2014-2015

ANNUAL REPORT OF THE TOWN OF SALEM, CONNECTICUT

2014-2015

In Dedication to Jim Burke

Jim Burke was the epitome of volunteerism in Salem. We lost Jim in 2015 at the age of 76, but he leaves a legacy of memories and programs that still thrive today. Jim was a member of the Salem Lions, Cub Scouts and the Salem Recreation Commission.

Jim joined the Salem Lions in 1978 and continued for many years. He began and organized the popular St. Patrick's Day Dance held at the Gardner Lake Fire Dept. His wife Bev remembers Jim making decorations for the dance. As a Den leader for scouts he held many meetings at his house and was often taking the children on trips, hikes and kite flying.

It was Jim Burke's commitment to recreation and the youth of Salem he will be most remembered. He was on the Salem Recreation Commission for over 30 years and was still a member at the time of his death. Jim served as Chairman for many of those years. He was instrumental in a number of programs, especially youth baseball. Jim Burke, Chuck Paulino, Lou Ulffers and others started the Salem Youth Baseball League in the late 60's. Like most endeavors, it started out small, yet grew to over 300 children playing baseball at its height. Their first field was at the school but they soon moved to what is now the t-ball field on Round Hill Road. The complex has expanded and is now one of the region's premier baseball complexes with four baseball fields and a soccer field. Jim wrote, applied and received a number of grants, which made the expansion of the baseball fields possible. The Commission was awarded a STEAP Grant in 2001 for $500,000 to construct the Babe Ruth field and the town's first soccer field all due to Jim's efforts.

Although he will be remembered for his dedication to baseball, he was equally well known for his love of fishing. Jim was an expert at tying fishing lures and would teach it to anyone who had an interest. While Jim was on the Commission he spearheaded an effort to make a skating and fishing pond beyond the public works garage, now a tennis and basketball court. As a member, he would organize fishing tournaments by stocking the pond with fish and awarded prizes to those who caught the most or biggest fish. During the winter, the pond provided a safe place for the children of Salem to skate and practice their hockey skills.

Jim was always on the lookout for ways to expand recreation opportunities for the youth of Salem. Some of his last active days on the Commission were spent advocating for the skate park. Jim was a kid at heart; he could go on about Harry Potter or how to play Mexican Train dominoes. On the Commission, he was known for his dry humor and the length of meetings when he was present. He was a generous resident of Salem, donating a number of trees from his Christmas tree farm for various projects throughout Town. He deservedly earned the Unsung Hero award in 1999 for all of his work to make Salem a better place to live.

Jim leaves behind his wife Bev, son Andy, daughters Liz and Bridget and five grandchildren. The Salem Recreation Commission continues to build on Jim Burke's volunteer efforts because we all stand on the shoulders of those who came before us.

Respectfully Submitted,
Sue Spang, Salem Recreation Commission Chairman

ANNUAL REPORT

OF THE OFFICERS OF THE

TOWN OF SALEM

AND

Audit of Town Records
From July 1, 2014
to June 30, 2015

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TOWN GOVERNMENT

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

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

The First Selectman, Town Clerk, Treasurer, and Tax Collector are available during regular hours.

The Assessor's Department, located within the Town Office Building are available during the following office hours.

Monday-Thursday	8:30 AM – 4:00 PM
Friday	Closed

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

Monday-Administrative Assistant	3:00 PM – 7:00 PM
Monday- Building Officials	5:00 PM -7:00 PM
Thursday-Administrative Assistant	3:00 PM – 7:00 PM
Thursday-Building Officials	5:00 PM-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 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 to 7:30 PM
Thursday	10:00 AM to 7:30 PM
Friday	10:00 AM to 6:00 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 2014/2015. 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 2014/2015.

Board Of Selectmen

Kevin Lyden, *First Selectman* (2015) – 2 yr. term
Lewis Buckley (2015) – 4 yr. term
Elbert Burr (2015) – 4 yr. term
Edward Chmielewski (2017) – 4 yr. term
Robert Ross (2017) – 4 yr. term

Town Clerk

Linda Flugrad (2016)

Treasurer

Pamela Henry (2015)

Tax Collector

Cheryl A. Philopena (2015)

Board of Finance

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

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

Board of Education

Stephen Buck, *Chairman* (2019)
Mary Ann Pudimat, *Vice-Chairman & Treasurer* (2017)
Pamela Munro, *Secretary* (2019)

George Jackson (2015)
Monica Lord McIntyre (2015)
Jennifer D'Aiuto (2015)
John (Phil) Teixeira (2015)
Robert Green (2015)
Sam Rindell (2019)

Planning and Zoning Commission

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

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

Zoning Board of Appeals

Charlie Dutch, *Chairman* (2015)

Ken Bondi (2015)
Denise Orsini (2017)
Sandra K. Kozlowski, Alt. (2015)
Becky Nortz Alt. (2019)
Michael Jensen (2017)
Terri Salas (2019)
Kate Bellandese, Alt. (2015)

Library Board of Trustees

Len Giambra, *Chairman* (2017)

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

Board of Assessment Appeals

Robert M. Green, *Chairman* (2017)

Dianne Woronik (2015)
Frank Abetti (2017)

Registrar Of Voters

Vacancy (D - 2018)
Georgia Pech (R – 2018)
Vacancy, Deputy
Doris Burr, Deputy

APPOINTED TOWN OFFICIALS

Inland Wetlands and Conservation Commission

Sally Snyder (2018), *Chairman*

Diba A. Khan-Bureau (2016)
Edward Natoli, Jr., (2018)
Roger Phillips (2018)
Frank Abetti, Alt (2018)
Liz Burdick, WEO

William (Eric) Belt (2017)
Linda S. Wildrick (2020)
Gale J. Balavender (2020)
Vacancy, Alt
Vacancy, Alt

Civil Preparedness

Donald W. Bourdeau, Jr. *Director*

Ed Shafer
John Cunningham
Christina Martin
Rick Martin

Chip Weston
James Miller
Roman Kachorowsky

Recreation Commission

Susan Spang, *Chairman* (2016)

Pam Henry (2017)
Robert Appleby (2019)
David Kennedy (2020)
Crispin Fresco-Hawes (2020)

Alfonso N. Giansanti (2017)
Doug Morrow (2018)
James W. Burke (2020)
Vacancy

Economic Development

Frank Sroka, *Chairman* (2018)

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

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

Salem Volunteer Fire Company

Warren Wright, *Captain*

Mark Dickson,
Rachel Kallaugher
Jen Oloski,
Brian Whitlatch
Kirsten Whitlatch
Timothy Dubeau
Marcella Maiorano
Kyle Burke
Angel Santiago
Stephanie Rivera

Gardner Lake Volunteer Fire Company

Katrina Zickwolf, *Captain*

Lt. Roman Kachorowsky
John Atkinson
John Hirsch
Ralph Boles

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

Administrative Asst. Finance/Personnel	Lisa Jablonski
Administrative Asst. First Selectman	Louise Tyszkiewicz
Agent for the Elderly	Pam Henry
Animal Control Officer	William Paul
Assessor	Barbara Perry
Assistant Assessor	Necia Stevens, Michael Kapinos
Assistant Tax Collector	Cindy Noe
Assistant Town Clerk	Holly Alligood
Building Department/Sanitarian Clerk	Diane Weston
Building Inspector	Vernon D. Vesey II
Democratic Town Committee Chair	Robyn McKenney
Deputy Fire Marshal	Roy E. Shafer, Jr.
Fire Inspector	Roy E. Shafer, Jr.
Fire Marshal & Director of Civil Preparedness	Donald Bourdeau, Jr.
Health Director	Uncas Health District
Municipal Historian	Deanna St. Jean, Dave Wordell
Purchasing Agent	Kevin Lyden
Recreation Program Director	Alex Mercier
Republican Town Committee Chair	Edward Chmielewski
Resident State Troopers	Christopher Pariseau
	Luke LaRue
Sanitarian	Uncas Health District
Superintendent of Schools	Joseph Onofrio II
Town Planner	Richard Serra, (SECCOG)
Tree Warden	Donald Bourdeau, Jr.
Zoning and Wetlands Enforcement Officer	Liz Burdick

TOWN REPORTS

FIRST SELECTMAN REPORT

This fiscal year has provided us with many opportunities for positive change in our town. The Town of Salem is in good financial shape.

The combined net position of our municipal government increased by $654,337. Due to firm enforcement of our purchasing policy, strong negotiations with vendors, as well as a concerted effort of fiscal responsibility by all departments, the General Government was able to return $225,712 to the Town's General Fund. The Board of Education also returned $151,208.

The Town collected $170,450 more taxes than expected.

The school renovation is complete. The Town followed a very wise approach to "fix what needs to be fixed". 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.

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 and one part-time employee.

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, Registrar of Vital Statistics, maintaining and posting Boards' and Commissions' agendas and minutes, maintaining permanent record books, maintaining trade name certificates, liquor permits, and Veteran's Discharge documentation, processing town notary appointments and justices of the peace, registering your dogs, and a myriad of other duties. 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 departments.

The Clerk's office is also involved with all 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, giving the oath of office to newly elected officials, and other duties.

Elections held during fiscal year 2014-2015 were the State primaries on August 12, 2014; 26% of registered Republicans cast their votes and 24% of registered Democrats voted; the State election held on November 4, 2014, when 70% of registered voters cast their vote; and the referendum held on May 14, 2015, at which time 7% of registered voters cast their vote.

We processed 820 documents on the land records, significantly less than fiscal year 2013-2014 when we processed 951. This fiscal year, we filed 9 notary public certificates, 3 liquor permits, 28 trade name certificates to businesses, and 12 Mylar maps. $66,353.50 was collected 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. Rabies and spay/neuter certificates are required to register your dogs. We issued 424 dog licenses during the fiscal year and 6 dog kennel licenses.

There were 36 births, 26 marriages, and 21 deaths registered in the Vital Statistics Records of the Town of Salem. 9 marriage licenses were issued in Salem. $2,000 was collected for certified copies of vital records.

We received from the State of Connecticut $3,000 in Historic Documents Preservation Program grant funds for the fiscal year 2013-2014. Those moneys were used along with other Historic Preservation funds to purchase a new server and the software needed to offer public searching online, which was implemented along with eRecording of documents this year.

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

Special Town Meeting

September 3, 2014, held at Salem Town Hall.

Kevin Lyden called the meeting to order: "Per Section 4.05 of the Salem Town Charter I hereby call this meeting to order at 7:03 p.m. There are two items on the agenda for this evening.

1. Is to consider and act on the purchase of State-owned land on the northwest corner of Witch Meadow Road and Rte. 11 for $5,000" … and

"2. To consider and act on the ordinance for tax exemption of ambulance-type motor vehicles.

A moderator shall be elected and all business conducted pursuant to Roberts Rules of Order as revised. I will now take nominations for moderator for tonight's meeting."

P. Sielman nominated Kevin Lyden as moderator, seconded by H. McKenney. Voted unanimously.

Holly Alligood, Assistant Town Clerk, was appointed as secretary of the meeting in the absence of the Town Clerk. H. Alligood read the Warning and the Notice of the meeting as it was posted in The Day newspaper.

K. Lyden began the meeting with the first order of business:

1. To consider and act on a purchase of State-owned land on the northwest corner of Witch Meadow Road and Rte. 11 for $5,000. He gave a brief explanation that this is state-owned land left over from Rte. 11 planning that we have the first right of refusal to purchase. An offer for $5,000 has been made. The charter says that purchases of more than $5,000 should be brought to a town meeting. Since it is $5,000, the Board of Selectmen wanted the input from the residents. The handout was reviewed as to the location of the land, its shape, it is industrial zoned, constituting a little more than one acre. It is questionable about what uses it could be because of its shape and setbacks that would be required. It has a ravine on one end, the other levels off, and there are AT&T easements on it.
   M/S: R. Ross; N. Rabe "move the town purchase it"

   Discussion opened:
   H. McKenney, 33 Woodland Dr.: questioned if the land had been walked to make sure there are no concerns for anything that could be left over from the Rte. 11 construction that could cause problems in the future with disposal of whatever might be left.

   K. Lyden stated that no walk was done and no problems have been disclosed to us.

   R. Aiksnoras, 10 Cherry Tree Rd: stated he owns the property directly north, across the street. He is the bidder wanting to purchase the property to protect his own interest in the land. He does not want to see a parking lot across from his driveway. He stated that there was a house on the property before Route 11 went in. That house was moved further up Cherry Tree Rd.; the foundation was buried there. He is unaware of anything else on the property.

P. Sielman: stated he is against the motion. Rob (Aiksnoras) has put in a bid because he would like to protect his interest; if the town buys it, it will still be protected. If town decides to do something for Rte. 11 in the future, his protection will be gone. If he's willing to pay $5,000 that the State is willing to accept, that's better than the town buying it.

B. Ross, Round Hill Rd.: stated his concern is of developing that intersection in the future; we might need that property for utilities. He stated that there is no way anything can be put in that parcel because of the ravine. We cannot build there. The only thing it is beneficial for is utilities. He compared it to the south end of Colchester where they had the same situation. They used worthless land to put down a platform for utilities to save space at other quadrants of the intersection. If we buy the land, it will protect Rob. That whole intersection is zoned industrial commercial. Ross feels we need to protect our interest; we are not giving up any revenue here; and it would retain our ability to develop that intersection.

C. Regan, 717 Old Colchester Rd.: stated that if we end up needing that property later, we can buy it from Rob. He doesn't see why the Town has to be in the business of owning land.

J. Fogarty, Old New London Rd.: stated that about 12 years ago the Town went through and looked at all the little pieces of land that the town owned, and tried to sell off those little pieces of property that we weren't doing anything with. There is some value over the long haul of income they generate. Unless the Board of Selectman has good reason for purchasing this, he doesn't understand our wanting to purchase it. We get some pilot funds from the State. We would get taxes from an individual who owned the property. If the town needs it, there are ways we could go back and talk about purchasing it at a future date. Unless there's a plan in hand, we will end up with a bunch of little pieces.

K Lyden stated that there is not a plan that he knows of.

N. Rabe, Valley Dr.: stated that just after those bits & pieces Mr. Fogarty mentioned were sold off, he (Norm) was on the Wetlands commission. They had to deal with the little pieces. The argument was made that because it was purchased by a private person, there became a right to develop the property simply because it was sold to a private party. There are reasons why the town should own this sort of property. If the Town owned it, it would be in a safe situation for a longer term than if an individual owned it. That parcel should never be developed. If the Town does not purchase the property, down the road it could cost the town commissions money fighting a ridiculous development. He strongly feels the Town should purchase the property because it is undevelopable. It should be kept in that circumstance.

H. McKinney, 33 Woodland Dr., asked if it was feted through the Plan of Conservation & Development for the 10-year plan and was P&Z consulted.

K. Lyden: no notice of this was in the Plan of Conservation and Development documents from 2002 and 2012, and P&Z was not consulted.

S. Spang, 129 Hartford Road: is in favor of buying the property because of its industrial commercial use. There could be other things that go in there that would not be 10lightly. She thinks it could be used to cover what may be going back there in that industrial area. She sees it as an entrance way our town.

R. Aiksnoras: Gave an overview of his property. He has 25 acres of industrial property.
K. Lyden asked if it was fair to say only Aiksnoras and Woronik, the other industrial property owner, would be the only two who would be interested in this piece of property.

Mr. Aiksnoras agreed with that assessment. The only reason he wanted the property was to protect his interest and for the future with the industrial property there.

L. Schroeder, 490 East Haddam Road: stated that she understood N. Rabe to say that people assume when they purchase property in town, they could do whatever they wanted on it. Mr. Rabe clarified that people purchase property for certain usages.

L. Schroeder: then asked Mr. Aiksnoras if he understood the property limitations on this property.
Mr. Aiksnoras stated that he understands that it is two-acres zoned, and this is less than an acre and not developable. He also corrected that it does not go into a ravine. The land is fairly flat, only about 100' wide.

N. Rabe asked if it was a truncated leftover when Rte 11 was being developed.
Mr. Aiksnoras stated that he believes so, that the state bought it and moved Witch Meadow Rd. when building Rte. 11.

R. Ross: Clarified that when he talks about the future potential of that little piece, he is not talking about the northwest quadrant of the intersection. He is talking about the entire intersection. You could put a utility platform there that would service both sides of Rte. 11 and both sides of Witch Meadow Rd. It would be nice to have control of that portion in the event that we develop any of that land in the future.
P. Sielman called the question.

Mr. Lyden stated that the motion is on the floor, it has been seconded, there has been thorough discussion, the question has been called, and "the motion is to act on the purchase of this property."
By verbal and hand vote: Those in favor of the Town purchasing the property: 6
No "at-home" votes
Those opposed to the town purchasing the property: 16
No "at-home" votes

Motion failed.

2. Next item of business: Consider and act on the ordinance of tax exemption of ambulance type motor vehicles. Mr. Lyden explained the ordinance stating it is a common ordinance most municipalities have for handicapped, van-type vehicles, modified to be controlled with their hands as opposed to foot pedals. As a municipality, by ordinance only, we can choose to have the assessor waive the tax on a specific handicap-modified vehicle.
3.

Motion by R. Aiksnoras to approve to get it on the floor now that K. Lyden has explained it. Seconded by H. McKenney

Further discussion:

H. McKenney, 33 Woodland Dr.: in support; however, question on Section III B which seems to imply that if a non-profit ambulance company were to purchase property in the town, they would be exempt from property taxes on that property.
K. Lyden has had this reviewed and prepared by legal and is adequate. A 501(c)3 does not pay taxes.
J. Fogarty, Old New London Rd.: asked why that specific wording needs to be in the ordinance.

K. Lyden: CGS § 12-81c is this statute. That has been reviewed by legal and per Connecticut General Statutes that he's seen, this is how they list it. If it's a non-profit, then it's a 501(c)3 and the assessor makes the determination. Any 501(c)3 does not pay property taxes to the Town of Salem.
R. Amato, Buckley Road: asked if there are other town tax and assessor laws that offer any other benefits or cost reductions for handicapped people's homes, the ramps and the various alterations.
K. Lyden answered no. This is a common ordinance that was asked for by a certain individual.
R. Amato, Buckley Rd.: is in favor of it, but would also like to see other reasonable tax credits like the veterans have available.

J. Fogarty, Old New London Rd.: still has a problem because the whole purpose of this is to give tax relief for certain handicapped vehicles and (A) and (C) both talk about vehicles; whereas (B) doesn't.

S. Spang, Hartford Rd.: stated that when K. Lyden obtained wording from other towns, almost all towns had that specific wording.

K. Lyden: Connecticut General Statutes has it listed exactly like that. Assessor can only waive taxes by ordinance.

P. Sielman called the question.

K. Lyden: All those in favor of passing this ordinance, please say "aye".
Opposed: none
Motion carries.
M/S/C move to adjourn: (H. McKenney, 2nd L. Buckley) at 7:33 p.m.

Respectfully submitted,
Linda D. Flugrad
Town Clerk

Norman Rockwell Town Meeting

ORDINANCE CONCERNING TAX RELIEF FOR CERTAIN MODIFIED HANDICAP ACCESSIBLE VEHICLES

The Town of Salem hereby enacts a tax exemption for certain motor vehicles pursuant to Section 12-81c of the Connecticut General Statutes, as it may be amended from time to time, for eligible residents of the Town of Salem, on the terms and conditions provided herein. This Ordinance is enacted for the purpose of assisting disabled residents with a portion of the costs of personal property taxation.

SECTION I

Purpose:

Individuals who have permanent legal residence in Salem pursuant to CGS 12-85 as defined by the Connecticut Attorney General on the assessment date (normally October 1st of each year), and who individually or jointly own a motor vehicle for the use of a disabled person as described herein, may receive a Town tax exemption on the amount of taxes assessed on said motor vehicle provided that the requirements of SECTION II through V of this Ordinance are met.

SECTION II

Eligibility:

Any individual who is a resident with disabilities or parent or guardian of a person with disabilites and owns a motor vehicle described herein shall be eligible for exemption of the personal property taxes for one (1) said motor vehicle.

SECTION III

Exemption:

The Town of Salem hereby ordains, pursuant to C.G.S. §12-81c, that there shall be exempt from personal property taxation:

A. Any ambulance-type motor vehicle that is used exclusively for the purpose of transporting any medically incapacitated individual, except any such vehicle used to transport any such individual for profit;
B. Any property owned by nonprofit ambulance company; and
C. Any motor vehicle owned by a person with disabilities, or owned by the parent or guardian of such person, which vehicle is equipped for purposes of adapting its use to the disability of such person.

SECTION IV

Definitions:

As used in this article, the following terms shall have the meanings indicated:

ADAPTIVE CONTROL DEVICES includes, but shall not be limited to, any mechanical or electrical devices added to a standard motor vehicle to enable an individual with mobility restrictions to control the accelerator, foot brake, turn signals, dimmer switch, steering wheel and / or parking brake.

MOTOR VEHICLE – A vehicle that has been altered, reconfigured or has undergone mechanical or structural changes that permit a person with a disability to safely drive such vehicle or ride as a passenger therein. "Motor Vehicle" shall include, but shall be limited to, vehicles equipped with hand controls, hoists, lifts and other adaptive control devices.

SECTION V

Application:

Applications for benefits under this program shall:

A. Be made on forms provided by the Assessor of the Town of Salem.

B. Be filed each year with the Assessor of the Town of Salem at any time between October 1 and November 1 to obtain a tax exemption for the next fiscal year.

C. This program shall be effective 30 days from the date of its passage and shall be applicable to the assessment year commencing with the Grand List of October 1, 2014 and thereafter until modified or repealed.

Adopted at Special Town Meeting: September 3, 2014
Town of Salem, Records and Minutes; Volume 7; Page 130-131

Town Meetings

Annual Budget Town Meeting
Salem School
200 Hartford Road
Salem, CT
May 6, 2015

First Selectman K. Lyden opened the meeting by reading an excerpt from the 1899 Selectman's Report. "Last winter was extremely severe, and an unusual quantity of snow blockaded the highways making traffic and public accommodation almost impossible, consequently, under our present laws, the snow had to be removed. This may not occur again soon, but the Town should be prepared for such a contingency, and the time to do it is before the difficulty presents itself. It is hoped that the dog tax will pay the damage on sheep destroyed. This year it has done that with a little to spare."

Mr. Lyden then read a retirement letter from Resident State Trooper First Class Kevin Seery effective August 1, 2015.

Mr. Lyden continued, "**As per Section 4.02 and Section 10.07 of the Salem Town Charter, and as your First Selectman, I hereby call this 197th Annual Town Meeting to order at 7:12 p.m. A moderator shall be elected and all business conducted per Robert's Rules of Order as revised. I will accept a motion for moderator at this time.**"

P. Sielman made a **motion** to "**nominate Lee Cole-Chu as moderator**." The motion was seconded by J. Savalle. All approved.

Judge Lee Cole-Chu inquired of First Selectman Lyden if there were any motions that the Town Meeting needed to take up tonight.

Mr. Lyden stated that there were three motions and that he would read the motions at the appropriate time in the meeting. Those motions were to:

1. Act on capital plan
2. Adjourn to referendum
3. Authorize the use of LOCIP funds.

We began with review of Town of Salem Capital Plan. Judge Cole-Chu gave a brief overview and asked if there were any questions or comments about the proposed Capital Plan. A **motion** was made by H. McKenney "**to approve the Capital Plan as proposed**," and seconded by G. Maiorano. There was no discussion. The vote was called for. The motion was approved unanimously by verbal vote. There were no comments or votes from the internet.

H. McKenney raised a question regarding the reading of the published call of the meeting since it was not done. Linda Flugrad, Town Clerk, then read the published notice and warning of the Town Meeting.

General Government Budget:

Each department in the General Government Budget was opened for discussion, questions, or comments. The questions raised included:

Dept. 105: Line 5-105-111 Sanitation/Bldg Official. **J. Fogarty**, Old New London Rd., asked if since we are now contracting with Uncas Health for Sanitarian, was this figure for office assistants? **First Selectman Lyden** stated the sanitarian should be removed since we now use the Uncas Health District. Building Official refers to the building official, administrative assistant to the building official, and the occasional services of the Montville assistant building official. Mr. Lyden will ask the Board of Finance to make that change.

Dept. 110: Building Official/Sanitarian. This department should be renamed Building Department.

Dept. 114: Treasurer/Auditor/BOF. Line 5-114-304 mileage. **C. Regan**, Old Colchester Rd., asked for clarification on the mileage. **Mr. Lyden** explained the mileage is the expenses for the Treasurer to take necessary continuing professional education courses.

Dept. 152/157: Town Services and Regional Services. **J. Fogarty** asked if planning services included cleaning services. Why is planning services, which should include cleaning services, in Regional Services Dept. 157 (Line 5-157-826) instead of Town Services Dept. 152? **Mr. Lyden** stated that the amount is correct; however, it is listed in the wrong place. The Board of Finance will be asked to correct this line by moving it to Department 152.

First Selectman Lyden then gave an explanation regarding LOCIP and the request for appropriations. Each year approximately $32,000-$33,000 is set aside for the Town to use for Capital Improvement projects. The last time we tapped into that was for approximately $100,000 when we purchased the Zemko property. There is $102,000 in the account now. We would like an authorization for the use of $102,000 LOCIP funds for paving projects that are in the 2015/2016 Capital Plan. There is not enough money for paving all of those areas; however, he is required to specify what the money will be used for.

H. McKenney made a **motion** "**to authorize the use of $102,000 LOCIP (Local Capital Improvement Program) to fund paving projects in the 2015/2016 Capital Plan, which include paving the old library parking lot, the dirt parking lot at the school, and the remainder of funds to be used towards paving the Salem Fire Company parking lot**." The motion was seconded by G. Maiorano, and approved unanimously by verbal vote. There were no internet votes. The motion carried.

Revenue.

Questions raised included:

Fund 100: **S. Haynes** asked what happened with the money appropriated last year for the playground on Round Hill Road. **S. Spang** explained we are waiting for the report from the engineers on the drainage and will put the project out to bid for the playscape within the next month. Hopefully it will be done this summer or early fall.

M. Casciano, Morgan Road: asked S. Spang to talk about the reimbursable trail grant and the adjustment by the Board of Finance. **S. Spang** stated that she applied for a $227,000 grant for the recreational trails. The grant is reimbursable for 80% leaving the town responsible for approximately $44,000. We have to pay for it up front and then apply to the State for reimbursement.

T.J. Butcher, Chairman of the Board of Finance, further explained that this will not show up in the Revenue section because it is in the future. We will not be taxed for it.

BOARD OF EDUCATION:

Questions included:

S. Spang, Hartford Rd., asked for clarification as to what the Special Education extended program summer services are. **S. Buck** explained that in special education law if the PPT (Pupil Planning Team) feels the child will lose ground over the summer, the PPT team must provide for an extended school year for specific students who are in need of additional services.

J. Fogarty, Old New London Rd., asked for clarification because in the last budget the board requested a much lower dollar figure for this. **S. Buck** explained that it is partially population, but more importantly the concentration of services required.

P. Canniff, 45 Beckwith Hill Dr., asked about the results of the educational survey that was done.

K. Lyden explained that the survey was for a long-term look at the school and what the community wanted. A committee has been formed. The draft of those results should be out in a month or so and will be posted on the Town's website. The results of that survey will not have any impact on this year's budget.

S. Spang, Hartford Rd., requested clarification on salaries of what the two full time support staff positions are. **J. Onofrio**, Superintendent, gave explanation that the salaries were for the Superintendent's executive assistant and the administrative assistant for special education. He could not give a further breakdown on the dollar figure. They are contractual increases.

Motion made by G. Maiorano "**to approve the submission of the 2015/2016 Town Budget of $15,501,899 to referendum on May 13th at Salem Town Hall, 270 Hartford Road., Salem, CT, with referendum voting hours from 6 a.m. to 8 p.m**." P. Sielman seconded the motion, which was then approved unanimously by verbal vote. There were no internet votes. The motion carried.

A **motion** was made by P. Sielman: "**The Salem Town Meeting extends its profound thanks to Trooper Kevin Seery for his many years of outstanding service and wishes him good fortune in the future**." S. Spang seconded the motion. The motion was approved unanimously by verbal vote. The motion carried.

T. J. Butcher made a **motion to adjourn**, and the motion was approved unanimously by verbal vote. The motion carried.

Meeting adjourned: 8:11 p.m.

Respectfully submitted,

Linda D. Flugrad,

Salem Town Clerk

OFFICIAL BALLOT
BUDGET REFERENDUM VOTE
SALEM, CONNECTICUT
MAY 13, 2015

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 $15,501,899 FOR THE 2015/2016 FISCAL YEAR?"

116	YES ●
49	NO ◯
0 BLANKS	

QUESTION 2
ADVISORY VOTE (Non-Binding)

"IN YOUR OPINION IS THE GENERAL GOVERNMENT AND CAPITAL BUDGET IN THE AMOUNT OF $4,856,899 FOR FISCAL YEAR 2015/2016 TOO LOW, ABOUT RIGHT OR TOO HIGH?"

9	TOO LOW ◯
105	ABOUT RIGHT ●
46	TOO HIGH ◯
5 BLANKS	

QUESTION 3
ADVISORY VOTE (Non-Binding)

"IN YOUR OPINION IS THE BOARD OF EDUCATION BUDGET IN THE AMOUNT OF $10,645,000 FOR FISCAL YEAR 2015/2016 TOO LOW, ABOUT RIGHT OR TOO HIGH?"

16	TOO LOW ◯
51	ABOUT RIGHT ◯
93	TOO HIGH ●
9 BLANKS	

# of VOTERS REGISTERED FOR THIS REFERENDUM	2,340
# of VOTERS VOTING FOR THIS REFERENDUM	165
# of ABSENTEE BALLOTS	0

JUSTICE OF THE PEACE

NAME	STREET	PHONE	PARTY	TERM BEGINS	TERM ENDS
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 M.	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		
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.	182 Forsyth Road	859-0876	D		
Vesey, Vernon D. II	47 Skyline Drive	859-1249	D		
Weinschenker, Denise M.	99 Music Vale Road	859-0441	D		
Ziegra, Roberta M.	9 Shingle Mill Road	859-0609	D		

Republicans: 11 Democrats: 24 Total: 35
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

NAME	ADDRESS	TERM
Alfonso, Diane M.	295 Rattlesnake Ledge Rd.	03/01/2015 - 02/28/2020
Baranello, Juli	519 Norwich Rd.	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 Rd.	09/01/2010 - 08/31/2015
Brick, Marion	745 Hartford Rd.	09/01/2009 - 08/31/2019
Brooks, Jessica R.	55 Witch Meadow Rd.	03/14/2012 - 03/31/2017
Bushy, Gretchen A.	21 Sulivan Rd.	12-01-2013 - 11/20/2018
Butts, Betsy B.	376 Hartford Rd.	12/01/2014 - 11/30/2019
Castleberry, Carey R.	85 Buckley Rd.	12/01/2011 - 11/30/2016
Champion, Barbara	496 Norwich Rd.	10/01/2012 - 09/30/2017
Corman, Michael L.	32 Cedar Hill Lane	07/01/2014 - 06/30/2019
Cramer, Sara	24 Hartford Rd., Unit 8	03/12/2013 - 03/31/2018
Crisanti, Patricia J.	195 Old New London Rd.	04/01/2014 - 03/31/2019
Cropley, Brooke	165 Norwich Rd.	10/28/2011 - 10/31/2016
Cuadro, Rosemarie D.	149 Forsyth Rd.	04/01/2013 - 03/31/2018
Dubois, Sandra J.	97 Mill Lane	06/01/2015 - 05/31/2020
Ewing, Samantha	73 A Horse Pond Rd.	12/12/2011 - 12/31/2016
Fenner, Lori R.V.	163 Music Vale Rd.	02/01/2011 - 01/31/2016
Flugrad, Linda D.	66 E. Haddam Rd.	05-01-2015 - 04/30/2020
George, Nancy M.	4 Salem Ridge Drive	07/01/2011 - 06/30/2016
Gray, Jackie	235 Buckley Rd.	07/01/2014 - 06/30/2019
Harrington, Lawrence B.	306 Old Colchester Rd.	08/01/2011 - 07/31/2016
Henry, James H.	21 Skyline Drive	12/01/2014 - 11/30/2019
Huhtala, Janet A.	245 Buckley Road	12/01/2014 - 11/30/2019
Hutchings, Gina J.	29 Cedar Hill Lane	09/11/2014 - 09/30/2019
Jessop, Robert M.	262 Norwich Rd.	02/01/2012 - 01/31/2017
Kennedy, Lillian	330 Round Hill Rd.	10/01/2010 - 09/30/2015
Kodym, Patricia L.	113 Sullivan Rd.	08/01/2011 - 07/31/2016
Larensen, Kim M.	509 Old Colchester Rd.	11/01/2015 - 10/31/2020
Lecce, Jody A.	521 Old Colchester Rd.	12/01/2012 - 11/30/2017
Legnos, Jacqueline N.	101 Witch Meadow Rd.	08/01/2013 - 07/31/2018
Lindo, Jennifer	37 Forest Drive	11/01/2010 - 10/31/2015
Maiorano, Marcella C.	799 West Rd.	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 Rd.	10/12/2010 - 10/31/2015
Neumann, Lori B.	519 Norwich Rd.	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 Rd.	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
Philopena, Cheryl A.	309 Rattlesnake Ledge Road	11/01/2014 - 10/31/2019
Salas,Theresa K.	99 Sullivan Rd.	09/01/2013 - 08/31/2018
Sartori, Athena G.	18 Valley Drive	04/01/2012 - 03/31/2017
Slota, Sheila	631 West Rd.	07/01/2013 - 06/30/2018
Stevens, Lawrence J.	182 Forsyth Rd.	05/21/2015 - 05/31/2020
Surprenant, April A.	43 Buckley Rd.	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 Rd.	11/01/2014 - 10/31/2019
Tripp, Margaret E	324 Rattlesnake Ledge Rd.	11/01/2014 - 10/31/2019
Turner, Tammie A.	185 Old Colchester Rd.	05/01/2011 - 04/30/2016
Weston, Diane E.	47 Meadow Lane	02/10/2011 - 02/28/2016
Wittig, Vera Ann C.	200 West Rd.	04/01/2014 - 03/31/2019

A vibrant sunset in Salem, CT

TREASURER REPORT

The fiscal year ended on June 30, 2015 - Total Governmental Funds in balance with asset and liability activities each totaled $8,660,324.00 respectively. See exhibit 3and 3a beginning on page 12 of June 30, 2015 year end Town *Financial Statements and Supplementary Information* (Salem Auditor's Report).

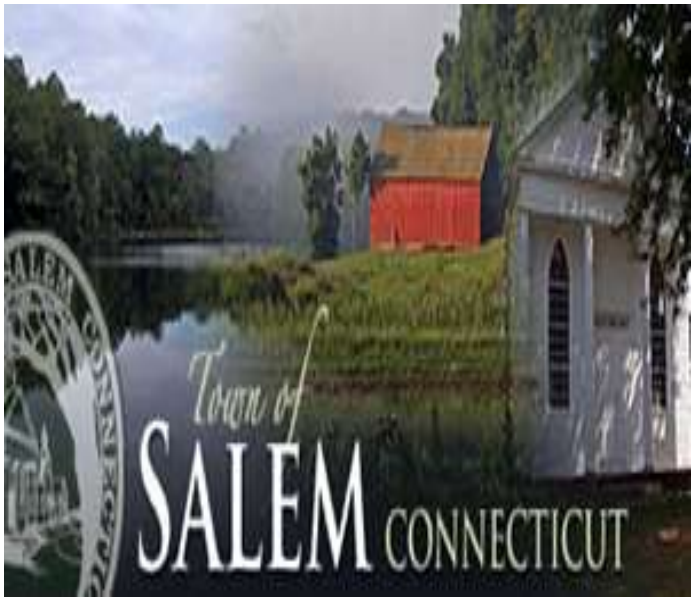
Revenues for the fiscal year Total Governmental Funds total $16,658,393.00. This includes property taxes, grants, licenses & permits, charges for services, income from investments and miscellaneous revenues. For more detail of funds and revenues see exhibit 4 and 4a beginning on page 14 of June 30, 2015 year end Town *Financial Statements and Supplementary Information* (Independent Auditor's Report).

Financial Statements and Supplementary Information for Year Ended June 30, 2015 may be requested at the Town Clerk's office during regular office hours or see our Town's website. www.salemct.gov

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

Respectfully submitted,

Pamela Henry
Treasurer



BOARD OF FINANCE

The 2014-2015 fiscal-year began with the adoption, by town referendum, of the Town's budget in the amount of $14,896,589. The proposed expenditures were as follows:

General Government	$ 3,611,204
Board of Education	$10,500,000
Capital Improvements	$ 785,385

The Board of Finance approved a mill rate of 31.1 mills to provide Town funding budget.

The Unassigned Fund balance as of July 1, 2014 was $2,007,216.

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

The 2015-2016 fiscal year budgets in the amount of $15,501,899 were presented to the Town for adoption at referendum. The proposed expenditures were as follows:

General Government	$ 3,621,087
Board of Education	$10,645,000
Capitial Improvements	$ 1,235,812

The proposed budget was ADOPTED at referendum on May 13, 2015 by a vote of:

116-YES 49-NO

The Board of Finance approved a mill rate of 31.7 mills to provide funding for the 2015-2016 budgets.

The unassigned fund balance as of June 30, 2015 was 2,064,266.

T.J. Butcher, Chairman

TAX COLLECTOR REPORT

The year of July 1, 2014 to June 30, 2015 was very busy in the Tax Collector's office. In July 7,545 bills were sent to taxpayers. This total 1,946 Real Estate bills, 4774 Motor Vehicle bills and 825 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 817 Supplemental Motor Vehicle bills were mailed to taxpayers.

From July 1, 2014 to June 30, 2015, this office collected and turned over to the town treasurer $11,403,619.30. A breakdown of this figure includes $11,303,484.07 in taxes and $100,135.23 in interest and lien fees. The amount turned over to the treasurer was $167,210.30 more than was budgeted to be collected. This means that this extra money collected was put into our undesignated fund balance. The Tax Office usually collects more than is budgeted, but this year was even a little more than usual.

In June 65 Real Estate Tax liens were placed on property in the Town of Salem. The total dollar value of these liens was $128,968.61. During the year 57 back tax liens were collected and released. The principal amount of these liens was $ 75,017.08

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

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

Cindy Noe
Assistant Tax Collector

Horse Pond

REGISTRARS OF VOTER REPORT

Active List	**Party**	**Number of Voters**
	Democratic	751
	Republican	582
	Unaffiliated	984
	Other	20
	Total on Active List	**2,337**

Inactive List	**Party**	**Number of Voters**
	Democratic	107
	Republican	69
	Unaffiliated	296
	Other	7
	Total on Inactive List	**479**

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 registrations form. Forms are available at the Registrar's Office, the Town Clerk's Office, online at www.ct.gov/sots/ under Elections and Voting 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.

Georgia M. Pech

John W. Butts

PLANNING AND ZONING REPORT

In view of the continued low number of proposed construction and economic development projects brought to our Commission, P&Z began its new fiscal year with a decision to focus on the possibility of developing more affordable housing options in Salem. From the 2012 Salem Plan of Conservation & Development recommendations, the Commission chose to consider modification of the regulations to allow smaller lot sizes for 2-family homes in the RUA & RUB zones. We also agreed to consider reducing the minimum square footage requirement from 1,000 sq.ft. to 850 sq.ft, with the expectation that the smaller size home might be more manageable for single individuals or senior citizens. (Lot size would remain the same, because of Salem's unique situation where each home has to have its own well-water supply and its own functional septic system.) In addition, we decided to revisit the topic of accessory apartments, thus creating options for home owners either to be able to rent their attached accessory apartments to non-family members, or to create detached accessory apartments where the owner had to be living in one of the units on site. A public hearing was scheduled for 2/17/15 to present these proposals, as well as an option to create an Aquifer Protection Overlay Zone to ensure the long-term viability of Salem's two major aquifers.

At the public hearing, we heard much support for all of these proposals; eventually, they were all passed and made effective, May 1, 2015.

During the year, the Commission approved two separate one-lot re-subdivisions in Salem. We also approved waivers for renewal permits of four Quarry operators who, after inspection and review, met the requirement for having moved less than 5,000 cubic yards/year from their respective sites. In coordination with the Uncas Health District, campground certifications were also approved.

The P&Z Commission fiscal year budget, allocated by the Board of Finance was $30.000. Our highest expense was for legal services - $7,810.00 (Staffing needs are funded separately in the Town budget) Mileage/Conference costs were $1,122.57, other expenses were $1,524.95, and Engineering costs were $853.81. Income consisted of Zoning Compliance Fees - $2,155.00 and Licenses and Permits - $2,107.00. As of June 30, 2015, all unused funds were returned to the Town of Salem.

Planning & Zoning meetings are held at 7PM on the third and fourth Tuesdays of the month, except in December, when the third Tuesday meeting is the only meeting for the month. The public is always welcome to attend, and the meetings are often broadcast live on television.

The following individuals were members of the 2013-2014 Commission: Chair, Gloria Fogarty; Vice-Chair, Joe Duncan; Secretary, Vernon Smith; Richard Amato, Ron Labonte, Ruth Savalle and Gary Walter. Alternate members were: John Gadbois, Ed Natoli, and Eric Wenzel. Our attending staff members were Richard Serra, Town Planner, Liz Burdick, Zoning Enforcement officer, and Sue Spang, recording secretary.

Respectfully submitted,

Gloria Fogarty, Chairperson.

SALEM RECREATION COMMISSION REPORT

The Salem Recreation Commission ended 2015 with another great year. Our facilities continue to be utilized by all age groups of our community. There is nothing more satisfying than driving by Round Hill Road Complex and seeing the fields being used from April through October or leaving the Town Hall at night and hearing our teen boys playing basketball under the lights. Forsyth Road is always busy with kids of all ages playing soccer not to mention the adults on Thanksgiving Day for the Turkey Tournament!

The Tuesday seniors group which was started by the Recreation Commission in 2010 is going strong. The group has grown over the last couple of years and consists of 8-15 regular attendees who get together at the library from 12:00-4:00 to play Wii bowling, cribbage, pitch, and other games. All Salem seniors are welcome to stop by and join in the fun.

Our baseball league has a new and young group of volunteers headed up by Art Bergman as the new baseball commissioner. The Commission continues to support Salem Youth Baseball in their efforts to reach out to Salem kids and teach them the fundamentals of America's great past time.

Soccer continues to maintain its excellent program under the leadership of Bob Appleby. Year after year soccer draws kids of all ages to learn the most popular sport in the world.

Our basketball program continues to struggle. Alan Maziarz has been leading the effort for the last couple of years to get basketball up and active. All of these sports programs depend on volunteers to help. There is always some way in which you can support these programs and you don't have to have a child in a program; you just need to give a little bit of your time to help the youth of Salem be able to stay in Salem and enjoy the activities they love.

Because of our dedicated volunteers our Salem students at East Lyme High School excel at their chosen sport. Many were awarded All-State honors. Last spring the East Lyme High School baseball team played in the state final for the championship. They lost to North Haven by one point. Salem had three students on that team; all starters and all came up through the Salem Youth Baseball League. Salem students excelled at soccer, tennis, cross country, track, swimming and other sports and we as a Commission couldn't be prouder of them.

Diane Weston our long time Program Director resigned in the Spring of 2015 due to other commitments. Diane is the first Program Director in over 20 years and she did a great job. She arranged programs for all ages and abilities, from Red Sox vs. Yankees bus trips to art classes. She leaves some large shoes to fill and we are still trying to fill them. Although Diane left us as Program Director she joined the Commission as a member of an amazing and dedicated group of Salem volunteers on the Commission to whom I am proud to serve with.

Lastly, the Salem Recreation Commission mourned the passing of long time member Jim Burke. Jim was a passionate supporter of all things recreation. He understood the importance of team work, getting outside, and creating recreational opportunities for all. Jim, along with Bob Brown, Lou Ulffers and others started the Salem Youth Baseball League. He left his mark on Salem in so many ways. Jim remained on the Commission until his passing and he is sorely missed.

With appreciation and thanks to members, Bob Appleby, Dave Kennedy, Alfonso Giansanti, Pam Henry, Doug Morrow, Crispin Fresco-Hawes and Diane Weston.

Respectfully Submitted

Sue Spang

Chairman, Salem Recreation Commission

INLAND WETLANDS AND CONSERVATION COMMISSION REPORT

During the Fiscal Year 2014-2015, the Inland Wetlands and Conservation Commission (IWCC) held 7 regular monthly meetings, no special meetings and held no Show Cause Hearings.

The IWCC and its Designated Agent, the Wetlands Enforcement Officer (WEO) addressed 3 as of right determinations, 1 Public Works General Permit, and 1 agent approved for demolition of building in Upland Review area.

Staff attended DEEP Training Sessions.

IWCC Members included:

Sally Snyder
Eric Belt
Roger Phillips (Vice Chairman)
Diba Khan Bureau (IWCC Secretary)
Linda Wildrick
Gale Balavender (Alternate)
Ed Natoli (Chairman)
Frank Abetti (Alternate)
Vacancy (Alternate)

Respectfully submitted,

Ed Natoli, Chairman

Salem, CT landscapes

ECONOMIC DEVELOPMENT COMMISSION REPORT

During FY 2014/15, the Salem Economic Development Commission (EDC) has continued its efforts to achieve its mission of supporting existing Salem businesses and encouraging prospective businesses to locate in Salem. This year's primary project involved the development of a formal SALEM BUSINESS DIRECTORY. The directory will serve as a searchable database for both familiar and unfamiliar Salem based businesses, including Salem's many active and potentially underutilized home based businesses. In 2014, the EDC placed its first advertisement in the quarterly Our Town Salem publication calling on Salem businesses for placement in the Directory. During the coming FY, the EDC will continue to gather this data and prepare for final publication.

Additional EDC activities during FY 2014/15 included the strategic placement of the Salem EDC Brochures produced in FY 2013/14 to aid in marketing Salem's business assets. The EDC also made its first public appearance as a commission. Specifically, at the Annual Salem Apple Festival, the EDC polled random Salem residents about their opinions on Salem's current business climate and hopes for future development – invaluable information for the EDC's future action plans.

Lastly, the EDC continued in FY 2014/15 to work with Town Planner Richard Serra and First Selectman Kevin Lyden in the development of a searchable "available space" database for potential business ventures. This project will continue in FY 2015/16.

Economic Development Commission meetings are normally scheduled for the third Monday of each month, with exception when that specific date falls on a state holiday. Meetings are held in Room 2 of the Salem Town Hall beginning at 7:30pm. All meetings are open to the public; the EDC encourages public attendance and participation.

Respectfully submitted,

Frank Sroka, Chair—Salem Economic Development Commission

ASSESSOR REPORT

Real Estate	Personal Property	Motor Vehicle	Total Net 2014 GL
$320,573,130	$13,782,403	$32,268,743	$366,624,276

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 1st to May 15th
- Local Option Elderly and Disabled Homeowners Program (means tested) Applications annually – February 1st to May 15th
- Additional Veterans Applications (means tested) biennially – February 1st to October 1st
  The following exemptions are administered by the Assessor's office:

- Blind Persons – Certificate of Blindness from the State of Connecticut 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 30th. 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 31st next after the bill is due.
- Solar Energy Systems Applications due by November 1st.
- Tax exemption on Motor Vehicles for Handicapped Applications by November 1st.
- Farm and Forest Land (PA490) applications completed, forms must be filed by October 31st. Contact the Assessor's office for more information.
- Personal Property Declarations for all businesses, farms, and non-registered motor vehicles including all campers must be filed annually prior to November 1st to avoid a 25% penalty.
  The Assessor's office is open 8:30am to 4:00pm Monday through Thursday.

Bingham's Field

BUILDING DEPARTMENT REPORT

	2013-2014			2014-2015	
	Value	Units		Value	Units
Residential:					
Foundations	0	0		0	1
New Homes	4,969,169	16		2,924,393	8
Additions	86,781	5		232,937	5
Alterations	642,785	56		342,293	32
Trades	575,180	157		1,802,616	227
Manufactured Home	0	0		0	0
Garages	228,481	6		310,641	7
Pools	90,473	5		118,566	7
Sheds/Barns	224,891	16		238,998	6
Decks	94,138	8		76,842	7
Commercial:					
Foundation Only	0	0		0	0
New Commercial	0	0		0	0
Additions	0	0		0	0
Alterations	8,000	2		7,400	5
Trades	23,925	9		59,465	18
Extensions	0	0		0	0
Other:					
Demolitions	2,000	2		43,800	3
Tents	2,000	1		5,000	1
Membrane Structure	0	0		0	0

Total Permits Issued:	328
Total Construction Value:	$6,162,951.00
Total Permit Fees Collected:	$62,692.00

Vernon C. Vesey II, *Building Official*
Diane E. Weston, *Administative 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 2014-2015 year saw many improvements in the technology infrastructure for the Salem Free Public Library. A capital expenditure budget was successfully procured for a much needed A/V & Wireless upgrade. Replacement computers were purchased and installed. In addition, all patron computers were updated with software that would gather system and patron usage data for better and more informative statistical reporting. An additional software upload allowed automatic system updates, and turned on and shut down systems on a timed schedule. These initiatives increased efficiency and saved staff hours.

We are so grateful for our Friends. In addition to Town of Salem funding, the Salem Library receives financial support and countless man hours from The Friends of Salem Library. In 2014-15, The Friends of Salem Library gave $15,500 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 Propbusters – for the Collection in general
- Shirley Diamond – for the Poetry Collection
- Mary Ryley Fund – for the Children's Collection
- The Salem Library Knitters – the proceeds from their annual knitting sale will be used for the Collection in General
- Sharon Sanders – for the Foreign Language & Independent Film DVD Collection
- The Clamshell Quilters – proceeds from their winter sale will be used for the Collection in General
- Gerald Daigle – for the Collection in general
- Venky Iyer – to add to the Children's & YA Nonfiction Collection
- Salem Valley Farms Ice Cream – for the Summer Reading Program

During the year, the library provided 300 programs with a total attendance of 3100. Presenters taught our patrons to make Herbal Oils & Salves, how to be "dog listeners," how to be their own "Superhero", create tea cup birdfeeders, make fairy houses, and learn about and meet a live llama. Our audiences attended concerts – The Eight Mile River Band, Mark Berger and Caryn Lin on electric violin. Attendees created all kinds of art – henna, watercolors, embossed cards, altered books and cartoons.

The library owns over 31,000 items, comprised of books, magazines, movies, and audio books, and also, e-books, science kits, and downloadable audio books. In addition, through our consortium, we have nearly 4300 e-books and 1800 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 2014/2015 year we borrowed 2,200 items from other institutions and they in turn borrowed 3,700 items from Salem Free Public Library.

The Salem Free Public Library, as of June 2015, had over 2200 registered patrons that resided in the town of Salem. Town of Salem patrons comprise 66% of the patron base; Bozrah patrons account for an additional 16%; another 18% of patrons come from other towns for a total of nearly 3000 registered patrons using the Town of Salem Library.

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 (soon to be renamed researchIT CT) – 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
Maryann 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 meets on the 2nd Tuesday of each month (March – December) 10:30am at the Salem Volunteer Fire Department in the back meeting room. Folks from Salem and surrounding towns, who are 50 and older, enjoy membership for an annual fee of $5. Prior to the start of each meeting the VNA is available for a wellness check. Monthly meetings consist of any business at hand, guests and\or speakers and conclude with a pot luck lunch.

To the many volunteers, who took time to prepare, cook and serve lunches and desserts throughout the year – thank you - this is appreciated. The summer picnic and December holiday lunch are just a few of the events to look forward to each year. The group is welcoming new members and looking to introduce additional programs and outings for the seniors.

For more information call: Nancy Dytko (860) 859-1118 or
Pam Henry, Municipal Agent for the Elderly (860)859-3873 ext. 125

Officers of the Salem Seniors

Nancy Dytko	President
Cindy Solar	Vice President
Irene Jarvis	Secretary
Carol Vasquez	Treasurer

Respectfully submitted,
Pamela Henry

SALEM VOLUNTEER FIRE COMPANY, INC. REPORT

The Salem Volunteer Fire Company, Inc., currently operates five pieces of firefighting equipment and three pieces of medical, rescue equipment A 1985 Chevy 4X4 brush truck, 2012 Ford F-350 4-wheel drive service truck, 2008 Ferrara 77' Heavy Duty Aerial, 1991 Pierce attack 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 was purchased thru fundraisers and donations.

The Salem Volunteer Fire Company responded to over 550 calls for emergency services this year. The 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 for more information, please stop into the Station or phone the Station at 860-859-0942.

On August 20th 2016, the Fire Company will be holding its annual Chicken and Rib Barbecue starting at 5pm. This will be our fifth 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 of our townspeople at the station this year for the 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	Richard W. Martin
Deputy Chief	Chip Weston
Assistant Chief	Ron Przech Jr.
Fire Captain	Rob Oloski
Safety Officer	Ryan Teixeira
Rescue Captain	Deb Cadwell
Fire Police Captain	Warren Wright
Secretary	Lisa Martin
Treasurer	Marcella C. Maiorano
Appropriated Treasurer	Gene Maiorano
Lieutenants	Alex Blais, Paul Blais, Jeff Martin, Jenn Oloski, Bob Pokrinchak, James Rybak, Al Wlodarczyk

Respectfully Submitted:
Richard W. Martin, Chief
Salem Volunteer Fire Co, Inc.

GARDNER LAKE VOLUNTEER FIRE COMPANY INC. REPORT

During the period of July 1, 2014 to June 30, 2015 The Gardner Lake Volunteer Fire Company Inc. was dispatched to 497 emergencies. These emergencies consisted of 131 Fire, 366 Emergency Medical Service Emergencies that encompass 100% of the Town of Salem and Surrounding Towns through our New London County, Mutual Aid Agreement through Colchester Emergency Communications Center (CECC)

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. State of Connecticut Department of Administrative Services (DAS), Volunteer Workforce Solutions (VWS), Connecticut State Police.

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 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. These programs are open to 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 23 defibrillators throughout our town. To date, there are 789 Certified students and Taxpayers in CPR & AED.

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

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

Chief	James Savalle **	FF / EMT	President	Cheryl Philopena **	EMT
Deputy Chief	Stephen Joseph**	FF /EMT	Treasurer	Christine Lindo **	PAST EMT
Assistant Chief	Nicholas Tripp **	FF /EMT	Secretary	Ruth Savalle	SUPPORT
Fire Captain	Steve Philopena **	FF	Board Member	John Cunningham **	FF / EMT
EMS Captain	Stephanie Philopena	EMT-P-RT	Board Member	John Hirsch **	Fire Police
Rescue Captain	Jeffrey Savalle **	FF / EMR	Board Member	Steve Philopena **	FF
Fire Police Captain	Katrina Zickwolf	FF / EMT	Chief	James Savalle **	FF/ EMT
Safety Captain	John Cunningham **	FF/ EMT			
Lieutenant	William Tinnel **	EMT			
Fire Police Lt.	Roman Kachorowsky	Fire Police			

DENOTES LIFE MEMBER 20 YEARS + SERVICE **

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

Respectfully,
Chief James B. Savalle

SALEM HISTORICAL SOCIETY

The Society: Salem Historical Society was founded in 1969. We maintain memorabilia, farm tools, artefacts, books, documents and pictures, furniture, associated with Salem's history.

Officers:

President	David Wordell	Buildings & Grounds	Robert Neddo
Vice President	Nancy Dytko	Membership	Jane Grilley
Curator	Elaine Marvin Sloan	Bd Member at Large	Jennifer Sims
Treasurer	Don Urbanik	Bd Member at Large	William Leiserson
Secretary	Pamela Munro	Bd Member at Large	Lewis Buckley
Newsletter	Pamela Munro	Bd Member at Large	Joann Chapel

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 researchers and revivalists to explore Salem's many treasures.

Progress and Programs: Work is progressing on the renovation and preservation of the Whittlesey property as it develops into the Whittlesey Museum at Music Vale. Grants are progressing, historic architect David Duncan has been engaged and the ground penetrating radar project results are analyzed.

Outdoor music concerts by The 8 Mile River Band, Jeremiah Hazed, and The Carolans were held on The Green in front of the Salem Historical Society along with Sounding Brass at the Gardner Lake Firehouse.
Programs titled The Quarries at Selden Neck and Salem Below Ground, information on the ground penetrating radar project were presented.

The Whittlesey Family Reunion held in July brought descendants from across the country to Salem to visit Mosswood Glen Cemetery, the Society collections at the Town House, and then toured the Whittlesey Museum at Music Vale. The highlight of their Salem visit was a concert created and directed by Royden Wilkinson. The first part was held in our Town House Museum. Orramel's original compositions were played on our 1829 pianoforte that was made here in Salem. The vocal pieces were sung by the Calvary Baptist Church Ensemble. Because of the piano's 186 years of age, its ability to keep tuned is very short lived. The second part followed a short intermission. The concert continued at the Congregational Church on The Green on a modern grand piano.

Outreach: The Society meets with various Salem School faculties encouraging the coordination of Salem history, memorabilia, artefacts and member expertise with local K - 8 curricula. Several grades have toured the Society in 2015. SHS is featured in newspaper articles, family genealogy sites and maintains the web site and Facebook page below.

www.SalemHistorical SocietyCT.org

Facebook: Salem Historical Society

Pamela R. Munro
Secretary

GARDNER LAKE AUTHORITY REPORT

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

The Authority shall act as agent for the Towns, cooperating with the State Boating Commission, in the enforcement of boating laws on Gardner Lake.

The Authority shall also control and abate algae and aquatic weeds thorough DEEP managed drawdowns, and study and make recommendations concerning water management.

This year GLA hired a consulting service to continue the lake sampling and to assess aquatic plant life. Data analysis will be provided to Bozrah, Montville and Salem Town Halls upon completion of the service's report. GLA also hired the Connecticut Agriculture Experiment Station (CAES) to conduct a study of the lake's aquatic plant communities. CAES did an aquatic plant study back in 2006, and is able to provide a comparative analysis. Their study results will be available for viewing on their website at www.ct.gov/caes upon completion of their report, and also at the three town halls. Both studies indicate that Gardner Lake's water quality is very good, and there has been an increase in native aquatic plant growth, confirming good lake health, with minimal spreading of invasive aquatic plants which is being assisted by the annual drawdown.

GLA Volunteer Cooperative Monitoring Program continues to conduct its own water sampling program in collaboration with the consulting service.

The Montville Police Water Patrol experienced acute patrol staffing shortages and was only able to get on the lake once, with no boater contacts made. CT DEEP Patrol provided limited service this year, in cooperation with Montville's patrol staffing shortages. DEEP conducted patrol checks and inspections, resulting in 7 infractions and 9 verbal warnings.

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, shoreline erosion and to support shoreline 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 two Boater Safety Courses with a combined participation of 62 completing the courses. 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, and Salem Town Hall in May, and 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
Revised December 10, 2015

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 consists of 335 full sized plots, 12 infant plots and 27 cremation plots. Section IV consists of 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 6-9 years. This past year a garden hydrant was added on cemetery grounds directly behind the Salem Town House to support the watering of flowers. The existing hand operated pitcher pump is rebuilt. The SGCA will add a shed in which to store some supplies and tools necessary for cemetery maintenance.

Description:	**Section I**	**Section IV**	**Total**
Total Full-sized 4' x 10' plots in section	335	106	441
Full-sized plots deeded (to be deeded) during reporting period	13 (2)	2 (2)	15 (4)
Full-sized plots available for purchase as of 6/30/2015	2	101	103
Full-sized plots available on reserve* as of 6/30/2015	6	0	6
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 6/30/2015	24	NA	24
Total Infant 2' x 5' plots in section	12	NA	12
Infant plots deeded during reporting period	0	NA	0
Infant plots available	11	NA	11
Burials (Interments, Inurnments)	8	0	8

*Reserve plots (for the poor and destitute of Salem)

Account summary for period beginning July 1, 2014 and ending June 30, 2015

Account Description	July 1, 2014 balance	June 30, 2015 balance	Net gain
Regular Savings	17,987.47	23,780.10	5,792.63
Perpetual Care Savings	5,840.91	4,731.17	(1,109.74)
Regular Checking	1974.38	1,328.11	(646.27)
Perpetual Care Checking	25.00	958.36	933.36
Total – All Accounts	25,827.76	30,797.74	4,969.98

Breakdown of Revenues/Expenses:

Beginning Balance:	25,827.76
Revenue from Plot Sales:	7,570.00
Interest earned:	12.89
Less Expenses*:	-2,612.91
Ending Balance:	30,797.74

*Expense Details:

Office Supplies:	32.94
Linda Turner (Gardens):	1,448.33
Garden Hydrant Install:	1,131.64
Total Expenses:	2,612.91

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 5,146.05 each (as of June 30, 2015).

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

2014-2015

SALEM SCHOOL DISTRICT
SALEM CONNECTICUT

REPORT OF THE SUPERINTENDENT OF SCHOOLS FOR 2014 - 2015

AND

The Board of Education: Stephen Buck, Chairperson; Dinis Pimentel, Vice Chair (resigned from BOE 10/31/14); Pamela Munro, Secretary; Mary Ann Pudimat, Vice-Chair/Treasurer; Margaret Caron (resigned 8/11/14); Robert Green; George Jackson; Monica Lord-McIntyre; Samuel Rindell; Jennifer D'Aiuto (11/24/14); Phil Teixeira (9/15/14).

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

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

A. **Salem School Staff**

1. Administrative Personnel

Title	Staff
Superintendent (0.60 FTE)	Joseph Onofrio II
Director of Student Services	Rodney Mosier II (resigned 12/31/14)
	Elizabeth Catarius
School Principal	Suzanne Zahner (resigned 9/30/14)
	Michael Rafferty
Director of Student Achievement	Cynthia Ritchie (resigned 8/15/14)
Assistant Principal	Ron Perrault (9/2/14-10/21/14)
	Joan Phillips

2. Related Arts/Special Education Personnel

Class	Teacher
Art	Susan Miller
IT Specialist (0.60 FTE)	Sharon Osga-Dugger
Guidance Counselor	Marissa Kach
Health/PE	Barbara Bashelor
Library/Media Specialist (0.60 FTE)	Sarah Kateley
Music	Christopher Hebert
Music/Band	James Gerrard
Physical Education	Christopher Pugliese
ELA/Math Interventionist	Christina Holth
School Psychologist	Sun Meunier
Special Education	Jennifer Werb
Special Education	Cheryl Carroll
Special Education (0.60 FTE)	Sarah Alessio
Special Education	Melissa Quinn
Special Education	Scott Gordon

Speech and Language Pathologist	Catherine Conover
World Language – French (0.30 FTE)	Christie Borelli (resigned 11/14/14) Barbara Senges
World Language – Spanish	Marcelo Guinez (resigned 9/11/14) Lisbeth Gonzalez

3. Teachers - Certified

Class	Teacher
Pre-School (0.80 FTE)	Mary Roth
Kindergarten	Carla Oscarson
Kindergarten	Betty Marr
Grade One	Cynthia Puhlick
Grade One	Dale Mainville
Grade Two	Judy Butterworth
Grade Two	Gretchen Leming
Grade Three	Nicole Hecklinger
Grade Three	Barbara Leyden
Grade Four	Sara LaMarre
Grade Four	Anne Bowen
Grade Four	Jill MacLachlan
Grade Five	Daniel Pegnataro
Grade Five	Heather Meisenzahl
Grade Six	Mary Barone
Grade Six	Robert Swan
Grade Seven/Eight - Math	Kim Carlone
Grade Seven/Eight - Science	Laura Runkle
Grade Seven/Eight - Social Studies	Brian Fleming
Grade Seven/Eight - Language Arts	Michael Sweeney (resigned 10/31/14) Ryan Gray

4. Office and School Health Personnel

Position	Staff
Business Manager	Kim Gadaree
Executive Assistant to the Superintendent	Jennifer Kayser
School Secretary	Laurie Barberi
10-mo School Secretary	Contracted Service (Temp Agency)
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

5. Non-Certified Support Personnel

Position	Staff
Tutor	Palma Canniff
Tutor (PT)	Amanda Hergott (resigned 7/31/14)
	Shari Purcell (9/12/14-11/19/14)
	Tara Ward
Tutor	Mary Sturgeon
Tutor	Ellen Javor
Tutor	Darra Ryan
Tutor	Cathy Freiert
Tutor	Nancy Senkewitcz
Instructional Aide	Susan Savidakis
Instructional Aide	Johna Devoe (resigned 10/21/14)
	Tracey Bruni
Instructional Aide	Kate Kushman
Instructional Aide	Jamie Freiert
Instructional Aide	Kelsey Champion
Instructional Aide	Colleen Meese
Instructional Aide	Karen Sweet (resigned 3/12/14)
Instructional Aide	Anna Horr-Huguenin
Instructional Aide (PT)	Fiona Fabry (resigned 8/7/14)
	Kristina Georgian
Instructional Aide	Micheline Gugliotti
Instructional Aide	Tanya Kapilotis

6. Lunch Aides

Position	Staff
Lunch Aide	Mandy Bartok
Lunch Aide	Rhea Fowler
Lunch Aide	Linda Rogers
Lunch Aide	Meghan Flugrad

7. Custodial Staff

Position	Staff
Head Custodian	Van Miller
Custodian	Richard Blackburn
Custodian	Barbara Hedberg
Custodian	Mary Henson (resigned 12/12/14)
	Ken Bragdon (Position changed from 1.0 FTE to 0.50 FTE)
Custodian	Brenda VanDyne
Custodian	Sebastian Tuccitto
Director of Facilities (0.40 FTE)	Donald Bourdeau

B. GRADUATES - JUNE 2015

1. Salem School: - Grade 8:

Ian Aldrich	Jason Aldridge	Justin Allen
Marlene Anderson	Hannah Anthony	Sophie Arustei
Jesse Bogart	Nicole Bourgeois	Mason Brimmer
Layla Charbonnier	Santinique Claiborne	Catherine Colgan
Katie Durkee	Kyle Erikson	Kevin Fifield
Dalton Franco	Sarah Gada	Drew Giegel
Reamark Harris	Jordan Howe	Nahisha Jackson
Jacob Jicha	J'Naya Kelly	Caroline Knopf
Wyatt Kruse	Matthew Kung	Molly Macari
Nicole Marsh	Tanner Martin	Sophie Mignano
Brody Monarca	Eric Moore	Alexander Moore
James Moran	Rebekah Ortega	Meghan O'Shaughnessy
Saiyoen Pathman	Rebecca Pierce	Aleisha Price
Owen Rodgers	Derren Ryley	Caitlyn Sievers
Tristan Smith	Alexander Smith	Conie Tang
Valentino Terry	Jalen Thompson	Drew Tower
Emma Vlaun	Robert Vurno	Ruby Walker
Michael Wei	Samuel Whittaker	Spencer Winakor

East Lyme High School:

Hannah Alaimo	Rebecca Alaimo	Natalie Andrews
Sarah Andrews	Alexander Arnott	Logan Banker
Olivia Bernier	Charles Billington	Arthur Bradley
Melissa Butler	Kelly Campagna	Ashley Carsillo
Morgan Clewell	Brittany Courville	Emma Driskill
Abigail Dye	Kyle Ewald	Robyn Ferris
Benjamin Frick	Allison Gagliano	Temari Gittens-Lee
Ryan Godfrey	David Guzallis	Kassidy Harris
Kyla Henry	Megan Holt	Nicholas Hotary
Courtney Huebner	Lucas Johnson	Jesse Kalal
Shahan Kamal	Matthew LaRose	Samantha Lee
Kaiser Leuze	Austin Lightner	Sabrina Lyall
Kailey MarcAurele	Carly Miller	Michael Morgan
Shawna O'Connor	Kevin O'Sullivan	Amanda Paradis
August Pimentel	John Quevreaux	Michael Reeves
Mitchell Ryan	Zane Smallidge	Hanna Suarez
Danielle Sullivan	Emily Velidow	Morgana Vesey
Vanessa Vurno	Melinda Wei	Taylor Winder
Bailey Windhom	Mark Wojcik	Martin Wolk
Eugene Wong	Timothy Zack	Shaylah Zorn

II. FISCAL DATA

A. Budget Management

1. The Business Manager in collaboration with the Superintendent and the Board of Education developed and monitored the 2014-15 Operating Budget. The budget expenditures and receipts are recorded in a modified accrual system of accounting licensed by Tyler Technologies. Cost analysis and sound fiscal practices have been consistently applied and participation in cooperative purchasing programs with other towns and agencies remain in place in order to contain costs.
2. The Executive Assistant to the Superintendent managed the Student Activity Account and prepared a year-end report for the Board of Education. She also applied for the school hot lunch program funds and maintained the accounts.
3. The Board of Education continued to review and revise its 10-year Capital Improvement Plan with all efforts to reduce the effects of over burdening the town's debt service.

B. Current Receipts

Support for education received into the town's general fund for the fiscal year 2014-2015 included the following state and federal funding:

Funding	Amount
Educational Equalization	$3,143,786
Transportation	$36,006
Public School Building Grant	0
Adult Education	$3,218
School-wide Entitlement (ESEA/REAP)	$51,548
Services for the blind	0
Excess Cost (Special Education)	$454,211
Special Education Grants (IDEA, etc.)	$73,002
Tuition from another district	0
ARRA Stabilization	0
Assessment Reduction Grant	$10,000
Total Education Receipts	**$3,771,771**

B. Current Expenditures

Board of Education expenditures for 2014 - 2015, as reported on the State Department of Education ED-001, were $10,356,089 and distributed as follows:

Expenditures	Amount
Debt Service East Lyme	0
Salaries	$3,622,449
Benefits	$796,352
Purchased Services	$1,629,303
Tuition	$3,756,687
Supplies/Property	$542,024
Adult Education	$9,274
Total Expenditures	**$10,356,089**

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

	Amount
Elementary School	$5,898,440
High School	$2,655,502
Special Education	$1,802,147
Total	**$10,356,089**

	Amount
Central Administration	$788,576
East Lyme H.S. (9-12)	$3,192,684
Out Placements (PK-12)	$1,047,014
Salem School (PK-8)	$5,327,815
Total	**$10,356,089**

$143,911 was returned to the town as unexpended.

SHARED SERVICES WITH THE TOWN OF SALEM

Over the last year there has been a lot of discussion about shared services in Salem. The goal of shared services is to save taxpayer funds by working more efficiently. Below is a listing of shared service opportunities that the District has taken advantage of in recent years.

Liability, Property & Workers' Compensation Insurance
The Board and Town of Salem have shared policies for liability, property and workers' compensation. This has been in effect for over ten years. The policies are with CIRMA. Allocation of expenses is determined by the Town. Each entity receives a separate bill for its portion.

Auditing Services
The Board and Town share a contract for auditing services. Our current auditor is O'Connor Davies. The bidding and award of the contract is done by the Town. Expenses are allocated between the district and town based on time spent. Each entity receives a separate bill for its portion.

Building Maintenance
In addition to taking care of the Salem School, the Board's custodians are also responsible for cleaning the Town Hall and Library. The Board does not allocate any charges to the Town for this service.

Grounds Maintenance
Maintenance of school property is shared between the Board and Town. The Town is responsible for plowing the school parking lots and sanding them when necessary. Board employees are responsible for clearing the school sidewalks. Board employees also clear snow from the sidewalks in front of the school. There is no allocation of charges from the town to the Board's budget. However, these charges are reported as in-kind services on the District's ED001. Charges from the ED001 ultimately are reported in the strategic school profile.

The District uses the old "dirt lot" for staff parking. The parking lot is Town property. Even though it is Town property, the District pays the electric bill for the lights from the Board budget. Eversource bills these charges separately and they are paid for by the Board.

Weekend Maintainers

Salem School is used for many public activities. These include sports activities provided by the Parks & Recreation Commission during the winter months. The District requires that there be staff on site during these functions to open and close the building and attend to any issues that may occur while the building is in use. The Board hires employees to be here on both Saturday and Sunday from November through mid-April for this purpose. These expenses are charged to the Board's budget. There is no allocation of expenses made to the Parks & Recreation Commission or Town budgets.

Medical Insurance

In 2014-15 the Board voted to allow the Town employees to become part of our insurance group under Anthem BCBS. This allowed the Town to reduce their medical insurance premiums.

Co-Operative Purchasing, Consortiums & RESCs

The District purchases heating oil and diesel fuel through a consortium of school districts throughout Connecticut. The consortium allows small districts to purchase fuel at a savings, because of the combined purchasing power of all members. We can choose to purchase fuel as needed or we can lock into a specific price and purchase a set number of gallons. The Town also participates in this consortium. However, the decision is an individual one. The school communicates to the Town when we lock in a purchase, but that does not obligate the Town to do the same.

The District purchases copier paper through another consortium run by CREC (a RESC). The vendors used by the consortium members are picked via bid requests received from CREC annually. We purchase directly from the vendors, but pricing is based on the expected volumes from the consortium bid awards. The Town may also purchase through this consortium.

There is also a consortium of school districts that purchase electricity. Salem school is part of the consortium. Again, this allows us to lock into an electric rate for a set period of time. Since the pricing is based on a number of districts within the state purchasing as a unit, we are able to get more favorable pricing than would be possible if we were on our own.

All Districts are required to offer adult education opportunities. Salem partners with Norwich Adult Education Co-operative to offer these services. This is more economical than if we were to offer the service on our own in Salem.

The District also purchases supplies from vendors under state contracts or from vendors offering educational pricing.

Finance Services

The District's finances are the responsibility of the Business Manager. The one exception is banking. Banking/cash flow is the responsibility of the Town Treasurer. The Business Manager works with the Treasurer to make sure that there are sufficient funds to cover payroll and payables. The bank reconciliation for the account is also completed by the Treasurer. In addition to satisfying the separation of duties requirement, it is also a cost savings. If this function were done by the District, another employee would be needed which would be an additional expense in the Board's budget. The Town does not allocate charges to the District for this function. However, these charges are reported as in-kind services on the District's ED001. Charges from the ED001 ultimately are reported in the strategic school profile.

PROGRAMS AND SUPPORT ACTIVITIES

The Board of Education approved the following Goals for the 2014-15 school year.

1.) All members of the Salem School Learning Community will achieve excellence in all aspects of their education. Members will demonstrate independent, inquiry driven and collaborative problem solving skills.

2.) All members of the Salem School Learning Community will demonstrate social competence by exhibiting the values of respect, kindness and responsibility for school, self and others.

3.) All adult members of the Salem School Learning Community will share the responsibility for making a positive connection to students and for providing differentiated learning experiences that enable every student to reach his/her potential.

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

Board of Education Subcommittees

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

Long-Range Educational Planning – Mary Ann Pudimat (Chair): 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 diligently throughout the year on drafting a co-operative agreement with East Lyme and reviewing the school efficiency study results (created a score card on action taken). Additionally, the subcommittee worked on the capital plan, technology plan, and the administrative structure. This subcommittee worked in conjunction with the Community Relations Ad-Hoc Subcommittee on the school efficiency study items and met with numerous community groups to obtain feedback about the school study prior to making any recommendations to the Board of Education.

Personnel/Contract Negotiation – Dinis Pimentel (Chair – through 10/30/14) and Samuel Rindell (11/3/14 - current): 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.

APPENDIX II

ANNUAL FINANCIAL REPORT OF THE TOWN OF SALEM

Town of Salem, Connecticut

Financial Statements and
Supplementary Information

Year Ended June 30, 2015

Town of Salem, Connecticut

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Town of Salem, Connecticut

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O'CONNOR DAVIES

PKF

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, 2015, 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, 2015, 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
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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, Other Post-Employment Benefit Schedules, and Pension Schedules be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

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

The combining fund financial statements and supplementary schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 11, 2015 on our consideration of the Town's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

O'Connor Davies, LLP

December 11, 2015

Town of Salem, Connecticut

Management's Discussion and Analysis
June 30, 2015

Our discussion and analysis of Town of Salem, Connecticut's (the Government) financial performance provides an overview of the Government's financial activities for the fiscal year ended June 30, 2015. Please read it in conjunction with the Government's financial statements, which begin with Exhibit 1.

FINANCIAL HIGHLIGHTS

- The combined net position of our municipal government increased by $654,337.
- Due to firm enforcement of our purchasing policy, strong negotiations with vendors, as well as a concerted effort of fiscal responsibility by all departments, the General Government was able to return $225,712 to the Town's General Fund. The Board of Education also returned $151,208.
- The Town collected $170,450 more taxes than expected.

The school renovation is complete. The Town followed a very wise approach to "fix what needs to be fixed". 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 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 Exhibit 5. We exclude these activities from the Government's other financial statements because the Government cannot use these assets to finance its operations. The Government is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

THE GOVERNMENT AS A WHOLE

The Government's *combined* net position increased by $654,337 from a year ago—*increasing* from $18,965,609 to $19,619,946. Last year net position *increased* by $1,355,564. 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)

		Change During Year		
	2015	**Dollars**	**Percent**	**2014**
Current and other assets	$ 5,884,163	$ (608,835)	-9.38%	$ 6,492,998
Capital assets	20,476,586	445,566	2.22%	20,031,020
Total assets	26,360,749	(163,269)	-0.62%	26,524,018
Long-term debt outstanding	5,742,477	(1,000,674)	-14.84%	6,743,151
Other liabilities	998,129	182,871	22.43%	815,258
Total liabilities	6,740,606	(817,803)	-10.82%	7,558,409
Net position				
Net investment in capital assets	15,735,907	1,604,887	11.36%	14,131,020
Restricted - Expendable	746,997	(1,298,770)	-63.49%	2,045,767
Restricted - Nonexpendable	1,997	-	0.00%	1,997
Unrestricted	3,135,045	348,220	12.50%	2,786,825
Total net position	$ 19,619,946	$ 654,337	3.45%	$ 18,965,609

Significant changes are as followed:

--Capital assets increased by $445,566. The majority of this was due to the addition of construction in progress of the school renovation.

--The decrease in long term debt of $1,000,674 was due to issuance of new bonds for the school construction that was $1,000,000 less than last year.

Table 2
Change in Net Position (on Exhibit 2)

	2015	Change During Year Dollars	Change During Year Percent	2014
Revenues				
Program revenues:				
Charges for services	$ 347,492	$ 10,199	3.02%	$ 337,293
Operating grants and contributions	4,977,259	202,464	4.24%	4,774,795
Capital grants and contributions	-	(578,910)	-100.00%	578,910
General revenues:				
Property taxes	11,371,973	422,093	3.85%	10,949,880
Grants and contributions	26,387	(18,153)	-40.76%	44,540
Interest and investment earnings	7,812	(26,270)	-77.08%	34,082
Loss on disposal of equipment	(7,551)	(7,551)	100.00%	-
Other general revenues	167,341	167,341	100.00%	-
Total revenues	16,890,713	171,213	1.02%	16,719,500
Program expenses				
General government	1,746,058	171,519	10.89%	1,574,539
Public safety	840,914	(34,817)	-3.98%	875,731
Public works	1,263,642	357,987	39.53%	905,655
Sanitation	200,698	434	0.22%	200,264
Education	12,138,943	397,941	3.39%	11,741,002
Interest on long-term debt	80,382	13,637	20.43%	66,745
Total expenses	16,270,637	906,701	5.90%	15,363,936
Excess (deficiency) before transfers	620,076	(735,488)	-54.26%	1,355,564
Transfers	34,458	34,458	100.00%	-
Increase (decrease) in net position	$ 654,534	$ (701,030)	-51.72%	$ 1,355,564

Program revenues- capital grants and contributions decreased due to $578,910 more in grant revenue received last year for the completion of school construction that was not received this year.

Governmental Activities

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

Table 3
Governmental Type Activities

	Total Cost of Services		Incr.	Net Cost of Services		Incr.
	2015	2014	Decr.	2015	2014	Decr.
Governmental Activities						
General government	$ 1,746,058	$ 1,574,539	10.89%	$ 1,185,959	$ 1,098,449	7.97%
Public safety	840,914	875,731	-3.98%	840,914	875,731	-3.98%
Public works	1,263,642	905,655	39.53%	1,070,022	712,328	50.21%
Sanitation	200,698	200,264	0.22%	149,199	145,348	2.65%
Education	12,138,943	11,741,002	3.39%	7,619,410	6,774,337	12.47%
Interest on long-term debt	80,382	66,745	20.43%	80,382	66,745	20.43%
Totals	$ 16,270,637	$ 15,363,936	5.90%	$ 10,945,886	$ 9,672,938	13.16%

THE GOVERNMENT'S FUNDS

The year showed an increase in net position by $654,337 and showed a decrease in fund balance in the governmental funds of $969,271 as presented in Exhibits 3 and 4. 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:

--The General Fund Budget was underspent by $376,920.

--There was a decrease in school construction debt by $1,000,000.

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

Table 4
General Fund - Budget Summary

Revenues	**Final Budget**	**Actual**	**Variance**
Property Taxes	$ 11,170,048	$ 11,340,498	$ 170,450
Intergovernmental	3,498,736	3,507,841	9,105
Use of Town Money	6,060	173,257	167,197
Charges for Services	221,745	259,674	37,929
Intergovernmental transfers	-	-	-
Total Revenues	14,896,589	15,281,270	384,681
Expenditures			
General Government	3,690,158	3,464,446	225,712
Education	10,500,000	10,348,792	151,208
Capital	802,550	802,550	-
Total Expenditures	14,992,708	14,615,788	376,920
Increase (Decrease) in Fund Balance	$ (96,119)	$ 665,482	$ 761,601

Significant variances are summarized as follows:

--The Town collected $170,450 more in taxes than expected.

--Conveyance Tax was up; $36,353 more than budgeted.

--General Government was $225,712 under budget.
a. Employee benefits were $97,293 under budget—the town paired with the school and increased self-insurance to decrease costs.
b. Utilities were $31,890 under budget due to lower fuel costs, new high efficiency heating systems, and LED lighting upgrades.

--The Board of Education was $151,208.under budget.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of this year, the Government had $20,476,586 invested government activity capital assets. This amount represents a net increase (including additions and deductions) of $445,566 from last year. This is primarily due to construction in progress for the school renovation in the amount of $736,221. 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 $4,740,679 in bonds and notes outstanding. This is a decrease of $959,321 from last year. 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 rate. The State of Connecticut's Office of Policy and Management ("OPM") has adopted new laws that will affect the Government's budgets in subsequent years. The motor vehicle mill rate will be capped at 32 mills in fiscal-year 2017 and 29.36 mills in fiscal-year 2018 and annually thereafter. Beginning in fiscal-year 2018, a cap will be imposed on municipal spending to limit general budget expenditures to 2.5 percent above the previous year or the rate of inflation, whichever is greater. Exemptions from the cap include debt service, special education expenditures, and expenditures related to major disaster or emergency declaration. The Minimum Budget Requirement ("MBR") for education expenditures has been relaxed effective July 1, 2015. The change allows the Government more flexibility in lowering its MRB.

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 or First Selectman at Town of Salem, 270 Hartford Road, Salem, CT 06420.

Town of Salem, Connecticut

Basic Financial Statements
June 30, 2015

Exhibit 1

Town of Salem, Connecticut

Statement of Net Position
June 30, 2015

	Governmental Activities
ASSETS	
Cash and equivalents	$ 5,207,900
Investments	54,902
Receivables	
Taxes, net	342,972
Accounts	36,177
Intergovernmental	120,668
Other	48,663
Prepaid expenses	72,881
Capital assets	
Nondepreciable	6,605,475
Depreciable, net of accumulated depreciation	13,871,111
Total Assets	26,360,749
LIABILITIES	
Accounts payable	908,890
Intergovernmental payable	1,295
Accrued payroll and related	48,847
Retainages payable	12,500
Accrued interest payable	3,438
Performance bonds	18,737
Unearned revenues	4,422
Non-current liabilities	
Due within one year	217,525
Due in more than one year	5,525,149
Total Liabilities	6,740,803
NET POSITION	
Net investment in capital assets	15,735,907
Restricted	
Expendable	742,362
Nonexpendable	2,097
Unrestricted	3,139,580
Total Net Position	$ 19,619,946

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

Exhibit 2

Town of Salem, Connecticut

Statement of Activities
Year Ended June 30, 2015

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities
Governmental activities				
General government	$ 1,746,058	$ 264,614	$ 295,485	$ (1,185,959)
Public safety	840,914	-	-	(840,914)
Public works	1,263,839	-	193,620	(1,070,219)
Sanitation	200,698	51,499	-	(149,199)
Education	12,079,499	31,379	4,428,710	(7,619,410)
Interest on long-term debt	80,382	-	-	(80,382)
Total Governmental Activities	$ 16,211,390	$ 347,492	$ 4,917,815	(10,946,083)
	$ 16,211,390	$ 347,492	$ 4,917,815	$ (10,946,083)
General Revenues				
Property taxes, payments in lieu of taxes, interest and liens				11,371,973
Grants and contributions not restricted to specific programs				26,387
Unrestricted interest and investment earnings				7,812
Loss on disposal of equipment				(7,551)
Transfers in (transfers out)				34,458
Other general revenues				167,341
Total General Revenues				11,600,420
Change in Net Position				654,337
Net Position - Beginning of Year				18,965,609
Net Position - End of Year				$ 19,619,946

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

Town of Salem, Connecticut

Balance Sheet
Governmental Funds
June 30, 2015

	General Fund	Capital Non-Recurring Fund	School Construction Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and equivalents	$ 4,392,075	$ -	$ 360,295	$ 455,530	$ 5,207,900
Investments	5,293	2,174	-	47,435	54,902
Taxes receivable, net of allowance for uncollectible amounts	342,972	-	-	-	342,972
Other receivables					
Accounts	5,201	-	-	30,976	36,177
Intergovernmental	34,458	-	80,228	5,982	120,668
Due from other funds	472,884	1,153,100	211,025	83,215	1,920,224
Other	-	-		48,663	48,663
Prepaid expenditures	-	-	-	100	100
Total Assets	$ 5,252,883	$ 1,155,274	$ 651,548	$ 671,901	$ 7,731,606
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities					
Accounts payable	$ 898,836	$ -	$ -	$ 10,054	$ 908,890
Intergovernmental payable	1,295	-	-	-	1,295
Accrued payroll and related	48,847	-	-	-	48,847
Retainage payable	-	-	12,500	-	12,500
Due to other funds	1,316,575	117,454	-	486,195	1,920,224
Performance bonds	18,737	-	-	-	18,737
Unearned revenues - performance	4,140	-	-	282	4,422
Total Liabilities	2,288,430	117,454	12,500	496,531	2,914,915
Deferred inflow of resources					
Deferred revenues - not available	332,781	-	80,226	-	413,007
Fund balances					
Nonspendable	-	-	-	2,097	2,097
Restricted	31,306	-	558,822	72,008	662,136
Committed	-	730,295	-	-	730,295
Assigned	536,100	307,525	-	101,265	944,890
Unassigned	2,064,266	-	-	-	2,064,266
Total Fund Balances	2,631,672	1,037,820	558,822	175,370	4,403,684
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 5,252,883	$ 1,155,274	$ 651,548	$ 671,901	$ 7,731,606

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

Exhibit 3a

Town of Salem, Connecticut

Reconciliation of Governmental Funds Balance Sheet
to the Government Wide Statement of Net Position - Governmental Activities
June 30, 2015

Fund Balances - Total Governmental Funds	$ 4,403,684
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.	20,476,586
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	413,007
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	
General obligation bonds	(4,700,000)
Notes and loans	(40,679)
Compensated absences	(34,821)
Post-closure landfill costs	(25,000)
Other post employment benefits	(942,174)
Prepaid bond payments	72,781
Accrued interest payable	(3,438)
	(5,673,331)
Net Position of Governmental Activities	$ 19,619,946

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

Town of Salem, Connecticut

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2015

	General Fund	Capital Non-Recurring Fund	School Construction Fund	Other Governmental Funds	Total Governmental Funds
REVENUES					
Property taxes	$ 11,340,498	$ -	$ -	$ -	$ 11,340,498
State grants for specified purpose	324,831	-	-	39,516	364,347
State grants for education	4,252,876	-	-	214,299	4,467,175
Licenses and permits	187,190	-	-	4,962	192,152
Charges for current services	28,962	-	-	87,818	116,780
Miscellaneous revenue	43,522	-	-	126,106	169,628
Income from investments	7,239	53	-	521	7,813
Total Revenues	16,185,118	53	-	473,222	16,658,393
EXPENDITURES					
Current					
General government	1,469,150	-	-	164,306	1,633,456
Public safety	765,970	-	-	-	765,970
Public works	658,304	-	-	-	658,304
Sanitation	172,705	-	-	-	172,705
Education	11,559,640	-	58,714	294,940	11,913,294
Debt service					
Principal	201,421	-	5,500,000	-	5,701,421
Interest	168,972	-	54,847	-	223,819
Capital outlay	-	1,091,802	175,011	-	1,266,813
Total Expenditures	14,996,162	1,091,802	5,788,572	459,246	22,335,782
Excess (Deficiency) of Revenues Over Expenditures	1,188,956	(1,091,749)	(5,788,572)	13,976	(5,677,389)
OTHER FINANCING SOURCES (USES)					
Transfers in	-	802,550	-	6	802,556
Transfers out	(802,556)	-	-	-	(802,556)
Issuance of long-term debt	42,100	-	4,500,000	-	4,542,100
Premium on financing	166,018	-	-	-	166,018
Total Other Financing Sources (Uses)	(594,438)	802,550	4,500,000	6	4,708,118
Net Change in Fund Balances	594,518	(289,199)	(1,288,572)	13,982	(969,271)
Fund Balances - Beginning of Year	2,037,154	1,327,019	1,847,394	161,388	5,372,955
Fund Balances - End of Year	$ 2,631,672	$ 1,037,820	$ 558,822	$ 175,370	$ 4,403,684

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, 2015

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

Net Change in Fund Balances - Total Governmental Funds	$ (969,271)
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation expense in the current period.	
Capital outlay expenditures	1,063,411
Depreciation expense	(610,294)
Undepreciated basis of assets disposed of or sold	(7,551)
	445,566
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	48,868
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. 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	(4,500,000)
Proceeds from long-term debt - notes payable, loans payable and other long-term debt	(42,100)
Principal payments on general obligation bonds	5,700,000
Principal payments on notes payable	1,421
Post-closure landfill costs	2,500
	1,161,821
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	128,697
Compensated absences	(1,339)
Pension and other post employment benefits asset/liability	(160,005)
	(32,647)
Change in Net Position of Governmental Activities	$ 654,337

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

Exhibit 5

Town of Salem, Connecticut

Statement of Net Position
Fiduciary Funds
June 30, 2015

	Agency Funds
ASSETS	
Cash	$ 19,999
LIABILITIES	
Due to others	$ 19,999

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 led 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.

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

1. Summary of Significant Accounting Policies (Continued)

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.
- Small Cities Grant Fund – This fund accounts for an reports financial resources for the Community Development Block Grant.

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

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

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

1. Summary of Significant Accounting Policies (Continued)

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

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

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. The Agency Fund has no measurement focus, but utilizes the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period.

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

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

1. Summary of Significant Accounting Policies (Continued)

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

Deposits, Investments and Risk Disclosure

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

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

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

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

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

1. Summary of Significant Accounting Policies (Continued)

Interest Rate Risk - Interest rate risk is the risk that the government will incur losses in fair value caused by changing interest rates. The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from changing interest rates. Generally, the Town does not invest in any long-term investment obligations.

Custodial Credit Risk – Custodial credit risk is the risk that, in the event of a bank failure, the Town's deposits may not be returned to it. The Town's policy for custodial credit risk is to invest in obligations allowable under the Connecticut General Statutes as described previously.

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

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

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

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

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

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

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, 2015, 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:

Assets	Years	Capitalization Threshold
Land	N/A	$ 25,000
Land improvements	10-40	$ 20,000
Buildings and improvements	15-100	$ 20,000
Machinery and equipment	10-50	$ 5,000
Vehicles	10-25	$ 5,000
Infrastructure	20-50	$ 100,000
Intangible assets	Varies, if any	$ 25,000

1. Summary of Significant Accounting Policies (Continued)

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

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

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

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

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

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

Compensated Absences – Certain Town employees accumulate vacation and sick leave hours for subsequent use or for payment upon termination or retirement. Vacation and 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 generally reported as assigned fund balance since they do not constitute expenditures or liabilities.

G. Use of Estimates

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

H. Subsequent Events Evaluation by Management

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is December 11, 2015.

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.

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 $96,119 of additional appropriations were made. Interest was over-expended by $23,232.

E. Application of Accounting Standards

For the year ended June 30, 2015, the Town implemented:

- 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.

- 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.

- 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.

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, 2015:

Statement of Net Assets	
Cash and equivalents	$ 5,207,900
Investments	54,902
	5,262,802
Fiduciary Funds	
Cash and equivalents	19,999
Total Cash and Investments	$ 5,282,801

Cash and Cash Equivalents - As of June 30, 2015 the carrying amount of the Town's deposits with financial institutions was:

Cash and Cash Equivalents	
Deposits with financial institutions	$ 3,194,958
Plus external investment pools	2,087,843
Less Certificates of deposits (in investments)	(54,902)
	$ 5,227,899

The bank balance of the deposits was $3,267,468 and was exposed to custodial credit risk as follows:

Covered by Federal Depository Insurance	$ 989,395
Collateralized by securities held in trust	
In the Town's name	204,241
Uninsured and uncollateralized	2,073,832
	$ 3,267,468

Investments – Investments are summarized as follows at June 30, 2015:

	General Fund	Capital Non-Recurring Fund	Other Governmental Funds	Total Investments
Certificates of deposit	$ 5,293	$ 2,174	$ 47,435	$ 54,902

Below is a summary of the interest rate risk and credit risk as of June 30, 2015:

Type of Investment	Average Credit Rating	Fair Value	Investment Maturities (in Years) 1-5 Years
Certificates of deposit	*	$ 54,902	$ 54,902

*** 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.

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	$ 298,323	$ -	$ 298,323
Intergovernmental revenue	34,458	80,226	114,684
	$ 332,781	$ 80,226	$ 413,007

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, 2015:

	General Fund	Other Governmental Funds	Total
Advances on grants	$ 4,140	$ 282	$ 4,422

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, 2015 these were summarized as follows:

Receivable fund	Payable Fund	Amount
General Fund	Other Governmental Funds	$ 472,884
Capital Non-Recurring Fund	General Fund	1,141,111
Capital Non-Recurring Fund	Other Governmental Funds	11,989
School Construction Fund	General Fund	93,571
School Construction Fund	Capital Non-Recurring Fund	117,454
Other Governmental Funds	General Fund	81,893
Other Governmental Funds	Other Governmental Funds	1,322
		$ 1,920,224

Fund transfers are generally used to fund special projects with general fund revenues. Transfers during the year ended June 30, 2015 were as follows:

	Transfers into		
	Capital Non-Recurring Fund	Other Governmental Funds	Total
Transfers out of General Fund	$ 802,550	$ 6	$ 802,556

3. Detailed Notes on All Funds (Continued)

D. Capital Assets

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

	Beginning Balance	Increases	Ending Balance
Capital assets not being depreciated			
Land	$ 1,786,816	$ -	$ 1,786,816
Construction in progress	4,087,233	731,426	4,818,659
	5,874,049	731,426	6,605,475
Capital assets being depreciated			
Land improvements	1,335,356	-	1,335,356
Buildings and systems	11,456,192	321,990	11,778,182
Machinery and equipment	1,689,439	2,444	1,691,883
Infrastructure	1,844,966	-	1,844,966
Vehicles	2,908,219	-	2,908,219
	19,234,172	324,434	19,558,606
Less: Accumulated Depreciation	(5,077,201)	(610,294)	(5,687,495)
	$ 20,031,020	$ 445,566	$ 20,476,586

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

General government	$ 141,872
Public safety	116,635
Public works	206,420
Sanitation	15,023
Education	130,344
	$ 610,294

E. Long-Term Liabilities

The following table summarizes changes in the Town's long-term indebtedness for the year ending June 30, 2015:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
General obligation bonds	$ 5,700,000	$ 4,500,000	$ (5,500,000)	$ 4,700,000	$ 200,000
Notes and loans	-	42,100	(1,421)	40,679	11,543
Compensated absences	36,160	-	(1,339)	34,821	3,482
Post closure landfill costs	27,500	-	(2,500)	25,000	2,500
OPEB obligations	782,169	185,343	(25,338)	942,174	-
	$ 6,545,829	$ 4,727,443	$ (5,530,598)	$ 5,742,674	$ 217,525

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

3. Detailed Notes on All Funds (Continued)

General Obligation Bonds

The Town issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations of the Town and pledge the full faith and credit of the Town. These bonds generally are issued as 20-year serial bonds with equal amounts of principal maturing each year. General obligation bonds outstanding as of June 30, 2015 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%	$ 200,000
Salem School Construction	2014	4,500,000	2029	2.25-4%	4,500,000
					$ 4,700,000

On July 2, 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, 2015, $700,000 was authorized but unissued.

Interest incurred and expensed on general obligation bonds for the year ended June 30, 2015 totaled $223,819 and $80,382 respectively.

Payments to maturity on the general obligation bonds are as follows:

	General Obligation Bonds			General Obligation Bonds	
Year End	Principal	Interest	Year End	Principal	Interest
2016	200,000	149,313	2024	325,000	64,188
2017	300,000	141,063	2025	325,000	55,250
2018	300,000	132,063	2026	325,000	45,500
2019	325,000	121,063	2027	325,000	35,750
2020	325,000	108,063	2028	325,000	26,000
2021	325,000	95,063	2029	325,000	15,844
2022	325,000	82,063	2030	325,000	5,281
2023	325,000	71,906		$ 4,700,000	$ 1,148,410

Loans and Notes Payable

The Town entered into four small business energy advantage loans during the year for the installation of energy efficiency products in the initial amount of $42,100. The loans do not carry interest. Payments to maturity are as follows:

Year End	Principal
2016	11,543
2017	11,256
2018	10,643
2019	7,237
	$ 40,679

3. Detailed Notes on All Funds (Continued)

Compensated Absences

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

Post Closure Landfill Costs

The Town has a closed landfill with no further capacity or estimated useful life. State and federal laws and regulations require that the Town perform certain maintenance and monitoring functions on its closed landfill site for thirty years after closure. These costs will be paid through the General Fund each year as part of the annual budget. Total estimated costs based on the current actual costs are included in the long-term debt. The actual costs may vary based on actual events, inflation, changes in technology and applicable laws and regulations. During the year the actual costs amounted to $3,976.

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	$ 11,340,498
Reimbursement for revenue loss on tax relief for the elderly (C.G.S. 12-129d)	15,261
Debt limitation base	$ 11,355,759

	General Purpose	Schools	Sewers	Urban Renewal	Pension Deficit
Debt limitation					
2 1/4 times base	$ 25,550,458	$ -	$ -	$ -	$ -
4 1/2 times base	-	51,100,916	-	-	-
3 3/4 times base	-	-	42,584,096	-	-
3 1/4 times base	-	-	-	36,906,217	-
3 times base	-	-	-	-	34,067,277
Total debt limitation	25,550,458	51,100,916	42,584,096	36,906,217	34,067,277
Indebtedness					
Bonds payable	200,000	4,500,000	-	-	-
Total indebtedness	$ 200,000	$ 4,500,000	$ -	$ -	$ -
Debt limitation in excess of debt outstanding and authorized	$ 25,350,458	$ 46,600,916	$ 42,584,096	$ 36,906,217	$ 34,067,277

In no case shall total indebtedness exceed seven times the annual receipts from taxation	$ 79,490,313

3. Detailed Notes on All Funds (Continued)

F. Net Position

The components of net position are detailed below:

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

Restricted Net Position - Nonexpendable - the component of net position that reflects funds set aside in accordance with laws, regulations, grants, and other agreements that must be kept intact and cannot be spent. This is made up of $2,097 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	$ 53,713
Education	10,885
Capital Projects	639,048
Other Purposes	38,716
	$ 742,362

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

G. Fund Balances

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

	General Fund	Capital Non-Recurring Fund	School Construction Fund	Other Governmental Funds	Total
Nonspendable					
Not in spendable form					
Prepaid expenditures	$ -	$ -	$ -	$ 100	$ 100
Trust principal	-	-	-	1,997	1,997
	$ -	$ -	$ -	$ 2,097	$ 2,097
Restricted					
General Government	$ -	$ -	$ -	$ 53,713	$ 53,713
Education	-	-	-	10,885	10,885
Capital Projects	-	-	558,822	-	558,822
Other Purposes	31,306	-	-	7,410	38,716
	$ 31,306	$ -	$ 558,822	$ 72,008	$ 662,136

3. Detailed Notes on All Funds (Continued)

	General Fund	Capital Non-Recurring Fund	School Construction Fund	Other Governmental Funds	Total
Committed					
Capital Projects	$ -	$ 730,295	$ -	$ -	$ 730,295
Assigned					
General Government	$ -	$ -	$ -	$ 95,538	$ 95,538
Education	-	-	-	5,727	5,727
Capital Projects	-	307,525	-	-	307,525
To balance next year's budget	536,100	-	-	-	536,100
	$ 536,100	$ 307,525	$ -	$ 101,265	$ 944,890

4. Pension and Other Post Retirement Plans

A. Teacher's Retirement System

Plan Description

Teachers and certain other certified personnel in the Town are eligible to participate in the Connecticut State Teachers' Retirement System, a cost-sharing multiple employer public employee retirement system described in the Connecticut General Statutes, Chapter 167a. The TRS has been established to provide retirement and other benefits for teachers, their survivors and beneficiaries. The Teachers' Retirement System is administered by the Teachers' Retirement Board.

Plan Membership – All teachers, principals, superintendents or supervisors engaged in service of public schools are eligible for participation.

Plan Benefits – Plan provisions are set by statute of the State of Connecticut. Teachers' Retirement System provides retirement benefits, as well as death and disability benefits. 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 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. A minimum monthly benefit of $1,200 is provided for teachers who retire under the normal retirement provisions and who have completed at least twenty-five years of full time Connecticut service.

A member is eligible to receive an early retirement benefit who (1) has attained any age and has accumulated twenty-five years of credited service, at least twenty years of which are service in the public schools of Connecticut or (2) has reached the age of fifty-five and has accumulated twenty years of credited service, at least fifteen years of which are service in the public schools of Connecticut.

4. Pension and Other Post Retirement Plans (Continued)

The early retirement benefit is reduced six percent per year for the first five years preceding normal retirement age and four percent per year for the next five years preceding normal retirement age. Effective July 1, 1999, the reductions for individuals with 30 or more years of service is three percent per year by which retirement precedes normal retirement date.

Benefits are fully vested after ten years of service. Benefits are payable at age sixty and early retirement reductions are based on the number of years of service the member would have had if they had continued to work until age sixty.

Funding Policy – In accordance with the Connecticut General Statutes, Section 10-183z, contribution requirements of active employees and the State of Connecticut is amended and certified by the Teachers' Retirement Board and appropriated by the General Assembly. The contributions are actuarially determined as an amount that, when combined with employee contributions and investment earning, is expected to finance the costs of the benefits earned by employees during the year, with any additional amount to finance any unfunded accrued liability.

Members are required to contribute six percent of their annual salary for the pension benefit.

The Town's proportionate share has been determined on the same basis as that used by the plan as has the basis of accounting, including policies with respect to benefit payments (including refunds of employee contributions) and the valuation of plan investments.

Actuarial Methods and Significant Assumptions – The following assumptions were used in the pension valuations, prepared as of June 30, 2014 (the Valuation Date and Measurement Date) for use in the June 30, 2015 financial statements (Reporting Date):

Experience study dates	July 1, 2005 - June 30, 2010
Inflation	3.00%
Salary increases	3.75-7.00%, including inflation
Investment rate of return	8.50%, net of investment related expense, including inflation
Discount rate	8.50%, the projection of cash flows assumed that plan member contributions will be made at the current contribution rate and employer contributions will be made at rates equal to the difference between the actuarially determined rate and the member rate.
Cost of living adjustment	Annually compounded increases vary based on member age and date of retirement and range from 2.00% to 6.00%
Post-retirement mortality	RP-2000 Combined Mortality Table projected 19 years

4. Pension and Other Post Retirement Plans (Continued)

Changes in Assumptions – In 2011, rates of withdrawal, retirement and assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience. These assumptions were recommended as part of the Experience Study for the System for the five year period ended June 30, 2010.

Target Asset Allocation and Rates of Return – The long-term expected rate of return on plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return are developed for each major asset class. The table below shows the target asset allocation and most recent best estimates of arithmetic real rates of return for each major asset class are to be provided by the Fiduciary of the Plan:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Large Cap U.S. Equities	21.00%	7.30%
Developed Non-U.S. Equities	18.00%	7.50%
Emerging Markets (Non-U.S.)	9.00%	8.60%
Core Fixed Income	7.00%	1.70%
Inflation Linked Bond Fund	3.00%	1.30%
Emerging Market Bond	5.00%	4.80%
High Yield Bonds	5.00%	3.70%
Real Estate	7.00%	5.90%
Private Equity	11.00%	10.90%
Alternative Investements	8.00%	0.70%
Liquidity Fund	6.00%	0.40%

Town's Proportionate Share of the Collective Net Pension Liability

Employer Net Pension Liability	$	-
Nonemployer Contributing Entity (State) Net Pension Liability		8,205,604
Net Pension Liability	$	8,205,604
Net Pension Liability percentage of the total		0.080912%
Deferred inflows of resources		
Net difference projected and actual earnings on investments	$	674,280
Pension expense	$	615,655
Proportion Basis		Employee contributions
Change in proportion since prior measurement date		None for 2015

Other amounts reported at deferred inflows of resources will be recognized in pension expense by the State as follows:

4. Pension and Other Post Retirement Plans (Continued)

2015	$	168,570
2016		168,570
2017		168,570
2018		168,570
	$	674,280

Sensitivity Analysis – Although this is paid by the State of Connecticut and not a liability of the Town, the following presents the net pension liability of the Town's proportionate share of the plan (paid by the State), calculated using the current discount rate, as well as what the Town's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher:

	1% Decrease 7.50%	Current Discount Rate 8.50%	1% Increase 9.50%
Net Pension Liability (Asset)	$ 10,471,572	$ 8,205,604	$ 6,279,555

Support Provided by Nonemployer Contributing Entity (State) – The Town has recognized $615,655 as revenue in support provided by the State of Connecticut's contributions to the plan on behalf of the Town's employees.

Obtaining a Report of the Plan – Teachers' Retirement System is considered to be a part of the State of Connecticut's financial reporting entity and is included in the State's financial reports as a pension trust fund. The reports include information on the plan's assets, deferred outflows of resource, liabilities, deferred inflows of resources, and fiduciary net position. The stand-alone financial report may be obtained through the Teachers' Retirement Board at www.ct.gov/trb.

B. Other Post-Employment Benefits ("OPEB")

From an accrual accounting perspective, the cost of post-employment health care benefits, like the cost of pension benefits, generally should be associated with the periods in which the cost occurs, rather than in the future year when it will be paid. The Town recognizes the cost of post-employment healthcare in the year when the employee services are received, reports the accumulated liability from prior years, and provides information useful in assessing potential demands on the Town's future cash flows. The liability accumulated from the years prior to adopting this accounting procedure will be phased in over 30 years.

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.

4. Pension and Other Post Retirement Plans (Continued)

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, 2015	$ 1,838,459
Assets at Market Value	-
Unfunded Actuarial Accrued Liability ("UAAL")	$ 1,838,459
Funded Ratio	0.00%
Covered Payroll (Active plan members)	$ 2,663,155
UAAL as a Percentage of Covered Payroll	69.03%
Annual Required Contribution	$ 182,513
Interest on Net OPEB Obligation	35,198
Adjustment to Annual Required Contribution	(32,368)
Annual OPEB Cost	185,343
Contributions made	(25,338)
Increase in Net OPEB Obligation	160,005
Net OPEB Obligation - Beginning of the year	782,169
	$ 942,174

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.

4. Pension and Other Post Retirement Plans (Continued)

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.

Other actuarial methods and significant assumptions are summarized as follows:

Latest Actuarial Date	June 30, 2015
Actuarial Cost Method	Entry Age
Discount Rate	4.50%
Payroll Growth Rate	3.00%
Medical Inflation	Initial rate of 8% grading down to an ultimate inflation rate of 4.7% in 2025 and later.
Amortization Method	Level percentage of 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.

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, 2015	$ 185,343	$ 25,338	13.7%	$ 942,174
June 30, 2014	$ 162,371	$ 32,780	20.2%	$ 782,169
June 30, 2013	$ 140,663	$ 32,388	23.0%	$ 652,578

Funding Progress

As of the last valuation date, June 30, 2015, the actuarial valuation of the plan assets was $0. The actuarial accrued liability was $1,838,459. 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.

5. Other Information

A. Litigation

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

B. Contingencies

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

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

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

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, 2015 the Town paid $2,359,491 in regular education tuition and $587,866 in special education tuition to the Town of East Lyme.

5. Other Information (Continued)

The Town also paid $28,548 to the Town of East Lyme which was the underpayment for the year ending June 30, 2014. 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, 2015 is an estimated underpayment of $132,841 which will be added to the 2015-2016 tuition payments. The estimated reconciliation for the year ended June 30, 2014 was an underpayment of $28,548 which will be added to the 2014-15 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 Town of East Lyme a per student fee. In this fiscal year, the per student fee was $68.50 and the Town had approximately 230 students. The final costs are calculated after the end of the year and are billed, or refunded, in the subsequent year. This is included in the reconciliation of costs for tuition.

Annual Flat Facilities Charge - The Town will pay the Town of East Lyme a flat facilities expansion and improvement charge for 20 years. This charge is equal to 20% of the non-reimbursed construction related costs. It is payable in two equal semi-annual installments. The amount paid to the Town of East Lyme for the year ended June 30, 2015 was $86,705.

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, 2015 was $8,094.

F. Motor Vehicle Tax Cap

Beginning in fiscal year 2017, the State of Connecticut Office of Policy and Management ("OPM") capped the mill rate for motor vehicle taxes. The motor vehicle mill rate cap for fiscal year 2017 will be 32 mills. The rate cap in fiscal year 2018 and thereafter will be 29.36 mills.

G. Municipal Spending Cap

Beginning in fiscal year 2018, OPM will impose a cap on municipal spending to limit general budget expenditures to 2.5 percent above the previous year or the rate of inflation, whichever is greater. Exemptions to the cap include debt service, special education expenditures, expenditures for implementing court orders, arbitration awards, expenditures related to major disaster or emergency declaration, and MRSA grant distributed to a special taxing district under certain circumstances.

5. Other Information (Continued)

Effective July 1, 2015, the Minimum Budget Requirement ("MBR") for education expenditures imposed by OPM will become more flexible. The new law gives the Town a greater ability to lower their MBR by allowing for larger reductions for declining enrollment, raising the cap on how much a town can reduce its MBR, and removing the limit on how many ways a town can qualify for MBR flexibility.

H. 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 72 – *Fair Value Measurement and Application* – This statement, addresses accounting and financial reporting issues related to fair value measurements. The definition of *fair value* is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This statement provides guidance for determining a fair value measurement for financial reporting purposes. This statement is effective for fiscal years beginning after June 15, 2015.

- GASB Statement 73 – *Accounting and Financial Reporting for Pensions and Related Assets that are not within the Scope of GASB 68* – This Statement establishes requirements for defined benefit and contribution pensions that are not within the scope of Statement No. 68 as well as for the assets accumulated for purposes of providing those pensions. This is effective for fiscal years beginning after June 15, 2016.

- GASB Statement 74 – *Financial Reporting for Postemployment Benefit Plans Other than Pensions* – This Statement establishes new accounting and financial reporting requirements for governments whose employees are provided with Other Post-Employment Benefits (OPEB), as well as for certain non-employer governments that have a legal obligation to provide financial support for OPEB provided to the employees of other entities. This is effective for fiscal years beginning after June 15, 2016.

- GASB Statement 75 – *Accounting and Financial Reporting for Postemployment Benefits (OPEB) Other than Pensions* – This Statement establishes standards of accounting and financial reporting for defined benefit OPEB and defined contribution OPEB that are provided to the employees of state and local governmental employers through OPEB plans that are administered through trusts or equivalent arrangements (hereafter jointly referred to as trusts) and applies to all governments whose employees are provided with OPEB. The requirements of this Statement are effective for fiscal years beginning after June 15, 2017.

- GASB Statement 76 – *The Hierarchy of Generally Accepted Accounting Principles (GAAP) for State and Local Governments* – This statement identifies the current hierarchy of GAAP. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2015.

5. Other Information (Continued)

- GASB Statement 77 – *Tax Abatement Disclosures* – This Statement requires governments to disclose information about their tax abatements and agreements and is effective for periods beginning after December 15, 2015.

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Town of Salem, Connecticut

Required Supplementary Information
June 30, 2015

Town of Salem, Connecticut

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

	Budgeted Amounts				
	Original	Additional Appropriations and Transfers	Final	Actual Budgetary Basis	Variance with Final Budget
REVENUES					
Property Tax Revenues					
Property taxes	$10,866,648	$ -	$ 10,866,648	$10,962,080	$ 95,432
Prior year tax collections	170,000	-	170,000	145,893	(24,107)
Supplemental motor vehicle tax collections	65,000	-	65,000	137,283	72,283
Interest on property taxes	65,000	-	65,000	87,857	22,857
Interest on supplemental motor vehicles	2,200	-	2,200	6,017	3,817
Liens on property taxes	1,200	-	1,200	1,368	168
	11,170,048	-	11,170,048	11,340,498	170,450
Intergovernmental Revenues					
State/Federal Grants for Education					
Education equalization	3,114,216	-	3,114,216	3,143,786	29,570
Transportation	34,013	-	34,013	36,006	1,993
Adult education	3,161	-	3,161	3,218	57
	3,151,390	-	3,151,390	3,183,010	31,620
Other State/Federal Grants					
Town Aid Road (TAR) and Transfer in	193,327	-	193,327	193,620	293
State property in lieu of taxes	58,702	-	58,702	71,139	12,437
Local capital improvement	33,947	-	33,947	-	(33,947)
Mashantucket Pequot grant	18,351	-	18,351	21,968	3,617
Tax relief for the elderly	18,000	-	18,000	15,261	(2,739)
Telephone access line	12,000	-	12,000	10,540	(1,460)
Civil preparedness	3,000	-	3,000	1,347	(1,653)
Library state aid and connecticard grants	2,400	-	2,400	3,692	1,292
Veterans' tax relief	2,000	-	2,000	1,645	(355)
Tax relief for the disabled	200	-	200	159	(41)
Office of policy and management grant	4,419	-	4,419	4,419	-
Miscellaneous	1,000	-	1,000	1,041	41
	347,346	-	347,346	324,831	(22,515)
Total Intergovernmental Revenues	3,498,736	-	3,498,736	3,507,841	9,105
Revenue from the Use of Town Money					
General Fund	6,000	-	6,000	7,140	1,140
Other Funds	60	-	60	99	39
Premium on Bonds	-	-	-	166,018	166,018
	6,060	-	6,060	173,257	167,197

(Continued)

Town of Salem, Connecticut

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

	Budgeted Amounts				
	Original	Additional Appropriations and Transfers	Final	Actual Budgetary Basis	Variance with Final Budget
Charges for Services					
Licenses and Permits					
Garbage bag revenue	40,000	-	40,000	38,282	(1,718)
Conveyance tax	30,000	-	30,000	66,353	36,353
Building permits	30,000	-	30,000	45,751	15,751
Tipping and hauling fees	17,500	-	17,500	5,545	(11,955)
Landfill fees - bulky waste	8,000	-	8,000	7,672	(328)
Heating	5,000	-	5,000	7,272	2,272
Electrical	2,800	-	2,800	7,199	4,399
Plumbing	2,000	-	2,000	2,471	471
Zoning compliance	1,200	-	1,200	2,155	955
Miscellaneous permits and fees	1,400	-	1,400	1,690	290
Septic	800	-	800	-	(800)
Pistol permits/sport licenses	1,500	-	1,500	2,800	1,300
Wells	300	-	300	-	(300)
Town engineering fees	175	-	175	-	(175)
Warrant fees	65	-	65	-	(65)
	140,740	-	140,740	187,190	46,450
Charges for Current Services					
Recording fees	25,000	-	25,000	14,586	(10,414)
Sale of copies	6,000	-	6,000	4,888	(1,112)
Planning and zoning commission fees	1,500	-	1,500	2,307	807
CFC evacuation fees	1,500	-	1,500	15	(1,485)
Sale of maps	700	-	700	385	(315)
Inland/wetland commission fees	500	-	500	100	(400)
Zoning board of appeals fees	500	-	500	400	(100)
Sale of zoning regulations	100	-	100	-	(100)
Farmland preservation	-	-	-	2,619	2,619
Electronic Registration Fees	-	-	-	3,662	3,662
	35,800	-	35,800	28,962	(6,838)
Miscellaneous					
Recreation fee based activity	20,000	-	20,000	11,604	(8,396)
Library fees/fines	16,204	-	16,204	14,374	(1,830)
Miscellaneous	5,000	-	5,000	6,481	1,481
Insurance claims and refunds	-	-	-	6,002	6,002
Use of recreation fields	3,000	-	3,000	1,732	(1,268)
Leases	1	-	1	1	-
Pavilion Rental	1,000	-	1,000	3,328	2,328
	45,205	-	45,205	43,522	(1,683)
Total charges for services	221,745	-	221,745	259,674	37,929
Total revenues	14,896,589	-	14,896,589	15,281,270	384,681

(Continued)

Town of Salem, Connecticut

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

	Budgeted Amounts				
	Original	Additional Appropriations and Transfers	Final	Actual Budgetary Basis	Variance with Final Budget
EXPENDITURES					
General Government					
Selectman's department	57,521	-	57,521	53,796	3,725
Salaries	1,079,538	12,000	1,091,538	1,058,914	32,624
Building official, sanitarian	2,636	-	2,636	2,563	73
Town clerk	15,100	-	15,100	14,522	578
Treasurer, auditor, board of finance	38,075	-	38,075	28,011	10,064
Assessor	13,105	-	13,105	13,047	58
Tax collector	6,780	-	6,780	6,774	6
Registrar	11,750	-	11,750	10,578	1,172
Town counsel	20,000	19,000	39,000	32,626	6,374
Town office operations	101,880	-	101,880	101,880	-
Municipal building maintenance	46,590	-	46,590	46,469	121
Employee benefits	393,584	(12,000)	381,584	284,291	97,293
Utilities	183,760	-	183,760	151,870	31,890
Town services	80,875	-	80,875	75,209	5,666
Regional services	13,045	-	13,045	9,724	3,321
Library	29,917	-	29,917	29,917	-
Security	218,600	12,000	230,600	230,370	230
Gardner lake fire department	73,745	11,954	85,699	85,675	24
Salem fire department	84,256	8,000	92,256	92,192	64
Ambulance	41,565	-	41,565	40,770	795
Public safety	73,150	-	73,150	72,055	1,095
Public works	245,500	28,000	273,500	272,668	832
Transfer station	169,824	-	169,824	169,709	115
Economic development	2,500	-	2,500	1,270	1,230
Inland wetlands, conservation commissio	3,500	-	3,500	1,917	1,583
Planning and zoning commission	30,000	-	30,000	17,847	12,153
Zoning board of appeals	800	-	800	240	560
Recreation commission	52,900	-	52,900	34,707	18,193
Municipal insurance	102,000	-	102,000	82,898	19,102
Unanticipated expenses	1,000	-	1,000	1,000	-
Interest payments	145,740	-	145,740	168,972	(23,232) *
Principal payable	271,966	-	271,966	271,965	1
Open Space Land Acquisition	2	-	2	-	2
	3,611,204	78,954	3,690,158	3,464,446	225,712
Education	10,500,000	-	10,500,000	10,348,792	151,208
Capital expenditures	785,385	17,165	802,550	802,550	-
Total expenditures	14,896,589	96,119	14,992,708	14,615,788	376,920
Excess (deficiency) of revenues over expenditures	$ -	$ (96,119)	$ (96,119)	665,482	$ 761,601

(Continued)

See Independent Auditors' Report

Town of Salem, Connecticut

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

	Budgeted Amounts				
	Original	Additional Appropriations and Transfers	Final	Actual Budgetary Basis	Variance with Final Budget
Adjustments to Generally Accepted Accounting Principles (GAAP):					
Reconciling payments with East Lyme High School				(68,321)	
On behalf revenues from teacher's retirement netted in budget				615,655	
On behalf expenditures from teacher's retirement netted in budget				(615,655)	
Loan proceeds				42,100	
Equipment purchased with loan proceeds				(42,100)	
Revenues from Excess Cost Grant				454,211	
Expenditures from Excess Cost Grant				(454,211)	
Expenditures from Town Clerk reserved money				(2,643)	
Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses) - GAAP basis				$ 594,518	

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.

* Expenditure is over budget by the amount indicated

Town of Salem, Connecticut

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

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
6/30/2015	$ -	$ 1,838,459	$ (1,838,459)	0.00%	$ 2,663,155	-69.03%
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%

See Independent Auditors' Report

Town of Salem, Connecticut

Required Supplementary Information - Schedule of Employer Contributions
Other Post Employment Benefits Trust Fund
Last six fiscal years

Fiscal Year Ended	Annual Required Contribution	Actual Contribution	Percentage Contributed
6/30/2015	$ 182,513	$ 25,338	13.88%
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%

See Independent Auditors' Report

Town of Salem, Connecticut

Required Supplementary Information
Connecticut Teachers Retirement System
June 30, 2015

Schedule of Changes in Net Pension Liability and Related Ratios
Last 10 Fiscal Years or Since Inception of GASB 68

	2015
Employer percentage of collective net pension liability	0.080912%
Employer proportionate share of the collective net pension liability	$ -
State's proportionate share of the collective net pension liability associated with the Town	$ 8,205,604
Total proportionate share of the collective net pension liability	$ 8,205,604
Employer covered payroll	$ 3,101,490
Employer proportionate share of the collective net pension liability as a % of covered payroll	0.00%
Plan fiduciary net position as a % of total pension liability	61.51%

Schedule of Employer Contributions
Last 10 Fiscal Years or Since Inception of GASB 68

Contractually required Town contribution	$ -

The Town is not required to contribute to the plan. The State contributes on behalf of the Town.

Notes to Schedule

Changes in benefit term	None
Changes in assumptions	In 2011, rates of withdrawal, retirement and assumed rates of salary increase were adjusted as recommended by the Experience Study for the System.
Actuarial cost method	Entry Age
Amortization method	Level percent of salary, closed
Remaining amortization period	22.4 years
Asset valuation method	4 year smoothed market
Investement rate of return	8.5% net of investment expense, including inflation

See Independent Auditors' Report

Town of Salem, Connecticut

Combining and Individual Fund Financial Statements
June 30, 2015

Town of Salem, Connecticut

Combining Balance Sheet
Other Governmental Funds
June 30, 2015

	Special Revenue Funds	Capital Projects Funds	Permanent Fund: Memorial & Cemetery	Total Other Governmental Funds
ASSETS				
Cash and equivalents	$ 419,285	$ 35,402	$ 843	$ 455,530
Investments	32,903	-	14,532	47,435
Other receivables				
Accounts	30,976	-	-	30,976
Intergovernmental	5,982	-	-	5,982
Due from other funds	83,215	-	-	83,215
Other	48,663	-	-	48,663
Prepaid expenditures	100	-	-	100
Total Assets	$ 621,124	$ 35,402	$ 15,375	$ 671,901
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	$ 10,054	$ -	$ -	$ 10,054
Due to other funds	452,195	34,000	-	486,195
Unearned revenues - performance	282	-	-	282
Total Liabilities	462,531	34,000	-	496,531
Fund Balances				
Nonspendable	100	-	1,997	2,097
Restricted	72,008	-	-	72,008
Assigned	86,485	1,402	13,378	101,265
Total Fund Balances	158,593	1,402	15,375	175,370
Total Liabilities and Fund Balances	$ 621,124	$ 35,402	$ 15,375	$ 671,901

See Independent Auditors' Report

Town of Salem, Connecticut

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Other Governmental Funds
Year Ended June 30, 2015

	Special Revenue Funds	Capital Projects Funds	Permanent Fund: Memorial & Cemetery	Total Other Governmenta l Funds
REVENUES				
State grants for specified purpose	$ 39,516	$ -	$ -	$ 39,516
State grants for education	214,299	-	-	214,299
Licenses and permits	4,962	-	-	4,962
Charges for current services	87,818	-	-	87,818
Miscellaneous revenue	126,106	-	-	126,106
Income from investments	254	4	263	521
Total revenues	472,955	4	263	473,222
EXPENDITURES				
Current				
General government	164,306	-	-	164,306
Education	294,940	-	-	294,940
Total expenditures	459,246	-	-	459,246
Excess of Revenues Over Expenditures	13,709	4	263	13,976
OTHER FINANCING SOURCES				
Transfers in	-	-	6	6
Net Change in Fund Balance	13,709	4	269	13,982
Fund Balances - Beginning of Year	144,884	1,398	15,106	161,388
Fund Balances - End of Year	$ 158,593	$ 1,402	$ 15,375	$ 175,370

See Independent Auditors' Report

Town of Salem, Connecticut

Combining Balance Sheet
Special Revenue Funds
June 30, 2015

	Grant Fund	Senior Citizens Fund	Dog Fund	School Cafeteria Fund	Community Foundation Grant Fund	Needy Fund	Education Grants Fund	Small Cities Grant Fund	Total Special Revenue Funds
ASSETS									
Cash and equivalents	$ 183,651	$ -	$ 7,870	$ 7,199	$ -	$ 5,208	$215,352	$ 5	$ 419,285
Investments	-	30,701	-	-	-	2,202	-	-	32,903
Other receivables									
Accounts	-	-	-	-	-	-	30,976	-	30,976
Intergovernmental	-	-	-	5,982	-	-	-	-	5,982
Due from other funds	40,007	-	-	-	2,627	-	40,581	-	83,215
Other	48,663	-	-	-	-	-	-	-	48,663
Prepaid expenditures	-	-	-	-	-	100	-	-	100
Total Assets	$ 272,321	$ 30,701	$ 7,870	$ 13,181	$ 2,627	$ 7,510	$286,909	$ 5	$ 621,124
LIABILITIES AND FUND BALANCES									
Liabilities									
Accounts payable	$ -	$ -	$ 2,595	$ 7,454	$ -	$ -	$ -	$ 5	$ 10,054
Due to other funds	176,453	-	-	-	-	-	275,742	-	452,195
Unearned revenues - performance	-	-	-	-	-	-	282	-	282
Total Liabilities	176,453	-	2,595	7,454	-	-	276,024	5	462,531
Fund Balances									
Nonspendable	-	-	-	-	-	100	-	-	100
Restricted	20,385	30,701	-	-	2,627	7,410	10,885	-	72,008
Assigned	75,483	-	5,275	5,727	-	-	-	-	86,485
Total Fund Balances	95,868	30,701	5,275	5,727	2,627	7,510	10,885	-	158,593
Total Liabilities and Fund Balances	$ 272,321	$ 30,701	$ 7,870	$ 13,181	$ 2,627	$ 7,510	$286,909	$ 5	$ 621,124

See Independent Auditors' Report

Town of Salem, Connecticut

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Special Revenue Funds
Year Ended June 30, 2015

	Grant Fund	Senior Citizens Fund	Dog Fund	School Cafeteria Fund	Community Foundation Grant Fund	Needy Fund	Education Grants Fund	Small Cities Grant Fund	Total Special Revenue Funds
REVENUES									
State grants for specified purpose	$ 24,392	$ -	$ -	$ -	$ 1,066	$ -	$ -	$14,058	$ 39,516
State grants for education	-	-	-	38,465	-	-	175,834	-	214,299
Licenses and permits	-	-	4,962	-	-	-	-	-	4,962
Charges for current services	-	-	-	56,439	-	-	31,379	-	87,818
Miscellaneous revenue	123,663	-	-	-	-	1,120	1,323	-	126,106
Income from investments	-	199	-	-	-	55	-	-	254
Total Revenues	148,055	199	4,962	94,904	1,066	1,175	208,536	14,058	472,955
EXPENDITURES									
Current									
General government	143,520	-	4,931	-	1,003	794	-	14,058	164,306
Education	-	-	-	96,704	-	-	198,236	-	294,940
Total Expenditures	143,520	-	4,931	96,704	1,003	794	198,236	14,058	459,246
Excess (Deficiency) of Revenues Over Expenditures	4,535	199	31	(1,800)	63	381	10,300	-	13,709
Fund Balances - Beginning of Year	91,333	30,502	5,244	7,527	2,564	7,129	585	-	144,884
Fund Balances - End of Year	$ 95,868	$30,701	$5,275	$ 5,727	$ 2,627	$7,510	$ 10,885	$ -	$158,593

See Independent Auditors' Report

Town of Salem, Connecticut

Combining Balance Sheet
Capital Projects Funds
June 30, 2015

	Land Acquisition Fund	Open Space Land Acquisition Fund	Total Capital Projects Funds
ASSETS			
Cash and equivalents	$ 14,828	$ 20,574	$ 35,402
LIABILITIES AND FUND BALANCES			
Liabilities			
Due to other funds	$ 14,000	$ 20,000	$ 34,000
Fund balances			
Assigned	828	574	1,402
Total Liabilities and Fund Balances	$ 14,828	$ 20,574	$ 35,402

See Independent Auditors' Report

Town of Salem, Connecticut

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Capital Projects Funds
Year Ended June 30, 2015

	Land Acquisition Fund	Open Space Land Acquisition Fund	Total Capital Projects Funds
REVENUES			
Income from investments	$ 2	$ 2	$ 4
Net Change in Fund Balances	2	2	4
Fund Balances - Beginning of Year	826	572	1,398
Fund Balances - End of Year	$ 828	$ 574	$ 1,402

See Independent Auditors' Report

Town of Salem, Connecticut

Combining Statement of Net Assets
Agency Funds
Year Ended June 30, 2015

	Balance Beginning	Additions	Deductions	Balance Ending
Student Activity Fund				
ASSETS				
Cash	$ 21,877	$ 37,370	$ (39,248)	$ 19,999
LIABILITIES				
Due to others	$ 21,877	$ 37,370	$ (39,248)	$ 19,999

See Independent Auditors' Report

Town of Salem, Connecticut

Supplementary Schedules
June 30, 2015

Town of Salem, Connecticut

Report of the Property Tax Collector
Year Ended June 30, 2015

Grand List Year	Beginning Receivable Balance	Current Year Levy	Lawful Corrections		Net Taxes Collectible	Collections During the Year					Transfer to Suspense	Refunds Issued	Net Ending Receivable Balance
			Additions	Deductions		Taxes	Interest	Fees	Liens	Total			
2013	$ -	$14,005,639	$21,390	$2,727,977	$11,299,052	$11,129,352	$45,089	$132	$6	$11,174,447	$9,591	$14,953	$ 175,062
2012	243,536	-	1,070	24,318	220,288	139,761	27,586	18	960	168,307	3,868	1,988	78,647
2011	73,056	-	324	20,476	52,904	14,721	11,228	12	264	26,213	5,419	1,615	34,379
2010	28,068	-	-	304	27,764	9,509	4,769	-	120	14,398	1,753	171	16,673
2009	13,643	-	-	50	13,593	2,360	1,911	6	24	4,295	1,396	-	9,837
2008	3,796	-	-	48	3,748	987	882	6	-	1,869	978	-	1,783
2007	3,747	-	-	47	3,700	173	77	-	-	250	842	-	2,685
2006	1,821	-	-	-	1,821	-	-	-	-	-	84	-	1,737
2005	2,537	-	-	-	2,537	-	-	-	-	-	632	-	1,905
2004	1,002	-	-	-	1,002	-	-	-	-	-	559	-	443
2003	185	-	-	-	185	-	-	-	-	-	136	-	49
2002	150	-	-	-	150	-	-	-	-	-	150	-	-
2001	117	-	-	-	117	-	-	-	-	-	117	-	-
	$ 371,658	$ 14,005,639	$ 22,784	$ 2,773,220	$ 11,626,861	$ 11,296,863	$ 91,542	$ 174	$ 1,374	$ 11,389,779	$ 25,525	$ 18,727	$ 323,200

Overpayments	16,030
Interest and liens receivabl	97,098
Allowance for doubtful account	(93,356)
Taxes receivable, ne	$ 342,972

See Independent Auditors' Report

Town of Salem, Connecticut Schedule 2

Statement of Changes in Fund Balance by Project - Capital Non-Recurring Fund
Year Ended June 30, 2015

	Beginning Balance	Transfers In	Internal Transfers	Additions (Revenues)	Reductions (Expenditures)	Ending Balance
Committed:						
Salem Fire Co						
Gear & hose	$ -	$ 10,065	$ -	$ -	$ (7,298)	$ 2,767
Phone system	-	5,200	-	-	(5,200)	-
Fire fighting gear	3	-	(3)	-	-	-
SCBA	46,578	-	-	-	(2,752)	43,826
Kitchen	(322)	-	322	-	-	-
	46,259	15,265	319	-	(15,250)	46,593
Gardner Firehouse Projects						
Gear & hose	-	33,550	-	-	(23,774)	9,776
Parking lot	42,991	-	-	-	(4,934)	38,057
	42,991	33,550	-	-	(28,708)	47,833
General Government						
Building boiler	-	25,000	-	-	(24,990)	10
Town hall wiring	-	17,165	-	-	(11,200)	5,965
Town center roof	1,278	-	-	-	-	1,278
Parking lot rehabilitation	9,035	-	-	-	-	9,035
Alarm/monitoring system	10,630	-	-	-	(750)	9,880
Heating/cooling system	3,522	-	-	-	-	3,522
	24,465	42,165	-	-	(36,940)	29,690
Public Works						
Intern. snow/plow truck	-	58,000	-	-	-	58,000
13/14 Highway rehabilitation	304,562	-	-	-	(304,562)	-
14/15 Highway rehabilitation	-	370,000	-	-	(146,716)	223,284
Used sweeper	4,781	-	-	-	-	4,781
Tow behind mower	4,153	-	-	-	-	4,153
	313,496	428,000	-	-	(451,278)	290,218

(Continued)

See Independent Auditors' Report

Town of Salem, Connecticut Schedule 2

Statement of Changes in Fund Balance by Project - Capital Non-Recurring Fund
Year Ended June 30, 2015

	Beginning Balance	Transfers In	Internal Transfers	Additions (Revenues)	Reductions (Expenditures)	Ending Balance
Sanitation and Landfill						
Transfer station compactor	$ 991	$ -	$ -	$ -	$ -	$ 991
Oil/water area upgrade	16,048	-	-	-	(15,470)	578
	17,039	-	-	-	(15,470)	1,569
Recreation Commission						
Playground - Round Hill Road	-	45,000	-	-	-	45,000
Round Hill Road lighting	-	20,000	-	-	(10,724)	9,276
Hill Rd Parkng Lot upgrades	19,392	(16,005)	-	-	-	3,387
Replace press box	1,206	-	-	-	(457)	749
Multi-Purpose Path	5,789	-	-	-	(237)	5,552
Forsyth Road upper parking lot	1,940	16,005	-	-	(17,945)	-
	28,327	65,000	-	-	(29,363)	63,964
Building Committee	13,806	-	-	-	-	13,806
Education						
Air tank coating	-	9,100	-	-	-	9,100
Clock/spreader system	-	9,470	-	-	(2,841)	6,629
Security upgrade	-	200,000	-	-	(68,170)	131,830
School Tile Replacement	29,933	-	-	-	(4,791)	25,142
Upgrade track/athletic field	5,296	-	-	-	(52)	5,244
Bathroom repairs	(125)	-	125	-	-	-
Garden snow tractor	99	-	-	-	-	99
Scrubber	1,424	-	-	-	-	1,424
Technology plan	494,856	-	-	-	(438,939)	55,917
Battery burnisher	1,237	-	-	-	-	1,237
	532,720	218,570	125	-	(514,793)	236,622
Total Committed Fund Balance	**1,019,103**	**802,550**	**444**	**-**	**(1,091,802)**	**730,295**
Assigned Fund Balance	307,916	-	(444)	53	-	307,525
Total Fund Balance	**$ 1,327,019**	**$ 802,550**	**$ -**	**$ 53**	**$ (1,091,802)**	**$ 1,037,820**

See Independent Auditors' Report

Town of Salem, Connecticut

Internal Control and Compliance Reports
June 30, 2015

O'CONNOR DAVIES

PKF

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*

Independent Auditors' Report

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, 2015, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements and have issued our report thereon dated December 11, 2015.

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.

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.

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

December 11, 2015

Town of Salem, Connecticut

State Single Audit
June 30, 2015

O'CONNOR DAVIES

PKF

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, 2015. 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.

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Opinion on Each Major State Program

In our opinion, the Town complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2015.

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, 2015, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements. We have issued our report thereon dated December 11, 2015, 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 Unites 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

December 11, 2015

Town of Salem, Connecticut

Schedule of Expenditures of State Financial Assistance
Year Ended June 30, 2015

State Grantor Pass-Through Grantor Program Title	State Grant Program Core-CT Number	Expenditures
Connecticut State Library		
Grants to Public Libraries	11000-CSL66051-17003	$ 2,316
Connecticard Payments	11000-CSL66051-17010	1,376
Historic Documents Preservation Grants	12060-CSL66094-35150	5,000
Department of Energy and Environmental Protection		
Small Town Economic Assistance Program (DEP)	12052-DEP43153-40531	4,500
Department of Transportation		
Town Aid Road Grants Transportation Fund	12052-DOT57131-43455	193,620
Funds Awaiting Distribution	34003-DOT57331-42350	835
Department of Justice		
Non-Budgeted Operating Appropropriation	34001-JUD95162-40001	1,040
Office of Policy and Management		
Reimbursement to Towns - Tax Loss on State Owned Property	11000-OPM20600-17004	71,139
Reimbursement of Property Tax - Disability Exemption	11000-OPM20600-17011	159
Property Tax Relief for Elderly Circuit Breaker	11000-OPM20600-17018	15,261
Property Tax Relief for Veterans	11000-OPM20600-17024	1,645
Municipal Grants in Aid	12052-OPM20600-43587	4,419
Department of Education		
Development of Mastery Exams, Grades 4, 6 and 8	11000-SDE64370-12171	10,000
Child Nutrition State Match	11000-SDE64370-16211	1,108
Health Foods Initiative	11000-SDE64370-16212	2,273
Adult Education	11000-SDE64370-17030	3,218
School Breakfast Program	11000-SDE64370-17046	3,016
Total State Financial Assistance before Exempt Programs		320,925
EXEMPT PROGRAMS		
Department of Education		
Education Cost Sharing	11000-SDE64370-17041	3,143,786
Public School Transportation	11000-SDE64370-17027	36,006
Special Education - Excess Cost - Student Based	11000-SDE64370-17047	454,211
Office of Policy and Management		
Mashantucket Pequot and Mohegan Fund Grant	12009-OPM20600-17005	21,968
Total exempt programs		3,655,971
Total State Financial Assistance		$ 3,976,896

The accompanying notes are an integral part of this schedule

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, 2015. 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

Schedule of Findings and Questioned Costs
Year Ended June 30, 2015

Section 1 - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued	unmodified			
Internal control over financial reporting				
• Material weakness(es) identified?	___	yes	X	no
• Significant deficiency(ies) identified?	___	yes	X	none reported
• Noncompliance material to financial statements noted	___	yes	X	no

State Financial Assistance

Internal control over major programs				
• Material weakness(es) identified?	___	yes	X	no
• Significant deficiency(ies) identified?	___	yes	X	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	X	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	12052-DOT57131-43455	$193,620

Dollar threshold used to distinguish between type A and type B programs: $100,000

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 15th Day June 1819 the third Tuesday

Warning

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

Mumford Dolbeare, Moderator

Dated at Salem this
28th Day of May 1819

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

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

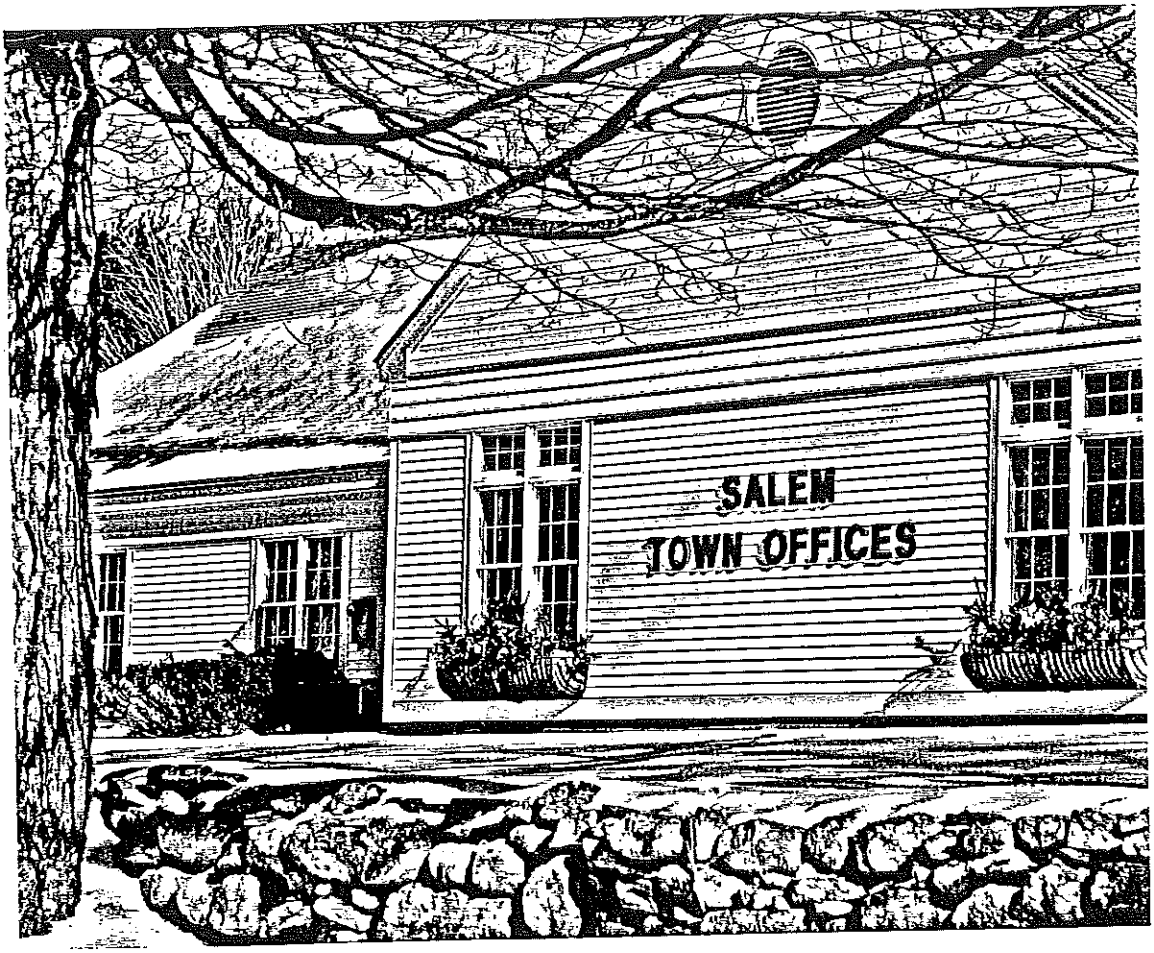
Voted that John Billings be Treasurer
Voted that Mark Dodge be Head Constable

Voted Amasa Rathbun
Charles Tiffany ***Constables***
And Avery Morgan

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.

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


SALEM
TOWN OFFICES