

**Annual Report
of the
Town of Salem,
Connecticut**

2010-2011

ANNUAL REPORT

OF THE OFFICERS OF THE

TOWN OF SALEM



AND

**Audit of Town Records
From July 1, 2010
to June 30, 2011**

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TOWN GOVERNMENT

The Salem Town Office Building is located at 270 Hartford Road. The office hours are:

Monday- Wednesday	8:00 AM to 5:00 PM.
Thursday	8:00 AM to 6:00 PM.
Friday-Sunday	Closed

The First Selectman, Town Clerk, Treasurer, Assessor and Tax Collector are available during regular hours and at other times by appointment.

The Building Department, located within the Town Office Building, maintains the following office hours:

Monday	8:30 AM to 11:00 AM 5:00 PM to 7:00 PM
Tuesday & Wednesday	8:30 AM to 11:00 PM
Thursday	8:30 AM to 11:00 PM 5:00 PM to 7:00 PM
Friday	Closed

The Building Official, Sanitarians, Public Works Director, Town Planner, and Zoning and Wetlands Enforcement Officer are available during the Monday and Thursday evening hours. Please call the Town Office Building at 860-859-3873 for the hours of additional departments

The Salem Free Public Library is located at 264 Hartford Road, just south of the Town Office Building. It is open as follows:

Mon-Wed. Noon-7:30 p.m.
Thurs. 10 a.m. to 7:30 p.m.
Fri. 10 a.m. to 6 p.m.
Sat. 10 a.m. to 4 p.m. (Sept.-June)
Sat. 10 a.m. to 2 p.m. (June-July)

Salem operates under a chartered Selectman-Town Meeting form of government, which permits maximum participation of the registered voters and property owners. Most significant to this form of government is the adoption of the annual budget by referendum and approval by the Town Meeting of ordinances under which Salem is governed. This is your town, the Town Meeting is the governing body, and your participation in the governing process is encouraged.

ELECTED TOWN OFFICIALS

This Town Report covers Fiscal Year 2010/2011. However, the following list of officials has been updated to reflect any significant changes that may have occurred prior to printing. Expiration dates of elective terms are noted in parenthesis. Reports of Boards and Commissions were in most cases authored by the incumbent chair for FY 2009/2010.

Board Of Selectmen

Kevin Lyden, *First Selectman* (2013) – 2 yr. term
Lewis Buckley (2015) – 4 yr. term
Robyn M. McKenney (2013) – 4 yr. term
Elbert Burr (2015) – 4 yr. term
Robert Ross (2013) – 4 yr. term

Town Clerk

Patricia J. Crisanti (2014)

Registrar Of Voters

Susan Spang (D - 2014) Georgia Pech (R - 2014)
Kathryn L. Bellandese, *Deputy* Liz Householder, *Deputy*

Treasurer

Mary A. Ferren (2013)

Tax Collector

Cheryl A. Philopena (2013)

Board Of Finance

William S. Weinschenker, *Chairman* (2013)

Carole A. Eckart (2015) Peter Lee Alt. (2013)
Janet S. Griggs (2015) David Kennedy Alt. (2015)
George Householder (2017) John Dolan (2017)
Gregory M. Preston (2013) Thomas Butcher (2017)

Board Of Education

Stephen Buck, *Chairperson* (2013)
Robert M. Green, *Vice Chairperson* (2015)
Pamela Munro, *Secretary* (2013)
Linda Robson, *Treasurer* (2013)

George Jackson (2017) Margaret Caron (2017)
Monica Lord McIntyre (2015) Dinis Pimentel (2015)
Mary Ann Pudimat (2017)

Planning And Zoning Commission

Karen H. Buckley, *Chairman* (2013)
Ruth Savalle *Vice Chairman* (2011)

David B. Bingham (2017) (2013) Walter Volberg (2013)
Gary Walter (2015) Henryka Green Alt (2017)
Richard Amato (2015) Gloria Fogarty, Alt. (2013)
Vernon Smith (2017)
Matthew Darling (2013)

Zoning Board Of Appeals

Leeland J. Cole-Chu, *Chairperson* (2017)

Michael Jensen (2017) Kathryn L. Bellandese (2013)
John Bernier (2013) Michael P. Mullin (2015)
Gale Balavender, Alt. (2013) Sandra K. Kozlowski, Alt. (2015)
Salvatore Crisanti Alt. (2017)

Library Board Of Trustees

Michelle Guertin, *Chairperson* (2015)

Mary Ann Casciano (2017) Len Giambra (2017)
Sharon Sanders (2015) Brenda Holmwood (2013)
Roberta M. Ziegra (2013)

Board Of Assessment Appeals

Robert M. Green, *Chairperson* (2013)

Frank Abetti (2013) Dianne Woronik (2015)

APPOINTED TOWN OFFICIALS

Inland Wetlands and Conservation Commission

Sally Snyder (2012), *Chairman*

William (Eric) Belt (2017)	Edward Natoli, Jr., (2013)
Linda S. Wildrick (2014)	Diba A. Khan-Bureau (2016)
William Leuck (2014)	Gale J. Balavender, Alt. (2014)
Roger Phillips (2012)	Vacancy, Alt
Maryann Chinatti, WEO	Vacancy, Alt

Civil Preparedness

Donald W. Bourdeau, Jr. *Director*

Ed Shafer	Chip Weston
Ralph Boles	Sue Spang
Brian Cinea	

Recreation Commission

Susan Spang, *Chairperson* (2016)

Rich Cirillo, *Secretary* (2012)

James W. Burke (2015)	Pam Henry (2013)
Alfonso N. Giansanti (2014)	Robert Appleby (2014)
David Kennedy (2015)	Robert Kim Bingham (2014)
Peter Lee (2013)	

Economic Development Commission

Frank Sroka, *Chairperson* (2013)

Dana Abetti (2013)	Lawrence Stevens, Alt. (2013)
Jennifer Lee (2015)	Nicole Gadbois (2016)

Fire Police

Brian Cinea, *Captain*

Ralph Boles	Sean O'Brien
Salvatore T. Crisanti	Roman Kachorowsky

Southeastern Connecticut Council of Governments

Kevin Lyden

Robert Ross, Alt.

Salem Green Cemetery

Charlene Clancy, *President*

Catherine Teel, *Treasurer*

Helen Woronik, *Secretary & Historian*

Pastor Tim Dubeau, *Sexton*

Delaphine Hatch

Gertrude Miller

Evelyn Cunningham

Michael Teel

Nancy Dytko

Carol Vasquez

Gardner Lake Authority

Lou Allen

Robert J. Neddo

Russell K. Smith

Route 11 and Greenway Point Person

Kevin Lyden

Peter Sielman

Southeastern Connecticut Water Advisory Board

James Fogarty, Chairman

George Jackson

PUBLIC OFFICIALS

Administrative Asst. Finance/Personnel-----	Virginia Casey
Administrative Asst. First Selectman/ Land Use Commissions-----	Susan Spang
Agent for the Elderly -----	Susan Spang
Animal Control Officer -----	Van Miller
Assessor-----	Norman Wood
-----	Barbara Perry
Assistant Tax Collector-----	Necia Stevens
Assistant Town Clerk-----	Linda Flugrad
Building Department/Sanitarian Clerk-----	Diane Weston
Building Inspector-----	Vernon D. Vesey II
Democratic Town Committee Chair-----	Thomas Butcher
Deputy Fire Marshal-----	Roy E. Shafer, Jr.
Fire Inspector-----	Jeffrey W. Standish
Fire Marshal & Director of Civil Preparedness-----	Donald Bourdeau, Jr.
Health Director-----	Dr. Robert W. Powitz
Municipal Historian-----	Deanna St. Jean
Purchasing Agent-----	Kevin Lyden
Recreation Program Director-----	Diane Weston
Republican Town Committee Chair-----	Edward Chmielewski
Resident State Troopers-----	Kevin Seery &
-----	Carson Konow
Sanitarian-----	Reed Gustafson
Superintendent of Schools, (Interim)-----	Dr. Kaye Griffin
Town Planner-----	Mary Ann Chinatti
Tree Warden-----	Don Bourdeau
Zoning and Wetlands Enforcement Officer-----	MaryAnn Chinatti

TOWN REPORTS

First Selectman Report

This Fiscal year has provided us with many opportunities for positive change within our town.

Due to firm enforcement of our purchasing policy, strong negotiations with our vendors, as well as a concerted effort of fiscal responsibility by all departments, the General Government was able to return \$255,750 to the Town's General Fund.

A successful 6.2 million dollar referendum has cleared the way for many repairs and upgrades to our Salem School. The project will include roofing and insulation, boiler replacement, window replacement, electrical upgrades, HVAC upgrades, as well as remodeling of the bathrooms.

The Town was awarded a Small Town Economic Assistance Grant in the amount of \$150,000 to build a community pavilion on our Route 82 property. We are excited about the many activities and events that our townspeople will be able to enjoy on our municipal property.

Single stream recycling has been embraced by our residents. Our recycling efforts are impressive at 16 tons of recyclables per month. This saves the Town on trash tons, and earnings on recyclable tons has had a positive impact of \$30,000 annually.

Our four photovoltaic solar systems are working well. This clean energy is saving the Town approximately \$10,000 annually on electricity costs and offsetting CO2 emissions by 62,000 lbs. annually.

With the help of many volunteers, Salem continues to shine with community spirit. Our active community donates countless hours to our Town's Boards and Commissions, Emergency Services, Library, Sports programs, and other areas all to make Salem a very special place in which to live.

Kevin Lyden
First Selectman

Town Clerks Report

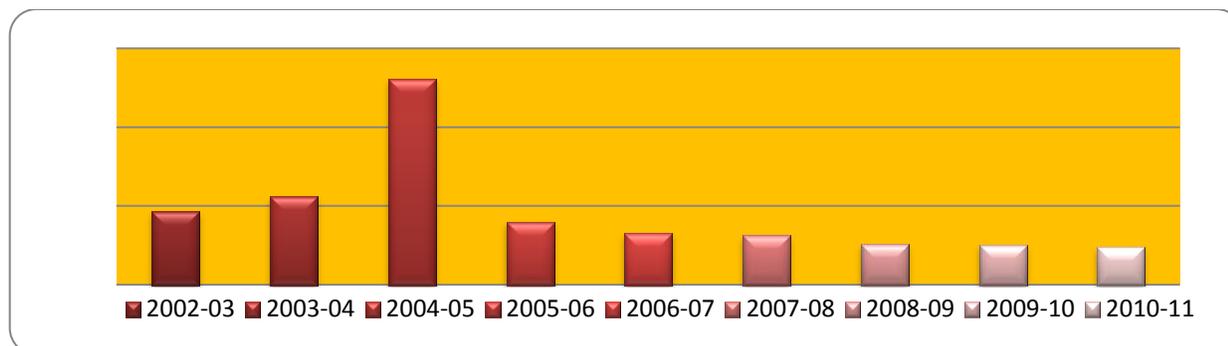
The following monies were received in various receipts by the Town Clerk and turned over to the Town Treasurer on a weekly basis for the fiscal year 2010 – 2011.

	<u>Funds to the State</u>		<u>Town Clerk's</u>		<u>Town</u>
	Historic Pres.	Farm Pres.*	Historic Pres.	Farm Pres.*	Farm Pres. to Gen. Fund*
Recordings \$23,780.00 \$	1,794.00	\$32,292.00	\$897.00	\$897.00	\$2,691.00
Maps Recorded \$ 320.00					
Conveyance Taxes \$31,511.00		\$68,251.64			
Copies \$4,956.25					
Map Copies \$ 769.00					
Sports Licenses (No longer sell effective January 2009)					
Miscellaneous \$501.00					
<u>TOTAL</u>		<u>\$61,837.25</u>			

(*Public Act 09-229 – Under prior law, people paid town clerks a \$30 fee for each document recorded in municipalities' land records. The act temporarily increases this fee to \$40 (from the effective date of July 1, 2009 until July 1, 2011) and redistributes the revenues. By law, the town clerk retains \$1 of the fee and \$3 goes to the municipality's general revenue and must be used to pay for local capital improvement projects. Under prior law, the town clerk, by the 15th of each month, had to remit \$26 of each fee received during the previous calendar month to the state treasurer for credit to the "Land Protection, Affordable Housing and Historic Preservation Account," which is a separate, non-lapsing account in the General Fund. The act temporarily increases the monthly remittance to \$36 and renames the account the "Community Investment Account" (CIA.)

(2011 Legislative Changes Affecting the Connecticut Real Estate Conveyance Tax under Statutory Authority: Conn. Gen. Stat. 12-292(a) and (b) as amended by 2011 Conn. Pub. Acts 6, 102. Several areas of the conveyance tax increased. The previous act temporarily increased the monthly remittance to \$36.00, which remains in the new legislative changes. The municipal real estate conveyance tax remains at the rate of 0.25%. The rate reduction scheduled for July 1, 2011, did not take place. The authority for certain designated municipalities, known as target investment communities, to impose an additional municipal real estate conveyance tax rate (at a rate of up to 0.25%) is still in effect.)

Upon comparing receipts for the fiscal years 2009-2010 and 2010-2011, there was an **overall decrease** in the amount of **\$4364.84** for this past year. The largest decrease was in Conveyance Taxes (\$1540.87) followed by Recordings (\$1313.00), Copies (\$771.47), and Maps Recorded (\$480.00). Map Copies were lower (\$157.50) as well as Miscellaneous (\$102.00). Receipts have been down since the 2004-05's "economy boom" and the U.S. involvement in the war for (Afghanistan-Operation Enduring Freedom and Operation Iraqi Freedom.)



Patricia J. Crisanti
Salem Town Clerk

Town of Salem
Special Town Meeting
Salem School
200 Hartford Road, Salem, CT 06420
January 19, 2011

The Town Meeting was called to order at 7:35 P.M. by Kevin T. Lyden, First Selectman.

Kevin Lyden started the meeting by giving a synopsis of the Council of Small Towns meeting he attended in Hartford. Governor Malloy was the keynote speaker. Also in attendance were State’s Attorney Jepson, State Comptroller Kevin Dumboldt, and State Senator Andrea Stillman. The 3.6 Billion Dollar State Deficit was the major concern of the day. The theme was “Shared Sacrifice”. “We must always work together to get what’s fair for our town,” per Kevin.

Kevin then stated, “A moderator shall be elected and all business conducted pursuant to Robert’s Rules of Order. I will now accept a motion from the floor to appoint a Moderator.

(Hugh McKenney/Bob Green) Motion made and seconded to appoint Attorney John Butts as the meeting Moderator. Motion passed.

John stated, “The second order of business is to appoint the Clerk of the Meeting. Insofar as Pat Crisanti, Town Clerk, is present, I will ask her to serve as the Clerk of the meeting and to read the Warning and Notice of the Town Meeting.”

The Clerk read the Posting Notice and Warning and noted that both had been duly posted and published in the Legal Section of The Day newspaper having a general circulation in the Town of Salem.

John announced that there were 15 eligible voters at home or overseas who are on-line participating virtually in the Town Meeting process.

A question was asked as a point of order by a Matt Pletcher, referring to a standing motion from the January 13, 2010 meeting in which Plan A of the School Renovation Plan was discussed and presented and then tabled until a Plan B could be presented. John also stated that a petition was submitted asking that the Town revisit Plan A. Mr. Pletcher clearly stated, “this meeting is out of order and is not a legal meeting.”

Attorney Butts stated that Plan A is not on the agenda tonight. Mr. Pletcher than stated that the town is in violation and the meeting is out of order. Attorney Butts stated that he disagreed with Mr. Pletcher’s statement and that the meeting will proceed accordingly.

Athena Sartori, the petition originator, stated that according to Robert’s Rules, this current Town Meeting was illegal.

“As a point of order,” Jimmy Savalle stated, “I made that motion to table that subject. And if you understand and listen to the rest of the motion, the Board of Education was to come back with a Plan B that would satisfy the taxpayers of the Town of Salem. Don’t just take the first part of the first sentence of the motion. Listen to the whole motion. The Selectmen and the Board of Education have come back with a Plan B to the Taxpayers. They followed through. Don’t just take the part of what you want to hear.”

Item#1 of Agenda. (Greg Preston/Ed Chmielewski) John Butts asked if there was a motion to approve the “Emergency Responder’s Awards Ordinance”? At this point, Mr. Pletcher shouted out, “Mr. Chairman, you are out of order!” Mr. Butts continued, asking, “Is there someone who wanted to speak in favor of the ordinance and answer any questions”? Kevin Lyden, First Selectman, said he would speak about the ordinance. “This came about 2 ½ years ago. Lewis Buckley was the chairperson of this committee with Norm Rabe and myself. We looked into it, and to become a Fire Fighter 1, you have to go through approximately 40 hours of training. EMT’s have to go through 300 hours of training. They qualify each year by the number of drills, accidents or fires that they go to. Currently we do give a \$400 stipend to our firefighters and emergency responders. The surrounding towns also offer their departments incentives as well. Many calls are late at night or are several hours long. We have less emergency responders than we had twenty years ago. This is an effort to “Thank” our existing emergency responders that hopefully can be retained for future years. Last year there were 60 people involved in the departments. There are now only 42.”

Attorney Butts thanked Mr. Lyden and asked if there were any more questions or comments? Rich Amato asked if the incentive was one per household or one per individual responder? The answer was one per individual responder. George Householder asked if the volunteers who live out of town but still respond in the town of Salem, would still receive the \$400 stipend? The answer, per Kevin, was “Yes.” Ed Chmielewski stated that the Town was very lucky to have the Fire Departments and the Emergency Responders and this stipend was a very small price to pay. “God Bless our emergency responders,” stated Ed. (applause).

John than proceeded for a **YES** or **NO** vote, which would first be asked of the folks at home on this issue and then would be voted on by the folks attending the meeting here at school.

Home Vote

House Vote

NO’S – 2
The Ayes have it

No NO votes.
The Ayes have it

Motion PASSED

John than stated, “Items# 2, 3, and 4 of Agenda reflects the submission of a petition to revisit the vote from last January. It reflects the best efforts of the Board of Finance, the Board of Education, the Board of Selectmen, and myself as Attorney. If you have ever been through a town meeting that has been adjourned to a referendum and that requires bonding, you will remember it. I well do. With a good faith attempt to allow anyone who cares to, we are here this evening to personally overlook, compare, contrast last year’s Building Committee’s best efforts with this year’s Building Committee’s best efforts. **So Item #2**

call is used thus to compare the school renovations plan as tabled January 13, 2010 and the Board of Education plan as presently prepared by the Architectural firm of Moser, Pilon, Nelson, Architects LLC.”

“Bear in mind that at a town meeting a person who has the right to speak, are electors or citizens qualified to vote. We have a long history in Salem of allowing people from outside of Town, allowing experts, allowing people with expertise, to speak.”

Kevin Lyden stated, that after the presentation of Plan A was not approved, he went up to Hartford. “Dinis Pimentel did a very fine job as chairman of that committee. Jim Choquette was Vice Chair. I was on the committee, Stu Gadbois, Monica Lord-McIntyre, Bill Weinschenker, Jenifer Lee, Dick Asafaylo, Chris LaRose, and Donna Leake. Donald Bourdeau was there. Our children go to East Lyme and do quite well. The committee tried to submit Plan A with a number of waivers. Salem School has a lot of space. The other waiver was age. The building has to be at least 30 years old. Salem School is 27 ½ years old. Salem School has a high school sized gym, which we are proud of. (which is 8600 square feet). I have several people here to discuss the \$15 million Plan A which they have a right to. They petitioned. Plan A was submitted with four waivers. Option A was getting up to 17.2 million dollars cost back in January, 2008. The director of school facilities was amazed that a town of this size would approve a High School-sized gym for an elementary/middle school. “You want the State to give you a waiver for it? – NO!”, the director stated. “We mentioned the wasted space in the hallways. The way the school is designed by sections, there is a lot of wasted space. There is at least 10-12 thousand square feet of wasted space.” The Director responded, “You have building committees? Your town approved it? And now you want the State to give you a waiver? NO!” “In 1994 back when Salem was one of the fastest growing towns in Connecticut, the projected school enrollment was for 710 students. We peaked at 608 about 10 years ago. Next year we will have 449 students in our school. The Director stated, “with the amount of kids you have, you should have 66,000 square feet of space. The school presently has 101,000 square feet of space. You don’t need any more space.” Elbert Burr will be making his presentation, regarding the Building Committee’s charge. They were given the job of a more cost-effective alternative. Commission members included Elbert, Dick Asafaylo, Bob Green, Diane Woronik, Diane Weston and Donald Bourdeau. The building committee went through the school many times from the 1940-1999 sections. Their charge was to review previous building committee proposals, Board of Education specifications and other options and recommend a less costly alternative for repairs and/or renovations of the Salem School. They decided to work on the five oldest sections of the school (1940, 1956, 1960, 1973 and 1988). They discussed each section and each of their current needs. They selected seven key areas and addressed the board’s concerns regarding safety, energy efficiency and building repair. To further develop the proposal we hired Hugh Pearson of Moser, Pilon, Nelson, Architects, LLC. Mr. Pearson had been involved with previous building committees and his input was a big help in getting us up to speed with costs, State reimbursement prospects and scheduling the proposed work. The building committee’s final proposal has been voted on and approved by the Board of Education, the Selectmen and the Board of Finance and the support of the Superintendent of Schools.”

“These town managers all gave a green light to the proposal that is being put forth tonight. It is focused on the essential work that will make the five older sections of the Salem School more energy efficient, safer and more comfortable for our school children now and for many years to come. Mr. Burr than introduced Mr. Hugh Pearson who also was to make a presentation and at the end of his presentation there would be a question and answer period.”

Mr. Pearson stated, “There were several factors Mr. Burr touched on that we will go into in greater depth.” Mr. Pearson continued with his detailed Slide Show/Powerpoint Presentation.

REFER TO PAPER COPY OF PRESENTATION ATTACHED.

After presentation there was a question and answer period. Mr. Leininger inquired about if any hazardous materials were found in window caulking or elsewhere and if those costs were already included in the total costs being submitted or if they would add to the present amount being submitted for referendum. The 6.2 Million includes all building/finance fees.

John stated that he had two people in “que” who wanted to ask questions. Mr. Pimentel (who was on last year’s building committee) is #1 and Mr. Robson is #2. Mr. Pimentel disagreed with the First Selectman’s recollection of the meeting with the Director of School Facilities. The outcome of the meeting included a path forward to approval of the necessary waivers for our town.

Dan Williamson, “with regard to Heat and Power/Electrical (surge protection) how much and what capacity will be needed?” (The echo in the gym made it impossible to hear clearly the answer that was given.)

Allison Gaida asked, “What is the condition of the 1994 Roof Now?” The answer she received was that there is no reason that the roof of that section needs to be done now. It is still in good shape. Its age doesn’t allow full reimbursement. There is nothing wrong with that section of the roof. “Also, is there lead in the drinking water?” “No, the water is safe to drink.”

Mike Seibert stated that the pipes were coated with a chemical about 2 years ago and that took care of the lead in the water problem.

Tammie Petersen asked, “With a down slope economy it comes down to taxes – the bottom line – Plan B is a less costly alternative. Is there a long term plan?”

Elbert Burr stated, “keeping the townspeople in mind and the taxes they would have to pay was foremost in the committee’s mind. The charge of the Town Committee was to review the previous building committee’s proposal, the Board of Education Specifications, and other options and recommend a less costly alternative for repairs or renovation of the school. We walked through the school, and I have to tell you, those five older buildings need repair. Children have been going to the school for years. A lot of work needs to be done to keep those buildings intact, to bring them up to specifications and to make them a place where your kids will spend 5, 6, or 7 hours a day in an environment that’s healthy , it functions, is safe, is comfortable and can meet the teachers needs. In the end, we will have something that we can be proud of.”

“The Board of Education specifications are numerous and some of the items can be taken care of by the Board of Education themselves on a yearly basis. Many of those items can be put into their own budget. We tackled the big, expensive ones.”

Gene Maiorano, “I have been through all of those additions, and Plan A didn’t cover much of anything. This Plan B is more ‘bang for the buck’. This committee did a great job presenting what they want to do. Plan A didn’t present anything. Plan B will tackle some of the biggest, longer lasting items that need attention now. I just want to commend the Building Committee for doing such a good job.”

According to John Butts, there were four people in cue on the website.

Mr. James Choquette spoke a few words while John handled the website followers. "I am a Salem Resident and was on the first building committee for a year and a half, and also the school committee. I was at that meeting last year and I just want to say that I am pretty upset that a person would spend that much time and not have a chance to present it. We were told to bring something to the town. A lot was said about the economy. Somebody made a motion to table Plan A, to stop talking about what it included and to come up with a Plan B. There was no discussion in any of its areas. There was no commitment from the town with Plan A. Waivers were cut – there were no project numbers. No age waiver because the building was too young. Basically what it came down to was that we needed to get a waiver to do renovations to the school. The next thing was to get a space waiver. If you want more details about Plan A, I'd be glad to give them to you."

Bob Ross, a resident of Salem, stated "he was also at the meeting in Hartford and that the first building committee did a great job. Thanks to them, we know much more about this building than we did when the first committee started. That's an accomplishment. The second committee was able to review everything that was done the first time. I know that those waivers are simply not going to be granted. Our town simply cannot afford Plan A. And if we go back to Plan A I am not convinced that we stand any chance of getting any waivers based on that. "

Hugh McKenney stated that he also was at the meeting in Hartford. "Residents need to work together. The Town needs to compromise. The work in this new project will be bonded for 15 years. We will have to come back at some point to address some other problems with the school during those 15 years. We are in one of the worst recessions in years. I know people want this new school. It won't happen. We may want a lot of things for the town. But we can only get what we can afford."

Jenifer Lee stated, that the 1973 addition needs insulation due to the extremes in temperatures during the summer and winter.

A Piron Architect addressed some of her concerns. "Windows and tempered ventilations will greatly improve the comfort zone in these areas. Square footage requirements per child per the State should be: 135 square feet per child. (for Public Schools)" Jennifer talked about space issues and that this plan does nothing with regard to space. The architect stated that the current designs are preliminary. "Removal of certain partitions will give plenty of space in classrooms. The smaller enrollments will allow the consolidation of rooms with partitions to be removed without changing room sizes."

Donna Leake, School Superintendent, stated that "sadly plan A and plan B are very different. This project has a lot more state reimbursements and waivers than the first project. Plan B addresses some of the most serious problems facing the school now. We cannot afford another building committee. We cannot afford to wait any longer on some of these projects which have become necessities now. There were some wonderful things in plan A that I would have loved seeing in Salem School. A good part of our Capitol plan gets addressed in Plan B. "

Denise Orsini, stated, "that everyone wants something different. I would like to see a clearer breakdown to be more informed so that I know what I am voting for. I don't see anything that breaks down cost, long term planning, life cycle of this project etc. The four people who went to the meeting in Hartford don't even agree on what they heard at that meeting. How can we move on, when we have no comparisons with Plan A or Plan B. How do we know what we are voting on?"

Rich Amato agrees with Ms. Orsini in that he agrees with what has been said and he wants more information.

Ed Chmielewski wanted to thank the Building Committee for a great job. Unfortunately a lot of folks in town can not pay their taxes or are having a very difficult time paying them. What I have heard tonight is that the Board of Education has endorsed Plan B. Also, the Board of Selectmen have endorsed Plan B. I want to thank the first and second committees for their hard work. Plan B has been approved, reviewed through all these committees and boards. We need to trust in the officials that we elect to do what is right for the town and its people. There are a lot of folks relocating. There are a lot of people being laid off. There are a lot of homes that are vacant in town. We should consider ourselves fortunate if we can get Plan B passed in these difficult economic times. “

Athena Sartori, did some calculating based on \$5000 in taxes. It amounts to \$410 increase a year or \$34 a month on the 10 ½ million proposal. (Actual amount stated 1/13/2010 was \$15 Million contingent upon a 30% reimbursement from the State.)

Mike Seibert stated, “when he was on the 1994-1996 building committee, the plan B now was basically the same as the plan they wanted back then. Not much has changed. If you do not pass plan B, you will spend another year on another building committee paying another architect. We will be back here again in January 2012, and the school will still be faulty. And we will not be able to move on. We need to fix the building now.”

Steve Buck, stated, “As a Salem Resident and a Teacher at Salem School for many years, and currently on the Board of Education, I wanted plan A and I supported plan A. Some of the folks in this room and I put together a political action committee for plan A. But as Mike stated and as Dr. Leake stated, we need to fix the building now as it currently exists. The building committee has responded to the most immediate needs at this point in time. Some of the things in Plan A are not in Plan B. We will have to live with that. We cannot afford plan A. We have to pass Plan B.”

Diane Woronik, a Salem resident, has served on the building committee with everyone else. “All Salem has ever done to the school is add on. They have never renovated. I looked at the bathrooms and the boiler room and was horrified. These things cannot be put off any longer. They need to be addressed now. We feel that the Board of Education can take care of some of the minor problems at a later date, or they can repair smaller things out of their own budget. So we worked hand in hand with the Board of Education asking them if this was okay. We want to make sure we can afford the plan for the whole town. I urge you all to vote for Plan B. “

A remote question was asked by outside viewers, “Do your plan figures account for redoing the electrical for laptops and such, or not?” The answer was, “Yes”.

Bob Green described his time on the Board of Ed for the last 14 years. “Things have stayed the same. No major work has been done. We still have the same windows and doors that need replacement.”

Another remote question was asked, “Will we be able to support the needs of blind students as well as being able to plug in a smart board, as all the cords are currently tripping hazards which need to be addressed?” “Yes”, was the answer. “The power to support it will be there, the same clean, surge-protected power will be there”.

Greg Preston, a Board of Finance member and a resident, stated “we send our kids from Salem school to East Lyme High School where they perform rather exceptionally. As you know, East Lyme School is the #1 or top rated Public High school east of the Connecticut River. Salem School does a top job. This building committee’s Plan B, addresses those four needs for facilities. I urge you all to support Plan B, because I really think the school needs it.”

Daniel Kung, next speaker and a member of the Board of Education, stood and said he was very pleased and impressed with the questions that were being asked. He wanted to thank the current building committee. He said that the Board of Ed supports Plan B. “There are two areas that the Board of Education has responsibility for. 1) Is taking care of the facility which will house our students. 2) Providing the best education for our students. I believe the building committee picked off the most important changes for renovation which are immediate needs.”

Plan A was a better plan stated Don Bourdeau. “We need new boilers for the school, we need a new roof. The building codes change all the time. The 1944 section and the 1963 sections of the school look the same as when Donny attended school there (Laughing). Nothing has been done to the school as far as renovations. The people have always added on but never renovated. If you look back, it seems that every 10 years, an addition was added mostly due to the rise in student population. We do need to do something. Something has to be done. Salem is a school envied by a lot of other school districts.”

“Point of order – the question has been talked to death” (someone spoke without acknowledgment. John Butts said, “There was no question, so no point of order can be registered.”

Tammy Petersen stated, “A group of people had circulated a petition in town to have Plan A and Plan B compared at a Town Meeting all on their own. They went to town hall. They read the Town Charter on their own. They educated themselves all on their own. They circulated a petition and had it signed by residents all on their own. They expected a comparison side-by-side. It looks like it is all being overlooked. I would love to know why those things did not happen, as the petitioner requested. I did not sign it, but I wanted to know why the suggestions were ignored about comparing Plan A and Plan B? Why are the proper rules not being followed?”

John Butts called on Jim Savalle. “You can feel the passion in this room. Everybody here is so concerned that we have the money, that we can afford it. We all want it to work. Not one of those previous selectmen would close the door on anyone in this room and say, “No, I’m not going to inform you”. The Board of Finance members would never say, “No, you can’t come in here.” No committee has ever said, “No, we are not sharing information with you.” You didn’t have to get a petition going to get information. All you needed to do was attend meetings. If you want to get involved, get involved. All of these meetings have been posted. Kevin has never closed his door on anyone.”

John Butts stated that he had a question that was a **point of order**.....one of the things that we have to do is hear from the Board of Finance. “Would someone from the Board of Finance please tell us the cost of...(interruption)... Ms. Sartori stated that all she wanted to know was why there was no comparison between plans as requested. “Why do I have to file a petition when the town is telling me I need to do this myself?” “You may prepare a line by line item comparison just as is presented during the budget process”. (John Butts stated to Ms. Sartori).

Mr. Weinschenker stated that the \$6.2 million project would have a 15 year life. “It would affect the mill rate by .09 for the life of the loan. To give you an idea of what that would add to your taxes, if the

current assessed value of your property is \$300,000, there would be about \$350.00 per year additional taxes for the first year, and drop down to about \$213 dollars for the 15th year averaging about \$265 for the \$300,000 value of property. That is what the impact would be.”

Mr. Ziegra, who has lived in town for many years, stated, “ About a year ago, after a very brief discussion, a person got up to “table the subject” to come back with a less expensive plan and that was what we voted on. So we lost ourselves one year, right there. Now we are back here tonight. We’ve got to go somewhere. If you vote for Plan B, we are outta here. If you vote NO, then we are right back where we started two years ago. When the state projections were put out two years ago for the amount of reimbursements, we somehow managed to acquire quite a deficit at the State level. And our new Governor, just this week said that we have all got to suffer some. Now does that look like we are going to get more reimbursements? That money is already in place for the new school being built in another town. As Bill mentioned, the taxes would be increased by roughly 1 mill. That is on top of whatever else happens in town. There are many things in town that are set aside because we cannot afford it. We are not going to get everything we want. I urge you to consider Plan B.”

T.J. Butcher stated that he has served on the Board of Finance. “The only thing we could pass tonight would be Plan B. Then we could vote on the proposal to the Town to bond the money for Plan B. Having seen both proposals or Plans for the school, my perception was that Plan A was not something that was going to pass in this town. There was a “herd” of people that did not want plan A and tabled it very quickly. And I was grateful for that because I was aggrieved that if it went to referendum it would be at great expense and would not pass. I believe that the town will support Plan B. I believe it gives us a school where the kids will be safe. It makes it a good place to get educated. This Plan gives us some of the things that we need now. Don’t give up, come back, keep trying. Don’t lose your passion.”

There are several people from home saying that they can’t hear what people are saying. Other comments were that Plan A would cost \$450 compared to \$250 for Plan B in taxes per year, and that they thought Plan B was fiscally irresponsible.

Jim Fogarty remembers when the first vote on a new Town Hall came to vote. There were 3 choices and all three failed. The issue he sees, “About 14 years ago, the town grew very quickly during the 80’s and 90’s. There was a lot of thought about the school hitting the 700 students number. At that time there was another building school committee forming. For the last ten years we have dropped 20% of the student population going from a high of 610 students to 450 or 460 for next year. There has also been a trend of families moving to town with children who are older, middle school and high school students. There are just fewer elementary students. I am in favor of Plan B because it takes care of the school building. I think the future of the school will depend on whether we drop another 10% in the student population or increase it which means we should have room to play with. I urge you to support Plan B at this time as it takes care of our building. Whether we have 9 kids or 900 kids in the school, we need the building to be safe and secure.”

(Hugh McKenney/Sal Crisanti) Motion made to approve Plan B and move forward to Referendum.

John Butts asked for a motion to close the debate. All who wished it closed were asked to signify by saying, “AYE.”

Those who are opposed please say, “NO”. The voice vote was too close to count, so the moderator asked for a show of hands with Bob Green counting one side of the room and TJ Butcher counting the other side. All of those in favor of closing the discussion and moving on to the voting items, please raise your hands.

An illegal motion was made by someone who did not present himself. John told him we could not vote on his motion at this time and that his motion was out of order. There was a current motion on the floor.

Then John asked if there were still people who wanted to discuss the whys and wherefores of Plan A and Plan B to raise their hands now. Not many hands were raised. "It's clear that the consensus is that we move on to the next item on the agenda."

(Peter Sielman/Gloria Fogarty) Items #3 and #4 A motion was made : After receiving communication from the Board of Finance, the resolution to appropriate \$6,200,000 for the design, acquisition and construction of renovations and improvements to Salem School and authorizing the issuance of \$6,200,000 bonds of the town to meet said appropriation and pending the issuance thereof the making of temporary borrowings for such purpose, it is taken to a town meeting where it is discussed and then adjourned to a vote at a Referendum to be held at Salem Town Hall, on Wednesday, January 26, 2011 between the hours of 6:00 a.m. and 8 p.m. Eastern Standard Time, for a YES or NO vote for the two questions by paper ballot.

Lee Cole-Chu asked to speak for a moment informing individuals about the upcoming Unsung Heroes Awards dinner on Sunday January 30, 2011 at 1:00p.m. Some tickets were still available.

(John Cunningham/ Ed Chmielewski) John asked if there was any more business to come before the meeting tonight **(Item #5)**. There was none. John asked for a Motion to adjourn the Town Meeting.

Meeting adjourned at 10:50 p.m.

Respectfully submitted,
Patricia J. Crisanti
Salem Town Clerk

**OFFICIAL BALLOT
SPECIAL REFERENDUM VOTE
SALEM, CONNECTICUT
JANUARY 26, 2011**

INSTRUCTIONS TO VOTERS
To vote, fill in the oval completely next to your choice, like this .

QUESTION 1

Shall the appropriation and bond authorization of \$6,200,000 for the planning, design, acquisition and construction of renovations and improvements to Salem School, and pending the issuance thereof the making of temporary borrowings for such purpose be approved?

178 YES
118 NO

REFERENDUM RESULTS

TOTAL REGISTERED VOTERS - 2718
VOTERS WHO VOTED - 296
ABSENTEE BALLOTS - 1

296 VOTERS MADE A 6.2 MILLION DOLLAR DECISION!

Annual Budget Town Meeting

Salem School
200 Hartford Road
Salem, Connecticut
May 4, 2011

Kevin made several announcements before starting the meeting. "Mrs. Julia Scovell, a Salem Resident for over 66 years, is turning 102 years young, tomorrow. So a happy birthday to Mrs. Scovell. There has been International recognition for our Subway Restaurant in Salem. Out of 35,000 restaurants in 97 countries, the **April issue of Subway Magazine** says, "**Greetings from Salem, Connecticut.**" It shows a picture of all employees and its owner from our four corners store.

Meeting called to order at 7:08 P.M. by Kevin Lyden, First Selectman.

M/S/C (Greg Preston/ Bill Weinschenker) Moderator: John W. Butts Esq., Town Attorney

Clerk appointed by moderator: Patricia J. Crisanti

The Clerk read the Posting Notice and Warning and noted that both had been duly posted and published in the Legal Section of The Day newspaper having a general circulation in the Town of Salem.

John proceeded to explain the Virtual Town Process. “The Annual Town Meeting is the one town meeting that every municipality in Connecticut must hold every year. Before we get to this point, the budget has been through lots of various degrees of hurdles. The Board of Education has created their part of the budget. The Board of Selectmen has created their General Government budget. Both have been passed through the Board of Finance and gone to public hearings. It finally comes down to approval of the budget by Electors and Citizens that are qualified to vote. Every year the budget must be approved by the Annual Town Meeting, but for many years, by Ordinance and now by Charter. There is no vote tonight on the budget. We can’t approve it. Ultimately, the **yes** or **no** vote on this budget must be determined by a referendum. The referendum will be held a week from today, at the Salem Town Hall, between the hours of 6:00 in the morning and 8:00 in the evening by paper ballot. The final vote tonight is not to vote yes or no on the budget. It is simply to adjourn to that referendum.”

“There are three parts of the budget: General Government Budget, Capital Expenditures and the Board of Education Budget. The difference between the General Government Budget and the Board of Education Budget is that this meeting can fiddle with, or adjust the General Government Budget until the cows come home. We can lower it in total, we can swipe various lines from it, but we cannot decrease it. Now, how does that differ from the Board of Education Budget? The Board of Education Budget, by General Statutes no matter how angry we get about any particular line of the budget, we can only express our approval, or our displeasure but we can’t amend the BOE Budget line by line, we can only reduce the bottom line. That is all we can do. We can’t increase it. Generally we go starting with the General Budget, page by page, ask for questions, ask for relevant motions, and then hearing none, we move on to the next page. Then, we would move onto the Board of Education Budget. Are there any questions on how this works, from here or at home?” Procedurally, in order for us to discuss the General Government budget, the Moderator would be much obliged if someone would make a motion to approve the general government budget as proposed.”

M/S/C (Dana Abetti/Hugh McKenney) Motion made to approve the Town of Salem’s General Government as proposed in the amount of \$3,240,876.

John then went through the first few pages of the 10-year Capital Plan, asking for any questions, comments or relevant motions relating to the Capital Plan. Then on to the Departments and Salaries.

Peter Sielman asked where our portion of the monies for the **Probate Court** budget show in the proposed budget.

Kevin Lyden answered. “Probate Court is now a part of a regional court so that money is going to regional services when we get to that further in the budget pages. (Regional Services #157)”

John proceeded through Depts. 110 through Dept. 142 without any questions or comments.

Chris Regan had a question about the Utilities for the Town Offices. “With regard to the electricity in the Library and the Town Offices, do we expect to see any savings from the solar panels that were installed on them? Several town buildings have had the Solar Panels installed, namely: The Town Hall, The Library,

Gardner Lake Firehouse, and The Congregational Church. Per **Kevin Lyden**, we are looking at a savings of \$8,000 to \$10,000 dollars per year.”

Again, we continued through Depts. 152 through Dept. 410 Transfer Station. **John Butts** asked, “ Why is recyclable tipping now 50%? What is that? Kevin stated that it has something to do with single stream recycling. We are getting paid for the tipping fees. We are making revenue on it. If we recycle we get paid \$15.00 a ton. If we don’t recycle, we pay \$80 per ton.

On to Depts. 600 through Dept. 930. **George Householder** pointed out that several pages had been skipped. (Dept. 100 and Dept. 230) John stated there were no comments – no motions – no questions “We will therefore set this section of the budget aside for the moment. When we come back to it we will then make a motion to adjourn the vote to a referendum. In the meantime we will pick up the blue book for Board Of Education budget for fiscal year 2011-2012.” Once again, per John, in order to get this matter on the floor, it would be appropriate to make a motion to approve the budget as presented.”

M/S/C (Greg Preston/Michele Green) Motion made to approve the Board of Education budget as presented.

John stated that his intention is to have a full airing of this budget. “We can express all kinds of emotions (distain, look at it, talk about it, show displeasure) We can’t increase or decrease any line of it. We can’t increase the bottom line. **All that can be done is to reduce the bottom line.** Again we will go line by line just to see where the money goes. “

“The first page is a comparison page showing an overall decrease from previous year of 1.27%. The Board of Education had a presentation that was ready to be shown if need be to answer any questions that might have been asked. No one seemed to have any questions.”

Pages 1 through 9 were gone thru.

Gerald Nikirk asked about the figure of \$9678 under Superintendent Search. He questions the figure because of the interim superintendent is still with the school. How do you justify that amount of money when you presently have someone who is well qualified to be the interim superintendent already? Why look for a fulltime superintendent when the present one, who is well qualified and familiar with the school and its problems and who would stay as a part time superintendent during the school renovations coming if it was agreed. A major renovation will be coming with someone who is full time, but is not familiar with the areas of school that need to be addressed. **Daniel Kung, Chairman of the BOE**, stood to try and answer some of the questions asked. “Our current superintendent has accepted a part-time position as superintendent of Sprague starting in July. The BOE decided to go and search for an interim superintendent to hire this July of this year. That expenditure, to find an interim, will come out of the current fiscal year budget. This is an estimate for the search for a permanent superintendent to be offered a three-year contract. That actual cost could be less or more. In light of the coming building project and the experience of other administrators, there are certainly valid concerns and points mentioned.”

Rev. Gerald Nikirk stood and stated that it was his understanding that the present superintendent, Dr. Leake, said she would work two days in Sprague part-time and would consider working three days as Salem’s interim superintendent part time. So his question was, “Why replace her when she is willing to do the job?” Her qualifications are unquestionable. You are spending more money for someone who is less familiar with the school or not as qualified. It seems like a waste of time, money and effort. **Mr. Nikirk’s wife, Susan**, basically asked the same thing virtually on the laptop, per John the Moderator.

Daniel Kung stated that there is a State Statute that addresses that specifically. It is possible for a superintendent to serve more than one school district at the same time. That was an option that the school board had discussed after Dr. Leake announced that she was leaving for a paid position in Sprague. The simple answer, of the range of action or motions that the board could take, the motion was made to search for a new superintendent rather than to explore the option of working out with Sprague whether she could continue here. Not all of the board members have been on the same page. There are 9 members and they all have different ideas of the direction we should go and that has made the decision difficult. The Board has a lack of interest in pursuing negotiations with Sprague. That is part of the complicated answer.

Sue Spang asked Dan, "How it makes sense for the corporate interim superintendent, part-time versus full-time. Is it a time frame or something else." "Given the timing, roughly two months ago, we had planned to do a search for a full-time superintendent. There was also the consideration that there are elections in November this year and it seems more sensible that the Board of Education will work with a new permanent superintendent per Mr. Kung.

Peter Sielman, "Would I be correct in making the assumption, since there are no details here, that the reduction represents only the fact that a switch from a full-time superintendent to a part-time superintendent, and that the other parts of the administration salaries are held constant or are they increased or decreased as part of the total" "They are increased approximately 3% per Dan Kung. You are correct." Peter stated, "in the interest of clarity, I hope that next year's budget would separate these items out so that people can see where the money is going rather than just a lump sum."

On to page 2 of 9 (Tuition Supplies) thru page 9 of 9.

Gene Maiorano stated that at last year's meeting he had made the same comment that the salaries should be broken out separately because it makes it easier to understand.

Bob Green stated that this is an excellent budget, except the part-time superintendent was not offered the part-time job. The board that hired her is not in place now. He cannot support this year's budget, because it will lack the leadership it could have had."

Peter Sielman stated that, "Being a math major, page 9 of 9 (Computers line) sounds like it has an infinite percentage instead of a percentage with an end."

Daniel Kung stated, "that on page 3 of 9, Bob's assessment is right on. Those are the key issues."

Susan Nikirk repeated a lot of what Bob Green had stated.

At the end of the budget scrutiny, John asked, " for a motion to amend the budget, in whole or part in any way that would be proper tonight. And so per our ordinance it is now time to adjourn the final vote.

The budget consists of the General Government Budget of \$3,240,876 and the Capital Plan which is \$1,132,058 and the Board of Education budget which is proposed at \$9,950,000 for a total expenditure for next year of \$14,322,934. And so to move this forward to referendum under our charter it would be appropriate for someone to make a motion to adjourn this town meeting to a referendum to be held at the Salem Town Hall, on May 11, 2011 between the hours of 6:00 a.m and 8:00 p.m. EDT. For a YES or NO vote on the question, "**SHALL THE TOWN OF SALEM APPROVE THE PROPOSED MUNICIPAL BUDGET IN THE AMOUNT OF \$14,322,934 FOR THE 2011/2012 FISCAL YEAR?**"

Norm Rabe asked, "What if there is a Nay Vote? What happens? John Butts simply stated, we stay here indefinitely....with a comical explanation.

Linda Schroeder asked, "Those at home should have the opportunity to vote. " John said, There are only 2 people at home and about 48 people present in the gym. If there were more people on line it may be necessary to include them at that time.

M/S/C (Jim Savalle/Sal Crisanti) Motion made to adjourn this town meeting to a referendum to be held at the Salem Town Hall, May 11, 2011, between the hours of 6:00 a.m. and 8:00 p.m., EDT, for a YES or NO vote on the question, "Shall the Town of Salem approve the proposed Municipal Budget in the amount of \$14,322,934 for the 2011-2012 Fiscal Year?"

John stated, "With all respect to those at home, you are grossly outnumbered tonight so I am not going to ask you to vote. I am simply going to ask for a Yes or No vote here tonight to adjourn to the referendum. All those in favor of adjourning to the referendum say Aye (Majority) and all those opposed please say no (one person). The Ayes have it. Motion passed.

M/S/C (Jim Fogarty/Gene Maiorano) Motion made to approve the Capital Plan as presented. Jim Fogarty stood and asked if there was a requirement concerning the Capital Plan that we approve sort of formally in order for us to garner a motion. John said he would be happy to entertain a motion to approve the Capital Plan if you would like to make one.

M/S/C (Sal Crisanti) Motion was made to adjourn the town meeting. By Ayes and Nays, the Ayes have it. Meeting was adjourned at 8:34 p.m.

Respectfully submitted,

Patricia J. Crisanti
Salem Town Clerk

RESULTS OF REFERENDUM

OFFICIAL BALLOT
BUDGET REFERENDUM VOTE
SALEM, CONNECTICUT
MAY 11, 2011

INSTRUCTIONS TO VOTERS

To vote, fill in the oval completely next to your choice, like this .

QUESTION 1

Shall the Town of Salem approve the proposed municipal budget in the amount of \$14,322,934 for the 2011/2012 fiscal year?

186 YES
72 NO

Two Absentee Ballots included in total votes of 258. No rejections.

TOTAL NUMBER OF REGISTERED VOTERS IN TOWN 2693.

TOTAL VOTERS WHO VOTED TO PASS THE REFERENDUM BUDGET 186.

That means 9.6% of the registered voters came out to make a decision on a budget in the amount of \$14,322,934. 6.9% helped pass the vote!

Justice of the Peace

<u>NAME</u>	<u>STREET</u>	<u>PHONE</u>	<u>PARTY</u>	<u>TERM BEGINS</u>	<u>TERM ENDS</u>
Alligood, Gary	127 Hartford Road	859-1779	R	1/5/2009	1/7/2013
Balavender, Gale J.	78 Forest Drive	859-2174	R		
Bingham, Robert K.	42 Round Hill Road	889-4381	R	12/21/2010	
Bourdeau, Donald W. Jr.	345 Old Colchester Road	859-3189	D		
Buckley, Karen H.	15 Corrina Lane	859-3705	D		
Butcher, Thomas J.	248 Norwich Road	859-1012	D		
Butts, Betsy B.	376 Hartford Road	859-0788	D		
Butts, Spencer	376 Hartford Road	859-0788	D		
Clancy, Charlene E.	40 Lakeview Drive	859-0339	D		
Cole-Chu, Leeland J.	300 Hartford Road	859-0059	D		
Cole-Chu, Emily B.	300 Hartford Road	859-0059	D		
Crisanti, Salvatore T.	195 Old New London Road	859-2158	D		
Diamond, Shirley W.	249 Darling Road	859-1749	D		
Dye, Charles (Chip) S.	116 Morgan Road	859-1714	D		
Edwards, Mary J.	410 West Road	859-0611	D		
Gibson, Holly	15 Meadow Lane	859-1664	D		
Gregory, Hazel (Chris)	152 Way Road	859-3119	D		
Griggs, Janet S.	122 New London Road	859-2041	D		
Kollman, Mary L.	390 Darling Road	859-3036	D		
Kumro, Susan D.	648 Old Colchester Road	204-9829	U		
Len, Kristana M.	420 Hartford Road	859-1700	D		
Maiorano, Eugene R.	799 West Road	859-0558	D		
Maiorano, Marcella C.	799 West Road	859-0558	R		
Munro, Pamela R.	55 Skyline Drive	859-1803	R	12/21/2010	
Nikirk, Gerald E. Sr.	30 Morgan Road	887-3114	R		
Nortz, Rebecca A.	66 Skyline Drive	859-2207	D		
Nortz, Michael	66 Skyline Drive	859-2207	D		
Pech, Georgia M.	460 Darling Road	859-3112	R	12/21/2010	
Phillips, Linda F.	33 Diamond Hill Road	443-4367	R	12/21/2010	
Ploszaj, Joseph J.	33 Rattlesnake Ledge Rd.	859-0572	D		
Robillard, Paul H.	178 Old Colchester Road	892-0018	R		
Rowthorn, Anne	17 Woodland Drive	859-3377	D		
Sabowski, Mary Anne	81 Valley Drive	859-3556	D		
Schroeder, Linda K.	490 East Haddam Road	859-3520	D		
Shapere, Alfreda B.	170 Darling Road	859-1760	D		
Sielman, Peter F.	369 West Road	859-3848	D		
Spang, Susan G.	129 Hartford Road	859-2048	D		
Standish, Jeffrey W.	33 Meadow Lane	859-0558	D		
Stevens, Lawrence J.	182 Forsyth Road	859-0876	D		

Vesey, Vernon D. II	47 Skyline Drive	859-1249	D		
Weinschenker, Denise M.	99 Music Vale Road	859-0441	D		
Winakor, Sylvia	470 Forsyth Road	859-0471	R		
Ziegra, Roberta M.	9 Shingle Mill Road	859-0609	D		
Republicans: 10	Democrats: 32	Total: 43			
	Unaffiliated: 1				
(Salem can have a maximum of 213 Justices of the Peace and a minimum of 15)					
The Justices of the Peace listed above took the Oath of Office and are qualified					
to serve the term from January 05, 2009 to January 07, 2013					

Notary Public

<u>NAME</u>	<u>ADDRESS</u>	<u>TERM</u>
Alfonso, Diane M.	295 Rattlesnake Ledge Road	03/01/2010 - 02/28/2015
Aube, Real C.	90 Way Road	06/01/2009 - 05/31/2014
Benjamin, Theresa	551 Hartford Road	07/06/2006 - 07/31/2011
Berardi, Corinne	730 West Road	05/02/2007 - 05/31/2012
Blackman, Donna	111A Horse Pond Road	12/01/2008 - 11/30/2013
Boutin, Elizabeth D.	85F Horse Pond Road	09/01/2010 - 08/31/2015
Brick, Marion	745 Hartford Road	09/01/2009 - 08/31/2014
Butts, Betsy B.	376 Hartford Road	12/01/2009 - 11/30/2014
Castleberry, Carey R.	85 Buckley Road	10/03/2006 - 11/30/2011
Champion, Barbara	496 Norwich Road	10/01/2007 - 09/30/2012
Chester, Lindsay K.	509 Route 82 (Norwich Rd) Oakdale	07/30/2008 - 07/31/2013
Corman, Michael L.	32 Cedar Hill Lane	06/15/2009 - 06/30/2014
Crisanti, Patricia J.	195 Old New London Road	04/01/2009 - 03/31/2014
Cropley, Brooke	165 Norwich Road	10/28/2011 - 10/31/2016
Cuadro, Rosemarie D.	149 Forsyth Road	04/01/2008 - 03/31/2013
Dubois, Sandra J.	97 Mill Lane	06/01/2010 - 05/31/2015
Dye, Charles S.	116 Morgan Road	08/01/2009 - 07/31/2014
Ferris, Heidi C.	332 Rattlesnake Ledge Rd.	03/01/2010 - 02/28/2015
Flugrad, Linda D.	66 East Haddam Road	04-16-2010 - 04/30/2015
Gaus, Valerie J.	488 Norwich Road	05/01/2008 - 04/30/2013
George, Nancy M.	4 Salem Ridge Drive	07/01/2011 - 06/30/2016
Gianni, Michelle M.	254 West Road	05/08/2007 - 05/31/2012
Harrington, Lawrence B.	306 Old Colchester Road	08/01/2011 - 07/31/2016
Henry, James H.	21 Skyline Drive	12/01/2009 - 11/30/2014
Huhtala, Janet A.	245 Buckley Road	12/01/2009 - 11/30/2014
Jessop, Robert M.	262 Norwich Road	02/01/2007 - 01/31/2012
Johnson, Andrew	50 Sullivan Road	03/02/2007 - 03/31/2012
Kennedy, Lillian	330 Round Hill Road	10/01/2010 - 09/30/2015
Kodym, Patricia L.	113 Sullivan Road	08/01/2011 - 07/31/2016
Larsen, Kim M.	509 Old Colchester Road	10/05/2010 - 10/31/2015
Lecce, Jody A.	521 Old Colchester Road	12/01/2007 - 11/30/2012
Legnos, Jacqueline N.	101 Witch Meadow Road	08/01/2008 - 07/31/2013
Lindo, Jennifer	37 Forest Drive	11/01/2010 - 10/31/2015
Loosemore, Diane E.	60 Old Colchester Road	06/19/2008 - 06/30/2013
McTigue, Doris A.	131 Latham Drive	09/01/2008 - 08/31/2013
Menitz, Constance H.	142 Way Road	07/01/2008 - 06/30/2013
Moore, Barbara S.	62 Forest Drive	04/01/2011 - 03/31/2016
Mullin, Donald B.	46 Skyline Drive	03/01/2007 - 02/28/2012

Murphy, Michael James	65 Forsyth Road	10/12/2010 - 10/31/2015
Neumann, Lori B.	519 Norwich Road	01/01/2009 - 12/31/2013
Nortz, Michael F.	66 Skyline Drive	11/01/2007 - 10/31/2012
O'Brien, John J.	77 Skyline Drive	06/01/2007 - 05/31/2012
O'Brien, Rosemary	77 Skyline Drive	08/01/2007 - 07/31/2012
Orlinski, Chris	617 Old Colchester Road	03/01/2009 - 02/28/2014
Orlinski, Eva M.	617 Old Colchester Road	06/01/2009 - 05/31/2014
Pape, Erika S.	11 Center Street	03/31/2011 - 03/31/2016
Parrish, Gale A.	20 Bayberry Place	10/01/2010 - 09/30/2015
Patterson, Karen A.	106 Sullivan Road	07/01/2009 - 06/30/2014
Philopena, Cheryl A.	309 Rattlesnake Ledge Road	11/01/2009 - 10/31/2014
Provost, Deborah L.	98 Buckley Road	10/27/2009 - 10/31/2014
Salas, Theresa K.	99 Sullivan Road	08/05/2008 - 08/31/2013
Shelley, Vera	452 New London Road	03/01/2009 - 02/28/2014
Shkutzko, Barbara	9 Brookside Drive	04/01/2009 - 03/31/2014
Shultzman, Theresa	11 Center Street	08/04/2007 - 08/31/2012
Singh, Amandeep	215 Old Colchester Road	02/08/2008 - 02/28/2013
Slota, Sheila	631 West Road	07/01/2008 - 06/30/2013
Stevens, Lawrence J.	182 Forsyth Road	02/01/2010 - 01/31/2015
Surprenant, April A.	43 Buckley Road	04/01/2011 - 03/31/2016
Swider, Sandra D.	59 Mill Lane	06/01/2007 - 05/31/2012
Traggis, Carol J.	21 Forsyth Road	11/01/2009 - 10/31/2014
Turner, Tammie A.	185 Old Colchester Road	05/01/2011 - 04/30/2016
Weston, Diane E.	47 Meadow Lane	02/10/2011 - 02/28/2016
Wittig, Vera Ann C.	200 West Road	04/01/2009 - 03/31/2014

Registrar of Vital Statistics

During the fiscal year 7/01/2010 through 6/30/2011 there were 31 BIRTHS, 25 MARRIAGES, 25 DEATHS and 0 FETAL DEATHS registered in the Vital Statistics Records of the Town of Salem. Funds due the State of Connecticut for 2010-2011 were in the amount of \$ 190.00.

Patricia J. Crisanti, Registrar of Vital Statistics.
Linda D. Flugrad, Assistant Registrar of Vital Statistics.

Dog Fund Account

Cash receipts and disbursements for fiscal year ending June 30, 2010:

Balance July 1, 2009--- -----\$ 7728.88

Receipts:

Surcharge of Unaltered/Altered Dogs	\$	\$ 1148.00
Dog License Fees		\$ 3937.50
Animal Control Officer's Fees		\$ 210.00
Town of Salem Allocation		\$ 8487.00
<u>Total Receipts</u>		<u>\$13782.50</u>
<u>Total Receipts Available</u>		<u>\$21511.38</u>

Disbursements:

Animal Control Officer's Salary	\$	\$ 8487.00
Animal Control Officer's Expenses		\$ 260.73
Surcharge to State for 7/1/08 to 6/30/09		\$ 1176.00
License Fees to State for 7/1/08 to 6/30/09		\$ 3309.00
Advertising Fees for Dogs		\$ 103.00
Dog Tags, License Forms, Postage and Supplies		\$ 96.65
Pound Rent Paid		\$ 1100.00
Veterinarian Fees		\$ 0.00
<u>Total Disbursements</u>		<u>\$14532.38</u>

Patricia J. Crisanti, Town Clerk

Treasurer Report

The fiscal year which ended June 30, 2011 began with an Unassigned Fund Balance of \$1,459,808.00 and ended with an Unassigned Fund Balance of \$1,260,787.00. Board of Finance budget increases were enacted throughout the year totaling \$60,756.00.

On June 30, 2011 the Unassigned Fund Balance was 8.89% of the total budget.

Investment of town funds earned a total of \$18,149.58 in interest and dividends. A listing of the town funds and their earnings for the Fiscal Year 10/11 is as follows:

Account	Interest Income	Balance 06/30/11
General Fund	\$17,100.20	\$1,907,910.00
Open Space	25.45	20,550.14
Land Acquisition	18.33	14,810.04
Town Aid Roads	227.33	237,239.85
Capital Reserve	219.49	150,111.16
Senior Citizens	329.24	29,317.75
Baptist Society	15.00	2,416.32
Morgan Cemetery	7.54	1,220.27
Bost	.24	507.06
Rogers Cemetery	78.87	2,947.94
Harris Fund	.12	144.09
School Titles	.00	434,509.48
Infrastructure	30.60	4,937.02
E. Urbanik Memorial Fund	44.05	7,192.18
Nursing Board	52.99	1,980.19
Tax Exempt Proceeds	.13	61,132.3
TOTAL	\$18,149.58	\$2,876,925.79

Thank you for the opportunity to serve as Treasurer for the Town of Salem.

Respectfully submitted,

Mary Ann Ferren, Treasurer

Tax Collector Report

The year July 1, 2010 to June 30, 2011 was very busy in the Tax Collector's office. In July 7,703 bills were sent to taxpayers. This total included 1,952 Real Estate bills, 4,888 Motor Vehicle bills and 863 Personal Property tax bills. Taxes are due in July and January. All motor vehicle bills are due in July. Along with the second half of Real Estate and Personal Property collected in January, 722 Supplemental Motor Vehicle bills were mailed to taxpayers.

From July 1, 2010 to June 30, 2011, this office collected and turned over to the town treasurer \$10,517,294.26. A breakdown of this figure includes \$10,434,834.06 in taxes and \$82,460.20 in interest and lien fees. In these difficult economic times we were still able to meet and exceed the revenue needed to meet the budget requirement.

In June 52 Real Estate Tax liens were placed on property in the Town of Salem. The total dollar value of these liens was 177,542.01. During the year 55 back tax liens were collected and released. The principal amount of these liens was \$ 86,238.12.

Once again it has been a productive year in the tax office.

Cheryl A. Philopena C.C.M.C.
Tax Collector

Necia Stevens
Assistant Tax Collector

Board of Finance Report

The 2010-2011 fiscal year began with the adoption, by town referendum, of the Town's budget in the amount of \$14,177,105. The proposed expenditures were as follows:

General Government	\$ 3,326,691
Board of Education	\$10,077,593
Capital Improvements	\$ 772,551

The Board of Finance approved a mill rate of 24.5 mills to provide Town funding budget.

The undesignated fund balance as of July 1, 2010 was \$972,792.

Mr. TJ Butcher was appointed by the Board to serve as a full time member until the November 2011 election.

During the year the Board of Finance authorized \$35,756 additional expenditures,

The 2011-2012 fiscal year budget in the amount of \$14,322,934 was presented to the Town for adoption at referendum. The proposed expenditures were as follows:

General Government	\$ 3,240,876
Board of Education	\$ 9,950,000
Capital Improvements	\$ 1,132,058

The proposed budget was ADOPTED at referendum on May 4, 2011 by a vote of:

186-YES

72-NO

The Board of Finance approved a mill rate of 24.5 mills to provide funding for the 2011-2012 budget. It is anticipated that this funding level will result in a \$64,788 decrease in the undesignated fund balance.

The undesignated fund balance as of June 30, 2011 was \$1,392,758

William Weinschenker, Chairman

Registrar of Voters Report

Active List

<u>Party</u>	<u>Number of Voters</u>
Democratic	862
Republican	617
Unaffiliated	1193
Other	22
Total on Active List	2694

Inactive List

<u>Party</u>	<u>Number of Voters</u>
Democratic	33
Republican	23
Unaffiliated	78
Other	2
Total on Inactive List	136

If you have changed your address and have not notified us we need to know. Please contact us or stop in and fill out a new registration form. Forms are available at the Registrar's Office, the Town Clerks Office or we can mail you one if requested.

We are always looking for people willing to work the polls during elections. If you would be interested in working the polls please contact us at the Town Hall at 860-859-3873 ext 230. Those willing to work the polls are paid a stipend for their time. The Registrar's Office supplies training for all positions.

Sue Spang
Georgia Pech
Registrars of Voters

Salem Planning and Zoning Commission Report

The Planning and Zoning Commission processed 25 applications for the year ending June 30, 2010. Not all applications were decided by fiscal year-end. The breakdown is as follows:

<u> 1 </u> Subdivisions totaling <u> 2 </u> lots	<u> 4 </u> Resubdivisions totaling <u> 13 </u> lots
<u> 11 </u> Site Plans	<u> 4 </u> Special Exceptions
<u> 0 </u> Regulation, Map Amendments	<u> 0 </u> Accessory Apartments
<u> 2 </u> CGS §8-24 Referrals	<u> 3 </u> Lot Development Plans
<u> 0 </u> Change of Use	<u> 0 </u> Commission issued Zoning Permit

The Commission's Plan of Conservation and Development (POCD) Committee continued their work on updating the POCD, which is required by State Statute to be updated every ten (10) years.

The Commission formed the Municipal Land Use Plan (MLUP) Committee at its September 15, 2009 meeting. The Committee was charged with review and modification of the MLUP, which was thoroughly updated last in 2002. Aware that much time had passed since the document was last thoroughly addressed, the Committee began work to rewrite, as opposed to update, the document. That work continued throughout the remainder of the fiscal year, with early-mid 2010-2011 fiscal year anticipated for delivery of the final document to the Commission.

A total of \$16,525.81 (165%) of the Commission's Engineering line item was expended for the purpose of application plan reviews, engineering inspections, and in support of ongoing litigation relative to violations at a local quarry.

Of the Commission's Legal Service line item, \$15,845.44 (63%) was expended from the FY09-10 budget. The majority of that expenditure was for legal fees associated with the aforementioned litigation.

Fines collected resulting from said litigation totaled \$33,044.13, with monthly payments to continue through March of 2013.

At the beginning of the fiscal year, revenue in the amount of \$3,000.00 was anticipated from collection of various Planning and Zoning Commission fees. A total of \$8,674.00 was actually collected.

The Zoning Enforcement Officer approved 75 zoning permits, 17 for new construction and 58 for accessory structures, for total revenue of \$2,300.00.

All Planning and Zoning Commission meetings are open to the public, and regular meetings are held the 3rd and 4th Tuesdays of each month. We encourage your participation.

Members of the FY 09-10 Commission included:

Regular Members:

Alternate Members:

Hugh E. McKenney, Chairman
Gloria Fogarty, Vice Chairman (from 7-09 – 10-09)
Karen Buckley, Vice Chairman (as of 11-09)
David Bingham
Richard Dalkowski (thru 11-2-09)
Frank Abetti (thru 11-2-09)
Gerard Nikirk, Sr. (resigned 4-20-10)
Ruth Savalle (as of 11-09)
Gary Walter (as of 11-09)
Richard Amato (as of 11-09)

Arthur Winakor (thru 11-2-09)
Ruth Savalle (thru 11-2-09)
Vern Smith (as of 11-09)
Gloria Fogarty (as of 11-09)

Respectfully submitted,
Karen Buckley, Chairman
Planning and Zoning Commission

Salem Recreation Commission Report

The Salem Recreation Commission continues to provide recreational and program activities for Salem residents. Our leagues attract many children to soccer, baseball, and basketball and prepare them for competition and placement on the high school teams as well as premier travel teams. We are pleased that Chris Puglise, the Athletic Director at Salem School has taken over our recreational basketball program. Chris brings a professionalism and commitment to the children in his program.

Diane Weston, our program director has worked hard to bring programs for all ages to Salem. We have added some after school programs as well as adult zumba classes. The senior citizens continue to have a room at the library on Tuesdays for Wii play and cards thanks to an agreement between the Recreation Commission and the Library.

The Commission has sponsored Adult Men's pickup basketball for many years and continues to do so on Tuesdays and Thursdays at the school. We also added another night of co-ed pick up volleyball games on Friday nights in addition to our Wednesday nights.

The Commission received funding from the Town to improve the safety of the Round Hill Road, Lou Ulfers Recreation Complex. Work was started in the spring and will continue throughout 2012.

At our Forsyth Road site where we have two soccer fields work was started on an additional parking lot. The parking lot is part of the Commissions approved ten year plan.

The multipurpose trail from Music Vale Road to Round Hill Road continues to see increased traffic and use by residents. Engineering was started and continues, in preparation for permitting to state and federal agencies for crossings over Harris Brook. All of the work completed, and work in progress is funded through grants applied for and received by the trail committee.

The Recreation Commission is very proud of its success in receiving grants and services at no cost to Salem taxpayers. We will continue to look for opportunities to provide recreational needs at minimal cost to the town.

The Salem Recreation Commission thanks the Public Works Dept. for their efforts in making the

fields the pride of Salem. Our fields are at the top, of the best maintained fields in the area and receive regular praise. We also thank all the volunteers who make our leagues work on behalf of the children of Salem.

Respectfully Submitted
Sue Spang, Chairperson

Salem Free Public Library Report

Mission Statement

The Salem Free Public Library improves the quality of life for the public by providing resources that build a sense of community and contribute to individual knowledge, enlightenment, and enjoyment.

Annual Report

Despite tough economic times, the library is beginning to establish itself as a center in the Salem community. The library provided 363 programs, a 22% increase over last year. The library not only circulates books, magazines, audio books, movies, and museum passes but also eBooks, downloadable audio books and on-line services for career and job-related help and tests and study guides for elementary- aged children through adult. Community groups, such as the Propbusters, The Humane Society, condominium associations, Salem Land Trust, and other groups held 270 meetings in the library rooms. Patrons use the library's computers every day. A staff member provides one-on-one basic computer training.

With the new budget the Library will receive two new computers. The library has twenty-one desktop computers and one lap-top computer. Fifteen of these computers are used by patrons, the rest by staff. Eight computers were purchased in 2004, one purchased in 2005 was donated from the Salem School, five purchased in 2008 were donated by The Coast Guard Academy, seven computers were purchased in 2009 from grant money received from the Community Foundation of Southeastern Connecticut. The 2009 laptop was also purchased with the grant money. To keep current with today's technology the Library needs to be able to purchase new machines every year.

In 2010/11, the Salem Library's book and magazine circulation rose to 39,405, an increase of 4% over last year's figures, the largest gain was in the adult circulation. However, audio book circulation decreased 4% and movies decreased 19%, due in large part because of the increased use of digital sources. .

Salem Library has begun to react to this increasing reliance on digital sources. Patrons can check out a Kindle. The Library provides 309 e-books and 816 downloadable books through its catalog and website. Available from the library's website are two digital subscriptions which patrons can use at home or in the library. They are **JobNow!**, a live job coaching and resume assistance and **Learning Express** which provides practice tests for elementary school to college students, GED preparation, US citizenship preparation, job search, and workplace skills.

One of the most important services the library provides is interlibrary loan. It was a shock to realize that the library could lose this service which is provided by the Connecticut State Library. Fortunately, the interlibrary loan system survived the State budget cuts.

Our annual circulation reflects a continued upward trend, although it is lower than the past two years. The economic downturn which began in 2008, caused our circulation figures skyrocket in 2008 and 2009. Now, as the economy appears to be slowly gaining strength, the circulation figures show a more normal trend.

Fiscal Year	Items Circulated
2010/11	64,584
2009/10	71,437
2008/09	68,668
2007/08	56,342
2006/07	59,254

Statistics for FY 2010/11

Total Patrons	3,945
Salem Patrons	2,355
Bozrah Patrons	623
Total Print Collection (Books, Magazines)	25,024
Total Non-Print Collection (DVDs, Audio books, Music CDs)	5,407
Computer Usage	2,044 people signed in, expect people use computers who don't sign in
Summer Reading Program	1,651 books read by participants
Number of Days Library Open	287
Amount of Fines and Fees Collected	\$4,129
Books, Movies etc. borrowed from other libraries	2,693, an increase of 6% over last year
Books, Movies etc. loaned to other libraries	2,683, an increase of 1% over last year.

Popular Programs

Art & Poetry Reception
 Build Fairy Houses
 Sparky's Puppets
 Pumpkin Carving
 Gardening Seminars
 Science Experiments
 Poetry Contest
 Ballroom Dancing
 Paint Salem En Plein Air
 Art Classes
 Cooking
 Concerts
 Crafts-Calligraphy, Henna
 Winter/Summer Reading
 Teen Advisory Group
 2 Adult Book Groups
 Mystery Book Discussion & Lunch

The Library Building

Working in the library is a lot more comfortable thanks to the vigilance of First Selectman, Kevin Lyden.

The numerous improvements Kevin implemented include;

- baseboard repainted
- damaged tiles replaced
- fire alarm system repaired
- security system installed
- removal of mold from the exterior panels
- reduction of sulphur smell from the water system reduced through bleaching and filtering
- heating and air conditioning units maintained

New Circulation and Catalog System

On Memorial Day weekend the library received a new circulation and catalog system through our technology consortium, Bibliomation. The Evergreen software system is open-source allowing for quicker and less costly solutions to library automation than traditional library systems. The library can now provide advance notice of library items coming due, fines notices, and when book requests are available. In preparation for the move to the new system, every item which circulated in the library required a new barcode. Although this was labor-intensive work, mostly done by volunteers, it enabled the library to do a thorough inventory and shelf-reading of its materials. This was the first thorough inventory since the move to the new library in 2004.

Volunteers and Donations

- 22 adults and 26 teens volunteered at the library (this does not include volunteers at The Friends of Salem Library book sale)
- 2,228 total volunteer hours for the year.
 - 948 hours for the Friends of Library book sale
 - 271 volunteer hours devoted to rebarcoding the library items in preparation of the new system.
 - 84 hours were for community service.

Friends of Salem Library Executive Board

Sandra Teixeira	President
Carole Eckart	Vice President
Martha Giegel	Secretary
Mary Cikat	Treasurer

Town of Salem Senior Citizens Report

The Salem Seniors Group consists of members from Salem and surrounding towns. They meet on the second Tuesday of every month at 10:30 a.m., (except January and February). The meeting takes place at the Salem Volunteer Fire Department in the back meeting room. The fee for membership is \$5.00. At every meeting a nurse from the VNA comes and takes blood pressure readings. Flu shots are offered in the fall. The meetings include discussion of new and old business, speakers, bingo, and pot luck lunch. The seniors group offers bus trips throughout the year. They hold an annual summer picnic and holiday lunch for their December meeting.

For more information call: Dot Mrowka, President (2007) - 537-3640 or Sue Spang, Municipal Agent for the Elderly - 859-3873, ext 114.

Submitted by Sue Spang

Assessor Report

The October 1, 2011 Grand List assessments decreased by \$71,780,636.

Comparison of 2007, 2008, 2009, 2010 & 2011 Grand Lists before the Board of Assessment Appeals:
This reduction is the result of our 2011 town wide, state mandated revaluation.

Real Estate: down 18.463% - Personal Property: down 8.303% - Motor Vehicles: up 1.048%

	Real Estate	Personal Property	Motor Vehicle	Total
2007	385,113,870	12,783,608	30,255,129	428,152,612
2008	388,410,880	13,038,622	28,528,095	429,977,597
2009	388,293,059	11,842,316	29,635,712	429,771,087
2010	391,329,039	12,099,222	30,741,781	434,170,042
2011	315,891,930	11,026,726	32,190,860	359,109,369

The following programs are administered by the Assessor's Office:

1. Disabled, Elderly Homeowners & Freeze Programs – February 1 to May 15.
2. Local Option Homeowners applications – February 1 to May 15.
3. Elderly Renters - May 15 to September 15 2011.
4. Additional Veterans - February 1 to October 1 2011.

The Following exemptions are administered by the Assessor's Office:

1. Blind Persons – A Certificate of Blindness from the State of Connecticut. The application must be filed with the Assessor's Office.
2. Veterans - A veteran must meet qualifications and have filed his/her DD214 or honorable discharge with the Town Clerk.
3. Veterans with Disabilities - Veterans with a degree of disability must file their disability statement from the Veteran's Administration with the Assessor's Office annually to get their benefit.

4. Federal Soldier's and Sailor's Civil Relief Act (SSMRA) - Non Resident Servicemen on active duty in Connecticut.
5. Connecticut Servicemen "PA 738" with one Connecticut Registered car garaged out of state.
6. Continuing Service - Active duty military forms must be filed each year prior to October 1st with the Assessor's Office.

Personal Property declarations for Businesses, Farms and none-registered motor vehicles are required to be filed annually prior to November 1st to avoid a 25% penalty.

Applications for Farm & Forest land classifications "PA 490" must be filed no later than 30 days after October 1st with the Assessor's Office

Heath Director Report

The responsibilities of the public health director include:

Environmental Health (water quality, sewage disposal, restaurant inspections)

Communicable Disease Surveillance (reportable illnesses such as Lyme Disease, tuberculosis, rabies, and sexually transmitted diseases, are reported to, and monitored by the Health Director). In addition, other medical diseases such as lead toxicity are also reportable to the State.

Maternal and Child Health (the town of Salem contracts with the Southeastern CT Visiting Nurse Association to provide Well Child services for physicals and immunizations from birth to age 5).

Coordination with the State Health Department regarding the variety of health issues which affect the town of Salem.

Attending the biannual Health Directors Conferences, sponsored by the State Department of Health.

Communication of town officials on all public health matters.

Salem is a small semi-rural, middle to upper-middle class community with modest industry and farming. The town's building department serves as the point of coordination for all health and environmental issues. The First Selectman consults the Health Director for any issue that requires his/her expertise.

Health and environmental issues that were a concern for July 2010 – June 2011 were:

Sewage Disposal/Septic Problems

Subsurface lots tested – 4

Failed systems – 0

Repair permits issued – 3

New permits issued – 6

Private well permits issued – 6

Food sanitation inspections – 6

Robert W. Powitz, PhD, MPH, DLAAS, RS, Salem Director of Health

Salem Building Department Report

	2009-2010		2010-2011	
	Value	Units	Value	Units
Residential:				
Foundations	6,400	5	50,500	2
New Homes	4,547,122	14	3,218,902	12
Additions	476,147	9	604,967	11
Alterations	625,327	68	1,249,478	130
Trades	211,861	114	1,174,916	241
Manufactured Home	0	0	0	0
Garages	961,180	3	473,662	12
Pools	95,579	6	135,999	6
Sheds/Barns	75,004	15	206,541	30
Decks	92,057	10	112,721	12
Commercial:				
Foundation Only	0	0	0	0
New Commercial	0	0	591000	2
Additions	184,400	1	0	0
Alterations	11,000	1	527,515	5
Trades	0	0	76,270	9
Extensions	0	0	0	0
Other:				
Demolitions	4600	1	38,000	5
Tents	5,700	2	5,200	2
Membrane Structure	0	0	96900	1
Total Permits Issued:	482			
Total Construction Value:	\$8,562,571			
Total Permit Fees Collected:	\$78,722			
Vernon C. Vesey II, <i>Building Official</i>				
Diane E. Weston, <i>Administrative Assistant</i>				

Salem Inland Wetlands Conservation Commission Report

During the Fiscal Year 2009-2010, the Inland Wetlands and Conservation Commission (IWCC) held 10 regular monthly meetings and 3 special meetings. The IWCC and its Designated Agent, the Wetlands Enforcement Officer (WEO), addressed 22 applications, of which 1 was for a subdivision and 4 were for resubdivisions. Permits issued included: 2 for work in wetlands were granted with conditions, 5 non-jurisdictional rulings, 0 as-of-right determinations, and 10 permits for work within the 75' upland review area of a wetland/watercourse were approved.

The Ad hoc Conservation Committee met periodically throughout the year with basic emphasis on preparing an updated Salem Resource Inventory.

The Ad hoc Open Space Committee continued cataloging all parcels within Salem that are at least 10 acres in size together with their current uses.

The Ad hoc Educational Outreach Committee continued to provide awareness of Conservation issues and possible solutions, helpful hints and available resources to residents. An article appeared in each issue of Our Town.

IWCC Members included:

Gale Balavender (Alternate)

Eric Belt (Vice Chairman as of 1/10, Chairman Ad hoc Conservation Committee)

Diba Khan Bureau (Secretary, Chairman, Ad hoc Education Outreach Committee)

William Leuck

Ed Natoli (Alternate)

Roger Phillips

Sally Snyder (Vice Chairman thru 12/09, Chairman as of 1/10, Chairman, Ad Hoc Open Space Committee)

Linda Wildrick

George Ziegra (Chairman thru 12/09)

Vacancy (Alternate)

Respectfully submitted,

Sally Snyder, Chairman

Salem Economic Development Commission

In 2011, the Salem Economic Development Commission (EDC) primarily focused on creating a methodology to identify types of businesses that would be a good fit for Salem, participating on the Plan of Conservation and Development (POCD) Committee, and providing an ombudsperson whom local business owners contact with questions and concerns related to Economic Development. In addition to the efforts of the ombudsman, the EDC Chair meets with the First Selectman and other Town officials to provide direct assistance within EDC's charter to existing businesses in town and those wanting to establish a presence here.

The methodology to identify business types for Salem is based on a community fit analysis taught by the Community Builders Institute. This analysis helps the EDC understand what types of businesses would most likely do well in Salem, would likely be a good match for local planning and zoning regulations, and that the town can expect to attract.

To develop Salem's community fit analysis, the EDC created a set of screens that provide a systematic way to think about types of businesses. The Planning and Zoning Commission contributed to the development of the screens. There are four screens, each containing a set of elements to consider in key categories:

1. **Business Environment:** For example: is there is a local demand for the business?
2. **Environmental:** This screen examines the impact the business would have on the environment including water quality, light pollution, noise, and other considerations.
3. **Site Requirements:** This screen considers elements such as septic needs and land availability.
4. **Town Impact:** This analysis helps ensure the EDC does not proactively attract a business that could end up costing the town more than it receives from the business in tax revenue.

The EDC’s contribution to the POCD includes the actions the EDC will take to ensure the town has a more strategic, proactive approach to defining the future of the town’s economic development, including creating a marketing plan to reach out to and assist businesses identified through the screens described above.

In 2011, two commissioners completed their terms: Sean Reith and Joe Duncan. We thank them for their service. Two new commissioners were appointed: Jenifer Lee and Nicole Gadbois. Frank Sroka serves as the chairperson, and other commissioners include Dana Abetti, and Larry Stevens. The Board of Selectmen can still appoint two alternate members of the EDC. The EDC regular meeting is the third Monday of each month, except on designated Monday holidays, at 7:30 p.m. in Town Hall. All meetings are open to the public.

Salem Volunteer Fire Department, Inc. Report

The Salem Volunteer Fire Company, Inc., currently operates six pieces of firefighting equipment, 1985 Chevy 4X4 brush truck, 2012 Ford F-350 4-wheel drive service truck and utility vehicle, 2008 Ferrara 77’ Heavy Duty Aerial, 1991 Pierce Attach Pumper, 1999 Freightliner Tanker, 2001 Ford F350 4X4 R-1 Vehicle (Medical Truck), 1999 Ford Expedition used as a personnel and traffic sign carrier for Fire Police, and a 2010 6x6 Polaris Ranger for off road emergencies which we purchased thru fundraisers and donations..

The Salem Volunteer Fire Company continues to support local organizations such as the Salem Youth Baseball League, Salem Soccer League, Lions Club, and the Senior Citizens. We also have supported the Connecticut Burns Care Foundation over the years.

Volunteering in a town the size of Salem helps to offset the Town budget by not having to have a paid staff on duty 24 hours 7 days a week. We are in need of members for all aspects of the fire service, such as firefighters, emergency medical technicians, and fire police, who are willing to keep up-to-date with the OSHA training requirements. Senior members must be at least 18 years old. We also have a Junior membership starting at age 13.

We have our Company meetings on the first Thursday of each month with trainings and other functions being held on the following Thursdays of each month. Anyone interested in joining or more information, please stop in at the Station or phone the Station at 860-859-0942.

Chief	Eugene R. Maiorano
Deputy Chief	Rick Martin
Assistant Chief	Charles (Chip) Weston
Fire Captain	Jeff Martin
Safety Officer	Russ Morris
Rescue Captain	Brian Ennis
Fire Police Captain	Brian Cinea
Secretary	Lisa Martin

Treasurer
Appropriated Treasurer
Lieutenants

Marcella C. Maiorano
Jeff Standish, Mark Dickson, Bob Pokrinchak
Russ Moris, Jeff Martin, Ron Przech, Jr. and Chris Cinea

Respectfully Submitted:
Eugene R. Maiorano, Chief
Salem Volunteer Fire Co, Inc.

Gardner Lake Volunteer Fire Company Inc. Report

During the period of July 1, 2010 to June 30, 2011 The Gardner Lake Volunteer Fire Company Inc. was dispatched to 527 emergencies. These emergencies consisted of 190 Fire Calls, 337 Emergency Medical Service Calls.

We will continue to support with the use of our community hall, organizations such as: Salem Recreation Commission, Girl Scouts, Brownies, Boy Scouts, Cub Scouts and the Venture Crew. Additional organizations Salem Land Trust, Salem Senior Citizens and Town meetings held by The Board of Finance and Board of Selectman.

Our Community hall is open free of charge to any town resident for the purpose of a funeral reception. Please call the company at 860-859-1743 between 9:00 am and 5:00 pm week days for scheduling. The Community Hall is used very often, we will do our very best to accommodate everyone in their time of need.

We will continue to offer classes for Cardio Pulmonary Resuscitation (CPR) and Automated External Defibrillator (AED) for the Heart Saver Program covering the, Public, Town Boards and Commissions, Town Hall, Library and Public Works Employees and other organizations in town with a recovery cost of materials for the class. To date we have 21 defibrillators throughout our town.

We are always in need of Volunteers for EMS, Firefighters, support and fund raising.

The Officers and Members wish to thank the taxpayers for the privilege in serving the Town of Salem since 1956.

Chief	James Savalle **	EMT	President	John Cunningham **	EMT
Deputy Chief	Mathew DeVore	EMR	Treasurer	Christine Lindo **	
Assistant Chief	Jeffrey Savalle **	EMR	Secretary	Ruth Savalle	
Assistant Chief	Joe Danao II **	EMT	Board Member	Cheryl Philopena **	EMT
EMS Captain	Traci DeVore	EMSI	Board Member	Joseph Cunningham **	
			Board Member	Stephen Philopena **	
Lieutenant	William Leuck	EMT			
Lieutenant	Greg DeVore	EMT			

Public Education, Fire Prevention, CPR /AED Instructor and Coordinator
Susanne Leuck EMT

DENOTES LIFE MEMBER 20 YEARS + SERVICE **

Respectfully,
Chief, James B. Savalle

FIRE PREVENTION IS EVERY DAY

Remember: 911 is your Emergency Number for Fire, Medical, Rescue or Police

Visiting Nurses of Southeastern Connecticut Report

The Visiting Nurse Association began providing service to the residents of Salem in 1998.

Services Provided:

Seven Blood Pressure clinics, with 96 participants

Two Health Promotion/safeguarding visits were made to town residents.

Due to the shortage of flu vaccine in the 2009-2010 flu season, there was not a town-wide clinic held. Homebound patients were able to receive their vaccinations with the limited supply available.

In addition to the above services, the agency provided 685 visits to 32 patients under the Home Health Care Program. These included skilled nursing, therapies, home health aides and homemaker visits.

Residents who wish to arrange service may do so by calling the Intake Nurse at 444-1111, extension 215. For general questions about the agency, please call Mary Lenzini, President at extension 301.

Gardner Lake Authority Report

Mission Statement: *The Gardner Lake Authority is established with the Towns of Bozrah, Montville and Salem to govern the body of water known as Gardner Lake. The Authority shall act as agent for the Town, cooperating with the State Boating Commission in the enforcement of boating laws on Gardner Lake. The Authority shall also control and abate algae and aquatic weeds, and study and make recommendations concerning water management.*

For the past 35 years, the Gardner Lake Authority (GLA) has been committed to the soundness and safety of our treasured resource. 2011 saw the opening of the new bridge at the dam and surrounding improvements. The drawdown level ranged between three and four feet. In early spring when the dam was closed we saw a speedy recovery of water levels. GLA began a study of the Gardner Brook Watershed and noted the tributaries feeding into the lake for the purposes of water quality monitoring.

Following are highlighted activities that occurred this season:

☐ **Water Quality:** Dr. Robert Kortmann of Ecosystem Consulting Services, Inc. in Coventry, CT was hired to perform water quality testing. In an effort to reduce costs, GLA received sampling bottles and collected stormwater runoff samples which were provided to Dr. Kortmann for analysis as part of this year's study. Initial steps were taken to begin data collection sharing between GLA, campgrounds and CT DEEP.

☐ **Safety Patrol:** GLA worked with the Montville Water Patrol on scheduling and reporting procedures. Reports were submitted monthly throughout the season. The year-end figures reported were: 100 safety inspections, 21 infractions, 66 warnings and 10 assists. A noted safety item of importance is that kayakers wearing their personal floatation devices (pdfs) reduces risk. CT Department of Energy and Environmental Protection (DEEP) sent their patrol boat several times to assist with patrolling.

☐ **Marker Permits:** Three applications for Swim Area Marker Permits and one application for a

Speed Zone

Marker Permit were submitted as part of the DEEP process. All four were approved by GLA.

☐ **Partnership:** The GLA mission is enhanced through partnership with town leadership from the three towns bordering the lake and their support staff, DEEP, Montville Police Department, the Friends of Gardner Lake, an active citizen volunteer group; and our local representatives.

☐ **Drawdown:** The 2010-11 drawdown invoice, in the amount of \$1,648.46, was paid to the State of CT. Jointly, GLA and town leaders submitted a request to DEEP to perform the 2011-12 drawdown. Confirmation has been received.

☐ **Boater Safety Course:** At the start of summer, GLA sponsored a class, which was held at the Gardner Lake Fire Department in Salem. 110 people signed up, 92 attended the classes, and 89 took the exam – all passed. A donation of \$840 was made to the Fire Department.

☐ **Training:** Several members attended and received citizen certification at a DEEP Invasive Investigators Training Program.

☐ **Financial Responsibility:** With funds provided by the three towns, GLA is responsible for paying expenses pertinent to the sound management of Gardner Lake. Discussion has been initiated through correspondence between the office of DEEP Commissioner Daniel Esty, local representatives and town leaders raising concerns about cost responsibility and other issues. This platform will continue into the upcoming season.

The Gardner Lake Authority meets on the second Thursday of each month from March to November. No meetings are held from December to February. Location of meetings is on a rotating basis, beginning in March in Bozrah, April in Montville, May in Salem, and the pattern repeats. The public is invited and encouraged to attend the 7:00 p.m. meetings. Please check with your local town clerk for postings of meeting places or for meeting minutes on file.

Respectfully
submitted, Gardner
Lake Authority

Members: Bozrah: Henry Granger, Vice Chair; Jim McArdle, Chair; Scott Soderberg
Montville: Edward Socha, William Wrobel, Kate Johnson, Secretary Salem: Robert
Neddo, Russ Smith, Treasurer; Lou Allen

Appendix I

REPORT OF THE BOARD OF EDUCATION AND SUPERINTENDENT OF SCHOOLS

**SALEM SCHOOL DISTRICT
SALEM, CONNECTICUT**



**REPORT OF THE SUPERINTENDENT OF SCHOOLS
and Board of Education**

2010 - 2011



SALEM SCHOOL DISTRICT SALEM CONNECTICUT

REPORT OF THE SUPERINTENDENT OF SCHOOLS FOR 2010 - 2011
AND

The Board of Education: Daniel Kung, Chairperson; Robert Green, Vice-Chair; Pamela Munro, Secretary; Linda Robson, Treasurer; Stephen Buck; Christopher LaRose; Monica Lord-McIntyre; Dinis Pimentel; Donna Sanfilippo.

The Statutes of the State of Connecticut, particularly Section 10-157 and Section 10-224 of the laws relating to education, prescribe that the Superintendent of Schools shall report annually on the condition of the District's schools to both the local and state Boards of Education.

The following data and comments are considered pertinent to the annual report as

required: A. **Salem School Staff**

1. Administrative Personnel

Class

Teachers

Superintendent
6/30/11)

Donna Leake. Ph.D. (contract expired

Director of Special Programs

Fayne Molloy (1 year interim 10-11SY)

Middle School Principal
Elementary School Principal

James Moran
Cynthia Ritchie

2. Related Arts/Special Education Personnel

Class**Teacher**

Art	Diane Remetta (Resigned 6/29/11)
Art	Elaine Hornby (Resigned 8/17/11)
Instructional Technology	Scott Gordon
Computer Technology	Robert McLaughlin
Elementary Guidance Counselor	Elizabeth Bartron (Retired 7/1/11)
Middle School Guidance Counselor	Jim Guarino
Health/PE	Barbara Bashelor
Library/Media Specialist	Carol Barry
Music	Christopher Hebert
Music/Band	Margaret Hyman
Physical Education	Amy Beardsley
Physical Education	Christopher Pugliese
LA/SS Curriculum Support Teacher	Nicole Hecklinger
School Psychologist	Piper Raymond
Special Education	Jennifer Werb
Special Education	Cheryl Carroll
Special Education	Judith Staub
Special Education	Melissa Quinn
Speech and Language Pathologist	Lori Brehler
Speech and Language Pathologist	Catherine Conover
World Language – French	Christie Borelli
World Language – Spanish	Marcelo Guinez

3. Teachers - Certified, Full Time*Class Size (as of Oct. 1)*

Class	Class Size	Teacher
Pre-School	6	Betty Marr
Kindergarten (AM) / (PM)	19 / 14	Carla Oscarson
Kindergarten (AM)	18	Heather Pomroy
Grade One	19	Judy Butterworth
Grade One	15	Dale Mainville
Grade Two	15	Gretchen Leming
Grade Two	14	Heather Pomroy
Grade Two	13	Diane St. Laurent (Retired 7/1/11)
Grade Three	20	Dawn Cwirka
Grade Three	20	Barbara Leyden
Grade Four	17	Pamela Berardino
Grade Four	18	Jill MacLachlan
Grade Four	19	Cynthia Puhlick
Grade Five	17	Mary Barone
Grade Five	18	Janlyn Neri
Grade Five	18	Joan Phillips
Grade Five	17	Christina Holth
Grade Six	21	Lisa Champagne
Grade Six	22	Barbara James
Grade Seven	20	Joyce Rak
Grade Seven	21	Laura Runkle
Grade Seven	19	Michael Sweeney
Grade Eight	21	Jennifer Desillier
Grade Eight	17	David Dander
Grade Eight	23	Brian Fleming

4. Office and School Health Personnel

Class	Teacher
Business Office Manager	Kim Gadaree
Executive Assistant to the Superintendent	Jennifer Kayser
Middle School Principal's Secretary	Rachel Popkowski (Retired 7/29/11)
Elementary School Principal's Secretary	Laurie Barberi
Administrative Assistant to the Dir. Of Spec. Programs	Cathy Wayne
Library/Media Aide	Sue Wyand
School Nurse	Lisa Gardner, RN
Computer Technician	Ruben Perez

5. Non-Certified Support Personnel

<u>Class</u>	<u>Teacher</u>
Tutor (0.65FTE)	Palma Canniff
Tutor (0.65 FTE)	Ginni Cronin
Tutor	Cathy Friert
Tutor	Ellen Javor
Tutor	Darra Ryan
Tutor	Nancy Senkewitz
Tutor	Mary Sturgeon
Classroom Aide	Johna Devoe

6. Lunch Aides

<u>Class</u>	<u>Teacher</u>
Lunch Aide	Cindy Noe Lunch
Aide	Rhea Fowler
Lunch Aide	Jessica Thompson
Lunch Aide	Mary Henson

7. Custodial Staff

<u>Class</u>	<u>Teacher</u>
Maintenance Supervisor	Mike Denomme
Custodian	Richard Blackburn
Custodian	Dominic Cappabianca (Retired 6/28/11)
Custodian (part-time)	Sebastian Tuccitto
Custodian	Brenda VanDyne
Custodian	Roscoe VanDyne (Retired 4/15/11)
	Sebastian Tuccitto – Full-time 4/18/11

B. GRADUATES - JUNE 2011

1. Salem School: - Grade 8:

Hannah Alaimo	Rebecca Alaimo	Natalie Andrews
Sarah Andrews	Alexander Arnott	Logan Banker
Olivia Bernier	Charles Billington	Casey Bobowicz
Arthur Bradley	Melissa Butler	Ashley Carsillo
David Chirchigno	Morgan Clewell	Alexis Cohen
Quinn Corriveau	Brittany Courville	Emma Driskill
Abigail Dye	Kyle Ewald	Robyn Ferris
Benjamin Frick	Allison Gagliano	Ryan Godfrey
Troy Gray	Kassidy Harris	Dominique Harris
Kyle Henry	Megan Holt	Nicholas Hotary
Courtney Huebner	Shahan Kamal	David Kennedy, Jr.
Matthew LaRose	Samantha Lee	Austin Lightner
Sabrina Lyall	Kailey MarcAurele	Carly Miller
Michael Morgan	Nichole Morgrage	Shawna O'Connor
Kali Olsen	Kevin O'Sullivan	Amanda Paradis
August Pimentel	John Quevreaux	Michael Reeves
Mitchell Ryan	Zane Smallidge	Hanna Suarez
Danielle Sullivan	Emily Velidow	Vanessa Vurno
Andrei Weber	Melinda Wei	Taylor Winder
Bailey Windhom	Mark Wojcik	Eugene Wong
Timothy Zack		

2. East Lyme High School:

Kaitrin Acuna	Chelsea Aquino	Alexandra Banker
Kasey Blais	Jessica Boggs	Christopher Branch
Kyle Burke	Katelyn Cannamela	Theo Cecchetti
Melissa Ciezynski	Ryan Cirillo	Bryanna Cooke
Jennifer Cordero	Megan Disch	Christine Durkee
Daniel Esposito III	Taylor Farley	Jake Ferguson
Michael Florie	Dean Forcier	Joseph Gada
Kai Hansen	Theodore Hansen	Colin Hecklinger
Erin Holle	Erin Holt	Teresa Horan
Ryan Hughes	Fatjon Keli	Lauren Kirschblum
Aric Knopf	Crystal Lack	Benjamin Lakeman
Cameron Lecce	Spencer Loomis	Samantha Lyall
Sean McCarty	Eric McGlone	Elizabeth Miller
Jonathan Miller	Kelsey Miller	Erin Mooney
Olivia Moore	Kristin Morgan	Kevin Muldoon
Daniel Myers	Bradlety Nixon	Victoria Nortz
Garret Page	Patrick Pero	Erin Platz
Kristopher Polaske	Rebecca Ringer	Michael Roos
Joshua Ross	Timothy Salvatore	Natasha Sistare
Alexandra Sloss	William Spang	Colleen Sullivan
Shelby Taylor	Rebecca Thompson	Claire Tocheny
Elizabeth Tripp	Hannah Tripp	Pratik Ubba
William Varady	Nicholas Welch	Abby Young
Brianna Young	Samuel Zorn	

II. FISCAL DATA

A. Budget Management

1. The Business Manager in collaboration with the Superintendent, the Ad-Hoc Budget/Finance Subcommittee of the Board of Education and the Board of Education developed and monitored the 2010-11 Operating Budget. The budget expenditures and receipts are recorded in a modified accrual system of accounting licensed by Unifund, LLC. Cost analysis and sound fiscal practices have been consistently applied and participation in cooperative purchasing programs with other towns and agencies remain in place in order to contain costs.
2. The Executive Assistant to the Superintendent managed the Student Activity Account and prepared a year-end report for the Board of Education. She also applied for the school hot lunch program funds and maintained the accounts.
3. The Facilities Subcommittee of the Board of Education continued to review, revise and make recommendations to the Board of Education regarding its 10-year Capital Improvement Plan. All efforts were made to reduce the effects of over burdening the town's debt service.

B. Current Receipts

Support for education received into the town's general fund for the fiscal year 2010-2011 included the following state and federal funding:

Funding	Amount	
Educational Equalization	\$2,655,504	
Transportation	\$56,979	
Public School Building Grant	\$51,502	
Adult Education	\$3,917	
School-wide Entitlement (ESEA/REAP)	\$29,679	
Services for the blind		0
Excess Cost (Special Education)	\$217,740	
Special Education Grants (IDEA, etc.)	\$110,437	
Tuition from another district		0
ARRA Stabilization	\$442,218	
Total Education Receipts	\$3,567,976	

B. Current Expenditures

Board of Education expenditures for 2010 - 2011, as reported on the State Department of Education ED-001, were \$9,513,135 and distributed as follows:

Expenditures	Amount
Debt Service East Lyme	\$92,353
Salaries	\$3,744,122
Benefits	\$846,008
Purchased Services	\$1,262,876
Tuition	\$2,961,931
Supplies/Property	\$596,855
Adult Education	\$8,990
Total Expenditures	\$9,513,135

Broken down in another manner, expenditures, less non-reimbursed costs, were made as follows:

	Amount
Elementary School	\$5,945,997
High School	\$2,523,922
Special Education	\$1,043,216
Total	\$9,513,135

	Amount
Central Administration	\$710,007
East Lyme H.S. (9-12)	\$3,014,534
Out Placements (PK-12)	\$511,232
Salem School (PK-8)	\$5,277,362
Total	\$9,513,135

\$564,458 was returned to the town as unexpended.

III. PROGRAMS AND SUPPORT ACTIVITIES

The Board of Education approved the following Goals for the 2010-11 school year.

1. TEACHING AND LEARNING

GOAL: To insure challenging levels of student achievement through the provision of high quality curriculum programs, effective instructional strategies supported by meaningful professional development and standards based supervision and evaluation of staff.

2. COLLABORATION AND COMMUNICATION

GOAL: To promote dialogue and collaboration with students, staff, families, and all other members of the Salem community that encourages high levels of motivation, effort and mutual respect.

3. FACILITIES AND RESOURCES

GOAL: To insure the provision of a technology-rich, safe, orderly, and well-maintained facility.

The District and School established initiatives, related to these goals. The progress made toward attaining these initiatives was monitored and reviewed throughout the year. A report of progress was made to the Board of Education in January and September 2011. The initiatives and the final recommendations are presented in the following sections. Progress made on these initiatives form the basis of the next year initiatives.

Teaching and Learning

Strategic Objective: Utilize technology as a means of differentiating and enhancing instructional strategies in all curriculum areas.

Technology was purchased in accordance with the District Technology Plan and the 3-year Technology Purchase Plan was updated. Revised curriculum documents have been written to incorporate technology e.g. Language Arts. The research strand of the Social Studies curriculum is the basis for any library lessons. Social Studies curriculum was written to incorporate the research strand of the information literacy curriculum. The technology skills/application curriculum was completed. Principals met with teachers to review technology enhanced lesson plans. Teachers have made progress in using online software to record and analyze data. Laptop pods were piloted in the Elementary School and use was monitored to assess the increased integration of technology into instruction. These labs have increased the amount of student-technology interactions. Laptop pods will be introduced into the Middle School grade next year.

Strategic Objective: a) To assess the level of implementation of the standards-based Science, Mathematics, Social Studies, and Language Arts curricula. b) To assess the effect on student achievement of the revised standards-based curricula in Science, Mathematics, Social Studies, and Language Arts in grades K-8.

Although a review of student grades, classroom assessment results and District assessment results indicate that 100% of students demonstrated growth in meeting the trimester benchmarks in Science, Mathematics, Social Studies, and Language Arts – Growth will need to be analyzed in more depth and reported on in September when the final grades and CMT data are available.

100% of teachers demonstrated growth in implementing the Salem Best Practices for instruction across all subject areas - As documented in administrative reports and teacher self-reflection documents, all teachers are making progress with differentiated instruction.

Strategic Objective: To fully develop a standards-based Social Studies curriculum for grades K-8 based on CT Social Studies Frameworks.

Summary and Recommendations:

- Scope and Sequence – complete.
- Pacing Guide – complete.
- Benchmarks are complete, but will need to be revised as necessary as the curriculum is implemented.
- Unit assessments are in progress.
- Best Practices are being implemented and evaluated.

Communication

Strategic Objective: To improve communication and understanding among staff, students and parents regarding student progress through the continued implementation of a standards-based reporting process in the 2010-2011 school year.

Standards Based Report Cards were developed and fully implemented. Programs for staff and parents were held. Principals worked with staff to align grading system assessed curriculum benchmarks. Surveys with parents and staff were completed and analyzed. While the SBRC provides more information, more work must be done with staff and parents to better understand the extent of the information that is provided.

Facilities

This initiative was discussed in the Teaching and Learning section under Technology.

Board of Education Committees

Policy: The Policy Subcommittee of the Salem Board of Education, under the chairmanship of Linda Robson, continued to review changes in state and national legislation that created need for new and/or revised policies.

Curriculum: The Curriculum Subcommittee of the Salem Board of Education, under the chairmanship of Pamela Munro, continued to monitor the District's progress with the five year cycle for curriculum review and development. In addition, the Subcommittee also continued to provide support to several new programs and processes, including the Standards-Based Reporting System, the Language Arts revision process and the Social Studies revision process, which were brought forward to the Subcommittee from the District committees.

Public Relations: The Public Relations Subcommittee of the Salem Board of Education, under the co-chairmanship of Donna Sanfilippo and Linda Robson, submitted articles to the Our Town newspaper.

Facilities: The Facilities Subcommittee of the Salem Board of Education, under the chairmanship of Robert Green, reviewed and approved the 10-year Capital Plan for the School District. The Subcommittee also reviewed and approved the District Technology Purchase Plan.

Appendix II

ANNUAL FINANCIAL REPORT OF THE TOWN OF SALEM



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Town of Salem, Connecticut

**Financial Statements
Internal Control Reports
and Compliance Reports**

For the Year Ended June 30, 2011



**Town of Salem, Connecticut
Financial Statements
For the Year Ended June 30, 2011**

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Financial Statements
For the Year Ended June 30, 2011**

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Norwich, Connecticut 06360

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www.MarienCPAs.com

Independent Auditors' Report

Board of Finance
Town of Salem, Connecticut
Salem, Connecticut

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Salem, Connecticut as of and for the year ended June 30, 2011, which collectively comprise the Town of Salem, Connecticut's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town of Salem, Connecticut's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Salem, Connecticut as of June 30, 2011, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America (GAAP).

As described in Note 1, the Town has implemented authoritative accounting pronouncements promulgated by the Governmental Accounting Standards Board (GASB) *Statement 54, Fund Balance Reporting, Governmental Fund Type Definitions* and *Statement 59, Financial Instruments Omnibus*.

Independent Auditors' Report (Continued)

In accordance with Government Auditing Standards, we have also issued our report dated December 05, 2011 on our consideration of the Town of Salem, Connecticut's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and other grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Salem, Connecticut's basic financial statements. The combining and individual fund financial statements and supplementary 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Marion + Company

December 05, 2011

**Town of Salem, Connecticut
Managements' Discussion and Analysis
June 30, 2011**

Our discussion and analysis of Town of Salem, Connecticut's (the Government) financial performance provides an overview of the Government's financial activities for the fiscal year ended June 30, 2011. Please read it in conjunction with the Government's financial statements, which begin with Exhibit 1.

FINANCIAL HIGHLIGHTS

Due to firm enforcement of our purchasing policy, strong negotiations with all vendors, as well as a concerted effort of fiscal responsibility by all departments, the General Government was able to return \$255,750 to the Town's General Fund.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities (Exhibits 1 and 2) provide information about the activities of the Government as a whole and present a longer-term view of the Government's finances. Fund financial statements start with Exhibit 3. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the Government's operations in more detail than the government-wide statements by providing information about the Government's most significant funds. The remaining statements provide financial information about activities for which the Government acts solely as a trustee or agent for the benefit of those outside of the government.

Reporting the Government as a Whole

Our analysis of the Government as a whole begins with Exhibit 1. One of the most important questions asked about the Government's finances is, "Is the Government as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information about the Government as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Government's *net assets* and changes in them. You can think of the Government's net assets—the difference between assets and liabilities—as one way to measure the Government's financial health, or *financial position*. Over time, *increases or decreases* in the Government's net assets are one indicator of whether its *financial health* is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as changes in the Government's property tax base and the condition of the Government's roads, to assess the *overall health* of the Government.

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In the Statement of Net Assets and the Statement of Activities, the Government shows the following activity:

- Governmental activities—The Government's basic services are reported here, including the education, public works, and general administration. Property taxes, state and federal grants and local revenues such as fees and licenses finance most of these activities.

Reporting the Government's Most Significant Funds

Our analysis of the Government's major funds begins in the section titled "The Government's Funds". The fund financial statements begin with Exhibit 3 and provide detailed information about the most significant funds—not the Government as a whole. Some funds are required to be established by State law and by bond covenants. However, the Board of Finance establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money.

- *Governmental funds*—The Government's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called *modified* accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed *short-term view* of the Government's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Government's programs. We describe the relationship (or differences) between governmental *activities* (reported in the Statement of Net Assets and the Statement of Activities) and governmental *funds* in a reconciliation at the bottom of the fund financial statements.

The Government as Trustee

The Government is the trustee, or *fiduciary*, for the activity funds at the school. These funds do not belong to the Government. The Government's fiduciary activities are reported in separate Statements of Fiduciary Net Assets in Exhibits 5. We exclude these activities from the Government's other financial statements because the Government cannot use these assets to finance its operations. The Government is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

**Town of Salem, Connecticut
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THE GOVERNMENT AS A WHOLE

The Government's *combined* net assets increased by \$572,071 from a year ago—*increasing* from \$15,765,498 to \$16,337,569. Our analysis below focuses on the net assets (Table 1) and changes in net assets (Table 2) of the Government.

**Table 1
Change in Net Assets (on Exhibit 1)**

	2011	Change During Year		2010
		Dollars	Percent	
Current and other assets	\$ 3,428,446	\$ 505,129	17.28%	\$ 2,923,317
Capital assets	15,204,504	84,835	0.56%	15,119,669
Total assets	<u>18,632,950</u>	<u>589,964</u>	3.27%	<u>18,042,986</u>
Long-term debt outstanding	1,352,007	(306,399)	-18.48%	1,658,406
Other liabilities	943,374	324,292	52.38%	619,082
Total liabilities	<u>2,295,381</u>	<u>17,893</u>	0.79%	<u>2,277,488</u>
Net assets:				
Invested in capital assets, net of related debt	14,363,196	543,258	3.93%	13,819,938
Restricted - Expendable	284,388	242,084	572.25%	42,304
Restricted - Nonexpendable	1,997	-	0.00%	1,997
Unrestricted	1,687,988	(213,271)	-11.22%	1,901,259
Total net assets	<u>\$ 16,337,569</u>	<u>\$ 572,071</u>	3.63%	<u>\$ 15,765,498</u>

Capital Assets increased due to the completion of drainage and reconstruction of Forsyth Road. Other significant increases include the BOE Salem School Network Upgrades. The Bryant Heat Pumps were an energy efficient upgrade to Town Hall and were fully reimbursable from a grant. The Computerized Sanders were a safety and cost savings retrofit to three of our Plow Trucks.

Capital assets increased by \$553,988 (cost). This is due to the addition of the following:

- Bryant Heat Pump - \$31,400
- Computerized Sanders - \$26,949 (3 for \$8,983)
- Salt Shed Roof- \$12,150
- SVCO Fire Fighting Gear - \$20,869
- Education – BOE School Network Upgrades- \$72,775
- Construction in progress:
 - Pavilion - \$9,731
 - Route 85 Sidewalks - \$20,485
 - Additional Highway rehab – Forsyth Road - \$253,580
 - Recreation Field Drive Upgrade - \$13,670
 - School Building Committee capitalized costs- \$5,950

Depreciation was subtracted from net assets. This was \$414,099.

The town also disposed of some assets totaling \$145,250 in the current year which included a wood Chipper with an initial cost of \$15,000 and a Public Works truck and plow with a cost of \$56,000.

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The net increase in capital assets was \$84,835. You can see the summary of Capital Asset activity in footnote 5.

Long term debt decreased by a net amount of \$306,399. See the details in footnote 6 A.

Current and other assets increased as a result of the increase in special education money and town aid road money received.

**Table 2
Change in Net Assets (on Exhibit 2)**

	2011	Change During Year		2010
		Dollars	Percent	
Revenues				
Program revenues:				
Charges for services	\$ 331,751	\$ (28,870)	-8.01%	\$ 360,621
Operating grants and contributions	4,476,600	57,933	1.31%	4,418,667
Capital grants and contributions	12,776	(125,423)	-90.76%	138,199
General revenues:				
Property taxes	10,635,928	480,369	4.73%	10,155,559
Grants and contributions	20,713	(9,555)	-31.57%	30,268
Interest and investment earnings	18,096	(10,341)	-36.36%	28,437
Gain (loss) on disposal of equipment	(14,287)	(14,287)	100.00%	-
Other general revenues	17,615	(99,748)	-84.99%	117,363
Total revenues	15,499,192	250,078	1.64%	15,249,114
Program expenses				
General government	1,483,946	29,993	2.06%	1,453,953
Public safety	782,672	(111,477)	-12.47%	894,149
Public works	823,701	165,076	25.06%	658,625
Sanitation and landfill	203,179	35,165	20.93%	168,014
Education	11,618,513	565,852	5.12%	11,052,661
Interest on long-term debt	12,234	(55,240)	-81.87%	67,474
Total expenses	14,924,245	629,369	4.40%	14,294,876
Increase (decrease) in net assets	\$ 574,947	\$ (379,291)	-39.75%	\$ 954,238

Significant changes are as follows:

Capital Grants and Contributions decreased 90.76% in the current year. In the prior year this included the contributions received on the Plow Truck Note totaling \$134,770. In the current year the balance is comprised of the Recreation Trail Fund revenue.

Other general revenues decreased as a result of the Town winning a lawsuit in the amount of \$112,000 in the prior year.

Public Safety decreased as a result of the purchase of Volunteer Fire fighter capital assets which reduced government-wide expenditures by \$67,447.

Public works increased by \$165,076. A major factor was the increase in public works expenditure in the capital and non recurring fund. Public works expenditures totaled \$418,962 in the capital and non recurring fund in the current year and \$257,809 in the prior year. This

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was combined with a slight increase in public works expenditures in the general fund. Public works salaries increased from \$292,516 in the prior year to \$302,371 in the current year.

Sanitation and Landfill expenses increased 20.93% as a result of the transfer station capital assets purchased in the prior year which reduced government wide expenditures in the prior year by \$254,008.

Governmental Activities

Table 3 presents the cost of each of the Government's governmental programs as well as each governmental program's net cost (total cost less revenues generated by the activities). The net cost shows the financial burden that was placed on the Government's taxpayers by each of these functions.

**Table 3
Comparison of Total Cost to Net Cost (Exhibit 2)**

	Total Cost of Services		Incr. Decr.	Net Cost of Services		Incr. Decr.
	2011	2010		2011	2010	
Governmental Activities						
General government	\$ 1,483,946	\$ 1,453,953	2.06%	\$ 1,075,174	\$ 1,085,053	-0.91%
Public safety	782,672	894,149	-12.47%	782,672	759,379	3.07%
Public works	823,701	658,625	25.06%	726,772	561,735	29.38%
Sanitation and landfill	203,179	168,014	20.93%	131,519	99,247	32.52%
Education	11,618,513	11,052,661	5.12%	7,374,747	6,804,501	8.38%
Interest on long-term debt	12,234	67,474	-81.87%	12,234	67,474	-81.87%
Totals	\$ 14,924,245	\$ 14,294,876	4.40%	\$ 10,103,118	\$ 9,377,389	7.74%

Public Works and sanitation and landfill - refer to above discussion.

Interest on long-term debt is lower as a result of less debt. We are currently paying off \$200,000 per year of principal on our long term debt, which is \$800,000 as of June 30, 2011.

THE GOVERNMENT'S FUNDS

While the year showed an increase in net assets, it showed a decrease in fund balance in the governmental funds as presented in Exhibits 3 and 4. The difference for this is primarily the treatment of long-term debt and capital assets. In the fund balance principal payments on long-term debt are a reduction in fund balance when the payments on the debt are made. Debt payments are never a direct reduction in net assets on the government-wide statements. Likewise, purchases of capital assets are a reduction in fund balance when the purchase is made. Capital asset purchases are never a direct reduction in net assets on the government-wide statements.

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General Fund Budgetary Highlights

Over the course of the year, the Board of Finance can revise the Government budget with additional appropriations and budget transfers. Additional appropriations increase the total budget. The Board of Finance is allowed by Town Charter to make additional appropriations up to two tenths of one percent of the Town's Budget per Board or department. Additional appropriations over two tenths of one percent up to one percent of the Town's Budget require a Town Meeting. Additional appropriations over one percent of the Town's Budget require a referendum. Transfers do not increase the total budget, but instead pull appropriations from one department that needs additional funding from other departments that might have excess funding. State Statutes allow these transfers to be made by the Board of Finance without a Town Meeting. Below is a summarized view of the final budget and actual results for the General Fund:

**Table 4
General Fund - Budget Summary**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenue			
Property Taxes	\$10,449,357	\$10,524,871	\$ 75,514
Intergovernmental	3,456,755	2,955,080	(501,675)
Interest Income	25,000	17,132	(7,868)
Local Revenues	271,562	290,093	18,531
Transfers In From CNR	-	7,313	7,313
	<u>14,202,674</u>	<u>13,794,489</u>	<u>(408,185)</u>
Expenditures			
General Government	3,351,243	3,095,493	255,750
Education	10,077,593	9,513,135	564,458
Capital Outlay	809,026	809,026	-
	<u>14,237,862</u>	<u>13,417,654</u>	<u>820,208</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (35,188)</u>	<u>\$ 376,835</u>	<u>\$ 412,023</u>

Due to firm enforcement of our purchasing policy, strong negotiations with all vendors, as well as a concerted effort of fiscal responsibility by all departments, the General Government was able to return \$255,750 to the Town's General Fund. ARRA Stabilization Grant Revenue was recorded in the Special Education Grants Fund.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of this year, the Government had \$15,204,504 invested in government activity capital assets. This amount represents a net increase (including additions and deductions) of \$84,835 from last year. More detailed information about the Government's capital assets is presented in Note 5 to the financial statements.

**Town of Salem, Connecticut
Managements' Discussion and Analysis
June 30, 2011**

Debt

At year end, the Government had \$800,000 in general obligation bonds. This is a decrease of \$200,000 from last year. The Government's general obligation bond rating continues to carry an A1 rating. More detailed information about the Government's long-term liabilities is presented in Note 6 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The Government's elected and appointed officials considered many factors when setting the fiscal-year 2012 budget and tax rates. With continued economic uncertainty there was much thought and concern for keeping expenditures in check to lessen the mill rate impact on our townspeople.

CONTACTING THE GOVERNMENT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the Government's finances and to show the Government's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Board of Finance at Town of Salem, Connecticut, 270 Hartford Road, Salem, CT 06420.

Town of Salem, Connecticut
Statement of Net Assets
June 30, 2011

Assets	<u>Governmental Activities</u>
Cash and cash equivalents	\$ 2,853,588
Investments	51,855
Receivables, net of allowance for collection losses	500,016
Prepaid expenses	8,374
Bond issue costs, net of amortization	14,613
Capital assets:	
Not being depreciated	2,223,693
Net of accumulated depreciation	<u>12,980,811</u>
Total assets	<u>18,632,950</u>
 Liabilities	
Accounts payable	805,394
Accrued expenses	85,022
Due to others	23,735
Accrued interest	24,384
Deferred revenue	4,839
Noncurrent liabilities:	
Due within one year	31,061
Due in more than one year	<u>1,320,946</u>
Total liabilities	<u>2,295,381</u>
 Net Assets	
Invested in capital assets, net of related debt	14,363,196
Restricted net assets:	
Expendable	284,388
Nonexpendable	1,997
Unrestricted net assets	<u>1,687,988</u>
Total net assets	<u><u>\$ 16,337,569</u></u>

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

**Town of Salem, Connecticut
Statement of Activities
For the Year Ended June 30, 2011**

	Expenses	Program Specific Revenues			Total
		Charges for Services	Operating	Capital	
Functions/Programs					
Governmental activities:					
General government	\$ (1,483,946)	\$ 172,252	\$ 223,744	\$ 12,776	\$ (1,075,174)
Public safety	(782,672)	-	-	-	(782,672)
Public works	(823,701)	-	96,929	-	(726,772)
Sanitation and landfill	(203,179)	71,660	-	-	(131,519)
Education	(11,618,513)	87,839	4,155,927	-	(7,374,747)
Interest on long-term debt	(12,234)	-	-	-	(12,234)
Total governmental activities	\$ (14,924,245)	\$ 331,751	\$ 4,476,600	\$ 12,776	(10,103,118)
General revenues:					
Property taxes, payments in lieu of taxes, interest and liens					10,635,928
Grants and contributions					20,713
Interest and investment earnings					18,096
Gain (loss) on disposal of equipment					(14,287)
Miscellaneous					17,615
Total general revenues					10,678,065
Changes in net assets					574,947
Net assets, beginning of the year					15,762,622
Net assets, end of the year					\$ 16,337,569

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

Town of Salem, Connecticut
Balance Sheet
Governmental Funds
June 30, 2011

	General Fund	Capital Non-Recurring Fund	Education Grants Fund	Other Governmental Funds	Total Governmental Funds
Assets					
Cash and cash equivalents	\$ 1,969,292	\$ 148,084	434,509	\$ 301,703	\$ 2,853,588
Investments	4,937	2,028	-	44,890	51,855
Receivables	452,374	-	43,569	4,073	500,016
Due from other governmental funds	477,546	178,671	4,653	112,743	773,613
Prepaid expenditures	8,374	-	-	-	8,374
Total assets	\$ 2,912,523	\$ 328,783	\$ 482,731	\$ 463,409	\$ 4,187,446
Liabilities and fund balance					
Liabilities					
Accounts payable	\$ 791,226	\$ -	\$ -	\$ 14,168	\$ 805,394
Accrued expenses	85,022	-	-	-	85,022
Deferred revenue	367,431	-	40	-	367,471
Due to others	23,735	-	-	-	23,735
Due to other governmental funds	296,067	-	477,546	-	773,613
Total liabilities	1,563,481	-	477,586	14,168	2,055,235
Fund balance					
Nonspendable	-	-	-	1,997	1,997
Restricted	23,467	-	-	359,291	382,758
Committed	-	178,925	-	-	178,925
Assigned	64,788	149,858	5,145	87,953	307,744
Unassigned	1,260,787	-	-	-	1,260,787
Total fund balance	1,349,042	328,783	5,145	449,241	2,132,211
Total liabilities and fund balance	\$ 2,912,523	\$ 328,783	\$ 482,731	\$ 463,409	
Reconciliation of net assets to fund balances - total governmental funds:					
Less: Long-term liabilities not due and payable in current period:					
Bonds, notes, capital leases payable and unamortized premiums on bond costs					(922,488)
Compensated absences and special termination benefits					(30,544)
Landfill closure and pollution remediation costs					(35,000)
Other post-employment benefits					(363,975)
Accrued interest payable					(24,384)
Plus:					
Deferred charges on bond costs (to be amortized over the life of the bond)					14,613
Net capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds					15,204,504
Other long-term assets not available to pay for current period expenditures, recorded as deferred revenue in the funds					362,632
Net assets reported on the government-wide financial statements (Exhibit 1)					\$ 16,337,569

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

Town of Salem, Connecticut
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2011

	General Fund	Capital Non-Recurring Fund	Education Grants Fund	Other Governmental Funds	Total Governmental Funds
Revenues					
Property taxes, interest and lien fees	\$ 10,524,871	\$ -	\$ -	\$ -	\$ 10,524,871
Intergovernmental revenues	3,699,162	-	664,998	227,164	4,591,324
Local revenues	307,225	219	8,000	94,051	409,495
	<u>14,531,258</u>	<u>219</u>	<u>672,998</u>	<u>321,215</u>	<u>15,525,690</u>
Expenditures					
Current expenditures:					
General government	1,400,121	-	-	30,913	1,431,034
Public safety	631,452	-	-	-	631,452
Public works	606,060	-	-	-	606,060
Sanitation and landfill	216,988	-	-	-	216,988
Education	10,454,834	-	675,878	107,446	11,238,158
Capital outlay	96,311	615,535	-	-	711,846
Debt service	455,750	272,528	-	-	728,278
	<u>13,861,516</u>	<u>888,063</u>	<u>675,878</u>	<u>138,359</u>	<u>15,563,816</u>
Excess (deficiency) of revenues over expenditures	669,742	(887,844)	(2,880)	182,856	(38,126)
Other financing sources (uses)					
Proceeds from long-term debt	-	-	-	-	-
Proceeds from sale of fixed assets	-	-	-	-	-
Operating transfers in	7,313	809,026	-	-	816,339
Operating transfers out	(809,026)	(7,313)	-	-	(816,339)
	<u>(801,713)</u>	<u>801,713</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	(131,971)	(86,131)	(2,880)	182,856	(38,126)
Fund balance, beginning of the year	1,481,013	414,914	8,025	266,385	2,170,337
Fund balance, end of the year	<u>\$ 1,349,042</u>	<u>\$ 328,783</u>	<u>\$ 5,145</u>	<u>\$ 449,241</u>	<u>\$ 2,132,211</u>
Reconciliation of the statement of revenues, expenditures and changes in fund balances (above) to the statement of activities (Exhibit 2)					
Net change in fund balances - total governmental funds (above)					\$ (38,126)
Transactions involving the treatment of capital outlays:					
Plus: Capital outlays treated as expenditures here, but capitalized on Exhibit 2					513,221
Less: Depreciation expense recorded in Exhibit 2, but not considered in the fund statements					(414,099)
Net effects of various transactions involving fixed assets:					
Plus: Gain or (Loss) on disposal of fixed assets not reported in this statement					(14,287)
Transactions involving the treatment of long-term debt:					
Plus: Principal repayments:					
General obligation bonds					400,000
Note retirement					23,788
Capital lease financing					297,534
Post-closure landfill costs					2,500
Changes in other items not requiring the use of current financial resources:					
Compensated absences benefits payable					(2,335)
Accrued interest payable					18,510
Amortization on issue premium on bonds					(4,740)
Post-employment benefits					(175,977)
Revenue in the Statement of Activities (Exhibit 2) that is deferred in this statement:					
Taxes, interest and lien fees					33,951
Other					(64,993)
Changes in net assets of governmental activities (Exhibit 2)					<u>\$ 574,947</u>

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

**Town of Salem, Connecticut
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2011**

	<u>Agency Funds</u>
Assets	
Cash and cash equivalents	\$ 19,279
Liabilities	
Due to others	<u>19,279</u>
Net Assets	<u><u>\$ -</u></u>

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

Town of Salem, Connecticut
Notes to the Financial Statements
For the Year Ended June 30, 2011

Note 1 - Summary of Significant Accounting Policies

A. Reporting entity

The Town of Salem, Connecticut (Town) is a municipal corporation governed by a town charter. The charter establishes the Town Meeting as the legislative body. A town meeting is required to make appropriations, levy taxes and borrow money. The executive branch is lead by an elected five-member board of selectmen. The selectmen oversee most of the activities not assigned specifically to another body. An elected board of education manages the public school system. The elected board of finance is the budget making authority and supervises the town financial matters.

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 criterion, provided by the Government Accounting Standards Board (GASB), has been considered and there are no agencies or entities which should be presented with this government.

B. Government-wide and fund financial statements

The *government-wide financial statements* (Exhibits 1 and 2) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Fiduciary funds are excluded from the government-wide financial statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities* (if any), which rely to a significant extend on fees and charges for support.

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

Separate *fund financial statements* are provided for governmental funds and fiduciary funds (Exhibits 3, 4 and 5). *Governmental activities*, activities which normally are supported by taxes and intergovernmental revenues, are reported in the governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements. *Fiduciary funds* are used to report assets held in a trustee or agency capacity for others and therefore cannot be used to support the governments own programs.

**Town of Salem, Connecticut
Notes to the Financial Statements
For the Year Ended June 30, 2011**

C. Measurement focus, accounting basis, and financial statement presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the 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, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the Town.

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.

The Town reports the following major governmental funds:

- The *General Fund* is the Town's primary operating fund accounting for all financial resources of the general government, except those required to be accounted for in another fund.
- The *Capital Non-Recurring Fund* is used for major capital expenditures. It is funded with transfers from the general fund, grants and debt.
- The *Education Grants Fund* accounts for Federal and State education grant revenues and expenditures as well as preschool revenues and expenses.

Additionally, the Town reports the following fiduciary fund types:

- *Agency Funds* account for monies held as a custodian for outside groups and agencies.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The Town has elected not to follow subsequent private-sector guidance.

**Town of Salem, Connecticut
Notes to the Financial Statements
For the Year Ended June 30, 2011**

D. Assets, liabilities, and net assets

1) Deposits and investments

The Town's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Investments for the Town are reported at fair value.

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

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

Interest Rate Risk - Interest rate risk is the risk that the government 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. Generally, the Town does not invest in any long-term investment obligations.

Concentration of Credit Risk - Concentration of credit risk is the risk attributed to the magnitude of a government's investments in a single issuer. The Town places no limit on the amount they may invest in any one issuer.

2) Receivables

Property taxes are assessed on property values as of October 1st. The tax levy is divided into two billings; the following July 1st and January 1st. This is used to finance the fiscal year from the first billing (July 1st) to June 30th of the following year. The billings are considered due on those dates; however, the actual due date is based on a period ending 31 days after the tax bill. On these dates (August 1st and February 1st), the bill becomes delinquent at which time the applicable property is subject to lien, and penalties and interest are assessed.

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

All trade and property tax receivables are shown net of an allowance for uncollectibles. The allowance is calculated using a two tier formula based on prior experience and current knowledge.

**Town of Salem, Connecticut
Notes to the Financial Statements
For the Year Ended June 30, 2011**

3) Activity between funds

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

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

4) Inventories and prepaid items

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

5) 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 columns in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial, individual cost of more than the capitalization threshold for that asset type and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market 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.

Land is considered inexhaustible and, therefore, not depreciated. Property, plant, and equipment of the Town is depreciated using the straight line method over the following estimated useful lives:

Assets	Years	Capitalization Threshold
Land	N/A	\$ 25,000
Land improvements	10-40	\$ 20,000
Buildings and improvements	15-100	\$ 20,000
Equipment	10-50	\$ 5,000
Vehicles	10-25	\$ 5,000
Infrastructure	20-50	\$ 100,000

Town of Salem, Connecticut
Notes to the Financial Statements
For the Year Ended June 30, 2011

6) *Compensated absences*

It is the Town's policy to permit certain employees to accumulate earned but unused sick pay benefits. There is a liability for unpaid accumulated sick leave since the Town has a policy to pay any amounts when certain employees separate from service with the Town. All vacation pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

7) *Long-term obligations*

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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

8) *Fund equity*

Fund equity for government-wide statements (Exhibits 1 and 2) is called Net Assets and is displayed in three components:

Invested in Capital Assets, Net of Related Debt – this consists of capital assets, including *restricted* capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted Net Assets – these are reported when constraints placed on net asset use are either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or, (b) imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Assets – is the residual classification of Net Assets. When an expense is incurred for purposes for which both restricted and unrestricted resources are available, the Town's policy is to use its restricted resources first.

**Town of Salem, Connecticut
Notes to the Financial Statements
For the Year Ended June 30, 2011**

Fund equity for governmental funds (Exhibits 3 and 4) is called Fund Balance and is reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. When an expenditure is incurred for purposes for which both restricted and unrestricted resources are available, the Town's policy is to use its restricted resources first. This will be followed by committed, assigned and unassigned resources in that order.

Nonspendable Fund Balance - includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted Fund Balance - includes amounts that have constraints placed on the use of resources. These constraints must be either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed Fund Balance - includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action at a Town Meeting, and cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of action it employed to previously commit those amounts.

Assigned Fund Balance - are amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed. Intent should be expressed through a formal action of the Board of Finance.

Unassigned Fund Balance - unassigned fund balance is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund.

E. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure 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.

F. Subsequent Events

Subsequent events have been evaluated through the date of this report, December 05, 2011. This date represents the date that the financial statements were available to be issued.

**Town of Salem, Connecticut
Notes to the Financial Statements
For the Year Ended June 30, 2011**

G. Changes in Financial Statements

New Statements Implemented - The Town implemented Governmental Accounting Standards Board (GASB):

- **Statement 54 – *Fund Balance Reporting and Governmental Fund Type Definitions*** – This statement provides clearer fund balance classifications that can be more consistently applied. This resulted in no adjustment to beginning equity.
- **Statement 59 – *Financial Instruments Omnibus*** – This statement updates and improves existing standards regarding financial reporting and disclosure requirements of certain financial instruments and external investment pools. This resulted in no adjustments to beginning equity.

Note 2 - Budgeting

A. Budget Basis

A formal, legally approved, annual budget is adopted for the General Fund only. This budget is adopted on a basis consistent with Generally Accepted Accounting Principles (modified accrual basis) with the following exceptions:

- **Teacher's Retirement** - The Town does not recognize as income or expenditures payments made for the teacher's retirement by the State of Connecticut on the Town's behalf in its budget. The Governmental Accounting Standards Board's Statement 24 requires that the employer governments recognize payments for salaries and fringe benefits paid on behalf of its employees.
- **Encumbrances** - Unless committed through a formal encumbrance (e.g., purchase orders, signed contracts), all annual appropriations lapse at fiscal year end. Encumbrances outstanding at year end are reported on the budgetary basis statements as expenditures.
- **Excess Cost Grant** - The State reimburses the Town for certain costs incurred for special educational needs of students that exceed a set multiple of a student in the regular program. This reimbursement is the Excess Cost Grant – Student Based. Connecticut General Statute 10-76g states that this grant should reduce the education expenditures instead of being reported as revenue.
- **Long-Term Debt and Lease Financing** - Revenues and expenditures from refunding or renewing long-term debt or issuing loan or lease financing are included in the budget as the net revenues or expenditures expected.
- **Cash Basis Payroll** – The general government and salaried Board of Education payroll is budgeted based on when it is expected to be paid. On the statements prepared under Generally Accepted Accounting Principles, payroll is charged to the fiscal year in which it is earned.

Town of Salem, Connecticut
Notes to the Financial Statements
For the Year Ended June 30, 2011

- **Netting Revenues with Expenditures** – A number of other grants and revenues are netted with the expenditures on the budget basis. These are not netted on the statements prepared under Generally Accepted Accounting Principles so that the flow of current financial resources can be shown.
- **Reconciling Costs with East Lyme High School (ELHS)** – The Town pays and budgets for tuition to ELHS based on estimated costs per student. This is compared to the actual cost each year. A reconciling payment or benefit is included in the second subsequent year. This is posted against the budget in the second subsequent year.
- **Prepayment of debt** – The town records a prepayment for loan and lease payments paid in advance of being budgeted.

B. Budget Calendar

The Boards of Selectmen and Education and other boards submit requests for appropriation(s) to the Board of Finance. The budget is prepared with itemized appropriations, estimates of the available surplus (or deficit) at the end of the current fiscal year, and rationale for appropriation requests and comparison with the current fiscal year appropriations.

The Board of Finance compiles a proposed general government budget showing the combined expenditure information from the Selectmen's operating budget, the other boards' operating budgets, actual revenues collected in the last completed fiscal year, the current year budget, estimated revenues to be collected during the current fiscal year, and estimated revenues to be collected in the year of the proposed budget.

The Board of Finance compiles the proposed general government, education and capital budgets and makes them available for public review. The Board of Finance holds a public hearing on the budget.

The Annual Town Meeting, which takes place the first Wednesday in May, takes action on this budget. After the Annual Town Meeting, the Board of Finance meets to levy a tax on the grand list which will be sufficient to cover, together with other income or revenue surplus which is appropriated, the amounts appropriated and any revenue deficit of the Town.

C. Budget Control

The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the department level except expenditures for education, which are, by State Statutes, appropriated as one department.

The Board of Finance, in accordance with the provisions set forth by the Town Charter, is authorized to transfer unexpended balances from one appropriation to another. During the year \$60,756 of additional appropriations were made. The Board of Finance is subject to the following limitations when making supplemental appropriations to the budget:

- All additional appropriations less than 0.2% of the annual budget require Board of Finance approval.

**Town of Salem, Connecticut
Notes to the Financial Statements
For the Year Ended June 30, 2011**

- All additional appropriations in excess of 0.2% of the annual budget shall be submitted to a Town Meeting, which must be held no later than thirty days following the endorsement by the Board of Finance.
- All additional appropriations which exceed 1% of the annual budget shall be submitted to referendum at a time set by the Board of Selectmen.

Note 3 – Deposits and Investments

A. Cash and Cash Equivalents

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

Governmental Funds	\$ 2,853,588
Agency Funds	19,279
Total Cash and Cash Equivalents	<u>\$ 2,872,867</u>

B. Custodial Credit Risk on Deposits

As of June 30, 2011, the carrying amount of the Town's deposits with financial institutions was:

Deposits	\$ 1,274,995
Plus: External Investment Pools treated as cash and cash equivalents	1,545,987
Less: Certificates of Deposit treated as investments	51,885
Total Cash and Cash Equivalents	<u>\$ 2,872,867</u>

The bank balance of the deposits was \$1,714,099 and was exposed to custodial credit risk as follows:

1 Covered by Federal Depository Insurance	\$ 798,347
2 Collateralized with securities held by the pledging institution's trust	
In the Town's name	277,973
3 Uninsured and uncollateralized	637,779
Total Deposits	<u>\$ 1,714,099</u>

**Town of Salem, Connecticut
Notes to the Financial Statements
For the Year Ended June 30, 2011**

C. External Investment Pools Treated as Cash and Cash Equivalents

The pooled investment funds' risk category cannot be determined since the Town does not own identifiable securities but invests as a shareholder of the investment pool. The pool, Short-Term Investment Fund (STIF), is a money market investment pool managed by the Cash Management Division of the State Treasurer's Office created by Section 3-27 of the Connecticut General Statutes (CGS). Pursuant to CGS 3-27a through 3-27f, the State, municipal entities, and political subdivisions of the State are eligible to invest in the fund. The fund is considered a "2a7-like" pool and, as such, reports its investments at amortized cost (which approximates fair value). A 2a7-like pool is not necessarily registered with the Security and Exchange Commission (SEC) as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's rule 2a7 of the Investment Company Act of 1940 that allows money market mutual funds to use the amortized cost to report net assets. The pool is rated AAAm by Standard & Poor. This is the highest rating for money market funds and investment pools.

D. Investments

At June 30, 2011, the Town's investments consisted of the following:

	General Fund	Capital Non-Recurring Fund	Other Governmental Funds	Total Investments
Certificates of Deposit	\$ 4,937	\$ 2,028	\$ 44,890	\$ 51,855

E. Credit Risk and Interest Rate Risk of Investments

As of June 30, 2011 the range of maturities of the investments was as follows:

Type of Investment	Avg. Credit Rating	Fair Value	Investment Maturity		
			N/A	Less than 1 Year	1 to 5 Years
Certificates of Deposit	*	\$ 51,855		\$ 17,609	\$ 34,246

* **Certificates of Deposit** – The Town invests in nonparticipating interest-earning investment contracts in the form of certificates of deposit. These do not capture the market (interest rate) changes though the investment's negotiability or transferability, or redemption terms that consider market rates. This exposes the Town to interest rate risks.

Town of Salem, Connecticut
Notes to the Financial Statements
For the Year Ended June 30, 2011

Note 4 - Receivables

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

	General Fund	Education Grants Fund	Other Governmental Funds
Taxes	\$ 395,628	\$ -	\$ -
Interest and fees on back receivables	89,954	-	-
Intergovernmental	-	43,569	4,073
Other	37,615	-	-
Gross receivables	523,197	43,569	4,073
Less: allowance for uncollectibles	(70,823)	-	-
Net total receivables	<u>\$ 452,374</u>	<u>\$ 43,569</u>	<u>\$ 4,073</u>

Of the taxes that are due, \$106,459 (27%) is owed by a single taxpayer. Of the interest that is due, \$29,977 (33%) is owed by that same taxpayer.

Governmental funds report *deferred revenue* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of *deferred revenue* and *unearned revenue* reported in the governmental funds were as follows:

	Unavailable	Unearned
Delinquent net property taxes, interest and liens receivable	\$ 333,117	\$ -
Other receivables	29,515	-
Grants and donations	-	4,799
Intergovernmental grants	-	40
Total deferred/unearned revenue for governmental funds	<u>\$ 362,632</u>	<u>\$ 4,839</u>

Note 5 - Capital Assets

Capital asset activity for the year was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 1,641,960	\$ -	\$ -	\$ 1,641,960
Deposits on capital assets	-	-	-	-
Construction in Progress	319,084	303,416	(40,767)	581,733
	<u>\$ 1,961,044</u>	<u>\$ 303,416</u>	<u>\$ (40,767)</u>	<u>\$ 2,223,693</u>

Town of Salem, Connecticut
Notes to the Financial Statements
For the Year Ended June 30, 2011

BOE Network Upgrades included in Construction in Progress at the beginning of the year were transferred to Equipment reducing the Construction in Progress balance. This combined with an increase in Construction in Progress from roadwork resulted in an overall increase in the balance.

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets being depreciated:				
Land improvements	\$ 877,268	\$ 7,958	\$ -	\$ 885,226
Buildings and improvements	11,097,906	83,133	(6,200)	11,174,839
Machinery and equipment	1,404,779	102,627	(47,050)	1,460,356
Vehicles	2,984,064	17,967	(92,000)	2,910,031
Infrastructure	263,092	38,887	-	301,979
	16,627,109	250,572	(145,250)	16,732,431
Less: Accumulated depreciation:	(3,468,484)	(414,099)	130,963	(3,751,620)
	<u>\$ 13,158,625</u>	<u>\$ (163,527)</u>	<u>\$ (14,287)</u>	<u>\$ 12,980,811</u>

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
General government	\$ 59,493
Public safety	113,787
Public works	90,246
Sanitation and landfill	12,218
Education	138,355
Total depreciation expense - governmental activities	<u>\$ 414,099</u>

Note 6 – Long-Term Debt

A. Changes in long-term liabilities

Long-term liability activity for the year June 30, 2011, was as follows:

	Opening Balance	Additions	Reductions	Ending Balance	Due Within One Year
General Obligation Bonds	\$ 1,000,000	\$ -	\$ (200,000)	\$ 800,000	\$ -
Capital Lease	299,731	-	(258,423)	41,308	-
Note/Loan	104,968	-	(23,788)	81,180	25,507
Compensated Absences	28,209	2,335	-	30,544	3,054
Other Post-Employment Benefits	187,998	175,977	-	363,975	-
Pollution Remediation	-	-	-	-	-
Post Closure Landfill Costs	37,500	-	(2,500)	35,000	2,500
	<u>\$ 1,658,406</u>	<u>\$ 178,312</u>	<u>\$ (484,711)</u>	<u>\$ 1,352,007</u>	<u>\$ 31,061</u>

**Town of Salem, Connecticut
Notes to the Financial Statements
For the Year Ended June 30, 2011**

B. General obligation bonds

General obligation bonds currently outstanding are as follows:

	Original Balance	Matures in Year Ending	Interest Rates	Year End Balance
Library Bonds	\$ 800,000	2015	3.25-3.75%	\$ 300,000
Land Acquisition Bonds	1,200,000	2016	3.25-3.75%	500,000
	<u>\$ 2,000,000</u>			<u>\$ 800,000</u>

The Town issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the Town. These bonds generally are issued as 20 year serial bonds with equal amounts of principal maturing each year. Payments on these bonds have been made out of the General Fund and are all charged to expenditures. Annual debt service requirements to maturity for general obligation bonds are as follows:

Year Ending	Principal	Interest	Year Ending	Principal	Interest
2012	\$ -	30,000	2015	200,000	11,000
2013	200,000	25,000	2016	200,000	3,750
2014	200,000	18,000	Total	<u>\$ 800,000</u>	<u>\$ 87,750</u>

C. Capital Lease

The Town has entered into lease agreements to finance certain capital assets. These leases qualify as capital leases for accounting purposes and are being paid through the Capital Non-Recurring Fund. The following is a schedule of the asset details and future minimum lease payments and the present value of the net minimum lease payments under these leases:

Asset financed:	<u>SCBAs</u>
Cost of asset	\$ 169,900
Accumulated depreciation	13,592
Future minimum lease payments in:	
2012	-
2013	43,943
Total	<u>43,943</u>
Less: amount representing interest	<u>(2,635)</u>
Present value of lease obligation	<u>\$ 41,308</u>

**Town of Salem, Connecticut
Notes to the Financial Statements
For the Year Ended June 30, 2011**

D. Post Closure Landfill Costs

The Town has a closed landfill with no further capacity or estimated useful life. State and federal laws and regulations require that the Town perform certain maintenance and monitoring functions on its closed landfill site for thirty years after closure. These costs will be paid through the General Fund each year as part of the annual budget. Total estimated costs based on the current actual costs are included in long-term debt. The actual costs may vary based on actual events, inflation, changes in technology and applicable laws and regulations. During the year the actual costs amounted to \$4,441.

E. Bank Loan

The Town has an installment note for the purchase of a Plow Truck in the initial amount of \$134,770. The note is payable in five annual installments of \$29,802. This installment includes interest at a rate of 5.29 percent per year.

Annual debt service requirements to maturity for the bank loan are shown in the following schedule. During this fiscal year, the total payments have been charged to expense in the General Fund.

Year Ending June 30	Governmental Activities	
	Principal	Interest
2012	\$ 25,507	\$ 4,294
2013	26,857	2,945
2014	28,816	986
Total	\$ 81,180	\$ 8,225

**Town of Salem, Connecticut
Notes to the Financial Statements
For the Year Ended June 30, 2011**

F. Debt Limitations under Connecticut State Statutes

Connecticut General Statutes Section 7-374 sets limits on the debt, as defined by the statutes, which can be incurred by the Town and other governmental agencies within the Town. The limitations for the Town of Salem, Connecticut are as follows:

Total tax collections (including interest and lien fees) for the year	\$ 10,519,036
Reimbursements for revenue loss on tax relief for the elderly (C.G.S. 12-129d)	20,080
Debt limitation base	<u>\$ 10,539,116</u>

	General Purpose	Schools	Sewers	Urban Renewal	Pension Deficit
Debt limitation:					
2 1/4 times base	\$ 23,713,011	\$ -	\$ -	\$ -	\$ -
4 1/2 times base	-	47,426,022	-	-	-
3 3/4 times base	-	-	39,521,685	-	-
3 1/4 times base	-	-	-	34,252,127	-
3 times base	-	-	-	-	31,617,348
	<u>23,713,011</u>	<u>47,426,022</u>	<u>39,521,685</u>	<u>34,252,127</u>	<u>31,617,348</u>
Indebtedness: Bonds & notes	800,000	-	-	-	-
Debt limitation in excess of debt outstanding and authorized	<u>\$ 22,913,011</u>	<u>\$ 47,426,022</u>	<u>\$ 39,521,685</u>	<u>\$ 34,252,127</u>	<u>\$ 31,617,348</u>

In no case shall total indebtedness exceed seven times annual receipts from taxation \$ 73,773,812

Note 7 - Interfund Activities

A. Advance to/from other funds

There are no long-term loan agreements on the interfund balances.

B. Due to/from other funds

The following are temporary borrowings between funds. These are either expected to be paid off within one year or have no agreed payment terms:

Receivable Fund	Payable Fund	Amount
Capital Non-Recurring Fund	General Fund	\$ 178,671
General Fund	Education Grants Fund	477,546
Grant Fund	General Fund	106,162
Education Grants Fund	General Fund	4,653
Community Foundation Grant	General Fund	6,581
		<u>\$ 773,613</u>

**Town of Salem, Connecticut
Notes to the Financial Statements
For the Year Ended June 30, 2011**

Restricted Fund Balance is summarized as follows:

	General Fund	Other Governmental Funds
STEAP	\$ -	\$ 90,312
Town Clerk - Restricted Collections	22,035	-
Other Outside Party Restrictions	1,432	-
Town Aid Road	-	237,240
Funds for the Needy	-	9,308
Community Foundation Grant	-	6,581
Preservation and Revaluation	-	15,850
	<u>\$ 23,467</u>	<u>\$ 359,291</u>

Committed Fund Balance is summarized as follows:

	Capital Non-Recuring Fund
Capital Projects	<u>178,925</u>

Assigned Fund Balance is summarized as follows:

	General Fund	Capital Non-Recuring Fund	Education Grants Fund	Other Governmental Funds
To balance next year's budget	\$ 64,788	\$ -	\$ -	\$ -
Assigned for Unspecified Projects	-	149,858	-	-
Education Grants	-	-	5,145	-
Various Fund Projects	-	-	-	87,953
	<u>\$ 64,788</u>	<u>\$ 149,858</u>	<u>\$ 5,145</u>	<u>\$ 87,953</u>

Note 9 - Employee Retirement Systems and Pension Plans

Teachers and certain other certified personnel in the Town are eligible to participate in the State of Connecticut Teachers' Retirement System, a multiple employer public employees retirement system described in the Connecticut General Statutes, Chapter 167a. The system has been established to provide retirement and other benefits for teachers, their survivors and beneficiaries. A member is eligible to receive a normal retirement benefit who (1) has reached the age of sixty and has accumulated twenty years of credited service in the public schools of Connecticut or (2) has attained any age and has accumulated thirty-five years of credited service, at least twenty-five years of which are service in the public schools of Connecticut. The financial report may be obtained through the State Teachers' Retirement Board.

**Town of Salem, Connecticut
Notes to the Financial Statements
For the Year Ended June 30, 2011**

The normal retirement benefit is two percent times the number of years of credited service multiplied by their average annual salary received during the three years of highest salary. In no event will such benefit exceed seventy-five percent of the average annual salary, or be less than \$3,600. Benefits are fully vested after ten years of service.

The funding of the system is provided by required member contributions (7 percent of their annual salary) and by amounts appropriated by the State of Connecticut General Assembly. For the year ended June 30, 2011, the State contributed \$526,342 into the pension plan on behalf of the Town of Salem, Connecticut. This was recorded on the GAAP statements as revenue and expenditures in the General Fund. The Town's total payroll for all employees for this year was \$5,180,936 of which \$3,310,757 was covered under this pension plan.

Note 10 – Other Post Employment Benefits (OPEB)

A. Plan Description

The Salem Public Schools Other Post Employment Benefit Program is a single-employer defined benefit plan administered by the Town of Salem, Connecticut in accordance with various collective bargaining agreements. The plan does not issue a separate financial statement.

Eligibility	Teachers and Administrators - A Teacher or Administrator retiring under the Connecticut State Teachers Retirement System shall be eligible to receive health benefits for self and spouse. Normal Retirement for Teachers and Administrators is the earlier of age 60 with 20 years of service, or completion of 35 years of service regardless of age. Early retirement is the earlier of age 60 with 10 years of service, any age with 25 years of service, or age 55 with 20 years of service. Secretaries and Non Union - A member retiring with age 55 years or older shall be eligible to continue health insurance coverage for self and spouse. Coverage is pre-65 only.
Cost Sharing	All retirees pay 100% of the premiums
Life Insurance	Superintendent - \$300,000 from retirement until age 65 at Board's expense provided member worked at least 35 years of credited service in the Connecticut Teachers Retirement System of which the last 10 years of service as superintendent of the Salem Public School System.

B. Actuarial Assumptions and Methods

The government has elected to use the alternative approach to calculate OPEB related benefits. This allows financial statement preparers to use certain simplifying assumptions to project benefits without the use of an actuary. The significant assumptions to apply this method were developed by the Board of Education with the use of an outside vendor.

**Town of Salem, Connecticut
Notes to the Financial Statements
For the Year Ended June 30, 2011**

Latest Actuarial Date	June 30, 2010
Actuarial Cost Method	Entry Age
Discount Rate	4.50%
Payroll Growth Rate	3.00%
Medical Inflation	Initial rate of 9% grading down to an ultimate inflation rate of 5% in 2020 and later.
Amortization Method	Level percentage of projected payroll
Remaining amortization	30 years, closed
Mortality	RP2000 Mortality Table for Males and Females projected 10 years
Turnover	Standard Turnover assumptions- GASB 45 paragraph 35b
Retirement	Average Retirement Age of 65
Future Retiree Coverage	100% are assumed to elect coverage at retirement
Future Dependent Coverage	Male 50%; Female 30% with female spouses assumed to be 3 years younger than males.

C. Schedule of Funding Progress

There is no requirement for funding and the plan has not been funded. The Town has not yet established a formal funding plan or a trust at this time.

Below is a schedule of funding progress. (Data in the table below is only presented since the year of transition.)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (b)	Unfunded Accrued Liability (UAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAL as a % of Covered Payroll ((b-a)/c)
6/30/2010	\$ -	\$ 2,173,797	\$ 2,173,797	0.00%	\$ 2,980,737	72.93%

D. Schedule of Employer Contributions

The schedule of employer contributions is as follows. (Data in the table below is only presented since the year of transition):

Year Ended June 30	Required Contributions	Contributions Made	Percentage Contributed
2011	\$213,555	\$ 38,258	17.91%
2010	\$207,335	\$ 19,337	9.33%

E. Annual Required Contribution (ARC)

The Annual Required Contribution (ARC) for the OPEB program consists of two pieces:

Past Service Cost (a catch-up accrual to amortize the Unfunded Accrued Liability). The amortization period is 30 years starting on July 1, 2010. The ARC is assumed to be paid at the beginning of the fiscal year. Interest is also calculated on the Unfunded Accrued Liability and added to the Annual Required Contribution.

**Town of Salem, Connecticut
Notes to the Financial Statements
For the Year Ended June 30, 2011**

Normal Cost is the present value of the portion of the projected benefit attributable to the current year (the cost of benefits earned each year should be accrued in that year)

The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortized any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years.

F. Annual OPEB Cost and Net OPEB Obligation

The following table shows the components of the annual OPEB cost for the year, the amount actually contributed to the plan, and the changes in the Town's net OPEB obligation (asset):

Annual required contribution (ARC)	\$ 213,555
Interest on net OPEB obligation	8,460
Adjustment to annual required contribution	<u>(7,780)</u>
Annual OPEB cost	214,235
Contributions made	<u>38,258</u>
Increase (decrease) in net OPEB obligation	175,977
Net OPEB obligation (asset), beginning of year	<u>187,998</u>
Net OPEB obligation (asset), end of year	<u><u>\$ 363,975</u></u>

The Net OPEB Obligation history is as follows. (Data in the table below is only presented since the year of transition):

Fiscal Year Ended	Annual OPEB Cost	Actual Contribution Made	Percentage of APC Contributed	Net Pension Obligation (Asset)
6/30/2011	\$ 214,235	\$ 38,258	17.9%	\$ 363,975
6/30/2010	\$ 207,335	\$ 19,337	9.3%	\$ 187,998

G. Other Disclosures

The calculations are based on the benefits provided under the terms of the substantive plan in effect at the time of each valuation and on the pattern of sharing costs between the employer and plan members to that point. The actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

**Town of Salem, Connecticut
Notes to the Financial Statements
For the Year Ended June 30, 2011**

Note 11 – Commitments

A. East Lyme High School

In 1997, the Towns of Salem and East Lyme entered into a cooperative agreement to build and maintain an expansion of the East Lyme High School for the mutual benefit of both towns. This agreement has the following financial provisions:

1. **Tuition** - Tuition will be charged at a base rate per Salem's regular education students attending East Lyme High School and a premium rate, equal to 1.85 times the base rate, for special educational students. Regardless of the number of students attending East Lyme High School, Salem is required to pay the base rate for a minimum enrollment equal to 80% of the total Salem high school students enrolled in grades nine through twelve at any high school. During the year ended June 30, 2011 the Town paid \$2,314,328 in regular education tuition and \$428,198 in special education tuition to the Town of East Lyme. The tuition fees paid during the year are based on an estimated amount. The final costs are calculated after the end of the year and are billed, or refunded, in the second subsequent year.

The estimated reconciliation for the year ended June 30, 2011 is an estimated underpayment of \$61,480 which will be added to the 2012-2013 tuition payments. The estimated reconciliation for the year ended June 30, 2010 was an underpayment of \$135,197 which will be added to the 2011-12 tuition payments.

2. **Services Surcharge** - To compensate for services, such as police, fire safety, water and sewer, paid by the Town of East Lyme on behalf of the school, the Town of Salem, Connecticut will reimburse the East Lyme a per student fee. In this fiscal year, the per student fee was \$64.50 and the Town had approximately 250 students. The final costs are calculated after the end of the year and are billed, or refunded, in the subsequent year. This is included in the reconciliation of costs for tuition.
3. **Annual Flat Facilities Charge** - The Town will pay the Town of East Lyme a flat facilities expansion and improvement charge for 20 years. This charge is equal to 20% of the non-reimbursed construction related costs. It is payable in two equal semi-annual installments. The amount paid to the Town of East Lyme for the year ended June 30, 2011 was \$92,353.

B. Gardner Lake Authority

The Towns of Salem, Montville and Bozrah established the Gardner Lake Authority to govern the body of water known as Gardner Lake. The Authority, in cooperation with the State Boating Commission, enforces boating laws and makes recommendations concerning water management. The towns split the operating costs of the authority. The Town of Salem's appropriation to the Authority for the year ended June 30, 2011 was \$10,000.

Town of Salem, Connecticut
Notes to the Financial Statements
For the Year Ended June 30, 2011

Note 12 - Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the Town carries commercial insurance. There have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year or three prior years.

The Town currently is a member of the Connecticut Interlocal Risk Management Agency (CIRMA), a public entity risk pool established under the provisions of Connecticut General Statutes section 7-479a et. seq. for some of its insurance. The Town is liable only for contributions to the pool. Members do not retain the risk of loss, as they have transferred the risk by purchasing coverage with no deductible retention. A separate agreement states limits on the member's obligation to pay indemnification obligations and expenses should CIRMA be unable to do so.

Note 13 - Contingent Liabilities

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the Town expects such amounts, if any, to be immaterial.

A. School Building Grants

Section 10-283(a)(3)(A) of the Connecticut General Statutes states that if the Town abandons, sells, leases, demolishes or otherwise redirects the use of a school building project authorized on or after July 1, 1996, paid partially with State funding, to other than a public school, will owe a portion of the State funding back to the State.

For projects with a cost over of two million dollars or over, the contingency will be amortized over twenty years. For smaller projects, the contingency will be amortized over ten years.

B. Other

The Town is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the Town's counsel the resolution of these matters will not have a material adverse effect on the financial condition of the Town.

Town of Salem, Connecticut
Notes to the Financial Statements
For the Year Ended June 30, 2011

Note 14 – GASB Pronouncements Issued, But Not yet Effective

The Governmental Accounting Standards Board (GASB) is the standard setting board for governmental entities. The following are statements which have been approved by GASB, but are not yet effective:

- GASB Statement 60 – *Accounting and Financial Reporting for Service Concession Arrangements*. This statement provides guidance for governments that are either transferors or operators of service concession arrangements. A service concession arrangement is one in which the transferor conveys to an operator the right and related obligation to provide services through the use of infrastructure or another public asset in exchange for significant considerations, and the operator collects and is compensated by fees from third parties. This statement is effective for periods beginning after December 15, 2011.
- GASB Statement 61 – *The Financial Reporting Entity: Omnibus* – This statement modifies certain requirements for inclusion of component units in the financial reporting entity, amends the criteria for reporting component units, and clarifies the reporting of equity interests in legally separate organizations. This statement is effective for periods beginning after June 15, 2012.
- GASB Statement 62 – *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements* – This statement incorporates certain authoritative literature into the GASB codification. This statement is effective for periods beginning after December 15, 2011.
- GASB Statement 63 – *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows Of Resources and Net Position* – This statement provides guidance for transactions that result in the consumption or acquisition of net assets in one period that are applicable to future periods. This statement is effective for periods beginning after December 15, 2011.
- GASB Statement 64 – *Derivative Instruments: Application of Hedge Accounting Termination Provisions* – This statement clarifies whether an effective hedging relationship continues after the replacement of a swap counterparty or its credit support provider. This statement is effective for periods beginning after June 15, 2011.

Town of Salem, Connecticut
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Budgetary Basis)
 General Fund
 For the Year Ended June 30, 2011

	Original Budget	Additional Appropriations and Transfers	Final Budget	Actual	Variance
Revenues					
Property Tax Revenues					
Property taxes	\$ 10,221,607	\$ -	\$ 10,221,607	\$ 10,227,922	\$ 6,315
Prior year tax collections	110,000	-	110,000	141,030	31,030
Supplemental motor vehicle tax collections	60,000	-	60,000	73,902	13,902
Interest on property taxes	55,000	-	55,000	78,262	23,262
Liens on property taxes	750	-	750	1,176	426
Interest on supplemental motor vehicles	2,000	-	2,000	2,579	579
	<u>10,449,357</u>	<u>-</u>	<u>10,449,357</u>	<u>10,524,871</u>	<u>75,514</u>
Intergovernmental Revenues					
State/Federal Grants for Education					
Education equalization	3,099,694	-	3,099,694	2,655,504	(444,190)
Transportation	84,787	-	84,787	63,279	(21,508)
Adult education	3,895	-	3,895	3,917	22
	<u>3,188,376</u>	<u>-</u>	<u>3,188,376</u>	<u>2,722,700</u>	<u>(465,676)</u>
Other State/Federal Grants					
Town Aid Road (TAR) - Transfer in	96,890	-	96,890	-	(96,890)
State property in lieu of taxes	56,354	-	56,354	55,582	(772)
Local capital improvement	34,134	-	34,134	-	(34,134)
Telephone access line	26,252	-	26,252	12,556	(13,696)
Tax relief for the elderly	24,000	-	24,000	20,080	(3,920)
Mashantucket Pequot grant	18,744	-	18,744	16,520	(2,224)
Library state aid and connecticard grants	4,234	-	4,234	4,508	274
Veterans' tax relief	3,000	-	3,000	1,272	(1,728)
Services for the blind	2,500	-	2,500	-	(2,500)
Boating safety grant	2,041	-	2,041	1,652	(389)
Tax relief for the disabled	230	-	230	172	(58)
Miscellaneous (STEAP)	-	-	-	57,330	57,330
Energy Efficiency Grant	-	-	-	31,400	31,400
Civil preparedness	-	-	-	24,830	24,830
Office of policy and management grant	-	-	-	4,193	4,193
Justice assistance grant	-	-	-	2,285	2,285
	<u>268,379</u>	<u>-</u>	<u>268,379</u>	<u>232,380</u>	<u>(35,999)</u>
Total Intergovernmental	<u>3,456,755</u>	<u>-</u>	<u>3,456,755</u>	<u>2,955,080</u>	<u>(501,675)</u>
Revenue from the Use of Town Money					
Income from investments	25,000	-	25,000	17,132	(7,868)
Charges for Services					
Licenses and Permits					
Garbage bag revenue	45,000	-	45,000	44,828	(172)
Conveyance tax	35,000	-	35,000	31,003	(3,997)
Building permits	32,000	-	32,000	40,080	8,080
Tipping and hauling fees	10,000	-	10,000	18,984	8,984
Landfill fees - bulky waste	10,000	-	10,000	7,848	(2,152)
Heating	3,600	-	3,600	5,375	1,775
Plumbing	2,200	-	2,200	2,764	564
Electrical	2,000	-	2,000	3,488	1,488
Zoning compliance	2,000	-	2,000	2,225	225
Septic	2,000	-	2,000	1,100	(900)
Miscellaneous permits and fees	750	-	750	697	(53)
Town engineering fees	500	-	500	200	(300)
Wells	350	-	350	400	50
Warrant fees	50	-	50	90	40
Pistol permits/Sport licenses	-	-	-	980	980
	<u>145,450</u>	<u>-</u>	<u>145,450</u>	<u>160,062</u>	<u>14,612</u>

(Continued)

Town of Salem, Connecticut
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Budgetary Basis)
 General Fund
 For the Year Ended June 30, 2011

	Original Budget	Additional Appropriations and Transfers	Final Budget	Actual	Variance
Charges for Current Services					
Recording fees	25,000	-	25,000	24,190	(810)
Planning and zoning commission fees	7,500	-	7,500	4,184	(3,316)
Sale of copies	6,000	-	6,000	5,358	(642)
Inland/wetland commission fees	2,000	-	2,000	830	(1,170)
CFC evacuation fees	1,500	-	1,500	1,095	(405)
Sale of maps	1,200	-	1,200	756	(444)
Zoning board of appeals fees	1,000	-	1,000	525	(475)
Sale of zoning regulations	350	-	350	40	(310)
Engineering fees	100	-	100	-	(100)
LOCFIP- CIP (Farm Fee Revenue)	-	-	-	2,703	2,703
Historic Preservation CL	-	-	-	1,591	1,591
Farmland Preservation CL	-	-	-	901	901
	<u>44,650</u>	<u>-</u>	<u>44,650</u>	<u>42,173</u>	<u>(2,477)</u>
Miscellaneous					
Miscellaneous	51,162	-	51,162	63,777	12,615
Recreation fee based activity	21,000	-	21,000	12,344	(8,656)
Library fees/fines	9,300	-	9,300	10,470	1,170
Insurance claims and refunds	-	-	-	1,266	1,266
Leases	-	-	-	1	1
	<u>81,462</u>	<u>-</u>	<u>81,462</u>	<u>87,858</u>	<u>6,396</u>
Total charges for services	<u>271,562</u>	<u>-</u>	<u>271,562</u>	<u>290,093</u>	<u>18,531</u>
Transfers In from Capital Nonrecurring Fund	-	-	-	7,313	7,313
Total revenues	<u>14,202,674</u>	<u>-</u>	<u>14,202,674</u>	<u>13,794,489</u>	<u>(408,185)</u>
Expenditures					
General Government					
Selectman	6,829	-	6,829	6,828	1
Salaries	1,037,821	5,040	1,042,861	1,008,402	34,459
Zoning enforcement/building official/sanitarian	2,465	-	2,465	2,329	136
Town clerk	17,466	-	17,466	16,434	1,032
Treasurer/auditor/Board of Finance	21,850	-	21,850	21,073	777
Assessor	8,600	-	8,600	8,592	8
Tax collector	5,580	-	5,580	5,580	-
Registrar	10,700	-	10,700	10,384	316
Town counsel	22,000	-	22,000	18,100	3,900
Town office operation	92,450	-	92,450	91,503	947
Municipal building maintenance	40,000	-	40,000	40,000	-
Employee benefits	437,272	(33,733)	403,539	328,918	74,621
Utilities	170,978	-	170,978	170,880	98
Probate court	2,808	3,735	6,543	6,220	323
Town services	29,575	-	29,575	19,292	10,283
Regional services	11,450	-	11,450	8,394	3,056
Library	21,586	-	21,586	21,284	302
Security	204,150	-	204,150	183,973	20,177
Gardner Lake Fire Department	57,350	-	57,350	57,223	127
Salem Fire Department	63,596	11,948	75,544	75,489	55
Ambulance	31,865	-	31,865	31,707	158
Public Safety	61,800	-	61,800	59,466	2,334
Public Works	234,000	42,983	276,983	259,234	17,749
Transfer Station	181,592	-	181,592	179,688	1,904
Economic development	3,050	-	3,050	100	2,950
Inland wetlands/Conservation Commission	4,300	-	4,300	3,008	1,292
Planning and zoning	35,300	(5,692)	29,608	29,493	115
Zoning Board of Appeals	300	-	300	-	300
Recreation Commission	53,900	-	53,900	53,109	791
Municipal insurance	108,278	-	108,278	89,847	18,431
Unanticipated expenses	1,000	-	1,000	960	40
Interest payments	38,250	-	38,250	38,250	-
Principal payments	200,000	-	200,000	200,000	-
Open Space Land Acquisition	1	-	1	-	1
Revaluation	108,800	-	108,800	49,733	59,067
	<u>3,326,962</u>	<u>24,281</u>	<u>3,351,243</u>	<u>3,095,493</u>	<u>255,750</u>

(Continued)

Town of Salem, Connecticut
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Budgetary Basis)
 General Fund
 For the Year Ended June 30, 2011

	Original Budget	Additional Appropriations and Transfers	Final Budget	Actual	Variance
Education	10,077,593	-	10,077,593	9,513,135	564,458
Capital Expenditures	772,551	36,475	809,026	809,026	-
Total expenditures	14,177,106	60,756	14,237,862	13,417,654	820,208
Excess (deficiency) of revenues over expenditures	\$ 25,568	\$ (60,756)	\$ (35,188)	376,835	\$ 412,023

Adjustments to Generally Accepted Accounting Principles (GAAP):

Reconciling payments with East Lyme High School	(196,677)
On behalf revenues from teacher's retirement netted in budget	526,342
On behalf expenditures from teacher's retirement netted in budget	(526,342)
Change in prepaid lease payments paid in advance of budget year and due date	(46,578)
Change in prepaid loan payments paid in advance of budget year and due date	(217,500)
Revenues that were netted with expenditures in the budget:	
Revenues from Excess Cost Grant	217,740
Expenditures from Excess Cost Grant	(217,740)
General government change in accrued payroll	<u>(48,051)</u>

**Excess (deficiency) of revenues and other financing sources over
 expenditures and other financing (uses) - GAAP basis** \$ (131,971)

Notes to Required Supplementary Information: A formal, legally approved, annual budget is adopted for the General Fund only. This budget is adopted on a basis consistent with Generally Accepted Accounting Principles (modified accrual basis) with the following exceptions: 1. The Town does not recognize as income or expenditures payments made for the teacher's retirement by the State of Connecticut on the Town's behalf; 2. The Town nets revenues from the Excess Cost Grant in the Board of Education expenditure accounts; 3. The Town nets revenues from the Board of Education fuel grant in the Board of Education expenditure accounts; 4. The Town records a prepayment for loan payments paid in advance of being budgeted; 5. The Town recognizes encumbrances payable as an expenditure in the year they were committed; 6. General government payroll is recorded on a cash basis; 7. Board of Education salaried employee's payroll is recorded on a cash basis; 8. Revenues and expenditures from refunding or renewing long-term debt or issuing loan or lease financing are included in the budget as net revenues or expenditures expected; 9. The Town pays and budgets for tuition to East Lyme High School on an estimated cost per student. A reconciling payment or benefit is included and budgeted for in the second subsequent year.

* These appropriations are over expended by the amount indicated in the variance.

Town of Salem, Connecticut Fund Descriptions

Special Revenue Funds:

Special revenue funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

Capital Project Funds:

Capital project funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary and trust funds.

Permanent Funds:

Permanent funds are used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the reporting government's programs.

**Town of Salem, Connecticut
Combining Balance Sheet
Other Governmental Funds
June 30, 2011**

	Special Revenue Funds	Capital Project Funds	Permanent Fund Memorial and Cemetery Fund	Total Other Governmental Funds
Assets				
Cash and cash equivalents	\$ 265,507	\$ 35,360	\$ 836	\$ 301,703
Investments	31,298	-	13,592	44,890
Receivables	4,073	-	-	4,073
Due from other governmental funds	112,743	-	-	112,743
Total assets	\$ 413,621	\$ 35,360	\$ 14,428	\$ 463,409
Liabilities and fund balance				
Liabilities				
Accounts payable	\$ 14,168	\$ -	\$ -	\$ 14,168
Total liabilities	14,168	-	-	14,168
Fund balance				
Nonspendable	-	-	1,997	1,997
Restricted	359,291	-	-	359,291
Committed	-	-	-	-
Assigned	40,162	35,360	12,431	87,953
Total fund balance	399,453	35,360	14,428	449,241
Total liabilities and fund balance	\$ 413,621	\$ 35,360	\$ 14,428	\$ 463,409

See Accountants' Report

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Town of Salem, Connecticut
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Other Governmental Funds
For the Year Ended June 30, 2011

	Special Revenue Funds	Capital Project Funds	Permanent Fund Memorial and Cemetery Fund	Total Other Governmental Funds
Revenues				
Intergovernmental revenues	\$ 214,388	\$ 12,776	\$ -	\$ 227,164
Local revenues	93,862	43	146	94,051
Total revenues	308,250	12,819	146	321,215
Expenditures				
Current expenditures:				
General government	18,137	12,776	-	30,913
Education	107,446	-	-	107,446
Total expenditures	125,583	12,776	-	138,359
Excess (deficiency) of revenues over expenditures	182,667	43	146	182,856
Other financing sources and (uses)				
Operating transfers out	-	-	-	-
Total other financing sources and (uses)	-	-	-	-
Excess (deficiency) of revenues over expenditures and other financing sources and (uses)	182,667	43	146	182,856
Fund balance, beginning	216,786	35,317	14,282	266,385
Fund balance, end of the year	\$ 399,453	\$ 35,360	\$ 14,428	\$ 449,241

See Accountants' Report

Town of Salem, Connecticut
 Combining Balance Sheet
 Special Revenue Funds
 June 30, 2011

	Town Aid Road	Grant Fund	Senior Citizens Fund	Dog Fund	Free Public Library	School Cafeteria Fund	Community Foundation Grant	Needy Fund	Total
Assets									
Cash and cash equivalents	\$ 237,240	\$ -	\$ -	\$ 8,424	\$ -	\$ 12,515	\$ -	\$ 7,328	\$ 265,507
Investments	-	-	29,318	-	-	-	-	1,980	31,298
Receivables	-	-	-	-	-	4,073	-	-	4,073
Due from other governmental funds	-	106,162	-	-	-	-	6,581	-	112,743
Total assets	\$ 237,240	\$ 106,162	\$ 29,318	\$ 8,424	\$ -	\$ 16,588	\$ 6,581	\$ 9,308	\$ 413,621
Liabilities and fund balance									
Liabilities									
Accounts payable	\$ -	\$ -	\$ -	\$ 2,697	\$ -	\$ 11,471	\$ -	\$ -	\$ 14,168
Total liabilities	-	-	-	2,697	-	11,471	-	-	14,168
Fund Balance									
Nonspendable	-	-	-	-	-	-	-	-	-
Restricted	237,240	106,162	-	-	-	-	6,581	9,308	359,291
Committed	-	-	-	-	-	-	-	-	-
Assigned	-	-	29,318	5,727	-	5,117	-	-	40,162
Total fund balance	237,240	106,162	29,318	5,727	-	5,117	6,581	9,308	399,453
Total liabilities and fund balance	\$ 237,240	\$ 106,162	\$ 29,318	\$ 8,424	\$ -	\$ 16,588	\$ 6,581	\$ 9,308	\$ 413,621

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See Accountants' Report

Town of Salem, Connecticut
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Special Revenue Funds
For the Year Ended June 30, 2011

	Town Aid Road	Grant Fund	Senior Citizens Fund	Dog Fund	Free Public Library	School Cafeteria Fund	Community Foundation Grant	Needy Fund	Total
Revenues									
Intergovernmental revenues	\$ 96,929	\$ 93,312	\$ -	\$ -	\$ -	\$ 24,147	\$ -	\$ -	\$ 214,388
Local revenues	227	-	329	5,040	-	79,839	-	8,427	93,862
Total revenues	97,156	93,312	329	5,040	-	103,986	-	8,427	308,250
Expenditures									
Current expenditures:									
General government	-	3,000	-	4,437	607	-	9,047	1,046	18,137
Education	-	-	-	-	-	107,446	-	-	107,446
Total expenditures	-	3,000	-	4,437	607	107,446	9,047	1,046	125,583
‡5 Excess (deficiency) of revenues over expenditures	97,156	90,312	329	603	(607)	(3,460)	(9,047)	7,381	182,667
Fund balance, beginning of the year	140,084	15,850	28,989	5,124	607	8,577	15,628	1,927	216,786
Fund balance, end of the year	\$ 237,240	\$ 106,162	\$ 29,318	\$ 5,727	\$ -	\$ 5,117	\$ 6,581	\$ 9,308	\$ 399,453

See Accountants' Report

Town of Salem, Connecticut
Combining Balance Sheet
Capital Project Funds
June 30, 2011

	Land Acquisition Fund	Open Space Land Acquisition Fund	Recreation Trail Fund	Total
Assets				
Cash and cash equivalents	\$ 14,810	\$ 20,550	\$ -	\$ 35,360
Total assets	\$ 14,810	\$ 20,550	\$ -	\$ 35,360
Liabilities and fund balance				
Liabilities				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Total liabilities	-	-	-	-
Fund balance				
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	14,810	20,550	-	35,360
Total fund balance	14,810	20,550	-	35,360
Total liabilities and fund balance	\$ 14,810	\$ 20,550	\$ -	\$ 35,360

See Accountants' Report

Town of Salem, Connecticut
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Capital Project Funds
For the Year Ended June 30, 2011

	Land Acquisition Fund	Open Space Land Acquisition Fund	Recreation Trail Fund	Total
Revenues				
Intergovernmental revenues	\$ -	\$ -	\$ 12,776	\$ 12,776
Local revenues	18	25	-	43
Total revenues	18	25	12,776	12,819
Expenditures				
Current expenditures:				
General government	-	-	12,776	12,776
Total expenditures	-	-	12,776	12,776
Excess (deficiency) of revenues over expenditures	18	25	-	43
Fund balance, beginning	14,792	20,525	-	35,317
Fund balance, end of the year	\$ 14,810	\$ 20,550	\$ -	\$ 35,360

Town of Salem, Connecticut
 Statement of Changes in Assets and Liabilities
 Agency Funds
 For the Year Ended June 30, 2011

	Balance Beginning	Additions	Deductions	Balance Ending
Student Activity Fund				
Assets				
Cash	\$ 27,163	\$ 39,580	47,464	\$ 19,279
Liabilities				
Due to others	\$ 27,163	\$ 39,580	\$ 47,464	\$ 19,279

See Accountants' Report

**Town of Salem, Connecticut
Report of the Property Tax Collector
For the Year Ended June 30, 2011**

Grand List	Beginning Receivable Balance	Current Year Levy	Lawful Corrections		Net Taxes Collectible	Collections During The Year			Transfer To Suspense Total	Refunds Issued	Over-Payments	Ending Receivable Balance		
			Additions	Deductions		Taxes	Interest	Levies					Suspense	
2009		\$ 10,538,575	\$ 14,438	\$ 4,282	\$ 10,510,031	\$ 37,681	\$ 108	\$ -	\$ 10,322,949	\$ 1,645	\$ 5,237	\$ 233,909		
2008	\$ 215,882		\$ 1,970	\$ 4,818	\$ 213,034	\$ 24,597	\$ 750	\$ 311	\$ 148,933	\$ 2,850	\$ 1,314	\$ 89,459		
2007	73,538		152	6,411	67,279	6,962	264	2,847	28,471	5,233		44,218		
2006	28,545			5,960	22,585	1,021	4,160	988	6,169	2,800		18,764		
2005	12,564			631	11,933	1,760		549	4,995	4,163		5,084		
2004	2,582				2,582			411	411	789		1,793		
2003	924				924	71		1,701	1,878			818		
2002	881				881	76		671	804	56		768		
2001	184				184	101		316	484			117		
2000					-			-	-			-		
1999					-			652	652			-		
1998					-			1,221	1,221			-		
1997	699				699			1,401	1,401			699		
1996					-			335	335			-		
1995					-			333	333			-		
		\$ 335,799	\$ 10,538,575	\$ 16,560	\$ 10,830,132	\$ 10,430,770	\$ 75,408	\$ 1,122	\$ 11,736	\$ 10,519,036	\$ 17,536	\$ 7,121	\$ 6,682	\$ 395,629

See Accountants Report

**Town of Salem, Connecticut
Statement of Changes in Fund Balance
Capital Non-Recurring Fund
For the Year Ended June 30, 2011**

	Beginning Balance	New Appropriations	Subsequent Changes		Additions (Revenues Posted)	Reductions (Expenditures Posted)	General Fund Undesignated Fund Balance	Ending Balance	Eliminating Deficit Balances Per GASB 54	Reported Fund Balance
			Additional Appropriation	Transfer In (Transfer out)						
Committed fund balance:										
Salem Fire Co										
SVFC Ladder Truck	-	226,840	-	-	-	(225,950)	(890)	-	-	-
Fire Fighting Gear	-	20,870	-	-	-	(20,869)	(1)	-	-	-
SCBA	-	46,578	-	-	-	(46,578)	-	-	-	-
	-	294,288	-	-	-	(293,397)	(891)	-	-	-
General Government										
Town Center Roof	-	34,892	-	-	-	(4,200)	-	30,692	-	30,692
Parking Lot Rehab	-	20,000	-	-	-	(7,958)	-	12,042	-	12,042
Alarm/Monitoring System TOB	12,000	-	-	-	-	-	-	12,000	-	12,000
ARRA Grant	36,878	-	-	-	-	(31,400)	(5,478)	-	-	-
	48,878	54,892	-	-	-	(43,558)	(5,478)	54,734	-	54,734
Public Works										
10/11 Highway Rehab	-	270,000	-	-	-	(238,546)	-	31,454	-	31,454
Lawn Mower	14,000	-	-	-	-	-	-	14,000	-	14,000
GIS Stick	-	-	9,122	-	-	-	-	9,122	-	9,122
Field Maintenance Equipment	3,425	-	-	-	-	-	-	3,425	-	3,425
Salt Shed Roof	-	12,900	-	-	-	(12,150)	(750)	-	-	-
09/10 Highway Rehab	112,589	-	-	-	-	(112,589)	-	-	-	-
Public Works Dump Truck	-	29,802	-	-	-	(29,802)	-	-	-	-
Computerized Sander	-	25,875	-	-	-	(25,875)	-	-	-	-
	130,014	338,577	9,122	-	-	(418,962)	(750)	58,001	-	58,001
Sanitation and Landfill										
Transfer Station	11,992	-	-	-	-	(10,869)	-	1,123	-	1,123
Recreation Commission										
Recreation Field Upgrades	-	12,000	-	-	-	(1,231)	-	10,769	-	10,769
Multi-Purpose Path	18,195	-	-	-	-	(8,320)	-	9,875	-	9,875
PRK Lot Exp/Babe Ruth FLD	4,500	-	-	-	-	-	-	4,500	-	4,500
Softball Conversion	1,960	-	-	-	-	-	-	1,960	-	1,960
Rec Com Snack Stand	1,954	-	-	-	-	-	-	1,954	-	1,954
	26,609	12,000	-	-	-	(9,551)	-	29,058	-	29,058
Building Committee										
Building Committee	4,233	-	25,000	(3,597)	-	(25,636)	-	-	-	-
	4,233	-	25,000	(3,597)	-	(25,636)	-	-	-	-
Education										
Tile Repair	15,244	-	-	-	-	-	-	15,244	-	15,244
Bathroom Repairs	7,500	-	-	-	-	-	-	7,500	-	7,500
Replace Exterior Door	6,393	-	-	-	-	-	-	6,393	-	6,393
Replace Classroom Doors	5,000	-	-	-	-	(4,825)	(175)	-	-	-
Oil Tank Encapsulation	3,080	-	-	-	-	-	-	3,080	-	3,080
Sheetrock Repair	2,550	-	-	-	-	-	-	2,550	-	2,550
New Walls	3,782	-	-	-	-	(2,540)	-	1,242	-	1,242
School Network Repairs	-	72,794	-	-	-	(72,775)	(19)	-	-	-
Building Committee Post Ref	-	-	2,353	3,597	-	(5,950)	-	-	-	-
Replace Sec Lighting	(252)	-	-	-	-	-	-	(252)	252	-
	43,297	72,794	2,353	3,597	-	(86,090)	(194)	35,757	252	36,009
Total Committed Fund Balance	265,023	772,551	36,475	-	-	(888,063)	(7,313)	178,673	252	178,925
Assigned Fund Balance	149,891	-	-	-	219	-	-	150,110	(252)	149,858
Total Fund Balance	\$ 414,914	\$ 772,551	\$ 36,475	\$ -	\$ 219	\$(888,063)	\$(7,313)	\$ 328,783	\$ -	\$ 328,783

See Accountants' Report



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CERTIFIED PUBLIC ACCOUNTANTS + ADVISORS

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards

Board of Finance
Town of Salem, Connecticut
Salem, Connecticut

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Town of Salem, Connecticut as of and for the year ended June 30, 2011 and have issued our report thereon dated December 05, 2011. 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.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Town of Salem, Connecticut's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Salem, Connecticut's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town of Salem, Connecticut's internal control over financial reporting.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items MW-11-1, MW-09-2, MW-09-3 and MW-09-4 to be material weaknesses.

Government Auditing Standards Report (Continued)

Compliance and Other Matters

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

The Town of Salem, Connecticut's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the Town of Salem, Connecticut's response and, accordingly, we express no opinion on it.

This report is intended for the information and use of the management, Board of Finance, others within the Town of Salem, Connecticut, and federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Marien + Company

December 05, 2011



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CERTIFIED PUBLIC ACCOUNTANTS + ADVISORS

Report on Compliance With Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance With the State Single Audit Act, and on the Schedule of Expenditures of State Financial Assistance

Board of Finance
Town of Salem, Connecticut
Salem, Connecticut

Compliance

We have audited the Town of Salem, Connecticut's compliance with the types of compliance requirements described in the *Office of Policy and Management Compliance Supplement* that could have a direct and material effect on each of the Town of Salem, Connecticut's major state programs for the year ended June 30, 2011. The major state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major state programs is the responsibility of the Town of Salem, Connecticut's management. Our responsibility is to express an opinion on the Town of Salem, Connecticut's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the State Single Audit Act (C.G.S. Sections 4-230 to 4-236). Those standards and the State Single Audit Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the Town of Salem, Connecticut's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Town of Salem, Connecticut's compliance with those requirements.

In our opinion, the Town of Salem, Connecticut complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2011.

State Single Audit Report (Continued)

Internal Control over Compliance

Management of the Town of Salem, Connecticut is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to state programs. In planning and performing our audit, we considered the Town of Salem, Connecticut's internal control over compliance with requirements that could have a direct and material effect on a major state program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with the State Single Audit Act, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town of Salem, Connecticut's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, in a timely manner.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

Schedule of Expenditures of State Financial Assistance

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Salem, Connecticut as of and for the year ended June 30, 2011, and have issued our report thereon dated December 05, 2011. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the Town of Salem, Connecticut's basic financial statements. The accompanying schedule of expenditures of state financial assistance is presented for purposes of additional analysis as required by the State Single Audit Act and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

State Single Audit Report (Continued)

This report is intended solely for the information and use of the management, Board of Finance, others within the entity, the Office of Policy and Management, and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Marien + Company

December 05, 2011

Town of Salem, Connecticut
Schedule of Expenditures of State Financial Assistance
For the Year Ended June 30, 2011

State Program Pass-Through Grantor Program Title	State Grant Program Core-CT Number	Expenditures
Connecticut State Library		
State Aid to Public Libraries	11000-CSL66051-17003	\$ 2,560
Connecticard	11000-CSL66051-17010	1,948
Historic Documents Preservation Grants	12060-CSL66094-35150	3,000
Department of Environmental Protection		
Small Town Economic Assistance Program (DEP)	12052-DEP43153-40531	10,869
Boating Temp Receivable	12060-DEP44434-34907	1,652
Environmental Conservation Fund	11000-DEP43153-12491	25
Department of Transportation		
Town Aid Roads - Municipal	12052-DOT57131-43455	-
Town Aid Roads - STO	13033-DOT57131-43459	-
Judicial Department		
Operating Appropriations	34001-JUD95162-40001	1,630
Office of Policy and Management		
Property Tax Relief for Disability Exemption	11000-OPM20600-17011	172
Property Tax Relief for Elderly and Totally Disabled (CB)	11000-OPM20600-17018	18,080
Property Tax Relief for Elderly Homeowners - Freeze	11000-OPM20600-17021	2,000
Property Tax Relief for Veterans	11000-OPM20600-17024	1,272
PILOT for Manufacturing and Commercial Vehicles	11000-OPM20600-17031	3,740
Municipal Video Competition	12060-OPM20600-35362	454
Office of the State Comptroller		
PILOT on State Owned Property	11000-OSC15910-17004	55,582
Department of Education		
Child Nutrition Program (School Lunch State Match)	11000-SDE64370-16211	1,478
Health Foods Initiative	11000-SDE64370-16212	3,221
Adult Education	11000-SDE64370-17030	3,917
Magnet Schools	11000-SDE64370-17057	6,300
Total State Financial Assistance before Exempt Programs		<u>117,899</u>
EXEMPT PROGRAMS		
Department of Education:		
Education Cost Sharing	11000-SDE64370-17041	2,655,504
Public School Transportation	11000-SDE64370-17027	56,979
Special Education - Excess Cost - Student Based	11000-SDE64370-17047	217,740
School Construction Grants - Principal	13009-SDE64370-40901	51,502
Office of the State Comptroller		
Grants to Towns	12009-OSC15910-17005	<u>16,520</u>
Total exempt programs		<u>2,998,245</u>
Total State Financial Assistance		<u><u>\$ 3,116,144</u></u>

See Accountants' Report

Town of Salem, Connecticut
Notes to the Schedule of Expenditures of State Financial Assistance
For the Year Ended June 30, 2011

Various departments and agencies of the State of Connecticut have provided financial assistance to the Town of Salem, Connecticut through grants and other authorizations in accordance with the General Statutes of the State of Connecticut. These financial assistance programs fund several programs including: education, general government, public works, and public safety.

1. Summary of Significant Accounting Policies

The accounting policies of the Town of Salem, Connecticut conform to Generally Accepted Accounting Principles as applicable to governmental entities. The following is a summary of the more significant policies relating to the aforementioned grant programs.

A. Basis of Accounting

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the fiduciary fund financial statements, when applicable. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. 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 government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Certain revenues associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The Schedule of Expenditures of State Financial Assistance, contained in this report, is prepared based on regulations established by the State of Connecticut Office of Policy and Management. In accordance with these regulations (Section 4-236-22), certain grants are not dependent on expenditure activity, and accordingly, are considered to be expended in the fiscal year of receipt. These grant program receipts are reflected in the expenditures column of the Schedule of Expenditures of State Financial Assistance.

**Town of Salem, Connecticut
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2011**

I. Summary of Audit Results

A. Financial Statements:

Type of auditors' report issued: Unqualified
 Internal control over financial reporting:
 • Material weakness(es) identified? Yes No
 • Significant deficiency(ies) identified? Yes None reported
 Noncompliance material to the financial statements noted? Yes No

B. State Financial Assistance:

Internal control over major programs:
 • Material weakness(es) identified? Yes No
 • Significant deficiency(ies) identified? Yes None reported

Type of auditors' report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section 4-236-24 of the Regulations to the State Single Audit Act? Yes No

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

State Grantor and Program	State Core-CT Number	Expenditures
Office of Policy and Management: Property Tax for Elderly and Disabled	11000-OPM20600-17018	\$18,080
Office of the State Comptroller: PILOT on State Owned Property	11000-OSC15910-17004	\$55,582
Dollar threshold used to distinguish between type A and type B programs:		<u>\$100,000</u>

II. Financial Statement Findings:

MW-11-1 – Controls over Bookkeeping Records

Condition: The Town's internal bookkeeping is not providing reliable reports for management. There are variances between reports printed from the same computer program. For example, the cash balance on one report was millions of dollars different from a second report printed at the same time. In addition, the Town is not using a double entry system of accounting for many of the funds. Not all funds are producing reports for management. Not all transactions are being captured in the accounting system.

**Town of Salem, Connecticut
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2011**

Recommendation: The Town needs a reliable bookkeeping system that is balanced on a monthly basis. Accurate financial reports for each fund, consisting of at least a balance sheet and income statement, must be provided to management on a timely basis.

Managements Response: The financial records will be converted to a more reliable accounting package. An outside consultant has been hired to balance the reports at the end of each month and coordinate the accounting process.

MW-09-2 – Controls over the Period-End Financial Reporting Process

Condition: The audit identified material adjustments to the Town of Salem, Connecticut's internally prepared financial reporting. Although these have been subsequently corrected by management, the internal reports presented and used for management decisions were materially misstated.

Recommendation: We recommend that the management of the Town of Salem, Connecticut review the adjustments that have been proposed by the auditor. This should be a good indication of where controls need to be improved. Additionally, the Town of Salem, Connecticut should consider developing specific preparation and review procedures, required documentation and checklists to review their internally prepared financial reports prior to their release.

Management's Response: The Town of Salem, Connecticut will include internal controls and checklists over financial reporting to their accounting manual. In addition, the Town of Salem, Connecticut will review additional training opportunities for the accounting personnel to help them understand why the material adjustments were made to the internally prepared financial statements.

MW-09-3 – Entity Level Controls

Condition: Internal controls are a coordinated set of policies and procedures that management uses to achieve their objectives and meet their fundamental responsibilities for effectiveness, efficiency, compliance and financial reporting. The literature recognizes five sections of internal control published by the Committee of Sponsoring Organizations of the Treadway Commission (COSO Report) in Internal Control – Integrated Framework. These five interrelated components include:

- *Control Environment* – A favorable control environment exists when management is knowledgeable about controls (entity wide and specific), is committed to establishing controls and communicates its support for internal controls to all individuals involved.
- *Risk Assessment* – This involves management's continual identification and assessment of the potential risks that might prevent management from fulfilling its responsibilities and achieving its objectives.

**Town of Salem, Connecticut
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2011**

- *Information and Communication Systems* – These are the systems used to assure that appropriate individuals have timely and accurate information to carry out their responsibilities.
- *Control Activities* – These are management’s response to the risks identified. These are the specific policies and procedures that are put in place to alert management of undesired actions in a timely manner.
- *Monitoring* – There is a responsibility of management to follow up on the controls that have been put in place to assure that they continue to function and function properly, effectively and efficiently.

The Town of Salem, Connecticut does not have a framework established to deal with each of the interrelated entity level controls over and above the specific control policies and procedures that have been developed.

Recommendation: We recommend that as part of developing an accounting manual, the Town of Salem, Connecticut consider the entity wide controls as discussed above.

Management’s Response: The Town of Salem, Connecticut will assign a committee to work on developing the necessary entity wide controls.

MW-09-4 - Segregation of Duties

Condition: The Town of Salem, Connecticut does not maintain an adequate segregation of duties for proper internal control over the financial transactions in certain areas. Proper internal control relies on the following three aspects of processing transactions being performed by separate individuals: authorizing transactions, custody of assets, and record keeping. This weakness in internal controls could lead to funds being expended in a manner not consistent with the intentions of management. These weaknesses were noted in the following areas:

Treasurer - The Town Treasurer handles cash receipts, prepares and makes deposits, posts cash receipt transactions, and reconciles bank statements. The Treasurer also authorizes, makes, records and reconciles all investment activities.

Tax Collector - The Tax Collector or her assistants prepare and send bills, handle tax collections, prepare and make deposits and post tax receipt transactions.

Recommendation: The Town should review the segregation of duties involved in all the cash receipts functions. The duties of the individuals involved should be analyzed and restructured as necessary to provide for a better system of checks and balances. Once a better system has been devised, it should be written, approved by the Board of Finance and distributed to the individuals involved.

**Town of Salem, Connecticut
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2011**

Management's Response: The Town will review the segregation of duties as part of preparing an overall accounting manual. If a segregation of duties is not possible, other control procedures will be implemented.

III. State Financial Assistance Findings And Questioned Costs

No findings or questioned cost are reported relating to State financial assistance programs.

**Town of Salem, Connecticut
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2011**

MW-09-2 – Controls over the Period-End Financial Reporting Process

Condition: The audit identified material adjustments to the Town of Salem, Connecticut's internally prepared financial reporting. Although these have been subsequently corrected by management, the internal reports presented and used for management decisions were materially misstated.

Current Status: This has been repeated with the same number.

Planned Corrective Action: See the response included in the current year Schedule of Findings and Questioned Costs.

MW-09-3 – Entity Level Controls

Condition: Internal controls are a coordinated set of policies and procedures that management uses to achieve their objectives and meet their fundamental responsibilities for effectiveness, efficiency, compliance and financial reporting. The literature recognizes five sections of internal control published by the Committee of Sponsoring Organizations of the Treadway Commission (COSO Report) in Internal Control – Integrated Framework.

The Town of Salem, Connecticut does not have a framework established to deal with each of the interrelated entity level controls over and above the specific control policies and procedures that have been developed.

Current Status: This has been repeated with the same number.

Planned Corrective Action: See the response included in the current year Schedule of Findings and Questioned Costs.

MW-09-4 - Segregation of Duties

Condition: The Town of Salem, Connecticut does not maintain an adequate segregation of duties for proper internal control over the financial transactions in certain areas. Proper internal control relies on the following three aspects of processing transactions being performed by separate individuals: authorizing transactions, custody of assets, and record keeping. This weakness in internal controls could lead to funds being expended in a manner not consistent with the intentions of management.

Current Status: This has been repeated with the same number.

Planned Corrective Action: See the response included in the current year Schedule of Findings and Questioned Costs.



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Report on Compliance With Requirements That Could Have a Direct And Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133, and on the Schedule of Expenditures of Federal Financial Assistance

Board of Finance
Town of Salem, Connecticut
Salem, Connecticut

Compliance

We have audited the Town of Salem, Connecticut's compliance of the with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on each of the Town of Salem, Connecticut's major federal programs for the year ended June 30, 2011. The Town of Salem, Connecticut's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements referred to above is the responsibility of the Town of Salem, Connecticut's management. Our responsibility is to express an opinion on the Town of Salem, Connecticut's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town of Salem, Connecticut's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Town of Salem, Connecticut's compliance with those requirements.

In our opinion, the Town of Salem, Connecticut complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2011.

Federal Single Audit Report (Continued)

Internal Control over Compliance

The management of the Town of Salem, Connecticut is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements referred to above. In planning and performing our audit, we considered the Town of Salem, Connecticut's internal control over compliance to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town of Salem, Connecticut's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a compliance requirement will not be prevented, or detected and corrected, on a timely basis.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be deficiencies, significant deficiencies or material weaknesses in the internal control over compliance. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

Schedule of Expenditures of Federal Financial Assistance

We have audited the financial statements of the governmental activities and the business-type activities each major fund, and the aggregate remaining fund information of the Town of Salem, Connecticut, as of and for the year ended June 30, 2011, and have issued our report thereon dated December 05, 2011. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the Town of Salem, Connecticut's basic financial statements. The accompanying Schedule of Expenditures of Federal Financial Assistance is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of management, the Board of Finance, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Marion + Company

December 05, 2011

Town of Salem, Connecticut
 Schedule of Expenditures of Federal Financial Assistance
 For the Year Ended June 30, 2011

Federal grantor/ Pass-Through grantor program title	Federal CFDA Number	Pass- Through Grantor's Number	Expenditures
Department of Education:			
Received Directly:			
Rural Education Achievement Program (REAP)	84.358	Not Applicable	\$ 41,880
Rural Education Achievement Program (REAP)- Carryover	84.358	Not Applicable	19,390
			<u>61,270</u>
Passed through the State of Connecticut:			
Title I - Current	84.010	12060-SDE64370-20679	6,163
Title I - Carryover	84.010	12060-SDE64370-20679	14,291
			<u>20,454</u>
Title II - Part A, Improving Teacher Quality - Current	84.367	12060-SDE64370-20858	7,171
Title II - Part A, Improving Teacher Quality - Carryover	84.367	12060-SDE64370-20858	11,537
			<u>18,708</u>
Title IV - Safe and Drug Free Schools - Carryover	84.186	12060-SDE64370-20873	401
IDEA, Part B, Section 611, Handicapped - Current	84.027	12060-SDE64370-20977	1,960
IDEA, Part B, Section 611, Handicapped - Carryover	84.027	12060-SDE64370-20977	105,336
IDEA, Part B, Section 611, Handicapped - ARRA- Carryover	84.391	12060-SDE64370-29011	6,299
			<u>113,595</u>
IDEA, Part B, Section 619, Preschool - Current	84.173	12060-SDE64370-20983	332
IDEA, Part B, Section 619, Preschool - Carryover	84.173	12060-SDE64370-20983	5,201
IDEA, Part B, Section 619, Preschool - ARRA- Carryover	84.392	12060-SDE64370-29012	1,818
			<u>7,351</u>
American Recovery and Reinvestment Act, SFSF: Education	84.394	12060-SDE64370-29054	442,218
			<u>663,997</u>
Total Department of Education			
Department of Agriculture - Passed through the State of Connecticut:			
National School Lunch	10.555	12060-SDE64370-20560	18,626
Special School Milk	10.556	12060-SDE64370-20500	259
			<u>18,885</u>
Department of Energy - Passed through the State of Connecticut:			
Energy Efficiency & Conservation Block Grant (ARRA)	81.128	12060-OPM20810-29009	31,400
			<u>31,400</u>
Department of Transportation - Passed through the State of Connecticut:			
Highway Planning and Construction	20.205	12062-DOT57191-22108	142
Recreation Trails Program	20.219	12060-DEP44321-20296	4,198
			<u>4,340</u>
Department of Homeland Security - Passed through the State of Connecticut:			
Emergency Management Performance Grant	97.042	12060-EHS99660-21881	3,000
Emergency Management Performance Grant - Supplemental	97.042	12060-EHS99690-21881	62,257
			<u>65,257</u>
Department of the Interior - Passed through the State of Connecticut:			
JAG - ARRA	16.803	12060-OPM20350-29002	2,285
Total Department of the Interior			<u>2,285</u>
Total Federal Financial Assistance			<u>\$ 786,164</u>

See Accountants' Report

Town of Salem, Connecticut
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2011

1. Summary of Significant Accounting Policies

The accounting policies of the Town of Salem, Connecticut conform to Generally Accepted Accounting Principles as applicable to governmental entities. The following is a summary of the more significant policies relating to the aforementioned grant programs.

A. Basis of Accounting

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the fiduciary fund financial statements, when applicable. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. 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 government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Certain revenues associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

B. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Town of Salem, Connecticut and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organization. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

**Town of Salem, Connecticut
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2011**

I. Summary of Audit Results

A. Financial Statements:

Type of auditors' report issued: Unqualified
 Internal control over financial reporting:
 • Material weakness(es) identified? Yes No
 • Significant deficiency(ies) identified? Yes None reported
 Noncompliance material to the financial statements noted? Yes No

B. Federal Financial Assistance:

Internal control over major programs:
 • Material weakness(es) identified? Yes No
 • Significant deficiency(ies) identified? Yes None reported

Type of auditors' report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? Yes No

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

CFDA #: 84.394 Name: American Recovery and Reinvestment Act, SFSF: Education

Threshold used for distinguishing between Type A and Type B programs: \$300,000
 Qualified as a low risk auditee: Yes No

II. Findings and Questioned Costs Related to Financial Statements:

MW-11-1 – Controls over Bookkeeping Records

Condition: The Town's internal bookkeeping is not providing reliable reports for management. There are variances between reports printed from the same computer program. For example, the cash balance on one report was millions of dollars different from a second report printed at the same time. In addition, the Town is not using a double entry system of accounting for many of the funds. Not all funds are producing reports for management. Not all transactions are being captured in the accounting system.

Recommendation: The Town needs a reliable bookkeeping system that is balanced on a monthly basis. Accurate financial reports for each fund, consisting of at least a balance sheet and income statement, must be provided to management on a timely basis.

**Town of Salem, Connecticut
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2011**

Managements Response: The financial records will be converted to a more reliable accounting package. An outside consultant has been hired to balance the reports at the end of each month and coordinate the accounting process.

MW-09-2 – Controls over the Period-End Financial Reporting Process

Condition: The audit identified material adjustments to the Town of Salem, Connecticut's internally prepared financial reporting. Although these have been subsequently corrected by management, the internal reports presented and used for management decisions were materially misstated.

Recommendation: We recommend that the management of the Town of Salem, Connecticut review the adjustments that have been proposed by the auditor. This should be a good indication of where controls need to be improved. Additionally, the Town of Salem, Connecticut should consider developing specific preparation and review procedures, required documentation and checklists to review their internally prepared financial reports prior to their release.

Management's Response: The Town of Salem, Connecticut will include internal controls and checklists over financial reporting to their accounting manual. In addition, the Town of Salem, Connecticut will review additional training opportunities for the accounting personnel to help them understand why the material adjustments were made to the internally prepared financial statements.

MW-09-3 – Entity Level Controls

Condition: Internal controls are a coordinated set of policies and procedures that management uses to achieve their objectives and meet their fundamental responsibilities for effectiveness, efficiency, compliance and financial reporting. The literature recognizes five sections of internal control published by the Committee of Sponsoring Organizations of the Treadway Commission (COSO Report) in Internal Control – Integrated Framework. These five interrelated components include:

- *Control Environment* – A favorable control environment exists when management is knowledgeable about controls (entity wide and specific), is committed to establishing controls and communicates its support for internal controls to all individuals involved.
- *Risk Assessment* – This involves management's continual identification and assessment of the potential risks that might prevent management from fulfilling its responsibilities and achieving its objectives.
- *Information and Communication Systems* – These are the systems used to assure that appropriate individuals have timely and accurate information to carry out their responsibilities.

**Town of Salem, Connecticut
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2011**

- *Control Activities* – These are management’s response to the risks identified. These are the specific policies and procedures that are put in place to alert management of undesired actions in a timely manner.
- *Monitoring* – There is a responsibility of management to follow up on the controls that have been put in place to assure that they continue to function and function properly, effectively and efficiently.

The Town of Salem, Connecticut does not have a framework established to deal with each of the interrelated entity level controls over and above the specific control policies and procedures that have been developed.

Recommendation: We recommend that as part of developing an accounting manual, the Town of Salem, Connecticut consider the entity wide controls as discussed above.

Management’s Response: The Town of Salem, Connecticut will assign a committee to work on developing the necessary entity wide controls.

MW-09-4 - Segregation of Duties

Condition: The Town of Salem, Connecticut does not maintain an adequate segregation of duties for proper internal control over the financial transactions in certain areas. Proper internal control relies on the following three aspects of processing transactions being performed by separate individuals: authorizing transactions, custody of assets, and record keeping. This weakness in internal controls could lead to funds being expended in a manner not consistent with the intentions of management. These weaknesses were noted in the following areas:

Treasurer - The Town Treasurer handles cash receipts, prepares and makes deposits, posts cash receipt transactions, and reconciles bank statements. The Treasurer also authorizes, makes, records and reconciles all investment activities.

Tax Collector - The Tax Collector or her assistants prepare and send bills, handle tax collections, prepare and make deposits and post tax receipt transactions.

Recommendation: The Town should review the segregation of duties involved in all the cash receipts functions. The duties of the individuals involved should be analyzed and restructured as necessary to provide for a better system of checks and balances. Once a better system has been devised, it should be written, approved by the Board of Finance and distributed to the individuals involved.

Management’s Response: The Town will review the segregation of duties as part of preparing an overall accounting manual. If a segregation of duties is not possible, other control procedures will be implemented.

**Town of Salem, Connecticut
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2011**

III. Federal Financial Assistance Findings And Questioned Costs

No findings or questioned cost are reported relating to Federal financial assistance programs.

The First Town Meeting in the Town of Salem, Connecticut

*At a Town Meeting held at the Presbyterian Meeting House in Salem
on the 15th Day June 1819 the third Tuesday*

Warning

The Inhabitants living within the antient limits of the Society of New Salem that are legal Voters are hereby warned to meet at the Presbyterian Meeting House in (the) T Society on the Third Tuesday of June 1819 for the purpose of Organizing them Selves into a Town by Choosing all the officers required by Law to be chosen in other Towns in this State Agreeable to the Directions in a Bill in form of the General Assembly of this State at their Session at Hartford in May 1819 Upon the petition of (the) T Inhabitants to (the) T Assembly praying to be Incorporated into a Town.

Mumford Dolbeare, Moderator

*Dated at Salem this
28th Day of May 1819*

Mumford Dolbeare Esq-Moderator Appointed by the General Assembly At T (the) meeting, Elijah Treadway was Chosen Clerk

*Voted Henry Perkins Esq.
Joseph Morgan Esq.
George Minard
Seth Lathrop Esq.
And Daniel Jones*

Select Men

*Voted that John Billings be Treasurer
Voted that Mark Dodge be Head Constable*

*Voted Amasa Rathbun
Charles Tiffany
And Avery Morgan*

Constables

*Voted that Schubel Parks Amasa Rathbun Avery Morgan Charlot Chapel Joseph Powrs Thomas
Bradford Russel Williams Seth Tiffany Mark Dodge and Christopher Minard be Surveyors*

Voted that David Patten be Surveyor

Voted that Thomas Bradford Elijah Loomis John Billings John S Ransom and David Patten be Listers

Voted that Gurdon Hamilton and Hallam Latimore be Fence Viewers

Voted Samuel Holmes be Leather Sealer

Voted Thomas Miller Joseph Powrs and Ebenezer Tiffany be Grand Jurors

Voted Joshua Pratt be Sealer of Weights and Measures

Voted Asa Rathbun and Guy Loomis be Tything men

*Voted George Minard John Billings Seth Tiffany and Avery Morgan be Pound keepers and
furnish pound*

Voted the fence viewers move Encroachments off the Highway

*Voted Joseph Hilliard, William Fitch, William Hamman, Ephraim D. Woolf and Christopher Minard be Haywards**

Voted that the Town Clerk Keep Records so far as Respects Town business and Charge no fee.

Vote that the Select Men Charge no pay for time or Horse ride

Voted that this meeting be Dissolved

Attest Elijah Treadway Reg.

the town common

**An officer formerly charged with the repair of cattle fences and the retention of cattle in*

