

**TOWN OF SOUTHBURY, CONNECTICUT**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**YEAR ENDED JUNE 30, 2024**



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## INDEPENDENT AUDITORS' REPORT

Board of Finance  
Town of Southbury, Connecticut

### Report on the Audit of the Financial Statements

#### *Opinions*

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Southbury, Connecticut, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Town of Southbury, Connecticut's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Southbury, Connecticut, as of June 30, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinions*

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

#### *Responsibilities of Management for the Financial Statements*

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

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

***Auditors' Responsibilities for the Audit of the Financial Statements***

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Town of Southbury, Connecticut's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Town of Southbury, Connecticut's ability to continue as a going concern for a reasonable period of time.

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

***Required Supplementary Information***

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

**Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Southbury, Connecticut’s basic financial statements. The combining and individual fund financial statements 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 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 17, 2024, 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 17, 2024

**TOWN OF SOUTHBURY, CONNECTICUT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
JUNE 30, 2024**

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, 2024. 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 \$126,158,770 (net position). Of this amount, \$32,187,063 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 \$35,757,644, an increase of \$2,335,387 in comparison with the prior year.
- During the year, the Town had revenue of \$80.1 million, an increase of 2.4% in tax and other revenues for governmental programs.
- The total cost of all the Town's programs was \$76.7 million, an increase of 3.6% with no new programs added this year.
- At the close of the current fiscal year, unassigned fund balance of the General Fund was \$9,224,475 or 12.6% of the Town' fiscal year 2024 adopted General Fund budgetary expenditure appropriation. The Town approved additional pension funding of \$0.4 million in fiscal year 23-24.

**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, 2024**

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, 2024**

**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	
	2024	2023
<b>Assets:</b>		
Current and Other Assets	\$ 40,508,920	\$ 39,377,197
Capital Assets, Net of Accumulated Depreciation	92,827,185	92,681,798
Total Assets	<u>133,336,105</u>	<u>132,058,995</u>
<b>Deferred Outflows of Resources</b>	339,679	1,521,589
<b>Liabilities:</b>		
Long-Term Liabilities Outstanding	4,129,308	5,661,083
Other Liabilities	2,841,683	4,131,090
Total Liabilities	<u>6,970,991</u>	<u>9,792,173</u>
<b>Deferred Inflows of Resources</b>	<u>546,023</u>	<u>1,075,673</u>
<b>Net Position:</b>		
Net Investment in Capital Assets	92,827,185	91,848,746
Restricted for:		
Grant Purposes	1,144,522	1,161,838
Unrestricted	<u>32,187,063</u>	<u>29,702,154</u>
Total Net Position	<u>\$ 126,158,770</u>	<u>\$ 122,712,738</u>

Net position of the Town's governmental activities increases by 2.7% (\$126.2 million compared to \$122.7 million). Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – was \$29.7 million on June 30, 2023, and \$32.2 million at the end of this fiscal year.

Net position invested in capital assets increased by \$978 thousand. 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, 2024**

**TABLE 2  
CHANGE IN NET POSITION**

	Governmental Activities	
	2024	2023
<b>Revenues:</b>		
Program Revenues:		
Charges for Services	\$ 2,794,376	\$ 2,822,394
Operating Grants and Contributions	7,780,556	8,048,585
General Revenues:		
Property Taxes	65,575,714	64,297,108
Grants and Contributions Not Restricted to Specific Purposes	735,885	1,079,051
Unrestricted Investment Earnings	2,913,480	1,796,308
Miscellaneous	324,352	221,394
Total Revenues	<u>80,124,363</u>	<u>78,264,840</u>
<b>Program Expenses:</b>		
General Government	8,710,441	8,894,791
Public Safety	4,931,359	4,837,549
Public Works	6,490,171	6,433,030
Conservation of Health	341,980	339,433
Community Activities	2,301,437	1,975,612
Education	53,858,679	51,509,790
Debt Service	44,264	49,669
Total Program Expenses	<u>76,678,331</u>	<u>74,039,874</u>
<b>Increase in Net Position</b>	<u>\$ 3,446,032</u>	<u>\$ 4,224,966</u>

The Town's total revenues were \$80.1 million. Total cost of all programs and services was \$76.7 million. Property tax collection rate was 99.4% and accounted for 82% of all revenues. Revenues from operating grants and contributions, the second largest component, were 9.7%. Education expenses were 70.2% of total expenses.

**TOWN OF SOUTHBURY, CONNECTICUT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
JUNE 30, 2024**

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	
	2024	2023	2024	2023
General Government	\$ 8,710,441	\$ 8,894,791	\$ 4,544,506	\$ 3,837,512
Public Safety	4,931,359	4,837,549	4,485,011	4,344,722
Public Works	6,490,171	6,433,030	6,294,513	6,304,308
Conservation of Health	341,980	339,433	341,980	339,433
Community Activities	2,301,437	1,975,612	2,121,165	1,745,275
Education	53,858,679	51,509,790	48,271,960	46,547,976
Debt Service	44,264	49,669	44,264	49,669
	<u>\$ 76,678,331</u>	<u>\$ 74,039,874</u>	<u>\$ 66,103,399</u>	<u>\$ 63,168,895</u>
Totals				

**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 \$35.8 million, which is an increase from last year's total of \$33.4 million. The original budget for 2024 also utilized \$1,355,634 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 purchase and fluctuation in the markets due to COVID-19 and supply chain issues.

The Town's General Fund balance of \$19.8 million reported on Exhibit III differs from the General Fund's budgetary fund balance of \$19.6 million. This is because the governmental fund balance (Exhibit III) does not include \$274,600 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, 2024**

**Capital Asset and Debt Administration**

**Capital Assets**

At June 30, 2024, the Town had \$92.8 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 increase over the prior fiscal year.

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

	Governmental Activities	
	2024	2023
Land	\$ 20,126	\$ 20,126
Buildings and Improvements	14,102	13,257
Equipment	7,206	4,886
Infrastructure	49,989	47,533
Construction in Progress	1,404	6,880
Totals	\$ 92,827	\$ 92,682

This year's major additions included:

Fire and Police Vehicles	\$ 1,120,317
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The Town's fiscal year 2024-25 capital plan calls for it to spend \$700,000 on vehicles. The Town also appropriated an additional \$1,737,976 million for road improvements.

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

**Long-Term Debt**

On June 30, 2023, the Town had \$0 in bonds and notes outstanding versus \$260,000 last year - a decrease of \$260,000. The Town refinanced a portion of its long-term debt in July 2012, which resulted in a savings of \$241,585 of interest over the life of the bonds.

The Town's general obligation bond rating continues to be Aa1 rating, a rating that has been assigned by national rating agencies to the Town's debt since June 2021. The State limits the amount of general obligation debt that cities can issue based on a formula determined under State Statutes based on type of debt and tax base. The Town's outstanding general obligation debt is significantly below this \$447.6 million state-imposed limit.

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

**TOWN OF SOUTHBURY, CONNECTICUT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
JUNE 30, 2024**

**Economic Factors and Next Year's Budgets and Rates**

During May 2024, the Town adopted a General Fund budget for the fiscal year ending June 30, 2025. The budget reflected an overall increase in expenditures of \$4,898,342 or 6.41% over the final fiscal year 2024 amended budget. The budgeted expenditures of \$81,333,894 resulted in a mill rate increase and allows the Town to continue to maintain the same level of programs and services to its residents. The Town has planned to utilize \$1,737,182 of the fund balance for the purposes of balancing the budget.

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

- For purposes of calculating property tax revenues for fiscal year 2025, 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.
- On August 18, 2024, the Town was hit by a historic storm that devastated the Town's infrastructure and equipment. The Administration will be working with all agencies to ensure that all losses are recovered through Federal Emergency Management Agency. The potential budget impact is not known at this time of this issuance.
- 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 2024 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 2025.

**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, 2024**

	<b>Governmental Activities</b>
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 23,424,686
Investments	14,929,939
Receivables, Net	2,114,877
Prepaid Items	39,418
Capital Assets Not Being Depreciated	21,530,352
Capital Assets, Net of Accumulated Depreciation	71,296,833
Total Assets	133,336,105
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>	
Related to Pension	339,679
Total Deferred Outflows of Resources	339,679
<b>LIABILITIES</b>	
Current Liabilities:	
Accounts and Other Payables	1,113,517
Unearned Revenue	1,728,166
Total Current Liabilities	2,841,683
Noncurrent Liabilities:	
Due Within One Year	372,824
Due in More than One Year	3,756,484
Total Noncurrent Liabilities	4,129,308
Total Liabilities	6,970,991
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Taxes Paid in Advance	69,338
Related to Pension	476,685
Total Deferred Inflows of Resources	546,023
<b>NET POSITION</b>	
Net Investment in Capital Assets	92,827,185
Restricted for:	
Grant Purposes	1,144,522
Unrestricted	32,187,063
Total Net Position	\$ 126,158,770

See accompanying Notes to Basic Financial Statements.

**TOWN OF SOUTHBURY, CONNECTICUT  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2024**

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
<b>GOVERNMENTAL ACTIVITIES</b>					
General Government	\$ 8,710,441	\$ 2,167,756	\$ 1,998,179	\$ -	\$ (4,544,506)
Public Safety	4,931,359	446,348	-	-	(4,485,011)
Public Works	6,490,171	-	195,658	-	(6,294,513)
Conservation of Health	341,980	-	-	-	(341,980)
Community Activities	2,301,437	180,272	-	-	(2,121,165)
Education	53,858,679	-	5,586,719	-	(48,271,960)
Debt Service	44,264	-	-	-	(44,264)
Total Governmental Activities	<u>\$ 76,678,331</u>	<u>\$ 2,794,376</u>	<u>\$ 7,780,556</u>	<u>\$ -</u>	(66,103,399)
<b>GENERAL REVENUES</b>					
Property Taxes					65,575,714
Grants and Contributions Not Restricted to Specific Programs					735,885
Unrestricted Investment Earnings					2,913,480
Miscellaneous					324,352
Total General Revenues					<u>69,549,431</u>
<b>CHANGE IN NET POSITION</b>					
					3,446,032
Net Position - Beginning of Year					<u>122,712,738</u>
<b>NET POSITION - END OF YEAR</b>					
					<u>\$ 126,158,770</u>

See accompanying Notes to Basic Financial Statements.



**TOWN OF SOUTHBURY, CONNECTICUT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2024**

	General	Capital Projects	Small Cities	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 21,633,107	\$ 268,649	\$ 145,391	\$ 1,377,539	\$ 23,424,686
Investments	-	11,639,794	-	3,290,145	14,929,939
Receivables, Net	1,009,595	-	997,481	68,705	2,075,781
Due from Other Funds	258,020	-	1,650	152,407	412,077
Prepays	39,418	-	-	-	39,418
	<u>\$ 22,940,140</u>	<u>\$ 11,908,443</u>	<u>\$ 1,144,522</u>	<u>\$ 4,888,796</u>	<u>\$ 40,881,901</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts and Other Payables	\$ 448,616	\$ 566,591	\$ -	\$ 24	\$ 1,015,231
Due to Other Funds	-	154,057	-	258,020	412,077
Unearned Revenue	1,728,166	-	-	-	1,728,166
Total Liabilities	<u>2,176,782</u>	<u>720,648</u>	<u>-</u>	<u>258,044</u>	<u>3,155,474</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable Revenue - Taxes Paid in Advance	69,338	-	-	-	69,338
Unavailable Revenue - Property Taxes	567,852	-	-	-	567,852
Unavailable Revenue - Interest on Property Taxes	334,112	-	-	-	334,112
Unavailable Revenue - Loans Receivable	-	-	997,481	-	997,481
Total Deferred Inflows of Resources	<u>971,302</u>	<u>-</u>	<u>997,481</u>	<u>-</u>	<u>1,968,783</u>
<b>FUND BALANCES</b>					
Nonspendable	39,418	-	-	-	39,418
Restricted	-	-	147,041	-	147,041
Committed	51,051	14,873,529	-	4,630,752	19,555,332
Assigned	10,477,112	-	-	-	10,477,112
Unassigned	9,224,475	(3,685,734)	-	-	5,538,741
Total Fund Balances	<u>19,792,056</u>	<u>11,187,795</u>	<u>147,041</u>	<u>4,630,752</u>	<u>35,757,644</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 22,940,140</u>	<u>\$ 11,908,443</u>	<u>\$ 1,144,522</u>	<u>\$ 4,888,796</u>	<u>\$ 40,881,901</u>

See accompanying Notes to Basic Financial Statements.

**TOWN OF SOUTHBURY, CONNECTICUT  
BALANCE SHEET  
GOVERNMENTAL FUNDS (CONTINUED)  
JUNE 30, 2024**

**RECONCILIATION TO THE STATEMENT OF NET POSITION**

Amounts reported for governmental activities in the Statement of Net Position (Exhibit I) are different because of the following:

Fund Balances - Total Governmental Funds (Exhibit III)	\$ 35,757,644
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:	
Governmental Capital Assets	208,307,587
Less: Accumulated Depreciation	(115,480,402)
Net Capital Assets	92,827,185
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	567,852
Interest Receivable on Property Taxes	334,110
Housing and Mortgage Loans	997,481
Deferred Outflows of Resources Related to Pension	339,679
Internal service funds are used by management to charge the costs of risk management to individual funds. The assets and liabilities of the internal service funds are reported with governmental activities in the Statement of Net Position.	
	(59,188)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds:	
Compensated Absences	(388,548)
Deferred Inflows of Resources Related to Pension	(476,685)
Net Pension Liability	(3,740,760)
Net Position of Governmental Activities (Exhibit I)	\$ 126,158,770

**TOWN OF SOUTHBURY, CONNECTICUT  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2024**

	General	Capital Projects	Small Cities	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES</b>					
Property Taxes	\$ 65,570,038	\$ -	\$ -	\$ -	\$ 65,570,038
Intergovernmental	8,314,280	155,099	-	47,062	8,516,441
Charges for Services	2,119,614	-	28,996	645,766	2,794,376
Income on Investments	1,805,669	796,073	-	311,738	2,913,480
Miscellaneous	207,165	-	-	117,187	324,352
Total Revenues	<u>78,016,766</u>	<u>951,172</u>	<u>28,996</u>	<u>1,121,753</u>	<u>80,118,687</u>
<b>EXPENDITURES</b>					
Current:					
General Government	8,667,085	-	-	57,299	8,724,384
Public Safety	4,131,908	-	-	432,109	4,564,017
Public Works	2,994,719	-	-	912	2,995,631
Conservation of Health	341,980	-	-	-	341,980
Community Activities	1,862,086	-	117,322	192,830	2,172,238
Education	53,858,679	-	-	-	53,858,679
Capital Outlay	1,133,966	3,724,605	-	-	4,858,571
Debt Service	267,800	-	-	-	267,800
Total Expenditures	<u>73,258,223</u>	<u>3,724,605</u>	<u>117,322</u>	<u>683,150</u>	<u>77,783,300</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	4,758,543	(2,773,433)	(88,326)	438,603	2,335,387
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers In	-	3,445,158	-	-	3,445,158
Transfers Out	(3,445,158)	-	-	-	(3,445,158)
Total Other Financing Sources (Uses)	<u>(3,445,158)</u>	<u>3,445,158</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET CHANGES IN FUND BALANCES</b>	1,313,385	671,725	(88,326)	438,603	2,335,387
Fund Balances - Beginning of Year	18,478,671	10,516,070	-	4,427,516	33,422,257
Change in Fund Presentation from Nonmajor to Major	-	-	235,367	(235,367)	-
Fund Balance - As Adjusted	<u>18,478,671</u>	<u>10,516,070</u>	<u>235,367</u>	<u>4,192,149</u>	<u>33,422,257</u>
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 19,792,056</u>	<u>\$ 11,187,795</u>	<u>\$ 147,041</u>	<u>\$ 4,630,752</u>	<u>\$ 35,757,644</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, 2024**

**RECONCILIATION TO THE STATEMENT OF ACTIVITIES**

Amounts reported for governmental activities in the Statement of Activities (Exhibit II) are different because:

Net Change in Fund Balances - Governmental Funds (Exhibit IV)	\$	2,335,387
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Governmental funds report capital outlays as expenditures. In the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:

Capital Outlay		4,431,496
Depreciation Expense		(4,182,968)
Loss on Sale of Assets		(103,141)

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		33,115
Property Tax Interest and Lien Revenue - Accrual Basis Change		(27,439)
Amortization of Bond Premium		2,747
Mortgage Loan Receivables		71,010
Change in Net Pension Liability		1,296,473
Change in Deferred Inflows Related to Pension		529,650
Change in Deferred Outflows Related to Pension		(1,133,640)

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

Bond Principal Payments		260,000
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Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds:

Compensated Absences		(27,445)
Amortization of Deferred Charge on Refunding		(48,270)
Accrued Interest		9,057

Change in Net Position of Governmental Activities (Exhibit II)	\$	<u>3,446,032</u>
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**TOWN OF SOUTHBURY, CONNECTICUT  
STATEMENT OF NET POSITION  
PROPRIETARY FUND  
JUNE 30, 2024**

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

See accompanying Notes to Basic Financial Statements.

**TOWN OF SOUTHBURY, CONNECTICUT  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
PROPRIETARY FUND  
YEAR ENDED JUNE 30, 2024**

	Governmental Activities
	Internal Service Funds
<b>OPERATING REVENUES</b>	
Contributions	\$ -
<b>OPERATING EXPENSES</b>	
Employee Benefits	-
Other Expenses	-
Total Operating Expenses	-
<b>OPERATING INCOME</b>	-
<b>OTHER FINANCING USES</b>	
Transfer Out	-
<b>CHANGE IN NET POSITION</b>	-
Net Position - Beginning of Year	(59,188)
<b>NET POSITION - END OF YEAR</b>	\$ (59,188)

See accompanying Notes to Basic Financial Statements.

**TOWN OF SOUTHBURY, CONNECTICUT  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUND  
YEAR ENDED JUNE 30, 2024**

	Governmental Activities
	Internal Service Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash Received from Customers and Users	\$ -
Cash Paid to Suppliers	-
Cash Received from Administrator	-
Net Cash Used by Operating Activities	-
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Transfer out	-
	-
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	-
Cash and Cash Equivalents - Beginning of Year	-
	-
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	\$ -
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES</b>	
Operating Loss	\$ -
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:	
Decrease in Advance to Plan Administrators	-
Net Cash Used by Operating Activities	\$ -

See accompanying Notes to Basic Financial Statements.

**TOWN OF SOUTHBURY, CONNECTICUT  
STATEMENT OF FIDUCIARY NET POSITION  
PENSION TRUST FUNDS  
JUNE 30, 2024**

	Pension Trust Funds
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 155,094
Accounts Receivable	13,683
Investments:	
Mutual Funds and Equities	31,810,336
Total Assets	31,979,113
<b>NET POSITION</b>	
Restricted - Held in Trust for Pension Benefits	\$ 31,979,113

See accompanying Notes to Basic Financial Statements.



**TOWN OF SOUTHURY, CONNECTICUT  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
PENSION TRUST FUNDS  
YEAR ENDED JUNE 30, 2024**

	<u>Pension Trust Funds</u>
<b>ADDITIONS</b>	
Contributions:	
Plan Members	\$ 165,851
Employer	<u>1,492,667</u>
Total Contributions	1,658,518
Investment Earnings:	
Net Change in Fair Value of Investments	2,632,108
Interest and Dividends	<u>721,340</u>
Total Investment Gain (Loss)	3,353,448
Less Investment Expenses:	
Investment Management Fees	<u>36,500</u>
Net Investment Gain (Loss)	<u>3,316,948</u>
Total Additions	4,975,466
<b>DEDUCTIONS</b>	
Benefits	2,511,794
Fees	<u>17,583</u>
Total Deductions	<u>2,529,377</u>
<b>CHANGE IN NET POSITION</b>	2,446,089
Net Position - Beginning of Year	<u>29,533,024</u>
<b>NET POSITION - END OF YEAR</b>	<u><u>\$ 31,979,113</u></u>

See accompanying Notes to Basic Financial Statements.

**TOWN OF SOUTHBURY, CONNECTICUT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2024**

**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, 2024**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**A. Reporting Entity (Continued)**

Fiduciary Component Units

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

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

**B. Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Town. For the most part, the effect of interfund activity has been removed from these statements.

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

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

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are 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.

**TOWN OF SOUTHBURY, CONNECTICUT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2024**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

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

Property taxes, charges for services, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. 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, 2024**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

Additionally, the Town reports the following fund types:

**Internal Service Fund**

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

**Pension Trust Fund**

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

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

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Town's proprietary funds are charges to the Town and its employees for medical insurance premiums. Operating expenses for the funds include the cost of claims and administrative expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

**TOWN OF SOUTHBURY, CONNECTICUT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2024**

**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, 2024**

**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 a deferred charge on refunding and deferred outflows related to pension in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. A deferred outflow of resources related to pension results from differences between expected and actual experience, changes in assumptions or other inputs. These amounts are deferred and included in pension expense in a systematic and rational manner over a period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension plan (active employees and inactive employees).

**TOWN OF SOUTHBURY, CONNECTICUT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**H. Deferred Outflows/Inflows of Resources (Continued)**

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

**I. Compensated Absences**

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

**J. Net Pension Liability**

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



**TOWN OF SOUTHBURY, CONNECTICUT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2024**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**K. Long-Term Obligations**

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

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

**Fund Equity**

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

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

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

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

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

*Nonspendable Fund Balance* – This represents amounts that cannot be spent due to form (e.g., inventories and prepaid amounts).

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

*Committed Fund Balance* – This represents amounts constrained for a specific purpose by a government using its highest level of decision-making authority (Board of Finance) through a resolution.

**TOWN OF SOUTHURY, CONNECTICUT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2024**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**K. Long-Term Obligations (Continued)**

**Fund Equity (Continued)**

*Assigned Fund Balance* – This balance represents amounts constrained for the intent to be used for a specific purpose by a governing board or a body or official that has been delegated authority to assign amounts.

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

**L. Estimates**

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

**TOWN OF SOUTHBURY, CONNECTICUT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2024**

**NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**A. Budgetary Information**

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

- Prior to July 1, the budget is legally adopted by vote of the Annual Town Meeting.
- The Board of Finance in concurrence with the Board of Selectmen is authorized to make additional appropriations up to \$20,000 to any single agency or department per year. Any appropriation causing the total to exceed or exceeding \$20,000 must be approved by Town Meeting.
- Budgets are adopted on the modified accrual basis of accounting.
- The legal budget is a departmental-level budget.
- There were supplemental appropriations of \$1,012,000 during the year ended June 30, 2024. All additional appropriations were made in accordance with the Charter.

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

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

All General Fund appropriations lapse at year end. Appropriations for Capital Projects Funds and several Special Revenue Funds are continued until completion of the project, even when projects extend for more than one fiscal year. If three years lapse without any expenditure or any encumbrance of said funds, the appropriation will lapse.

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

**TOWN OF SOUTHBURY, CONNECTICUT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

**NOTE 3 CASH, CASH EQUIVALENTS, AND INVESTMENTS**

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

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

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

**A. Deposits**

Deposit Custodial Credit Risk

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

**TOWN OF SOUTHBURY, CONNECTICUT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2024**

**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*, \$4,144,139 of the Town's bank balance of \$24,427,677 was exposed to custodial credit risk as follows:

Uninsured and Uncollateralized	\$ 3,679,725
Uninsured and Collateralized, Held by the Pledging Bank's Trust Department, Not in the Town's Name	<u>464,414</u>
Total Amount Subject to Custodial Credit Risk	<u>\$ 4,144,139</u>

Cash Equivalents

At June 30, 2024, the Town's cash equivalents amounted to \$327,203. 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, 2024</u>	<u>Standard &amp; Poor's Rating</u>
Wells Fargo	\$ 327,203	*

\* Not Rated

**B. Investments**

As of June 30, 2024, the Town had the following investments:

Other Investments:	
Mutual Funds	<u>\$ 46,740,275</u>
Total Investments	<u>\$ 46,740,275</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, 2024**

**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, 2024.

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, 2024, 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, 2024**

**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, 2024:

	June 30, 2024	Fair Value Measurements Using		
		Level 1	Level 2	Level 3
Investments by Fair Value Level:				
Mutual Funds	\$ 46,740,275	\$ 46,263,043	\$ 477,232	\$ -
Total Investments by Fair Value Level	<u>\$ 46,740,275</u>	<u>\$ 46,263,043</u>	<u>\$ 477,232</u>	<u>\$ -</u>

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

**NOTE 4 RECEIVABLES**

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

	General	Capital Projects	Small Cities	Nonmajor and Other Funds	Total
Receivables:					
Taxes	\$ 809,788	\$ -	\$ -	\$ -	\$ 809,788
Interest on Taxes	334,112	-	-	-	334,112
Accounts	49,017	-	-	107,801	156,818
Housing Loans	-	-	997,481	-	997,481
Gross Receivables	<u>1,192,917</u>	<u>-</u>	<u>997,481</u>	<u>107,801</u>	<u>2,298,199</u>
Less: Allowance for					
Uncollectibles Taxes	<u>(183,322)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(183,322)</u>
Total Receivables, Net	<u>\$ 1,009,595</u>	<u>\$ -</u>	<u>\$ 997,481</u>	<u>\$ 107,801</u>	<u>\$ 2,114,877</u>

**TOWN OF SOUTHBURY, CONNECTICUT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2024**

**NOTE 5 CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2024 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	6,880,409	4,431,496	(103,141)	(9,804,889)	1,403,875
Total Capital Assets Not Being Depreciated	27,006,886	4,431,496	(103,141)	(9,804,889)	21,530,352
Capital Assets Being Depreciated:					
Buildings	21,230,548	1,254,121	-	-	22,484,669
Furniture and Equipment	20,122,456	3,133,681	-	-	23,256,137
Infrastructure	135,619,342	5,417,087	-	-	141,036,429
Total Capital Assets Being Depreciated	176,972,346	9,804,889	-	-	186,777,235
Less Accumulated Depreciation for:					
Buildings	7,974,862	408,130	-	-	8,382,992
Furniture and Equipment	15,236,109	814,083	-	-	16,050,192
Infrastructure	88,086,463	2,960,755	-	-	91,047,218
Total Accumulated Depreciation	111,297,434	4,182,968	-	-	115,480,402
Total Capital Assets Being Depreciated, Net	65,674,912	5,621,921	-	-	71,296,833
Governmental Activities Capital Assets, Net	<u>\$ 92,681,798</u>	<u>\$ 10,053,417</u>	<u>\$ (103,141)</u>	<u>\$ (9,804,889)</u>	<u>\$ 92,827,185</u>

Depreciation expense was charged to functions/programs as follows:

Governmental Activities:	
General Government	\$ 336,041
Public Safety	355,043
Public Works	3,412,013
Community Activities	79,871
Total Depreciation Expense - Governmental Activities	<u>\$ 4,182,968</u>

**Capital Project Commitments**

The Town has active long-term projects as of June 30, 2024. The projects include:

	Appropriation	Expended	Encumbrances	Remaining Balance
Capital	\$ 52,458,386	\$ 45,519,948	\$ 2,900,755	\$ 4,037,683
Reserve Accounts	42,474,523	36,281,746	355,002	5,837,775
Limited Reserve Accounts	24,483,451	23,230,032	-	1,253,419



**TOWN OF SOUTHBURY, CONNECTICUT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2024**

**NOTE 6 INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS**

At June 30, 2024, the interfund receivables and payables are as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Nonmajor Governmental Funds	\$ 258,020
Nonmajor Governmental Funds	Capital Projects	152,407
Small Cities	Capital Projects	1,650
Total		\$ 412,077

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

Interfund transfers:

	Transfers In		Total
	Capital Projects	Total Transfers Out	
Transfers Out:			
General Fund	\$ 3,445,158	\$ 3,445,158	
Total Transfers In	\$ 3,445,158	\$ 3,445,158	

All transfers are for regularly recurring operational transfers.

**TOWN OF SOUTHBURY, CONNECTICUT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2024**

**NOTE 7 LONG-TERM DEBT**

**Changes in Long-Term Liabilities**

Long-term liability activity for the year ended June 30, 2024 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:					
Bonds Payable and Other:					
General Obligation Bonds	\$ 260,000	\$ -	\$ 260,000	\$ -	\$ -
For Issuance Premiums	2,747	-	2,747	-	-
Total Bonds Payable and Other	262,747	-	262,747	-	-
Compensated Absences	361,103	369,173	341,728	388,548	372,824
Net Pension Liability	5,037,233	2,498,839	3,795,312	3,740,760	-
Total Governmental Activities Long-Term Liabilities	<u>\$ 5,661,083</u>	<u>\$ 2,868,012</u>	<u>\$ 4,399,787</u>	<u>\$ 4,129,308</u>	<u>\$ 372,824</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, 2024, the outstanding bonded indebtedness of the District was \$526,373. The Town's share will be approximately 65% of the remaining balance. These are general obligations of Regional School District #15 and its member towns.

**TOWN OF SOUTHBURY, CONNECTICUT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2024**

**NOTE 7 LONG-TERM DEBT (CONTINUED)**

**Overlapping Debt (Continued)**

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

Category	Debt Limitation	Indebtedness*	Balance
General Purpose	\$ 143,187,660	\$ -	\$ 143,187,660
Schools	286,375,320	526,373	285,848,947
Sewers	238,646,100	-	238,646,100
Urban Renewal	206,826,620	-	206,826,620
Pension Deficit	190,916,880	-	190,916,880

\* 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 \$445,472,720.

**TOWN OF SOUTHBURY, CONNECTICUT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2024**

**NOTE 8 FUND BALANCE**

The components of fund balance for the governmental funds at June 30, 2024 are as follows:

	General Fund	Capital Projects Fund	Small Cities	Nonmajor Governmental Funds	Total
Fund Balances:					
Nonspendable:					
Supplies	\$ 39,418	\$ -	\$ -	\$ -	\$ 39,418
Restricted to:					
Grant Purposes	-	-	147,041	-	147,041
Committed to:					
Investments - Reserve Fund	-	9,500,000	-	-	9,500,000
Stability Fund - Reserve Fund	-	2,117,772	-	-	2,117,772
General Government	-	-	-	503,026	503,026
Public Safety	-	-	-	349,033	349,033
Public Works	-	3,255,757	-	12,131	3,267,888
Community Activities	-	-	-	3,766,562	3,766,562
Historical Buildings	51,051	-	-	-	51,051
Assigned to:					
Purchases on Order:					
General Government	24,726	-	-	-	24,726
Public Safety	9,862	-	-	-	9,862
Public Works	236,982	-	-	-	236,982
Conservation of Health	105	-	-	-	105
Community Activities	2,926	-	-	-	2,926
Reserve for Future Use	5,789,822	-	-	-	5,789,822
Subsequent Year's Budget	1,737,182	-	-	-	1,737,182
Ballantine Pool Project	2,115,000	-	-	-	2,115,000
Gas and Diesel Tanks	10,713	-	-	-	10,713
Debt Service	549,794	-	-	-	549,794
Unassigned	9,224,475	(3,685,734)	-	-	5,538,741
Total Fund Balances	<u>\$ 19,792,056</u>	<u>\$ 11,187,795</u>	<u>\$ 147,041</u>	<u>\$ 4,630,752</u>	<u>\$ 35,757,644</u>

Significant encumbrances of \$274,600 are included in the General Fund assigned fund balance and \$3,255,757 are included in the Capital Projects Fund committed fund balances as of June 30, 2024.

**TOWN OF SOUTHBURY, CONNECTICUT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2024**

**NOTE 9 RISK MANAGEMENT**

The Town is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; errors and omissions; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties, except as disclosed below.

**Medical Self-Insurance**

The Town entered into a Cooperative Agreement with the Town of Middlebury and the Regional School District #15 Board of Education, effective July 1, 2013, to facilitate the group purchase of health benefits for active employees and non-Medicare eligible retirees. The Town withdrew from the Cooperative Agreement as of June 30, 2022, and has purchased insurance from an independent third party.

The Fund established claims liabilities based on estimates of claims that have been incurred but not reported; accordingly, the Fund has an additional liability at June 30, 2024 of \$98,284.

A schedule of changes in the claims liability for the year ended June 30, 2024 is presented below:

	Accrued Liability Beginning of Fiscal Year	Current Year Claims Paid and Changes in Estimates	Accrued Liability Claim Payments	Accrued Liability End of Fiscal Year
2023-2024	\$ 98,284	\$ -	\$ -	\$ 98,284
2022-2023	98,284	57,949	57,949	98,284

**NOTE 10 EMPLOYEE RETIREMENT PLAN**

**A. Pension Trust Fund**

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

**TOWN OF SOUTHBURY, CONNECTICUT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2024**

**NOTE 10 EMPLOYEE RETIREMENT PLAN (CONTINUED)**

**A. Pension Trust Fund (Continued)**

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

**Plan Description and Benefits Provided**

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

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

The membership of the plan consisted of the following at July 1, 2023:

Retirees and Beneficiaries Currently Receiving Benefits	102
Terminated Plan Members Entitled to Benefits But Not Receiving Them	41
Current Plan Members	44
Total	187

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

**Summary of Significant Accounting Policies and Plan Asset Matters**

**Basis of Accounting**

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

**Method Used to Value Investments**

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

**TOWN OF SOUTHBURY, CONNECTICUT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2024**

**NOTE 10 EMPLOYEE RETIREMENT PLAN (CONTINUED)**

**B. Funding Policy**

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

**C. Investments**

Investment Policy

The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the PERS Board by a majority vote of its members. It is the policy of the PERS Board to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The pension plan's investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans. The following was the Board's adopted asset allocation policy as of June 30, 2024:

<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
	<u>100.00%</u>

Rate of Return

For the year ended June 30, 2024, the annual money-weighted rate of return on investments, net of investment expense, was 10.59%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**TOWN OF SOUTHBURY, CONNECTICUT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2024**

**NOTE 10 EMPLOYEE RETIREMENT PLAN (CONTINUED)**

**D. Net Pension Liability of the Town**

The net pension liability is measured at June 30, 2024. The components of the net pension liability of the Town at June 30, 2024 were as follows:

Total Pension Liability	\$ 31,089,828
Plan Fiduciary Net Position	27,349,068
Net Pension Liability	<u>\$ 3,740,760</u>

Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	87.97%
---	--------

Actuarial Assumptions

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

Inflation	2.5%
Salary Increases	3.00%
Investment Rate of Return	6.25%

Mortality rates were based on the Pub-2010 Mortality Table for Employees, Healthy Annuitants and Disabled Annuitants with generational projection of future improvements per the MP-2021 Ultimate scale.



**TOWN OF SOUTHBURY, CONNECTICUT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2024**

**NOTE 10 EMPLOYEE RETIREMENT PLAN (CONTINUED)**

**D. Net Pension Liability of the Town (Continued)**

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2024 (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	0.49%
U.S. Core Fixed Income	1.93
U.S. Long STRIPS (20+ Years)	1.46
Global Bonds	0.49
U.S. Large Caps	3.87
U.S. Small and Mid Caps	4.06
Global Equity	4.63
Non-U.S. Equity	5.75
Emerging Markets Equity	6.18
Global REITs	5.16
Farmland	4.19
Infrastructure - Public	4.16
Commodities	1.36

**Discount Rate**

The discount rate used to measure the total pension liability was 6.25% for June 30, 2024. 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, 2024**

**NOTE 10 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, 2023	\$ 30,240,236	\$ 25,203,003	\$ 5,037,233
Changes for the Year:			
Service Cost	459,534	-	459,534
Interest on Total Pension Liability	1,868,510	-	1,868,510
Effect of Economic/Demographic Gains or Losses	153,512	-	153,512
Employer Contributions	-	1,105,000	(1,105,000)
Member Contributions	-	43,410	(43,410)
Net Investment Income	-	2,646,902	(2,646,902)
Benefit Payments	(1,631,964)	(1,631,964)	-
Administrative Expenses	-	(17,283)	17,283
Net Changes	<u>849,592</u>	<u>2,146,065</u>	<u>(1,296,473)</u>
Balances as of June 30, 2024	<u>\$ 31,089,828</u>	<u>\$ 27,349,068</u>	<u>\$ 3,740,760</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	\$ 7,406,207	\$ 3,740,760	\$ 672,728

**TOWN OF SOUTHBURY, CONNECTICUT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2024**

**NOTE 10 EMPLOYEE RETIREMENT PLAN (CONTINUED)**

**D. Net Pension Liability of the Town (Continued)**

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

For the year ended June 30, 2024, the Town recognized pension expense of \$412,517. At June 30, 2024, 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	\$ -	\$ 105,169
Changes of Assumptions	(476,685)	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	234,510
Total	\$ (476,685)	\$ 339,679

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

Year Ending June 30	Amount
2025	\$ (530,047)
2026	901,789
2027	(291,208)
2028	(217,540)
Total	\$ (137,006)

**TOWN OF SOUTHBURY, CONNECTICUT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2024**

**NOTE 10 EMPLOYEE RETIREMENT PLAN (CONTINUED)**

**E. Pension Trust Fund Financial Statements**

The financial statements of the pension trust funds as of and for the year ended June 30, 2024 are as follows:

	Pension Trust Fund	401(a)/457 Defined Contribution Trust Fund	Total Pension and Other Post Employment Benefit Trust Funds
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 155,094	\$ -	\$ 155,094
Accounts Receivable	-	13,683	13,683
Investments - Mutual Funds, at Fair Value	27,193,974	4,616,362	31,810,336
Total Assets	27,349,068	4,630,045	31,979,113
<b>NET POSITION</b>			
Restricted for Pension and Other Post Employment Benefits	\$ 27,349,068	\$ 4,630,045	\$ 31,979,113
	Pension Trust Funds	401(a)/457 Defined Contribution Trust Fund	Total Pension and Other Post Employment Benefit Trust Funds
<b>ADDITIONS:</b>			
Contributions:			
Employer	\$ 43,410	\$ 122,441	\$ 165,851
Plan Members	1,105,000	387,667	1,492,667
Total Contributions	1,148,410	510,108	1,658,518
Investment Income:			
Change in Fair Value of Investments	1,962,062	670,046	2,632,108
Interest and Dividends	721,340	-	721,340
	2,683,402	670,046	3,353,448
Less Investment Expenses:			
Investment Management Fees	36,500	-	36,500
Net Investment Income	2,646,902	670,046	3,316,948
Total Additions	3,795,312	1,180,154	4,975,466
<b>DEDUCTIONS:</b>			
Benefits	1,631,964	879,830	2,511,794
Administration	17,283	300	17,583
Total Deductions	1,649,247	880,130	2,529,377
<b>CHANGE IN NET POSITION</b>	2,146,065	300,024	2,446,089
Net Position - Beginning of Year	25,203,003	4,330,021	29,533,024
<b>NET POSITION - END OF YEAR</b>	\$ 27,349,068	\$ 4,630,045	\$ 31,979,113

**TOWN OF SOUTHBURY, CONNECTICUT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2024**

**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, 2024 were \$387,667 for employees and \$122,441 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 ACCOUNTING CHANGES AND ERROR CORRECTIONS**

**A. CHANGES TO OR WITHIN FINANCIAL REPORTING ENTITY**

Change in Fund Presentation from Major to Nonmajor

Special Revenue Fund Small Cities previously met the criteria to be reported as a nonmajor governmental fund. However, effective July 1, 2023, the fund no longer met the criteria to be reported as a nonmajor fund and is reported as a major governmental fund for the fiscal year ended June 30, 2024. The effect of that change to or within the financial reporting entity is shown in the table below.

	Small Cities	Nonmajor Governmental Funds
June 30, 2023, As Previously Reported	\$ -	\$ 235,367
Change in Fund Presentation from Nonmajor to Major	235,367	(235,367)
June 30, 2024, As Adjusted or Restated	\$ 235,367	\$ -

**REQUIRED SUPPLEMENTARY INFORMATION**

**TOWN OF SOUTHBURY, CONNECTICUT  
GENERAL FUND  
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES  
BUDGET AND ACTUAL  
YEAR ENDED JUNE 30, 2024  
(NONGAAP BUDGETARY BASIS)**

	Budgeted Amounts		Actual	Variance -
	Original	Final		Favorable (Unfavorable)
Property Taxes:				
Property Taxes	\$ 64,426,486	\$ 64,426,486	\$ 64,040,691	\$ (385,795)
Prior Year's Taxes	282,000	282,000	607,676	325,676
Motor Vehicle Supplement	625,000	625,000	570,186	(54,814)
Interest and Liens	185,000	185,000	351,484	166,484
Total Property Taxes	65,518,486	65,518,486	65,570,037	51,551
Intergovernmental Revenues:				
State of Connecticut:				
Education Cost Sharing	5,585,910	5,585,910	5,586,719	809
Other	911,324	911,324	1,495,572	584,248
Telecommunication Property Tax	70,350	70,350	98,023	27,673
Total Intergovernmental Revenues	6,567,584	6,567,584	7,180,314	612,730
Licenses, Permits, and Fees:				
Building and Regulatory	298,750	298,750	543,387	244,637
Recreation	385,000	385,000	466,801	81,801
Town Clerk	468,800	468,800	583,092	114,292
Dog Licenses and Fees	5,000	5,000	3,609	(1,391)
Total Licenses, Permits, and Fees	1,157,550	1,157,550	1,596,889	439,339
Investment Income	1,265,123	1,265,123	1,805,669	540,546
Other	368,500	368,500	589,891	221,391
Transferred in from Other Funds	150,000	150,000	140,000	(10,000)
Total	\$ 75,027,243	\$ 75,027,243	76,882,800	\$ 1,855,557

Budgetary revenues are different than GAAP revenues because:

Grant revenues not budgeted	1,133,966
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Total Revenues and Other Financing Sources as Reported on the  
Statement of Revenues, Expenditures and Changes in Fund Balances -  
Governmental Funds - Exhibit IV

\$ 78,016,766

**TOWN OF SOUTHURY, CONNECTICUT  
GENERAL FUND  
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES  
BUDGET AND ACTUAL  
YEAR ENDED JUNE 30, 2024  
(NONGAAP BUDGETARY BASIS)**

	Budgeted Amounts		Actual	Variance -
	Original	Final		Favorable (Unfavorable)
General Government:				
Board of Selectmen	\$ 419,838	\$ 435,714	\$ 415,621	\$ 20,093
Town Hall Service Expense	59,400	59,400	48,775	10,625
Other Expense	164,971	164,971	101,411	63,560
Labor Related Expense	3,836,334	4,060,520	3,769,075	291,445
Computers	473,756	490,747	478,398	12,349
Probate Court	8,108	8,108	8,108	-
Elections	168,745	169,715	137,615	32,100
Board of Finance	90,000	90,000	73,674	16,326
Board of Assessment Appeals	6,000	6,000	4,812	1,188
Controller	420,774	428,098	425,849	2,249
Tax Collector	160,641	173,377	167,783	5,594
Assessor	187,791	190,437	179,553	10,884
Town Clerk	251,448	264,369	228,013	36,356
Building Inspector	183,760	194,881	194,124	757
Insurance and Bonds	743,352	743,352	722,392	20,960
Legal Expense	125,000	125,000	78,459	46,541
Planning Commission	157,396	161,169	120,866	40,303
Inland Wetlands Commission	112,876	117,696	99,295	18,401
Zoning Commission	7,092	7,092	3,374	3,718
Zoning Board of Appeals	1,204	1,204	130	1,074
Economic Development Commission	118,087	120,242	106,084	14,158
Town Properties - Inside	391,358	394,076	385,258	8,818
Energy	380,000	380,000	219,459	160,541
Town Properties - Outside	522,199	522,199	488,743	33,456
Contingency	150,000	62,828	39,421	23,407
Refunds	115,000	180,590	173,896	6,694
Total	9,255,130	9,551,785	8,670,188	881,597
Public Safety:				
Fire Department/Hydrants	647,380	647,380	642,027	5,353
Communications	436,593	448,899	395,316	53,583
Police Protection	2,961,038	2,977,189	2,770,015	207,174
Emergency Management	92,805	92,805	84,516	8,289
Fire Marshal	99,597	101,345	82,470	18,875
Tree Warden	34,430	34,430	29,079	5,351
Canine Control	100,429	100,429	89,934	10,495
Emergency Services	48,200	48,200	43,048	5,152
Total	4,420,472	4,450,677	4,136,405	314,272
Highway-Public Works:				
General Maintenance	2,541,632	2,541,633	2,089,860	451,773
Solid Waste Disposal	919,483	921,683	702,166	219,517
Total	3,461,115	3,463,316	2,792,026	671,290



**TOWN OF SOUTHBURY, CONNECTICUT  
GENERAL FUND  
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES  
BUDGET AND ACTUAL (CONTINUED)  
YEAR ENDED JUNE 30, 2024  
(NONGAAP BUDGETARY BASIS)**

	Budgeted Amounts		Actual	Variance - Favorable (Unfavorable)
	Original	Final		
Conservation of Health:				
Conservation Commission	\$ 18,175	\$ 18,175	\$ 16,848	\$ 1,327
Department of Health	212,958	212,958	212,015	943
P. River Watershed Coalition	40,800	40,800	40,000	800
Lake Zoar Authority	28,327	28,327	28,327	-
Lake Lillinonah Authority	44,790	44,790	44,790	-
Pomperaug Valley Water Authority	100	100	-	100
Water Pollution Authority	100	100	-	100
Commission of Services for Elderly	412,027	431,403	428,417	2,986
Total	757,277	776,653	770,397	6,256
Community Activities:				
Committee Expenses	33,319	33,319	25,701	7,618
Historic Buildings Commission	6,930	6,930	6,244	686
Library	792,056	841,336	827,277	14,059
Recreation Commission	622,329	636,613	576,308	60,305
Other Community Activities	500	500	-	500
Total	1,455,134	1,518,698	1,435,530	83,168
Education - Region #15	53,858,679	53,858,679	53,858,679	-
Capital Outlay - Roads	1,687,508	2,287,508	2,287,508	-
Total Expenditures	74,895,315	75,907,316	73,950,733	1,956,583
Transfers Out:				
Capital Reserve Fund	1,157,650	1,157,650	1,157,650	-
Debt Service	329,912	329,912	329,912	-
Total Transfers Out	1,487,562	1,487,562	1,487,562	-
Total Expenditures and Transfers	\$ 76,382,877	\$ 77,394,878	75,438,295	\$ 1,956,583
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			193,232	
Nonbudgetary items and eliminations related to Debt Management and Historical Buildings funds			(62,112)	
Grant expenditures not budgeted			1,133,966	
Total Expenditures and Other Financing Uses as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds - Exhibit IV			\$ 76,703,381	

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

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<b>Total Pension Liability:</b>										
Service Cost	\$ 465,632	\$ 486,569	\$ 425,211	\$ 441,526	\$ 479,314	\$ 485,928	\$ 601,362	\$ 556,624	\$ 485,418	\$ 459,534
Interest on Total Pension Liability	1,396,685	1,508,808	1,559,415	1,561,887	1,631,465	1,691,989	1,793,950	1,852,642	1,914,462	1,868,510
Effect of Plan Changes	-	-	-	(31,584)	(34,303)	-	-	-	-	-
Effect of Economic/Demographic Gains or Losses	(248,639)	215,336	(321,772)	204,174	60,007	(201,602)	41,390	173,042	42,090	153,512
Effect of Assumption Changes or Inputs	530,487	-	1,005,067	-	-	1,930,527	-	-	(1,535,985)	-
Benefit Payments, Including Refunds of Member Contributions	(527,123)	(596,355)	(763,276)	(1,106,371)	(1,181,511)	(1,243,376)	(1,458,525)	(1,447,092)	(1,599,190)	(1,631,964)
<b>Net Change in Total Pension Liability</b>	<b>1,617,042</b>	<b>1,614,358</b>	<b>1,904,645</b>	<b>1,069,632</b>	<b>954,972</b>	<b>2,663,466</b>	<b>978,177</b>	<b>1,135,216</b>	<b>(693,205)</b>	<b>849,592</b>
<b>Total Pension Liability - Beginning</b>	<b>18,995,933</b>	<b>20,612,975</b>	<b>22,227,333</b>	<b>24,131,978</b>	<b>25,201,610</b>	<b>26,156,582</b>	<b>28,820,048</b>	<b>29,798,225</b>	<b>30,933,441</b>	<b>30,240,236</b>
<b>Total Pension Liability - Ending</b>	<b>20,612,975</b>	<b>22,227,333</b>	<b>24,131,978</b>	<b>25,201,610</b>	<b>26,156,582</b>	<b>28,820,048</b>	<b>29,798,225</b>	<b>30,933,441</b>	<b>30,240,236</b>	<b>31,089,828</b>
<b>Plan Fiduciary Net Position:</b>										
Contributions - Employer	1,075,764	989,000	1,119,000	1,354,000	1,023,840	1,049,437	1,132,000	1,410,000	1,064,000	1,105,000
Contributions - Member	34,709	34,734	27,557	25,135	31,940	35,669	36,000	38,219	41,887	43,410
Net Investment Income (Loss)	171,680	(117,785)	2,015,608	1,211,098	1,087,543	420,462	6,354,073	(4,065,091)	1,844,020	2,646,902
Benefit Payments, Including Refunds of Member Contributions	(527,123)	(596,355)	(763,276)	(1,106,371)	(1,181,511)	(1,243,376)	(1,458,525)	(1,447,092)	(1,599,190)	(1,631,964)
Administrative Expense	(11,455)	(11,278)	(12,288)	(14,181)	(13,880)	(14,712)	(16,595)	(17,550)	(16,279)	(17,283)
<b>Net Change in Plan Fiduciary Net Position</b>	<b>743,575</b>	<b>298,316</b>	<b>2,386,601</b>	<b>1,469,681</b>	<b>947,932</b>	<b>247,480</b>	<b>6,046,953</b>	<b>(4,081,514)</b>	<b>1,334,438</b>	<b>2,146,065</b>
<b>Plan Fiduciary Net Position - Beginning</b>	<b>15,809,541</b>	<b>16,553,116</b>	<b>16,851,432</b>	<b>19,238,033</b>	<b>20,707,714</b>	<b>21,655,646</b>	<b>21,903,126</b>	<b>27,950,079</b>	<b>23,868,565</b>	<b>25,203,003</b>
<b>Plan Fiduciary Net Position - Ending</b>	<b>16,553,116</b>	<b>16,851,432</b>	<b>19,238,033</b>	<b>20,707,714</b>	<b>21,655,646</b>	<b>21,903,126</b>	<b>27,950,079</b>	<b>23,868,565</b>	<b>25,203,003</b>	<b>27,349,068</b>
<b>Net Pension Liability - Ending</b>	<b>\$ 4,059,859</b>	<b>\$ 5,375,901</b>	<b>\$ 4,893,945</b>	<b>\$ 4,493,896</b>	<b>\$ 4,500,936</b>	<b>\$ 6,916,922</b>	<b>\$ 1,848,146</b>	<b>\$ 7,064,876</b>	<b>\$ 5,037,233</b>	<b>\$ 3,740,760</b>
<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>	<b>80.30%</b>	<b>75.81%</b>	<b>79.72%</b>	<b>82.17%</b>	<b>82.79%</b>	<b>76.00%</b>	<b>93.80%</b>	<b>77.16%</b>	<b>83.34%</b>	<b>87.97%</b>
<b>Covered Payroll</b>	<b>\$ 5,161,863</b>	<b>\$ 5,096,060</b>	<b>\$ 5,806,805</b>	<b>\$ 5,347,606</b>	<b>\$ 4,909,578</b>	<b>\$ 4,923,303</b>	<b>\$ 4,353,572</b>	<b>\$ 4,557,790</b>	<b>\$ 4,243,726</b>	<b>\$ 4,093,450</b>
<b>Net Pension Liability as a Percentage of Covered Payroll</b>	<b>78.65%</b>	<b>105.49%</b>	<b>84.28%</b>	<b>84.04%</b>	<b>91.68%</b>	<b>140.49%</b>	<b>42.45%</b>	<b>155.01%</b>	<b>118.70%</b>	<b>91.38%</b>

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

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Actuarially Determined Contribution	\$ 950,764	\$ 988,541	\$ 1,013,607	\$ 1,098,703	\$ 1,023,597	\$ 1,049,437	\$ 1,046,562	\$ 1,157,429	\$ 1,064,651	\$ 868,065
Contributions in Relation to the Actuarially Determined Contribution	1,075,764	989,000	1,119,000	1,354,000	1,023,840	1,049,437	1,132,000	1,410,000	1,064,000	1,105,000
Contribution Deficiency (Excess)	\$ (125,000)	\$ (459)	\$ (105,393)	\$ (255,297)	\$ (243)	\$ -	\$ (85,438)	\$ (252,571)	\$ 651	\$ (236,935)
Covered Payroll	5,161,863	5,096,060	5,806,805	5,347,606	4,909,578	4,923,303	4,353,572	4,557,790	4,243,726	4,093,450
Contributions as a Percentage of Covered Payroll	20.84%	19.41%	19.27%	25.32%	20.85%	21.32%	26.00%	30.94%	25.07%	26.99%

Notes to Schedule:

Valuation Date: July 1, 2023

Measurement Date: June 30, 2024

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

Methods and Assumptions Used to Determine

Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percent, Closed
Remaining Amortization Period	11 Years
Asset Valuation Method	5 Years, Non-Asymptotic
Inflation	2.50%
Salary Increases	3.00%
Investment Rate of Return	6.25%
Retirement Age	Graded by age
Mortality	Pub-2010 Mortality Table for Employees, Healthy Annuitants and Disabled Annuitants with generational projection of future improvements per the MP-2021 Ultimate scale

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

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Annual Money-Weighted Rate of Return, Net of Investment Expense	1.06%	(0.70%)	11.80%	6.23%	5.25%	1.94%	29.05%	(14.54%)	7.82%	10.59%

**COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES**

**GENERAL FUND**

**TOWN OF SOUTHBURY, CONNECTICUT  
GENERAL FUND  
REPORT OF THE TAX COLLECTOR  
YEAR ENDED JUNE 30, 2024**

Grand List	Due Date	Uncollected Taxes July 1, 2023	Lawful Corrections		Transfers to Suspense	Adjusted Taxes Collectible	Collections				Uncollected Taxes June 30, 2024	
			Additions	Deductions			Taxes	Interest	Lien Fees	Total		
2022	2024	\$ 65,000,427	\$ 251,673	\$ 284,655	\$ 55	\$ 64,967,390	\$ 64,497,263	\$ 148,935	\$ 408	\$ 64,646,606	\$ 470,127	
2021	2023	527,133	126,449	38,052	64	615,466	392,569	73,681	1,426	467,676	222,897	
2020	2022	184,855	62,568	3,979	389	243,055	173,852	50,978	576	225,406	69,203	
2019	2021	76,681	140	2,128	-	74,693	48,290	19,366	360	68,016	26,403	
2018	2020	(20,835)	89	2,116	-	(22,862)	18,995	14,777	144	33,916	(41,857)	
2017	2019	12,233	105	4,065	-	8,273	11,986	9,517	120	21,623	(3,713)	
2016	2018	21,227	-	1,952	-	19,275	6,342	7,045	72	13,459	12,933	
2015	2017	9,173	-	2,193	-	6,980	(276)	(17)	-	(293)	7,256	
2014	2016	13,404	-	1,891	49	11,464	-	10	-	10	11,464	
2013	2015	9,425	-	1,838	-	7,587	-	-	-	-	7,587	
2012	2014	6,658	-	1,758	-	4,900	-	-	-	-	4,900	
2011	2013	12,820	-	2,987	-	9,833	-	-	-	-	9,833	
2010	2012	8,635	-	3,015	-	5,620	-	-	-	-	5,620	
2009	2011	7,943	-	3,030	-	4,913	-	-	-	-	4,913	
2008	2010	3,900	-	1,678	-	2,222	-	-	-	-	2,222	
2007	2009	1,277	-	1,277	-	-	-	-	-	-	-	
		<u>\$ 65,874,956</u>	<u>\$ 441,024</u>	<u>\$ 356,614</u>	<u>\$ 557</u>	<u>\$ 65,958,809</u>	65,149,021	324,292	3,106	65,476,419	<u>\$ 809,788</u>	
							Suspense Collections	22,185	22,883	480	45,548	
							Total	<u>\$ 65,171,206</u>	<u>\$ 347,175</u>	<u>\$ 3,586</u>	<u>\$ 65,521,967</u>	

**TOWN OF SOUTHURY, CONNECTICUT  
GENERAL FUND  
COMBINING BALANCE SHEET  
JUNE 30, 2024**

	General Fund	Debt Service Fund	Historical Building Fund	American Rescue Plan Act	Eliminating Entries	Total Combined Funds
<b>ASSETS</b>						
Cash and Cash Equivalents	\$ 21,633,107	\$ -	\$ -	\$ -	\$ -	\$ 21,633,107
Receivables, Net	1,009,595	-	-	-	-	1,009,595
Due from Other Funds	754,577	-	51,051	-	(547,608)	258,020
Other Assets	39,418	-	-	-	-	39,418
<b>Total Assets</b>	<b>\$ 23,436,697</b>	<b>\$ -</b>	<b>\$ 51,051</b>	<b>\$ -</b>	<b>\$ (547,608)</b>	<b>\$ 22,940,140</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>						
<b>LIABILITIES</b>						
Accounts and Other Payables	\$ 448,616	\$ -	\$ -	\$ -	\$ -	\$ 448,616
Due to Other Funds	-	547,608	-	-	(547,608)	-
Unearned Revenue	1,728,166	-	-	-	-	1,728,166
<b>Total Liabilities</b>	<b>2,176,782</b>	<b>547,608</b>	<b>-</b>	<b>-</b>	<b>(547,608)</b>	<b>2,176,782</b>
<b>DEFERRED INFLOWS OR RESOURCES</b>						
Unavailable Revenue - Taxes Paid in Advance	69,338	-	-	-	-	69,338
Unavailable Revenue - Property Taxes	567,852	-	-	-	-	567,852
Unavailable Revenue - Interest on Property Taxes	334,112	-	-	-	-	334,112
<b>Total Deferred Inflows of Resources</b>	<b>971,302</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>971,302</b>
<b>FUND BALANCES</b>						
Nonspendable	39,418	-	-	-	-	39,418
Committed	-	-	51,051	-	-	51,051
Assigned	10,477,112	-	-	-	-	10,477,112
Unassigned	9,772,083	(547,608)	-	-	-	9,224,475
<b>Total Fund Balances</b>	<b>20,288,613</b>	<b>(547,608)</b>	<b>51,051</b>	<b>-</b>	<b>-</b>	<b>19,792,056</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 23,436,697</b>	<b>\$ -</b>	<b>\$ 51,051</b>	<b>\$ -</b>	<b>\$ (547,608)</b>	<b>\$ 22,940,140</b>



**TOWN OF SOUTHURY, CONNECTICUT  
GENERAL FUND  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE  
YEAR ENDED JUNE 30, 2024**

	General Fund	Debt Service Fund	Historical Building Fund	American Rescue Plan Act	Eliminating Entries	Total Combined Funds
<b>REVENUES</b>						
Property Taxes	\$ 65,570,038	\$ -	\$ -	\$ -	\$ -	\$ 65,570,038
Intergovernmental Revenues	7,180,314	-	-	1,133,966	-	8,314,280
Charges for Services	2,119,614	-	-	-	-	2,119,614
Income on Investments	1,805,669	-	-	-	-	1,805,669
Miscellaneous	207,165	-	-	-	-	207,165
Total Revenues	<u>76,882,800</u>	<u>-</u>	<u>-</u>	<u>1,133,966</u>	<u>-</u>	<u>78,016,766</u>
<b>EXPENDITURES</b>						
Current:						
General Government	8,667,085	-	-	-	-	8,667,085
Public Safety	4,131,908	-	-	-	-	4,131,908
Public Works	2,994,719	-	-	-	-	2,994,719
Conservation of Health	341,980	-	-	-	-	341,980
Community Activities	1,862,086	-	-	-	-	1,862,086
Education	53,858,679	-	-	-	-	53,858,679
Debt Service	-	267,800	-	-	-	267,800
Capital Outlay	-	-	-	1,133,966	-	1,133,966
Total Expenditures	<u>71,856,457</u>	<u>267,800</u>	<u>-</u>	<u>1,133,966</u>	<u>-</u>	<u>73,258,223</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	5,026,343	(267,800)	-	-	-	4,758,543
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers In	-	329,912	-	-	(329,912)	-
Transfers Out	(3,775,070)	-	-	-	329,912	(3,445,158)
Total Other Financing Sources (Uses)	<u>(3,775,070)</u>	<u>329,912</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,445,158)</u>
<b>NET CHANGE IN FUND BALANCE</b>	1,251,273	62,112	-	-	-	1,313,385
Fund Balance - Beginning of Year	19,037,340	(609,720)	51,051	-	-	18,478,671
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 20,288,613</u>	<u>\$ (547,608)</u>	<u>\$ 51,051</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,792,056</u>

**NONMAJOR GOVERNMENTAL FUNDS**

**TOWN OF SOUTHBURY, CONNECTICUT  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2024**

	Special Revenue Funds					
	Private Duty	Parks and Recreation Programs and Trips	Probate Court	Elderly Services and Program Fund	Town Clerk Record Preservation	
<b>ASSETS</b>						
Cash and Cash Equivalents	\$ 565,955	\$ 96,227	\$ 131,212	\$ 135,899	\$ 132,147	\$ -
Investments	-	-	-	-	-	-
Accounts Receivable	68,705	-	-	-	-	-
Due from Other Funds	-	117,518	-	12,379	-	12,131
	<u>-</u>	<u>117,518</u>	<u>-</u>	<u>12,379</u>	<u>-</u>	<u>12,131</u>
Total Assets	<u>\$ 634,660</u>	<u>\$ 213,745</u>	<u>\$ 131,212</u>	<u>\$ 148,278</u>	<u>\$ 132,147</u>	<u>\$ 12,131</u>
<b>LIABILITIES AND FUND BALANCES</b>						
Liabilities:						
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to Other Funds	359,173	-	65,957	-	19,961	-
Total Liabilities	<u>359,173</u>	<u>-</u>	<u>65,957</u>	<u>-</u>	<u>19,961</u>	<u>-</u>
Fund Balances:						
Committed	275,487	213,745	65,255	148,278	112,186	12,131
Total Fund Balances	<u>275,487</u>	<u>213,745</u>	<u>65,255</u>	<u>148,278</u>	<u>112,186</u>	<u>12,131</u>
Total Liabilities and Fund Balances	<u>\$ 634,660</u>	<u>\$ 213,745</u>	<u>\$ 131,212</u>	<u>\$ 148,278</u>	<u>\$ 132,147</u>	<u>\$ 12,131</u>

**TOWN OF SOUTHBURY, CONNECTICUT  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET (CONTINUED)  
JUNE 30, 2024**

	Special Revenue Funds						Total Nonmajor Governmental Funds
	Loss Reserve	Planning	Community Investment Fund	Library Gift	Small Cities	Eliminating Entries	
<b>ASSETS</b>							
Cash and Cash Equivalents	\$ -	\$ -	\$ 57,906	\$ 258,193	\$ -	\$ -	\$ 1,377,539
Investments	-	-	-	3,290,145	-	-	3,290,145
Accounts Receivable	-	-	-	-	-	-	68,705
Due from Other Funds	73,546	156,659	111,020	-	-	(330,846)	152,407
	<u>73,546</u>	<u>156,659</u>	<u>111,020</u>	<u>-</u>	<u>-</u>	<u>(330,846)</u>	<u>152,407</u>
Total Assets	<u>\$ 73,546</u>	<u>\$ 156,659</u>	<u>\$ 168,926</u>	<u>\$ 3,548,338</u>	<u>\$ -</u>	<u>\$ (330,846)</u>	<u>\$ 4,888,796</u>
<b>LIABILITIES AND FUND BALANCES</b>							
Liabilities:							
Accounts Payable	\$ -	\$ -	\$ -	\$ 24	\$ -	\$ -	\$ 24
Due to Other Funds	-	-	-	143,775	-	(330,846)	258,020
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>143,799</u>	<u>-</u>	<u>(330,846)</u>	<u>258,044</u>
Fund Balances:							
Committed	73,546	156,659	168,926	3,404,539	-	-	4,630,752
Total Fund Balances	<u>73,546</u>	<u>156,659</u>	<u>168,926</u>	<u>3,404,539</u>	<u>-</u>	<u>-</u>	<u>4,630,752</u>
Total Liabilities and Fund Balances	<u>\$ 73,546</u>	<u>\$ 156,659</u>	<u>\$ 168,926</u>	<u>\$ 3,548,338</u>	<u>\$ -</u>	<u>\$ (330,846)</u>	<u>\$ 4,888,796</u>

**TOWN OF SOUTHBURY, CONNECTICUT  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
YEAR ENDED JUNE 30, 2024**

	Special Revenue Funds										Total Nonmajor Governmental Funds	
	Private Duty	Parks and Recreation Programs and Trips	Probate Court	Elderly Services and Program Fund	Town Clerk Record Preservation	Streetscape Reserve	Loss Reserve	Planning	Community Investment Fund	Library Gift		Small Cities
<b>REVENUES</b>												
Intergovernmental Revenues	\$ -	\$ -	\$ -	\$ -	\$ 10,964	\$ -	\$ -	\$ -	\$ 6,780	\$ 29,318	\$ -	\$ 47,062
Charges for Services	436,828	151,276	36,080	16,244	5,338	-	-	-	-	-	-	645,766
Income on Investments	-	-	-	-	2,759	-	-	-	-	308,979	-	311,738
Miscellaneous	-	-	-	-	-	-	-	-	-	117,187	-	117,187
<b>Total Revenues</b>	<b>436,828</b>	<b>151,276</b>	<b>36,080</b>	<b>16,244</b>	<b>19,061</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,780</b>	<b>455,484</b>	<b>-</b>	<b>1,121,753</b>
<b>EXPENDITURES</b>												
Current:												
General Government	-	-	25,395	9,614	18,446	-	3,844	-	-	-	-	57,299
Public Safety	432,109	-	-	-	-	-	-	-	-	-	-	432,109
Public Works	-	-	-	-	-	912	-	-	-	-	-	912
Community Activities	-	109,709	-	-	-	-	-	-	-	83,121	-	192,830
<b>Total Expenditures</b>	<b>432,109</b>	<b>109,709</b>	<b>25,395</b>	<b>9,614</b>	<b>18,446</b>	<b>912</b>	<b>3,844</b>	<b>-</b>	<b>-</b>	<b>83,121</b>	<b>-</b>	<b>683,150</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>4,719</b>	<b>41,567</b>	<b>10,685</b>	<b>6,630</b>	<b>615</b>	<b>(912)</b>	<b>(3,844)</b>	<b>-</b>	<b>6,780</b>	<b>372,363</b>	<b>-</b>	<b>438,603</b>
Fund Balances - Beginning of Year	270,768	172,178	54,570	141,648	111,571	13,043	77,390	156,659	162,146	3,032,176	235,367	4,427,516
Change in Fund Presentation from Nonmajor to Major	-	-	-	-	-	-	-	-	-	-	(235,367)	(235,367)
Fund Balance - As Adjusted	270,768	172,178	54,570	141,648	111,571	13,043	77,390	156,659	162,146	3,032,176	-	4,192,149
<b>FUND BALANCES - END OF YEAR</b>	<b>\$ 275,487</b>	<b>\$ 213,745</b>	<b>\$ 65,255</b>	<b>\$ 148,278</b>	<b>\$ 112,186</b>	<b>\$ 12,131</b>	<b>\$ 73,546</b>	<b>\$ 156,659</b>	<b>\$ 168,926</b>	<b>\$ 3,404,539</b>	<b>\$ -</b>	<b>\$ 4,630,752</b>

## **FIDUCIARY FUNDS**

**TOWN OF SOUTHBURY, CONNECTICUT  
EMPLOYEE BENEFIT TRUST FUNDS  
COMBINING STATEMENT OF NET POSITION  
JUNE 30, 2024**

	<u>Pension Trust Fund</u>	<u>401(a)/457 Defined Contribution Trust Fund</u>	<u>Total Pension and Other Post Employment Benefit Trust Funds</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 155,094	\$ -	\$ 155,094
Accounts Receivable	-	13,683	13,683
Investments - Mutual Funds, at Fair Value	<u>27,193,974</u>	<u>4,616,362</u>	<u>31,810,336</u>
Total Assets	<u>27,349,068</u>	<u>4,630,045</u>	<u>31,979,113</u>
<b>NET POSITION</b>			
Restricted for Pension and Other Post Employment Benefits	<u>\$ 27,349,068</u>	<u>\$ 4,630,045</u>	<u>\$ 31,979,113</u>

**TOWN OF SOUTHBURY, CONNECTICUT  
EMPLOYEE BENEFIT TRUST FUNDS  
COMBINING STATEMENT OF CHANGES IN NET POSITION  
YEAR ENDED JUNE 30, 2024**

	Pension Trust Funds	401(a)/457 Defined Contribution Trust Fund	Total Pension and Other Post Employment Benefit Trust Funds
<b>ADDITIONS:</b>			
Contributions:			
Employer	\$ 43,410	\$ 122,441	\$ 165,851
Plan Members	1,105,000	387,667	1,492,667
Total Contributions	<u>1,148,410</u>	<u>510,108</u>	<u>1,658,518</u>
Investment Income:			
Change in Fair Value of Investments	1,962,062	670,046	2,632,108
Interest and Dividends	721,340	-	721,340
	<u>2,683,402</u>	<u>670,046</u>	<u>3,353,448</u>
Less Investment Expenses:			
Investment Management Fees	36,500	-	36,500
Net Investment Income	<u>2,646,902</u>	<u>670,046</u>	<u>3,316,948</u>
Total Additions	3,795,312	1,180,154	4,975,466
<b>DEDUCTIONS:</b>			
Benefits	1,631,964	879,830	2,511,794
Administration	17,283	300	17,583
Total Deductions	<u>1,649,247</u>	<u>880,130</u>	<u>2,529,377</u>
<b>CHANGE IN NET POSITION</b>	2,146,065	300,024	2,446,089
Net Position - Beginning of Year	<u>25,203,003</u>	<u>4,330,021</u>	<u>29,533,024</u>
<b>NET POSITION - END OF YEAR</b>	<u>\$ 27,349,068</u>	<u>\$ 4,630,045</u>	<u>\$ 31,979,113</u>



**TOWN OF SOUTHURY, CONNECTICUT**  
**STATEMENT OF DEBT LIMITATION**  
**JUNE 30, 2024**  
**(IN THOUSANDS)**

Total tax collections, including interest and lien fees, prior year						<u>\$ 63,638,960</u>
BASE						<u>\$ 63,638,960</u>
	General Purpose	Schools	Sewers	Urban Renewal	Pension Deficit	
Debt Limitation:						
2-1/4 Times Base	\$ 143,187,660	\$ -	\$ -	\$ -	\$ -	
4-1/2 Times Base	-	286,375,320	-	-	-	
3-3/4 Times Base	-	-	238,646,100	-	-	
3-1/4 Times Base	-	-	-	206,826,620	-	
3 Times Base	-	-	-	-	190,916,880	
	143,187,660	286,375,320	238,646,100	206,826,620	190,916,880	
Total Debt Limitation	143,187,660	286,375,320	238,646,100	206,826,620	190,916,880	
Indebtedness:						
Overlapping Debt:						
Bonds Payable and Authorized - Regional District #15*	-	526,373	-	-	-	
Net Indebtedness	-	526,373	-	-	-	
Debt Limitation in Excess of Outstanding and Authorized Debt	\$ 143,187,660	\$ 285,848,947	\$ 238,646,100	\$ 206,826,620	\$ 190,916,880	

Note (1): In no case shall total indebtedness exceed seven times annual receipts from taxation (\$445,472,720).

\* 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, 2024, the outstanding bonded indebtedness of the District was \$860,000. The Town of Southbury's share will be approximately 65% of the remainder. These are general obligations of Regional School District #15 and its member towns.



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