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TOWN OF SOUTHBURY, CONNECTICUT

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED JUNE 30, 2026

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**TOWN OF SOUTHBURY, CONNECTICUT
TABLE OF CONTENTS
YEAR ENDED JUNE 30, 2026**

INDEPENDENT AUDITORS' REPORT		1
MANAGEMENT'S DISCUSSION AND ANALYSIS		4
BASIC FINANCIAL STATEMENTS		
	EXHIBITS	
GOVERNMENT-WIDE FINANCIAL STATEMENTS		
STATEMENT OF NET POSITION	I	13
STATEMENT OF ACTIVITIES	II	14
FUND FINANCIAL STATEMENTS		
GOVERNMENTAL FUNDS		
BALANCE SHEET	III	15
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES	IV	17
FIDUCIARY FUNDS		
STATEMENT OF FIDUCIARY NET POSITION	V	19
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION	VI	20
NOTES TO BASIC FINANCIAL STATEMENTS		21
REQUIRED SUPPLEMENTARY INFORMATION		
GENERAL FUND		
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES – BUDGET AND ACTUAL	RSI-1	47
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES – BUDGET AND ACTUAL	RSI-2	48
PENSION FUNDS		
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS TOWN PENSION PLAN	RSI-3	50
SCHEDULE OF EMPLOYER PENSION CONTRIBUTIONS	RSI-4	51
SCHEDULE OF INVESTMENT RETURNS – PENSION PLAN	RSI-5	52

**TOWN OF SOUTHBURY, CONNECTICUT
TABLE OF CONTENTS
YEAR ENDED JUNE 30, 2026**

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION		53
COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES		
GENERAL FUND		
REPORT OF THE TAX COLLECTOR	A-1	57
COMBINING BALANCE SHEET SCHEDULE	A-2	58
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE	A-3	59
NONMAJOR GOVERNMENTAL FUNDS		
COMBINING BALANCE SHEET	B-1	61
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES	B-2	62
FIDUCIARY FUNDS – TRUST FUNDS		
COMBINING STATEMENT OF NET POSITION	C-1	64
COMBINING STATEMENT OF CHANGES IN NET POSITION	C-2	65
STATEMENT OF DEBT LIMITATION	D	66



INDEPENDENT AUDITORS' REPORT

Board of Finance
Town of Southbury, Connecticut

Report on the Audit of the Financial Statements

Opinions

We have audited the 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, 2026, 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 accompanying 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, 2026, and the respective changes in financial position, 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, and report of the tax collector, 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, and report of the tax collector 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 September 24, 2026, on our consideration of the Town of Southbury, Connecticut's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Southbury, Connecticut's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Town of Southbury, Connecticut's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

West Hartford, Connecticut
September 24, 2026

**TOWN OF SOUTHBURY, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2026**

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, 2026. 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 \$132,264,378 (net position). Of this amount, \$37,324,881 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 \$36,908,573, an increase of \$1,288,506 in comparison with the prior year.
- During the year, the Town had revenue of \$88.3 million, an increase of 1.5% in tax and other revenues for governmental programs.
- The total cost of all the Town's programs was \$87.0 million, a decrease of 0.1% with no new programs added this year.
- At the close of the current fiscal year, unassigned fund balance of the General Fund was \$15,446,484 or 18% of the Town's fiscal year 2026 adopted General Fund budgetary expenditure appropriation.

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, 2026**

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, 2026**

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	
	2026	2025
Assets:		
Current and Other Assets	\$ 49,376,203	\$ 39,082,127
Net Pension Asset	2,090,358	-
Capital Assets, Net of Accumulated Depreciation	96,897,317	96,132,163
Total Assets	148,363,878	135,214,290
Deferred Outflows of Resources	249,180	30,702
Liabilities:		
Long-Term Liabilities Outstanding	1,170,066	2,419,070
Bond Anticipation Note Payable	8,610,823	-
Other Liabilities	2,021,196	1,667,071
Total Liabilities	11,802,085	4,086,141
Deferred Inflows of Resources	4,546,595	1,273,459
Net Position:		
Net Investment in Capital Assets	93,777,201	95,317,988
Restricted for:		
Grant Purposes	1,162,296	1,166,007
Unrestricted	37,324,881	33,401,397
Total Net Position	<u>\$ 132,264,378</u>	<u>\$ 129,885,392</u>

Net position of the Town's governmental activities increases by 1.8% (\$132.3 million compared to \$129.8 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 \$33.4 million on June 30, 2025, and \$37.3 million at the end of this fiscal year.

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

**TOWN OF SOUTHBURY, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2026**

**TABLE 2
CHANGE IN NET POSITION**

	Governmental Activities	
	2026	2025
Revenues:		
Program Revenues:		
Charges for Services	\$ 3,200,449	\$ 2,794,376
Operating Grants and Contributions	10,609,757	7,780,556
General Revenues:		
Property Taxes	70,301,298	65,575,714
Grants and Contributions Not Restricted to Specific Purposes	500,803	735,885
Unrestricted Investment Earnings	2,945,694	2,913,480
Miscellaneous	817,911	324,352
Total Revenues	<u>88,375,912</u>	<u>80,124,363</u>
Program Expenses:		
General Government	9,940,068	8,710,441
Public Safety	5,758,476	4,931,359
Public Works	7,953,707	6,490,171
Conservation of Health	337,686	341,980
Community Activities	2,420,895	2,301,437
Education	59,586,094	53,858,679
Debt Service	-	44,264
Total Program Expenses	<u>85,996,926</u>	<u>76,678,331</u>
Increase in Net Position	<u>\$ 2,378,986</u>	<u>\$ 3,446,032</u>

The Town's total revenues were \$88.4 million. Total cost of all programs and services was \$85.9 million. Property tax collection rate was 99.5% and accounted for 79.6% of all revenues. Revenues from operating grants and contributions, the second largest component, were 12.0%. Education expenses of \$59.6 million were 69.3% of total expenses.

**TOWN OF SOUTHBURY, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2026**

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	
	2026	2025	2026	2025
General Government	\$ 9,940,068	\$ 8,710,441	\$ 6,324,792	\$ 4,544,506
Public Safety	5,758,476	4,931,359	5,150,228	4,485,011
Public Works	7,953,707	6,490,171	7,204,010	6,294,513
Conservation of Health	337,686	341,980	333,295	341,980
Community Activities	2,420,895	2,301,437	1,745,637	2,121,165
Education	59,586,094	53,858,679	51,428,758	48,271,960
Debt Service	-	44,264	-	44,264
Totals	<u>\$ 85,996,926</u>	<u>\$ 76,678,331</u>	<u>\$ 72,186,720</u>	<u>\$ 66,103,399</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 \$35.6 million, which is a decrease from last year's total of \$35.7 million. The original budget for 2025 also utilized \$1,737,182 of the prior year fund balance to balance it.

The Capital Projects Fund balance increased by \$0.7 million due primarily to road construction, equipment purchases and fluctuation in the markets due to supply chain issues.

The Town's General Fund balance of \$20.1 million reported on Exhibit III differs from the General Fund's budgetary fund balance of \$19.8 million. This is because the governmental fund balance (Exhibit III) does not include \$250,841 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, 2026**

Capital Asset and Long-Term Financing Activity

Capital Assets

On June 30, 2026, the Town had \$96.9 million invested in a broad range of capital assets, including land, buildings, park facilities, vehicles and equipment, roads and bridges - Table 4. This amount represents a slight decrease over the prior fiscal year.

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

	Governmental Activities	
	2026	2025
Land	\$ 20,126	\$ 20,126
Buildings and Improvements	16,206	13,712
Equipment	8,863	9,028
Infrastructure	48,527	50,118
Construction in Progress	3,175	3,148
Totals	\$ 96,897	\$ 96,132

This year's major additions included:

Vehicles	\$ 678,886
Roads and Bridges	1,311,922
Ballantine Park Pool	2,435,320
Community House Tennis Courts	325,800

The Town's fiscal year 2026-27 capital plan calls for it to spend \$809,000 on vehicles. The Town also appropriated an additional \$1,881,235 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 Financing Activity

For the prior two years, the Town had \$0 in bonds and notes outstanding.

The Town's general obligation bond rating improved to a AAA rating, a rating that has been assigned by national rating agencies to the Town's debt since May 2024. 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 \$485.0 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, 2026**

Currently Known Facts, Decisions, or Conditions

- The Town of Southbury has experienced population growth due to families migrating from New York. This growth caused an increase in property assessment values and a shift in our school population resulting in a higher budget.
- Relevant factors used to develop the subsequent year's budget:
 - Conflicts in the middle east resulting in higher oil prices.
 - Significant increases in labor costs including medical benefits and collective bargaining agreements.
 - Expected fluctuations in the stock market affecting our short-term investments.
 - State of Connecticut grant commitment to our regional school district.
 - Utility costs continue to rise in the State.
 -
- The Town expects moderate growth in our fund balance position due to a conservative budget policy.
- The Town has a long-standing commitment to fund capital reserves each year through the budget process. This strategy enables moderate increases year over year.
- The Town has established a Tax Abatement Task Force to review changes in the State of Connecticut guidelines for tax relief for various demographics.

During May 2026, the Town adopted a General Fund budget for the fiscal year ending June 30, 2027. The budget reflected an overall increase in expenditures of \$5,253,291 or 6.25% over the final fiscal year 2026 amended budget. The budgeted expenditures of \$88,359,961 resulted in a mill rate increase and allowed the Town to continue to maintain the same level of programs and services to its residents. The Town has planned to utilize \$1,741,963 of the fund balance for the purpose 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 2027, 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.
- 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 2026 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 2027.

**TOWN OF SOUTHBURY, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2026**

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, 2026**

	Governmental Activities
ASSETS	
Cash and Cash Equivalents	\$ 29,752,906
Investments	17,518,854
Receivables, Net	2,057,151
Prepaid Items	47,292
Net Pension Asset	2,090,358
Capital Assets Not Being Depreciated	23,301,411
Capital Assets, Net of Accumulated Depreciation	73,595,906
Total Assets	<u>148,363,878</u>
DEFERRED OUTFLOWS OF RESOURCES	
Related to Pension	249,180
Total Deferred Outflows of Resources	<u>249,180</u>
LIABILITIES	
Current Liabilities:	
Accounts and Other Payables	1,820,475
Bond Anticipation Note Payable	8,610,823
Unearned Revenue	200,721
Total Current Liabilities	<u>10,632,019</u>
Noncurrent Liabilities:	
Due Within One Year	628,190
Due in More than One Year	541,876
Total Noncurrent Liabilities	<u>1,170,066</u>
Total Liabilities	11,802,085
DEFERRED INFLOWS OF RESOURCES	
Taxes Paid in Advance	69,338
Related to Pension	4,477,257
Total Deferred Inflows of Resources	<u>4,546,595</u>
NET POSITION	
Net Investment in Capital Assets	93,777,201
Restricted for:	
Grant Purposes	1,162,296
Unrestricted	<u>37,324,881</u>
Total Net Position	<u><u>\$ 132,264,378</u></u>

See accompanying Notes to Basic Financial Statements.

**TOWN OF SOUTHBURY, CONNECTICUT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2026**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
GOVERNMENTAL ACTIVITIES					
General Government	\$ 9,940,068	\$ 1,865,616	\$ 1,749,660	\$ -	\$ (6,324,792)
Public Safety	5,758,476	608,248	-	-	(5,150,228)
Public Works	7,953,707	58,176	691,521	-	(7,204,010)
Conservation of Health	337,686	4,391	-	-	(333,295)
Community Activities	2,420,895	664,018	11,240	-	(1,745,637)
Education	59,586,094	-	8,157,336	-	(51,428,758)
Total Governmental Activities	<u>\$ 85,996,926</u>	<u>\$ 3,200,449</u>	<u>\$ 10,609,757</u>	<u>\$ -</u>	(72,186,720)
General Revenues:					
Property Taxes					70,301,298
Grants and Contributions Not Restricted to Specific Programs					500,803
Unrestricted Investment Earnings					2,945,694
Miscellaneous					817,911
Total General Revenues					<u>74,565,706</u>
CHANGE IN NET POSITION					2,378,986
Net Position - Beginning of Year					<u>129,885,392</u>
NET POSITION - END OF YEAR					<u>\$ 132,264,378</u>

See accompanying Notes to Basic Financial Statements.

**TOWN OF SOUTHBURY, CONNECTICUT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2026**

	General	Capital Projects	Small Cities	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Cash and Cash Equivalents	\$ 23,933,628	\$ 4,104,075	\$ 189,874	\$ 1,525,329	\$ 29,752,906
Investments	-	13,191,663	-	4,327,191	17,518,854
Receivables, Net	945,880	-	972,422	138,849	2,057,151
Due from Other Funds	204,507	2,955,816	-	63,125	3,223,448
Prepays	47,292	-	-	-	47,292
Total Assets	<u>\$ 25,131,307</u>	<u>\$ 20,251,554</u>	<u>\$ 1,162,296</u>	<u>\$ 6,054,494</u>	<u>\$ 52,599,651</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
LIABILITIES					
Accounts and Other Payables	\$ 935,916	\$ 767,235	\$ -	\$ 117,324	\$ 1,820,475
Bond Anticipation Notes Payable	-	\$ 8,610,823	-	-	8,610,823
Due to Other Funds	3,018,941	-	-	204,507	3,223,448
Unearned Revenue	200,721	-	-	-	200,721
Total Liabilities	<u>4,155,578</u>	<u>9,378,058</u>	<u>-</u>	<u>321,831</u>	<u>13,855,467</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable Revenue - Taxes Paid in Advance	69,338	-	-	-	69,338
Unavailable Revenue - Property Taxes	465,603	-	-	-	465,603
Unavailable Revenue - Interest on Property Taxes	328,248	-	-	-	328,248
Unavailable Revenue - Loans Receivable	-	-	972,422	-	972,422
Total Deferred Inflows of Resources	<u>863,189</u>	<u>-</u>	<u>972,422</u>	<u>-</u>	<u>1,835,611</u>
FUND BALANCES					
Nonspendable	47,292	-	-	-	47,292
Restricted	-	-	189,874	-	189,874
Committed	2,014	10,873,496	-	5,732,663	16,608,173
Assigned	4,616,750	-	-	-	4,616,750
Unassigned	15,446,484	-	-	-	15,446,484
Total Fund Balances	<u>20,112,540</u>	<u>10,873,496</u>	<u>189,874</u>	<u>5,732,663</u>	<u>36,908,573</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 25,131,307</u>	<u>\$ 20,251,554</u>	<u>\$ 1,162,296</u>	<u>\$ 6,054,494</u>	<u>\$ 52,599,651</u>

See accompanying Notes to Basic Financial Statements.

**TOWN OF SOUTHBURY, CONNECTICUT
BALANCE SHEET
GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2026**

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:

Total Fund Balances - Governmental Funds (Exhibit III)	\$ 36,908,573
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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	221,177,617
Less: Accumulated Depreciation	<u>(124,280,300)</u>
Net Capital Assets	96,897,317

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	465,603
Interest Receivable on Property Taxes	328,248
Housing and Mortgage Loans	972,422
Deferred Outflows of Resources Related to Pension	249,180
Net Pension Asset	2,090,358

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

Compensated Absences	(1,170,066)
Deferred Inflows of Resources Related to Pension	<u>(4,477,257)</u>

Net Position of Governmental Activities (Exhibit I)	<u><u>\$ 132,264,378</u></u>
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TOWN OF SOUTHBURY, CONNECTICUT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2026

	General	Capital Projects	Small Cities	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES					
Property Taxes	\$ 70,238,987	\$ -	\$ -	\$ -	\$ 70,238,987
Intergovernmental	11,094,320	-	-	16,240	11,110,560
Charges for Services	2,451,891	-	85,678	662,880	3,200,449
Income on Investments	1,542,112	718,815	-	684,767	2,945,694
Miscellaneous	751,849	-	-	66,062	817,911
Total Revenues	86,079,159	718,815	85,678	1,429,949	88,313,601
EXPENDITURES					
Current:					
General Government	9,641,512	-	-	105,901	9,747,413
Public Safety	4,659,194	-	-	538,597	5,197,791
Public Works	4,381,822	-	-	-	4,381,822
Conservation of Health	338,802	-	-	-	338,802
Community Activities	2,036,835	-	67,700	178,367	2,282,902
Education	59,586,094	-	-	-	59,586,094
Capital Outlay	6,002	5,484,269	-	-	5,490,271
Total Expenditures	80,650,261	5,484,269	67,700	822,865	87,025,095
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	5,428,898	(4,765,454)	17,978	607,084	1,288,506
OTHER FINANCING SOURCES (USES)					
Transfers In	-	3,762,819	-	-	3,762,819
Transfers Out	(3,762,819)	-	-	-	(3,762,819)
Total Other Financing Sources (Uses)	(3,762,819)	3,762,819	-	-	-
NET CHANGES IN FUND BALANCES	1,666,079	(1,002,635)	17,978	607,084	1,288,506
Fund Balances - Beginning of Year	18,446,461	11,876,131	171,896	5,125,579	35,620,067
FUND BALANCES - END OF YEAR	<u>\$ 20,112,540</u>	<u>\$ 10,873,496</u>	<u>\$ 189,874</u>	<u>\$ 5,732,663</u>	<u>\$ 36,908,573</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, 2026**

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)	\$ 1,288,506
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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	5,206,853
Depreciation Expense	(4,441,699)

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	45,214
Property Tax Interest and Lien Revenue - Accrual Basis Change	17,097
Mortgage Loan Receivables	(21,689)
Change in Net Pension Asset	3,388,720
Change in Deferred Inflows Related to Pension	(3,273,136)
Change in Deferred Outflows Related to Pension	218,478

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	(49,358)
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Change in Net Position of Governmental Activities (Exhibit II)	\$ 2,378,986
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**TOWN OF SOUTHBURY, CONNECTICUT
STATEMENT OF FIDUCIARY NET POSITION
PENSION TRUST FUNDS
JUNE 30, 2026**

	Pension Trust Funds
ASSETS	
Cash and Cash Equivalents	\$ 831,441
Accounts Receivable	19,051
Investments:	
Mutual Funds and Equities	<u>39,608,047</u>
Total Assets	<u>40,458,539</u>
NET POSITION	
Restricted - Held in Trust for Pension Benefits	<u><u>\$ 40,458,539</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, 2026**

	Pension Trust Funds
ADDITIONS	
Contributions:	
Plan Members	\$ 36,228
Employer	1,476,110
Total Contributions	<u>1,512,338</u>
Investment Earnings:	
Net Change in Fair Value of Investments	5,273,107
Interest and Dividends	989,031
Total Investment Gain (Loss)	<u>6,262,138</u>
Less Investment Expenses:	
Investment Management Fees	36,500
Net Investment Gain (Loss)	<u>6,225,638</u>
Total Additions	7,737,976
DEDUCTIONS	
Benefits	2,618,221
Fees	20,596
Total Deductions	<u>2,638,817</u>
CHANGE IN NET POSITION	5,099,159
Net Position - Beginning of Year	<u>35,359,380</u>
NET POSITION - END OF YEAR	<u><u>\$ 40,458,539</u></u>

See accompanying Notes to Basic Financial Statements.

**TOWN OF SOUTHBURY, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2026**

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, 2026**

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.

**TOWN OF SOUTHBURY, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2026**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

Property taxes, charges for services, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. 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.

Small Cities Fund

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

**TOWN OF SOUTHBURY, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2026**

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:

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 401(a) 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.

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, 2026**

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, 2026**

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.

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 deferred outflows related to pension in the government-wide statement of net position. 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, 2026

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 and interest on property taxes. 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 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.

The liability for compensated absences reported in the government-wide statements consists of leave that has not been used that is attributable to services already rendered, accumulates, and is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. The liability also includes amounts for leave that has been used for time off but has not yet been paid in cash or settled through noncash means and certain other types of leave.

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, 2026**

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.

L. 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, 2026**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. 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.

M. Estimates

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

N. Adoption of New Accounting Standards

In April 2024, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 103, Financial Reporting Model Improvements. This Statement improves key components of the governmental financial reporting model, including management's discussion and analysis, presentation of unusual or infrequent items, and certain proprietary fund financial statement presentation requirements. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter.

The Town adopted these requirements effective July 1, 2025. The implementation of GASB Statement No. 103 did not have a material impact on the Town's financial statements but resulted in changes to certain financial statement presentation and disclosure requirements.

In September 2024, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 104, Disclosure of Certain Capital Assets. This Statement enhances disclosure requirements for certain types of capital assets, including lease assets, subscription assets, other intangible assets, and capital assets held for sale. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter.

The Town adopted the provisions of GASB Statement No. 104, Disclosure of Certain Capital Assets, effective June 1, 2026. The implementation of this Statement did not have a material impact on the Town's financial statements.

**TOWN OF SOUTHBURY, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2026**

NOTE 2 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, 2026**

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*, \$4,646,780 of the Town's bank balance of \$30,016,847 was exposed to custodial credit risk as follows:

Uninsured and Uncollateralized	\$ 4,132,102
Uninsured and Collateralized, Held by the Pledging Bank's Trust Department, Not in the Town's Name	<u>514,678</u>
Total Amount Subject to Custodial Credit Risk	<u><u>\$ 4,646,780</u></u>

Cash Equivalents

At June 30, 2026, the Town's cash equivalents amounted to \$1,015,405. 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, 2026</u>	<u>Standard & Poor's Rating</u>
Wells Fargo	\$ 1,015,405	*

* Not Rated

B. Investments

As of June 30, 2026, the Town had the following investments:

Other Investments:	
Mutual Funds	<u>\$ 57,126,901</u>
Total Investments	<u><u>\$ 57,126,901</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, 2026**

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, 2026.

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, 2026, 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, 2026

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, 2026:

	June 30, 2026	Fair Value Measurements Using		
		Level 1	Level 2	Level 3
Investments by Fair Value Level:				
Mutual Funds	\$ 57,126,901	\$ 56,504,794	\$ -	\$ 622,107
Total Investments by Fair Value Level	<u>\$ 57,126,901</u>	<u>\$ 56,504,794</u>	<u>\$ -</u>	<u>\$ 622,107</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 3 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	Small Cities	Nonmajor and Other Funds	Total
Receivables:				
Taxes	\$ 781,093	\$ -	\$ -	\$ 781,093
Interest on Taxes	328,248	-	-	328,248
Accounts	19,861	-	138,849	158,710
Housing Loans	-	972,422	-	972,422
Gross Receivables	<u>1,129,202</u>	<u>972,422</u>	<u>138,849</u>	<u>2,240,473</u>
Less: Allowance for Uncollectibles Taxes	<u>(183,322)</u>	<u>-</u>	<u>-</u>	<u>(183,322)</u>
Total Receivables, Net	<u>\$ 945,880</u>	<u>\$ 972,422</u>	<u>\$ 138,849</u>	<u>\$ 2,057,151</u>

TOWN OF SOUTHBURY, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2026

NOTE 4 CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2026, 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	3,148,091	5,206,853	-	(5,180,010)	3,174,934
Total Capital Assets Not Being Depreciated	23,274,568	5,206,853	-	(5,180,010)	23,301,411
Capital Assets Being Depreciated:					
Buildings	22,525,519	-	-	2,947,561	25,473,080
Furniture and Equipment	25,971,486	-	-	779,542	26,751,028
Infrastructure	144,199,191	-	-	1,452,907	145,652,098
Total Capital Assets Being Depreciated	192,696,196	-	-	5,180,010	197,876,206
Less Accumulated Depreciation for:					
Buildings	8,813,138	453,903	-	-	9,267,041
Furniture and Equipment	16,943,302	944,467	-	-	17,887,769
Infrastructure	94,082,161	3,043,329	-	-	97,125,490
Total Accumulated Depreciation	119,838,601	4,441,699	-	-	124,280,300
Total Capital Assets Being Depreciated, Net	72,857,595	(4,441,699)	-	5,180,010	73,595,906
Governmental Activities Capital Assets, Net	<u>\$ 96,132,163</u>	<u>\$ 765,154</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 96,897,317</u>

Depreciation expense was charged to functions/programs as follows:

Governmental Activities:	
General Government	\$ 324,362
Public Safety	498,698
Public Works	3,508,925
Community Activities	109,714
Total Depreciation Expense - Governmental Activities	<u>\$ 4,441,699</u>

**TOWN OF SOUTHBURY, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2026**

NOTE 5 CAPITAL ASSETS (CONTINUED)

Capital Project Commitments

The Town has active long-term projects as of June 30, 2026. The projects include:

	<u>Appropriation</u>	<u>Expended</u>	<u>Encumbrances</u>	<u>Remaining Balance</u>
Capital	\$ 58,543,343	\$ 50,659,714	\$ 2,024,340	\$ 5,859,289
Reserve Accounts	52,567,566	38,252,172	2,707,251	11,608,143
Limited Reserve Accounts	23,878,179	23,232,032	-	646,147

NOTE 5 INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

At June 30, 2026, the interfund transfers are as follows:

	<u>Transfers In:</u>
	Capital
	<u>Projects</u>
Transfers Out:	
General Fund	<u>\$ 3,762,819</u>

All transfers are for regularly recurring operational transfers.

At June 30, 2026, the interfund receivables and payables are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Nonmajor Governmental Funds	\$ 204,507
Nonmajor Governmental Funds	General Fund	63,125
Capital Projects	General Fund	<u>2,955,816</u>
Total		<u>\$ 3,223,448</u>

Interfund balances represent short-term amounts owed between funds and are primarily the result of timing differences between the recognition of revenues and expenditures. Management expects these balances to be repaid within the subsequent fiscal year.

**TOWN OF SOUTHBURY, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2026**

NOTE 6 LONG-TERM DEBT

Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2026, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Compensated Absences	\$ 1,120,708	\$ 661,929	\$ 612,571	\$ 1,170,066	\$ 628,190
Net Pension Liability (Asset)	1,298,362	-	3,388,720	(2,090,358)	-
Total Governmental Activities Long-Term Liabilities	<u>\$ 2,419,070</u>	<u>\$ 661,929</u>	<u>\$ 4,001,291</u>	<u>\$ (920,292)</u>	<u>\$ 628,190</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, 2026, the outstanding bonded indebtedness of the District was \$10,275,000 in the form of a Bond Anticipation Note. The Town's share will be approximately 66% of the balance or \$6,795,710. These are general obligations of Regional School District #15 and its member towns.

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	\$ 155,897,552	\$ 8,520,000	\$ 147,377,552
Schools	311,795,105	6,795,710	304,999,395
Sewers	259,829,254	-	259,829,254
Urban Renewal	225,185,353	-	225,185,353
Pension Deficit	207,863,403	-	207,863,403

* 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 \$458,653,769.

TOWN OF SOUTHBURY, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2026

NOTE 7 BOND ANTICIPATION NOTES PAYABLE

In July 2025, the Town issued bond anticipation notes in the amount of \$8,520,000 with a 4% interest rate and a maturity date of July 7, 2026. Subsequent to year end, the bond anticipation notes were repaid and reissued in the amount of \$8,520,000 with a 4% interest rate and a maturity date of July 6, 2027. Bond anticipation note transactions for the year ended June 30, 2026, were as follows:

Outstanding, June 30, 2025	\$ -
New Borrowings	8,520,000
Repayments	-
Outstanding, June 30, 2026	<u>\$ 8,520,000</u>

NOTE 8 FUND BALANCE

The components of fund balance for the governmental funds at June 30, 2026, are as follows:

	General Fund	Capital Projects Fund	Small Cities	Nonmajor Governmental Funds	Total
Fund Balances:					
Nonspendable:					
Supplies	\$ 47,292	\$ -	\$ -	\$ -	\$ 47,292
Restricted to:					
Grant Purposes	-	-	189,874	-	189,874
Committed to:					
Investments - Reserve Fund	-	9,500,000	-	-	9,500,000
Stability Fund - Reserve Fund	-	1,373,496	-	-	1,373,496
General Government	-	-	-	568,190	568,190
Public Safety	-	-	-	467,568	467,568
Public Works	-	-	-	11,831	11,831
Community Activities	-	-	-	4,685,074	4,685,074
Historical Buildings	2,014	-	-	-	2,014
Assigned to:					
Purchases on Order:					
General Government	47,154	-	-	-	47,154
Public Safety	6,051	-	-	-	6,051
Public Works	195,474	-	-	-	195,474
Conservation of Health	2,162	-	-	-	2,162
Community Activities	11,001	-	-	-	11,001
Reserve for Future Use	2,612,945	-	-	-	2,612,945
Subsequent Year's Budget	1,741,963	-	-	-	1,741,963
Unassigned	15,446,484	-	-	-	15,446,484
Total Fund Balances	<u>\$ 20,112,540</u>	<u>\$ 10,873,496</u>	<u>\$ 189,874</u>	<u>\$ 5,732,663</u>	<u>\$ 36,908,573</u>

Significant encumbrances of \$261,842 are included in the General Fund assigned fund balance as of June 30, 2026.

**TOWN OF SOUTHBURY, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2026**

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. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

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.

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, 2025:

Retirees and Beneficiaries Currently Receiving Benefits	99
Terminated Plan Members Entitled to Benefits But Not Receiving Them	45
Current Plan Members	43
Total	<u>187</u>

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

**TOWN OF SOUTHBURY, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2026**

NOTE 11 EMPLOYEE RETIREMENT PLAN (CONTINUED)

Summary of Significant Accounting Policies and Plan Asset Matters

Basis of Accounting

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

Method Used to Value Investments

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

B. Funding Policy

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

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, 2026:

TOWN OF SOUTHBURY, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2026

NOTE 11 EMPLOYEE RETIREMENT PLAN (CONTINUED)

<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	1.12
Total	<u><u>100.00 %</u></u>

Rate of Return

For the year ended June 30, 2026, the annual money-weighted rate of return on investments, net of investment expense, was 18.02%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

D. Net Pension Liability of the Town

The net pension liability is measured at June 30, 2026. The components of the net pension liability of the Town at June 30, 2026, were as follows:

Total Pension Liability	\$ 32,690,276
Plan Fiduciary Net Position	<u>34,780,633</u>
Net Pension Liability	<u><u>\$ (2,090,357)</u></u>

Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	106.39 %
---	----------

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of July 1, 2025, using the following actuarial assumptions, applied to all periods included in the measurements:

Inflation	2.50 %
Salary Increases	3.00
Investment Rate of Return	6.25

Mortality rates were based on the Pub-2016 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, 2026**

NOTE 11 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, 2026 (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	0.84 %
U.S. Core Fixed Income	2.42
U.S. Long STRIPS (20+ Years)	5.38
Global Bonds	1.18
U.S. Large Caps	5.46
U.S. Small and Mid Caps	5.43
Global Equity	6.04
Non-U.S. Equity	7.06
Emerging Markets Equity	8.48
Global REITs	6.39
Farmland	5.06
Infrastructure - Public	5.36
Commodities	3.09

Discount Rate

The discount rate used to measure the total pension liability was 6.25% for June 30, 2026. 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, 2026

NOTE 11 EMPLOYEE RETIREMENT PLAN (CONTINUED)

D. Net Pension Liability of the Town (Continued)

	Employees' Pension Plan		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances as of July 1, 2025	\$ 31,545,470	\$ 30,247,107	\$ 1,298,363
Changes for the Year:			
Service Cost	646,960	-	646,960
Interest on Total Pension Liability	1,958,308	-	1,958,308
Effect of Economic/Demographic Gains or Losses	380,327	-	380,327
Employer Contributions	-	899,000	(899,000)
Member Contributions	-	36,228	(36,228)
Net Investment Income	-	5,364,058	(5,364,058)
Benefit Payments	(1,745,464)	(1,745,464)	-
Administrative Expenses	-	(20,296)	20,296
Net Changes	1,144,806	4,533,526	(3,388,720)
Balances as of June 30, 2026	<u>\$ 32,690,276</u>	<u>\$ 34,780,633</u>	<u>\$ (2,090,357)</u>

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

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

	1% Decrease 5.25%	Current Discount Rate 6.25%	1% Increase 7.25%
Net Pension Liability (Asset)	\$ 1,731,397	\$ (2,090,357)	\$ (5,293,029)

TOWN OF SOUTHBURY, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2026

NOTE 11 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, 2026, the Town recognized pension expense of \$564,938. At June 30, 2026, 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	\$ (68,362)	\$ 249,180
Changes of Assumptions	(62,454)	-
Net Difference Between Projected and Actual	(4,346,441)	-
Total	<u>\$ (4,477,257)</u>	<u>\$ 249,180</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>
2026	\$ (1,307,227)
2027	(1,175,023)
2028	(1,045,933)
2029	(699,894)
Total	<u>\$ (4,228,077)</u>

E. Pension Trust Fund Financial Statements

The financial statements of the pension trust funds as of and for the year ended June 30, 2026, are as follows:

	Pension Trust Fund	401(a)/457 Defined Contribution Trust Fund	Total Pension and Other Post Employment Benefit Trust Funds
ASSETS			
Cash and Cash Equivalents	\$ 831,441	\$ -	\$ 831,441
Accounts Receivable	-	19,051	19,051
Investments - Mutual Funds, at Fair Value	33,949,192	5,658,855	39,608,047
Total Assets	<u>34,780,633</u>	<u>5,677,906</u>	<u>40,458,539</u>
NET POSITION			
Restricted for Pension and Other			
Post Employment Benefits	<u>\$ 34,780,633</u>	<u>\$ 5,677,906</u>	<u>\$ 40,458,539</u>

TOWN OF SOUTHBURY, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2026

NOTE 11 EMPLOYEE RETIREMENT PLAN (CONTINUED)

E. Pension Trust Fund Financial Statements (Continued)

	Pension Trust Funds	401(a)/457 Defined Contribution Trust Fund	Total Pension and Other Post Employment Benefit Trust Funds
ADDITIONS:			
Contributions:			
Employer	\$ 36,228	\$ -	\$ 36,228
Plan Members	899,000	577,110	1,476,110
Total Contributions	935,228	577,110	1,512,338
Investment Income:			
Change in Fair Value of Investments	4,411,527	861,580	5,273,107
Interest and Dividends	989,031	-	989,031
	5,400,558	861,580	6,262,138
Less Investment Expenses:			
Investment Management Fees	36,500	-	36,500
Net Investment Income	5,364,058	861,580	6,225,638
Total Additions	6,299,286	1,438,690	7,737,976
DEDUCTIONS:			
Benefits	1,745,464	872,757	2,618,221
Administration	20,296	300	20,596
Total Deductions	1,765,760	873,057	2,638,817
CHANGE IN NET POSITION	4,533,526	565,633	5,099,159
Net Position - Beginning of Year	30,247,107	5,112,273	35,359,380
NET POSITION - END OF YEAR	<u>\$ 34,780,633</u>	<u>\$ 5,677,906</u>	<u>\$ 40,458,539</u>

TOWN OF SOUTHBURY, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2026

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, 2026, were \$163,385 for employees and \$413,481 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.

NOTE 13 SUBSEQUENT EVENTS

The Town re-issued \$8,520,000 of general obligation bond anticipation notes on July 7, 2026. The notes had a rate of 4.0% and are due July 6, 2027.

REQUIRED SUPPLEMENTARY INFORMATION

**TOWN OF SOUTHBURY, CONNECTICUT
GENERAL FUND
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2026
(NONGAAP BUDGETARY BASIS)**

	Budgeted Amounts		Variance with Original Budget Over (Under) Final Budget	Actual	Variance with Final Budget Over (Under) Actual
	Original	Final			
Property Taxes:					
Property Taxes	\$ 69,270,149	\$ 69,270,149	\$ -	\$ 68,706,318	\$ (563,831)
Prior Year's Taxes	320,000	320,000	-	424,128	104,128
Motor Vehicle Supplement	562,500	562,500	-	720,215	157,715
Interest and Liens	170,000	170,000	-	388,328	218,328
Overpayments			-		-
Total Property Taxes	70,322,649	70,322,649	-	70,238,989	(83,660)
Intergovernmental Revenues:					
State of Connecticut:					
Education Cost Sharing	8,158,182	8,158,182	-	8,157,336	(846)
Other	898,542	898,542	-	2,818,034	1,919,492
Telecommunication Property Tax	66,367	66,367	-	112,947	46,580
Total Intergovernmental Revenues	9,123,091	9,123,091	-	11,088,317	1,965,226
Licenses, Permits, and Fees:					
Building and Regulatory	344,900	344,900	-	658,039	313,139
Recreation	495,000	495,000	-	569,099	74,099
Town Clerk	453,450	453,450	-	710,076	256,626
Dog Licenses and Fees	3,000	3,000	-	11,178	8,178
Total Licenses, Permits, and Fees	1,296,350	1,296,350	-	1,948,392	652,042
Investment Income	1,173,208	1,173,208	-	1,542,112	368,904
Other	401,550	401,550	-	1,105,347	703,797
Transferred in from Other Funds	150,000	150,000	-	150,000	-
Total	<u>\$ 82,466,848</u>	<u>\$ 82,466,848</u>	<u>\$ -</u>	86,073,157	<u>\$ 3,606,309</u>
Budgetary revenues are different than GAAP revenues because:					
Grant revenues not budgeted				6,002	
Total Revenues and Other Financing Sources as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds - Exhibit IV				<u>\$ 86,079,159</u>	

See accompanying Notes to Required Supplementary Information.

**TOWN OF SOUTHBURY, CONNECTICUT
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2026
(NONGAAP BUDGETARY BASIS)**

	Budgeted Amounts		Variance with Original Budget Over (Under) Final Budget	Actual	Variance with Final Budget Over (Under) Actual
	Original	Final			
General Government:					
Board of Selectmen	\$ 405,338	\$ 418,157	\$ 12,819	\$ 412,450	\$ (5,707)
Town Hall Service Expense	60,172	60,172	-	53,061	(7,111)
Other Expense	143,939	143,939	-	70,724	(73,215)
Labor Related Expense	4,258,527	4,337,299	78,772	4,133,393	(203,906)
Computers	503,433	526,076	22,643	488,704	(37,372)
Probate Court	8,505	8,505	-	8,505	-
Elections	210,529	213,493	2,964	206,511	(6,982)
Board of Finance	103,493	113,493	10,000	91,060	(22,433)
Board of Assessment Appeals	3,450	3,450	-	36	(3,414)
Controller	486,430	501,205	14,775	486,954	(14,251)
Tax Collector	193,268	198,789	5,521	194,696	(4,093)
Assessor	195,735	203,625	7,890	191,980	(11,645)
Town Clerk	255,761	262,141	6,380	240,744	(21,397)
disaster	198,454	204,203	5,749	202,685	(1,518)
Insurance and Bonds	898,816	902,816	4,000	900,241	(2,575)
Legal Expense	130,000	130,000	-	98,072	(31,928)
Planning Commission	190,059	191,552	1,493	173,883	(17,669)
Inland Wetlands Commission	121,883	128,286	6,403	125,652	(2,634)
Zoning Commission	7,882	7,882	-	3,921	(3,961)
Zoning Board of Appeals	1,278	1,278	-	265	(1,013)
Economic Development Commission	36,844	36,844	-	9,044	(27,800)
Town Properties - Inside	401,235	401,235	-	374,268	(26,967)
Energy	399,000	399,000	-	341,079	(57,921)
Town Properties - Outside	543,593	557,460	13,867	494,674	(62,786)
Contingency	150,000	112,000	(38,000)	63,374	(48,626)
Refunds	115,000	991,170	876,170	989,970	(1,200)
Total	10,022,624	11,054,070	1,031,446	10,355,946	(698,124)
Public Safety:					
Fire Department/Hydrants	608,792	608,792	-	608,792	-
Communications	476,977	503,936	26,959	501,289	(2,647)
Police Protection	3,004,153	3,022,432	18,279	3,004,015	(18,417)
Emergency Management	24,784	24,784	-	20,208	(4,576)
Fire Marshal	121,964	137,411	15,447	134,587	(2,824)
Tree Warden	26,293	26,293	-	23,536	(2,757)
Canine Control	112,765	118,755	5,990	108,354	(10,401)
Emergency Services	268,252	268,252	-	259,352	(8,900)
Total	4,643,980	4,710,655	66,675	4,660,133	(50,522)
Highway-Public Works:					
General Maintenance	2,514,273	2,632,034	117,761	2,492,388	(139,646)
Solid Waste Disposal	973,969	979,937	5,968	759,681	(220,256)
Total	3,488,242	3,611,971	123,729	3,252,069	(359,902)

See accompanying Notes to Required Supplementary Information.

**TOWN OF SOUTHBURY, CONNECTICUT
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL (CONTINUED)
YEAR ENDED JUNE 30, 2026
(NONGAAP BUDGETARY BASIS)**

	Budgeted Amounts		Variance with Original Budget Over (Under) Final Budget	Actual	Variance with Final Budget Over (Under) Actual
	Original	Final	Final Budget		
Conservation of Health:					
Conservation Commission	\$ 16,700	\$ 16,700	\$ -	\$ 15,055	\$ (1,645)
Department of Health	194,829	194,829	-	194,829	-
P. River Watershed Coalition	46,800	46,800	-	46,000	(800)
Lake Zoar Authority	35,200	35,200	-	35,200	-
Lake Lillinonah Authority	47,718	47,718	-	47,718	-
Pomperaug Valley Water Authority	100	100	-	-	(100)
Water Pollution Authority	100	100	-	-	(100)
Commission of Services for Elderly	525,306	542,407	17,101	499,780	(42,627)
Total	866,753	883,854	17,101	838,582	(45,272)
Community Activities:					
Committee Expenses	36,394	36,394	-	34,956	(1,438)
Historic Buildings Commission	6,860	6,860	-	6,860	-
Library	843,311	882,623	39,312	866,663	(15,960)
Recreation Commission	760,455	763,843	3,388	681,918	(81,925)
Other Community Activities	500	500	-	-	(500)
Total	1,647,520	1,690,220	42,700	1,590,397	(99,823)
Disaster Recovery - August Storm	-	476,478	476,478	-	(476,478)
Education - Region #15	59,586,094	59,586,094	-	59,586,092	(2)
Capital Outlay - Roads	1,905,549	1,905,549	-	1,905,549	-
Total Expenditures	82,160,762	83,918,891	1,758,129	82,188,768	(1,730,123)
Transfers Out:					
Capital Reserve Fund	1,508,699	1,508,699	-	1,508,699	-
Debt Service	343,278	343,278	-	343,278	-
Total Transfers Out	1,851,977	1,851,977	-	1,851,977	-
Total Expenditures and Transfers	<u>\$ 84,012,739</u>	<u>\$ 85,770,868</u>	<u>\$ 1,758,129</u>	84,040,745	<u>\$ (1,730,123)</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				(261,842)	
Encumbrances for purchases and commitments ordered in the previous year that were received and liquidated in the current year are reported for GAAP financial statement reporting purposes				628,175	
Grant expenditures not budgeted				6,002	
Total Expenditures and Other Financing Uses as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds - Exhibit IV				<u>\$ 84,413,080</u>	

See accompanying Notes to Required Supplementary Information.

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

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Total Pension Liability:										
Service Cost	\$ 425,211	\$ 441,526	\$ 479,314	\$ 485,928	\$ 601,362	\$ 556,624	\$ 485,418	\$ 459,534	\$ 521,300	\$ 646,960
Interest on Total Pension Liability	1,559,415	1,561,887	1,631,465	1,691,989	1,793,950	1,852,642	1,914,462	1,868,510	1,923,590	1,958,308
Effect of Plan Changes	-	(31,584)	(34,303)	-	-	-	-	-	-	-
Effect of Economic/Demographic Gains or Losses	(321,772)	204,174	60,007	(201,602)	41,390	173,042	42,090	153,512	(296,238)	380,327
Effect of Assumption Changes or Inputs	1,005,067	-	-	1,930,527	-	-	(1,535,985)	-	-	(95,325)
Benefit Payments, Including Refunds of Member Contributions	(763,276)	(1,106,371)	(1,181,511)	(1,243,376)	(1,458,525)	(1,447,092)	(1,599,190)	(1,631,964)	(1,693,010)	(1,745,464)
Net Change in Total Pension Liability	1,904,645	1,069,632	954,972	2,663,466	978,177	1,135,216	(693,205)	849,592	455,642	1,144,806
Total Pension Liability - Beginning	22,227,333	24,131,978	25,201,610	26,156,582	26,156,582	29,798,225	30,933,441	30,240,236	31,089,828	31,545,470
Total Pension Liability - Ending	24,131,978	25,201,610	26,156,582	28,820,048	27,134,759	30,933,441	30,240,236	31,089,828	31,545,470	32,690,276
Plan Fiduciary Net Position:										
Contributions - Employer	1,119,000	1,354,000	1,023,840	1,049,437	1,132,000	1,410,000	1,064,000	1,105,000	1,134,000	899,000
Contributions - Member	27,557	25,135	31,940	35,669	36,000	38,219	41,887	43,410	53,192	36,228
Net Investment Income (Loss)	2,015,608	1,211,098	1,087,543	420,462	6,354,073	(4,065,091)	1,844,020	2,646,902	3,422,493	5,364,058
Benefit Payments, Including Refunds of Member Contributions	(763,276)	(1,106,371)	(1,181,511)	(1,243,376)	(1,447,092)	(1,599,190)	(1,631,964)	(1,631,964)	(1,693,010)	(1,745,464)
Administrative Expense	(12,288)	(14,181)	(13,880)	(14,712)	(16,595)	(17,550)	(16,279)	(17,283)	(18,635)	(20,296)
Net Change in Plan Fiduciary Net Position	2,386,601	1,469,681	947,932	247,480	6,058,386	(4,233,612)	1,301,664	2,146,065	2,898,040	4,533,526
Plan Fiduciary Net Position - Beginning	16,851,432	19,238,033	20,707,714	21,655,646	21,903,126	27,950,079	23,868,565	25,203,003	27,349,067	30,247,107
Plan Fiduciary Net Position - Ending	19,238,033	20,707,714	21,655,646	21,903,126	27,961,512	23,716,467	25,170,229	27,349,068	30,247,107	34,780,633
Net Pension Liability (Asset) - Ending	<u>\$ 4,893,945</u>	<u>\$ 4,493,896</u>	<u>\$ 4,500,936</u>	<u>\$ 6,916,922</u>	<u>\$ (826,753)</u>	<u>\$ 7,216,974</u>	<u>\$ 5,070,007</u>	<u>\$ 3,740,760</u>	<u>\$ 1,298,363</u>	<u>\$ (2,090,357)</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	79.72%	82.17%	82.79%	76.00%	103.05%	76.67%	83.23%	87.97%	95.88%	106.39%
Covered Payroll	\$ 5,806,805	\$ 5,347,606	\$ 4,909,578	\$ 4,923,303	\$ 4,353,572	\$ 4,557,790	\$ 4,243,726	\$ 4,093,450	\$ 3,531,484	\$ 3,562,523
Net Pension Liability as a Percentage of Covered Payroll	84.28%	84.04%	91.68%	140.49%	-18.99%	158.34%	119.47%	91.38%	36.77%	-58.68%

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

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Actuarially Determined Contribution	\$ 1,013,607	\$ 1,098,703	\$ 1,023,597	\$ 1,049,437	\$ 1,046,562	\$ 1,157,429	\$ 1,064,651	\$ 868,065	\$ 872,101	\$ 898,615
Contributions in Relation to the Actuarially Determined Contribution	1,119,000	1,354,000	1,023,840	1,049,437	1,132,000	1,410,000	1,064,000	1,105,000	1,134,000	899,000
Contribution Deficiency (Excess)	<u>\$ (105,393)</u>	<u>\$ (255,297)</u>	<u>\$ (243)</u>	<u>\$ -</u>	<u>\$ (85,438)</u>	<u>\$ (252,571)</u>	<u>\$ 651</u>	<u>\$ (236,935)</u>	<u>\$ (261,899)</u>	<u>\$ (385)</u>
Covered Payroll	5,806,805	5,347,606	4,909,578	4,923,303	4,353,572	4,557,790	4,243,726	4,093,450	3,531,484	3,562,523
Contributions as a Percentage of Covered Payroll	19.27%	25.32%	20.85%	21.32%	26.00%	30.94%	25.07%	26.99%	32.11%	25.23%

Notes to Schedule:

Valuation Date: July 1, 2025

Measurement Date: June 30, 2026

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, Layered
Remaining Amortization Period	12 Years
Asset Valuation Method	5 Years, Non-Asymptotic, 20% of Market Value of Assets
Inflation	2.50%
Salary Increases	3.00%
Investment Rate of Return	6.25%
Retirement Age	Graded by age
Mortality	Pub-2016 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**

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Annual Money-Weighted Rate of Return, Net of Investment Expense	11.80%	6.23%	5.25%	1.94%	29.05%	(14.54%)	7.82%	10.59%	12.62%	18.02%

**TOWN OF SOUTHBURY, CONNECTICUT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2026**

NOTE 1 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 \$1,758,129 during the year ended June 30, 2026. 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 REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2026**

NOTE 1 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONTINUED)

B. Actual Budget Results

	<u>General Fund Over (Under)</u>
Revenues	
Differences - Original Budget to Final Budget	
None	\$ -
Differences - Final Budget to Actual	
Intergovernmental Revenues - Other - Increased due to receipt of FEMA funds as a result of the August 2024 flood.	1,919,492
Expenditures	
Differences - Original Budget to Final Budget	
Refunds - In fiscal year 2026 the Board of Selectman approved a budget transfer in the amount \$857,170 to pay a tax refund to IBM.	876,170
Differences - Final Budget to Actual	
None	\$ -

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

GENERAL FUND

**TOWN OF SOUTHBURY, CONNECTICUT
GENERAL FUND
REPORT OF THE TAX COLLECTOR
YEAR ENDED JUNE 30, 2026**

Grand List	Due Date	Uncollected Taxes July 1, 2025	Lawful Corrections		Transfers to Suspense	Adjusted Taxes Collectible	Collections				Uncollected Taxes June 30, 2026
			Additions	Deductions			Taxes	Interest	Lien Fees	Total	
2024	2026	\$ 70,059,037	\$ 897,134	\$ 1,151,835	\$ 1,001	\$ 69,803,335	\$ 69,346,485	\$ 176,669	\$ 1,497	\$ 69,524,651	\$ 456,850
2023	2025	381,234	11,750	16,826	589	375,569	204,386	49,448	1,752	255,586	171,183
2022	2024	165,952	6,603	1,925	1,201	169,429	82,563	33,263	888	116,714	86,866
2021	2023	109,276	347	617	1,578	107,428	30,755	20,600	576	51,931	76,673
2020	2022	36,623	-	557	185	35,881	18,091	14,033	504	32,628	17,790
2019	2021	9,124	-	4	-	9,120	5,807	3,549	408	9,764	3,313
2018	2020	(53,014)	-	-	-	(53,014)	2,351	1,702	360	4,413	(55,365)
2017	2019	(8,298)	-	-	-	(8,298)	1,120	1,528	336	2,984	(9,418)
2016	2018	8,564	-	-	-	8,564	1,142	1,733	312	3,187	7,422
2015	2017	2,919	-	-	-	2,919	1,057	1,857	289	3,203	1,862
2014	2016	7,187	-	-	-	7,187	1,033	2,002	296	3,331	6,154
2013	2015	5,319	-	-	-	5,319	1,004	2,126	330	3,460	4,315
2012	2014	4,567	-	-	-	4,567	960	2,207	392	3,559	3,607
2011	2013	9,698	-	-	-	9,698	2,547	6,865	384	9,796	7,151
2010	2012	5,620	-	-	-	5,620	2,930	7,850	456	11,236	2,690
2009	2011	-	-	-	-	-	-	-	-	-	-
		<u>\$ 70,743,808</u>	<u>\$ 915,834</u>	<u>\$ 1,171,764</u>	<u>\$ 4,554</u>	<u>\$ 70,483,324</u>	69,702,231	325,432	8,780	70,036,443	<u>\$ 781,093</u>
Suspense Collections							13,082	36,936	-	50,018	
Total							<u>\$ 69,715,313</u>	<u>\$ 362,368</u>	<u>\$ 8,780</u>	<u>\$ 70,086,461</u>	

**TOWN OF SOUTHBURY, CONNECTICUT
GENERAL FUND
COMBINING BALANCE SHEET
JUNE 30, 2026**

	General Fund	Debt Service Fund	Historical Building Fund	American Rescue Plan Act	Total Combined Funds
ASSETS					
Cash and Cash Equivalents	\$ 24,479,222	\$ (547,608)	\$ 2,014	\$ -	\$ 23,933,628
Receivables, Net	945,880	-	-	-	945,880
Due from Other Funds	204,507	-	-	-	204,507
Other Assets	47,292	-	-	-	47,292
Total Assets	<u>\$ 25,676,901</u>	<u>\$ (547,608)</u>	<u>\$ 2,014</u>	<u>\$ -</u>	<u>\$ 25,131,307</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
LIABILITIES					
Accounts and Other Payables	\$ 935,916	\$ -	\$ -	\$ -	\$ 935,916
Due to Other Funds	3,018,941	-	-	-	3,018,941
Unearned Revenue	200,721	-	-	-	200,721
Total Liabilities	<u>4,155,578</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,155,578</u>
DEFERRED INFLOWS OR RESOURCES					
Unavailable Revenue - Taxes Paid in Advance	69,338	-	-	-	69,338
Unavailable Revenue - Property Taxes	465,603	-	-	-	465,603
Unavailable Revenue - Interest on Property Taxes	328,248	-	-	-	328,248
Total Deferred Inflows of Resources	<u>863,189</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>863,189</u>
FUND BALANCES					
Nonspendable	47,292	-	-	-	47,292
Committed	-	-	2,014	-	2,014
Assigned	4,616,750	-	-	-	4,616,750
Unassigned	15,994,092	(547,608)	-	-	15,446,484
Total Fund Balances	<u>20,658,134</u>	<u>(547,608)</u>	<u>2,014</u>	<u>-</u>	<u>20,112,540</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 25,676,901</u>	<u>\$ (547,608)</u>	<u>\$ 2,014</u>	<u>\$ -</u>	<u>\$ 25,131,307</u>

**TOWN OF SOUTHBURY, CONNECTICUT
GENERAL FUND
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
YEAR ENDED JUNE 30, 2026**

	General Fund	Debt Service Fund	Historical Building Fund	American Rescue Plan Act	Total Combined Funds
REVENUES					
Property Taxes	\$ 70,238,987	\$ -	\$ -	\$ -	\$ 70,238,987
Intergovernmental Revenues	11,088,318	-	-	6,002	11,094,320
Charges for Services	2,451,891	-	-	-	2,451,891
Income on Investments	1,542,112	-	-	-	1,542,112
Miscellaneous	751,849	-	-	-	751,849
Total Revenues	86,073,157	-	-	6,002	86,079,159
EXPENDITURES					
Current:					
General Government	9,641,512	-	-	-	9,641,512
Public Safety	4,659,194	-	-	-	4,659,194
Public Works	4,381,822	-	-	-	4,381,822
Conservation of Health	338,802	-	-	-	338,802
Community Activities	2,036,835	-	-	-	2,036,835
Education	59,586,094	-	-	-	59,586,094
Capital Outlay	-	-	-	6,002	6,002
Total Expenditures	80,644,259	-	-	6,002	80,650,261
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	5,428,898	-	-	-	5,428,898
OTHER FINANCING SOURCES (USES)					
Transfers Out	(3,762,819)	-	-	-	(3,762,819)
Total Other Financing Sources (Uses)	(3,762,819)	-	-	-	(3,762,819)
NET CHANGE IN FUND BALANCE	1,666,079	-	-	-	1,666,079
Fund Balance - Beginning of Year	18,992,055	(547,608)	2,014	-	18,446,461
FUND BALANCE - END OF YEAR	<u>\$ 20,658,134</u>	<u>\$ (547,608)</u>	<u>\$ 2,014</u>	<u>\$ -</u>	<u>\$ 20,112,540</u>

NONMAJOR GOVERNMENTAL FUNDS

**TOWN OF SOUTHBURY, CONNECTICUT
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET (CONTINUED)
JUNE 30, 2026**

	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	
ASSETS											
Cash and Cash Equivalents	\$ 408,663	\$ 248,522	\$ 83,069	\$ 154,098	\$ 145,243	\$ 11,831	\$ 114,294	\$ 156,659	\$ 181,592	\$ 21,358	\$ 1,525,329
Investments	-	-	-	-	-	-	-	-	-	4,327,191	4,327,191
Accounts Receivable	138,849	-	-	-	-	-	-	-	-	-	138,849
Due from Other Funds	-	-	6,924	-	-	-	55,600	-	601	-	63,125
Total Assets	<u>\$ 547,512</u>	<u>\$ 248,522</u>	<u>\$ 89,993</u>	<u>\$ 154,098</u>	<u>\$ 145,243</u>	<u>\$ 11,831</u>	<u>\$ 169,894</u>	<u>\$ 156,659</u>	<u>\$ 182,193</u>	<u>\$ 4,348,549</u>	<u>\$ 6,054,494</u>
LIABILITIES AND FUND BALANCES											
Liabilities:											
Accounts Payable	\$ 74	\$ 149	\$ 936	\$ -	\$ 1	\$ -	\$ 110,000	\$ -	\$ -	\$ 6,164	\$ 117,324
Due to Other Funds	139,764	22,545	-	-	4,961	-	-	-	-	37,237	204,507
Total Liabilities	<u>139,838</u>	<u>22,694</u>	<u>936</u>	<u>-</u>	<u>4,962</u>	<u>-</u>	<u>110,000</u>	<u>-</u>	<u>-</u>	<u>43,401</u>	<u>321,831</u>
Fund Balances:											
Committed	<u>407,674</u>	<u>225,828</u>	<u>89,057</u>	<u>154,098</u>	<u>140,281</u>	<u>11,831</u>	<u>59,894</u>	<u>156,659</u>	<u>182,193</u>	<u>4,305,148</u>	<u>5,732,663</u>
Total Fund Balances	<u>407,674</u>	<u>225,828</u>	<u>89,057</u>	<u>154,098</u>	<u>140,281</u>	<u>11,831</u>	<u>59,894</u>	<u>156,659</u>	<u>182,193</u>	<u>4,305,148</u>	<u>5,732,663</u>
Total Liabilities and Fund Balances	<u>\$ 547,512</u>	<u>\$ 248,522</u>	<u>\$ 89,993</u>	<u>\$ 154,098</u>	<u>\$ 145,243</u>	<u>\$ 11,831</u>	<u>\$ 169,894</u>	<u>\$ 156,659</u>	<u>\$ 182,193</u>	<u>\$ 4,348,549</u>	<u>\$ 6,054,494</u>

**TOWN OF SOUTHBURY, CONNECTICUT
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2026**

	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	
REVENUES											
Intergovernmental Revenues	\$ -	\$ -	\$ -	\$ -	\$ 5,000	\$ -	\$ -	\$ -	\$ -	\$ 11,240	\$ 16,240
Charges for Services	590,070	9,241	37,844	4,391	13,789	-	-	-	7,545	-	662,880
Income on Investments	-	-	-	-	1,612	-	-	-	-	683,155	684,767
Miscellaneous	-	-	4,512	-	-	-	50,327	-	-	11,223	66,062
Total Revenues	590,070	9,241	42,356	4,391	20,401	-	50,327	-	7,545	705,618	1,429,949
EXPENDITURES											
Current:											
General Government	-	-	27,968	-	5,000	-	71,683	-	1,250	-	105,901
Public Safety	538,597	-	-	-	-	-	-	-	-	-	538,597
Public Works	-	-	-	-	-	-	-	-	-	-	-
Community Activities	-	21,255	-	2,187	-	-	-	-	-	154,925	178,367
Total Expenditures	538,597	21,255	27,968	2,187	5,000	-	71,683	-	1,250	154,925	822,865
NET CHANGE IN FUND BALANCES	51,473	(12,014)	14,388	2,204	15,401	-	(21,356)	-	6,295	550,693	607,084
Fund Balances - Beginning of Year	356,201	237,842	74,669	151,894	124,880	11,831	81,250	156,659	175,898	3,754,455	5,125,579
FUND BALANCES - END OF YEAR	\$ 407,674	\$ 225,828	\$ 89,057	\$ 154,098	\$ 140,281	\$ 11,831	\$ 59,894	\$ 156,659	\$ 182,193	\$ 4,305,148	\$ 5,732,663

FIDUCIARY FUNDS

**TOWN OF SOUTHBURY, CONNECTICUT
EMPLOYEE BENEFIT TRUST FUNDS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2026**

	Pension Trust Fund	401(a)/457 Defined Contribution Trust Fund	Total Pension and Other Post Employment Benefit Trust Funds
ASSETS			
Cash and Cash Equivalents	\$ 831,441	\$ -	\$ 831,441
Accounts Receivable	-	19,051	19,051
Investments - Mutual Funds, at Fair Value	33,949,192	5,658,855	39,608,047
Total Assets	<u>34,780,633</u>	<u>5,677,906</u>	<u>40,458,539</u>
NET POSITION			
Restricted for Pension and Other Post Employment Benefits	<u>\$ 34,780,633</u>	<u>\$ 5,677,906</u>	<u>\$ 40,458,539</u>

**TOWN OF SOUTHBURY, CONNECTICUT
EMPLOYEE BENEFIT TRUST FUNDS
COMBINING STATEMENT OF CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2026**

	Pension Trust Funds	401(a)/457 Defined Contribution Trust Fund	Total Pension and Other Post Employment Benefit Trust Funds
ADDITIONS:			
Contributions:			
Employer	\$ 36,228	\$ -	\$ 36,228
Plan Members	899,000	577,110	1,476,110
Total Contributions	<u>935,228</u>	<u>577,110</u>	<u>1,512,338</u>
Investment Income:			
Change in Fair Value of Investments	4,411,527	861,580	5,273,107
Interest and Dividends	989,031	-	989,031
	<u>5,400,558</u>	<u>861,580</u>	<u>6,262,138</u>
Less Investment Expenses:			
Investment Management Fees	36,500	-	36,500
Net Investment Income	<u>5,364,058</u>	<u>861,580</u>	<u>6,225,638</u>
Total Additions	6,299,286	1,438,690	7,737,976
DEDUCTIONS:			
Benefits	1,745,464	872,757	2,618,221
Administration	20,296	300	20,596
Total Deductions	<u>1,765,760</u>	<u>873,057</u>	<u>2,638,817</u>
CHANGE IN NET POSITION	4,533,526	565,633	5,099,159
Net Position - Beginning of Year	<u>30,247,107</u>	<u>5,112,273</u>	<u>35,359,380</u>
NET POSITION - END OF YEAR	<u><u>\$ 34,780,633</u></u>	<u><u>\$ 5,677,906</u></u>	<u><u>\$ 40,458,539</u></u>

TOWN OF SOUTHBURY, CONNECTICUT
STATEMENT OF DEBT LIMITATION
JUNE 30, 2026
(IN THOUSANDS)

Total Tax Collections, Including Interest and Lien Fees, Prior Year	<u>\$ 69,287,801</u>
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BASE	<u>\$ 69,287,801</u>
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	General Purpose	Schools	Sewers	Urban Renewal	Pension Deficit
Debt Limitation:					
2-1/4 Times Base	\$ 155,897,552	\$ -	\$ -	\$ -	\$ -
4-1/2 Times Base	-	311,795,105	-	-	-
3-3/4 Times Base	-	-	259,829,254	-	-
3-1/4 Times Base	-	-	-	225,185,353	-
3 Times Base	-	-	-	-	207,863,403
Total Debt Limitation	155,897,552	311,795,105	259,829,254	225,185,353	207,863,403
Indebtedness:					
Bond Anticipation Notes Payable	8,520,000	-	-	-	-
Overlapping Debt:					
Bond Anticipation Note and Authorized - Regional District #15*	-	6,795,710	-	-	-
Net Indebtedness	<u>8,520,000</u>	<u>6,795,710</u>	<u>-</u>	<u>-</u>	<u>-</u>
Debt Limitation in Excess of Outstanding and Authorized Debt	<u>\$ 147,377,552</u>	<u>\$ 304,999,395</u>	<u>\$ 259,829,254</u>	<u>\$ 225,185,353</u>	<u>\$ 207,863,403</u>

Note (1): In no case shall total indebtedness exceed seven times annual receipts from taxation (\$485,014,607).

* 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, 2026, the outstanding bonded indebtedness of the District was \$10,275,000 in the form of a Bond Anticipation Note. The Town of Southbury's share will be approximately 66%. These are general obligations of Regional School District #15 and its member towns.



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