

TOWN OF SALISBURY, CONNECTICUT
FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021
with
SUPPLEMENTAL STATEMENTS AND SCHEDULES
and
INDEPENDENT AUDITORS' REPORT

Sandra E. Welwood, LLC
Certified Public Accountants

TOWN OF SALISBURY, CONNECTICUT
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INDEPENDENT AUDITORS' REPORT

To the Board of Finance
Town of Salisbury, Connecticut

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town as of June 30, 2021, and the respective changes in financial position, and, where applicable, cash flows, thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis information on pages 3 through 9, and the required supplementary information on pages 50 through 53, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2021, on our consideration of the Town'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's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

Sandra E. Welwood, LLC

Danbury, Connecticut
December 20, 2021

TOWN OF SALISBURY, CONNECTICUT

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

JUNE 30, 2021

This Management's Discussion and Analysis offers readers of the Town of Salisbury, Connecticut (the "Town"), financial statements a narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2021. The information presented here should be considered in conjunction with the Town's basic financial statements that follow this section.

FINANCIAL HIGHLIGHTS

On a government-wide basis, the Town's assets and deferred outflows of resources of \$50,974,347 exceeded its liabilities at June 30, 2021, resulting in total net position of \$38,286,028. Total net position for Governmental Activities was \$37,288,547 at fiscal year-end and total net position for Business-Type Activities was \$997,481.

The Town's governmental funds, reported on a current financial resources basis, combined ending fund balance was \$13,873,804, an increase of \$3,364,788 for the year. The General Fund operating increase for the year was \$1,650,480. The General Fund balance was \$4,715,078, of which \$287,776 was assigned for subsequent year's operations.

The unassigned fund balance was \$3,255,244, which is 20.6% of total General Fund expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. In addition to the basic financial statements, this report also contains other supplementary information.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Town's finances, in a manner similar to private-sector businesses.

The Statement of Net Position presents information on all of the Town's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The Statement of Activities presents information showing how the Town's net position changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in these statements for some items that will only result in cash flow in some future fiscal period (e.g., uncollected taxes).

Both of the government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (Governmental Activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (Business-Type Activities). The Governmental Activities of the Town include general government, public safety, public works, and recreation. The Business-Type Activities of the Town include the sewer usage enterprise fund.

The government-wide financial statements can be found on pages 10-11 of this report.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for special activities or objectives. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. All of the funds of the Town are divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds – Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements that is the Town's most basic services. However, unlike the government-wide financial statements, the funds focus on (1) cash and other financial resources that can be readily converted to cash flow in and out, and (2) balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a near or short-term view of the Town's finances that may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of government-wide financial statements, it is useful to compare the information presented for the governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the Town's near-term financing decisions. Both the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Town maintains several individual governmental funds. Information is presented separately in the governmental funds Balance Sheet and in the governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balances for the General, Transfer Station Capital, Other Capital Projects, Twin Lakes, Bauer, Bissell, and Small Cities Funds, which are considered to be major funds. Data from other governmental funds are combined into a single aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The Town adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with the budget.

The basic governmental fund financial statements can be found on pages 12-15 of this report.

Proprietary Funds – The Town maintains one type of proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town uses an enterprise fund to account for the Sewer Enterprise Fund.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The Sewer Commission is the only activity in the proprietary fund financial statements; therefore, is considered a major fund, and information for the fund is shown separately.

The basic proprietary fund statements are found on pages 16-18 of this report.

Fiduciary Funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Town's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund statements can be found on pages 19-20 of this report.

Town of Salisbury, Connecticut
Management's Discussion and Analysis (Unaudited) (continued)

Notes to the Financial Statements

The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 21-49 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, over time the change in net position may be a useful indicator of the Town's financial position and an important determinant of its ability to finance services in the future. In the case of the Town, net position is \$38,286,028 at June 30, 2021.

By far the largest portion of the Town's assets is its investment in capital assets (e.g., land, building, machinery, and equipment). It is presented in the Statement of Net Position less any related debt used to acquire those assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets, net of accumulated depreciation, is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

	<u>Net Position</u>		
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<u>Assets</u>			
Current and other assets	\$ 15,778,338	\$ 818,246	\$ 16,596,584
Capital assets, net of accumulated depreciation	<u>30,976,874</u>	<u>3,198,237</u>	<u>34,175,111</u>
Total assets	<u>46,755,212</u>	<u>4,016,483</u>	<u>50,771,695</u>
<u>Deferred Outflows of Resources</u>	<u>202,652</u>	<u>-</u>	<u>202,652</u>
<u>Liabilities</u>			
Current liabilities	1,191,267	19,002	1,210,269
Long-term liabilities	<u>8,478,050</u>	<u>3,000,000</u>	<u>11,478,050</u>
Total liabilities	<u>9,669,317</u>	<u>3,019,002</u>	<u>12,688,319</u>
<u>Net position</u>			
Net investment in capital assets	22,740,041	198,237	22,938,278
Restricted – Permanent Funds	3,179,028	-	3,179,028
Unrestricted	<u>11,369,478</u>	<u>799,244</u>	<u>12,168,722</u>
Total net position	<u>\$ 37,288,547</u>	<u>\$ 997,481</u>	<u>\$ 38,286,028</u>

Town of Salisbury, Connecticut
Management's Discussion and Analysis (Unaudited) (continued)

The Town's net position increased by \$4,244,932 overall during the fiscal year with net position of Governmental Activities increasing by \$4,515,358 and Business-Type Activities decreasing by \$270,426. The increase in Governmental Activities is mainly attributable to the General Fund operating surplus.

	Change in Net Position		
	Governmental Activities	Business-Type Activities	Total
<u>Revenues</u>			
Program revenue:			
Charges for services	\$ 1,731,069	\$ 486,739	\$ 2,217,808
Operating grants and contributions	2,751,338	4,275	2,755,613
Capital grants and contributions	634,930	-	634,930
General revenue:			
Property taxes	15,469,230	-	15,469,230
Grants not restricted to specific programs	171,338	-	171,338
Investment earnings	1,527,677	1,845	1,529,522
Other	354,754	-	354,754
Total revenues	<u>22,640,336</u>	<u>492,859</u>	<u>23,133,195</u>
<u>Expenses</u>			
General government	2,584,420	-	2,584,420
Public safety	679,423	-	679,423
Public works	1,850,818	-	1,850,818
Sanitation/waste removal	604,342	763,285	1,367,627
Health and welfare	378,184	-	378,184
Recreation	717,430	-	717,430
Other	113,533	-	113,533
Education	11,057,886	-	11,057,886
Interest on long-term debt	138,942	-	138,942
Total expenses	<u>18,124,978</u>	<u>763,285</u>	<u>18,888,263</u>
Change in net position	<u>\$ 4,515,358</u>	<u>\$ (270,426)</u>	<u>\$ 4,244,932</u>

Town of Salisbury, Connecticut
Management's Discussion and Analysis (Unaudited) (continued)

Governmental Activities

Approximately 68% of the revenues were derived from property taxes, 15% from operating and capital grants, 8% from service charges, and 9% from all other.

Business-Type Activities

Business-type activities decreased the Town's net position by \$270,426. The decrease was primarily due to expenses exceeding charges for services.

FINANCIAL ANALYSIS OF THE FUND FINANCIAL STATEMENTS

As noted earlier, the Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the Town's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the Town's net resources available for spending at the end of the fiscal year.

The General Fund is the chief operating fund of the Town. At the end of the current fiscal year, the General Fund total fund balance was \$4,715,078. Of this total fund balance, \$287,776 is assigned for the subsequent year's budget and \$1,172,058 is restricted, committed, and assigned for other activities. The remaining balance of \$3,255,244 is unassigned.

The fund balance of the Town's General Fund increased by \$1,650,480 during the current fiscal year. The reason for this increase was that revenues were \$1,699,199 higher than budget and expenditures were \$538,985 lower than budget with no use of fund balance, which was budgeted to be \$587,704.

Proprietary Funds

The Town's proprietary fund provides the same type of information found in the government-wide financial statements, but in more detail. The Town has one proprietary fund.

Unrestricted net position of the Sewer Enterprise Fund at the end of the year amounted to \$799,244.

GENERAL FUND BUDGETARY HIGHLIGHTS

Due to revenues being lower than the budgeted amounts and most categories of expenditures, except capital outlay, being less than budgeted amounts, the Town was able to operate at a surplus of \$398,624 in excess of the final budgeted amount.

A statement of revenues and expenditures, budget and actual, can be found on page 15 of this report.

Town of Salisbury, Connecticut
Management's Discussion and Analysis (Unaudited) (continued)

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The Town's investment in capital assets (net of accumulated depreciation) for its governmental and business-type activities as of June 30, 2021, amounted to \$30,976,874 and \$3,198,237, respectively. This investment in capital assets included land, buildings and system improvements, machinery and equipment, park facilities, roads, highways, and bridges.

	<u>Capital Assets (Net of Accumulated Depreciation)</u>		
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Land	\$ 2,992,466	\$ -	\$ 2,992,466
Buildings and improvements	17,242,791	2,866,896	20,109,687
Machinery and equipment	868,336	331,341	1,199,677
Infrastructure	7,922,123	-	7,922,123
Vehicles	<u>1,951,158</u>	<u>-</u>	<u>1,951,158</u>
Total	<u>\$ 30,976,874</u>	<u>\$ 3,198,237</u>	<u>\$ 34,175,111</u>

Long-Term Obligations

At the end of the current fiscal year, the Town had total outstanding obligations of \$11,478,050 as follows:

	<u>Outstanding Obligations</u>		
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
General obligation bonds	\$ 3,007,000	\$ -	\$ 3,007,000
Bond anticipation notes	4,602,789	3,000,000	7,602,789
Notes payable	624,044	-	624,044
Net pension liability	<u>244,217</u>	<u>-</u>	<u>244,217</u>
Total	<u>\$ 8,478,050</u>	<u>\$ 3,000,000</u>	<u>\$ 11,478,050</u>

The Town's total debt had a net decrease of \$350,919 during the current fiscal year primarily from the annual payments for general obligation bonds and notes payable.

Additional information on the Town's long-term obligations can be found in Note 9.

ECONOMIC FACTORS FOR NEXT YEAR'S BUDGET

The Town was awarded a \$1,065,422 grant under the American Rescue Plan Act. Various projects are under consideration for expenditure.

The Town continues with remediation of the former Decker's Laundry site at 17 Perry Street. The State of Connecticut has awarded the Town a STEAP grant for \$500,000 and an EPA Brownfields of \$200,000; these funds will be used for investigation, demolition of the building, and site remediation. The Town does not anticipate additional costs for this project in the next fiscal year.

The Town received a \$400,000 Community Connectivity Grant to build a sidewalk from Lincoln City Road to the Fire House. This project is in the engineering phase and construction will begin sometime next year.

The Town authorized the use of \$287,776 of fund balance from the General Fund for the 2021-2022 fiscal year. A Town wide revaluation was completed for the 2021-2022 fiscal year resulting in 0.7% reduction in the mill rate to 11.0 mills.

All of the above factors were considered in preparing the Town's budget for the 2021-2022 fiscal year.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview for those with an interest in the Town's finances. Questions concerning any of the information provided in this report, or requests for additional information, should be addressed to the Office of the Treasurer, Town of Salisbury, 27 Main Street, PO Box 548, Salisbury CT 06068.

TOWN OF SALISBURY, CONNECTICUT

**STATEMENT OF NET POSITION
JUNE 30, 2021**

	Governmental Activities	Business-Type Activities	Total
<u>Assets</u>			
Cash and cash equivalents	\$ 4,536,732	\$ 670,943	\$ 5,207,675
Investments	10,082,706	80,018	10,162,724
Receivables:			
Taxes	287,572	-	287,572
Other	266,771	67,285	334,056
Long-term receivables	604,557	-	604,557
Capital assets:			
Capital assets, not being depreciated	2,992,466	-	2,992,466
Capital assets, net of accumulated depreciation	27,984,408	3,198,237	31,182,645
Total assets	46,755,212	4,016,483	50,771,695
<u>Deferred Outflows of Resources</u>			
Pension related net deferred outflows	202,652	-	202,652
<u>Liabilities</u>			
Accounts payable	534,828	19,002	553,830
Accrued interest	123,728	-	123,728
Unearned revenue	532,711	-	532,711
Noncurrent liabilities:			
Due within one year	4,991,175	3,000,000	7,991,175
Due in more than one year	3,486,875	-	3,486,875
Total liabilities	9,669,317	3,019,002	12,688,319
<u>Net Position</u>			
Net investment in capital assets	22,740,041	198,237	22,938,278
Restricted - Permanent Funds	3,179,028	-	3,179,028
Unrestricted	11,369,478	799,244	12,168,722
Total net position	\$ 37,288,547	\$ 997,481	\$ 38,286,028

The notes to the financial statements are an integral part of this statement.

TOWN OF SALISBURY, CONNECTICUT

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021**

		Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges For Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
	Expenses						
Governmental Activities:							
General government	\$ (2,584,420)	\$ 1,053,799	\$ 153,850	\$ -	\$ (1,376,771)	\$ -	\$ (1,376,771)
Public safety	(679,423)	51,963	-	-	(627,460)	-	(627,460)
Public works	(1,850,818)	-	294,608	-	(1,556,210)	-	(1,556,210)
Sanitation/waste removal	(604,342)	539,094	-	634,930	569,682	-	569,682
Health and welfare	(378,184)	29,517	-	-	(348,667)	-	(348,667)
Recreation	(717,430)	46,700	564,093	-	(106,637)	-	(106,637)
Other	(113,533)	-	-	-	(113,533)	-	(113,533)
Education	(11,057,886)	9,996	1,738,787	-	(9,309,103)	-	(9,309,103)
Interest on long-term debt	(138,942)	-	-	-	(138,942)	-	(138,942)
Total governmental activities	(18,124,978)	1,731,069	2,751,338	634,930	(13,007,641)	-	(13,007,641)
Business-Type Activities:							
Sewer	(763,285)	486,739	4,275	-	-	(272,271)	(272,271)
Total primary government	\$ (18,888,263)	\$ 2,217,808	\$ 2,755,613	\$ 634,930	(13,007,641)	(272,271)	(13,279,912)
General revenues:							
Property taxes, interest, and lien fees					15,469,230	-	15,469,230
Grants and contributions not restricted to specific programs					171,338	-	171,338
Interest and investment earnings					1,527,677	1,845	1,529,522
Other					354,754	-	354,754
Total general revenues					17,522,999	1,845	17,524,844
Change in net position					4,515,358	(270,426)	4,244,932
Net position, beginning of year					32,773,189	1,267,907	34,041,096
Net position, end of year					\$ 37,288,547	\$ 997,481	\$ 38,286,028

The notes to the financial statements are an integral part of this statement.

TOWN OF SALISBURY, CONNECTICUT

GOVERNMENTAL FUNDS

BALANCE SHEET

JUNE 30, 2021

	General Fund	Transfer Station Capital Fund	Other Capital Projects Fund	Twin Lakes Fund	Bauer Fund	Bissell Fund	Small Cities Fund	Nonmajor Governmental Funds	Total Governmental Funds
<u>Assets</u>									
Cash and cash equivalents	\$ 3,018,729	\$ 449,988	\$ -	\$ -	\$ 108,532	\$ 148,571	\$ -	\$ 810,912	\$ 4,536,732
Investments	2,149,975	-	1,503,767	-	2,329,179	2,755,710	-	1,344,075	10,082,706
Receivables:									
Taxes	287,572	-	-	-	-	-	-	-	287,572
Other	135,019	72,407	15,078	-	-	-	-	44,267	266,771
Long-term receivables	-	-	-	-	-	-	604,557	-	604,557
Due from other funds	287,162	-	-	-	-	-	-	2,026	289,188
Total assets	\$ 5,878,457	\$ 522,395	\$ 1,518,845	\$ -	\$ 2,437,711	\$ 2,904,281	\$ 604,557	\$ 2,201,280	\$ 16,067,526
<u>Liabilities</u>									
Accounts payable	\$ 396,204	\$ 95,939	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 42,685	\$ 534,828
Unearned revenue	532,711	-	-	-	-	-	-	-	532,711
Due to other funds	2,026	109,506	-	132,656	-	-	-	45,000	289,188
Total liabilities	930,941	205,445	-	132,656	-	-	-	87,685	1,356,727
<u>Deferred Inflows of Resources</u>									
Unavailable revenue - taxes	232,438	-	-	-	-	-	-	-	232,438
Unavailable revenue - long term receivables	-	-	-	-	-	-	604,557	-	604,557
Nonspendable	-	-	-	-	1,353,118	1,413,092	-	512,375	3,278,585
Restricted	61,246	316,950	1,518,845	-	1,084,593	1,491,189	-	1,342,128	5,814,951
Committed	894,648	-	-	-	-	-	-	244,679	1,139,327
Assigned	503,940	-	-	-	-	-	-	14,413	518,353
Unassigned	3,255,244	-	-	(132,656)	-	-	-	-	3,122,588
Total fund balances	4,715,078	316,950	1,518,845	(132,656)	2,437,711	2,904,281	-	2,113,595	13,873,804
Total liabilities, deferred inflows of resources, and fund balances	\$ 5,878,457	\$ 522,395	\$ 1,518,845	\$ -	\$ 2,437,711	\$ 2,904,281	\$ 604,557	\$ 2,201,280	

Amounts reported in the Statement of Net Position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	30,976,874
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	836,995
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds:	
Bonds and notes payable, including related accrued interest	(8,357,561)
Net pension liability, including related deferred outflows of resources	(41,565)
Net position of governmental activities	\$ 37,288,547

The notes to the financial statements are an integral part of this statement.

TOWN OF SALISBURY, CONNECTICUT

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

	General Fund	Transfer Station Capital Fund	Other Capital Projects Fund	Twin Lakes Fund	Bauer Fund	Bissell Fund	Small Cities Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:									
Property taxes	\$ 15,526,385	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 15,526,385
Intergovernmental	2,097,806	634,930	-	564,093	-	-	-	324,613	3,621,442
Investment earnings	145,170	1,256	768	-	506,129	674,544	-	199,810	1,527,677
Donations	153,850	-	-	-	-	-	-	-	153,850
Local	1,236,407	-	-	-	-	-	-	631,730	1,868,137
Total revenues	19,159,618	636,186	768	564,093	506,129	674,544	-	1,156,153	22,697,491
Expenditures:									
Current:									
General government	2,167,847	-	-	-	-	-	-	-	2,167,847
Public safety	348,763	-	-	-	-	-	-	242,594	591,357
Public works	1,402,439	-	-	-	-	-	-	-	1,402,439
Sanitation/waste removal	480	-	-	-	-	-	-	1,207,575	1,208,055
Health and welfare	315,911	-	-	-	-	36,842	-	25,431	378,184
Recreation	681,900	-	-	-	-	-	-	-	681,900
Education	10,711,446	-	-	-	-	-	-	131,738	10,843,184
Other	28,870	-	-	-	115,970	20,129	-	5,748	170,717
Capital outlay	137,725	492,735	219,934	-	-	-	-	404,174	1,254,568
Debt service	-	56,635	582,570	-	-	-	-	51,882	691,087
Total expenditures	15,795,381	549,370	802,504	-	115,970	56,971	-	2,069,142	19,389,338
Excess of revenues over (under) expenditures	3,364,237	86,816	(801,736)	564,093	390,159	617,573	-	(912,989)	3,308,153
Other financing sources (uses):									
Payment of bond anticipation note	-	(1,510,365)	-	-	-	-	-	-	(1,510,365)
Proceeds from issuance of general obligation bonds	-	1,567,000	-	-	-	-	-	-	1,567,000
Transfers in	-	25,000	933,328	-	-	-	-	940,116	1,898,444
Transfers out	(1,713,757)	(60,000)	-	-	-	-	-	(124,687)	(1,898,444)
Total other financing sources (uses)	(1,713,757)	21,635	933,328	-	-	-	-	815,429	56,635
Net change in fund balances	1,650,480	108,451	131,592	564,093	390,159	617,573	-	(97,560)	3,364,788
Fund balances, beginning of year	3,064,598	208,499	1,387,253	(696,749)	2,047,552	2,286,708	-	2,211,155	10,509,016
Fund balances, end of year	\$ 4,715,078	\$ 316,950	\$ 1,518,845	\$ (132,656)	\$ 2,437,711	\$ 2,904,281	\$ -	\$ 2,113,595	\$ 13,873,804

The notes to the financial statements are an integral part of this statement.

TOWN OF SALISBURY, CONNECTICUT

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021**

Amounts reported for governmental activities in the Statement of Activities are different because:

Net change in fund balances - total governmental funds	<u>\$ 3,364,788</u>
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Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense in the current period:

Capital outlay (net of disposals)	2,405,547
Depreciation expense	(1,452,516)
	953,031

The issuance of long-term debt 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, however, 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 deferred and amortized in the Statement of Activities. The details of these differences in the treatment of long-term debt and related items are as follows:

Debt issued or incurred:	
Issuance of debt	(1,623,635)
Issuance of note payable	(198,000)
Principal repayments:	
General obligation bonds	180,000
Bond anticipation notes	1,722,000
Notes payable	162,042
	242,407

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

Revenues:	
Taxes, interest and liens	(57,155)
Expenses:	
Net pension liability, including the related deferred outflows of resources	7,184
Accrued interest payable	5,103
	(44,868)

Change in net position of governmental activities	<u><u>\$ 4,515,358</u></u>
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The notes to the financial statements are an integral part of this statement.

TOWN OF SALISBURY, CONNECTICUT

**GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGETARY BASIS - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2021**

	Budgeted Amounts			Variance With Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Property taxes	\$ 14,663,805	\$ 14,663,805	\$ 15,526,385	\$ 862,580
Intergovernmental	313,523	313,523	465,946	152,423
Investment earnings	25,000	25,000	145,170	120,170
Donations	145,000	145,000	153,850	8,850
Local	681,231	681,231	1,236,407	555,176
Total revenues	15,828,559	15,828,559	17,527,758	1,699,199
Expenditures:				
Current:				
General government	2,238,311	2,238,311	2,167,847	70,464
Public safety	775,090	775,090	677,363	97,727
Public works	1,647,964	1,647,964	1,402,439	245,525
Sanitation/waste removal	354,516	354,516	351,996	2,520
Health and welfare	366,440	366,440	350,911	15,529
Recreation	708,151	708,151	681,900	26,251
Education	9,413,241	9,413,241	9,260,227	153,014
Other	44,550	44,550	28,870	15,680
Capital outlay	388,000	388,000	475,725	(87,725)
Debt service	480,000	480,000	480,000	-
Total expenditures	16,416,263	16,416,263	15,877,278	538,985
Net change in fund balance	\$ (587,704)	\$ (587,704)	1,650,480	\$ 2,238,184
Fund balance, beginning of year			3,064,598	
Fund balance, end of year			\$ 4,715,078	

The notes to the financial statements are an integral part of this statement.

TOWN OF SALISBURY, CONNECTICUT

**PROPRIETARY FUND
STATEMENT OF NET POSITION
JUNE 30, 2021**

	Business-Type Activities
	Sewer Enterprise Fund
<u>Assets</u>	
Current assets:	
Cash and cash equivalents	\$ 670,943
Investments	80,018
Sewer usage receivable	67,285
Noncurrent assets:	
Capital assets:	
Depreciable, net of accumulated depreciation	3,198,237
Total assets	4,016,483
<u>Liabilities</u>	
Current liabilities:	
Accounts payable	19,002
Bond Anticipation Note payable	3,000,000
Total liabilities	3,019,002
<u>Net Position</u>	
Net investment in capital assets	198,237
Unrestricted	799,244
Total net position	\$ 997,481

The notes to the financial statements are an integral part of this statement.

TOWN OF SALISBURY, CONNECTICUT

**PROPRIETARY FUND
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2021**

	<u>Business-Type Activities</u>
	<u>Sewer Enterprise Fund</u>
Operating revenues	
Sewer usage fees	\$ 486,739
Intergovernmental revenues	4,275
Total operating revenues	<u>491,014</u>
Operating expenses	
Wages and benefits	308,751
Utilities	48,524
Operating expenses	298,596
Administrative expenses	13,417
Depreciation	93,997
Total operating expenses	<u>763,285</u>
Non-operating income	
Interest income	1,845
Total non-operating income	<u>1,845</u>
Change in net position	(270,426)
Net position, beginning of year	<u>1,267,907</u>
Net position, end of year	<u><u>\$ 997,481</u></u>

The notes to the financial statements are an integral part of this statement.

TOWN OF SALISBURY, CONNECTICUT

**PROPRIETARY FUND
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2021**

	Business-Type Activities
	Sewer Enterprise Fund
Cash flows from operating activities	
Cash received from the following:	
Sewer usage fees	\$ 486,763
Cash paid for the following:	
Wages and benefits	(308,751)
Utilities	(48,524)
Operating expenses	(334,826)
Administrative expenses	(13,417)
Net cash provided by operating activities	<u>(214,480)</u>
Cash flows from capital & related financing activities	
Due to General Fund	(184,316)
Purchases of equipment	(534,904)
Net cash provided by capital and related financing activities	<u>(719,220)</u>
Cash flows from investing activities	
Interest income	1,845
Net cash provided by investing activities	<u>1,845</u>
Net increase in cash and cash equivalents	(931,855)
Cash and cash equivalents, beginning of year	<u>1,682,816</u>
Cash and cash equivalents, end of year	<u><u>\$ 750,961</u></u>
 Reconciliation of operating income to net cash provided by operating activities	
Operating income (loss)	\$ (272,271)
Adjustments to reconcile operating income to net cash provided by operating activities	
Depreciation expense	93,997
Change in assets and liabilities	
Sewer usage receivable	24
Accounts payable	(36,230)
Net cash provided by operating activities	<u><u>\$ (214,480)</u></u>

The notes to the financial statements are an integral part of this statement.

TOWN OF SALISBURY, CONNECTICUT

**FIDUCIARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2021**

	Pension Trust Fund	Custodial Funds
<u>Assets</u>		
Cash and cash equivalents	\$ -	\$ 38,209
Investments	1,361,002	-
Total assets	<u>1,361,002</u>	<u>38,209</u>
<u>Liabilities</u>		
Accounts payable	-	-
Total liabilities	<u>-</u>	<u>-</u>
<u>Net Position</u>		
Held in trust for pension benefits	1,361,002	-
Restricted for student groups	-	38,209
Total Net Position	<u><u>\$ 1,361,002</u></u>	<u><u>\$ 38,209</u></u>

The notes to the financial statements are an integral part of this statement.

TOWN OF SALISBURY, CONNECTICUT

**FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2021**

	<u>Pension Trust Fund</u>	<u>Custodial Funds</u>
Additions:		
Employer contributions	\$ 123,668	\$ -
Cash collected for the student groups	-	10,088
Investment income:		
Interest and dividends	40,158	-
	<u>163,826</u>	<u>10,088</u>
Deductions:		
Benefits paid	170,075	-
Cash distributed to the student groups	-	15,971
Fees and expenses	9,368	-
	<u>179,443</u>	<u>15,971</u>
 Change in net position	 (15,617)	 (5,883)
Net position, beginning of year	<u>1,376,619</u>	<u>44,092</u>
Net position, end of year	<u><u>\$ 1,361,002</u></u>	<u><u>\$ 38,209</u></u>

The notes to the financial statements are an integral part of this statement.

TOWN OF SALISBURY, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

Note 1 – Summary of Significant Accounting Policies

Reporting Entity

The Town of Salisbury, Connecticut (the “Town”) was incorporated October 1741 under the provisions of the Connecticut General Statutes. It operates under a Board of Selectmen form of government with a Board of Finance, a Board of Education, various other boards and commissions, and provides a full range of services including public safety, public works, health and welfare, parks and recreation, education, and general administrative services to its residents. The accompanying financial statements conform to accounting principles generally accepted in the United States of America as applicable to governments.

Accounting principles generally accepted in the United States of America require that the reporting entity include: 1) the primary government, 2) organizations for which the primary government is financially accountable, and 3) 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. The basic financial statements of the reporting entity include only the funds of the Town (the primary government) as no component units exist based on operational or financial relationships with the Town.

Basis of Presentation

The accompanying financial statements 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 of the Town’s accounting policies are described below.

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 effects of interfund activity have been removed from these statements. Exceptions to this general rule are charges between the enterprise funds and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Governmental Activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from Business-Type Activities, which rely to a significant extent on fees and charges for support.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are 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.

Town of Salisbury, Connecticut
Notes to Financial Statements
June 30, 2021 (continued)

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 and major individual enterprise funds are reported as separate columns in the fund financial statements.

The various funds included in the financial statements are described below:

Governmental Funds

General Fund - the primary operating fund of the Town. This fund is used to account for all financial transactions and resources except those required to be accounted for in another fund. Revenues are derived primarily from property taxes, state and federal grants, licenses, permits, charges for services, and interest income.

Special Revenue Funds - account for revenue derived from specific sources (other than capital projects) that are restricted by legal and regulatory provisions to finance specific activities.

Capital Project Funds - account for all financial resources used for the acquisition or construction of capital assets not being financed by proprietary funds.

Permanent Funds - used to report resources that are legally restricted to the extent that only income, and not principal, may be used for purposes that support the Town's programs.

Proprietary Funds

Proprietary Funds are used to account for activities that are similar to those often found in the private sector. These funds are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. The following is the Town's proprietary fund:

Enterprise Fund - accounts for operations that are financed in a manner similar to private business enterprises, where the intent is that costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

Fiduciary Funds

Fiduciary Funds are used to account for assets held by the Town in a trustee capacity or as an agent for individuals, private organizations, and other governments. Fiduciary funds are not included in the government-wide financial statements. The fiduciary funds are as follows:

Pension Trust Fund - used to account for the activities of the Town's defined benefit plan, which accumulates resources for pension benefit payments to qualified employees.

Custodial Funds - account for monies held by the Town as a custodian for outside groups and agencies.

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 fund 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 Salisbury, Connecticut
Notes to Financial Statements
June 30, 2021 (continued)

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 all taxes.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted first, then unrestricted resources as they are needed.

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.

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. In determining when to recognize intergovernmental revenues (grants and entitlements), the legal and contractual requirements of the individual programs are used as guidance. Revenues are recognized when the eligibility requirements have been met. All other revenue items are considered to be measurable and available only when cash is received by the Town or specifically identified.

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.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with the fund's principal ongoing operations. The principal operating revenues of the funds are charges to customers for services. Operating expenses for the funds include the cost of operations and maintenance, provision for doubtful accounts, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The Town reports the following major governmental funds:

The **General Fund** is the Town's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The **Transfer Station Capital Fund** accounts for financial resources designated for capital projects related to the Salisbury/Sharon Transfer Station.

The **Other Capital Projects Fund** accounts for smaller, short-term capital projects that are funded through capital grants or General Fund transfers. This fund is also used to account for proceeds of bond anticipation notes and general obligation bonds used for authorized bonded projects such as acquisition and construction of capital facilities, which have not been established in a separate fund.

The **Twin Lakes Fund** was established to account for intergovernmental grants received and expended for the repair of the Twin Lakes road.

The **Bauer Fund** accounts for permanently restricted funds held by the Town and used for general assistance, recreation, and maintenance of Bauer Park as allowed under the fund.

Town of Salisbury, Connecticut
Notes to Financial Statements
June 30, 2021 (continued)

The **Bissell Fund** accounts for permanently restricted funds held by the Town to be spent on medical expenses of Town residents.

The **Small Cities Fund** relates to intergovernmental grants received and reflects the Town's activities related to those grants.

Additionally, the Town reports the following major proprietary fund:

The **Sewer Enterprise Fund** accounts for the operations of the Town's waste water treatment system.

Accounting Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash, Cash Equivalents, 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. Investments for the town are reported at fair value.

Custodial Credit Risk – Custodial credit risk is the risk that, in the event of a bank failure, the Town deposits may not be returned to it. The Town's policy for custodial credit risk is to invest in obligations allowable under the Connecticut General Statutes. In general for most of the funds, this includes deposits in allowable banks, obligations of the United States of America, and obligations of any State or political subdivision, which is tax exempt.

Credit Risk – Credit risk is the risk that an issuer or other counterparty will not fulfill its specific obligation even without the entity's complete failure. The Town does not have a formal credit risk policy other than restrictions to obligations allowable under the Connecticut General Statutes.

Interest Rate Risk – Interest rate risk is the risk that the Town will incur losses in fair value caused by changing interest rates. The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Concentration of Credit Risk – Concentration of credit risk is the risk attributed to the magnitude of a government's investments in a single issuer. The Town follows the limitations specified in the Connecticut General Statutes. Generally, the Town's deposits cannot be 75% or more of the total capital of any one depository.

Fair Value Measurements

The Town utilizes the market approach as the valuation technique to measure fair value of its financial assets. GAAP establishes a three-level hierarchy for fair value measurements that distinguishes between market participant assumptions developed based on market data obtained from sources independent of the reporting entity ("observable inputs") and the reporting entity's own assumptions about market participant assumptions developed based on the best information available in the circumstances ("unobservable inputs") and requires that the most observable inputs be used when available. The hierarchy is broken down into three levels based on the reliability of inputs as follows:

- Level 1 - Valuation based on unadjusted quoted prices in active markets for identical assets the Town has the ability to access. Since valuations are based on quoted prices readily and regularly available in an active market, valuation of these assets does not entail significant judgment.
- Level 2 - Valuation based on quoted prices for similar assets in active markets; quoted prices for similar assets in inactive markets; or valuations based on models where the significant inputs are observable (e.g. interest rates, yield curves, etc.) or can be corroborated by observable market data.
- Level 3 - Valuations based on inputs that are unobservable and significant to the overall fair value measurement. The unobservable inputs reflect the Town's own assumptions about assumptions that market participants might use.

The Town's investments are measured on a recurring basis using Level 1 information (market quotations for investments that have quoted prices in active markets). The Town has no financial assets measured using Level 2 or Level 3 at June 30, 2021.

Property Taxes

The Town levies property taxes each year on October 1, which are payable in four installments on July 1, October 1, January 1, and April 1. Supplemental motor vehicle taxes are due in full January 1. The bill becomes delinquent 30 days after the installment is due at which time the applicable property is subject to lien, and penalties and interest are assessed.

Under Connecticut State Statutes, the Town has the right to impose a lien on a taxpayer if any personal property tax, other than a motor vehicle tax, due to the Town is not paid within the time limited by any local charter or ordinance. The lien shall be effective for a period of 15 years from the date of filing unless discharged. A notice of tax lien shall not be effective if filed more than two years from the date of assessment for the taxes claimed to be due.

The Town establishes allowances for uncollectible taxes and interest based on historical collection experience and other factors. As of June 30, 2021, no allowance for uncollectible taxes and interest was considered necessary.

Interfund Transactions

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds" (i.e. the current portion of interfund loans) or "advances to/from other funds" (i.e. the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds".

Town of Salisbury, Connecticut
Notes to Financial Statements
June 30, 2021 (continued)

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in appropriate governmental funds to indicate that they are not available for appropriation and are not expendable financial resources.

Long-Term Receivables

The Town administers a loan program for individuals and families in need. Repayment of the loans is deferred, but the loans become due and payable upon sale or transfer of the property, the owner's demise, or when the subject property is no longer the applicant's principal place of residence. The notes may be paid in full or in part by the borrower at any time without penalty. As of June 30, 2021, loans receivable totaled \$604,557 under this program.

Capital Assets

Capital assets, which include property, plant and equipment, and infrastructure assets (e.g., roads, bridges, sidewalks and similar items) are reported in the applicable Governmental Activities or Business-Type 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 \$10,000 with 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 fair value at the date of donation.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant, equipment, and infrastructure assets of the Town are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Building	40 - 50
Building improvements	20
Infrastructure	50
Machinery and equipment	5 - 30
Vehicles	5 - 10

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 the applicable bond premium or discount. Bond issuance costs are expensed as incurred.

In the governmental fund financial statements, bond premiums and discounts, as well as bond issuance costs, are recognized during the current period. The face amount of the 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.

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.

Unearned Revenue

In the government-wide and fund financial statements, this liability represents resources that have been received but not yet earned.

Deferred Outflows/Inflows of Resources

Deferred outflows of resources represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town reports a deferred outflow of resources in the government-wide Statement of Net Position related to pension results from change in assumptions. These amounts are deferred and included in pension expense in a systematic and rational manner.

Deferred inflows of resources represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town reports unavailable revenue, which arises only under the modified accrual basis of accounting. The unavailable revenues from property taxes and long-term loans are reported in the governmental funds Balance Sheet. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Fund Equity and Net Position

In the government-wide financial statements, net position is classified in the following categories:

Net Investment in Capital Assets – This category groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction, or improvement of these assets reduce this category.

Restricted – This category represents external restrictions imposed by creditors, grantors, contributors, laws, or regulations of other governments, and restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted – This category represents the net position of the Town which is not restricted for any project or other purpose.

Governmental Accounting Standards Board Statement #54 (GASB 54) defines the different types of fund balances that the Town must use for its governmental funds. GASB 54 requires the fund balances to be properly reported within one of the following categories for financial reporting purposes.

Nonspendable – fund balance amounts associated with inventories, prepaids, long-term receivables and payables, and amounts that are legally or contractually required to be maintained intact.

Town of Salisbury, Connecticut
Notes to Financial Statements
June 30, 2021 (continued)

Restricted – fund balance amounts that can be spent only for the specific purposes stipulated by external source providers or enabling legislation.

Committed – fund balance amounts that can be used only for specific purposes determined by a formal action of the Town’s highest level of decision-making authority.

Assigned – fund balance amounts intended to be used by the Town for specific purposes but do not meet the criteria to be classified as restricted or committed fund balances.

Unassigned – fund balance amounts remaining for the General Fund that are spendable or amounts necessary in other governmental funds to eliminate otherwise negative fund balance amounts in the other four categories.

The Town does not have a formal policy over the use of fund balance. In accordance with GASB 54, the Town will use restricted resources first, then unrestricted resources as needed. Unrestricted resources are used in the following order: committed; assigned; then unassigned.

Note 2 – Budgets and Budgetary Accounting

General Fund

The Town adheres to the following procedures in establishing the budgetary data reflected in the financial statements:

- a. A proposed operating budget is submitted for the fiscal year. The operating budget includes proposed expenditures and the means of financing them.
- b. Public hearings are conducted in the Town to obtain taxpayer comments.
- c. The budget is legally enacted through passage of ordinance.
- d. The Board of Finance is authorized to transfer budgeted amounts between departments within any fund; however, any major revisions that alter the total expenditures or any fund must be approved at the Town Meeting. No additional appropriations were approved at Town meetings.
- e. Formal budgetary integration is employed as a management control device during the year for the General Fund. Formal budgets are not employed in the other various types of funds of the Town.
- f. The Board of Education, which is not a separate legal entity, but a function of the Town, is authorized under state law to make any transfers within their budget at their discretion.

Town of Salisbury, Connecticut
Notes to Financial Statements
June 30, 2021 (continued)

Accounting principles applied for purposes of developing data on a budgetary basis differ from those used to present financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP"). A reconciliation of General Fund amounts presented on the budgetary basis to amounts presented in conformity with accounting principles generally accepted in the United States of America is as follows:

	<u>Fund Balance Beginning</u>	<u>Revenues</u>	<u>Expenditures</u>	<u>Other Financing Source (Uses)</u>	<u>Fund Balance Ending</u>
GAAP basis	\$ 3,064,598	\$ 19,159,618	\$ (15,795,381)	\$ (1,713,757)	\$ 4,715,078
Reclassifications	-	-	(1,713,757)	1,713,757	-
Teachers' retirement system on behalf payments	-	(1,631,860)	1,631,860	-	-
Budgetary basis	<u>\$ 3,064,598</u>	<u>\$ 17,527,758</u>	<u>\$ (15,877,278)</u>	<u>\$ -</u>	<u>\$ 4,715,078</u>

Special Revenue Funds

The Town does not have legally adopted annual budgets for the Special Revenue Funds. Budgets for the various Special Revenue Funds, which are utilized to account for specific grant and other special programs, are established in accordance with the requirements of the grantor agencies or Town Boards. Such budgets generally carry over until completion of the grants and programs.

Capital Project Funds

Legal authorization for expenditures of the Capital Project Funds is provided by Town ordinances and/or intergovernmental grant agreements. Capital appropriations do not lapse until completion of the applicable projects.

Note 3 – Deposits and Investments

Cash and Cash Equivalents

The following is a summary of cash and cash equivalents at year end:

Governmental funds	\$ 4,536,732
Enterprise fund	670,943
Agency funds	<u>38,209</u>
Total cash and cash equivalents	<u>\$ 5,245,884</u>

The bank balance of the deposits was \$5,661,518 and was exposed to custodial credit risk as follows:

Covered by Federal Depository Insurance	\$ 538,209
Uninsured and collateralized	<u>5,123,309</u>
Total Deposits	<u>\$ 5,661,518</u>

The level of the Town's deposits varied significantly throughout the year as a result of higher cash flows during certain periods of the year. As a result, uninsured, uncollateralized amounts fluctuate during the year.

Town of Salisbury, Connecticut
Notes to Financial Statements
June 30, 2021 (continued)

Investments

The Town has no formally adopted investment policy that would limit its investment choices due to credit risk other than the State of Connecticut General Statutes that limit investments to obligations of the United States of America or United States government sponsored corporations, in shares or other interests in any custodial arrangement, pool, or no-load, open-end management type investment company or investment trust (as defined), in obligations of any State or political subdivision rated within the top two rating categories of any nationally recognized rating service, or in obligations of the State of Connecticut or political subdivision rated within the top three rating categories of any nationally recognized rating service. Governmental fund investments are as follows:

			Investment Maturities (in years)		
	Fair Value	Maturity not applicable	Less Than 1	1-5	5-10
Governmental Activity					
Bank and brokered certificates of deposit	\$ 3,867,349	\$ -	\$ 3,867,349	\$ -	\$ -
U.S. Treasury bonds and notes	339,792	-	-	339,792	-
Corporate bonds and notes	786,821	-	786,821	-	-
Common stock	3,996,105	3,996,105	-	-	-
Mutual funds	1,092,639	1,092,639	-	-	-
	<u>\$10,082,706</u>	<u>\$ 5,088,744</u>	<u>\$ 4,654,170</u>	<u>\$ 339,792</u>	<u>\$ -</u>
Business-Type Activities					
Bank and brokered certificates of deposit	\$ 80,018	\$ -	\$ 80,018	\$ -	\$ -

Note 4 – Interfund Receivables, Payables, and Transfers

As of June 30, 2021, interfund receivables and payables were as follows:

	Due From				
	General Fund	Transfer Station Capital Fund	Twin Lakes Fund	Nonmajor Governmental Funds	Total
Due To:					
General Fund	\$ -	\$ 109,506	\$ 132,656	\$ 45,000	\$ 287,162
Nonmajor Governmental Funds	<u>2,026</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,026</u>
	<u>\$ 2,026</u>	<u>\$ 109,506</u>	<u>\$ 132,656</u>	<u>\$ 45,000</u>	<u>\$ 289,188</u>

Transfers are used to account for unrestricted revenues collected mainly in the General Fund to finance capital projects and other programs accounted for in other funds in accordance with budget and project authorizations. Interfund transfers were as follows:

	Transfers From			
	General Fund	Transfer Station Capital Fund	Nonmajor Governmental Funds	Total Governmental Funds
Transfers To:				
Transfer Station Capital Fund	\$ 25,000	\$ -	\$ -	\$ 25,000
Other Capital Projects Fund	808,641	-	124,687	933,328
Nonmajor Governmental Funds	<u>880,116</u>	<u>60,000</u>	<u>-</u>	<u>940,116</u>
Total Governmental Funds	<u>\$ 1,713,757</u>	<u>\$ 60,000</u>	<u>\$ 124,687</u>	<u>\$ 1,898,444</u>

Town of Salisbury, Connecticut
Notes to Financial Statements
June 30, 2021 (continued)

Note 5 – Capital Assets

	Balance at July 1, 2020	Increases	Decreases	Balance at June 30, 2021
Governmental Activities				
Capital assets not being depreciated:				
Land	\$ 2,992,466	\$ -	\$ -	\$ 2,992,466
Construction in progress	4,356,435	-	4,356,435	-
Total capital assets not being depreciated	<u>7,348,901</u>	<u>-</u>	<u>4,356,435</u>	<u>2,992,466</u>
Capital assets being depreciated:				
Buildings and improvements	21,186,799	6,119,411	-	27,306,210
Machinery and equipment	3,673,254	250,647	-	3,923,901
Infrastructure	10,002,042	-	-	10,002,042
Vehicles	5,666,057	391,924	-	6,057,981
Total capital assets being depreciated	<u>40,528,152</u>	<u>6,761,982</u>	<u>-</u>	<u>47,290,134</u>
Less accumulated depreciation:				
Buildings and improvements	9,422,947	640,472	-	10,063,419
Machinery and equipment	2,908,298	147,267	-	3,055,565
Infrastructure	1,707,967	371,952	-	2,079,919
Vehicles	3,813,998	292,825	-	4,106,823
Total accumulated depreciation	<u>17,853,210</u>	<u>1,452,516</u>	<u>-</u>	<u>19,305,726</u>
Capital assets being depreciated, net of depreciation	<u>22,674,942</u>	<u>5,309,466</u>	<u>-</u>	<u>27,984,408</u>
Total governmental activities	<u>\$ 30,023,843</u>	<u>\$ 5,309,466</u>	<u>\$ 4,356,435</u>	<u>\$ 30,976,874</u>
Business-Type Activities				
Capital assets not being depreciated:				
Construction in progress	\$ 2,349,869	\$ -	\$ (2,349,869)	\$ -
Capital assets being depreciated:				
Buildings and improvements	639,657	2,884,773	-	3,524,430
Machinery and equipment	610,969	-	-	610,969
Vehicles	37,000	-	-	37,000
Total capital assets being depreciated	<u>1,287,626</u>	<u>2,884,773</u>	<u>-</u>	<u>4,172,399</u>
Less accumulated depreciation:				
Building and improvements	583,636	73,898	-	657,534
Machinery and equipment	259,529	20,099	-	279,628
Vehicles	37,000	-	-	37,000
Total accumulated depreciation	<u>880,165</u>	<u>93,997</u>	<u>-</u>	<u>974,162</u>
Business-type activities, capital assets, net of depreciation	<u>\$ 2,757,330</u>	<u>\$ 2,790,776</u>	<u>\$ -</u>	<u>\$ 3,198,237</u>

Town of Salisbury, Connecticut
Notes to Financial Statements
June 30, 2021 (continued)

Depreciation expense was charged to functions and programs of the primary government as follows:

Governmental Activities:	
General government	\$ 516,573
Public safety	113,066
Recreation	35,530
Sanitation	172,266
Public works	250,379
Education	<u>364,702</u>
Total depreciation expense – governmental activities	<u>\$ 1,452,516</u>
Business-Type Activities:	
Sewer	<u>\$ 93,997</u>
Total depreciation expense – business-type activities	<u>\$ 93,997</u>

Note 6 – Deficit Fund Balance

As of June 30, 2021, the Twin Lakes Fund reported deficit fund balance of \$132,656. The deficit will be satisfied through transfers from the General Fund and/or grants.

Note 7 – Risk Management

The Town is exposed to various risks of loss involving torts, theft of, damage to, and destruction of Town generally obtains commercial insurance for these risks and any claims have not exceeded commercial coverage.

Note 8 – Commitments and Contingencies

Operating Leases

The Town has entered into operating leases for office equipment that expire at various dates through August 2024. At June 30, 2021, the minimum annual future rental commitments under operating leases are as follows:

<u>Year Ended</u>	
2022	\$ 34,299
2023	31,332
2024	5,506
2025	<u>283</u>
Total	<u>\$ 71,420</u>

Contingencies

There are legal actions pending in which the Town is involved. The Town officials are of the opinion that the ultimate liabilities, if any, resulting from such lawsuits and claims will not materially affect the financial position of the Town.

Town of Salisbury, Connecticut
Notes to Financial Statements
June 30, 2021 (continued)

The Town has agreed to guarantee a loan at a local bank in the name of Salisbury Winter Sports Association, a local nonprofit organization. The amount of the loan is \$140,000. This amount has been put into a separate bank account at the local bank and is included on these financial statements as a reserve fund in Other Capital Projects Fund.

The Town, together with the Town of Sharon, Connecticut, leases property for \$1.00 annually through December 30, 2022. The property is used to operate the refuse transfer station. In connection with such lease, certain costs may be incurred at the termination of the lease in accordance with the lease terms. The amount of such costs is not determinable. In addition, during the year the Town began construction of a new transfer station in which the Town of Sharon, Connecticut is sharing in the cost. In the event the new facility is closed in the future, there may be amounts due to the Town of Sharon, Connecticut, which are not determinable.

Note 9 – Long-Term Obligations

Long-term obligation activity for the year ended June 30, 2021, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities					
General obligation bonds	\$ -	\$ 1,567,000	\$ -	\$ 1,567,000	\$ 39,175
General obligation bonds	1,620,000	-	(180,000)	1,440,000	180,000
Notes payable	588,086	198,000	(162,042)	624,044	169,211
Bond anticipation notes	3,850,000	-	(155,000)	3,695,000	3,695,000
Bond anticipation notes	2,418,154	56,635	(1,567,000)	907,789	907,789
Net pension liability	<u>352,729</u>	<u>-</u>	<u>(108,512)</u>	<u>244,217</u>	<u>-</u>
	<u>\$ 8,828,969</u>	<u>\$ 1,821,635</u>	<u>\$ (2,172,554)</u>	<u>\$ 8,478,050</u>	<u>\$ 4,991,175</u>
Business-Type Activities					
Sewer Fund bond anticipation notes	<u>\$ 3,000,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,000,000</u>	<u>\$ 3,000,000</u>
	<u>\$ 3,000,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,000,000</u>	<u>\$ 3,000,000</u>

General Obligation Bonds

On May 7, 2021, the Town issued \$1,567,000 of general obligation bonds to pay off a portion of the bond anticipation notes outstanding. The bonds mature serially through May 7, 2061, and bear interest at an annual rate of 1.375%.

On May 15, 2017, the Town issued \$2,170,000 of general obligation bonds to pay off the bond anticipation notes. The bonds mature serially through May 15, 2029, and bear interest at an annual rate of 2.250%.

Town of Salisbury, Connecticut
Notes to Financial Statements
June 30, 2021 (continued)

Payments to maturity on the general obligation bonds are as follows:

<u>Year Ending</u>	<u>Principal</u>	<u>Interest</u>
2022	\$ 219,175	53,946
2023	219,175	49,358
2024	219,175	44,767
2025	219,175	40,180
2026	219,175	35,592
2027-2031	735,875	113,178
2032-2036	195,875	75,412
2037-2041	195,875	61,945
2042-2046	195,875	48,679
2047-2051	195,875	35,016
2052-2056	195,875	21,547
2057-2061	<u>195,875</u>	<u>7,878</u>
	<u>\$ 3,007,000</u>	<u>\$ 587,498</u>

Bond Anticipation Notes

On May 1, 2019, The Town issued a \$2,418,154 bond anticipation note as a direct placement with Salisbury Bank and Trust Company. The note matured on April 30, 2021 and bears annual interest of 2.310% payable annually. On May 7, 2021, a portion of the note was paid off by the Town through the issuance of the \$1,567,000 general obligation bond maturing on May 7, 2061. The remaining balance of \$851,154 along with \$56,635 of interest for a total of \$907,789 remained as a bond anticipation note, which was paid off on July 20, 2021.

On July 15, 2019, the Town issued a \$3,000,000 bond anticipation note as a direct placement with Salisbury Bank and Trust Company. The note matured on July 14, 2021 and bears annual interest of 2.310% payable annually. The proceeds were used for the construction related to the Sewer Enterprise Fund. The maturity date of the note was extended and on October 4, 2021 the Town replaced \$2,521,300 of existing note with a general obligation bond maturing October 8, 2061 at an interest rate of 1.25%. In addition, \$300,000 of the existing note was replaced with an 8-year note maturing July 10, 2029, with an annual interest rate of 1.14%. The balance of the note of \$178,700 was paid by the Town with cash on hand. Payments to maturity on the new general obligation note and new loan is as follows:

<u>Year Ending</u>	<u>Principal</u>	<u>Interest</u>
2022	\$ -	\$ 530
2023	100,533	34,722
2024	100,533	33,507
2025	100,533	32,292
2026	100,533	31,044
2027	100,533	29,861
2028-2032	427,665	131,929
2033-2037	315,165	110,306
2038-2042	315,165	90,609
2043-2047	315,165	70,911
2048-2052	315,165	51,214
2053-2057	315,165	31,615
2058-2062	<u>315,145</u>	<u>11,722</u>
	<u>\$ 2,821,300</u>	<u>\$ 660,262</u>

Town of Salisbury, Connecticut
Notes to Financial Statements
June 30, 2021 (continued)

On November 13, 2020, the Town paid off the existing \$3,850,000 bond anticipation note by issuing a new \$3,695,000 bond anticipation note as a direct placement with Salisbury Bank and Trust Company and paying off \$155,000 with cash on hand. The new note matures on November 12, 2021 and bears annual interest of 1.00%. In July 2021, the Town paid off the existing bond anticipation note of \$3,695,000 using \$155,000 cash on hand and the balance of \$3,540,000 was converted to a 20-year term loan with an interest rate of 1.31% adjustable after 10 years. Payments to maturity on this new loan is as follows:

<u>Year Ending</u>	<u>Principal</u>	<u>Interest</u>
2022	\$ -	\$ 23,187
2023	177,000	45,215
2024	177,000	42,896
2025	177,000	40,577
2026	177,000	38,259
2027-2031	885,000	323,503
2032-2036	885,000	73,039
2037-2041	885,000	40,577
2042	<u>177,000</u>	<u>1,159</u>
	<u>\$ 3,540,000</u>	<u>\$ 628,412</u>

Notes Payable

The Town financed the purchase of various vehicles and equipment with local banks. As of June 30, 2021, the total balance of the outstanding loans was \$624,044.

Principal retirement is scheduled as follows:

<u>Year Ended</u>	<u>Principal</u>
2022	\$ 169,211
2023	173,808
2024	178,536
2025	42,946
2026	33,867
2027	<u>25,676</u>
	<u>\$ 624,044</u>

Statutory Debt Limitation

Connecticut General Statutes Section 7-374(b) provides that authorized debt of the Town shall not exceed seven times base receipts, as defined in the Statute. Further, the Statute limits the amount of debt that may be authorized by the Town for general purposes, schools, sewers, urban renewal, and pension deficit. The Town did not exceed any of the statutory debt limitations at June 30, 2021.

Town of Salisbury, Connecticut
Notes to Financial Statements
June 30, 2021 (continued)

Note 10 – Fund Balances

As of June 30, 2021, governmental fund balances are composed of the following:

	General Fund	Transfer Station Capital Fund	Other Capital Projects Fund	Twin Lakes Fund	Bauer Fund	Bissell Fund	Small Cities Fund	Nonmajor Governmental Funds	Total Governmental Funds
<u>Nonspendable:</u>									
Health and welfare	\$ -	\$ -	\$ -	\$ -	\$ 1,353,118	\$ 1,413,092	\$ -	\$ 512,375	\$ 3,278,585
	-	-	-	-	1,353,118	1,413,092	-	512,375	3,278,585
<u>Restricted:</u>									
Capital projects	-	-	1,518,845	-	-	-	-	-	1,518,845
General governments	30,420	-	-	-	-	-	-	-	30,420
Public works	-	-	-	-	-	-	-	352,177	352,177
Public safety	-	-	-	-	-	-	-	537,723	537,723
Sanitation/waste removal	-	316,950	-	-	-	-	-	27,301	344,251
Health and welfare	-	-	-	-	1,084,593	1,491,189	-	424,927	3,000,709
Recreation	30,826	-	-	-	-	-	-	-	30,826
	61,246	316,950	1,518,845	-	1,084,593	1,491,189	-	1,342,128	5,814,951
<u>Committed:</u>									
Capital projects	-	-	-	-	-	-	-	170,059	170,059
Public works	707,437	-	-	-	-	-	-	-	707,437
Public safety	39,313	-	-	-	-	-	-	-	39,313
Sanitation/waste removal	24,593	-	-	-	-	-	-	-	24,593
Health and welfare	123,305	-	-	-	-	-	-	74,620	197,925
	894,648	-	-	-	-	-	-	244,679	1,139,327
<u>Assigned</u>									
Subsequent year's budget	287,776	-	-	-	-	-	-	-	287,776
HS tuition	35,254	-	-	-	-	-	-	-	35,254
Unemployment	25,716	-	-	-	-	-	-	-	25,716
General government	70,525	-	-	-	-	-	-	-	70,525
Public works	60,000	-	-	-	-	-	-	-	60,000
Health and welfare	24,669	-	-	-	-	-	-	-	24,669
Education	-	-	-	-	-	-	-	14,413	14,413
	503,940	-	-	-	-	-	-	14,413	518,353
<u>Unassigned</u>	3,255,244	-	-	(132,656)	-	-	-	-	3,122,588
	\$ 4,715,078	\$ 316,950	\$ 1,518,845	\$ (132,656)	\$ 2,437,711	\$ 2,904,281	\$ -	\$ 2,113,595	\$13,873,804

Note 11 – Pension Plan and Benefits Provided

Defined Benefit Pension Plan

Plan Description

The Town has a single employer, noncontributory defined benefit pension plan administered by the Town for eligible employees except certified personnel of the Board of Education who are covered by the State of Connecticut Teachers' Retirement System. The plan is funded through a trust with the MetLife Insurance Company of Connecticut who has authority and discretion to invest the funds of the plan. The Town has the authority to amend benefit provisions. The plan is considered to be a part of the Town's financial reporting entity and is included in the Town's financial statements as a Pension Trust Fund.

Town of Salisbury, Connecticut
Notes to Financial Statements
June 30, 2021 (continued)

All eligible employees hired before January 1, 1997, who have completed one year of service with a minimum of 20 hours per week or five months during the year are eligible for inclusion in the plan. The plan provides that effective January 1, 1994, benefits are fully vested after five years of credited service. Prior to that ten years was required. Normal retirement from Town services is at the earlier of 1) age 60 with 30 years of credited service, or 2) age 65.

Pension benefits for normal retirement under the Town's plan are calculated at 1.5% of average compensation multiplied by the number of years of credited service, less the annual annuity, if any, under MetLife Group annuity contract GR-90562. The plan also contains provisions covering early retirement and pre-retirement death and disability benefits. Any participant who made an election prior to March 31, 1998, to participate in the Town's Defined Contribution Plan had their benefit in this plan frozen as of December 31, 1997. Effective December 31, 2000, a one-time irrevocable election was offered allowing the transfer of the present value of this frozen benefit to the Defined Contribution Plan.

The Town's current pension cost is calculated to reflect the upcoming year's service accrual and to amortize the current unfunded employer past service liability over three years. As of the latest available actuarial valuation date of January 1, 2020, membership consisted of the following:

Terminated employees with vested benefits	1
Current employees:	
Vested with non-frozen benefits	3
Vested with frozen benefits	1

Funding Policy

The contribution requirements of plan members are established and may be amended by the Town. Town employees are not required to contribute to the plan. The Town is required to contribute to the plan at an actuarially determined rate.

Basis of Accounting

The Pension Trust Fund's financial statements are prepared on the accrual basis of accounting. Revenues are recognized when they are earned and expenses are recognized when they are incurred.

Investments

For the year ended June 30, 2021, the annual money-weighted rate of return on plan investments, net of plan investment expenses, was 3.25%. The money-weighted rate of return expresses investment performance, net of investment expenses, adjusted for changing amounts actually invested.

Investments are valued at fair market value using quoted market prices.

Contribution Requirements

The Town makes annual contributions consisting of a normal cost contribution, a contribution for the amortization of the net unfunded accrued liability, and a prior service amortization payment. Such contribution was \$123,668 for the year ended June 30, 2021, related to covered payroll of \$193,089.

Town of Salisbury, Connecticut
Notes to Financial Statements
June 30, 2021 (continued)

Actuarial Assumptions

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

Salary increases, including inflation	0 Percent
Investment rate of return, net of pension investment expense	3.0 Percent

Mortality rates were based on the 1994 Group Annuity Reserve Table for both males and females.

The long-term expected rate of return on pension investments for each major asset class as of January 1, 2020, are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Insurance Contract	100.0%	3.0%

Discount Rate

The discount rate used to measure the total pension liability was 3.0 percent. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that employer 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's fiduciary net position was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return on pension investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the Town's net pension liability, calculated using the discount rate of 3.0 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.0 percent) or 1-percentage-point higher (4.0 percent) than the current rate.

	<u>1% Decrease (2.0%)</u>	<u>Current Discount Rate (3.0%)</u>	<u>1% Increase (4.0%)</u>
Net pension liability	\$ 397,328	\$ 244,217	\$ 112,089

Pension Liabilities, Pension Expense, and Deferred Inflows/Outflows of Resources

At June 30, 2021, the Town reported a liability in the government-wide Statement of Net Position for its net pension liability.

Town of Salisbury, Connecticut
Notes to Financial Statements
June 30, 2021 (continued)

The components of the net pension liability of the Town at December 31, 2020, were as follows:

Total pension liability	\$ 1,588,205
Plan fiduciary net position	<u>1,344,988</u>
Net pension liability	<u>\$ 244,217</u>

January 1, 2020, is the actuarial valuation date upon which the total pension liability is based. There were no changes in assumptions or benefits that affected the measurement of the total pension liability since the prior measurement date.

The changes in the Town's net pension liability are as follows:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) – (b)
Balances at 6/30/2020	<u>\$ 1,712,610</u>	<u>\$ 1,359,881</u>	<u>\$ 352,729</u>
Changes for the year:			
Service cost	-	-	-
Interest	49,590	-	49,590
Differences between expected and actual results	(2,920)	-	(2,920)
Change in assumptions	-	-	-
Contributions – employer	-	123,668	(123,668)
Contributions – employee	-	-	-
Net investment income	-	31,514	(31,514)
Benefit payments, including refunds of employee contributions	(170,075)	(170,075)	-
Administrative expense	-	-	-
Net changes	<u>(123,405)</u>	<u>(14,893)</u>	<u>(108,512)</u>
Balances at 6/30/2021	<u>\$ 1,589,265</u>	<u>\$ 1,344,988</u>	<u>\$ 244,217</u>

At June 30, 2021, the Town reported deferred outflows of resources in its government-wide Statement of Net Position from the following sources:

	Deferred Outflows of Resources
Difference between expected and actual experience	\$ -
Change in assumptions	202,652
Net difference between projected and actual earnings on plan investments	<u>-</u>
Total	<u>\$ 202,652</u>

Town of Salisbury, Connecticut
Notes to Financial Statements
June 30, 2021 (continued)

The deferred outflows and inflows are amortized over a closed five-year period.

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

Fiscal year ended	
June 30,	
2022	\$ 101,328
2023	101,324

Impact of the COVID-19 Pandemic on the Plan

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a pandemic, which continues to spread through the United States. There continues to be considerable uncertainty around the expected duration of this pandemic. The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. Management believes the impact on the Plan's financial condition, and changes in the fair value of its investments or results of operations will not be significant because the Plan is closed to new participants with a small number of participants remaining in the Plan and investments are conservative.

Defined Contribution Plan

Effective January 1, 2020, the Town amended its defined contribution pension plan for eligible employees except certified personnel of the Board of Education who are covered by the State of Connecticut Teachers' Retirement System.

Eligible employees means all employees of the Town hired on and after January 1, 1997, and all non-certified employees of the Salisbury Board of Education hired on and after January 1, 1997, and any employees of the Town and any non-certified employees of the Board of Education hired prior to January 1, 1997, who irrevocably elect, no later than May 5, 1997, or during the period beginning January 1, 1998, and ending March 31, 1998, to cease participation in the defined benefit plan described above, with the accrued benefit earned pursuant to the defined benefit plan (if any) frozen subject to the vesting provisions of that plan as of the later of the effective date of this plan, or the first day of the plan year of that plan in which such election becomes effective.

Effective January 1, 2020, the plan was amended for the Town employees as follows:

- Employees who are participants of the plan may authorize saving contributions as deductions from salary by a specific amount for the Town to contribute to the plan.
- Subject to the eligibility provisions, the Town will make a matching contribution in the amount of 50% of the first \$2,000 of the employee contribution. Effective July 1, 2019, the matching contribution is increased to 100% of the first \$2,000 of the employee contribution. On and after April 17, 2020, the Town will make a matching contribution equal to 100% of the first \$2,000 of the employee contribution to the Town of Salisbury 457 Plan for Retirement Savings Contributions made on or after April 17, 2020.

For the fiscal year ended June 30, 2021, actual contributions by the Town were \$217,677. As of June 30, 2021, there were no securities of the Town or other related parties held in the plan. Due to the nature of the plan there is no unfunded liability. There were 47 participants in the plan at June 30, 2021.

Connecticut State Teachers' Retirement System

Description of the Connecticut State Teachers' Retirement System

Teachers, principals, superintendents, and supervisors engaged in service within the Town's school system participate in a retirement system administered by the Connecticut State Teachers' Retirement Board. This Connecticut State Teachers' Retirement System (the "System") is a cost sharing multiple employer defined benefit pension system with a special funding situation. As such, the Town does not have a liability related to participants in the System.

The System is considered a part of the State of Connecticut financial reporting entity and is included in the State's financial reports as a pension trust fund. Those reports may be obtained at www.ct.gov.

The System is administered under the provisions of Chapter 167a of the Connecticut General Statutes (CGS). Participation in the System is restricted to certified staff employed in the public schools of Connecticut and members of the professional staff of the State Department of Education or the Board of Governors of Higher Education and their constituent units. Participation in the System is mandatory for certified personnel of local boards of education who are employed for an average of at least one-half of a school day. Members of the professional staff of the State Department of Education or the Board of Governors of Higher Education and their constituent units may elect to participate in this system, the State Employees' Retirement System, or the Alternate Retirement System (TIAA-CREF).

Benefits Provided

The benefits provided to participants by the System are as follows:

Normal Retirement: The System provides retirement, disability and death benefits. Employees are eligible to retire at age 60 with 20 years of credited service in Connecticut, or 35 years of credited service including at least 25 years of service in Connecticut.

Retirement benefits for the employees are calculated as 2% of the average annual salary times the years of credited service (maximum benefit is 75% of average annual salary during the 3 years of highest salary). In addition, amounts derived from the accumulation of the 6% contributions made prior to July 1, 1989 and voluntary contributions are payable.

Minimum Benefit: Effective January 1, 1999, Public Act 98-251 provides a minimum monthly benefit of \$1,200 to teachers who retire under the normal retirement provisions and who have completed at least 25 years of full time Connecticut service at retirement.

Early Retirement: Employees are eligible after 25 years of credited service with a minimum of 20 years of Connecticut service, or age 55 with 20 years of credited service with a minimum of 15 years of Connecticut service.

Benefit amounts are reduced by 6% per year for the first 5 years preceding normal retirement age and 4% per year for the next 5 years preceding normal retirement age. Effective July 1, 1999, the reduction for individuals with 30 or more years of service is 3% per year by which retirement precedes normal retirement date.

Disability Retirement: Employees are eligible for service-related disability benefits regardless of length of service. Five years of credited service is required to be eligible for non-service related disability.

Town of Salisbury, Connecticut
Notes to Financial Statements
June 30, 2021 (continued)

Disability benefits are calculated as 2% per year of service times the average of the highest three years of pensionable salary, as defined per the System, but not less than 15%, nor more than 50%. In addition, disability benefits under this System (without regard to cost-of-living adjustments) plus any initial award of Social Security benefits and workers' compensation cannot exceed average annual salary.

Pre-Retirement Death Benefit: The System also offers a lump-sum return of contributions with interest or surviving spouse benefit depending on length of service.

Contribution Requirements

The pension contributions made by the State to the System are determined on an actuarial reserve basis as described in CGS Sections 10-183l and 10-183z.

Participants are required to contribute 7.00% of their annual salary rate to the System as required by CGS Section 10-183b (7). For the 2020/2021 school year, \$186,396 mandatory contributions were deducted from the salaries of teachers who were participants of the System during that school year. The covered payroll for the Town is \$2,662,842. The Town had 35 active participants in the System at June 30, 2021.

Employers are not required to contribute to the System. The Town does not contribute to the System.

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2020, with a reporting date of June 30, 2021, using the following key actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 Percent
Salary increases, including inflation	3.00-6.50 Percent
Long-term investment rate of return, net of pension investment expense, including inflation	6.90 Percent

Mortality rates were based on the PubT-2010 Healthy Retiree Table (adjusted 105% for males and 103% for females as ages 82 and above), projected generationally with MP-2019 for the period after service retirement. The PubT-2010 Disabled Retiree Table projected generationally with MP-2019 was used for the period after disability retirement. The PubT-2010 Contingent Survivor Table projected generationally with MP-2019 and set forward 1 year for both males and females was used for survivors and beneficiaries. The PubT-2010 Employee Table projected generationally with MP-2019 was used for active members.

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2015 – June 30, 2019.

Since the prior valuation, the Board adopted new assumptions as the result of an experience study for the five-year period ending June 30, 2019. The changes in assumptions are summarized below:

- Decrease the annual rate of real wage increase assumption from 0.75% to 0.50%.
- Decrease payroll growth assumption from 3.25% to 3.00%.
- Rates of withdrawal, disability, retirement, mortality, and assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience.

Town of Salisbury, Connecticut
Notes to Financial Statements
June 30, 2021 (continued)

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis 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. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity Fund	20.0%	5.6%
Developed Market International Stock Fund	11.0%	6.0%
Emerging market International Stock Fund	9.0%	7.9%
Core Fixed Income Fund	16.0%	2.1%
Inflation Linked Bond Fund	5.0%	1.1%
Emerging Market Debt Fund	5.0%	2.7%
High Yield Bond Fund	6.0%	4.0%
Real Estate Fund	10.0%	4.5%
Private Equity	10.0%	7.3%
Alternative Investments	7.0%	2.9%
Liquidity Fund	1.0%	0.4%

Discount Rate

The discount rate used to measure the total pension liability was 6.90 percent. 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 State contributions will be made at the actuarially determined rates in future years. 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.

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

The following presents the Town's proportionate share of the net pension liability of the System, calculated using the discount rate of 6.90 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.90 percent) or 1-percentage-point higher (7.90 percent) than the current rate.

	<u>1% Decrease (5.90%)</u>	<u>Current Discount Rate (6.90%)</u>	<u>1% Increase (7.90%)</u>
Sensitivity of the System's proportionate share of the net pension liability related to the Town	\$ 13,594,349	\$ 10,869,294	\$ 8,606,938

Pension Liabilities, Pension Expense, and Deferred Inflows/Outflows of Resources

The State makes all contributions to the System on behalf of employees of the participating districts. Therefore, participating employers are considered to be in a special funding situation as defined by Governmental Accounting Standards Board No. 68 and the State is treated as a non-employer contributing entity in the System. Since the districts do not contribute directly to the System, there is no net pension liability or deferred inflows or outflows to report in the financial statements of the Town. The portion of the net pension liability that was associated with the Town was \$10,869,294 and 100% of the collective net pension liability is allocated to the State.

June 30, 2020 is the actuarial valuation date upon which the total pension liability is based. In order to provide the experience gain or loss, an expected total pension liability is determined as of June 30, 2021 using standard roll forward techniques from last year's total pension liability. The roll forward calculation adds the annual normal cost (also called the service cost), subtracts the actual benefit payments and refunds for the plan year and then applies the expected investment rate of return for the year. The change in assumptions due to the most recent experience study is similarly measured.

The Town recognized the total pension expense associated with the Town as well as revenue in an amount equal to the non-employer contributing entities' total proportionate share of the collective pension expense associated with the Town. For the fiscal year ended June 30, 2021, the Town recognized \$1,556,975 as the amount expended by the State on behalf of the Town to meet the State's funding requirements.

Note 12 – Connecticut State Teachers' Other Post-Employment Benefits (OPEB)

Description of the Connecticut State Teachers' Other Post-Employment Benefits (OPEB)

Teachers, principals, superintendents or supervisors engaged in service of public schools plus professional employees at State Schools of higher education are eligible to participate in the Connecticut State Teachers' Retirement System Retiree Health Insurance Plan (Connecticut State Teachers' OPEB), a cost sharing multiple-employer defined benefit other post-employment benefit plan administered by the Teachers' Retirement Board (TRB), if they choose to be covered. The Connecticut State Teachers' OPEB is administered under the provisions of Chapter 167a Section 10-183 (t) of the Connecticut General Statutes. The Connecticut State Teachers' OPEB is considered a part of the State of Connecticut financial reporting entity and is included in the State's financial reports. Those reports may be obtained at www.ct.gov.

Eligibility

Teachers and Administrators (Certified) – A Teacher or Administrator retiring under the Connecticut State Teachers Retirement System shall be eligible to receive health benefits for self and spouse.

Normal Retirement for Teachers and Administrators is the earliest of age 60 with 20 years of service, or completion of 35 years of service regardless of age. Early Retirement is the earliest of age 60 with 10 years of service, any age with 25 years of service, or age 55 with 20 years of service.

Not Certified – A retired employee shall be eligible to receive health benefits for self and spouse.

Town of Salisbury, Connecticut
Notes to Financial Statements
June 30, 2021 (continued)

Benefit Provisions

Any member that is currently receiving a retirement or disability benefit is eligible to participate in the Connecticut State Teachers' OPEB. There are two types of the health care benefits offered. Subsidized Local School Town Coverage provides a subsidy paid to members still receiving coverage through their former employer and the CTRB Sponsored Medicare Supplemental Plans provide coverage for those participating in Medicare, but not receiving Subsidized Local School Town Coverage.

Any member that is not currently participating in Medicare Parts A & B is eligible to continue health care coverage with their former employer. A subsidy of up to \$110 per month for a retired member plus an additional \$110 per month for a spouse enrolled in a local school district plan is provided to the school district to first offset the retiree's share of the cost of coverage. Any remaining portion is used to offset the district's cost. The subsidy amount is set by statute, and has not increased since July of 1996. A subsidy amount of \$220 per month may be paid to a retired member, spouse or the surviving spouse of a member who has attained the normal retirement age to participate in Medicare and is not eligible for Part A of Medicare without cost, and contributes at least \$220 per month towards coverage under a local school district plan.

Any member that is currently participating in Medicare Parts A & B is eligible to either continue health care coverage with their former employer, if offered, or enroll in the Connecticut State Teachers' OPEB sponsored by the System. If they elect to remain in the plan with their former employer, the same subsidies as above will be paid to offset the cost of coverage.

Contributions

The Connecticut State Teachers' OPEB contributions made by the State are determined on an actuarial reserve basis.

Participants are required to contribute 1.25% of their annual salary rate to the Connecticut State Teachers' OPEB as required by CGS Section 10-183b (7). For the 2020/2021 school year, \$33,286 mandatory contributions were deducted from the salaries of teachers who were participants of the Connecticut State Teachers' OPEB during that school year. The covered payroll for the Town is \$2,662,842. The Town had 35 active participants in the Connecticut State Teachers' OPEB at June 30, 2021.

Employers are not required to contribute to the Connecticut State Teachers' OPEB. The Town does not contribute to the Connecticut State Teachers' OPEB.

Town of Salisbury, Connecticut
Notes to Financial Statements
June 30, 2021 (continued)

Actuarial Assumptions and Other Inputs

The total OPEB liability was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Valuation Date	June 30, 2020
Measurement Date	June 30, 2020
Reporting Date	June 30, 2021
Actuarial Cost Method	Entry Age Normal, level percent of salary
Salary increases	3.00% to 6.50%
Inflation rate	2.75%
Discount rate	3.00% as of June 30, 2020, which is based on the 20-bond Municipal Index rate
Healthcare cost trend rates	5.125% for 2020, decreasing to an ultimate rate of 4.50% by 2023

Health care cost trend rates are set on an annual basis based on published annual health care inflation surveys in conjunction with actual plan experience (if credible), building block models and heuristics developed by health plan actuaries and administrators, and the views of experts who are familiar with the Connecticut State Teachers' OPEB and/or similar plan offerings. Effective June 30, 2020, the health care cost trend rates for the Medicare Supplement and Medicare Advantage medical and prescription drug options were revised to reflect current expectations of future increases in health care claim costs for those options.

Mortality rates were based on the PubT-2010 Healthy Retiree Table (adjusted 105% for males and 103% for females as ages 82 and above), projected generationally with MP-2019 for the period after service retirement. The PubT-2010 Disabled Retiree Table projected generationally with MP-2019 was used for the period after disability retirement. The PubT-2010 Contingent Survivor Table projected generationally with MP-2019 and set forward 1 year for both males and females was used for survivors and beneficiaries. The PubT-2010 Employee Table projected generationally with MP-2019 was used for active members.

The long-term expected rate of return on investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of 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. The target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. treasuries (cash equivalents)	100.0%	3.00%
Total	100.0%	

Discount Rate

The discount rate used to measure the total OPEB liability was 3.00 percent. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that State contributions will be made at the actuarially determined rates in future years. Based on those assumptions, the fiduciary net position was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return on Connecticut State Teachers' OPEB investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Sensitivity of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate and the Discount Rate

The Town's proportionate share of the net OPEB liability is \$-0- and, therefore, the change in the health care cost trend rate or the discount rate would only impact the amount recorded by the State of Connecticut.

OPEB Liabilities, OPEB Expense, and Deferred Inflows/Outflows of Resources Related to OPEB

The State makes all contributions to the Connecticut State Teachers' OPEB on behalf of employees of the participating districts. Therefore, participating employers are considered to be in a special funding situation as defined by Governmental Accounting Standards Board No. 75 and the State is treated as a non-employer contributing entity in the Connecticut State Teachers' OPEB. Since the districts do not contribute directly to the Connecticut State Teachers' OPEB, there is no net OPEB liability or deferred inflows or outflows to report in the financial statements of the Town. The portion of the State's net OPEB liability that was associated with the Town was \$1,621,156 and 100 percent of the collective net OPEB liability is allocated to the State. The Town's proportionate share of the OPEB liability is zero.

The Town recognized the OPEB expense associated with the Town as well as revenue in an amount equal to the non-employer contributing entities' total proportionate share of the collective OPEB expense associated with the Town. For the fiscal year ended June 30, 2021, the Town recognized \$74,885 as the amount expended by the State on behalf of the Town to meet the State's funding requirements.

Note 13 – Recently Issued Accounting Standards Not Yet Adopted

The Governmental Accounting Standards Board (GASB) has issued several pronouncements that have effective dates that may impact future financial presentations. The impact of the following accounting pronouncements are currently being assessed by the Town as to the impact to the financial statements.

GASB Statement No. 87, Leases. This Statement establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset, which should result in the recognition and reporting of leased assets and the liability associated with subsequent lease payments, which have historically been classified as operating leases of the current reporting period only. The new Statement requires a Lessee to recognize a lease liability and an intangible right-to-use lease asset, with the lessor required to recognize a lease receivable and a deferred inflow of resources. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021. The Town is aware of this Statement and will assess its impact to ensure timely implementation.

Town of Salisbury, Connecticut
Notes to Financial Statements
June 30, 2021 (continued)

GASB Statement No. 92, Omnibus 2020. Statement 92 includes guidance addressing various accounting and financial reporting issues identified during the implementation and application of certain GASB pronouncements. The issues covered by GASB Statement No. 92, Omnibus 2020, include:

- Modification of the effective date of Statement No. 87, Leases, as well as associated implementation guidance, to fiscal years beginning after December 15, 2019, to address concerns regarding interim financial reports;
- Reporting intra-entity transfers of assets between a primary government employer and a component unit defined benefit pension plan or defined benefit other postemployment benefit (OPEB) plan;
- The applicability of Statement No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68, as amended, and Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, as amended, to reporting assets accumulated for pensions and OPEB;
- The applicability of certain requirements of Statement No. 84, Fiduciary Activities, to pension and OPEB arrangements; and
- Measurement of liabilities and assets, if any, related to asset retirement obligations in a government acquisition.

GASB Statement No. 95, Postponement of the Effective Dates of Certain Authoritative Guidance. This Statement postpones the effective dates of the following GASB Statements and Implementation Guides for one year from their original effective dates to provide relief to governments and other stakeholders in light of the COVID-19 pandemic. The GASB encourages and permits earlier application of these standards to the extent specified in each pronouncement as originally issued.

GASB Statement No. 96, Subscription-Based Information Technology Arrangements. GASB Statement No. 96 provides accounting and financial reporting guidance for subscription-based information technology arrangements (SBITAs). It is based on the standards established in Statement 87, Leases. It:

- Defines a SBITA as a contract that conveys control of the right to use a SBITA vendor's IT software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction;
- Requires governments with SBITAs to recognize a right-to-use subscription asset — an intangible asset — and a corresponding subscription liability (with an exception for short-term SBITAs — those with a maximum possible term of 12 months); and
- Provides guidance related to outlays other than subscription payments, including implementation costs, and requirements for note disclosures related to a SBITA.
- The requirements of this Statement are effective for reporting periods beginning after June 15, 2022.

Note 14 – Subsequent Events

Management has evaluated subsequent events from the financial statement date of June 30, 2021 through December 20, 2021, which is the date these financial statements were available to be issued. All subsequent events requiring recognition or disclosure have been incorporated into these financial statements.

In July 2021, the Town paid off the existing bond anticipation note of \$3,695,000 using \$155,000 cash on hand and the balance of \$3,540,000 was converted to a 20-year term loan with an interest rate of 1.31% adjustable after 10 years.

On July 20, 2021, the bond anticipation note of \$907,789 was paid off.

In October 2021, the \$3,000,000 bond anticipation note outstanding at June 30, 2021 was replaced. On October 4, 2021 the Town replaced \$2,521,300 of existing note with a general obligation bond maturing October 8, 2061 at an interest rate of 1.25%. In addition, \$300,000 of the existing note was replaced with an 8-year note maturing July 10, 2029, with an interest rate of 1.14%. The balance of the note of \$178,700 was paid by the Town with cash on hand.

**REQUIRED SUPPLEMENTARY
INFORMATION
(UNAUDITED)**

TOWN OF SALISBURY, CONNECTICUT

**PENSION TRUST FUND
SCHEDULE OF REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total Pension Liability								
Service cost	\$ -	\$ -	\$ 3,295	\$ 3,120	\$ 3,010	\$ 2,867	\$ 8,396	\$ 8,107
Interest	49,590	49,882	80,512	81,205	78,563	76,220	72,331	67,686
Change in assumptions	-	-	506,636	-	-	-	-	-
Difference between expected and actual results	(2,920)	6,842	(41,467)	(46,448)	(47,989)	(23,342)	(9,865)	-
Benefit payments	(170,075)	-	(57,032)	-	-	-	-	(25,768)
Net change in total pension liability	(123,405)	56,724	491,944	37,877	33,584	55,745	70,862	50,025
Total pension liability:								
Beginning	<u>1,712,610</u>	<u>1,655,886</u>	<u>1,163,942</u>	<u>1,126,065</u>	<u>1,092,481</u>	<u>1,036,736</u>	<u>965,874</u>	<u>915,849</u>
Ending	<u>\$ 1,589,205</u>	<u>\$ 1,712,610</u>	<u>\$ 1,655,886</u>	<u>\$ 1,163,942</u>	<u>\$ 1,126,065</u>	<u>\$ 1,092,481</u>	<u>\$ 1,036,736</u>	<u>\$ 965,874</u>
Plan Fiduciary Net Position								
Contributions - employer	\$ 123,668	\$ 123,689	\$ 164,558	\$ 26,639	\$ 44,278	\$ 62,983	\$ 76,052	\$ 82,216
Net investment income	31,514	33,228	23,610	27,294	34,262	33,092	27,590	24,669
Benefit payments	(170,075)	-	(57,032)	-	-	-	-	(25,768)
Administrative expenses	-	-	-	-	-	-	-	-
Net change in fiduciary net position	(14,893)	156,917	131,136	53,933	78,540	96,075	103,642	81,117
Fiduciary net position:								
Beginning	<u>1,359,881</u>	<u>1,202,964</u>	<u>1,071,828</u>	<u>1,017,895</u>	<u>939,355</u>	<u>843,280</u>	<u>739,638</u>	<u>658,521</u>
Ending	<u>\$ 1,344,988</u>	<u>\$ 1,359,881</u>	<u>\$ 1,202,964</u>	<u>\$ 1,071,828</u>	<u>\$ 1,017,895</u>	<u>\$ 939,355</u>	<u>\$ 843,280</u>	<u>\$ 739,638</u>
Net pension liability - ending	<u>\$ 244,217</u>	<u>\$ 352,729</u>	<u>\$ 452,922</u>	<u>\$ 92,114</u>	<u>\$ 108,170</u>	<u>\$ 153,126</u>	<u>\$ 193,456</u>	<u>\$ 226,236</u>
Plan fiduciary net position as % of the total pension liability	<u>84.63%</u>	<u>79.40%</u>	<u>72.65%</u>	<u>92.09%</u>	<u>90.39%</u>	<u>85.98%</u>	<u>81.34%</u>	<u>76.58%</u>
Covered payroll	<u>\$ 193,089</u>	<u>\$ 187,104</u>	<u>\$ 178,763</u>	<u>\$ 170,676</u>	<u>\$ 170,764</u>	<u>\$ 161,287</u>	<u>\$ 156,328</u>	<u>\$ 152,515</u>
Net pension liability as % of covered payroll	<u>126.48%</u>	<u>188.52%</u>	<u>253.36%</u>	<u>53.97%</u>	<u>63.34%</u>	<u>94.94%</u>	<u>123.75%</u>	<u>148.34%</u>

See accompanying Independent Auditors' Report.

TOWN OF SALISBURY, CONNECTICUT

**PENSION TRUST FUND
SCHEDULE OF REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
SCHEDULE OF CONTRIBUTIONS**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially determined contribution	\$ 123,668	\$ 123,689	\$ 123,490	\$ 41,068	\$ 26,639	\$ 44,278	\$ 62,983	\$ 76,052
Contribution in relation to the actuarially determined contribution	<u>123,668</u>	<u>123,689</u>	<u>123,490</u>	<u>41,068</u>	<u>26,639</u>	<u>44,278</u>	<u>62,983</u>	<u>76,052</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$ 193,089</u>	<u>\$ 187,104</u>	<u>\$ 178,763</u>	<u>\$ 170,676</u>	<u>\$ 170,764</u>	<u>\$ 161,287</u>	<u>\$ 156,328</u>	<u>\$ 152,515</u>
Contribution as a percent of covered payroll	<u>64.05%</u>	<u>66.11%</u>	<u>69.08%</u>	<u>24.06%</u>	<u>15.60%</u>	<u>27.45%</u>	<u>40.29%</u>	<u>49.87%</u>

Notes to Schedule

Valuation Date	1/1/2020
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level % of payroll, closed
Remaining Amortization Period	3 Years
Asset Valuation Method	Fair Market Value
Actuarial Assumptions:	
Investment Rate of Return	3.0%
Projected Salary Increases	0.0%
Mortality	1994 Group Annuity Reserve Table for both males and females

See accompanying Independent Auditors' Report.

TOWN OF SALISBURY, CONNECTICUT

**CONNECTICUT STATE TEACHERS' RETIREMENT SYSTEM
SCHEDULE OF REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Town's proportion of the net pension liability	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
Town's proportionate share of the net pension liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability associated with the Town	10,869,294	10,380,265	8,003,748	8,052,261	8,495,197	6,518,289	6,024,852
Total	<u>\$ 10,869,294</u>	<u>\$ 10,380,265</u>	<u>\$ 8,003,748</u>	<u>\$ 8,052,261</u>	<u>\$ 8,495,197</u>	<u>\$ 6,518,289</u>	<u>\$ 6,024,852</u>
Town's covered-employee payroll	<u>\$ 2,662,842</u>	<u>\$ 2,463,885</u>	<u>\$ 2,360,553</u>	<u>\$ 2,504,318</u>	<u>\$ 2,426,407</u>	<u>\$ 2,355,583</u>	<u>\$ 2,210,414</u>
Town's proportionate share of the net pension liability as a percentage of covered payroll	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
System fiduciary net position as a percentage of the total pension liability	<u>49.24%</u>	<u>52.00%</u>	<u>57.69%</u>	<u>55.93%</u>	<u>52.26%</u>	<u>59.50%</u>	<u>61.51%</u>

Notes to Connecticut State Teachers' Retirement System

Method and Assumptions used in Calculations of Actuarially Determined Contributions

The actuarially determined contributions in the schedule of employer contributions are calculated as of June 30 each biennium for the fiscal years ending two and three years after the valuation date. The following actuarial methods and assumptions were used to determine the most recent contributions reported in that schedule:

Actuarial cost method	Entry age
Amortization method	Level percent of pay, closed
Single equivalent amortization period	30 years
Asset valuation method	4-year smoothed market
Inflation	2.50 percent
Salary increase	3.25-6.50 percent, including inflation
Investment rate of return	6.90 percent, net of investment related expense

See accompanying Independent Auditors' Report.

TOWN OF SALISBURY, CONNECTICUT

**CONNECTICUT STATE TEACHERS' OTHER POST EMPLOYMENT BENEFITS (OPEB)
SCHEDULE OF REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Town's proportion of the net OPEB liability	0.00%	0.00%	0.00%	0.00%
Town's proportionate share of the net OPEB liability	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net OPEB liability associated with the Town	<u>1,621,156</u>	<u>1,618,861</u>	<u>1,600,016</u>	<u>2,072,556</u>
Total	<u>\$ 1,621,156</u>	<u>\$ 1,618,861</u>	<u>\$ 1,600,016</u>	<u>\$ 2,072,556</u>
Town's covered-employee payroll	<u>\$ 2,662,842</u>	<u>\$ 2,463,885</u>	<u>\$ 2,360,553</u>	<u>\$ 2,504,318</u>
Town's proportionate share of the net OPEB liability as a percentage of its covered payroll	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
System fiduciary net position as a percentage of the total OPEB liability	<u>2.50%</u>	<u>2.08%</u>	<u>1.49%</u>	<u>1.79%</u>

See accompanying Independent Auditors' Report.

**SUPPLEMENTAL
STATEMENTS AND SCHEDULES**

TOWN OF SALISBURY, CONNECTICUT

**GENERAL FUND
SCHEDULE OF REVENUES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2021**

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property taxes	\$ 14,663,805	\$ 14,663,805	\$ 15,526,385	\$ 862,580
Intergovernmental:				
Education Cost Sharing (ECS)	19,642	19,642	19,530	(112)
State in lieu of taxes	83	83	3,425	3,342
Federal in lieu of taxes	-	-	5,581	5,581
LOCIP Grant	-	-	88,650	88,650
Veterans Tax Relief	-	-	1,067	1,067
Other grants	-	-	53,031	53,031
Totally disabled	-	-	54	54
Town aid road	293,798	293,798	294,608	810
	<u>313,523</u>	<u>313,523</u>	<u>465,946</u>	<u>152,423</u>
Investment earnings	25,000	25,000	145,170	120,170
Donations	145,000	145,000	153,850	8,850
Local:				
Stickers - resident	90,000	90,000	97,038	7,038
Town Clerk fees	35,000	35,000	43,082	8,082
Copies	10,000	10,000	3,689	(6,311)
Construction permit fees	220,000	220,000	409,359	189,359
Conveyance taxes	140,000	140,000	439,926	299,926
Vitals	9,500	9,500	8,756	(744)
Zoning and ZBA	5,100	5,100	17,239	12,139
Miscellaneous fees	11,931	11,931	23,506	11,575
License and permit fees	300	300	5,127	4,827
Document preservation	2,500	2,500	3,827	1,327
Other local revenue	11,400	11,400	29,608	18,208
Recreation program	45,000	45,000	46,700	1,700
Telephone access	15,000	15,000	22,694	7,694
Cell tower rent	46,500	46,500	51,688	5,188
Building rental	6,000	6,000	1,150	(4,850)
194 Main Street rent	33,000	33,000	33,018	18
	<u>681,231</u>	<u>681,231</u>	<u>1,236,407</u>	<u>555,176</u>
Total revenues	<u>\$ 15,828,559</u>	<u>\$ 15,828,559</u>	<u>\$ 17,527,758</u>	<u>\$ 1,699,199</u>

See accompanying Independent Auditors' Report.

TOWN OF SALISBURY, CONNECTICUT

**GENERAL FUND
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2021**

	Budgeted Amounts			Actual	Variance With Final Budget Positive (Negative)
	Original	Transfers	Final		
General Government:					
Selectmen - salaries and expenses	\$ 108,905	\$ -	\$ 108,905	\$ 108,060	\$ 845
Selectmen - secretary	61,500	-	61,500	50,582	10,918
Probate court	9,505	-	9,505	9,505	-
Registrar of Voters	41,700	-	41,700	33,678	8,022
Board of Finance	15,000	-	15,000	12,327	2,673
Audit and accounting	17,000	-	17,000	16,425	575
Assessor - salary and expenses	105,042	-	105,042	107,591	(2,549)
Board of Tax Review	250	-	250	-	250
Tax Collector - salary and expenses	97,775	-	97,775	107,310	(9,535)
Town Treasurer - salary and expenses	95,394	-	95,394	90,062	5,332
Legal fees and services	51,000	-	51,000	37,343	13,657
Town Clerk - salary and expenses	138,556	-	138,556	127,615	10,941
Planning & Zoning Commission	81,400	-	81,400	82,914	(1,514)
Zoning Board of Appeals	3,518	-	3,518	1,680	1,838
Town Hall operations	85,508	-	85,508	86,441	(933)
Town Hall expenses	55,000	-	55,000	62,886	(7,886)
Pension plan	205,000	-	205,000	217,677	(12,677)
Longevity	22,000	-	22,000	15,833	6,167
FICA taxes	145,250	-	145,250	144,316	934
Health benefits	731,171	-	731,171	695,792	35,379
Workers' compensation	48,932	-	48,932	38,906	10,026
Life/disability insurance	10,000	-	10,000	11,699	(1,699)
Unemployment compensation	1,500	-	1,500	2,817	(1,317)
Other insurance	58,000	-	58,000	52,882	5,118
Council of Small Towns	725	-	725	975	(250)
CT Conference of Municipalities	2,770	-	2,770	2,768	2
NW Region Council of Government	2,900	-	2,900	1,494	1,406
Housatonic River Commission	350	-	350	350	-
Street lighting	24,200	-	24,200	25,615	(1,415)
Conservation Commission	18,460	-	18,460	22,304	(3,844)
	<u>2,238,311</u>	<u>-</u>	<u>2,238,311</u>	<u>2,167,847</u>	<u>70,464</u>
Public Safety:					
Volunteer pension	35,000	-	35,000	32,500	2,500
Emergency preparedness	2,750	-	2,750	2,500	250
Fire protection	328,600	-	328,600	328,600	-
Litchfield County Dispatch	42,000	-	42,000	40,765	1,235
Building Official expenses	85,402	-	85,402	82,240	3,162
Fire Marshal	27,500	-	27,500	15,037	12,463
Police protection	230,178	-	230,178	158,480	71,698
Civil Defense	5	-	5	-	5
SARA	5	-	5	-	5
Dog Warden	14,650	-	14,650	10,905	3,745
Water patrol - Twin Lakes	9,000	-	9,000	6,336	2,664
	<u>775,090</u>	<u>-</u>	<u>775,090</u>	<u>677,363</u>	<u>97,727</u>

See accompanying Independent Auditors' Report.

TOWN OF SALISBURY, CONNECTICUT

**GENERAL FUND
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2021**

	Budgeted Amounts				Variance With Final Budget Positive (Negative)
	Original	Transfers	Final	Actual	
Public Works:					
General maintenance	\$ 808,716	\$ -	\$ 808,716	\$ 801,943	\$ 6,773
Engineering studies	4,000	-	4,000	-	4,000
Snow and ice removal	253,000	-	253,000	123,953	129,047
Highway materials	5,700	-	5,700	3,372	2,328
Town garage	47,750	-	47,750	26,918	20,832
Road work	493,798	-	493,798	389,002	104,796
Tree Care Program	35,000	-	35,000	57,251	(22,251)
	<u>1,647,964</u>	<u>-</u>	<u>1,647,964</u>	<u>1,402,439</u>	<u>245,525</u>
Sanitation/Waste Removal:					
Transfer station	326,516	-	326,516	326,516	-
SSRRA	25,000	-	25,000	25,000	-
Recycling center	3,000	-	3,000	480	2,520
	<u>354,516</u>	<u>-</u>	<u>354,516</u>	<u>351,996</u>	<u>2,520</u>
Health and Welfare:					
Conservation of Health:					
Public Health Nursing Assoc.	114,311	-	114,311	114,311	-
Mental Health	19,076	-	19,076	19,076	-
NWRMH	399	-	399	399	-
TAHD Screening	19,717	-	19,717	21,393	(1,676)
Elderly Services	45,453	-	45,453	33,951	11,502
Drug and Alcohol Testing	500	-	500	-	500
	<u>199,456</u>	<u>-</u>	<u>199,456</u>	<u>189,130</u>	<u>10,326</u>
Welfare:					
Youth Services Bureau	14,680	-	14,680	14,680	-
General assistance	35,348	-	35,348	35,790	(442)
Susan B. Anthony	2,124	-	2,124	2,124	-
Womens Emergency Services	2,124	-	2,124	2,124	-
Summer work program	15,000	-	15,000	15,000	-
Extras	5	-	5	-	5
NW Transportation District	2,186	-	2,186	2,186	-
Housatonic Day Care Center	41,667	-	41,667	41,667	-
Geer Adult Care	14,500	-	14,500	14,500	-
NW Chore	4,000	-	4,000	4,000	-
Housatonic Valley Association	250	-	250	250	-
NW CT Reg Housing	100	-	100	100	-
Housing Coordinator	35,000	-	35,000	29,360	5,640
	<u>166,984</u>	<u>-</u>	<u>166,984</u>	<u>161,781</u>	<u>5,203</u>
Total health and welfare	<u>366,440</u>	<u>-</u>	<u>366,440</u>	<u>350,911</u>	<u>15,529</u>

See accompanying Independent Auditors' Report.

TOWN OF SALISBURY, CONNECTICUT

**GENERAL FUND
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2021**

	Budgeted Amounts				Variance With Final Budget Positive (Negative)
	Original	Transfers	Final	Actual	
Recreation:					
Scovill Memorial Library	\$ 183,771	\$ -	\$ 183,771	\$ 183,771	\$ -
Lake management	112,000	-	112,000	82,129	29,871
Ball field	20,000	-	20,000	23,658	(3,658)
Recreation Commission	131,992	-	131,992	114,805	17,187
Town Grove - expenses	226,564	-	226,564	254,127	(27,563)
Recreation building - Town Grove	27,700	-	27,700	20,477	7,223
Christmas lighting	2,124	-	2,124	2,124	-
Memorial Day	4,000	-	4,000	809	3,191
	<u>708,151</u>	<u>-</u>	<u>708,151</u>	<u>681,900</u>	<u>26,251</u>
Other:					
Cemeteries	2,000	-	2,000	2,950	(950)
Historic District Commission	5,550	-	5,550	639	4,911
Sundries	5,000	-	5,000	2,617	2,383
Community information	12,000	-	12,000	-	12,000
Municipal development	20,000	-	20,000	22,664	(2,664)
	<u>44,550</u>	<u>-</u>	<u>44,550</u>	<u>28,870</u>	<u>15,680</u>
Debt Service:					
Refunding costs	480,000	-	480,000	480,000	-
	<u>480,000</u>	<u>-</u>	<u>480,000</u>	<u>480,000</u>	<u>-</u>
Education:					
Educational salaries	3,021,180	-	3,021,180	3,054,601	(33,421)
Support salaries	476,270	-	476,270	503,063	(26,793)
Employee benefits	1,027,023	-	1,027,023	1,005,023	22,000
Purchased services - education	159,683	-	159,683	87,897	71,786
Purchased services - support	551,676	-	551,676	468,249	83,427
Building	176,471	-	176,471	148,080	28,391
Educational supplies	58,031	-	58,031	48,909	9,122
Educational support supplies	74,157	-	74,157	108,996	(34,839)
Building supplies	193,014	-	193,014	213,361	(20,347)
Repairs and capital	34,854	-	34,854	28,539	6,315
Capital reserve	75,000	-	75,000	75,000	-
HVRHS	1,906,111	-	1,906,111	1,932,681	(26,570)
Pupil services	1,350,627	-	1,350,627	1,277,658	72,969
RSSC	309,144	-	309,144	308,170	974
	<u>9,413,241</u>	<u>-</u>	<u>9,413,241</u>	<u>9,260,227</u>	<u>153,014</u>

See accompanying Independent Auditors' Report.

TOWN OF SALISBURY, CONNECTICUT

**GENERAL FUND
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
(CONTINUED)**

FOR THE YEAR ENDED JUNE 30, 2021

	Budgeted Amounts				Variance With Final Budget Positive (Negative)
	Original	Transfers	Final	Actual	
Capital Outlay:					
Railroad Station repairs	\$ 4,000	\$ -	\$ 4,000	\$ 2,964	\$ 1,036
Highway equipment	200,000	-	200,000	200,000	-
Bridge repairs	10,000	-	10,000	10,000	-
Municipal building	65,000	-	65,000	65,000	-
Municipal improvements	75,000	-	75,000	63,000	12,000
New fire house	20,000	-	20,000	4,570	15,430
Old fire house	1,500	-	1,500	-	1,500
Parks	3,500	-	3,500	-	3,500
194 warehouse	2,000	-	2,000	4,888	(2,888)
194 upper rental	4,000	-	4,000	746	3,254
Fitting house	3,000	-	3,000	6,293	(3,293)
Miscellaneous	-	-	-	2,623	(2,623)
LOCIP	-	-	-	10,000	(10,000)
Education	-	-	-	105,641	(105,641)
	<u>388,000</u>	<u>-</u>	<u>388,000</u>	<u>475,725</u>	<u>(87,725)</u>
 Total expenditures	 <u><u>\$ 16,416,263</u></u>	 <u><u>\$ -</u></u>	 <u><u>\$ 16,416,263</u></u>	 <u><u>\$ 15,877,278</u></u>	 <u><u>\$ 538,985</u></u>

See accompanying Independent Auditors' Report.

TOWN OF SALISBURY, CONNECTICUT

**NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2021**

	Special Revenue Funds	Capital Project Funds	Permanent Funds Coffing Support of Poor Fund	Total
<u>Assets</u>				
Cash and cash equivalents	\$ 719,165	\$ -	\$ 91,747	\$ 810,912
Investments	130,730	521,248	692,097	1,344,075
Receivables	43,279	988	-	44,267
Due from other funds	2,026	-	-	2,026
Total assets	\$ 895,200	\$ 522,236	\$ 783,844	\$ 2,201,280
<u>Liabilities and Fund Balances</u>				
Liabilities:				
Accounts payable	\$ 42,685	\$ -	\$ -	\$ 42,685
Unearned revenue	-	-	-	-
Due to other funds	45,000	-	-	45,000
Total liabilities	87,685	-	-	87,685
Fund Balances:				
Nonspendable	69,630	-	442,745	512,375
Restricted	648,852	352,177	341,099	1,342,128
Committed	74,620	170,059	-	244,679
Assigned	14,413	-	-	14,413
Unassigned	-	-	-	-
Total fund balances	807,515	522,236	783,844	2,113,595
Total liabilities and fund balances	\$ 895,200	\$ 522,236	\$ 783,844	\$ 2,201,280

See accompanying Independent Auditors' Report.

TOWN OF SALISBURY, CONNECTICUT

NONMAJOR GOVERNMENTAL FUNDS

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2021**

	Special Revenue Funds	Capital Project Funds	Permanent Funds Coffing Support of Poor Fund	Total
Revenues:				
Intergovernmental	\$ 324,613	\$ -	\$ -	\$ 324,613
Investment earnings	1,184	268	198,358	199,810
Local	630,570	1,160	-	631,730
Total revenues	<u>956,367</u>	<u>1,428</u>	<u>198,358</u>	<u>1,156,153</u>
Expenditures:				
Current expenditures:				
Public safety	242,594	-	-	242,594
Sanitation / waste removal	1,207,575	-	-	1,207,575
Health and welfare	25,431	-	-	25,431
Education	131,738	-	-	131,738
Other	-	-	5,748	5,748
Capital outlay	358,860	45,314	-	404,174
Debt service	51,882	-	-	51,882
Total expenditures	<u>2,018,080</u>	<u>45,314</u>	<u>5,748</u>	<u>2,069,142</u>
Excess of revenues over (under) expenditures	(1,061,713)	(43,886)	192,610	(912,989)
Other financing sources (uses):				
Transfers in (out)	730,116	85,313	-	815,429
	<u>730,116</u>	<u>85,313</u>	<u>-</u>	<u>815,429</u>
Net change in fund balances	(331,597)	41,427	192,610	(97,560)
Fund balances, beginning of year	<u>1,139,112</u>	<u>480,809</u>	<u>591,234</u>	<u>2,211,155</u>
Fund balances, end of year	<u>\$ 807,515</u>	<u>\$ 522,236</u>	<u>\$ 783,844</u>	<u>\$ 2,113,595</u>

See accompanying Independent Auditors' Report.

TOWN OF SALISBURY, CONNECTICUT

**SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2021**

	Summer Work Program	School Lunch Fund	Extras Program	Salisbury Fire Commission	Transfer Station Fund	Total
<u>Assets</u>						
Cash and cash equivalents	\$ 94,739	\$ 35,717	\$ 33,748	\$ 530,329	\$ 24,632	\$ 719,165
Investments	58,719	-	41,437	-	30,574	130,730
Receivables	-	21,670	-	7,394	14,215	43,279
Due from other funds	-	2,026	-	-	-	2,026
Total assets	<u>\$ 153,458</u>	<u>\$ 59,413</u>	<u>\$ 75,185</u>	<u>\$ 537,723</u>	<u>\$ 69,421</u>	<u>\$ 895,200</u>
<u>Liabilities and Fund Balances</u>						
Liabilities:						
Accounts payable	\$ -	\$ -	\$ 565	\$ -	\$ 42,120	\$ 42,685
Unearned revenue	-	-	-	-	-	-
Due to other funds	-	45,000	-	-	-	45,000
Total liabilities	<u>-</u>	<u>45,000</u>	<u>565</u>	<u>-</u>	<u>42,120</u>	<u>87,685</u>
Fund Balances:						
Nonspendable	69,630	-	-	-	-	69,630
Restricted	83,828	-	-	537,723	27,301	648,852
Committed	-	-	74,620	-	-	74,620
Assigned	-	14,413	-	-	-	14,413
Unassigned	-	-	-	-	-	-
Total fund balances	<u>153,458</u>	<u>14,413</u>	<u>74,620</u>	<u>537,723</u>	<u>27,301</u>	<u>807,515</u>
Total liabilities and fund balances	<u>\$ 153,458</u>	<u>\$ 59,413</u>	<u>\$ 75,185</u>	<u>\$ 537,723</u>	<u>\$ 69,421</u>	<u>\$ 895,200</u>

See accompanying Independent Auditors' Report.

TOWN OF SALISBURY, CONNECTICUT

SPECIAL REVENUE FUNDS

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2021**

	Summer Work Program	School Lunch Fund	Extras Program	Salisbury Fire Commission	Transfer Station Fund	Total
Revenues:						
Intergovernmental	\$ -	\$ 106,927	\$ -	\$ -	\$ 217,686	\$ 324,613
Investment earnings	247	-	45	848	44	1,184
Local	15,100	9,996	14,417	51,963	539,094	630,570
Total revenues	<u>15,347</u>	<u>116,923</u>	<u>14,462</u>	<u>52,811</u>	<u>756,824</u>	<u>956,367</u>
Expenditures:						
Current expenditures:						
Public safety	-	-	-	242,594	-	242,594
Sanitation / waste removal	-	-	-	-	1,207,575	1,207,575
Health and welfare	-	-	25,431	-	-	25,431
Education	2,295	129,443	-	-	-	131,738
Other	-	-	-	-	-	-
Capital outlay	-	-	-	358,860	-	358,860
Debt service	-	-	-	-	51,882	51,882
Total expenditures	<u>2,295</u>	<u>129,443</u>	<u>25,431</u>	<u>601,454</u>	<u>1,259,457</u>	<u>2,018,080</u>
Excess of revenues over (under) expenditures	13,052	(12,520)	(10,969)	(548,643)	(502,633)	(1,061,713)
Other financing sources (uses):						
Transfers in (out)	15,000	-	-	328,600	386,516	730,116
Net change in fund balances	28,052	(12,520)	(10,969)	(220,043)	(116,117)	(331,597)
Fund balances, beginning of year	125,406	26,933	85,589	757,766	143,418	1,139,112
Fund balances, end of year	<u>\$ 153,458</u>	<u>\$ 14,413</u>	<u>\$ 74,620</u>	<u>\$ 537,723</u>	<u>\$ 27,301</u>	<u>\$ 807,515</u>

See accompanying Independent Auditors' Report.

TOWN OF SALISBURY, CONNECTICUT

**CAPITAL PROJECT FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2021**

	Bridge Repair Fund	Highway Equipment Replacement	Total
<u>Assets</u>			
Cash and cash equivalents	\$ -	\$ -	\$ -
Investments	351,189	170,059	521,248
Receivables	988	-	988
Due from other funds	-	-	-
Total assets	<u>\$ 352,177</u>	<u>\$ 170,059</u>	<u>\$ 522,236</u>
<u>Liabilities and Fund Balances</u>			
Liabilities:			
Accounts payable	\$ -	\$ -	\$ -
Unearned revenue	-	-	-
Due to other funds	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:			
Restricted	352,177	-	352,177
Committed	-	170,059	170,059
Unassigned	-	-	-
Total fund balances	<u>352,177</u>	<u>170,059</u>	<u>522,236</u>
Total liabilities and fund balances	<u>\$ 352,177</u>	<u>\$ 170,059</u>	<u>\$ 522,236</u>

See accompanying Independent Auditors' Report.

TOWN OF SALISBURY, CONNECTICUT

CAPITAL PROJECT FUNDS

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2021**

	Bridge Repair Fund	Highway Equipment Replacement	Total
Revenues:			
Intergovernmental	\$ -	\$ -	\$ -
Investment earnings	190	78	268
Local	-	1,160	1,160
Total revenues	<u>190</u>	<u>1,238</u>	<u>1,428</u>
Expenditures:			
Capital outlay	-	45,314	45,314
Total expenditures	<u>-</u>	<u>45,314</u>	<u>45,314</u>
Excess of revenues over (under) expenditures	190	(44,076)	(43,886)
Other financing sources (uses):			
Transfers in (out)	10,000	75,313	85,313
Total other financing	<u>10,000</u>	<u>75,313</u>	<u>85,313</u>
Net change in fund balances	10,190	31,237	41,427
Fund balances, beginning of year	<u>341,987</u>	<u>138,822</u>	<u>480,809</u>
Fund balances, end of year	<u><u>\$ 352,177</u></u>	<u><u>\$ 170,059</u></u>	<u><u>\$ 522,236</u></u>

See accompanying Independent Auditors' Report.

TOWN OF SALISBURY, CONNECTICUT

**STATEMENT OF DEBT LIMITATION
CONNECTICUT GENERAL STATUTES SECTION 7.374(b)
FOR THE YEAR ENDED JUNE 30, 2021**

Total tax collections including interest and
lien fees for the year ended June 30, 2020

\$ 14,654,535

Reimbursement for revenue loss on:
Tax relief for elderly (CGS 12-129d)

-

Base

\$ 14,654,535

	<u>General Purpose</u>	<u>Schools</u>	<u>Sewers</u>	<u>Urban Renewal</u>	<u>Pension Deficit</u>
Debt Limitation:					
2 1/4 times base	\$ 32,972,704	\$ -	\$ -	\$ -	\$ -
4 1/2 times base	-	65,945,408	-	-	-
3 3/4 times base	-	-	54,954,506	-	-
3 1/4 times base	-	-	-	47,627,239	-
3 times base	-	-	-	-	43,963,605
Total debt limitation	<u>32,972,704</u>	<u>65,945,408</u>	<u>54,954,506</u>	<u>47,627,239</u>	<u>43,963,605</u>
Indebtedness:					
Bond anticipation notes	2,427,789	2,175,000	3,000,000	-	-
General obligation bonds	3,007,000	-	-	-	-
Notes payable	624,044	-	-	-	-
Town share of Region One bonds	-	965,685	-	-	-
Total indebtedness	<u>6,058,833</u>	<u>3,140,685</u>	<u>3,000,000</u>	<u>-</u>	<u>-</u>
Debt limitation in excess of outstanding and authorized debt	<u>\$ 26,913,871</u>	<u>\$ 62,804,723</u>	<u>\$ 51,954,506</u>	<u>\$ 47,627,239</u>	<u>\$ 43,963,605</u>

Note: In no case shall total indebtedness exceed seven times annual receipts from taxation.

See accompanying Independent Auditors' Report.

TOWN OF SALISBURY, CONNECTICUT

**REPORT OF THE TAX COLLECTOR
FOR THE YEAR ENDED JUNE 30, 2021**

Grand List October 1,	Taxes Receivable July 1, 2020	Lawful Corrections		Suspense Transfers	Adjusted Taxes Receivable	Collections			Taxes Receivable June 30, 2021
		Additions	Deductions			Taxes	Interest and Liens	Total	
2019	\$ 14,878,177	\$ 2,886	\$ 5,479	\$ -	\$ 14,875,584	\$ 14,742,958	\$ 62,396	\$ 14,805,354	\$ 132,626
2018	255,691	315	3,321	-	252,685	186,341	25,932	212,273	66,344
2017	62,819	130	140	-	62,809	30,259	9,469	39,728	32,550
2016	24,635	99	184	(7,538)	17,012	1,970	891	2,861	15,042
2015	19,541	23	65	-	19,499	410	373	783	19,089
2014	11,902	44	-	-	11,946	-	-	-	11,946
2013	8,825	6	-	-	8,831	1,994	4,029	6,023	6,837
2012	3,138	-	-	-	3,138	-	-	-	3,138
2011	-	-	-	-	-	-	-	-	-
2010	-	-	-	-	-	-	-	-	-
2009	-	-	-	-	-	-	-	-	-
2008	-	-	-	-	-	-	-	-	-
2007	-	-	-	-	-	-	-	-	-
2006	-	-	-	-	-	-	-	-	-
2005	-	-	-	-	-	-	-	-	-
	<u>\$ 15,264,728</u>	<u>\$ 3,503</u>	<u>\$ 9,189</u>	<u>\$ (7,538)</u>	<u>\$ 15,251,504</u>	<u>\$ 14,963,932</u>	<u>\$ 103,090</u>	<u>\$ 15,067,022</u>	<u>\$ 287,572</u>

See accompanying Independent Auditors' Report.