

TOWN OF SOUTHBURY, CONNECTICUT

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED JUNE 30, 2023



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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, 2023, 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, 2023, 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 combining and individual fund financial statements and schedules 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 combining and individual fund financial statements and schedules are 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 October 19, 2023, 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.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

West Hartford, Connecticut
October 19, 2023

**TOWN OF SOUTHBURY, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2023**

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, 2023. 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 \$122,712,738 (net position). Of this amount, \$29,702,154 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 \$33,422,257, an increase of \$2,979,961 in comparison with the prior year.
- During the year, the Town had revenue of \$77.9 million, an increase of 8.2% in tax and other revenues for governmental programs.
- The total cost of all the Town's programs was \$75.6 million, an increase of 5.1% with no new programs added this year.
- At the close of the current fiscal year, unassigned fund balance of the General Fund was \$8,438,341 or 11.5% of the Town's fiscal year 2023 adopted General Fund budgetary expenditure appropriation. The Town approved additional pension funding of \$0.3 million in fiscal year 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, 2023**

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, 2023**

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	
	2023	2022
Assets:		
Current and Other Assets	\$ 39,377,197	\$ 36,815,042
Capital Assets, Net of Accumulated Depreciation	92,681,798	92,032,968
Total Assets	132,058,995	128,848,010
Deferred Outflows of Resources	1,521,589	2,316,754
Liabilities:		
Long-Term Liabilities Outstanding	5,661,083	8,415,680
Other Liabilities	4,131,090	4,261,312
Total Liabilities	9,792,173	12,676,992
Deferred Inflows of Resources	1,075,673	-
Net Position:		
Net Investment in Capital Assets	91,848,746	90,366,950
Restricted for:		
Grant Purposes	1,161,838	167,053
Unrestricted	29,702,154	27,953,769
Total Net Position	<u>\$ 122,712,738</u>	<u>\$ 118,487,772</u>

Net position of the Town's governmental activities increases by 3.6% (\$122.7 million compared to \$118.5 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 \$29.7 million on June 30, 2021, and \$27.9 million at the end of this fiscal year.

Net position invested in capital assets increased 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, 2023**

**TABLE 2
CHANGE IN NET POSITION**

	Governmental Activities	
	2023	2022
Revenues:		
Program Revenues:		
Charges for Services	\$ 2,822,394	\$ 2,918,671
Operating Grants and Contributions	8,048,585	4,836,556
Capital Grants and Contributions	-	962
General Revenues:		
Property Taxes	64,297,108	63,943,967
Grants and Contributions Not Restricted to Specific Purposes	1,079,051	709,259
Unrestricted Investment Earnings	1,796,308	(935,586)
Miscellaneous	221,394	375,249
Total Revenues	<u>78,264,840</u>	<u>71,849,078</u>
Program Expenses:		
General Government	8,894,791	9,327,013
Public Safety	4,837,549	4,508,708
Public Works	6,433,030	6,352,546
Conservation of Health	339,433	314,019
Community Activities	1,975,612	1,937,236
Education	51,509,790	49,792,018
Debt Service	49,669	203,239
Total Program Expenses	<u>74,039,874</u>	<u>72,434,779</u>
Increase in Net Position	<u>\$ 4,224,966</u>	<u>\$ (585,701)</u>

The Town's total revenues were \$78.3 million. Total cost of all programs and services was \$74.0 million. Property tax collection rate was 99.4% and accounted for 82% of all revenues. Revenues from operating grants and contributions, the second largest component, were 10.2%. Education expenses were 69.6% of total expenses.

**TOWN OF SOUTHBURY, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2023**

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	
	2023	2022	2023	2022
General Government	\$ 8,894,791	\$ 9,327,013	\$ 3,837,512	\$ 7,788,769
Public Safety	4,837,549	4,508,708	4,344,722	3,976,660
Public Works	6,433,030	6,352,546	6,304,308	5,709,439
Conservation of Health	339,433	314,019	339,433	307,589
Community Activities	1,975,612	1,937,236	1,745,275	1,191,594
Education	51,509,790	49,792,018	46,547,976	45,501,300
Debt Service	49,669	203,239	49,669	203,239
Totals	<u>\$ 74,039,874</u>	<u>\$ 72,434,779</u>	<u>\$ 63,168,895</u>	<u>\$ 64,678,590</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 \$33.4 million, which is an increase from last year's total of \$30.4 million. The original budget for 2023 also utilized \$684,931 of the prior year fund balance to balance it.

The Capital Projects Fund balance increased by \$0.5 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 \$18.5 million reported on Exhibit III differs from the General Fund's budgetary fund balance of \$18.4 million. This is because the governmental fund balance (Exhibit III) does not include \$467,835 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, 2023**

Capital Asset and Debt Administration

Capital Assets

At June 30, 2022, the Town had \$92.7 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	
	2023	2022
Land	\$ 20,126	\$ 20,127
Buildings and Improvements	13,257	13,498
Equipment	4,886	4,589
Infrastructure	47,533	47,941
Construction in Progress	6,880	5,878
Totals	<u>\$ 92,682</u>	<u>\$ 92,033</u>

This year's major additions included:

Fire and Police Vehicles	\$ 884,028
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The Town's fiscal year 2023-24 capital plan calls for it to spend \$700,000 on vehicles. The Town also appropriated an additional \$1,687,508 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, 2023, the Town had \$260,000 in bonds and notes outstanding versus \$1,025,000 last year - a decrease of \$765,000. 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 \$447.6 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, 2023**

Economic Factors and Next Year's Budgets and Rates

During May 2023, the Town adopted a General Fund budget for the fiscal year ending June 30, 2024. The budget reflected an overall increase in expenditures of \$2,901,359 or 3.95% over the final fiscal year 2023 amended budget. The budgeted expenditures of \$76,382,877 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 \$1,355,634 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 2024, 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 were planned to have an increasing role in funding the General Fund budget due to expected reductions in intergovernmental and other revenues.
- In January of 2023, the Town completed a required revaluation of all properties. This resulted in an increase in the grand list and a decrease in the mill rate.
- 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 2023 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.

All of these factors were considered in the preparation of the Town's General Fund budget for the fiscal year 2024.

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, 2023

	Governmental Activities
ASSETS	
Cash and Cash Equivalents	\$ 23,431,970
Investments	13,741,305
Receivables, Net	2,153,948
Prepaid Items	49,974
Capital Assets Not Being Depreciated	27,006,886
Capital Assets, Net of Accumulated Depreciation	65,674,912
Total Assets	<u>132,058,995</u>
DEFERRED OUTFLOWS OF RESOURCES:	
Deferred Charge on Refunding	48,270
Related to Pension	1,473,319
Total Deferred Outflows of Resources	<u>1,521,589</u>
LIABILITIES	
Current Liabilities:	
Accounts and Other Payables	1,268,959
Unearned Revenue	2,862,131
Total Current Liabilities	<u>4,131,090</u>
Noncurrent Liabilities:	
Due Within One Year	601,728
Due in More than One Year	5,059,355
Total Noncurrent Liabilities	<u>5,661,083</u>
Total Liabilities	9,792,173
DEFERRED INFLOWS OF RESOURCES	
Taxes Paid in Advance	69,338
Related to Pension	1,006,335
Total Deferred Inflows of Resources	<u>1,075,673</u>
NET POSITION	
Net Investment in Capital Assets	91,848,746
Restricted for:	
Grant Purposes	1,161,838
Unrestricted	29,702,154
Total Net Position	<u><u>\$ 122,712,738</u></u>

See accompanying Notes to Basic Financial Statements.

**TOWN OF SOUTHBURY, CONNECTICUT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2023**

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	\$ 8,894,791	\$ 2,099,230	\$ 2,958,049	\$ -	\$ (3,837,512)
Public Safety	4,837,549	492,827	-	-	(4,344,722)
Public Works	6,433,030	-	128,722	-	(6,304,308)
Conservation of Health	339,433	-	-	-	(339,433)
Community Activities	1,975,612	230,337	-	-	(1,745,275)
Education	51,509,790	-	4,961,814	-	(46,547,976)
Debt Service	49,669	-	-	-	(49,669)
Total Governmental Activities	<u>\$ 74,039,874</u>	<u>\$ 2,822,394</u>	<u>\$ 8,048,585</u>	<u>\$ -</u>	(63,168,895)
GENERAL REVENUES					
Property Taxes					64,297,108
Grants and Contributions Not Restricted to Specific Programs					1,079,051
Unrestricted Investment Earnings					1,796,308
Miscellaneous					221,394
Total General Revenues					<u>67,393,861</u>
CHANGE IN NET POSITION					4,224,966
Net Position - Beginning of Year					<u>118,487,772</u>
NET POSITION - END OF YEAR					<u>\$ 122,712,738</u>

See accompanying Notes to Basic Financial Statements.

**TOWN OF SOUTHBURY, CONNECTICUT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2023**

	General	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash and Cash Equivalents	\$ 22,573,628	\$ -	\$ 858,342	\$ 23,431,970
Investments	-	10,846,142	2,895,163	13,741,305
Receivables, Net	1,129,327	5,309	980,216	2,114,852
Due from Other Funds	2,538,985	2,892,667	1,069,395	6,501,047
Other Assets	49,974	-	-	49,974
Total Assets	<u>\$ 26,291,914</u>	<u>\$ 13,744,118</u>	<u>\$ 5,803,116</u>	<u>\$ 45,839,148</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES				
Accounts and Other Payables	\$ 586,507	\$ 574,085	\$ 1,024	\$ 1,161,616
Due to Other Funds	3,398,979	2,653,963	448,105	6,501,047
Unearned Revenue	2,862,131	-	-	2,862,131
Total Liabilities	<u>6,847,617</u>	<u>3,228,048</u>	<u>449,129</u>	<u>10,524,794</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue - Taxes Paid in Advance	69,338	-	-	69,338
Unavailable Revenue - Property Taxes	534,737	-	-	534,737
Unavailable Revenue - Interest on Property Taxes	361,551	-	-	361,551
Unavailable Revenue - Loans Receivable	-	-	926,471	926,471
Total Deferred Inflows of Resources	<u>965,626</u>	<u>-</u>	<u>926,471</u>	<u>1,892,097</u>
FUND BALANCES				
Nonspendable	49,974	-	-	49,974
Restricted	-	-	235,367	235,367
Committed	51,051	11,697,929	4,192,149	15,941,129
Assigned	9,939,305	-	-	9,939,305
Unassigned	8,438,341	(1,181,859)	-	7,256,482
Total Fund Balances	<u>18,478,671</u>	<u>10,516,070</u>	<u>4,427,516</u>	<u>33,422,257</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 26,291,914</u>	<u>\$ 13,744,118</u>	<u>\$ 5,803,116</u>	<u>\$ 45,839,148</u>

See accompanying Notes to Basic Financial Statements.

**TOWN OF SOUTHBURY, CONNECTICUT
BALANCE SHEET
GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2023**

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)	\$ 33,422,257
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:

Governmental Capital Assets	203,979,232
Less: Accumulated Depreciation	(111,297,434)
Net Capital Assets	92,681,798

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	534,737
Interest Receivable on Property Taxes	361,551
Housing and Mortgage Loans	926,471
Deferred Outflows of Resources Related to Pension	1,473,319

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.

(59,188)

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	48,270
Unamortized Bond Premium	(2,747)
Bonds and Notes Payable	(260,000)
Interest Payable on Bonds and Notes	(9,059)
Compensated Absences	(361,103)
Deferred Inflows of Resources Related to Pension	(1,006,335)
Net Pension Liability	(5,037,233)

Net Position of Governmental Activities (Exhibit I)	\$ 122,712,738
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TOWN OF SOUTHBURY, CONNECTICUT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2023

	General	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES				
Property Taxes	\$ 63,980,938	\$ -	\$ -	\$ 63,980,938
Intergovernmental	9,035,471	46,358	45,807	9,127,636
Charges for Services	2,054,646	-	767,748	2,822,394
Income on Investments	1,227,334	370,113	198,861	1,796,308
Miscellaneous	160,786	-	60,608	221,394
Total Revenues	76,459,175	416,471	1,073,024	77,948,670
EXPENDITURES				
Current:				
General Government	8,573,228	82,138	57,051	8,712,417
Public Safety	3,963,833	-	481,376	4,445,209
Public Works	2,947,805	-	634	2,948,439
Conservation of Health	323,384	-	-	323,384
Community Activities	1,711,618	-	174,629	1,886,247
Education	51,509,790	-	-	51,509,790
Capital Outlay	2,483,695	2,519,969	-	5,003,664
Debt Service	789,813	-	-	789,813
Total Expenditures	72,303,166	2,602,107	713,690	75,618,963
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	4,156,009	(2,185,636)	359,334	2,329,707
OTHER FINANCING SOURCES (USES)				
Transfers In	650,254	2,668,873	-	3,319,127
Transfers Out	(2,668,873)	-	-	(2,668,873)
Total Other Financing Sources (Uses)	(2,018,619)	2,668,873	-	650,254
NET CHANGES IN FUND BALANCES	2,137,390	483,237	359,334	2,979,961
Fund Balances - Beginning of Year	16,341,281	10,032,833	4,068,182	30,442,296
FUND BALANCES - END OF YEAR	<u>\$ 18,478,671</u>	<u>\$ 10,516,070</u>	<u>\$ 4,427,516</u>	<u>\$ 33,422,257</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, 2023**

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)	\$ 2,979,961
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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	4,712,934
Depreciation Expense	(4,064,104)

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	223,482
Property Tax Interest and Lien Revenue - Accrual Basis Change	92,688
Amortization of Bond Premium	8,490
Mortgage Loan Receivables	(84,029)
Change in Net Pension Liability	2,027,643
Change in Deferred Inflows Related to Pension	(1,006,335)
Change in Deferred Outflows Related to Pension	(750,613)

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	765,000
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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	(46,536)
Amortization of Deferred Charge on Refunding	(44,552)
Accrued Interest	11,206

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.

(600,269)

Change in Net Position of Governmental Activities (Exhibit II)	\$ 4,224,966
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**TOWN OF SOUTHBURY, CONNECTICUT
STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2023**

	Governmental Activities <u>Internal Service Funds</u>
ASSETS	
Other Receivable	<u>\$ 39,096</u>
LIABILITIES	
Claims Incurred But Not Reported	<u>98,284</u>
NET POSITION	
Unrestricted	<u><u>\$ (59,188)</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, 2023

	Governmental Activities <u>Internal Service Funds</u>
OPERATING REVENUES	
Contributions	\$ 113,452
OPERATING EXPENSES	
Employee Benefits	57,949
Other Expenses	<u>5,518</u>
Total Operating Expenses	<u>63,467</u>
OPERATING INCOME	49,985
OTHER FINANCING USES	
Transfer Out	<u>(650,254)</u>
CHANGE IN NET POSITION	(600,269)
Net Position - Beginning of Year	<u>541,081</u>
NET POSITION - END OF YEAR	<u><u>\$ (59,188)</u></u>

See accompanying Notes to Basic Financial Statements.

**TOWN OF SOUTHBURY, CONNECTICUT
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2023**

	<u>Governmental Activities Internal Service Funds</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Received from Customers and Users	\$ 113,452
Cash Paid to Suppliers	(5,518)
Cash Received from Administrator	<u>542,320</u>
Net Cash Provided by Operating Activities	650,254
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfer out	<u>(650,254)</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 PROVIDED BY OPERATING ACTIVITIES	
Operating Income	\$ 49,985
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Decrease in Advance to Plan Administrators	<u>600,269</u>
Net Cash Provided by Operating Activities	<u><u>\$ 650,254</u></u>

See accompanying Notes to Basic Financial Statements.

**TOWN OF SOUTHBURY, CONNECTICUT
STATEMENT OF FIDUCIARY NET POSITION
PENSION TRUST FUNDS
JUNE 30, 2023**

	Pension Trust Funds
ASSETS	
Cash and Cash Equivalents	\$ 574,344
Investments:	
Mutual Funds and Equities	<u>28,958,680</u>
Total Assets	<u>29,533,024</u>
NET POSITION	
Restricted - Held in Trust for Pension Benefits	<u><u>\$ 29,533,024</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, 2023**

	Pension Trust Funds
ADDITIONS	
Contributions:	
Plan Members	\$ 434,196
Employer	<u>1,170,352</u>
Total Contributions	<u>1,604,548</u>
Investment Earnings:	
Net Change in Fair Value of Investments	1,651,626
Interest and Dividends	<u>661,366</u>
Total Investment Gain (Loss)	<u>2,312,992</u>
Less Investment Expenses:	
Investment Management Fees	<u>49,624</u>
Net Investment Gain (Loss)	<u>2,263,368</u>
Total Additions	3,867,916
DEDUCTIONS	
Benefits	2,648,225
Fees	<u>18,855</u>
Total Deductions	<u>2,667,080</u>
CHANGE IN NET POSITION	1,200,836
Net Position - Beginning of Year	<u>28,332,188</u>
NET POSITION - END OF YEAR	<u><u>\$ 29,533,024</u></u>

See accompanying Notes to Basic Financial Statements.

**TOWN OF SOUTHBURY, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

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, 2023

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, 2023**

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.

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.

**TOWN OF SOUTHBURY, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

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, 2023

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, 2023**

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 assets 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, 2023

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 assets 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, 2023

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, 2023**

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.

**TOWN OF SOUTHBURY, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

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 \$257,998 during the year ended June 30, 2023. 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.

TOWN OF SOUTHBURY, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

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, 2023

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*, \$699,686 of the Town's bank balance of \$974,686 was exposed to custodial credit risk as follows:

Uninsured and Uncollateralized	\$ 604,880
Uninsured and Collateralized, Held by the Pledging Bank's Trust Department, Not in the Town's Name	<u>94,806</u>
Total Amount Subject to Custodial Credit Risk	<u><u>\$ 699,686</u></u>

Cash Equivalents

At June 30, 2023, the Town's cash equivalents amounted to \$23,897,098. 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, 2023</u>	<u>Standard & Poor's Rating</u>
Wells Fargo	\$ 744,486	*
ION Bank ICS	19,622,841	*
Newtown Savings Bank ICS	<u>3,529,771</u>	*
Total	<u><u>\$ 23,897,098</u></u>	

* Not Rated

B. Investments

As of June 30, 2023, the Town had the following investments:

Other Investments:	
Mutual Funds	<u>\$ 42,699,985</u>
Total Investments	<u><u>\$ 42,699,985</u></u>
	<u><u> </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, 2023**

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, 2023.

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, 2023, 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, 2023

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, 2023:

	June 30, 2023	Fair Value Measurements Using		
		Level 1	Level 2	Level 3
Investments by Fair Value Level:				
Mutual Funds	\$ 42,699,986	\$ 42,361,685	\$ 338,301	\$ -
Total Investments by Fair Value Level	<u>\$ 42,699,986</u>	<u>\$ 42,361,685</u>	<u>\$ 338,301</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	Nonmajor and Other Funds	Total
Receivables:				
Taxes	\$ 874,529	\$ -	\$ -	\$ 874,529
Interest on Taxes	361,551	-	-	361,551
Accounts	76,569	-	785,595	862,164
Housing Loans	-	-	233,717	233,717
Intergovernmental	-	5,309	-	5,309
Gross Receivables	<u>1,312,649</u>	<u>5,309</u>	<u>1,019,312</u>	<u>2,337,270</u>
Less: Allowance for Uncollectibles Taxes	<u>(183,322)</u>	<u>-</u>	<u>-</u>	<u>(183,322)</u>
Total Receivables, Net	<u>\$ 1,129,327</u>	<u>\$ 5,309</u>	<u>\$ 1,019,312</u>	<u>\$ 2,153,948</u>

TOWN OF SOUTHBURY, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 5 CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2023 was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental Activities:					
Capital Assets Not Being Depreciated:					
Land	\$ 20,126,477	\$ -	\$ -	\$ -	\$ 20,126,477
Construction in Progress	5,878,335	4,920,712	(208,077)	(3,710,561)	6,880,409
Total Capital Assets Not Being Depreciated	26,004,812	4,920,712	(208,077)	(3,710,561)	27,006,886
Capital Assets Being Depreciated:					
Buildings	21,090,555	139,993	-	-	21,230,548
Furniture and Equipment	19,001,417	1,121,039	-	-	20,122,456
Infrastructure	133,169,514	2,449,828	-	-	135,619,342
Total Capital Assets Being Depreciated	173,261,486	3,710,860	-	-	176,972,346
Less Accumulated Depreciation for:					
Buildings	7,593,044	381,818	-	-	7,974,862
Furniture and Equipment	14,412,042	824,067	-	-	15,236,109
Infrastructure	85,228,244	2,858,219	-	-	88,086,463
Total Accumulated Depreciation	107,233,330	4,064,104	-	-	111,297,434
Total Capital Assets Being Depreciated, Net	66,028,156	(353,244)	-	-	65,674,912
Governmental Activities Capital Assets, Net	<u>\$ 92,032,968</u>	<u>\$ 4,567,468</u>	<u>\$ (208,077)</u>	<u>\$ (3,710,561)</u>	<u>\$ 92,681,798</u>

Depreciation expense was charged to functions/programs as follows:

Governmental Activities:	
General Government	\$ 340,412
Public Safety	339,228
Public Works	3,304,320
Community Activities	80,144
Total Depreciation Expense - Governmental Activities	<u>\$ 4,064,104</u>

Capital Project Commitments

The Town has active long-term projects as of June 30, 2023. The projects include:

	Appropriation	Expended	Encumbrances	Remaining Balance
Capital	\$ 50,170,877	\$ 43,372,748	\$ 690,381	\$ 6,107,748
Reserve Accounts	41,361,699	35,152,549	115,162	6,093,988
Limited Reserve Accounts	24,479,451	23,230,032	-	1,249,419

TOWN OF SOUTHBURY, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 6 INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

At June 30, 2023, the interfund receivables and payables are as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Capital Projects	\$ 2,090,880
	Nonmajor Governmental Funds	448,105
		<u>2,538,985</u>
Capital Projects	General Fund	2,892,667
Nonmajor Governmental Funds	General Fund	506,312
	Capital Projects	563,083
		<u>1,069,395</u>
Total		<u>\$ 6,501,047</u>

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

Interfund transfers:

	Transfers In		
	General Fund	Capital Projects	Total Transfers Out
Transfers Out:			
General Fund	\$ -	\$ 2,668,873	\$ 2,668,873
Internal Service Fund	650,254	-	650,254
Total Transfers In	<u>\$ 650,254</u>	<u>\$ 2,668,873</u>	<u>\$ 3,319,127</u>

All transfers are for regularly recurring operational transfers.

**TOWN OF SOUTHBURY, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 7 LONG-TERM DEBT

Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2023 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Bonds Payable and Other:					
General Obligation Bonds	\$ 1,025,000	\$ -	\$ 765,000	\$ 260,000	\$ 260,000
For Issuance Premiums	11,237	-	8,490	2,747	-
Total Bonds Payable and Other	1,036,237	-	773,490	262,747	260,000
Compensated Absences	314,567	46,536	-	361,103	341,728
Net Pension Liability	7,064,876	2,458,249	4,485,892	5,037,233	-
Total Governmental Activities Long-Term Liabilities	<u>\$ 8,415,680</u>	<u>\$ 2,504,785</u>	<u>\$ 5,259,382</u>	<u>\$ 5,661,083</u>	<u>\$ 601,728</u>

A schedule of bonds and notes outstanding at June 30, 2023 is presented below:

Description	Date of Issue	Date of Maturity	Interest Rate (%)	Amount of Original Issue	Balance Outstanding June 30, 2023
Bonds Payable:					
General Purpose	2012	2025	2.0-5.0	3,020,000	\$ 260,000
Total					<u>\$ 260,000</u>

Annual maturities of bonds and notes are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 260,000	\$ 7,800	\$ 267,800
Total	<u>\$ 260,000</u>	<u>\$ 7,800</u>	<u>\$ 267,800</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, 2023, the outstanding bonded indebtedness of the District was \$1,550,000. 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, 2023**

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):

Category	Debt Limitation	Indebtedness*	Balance
General Purpose	\$ 143,880,390	\$ 260,000	\$ 143,620,390
Schools	287,760,780	1,026,968	286,733,812
Sewers	239,800,650	-	239,800,650
Urban Renewal	207,827,230	-	207,827,230
Pension Deficit	191,840,520	-	191,840,520

* 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 \$447,627,880.

**TOWN OF SOUTHBURY, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 8 FUND BALANCE

The components of fund balance for the governmental funds at June 30, 2023 are as follows:

	General Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total
Fund Balances:				
Nonspendable:				
Supplies	\$ 49,974	\$ -	\$ -	\$ 49,974
Restricted to:				
Grant Purposes	-	-	235,367	235,367
Committed to:				
Investments - Reserve Fund	-	9,500,000	-	9,500,000
Stability Fund - Reserve Fund	-	1,392,386	-	1,392,386
General Government	-	-	484,946	484,946
Public Safety	-	-	348,158	348,158
Public Works	-	805,543	13,043	818,586
Community Activities	-	-	3,346,002	3,346,002
Historical Buildings	51,051	-	-	51,051
Assigned to:				
Purchases on Order:				
General Government	104,043	-	-	104,043
Public Safety	6,867	-	-	6,867
Public Works	342,041	-	-	342,041
Conservation of Health	387	-	-	387
Community Activities	14,497	-	-	14,497
Subsequent Year's Budget	5,565,783	-	-	5,565,783
Ballantine Pool Project	2,115,000	-	-	2,115,000
Gas and Diesel Tanks	8,353	-	-	8,353
Debt Service	1,097,402	-	-	1,097,402
Future Purposes	684,932	-	-	684,932
Unassigned	8,438,341	(1,181,859)	-	7,256,482
Total Fund Balances	<u>\$ 18,478,671</u>	<u>\$ 10,516,070</u>	<u>\$ 4,427,516</u>	<u>\$ 33,422,257</u>

Significant encumbrances of \$467,835 are included in the General Fund assigned fund balance and \$805,543 are included in the Capital Projects Fund committed and restricted fund balances as of June 30, 2023.

**TOWN OF SOUTHBURY, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

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. The Town withdrew from the Cooperative Agreement as of June 30, 2022, and has purchased insurance from an independent third party.

During 2023, total claims expense of \$57,949 was incurred by the Town. This expense represents claims processed and an estimate for remaining claims incurred but not reported as of June 30, 2023.

The Fund established claims liabilities based on estimates of claims that have been incurred but not reported; accordingly, the Fund has an additional liability at June 30, 2023 of \$98,284.

A schedule of changes in the claims liability for the year ended June 30, 2023 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
2022-2023	\$ 98,284	\$ 57,949	\$ 57,949	\$ 98,284
2021-2022	78,800	1,024,482	1,004,998	98,284

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, 2023**

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, 2022:

Retirees and Beneficiaries Currently Receiving Benefits	98
Terminated Plan Members Entitled to Benefits But Not Receiving Them	40
Current Plan Members	<u>52</u>
Total	<u><u>190</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, 2023

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, 2023:

<u>Asset Class</u>	<u>Allocation</u>
U.S. Cash	3.00
U.S. Core Fixed Income	26.00
U.S. Long STRIPS (20+ Years)	0.75
Global Bonds	5.50
U.S. Large Caps	20.00
U.S. Small and Mid Caps	13.00
Global Equity	3.00
Non-U.S. Equity	20.00
Emerging Markets Equity	2.00
Global REITs	2.25
Farmland	1.13
Infrastructure - Public	2.25
Commodities	1.13
	<u>100.00%</u>

Rate of Return

For the year ended June 30, 2023, the annual money-weighted rate of return on investments, net of investment expense, was 7.82%. 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, 2023**

NOTE 10 EMPLOYEE RETIREMENT PLAN (CONTINUED)

D. Net Pension Liability of the Town

The net pension liability is measured at June 30, 2023. The components of the net pension liability of the Town at June 30, 2023 were as follows:

Total Pension Liability	\$ 30,240,236
Plan Fiduciary Net Position	25,203,003
Net Pension Liability	<u>\$ 5,037,233</u>

Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	83.34%
---	--------

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of July 1, 2022, using the following actuarial assumptions, applied to all periods included in the measurements:

Inflation	2.5%
Salary Increases	3.00%
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-2021 Ultimate scale.

TOWN OF SOUTHBURY, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

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, 2023 (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	0.21%
U.S. Core Fixed Income	1.95
U.S. Long STRIPS (20+ Years)	3.99
Global Bonds	0.17
U.S. Large Caps	5.57
U.S. Small and Mid Caps	6.44
Global Equity	6.49
Non-U.S. Equity	7.90
Emerging Markets Equity	9.44
Global REITs	6.71
Farmland	5.10
Infrastructure - Public	5.13
Commodities	2.56

Discount Rate

The discount rate used to measure the total pension liability was 6.25% for June 30, 2023. 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, 2023

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, 2022	\$ 30,933,441	\$ 23,868,565	\$ 7,064,876
Changes for the Year:			
Service Cost	485,418	-	485,418
Interest on Total Pension Liability	1,914,462	-	1,914,462
Effect of Economic/Demographic			
Gains or Losses	42,090	-	42,090
Effect of Assumptions Changes or Inputs	(1,535,985)	-	(1,535,985)
Employer Contributions	-	1,064,000	(1,064,000)
Member Contributions	-	41,887	(41,887)
Net Investment Income	-	1,844,020	(1,844,020)
Benefit Payments	(1,599,190)	(1,599,190)	-
Administrative Expenses	-	(16,279)	16,279
Net Changes	(693,205)	1,334,438	(2,027,643)
Balances as of June 30, 2023	<u>\$ 30,240,236</u>	<u>\$ 25,203,003</u>	<u>\$ 5,037,233</u>

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

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

	1% Decrease 5.25%	Current Discount Rate 6.25%	1% Increase 7.25%
Net Pension Liability	\$ 8,672,629	\$ 5,037,233	\$ 1,995,581

TOWN OF SOUTHBURY, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

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, 2023, the Town recognized pension expense of \$793,305. At June 30, 2023, 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	\$ -	\$ 82,612
Changes of Assumptions	(1,006,335)	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	1,390,707
Total	<u>\$ (1,006,335)</u>	<u>\$ 1,473,319</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>
2024	\$ (174,063)
2025	(373,912)
2026	1,088,627
2027	(73,668)
Total	<u>\$ 466,984</u>

E. Pension Trust Fund Financial Statements

The financial statements of the pension trust funds⁴ as of and for the year ended June 30, 2023 are as follows:

TOWN OF SOUTHBURY, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 10 EMPLOYEE RETIREMENT PLAN (CONTINUED)

E. Pension Trust Fund Financial Statements (Continued)

	Pension Trust Fund	401(a)/457 Defined Contribution Trust Fund	Total Pension and Other Post Employment Benefit Trust Funds
ASSETS			
Cash and Cash Equivalents	\$ 574,344	\$ -	\$ 574,344
Investments - Mutual Funds, at Fair Value	24,628,659	4,330,021	28,958,680
Total Assets	<u>25,203,003</u>	<u>4,330,021</u>	<u>29,533,024</u>
NET POSITION			
Restricted for Pension and Other Post Employment Benefits	<u>\$ 25,203,003</u>	<u>\$ 4,330,021</u>	<u>\$ 29,533,024</u>
	Pension Trust Funds	401(a)/457 Defined Contribution Trust Fund	Total Pension and Other Post Employment Benefit Trust Funds
ADDITIONS:			
Contributions:			
Employer	\$ 41,887	\$ 392,309	\$ 434,196
Plan Members	1,064,000	106,352	1,170,352
Total Contributions	<u>1,105,887</u>	<u>498,661</u>	<u>1,604,548</u>
Investment Income:			
Change in Fair Value of Investments	1,232,278	419,348	1,651,626
Interest and Dividends	661,366	-	661,366
	<u>1,893,644</u>	<u>419,348</u>	<u>2,312,992</u>
Less Investment Expenses:			
Investment Management Fees	49,624	-	49,624
Net Investment Income	<u>1,844,020</u>	<u>419,348</u>	<u>2,263,368</u>
Total Additions	2,949,907	918,009	3,867,916
DEDUCTIONS:			
Benefits	1,599,190	1,049,035	2,648,225
Administration	16,279	2,576	18,855
Total Deductions	<u>1,615,469</u>	<u>1,051,611</u>	<u>2,667,080</u>
CHANGE IN NET POSITION	1,334,438	(133,602)	1,200,836
Net Position - Beginning of Year	<u>23,868,565</u>	<u>4,463,623</u>	<u>28,332,188</u>
NET POSITION - END OF YEAR	<u>\$ 25,203,003</u>	<u>\$ 4,330,021</u>	<u>\$ 29,533,024</u>

**TOWN OF SOUTHBURY, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

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, 2023 were \$106,352 for employees and \$392,309 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, 2023
(NONGAAP BUDGETARY BASIS)

	Budgeted Amounts		Actual	Variance - Favorable (Unfavorable)
	Original	Final		
Property Taxes:				
Property Taxes	\$ 63,037,905	\$ 63,037,905	\$ 62,560,318	\$ (477,587)
Prior Year's Taxes	360,225	360,225	387,432	27,207
Motor Vehicle Supplement	600,000	600,000	766,510	166,510
Interest and Liens	262,000	262,000	266,678	4,678
Total Property Taxes	64,260,130	64,260,130	63,980,938	(279,192)
Intergovernmental Revenues:				
State of Connecticut:				
Education Cost Sharing	4,961,238	4,961,238	4,961,814	576
Other	970,301	970,301	1,327,095	356,794
Telecommunication Property Tax	70,350	70,350	66,367	(3,983)
Total Intergovernmental Revenues	6,001,889	6,001,889	6,355,276	353,387
Licenses, Permits, and Fees:				
Building and Regulatory	258,050	258,050	477,964	219,914
Recreation	300,000	300,000	543,827	243,827
Town Clerk	458,800	458,800	564,861	106,061
Dog Licenses and Fees	5,000	5,000	2,270	(2,730)
Total Licenses, Permits, and Fees	1,021,850	1,021,850	1,588,922	567,072
Investment Income	666,920	666,920	1,227,334	560,414
Other	641,500	641,500	1,123,264	481,764
Transferred in from Other Funds	150,000	150,000	150,000	-
Total	<u>\$ 72,742,289</u>	<u>\$ 72,742,289</u>	74,425,734	<u>\$ 1,683,445</u>
Budgetary revenues are different than GAAP revenues because:				
Grant revenues not budgeted			<u>2,683,695</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>\$ 77,109,429</u>	

**TOWN OF SOUTHBURY, CONNECTICUT
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2023
(NONGAAP BUDGETARY BASIS)**

	Budgeted Amounts		Actual	Variance - Favorable (Unfavorable)
	Original	Final		
General Government:				
Board of Selectmen	\$ 367,862	\$ 378,622	\$ 370,090	\$ 8,532
Town Hall Service Expense	59,400	59,400	44,281	15,119
Other Expense	164,971	164,971	129,647	35,324
Labor Related Expense	3,749,893	3,854,488	3,680,090	174,398
Computers	463,449	467,889	421,569	46,320
Probate Court	8,108	8,108	8,108	-
Elections	157,227	161,257	138,250	23,007
Board of Finance	84,100	84,100	76,453	7,647
Board of Assessment Appeals	1,050	1,050	1,050	-
Controller	412,000	435,578	424,324	11,254
Tax Collector	164,573	171,638	136,544	35,094
Assessor	173,419	184,506	161,565	22,941
Town Clerk	271,892	278,729	236,309	42,420
Building Inspector	178,027	183,199	183,065	134
Insurance and Bonds	701,352	701,352	653,394	47,958
Legal Expense	125,000	125,000	114,883	10,117
Planning Commission	158,462	162,426	147,320	15,106
Inland Wetlands Commission	109,748	112,790	91,973	20,817
Zoning Commission	7,117	7,117	5,425	1,692
Zoning Board of Appeals	1,204	1,204	307	897
Economic Development Commission	121,325	123,834	97,789	26,045
Town Properties - Inside	369,870	377,437	366,537	10,900
Energy	320,000	320,000	278,529	41,471
Town Properties - Outside	520,372	520,373	484,495	35,878
Contingency	150,000	95,702	48,129	47,573
Refunds	115,000	115,000	112,766	2,234
Total	8,955,421	9,095,770	8,412,892	682,878
Public Safety:				
Fire Department/Hydrants	601,592	601,592	597,635	3,957
Communications	412,240	421,180	332,145	89,035
Police Protection	2,722,205	2,777,869	2,677,646	100,223
Emergency Management	90,862	93,091	88,671	4,420
Fire Marshal	88,055	90,973	84,455	6,518
Tree Warden	31,630	31,630	24,606	7,024
Canine Control	107,712	109,568	104,114	5,454
Emergency Services	43,200	43,200	25,746	17,454
Total	4,097,496	4,169,103	3,935,018	234,085
Highway-Public Works:				
General Maintenance	2,488,206	2,493,216	2,216,378	276,838
Solid Waste Disposal	1,118,271	1,120,832	718,399	402,433
Total	3,606,477	3,614,048	2,934,777	679,271

**TOWN OF SOUTHBURY, CONNECTICUT
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL (CONTINUED)
YEAR ENDED JUNE 30, 2023
(NONGAAP BUDGETARY BASIS)**

	Budgeted Amounts		Actual	Variance - Favorable (Unfavorable)
	Original	Final		
Conservation of Health:				
Conservation Commission	\$ 21,050	\$ 21,050	\$ 17,717	\$ 3,333
Department of Health	200,778	200,778	200,778	-
P. River Watershed Coalition	40,800	40,800	40,000	800
Lake Zoar Authority	26,783	26,783	26,783	-
Lake Lillinonah Authority	38,109	38,109	38,109	-
Pomperaug Valley Water Authority	100	100	-	100
Water Pollution Authority	100	100	-	100
Commission of Services for Elderly	412,831	426,991	388,919	38,072
Total	740,551	754,711	712,306	42,405
Community Activities:				
Committee Expenses	31,819	31,819	21,333	10,486
Historic Buildings Commission	6,930	6,930	2,249	4,681
Library	772,783	786,549	753,667	32,882
Recreation Commission	599,675	610,220	554,810	55,410
Other Community Activities	500	500	-	500
Total	1,411,707	1,436,018	1,332,059	103,959
Education - Region #15	51,509,793	51,509,793	51,509,793	-
Capital Outlay - Roads	1,532,349	1,532,349	1,532,349	-
Total Expenditures	71,853,794	72,111,792	70,369,194	1,742,598
Transfers Out:				
Capital Reserve Fund	1,136,524	1,136,524	1,136,524	-
Debt Service	436,902	436,902	436,902	-
Total Transfers Out	1,573,426	1,573,426	1,573,426	-
Total Expenditures and Transfers	<u>\$ 73,427,220</u>	<u>\$ 73,685,218</u>	71,942,620	<u>\$ 1,742,598</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			(8,384)	
Nonbudgetary items and eliminations related to Debt Management and Historical Buildings funds			354,108	
Grant expenditures not budgeted			2,683,695	
Total Expenditures and Other Financing Uses as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds - Exhibit IV			<u>\$ 74,972,039</u>	

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

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Total Pension Liability:										
Service Cost	\$ 482,164	\$ 465,632	\$ 486,569	\$ 425,211	\$ 441,526	\$ 479,314	\$ 485,928	\$ 601,362	\$ 556,624	\$ 485,418
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	1,914,462
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	42,090
Effect of Assumption Changes or Inputs	-	530,487	-	1,005,067	-	-	1,930,527	-	-	(1,535,985)
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)	(1,599,190)
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	(693,205)
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	30,933,441
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	30,240,236
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	1,064,000
Contributions - Member	23,628	34,709	34,734	27,557	25,135	31,940	35,669	36,000	38,219	41,887
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)	1,844,020
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)	(1,599,190)
Administrative Expense	(10,981)	(11,455)	(11,278)	(12,288)	(14,181)	(13,880)	(14,712)	(16,595)	(17,550)	(16,279)
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)	1,334,438
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	23,868,565
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	25,203,003
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>	<u>\$ 5,037,233</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%	83.34%
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	\$ 4,243,726
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%	118.70%

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

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Actuarially Determined Contribution	\$ 836,141	\$ 950,764	\$ 988,541	\$ 1,013,607	\$ 1,098,703	\$ 1,023,597	\$ 1,049,437	\$ 1,046,562	\$ 1,157,429	\$ 1,064,651
Contributions in Relation to the Actuarially Determined Contribution	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	1,064,000
Contribution Deficiency (Excess)	<u>\$ (375)</u>	<u>\$ (125,000)</u>	<u>\$ (459)</u>	<u>\$ (105,393)</u>	<u>\$ (255,297)</u>	<u>\$ (243)</u>	<u>\$ -</u>	<u>\$ (85,438)</u>	<u>\$ (252,571)</u>	<u>\$ 651</u>
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	4,243,726
Contributions as a Percentage of Covered Payroll	17.92%	20.84%	19.41%	19.27%	25.32%	20.85%	21.32%	26.00%	30.94%	25.07%

Notes to Schedule:

Valuation Date: July 1, 2022

Measurement Date: June 30, 2023

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	12 Years
Asset Valuation Method	5 Years, Non-Asymptotic
Inflation	2.50%
Salary Increases	3.00%
Investment Rate of Return	6.25%
Retirement Age	Graded by age
Mortality	Pub-2010 Mortality Table for Employees, Healthy Annuitants and Disabled Annuitants with generational projection of future improvements per the MP-2021 Ultimate scale

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

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
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%)	7.82%

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

GENERAL FUND

**TOWN OF SOUTHBURY, CONNECTICUT
GENERAL FUND
REPORT OF THE TAX COLLECTOR
YEAR ENDED JUNE 30, 2023**

Grand List	Due Date	Uncollected Taxes	Lawful Corrections		Transfers to	Adjusted Taxes	Collections				Uncollected Taxes
		July 1, 2022	Additions	Deductions	Suspense	Collectible	Taxes	Interest	Lien Fees	Total	June 30, 2023
2021	2023	\$ 63,988,018	\$ 107,795	\$ 241,594	\$ -	\$ 63,854,219	\$ 63,327,086	\$ 161,552	\$ 524	\$ 63,489,162	\$ 527,133
2020	2022	437,383	45,277	43,850	40,487	398,323	213,468	50,556	1,281	-	184,855
2019	2021	98,082	11,021	3,875	31	105,197	28,516	15,898	264	44,678	76,681
2018	2020	(14,061)	-	183	20	(14,264)	6,571	3,393	96	10,060	(20,835)
2017	2019	14,723	-	-	4	14,719	2,486	1,970	48	4,504	12,233
2016	2018	24,800	-	-	4	24,796	3,569	2,094	24	5,687	21,227
2015	2017	11,487	-	-	4	11,483	2,310	2,391	24	4,725	9,173
2014	2016	15,686	-	-	4	15,682	2,278	2,767	24	5,069	13,404
2013	2015	11,643	-	-	4	11,639	2,214	3,088	24	5,326	9,425
2012	2014	8,779	-	-	4	8,775	2,117	3,335	24	5,476	6,658
2011	2013	12,929	-	-	3	12,926	106	197	-	303	12,820
2010	2012	8,635	-	-	-	8,635	-	-	-	-	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	1,008	-	1,008	-	-	-	-	-	-	-
		<u>\$ 64,632,232</u>	<u>\$ 164,093</u>	<u>\$ 290,510</u>	<u>\$ 40,565</u>	<u>\$ 64,465,250</u>	63,590,721	247,241	2,333	63,574,990	<u>\$ 874,529</u>
Suspense Collections							32,095	24,449	7,426	63,970	
Total							<u>\$ 63,622,816</u>	<u>\$ 271,690</u>	<u>\$ 9,759</u>	<u>\$ 63,638,960</u>	

**TOWN OF SOUTHBURY, CONNECTICUT
GENERAL FUND
COMBINING BALANCE SHEET
JUNE 30, 2023**

	General Fund	Debt Service Fund	Historical Building Fund	American Rescue Plan Act	Eliminating Entries	Total Combined Funds
ASSETS						
Cash and Cash Equivalents	\$ 22,573,628	\$ -	\$ -	\$ -	\$ -	\$ 22,573,628
Receivables, Net	1,129,327	-	-	-	-	1,129,327
Due from Other Funds	3,149,868	-	52,214	-	(663,097)	2,538,985
Other Assets	49,974	-	-	-	-	49,974
Total Assets	<u>\$ 26,902,797</u>	<u>\$ -</u>	<u>\$ 52,214</u>	<u>\$ -</u>	<u>\$ (663,097)</u>	<u>\$ 26,291,914</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
LIABILITIES						
Accounts and Other Payables	\$ 586,507	\$ -	\$ -	\$ -	\$ -	\$ 586,507
Due to Other Funds	3,451,193	609,720	1,163	-	(663,097)	3,398,979
Unearned Revenue	2,862,131	-	-	-	-	2,862,131
Total Liabilities	6,899,831	609,720	1,163	-	(663,097)	6,847,617
DEFERRED INFLOWS OR RESOURCES						
Unavailable Revenue - Taxes Paid in Advance	69,338	-	-	-	-	69,338
Unavailable Revenue - Property Taxes	534,737	-	-	-	-	534,737
Unavailable Revenue - Interest on Property Taxes	361,551	-	-	-	-	361,551
Total Deferred Inflows of Resources	965,626	-	-	-	-	965,626
FUND BALANCES						
Nonspendable	49,974	-	-	-	-	49,974
Committed	-	-	51,051	-	-	51,051
Assigned	9,939,305	-	-	-	-	9,939,305
Unassigned	9,048,061	(609,720)	-	-	-	8,438,341
Total Fund Balances	<u>19,037,340</u>	<u>(609,720)</u>	<u>51,051</u>	<u>-</u>	<u>-</u>	<u>18,478,671</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 26,902,797</u>	<u>\$ -</u>	<u>\$ 52,214</u>	<u>\$ -</u>	<u>\$ (663,097)</u>	<u>\$ 26,291,914</u>

**TOWN OF SOUTHBURY, CONNECTICUT
GENERAL FUND
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
YEAR ENDED JUNE 30, 2023**

	General Fund	Debt Service Fund	Historical Building Fund	American Rescue Plan Act	Eliminating Entries	Total Combined Funds
REVENUES						
Property Taxes	\$ 63,980,938	\$ -	\$ -	\$ -	\$ -	\$ 63,980,938
Intergovernmental Revenues	6,351,776	-	-	2,683,695	-	9,035,471
Charges for Services	2,054,646	-	-	-	-	2,054,646
Income on Investments	1,227,334	-	-	-	-	1,227,334
Miscellaneous	160,786	-	-	-	-	160,786
Total Revenues	73,775,480	-	-	2,683,695	-	76,459,175
EXPENDITURES						
Current:						
General Government	8,373,228	-	-	200,000	-	8,573,228
Public Safety	3,963,833	-	-	-	-	3,963,833
Public Works	2,947,805	-	-	-	-	2,947,805
Conservation of Health	323,384	-	-	-	-	323,384
Community Activities	1,710,421	-	1,197	-	-	1,711,618
Education	51,509,790	-	-	-	-	51,509,790
Debt Service	-	789,813	-	-	-	789,813
Capital Outlay	-	-	-	2,483,695	-	2,483,695
Total Expenditures	68,828,461	789,813	1,197	2,683,695	-	72,303,166
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	4,947,019	(789,813)	(1,197)	-	-	4,156,009
OTHER FINANCING SOURCES (USES)						
Transfers In	650,254	436,902	-	-	(436,902)	650,254
Transfers Out	(3,105,775)	-	-	-	436,902	(2,668,873)
Total Other Financing Sources (Uses)	(2,455,521)	436,902	-	-	-	(2,018,619)
NET CHANGE IN FUND BALANCE	2,491,498	(352,911)	(1,197)	-	-	2,137,390
Fund Balance - Beginning of Year	16,545,842	(256,809)	52,248	-	-	16,341,281
FUND BALANCE - END OF YEAR	<u>\$ 19,037,340</u>	<u>\$ (609,720)</u>	<u>\$ 51,051</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,478,671</u>

NONMAJOR GOVERNMENTAL FUNDS

**TOWN OF SOUTHBURY, CONNECTICUT
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2023**

	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	\$ 52,528	\$ 43,959	\$ 73,557	\$ 112,985	\$ 116,171	\$ -
Investments	-	-	-	-	-	-
Accounts Receivable	53,745	-	-	-	-	-
Due from Other Funds	557,305	128,219	-	30,211	-	13,043
	<u>557,305</u>	<u>128,219</u>	<u>-</u>	<u>30,211</u>	<u>-</u>	<u>13,043</u>
Total Assets	<u>\$ 663,578</u>	<u>\$ 172,178</u>	<u>\$ 73,557</u>	<u>\$ 143,196</u>	<u>\$ 116,171</u>	<u>\$ 13,043</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to Other Funds	392,810	-	18,987	1,548	4,600	-
Total Liabilities	<u>392,810</u>	<u>-</u>	<u>18,987</u>	<u>1,548</u>	<u>4,600</u>	<u>-</u>
Deferred Inflows of Resources:						
Unavailable Revenue - Loans Receivable	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:						
Restricted	-	-	-	-	-	-
Committed	270,768	172,178	54,570	141,648	111,571	13,043
Total Fund Balances	<u>270,768</u>	<u>172,178</u>	<u>54,570</u>	<u>141,648</u>	<u>111,571</u>	<u>13,043</u>
Total Liabilities and Fund Balances	<u>\$ 663,578</u>	<u>\$ 172,178</u>	<u>\$ 73,557</u>	<u>\$ 143,196</u>	<u>\$ 116,171</u>	<u>\$ 13,043</u>

**TOWN OF SOUTHBURY, CONNECTICUT
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET (CONTINUED)
JUNE 30, 2023**

	Special Revenue Funds						Total Nonmajor Governmental Funds
	Loss Reserve	Planning	Community Investment Fund	Library Gift	Small Cities	Eliminating Entries	
ASSETS							
Cash and Cash Equivalents	\$ -	\$ -	\$ 64,428	\$ 160,997	\$ 233,717	\$ -	\$ 858,342
Investments	-	-	-	2,895,163	-	-	2,895,163
Accounts Receivable	-	-	-	-	926,471	-	980,216
Due from Other Funds	86,529	156,659	97,718	2,812	1,650	(4,751)	1,069,395
Total Assets	<u>\$ 86,529</u>	<u>\$ 156,659</u>	<u>\$ 162,146</u>	<u>\$ 3,058,972</u>	<u>\$ 1,161,838</u>	<u>\$ (4,751)</u>	<u>\$ 5,803,116</u>
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts Payable	\$ -	\$ -	\$ -	\$ 1,024	\$ -	\$ -	\$ 1,024
Due to Other Funds	9,139	-	-	25,772	-	(4,751)	448,105
Total Liabilities	9,139	-	-	26,796	-	(4,751)	449,129
Deferred Inflows of Resources:							
Unavailable Revenue - Loans Receivable	-	-	-	-	926,471	-	926,471
Fund Balances:							
Restricted	-	-	-	-	235,367	-	235,367
Committed	77,390	156,659	162,146	3,032,176	-	-	4,192,149
Total Fund Balances	<u>77,390</u>	<u>156,659</u>	<u>162,146</u>	<u>3,032,176</u>	<u>235,367</u>	<u>-</u>	<u>4,427,516</u>
Total Liabilities and Fund Balances	<u>\$ 86,529</u>	<u>\$ 156,659</u>	<u>\$ 162,146</u>	<u>\$ 3,058,972</u>	<u>\$ 1,161,838</u>	<u>\$ (4,751)</u>	<u>\$ 5,803,116</u>

**TOWN OF SOUTHBURY, CONNECTICUT
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2023**

	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	Library Gift	Small Cities	
REVENUES												
Intergovernmental Revenues	\$ -	\$ -	\$ -	\$ -	\$ 10,802	\$ -	\$ -	\$ -	\$ 7,953	\$ 27,052	\$ -	\$ 45,807
Charges for Services	483,409	138,913	36,080	12,741	5,181	-	-	-	-	-	91,424	767,748
Income on Investments	-	-	-	-	604	-	-	-	-	198,257	-	198,861
Miscellaneous	-	-	-	-	-	-	8,078	-	-	52,530	-	60,608
Total Revenues	483,409	138,913	36,080	12,741	16,587	-	8,078	-	7,953	277,839	91,424	1,073,024
EXPENDITURES												
Current:												
General Government	-	-	32,078	6,544	9,290	-	9,139	-	-	-	-	57,051
Public Safety	481,376	-	-	-	-	-	-	-	-	-	-	481,376
Public Works	-	-	-	-	-	634	-	-	-	-	-	634
Community Activities	-	96,481	-	190	-	-	-	-	-	54,848	23,110	174,629
Total Expenditures	481,376	96,481	32,078	6,734	9,290	634	9,139	-	-	54,848	23,110	713,690
NET CHANGE IN FUND BALANCES	2,033	42,432	4,002	6,007	7,297	(634)	(1,061)	-	7,953	222,991	68,314	359,334
Fund Balances - Beginning of Year	268,735	129,746	50,568	135,641	104,274	13,677	78,451	156,659	154,193	2,809,185	167,053	4,068,182
FUND BALANCES - END OF YEAR	\$ 270,768	\$ 172,178	\$ 54,570	\$ 141,648	\$ 111,571	\$ 13,043	\$ 77,390	\$ 156,659	\$ 162,146	\$ 3,032,176	\$ 235,367	\$ 4,427,516

FIDUCIARY FUNDS

**TOWN OF SOUTHBURY, CONNECTICUT
EMPLOYEE BENEFIT TRUST FUNDS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2023**

	Pension Trust Fund	401(a)/457 Defined Contribution Trust Fund	Total Pension and Other Post Employment Benefit Trust Funds
ASSETS			
Cash and Cash Equivalents	\$ 574,344	\$ -	\$ 574,344
Investments - Mutual Funds, at Fair Value	24,628,659	4,330,021	28,958,680
Total Assets	<u>25,203,003</u>	<u>4,330,021</u>	<u>29,533,024</u>
NET POSITION			
Restricted for Pension and Other Post Employment Benefits	<u>\$ 25,203,003</u>	<u>\$ 4,330,021</u>	<u>\$ 29,533,024</u>

**TOWN OF SOUTHBURY, CONNECTICUT
EMPLOYEE BENEFIT TRUST FUNDS
COMBINING STATEMENT OF CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2023**

	Pension Trust Funds	401(a)/457 Defined Contribution Trust Fund	Total Pension and Other Post Employment Benefit Trust Funds
ADDITIONS:			
Contributions:			
Employer	\$ 41,887	\$ 392,309	\$ 434,196
Plan Members	1,064,000	106,352	1,170,352
Total Contributions	<u>1,105,887</u>	<u>498,661</u>	<u>1,604,548</u>
Investment Income:			
Change in Fair Value of Investments	1,232,278	419,348	1,651,626
Interest and Dividends	661,366	-	661,366
	<u>1,893,644</u>	<u>419,348</u>	<u>2,312,992</u>
Less Investment Expenses:			
Investment Management Fees	49,624	-	49,624
Net Investment Income	<u>1,844,020</u>	<u>419,348</u>	<u>2,263,368</u>
Total Additions	2,949,907	918,009	3,867,916
DEDUCTIONS:			
Benefits	1,599,190	1,049,035	2,648,225
Administration	16,279	2,576	18,855
Total Deductions	<u>1,615,469</u>	<u>1,051,611</u>	<u>2,667,080</u>
CHANGE IN NET POSITION	1,334,438	(133,602)	1,200,836
Net Position - Beginning of Year	<u>23,868,565</u>	<u>4,463,623</u>	<u>28,332,188</u>
NET POSITION - END OF YEAR	<u><u>\$ 25,203,003</u></u>	<u><u>\$ 4,330,021</u></u>	<u><u>\$ 29,533,024</u></u>

TOWN OF SOUTHBURY, CONNECTICUT
STATEMENT OF DEBT LIMITATION
JUNE 30, 2023
(IN THOUSANDS)

Total tax collections, including interest and lien fees, prior year \$ 63,946,840

BASE \$ 63,946,840

	General Purpose	Schools	Sewers	Urban Renewal	Pension Deficit
Debt Limitation:					
2-1/4 Times Base	\$ 143,880,390	\$ -	\$ -	\$ -	\$ -
4-1/2 Times Base	-	287,760,780	-	-	-
3-3/4 Times Base	-	-	239,800,650	-	-
3-1/4 Times Base	-	-	-	207,827,230	-
3 Times Base	-	-	-	-	191,840,520
Total Debt Limitation	143,880,390	287,760,780	239,800,650	207,827,230	191,840,520
Indebtedness:					
Bonds and Notes Payable	260,000	-	-	-	-
Overlapping Debt:					
Bonds Payable and Authorized - Regional District #15*	-	1,026,968	-	-	-
Net Indebtedness	260,000	1,026,968	-	-	-
Debt Limitation in Excess of Outstanding and Authorized Debt	<u>\$ 143,620,390</u>	<u>\$ 286,733,812</u>	<u>\$ 239,800,650</u>	<u>\$ 207,827,230</u>	<u>\$ 191,840,520</u>

Note (1): In no case shall total indebtedness exceed seven times annual receipts from taxation (\$447,627,880).

* 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 \$1,550,000. 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.