

2012-
2013

ANNUAL REPORT OF THE TOWN
OF SALEM, CONNECTICUT



2012-2013

In Dedication

Salvatore Thomas Crisanti

February 24, 1946 – August 16, 2012



Salvatore (Sal) Crisanti, a long-time resident of Salem was born to serve and help others. He joined the U.S. Navy as a 17 year old, and proudly served for over 20 years. Sal and his wife Patricia and their three children moved to Salem in 1983. Sal joined the Salem Fire Department and served as Fire Police Captain and Medical Response Technician. He also served on the Salem Fire Department Board of Directors for many years. Sal was a long-time member of the Salem Democratic Town Committee, and spent 12 years serving on the Zoning Board of Appeals and the Board of Assessment Appeals. Away from town, Sal was an Usher at the Lady of the Lakes Church and became a lay-minister to help with communion to the sick and bed ridden. Sal was a member of the Knights of Columbus and was recognized as a Salem Unsung Hero in 2010.

ANNUAL REPORT

OF THE OFFICERS OF THE

TOWN OF SALEM



AND

**Audit of Town Records
From July 1, 2012
to June 30, 2013**

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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 AM
Thursday	8:30 AM to 11:00 AM 5:00 PM to 7:00 PM
Friday-Sunday	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 or go to www.salemct.gov 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:

Monday-Wednesday	12:00 PM-7:30 PM
Thursday	10:00 AM to 7:30 PM
Friday	10:00 AM to 7:00 PM
Saturday (Sept-June)	10:00 AM to 4:00 PM
Saturdays (July-August)	10:00 AM to 2:00 PM

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 2012/2013. 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 2012/2013.

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)	Kathryn L. Bellandese, <i>Deputy</i>
Georgia Pech (R - 2014)	Doris Burr, <i>Deputy</i>

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 Alt. (2017)
Gregory M. Preston (2013)
Thomas Butcher (2017)

Board Of Education

Stephen Buck, *Chairperson* (2013)
Dinis Pimentel, *Vice Chairperson* (2015)
Pamela Munro, *Secretary* (2013)
Linda Robson, *Treasurer* (2013)

George Jackson (2017) Margaret Caron (2017)
Monica Lord McIntyre (2015) Mary Ann Pudimat (2017)
Robert Green (2015)

Planning And Zoning Commission

Richard Amato, *Chairman* (2015)
Ruth Savalle *Vice Chairman* (2013)

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

Zoning Board Of Appeals

Michael Mullin, *Chairperson* (2015)

Michael Jensen (2017) Kathryn L. Bellandese (2013)
John Bernier (2013) Bernard Ferrara (2013)
Gale Balavender, Alt. (2013) Sandra K. Kozlowski, Alt. (2015)
Becky Nortz Alt. (2013)

Library Board Of Trustees

Len Giambra, *Chairperson* (2017)

Mary Ann Casciano (2017) Sharon Sanders (2015)
Michelle Guertin (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 (2018), *Chairman*

William (Eric) Belt (2017)
Linda S. Wildrick (2014)
William Leuck (2014)
Roger Phillips (2018)
Maryann Chinatti, WEO
Candice Palmer, WEO

Edward Natoli, Jr., (2018)
Diba A. Khan-Bureau (2016)
Gale J. Balavender, Alt. (2014)
Frank Abetti, Alt (2018)
Vacancy, Alt

Civil Preparedness

Donald W. Bourdeau, Jr. *Director*

Ed Shafer
Ralph Boles
Brian Cinea

Chip Weston
Sue Spang
Roman Kachorowsky

Recreation Commission

Susan Spang, *Chairperson* (2016)

James W. Burke (2015)
Alfonso N. Giansanti (2014)
David Kennedy (2015)
Tim Allen (2017)
Vanessa Bunnell (2017)

Pam Henry (2017)
Robert Appleby (2014)
Peter Lee (2017)
Rich Cirillo (2017)

Economic Development Commission

Frank Sroka, *Chairperson* (2018)

Vincent A. Howe, Jr.(2017)
Jennifer Lee, Alt (2015)
William Spang (2018)
Vacancy , Alt

Ada Vaill (2017)
Nicole Gadbois (2016)
Vacancy

Fire Police

Brian Cinea, *Captain*

Mark Dickson,
Rachel Gallagher
Sean Obrien,
Roman Kachorowsky
Warren Wright

Vicky Haynes,
Marcella Maiorano
Jen Oloski,
Kyle Burke

Southeastern Connecticut Council of Governments

Kevin Lyden Robert Ross, Alt.

Salem Green Cemetery

Catherine Teel, *President*
Carol Vasquez, *Treasurer*
Helen Woronik, *Secretary & Historian*
Pastor Tim Dubeau, *Sexton*
Michael Teel, *Assistant Sexton*

Gertrude Miller
Charlene Clancy

Evelyn Cunningham
Nancy Dytko

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	Sue Spang
Agent for the Elderly	Sue Spang
Animal Control Officer	William Paul
Assessor	Barbara Perry
Assistant Assessor	Nicole Gadbois, Michael Kapinos
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, Dave Wordell
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	Joseph Onofrio II
Town Planner	MaryAnn Chinatti, Richard Serra
Tree Warden	Donald Bourdeau Jr.
Zoning and Wetlands Enforcement Officer	MaryAnn Chinatti, Candice Palmer

TOWN REPORTS

FIRST SELECTMAN REPORT

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

Due to 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, \$206,125 to the Town's General Fund.

The \$6.2 million school renovation is proceeding on schedule and within budget. The project includes roofing and insulation, boiler replacement, window replacement, electrical upgrades, HVAC upgrades, as well as remodeling of bathrooms and ADA compliance.

The roundabout at Salem Four Corners is substantially complete. Additional landscaping and signage will continue throughout the next few months. This aesthetically pleasing safety upgrade also serves as an economic boost to our town's business center.

With the addition of the Harris Brook Commons, our business center has an additional 12,000 sq.ft. of new retail space, 5000 sq.ft. of office space and 10 new one bedroom apartments.

Our Community Pavilion and park have been well received. We have held successful Farmers Markets, Community Events, and many private parties at the Pavilion. Several residents have commented they enjoy the use of another park in our community.

The solar panels we received through a lease /grant have saved the Town of Salem approximately \$10,000 on electric over the past year.

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

Respectfully Submitted

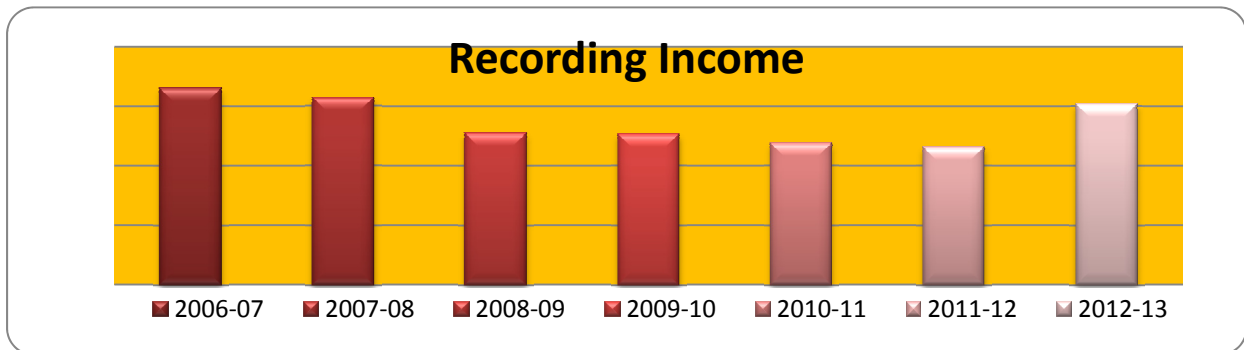
Kevin Lyden
First Selectman

Town Clerk's 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 2012 – 2013.

		<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	\$30,378.00	\$2,216.00	\$39,888.00	\$1,108.00	\$1,108.00	\$3,324.00
Maps Recorded	\$ 130.00					
Conveyance Taxes	\$42,272.35		\$124,698.28			
Copies	\$ 6,094.50					
Map Copies	\$ 635.50					
Sports Licenses (No longer sell effective January 2009)						
Miscellaneous	\$308.00					
TOTAL	\$79,818.35					

Upon comparing receipts for the fiscal years 2011-2012 and 2012-2013, there was an **overall increase** in the amount of **\$15,013.00** for this past year. The largest increase was in Conveyance Taxes (\$7664.50) followed by Recordings (\$7297.00), and Copies (\$191.50). Maps Recorded were decreased (\$20.00), Map Copies were lower (\$33.50) as well as Miscellaneous (\$86.50). Receipts have started a slow recovery from previous years as the chart below indicates. Unfortunately the foreclosure rate has also increased this past year. Salem saw very few foreclosures in previous years as compared to this fiscal year.



Patricia J. Crisanti and Linda Flugrad
Salem Town Clerk Asst. Town Clerk

Grant Fund Report

The 2012-2013 State Preservation Grant this year was used for the category of **Organization and Indexing**. The amount of the grant for our town was increased to \$4000.00 by the CT State Library. This money was intended to continue and complete the scanning and microfilming of the pages of our land record volumes, to insure that at any given time we would be able to replicate pages or whole volumes in the event of a disaster. We had volumes 32 through 1 (which is the very first volume from our town's incorporation date of 1819) scanned and microfilmed. We will also have Tiff images on CD's as a further back-up. The grant money has made saving our records much easier.

Patricia J. Crisanti, Town Clerk
Linda Flugrad, Asst. Town Clerk

Town Meetings

Special Town Meeting
Salem Town Hall
270 Hartford Road
Salem, CT
September 20, 2012

Meeting called to order at 7:00 p.m. by First Selectman, Kevin T. Lyden.

M/S/C (Peter Sielman/Hugh McKenney) Motion made and seconded to nominate John Butts, Town Attorney, as Moderator of the Meeting.

John appointed the clerk of the Meeting, Patricia Crisanti, Salem Town Clerk. 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.

M/S/C (Lewis Buckley/Peter Sielman) John asked if someone would make a motion to accept Carvalho Drive as a town road. John asked the First Selectman if he could give any additional information such as where Carvalho Drive is located. Kevin stated, "Carvalho Drive is a small dead-end road located just off Buckley Road, which heads into Colchester. Part is in Colchester and part is in Salem. It has been completed and we do have a maintenance Bond, as recommended in the amount of \$14,300.00 which we will hold for another year.

Attorney Butts asked if there were any questions or comments.

Question: Peter Sielman: Are there any houses on the Salem Portion of the Drive? Answer: There is one existing home.

Question: Bill Martin: "Has the road been inspected? Answer: John stated, "It is in full compliance with Planning and Zoning and the road ordinance."

John periodically checks his laptop to make sure that no one from home has checked in to the meeting and/or has any questions. There were none that he found. (Virtual Town Meeting was video-taped)

Question: Bill Martin asked if there was an agreement between towns as to who will plow it and who maintains it? Colchester will plow their side and the Town of Salem will maintain their side, Don Bourdeau answered.

John than asked for a voice vote to approve or disapprove acceptance of Carvalho Drive as a town road. The Ayes" have it. The road was accepted as a town road.

John lastly asked, " if there was any further business to come before the meeting this evening." No other business was brought forward.

M/S/C (Leeland Cole-Chu/Robyn McKenney) John asked for a Motion to adjourn the town meeting. So it was moved, and adjourned.

Meeting adjourned at 7:07 p.m.

Respectfully submitted,

Patricia J. Crisanti, Salem Town Clerk

TOWN OF SALEM
SPECIAL TOWN MEETING
Salem School
200 Hartford Road
November 28, 2012

Meeting called to order at 7:02 P.M. by Kevin T. Lyden, First Selectman.

M/S/C (Kevin Lyden/Peter Sielman) Motion made and seconded to nominate John Butts, Moderator of this meeting.

John appointed the clerk of the meeting, Patricia Crisanti, Salem Town Clerk. 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.

M/S/C (Kevin Lyden/Peter Sielman) Motion made by Kevin Lyden, “ I move that the Town purchase the real property known as 228 and 230 Hartford Road, Salem, CT, and that the Town appropriate and authorize the expenditure of \$450,000.00 for that purpose. “

Kevin proceeded to go through the copy of the slide presentation page by page and requesting that all questions or comments be held until after the presentation.

“This piece of property would connect or unite the Salem School Property, The Town Offices and The Round Hill Road Recreation Complex. The property has approximately 15 acres which already has 5 buildings with a combined storage area of 15,162 square feet. It also has two houses right off Hartford Road. The property has been unavailable for over 90 years. The owner had wanted to sell in 2010 for one million dollars. The current assessment of the property is \$906,800. The option to purchase the property is for \$450,000. The Salem Historic District was established in 1980. This property is right in the heart of the district, located between Round Hill Road and Music Vale Road. The plan of Conservation and Development has to come up with a plan every 10 years. In 2002 and 2010 Salem residents consistently stated they wanted and valued an attractive Town Center area. Salem Residents endorsed creating a Town Center zone. Other reasons for purchasing this land would be an additional walking path from school to the Round Hill Recreation complex. There would be available space for the Community Garden, a small park and/or a picnic area. There has consistently been a lack of storage for the following departments, namely, Town Government – Public Works vehicles, the Board of Education, the Library, Recreational and also Emergency Services. Other reasons for why we should purchase this property are because it already has storage buildings in good order. If the town was to build these same buildings today, it would cost roughly \$628,590. Future uses for the two houses on Hartford Road could be leased out to business with a proper community fit. They could be sold off to a business or individuals with deed restrictions to keep required visual integrity of our Historic District. The option to purchase the property is \$450,000. There are taxes owed to the town in the amount of \$70,000. The LOCIP grant would cover \$106,000 of the total cost remaining. **LOCIP is the Local Town Community Improvement Plan.**” Kevin then again reviewed the benefits to the town if the property is purchased. “The purchase of the property will unite our Town properties. It will eliminate an eyesore in the heart of our Historic District. It will fulfill the desire of the town residents as mentioned in the Plan of Conservation and Development. It will create much needed current and future storage as shown by our MLUP. It will allow for a path from the School to the Round Hill Road Recreation Complex as well as provide space in our Town Center for the Community Garden and Picnic area. It will provide potential income from sale or lease of buildings on Hartford Road and help to make Salem a more vibrant community.”

Kevin than asked the residents if there were any questions:

Sally Snyder wanted to know if there had been a study done to evaluate additional work that would be required on old buildings or anywhere on the property? Kevin stated that there had been a Phase I Environmental Study, and that Phase 2 is in the works. There has been \$50,000 set in escrow for any additional expenses that may occur.

Georgia Pech wanted to know what shape the storage buildings are in? There is one block building with a concrete floor. Most buildings are at least 28 years old. One building is a wood frame. They require no maintenance at this time.

George Householder asked, “The POCD is trying to get more commercialization for Salem. What commercial uses does the POCD suggest that can be placed here?” Kevin stated, “It would be ideal for a Lawyer or Doctor to purchase and then the town would have more tax and income coming in.”

Richard Chyinski asked, “Has the outside of the yellow house been worked on? It looks like it needs a lot of work.” He also asked if any of the property had wetlands on it. Kevin said, “The old canvas outside on front needs to be removed or attached more securely. An estimate would be roughly 25% of the total land is wetlands.”

Kim Bingham was thrilled to hear about the clean-up that would be taking place if the property was bought. Kevin added that the Zemko property has adequate space for a bigger Community Garden.

Phil Teixeira asked, “What the plans of use will be for the buildings. Who will do the work? Who will be responsible for taking care of the buildings?” Kevin stated that they could possibly have a committee to determine what needs to be done, but ultimately Kevin will probably be in charge at first. “A business plan is being developed,” he stated.

Eric Wendel wondered about the taxes that were subtracted on the cost page. He felt it should not be minused because ultimately the town would have to pay that \$70,000. He was also curious if any hazardous materials had been found on the property. Kevin again stated, “There was no pressure treated wood created there. There were several barrels but did not contain anything hazardous.”

Matthew Darling wanted to know if the tax rate was going to increase. The Board of Finance handles getting the financing and setting that part up. Kevin deferred to **Bill Weinschenker**, a member of that board. Bill stated that it could raise taxes by 1 mill in a year, not 1 mill over several years.

Dave (Missed last name) Who funds the LOCIP Grants? Could the grant funds disappear? Is there heat in the big barn? Kevin stated that the State issues the grants. The money is guaranteed. There is \$34,000 that is being held back until March.

Joe Duncan asked, “If 5 years from now nothing moves into the buildings, where will that leave the town?” He thinks the town has greatly underestimated how much work and money will go into the building just for mowing the grass and making the building presentable. Kevin still believes that the town will make its money back if we are lucky enough to have a lawyer or doctor purchase the property.

Dr. David Bingham wanted to know if there had been any indications about this lot being a non-conforming lot. Would it be grandfathered in or could it be used as a rental property or for storage?

John Butts wanted to make sure that anyone who had wanted to ask questions or speak had had the opportunity to do so before giving the floor to someone who has already had the opportunity to talk.

Sally Snyder: Sally wanted to know how many options there were to buy the property and why there was difficulty in selling it. There must have been something unattractive about it. Also, why you couldn’t purchase the conservation easement at the rear of the parcel. Kevin stated that the property was for sale for \$799,000.00. The town is in a unique position at this time to be able to purchase this same property for \$450,000.00.

Paul Robillard asked “There seems to be more interest in the purchasing price, but how can or will the town pay for this other than using taxes?” Kevin stated, “The Town Meeting okays the purchase and the Board of Finance pays for the purchase.”

Bill Weinschenker – “Grants are usually used to pay for a lot of the expenditures of the town. They can be for specific capitol improvements or a variety of items. This LOCIP grant can be used for any capitol improvements that the town wants to use it for, however, the short answer here is that taxes have to also be used to pay for the purchase.”

Janet Griggs asked if some money can be taken from the foreclosure of Salem Country Gardens and off-set any tax increase? Kevin explained, “That is a Board of Finance Decision. What Janet is elluding to is that due to the foreclosure, the Town should be receiving approximately \$200,000.00 in past due taxes and penalties.

Johanna Davis stated that she would like to see the town buy the property.

Georgia Pech asked , “I would like to ask **Bill Weinschenker** what the current balance of the undesignated funds account is and if that could be used as a source of funding for this purchase.” Bill answered, “At last check it was 1.3 Million, which is an amount recommended by our auditors.”

It was asked by an individual who did not state his name, if anyone new the number of businesses at the four corners which are presently setting empty now, and why someone would want their business where there is less traffic going by?

Dave Kennedy asked if it was correct that the Town’s General Government gave back \$193,000 and the Board of Education gave back \$158,000 from their fiscal budgets? Kevin stated that it was correct.

Don Bourdeau stated that the Town and Public Works Dept. has been looking for more storage for sometime. Public works has no place to expand.

T. J. Butcher – (Current BOF member) The Town of Salem keeps money in accounts for emergencies. At this point the Town has low debt but we have a high Undesignated Fund balance. Towns are rated by lending companies by their fund balances and that determines what type of interest rate the town will pay if it borrows money for expenditures. The Town is financially sound at this time. In my opinion I believe this would be a really good purchase with sound planning. I think it's worth it.

Diane Robillard stated that with the economy the way it is, it would be wise to try and keep taxes down. If there are other sources for financing this property, we should pursue them. It sounds like there are other funds available for this purchase.

Matthew Darling added that he would like to see the purchase happen, but that he is disappointed that the cash basis was not more defined.

John Butts asked, after a brief silence, if there was anyone else who would like to speak. No more questions followed. John stated that because of the amount, this meeting cannot approve this purchase tonight. Instead we will take a vote to adjourn this meeting to a vote by paper ballot at a referendum set by the Selectmen for next Wednesday (December 5, 2012) at the Town Hall between the hours of 6:00 a.m. and 8:00 p.m. Procedurally we ask for a motion to adjourn and then ask for a second on the motion. There are 6 persons viewing by way of the website, three of which are entitled to vote. As soon as Mr. Lyden makes the motion and it is seconded, I will give them sixty seconds to do their vote.

M/S/C (Kevin Lyden/Peter Sielman): "I move that the vote on this item be adjourned to a referendum vote by paper ballot, to be held at the Salem Town Office Building, 270 Hartford Road, Salem, CT on Wednesday, December 5, 2012 between the hours of 6:00 AM and 8:00 PM."

Attorney John Butts then asked for a voice vote. The Ayes have it with a few "No's" being sounded. Meeting was adjourned to referendum.

Motion to adjourn meeting at 7:59 PM made by Peter Sielman. Unanimously approved by "Ayes."

Respectfully submitted,

Patricia J. Crisanti, Town Clerk

Annual Budget Town Meeting
Salem School
200 Hartford Road
Salem, CT
May 1, 2013

"As your First Selectman, per section 4.05 Paragraph B of the Salem Town Charter, I call this Annual Town Meeting to order at 7:10 p.m." stated by Kevin T. Lyden, First Selectman.

M/S/C (Peter Sielman/T. J. Butcher) Kevin stated, "A Moderator shall be elected and all business conducted pursuant to Robert's Rules of Order, as revised. At this time I will accept the nomination of a Moderator of the meeting. Judge Leeland Cole-Chu was chosen as Moderator.

The Town Clerk, Patricia Crisanti was appointed as clerk of the meeting by Judge Cole-Chu.

The clerk read the Warning and Notice of the Annual Town Meeting and noted that both had been duly posted and published in the Legal Section of **The Day**, a newspaper having a general circulation in the Town of Salem.

Lee stated that "at past Budget Town Meetings, the easiest way to cover the budget would be to go page by page". Everyone was encouraged to ask questions at any time and Janet Griggs carried the microphone to the various speaking residents. Peter Sielman videotaped the meeting and Tony Griggs managed the on-line "Virtual Town Meeting" attendance of voters in town.

Lee stated to the residents at home, "If you are listening to this meeting at home, there are only three options: Registered remote participants may email comments and questions to the Moderator by replying to their received email with "Speak" in the subject line.

The Moderator will select comments to read at the meeting.

When it is time to vote, remote participants will reply either to the "Yes" or "No" email sent to them prior to the meeting. E-mailed votes will be sorted, counted and added to the audience vote for a total count."

M/S/C (Robert Ross/Peter Sielman) *Kevin* presented the motion, "As per Section 10.08, Paragraph C of the Salem Town Charter, I move to approve the 10-Yr. Capital Budget Plan as presented at this Annual Town Meeting, May 1, 2013." Residents were directed to the green pamphlet, page 1. *Don Bourdeau* and *Stephen Buck* spoke briefly about item #5 BOE Site Plan and what it referenced. There were no other questions or comments on the 10-Yr. Capital Plan or motion. *Lee* then asked for a vote on the motion. **By a voice vote, the ayes carried it unanimously.**

Lee continued on through each page of the proposed town budget for 2013-2014 without any questions or comments. Reaching Department 630 for Planning and Zoning Commission, a question was asked about the ZEO Mileage/expenses being reduced, by *Rich Amato*. Per *Bill Weinschenker*, "\$500.00 was put into Dept. 610, Wetlands mileage."

Norman Rabe questioned Dept. 920, Line 994. "Why was money moved from ELHS Debt, school's budget with 6 years remaining?" *Kevin Lyden* explained, "One of the reasons was this was moved last year into our budget. It is common to have the debt moved to the General Government once we finish the building for the school. Even the debt now for the short term interest is carried by the General Government for the school. But this is moved out of the school budget. Now when we did that, we asked for a clear invoice from East Lyme school and they spent several months looking back and what they did was when we had the original agreement, for 20% of the East Lyme High School, which is where our agreement is for paying they did renegotiate those notes a few times yet we didn't realize that decrease until we looked at it and then went back several years. So it is going down about \$6,000 per year. The amount that is in there is for next year. *Bill Weinschenker* might know why it's this amount as opposed to about \$5,000 less. The East Lyme payment is now in two places, Interest on Line 910 (\$39017.00) and Principal Line 920 (\$47689.00). So the Total DEBT SERVICE for the year is the addition of BOTH. *Norm Rabe* also wanted to know if a line item could be removed from the school budget, and if so would that affect the money that is required to allow the towns to be available for grants. Per *Stephen Buck*, that money is not included in the amount required by the State.

Peter Sielman asked his "perennial question", "What is the meaning of the *asterisk for the variance?" *Kevin* jokingly stated that he would have an answer for *Peter* next year.

Joe Onofrio, Superintendent of Salem School, explained the requirements for the education active technology plan (Fund 100 Department 930 Capital Expenditures). Since the technology plan falls in the capital expenditures which is under the General Government budget the school still has to use the purchasing policy of the General Government which will require an RFP process for the technology plan.

Christine Lindo, stated, "I would like to know where the Zemko property comes into this budget?" "Can someone tell me where it is?" Per *Mr. Weinschenker*, "the property was funded and paid for in last year's budget and therefore would no longer be a budget item." The money was initially taken from the undesignated fund budget and will need to be replaced, by a tax increase. The Board of Finance is looking into that currently.

Carl Nawrocki suggested spreading the payback of the Zemko property over a span of a couple of years so its impact will not be so hard. *Bill Weinschenker* stated that a decision still had not been made.

Lee stated that we would next go through the Board of Education budget page by page.

Peter Sielman asked, "What is it that caused such a large change in the amount for Tutors and Aides?"

Per *Stephen Buck*, grant funding is not available in the next year to cover any of these costs. It has to come from somewhere. Therefore, it is left up to the town to pay for any increases.

Diane Weston questioned why there was such a huge increase in unemployment compensation. “Was the increase related to the article that was in The Day newspaper this week?” (See newspaper clipping)

Stephen Buck stated, “that a decision had been made to cut staff hours for 3.4 of the certified staff of the school and the increase is because they will have to fund the increased unemployment compensation for those folks.”

Lee continued through the pages of the BOE budget, asking for comments or questions along the way.

He then asked about revisiting any part of the budgets that were gone through. *Lew Buckley* said that he just had a general question: He was asking about comparison amounts of last year’s budget and the future budget. He was referred to the first page of the BOE budget. Simple comparisons were there.

Lew thought maybe the bus transportation could be reduced. *Stephen Buck* also stated that they had added on a bus in order to make the schedule work efficiently.

George Householder had a question for *Stephen Buck*: “If we took such a big hit on computers and needs last year and this year are we expecting another cut? Next year we will be paying February’s unemployment insurance because we had to let people go. If we take another big cut, that amount could be \$300,000-\$400,000. My other question, is the grant we receive a 1-year or 2-year grant?”

Steve answered, “2-Year” *Steve* further stated, “Unemployment insurance is only for certified staff.”

The second question, “the two-year grant was spent in one year”. *George* asked, “Why not just spend ½ of the grant this year and the other half next year?” *Steve* stated that, “we had to get the SRBI program in place, which meant added staff for added instruction. The State mandates that this program be used. The grant was to help the school comply with the program requirements?” *Steve*, “Yes”.

Lee asked, once again, if anyone had any further questions or comments on any section of the budgets presented. None were brought forth. He stated, “I believe it would be appropriate at this time to move the matter to referendum.”

M/S/C (Bob Ross/Peter Sielman) *Kevin* proceeded, “As per Section 10.07 Paragraph D of the Salem Town Charter, the proposed Town Budget shall be submitted to referendum on May 8, 2013 at Salem Town Hall, 270 Hartford Road, Salem, CT between the hours of 6 a.m. and 8 p.m. as set by the Board of Selectmen.”

Lee asked, lastly if there was any other business to come before the town meeting. There was not.

Motion made by *Bill Weinschenker* to adjourn the town meeting to a referendum. Meeting adjourned at 8:07 p.m. Voice vote was unanimous

Respectfully submitted,

Patricia J. Crisanti
Salem Town Clerk

**OFFICIAL BALLOT
BUDGET REFERENDUM VOTE
SALEM, CONNECTICUT
MAY 8, 2013**

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 \$14,781,081 for the 2013-2014 fiscal year?

166
YES ☒
NO ☐
83

OF VOTERS REGISTERED FOR THIS REFERENDUM - 2759

OF VOTERS VOTING FOR THIS REFERENDUM FOR THE BUDGET - 249

OF ABSENTEE BALLOTS FOR THIS REFERENDUM - 1

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	1/7/2013	1/2/2017
Balavender, Gale J. *	78 Forest Drive	859-2174	R		
Bourdeau, Donald W. Jr. *	345 Old Colchester Road	859-3189	D		
Buckley, Karen H. *	15 Corrina Lane	859-3705	D		
Burr, Elbert *	44 Emerald Glen Lane	887-9510	R		
Butcher, Thomas J. *	248 Norwich Road	859-1012	D		
Butts, Betsy B. *	376 Hartford Road	859-0788	D		
Chmielewski, Edward *	75 Buckley Hill Road	859-3144	R		
Clancy, Charlene E. *	40 Lakeview Drive	859-0339	D		
Diamond, Shirley W. *	249 Darling Road	859-1749	D		
Edwards, Mary J. *	410 West Road	859-0611	D		
Griggs, Janet S. *	122 New London Road	859-2041	D		
Householder, Elizabeth *	383 Forsyth Road	859-3582	R		
Jackson, George *	62 Hilltop Trail	859-0433	R		
Kollman, Mary L. *	390 Darling Road	859-3036	D		
Len, Kristina 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		
Mullin, Michael *	370 Darling Road	859-1283	R		
Munro, Pamela R. *	55 Skyline Drive	859-1803	R		
Nortz, Rebecca A. *	66 Skyline Drive	859-2207	D		
Nortz, Michael F. *	66 Skyline Drive	859-2207	D		
Pech, Georgia M. *	460 Darling Road	859-3112	R		
Petersen, Tamara *	105 Witter Road		D	1/9/2013	
Phillips, Linda F. *	33 Diamond Hill Road	443-4367	R		
Robillard, Paul H. *	178 Old Colchester Road	892-0018	R		
Rowthorn, Anne *	17 Woodland Drive	859-3377	D		
Sabowski, Maryanne *	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		
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		
Ziegra, Roberta M. *	9 Shingle Mill Road	859-0609	D		
Republicans: 12	Democrats: 24	Total: 36			
	Unaffiliated: 0				
(Salem can have a maximum of 213 Justices of the Peace and a minimum of 15)					
The following Justices of the Peace took the Oath of Office and are qualified					
to serve the term from January 07, 2013 to January 02, 2017					

Notary Public

<u>NAME</u>	<u>ADDRESS</u>	<u>TERM</u>	Updated: 07/31/2013	
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		
Baranello, Juli	519 Norwich Road	11/27/2012 - 11/30/2017		
Bennett, Suzanne	223 Old New London Rd.	10/05/2012 - 10/31/2017		
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		
Brooks, Jessica R.	55 Witch Meadow Rd.	03/14/2012 - 03/31/2017		
Butts, Betsy B.	376 Hartford Road	12/01/2009 - 11/30/2014		
Castleberry, Carey R.	85 Buckley Road	12/01/2011 - 11/30/2016		
Champion, Barbara	496 Norwich Road	10/01/2012 - 09/30/2017		
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	04/01/2013 - 03/31/2018		
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		
George, Nancy M.	4 Salem Ridge Drive	07/01/2011 - 06/30/2016		
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	02/01/2012 - 01/31/2017		
Kennedy, Lillian	330 Round Hill Road	10/01/2010 - 09/30/2015		
Kodym, Patricia L.	113 Sullivan Road	08/01/2011 - 07/31/2016		
Larensen, Kim M.	509 Old Colchester Road	10/05/2010 - 10/31/2015		
Lecce, Jody A.	521 Old Colchester Road	12/01/2012 - 11/30/2017		
Legnos, Jacqueline N.	101 Witch Meadow Road	08/01/2013 - 07/31/2018		
Lindo, Jennifer	37 Forest Drive	11/01/2010 - 10/31/2015		
Maiorano, Marcella C.	799 West Road	02/01/2012 - 01/31/2017		
Moore, Barbara S.	62 Forest Drive	04/01/2011 - 03/31/2016		
Mullin, Donald B.	46 Skyline Drive	03/01/2012 - 02/28/2017		
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	11/01/2012 - 10/31/2017		
O'Brien, John J.	77 Skyline Drive	06/01/2012 - 05/31/2017		
O'Brien, Rosemary	77 Skyline Drive	08/01/2012 - 07/31/2017		
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	09/01/2013 - 08/31/2018		
Sartori, Athena G.	18 Valley Drive	04/01/2012 - 03/31/2017		
Shelley, Vera	452 New London Road	03/01/2009 - 02/28/2014		
Shkutzko, Barbara	9 Brookside Drive	04/01/2009 - 03/31/2014		
Slota, Sheila	631 West Road	07/01/2013 - 06/30/2018		
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	06/01/2012 - 05/31/2017		
Tallman, Timothy L. Jr.	82 Lakeview Avenue	04/01/2013 - 03/31/2018		
Traggis, Carol J.	21 Forsyth Road	11/01/2009 - 10/31/2014		
Turley, Samantha	73 A Horse Pond Road	12/12/2011 - 12/31/2016		
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		

Dog Fund Account

Cash receipts and disbursements for fiscal year ending June 30, 2013:

Balance July 1, 2012-----\$ 7309.42

Receipts:

Surcharge of Unaltered/Altered Dogs	\$ 986.00
Dog License Fees	\$ 3258.50
Animal Control Officer's Fees	\$ 982.67
Town of Salem Allocation	\$ 10188.33
<u>Total Receipts</u>	<u>\$ 15415.50</u>
<u>Total Receipts Available</u>	<u>\$ 22724.92</u>

Disbursements:

Animal Control Officer's Salary	\$8984.00
Animal Control Officer's Expenses	\$1103.77
Surcharge to State for 7/1/10 to 6/30/11	\$ 910.00
License Fees to State for 7/1/10 to 6/30/11	\$2315.50
Advertising Fees for Dogs	\$ 0.00
Dog Tags, License Forms, Postage and Supplies	\$ 301.72
Pound Rent Paid	\$ 600.00
Veterinarian Fees	\$ 717.84
<u>Total Disbursements</u>	<u>\$14932.83</u>

Patricia J. Crisanti, Town Clerk

Linda D. Flugrad, Asst. Town Clerk

Registrar of Vital Statistics

During the fiscal year 7/01/2012 through 6/30/2013, there were 32 BIRTHS, 23 MARRIAGES, 26 DEATHS and 0 FETAL DEATHS registered in the Vital Statistics Records of the Town of Salem.

Funds due the State of Connecticut for 2012-2013 were in the amount of \$190.00.

Patricia J. Crisanti, Registrar of Vital Statistics

Linda D. Flugrad, Assistant Registrar of Vital Statistics

TREASURE REPORT

The fiscal year ended June 30, 2013 began with an Unassigned Fund Balance of \$1,342,442.00 and ended with an Unassigned Fund Balance of \$1,253,428.00. Board of Finance budget increases were enacted throughout the year totaling \$346,631.00.

On June 30, 2012 the Unassigned Fund Balance was 7.00% of the total budget.

Investment of town funds earned a total of \$7,898.52 in interest and dividends. A listing of the town funds and their earnings for the Fiscal Year 12/13 is as follows:

Account	Interest Income	Balance 06/30/12
General Fund	\$6022.17	\$2,924,444.00
Open Space	7.52	20,570.00
Land Acquisition	5.42	14,824.00
Town Aid Roads	104.67	283,929.30
Capital Reserve	62.81	150,221.50
Senior Citizens	429.28	30,171.38
Baptist Society	46.32	2,494.68
Morgan Cemetery	23.41	1,259.85
Bost	.24	507.54
Rogers Cemetery	82.90	3,111.76
Harris Fund	.12	144.33
School Titles	.00	51,805.96
Infrastructure	94.65	5,097.13
E. Urbanik Memorial Fund	105.19	7,322.32
Needy Fund	655.70	7,268.00
Tax Exempt Proceeds	0.00	0.00
TOTAL	\$7,640.40	\$3,503,171.75

BOARD OF FINANCE

The 2012-2013 fiscal year began with the adoption, by town referendum, of the Town's budget in the amount of \$14,379,334. The proposed expenditures were as follows:

General Government	\$ 3,466,249
Board of Education	\$ 10,118,255
Capital Improvements	\$ 794,830

The Board of Finance approved a mill rate of 29.6 mills to provide Town funding budget.

The unassigned fund balance as of July 1, 2012 was \$1,342,442

During the year the Board of Finance authorized \$496,728 in additional expenditures to fund equipment need for the Gardner Lake and Salem volunteer fire departments and for the purchase of the Zemko property.

The 2013-2014 fiscal year budget in the amount of \$14,781,081 was presented to the Town for adoption at referendum. The proposed expenditures were as follows:

General Government	\$ 3,513,725
Board of Education	\$10,351,968
Capital Improvements	\$ 915,388

The proposed budget was ADOPTED at referendum on May 8, 2013 by a vote of:

166-YES

83-NO

The Board of Finance approved a mill rate of 30.1 mills to provide funding for the 2013-2014 budget. It is anticipated that this funding level will result in a \$390,168 decrease to the unassigned fund balance.

The unassigned fund balance as of June 30, 2013 was \$1,253,428

William Weinschenker, Chairman

TAX COLLECTOR REPORT

The year July 1, 2012 to June 30, 2013 was very busy in the Tax Collector's office. In July 7,392 bills were sent to taxpayers. This total 1,943 Real Estate bills, 4,678 Motor Vehicle bills and 771 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 696 Supplemental Motor Vehicle bills were mailed to taxpayers.

From July 1, 2012 to June 30, 2013, this office collected and turned over to the town treasurer \$10,859,197.00. A breakdown of this figure includes \$10,711,393.00 in taxes and \$147,804.00 in interest and lien fees.

In June 79 Real Estate Tax liens were placed on property in the Town of Salem. The total dollar value of these liens was \$178,928.67. During the year 39 back tax liens were collected and released. The principal amount of these liens was \$ 211,969.00.

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

REGISTRARS OF VOTER REPORT

Active List	<u>Party</u>	<u>Number of Voters</u>
	Democratic	802
	Republican	614
	Unaffiliated	1,096
	Other	27
	Total on Active List	2,539

Inactive List	<u>Party</u>	<u>Number of Voters</u>
	Democratic	60
	Republican	42
	Unaffiliated	153
	Other	1
	Total on Inactive List	256

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 Clerk's 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

PLANNING AND ZONING REPORT

The Planning & Zoning Commission holds regular meetings on the third and fourth Tuesdays of each month except for the month of December when only one meeting is held on the third Tuesday. Public participation is always encouraged. This past Fiscal Year the low number of development applications received by the Commission reflect the recovering condition of the economy. Specifically there were eight applications submitted to the Commission requesting permits for a range of activities including new building lots, earth excavation operation renewal, and multi-family housing. Besides the processing of development applications and the ongoing review of Salem's Zoning Regulations, the Commission has a wide range of duties and responsibilities stipulated by the Connecticut General Statutes. Much of this past year involved planning tasks in compliance with required statutory responsibilities. The listing below further details some of these tasks.

Plan of Conservation and Development (POCD). A significant responsibility of the Commission is the development, adoption, and implementation of the POCD. This Plan must be amended and adopted every ten years. While the latest POCD was adopted in June, 2012 implementation of the various recommendations are ongoing. To date these Plan recommendations have involved additional zoning and subdivision regulation review to ensure that natural resources and high yield groundwater supply areas are protected. Regulatory amendments have been developed. Additionally the concept of creating a Community Center for the town has been studied and potential regulations developed. The POCD contains a wide range of future tasks intended to promote housing diversity and support economic development which are being studied by the Commission. Future regulatory amendments are anticipated.

Center for Land Use Education and Research (CLEAR) at UConn. The Commission has conducted several training sessions for members utilizing video materials available through CLEAR. These sessions are public meetings and noticed by agenda and open to the public.

Commission Bylaws. In addition to the duties and responsibilities stipulated by the Connecticut General Statutes the Commission operates in compliance with Bylaws developed to ensure consistency in policy and practice. The Commission has reviewed, amended as necessary, and readopted these Bylaws.

Zoning Administration. The Commission provides for the manner in which the zoning regulations are enforced and monitors enforcement actions. Zoning regulations are the regulatory tool utilized to promote the public welfare with regard to land use. The regulations strive to minimize nuisances between dissimilar uses. There were approximately 88 zoning permits processed through the Planning & Zoning Office this past Fiscal Year. Six of those permits were for new single-family residences while the remainder involved sheds/decks or other accessory structures, or remodeling of existing structures.

Commission Staff. MaryAnn Chinatti, Salem's Planner/Zoning & Wetlands Enforcement Officer for the past 10 years assumed the Town Planner position in a northeast Connecticut municipality in the spring of 2013. MaryAnn's service over the past decade has been appreciated. The Town is now utilizing the Planning Services of the Southeastern Ct. Council of Governments (SCCOG), of which Salem is a member. SCCOG Senior Planner Richard C. Serra is available in the Town Hall on Wednesday afternoons and can be contacted any other day of the week by telephone at 860-889-2324 for discussion or to arrange an appointment. Candace Palmer has been assigned the Zoning/Wetlands Enforcement duties and is available Monday & Thursday evenings between 5 pm and 7 pm in Town Hall. Candace is also employed full-time in a similar capacity in another southeastern Connecticut municipality. Sue Spang has been assisting the Commission for the past four years as the recording secretary for the Commission as well as being the point person for planning or zoning matters directing questions and people to the appropriate source. Sue is the Administrative Assistant for the First Selectman and is in Town Hall during regular business hours.

Commission. The Commission is governed by CT State Statute as to the composition of its members. All members are elected to their positions. CT Statutes ensures fair representation by both major political parties, however, the Commission works on behalf of serving and protecting the Town, and its residents impartially and without regard for political affiliations.

The service of Commission members during FY 2012-2013 is recognized and appreciated. Members are as follows:

Regular members:

Richard Amato, Chairman
Ruth Savalle, Vice-Chairman
David Bingham, Secretary
Karen Buckley
Walter Volberg
Vernon Smith
Gary Walter

Alternate members:

Matthew Darling
Gloria Fogarty
Henryka Green

Respectfully submitted,
Richard Amato, Chairman
Planning & Zoning Commission



SALEM RECREATION COMMISSION REPORT

The Salem Recreation Commission continues to provide recreational activities for Salem residents. We are constantly looking to provide activities and programs that are of interest and are beneficial to all residents.

The Salem Youth Baseball League and Salem Soccer continue to serve the children of Salem. Our kids go to East Lyme High School as Freshmen, Junior Varsity, and Varsity players on a level equal to, or greater than other players, especially as a proportion to the numbers of children at the school from Salem. This is something our town, leagues, and coaches can be very proud of.

The Salem Recreation Commission continues to assess the needs of the town residents and the recreation areas. In 2013 fiscal year we added a new parking lot and paved the access road to the parking lot at Volunteer Park on Forsyth Rd. At our Lou Ulferris Complex on Round Hill Road a state of the art batting cage was constructed. The batting cage that had been there for years was destroyed during super storm Irene. Our fields continue to be the best in the area thanks to the expert care and maintenance of the Public Works crew. Because our fields are so well maintained we have many requests for their use by tournament directors and AAU teams. These outside uses are a source of pride for us as a commission, but it also brings in revenue for the town and acts as economic development for the town because it brings in large numbers of people coming to use the fields. Many of these teams will end up going to our local restaurants, buying gas, and supporting other businesses in town. As they say, "It's all good."

The Recreation Commission continues to run the Annual Tree Lighting which draws standing room only crowds. This is a great community event with all joining in to sing holiday songs, visit with Santa, and of course, lighting the holiday tree.

We also run the bike decorating contest for the Memorial Day Parade and sponsor the Salem Lions to run the Easter Egg Hunt. On every Tuesday from 12 noon to 4 PM the Commission sponsors a group of seniors that get together at the library to play the Wii and a variety of card games. Our Program Director, Diane Weston is always updating our programs with varied interests for people of all ages and abilities. We offer our yearly Red Sox vs. Yankees game which is always popular.

The Commission has benefited from Eagle Scout projects over the years. This past year we have benefited from two projects. David Kennedy replaced the press box at the major league field. The old one had been there for many years and was becoming a safety hazard. Justin Annello installed a picnic table on the trail, placed informational signs along the trail and painted a board walk his brother had put in for his Eagle Scout project. Both projects were very well done.

The Path Committee obtained a flood management permit from DEEP and will be submitting to the Army Corps of Engineers for a Category 2 Permit. All of these permits will allow us to cross Harris Brook which will create access to town property otherwise inaccessible.

The Salem Recreation Commission is always looking for volunteers for programs and any other ideas that residents might have. We always welcome visitors to our meetings and appreciate any input they may have. We are committed to our mission statement:

"The Salem Recreation Commission supports programs for a variety of ages and interests. Our mission is to promote health, well-being, fitness and good sportsmanship through organized sports and open recreational activities. The Commission is devoted to the development and maintenance of town owned recreational sites and facilities."

Respectfully Submitted

Sue Spang

Salem Recreation Commission Chairman.

ECONOMIC DEVELOPMENT COMMISSION REPORT

During FY 2012/13, the Salem Economic Development Commission (EDC) took steps to transition from “process-focused” to “product-focused” activities in an effort to achieve some specific successes in its mission of supporting local Salem businesses and encouraging new businesses to locate in Salem. Specific examples include: (1) development of a new brochure to help “market” Salem to businesses looking for a new location; (2) development of a business-focused Salem map which could be used as a fundraiser to offset marketing expenses, and a “passport” concept to encourage local residents to patronize Salem businesses; (3) development of a local business directory which could be distributed to all local residents; (4) creation of a Salem business owners’ survey document intended to become a data base on Salem businesses, as well as ideas from the owners as to how EDC could further support them.

In addition to the above specific activities and projects, members of EDC met with local marketing firm Mystic.org to discuss how they might help us in the marketing of Salem to potential businesses who might consider locating in Salem. They also offered ideas to help increase the volume of tourists and local visitors to Salem to help increase local business patronage. In addition, EDC also provided input to the Planning and Zoning Commission Village Concept project, which was ultimately terminated due to lack of public support.

Respectfully submitted,

Frank Sroka, Chair--Salem Economic Development Commission

ASSESSOR REPORT

Real Estate	Personal Property	Motor Vehicle	Total Net 2012 GL
\$317,375,920	\$10,197,701	\$ 31,840,360	\$359,413,981

In addition to compiling a Grand List each year the following programs are administered by the assessor's office:

- Disabled, Elderly Homeowners & Freeze Programs- February 1st to May 15th
- Local Option Homeowners applications – February 1st to May 15th
- Additional Veterans – February 1st to October 1st

The following exemptions are administered by the assessor's office:

- Blind Persons- Certificate of Blindness from the State of Connecticut. Completed application filed with the assessor's office.
- Veterans File his/her honorable discharge with the Town Clerk by September 30th
- Veteran's with Disabilities – File a copy of award letter from the Veteran's Administration with the assessor's office. Form must be filed only once unless rating changes.
- Federal Soldier's and Sailor's Civil Relief Act - Non Resident Servicemen on active duty in Connecticut. Form filed with the Assessor's office. No Statute of Limitations as to when filed.
- Connecticut Servicemen with one Connecticut registered vehicle garaged out of state.

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 non-registered motor vehicles are required to be filed annually prior to November 1st to avoid a 25% penalty

Applications for farm and forest land classifications "PA 490" must be filed no later than thirty days after October 1st with the assessor's office.

HEALTH DIRECTOR'S REPORT

The responsibilities of the public health director include:

1. Environmental Health (water quality, sewage disposal, restaurant inspections)
2. 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.
3. 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).
4. Coordination with the State Health Department regarding the variety of health issues which affect the town of Salem.
5. Attending the biannual Health Directors Conferences, sponsored by the State Department of Health.
6. 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 2012 – June 2013 were:

1. Sewage Disposal/Septic Problems
 - a. Subsurface lots tested – 0
 - b. Failed systems – 0
 - c. Repair permits issued – 5
 - d. New permits issued – 6
2. Private well permits issued – 8
3. Food sanitation inspections – 0

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



BUILDING OFFICIALS REPORT

			2011-2012				2012-2013		
			Value		Units		Value		Units
Residential:									
Foundations			0		0		0		2
New Homes			892,613		3		1,451,728		6
Additions			169,000		2		185,033		4
Alterations			882,134		99		755,200		72
Trades			658,842		151		628,253		161
Manufactured Home			0		0		0		0
Garages			224,372		5		162,618		3
Pools			168,825		9		37,857		4
Sheds/Barns			120,879		17		117,981		17
Decks			34,946		6		65,889		7
Commercial:									
Foundation Only			0		0		17,500		1
New Commercial			508,000		1		139,900		1
Additions			0		0		0		0
Alterations			553,515		9		6,056,000		7
Trades			24,950		5		92,014		14
Extensions			0		0		0		0
Other:									
Demolitions			18,000		4		11,000		2
Tents			2,800		2		2,000		1
Membrane Structure			0		0		0		0
Total Permits Issued:			302						
Total Construction Value:			9,763,473						
Total Permit Fees Collected:			38,523						

Vernon C. Vesey II, *Building Official*

Diane E. Weston, *Administrative Assistant*

SALEM FREE PUBLIC LIBRARY ANNUAL REPORT

These are exciting and challenging times for libraries. More than ever, we are the touchstones of our communities, places where people come not only for information, but to connect in our increasingly fragmented world. Libraries have become community centers where people regroup and recharge, where they come to collaborate, find a quiet corner to study, or meet in community groups.

The Salem Free Public Library is embracing new technologies such as digital books. We help our patrons embrace them too. We own 2,696 digital books and 1,401 digital audiobooks with our Bibliomation network. Our patrons can also access:

Learning Express, a digital database filled with practice tests for all ages from elementary schools to college, careers, job skills and U.S. Citizenship.

Universal Class where one can take 500 classes from hobbies to computer skills to entrepreneurial skills to writing classes.

JobNow, a digital one-on-one resume and interview skills. Additionally we offer basic job searching and computer training classes with staff member, Kathy Sasso.

The library is the host for four book groups, a Mah Jongg group on Mondays, the Salem Library Knitters gather on Thursday, a day when we also set out coffee and cookies for our patrons. In-between these regulars, thirty-one other groups meet at the library. Altogether the library hosted 415 meetings of community groups including Girl Scouts, Boy Scouts, Friends of Gardner Lake, the Salem Land Trust, tutors, condo associations and other groups. The Salem Library proctored 8 tests. The Cub Scouts, Girl Scouts and the entire second grade toured the library. A Daisy Troop helped to start a garden near the entrance to the library.

Our programs ran from cute – doll teas, fairy houses and fairy gardens to the gruesomely fun, when made-up zombie teens roamed the stacks. One of our big programs was the library's eighth birthday celebration when we stacked several programs on one day: Minor League pitcher and Salem resident, Sean Donatello talked baseball, New London's Flock Theater presented a shadow play on the Sunken House of Gardner Lake, and Eight Mile River Band returned to play to an adoring crowd. Our concert series included the contemporary classic *janus* Trio, electric violinist Caryn Lin, country rocker Becky Chace and the Sounding Brass, headed by Salem resident and conductor emeritus of the Coast Guard Band, Lew Buckley. Other popular programs were Sydney Sherman who connects with the paranormal, the summer Art Reception when we showcase local artists, State Archaeologist Nick Bellantoni, and Richard Wolak who talked about his experiences in Antarctica. We also continued the Poetry and Photography Contests for all ages, and the winter and Summer Reading Programs.

It is amazing how this small community supports the library. There were over 50 volunteers who gave more than 1300 hours of support to the library, 30 of those volunteers were teens, and 4 were Community Service volunteers. The Friends of Salem Library racked up an additional 2,000 hours of volunteer power for their fall book sale. The library also received numerous monetary donations. We are grateful for the support of volunteers, the many generous donors and the Friends of Salem Library.

Despite stormy weather throughout the year, which shut the library down for several days, the library circulation statistics were slightly higher in most categories over last year's figures. In comparing our statistics to other Connecticut libraries, we are proud to announce that Salem's circulation statistics are comparable to libraries much larger in size.

So despite bad weather and economic woes, the Salem Library continues to be a shared space, enjoyed by all ages. The Library is not just a collection of books to be borrowed and returned. It is a meeting place, a learning place, and a sharing place.

SALEM SENIOR CITIZEN REPORT

The Salem Seniors Group consists of members from Salem and surrounding towns. They meet on the second Tuesday of the month at 10:30, (except January & February). The meeting takes place at the Salem Volunteer Fire Department in the back meeting room. The fee for membership is \$5.00 and open to people 50 and over. The VNA gives wellness checks before every meeting. Flu shots are offered in the fall at the Senior meeting for all seniors as well as Salem residents. All meetings consist of business meeting and pot luck lunch, many times there are speakers. The group holds a summer picnic and in December a holiday lunch. The group is always looking to expand its membership and programs.

For more information call: Nancy Dytko-860-859-1118 or Sue Spang, Municipal Agent for the Elderly, 860-859-3873 X 100

Officers of the Salem Seniors

Nancy Dytko	President
Jean Ann Scaduto	Vice President
Irene Jarvis	Secretary
Carol Vasquez	Treasurer

Respectfully Submitted
Sue Spang

SALEM VOLUNTEER FIRE COMPANY, 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.

On August 23rd 2014, The Fire Company will be holding its annual Chicken and Ribs Barbecue starting at 5pm. This will be our fourth year holding the barbecue, and every year it has grown. The Barbecue seems to have become the "social event" of the year as many Towns people come, enjoy their meals, and stay to visit with each other. The company hopes to see all our townspeople at our station this year at this event. Advance ticket sales are needed and you can get the information through our web site. <http://www.salemfireco.com> or by calling the station at 860-859-0942.

Chief	Eugene R. Maiorano
Deputy Chief	Rick Martin
Assistant Chief	Ron Przech Jr.
Fire Captain	Rob Brown
Safety Officer	Chip Weston
Rescue Captain	Brian Ennis
Fire Police Captain	Warren Wright
Secretary	Lisa Martin
Treasurer	Marcella C. Maiorano
Appropriated Treasurer	
Lieutenants	Jeff Martin, Mark Dickson, Bob Pokrinchak Alex Blais, Rob Oloski, Lisa Martin

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

GARDNER LAKE VOLUNTEER FIRE COMPANY INC.

REPORT

During the period of July 1, 2012 to June 30, 2013 The Gardner Lake Volunteer Fire Company Inc. was dispatched to 520 emergencies. These emergencies consisted of 169 Fire Calls, 351 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. 589 Certified students and Taxpayers in CPR & AED to date.

Through our recruitment and retention plan. We welcome 9 of our new members. 3 of which have completed 210 hours of Emergency Medical Technician training EMT. 2 have certified in Firefighter II. 5 are in training for EMT and should graduate in December 2013.

We are always in need of Volunteers for EMS, Firefighters, support and fund raising. There's a position for everyone. Visit our web site, www.gardnerlakevolfireco.org for additional information. We would like to meet you and your family.

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

Chief	James Savalle **	FF / EMT	President	Cheryl Philopena **	EMT
Deputy Chief	Joseph Danao II **	FF / EMT	Treasurer	Christine Lindo **	PAST EMT
Assistant Chief	Jeffrey Savalle **	FF / EMR	Secretary	Ruth Savalle	SUPPORT
			Board Member	John Cunningham **	FF / EMT
EMS Captain	William Tinnel **	FF / EMT	Board Member	John Hirsc **	FP
Safety Officer	John Cunningham **	FF / EMT	Board member	Stephen Philopena **	FF
Lieutenant	Nicholas Tripp	FF			
Lieutenant	William Leuck	FF / EMT			

DENOTES LIFE MEMBER 20 YEARS + SERVICE **

APPARATUS

1988 PUMPER TANKER 1989 FORESTRY 2000 ENGINE TANKER 2000 RESCUE
2007 SERVICE / MEDICAL RESPONSE TRUCK 2012 AMBULANCE

Respectfully,
Chief, James B. Savalle

SALEM HISTORICAL SOCIETY

The Society: The Society promotes interest in history generally, particularly in the history of the Town of Salem, through educational programs and exhibits. We maintain a museum of books, documents, pictures, furniture, tools, and implements associated with the Town's history. Ultimately, we enhance understanding of our unique history and heritage in Salem.

Administration: The Society increased the frequency of board meetings to organize and plan events. We produced more newsletters to promote programs and membership. We partnered with other civic organizations. We created digital archives of most of the artifacts and documents in the museum to be safeguarded in a secure remote location. This searchable electronic record will also help the Society in future research projects. Most importantly, we brought several new people into leadership positions to help others who sustained the Society for so many years.

Robert Ross	President	Elizabeth Lane	News & Publicity
David Wordell	Vice President	Edward Chemielewski	Building & Grounds
Deanna St. Jean	Curator	Virginia Vesnaver	Membership
Donald Urbanik	Treasurer	William Schultz	Bd. Member at Large
Julia Avery	Secretary	Kevin Lyden	Bd. Member at Large

Finance: The Society finance records were placed on a fiscal year beginning July 1st and ending June 30th, now properly aligned with the State and Town. This fiscal alignment will make grant applications, accounting and budgeting much easier in the years ahead. The Society also paid delinquent fees and is current in registration and standing with the State.

Facilities: The Salem Towne House is in good condition. We replaced the roof, refurbished windows, scraped and painted the exterior walls, and repaired the heavy front doors. Major plumbing repairs and improvements were made following a damaging winter freeze. The little Hearse House was rebuilt by a previous Historical Society President, George Ziegler, over 30 years ago. It had become severely distressed from the elements and neglect. Lucas Revoir, an Eagle Scout candidate, organized a project to refurbish this unique structure. It again stands beside the Towne House as a fine replica of the original.

Programs: The Society presented historic overviews of major families and farms in Salem. It was "standing room only" for presentations of the Great Oaks (Robinson) Farm at the end of Morgan Road. "Remembering the Salem Bears" looked back at a Salem hockey team that qualified for a State championship, practicing under lights supplied by Fred Rawolle's privately owned hydropower system. The presenters were wonderfully personal in their talks of the challenges and rewards of hard-working farm life in rural southeastern Connecticut. The Society also supported annual programs on the Salem Town Green including the Classic Car Cruise, Apple Festival, Memorial Day Parade, and the Christmas Tree Lighting. We also partnered with the East Lyme Historical Society to present the SHS first annual award to a Salem high school student who demonstrated interest and proficiency in history. This year's recipient was Alexander Gaito.

Outlook: The Salem Historical Society gives us a place and a capacity to collect and safeguard our community narrative. The Society has begun a major revitalization. It should now shift its focus to cultivating a new generation of history enthusiasts, willing to get involved and carry the Salem Historical Society forward. In the year ahead, under new leadership, the Society will produce ambitious and bold developments in projects, programs and community engagement. Salem should be rightfully proud of its Volunteers; and our History!

Robert T. Ross
President

GARDNER LAKE AUTHORITY REPORT

The Gardner Lake Authority (GLA) is established with the Towns of Bozrah, Montville and Salem to govern the body of water know as Gardner Lake.

The Authority shall act as agent for the Towns, 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 thorough DEEP managed drawdowns, and study and make recommendations concerning water management.

This year GLA hired a consulting service to continue the lake sampling and assess aquatic plant life, and will provide data analysis.

GLA purchased water quality monitoring equipment and is developing its own water sampling program with training and assistance from the consulting service.

The Montville Police Water Patrol and CT Department of Energy and Environmental Protection (DEEP) patrolled the lake.

Following are Montville Patrol stats:

Safety Inspections: 49.

Assists: Boat-4.

Warnings: No-Wake Violaion-41, Operating Without Boating Safety Certificate-1, Failure to Carry Boating Safety Certificate-5, Insufficient Number of PDFs-7, Failure to Display Decals-2, Park Swimmers Out of Swim Area-3, Illegal Operation PWC-No Safe Boating Certificate/Underage Riders-6, Overloading-1, Boating Regs-Skiing Observer Under 12-1, Riders Outside of Vessel-2.

Infractions: No-Wake-5, Operating Unregistered Vessel-1, Illegal Operation PWC-No Safe Boating Certificate/Underage Riders-3.

GLA worked directly with DEEP personnel to meet the needs of lowering of the lake for the winter months to help control the invasive weed population, accommodate dock removal and lake wall & shore repair.

In addition to working as liaison between citizen inquiries, town officials and DEEP, GLA continuously worked with committees including Boat Patrol, Finance, Environmental, Education and Friends of Gardner Lake Citizens Group.

GLA sponsored a highly attended boater safety course with approximately 50 passing certificates awarded. The proceeds from registrations were donated to the Gardner Lake Fire Department for the use of their facility.

The Gardner Lake Authority meets the second Thursday of the month from March through November (no meetings in December, January and February). The location is on a rotating basis beginning at the Bozrah Senior Center in March, Montville Town Hall in April, Salem Town Hall in May, and the cycle rotates twice more. The public is invited to attend the 7:00 p.m. meetings.

Respectfully submitted,
Gardner Lake Authority

Bozrah: Henry Granger, Vice Chair; Jim McArdle, Scott Soderberg, Treasurer
Montville: Kate Johnson, Secretary; Ed Socha (through September 2013), Bill Wrobel
Salem: Lou Allen, Bob Neddo, Russ Smith, Chair

VISITING NURSE ASSOCIATION OF S.E. CT. REPORT

The Visiting Nurse Association began providing service to the residents of Salem in 1998.
Services provided this past fiscal year::

Seven Blood Pressure clinics, with 70 participants

A town wide flu clinic was held and 27 residents received vaccination.

In addition to the above services, the agency provided 220 visits to 21 patients under the Home Health Care Program. These included skilled nursing, therapies, and home health aides. One visit was made to an individual who was uninsured and could not afford to pay for services.

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.

TVCCA



THAMES VALLEY COUNCIL FOR COMMUNITY ACTION, INC.

SERVICES TO THE TOWN OF SALEM

10/1/12- 9/30/13

	CLIENTS/HOUSEHOLDS SERVED	VALUE OF SERVICES
Section 8	1	\$ 7,870.00
Connecticut Energy Assistance Program	65	\$ 41,003.00
Employment Services-National Emergency Grant	1	\$ 455.00
Head Start	7	\$ 22,064.00
Jobs First Employment Services	6	\$ 4,608.00
Little Learners	1	\$ 8,369.00
Retired and Senior Volunteer	3	\$ 585.00
Tax Preparation Services (VITA)	3	\$ 1,200.00
WIA Adult & Dislocated Workers	2	\$ 4,034.00
Women, Infants & Children (WIC)	34	\$ 10,559.00
GRAND TOTAL	123	\$ 100,747.00

SALEM GREEN CEMETERY ASSOCIATION

The Salem Green Cemetery Association (SGCA) is responsible for managing this 5.2 acre parcel owned by the Town of Salem. The SGCA coordinates all activities related to cemetery plot sales, issuance of deeds, opening/closing of graves, placement of grave markers, and funding major capital projects relating to improvement of the cemetery grounds. Mowing, trimming and plowing of the active portions of the cemetery are under the supervision of the Town of Salem. Our goal is to provide a uniform and neatly ordered area which dignifies this as a resting place for Salem residents and others with close family ties to Salem residents.

The Salem Green Cemetery is divided into four sections. Section I was opened in 1980. Originally consisting of 276 full sized plots and 12 infant plots, it was expanded over the years to accommodate 330 full sized plots, 32 infant plots and 27 cremation plots. Scarcity of full sized plots in Section I drove the need for expansion. This was satisfied by activating Section IV in November, 2012. The selection of Section IV rather than Sections II or III was driven by its proximity to an existing roadway in the Cemetery. Section IV presently provides 106 new full sized plots distributed in 2 rows (Row G being nearest to the roadway and Row H set behind G further to the east). Eventually another roadway will need to be established to access future rows J and K. At our current rate of plot sales we do not expect to have to address the installation of another roadway until 2020 or later. The following data summarizes activity from July 2012 through June 2013.

	Section I	Section IV	Total
Total Full Sized 4' x 10' plots in section	330	106	436
Full Sized plots deeded (to be deeded) during reporting period	20	1 (2)	21 (23)
Full Sized plots available for purchase as of 6/30/2013	26	103	129
Total Cremains 3' x 3' plots in section	27	NA	27
Cremains plots deeded during reporting period	0	NA	0
Cremains plots available for purchase as of 6/30/2013	24	NA	24
Burials	5	1	6

Account summary for period beginning July 1, 2012 and ending June 30, 2013.

Account Description	July 1, 2012 balance	June 30, 2013 balance	Net gain
Regular Savings	8,490.97	15,665.68	7,174.71
Perpetual Care Savings	1,761.61	4,250.84	2,489.23
Regular Checking	26.00	26.00	0
Perpetual Care Checking	25.00	25.00	0
Total – All Accounts	10,303.58	19,967.52	9,663.94

Breakdown of Revenues/Expenses:

Beginning Balance:	10,303.58	*Expense Details:	
Income from Plot Sales:	10,240.00	Postage:	63.00
Interest earned	8.59	Burnetts Landscaping:	450.90
Less Expenses*	<u>-584.65</u>	Office Supplies:	<u>70.75</u>
Ending Balance:	19,967.52	Total Expenses:	584.65

Long Term CD's:

In addition to the active checking/savings accounts, the Salem Green Cemetery Association maintains three (3) Long Term CD's valued at 5,113.82 each (as of May, 2013).

APPENDIX 1

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**

2012-2013



**SALEM SCHOOL DISTRICT
SALEM CONNECTICUT**

REPORT OF THE SUPERINTENDENT OF SCHOOLS FOR 2012 - 2013

AND

The Board of Education: Stephen Buck, Chairperson; Dinis Pimentel, Vice-Chair; Pamela Munro, Secretary; Linda Robson, Treasurer; Margaret Caron; Robert Green; George Jackson; Monica Lord-McIntyre; Mary Ann Pudimat.

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

<u>Class</u>	<u>Teacher</u>
Superintendent	Joseph Onofrio II
Director of Student Services	Rodney Mosier II
Middle School Principal	Suzanne Zahner
Elementary School Principal	Cynthia Ritchie

2. Related Arts/Special Education Personnel

<u>Class</u>	<u>Teacher</u>
Art	Susan Miller
Art	Bethany Kohary
Instructional Technology	Scott Gordon
Computer Technology	Sharon Osga-Dugger
Elementary Guidance Counselor	Laurie Nagy
Middle School Guidance Counselor	Jim Guarino
Health/PE	Barbara Bashelor
Library/Media Specialist	Sarah Kateley
Music	Christopher Hebert
Music/Band	Margaret Hyman (Resigned 7/1/13)
Physical Education	Amy Beardsley (Retired 7/1/13)
Physical Education	Christopher Pugliese
ELA Specialist	Thomas Ebersold
Math Specialist	Tracy Burns
School Psychologist	Piper Raymond (Resigned 11/25/12)
	Bernard Barile (1/2/13)
Special Education	Jennifer Werb
Special Education	Cheryl Carroll
Special Education	Judith Staub
Special Education	Melissa Quinn
Speech and Language Pathologist	Catherine Conover
World Language – French	Christie Borelli
World Language – Spanish	Marcelo Guinez

3. Teachers - Certified, Full Time

<u>Class</u>	<u>Teacher</u>
Pre-School	Mary Roth
Kindergarten	Carla Oscarson
Kindergarten	Betty Marr
Grade One	Cynthia Puhlick
Grade One	Dale Mainville
Grade Two	Judy Butterworth
Grade Two	Heather Meisenzahl
Grade Two	Gretchen Leming
Grade Three	Nicole Hecklinger
Grade Three	Barbara Leyden
Grade Four	Anne Bowen
Grade Four	Jill MacLachlan
Grade Five and Grade 7 (LA, Science, Math)	Susan Bennett
Grade Five (Math, SS, Science)	Christina Holth
Grade Five and Grade 6 (SS, LA)	Mary Barone
Grade Six (LA)	Janlyn Neri
Grade Six (Math, Science, LA)	Robert Swan
Grade Six and Grade Eight (Science)	Jen Desillier - Fleming
Grade Seven and Grade Eight (Math)	David Dander
Grade Seven and Grade Eight (SS)	Brian Fleming
Grade Seven and Grade Eight (Math, LA, SS)	Joan Phillips
Grade Seven (Science)	Laura Runkle
Grade Seven and Grade Eight (LA)	Michael Sweeney

4. Office and School Health Personnel

<u>Class</u>	<u>Teacher</u>
Business Office Manager	Kim Gadaree
Executive Assistant to the Superintendent	Jennifer Kayser
Middle School Principal's Secretary	Laurie Barberi
Elementary School Principal's Secretary	Emily Doirin
Administrative Assistant to the Dir. Of Student Services	Patricia Wenrich
Library/Media Aide	Sue Wyand
School Nurse	Lisa Gardner, RN (Resigned 1/4/13) Contracted Services – Ready Nurse (1/13 to current)
Computer Technician	Ruben Perez (Employment Ended 5/24/13) Contracted Services – CCS (5/13 to current)
Greeter / Receptionist	Lee Wood

5. Non-Certified Support Personnel

<u>Class</u>	<u>Teacher</u>
Tutor (0.5 FTE)	Palma Canniff
Tutor (0.5 FTE)	Judy King
Tutor	Mary Sturgeon
Tutor	Ellen Javor
Tutor	Darra Ryan
Tutor	Cathy Freiert
Tutor	Nancy Senkewitz
Instructional Aide (General Ed)	Susan Savidakis
Instructional Aide (General Ed)	Stephanie Houghton
Instructional Aide (General Ed)	Johna Devoe
Instructional Aide (0.5 FTE) (Special Ed)	Kim Neal
Instructional Aide (Special Ed)	Kate Kushman
Instructional Aide (Special Ed)	Nicole McClain
Instructional Aide (Special Ed)	Christina Fontaine
Instructional Aide (Special Ed)	Erica Williams
Instructional Aide (Special Ed / 1:1)	Dhelean Ubina-Rivera
Instructional Aide (Special Ed / 1:1)	Daniel Camilleri
Instructional Aide (Special Ed / 1:1)	Colleen Meese
Instructional Aide (Special Ed / 1:1)	Shawn Rupy
Instructional Aide (Special Ed / 1:1)	Mary Arcangel

6. Lunch Aides

<u>Class</u>	<u>Teacher</u>
Lunch Aide	Cindy Noe (Resigned 11/2/12)
Lunch Aide	Rhea Fowler
Lunch Aide	Jessica Thompson (Resigned 6/6/13)
Lunch Aide	Meghan Flugrad

7. Custodial Staff

<u>Class</u>	<u>Teacher</u>
Head Custodian	Van Miller
Custodian	Richard Blackburn
Custodian	Barbara Hedberg
Custodian	Mary Henson
Custodian	Brenda VanDyne
Custodian	Sebastian Tuccitto
Director of Facilities (0.4 FTE)	Donald Bourdeau

B. GRADUATES - JUNE 2013

1. Salem School: - Grade 8:

Megan Aldrich	Steven Arnott	Piper Baine
Jasmin Barrows	Tyler Bedingfield	Hannah Belleville
Benjamin Bennett	Matthieu Bernier	Thomas Chirchigno
Mathieu Choquette	Courtney Cummings	Sarah Damberg
Benjamin Fogg	Michael Limburg	Anne Look
Joshua Lopez	Charles Lyden	Tyler Martin
Anna McCarthy	Benjamin Morrow	Tucketr Oloski
Nathan Orsini	Jacob Parks	Emily Petersen
Samuel Pimentel	Easton Prejean	Aleigha Price
Anne Quevreaux	Julia Robson	Lily Rodgers
Sasha Salan	Alexander Salas	Brendan Sanders
Troy Stillwell	Olivia Tolley	Zachary Vandale
Vanessa Vlaun	Jacob Walsh	Wilson Wang
Wyatt Weaver	Lillian Whittaker	John Winder

2. East Lyme High School:

Brian Ahern	Joshua Appleby	Jordan Bartlett
Cameron Brimmer	Scott Butler	Jillian Cirillo
Nicoletta Fazio	Alexander Ferguson	Rachel Foster
Lauren Friedland	Shannon Gada	Daniel Gage
Kyrra Gelinas	Demetrios Ghirardi	Amanda Giffin
Brandon Gillespie	Matthew Gillespie	Jonathan Gilman
Kayla Giordano	Jonathan Good	Bryanna Goodwin
Jessica Griffin	Richard Griffiths	Miranda Hancock
Kendra Harris	Ian Hill	Thea Hudson
Nicholas Hughes	Theodore James	Nicole Lee
Erin Lucas	Alexander Lyall	Daniel Malzahn
Antonia Mann	Karl McCarthy	Gerald McKenney
Timothy Myers	John O'Sullivan	Brandon Page
Katelyn Paradis	Devin Perez	Elise Petersen
Erica Pierce	Jacqueline Plasse	Lauren Redfearn
Ethan Rioux-Poulios	Cassidy Rodgers	Michaela Ryan
Carlos Sanchez Rumbea	Jonathan Sloss	Zoe Smallidge
Emily Taylor	Richard Taylor	Dylan Thomas
Kyle Turner	Kristen Walter	Christian Weinrick
Logan Young	Jesse Yuille	Ryan Yun

II. FISCAL DATA

A. Budget Management

1. The Business Manager in collaboration with the Superintendent and the Board of Education developed and monitored the 2012-13 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 Board of Education continued to review and revise its 10-year Capital Improvement Plan with all efforts 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 2012-2013 included the following state and federal funding:

<u>Funding</u>	<u>Amount</u>
Educational Equalization	\$3,098,215
Transportation	\$43,832
Public School Building Grant	\$121,438
Adult Education	\$3,743
School-wide Entitlement (ESEA/REAP)	\$26,217
Services for the blind	0
Excess Cost (Special Education)	\$288,241
Special Education Grants (IDEA, etc.)	\$210,480
Tuition from another district	0
ARRA Stabilization	0
Total Education Receipts	\$3,792,166

B. Current Expenditures

Board of Education expenditures for 2012 - 2013, as reported on the State Department of Education ED-001, were \$10,118,255 and distributed as follows:

<u>Expenditures</u>	<u>Amount</u>
Debt Service East Lyme	0
Salaries	\$4,038,365
Benefits	\$708,770
Purchased Services	\$1,632,453
Tuition	\$3,321,180
Supplies/Property	\$408,961
Adult Education	\$8,526
Total Expenditures	\$10,118,255

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

	<u>Amount</u>
Elementary School	\$5,217,638
High School	\$2,730,350
Special Education	\$2,170,267
Total	\$10,118,255

	<u>Amount</u>
Central Administration	\$787,318
East Lyme H.S. (9-12)	\$3,155,120
Out Placements (PK-12)	\$647,690
Salem School (PK-8)	\$5,528,127
Total	\$10,118,255

\$0 was returned to the town as unexpended.

PROGRAMS AND SUPPORT ACTIVITIES

The Board of Education approved the following Goals for the 2012-13 school year.

- 1.) All members of the Salem School Learning Community will achieve excellence in all aspects of their education. Members will demonstrate independent, inquiry driven and collaborative problem solving skills.
- 2.) All members of the Salem School Learning Community will demonstrate social competence by exhibiting the values of respect, kindness and responsibility for school, self and others.
- 3.) All adult members of the Salem School Learning Community will share the responsibility for making a positive connection to students and for providing differentiated learning experiences that enable every student to reach his/her potential.

The District and School established initiatives, related to these goals. The progress made toward attaining these initiatives was monitored and reviewed throughout the year.

Board of Education Subcommittees

Policy – Pamela Munro (Chair): This subcommittee meets to develop policy upon the recommendation of the Board, to review existing policy and to eliminate, revise and/or develop new policies, as necessary. The subcommittee also, for adopted policies, invites the Superintendent to apprise the subcommittee of the procedures developed by the Superintendent and the administrative team to implement the Board's policy.

Long-Range Educational Planning – Linda Robson (Chair): This subcommittees meets to develop and monitor the implementation of effective long-range planning for the school district's instructional programs, facilities, technology services, and educational support functions. It shall be an advocate for and play a leadership role in long-range planning initiatives and shall promote a long-term commitment to keeping all school district stakeholders involved and informed about the Board's vision for the Salem School District. This subcommittee reviewed the offerings at local high schools in the area and scheduled presentations from NFA and ELHS. The subcommittee will continue to work with East Lyme on a draft co-operative agreement.

Personnel/Contract Negotiation – Dinis Pimentel (Chair): This subcommittee meets to study recommended compensation issues for administrators, professional staff and non-certified personnel. The subcommittee usually meets once a month or on an "as needed" basis during labor and/or personnel contract negotiations. The subcommittee conducts or assists with administrative position searches. The subcommittee also reviews proposed/revised job descriptions, employee grievances and other human resources topics/issues and related legal issues. Contract negotiations for both unions were successfully negotiated during the 2012-2013 school year.

APPENDIX II

ANNUAL FINANCIAL REPORT OF THE TOWN OF SALEM

Town of Salem, Connecticut

Financial Statements and
Supplementary Information

Year Ended June 30, 2013

Town of Salem, Connecticut

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Town of Salem, Connecticut

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Independent Auditors' Report

The Board of Finance Town of 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 ("Town") as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town as of June 30, 2013, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis and the 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 applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The combining fund financial statements and supplementary schedules are presented for purposes of additional analysis and are not a required part of the financial statements.

The combining fund financial statements and supplementary schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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 taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 6, 2013 on our consideration of the Town's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and 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* in considering the Town's internal control over financial reporting and compliance.

O'Connor Davies, LLP

Wethersfield, Connecticut
December 6, 2013

Town of Salem, Connecticut

Management's Discussion and Analysis
June 30, 2013

Town of Salem, Connecticut

Managements' Discussion and Analysis Year Ended June 30, 2013

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, 2013. Please read it in conjunction with the Government's financial statements.

FINANCIAL HIGHLIGHTS

Due to firm enforcement of our purchasing policy, strong negotiations with all vendors, as well as a continued concerted effort of fiscal responsibility by all departments, the General Government was able to return \$206,125 to the Town's General Fund.

The Town received a \$3,500,000 BAN during the year for the Salem School Construction.

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.

Town of Salem, Connecticut

Managements' Discussion and Analysis
Year Ended June 30, 2013

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 the 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 Exhibit 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.

THE GOVERNMENT AS A WHOLE

The Government's *combined* net assets decreased by \$35,650 from a year ago—*decreasing* from \$17,645,694 to \$17,610,044. Our analysis below focuses on the net assets (Table 1) and changes in net assets (Table 2) of the Government.

Town of Salem, Connecticut

Managements' Discussion and Analysis
Year Ended June 30, 2013

Table 1
Change in Net Assets (on Exhibit 1)

	2013	Change During Year		2012
		Dollars	Percent	
Current and other assets	\$ 7,160,527	\$ 3,444,981	92.72%	\$ 3,715,546
Capital assets	16,813,455	828,337	5.18%	15,985,118
Total assets	23,973,982	4,273,318	21.69%	19,700,664
Long-term debt outstanding	4,845,655	3,381,343	230.92%	1,464,312
Other liabilities	2,683,429	2,092,771	354.31%	590,658
Total liabilities	7,529,084	5,474,114	266.38%	2,054,970
Net assets:				
Invested in capital assets, net of related debt	15,339,914	210,469	1.39%	15,129,445
Restricted - Expendable	374,611	(124,809)	-24.99%	499,420
Restricted - Nonexpendable	1,997	-	0.00%	1,997
Unrestricted	1,893,522	(121,310)	-6.02%	2,014,832
Total net assets	\$ 17,610,044	\$ (35,650)	-0.20%	\$ 17,645,694

Capital assets increased by \$1,349,636 (cost). This is due to the addition of the following:

- Parking Lot Upgrades- \$96,638
- Zemko Property and Buildings- \$450,000
- Public Works- Tow Behind Mower- \$16,847
- Public Works- Sweeper- \$17,000
- Public Safety SUV- \$22,000
- SVFCO Fire Gear- \$24,985
- SFD Kitchen Upgrade- \$13,322
- Transfer Station Compactor- \$31,168
- Education- Battery Burnisher- \$8,763
- Education- School Track Upgrade- \$26,704
- Construction in progress:
 - Multi Purpose Path- \$57,826
 - School Building Committee capitalized costs- \$56,427
 - Oil/Water Area Upgrade- \$3,425
- Capitalized from construction in progress:
 - Rattlesnake Road- \$225,008
 - Pavilion- \$162,438
 - Route 85 Sidewalks- \$153,581

Depreciation was subtracted from net assets. This was \$489,274.

The town disposed of a 2004 Freightliner ambulance during the year for \$183,000.

The net increase in capital assets was \$828,337. You can see the summary of Capital Asset activity in Footnote 3 Section D.

LT debt increased by a net amount of \$3,381,343. See the details in Footnote 3 Section E.

Town of Salem, Connecticut

Managements' Discussion and Analysis Year Ended June 30, 2013

Current and other assets increased as a result of cash held from bond proceeds for the school construction and amounts due from the State of CT on the school construction.

Table 2
Change in Net Assets (on Exhibit 2)

	Change During Year			
	2013	Dollars	Percent	2012
Revenues				
Program revenues:				
Charges for services	\$ 339,731	\$ (15,642)	-4.40%	\$ 355,373
Operating grants and contributions	4,683,162	(130,919)	-2.72%	4,814,081
Capital grants and contributions	1,025,615	1,023,200	42368.53%	2,415
General revenues:				
Property taxes	10,810,509	73,886	0.69%	10,736,623
Grants and contributions	59,614	38,401	181.03%	21,213
Interest and investment earnings	20,115	12,288	157.00%	7,827
Gain (loss) on disposal of equipment	(32,025)	(32,025)	0.00%	-
Other general revenues	3,951	(4,942)	-55.57%	8,893
Total revenues	16,910,672	964,247	6.05%	15,946,425
Program expenses				
General government	3,470,595	2,028,442	140.65%	1,442,153
Public safety	899,886	115,627	14.74%	784,259
Public works	673,916	(68,806)	-9.26%	742,722
Sanitation and landfill	188,571	(2,943)	-1.54%	191,514
Education	11,644,797	207,354	1.81%	11,437,443
Interest on long-term debt	58,686	18,477	45.95%	40,209
Total expenses	16,936,451	2,298,151	15.70%	14,638,300
Increase (decrease) in net assets	\$ (25,779)	\$ (1,333,904)	-101.97%	\$ 1,308,125

Capital Grants and Contributions increased by \$1,023,200 in the current year. In the prior year this balance was comprised of library grant money of \$2,415. The current year revenue reflects money from the State of CT for the school construction.

Grants and Revenues increased due to the municipal revenue sharing grant that was not expected.

Interest and investment earnings are higher due to the bond premium for the school construction loan.

A loss on the disposal of a vehicle was recorded in the current year as the vehicle was not fully depreciated when disposed of. In the prior year there were no disposals.

Interest and investment earnings continue to decline as interest rates have continued to drop.

General government expenditures increased due to \$1,982,930 of construction costs for the School. Public safety purchased less equipment and vehicles than in the prior year but had increased expenditures for Gardner Firehouse Projects. Public works had less expenditures for

Town of Salem, Connecticut

Managements' Discussion and Analysis Year Ended June 30, 2013

Rattlesnake Road, as the project was completed and transferred to infrastructure during December 2012. Education purchased equipment and upgraded the track for \$35,467, but expended significantly less on school building construction in progress.

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.
	2013	2012		2013	2012	
Governmental Activities						
General government	\$ 3,470,595	\$ 1,442,153	140.65%	\$ 3,049,147	\$ 813,412	274.86%
Public safety	899,886	784,259	14.74%	899,886	784,259	14.74%
Public works	673,916	772,524	-12.76%	470,642	645,741	-27.12%
Sanitation and landfill	188,571	191,514	-1.54%	125,345	118,807	5.50%
Education	11,644,797	11,437,443	1.81%	6,284,237	7,064,003	-11.04%
Interest on long-term debt	58,686	40,209	45.95%	58,686	40,209	45.95%
Totals	<u>\$ 16,936,451</u>	<u>\$ 14,668,102</u>	<u>15.46%</u>	<u>\$ 10,887,943</u>	<u>\$ 9,466,431</u>	<u>15.02%</u>

General Government - refer to above discussion.

Public Safety - refer to above discussion.

Public Works received additional revenue this year from LOCIP from prior year expenditures.

Interest on long-term debt is higher as a result of more debt from the School construction loan. See LTD footnote for details.

THE GOVERNMENT'S FUNDS

The year showed a decrease in net assets, but an increase in fund balance in the governmental funds as presented in Exhibits 3 and 4. The differences are 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.

Town of Salem, Connecticut

Managements' Discussion and Analysis
Year Ended June 30, 2013

The School Construction Fund was added as a major fund this year, which increased the governmental fund balance by \$1,747,114. While this fund balance is restricted for the purpose of the School construction, fund balance is comparable to the prior year when this fund is excluded.

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 the Salem Town Charter to make additional appropriations up to two tenths of one percent of the Town Budget per department. Additional appropriation 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

	Final Budget	Actual	Variance
Revenue			
Property Taxes	\$10,612,045	\$10,829,411	\$ 217,366
Intergovernmental	3,526,173	3,418,599	(107,574)
Interest Income	6,000	6,101	101
Local Revenues	216,105	269,259	53,154
Transfers In From Grant Fund	-	90,312	90,312
	<u>14,360,323</u>	<u>14,613,682</u>	<u>253,359</u>
Expenditures			
General Government	3,513,847	3,307,722	206,125
Education	10,118,255	10,118,255	-
Capital Outlay	1,244,230	1,244,230	-
	<u>14,876,332</u>	<u>14,670,207</u>	<u>206,125</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (516,009)</u>	<u>\$ (56,525)</u>	<u>\$ 459,484</u>

Intergovernmental revenues are lower than expected because the budget shows Town Aid Road funds for \$103,070 were not yet transferred into the General Fund. Even though this was over budgeted; local capital improvement was under budgeted by \$72,000 and OPM revenue sharing for \$42,000.

The line item that is most significantly under budget on the RSI are salaries which is under budget by \$51,069. Employee benefits are also under budget by \$27,717, as well as Gardner Lake Fire Department for \$26,877.

Town of Salem, Connecticut

Managements' Discussion and Analysis
Year Ended June 30, 2013

Due to firm enforcement of our purchasing policy, strong negotiations with vendors, as well as a concerted effort of fiscal responsibility by all departments, the General Government was able to return \$206,125 to the Town's General Fund.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of this year, the Government had \$16,813,455 invested in government activity capital assets (from the footnotes). This amount represents a net increase (including additions and deductions) of \$828,337 from last year. More detailed information about the Government's capital assets is presented in Note 3 Section D to the financial statements.

Debt

At year end, the Government had \$4,100,000 in general obligation bonds. This is an increase of \$3,300,000 from last year as the town received a new construction BAN during the year in the amount of \$3,500,000. 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 3 Section E 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 2014 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

Basic Financial Statements
June 30, 2013

Town of Salem, ConnecticutStatement of Net Position
June 30, 2013

	<u>Governmental Activities</u>
ASSETS	
Cash and equivalents	\$ 5,834,074
Investments	53,455
Receivables	
Taxes, net	342,704
Accounts	3,628
Intergovernmental	913,021
Prepaid expenses	13,645
Capital assets	
Nondepreciable	2,515,797
Depreciable, net of accumulated depreciation	<u>14,297,658</u>
Total Assets	<u>23,973,982</u>
LIABILITIES	
Accounts payable	1,403,087
Intergovernmental payable	5,283
Accrued payroll and related	39,448
Accrued interest payable	45,512
Performance bonds	7,525
Unearned revenues	17,428
Non-current liabilities	
Due within one year	3,734,742
Due in more than one year	<u>1,110,913</u>
Total Liabilities	<u>6,363,938</u>
NET POSITION	
Invested in capital assets	12,684,639
Restricted:	
Expendable	3,029,786
Nonexpendable	2,097
Unrestricted	<u>1,893,522</u>
Total Net Position	<u>\$ 17,610,044</u>

Town of Salem, Connecticut

Statement of Activities

Year Ended June 30, 2013

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities				
General government	\$ 3,470,595	\$ 266,823	\$ 154,625	\$
Public safety	899,886	-	-	
Public works	673,916	-	203,274	
Sanitation	188,571	63,226	-	
Education	11,644,797	9,682	4,325,263	1,025,6
Interest on long-term debt	58,686	-	-	
Total Governmental Activities	<u>\$ 16,936,451</u>	<u>\$ 339,731</u>	<u>\$ 4,683,162</u>	<u>\$ 1,025,6</u>
General Revenues				
Property taxes, payments in lieu of taxes, interest and liens				
Grants and contributions not restricted to specific programs				
Unrestricted interest and investment earnings				
Loss on disposal of equipment				
Other General Revenues				
Total General Revenues				
Change in Net Position				
Net Position - Beginning of Year				
Net Position - End of Year				

The notes to financial statements are an integral part of this statement.¹¹

Exhibit 2

Town of Salem, Connecticut

Balance Sheet
Governmental Funds
June 30, 2013

Net (Expense) Revenue and Changes in Net Assets		General Fund	Capital Non-Recurring Fund	Education Grants Fund	School Construction Fund	Other Governmental Funds
ASSETS						
	Cash and equivalents	\$ 2,924,444	\$ 148,133	\$ 51,806	\$ 2,335,815	\$ 3,000,000
	Investments	5,097	2,093	-	-	-
	Taxes receivable, net of allowance for uncollectible amounts	342,704	-	-	-	-
	Other receivables					
	Accounts receivable	2,105	-	1,523	-	-
	Intergovernmental	-	-	-	908,161	-
	Due from other funds	72,541	847,104	-	211,855	-
	Prepaid expenditures	-	-	-	-	-
	Total Assets	<u>\$ 3,346,891</u>	<u>\$ 997,330</u>	<u>\$ 53,329</u>	<u>\$ 3,455,831</u>	<u>\$ 4,000,000</u>
	(125,345)					
	(6,284,257)					
	(58,686)					
	LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
	Liabilities					
	Accounts payable	\$ 590,536	\$ -	\$ -	\$ 800,556	\$ -
	Intergovernmental payable	5,283	-	-	-	-
	Accrued payroll and related	39,448	-	-	-	-
	Due to other funds	1,092,605	-	38,541	-	-
	Performance bonds	7,525	-	-	-	-
	Earned revenues - performance	1,391	-	16,037	-	-
	Total Liabilities	<u>1,736,788</u>	<u>-</u>	<u>54,578</u>	<u>800,556</u>	<u>-</u>
	(32,025)					
	3,054					
	Deferred Inflow of Resources					
	Deferred revenues - not available	323,762	-	-	908,161	-
	Fund Balances					
	Unassignable	-	-	-	-	-
	Restricted	31,664	-	-	1,747,114	3,000,000
	Committed	-	847,685	-	-	-
	Assigned	-	149,645	-	-	-
	Unassigned	1,254,677	-	(1,249)	-	-
	Total Fund Balances	<u>1,286,341</u>	<u>997,330</u>	<u>(1,249)</u>	<u>1,747,114</u>	<u>4,000,000</u>
	Total Liabilities , Deferred Inflows of Resources and Fund Balances	<u>\$ 3,346,891</u>	<u>\$ 997,330</u>	<u>\$ 53,329</u>	<u>\$ 3,455,831</u>	<u>\$ 4,000,000</u>

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

Town of Salem, Connecticut

Reconciliation of Governmental Funds Balance Sheet
to the Government Wide Statement of Net Position - Governmental Activities
June 30, 2013

Fund Balances - Total Governmental Funds	\$ 4,440,367
Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	16,813,455
Governmental funds report the effect of prepaid insurance	13,545
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	1,233,844
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	
General obligation bonds	(4,100,000)
Notes and loans	(28,816)
Compensated absences	(34,261)
Post-closure landfill costs	(30,000)
Other post employment benefits	(652,578)
Accrued interest payable	<u>(45,512)</u>
	<u>(4,891,167)</u>
Net Position of Governmental Activities	<u>\$ 17,610,044</u>

Town of Salem, Connecticut

Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds Year Ended June 30, 2013

	General Fund	Capital Non-Recurring Fund	Education Grants Fund	School Construction Fund	Other Governmental Funds
REVENUES					
Property taxes	\$ 10,829,411	\$ -	\$ -	\$ -	\$ -
State grants for specified purpose	263,809	31,405	221,489	-	201,489
State grants for education	4,103,774	-	-	117,454	-
Licenses and permits	150,856	-	-	-	5,489
Charges for current services	48,335	-	9,682	-	63,071
Miscellaneous revenue	70,068	-	-	-	37,000
Income from investments	6,101	63	-	-	86,000
Total Revenues	<u>15,472,354</u>	<u>31,468</u>	<u>231,171</u>	<u>117,454</u>	<u>271,229</u>
EXPENDITURES					
Current					
General government	1,429,248	-	-	-	168,800
Public safety	693,335	-	-	-	-
Public works	624,618	-	-	-	-
Sanitation	165,232	-	-	-	-
Education	11,116,008	-	240,170	-	96,000
Debt service	317,853	29,802	-	-	-
Capital outlay	-	1,034,708	-	1,982,930	-
Total Expenditures	<u>14,346,294</u>	<u>1,064,510</u>	<u>240,170</u>	<u>1,982,930</u>	<u>264,800</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>1,126,060</u>	<u>(1,033,042)</u>	<u>(8,999)</u>	<u>(1,865,476)</u>	<u>6,329</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	90,312	1,278,230	-	99,500	-
Transfers out	(1,343,730)	-	-	-	(124,300)
Proceeds from long-term debt	-	-	-	3,500,000	-
Premium on Financing	-	-	-	13,090	-
Total Other Financing Sources (Uses)	<u>(1,253,418)</u>	<u>1,278,230</u>	<u>-</u>	<u>3,612,590</u>	<u>(124,300)</u>
Net Change in Fund Balances	(127,358)	245,188	(8,999)	1,747,114	(117,971)
Fund Balances - Beginning of Year	<u>1,413,699</u>	<u>752,142</u>	<u>7,750</u>	<u>-</u>	<u>528,700</u>
Fund Balances - End of Year	<u>\$ 1,286,341</u>	<u>\$ 997,330</u>	<u>\$ (1,249)</u>	<u>\$ 1,747,114</u>	<u>\$ 410,729</u>

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

Town of Salem, Connecticut

Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
Year Ended June 30, 2013

Amounts Reported for Governmental Activities in the Statement of Activities are Different Because

Net Change in Fund Balances - Total Governmental Funds \$ 1,737,992

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation expense in the current period.

Capital outlay expenditures	1,349,636
Depreciation expense	(489,274)
Undepreciated basis of assets disposed of or sold	(32,025)
	828,337

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Real property taxes and other revenues in the General Fund	(104,151)
Revenues in the School Construction Fund	908,161
Revenues in the School Cafeteria Fund	1,921
	805,931

Expenditures for prepaid insurance 13,545

Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.

Proceeds from long-term debt - general obligation bonds	(3,500,000)
Principal payments on general obligation bonds	200,000
Principal payments on notes payable	26,857
Post-closure landfill costs	2,500
	(3,270,643)

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds, including the change in

Accrued interest	(30,241)
Compensated absences	(2,425)
Pension and other post employment benefits asset/liability	(108,275)
	(140,941)

Change in Net Position of Governmental Activities \$ (25,779)

Town of Salem, Connecticut

Statement of Net Position

Fiduciary Funds

June 30, 2013

Agency Funds

ASSETS

Cash	\$ 24,601
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LIABILITIES

Due to others	\$ 24,601
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The notes to financial statements are an integral part of this statement.

1. Summary of Significant Accounting Policies

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.

The accounting policies conform to generally accepted accounting principles as applicable to governmental units. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the Town's more significant accounting policies:

A. Financial Reporting Entity

The financial reporting entity consists of: a) the primary government; b) organizations for which the primary government is financially accountable and c) 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 as set forth by GASB.

In evaluating how to define the financial reporting entity, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in this reporting entity was made by applying the criteria set forth by GASB, including legal standing, fiscal dependency and financial accountability. The criterion has been considered and there are no agencies or entities which should be presented with this government.

B. Government-Wide Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all non-fiduciary activities of the primary government as a whole. For the most part, the effect of interfund activity has been removed from these statements, except for interfund services provided and used. 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 extent on fees and charges for support.

The Statement of Net Position presents the financial position of the Town at the end of its fiscal year. The Statement of Activities demonstrates the degree to which 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 or services, or privileges provided by a given function or segment, (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment and (3) interest earned on grants that is required to be used to support a particular program. Taxes and other items not identified as program revenues are reported as general revenues. The Town does not allocate indirect expenses to functions in the Statement of Activities.

1. Summary of Significant Accounting Policies (Continued)

C. Fund Financial Statements

The accounts of the Town are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts which comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balances, revenues and expenditures. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance related legal and contractual provisions. The Town maintains the minimum number of funds consistent with legal and managerial requirements. The focus of governmental fund financial statements is on major funds as that term is defined in professional pronouncements. Each major fund is to be presented in a separate column, with non-major funds, if any, aggregated and presented in a single column. The Town maintains fiduciary funds which are reported by type. Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements' governmental activities column, a reconciliation is presented on the pages following, which briefly explains the adjustments necessary to transform the fund based financial statements into the governmental activities column of the government-wide presentation.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

The Town's resources are reflected in the fund financial statements in two broad fund categories, in accordance with generally accepted accounting principles as follows:

Fund Categories

- a. Governmental Funds - Governmental funds are those through which most general government functions are financed. The acquisition, use and balances of expendable financial resources and the related liabilities are accounted for through governmental funds. The following are the Town's major governmental funds:

General Fund - The General Fund constitutes the primary operating fund of the Town and is used to account for and report all financial resources not accounted for and reported in another fund.

Capital Non-Recurring Fund - The Capital Nonrecurring Fund is used to account for and report financial resources that are restricted, committed or assigned to expenditures for capital outlays, including the acquisition or construction of major capital facilities and other capital assets.

Town of Salem, Connecticut

Notes to Financial Statements (Continued)
June 30, 2013

1. Summary of Significant Accounting Policies (Continued)

Education Grants Fund - The Education Grants Fund is used to account for and report financial resources that are restricted, committed or assigned to expenditures for educational purposes which are funded by various Federal and State grants as well as preschool revenues and expenses. These funds are required by State Statute to be accounted for separately from the General Funds.

The School Construction Fund – This fund was established to account for an approved \$6,200,000 appropriation to refurbish the Salem School.

The Town also reports the following non-major governmental funds:

Special Revenue Funds – Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specific purpose other than debt service or capital projects. The non-major Special Revenue Funds of the Town are:

- Town Aid Road Fund – This fund accounts for a state grant for the Town's roads.
- Grant Fund – This fund accounts for miscellaneous general government grants.
- Senior Citizen Fund – This fund accounts for the fundraising activities that are raised by and committed to use for the benefit of the senior citizens.
- Dog Fund – This fund is established based on State Statute for license fees committed for animal control.
- School Cafeteria Fund – This fund accounts for the costs of the school milk and lunch programs and the related federal and state grants and charges for services.
- Community Foundation Grant Fund – This fund accounts for a one-time grant from the Community Foundation of Eastern Connecticut for use by the Salem Library.
- Needy Fund – This fund was established by restricted donations and is used to assist Salem families in need of food and other essentials.

The following are the Town's non-major capital projects funds:

- Land Acquisition Fund – This fund accounts for monies restricted, committed and assigned for the purchase of land.
- Open Space Land Acquisition Fund – This fund accounts for monies restricted, committed and assigned for the purchase of land that qualified as open space.

The Town's permanent fund is the Memorial and Cemetery Fund – This fund accounts for donations where the principal balance must remain intact and the interest may be used for scholarships and the maintenance of cemeteries.

1. Summary of Significant Accounting Policies (Continued)

- b. Fiduciary Funds (Not Included in Government-Wide Financial Statements) - The Fiduciary Funds are used to account for assets held by the Town in an agency capacity on behalf of others. The Agency Funds are primarily utilized to account for monies held as custodian for outside groups.

D. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources (current assets less current liabilities) or economic resources (all assets and liabilities). The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. The Agency Fund has no measurement focus, but utilizes the accrual basis of accounting. 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.

Property taxes and certain other revenues are considered to be available if collected within sixty days of the fiscal year end. Property taxes associated with the current fiscal period, as well as charges for services and intergovernmental revenues are considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. Fees and other similar revenues are not susceptible to accrual because generally they are not measurable until received in cash. If expenditures are the prime factor for determining eligibility, revenues from Federal and State grants are accrued when the expenditure is made.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures, when applicable, related to early retirement incentives, compensated absences, capital leases, post closure landfill costs, pollution remediation obligations, other post employment benefit obligations, certain pension obligations and certain claims payable are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

1. Summary of Significant Accounting Policies (Continued)

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Fund Balances

Deposits, Investments and Risk Disclosure

Cash and Equivalents - Cash and equivalents consist of funds deposited in demand deposit accounts, time deposit accounts, certificates of deposit, money market funds, State of Connecticut Treasurer's Short-Term Investment Fund, Tax Exempt Proceeds Funds and treasury bills with original maturities of less than three months.

The Town's custodial credit risk policy is to only allow the Town to use banks that are in the State of Connecticut. The State of Connecticut requires that each depository maintain segregated collateral in an amount equal to a defined percentage of its public deposits based upon the bank's risk-based capital ratio.

Investments - The investment policies of the Town conform to the policies as set forth by the State of Connecticut. The Town's policy is to only allow prequalified financial institution broker/dealers and advisors. The Town policy allows investments in the following: (1) obligations of the United States and its agencies; (2) highly rated obligations of any state of the United States or of any political subdivision, authority or agency thereof; and (3) shares or other interests in custodial arrangements or pools maintaining constant net asset values and in highly rated no-load open end money market and mutual funds (with constant or fluctuating net asset values) whose portfolios are limited to obligations of the United States and its agencies, and repurchase agreements fully collateralized by such obligations. The Statutes (Sections 3-24f and 3-27f) also provide for investment in shares of the Connecticut Short-Term Investment Fund and the Tax Exempt Proceeds Fund.

Investments are stated at fair value, based on quoted market prices.

The 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. 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.

1. Summary of Significant Accounting Policies (Continued)

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 changing interest rates. Generally, the Town does not invest in any long-term investment obligations.

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 for custodial credit risk is to invest in obligations allowable under the Connecticut General Statutes as described previously.

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.

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

Taxes Receivable - 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.

Other Receivables - Other receivables include amounts due from other governments and individuals for services provided by the Town. Receivables are recorded and revenues recognized as earned or as specific program expenditures/expenses are incurred. Allowances are recorded when appropriate.

Prepaid Expenses/Expenditures - Certain payments to vendors reflect costs applicable to future accounting periods, and are recorded as prepaid items using the consumption method in both the government-wide and fund financial statements. Reported amounts are equally offset by nonspendable fund balance, in the fund financial statements, which indicates that these amounts do not constitute "available spendable resources" even though they are a component of current assets.

Town of Salem, Connecticut

Notes to Financial Statements (Continued)
June 30, 2013

1. Summary of Significant Accounting Policies (Continued)

Inventories - Inventories in the governmental funds are valued at cost on a first-in, first-out basis. The cost is recorded as inventory at the time individual items are purchased. The Town uses the consumption method to relieve inventory. In the fund financial statements, reported amounts are equally offset by nonspendable fund balance in governmental funds, which indicates that they do not constitute "available spendable resources" even though they are a component of current assets. Purchases of other inventoriable items are recorded as expenditures/expenses at the time of purchase and year-end balances are not material.

Due From/To Other Funds - During the course of its operations, the Town has numerous transactions between funds to finance operations, provide services and construct assets. To the extent that certain transactions between funds had not been paid or received as of June 30, 2013, balances of interfund amounts receivable or payable have been recorded in the fund financial statements.

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.

Intangible assets lack physical substance, is nonfinancial in nature and its useful life extends beyond a single reporting period. These are reported at historical cost if identifiable. Intangible assets with no legal, contractual, regulatory, technological or other factors limiting their useful life are considered to have an indefinite useful life and are not amortized.

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 or amortized 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
Machinery and equipment	10-50	\$	5,000
Vehicles	10-25	\$	5,000
Infrastructure	20-50	\$	100,000
Intangible assets	Varies, if any	\$	25,000

1. Summary of Significant Accounting Policies (Continued)

Unearned Revenues - Unearned revenues arise when assets are recognized before revenue recognition criteria have been satisfied. In the government-wide financial statements, unearned revenues consist of revenue received in advance and/or amounts from grants received before the eligibility requirements have been met.

Deferred Outflows/Inflows of Resources - In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

Also, deferred revenues in the fund financial statements are those where asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Such amounts in the fund financial statements have been deemed to be measurable but not "available" pursuant to generally accepted accounting principles.

Long-Term Liabilities - In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position.

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, and debt payments, are reported as debt service expenditures.

Compensated Absences - Certain Town employees accumulate sick leave hours for subsequent use or for payment upon termination or retirement. Sick leave expenses to be paid in future periods are accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental funds only if the liability has matured through employee resignation or retirement.

Net Position - Net position represents the difference between assets, liabilities and deferred outflows/inflows of resources. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Town or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position on the Statement of Net Position includes, net investment in capital assets and restricted. The balance is classified as unrestricted.

1. Summary of Significant Accounting Policies (Continued)

Fund Balance - Generally, fund balance represents the difference between current assets and current liabilities. In the fund financial statements, governmental funds report fund classifications that comprise a hierarchy based primarily on the extent to which the Town is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Under this standard, the fund balance classifications are as follows:

- Nonspendable fund balance includes amounts that cannot be spent because they are either not in spendable form (inventories, prepaid amounts, long-term receivables) or they are legally or contractually required to be maintained intact (the corpus of a permanent fund).
- Restricted fund balance is to be reported when constraints placed on the use of the resources are imposed by grantors, contributors, laws or regulations of other governments or imposed by law through enabling legislation. Enabling legislation includes a legally enforceable requirement that these resources be used only for the specific purposes as provided in the legislation. This fund balance classification will be used to report funds that are restricted for debt service obligations and for other items contained in the Connecticut statutes.
- Committed fund balance will be reported for amounts that can only be used for specific purposes pursuant to formal action of the Town's highest level of decision making authority, a motion at a Town Meeting. These funds may only be used for the purpose specified unless the entity removes or changes the purpose by taking the same action that was used to establish the commitment. This classification includes certain amounts established and approved by the entity's governing boards.
- Assigned fund balance, in the General Fund, will represent amounts constrained either by the entity's highest level of decision making authority or a person with delegated authority from the governing board to assign amounts for a specific intended purpose. Currently, this is done by the Board of Finance. An assignment cannot result in a deficit in the unassigned fund balance in the General Fund. Assigned fund balance in all other governmental funds represents any positive remaining amount after classifying nonspendable, restricted or committed fund balance amounts.
- Unassigned fund balance, in the General Fund, represents amounts not classified as nonspendable, restricted, committed or assigned. The General Fund is the only fund that would report a positive amount in unassigned fund balance. For all governmental funds other than the General Fund, unassigned fund balance would necessarily be negative, since the fund's liabilities and deferred inflows, together with amounts already classified as nonspendable, restricted and committed would exceed the fund's assets and deferred outflows.

When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the Town's policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, the Town considers that committed amounts would be reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of these unrestricted fund balance classifications could be used.

1. Summary of Significant Accounting Policies (Continued)

F. Encumbrances

In governmental funds, encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve applicable appropriations, is generally employed as an extension of formal budgetary integration in the General Fund. Encumbrances outstanding at year-end are reported as assigned fund balance since they do not constitute expenditures or liabilities.

G. Use of Estimates

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

H. Subsequent Events Evaluation by Management

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is December 6, 2013.

2. Stewardship, Compliance and Accountability

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.

2. Stewardship, Compliance and Accountability (Continued)

- **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.
- **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 submit requests for appropriation(s) to the Board of Finance. The budget is prepared by fund, function and activity, and includes information on the past year, current year estimates and requested appropriations of the next fiscal year.

The Board of Finance holds a public hearing, at which itemized estimates of the expenditures of the Town for the next fiscal year are presented. At this time, individuals are able to recommend any appropriations, which they desire the Board of Finance to consider. The Board of Finance then considers the estimates and any other matters brought to their attention at a public meeting held subsequent to the public hearing and prior to the annual meeting. The Board of Finance prepares the proposed budget.

The Board of Finance's estimated and recommended budget reports are submitted at the Annual Town Meeting. The Annual Town Meeting 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 appropriation for Library was over budget by \$59.

Town of Salem, Connecticut

Notes to Financial Statements (Continued)
June 30, 2013

2. Stewardship, Compliance and Accountability (Continued)

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 \$496,998 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.
- 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.

D. Expenditures in Excess of Budget

During the year \$496,998 of additional appropriations were made. The appropriation for the library was over expended by \$59.

E. Application of Accounting Standards

For the year ended June 30, 2013, the Town implemented:

- 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.
- GASB Statement 63 – *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* – This statement discusses transactions that result in the consumption or acquisition of net assets in one period that are applicable to future periods and provides guidance for reporting them.
- GASB Statement 65 – *Items Previously Reported as Assets and Liabilities* – This statement further clarifies that appropriate use of the financial statement elements of deferred outflows and deferred inflows of resources to ensure consistency in financial reporting. This resulted in a reduction of \$9,873 in Net Position due to the treatment of bond issuance costs. These were previously capitalized and amortized and under GASB 64 they are expensed currently.

F. Fund Deficit

The Education Grants Fund has an unassigned deficit of \$1,249 at June 30, 2013. The Town plans to address this deficit in the subsequent year.

Town of Salem, Connecticut

Notes to Financial Statements (Continued)
June 30, 2013

3. Detailed Notes on All Funds

A. Cash, Cash Equivalents and Investments

Cash and investments of the Town consist of the following at June 30, 2013:

Statement of Net Assets	
Cash and equivalents	\$ 5,834,074
Investments	<u>53,455</u>
	5,887,529
Fiduciary Funds	
Cash and equivalents	<u>24,601</u>
Total Cash and Investments	<u><u>\$ 5,912,130</u></u>

Cash and Cash Equivalents - As of June 30, 2013 the carrying amount of the Town's deposits with financial institutions was:

Cash and Cash Equivalents	
Deposits with financial institutions	\$ 3,747,298
Plus external investment pools	2,164,832
Less Certificates of deposits (in investments)	<u>(53,455)</u>
	<u><u>\$ 5,858,675</u></u>

The bank balance of the deposits was \$4,219,542 and was exposed to custodial credit risk as follows:

Covered by Federal Depository Insurance	\$ 750,000
Collateralized by securities held in trust	
In the Town's name	334,841
Uninsured and uncollateralized	<u>3,134,701</u>
	<u><u>\$ 4,219,542</u></u>

Investments – Investments are summarized as follows at June 30, 2013

	General Fund	Capital Non-Recurring Fund	Other Governmental Funds	Total Investments
Certificates of deposit	<u>\$ 5,097</u>	<u>\$ 2,093</u>	<u>\$ 46,265</u>	<u>\$ 53,455</u>

Below is a summary of the interest rate risk and credit risk as of June 30, 2013

Type of Investment	Average Credit Rating	Fair Value	Investment Maturities (in Years)		
			Less Than 1 Year	1-5 Years	Over 5 Years
Certificates of deposit	*	<u>\$ 53,455</u>	<u>\$ 18,082</u>	<u>\$ 30,171</u>	<u>\$ 5,202</u>

* **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 through 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 Financial Statements (Continued)
June 30, 2013

3. Detailed Notes on All Funds (Continued)

B. Receivables, Deferred Revenue and Unearned Revenue

Governmental funds report deferred revenue in connection with receivables for revenue that are not considered to be available to liquidate liabilities of the current period. The following were reported as *deferred revenue* because they were not received within 60 days of the year end

	General Fund	School Construction Fund	Other Governmental Funds	Total
Property taxes	\$ 323,762	\$ -	\$ -	\$ 323,762
Intergovernmental revenue	-	908,161	-	908,161
Other	-	-	1,921	1,921
	<u>\$ 323,762</u>	<u>\$ 908,161</u>	<u>\$ 1,921</u>	<u>\$ 1,233,844</u>

Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. This is recorded as the liability *unearned revenue* at June 30, 2013

	General Fund	Education Grants	Total
Advances on grants	\$ -	\$ 16,037	\$ 16,037
Fees collected in advance	1,391	-	1,391
	<u>\$ 1,391</u>	<u>\$ 16,037</u>	<u>\$ 17,428</u>

C. Interfund Transactions

The outstanding balances between funds result mainly from the time lag between the dates that: 1) interfund goods and services are provided or reimbursable expenditures occur; 2) transactions are recorded in the accounting system; and 3) payments between funds are made. At June 30, 2013 these were summarized as follows

Receivable fund	Payable Fund	Amount
General Fund	Special Education Grants Fund	\$ 38,541
Capital Non-Recurring Fund	General Fund	847,104
General Fund	Other Governmental Funds	34,000
School Construction Fund	General Fund	211,855
Other Governmental Funds	General Fund	33,646
		<u>\$ 1,165,146</u>

Fund transfers are generally used to fund special projects with general fund revenues. Transfers during the year ended June 30, 2013 were as follows

	Transfers into		
	General Fund	Capital Non-Recurring Fund	School Construction Fund
Transfers out of			
General Fund	\$ -	\$ 1,244,230	\$ 99,500
Other Governmental Funds	90,312	34,000	-
	<u>\$ 90,312</u>	<u>\$ 1,278,230</u>	<u>\$ 99,500</u>
			<u>\$ 1,468,042</u>

Town of Salem, Connecticut

Notes to Financial Statements (Continued)
June 30, 2013

3. Detailed Notes on All Funds (Continued)

D. Capital Assets

Changes in the Town's capital assets used in the governmental activities are as follows

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated				
Land	\$ 1,641,960	\$ 144,856	\$ -	\$ 1,786,816
Construction in progress	1,439,763	57,826	(768,608)	728,981
	<u>3,081,723</u>	<u>202,682</u>	<u>(768,608)</u>	<u>2,515,797</u>
Capital assets being depreciated				
Land improvements	885,226	450,130	-	1,335,356
Buildings and systems	11,189,714	318,467	(51,988)	11,456,193
Machinery and equipment	1,496,495	108,368	-	1,604,863
Infrastructure	472,014	1,059,586	-	1,531,600
Vehicles	3,060,219	31,000	(183,000)	2,908,219
	<u>17,103,668</u>	<u>1,967,551</u>	<u>(234,988)</u>	<u>18,836,231</u>
Less: Accumulated Depreciation	<u>(4,200,273)</u>	<u>(489,274)</u>	<u>150,974</u>	<u>(4,538,573)</u>
	<u>\$ 15,985,118</u>	<u>\$ 1,680,959</u>	<u>\$ (852,622)</u>	<u>\$ 16,813,455</u>

Depreciation and amortization expense was charged to functions/programs of the governmental activities as follows:

General government	\$ 20,522
Public safety	159,671
Public works	148,361
Sanitation	25,838
Education	134,882
	<u>\$ 489,274</u>

E. Long-Term Liabilities

The following table summarizes changes in the Town's long-term indebtedness for the year ending June 30, 2013:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
General obligation bonds	\$ 800,000	\$ 3,500,000	\$ (200,000)	\$ 4,100,000	\$ 3,700,000
Notes and loans	55,673	-	(26,857)	28,816	28,816
Compensated absences	31,836	2,425	-	34,261	3,426
Post closure landfill costs	32,500	-	2,500	30,000	2,500
OPEB obligations	\$ 544,303	140,663	(32,388)	652,578	-
	<u>\$ 1,464,312</u>	<u>\$ 3,643,088</u>	<u>\$ (256,745)</u>	<u>\$ 4,845,655</u>	<u>\$ 3,734,742</u>

Each governmental funds liability is liquidated by the respective fund, primarily the General Fund. Interest on these obligations are expensed to the respective fund, primarily the General Fund.

Town of Salem, Connecticut

Notes to Financial Statements (Continued)
June 30, 2013

3. Detailed Notes on All Funds (Continued)

General Obligation Bonds

The Town issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations of the Town 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. General obligation bonds outstanding as of June 30, 2013 consisted of the following:

Purpose	Year of Issue	Original Amount	Final Maturity	Interest Rates	Amount Outstanding
Library Bonds	2005	\$ 2,000,000	2015	3.25-3.75%	\$ 600,000
Salem School Construction BAN	2013	\$ 3,500,000	2016	1.00%	3,500,000
					<u>\$ 4,100,000</u>

On July 9, 2013, the Town issued \$5,500,000 of General Obligation Bond Anticipation Notes ("BAN"), with interest at 1.0% to refinance the Salem School Construction BANs. Interest on the note is payable at maturity and the bond matures July 8, 2014. A total of \$6,200,000 was authorized for this project. As of June 30, 2013, \$2,700,000 was authorized but unissued.

Interest incurred and expensed on general obligation bonds for the year ended June 30, 2013 totaled \$55,741.

Payments to maturity on the general obligation bonds are as follows

Year End	General Obligation Bonds		Year End	General Obligation Bonds	
	Principal	Interest		Principal	Interest
2014	\$ 3,700,000	\$ 53,000	2016	200,000	3,750
2015	200,000	11,000		<u>\$ 4,100,000</u>	<u>\$ 67,750</u>

Loans and Notes Payable

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 loans and notes payable are as follows

Year End	Notes and Loans	
	Principal	Interest
2014	<u>\$ 28,816</u>	<u>\$ 986</u>

Interest incurred and expensed on loans and notes payable for the year ended June 30, 2013 totaled \$2,945.

Town of Salem, Connecticut

Notes to Financial Statements (Continued)
June 30, 2013

3. Detailed Notes on All Funds (Continued)

Compensated Absences

Vacation time earned during the fiscal year can be carried over to the succeeding year, subject to limitations as provided in the respective collective bargaining agreements. Employees are entitled to accumulate sick leave up to a maximum amount stipulated in each contract. Payment for accumulated sick leave is dependent upon the length of service and accumulated days. The value of all compensated absences has been reflected in the government-wide financial statements.

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 the 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 \$3,839.

Legal Debt Limit

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 - primary government					\$ 10,855,147
Reimbursement for revenue loss on tax relief for the elderly (C.G.S. 12-129d)					16,513
Debt limitation base					<u>\$ 10,871,660</u>
	General Purpose	Schools	Sewers	Urban Renewal	Pension Deficit
Debt limitation					
2 1/4 times base	\$ 24,461,235	\$ -	\$ -	\$ -	\$ -
4 1/2 times base	-	48,922,470	-	-	-
3 3/4 times base	-	-	40,768,725	-	-
3 1/4 times base	-	-	-	35,332,895	-
3 times base	-	-	-	-	32,614,980
Total debt limitation	<u>24,461,235</u>	<u>48,922,470</u>	<u>40,768,725</u>	<u>35,332,895</u>	<u>32,614,980</u>
Indebtedness					
Bonds payable	<u>600,000</u>	<u>3,500,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Debt limitation in excess of debt outstanding and authorized	<u>\$ 23,861,235</u>	<u>\$ 45,422,470</u>	<u>\$ 40,768,725</u>	<u>\$ 35,332,895</u>	<u>\$ 32,614,980</u>
In no case shall total indebtedness exceed seven times the annual receipts from taxation					<u>\$ 76,101,620</u>

Town of Salem, Connecticut

Notes to Financial Statements (Continued)
June 30, 2013

3. Detailed Notes on All Funds (Continued)

F. Net Position

The components of net position are detailed below:

Net Investment in Capital Assets - the component of net position that reports the difference between capital assets less both the accumulated depreciation and the outstanding balance of debt, excluding unexpended proceeds, that is directly attributable to the acquisition, construction or improvement of those assets.

Restricted Net Position - Nonexpendable - the component of net position that reflects funds set aside in accordance with laws, regulations, grants, and other agreements that must be kept intact and cannot be spent. This is made up of \$1,997 in trust fund principal.

Restricted Net Position – Expendable - the component of net position that reflects funds that can only be spent subject to the laws, regulations, grants, and other agreements relating to these funds. This is made up of:

General Government	\$ 51,650
Public Works	283,929
Capital Projects	2,655,275
Other Purposes	38,932
	<u>\$ 3,029,786</u>

Unrestricted - all other net position that do not meet the definition of "restricted" or "net investment in capital assets".

G. Fund Balances

As discussed in Note 1, governmental funds report fund classifications that comprise a hierarchy based primarily on the extent to which the Town is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. These are summarized below:

	General Fund	Capital Non-Recurring Fund	School Construction Fund	Other Governmental Funds	Total
Nonspendable					
Not in spendable form					
Prepaid expenditures	\$ -	\$ -	\$ -	\$ 100	\$ 100
Trust principal	-	-	-	1,997	1,997
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,097</u>	<u>\$ 2,097</u>
Restricted					
General Government	\$ -	\$ -	\$ -	\$ 51,650	\$ 51,650
Public Works	-	-	-	283,929	283,929
Capital Projects	-	-	1,747,114	-	1,747,114
Other Purposes	31,664	-	-	7,268	38,932
	<u>\$ 31,664</u>	<u>\$ -</u>	<u>\$ 1,747,114</u>	<u>\$ 342,847</u>	<u>\$ 2,121,625</u>

Town of Salem, Connecticut

Notes to Financial Statements (Continued)
June 30, 2013

3. Detailed Notes on All Funds (Continued)

	General Fund	Capital Non-Recurring Fund	School Construction Fund	Other Governmental Funds	Total
Committed					
Capital Projects	\$ -	\$ 847,685	\$ -	\$ -	\$ 847,685
Assigned					
General Government	\$ -	\$ -	\$ -	\$ 19,481	\$ 19,481
Education	-	-	-	2,502	2,502
Public Works	-	-	-	43,904	43,904
Capital Projects	-	149,645	-	-	149,645
	<u>\$ -</u>	<u>\$ 149,645</u>	<u>\$ -</u>	<u>\$ 65,887</u>	<u>\$ 215,532</u>

H. 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.

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 (7.25 percent of their annual salary) and by amounts appropriated by the State of Connecticut General Assembly. For the year ended June 30, 2013, the State contributed \$660,743 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 \$5,239,184 of which \$3,148,634 was covered under this pension plan.

I. Other Post Employment Benefits ("OPEB")

Plan Description - The Town provides certain health care benefits for retired employees through 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.

Town of Salem, Connecticut

Notes to Financial Statements (Continued)
June 30, 2013

3. Detailed Notes on All Funds (Continued)

Eligibility	<p>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.</p> <p>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.</p> <p>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.</p>
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 a superintendent of the Salem Public School System.

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 a outside vendor.

Latest Actuarial Date	June 30, 2013
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.

Town of Salem, Connecticut

Notes to Financial Statements (Continued)
June 30, 2013

3. Detailed Notes on All Funds (Continued)

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.):

Valuation Date	Value of Assets	Accrued Liability	Excess (Unfunded) Actuarial Accrued Liability	Funded Ratio	Covered Payroll	Excess (Unfunded) Liability as a % of Covered Payroll
July 1, 2012	\$ -	\$ 1,659,380	\$ (1,659,380)	0%	\$ 3,107,441	-53.4%
July 1, 2010	\$ -	\$ 2,173,797	\$ (2,173,797)	0%	\$ 2,980,737	-72.9%

Annual Required Contribution

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.

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), plus

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.

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:

Annual Required Contribution	\$ 138,694
Interest on Net OPEB Obligation	24,494
Adjustment to Annual Required Contribution	(22,525)
Annual OPEB Cost	140,663
Contributions made	(32,388)
Increase in net OPEB Obligation	108,275
Net OPEB Obligation - Beginning of the year	544,303
	<u>\$ 652,578</u>

Town of Salem, Connecticut

Notes to Financial Statements (Continued)
June 30, 2013

3. Detailed Notes on All Funds (Continued)

The Net OPEB Obligation history is as follows:

Valuation Date	Annual OPEB Cost	Actual Contributions Made	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
July 1, 2012	\$ 140,663	\$ 32,388	23.0%	\$ 652,578
July 1, 2011	\$ 221,278	\$ 40,950	18.5%	\$ 544,303
July 1, 2010	\$ 214,235	\$ 38,258	17.9%	\$ 363,975

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.

4. Other Information

A. Litigation

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.

B. Contingencies

Grants - The Town participates in various Federal and State grant programs. These programs are subject to program compliance audits pursuant to the Federal and State Single Audit Acts. The amount of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the Town anticipates such amounts, if any, to be immaterial.

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

Town of Salem, Connecticut

Notes to Financial Statements (Continued)
June 30, 2013

4. Other Information (Continued)

C. 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.

D. Commitments

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:

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, 2013 the Town paid \$2,441,527 in regular education tuition and \$450,394 in special education tuition to the Town of East Lyme. The Town also paid \$61,480 to the Town of East Lyme which was the underpayment for the year ending June 30, 2011. 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, 2013 is an estimated underpayment of \$84,165 which will be added to the 2014-2015 tuition payments. The estimated reconciliation for the year ended June 30, 2012 was an underpayment of \$160,755 which will be added to the 2013-14 tuition payments.

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.

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, 2013 was \$92,353.

4. Other Information (Continued)

E. Jointly Governed Organizations

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, 2013 was \$7,315.

F. 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 66 – *Technical Corrections - 2012* – This statement resolves conflicting guidance. This statement is effective for periods beginning after December 15, 2012.
- GASB Statement 68 - *Accounting and Financial Reporting for Pensions* – This statement, and GASB Statement 67 applicable to pension plans, improves information provided by state and local government employers for better decision making, accountability, interperiod equity, and creating additional transparency. This statement is effective for fiscal years beginning after June 15, 2014.
- GASB Statement 69 – *Government Combinations and Disposals of Government Operations* - This statement establishes accounting and financial reporting standards related to a variety of transactions such as mergers, acquisitions, and transfers of operations. This statement is effective for government combinations and disposals of government operations occurring in financial reporting periods beginning after December 15, 2013.
- GASB Statement 70 – *Accounting and Financial Reporting for Nonexchange Financial Guarantees* – This statement improves the accounting and financial reporting by state and local governments that extend and receive nonexchange financial guarantees. This statement is effective for fiscal years beginning after June 15, 2013.

Town of Salem, Connecticut

Required Supplementary Information
June 30, 2013

Town of Salem, Connecticut

Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Budgetary Basis) - General Fund
Year Ended June 30, 2015

	Budgeted Amounts			Actual Budgetary Basis	Variance with Final Budget
	Original	Additional Appropriations and Transfers	Final		
REVENUES					
Property Tax Revenues					
Property taxes	\$ 10,328,645	\$ -	\$ 10,328,645	\$ 10,321,913	\$ (6,732)
Prior year tax collections	150,000	-	150,000	273,682	123,682
Supplemental motor vehicle tax collections	65,000	-	65,000	86,980	21,980
Interest on property taxes	65,000	-	65,000	144,857	79,857
Interest on supplemental motor vehicles	2,200	-	2,200	1,043	(1,157)
Liens on property taxes:	1,200	-	1,200	936	(264)
	<u>10,612,045</u>	<u>-</u>	<u>10,612,045</u>	<u>10,829,411</u>	<u>217,366</u>
Intergovernmental Revenues					
State/Federal Grants for Education					
Education equalization	3,114,216	-	3,114,216	3,098,215	(16,001)
Transportation	52,003	-	52,003	52,832	829
Adult education	4,375	-	4,375	3,743	(632)
	<u>3,170,594</u>	<u>-</u>	<u>3,170,594</u>	<u>3,154,790</u>	<u>(15,804)</u>
Other State/Federal Grants					
Town Aid Road (TAR) - Transfer in	200,000	-	200,000	-	(200,000)
State property in lieu of taxes	55,786	-	55,786	55,552	(234)
Local capital improvement	34,519	-	34,519	106,558	72,039
Mashantucket Pequot grant	21,434	-	21,434	17,269	(4,165)
Tax relief for the elderly	20,000	-	20,000	16,513	(3,487)
Telephone access line	15,000	-	15,000	11,500	(3,500)
Civil preparedness	3,000	-	3,000	1,200	(1,800)
Library state aid and connecticard grants	2,340	-	2,340	4,341	2,001
Veterans' tax relief	1,800	-	1,800	3,118	1,318
Boating grant	1,500	-	1,500	-	(1,500)
Tax relief for the disabled	200	-	200	228	28
Office of policy and management grant	-	-	-	42,053	42,053
Miscellaneous	-	-	-	5,477	5,477
	<u>355,579</u>	<u>-</u>	<u>355,579</u>	<u>263,809</u>	<u>(91,770)</u>
Total intergovernmental revenues	<u>3,526,173</u>	<u>-</u>	<u>3,526,173</u>	<u>3,418,599</u>	<u>(107,574)</u>
Revenue from the Use of Town Money					
Income from investments	6,000	-	6,000	6,101	101
Charges for Services					
Licenses and Permits					
Garbage bag revenue	40,000	-	40,000	40,828	828
Conveyance tax	30,000	-	30,000	42,274	12,274
Building permits	27,500	-	27,500	28,604	1,104
Tipping and hauling fees	17,500	-	17,500	12,226	(5,274)
Landfill fees - bulky waste	8,000	-	8,000	10,172	2,172
Heating	4,000	-	4,000	3,814	(186)
Electrical	3,000	-	3,000	2,952	(48)
Plumbing	2,500	-	2,500	1,844	(656)
Zoning compliance	2,000	-	2,000	1,242	(758)
Miscellaneous permits and fees	1,250	-	1,250	1,745	495
Septic	785	-	785	715	(70)
Pistol permits/sport licenses	630	-	630	4,065	3,435
Wells	200	-	200	375	175
Town engineering fees	175	-	175	-	(175)
Warrant fees	65	-	65	-	(65)
	<u>137,605</u>	<u>-</u>	<u>137,605</u>	<u>150,856</u>	<u>13,251</u>

(Continued)

Town of Salem, Connecticut

Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Budgetary Basis) - General Fund
Year Ended June 30, 2015

	Budgeted Amounts			Actual Budgetary Basis	Variance with Final Budget
	Original	Additional Appropriations and Transfers	Final		
Charges for Current Services					
Recording fees	25,000	-	25,000	30,257	5,257
Sale of copies	5,500	-	5,500	6,265	765
Planning and zoning commission fees	3,000	-	3,000	3,872	872
CFC evacuation fees	1,500	-	1,500	1,410	(90)
Sale of maps	700	-	700	682	(18)
Inland/wetland commission fees	700	-	700	480	(220)
Zoning board of appeals fees	500	-	500	-	(500)
Sale of zoning regulations	100	-	100	594	494
Farmland preservation	-	-	-	4,775	4,775
	<u>37,000</u>	<u>-</u>	<u>37,000</u>	<u>48,335</u>	<u>11,335</u>
Miscellaneous					
Recreation fee based activity	21,000	-	21,000	14,799	(6,201)
Library fees/fines	13,500	-	13,500	13,404	(96)
Miscellaneous	7,000	-	7,000	13,966	6,966
Insurance claims and refunds	-	-	-	23,662	23,662
Use of recreation fields	-	-	-	3,113	3,113
Farmers market fees	-	-	-	1,123	1,123
Leases	-	-	-	1	1
	<u>41,500</u>	<u>-</u>	<u>41,500</u>	<u>70,068</u>	<u>28,568</u>
Total charges for services	<u>216,105</u>	<u>-</u>	<u>216,105</u>	<u>269,259</u>	<u>53,154</u>
Transfer in from Grant Fund	<u>-</u>	<u>-</u>	<u>-</u>	<u>90,312</u>	<u>90,312</u>
Total revenues	<u>14,360,323</u>	<u>-</u>	<u>14,360,323</u>	<u>14,613,682</u>	<u>253,359</u>
EXPENDITURES					
General Government					
Selectman's department	7,039	-	7,039	7,039	-
Salaries	1,087,995	29,000	1,116,995	1,065,926	51,069
Building official, sanitarian	2,465	-	2,465	2,046	419
Town clerk	15,000	-	15,000	14,970	30
Treasurer, auditor, board of finance	36,765	-	36,765	27,765	9,000
Assessor	7,800	3,000	10,800	10,725	75
Tax collector	5,780	-	5,780	5,779	1
Registrar	11,200	-	11,200	10,133	1,067
Town counsel	17,000	4,000	21,000	21,000	-
Town office operations	99,420	-	99,420	99,420	-
Municipal building maintenance	46,400	-	46,400	46,400	-
Employee benefits	385,313	(41,000)	344,313	316,596	27,717
Utilities	180,058	-	180,058	160,927	19,131
Town services	25,575	270	25,845	19,920	5,925
Regional services	14,092	-	14,092	12,078	2,014
Library	27,200	-	27,200	27,259	(59) *
Security	202,400	5,000	207,400	207,347	53
Gardner lake fire department	65,120	25,000	90,120	63,243	26,877
Salem fire department	74,600	8,305	82,905	82,870	35
Ambulance	40,174	-	40,174	40,150	24
Public safety	71,800	-	71,800	70,023	1,777
Public works	245,830	-	245,830	244,237	1,593
Transfer station	176,120	-	176,120	162,336	13,784
Economic development	2,250	-	2,250	50	2,200
Inland wetlands, conservation commission	4,300	-	4,300	1,417	2,883
Planning and zoning commission	43,000	-	43,000	21,783	21,217
Zoning board of appeals	300	-	300	165	135

(Continued)

Town of Salem, Connecticut

Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Budgetary Basis) - General Fund
Year Ended June 30, 2015

	Budgeted Amounts			Actual Budgetary Basis	Variance with Final Budget
	Original	Additional Appropriations and Transfers	Final		
Recreation commissior	53,900	14,023	67,923	56,666	11,257
Municipal insurance	99,000	-	99,000	91,361	7,639
Unanticipated expense:	1,000	-	1,000	738	262
Interest payments	125,000	-	125,000	125,000	-
Principal payable	292,353	-	292,353	292,353	-
	<u>3,466,249</u>	<u>47,598</u>	<u>3,513,847</u>	<u>3,307,722</u>	<u>206,125</u>
Education	10,118,255	-	10,118,255	10,118,255	-
Capital expenditures	<u>794,830</u>	<u>449,400</u>	<u>1,244,230</u>	<u>1,244,230</u>	<u>-</u>
Total expenditures	<u>14,379,334</u>	<u>496,998</u>	<u>14,876,332</u>	<u>14,670,207</u>	<u>206,125</u>
Excess (deficiency) of revenues over expenditures	\$ (19,011)	\$ (496,998)	\$ (516,009)	(56,525)	\$ 459,484

Adjustments to Generally Accepted Accounting Principles (GAAP):

Reconciling payments with East Lyme High School	(22,685)
On behalf revenues from teacher's retirement netted in budget	660,743
On behalf expenditures from teacher's retirement netted in budget	(660,743)
Revenues that were netted with expenditures in the budget:	
Revenues from Excess Cost Grant	288,241
Expenditures from Excess Cost Grant	(288,241)
General government and salaried Board of Education employees - change in accrued payroll	(2,383)
Change in encumbrances	<u>(45,765)</u>

**Excess (deficiency) of revenues and other financing sources over
expenditures and other financing (uses) - GAAP basis:**

\$ (127,358)

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 recognizes encumbrances payable as an expenditure in the year they were committed; 4. General government payroll is recorded on a cash basis; 5. Board of Education salaried employee's payroll is recorded on a cash basis; 6. 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; 7. 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

Combining and Individual Fund Financial Statements
June 30, 2013

Town of Salem, Connecticut

Combining Balance Sheet
Other Governmental Funds
June 30, 2013

	Special Revenue Funds	Capital Projects Funds	Permanent Fund Memorial and Cemetery	Total Other Governmental Funds
ASSETS				
Cash and equivalents	\$ 337,645	\$ 35,394	\$ 837	\$ 373,876
Investments	32,261	-	14,004	46,265
Other receivables				
Intergovernmental	4,860	-	-	4,860
Due from other funds	33,646	-	-	33,646
Prepaid expenditures	100	-	-	100
Total Assets	<u>\$ 408,512</u>	<u>\$ 35,394</u>	<u>\$ 14,841</u>	<u>\$ 458,747</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 11,995	\$ -	\$ -	\$ 11,995
Due to other funds	-	34,000	-	34,000
Total Liabilities	<u>11,995</u>	<u>34,000</u>	<u>-</u>	<u>45,995</u>
Deferred Inflows of Resources				
Deferred revenues - not available	<u>1,921</u>	<u>-</u>	<u>-</u>	<u>1,921</u>
Fund Balances				
Nonspendable	100	-	1,997	2,097
Restricted	342,847	-	-	342,847
Assigned	51,649	1,394	12,844	65,887
Total Fund Balances	<u>394,596</u>	<u>1,394</u>	<u>14,841</u>	<u>410,831</u>
Total Liabilities , Deferred Inflows of Resources and Fund Balances	<u>\$ 408,512</u>	<u>\$ 35,394</u>	<u>\$ 14,841</u>	<u>\$ 458,747</u>

Town of Salem, Connecticut

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Other Governmental Funds

Year Ended June 30, 2013

	Special Revenue Funds	Capital Projects Funds	Permanent Fund Memorial and Cemetery	Total Other Governmental Funds
REVENUES				
State grants for specified purpose	\$ 201,426	\$ -	\$ -	\$ 201,426
Charges for current services	63,079	-	-	63,079
Miscellaneous revenue	372	-	-	372
Income from investments	589	13	259	861
Total revenues	<u>270,957</u>	<u>13</u>	<u>259</u>	<u>271,229</u>
EXPENDITURES				
Current				
General government	168,850	-	-	168,850
Education	<u>96,020</u>	<u>-</u>	<u>-</u>	<u>96,020</u>
Total expenditures	<u>264,870</u>	<u>-</u>	<u>-</u>	<u>264,870</u>
Excess (Deficiency) of Revenues Over Expenditures	6,087	13	259	6,359
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(90,312)</u>	<u>(34,000)</u>	<u>-</u>	<u>(124,312)</u>
Net Change in Fund Balance	(84,225)	(33,987)	259	(117,953)
Fund Balances - Beginning of Year	<u>478,821</u>	<u>35,381</u>	<u>14,582</u>	<u>528,784</u>
Fund Balances - End of Year	<u>\$ 394,596</u>	<u>\$ 1,394</u>	<u>\$ 14,841</u>	<u>\$ 410,831</u>

Town of Salem, Connecticut

Combining Balance Sheet
Special Revenue Funds
June 30, 2013

	Town Aid Road Fund	Grant Fund	Senior Citizens Fund	Dog Fund	School Cafeteria Fund	Community Foundation Grant Fund	
ASSETS							
Cash and equivalents	\$ 283,929	\$ 31,737	\$ -	\$ 7,858	\$ 8,943	\$ -	\$ -
Investments	-	-	30,171	-	-	-	-
Other receivables							
Intergovernmental	-	-	-	-	4,860	-	-
Due from other funds	-	28,018	-	-	-	5,628	-
Prepaid expenditures	-	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets	<u>\$ 283,929</u>	<u>\$ 59,755</u>	<u>\$ 30,171</u>	<u>\$ 7,858</u>	<u>\$ 13,803</u>	<u>\$ 5,628</u>	<u>\$ -</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES							
Liabilities							
Accounts payable	\$ -	\$ -	\$ -	\$ 2,615	\$ 9,380	\$ -	\$ -
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deferred inflows of resources							
Deferred revenues - not available	-	-	-	-	1,921	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances							
Nonspendable	-	-	-	-	-	-	-
Restricted	283,929	15,851	30,171	-	-	5,628	-
Assigned	-	43,904	-	5,243	2,502	-	-
	<u>-</u>	<u>43,904</u>	<u>-</u>	<u>5,243</u>	<u>2,502</u>	<u>-</u>	<u>-</u>
Total Fund Balances	<u>283,929</u>	<u>59,755</u>	<u>30,171</u>	<u>5,243</u>	<u>2,502</u>	<u>5,628</u>	<u>-</u>
Total Liabilities , Deferred Inflows of Resources and Fund Balances							
	<u>\$ 283,929</u>	<u>\$ 59,755</u>	<u>\$ 30,171</u>	<u>\$ 7,858</u>	<u>\$ 13,803</u>	<u>\$ 5,628</u>	<u>\$ -</u>

See Independent Auditors' Report

Town of Salem, Connecticut

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Special Revenue Funds
Year Ended June 30, 2013

	Town Aid Road Fund	Grant Fund	Senior Citizens Fund	Dog Fund	School Cafeteria Fund	Community Foundation Grant Fund	
REVENUES							
State Grants for Specified Purpose	\$ 96,716	\$ 78,610	\$ -	\$ -	\$ 26,100	\$ -	\$ -
Licenses and Permits	-	-	-	5,491	-	-	-
Charges for Current Services	-	-	-	-	63,079	-	-
Miscellaneous Revenue	-	-	-	292	-	-	-
Income From Investments	105	-	429	-	-	-	-
Total Revenues	<u>96,821</u>	<u>78,610</u>	<u>429</u>	<u>5,783</u>	<u>89,179</u>	<u>-</u>	<u>-</u>
EXPENDITURES							
Current							
General Government	96,930	57,382	-	5,242	-	6,723	-
Education	-	-	-	-	96,020	-	-
Total Expenditures	<u>96,930</u>	<u>57,382</u>	<u>-</u>	<u>5,242</u>	<u>96,020</u>	<u>6,723</u>	<u>-</u>
Excess (Deficiency) of Revenues Over Expenditures	(109)	21,228	429	541	(6,841)	(6,723)	-
OTHER FINANCING SOURCES (USES)							
Transfers out	-	(90,312)	-	-	-	-	-
Net Change in Fund Balance	(109)	(69,084)	429	541	(6,841)	(6,723)	-
Fund Balances - Beginning of Year	<u>284,038</u>	<u>128,839</u>	<u>29,742</u>	<u>4,702</u>	<u>9,343</u>	<u>12,351</u>	<u>-</u>
Fund Balances - End of Year	<u>\$ 283,929</u>	<u>\$ 59,755</u>	<u>\$ 30,171</u>	<u>\$ 5,243</u>	<u>\$ 2,502</u>	<u>\$ 5,628</u>	<u>\$ -</u>

See Independent Auditors' Report

Town of Salem, Connecticut

Combining Balance Sheet
 Capital Projects Funds
 June 30, 2013

Needy Fund	Total Special Revenue Funds		Land Acquisition Fund	Open Space Land Acquisition Fund	Total Capital Projects Funds
-	\$ 201,426	ASSETS			
-	5,491	Cash and equivalents	\$ 14,824	\$ 20,570	\$ 35,394
-	63,079				
80	372				
55	589	LIABILITIES AND FUND BALANCES			
135	270,957	Liabilities			
		Due to other funds	14,000	20,000	34,000
		Fund balances			
2,573	168,850	Assigned	824	570	1,394
-	96,026				
2,573	264,870	Total Liabilities and Fund Balances	\$ 14,824	\$ 20,570	\$ 35,394
(2,438)	6,087				
-	(90,312)				
(2,438)	(84,225)				
9,806	478,821				
7,368	\$ 394,596				

Town of Salem, Connecticut

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
 Capital Projects Funds
 Year Ended June 30, 2013

	Land Acquisition Fund	Open Space Land Acquisition Fund	Total Capital Projects Funds
REVENUES			
Income from investments	\$ 5	\$ 8	\$ 13
OTHER FINANCING SOURCES (USES)			
Transfers out	(14,000)	(20,000)	(34,000)
Net Change in Fund Balances	(13,995)	(19,992)	(33,987)
Fund Balances - Beginning of Year	14,819	20,562	35,381
Fund Balances - End of Year	<u>\$ 824</u>	<u>\$ 570</u>	<u>\$ 1,394</u>

Town of Salem, Connecticut

Combining Statement of Net Assets
 Agency Funds
 Year Ended June 30, 2013

	Balance Beginning	Additions	Deductions	Balance Ending
Student Activity Fund				
ASSETS				
Cash	\$ 19,279	\$ 5,322	\$ -	\$ 24,601
LIABILITIES				
Due to others	\$ 19,279	\$ 5,322	\$ -	\$ 24,601
 Bourgeois Fund				
ASSETS				
Cash	\$ 45,547	\$ -	\$ 45,547	\$ -
LIABILITIES				
Due to others	\$ 45,547	\$ -	\$ 45,547	\$ -
 Combined Total				
ASSETS				
Cash	\$ 64,826	\$ 5,322	\$ 45,547	\$ 24,601
LIABILITIES				
Due to others	\$ 64,826	\$ 5,322	\$ 45,547	\$ 24,601

Town of Salem, Connecticut

Supplementary Schedules
June 30, 2013

Town of Salem, Connecticut

Report of the Property Tax Collector
Year Ended June 30, 2013

Grand List Year	Beginning Receivable Balance	Current Year Levy	Lawful Corrections		Net Taxes Collectible	Collections During the Year				Transfer to Suspense	Refunds Issued
			Additions	Deductions		Taxes	Interest	Liens	Total		
2011	\$ -	\$10,667,340	\$34,034	\$ 53,825	\$10,647,549	\$10,428,402	\$ 40,469	\$ -	\$10,468,871	\$ 4,002	\$11,632
2010	201,838	-	3,397	1,009	204,226	125,739	27,679	624	154,042	4,237	260
2009	110,812	-	-	890	109,922	77,363	29,894	216	107,473	3,516	-
2008	41,815	-	-	-	41,815	33,657	18,702	72	52,430	2,533	-
2007	38,124	-	-	-	38,124	31,219	23,650	24	54,893	1,055	-
2006	16,912	-	-	-	16,912	12,832	4,335	-	17,167	529	-
2005	3,176	-	-	-	3,176	58	66	-	124	580	-
2004	1,106	-	-	-	1,106	-	-	-	-	-	-
2003	185	-	-	-	185	-	148	-	148	-	-
2002	300	-	-	-	300	-	-	-	-	-	-
2001	117	-	-	-	117	-	-	-	-	-	-
1999	-	-	-	130	(130)	-	-	-	-	-	-
1997	699	-	-	-	699	-	-	-	-	-	-
	<u>\$ 415,084</u>	<u>\$10,667,340</u>	<u>\$37,431</u>	<u>\$ 55,854</u>	<u>\$11,064,001</u>	<u>\$10,709,270</u>	<u>\$144,941</u>	<u>\$ 936</u>	<u>\$10,855,147</u>	<u>\$ 16,452</u>	<u>\$11,892</u>

See Independent Auditors' Report

Town of Salem, Connecticut

Statement of Changes in Fund Balance by Project - Capital Non-Recurring Fund Year Ended June 30, 2013

	Beginning Balance	Appropriations	Additions (Revenues Posted)	Reductions (Expenditures Posted)	Ending Balance	Elimi Deficit Per G
Committed Fund Balance:						
Salem Fire Co						
Fire fighting gear	\$ -	\$ 24,450	\$ -	\$ (24,447)	\$ 3	\$
SCBA	-	46,578	-	-	46,578	
Kitchen	-	13,000	-	(13,322)	(322)	
	-	84,028	-	(37,769)	46,259	
Gardner Firehouse Projects						
Service vehicle 127 plow/suspension	876	-	-	-	876	
Roof	-	5,200	-	(5,200)	-	
Parking lot	-	75,000	-	(24,985)	50,015	
Gas boiler	-	14,200	-	(14,180)	20	
	876	94,400	-	(44,365)	50,911	
General Government						
Town center roof	6,586	-	-	(255)	6,331	
Parking lot rehabilitation	90,842	-	-	(78,778)	12,064	
Alarm/monitoring system	10,630	-	-	-	10,630	
Heating/cooling system	-	14,000	-	-	14,000	
Zemko property purchase	-	450,000	-	(450,000)	-	
Sports utility vehicle/car	-	22,000	-	(22,000)	-	
	108,058	486,000	-	(551,033)	43,025	
Public Works						
10/11 Highway rehabilitation	4,826	-	-	(4,826)	-	
11/12 Highway rehabilitation	101,344	-	-	(101,344)	-	
12/13 Highway rehabilitation	-	342,000	-	(64,674)	277,326	
Lawn mower	14,000	-	-	-	14,000	
Used sweeper	-	28,000	-	(17,000)	11,000	
Field maintenance equipment	1,725	-	-	-	1,725	
Public works dump truck	-	29,802	-	(29,802)	-	
Tow behind mower	-	21,000	-	(16,847)	4,153	
	121,895	420,802	-	(234,493)	308,204	

See Independent Auditors' Report

Town of Salem, Connecticut

Internal Control and Compliance Reports
June 30, 2013

**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***

**The Board of Finance
Town of Salem, Connecticut**

We have audited, 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, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Salem, Connecticut ("Town") as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements and have issued our report thereon dated December 6, 2013.

Internal Control over Financial Reporting

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control that 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 and correct 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 (identified as MW-09-3 and MW-09-4) to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town'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*.

Town's Response to Findings

The Town'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's response and, accordingly, we express no opinion on it.

Purpose of This Report

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

O'Connor Davies, LLP

Wethersfield, Connecticut
December 6, 2013

Town of Salem, Connecticut

State Single Audit
June 30, 2013

**Report on Compliance for Each Major State Program; Report on Internal Control over Compliance; and Report on the Schedule of Expenditures of State Financial Assistance
Required by the State Single Audit Act**

Independent Auditors' Report

**The Board of Finance
Town of Salem, Connecticut**

Report on Compliance for Each Major State Program

We have audited the Town of Salem, Connecticut's ("Town") compliance with the types of compliance requirements described in the Office of Policy and Management's *Compliance Supplement* that could have a direct and material effect on each of the Town's major state programs for the year ended June 30, 2013. The Town's major state programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its state programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Town's major state programs based on our audit of the types of compliance requirements referred to above. 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'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 on compliance for each major state program. However, our audit does not provide a legal determination of the Town's compliance.

O'CONNOR DAVIES, LLP

100 Great Meadow Road, Wethersfield, CT 06109 | Tel: 860.257.1870 | Fax: 860.257.1875 | www.odpkf.com

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Opinion on Each Major State Program

In our opinion, the Town complied, in all material respects, with the types of 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, 2013.

Report on Internal Control over Compliance

Management of the Town is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Town's internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major state program 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'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, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

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

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements. We have issued our report thereon dated December 6, 2013, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town'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 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 basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of State Financial Assistance is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

O'Connor Davies, LLP

Wethersfield, Connecticut
December 6, 2013

Town of Salem, ConnecticutSchedule of Expenditures of State Financial Assistance
Year Ended June 30, 2013

State Program Pass-Through Grantor Program Title	State Grant Program Core-CT Number	Expenditures
Connecticut State Library		
Grants to Public Libraries	11000-CSL66051-17003	\$ 2,407
Connecticard Payments	11000-CSL66051-17010	1,934
Historic Documents Preservation Grants	12060-CSL66094-35150	4,000
Department of Environmental Protection		
Small Town Economic Assistance Program (DEP)	12052-DEP43153-40531	53,565
Department of Transportation		
Town Aid Road Grants Transportation Fund	13033-DOT57131-43459	96,930
Department of Justice		
Non-Budgeted Operating Appropriation	34001-JUD95162-40001	1,495
Office of Policy and Management		
Reimburse Towns - Tax Loss on State Property	11000-OPM20600-17004	53,552
Reimburse Property Tax - Disability Exemption	11000-OPM20600-17011	228
Property Tax Relief for Elderly Circuit Breaker	11000-OPM20600-17018	16,513
Property Tax Relief for Elderly Homeowners - Freeze	11000-OPM20600-17021	2,000
Property Tax Relief for Veterans	11000-OPM20600-17024	3,118
Local Capital Improvement Program (LOCIP)	12050-OPM20600-40254	106,558
Department of Education		
Child Nutrition State Match	11000-SDE64370-16211	1,343
Health Foods Initiative	11000-SDE64370-16212	2,918
Adult Education	11000-SDE64370-17030	3,743
Magnet Schools	11000-SDE64370-17057	9,000
Total State Financial Assistance before Exempt Programs		359,304
EXEMPT PROGRAMS		
Department of Education		
Education Cost Sharing	11000-SDE64000-17041	3,098,215
Public School Transportation	11000-SDE64000-17027	43,832
Special Education - Excess Cost - Student Based	11000-SDE64000-17047	288,241
School Construction Grants	13009-SDE64000-40901	121,438
Office of Policy and Management		
Municipal Revenue Sharing	12060-OPM20600-35458	40,745
Municipal Video Competition	12060-OPM20600-35362	1,308
Office of State Comptroller		
Mashantucket Pequot and Mohegan Fund Grant	12009-OSC15910-17005	17,269
Total exempt programs		3,611,048
Total State Financial Assistance		3,970,352

See Accountants' Report

Town of Salem, Connecticut

Summary Schedule of Prior Audit Findings For the Year Ended June 30, 2013

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.

Current Status: Repeated as the same finding 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.

Current Status: Repeated as the same finding number.

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

Town of Salem, Connecticut

Schedule of Findings and Questioned Costs For the Year Ended June 30, 2013

Section I - Summary of Auditors' Results

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 financial statements noted ☐ yes ☒ no

State Financial Assistance

Internal control over major programs:

- Material weakness(es) identified? ☐ yes ☒ no
- Significant deficiency(ies) identified? ☐ yes ☒ none reported

Type of 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
Department of Transportation:		
Town Aid Roads	13033-DOT57131-43459	\$96,930
Office of Policy and Management:		
Local Capital Improvement Program	12050-OPM20600-40254	\$106,558

Dollar threshold used to distinguish between type A and type B programs:

\$100,000

Section II - Financial Statement Findings

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:

Town of Salem, Connecticut

Schedule of Findings and Questioned Costs For the Year Ended June 30, 2013

Section II - Financial Statement Findings (Continued)

- *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.
- *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:

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

Town of Salem, Connecticut

Schedule of Findings and Questioned Costs For the Year Ended June 30, 2013

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.

Section III - State Financial Assistance Findings and Questioned Costs

No findings or questioned cost are reported relating to State 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 Disolved
Attest Elijah Treadway Reg.*

the town common

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

