August 13, 2026

MEMORANDUM TO PROSPECTIVE BIDDERS

Re: TOWN OF NORFOLK, CONNECTICUT
$4,000,000 General Obligation Bond Anticipation Notes
(Bank Qualified)

Dated: September 2, 2026	**Date of Sale: Thursday, August 20, 2026**
Due: June 1, 2027	**Time of Sale: 11:30 A.M. (Eastern Time)**

*****Phone Number to Place Bid: (203) 878-4945*****

As per the Notice of Telephone Sale, proposals may be submitted by telephone on Thursday, August 20, 2026. Please note that a representative of Phoenix Advisors, a division of First Security Municipal Advisors, Inc., will be available until 11:30 A.M. (Eastern Time) on the day of the sale to assist with telephone bids. We ask that you submit your final bid by telephone at **(203) 878-4945 no later than 11:30 A.M. on Thursday, August 20, 2026.**

The issue of notes is exempt from the provisions of Rule 15c2-12, as amended, of the Securities and Exchange Commission. No Official Statement has been prepared by or on behalf of the Issuer for this sale.

The General Purpose Financial Statements have been excerpted from the Annual Financial Report of The Town of Norfolk, Connecticut as of June 30, 2025. These excerpts are included in this package. Copies of the complete reports for June 30th are available upon request from Phoenix Advisors, Attention: Matthew A. Spoerndle, Senior Managing Director, 53 River Street, Suite 1, Milford, Connecticut, telephone (203) 878-4945.

We trust we may be of service.

PHOENIX ADVISORS, a division of First Security Municipal Advisors, Inc.

Telephone Sale Term Sheet

$4,000,000
General Obligation Bond Anticipation Notes
Town of Norfolk, Connecticut

Date of Sale:	Thursday, August 20, 2026 at 11:30 A.M. (Eastern Time).
Location of Sale:	The Offices of Phoenix Advisors, a division of First Security Municipal Advisors, Inc., 53 River Street, Suite 1, Milford, Connecticut 06460. Telephone: (203) 878-4945.
Issuer:	Town of Norfolk, Connecticut (the "Town").
Issue:	$4,000,000 General Obligation Bond Anticipation Notes (the "Notes").
Dated Date:	September 2, 2026.
Principal and Interest Due:	At maturity on June 1, 2027.
Purpose:	The Notes are being issued to finance a Firehouse project.
Denominations:	$100,000 or whole multiples thereof.
Redemption:	The Notes are not subject to redemption prior to maturity.
Security:	The Notes will be general obligations of the Town and the Town will pledge its full faith and credit to the payment of principal of and interest on the Notes when due.
Credit Rating:	No application for a rating on this Note issue has been made to any credit rating agency. The Town has an outstanding bond rating from S&P Global of "AA".
Basis of Award:	Lowest Net Interest Cost (NIC), as of dated date.
Form of Legal Opinion and Tax Exemption:	See attached Appendix - Opinion of Bond Counsel and Tax Exemption.
Bank Qualification:	The Notes shall be designated by the Town as qualified tax-exempt obligations under the provisions of Section 265(b) of the Internal Revenue Code of 1986, as amended, for purposes of the deduction by financial institutions for interest expense allocable to the Notes.
Continuing Disclosure	The Notes are being offered subject to the exemption of certain requirements under Rule 15c2-12, as amended, of the Securities and Exchange Commission. An Official Statement has not been prepared by or on behalf of the Issuer for this sale, nor does the Issuer intend to enter into a continuing disclosure agreement with respect to the Notes.
Registrar, Transfer Agent, Certifying Agent and Paying Agent:	U.S. Bank Trust Company, National Association, CityPlace I, 185 Asylum Street, 27th Floor, Hartford, Connecticut 06103, unless the winning bidder is so designated. See "Option for No Book Entry" in the Notice of Sale.
Municipal Advisor:	Phoenix Advisors, a division of First Security Municipal Advisors, Inc. of Milford, Connecticut will act as Municipal Advisor. Telephone (203) 878-4945.
Legal Opinion:	Shipman & Goodwin LLP, of Hartford, Connecticut will act as Bond Counsel.
Delivery and Payment:	It is expected that delivery of the Notes in book-entry-only form will be made to The Depository Trust Company on or about September 2, 2026. Delivery of the Notes will be made against payment in immediately available Federal Funds.
Option for No Book Entry:	A bidder for the Notes may request that the Notes be issued in the form of a single fully registered physical certificate in the par amount of the Notes, rather than in book-entry form through the facilities of DTC. See "Option for No Book Entry" in the Notice of Sale.
Issuer Official:	Questions concerning this sale should be addressed to the Town's Municipal Advisor: Mr. Matthew A. Spoerndle, Senior Managing Director, Phoenix Advisors, 53 River Street, Milford, Connecticut, Telephone: (203) 878-4945.

NOTICE OF SALE

$4,000,000

TOWN OF NORFOLK, CONNECTICUT

GENERAL OBLIGATION BOND ANTICIPATION NOTES

TELEPHONE PROPOSALS will be received by the Town of Norfolk, Connecticut (the "Town") and by TELEPHONE BID by an authorized agent of Phoenix Advisors, a division of First Security Municipal Advisors, Inc., the Town's Municipal Advisor at Telephone (203) 878-4945 until **11:30 A.M. (Eastern Time) on THURSDAY,**

AUGUST 20, 2026

for the purchase, when issued, of the Town's $4,000,000 General Obligation Bond Anticipation Notes dated September 2, 2026, maturing June 1, 2027 (the "Notes"). The Notes are <u>not</u> subject to redemption prior to maturity. The Notes will be due and payable as to both principal and interest at maturity at the rate or rates per annum fixed in the proposal or proposals accepted for their purchase, which rates shall be in multiples of 1/100 of 1% per annum. Interest shall be computed on the basis of a 30-day month and a 360-day year. The Notes will be delivered against payment in Federal funds in New York, New York on or about September 2, 2026. The Notes will be general obligations of the Town payable, as to both principal and interest, unless paid from other sources, from *ad valorem* taxes levied on all property subject to taxation by the Town without limitation as to rate or amount except as to classified property such as certified forest land taxable at a limited rate and dwelling houses of qualified elderly persons of low income taxable at limited amounts.

Certifying Agent, Registrar, Transfer and Paying Agent. Unless the successful bidder on the Notes is designated as the certifying agent, registrar, paying and transfer agent for the Notes as provided in "Option For No Book Entry" below, the Notes will be certified by U.S. Bank Trust Company, National Association, Hartford, Connecticut, which will also act as transfer and paying agent and registrar.

DTC Book-Entry. The Notes will be issued by means of a book-entry-only system with no physical distribution of note certificates made to the public (except as may be requested, as described below in "Option For No Book Entry"). The Notes will be issued in registered form and one note certificate for each interest rate will be issued to the Depository Trust Company ("DTC"), New York, New York, registered in the name of its nominee, Cede & Co., and immobilized in its custody. Ownership of the Notes will be evidenced in principal amounts of $100,000 or integral multiples thereof, with transfers of ownership effected on the records of DTC and its Participants pursuant to rules and procedures adopted by DTC and its Participants. The purchaser, as a condition to delivery of the Notes, will be required to deposit the note certificates with DTC, registered in the name of Cede & Co. Principal of and interest on the Notes will be payable by the Town or its agent to DTC or its nominee as registered owner of the Notes. Principal and interest payments by DTC to Participants of DTC will be the responsibility of DTC; principal and interest payments to Beneficial Owners by Participants of DTC will be the responsibility of such Participants and other nominees of Beneficial Owners. The Town will not be responsible or liable for payments by DTC to its Participants or by DTC Participants or Indirect Participants to Beneficial Owners or for maintaining, supervising or reviewing the records maintained by DTC, its Participants or persons acting through such Participants.

In the event that (a) DTC determines not to continue to act as securities depository for the Notes and the Town fails to identify another qualified securities depository to replace DTC, or (b) the Town determines to discontinue the book-entry system of evidence and transfer of ownership of the Notes, the Town will authenticate and deliver replacement Notes in the form of fully registered certificates. Any such replacement Notes, will provide that principal of and interest on the Notes will be payable to the registered owner upon presentation and surrender of the Notes at the principal office of the Paying Agent, or of its successors as paying agent for the Notes.

Option For No Book Entry. A bidder for the Notes may request that the Notes be issued in the form of a single fully-registered physical certificate in the par amount of the Notes, rather than in book-entry form through the facilities of DTC, provided the bid is for all the Notes at the same interest rate. A bidder for the Notes requesting that the Notes be issued in non-book-entry form may request that it be designated by the Town as the certifying agent, registrar and paying and transfer agent for the Notes if it is a bank or trust company authorized to act in such capacity pursuant to the Connecticut General Statutes. Any bidder seeking to have the Notes issued in the form of a fully-registered physical certificate, rather than in book-entry form, or to be designated as certifying agent, registrar and paying and transfer agent for such Notes, shall indicate this preference to the Town at the time of the submission of the bid. The Town reserves the right to decline any request to issue the Notes in non-book-entry form, or to designate the successful bidder as certifying agent, registrar and paying and transfer agent for the Notes, if it should determine, in its sole discretion, that issuing the Notes in this manner is not in its best interests. The successful bidder seeking the issuance of the Notes in this manner, and any subsequent registered owner of the Notes, shall bear any and all costs, including counsel fees, of any re-registration or transfer of Notes from time to time, including any costs to convert the Notes to book-entry form and shall not impose or charge the Town for any costs or expenses related to the services as certifying agent, registrar and paying and transfer agent for the Notes if the successful bidder is so designated.

Telephone Proposals Bidding Procedure. Telephone proposals for the purchase of the Notes must be given by telephone call to Phoenix Advisors, a division of First Security Municipal Advisors, Inc., the Town's Municipal Advisor, at (203) 878-4945 by **11:30 A.M. (Eastern Time), on Thursday, August 20, 2026.** All telephone bids must be completed by 11:30 A.M. (Eastern Time) on Thursday, August 20, 2026, and shall be submitted in the form of the Bid Form attached hereto as Attachment A. All telephone bids shall be deemed to incorporate the provisions of this Notice of Sale. For the purpose of the bidding process, the time maintained by the Town's Municipal Advisor shall constitute the official time.

Proposals. Proposals may be made for all or any part of the Notes, but any proposal for a part must be for $100,000 or a whole multiple thereof and a separate proposal will be required for each part of the Notes for which a separate interest rate is bid. No proposal for less than the minimum denomination or for less than par and accrued interest will be accepted. Each proposal must specify the amount bid for the Notes (which shall be the aggregate par value of the Notes, and, at the option of the bidder, a premium), and must specify one rate of interest in a multiple of one-hundredth (1/100) of one percent (1%) per annum for each part of the Notes bid for in the proposal. Interest shall be computed on the basis of a 360-day year consisting of twelve 30-day months.

Basis of Award. As between proposals which comply with this Notice of Sale, the Notes will be sold to the responsible bidder or bidders offering to purchase the Notes at the lowest net interest cost to the Town, which will be determined by computing as to each interest rate stated the total interest to be payable at such rate and deducting therefrom any premium. If there is more than one responsible bidder making an offer to purchase all or any portion of the Notes at the same lowest net interest cost, the Notes will be sold to the responsible bidder with the proposal for the largest principal amount of the Notes specified. If more than one responsible bidder makes an offer to purchase all or any portion of the Notes at the same lowest net interest cost and for the same largest principal amount of the Notes specified, the Notes or any portion thereof will be sold to the responsible bidder who is chosen by lot. If a bidder is awarded only a part of the

Notes, any premium offered in such proposal will be proportionately reduced so that the resulting net interest cost to the Town with respect to the Notes awarded is the same as that contained in the bidder's proposal with respect to the entire amount bid, carried to four decimal places. It is requested that each proposal be accompanied by a statement of the percentage of net interest cost completed to four decimal places. Such statement shall not be considered as part of the proposal.

The Town reserves the right to reject any and all proposals and to waive any irregularity or informality with respect to any proposal.

The Town further reserves the right to postpone the sale to another time and date in its sole discretion for any reason. The Town will use its best efforts to notify prospective bidders in a timely manner of any need for a postponement.

Qualified Tax-Exempt Obligations. The Notes **shall** be designated by the Town as "qualified tax-exempt obligations" for purposes of the deduction for federal income tax purposes by financial institutions of a portion of interest expense allocable to tax-exempt obligations.

Bond Counsel Opinion/Additional Closing Documents. The legal opinion of Shipman & Goodwin LLP of Hartford, Connecticut, Bond Counsel, will be furnished without charge and will be placed on file with the certifying bank for the Notes. A copy of the opinion will be delivered to each purchaser of the Notes. The opinion of Bond Counsel will cover the following matters: (1) that the Notes will be valid and binding general obligations of the Town when duly certified, (2) that, assuming the accuracy of and continuing compliance by the Town with its representations and covenants relating to certain requirements contained in the Internal Revenue Code of 1986, as amended (the "Code"), based on existing law, interest on the Notes is excludable from gross income of the owners thereof for federal income tax purposes and is not treated as an item of tax preference for purposes of calculating the federal alternative minimum tax for individuals, however, such interest is taken into account in determining the annual adjusted financial statement income of certain corporations for the purpose of computing the alternative minimum tax imposed on corporations under the Code, and (3) that interest on the Notes is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates, and is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the federal alternative minimum tax.

In addition to the approving opinion of Shipman & Goodwin LLP, the purchaser shall receive, without cost, at or prior to the delivery of the Notes (b) a signature and no litigation certificate, in form satisfactory to said firm, dated as of the date of delivery of the Notes, and stating that there is no litigation pending, or to the knowledge of the signer or signers thereof threatened, affecting the validity of the Notes or the power of the Town to levy and collect taxes to pay them, and (b) a receipt of payment for the Notes.

Obligation to Deliver Issue Price Certificate. Pursuant to the Code and applicable Treasury Regulations, the Town must establish the "issue price" of the Notes. **In order to assist the Town, the winning bidder is obligated to deliver to the Town a certificate (an "Issue Price Certificate") and such additional information satisfactory to Bond Counsel described below, prior to the delivery of the Notes.** The Town will rely on the Issue Price Certificate and such additional information in determining the issue price of the Notes. The form of Issue Price Certificate is available by contacting Matthew Spoerndle, Senior Managing Director, Phoenix Advisors, a division of First Security Municipal Advisors, Inc., Email: mspoerndle@muniadvisors.com, Telephone: (203) 878-4945 municipal advisor to the Town (the "Municipal Advisor").

By submitting a bid, each bidder is certifying that its bid is a firm offer to purchase the Notes, is a good faith offer which the bidder believes reflects current market conditions, and is not a "courtesy bid" being submitted for the purpose of assisting in meeting the competitive sale rule relating to the establishment of the issue price of the Notes pursuant to Section 148 of the Code, including the requirement that bids be received from at least three (3) underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds (the "Competitive Sale Rule").

The Municipal Advisor will advise the winning bidder if the Competitive Sale Rule was met at the same time it notifies the winning bidder of the award of the Notes. **Bids will not be subject to cancellation in the event that the Competitive Sale Rule is not satisfied.**

Competitive Sale Rule Met. If the Municipal Advisor advises the winning bidder that the Competitive Sale Rule has been met, the winning bidder shall, within one (1) hour after being notified of the award of the Notes, advise the Municipal Advisor by electronic or facsimile transmission of the reasonably expected initial offering price to the public of each maturity of the Notes as of August 20, 2026 (the "Sale Date").

Competitive Sale Rule <u>Not</u> Met. By submitting a bid, the winning bidder agrees (unless the winning bidder is purchasing the Notes for its own account and not with a view to distribution or resale to the public) that if the Competitive Sale Rule is not met, it will satisfy either the **10% Sale Rule** or the **Hold the Offering Price Rule** described below with respect to each maturity of the Notes prior to the delivery date of the Notes. The rule selected with respect to each maturity of the Notes shall be set forth on an Issue Price Rule Selection Certificate in the form attached hereto as <u>Attachment B,</u> which shall be sent to the winning bidder promptly after the award of the Notes. The winning bidder shall complete and execute the Issue Price Rule Selection Certificate and email it to Bond Counsel and the Municipal Advisor by 5:00 P.M. Eastern Time on the day after the Sale Date. **If the Issue Price Rule Selection Certificate is not returned by this deadline, or if no selection is made with respect to maturity, the winning bidder agrees that the Hold the Offering Price Rule shall apply to such maturities.**

10% Sale Rule. To satisfy the 10% Sale Rule for any maturity, the winning bidder:

(i) will make a bona fide offering to the public of all of the Notes at the initial offering prices and provide the Town with reasonable supporting documentation, such as a copy of the pricing wire or equivalent communication, the form of which is acceptable to Bond Counsel;

(ii) will report to the Town information regarding the actual prices at which at least 10 percent (10%) of the Notes of each maturity have been sold to the public;

(iii) will provide the Town with reasonable supporting documentation or certifications of such sales prices, the form of which is acceptable to Bond Counsel. If the 10% Sale Rule is used with respect to a maturity of the Notes, this reporting requirement will continue, beyond the closing date of the Notes, if necessary, until such date that at least 10 percent (10%) of such maturity of the Notes has been sold to the public; and

(iv) has or will include in any agreement among underwriters, selling group agreement or retail distribution agreement (to which the winning bidder is a party) relating to the initial sale of the Notes to the public, together with the related pricing wires, language obligating each underwriter to comply with the reporting requirement described above.

Hold the Offering Price Rule. To satisfy the Hold the Offering Price Rule for any maturity, the winning bidder:

(i) will make a bona fide offering to the public of all of the Notes at the initial offering prices and provide Bond Counsel with reasonable supporting documentation, such as a copy of the pricing wire or equivalent communication, the form of which is acceptable to Bond Counsel;

(ii) will neither offer nor sell to any person any Notes of such maturity at a price that is higher than the initial offering price of each maturity until the earlier of (i) the date on which the winning bidder has sold to the public at least ten percent (10%) of the Notes of such maturity at a price that is no higher than the initial offering price of such maturity or (ii) the close of business on the fifth (5^{th}) business day after the Sale Date of the Notes; and

(iii) has or will include within any agreement among underwriters, selling group agreement or retail distribution agreement (to which the winning bidder is a party) relating to the initial sale of the Notes to the public, together with the related pricing wires, language obligating each underwriter to comply with the limitations on the sale of the Notes as set forth above.

For purposes of the 10% Sale Rule or the Hold the Offering Price Rule, a "maturity" refers to Notes that have the same interest rate, credit and payment terms.

If the winning bidder has purchased any maturity of the Notes for its own account and not with a view to distribution or resale to the public, then, whether or not the Competitive Sale Rule was met, the Issue Price Certificate will recite such facts and identify the price or prices at which such maturity of the Notes was purchased.

For purposes of this Notice of Sale, the "public" does not include the winning bidder or any person that agrees pursuant to a written contract with the winning bidder to participate in the initial sale of the Notes to the public (such as a retail distribution agreement between a national lead underwriter and a regional firm under which the regional firm participates in the initial sale of the Notes to the public). In making the representations described above, the winning bidder must reflect the effect on the offering prices of any "derivative products" (e.g., a tender option) used by the bidder in connection with the initial sale of any of the Notes.

CUSIP Numbers. Unless the winning bidder requests the no book-entry option, the Notes will be delivered to DTC or its agent on or about September 2, 2026. The deposit of the Notes with DTC under a book-entry-only system requires the assignment of CUSIP numbers prior to delivery. It shall be the responsibility of the Town's Municipal Advisor, Phoenix Advisors, a division of First Security Municipal Advisors, Inc., to apply for CUSIP numbers for the Notes by no later than one business day after dissemination of this Notice of Sale. Phoenix Advisors, a division of First Security Municipal Advisors, Inc., will provide CUSIP Global Services with the final details of the sale of the Notes in accordance with Rule G-34 of the Municipal Securities Rulemaking Board, including the identity of the winning purchaser. The Town will not be responsible for any delay caused by the inability to deposit the Notes with DTC due to the failure of Phoenix Advisors, a division of First Security Municipal Advisors, Inc., to obtain such numbers and provide them to the Town in a timely manner. The Town assumes no responsibility for any CUSIP Service Bureau charge or other charge that may be imposed for the assignment of such numbers, which charges shall be the responsibility of and shall be paid for by the purchaser.

No Continuing Disclosure or Official Statement. Since the Notes mature not more than nine months from the date of issue and are in denominations of $100,000 or more, the undertaking to provide an official statement or continuing disclosure under SEC Rule 15c2-12 does not apply to the Notes. Therefore, the Town will not provide an official statement nor enter into a Continuing Disclosure Agreement with respect to the Notes.

Additional Information. For more information regarding this issue and the Town reference is made to the Town's financial statements. Proposal forms and copies of the Town's financial statements may be obtained from Matthew Spoerndle, Senior Managing Director, Phoenix Advisors, a division of First Security Municipal Advisors, Inc., Email: mspoerndle@muniadvisors.com, Telephone: (203) 878-4945.

August 13, 2026	Henry D. Tirrell First Selectman	Chelsea J. DeWitt Treasurer

ATTACHMENT A

BID FORM – PROPOSAL FOR NOTES

Town of Norfolk
c/o Phoenix Advisors
Telephone No. (203) 878-4945

Norfolk Town Officials:

Subject to the provisions of the Notice of Sale dated August 13, 2026, which Notice is made part of this proposal, we offer to purchase the indicated principal amount of the $4,000,000 Town of Norfolk General Obligation Bond Anticipation Notes and to pay therefor par and pay the premium specified below, if any, as follows:

For $________________ of $4,000,000 GENERAL OBLIGATION BOND ANTICIPATION NOTES, of the Town of Norfolk, Connecticut dated September 2, 2026 and maturing on June 1, 2027, bearing an interest rate of ________________% per annum, we bid par plus a premium of $________________. The net interest cost to the Town is ________________% (four decimals).

For $________________ of $4,000,000 GENERAL OBLIGATION BOND ANTICIPATION NOTES, of the Town of Norfolk, Connecticut dated September 2, 2026 and maturing June 1, 2027, bearing an interest rate of ________________% per annum, we bid par plus a premium of $________________. The net interest cost to the Town is ________________% (four decimals).

For $________________ of $4,000,000 GENERAL OBLIGATION BOND ANTICIPATION NOTES, of the Town of Norfolk, Connecticut dated September 2, 2026 and maturing on June 1, 2027, bearing an interest rate of ________________% per annum, we bid par plus a premium of $________________. The net interest cost to the Town is ________________% (four decimals).

This undersigned hereby agrees to accept delivery of and make payment for the indicated principal amount of Notes in immediately available federal funds on the date of the Notes.

Dated: August 20, 2026

____
(Name of Bidder)

____
(Authorized Signature)

____
(Mailing Address)

____
(Telephone Number)

____
(Facsimile Number)

____
(E-mail Address)

☐ We request that the Notes not be issued in book-entry form, but be registered in the name of the bidder, as provided in the Notice of Sale.

☐ ***Only if submitting request that Notes not be issued in book-entry form:*** We request to be designated as the Certifying Agent, Registrar and Paying Agent for the Notes, as provided in the Notice of Sale.

ATTACHMENT B

ISSUE PRICE RULE SELECTION CERTIFICATE

Town of Norfolk, Connecticut
$4,000,000 General Obligation Bond Anticipation Notes

The undersigned, on behalf of [NAME OF UNDERWRITER/REPRESENTATIVE] (the "Representative"), on behalf of itself and [OTHER UNDERWRITERS] (together, the "Underwriting Group"), hereby certifies that it will use the rule selected below for the respective maturity of the above-captioned notes (the "Notes"), as described in the Notice of Sale for the Notes, dated August 13, 2026 (the "Notice of Sale"). For a description of the requirements of each rule, please refer to the section "Obligation to Deliver Issue Price Certificate" in the Notice of Sale. Capitalized terms used but not defined herein are defined in the Notice of Sale.

			10% Sale Rule (Underwriter has or will comply with 10% Sale Rule for this Maturity)		**Hold the Offering Price Rule** (Underwriter will comply with Hold the Offering Price Rule for this Maturity)	
Date of Maturity	**Principal Amount**	**Interest Rate**	**Check Box**	**Sales Price**	**Check Box**	**Initial Offering Price**
06/01/2027	$4,000,000	________%	☐	$___________	☐	$_______________

(All Sales Prices or Initial Offering Prices must be filled in prior to the delivery date of the Notes.)

**[NAME OF UNDERWRITER/
REPRESENTATIVE]**

By: _______________________________
Name:
Title:

Email this completed and executed certificate to the following by 5:00 P.M. (Eastern Time) on August 21, 2026:

Bond Counsel: **dbraun@goodwin.com** Municipal Advisor: **mspoerndle@muniadvisors.com**

Town of Norfolk, Connecticut
Town Hall
19 Maple Avenue
Norfolk, Connecticut 06058

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance by the Town of Norfolk, Connecticut (the "Town") of its $4,000,000 General Obligation Bond Anticipation Notes, dated September 2, 2026, maturing June 1, 2027 (the "Notes").

In connection with our representation of the Town as bond counsel with respect to the Notes, we have examined the executed Tax Certificate and Tax Compliance Agreement of the Town, each dated as of September 2, 2026, the executed Notes, and certified records of proceedings of the Town authorizing the Notes. In addition, we have examined and relied on originals or copies, identified to us as genuine, of such other documents, instruments or records, and have made such investigations of law as we considered necessary or appropriate for the purposes of this opinion. In making the statements contained in this opinion, we have assumed, without independently verifying, the genuineness of all signatures, the authenticity of all documents submitted to us as originals, the conformity to original documents of documents submitted to us as certified or photostatic copies, and the legal capacity and authority of all persons executing such documents.

On the basis of our review noted above and subject to the qualifications set forth herein:

1. We are of the opinion that the proceedings and above-referenced evidence show lawful authority for the issuance and sale of the Notes under the authority of the constitution and statutes of the State of Connecticut, and that the Notes are valid and binding general obligations of the Town payable, with respect to both principal and interest, unless paid from other sources, from *ad valorem* taxes which may be levied on all property subject to taxation by the Town without limitation as to rate or amount except as to classified property. Classified property includes certified forest land which is taxable at a limited rate. Classified property also includes dwelling houses of qualified elderly persons of low income which are taxable at limited amounts.

2. We are of the opinion that the Tax Compliance Agreement is a valid and binding agreement of the Town and that the Tax Certificate and Tax Compliance Agreement were duly authorized by the Town.

3. The Internal Revenue Code of 1986, as amended (the "Code"), establishes certain requirements that must be met subsequent to the issuance and delivery of the Notes if interest on the Notes is to be excludable from gross income under Section 103 of the Code. The Town has covenanted in the Tax Compliance Agreement that it will at all times perform all acts and things necessary or appropriate under any valid provision of law to ensure that interest paid on the Notes will not be includable in the gross income of the owners thereof for federal income tax purposes under the Code. In our opinion, under existing law:

(i) interest on the Notes is excludable from gross income of the owners thereof for federal income tax purposes pursuant to Section 103 of the Code; and

(ii) such interest is not treated as an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals under the Code; however, such interest is taken into account in determining the annual adjusted financial statement income of certain corporations for the purpose of computing the alternative minimum tax imposed on corporations under the Code.

We express no opinion regarding other federal income tax consequences caused by ownership of, or receipt of interest on, the Notes. In rendering the foregoing opinions regarding the federal income tax treatment of interest on the Notes, we have relied upon and assumed (i) the material accuracy of the representations, statements of intention and reasonable expectations, and certifications of fact contained in the Tax Certificate and the Tax Compliance Agreement, and (ii) full compliance by the Town with the covenants set forth in the Tax Compliance Agreement. The inaccuracy of the representations, statements of intention and reasonable expectations, and certifications of fact, contained in the Tax Certificate or the Tax Compliance Agreement, or the failure of the Town to fully comply with the covenants set forth therein, may cause interest on the Notes to be included in gross income for federal income tax purposes retroactively to the date of issuance of the Notes.

4. We are of the opinion that, under existing statutes, interest on the Notes is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates and is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the federal alternative minimum tax.

The rights of the holders of the Notes and the enforceability of the Notes and the enforceability of the Tax Compliance Agreement are limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally, and by equitable principles, whether considered at law or in equity.

This opinion is given as of the date hereof and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law, regulation or judicial interpretation that may hereafter occur.

Very truly yours,

Shipman & Goodwin LLP

TOWN OF NORFOLK, CONNECTICUT

FINANCIAL INFORMATION

Excerpted from the
Annual Financial Report of
The Town of Norfolk, Connecticut
Year Ended June 30, 2025

S&A LLC

SINNAMON & ASSOCIATES, LLC
Certified Public Accountants

Independent Auditor's Report

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

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Norfolk, Connecticut, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Town, as of June 30, 2025, and the respective changes in financial position, 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 Norfolk, 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 Norfolk, 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.

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Canaan, CT 06018

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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 Norfolk, 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 Norfolk, Connecticut's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and the state teachers and pension and OPEB schedules on pages 4-10 and 42–55 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 Norfolk, Connecticut's basic financial statements. 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 March 13, 2026 on our consideration of the Town of Norfolk, 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's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Town's internal control over financial reporting and compliance.

Sinnamon & Associates, LLC
Certified Public Accountants

March 13, 2026
Canaan Connecticut

The Management Discussion and Analysis (MD&A) offers the readers of the Town of Norfolk (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 $25,167,783 exceeded its liabilities at June 30, 2025 resulting in a total net position of $18,667,069. Unrestricted net position was $7,162,809 and is available to meet ongoing government obligations. Of that amount $7,162,809 is related to governmental activities, which include the General Fund.

The Town's governmental funds, reported on a current financial resource's basis, combined ending fund balance of $7,033,670, a decrease of $249,983 for the year. The General Fund operating surplus for the year was $256,160 compared to an anticipated deficit of $385,000. The General Fund balance was $4,143,675 of which $150,000 was assigned to the 2025/26 budget $100,000 was committed to the Botelle School Boiler and $112,311 was assigned to the board of education non-lapsing fund.

The unassigned fund balance was $3,781,364, or 41.7% of the subsequent years total General Fund budgeted expenditures and transfers. This amount includes $1,177,088 of funds remaining that were transferred from the pension trust fund to the general fund upon termination of the Towns defined benefit pension plan in the prior year. From the original transfer, $135,000 was utilized for payment of the TD Bank General Obligation Bonds in 2024/2025. Without these funds the unassigned balance would be $2,604,276 or 28.7% of the subsequent years total General Fund budgeted 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.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements are designed to provide a broad overview of the Town's finances, similar to those used by private-sector businesses.

The statement of net position and the statement of activities, which are the government-wide statements, report information about Town finances as a whole and about its activities in a way that helps the reader determine whether the Town is better off or worse off as a result of a year's activities. 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 this statement for some items that will only result in cash flows in the future fiscal periods (e.g. uncollected taxes and earned, but unused vacation leave).

The government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues, called "governmental activities" from other functions that are intended to recover all or a significant portion of their costs through user fees and charges, referred to as "business-type activities". The governmental activities of the Town include general government, public safety, public works, health and welfare, cultural and recreation, sanitation, education and activities.

The government-wide financial statements can be found on pages 11 -12 of this report.

FUND FINANCIAL STATEMENTS

A fund is a grouping of related accounts that is used to maintain and control accountability over resources that have been segregated for specific activities or objectives. Traditional readers of government financial statements will find the fund financial statement presentation more familiar. Norfolk, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. All of the Town's funds 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 governmental-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 government-wide financial statements, it is useful to compare the information resented for the governmental funds with similar information presented for governmental activities in the government-wide financial statements. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Town maintains 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 fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with the authorized budget.

The basic governmental fund financial statements and reconciliations to the government-wide statements can be found on pages 13 - 16 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 17 - 41 of this report.

Other Information

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 schedules can be found on pages 55 – 58 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 $18,667,069 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 $2,596,016 during the current fiscal year.

NET POSITION June 30, 2025 and June 30, 2024

	6/30/2025	6/30/2024
Assets		
Current and other assets	$ 7,408,831	$ 7,515,611
Capital assets, net of accumulated depreciation	17,758,952	14,253,334
Total Assets	25,167,783	21,768,945
Liabilities		
Current liabilities	1,773,427	534,169
Long-term liabilities	4,727,287	5,163,723
Total Liabilities	6,500,714	5,697,892
Net Position		
Net Investment in capital assets	11,504,260	8,675,908
Unrestricted	7,162,809	7,395,145
Total Net Position	$ 18,667,069	$ 16,071,053

Governmental Activities

Approximately 66% of the revenues were derived from property taxes, followed by 28% from operating and capital grants, 3% from service changes, and 3% from other grants and investment earnings.

For the most part, increases in expenses closely paralleled inflation and growth in demand for services. Approximately 54% of the Town's expenses relate to education, 20% relate to public works, 12% for general government, 2% for grant programs and 12% for all other activities.

CHANGES IN NET POSITION June 30, 2025 and June 30, 2024

	6/30/2025	6/30/2024
Revenues		
Program revenues		
Charges for services	$ 346,099	$ 358,439
Operating grants and contributions	788,429	738,493
Capital grants and contributions	2,593,664	2,023,674
General revenues		
Property taxes	8,051,592	7,745,971
Grants & contributions	150,250	134,259
Unrestricted investment earnings	262,342	232,472
Total Revenues	12,192,376	11,233,308
Expenses		
General government	1,113,028	1,021,392
Public safety	435,895	370,603
Public works	1,886,835	2,451,402
Health and welfare	88,834	79,665
Recreation	106,536	103,442
Education	5,223,857	4,688,322
Fixed Charges	373,268	346,569
Miscellaneous	66,608	85,535
Debt Service	130,067	388,251
Capital Outlay	171,432	445,701
Total Expenses	9,596,360	9,980,882
Change in net position	2,596,016	1,252,426
Net Position, beginning of year	16,071,053	14,818,627
Net Position, end of year	$ 18,667,069	$ 16,071,053

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 $4,143,675, of which $150,000 was assigned to the 2025/26 budget $100,000 was committed to the Botelle School Boiler and $112,311 was assigned to the board of education non-lapsing fund. The remaining balance of $3,781,364 is unassigned.

This amount includes $1,177,088 of funds remaining that were transferred from the pension trust fund to the general fund upon termination of the Towns defined benefit pension plan in the prior year. From the original transfer, $135,000 was utilized for payment of the TD Bank General Obligation Bonds in 2024/2025. Without these funds the unassigned balance would be $2,604,276.

The fund balance of the Town's General Fund increased by $256,160 during the current fiscal year.

GENERAL FUND BUDGETARY HIGHLIGHTS

During the year, revenues exceeded budgetary estimates and expenditures were lower than budget due to several factors including various cost savings.

A detailed schedule of revenues and expenditures, budget and actual, can be found on 52 - 57 of this report.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The Town's investment in capital assets (net of accumulated depreciation) for its governmental activities as of June 30, 2025 amounted to $17,558,952. This investment in capital assets included land, infrastructure, buildings and system improvements, machinery and equipment and vehicles.

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

	6/30/2025	6/30/2024
Land	$ 380,052	$ 380,052
Construction in Progress	298,508	4,974,448
Buildings and improvements	6,287,937	4,515,218
Infrastructure	10,028,893	3,474,434
Machinery and Equipment	330,213	370,119
Vehicles	433,349	539,063
Total	$ 17,758,952	$ 14,253,334

Long-Term Debt

At the end of the current fiscal year, the Town had total outstanding debt of $5,979,772. All of the debt is backed by the full faith and credit of the Town. The Town's total debt had a net increase of $688,721 during the current fiscal year. This borrowing was utilized for the River Place Road Bridge Project, see Note 12 to the financial statements for details. 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 $54,344,178, 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 12.

ECONOMIC FACTORS AND THE NEXT YEAR'S BUDGETS AND RATES

Because of the recent shortfalls in the State Budget, Norfolk will again need to be more fiscally responsible. The current year's income from the State of Connecticut to Norfolk and the anticipated amounts for the next fiscal year are shown below Fiscal issues will come from the limited State contributions to infrastructure projects.

	Current FY 2025	Proposed FY 2026
Education Cost Sharing	$ 54,242	$ 53,125
Special Education	46,726	-
Adult Education & Talent Grant	319	319
Pequot-Mohegan Fund	8,889	8,889
Tiered PILOT	93,014	93,014
Municipal Revenue Sharing	9,911	9,911
Town Aid Roads	243,361	243,361
Municipal Purposes and Projects	7,207	7,207
Tax Relief & Other	2,324	-
Total	$ 465,993	$ 415,826

Bridge work the River Place Bridge was substantially completed during fiscal year 2024/2025. A Bond Anticipation Note of $1,740,000 was issued in February 2025 to fund this project in anticipation of federal grant funding. This note had an ending balance of $1,057,589 as of June 30, 2025, which was repaid in full during fiscal year 2025/2026 after the grant funds were received.

The fiscal year 2025/2026 major projects are expected to include beginning work on the new fire house with an anticipated cost of $10,400,000, for which the Town has approved $4,000,000 in new borrowings, and the start of the Smith Road Bridge with an expected cost of $2,850,000 to be funded through Federal and State Grants.

Requests for Information

This financial report is designed to provide a general overview for those with an interest in the Town 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 Norfolk, PO Box 592, 19 Maple Ave., Norfolk, CT 06058.

TOWN OF NORFOLK
STATEMENT OF NET POSITION
JUNE 30, 2025

		Governmental Activities
ASSETS		
Cash and cash equivalents	$	4,740,055
Investments		1,468,026
Receivables:		
Property Taxes		152,570
Accrued interest and fees on property tax		14,461
Other Receivables		205,738
Due from Other Governments		827,981
Net pension asset		
Capital assets not being depreciated		678,560
Capital Assets, net of accumulated depreciation		17,080,392
TOTAL ASSETS		25,167,783
LIABILITIES		
Accounts and Other Payables		133,722
Unearned Revenue		112,300
Noncurrent Liabilities:		
Due within one year		1,527,405
Due in more than one year		4,727,287
TOTAL LIABILITIES		6,500,714
NET POSITION		
Net investment in capital assets		11,504,260
Unrestricted		7,162,809
TOTAL NET POSITION	$	18,667,069

The accompanying notes are an integral part of these financial statements

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

	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expenses) Revenues and Changes in Net Assets Governmental Activities
Governmental Activities					
General Government	$ (1,113,028)	$ 233,528	$ 90,756	$ -	$ (788,744)
Public Safety	(435,895)	1,599	-	-	(434,296)
Public Works	(1,886,835)	87,766	243,361	-	(1,555,708)
Health and Welfare	(88,834)	-	-	-	(88,834)
Recreation	(106,536)	21,530	-	-	(85,006)
Education	(5,223,857)	1,676	451,012	-	(4,771,169)
Fixed Charges	(373,268)	-	-	-	(373,268)
Miscellaneous	(66,608)	-	3,300	-	(63,308)
Capital Outlay	(171,432)	-	-	2,593,664	2,422,232
Debt Service	(130,067)	-	-	-	(130,067)
Total Governmental Activities	(9,596,360)	346,099	788,429	2,593,664	(5,868,168)
Total Primary Government	$ (9,596,360)	$ 346,099	$ 788,429	$ 2,593,664	(5,868,168)
General Revenues:					
Property taxes					8,051,592
Grants and contributions not restricted to specific programs					150,250
Unrestricted investment earnings					262,342
Total General Revenues					8,464,184
Change in net position					2,596,016
Net position beginning of year					16,071,053
Net position end of year					$ 18,667,069

The accompanying notes are an integral part of these financial statements

TOWN OF NORFOLK
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2025

	General Fund	Capital Nonrecurring Fund	Bridge Projects	Haystack Woods Project	Fire House Fund	Other Governmental Funds	Total Governmental Funds
ASSETS							
Cash and cash equivalents	$ 3,586,075	$ 577,043	$ 13	$ 10,000	$ 275,044	$ 291,880	$ 4,740,055
Investments	1,119,907	-	-	-	-	348,119	1,468,026
Receivables:							
Property Taxes	152,570	-	-	-	-	-	152,570
Other Receivables	-		205,738				205,738
Due From Other Governments	-	-	827,981	-	-	-	827,981
Due From Other Funds	2,000	311,095	171,733	-	-	5,748	490,576
TOTAL ASSETS	4,860,552	888,138	1,205,465	10,000	275,044	645,747	7,884,946
LIABILITIES AND FUND BALANCES							
LIABILITIES							
Accounts and Other Payables	1,323	-	132,399	-	-	-	133,722
Due to Other Funds	488,576	-	-	-	-	2,000	490,576
Unearned Revenue	112,300	-	-	-	-	-	112,300
TOTAL LIABILITIES	602,199	-	132,399	-	-	2,000	736,598
DEFERRED INFLOWS OF RESOURCES							
Unavailable Revenue - property taxes	114,678	-	-	-	-	-	114,678
TOTAL DEFERRED INFLOWS OF RESOURCES	114,678	-	-	-	-	-	114,678
FUND BALANCES							
Nonspendable	-	-	-	-	-	215,760	215,760
Restricted	-	-	-	-	-	42,538	42,538
Committed	100,000	888,138	1,073,066	10,000	275,044	331,968	2,678,216
Assigned	262,311	-	-	-	-	53,481	315,792
Unassigned	3,781,364	-	-	-	-	-	3,781,364
TOTAL FUND BALANCES	4,143,675	888,138	1,073,066	10,000	275,044	643,747	7,033,670
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 4,860,552	$ 888,138	$ 1,205,465	$ 10,000	$ 275,044	$ 645,747	$ 7,884,946

The accompanying notes are an integral part of these financial statements

TOWN OF NORFOLK
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2025

Total fund balances for governmental funds	$ 7,033,670
Total net assets 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	17,758,952
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds	
Property tax and receivables greater than 60 days	114,678
Interest receivable on property taxes	14,461
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds	
General Obligation Bonds and Notes Payable	(5,979,772)
Unamortized Premium on Bonds	(274,920)
Net position of governmental activities	$ 18,667,069

The accompanying notes are an integral part of these financial statements

TOWN OF NORFOLK

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2025

	General Fund	Capital Nonrecurring Fund	Bridge Projects	Haystack Woods Project	Fire House Fund	Other Governmental Funds	Total Governmental Funds
Revenues:							
Property Taxes	$ 8,033,946	$ -	$ -	$ -	$ -	$ -	$ 8,033,946
Other Governmental Revenues	753,642	-	1,796,934	171,492	-	34,755	2,756,823
Other Local Revenues	413,186	-	-	-	-	-	413,186
Investment Income	218,462	33,565	-	-	-	10,315	262,342
Charges for Services	-	-	-	-	-	1,676	1,676
Miscellaneous	-	-	205,738	-	330,000	124,561	660,299
Total Revenues	9,419,236	33,565	2,002,672	171,492	330,000	171,307	12,128,272
Expenditures:							
General Government	935,283	-	-	-	-	-	935,283
Public Safety	335,001	-	-	-	-	-	335,001
Public Works	1,722,289	-	-	-	-	-	1,722,289
Health and Welfare	88,834	-	-	-	-	-	88,834
Recreation	106,536	-	-	-	-	-	106,536
Education	5,014,104	-	-	-	-	28,200	5,042,304
Fixed Charges	373,268	-	-	-	-	-	373,268
Miscellaneous	37,730	-	-	-	-	28,878	66,608
Capital Outlay	-	1,722,324	2,033,622	171,492	193,138	134,754	4,255,330
Debt Service	556,798	-	553,341	-	-	-	1,110,139
Total Expenditures	9,169,843	1,722,324	2,586,963	171,492	193,138	191,832	14,035,592
Excess (deficiency) of Revenues Over Expenditures	249,393	(1,688,759)	(584,291)	-	136,862	(20,525)	(1,907,320)
Other Financing Sources (Uses):							
Proceeds from Borrowing	-	-	1,657,337	-	-	-	1,657,337
Premium on General Obligation Bonds	-	-	-	-	-	-	-
Transfer in From Pension Trust Fund	-	-	-	-	-	-	-
Transfers In	12,767	6,000	-	-	-	-	18,767
Transfers Out	(6,000)	-	-	-	-	(12,767)	(18,767)
Total Other Financing sources (Uses):	6,767	6,000	1,657,337	-	-	(12,767)	1,657,337
Net Change in Fund Balances	256,160	(1,682,759)	1,073,046	-	136,862	(33,292)	(249,983)
Fund Balances (Deficit), Beginning of Year	3,887,515	2,570,897	20	10,000	138,182	677,039	7,283,653
Fund Balances (Deficit), End of Year	$ 4,143,675	$ 888,138	$ 1,073,066	$ 10,000	$ 275,044	$ 643,747	$ 7,033,670

The accompanying notes are an integral part of these financial statements

TOWN OF NORFOLK
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES
JUNE 30, 2025

Net change in fund balances for governmental funds		$ (249,983)
Total change in net assets 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	4,083,898	
Depreciation expense	(578,280)	
Net adjustment	3,505,618	3,505,618
The issuance of long-term debt (e.g., bonds, notes) 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 issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items:		
Issuance of Bonds and Notes		(1,657,338)
Principal Payments on Bonds and Notes		968,617
Amortization of Bond Premiums		11,455
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds		
Property Taxes		17,646
Change in net position of governmental activities		$ 2,596,015

The accompanying notes are an integral part of these financial statements

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements of the Town of Norfolk, 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 Norfolk operates under the Selectman form of government with a Board of Finance and a Board of Education and various other boards and commissions and provides the following services as authorized by State Statute: public safety, public works, health, welfare, parks, recreation, and elementary and secondary education. 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 Selectman. The Selectman 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:

Norfolk Fire District - This potential component unit has a separate elected board and provides services to residents, generally within the geographic boundaries of the Town. 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.

Regional School District #7 - 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 and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) 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.

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.

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.

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 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.

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:

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

The *Capital Nonrecurring Fund and City Meadows Fund* account for financial resources to be used for capital expenditures or for the acquisition or construction of capital facilities, improvements and/or equipment. Most of the capital outlays are financed by appropriations from the General Fund or the issuance of general obligation bonds.

The Bridge Projects Fund accounts for financial resources restricted to the capital projects for brige programs in Town.

The Haystack Woods Project Fund accounts for financial resources restricted to these projects.

The Fire House Fund accounts for financial resources restricted to these projects.

The Town had no Fiduciary or Proprietary Funds.

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 trust funds may also invest in stocks, bonds, or other securities.

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.

Property Taxes

The Town’s property tax is levied each July 1 on the assessed value as of the prior October 1 for all real property located in the Town. Assessed values are established by the Town Assessment Board at 70 percent of estimated market value. A revaluation of all property is required to be completed no less than every five years.

Property taxes are assessed on property as of October 1. Real estate and personal property taxes are due and payable in two installments on July 1 and the following January 1, although a 30-day grace period is provided. Motor vehicle taxes are due and payable July 1, and motor vehicle supplemental taxes are due and payable January 1.

Uncollected property taxes are recorded as receivables. An allowance based on historical collection experience is provided for uncollectible taxes. Outstanding real estate tax accounts are liened each year prior to June 30, with legal demands and alias tax warrants used in the collection of personal property and motor vehicle tax bills.

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 $5,000 with an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at fair value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

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

Assets	**Years**
Buildings and Improvements	20 - 50
Infrastructure	30 - 50
Machinery and Equipment	5 - 30
Vehicles	5 - 10

Compensated Absences

Town employees are entitled to certain compensated absences based on their length of employment. Earned vacation pay is paid to employees upon separation of service, but sick pay is not paid. The cost of vacation and sick leave is recognized when payments are made to employees. The amount of the liability for accrued vacation leave would not have a material effect on the Town’s financial statements; therefore, no liability has been recorded.

Long-Term Obligations

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

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

Deferred Outflows/Inflows of Resources

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

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

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.

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 of any fund must be approved at the Town meeting.
- 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.
- Budgeted amounts are shown as originally adopted or as amended by the Board of Finance or at a Town meeting during the course of the year.

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.

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:

	Revenues	Expenditures
Total budgetary basis - Non GAAP	$ 9,155,384	$ 8,905,991
Teachers retirement system on behalf payments	260,209	260,209
Teachers retirement system OPEB	3,643	3,643
Total GAAP Basis	$ 9,419,236	$ 9,169,843

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:

	Carrying Amount	Bank Balance
Governmental Funds		
Cash and cash equivalents	$ 4,740,055	5,046,996
Certificates of deposit classified as investments	118,207	118,207
STIF Account Cash Equivalent	(752,325)	(752,325)
Total Cash	$ 4,105,937	$ 4,412,878

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, $727,241 of the Town's bank balance of $4,412,878 was exposed to custodial credit risk as follows:

Uninsured and collateralized with securities held by the pledging Bank's trust department or agent but not in the Town's name	$ 72,724
Uninsured and uncollateralized	654,517
	$ 727,241

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.

The State Treasurer's Short-Term Investment Fund is operated by the State Treasurer's Office. The value of the pool shares is the same as the fair value of the Town's position in the pool.

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, orin 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:

		Investment Maturity	
	Fair Market Value	1 Year or Less	Maturity not Available
United States Treasury Funds - General Fund	$ 1,119,907	$ 1,119,907	$ -
Common Stock held by trust funds	229,912	-	229,912
Certificates of deposit classified as investments	118,207	118,207	-
	$ 1,468,026	$ 1,238,114	$ 229,912

Interest Rate Risk

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

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of a counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Town does not have a policy for custodial credit risk. The Town's government fund investments are held in certificates of deposit; cemetery trust funds are held in certificates of deposit and donated stock.

Concentrations of Credit Risk

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

Fair Value Measurements

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

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

The town's investments are measured on a recurring basis using level 1 information (market quotations for investments that have quoted prices in active markets). The Town has no financial assets measured using Level 2 or Level 3 at June 30, 2025.

NOTE 5 – RECEIVABLES

Receivables at June 30, 2025 for individual major funds and all other funds in the aggregate, including the applicable allowance for collection losses, are as follows:

	General Fund	Capital Nonrecurring Fund	Total
Property taxes	$ 152,570	$ -	$ 152,570
Interest due on taxes	34,461	-	34,461
Less allowance	(20,000)	-	(20,000)
Other Receivables	-	205,738	205,738
Total Receivables	$ 167,031	$ 205,738	$ 372,769

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:

	Due From	Due To
General fund	$ 2,000	$ 488,576
Capital reserve fund	311,095	-
Bridge Projects	171,733	-
Moore Bailey	2,310	-
Loss retention	-	1,500
Center Cemetery	-	500
Historical Records	3,438	-
Total	$ 490,576	$ 490,576

A summary of interfund transfers is presented as follows:

	Transfers In	Transfers Out
Capital reserve fund	$ 6,000	-
General Fund	12,767	6,000
Trust Funds	-	2,628
Wooster Memorial	-	366
Farmers Market	-	4,645
General Cemeteries	-	5,128
Total	$ 18,767	$ 18,767

NOTE 7 -DEFICIT FUND BALANCES

As of June 30, 2025, no funds had a deficit fund balance

NOTE 8 - POST EMPLOYMENT AND HEALTHCARE BENEFITS

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

NOTE 9 - 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.

NOTE 10 – COMITTMENTS AND CONTINGENCIES

The Town has received state and federal 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 expenditure disallowed under terms of the grant. Based on prior experience, Town management believes such allowances, if any, will not be material.

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.

NOTE 11 – CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2025 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital assets not being depreciated				
Land	$ 380,052	$ -	$ -	$ 380,052
Construction in Progress	4,974,448	298,508	4,974,448	298,508
	5,354,500	298,508	4,974,448	678,560
Capital assets being depreciated:				
Buildings and improvements	9,562,102	2,024,310	-	11,586,412
Infrastructure	3,589,826	6,731,349	-	10,321,175
Machinery and Equipment	1,166,817	4,179	-	1,170,996
Vehicles	2,179,000	-	-	2,179,000
Total capital assets being depreciated	16,497,745	8,759,838	-	25,257,583
Less accumulated depreciation for:				
Buildings and improvements	5,046,884	251,591	-	5,298,475
Infrastructure	115,392	176,890	-	292,282
Machinery and Equipment	796,698	44,085	-	840,783
Vehicles	1,639,937	105,714	-	1,745,651
Total accumulated depreciation	7,598,911	578,280	-	8,177,191
Total capital assets being depreciated, net	8,898,834	8,181,558	-	17,080,392
Governmental activities, capital assets, net	$ 14,253,334	$ 8,480,066	$ 4,974,448	$ 17,758,952

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

Governmental activities:	
General Government	$ 177,745
Public Safety	100,894
Public Works	164,546
Education	135,095
Total depreciation expenses governmental activities	$ 578,280

NOTE 12 - GENERAL OBLIGATION DEBT

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

	Balance June 30, 2024	Additions	Reductions	Balance June 30, 2025	Due Within One Year
General Obligation Bond Refinancing dated December 16, 2016. Interest at 2.03% per year for 10 years. Annual payments declining from $157,342 in 2016 to $127,406 in 2027. Final payment due November 2026.	$ 381,125	$ -	$ 127,973	$ 253,152	$ 127,026
Mountain Road Bridge Revolving demand note, 2.25% interest, additional principal paid July 2023. The remaining balance of $495,842 was termed out over 10 years at a fixed rate of 2.25%. Annual payments of $56,061 principal and interest due. Final payment due March 2033.	451,163	-	45,730	405,433	46,773
River Place Road Bridge General Obligation Bond, refinanced in February 2025 with a principal balance of $560,171 remaining. This balance is payable in annual installments of $56,017 principal, plus interest over 10 years at a fixed rate of 2.25% beginning July 15, 2025. Final payment due July 2034.	513,763	46,408	1,573	558,598	56,017
River Place Road Bridge $1,740,000 General Obligation Bond Anticipation Note dated February 4, 2025, 4.25% interest only payments due monthly, expires February 3, 2026. This note was paid in full in February 2026.	-	1,610,930	553,341	1,057,589	1,057,589
General Obligation Bonds dated May 14, 2024 Refinancing US Bank Note. Interest variable between 5.0% and 3.75% per year. Annual payments declining from $344,261 in 2025 to $118,300 in 2049. Final payment due July 2048.	3,945,000	-	240,000	3,705,000	240,000
Subtotal	5,291,051	1,657,338	968,617	5,979,772	1,527,405
Unamortized Premium on Bonds	286,375	-	11,455	274,920	-
Total Long-Term Debt	$ 5,577,426	$ 1,657,338	$ 980,072	$ 6,254,692	$ 1,527,405

All notes and bonds are secured by the general revenue raising powers of the Town and payment will be provided by General Fund revenues. The following is a summary of debt service requirements to maturity by year:

Year Ending June 30	Principal	Interest	Total
2026	$ 1,462,404	$ 192,722	$ 1,655,126
2027	404,983	169,913	574,896
2028	279,929	157,550	437,479
2029	281,064	146,405	427,469
2030	277,206	135,378	412,584
2031	278,374	124,450	402,824
2032	279,561	113,502	393,063
2033	280,790	102,513	383,303
2034	226,017	91,503	317,520
2035	219,444	81,868	301,312
2036	165,000	73,812	238,812
2037	160,000	67,313	227,313
2038	160,000	60,912	220,912
2039	155,000	54,613	209,613
2040	155,000	48,412	203,412
2041	150,000	42,688	192,688
2042	145,000	37,525	182,525
2043	140,000	32,537	172,537
2044	135,000	27,387	162,387
2045	135,000	21,987	156,987
2046	130,000	16,687	146,687
2047	125,000	11,744	136,744
2048	120,000	7,000	127,000
2049	115,000	2,300	117,300
	$ 5,979,772	$ 1,820,721	$ 7,800,493

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.

Unissued Bond Authorization

Subsequent to June 30, 2025 on October 6, 2026 the Town authorized $4,000,000 of new borrowings to fund the completion of a new Fire House.

NOTE 13 – FUND BALANCES

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

	General Fund	Capital Nonrecurring Fund	Bridge Projects Fund	Haystack Woods Project	Fire House Fund	Non Major Governmental Funds	Total Governmental Funds
Nonspendable							
Permanent Funds	$ -	$ -	$ -	$ -	$ -	$ 215,760	$ 215,760
	-	-	-	-	-	215,760	215,760
Restricted							
Special Revenue Funds	-	-	-	-	-	42,538	42,538
	-	-	-	-	-	42,538	42,538
Committed							
Botelle School Boiler	100,000	-	-	-	-	-	100,000
Capital Non-Recurring Fund	-	888,138	-	-	-	-	888,138
Bridge Projects Fund	-	-	1,073,066	-	-	-	1,073,066
City Meadows Fund	-	-	-		275,044	-	275,044
Haystack Woods project	-	-	-	10,000	-	-	10,000
Special Revenue Funds	-	-	-	-	-	331,968	331,968
	100,000	888,138	1,073,066	10,000	275,044	331,968	2,678,216
Assigned							
Subsequent year's budget	150,000	-	-	-	-	-	150,000
BOE Non-Lapsing Fund	112,311	-	-	-	-	-	112,311
Special Revenue Funds		-	-	-	-	53,481	53,481
	262,311	-	-	-	-	53,481	315,792
Unassigned	3,781,364	-	-	-	-	-	3,781,364
Total governmental funds	$ 4,143,675	$ 888,138	$ 1,073,066	$ 10,000	$ 275,044	$ 643,747	$ 7,033,670

NOTE 14 - PENSION PLANS

DEFINED BENEFIT PLAN

The Towns previous defined benefit plan was closed on May 1, 2024. The Town purchased annuity contracts to cover all remaining pension benefits associated with the plan. The remaining net assets were transferred to the Towns General Fund and are being held in a sperate, but unassigned account as of June 30, 2025.

DEFINED CONTRIBUTION PLAN

The Town provides retirement benefits through a single-employer defined contribution pension plan for all eligible employees except certified personnel of the Board of Education who are covered by the State of Connecticut Teachers' Retirement System. The Board of Selectmen has oversight and fiduciary responsibility for the plan.

All eligible employees who have completed one year of service with a minimum of 1,000 hours during the year and who have reached age 21 are eligible for inclusion in the plan. The plan provides that benefits are 100% vested at all times with respect to all of the amounts allocated to employees' accounts. The Town contributes an amount equal to 7% of each eligible employee's base compensation. During the year, the Town's contributions totaled $38,037 and the Board of Education's contributions totaled $11,450.

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). 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.

<u>Contributions</u>

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 $260,209 in the governmental funds for on-behalf amounts for the benefits provided by the State. In the government-wide financial statements, the Town recognized $302,807 for pension expense and revenue for on-behalf amounts for the benefits provided by the State.

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.

<u>Administrative Expenses</u>

Administrative expenses of the Plan are to be paid by the General Assembly per Section 10-183r of the Connecticut General Statutes.

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	2,639,943
Total	$ 2,639,943

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.

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 1.0%.

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:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
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%
	100.0%	

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.

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.

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.

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 $3,643 and is recognized in the General Fund as intergovernmental revenues and education expenditures. In the government-wide financial statements, the Town recognized $7,503 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		541,543
Total	$	541,543

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.

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 4.5% 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:

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.

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 14 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 16 – PRONOUNCEMENTS ISSUED, NOT YET EFFECTIVE

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

- **GASB Statement No. 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 as-sets 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 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 NORFOLK
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%
Towns proportionate share of the net pension liability	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
State's proportionate share of the net pension liability associated with the town	2,639,943	2,648,376	3,278,139	2,514,180	3,174,435	3,505,583	2,703,008	2,805,445	2,959,766	2,172,256
Total	$2,639,943	$2,648,376	$3,278,139	$2,514,180	$3,174,435	$3,505,583	$2,703,008	$2,805,445	$2,959,766	$2,172,256
Town's covered-employee payroll	$ 844,048	$ 732,534	$ 840,677	$ 745,650	$ 747,603	$ 801,328	$ 752,633	$ 801,506	$ 845,645	$ 806,701
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
	Entry age
Actuarial cost method	
Amortization method	Level percent of pay, closed, grading to a level dollar amortization method for the June 30, 2024 valuation
Single Equivalent amortization period	25.9 years
Asset valuation method	4-year smoothed fair value
Inflation	2.50%
Salary increases	3.00%-6.50%, including inflation
Investment rate of return	6.90%, net of investment related expense

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

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

	2024	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%
Towns proportionate share of the net OPEB liability	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
State's proportionate share of the net OPEB liability associated with the town	541,543	248,116	287,090	273,915	473,467	546,714	540,347	722,107
Total	$ 541,543	$ 248,116	$ 287,090	$ 273,915	$ 473,467	$ 546,714	$ 540,347	$ 722,107
Town's covered-employee payroll	$ 844,048	$ 732,534	$ 840,677	$ 745,650	$ 747,603	$ 801,328	$ 752,633	$ 801,516
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

- 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 Ra	PubT-2010, Amount Weighted
Basis for Postretirement Mortality In	Scale MP-2019, Generational