

TOWN OF SALISBURY
AUDITED FINANCIAL STATEMENTS
JUNE 30, 2022



SINNAMON & ASSOCIATES, LLC
CERTIFIED PUBLIC ACCOUNTANTS

TOWN OF SALISBURY
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JUNE 30, 2022

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Independent Auditors' Report

To the Board of Finance of the
Town of Salisbury, Connecticut
Salisbury, CT

Opinions

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, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Town of Salisbury, Connecticut's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Salisbury, Connecticut, as of June 30, 2022, 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.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town of Salisbury, Connecticut and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government*



Auditing Standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the Schedule of Changes in Net Pension Liability and Related Ratios, and the Schedule of Contributions to the Defined Benefit Pension Plan be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Salisbury, Connecticut's basic financial statements. The general fund budgetary comparison detail schedules and the 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. Such information is the responsibility of management and was derived from and relates directly

to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 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 Governmental Auditing Standards, we have also issued our report dated January 20, 2023 on our consideration of the Town of Salisbury, Connecticut's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Salisbury, Connecticut's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Town of Salisbury, Connecticut's internal control over financial reporting and compliance.



Sinnamon & Associates, LLC
Certified Public Accountants

January 20, 2023
Canaan Connecticut

TOWN OF SALISBURY, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022

The Management Discussion and Analysis (MD&A) offers the readers of the Town of Salisbury (the "Town") financial statements a narrative overview and analysis of the financial activities of the Town for the fiscal year ending June 30, 2022. The information presented here should be considered in conjunction with the Town's basic financial statements that follow this section. Wherever possible, reference to the financial statements is provided.

FINANCIAL HIGHLIGHTS

On a government-wide basis the Town's assets of \$48,846,098 exceeded its liabilities at June 30, 2022, resulting in a total net position of \$38,311,780. Total net position for Governmental Activities was \$37,625,793 and total net position for Business-Type Activities was \$685,987.

The Town's governmental funds, reported on a current financial resource's basis, combined ending fund balance is \$13,932,657, an increase of \$58,853 for the year. The General Fund operating increase for the year was \$971,311 vs. an adjusted budgeted decrease of \$733,715. The General Fund balance was \$5,686,389, of which \$1,791,478 was restricted, assigned, and committed.

At the end of the current fiscal year unassigned fund balance for the general fund was \$3,894,911 or 21.7% of the subsequent year's General Fund expenditures and transfers.

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 contains other supplementary information and statistical tables.

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 a private sector business.

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 and 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 position 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 flows in future fiscal periods (e.g., uncollected taxes and earned, but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (government 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 government activities of the Town include general government, public safety, public works, and recreation.

TOWN OF SALISBURY, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022

The government-wide financial statements can be found on pages 12 -13 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 can be divided into two categories: governmental 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. Unlike the government-wide financial statements, however, 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 the government-wide financial statements, it is useful to compare the information presented for 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 government's near-term decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Town maintains individual government funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund and the capital reserve fund, both of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The Town adopts an annual appropriated budget for its general funds. 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 14 - 18 of this report.

Proprietary Funds

The proprietary fund is the Sewer and Water Commission

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The funds are combined into a single, aggregated presentation in the proprietary fund financial statements.

The basic Proprietary fund statements can be found on pages 19 - 21 of this report.

TOWN OF SALISBURY, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022

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 basic fiduciary fund statements can be found on pages 22-23 of this report.

Notes to the Financial Statements.

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and financial fund statements. The notes to the financial statements can be found on pages 24 - 54 of this report.

Other Information.

The required supplementary information for the Town's pension plan and the Town's proportionate share of the Connecticut State Teachers Retirement Pension and OPEB liability can be found on pages 50-51 of this report.

The combining statements referred to earlier in connection with non-major governmental funds are presented following notes to the financial statements. Combining and individual fund statements and other schedules can be found on pages 63 – 66 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position and an important determinant of its ability to finance services in the future. In the case of the Town, assets exceeded liabilities by \$38,311,780 at the close of the most recent fiscal year.

By far the largest portion of the Town's assets is its investment in capital assets (e.g., land, buildings, 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.

The Town's net position increased by \$25,752 during the current fiscal year.

TOWN OF SALISBURY, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022

NET POSITION - June 30, 2022 and June 30, 2021

| | 6/30/2022 Net Position | | | 6/30/2021 Net Position | | |
|----------------------------------|----------------------------|------------------------------|----------------------|----------------------------|------------------------------|----------------------|
| | Governmental Activities | Business -Type Activities | Total | Governmental Activities | Business -Type Activities | Total |
| <u>Assets</u> | | | | | | |
| Current and Other Assets | \$ 15,159,283 | \$ 376,333 | \$ 15,535,616 | \$ 15,173,781 | \$ 818,246 | \$ 15,992,027 |
| Capital Assets | 29,602,707 | 3,140,154 | 32,742,861 | 30,976,874 | 3,198,237 | 34,175,111 |
| Non Current Assets | 567,621 | - | 567,621 | 604,557 | - | 604,557 |
| <u>Total Assets</u> | <u>45,329,611</u> | <u>3,516,487</u> | <u>48,846,098</u> | <u>46,755,212</u> | <u>4,016,483</u> | <u>50,771,695</u> |
| <u>Liabilities</u> | | | | | | |
| Current Liabilities | 1,488,210 | 109,733 | 1,597,943 | 1,191,267 | 19,002 | 1,210,269 |
| Non Current Liabilities | 6,215,608 | 2,720,767 | 8,936,375 | 8,478,050 | 3,000,000 | 11,478,050 |
| <u>Total Liabilities</u> | <u>7,703,818</u> | <u>2,830,500</u> | <u>10,534,318</u> | <u>9,669,317</u> | <u>3,019,002</u> | <u>12,688,319</u> |
| <u>Net Position</u> | | | | | | |
| Net Investment in Capital Assets | 23,064,299 | 318,854 | 23,383,153 | 22,740,041 | 198,237 | 22,938,278 |
| Restricted Net Position | 3,278,585 | - | 3,278,585 | 3,179,028 | - | 3,179,028 |
| Unrestricted | 11,282,909 | 367,133 | 11,650,042 | 11,369,478 | 799,244 | 12,168,722 |
| <u>Total Net Position</u> | <u>\$ 37,625,793</u> | <u>\$ 685,987</u> | <u>\$ 38,311,780</u> | <u>\$ 37,288,547</u> | <u>\$ 997,481</u> | <u>\$ 38,286,028</u> |

TOWN OF SALISBURY, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022

CHANGES IN NET POSITION - June 30, 2022 and June 30, 2021 Governmental Activities

| | June 30, 2022 | | | June 30, 2021 | | |
|--|----------------------------|------------------------------|----------------------|----------------------------|------------------------------|----------------------|
| | Changes in Net Position | | | Changes in Net Position | | |
| | Governmental Activities | Business -Type Activities | Total | Governmental Activities | Business -Type Activities | Total |
| Revenues: | | | | | | |
| Program Revenues: | | | | | | |
| Charges for Services | \$ 2,041,883 | \$ 448,815 | \$ 2,490,698 | \$ 1,731,069 | \$ 486,739 | \$ 2,217,808 |
| Operating grants and contributions | 2,089,602 | - | 2,089,602 | 2,751,338 | 4,275 | 2,755,613 |
| Capital grants and contributions | 72,397 | - | 72,397 | 634,930 | - | 634,930 |
| General Revenues: | | | | | | |
| Property Taxes | 15,844,089 | - | 15,844,089 | 15,469,230 | - | 15,469,230 |
| Grants and contributions, unrestricted | 33,741 | - | 33,741 | 171,338 | - | 171,338 |
| Investment Income | (337,962) | - | (337,962) | 1,527,677 | 1,845 | 1,529,522 |
| Other Revenues | 173,500 | - | 173,500 | 354,754 | - | 354,754 |
| Total Revenues | <u>19,917,250</u> | <u>448,815</u> | <u>20,366,065</u> | <u>22,640,336</u> | <u>492,859</u> | <u>23,133,195</u> |
| Expenses | | | | | | |
| General Government | \$ 3,058,361 | \$ - | 3,058,361 | \$ 2,584,420 | \$ - | 2,584,420 |
| Public Safety | 488,694 | - | 488,694 | 679,423 | - | 679,423 |
| Public Works | 2,980,194 | - | 2,980,194 | 1,850,818 | - | 1,850,818 |
| Sanitation/Waste Removal | 279,683 | 761,419 | 1,041,102 | 604,342 | 763,285 | 1,367,627 |
| Health and Welfare | 340,624 | - | 340,624 | 378,184 | - | 378,184 |
| Interest on Long Term Debt | 147,474 | - | 147,474 | 138,942 | - | 138,942 |
| Recreation | 831,477 | - | 831,477 | 717,430 | - | 717,430 |
| Miscellaneous | 802,630 | - | 802,630 | 113,533 | - | 113,533 |
| Education | 10,650,867 | - | 10,650,867 | 11,057,886 | - | 11,057,886 |
| Total Expenses | <u>19,580,004</u> | <u>761,419</u> | <u>20,341,423</u> | <u>18,124,978</u> | <u>763,285</u> | <u>18,888,263</u> |
| Change in Net Position | 337,246 | (312,604) | 24,642 | 4,515,358 | (270,426) | 4,244,932 |
| Net Position, beginning | <u>37,288,547</u> | <u>997,481</u> | <u>38,286,028</u> | <u>32,773,189</u> | <u>1,267,907</u> | <u>34,041,096</u> |
| Net Position, ending | <u>\$ 37,625,793</u> | <u>\$ 684,877</u> | <u>\$ 38,310,670</u> | <u>\$ 37,288,547</u> | <u>\$ 997,481</u> | <u>\$ 38,286,028</u> |

Approximately 80% of the governmental activities' revenue was derived from property taxes, followed by 11% from operating and capital grants, 10% from service charges, and a 1% loss from investment earnings. Detailed revenue information can be found on page 59.

TOWN OF SALISBURY, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022

For the most part, increases in expenses closely paralleled inflation and growth in demand for services. Approximately 54% of the Town's governmental activities expenses relate to education, 15% relate to public works, 15% for general government and 16% for all other activities.

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, unreserved fund balance may serve as a useful measure of a government's net resources for spending at the end of a 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 \$5,686,389. Of this total fund balance, \$1,791,478 was restricted, assigned, and committed. The remaining balance of \$3,894,911 is unassigned.

Proprietary Funds

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

Unrestricted net position of the Sewer Enterprise Fund at the end of the year amounted to \$367,133.

GENERAL FUND BUDGETARY HIGHLIGHTS

The fund balance of the Town's General Fund increased by \$971,311 during the current fiscal year, compared to an expected decrease of \$733,715. This was attributed to revenues received on excess of budget totaling \$1,007,669 including taxes, building and conveyance fees and intergovernmental grants, and expenses under budget totaling \$293,560.

A statement of revenues and expenditures, budget and actual, can be found on page 18 of this report.

CAPITAL ASSET 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, 2022 amounted to \$29,602,707 and \$3,140,154, respectively. This investment in capital assets included land, Infrastructure, buildings and system improvements, machinery and equipment and vehicles.

TOWN OF SALISBURY, CONNECTICUT
MANAGEMENT’S DISCUSSION AND ANALYSIS
JUNE 30, 2022

CAPITAL ASSETS, Net of Depreciation June 30, 2022 and June 30, 2021

| | Governmental Activities | Business-Type Activities | Total |
|----------------------------------|----------------------------|-----------------------------|----------------------|
| Land and Construction in Process | \$ 2,992,466 | \$ - | \$ 2,992,466 |
| Building and Improvements | 16,634,812 | 2,864,091 | 19,498,903 |
| Machinery and Equipment | 759,023 | 276,063 | 1,035,086 |
| Infrastructure | 7,550,171 | | 7,550,171 |
| Vehicles | 1,666,235 | - | 1,666,235 |
| Total | \$ 29,602,707 | \$ 3,140,154 | \$ 32,742,861 |

Long-Term Debt

At the end of the current fiscal year, the Town had total outstanding bonds and notes payable of \$6,538,408 related to governmental activities and \$2,821,300 related to business-type activities. All of the debt is backed by the full faith and credit of the Town.

The Town’s total bonds and notes payable had a net decrease of \$1,874,125.

State statutes limit the amount of general obligation debt a governmental entity may issue to 7.0 times its total prior year tax collections. The current statutory debt limitation for the Town is \$105,469,154 which is significantly more than the Town’s outstanding general obligation debt.

Additional information on the Town’s long-term debt can be found in Note 11 on pages 38 – 40 of this report.

ECONOMIC FACTORS AND THE NEXT YEAR’S BUDGETS AND RATES

The Town was awarded a \$1,065,422.00 grant under the American Rescue Plan Act. Various projects are under construction 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 bidding phase and construction will begin sometime next year.

The 68-acre Pope property, located on Salmon Kill Road is in the concept and design phase to be used for recreation, housing and conservation.

TOWN OF SALISBURY, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022

The Town authorized the use of \$259,508 of fund balance from the General Fund for the 2022-2023 fiscal year. The mill rate for the 2022-2023 fiscal year remained at 11.0 mills.

All of the above factors were considered in preparing the Town's budget for the 2022-2023 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 financial information should be addressed to the First Selectman's office, Town of Salisbury, PO Box 385, 63 Main Street, Salisbury, Connecticut 06069.

TOWN OF SALISBURY
STATEMENT OF NET POSITION
JUNE 30, 2022

| | Primary Government | | |
|---|----------------------------|-----------------------------|----------------------|
| | Governmental Activities | Business-Type Activities | Total |
| <u>Assets</u> | | | |
| Cash and cash equivalents | \$ 7,536,047 | \$ 347,231 | \$ 7,883,278 |
| Investments | 6,951,722 | - | 6,951,722 |
| Receivables: | | | |
| Property Taxes | 442,491 | - | 442,491 |
| Accounts Receivable | 220,339 | 29,102 | 249,441 |
| Long-term receivables | 567,621 | | 567,621 |
| Due From Other Governments | - | - | - |
| Due From Business-Type Activities | 8,684 | - | 8,684 |
| Capital Assets, not being depreciated | 2,992,466 | - | 2,992,466 |
| Capital Assets, net of accumulated depreciation | 26,610,241 | 3,140,154 | 29,750,395 |
| <u>Total Assets</u> | <u>\$ 45,329,611</u> | <u>\$ 3,516,487</u> | <u>\$ 48,846,098</u> |
| <u>Liabilities</u> | | | |
| Accounts payable | \$ 499,874 | \$ 516 | \$ 500,390 |
| Unearned revenue | 349,658 | - | 349,658 |
| Accrued compensated absences, due within one year | 187,760 | - | 187,760 |
| Due to Governmental Funds | - | 8,684 | 8,684 |
| Noncurrent Liabilities: | | | |
| Due within one year | 450,918 | 100,533 | 551,451 |
| Due in more than one year | 6,215,608 | 2,720,767 | 8,936,375 |
| <u>Total Liabilities</u> | <u>7,703,818</u> | <u>2,830,500</u> | <u>10,534,318</u> |
| <u>Net Position</u> | | | |
| Net Investment in Capital Assets | 23,064,299 | 318,854 | 23,383,153 |
| Restricted Net Position | 3,278,585 | - | 3,278,585 |
| Unrestricted | 11,282,909 | 367,133 | 11,650,042 |
| <u>Total Net Position</u> | <u>\$ 37,625,793</u> | <u>\$ 685,987</u> | <u>\$ 38,311,780</u> |

The accompanying notes are an integral part of these financial statements

TOWN OF SALISBURY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022

| | Program Revenues | | | | Net (Expenses) Revenue and Changes in Net Position Primary Government | | |
|--|------------------------|-------------------------|--|--|--|-----------------------------|----------------------|
| | Expenses | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities | Business-Type Activities | Total |
| <u>Governmental Activities</u> | | | | | | | |
| General Government | \$ (3,058,361) | \$ 1,194,668 | \$ 183,053 | \$ - | \$ (1,680,640) | \$ - | \$ (1,680,640) |
| Public Safety | (488,694) | 51,418 | - | - | (437,276) | - | (437,276) |
| Public Works | (2,980,194) | - | 377,307 | - | (2,602,887) | - | (2,602,887) |
| Sanitation/Waste Removal | (279,683) | 640,117 | 301,539 | 72,397 | 734,370 | - | 734,370 |
| Health and Welfare | (340,624) | 82,746 | - | - | (257,878) | - | (257,878) |
| Interest on Long Term Debt | (147,474) | - | - | - | (147,474) | - | (147,474) |
| Recreation | (831,477) | 70,725 | - | - | (760,752) | - | (760,752) |
| Miscellaneous | (802,630) | - | 37,186 | - | (765,444) | - | (765,444) |
| Education | (10,650,867) | 2,209 | 1,190,517 | - | (9,458,141) | - | (9,458,141) |
| <u>Total Governmental Activities</u> | <u>(19,580,004)</u> | <u>2,041,883</u> | <u>2,089,602</u> | <u>72,397</u> | <u>(15,376,122)</u> | <u>-</u> | <u>(15,376,122)</u> |
| <u>Business Type Activities</u> | | | | | | | |
| Sewer and Water Commission | (761,419) | 448,815 | - | - | - | (312,604) | (312,604) |
| <u>Total Primary Government</u> | <u>\$ (20,341,423)</u> | <u>\$ 2,490,698</u> | <u>\$ 2,089,602</u> | <u>\$ 72,397</u> | <u>(15,376,122)</u> | <u>(312,604)</u> | <u>(15,688,726)</u> |
| <u>General Revenues:</u> | | | | | | | |
| Property taxes, interest and lien fees | | | | | 15,844,089 | - | 15,844,089 |
| Grants and contributions not restricted to specific programs | | | | | 33,741 | - | 33,741 |
| Unrestricted investment earnings (loss) | | | | | (337,962) | 1,110 | (336,852) |
| Other | | | | | 173,500 | - | 173,500 |
| <u>Total General Revenues</u> | | | | | <u>15,713,368</u> | <u>1,110</u> | <u>15,714,478</u> |
| <u>Change in net position</u> | | | | | 337,246 | (311,494) | 25,752 |
| <u>Net position beginning of year</u> | | | | | <u>37,288,547</u> | <u>997,481</u> | <u>38,286,028</u> |
| <u>Net position end of year</u> | | | | | <u>\$ 37,625,793</u> | <u>\$ 685,987</u> | <u>\$ 38,311,780</u> |

The accompanying notes are an integral part of these financial statements

TOWN OF SALISBURY
BALANCE SHEET
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

| | General Fund | Transfer Station Capital Fund | Other Capital Projects Fund | ARPA Fund | Bauer Fund | Bissell Fund | Small Cities Fund | Non Major Governmental Funds | Total Governmental Funds |
|---|---------------------|----------------------------------|--------------------------------|-------------------|---------------------|---------------------|----------------------|------------------------------------|--------------------------------|
| <u>Assets</u> | | | | | | | | | |
| Cash and cash equivalents | \$ 3,630,539 | \$ 247,847 | \$ 1,305,569 | \$ 349,658 | \$ 71,074 | \$ 129,623 | \$ - | \$ 1,801,737 | \$ 7,536,047 |
| Investments | 1,608,397 | - | 11,094 | - | 2,100,055 | 2,613,247 | - | 618,929 | 6,951,722 |
| Receivables: | | | | | | | | | |
| Property Taxes | 442,491 | - | - | - | - | - | - | - | 442,491 |
| Accounts Receivable | 142,420 | - | 13,078 | - | - | - | - | 64,841 | 220,339 |
| Long-term receivables | - | - | - | - | - | - | 567,621 | - | 567,621 |
| Due From Other Funds | 696,022 | - | - | - | - | - | - | - | 696,022 |
| Total Assets | 6,519,869 | 247,847 | 1,329,741 | 349,658 | 2,171,129 | 2,742,870 | 567,621 | 2,485,507 | 16,414,242 |
| <u>Deferred Outflows of Resources</u> | | | | | | | | | |
| | - | - | - | - | - | - | - | - | - |
| Total Assets and Deferred Outflows of Resources | \$ 6,519,869 | \$ 247,847 | \$ 1,329,741 | \$ 349,658 | \$ 2,171,129 | \$ 2,742,870 | \$ 567,621 | \$ 2,485,507 | \$ 16,414,242 |
| <u>Liabilities and Fund Balances</u> | | | | | | | | | |
| <u>Liabilities</u> | | | | | | | | | |
| Accounts payable | \$ 456,386 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 43,488 | \$ 499,874 |
| Unearned revenue | - | - | - | 349,658 | - | - | - | - | 349,658 |
| Due to Other Funds | - | 380,991 | 108,691 | - | 20,000 | - | - | 177,656 | 687,338 |
| Total Liabilities | 456,386 | 380,991 | 108,691 | 349,658 | 20,000 | - | - | 221,144 | 1,536,870 |
| <u>Deferred Inflows Of Resources</u> | | | | | | | | | |
| Unavailable Revenue - property taxes | 377,094 | - | - | - | - | - | - | - | 377,094 |
| Unavailable Revenue - long-term receivables | - | - | - | - | - | - | 567,621 | - | 567,621 |
| Total Deferred Inflows Of Resources | 377,094 | - | - | - | - | - | 567,621 | - | 944,715 |
| <u>Fund Balances</u> | | | | | | | | | |
| Nonspendable | - | - | - | - | 1,353,118 | 1,413,092 | - | 512,375 | 3,278,585 |
| Restricted | 57,489 | (133,144) | 1,221,050 | - | 798,011 | 1,329,778 | - | 1,526,733 | 4,799,917 |
| Committed | 1,064,990 | - | - | - | - | - | - | 236,930 | 1,301,920 |
| Assigned | 668,999 | - | - | - | - | - | - | (11,675) | 657,324 |
| Unassigned | 3,894,911 | - | - | - | - | - | - | - | 3,894,911 |
| Total Fund Balances | 5,686,389 | (133,144) | 1,221,050 | - | 2,151,129 | 2,742,870 | - | 2,264,363 | 13,932,657 |
| Total Liabilities, Deferred Inflows of Resources and Fund Balances | \$ 6,519,869 | \$ 247,847 | \$ 1,329,741 | \$ 349,658 | \$ 2,171,129 | \$ 2,742,870 | \$ 567,621 | \$ 2,485,507 | \$ 16,414,242 |

The accompanying notes are an integral part of these financial statements

TOWN OF SALISBURY
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
FOR THE YEAR ENDED JUNE 30, 2022

| | |
|---|-------------------|
| <u>Total fund balances for governmental funds</u> | \$ 13,932,657 |
| Total net position reported for governmental activities in the statement of net assets is different because of the following: | |
| Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds | 29,602,707 |
| Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds | |
| Long-term receivables | 567,621 |
| Property tax and receivables greater than 60 days | 377,094 |
| Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds | |
| Accrued Compensated Absences, due within one year | (187,760) |
| Net Pension Liability | (128,118) |
| General Obligation Bonds & Notes Payable | (6,538,408) |
| <u>Net position of governmental activities</u> | \$ 37,625,793 |

The accompanying notes are an integral part of these financial statements

TOWN OF SALISBURY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

| | General Fund | Transfer Station Capital Fund | Other Capital Projects Fund | ARPA Fund | Bauer Fund | Bissell Fund | Small Cities Fund | Non Major Governmental Funds | Total Governmental Funds |
|--|---------------------|----------------------------------|--------------------------------|----------------|---------------------|---------------------|----------------------|------------------------------------|--------------------------------|
| <u>Revenues:</u> | | | | | | | | | |
| Property Taxes | \$ 15,852,229 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 15,852,229 |
| Intergovernmental | 1,246,734 | 72,969 | - | 183,053 | - | - | - | 402,221 | 1,904,977 |
| Investment Income | 29,750 | 187 | 2,047 | - | (150,101) | (101,465) | - | (118,380) | (337,962) |
| Donations | 173,500 | - | - | - | - | - | - | - | 173,500 |
| Local Revenue | 1,265,393 | - | 250 | - | - | - | 36,936 | 813,350 | 2,115,929 |
| <u>Total Revenues</u> | <u>18,567,606</u> | <u>73,156</u> | <u>2,297</u> | <u>183,053</u> | <u>(150,101)</u> | <u>(101,465)</u> | <u>36,936</u> | <u>1,097,191</u> | <u>19,708,673</u> |
| <u>Expenditures:</u> | | | | | | | | | |
| Current: | | | | | | | | | |
| General Government | 2,348,323 | - | - | - | - | - | - | 227,502 | 2,575,825 |
| Public Safety | 366,392 | - | - | - | - | - | - | - | 366,392 |
| Public Works | 1,493,598 | - | - | - | - | - | - | 1,186,778 | 2,680,376 |
| Sanitation/Waste Removal | 3,725 | - | - | - | - | - | - | 86,935 | 90,660 |
| Health and Welfare | 303,492 | - | - | - | - | 37,132 | - | - | 340,624 |
| Debt Service | - | - | 1,784,757 | - | - | - | - | 58,142 | 1,842,899 |
| Recreation | 795,947 | - | - | - | - | - | - | - | 795,947 |
| Miscellaneous | 102,038 | - | - | 183,053 | 136,481 | 22,814 | - | 7,822 | 452,208 |
| Education | 9,983,675 | - | - | - | - | - | - | 83,935 | 10,067,610 |
| Capital Outlay | - | 72,407 | 98,777 | - | - | - | - | 266,095 | 437,279 |
| <u>Total Expenditures</u> | <u>15,397,190</u> | <u>72,407</u> | <u>1,883,534</u> | <u>183,053</u> | <u>136,481</u> | <u>59,946</u> | <u>-</u> | <u>1,917,209</u> | <u>19,649,820</u> |
| Excess (deficiency) of Revenues Over Expenditures | <u>3,170,416</u> | <u>749</u> | <u>(1,881,237)</u> | <u>-</u> | <u>(286,582)</u> | <u>(161,411)</u> | <u>36,936</u> | <u>(820,018)</u> | <u>58,853</u> |
| <u>Other Financing Sources (Uses):</u> | | | | | | | | | |
| Proceeds from general obligation bonds | - | - | 3,540,000 | - | - | - | - | - | 3,540,000 |
| Payment of bond anticipation notes | - | - | (3,540,000) | - | - | - | - | - | (3,540,000) |
| Transfers In | 403,797 | 72,970 | 1,763,723 | - | - | - | - | 1,103,442 | 3,343,932 |
| Transfers Out | (2,602,902) | (523,813) | (180,281) | - | - | - | (36,936) | - | (3,343,932) |
| <u>Total Other Financing sources (Uses):</u> | <u>(2,199,105)</u> | <u>(450,843)</u> | <u>1,583,442</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(36,936)</u> | <u>1,103,442</u> | <u>-</u> |
| Net Change in Fund Balances | 971,311 | (450,094) | (297,795) | - | (286,582) | (161,411) | - | 283,424 | 58,853 |
| <u>Fund Balances Beginning of Year</u> | <u>4,715,078</u> | <u>316,950</u> | <u>1,518,845</u> | <u>-</u> | <u>2,437,711</u> | <u>2,904,281</u> | <u>-</u> | <u>1,980,939</u> | <u>13,873,804</u> |
| <u>Fund Balances End of Year</u> | <u>\$ 5,686,389</u> | <u>\$ (133,144)</u> | <u>\$ 1,221,050</u> | <u>\$ -</u> | <u>\$ 2,151,129</u> | <u>\$ 2,742,870</u> | <u>\$ -</u> | <u>\$ 2,264,363</u> | <u>\$ 13,932,657</u> |

The accompanying notes are an integral part of these financial statements

TOWN OF SALISBURY
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, 2022

Net change in fund balances for governmental funds \$ 58,853

Total change in net position reported for governmental activities in the statement of activities is different because of the following:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. The amount by which depreciation differed from capital outlays in the current period is as follows:

| | | |
|----------------------|-------------|-------------|
| Capital Outlay | 121,582 | |
| Depreciation expense | (1,495,749) | |
| Net adjustment | (1,374,167) | (1,374,167) |

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:

| | | |
|--|-------------|-----------|
| Proceeds from general obligation bonds | (3,540,000) | |
| Payment of bond anticipation notes | 4,602,789 | |
| Principal repayments of debt | 632,636 | |
| Net adjustment | 1,695,425 | 1,695,425 |

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:

| | |
|---------------------------------|-----------|
| Tax revenue interest and liens | (8,140) |
| Change in net pension liability | 116,099 |
| Accrued compensated absences | (187,760) |
| Change in long-term receivables | 36,936 |

Change in net position of governmental activities \$ 337,246

TOWN OF SALISBURY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
BUDGETARY BASIS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2022

| | Budgeted Amounts | | Actual | Variance With |
|---|---------------------|---------------------|---------------------|---------------------|
| | Original | Final | | Final Budget |
| | | | | Over (Under) |
| <u>Revenues:</u> | | | | |
| Property Taxes | \$15,638,396 | \$15,638,396 | \$15,852,229 | \$ 213,833 |
| Intergovernmental | 325,410 | 325,410 | 508,947 | 183,537 |
| Investment Income | 25,000 | 25,000 | 29,750 | 4,750 |
| Donations | 153,250 | 153,250 | 173,500 | 20,250 |
| Local Revenue | 680,094 | 680,094 | 1,265,393 | 585,299 |
| <u>Total Revenues</u> | <u>16,822,150</u> | <u>16,822,150</u> | <u>17,829,819</u> | <u>1,007,669</u> |
| <u>Expenditures:</u> | | | | |
| General Government | 2,411,474 | 2,411,474 | 2,348,323 | 63,151 |
| Public Safety | 784,389 | 784,389 | 701,992 | 82,397 |
| Public Works | 1,681,155 | 1,681,155 | 1,609,548 | 71,607 |
| Sanitation/Waste Removal | 370,842 | 370,842 | 371,567 | (725) |
| Health and Welfare | 372,533 | 372,533 | 338,492 | 34,041 |
| Debt Service | 600,000 | 850,000 | 850,000 | - |
| Recreation | 736,061 | 736,061 | 795,947 | (59,886) |
| Miscellaneous | 82,600 | 82,600 | 102,038 | (19,438) |
| Education | 9,716,811 | 9,716,811 | 9,606,398 | 110,413 |
| Capital Outlay | 350,000 | 550,000 | 538,000 | 12,000 |
| <u>Total Expenditures</u> | <u>17,105,865</u> | <u>17,555,865</u> | <u>17,262,305</u> | <u>293,560</u> |
| <u>Excess of Revenues Over</u> <u>(Under) Expenditures</u> | <u>(283,715)</u> | <u>(733,715)</u> | <u>567,514</u> | <u>1,301,229</u> |
| <u>Other Financing Sources (Uses):</u> | | | | |
| Transfers In | - | - | 403,797 | 403,797 |
| <u>Total Other Financing Sources (Uses)</u> | <u>-</u> | <u>-</u> | <u>403,797</u> | <u>403,797</u> |
| <u>Net Change In Fund Balance</u> | <u>\$ (283,715)</u> | <u>\$ (733,715)</u> | <u>971,311</u> | <u>\$ 1,705,026</u> |
| <u>Fund Balance - Beginning of Year</u> | | | <u>4,715,078</u> | |
| <u>Fund Balance - End of Year</u> | | | <u>\$ 5,686,389</u> | |

The accompanying notes are an integral part of these financial statements

TOWN OF SALISBURY
STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2022

| | Business Type Activities Enterprise Fund Sewer and Water Commission |
|---|---|
| <u>Assets</u> | |
| Current Assets | |
| Cash and cash equivalents | \$ 347,231 |
| Sewer usage fees receivable | 29,102 |
| Total current assets | 376,333 |
| Noncurrent assets | |
| Capital Assets, Net of Accumulated Depreciation | 3,140,154 |
| <u>Total Assets</u> | \$ 3,516,487 |
| <u>Liabilities</u> | |
| Accounts payable | \$ 516 |
| Due to Other Funds | 8,684 |
| Noncurrent Liabilities Bonds Payable: | |
| Due within one year | 100,533 |
| Due in more than one year | 2,720,767 |
| <u>Total Liabilities</u> | 2,830,500 |
| <u>Net Position</u> | |
| Net Investment in Capital Assets | 318,854 |
| Unrestricted | 367,133 |
| <u>Total Net Position</u> | 685,987 |
| <u>Total Liabilities and Net Position</u> | \$ 3,516,487 |

The accompanying notes are an integral part of these financial statements

TOWN OF SALISBURY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN NET POSITION
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2022

| | Business Type Activities Enterprise Fund |
|--|---|
| | Sewer and Water Commission |
| <u>Operating Revenue</u> | |
| Sewer usage fees | \$ 448,815 |
| <u>Total Operating Revenues</u> | 448,815 |
| <u>Operating Expenses</u> | |
| Wages and benefits | 355,105 |
| Utilities | 46,215 |
| Operating expenses | 243,029 |
| Administrative expenses | 22,047 |
| Depreciation | 95,023 |
| <u>Total Expenditures</u> | 761,419 |
| <u>Operating Income (Loss)</u> | (312,604) |
| <u>Non-Operating Revenues (Expenses)</u> | |
| Interest Revenue | 1,110 |
| <u>Total Non-Operating Revenues (Expenses)</u> | 1,110 |
| <u>Change In Net Position</u> | (311,494) |
| <u>Net Position, Beginning</u> | 997,481 |
| <u>Net Position, Ending</u> | \$ 685,987 |

The accompanying notes are an integral part of these financial statements

TOWN OF SALISBURY
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2022

| | Business Type Activities Enterprise Fund Sewer and Water Commission |
|--|---|
| <u>Cash Flows from Operating Activities</u> | |
| Cash received from the following | |
| Cash received from customers | \$ 486,998 |
| Cash paid for the following | |
| Wages and benefits | (355,105) |
| Utilities | (46,215) |
| Interest | (70,263) |
| Operating expenses | (191,252) |
| Administrative expenses | (22,047) |
| <u>Net Cash Used in Operating Activities</u> | <u>(197,884)</u> |
| <u>Cash Flows from Capital and Related Financing Activities</u> | |
| Purchases of equipment | (36,940) |
| Proceeds from bonds and notes payable | 2,821,300 |
| Repayment of bond anticipation note | (3,000,000) |
| Due to Other Funds | 8,684 |
| <u>Net Cash Used in Capital and Related Financing Activities</u> | <u>(206,956)</u> |
| <u>Cash Flows From Investing Activities</u> | |
| Receipts of interest | 1,110 |
| <u>Net Cash Provided by Investing Activities</u> | <u>1,110</u> |
| <u>Net Increase (Decrease) in Cash</u> | (403,730) |
| <u>Cash, Beginning of Year</u> | <u>750,961</u> |
| <u>Cash, End of Year</u> | <u>\$ 347,231</u> |
| <u>Reconciliation of Operating Income to</u> <u>Net Cash Provided by Operating Activities</u> | |
| Operating Income (Loss) | \$ (312,604) |
| Adjustments to Reconcile Operating Income to | |
| Net Cash Provided by Operating Activities | |
| Depreciation Expense | 95,023 |
| Changes in assets and liabilities | |
| Sewer usage fees receivable | 38,183 |
| Accounts payable | (18,486) |
| <u>Net Cash Provided by Operating Activities</u> | <u>\$ (197,884)</u> |

The accompanying notes are an integral part of these financial statements

TOWN OF SALISBURY
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

| | Pension Trust Funds | Custodial Funds | Total |
|--|------------------------|--------------------|--------------|
| <u>Assets</u> | | | |
| Cash and cash equivalents | \$ - | \$ 43,512 | \$ 43,512 |
| Investments | 1,339,542 | - | 1,339,542 |
| <u>Total Assets</u> | \$ 1,339,542 | \$ 43,512 | \$ 1,383,054 |
| <u>Liabilities</u> | | | |
| Accounts payable | \$ - | \$ - | \$ - |
| <u>Total Liabilities</u> | - | - | - |
| <u>Net Position</u> | | | |
| Restricted for Pensions | 1,339,542 | - | 1,339,542 |
| Restricted for Individuals and Organizations | - | 43,512 | 43,512 |
| <u>Total Net Position</u> | 1,339,542 | 43,512 | 1,383,054 |
| <u>Total Liabilities and Net Position</u> | \$ 1,339,542 | \$ 43,512 | \$ 1,383,054 |

The accompanying notes are an integral part of these financial statements

TOWN OF SALISBURY
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

| | Pension Trust Fund | Custodial Funds | Total |
|--------------------------------|-----------------------|--------------------|---------------------|
| <u>Additions</u> | | | |
| Employer Contributions | \$ 124,583 | \$ - | \$ 124,583 |
| Events and Activities | - | 65,724 | 65,724 |
| <u>Total Contributions</u> | <u>124,583</u> | <u>65,724</u> | <u>190,307</u> |
| <u>Investment Income</u> | | | |
| Investment Net Earnings | 41,953 | - | 41,953 |
| <u>Total Investment Income</u> | <u>41,953</u> | <u>-</u> | <u>41,953</u> |
| <u>Total Additions</u> | <u>166,536</u> | <u>65,724</u> | <u>232,260</u> |
| <u>Deductions</u> | | | |
| Benefits Paid | 183,751 | - | 183,751 |
| Plan Administration | 4,245 | - | 4,245 |
| Events and Activities | - | 60,421 | 60,421 |
| <u>Total Deductions</u> | <u>187,996</u> | <u>60,421</u> | <u>248,417</u> |
| <u>Change in Net Position</u> | <u>(21,460)</u> | <u>5,303</u> | <u>(16,157)</u> |
| <u>Net Position Beginning</u> | <u>1,361,002</u> | <u>38,209</u> | <u>1,399,211</u> |
| <u>Net Position Ending</u> | <u>\$ 1,339,542</u> | <u>\$ 43,512</u> | <u>\$ 1,383,054</u> |

The accompanying notes are an integral part of these financial statements

TOWN OF SALISBURY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements of the Town of Salisbury, Connecticut (the Town) have been prepared in conformance with accounting principles generally accepted in the United States of America as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Town's significant accounting policies are described below.

Reporting Entity

The Town of Salisbury, Connecticut (the "Town") was incorporated October 1741 under the provisions of the Connecticut General Statutes. The Town is a municipal corporation governed by a Board of Selectmen, Town Meeting, Board of Finance form of government and provides a full range of services including public safety, public works, health and welfare, parks and recreation, elementary and secondary education and general administrative services to its residents. Under this form of Government, the town meeting is the legislative body. A town meeting is required to make appropriations, levy taxes, and borrow money. The executive branch is led by an elected three-member Board of Selectmen. The Selectmen oversee most of the activities not assigned specifically to another Body. An elected Board of Education oversees the public-school system.

The Board of Finance is responsible for financial, and taxation matters as prescribed by Connecticut General Statutes and is responsible for presenting fiscal operating budgets for Town Meeting approval.

The Town has the power to incur indebtedness by issuing bonds or notes as provided by Connecticut General Statutes.

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 following related organizations, to which the Town appropriates funds annually, do not meet the above criteria and are not included in the reporting entity:

Regional School District #1 - This potential component unit has a separate elected board and provides educational services to residents of several local Towns which make up the region. It is excluded from the reporting entity because the Town does not have the ability to exercise influence or control over the daily operations or approve budgets.

Government-Wide 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 non-fiduciary activities of the Town. For the most part, the effect of interfund activity has been removed from these statements. 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.

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The statement of activities demonstrates the degree to which the direct expenses of a 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.

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:

Fund Financial Statements

Governmental Funds are those through which most governmental functions typically are financed. The governmental funds are as follows:

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 earnings on investments.

Capital Project Funds - account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. Capital projects funds exclude those types of capital-related outflows financed by proprietary funds for assets that will be held in trust for individuals, private organizations, or other governments.

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

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 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 proprietary funds are as follows:

Enterprise Fund – is used to account for the operations for the Sewer and Water Commission, which oversees the water and sewer services

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 statements. The fiduciary funds are as follows:

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

Custodial Funds are used to account for monies held 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.

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.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial 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.

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.

Proprietary funds distinguish operating revenues and expenses from non-operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the proprietary 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 nonoperating revenues and expenses.

TOWN OF SALISBURY
NOTES TO FINANCIAL STATEMENTS
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When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

The Town reports the following major governmental funds:

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.

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

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.

ARPA Fund was established to account for intergovernmental grants received and expended under the American rescue plan act.

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.

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

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:

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 and 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 Equivalents

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

Investments for the Town are reported at fair value generally based on quoted market prices.

TOWN OF SALISBURY
NOTES TO FINANCIAL STATEMENTS
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Interfund Receivables, Payables, and 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). Quasi-external transactions are accounted for as revenues, expenditures, or expenses. Transactions that constitute reimbursement to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. All other interfund transactions are reported as transfers.

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, 2022, loans receivable totaled \$567,621 under this program.

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, 2022, no allowance for uncollectible taxes and interest was considered necessary.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental 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 costs 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:

TOWN OF SALISBURY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

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

Compensated Absences

Employees are paid under a prescribed formula for absences due to sickness or vacation. Compensated absences are accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only for amounts expected to be paid with available resources.

Long-Term Obligations

In the government-wide financial statements, and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities type 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, whether of not withheld from the actual debt proceeds received, are reported as debt service expenditures.

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

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period or periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town reports a deferred charge on refunding in the government-wide statement of net position. The Town had no financial statement elements meeting the criteria to be reported as deferred outflows of resources.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period or periods and so will not be recognized as an inflow of resources (revenue) until that time. The Town reports advance property tax collections in the government-wide statement of net position and in the governmental funds balance sheet. Advance property tax collections represent taxes inherently associated with a future period. This amount is recognized during the period in which the revenue is associated. Also, for governmental funds, the Town reports unavailable revenue, which arises only under the modified accrual basis of accounting. The governmental funds report unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources (revenue) in the period in which the amounts become available.

TOWN OF SALISBURY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

Pension Plan Accounting

In the pension trust funds, employee contributions are recognized in the period in which the contributions are due. Employer contributions to the plan are recognized when due pursuant to legal requirements of the plan. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan. In the governmental funds, expenditures are recognized when they are paid or are expected to be paid with current available resources.

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense in the governmental activities financial statements, information about the fiduciary net position of the Town's pension plans and additions to/deductions from fiduciary net position have been determined on the same basis as they are reported in the pension trust funds.

Fund Equity and Net Position

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

Net Investment in Capital Assets - this 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 Net Position - This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

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

In the fund financial statements, fund balances of governmental funds are classified in the following five separate categories:

Nonspendable Fund Balance – includes amounts that are not in spendable form or amounts that must be maintained intact legally or contractually. The criteria include items that are not expected to be converted to cash such as inventories, prepaid amounts and long term receivables.

Restricted Fund Balance – includes amounts that are restricted for specific purposes stipulated by external resource providers or through enabling legislation. Restrictions may effectively be changed or lifted only with the consent of resource providers.

Committed Fund Balance – includes amounts that can only be used for the specific purposes determined by a formal action of the Town's highest level of decision-making authority. Commitments may be changed or lifted only by the same group taking the same formal action that imposed the constraint originally.

Assigned Fund Balance – includes amounts intended to be used by the Town for specific purposes that do not meet the criteria to be classified as restricted or committed.

TOWN OF SALISBURY
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JUNE 30, 2022

Unassigned Fund Balance – includes the general fund balance amount that is not classified as nonspendable, restricted, committed or assigned.

The Town's policy is to apply expenditures against the applicable fund balances in the order of restricted, committed, assigned, and unassigned.

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgets and Budgetary Accounting

A budget for the general fund is authorized annually by the Board of Finance. The procedures for establishing the budgetary data reflected in the general-purpose financial statements are as follows:

- A proposed operating budget is submitted for the fiscal year. The operating budget includes proposed expenditures and the means of financing them.
- Public hearings are conducted in the Town to obtain taxpayer comments.
- The budget is legally enacted through passage of ordinance.
- 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.
- 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.
- 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.

Departments seeking additional appropriations or appropriation transfers between budgetary line items must make a written request to the Board of Finance through the Board of Selectmen. An additional appropriation to a budgetary line item requires approval at a Town meeting if it exceeds \$20,000 or is a second request by the asking board or department. An additional appropriation of \$20,000 or higher is voted by the citizens of the Town.

Appropriations for capital projects do not lapse until completion of the applicable projects. All general fund unexpended appropriations lapse at year end. The Town does not have legally adopted annual budgets for its special revenue funds and grant financed capital project funds because budgetary control is alternatively achieved by constraints imposed by intergovernmental grant agreements, or Connecticut General Statutes.

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. 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:

TOWN OF SALISBURY
NOTES TO FINANCIAL STATEMENTS
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| | Revenues | Expenditures |
|--|---------------|---------------|
| Total Budgetary Basis - Non GAAP | \$ 17,829,819 | \$ 17,262,305 |
| Teachers retirement System On Behalf Payments | 720,824 | 720,824 |
| Teachers retirement System OPEB | 16,963 | 16,963 |
| Interfund Transfers reported on Non-GAAP statements as revenues and expenditures | - | (2,602,902) |
| Total GAAP Basis | \$ 18,567,606 | \$ 15,397,190 |

NOTE 3 – CASH DEPOSITS

The deposit of public funds is controlled by the Connecticut General Statutes (Section 7-402). Connecticut General Statutes require that each depository maintain segregated collateral (not required to be based on a security agreement between the depository and the municipality and, therefore, not perfected in accordance with federal law) in an amount equal to a defined percentage of its public deposits based upon the depository's risk-based capital ratio. The amount of public deposits is determined based on either the public deposits reported on the most recent quarterly call reports, or the average of the public deposits reported on the four most recent quarterly call reports, whichever is greater. The collateral is kept in the custody of the trust department of either the pledging bank or another bank in the name of the pledging bank. All of the Town's deposits were in qualified public institutions as defined by state statute.

As of June 30, 2022, the carrying amount of the Town's cash deposits were as follows:

| | Carrying Amount | Bank Balance |
|--|--------------------|--------------|
| Governmental Funds | \$ 8,764,152 | \$ 9,066,724 |
| Enterprise Funds | 347,231 | 347,231 |
| Fiduciary Funds | 43,512 | 44,213 |
| | 9,154,895 | 9,458,168 |
| Less Certificates of deposit classified as investments | (1,228,105) | (1,228,105) |
| Total Cash and Cash Equivalents | \$ 7,926,790 | \$ 8,230,063 |

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, the Town will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The Town does not have a deposit policy for custodial credit risk. As of June 30, 2022, \$8,105,497 of the Town's bank balance of \$9,458,168 was exposed to custodial credit risk as follows:

| | |
|---|--------------|
| Uninsured and uncollateralized | \$ 987,373 |
| Uninsured and collateralized with securities held by the pledging Bank's trust department or agent but not in the Town's name | 7,118,124 |
| | \$ 8,105,497 |

TOWN OF SALISBURY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

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 at those times were substantially higher than at year-end.

Concentrations of Credit Risk

The Town does not have a policy that limits the amounts invested in any one issuer. At June 30, 2022, the Town had all of its cash deposits in financial institutions located in the State of Connecticut. The Town has not experienced any losses on such accounts.

NOTE 4 – 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. Investments are stated at fair value using quoted market prices and consist of funds deposited in certificates of deposit, permanent funds and pension assets held by the pension administrator. As of June 30, 2022, the Town had the following investments:

| | Fair Market Value | Maturity not Applicable | Less than 1 Year | 1- 5 Years | 5 - 10 Years |
|------------------------------|----------------------|----------------------------|---------------------|---------------------|-----------------|
| Governmental Funds | | | | | |
| Certificates of deposit | \$ 1,228,105 | \$ - | \$ - | \$ 1,228,105 | \$ - |
| US Treasury Bonds and Notes | 331,918 | - | - | 331,918 | - |
| Corporate Bonds and Notes | 725,461 | - | 725,461 | - | - |
| Corporate stock | 3,692,775 | 3,692,775 | - | - | - |
| Mutual Funds | 973,463 | 973,463 | - | - | - |
| | <u>6,951,722</u> | <u>4,666,238</u> | <u>725,461</u> | <u>1,560,023</u> | <u>-</u> |
| Pension fiduciary trust fund | | | | | |
| Held by Administrator | 1,339,542 | 1,339,542 | | | |
| | <u>\$ 8,291,264</u> | <u>\$ 6,005,780</u> | <u>\$ 725,461</u> | <u>\$ 1,560,023</u> | <u>\$ -</u> |

TOWN OF SALISBURY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

| | June 30, 2022 | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
|------------------------------------|---------------------|--|---|--|
| Pension Trust Mutual Funds | \$ 1,339,542 | \$ 1,339,542 | \$ - | \$ - |
| Publicly traded equity investments | 5,723,617 | 5,723,617 | | |
| Certificates of deposit | 1,228,105 | 1,228,105 | | |
| | <u>\$ 8,291,264</u> | <u>\$ 8,291,264</u> | <u>\$ -</u> | <u>\$ -</u> |

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.

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of a counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Town does not have a policy for custodial credit risk.

The pension trust funds may also invest in certain real estate mortgages, in certain savings banks or savings and loan associations, or in stocks or bonds or other securities selected by the trustee, with the care of a prudent investor. The pension fund investments consist primarily of investments in pooled fixed income accounts and equity securities and are therefore not exposed to custodial credit risk as they are not evidenced by securities that exist in physical or book entry form.

Concentrations of Credit Risk

The Town does not have a policy that limits the amounts invested in any one issuer.

Fair Value Measurements

Fair Value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants, as of the measurement date. Authoritative guidance establishes a hierarchy of valuation techniques based upon whether the inputs to those valuation techniques reflect assumptions other market participants would use based upon market data obtained from independent sources (also referred to as observable inputs).

The Town classifies its assets and liabilities measured at fair value into Level 1 (securities valued using quoted prices from active markets for identical assets), Level 2 (securities not traded on an active market for which inputs are observable, either directly or indirectly), and Level 3 (securities valued based on unobservable inputs). Investments are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

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, 2022.

TOWN OF SALISBURY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 5 – RECEIVABLES

Receivables at June 30, 2022 are as follows:

| | <u>General Fund</u> | <u>Non-Major and Other Funds</u> | <u>Proprietary Funds</u> | <u>Total</u> |
|--------------------------|---------------------|--------------------------------------|------------------------------|---------------------|
| Property Taxes | \$ 318,877 | \$ - | \$ - | \$ 318,877 |
| Interest due on taxes | 123,614 | - | - | 123,614 |
| Accounts Receivable | 142,420 | 64,841 | 29,102 | 236,363 |
| Long-term Receivables | 567,621 | - | - | 567,621 |
| Total Receivables | \$ 1,152,532 | \$ 64,841 | \$ 29,102 | \$ 1,246,475 |

NOTE 6 – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

As of June 30, 2022, interfund receivables and payables that resulted from various interfund transactions were as follows:

| | <u>Due From</u> | <u>Due To</u> |
|-------------------------------|-------------------|-------------------|
| General Fund | \$ 696,022 | \$ - |
| Transfer Station Capital Fund | - | 380,991 |
| Other Capital Projects Fund | - | 108,691 |
| Twin Lakes Fund | - | 132,656 |
| Bauer Fund | - | 20,000 |
| School Lunch Fund | - | 45,000 |
| WPCA Proprietary Fund | - | 8,684 |
| Total | \$ 696,022 | \$ 696,022 |

A summary of interfund transfers is presented as follows:

| | <u>Transfers In</u> | <u>Transfers Out</u> |
|-------------------------------|---------------------|----------------------|
| General Fund | \$ 403,797 | 2,602,902 |
| Transfer Station Capital Fund | 72,970 | 523,813 |
| Other Capital Projects Fund | 1,763,723 | 180,281 |
| Small Cities Fund | - | 36,936 |
| Summer Work Program | 15,000 | - |
| Salisbury Fire Commission | 335,600 | - |
| Transfer Station Fund | 342,842 | - |
| Bridge Repair Fund | 210,000 | - |
| Equipment Replacement Fund | 200,000 | - |
| Total | \$ 3,343,932 | \$ 3,343,932 |

TOWN OF SALISBURY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 7 -DEFICIT FUND BALANCES

As of June 30, 2022, the Transfer Station Capital Fund reported a deficit fund balance of \$133,144 which will be satisfied through transfers from the General Fund. The Twin Lakes Fund reported a deficit fund balance of \$132,656 which will be satisfied through transfers from the General Fund and/or grants. The Transfer Station Fund reported a deficit fund balance of \$5,995 which will be satisfied through transfers from the General Fund and/or local revenue.

NOTE 8 - POST EMPLOYMENT AND HEALTHCARE BENEFITS

The Town does not provide post-employment healthcare benefits except those mandated by the Consolidated Omnibus Budget Reconciliation Act (COBRA). The requirements established by COBRA are fully funded by employees who elect coverage under the act, and no direct costs are incurred by the Town.

NOTE 9 – CAPITAL ASSETS

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

| | <u>Beginning Balance</u> | <u>Increases</u> | <u>Decreases</u> | <u>Ending Balance</u> |
|---|------------------------------|-----------------------|------------------|---------------------------|
| <u>Governmental Activities</u> | | | | |
| Capital Assets, not being depreciated | | | | |
| Land | \$ 2,992,466 | \$ - | \$ - | \$ 2,992,466 |
| Construction in Process | - | - | - | - |
| Total Capital Assets, not being depreciated | <u>2,992,466</u> | <u>-</u> | <u>-</u> | <u>2,992,466</u> |
| Capital Assets, being depreciated | | | | |
| Building and Improvements | 27,306,210 | 72,407 | - | 27,378,617 |
| Machinery and Equipment | 3,923,901 | 49,175 | - | 3,973,076 |
| Infrastructure | 10,002,042 | - | - | 10,002,042 |
| Vehicles | 6,057,981 | - | - | 6,057,981 |
| Total Capital Assets being depreciated | <u>47,290,134</u> | <u>121,582</u> | <u>-</u> | <u>47,411,716</u> |
| Less Accumulated Depreciation for: | | | | |
| Building and Improvements | 10,063,419 | 680,386 | - | 10,743,805 |
| Machinery and Equipment | 3,055,565 | 158,488 | - | 3,214,053 |
| Infrastructure | 2,079,919 | 371,952 | - | 2,451,871 |
| Vehicles | 4,106,823 | 284,923 | - | 4,391,746 |
| Total Accumulated Depreciation | <u>\$ 19,305,726</u> | <u>1,495,749</u> | <u>-</u> | <u>20,801,475</u> |
| Total Capital Assets, being depreciated net | <u>27,984,408</u> | <u>(1,374,167)</u> | <u>-</u> | <u>26,610,241</u> |
| Governmental Activities Capital Assets, Net | <u>\$ 30,976,874</u> | <u>\$ (1,374,167)</u> | <u>\$ -</u> | <u>\$ 29,602,707</u> |

TOWN OF SALISBURY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

| | Beginning Balance | Increases | Decreases | Ending Balance |
|--|----------------------|--------------------|-------------|---------------------|
| <u>Business Type Activities</u> | | | | |
| Capital Assets, not being depreciated | | | | |
| Construction in Process | - | - | - | - |
| Total Capital Assets, not being depreciated | - | - | - | - |
| Capital Assets, being depreciated | | | | |
| Building and Improvement | 3,524,430 | - | - | 3,524,430 |
| Machinery and Equipment | 610,969 | 36,940 | - | 647,909 |
| Vehicles | 37,000 | - | - | 37,000 |
| Total Capital Assets being depreciated | 4,172,399 | 36,940 | - | 4,209,339 |
| Less Accumulated Depreciation for: | | | | |
| Building and Improvement | 657,534 | 2,805 | - | 660,339 |
| Machinery and Equipment | 279,628 | 92,218 | - | 371,846 |
| Vehicles | 37,000 | - | - | 37,000 |
| Total Accumulated Depreciation | 974,162 | 95,023 | - | 1,069,185 |
| Total Capital Assets, being depreciated net | 3,198,237 | (58,083) | - | 3,140,154 |
| Business Type Activities Capital Assets, Net | <u>\$ 3,198,237</u> | <u>\$ (58,083)</u> | <u>\$ -</u> | <u>\$ 3,140,154</u> |

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

| | |
|--|---------------------|
| Governmental Activities | |
| General Government | \$ 482,536 |
| Public Safety | 122,302 |
| Public Works | 299,818 |
| Sanitation/Waste Removal | 189,023 |
| Recreation | 35,530 |
| Education | 366,540 |
| Total Depreciation Expense - Governmental Activities | <u>\$ 1,495,749</u> |
| Business-Type Activities: | |
| Sewer and Water Commission | <u>\$ 95,023</u> |

TOWN OF SALISBURY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 10 - RISK MANAGEMENT AND UNCERTAINTIES

The Town is exposed to various risks of loss involving torts, theft of, damage to, and destruction of assets, errors and omissions, injuries of employees, natural disaster and public official liabilities. The Town generally obtains commercial insurance for these risks and any claims have not exceeded commercial coverage.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the Town's financial condition, liquidity and future results of operations. The Town has not included any contingencies in the financial statements specific to this issue.

NOTE 11 - GENERAL LONG-TERM DEBT

The following is a summary of changes in general obligation debt during the fiscal year:

| | <u>Beginning</u> <u>Balance</u> | <u>Additions</u> | <u>Reductions</u> | <u>Ending</u> <u>Balance</u> | <u>Current</u> <u>Portion</u> |
|------------------------------------|------------------------------------|---------------------|---------------------|---------------------------------|----------------------------------|
| <u>General Government</u> | | | | | |
| General obligation bonds | 1,567,000 | - | 39,175 | 1,527,825 | 39,175 |
| General obligation bonds | 1,440,000 | - | 180,000 | 1,260,000 | 180,000 |
| General obligation bonds | - | 3,540,000 | - | 3,540,000 | 177,000 |
| Note payable vehicle | 77,391 | - | 22,361 | 55,030 | 22,326 |
| Note payable equipment | 190,053 | - | 34,500 | 155,553 | 32,417 |
| Notes payable equipment | 356,600 | - | 356,600 | - | - |
| Bond anticipation notes | 3,695,000 | - | 3,695,000 | - | - |
| Bond anticipation notes | 907,789 | - | 907,789 | - | - |
| Total General Government | <u>8,233,833</u> | <u>3,540,000</u> | <u>5,235,425</u> | <u>6,538,408</u> | <u>450,918</u> |
| <u>Businesses Type Activities</u> | | | | | |
| Sewer Fund bond anticipation notes | 3,000,000 | - | 3,000,000 | - | - |
| Sewer Fund general obligation bond | - | 2,521,300 | - | 2,521,300 | 63,033 |
| Sewer Fund general obligation bond | - | 300,000 | - | 300,000 | 37,500 |
| Total Business Type Activates | <u>3,000,000</u> | <u>2,821,300</u> | <u>3,000,000</u> | <u>2,821,300</u> | <u>100,533</u> |
| Total Bonds and Notes Payable | 11,233,833 | 6,361,300 | 8,235,425 | 9,359,708 | 551,451 |
| Net pension liability | 244,217 | - | 116,099 | 128,118 | - |
| Total Long-term Debt | <u>\$ 11,478,050</u> | <u>\$ 6,361,300</u> | <u>\$ 8,351,524</u> | <u>\$ 9,487,826</u> | <u>\$ 551,451</u> |

TOWN OF SALISBURY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

Bonds and Debt Payable at June 30, 2022 are comprised of the following obligations:

| | Balance <u>6/30/2022</u> |
|--|-----------------------------|
| May 7, 2021, \$1,567,000 general obligation bonds. The bonds mature serially through May 7, 2061, and bear interest at an annual rate of 1.375%. | \$ 1,527,825 |
| May 15, 2017, \$2,170,000 general obligation bonds. The bonds mature serially through May 15, 2029, and bear interest at an annual rate of 2.250%. | 1,260,000 |
| November 12, 2021 3,540,000 general obligation bonds. The bonds mature serially through July 10, 2041, and bear interest at an annual rate of 1.31% | 3,540,000 |
| Note payable at 2.765%, final payment due November 10, 2024, secured by vehicle. | 55,030 |
| Note payable at 1.50%, final payment due March 10, 2027, secured by equipment. | 155,553 |
| October 8, 2021 \$2,521,300 general obligation bonds, Enterprise Fund. The bonds mature serially through October 8, 2061, and bear interest at an annual rate of 1.250%. | 2,521,300 |
| November 12, 2021 \$300,000 general obligation bonds, Enterprise Fund. The bonds mature serially through July 10, 2029, and bear interest at an annual rate of 1.14%. | <u>300,000</u> |
| Total Bonds and Notes Payable | <u><u>\$ 9,359,708</u></u> |

TOWN OF SALISBURY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

The following is a summary of debt service requirements to maturity by year:

| Year Ending June 30 | Principal | Interest | Total |
|------------------------|---------------------|---------------------|----------------------|
| 2023 | \$ 551,451 | \$ 133,040 | \$ 684,491 |
| 2024 | 552,567 | 123,746 | 676,313 |
| 2025 | 539,864 | 114,241 | 654,105 |
| 2026 | 530,616 | 105,546 | 636,162 |
| 2027 | 519,645 | 97,075 | 616,720 |
| 2028-2032 | 1,793,540 | 372,426 | 2,165,966 |
| 2033-2037 | 1,433,540 | 270,616 | 1,704,156 |
| 2038-2042 | 1,433,540 | 179,062 | 1,612,602 |
| 2043-2047 | 511,040 | 116,698 | 627,738 |
| 2048-2052 | 511,040 | 83,537 | 594,577 |
| 2053-2057 | 511,040 | 50,035 | 561,075 |
| 2058-2061 | 471,825 | 18,532 | 490,357 |
| | <u>\$ 9,359,708</u> | <u>\$ 1,664,554</u> | <u>\$ 11,024,262</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, 2022.

NOTE 12 – COMMITMENTS AND 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. The Town has received State grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursement to the grantor agency for any expenditures disallowed under terms of the grant. Based on prior experience, Town management believes such disallowances, if any, will not be material.

The Town has agreed to guarantee a loan at a local bank in the name of Salisbury Winter Sports Association, a local nonprofit organization in the amount of \$140,000.

TOWN OF SALISBURY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 13 – FUND BALANCES

As of June 30, 2022, governmental fund balances are composed of the following:

| | General Fund | Transfer Station Capital Fund | Other Capital Projects Fund | Bauer Fund | Bissell Fund | Non Major 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 | - | - | 1,221,050 | - | - | - | 1,221,050 |
| General governments | 26,592 | - | - | - | - | - | 26,592 |
| Public works | - | - | - | - | - | 562,402 | 562,402 |
| Public safety | - | - | - | - | - | 635,728 | 635,728 |
| Sanitation/waste removal | - | (133,144) | - | - | - | (5,995) | (139,139) |
| Health and welfare | - | - | - | 798,011 | 1,329,778 | 334,598 | 2,462,387 |
| Recreation | 30,897 | - | - | - | - | - | 30,897 |
| | 57,489 | (133,144) | 1,221,050 | 798,011 | 1,329,778 | 1,526,733 | 4,799,917 |
| <u>Committed</u> | | | | | | | |
| Capital projects | - | - | - | - | - | - | - |
| Public works | 869,021 | - | - | - | - | 33,799 | 902,820 |
| Public safety | 47,782 | - | - | - | - | - | 47,782 |
| Sanitation/waste removal | 24,593 | - | - | - | - | - | 24,593 |
| Health and welfare | 123,594 | - | - | - | - | 70,475 | 194,069 |
| | 1,064,990 | - | - | - | - | 104,274 | 1,169,264 |
| <u>Assigned</u> | | | | | | | |
| Subsequent year's budget | 259,508 | - | - | - | - | - | 259,508 |
| HS tuition | 149,254 | - | - | - | - | - | 149,254 |
| Unemployment | 27,716 | - | - | - | - | - | 27,716 |
| General governments | 114,460 | - | - | - | - | - | 114,460 |
| Public works | 75,000 | - | - | - | - | - | 75,000 |
| Health and welfare | 18,061 | - | - | - | - | - | 18,061 |
| Recreation | 25,000 | - | - | - | - | - | 25,000 |
| Education | - | - | - | - | - | 120,981 | 120,981 |
| | 668,999 | - | - | - | - | 120,981 | 789,980 |
| <u>Unassigned</u> | | | | | | | |
| | 3,894,911 | - | - | - | - | - | 3,894,911 |
| Total governmental funds | \$ 5,686,389 | \$ (133,144) | \$ 1,221,050 | \$ 2,151,129 | \$ 2,742,870 | \$ 2,264,363 | \$ 13,932,657 |

TOWN OF SALISBURY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 14- PENSION PLANS

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, 2022, actual contributions by the Town were \$228,810. As of June 30, 2022, 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.

TOWN 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.

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 age 60 with 30 years of credited service, or age 65.

TOWN OF SALISBURY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

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 two years. As of the latest available actuarial valuation date of January 1, 2021, membership consisted of the following:

| | |
|---|---|
| Terminated employees with vested benefits | 1 |
| Current employees vested with non-frozen benefits | 3 |
| Current employees vested with frozen benefits | 0 |

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, 2022, the annual money-weighted rate of return on plan investments, net of plan investment expenses, was 3.45%. 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.

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>Target Allocation</u> | <u>Long-term Expected Rate of Return</u> |
|--------------------|--------------------------|--|
| Insurance Contract | 100.00% | 3.00% |

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 the Town’s contributions will be made at rates equal to the actuarially determined contribution. Based on those assumptions, the pension plans fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

TOWN OF SALISBURY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

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

The following presents the net pension liability of the Town, calculated using the discount rate of 3.0 percent, as well as what the Town’s net pension liability would be if 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.

| | 1% Decrease 2.00% | Current Discount Rate 3.00% | 1% Increase 4.00% |
|-----------------------|----------------------|--------------------------------|----------------------|
| Net pension liability | \$ 262,941 | \$ 128,118 | \$ 11,187 |

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 \$124,583 for the year ended June 30, 2022, related to covered payroll of \$196,883.

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

The net pension liability was measured as of December 31, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2021. The changes in the Net Pension Liability for the year ended June 30, 2022, were:

TOWN OF SALISBURY
NOTES TO FINANCIAL STATEMENTS
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| | Increase (Decrease) | | |
|--|-----------------------------------|---------------------------------------|---------------------------------------|
| | Total Pension Liability (a) | Plan Fiduciary Net Position (b) | Net Pension Liability (a) - (b) |
| | Balance at June 30, 2021 | \$ 1,589,265 | \$ 1,344,988 |
| Charges for the year | | | |
| Service cost | - | - | - |
| Interest | 45,866 | - | 45,866 |
| Differences between expected and actual experience | (5,832) | - | (5,832) |
| Employer contributions | - | 124,583 | (124,583) |
| Employee contributions | - | - | - |
| Net investment income | - | 31,550 | (31,550) |
| Benefit payments | (178,399) | (178,399) | - |
| Net changes | (138,365) | (22,266) | (116,099) |
| Balance at June 30, 2022 | \$ 1,450,900 | \$ 1,322,722 | \$ 128,118 |
| Plan fiduciary net position as a percentage of the total pension liability | | | 91.17% |
| Covered-employee payroll | | | \$ 196,883 |
| Net pension liability as a percentage of covered-employee payroll | | | 65.07% |

At June 30, 2022, the Town reported deferred outflows of resources in its government-wide Statement of Net Position from the following sources:

| | |
|--|------------|
| Differences between expected and actual experience | \$ - |
| Change in assumptions | 101,324 |
| Net difference between projected and actual earnings on plan investments | - |
| | \$ 101,324 |

Mortality rates were based on the 1994 Group Annuity Reserve Table for both males and females. There were no changes in assumptions that affected the measurement of the total pension liability since the prior measurement date.

CONNECTICUT STATE TEACHERS' RETIREMENT SYSTEM

Plan Description

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

TOWN OF SALISBURY
NOTES TO FINANCIAL STATEMENTS
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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.

Benefit Provisions

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.

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.

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

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 nonservice related disability. 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.

Contributions

Per Connecticut General Statutes Section 10-183z (which reflects Public Act 79-436 as amended), contribution requirements of active employees and the State are amended and certified by the TRB and appropriated by the General Assembly.

TOWN OF SALISBURY
NOTES TO FINANCIAL STATEMENTS
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Employer

School district employers are not required to make contributions to the Plan, as contributions are required only from employees and the State. The statutes require the state of Connecticut to contribute 100% of each school districts' required contributions, which are actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of the benefits earned by employees during the year, with any additional amount to finance any unfunded accrued liability.

Employees

Effective July 1, 1992, each teacher was required to contribute 6% of pensionable salary for the pension benefit. Effective January 1, 2018, the required contribution increased to 7% of pensionable salary.

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

At June 30, 2022, the Town reports no amounts for its proportionate share of the net pension liability, and related deferred outflows and inflows, due to the statutory requirement that the state pay 100% of the required contribution. The amount recognized by the Town as its proportionate share of the net pension liability, the related state support and the total portion of the net pension liability that was associated with the Town were as follows:

| | | |
|---|-----------|------------------|
| Town's proportional share of the net pension liability | \$ | - |
| State's proportionate share of the net pension liability associated with the Town | | 8,608,573 |
| Total | <u>\$</u> | <u>8,608,573</u> |

The net pension liability was measured as of June 30, 2021. At June 30, 2022, the Town has no proportionate share of the net pension liability.

For the year ended June 30, 2022, the Town recognized benefits expense and contribution revenue of \$720,824 in the governmental funds for on-behalf amounts for the benefits provided by the State. In the government-wide financial statements, the Town recognized \$555,703 for pension expense and revenue for on-behalf amounts for the benefits provided by the State.

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2021, with a reporting date of June 30, 2022, using the following key actuarial assumptions, applied to all periods included in the measurement:

| | |
|---|-------------------|
| Inflation | 2.5 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.

TOWN OF SALISBURY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

Assumption changes since the prior year are as follows:

There were no changes in assumptions that affected the measurement of the TPL since the prior measurement date.

Benefit changes since the prior year are as follows:

There were no changes in benefit provisions that affected the measurement of the TPL since the prior measurement date.

Future cost-of-living increases for teachers who retired prior to September 1, 1992, are made in accordance with increases in the Consumer Price Index, with a minimum of 3% and a maximum of 5% per annum. For teachers who were members of the Teachers' Retirement System before July 1, 2007, and retire on or after September 1, 1992, pension benefit adjustments are made that are consistent with those provided for Social Security benefits on January 1 of the year granted, with a maximum of 6% per annum. If the return on assets in the previous year was less than 8.5%, the maximum increase is 1.5%. For teachers who were members of TRS after July 1, 2007, pension benefit adjustments are made that are consistent with those provided for Social Security benefits on January 1 of the year granted, with a maximum of 5% per annum. If the return on assets in the previous year was less than 11.5%, the maximum increase is 3%, and if the return on the assets in the previous year was less than 8.5%, the maximum increase is 1.0%.

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 current capital market assumptions and the target asset allocation as provided by the State of Connecticut's Treasurer's Office are summarized in the following table:

| Asset Class | Target Allocation | Long-Term Expected Real Rate of Return |
|---|----------------------|--|
| 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% |

TOWN OF SALISBURY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

Discount Rate

The discount rate used to measure the total pension liability was 6.90%. 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 contribution rates in the 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 Net Pension Liability to Changes in the Discount Rate

The Town's proportionate share of the net pension liability is \$0, therefore, the change in the discount rate would only impact the amount recorded by the State of Connecticut.

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued financial statements available at www.ct.gov.

Other Information

Additional information is included in the required supplementary information section of the financial statements. A schedule of contributions is not presented as the Town has no obligation to contribute to the plan.

NOTE 15 – OTHER POST-EMPLOYMENT BENEFITS (OPEB)

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

Plan Description

Teachers, principals, superintendents or supervisors engaged in service of public schools are provided with benefits, including retiree health insurance, through the TRS. Chapter 167a of the State Statutes grants authority to establish and amend the benefit terms to the TRB. TRS issues a publicly available financial report that can be obtained at www.ct.gov.

Chapter 167a of the State Statutes grants authority to establish and amend the benefit terms to the TRB. TRS-RHIP issues a publicly available financial report that can be obtained at www.ct.gov/trb.

Benefit Provisions

The Plan covers retired teachers and administrators of public schools in the State who are receiving benefits from the Plan. The Plan provides healthcare insurance benefits to eligible retirees and their spouses. Any member that is currently receiving a retirement or disability benefit through the Plan is eligible to participate in the healthcare portion of the Plan. Subsidized Local School District Coverage provides a subsidy paid to members still receiving coverage through their former employer and the TRB Sponsored Medicare Supplemental Plans provide coverage for those participating in Medicare, but not receiving Subsidized Local School District Coverage.

TOWN OF SALISBURY
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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 for a retired member, spouse or the surviving spouse of a member who has attained the normal retirement age to participate in Medicare, 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 Plan sponsored by the TRS. 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.

If a member participating in Medicare Parts A & B so elects, they may enroll in one of the CTRB Sponsored Medicare Supplemental Plans. Active members, retirees, and the State pay equally toward the cost of the basic coverage (medical and prescription drug 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.

Contributions

State of Connecticut

Per Connecticut General Statutes Section 10-183z (which reflects Public Act 79-436 as amended), contribution requirements of active employees and the State of Connecticut are amended and certified by the TRB and appropriated by the General Assembly. The State pays for one third of plan costs through an annual appropriation in the General Fund.

Employer (School Districts)

For the year ended June 30, 2022, the amount of “on-behalf” contributions made by the state was \$16,963 and is recognized in the General Fund as intergovernmental revenues and education expenditures. In the government-wide financial statements, the Town recognized a reduction of \$(34,633) for OPEB expense and revenue for on-behalf amounts for the benefits provided by the State.

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

At June 30, 2022, the Town reports no amounts for its proportionate share of the net OPEB liability, and related deferred outflows and inflows, due to the statutory requirement that the state pay 100% of the required contribution. The amount recognized by the Town as its proportionate share of the net OPEB liability, the related State support and the total portion of the net OPEB liability that was associated with the Town was as follows:

| | | |
|--|-----------|----------------|
| Town’s proportional share of the net OPEB liability | \$ | - |
| State’s proportionate share of the net OPEB liability associated with the Town | | 937,888 |
| Total | <u>\$</u> | <u>937,888</u> |

TOWN OF SALISBURY
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JUNE 30, 2022

The net OPEB liability was measured as of June 30, 2021. At June 30, 2022, the Town has no proportionate share of the net OPEB liability.

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of June 30, 2020 using the following actuarial assumptions and other inputs, applied to all periods included in the measurement:

| | |
|-------------------------------------|--|
| Inflation | 2.75% |
| Real Wage Growth | 0.50% |
| Wage Inflation | 3.00% |
| Salary increases | 3.00% to 6.50% |
| Long-term investment rate of return | 3.00%, net of OPEB plan investment expense, including inflation |
| Municipal bond index rate: | |
| Measurement date | 2.16% |
| Prior Measurement date | 2.21% |
| Single equivalent interest rate | |
| Measurement date | 2.17%, net of OPEB plan investment expense, including price inflation |
| Prior Measurement date | 2.21 %, net of OPEB plan investment expense, including price inflation |
| Healthcare cost trends rates | |
| Medicare | 5.125% for 2020 decreasing to an ultimate Rate of 4.50% by 2023 |

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 long-term expected rate of return on Plan assets is reviewed as part of the GASB 75 valuation process. Several factors are considered in the evaluation of the long-term rate of return assumption, including the Plan's current asset allocations and a log-normal distribution analysis using the best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) for each major asset class.

The long-term expected rate of return was determined by weighing the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The assumption is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

The target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

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| Asset Class | Target Allocation | Expected 10- Year Geometric Real Rate of Return | Standard Deviation |
|---|-------------------|--|-----------------------|
| U.S. Treasuries (Cash Equivalents) | 100.00% | 0.42% | 1.78% |
| Price Inflation | | 2.50% | |
| Expected rate of return (Rounded nearest 0.25%) | | 2.00% | |

Assumption changes since the prior year are as follows:

- Discount rate changed from 2.21% to 2.17%
- Expected annual per capita claims costs were updated to better reflect anticipated Medicare and prescription drug claim experience based on scheduled premium increases through calendar year 2024.

Benefit changes since the prior year are as follows:

There were no changes in benefit provisions that affected the measurement of the TPL since the prior measurement date.

Discount Rate

The discount rate used to measure the total OPEB liability was 2.17%. The projection of cash flows used to determine the discount rate was performed in accordance with GASB 75. The projection was based on an actuarial valuation performed as of June 30, 2020.

In addition to the actuarial methods and assumptions of the June 30, 2020, actuarial valuation, the following actuarial methods and assumptions were used in the projection of cash flows:

- Total payroll for the initial projection year consists of the payroll of the active membership present on the valuation date. In subsequent projection years, total payroll was assumed to increase annual at a rate of 3.00%.
- Employee contributions were assumed to be made at the current member contribution rate. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- Annual State contributions were assumed to be equal to the most recent five-year average of state contributions toward the fund.

Based on those assumptions, the Plan's fiduciary net position was projected to be depleted in 2023 and, as a result, the Municipal Bond Index Rate was used in the determination of the single equivalent rate.

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.

TOWN OF SALISBURY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

OPEB Fiduciary Net Position

Detailed information about the Connecticut State Teachers OPEB Plan fiduciary net position is available in the separately issued State of Connecticut Comprehensive Annual Financial Report at www.ct.gov.

Other Information

Additional information is included in the required supplementary information section of the financial statements. A schedule of contributions is not presented as the Town has no obligation to contribute to the plan.

NOTE 16 – PRONOUNCEMENTS ISSUED, NOT YET EFFECTIVE

The Governmental Accounting Standards Board (GASB) has issued several pronouncements that have effective dates that may impact future presentations. Management has not currently determined what, if any, impact implementation of the following statements may have on the financial statements:

- GASB Statement No. 91 – Conduit Debt Obligations. The primary objectives of this statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The requirements of this statement are effective for the Town’s reporting period beginning July 1, 2022.
- GASB Statement No. 94 – Public-Private and Public-Public Partnerships and Availability Payment Arrangements. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). The requirements of this statement are effective for the Town’s reporting period beginning July 1, 2022.
- GASB Statement No. 96 – Subscription-Based Information Technology Arrangements. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended. The requirements of this statement are effective for the Town’s reporting period beginning July 1, 2022.
- GASB Statement No. 99, Omnibus 2022. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. This statement addresses a variety of topics with certain of the requirements of this statement effective July 1, 2022, and other requirements effective for the Town’s reporting periods beginning July 1, 2023.

TOWN OF SALISBURY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

- GASB Statement No. 100, *Accounting Changes and Error Corrections*—an amendment of GASB Statement No. 62. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The requirements of this statement are effective for the Town’s reporting period beginning July 1, 2023.

- GASB Statement No. 101, *Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this statement are effective for the Town’s reporting period beginning July 1, 2024.

TOWN OF SALISBURY, CONNECTICUT
SCHEDULE OF CHANGES IN NET PENSION LIABILITY
AND RELATED RATIOS

| | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|--|------------|------------|------------|------------|-----------|------------|------------|------------|------------|
| <u>Total pension liability</u> | | | | | | | | | |
| Service cost | \$ - | \$ - | \$ - | \$ 3,295 | \$ 3,120 | \$ 3,010 | \$ 2,867 | \$ 8,396 | \$ 8,107 |
| Interest | 45,866 | 49,590 | 49,882 | 80,512 | 81,205 | 78,563 | 76,220 | 72,331 | 67,686 |
| Changes of assumptions | - | - | - | 506,636 | - | - | - | - | - |
| Differences between expected and actual experience | (5,832) | (2,920) | 6,842 | (41,467) | (46,448) | (47,989) | (23,342) | (9,865) | - |
| Benefit payments, including refunds | (178,399) | (170,075) | - | (57,032) | - | - | - | - | (25,768) |
| <u>Net change in total pension liability</u> | (138,365) | (123,405) | 56,724 | 491,944 | 37,877 | 33,584 | 55,745 | 70,862 | 50,025 |
| <u>Total pension liability - beginning</u> | 1,589,205 | 1,712,610 | 1,655,886 | 1,163,942 | 1,126,065 | 1,092,481 | 1,036,736 | 965,874 | 915,849 |
| <u>Total pension liability - ending</u> | 1,450,840 | 1,589,205 | 1,712,610 | 1,655,886 | 1,163,942 | 1,126,065 | 1,092,481 | 1,036,736 | 965,874 |
| <u>Plan fiduciary net position</u> | | | | | | | | | |
| Employer contributions | 124,583 | 123,668 | 123,689 | 164,558 | 26,639 | 44,278 | 62,983 | 76,052 | 82,216 |
| Investment income | 31,550 | 31,514 | 33,228 | 23,610 | 27,294 | 34,262 | 33,092 | 27,590 | 24,669 |
| Benefit payees | (178,399) | (170,075) | - | (57,032) | - | - | - | - | (25,768) |
| Administrative and other | - | - | - | - | - | - | - | - | - |
| <u>Net Change in plan fiduciary net position</u> | (22,266) | (14,893) | 156,917 | 131,136 | 53,933 | 78,540 | 96,075 | 103,642 | 81,117 |
| <u>Plan fiduciary net position - beginning</u> | 1,344,988 | 1,359,881 | 1,202,964 | 1,071,828 | 1,017,895 | 939,355 | 843,280 | 739,638 | 658,521 |
| <u>Plan fiduciary net position - ending</u> | 1,322,722 | 1,344,988 | 1,359,881 | 1,202,964 | 1,071,828 | 1,017,895 | 939,355 | 843,280 | 739,638 |
| <u>Net pension liability (asset) - Ending</u> | \$ 128,118 | \$ 244,217 | \$ 352,729 | \$ 452,922 | \$ 92,114 | \$ 108,170 | \$ 153,126 | \$ 193,456 | \$ 226,236 |
| <u>Plan fiduciary net position as a percentage of the total pension liability</u> | 91.17% | 84.63% | 79.40% | 72.65% | 92.09% | 90.39% | 85.98% | 81.34% | 76.58% |
| <u>Covered-employee payroll</u> | 196,883 | 193,089 | 187,104 | 178,763 | 170,676 | 170,764 | 161,287 | 156,328 | 152,515 |
| <u>Net pension liability as a percentage of covered employee payroll</u> | 65.07% | 126.48% | 188.52% | 253.36% | 53.97% | 63.34% | 94.94% | 123.75% | 148.34% |

Notes to Schedule

Information presented - This schedule is required to present information for ten years. Additional years information will be displayed as it becomes available

TOWN OF SALISBURY, CONNECTICUT
SCHEDULE OF CONTRIBUTIONS TO THE DEFINED BENEFIT PENSION PLAN
LAST TEN FISCAL YEARS

| | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|--|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| <u>Actuarially determined contribution</u> | \$ 124,583 | \$ 123,668 | \$ 123,689 | \$ 123,490 | \$ 41,068 | \$ 26,639 | \$ 44,278 | \$ 62,983 | \$ 76,052 |
| <u>Contributions in relation to the actuarially determined contribution</u> | 124,583 | 123,668 | 123,689 | 123,490 | 41,068 | 26,639 | 44,278 | 62,983 | 76,052 |
| <u>Contribution deficiency (excess)</u> | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| <u>Covered-employee payroll</u> | \$ 196,883 | \$ 193,089 | \$ 187,104 | \$ 178,763 | \$ 170,676 | \$ 170,764 | \$ 161,287 | \$ 156,328 | \$ 152,515 |
| <u>Contributions as a percentage of covered-employee payroll</u> | 63.28% | 64.05% | 66.11% | 69.08% | 24.06% | 15.60% | 27.45% | 40.29% | 49.87% |

Notes to Schedule

Most recent valuation date
Actuarially determined contribution rates are calculated as of January 1, the beginning of the fiscal year in which contributions are reported.

January 1, 2021

Methods and assumptions used to determine the contribution rates:

| | |
|-------------------------------|--|
| Actuarial cost method | Entry age normal |
| Amortization method | Level % of payroll, closed |
| Remaining amortization period | 2 Years |
| Asset valuation method | Fair Market Value |
| Inflation | 0.00% |
| Salary increases | 0.00% |
| Investment rate of return | 3.00% |
| Retirement age | Normal retirement age |
| Mortality rates | Based on 1994 Group Annuity Reserve Table for both males and females |

TOWN OF SALISBURY
Connecticut State Teachers Retirement System
Required Supplementary Information
Schedule of the Town's Proportionate Share of the Net Pension Liability

| | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|-----------|
| Town's proportion of the net pension liability | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| Towns proportionate share of the net pension liability | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| State's proportionate share of the net pension liability associated with the town | 8,608,573 | 7,301,729 | 7,054,214 | 5,439,209 | 5,962,940 | 6,290,948 | 4,635,777 | 4,284,847 |
| Total | \$ 8,608,573 | \$ 7,301,729 | \$ 7,054,214 | \$ 5,439,209 | \$ 5,962,940 | \$ 6,290,948 | \$ 4,635,777 | |
| Town's covered-employee payroll | \$ 1,763,487 | \$ 1,719,611 | \$ 1,813,744 | \$ 1,739,583 | \$ 1,788,628 | \$ 1,797,405 | \$ 1,723,151 | |
| Town's proportionate share of the net pension liability as a percentage of covered-employee payroll | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| Plan fiduciary net position as a percentage of the total pension liability | 60.77% | 49.24% | 52.00% | 57.69% | 55.93% | 52.26% | 59.50% | 61.51% |

Notes to Schedule

| | |
|---------------------------------------|---|
| Changes in benefit terms | Beginning July 1, 2019, annual interest credited on mandatory contributions set at 4% |
| Changes of assumptions | 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. |
| Actuarial cost method | Entry Age Normal |
| Amortization method | Level percent of pay, closed |
| Single Equivalent amortization period | 30 Years |
| Asset valuation method | 4-year smoothed market |
| Inflation | 2.50% |
| Salary increases | 3.00% - 6.50%, average, including inflation |
| Investment rate of return | 6.9%, net of pension plan investment expense |

Note: This schedule is intended to show information for ten years. Additional years information will be displayed as it becomes available

TOWN OF SALISBURY
Connecticut State Teachers Retirement System
Required Supplementary Information
Schedule of the Town's Proportionate Share of the Net OPEB Liability

| | 2022 | 2021 | 2020 | 2019 | 2018 |
|--|--------------|--------------|--------------|--------------|--------------|
| Town's proportion of the net OPEB liability | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| Towns proportionate share of the net OPEB liability | \$ - | \$ - | \$ - | \$ - | \$ - |
| State's proportionate share of the net OPEB liability associated with the town | 937,888 | 1,089,053 | 1,100,214 | 1,087,329 | 1,534,781 |
| Total | \$ 937,888 | \$ 1,089,053 | \$ 1,100,214 | \$ 1,087,329 | \$ 1,534,781 |
| Town's covered-employee payroll | \$ 1,763,487 | \$ 1,719,611 | \$ 1,813,744 | \$ 1,739,583 | \$ 1,788,628 |
| Town's proportionate share of the net OPEB liability as a percentage of covered-employee payroll | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| Plan fiduciary net position as a percentage of the total OPEB liability | 6.11% | 2.50% | 2.08% | 1.49% | 1.79% |

Notes to Schedule

| | |
|-------------------------------|---|
| Changes in benefit terms | Effective January 1, 2019, the board elected a new prescription drug plan which is expected to reduce overall costs. |
| Changes of assumptions | Expected annual per capita claims costs were updated to better reflect anticipated medical and prescription drug claim experience |
| | Long-term health care cost trend rates were updated |
| | The percentages of participating retirees who are expected to enroll in the Medicare Supplement Plan and the Medicare Advantage Plan options were updated based on observed plan experience. Additionally, participants are no longer assumed to migrate from the Medicare Supplement Plan to the Medicare Advantage Plan after selecting an option |
| | 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. |
| Actuarial cost method | Entry Age |
| Amortization method | Level percent of payroll |
| Remaining amortization period | 30 years open |
| Asset valuation method | Market value of assets |
| Investment rate of return | 3.00%, net of pension plan investment expense |
| Inflation | 2.50% |

Note: This schedule is intended to show information for ten years. Additional years information will be displayed as it becomes available

TOWN OF SALISBURY
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL BUDGETARY BASIS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2022

| | Budgeted Amounts | | | Actual | Variance With Final Budget Over (Under) |
|--|----------------------|-------------|----------------------|----------------------|---|
| | Original | Transfers | Final | | |
| <u>Property Taxes, Interest and Fees</u> | <u>\$ 15,638,396</u> | <u>\$ -</u> | <u>15,638,396</u> | <u>\$ 15,852,229</u> | <u>\$ 213,833</u> |
| <u>Intergovernmental</u> | | | | | |
| Education cost sharing (ECS) | 25,502 | - | 25,502 | 25,502 | - |
| Town aid road | 294,608 | - | 294,608 | 295,305 | 697 |
| Pilot - state/fed property | 5,217 | - | 5,217 | 10,934 | 5,717 |
| Miscellaneous grants | 83 | - | 83 | 21,363 | 21,280 |
| Tax Relief - veterans & disabled | - | - | - | 1,444 | 1,444 |
| USDA Grant transfer station | - | - | - | 72,397 | 72,397 |
| Misc Education grants | - | - | - | 82,002 | 82,002 |
| <u>Total Intergovernmental</u> | <u>325,410</u> | <u>-</u> | <u>325,410</u> | <u>508,947</u> | <u>183,537</u> |
| <u>Investment Income</u> | <u>25,000</u> | <u>-</u> | <u>25,000</u> | <u>29,750</u> | <u>4,750</u> |
| <u>Donations</u> | <u>153,250</u> | <u>-</u> | <u>153,250</u> | <u>173,500</u> | <u>20,250</u> |
| <u>Other Revenues</u> | | | | | |
| Telephone access | 15,000 | - | 15,000 | 19,095 | 4,095 |
| Conveyance taxes | 140,000 | - | 140,000 | 255,086 | 115,086 |
| Town Clerk fees | 35,000 | - | 35,000 | 35,247 | 247 |
| License and permit fees | 300 | - | 300 | 465 | 165 |
| Vitals | 9,500 | - | 9,500 | 10,576 | 1,076 |
| Copies | 10,000 | - | 10,000 | 8,818 | (1,182) |
| Document preservation | 2,500 | - | 2,500 | 2,585 | 85 |
| Construction permit fees | 220,000 | - | 220,000 | 614,841 | 394,841 |
| Zoning Fees | 5,200 | - | 5,200 | 20,578 | 15,378 |
| Stickers - resident | 90,000 | - | 90,000 | 111,940 | 21,940 |
| Building rental | 6,000 | - | 6,000 | 4,037 | (1,963) |
| Recreation program | 45,000 | - | 45,000 | 70,725 | 25,725 |
| 194 Main Street rent | 33,000 | - | 33,000 | 33,000 | - |
| Miscellaneous fees | 10,694 | - | 10,694 | 18,159 | 7,465 |
| Cell tower rent | 46,500 | - | 46,500 | 48,841 | 2,341 |
| 414 Millerton Rd fitting | 11,400 | - | 11,400 | 11,400 | - |
| <u>Total Other Revenues</u> | <u>680,094</u> | <u>-</u> | <u>680,094</u> | <u>1,265,393</u> | <u>585,299</u> |
| <u>Total Revenues</u> | <u>\$ 16,822,150</u> | <u>\$ -</u> | <u>\$ 16,822,150</u> | <u>\$ 17,829,819</u> | <u>\$ 1,007,669</u> |

TOWN OF SALISBURY
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES -
BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2022

| | Budgeted Amounts | | | Actual | Variance |
|---------------------------------|------------------|-----------|------------------|------------------|----------------------------|
| | Original | Transfers | Final | | Favorable (Unfavorable) |
| <u>General Government</u> | | | | | |
| Selectmen | \$ 108,905 | \$ - | \$ 108,905 | \$ 108,384 | \$ 521 |
| Selectmen secretary | 62,093 | - | 62,093 | 60,955 | 1,138 |
| Probate court | 9,450 | - | 9,450 | 9,426 | 24 |
| Registrar of voters | 41,200 | - | 41,200 | 19,979 | 21,221 |
| Board of finance | 15,500 | - | 15,500 | 12,985 | 2,515 |
| Auditors | 20,000 | - | 20,000 | 18,750 | 1,250 |
| Assessor | 119,465 | - | 119,465 | 95,040 | 24,425 |
| Board of tax review | 250 | - | 250 | - | 250 |
| Tax collector | 100,360 | - | 100,360 | 100,844 | (484) |
| Tax refunds | 5,000 | - | 5,000 | 13,287 | (8,287) |
| Accounting | 99,545 | - | 99,545 | 95,532 | 4,013 |
| Legal fees | 61,000 | - | 61,000 | 101,379 | (40,379) |
| Town clerk | 141,979 | - | 141,979 | 131,841 | 10,138 |
| Land use | 128,000 | - | 128,000 | 128,612 | (612) |
| Zoning board of appeals | 4,000 | - | 4,000 | 2,366 | 1,634 |
| Town hall operations | 92,330 | - | 92,330 | 97,268 | (4,938) |
| Town hall office | 68,500 | - | 68,500 | 93,037 | (24,537) |
| Pension plan | 240,000 | - | 240,000 | 228,810 | 11,190 |
| Longevity | 22,800 | - | 22,800 | 20,685 | 2,115 |
| FICA taxes | 145,250 | - | 145,250 | 151,181 | (5,931) |
| Health benefits | 775,420 | - | 775,420 | 705,447 | 69,973 |
| Workers' compensation | 48,932 | - | 48,932 | 42,197 | 6,735 |
| Life & disability insurance | 10,500 | - | 10,500 | 11,664 | (1,164) |
| Unemployment compensation | 2,000 | - | 2,000 | - | 2,000 |
| Other insurance | 58,000 | - | 58,000 | 66,880 | (8,880) |
| Council of small towns | 725 | - | 725 | 725 | - |
| CT Conference of municipalities | 2,770 | - | 2,770 | 2,768 | 2 |
| NW Region council of government | 2,900 | - | 2,900 | 2,890 | 10 |
| Housatonic river commission | 400 | - | 400 | 400 | - |
| Street lighting | 24,200 | - | 24,200 | 24,426 | (226) |
| Conservation commission | - | - | - | 565 | (565) |
| <u>Total General Government</u> | <u>2,411,474</u> | <u>-</u> | <u>2,411,474</u> | <u>2,348,323</u> | <u>63,151</u> |
| <u>Public Safety</u> | | | | | |
| Volunteer pension | 35,000 | - | 35,000 | 18,065 | 16,935 |
| Emergency preparedness | 5,250 | - | 5,250 | 5,000 | 250 |
| Fire protection | 335,600 | - | 335,600 | 335,250 | 350 |
| Litchfield county dispatch | 42,000 | - | 42,000 | 41,220 | 780 |
| Building official expenses | 94,300 | - | 94,300 | 86,956 | 7,344 |
| Fire marshal | 27,500 | - | 27,500 | 18,435 | 9,065 |
| Police protection | 220,839 | - | 220,839 | 182,053 | 38,786 |
| Civil defense | 5 | - | 5 | - | 5 |
| SARA | 5 | - | 5 | - | 5 |
| Dog warden | 14,890 | - | 14,890 | 9,338 | 5,552 |
| Water patrol - twin lakes | 9,000 | - | 9,000 | 5,675 | 3,325 |
| <u>Total Public Safety</u> | <u>784,389</u> | <u>-</u> | <u>784,389</u> | <u>701,992</u> | <u>82,397</u> |

TOWN OF SALISBURY
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES -
BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2022

| | Budgeted Amounts | | | Actual | Variance |
|---------------------------------------|------------------|----------------|------------------|------------------|----------------------------|
| | Original | Transfers | Final | | Favorable (Unfavorable) |
| <u>Public Works</u> | | | | | |
| General maintenance | 836,097 | | 836,097 | 814,093 | 22,004 |
| Engineering | 4,000 | | 4,000 | - | 4,000 |
| Snow and ice removal | 253,000 | | 253,000 | 175,212 | 77,788 |
| Highway materials | 5,700 | | 5,700 | 3,653 | 2,047 |
| Town garage maintenance | 47,750 | | 47,750 | 30,849 | 16,901 |
| Road work | 494,608 | | 494,608 | 526,201 | (31,593) |
| Tree care program | 40,000 | | 40,000 | 59,540 | (19,540) |
| <u>Total Public Works</u> | <u>1,681,155</u> | <u>-</u> | <u>1,681,155</u> | <u>1,609,548</u> | <u>71,607</u> |
| <u>Sanitation/Waste Removal</u> | | | | | |
| Transfer station | 367,842 | - | 367,842 | 367,842 | - |
| Recycling center | 3,000 | - | 3,000 | 3,725 | (725) |
| <u>Total Sanitation/Waste Removal</u> | <u>370,842</u> | <u>-</u> | <u>370,842</u> | <u>371,567</u> | <u>(725)</u> |
| <u>Health and Welfare</u> | | | | | |
| Conservation of Health | | | | | |
| Public health nursing assoc. | 114,311 | - | 114,311 | 114,311 | - |
| Mental health | 19,076 | - | 19,076 | 19,076 | - |
| NWRMH | 543 | - | 543 | 543 | - |
| TAHD Screening | 19,728 | - | 19,728 | 19,728 | - |
| Senior services | 48,234 | - | 48,234 | 27,022 | 21,212 |
| Drug and alcohol testing | 500 | - | 500 | - | 500 |
| | <u>202,392</u> | <u>-</u> | <u>202,392</u> | <u>180,680</u> | <u>21,712</u> |
| Community Services | | | | | |
| Youth services bureau | 14,680 | - | 14,680 | 14,680 | - |
| Summer youth work | 15,000 | - | 15,000 | 15,000 | - |
| General assistance | 37,505 | - | 37,505 | 36,683 | 822 |
| Susan B. Anthony | 2,124 | - | 2,124 | 2,124 | - |
| Women's emergency services | 2,124 | - | 2,124 | 2,124 | - |
| Miscellaneous non profits | 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 | 5,000 | - | 5,000 | 5,000 | - |
| Housatonic valley association | 250 | - | 250 | 250 | - |
| NW CT Reg Housing | 100 | - | 100 | 100 | - |
| Housing commission | 35,000 | - | 35,000 | 23,498 | 11,502 |
| | <u>170,141</u> | <u>-</u> | <u>170,141</u> | <u>157,812</u> | <u>12,329</u> |
| <u>Total Health and Welfare</u> | <u>372,533</u> | <u>-</u> | <u>372,533</u> | <u>338,492</u> | <u>34,041</u> |
| <u>Debt Service</u> | | | | | |
| General obligation bonds | 600,000 | 250,000 | 850,000 | 850,000 | - |
| <u>Total Debt Service</u> | <u>600,000</u> | <u>250,000</u> | <u>850,000</u> | <u>850,000</u> | <u>-</u> |

TOWN OF SALISBURY
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES -
BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2022

| | Budgeted Amounts | | | Actual | Variance |
|--------------------------------|----------------------|-------------------|----------------------|----------------------|----------------------------|
| | Original | Transfers | Final | | Favorable (Unfavorable) |
| <u>Recreation</u> | | | | | |
| Scoville memorial library | 183,771 | - | 183,771 | 183,771 | - |
| Lake management | 117,000 | - | 117,000 | 122,964 | (5,964) |
| Ball field | 25,850 | - | 25,850 | 39,790 | (13,940) |
| Recreation | 138,347 | - | 138,347 | 131,574 | 6,773 |
| Town Grove - expenses | 244,269 | - | 244,269 | 286,237 | (41,968) |
| Senior center | 20,700 | - | 20,700 | 26,167 | (5,467) |
| Christmas lighting | 2,124 | - | 2,124 | 2,124 | - |
| Memorial day | 4,000 | - | 4,000 | 3,320 | 680 |
| <u>Total Recreation</u> | <u>736,061</u> | <u>-</u> | <u>736,061</u> | <u>795,947</u> | <u>(59,886)</u> |
| <u>Miscellaneous</u> | | | | | |
| Cemeteries | 2,000 | - | 2,000 | 17,800 | (15,800) |
| Historic district commission | 5,600 | - | 5,600 | 887 | 4,713 |
| Sundries | 5,000 | - | 5,000 | 2,297 | 2,703 |
| Community information | 12,000 | - | 12,000 | 140 | 11,860 |
| Municipal development | 20,000 | - | 20,000 | 24,649 | (4,649) |
| Railroad Station | 4,000 | - | 4,000 | 2,457 | 1,543 |
| Other | 34,000 | - | 34,000 | 53,808 | (19,808) |
| <u>Total Miscellaneous</u> | <u>82,600</u> | <u>-</u> | <u>82,600</u> | <u>102,038</u> | <u>(19,438)</u> |
| <u>Education</u> | | | | | |
| Educational salaries | 3,161,907 | - | 3,161,907 | 3,058,351 | 103,556 |
| Support salaries | 483,925 | - | 483,925 | 466,526 | 17,399 |
| Employee benefits | 1,010,092 | - | 1,010,092 | 902,792 | 107,300 |
| Purchased services - education | 70,940 | - | 70,940 | 104,931 | (33,991) |
| Purchased services - support | 568,268 | - | 568,268 | 526,358 | 41,910 |
| Building | 178,303 | - | 178,303 | 172,246 | 6,057 |
| Educational supplies | 50,360 | - | 50,360 | 34,684 | 15,676 |
| Educational support supplies | 76,050 | - | 76,050 | 72,715 | 3,335 |
| Building supplies | 196,689 | - | 196,689 | 222,028 | (25,339) |
| Repairs and capital | 37,206 | - | 37,206 | 42,243 | (5,037) |
| Capital reserve | 75,010 | - | 75,010 | 310,510 | (235,500) |
| COVID-19 related expenses | 82,410 | - | 82,410 | 77,776 | 4,634 |
| HVRHS | 1,928,588 | - | 1,928,588 | 1,878,925 | 49,663 |
| Pupil services | 1,481,701 | - | 1,481,701 | 1,424,188 | 57,513 |
| RSSC | 315,362 | - | 315,362 | 312,125 | 3,237 |
| <u>Total Education</u> | <u>9,716,811</u> | <u>-</u> | <u>9,716,811</u> | <u>9,606,398</u> | <u>110,413</u> |
| <u>Capital Outlay</u> | | | | | |
| Highway equipment | 200,000 | - | 200,000 | 200,000 | - |
| Bridge repairs | 10,000 | 200,000 | 210,000 | 210,000 | - |
| Municipal building maintenance | 65,000 | - | 65,000 | 65,000 | - |
| Capital other | 75,000 | - | 75,000 | 63,000 | 12,000 |
| <u>Total Capital Outlay</u> | <u>350,000</u> | <u>200,000</u> | <u>550,000</u> | <u>538,000</u> | <u>12,000</u> |
| <u>Total Expenditures</u> | <u>\$ 17,105,865</u> | <u>\$ 450,000</u> | <u>\$ 17,555,865</u> | <u>\$ 17,262,305</u> | <u>\$ 293,560</u> |

TOWN OF SALISBURY
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2022

| | Special Revenue Funds | | | | | |
|---|------------------------|----------------------|-------------------|------------------------------|--------------------------|------------------|
| | Summer Work Program | School Lunch Fund | Extras Program | Salisbury Fire Commission | Transfer Station Fund | |
| <u>Assets</u> | | | | | | |
| Cash and Cash Equivalents | \$ 109,892 | \$ - | \$ 135,687 | \$ 70,475 | \$ 624,613 | \$ 15,049 |
| Investments | 81,106 | - | - | - | - | - |
| Inventory | - | - | - | - | - | - |
| Accounts Receivable | - | - | 30,294 | - | 11,115 | 22,444 |
| Due From Other Funds | - | - | - | - | - | - |
| Due From Other Governments | - | - | - | - | - | - |
| <u>Total Assets</u> | <u>190,998</u> | <u>-</u> | <u>165,981</u> | <u>70,475</u> | <u>635,728</u> | <u>37,493</u> |
| <u>Deferred Outflows of Resources</u> | | | | | | |
| | - | - | - | - | - | - |
| <u>Total Assets and Deferred Outflows of Resources</u> | <u>\$ 190,998</u> | <u>\$-</u> | <u>\$ 165,981</u> | <u>\$ 70,475</u> | <u>\$ 635,728</u> | <u>\$ 37,493</u> |
| <u>Liabilities and Fund Balances</u> | | | | | | |
| <u>Liabilities</u> | | | | | | |
| Accounts Payable | \$ - | \$- | \$ - | \$ - | \$ - | \$ 43,488 |
| Due to Other Funds | - | - | 45,000 | - | - | - |
| <u>Total Liabilities</u> | <u>-</u> | <u>-</u> | <u>45,000</u> | <u>-</u> | <u>-</u> | <u>43,488</u> |
| <u>Fund Balances</u> | | | | | | |
| Nonspendable | 69,630 | - | - | - | - | - |
| Restricted | 121,368 | - | - | - | 635,728 | (5,995) |
| Committed | - | - | - | 70,475 | - | - |
| Assigned | - | - | 120,981 | - | - | - |
| Unassigned | - | - | - | - | - | - |
| <u>Total Fund Balances</u> | <u>190,998</u> | <u>-</u> | <u>120,981</u> | <u>70,475</u> | <u>635,728</u> | <u>(5,995)</u> |
| <u>Total Liabilities, Deferred Inflows of Resources and Fund Balances</u> | <u>\$ 190,998</u> | <u>\$-</u> | <u>\$ 165,981</u> | <u>\$ 70,475</u> | <u>\$ 635,728</u> | <u>\$ 37,493</u> |

TOWN OF SALISBURY
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2022

| | Capital Project Funds | | | Permanent Fund | Total |
|---|-----------------------|-------------------------------|------------------|---------------------------------|---------------------|
| | Bridge Repair Fund | Equipment Replacement Fund | Twin Lakes Fund | Coffing Support of Poor Fund | |
| <u>Assets</u> | | | | | |
| Cash and cash equivalents | \$ 561,414 | \$ 166,455 | \$ - | \$ 118,152 | \$ 1,801,737 |
| Investments | - | - | - | 537,823 | 618,929 |
| Inventory | - | - | - | - | - |
| Accounts Receivable | 988 | - | - | - | 64,841 |
| Due From Other Funds | - | - | - | - | - |
| Due From Other Governments | - | - | - | - | - |
| <u>Total Assets</u> | <u>562,402</u> | <u>166,455</u> | <u>-</u> | <u>655,975</u> | <u>2,485,507</u> |
| <u>Deferred Outflows of Resources</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| <u>Total Assets and Deferred Outflows of Resources</u> | <u>\$ 562,402</u> | <u>\$ 166,455</u> | <u>\$ -</u> | <u>\$ 655,975</u> | <u>\$ 2,485,507</u> |
| <u>Liabilities and Fund Balances</u> | | | | | |
| <u>Liabilities</u> | | | | | |
| Accounts Payable | \$ - | \$ - | \$ - | \$ - | 43,488 |
| Due to Other Funds | - | - | 132,656 | - | 177,656 |
| <u>Total Liabilities</u> | <u>-</u> | <u>-</u> | <u>132,656</u> | <u>-</u> | <u>221,144</u> |
| <u>Fund Balances</u> | | | | | |
| Nonspendable | - | - | - | 442,745 | 512,375 |
| Restricted | 562,402 | - | - | 213,230 | 1,526,733 |
| Committed | - | 166,455 | - | - | 236,930 |
| Assigned | - | - | (132,656) | - | (11,675) |
| Unassigned | - | - | - | - | - |
| <u>Total Fund Balances</u> | <u>562,402</u> | <u>166,455</u> | <u>(132,656)</u> | <u>655,975</u> | <u>2,264,363</u> |
| <u>Total Liabilities, Deferred Inflows of Resources and Fund Balances</u> | <u>\$ 562,402</u> | <u>\$ 166,455</u> | <u>\$ -</u> | <u>\$ 655,975</u> | <u>\$ 2,485,507</u> |

TOWN OF SALISBURY
SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

| | Special Revenue Funds | | | | |
|--|------------------------|----------------------|------------------|------------------------------|--------------------------|
| | Summer Work Program | School Lunch Fund | Extras Program | Salisbury Fire Commission | Transfer Station Fund |
| <u>Revenues:</u> | | | | | |
| Intergovernmental | \$ - | \$ 173,651 | \$ - | \$ - | \$ 228,570 |
| Investment Income | 323 | - | 44 | 879 | 95 |
| Donations | - | - | - | - | - |
| Local Revenue | 36,860 | 2,209 | 82,746 | 51,418 | 640,117 |
| <u>Total Revenues</u> | <u>37,183</u> | <u>175,860</u> | <u>82,790</u> | <u>52,297</u> | <u>868,782</u> |
| <u>Expenditures:</u> | | | | | |
| General Government | - | - | - | - | - |
| Public Safety | - | - | - | 227,502 | - |
| Public Works | - | - | - | - | - |
| Sanitation/Waste Removal | - | - | - | - | 1,186,778 |
| Health and Welfare | - | - | 86,935 | - | - |
| Recreation | - | - | - | - | - |
| Miscellaneous | - | - | - | - | - |
| Debt Service | - | - | - | - | 58,142 |
| Education | 14,643 | 69,292 | - | - | - |
| Capital Outlay | - | - | - | 62,390 | - |
| <u>Total Expenditures</u> | <u>14,643</u> | <u>69,292</u> | <u>86,935</u> | <u>289,892</u> | <u>1,244,920</u> |
| Excess (deficiency) of Revenues Over Expenditures | <u>22,540</u> | <u>106,568</u> | <u>(4,145)</u> | <u>(237,595)</u> | <u>(376,138)</u> |
| <u>Other Financing Sources (Uses):</u> | | | | | |
| Operating Transfers In | 15,000 | - | - | 335,600 | 342,842 |
| Operating Transfers Out | - | - | - | - | - |
| <u>Total Other Financing Sources (Uses)</u> | <u>15,000</u> | <u>-</u> | <u>-</u> | <u>335,600</u> | <u>342,842</u> |
| <u>Net Change in Fund Balances</u> | <u>37,540</u> | <u>106,568</u> | <u>(4,145)</u> | <u>98,005</u> | <u>(33,296)</u> |
| <u>Fund Balances Beginning of Year</u> | <u>153,458</u> | <u>14,413</u> | <u>74,620</u> | <u>537,723</u> | <u>27,301</u> |
| <u>Fund Balances End of Year</u> | <u>\$ 190,998</u> | <u>\$ 120,981</u> | <u>\$ 70,475</u> | <u>\$ 635,728</u> | <u>\$ (5,995)</u> |

TOWN OF SALISBURY
SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

| | Capital Project Funds | | | Permanent Fund | Total |
|---|-----------------------|----------------------------|---------------------|------------------------------|---------------------|
| | Bridge Repair Fund | Equipment Replacement Fund | Twin Lakes Fund | Coffing Support of Poor Fund | |
| <u>Revenues:</u> | | | | | |
| Intergovernmental | \$ - | \$ - | \$ - | \$ - | \$ 402,221 |
| Investment Income | 225 | 101 | - | (120,047) | (118,380) |
| Donations | - | - | - | - | - |
| Local Revenue | - | - | - | - | 813,350 |
| <u>Total Revenues</u> | <u>225</u> | <u>101</u> | <u>-</u> | <u>(120,047)</u> | <u>1,097,191</u> |
| <u>Expenditures:</u> | | | | | |
| General Government | - | - | - | - | - |
| Public Safety | - | - | - | - | 227,502 |
| Public Works | - | - | - | - | - |
| Sanitation/Waste Removal | - | - | - | - | 1,186,778 |
| Health and Welfare | - | - | - | - | 86,935 |
| Recreation | - | - | - | - | - |
| Miscellaneous | - | - | - | 7,822 | 7,822 |
| Debt Service | - | - | - | - | 58,142 |
| Education | - | - | - | - | 83,935 |
| Capital Outlay | - | 203,705 | - | - | 266,095 |
| <u>Total Expenditures</u> | <u>-</u> | <u>203,705</u> | <u>-</u> | <u>7,822</u> | <u>1,917,209</u> |
| <u>Excess of Revenues Over (Under)</u> | | | | | |
| <u>Expenditures</u> | <u>225</u> | <u>(203,604)</u> | <u>-</u> | <u>(127,869)</u> | <u>(820,018)</u> |
| <u>Other Financing Sources (Uses):</u> | | | | | |
| Operating Transfers In | 210,000 | 200,000 | - | - | 1,103,442 |
| Operating Transfers Out | - | - | - | - | - |
| <u>Total Other Financing Sources (Uses)</u> | <u>210,000</u> | <u>200,000</u> | <u>-</u> | <u>-</u> | <u>1,103,442</u> |
| <u>Net Change in Fund Balances</u> | <u>210,225</u> | <u>(3,604)</u> | <u>-</u> | <u>(127,869)</u> | <u>283,424</u> |
| <u>Fund Balances Beginning of Year</u> | <u>352,177</u> | <u>170,059</u> | <u>(132,656)</u> | <u>783,844</u> | <u>1,980,939</u> |
| <u>Fund Balances End of Year</u> | <u>\$ 562,402</u> | <u>\$ 166,455</u> | <u>\$ (132,656)</u> | <u>\$ 655,975</u> | <u>\$ 2,264,363</u> |

TOWN OF SALISBURY
SCHEDULE OF DEBT LIMITATION
FOR THE YEAR ENDED JUNE 30, 2022

Total tax collection including interest and lien fees
for prior fiscal year \$ 15,067,022

Reimbursement for revenue loss on
Tax relief for elderly for prior fiscal year -

Base \$ 15,067,022

| | General Purpose | Schools | Sewers | Urban Renewal |
|-----------------------|--------------------|------------|------------|------------------|
| Debt limitation: | | | | |
| 2-1/4 times base | \$33,900,800 | \$ - | \$ - | \$ - |
| 4-1/2 times base | - | 67,801,599 | - | - |
| 3-3/4 times base | - | - | 56,501,333 | - |
| 3-1/4 times base | - | - | - | 48,967,822 |
| Total debt limitation | 33,900,800 | 67,801,599 | 56,501,333 | 48,967,822 |

| | | | | |
|--|-----------|-----------|-----------|---|
| Indebtedness: | | | | |
| Bonds payable | 6,327,825 | - | - | - |
| Notes Payable | 210,583 | - | - | - |
| Regional School District #1 town share | - | - | - | - |
| balance as of prior fiscal year | - | 1,174,910 | - | - |
| Sewer Bonds & Notes | - | - | 2,821,300 | - |
| Total indebtedness | 6,538,408 | 1,174,910 | 2,821,300 | - |

| | | | | |
|---|--------------|---------------|--------------|--------------|
| Debt limitation in excess of outstanding and authorized debt | \$27,362,392 | \$ 66,626,689 | \$53,680,033 | \$48,967,822 |
|---|--------------|---------------|--------------|--------------|

Total capacity of borrowing (7 times base) \$ 105,469,154

Total present indebtedness 10,534,618

Margin for additional borrowing \$ 94,934,536

TOWN OF SALISBURY
SCHEDULE OF PROPERTY TAXES LEVIED, COLLECTED AND OUTSTANDING
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

| Grand List Year | Balances 6/30/2021 | Current Levy | Lawful Corrections | | Collectable Taxes | Collections | | | Transfers To Suspense | Balances 6/30/2022 |
|--------------------|-----------------------|----------------------|--------------------|------------------|----------------------|----------------------|--------------------|----------------------|--------------------------|-----------------------|
| | | | Additions | Deductions | | Taxes | Interest and Liens | Total | | |
| 2020 | \$ - | \$ 15,790,895 | \$ 12,662 | \$ 15,572 | \$ 15,787,985 | \$ 15,637,655 | \$ 46,632 | 15,684,287 | \$ - | \$ 150,330 |
| 2019 | 132,626 | - | 40 | 596 | 132,070 | 76,882 | 13,955 | 90,837 | - | 55,188 |
| 2018 | 66,344 | - | - | 245 | 66,099 | 28,554 | 10,115 | 38,669 | - | 37,545 |
| 2017 | 32,550 | - | - | 1 | 32,549 | 3,551 | 2,398 | 5,949 | 4,142 | 24,856 |
| 2016 | 15,042 | - | - | - | 15,042 | 1,118 | 866 | 1,984 | - | 13,924 |
| 2015 | 19,089 | - | - | - | 19,089 | 668 | 635 | 1,303 | - | 18,421 |
| 2014 | 11,946 | - | - | - | 11,946 | 510 | 2,935 | 3,445 | - | 11,436 |
| 2013 | 6,837 | - | - | - | 6,837 | 2,798 | 250 | 3,048 | - | 4,039 |
| 2012 | 3,138 | - | - | - | 3,138 | - | - | - | - | 3,138 |
| Totals | <u>\$ 287,572</u> | <u>\$ 15,790,895</u> | <u>\$ 12,702</u> | <u>\$ 16,414</u> | <u>\$ 16,074,755</u> | <u>\$ 15,751,736</u> | <u>\$ 77,786</u> | <u>\$ 15,829,522</u> | <u>\$ 4,142</u> | <u>\$ 318,877</u> |



Independent Auditor's Report On Internal Control Over Financial Reporting And On Compliance And
Other Matters Based On An Audit Of Financial Statements Performed In Accordance With
Government Auditing Standards

To the Board of Finance of the
Town of Salisbury, Connecticut

We have audited, in accordance with the 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, the 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, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Town of Salisbury, Connecticut's basic financial statements, and have issued our report thereon dated January 20, 2023.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Salisbury, Connecticut's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Salisbury, Connecticut's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Salisbury, Connecticut's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness is a deficiency*, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.



Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Salisbury, Connecticut's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Sinnamon & Associates, LLC
Certified Public Accountants

Canaan, Connecticut
January 20, 2023



Independent Auditor's Report On Compliance For Each Major State Program;
Report On Internal Control Over Compliance; And Report On The Schedule
Of Expenditures Of State Financial Assistance Required By The State Single Audit Act

To the Board of Finance of the
Town of Salisbury, Connecticut

Report on Compliance for Each Major State Program

Opinion on Each Major State Program

We have audited the Town of Salisbury, Connecticut's compliance with the types of compliance requirements identified as subject to audit in the Office of Policy and Management's *Compliance Supplement* that could have a direct and material effect on each of the Town of Salisbury, Connecticut's major state programs for the year ended June 30, 2022. The Town of Salisbury, Connecticut's major state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Town of Salisbury, Connecticut, complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2022.

Basis for Opinion on Each Major State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the State Single Audit Act (C.G.S Sections 4-230 to 4-236). Our responsibilities under those standards and the State Single Audit Act are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Town of Salisbury, Connecticut and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major state program. Our audit does not provide a legal determination of the Town of Salisbury, Connecticut's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Town of Salisbury, Connecticut's state programs.



Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Town of Salisbury, Connecticut's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the State Single Audit will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Town of Salisbury, Connecticut's compliance with the requirements of each major state program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the State Single Audit Act, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Town of Salisbury, Connecticut's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Town of Salisbury, Connecticut's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the State Single Audit Act, but not for the purpose of expressing an opinion on the effectiveness of the Town of Salisbury, Connecticut's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the State Single Audit Act. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of State Financial Assistance Required by the State Single Audit Act

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Salisbury, Connecticut and the related notes to the financial statements, which collectively comprise the Town of Salisbury, Connecticut's basic financial statements as of and for the year ended June 30, 2022, and have issued our report thereon dated January 20, 2023, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of state financial assistance is presented for purposes of additional analysis as required by the State Single Audit Act and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of state financial assistance is fairly stated in all material respects in relation to the financial statements as a whole.



Sinnamon & Associates, LLC
Certified Public Accountants

January 20, 2023
Canaan, Connecticut

TOWN OF SALISBURY, CONNECTICUT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2022

| <u>State Grantor/Pass Through Grantor/Program Title</u> | <u>State Grant Program CORE-CT Number</u> | <u>Passed Through to Subrecipients</u> | <u>Expenditures</u> |
|---|---|--|---------------------|
| <u>Office of Policy and Management:</u> | | | |
| Property tax relief on property of totally disabled persons | 11000-OPM20600-17011 | \$ - | \$ 36 |
| Property tax relief for Veterans | 11000-OPM20600-17024 | - | 1,408 |
| Tiered Payment in lieu of taxes (PILOT) on state-owned property | 11000-OPM20600-17111 | - | 3,849 |
| Payment in lieu of taxes (PILOT) on state-owned property | 11000-OPM20600-35691 | - | 1,368 |
| Municipal grants in aid | 12052-OPM20600-43587 | - | 83 |
| | | <u>-</u> | <u>6,744</u> |
| <u>Judicial Branch</u> | | | |
| Judicial fines and fees | 34001-JUD95162-40001 | - | 780 |
| <u>Department of Transportation:</u> | | | |
| Highway Planning & Construction | | | |
| Capital Resurfacing | | | |
| Town aid road grants transportation fund | 12052-DOT57131-43455 | - | 147,652 |
| Town aid road grants transportation fund - STO | 13033-DOT57131-43459 | - | 147,652 |
| | | <u>-</u> | <u>295,304</u> |
| <u>Connecticut State Library</u> | | | |
| Historic documents preservation grant | 12060-CSL66094-35150 | - | 5,500 |
| <u>Department of Education:</u> | | | |
| Child Nutrition Program | 11000-SDE64370-16211 | - | 1,639 |
| School Breakfast | 11000-SDE64370-17046 | - | 2,649 |
| Healthy Foods Initiative | 11000-SDE64370-16212 | - | 1,988 |
| Talent Development | 11000-SDE64370-12552 | - | 372 |
| | | <u>-</u> | <u>6,648</u> |
| <u>Total State Financial Assistance Before Exempt Programs</u> | | <u>-</u> | <u>314,976</u> |
| <u>Exempt Programs</u> | | | |
| <u>Department of Education:</u> | | | |
| Education Cost Sharing | 11000-SDE64370-17041 | - | 25,502 |
| <u>Total Exempt Programs</u> | | <u>-</u> | <u>25,502</u> |
| <u>Total State Financial Assistance</u> | | <u>\$ -</u> | <u>\$ 340,478</u> |

See notes to schedule

TOWN OF SALISBURY
NOTES TO SCHEDULE OF EXPENDITURES OF
STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2022

The accompanying schedule of expenditures of state financial assistance includes state grant activity of the Town of Salisbury under programs of the State of Connecticut for the fiscal year ended June 30, 2022. Various departments and agencies of the State of Connecticut have provided financial assistance to the Town of Salisbury through grants and other authorizations in accordance with the General Statutes of the State of Connecticut. These financial assistance programs fund several programs including road repair and maintenance, capital improvements, tax relief, general assistance and education.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Town of Salisbury conform to accounting principles generally accepted in the United States of America as applicable to governments.

The information in the Schedule of Expenditures of State Financial Assistance is presented based upon regulations established by the State of Connecticut, Office of Policy and Management.

Basis of Accounting

The expenditures reported on the Schedule of Expenditures of State Financial Assistance are reported on the modified accrual basis of accounting. In accordance with Section 4-236-22 of the Regulations to the State Single Audit Act, certain grants are not dependent on expenditure activity, and accordingly, are considered to be expended in the fiscal year of receipt. These grant program receipts are reflected in the expenditures column of the Schedule of Expenditures of State Financial Assistance.

TOWN OF SALISBURY, CONNECTICUT
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE YEAR ENDED JUNE 30, 2022

I. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's opinion issued: Unmodified

Internal control over financial reporting:

| | | | |
|---|---------|--------|--|
| Material weakness(es) identified? | ___ Yes | ___ No | |
| Significant deficiency(s) identified | ___ Yes | ___ No | |
| Noncompliance material to financial statements noted? | ___ Yes | ___ No | |

State Financial Assistance

Internal control over major programs:

| | | | |
|--------------------------------------|---------|--------|--|
| Material weakness(es) identified? | ___ Yes | ___ No | |
| Significant deficiency(s) identified | ___ Yes | ___ No | |

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with Section 4-236-24 of the Regulations to the State Single Audit Act?

| | | | |
|--|---------|--------|--|
| | ___ Yes | ___ No | |
|--|---------|--------|--|

The following schedule reflects the major programs included in the audit:

| <u>State Grantor and Program</u> | <u>State CORE-CT Number</u> | <u>Expenditures</u> |
|--|---------------------------------|---------------------|
| <u>Department of Transportation:</u> | | |
| Town aid road grants transportation fund | 12052-DOT57131-43455 | \$ 147,652 |
| Town aid road grants transportation fund - STO | 13033-DOT57131-43459 | 147,652 |

Dollar threshold used to distinguish between type A and type B programs: \$100,000

II - FINANCIAL STATEMENTS FINDINGS

Our audit did not disclose any matters required to be reported in accordance with Government Auditing Standards.

III - STATE FINANCIAL ASSISTANCE FINDINGS AND QUESTIONED COSTS

Our audit did not disclose any matters required to be reported in accordance with the State Single Audit Act.