

TOWN OF SOUTHBURY, CONNECTICUT

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED JUNE 30, 2021



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INDEPENDENT AUDITORS' REPORT

Board of Finance
Town of Southbury, Connecticut

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Southbury, Connecticut, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Town of Southbury, Connecticut's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers 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.



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Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Southbury, Connecticut, as of June 30, 2021 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.

Emphasis of Matter

As discussed in Note 13 to the financial statements, during fiscal year ended June 30, 2021, the Town of Southbury, Connecticut adopted GASB Statement No. 84 *Fiduciary Activities*. As a result of the implementation of this standard, the Town of Southbury, Connecticut reported a restatement for the change in accounting principle. Our auditors' opinion was not modified with respect to the restatement.

Other Matters

Required Supplementary Information

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

Other Information

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

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

Board of Finance
Town of Southbury, Connecticut

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 18, 2021 on our consideration of the Town of Southbury, Connecticut's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Southbury, Connecticut's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Southbury, Connecticut's internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

West Hartford, Connecticut
November 18, 2021

TOWN OF SOUTHBURY, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021

This discussion and analysis of the Town of Southbury, Connecticut's (the Town) financial performance is provided by management to provide an overview of the Town's financial activities for the fiscal year ended June 30, 2021. Please read this MD&A in conjunction with the Town's financial statements, Exhibits I to IX.

Financial Highlights

- The assets and deferred outflows of resources of the Town exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$119,073,472 (net position). Of this amount, \$27,026,616 represents the Town's unrestricted net position.
- The Town's total net position of our governmental activities increased by \$3.7 million during the current fiscal year.
- The Town has received half of the granted \$5,792,048 for the American Rescue Plan Act of 2021. For accounting purposes \$2,896,024 is reported as unearned revenue. A Task Force has been established to receive input from stakeholders on how to expend these funds.
- During the year, the Town had \$72.5 million, an increase of 1% in tax and other revenues for governmental programs.
- Total cost of all of the Town's programs was \$68.8 million, a decrease of 1.6% with no new programs added this year.
- At the close of the current fiscal year, the General Fund reported a GAAP fund balance of \$14.9 million. Of this balance, \$11.0 million of this is assigned, \$43 thousand is nonspendable and \$78 thousand is committed, leaving an unassigned balance of \$4.0 million. The Town anticipates spending \$0.3 million on bridge repairs in FY 2021 and \$0.3 million in FY 21-22. Also approved additional pension funding of \$0.2 million in FY 20-21 and \$0.6 million in FY21-22.

Overview of the Financial Statements

This annual report consists of a series of financial statements. The statement of net position and the statement of activities (Exhibits I and II, respectively) provide information about the activities of the Town as a whole and present a longer-term view of the Town's finances. Fund financial statements are presented in Exhibits III to IX. For governmental activities, these statements tell how these services were financed in the short term, as well as what remains for future spending. Fund financial statements also report the Town's operations in more detail than the government-wide statements by providing information about the Town's most significant funds. The remaining statements provide financial information about activities for which the Town acts solely as a trustee or agent for the benefit of those outside of the government.

Government-Wide Financial Statements

The analysis of the Town as a whole begins on Exhibits I and II. The statement of net position and the statement of activities report information about the Town as a whole and about its activities for the current period. These statements include all assets and liabilities using the accrual basis of accounting, which

is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Town's net position and changes to it. The Town's net position, the difference between assets and liabilities, are one way to measure the Town's financial health, or financial position. Over time, increases or decreases in the Town's net position are one indicator of whether its financial health is improving or deteriorating. The reader needs to consider other nonfinancial factors, however, such as changes in the Town's property tax base and the condition of the Town's capital assets, to assess the overall health of the Town.

In the statement of net position and the statement of activities, the Town reports its activities as follows:

- *Governmental Activities* - The Town's basic services are reported here, including education, general government, public safety, public works, conservation of health and community activities. Property taxes, charges for services, and state and federal grants finance most of these activities.

Fund Financial Statements

The fund financial statements begin with Exhibit III and provide detailed information about the most significant funds, not the Town as a whole. Some funds are required to be established by Charter. However, the Town establishes many other funds to help control and manage financial activities for particular purposes (like the Revaluation Fund) or to show that it is meeting legal responsibilities for using grants and other money (like grants received from the State of Connecticut). The Town's funds are divided into two categories: governmental and fiduciary.

- *Governmental Funds (Exhibits III and IV)* - Most of the Town's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Town's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs. The relationship (or differences) between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds is described in a reconciliation included with the fund financial statements.
- *Proprietary Funds (Exhibits V through VII)* - The Town's short and long-term financial information about the activities the government operates like business, such as the Town's Medical internal service fund, are reported in the proprietary funds. These funds provide the same type of information as the government-wide financial statements, only in more detail.
- *Fiduciary Funds (Exhibits VIII and IX)* - The Town is the trustee, or fiduciary, for its employees' pension plans. It is also responsible for other assets that, because of a trust arrangement, can be used only for the trust beneficiaries. All of the Town's fiduciary activities are reported in separate statements of fiduciary net position and changes in fiduciary net position. These activities are excluded from the Town's other financial statements because the Town cannot use these assets to finance its operations. The Town is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

Government-Wide Financial Analysis

The Town's combined net position increased from a year ago. The analysis below focuses on the net position (Table 1) and changes in net position (Table 2) of the Town's governmental activities.

**TABLE 1
NET POSITION**

	Governmental Activities	
	2021	2020
Current and other assets	\$ 37,444,855	\$ 31,146,730
Capital assets, net of accumulated depreciation	92,934,761	93,629,951
Total assets	<u>130,379,616</u>	<u>124,776,681</u>
Deferred outflows of resources	814,372	2,303,248
Long-term liabilities outstanding	3,978,946	10,039,190
Other liabilities	4,778,808	1,552,571
Total liabilities	<u>8,757,754</u>	<u>11,591,761</u>
Deferred inflows of resources	3,362,762	134,401
Net Position:		
Net investment in capital assets	90,867,374	91,012,004
Restricted for:		
Grant purposes	1,179,482	
Unrestricted	<u>27,026,616</u>	<u>24,341,763</u>
Total Net Position	<u>\$ 119,073,472</u>	<u>\$ 115,353,767</u>

Net position of the Town's governmental activities increased by 3.2% (\$119.1 million compared to \$115.4 million). Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – was \$24.3 million at June 30, 2020 and \$27.0 million at the end of this fiscal year.

Net position invested in capital assets decreased by \$.15 million. When developers complete developments and turn over roads to the Town, a contribution is recognized along with the contributed asset.

TABLE 2
CHANGE IN NET POSITION

	Governmental Activities	
	2021	2020
Revenues:		
Program revenues:		
Charges for services	\$ 2,414,617	\$ 2,122,154
Operating grants and contributions	4,511,816	5,738,430
Capital grants and contributions	63,059	638,595
General revenues:		
Property taxes	63,376,682	62,108,158
Grants and contributions not restricted to specific purposes	434,395	233,225
Unrestricted investment earnings	1,455,626	755,407
Miscellaneous	218,738	282,135
Total revenues	<u>72,474,933</u>	<u>71,878,104</u>
Program expenses:		
General government	7,839,615	9,143,697
Public safety	4,831,147	4,647,647
Public works	6,119,740	6,132,918
Conservation of health	286,361	628,629
Community activities	1,609,613	1,590,466
Education	48,007,514	47,644,384
Debt service	61,238	89,144
Total program expenses	<u>68,755,228</u>	<u>69,876,885</u>
Increase in Net Position	<u>\$ 3,719,705</u>	<u>\$ 2,001,219</u>

The Town's total revenues were \$72.4 million. The total cost of all programs and services was \$68.8 million. Property taxes collection rate was 99.4% and accounted for 87.5% of all revenues. Revenues from operating grants and contributions, the second largest component, were 6.2%. Education expenses were 69.8% of total expenses.

Table 3 presents the cost of each of the Town's programs - general government, public safety, public works, conservation of health, community activities, education and debt service - as well as each program's net cost (total cost less revenues generated by the activities). The net cost shows the financial burden that was placed on the Town's taxpayers by each of these functions.

TABLE 3
GOVERNMENTAL ACTIVITIES

	Total Cost of Services		Net Cost of Services	
	2021	2020	2021	2020
General government	\$ 7,839,615	\$ 9,143,697	\$ 6,536,575	\$ 7,057,962
Public safety	4,831,147	4,647,647	4,162,353	4,045,314
Public works	6,119,740	6,132,918	5,237,398	4,512,899
Conservation of health	286,361	628,629	285,306	546,077
Community activities	1,609,613	1,590,466	1,261,439	1,110,408
Education	48,007,514	47,644,384	44,221,427	44,015,902
Debt service	<u>61,238</u>	<u>89,144</u>	<u>61,238</u>	<u>89,144</u>
Totals	<u>\$ 68,755,228</u>	<u>\$ 69,876,885</u>	<u>\$ 61,765,736</u>	<u>\$ 61,377,706</u>

Town Funds Financial Analysis

Governmental Funds

As the Town completed the year, its governmental funds (as presented in the balance sheet - Exhibit III) reported a combined fund balance of \$30.3 million, which is an increase from last year's total of \$27.1 million. The original budget for 2021 also utilized \$632,149 of the prior year fund balance to balance it.

The Capital Projects Fund balance increased by \$0.9 million due primarily to road construction, equipment purchase and fluctuation in the markets due to COVID-19.

The Town's General Fund balance of \$14.9 million reported on Exhibit III differs from the General Fund's budgetary fund balance of \$14.7 million. This is because the governmental fund balance (Exhibit III) does not include \$220,737 of outstanding encumbrances at year end, which are reported as expenditures for budgetary purposes.

Capital Asset and Debt Administration

Capital Assets

At June 30, 2021, the Town had \$92.9 million invested in a broad range of capital assets, including land, buildings, park facilities, vehicles and equipment, roads and bridges - Table 4. This amount represents a net decrease (including additions and deductions) of \$.7 million over last year.

TABLE 4
CAPITAL ASSETS (Net of Depreciation)
(In Thousands)

	Governmental Activities	
	2021	2020
Land	\$ 19,886	\$ 19,886
Buildings and improvements	13,871	14,034
Equipment	5,190	5,072
Infrastructure	48,866	48,611
Construction in progress	<u>5,122</u>	<u>6,027</u>
 Totals	 <u>\$ 92,935</u>	 <u>\$ 93,630</u>

This year's major additions included:

Infrastructure	\$262,235
Equipment	970,884

The Town's fiscal year 2020-22 capital plan calls for it to spend \$805,000 on vehicles. The Town also appropriated an additional \$2.35 million for road improvements.

More detailed information about the Town's capital assets is presented in Note 1 and Note 5 to the financial statements.

Long-Term Debt

At June 30, 2021, the Town had \$1,800,000 in bonds and notes outstanding versus \$2,580,000 last year - a decrease of \$780,000. The Town refinanced a portion of its long-term debt in July 2012, which resulted in a savings of \$241,585 of interest over the life of the bonds.

The Town's general obligation bond rating increased to carry the Aa1 rating, a rating that has been assigned by national rating agencies to the Town's debt since June 2021. The State limits the amount of general obligation debt that cities can issue based on a formula determined under State Statutes based on type of debt and tax base. The Town's outstanding general obligation debt is significantly below this \$435.6 million state-imposed limit.

Other obligations include accrued 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

During May 2021, the Town adopted a General Fund budget for the fiscal year ending June 30, 2022. The budget reflected an overall increase in expenditures of \$941,989 or 1.34% over the final fiscal year 2021 amended budget. The budgeted expenditures of \$71,372,580 resulted in no mill increase and allows the Town to continue to maintain the same level of programs and services to its residents. The Town has planned to utilize \$1,057,897 of fund balance for the purposes of balancing the budget, \$1,932,152 of fund balance to establish a debt service fund to offset payment of non-callable bonds.

A summary of key economic factors affecting the Town are as follows:

- For purposes of calculating property tax revenues for fiscal year 2022, the assessor's grand list was used along with an estimated tax rate, and an estimated rate of collection, with deductions for taxes to be paid by the State on-behalf of certain taxpayers. Property tax revenues was planned to have an increasing role in funding the General Fund budget due to expected reductions in intergovernmental and other revenues.
- Intergovernmental grants were based on preliminary estimates from the State. Connecticut's economy moves in the same general cycle as the national economy, which may affect the amount of intergovernmental revenues the Town will receive in fiscal year 2021 and thereafter. The State General Assembly can and has changed these estimates over the years, for which such changes are typically made after the Town budget has been adopted. A decrease in intergovernmental revenues has been anticipated due to the financial condition of the State.
- It was unknown how changes in market interest rates will impact real estate activity and related revenues collected by the Town Clerk and the amount of the conveyance taxes and interest income.
- Southbury's economy continues to rebound from the effects of COVID-19. Conservative budgeting practices continue to keep the Town on solid financial footing .

All of these factors were considered in the preparation of the Town's General Fund budget for the fiscal year 2022.

CONTACTING THE TOWN'S FINANCIAL MANAGEMENT

This financial report is designed to provide citizens, taxpayers, customers, investors and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Finance Department, Town of Southbury, 501 Main Street, Southbury, Connecticut 06488.

TOWN OF SOUTHBURY, CONNECTICUT
STATEMENT OF NET POSITION
JUNE 30, 2021

	Governmental Activities
Assets:	
Cash and cash equivalents	\$ 22,540,623
Investments	12,241,720
Receivables, net	2,129,035
Advance to plan administrator	490,294
Prepaid items	43,183
Capital assets not being depreciated	25,008,267
Capital assets, net of accumulated depreciation	<u>67,926,494</u>
Total assets	<u>130,379,616</u>
Deferred Outflows of Resources:	
Deferred charge on refunding	137,370
Related to pension	<u>677,002</u>
Total deferred outflows of resources	<u>814,372</u>
Liabilities:	
Accounts and other payables	1,882,784
Unearned revenue	2,896,024
Noncurrent liabilities:	
Due within one year	1,041,788
Due in more than one year	<u>2,937,158</u>
Total liabilities	<u>8,757,754</u>
Deferred Inflows of Resources:	
Related to pension	<u>3,362,762</u>
Net Position:	
Net investment in capital assets	90,867,374
Restricted for:	
Grant purposes	1,179,482
Unrestricted	<u>27,026,616</u>
Total Net Position	<u>\$ 119,073,472</u>

The accompanying notes are an integral part of the financial statements

TOWN OF SOUTHBURY, CONNECTICUT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

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
Governmental activities:					
General government	\$ 7,839,615	\$ 1,287,640	\$ 15,400	\$	\$ (6,536,575)
Public safety	4,831,147	661,991	6,803		(4,162,353)
Public works	6,119,740	126,516	692,767	63,059	(5,237,398)
Conservation of health	286,361	1,055			(285,306)
Community activities	1,609,613	337,415	10,759		(1,261,439)
Education	48,007,514		3,786,087		(44,221,427)
Debt service	61,238				(61,238)
Total	\$ 68,755,228	\$ 2,414,617	\$ 4,511,816	\$ 63,059	\$ (61,765,736)
General revenues:					
Property taxes					63,376,682
Grants and contributions not restricted to specific programs					434,395
Unrestricted investment earnings					1,455,626
Miscellaneous					218,738
Total general revenues					65,485,441
Change in net position					3,719,705
Net Position at Beginning of Year					115,353,767
Net Position at End of Year					\$ 119,073,472

The accompanying notes are an integral part of the financial statements

TOWN OF SOUTHBURY, CONNECTICUT
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2021

	General	Library Gift	Capital Projects	Small Cities	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 19,300,076	\$ 104,543	\$ 2,402,083	\$ 26,987	\$ 706,934	\$ 22,540,623
Investments		3,181,794	9,059,925			12,241,719
Receivables, net	823,916		54,266	1,150,845	60,912	2,089,939
Due from other funds	635,379	2,812	1,009,183	1,650	958,693	2,607,717
Other assets	43,183					43,183
Total Assets	\$ 20,802,554	\$ 3,289,149	\$ 12,525,457	\$ 1,179,482	\$ 1,726,539	\$ 39,523,181
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
Liabilities:						
Accounts and other payables	\$ 787,513	\$ 5,827	\$ 902,394	\$ 74,808	\$ 1,770,542	
Due to other funds	1,416,001	19,136	555,323	617,257	2,607,717	
Unearned revenue	2,896,024					2,896,024
Total liabilities	\$ 5,099,538	\$ 24,963	\$ 1,457,717	\$ -	\$ 692,065	\$ 7,274,283
Deferred inflows of resources:						
Unavailable revenue - property taxes	490,644					490,644
Unavailable revenue - interest on property taxes	284,239					284,239
Unavailable revenue - loans receivable			1,150,845			1,150,845
Total deferred inflows of resources	\$ 774,883	\$ -	\$ 1,150,845	\$ -	\$ -	\$ 1,925,728
Fund balances:						
Nonspendable	43,183					43,183
Restricted				28,637		28,637
Committed	78,147	3,264,186	13,277,259		1,034,474	17,654,066
Assigned	10,757,879					10,757,879
Unassigned	4,048,924		(2,209,519)			1,839,405
Total fund balances	\$ 14,928,133	\$ 3,264,186	\$ 11,067,740	\$ 28,637	\$ 1,034,474	\$ 30,323,170
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 20,802,554	\$ 3,289,149	\$ 12,525,457	\$ 1,179,482	\$ 1,726,539	\$ 39,523,181

(Continued on next page)

TOWN OF SOUTHBURY, CONNECTICUT
GOVERNMENTAL FUNDS
BALANCE SHEET (CONTINUED)
JUNE 30, 2021

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 (Exhibit III)	\$ 30,323,170
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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	\$ 196,908,226
Less accumulated depreciation	<u>(103,973,465)</u>
Net capital assets	92,934,761

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

Property tax receivables greater than 60 days	490,644
Interest receivable on property taxes	284,239
Housing and mortgage loans	1,150,845
Deferred outflows of resources related to pension	677,002

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.

	450,590
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Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds:

Deferred charge on refunding	137,370
Unamortized bond premium	(28,074)
Bonds and notes payable	(1,800,000)
Interest payable on bonds and notes	(33,441)
Compensated absences	(302,726)
Deferred inflows of resources related to pension	(3,362,762)
Net pension liability	<u>(1,848,146)</u>

Net Position of Governmental Activities (Exhibit I)	<u>\$ 119,073,472</u>
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The accompanying notes are an integral part of the financial statements

TOWN OF SOUTHBURY, CONNECTICUT**GOVERNMENTAL FUNDS****STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2021**

	General	Library Gift	Capital Projects	Small Cities	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:						
Property taxes	\$ 63,546,730	\$ 6,836	\$ 233,509	\$ 24,572	\$ 15,400	\$ 63,546,730
Intergovernmental	4,749,602				683,031	5,005,347
Charges for services	1,707,014			24,572		2,414,617
Income on investments	312,724	669,047	473,799		56	1,455,626
Miscellaneous	192,260	13,450			13,028	218,738
Total revenues	70,508,330	689,333	707,308	24,572	711,515	72,641,058
Expenditures:						
Current:						
General government	8,000,910				42,552	8,043,462
Public safety	3,896,522				358,862	4,255,384
Public works	3,048,634				2,971	3,051,605
Conservation of health	292,314					292,314
Community activities	1,414,111	60,179		54,090	44,724	1,573,104
Education	48,007,514					48,007,514
Capital outlay			3,346,924			3,346,924
Debt service	862,850					862,850
Total expenditures	65,522,855	60,179	3,346,924	54,090	449,109	69,433,157
Excess (Deficiency) of Revenues over Expenditures	<u>4,985,475</u>	<u>629,154</u>	<u>(2,639,616)</u>	<u>(29,518)</u>	<u>262,406</u>	<u>3,207,901</u>
Other Financing Sources (Uses):						
Transfers in	150,000		3,497,700			3,647,700
Transfers out	(3,497,700)				(150,000)	(3,647,700)
Total other financing sources (uses)	(3,347,700)	-	3,497,700	-	(150,000)	-
Net Change in Fund Balances	1,637,775	629,154	858,084	(29,518)	112,406	3,207,901
Fund Balances at Beginning of Year	<u>13,290,358</u>	<u>2,635,032</u>	<u>10,209,656</u>	<u>58,155</u>	<u>922,068</u>	<u>27,115,269</u>
Fund Balances at End of Year	\$ 14,928,133	\$ 3,264,186	\$ 11,067,740	\$ 28,637	\$ 1,034,474	\$ 30,323,170

(Continued on next page)

TOWN OF SOUTHBURY, CONNECTICUT**GOVERNMENTAL FUNDS****STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)****FOR THE YEAR ENDED JUNE 30, 2021**

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)	\$ 3,207,901
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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	3,374,698
Depreciation expense	(4,069,888)

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:

Property tax receivable - accrual basis change	(152,253)
Property tax interest and lien revenue - accrual basis change	(17,795)
Amortization of bond premium	191,797
Mortgage loan receivables	3,923
Change in net pension liability	5,068,776
Change in deferred inflows related to pension	(3,228,361)
Change in deferred outflows related to pension	(1,444,322)

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

Bond principal payments	780,000
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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	19,671
Amortization of deferred charge on refunding	(44,554)
Accrued interest	12,320

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

	<u>17,792</u>
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Change in Net Position of Governmental Activities (Exhibit II)	\$ <u><u>3,719,705</u></u>
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The accompanying notes are an integral part of the financial statements

TOWN OF SOUTHBURY, CONNECTICUT
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2021

	Governmental Activities	Internal Service Funds
Assets:		
Advance to plan administrator	\$ 490,294	
Other receivable	39,096	
Total assets	<u>529,390</u>	
Liabilities:		
Claims incurred but not reported	<u>78,800</u>	
Net Position:		
Unrestricted	<u>\$ 450,590</u>	

The accompanying notes are an integral part of the financial statements

TOWN OF SOUTHBURY, CONNECTICUT**PROPRIETARY FUNDS****STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION****FOR THE YEAR ENDED JUNE 30, 2021**

	<u>Governmental Activities</u>	<u>Internal Service Funds</u>
Operating Revenues:		
Contributions	\$ 1,261,581	
Operating Expenses:		
Employee benefits	1,037,946	
Other expenses	205,843	
Total operating expenses	<u>1,243,789</u>	
 Operating Income	 17,792	
 Net Position at Beginning of Year	 <u>432,798</u>	
 Net Position at End of Year	 <u>\$ 450,590</u>	

The accompanying notes are an integral part of the financial statements

**TOWN OF SOUTHBURY, CONNECTICUT
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2021**

	Governmental Activities	Internal Service Funds
Cash Flows from Operating Activities:		
Cash received from customers and users	\$ 1,261,581	
Payment to suppliers	(205,843)	
Payments for employee	<u>(1,055,738)</u>	
Net cash provided by (used in) operating activities	<u>-</u>	
Net Increase (Decrease) in Cash and Cash Equivalents	-	
Cash and Cash Equivalents at Beginning of Year	<u>-</u>	
Cash and Cash Equivalents at End of Year	<u>\$ -</u>	
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:		
Operating income (loss)	\$ 17,792	
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:		
Increase in advance to plan administrators	(8,671)	
Increase in incurred but not reported	<u>(9,121)</u>	
Net Cash Provided by (Used in) Operating Activities	<u>\$ -</u>	

The accompanying notes are an integral part of the financial statements

TOWN OF SOUTHBURY, CONNECTICUT
PENSION TRUST FUNDS
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2021

	Pension Trust Funds
Assets:	
Cash and cash equivalents	\$ 249,967
Investments:	
Mutual funds and equities	<u>32,533,902</u>
Total assets	32,783,869
Liabilities	
Due to others	<hr/>
Net Position:	
Held in Trust for Pension Benefits	<u>\$ 32,783,869</u>

The accompanying notes are an integral part of the financial statements

TOWN OF SOUTHBURY, CONNECTICUT
PENSION TRUST FUNDS
STATEMENT OF CHANGES IN FUND NET POSITION
FOR THE YEAR ENDED JUNE 30, 2021

	Pension Trust Funds
Additions:	
Contributions:	
Plan members	\$ 443,067
Employer	<u>1,203,747</u>
Total contributions	<u>1,646,814</u>
Investment earnings:	
Net change in fair value of investments	6,745,083
Interest and dividends	<u>442,403</u>
Total investment gain	<u>7,187,486</u>
Less investment expenses:	
Investment management fees	<u>36,500</u>
Net investment gain	<u>7,150,986</u>
Total additions	<u>8,797,800</u>
Deductions:	
Benefits	2,027,592
Fees	<u>20,221</u>
Total deductions	<u>2,047,813</u>
Change in Net Position	6,749,987
Net Position at Beginning of Year, as restated	<u>26,033,882</u>
Net Position at End of Year	<u>\$ 32,783,869</u>

The accompanying notes are an integral part of the financial statements

TOWN OF SOUTHBURY, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Town of Southbury, 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

The Town was incorporated in 1787. Its legal authority is derived from its Charter, which was adopted in 1975 and most recently amended in 2014. The Town operates under a Board of Selectmen/Board of Finance/Town Meeting form of government. Services provided include street maintenance, recreation, police and fire protection, planning and zoning, community services and health services. The Town is a member of Regional School District #15, which provides education services for all children.

The legislative power of the Town is vested with the Board of Selectmen and the Town Meeting. The Board of Selectmen may enact, amend or repeal ordinances and resolutions. The administration of the Town offices and agencies is the responsibility of the First Selectman.

The Board of Finance is responsible for financial and taxation matters as prescribed by the Charter and Connecticut General Statutes and is responsible for presenting fiscal operating budgets for Town Meeting approval.

The Town has the power to incur indebtedness by issuing bonds or notes as provided by the Connecticut General Statutes.

Accounting principles generally accepted in the United States of America require that the reporting entity include the primary government, organizations for which the primary government is financially accountable, and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. A government is financially accountable for a legally separate organization if it appoints a voting majority of the organization's governing body and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the government. These criteria have been considered and have resulted in the inclusion of the fiduciary component units as detailed below.

Fiduciary Component Units

The Town has established a single-employer Public Retirement Systems (PERS) and a 401 / 457 to provide retirement benefits to employees and their beneficiaries. The Town appoints a majority of the Pension Board and is required to make contributions to the pension and 401/457 plans and can impose its will.

The financial statements of the fiduciary component units are reported as Pension Trust funds in the fiduciary fund financial statements. Separate financial statements have not been prepared for the fiduciary component units.

TOWN OF SOUTHBURY, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

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.

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

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds 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 fiduciary fund 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 Library Gift Fund is used to account for gifts to the library. The major source of revenue for the fund is from donations.

TOWN OF SOUTHBURY, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

The Capital Projects Fund is used to account for the financial resources for the acquisition and construction of major capital facilities. The major source of revenue is from bond proceeds and General Fund transfers.

The Small Cities Fund accounts for federal grants to be used for the rehabilitation of private residential structures.

Additionally, the Town reports the following fund types:

The Internal Service Fund is used to account for the Town's self-insurance program for accident and health insurance coverage of Town employees.

The Pension Trust Fund accounts for the activities of the Town of Southbury Pension System, which accumulates resources for pension benefit payments to qualified Town employees and also the 457 and 401a plans which are established to provide additional retirement benefits to the employees of the Town.

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 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 delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Town's proprietary funds are charges to the Town and its employees for medical insurance premiums. Operating expenses for the funds include the cost of claims and administrative expenses. 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 resources 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 as described in Note 3.

Investments for the Town are reported at fair value.

**TOWN OF SOUTHBURY, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

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.” All trade and property tax receivables are shown net of an allowance for uncollectibles. Allowances for uncollectibles are computed based on historical data.

Property taxes are assessed on property as of October 1. Taxes are billed in the following July and are due in two installments, July 1 and the following January 1. Liens on real property are filed on May 1 following the due date. Interest on delinquent taxes accrues at the rate of 1.5% per month.

F. Prepaid Items

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 governmental activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets is not included as part of the capitalized value of the assets constructed.

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

Assets	Years
Buildings	25-50
Building improvements	25-50
Public domain infrastructure	20-50
System infrastructure	20-50
Vehicles	5-15
Office equipment	5-15
Land improvements	10-20

TOWN OF SOUTHBURY, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

H. Deferred Outflows/Inflows of Resources

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

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period or periods and so will not be recognized as an inflow of resources (revenue) until that time. The Town reports a deferred inflow of resources related to pensions in the government-wide statement of net position. 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). Also, 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 grants, property taxes, interest on property taxes, and long-term loans. These amounts are deferred and recognized as an inflow of resources (revenue) in the period during in which the amounts become available.

I. Compensated Absences

Substantially all Town employees, other than those employed less than 20 hours per week or on a seasonal or temporary basis, are allowed to accumulate a limited amount of unused vacation and sick leave until termination of their employment. Upon termination of service, an employee with over six months of service is entitled to payment for unused vacation.

J. Net Pension Liability

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

**TOWN OF SOUTHBURY, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

K. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts 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. Bond issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

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.

Fund Equity

Equity in the government-wide financial statements is defined as “net position” and is classified in the following categories:

Net Investment in Capital Assets

This component of net position consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.

Restricted Net Position

Restrictions on net position are externally imposed by creditors (such as through debt covenants), grantors, contributors or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position

This component consists of net position that does not meet the definition of “restricted” or “net investment in capital assets.”

The equity of the fund financial statements is defined as “fund balance” and is classified in the following categories:

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 (Board of Finance) through a resolution.

Assigned Fund Balance

This balance 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.

**TOWN OF SOUTHBURY, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

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.

M. Estimates

The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities including disclosures of contingent assets and liabilities and reported revenues expenditures during the fiscal year.

N. Subsequent Events Evaluation by Management

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is November 18, 2021.

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

The Town adheres to the following procedures in establishing the budget for the General Fund. On the third Monday in May, the Board of Finance submits to a Town Meeting, at which taxpayer comments are obtained, a proposed operating budget for the fiscal year commencing July 1. The operating budget includes proposed expenditures and the means of financing them.

- Prior to July 1, the budget is legally adopted by vote of the Annual Town Meeting.
- The Board of Finance in concurrence with the Board of Selectmen is authorized to make additional appropriations up to \$20,000 to any single agency or department per year. Any appropriation causing the total to exceed or exceeding \$20,000 must be approved by Town Meeting.
- Budgets are adopted on the modified accrual basis of accounting.
- The legal budget is a departmental-level budget.
- There were supplemental appropriations of \$288,251 during the year ended June 30, 2021. All additional appropriations were made in accordance with the Charter.

Budgets for Special Revenue Funds are prepared in accordance with the requirements of the various grant agreements and/or provisions which control the expenditure of such funds. Since such budgets are adopted on a program basis, it is not practicable to present the results of budgetary operations at the combined level.

- Capital Projects appropriations for capital and reserve funds are approved in the annual budget. Projects in excess of \$20,000 not in the annual budget are approved at Town Meeting.

All General Fund appropriations lapse at year end. Appropriations for Capital Projects Funds and several Special Revenue Funds are continued until completion of the project, even when projects

**TOWN OF SOUTHBURY, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

extend for more than one fiscal year. If three years lapse without any expenditure or any encumbrance of said funds, the appropriation will lapse.

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year end are reported as either assigned or committed fund balance and do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent year.

3. CASH, CASH EQUIVALENTS AND INVESTMENTS

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

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

The Statutes (Sections 3-24f and 3-27f) also provide for investment in shares of the State Short-Term Investment Fund (STIF). 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.

A. 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 has a formal 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.

TOWN OF SOUTHBURY, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

Based on the criteria described in GASB Statement No. 40, *Deposits and Investment Risk Disclosures*, \$430,594 of the Town's bank balance of \$971,803 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 362,697
Uninsured and collateralized held by the pledging bank's trust department, not in the Town's name	<u>67,897</u>
Total Amount Subject to Custodial Credit Risk	\$ <u>430,594</u>

Cash Equivalents

At June 30, 2021, the Town's cash equivalents amounted to \$22,278,845. The following table provides a summary of the Town's cash equivalents (excluding U.S. government guaranteed obligations) as rated by nationally recognized statistical rating organizations. The pools all have maturities of less than one year.

	<u>Balance June 30, 2021</u>	<u>Standard & Poor's Rating</u>
Wells Fargo	\$ 2,376,915	*
ION Bank ICS	16,534,156	*
Newtown Savings Bank ICS	3,367,774	*

* Not rated

B. Investments

As of June 30, 2021, the Town had the following investments:

Other investments:	
Mutual funds	44,445,927
Investments managed by others	<u>329,695</u>
Total Investments	\$ <u>44,775,622</u>

Interest Rate Risk

The Town does not limit its maximum final stated maturities to fifteen years. To the extent possible, the Town will attempt to match its investments with anticipated cash flow requirements.

Credit Risk - Investments

As indicated above, State Statutes limit the investment options of cities and towns. The Town has an investment policy that allows the same type of investments as State Statutes.

Concentration of Credit Risk

The Town has a policy limiting an investment in any one issuer that is in excess of 5% of the Town's total investments.

TOWN OF SOUTHBURY, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

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 has a policy for custodial credit risk. At June 30, 2021, the Town did not have any uninsured and unregistered securities held by the counterparty or by its trust department or agent that were not in the Town's name.

Reserve Investment Plan

The Town has established a Reserve Investment Plan (Plan) to invest the Town's reserve funds in a fashion consistent with Connecticut General Statutes (Chapter 108, Section 7-359 to 7-368) as well as the Town's specific risk tolerance constraints (asset allocation) as dictated by the Southbury Board of Finance.

Management of the Plan rests with the Investment Portfolio Oversight Committee (IPOC), which consists of two representatives from the Board of Selectmen, two representatives from the Board of Finance, the Controller/Treasurer of the Town, two members of the Southbury Public Library Board of Directors and two members and one alternate member, appointed by the Board of Selectmen based on qualifications, who are residents of the Town.

In addition to investing funds according to the applicable statutes and Town policies, and looking to achieve the maximum target return, the IPOC has established a stability fund where the gains and losses of the portfolio will be tracked.

Fair Value Measurements

The Town categorizes its fair value measurements within the fair value hierarchy established by accounting principles generally accepted in the United States of America. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements); followed by quoted prices in inactive markets or for similar assets or with observable inputs (Level 2 measurements); and the lowest priority to unobservable inputs (Level 3 measurements). The Town has the following recurring fair value measurements as of June 30, 2021:

	June 30, 2021	Fair Value Measurements Using		
		Level 1	Level 2	Level 3
Investments by fair value level:				
Mutual funds	\$ 44,445,927	\$ 44,445,927	\$	
Investments managed by others	329,695		329,695	
Total Investments by Fair Value Level	\$ 44,775,622	\$ 44,445,927	\$ 329,695	\$ -

Debt and equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Investments managed by others classified in Level 2 are valued using prices for similar investments quoted in active markets for those securities.

TOWN OF SOUTHBURY, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

4. RECEIVABLES

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

	General	Capital Projects	Small Cities	Nonmajor and Other Funds	Total
Receivables:					
Taxes	\$ 715,175	\$	\$	\$	\$ 715,175
Interest on taxes	284,239				284,239
Accounts	7,824			100,008	107,832
Housing loans			1,150,845		1,150,845
Intergovernmental		54,266			54,266
Gross receivables	1,007,238	54,266	1,150,845	100,008	2,312,357
Less allowance for uncollectibles:					
Taxes	(183,322)				(183,322)
Net Total Receivables	\$ 823,916	\$ 54,266	\$ 1,150,845	\$ 100,008	\$ 2,129,035

TOWN OF SOUTHBURY, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2021 was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental activities:					
Capital assets not being depreciated:					
Land	\$ 19,886,087	\$ 3,374,698	\$ -	\$ (4,280,009)	\$ 19,886,087
Construction in progress	6,027,491				5,122,180
Total capital assets not being depreciated	25,913,578	3,374,698	-	(4,280,009)	25,008,267
Capital assets being depreciated:					
Buildings	20,873,501			211,079	21,084,580
Furniture and equipment	18,664,257		(346,173)	1,164,830	19,482,914
Infrastructure	128,428,365			2,904,100	131,332,465
Total capital assets being depreciated	167,966,123	-	(346,173)	4,280,009	171,899,959
Less accumulated depreciation for:					
Buildings	6,840,911	373,088			7,213,999
Furniture and equipment	13,591,953	1,046,858	(346,173)		14,292,638
Infrastructure	79,816,886	2,649,942			82,466,828
Total accumulated depreciation	100,249,750	4,069,888	(346,173)	-	103,973,465
Total capital assets being depreciated, net	67,716,373	(4,069,888)	-	4,280,009	67,926,494
Governmental Activities Capital Assets, Net	\$ 93,629,951	\$ (695,190)	\$ -	\$ -	\$ 92,934,761

Depreciation expense was charged to functions/programs as follows:

Governmental activities:			
General government		\$ 342,875	
Public safety		557,333	
Public works		3,086,123	
Community activities		83,557	
Total Depreciation Expense - Governmental Activities		\$ 4,069,888	

Capital Project Commitments

The Town has active long-term projects as of June 30, 2021. The projects include:

	Appropriation	Expended	Encumbrances	Remaining Balance
Capital	\$ 45,170,805	\$ 39,642,156	\$ 1,184,268	\$ 4,344,381
Reserve accounts	40,207,629	31,402,281	1,025,251	7,780,097
Limited reserve accounts	24,477,451	23,230,032		1,247,419

TOWN OF SOUTHBURY, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

6. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

At June 30, 2021, the interfund receivables and payables are as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Nonmajor Governmental Funds	\$ 616,243
	Library Gift	19,136
		<u>635,379</u>
Capital Projects	General Fund	<u>1,009,183</u>
Library Gift	Capital Projects	<u>2,812</u>
Small Cities	General Fund	<u>1,650</u>
Nonmajor Governmental Funds	Capital Projects	552,511
	Nonmajor Governmental Funds	1,014
	General Fund	<u>405,168</u>
		<u>958,693</u>
Total		\$ <u>2,607,717</u>

All balances reflect recurring reimbursement-type transactions expected to be repaid in the current period.

Interfund transfers:

	Transfers In		Total Transfers Out
	General	Capital Projects	
Transfers out:			
General Fund	\$	\$ 3,497,700	\$ 3,497,700
Nonmajor Governmental	<u>150,000</u>		<u>150,000</u>
Total Transfers In	\$ <u>150,000</u>	\$ <u>3,497,700</u>	\$ <u>3,647,700</u>

All transfers are for regularly recurring operational transfers.

TOWN OF SOUTHBURY, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

7. LONG-TERM DEBT

Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2021 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 and other:					
General obligation bonds	\$ 2,580,000	\$	\$ 780,000	\$ 1,800,000	\$ 775,000
For issuance premiums	219,871		191,797	28,074	
Total bonds payable and other	2,799,871	-	971,797	1,828,074	775,000
Compensated absences	322,397		19,671	302,726	266,788
Net pension liability	6,916,922		5,068,776	1,848,146	
Total Governmental Activities					
Long-Term Liabilities	\$ 10,039,190	\$	\$ 6,060,244	\$ 3,978,946	\$ 1,041,788

A schedule of bonds and notes outstanding at June 30, 2021 is presented below:

<u>Description</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate (%)</u>	<u>Amount of Original Issue</u>	<u>Balance Outstanding June 30, 2021</u>
Bonds payable:					
General purpose	2010	2023	3.0-4.0	6,080,000	\$ 1,010,000
General purpose	2012	2025	2.0-5.0	3,020,000	790,000
Total					\$ 1,800,000

Annual maturities of bonds and notes are as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 775,000	\$ 50,750	\$ 825,750
2023	765,000	24,813	789,813
2024	260,000	7,800	267,800
Total	\$ 1,800,000	\$ 83,363	\$ 1,883,363

TOWN OF SOUTHBURY, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

Overlapping Debt

The Town is a member of Regional School District #15, which provides education facilities for grades kindergarten through 12 for the Towns of Southbury and Middlebury. As of June 30, 2021, the outstanding bonded indebtedness of the District was \$4,860,000. The Town's share will be approximately 66% of the remaining balance. These are general obligations of Regional School District #15 and its member towns.

The Town's indebtedness does not exceed the legal debt limitations as established by Connecticut General Statutes as reflected in the following schedule (in thousands):

Category	Debt Limitation	Indebtedness*	Balance
General purpose	\$ 140,018,265	\$ 1,800	\$ 140,016,465
Schools	280,036,530	3,200	280,033,330
Sewers	233,363,775		233,363,775
Urban renewal	202,248,605		202,248,605
Pension deficit	186,691,020		186,691,020

* Portion of Regional School District #15 indebtedness as described above. Also includes bonds authorized unissued when debt has been issued.

In no case shall total indebtedness exceed seven times annual receipts from taxation of \$435,612,380.

TOWN OF SOUTHBURY, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

8. FUND BALANCE

The components of fund balance for the governmental funds at June 30, 2021 are as follows:

	General Fund	Library Gift	Projects Fund	Small Cities	Governmental Funds	Total
Fund balances:						
Nonspendable:						
Inventory	\$ 31,333	\$	\$	\$	\$	\$ 31,333
Prepaid items	11,850					11,850
Restricted to:						
Grant purposes				28,637		28,637
Committed to:						
Investments - Reserve Fund			9,500,000			9,500,000
Stability Fund - Reserve Fund			1,567,740			1,567,740
General government					452,234	452,234
Public safety					319,701	319,701
Public works			2,209,519		13,677	2,223,196
Community activities		3,264,186			248,862	3,513,048
Debt service	25,899					25,899
Historical buildings	52,248					52,248
Assigned to:						
Purchases on order:						
General government	24,705					24,705
Public safety	43,794					43,794
Public works	153,609					153,609
Conservation of health	2,384					2,384
Community activities	3,755					3,755
Subsequent year's budget	5,410,042					5,410,042
Edgewood Bath and Tennis	2,115,000					2,115,000
Gas and diesel tanks	23,541					23,541
Debt service	1,923,152					1,923,152
Future purposes	1,057,897					1,057,897
Unassigned	4,048,924		(2,209,519)			1,839,405
Total Fund Balances	\$ 14,928,133	\$ 3,264,186	\$ 11,067,740	\$ 28,637	\$ 1,034,474	\$ 30,323,170

Significant encumbrances of \$228,247 are included in the General Fund assigned fund balance and \$2,209,519 are included in the Capital Projects Fund committed and restricted fund balances as of June 30, 2021.

TOWN OF SOUTHBURY, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

9. 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; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties, except as disclosed below.

Medical Self-Insurance

The Town entered into a Cooperative Agreement with the Town of Middlebury and the Regional School District #15 Board of Education, effective July 1, 2013, to facilitate the group purchase of health benefits for active employees and non-Medicare eligible retirees. During 2021, total claims expense of \$1,037,946 was incurred by the Town. This expense represents claims processed and an estimate for claims incurred but not reported as of June 30, 2021.

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, 2021 of \$78,800.

Premium payments are reported as interfund services provided and used for the General Fund and, accordingly, they are treated as operating revenues of the Self-Insurance Fund and operating expenditures of the General Fund.

A schedule of changes in the claims liability for the year ended June 30, 2021 is presented below:

	Accrued Liability Beginning of Fiscal Year	Current Year Claims Paid and Changes in Estimates	Accrued Liability Claim Payments	Accrued Liability End of Fiscal Year
2020-2021	\$ 87,921	\$ 1,037,946	\$ 1,047,067	\$ 78,800
2019-2020	84,510	1,085,808	1,082,397	87,921

10. EMPLOYEE RETIREMENT PLAN

A. Pension Trust Fund

The Town is the administrator of a single-employer Public Employee Retirement System (PERS) established and administered by the Town to provide retirement, disability and death benefits for its employees. The PERS is considered to be part of the Town's financial reporting entity and is included in the Town's financial reports as a pension trust fund. The system was established by vote of the Board of Selectmen July 1, 1970.

Management of the plan rests with the IPOC, which consists of two representatives from the Board of Selectmen, two representatives from the Board of Finance, the Controller/Treasurer of the Town, two members of the Southbury Public Library Board of Directors and two members and one alternate member, appointed by the Board of Selectmen based on qualifications, who are residents of the Town.

**TOWN OF SOUTHBURY, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

Plan Description and Benefits Provided

The Town of Southbury Retirement System covers substantially all employees working more than 20 hours a week.

Participants who retire at normal retirement date are entitled to a monthly retirement benefit in an amount equal to 1.5% and 2.5% (police) of their average monthly earnings multiplied by years of service up to a maximum of 35 years. Average monthly compensation is the average salary over the 60 consecutive month period that provides the highest average (36 months for police). The plan also produces a preretirement death benefit. Participants become 100% vested on completing 5 years of vesting service. Normal retirement eligibility is later of age 50 and completing 20 years of service but not later than age 55 for police and the later of age 65 or 5 years for all others.

The membership of the plan consisted of the following at July 1, 2020:

Retirees and beneficiaries currently receiving benefits	90
Terminated plan members entitled to benefits but not yet receiving them	39
Current plan members	<u>67</u>
Total	<u><u>196</u></u>

The pension plan was closed to new entrants (except police) as of July 1, 2014.

Summary of Significant Accounting Policies and Plan Asset Matters

Basis of Accounting

PERS financial statements are prepared using the accrual basis of accounting. Employee and employer contributions are recognized as revenues in the period in which employee services are performed. Benefit payments and refunds are payable when due and payable in accordance with the terms of the plan.

Method Used to Value Investments

All assets are valued at fair value. All investments are invested in government bonds, corporate bonds and equity mutual funds. Investment income is recognized as earned.

B. Funding Policy

The Town is required to contribute the amounts necessary to fund the PERS and cover all administrative charges. Police are required to contribute 1.9% of annual earnings. All amounts are determined by annual actuarial valuations and are included as part of the annual budget expenditures. The contribution requirements of the Town and plan members may be amended by the Board of Selectmen and subject to bargaining unit approval.

**TOWN OF SOUTHBURY, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

C. Investments

Investment Policy

The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the PERS Board by a majority vote of its members. It is the policy of the PERS Board to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The pension plan's investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans. The following was the Board's adopted asset allocation policy as of June 30, 2021:

Asset Class	Target Allocation
U.S. Cash	5.00 %
U.S. Core Fixed Income	26.50
Global Bonds	5.50
U.S. Large Caps	17.00
U.S. Small & Mid Caps	9.00
Global Equity	2.50
Non-U.S. Equity	24.75
Emerging Markets Equity	2.25
Global REITs	5.00
Commodities	2.50
	100.00 %

Rate of Return

For the year ended June 30, 2021, the annual money-weighted rate of return on investments, net of investment expense, was 29.05%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

D. Net Pension Liability of the Town

The net pension liability is measured at June 30, 2021. The components of the net pension liability of the Town at June 30, 2021 were as follows:

Total pension liability	\$ 29,798,225
Plan fiduciary net position	<u>27,950,079</u>
Net Pension Liability	\$ <u>1,848,146</u>
Plan fiduciary net position as a percentage of the total pension liability	93.80%

TOWN OF SOUTHBURY, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of July 1, 2020, using the following actuarial assumptions, applied to all periods included in the measurements:

Inflation	2.5%
Salary increases	3.5%
Investment rate of return	6.25%

Mortality rates were based on the Pub-2010 Mortality Table for Employees, Healthy Annuitants and Disabled Annuitants with generational projection of future improvements per the MP Ultimate scale.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2021 (see the discussion of the pension plan's investment policy) are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return
U.S. Cash	-0.06 %
U.S. Core Fixed Income	1.28
Global Bonds	0.35
U.S. Large Caps	3.33
U.S. Small & Mid Caps	3.96
Global Equity	4.21
Non-U.S. Equity	4.84
Emerging Markets Equity	5.53
Global REITs	4.26
Commodities	1.27

Discount Rate

The discount rate used to measure the total pension liability was 6.25% for June 30, 2021. 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 Town contributions will be made at rates equal to the difference between the actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

TOWN OF SOUTHBURY, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

E. Net Pension Liability of the Town

	Increase (Decrease)		
	<u>Total Pension Liability (a)</u>	<u>Plan Fiduciary Net Position (b)</u>	<u>Net Pension Liability (a)-(b)</u>
Balances as of July 1, 2020	\$ 28,820,048	\$ 21,903,126	\$ 6,916,922
Changes for the year:			
Service cost	601,362		601,362
Interest on total pension liability	1,793,950		1,793,950
Effect of economic/demographic gains or losses	41,390		41,390
Employer contributions		1,132,000	(1,132,000)
Member contributions		36,000	(36,000)
Net investment income		6,354,073	(6,354,073)
Benefit payments	(1,458,525)	(1,458,525)	-
Administrative expenses		(16,595)	16,595
Net changes	<u>978,177</u>	<u>6,046,953</u>	<u>(5,068,776)</u>
Balances as of June 30, 2021	<u>\$ 29,798,225</u>	<u>\$ 27,950,079</u>	<u>\$ 1,848,146</u>

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

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

	1% Decrease 5.25%	Current Discount Rate 6.25%	1% Increase 7.25%
Net Pension Liability (Asset)	\$ 5,478,026	\$ 1,848,146	\$ (1,171,715)

TOWN OF SOUTHBURY, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

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

For the year ended June 30, 2021, the Town recognized pension expense of \$735,907. At June 30, 2021, the Town reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	\$ 67,200	\$ 33,493
Changes of assumptions		643,509
Net difference between projected and actual earnings on pension plan investments	3,295,562	
 Total	 <u>\$ 3,362,762</u>	 <u>\$ 677,002</u>

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

Year Ending June 30

2022	\$ (147,148)
2023	(738,440)
2024	(801,256)
2025	(998,916)
 Total	 <u>\$ (2,685,760)</u>

**TOWN OF SOUTHBURY, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

11. DEFINED CONTRIBUTION PLAN

The Town established a defined contribution plan effective July 1, 2014. The Town will match employee contributions by one (1) percent for every percent of the employee's base salary contributed by the employee up to a total of five (5) percent of the employee's base salary for the relevant fiscal year. If an employee's employment is terminated for other than just cause during the fiscal year, the employee shall receive a pro rata Town contribution based on the number of full months of employment the employee completes during the fiscal year, subject to the vesting requirements set forth below.

After one (1) year of employment	20%
After two (2) years of employment	40%
After three (3) years of employment	60%
After four (4) years of employment	80%
After five (5) years of employment	100%

Employees will have the right to self-direct their contributions to the defined contribution plan from among the investment options offered by the plan selected by the Town.

Total contributions to the plan for the year ended June 30, 2021 were \$71,747 for employees and \$407,067 for the Town.

12. CONTINGENT LIABILITIES

The Town is currently a defendant in a number of lawsuits including tax appeals. It is the opinion of Town officials and legal counsel 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.

13. GASB 84 - RESTATEMENT

The Town previously reported the activities of the Defined Contribution Plan as a fiduciary fund. As a result of implementation of GASB No. 84, *Fiduciary Activities*, as of July 1, 2020, the Town made the following reporting changes: The activities of the Defined Contribution Plan are now reported as a Fiduciary Component Unit Pension Trust Fund. In addition, the Town also has a 457 Plan that qualifies as a Fiduciary Component Unit and will be reported as a Pension Trust Fund. Accordingly, the Town increased the beginning assets and net position of Pension Trust Funds of \$4,130,756.

TOWN OF SOUTHBURY, CONNECTICUT**GENERAL FUND****SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES****BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)****FOR THE YEAR ENDED JUNE 30, 2021**

	Budgeted Amounts			Variance -
	Original	Final	Actual	Favorable (Unfavorable)
Property taxes:				
Property taxes	\$ 62,161,367	\$ 62,161,367	\$ 62,075,169	\$ (86,198)
Prior year's taxes	450,225	450,225	567,276	117,051
Motor vehicle supplement	600,000	600,000	581,090	(18,910)
Interest and liens	207,000	207,000	323,196	116,196
Total property taxes	<u>63,418,592</u>	<u>63,418,592</u>	<u>63,546,731</u>	<u>128,139</u>
Intergovernmental revenues:				
State of Connecticut:				
Education Cost Sharing	3,755,502	3,755,502	3,786,087	30,585
Other	648,825	648,825	3,769,437	3,120,612
Telecommunication property tax	105,000	105,000	90,102	(14,898)
Total intergovernmental revenues	<u>4,509,327</u>	<u>4,509,327</u>	<u>7,645,626</u>	<u>3,136,299</u>
Licenses, permits and fees:				
Building and regulatory	207,700	207,700	373,302	165,602
Recreation	389,755	389,755	249,112	(140,643)
Town Clerk	400,950	400,950	779,872	378,922
Dog licenses and fees	8,500	8,500	6,144	(2,356)
Total licenses, permits and fees	<u>1,006,905</u>	<u>1,006,905</u>	<u>1,408,430</u>	<u>401,525</u>
Investment income	<u>322,670</u>	<u>322,670</u>	<u>312,724</u>	<u>(9,946)</u>
Other	<u>440,950</u>	<u>440,950</u>	<u>639,812</u>	<u>198,862</u>
Transferred in from other funds	<u>100,000</u>	<u>100,000</u>	<u>150,000</u>	<u>50,000</u>
Total	<u>\$ 69,798,444</u>	<u>\$ 69,798,444</u>	<u>73,703,323</u>	<u>\$ 3,904,879</u>
Budgetary revenues are different than GAAP revenues because:				
Cancellation of prior year encumbrances are recognized as budgetary revenue				(148,969)
Grants received and deferred for GAAP purposes				<u>(2,896,024)</u>
Total Revenues and Other Financing Sources as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds - Exhibit IV				
				\$ <u>70,658,330</u>

TOWN OF SOUTHBURY, CONNECTICUT
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED JUNE 30, 2021

	Budgeted Amounts			Variance - Favorable (Unfavorable)	
	Original	Final	Actual		
General government:					
Board of Selectmen	\$ 444,706	\$ 451,109	\$ 443,741	\$ 7,368	
Town Hall Service expense	62,900	62,900	57,984	4,916	
Other expense	147,171	147,171	140,243	6,928	
Labor related expense	3,661,891	3,841,070	3,601,362	239,708	
Computers	418,269	435,498	410,635	24,863	
Probate Court	7,863	7,863	7,863	-	
Elections	141,414	142,850	129,070	13,780	
Board of Finance	97,600	97,600	95,239	2,361	
Board of Assessment Appeals	2,050	2,050	221	1,829	
Controller	312,784	330,573	325,120	5,453	
Tax Collector	145,842	153,871	148,075	5,796	
Assessor	171,062	173,695	140,284	33,411	
Town Clerk	253,748	258,051	235,848	22,203	
Building Inspector	171,994	174,500	137,988	36,512	
Insurance and bonds	667,429	667,429	551,502	115,927	
Legal expense	105,000	105,000	105,000	-	
Planning Commission	147,674	150,639	122,683	27,956	
Inland Wetlands Commission	93,445	94,080	83,445	10,635	
Zoning Commission	6,724	6,724	2,550	4,174	
Zoning Board of Appeals	39,036	39,036	371	38,665	
Economic Development Commission	97,970	99,999	86,547	13,452	
Town properties - inside	360,738	362,375	328,837	33,538	
Energy	320,000	320,000	320,000	-	
Town properties - outside	495,676	495,676	443,287	52,389	
Contingency	150,000	18,083		18,083	
Refunds	115,000	147,200	147,200	-	
Total	8,637,986	8,785,042	8,065,095	719,947	
Public safety:					
Fire Department/hydrants	556,033	556,033	555,959	74	
Communications	385,387	399,523	397,251	2,272	
Police Protection	2,436,762	2,440,658	2,408,603	32,055	
Emergency Management	84,500	89,700	74,507	15,193	
Fire Marshal	95,966	99,211	72,983	26,228	
Tree Warden	31,630	31,630	31,594	36	
Canine Control	89,857	89,980	72,315	17,665	
Emergency Services	326,612	326,612	326,479	133	
Total	4,006,747	4,033,347	3,939,691	93,656	
Highway-public works:					
General maintenance	2,270,996	2,275,500	2,028,808	246,692	
Solid waste disposal	1,084,726	1,086,047	1,057,150	28,897	
Total	3,355,722	3,361,547	3,085,958	275,589	

(Continued on next page)

TOWN OF SOUTHBURY, CONNECTICUT**GENERAL FUND****SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES****BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)****FOR THE YEAR ENDED JUNE 30, 2021**

	Budgeted Amounts			Variance - Favorable (Unfavorable)
	Original	Final	Actual	
Conservation of health:				
Conservation Commission	\$ 18,905	\$ 18,905	\$ 13,667	\$ 5,238
Department of Health	189,484	189,484	189,484	-
P. River Watershed Coalition	40,800	40,800	40,000	800
Lake Zoar Authority	19,783	19,783	19,783	-
Lake Lillinonah Authority	27,164	27,164	27,164	-
Pomperaug Valley Water Authority	100	100		100
Water Pollution Authority	100	100		100
Commission of Services for Elderly	418,177	423,699	295,766	127,933
Total	714,513	720,035	585,864	134,171
Community activities:				
Committee expenses	24,050	24,050	12,068	11,982
Historic Buildings Commission	6,930	6,930	5,444	1,486
Library	727,716	773,252	744,052	29,200
Recreation Commission	568,977	573,019	373,949	199,070
Other community activities	500	500		500
Total	1,328,173	1,377,751	1,135,513	242,238
Disaster Recovery - COVID-19		53,670	51,350	2,320
Education - Region #15	48,007,514	48,007,514	48,007,514	-
Edgewood Bath & Tennis	2,115,000	2,115,000		2,115,000
Capital outlay - Roads	2,355,000	2,355,000	2,355,000	-
Total expenditures	70,520,655	70,808,906	67,225,985	3,582,921
Transfers out:				
Capital Reserve Fund	1,142,700	1,142,700	1,142,700	-
Historic Building Fund				-
Capital Transfers Other				-
Capital Transfers Other				-
Debt Service	882,238	882,238	882,238	-
Total transfers out	2,024,938	2,024,938	2,024,938	-
Total Expenditures and Transfers	\$ 72,545,593	\$ 72,833,844	\$ 69,250,923	\$ 3,582,921
Budgetary expenditures are different than GAAP expenditures because:				
Encumbrances for purchases and commitments ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year received for financial reporting purposes				(210,980)
Nonbudgetary items and eliminations related to Debt Management and Historical Buildings funds			(19,388)	
Total Expenditures and Other Financing Uses as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds - Exhibit IV	\$ 69,020,555			

TOWN OF SOUTHBURY, CONNECTICUT
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
LAST EIGHT FISCAL YEARS*

	2014	2015	2016	2017	2018	2019	2020	2021
Total pension liability:								
Service cost	\$ 482,164	\$ 465,632	\$ 486,569	\$ 425,211	\$ 441,526	\$ 479,314	\$ 485,928	\$ 601,362
Interest on total pension liability	1,324,663	1,396,685	1,508,808	1,559,415	1,561,887	1,631,465	1,691,989	1,793,950
Effect of plan changes					(31,584)	(34,303)		
Effect of economic/demographic gains or losses	(349,016)	(248,639)	215,336	(321,772)	204,174	60,007	(201,602)	41,390
Effect of assumption changes or inputs		530,487		1,005,067			1,930,527	
Benefit payments, including refunds of member c	(493,215)	(527,123)	(596,355)	(763,276)	(1,106,371)	(1,181,511)	(1,243,376)	(1,458,525)
Net change in total pension liability	964,596	1,617,042	1,614,358	1,904,645	1,069,632	954,972	2,663,466	978,177
Total pension liability - beginning	18,031,337	18,995,933	20,612,975	22,227,333	24,131,978	25,201,610	26,156,582	28,820,048
Total pension liability - ending	18,995,933	20,612,975	22,227,333	24,131,978	25,201,610	26,156,582	28,820,048	29,798,225
Plan fiduciary net position:								
Contributions - employer	836,516	1,075,764	989,000	1,119,000	1,354,000	1,023,840	1,049,437	1,132,000
Contributions - member	23,628	34,709	34,734	27,557	25,135	31,940	35,669	36,000
Net investment income (loss)	1,657,727	171,680	(117,785)	2,015,608	1,211,098	1,087,543	420,462	6,354,073
Benefit payments, including refunds of member c	(493,215)	(527,123)	(596,355)	(763,276)	(1,106,371)	(1,181,511)	(1,243,376)	(1,458,525)
Administrative expense	(10,981)	(11,455)	(11,278)	(12,288)	(14,181)	(13,880)	(14,712)	(16,595)
Net change in plan fiduciary net position	2,013,675	743,575	298,316	2,386,601	1,469,681	947,932	247,480	6,046,953
Plan fiduciary net position - beginning	13,795,866	15,809,541	16,553,116	16,851,432	19,238,033	20,707,714	21,655,646	21,903,126
Plan fiduciary net position - ending	15,809,541	16,553,116	16,851,432	19,238,033	20,707,714	21,655,646	21,903,126	27,950,079
Net Pension Liability - Ending	\$ 3,186,392	\$ 4,059,859	\$ 5,375,901	\$ 4,893,945	\$ 4,493,896	\$ 4,500,936	\$ 6,916,922	\$ 1,848,146
Plan fiduciary net position as a percentage of the total pension liability								
	83.23%	80.30%	75.81%	79.72%	82.17%	82.79%	76.00%	93.80%
Covered payroll	\$ 4,667,415	\$ 5,161,863	\$ 5,096,060	\$ 5,806,805	\$ 5,347,606	\$ 4,909,578	\$ 4,923,303	\$ 4,353,572
Net pension liability as a percentage of covered pa	68.27%	78.65%	105.49%	84.28%	84.04%	91.68%	140.49%	42.45%

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

TOWN OF SOUTHBURY, CONNECTICUT
SCHEDULE OF EMPLOYER PENSION CONTRIBUTIONS
LAST TEN FISCAL YEARS

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Actuarially determined contribution	\$ 635,095	\$ 621,135	\$ 836,141	\$ 950,764	\$ 988,541	\$ 1,013,607	\$ 1,098,703	\$ 1,023,597	\$ 1,049,437	\$ 1,046,562
Contributions in relation to the actuarially determined contribution	<u>635,095</u>	<u>621,135</u>	<u>836,516</u>	<u>1,075,764</u>	<u>989,000</u>	<u>1,119,000</u>	<u>1,354,000</u>	<u>1,023,840</u>	<u>1,049,437</u>	<u>1,132,000</u>
Contribution Deficiency (Excess)	\$ -	\$ -	\$ (375)	\$ (125,000)	\$ (459)	\$ (105,393)	\$ (255,297)	\$ (243)	\$ -	\$ (85,438)
Covered payroll	\$ 5,236,678	\$ 5,026,644	\$ 4,667,415	\$ 5,161,863	\$ 5,096,060	\$ 5,806,805	\$ 5,347,606	\$ 4,909,578	\$ 4,923,303	\$ 4,353,572
Contributions as a percentage of covered payroll	12.13%	12.36%	17.92%	20.84%	19.41%	19.27%	25.32%	20.85%	21.32%	26.00%

Notes to Schedule

Valuation date: July 1, 2020
 Measurement date: June 30, 2021

Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which the contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal
Amortization method	Level percent, Closed
Remaining amortization period	14 years
Asset valuation method	5 years, non-asymptotic
Inflation	2.50%
Salary increases	3.50%
Investment rate of return	6.25%
Retirement age	100% at Normal Retirement Age
Mortality	Pub-2010 Mortality Table for Employees, Healthy Annuitants and Disabled Annuitants with generational projection of future improvements per the MP Ultimate scale

TOWN OF SOUTHBURY, CONNECTICUT
SCHEDULE OF INVESTMENT RETURNS - PENSION PLAN
LAST EIGHT FISCAL YEARS*

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Annual money-weighted rate of return, net of investment exp	11.88%	1.06%	(0.70%)	11.80%	6.23%	5.25%	1.94%	29.05%

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

TOWN OF SOUTHBURY, CONNECTICUT
GENERAL FUND
REPORT OF TAX COLLECTOR
FOR THE YEAR ENDED JUNE 30, 2021

Grand List	Due Date	Uncollected Taxes		Lawful Corrections		Transfers to Suspense	Adjusted Taxes Collectible	Collections				Uncollected Taxes	
		July 1, 2020		Additions	Deductions			Taxes	Interest	Lien Fees	Total	June 30, 2021	
2019	2020	\$ 62,413,796	\$ 685,382	\$ 143,705	\$ 62,955,473	\$ 62,527,721	\$ 82,623	\$ 1,152	\$ 62,611,496	\$ 427,752			
2018	2019	509,213	3,397	15,434	103,170	394,006	305,843	76,269	9,965	392,077	88,163		
2017	2018	170,042	195	3,323		166,914	102,775	41,085	698	144,558	64,139		
2016	2017	119,469		4,175		115,294	70,799	40,498	240	111,537	44,495		
2015	2016	21,242				21,242	5,160	4,576	48	9,784	16,082		
2014	2015	22,049	409			22,458	5,374	5,446	48	10,868	17,084		
2013	2014	14,013	559			14,572	2,925	3,230	116	6,271	11,647		
2012	2013	8,782				8,782				-	8,782		
2011	2012	18,900				18,900	5,639	8,616	214	14,469	13,261		
2010	2011	14,198				14,198	5,560	9,205	120	14,885	8,638		
2009	2010	7,943				7,943				-	7,943		
2008	2009	3,980	10	90		3,900				-	3,900		
2007	2008	1,277				1,277				-	1,277		
2006	2007	1,013				1,013				-	1,013		
2005	2006	1,004				1,004	5	13	17	35	999		
2004	2005	948		948	-					-	-		
		\$ 63,327,869	\$ 689,952	\$ 167,675	\$ 103,170	\$ 63,746,976	63,031,801	271,561	12,618	\$ 63,315,980	\$ 715,175		
		Suspense collections						43,476	30,737	8,279	82,492		
		Total						\$ 63,075,277	\$ 302,298	\$ 20,897	\$ 63,398,472		

TOWN OF SOUTHBURY, CONNECTICUT
GENERAL FUND
COMBINING BALANCE SHEET SCHEDULE
JUNE 30, 2021

	General Fund	Debt Service Fund	Historical Building Fund	Eliminating Entries	Total Combined Funds
ASSETS					
Cash and cash equivalents	\$ 19,300,076	\$	\$	\$	\$ 19,300,076
Receivables, net	823,916				823,916
Due from other funds	635,379	25,899	52,248	(78,147)	635,379
Other assets	31,333	11,850			43,183
Total Assets	\$ 20,790,704	\$ 37,749	\$ 52,248	\$ (78,147)	\$ 20,802,554
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts and other payables	\$ 787,513	\$	\$	\$	\$ 787,513
Due to other funds	1,494,148			(78,147)	1,416,001
Unearned revenue	2,896,024				2,896,024
Total liabilities	\$ 5,177,685	\$ -	\$ -	\$ (78,147)	\$ 5,099,538
Deferred inflows of resources:					
Unavailable revenue - property taxes	490,644				490,644
Unavailable revenue - interest on property taxes	284,239				284,239
Total deferred inflows of resources	\$ 774,883	\$ -	\$ -	\$ -	\$ 774,883
Fund balances:					
Nonspendable	31,333	11,850			43,183
Committed		25,899	52,248		78,147
Assigned	10,757,879				10,757,879
Unassigned	4,048,924				4,048,924
Total fund balances	\$ 14,838,136	\$ 37,749	\$ 52,248	\$ -	\$ 14,928,133
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 20,790,704	\$ 37,749	\$ 52,248	\$ (78,147)	\$ 20,802,554

TOWN OF SOUTHBURY, CONNECTICUT

GENERAL FUND

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

JUNE 30, 2021

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Historical Building Fund</u>	<u>Eliminating Entries</u>	<u>Total Combined Funds</u>
Revenues:					
Property taxes	\$ 63,546,730	\$	\$	\$	\$ 63,546,730
Intergovernmental revenues	4,749,602				4,749,602
Charges for services	1,707,014				1,707,014
Income on investments	312,724				312,724
Miscellaneous	192,260				192,260
Total revenues	<u>70,508,330</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>70,508,330</u>
Expenditures:					
Current:					
General government	8,000,910				8,000,910
Public safety	3,896,522				3,896,522
Public works	3,048,634				3,048,634
Conservation of health	292,314				292,314
Community activities	1,414,111				1,414,111
Education	48,007,514				48,007,514
Debt service		862,850			862,850
Total expenditures	<u>64,660,005</u>	<u>862,850</u>	<u>-</u>	<u>-</u>	<u>65,522,855</u>
Excess (Deficiency) of Revenues over Expenditures	<u>5,848,325</u>	<u>(862,850)</u>	<u>-</u>	<u>-</u>	<u>4,985,475</u>
Other Financing Sources (Uses):					
Transfers in	150,000	882,238		(882,238)	150,000
Transfers out	(4,379,938)			882,238	(3,497,700)
Total other financing sources (uses)	<u>(4,229,938)</u>	<u>882,238</u>	<u>-</u>	<u>-</u>	<u>(3,347,700)</u>
Net Change in Fund Balances	1,618,387	19,388	-	-	1,637,775
Fund Balances at Beginning of Year	<u>13,219,749</u>	<u>18,361</u>	<u>52,248</u>	<u>-</u>	<u>13,290,358</u>
Fund Balances at End of Year	<u>\$ 14,838,136</u>	<u>\$ 37,749</u>	<u>\$ 52,248</u>	<u>\$ -</u>	<u>\$ 14,928,133</u>

TOWN OF SOUTHBURY, CONNECTICUT
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET (CONTINUED)
JUNE 30, 2021

	Special Revenue Funds					
	Private Duty	Parks and Recreation Programs and Trips	Probate Court	Elderly Services and Program Fund	Town Clerk Record Preservation	Streetscape Reserve
ASSETS						
Cash and cash equivalents	\$ 238,670	\$ 161,218	\$ 50,265	\$ 98,256	\$ 101,633	\$
Accounts receivable		60,912				
Due from other funds	<u>548,248</u>	<u>33,139</u>	<u>_____</u>	<u>30,874</u>	<u>_____</u>	<u>13,677</u>
Total Assets	<u>\$ 847,830</u>	<u>\$ 194,357</u>	<u>\$ 50,265</u>	<u>\$ 129,130</u>	<u>\$ 101,633</u>	<u>\$ 13,677</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$	\$ 73,809	\$ 999	\$	\$	\$
Due to other funds	<u>614,340</u>	<u>816</u>	<u>_____</u>	<u>2,917</u>	<u>_____</u>	<u>-</u>
Total liabilities	<u>614,340</u>	<u>74,625</u>	<u>999</u>	<u>2,917</u>	<u>_____</u>	<u>-</u>
Fund balances:						
Committed	<u>233,490</u>	<u>119,732</u>	<u>49,266</u>	<u>129,130</u>	<u>98,716</u>	<u>13,677</u>
Total Liabilities and Fund Balances	<u>\$ 847,830</u>	<u>\$ 194,357</u>	<u>\$ 50,265</u>	<u>\$ 129,130</u>	<u>\$ 101,633</u>	<u>\$ 13,677</u>

(Continued on next page)

TOWN OF SOUTHBURY, CONNECTICUT
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET (CONTINUED)
JUNE 30, 2021

	Special Revenue Funds				Total Nonmajor Governmental Funds
	Loss Reserve	Planning	Community Investment Fund	Eliminating Entries	
ASSETS					
Cash and cash equivalents	\$	\$	\$ 56,892	\$	\$ 706,934
Accounts receivable					60,912
Due from other funds	<u>86,211</u>	<u>156,659</u>	<u>90,701</u>	<u>(816)</u>	<u>958,693</u>
Total Assets	<u>\$ 86,211</u>	<u>\$ 156,659</u>	<u>\$ 147,593</u>	<u>\$ (816)</u>	<u>\$ 1,726,539</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$	\$	\$	\$	\$ 74,808
Due to other funds	-			<u>(816)</u>	<u>617,257</u>
Total liabilities	<u>-----</u>	<u>-----</u>	<u>-----</u>	<u>(816)</u>	<u>692,065</u>
Fund balances:					
Committed	<u>86,211</u>	<u>156,659</u>	<u>147,593</u>		<u>1,034,474</u>
Total Liabilities and Fund Balances	<u>\$ 86,211</u>	<u>\$ 156,659</u>	<u>\$ 147,593</u>	<u>\$ (816)</u>	<u>\$ 1,726,539</u>

TOWN OF SOUTHBURY, CONNECTICUT

NONMAJOR GOVERNMENTAL FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2021

	Special Revenue Funds									Total Nonmajor Governmental Funds
	Private Duty	Parks and Recreation Programs and Trips	Probate Court	Elderly Services and Program Fund	Town Clerk Record Preservation	Streetscape Reserve	Loss Reserve	Planning	Community Investment Fund	
Revenues:										
Intergovernmental revenues	\$ 561,276	\$ 63,731	\$ 35,131	\$ 1,055	\$ 15,400	\$ 10,819	\$ 56	\$ -	\$ 11,019	\$ 15,400
Charges for services										683,031
Income on investments										56
Miscellaneous				5,417						13,028
Total revenues	<u>561,276</u>	<u>63,731</u>	<u>35,131</u>	<u>6,472</u>	<u>26,275</u>	<u>-</u>	<u>7,611</u>	<u>-</u>	<u>11,019</u>	<u>711,515</u>
Expenditures:										
Current:										
General government			25,452	2,691	4,409		10,000			42,552
Public safety	341,328						17,534			358,862
Public works							2,971			2,971
Community activities		44,386					338			44,724
Total expenditures	<u>341,328</u>	<u>44,386</u>	<u>25,452</u>	<u>2,691</u>	<u>4,409</u>	<u>-</u>	<u>30,843</u>	<u>-</u>	<u>-</u>	<u>449,109</u>
Excess (Deficiency) of Revenues over Expenditures	<u>219,948</u>	<u>19,345</u>	<u>9,679</u>	<u>3,781</u>	<u>21,866</u>	<u>-</u>	<u>(23,232)</u>	<u>-</u>	<u>11,019</u>	<u>262,406</u>
Other Financing Sources (Uses):										
Transfers out	<u>(150,000)</u>									<u>(150,000)</u>
Net Change in Fund Balances	69,948	19,345	9,679	3,781	21,866	-	(23,232)	-	11,019	112,406
Fund Balances at Beginning of Year	<u>163,542</u>	<u>100,387</u>	<u>39,587</u>	<u>125,349</u>	<u>76,850</u>	<u>13,677</u>	<u>109,443</u>	<u>156,659</u>	<u>136,574</u>	<u>922,068</u>
Fund Balances at End of Year	<u>\$ 233,490</u>	<u>\$ 119,732</u>	<u>\$ 49,266</u>	<u>\$ 129,130</u>	<u>\$ 98,716</u>	<u>\$ 13,677</u>	<u>\$ 86,211</u>	<u>\$ 156,659</u>	<u>\$ 147,593</u>	<u>\$ 1,034,474</u>

TOWN OF SOUTHBURY, CONNECTICUT
COMBINING STATEMENT OF NET POSITION
EMPLOYEE BENEFIT TRUST FUNDS
JUNE 30, 2021

	Pension Trust Fund	401(a)/457 Defined Contribution Trust Fund	Total Pension and Other Post Employment Benefit Trust Funds
Assets:			
Cash and cash equivalents	\$ 249,967	\$	\$ 249,967
Investments - mutual funds, at fair value	<u>27,700,112</u>	<u>4,833,790</u>	<u>32,533,902</u>
Total assets	<u>27,950,079</u>	<u>4,833,790</u>	<u>32,783,869</u>
Net Position:			
Restricted for Pension and Other Post Employment Benefits	<u>\$ 27,950,079</u>	<u>\$ 4,833,790</u>	<u>\$ 32,783,869</u>

TOWN OF SOUTHBURY, CONNECTICUT
COMBINING STATEMENT OF CHANGES IN NET POSITION
EMPLOYEE BENEFIT TRUST FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	Pension Trust Funds	401(a)/457 Defined Contribution Trust Fund	Total Pension and Other Post Employment Benefit Trust Funds
Additions:			
Contributions:			
Employer	\$ 36,000	\$ 407,067	\$ 443,067
Plan members	1,132,000	71,747	1,203,747
Total contributions	<u>1,168,000</u>	<u>478,814</u>	<u>1,646,814</u>
Investment income:			
Change in fair value of investments	5,948,170	796,913	6,745,083
Interest and dividends	442,403		442,403
	<u>6,390,573</u>	<u>796,913</u>	<u>7,187,486</u>
Less investment expenses:			
Investment management fees	36,500		36,500
Net investment income	<u>6,354,073</u>	<u>796,913</u>	<u>7,150,986</u>
Total additions	<u>7,522,073</u>	<u>1,275,727</u>	<u>8,797,800</u>
Deductions:			
Benefits	1,458,525	569,067	2,027,592
Administration	16,595	3,626	20,221
Total deductions	<u>1,475,120</u>	<u>572,693</u>	<u>2,047,813</u>
Change in Net Position	6,046,953	703,034	6,749,987
Net Position - Beginning of Year, as restated	<u>21,903,126</u>	<u>4,130,756</u>	<u>26,033,882</u>
Net Position - End of Year	<u>\$ 27,950,079</u>	<u>\$ 4,833,790</u>	<u>\$ 32,783,869</u>

TOWN OF SOUTHBURY, CONNECTICUT
STATEMENT OF DEBT LIMITATION
JUNE 30, 2021
(In Thousands)

Total tax collections, including interest and lien fees, prior year	\$ <u>62,230,340</u>				
BASE	\$ <u>62,230,340</u>				
Debt limitation:	<u>General Purpose</u>	<u>Schools</u>	<u>Sewers</u>	<u>Urban Renewal</u>	<u>Pension Deficit</u>
2-1/4 times base	\$ 140,018,265	\$ 280,036,530	\$ 233,363,775	\$ 202,248,605	\$ 186,691,020
4-1/2 times base					
3-3/4 times base					
3-1/4 times base					
3 times base					
Total debt limitation	<u>140,018,265</u>	<u>280,036,530</u>	<u>233,363,775</u>	<u>202,248,605</u>	<u>186,691,020</u>

Indebtedness:

Bonds and notes payable	1,800
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Overlapping debt:

Bonds payable and authorized - Regional District #15*, net of school building grants	3,200
Net indebtedness	1,800

Debt Limitation in Excess of Outstanding and Authorized Debt	<u>\$ 140,016,465</u>	<u>\$ 280,033,330</u>	<u>\$ 233,363,775</u>	<u>\$ 202,248,605</u>	<u>\$ 186,691,020</u>
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Note (1): In no case shall total indebtedness exceed seven times annual receipts from taxation (\$435,612,380).

* The Town of Southbury is a member of Regional School District #15, which provides education facilities for grades kindergarten through twelve for the Towns of Southbury and Middlebury. As of June 30, 2021, the outstanding bonded indebtedness of the District was \$4,860. The Town of Southbury's share will be approximately 66% of the remainder. These are general obligations of Regional School District #15 and its member towns.

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