

TOWN OF SALISBURY
AUDITED FINANCIAL STATEMENTS

JUNE 30, 2025



SINNAMON & ASSOCIATES, LLC
CERTIFIED PUBLIC ACCOUNTANTS

TOWN OF SALISBURY
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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, 2025, 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, 2025, 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, and the pension and OPEB schedules, as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with 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 13, 2026, 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 13, 2026
Canaan Connecticut

TOWN OF SALISBURY, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2025

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, 2025. 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 \$53,051,523 exceeded its liabilities at June 30, 2025, resulting in a total net position of \$44,054,358. Total net position for Governmental Activities was \$43,420,767 and total net position for Business-Type Activities was \$633,571.

The Town's governmental funds, reported on a current financial resource's basis, combined ending fund balance is \$18,203,257, an increase of \$115,728 for the year. The General Fund operating decrease for the year was \$768,882 vs. an adjusted budgeted decrease of \$1,279,855. The General Fund balance was \$6,681,047, of which \$4,091,622 was restricted, assigned, and committed.

At the end of the current fiscal year unassigned fund balance for the general fund was \$2,589,425 or 12.4% 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, 2025

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, 2025

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 - 53 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 54 - 55 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 60 – 63 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 \$44,054,338 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 \$97,985 during the current fiscal year.

TOWN OF SALISBURY, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2025

NET POSITION - June 30, 2025 and June 30, 2024

	6/30/2025 Net Position			6/30/2024 Net Position		
	Governmental Activities	Business -Type Activities	Total	Governmental Activities	Business -Type Activities	Total
<u>Assets</u>						
Current and Other Assets	\$ 19,678,310	\$ 267,118	\$ 19,945,428	\$ 18,126,458	\$ 154,230	\$ 18,280,688
Capital Assets	29,698,448	2,867,476	32,565,924	30,400,650	2,954,479	33,355,129
Non Current Assets	540,171	-	540,171	540,171	-	540,171
<u>Total Assets</u>	<u>49,916,929</u>	<u>3,134,594</u>	<u>53,051,523</u>	<u>49,067,279</u>	<u>3,108,709</u>	<u>52,175,988</u>
<u>Liabilities</u>						
Current Liabilities	1,317,640	111,100	1,428,740	1,566,891	101,153	1,668,044
Non Current Liabilities	4,786,526	2,419,168	7,205,694	5,212,613	2,519,701	7,732,314
<u>Total Liabilities</u>	<u>6,104,166</u>	<u>2,530,268</u>	<u>8,634,434</u>	<u>6,779,504</u>	<u>2,620,854</u>	<u>9,400,358</u>
<u>Net Position</u>						
Net Investment in Capital Assets	24,745,980	347,775	25,093,755	25,004,358	334,245	25,338,603
Restricted Net Position	4,928,866	-	4,928,866	4,727,630	-	4,727,630
Unrestricted	13,745,921	285,796	14,031,717	13,736,510	153,610	13,890,120
<u>Total Net Position</u>	<u>\$ 43,420,767</u>	<u>\$ 633,571</u>	<u>\$ 44,054,338</u>	<u>\$ 43,468,498</u>	<u>\$ 487,855</u>	<u>\$ 43,956,353</u>

TOWN OF SALISBURY, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2025

CHANGES IN NET POSITION - June 30, 2025 and June 30, 2024 Governmental Activities

	June 30, 2025			June 30, 2024		
	Changes in Net Position			Changes in Net Position		
	Governmental Activities	Business -Type Activities	Total	Governmental Activities	Business -Type Activities	Total
<u>Revenues:</u>						
Program Revenues						
Charges for Services	\$ 1,466,921	\$ 742,799	\$ 2,209,720	\$ 3,006,739	\$ 582,970	\$ 3,589,709
Operating grants and contributions	2,960,325	-	2,960,325	2,184,514	-	2,184,514
Capital grants and contributions	50,902	-	50,902	2,102,161	-	2,102,161
General Revenues						
Property Taxes	16,846,169	-	16,846,169	16,591,181	-	16,591,181
Grants & contributions, unrestricted	21,007	-	21,007	55,434	-	55,434
Investment Income	1,201,142	10,433	1,211,575	1,356,155	21,314	1,377,469
Other Revenues	173,550	-	173,550	193,150	-	193,150
<u>Total Revenues</u>	<u>22,720,016</u>	<u>753,232</u>	<u>23,473,248</u>	<u>25,489,334</u>	<u>604,284</u>	<u>26,093,618</u>
<u>Expenses:</u>						
General Government	\$ 3,282,137	\$ -	3,282,137	\$ 3,321,191	\$ -	3,321,191
Public Safety	741,327	-	741,327	551,087	-	551,087
Public Works	1,833,122	-	1,833,122	1,963,522	-	1,963,522
Sanitation/Waste Removal	2,243,115	607,516	2,850,631	2,056,422	630,590	2,687,012
Health and Welfare	553,367	-	553,367	378,826	-	378,826
Interest on Long Term Debt	77,902	-	77,902	90,347	-	90,347
Recreation	975,355	-	975,355	892,705	-	892,705
Miscellaneous	766,451	-	766,451	102,212	-	102,212
Education	12,294,971	-	12,294,971	11,858,640	-	11,858,640
<u>Total Expenses</u>	<u>22,767,747</u>	<u>607,516</u>	<u>23,375,263</u>	<u>21,214,952</u>	<u>630,590</u>	<u>21,845,542</u>
<u>Change in Net Position</u>	<u>(47,731)</u>	<u>145,716</u>	<u>97,985</u>	<u>4,274,382</u>	<u>(26,306)</u>	<u>4,248,076</u>
<u>Net Position, beginning</u>	<u>43,468,498</u>	<u>487,855</u>	<u>43,956,353</u>	<u>39,194,116</u>	<u>514,161</u>	<u>39,708,277</u>
<u>Net Position, ending</u>	<u>\$43,420,767</u>	<u>\$ 633,571</u>	<u>\$44,054,338</u>	<u>\$43,468,498</u>	<u>\$ 487,855</u>	<u>\$43,956,353</u>

Approximately 74% of the governmental activities' revenue was derived from property taxes, followed by 13% from operating and capital grants, 6% from service charges, and 7% from investment earnings and miscellaneous. Detailed revenue information can be found on page 56.

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, 18% relate to public works and sanitation, 14% for general government and 14% for all other activities.

TOWN OF SALISBURY, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2025

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 \$6,681,047. Of this total fund balance, \$4,091,622 was restricted, assigned, and committed. The remaining balance of \$2,589,425 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 \$285,796.

GENERAL FUND BUDGETARY HIGHLIGHTS

The fund balance of the Town's General Fund decreased by \$768,882 during the current fiscal year, compared to a budgeted decrease of \$1,279,855. This was attributed to revenues received on excess of budget totaling \$642,908 including taxes, building and conveyance fees and intergovernmental grants, and expenses under budget totaling \$520,152. During the fiscal year there was an additional \$600,000 of fund balance utilized as authorized by Town meetings and \$52,087 of previously committed fund balances was expended.

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, 2025 amounted to \$29,698,448 and \$2,867,476, 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, 2025

CAPITAL ASSETS, Net of Depreciation June 30, 2025 and June 30, 2024

	June 30, 2025		
	Governmental Activities	Business-Type Activities	Total
Land and Construction in Process	\$ 3,364,201	\$ -	\$ 3,364,201
Building and Improvements	14,869,379	2,855,258	17,724,637
Machinery and Equipment	842,687	12,218	854,905
Infrastructure	9,043,680	-	9,043,680
Vehicles	1,578,501	-	1,578,501
Total	\$ 29,698,448	\$ 2,867,476	\$ 32,565,924

	June 30, 2024		
	Governmental Activities	Business-Type Activities	Total
Land and Construction in Process	\$ 2,992,466	\$ -	\$ 2,992,466
Building and Improvements	15,578,440	2,858,268	18,436,708
Machinery and Equipment	991,499	96,211	1,087,710
Infrastructure	9,489,393	-	9,489,393
Vehicles	1,348,852	-	1,348,852
Total	\$ 30,400,650	\$ 2,954,479	\$ 33,355,129

Long-Term Debt

At the end of the current fiscal year, the Town had total outstanding bonds and notes payable of \$5,224,929 related to governmental activities and \$2,519,701 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 \$548,064.

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 \$115,936,233 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.

TOWN OF SALISBURY, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2025

ECONOMIC FACTORS AND THE NEXT YEAR'S BUDGETS AND RATES

The Town was awarded a \$1,065,422 grant under the American Rescue Plan Act. These funds had a remaining balance of \$16,373 as of June 30, 2025.

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.

The Town authorized the use of \$1,889,472 of fund balance from the General Fund for the 2025-2026 fiscal year. The mill rate for the 2025-2026 fiscal year remained at 11.0 mills.

All of the above factors were considered in preparing the Town's budget for the 2025-2026 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 548, 27 Main Street, Salisbury, Connecticut 06068.

TOWN OF SALISBURY
STATEMENT OF NET POSITION
JUNE 30, 2025

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
<u>Assets</u>			
Cash and cash equivalents	\$ 10,238,225	\$ 229,109	\$ 10,467,334
Investments	8,737,340	-	8,737,340
Receivables:			
Property Taxes	528,831	-	528,831
Accounts Receivable	203,159	38,009	241,168
Long-term receivables	540,171		540,171
Capital Assets, not being depreciated	3,364,201	-	3,364,201
Capital Assets, net of accumulated depreciation	26,334,247	2,867,476	29,201,723
<u>Total Assets</u>	<u>49,921,715</u>	<u>3,134,594</u>	<u>53,056,309</u>
<u>Liabilities</u>			
Accounts payable	451,131	10,567	461,698
Unearned revenue	155,645	-	155,645
Performance Bonds and Escrow	396,782	-	396,782
Accrued compensated absences, due within one year	272,461	-	272,461
Noncurrent Liabilities:			
Due within one year	438,403	100,533	538,936
Due in more than one year	4,786,526	2,419,168	7,205,694
<u>Total Liabilities</u>	<u>6,500,948</u>	<u>2,530,268</u>	<u>9,031,216</u>
<u>Net Position</u>			
Net Investment in Capital Assets	24,745,980	347,775	25,093,755
Restricted Net Position	4,928,866	-	4,928,866
Unrestricted	13,745,921	285,796	14,031,717
<u>Total Net Position</u>	<u>\$ 43,420,767</u>	<u>\$ 633,571</u>	<u>\$ 44,054,338</u>

The accompanying notes are an integral part of these financial statements

TOWN OF SALISBURY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025

	Expenses	Program Revenues			Net (Expenses) Revenue and Changes in Net Position Primary Government		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<u>Governmental Activities</u>							
General Government	\$ (3,282,137)	\$ 1,198,473	\$ 288,368	\$ -	\$ (1,795,296)	\$ -	\$ (1,795,296)
Public Safety	(741,327)	45,665	-	-	(695,662)	-	(695,662)
Public Works	(1,833,122)	-	300,429	-	(1,532,693)	-	(1,532,693)
Sanitation/Waste Removal	(2,243,115)	-	1,369,155	-	(873,960)	-	(873,960)
Health and Welfare	(553,367)	159,943	8,500	-	(384,924)	-	(384,924)
Interest on Long Term Debt	(77,902)	-	-	-	(77,902)	-	(77,902)
Recreation	(975,355)	51,850	-	-	(923,505)	-	(923,505)
Miscellaneous	(766,451)	-	-	50,902	(715,549)	-	(715,549)
Education	(12,294,971)	10,990	993,873	-	(11,290,108)	-	(11,290,108)
<u>Total Governmental Activities</u>	<u>(22,767,747)</u>	<u>1,466,921</u>	<u>2,960,325</u>	<u>50,902</u>	<u>(18,289,599)</u>	<u>-</u>	<u>(18,289,599)</u>
<u>Business Type Activities</u>							
Sewer and Water Commission	(607,516)	742,799	-	-	-	135,283	135,283
<u>Total Primary Government</u>	<u>\$ (23,375,263)</u>	<u>\$ 2,209,720</u>	<u>\$ 2,960,325</u>	<u>\$ 50,902</u>	<u>(18,289,599)</u>	<u>135,283</u>	<u>(18,154,316)</u>
<u>General Revenues:</u>							
Property taxes, interest and lien fees					16,846,169	-	16,846,169
Grants and contributions not restricted to specific programs					21,007	-	21,007
Unrestricted investment earnings (loss)					1,201,142	10,433	1,211,575
Other					173,550	-	173,550
<u>Total General Revenues</u>					<u>18,241,868</u>	<u>10,433</u>	<u>18,252,301</u>
<u>Change in net position</u>					<u>(47,731)</u>	<u>145,716</u>	<u>97,985</u>
<u>Net position beginning of year</u>					<u>43,468,498</u>	<u>487,855</u>	<u>43,956,353</u>
<u>Net position end of year</u>					<u>\$ 43,420,767</u>	<u>\$ 633,571</u>	<u>\$ 44,054,338</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, 2025

	General Fund	Capital Projects Fund	Transfer Station Fund	Bauer Fund	Bissell Fund	Non Major Governmental Funds	Total Governmental Funds
<u>Assets</u>							
Cash and cash equivalents	\$ 4,861,985	\$ 1,753,813	\$ 245,453	\$ 379,853	\$ 98,831	\$ 2,501,508	\$ 9,841,443
Restricted cash	396,782	-	-	-	-	-	396,782
Investments	1,593,264	282,463	-	2,265,608	3,617,935	978,070	8,737,340
Inventory and prepaid expenses	-	-	-	-	-	4,786	4,786
Receivables:							
Property Taxes	528,831	-	-	-	-	-	528,831
Accounts Receivable	157,299	-	24,701	-	-	21,159	203,159
Long-term receivables	-	-	-	-	-	540,171	540,171
Due From Other Funds	593,708	-	-	-	-	109,840	703,548
<u>Total Assets</u>	<u>\$ 8,131,869</u>	<u>\$ 2,036,276</u>	<u>\$ 270,154</u>	<u>\$ 2,645,461</u>	<u>\$ 3,716,766</u>	<u>\$ 4,155,534</u>	<u>\$ 20,956,060</u>
<u>Liabilities and Fund Balances</u>							
<u>Liabilities</u>							
Accounts payable	\$ 403,322	\$ -	\$ 47,272	\$ -	\$ -	\$ 537	\$ 451,131
Unearned revenue	35,353	-	-	-	-	120,292	155,645
Performance Bonds and Escrow	396,782	-	-	-	-	-	396,782
Due to Other Funds	139,084	-	-	-	-	593,709	732,793
<u>Total Liabilities</u>	<u>974,541</u>	<u>-</u>	<u>47,272</u>	<u>-</u>	<u>-</u>	<u>714,538</u>	<u>1,736,351</u>
<u>Deferred Inflows Of Resources</u>							
Unavailable Revenue - property taxes	476,281	-	-	-	-	-	476,281
Unavailable Revenue - long-term receivables	-	-	-	-	-	540,171	540,171
<u>Total Deferred Inflows Of Resources</u>	<u>476,281</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>540,171</u>	<u>1,016,452</u>
<u>Fund Balances</u>							
Nonspendable	-	-	-	1,838,171	2,387,753	702,942	4,928,866
Restricted	62,179	2,036,276	222,882	807,290	1,329,013	1,978,193	6,435,833
Committed	1,288,609	-	-	-	-	321,903	1,610,512
Assigned	2,740,834	-	-	-	-	(102,213)	2,638,621
Unassigned	2,589,425	-	-	-	-	-	2,589,425
<u>Total Fund Balances</u>	<u>6,681,047</u>	<u>2,036,276</u>	<u>222,882</u>	<u>2,645,461</u>	<u>3,716,766</u>	<u>2,900,825</u>	<u>18,203,257</u>
<u>Total Liabilities, Deferred Inflows of Resources and Fund Balances</u>	<u>\$ 8,131,869</u>	<u>\$ 2,036,276</u>	<u>\$ 270,154</u>	<u>\$ 2,645,461</u>	<u>\$ 3,716,766</u>	<u>\$ 4,155,534</u>	<u>\$ 20,956,060</u>

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, 2025

<u>Total fund balances for governmental funds</u>	\$ 18,203,257
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	29,698,448
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds	
Long-term receivables	540,171
Property tax and receivables greater than 60 days	476,281
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	(272,461)
General Obligation Bonds & Notes Payable	<u>(5,224,929)</u>
 <u>Net position of governmental activities</u>	 <u><u>\$ 43,420,767</u></u>

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, 2025

	General Fund	Capital Projects Fund	Transfer Station Fund	Bauer Fund	Bissell Fund	Non Major Governmental Funds	Total Governmental Funds
<u>Revenues:</u>							
Property Taxes	\$ 16,762,371	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 16,762,371
Intergovernmental	1,255,727	-	288,368	-	-	347,205	1,891,300
Investment Income	359,542	61,678	604	224,946	320,558	233,814	1,201,142
Donations	173,550	-	-	-	-	-	173,550
Local Revenue	1,250,323	-	1,259,636	-	-	250,753	2,760,712
<u>Total Revenues</u>	<u>19,801,513</u>	<u>61,678</u>	<u>1,548,608</u>	<u>224,946</u>	<u>320,558</u>	<u>831,772</u>	<u>22,789,075</u>
<u>Expenditures:</u>							
Current:							
General Government	2,878,672	-	-	-	-	-	2,878,672
Public Safety	373,998	-	-	-	-	230,174	604,172
Public Works	1,523,152	-	-	-	-	-	1,523,152
Sanitation/Waste Removal	458,045	-	1,572,252	-	-	-	2,030,297
Health and Welfare	338,166	-	-	-	56,655	158,546	553,367
Debt Service	-	470,019	55,414	-	-	-	525,433
Recreation	939,825	-	-	-	-	-	939,825
Miscellaneous	79,350	-	-	117,376	26,497	7,998	231,221
Education	11,830,010	-	-	-	-	263,076	12,093,086
Capital Outlay	-	649,860	-	-	-	644,262	1,294,122
<u>Total Expenditures</u>	<u>18,421,218</u>	<u>1,119,879</u>	<u>1,627,666</u>	<u>117,376</u>	<u>83,152</u>	<u>1,304,056</u>	<u>22,673,347</u>
Excess (deficiency) of Revenues Over Expenditures	<u>1,380,295</u>	<u>(1,058,201)</u>	<u>(79,058)</u>	<u>107,570</u>	<u>237,406</u>	<u>(472,284)</u>	<u>115,728</u>
<u>Other Financing Sources (Uses):</u>							
Proceeds from borrowings	-	-	-	-	-	-	-
Payment of bond anticipation notes	-	-	-	-	-	-	-
Transfers In	-	1,252,000	162,173	-	-	794,523	2,208,696
Transfers Out	(2,149,177)	-	-	-	-	(59,519)	(2,208,696)
<u>Total Other Financing sources (Uses):</u>	<u>(2,149,177)</u>	<u>1,252,000</u>	<u>162,173</u>	<u>-</u>	<u>-</u>	<u>735,004</u>	<u>-</u>
Net Change in Fund Balances	(768,882)	193,799	83,115	107,570	237,406	262,720	115,728
<u>Fund Balances Beginning of Year</u>	<u>7,449,929</u>	<u>1,842,477</u>	<u>139,767</u>	<u>2,537,891</u>	<u>3,479,360</u>	<u>2,638,105</u>	<u>18,087,529</u>
<u>Fund Balances End of Year</u>	<u>\$ 6,681,047</u>	<u>\$ 2,036,276</u>	<u>\$ 222,882</u>	<u>\$ 2,645,461</u>	<u>\$ 3,716,766</u>	<u>\$ 2,900,825</u>	<u>\$ 18,203,257</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, 2025

Net change in fund balances for governmental funds \$ 115,728

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	751,478	
Depreciation expense	(1,453,680)	
Net adjustment	(702,202)	(702,202)

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 notes payable	-	
Principal repayments of debt	447,531	
Net adjustment	447,531	447,531

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	83,798
Change in net pension liability	3,707
Accrued compensated absences	3,707

Change in net position of governmental activities \$ (47,731)

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, 2025

	Budgeted Amounts		Actual	Variance With Final Budget Over (Under)
	Original	Final		
<u>Revenues:</u>				
Property Taxes	\$16,690,642	\$16,690,642	\$16,762,371	\$ 71,729
Intergovernmental	361,677	361,677	380,791	19,114
Investment Income	75,000	75,000	359,542	284,542
Donations	165,000	165,000	173,550	8,550
Local Revenue	991,350	991,350	1,250,323	258,973
<u>Total Revenues</u>	<u>18,283,669</u>	<u>18,283,669</u>	<u>18,926,577</u>	<u>642,908</u>
<u>Expenditures:</u>				
General Government	3,086,128	3,083,159	2,878,672	204,487
Public Safety	865,617	861,171	780,098	81,073
Public Works	1,804,095	1,736,652	1,573,152	163,500
Sanitation/Waste Removal	455,736	458,045	458,045	-
Health and Welfare	405,800	411,179	397,166	14,013
Debt Service	625,000	625,000	625,000	-
Recreation	890,796	957,366	939,825	17,541
Miscellaneous	91,400	92,000	79,350	12,650
Education	10,943,952	10,943,952	10,929,064	14,888
Capital Outlay	395,000	395,000	383,000	12,000
<u>Total Expenditures</u>	<u>19,563,524</u>	<u>19,563,524</u>	<u>19,043,372</u>	<u>520,152</u>
<u>Excess of Revenues Over (Under) Expenditures</u>	<u>\$ (1,279,855)</u>	<u>\$ (1,279,855)</u>	(116,795)	<u>\$ 1,163,060</u>
<u>Other Financing Sources (Uses):</u>				
Board of Education Non-lapsing Expenditures			(26,010)	
Transfer General Fund Committed to Transfer Station Fund			(26,077)	
Transfer to Transfer Station Remediation per Town Meeting			(76,577)	
Transfer to Capital for Tractor per Town Meeting			(73,423)	
Transfer to Capital for Town Hall Windows per Town Meeting			(450,000)	
<u>Total Other Financing Sources (Uses):</u>			<u>(652,087)</u>	
<u>Net Change In Fund Balance</u>			<u>(768,882)</u>	
<u>Fund Balance - Beginning of Year</u>			<u>7,449,929</u>	
<u>Fund Balance - End of Year</u>			<u>\$ 6,681,047</u>	

The accompanying notes are an integral part of these financial statements

TOWN OF SALISBURY
STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2025

	Business Type Activities Enterprise Fund <hr/> Sewer and Water Commission <hr/>
<u>Assets</u>	
Current Assets	
Cash and cash equivalents	\$ 229,109
Due from other funds	29,245
Sewer usage fees receivable	38,009
Total current assets	<hr/> 296,363 <hr/>
Noncurrent assets	
Capital Assets, Net of Accumulated Depreciation	<hr/> 2,867,476 <hr/>
<u>Total Assets</u>	<hr/> <u>\$ 3,163,839</u> <hr/>
 <u>Liabilities</u>	
Accounts payable	\$ 10,567
Noncurrent Liabilities Bonds Payable:	
Due within one year	100,533
Due in more than one year	2,419,168
<u>Total Liabilities</u>	<hr/> 2,530,268 <hr/>
 <u>Net Position</u>	
Net Investment in Capital Assets	347,775
Unrestricted	285,796
<u>Total Net Position</u>	<hr/> 633,571 <hr/>
<u>Total Liabilities and Net Position</u>	<hr/> <u>\$ 3,163,839</u> <hr/>

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, 2025

	Business Type Activities Enterprise Fund
	Sewer and Water Commission
<u>Operating Revenue</u>	
Sewer usage and hookup fees	\$ 742,799
<u>Total Operating Revenues</u>	742,799
 <u>Operating Expenses</u>	
Wages and benefits	240,447
Utilities	56,359
Operating expenses	142,607
Administrative expenses	48,751
Depreciation	87,003
<u>Total Expenditures</u>	575,167
 <u>Operating Income (Loss)</u>	167,632
 <u>Non-Operating Revenues (Expenses)</u>	
Interest Revenue	10,433
Interest Expense	(32,349)
<u>Total Non-Operating Revenues (Expenses)</u>	(21,916)
 <u>Change In Net Position</u>	145,716
 <u>Net Position, Beginning</u>	487,855
 <u>Net Position, Ending</u>	\$ 633,571

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, 2025

	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	\$ 733,072
Cash paid for the following	
Wages and benefits	(240,447)
Utilities	(56,359)
Operating expenses	(132,660)
Administrative expenses	(48,751)
<u>Net Cash Used in Operating Activities</u>	<u>254,855</u>
 <u>Cash Flows from Noncapital Financing Activities</u>	
Cash due from general fund	(29,245)
 <u>Net Cash Used in Capital and Related Financing Activities</u>	<u>(29,245)</u>
 <u>Cash Flows from Capital and Related Financing Activities</u>	
Repayment of bonds and notes payable	(100,533)
Interest Paid	(32,349)
 <u>Net Cash Used in Capital and Related Financing Activities</u>	<u>(132,882)</u>
 <u>Cash Flows From Investing Activities</u>	
Receipt of interest	10,433
<u>Net Cash Provided by Investing Activities</u>	<u>10,433</u>
 <u>Net Increase (Decrease) in Cash</u>	103,161
 <u>Cash, Beginning of Year</u>	<u>125,948</u>
 <u>Cash, End of Year</u>	<u>\$ 229,109</u>
 <u>Reconciliation of Operating Income to</u>	
<u>Net Cash Provided by Operating Activities</u>	
Operating Income (Loss)	\$ 167,632
Adjustments to Reconcile Operating Income to	
Net Cash Provided by Operating Activities	
Depreciation Expense	87,003
Changes in assets and liabilities	
Sewer usage fees receivable	(9,727)
Accounts payable	9,947
<u>Net Cash Provided by Operating Activities</u>	<u>\$ 254,855</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, 2025

	<u>Custodial Funds</u>	<u>Total</u>
<u>Assets</u>		
Cash and cash equivalents	\$ 16,390	\$ 16,390
Investments	-	-
<u>Total Assets</u>	<u>\$ 16,390</u>	<u>\$ 16,390</u>
 <u>Liabilities</u>		
Accounts payable	\$ -	\$ -
<u>Total Liabilities</u>	<u>-</u>	<u>-</u>
 <u>Net Position</u>		
Restricted for Individuals and Organizations	<u>16,390</u>	<u>16,390</u>
<u>Total Net Position</u>	<u>16,390</u>	<u>16,390</u>
<u>Total Liabilities and Net Position</u>	<u>\$ 16,390</u>	<u>\$ 16,390</u>

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, 2025

	<u>Custodial Funds</u>	<u>Total</u>
<u>Additions</u>		
Employer Contributions	\$ -	\$ -
Events and Activities	113,518	113,518
<u>Total Contributions</u>	<u>113,518</u>	<u>113,518</u>
<u>Investment Income</u>		
Investment Net Earnings	-	-
<u>Total Investment Income</u>	<u>-</u>	<u>-</u>
<u>Total Additions</u>	<u>113,518</u>	<u>113,518</u>
<u>Deductions</u>		
Events and Activities	118,191	118,191
<u>Total Deductions</u>	<u>118,191</u>	<u>118,191</u>
<u>Change in Net Position</u>	<u>(4,673)</u>	<u>(4,673)</u>
<u>Net Position Beginning</u>	<u>21,063</u>	<u>21,063</u>
<u>Net Position Ending</u>	<u>\$ 16,390</u>	<u>\$ 16,390</u>

The accompanying notes are an integral part of these financial statements

TOWN OF SALISBURY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

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.

TOWN OF SALISBURY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

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 - 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:

Custodial Funds are used to account for monies held as a custodian for outside groups and agencies.

TOWN OF SALISBURY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

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.

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:

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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.

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.

Transfer Station Fund accounts for financial resources for the operation of the Salisbury/Sharon Transfer Station.

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.

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 deposit of public funds is controlled by the Connecticut General Statutes. The Town maintains separate accounts with depositories where necessary. Cash applicable to a particular fund is readily identifiable. Cash in excess of current requirements is invested in various interest-bearing accounts, certificates of deposit, and pooled investment funds that may be deemed to be cash equivalents based on maturity date or availability of conversion to cash. Cash and cash equivalents are stated at cost, which approximates market value and have original maturities of three months or less. The Town classifies all highly liquid investments, including money market funds, having original maturities of three months or less, as cash equivalents.

Investments

In general, State of Connecticut Statutes allow the Town to invest in obligations of the United States of America, or United States government sponsored corporations, in shares or other interest in any custodial arrangement, pool, or no-load, open-end management type investment company or investment trust, 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. The pension and other trust funds may also invest in stocks, bonds, or other securities selected by the Trustee. Investments for the Town are reported at fair value generally based on quoted market prices.

TOWN OF SALISBURY
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Inventory

Purchased inventory is presented at cost (first-in, first-out). USDA donated commodities are presented at market value. inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

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, 2025, loans receivable totaled \$540,171 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, 2025, 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.

TOWN OF SALISBURY
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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:

<u>Assets</u>	<u>Years</u>
Buildings and Improvements	20 - 50
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 or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt 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

TOWN OF SALISBURY
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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.

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.

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.

TOWN OF SALISBURY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

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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	<u>Revenues</u>	<u>Expenditures</u>
Total Budgetary Basis - Non GAAP	\$ 18,926,577	\$ 19,043,372
Teachers retirement System On Behalf Payments	862,869	862,869
Teachers retirement System OPEB	12,067	12,067
Board of Education Nonlapsing Expenditures	-	26,010
Interfund Transfers reported on Non-GAAP statements as revenues and expenditures	-	(1,523,100)
Total GAAP Basis	<u>\$ 19,801,513</u>	<u>\$ 18,421,218</u>

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, 2025, the carrying amount of the Town's cash deposits were as follows:

	<u>Carrying Amount</u>	<u>Bank Balance</u>
Governmental Funds	\$ 11,998,983	\$ 12,368,987
Proprietary Funds	229,109	229,109
Fiduciary Funds	16,390	21,171
	12,244,482	12,619,267
Less Certificates of deposit classified as investments	(1,760,758)	(1,760,758)
Total Cash and Cash Equivalents	<u>\$ 10,483,724</u>	<u>\$ 10,858,509</u>

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, 2025, \$11,190,305 of the Town's bank balance of \$12,619,267 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ -
Uninsured and collateralized with securities held by the pledging Bank's trust department or agent but not in the Town's name	11,190,305
	<u>\$ 11,190,305</u>

TOWN OF SALISBURY
NOTES TO FINANCIAL STATEMENTS
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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, 2025, 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, 2025, the Town had the following investments:

	<u>Fair Market Value</u>	<u>Maturity not Applicable</u>	<u>Less than 1 Year</u>	<u>1- 5 Years</u>	<u>5 - 10 Years</u>
Governmental Funds					
Certificates of deposit	\$ 1,760,758	\$ -	\$ -	\$ 1,760,758	\$ -
US Treasury Bonds and Notes	819,204	-	-	819,204	-
Corporate Bonds and Notes	43,498	-	43,498	-	-
Corporate stock	5,082,570	5,082,570	-	-	-
Mutual Funds	1,031,310	1,031,310	-	-	-
	<u>\$ 8,737,340</u>	<u>\$ 6,113,880</u>	<u>\$ 43,498</u>	<u>\$ 2,579,962</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.

Concentrations of Credit Risk

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

Investment Custodial Credit Risk

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, 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. To limit its exposure, the Town’s investment policy requires all

TOWN OF SALISBURY
NOTES TO FINANCIAL STATEMENTS
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security transactions that are exposed to custodial credit risk to be processed on a delivery versus payment (DVP) basis with the underlying investments held by a third party acting as the Town’s agent separate from where the investment was purchased or by the trust department of the bank where purchased, in the Town’s name. The Town does not have a policy for custodial credit risk.

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, 2025.

The Town has the following recurring fair value measurements as of June 30, 2025:

	June 30, 2025	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Publicly traded equity investments	\$ 6,976,582	\$ 6,976,582	\$ -	\$ -
Certificates of deposit	1,760,758	1,760,758	-	-
	<u>\$ 8,737,340</u>	<u>\$ 8,737,340</u>	<u>\$ -</u>	<u>\$ -</u>

NOTE 5 – RECEIVABLES

Receivables at June 30, 2025 are as follows:

	General Funds	Other Funds	Proprietary Funds	Total
Property Taxes	\$ 365,003	\$ -	\$ -	\$ 365,003
Interest due on taxes	163,828	-	-	163,828
Accounts Receivable	157,299	45,860	38,009	241,168
Long-term Receivables	-	540,171	-	540,171
Total Receivables	<u>\$ 686,130</u>	<u>\$ 586,031</u>	<u>\$ 38,009</u>	<u>\$ 1,310,170</u>

TOWN OF SALISBURY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 6 – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

As of June 30, 2025, interfund receivables and payables that resulted from various interfund transactions were as follows:

	<u>Due From</u>	<u>Due To</u>
General Fund	\$ 593,708	\$ 139,084
School Lunch Fund	5,921	25,500
Bridge Repair Fund	-	435,553
Twin Lakes Fund	-	132,656
LOCIP	103,919	-
WPCA Proprietary Fund	29,245	
Total	<u>\$ 732,793</u>	<u>\$ 732,793</u>

A summary of interfund transfers is presented as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ -	\$ 2,149,177
Capital Projects Fund	1,252,000	-
Transfer Station Fund	162,173	-
Summer Work Program	15,000	-
Salisbury Fire Commission	406,100	-
ARPA Fund	-	59,519
Bridge Repair Fund	15,000	-
Transfer Station Capital Fund	50,000	-
Equipment Replacement Fund	308,423	-
Total	<u>\$ 2,208,696</u>	<u>\$ 2,208,696</u>

NOTE 7 -DEFICIT FUND BALANCES

As of June 30, 2025, 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.

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.

TOWN OF SALISBURY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 9 – CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2025 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	-	371,735	-	371,735
Total Capital Assets, not being depreciated	<u>2,992,466</u>	<u>371,735</u>	<u>-</u>	<u>3,364,201</u>
Capital Assets, being depreciated				
Building and Improvements	27,735,221	-	-	27,735,221
Machinery and Equipment	4,483,791	-	-	4,483,791
Infrastructure	12,737,212	-	-	12,737,212
Vehicles	6,259,172	379,743	-	6,638,915
Total Capital Assets being depreciated	<u>51,215,396</u>	<u>379,743</u>	<u>-</u>	<u>51,595,139</u>
Less Accumulated Depreciation for:				
Building and Improvements	12,156,781	709,061	-	12,865,842
Machinery and Equipment	3,492,292	148,812	-	3,641,104
Infrastructure	3,247,819	445,713	-	3,693,532
Vehicles	4,910,320	150,094	-	5,060,414
Total Accumulated Depreciation	<u>23,807,212</u>	<u>1,453,680</u>	<u>-</u>	<u>25,260,892</u>
Total Capital Assets, being depreciated net	<u>27,408,184</u>	<u>(1,073,937)</u>	<u>-</u>	<u>26,334,247</u>
Governmental Activities Capital Assets, Net	<u>\$ 30,400,650</u>	<u>\$ (702,202)</u>	<u>\$ -</u>	<u>\$ 29,698,448</u>

TOWN OF SALISBURY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

	Beginning Balance	Increases	Decreases	Ending Balance
<u>Business Type Activities</u>				
Capital Assets, being depreciated				
Building and Improvement	\$ 3,524,430	\$ -	\$ -	\$ 3,524,430
Machinery and Equipment	647,909	-	-	647,909
Vehicles	37,000	-	-	37,000
Total Capital Assets being depreciated	<u>4,209,339</u>	<u>-</u>	<u>-</u>	<u>4,209,339</u>
Less Accumulated Depreciation for:				
Building and Improvement	666,162	3,010	-	669,172
Machinery and Equipment	551,698	83,993	-	635,691
Vehicles	37,000	-	-	37,000
Total Accumulated Depreciation	<u>1,254,860</u>	<u>87,003</u>	<u>-</u>	<u>1,341,863</u>
Total Capital Assets, being depreciated net	<u>2,954,479</u>	<u>(87,003)</u>	<u>-</u>	<u>2,867,476</u>
Business Type Activities Capital Assets, Net	<u>\$ 2,954,479</u>	<u>\$ (87,003)</u>	<u>\$ -</u>	<u>\$ 2,867,476</u>

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

Governmental Activities	
General Government	\$ 403,465
Public Safety	137,155
Public Works	309,970
Sanitation/Waste Removal	212,818
Recreation	35,530
Education	354,742
Total Depreciation Expense - Governmental Activities	<u>\$ 1,453,680</u>
Business-Type Activities:	
Sewer and Water Commission	<u>\$ 87,003</u>

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.

TOWN OF SALISBURY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 11 - GENERAL LONG-TERM DEBT

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Current Portion</u>
<u>General Government</u>					
General obligation bonds	\$ 1,449,475	\$ -	\$ 39,175	\$ 1,410,300	\$ 39,175
General obligation bonds	900,000	-	180,000	720,000	180,000
General obligation bonds	3,186,000	-	177,000	3,009,000	177,000
Note payable vehicle	9,858	-	9,858	-	-
Note payable equipment	90,200	-	33,362	56,838	33,866
Note payable vehicle	36,927	-	8,136	28,791	8,362
Total General Government	<u>5,672,460</u>	<u>-</u>	<u>447,531</u>	<u>5,224,929</u>	<u>438,403</u>
<u>Businesses Type Activities</u>					
Sewer Fund general obligation bond	2,395,234	-	63,033	2,332,201	63,033
Sewer Fund general obligation bond	225,000	-	37,500	187,500	37,500
Total Business Type Activates	<u>2,620,234</u>	<u>-</u>	<u>100,533</u>	<u>2,519,701</u>	<u>100,533</u>
Total Bonds and Notes Payable	8,292,694	-	548,064	7,744,630	538,936
Compensated Absences	<u>276,168</u>	<u>-</u>	<u>3,707</u>	<u>272,461</u>	<u>272,461</u>
Total Long-term Debt	<u>\$ 8,568,862</u>	<u>\$ -</u>	<u>\$ 551,771</u>	<u>\$ 8,017,091</u>	<u>\$ 811,397</u>

TOWN OF SALISBURY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

Bonds and Debt Payable at June 30, 2025 are comprised of the following obligations:

	Balance 6/30/2025
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%.	\$ 1,410,300
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 2.25%.	720,000
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% adjustable after 10 years.	3,009,000
Note payable at 1.50%, final payment due March 10, 2027, secured by equipment.	56,838
Note payable at 2.75%, final payment due July 1, 2025, secured by vehicle.	28,791
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%.	2,332,201
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%.	187,500
Total Bonds and Notes Payable	\$ 7,744,630

TOWN OF SALISBURY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

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

Year Ending June 30	Principal	Interest	Total
2026	\$ 538,936	\$ 106,276	\$ 645,212
2027	528,275	97,588	625,863
2028	505,543	89,008	594,551
2029	499,707	78,562	578,269
2030	316,708	72,436	389,144
2031	279,208	68,576	347,784
2032	279,208	65,291	344,499
2033	279,208	61,286	340,494
2034	279,208	57,640	336,848
2035	279,208	53,995	333,203
2036	279,208	50,349	329,557
2037	279,208	46,704	325,912
2038	279,208	43,059	322,267
2039	279,208	39,414	318,622
2040	279,208	35,769	314,977
2041	279,208	32,124	311,332
2042	279,208	28,482	307,690
2043	102,208	25,992	128,200
2044	102,208	24,665	126,873
2045	102,208	23,339	125,547
2046	102,208	22,013	124,221
2047	102,208	20,687	122,895
2048	102,208	19,360	121,568
2049	102,208	18,034	120,242
2050	102,208	16,707	118,915
2051	102,208	15,380	117,588
2052	102,208	14,054	116,262
2053	102,208	12,727	114,935
2054	102,208	11,400	113,608
2055	102,208	10,074	112,282
2056	102,208	8,747	110,955
2057	102,208	7,420	109,628
2058	102,208	6,095	108,303
2059	102,208	4,768	106,976
2060	102,208	3,441	105,649
2061	102,208	2,115	104,323
2062	63,013	788	63,801
	<u>\$ 7,744,630</u>	<u>\$ 1,294,365</u>	<u>\$ 9,038,995</u>

TOWN OF SALISBURY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

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, 2025.

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, 2025

NOTE 13 – FUND BALANCES

As of June 30, 2025, governmental fund balances are composed of the following:

	General Fund	Other Capital Projects Fund	Transfer Station Fund	Bauer Fund	Bissell Fund	Non Major Governmental Funds	Total Governmental Funds
<u>Nonspendable</u>							
Health and welfare	\$ -	\$ -	\$ -	\$1,838,171	\$2,387,753	\$ 702,942	\$ 4,928,866
	-	-	-	1,838,171	2,387,753	702,942	4,928,866
<u>Restricted</u>							
Capital projects	-	2,036,276	-	-	-	-	2,036,276
General governments	33,566	-	-	-	-	-	33,566
Public works	-	-	-	-	-	300,273	300,273
Public safety	-	-	-	-	-	974,561	974,561
Sanitation/waste removal	-	-	222,882	-	-	-	222,882
Health and welfare	-	-	-	807,290	1,329,013	703,359	2,839,662
Recreation	28,613	-	-	-	-	-	28,613
	62,179	2,036,276	222,882	807,290	1,329,013	1,978,193	6,435,833
<u>Committed</u>							
Capital projects	-	-	-	-	-	262,210	262,210
Public works	1,089,790	-	-	-	-	-	1,089,790
Public safety	64,422	-	-	-	-	-	64,422
Sanitation/waste removal	-	-	-	-	-	-	-
Health and welfare	134,397	-	-	-	-	59,693	194,090
	1,288,609	-	-	-	-	321,903	1,610,512
<u>Assigned</u>							
Subsequent year's budget	1,889,472	-	-	-	-	-	1,889,472
HS tuition	149,254	-	-	-	-	-	149,254
Unemployment	27,716	-	-	-	-	-	27,716
General governments	349,670	-	-	-	-	(132,656)	217,014
Public works	75,000	-	-	-	-	-	75,000
Health and welfare	45,290	-	-	-	-	-	45,290
Recreation	88,750	-	-	-	-	-	88,750
Education	115,682	-	-	-	-	30,443	146,125
	2,740,834	-	-	-	-	(102,213)	2,638,621
<u>Unassigned</u>							
	2,589,425	-	-	-	-	-	2,589,425
<u>Total governmental funds</u>	<u>\$ 6,681,047</u>	<u>\$ 2,036,276</u>	<u>\$ 222,882</u>	<u>\$ 2,645,461</u>	<u>\$ 3,716,766</u>	<u>\$ 2,900,825</u>	<u>\$ 18,203,257</u>

TOWN OF SALISBURY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

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 150% 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, 2025, actual contributions by the Town were \$245,865. As of June 30, 2025, 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.

CONNECTICUT STATE TEACHERS' RETIREMENT SYSTEM

Plan Description

Teachers, principals, superintendents, or supervisors engaged in service of public schools are provided with pensions through the Connecticut State Teachers' Retirement System, a cost sharing multiple-employer defined benefit pension plan administered by the Teachers Retirement Board. Chapter 167a of the State Statutes grants authority to establish and amend the benefit terms to the Teachers Retirement Board. The Teachers Retirement Board issues a publicly available financial report that can be obtained at www.ct.gov.

Benefit Provisions

The plan 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.as follows:

Normal Retirement

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).

TOWN OF SALISBURY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

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. 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.

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.

Disability Retirement

Employees are eligible for service-related disability benefits regardless of length of service. Five years of credited service is required to be eligible for non-service related disability. 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 Plan, but not less than 15%, nor more than 50%. In addition, disability benefits under this Plan (without regard to cost-of-living adjustments) plus any initial award of Social Security benefits and workers' compensation cannot exceed 75% of average annual salary.

A Plan member who leaves service and has attained 10 years of service will be entitled to 100% of the accrued benefit as of the date of termination of covered employment. Benefits are payable at age 60, and early retirement reductions are based on the number of years of service the member would have had if they had continued work until age 60.

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.

Employer (School Districts)

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.

For the year ended June 30, 2025, the Town recognized benefits expense and contribution revenue of \$862,869 in the governmental funds for on-behalf amounts for the benefits provided by the State. In the government-wide financial statements, the Town recognized \$1,002,941 for pension expense and revenue for on-behalf amounts for the benefits provided by the State.

TOWN OF SALISBURY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

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, 2025, 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		8,743,876
 Total	 \$	 <u>8,743,876</u>

The net pension liability was measured as of June 30, 2024 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2024. As of June 30, 2025, the Town has no proportionate share of the net pension liability.

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2024, with a reporting date of June 30, 2024, 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.

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.

TOWN OF SALISBURY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

Cost of Living Allowance

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%.

Long-Term Rate of Return

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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global Equity	37.0%	6.8%
Public Credit	2.0%	2.9%
Core Fixed Income	13.0%	0.4%
Liquidity Fund	1.0%	-0.4%
Risk Mitigation	5.0%	0.1%
Private Equity	15.0%	11.2%
Private Credit	10.0%	6.1%
Real Estate	10.0%	6.2%
Infrastructure and Natural Resources	7.0%	7.7%
	<u>100.0%</u>	

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 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, 2025

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, plus professional employees at state schools of higher education, are eligible to participate in the Connecticut State Teachers' Retirement System Retiree Health Insurance Plan (TRS-RHIP), a cost-sharing multiple-employer defined benefit other postemployment benefit plan administered by the Teachers' Retirement Board (TRB), if they choose to be covered.

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

There are two types of health care benefits offered through the system. Subsidized Local School District Coverage provides a subsidy paid to members still receiving coverage through their former employer, and the CTRB Sponsored Medicare Supplement Plans provide coverage for those participating in Medicare but not receiving Subsidized Local School District Coverage.

Any member who 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 \$220 per month for a retired member plus an additional \$220 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, and any remaining portion is used to offset the district's cost. The subsidy amount is set by statute.

A subsidy amount of \$440 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 \$440 per month towards coverage under a local school district plan.

TOWN OF SALISBURY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

Any member who 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 System. If they elect to remain in the plan with their former employer, the same subsidies as above will be paid to offset the cost of coverage.

If a member participating in Medicare Parts A & B so elects, they may enroll in one of the CTRB Sponsored Medicare Supplement Plans. Effective July 1, 2018, the System added a Medicare Advantage Plan option. Active members, retirees and the State pay equally toward the cost of the basic coverage (medical and prescription drug benefits) under the Medicare Advantage Plan. Retired members who choose to enroll in the Medicare Supplement Plan are responsible for the full difference in the premium cost between the two plans. Additionally, effective July 1, 2018, retired members who cancel their health care coverage or elect to not enroll in a CTRB sponsored health care coverage option must wait two years to re-enroll.

Survivor Health Care Coverage

Survivors of former employees or retirees remain eligible to participate in the plan and continue to be eligible to receive either the \$220 monthly subsidy or participate in the TRB-Sponsored Medicare Supplement Plans, as long as they do not remarry.

Eligibility

Any member who is currently receiving a retirement or disability benefit is eligible to participate in the plan.

Credited Service

One month for each month of service as a teacher in Connecticut public schools, maximum 10 months for each school year. Ten months of credited service constitutes one year of Credited Service. Certain other types of teaching services, state employment, or wartime military service may be purchased prior to retirement if the member pays one-half the cost.

Normal Retirement

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.

Early Retirement

Age 55 with 20 years of Credited Service including 15 years of Connecticut service, or 25 years of Credited Service including 20 years of Connecticut service.

Pro-ratable Retirement

Age 60 with 10 years of Credited Service.

TOWN OF SALISBURY
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2025

Disability Retirement

No service requirement if incurred in the performance of duty, and five years of Credited Service in Connecticut if not incurred in the performance of duty.

Termination of Employment

Ten or more years of Credited Service.

Contributions

State of Connecticut

Per Connecticut General Statutes Section 10-183z, contribution requirements of active employees and the State of Connecticut are approved, amended and certified by the State Teachers' Retirement Board and appropriated by the General Assembly. The State contributions are not currently actuarially funded. The State appropriates from the General Fund one third of the annual costs of the Plan. Administrative costs of the Plan are financed by the State. Based upon Chapter 167a, Subsection D of Section 10-183t of the Connecticut statutes, it is assumed the State will pay for any long-term shortfall arising from insufficient active member contributions.

Employer (School Districts)

For the year ended June 30, 2025, the amount of "on-behalf" contributions made by the state was \$12,067 and is recognized in the General Fund as intergovernmental revenues and education expenditures. In the government-wide financial statements, the Town recognized \$24,852 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

As of June 30, 2025, 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		1,793,670
Total	\$	<u>1,793,670</u>

The net OPEB liability was measured as of June 30, 2024 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as June 30, 2024. As of June 30, 2025, the Town has no proportionate share of the net OPEB liability.

TOWN OF SALISBURY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of June 30, 2024 using the following actuarial assumptions and other inputs, applied to all periods included in the measurement:

Inflation	2.50%
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	3.93%
Prior Measurement date	3.65%

The projected fiduciary net The projected fiduciary net position is projected to be depleted in 2027.

Single equivalent interest rate	Single equivalent interest rate
Measurement date	3.64%, net of OPEB plan investment expense, including price inflation.
Prior Measurement date	3.93 %, net of OPEB plan investment expense, including price inflation.
Healthcare cost trends rates	
Medicare	Known increases until calendar year 2024, then general trend decreasing to an ultimate rate of 4.50% by 2031.

Healthcare cost trends rates 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.

Long-Term Rate of Return

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:

TOWN OF SALISBURY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

Asset Class	Target Allocation	Expected 10-Year Geometric Real Rate of Return	Standard Deviation
U.S. Treasuries (Cash Equivalents)	100.00%	1.26%	1.10%
Price Inflation		2.50%	
Expected rate of return (Rounded nearest 0.25%)		3.75%	

Discount Rate

The discount rate used to measure the total OPEB liability was 3.93%. 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, 2024.

In addition to the actuarial methods and assumptions of the June 30, 2024 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 2027 and, as a result, the Municipal Bond Index Rate was used in the determination of the single equivalent rate.

The changes in the assumptions since the prior year are as follows:

- Based on the procedure described in GASB 75, the discount rate used to measure Plan obligations for financial accounting purposes as of June 30, 2024 was updated to equal the SEIR of 3.93% as of June 30, 2024
- Expected annual per capita claims costs were updated to better reflect anticipated medical and prescription drug claim experience
- Assumed election rates for post-65 retirees between the Local School District Coverage Subsidy and CTRB Sponsored Medical Plans were updated to reflect the recent plan experience. Spouse coverage election assumptions were also updated with this change
- Long-term health care cost trend rates were updated to reflect expected future trend for participants in the health plans

The changes in the benefit terms since the prior year are as follows:

- There were no changes to benefit terms since the prior Measurement Date.

TOWN OF SALISBURY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

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

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

OPEB 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 ACCOUNTING CHANGES

Change in Accounting Principle

Effective July 1, 2024, the Town implemented GASB Statement No. 101, *Compensated Absences*. This statement updated the recognition and measurement guidance for compensated absences and associated salary-related payments and amended certain previously required disclosures. As a result of the implementation of this standard, beginning net position was not affected.

NOTE 17 – 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. 103, *Financial Reporting Model Improvements*.** The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement also addresses certain application issues. The requirements of this statement are effective for the Town's reporting period beginning July 1, 2025.
- **GASB Statement No. 104, *Disclosure of Certain Capital Assets*.** The objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets. This Statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement 34. Lease assets recognized in accordance with Statement No. 87, *Leases*, and intangible right-to-use assets recognized in accordance with Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, should be disclosed separately by major class of underlying asset in the capital assets note disclosures. Subscription assets recognized in accordance with Statement No. 96, *Subscription-Based Information Technology Arrangements*, also should be separately disclosed. In addition, this Statement requires intangible assets other than those three types to be disclosed

TOWN OF SALISBURY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

separately by major class. This Statement also requires additional disclosures for capital assets held for sale. The requirements of this statement are effective for the Town's reporting period beginning July 1, 2026.

TOWN OF SALISBURY
CONNECTICUT STATE TEACHERS RETIREMENT SYSTEM
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Town's proportion of the net pension liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Town's proportionate share of the net pension liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability associated with the town	8,743,876	10,161,519	10,622,138	8,608,573	7,301,729	7,054,214	5,439,209	5,962,940	6,290,948	4,635,777
Total	\$ 8,743,876	\$ 10,161,519	\$ 10,622,138	\$ 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	\$ 2,800,016	\$ 2,803,351	\$ 2,764,040	\$ 2,560,953	\$ 2,478,212	\$ 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%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	62.68%	58.39%	54.06%	60.77%	49.24%	52.00%	57.69%	55.93%	52.26%	59.50%

Notes to Schedule

Changes in benefit terms	There were no changes to benefit terms since the prior Measurement Date.
Changes of assumptions	None
Actuarial cost method	Entry
Amortization method	age
Single Equivalent amortization period	Level percent of pay, closed, grading to a level dollar amortization method for the June 30, 2024 valuation
Asset valuation method	25.9 years
Inflation	4-year smoothed fair value
Salary increases	2.50%
Investment rate of return	3.00%-6.50%, including inflation
	6.90%, net of investment related expense

Notes:

The measurement date is one year earlier than the employer's reporting date.

TOWN OF SALISBURY
CONNECTICUT STATE TEACHERS RETIREMENT SYSTEM
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY

	2025	2024	2023	2022	2021	2020	2019	2018
Town's proportion of the net OPEB liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Town's proportionate share of the net OPEB liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net OPEB liability associated with the town	1,793,670	951,995	930,256	937,888	1,089,053	1,100,214	1,087,329	1,534,781
Total	\$ 1,793,670	\$ 951,995	\$ 930,256	\$ 937,888	\$ 1,089,053	\$ 1,100,214	\$ 1,087,329	\$ 1,534,781
Town's covered-employee payroll	\$ 2,800,016	\$ 2,803,351	\$ 2,764,040	\$ 2,560,953	\$ 2,478,212	\$ 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%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total OPEB liability	7.40%	11.92%	9.46%	6.11%	2.50%	2.08%	1.49%	1.79%

Notes to Schedule

Changes in benefit terms	There were no changes to benefit terms since the prior Measurement Date.
Changes of assumptions	<ul style="list-style-type: none"> • Based on the procedure described in GASB 75, the discount rate used to measure Plan obligations for financial accounting purposes as of June 30, 2024 was updated to equal the SEIR of 3.93% as of June 30, 2024 was updated to equal the SEIR of 3.93% as of June 30, 2024 • Expected annual per capita claims costs were updated to better reflect anticipated medical and prescription drug claim experience • Assumed election rates for post-65 retirees between the Local School District Coverage Subsidy and CTRB Sponsored Medical Plans were updated to reflect the recent plan experience. Spouse coverage election assumptions were also updated with this change • Long-term health care cost trend rates were updated to reflect expected future trend for participants in the health plans
Actuarial cost method	Entry Age
Amortization method	Level percent of payroll over an open period
Remaining amortization period	30 years
Asset valuation method	Market value of assets
Investment rate of return	3.00%, net of OPEB plan investment related expense, including inflation
Inflation	2.50%
Real wage growth	0.50%
Wage inflation	3.00%
Salary increases	3.00%-6.50%, including inflation
Health care cost trend rates	Known increases until calendar year 2024, then general trend decreasing to an ultimate rate of 4.50% by 2031
Basis for Postretirement Mortality R: PubT-2010, Amount Weighted	
Basis for Postretirement Mortality In Scale MP-2019, Generational	

TOWN OF SALISBURY
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL BUDGETARY BASIS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2025

	Budgeted Amounts			Actual	Variance With Final Budget Over (Under)
	Original	Transfers	Final		
<u>Property Taxes, Interest and Fees</u>	\$ 16,690,642	\$ -	16,690,642	\$ 16,762,371	\$ 71,729
<u>Intergovernmental</u>					
Education cost sharing (ECS)	55,718	-	55,718	57,776	2,058
Town aid road	300,427	-	300,427	300,429	2
Pilot - state/fed property	5,449	-	5,449	5,660	211
Miscellaneous grants	83	-	83	15,347	15,264
Misc. Education grants	-	-	-	1,579	1,579
<u>Total Intergovernmental</u>	<u>361,677</u>	<u>-</u>	<u>361,677</u>	<u>380,791</u>	<u>19,114</u>
<u>Investment Income</u>	<u>75,000</u>	<u>-</u>	<u>75,000</u>	<u>359,542</u>	<u>284,542</u>
<u>Donations</u>	<u>165,000</u>	<u>-</u>	<u>165,000</u>	<u>173,550</u>	<u>8,550</u>
<u>Other Revenues</u>					
Telephone access	30,000	-	30,000	23,493	(6,507)
Conveyance taxes	237,750	-	237,750	291,037	53,287
Construction permit fees	461,000	-	461,000	642,713	181,713
Grove Receipts	125,000	-	125,000	124,951	(49)
Building rental	5,000	-	5,000	12,675	7,675
Recreation program	40,000	-	40,000	51,850	11,850
Miscellaneous fees	20,000	-	20,000	19,650	(350)
Cell tower rent	54,000	-	54,000	65,386	11,386
414 Millerton Rd fitting	18,600	-	18,600	18,568	(32)
<u>Total Other Revenues</u>	<u>991,350</u>	<u>-</u>	<u>991,350</u>	<u>1,250,323</u>	<u>258,973</u>
<u>Total Revenues</u>	<u>\$ 18,283,669</u>	<u>\$ -</u>	<u>\$ 18,283,669</u>	<u>\$ 18,926,577</u>	<u>\$ 642,908</u>

TOWN OF SALISBURY
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES -
BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2025

	Budgeted Amounts			Actual	Variance
	Original	Transfers	Final		Favorable (Unfavorable)
<u>General Government</u>					
Selectmen	\$ 119,966	\$ 5,949	\$ 125,915	\$ 124,912	\$ 1,003
Selectmen secretary	76,545	2,728	79,273	64,638	14,635
Probate court	11,400	-	11,400	11,364	36
Registrar of voters	80,500	-	80,500	45,102	35,398
Board of finance	16,700	-	16,700	11,086	5,614
Auditors	20,000	3,000	23,000	23,000	-
Assessor	145,135	5,607	150,742	135,395	15,347
Board of tax review	250	-	250	-	250
Tax collector	106,514	4,063	110,577	103,255	7,322
Tax refunds	100	-	100	-	100
Accounting	166,610	4,956	171,566	169,655	1,911
Legal fees	161,000	(98,600)	62,400	62,235	165
Town clerk	160,106	5,580	165,686	150,454	15,232
Land use	244,287	7,229	251,516	225,188	26,328
Zoning board of appeals	500	-	500	-	500
Town hall operations	111,200	7,400	118,600	118,554	46
Town hall office	90,200	-	90,200	72,495	17,705
Pension plan	289,800	-	289,800	245,865	43,935
Longevity	23,100	7,519	30,619	26,520	4,099
FICA taxes	168,200	23,600	191,800	191,497	303
Health benefits	937,483	18,000	955,483	955,386	97
Workers' compensation	48,932	-	48,932	44,796	4,136
Unemployment compensation	2,000	-	2,000	-	2,000
Other insurance	78,000	-	78,000	71,604	6,396
Council of small towns	1,000	-	1,000	1,000	-
CT Conference of municipalities	2,800	-	2,800	2,768	32
NW Region council of government	3,400	-	3,400	3,400	-
Housatonic river commission	400	-	400	400	-
Street lighting	20,000	-	20,000	18,103	1,897
<u>Total General Government</u>	<u>3,086,128</u>	<u>(2,969)</u>	<u>3,083,159</u>	<u>2,878,672</u>	<u>204,487</u>
<u>Public Safety</u>					
Volunteer pension	35,000	-	35,000	5,630	29,370
Emergency preparedness	5,250	-	5,250	5,000	250
Fire protection	406,100	-	406,100	406,100	-
Litchfield county dispatch	50,000	2,600	52,600	52,564	36
Building official expenses	101,988	4,566	106,554	105,640	914
Fire marshal	38,700	-	38,700	20,295	18,405
Police protection	204,571	(11,984)	192,587	169,115	23,472
Civil defense	5	-	5	-	5
SARA	5	-	5	-	5
Dog warden	14,498	372	14,870	9,361	5,509
Water patrol - twin lakes	9,500	-	9,500	6,393	3,107
<u>Total Public Safety</u>	<u>865,617</u>	<u>(4,446)</u>	<u>861,171</u>	<u>780,098</u>	<u>81,073</u>

TOWN OF SALISBURY
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES -
BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2025

	Budgeted Amounts			Actual	Variance Favorable (Unfavorable)
	Original	Transfers	Final		
<u>Public Works</u>					
General maintenance	899,716	69,166	968,882	969,273	(391)
Engineering	4,000	700	4,700	4,666	34
Snow and ice removal	264,000	(135,000)	129,000	125,265	3,735
Highway materials	5,700	-	5,700	2,040	3,660
Town garage maintenance	55,350	-	55,350	53,990	1,360
Road work	510,329	-	510,329	369,855	140,474
Tree care program	65,000	(2,309)	62,691	48,063	14,628
<u>Total Public Works</u>	<u>1,804,095</u>	<u>(67,443)</u>	<u>1,736,652</u>	<u>1,573,152</u>	<u>163,500</u>
<u>Sanitation/Waste Removal</u>					
Transfer station	452,736	2,309	455,045	457,536	(2,491)
Recycling center	3,000	-	3,000	509	2,491
<u>Total Sanitation/Waste Removal</u>	<u>455,736</u>	<u>2,309</u>	<u>458,045</u>	<u>458,045</u>	<u>-</u>
<u>Health and Welfare</u>					
Conservation of Health					
Public health nursing assoc.	114,300	-	114,300	114,300	-
Mental health	21,576	-	21,576	21,576	-
NWRMH	550	-	550	550	-
TAHD Screening	22,534	-	22,534	22,534	-
Senior services	47,587	2,819	50,406	38,092	12,314
Drug and alcohol testing	500	-	500	-	500
	<u>207,047</u>	<u>2,819</u>	<u>209,866</u>	<u>197,052</u>	<u>12,814</u>
Community Services					
Youth services bureau	17,000	-	17,000	17,000	-
Summer youth work	15,000	-	15,000	15,000	-
General assistance	41,406	2,560	43,966	43,891	75
Susan B. Anthony	2,230	-	2,230	2,230	-
Women's emergency services	3,000	-	3,000	3,000	-
NW Transportation district	1,600	-	1,600	1,600	-
Housatonic day care center	41,667	-	41,667	41,667	-
Geer adult care	16,300	-	16,300	16,300	-
NW Chore	10,000	-	10,000	10,000	-
Housatonic valley association	300	-	300	300	-
NW CT Reg Housing	250	-	250	-	250
Housing commission	50,000	-	50,000	49,126	874
	<u>198,753</u>	<u>2,560</u>	<u>201,313</u>	<u>200,114</u>	<u>1,199</u>
<u>Total Health and Welfare</u>	<u>405,800</u>	<u>5,379</u>	<u>411,179</u>	<u>397,166</u>	<u>14,013</u>
<u>Debt Service</u>					
General obligation bonds	625,000	-	625,000	625,000	-
<u>Total Debt Service</u>	<u>625,000</u>	<u>-</u>	<u>625,000</u>	<u>625,000</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, 2025

	Budgeted Amounts			Actual	Variance
	Original	Transfers	Final		Favorable (Unfavorable)
<u>Recreation</u>					
Scoville memorial library	183,771	-	183,771	183,771	-
Lake management	125,000	21,000	146,000	154,110	(8,110)
Ball field	38,850	1,100	39,950	39,910	40
Recreation	154,090	3,840	157,930	140,881	17,049
Town Grove - expenses	335,085	40,630	375,715	367,216	8,499
Senior center	41,000	-	41,000	48,498	(7,498)
Christmas lighting	3,000	-	3,000	3,000	-
Memorial day	10,000	-	10,000	2,439	7,561
<u>Total Recreation</u>	<u>890,796</u>	<u>66,570</u>	<u>957,366</u>	<u>939,825</u>	<u>17,541</u>
<u>Miscellaneous</u>					
Cemeteries	2,000	600	2,600	2,511	89
Historic district commission	6,400	-	6,400	1,742	4,658
Sundries	6,000	-	6,000	3,874	2,126
Community information	5,000	-	5,000	3,452	1,548
Municipal development	25,000	-	25,000	21,840	3,160
Railroad Station	10,000	-	10,000	3,414	6,586
Other	37,000	-	37,000	42,517	(5,517)
<u>Total Miscellaneous</u>	<u>91,400</u>	<u>600</u>	<u>92,000</u>	<u>79,350</u>	<u>12,650</u>
<u>Education</u>					
Educational salaries	3,392,330	(45,000)	3,347,330	3,465,707	(118,377)
Support salaries	563,401	-	563,401	578,897	(15,496)
Employee benefits	1,192,546	-	1,192,546	1,132,114	60,432
Purchased services - education	72,734	45,000	117,734	141,760	(24,026)
Purchased services - support	627,869	-	627,869	553,028	74,841
Building	259,545	-	259,545	221,729	37,816
Educational supplies	50,498	-	50,498	37,701	12,797
Educational support supplies	64,996	-	64,996	65,723	(727)
Building supplies	222,952	-	222,952	249,697	(26,745)
Repairs and capital	39,058	-	39,058	74,695	(35,637)
Capital reserve	50,010	-	50,010	-	50,010
HVRHS	2,390,537	-	2,390,537	2,390,537	-
Pupil services	1,636,308	-	1,636,308	1,636,308	-
RSSC	381,168	-	381,168	381,168	-
<u>Total Education</u>	<u>10,943,952</u>	<u>-</u>	<u>10,943,952</u>	<u>10,929,064</u>	<u>14,888</u>
<u>Capital Outlay</u>					
Highway equipment	235,000	-	235,000	235,000	-
Bridge repairs	15,000	-	15,000	15,000	-
Municipal building maintenance	65,000	-	65,000	53,000	12,000
Capital other	80,000	-	80,000	80,000	-
<u>Total Capital Outlay</u>	<u>395,000</u>	<u>-</u>	<u>395,000</u>	<u>383,000</u>	<u>12,000</u>
<u>Total Expenditures</u>	<u>\$ 19,563,524</u>	<u>\$ -</u>	<u>\$ 19,563,524</u>	<u>\$ 19,043,372</u>	<u>\$ 520,152</u>

TOWN OF SALISBURY
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2025

	Special Revenue Funds						Education Grants
	Summer Work Program	School Lunch Fund	Extras Program	Salisbury Fire Commission	Small Cities Fund	ARPA Fund	
<u>Assets</u>							
Cash and Cash Equivalents	\$ 288,014	\$ 40,163	\$ 60,230	\$ 963,261	\$ -	\$ 16,373	\$ -
Investments	-	-	-	-	-	-	-
Inventory	-	4,786	-	-	-	-	-
Accounts Receivable	-	9,859	-	11,300	-	-	-
Long-term receivables	-	-	-	-	540,171	-	-
Due From Other Funds	-	5,921	-	-	-	-	-
Due From Other Governments	-	-	-	-	-	-	-
<u>Total Assets</u>	<u>\$ 288,014</u>	<u>\$ 60,729</u>	<u>\$ 60,230</u>	<u>\$ 974,561</u>	<u>\$ 540,171</u>	<u>\$ 16,373</u>	<u>\$ -</u>
<u>Liabilities and Fund Balances</u>							
<u>Liabilities</u>							
Accounts Payable	\$ -	\$ -	\$ 537	\$ -	\$ -	\$ -	\$ -
Unearned Revenue	-	-	-	-	-	16,373	-
Due to Other Funds	-	25,500	-	-	-	-	-
<u>Total Liabilities</u>	<u>-</u>	<u>25,500</u>	<u>537</u>	<u>-</u>	<u>-</u>	<u>16,373</u>	<u>-</u>
<u>Deferred Inflows Of Resources</u>							
Unavailable Revenue - long-term receivables	-	-	-	-	540,171	-	-
<u>Total Deferred Inflows Of Resources</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>540,171</u>	<u>-</u>	<u>-</u>
<u>Fund Balances</u>							
Nonspendable	255,411	4,786	-	-	-	-	-
Restricted	32,603	-	-	974,561	-	-	-
Committed	-	-	59,693	-	-	-	-
Assigned	-	30,443	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-
<u>Total Fund Balances</u>	<u>288,014</u>	<u>35,229</u>	<u>59,693</u>	<u>974,561</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Total Liabilities, Deferred Inflows of Resources and Fund Balances</u>	<u>\$ 288,014</u>	<u>\$ 60,729</u>	<u>\$ 60,230</u>	<u>\$ 974,561</u>	<u>\$ -</u>	<u>\$ 16,373</u>	<u>\$ -</u>

TOWN OF SALISBURY
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2025

	Capital Project Funds					Permanent Fund	Total
	Bridge Repair Fund	Transfer Station Capital Fund	Equipment Replacement Fund	Twin Lakes Fund	LOCIP	Coffing Support of Poor Fund	
<u>Assets</u>							
Cash and cash equivalents	\$ 621,049	\$ 114,777	\$ 262,210	\$ -	\$ -	\$ 135,431	\$ 2,501,508
Investments	-	-	-	-	-	978,070	978,070
Inventory	-	-	-	-	-	-	4,786
Accounts Receivable	-	-	-	-	-	-	21,159
Long-term receivables	-	-	-	-	-	-	540,171
Due From Other Funds	-	-	-	-	103,919	-	109,840
<u>Total Assets</u>	<u>\$ 621,049</u>	<u>\$ 114,777</u>	<u>\$ 262,210</u>	<u>\$ -</u>	<u>\$ 103,919</u>	<u>\$ 1,113,501</u>	<u>\$ 4,155,534</u>
<u>Liabilities and Fund Balances</u>							
<u>Liabilities</u>							
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	537
Unearned Revenue	-	-	-	-	103,919	-	120,292
Due to Other Funds	435,553	-	-	132,656	-	-	593,709
<u>Total Liabilities</u>	<u>435,553</u>	<u>-</u>	<u>-</u>	<u>132,656</u>	<u>103,919</u>	<u>-</u>	<u>714,538</u>
<u>Deferred Inflows Of Resources</u>							
Unavailable Revenue - long-term receivables	-	-	-	-	-	-	540,171
<u>Total Deferred Inflows Of Resources</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>540,171</u>
<u>Fund Balances</u>							
Nonspendable	-	-	-	-	-	442,745	702,942
Restricted	185,496	114,777	-	-	-	670,756	1,978,193
Committed	-	-	262,210	-	-	-	321,903
Assigned	-	-	-	(132,656)	-	-	(102,213)
Unassigned	-	-	-	-	-	-	-
<u>Total Fund Balances</u>	<u>185,496</u>	<u>114,777</u>	<u>262,210</u>	<u>(132,656)</u>	<u>-</u>	<u>1,113,501</u>	<u>2,900,825</u>
<u>Total Liabilities, Deferred Inflows of Resources and Fund Balances</u>	<u>\$ 621,049</u>	<u>\$ 114,777</u>	<u>\$ 262,210</u>	<u>\$ -</u>	<u>\$ 103,919</u>	<u>\$ 1,113,501</u>	<u>\$ 4,155,534</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, 2025

	Special Revenue Funds						
	Summer Work Program	School Lunch Fund	Extras Program	Salisbury Fire Commission	Small Cities Fund	ARPA Fund	Education Grants
<u>Revenues:</u>							
Intergovernmental	\$ -	\$ 68,246	\$ 8,500	\$ -	\$ -	\$ 59,519	\$ 110,038
Investment Income	8,911	-	800	29,623	-	-	-
Donations	-	-	-	-	-	-	-
Local Revenue	34,155	10,990	159,943	45,665	-	-	-
<u>Total Revenues</u>	<u>43,066</u>	<u>79,236</u>	<u>169,243</u>	<u>75,288</u>	<u>-</u>	<u>59,519</u>	<u>110,038</u>
<u>Expenditures:</u>							
General Government	-	-	-	-	-	-	-
Public Safety	-	-	-	230,174	-	-	-
Public Works	-	-	-	-	-	-	-
Sanitation/Waste Removal	-	-	-	-	-	-	-
Health and Welfare	-	-	158,546	-	-	-	-
Recreation	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-
Debt Service	-	-	-	-	-	-	-
Education	34,523	118,515	-	-	-	-	110,038
Capital Outlay	-	-	-	17,487	-	-	-
<u>Total Expenditures</u>	<u>34,523</u>	<u>118,515</u>	<u>158,546</u>	<u>247,661</u>	<u>-</u>	<u>-</u>	<u>110,038</u>
Excess (deficiency) of Revenues Over Expenditures	<u>8,543</u>	<u>(39,279)</u>	<u>10,697</u>	<u>(172,373)</u>	<u>-</u>	<u>59,519</u>	<u>-</u>
<u>Other Financing Sources (Uses):</u>							
Operating Transfers In	15,000	-	-	406,100	-	-	-
Operating Transfers Out	-	-	-	-	-	(59,519)	-
<u>Total Other Financing Sources (Uses)</u>	<u>15,000</u>	<u>-</u>	<u>-</u>	<u>406,100</u>	<u>-</u>	<u>(59,519)</u>	<u>-</u>
<u>Net Change in Fund Balances</u>	<u>23,543</u>	<u>(39,279)</u>	<u>10,697</u>	<u>233,727</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Fund Balances Beginning of Year</u>	<u>264,471</u>	<u>74,508</u>	<u>48,996</u>	<u>740,834</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Fund Balances End of Year</u>	<u>\$ 288,014</u>	<u>\$ 35,229</u>	<u>\$ 59,693</u>	<u>\$ 974,561</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</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, 2025

	Capital Project Funds				Permanent Fund		Total
	Bridge Repair Fund	Transfer Station Capital Fund	Equipment Replacement Fund	Twin Lakes Fund	LOCIP	Coffing Support of Poor Fund	
<u>Revenues:</u>							
Intergovernmental	\$ 35,902	\$ 50,000	\$ -	\$ -	\$ 15,000	\$ -	\$ 347,205
Investment Income	19,109	2,390	21,498	-	-	151,483	233,814
Donations	-	-	-	-	-	-	-
Local Revenue	-	-	-	-	-	-	250,753
<u>Total Revenues</u>	<u>55,011</u>	<u>52,390</u>	<u>21,498</u>	<u>-</u>	<u>15,000</u>	<u>151,483</u>	<u>831,772</u>
<u>Expenditures:</u>							
General Government	-	-	-	-	-	-	-
Public Safety	-	-	-	-	-	-	230,174
Public Works	-	-	-	-	-	-	-
Sanitation/Waste Removal	-	-	-	-	-	-	-
Health and Welfare	-	-	-	-	-	-	158,546
Recreation	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	7,998	7,998
Debt Service	-	-	-	-	-	-	-
Education	-	-	-	-	-	-	263,076
Capital Outlay	46,984	-	564,791	-	15,000	-	644,262
<u>Total Expenditures</u>	<u>46,984</u>	<u>-</u>	<u>564,791</u>	<u>-</u>	<u>15,000</u>	<u>7,998</u>	<u>1,304,056</u>
<u>Excess of Revenues Over (Under)</u>							
<u>Expenditures</u>	<u>8,027</u>	<u>52,390</u>	<u>(543,293)</u>	<u>-</u>	<u>-</u>	<u>143,485</u>	<u>(472,284)</u>
<u>Other Financing Sources (Uses):</u>							
Operating Transfers In	15,000	50,000	308,423	-	-	-	794,523
Operating Transfers Out	-	-	-	-	-	-	(59,519)
<u>Total Other Financing Sources (Uses)</u>	<u>15,000</u>	<u>50,000</u>	<u>308,423</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>735,004</u>
<u>Net Change in Fund Balances</u>	<u>23,027</u>	<u>102,390</u>	<u>(234,870)</u>	<u>-</u>	<u>-</u>	<u>143,485</u>	<u>262,720</u>
<u>Fund Balances Beginning of Year</u>	<u>162,469</u>	<u>12,387</u>	<u>497,080</u>	<u>(132,656)</u>	<u>-</u>	<u>970,016</u>	<u>2,638,105</u>
<u>Fund Balances End of Year</u>	<u>\$ 185,496</u>	<u>\$ 114,777</u>	<u>\$ 262,210</u>	<u>\$ (132,656)</u>	<u>\$ -</u>	<u>\$ 1,113,501</u>	<u>\$ 2,900,825</u>

TOWN OF SALISBURY
SCHEDULE OF DEBT LIMITATION
FOR THE YEAR ENDED JUNE 30, 2025

Total tax collection including interest and lien fees
for prior fiscal year \$ 16,562,319

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

Base \$ 16,562,319

	General Purpose	Schools	Sewers	Urban Renewal
Debt limitation:				
2-1/4 times base	\$ 37,265,218	\$ -	\$ -	\$ -
4-1/2 times base	-	74,530,436	-	-
3-3/4 times base	-	-	62,108,696	-
3-1/4 times base	-	-	-	53,827,537
Total debt limitation	<u>37,265,218</u>	<u>74,530,436</u>	<u>62,108,696</u>	<u>53,827,537</u>

Indebtedness:				
Bonds payable	5,139,300	-	-	-
Notes Payable	85,629	-	-	-
Regional School District #1 town share	-	1,869,072	-	-
Sewer Bonds & Notes	-	-	2,519,701	-
Total indebtedness	<u>5,224,929</u>	<u>1,869,072</u>	<u>2,519,701</u>	<u>-</u>

Debt limitation in excess of outstanding and authorized debt	<u>\$ 32,040,289</u>	<u>\$ 72,661,364</u>	<u>\$ 59,588,995</u>	<u>\$ 53,827,537</u>
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Total capacity of borrowing (7 times base) \$ 115,936,233

Total present indebtedness 9,613,702

Margin for additional borrowing \$ 106,322,531

TOWN OF SALISBURY
SCHEDULE OF PROPERTY TAXES LEVIED, COLLECTED AND OUTSTANDING
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

Grand List Year	Balances 6/30/2024	Current Levy	Lawful Corrections		Transfers To Suspend	Collectable Taxes	Collections			Balances 6/30/2025
			Additions	Deductions			Taxes	Interest and Liens	Total	
2023	\$ -	\$ 16,735,748	\$ 7,388	\$ 15,774	\$ -	\$ 16,727,362	\$ 16,562,222	\$ 47,352	16,609,574	\$ 165,140
2022	154,704	-	303	1,412	-	153,595	95,370	17,484	112,854	58,225
2021	50,702	-	-	-	-	50,702	7,161	3,242	10,403	43,541
2020	41,510	-	-	-	-	41,510	3,809	156	3,965	37,701
2019	21,034	-	-	-	9,558	11,476	58	156	214	11,418
2018	11,518	-	-	-	-	11,518	53	749	802	11,465
2017	16,143	-	-	-	-	16,143	327	353	680	15,816
2016	6,843	-	-	-	-	6,843	-	-	-	6,843
2015	11,373	-	-	-	-	11,373	1,635	2,513	4,148	9,738
2014	5,244	-	-	-	-	5,244	1,721	2,953	4,674	3,523
2013	2,192	-	-	-	-	2,192	1,052	863	1,915	1,140
2012	453	-	-	-	-	453	-	-	-	453
Totals	<u>\$ 321,716</u>	<u>\$ 16,735,748</u>	<u>\$ 7,691</u>	<u>\$ 17,186</u>	<u>\$ 9,558</u>	<u>\$ 17,038,411</u>	<u>\$ 16,673,408</u>	<u>\$ 75,821</u>	<u>\$ 16,749,229</u>	<u>\$ 365,003</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, 2025, 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 13, 2026.

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 13, 2026