rate Risk

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

Credit Risk - Investments

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

Concentration of Credit Risk

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

Custodial Credit Risk

Custodial credit risk for an investment is the risk that, in the event of the failure of the counterparty (the institution that pledges collateral or repurchase agreement securities to the Town or that sells investments to or buys them for the Town), the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Town does not have a policy for custodial credit risk. At June 30, 2015, the Town had \$4 of uninsured and unregistered securities held by the counterparty, or by its trust department or agent that were not in the Town's name.

**TOWN OF SOUTHTON, CONNECTICUT
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(In Thousands)

4. RECEIVABLES

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

	<u>General</u>	<u>Capital Projects</u>	<u>Sewer Assessment</u>	<u>Sewer Enterprise</u>	<u>Internal Service</u>	<u>Nonmajor and Other Funds</u>	<u>Total</u>
Receivables:							
Taxes *	\$ 2,326	\$	\$	\$	\$	\$	\$ 2,326
Accounts	113			1,371	4	437	1,925
Special assessments			1,570				1,570
Intergovernmental	270	1,366		103		239	1,978
Interest **							-
Gross receivables	<u>2,709</u>	<u>1,366</u>	<u>1,570</u>	<u>1,474</u>	<u>4</u>	<u>676</u>	<u>7,799</u>
Less allowance for uncollectibles	<u>76</u>						<u>76</u>
Net Total Receivables	<u>\$ 2,633</u>	<u>\$ 1,366</u>	<u>\$ 1,570</u>	<u>\$ 1,474</u>	<u>4</u>	<u>\$ 676</u>	<u>\$ 7,723</u>

* Does not include amount due from Southington Water Company for bonds \$7,950

** Does not include accrued interest on property taxes and assessments receivable of \$690 and \$44, respectively.

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

5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2015 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	\$ 22,791	\$ 261	\$	\$ 23,052
Construction in progress	88,339	38,941	1,197	126,083
Total capital assets not being depreciated	<u>111,130</u>	<u>39,202</u>	<u>1,197</u>	<u>149,135</u>
Capital assets being depreciated:				
Buildings	118,785	674		119,459
Machinery and equipment	19,878	4,066	273	23,671
Infrastructure	88,116	3,096		91,212
Total capital assets being depreciated	<u>226,779</u>	<u>7,836</u>	<u>273</u>	<u>234,342</u>
Less accumulated depreciation for:				
Buildings	55,561	2,726		58,287
Machinery and equipment	14,713	1,006	234	15,485
Infrastructure	35,334	1,500		36,834
Total accumulated depreciation	<u>105,608</u>	<u>5,232</u>	<u>234</u>	<u>110,606</u>
Total capital assets being depreciated, net	<u>121,171</u>	<u>2,604</u>	<u>39</u>	<u>123,736</u>
Governmental Activities Capital Assets, Net	<u>\$ 232,301</u>	<u>\$ 41,806</u>	<u>\$ 1,236</u>	<u>\$ 272,871</u>
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 39	\$	\$	\$ 39
Capital assets being depreciated:				
Buildings and system	75,567	1,995		77,562
Machinery and equipment	1,549	332		1,881
Total capital assets being depreciated	<u>77,116</u>	<u>2,327</u>	<u>-</u>	<u>79,443</u>
Less accumulated depreciation for:				
Buildings and system	31,465	1,514		32,979
Machinery and equipment	1,068	111		1,179
Total accumulated depreciation	<u>32,533</u>	<u>1,625</u>	<u>-</u>	<u>34,158</u>
Total capital assets being depreciated, net	<u>44,583</u>	<u>702</u>	<u>-</u>	<u>45,285</u>
Business-Type Activities Capital Assets, Net	<u>\$ 44,622</u>	<u>\$ 702</u>	<u>\$ -</u>	<u>\$ 45,324</u>

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

Governmental activities:	
General government	\$ 406
Public safety	732
Public works	1,519
Human services	59
Planning and development	13
Parks and recreation	193
Library	40
Education	<u>2,270</u>
 Total Depreciation Expense - Governmental Activities	 \$ <u><u>5,232</u></u>
 Business-type activities:	
Sewer Enterprise Fund	\$ <u><u>1,625</u></u>

Construction Commitments

The Town has active construction projects as of June 30, 2015. The projects include roads, bridges, water and sewer lines, and school building improvements. At year end the Town's commitments with contractors are as follows:

<u>Project</u>	<u>Spent-to-Date</u>	<u>Commitment</u>
West Queen Street Bridge	\$ 181	\$ 16
Queen Street Pump Station	93	790
DePaolo Middle School	36,064	2,765
Kennedy Middle School	<u>35,256</u>	<u>3,281</u>
 Total	 \$ <u><u>71,594</u></u>	 \$ <u><u>6,852</u></u>

The commitments are being financed as follows:

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

**TOWN OF SOUTHLINGTON, CONNECTICUT
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(In Thousands)

6. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

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

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Nonmajor Governmental Funds	\$ 2
Nonmajor Governmental Funds	General Fund	<u>15</u>
Total		<u>\$ 17</u>

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

	<u>Transfers In</u>			
	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Nonmajor Governmental</u>	<u>Total Transfers Out</u>
Transfers out:				
General Fund	\$	\$ 6,216	\$ 227	\$ 6,443
Nonmajor governmental	<u>77</u>			<u>77</u>
Total Transfers In	<u>\$ 77</u>	<u>\$ 6,216</u>	<u>\$ 227</u>	<u>\$ 6,520</u>

**TOWN OF SOUTHLINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

(In Thousands)

7. LONG-TERM DEBT

Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2015 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:					
Bonds payable:					
General obligation bonds:					
Town	\$ 69,295	\$ 39,205	\$ 17,640	\$ 90,860	\$ 5,705
Southington Water Company	8,725		775	7,950	640
Premium on bonds	1,594	2,491	163	3,922	
State of Connecticut - serial note	9,094		568	8,526	568
Total bonds and notes payable	<u>88,708</u>	<u>41,696</u>	<u>19,146</u>	<u>111,258</u>	<u>6,913</u>
Compensated absences	7,649	1,591	1,720	7,520	1,732
Capital leases	1,120	12,730	253	13,597	662
OPEB obligation	8,411	2,730	1,444	9,697	
Net pension liability	17,923		5,392	12,531	
Heart and hypertension	7,087	1,035	430	7,692	524
Landfill closure and postclosure	103		23	80	25
Total Governmental Activities Long-Term Liabilities	<u>\$ 131,001</u>	<u>\$ 59,782</u>	<u>\$ 28,408</u>	<u>\$ 162,375</u>	<u>\$ 9,856</u>

**TOWN OF SOUTHLINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

(In Thousands)

Bonds payable at June 30, 2015 are comprised of the following issues:

	Date of Issue	Original Issue	Interest Rate (%)	Date of Maturity	Principal Outstanding June 30, 2015
<u>General Purpose Bonds:</u>					
General Purpose	2009	2,175	3.00-4.00	08/01/27	\$ 260
Refunding (General Purpose)	2010	2,098	2.00-5.00	05/15/21	1,102
General Purpose	2011	1,713	2.50-4.25	08/01/30	1,095
Refunding (General Purpose)	2011	6,042	2.00-5.00	02/01/24	4,293
Refunding (General Purpose)	2012	3,106	2.00-4.00	11/01/25	2,676
General Purpose	2014	7,705	3.00-4.00	01/15/34	7,705
General Purpose	2015	6,720	2.00-4.00	01/15/35	6,720
Refunding (General Purpose)	2015	2,408	1.00-5.00	09/01/28	2,408
					<u>26,259</u>
<u>School Bonds:</u>					
Schools	2009	12,965	3.00-4.00	08/01/27	1,380
Refunding (Schools)	2010	8,008	2.00-5.00	05/15/21	4,343
Schools	2011	6,902	2.50-4.25	08/01/30	5,625
Refunding (Schools)	2011	745	2.00-5.00	02/01/24	532
Refunding (Schools)	2012	1,958	2.00-4.00	11/01/25	1,778
Schools	2014	15,000	3.00-4.00	01/15/34	15,000
Schools	2015	15,000	2.00-4.00	01/15/35	15,000
Refunding (Schools)	2015	8,036	1.00-5.00	09/01/28	8,036
					<u>51,694</u>
<u>Sewer Bonds:</u>					
Refunding (Sewers)	2010	959	2.00-5.00	05/15/21	245
Sewers	2011	3,330	2.50-4.25	08/01/30	2,555
Refunding (Sewers)	2011	1,958	2.00-5.00	02/01/24	1,395
Refunding (Sewers)	2012	1,851	2.00-4.00	11/01/25	1,671
Sewers	2015	5,200	2.00-4.00	01/15/35	5,200
Refunding (Sewers)	2015	1,841	1.00-5.00	09/01/28	1,841
State of Connecticut serial notes payable:					
Clean Water Fund Loan 590-C	2011	11,068	2.00	06/30/30	8,526
					<u>21,433</u>
<u>Water Bonds:</u>					
Water	2011	3,410	2.50-4.25	08/01/21	2,375
Water	2014	5,870	3.00-4.00	01/15/34	5,575
					<u>7,950</u>
Total					\$ <u>107,336</u>

TOWN OF SOUTHTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

(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>
2016	\$ 6,913	\$ 3,563
2017	8,788	3,396
2018	8,758	3,092
2019	8,473	2,798
2020	8,408	2,491
2021-2025	32,162	8,156
2026-2030	22,647	3,773
2031-2035	<u>11,187</u>	<u>1,017</u>
Total	<u>\$ 107,336</u>	<u>\$ 28,286</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, 2015, \$7,950 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, 2015. In no case shall total indebtedness exceed seven times annual receipts from taxation. The maximum debt amount permitted under this formula would be approximately \$756.1 million. Bonds authorized but unissued are \$38,610 as of June 30, 2015.

General Obligation Bonds Issue

On January 15, 2015, the Town issued \$26,920 of general obligation bonds with interest rates ranging from 2% to 4%.

Refunding Bonds Issue

On March 4, 2015, the Town issued \$12,285 of general obligation refunding bonds with interest rates ranging from 1.0%-5.0%. The bonds were issued to refund \$3,725 of 2007 and \$8,760 of 2009 general obligation bonds. The net proceeds of \$13,125 (after an original issue premium of \$977 and payment of \$137 in underwriter's fees and other issuance costs) were deposited in an irrevocable trust fund under an escrow agreement between the Escrow Agent and the Town. The Escrow Agent will use such proceeds to purchase a portfolio of the United States Treasury State and Local Government Securities. All investment income on and the maturing principal of the escrow securities held in the escrow deposit fund will be irrevocably deposited by the Town for payment of the refunded bonds. The Town refunded the above bonds to reduce total debt service payments over the next 15 years by \$533 and to obtain an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$533. As of June 30, 2015, the amount of defeased debt outstanding from this refunding was \$12,485 and the escrow balance was \$13,125. This amount is removed from the governmental activities column of the statement of net position.

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

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, 2015:

Town	\$ 1,575
Board of Education	<u>5,945</u>
Total	<u>\$ 7,520</u>

Capital Leases

The Town also entered into an equipment lease purchase agreement on May 28, 2014 with a financial institution for energy improvements to be made to Town buildings. The Board of Education has entered into several lease agreements as lessee for financing the acquisition of computer equipment. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date. The net undepreciated value of assets purchased by capital lease approximates the principal balance payable of \$13,597 at June 30, 2015. The following is a summary of capital lease commitments as of June 30, 2015.

<u>Year Ending June 30,</u>	<u>Amount</u>
2016	\$ 1,055
2017	1,178
2018	955
2019	982
2020	1,005
Thereafter	<u>11,542</u>
Subtotal	16,717
Less interest	<u>(3,120)</u>
Principal Balance	<u>\$ 13,597</u>

**TOWN OF SOUTHLINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

(In Thousands)

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, 2015:

Outstanding July 1, 2014	\$	20,000
Repayments		(20,000)
New Borrowings		<u>12,000</u>
Outstanding June 30, 2015	\$	<u>12,000</u>

The bond anticipation notes outstanding on June 30, 2015 mature of January, 26, 2016 and bear interest at 1.50%.

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, 2015, 2014 or 2013. 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, 2015 of \$1,361.

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

A schedule of changes in the claims liability for the years ended June 30, 2015 and 2014, 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>
2014-15	\$ 1,361	\$ 21,391	\$ 21,316	\$ 1,436
2013-14	1,268	21,195	21,102	1,361

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

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 2014-15 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, 2015 for the Town and Board of Education was \$1,315. The contribution (premium) is subject to payroll audit at the close of the coverage period. CIRMA's Workers' Compensation Pool retains up to \$1 million per occurrence. Claims over \$1 million are reinsured.

9. FUND EQUITY

The components of fund balance at June 30, 2015 are as follows:

	<u>General Fund</u>	<u>Capital Projects</u>	<u>Sewer Assessments</u>	<u>Governmental Funds</u>	<u>Total</u>
Fund balances:					
Nonspendable:					
Inventory	\$ 56			\$ 57	\$ 113
Trust				605	605
Restricted for:					
Grants				50	50
Trust				100	100
Committed to:					
Debt service			971	3,823	4,794
Cafeteria operations				568	568
Animal control				13	13
Police services				447	447
Town services				245	245
Apple Harvest Festival				190	190
Community services				104	104
Drive in Theater				64	64
Turf field				50	50
Museum restoration				105	105
Recreation				131	131
Capital Projects		2,602			2,602
Assigned to:					
Purchases on order	1,250				1,250
Unassigned	17,801	-	-		17,801
Total Fund Balances	\$ 19,107	\$ 2,602	\$ 971	\$ 6,552	\$ 29,232

Encumbrances are being reported as assigned fund balance.

**TOWN OF SOUTHLINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

(In Thousands)

10. OTHER POST-EMPLOYMENT BENEFITS

A. Overview

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

At July 1, 2013, plan participation consisted of the following:

	Participants <i>(not rounded)</i>
Active participants	1,168
Retirees	143
Spouses of retirees	<u>56</u>
Total Participants	<u><u>1,367</u></u>

B. Funding Policy

These other post-employment benefits (OPEB) for former employees are currently funded on a pay-as-you-go basis out of the Self-Insurance Fund and the Heart and Hypertension Department in the General Fund. As of June 30, 2015, the Town has not established a trust fund to segregate assets to fund the liability associated with these benefits.

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

C. Annual OPEB Cost and Net OPEB Obligations

The Town’s annual OPEB cost is calculated based on the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The following table shows the components of the Town’s annual OPEB cost for the year ended June 30, 2015, the amount actually contributed to the plan and changes in the Town’s net OPEB obligation:

		Other Post Employment Benefits (OPEB)
Annual required contribution (ARC)	\$	2,831
Interest on net OPEB obligation		420
Adjustment to annual required contribution		<u>(521)</u>
Annual OPEB cost		2,730
Contributions made		<u>1,444</u>
Increase in net OPEB obligation		1,286
Net OPEB obligation, beginning of year		<u>8,411</u>
Net OPEB Obligation, End of Year	\$	<u><u>9,697</u></u>

The Town’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for the fiscal year ended June 30, 2015, 2014 and 2013 are presented below.

Fiscal Year Ended	Annual OPEB Cost (AOC)	Actual Contribution	Percentage of AOC Contributed	Net OPEB Obligation
6/30/15	\$ 2,730	\$ 1,444	52.9%	\$ 9,697
6/30/14	2,766	1,535	55.5%	8,411
6/30/13	2,751	1,188	43.2%	7,180

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

Schedule of Employer Contributions

<u>Year Ended</u>	<u>Annual Required Contribution</u>	<u>Actual Contribution</u>	<u>Percentage Contributed</u>
6/30/15	\$ 2,831	\$ 1,444	51.0%
6/30/14	2,852	1,535	53.8%
6/30/13	2,818	1,188	42.2%

D. Schedule of Funding Progress

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

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

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

In the July 1, 2013 actuarial valuation, the projected unit actuarial credit cost method was used. The annual required contribution (ARC) reflects an open 30-year, level amortization of the unfunded actuarial accrued liability (AAL). The actuarial assumptions include a 5% investment rate of return and an inflation rate of 3%. The annual healthcare cost trend rate is 9% initially, grading down to 5% for 2015 and later.

**TOWN OF SOUTHLINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

(In Thousands)

11. EMPLOYEE RETIREMENT SYSTEMS

Municipal Employees' Retirement System

A. Plan Description

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

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 year of active aggregate service, or 25 years of aggregate service. In addition, compulsory retirement is at age 65 for police and fire members.

Normal Retirement

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

Early Retirement

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

Disability Retirement - Service Connected

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

Disability Retirement - Non-Service Connected

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

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

Death Benefit

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

C. Contributions

Member - Contributions for members not covered by social security are 5% of compensation; for members covered by social security, 2 ¼% of compensation up to the social security taxable wage base plus 5%, if any, in excess of such base.

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

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

At June 30, 2015, the Town reports a total liability of \$12,949 (12,531 for government wide in Exhibit I and \$418 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, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation at that date. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participants, actuarially determined. At June 30, 2015, the Town's proportion was 12.59 percent. Due to this year being the first year of implementation, the increase or decrease in proportion from June 30, 2014 is not available.

For the year ended June 30, 2015, the Town recognized pension expense of \$3,040 (\$2,965 in Exhibit II and \$75 in Exhibit VI). At June 30, 2015, the Town reported deferred inflow of resources and deferred outflows of resources related to pension from the following sources:

Government Wide	Deferred Inflows of Resources	Deferred Outflows of Resources
	<u> </u>	<u> </u>
Contributions made subsequent to the measurement date	\$	\$ 4,042
Net difference between projected and actual earnings on pension plan investments	<u>4,224</u>	<u> </u>
Total	\$ <u>4,224</u>	\$ <u>4,042</u>

**TOWN OF SOUTHLINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

(In Thousands)

Sewer Fund	Deferred Inflows of Resources	Deferred Outflows of Resources
Contributions made subsequent to the measurement date	\$	\$ 113
Net difference between projected and actual earnings on pension plan investments	134	
Total	\$ 134	\$ 113

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:

Government Wide

2016	\$	1,056
2017		1,056
2018		1,056
2019		1,056
Total	\$	4,224

Sewer Fund

2016	\$	33
2017		33
2018		34
2019		34
Total	\$	134

D. Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2014, using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2005 - June 30, 2010.

TOWN OF SOUTHLINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

(In Thousands)

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

E. Discount Rate

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

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

**TOWN OF SOUTHLINGTON, CONNECTICUT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2015**

(In Thousands)

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

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

	<u>1% Decrease (7.00%)</u>	<u>Current Discount Rate (8.00%)</u>	<u>1% Increase (9.00%)</u>
Government Wide:			
Town's proportionate share of the net pension liability	\$ 27,784	\$ 12,531	\$ 3,021
Sewer Fund:			
Town's proportionate share of the net pension liability	\$ 848	\$ 418	\$ 53

Teachers Retirement

A. Plan Description

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

B. Benefit Provisions

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

Normal Retirement

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

Early Retirement

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

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.

**TOWN OF SOUTHLINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

(In Thousands)

C. Contributions

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

Employer (School Districts)

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

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

Employees

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

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

At June 30, 2015, 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>107,078</u>
Total	\$	<u><u>107,078</u></u>

The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. At June 30, 2015, the Town has no proportionate share of the net pension liability.

For the year ended June 30, 2015, the Town recognized pension expense and revenue of \$8,044 in Exhibit II for on-behalf amounts for the benefits provided by the State.

**TOWN OF SOUTHLINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

(In Thousands)

E. Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2014, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00%
Salary increase	3.75-7.00%, including inflation
Investment rate of return	8.50%, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2000 Combined Mortality Table projected 19 years using scale AA, with a two-year setback for males and females for the period after service retirement and for dependent beneficiaries.

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2005 - June 30, 2010.

Future cost-of-living increases for members who retire on or after September 1, 1992 are assumed to be an annual cost-of-living adjustment of 2%.

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Large Cap U.S. equities	21.0%	7.3%
Developed non-U.S. equities	18.0%	7.5%
Emerging markets (Non-U.S.)	9.0%	8.6%
Core fixed income	7.0%	1.7%
Inflation linked bond fund	3.0%	1.3%
Emerging market bond	5.0%	4.8%
High yield bonds	5.0%	3.7%
Real estate	7.0%	5.9%
Private equity	11.0%	10.9%
Alternative investments	8.0%	0.7%
Liquidity fund	6.0%	0.0%
Total	<u>100.0%</u>	

**TOWN OF SOUTHTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

(In Thousands)

F. Discount Rate

The discount rate used to measure the total pension liability was 8.50%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that State contributions will be made at the actuarially determined contribution rates in the future years. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

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

H. Pension Plan Fiduciary Net Position

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

I. Other Information

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

12. SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES

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

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

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

**TOWN OF SOUTHLINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

(In Thousands)

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, 2015 have not yet been conducted. Accordingly, the Town's compliance with applicable grant requirements will be established at some future date. The amount, if any, of expenditures that may be disallowed by the granting agencies cannot be determined at this time although the Town expects such amounts, if any, to be immaterial.

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

13. PRIOR PERIOD ADJUSTMENTS AND RESTATEMENTS

The following restatements were recorded to the beginning of net position of the governmental activities as a result of implementation of GASB Statement No 68 Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27 and GASB Statement No. 71 Pension Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Net position at June 30, 2014, as previously reported	\$ 152,463	\$ 46,340
Adjustments:		
Record net pension liability and deferred inflows/outflows per GASB No. 68	<u>(13,789)</u>	<u>(476)</u>
Net Position at July 1, 2014, as restated	<u>\$ 138,674</u>	<u>\$ 45,864</u>

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, 2015
(In Thousands)

	<u>Budgeted Amounts</u>			
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance</u>
Property taxes, interest and lien fees:				
Taxes	\$ 106,625	\$ 106,625	\$ 107,135	\$ 510
Suspense taxes	45	45	32	(13)
Interest and lien fees	607	607	885	278
Total property taxes, interest and lien fees	<u>107,277</u>	<u>107,277</u>	<u>108,052</u>	<u>775</u>
Licenses, fees and permits:				
Building	850	850	737	(113)
Police	51	51	33	(18)
Library	27	27	27	-
Parking	6	6	4	(2)
Miscellaneous	20	36	34	(2)
Total licenses, fees and permits	<u>954</u>	<u>970</u>	<u>835</u>	<u>(135)</u>
Intergovernmental revenues:				
Educational cost sharing	20,346	20,346	20,304	(42)
Non-public school transportation	38	38	47	9
Public school transportation	165	165	163	(2)
School building construction grants	118	118	112	(6)
Vocational agriculture	370	370	373	3
Children/youth services	26	26	27	1
Youth service/drug free	15	44	36	(8)
Town aid road transportation grant	520	523	523	-
Non-public health services	60	60	62	2
Telephone access lines	72	72	71	(1)
Pequot/Mohegan grant	147	147	150	3
Telecommunications fund grant	72	72	72	-
Municipal video grant	12	12		(12)
Historical society	27	27		(27)
Local capital improvement grant	281			-
In lieu of taxes:				-
Hospital	131	131	141	10
Tax relief for elderly	350	350	323	(27)

(Continued on next page)

TOWN OF SOUTHTON, CONNECTICUT
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2015
(In Thousands)

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
Intergovernmental revenues (continued):				
Veterans' exemption	\$ 55	\$ 55	\$ 56	\$ 1
State properties	22	22	27	5
Disability exemption	6	6	5	(1)
Calendar house grant	200	20		(20)
Distressed municipalities	60	60	53	(7)
Miscellaneous	2	2	27	25
Traffic enforcement grant			4	4
Municipal revenue sharing	772	772	772	-
Total intergovernmental revenues	<u>23,867</u>	<u>23,438</u>	<u>23,348</u>	<u>(90)</u>
Investment Income	<u>260</u>	<u>260</u>	<u>308</u>	<u>48</u>
Charges for services:				
Town Clerk	1,200	1,200	1,352	152
Labels/diskettes/copies			1	1
Recreation	80	80	86	6
Planning and zoning	50	50	49	(1)
Fire Department services	9	26	47	21
Engineering services	3	3	16	13
Assessors returns	1	1	1	-
School tuition and fees	539	540	568	28
School building rentals	14	257	257	-
Miscellaneous	10	10	30	20
Total charges for services	<u>1,906</u>	<u>2,167</u>	<u>2,407</u>	<u>240</u>

(Continued on next page)

TOWN OF SOUTHWINGTON, CONNECTICUT
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2015
(In Thousands)

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
Other revenues:				
Sale/lease of town property	\$ 2	\$ 2	\$ 2	\$ -
Loss/damage to town property	1	219	234	15
Prior year appropriated funds returned	2	2	2	-
BRRFOC/TROC rebate		640	640	-
Capital project reimbursements		10	15	5
Settlements		151	151	-
Open space donations		3	6	3
Recycling rebates			23	23
Miscellaneous	20	21	33	12
Fund balance utilized	<u>4,270</u>	<u>4,270</u>		<u>(4,270)</u>
Total other revenues	<u>4,295</u>	<u>5,318</u>	<u>1,106</u>	<u>(4,212)</u>
Transfers In	<u>50</u>	<u>50</u>	<u>77</u>	<u>27</u>
Total Revenues and Other Financing Sources	\$ <u>138,609</u>	\$ <u>139,480</u>	136,133	\$ <u>(3,347)</u>

Budgetary revenues are different than GAAP revenues because:

State of Connecticut on-behalf contributions to the Connecticut State Teachers' Retirement System for Town teachers are not budgeted

8,044

Proceeds from issuance of capital leases are not budgeted

12,730

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

\$ 156,907

**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, 2015
(In Thousands)**

	Budgeted Amounts		Actual	Variance
	Original	Final		
General Government				
Town Council:				
Personnel service	\$ 10	\$ 10	\$ 8	\$ 2
Contractual services	20	21	21	-
Program supplies	7	6	4	2
Professional charges	27	27	27	-
Total	<u>64</u>	<u>64</u>	<u>60</u>	<u>4</u>
Town Manager:				
Personnel service	291	290	281	9
Contractual services	42	39	11	28
Materials and supplies	3	6	6	-
Fixed charges	7	7	5	2
Continued appropriations		26	20	6
Total	<u>343</u>	<u>368</u>	<u>323</u>	<u>45</u>
Board of Finance:				
Personnel service	4	4	4	-
Contractual services	2	2	2	-
Fixed charges	1	1	1	-
Total	<u>7</u>	<u>7</u>	<u>7</u>	<u>-</u>
Finance Department:				
Personnel service	478	478	474	4
Materials and supplies	12	12	12	-
Fixed charges	1	1	1	-
Total	<u>491</u>	<u>491</u>	<u>487</u>	<u>4</u>
Town Clerk:				
Personnel service	275	267	265	2
Contractual services	23	21	19	2
Materials and supplies	11	9	8	1
Fixed charges	3	3	3	-
Total	<u>312</u>	<u>300</u>	<u>295</u>	<u>5</u>

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TOWN OF SOUTHLINGTON, CONNECTICUT
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2015
(In Thousands)

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
Tax Department:				
Personnel service	\$ 213	\$ 207	\$ 204	\$ 3
Contractual services	16	19	16	3
Materials and supplies	48	43	43	-
Fixed charges	2	2	2	-
Total	<u>279</u>	<u>271</u>	<u>265</u>	<u>6</u>
Assessor:				
Personnel service	303	302	296	6
Contractual services	235	235	24	211
Materials and supplies	13	13	13	-
Fixed charges	5	5	5	-
Continued appropriations		170	101	69
Total	<u>556</u>	<u>725</u>	<u>439</u>	<u>286</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	164	164	164	-
Contractual services	620	579	533	46
Fixed charges	33	32	29	3
Capital outlay	81	81	38	43
Continued Appropriation		3	3	-
Total	<u>898</u>	<u>859</u>	<u>767</u>	<u>92</u>
Probate Court:				
Fixed charges	<u>11</u>	<u>11</u>	<u>11</u>	<u>-</u>
Town Attorney/Legal:				
Personnel service	206	206	206	-
Contractual services	127	105	79	26
Materials and supplies	3	3	3	-
Fixed charges	6	5	5	-
Total	<u>342</u>	<u>319</u>	<u>293</u>	<u>26</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, 2015**

	Budgeted Amounts		Actual	Variance
	Original	Final		
Elections Department:				
Personnel service	\$ 122	\$ 100	\$ 97	\$ 3
Contractual services	12	9	9	-
Materials and supplies	25	25	23	2
Fixed charges	6	6	4	2
Total	<u>165</u>	<u>140</u>	<u>133</u>	<u>7</u>
Insurance:				
Fixed charges	<u>1,048</u>	<u>1,013</u>	<u>966</u>	<u>47</u>
Annual Audit:				
Fixed charges	<u>36</u>	<u>33</u>	<u>33</u>	<u>-</u>
Total general government	<u>4,555</u>	<u>4,604</u>	<u>4,082</u>	<u>522</u>
Public Safety:				
Police Department:				
Personnel service	6,307	6,190	6,174	16
Contractual services	228	247	221	26
Materials and supplies	254	251	207	44
Fixed charges	229	219	166	53
Equipment	199	195	192	3
Total	<u>7,217</u>	<u>7,102</u>	<u>6,960</u>	<u>142</u>
Emergency Management:				
Contractual services	2			-
Materials and supplies	8	8	5	3
Capital outlay	14	3	3	-
Total	<u>24</u>	<u>11</u>	<u>8</u>	<u>3</u>
Central Dispatch:				
Personnel service	707	692	690	2
Contractual services	20	11	11	-
Total	<u>727</u>	<u>703</u>	<u>701</u>	<u>2</u>

(Continued on next page)

**TOWN OF SOUTHLINGTON, CONNECTICUT
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2015**

	Budgeted Amounts		Actual	Variance
	Original	Final		
Fire Department:				
Personnel service	\$ 3,296	\$ 3,464	\$ 3,464	\$ -
Contractual services	307	304	300	4
Materials and supplies	222	196	191	5
Fixed charges	155	153	148	5
Equipment	56	56	56	-
Total	<u>4,036</u>	<u>4,173</u>	<u>4,159</u>	<u>14</u>
Fire Hydrant rentals:				
Fixed charges	<u>232</u>	<u>234</u>	<u>234</u>	<u>-</u>
Safety Program:				
Contractual services	12	24	24	-
Materials and supplies	38	29	28	1
Fixed Charges	17	14	13	1
Total	<u>67</u>	<u>67</u>	<u>65</u>	<u>2</u>
Parking Authority:				
Personnel service	1	1	1	-
Contractual services	13	13	6	7
Materials and supplies	15	15	13	2
Fixed charges	1	1	1	-
Continued appropriations		3		3
Total	<u>30</u>	<u>33</u>	<u>21</u>	<u>12</u>
Total public safety	<u>12,333</u>	<u>12,323</u>	<u>12,148</u>	<u>175</u>
Public Works:				
Town Hall and Annex:				
Contractual services	46	46	36	10
Materials and supplies	14	18	16	2
Fixed Charges	55	55	46	9
Total	<u>115</u>	<u>119</u>	<u>98</u>	<u>21</u>
Historical Buildings:				
Fixed Charges	<u>5</u>	<u>7</u>	<u>7</u>	<u>-</u>
Total	<u>5</u>	<u>7</u>	<u>7</u>	<u>-</u>

(Continued on next page)

**TOWN OF SOUTHLINGTON, CONNECTICUT
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2015**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
Sylvia Bradley Historical Society:				
Contractual services	\$ 6	\$ 6	\$ 3	\$ 3
Fixed Charges	12	12	8	4
Capital outlay	53	53	2	51
Total	<u>71</u>	<u>71</u>	<u>13</u>	<u>58</u>
Engineering Department:				
Personnel service	615	613	609	4
Contractual services	9	10	8	2
Materials and supplies	18	19	18	1
Fixed charges	5	3	1	2
Total	<u>647</u>	<u>645</u>	<u>636</u>	<u>9</u>
Highway Department:				
Personnel service	1,569	1,622	1,622	-
Contractual services	471	542	533	9
Materials and supplies	132	151	147	4
Fixed charges	45	51	46	5
Capital outlay	65	65	11	54
Continued appropriations		48	48	-
Total	<u>2,282</u>	<u>2,479</u>	<u>2,407</u>	<u>72</u>
Snow and Ice Removal:				
Personnel service	115	309	309	-
Contractual services	145	409	409	-
Materials and supplies	350	545	545	-
Total	<u>610</u>	<u>1,263</u>	<u>1,263</u>	<u>-</u>
Street Lighting:				
Contractual services	130	120	74	46
Fixed Charges	281	256	233	23
Capital Outlay	71	71	71	-
Total	<u>482</u>	<u>447</u>	<u>378</u>	<u>69</u>
Tree Maintenance:				
Contractual services	<u>19</u>	<u>19</u>	<u>19</u>	<u>-</u>

(Continued on next page)

**TOWN OF SOUTHLINGTON, CONNECTICUT
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2015**

	Budgeted Amounts		Actual	Variance
	Original	Final		
Bulky Waste Transfer Station:				
Personnel service	\$ 83	\$ 88	\$ 88	\$ -
Contractual services	177	159	154	5
Materials & Supplies	2	2	1	1
Total	<u>262</u>	<u>249</u>	<u>243</u>	<u>6</u>
Environmental Problems:				-
Contractual services	195	85	49	36
Fixed charges		11	6	5
Continued appropriations		144		144
Total	<u>195</u>	<u>240</u>	<u>55</u>	<u>185</u>
North Center Facility:				-
Contractual services	235	236	233	3
Materials and supplies	14	12	7	5
Fixed charges	20	21	21	-
Total	<u>269</u>	<u>269</u>	<u>261</u>	<u>8</u>
Total Public Works	<u>4,957</u>	<u>5,808</u>	<u>5,380</u>	<u>428</u>
Health and Welfare:				
Community Services:				
Personnel service	204	207	207	-
Contractual services	18	15	15	-
Materials and supplies	6	5	5	-
Fixed charges	16	16	15	1
Total	<u>244</u>	<u>243</u>	<u>242</u>	<u>1</u>
Health Department:				
Contractual services	40			-
Fixed charges	326	326	326	-
Total	<u>366</u>	<u>326</u>	<u>326</u>	<u>-</u>
Mental Health:				
Fixed charges	3	3	3	-
Nonpublic School Nurses:				
Contractual services	119	119	119	-
Total Health and Welfare	<u>732</u>	<u>691</u>	<u>690</u>	<u>1</u>

(Continued on next page)

**TOWN OF SOUTHLINGTON, CONNECTICUT
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2015**

	Budgeted Amounts		Actual	Variance
	Original	Final		
Human Services:				
Youth Counseling:				
Personnel service	\$ 294	\$ 323	\$ 303	\$ 20
Contractual services	5	3	3	-
Materials and supplies	1	1	1	-
Fixed charges	2	2	2	-
Total	<u>302</u>	<u>329</u>	<u>309</u>	<u>20</u>
Commission on the Handicapped:				
Contractual services	7	7	2	5
Materials and supplies	1	1	-	1
Total	<u>8</u>	<u>8</u>	<u>2</u>	<u>6</u>
Community Assistance:				
Contractual services	<u>52</u>	<u>52</u>	<u>52</u>	<u>-</u>
Calendar House-Senior Citizens:				
Personnel service	345	349	348	1
Contractual services	93	81	73	8
Materials and supplies	27	24	24	-
Fixed charges	47	47	34	13
Capital outlay	1			-
Total	<u>513</u>	<u>501</u>	<u>479</u>	<u>22</u>
Southington Housing Authority:				
Materials and supplies	<u>26</u>	<u>29</u>	<u>29</u>	<u>-</u>
Total Human Services	<u>901</u>	<u>919</u>	<u>871</u>	<u>48</u>
Parks and Recreation:				
Parks Department:				
Personnel service	611	630	630	-
Contractual services	175	176	174	2
Materials and supplies	55	55	52	3
Fixed Charges	160	178	171	7
Capital outlay	337	695	37	658
Total	<u>1,338</u>	<u>1,734</u>	<u>1,064</u>	<u>670</u>

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**TOWN OF SOUTHLINGTON, CONNECTICUT
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2015**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
Recreation Department:				
Personnel service	\$ 266	\$ 266	\$ 266	\$ -
Contractual services	63	54	50	4
Materials and supplies	22	21	17	4
Fixed charges	13	13	13	-
Total	<u>364</u>	<u>354</u>	<u>346</u>	<u>8</u>
Community Celebrations:				
Fixed charges	<u>5</u>	<u>4</u>	<u>4</u>	<u>-</u>
Organized Recreation:				
Fixed charges	<u>92</u>	<u>92</u>	<u>92</u>	<u>-</u>
Total Parks and Recreation	<u>1,799</u>	<u>2,184</u>	<u>1,506</u>	<u>678</u>
Library:				
Public Library:				
Personnel service	1,014	1,015	1,015	-
Contractual services	65	64	56	8
Materials and supplies	152	151	149	2
Fixed charges	81	73	64	9
Capital outlay	55	55	54	1
Continued appropriations		9	9	-
Total	<u>1,367</u>	<u>1,367</u>	<u>1,347</u>	<u>20</u>
Barnes Museum:				
Personnel service	79	78	78	-
Contractual services	11	20	17	3
Materials and supplies	3	3	3	-
Fixed Charges	11	11	11	-
Total	<u>104</u>	<u>112</u>	<u>109</u>	<u>3</u>
Total Library	<u>1,471</u>	<u>1,479</u>	<u>1,456</u>	<u>23</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, 2015**

	Budgeted Amounts		Actual	Variance
	Original	Final		
Planning and Development:				
Economic Development Commission:				
Personnel service	\$ 134	\$ 133	\$ 133	\$ -
Contractual services	85	55	35	20
Materials and supplies	2	2	2	-
Fixed charges	5	4	1	3
Total	<u>226</u>	<u>194</u>	<u>171</u>	<u>23</u>
Building Department:				
Personnel service	388	388	380	8
Contractual services	3	5	5	-
Materials and supplies	12	11	10	1
Fixed charges	5	5	5	-
Total	<u>408</u>	<u>409</u>	<u>400</u>	<u>9</u>
Planning and Zoning:				
Personnel service	365	359	355	4
Contractual services	63	62	34	28
Materials and supplies	10	10	7	3
Fixed charges	31	18	18	-
Total	<u>469</u>	<u>449</u>	<u>414</u>	<u>35</u>
Zoning Board of Appeals:				
Personnel service	5	5	5	-
Contractual services	9	8	7	1
Materials and supplies	1	2	2	-
Total	<u>15</u>	<u>15</u>	<u>14</u>	<u>1</u>
Conservation Commission:				
Personnel service	4	4	3	1
Contractual services	5	5	3	2
Materials and supplies	2	1	1	1
Fixed charges		1	1	-
Total	<u>11</u>	<u>11</u>	<u>7</u>	<u>4</u>
Total Planning and Development	<u>1,129</u>	<u>1,078</u>	<u>1,006</u>	<u>72</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, 2015**

	Budgeted Amounts		Actual	Variance
	Original	Final		
Miscellaneous:				
Land Lease:				
Fixed charges	\$ 1	\$ 1	\$ 1	\$ -
Total Miscellaneous	<u>1</u>	<u>1</u>	<u>1</u>	<u>-</u>
Employee Benefits:				
Medical and group insurance:				
Fixed charges	<u>3,650</u>	<u>3,650</u>	<u>3,650</u>	<u>-</u>
Heart and Hypertension:				
Personnel service	1,343	1,181	1,139	42
Contractual services	27	25	21	4
Total Heart and Hypertension	<u>1,370</u>	<u>1,206</u>	<u>1,160</u>	<u>46</u>
Employee Retirement:				
Municipal:				
Fixed charges	4,171	4,114	4,114	-
Police:				
Fixed charges	181	163	163	-
Unemployment Compensation:				
Fixed charges	15	22	22	-
Total	<u>4,367</u>	<u>4,299</u>	<u>4,299</u>	<u>-</u>
Accumulated Payout:				
Fixed charges	<u>150</u>	<u>229</u>	<u>229</u>	<u>-</u>
Tuition Reimbursement:				
Fixed charges	<u>5</u>	<u>7</u>	<u>7</u>	<u>-</u>
Medical Services:				
Fixed charges	<u>2</u>	<u>2</u>	<u>2</u>	<u>-</u>
Total Employee Benefits	<u>9,544</u>	<u>9,393</u>	<u>9,347</u>	<u>46</u>
Debt Service				
Debt service - principal:				
Town and Sewer	2,768	2,769	2,769	-
Schools	2,616	2,616	2,616	-
Total	<u>5,384</u>	<u>5,385</u>	<u>5,385</u>	<u>-</u>

(Continued on next page)

**TOWN OF SOUTHLINGTON, CONNECTICUT
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2015**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
Debt service - interest:				
Town and Sewer	\$ 894	\$ 1,100	\$ 1,100	\$ -
Schools	1,117	1,387	1,387	-
Total	<u>2,011</u>	<u>2,487</u>	<u>2,487</u>	<u>-</u>
Total Debt Service	<u>7,395</u>	<u>7,872</u>	<u>7,872</u>	<u>-</u>
Board of Education:				
School operations	87,047	87,291	87,278	13
Contractual services		219	219	-
Continued appropriations		91	91	-
Total Board of Education	<u>87,047</u>	<u>87,601</u>	<u>87,588</u>	<u>13</u>
Contingency	<u>962</u>	<u>63</u>		<u>63</u>
Total expenditures	<u>132,826</u>	<u>134,016</u>	<u>131,947</u>	<u>2,069</u>
Other Financing Uses:				
Transfers out	\$ <u>5,783</u>	\$ <u>6,443</u>	\$ <u>6,443</u>	\$ <u>-</u>
Total	\$ <u>138,609</u>	\$ <u>140,459</u>	138,390	\$ <u>2,069</u>

Budgetary expenditures are different than GAAP expenditures because:

State of Connecticut on-behalf payments to the Connecticut State Teachers' Retirement System for Town teachers are not budgeted

8,044

Accrued payroll is reported as expenditure for GAAP purposes

167

Issuance of capital leases are not budgeted

12,730

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

\$ 159,331

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

	<u>2015</u>
Town's proportion of the net pension liability	12.59%
Town's proportionate share of the net pension liability	\$ 12,949
Town's covered-employee payroll	\$ 31,051
Town's proportionate share of the net pension liability as a percentage of its covered-employee payroll	41.70%
Plan fiduciary net position as a percentage of the total pension liability	90.48%

Notes to Schedule

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

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

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Actuarially determined contribution	\$ 1,172	\$ 1,431	\$ 2,506	\$ 2,439	\$ 2,704	\$ 3,488	\$ 4,096	\$ 4,194	\$ 4,400	\$ 4,592
Contributions in relation to the actuarially determined contribution	<u>1,172</u>	<u>1,431</u>	<u>2,506</u>	<u>2,439</u>	<u>2,704</u>	<u>3,488</u>	<u>4,096</u>	<u>4,194</u>	<u>4,400</u>	<u>4,592</u>
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered employee payroll	\$ 16,857	\$ 19,342	\$ 25,085	\$ 25,816	\$ 26,169	\$ 27,006	\$ 27,081	\$ 27,618	\$ 28,694	\$ 30,111
Contributions as a percentage of covered employee payroll	6.95%	7.40%	9.99%	9.45%	10.33%	12.92%	15.12%	15.19%	15.33%	15.25%

Notes to Schedule

Valuation date: June 30, 2014
 Measurement date: June 30, 2014
 Actuarially determined contribution rates are calculated as of June 30, each biennium for the fiscal years ending two and three years after the valuation date.

Methods and assumptions used to determine contribution rates:

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

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

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Actuarially determined contribution	\$ 43	\$ 50	\$ 56	\$ 58	\$ 64	\$ 88	\$ 109	\$ 104	\$ 108	\$ 113
Contributions in relation to the actuarially determined contribution	43	50	56	58	64	88	109	104	108	113
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered employee payroll	\$ 693	\$ 736	\$ 797	\$ 825	\$ 852	\$ 930	\$ 940	\$ 884	\$ 901	\$ 940
Contributions as a percentage of covered employee payroll	6.20%	6.79%	7.03%	7.03%	7.51%	9.46%	11.60%	11.76%	11.99%	12.02%

Notes to Schedule

Valuation date: June 30, 2014
 Measurement date: June 30, 2014
 Actuarially determined contribution rates are calculated as of June 30, each biennium for the fiscal years ending two and three years after the valuation date.

Methods and assumptions used to determine contribution rates:

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

**TOWN OF SOUTHLINGTON, CONNECTICUT
SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHERS RETIREMENT PLAN
LAST FISCAL YEAR**

	<u>2015</u>
Town's proportion of the net pension liability	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>
Total	<u>\$ 107,078</u>
Town's covered-employee payroll	\$ 33,621
Town's proportionate share of the net pension liability as a percentage of its covered-employee payroll	0.00%
Plan fiduciary net position as a percentage of the total pension liability	61.51%

Notes to Schedule

Changes in benefit terms	None
Changes of assumptions	During 2011, rates of withdrawal, retirement and assumed rates of salary increases were adjusted to reflect actual and anticipated experience. These assumptions were recommended as part of the Experience Study for the System for the five-year period ended June 30, 2010.
Actuarial cost method	Entry age
Amortization method	Level percent of salary, closed
Remaining amortization period	22.4 years
Asset valuation method	4-year smoothed market

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Appendix B

Opinion of Bond Counsel and Tax Exemption

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APPENDIX B - OPINION OF BOND COUNSEL AND TAX EXEMPTION

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

BOND COUNSEL OPINION

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

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

[FORM OF BOND COUNSEL OPINION]

(date of closing)

Town of Southington
Southington, Connecticut

We have represented the Town of Southington, Connecticut as Bond Counsel in connection with the issuance by the Town of \$17,200,000 General Obligation Bonds, Issue of 2016, dated as of January 26, 2016 and \$6,000,000 Bond Anticipation Notes, dated as of January 26, 2016.

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

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

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

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

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

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

Very truly yours,

Day Pitney LLP

FEDERAL INCOME TAX.

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

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

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

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

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

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

STATE OF CONNECTICUT TAX ON INTEREST.

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

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

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

ORIGINAL ISSUE DISCOUNT.

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

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

ORIGINAL ISSUE PREMIUM.

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

The discussion in this paragraph applies to those Bonds and Notes having original issue premium. Under Sections 1016 and 171 of the Code, the amount of original issue premium treated as having amortized with respect to any bond during each day it is owned by a taxpayer is subtracted from the cost basis of such owner for purposes of determining gain or loss upon the sale or other disposition of such bond by such owner. Original issue premium on any bond is treated as amortizing on the basis of the taxpayer's yield to maturity on such bond using the taxpayer's cost basis and a constant semiannual compounding method. As a consequence of the resulting cost basis reduction, under certain circumstances an owner of a bond acquired with original issue premium may realize a taxable gain upon disposition thereof even though it is sold or redeemed for an amount equal to or less than such owner's original cost of acquiring the bond. Amortized original issue premium on a bond is not allowed as a deduction from gross income for federal income tax purposes. Amortized original issue premium on a bond also does not reduce Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates and does not reduce amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the federal alternative minimum tax. Owners of the Bonds and Notes having original issue premium, and especially any owner who is not an original owner of a bond or note who bought the bond or note at its initial public offering price, should consult their tax advisors with respect to the federal and state income tax consequences of the disposition of such bonds and notes.

GENERAL.

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

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

Appendix C-1

Form of Continuing Disclosure Agreement for Bonds

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APPENDIX C-1 - FORM OF CONTINUING DISCLOSURE AGREEMENT FOR BONDS

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

Continuing Disclosure Agreement for Bonds

This Continuing Disclosure Agreement for Bonds ("Agreement") is made as of January 26, 2016 by the Town of Southington, Connecticut (the "Issuer") acting by its undersigned officers, duly authorized, in connection with the issuance of \$17,200,000 General Obligation Bonds, Issue of 2016, dated as of January 26, 2016 (the "Bonds"), for the benefit of the beneficial owners from time to time of the Bonds.

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

"Final Official Statement" means the official statement of the Issuer dated January 14, 2016 prepared in connection with the Bonds.

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

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

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

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

Section 2. Annual Financial Information.

(a) The Issuer agrees to provide or cause to be provided to each Repository, in accordance with the provisions of the Rule and of this Agreement, annual financial information and operating data (commencing with information and data for the fiscal year ending June 30, 2015) as follows:

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

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

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

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

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

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

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

Section 3. Notice of Certain Events.

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

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

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

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

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

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

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

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

Section 5. Use of Agents.

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

Section 6. Termination.

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

Section 7. Enforcement.

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

of Finance, or a successor, receives written notice from any beneficial owner of the Bonds of such failure. The present address of the Director of Finance is Town of Southington, Town Hall, 75 Main Street, Southington, Connecticut 06489.

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

Section 8. Miscellaneous.

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

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

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

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

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

TOWN OF SOUTHTON

By _____
Garrison C. Brumback
Town Manager

By _____
Emilia C. Portelinha
Director of Finance

By _____
Joyce Williams
Treasurer

Appendix C-2

Form of Continuing Disclosure Agreement for Notes

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

In accordance with the requirements of Rule 15c2-12 promulgated by the Securities and Exchange Commission, the Town will agree, pursuant to a Continuing Disclosure Agreement for Notes to be executed by the Town substantially in the following form, to provide, or cause to be provided, notice of the occurrence of certain events with respect to the Notes:

Continuing Disclosure Agreement For Notes

This Continuing Disclosure Agreement for Notes ("Agreement") is made as of January 26, 2016 by the Town of Southington, Connecticut (the "Issuer") acting by its undersigned officers, duly authorized, in connection with the issuance of \$6,000,000 Bond Anticipation Notes, dated as of January 26, 2016 of the Issuer (the "Notes"), for the benefit of the beneficial owners from time to time of the Notes.

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

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

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

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

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

Section 2. Notice of Certain Events.

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

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

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

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

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

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

Section 3. Use of Agents.

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

Section 4. Termination.

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

Section 5. Enforcement.

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

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

Section 6. Miscellaneous.

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

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

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

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

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

TOWN OF SOUTHLINGTON

By: _____
Garrison C. Brumback
Town Manager

By: _____
Emilia C. Portelinha
Director of Finance

By: _____
Joyce Williams
Treasurer

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Appendix D-1

Notice of Sale and Bid Form - Bonds

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NOTICE OF SALE
\$17,200,000
Town of Southington, Connecticut
General Obligation Bonds
(BOOK-ENTRY)

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

JANUARY 14, 2016

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

\$17,200,000 General Obligation Bonds, Issue of 2016
Payable annually on January 15 as follows:

1,000,000 in 2018
\$1,005,000 in 2019 to 2022
\$905,000 in 2023 to 2024
\$910,000 in 2025 to 2026
\$915,000 in 2027
\$845,000 in 2028 to 2030
\$850,000 in 2031 to 2036

The Bonds will be dated January 26, 2016, with interest payable on July 15, 2016 and thereafter semiannually on each January 15th and July 15th.

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

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

In the event that (a) DTC determines not to continue to act as securities depository for the Bonds and the Town fails to identify another qualified securities depository to replace DTC, or (b) the Town determines to discontinue the book-entry system of evidence and transfer of ownership of the Bonds, the Town will authenticate and deliver replacement Bonds in the form of fully registered certificates. Any such replacement Bonds will provide that

interest will be payable by check mailed by the Paying Agent to the registered owner whose name appears on the registration books of the Town as of the close of business on the record date preceding each interest payment date. The record dates will be the last business day of June and December.

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

<u>Period During Which Redeemed</u>	<u>Redemption Price</u>
January 15, 2023 and thereafter	100.0%

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

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

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

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

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

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

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

Basis of Award. As between proposals which comply with this Notice, the Bonds will be sold to the responsible bidder offering to purchase the Bonds at the lowest true interest cost to the Town. For the purpose of determining the successful bidder, the true interest cost to the Town will be the annual interest rate, compounded semiannually, which, when used to discount all payments of principal and interest payable on the Bonds to January 26, 2016, the date of the Bonds, results in an amount equal to the purchase price for the Bonds, excluding interest accrued to the date of delivery. If there is more than one responsible bidder making said offer at the same lowest true interest cost, the Bonds will be sold to the responsible bidder whose proposal is selected by the Town by lot from among all such proposals. It is requested that each proposal be accompanied by a statement of the percentage of true interest cost completed to four decimal places. Such statement shall not be considered as part of the proposal.

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

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

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

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

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

Official Statement. The Town of Southington has prepared a preliminary Official Statement for the Bond issue which is dated January 7, 2016. The Town deems such preliminary Official Statement final as of its date for purposes of SEC Rule 15c2-12(b)(1), but it is subject to revision or amendment. The Town will make available to the winning purchaser 100 copies of the Official Statement as prepared by the Town at the Town's expense. The copies of the Official Statement will be made available to the winning purchaser at the office of the Town's financial advisor, Phoenix Advisors, LLC, Milford, Connecticut, by the delivery of the Bonds or by the seventh business day after the day bids on the Bonds are received if earlier. If the Town's financial advisor is provided with the necessary information from the winning purchaser by noon of the day following the day bids on the Bonds are received, the copies of the Official Statement will include an additional cover page and other pages indicating the interest rates, ratings, yields or reoffering prices, the name of the managing underwriter, the name of the insurer, if any, on the Bonds and any corrections. The purchaser shall arrange with the financial advisor the method of delivery of the copies of the Official Statement to the purchaser. Additional copies of the Official Statement may be obtained by the purchaser at its own expense by arrangement with the printer.

Continuing Disclosure Agreement. The Town will enter into a Continuing Disclosure Agreement with respect to the Bonds, substantially in the form attached as Appendix C-1 to the Official Statement (the "Continuing Disclosure Agreement for Bonds"), to provide or cause to be provided, in accordance with the requirements of SEC Rule 15c2-12, (i) annual financial information and operating data, (ii) timely notice of the occurrence of certain events with respect to the Bonds, and (iii) timely notice of a failure by the Town to provide the required annual financial information on or before the date specified in the Continuing Disclosure Agreement for Bonds. The winning bidder's obligation to purchase the Bonds shall be conditioned upon its receiving, at or prior to the delivery of the Bonds, an executed copy of the Continuing Disclosure Agreement for Bonds.

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

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

Delivery Date and Payment. It is expected that the closing on the Bonds will occur on or about January 26, 2016 through the facilities of the Depository Trust Company, New York, New York, against payment in immediately available Federal funds.

More Information. For more information regarding this issue and the Town reference is made to the Official Statement. Proposal forms and copies of the Official Statement may be obtained from Mr. Matthew A. Spoerndle, Phoenix Advisors, LLC, 53 River Street, Suite 1, Milford, Connecticut 06460 (telephone: (203) 878-4945) or from Ms. Emilia C. Portelinha, Director of Finance, Town of Southington, Town Hall, 75 Main Street, Southington, Connecticut 06489 (telephone: (860) 276-6222).

GARRISON C. BRUMBACK,
Town Manager

EMILIA C. PORTELINHA,
Director of Finance

JOYCE WILLIAMS,
Treasurer

January 7, 2016

PROPOSAL FOR BONDS

January 14, 2016

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

Subject to the provisions and in accordance with the terms of the annexed Notice of Sale dated January 7, 2016 which is hereby made a part of this proposal, we hereby offer to purchase all of the aggregate principal amount of \$17,200,000 General Obligation Bonds, Issue of 2016, of the Town of Southington described in said Notice of Sale, and to pay therefor the price of par plus a premium of \$_____ plus interest accrued on said Bonds to the date of their delivery, provided that the Bonds maturing in the several years set forth below shall bear interest from their date until maturity at the respective rates per annum stated in the following table:

<u>Year of Maturity</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Year of Maturity</u>	<u>Amount</u>	<u>Interest Rate</u>
2018	\$1,000,000	_____%	2028	\$845,000	_____%
2019	\$1,005,000	_____%	2029	\$845,000	_____%
2020	\$1,005,000	_____%	2030	\$845,000	_____%
2021	\$1,005,000	_____%	2031	\$850,000	_____%
2022	\$1,005,000	_____%	2032	\$850,000	_____%
2023	\$905,000	_____%	2033	\$850,000	_____%
2024	\$905,000	_____%	2034	\$850,000	_____%
2025	\$910,000	_____%	2035	\$850,000	_____%
2026	\$910,000	_____%	2036	\$850,000	_____%
2027	\$915,000	_____%			

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

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

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

Percent of True Interest Cost _____%
 (four decimals)
 Gross Interest \$ _____
 Premium \$ _____

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Appendix D-2

Notice of Sale and Bid Form - Notes

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NOTICE OF SALE
\$6,000,000
Town of Southington, Connecticut
Bond Anticipation Notes
(BOOK-ENTRY)

SEALED PROPOSALS and ELECTRONIC BIDS via PARITY® will be received by the Town of Southington, Connecticut at the Office of the Town Manager, Town Hall, 75 Main Street, Southington, Connecticut until **11:00 A.M. Eastern Time on THURSDAY,**

JANUARY 14, 2016

for the purchase of \$6,000,000 Bond Anticipation Notes of the Town of Southington, dated January 26, 2016, maturing on January 25, 2017 (the "Notes").

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

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

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

In the event that (a) DTC determines not to continue to act as securities depository for the Notes and the Town fails to identify another qualified securities depository to replace DTC, or (b) the Town determines to discontinue the book-entry system of evidence and transfer of ownership of the Notes, the Town will authenticate and deliver replacement Notes in the form of fully registered certificates. Any such replacement Notes, will provide that principal of and interest on the Notes will be payable to the registered owner upon presentation and surrender of the Notes at the principal office of the Paying Agent, or of its successors as paying agent for the Notes.

Proposals. Proposals may be made for all or any part of the Notes. No proposal for less than the minimum denomination or for less than par and accrued interest will be entertained. Each proposal must state one rate of interest in a multiple of one-hundredth (1/100) of one-percent (1%) per annum for each part of the Notes bid for in the proposal. For the purpose of the bidding process, the time as maintained on PARITY® shall constitute the official time. For information purposes only, bidders are requested to state in their bids the net interest rate to the Town, as described under "Basis of Award" below, represented by the rate or rates of interest and the bid price specified in their respective bids.

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

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

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

Disclaimer - Each PARITY® prospective electronic bidder shall be solely responsible to make necessary arrangements to access PARITY® for the purposes of submitting its bid in a timely manner and in compliance with the requirements of this Notice of Sale. Neither the Town nor PARITY® shall have any duty or obligation to undertake such arrangements to bid for any prospective bidder or to provide or assure such access to any prospective bidder, and neither the Town nor PARITY® shall be responsible for a bidder's failure to make a bid or for proper operation of, or have any liability for any delays or interruptions of, or any damages caused by, PARITY®. The Town is using PARITY® as a communication mechanism, and not as the Town's agent, to conduct the electronic bidding for the Notes. The Town is not bound by any advice and determination of PARITY® to the effect that any particular bid complies with the terms of this Notice of Sale and in particular the bid requirements herein set forth. All costs and expenses incurred by prospective bidders in connection with their subscription to, arrangements with and submission of bids via PARITY® are the sole responsibility of the bidders; and the Town is not responsible, directly or indirectly, for any such costs or expenses. If a prospective bidder encounters any difficulty in arranging to bid or submitting, modifying or withdrawing a bid for the Notes, the prospective bidder should telephone PARITY® at (212) 849-5021. If any provision of this Notice of Sale shall conflict with information provided by PARITY®, this Notice of Sale shall control.

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

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

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

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

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

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

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

Official Statement. The Town of Southington has prepared a preliminary Official Statement for the Note issue which is dated January 7, 2016. The Town deems such preliminary Official Statement final as of its date for purposes of SEC Rule 15c2-12(b)(1) but it is subject to revision or amendment. The Town will make available to each winning purchaser 5 copies of the Official Statement as prepared by the Town at the Town's expense. The copies of the Official Statement will be made available to the winning purchaser(s) at the office of the Town's financial advisor, Phoenix Advisors, LLC, Milford, Connecticut, by the delivery of the Notes or by the seventh business day after the day bids on the Notes are received if earlier. The purchaser shall arrange with the financial advisor the method of delivery of the copies of the Official Statement to the purchaser. Additional copies of the Official Statement may be obtained by the purchaser at its own expense by arrangement with the printer.

Continuing Disclosure Agreement. The Town will enter into a Continuing Disclosure Agreement with respect to the Notes, substantially in the form attached as Appendix C-2 to the Official Statement (the "Continuing Disclosure Agreement for Notes"), to provide or cause to be provided, in accordance with the requirements of SEC Rule 15c2-12, timely notice of the occurrence of certain events with respect to the Notes. The winning bidder's obligation to purchase the Notes shall be conditioned upon its receiving, at or prior to the delivery of the Notes, an executed copy of the Continuing Disclosure Agreement for Notes.

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

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

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

Delivery Date and Payment. The Notes will be delivered against payment in immediately available Federal funds through the facilities of The Depository Trust Company, New York, New York on January 26, 2016.

More Information. For more information regarding this issue and the Town reference is made to Official Statement. Proposal forms and copies of the Official Statement may be obtained from Mr. Matthew A. Spoerndle, Phoenix Advisors, LLC, 53 River Street, Suite 1, Milford, Connecticut 06460 (telephone: (203) 878-4945) or from Ms. Emilia C. Portelinha, Director of Finance, Town of Southington, Town Hall, 75 Main Street, Southington, Connecticut 06489 (telephone: (860) 276-6222).

GARRISON C. BRUMBACK,
Town Manager

EMILIA C. PORTELINHA,
Director of Finance

JOYCE WILLIAMS,
Treasurer

January 7, 2016

PROPOSAL FOR NOTES

January 14, 2016

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

Subject to the provisions and in accordance with the terms of the annexed Notice of Sale dated January 7, 2016 which is hereby made a part of this proposal, we hereby offer to purchase the principal amount of the Notes specified below at the interest rate per annum plus the premium, if any, specified below, and to pay therefor said principal amount, premium, if any, and interest accrued on said Notes to the date of their delivery, if any. The following is our computation of the net interest rate, made as provided in the above-mentioned Notice of Sale, but not constituting any part of the foregoing proposal.

Of the \$6,000,000 Bond Anticipation Notes of the Town of Southington, dated January 26, 2016, maturing January 25, 2017, we bid the following:

Principal Amount	\$	_____	Principal Amount	\$	_____
Interest Rate		_____ %	Interest Rate		_____ %
Premium	\$	_____	Premium	\$	_____
Net Interest Rate		_____ % (four decimals)	Net Interest Rate		_____ % (four decimals)
Principal Amount	\$	_____	Principal Amount	\$	_____
Interest Rate		_____ %	Interest Rate		_____ %
Premium	\$	_____	Premium	\$	_____
Net Interest Rate		_____ % (four decimals)	Net Interest Rate		_____ % (four decimals)

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

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