

TOWN OF SOUTHBURY, CONNECTICUT

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED JUNE 30, 2022



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INDEPENDENT AUDITORS' REPORT

Board of Finance
Town of Southbury, Connecticut

Report on the Audit of the Financial Statements

Opinions

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, 2022, 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.

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, 2022, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town of Southbury, Connecticut and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Southbury, Connecticut's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Town of Southbury, Connecticut's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Town of Southbury, Connecticut's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

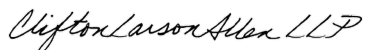
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and the pension schedules, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 GAAS, 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.

Supplementary 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 accompanying supplementary information such as the combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 GAAS. In our opinion, the accompanying supplementary information such as the combining and individual nonmajor fund financial statements is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 16, 2022, 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 Town of Southbury, Connecticut's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

West Hartford, Connecticut
November 16, 2022

**TOWN OF SOUTHBURY, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2022**

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, 2022. 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 \$118,487,772 (net position). Of this amount, \$27,953,769 represents the Town's unrestricted net position.
- As of the close of the current fiscal year, the Town's governmental funds reported a combined ending fund balance of \$30,442,296 an increase of \$119,126 in comparison with the prior year.
- During the year, the Town had revenue of \$71.9 million, a decrease of .9% in tax and other revenues for governmental programs.
- The total cost of all the Town's programs was \$72.4 million, an increase of 5.3% with no new programs added this year.
- At the close of the current fiscal year, unassigned fund balance of the General Fund was \$5,979,692 or 8.1% of the Town's fiscal year 2023 adopted General Fund budgetary expenditure appropriation. The Town approved additional pension funding of \$0.6 million in FY 21-22 and \$0.3 million in FY 22-23.

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.

TOWN OF SOUTHBURY, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2022

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.

**TOWN OF SOUTHBURY, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2022**

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	
	2022	2021
Assets:		
Current and Other Assets	\$ 36,815,042	\$ 37,444,855
Capital Assets, Net of Accumulated Depreciation	92,032,968	92,934,761
Total Assets	128,848,010	130,379,616
 Deferred Outflows of Resources	 2,316,754	 814,372
 Liabilities:		
Long-Term Liabilities Outstanding	8,415,680	3,978,945
Other Liabilities	4,261,312	4,778,808
Total Liabilities	12,676,992	8,757,753
 Deferred Inflows of Resources	 -	 3,362,762
 Net Position:		
Net Investment in Capital Assets	90,366,950	90,867,374
Restricted for:		
Grant Purposes	167,053	1,179,482
Unrestricted	27,953,769	27,026,617
 Total Net Position	 <u>\$ 118,487,772</u>	 <u>\$ 119,073,473</u>

Net position of the Town's governmental activities decreased by 0.5% (\$118.4 million compared to \$119.0 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 \$27.0 million on June 30, 2021 and \$28 million at the end of this fiscal year.

Net position invested in capital assets decreased by \$1.5 million. When developers complete developments and turn over roads to the Town, a contribution is recognized along with the contributed asset.

**TOWN OF SOUTHBURY, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2022**

**TABLE 2
CHANGE IN NET POSITION**

	Governmental Activities	
	2022	2021
Revenues:		
Program Revenues:		
Charges for Services	\$ 2,918,671	\$ 2,414,617
Operating Grants and Contributions	4,836,556	4,511,816
Capital Grants and Contributions	962	63,059
General Revenues:		
Property Taxes	63,943,967	63,376,682
Grants and Contributions Not Restricted to Specific Purposes	709,259	434,395
Unrestricted Investment Earnings	(935,586)	1,455,626
Miscellaneous	375,249	218,738
Total Revenues	<u>71,849,078</u>	<u>72,474,933</u>
Program Expenses:		
General Government	9,327,013	7,839,615
Public Safety	4,508,708	4,831,147
Public Works	6,352,546	6,119,740
Conservation of Health	314,019	286,361
Community Activities	1,937,236	1,609,613
Education	49,792,018	48,007,514
Debt Service	203,239	61,238
Total Program Expenses	<u>72,434,779</u>	<u>68,755,228</u>
Increase in Net Position	<u>\$ (585,701)</u>	<u>\$ 3,719,705</u>

The Town's total revenues were \$71.8 million. Total cost of all programs and services was \$72.4 million. Property tax collection rate was 99.4% and accounted for 89% of all revenues. Revenues from operating grants and contributions, the second largest component, were 6.7%. Education expenses were 68.7% of total expenses.

**TOWN OF SOUTHBURY, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2022**

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	
	2022	2021	2022	2021
General Government	\$ 9,327,013	\$ 7,839,615	\$ 7,788,769	\$ 6,536,575
Public Safety	4,508,708	4,831,147	3,976,660	4,162,353
Public Works	6,352,546	6,119,740	5,709,439	5,237,398
Conservation of Health	314,019	286,361	307,589	285,306
Community Activities	1,937,236	1,609,613	1,191,594	1,261,439
Education	49,792,018	48,007,514	45,501,300	44,221,427
Debt Service	203,239	61,238	203,239	61,238
Totals	<u>\$ 72,434,779</u>	<u>\$ 68,755,228</u>	<u>\$ 64,678,590</u>	<u>\$ 61,765,736</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 \$30.4 million, which is an increase from last year's total of \$30.3 million. The original budget for 2022 also utilized \$1,057,897 of the prior year fund balance to balance it.

The Capital Projects Fund balance decreased by \$1 million due primarily to road construction, equipment purchase and fluctuation in the markets due to COVID-19 and supply chain issues.

The Town's General Fund balance of \$16.3 million reported on Exhibit III differs from the General Fund's budgetary fund balance of \$16.7 million. This is because the governmental fund balance (Exhibit III) does not include \$447,276 of outstanding encumbrances at year end, which are reported as expenditures for budgetary purposes.

**TOWN OF SOUTHBURY, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2022**

Capital Asset and Debt Administration

Capital Assets

At June 30, 2022, the Town had \$92 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 slight decrease over the prior fiscal year.

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

	Governmental Activities	
	2022	2021
Land	\$ 20,127	\$ 19,886
Buildings and Improvements	13,498	13,871
Equipment	4,589	5,190
Infrastructure	47,941	48,866
Construction in Progress	5,878	5,122
Totals	<u>\$ 92,033</u>	<u>\$ 92,935</u>

This year's major additions included:

Land	\$ 240,000
------	------------

The Town's fiscal year 2022-23 capital plan calls for it to spend \$700,000 on vehicles. The Town also appropriated an additional \$1.53 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

On June 30, 2022, the Town had \$1,025,000 in bonds and notes outstanding versus \$1,800,000 last year - a decrease of \$775,000. 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 continues to be 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.

**TOWN OF SOUTHBURY, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2022**

Economic Factors and Next Year's Budgets and Rates

During May 2022, the Town adopted a General Fund budget for the fiscal year ending June 30, 2023. The budget reflected an overall increase in expenditures of \$2,054,640 or 2.88% over the final fiscal year 2022 amended budget. The budgeted expenditures of \$72,427,220 resulted in a mill rate decrease and allows the Town to continue to maintain the same level of programs and services to its residents. The Town has planned to utilize \$684,931 of the fund balance for the purposes of balancing the budget.

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

- For purposes of calculating property tax revenues for fiscal year 2023, 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 2022 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 2023.

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.

BASIC FINANCIAL STATEMENTS

TOWN OF SOUTHBURY, CONNECTICUT
STATEMENT OF NET POSITION
JUNE 30, 2022

	Governmental Activities
ASSETS	
Cash and Cash Equivalents	\$ 22,675,597
Investments	11,430,822
Receivables, Net	1,945,057
Advance to Plan Administrator	600,269
Prepaid Items	163,297
Capital Assets Not Being Depreciated	26,004,812
Capital Assets, Net of Accumulated Depreciation	<u>66,028,156</u>
Total Assets	<u>128,848,010</u>
DEFERRED OUTFLOWS OF RESOURCES:	
Deferred Charge on Refunding	92,822
Related to Pension	<u>2,223,932</u>
Total Deferred Outflows of Resources	<u>2,316,754</u>
LIABILITIES	
Current Liabilities:	
Accounts and Other Payables	1,611,510
Unearned Revenue	<u>2,649,802</u>
Total Current Liabilities	<u>4,261,312</u>
Noncurrent Liabilities:	
Due Within One Year	1,050,465
Due in More than One Year	<u>7,365,215</u>
Total Noncurrent Liabilities	<u>8,415,680</u>
Total Liabilities	12,676,992
NET POSITION	
Net Investment in Capital Assets	90,366,950
Restricted for:	
Grant Purposes	167,053
Unrestricted	<u>27,953,769</u>
Total Net Position	<u><u>\$ 118,487,772</u></u>

See accompanying Notes to Basic Financial Statements.

**TOWN OF SOUTHBURY, CONNECTICUT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2022**

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	\$ 9,327,013	\$ 1,526,424	\$ 11,820	\$ -	\$ (7,788,769)
Public Safety	4,508,708	524,859	7,189	-	(3,976,660)
Public Works	6,352,546	137,085	505,060	962	(5,709,439)
Conservation of Health	314,019	6,430	-	-	(307,589)
Community Activities	1,937,236	723,873	21,769	-	(1,191,594)
Education	49,792,018	-	4,290,718	-	(45,501,300)
Debt Service	203,239	-	-	-	(203,239)
Total Governmental Activities	<u>\$ 72,434,779</u>	<u>\$ 2,918,671</u>	<u>\$ 4,836,556</u>	<u>\$ 962</u>	(64,678,590)
GENERAL REVENUES					
Property Taxes					63,943,967
Grants and Contributions Not Restricted to Specific Programs					709,259
Unrestricted Investment Earnings					(935,586)
Miscellaneous					375,249
Total General Revenues					<u>64,092,889</u>
CHANGE IN NET POSITION					(585,701)
Net Position - Beginning of Year					<u>119,073,473</u>
NET POSITION - END OF YEAR					<u>\$ 118,487,772</u>

See accompanying Notes to Basic Financial Statements.

**TOWN OF SOUTHBURY, CONNECTICUT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2022**

	General	Library Gift	Capital Projects	Small Cities	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS						
Cash and Cash Equivalents	\$ 20,055,640	\$ 170,640	\$ 1,883,947	\$ 165,403	\$ 399,967	\$ 22,675,597
Investments	-	2,660,627	8,770,195	-	-	11,430,822
Receivables, Net	746,655	-	58,838	1,010,500	89,968	1,905,961
Due from Other Funds	1,133,431	2,812	1,295,696	1,650	965,689	3,399,278
Other Assets	163,297	-	-	-	-	163,297
Total Assets	<u>\$ 22,099,023</u>	<u>\$ 2,834,079</u>	<u>\$ 12,008,676</u>	<u>\$ 1,177,553</u>	<u>\$ 1,455,624</u>	<u>\$ 39,574,955</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
LIABILITIES						
Accounts and Other Payables	\$ 825,058	\$ 3,641	\$ 659,581	\$ -	\$ 4,681	\$ 1,492,961
Due to Other Funds	1,702,764	21,253	1,316,262	-	358,999	3,399,278
Unearned Revenue	2,649,802	-	-	-	-	2,649,802
Total Liabilities	5,177,624	24,894	1,975,843	-	363,680	7,542,041
DEFERRED INFLOWS OF RESOURCES						
Unavailable Revenue - Property Taxes	311,255	-	-	-	-	311,255
Unavailable Revenue - Interest on Property Taxes	268,863	-	-	-	-	268,863
Unavailable Revenue - Loans Receivable	-	-	-	1,010,500	-	1,010,500
Total Deferred Inflows of Resources	580,118	-	-	1,010,500	-	1,590,618
FUND BALANCES						
Nonspendable	163,297	-	-	-	-	163,297
Restricted	-	-	-	167,053	-	167,053
Committed	52,248	2,809,185	12,761,224	-	1,091,944	16,714,601
Assigned	10,146,044	-	-	-	-	10,146,044
Unassigned	5,979,692	-	(2,728,391)	-	-	3,251,301
Total Fund Balances	16,341,281	2,809,185	10,032,833	167,053	1,091,944	30,442,296
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 22,099,023</u>	<u>\$ 2,834,079</u>	<u>\$ 12,008,676</u>	<u>\$ 1,177,553</u>	<u>\$ 1,455,624</u>	<u>\$ 39,574,955</u>

See accompanying Notes to Basic Financial Statements.

**TOWN OF SOUTHBURY, CONNECTICUT
BALANCE SHEET
GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2022**

RECONCILIATION 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)	\$ 30,442,296
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:	
Governmental Capital Assets	199,266,298
Less: Accumulated Depreciation	<u>(107,233,330)</u>
Net Capital Assets	92,032,968
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	311,255
Interest Receivable on Property Taxes	268,863
Housing and Mortgage Loans	1,010,500
Deferred Outflows of Resources Related to Pension	2,223,932
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.	541,081
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	92,822
Unamortized Bond Premium	(11,237)
Bonds and Notes Payable	(1,025,000)
Interest Payable on Bonds and Notes	(20,265)
Compensated Absences	(314,567)
Net Pension Liability	<u>(7,064,876)</u>
Net Position of Governmental Activities (Exhibit I)	<u><u>\$ 118,487,772</u></u>

See accompanying Notes to Basic Financial Statements.

TOWN OF SOUTHBURY, CONNECTICUT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2022

	General	Library Gift	Capital Projects	Small Cities	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES						
Property Taxes	\$ 64,138,732	\$ -	\$ -	\$ -	\$ -	\$ 64,138,732
Intergovernmental	5,507,879	21,769	5,309	-	11,820	5,546,777
Charges for Services	2,080,500	-	-	140,345	697,826	2,918,671
Income on Investments	76,933	(464,184)	(548,412)	-	77	(935,586)
Miscellaneous	332,237	44,933	-	-	(1,921)	375,249
Total Revenues	72,136,281	(397,482)	(543,103)	140,345	707,802	72,043,843
EXPENDITURES						
Current:						
General Government	8,476,373	-	75,065	-	59,663	8,611,101
Public Safety	3,699,433	-	-	-	320,855	4,020,288
Public Works	3,121,259	-	-	-	-	3,121,259
Conservation of Health	307,435	-	-	-	-	307,435
Community Activities	1,579,316	57,519	-	1,929	119,814	1,758,578
Education	49,792,018	-	-	-	-	49,792,018
Capital Outlay	246,222	-	3,242,066	-	-	3,488,288
Debt Service	825,750	-	-	-	-	825,750
Total Expenditures	68,047,806	57,519	3,317,131	1,929	500,332	71,924,717
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	4,088,475	(455,001)	(3,860,234)	138,416	207,470	119,126
OTHER FINANCING SOURCES (USES)						
Transfers In	158,848	-	2,834,175	-	-	2,993,023
Transfers Out	(2,834,175)	-	(8,848)	-	(150,000)	(2,993,023)
Total Other Financing Sources (Uses)	(2,675,327)	-	2,825,327	-	(150,000)	-
NET CHANGES IN FUND BALANCES	1,413,148	(455,001)	(1,034,907)	138,416	57,470	119,126
Fund Balances - Beginning of Year	14,928,133	3,264,186	11,067,740	28,637	1,034,474	30,323,170
FUND BALANCES - END OF YEAR	<u>\$ 16,341,281</u>	<u>\$ 2,809,185</u>	<u>\$ 10,032,833</u>	<u>\$ 167,053</u>	<u>\$ 1,091,944</u>	<u>\$ 30,442,296</u>

See accompanying Notes to Basic Financial Statements.

TOWN OF SOUTHBURY, CONNECTICUT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS (CONTINUED)
YEAR ENDED JUNE 30, 2022

RECONCILIATION 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 - Governmental Funds (Exhibit IV)	\$ 119,126
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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	3,283,131
Depreciation Expense	(4,099,151)

In the Statement of Activities, only the gain on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net assets differs from the change in fund balance by the cost of the asset sold.

(85,861)

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	(179,389)
Property Tax Interest and Lien Revenue - Accrual Basis Change	(15,376)
Amortization of Bond Premium	16,837
Mortgage Loan Receivables	(140,345)
Change in Net Pension Liability	(5,216,730)
Change in Deferred Inflows Related to Pension	3,362,762
Change in Deferred Outflows Related to Pension	1,546,930

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	775,000
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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	(11,841)
Amortization of Deferred Charge on Refunding	(44,458)
Accrued Interest	13,173

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.

90,491

Change in Net Position of Governmental Activities (Exhibit II)	\$ (585,701)
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See accompanying Notes to Basic Financial Statements.

**TOWN OF SOUTHBURY, CONNECTICUT
STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2022**

	Governmental Activities
	<u>Internal Service Funds</u>
ASSETS	
Advance to Plan Administrator	\$ 600,269
Other Receivable	<u>39,096</u>
Total Assets	<u>639,365</u>
LIABILITIES	
Claims Incurred But Not Reported	<u>98,284</u>
NET POSITION	
Unrestricted	<u><u>\$ 541,081</u></u>

See accompanying Notes to Basic Financial Statements.

TOWN OF SOUTHBURY, CONNECTICUT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2022

	Governmental Activities
	<u>Internal</u>
	<u>Service Funds</u>
OPERATING REVENUES	
Contributions	\$ 1,302,641
OPERATING EXPENSES	
Employee Benefits	1,024,482
Other Expenses	<u>187,668</u>
Total Operating Expenses	<u>1,212,150</u>
OPERATING INCOME	90,491
Net Position - Beginning of Year	<u>450,590</u>
NET POSITION - END OF YEAR	<u><u>\$ 541,081</u></u>

See accompanying Notes to Basic Financial Statements.

**TOWN OF SOUTHBURY, CONNECTICUT
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2022**

	Governmental Activities
	<u>Internal Service Funds</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Received from Customers and Users	\$ 1,302,641
Payment to Suppliers	(187,668)
Payments for Employee	<u>(1,114,973)</u>
Net Cash Used by Operating Activities	<u>-</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	-
Cash and Cash Equivalents - Beginning of Year	<u>-</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ -</u></u>
RECONCILIATION OF OPERATING INCOME TO NET CASH USED BY OPERATING ACTIVITIES	
Operating Income	\$ 90,491
Adjustments to Reconcile Operating Income to Net Cash Used by Operating Activities:	
Increase in Advance to Plan Administrators	(109,975)
Increase in Incurred But Not Reported	<u>19,484</u>
Net Cash Used by Operating Activities	<u><u>\$ -</u></u>

See accompanying Notes to Basic Financial Statements.

**TOWN OF SOUTHBURY, CONNECTICUT
STATEMENT OF FIDUCIARY NET POSITION
PENSION TRUST FUNDS
JUNE 30, 2022**

	Pension Trust Funds
ASSETS	
Cash and Cash Equivalents	\$ 394,043
Investments:	
Mutual Funds and Equities	<u>27,938,145</u>
Total Assets	<u>28,332,188</u>
NET POSITION	
Restricted - Held in Trust for Pension Benefits	<u><u>\$ 28,332,188</u></u>

See accompanying Notes to Basic Financial Statements.

**TOWN OF SOUTHBURY, CONNECTICUT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
PENSION TRUST FUNDS
YEAR ENDED JUNE 30, 2022**

	Pension Trust Funds
ADDITIONS	
Contributions:	
Plan Members	\$ 356,821
Employer	1,495,829
Total Contributions	<u>1,852,650</u>
Investment Earnings:	
Net Change in Fair Value of Investments	(4,955,028)
Interest and Dividends	584,650
Total Investment Gain (Loss)	<u>(4,370,378)</u>
Less Investment Expenses:	
Investment Management Fees	36,501
Net Investment Gain (Loss)	<u>(4,406,879)</u>
Total Additions	(2,554,229)
DEDUCTIONS	
Benefits	1,875,916
Fees	21,536
Total Deductions	<u>1,897,452</u>
CHANGE IN NET POSITION	(4,451,681)
Net Position - Beginning of Year	<u>32,783,869</u>
NET POSITION - END OF YEAR	<u><u>\$ 28,332,188</u></u>

See accompanying Notes to Basic Financial Statements.

TOWN OF SOUTHBURY, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 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.

**TOWN OF SOUTHBURY, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Reporting Entity (Continued)

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.

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.

**TOWN OF SOUTHBURY, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation
(Continued)**

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:

General Fund

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.

Library Gift 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.

Capital Projects Fund

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.

Small Cities Fund

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

TOWN OF SOUTHBURY, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Additionally, the Town reports the following fund types:

Internal Service Fund

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

Pension Trust Fund

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.

TOWN OF SOUTHBURY, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

**TOWN OF SOUTHBURY, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Capital Assets (Continued)

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 are depreciated using the straight-line method over the following estimated useful lives:

Buildings	25 to 50 Years
Building Improvements	25 to 50 Years
Public Domain Infrastructure	20 to 50 Years
System Infrastructure	20 to 50 Years
Vehicles	5 to 15 Years
Office Equipment	5 to 15 Years
Land Improvements	10 to 20 Years

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).

TOWN OF SOUTHBURY, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Deferred Outflows/Inflows of Resources (Continued)

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 BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

TOWN OF SOUTHBURY, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Long-Term Obligations (Continued)

Fund Equity (Continued)

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.

Unassigned Fund Balance – This 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.

L. 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.

M. Adoption of New Accounting Standards

In June 2017, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 87, *Leases*. This standard requires the recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and as inflows of resources or outflows of resources recognized based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this standard, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources.

The Entity adopted the requirements of the guidance effective July 1, 2021, however, management concluded that they did not have any arrangements that met the requirements of this standard.

**TOWN OF SOUTHBURY, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 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 \$576,819 during the year ended June 30, 2022. 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 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.

B. Expenditures Exceeding Appropriations

The Transfer Out – Capital Reserve Fund line item exceeded the appropriation by \$34,527 for the fiscal year ended June 30, 2022.

TOWN OF SOUTHBURY, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 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 BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 3 CASH, CASH EQUIVALENTS, AND INVESTMENTS (CONTINUED)

A. Deposits (Continued)

Deposit Custodial Credit Risk (Continued)

Based on the criteria described in GASB Statement No. 40, *Deposits and Investment Risk Disclosures*, \$611,292 of the Town's bank balance of \$897,240 was exposed to custodial credit risk as follows:

Uninsured and Uncollateralized	\$ 525,325
Uninsured and Collateralized, Held by the Pledging Bank's Trust Department, Not in the Town's Name	<u>85,967</u>
Total Amount Subject to Custodial Credit Risk	<u><u>\$ 611,292</u></u>

Cash Equivalents

At June 30, 2022, the Town's cash equivalents amounted to \$22,842,797. 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, 2022</u>	<u>Standard & Poor's Rating</u>
Wells Fargo	\$ 2,296,226	*
ION Bank ICS	17,162,662	*
Newtown Savings Bank ICS	<u>3,383,909</u>	*
Total	<u><u>\$ 22,842,797</u></u>	

* Not Rated

B. Investments

As of June 30, 2022, the Town had the following investments:

Other Investments:	
Mutual Funds	\$ 39,087,462
Investments Managed by Others	<u>281,505</u>
Total Investments	<u><u>\$ 39,368,967</u></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.

**TOWN OF SOUTHBURY, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 3 CASH, CASH EQUIVALENTS, AND INVESTMENTS (CONTINUED)

B. Investments (Continued)

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. The Town does not have any investments that are in excess of 5% at June 30, 2022.

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, 2022, 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 (the 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.

TOWN OF SOUTHBURY, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 3 CASH, CASH EQUIVALENTS, AND INVESTMENTS (CONTINUED)

B. Investments (Continued)

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, 2022:

	June 30, 2022	Fair Value Measurements Using		
		Level 1	Level 2	Level 3
Investments by Fair Value Level:				
Mutual Funds	\$ 39,087,462	\$ 39,087,462	\$ -	\$ -
Investments Managed by Others	281,505	-	281,505	-
Total Investments by Fair Value Level	<u>\$ 39,368,967</u>	<u>\$ 39,087,462</u>	<u>\$ 281,505</u>	<u>\$ -</u>

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

NOTE 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	\$ 644,214	\$ -	\$ -	\$ -	\$ 644,214
Interest on Taxes	268,863	-	-	-	268,863
Accounts	16,900	-	-	129,064	145,964
Housing Loans	-	-	1,010,500	-	1,010,500
Intergovernmental	-	58,838	-	-	58,838
Gross Receivables	<u>929,977</u>	<u>58,838</u>	<u>1,010,500</u>	<u>129,064</u>	<u>2,128,379</u>
Less: Allowance for Uncollectibles Taxes	<u>(183,322)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(183,322)</u>
Total Receivables, Net	<u>\$ 746,655</u>	<u>\$ 58,838</u>	<u>\$ 1,010,500</u>	<u>\$ 129,064</u>	<u>\$ 1,945,057</u>

TOWN OF SOUTHBURY, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 5 CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2022 was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental Activities:					
Capital Assets Not Being Depreciated:					
Land	\$ 19,886,087	\$ -	\$ -	\$ 240,390	\$ 20,126,477
Construction in Progress	5,122,180	3,283,131	(85,773)	(2,441,203)	5,878,335
Total Capital Assets Not Being Depreciated	25,008,267	3,283,131	(85,773)	(2,200,813)	26,004,812
Capital Assets Being Depreciated:					
Buildings	21,084,580	-	-	5,975	21,090,555
Furniture and Equipment	19,482,914	-	(839,286)	357,789	19,001,417
Infrastructure	131,332,465	-	-	1,837,049	133,169,514
Total Capital Assets Being Depreciated	171,899,959	-	(839,286)	2,200,813	173,261,486
Less Accumulated Depreciation for:					
Buildings	7,213,999	379,045	-	-	7,593,044
Furniture and Equipment	14,292,638	958,690	(839,286)	-	14,412,042
Infrastructure	82,466,828	2,761,416	-	-	85,228,244
Total Accumulated Depreciation	103,973,465	4,099,151	(839,286)	-	107,233,330
Total Capital Assets Being Depreciated, Net	67,926,494	(4,099,151)	-	2,200,813	66,028,156
Governmental Activities Capital Assets, Net	<u>\$ 92,934,761</u>	<u>\$ (816,020)</u>	<u>\$ (85,773)</u>	<u>\$ -</u>	<u>\$ 92,032,968</u>

Depreciation expense was charged to functions/programs as follows:

Governmental Activities:	
General Government	\$ 340,640
Public Safety	456,779
Public Works	3,217,371
Community Activities	84,361
Total Depreciation Expense - Governmental Activities	<u>\$ 4,099,151</u>

Capital Project Commitments

The Town has active long-term projects as of June 30, 2022. The projects include:

	Appropriation	Expended	Encumbrances	Remaining Balance
Capital	\$ 47,754,623	\$ 41,952,174	\$ 1,065,860	\$ 4,736,589
Reserve Accounts	41,361,699	32,615,924	1,153,965	7,591,810
Limited Reserve Accounts	24,479,451	23,230,032	-	1,249,419

**TOWN OF SOUTHBURY, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 6 INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

At June 30, 2022, the interfund receivables and payables are as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Nonmajor Governmental Funds	\$ 358,999
	Capital Projects	753,179
	Library Gift	21,253
		<u>1,133,431</u>
Capital Projects	General Fund	1,295,696
Library Gift	Capital Projects	2,812
Small Cities	General Fund	1,650
Nonmajor Governmental Funds	Capital Projects	560,271
	General Fund	405,418
		<u>965,689</u>
Total		<u><u>\$ 3,399,278</u></u>

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

Interfund transfers:

	Transfers In		Total
	General	Capital Projects	Transfers Out
Transfers Out:			
General Fund	\$ -	\$ 2,834,175	\$ 2,834,175
Capital Projects	8,848	-	8,848
Nonmajor Governmental	150,000	-	150,000
Total Transfers In	<u><u>\$ 158,848</u></u>	<u><u>\$ 2,834,175</u></u>	<u><u>\$ 2,993,023</u></u>

All transfers are for regularly recurring operational transfers.

**TOWN OF SOUTHBURY, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 7 LONG-TERM DEBT

Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2022 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Bonds Payable and Other:					
General Obligation Bonds	\$ 1,800,000	\$ -	\$ 775,000	\$ 1,025,000	\$ 765,000
For Issuance Premiums	28,074	-	16,837	11,237	-
Total Bonds Payable and Other	1,828,074	-	791,837	1,036,237	765,000
Compensated Absences	302,726	11,841	-	314,567	285,465
Net Pension Liability	1,848,146	5,216,730	-	7,064,876	-
Total Governmental Activities Long-Term Liabilities	<u>\$ 3,978,946</u>	<u>\$ 5,228,571</u>	<u>\$ 791,837</u>	<u>\$ 8,415,680</u>	<u>\$ 1,050,465</u>

A schedule of bonds and notes outstanding at June 30, 2022 is presented below:

Description	Date of Issue	Date of Maturity	Interest Rate (%)	Amount of Original Issue	Balance Outstanding June 30, 2022
Bonds Payable:					
General Purpose	2010	2023	3.0-4.0	\$ 6,080,000	\$ 500,000
General Purpose	2012	2025	2.0-5.0	3,020,000	525,000
Total					<u>\$ 1,025,000</u>

Annual maturities of bonds and notes are as follows:

Year Ending June 30,	Principal	Interest	Total
2023	\$ 765,000	\$ 24,813	\$ 789,813
2024	260,000	7,800	267,800
Total	<u>\$ 1,025,000</u>	<u>\$ 32,613</u>	<u>\$ 1,057,613</u>

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, 2022, the outstanding bonded indebtedness of the District was \$3,265,000. The Town's share will be approximately 67% of the remaining balance. These are general obligations of Regional School District #15 and its member towns.

TOWN OF SOUTHBURY, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 7 LONG-TERM DEBT (CONTINUED)

Overlapping Debt (Continued)

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):

<u>Category</u>	<u>Debt Limitation</u>	<u>Indebtedness*</u>	<u>Balance</u>
General Purpose	\$ 142,646,562	\$ 1,025,000	\$ 141,621,562
Schools	285,293,124	1,061,823	284,231,301
Sewers	237,744,270	-	237,744,270
Urban Renewal	206,045,034	-	206,045,034
Pension Deficit	190,195,416	-	190,195,416

* 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 \$443,789,304.

TOWN OF SOUTHBURY, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 8 FUND BALANCE

The components of fund balance for the governmental funds at June 30, 2022 are as follows:

	General Fund	Library Gift	Capital Projects Fund	Small Cities	Nonmajor Governmental Funds	Total
Fund Balances:						
Nonspendable:						
Inventory	\$ 163,297	\$ -	\$ -	\$ -	\$ -	\$ 163,297
Restricted to:						
Grant Purposes	-	-	-	167,053	-	167,053
Committed to:						
Investments - Reserve Fund	-	-	9,500,000	-	-	9,500,000
Stability Fund - Reserve Fund	-	-	1,041,399	-	-	1,041,399
General Government	-	-	-	-	465,694	465,694
Public Safety	-	-	-	-	347,186	347,186
Public Works	-	-	2,219,825	-	13,677	2,233,502
Community Activities	-	2,809,185	-	-	265,387	3,074,572
Historical Buildings	52,248	-	-	-	-	52,248
Assigned to:						
Purchases on Order:						
General Government	52,961	-	-	-	-	52,961
Public Safety	35,679	-	-	-	-	35,679
Public Works	348,812	-	-	-	-	348,812
Conservation of Health	387	-	-	-	-	387
Community Activities	9,437	-	-	-	-	9,437
Subsequent Year's Budget	5,410,042	-	-	-	-	5,410,042
Edgewood Bath and Tennis	2,115,000	-	-	-	-	2,115,000
Gas and Diesel Tanks	18,427	-	-	-	-	18,427
Debt Service	1,097,402	-	-	-	-	1,097,402
Future Purposes	1,057,897	-	-	-	-	1,057,897
Unassigned	5,979,692	-	(2,728,391)	-	-	3,251,301
Total Fund Balances	<u>\$ 16,341,281</u>	<u>\$ 2,809,185</u>	<u>\$ 10,032,833</u>	<u>\$ 167,053</u>	<u>\$ 1,091,944</u>	<u>\$ 30,442,296</u>

Significant encumbrances of \$447,276 are included in the General Fund assigned fund balance and \$2,219,825 are included in the Capital Projects Fund committed and restricted fund balances as of June 30, 2022.

**TOWN OF SOUTHBURY, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 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 2022, total claims expense of \$1,024,482 was incurred by the Town. This expense represents claims processed and an estimate for claims incurred but not reported as of June 30, 2022.

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, 2022 of \$98,284.

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, 2022 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
2021-2022	\$ 78,800	\$ 1,024,482	\$ 1,004,998	\$ 98,284
2020-2021	87,921	1,037,946	1,047,067	78,800

NOTE 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.

TOWN OF SOUTHBURY, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 10 EMPLOYEE RETIREMENT PLAN (CONTINUED)

A. Pension Trust Fund (Continued)

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.

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, 2021:

Retirees and Beneficiaries Currently Receiving Benefits	96
Terminated Plan Members Entitled to Benefits But Not Receiving Them	41
Current Plan Members	<u>58</u>
Total	<u><u>195</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.

TOWN OF SOUTHBURY, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 10 EMPLOYEE RETIREMENT PLAN (CONTINUED)

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.

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, 2022:

<u>Asset Class</u>	<u>Allocation</u>
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 and 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
	<u>100.00%</u>

Rate of Return

For the year ended June 30, 2022, the annual money-weighted rate of return on investments, net of investment expense, was -14.54%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**TOWN OF SOUTHBURY, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 10 EMPLOYEE RETIREMENT PLAN (CONTINUED)

D. Net Pension Liability of the Town

The net pension liability is measured at June 30, 2022. The components of the net pension liability of the Town at June 30, 2022 were as follows:

Total Pension Liability	\$ 30,933,441
Plan Fiduciary Net Position	<u>23,868,565</u>
Net Pension Liability	<u><u>\$ 7,064,876</u></u>

Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	77.16%
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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.

TOWN OF SOUTHBURY, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 10 EMPLOYEE RETIREMENT PLAN (CONTINUED)

D. Net Pension Liability of the Town (Continued)

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, 2022 (see the discussion of the pension plan's investment policy) are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Cash	(0.32)%
U.S. Core Fixed Income	1.26
Global Bonds	-0.41
U.S. Large Caps	3.65
U.S. Small and Mid Caps	3.75
Global Equity	4.23
Non-U.S. Equity	4.90
Emerging Markets Equity	4.95
Global REITs	3.93
Commodities	0.59

Discount Rate

The discount rate used to measure the total pension liability was 6.25% for June 30, 2022. 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 BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 10 EMPLOYEE RETIREMENT PLAN (CONTINUED)

D. Net Pension Liability of the Town (Continued)

	Employees' Pension Plan		
	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a)-(b)
Balances as of July 1, 2021	\$ 29,798,225	\$ 27,950,079	\$ 1,848,146
Changes for the Year:			
Service Cost	556,624	-	556,624
Interest on Total Pension Liability	1,852,642	-	1,852,642
Effect of Plan Changes	-	-	-
Effect of Economic/Demographic Gains or Losses	173,042	-	173,042
Effect of Assumptions Changes or Inputs	-	-	-
Employer Contributions	-	1,410,000	(1,410,000)
Member Contributions	-	38,219	(38,219)
Net Investment Income	-	(4,065,091)	4,065,091
Benefit Payments	(1,447,092)	(1,447,092)	-
Administrative Expenses	-	(17,550)	17,550
Other Changes	-	-	-
Net Changes	1,135,216	(4,081,514)	5,216,730
Balances as of June 30, 2022	\$ 30,933,441	\$ 23,868,565	\$ 7,064,876

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	\$ 10,773,499	\$ 7,064,876	\$ 3,976,228

TOWN OF SOUTHBURY, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 10 EMPLOYEE RETIREMENT PLAN (CONTINUED)

D. Net Pension Liability of the Town (Continued)

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

For the year ended June 30, 2022, the Town recognized pension expense of \$1,717,038. At June 30, 2022, the Town reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Employees' Pension Plan	
	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences Between Expected and Actual Experience	\$ -	\$ 128,058
Changes of Assumptions	-	-
Net Difference Between Projected and Actual		
Earnings on Pension Plan Investments	-	2,095,874
Total	<u>\$ -</u>	<u>\$ 2,223,932</u>

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

<u>Year Ending June 30</u>	<u>Amount</u>
2023	\$ 483,523
2024	414,739
2025	163,377
2026	1,162,293
Total	<u>\$ 2,223,932</u>

TOWN OF SOUTHBURY, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 11 DEFINED CONTRIBUTION PLAN

The Town established a defined contribution plan effective July 1, 2014. The Town will match employee contributions by 1% for every percent of the employee's base salary contributed by the employee up to a total of 5% 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, 2022 were \$85,829 for employees and \$318,602 for the Town.

NOTE 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.

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF SOUTHBURY, CONNECTICUT
GENERAL FUND
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2022
(NONGAAP BUDGETARY BASIS)

	Budgeted Amounts		Actual	Variance - Favorable (Unfavorable)
	Original	Final		
Property Taxes:				
Property Taxes	\$ 62,656,715	\$ 62,656,715	\$ 62,532,187	\$ (124,528)
Prior Year's Taxes	360,225	360,225	585,132	224,907
Motor Vehicle Supplement	600,000	600,000	686,951	86,951
Interest and Liens	207,000	207,000	334,462	127,462
Total Property Taxes	63,823,940	63,823,940	64,138,732	314,792
Intergovernmental Revenues:				
State of Connecticut:				
Education Cost Sharing	3,785,641	3,785,641	4,290,718	505,077
Other	653,806	653,806	900,590	246,784
Telecommunication Property Tax	105,000	105,000	70,349	(34,651)
Total Intergovernmental Revenues	4,544,447	4,544,447	5,261,657	717,210
Licenses, Permits, and Fees:				
Building and Regulatory	236,850	236,850	503,286	266,436
Recreation	234,855	234,855	455,247	220,392
Town Clerk	503,750	503,750	830,370	326,620
Dog Licenses and Fees	5,050	5,050	2,204	(2,846)
Total Licenses, Permits, and Fees	980,505	980,505	1,791,107	810,602
Investment Income	483,191	483,191	76,933	(406,258)
Other	332,600	332,600	679,509	346,909
Transferred in from Other Funds	150,000	150,000	158,848	8,848
Total	<u>\$ 70,314,683</u>	<u>\$ 70,314,683</u>	72,106,786	<u>\$ 1,792,103</u>
Budgetary revenues are different than GAAP revenues because:				
Cancellation of prior year encumbrances are recognized as budgetary revenue			(57,879)	
Grant revenues not budgeted			<u>246,222</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>\$ 72,295,129</u>	

TOWN OF SOUTHBURY, CONNECTICUT
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2022
(NONGAAP BUDGETARY BASIS)

	Budgeted Amounts			Variance - Favorable (Unfavorable)
	Original	Final	Actual	
General Government:				
Board of Selectmen	\$ 455,091	\$ 467,861	\$ 440,093	\$ 27,768
Town Hall Service Expense	59,400	59,400	54,560	4,840
Other Expense	139,071	139,071	125,180	13,891
Labor Related Expense	3,701,277	4,116,874	3,945,951	170,923
Computers	433,910	437,519	414,376	23,143
Probate Court	8,126	8,126	8,126	-
Elections	142,811	143,810	113,321	30,489
Board of Finance	84,100	84,100	75,007	9,093
Board of Assessment Appeals	1,550	4,028	141	3,887
Controller	330,061	346,202	340,131	6,071
Tax Collector	155,132	158,209	147,041	11,168
Assessor	164,294	167,294	156,721	10,573
Town Clerk	266,247	273,433	255,692	17,741
Building Inspector	173,967	178,177	173,421	4,756
Insurance and Bonds	664,429	664,429	607,191	57,238
Legal Expense	105,000	105,000	103,083	1,917
Planning Commission	148,139	149,889	121,587	28,302
Inland Wetlands Commission	95,680	99,103	79,477	19,626
Zoning Commission	6,714	6,792	2,939	3,853
Zoning Board of Appeals	39,036	39,977	18,628	21,349
Economic Development Commission	99,170	101,210	96,631	4,579
Town Properties - Inside	360,710	369,870	362,027	7,843
Energy	320,000	320,000	320,000	-
Town Properties - Outside	500,878	500,878	464,927	35,951
Contingency	150,000	135,000	52,554	82,446
Refunds	115,000	130,000	126,296	3,704
Total	8,719,793	9,206,252	8,605,101	601,151
Public Safety:				
Fire Department/Hydrants	566,666	566,666	539,662	27,004
Communications	406,349	425,620	381,624	43,996
Police Protection	2,529,784	2,526,524	2,442,924	83,600
Emergency Management	91,910	93,722	90,123	3,599
Fire Marshal	99,106	101,311	78,700	22,611
Tree Warden	40,130	40,130	35,442	4,688
Canine Control	89,808	99,404	81,979	17,425
Emergency Services	323,112	323,112	56,987	266,125
Total	4,146,865	4,176,489	3,707,441	469,048
Highway-Public Works:				
General Maintenance	2,235,214	2,245,051	2,170,001	75,050
Solid Waste Disposal	1,090,104	1,092,173	852,607	239,566
Total	3,325,318	3,337,224	3,022,608	314,616

**TOWN OF SOUTHBURY, CONNECTICUT
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL (CONTINUED)
YEAR ENDED JUNE 30, 2022
(NONGAAP BUDGETARY BASIS)**

	Budgeted Amounts			Variance - Favorable (Unfavorable)
	Original	Final	Actual	
Conservation of Health:				
Conservation Commission	\$ 17,466	\$ 19,766	\$ 13,840	\$ 5,926
Department of Health	198,059	198,059	197,863	196
P. River Watershed Coalition	40,800	40,800	40,000	800
Lake Zoar Authority	23,708	23,708	23,708	-
Lake Lillinonah Authority	30,027	30,027	30,027	-
Pomperaug Valley Water Authority	100	100	-	100
Water Pollution Authority	100	100	-	100
Commission of Services for Elderly	402,562	416,277	357,378	58,899
Total	712,822	728,837	662,816	66,021
Community Activities:				
Committee Expenses	23,800	31,319	10,353	20,966
Historic Buildings Commission	6,930	6,930	4,403	2,527
Library	747,055	764,123	748,768	15,355
Recreation Commission	566,635	574,863	463,957	110,906
Other Community Activities	500	500	-	500
Total	1,344,920	1,377,735	1,227,481	150,254
Education - Region #15	49,792,022	49,792,022	49,792,022	-
Capital Outlay - Roads	1,603,578	1,603,578	1,603,578	-
Total Expenditures	69,645,318	70,222,137	68,621,047	1,601,090
Transfers Out:				
Capital Reserve Fund	1,196,070	1,196,070	1,230,597	(34,527)
Debt Service	531,192	531,192	531,192	-
Total Transfers Out	1,727,262	1,727,262	1,761,789	(34,527)
Total Expenditures and Transfers	<u>\$ 71,372,580</u>	<u>\$ 71,949,399</u>	70,382,836	<u>\$ 1,566,563</u>
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			(41,635)	
Nonbudgetary items and eliminations related to Debt Management and Historical Buildings funds			294,558	
Grant expenditures not budgeted			<u>246,222</u>	
Total Expenditures and Other Financing Uses as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds - Exhibit IV			<u>\$ 70,881,981</u>	

**TOWN OF SOUTHBURY, CONNECTICUT
PENSION TRUST FUND
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
TOWN PENSION PLAN
LAST NINE FISCAL YEARS***

	2014	2015	2016	2017	2018	2019	2020	2021	2022
Total Pension Liability:									
Service Cost	\$ 482,164	\$ 465,632	\$ 486,569	\$ 425,211	\$ 441,526	\$ 479,314	\$ 485,928	\$ 601,362	\$ 556,624
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	1,852,642
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	173,042
Effect of Assumption Changes or Inputs	-	530,487	-	1,005,067	-	-	1,930,527	-	-
Benefit Payments, Including Refunds of Member Contributions	(493,215)	(527,123)	(596,355)	(763,276)	(1,106,371)	(1,181,511)	(1,243,376)	(1,458,525)	(1,447,092)
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	1,135,216
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	29,798,225
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	30,933,441
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	1,410,000
Contributions - Member	23,628	34,709	34,734	27,557	25,135	31,940	35,669	36,000	38,219
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	(4,065,091)
Benefit Payments, Including Refunds of Member Contributions	(493,215)	(527,123)	(596,355)	(763,276)	(1,106,371)	(1,181,511)	(1,243,376)	(1,458,525)	(1,447,092)
Administrative Expense	(10,981)	(11,455)	(11,278)	(12,288)	(14,181)	(13,880)	(14,712)	(16,595)	(17,550)
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	(4,081,514)
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	27,950,079
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	23,868,565
Net Pension Liability - Ending	<u>\$ 3,186,392</u>	<u>\$ 4,059,859</u>	<u>\$ 5,375,901</u>	<u>\$ 4,893,945</u>	<u>\$ 4,493,896</u>	<u>\$ 4,500,936</u>	<u>\$ 6,916,922</u>	<u>\$ 1,848,146</u>	<u>\$ 7,064,876</u>
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%	77.16%
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	\$ 4,557,790
Net Pension Liability as a Percentage of Covered Payroll	68.27%	78.65%	105.49%	84.28%	84.04%	91.68%	140.49%	42.45%	155.01%

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

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

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Actuarially Determined Contribution	\$ 621,135	\$ 836,141	\$ 950,764	\$ 988,541	\$ 1,013,607	\$ 1,098,703	\$ 1,023,597	\$ 1,049,437	\$ 1,046,562	\$ 1,157,429
Contributions in Relation to the Actuarially Determined Contribution	621,135	836,516	1,075,764	989,000	1,119,000	1,354,000	1,023,840	1,049,437	1,132,000	1,410,000
Contribution Deficiency (Excess)	\$ -	\$ (375)	\$ (125,000)	\$ (459)	\$ (105,393)	\$ (255,297)	\$ (243)	\$ -	\$ (85,438)	\$ (252,571)
Covered Payroll	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	4,557,790
Contributions as a Percentage of Covered Payroll	12.36%	17.92%	20.84%	19.41%	19.27%	25.32%	20.85%	21.32%	26.00%	30.94%

Notes to Schedule:

Valuation Date: July 1, 2021

Measurement Date: June 30, 2022

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	13 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-2019 Ultimate scale

**TOWN OF SOUTHBURY, CONNECTICUT
PENSION TRUST FUND
SCHEDULE OF INVESTMENT RETURNS – PENSION PLAN
LAST NINE FISCAL YEARS***

	2014	2015	2016	2017	2018	2019	2020	2021	2022
Annual Money-Weighted Rate of Return, Net of Investment Expense	11.88%	1.06%	(0.70%)	11.80%	6.23%	5.25%	1.94%	29.05%	-14.54

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

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

GENERAL FUND

**TOWN OF SOUTHBURY, CONNECTICUT
GENERAL FUND
REPORT OF THE TAX COLLECTOR
YEAR ENDED JUNE 30, 2022**

Grand List	Due Date	Uncollected Taxes July 1, 2021	Lawful Corrections		Transfers to Suspense	Adjusted Taxes Collectible	Collections				Uncollected Taxes June 30, 2022
			Additions	Deductions			Taxes	Interest	Lien Fees	Total	
2020	2022	\$ 62,750,431	\$ 984,086	\$ 179,091	\$ -	\$ 63,555,426	\$ 63,118,043	\$ 139,025	\$ 1,194	\$ 63,258,262	\$ 437,383
2019	2021	427,752	34,756	12,091	94,086	356,331	258,249	62,466	1,614	322,329	98,082
2018	2020	88,163	27,464	1,236	166	114,225	128,286	49,844	918	179,048	(14,061)
2017	2019	64,139	-	-	-	64,139	49,416	26,012	585	76,013	14,723
2016	2018	44,495	129	-	-	44,624	19,824	14,252	216	34,292	24,800
2015	2017	16,082	-	-	-	16,082	4,595	3,996	144	8,735	11,487
2014	2016	17,084	-	-	-	17,084	1,398	1,534	48	2,980	15,686
2013	2015	11,647	-	-	-	11,647	4	5	24	33	11,643
2012	2014	8,782	-	-	-	8,782	3	6	24	33	8,779
2011	2013	13,261	-	-	-	13,261	332	579	159	1,070	12,929
2010	2012	8,638	-	-	-	8,638	3	6	24	33	8,635
2009	2011	7,943	-	-	-	7,943	-	-	-	-	7,943
2008	2010	3,900	-	-	-	3,900	-	-	-	-	3,900
2007	2009	1,277	-	-	-	1,277	-	-	-	-	1,277
2006	2008	1,013	-	-	-	1,013	5	13	24	42	1,008
2005	2007	999	-	999	-	-	-	-	-	-	-
		<u>\$ 63,465,606</u>	<u>\$ 1,046,435</u>	<u>\$ 193,417</u>	<u>\$ 94,252</u>	<u>\$ 64,224,372</u>	63,580,158	297,738	4,974	63,882,870	<u>\$ 644,214</u>
Suspense Collections							<u>32,095</u>	<u>24,449</u>	<u>7,426</u>	<u>63,970</u>	
Total							<u>\$ 63,612,253</u>	<u>\$ 322,187</u>	<u>\$ 12,400</u>	<u>\$ 63,946,840</u>	

**TOWN OF SOUTHBURY, CONNECTICUT
GENERAL FUND
COMBINING BALANCE SHEET
JUNE 30, 2022**

	General Fund	Debt Service Fund	Historical Building Fund	American Rescue Plan Act	Eliminating Entries	Total Combined Funds
ASSETS						
Cash and Cash Equivalents	\$ 20,000,546	\$ -	\$ -	\$ 55,094	\$ -	\$ 20,055,640
Receivables, Net	746,655	-	-	-	-	746,655
Due from Other Funds	1,390,240	-	52,248	-	(309,057)	1,133,431
Other Assets	163,297	-	-	-	-	163,297
Total Assets	<u>\$ 22,300,738</u>	<u>\$ -</u>	<u>\$ 52,248</u>	<u>\$ 55,094</u>	<u>\$ (309,057)</u>	<u>\$ 22,099,023</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
LIABILITIES						
Accounts and Other Payables	\$ 769,964	\$ -	\$ -	\$ 55,094	\$ -	\$ 825,058
Due to Other Funds	1,755,012	256,809	-	-	(309,057)	1,702,764
Unearned Revenue	2,649,802	-	-	-	-	2,649,802
Total Liabilities	5,174,778	256,809	-	55,094	(309,057)	5,177,624
DEFERRED INFLOWS OR RESOURCES						
Unavailable Revenue - Property Taxes	311,255	-	-	-	-	311,255
Unavailable Revenue - Interest on Property Taxes	268,863	-	-	-	-	268,863
Total Deferred Inflows of Resources	580,118	-	-	-	-	580,118
FUND BALANCES						
Nonspendable	163,297	-	-	-	-	163,297
Committed	-	-	52,248	-	-	52,248
Assigned	10,146,044	-	-	-	-	10,146,044
Unassigned	6,236,501	(256,809)	-	-	-	5,979,692
Total Fund Balances	16,545,842	(256,809)	52,248	-	-	16,341,281
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 22,300,738</u>	<u>\$ -</u>	<u>\$ 52,248</u>	<u>\$ 55,094</u>	<u>\$ (309,057)</u>	<u>\$ 22,099,023</u>

**TOWN OF SOUTHBURY, CONNECTICUT
GENERAL FUND
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
YEAR ENDED JUNE 30, 2022**

	General Fund	Debt Service Fund	Historical Building Fund	American Rescue Plan Act	Eliminating Entries	Total Combined Funds
REVENUES						
Property Taxes	\$ 64,138,732	\$ -	\$ -	\$ -	\$ -	\$ 64,138,732
Intergovernmental Revenues	5,261,657	-	-	246,222	-	5,507,879
Charges for Services	2,080,500	-	-	-	-	2,080,500
Income on Investments	76,933	-	-	-	-	76,933
Miscellaneous	332,237	-	-	-	-	332,237
Total Revenues	71,890,059	-	-	246,222	-	72,136,281
EXPENDITURES						
Current:						
General Government	8,476,373	-	-	-	-	8,476,373
Public Safety	3,699,433	-	-	-	-	3,699,433
Public Works	3,121,259	-	-	-	-	3,121,259
Conservation of Health	307,435	-	-	-	-	307,435
Community Activities	1,579,316	-	-	-	-	1,579,316
Education	49,792,018	-	-	-	-	49,792,018
Debt Service	-	825,750	-	-	-	825,750
Capital Outlay	-	-	-	246,222	-	246,222
Total Expenditures	66,975,834	825,750	-	246,222	-	68,047,806
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	4,914,225	(825,750)	-	-	-	4,088,475
OTHER FINANCING SOURCES (USES)						
Transfers In	158,848	531,192	-	-	(531,192)	158,848
Transfers Out	(3,365,367)	-	-	-	531,192	(2,834,175)
Total Other Financing Sources (Uses)	(3,206,519)	531,192	-	-	-	(2,675,327)
NET CHANGE IN FUND BALANCE	1,707,706	(294,558)	-	-	-	1,413,148
Fund Balance - Beginning of Year	14,838,136	37,749	52,248	-	-	14,928,133
FUND BALANCE - END OF YEAR	<u>\$ 16,545,842</u>	<u>\$ (256,809)</u>	<u>\$ 52,248</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,341,281</u>

NONMAJOR GOVERNMENTAL FUNDS

**TOWN OF SOUTHBURY, CONNECTICUT
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2022**

	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	\$ (47,728)	\$ 98,541	\$ 77,219	\$ 106,978	\$ 107,051	\$ -
Accounts Receivable	89,968	-	-	-	-	-
Due from Other Funds	556,008	33,885	-	30,874	-	13,677
Total Assets	<u>\$ 598,248</u>	<u>\$ 132,426</u>	<u>\$ 77,219</u>	<u>\$ 137,852</u>	<u>\$ 107,051</u>	<u>\$ 13,677</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts Payable	\$ 51	\$ 2,680	\$ 1,950	\$ -	\$ -	\$ -
Due to Other Funds	329,462	-	24,701	2,211	2,777	-
Total Liabilities	329,513	2,680	26,651	2,211	2,777	-
Fund Balances:						
Committed	268,735	129,746	50,568	135,641	104,274	13,677
Total Fund Balances	268,735	129,746	50,568	135,641	104,274	13,677
Total Liabilities and Fund Balances	<u>\$ 598,248</u>	<u>\$ 132,426</u>	<u>\$ 77,219</u>	<u>\$ 137,852</u>	<u>\$ 107,051</u>	<u>\$ 13,677</u>

**TOWN OF SOUTHBURY, CONNECTICUT
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET (CONTINUED)
JUNE 30, 2022**

	Special Revenue Funds				Total Nonmajor Governmental Funds
	Loss Reserve	Planning	Community Investment Fund	Eliminating Entries	
ASSETS					
Cash and Cash Equivalents	\$ -	\$ -	\$ 57,906	\$ -	\$ 399,967
Accounts Receivable	-	-	-	-	89,968
Due from Other Funds	78,451	156,659	96,287	(152)	965,689
Total Assets	<u>\$ 78,451</u>	<u>\$ 156,659</u>	<u>\$ 154,193</u>	<u>\$ (152)</u>	<u>\$ 1,455,624</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ 4,681
Due to Other Funds	-	-	-	(152)	358,999
Total Liabilities	-	-	-	(152)	363,680
Fund Balances:					
Committed	78,451	156,659	154,193	-	1,091,944
Total Fund Balances	<u>78,451</u>	<u>156,659</u>	<u>154,193</u>	<u>-</u>	<u>1,091,944</u>
Total Liabilities and Fund Balances	<u>\$ 78,451</u>	<u>\$ 156,659</u>	<u>\$ 154,193</u>	<u>\$ (152)</u>	<u>\$ 1,455,624</u>

**TOWN OF SOUTHBURY, CONNECTICUT
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2022**

	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	Eliminating Entries
REVENUES										
Intergovernmental Revenues	\$ -	\$ -	\$ -	\$ -	\$ 11,820	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for Services	506,100	128,281	35,913	6,430	11,448	-	-	-	9,654	-
Income on Investments	-	-	-	-	77	-	-	-	-	-
Miscellaneous	-	-	-	5,839	-	-	(7,760)	-	-	-
Total Revenues	506,100	128,281	35,913	12,269	23,345	-	(7,760)	-	9,654	-
EXPENDITURES										
Current:										
General Government	-	-	34,611	4,211	17,787	-	-	-	3,054	-
Public Safety	320,855	-	-	-	-	-	-	-	-	-
Community Activities	-	118,267	-	1,547	-	-	-	-	-	-
Total Expenditures	320,855	118,267	34,611	5,758	17,787	-	-	-	3,054	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	185,245	10,014	1,302	6,511	5,558	-	(7,760)	-	6,600	-
OTHER FINANCING USES										
Transfers Out	(150,000)	-	-	-	-	-	-	-	-	-
Total Other Financing Uses	(150,000)	-	-	-	-	-	-	-	-	-
NET CHANGE IN FUND BALANCES	35,245	10,014	1,302	6,511	5,558	-	(7,760)	-	6,600	-
Fund Balances - Beginning of Year	233,490	119,732	49,266	129,130	98,716	13,677	86,211	156,659	147,593	-
FUND BALANCES - END OF YEAR	<u>\$ 268,735</u>	<u>\$ 129,746</u>	<u>\$ 50,568</u>	<u>\$ 135,641</u>	<u>\$ 104,274</u>	<u>\$ 13,677</u>	<u>\$ 78,451</u>	<u>\$ 156,659</u>	<u>\$ 154,193</u>	<u>\$ -</u>

FIDUCIARY FUNDS

**TOWN OF SOUTHBURY, CONNECTICUT
EMPLOYEE BENEFIT TRUST FUNDS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2022**

	Pension Trust Fund	401(a)/457 Defined Contribution Trust Fund	Total Pension and Other Post Employment Benefit Trust Funds
ASSETS			
Cash and Cash Equivalents	\$ 394,043	\$ -	\$ 394,043
Investments - Mutual Funds, at Fair Value	<u>23,474,522</u>	<u>4,463,623</u>	<u>27,938,145</u>
Total Assets	<u>23,868,565</u>	<u>4,463,623</u>	<u>28,332,188</u>
NET POSITION			
Restricted for Pension and Other Post Employment Benefits	<u>\$ 23,868,565</u>	<u>\$ 4,463,623</u>	<u>\$ 28,332,188</u>

**TOWN OF SOUTHBURY, CONNECTICUT
EMPLOYEE BENEFIT TRUST FUNDS
COMBINING STATEMENT OF CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2022**

	Pension Trust Funds	401(a)/457 Defined Contribution Trust Fund	Total Pension and Other Post Employment Benefit Trust Funds
ADDITIONS:			
Contributions:			
Employer	\$ 38,219	\$ 318,602	\$ 356,821
Plan Members	1,410,000	85,829	1,495,829
Total Contributions	<u>1,448,219</u>	<u>404,431</u>	<u>1,852,650</u>
Investment Income:			
Change in Fair Value of Investments	(4,613,240)	(341,788)	(4,955,028)
Interest and Dividends	584,650	-	584,650
	<u>(4,028,590)</u>	<u>(341,788)</u>	<u>(4,370,378)</u>
Less Investment Expenses:			
Investment Management Fees	36,501	-	36,501
Net Investment Income	<u>(4,065,091)</u>	<u>(341,788)</u>	<u>(4,406,879)</u>
Total Additions	(2,616,872)	62,643	(2,554,229)
DEDUCTIONS:			
Benefits	1,447,092	428,824	1,875,916
Administration	17,550	3,986	21,536
Total Deductions	<u>1,464,642</u>	<u>432,810</u>	<u>1,897,452</u>
CHANGE IN NET POSITION	(4,081,514)	(370,167)	(4,451,681)
Net Position - Beginning of Year	<u>27,950,079</u>	<u>4,833,790</u>	<u>32,783,869</u>
NET POSITION - END OF YEAR	<u>\$ 23,868,565</u>	<u>\$ 4,463,623</u>	<u>\$ 28,332,188</u>

TOWN OF SOUTHBURY, CONNECTICUT
STATEMENT OF DEBT LIMITATION
JUNE 30, 2022
(IN THOUSANDS)

Total tax collections, including interest and lien fees, prior year \$ 63,398,472

BASE \$ 63,398,472

	General Purpose	Schools	Sewers	Urban Renewal	Pension Deficit
Debt Limitation:					
2-1/4 Times Base	\$ 142,646,562	\$ -	\$ -	\$ -	\$ -
4-1/2 Times Base	-	285,293,124	-	-	-
3-3/4 Times Base	-	-	237,744,270	-	-
3-1/4 Times Base	-	-	-	206,045,034	-
3 Times Base	-	-	-	-	190,195,416
Total Debt Limitation	142,646,562	285,293,124	237,744,270	206,045,034	190,195,416
Indebtedness:					
Bonds and Notes Payable	1,025,000	-	-	-	-
Overlapping Debt:					
Bonds Payable and Authorized - Regional District #15*	-	1,061,823	-	-	-
Net Indebtedness	<u>1,025,000</u>	<u>1,061,823</u>	<u>-</u>	<u>-</u>	<u>-</u>
Debt Limitation in Excess of Outstanding and Authorized Debt	<u><u>\$ 141,621,562</u></u>	<u><u>\$ 284,231,301</u></u>	<u><u>\$ 237,744,270</u></u>	<u><u>\$ 206,045,034</u></u>	<u><u>\$ 190,195,416</u></u>

Note (1): In no case shall total indebtedness exceed seven times annual receipts from taxation (\$443,789,304).

* 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, 2022, the outstanding bonded indebtedness of the District was \$1,595,000. The Town of Southbury's share will be approximately 67% of the remainder. These are general obligations of Regional School District #15 and its member towns.