

2013-  
2014

ANNUAL REPORT OF THE TOWN  
OF SALEM, CONNECTICUT



2013-2014



# **ANNUAL REPORT**

**OF THE OFFICERS OF THE**

# **TOWN OF SALEM**



**AND**

**Audit of Town Records  
From July 1, 2013  
to June 30, 2014**



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## **TOWN GOVERNMENT**

**T**he 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, 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, Public Works Director, 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](http://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* (2015) – 2 yr. term  
Lewis Buckley (2015) – 4 yr. term  
Edward Chmielewski (2017) – 4 yr. term  
Elbert Burr (2015) – 4 yr. term  
Robert Ross (2017) – 4 yr. term

## **Town Clerk**

Linda Flugrad (2016)

## **Registrar Of Voters**

Susan Spang (D - 2018)	Kathryn L. Bellandese, <i>Deputy</i>
Georgia Pech (R - 2018)	Doris Burr, <i>Deputy</i>

## **Treasurer**

Pamela Henry (2015)

## **Tax Collector**

Cheryl A. Philopena (2015)

## **Board of Finance**

Thomas Butcher, *Chairman* (2017)  
George Householder, *Vice Chairman* (2017)

Carole A. Eckart (2015)  
Robert Sartori (2015)  
Janet S. Griggs (2015)  
David Kennedy (2019)  
John Dolan Alt. (2017)  
Hernan Salas Alt. (2015)  
Jennifer Lee Alt. (2015)



### **Board of Education**

Stephen Buck, *Chairperson* (2019)  
Dinis Pimentel, *Vice Chairperson* (2015)  
Pamela Munro, *Secretary* (2019)

George Jackson (2017)	Margaret Caron (2017)
Monica Lord McIntyre (2015)	Mary Ann Pudimat (2017)
Robert Green (2015)	Sam Rindell (2019)

### **Planning and Zoning Commission**

Gloria Fogarty, *Chairman* (2019)  
Joseph Duncan, *Vice Chairman* (2019)

Gary Walter (2015)	Richard Amato (2015)
Ruth Savalle (2015)	John Gadbois, Alt (2019)
Ronald LaBonte (2019)	Edward Natoli, Alt (2015)
Vernon Smith (2017)	Eric Wenzel, Alt. (2019)

### **Zoning Board of Appeals**

Kate Bellandese, *Chairperson* (2019)  
Michael Mullin, *Vice Chairman* (2015)

Michael Jensen (2017)	Denise Orsini (2017)
Terri Salas (2019)	Charlie Dutch, Alt. (2017)
Becky Nortz Alt. (2019)	Sandra K. Kozlowski, Alt. (2015)

### **Library Board of Trustees**

Len Giambra, *Chairperson* (2017)

Mary Ann Casciano (2017)	Sharon Sanders (2015)
Michelle Guertin (2015)	Wendy Ortega (2019)
Susan Buck (2019)	

### **Board of Assessment Appeals**

Robert M. Green, *Chairperson* (2017)

Frank Abetti (2017)	Dianne Woronik (2015)
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# **APPOINTED TOWN OFFICIALS**

## **Inland Wetlands and Conservation Commission**

Sally Snyder (2018), *Chairman*

William (Eric) Belt (2017)  
Linda S. Wildrick (2020)  
Roger Phillips (2018)  
Frank Abetti, Alt (2018)  
Liz Burdick, WEO  
Candice Palmer, WEO

Edward Natoli, Jr., (2018)  
Diba A. Khan-Bureau (2016)  
Gale J. Balavender (2020)  
Vacancy, Alt  
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 (2020)  
Alfonso N. Giansanti (2017)  
David Kennedy (2015)  
Crispin Fresco-Hawes (2020)

Pam Henry (2017)  
Robert Appleby (2014)  
Doug Morrow (2018)

## **Economic Development Commission**

Frank Sroka, *Chairperson* (2018)

Ada Vaill (2017)  
Andy Lightner (2019)  
Ken Bondi (2019)

Wendy Mikolinski (2019)  
Vacancy, Alt  
Vacancy, Alt.

**Fire Police**

Brian Cinea, *Captain*

Mark Dickson,  
Rachel Gallagher  
Sean O'Brien,  
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**

Larry Harrington      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**

<b>Administrative Asst. Finance/Personnel</b>	<b>Virginia Casey</b>
<b>Administrative Asst. First Selectman/Land Use</b>	Sue Spang
<b>Agent for the Elderly</b>	Sue Spang
<b>Animal Control Officer</b>	William Paul
<b>Assessor</b>	Barbara Perry
<b>Assistant Assessor</b>	Leeanne Graham, Michael Kapinos
<b>Assistant Tax Collector</b>	Necia Stevens, Cindy Noe
<b>Assistant Town Clerk</b>	Holly Alligood
<b>Building Department/Sanitarian Clerk</b>	Diane Weston
<b>Building Inspector</b>	Vernon D. Vesey II
<b>Democratic Town Committee Chair</b>	John Houchin
<b>Deputy Fire Marshal</b>	Roy E. Shafer, Jr.
<b>Fire Inspector</b>	Jeffrey W. Standish
<b>Fire Marshal &amp; Director of Civil Preparedness</b>	Donald Bourdeau, Jr.
<b>Health Director</b>	Uncas Health District
<b>Municipal Historian</b>	Dave Wordell
<b>Purchasing Agent</b>	Kevin Lyden
<b>Recreation Program Director</b>	Diane Weston
<b>Republican Town Committee Chair</b>	Edward Chmielewski
<b>Resident State Troopers</b>	Kevin Seery
	Carson Konow
<b>Sanitarian</b>	Uncas Health District
<b>Superintendent of Schools</b>	Joseph Onofrio II
<b>Town Planner</b>	Richard Serra, (SECCOG)
<b>Tree Warden</b>	Donald Bourdeau Jr.
<b>Zoning and Wetlands Enforcement Officer</b>	Liz Burdick

# **TOWN REPORTS**

## **FIRST SELECTMAN REPORT**

**T**his fiscal year has provided us with many opportunities for positive change in our town.

Due to firm enforcement of our purchasing policy, strong negotiations with our vendors, as well as a concerted effort of fiscal responsibility by all departments, the General Government was able to return \$261,782 to the Town's General Fund. The Board of Education also returned \$57,700.

The \$6.2 million school renovation is coming to a close. We received \$ 1.5 million reimbursement from the State of Connecticut. After punch list and final inspections total reimbursement from the State of Connecticut will be near \$1.7 million. We successfully sold \$4.5 million General Obligation bonds for our portion of the recent upgrades to Salem School. We "fixed what needed to be fixed", which includes new roofing and insulation, window replacement, electrical and plumbing upgrades, HVAC upgrades, code compliance issues and more. It was a sensible renovation that will serve our children for years to come. We have several neighboring towns that are struggling with proposed renovations of 25-40 million dollars. Our town followed a very sensible approach in renovating our Salem School.

We are continuing with upgrades in our Town Center. After reviewing the Plan of Conservation and Development in 2002 and again in 2012, town residents consistently asked for a walkable and attractive town center. Requests were reiterated in the 2010 Vision Statement.

In 2013 we invited the University of Connecticut Landscape Architecture Department to review and propose upgrades to our town center. Some of the upgrades were implemented this year as we continue to make our town center more attractive, cohesive and walkable for our residents.

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

Respectfully Submitted

Kevin T. Lyden

First Selectman



## **TOWN CLERK REPORT**

The Town Clerk's office is staffed by one full-time Town Clerk and one part-time assistant Town Clerk.

The Town Clerk is the keeper of the seal as well as custodian of town records. Connecticut General Statutes and the Town Charter charge the staff with many functions. Responsibilities include, but are not limited to, recording and maintaining land records, maintaining permanent record books, trade name certificates, liquor permits, and Veteran's Discharge documentation, processing notary public and Justices of the Peace appointments; maintaining and posting Boards and Commissions agendas and minutes, registering your dogs, and a myriad of other duties. We also serve as Registrars of Vital Statistics. Photocopies of agendas, minutes, land records, and maps are available for a fee, as well as certified copies of vital records. There is no fee for a copy of your Veterans' Discharge.

We provide information on all property transfers and sales to the Assessor, Tax Collector, and building department.

The Clerk's office is also involved with elections with responsibilities including preparing the list of candidates to forward to the Secretary of the State, preparing and issuing absentee ballots, informing the Secretary of the State of vacancies and appointments in any elective office, retaining campaign finance materials, and giving the oath of office to newly elected officials.

Elections held during fiscal year 2013-2014 were the municipal election held on November 5, 2013 and the referendum held on May 14, 2014.

We processed 951 documents on the land records. This fiscal year, we filed 10 notary public certificates, 3 liquor permits, 9 trade name certificates to new businesses, and 13 mylar maps. \$29,043.81 was received for town conveyance taxes.

June is the month to renew your dog's license. All puppies must be registered by 6 months of age. Older dogs must be licensed within 30 days of obtaining them. Current rabies and spay/neuter certificates are required to register your dogs. We issued 452 dog licenses and 9 dog kennel licenses.

There were 38 births, 25 marriages, and 21 deaths registered in the Vital Statistics Records of the Town of Salem. 14 marriage licenses were issued in Salem. \$2,220 was collected for certified copies of vital records.

We received from the State of Connecticut \$4,000 in Historic Documents Preservation Program grant funds for the fiscal year 2013-2014. Those moneys were used towards scanning and microfilming our Vital Records dating back to 1819 when Salem was incorporated.

Linda D. Flugrad, Town Clerk  
Holly Alligood, Assistant Town Clerk

## **Town Meetings**

### Annual Budget Town Meeting

Salem School  
200 Hartford Road  
Salem, CT  
May 7, 2014

**K. Lyden** opened the meeting with: “As per section 4.02 and 10.07 of the Salem Town Charter, as your First Selectman, I call this 195<sup>th</sup> Annual Town Meeting to order.”

The meeting was called to order at 7:11 p.m.

**K. Lyden** continued: “The first order of business is to choose a moderator. I will take nominations for moderator at this time.”

John Butts was nominated by Bob Ross and seconded by Peter Sielman. All approved. Motion carried.

Linda Flugrad, Town Clerk, was appointed as Clerk of the Town Meeting. She then read the notice of the meeting and the record of publication of notice of the meeting.

Informational notes given by John Butts included ground rules of the budget town meeting: our charter specifies that the ultimate adoption of our budget, the final approval, has to be by referendum. We are here to consider and to make comments on the budget. There are amendments that can be made. This meeting will adjourn to a final “yes” or “no” vote at the referendum. The referendum will be held a week from today at the Town Hall all day long for a paper secret ballot.

He further stated that what we can vote on tonight depends on which part of the budget we are looking at. There are two main parts of the budget, i.e. the Board of Education and everything else. For everything else, the general government under State Statute and our charter, the town meeting has the ability to make certain changes in whole or in part. Specifically, a person could make a motion to reduce the budget by “x” percent or “y” dollars and that would be voted on and it would be up to the Selectmen to decide where to make that cut or a person could make a motion to reduce a particular line of the general government budget, and that would be voted on. They are both legal and proper motions that would be decided here tonight. If they pass, then to reduce the budget moves forward. If they fail, there will be no change. We cannot, however, and this is a matter of State law, we cannot increase the budget in any way, in whole or in part. We can reduce the whole thing, we can reduce a line, or we can wait a month. That’s the general government budget. The Board of Education is a little different because of State law. We cannot increase, just like the other part of the budget. We can decrease, but we cannot specify where the decrease will take place. In other words, we can’t cut part of the building off, a staff member, a book. We can certainly say, ‘I make a motion to reduce the budget by “x” % or “y” dollars, and if that motion passes and then the budget passes, it would be up to the Board of Education to determine how the savings would be affected. Mr. Butts then opened the floor for any procedural questions.

K. Lyden gave additional clarification saying parents have contacted him “with concerns where they would like to see the school cut their budget and even though we can’t specify that, they could still make their wishes known tonight.”

Mr. Butts stated that we can always ask questions, make comments or suggestions. When it comes to the Board of Education budget, any comments and/or suggestions are not binding, whereas If a motion is made on the general

government side of the budget to cut a particular thing, that would be binding. We can work to affect percentages and raw dollar figures but not allocation of those percentages and dollar figures.

George Householder reminded us of the mbr (minimum budget requirement) with regard to the Board of Education budget saying that if we fall below \$10,300,000, by State law we would have to pay to the State a \$2 fine for every dollar we want to cut the budget. That's State law.

Clarification was given that a majority 51%. Clarifying instructions were also given to those participating from home. Those at home have received an encrypted e-mail in order to participate.

Someone asked for clarification as to who can make motions to cut line items, is it just the selectmen or anyone? Mr. Butts stated that anyone - electors and citizens of the United States and have taxable property in the town assessed at a value to \$1,000 who is qualified to vote, a registered voter who is here tonight can make the motions.

Clarification was also given that motions and precedents for motions are based on Roberts Rules of Order with one minor exception: there is a keen procedural motion to table consideration and move it to an unspecified date in the future ... John Butts is of opinion that you can't kick the budget out in the road because the one thing that a town must do every year is to adopt an annual budget. That's why this is called the annual town meeting and so you can't simply adjourn to a town meeting without taking action.

He further gave clarification that any reductions we make tonight will be reflected in the vote next Wednesday. The vote next Wednesday is nothing more and nothing less than a codified paper all-day secret ballot version of a vote taken here tonight.

The order that this is presented is the General Government, Capital and Board of Education Budget. The first page of the general government budget is a breakdown of the 10-year capital plan for expenditures for the Town. This is a procedural process that the Board of Finance is obligated to do so ... major expenditures don't sneak up on us. There is really nothing that a town meeting can do to change this plan. The actual expenditures are in the rest of the budget.

There were no questions or comments about the Capital plan.

We then went through a breakdown of departments in the general government budget by department number with the explanation that the fiscal year is from July 1<sup>st</sup> through June 30<sup>th</sup>. Mr. Butts welcomed any questions, comments or concerns.

There were no questions, comments, or motions in the Selectman's department, department 100.

Regarding Salaries, department 105 – line 5-105-116: does the Public Works line covers all public works employees? The answer was yes.

There were no questions, comments, concerns or motions for departments 110, 112, 114, 116, 118, 122, 126, 134, 135, 138, 140, 152.

Regarding department 157, Regional Services, line item 5-157-825: SECTER is an acronym for South Eastern CT Enterprise Region, which is a regional economic development partner that we are a member of. They offer grants, loans to start up businesses, microloans, and research to businesses. We have used them extensively over the last few years for research for our town.

A question was raised regarding department 152, Town Services, line 5-152-814: Why did the health services jump up so much? K. Lyden responded that we voted to go into Uncas Health District and become a member of it as of



July 1<sup>st</sup>, 2014. We have had a piece-meal health district in our town with a lot of gaps in our current health district. We have a part time health director, sanitarian, restaurant food inspector, Visiting Nurses Association, and some funds to Gardner Lake Authority for water testing. A lot of what should have been done was not being done. We will get a lot more services for the same cost with being in the Uncas Health District. Montville & Bozrah are also in the health district.

Another question was raised regarding department 152, line 5-152-816: will we have the Farmer's Market this year. K. Lyden explained that the Farmer's Market was very successful the first year. Last year weather was foul several Thursdays which cut down on its success. The pavilion has been well used. It is being rented out. We are also collecting \$2,000 per year from the farmer that grows the corn and mows that field. When we put the budget together, we were planning on a Farmer's Market/community events. \$2,800 is allocated for community events. You are welcome to offer suggestions for community events, otherwise that money will be given back to the town or you are welcome to reduce that amount because we are not going to have the Farmer's Market this year. Many other farmer's markets are available in our area at various times. It's our park. It got the pavilion off the ground the first year.

**E. Lane**, Cockle Hill Road, asked about the fees for using the park.

**Mr. Lyden** responded that for town organizations, it is free and can be reserved at town hall. For a private party, a town resident can reserve the pavilion for \$40/4 hours; \$80/8 hours. Sometimes insurance is required. Alcoholic beverages are prohibited. We have also had out-of-town places rent the pavilion. "We are having the Vintage Market again this year ... [which] was very successful last year."

Departments 158, 210, 220, 222, 230, 240, 310, 410, 600, 610, 630, 640, 645, 710

Regarding department 710, Municipal Insurance, E. Lane asked, "Does insurance cover all of the buildings in town?" K. Lyden nodded in the affirmative.

Departments 810, 910, 920, 925

Mr. Butts explained regarding departments 910 and 920, Interest Payments and Principal Payable on expenditures the Town has already incurred, both of those figures are included on page 1, the Capital Plan. Both require interest and principal payments.

Departments 926-935 are both flat lines.

The total General Government budget of \$3,611,204 can be located at the bottom of Department 935.

Fund 100 – Capital expenditures \$785,385

Atty. Butts gave a brief explanation that all capital expenditures are incorporated in the 10-year plan. They cover capital improvements, road improvements, replacement of infrastructure, etc.

**S. Gendron**, Mill Lane: asked for exact specifics, item-by-item, for the \$45,000 for the playground on Round Hill Rd.

**S. Spang**, Chairman of Recreation Commission: explained that it is for the playscape and installation. The playscape we now have is over 20 years old. It was inspected and two pieces were deemed unsafe and have been removed. Other pieces needed to be upgraded to bring them up to code. The bouncy animals are being removed. This is our only public playscape. This was put in the 10-year capital plan last year. "This year we are hoping that this will get funded, but the \$45,000 is for replacement, upgrades and installation, drainage under the playscape and to replace the mulch." **S. Gendron** asked for quotes in hand for that \$45,000 of all of those items and can you break down fund by fund to add it up to \$45,000? S. Spang replied that she does not have those figures on hand, but they were presented to the Board of Finance. Mr. Butts interjected that no contracts have yet been signed. **K.**

**Lyden** stated that to get on the Capital Plan, an estimate has to be given and then “anything on the Capital Plan is required to go by the purchasing policy of the Town – even the items that are for the School ... [That] purchasing policy, that’s been adopted several years ago which requires competitive bids, an RFP for over a certain amount, so your money is safeguarded by the Purchasing Policy.”

S. Gendron continued that she did her homework and research before coming tonight and came up with options on the playscape that were within the \$12-\$15,000 range, without installation, monthly payment plans, and grants available. She wants to make sure we are doing our due diligence when it comes to this \$45,000 playground.

Mr. Butts stated that this completes the General Government proposed expenditures for the next fiscal year with no motions. The next few pages are informational, not action items. They show where the money is coming from. It’s not just taxes. It breaks down incoming funds from general property taxes, funds from State and Federal grants; incoming funds from State and Federal education grants; licensing and permit fees, charges for services, and revenue from use of Town money.

**K. Lyden** suggested that someone make the **motion**, “As per section 10.08, Paragraph C, of the Salem Town Charter, move to approve the 10-year Capital Budget Plan as presented at this Annual Town Meeting, May 7, 2014.”

**M/S (R. Ross/G. Maiorano)**

This is a required procedural motion. If the budget is not funded, this motion will be of no effect, but it is required to have a separate motion. We will vote on this and then move on through the rest of the budget. Mr. Butts then opened the floor for any questions or comments.

**J. Fogarty**, Old New London Rd., endorses “the 10-year Capital plan as suggested in terms of expenditures; I noticed though, however, that for public works road improvements it only lists two items of source of funds, the first being general revenue, the 2<sup>nd</sup> being LOCIP; however, in the back under revenues, I noticed that TAR is much higher than LOCIP in terms of revenue coming to the Town next year; and I would suggest only that we indicate that the revenues for the road improvements also include State aid which would include the TAR funds.”

**E. Lane**, Cockle Hill Road, questioned why there was only three years on the form. “Does that mean that Gardner Lake Firehouse isn’t going to need anything more for the building out here in ’23-’24 or Salem doesn’t need anything in ’22-’23? Is that what we are assuming from this budget? This Capital Plan?”

**J. Butts**: “This is a plan, not a budget. ... This isn’t maintenance, this is capital improvements ... an addition on a roof, a heating plan, things like that.”

**E. Lane**: “What if a truck fails in ’22-’23? We have nothing planned for the future. ... You can tell we are buying trucks every now and then, right? Can’t you go down like 5 years and say, ‘ok we’re going to need a truck here?’”

**K. Lyden**: “This is a plan. This plan could be added to so if a truck is needed in two years, we can add that to the plan. This isn’t set in stone, but we have to approve this per the charter for a 10-year capital plan.”

**E. Lane**: “But for a true planning purpose, you know how often you need trucks; why not just include them on it?”

**G. Maiorano**, Chief Salem Volunteer Fire Company: Basically we look at the year of the vehicles ... in ’20-’21 or something we have the 1991, which should have been replaced sooner but we kind of pushed it out. We look at the years, I think both departments basically do. So we’re not replacing them. We replace them at 25 years. The ... younger ones probably not. ... The service trucks we usually get a little more on. So that’s why you don’t see any for a few years ... we’re good for quite a few years down the road. The problem is when we put it in, it takes two or

three years to finally get it through and then it takes a year to fill so we're back to four years, to five years sometimes, but that plan has been working."

**Mr. Butts** then asked for a "yes" or "no" vote: "all those in the room in favor of approving this 10 year capital plan, please signify by saying 'aye', any opposed please say 'no'. ... The ayes have it unless we have a couple of hundred no votes on the internet." It was noted that we have four "yes" votes from the internet.

"We will turn our attention to the Board of Education budget," Mr. Butts briefly explained the budget and how to read it. He will take questions, comments, concerns as we go, but "this being a Board of Education budget, any motion will be on the budget as a whole, and I would respectfully request that we wait until we look at the whole thing before any motions are made." He felt that would be easier for people to understand, so "raise concerns and ask questions as we go, but ... it works more smoothly if we hold our final motion until everyone has had time to look at the entire budget to see how it works."

**R. Jenson**, West Rd., "just in case you weren't aware at the last meeting, we haven't seen this, so unless you went to a Board of Education meeting, we haven't seen this line-by-line yet. It was presented at the Board of Education meeting, it wasn't presented at the last town meeting so we haven't seen the actual ..."

**Mr. Butts**: "I expect to hear questions and concerns and comments line by line"

Pg 1. Mr. Butts stressed these figures were within this [school] building.

**K. Lyden**: "I think what would be helpful is, this budget was just put out a few hours ago; we didn't even have this at town hall to show people. I know there was \$10,500,000 approved by the Board of Finance some one month ago or so, then the Board of Education approved this finally at their meeting Monday night; so here it is Wednesday and this is the first we're looking at it. I think what people deserve to know is 'where were the cuts made?', because just looking at this, it doesn't show where the cuts were made and it's kind of hard to figure that out when it's just being presented as you are walking in the door so maybe the Board of Education, the superintendent, or the Board of Education chair, one of the Board of Education members, could kind of point out some of the cuts, where they were made, and their reasons for that."

J Butts asked Mr. Lyden to elaborate as to cuts from what figure that he was referring to.

**K. Lyden**: "I believe that the figure that the Board of Education had asked for the Board of Finance was about \$10,800,000 and some of those were suggested to be put into the capital plan, which they are still getting done but they are going to be getting done in the Capital Plan so they still will be getting done this next fiscal year, but other cuts still had to be made and I think that was in the amount of \$200-some-odd thousand dollars so, the question is 'where were those cuts made' and to be fair to the residents, they should know since we got this at such a short notice for them to have that explanation to them."

J. Butts asked Mr. Buck if he could address that, to which **Mr. Buck** responded, "No, not yet"

**M. Caron**, Board of Education member, questioned "Why don't we look at this the same way we look at the other budgets one year to the next. How is it different? So you can see where we are this year and what we are asking for next year and you can see the difference. Why don't we do that? I mean, that's what we've done with the Town Budget. Am I off base?"

**J. Butts** stated that is what the Board of Finance does with the Town Budget, that is correct.

**M. Caron:** “and that’s what we’ve done here so why would we ...”

**J Butts:** “we are going to go through line by line, but I think what Mr. Lyden is asking ... is that there was a number in front of the Board of Finance and Board of Selectmen at the last round of meetings that was \$300,000 higher than the number here tonight. ... He’s asking ‘can anybody from the Board of Education in a brief overview, not a 3-ring circus or a power-point, answer the question ‘how was \$300,000 taken out of the budget?’”

**Kim Gadaree,** “I’m the Business Manager.”

**J. Butts** interrupted with: “Excuse me, are you a town resident?”

**K. Gadaree:** “No”

**J. Butts:** “Ok, if it’s not a town resident that answers the question, if the Board of ... Education wishes to have an expert answer the question, it’s permissible unless it’s objectionable to the town meeting body. Does anybody object to an employee of the educational system answering the question?”

Many in the town body expressed their objection feeling it should be a Board of Education member; therefore **Mr. Buck**, Board of Education chair answered with, “We started with \$10,756,366 number and we ended with \$10,5. What we have cut is \$76,832 move to “ready-nurse contract to get back to the school; teacher’s salary \$67,565; teacher’s salary, use additional pre-k tuition to fund the position was \$5,375; Medicare – school certified was \$1,903; Social security adjustment \$2,384; Health insurance \$8,965; Vo-ag programs tuition \$7,992; building repairs \$3,000; another building repair \$4,850; custodians \$10,736; ground maintenance \$5,000; ground maintenance \$4,000; ground maintenance \$2,000; ground maintenance \$2,000; uniforms \$1,500; Magnet school transportation \$9,000; stipends a total of \$10,561; computers \$980, that was two laser printers; computers \$3,290 those were 10 chrome books; textbooks, regular vocabulary readers \$18,649; new curriculum textbooks \$18,000 for math grades 6 and 8; instructional equipment \$4,464 desks & chairs – grade 5; office supplies \$1,100 it’s a fire proof cabinet; education medium \$500 miscellaneous instructional equipment; CAFE (CT Association of Board of Education) convention fees \$3,555; library books \$2,910; copier supplies \$5,000; special education consulting and therapy \$15,000; aides and tutors \$9,369; custodians \$3,716; district software \$25,000; software licenses \$4,000; computer supplies \$1,934. That’s a total of \$256,366, and it gets us to the \$10,500,000.”

**D. Young**, Shingle Mill Rd: “So, like Mr. Lyden said, where are the cuts and how are they affected? You added up but it didn’t answer the question. The question was ‘where do you cut that money?’ not what adds up to \$10,5? ... How do those cuts affect, directly affect the school. Those are the numbers, what exactly is being cut? ... Is it a book? Is it a computer? Is a sport? ... What does the number represent? ... What’s the bottom line?”

**E. Lane**, Cockle Hill Road, rephrased the question for Mr. Young: “you want to know what grades are losing their textbooks, what grounds are not being taken care of?”

**S. Buck**, Board of Education chairman: “We made a Medicare adjustment for different positions, changes in positions, social security adjustment for those positions; Medicare insurance premium reductions; one student will no longer be attending Ledyard Vo-ag; we removed the full amount budgeted for paint; we removed the full amount for interior door repairs to the ’94 building; we reduced the amount for substitute custodians; any substitute or summer custodians; general landscaping and an original request of \$7,800 ... I’m not sure where that goes with this. We had a \$5,000 reduction of \$2,800 for athletic field; the original request was \$8,400; playground surface material was reduced; parking lot repairs were reduced; uniforms for custodians were done away with; transportation to magnet school, I know I said that; the stipends were academic enrichment, team facilitator for pre-k-2, grades 3-4, grades 5-6, grades 7-8, unified arts team facilitator, special education team facilitator, back-up for the superintendent, and superintendent’s discretionary fund. That came to the \$10,000 balance that I said previously; I

indicated two laser printers, ten chrome books; vocabulary readers; math grades 6-8, the books; desks & chairs for grade 8; fire proof cabinet, miscellaneous instructional equipment; CAFE convention fees; copier supplies; reduction for special education consulting and therapy; reduce to 0.4 FTE tutor; we picked up weekend maintenance for parks & rec previously charged to the town; I said \$25,000 for annual software costs; \$4,000 for ink cartridges; and \$1,934 for supplies. That comes to \$256. I don't know what else you want to know."

There was a question about the administrator's raise to which Mr. Buck responded, "I want you to know that last year the administrators didn't get a raise so they got a raise this year and they worked for their raise and they got the raise they deserve. Everybody in this building got a raise this year."

**D. Khan-Bureau**, Hilltop Trail: "So, the administrators got a salary increase of what, of how much? (The Board of Education responded that the raise was 3.76%) D. Khan-Bureau: "The administrators meaning the principal, so the administrators are getting a raise, two of them, and the students are losing their textbooks, and that's the math textbooks for 6<sup>th</sup>, 7<sup>th</sup>, and 8<sup>th</sup> grade, am I correct?"

**Mr. Buck** responded, "Sounds right."

**D. Khan-Bureau**: "And we have a top-heavy administration, and we're going to lose things that our students need to get a good education. Am I right?"

**Mr. Buck**: "Well, you're saying that, but..."

**D. Khan-Bureau**: "Am I right?"

**Mr. Buck**: "... You know we have an administration that you may not approve of but the administration ..."

**D. Khan-Bureau**: "This is not about me not approving of people."

**Mr. Buck**: "We have an administration ... that makes recommendations to the Board and the Board has approved those recommendations. You folks, a number of you folks ... took issue with some of the cuts that were proposed. Now those cuts were proposed on a tier basis because we were anticipating, ... the system I was trained under was: if we're going to come in with a 5% increase, we need to be prepared for a 0% increase and we need to illustrate or articulate what 1% at a time looks like when we are going to reduce our budget. We came down 1% at a time and in those percentage decreases, we talked about athletics, we talked about world languages, we talked about music, we talked about a variety of things. Those things were put out there so the community could see what was at risk. The community responded. The superintendent came back with a response or a recommended budget to put back every single one of those things. Those are in this budget. Now I know that you would like to see an administrative position cut. ..."

**D. Khan-Bureau**: "It's not just me, Sir, it's many people. As a group, we would like to see an administrator cut. There is no reason to have three administrators making \$150,000, \$115,000, \$120,000. We have three administrators for 417 students. Why do we need three administrators making \$115, \$120, whatever it is, and it's not including benefits, \$150,000 not including benefits, why do we need that many ... when we have a top-heavy administration?"

**Mr. Buck**: "Well, at this point, I don't agree with you or other folks out here who think we have a top-heavy administration. I think that four years ago we did a study within the board, and we produced a recommendation, which we followed up on, that reduced our superintendency by 4/10ths. We have four major initiatives that have

been put on the District by the State of Connecticut, everyone has it, everyone's feeling it, everyone's dealing with it. You don't make long-term decisions on cuts that can impact the District down the road based on short-term input. We have to look at where we are. You may not agree with me, but when you cut a position, it's not always easy to get it back, and at this point in time, everybody that's working, you might not like the job that everyone is doing, but everyone is working. Everyone is working full-time. We have an anxiety level for administration and teachers that is off the ceiling, and it is because of the work that those folks have to do."

**D. Khan-Bureau:** "We are not talking about the teachers, we love the teachers. We are all for the teachers. They are there teaching our children."

**Mr. Buck:** "So do I. ... Now, you asked the question, and I'm telling you that we have not cut an administrator because we are still working under a load of work, or a projected load of work, that we think takes the administrative staff that we have. We will study the matter; we will take recommendations, or the committee will make recommendations to the board."

**D. Khan-Bureau:** "But doesn't the Board of Education work for the Town of Salem, and when all these families come out to these Board of Education meetings, and they want to share their feelings about what they believe and what they would like to see for the Town and for the children of Salem, don't we have a say? I mean I don't think you have taken, I don't think the Board of Education members have taken the families of Salem very seriously. That's my opinion."

Audience applause followed.

**M. Pudimat,** Emerald Glen Lane, Board of Education: "I am going to speak as someone who has lived in the Town for 15 years, whose kids have gone through the school, who is a town resident, is a family member, ... and is a member of the Board of Education who was elected to this position, who ran because Salem is proud of their volunteers. We looked at this school four years ago and we changed the superintendency. We looked at this school two years ago and realized it needed to be consolidated into a pre-k through 8 school. We looked at this school a year ago, and we said in light of everything that is going on with Common-Core, SEED, [CT System for Educator Evaluation and Development] every other mandate that's coming down from the Federal government and the State government, we can't change the administration this year, but we needed to reorganize the administration this year. So if you've been coming to the Board of Education meetings, the line item things that came out tonight, they were all presented Monday night. They were all in the packet, they were all passed around the room. Everything about what we've done with the administration and reorganization of the administration has come out in packets and has come out in presentations at the Board of Education meetings. Every single one of our sub-committee meetings where we discuss all of these things are perfectly open to the public, but I have yet to see a public member at any of my long-range planning committee meetings or at my personnel contract-negotiation meetings. Every single person in this building got a raise this year. Everybody is on a 3-year contract except the administrators. Everybody is on a stepped increase. Every single person, except for very few, in the town hall offices got a raise this year. It is called 'cost of living'; it is called 'doing your job and getting paid for it.' They are doing the job well. The positions that got cut are positions that are no longer needed, are aides that are no longer needed, are teaching positions that are no longer needed because of declining enrollment and how structured ... classes are being restructured, and what goes up through. The grade level doesn't stay the same all 8 grades; there's a bubble some years; there's other years where grade three has a very low number and other years where grade three has a very high number. It is constantly in flux. As Joe said on Monday night, it is a moving sidewalk what we do. We have heard every single comment, every single e-mail that has come through our mailboxes about what people are concerned about, and we are working on it. We have two sub-committees looking at restructuring the school if necessary. We have another committee looking at restructuring the administration if necessary. If you own a business, you don't change your administration every three months because you are not happy with someone or you think it's changing. If you think that changing the administrators over the years the way we have done for the last 15 years has been unsettling to the school and has hindered the education, changing the administration willy-nilly in a knee-jerk fashion without doing, as Sam said the other night, our due diligence to make sure that the education is what I know this education to be in



this town would be totally not what you elected us to do. We are trying to do it, but you can't do it on a short term. It can't be for next year. We understand the administration needs are changing, but it's not going to change for next year. The textbooks that we cut are textbooks that the teachers involved agreed with. [Someone from the audience said "no."] Well, that's how they present it to us when they come to us with these changes. So to say that, if there's a teacher in the audience who doesn't agree with me, I would love to hear from them, but that's not what we hear at our Board of Education meetings, that's not what we hear in our sub-committee meetings. So I think to say that we're doing cuts that are harming the children, we are not doing cuts. We are doing cuts that were collaboratively picked to get to a number that was acceptable to the town."

**K. Lyden:** "I know being on any board or commission in this town is very difficult, and I know there has been stress with the parents and with the Board of Education this year, but I also know that the public hearing was April 9<sup>th</sup> and you presented your budget more than a month before that to the Board of Finance, and you were told your budget was \$10.5. Then you come to the public hearing and you came \$10.7, \$10.8 again, and so you knew on April 9<sup>th</sup> it was \$10.5 and you were told that. And now it's May 7<sup>th</sup>, almost a month later, and we received as stamped by my Town Clerk on May 7<sup>th</sup> at 1:00 your budget today. So it's fair for people to ask 'where are the cuts?', 'where did you cut?' instead of looking at the proposed budget, because it's hard to see where they are cut. I think these are fair questions. Try not to get defensive. I know you are all emotionally involved in this, but this is their money. They're the ones that fund this school."

**M. Pudimat,** Board of Education: "it's our money, too."

**K. Lyden:** "I agree, I agree with that, it's your money too, but ... this is a Town meeting for the town residents, so they have every right to ask these questions; and the Town budget was prepared April 9<sup>th</sup>; it was adjusted at that point. Anyone could've known what the Town budget was in April 9<sup>th</sup>. We didn't know what your budget was. If someone went to the Monday night meeting, they would have found that out, but otherwise it was delivered to Town Hall at 1:00 today, so I don't think it's unreasonable to ask some of the questions. Where did the cuts come from? This is part of being open and people have been complaining. We have to be open. We're a small community. You know, we've got to work better at this, people."

Mr. Butts explained that there are still several people in the audience who would like to speak and he will get to each one.

**L. Kramm,** West Rd: "I have no children in this school system but I have some questions. They are short ones. Do the students use computers? Are the computer programs up-to-date for these students? I could understand maybe cutting some of the textbooks if you are going to put the instructions on the computers. Is that the reasoning for the books being cut?"

**M. Pudimat:** "There are supplemental packets and programs within the Math and Science programs that the teachers felt were adequate to supplement until such time as we could get the other books. The other problem is Common Core curriculum as I said is in flux and what they're requiring of us is meet a standard in 'your fashion' so that there is flexibility within your Districts to do what you think you need to do. Our computers are almost completely up-to-date. There are things that we can convert to being virtual desktops that will allow them to do what they need to do, but the 10 Chrome books that got cut were something that would have added; but we can do without at this time as judged by the people on the technology committee and the teachers involved with that portion of the education."

**R. Green,** Forsyth Rd.: "... I know there's a lot of discontent over the \$10.8 budget that we initially submitted during the Town hearing. The increase in that budget, that \$800,000 in the budget, was special ed. Roughly we had an \$832,000 increase in special ed costs for the next school year. The school budget itself was a flat budget. We chose to go forward with the \$10.8 budget, because we felt at that point it would provide a minimal effect on the students and still be able to provide the special ed services that we're obligated to provide. I know there are people

that are, again, not happy and continue to belabor the point that we presented at \$10.8 budget on, back in April, and I take exception to those comments that continue to persist throughout the evening here. What we were asked to do at that town hearing was to give the town a \$10.5 budget. We've done that. We've shown you where the cuts were. Granted they came at 1:00 this afternoon, but you have been provided that information none-the-less, so I would suggest from this point on, we stop belaboring the point. We did give you a \$10.8 budget because we chose, we thought at that time based on the public's input that that was the best budget that we could present to the Town and still provide the services that we're obligated to provide. Now as far as technology goes, every computer in the school right now is running on Windows XP, and many of you know that Microsoft support for Windows XP expired last month. So now you are going to have to upgrade to Windows 7. When that is going to take place, I don't know. Fortunately 20% of the business world is still running on XP, so we've got some time to play with it. How long that time will last, I do not know. What I do know is that there is no longer any support for XP unless you get it by third party vendors and that will be expensive rather than upgrade to Windows 7. So for now, we're going to live with what we have and make the best of what we have and provide the services as best we can for those services that we are obligated to provide."

**S. Gendron**, Mill Lane again: "... I personally believe that based on the descriptions of the three administrators that they made out the other night, there's a lot of redundancy. Anyone can get a copy of the job titles and go over it yourselves. Even where it does not phrase redundancy, if you read between the lines, it is redundant, ok. So that's why parents are looking for more clarification on what actually takes place in these three administrators' days to justify \$10.5/\$10.8 and teacher's cuts, a needs cut, but I would like to know where is the aide being cut because I know that in the 1<sup>st</sup> grade, there is one aide between the two, so now ... do a 0.4% cut in an aide or a tutor that takes that reading specialist and now between the two first grade classes, now puts them between the two first grade classes and the two second grade classes ..... But yet we're giving raises. We're cutting these books. ... What is needed with these books? ... All we want is fiscal responsibility and how to get to the fiscal number of \$10.5 with services. What teachers are being cut? Where are they being cut? ... Where are the tutors being cut? The other thing is ... going back to fiscal responsibility, Mr. Lyden at the April 9<sup>th</sup> meeting generously offered to do a \$50,000 study on the school system. I sat in a Board of Education meeting on Monday night, and I heard the Board of Ed saying 'we can't trust that study because he who writes the checks calls the shots.' So now, the Board of Education, and I don't know the price tag because I didn't get a clarification of that, so now the Board of Education is going to do their independent study on top of Mr. Lyden's study, so now instead of spending \$50,000 of the Town's money, we're now spending I don't know how much money, so they can answer that as well."

There was an illegible response made.

**S. Gendron**: "You're doing it for free? Oh excellent, ok wonderful. ... You were asking about teachers coming forward about the books and things to that effect, I'm going to say this publicly. On four separate occasions the principal of the school has told parents 'if you don't like it, move to another location.' Do you think that we have any trust in an administration who's telling us to go to another town? I don't think so. Do you think teachers in our school, if that's the mentality, have the trust to come up and say, 'yeah, we don't really need that.' ... They're saving their skins. ... So the parents here tonight, not evil, ... fiscal responsibility and what are the cuts coming down to... is the teacher that is doing two classrooms now, going to do four? What are the answers?"

**M. Pudimat**: "The answer to the teacher cuts: it is not a teacher cut, we offered an early retirement incentive and that's the individuals that have taken the early retirement incentive, so there are no teacher cuts that are happening. The tutor reduction is not an actual reduction in numbers of tutors, it's a reduction in the types of tutors that we have, so that it is a 0.6, or whatever, reduction in the amount of money that we are putting out for tutors but we are actually increasing the number of tutors next year, tutors and aides. It's just the types; they cost different amounts of money based on what they have to do for the individual students that they are working with. But again, there are no teacher cuts, there are no combinations of classrooms, there are no ... anything going on in that manner. These are early retirement offers that were taken up by two teachers. We have three retiring, we have to hire to replace them, but the retirees are people at much higher salary rates so the people coming in will be at lower salary rates, lower benefit rates, and that's where the savings is on the teacher cuts. It is incorrectly called teacher cuts."



R. McKinney, Woodland Dr.: “I served on the Board of Education for many years a long, long time ago; and I don’t know most of the parents with kids in school because mine have all graduated and are off in college somewhere but in my entire time of service in Salem, I have had one goal, and that’s to serve children. And I think that most of the people in this room feel that way; and I see a lot of passion and I see a lot of people who have come here .....one thing that we all have to remember is that tonight’s meeting is about the budget, and the only action that can be taken in this room tonight is to reduce the Board of Education budget. I know a lot of people feel really strongly about a top-heavy administration, or cutting teachers, we all have our little things. Hey, I am the technology director in East Lyme. I want every computer in the world. I don’t want to see anything cut ever. That’s my thing. But I think if we don’t focus on what our mission is tonight and somebody makes a motion to cut because they want to send a strong message that ‘they don’t like this budget because it’s too top-heavy,’ the only person you are going to hurt is children because any cut to this budget is going to come away from the children. They’re going to walk away with less money in the budget for next year and they’re going to be less happy. This is not a Board of Education meeting. We could sit here for the next three hours and tell the Board of Ed what we don’t like, what we want changed, where they should spend money. They will not take action. This is not their meeting. This is a Town meeting. They [Board of Education] can’t vote. They can’t make a change. They’re going to leave with either the same amount of money they have now or less. The place to have these kinds of deep, deep discussions is at a Board of Education meeting. Once they have that bottom line, you can go to them and say, ‘You know what? I just don’t really like what I see here. Ya know, I really want to serve on that committee. I really want to be involved. Could we relook at those textbooks or those Chrome books or whatever?’ That can happen, but if you change that bottom line tonight because you want to send a message, you’re only hurting your kids. And so I just really want to make that point because I only care about one thing, and that’s what our kids are getting out of their education.”

G. Maiorano, West Rd.: “... I’ve heard a lot about how top heavy you are, I have my own ideas but to look at your budget, I can’t give myself an honest answer on what I feel. I’ve asked over the years to give us the same budget that we give to general government. General government tells me how many people I have in the Town of Salem and their salaries. Here, I just have school administration, teachers, but it just gives me totals. I don’t even know how many administrators we really have unless I go in there ... The normal person has no idea what you have. If you look in here, unless I’m looking wrong, I’ve looked under different items; and it gives me district administrator, superintendent, support staff \$141,000 or whatever it is. What is \$141,000? How many support staffs do I have? This is the only thing that I’ve always asked for is to see how many people you have that’s getting all these things. ... I look at this Town budget and I’m finding it. I’m seeing the Selectman, the assistant selectman, town clerk, the clerk’s assistant, and it’s giving the salaries. With the school, I don’t see how many teachers we have, I don’t see how many administrators we have, how many principals, how many superintendents ...”

Mr. Butts interrupted to say that the explanations are given on the page above.

**G. Maiorano:** “I don’t care about the explanations. I want it in writing, black and white, how much they get, then I have a better idea if I agree or disagree with everybody in here. I can’t vote. If somebody voted tonight to drop the budget, I couldn’t, because I really don’t know. But I would like to know, how many are in there; how many superintendents; how many principals; and what do they get? Then I would have a better idea, and if we’re under the Town of East Lyme School, we go to East Lyme, is it better for us to have the superintendent of East Lyme take care of Salem? I don’t know. These are the questions that I have. Thank you.”

**J. Miller,** Morgan Road: “... I know this is not a Board of Education meeting, but I think everything that is said here tonight is going to reflect on each of us when we go to vote on this budget so in that sense it is important. But I have some real concerns when we talk about getting rid of books and connecting that with Common Core ..., but I think, and I’ll speak from experience. My daughter went to Salem School and when she went to East Lyme School, it cost me an extra \$8,000 to Sylvan Learning to bring her up to speed. That’s a tax that you’re looking at down the road that you’re paying to Sylvan. Now I think we should think about these kinds of things, and again, books are important to me. I still read my books with paper. I have laptops, I have computers, and so I appreciate everything that’s said here tonight because it’s going to give me a direction on how I am going to vote. Thank you.”

**E. Lane**, Cockle Hill Road, asked if the budgets are available online.

**K. Lyden**: “No, but we’ve had the Town budget available since April 9<sup>th</sup>.”

**E. Lane**: “We are living in a computer world, why aren’t the budgets online where anybody in town could get them?”

Someone from the Board of Education said “They are”

E. Lane stressed that she looked and could not find the budget online and feels strongly that it should be available online.

K Lyden stated that now that we have it, we can put it on the Town website.

J. Butts asked if anyone wanted to go line by line through the budget tonight. Mr. Butts stressed that we can certainly do that, he has heard a lot of passionate comments tonight; and again, we can stress concerns about parts of the budget, but we can’t affect it at this point.

Mr. Butts asked if anyone would like to make any motion with respect to modification of only the Board of Education budget. None was presented.

Motion made: “to adjourn the vote of the fiscal year 2014-2015 budget for the Town of Salem consisting of a General government budget of \$3,611,204 as presented; Capital budget of \$785,385 as presented; and Board of Education budget of \$10,500,000 as presented for a total annual expenditure for the Town for all purposes of \$14,896,589 even for fiscal year 2014-2015, to adjourn to a vote on that budget to a referendum to be held one week from today on Wednesday, the 14<sup>th</sup> of May, 2014, between the hours of 6 am and 8 pm for a “yes” or a “no” vote on the total budget by paper ballot at the Salem Town Office Building, 270 Hartford Road.

(M/S/C: **R. Ross/H. McKenney**)

**J. Butts**: “All we are doing here is moving a dispositive vote of the combined budget which is the way to do it by charter to paper ballot. ...

**J. Fogarty** asked if there will be any questions on the ballot with reference to whether the budget is too high or too low.

**G. Householder, Board of Finance**, answered that yes, there will be two questions on the ballot which will give guidance on what to do afterwards.

**W. Weinschenker**, Music Vale Rd., asked if the Board of Finance has an estimate of what this will do to the Town’s mil rate if this budget were adopted.

**TJ Butcher, Chairman of Board of Finance**: Current mil rate is 30.1. Mil rates are a difficult thing to predict. “We’re looking at 1 mil, 1.1, 1.2 with this current budget, so in my mind, somewhere around a mil is what we were aiming for and we’re pretty close. We were pretty high there for a while but we’ve been able to make some significant cuts. So we’re looking at a mil, maybe a little more.”

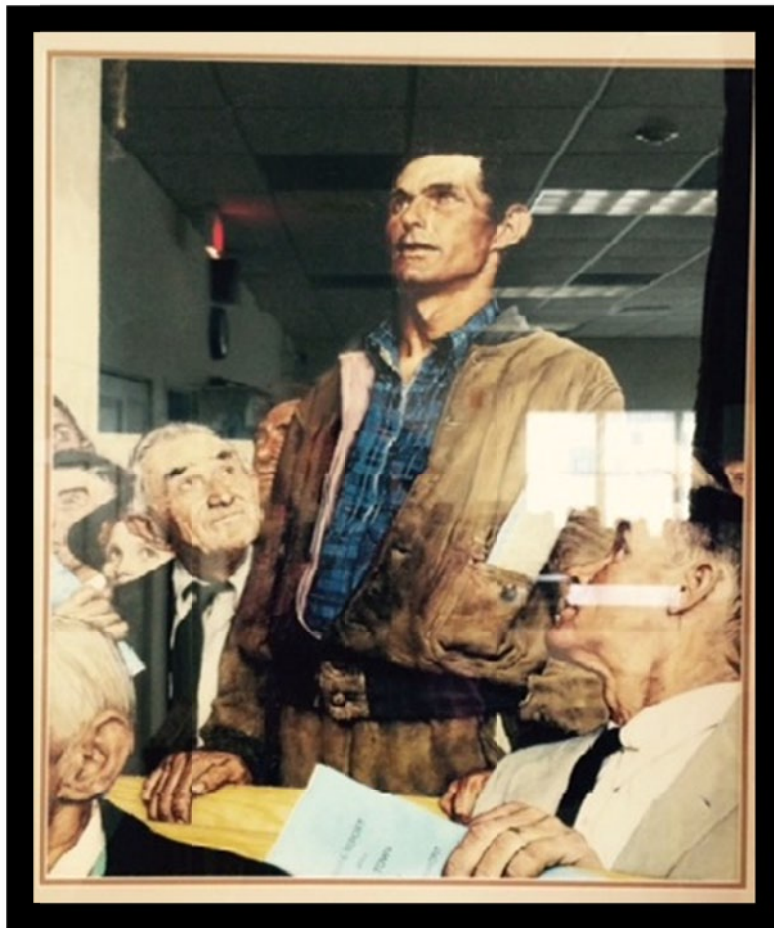
**P. Munro**, Skyline Dr.: "... Board of Education budget covers this district which is also students in various high schools, students in East Lyme, students who are out-placed, students who are up till the end of the year they turn 21 if they have special ed things, so there's not just the kids in this building."

**J. Haynes**, Hartford Road asked if absentee ballots will be made available. The Town Clerk indicated in the affirmative.

Following discussion, J. Butts asked for a **Motion to adjourn the ultimate vote by charter to a referendum next week.**

**Motion to adjourn: TJ Butcher/E. Lane. Carried Unanimously**

Meeting Adjourned at 9:04 p.m.



**OFFICIAL BALLOT  
BUDGET REFERENDUM VOTE  
SALEM, CONNECTICUT  
MAY 14, 2014**

**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 \$14,896,589 FOR THE 2014/2015 FISCAL YEAR?"

182 YES ☐

163 NO ☐

**QUESTION 2  
ADVISORY VOTE (Non-Binding)**

"IN YOUR OPINION IS THE GENERAL GOVERNMENT BUDGET IN THE AMOUNT OF \$3,611,204 FOR FISCAL YEAR 2014/2015 ACCEPTABLE OR TOO HIGH?"

245 ACCEPTABLE ☐

98 TOO HIGH ☐

**QUESTION 3  
ADVISORY VOTE (Non-Binding)**

"IN YOUR OPINION IS THE BOARD OF EDUCATION BUDGET IN THE AMOUNT OF \$10,500,000 FOR FISCAL YEAR 2014/2015 ACCEPTABLE OR TOO HIGH?"

135 ACCEPTABLE ☐

203 TOO HIGH ☐

TOTAL NUMBER OF NAMES ON THE OFFICIAL CHECK LIST: 2,487

TOTAL ABSENTEE BALLOTS - 3

TOTAL NUMBER OF NAMES CHECKED ON THE OFFICIAL CHECK LIST

WHO VOTED: 345

(ABSENTEE: 3; VOTED IN PERSON: 342)

### Justice Of The Peace

		860			
<b><u>NAME</u></b>	<b><u>STREET</u></b>	<b><u>PHONE</u></b>	<b><u>PARTY</u></b>	<b><u>TERM BEGINS</u></b>	<b><u>TERM ENDS</u></b>
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 McGannon	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, Michael F	66 Skyline Drive	859-2207	D		
Nortz, Rebecca A.	66 Skyline Drive	859-2207	D		
Pech, Georgia M.	460 Darling Road	859-3112	R		
Petersen, Tamara	105 Witter Road		D		
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. Sr.	182 Forsyth Road	859-0876	R		
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: 13	Democrats: 23	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>
Alfonso, Diane M.	295 Rattlesnake Ledge Road	03/01/2010 - 02/28/2015
Baranello, Juli	519 Norwich Road	11/27/2012 - 11/30/2017
Bennett, Suzanne	223 Old New London Rd.	10/05/2012 - 10/31/2017
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
Bushy, Gretchen A.	21 Sullivan Rd.	12-01-2013 - 11/20/2018
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	07/01/2009 - 06/30/2014
Cramer, Sara	24 Hartford Rd., Unit 8	03/12/2013 - 03/31/2018
Crisanti, Patricia J.	195 Old New London Road	04/01/2014 - 03/31/2019
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
Ewing, Samantha	73 A Horse Pond Road	12/12/2011 - 12/31/2016
Fenner, Lori R.V.	163 Music Vale Rd.	02/01/2011 - 01/31/2016
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
Gray, Jackie	235 Buckley Road	07/01/2009 - 06/30/2014
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
Larsen, 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	01/01/2014 - 12/31/2018
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	03/01/2014 - 02/28/2019
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
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
Tavares, Sara J.	11 Emerald Glen Lane	03/04/2014 - 03/31/2019
Traggis, Carol J.	21 Forsyth Road	11/01/2009 - 10/31/2014
Turner, Tammie A.	185 Old Colchester Road	05/01/2011 - 04/30/2016
Weston, Diane E.	47 Meadow Lane	02/10/2011 - 02/28/2016
Wittig, Vera Ann C.	200 West Road	04/01/2014 - 03/31/2019

Updated 06/30/2014

## TREASURER REPORT

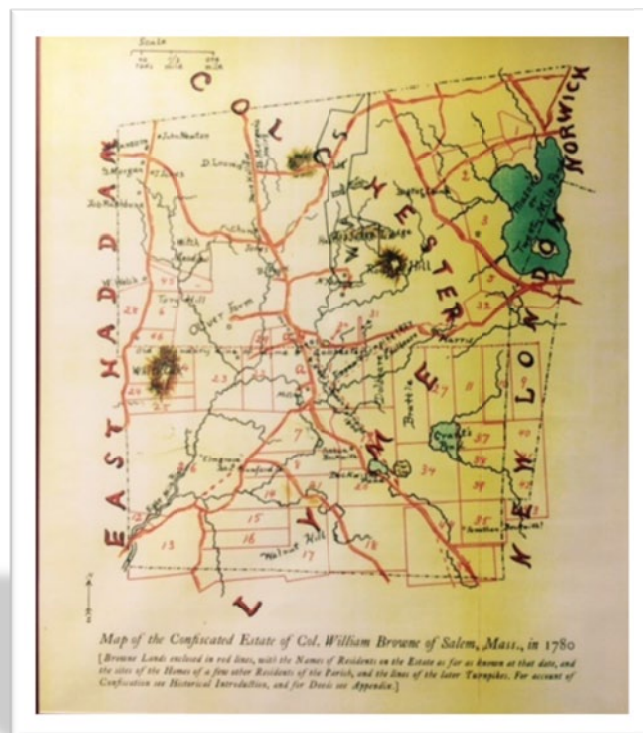
The fiscal year ended on June 30, 2014 - Total Governmental Funds in balance with asset and liability activities each totaled \$8,660,324.00 respectively. See exhibit 3 and 3a beginning on page 12 of June 30, 2014 year end Town *Financial Statements and Supplementary Information* (Salem Auditor's Report).

Revenues for the fiscal year Total Governmental Funds total \$17,562,748.00. This includes property taxes, grants, licenses & permits, charges for services, income from investments and miscellaneous revenues. For more detail of funds and revenues see exhibit 4 and 4a beginning on page 14 of June 30, 2014 year end Town *Financial Statements and Supplementary Information* (Independent Auditor's Report).

*Financial Statements and Supplementary Information* for Year Ended June 30, 2014 may be requested at the Town Clerk's office during regular office hours or see our Town's website. [www.salemct.gov](http://www.salemct.gov)

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

Respectfully Submitted  
Pamela Henry





## **BOARD OF FINANCE**

**T**he 2013-2014 fiscal year began with the adoption, by town referendum, of the Town's budget in the amount of \$14,781,081. The proposed expenditures were as follows:

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

The Board of Finance approved a mill rate of 30.1 mills to provide Town funding budget.

The Unassigned Fund balance as of July 1, 2013 was \$1,253,428.

T.J. Butcher was elected by the Board to serve as Chairman. George Householder was re-elected by the Board to serve as Clerk.

During the year the Board of Finance authorized \$45,223 additional expenditures to fund needs for the Salem and Gardner Lake volunteer fire departments, the security department, and the town counsel line.

The 2014-2015 fiscal year budget in the amount of \$14,896,589 was presented to the Town for adoption at referendum. The proposed expenditures were as follows:

General Government	\$ 3,661,204
Board of Education	\$ 10,500,000
Capital Improvements	\$ 785,385

The proposed budget was ADOPTED at referendum on May 7, 2014 by a vote of:

182-YES

163-NO

The Board of Finance approved a mill rate of 31.1 mills to provide funding for the 2014-2015 budget.

The unassigned fund balance as of June 30, 2014 was \$2,007,216.

*T.J. Butcher, Chairman*

## **TAX COLLECTOR REPORT**

The year July 1, 2013 to June 30, 2014 was very busy in the Tax Collector's office. In July 7,493 bills were sent to taxpayers. This totals, 1,948 Real Estate bills, 4,826 Motor Vehicle bills and 719 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 738 Supplemental Motor Vehicle bills were mailed to taxpayers.

From July 1, 2013 to June 30, 2014, this office collected and turned over to the town treasurer \$10,928,468.45. A breakdown of this figure includes: \$10,845,605.28 in taxes and \$82,863.17 in interest and lien fees.

In June, 77 Real Estate Tax liens were placed on property in the Town of Salem. The total dollar value of these liens was \$154,687.20. During the year 67 back tax liens were collected and released. The principal amount of these liens was: \$ 136,662.35.

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**

<b>Active List</b>	<b><u>Party</u></b>	<b><u>Number of Voters</u></b>
	Democratic	741
	Republican	594
	Unaffiliated	1024
	Other	21
	<b>Total on Active List</b>	<b>2,380</b>

<b>Inactive List</b>	<b><u>Party</u></b>	<b><u>Number of Voters</u></b>
	Democratic	108
	Republican	62
	Unaffiliated	27.
	Other	0
	<b>Total on Inactive List</b>	<b>197</b>

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

Salem continues to face an economic climate which has negatively affected new building and development activities within the Town borders. In the 2013-2014 fiscal year, there was one subdivision application and one resubdivision application. There were no site plans or modification of site plan applications submitted for review, no Special Exception applications, no lot development plans and only two regulation/map amendments applications that required Commission attention. For comparison purposes, it is noteworthy that in 2010, there were 25 zoning permit applications.

With less need to process applications, Planning & Zoning Commissioners decided to use available time to consider specific 2012 Plan of Conservation & Development (POCD) recommendations. After analysis, discussion and attention to the future character of the town, P&Z selected specific regulations for possible modification to implement the POCD recommendations. The Commission has also decided to review existing regulations with a goal of making them more “user-friendly”. The following five criteria have been adopted for evaluating the usefulness of our regulations:

- 1) Is the regulation necessary and proper?
- 2) Is it written in a clear, logical and concise style?
- 3) Is the regulation fair?
- 4) Can it be enforced?
- 5) Does it conflict with any existing regulations?

Moving forward, it is our plan to apply all five criteria when considering any additional regulations or amendments to existing regulations.

The P&Z Commission held four public hearings over this past year. The first dealt with a proposed Village Center Zone which would have allowed mixed-used activities in the residential zone in the vicinity of the Town Hall, while protecting the historic nature of the designated area. The public was vocal in their rejection of these concepts and the Commission later voted to withdraw the proposal. The second public hearing involved a request to allow single-family residential property owners on lots of less than 80,000 sq. ft. to keep hens for personal use (no roosters). After the hearing, the P & Z granted the request with certain provisions added to protect neighbors from any potential negative impact traceable to the hens. A third public hearing was held to consider the resubdivision of a ten-acre parcel of land on Old New London Road; there was no public opposition to the proposal and after Commission review the proposal was approved. The fourth and last public hearing considered an application for construction of a multi-family dwelling on Route 85. P&Z was able to approve the application because of a preceding Commission-initiated regulation amendment that allowed an altered configuration of the Net Buildable Area requirement.

Additionally during the past year, P&Z attorney Steve Byrne presented a workshop discussing roles and responsibilities of P&Z Commissioners. All commissioners were able to attend and expressed appreciation for the quality of the workshop and the relevance of the covered material.

The following is a financial summary of Commission activities:

Expenses:	
Legal expenses -	\$9,116.00;
Mileage/conference costs -	\$2,267.95;
Engineering expenses -	\$1,132.56;
Miscellaneous costs -	<u>\$1,742.43.</u>
Total -	\$14,258.94

Income:	
Zoning Compliance fees -	\$1,810.00
Sale of Zoning Regulations -	\$42.75
P&Z Commission services -	<u>\$5,147.00</u>
Total -	\$6,999.75

The P&Z Commissions fiscal year's budget, which was allocated by the Board of Finance, was \$30,000. At the end of the fiscal year (June 30, 2014) all unused funds were returned to the Town of Salem.

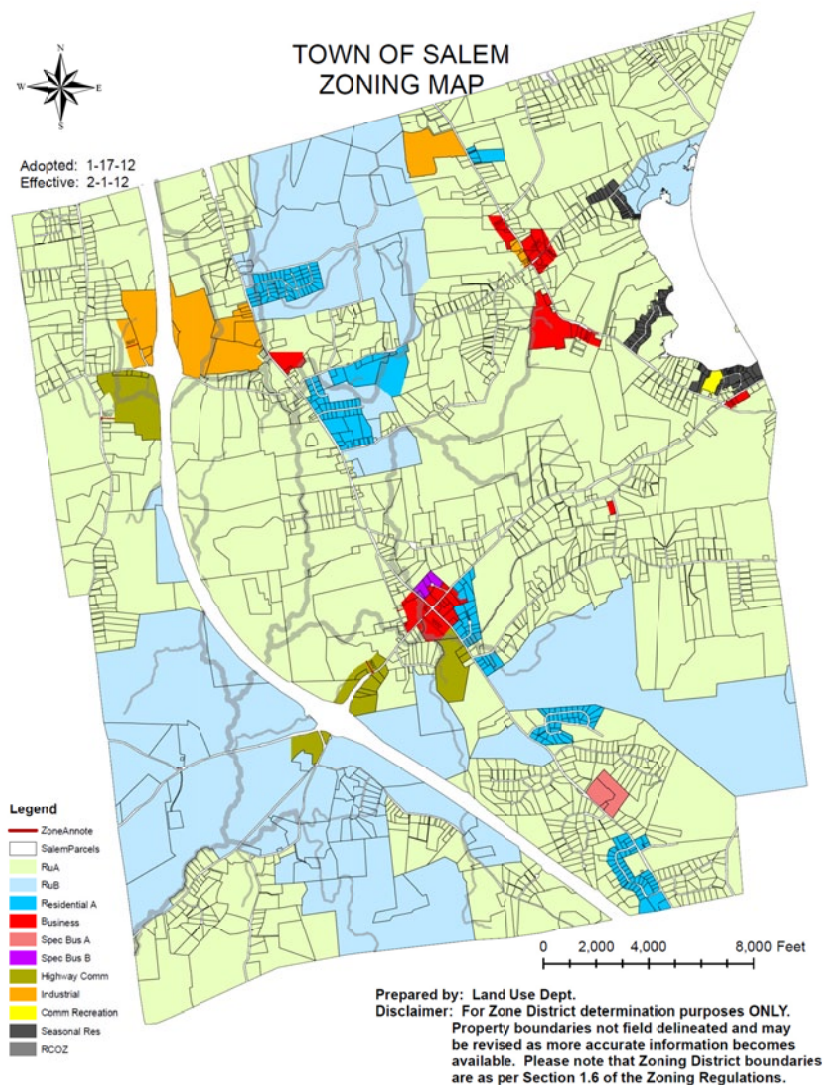
Planning & Zoning Commission meetings are open to the public; regular meetings are held on the 3<sup>rd</sup> and 4<sup>th</sup> Tuesdays of each month, except for December when only one meeting is held. All Salem residents are encouraged to attend or watch the meetings, as they are broadcast live on television.

The following individuals are members of the 2013-2014 Commission:

Regular members: Gloria Fogarty, Chair; Joseph Duncan, Vice-Chair; Vernon Smith, Secretary; Richard Amato, Ron Labonte, Ruth Savalle, and Gary Walter. Alternate members: John Gadbois, Ed Natoli, and Eric Wenzel.

Respectfully submitted,

Gloria Fogarty, 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 is evolving to changing times in recreation. Many of the major sports are now going all year, not just the traditional seasons we were all so familiar with years ago. This new paradigm requires flexibility and patience as we try to juggle fields and gym time fairly. The rise of private elite teams for all sports has to be figured into the equation as well. Last year the Commission rented out the fields to some of these teams, as well as tournaments, which resulted in over \$7000 going into the town's general fund.

Thanks to the generous donations from the Salem Lions and Salem Youth Baseball to the Recreation Commission the Babe Ruth Field will now have a score board which will be installed in 2015.

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 again benefited from hard working scouts. Nate Morrow tore down the press box on the softball field which has been in disrepair for a number of years. He and his fellow scouts did a total replacement of the press box as well as an electrical upgrade. Joe Casciano also provided the Commission with a well done and needed project. Joe refurbished and enlarged the kick wall at the soccer field on Round Hill Road. Both projects were very well done.

The Salem Recreation Commission started in late fiscal 2014 to clear all the invasive species on the corner of Music Vale Rd and Hartford Rd. The area was a thick wall of climbing weeds and vines with no way to get through them. When the area is all cleared and continuously mowed over the next couple of years this will be a beautiful open park area for the residents of Salem. The park is adjacent to the multipurpose trail and will provide many opportunities for recreational activities. We hope people will use it to picnic, fly kites, go sledding and just enjoying the outdoors and nature. We are very excited about our new park.

**“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.”**

Special thanks to the best Commission members and staff, Bob Appleby, Pam Henry, Dave Kennedy, Al Giansanti, Doug Morrow, Crispin Fresco-Hawes, Jim Burke, and Program Director, Diane Weston

Respectfully Submitted

Sue Spang

Salem Recreation Commission Chairman.

# **INLAND WETLANDS AND CONSERVATION COMMISSION**

## **REPORT**

During the Fiscal Year 2013-2014, the Inland Wetlands and Conservation Commission (IWCC) held 3 regular monthly meetings, no special meetings and held no Show Cause Hearings. The IWCC and its Designated Agent, the Wetlands Enforcement Officer (WEO), addressed 0 applications, including: 0 for work in wetlands, 0 non-jurisdictional rulings, 0 as-of-right determinations, and 0 permits for work within the 75' upland review area of a wetland/watercourse.

Members and Wetlands Enforcement Officers attended workshops and training sessions.

IWCC Members included:

Sally Snyder (Chairman)

Eric Belt (Vice Chairman (thru 5-12-14)

Roger Phillips

Diba Khan Bureau (IWCC Secretary)

Linda Wildrick

William Leuck (regular member thru 12-31-13)

Gale Balavender (Alternate)

Ed Natoli (Vice Chairman eff. 5-12-14)

Frank Abetti (Alternate)

Vacancy (Alternate)

Respectfully submitted,

Sally Snyder, Chairman



## **ECONOMIC DEVELOPMENT COMMISSION REPORT**

**D**uring FY 2013/14, the Salem Economic Development Commission (EDC) continued 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 projects included: (1) final development of a new brochure to help “market” Salem to businesses looking for a new location; (2) development of a local business directory which could be distributed to all local residents; (3) 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 and the Town could further support them.

In addition to the above specific activities and projects, EDC during this fiscal year renewed its ties with SECTER (Southeast CT Enterprise Region) and, more specifically, began working and meeting with our new Town Planner, Richard Serra. First Selectman Kevin Lyden played a key role in facilitating this connection for EDC. In addition, EDC also provided input to the Planning and Zoning Commission on various subjects and projects of mutual interest to both commissions, as well as the Town as a whole.

The current membership has been very active on various initiatives, and the commission looks forward to sustained effort and focus on specific projects leading to economic development that will benefit Salem. Our immediate focus in this regard will be supporting and working with businesses currently operating in Salem, with a future long-term goal of outreach to businesses outside of Salem who might consider relocating to our town.

Meetings of the Economic Development Commission are normally scheduled for the third Monday of each month, except when that date falls on a state holiday. The normal meeting location is Room 2 in Salem Town Hall, and the meetings start at 7:30 p.m. All meetings are open to the public, and EDC welcomes public attendance and participation.

Respectfully submitted, Frank Sroka, Chair--Salem Economic Development Commission



Morning at Salem Babe Ruth Field

## ASSESSOR REPORT

Real Estate	Personal Property	Motor Vehicle	Total Net 2013 Grand List
\$318,962,450	\$11,636,795	\$31,576,334	\$362,175,579

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

- Disabled and Elderly Homeowners Programs (means tested) Applications biennially-February 1<sup>st</sup> to May 15<sup>th</sup>
  - Local Option Elderly and Disabled Homeowners Program (means tested) Applications annually- February 1<sup>st</sup> to May 15<sup>th</sup>
  - Additional Veterans Applications (means tested) biennially- February 1<sup>st</sup> to October 1st
- The following exemptions are administered by the assessor's office:
- Blind Persons- Certificate of Blindness from the State of Connecticut plus a completed application filed with the assessor's office.
  - Totally Disabled Exemptions (not means tested) completed application with proof of eligibility.
  - Veterans must file his/her honorable discharge with the Town Clerk by September 30<sup>th</sup>. Contact the assessor's office for additional information as to eligibility.
  - Federal Soldier's and Sailor's Civil Relief Act – Non Ct. 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. Application by December 31<sup>st</sup> next after the bill is due.
  - Solar Energy Systems Applications due by November 1<sup>st</sup>
  - Tax exemption on Motor Vehicles for Handicapped Applications by November 1<sup>st</sup>.
- Farm and Forest land (PA490) applications completed forms must be filed by October 31<sup>st</sup>. Contact assessor's office for information.

Personal Property Declarations for all businesses, farms and non-registered motor vehicles including all campers are required to file annually prior to November 1<sup>st</sup> to avoid a 25% penalty.

The assessing department is open 9:00am to 3:00pm Monday through Thursday.



Horse Pond



## **BUILDING OFFICIAL REPORT**

	2012-2013			2013-2014	
	Value	Units		Value	Units
Residential:					
Foundations	0	2		0	0
New Homes	1,451,728	6		4,969,169	16
Additions	185,033	4		86,781	5
Alterations	755,200	72		642,785	56
Trades	628,253	161		575,180	157
Manufactured Home	0	0		0	0
Garages	162,618	3		228,481	6
Pools	37,857	4		90,473	5
Sheds/Barns	117,981	17		224,891	16
Decks	65,889	7		94,138	8
Commercial:					
Foundation Only	17,500	1		0	0
New Commercial	139,900	1		0	0
Additions	0	0		0	0
Alterations	6,056,000	7		8,000	2
Trades	92,014	14		23,925	9
Extensions	0	0		0	0
Other:					
Demolitions	11,000	2		2,000	2
Tents	2,000	1		2,000	1
Membrane Structure	0	0		0	0
Total Permits Issued:	287				
Total Construction Value:	6,991,486				
Total Permit Fees Collected:	81,649				

Vernon C. Vesey II, *Building Official*

Diane E. Weston, *Administrative Assistant*

# **SALEM FREE PUBLIC LIBRARY ANNUAL REPORT**

Mission Statement:

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

The Salem Free Public Library is a library that was actually built by the community it serves. We receive our community’s continued support, through their consistent usage, their tax dollars that pay for a dedicated and experienced staff, a large quantity of hours donated by an enthusiast team of volunteers and generous contributions to the Friends of Salem Library. Salem Free Public Library continues to be awed by the faithful support of our community. We thank you.

In addition to Town of Salem funding, the Salem Library receives financial support and countless man hours from The Friends of Salem Library. In 2013-14, The Friends of Salem Library gave \$13,000 to the library for the support of programs, summer reading, the collection, museum passes, story hour and the teen advisory group. Thanks are also due to the following donors:

- The Moms Club – to add to the Children’s’ Collection
- The Propbusters – for the Collection in general
- Shirley Diamond – for the Poetry Collection
- The Salem Library Knitters – the proceeds from their annual knitting sale will be used for the Collection in General
- The Clamshell Quilters – proceeds from their winter sale will be used for the Collection in General
- Gerald Daigle – for the Collection in general
- Karen Jensen
- Venky Iyer – to add to the Children’s & YA Nonfiction Collection
- Holly Alligood – for the Summer Reading Program
- Chelsea Groton Bank – for the Summer Reading Program
- Salem Valley Farms Ice Cream – for the Summer Reading Program
- R & W Heating – for the Summer Reading Program
- C.G. Real Estate – for the Summer Reading Program

During the year, the library provided 345 programs with a total attendance of 4,621. Presenters taught our patrons to make Indian cuisine, how to “plant up,” design an intention doll, create herbal gifts, and make a fairy houses. Our audiences attended concerts – The Eight Mile River Band, the Hungrytown Folk Duo and Rick Spencer’s Irish/American musical experience. Attendees created all kinds of art – henna, watercolors, embossed cards, braided bracelets, and paper blooms.

The library owns over 34,000 items, comprised of books, magazines, movies, and audio books, and also, e-books, science kits, a kindle, and downloadable audio books. In addition, through our consortium, we have nearly 2000 e-books and 1500 downloadable audio books available.

Salem Free Public Library is large but not exhaustive. If a patron requests an item we do not currently hold in our collection we will borrow that item from other lending institutions. In the 2013/2014 year we borrowed 4,110 items from other institutions and they in turn borrowed 4,715 items from Salem Free Public Library.

The Salem Free Public Library has seen an increased number of patrons this year. As of June 2014, there were 4,864 registered. Salem patrons comprise 63% of the patron base; Bozrah patrons account for 15%; the remaining 22% of patrons come from other towns.

We have several databases for our patrons. Our partnership with the Connecticut State Library allows us access to the high power research databases included in iConn – such as Academic Search Premier, Biography Reference Bank, History Reference Center, and Heritage Quest. In addition, we also offer JobNow – a one-on-one interviewing and resume help aid.

#### **Board of Library Directors**

Leonard Giambra	Chairperson
Sharon Sanders	Secretary
Michelle Guertin	Treasurer
Maryanne Casciano	
Susan Buck	
Wendy Ortega	

#### **Friends of Salem Library Executive Board**

Carl Nawrocki	President
Carol Traggis	Vice President
Martha Giegel	Secretary
George Ziegra	Treasurer

## **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 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 22<sup>nd</sup> 2015, 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  
Deputy Chief  
Assistant Chief  
Fire Captain  
Safety Officer  
Rescue Captain  
Fire Police Captain  
Secretary  
Treasurer  
Appropriated Treasurer  
Lieutenants

Eugene R. Maiorano  
Rick Martin  
Ron Przech Jr.  
Rob Oloski  
Chip Weston  
Debbie Caldwell  
Warren Wright  
Lisa Martin  
Marcella C. Maiorano  
  
Jeff Martin, Mark Dickson, Bob Pokrinchak  
Alex Blais, Ryan Teixeira, Jenn Oloski, Al Wlodarczyk

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

## GARDNER LAKE VOLUNTEER FIRE COMPANY REPORT

**D**uring the period of July 1, 2013 to June 30, 2014 The Gardner Lake Volunteer Fire Company Inc. was dispatched to 495 emergencies. These emergencies consisted of 160 Fire, 335 Emergency Medical Service Emergencies that encompass 100% of the Town of Salem and Surrounding Towns through our New London County, Mutual Aid Agreement.

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 President 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. 721 Certified students and Taxpayers in CPR & AED to date.

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](http://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 / EMT	Secretary	Ruth Savalle	SUPPORT
			Board Member	John Cunningham **	FF / EMT
EMS Captain	William Tinnel **	FF / EMT	Board Member	John Hirsch **	FP
Safety Officer	John Cunningham **	FF / EMT	Board member	Stephen Philopena **	FF
Lieutenant	Nicholas Tripp	FF / EMT			<b>denotes life member 20 years + service **</b>

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 Salem Historical Society was founded in 1969. Formation of a historical society was inevitable, sprung from a town founded in 1819, whose rich farmland attractive mining and mill location surrounded by an 8 mile river shed, and easy, but protective access location, brought in wealthy merchants, such as Col. Samuel Brown, scientists such as explosive inventor Frederick Rawolle, artists such as Bella Lyn Pratt, coin designer for the U.S. Mint, and humanitarians such as Hiram Bingham IV.

## **Officers:**

<b>David Wordell</b>	President	<b>Pat Crisanti</b>	News & Publicity
<b>William Schultz</b>	Vice President	<b>Robert Neddo</b>	Building & Grounds
<b>Pat Crisanti</b>	Curator	<b>Virginia Vesnaver</b>	Membership
<b>Donald Urbanik</b>	Treasurer	<b>William Leiserson</b>	Bd. Member at Large
<b>Pam Munro</b>	Secretary	<b>Jennifer Sims</b>	Bd. Member at Large

**Vision:** Bring history alive through revival, restoration, preservation and education.

**Mission:** The mission of the Salem Historical Society is to bring the history of Salem, Connecticut, alive by educating the community through programs featuring exhibitions, superbly restored and preserved, and to encourage and enlighten researches and revivalists to explore Salem's many treasures.

**Facilities:** This has been an exciting year for improvements. The roof of the Hearse House was replaced and the building alarmed. The Town House was also alarmed, vault door repaired and 97.7 ultraviolet protection added to the windows. Salem Historical Society (SHS) is dedicated to the preservation of Salem's unique history which also includes the Music Vale Seminary, the first normal school of music in the country, opened in 1835 and was authorized by the State of Connecticut to confer degrees. It was founded by Orramel Whittlesey, who also opened a piano making factory. Since the SHS was founded, the Salem Historic District was identified by the National Register of Historic Places in 1980. The Town Center building on the Salem Town Green is leased to SHS to house collections and present programs. Due to a generous gift in memory of Ruth Leiserson Sims and her husband Albert G. Sims, together with a matching grant from the MacArthur Foundation, SHS in 2014 purchased the oldest known house in Salem (circa 1690) which was the home of the Whittlesey family and site of the Whittlesey Piano Factory. This structure is within the historic district and will become the Whittlesey Museum at Music Vale, a tourist attraction and educational museum and proud legacy of the Town of Salem.

## **Programs:**

The History of the Maegog Farm – Stuart and Judy Gadbois-Owners

The History of the Avery Farm – Les and Bob Avery-Owners

Contentment, Good Manners and Sociability-The Ladies of Music Vale – Vivian Zoe-Director of Slater Museum

Orramel Whittlesey: The Man and His Music – Dorothy Hayden-Descendant

Sculpture of Bella Pratt – Cynthia Sam and Jean Whittlesey Bodman-Descendants

Colonial Dooryard Gardens – Linda Turner-Master Gardner

Walk to Mosswood Glen – Ellen Leiserson-Descendant

## **Outreach:**

Two fifth grade classes tour the farm equipment (Hearse House) and the Museum

Salem Boy Scout Troop had a PowerPoint presentation on archaeology and hands-on with Native American artifacts found in Salem.

The Salem Airport display was on exhibit in the Salem Public Library for the month of September

William A. Schultz

Vice President

## **GARDNER LAKE AUTHORITY REPORT**

**T**he 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 Volunteer Cooperative Monitoring Program continues to develop its own water sampling program with assistance from the consulting service.

The Montville Police Water Patrol patrolled the lake.  
Following are Montville Patrol stats:

***Safety Inspections:*** 39.

***Assists:*** Boat-1.

***Warnings:*** No-Wake Violation-8, Operating without boating safety certificate-1, Insufficient number of personal flotation devices-6, Failure to carry registration-1, Water Skiing - No observer facing rear-2.

***Infractions:*** No-Wake Violation-2, Illegal Operation of PWC – No Safe Boating Certificate, underage riders-1, Overloading-1, Riders outside of vessel-1.

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 Health Districts.

GLA sponsored its annual boater safety course with approximately 60 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 Public Safety Building in April, Salem Town Hall in May, then 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: Bill Wrobel, Kate Johnson, Secretary; Mike Magliano  
Salem: Bob Neddo, Russ Smith, Chair; Larry Harrington





## **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:

Six Blood Pressure clinics, with 65 participants, a town wide flu clinic was held and 41 residents received vaccination.

In addition to the above services, the agency provided 499 visits to 32 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 Home Healthcare 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**  
**10/1/13- 9/30/14**

	KEY	CLIENTS/HOUSEHOLDS SERVED	VALUE OF SERVICES
Case Management	5	7	\$ 1,466.00
Connecticut Energy Assistance Program	5	66	\$ 43,345.00
Head Start	2	4	\$ 21,918.00
Financial Education Services	3	1	\$ 93.00
Foster Grandparent Program Participants	7	1	\$ 8,298.00
Jobs First Employment Services	1	1	\$ 732.00
Little Learners	2	2	\$ 13,056.00
Retired and Senior Volunteer Program	7	3	\$ 2,184.00
Section 8	4	1	\$ 7,870.00
Tax Preparation Services (VITA)	3	7	\$ 14,893.00
WIA Adult & Dislocated Workers	1	1	\$ 2,357.00
Women, Infants & Children (WIC)	6	46	\$ 17,653.00
<b>GRAND TOTAL</b>		<b>133</b>	<b>\$132,399.00</b>

**KEY:**

- (1) Employment
- (2) Education
- (3) Income Management
- (4) Housing
- (5) Emergency Services
- (6) Nutrition
- (7) Linkages
- (8) Self-Sufficiency
- (9) Health



## **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. Opened in 2012, Section IV 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). Two additional rows (J & K) consisting of well over 100 plots will be added in Section IV pending the installation of an additional roadway. Current rates of plot sales suggest this will be necessary in 7-10 years. The “memory” garden was completely torn out and replanted during this reporting period.

<b>Description:</b>	<b>Section I</b>	<b>Section IV</b>	<b>Total</b>
Total Full-sized 4' x 10' plots in section	330	106	436
Full-sized plots deeded (to be deeded) during reporting period	9	2 (2)	11 (2)
Full-sized plots available for purchase as of 6/30/2014	19	101	120
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 6/30/2014	24	NA	24
Burials	4	0	4

Account summary for period beginning July 1, 2013 and ending June 30, 2014.

<b>Account Description</b>	<b>July 1, 2013 balance</b>	<b>June 30, 2014 balance</b>	<b>Net gain</b>
Regular Savings	15,665.68	17,987.47	2,321.79
Perpetual Care Savings	4,250.84	5,840.91	1,590.07
Regular Checking	26.00	1,974.38	1,948.38
Perpetual Care Checking	25.00	25.00	0
Total – All Accounts	19,967.52	25,827.76	5,860.24

### Breakdown of Revenues/Expenses:

Beginning Balance:	19,967.52	*Expense Details:	
Income from Plot Sales:	6,400.00	Postage:	144.11
Interest earned	11.86	Office Supplies:	37.51
Less Expenses*	<u>-551.62</u>	Linda Turner (plantings):	<u>370.00</u>
Ending Balance:	25,827.76	Total Expenses:	551.62

### 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 5,127.45 each (as of March 31, 2014).



Historical Society

## **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**

**2013-2014**



**SALEM SCHOOL DISTRICT  
SALEM CONNECTICUT**

**REPORT OF THE SUPERINTENDENT OF SCHOOLS FOR 2013 - 2014**

**AND**

**T**he Board of Education: Stephen Buck, Chairperson; Dinis Pimentel, Vice-Chair; Pamela Munro, Secretary; Mary Ann Pudimat, Treasurer; Margaret Caron; Robert Green; George Jackson (resigned 5/21/14 and re-appointed 6/2/14); Monica Lord-McIntyre; Samuel Rindell.

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**

**Administrative Personnel**

<u><b>Title</b></u>	<u><b>Staff</b></u>
Superintendent	Joseph Onofrio II
Director of Student Services	Rodney Mosier II
School Principal	Suzanne Zahner
Director of Student Achievement	Cynthia Ritchie

**Related Arts/Special Education Personnel**

<b><u>Class</u></b>	<b><u>Teacher</u></b>
Art	Susan Miller
Technology Literacy	Sharon Osga-Dugger
Technology Literacy (0.5 FTE)	James Gerrard
Guidance Counselor (0.6 FTE)	Laurie Nagy
Guidance Counselor	Jim Guarino
Health/PE	Barbara Bashelor
Library/Media Specialist (0.7 FTE)	Sarah Kateley
Music	Christopher Hebert
Music/Band (0.5 FTE)	James Gerrard
Physical Education	Christopher Pugliese
ELA Specialist	Thomas Ebersold
Math Specialist	Tracy Burns (resigned 11/1/13)
School Psychologist	Bernard Barile
Special Education	Jennifer Werb
Special Education	Cheryl Carroll
Special Education	Judith Staub (retired 6/30/14)
Special Education	Melissa Quinn
Special Education	Scott Gordon
Speech and Language Pathologist	Catherine Conover
World Language – French	Christie Borelli
World Language – Spanish	Marcelo Guinez

### 3. Teachers - Certified

<u>Class</u>	<u>Teacher</u>
Pre-School (0.8 FTE)	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	Sara LaMarre
Grade Four	Jill MacLachlan
Grade Five	Christina Holth
Grade Five	Heather Meisenzahl
Grade Six	Mary Barone
Grade Six	Robert Swan
Grade Seven	Janlyn Neri (retired 6/30/14)
Grade Seven/Eight	Laura Runkle
Grade Seven	Joan Phillips
Grade Seven (0.8 FTE)	Susan Bennett
Grade Eight	David Dander (resigned 6/30/14)
Grade Eight	Brian Fleming
Grade Eight	Michael Sweeney

### 4. Office and School Health Personnel

<u>Position</u>	<u>Staff</u>
Business Office Manager	Kim Gadaree
Executive Assistant to the Superintendent	Jennifer Kayser
School Secretary	Laurie Barberi
10-mo School Secretary	Emily Doirin
Administrative Assistant to the Dir. Of Student Services	Patricia Wenrich
Library/Media Aide	Sue Wyand
School Nurse	Contracted Services
Network/IT Technician	Contracted Services
10-month School Greeter / Receptionist	Lee Wood

**Non-Certified Support Personnel**

<b><u>Position</u></b>	<b><u>Staff</u></b>
Tutor (0.5 FTE)	Palma Canniff
Tutor (0.6 FTE)	Amanda Hergott
Tutor	Mary Sturgeon
Tutor	Ellen Javor
Tutor	Darra Ryan
Tutor	Cathy Freiert
Tutor	Nancy Senkewitz
Instructional Aide	Susan Savidakis
Instructional Aide	Johna Devoe
Instructional Aide	Kate Kushman
Instructional Aide	Nicole McClain
Instructional Aide	Kelsey Champion
Instructional Aide	Erica Williams (resigned 10/30/13)
Instructional Aide	Colleen Meese
Instructional Aide	Karen Sweet
Instructional Aide	Anna Horr-Huguenin
Instructional Aide (0.6 FTE)	Fiona Fabry
Instructional Aide	Micheline Gugliotti
Instructional Aide	Tanya Kapilotis

**6. Lunch Aides**

<b><u>Position</u></b>	<b><u>Staff</u></b>
Lunch Aide	Mandy Bartok
Lunch Aide	Rhea Fowler
Lunch Aide	Linda Rogers
Lunch Aide	Meghan Flugrad

**7. Custodial Staff**

<b><u>Position</u></b>	<b><u>Staff</u></b>
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



## GRADUATES - JUNE 2014

### Salem School: - Grade 8:

Joseph Andrews	Nour Hashem	Alexander Pearl
Morgan Anthony	Joshua Henry	Erica Petersen
Thomas Bartok	Eduardo Hernandez	William Piper
Madison Bell	Samuel Highman	Dakota Redfearn
Ryan Bellandese	Kyle Huebner	Alexandria Revior
Mariah Bibalo	Timothy Jantori	Emily Rogers
Olivia Blais	Casandra Jicha	Madison Rybak
Kyle Bobowicz	Benjamin Knopf	Jaime Scott
Nicole Bowen	Sydney Kruse	Zeke Smallidge
Ryan Britagna	Anthony Lee	Hayley Sorrentino
Alexis Burgess	Maximillian Light	Antonio Spera
David Courville	Allison Luck	Ashlyn Stedman
Owen Driskill	Alyssa McGurer	Jessica Stewart
Madison Dube	Joseph McNamee	Jared Subiono
Christopher Dye	Dylan Miller	Courtney Sullivan
Michael Esposito	Zachary Mlynarski	Lilyan Tashea
Nicholas Esposito	Alexander Moore	Christopher Walter
Erin Ewald	Pierce Mulholland	Tina Wang
Mackenzie Ferguson	Elaine Murallo	Abigail Windhom
Piper Ferris	Ryan Noe	Luke Wojcik
Katherine Fifield	Madeleine Orsini	Christopher Walter
Tara Gagliano	Thomas O'Shaughnessy	Tina Wang
Jason Good	Brayden Owen	Abigail Windhom
Adrienne Grillo-Smith	Evan Owens	Luke Wojcik

**2. East Lyme High School:**

Cody Abdeen	Regan Ewald	Mitchell Pennell
Justin Annello	Kristopher Farley	Lauren Perron
Molly Bennett	Kaitlyn Fogg	Patrick Rafferty
Andrew Benniefeld	Alexander Gaito	James Robson
Nicholas Bobowicz	Paige Gilbert	Kyle Rudker
Amandine Bogart	Cody Green	Meagan Ryley
Morgan Brown	Yusif Hashem	Eric Sanfilippo
Kyle Bunkley-Gurnee	Brigid Horan	Brooke Soderberg
Hannah Burke	Jacob Knopf	Kiefer Stroebel
William Butler	Emily Leen	Jenny Tang
Joseph Casciano	Rebecca McGlone	Cole Thomas
Arnold Chappell	Alexander Miller	Alexis Tolley
Mark Chmielewski	Ryan Miller	Kirsten Trower
Emma Cipriani	Meredith Moore	Rachel Vandale
Shae Crosby	Nathaniel Morrow	Meghan Volberg
Colton Dempsey	Nathan Ortega	Brianna Weaver
Anthony DiLizia	Connor O'Toole	Meghan Welch
Colleen Durkee	Nicholas Page	Kyle Wlodarczyk
Hannah Erb	Sahil Pallan	Alexander Wojcik
Kristina Esposito	Hanna Pelletier	

## **II. FISCAL DATA**

### **Budget Management**

The Business Manager in collaboration with the Superintendent and the Board of Education developed and monitored the 2013-14 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.

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.

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 2013-2014 included the following state and federal funding:

<b><u>Funding</u></b>	<b><u>Amount</u></b>
Educational Equalization	\$3,190,562
Transportation	\$43,789
Public School Building Grant	\$1,406,845
Adult Education	\$3,669
School-wide Entitlement (ESEA/REAP)	\$49,003
Services for the blind	0
Excess Cost (Special Education)	\$294,905
Special Education Grants (IDEA, etc.)	\$99,580
Tuition from another district	0
ARRA Stabilization	0
<b>Total Education Receipts</b>	<b>\$5,007,353</b>

## B. Current Expenditures

Board of Education expenditures for 2013 - 2014, as reported on the State Department of Education ED-001, were \$10,294,268 and distributed as follows:

<u>Expenditures</u>	<u>Amount</u>
Debt Service East Lyme	0
Salaries	\$3,979,353
Benefits	\$745,685
Purchased Services	\$1,597,171
Tuition	\$3,461,969
Supplies/Property	\$501,164
Adult Education	\$8,926
<b>Total Expenditures</b>	<b>\$10,294,268</b>

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

	<u>Amount</u>
Elementary School	\$5,418,661
High School	\$2,775,939
Special Education	\$2,099,668
<b>Total</b>	<b>\$10,294,268</b>

	<u><b>Amount</b></u>
Central Administration	\$857,603
East Lyme H.S. (9-12)	\$3,089,114
Out Placements (PK-12)	\$833,777
Salem School (PK-8)	\$5,513,774
<b>Total</b>	<b>\$10,294,268</b>

\$57,700 was returned to the town as unexpended.

### **PROGRAMS AND SUPPORT ACTIVITIES**

The Board of Education approved the following Goals for the 2013-14 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.

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.

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) 1/13 through 11/13 / Margaret Caron (Chair) 12/13-6/14:** This subcommittee 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 worked on drafting a co-operative agreement with East Lyme. The subcommittee also worked on researching the need for before and after school daycare at the school. Additionally, the subcommittee worked on looking into the school structure and performing a school study.

**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, Superintendent evaluation/sets timeline, employee grievances, and other human resources topics/issues and related legal issues.



## **APPENDIX II**

### **ANNUAL FINANCIAL REPORT OF THE TOWN OF SALEM**





# **Town of Salem, Connecticut**

Financial Statements and  
Supplementary Information

Year Ended June 30, 2014

## Town of Salem, Connecticut

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## Town of Salem, Connecticut

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June 30, 2014

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## **Independent Auditors' Report**

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

### **Report on the Financial Statements**

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, 2014, 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, 2014, 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.

O'CONNOR DAVIES, LLP

100 Great Meadow Road, Wethersfield, CT 06109 | Tel: 860.257.1870 | Fax: 860.257.1875 | [www.odpkf.com](http://www.odpkf.com)

O'Connor Davies, LLP is a member firm of the PKF International Limited network of legally independent firms and does not accept any responsibility or liability for the actions or inactions on the part of any other individual member firm or firms.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis, the budgetary comparison information and other post-employment benefit 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 October 20, 2014 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.

A handwritten signature in cursive script that reads "O'Connor Davies, LLP".

October 20, 2014

**Town of Salem, Connecticut**

Management's Discussion and Analysis  
June 30, 2014



**Town of Salem, Connecticut**  
**Management's Discussion and Analysis**  
**June 30, 2014**

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Our discussion and analysis of the Town of Salem's (the Government) financial performance provides an overview of the Government's financial activities for the fiscal year ended June 30, 2014. Please read it in conjunction with the Government's financial statements, which begin with Exhibit 1.

## **FINANCIAL HIGHLIGHTS**

Due to firm enforcement of our purchasing policy, strong negotiations with all vendors, as well as a concerted effort of fiscal responsibility by all departments, the General Government was able to return \$261,782 to the Town's General Fund. The Board of Education also returned \$57,700.

The school renovation is nearing completion. The Town followed a very wise approach to "fix what needs to be fixed". The referendum endorsed a 6.2 million dollar renovation, which after State of Connecticut reimbursements, the cost to the Town of Salem is 4.5 million dollars. The renovation included new roofs, windows, insulation, ADA and code compliance upgrades, new electrical, HVAC and bathrooms. This wise investment for our children and our community will serve us for many years.

## **USING THIS ANNUAL REPORT**

This annual report consists of a series of financial statements. The Statement of Net Position 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 Position 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 position* and changes in them. You can think of the Government's net position—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 position are one indicator of whether its *financial health* is improving or deteriorating. You will need to consider other nonfinancial factors, however, such

**Town of Salem, Connecticut**  
**Management's Discussion and Analysis**  
**June 30, 2014**

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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.

In the Statement of Net Position 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 Position and the Statement of Activities) and governmental *funds* in a reconciliation at the bottom of the fund financial statements.

### **The Government as Trustee**

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

## THE GOVERNMENT AS A WHOLE

The Government's *combined* net position increased by \$1,355,564 from a year ago—*increasing* from \$17,610,046 to \$18,985,610. Last year net position *decreased* by \$25,779. Our analysis below focuses on the net position (Table 1) and changes in net position (Table 2) of the Government.

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

	2014	Change During Year		2013
		Dollars	Percent	
Current and other assets	\$ 6,492,998	\$ (667,531)	-9.32%	\$ 7,160,529
Capital assets	20,031,020	3,217,565	19.14%	16,813,455
Total assets	26,524,018	2,550,034	10.64%	23,973,984
Long-term debt outstanding	6,743,151	1,897,496	39.16%	4,845,655
Other liabilities	815,257	(703,026)	-46.30%	1,518,283
Total liabilities	7,558,408	1,194,470	18.77%	6,363,938
Net position				
Net investment in capital assets	14,131,020	1,446,381	11.40%	12,684,639
Restricted - Expendable	2,045,767	(984,019)	-32.48%	3,029,786
Restricted - Nonexpendable	1,997	(100)	-4.77%	2,097
Unrestricted	2,786,826	893,302	47.18%	1,893,524
Total net position	\$ 18,965,610	\$ 1,355,564	7.70%	\$ 17,610,046

Significant changes are as follows:

- Capital assets increased by \$3,217,565. The majority of this was due to the addition of construction in progress for the new school building of \$3,358,252
- This increase in long-term debt of \$1,897,496 was mainly due to the issuance of new bonds that were \$1,800,000 larger than last year for school construction.
- Other liabilities decreased mainly due to \$725,840 a decrease in school construction accounts payable as the school construction was in the process of completion.
- The increase in net investment in capital assets was due to increase in assets and debt described above.
- Restricted expendable net position decreased due to the reception of \$827,933 of last year's accounts receivable.

**Town of Salem, Connecticut**  
**Management's Discussion and Analysis**  
**June 30, 2014**

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

	Change During Year			
	2014	Dollars	Percent	2013
<b>Revenues</b>				
Program revenues:				
Charges for services	\$ 337,293	\$ (2,438)	-0.72%	\$ 339,731
Operating grants and contributions	4,774,795	91,633	1.96%	4,683,162
Capital grants and contributions	578,910	(446,705)	-43.55%	1,025,615
General revenues:				
Property taxes	10,949,880	139,371	1.29%	10,810,509
Grants and contributions	44,540	(15,074)	-25.29%	59,614
Interest and investment earnings	34,082	13,967	69.44%	20,115
Loss on disposal of equipment	-	32,025	-100.00%	(32,025)
Other general revenues	-	(3,951)	-100.00%	3,951
Total revenues	<u>16,719,500</u>	<u>(191,172)</u>	<u>-1.13%</u>	<u>16,910,672</u>
<b>Program expenses</b>				
General government	1,574,539	86,874	5.84%	1,487,665
Public safety	875,731	(24,155)	-2.68%	899,886
Public works	905,655	231,739	34.39%	673,916
Sanitation	200,264	11,693	6.20%	188,571
Education	11,741,002	(1,886,725)	-13.84%	13,627,727
Interest on long-term debt	66,745	8,059	13.73%	58,686
Total expenses	<u>15,363,936</u>	<u>(1,572,515)</u>	<u>-9.28%</u>	<u>16,936,451</u>
Increase (decrease) in net position	\$ 1,355,564	\$ 1,381,343	-5358.40%	\$ (25,779)

Significant changes are as follows:

- Program revenues – capital grants & contributions decreased mainly due to \$446,705 more in grant revenue received last year for school construction that were not received this year.
- Public works expenses increase is mainly due to the Capital Non-recurring Fund; the \$227,326 remaining of the 12/13 highway rehabilitation budget was spent which was \$212,652 more than last year.
- Education expenses decreased due to school construction; \$1,315,190 more was spend on construction expenses this year but \$3,358,252 was capitalized, removing that amount from expense.

### **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.

**Town of Salem, Connecticut**  
**Management's Discussion and Analysis**  
**June 30, 2014**

**Table 3**  
**Governmental Type Activities**

	Total Cost of Services		Incr. Decr.	Net Cost of Services		Incr. Decr.
	2014	2013		2014	2013	
<b>Governmental Activities</b>						
General government	\$ 1,574,539	\$ 1,487,665	5.84%	\$ 1,098,449	\$ 1,066,217	3.02%
Public safety	\$ 875,731	\$ 899,886	-2.68%	\$ 875,731	\$ 899,886	-2.68%
Public works	\$ 905,655	\$ 673,916	34.39%	\$ 712,328	\$ 470,642	51.35%
Sanitation	\$ 200,264	\$ 188,571	6.20%	\$ 145,348	\$ 125,345	15.96%
Education	\$ 11,741,002	\$ 13,627,727	-13.84%	\$ 6,774,337	\$ 8,267,167	-18.06%
Interest on long-term debt	\$ 66,745	\$ 58,686	13.73%	\$ 66,745	\$ 58,686	13.73%
Totals	\$ 15,363,936	\$ 16,936,451	-9.28%	\$ 9,672,938	\$ 10,887,943	-11.16%

- The public works change in expense was described above due to costs associated with a brutal winter and additional road repair.
- The education change in expense and revenue was described above.

## THE GOVERNMENT'S FUNDS

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

In addition, these other changes in fund balances should be noted:

Total fund balance increased by \$932,587

- The Town Aid Road fund transferred funds into the General fund
- The General Fund budget was underspent by \$319,482
- There was an increase in school construction debt by \$1,800,000 and there were more expenditures than in government wide which were capitalized

## 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 appropriates increase the total budget. The Board of Finance is allowed by State Statute to make one additional appropriations up to \$20,000 per line item or department. A second additional appropriation or an appropriation over \$20,000 requires a Town Meeting. 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

**Town of Salem, Connecticut**  
**Management's Discussion and Analysis**  
**June 30, 2014**

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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**

	<b>Final Budget</b>	<b>Actual</b>	<b>Variance</b>
<b>Revenues</b>			
Property Taxes	\$ 10,827,155	\$ 10,971,381	\$ 144,226
Intergovernmental	4,117,920	3,742,610	(375,310)
Use of Town Money	6,048	6,877	829
Charges for Services	220,126	264,906	44,780
Intergovernmental Transfers	-	142,687	142,687
<b>Total Revenues</b>	<b>15,171,249</b>	<b>15,128,461</b>	<b>(42,788)</b>
<b>Expenditures</b>			
General Government	3,558,946	3,297,164	261,782
Education	10,351,968	10,294,268	57,700
Capital	933,675	933,675	-
<b>Total Expenditures</b>	<b>14,844,589</b>	<b>14,525,107</b>	<b>319,482</b>
<b>Increase (Decrease) in Fund Balance</b>	<b>\$ 326,660</b>	<b>\$ 603,354</b>	<b>\$ 276,694</b>

Significant variances are summarized as follows:

- The Town collected \$144,226 more taxes than expected...
- Intergovernmental were \$375,310 less than expected due to budgeting for the excess cost grant of \$297,943 in revenues and net with BOE expenditures; the actual is net with BOE expenditures. The Intergovernmental was also up due to budgeting a \$150,000 transfer from school construction. The funds were not transferred as construction was not complete
- Building permits are up; \$36,753 more than budget
- Transfers were over budget as the Capital and Non-recurring fund transferred unused funds back to the General Fund
- General government was \$261,782 under budget.
  - a. Salaries were \$51,945 under budget – outsourcing the planner was the bulk of these savings
  - b. Employee benefits were \$119,120 under budget – the Town paired with the school and increased self-insurance to decrease costs
- The Board of Education did not expend all funds; \$57,700 was given back to the Town

## **CAPITAL ASSET AND DEBT ADMINISTRATION**

### **Capital Assets**

At the end of this year, the Government had \$20,031,020 invested government activity capital assets. This amount represents a net increase (including additions and deductions) of \$3,217,565 from last year. This is primarily due to construction in progress for the new school of \$3,358,252. More detailed information about the Government's capital assets is presented in Note 3D to the financial statements.

### **Debt**

At year end, the Government had \$5,900,000 in bonds and notes outstanding. This is an increase of \$1,771,184 from last year primarily due to increased bond funding for school construction. The Government's general obligation bond rating continues to carry an A3 rating. More detailed information about the Government's long-term liabilities is presented in Note 3E 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 2015 budget and tax rates. Our goal is to maximize efficiencies to keep expenditures in check, while providing the desired level of services for 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, 270 Hartford Road, Salem, CT 06420.

**Town of Salem, Connecticut**

Basic Financial Statements  
June 30, 2014



**Town of Salem, Connecticut**Statement of Net Position  
June 30, 2014

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Cash and equivalents	\$ 5,955,860
Investments	54,247
Receivables	
Taxes, net	367,520
Accounts	16,874
Intergovernmental	98,397
Prepaid expenses	100
Capital assets	
Nondepreciable	5,874,049
Depreciable, net of accumulated depreciation	<u>14,156,971</u>
Total Assets	<u>26,524,018</u>
<b>LIABILITIES</b>	
Accounts payable	677,247
Intergovernmental payable	1,352
Accrued payroll and related	36,275
Accrued interest payable	59,354
Performance bonds	14,337
Unearned revenues	26,692
Non-current liabilities	
Due within one year	5,705,848
Due in more than one year	<u>1,037,303</u>
Total Liabilities	<u>7,558,408</u>
<b>NET POSITION</b>	
Net investment in capital assets	14,131,020
Restricted	
Expendable	2,045,767
Nonexpendable	1,997
Unrestricted	<u>2,786,826</u>
Total Net Position	<u>\$ 18,965,610</u>

**Town of Salem, Connecticut**Statement of Activities  
Year Ended June 30, 2014

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities					
General government	\$ 1,574,539	\$ 273,032	\$ 203,058	\$ -	\$ (1,098,449)
Public safety	875,731	-	-	-	(875,731)
Public works	905,655	-	193,327	-	(712,328)
Sanitation	200,264	54,916	-	-	(145,348)
Education	11,741,002	9,345	4,378,410	578,910	(6,774,337)
Interest on long-term debt	66,745	-	-	-	(66,745)
Total Governmental Activities	\$ 15,363,936	\$ 337,293	\$ 4,774,795	\$ 578,910	(9,672,938)
General Revenues					
Property taxes, payments in lieu of taxes, interest and liens					10,949,880
Grants and contributions not restricted to specific programs					44,540
Unrestricted interest and investment earnings					34,082
Total General Revenues					11,028,502
Change in Net Position					1,355,564
Net Position - Beginning of Year					17,610,046
Net Position - End of Year					\$ 18,965,610

**Town of Salem, Connecticut**

Balance Sheet  
Governmental Funds  
June 30, 2014

	General Fund	Capital Non-Recurring Fund	School Construction Fund	Town Aid Road Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>						
Cash and equivalents	\$ 3,432,975	\$ 148,145	\$ 1,693,975	\$ 357,033	\$ 323,732	\$ 5,955,860
Investments	5,195	2,133	-	-	46,919	54,247
Taxes receivable, net of allowance for uncollectible amounts	367,520	-	-	-	-	367,520
Other receivables						
Accounts	16,874	-	-	-	-	16,874
Intergovernmental	-	-	80,228	-	18,169	98,397
Due from other funds	592,397	1,294,195	216,148	-	64,586	2,167,326
Prepaid expenditures	-	-	-	-	100	100
Total Assets	<u>\$ 4,414,961</u>	<u>\$ 1,444,473</u>	<u>\$ 1,990,351</u>	<u>\$ 357,033</u>	<u>\$ 453,506</u>	<u>\$ 8,660,324</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>						
<b>Liabilities</b>						
Accounts payable	\$ 591,721	\$ -	\$ 62,731	\$ -	\$ 22,795	\$ 677,247
Intergovernmental payable	1,352	-	-	-	-	1,352
Accrued payroll and related	36,275	-	-	-	-	36,275
Due to other funds	1,445,486	117,454	-	357,033	247,353	2,167,326
Performance bonds	14,337	-	-	-	-	14,337
Unearned revenues - performance	4,723	-	-	-	21,969	26,692
Total Liabilities	<u>2,093,894</u>	<u>117,454</u>	<u>62,731</u>	<u>357,033</u>	<u>292,117</u>	<u>2,923,229</u>
Deferred inflow of resources						
Deferred revenues - not available	283,913	-	80,226	-	-	364,139
<b>Fund balances</b>						
Nonspendable	-	-	-	-	2,097	2,097
Restricted	29,938	-	1,847,394	-	88,109	1,965,441
Committed	-	1,005,727	-	-	-	1,005,727
Assigned	-	321,292	-	-	71,183	392,475
Unassigned	2,007,216	-	-	-	-	2,007,216
Total Fund Balances	<u>2,037,154</u>	<u>1,327,019</u>	<u>1,847,394</u>	<u>-</u>	<u>161,389</u>	<u>5,372,956</u>
Total Liabilities , Deferred Inflows of Resources and Fund Balances:	<u>\$ 4,414,961</u>	<u>\$ 1,444,473</u>	<u>\$ 1,990,351</u>	<u>\$ 357,033</u>	<u>\$ 453,506</u>	<u>\$ 8,660,324</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, 2014

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Fund Balances - Total Governmental Funds	<u>\$ 5,372,956</u>
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.	<u>20,031,020</u>
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	<u>364,139</u>
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	
General obligation bonds	(5,900,000)
Compensated absences	(33,482)
Post-closure landfill costs	(27,500)
Other post employment benefits	(782,169)
Accrued interest payable	<u>(59,354)</u>
	<u>(6,802,505)</u>
Net Position of Governmental Activities	<u>\$ 18,965,610</u>

**Town of Salem, Connecticut**

Statement of Revenues, Expenditures and Changes in Fund Balances  
 Governmental Funds  
 Year Ended June 30, 2014

	General Fund	Capital Non-Recurring Fund	School Construction Fund	Town Aid Road Fund	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>						
Property taxes	\$ 10,971,381	\$ -	\$ -	\$ -	\$ -	\$ 10,971,381
State grants for specified purpose	345,770	-	-	-	74,737	420,507
State grants for education	4,222,162	-	1,406,845	-	191,175	5,820,182
Licenses and permits	177,405	-	-	-	5,696	183,101
Charges for current services	37,748	-	-	-	72,387	110,135
Miscellaneous revenue	49,753	-	-	-	64	49,817
Income from investments	6,877	52	-	37	659	7,625
Total Revenues	15,811,096	52	1,406,845	37	344,718	17,562,748
<b>EXPENDITURES</b>						
Current						
General government	1,390,493	-	-	45,117	52,279	1,487,889
Public safety	759,771	-	-	-	-	759,771
Public works	630,333	-	-	-	-	630,333
Sanitation	162,216	-	-	-	-	162,216
Education	11,258,315	-	16,540	-	256,703	11,531,558
Debt service						
Principal	200,000	-	3,500,000	-	-	3,700,000
Interest	57,016	-	34,903	-	-	91,919
Capital outlay	-	511,352	3,281,580	-	-	3,792,932
Total Expenditures	14,458,144	511,352	6,833,023	45,117	308,982	22,156,618
Excess (Deficiency) of Revenues Over Expenditures	1,352,952	(511,300)	(5,426,178)	(45,080)	35,736	(4,593,870)
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	381,536	983,675	-	-	-	1,365,211
Transfers out	(983,675)	(142,687)	-	(238,849)	-	(1,365,211)
Issuance of long-term debt	-	-	5,500,000	-	-	5,500,000
Premium on financing	-	-	26,457	-	-	26,457
Total Other Financing Sources (Uses)	(602,139)	840,988	5,526,457	(238,849)	-	5,526,457
Net Change in Fund Balances	750,813	329,688	100,279	(283,929)	35,736	932,587
Fund Balances - Beginning of Year	1,286,341	997,331	1,747,115	283,929	125,653	4,440,369
Fund Balances - End of Year	\$ 2,037,154	\$ 1,327,019	\$ 1,847,394	\$ -	\$ 161,389	\$ 5,372,956

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, 2014

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

Net Change in Fund Balances - Total Governmental Funds \$ 932,587

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	3,756,194
Depreciation expense	<u>(538,629)</u>
	<u>3,217,565</u>

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	(39,849)
Revenues in the School Construction Fund	(827,935)
Revenues in the School Cafeteria Fund	<u>(1,921)</u>
	<u>(869,705)</u>

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	(5,500,000)
Principal payments on general obligation bonds	3,700,000
Principal payments on notes payable	28,816
Post-closure landfill costs	<u>2,500</u>
	<u>(1,768,684)</u>

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	(13,842)
Compensated absences	779
Pension and other post employment benefits asset/liability	<u>(129,591)</u>
	<u>(142,654)</u>

Change in Net Position of Governmental Activities \$ 1,355,564

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

**Town of Salem, Connecticut**

Statement of Net Position

Fiduciary Funds

June 30, 2014

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Agency Funds

**ASSETS**

Cash	\$ <u>21,877</u>
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**LIABILITIES**

Due to others	\$ <u>21,877</u>
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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 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, 2014

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### **1. Summary of Significant Accounting Policies (Continued)**

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

Town Aid Road Fund – This fund accounts for a state grant for the Town's roads.

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:

- 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.
- Education Grants Fund – This fund accounts for and reports financial resources for educational purposes 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 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 1<sup>st</sup>. The tax levy is divided into two billings; the following July 1<sup>st</sup> and January 1<sup>st</sup>. This is used to finance the fiscal year from the first billing (July 1<sup>st</sup>) to June 30<sup>th</sup> 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 1<sup>st</sup> and February 1<sup>st</sup>), 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, 2014

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### 1. Summary of Significant Accounting Policies (Continued)

**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, 2014, balances of interfund amounts receivable or payable have been recorded in the fund financial statements.

**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.

**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:

<b>Assets</b>	<b>Years</b>	<b>Capitalization Threshold</b>
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 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 is the highest level of decision making authority for the Town that can, by the adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, these funds may only be used for the purpose specified unless the Town removes or changes the purpose by taking the same action that was used to establish the commitment.
- Assigned fund balance, in the General Fund, represents amounts constrained either by policies of the Board of Finance for amounts assigned for balancing the subsequent year's budget or management for amounts assigned for encumbrances. Unlike commitments, assignments generally only exist temporarily, in that additional action does not normally have to be taken for the removal of an assignment. 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.



**1. Summary of Significant Accounting Policies (Continued)**

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.

**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 October 20, 2014.

**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.

**2. Stewardship, Compliance and Accountability (Continued)**

- **Excess Cost Grant** - The State reimburses the Town for certain costs incurred for special educational needs of students that exceed a set multiple of a student in the regular program. This reimbursement is the Excess Cost Grant – Student Based. Connecticut General Statute 10-76g states that this grant should reduce the education expenditures instead of being reported as revenue.
- **Long-Term Debt and Lease Financing** - Revenues and expenditures from refunding or renewing long-term debt or issuing loan or lease financing are included in the budget as the net revenues or expenditures expected.
- **Cash Basis Payroll** – The general government and salaried Board of Education payroll is budgeted based on when it is expected to be paid. On the statements prepared under Generally Accepted Accounting Principles, payroll is charged to the fiscal year in which it is earned.
- **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.

**2. Stewardship, Compliance and Accountability (Continued)**

**C. Budget Control**

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

The Board of Finance, in accordance with the provisions set forth by the Town Charter, is authorized to transfer unexpended balances from one appropriation to another. 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 \$63,510 of additional appropriations were made.

**E. Application of Accounting Standards**

For the year ended June 30, 2014, the Town implemented:

- GASB Statement 66 – *Technical Corrections - 2012* – This statement resolves conflicting guidance.
- GASB Statement 67 – *Financial Reporting for Pension Plans* – This statement amends GASB Statement 25.
- 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.

## Town of Salem, Connecticut

Notes to Financial Statements (Continued)  
June 30, 2014

### 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, 2014:

Statement of Net Assets	
Cash and equivalents	\$ 5,955,860
Investments	54,247
	<u>6,010,107</u>
Fiduciary Funds	
Cash and equivalents	21,877
Total Cash and Investments	<u>\$ 6,031,984</u>

**Cash and Cash Equivalents** - As of June 30, 2014 the carrying amount of the Town's deposits with financial institutions was:

Cash and Cash Equivalents	
Deposits with financial institutions	\$ 4,223,892
Plus external investment pools	1,808,092
Less Certificates of deposits (in investments)	(54,247)
	<u>\$ 5,977,737</u>

The bank balance of the deposits was \$4,661,866 and was exposed to custodial credit risk as follows:

Covered by Federal Depository Insurance	\$ 971,196
Collateralized by securities held in trust	
In the Town's name	338,506
Uninsured and uncollateralized	3,352,164
	<u>\$ 4,661,866</u>

**Investments** – Investments are summarized as follows at June 30, 2014

	General Fund	Capital Non-Recurring Fund	Other Governmental Funds	Total Investments
Certificates of deposit	<u>\$ 5,195</u>	<u>\$ 2,133</u>	<u>\$ 46,919</u>	<u>\$ 54,247</u>

Below is a summary of the interest rate risk and credit risk as of June 30, 2014

Type of Investment	Average Credit Rating	Fair Value	Investment Maturities (in Years)		
			Less Than 1 Year	1-5 Years	Over 5 Years
Pooled fixed income					
Certificates of deposit	*	<u>\$ 54,247</u>	<u>\$ -</u>	<u>\$ 54,247</u>	<u>\$ -</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, 2014

### 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	Total
Property taxes	\$ 283,913	\$ -	\$ 283,913
Intergovernmental revenue	-	80,226	80,226
	<u>\$ 283,913</u>	<u>\$ 80,226</u>	<u>\$ 364,139</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, 2014

	General Fund	Other Governmental Funds	Total
Advances on grants	\$ 4,608	\$ 21,969	\$ 26,577
Fees collected in advance	115	-	115
	<u>\$ 4,723</u>	<u>\$ 21,969</u>	<u>\$ 26,692</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, 2014 these were summarized as follows

Receivable fund	Payable Fund	Amount
General Fund	Other Governmental Funds	\$ 235,364
General Fund	Town Aid Road Fund	357,033
Capital Non-Recurring Fund	General Fund	1,282,206
Capital Non-Recurring Fund	Other Governmental Funds	11,989
School Construction Fund	General Fund	98,694
School Construction Fund	Capital Non-Recurring Fund	117,454
Other Governmental Funds	General Fund	64,586
		<u>\$ 2,167,326</u>

## Town of Salem, Connecticut

Notes to Financial Statements (Continued)  
June 30, 2014

### 3. Detailed Notes on All Funds (Continued)

Fund transfers are generally used to fund special projects with general fund revenues. Transfers during the year ended June 30, 2014 were as follows

		Transfers into Capital	
	General Fund	Non-Recurring Fund	Total
Transfers out of			
General Fund	\$ -	\$ 983,675	\$ 983,675
Capital Non-recurring Fund	142,687	\$ -	142,687
Town Aid Road Fund	238,849	-	238,849
	<u>\$ 381,536</u>	<u>\$ 983,675</u>	<u>\$ 1,365,211</u>

### D. Capital Assets

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

	Beginning Balance	Increases	Ending Balance
Capital assets not being depreciated			
Land	\$ 1,786,816	\$ -	\$ 1,786,816
Construction in progress	728,981	3,358,252	4,087,233
	<u>2,515,797</u>	<u>3,358,252</u>	<u>5,874,049</u>
Capital assets being depreciated			
Land improvements	1,335,356	-	1,335,356
Buildings and systems	11,456,192	-	11,456,192
Machinery and equipment	1,604,863	84,576	1,689,439
Infrastructure	1,531,600	313,366	1,844,966
Vehicles	2,908,219	-	2,908,219
	<u>18,836,230</u>	<u>397,942</u>	<u>19,234,172</u>
Less: Accumulated Depreciation	<u>(4,538,572)</u>	<u>(538,629)</u>	<u>(5,077,201)</u>
	<u>\$ 16,813,455</u>	<u>\$ 3,217,565</u>	<u>\$ 20,031,020</u>

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

General government	\$ 92,644
Public safety	107,835
Public works	188,376
Sanitation	15,023
Education	134,751
	<u>\$ 538,629</u>

## Town of Salem, Connecticut

Notes to Financial Statements (Continued)  
June 30, 2014

### 3. Detailed Notes on All Funds (Continued)

#### E. Long-Term Liabilities

The following table summarizes changes in the Town's long-term indebtedness for the year ending June 30, 2014:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
General obligation bonds	\$ 4,100,000	\$ 5,500,000	\$ (3,700,000)	\$ 5,900,000	\$ 5,700,000
Notes and loans	28,816	-	(28,816)	-	-
Compensated absences	34,261	-	(779)	33,482	3,348
Post closure landfill costs	30,000	-	(2,500)	27,500	2,500
OPEB obligations	652,578	162,371	(32,780)	782,169	-
	<u>\$ 4,845,655</u>	<u>\$ 5,662,371</u>	<u>\$ (3,764,875)</u>	<u>\$ 6,743,151</u>	<u>\$ 5,705,848</u>

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

#### 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, 2014 consisted of the following:

Purpose	Year of Issue	Original Amount	Final Maturity	Interest Rates	Amount Outstanding
Library Bonds	2005	\$ 2,000,000	2016	3.25-3.75%	\$ 400,000
Salem School Construction BAN	2013	\$ 5,500,000	2015	1.00%	5,500,000
					<u>\$ 5,900,000</u>

On July 8, 2014, the Town issued \$4,500,000 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 1, 2015. A total of \$6,200,000 was authorized for this project. As of June 30, 2014, \$700,000 was authorized but unissued.

Interest incurred and expensed on general obligation bonds for the year ended June 30, 2014 totaled \$66,745.

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
2015	5,700,000	66,000	2016	200,000	3,750
				<u>\$ 5,900,000</u>	<u>\$ 69,750</u>

## Town of Salem, Connecticut

Notes to Financial Statements (Continued)  
June 30, 2014

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### 3. Detailed Notes on All Funds (Continued)

#### 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. The note was paid off during the year.

Interest incurred and expensed on loans and notes payable for the year ended June 30, 2014 totaled \$986.

#### 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 \$3,875.

#### 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	\$ 10,971,381				
Reimbursement for revenue loss on tax relief for the elderly (C.G.S. 12-129d)	14,511				
Debt limitation base	<u>\$ 10,985,892</u>				
	General Purpose	Schools	Sewers	Urban Renewal	Pension Deficit
Debt limitation					
2 1/4 times base	\$ 24,718,257	\$ -	\$ -	\$ -	\$ -
4 1/2 times base	-	49,436,514	-	-	-
3 3/4 times base	-	-	41,197,095	-	-
3 1/4 times base	-	-	-	35,704,149	-
3 times base	-	-	-	-	32,957,676
Total debt limitation	<u>24,718,257</u>	<u>49,436,514</u>	<u>41,197,095</u>	<u>35,704,149</u>	<u>32,957,676</u>



## Town of Salem, Connecticut

Notes to Financial Statements (Continued)  
June 30, 2014

### 3. Detailed Notes on All Funds (Continued)

	General Purpose	Schools	Sewers	Urban Renewal	Pension Deficit
Indebtedness					
Bonds payable	400,000	5,500,000	-	-	-
Total indebtedness	<u>\$ 400,000</u>	<u>\$ 5,500,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Debt limitation in excess of debt outstanding and authorized	<u>\$ 24,318,257</u>	<u>\$ 43,936,514</u>	<u>\$ 41,197,095</u>	<u>\$ 35,704,149</u>	<u>\$ 32,957,676</u>
In no case shall total indebtedness exceed seven times the annual receipts from taxation					<u>\$ 76,901,244</u>

### 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	\$ 80,595
Education	585
Capital Projects	1,927,620
Other Purposes	36,967
	<u>\$ 2,045,767</u>

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

## Town of Salem, Connecticut

Notes to Financial Statements (Continued)  
June 30, 2014

### 3. Detailed Notes on All Funds (Continued)

#### 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	\$ -	\$ -	\$ -	\$ 80,495	\$ 80,495
Education	-	-	-	585	585
Capital Projects	-	-	1,847,394	-	1,847,394
Other Purposes	29,938	-	-	7,029	36,967
	<u>\$ 29,938</u>	<u>\$ -</u>	<u>\$ 1,847,394</u>	<u>\$ 88,109</u>	<u>\$ 1,965,441</u>
Committed					
Capital Projects	\$ -	\$ 1,005,727	\$ -	\$ -	\$ 1,005,727
Assigned					
General Government	\$ -	\$ -	\$ -	\$ 19,752	\$ 19,752
Education	-	-	-	7,527	7,527
Public Works	-	-	-	43,904	43,904
Capital Projects	-	321,292	-	-	321,292
	<u>\$ -</u>	<u>\$ 321,292</u>	<u>\$ -</u>	<u>\$ 71,183</u>	<u>\$ 392,475</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.

## Town of Salem, Connecticut

Notes to Financial Statements (Continued)  
June 30, 2014

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### 3. Detailed Notes on All Funds (Continued)

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, 2014, the State contributed \$769,266 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 \$5,199,986 of which \$3,101,490 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. The Connecticut General Statutes and the various collective bargaining agreements stipulate the employees covered and the benefits provided. The plan does not issue a separate financial statement.

**Funding Policy** - Retired teachers and their spouses must be allowed to continue their health insurance benefits, in the same health insurance plan offered to active teachers, through their last employing Town. The Town does not contribute to the retirees' health insurance. The retirees pay 100% of the premiums in accordance with the Connecticut General Statutes and the various collective bargaining agreements.

#### Annual OPEB Cost ("AOC") and Net OPEB Obligation ("NOO")

Amortization Component	
Actuarial Accrued Liability as of June 30, 2014	\$ 2,309,165
Assets at Market Value	-
Unfunded Actuarial Accrued Liability ("UAAL")	<u>\$ 2,309,165</u>
Funded Ratio	0.00%
Covered Payroll (Active plan members)	<u>\$ 3,081,173</u>
UAAL as a Percentage of Covered Payroll	<u>74.94%</u>
Annual Required Contribution	\$ 160,010
Interest on Net OPEB Obligation	29,366
Adjustment to Annual Required Contribution	<u>(27,005)</u>
Annual OPEB Cost	162,371
Contributions made	<u>(32,780)</u>
Increase in net OPEB Obligation	129,591
Net OPEB Obligation - Beginning of the year	652,578
	<u>\$ 782,169</u>

## Town of Salem, Connecticut

Notes to Financial Statements (Continued)  
June 30, 2014

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### 3. Detailed Notes on All Funds (Continued)

Three year trend information is as follows:

Fiscal Year Ended	Annual OPEB Cost	Actual Contributions Made	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2014	\$ 162,371	\$ 32,780	20.2%	\$ 782,169
June 30, 2013	\$ 140,663	\$ 32,388	23.0%	\$ 652,578
June 30, 2012	\$ 221,278	\$ 40,950	18.5%	\$ 544,303

**Actuarial Methods and Significant Assumptions** - The Town's annual other postemployment benefit cost (expense) is calculated based on the annual required contribution ("ARC"), an amount actuarially determined in accordance with the parameters of GASB. GASB establishes standards for the measurement, recognition and display of the expenses and liabilities for retirees' medical insurance. As a result, reporting of expenses and liabilities is using a per capita claims cost will be determined, which will be used to determine a "normal cost", an "actuarial accrued liability", and ultimately the ARC. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years.

Actuarial valuations for OPEB plans involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. These amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Calculations are based on the OPEB benefits provided under the terms of the substantive plan in effect at the time of each valuation and on the pattern of sharing of costs between the employer and plan members to that point. In addition, the assumptions and projections utilized do not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and plan members in the future. The actuarial calculations of the OPEB plan reflect a long-term perspective.

The Town is required to accrue on the government-wide financial statements the amounts necessary to finance the plan as actuarially determined, which is equal to the balance not paid by plan members. Funding for the Plan has been established on a pay-as-you-go basis.

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

## Town of Salem, Connecticut

Notes to Financial Statements (Continued)  
June 30, 2014

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### 3. Detailed Notes on All Funds (Continued)

Other actuarial methods and significant assumptions are summarized as follows:

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.

#### Schedule of Funding Progress

As of the last valuation date, June 30, 2014, the actuarial valuation of the plan assets was \$0. The actuarial accrued liability was \$2,309,165. The schedule of funding progress immediately following the notes to the financial statements presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. There is no requirement for funding and the plan has not been funded.

### 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.

## Town of Salem, Connecticut

Notes to Financial Statements (Continued)  
June 30, 2014

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### 4. Other Information (Continued)

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.

#### 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, 2014 the Town paid \$2,374,968 in regular education tuition and \$340,932 in special education tuition to the Town of East Lyme. The Town also paid \$70,293 to the Town of East Lyme which was the underpayment for the year ending June 30, 2013. 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, 2014 is an estimated underpayment of \$25,376 which will be added to the 2014-2015 tuition payments. The estimated reconciliation for the year ended June 30, 2013 was an underpayment of \$70,293 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 \$68.50 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.

## Town of Salem, Connecticut

Notes to Financial Statements (Continued)  
June 30, 2014

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### 4. Other Information (Continued)

**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, 2014 was \$86,706.

### 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, 2014 was \$7,798.

### 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 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 71 – *Pension Transition for Contributions Made Subsequent to the Measurement Date* – This statement is an amendment of GASB Statement 68 and should be applied simultaneously with the provisions of Statement 68.

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**Town of Salem, Connecticut**

Required Supplementary Information  
June 30, 2014



**Town of Salem, Connecticut**

Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual (Budgetary Basis) - General Fund  
Year Ended June 30, 2014

	Budgeted Amounts			Actual Budgetary Basis	Variance with Final Budget
	Original	Additional Appropriations and Transfers	Final		
REVENUES					
Property Tax Revenues					
Property taxes	\$10,543,755	\$ -	\$10,543,755	\$10,614,570	\$ 70,815
Prior year tax collections	150,000	-	150,000	191,997	41,997
Supplemental motor vehicle tax collections	65,000	-	65,000	94,303	29,303
Interest on property taxes	65,000	-	65,000	65,796	796
Interest on supplemental motor vehicles	2,200	-	2,200	3,107	907
Liens on property taxes	1,200	-	1,200	1,608	408
	<u>10,827,155</u>	<u>-</u>	<u>10,827,155</u>	<u>10,971,381</u>	<u>144,226</u>
Intergovernmental Revenues					
State/Federal Grants for Education					
Education equalization	3,167,849	-	3,167,849	3,109,562	(58,287)
Transportation	50,000	-	50,000	44,760	(5,240)
Adult education	3,586	-	3,586	3,669	83
Excess cost	297,943	-	297,943	-	(297,943)
	<u>3,519,378</u>	<u>-</u>	<u>3,519,378</u>	<u>3,157,991</u>	<u>(361,387)</u>
Other State/Federal Grants					
Town Aid Road (TAR) and Transfer in	356,000	-	356,000	432,176	76,176
State property in lieu of taxes	-	-	-	58,794	58,794
Local capital improvement	52,030	-	52,030	-	(52,030)
Mashantucket Pequot grant	2,312	-	2,312	17,051	14,739
Tax relief for the elderly	20,000	-	20,000	14,511	(5,489)
Telephone access line	12,000	-	12,000	11,116	(884)
Civil preparedness	3,000	-	3,000	13,717	10,717
Library state aid and connecticard grants	-	-	-	4,751	4,751
Veterans' tax relief	2,000	-	2,000	3,625	1,625
Tax relief for the disabled	200	-	200	212	12
Office of policy and management grant	-	-	-	27,489	27,489
Miscellaneous	1,000	-	1,000	607	(393)
Justice assistance grant	-	-	-	570	570
School Renovation Project	150,000	-	150,000	-	(150,000)
	<u>598,542</u>	<u>-</u>	<u>598,542</u>	<u>584,619</u>	<u>(13,923)</u>
Total intergovernmental revenues	<u>4,117,920</u>	<u>-</u>	<u>4,117,920</u>	<u>3,742,610</u>	<u>(375,310)</u>
Revenue from the Use of Town Money					
General Fund	6,000	-	6,000	6,780	780
Other Funds	48	-	48	97	49
	<u>6,048</u>	<u>-</u>	<u>6,048</u>	<u>6,877</u>	<u>829</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, 2014

	Budgeted Amounts			Actual Budgetary Basis	Variance with Final Budget
	Original	Additional Appropriations and Transfers	Final		
<b>Charges for Services</b>					
<b>Licenses and Permits</b>					
Garbage bag revenue	40,000	-	40,000	38,448	(1,552)
Conveyance tax	30,000	-	30,000	29,536	(464)
Building permits	27,500	-	27,500	64,253	36,753
Tipping and hauling fees	17,500	-	17,500	9,225	(8,275)
Landfill fees - bulky waste	8,000	-	8,000	7,243	(757)
Heating	4,000	-	4,000	8,283	4,283
Electrical	3,000	-	3,000	4,994	1,994
Plumbing	2,500	-	2,500	4,119	1,619
Zoning compliance	1,200	-	1,200	1,810	610
Miscellaneous permits and fees	1,250	-	1,250	4,095	2,845
Septic	785	-	785	1,775	990
Pistol permits/sport licenses	1,500	-	1,500	2,559	1,059
Wells	200	-	200	1,065	865
Town engineering fees	175	-	175	-	(175)
Warrant fees	65	-	65	-	(65)
	<u>137,675</u>	<u>-</u>	<u>137,675</u>	<u>177,405</u>	<u>39,730</u>
<b>Charges for Current Services</b>					
Recording fees	25,000	-	25,000	17,957	(7,043)
Sale of copies	5,500	-	5,500	4,996	(504)
Planning and zoning commission fees	1,500	-	1,500	5,147	3,647
CFC evacuation fees	1,500	-	1,500	420	(1,080)
Sale of maps	700	-	700	405	(295)
Inland/wetland commission fees	500	-	500	508	8
Zoning board of appeals fees	500	-	500	680	180
Sale of zoning regulations	100	-	100	43	(57)
LOCIP- cip (farm fee revenue)	2,700	-	2,700	302	(2,398)
Historic preservation	750	-	750	1,892	1,142
Farmland preservation	1,350	-	1,350	2,118	768
Electronic Registration Fees	-	-	-	3,280	3,280
	<u>40,100</u>	<u>-</u>	<u>40,100</u>	<u>37,748</u>	<u>(2,352)</u>
<b>Miscellaneous</b>					
Recreation fee based activity	20,000	-	20,000	15,990	(4,010)
Library fees/fines	13,500	-	13,500	13,214	(286)
Miscellaneous	5,000	-	5,000	5,454	454
Insurance claims and refunds	-	-	-	10,639	10,639
Use of recreation fields	3,000	-	3,000	525	(2,475)
Farmers market fees	750	-	750	390	(360)
Leases	1	-	1	1	-
Pavilion Rental	100	-	100	3,540	3,440
	<u>42,351</u>	<u>-</u>	<u>42,351</u>	<u>49,753</u>	<u>7,402</u>
<b>Total charges for services</b>	<u>220,126</u>	<u>-</u>	<u>220,126</u>	<u>264,906</u>	<u>44,780</u>
<b>Transfer in from Other Funds</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>142,687</u>	<u>142,687</u>
<b>Total revenues</b>	<u>15,171,249</u>	<u>-</u>	<u>15,171,249</u>	<u>15,128,461</u>	<u>(42,788)</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, 2014

	Budgeted Amounts			Actual Budgetary Basis	Variance with Final Budget
	Original	Additional Appropriations and Transfers	Final		
<b>EXPENDITURES</b>					
<b>General Government</b>					
Selectman's department	32,207	-	32,207	32,207	-
Salaries	1,103,662	-	1,103,662	1,051,717	51,945
Building official, sanitarian	3,519	-	3,519	2,556	963
Town clerk	15,100	-	15,100	14,768	332
Treasurer, auditor, board of finance	37,399	-	37,399	35,280	2,119
Assessor	12,515	-	12,515	12,515	-
Tax collector	5,780	-	5,780	5,763	17
Registrar	11,750	-	11,750	10,583	1,167
Town counsel	17,000	5,000	22,000	21,611	389
Town office operations	99,910	-	99,910	99,884	26
Municipal building maintenance	46,550	-	46,550	46,530	20
Employee benefits	417,430	(15,000)	402,430	283,310	119,120
Utilities	183,760	-	183,760	179,856	3,904
Town services	28,375	-	28,375	26,281	2,094
Regional services	29,092	-	29,092	25,510	3,582
Library	29,283	-	29,283	29,283	-
Security	209,900	10,000	219,900	214,138	5,762
Gardner lake fire department	69,520	40,723	110,243	110,114	129
Salem fire department	77,423	4,500	81,923	81,915	8
Ambulance	39,690	-	39,690	39,594	96
Public safety	71,800	-	71,800	67,738	4,062
Public works	245,830	-	245,830	245,086	744
Transfer station	176,820	-	176,820	159,094	17,726
Economic development	1,500	-	1,500	1,485	15
Inland wetlands, conservation commission	3,500	-	3,500	1,876	1,624
Planning and zoning commission	37,500	-	37,500	14,259	23,241
Zoning board of appeals	300	-	300	45	255
Recreation commission	52,900	-	52,900	41,215	11,685
Municipal insurance	98,000	-	98,000	87,245	10,755
Unanticipated expenses	1,000	-	1,000	1,000	-
Interest payments	57,017	-	57,017	57,017	-
Principal payable	247,689	-	247,689	247,689	-
Capital Reserve Account	50,000	-	50,000	50,000	-
Open Space Land Acquisition	2	-	2	-	2
	3,513,723	45,223	3,558,946	3,297,164	261,782
<b>Education</b>	10,351,968	-	10,351,968	10,294,268	57,700
<b>Capital expenditures</b>	915,388	18,287	933,675	933,675	-
<b>Total expenditures</b>	14,781,079	63,510	14,844,589	14,525,107	319,482
<b>Excess (deficiency) of revenues over expenditures</b>	\$ 390,170	\$ (63,510)	\$ 326,660	603,354	\$ 276,694

(Continued)

(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, 2014

	Budgeted Amounts		Actual Budgetary Basis	Variance with Final Budget	
	Original	Additional Appropriations and Transfers			Final
<b>Adjustments to Generally Accepted Accounting Principles (GAAP):</b>					
Reconciling payments with East Lyme High School			149,243		
On behalf revenues from teacher's retirement netted in budget			769,266		
On behalf expenditures from teacher's retirement netted in budget			(769,266)		
Revenues that were netted with expenditures in the budget:					
Revenues from Excess Cost Grant			294,905		
Expenditures from Excess Cost Grant			(294,905)		
Expenditures from Town Clerk reserved money			<u>(1,784)</u>		
<b>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses) - GAAP basis</b>			<u>\$ 750,813</u>		

**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.

**Town of Salem, Connecticut**

Required Supplementary Information - Schedule of Funding Progress  
Other Post Employment Benefits  
Last Three Valuations

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Valuation Date	Actuarial Value of Assets	Accrued Liability (AAL)	Excess (Unfunded) AAL (UAAL)	Funded Ratio	Covered Payroll	AAL/UAAL as a Percentage of Covered Payroll
6/30/2014	\$ -	\$ 2,309,165	\$ (2,309,165)	0.00%	\$ 3,081,173	-74.94%
7/1/2012	\$ -	\$ 1,659,380	\$ (1,659,380)	0.00%	\$ 3,107,441	-53.40%
7/1/2010	\$ -	\$ 2,173,797	\$ (2,173,797)	0.00%	\$ 2,980,737	-72.93%

## Town of Salem, Connecticut

Required Supplementary Information - Schedule of Employer Contributions  
Other Post Employment Benefits Trust Fund  
Since Inception

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Fiscal Year Ended	Annual Required Contribution	Actual Contribution	Percentage Contributed
6/30/2014	\$ 160,010	\$ 32,780	20.49%
6/30/2013	\$ 138,694	\$ 32,388	23.35%
6/30/2012	\$ 219,962	\$ 40,950	18.62%
6/30/2011	\$ 213,555	\$ 38,258	17.91%
6/30/2010	\$ 207,335	\$ 19,337	9.33%

**Town of Salem, Connecticut**

Combining and Individual Fund Financial Statements  
June 30, 2014

## Town of Salem, Connecticut

Combining Balance Sheet  
Other Governmental Funds  
June 30, 2014

	Special Revenue Funds	Capital Projects Funds	Permanent Fund Memorial and Cemetery	Total Other Governmental Funds
<b>ASSETS</b>				
Cash and equivalents	\$ 287,496	\$ 35,398	\$ 838	\$ 323,732
Investments	32,650	-	14,269	46,919
Other receivables				
Accounts	-	-	-	-
Intergovernmental	18,169	-	-	18,169
Due from other funds	64,586	-	-	64,586
Prepaid expenditures	100	-	-	100
Total Assets	<u>\$ 403,001</u>	<u>\$ 35,398</u>	<u>\$ 15,107</u>	<u>\$ 453,506</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities				
Accounts payable	\$ 22,795	\$ -	\$ -	\$ 22,795
Due to other funds	213,353	34,000	-	247,353
Unearned revenues - performance	21,969	-	-	21,969
Total Liabilities	<u>258,117</u>	<u>34,000</u>	<u>-</u>	<u>292,117</u>
Fund Balances				
Nonspendable	100	-	1,997	2,097
Restricted	88,109	-	-	88,109
Assigned	56,675	1,398	13,110	71,183
Total Fund Balances	<u>144,884</u>	<u>1,398</u>	<u>15,107</u>	<u>161,389</u>
Total Liabilities and Fund Balances	<u>\$ 403,001</u>	<u>\$ 35,398</u>	<u>\$ 15,107</u>	<u>\$ 453,506</u>



**Town of Salem, Connecticut**

Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
 Other Governmental Funds  
 Year Ended June 30, 2014

	Special Revenue Funds	Capital Projects Funds	Permanent Fund: Memorial and Cemetery	Total Other Governmental Funds
<b>REVENUES</b>				
State grants for specified purpose	\$ 74,737	\$ -	\$ -	\$ 74,737
State grants for education	191,175	-	-	191,175
Licenses and permits	5,696	-	-	5,696
Charges for current services	72,387	-	-	72,387
Miscellaneous revenue	64	-	-	64
Income from investments	389	4	266	659
Total revenues	<u>344,448</u>	<u>4</u>	<u>266</u>	<u>344,718</u>
<b>EXPENDITURES</b>				
Current				
General government	52,279	-	-	52,279
Education	256,703	-	-	256,703
Total expenditures	<u>308,982</u>	<u>-</u>	<u>-</u>	<u>308,982</u>
Excess (Deficiency) of Revenues Over Expenditures	35,466	4	266	35,736
Fund Balances - Beginning of Year	<u>109,418</u>	<u>1,394</u>	<u>14,841</u>	<u>125,653</u>
Fund Balances - End of Year	<u>\$ 144,884</u>	<u>\$ 1,398</u>	<u>\$ 15,107</u>	<u>\$ 161,389</u>

**Town of Salem, Connecticut**

Combining Balance Sheet  
Special Revenue Funds  
June 30, 2014

	Grant Fund	Senior Citizens Fund	Dog Fund	School Cafeteria Fund	Community Foundation Grant Fund	Needy Fund	Education Grants Fund	Total Special Revenue Funds
<b>ASSETS</b>								
Cash and equivalents	\$ 102,794	\$ -	\$ 8,182	\$ 8,460	\$ -	\$ 4,881	\$ 163,179	\$ 287,496
Investments	-	30,502	-	-	-	2,148	-	32,650
Other receivables								
Accounts	-	-	-	-	-	-	-	-
Intergovernmental	10,374	-	-	7,795	-	-	-	18,169
Due from other funds	40,007	-	-	755	2,564	-	21,260	64,586
Prepaid expenditures	-	-	-	-	-	100	-	100
Total Assets	<u>\$ 153,175</u>	<u>\$ 30,502</u>	<u>\$ 8,182</u>	<u>\$ 17,010</u>	<u>\$ 2,564</u>	<u>\$ 7,129</u>	<u>\$ 184,439</u>	<u>\$ 403,001</u>
<b>LIABILITIES AND FUND BALANCES</b>								
Liabilities								
Accounts payable	\$ 10,374	-	\$ 2,938	\$ 9,483	\$ -	-	\$ -	\$ 22,795
Due to other funds	51,468	-	-	-	-	-	161,885	213,353
Unearned revenues - performance	-	-	-	-	-	-	21,969	21,969
Total Liabilities	<u>61,842</u>	<u>-</u>	<u>2,938</u>	<u>9,483</u>	<u>-</u>	<u>-</u>	<u>183,854</u>	<u>258,117</u>
Fund Balances								
Nonspendable	-	-	-	-	-	100	-	100
Restricted	47,429	30,502	-	-	2,564	7,029	585	88,109
Assigned	43,904	-	5,244	7,527	-	-	-	56,675
Total Fund Balances	<u>91,333</u>	<u>30,502</u>	<u>5,244</u>	<u>7,527</u>	<u>2,564</u>	<u>7,129</u>	<u>585</u>	<u>144,884</u>
Total Liabilities and Fund Balances	<u>\$ 153,175</u>	<u>\$ 30,502</u>	<u>\$ 8,182</u>	<u>\$ 17,010</u>	<u>\$ 2,564</u>	<u>\$ 7,129</u>	<u>\$ 184,439</u>	<u>\$ 403,001</u>

**Town of Salem, Connecticut**

Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
 Special Revenue Funds  
 Year Ended June 30, 2014

	Grant Fund	Senior Citizens Fund	Dog Fund	School Cafeteria Fund	Community Foundation Grant Fund	Needy Fund	Education Grants Fund	Total Special Revenue Funds
<b>REVENUES</b>								
State Grants for Specified Purpose	\$ 73,759	\$ -	\$ -	\$ -	\$ 978	\$ -	\$ -	\$ 74,737
State Grants for Education	-	-	-	34,927	-	-	156,248	191,175
Licenses and Permits	-	-	5,696	-	-	-	-	5,696
Charges for Current Services	-	-	-	63,042	-	-	9,345	72,387
Miscellaneous Revenue	-	-	-	-	-	64	-	64
Income From Investments	-	331	-	-	-	58	-	389
Total Revenues	<u>73,759</u>	<u>331</u>	<u>5,696</u>	<u>97,969</u>	<u>978</u>	<u>122</u>	<u>165,593</u>	<u>344,448</u>
<b>EXPENDITURES</b>								
Current								
General Government	42,181	-	5,695	-	4,042	361	-	52,279
Education	-	-	-	92,944	-	-	163,759	256,703
Total Expenditures	<u>42,181</u>	<u>-</u>	<u>5,695</u>	<u>92,944</u>	<u>4,042</u>	<u>361</u>	<u>163,759</u>	<u>308,982</u>
Excess (Deficiency) of Revenues Over Expenditures	31,578	331	1	5,025	(3,064)	(239)	1,834	35,466
Fund Balances (Deficits) - Beginning of Yea	<u>59,755</u>	<u>30,171</u>	<u>5,243</u>	<u>2,502</u>	<u>5,628</u>	<u>7,368</u>	<u>(1,249)</u>	<u>109,418</u>
Fund Balances - End of Yea	<u>\$ 91,333</u>	<u>\$ 30,502</u>	<u>\$ 5,244</u>	<u>\$ 7,527</u>	<u>\$ 2,564</u>	<u>\$ 7,129</u>	<u>\$ 585</u>	<u>\$ 144,884</u>

## Town of Salem, Connecticut

Combining Balance Sheet  
 Capital Projects Funds  
 June 30, 2014

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	Land Acquisition Fund	Open Space Land Acquisition Fund	Total Capital Projects Funds
<b>ASSETS</b>			
Cash and equivalents	<u>\$ 14,826</u>	<u>\$ 20,572</u>	<u>\$ 35,398</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities			
Due to other funds	\$ 14,000	\$ 20,000	\$ 34,000
Fund balances			
Assigned	<u>826</u>	<u>572</u>	<u>1,398</u>
Total Liabilities and Fund Balances	<u>\$ 14,826</u>	<u>\$ 20,572</u>	<u>\$ 35,398</u>

**Town of Salem, Connecticut**

Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
 Capital Projects Funds  
 Year Ended June 30, 2014

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	Land Acquisition Fund	Open Space Land Acquisition Fund	Total Capital Projects Funds
<b>REVENUES</b>			
Income from investments	\$ 2	\$ 2	\$ 4
Net Change in Fund Balances	2	2	4
Fund Balances - Beginning of Year	824	570	1,394
Fund Balances - End of Year	<u>\$ 826</u>	<u>\$ 572</u>	<u>\$ 1,398</u>

**Town of Salem, Connecticut**

Combining Statement of Net Assets  
 Agency Funds  
 Year Ended June 30, 2014

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	Balance Beginning	Deductions	Balance Ending
<b>Student Activity Fund</b>			
<b>ASSETS</b>			
Cash	\$ 24,601	\$ (2,724)	\$ 21,877
<b>LIABILITIES</b>			
Due to others	\$ 24,601	\$ (2,724)	\$ 21,877

**Town of Salem, Connecticut**

Supplementary Schedules  
June 30, 2014





## Town of Salem, Connecticut

Statement of Changes in Fund Balance by Project - Capital Non-Recurring Fund  
Year Ended June 30, 2014

	Beginning Balance	Transfers In	Transfers Out	Internal Transfers	Additions (Revenues Posted)	Reductions (Expenditures Posted)	Ending Balance	Eliminating Deficit Balances Per GASB 54	Reported Fund Balance
<b>Committed Fund Balance:</b>									
<b>Salem Fire Co</b>									
Fire fighting gear	\$ 4	\$ 17,730	\$ (14)	\$ -	\$ -	\$ (17,717)	\$ 3	\$ -	\$ 3
Fire Hose	-	6,340	-	-	-	(6,340)	-	-	-
Hose Replacement	-	11,947	-	-	-	(11,947)	-	-	-
SCBA	46,578	-	-	-	-	-	46,578	-	46,578
Kitchen	(322)	-	-	-	-	-	(322)	322	-
	<u>46,260</u>	<u>36,017</u>	<u>(14)</u>	<u>-</u>	<u>-</u>	<u>(36,004)</u>	<u>46,259</u>	<u>322</u>	<u>46,581</u>
<b>Gardner Firehouse Projects</b>									
Service vehicle 127	876	-	(876)	-	-	-	-	-	-
Parking lot	50,015	-	-	-	-	(7,024)	42,991	-	42,991
Gas boiler	20	-	(20)	-	-	-	-	-	-
	<u>50,911</u>	<u>-</u>	<u>(896)</u>	<u>-</u>	<u>-</u>	<u>(7,024)</u>	<u>42,991</u>	<u>-</u>	<u>42,991</u>
<b>General Government</b>									
Town center roof	6,331	-	-	-	-	(5,053)	1,278	-	1,278
Parking lot rehabilitation	12,064	-	-	-	-	(3,029)	9,035	-	9,035
Alarm/monitoring system	10,630	-	-	-	-	-	10,630	-	10,630
Heating/cooling system	14,000	-	-	-	-	(10,478)	3,522	-	3,522
	<u>43,025</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(18,560)</u>	<u>24,465</u>	<u>-</u>	<u>24,465</u>
<b>Public Works</b>									
12/13 Highway rehabilitation	277,326	-	-	-	-	(277,326)	-	-	-
13/14 Highway rehabilitation	-	356,000	-	-	-	(51,455)	304,545	-	304,545
Lawn mower	14,000	-	(358)	-	-	(13,642)	-	-	-
Used sweeper	11,000	-	-	-	-	(6,219)	4,781	-	4,781
Field maintenance equipment	1,725	-	(1,725)	-	-	-	-	-	-
Dump/plow truck	-	29,802	-	-	-	(29,802)	-	-	-
Tow behind mower	4,153	-	-	-	-	-	4,153	-	4,153
	<u>308,204</u>	<u>385,802</u>	<u>(2,083)</u>	<u>-</u>	<u>-</u>	<u>(378,444)</u>	<u>313,479</u>	<u>-</u>	<u>313,479</u>

(Continued)

See Independent Auditors' Report

## Town of Salem, Connecticut

Statement of Changes in Fund Balance by Project - Capital Non-Recurring Fund  
Year Ended June 30, 2014

	Beginning Balance	Transfers In	Transfers Out	Internal Transfers	Additions (Revenues Posted)	Reductions (Expenditures Posted)	Ending Balance	Eliminating Deficit Balances Per GASB 54	Reported Fund Balance
<b>Sanitation and Landfill</b>									
Transfer station compactor	4,321	-	(575)	-	-	(2,755)	991	-	991
Oil/water area upgrade	41,575	-	-	-	-	(25,527)	16,048	-	16,048
	45,896	-	(575)	-	-	(28,282)	17,039	-	17,039
<b>Recreation Commission</b>									
Hill Rd Parking Lot Upgrades	39,892	-	-	-	-	(20,500)	19,392	-	19,392
Replace press box	6,000	-	-	-	-	(4,794)	1,206	-	1,206
Multi-Purpose Path	6,789	-	-	-	-	(1,000)	5,789	-	5,789
Parking Lot Exp/Babe Ruth field	4,500	-	(4,500)	-	-	-	-	-	-
Forsyth Road upper parking lot	1,940	-	-	-	-	-	1,940	-	1,940
Rec Com Snack Stand	1,954	-	(1,954)	-	-	-	-	-	-
	61,075	-	(6,454)	-	-	(26,294)	28,327	-	28,327
<b>Building Committee</b>									
Building Committee	38,771	-	-	(37,964)	-	(807)	-	-	-
<b>Education</b>									
School Tile Replacement	79,933	-	(50,000)	-	-	-	29,933	-	29,933
Traverse Wall	9,000	-	(9,000)	-	-	-	-	-	-
Sidewalk Grant Project	83,756	-	-	(83,756)	-	-	-	-	-
Upgrade track/athletic field	5,296	-	-	-	-	-	5,296	-	5,296
Metal ceiling park and play area	50,000	-	(50,000)	-	-	-	-	-	-
Air handler	24,000	-	(23,665)	-	-	(335)	-	-	-
Bathroom repairs	-	-	-	-	-	(125)	(125)	125	-
Garden snow tractor	-	11,000	-	-	-	(10,901)	99	-	99
Scrubber	-	6,000	-	-	-	(4,576)	1,424	-	1,424
Technology plan	-	494,856	-	-	-	-	494,856	-	494,856
Battery burnisher	1,237	-	-	-	-	-	1,237	-	1,237
	253,222	511,856	(132,665)	(83,756)	-	(15,937)	532,720	125	532,845
<b>Total Committed Fund Balance</b>	<b>847,364</b>	<b>933,675</b>	<b>(142,687)</b>	<b>(121,720)</b>	-	<b>(511,352)</b>	<b>1,005,280</b>	<b>447</b>	<b>1,005,727</b>
<b>Assigned Fund Balance</b>	149,967	50,000	-	121,720	52	-	321,739	(447)	321,292
<b>Total Fund Balance</b>	<b>\$ 997,331</b>	<b>\$ 983,675</b>	<b>\$ (142,687)</b>	<b>\$ -</b>	<b>\$ 52</b>	<b>\$ (511,352)</b>	<b>\$ 1,327,019</b>	<b>\$ -</b>	<b>\$ 1,327,019</b>

See Independent Auditors' Report

**Town of Salem, Connecticut**

Internal Control and Compliance Reports  
June 30, 2014

**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, 2014, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements and have issued our report thereon dated October 20, 2014.

**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.

*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. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

## **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*.

## **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 Town'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 Town's internal control and compliance. Accordingly, this communication is not suitable for any other purposes.

*O'Connor Davies, LLP*

October 20, 2014

**Town of Salem, Connecticut**

State Single Audit  
June 30, 2014

**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, 2014. 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.

### ***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, 2014.

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



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

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements. We have issued our report thereon dated October 20, 2014, 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*

October 20, 2014

**Town of Salem, Connecticut**

## Schedule of Expenditures of State Financial Assistance

Year Ended June 30, 2014

State Grantor Pass-Through

Grantor Program Title	State Grant Program Core-CT Number	Expenditures
<b>Connecticut State Library</b>		
Grants to Public Libraries	11000-CSL66051-17003	\$ 2,406
Connecticard Payments	11000-CSL66051-17010	2,345
Historic Documents Preservation Grants	12060-CSL66094-35150	4,000
<b>Department of Energy and Environmental Protection</b>		
Small Town Economic Assistance Program (DEP)	12052-DEP43153-40531	35,224
<b>Department of Transportation</b>		
Town Aid Road Grants Transportation Fund	13033-DOT57131-43459	193,327
<b>Department of Justice</b>		
Non-Budgeted Operating Appropriation	34001-JUD95162-40001	1,125
<b>Office of Policy and Management</b>		
Reimbursement to Towns - Tax Loss on State Owned Property	11000-OPM20600-17004	58,794
Reimburse Property Tax - Disability Exemption	11000-OPM20600-17011	212
Property Tax Relief for Elderly Circuit Breaker	11000-OPM20600-17018	14,511
Property Tax Relief for Veterans	11000-OPM20600-17024	3,625
Municipal Grants in Aid	12052-OPM20600-43587	4,419
<b>Department of Education</b>		
Child Nutrition State Match	11000-SDE64370-16211	1,172
Health Foods Initiative	11000-SDE64370-16212	2,399
Adult Education	11000-SDE64370-17030	3,669
Magnet Schools	11000-SDE64370-17057	4,500
Total State Financial Assistance before Exempt Programs		<u>331,728</u>

**EXEMPT PROGRAMS**

<b>Department of Education</b>		
Education Cost Sharing	11000-SDE64000-17041	3,109,562
Public School Transportation	11000-SDE64000-17027	39,289
Special Education - Excess Cost - Student Based	11000-SDE64000-17047	294,905
<b>Department of Administrative Services</b>		
School Construction Grants	13010-DAS27636-40901	1,406,845
<b>Office of Policy and Management</b>		
Mashantucket Pequot and Mohegan Fund Grant	12009-OPM20600-17005	17,051
Municipal Revenue Sharing	12060-OPM20600-35458	26,979
Municipal Video Competition	12060-OPM20600-35362	510
Total exempt programs		<u>4,895,141</u>
Total State Financial Assistance		<u>\$ 5,226,869</u>

The accompanying notes are an integral part of this schedule

## **Town of Salem, Connecticut**

Notes to Schedule of Expenditures of State Financial Assistance  
Year Ended June 30, 2014

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### **1. Summary of Significant Accounting Policies**

#### **General**

The accompanying Schedule of Expenditures of State Financial Assistance includes state grant activity of the Town of Salem, Connecticut ("Town") under programs of the State of Connecticut for the fiscal year ended June 30, 2014. Various departments and agencies of the State of Connecticut have provided financial assistance through grants and other authorizations in accordance with the General Statutes of the State of Connecticut.

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

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

#### **Basis of Accounting**

The financial statements for the governmental fund types contained in the Town's basic financial statements are prepared on the modified accrual basis of accounting. The government-wide financial statements are prepared on the full 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 for the current period,
- Expenditures are generally recorded when a liability is incurred except for debt service expenditures, as well as certain other expenditures, when applicable, related to compensated absences, pension obligations, landfill closure costs, claims and judgments, and other post-employment benefits which are recorded only when payment is due (matured).

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

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## **Town of Salem, Connecticut**

Summary Schedule of Prior Audit Findings  
Year Ended June 30, 2014

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### **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:** The finding has been corrected.

### **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.

**Current Status:** The finding has been corrected.

## Town of Salem, Connecticut

### Schedule of Findings and Questioned Costs Year Ended June 30, 2014

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#### Section 1 - Summary of Auditors' Results

##### **Financial Statements**

Type of auditors' report issued unmodified

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: unmodified

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

☐ yes ☒ no

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

State Grantor and Program	State Core-CT Number	Expenditures
Department of Transportation		
Town Aid Road Grants – Transportation Fund	13033-DOT57131-43459	\$193,327
Office of Policy and Management		
Reimbursement to Towns – Tax Loss on State Owned Property	11000-OPM20600-17004	\$58,794
Dollar threshold used to distinguish between type A and type B programs:	<u>\$100,000</u>	

#### Section II - Financial Statement Findings

No matters were reported.

#### 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 15<sup>th</sup> 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  
28<sup>th</sup> 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*

