

2016-  
2017

ANNUAL REPORT OF THE  
TOWN OF SALEM,  
CONNECTICUT



2016-2017



## In Dedication to **Robyn McKenney**



Robyn McKenney, her husband Hugh, and their three children moved to Salem in 1995. She very quickly became a leader and contributor to our town, continuing community involvement until her death in 2017. First and foremost, Robyn was an educator, not only as a teacher to her students, but to any group she became involved with. She strove for compromise, but she was not afraid to take a stand on principal or issues she felt strongly about. Technology was her passion, and she was instrumental in the Salem School infrastructure upgrades and embraced teaching technology to young students. Among some of Robyn's many accomplishments include, but are not limited to:

- Member of the Board of Education from 1997 through 2003, most of that time as Chairperson.
- Educator in Salem from 2003 to 2006, which is why she could no longer serve on the Board of Education.
- A founding member of the Salem Mom's Club in 1996.
- Daisy Troop Leader
- Board of Selectman member from 2005 to 2013.
- Long-time member of the Democratic Town Committee and Chairperson.

Robyn was a person with infectious enthusiasm. She brightened the lives of all of us in Salem. She maintained a focus on doing what was right for the people she served. Robyn's motto was, "Take chances, make mistakes, and get messy." By her example, she encouraged those around her to strive to make our town a better place. Salem is honored to dedicate the 2016-2017 Annual Report to Robyn McKenney.

Respectfully submitted,

Janet Griggs





## In Dedication to **George Ziegra**



George Ziegra began more than 40 years of service to the Town of Salem and residents of all ages when he moved his family here in 1977. George immediately began juggling his responsibilities to his wife and three children family, a professional career (39 years at Electric Boat as a Supervisor Engineer), and a wide range of public service.

George's quiet and amazing work ethic has benefited Salem's children, those in need, and helped preserve the wonderful quality of life that makes Salem so dear to so many. George has made Salem a better place to live in.

But George was never content to merely take part. Again and again he stepped up, worked hard, and was a leader. Among his many contributions to Salem are services to the:

- Boy Scouts of America, 43 years: Scoutmaster and District Chairman.
- Salem Lions, 35 years: past Chairman and recipient of both Lions Club International, National and State awards.
- Inland Wetland & Conservation Commission, 31 years: past Chairman.
- Friends of the Salem Library, 12 years: past President, and current Treasurer.
- Salem Historical Society, 10 years: past President.

George Ziegra's dedication and service to Salem is a shining example of what it means to give back to one's community.

Previously named one of Salem's first Unsung Hero Award winners, it should be no surprise that Salem is honored to dedicate the 2016-2017 Annual Report to George Ziegra.

Respectfully submitted,

Marshall Collins



# **ANNUAL REPORT**

**OF THE OFFICERS OF THE**

# **TOWN OF SALEM**



**AND**

**Audit of Town Records  
From July 1, 2016  
to June 30, 2017**



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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, and Finance Office are available during regular hours.

The Tax Collector's Department, located within the Town Office Building, is available during the following office hours:

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

The Tax Collector's Department is open on Monday-Wednesday for the month of January and July from 8:00 AM-5:00 PM and Thursday from 8:00 AM-6:00 PM.

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

Monday-Thursday	8:00 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](http://www.salemct.gov) for the hours of additional departments.

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

Monday-Wednesday	12:00 PM 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
Saturday- (July-August)	10:00 AM to 2:00 PM

Salem operates under a chartered Selectmen-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 2016/2017. 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 2016/2017.

## **Board of Selectmen**

Kevin Lyden, *First Selectman* (2019) – 2 yr. term  
Edward Chmielewski (2017) – 4 yr. term  
Robert Ross (2017) – 4 yr. term  
David Kennedy (2019) – 4 yr. term  
Stuart Gadbois (2019) – 4 yr. term

## **Town Clerk**

Linda Flugrad (2020)

## **Treasurer**

Pamela Henry (2019)

## **Tax Collector**

Cheryl A. Philopena (2019)

## **Board of Finance**

Thomas J. Butcher, *Chairman* (2017)  
George Householder, *Clerk* (2017)  
Marshall Collins (2017)  
Hernan Salas (2019)  
Janet S. Griggs (2021)  
Deborah Cadwell (2021)  
Will Evanson, Alt. (2017)  
John Houchin, Alt. (2017)  
Vacancy

## **Board of Education**

Michael Siebert, *Chair* (2017)  
Mary Ann Pudimat, *Vice-Chairman & Treasurer* (2017)  
Pamela Munro, *Secretary* (2019)

George Jackson (2017)  
Ryan Little (2017)  
Sam Rindell (2019)

Sarah Bernhardson (2017)  
Sean Reith (2017)  
Jennifer D’Aiuto (2021)



### **Planning and Zoning Commission**

Joseph Duncan, *Chairman* (2019)

Vernon Smith (2017)	Eric Wenzel (2017)
John Gadbois (2017)	Jennifer Lindo-Dashnaw (2017)
Ronald LaBonte (2019)	Ruth Savalle (2021)
Jennifer Lindo-Dashnaw (2017)	David Miller, Alt (2017)
Jim Mulholland, Alt (2017)	Alt.

### **Zoning Board of Appeals**

Charlie Dutch, *Chairman* (2021)

Michael Jensen (2017)	Denise Orsini (2017)
Terri Salas (2019)	Ken Bondi (2019)
Emil Casciano, Alt. (2017)	Rebecca Nortz, Alt. (2019)
Michael Flugrad, Alt. (2021)	

### **Library Board of Trustees**

Len Giambra, *Chairman* (2017)

Mary Ann Casciano (2017)	Wendy Ortega (2019)
Caren Jackson (2019)	Robin Jensen (2021)
Susan Butler (2021)	

### **Board of Assessment Appeals**

Robert M. Green, *Chairman* (2017)

Frank Abetti (2017)	Dianne Woronik (2019)
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### **Registrar of Voters**

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

# **APPOINTED TOWN OFFICIALS**

## **Inland Wetlands and Conservation Commission**

Edward Natoli, Jr. (2018), *Chairman*

Sally Snyder (2018)  
Linda S. Wildrick (2020)  
William (Eric) Belt (2023)  
Frank Abetti, Alt (2018)  
Jim Mulholland, Alt (2023)

Gale Balavender (2020)  
Roger Phillips (2023)  
Diba A. Khan-Bureau (2023)  
Kimberly Bradley, Alt (2022)  
Liz Burdick, WEO

## **Civil Preparedness**

Donald W. Bourdeau, Jr. *Director*

John Cunningham  
Christina Martin  
Rick Martin

James Miller  
Charlie Dutch  
Chip Weston

## **Recreation Commission**

Susan Spang, *Chairman* (2021)

Pamela Henry (2017)  
Doug Morrow (2018)  
Crispin Fresco-Hawes (2020)  
David Kennedy (2020)

Alfonso N. Giansanti (2022)  
Robert Appleby (2019)  
Diane Weston (2020)  
Teri Natoli (2021)

## **Economic Development**

Frank Sroka, *Chairman* (2018)

Wendy Mikolinski (2019)  
Elby Burr (2021)  
Adam Scott, Alt. (2022)

Andrew Lightner (2019)  
Paul Robillard (2020)  
James Bee, Alt. (2022)

**Salem Volunteer Fire Police**

Warren Wright, *Captain*

Timothy Dubeau  
Jen Oloski,  
Kevin Walton

Marcella Maiorano  
Kyle Burke  
Mitchell Williams

**Gardner Lake Volunteer Fire Police**

John Atkinson, *Captain*

Lt. Roman Kachorowsky  
Katrina Zickwolf  
Cody Ferraro

John Hirsch  
Ralph Boles

**Southeastern Connecticut Council of Governments**

Kevin Lyden      Robert Ross, *Alt.*

**Salem Green Cemetery**

Catherine Teel, *President*

Monica Lord McIntyre, *Treasurer*

Helen Woronik, *Secretary & Historian*

Pastor Tim Dubeau, *Sexton*

Michael Teel, <i>Asst. Sexton</i>	Evelyn Cunningham
Charlene Clancy	Nancy Dytko
Kathleen Lyden	Gertrude Miller

**Gardner Lake Authority**

Bruce Henry      Robert J. Neddo  
Russell K. Smith

**Southeastern Connecticut Water Advisory Board**

George Jackson      James Fogarty

# PUBLIC OFFICIALS

Administrative Asst. Finance/Personnel	Lisa Jablonski
Administrative Asst. First Selectman	Louise Tyszkiewicz
Agent for the Elderly	Pamela Henry
Animal Control Officer	Christian Swanson
Assessor	Barbara Perry
Assistant Assessor	Michael Kapinos
Assistant to Finance Office	Meliza Jimenez
Assistant Tax Collector	Cindy Noe
Assistant Town Clerk & Registrar of Vital Statistics	Holly Alligood
Administrative Asst./Building Department	Agnes Miyuki
Building Inspector	Vernon Vesey II
Democratic Town Committee Chair	Kristina Len
Deputy Fire Marshal	John Cunningham
Fire Inspector	Jeffrey W. Standish
Fire Marshal & Director of Civil Preparedness	Donald Bourdeau Jr.
Health Director	Uncas Health District
Library Director	Vicky Coffin
Purchasing Agent	Kevin Lyden
Recreation Program Director	Vanessa Bunnell
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
Tree Warden	Donald Bourdeau Jr.
Zoning & Enforcement Officer	Liz Burdick

# TOWN REPORTS

## FIRST SELECTMAN REPORT

The Fiscal Year ending June 30, 2017, has provided our Town with many opportunities for positive change. The Town of Salem continues to be in good financial health.

The combined net position of our Municipal Government increased by \$1,163,044.

Due to strong Fiscal controls and a concerted effort of Fiscal responsibility by all departments, expenditures ended the year at \$210,122 less than was budgeted.

Revenue was \$539,045 more than budgeted due to strong tax collections, and increased grant revenues.

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

Respectfully Submitted,

Kevin Lyden



## **TOWN CLERK REPORT**

The Salem Town Clerk is elected by the voters for a two-year term and serves as both Town Clerk and Registrar of Vital Statistics. Holly Alligood is our part-time Assistant Town Clerk and Assistant Registrar of Vital Statistics. Office hours for the Town Clerk's office are Monday through Wednesday, 8:00 a.m. - 5:00 p.m. and Thursday, 8:00 a.m. - 6:00 p.m. except legal holidays.

The Town Clerk is the custodian of the Town seal and of town records. Connecticut General Statutes and the Town Charter charge the staff with many functions including, but are not limited to recording and maintaining land records, maintaining permanent record books, maintaining trade name certificates, liquor permits and Veterans' Discharge documentation, processing notary appointments and Justices of the Peace certifications and appointments for Town Residents, maintaining and posting Boards' and Commissions' agendas and minutes, 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 by Statute 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 and appointed officials, and other duties.

Elections held during fiscal year 2016-2017 were the Presidential election held November 8, 2016, when 2,384 names, just over 87%, were checked as having voted. We also held our budget referendum on May 10, 2017 when 8% on our registered voters cast votes to approve the budget.

We processed 836 documents on the land records, 7 notary public certificates, 4 liquor permits, 20 business trade name certificates, 20 mylar maps, and 10 Veteran's Discharge papers. \$39,211.16 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 389 dog licenses during the fiscal year and 9 dog kennel licenses.

There were 35 births, 24 marriages, and 21 deaths registered in the Vital Statistics Records of the Town of Salem. 6 marriage licenses were issued. \$1,920 was collected for certified copies of vital records.

We received from the State of Connecticut for the fiscal year 2016-2017 \$4,000 in Historic Documents Preservation Program grant funds along with some Town Clerk funds which we utilized to microfilm and copy onto archival paper almost 50 years of our Board of Finance minutes and placed them in permanent record books.

I would like to give special thanks to Holly Alligood, Assistant Town Clerk and Assistant Registrar of Vital Statistics, for her hard work and dedication this year.

Linda Flugrad, CCTC, Town Clerk

## **Special Town Meeting**

Town Office Building, Room 1  
January 25, 2017

First Selectman K. Lyden called the meeting to order at 6:02 p.m.

Motion to nominate Town Attorney John Butts as moderator of this meeting made by Selectman R. Ross, seconded by Selectman S. Gadbois; motion carried by unanimous verbal vote.

Moderator J. Butts appointed Town Clerk L. Flugrad as clerk of the meeting. L. Flugrad read the notice of tonight's meeting and proof of posting.

Moderator Butts gave a brief explanation that only electors and citizens qualified to vote are the ones who can participate in tonight's meeting and clarified what the meaning of "electors and citizens qualified to vote" entails.

The first order of business is to consider and act on the Ordinance for Massage Parlors in the Town of Salem.

K. Lyden made a motion that the Town Meeting approve and adopt an ordinance relating to massage parlors, as on file at the office of the Town Clerk. The motion was seconded by R. Ross.

K. Lyden gave an overview of the ordinance and why it is needed at this time. The Board of Selectmen reviewed this Ordinance in May, 2016, and it was adopted at that meeting to move to Town meeting. The Town of Salem is very business friendly; we are happy to have professional businesses. Lyden stated businesses that we find that are not professional, we will try to make those categories more professional. The massage parlor that was in town had several police calls; the health director had to close it down for a week; we had a State Police undercover investigation which led to closing it down; there were two arrests and two convictions – one was for prostitution. K. Lyden and the Board of Selectmen do not want that in our Town. The goal of this ordinance is to have professional massage businesses.

K. Lyden continued with highlighting key parts of the Ordinance.

1 – The front door of the business has to be unlocked during business hours. E. Jansen, Woodland Drive, an employee of Physiocare, interjected at this point that sometimes she works alone, so there are times when they do have the door locked during business hours as a safety and for security purposes. K. Lyden stated that we will discuss this further after he finishes highlighting the key parts.

2 – Publishing a menu of services.

3 – Having a register of clients available to the State Police or Health Director. This would not be open for public inspection.

4 – Similar to tattoo parlors, a doctor's note would be required within 30 days of obtaining their license to show that they do not have any communicable diseases.

5 – Fees involved: \$125 for the establishment for the first year; which fee drops to half of that for consecutive years after that. Masseuse/masseur fee is \$25 for the first year; which again drops to half of that for consecutive years. There is also a permit process associated with the ordinance.

K. Lyden then gave opportunity for questions.

A resident asked for clarification of what testing would be required re: page 3 item 7(h): communicable diseases (i.e. bronchitis, STDs) and feels that it is intrusive.

K. Lyden asked for additional input from residents.

J. Butts explained that a Town meeting can modify a proposed ordinance. Re: page 6 Sec. 14(i) locked doors: He suggested including the verbiage “except during documented scheduled appointments.”

E. Burr, Emerald Glen Lane, asked if this was established in the original draft because of what has taken place in the current business; is it used in other towns; and if it is distinctly assigned to massage parlors, could that be noted in this document. K. Lyden stated that this was discussed with the Board of Selectmen and that the planning and zoning attorney has worked with several municipalities. It was then reviewed by our Town Attorney. This is a culmination of that work. K. Lyden stated that this is a rule not a law.

K. Lyden amended his original motion to include the wording “except during documented scheduled appointments.”

R. Ross qualified his second of the motion with concern of how someone might be able to fabricate appointments after the fact. K. Lyden reiterated that there would be a register available only to the State Police and the Public Health Director.

E. Jansen is not sure massage therapists are subject to HIPAA laws. Another resident is of the opinion that if it is by a doctor’s prescription, it does come under HIPAA law.

J. Fogarty, Old New London Rd., expressed concern over who would be responsible for the annual inspections. K. Lyden stated that we have two resident troopers and that this is a State Statute. J. Fogarty would like to see that State Statute reference in the ordinance.

K. Lyden had the Public Health Director review this but will do more research on the HIPAA laws and the client register. K. Lyden is willing to table this Massage Parlor Ordinance till we clarify the HIPAA law issue. He would like J. Fogarty on the review committee.

J. Butts clarified that tabling the Ordinance has to be done by the Town Meeting.

E. Burr made a motion to table the ordinance.

J. Butts stated that a motion to table does not need to be seconded.

R. Ross suggested that before we table it, he would like to, for the record, hear the comments of the residents who came out for tonight’s meeting.

J. Butts proceeded to take constructive criticism of the draft Ordinance.

Criticisms included: concern about having visible cubicle areas; page 3(h) the currency of health certifications; a health care worker stated that she has to have yearly testing for tuberculosis so perhaps that is a place to start; privacy of clients with a registry list, a suggestion was made to compare recreational massage vs therapeutic massage, putting a time limit on the review of the Ordinance. J. Butts stated that a tabled item is tabled to go back to the Board of Selectmen and cannot include a time frame.

A list was circulated giving residents an opportunity to be on this ordinance review committee.

J. Butts asked for all those in favor of tabling adoption of the Massage Parlor Regulation Ordinance, please signify by saying aye. Anybody opposed please say no. There was unanimous verbal approval of ayes. Motion passed.

Item 2: to consider and act upon the sale of Town-owned real estate located at 316 Witch Meadow Road

Cindy Noe, Buckley Road, Assistant Tax Collector made a motion that the Town Meeting approve and authorize the sale of vacant Town-owned real estate property located at 316 Witch Meadow Road, Salem (Assessor’s Parcel 014-



003) to James and Jennifer Labrie for consideration of \$18,500, and authorize Kevin Lyden, First Selectman, on behalf of the Town Of Salem to execute any and all documents required to effect said sale.” Motion seconded by R. Ross.

J. Butts asked for an explanation as to how the Town acquired this property. C. Noe explained that there were back taxes in excess of \$13,000 owed over several years so the Town foreclosed on the property because no payments were being made on it. The Tax Collector’s office is in favor of the sale because as long as it is not on the tax roll, we are not getting any income from the property.

K. Lyden stated that the Board of Selectmen has considered this item. We spent \$4-\$5,000 in legal fees out of the Town government budget. The property was not bid on at the auction. He read the proposal letter from James and Jennifer Labrie, 306 Witch Meadow Road, dated Nov. 2, 2016, making an offer of \$18,500 for the property. This is a higher amount than the bid of \$18,200 made at the foreclosure sale which was later retracted.

J. Butts explained that this has to come to Town Meeting because under the General Statutes prior to our Town Charter and under our Charter since then, although the Board of Selectmen can buy and sell items of personal property, when it comes to real estate - real property - it requires Town Meeting approval.

J. Fogarty stated that as vacant land, the assessor has valued the land at \$57,400. \$18,500 is less than 33% of that. He would like to see a selling price closer to 40%, \$22,000. C. Noe, Assistant Tax Collector, elaborated that when you don’t have a property on the tax rolls, you are not bringing any money into the community to help pay for the budget. This property has not had any income coming in for quite a while; that’s why the Town foreclosed on it. It was brought to auction and there was not one single bid on it. Cindy, speaking for the tax collector’s office, is in total agreement of selling the property for \$18,500 to get it back on the tax rolls; the difference will be made up once it’s back on the tax rolls.

K. Lyden stated Lloyd Langhammer, our foreclosure attorney, did his due process to get bids on the property but could not get an offer. With foreclosure property, the bidder has to come to the auction with cash. It is different than buying a house which has a set price based on the assessed value. It’s up to the Town whether we hold onto or dispose of the property. The prospective buyers have come to tonight’s meeting with a \$5,000 cashier’s check.

G. Householder, Forsyth Road, asked the potential buyers if they would be willing to put in writing that they would not resell the property for a period of time. J. Labrie, prospective purchaser, said they would be willing to sign an agreement saying that they will not be selling it. They would like to have the property for privacy for their family.

Another resident expressed his feelings that this is a cut and dry issue. The Town should not be in the real estate speculation business. \$18,500 covers our expenses.

J. Fogarty moved to modify the motion to \$22,000, which is 38% of the value. There was not a second. This modification failed.

J. Houchin, Rattlesnake Ledge Road, made a motion that selling the property for \$18,500 would also include a clause that they would not sell the property for at least five years. P. Teixeira seconded the motion.

Buyer J. Labrie stated that they understand the concern, but they have no intention of going anywhere. She stated they have lived in town for 9 years and have extensive work history with their current jobs. Salem is their home. They are looking for privacy for their family.

A resident stated that it does not seem appropriate to ask the buyers to sign a statement saying they will not resell the property within a certain time frame because we do not know future circumstances.

J. Butts stated that currently the amended motion is to limit the recipients of this property, if the motion passes, to not be able to sell this lot to anyone for the next five years. There was one aye and an overwhelming no response. The motion failed. There were no further amendments. The sale is unrestricted.

All those in favor of the motion to sell for \$18,500, please signify by saying aye. There was an overwhelming aye response. Any opposed please say no. There were none in opposition. The ayes have it. Motion carried.

Motion to adjourn at 7:03 p.m. by Elbert Burr.

Respectfully submitted.

Linda Flugrad



Norman Rockwell Town Meeting

# **ANNUAL TOWN MEETING**

MAY 3, 2017 AT 7:00 P.M.

SALEM SCHOOL

First Selectman K. Lyden opened the meeting with a brief dissertation on historical budgets that the Town of Salem has faced and rose to the challenge. 2017 will give us a new set of challenges, but the people of the Town of Salem will again come together to face these challenges with courage and we will persevere.

K. Lyden called this 199<sup>th</sup> Annual Town Meeting to order as per section 4.02 and section 10.07 of the Salem Town Charter at 7:11 p.m.

M/S/C: (C. Philopena/B. Ross) to nominate Attorney Bill Kollman as moderator of our meeting this evening. Unanimous verbal approval. The motion carried.

Attorney Kollman briefly explained that the purpose of tonight's meeting is to review the proposed budget which will then proceed to next Wednesday's paper vote at referendum. Regarding the budget, the Board of Education budget cannot be line-itemed down or up; the Town departments can be line-itemed by motion.

Moderator Kollman appointed L. Flugrad, Town Clerk, as clerk of the meeting. L. Flugrad read the warning and notice of tonight's meeting.

Attorney Kollman invited the public to review the Capital Plan and opened the floor for questions or discussion. First Selectman K. Lyden explained that only the first column of the 10-year Capital Plan which is titled "FY 17/18" will be on the budget. Hearing no discussions or questions and after asking for input from those watching via Virtual Town Meeting, M/S/C: (C. Weston, J. Savalle) to approve the Capital Plan as presented for next year. Unanimous verbal vote. The motion carried.

Attorney Kollman then invited the public to review each department of the General Government budget. There were no questions or comments on the General Government Budget.

Chairman Mike Siebert presented the Board of Education budget. There were no questions or comments on the Board of Education budget.

Attorney Kollman gave the public another opportunity for residents to ask any questions or comments on the Budget as presented. Hearing none, M/S/C: (J. Savalle/C. Weston) to move to adjourn to referendum next Wednesday. Unanimous verbal vote. The motion carried.

Meeting Adjourned, 7:30 p.m.

Respectfully submitted,

Linda Flugrad, CCTC, Salem Town Clerk

**OFFICIAL BALLOT  
BUDGET REFERENDUM VOTE  
SALEM, CONNECTICUT  
MAY 10, 2017**

**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 \$15,069,851?"

169 **YES** ☒  
46 **NO** ☐

**QUESTION 2**

**ADVISORY VOTE (Non-Binding)**

"IN YOUR OPINION IS THE GENERAL GOVERNMENT AND CAPITAL BUDGET IN THE AMOUNT OF \$4,521,626 FOR FISCAL YEAR 2017/2018 TOO LOW, ABOUT RIGHT OR TOO HIGH?"

23 **TOO LOW** ☐  
156 **ABOUT RIGHT** ☒  
31 **TOO HIGH** ☐

**QUESTION 3**

**ADVISORY VOTE (Non-Binding)**

"IN YOUR OPINION IS THE BOARD OF EDUCATION IN THE AMOUNT OF \$10,548,225 FOR FISCAL YEAR 2017/2018 TOO LOW, ABOUT RIGHT OR TOO HIGH?"

55 **TOO LOW** ☐  
77 **ABOUT RIGHT** ☐  
79 **TOO HIGH** ☒

2699 Registered voters; 213 regular ballots; 2 absentee ballots; 8% voted

## JUSTICES OF THE PEACE 2017 - 2021

The following Justices of the Peace took the Oath of Office and are qualified to serve the term from January 02, 2017 to January 04, 2021

(860)

NAME	STREET	PHONE	PARTY	TERM BEGINS	TERM ENDS
Alligood, Gary	127 Hartford Road	859-1779	R	1/2/2017	1/4/2021
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 Jr.	75 Buckley Hill Road		R		
Evanson, William	134 Way Road	859-0792	D		
Griggs, Janet S.	122 New London Road	859-2041	D		
Houchin, John Sr.	103 Rattlesnake Ledge Rd	705-1227	D		
Jackson, George	62 Hilltop Trail	859-0433	R		
Kennedy, David L.	330 Round Hill Rd.	889-5179	R		
Kollman, Mary L.	390 Darling Road	859-3036	D		
Len, Darrell	319 Witch Meadow Road	859-1785	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		
McKenney, Hugh	33 Woodland Dr.	886-7242	D		
McKenney, Robyn	33 Woodland Dr.	886-7242	D		
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		
Phillips, Linda F.	33 Diamond Hill Road	443-4367	R		
Robillard, Paul H.	178 Old Colchester Road	892-0018	R		
Ross, Robert T.	48 Round Hill Road		U		
Rowthorn, Anne	17 Woodland Drive	859-3377	D		
Rucci, Matt	17 Pleasant View Rd.	705-9431	D		
Sabowski, Maryanne	81 Valley Drive	859-3556	D		
Schroeder, Linda K.	490 East Haddam Road	859-3520	D		
Shapere, Alfreda B.	170 Darling Road	859-1760	D		
Sielman, Peter F.	369 West Road	859-3848	D		
Spang, Susan G.	129 Hartford Road	859-2048	D		
Stevens, Lawrence J. Sr.	182 Forsyth Road	859-0876	R		
Weinschenker, Denise M.	99 Music Vale Road	859-0441	D		
Ziegra, Roberta M.	9 Shingle Mill Road	859-0609	D		

Republicans: 12

Democrats: 24

Total: 37

Unaffiliated: 1

(Salem can have a maximum of 213 Justices of the Peace and a minimum of 15)

## NOTARY PUBLIC

<u>NAME</u>	<u>ADDRESS</u>	<u>TERM</u>
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
Bond, Austin	83A Horse Pond Rd.	12/21/2015 - 12/31/2020
Boutin, Elizabeth D.	85F Horse Pond Rd.	09/01/2015 - 08/31/2020
Brick, Marion	745 Hartford Rd.	09/01/2009 - 08/31/2019
Bushy, Gretchen A.	21 Sullivan Rd.	12/01/2013 - 11/20/2018
Butts, Betsy B.	376 Hartford Rd.	12/01/2014 - 11/30/2019
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
Cuadro, Rosemarie D.	149 Forsyth Rd.	04/01/2013 - 03/31/2018
Dashnaw, Jennifer Lindo	37 Forest Drive	11/01/2015 - 10/31/2020
Dubois, Sandra J.	97 Mill Lane	06/01/2015 - 05/31/2020
Flugrad, Linda D.	66 E. Haddam Rd.	05/01/2015 - 04/30/2020
George, Nancy M.	4 Salem Ridge Drive	07/01/2016 - 06/30/2021
Gnade, Meagan Plante	3 Salem Ridge Dr.	02/24/2015 - 02/29/2020
Gray, Jackie	235 Buckley Rd.	07/01/2014 - 06/30/2019
Harrington, Lawrence B.	306 Old Colchester Rd.	08/01/2016 - 07/31/2021
Henry, Bruce	306 Old Colchester Rd.	09/08/2016 - 09/30/2021
Henry, James H.	21 Skyline Drive	12/01/2014 - 11/30/2019
Huhtala, Janet A.	245 Buckley Rd.	12/01/2014 - 11/30/2019
Hutchings, Gina J.	29 Cedar Hill Lane	09/11/2014 - 09/30/2019
Kennedy, Lillian	330 Round Hill Rd.	10/01/2015 - 09/30/2020
Kodym, Patricia L.	113 Sullivan Rd.	08/01/2016 - 07/31/2021
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
Maiorano, Marcella C.	799 West Rd.	02/01/2017 - 01/31/2022
Moore, Barbara S.	62 Forest Drive	04/01/2016 - 03/31/2021
Mullin, Donald B.	46 Skyline Drive	03/01/2017 - 02/28/2022
Murphy, Carrie	65 Forsyth Rd.	05/01/2017 - 05/31/2022
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	06/01/2017 - 05/31/2022
O'Brien, Rosemary	77 Skyline Drive	08/01/2012 - 07/31/2017
Orlinski, Chris	617 Old Colchester Rd.	03/01/2014 - 02/28/2019
Pallozzi, Mary	10 LakeView Ave.	05/28/2013 - 05/31/2018
Paradis, Katelyn	170 Rattlesnake Ledge Rd.	08/15/2016 - 08/31/2021

Philopena, Cheryl A.	309 Rattlesnake Ledge Rd.	11/01/2014 - 10/31/2019
Ruttkamp, Deborah A.	10 Salem Hollow Lane	10/01/2013 - 09/30/2018
Salas, Theresa K.	99 Sullivan Rd.	09/01/2013 - 08/31/2018
Scott, Rebecca J	680 West Rd.	04/06/2016 - 04/30/2021
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.	04/01/2016 - 03/31/2021
Swider, Sandra D.	59 Mill Lane	06/01/2017 - 05/31/2022
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
Tripp, Margaret E	324 Rattlesnake Ledge Rd.	11/01/2014 - 10/31/2019
Turner, Tammie A.	185 Old Colchester Rd.	05/01/2016 - 04/30/2021
Weston, Diane E.	47 Meadow Lane	03/01/2016 - 02/28/2021
Wittig, Vera Ann C.	200 West Rd.	04/01/2014 - 03/31/2019
Zaretsky, Jessica R.	55 Witch Meadow Rd.	04/01/2017 - 03/31/2022



Horse Pond – Submitted by Lisa Jablonski



## **TREASURER REPORT**

The fiscal year ended on June 30, 2017 - Total Governmental Funds in balance with asset and liability activities each totaled \$9,261,017 respectively. See exhibit 3 and 3a beginning on page 11 of Year Ended June 30, 2017 Town of Salem *Financial Statements and Supplementary Information* (Salem Auditor's Report).

Revenues for the fiscal year Total Governmental Funds total \$17,832,466. 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 13 of June 30, 2017 *Financial Statements and Supplementary Information* (Independent Auditor's Report).

*Financial Statements and Supplementary Information* for Year Ended June 30, 2017 inquiries can be requested at the Town Clerk's office during regular office hours or viewed on our Town of Salem website in the Town Government section. [www.salemct.gov](http://www.salemct.gov)

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

Respectfully submitted,

Pam Henry

Treasurer





## **BOARD OF FINANCE**

The 2016-2017 Fiscal-Year began with an approved budget of \$15,264,132. The proposed expenditures were as follows:

General Government: \$3,701,017  
Board of Education: \$10,698,225  
Capital Improvements: \$864,890

The Board of Finance approved the Mil Rate to stay flat at 31.7 to provide funding for the 2016-2017 budget.

The Unassigned Fund Balance as of June 30, 2016 was \$2,436,998. Major Capital Projects that got funded during this budget included: Principal and Interest on School Renovation, Gardener Lake Fire Co. Tanker (first payment), Down Payment on Salem Fire Co Engine, and about \$400,000 in road rehabilitation.

The 2017-2018 Fiscal-Year budget was presented to the Town for adoption at referendum. The proposed expenditures were as follows:

General Government: \$3,693,384  
Board of Education: \$10,548,225  
Capital Improvements: \$828,242

Because of threatened serious cuts (over \$700,000) of State funding to Education (and other programs) the Town was forced to tighten its belt and budget. Although the Board of Finance cut every area of the budget, we were forced to increase the Mil Rate from 31.7 to 32.2.

There were a number of things that really helped Salem during this year and should be noted:

1. Tax Collector Cheryl Philopena, and Assistant Tax Collector, Cindy Noe, collected \$211,788 in additional taxes over what was budgeted and the Town received \$539,045 in additional revenues over what was budgeted.
2. First Selectman Kevin Lyden returned \$145,916 of unexpended funds to the Town.
3. Board of Education returned \$64,206 of unexpended funds to the Town.

The Unassigned Fund Balance as of June 30, 2017 was \$2,243,980. Major Capital Projects that got funded during this budget included: Principal and Interest on School Renovation, Gardener Lake Fire Co. Tanker (final payment), and about \$400,000 in road rehabilitation.

Our Auditor, O'Connor Davies gave the "Salem Finance Team" a grade of A for the first time this past fiscal year. Our Team consists of the BOF members, Town Treasurer - Pam Henry, Finance Director – Lisa Jablonski, Tax Collector – Cheryl Philopena, Assistant Tax Collector Cindy Noe. The Auditor went on to say that financially, Salem was one of the top Towns in Connecticut and certainly one of, if not the best, Town in our region.

A lot of thanks go to fellow BOF members:

T.J. Butcher (out-going Chairman)  
Janet Griggs  
Hernan Salas

Marshall Collins  
Deborah Caldwell  
John Houchin

Sincerely,  
George Householder, Salem Board of Finance Chairman

## TAX COLLECTOR REPORT

The year of July 1, 2016 to June 30, 2017 was very busy in the Tax Collector's office. In July, 7,471 bills were sent to taxpayers: 1,944 Real Estate bills, 4,731 Motor Vehicle bills and 796 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, 2016 to June 30, 2017, this office collected and turned over to the town treasurer \$11,920,225.00. A breakdown of this figure includes \$11,808,285.00 in taxes and \$111,940.00 in interest and lien fees. The amount turned over to the treasurer was \$183,626.00 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. Over the last 7 years the amount collected over the required budget was \$1,050,000.00.

In June, 33 Real Estate Tax liens were placed on properties in the Town of Salem. Liens are required, by Connecticut General Statutes, to be placed on Real Estate accounts that have not been paid by June 30<sup>th</sup>. These liens are placed to secure the interest of the Town in case the property is sold. The total dollar value of these liens was \$79,649.00. During the year, 75 back tax liens were collected and released. The principal amount of these liens was \$103,900.00.

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

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

Cindy Noe C.C.M.C.  
Assistant Tax Collector



Center School

## **REGISTRARS OF VOTERS REPORT**

<b>Active List</b>	<b><u>Party</u></b>	<b><u>Number of Voters</u></b>
	Democratic	845
	Republican	675
	Unaffiliated	1156
	Other	26
	<b>Total on Active List</b>	<b>2,702</b>

<b>Inactive List</b>	<b><u>Party</u></b>	<b><u>Number of Voters</u></b>
	Democratic	112
	Republican	74
	Unaffiliated	275
	Other	6
	<b>Total on Active List</b>	<b>467</b>

If you have changed your address, or if you are moving out of town and you have not notified us, we need to know as soon as possible. Please complete a new registration form and either deliver it to Town Hall or mail it to the Registrar's office. Forms are available at the Registrar's office, the Town Clerk's office, and online at the CT Secretary of the State's website: [www.ct.gov/sots](http://www.ct.gov/sots), under "Elections & Voting." We must receive a signed statement from a voter in order to remove such person from the active registry list.

The Registrars of Voters are always looking for people willing to work at the polls during elections. Training is provided for all positions, as well as a stipend for the time worked. We also need people who are willing to become certified moderators. If you are interested in assisting us, please contact us at the Town Hall at 860-859-3873, ext. 230. The office is open weekly on Tuesday mornings from 9:30 until 11:30.

Georgia M. Pech

Betsy B. Butts



Walden Preserve – Sonny's Trail

## **PLANNING AND ZONING REPORT**

In October of 2016, the Commission held a public hearing on an application by The Salem Herbfarm to amend Section 30 of the Salem Zoning Regulations relating to Special Agricultural Zones to include a Special Event Facility as a permitted use, and to designate The Salem Herbfarm as a Special Agricultural Zone. The Public Hearings were well attended and topics relating to traffic and other local impacts were discussed and considered. The Commission unanimously approved the application after determining that the proposal fully met the intent of the Special Agricultural Zone regulation and the Town of Salem Plan of Conservation and Development.

In February of 2017, the Commission conducted a public hearing to delete Sections 26 (Senior Housing Developments) and 26A (Age Restricted Residential Developments) of the Salem Zoning Regulations, and to create a new Section 26 on Age Restricted Residential Developments. The new Section 26, intended to simplify and make the regulation easier to understand and to use, stipulates the requirements to establish such a development; the permitted districts and lot sizes; the bedroom density and dwelling requirements; the dwelling ownership, occupancy and maintenance; the traffic analysis requirement; visual buffering and landscaping requirement; and parking requirement. The Commission unanimously approved the changes proposed at the February Public Hearing. At the same Public Hearing the Commission added pet services as a new permitted use under Section 7A of the Zoning Regulations concerning Special Business Zone A.

The Commission approved renewal permits for four quarry operations with excavation totals of less than 5,000 cubic yards per year, and in coordination with the Uncas Health District, certifications for campgrounds operating in Salem.

As allocated by the Board of Finance, the Planning and Zoning Commission fiscal year budget for 2016-2017 was \$15,000, down \$9,000 from the previous year. The budgeted versus actual expenses for the year were as follows: Legal Services \$14,000/\$2,153; Mileage \$500/\$0; Seminars, Training, Membership Dues \$2,000/\$0; and Engineering \$3,000/\$1,300. As of June 30, 2017 a net unused portion of the budget of \$16,0470 was returned to the town of Salem. Income for the year consisted of \$2,145 in Compliance Fees and \$2,318 for Commission Fees.

The following individuals were members of the Commission during 2016-2017: Joseph Duncan, Chair; Vernon Smith, Vice-Chair; Ron Bouchard, Secretary; Ron Labonte, Ruth Savalle, Eric Wenzel, Jenifer Lindo-Dashnaw and John Gadbois, Secretary. Alternate members were: David Miller and Jim Mulholland. Commission staff members were Richard Serra, Town Planner; Liz Burdick, Zoning Enforcement Officer; and Agnes Miyuki, Recording Secretary.

Respectfully submitted,

Joseph Duncan, Chair



Zemko Pond – Submitted by Lisa Jablonski

## **SALEM RECREATION COMMISSION REPORT**

The Salem Recreation Commission is dedicated to providing and enhancing the recreational opportunities and facilities of our town. Salem's parks, recreational fields and trails are some of the most beautiful and professionally maintained recreation sites in South Eastern Connecticut. Under the chairmanship of Sue Spang for the past 15 years, the commission has done a stunning job of developing, creating, improving upon and maintaining exemplary playing fields and equipment.

This past year has seen changes in the board beginning with Chairman Spang's resignation of her post in October, as well as, the later departures of Dave Kennedy and Pam Henry. Chairman Spang's service and leadership to the Recreation Commission has been instrumental in the quality state-of-the-art facilities that the town now enjoys. The dedication of these incredible volunteers is realized by all who play, compete and simply enjoy Salem's recreational facilities. Thank you, Sue, Dave and Pam for all of your hard work and devotion to the Recreation Commission!

Additionally, the Recreation Commission is forever in debt to those who volunteer their time coaching, supporting and enhancing recreation in Salem. From the Saturday morning youth basketball program during the winter months to soccer and baseball programs filling the fields in spring and fall, as well as the new girls field hockey summer program, Salem can continue to proclaim that we are "Proud of our Volunteers". Thank you to all who help Salem recreation programs grow and thrive!

The tennis and basketball courts at the Round Hill Road complex were resurfaced this year at a cost of \$21,000. This is one of the most highly used facilities with lessons, pick-up games and some matches played into the early evening under the lights.

The capital improvements to Volunteer Park which includes a well, septic system and lavatories is moving slowly forward. The First Selectman's office had questions regarding total number of participants using the field as it related to water quality analysis standards. These issues were discussed and answered by the commission. Next steps to this project should begin in the spring of 2018.

The commission is forever grateful to the Public Works department for all of the hard work and many hours they put forth in mowing, maintaining and preparing our fields and courts for all to enjoy.

Recreation Commission Members: Diane Weston, Bob Appleby, Al Giansanti, Doug Morrow, Crispin Fresco-Hawes, Alan Maziarz, and Art Bergman.

Respectfully submitted,

Teri Natoli, Chair



Zemko Pond – Submitted by Lisa Jablonski



## **INLAND WETLANDS AND CONSERVATION COMMISSION REPORT**

**D**uring the Fiscal Year 2016-2017, 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 6 As of Right determinations and 2 Site Plan applications.

Staff attended Department of Energy & Environmental Protection Training Sessions.

IWCC Members included:

Ed Natoli (Chairman)

Gale Balavender

Eric Belt

Diba Khan Bureau (IWCC Secretary)

Roger Phillips (Vice Chairman)

Sally Snyder

Linda Wildrick

Frank Abetti (Alternate)

Kimberly Bradley (Alternate)

Jim Mulholland (Alternate)

Respectfully submitted,

Ed Natoli, Chairman



Zemko Preserve – Submitted by Lisa Jablonski

## **ECONOMIC DEVELOPMENT COMMISSION REPORT**

**D**uring Fiscal Year 2016/17, the Salem Economic Development Commission (EDC) continued its efforts to achieve its mission of supporting existing Salem businesses and encouraging prospective businesses to position in Salem. Two new members, Adam Scott and James Bee, were appointed as alternates to the EDC during this period, and one member, Ken Bondi, resigned from his position. Alternates Paul Robillard and Elby Burr were appointed as regular members, and Elby Burr was named EDC liaison to Salem Planning and Zoning Commission. At this time, EDC has a vacancy for one Alternate member, who must be appointed by the Board of Selectmen. Interested persons can contact the First Selectman for further information.

The year's primary project involved the continued development of a SALEM BUSINESS DIRECTORY. Minute Man Printing was chosen to guide the EDC on a strategic plan to achieve this goal. The project, which is in progress, includes the creation of a thorough and up-to-date Salem business contact list, and multiple direct mailings to these contacts requesting participation. During this reporting period, EDC is verifying the responses and compiling the data base. EDC also is refining its Facebook page as a primary means of communication.

During this period, the Salem Planning and Zoning Commission completed development and approval of new regulations for age-restricted (senior) housing. The EDC is planning the detailed design of a demonstration project for Salem. We are also developing a detailed five-year action plan to better focus our economic development activities on specific projects. We continue to work with the Planning and Zoning Commission to identify portions of the current Planning & Zoning regulations that could potentially hinder development in Salem. Recommendations to address any concerns will be made by Economic Development Commission to Planning & Zoning.

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



Salem, CT Trail

## ASSESSOR REPORT

Real Estate	Personal Property	Motor Vehicle	Total Net 2016 GL
\$321,823,560	\$13,103,939	\$34,059,420	\$368,986,919

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

- Disabled, Elderly Homeowners Programs (means tested) Applications biennially - February 1<sup>st</sup> to May 15<sup>th</sup>
- Local Option Homeowners applications (means tested) Applications annually – February 1<sup>st</sup> to May 15<sup>th</sup>
- Additional Veterans (means tested) – February 1<sup>st</sup> to October 1<sup>st</sup>

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.
- Veterans with service-related disabilities – File a copy of award letter from the Veteran's Administration with the assessor's office. Form must be filed only once unless rating changes.
- Federal Soldier's and Sailor's Civil Relief Act - Non Resident Servicemen on active duty in Connecticut. Form filed with the Assessor's office. No Statute of Limitations as to when filed.
- Connecticut Servicemen with one Connecticut registered vehicle garaged out of state. Active duty military forms must be filed each year prior to October 1<sup>st</sup> with the assessor's office.
- Solar Energy Systems Applications due by November 1<sup>st</sup>.
- Tax exemption on Motor Vehicle for Handicapped due by November 1<sup>st</sup>.
- Farm and Forest Land (PA490) applications completed and forms must be filed by October 31<sup>st</sup>. Contact Assessor's office for more information.

Personal Property declarations for businesses, farms and non-registered motor vehicles are required to be filed annually prior to November 1<sup>st</sup> to avoid a 25% penalty.



Gardner Lake – Submitted by Lisa Jablonski



## **BUILDING OFFICIALS REPORT**

	<b>2015-2016</b>		<b>2016-2017</b>	
	<b>Value</b>	<b>Units</b>	<b>Value</b>	<b>Units</b>
<b>Residential:</b>				
Foundation	\$15,000.00	1	\$0.00	0
New Homes	\$1,830,517.00	8	\$2,310,116.00	8
Duplexes	\$487,020.00	1	\$0.00	0
Additions	\$82,838.00	2	\$199,433.00	8
Alterations	\$397,013.00	24	\$222,795.00	15
Trades	\$1,643,698.40	228	\$1,636,795.93	232
Garages	\$63,175.00	4	\$216,112.00	5
Pools	\$48,120.00	3	\$50,368.00	6
Sheds/Barns	\$115,917.00	8	\$108,362.00	7
Decks/Porches	\$107,101.00	13	\$49,442.00	5
<b>Commercial:</b>				
Additions	\$0.00	0	\$60,000.00	3
Alterations	\$30,500.00	3	\$204,200.00	3
Trades	\$28,800.00	5	\$301,595.62	31
Demolitions	\$67,000.00	2	\$19,350.00	2
Tent	\$8,321.00	3	\$13,041.00	2
<b>Total Permits Issued:</b>	<b>305</b>		<b>328</b>	
<b>Total Construction Value:</b>	<b>\$4,925,020.40</b>		<b>\$5,391,610.55</b>	
<b>Total Permit Fees Collected:</b>	<b>\$61,712.86</b>		<b>\$68,963.91</b>	

Vernon C. Vesey II, *Building Official*

Agnes T. Miyuki, *Administrative Assistant*

# **SALEM FREE PUBLIC LIBRARY ANNUAL REPORT**

Mission Statement:

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

The 2016-2017 fiscal year began with a number of attractive interior upgrades. Through a capital expense appropriation, the building’s original, worn carpeting was replaced with high-efficiency carpet tiles throughout the main reading room, the small meeting room, and the Teen’s and Children’s reading rooms. In addition, with funding provided by the Urbanik Fund and the Friends of the Salem Free Public Library (FOSL), the Children’s play room received a much-needed makeover. The room was professionally painted, wall decals of classic children’s literary characters were added, and new interactive toys such as a play kitchen, puppet theater, and Lego Duplo table were purchased for the children’s enjoyment.

The library is generously supported year-round by The Friends of the Salem Free Public Library. Volunteers spend countless hours sorting materials and staffing the Annual Friends of the Salem Free Public Library Fall Book Sale, holding an Annual Spring Plant and Children’s Book Sale, as well as providing very generous monetary donations which totaled \$20,210 for use by the library this past year. The money raised by the FOSL is used to support the library’s collections, programming, story hour, museum passes, and Summer Reading initiatives. In addition, funding was used for a very special purchase: a 3-D printer to help promote Science, Technology, Engineering, and Math (STEM) programming in the community. Many thanks are also due to the following donors:

Salem Library Knitters	Urbanik Fund
Clamshell Quilters	Semmelrock Foundation
Propbusters	Mary Ryley Fund
Salem Valley Farms Ice Cream	Sharon Sanders
Shirley Diamond Memorial	Gerald Daigle
Lana Warren Memorial	Venky Iyer

It was a busy year at the library with 34,244 visitors. Through funding from the Friends of the Salem Free Public Library, the library sponsored 47 unique programs for all ages, for a total attendance of 664 participants. Summer Reading was a huge hit with 128 children registered and 1,481 books read! Some of the programs held over the summer included: cupcake decorating, a chemistry magic show, dancing with hoops, nature programs presented by the Denison Pequotsepos Nature Center, and “Animal Athletes” presented by Animal Embassy. Other exciting programs throughout the year for children, teens, and adults included: embossed card-making, fairy gardens, flower arranging, a photography series, introduction to 3D printing, fly-tying, Himalayan singing bowls, “Fashion in Fiction”, concerts performed by the Eight Mile River Band and harpist Debra Vinick. In addition, the library also promoted a Winter Reading initiative, Story Time, and “Take Your Child to the Library Day”.

As always, our collections were a huge draw for patrons. The library owns 25,703 print materials and 6,232 non-print items, which include DVDs, CDs, and Books-on-CD. In total, the library circulated 35,451 physical items and 1,411 electronic items, which include eBooks and other downloadable materials. Although the Salem Free Public Library’s collection of materials is large, it is not exhaustive. Through cooperative agreements with other Connecticut libraries, our patrons were able to borrow 1,846 items from other libraries, and the SFPL loaned 3,775 items to other libraries for their patrons’ needs. In addition, all of the Salem Free Public Library’s 2,382 library card holders were eligible to take advantage of the millions of articles in the 38 state-sponsored researchIT CT databases, as well as the Salem Free Public Library’s subscription to JobNow, a one-on-one interviewing and resume online

help aid. All of the library's electronic resources can be accessed through our public Internet computers which were used 3,218 times during the year.

Respectfully submitted,

Vicky M. Coffin, Library Director

**Salem Free Public Library Board of Trustees**

Leonard Giambra, Chairperson

Wendy Ortega, Secretary

MaryAnn Casciano, Treasurer

Susan Butler

Caren Jackson

Robin Jensen

**Friends of Salem Free Public Library Executive Board**

Carl Nawrocki, President

Heidi Preston, Vice President

Martha Giegel, Secretary

George Ziegra, Treasurer



Submitted by Vicky Coffin

## **SALEM SENIOR CITIZEN REPORT**

Salem Seniors meet on the 2<sup>nd</sup> Tuesday of each month (March-December) at 10:30am at the Salem Volunteer Fire Company in the back meeting room. Monthly meetings consist of any current business, monthly updates affecting Salem from First Selectman Kevin Lyden and Trooper Chris Pariseau, fun activities with Mind Aerobics, guest speakers and adjourn with a luncheon.

Folks 50 years and older enjoy membership for an annual fee of \$5. Your ideas for programs or services are the key to keeping seniors active and engaged in our fine community. New members and guests are always welcome. The Town of Salem encourages you to attend meetings monthly, or as your schedule permits. This is a great way to socialize, reconnect with friends or acquaintances and make new friends.

Thank you for your time and generosity:

Salem Volunteer Fire Department for providing a fun Summer Picnic and wonderful Holiday Party

Salem School for hosting spring and Thanksgiving luncheons

Salem Health Mart for holding the annual Flu Shot Clinic during our October meeting

Salem PTO for baking delicious desserts throughout the year

To the many volunteers who give their time to prepare, cook, and serve these lunches and desserts throughout the year, we appreciate and thank you.

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

### Officers of the Salem Seniors as of 6/30/17

Nancy Dytko  
Cindy Solar  
Irene Jarvis  
June Dion

President  
Vice President  
Secretary  
Treasurer

We look forward to seeing you at our meetings.

Respectfully submitted,

Pamela Henry



Horse Pond- Submitted by Lisa Jablonski

## **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 Occupational Safety and Health Administration 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 in or phone the Station at: 860-859-0942.

On August 18, 2018, the Fire Company will be holding its annual Chicken and Rib Barbecue starting at 5:00 pm. This will be our seventh year holding the barbecue, and every year it has grown. The Barbecue seems to have become the "social event" of the year as many townspeople 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	Eugene R. Maiorano
Deputy Chief	Chip Weston
Assistant Chief	Ryan Teixeira
Fire Captain	Alex Blais
Safety Officer	James Rybak
Rescue Captain	Deb Cadwell
Fire Police Captain	Warren Wright
Secretary	Lisa Martin
Treasurer	Marcella C. Maiorano
Appropriated Treasurer	Gene Maiorano
Lieutenants	K. Burke, Jeff Martin, Tyler Martin, Robert Oloski, Bob Pokrinchak, Emily Weston and Al Wlodarczyk

Respectfully Submitted:

Eugene R. Maiorano, Chief  
Salem Volunteer Fire Co, Inc.

# **GARDNER LAKE VOLUNTEER FIRE COMPANY INC.**

## **REPORT**

During the period of July 1, 2016 to June 30, 2017, The Gardner Lake Volunteer Fire Company Inc. was dispatched to 573 Emergencies, 451 Ambulance Emergencies, and 122 Fire-related emergencies, including trees on wires and fire alarms.

With the use of our community hall, we will continue to support organizations such as: Salem Recreation Commission, Girl Scouts, Boy Scouts, Cub Scouts and Venture Crew, Salem Land Trust, Salem Senior Citizens. State of Connecticut Department of Administrative Services ( DAS ) Building Officials & Fire Marshals, Volunteer Workforce Solutions (VWS), and 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 Ext 150 between 9:00 am and 5:00 pm weekdays for scheduling. The Community Hall is used very often, but we will do our very best to accommodate everyone in their time of need.

We will continue to offer classes for Cardio Pulmonary Resuscitation (CPR) and Automated External Defibrillator (AED) for the Heart Saver Program covering the Public, Town Boards and Commissions, Town Hall, Library and Public Works Employees, and other organizations in town with a recovery cost of materials for the class. To date we have 25 defibrillators throughout our town. In addition, The Town of Salem currently has 875 students and Taxpayers certified in CPR & AED. We are proud to note that we have provided each of our Resident Troopers with Defibrillators.

We are recently saddened by the loss of Gertrude (Trudy) Miller. Trudy was a longtime resident and one of the first Emergency Medical Technicians (EMT) in the Company. Trudy's knowledge and guidance is a loss to our community.

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	Paul Barnes	FF /EMT	Treasurer	Christine Lindo **	PAST EMT
Assistant Chief	Joseph Danao II **	FF /EMT			
Assistant Chief	Bruce Henry	FF/ EMR	Secretary	Ruth Savalle	SUPPORT
Fire Captain	Steve Philopena **	FF	Board Member	John Atkinson	FF / EMR
EMS Captain	Stephanie Philopena	EMT-P-RT	Board Member	John Hirsch **	Fire Police
Rescue Captain	Jeffrey Savalle **	FF	Board Member	Steve Philopena **	FF
Fire Police Captain	John Atkinson	FF / EMR	Chief	James Savalle **	FF/ EMT
Safety Captain	Bruce Henry	FF/ EMR			
Lieutenant	William Tinnel **	EMT			

DENOTES LIFE MEMBER 20 YEARS + SERVICE \*\*

Respectfully,  
James B. Savalle, Chief

## SALEM HISTORICAL SOCIETY

Founded in 1969, the Salem Historical Society maintains memorabilia, farm tools, artefacts, books, documents, pictures, and furniture associated with Salem's history. Programs are presented each year.

### Officers:

President	Elbert Burr	Newsletter	Pamela Munro
Vice President	open	Buildings & Grounds	Robert Neddo
Curator	Elaine Marvin Sloan	Membership	Pamela Munro
Treasurer	Don Urbanik	Museum Director	William Schultz
Secretary	Pamela Munro		

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 superbly restored and preserved exhibitions, and to encourage and enlighten researchers and revivalists to explore Salem's many treasures.

The 2017 season opened with the Annual Strawberry Festival as part of the Salem Memorial Day celebration. Programs included: Robert Kim Bingham "The story of an American diplomat, Hiram "Harry" Bingham IV"; Dr. Nicholas Bellantoni Connecticut's Emeritus State Archaeologist "The Repatriation of Henry Opukaha'ia and the Foreign Mission School"; Vivian Zoe, Director of The Slater Memorial Museum in Norwich, "The Salem Roots of Bela Lyon Pratt". The Society worked closely with The Slater Memorial Museum to gather and present an exhibition centered on Bela Lyon Pratt and his works from fall into the winter months.

The Salem Town House building housing the Salem Historical Museum was improved through the installation of LED lighting. In addition, the floors were stripped and refinished.

The Historical Society opens the Salem Town House for one Saturday afternoon each month after Memorial Day until the season closes at the end of October. Salem residents and others are encouraged to support the Society through membership and donations via contact pages listed below.

The Society meets with staff at Salem School encouraging coordination of Salem history, memorabilia, artefacts and member expertise, (as well as with local community groups). The Salem Historical Society is featured in newspaper articles, family genealogy sites, and maintains the Society website and Facebook page below.

[www.SalemHistoricalSocietyCT.org](http://www.SalemHistoricalSocietyCT.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 through the CT Department of Environmental Protection's (DEEP) managed drawdowns, and study and make recommendations concerning water management.

GLA hired a consulting service to continue the lake sampling and assess aquatic plant life. Limnologist Dr. Robert Kortmann, founder of Ecosystem Consulting Service, Inc. (ECS), presented this year's results of the lake's chemistry and aquatic plant study, with comparisons to prior year studies conducted by ECS. Gardner Lake has two invasive plants present, fanwort and variable water milfoil, which are being well managed through the annual drawdown. Oxygen levels and turbidity experienced changes this year. There was a decrease in dissolved oxygen with a reduction in the water's clarity, due to environmental causes. Conditions have stabilized and the lake remains healthy.

Area residents, especially along the brooks that feed into Gardner Lake, continue to be encouraged to be pro-active in the lake's health by minimizing nutrients (fertilizers, manure, etc.) that feed into the lake, oftentimes during stormwater run-off. On several occasions this summer, DEEP was required to close the State Beach in Salem for high levels of bacteria. It was through GLA's Volunteer Cooperative Client Monitoring Program that the changes were detected early in the Season. The Program continues to conduct its own water sampling in collaboration with ECS. Samples are analyzed at the University of Connecticut lab and data is provided to ECS to be combined and assessed along with the study they perform.

The Montville Police Department was contracted by GLA to provide water patrol services this year. For the 2017 season the following was reported: 32 inspections were conducted, 1 assist, 21 warnings and 4 infractions were issued.

GLA worked with DEEP personnel to meet the needs of lowering of the lake for the winter months to manage the invasive weed populations, to control stormwater flooding downstream of the lake, to reduce shoreline erosion, and to support shoreline repair. In the spring, DEEP replaced the dam gate at the north end of the lake, which was installed on the upstream side of the dam.

The Gardner Lake Fire Department is planning to extend the fire hydrant at the state boat launch out into the lake for greater water collection capability.

GLA supported this year's Boater Safety Course by distributing announcements of the course. Thirty seven participants attended this year's course. The proceeds from registrations were donated to the Gardner Lake Fire Department for the use of their facility.

Local legislators from the three towns are actively involved in supporting the well-being of Gardner Lake. GLA takes this opportunity to extend our sincere appreciation for your interest and efforts in Hartford.

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/Maples House in March, Montville's Public Safety Building/Town Hall in April, and Salem Town Hall in May, then the cycle rotates twice more. The public is invited to attend the 7:00 p.m. meetings.

Respectfully submitted,

The Gardner Lake Authority

Bozrah: Henry Granger, Chair; Jim McArdle, Scott Soderberg, Treasurer

Montville: Bill Wrobel, Kate Johnson, Secretary; Mike Magliano

Salem: Bob Neddo, (Russ Smith, former Chair), Bruce Henry



## **SALEM GREEN CEMETERY ASSOCIATION**

**M**any changes have recently taken place at the Cemetery Association. Pastor Tim Dubeau and his wife have retired and moved away. We wish them well.

We were very fortunate to have Cathy Benedict step forward and volunteer to take on the Sexton role. Betsy Butts has volunteered to be the Documents & Record Clerk.

All plots in Section One have been purchased and plots are now available in Section Two. If interested in purchasing a plot or plots in Section Two, please contact Cathy Benedict: (860) 869-8891.

We have a vacancy on the Committee if you are interested; please contact Catherine Teel: (860) 859-1142.



A summer evening on Gardner Lake – Submitted by Lisa Jablonski



## **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

2016 - 2017



*"Salem School District is dedicated to providing learning environments that challenge each student to reach his or her full potential through an excellent academic program in a nurturing, student-centered atmosphere. The family-school partnership, with the support of the community, will inspire our students to achieve excellence in all aspects of their educational experience and to become productive, responsible members of our community, our country and our world."*



# SALEM SCHOOL DISTRICT

## SALEM CONNECTICUT

### REPORT OF THE SUPERINTENDENT OF SCHOOLS FOR 2016 - 2017

AND

The Board of Education: Michael Siebert, Chairperson; Pamela Munro, Secretary; Mary Ann Pudimat, Vice-Chair and Treasurer (10/16); Sarah Bernhardson; George Jackson; Samuel Rindell; Jennifer D'Aiuto; Phil Teixeira, Treasurer (resigned 10/16); John Trusler (resigned 10/16); Sean Reith (10/16); Ryan Little (10/16).

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.

#### I. Salem School Staff

##### 1. Administrative Personnel

<u>Title</u>	<u>Staff</u>
Superintendent (0.45 FTE)	Joseph Onofrio II
Director of Student Services (0.45 FTE)	Donna Gittleman
School Principal	Joan Phillips
Assistant Principal	Kim Fentress

##### 2. Related Arts/Special Education Personnel

<u>Class</u>	<u>Teacher</u>
Art	Susan Miller
IT Specialist (0.60 FTE)	Sharon Osga-Dugger
Technology Literacy	Sue Bennett
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
Math Interventionist	Christina Holth
ELA Interventionist	Michelle Seward
School Psychologist	Sun Meunier

Special Education	Jennifer Werb
Special Education	Cheryl Carroll
Special Education	Sarah Alessio
Special Education	Melissa Quinn
Special Education	Scott Gordon
Speech and Language Pathologist	Catherine Conover
World Language – French (0.45 FTE)	Barbara Senges
World Language – Spanish	Lisbeth Gonzalez

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### 3. Teachers - Certified

<u>Class</u>	<u>Teacher</u>
Pre-School	Mary Roth
Kindergarten	Carla Oscarson
Kindergarten	Maria Tomon
Kindergarten	Emily Alberghini
Grade One	Cynthia Puhlick
Grade One	Dale Mainville
Grade One	Sara St. Pierre
Grade Two	Judy Butterworth
Grade Two	Gretchen Leming
Grade Three	Nicole Hecklinger
Grade Three	Barbara Leyden
Grade Four	Anne Bowen (1/13/17) / Lori Susi
Grade Four	Jill MacLachlan
Grade Five	Daniel Pegnataro
Grade Five	Mary Barone
Grade Six	Michael Kane
Grade Six	Heather Meisenzahl
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	Ryan Gray

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#### **4. Office and School Health Personnel**

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

#### **5. Non-Certified Support Personnel**

<b><u>Position</u></b>	<b><u>Staff</u></b>
Tutor	Kelly Douglass
Tutor (PT)	Tara Ward
Tutor	Mary Sturgeon
Tutor	Ellen Javor
Tutor	Darra Ryan
Tutor	Cathy Freiert
Tutor	Colleen Meese
Instructional Aide	Shealyn King (12/16/16) / Marissa Browning
Instructional Aide	Tracey Bruni
Instructional Aide	Kate Kushman
Instructional Aide	Jamie Roger
Instructional Aide	Susan Savidakis (9/9/16) / Vicki Holt
Instructional Aide	Dan Wilson
Instructional Aide	Kristina Georgian
Instructional Aide (PT)	Cinnamon Gorman
Instructional Aide (PT)	Kathy Noel
Instructional Aide	Micheline Gugliotti
Instructional Aide	Tanya Kapilotis
Instructional Aide	Ruth Savalle
Instructional Aide	Tina Perry

**6. Lunch Aides**

<b><u>Position</u></b>	<b><u>Staff</u></b>
Lunch Aide	Rhea Fowler (11/11/16) / Shayla Perry
Lunch Aide	Linda Rogers
Lunch Aide	Sue Evanson

**7. Custodial Staff**

<b><u>Position</u></b>	<b><u>Staff</u></b>
Head Custodian	Van Miller
Custodian	Richard Blackburn
Custodian	Barbara Hedberg
Custodian (.50 FTE)	Ken Bragdon
Custodian	Brenda Lariviere
Custodian	Sebastian Tuccitto
Director of Facilities (0.40 FTE)	Donald Bourdeau

**B. GRADUATES - JUNE 2017****1. Salem School: - Grade 8:**

Ella Arustei	Natalie Libby	Angela Rivera
Olivia Baier	Clayton Litchfield	Gideon Ross
Ian Bee	Shawn Lundgren	Ethan Rybak
Owen Brown	Julia Marquardt	Giovanni Santiago
Noah Brunelle	Colin Marvin	Benjamin Sartori
Zachary Calvert	John McNamee	Caleb Smith
Maximilian Caron	Marcus Orsini	Mikayla Smith
Marlee Charbonnier	Jacob Osterloh	Peter "PJ" Sorrentino Jr.
Natasha Corcino	Dilan Otero	Shayan Stewart
Raymond "RJ" Cummings	Cooper Pazzaglia	Madison Thomas
Lindy-Ann Erikson	Delaney Peabody	Patrick Tolley
Katherine Harris	Amy Piper	Morgan Vane
Maheen Khan	Ashley Price	Grace Vlaun
Karenn Kung	John Christian Rianhard Jr.	Chelsea Weimer
Daltyn Lamb	Brendan Rideout	Wesley Williamson

**East Lyme High School:**

AJ Acuna	Megan Aldrich	Steven Arnott
Piper Baine	Jasmin Barrows	Tyler Bedingfield
Hannah Belleville	Benjamin Bennett	Matthieu Bernier
Selena Carboni	Thomas Chirchigno	Mathieu Choquette
Courtney Cummings	Sarah Damberg	Kendra Facchini
Joshua Gorman	Jacob Hughes	Michael Limburg
Anne Look	Joshua Lopez	Michael Lucci
Austin Lundrgen	Charles Lyden	Anna McCarthy
Benjamin Morrow	Nathan Orsini	Naomi Otis
Sarah Otois	Jacob Parks	Emily Petersen
Samuel Pimentel	Aleigha Price	Anne Quevreaux
Drew Rasmussen	Michael Reyes	Andrew Robitaille
Julia Robson	Lily Rodgers	Alexander Salas
Brendan Sanders	Troy Stillwell	Olivia Tolley
Zachary Vandale	Vanessa Vlaun	Jacob Walsh
Wilson Wang	Wyatt Weaver	Hunter Whitcomb
Lillilan Whittaker	John Winder	Edyta Wolk

## **II. FISCAL DATA**

### **A. Budget Management**

1. The Business Manager in collaboration with the Superintendent and the Board of Education developed and monitored the 2016-17 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 2016-2017 included the following state and federal funding:

<b><u>Funding</u></b>	<b><u>Amount</u></b>
Educational Equalization	\$3,108,774
Transportation	0
Public School Building Grant	0
Adult Education	\$4,516
School-wide Entitlement (ESEA/REAP)	\$83,253
Services for the blind	0
Excess Cost (Special Education)	\$189,803
Special Education Grants (IDEA, etc.)	\$107,217
Tuition from another district	\$25,597
ARRA Stabilization	0
High Quality Schools and Common Core	0
Frontier PEG Grant	\$18,901
<b>Total Education Receipts</b>	<b>\$3,538,061</b>

## B. Current Expenditures

Board of Education expenditures for 2016-2017, as reported on the State Department of Education ED-001, were \$10,630,351 and distributed as follows:

<u>Expenditures</u>	<u>Amount</u>
Debt Service East Lyme	0
Salaries	\$4,182,782
Benefits	\$709,182
Purchased Services	\$1,768,760
Tuition	\$3,652,038
Supplies/Property	\$308,856
Adult Education	\$8,773
<b>Total Expenditures</b>	<b>\$10,630,351</b>

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

	<u>Amount</u>
Elementary School	\$6,200,357
High School	\$2,507,244
Special Education	\$1,922,750
<b>Total</b>	<b>\$10,630,351</b>

	<u>Amount</u>
Central Administration	\$787,370
East Lyme H.S. (9-12)	\$3,182,809
Out Placements (PK-12)	\$994,446
Salem School (PK-8)	\$5,665,726
<b>Total</b>	<b>\$10,630,351</b>

\$67,874 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 participated in during 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 District's buildings, the Board's custodians are also responsible for cleaning the town offices 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.

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.

Salem school is also part of a consortium of school districts that purchases electricity. 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.

## **PROGRAMS AND SUPPORT ACTIVITIES**

The Board of Education approved the following Goals for the 2016-17 school year.

- 1.) To expand the Board's understanding and knowledge of the Curriculum.
- 2.) To increase community understanding of the Board of Education Budget.
- 3.) To collaborate with stakeholders to develop a five-year strategic plan for Salem School District (PreK-21).

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 Standing 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 the successor co-operative agreement with East Lyme, reviewing the school efficiency study results and strategic planning. Additionally, the subcommittee worked on the capital and technology plan, administrative structure, and shared services. 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 –Samuel Rindell (Chair):** This subcommittee meets to study recommended compensation issues for administrators, professional staff and non-certified personnel. The subcommittee usually meets once a month or on an "as needed" basis during labor and/or personnel contract negotiations. The subcommittee conducts or assists with administrative position searches. The subcommittee also reviews proposed/revised job descriptions, Superintendent evaluation/sets timeline, employee grievances, and other human resources topics/issues and related legal issues.



## **APPENDIX II**

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



# **Town of Salem, Connecticut**

Financial Statements and  
Supplementary Information

Year Ended June 30, 2017

## Town of Salem, Connecticut

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## Town of Salem, Connecticut

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## **Independent Auditors' Report**

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

### **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, 2017, 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, 2017, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis and Required Supplementary Information, as identified in the table of contents, 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 basic 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 basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 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 January 27, 2018 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.

*PKF O'Connor Davies, LLP*

January 27, 2018





**Town of Salem, Connecticut**

Management's Discussion and Analysis  
June 30, 2017

Our discussion and analysis of Name of Government's (the Government) financial performance provides an overview of the Government's financial activities for the fiscal year ended June 30, 2017. Please read it in conjunction with the Government's financial statements, which begin with Exhibit 1 in the financial section.

## **FINANCIAL HIGHLIGHTS**

- Town of Salem's Net Position, a measure of the Town's long-term health, increased by \$1,163,044 to \$21,855,005.
- The Town was able to increase its unassigned fund balance by \$816,982.
- As a result of strong fiscal controls, expenditures ended the year \$210,122 less than was budgeted
- Revenues were \$539,045 more than was budgeted due to strong tax collections and increased grant revenues.

## **USING THIS ANNUAL REPORT**

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities known as the government-wide statements (Exhibits 1 and 2) provide information about the activities of the Government as a whole and present an extended 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 and Exhibit 2. 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 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; such as changes in the Government's property tax base and the condition of the Government's roads and structures.

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

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

### **Reporting the Government's Most Significant Funds**

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

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

### **The Government as Trustee**

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

## THE GOVERNMENT AS A WHOLE

The Government's *combined* net position increased by \$1,163,044 from a year ago—*increasing* from \$20,691,961 to \$21,855,005. Last year net position *increased* by \$1,072,015. 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)**

	2017	Change During Year		2016
		Dollars	Percent	
Current and other assets	\$ 6,912,327	\$ 478,729	7.44%	\$ 6,433,598
Capital assets	21,409,809	275,779	1.30%	21,134,030
Total assets	<u>28,322,136</u>	<u>754,508</u>	<u>2.74%</u>	<u>27,567,628</u>
Long-term debt outstanding	5,729,259	(161,531)	-2.74%	5,890,790
Other liabilities	737,872	(247,005)	-25.08%	984,877
Total liabilities	<u>6,467,131</u>	<u>(408,536)</u>	<u>-5.94%</u>	<u>6,875,667</u>
Net position				
Net investment in capital assets	17,053,512	680,618	4.16%	16,372,894
Restricted - Expendable	996,127			856,839
Restricted - Nonexpendable	1,997	-	0.00%	1,997
Unrestricted	<u>3,803,369</u>	<u>343,138</u>	<u>9.92%</u>	<u>3,460,231</u>
Total net position	<u>\$ 21,855,005</u>	<u>\$ 1,163,044</u>	<u>5.62%</u>	<u>\$ 20,691,961</u>

Current and other assets increased by \$478,729 primarily as a result of an increase in cash and equivalents as a result of the Town's increased fund balance.

Capital assets increased by \$275,779 and Net investments in capital assets increased by \$680,618 as a result of the Town continuing their capital plan and spending \$349,481 on road rehabilitation projects, \$136,584 toward the purchase of a Tanker Truck for Gardner Lake Volunteer Fire Company and \$96,986 to reclaim and pave the Salem Volunteer Fire Company parking lot, as well as other smaller capital items.

Long term debt decreased by \$161,531 primarily due to the continued paying down of the Salem School Construction general obligation bond.

Other liabilities decreased by \$247,005 in the current year. The primary factors were a reduction in the accounts payable of \$162,628 and the payoff of a 50,000 short term note for Fire Department rescue tools and exhaust systems.

**Town of Salem, Connecticut**  
**Management's Discussion and Analysis**  
**June 30, 2017**

**Table 2**  
**Change in Net Position (Figures taken from Exhibit 2)**

	Changes During Year			
	2017	Dollars	Percent	2016
<b>Revenues</b>				
Program revenues:				
Charges for services	\$ 351,961	\$ 3,405	0.98%	\$ 348,556
Operating grants and contributions	5,200,882	\$ 254,398	5.14%	4,946,484
Capital grants and contributions	155,051	\$ (3,751)	100.00%	158,802
General revenues:				
Property taxes	11,796,546	\$ 133,751	1.15%	11,662,795
Grants and contributions	108,535	\$ 83,984	342.08%	24,551
Interest and investment earnings	24,489	\$ 12,379	102.22%	12,110
Other general revenues	19,900	\$ 13,335	203.12%	6,565
Total revenues	17,657,364	497,501	2.90%	17,159,863
<b>Program expenses</b>				
General government	1,675,951	174,665	11.63%	1,501,286
Public Safety	826,142	(61,829)	-6.96%	8,879,791
Public Works	1,024,855	116,208	12.79%	908,647
Sanitation	163,241	4,130	2.60%	159,111
Education	12,664,391	266,334	2.15%	12,398,057
Interest on long-term debt	139,740	(93,036)	-39.97%	232,776
Total expenses	16,494,320	406,472	2.53%	16,087,848
Excess (deficiency) before transfers	1,163,044	91,029	8.49%	1,072,015
Beginning net position	20,691,961	1,072,015	5.46%	19,619,946
Ending net position	\$ 21,855,005	\$ 1,163,044	5.62%	\$ 20,691,961

Operating grants and contributions increased \$254,398. The main factors in the increase was an increase in payments to the teacher's retirement system made by the State on behalf of the Town of \$434,602 and a new \$85,617 municipal revenue sharing grant the State distributed this fiscal year. The increase in teacher's retirement on behalf of payments also factored into the increase of \$266,334 in educational expenditures.

### 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.

#### Governmental Type Activities

	Total Cost of Services			Incr. Decr.	Net Cost of Services			Incr. Decr.
	2017	2016	2017		2016			
Governmental Activities								
General government	\$ 1,675,951	\$ 1,503,463	11.47%	\$ 1,134,267	\$ 846,361	34.02%		
Public safety	826,142	887,971	-6.96%	826,142	887,971	-6.96%		
Public works	1,024,855	908,647	12.79%	676,270	612,975	10.33%		
Sanitation	163,241	159,111	2.60%	111,823	107,290	4.22%		
Education	12,664,391	12,398,057	2.15%	7,898,184	7,809,910	1.13%		
Interest on long-term debt	139,740	232,776	-39.97%	139,740	232,776	-39.97%		
Totals	\$ 16,494,320	\$ 16,090,025	2.51%	\$ 10,786,426	\$ 10,497,283	2.75%		

## **THE GOVERNMENT'S FUNDS**

The Town's unassigned fund balance increased \$816,982 and total fund balance increased \$885,452. Contributing factors included increased grant and property tax revenues, a conservative approach to spending, and a reduction of liabilities.

Governmental Fund liabilities decreased \$353,896. Reductions include a decrease in accounts payable of \$162,628 and payoff of a \$50,000 short term note.

### **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 one 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 requires 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. The Town Charter allow s 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**

	<b>Final Budget</b>	<b>Actual</b>	<b>Variance</b>
<b>Revenues</b>			
Property Taxes	\$ 11,733,197	\$ 11,944,985	\$ 211,788
Intergovernmental	3,480,132	3,658,369	178,237
Use of Town Money	7,000	24,011	17,011
Chagres for Services	225,295	293,425	68,130
Intergovernmental transfers	-	63,879	63,879
<b>Total Revenues</b>	<b>15,445,624</b>	<b>15,984,669</b>	<b>539,045</b>
<b>Expenditures</b>			
General Government	3,705,517	3,559,601	145,916
Education	10,698,225	10,634,019	64,206
Capital	864,890	864,890	-
<b>Total Expenditures</b>	<b>15,268,632</b>	<b>15,058,510</b>	<b>210,122</b>
<b>Increase (Decrease) in Fund Balance</b>	<b>\$ 176,992</b>	<b>\$ 926,159</b>	<b>\$ 749,167</b>

Significant variances are summarized as follows:

- The Tax Collector Department collected \$211,788 more than budgeted.
- The General Government expenditures were under budget by \$145,916 due to strong budget controls.
- The Board of Education expenditures were under budget by \$64,206.

## **CAPITAL ASSET AND DEBT ADMINISTRATION**

### **Capital Assets**

At the end of this year, the Government had \$21,409,809 invested government activity capital assets. This amount represents a net increase (including additions and deductions) of \$275,779 from last year. 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 \$4,356,297 in bonds and notes outstanding. This is a decrease of \$354,839 from last year. The Government's general obligation bond rating continues to carry an A1 rating. More detailed information about the Government's long-term liabilities is presented in Note 3.F 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 2017/2018 budget. 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 beginning in fiscal-year 2018. 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. Due to the fiscal condition of the State of Connecticut, the Town of Salem is maintaining higher than normal levels of the unassigned fund balance.

## **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, 2017

Statement of Net Position  
June 30, 2017

	Governmental Activities
<b>ASSETS</b>	
Cash and equivalents	\$ 6,209,229
Investments	48,481
Receivables	
Taxes, net	197,742
Accounts	54,298
Loans (long-term)	317,219
Intergovernmental	85,108
Prepaid expenses	250
Capital assets	
Nondepreciable	6,162,321
Depreciable, net of accumulated depreciation	15,247,488
Total Assets	<u>28,322,136</u>
<b>LIABILITIES</b>	
Accounts payable	613,688
Intergovernmental payable	1,743
Accrued payroll and related	45,948
Accrued interest payable	60,529
Performance bonds	15,237
Unearned revenues	727
Non-current liabilities	
Due within one year	361,782
Due in more than one year	5,367,477
Total Liabilities	<u>6,467,131</u>
<b>NET POSITION</b>	
Net investment in capital assets	17,053,512
Restricted	
Expendable	996,127
Nonexpendable	1,997
Unrestricted	3,803,369
Total Net Position	<u>\$ 21,855,005</u>

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

Statement of Activities  
Year Ended June 30, 2017

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental activities					
General government	\$ 1,675,951	\$ 219,789	\$ 321,895	\$ -	\$ (1,134,267)
Public safety	826,142	-	-	-	(826,142)
Public works	1,024,855	-	193,534	155,051	(676,270)
Sanitation	163,241	51,418	-	-	(111,823)
Education	12,664,391	80,754	4,685,453	-	(7,898,184)
Interest on long-term debt	139,740	-	-	-	(139,740)
Total Governmental Activities	<u>\$ 16,494,320</u>	<u>\$ 351,961</u>	<u>\$ 5,200,882</u>	<u>\$ 155,051</u>	<u>(10,786,426)</u>
General Revenues					
Property taxes, payments in lieu of taxes, interest and liens					11,796,546
Grants and contributions not restricted to specific programs					108,535
Unrestricted interest and investment earnings					24,489
Other general revenues					19,900
Total General Revenues					<u>11,949,470</u>
Change in Net Position					1,163,044
Net Position - Beginning of Year					<u>20,691,961</u>
Net Position - End of Year					<u>\$ 21,855,005</u>

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

Balance Sheet  
Governmental Funds  
June 30, 2017

	General Fund	Capital Non-Recurring Fund	Education Grants Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash and equivalents	\$ 5,520,021	\$ -	\$ 311,401	\$ 377,807	\$ 6,209,229
Investments	5,480	2,250	-	40,751	48,481
Taxes receivable, net of allowance for uncollectible amounts	197,742	-	-	-	197,742
Other receivables					
Accounts	18,865	-	35,433	-	54,298
Loans (long-term)	-	-	-	317,219	317,219
Intergovernmental	-	-	-	85,108	85,108
Due from other funds	524,467	1,388,433	179,328	256,462	2,348,690
Prepaid expenditures	-	-	-	250	250
Total Assets	<u>\$ 6,266,575</u>	<u>\$ 1,390,683</u>	<u>\$ 526,162</u>	<u>\$ 1,077,597</u>	<u>\$ 9,261,017</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>					
Liabilities					
Accounts payable	\$ 611,392	\$ -	\$ -	\$ 2,296	\$ 613,688
Intergovernmental payable	1,743	-	-	-	1,743
Accrued payroll and related	45,948	-	-	-	45,948
Due to other funds	1,672,458	117,454	524,467	34,311	2,348,690
Performance bonds	15,237	-	-	-	15,237
Unearned revenues - performance	727	-	-	-	727
Total Liabilities	<u>2,347,505</u>	<u>117,454</u>	<u>524,467</u>	<u>36,607</u>	<u>3,026,033</u>
Deferred inflow of resources					
Revenues not available	<u>113,351</u>	<u>-</u>	<u>-</u>	<u>80,226</u>	<u>193,577</u>
Fund balances					
Nonspendable	-	-	-	2,247	2,247
Restricted	35,141	-	-	880,760	915,901
Committed	-	807,137	-	-	807,137
Assigned	1,526,678	466,092	1,695	77,757	2,072,222
Unassigned	2,243,900	-	-	-	2,243,900
Total Fund Balances	<u>3,805,719</u>	<u>1,273,229</u>	<u>1,695</u>	<u>960,764</u>	<u>6,041,407</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 6,266,575</u>	<u>\$ 1,390,683</u>	<u>\$ 526,162</u>	<u>\$ 1,077,597</u>	<u>\$ 9,261,017</u>

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

Reconciliation of Governmental Funds Balance Sheet  
to the Government-Wide Statement of Net Position - Governmental Activities  
June 30, 2017

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Fund Balances - Total Governmental Funds	\$ 6,041,407
Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	<u>21,409,809</u>
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	<u>193,577</u>
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	
General obligation bonds	(4,200,000)
Notes and loans	(156,297)
Compensated absences	(38,709)
Post-closure landfill costs	(20,000)
Other post employment benefits	(1,314,253)
Accrued interest payable	<u>(60,529)</u>
	<u>(5,789,788)</u>
Net Position of Governmental Activities	\$ <u>21,855,005</u>

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

Statement of Revenues, Expenditures and Changes in Fund Balances  
 Governmental Funds  
 Year Ended June 30, 2017

	General Fund	Capital Non-Recurring Fund	Education Grants Fund	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>					
Property taxes	\$ 11,944,985	\$ -	\$ -	\$ -	\$ 11,944,985
State grants for specified purpose	545,079	-	-	223,636	768,715
State grants for education	4,466,497	-	189,970	34,802	4,691,269
Licenses and permits	170,964	-	-	4,061	175,025
Charges for current services	29,559	-	16,700	64,054	110,313
Miscellaneous revenue	96,281	-	19,901	1,488	117,670
Income from investments	24,011	35	-	443	24,489
Total Revenues	<u>17,277,376</u>	<u>35</u>	<u>226,571</u>	<u>328,484</u>	<u>17,832,466</u>
<b>EXPENDITURES</b>					
Current					
General government	1,464,971	-	-	122,817	1,587,788
Public safety	773,416	-	-	-	773,416
Public works	653,195	-	-	-	653,195
Sanitation	148,496	-	-	-	148,496
Education	11,991,823	-	223,617	82,115	12,297,555
Debt service					
Principal	311,256	43,583	-	-	354,839
Interest	149,734	5,389	-	-	155,123
Capital outlay	-	961,402	-	15,199	976,601
Total Expenditures	<u>15,492,891</u>	<u>1,010,374</u>	<u>223,617</u>	<u>220,131</u>	<u>16,947,013</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>1,784,485</u>	<u>(1,010,339)</u>	<u>2,954</u>	<u>108,353</u>	<u>885,453</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	63,879	864,890	-	-	928,769
Transfers out	<u>(864,890)</u>	<u>(63,879)</u>	<u>-</u>	<u>-</u>	<u>(928,769)</u>
Total Other Financing Sources (Uses)	<u>(801,011)</u>	<u>801,011</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	983,474	(209,328)	2,954	108,353	885,453
Fund Balances - Beginning of Year	<u>2,822,245</u>	<u>1,482,557</u>	<u>(1,259)</u>	<u>852,411</u>	<u>5,155,954</u>
Fund Balances - End of Year	<u>\$ 3,805,719</u>	<u>\$ 1,273,229</u>	<u>\$ 1,695</u>	<u>\$ 960,764</u>	<u>\$ 6,041,407</u>

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

Reconciliation of the Statement of Revenues, Expenditures and Changes  
in Fund Balances of Governmental Funds to the Statement of Activities  
Year Ended June 30, 2017

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

Net Change in Fund Balances - Total Governmental Funds	<u>\$ 885,453</u>
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.	
Capital outlay expenditures	949,166
Depreciation expense	<u>(673,387)</u>
	<u>275,779</u>
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
Real property taxes and other revenues in the General Fund	(169,286)
Revenues in the School Cafeteria Fund	<u>(5,816)</u>
	<u>(175,102)</u>
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 position.	
Principal payments on general obligation bonds	300,000
Principal payments on notes payable	54,839
Post-closure landfill costs	<u>2,500</u>
	<u>357,339</u>
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds, including the change in:	
Accrued interest	15,383
Compensated absences	(6,230)
Pension and other post employment benefits asset/liability	<u>(189,578)</u>
	<u>(180,425)</u>
Change in Net Position of Governmental Activities	<u>\$ 1,163,044</u>

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

Statement of Fiduciary Net Position  
Fiduciary Funds  
June 30, 2017

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	<u>Agency Funds</u>
<b>ASSETS</b>	
Cash	<u>\$ 21,234</u>
<b>LIABILITIES</b>	
Due to others	<u>\$ 21,234</u>

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.

Education Grants Fund – The Education Grants 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.

## Town of Salem, Connecticut

Notes to Financial Statements (Continued)  
June 30, 2017

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### 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:

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

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

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

- 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.

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

**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 are considered to be available if collected within sixty days of the fiscal year end. Reimbursement grants are considered to be available if they are collected within one year of the end of the current fiscal period. 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.

**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.

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

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.

The Town follows U.S. GAAP guidance on Fair Value Measurements which defines fair value and establishes a fair value hierarchy organized into three levels based upon the input assumptions used in pricing assets. Level 1 inputs have the highest reliability and are related to assets with unadjusted quote prices in active markets. Level 2 inputs relate to assets with other than quoted prices in active markets which may include quoted prices for similar assets or liabilities or other inputs which can be corroborated by observable market data. Level 3 inputs are unobservable inputs and are used to the extent that observable inputs do not exist.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement.

Investments are stated at fair value.

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

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

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

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

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

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

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

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

An allowance for uncollectible taxes of \$93,356 has been recorded net with taxes receivable as of June 30, 2017.

**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.

**Loans Receivable** - Loans receivable in the Small Cities Fund represent amounts due from homeowners in the Town. Loans receivable are recorded and revenues recognized as earned. The loans are funded through a federal grant. The loans are due in full when the homeowner dies, refinances or sells the property. There is no interest on the loans. The loans are secured by a lien on the property.

## Town of Salem, Connecticut

Notes to Financial Statements (Continued)  
June 30, 2017

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

**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.

**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, 2017, balances of interfund amounts receivable or payable have been recorded in the fund financial statements.

**Capital Assets** - Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial, individual cost of more than the capitalization threshold for that asset type and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

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

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

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

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

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

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

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

Also, deferred inflows of resources 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.

In order to calculate the amount to be reported as restricted and unrestricted net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Town's policy to consider restricted net position to have been depleted before unrestricted net position is applied.



**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). However, if the use of the proceeds from amounts not in spendable form is restricted, committed, or assigned, then they are included in the appropriate fund balance classification (restricted, committed, or assigned), rather than nonspendable fund balance.
- **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 funds except the General Fund includes all remaining amounts, except for negative balances, that are not classified as nonspendable and are neither restricted nor committed.
- **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)**

In order to calculate the amounts to report as restricted and unrestricted fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. 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, it is the Town's policy to use fund balance in the following order: committed, assigned, and unassigned.

**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 January 27, 2018.

**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.

## Town of Salem, Connecticut

### Notes to Financial Statements (Continued)

June 30, 2017

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- **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.
- **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.

#### 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.

## Town of Salem, Connecticut

Notes to Financial Statements (Continued)  
June 30, 2017

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

- 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. Changes to the Original Budget

During the year \$4,500 of additional appropriations were made. The appropriation for revaluation was over expended by \$1,259.

#### E. Application of Accounting Standards

For the year ended June 30, 2017, the Town implemented:

- 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.
- GASB Statement 77 – *Tax Abatement Disclosures* – This Statement requires governments to disclose information about their tax abatements and agreements.
- GASB Statement 78 – *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans* – This Statement amends the scope and applicability of Statement 68 to exclude certain pensions provided through certain cost-sharing multiple-employer defined benefit plan.
- Certain provisions of GASB Statement 79 – *Certain External Investment Pools and Pool Participants* – This Statement establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost.
- GASB Statement 80 – *Blending Requirements for Certain Component Units* – This Statement amends the blending requirements of Statement 14 to require the blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member.
- Certain provisions of GASB Statement 82 – *Pension Issues – an amendment of GASB Statements No. 67, No. 68, and No. 73* – This Statement addresses certain issues regarding the presentation of payroll-related measures in required supplementary information, the selection of assumptions and the treatment of deviations from the guidance for financial reporting purposes, and the classification of payments made by employers to satisfy plan member contribution requirements.

## Town of Salem, Connecticut

Notes to Financial Statements (Continued)  
June 30, 2017

### 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, 2017:

Statement of Net Position	
Cash and equivalents	\$ 6,209,229
Investments	<u>48,481</u>
	6,257,710
Fiduciary Funds	
Cash and equivalents	<u>21,234</u>
Total Cash and Investments	<u>\$ 6,278,944</u>

**Cash and Cash Equivalents** - As of June 30, 2017 the carrying amount of the Town's deposits with financial institutions was:

Cash and Cash Equivalents	
Deposits with financial institutions	\$ 2,138,613
Plus external investment pools	4,417,281
Less Certificates of deposits (in investments)	<u>(48,481)</u>
	<u>\$ 6,230,463</u>

The bank balance of the deposits was \$3,768,869 and was exposed to custodial credit risk as follows:

Covered by Federal Depository Insurance	\$ 764,319
Collateralized by securities held in trust	
In the Town's name	131,149
Uninsured and uncollateralized	<u>1,243,145</u>
	<u>\$ 2,138,613</u>

**Investments** – Investments are summarized as follows at June 30, 2017:

	General Fund	Capital Non-Recurring Fund	Other Governmental Funds	Total Investments
Certificates of deposit	<u>\$ 5,480</u>	<u>\$ 2,250</u>	<u>\$ 40,751</u>	<u>\$ 48,481</u>

Below is a summary of the interest rate risk and credit risk as of June 30, 2017:

Type of Investment	Average Credit Rating	Carrying Value *	Investment Maturities (in Years) 1-5 Years
Certificates of deposit	NA	<u>\$ 48,481</u>	<u>\$ 48,481</u>

\* These are reported using a cost-based measure because they are nonnegotiable certificates of deposit.

NA Not applicable

## Town of Salem, Connecticut

Notes to Financial Statements (Continued)  
June 30, 2017

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

#### B. Receivables, Deferred Inflows and Unearned Revenue

**Receivables** - Of the intergovernmental receivables, \$80,226 in school construction grant reimbursements from the State is a long-term receivable and not expected to be collected within one year.

**Revenue Not Available** - Governmental funds report deferred inflows of resources in connection with receivables for revenue that are not considered to be available to liquidate liabilities of the current period as follows:

	General Fund	Other Governmental Funds	Total
Property taxes	\$ 113,351	\$ -	\$ 113,351
Intergovernmental revenue	-	80,226	80,226
	<u>\$ 113,351</u>	<u>\$ 80,226</u>	<u>\$ 193,577</u>

Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. This is recorded as the liability *unearned revenue* at June 30, 2017.

#### 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, 2017 these were summarized as follows:

Receivable fund	Payable Fund	Amount
General Fund	Other Governmental Funds	\$ 524,467
Capital Non-Recurring Fund	General Fund	1,355,444
Capital Non-Recurring Fund	Other Governmental Funds	32,989
Education Grants Fund	General Fund	179,328
Other Governmental Funds	General Fund	137,686
Other Governmental Funds	Capital Non-Recurring Fund	117,454
Other Governmental Funds	Other Governmental Funds	1,322
		<u>\$ 2,348,690</u>

Fund transfers are generally used to fund special projects with general fund revenues. Transfers during the year ended June 30, 2017 were as follows:

	General Fund	Transfers into Capital Non-Recurring Fund	Total
Transfers out of			
General Fund	\$ -	\$ 864,890	\$ 864,890
Capital Non-recurring Fund	63,879	-	63,879
	<u>\$ 63,879</u>	<u>\$ 864,890</u>	<u>\$ 928,769</u>

## Town of Salem, Connecticut

Notes to Financial Statements (Continued)  
June 30, 2017

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

#### D. Capital Assets

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

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated				
Land	\$ 1,786,816	\$ -	\$ -	\$ 1,786,816
Construction in progress	4,882,754	368,431	(875,680)	4,375,505
	<u>6,669,570</u>	<u>368,431</u>	<u>(875,680)</u>	<u>6,162,321</u>
Capital assets being depreciated				
Land improvements	1,335,356	443,440	-	1,778,796
Buildings and systems	12,014,760	609,383	-	12,624,143
Machinery and equipment	2,166,659	54,112	-	2,220,771
Infrastructure	2,312,122	349,480	-	2,661,602
Vehicles	2,908,219	-	-	2,908,219
	<u>20,737,116</u>	<u>1,456,415</u>	<u>-</u>	<u>22,193,531</u>
Less accumulated depreciation for:				
Land improvements	(412,459)	(68,118)	-	(480,577)
Buildings and systems	(2,619,416)	(229,923)	-	(2,849,339)
Machinery and equipment	(912,361)	(113,795)	-	(1,026,156)
Infrastructure	(480,816)	(150,112)	-	(630,928)
Vehicles	(1,847,604)	(111,439)	-	(1,959,043)
Less: Accumulated Depreciation	<u>(6,272,656)</u>	<u>(673,387)</u>	<u>-</u>	<u>(6,946,043)</u>
	<u>\$ 21,134,030</u>	<u>\$ 1,151,459</u>	<u>\$ (875,680)</u>	<u>\$ 21,409,809</u>

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

General government	\$ 120,407
Public safety	116,456
Public works	243,429
Sanitation	17,244
Education	175,851
	<u>\$ 673,387</u>

#### E. Short-Term Obligations – Note Payable

The Town used a \$50,000 one year note to partially finance the purchase of Fire Department rescue tools and an exhaust system. Short-term obligation activity for the year ended June 30, 2017 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Note payable	<u>\$ 50,000</u>	<u>\$ -</u>	<u>\$ 50,000</u>	<u>\$ -</u>

## Town of Salem, Connecticut

Notes to Financial Statements (Continued)  
June 30, 2017

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

#### F. Long-Term Liabilities

The following table summarizes changes in the Town's long-term indebtedness for the year ending June 30, 2017:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
General obligation bonds	\$ 4,500,000	\$ -	\$ (300,000)	\$ 4,200,000	300,000
Notes and loans	211,136	-	(54,839)	156,297	55,411
Compensated absences	32,479	6,230	-	38,709	3,871
Post closure landfill costs	22,500	-	(2,500)	20,000	2,500
OPEB obligations	1,124,675	203,333	(13,755)	1,314,253	-
	<u>\$ 5,890,790</u>	<u>\$ 209,563</u>	<u>\$ (371,094)</u>	<u>\$ 5,729,259</u>	<u>\$ 361,782</u>

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

#### General Obligation Bonds

The Town issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations of the Town and pledge the full faith and credit of the Town. These bonds generally are issued as 20-year serial bonds with equal amounts of principal maturing each year. General obligation bonds outstanding as of June 30, 2017 consisted of the following:

Purpose	Year of Issue	Original Amount	Final Maturity	Interest Rates	Amount Outstanding
Salem School Construction	2014	4,500,000	2029	2.25-4%	<u>4,200,000</u>

Interest incurred and expensed on general obligation bonds for the year ended June 30, 2017 totaled \$141,062 and \$131,060 respectively.

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

Year End	General Obligation Bonds		Year End	General Obligation Bonds	
	Principal	Interest		Principal	Interest
2018	\$ 300,000	\$ 132,063	2025	325,000	55,250
2019	325,000	121,063	2026	325,000	45,500
2020	325,000	108,063	2027	325,000	35,750
2021	325,000	95,063	2028	325,000	26,000
2022	325,000	82,063	2029	325,000	15,844
2023	325,000	71,906	2030	325,000	5,281
2024	325,000	64,188			
				<u>\$ 4,200,000</u>	<u>\$ 858,034</u>



## Town of Salem, Connecticut

Notes to Financial Statements (Continued)  
June 30, 2017

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

#### Loans and Notes Payable

The Town has four small business energy advantage loans for the installation of energy efficiency products in the initial amount of \$42,100. The loans are payable in annual installments through 2019 totaling \$17,880. The loans do not carry interest.

The Town has an installment note for the purchase of Fire Department rescue tools and an exhaust system in the initial amount of \$182,000. The note is payable in annual installments of \$48,964. The installments include interest at a rate of 2.99 percent per year.

Annual debt service requirements to maturity for the loans and note payable are as follows:

Year End	Notes and Loans	
	Principal	Interest
2018	\$ 55,411	\$ 4,196
2019	53,362	2,839
2020	47,524	1,441
	<u>\$ 156,297</u>	<u>\$ 8,476</u>

#### 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 \$3,990.

## Town of Salem, Connecticut

Notes to Financial Statements (Continued)  
June 30, 2017

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

#### 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					\$ 11,944,985
Reimbursement for revenue loss on tax relief for the elderly (C.G.S. 12-129d)					17,173
Debt limitation base					<u>\$ 11,962,158</u>
	General Purpose	Schools	Sewers	Urban Renewal	Pension Deficit
Debt limitation					
2 1/4 times base	\$ 26,914,856	\$ -	\$ -	\$ -	\$ -
4 1/2 times base	-	53,829,711	-	-	-
3 3/4 times base	-	-	44,858,093	-	-
3 1/4 times base	-	-	-	38,877,014	-
3 times base	-	-	-	-	35,886,474
Total debt limitation	<u>26,914,856</u>	<u>53,829,711</u>	<u>44,858,093</u>	<u>38,877,014</u>	<u>35,886,474</u>
Indebtedness					
Bonds payable	-	4,200,000	-	-	-
Total indebtedness	<u>\$ -</u>	<u>\$ 4,200,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Debt limitation in excess of debt outstanding and authorized	<u>\$ 26,914,856</u>	<u>\$ 49,629,711</u>	<u>\$ 44,858,093</u>	<u>\$ 38,877,014</u>	<u>\$ 35,886,474</u>
In no case shall total indebtedness exceed seven times the annual receipts from taxation					<u>\$ 83,735,106</u>

#### F. Net Position

The components of net position are detailed below:

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

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

## Town of Salem, Connecticut

Notes to Financial Statements (Continued)  
June 30, 2017

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

*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 purposes	\$ 67,987
Long-term receivables	317,219
Capital Projects	570,103
Other Purposes	40,818
	<u>\$ 996,127</u>

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

### G. Fund Balances

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

	General Fund	Capital Non-Recurring Fund	Other Governmental Funds	Total
Nonspendable				
Not in spendable form				
Prepaid expenditures	\$ -	\$ -	\$ 250	\$ 250
Trust principal	-	-	1,997	1,997
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,247</u>	<u>\$ 2,247</u>
Restricted				
General Government purposes	\$ -	\$ -	\$ 67,987	\$ 67,987
Long-term receivables			317,219	317,219
Capital Projects	-	-	489,877	489,877
Other Purposes	35,141	-	5,677	40,818
	<u>\$ 35,141</u>	<u>\$ -</u>	<u>\$ 880,760</u>	<u>\$ 915,901</u>
Committed				
Capital Projects	\$ -	\$ 807,137	\$ -	\$ 807,137
Assigned				
General Government purposes	\$ 17,250	\$ -	\$ 56,399	\$ 73,649
Education	-	-	23,053	23,053
Capital Projects	1,010,080	466,092	-	1,476,172
To balance next year's budget	499,348	-	-	499,348
	<u>\$ 1,526,678</u>	<u>\$ 466,092</u>	<u>\$ 79,452</u>	<u>\$ 2,072,222</u>

#### **4. Pension and Other Post Retirement Plans**

##### **A. Teacher's Retirement System**

###### **Plan Description**

Teachers, principals, superintendents, or supervisors engaged in service of public schools are provided with pensions through the Connecticut State Teachers' Retirement System (TRS) - a cost sharing multiple-employer defined benefit pension plan administered by the Teachers' Retirement Board (TRB). Chapter 167a of the State Statutes grants authority to establish and amend the benefit terms to the TRB. TRS issues a publicly available financial report that can be obtained at [www.ct.gov](http://www.ct.gov).

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

**Plan Benefits** – The plan provides retirement, disability and death benefits. Employees are eligible to retire at age 60 with 20 years of credited service in Connecticut, or 35 years of credited service including at least 25 years of service in Connecticut.

Normal Retirement: Retirement benefits for the employees are calculated as 2% of the average annual salary times the years of credited service (maximum benefit is 75% of average annual salary during the 3 years of highest salary).

Early Retirement: Employees are eligible after 25 years of credited service including 20 years of Connecticut service, or age 55 with 20 years of credited service including 15 years of Connecticut service. Benefit amounts are reduced by 6% per year for the first 5 years preceding normal retirement age and 4% per year for the next 5 years preceding the normal retirement age. Effective July 1, 1999, the reduction for individuals with 30 or more years of service is 3% per year by which retirement precedes normal retirement date.

Disability Retirement: Employees are eligible for service-related disability benefits regardless of length of service. Five years of credited service is required for non-service related disability eligibility. Disability benefits are calculated as 2% of average annual salary times credited service to date of disability, but not less than 15% of average annual salary, nor more than 50% of average annual salary. In addition, disability benefits under this plan (without regard to cost-of-living adjustments) plus any initial award of social security benefits and workers' compensation cannot exceed 75% of average annual salary.

###### **Contributions**

###### State of Connecticut

Per Connecticut General Statutes Section 10-183z (which reflects Public Act 79-436 as amended), contribution requirements of active employees and the State of Connecticut are amended and certified by the State 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 earnings, 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.

## Town of Salem, Connecticut

Notes to Financial Statements (Continued)  
June 30, 2017

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### 4. Pension and Other Post Retirement Plans (Continued)

#### Employer (School Districts)

School district employers are not required to make contributions to the plan.

#### Employees

Effective July 1, 1992, each teacher is required to contribute 6% of their salary for the pension benefit.

**Pension Liabilities, Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions** – The Town reports no amounts for its proportionate share of the net pension liability, and related deferred outflows and inflows due to the statutory requirement that the State pay 100% of the required contribution. The amounts recognized by the Town as its proportionate share of the net pension liability, the related state support, and the total portion of the net pension liability that was associated with the Town were as follows:

Town's Proportionate share of the net pension liability	\$	-
State's proportionate share of the net pension liability associated with the Town		10,507,911
Total	\$	<u>10,507,911</u>

The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town has no proportionate share of the net pension liability.

For the fiscal year ended, the Town recognized pension expense and revenue of \$1,145,925 for on-behalf amounts for the benefits provided by the State.

**Actuarial Assumptions** – The total pension liability was determined by an actuarial valuation as of June 30, 2016, using the following actuarial assumptions, applied to all periods included in the measurement:

<b>Inflation</b>	2.75%
<b>Salary increases</b>	3.25-6.50%, including inflation
<b>Investment rate of return</b>	8.00%, net of investment related expense, including inflation

Mortality rates were based on the RPH-2014 White Collar table with employee and annuitant rates blended from ages 50 to 80, projected to the year 2020 using the BB improvements scale.

**Future cost-of-living increases** - For teachers who retired prior to September 1, 1992, pension benefit adjustments are made in accordance with increases in the Consumer Price Index, with a minimum of 3% and a maximum of 5% per annum. For teachers who were members of the Teachers' Retirement System before July 1, 2007, and retire on or after September 1, 1992, pension benefit adjustments are made that are consistent with those provided for social security benefits on January 1 of the year granted, with a maximum of 6% per annum. If the return on assets in the previous year was less than 8.5%, the maximum increase is 1.5%. For teachers who were members of the Teachers' Retirement System after July 1, 2007, pension benefit adjustments are made that are consistent with those provided for social security benefits on January 1 of the year granted, with a maximum of 5% per annum. If the return on assets in the previous year was less than 11.5%, the maximum increase is 3%, and if the return on the assets in the previous year was less than 8.5%, the maximum increase is 1.0%.

## Town of Salem, Connecticut

Notes to Financial Statements (Continued)  
June 30, 2017

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### 4. Pension and Other Post Retirement Plans (Continued)

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimates of arithmetic real rates of return for each major class are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Large Cap U.S. Equities	21.00%	5.80%
Developed Non-U.S. Equities	18.00%	6.60%
Emerging Markets (Non-U.S.)	9.00%	8.30%
Real Estate	7.00%	5.10%
Private Equity	11.00%	7.60%
Alternative Investments	8.00%	4.10%
Core fixed income	7.00%	1.30%
High yield bonds	5.00%	3.90%
Emerging market bond	5.00%	3.70%
Inflation linked bond fund	3.00%	1.00%
Cash	6.00%	0.40%

**Discount Rate** – The discount rate used to measure the total pension liability was 8.00%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the Net Pension Liability to Changes in the Discount Rate** – The Town's proportionate share of the net pension liability is \$0 and, therefore, the change in the discount rate would only impact the amount recorded by the State of Connecticut.

**Plan Fiduciary Net Position** – Detailed information about the Connecticut State Teachers' Retirement Plan fiduciary net position is available in the separately issued State of Connecticut Comprehensive Annual Financial Report as of and for the year ended June 30, 2016.

**4. Pension and Other Post Retirement Plans (Continued)**

**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 certified teachers and their spouses through a single-employer defined benefit plan administered by the Town of Salem, Connecticut in accordance with Connecticut General Statutes and various collective bargaining agreements. The plan does not issue a separate financial statement.

**Funding Policy** - Retired teachers and their spouses must be allowed to continue their health insurance benefits, in the same health insurance plan offered to active teachers, through their last employing Town. The Town does not contribute to the retirees’ health insurance

Eligibility

Age 60 with 20 years of service or 35 years of service at any age (Normal Retirement); or age 55 with 20 years of service or 25 years of service at any age (Early Retirement). Upon reaching age 65 retired teachers and certified administrators who elect to participate in Medicare are removed from coverage.

## Town of Salem, Connecticut

Notes to Financial Statements (Continued)  
June 30, 2017

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### 4. Pension and Other Post Retirement Plans (Continued)

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

Amortization Component	
Actuarial Accrued Liability as of June 30, 2017	\$ 1,811,113
Assets at Market Value	-
Unfunded Actuarial Accrued Liability ("UAAL")	<u>\$ 1,811,113</u>
Funded Ratio	0.00%
Covered Payroll (Active plan members)	<u>\$ 3,056,608</u>
UAAL as a Percentage of Covered Payroll	<u>59.25%</u>
Annual Required Contribution	\$ 199,263
Interest on Net OPEB Obligation	50,610
Adjustment to Annual Required Contribution	<u>(46,541)</u>
Annual OPEB Cost	203,332
Contributions made	<u>(13,754)</u>
Increase in Net OPEB Obligation	189,578
Net OPEB Obligation - Beginning of the year	1,124,675
Net OPEB Obligation - End of the year	<u>\$ 1,314,253</u>

**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.

The "normal cost" is derived for each active participant as the actuarial present value of the projected benefits that are attributed to expected service in the current plan year. The normal cost for the plan is the total of the individual normal costs for each participant. The accrued liability is equal to the portion of the present value of future benefits that is allocated to years of service before the valuation date.

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

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



## Town of Salem, Connecticut

Notes to Financial Statements (Continued)  
June 30, 2017

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### 4. Pension and Other Post Retirement Plans (Continued)

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, 2016
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

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, 2017	\$ 203,332	\$ 13,754	6.8%	\$ 1,314,253
June 30, 2016	196,868	14,367	7.3%	1,124,675
June 30, 2015	185,343	25,338	13.7%	942,174

### Funding Progress

As of the last valuation date, June 30, 2017, the actuarial valuation of the plan assets was \$0. The actuarial accrued liability was \$1,811,113. 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.

## Town of Salem, Connecticut

Notes to Financial Statements (Continued)  
June 30, 2017

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### 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, 2017 the Town paid \$2,090,403 in regular education tuition and \$769,502 in special education tuition to the Town of East Lyme.

## Town of Salem, Connecticut

Notes to Financial Statements (Continued)  
June 30, 2017

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### 5. Other Information (Continued)

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 based on the final audited amounts. In this fiscal year, the Town paid \$132,841 to the Town of East Lyme which was the underpayment for the year ending June 30, 2015.

For the year ended June 30, 2017 there is an estimated, unaudited underpayment of \$61,665 which will be added to the 2018-2019 tuition payments. For the year ended June 30, 2016 there was an audited underpayment of \$55,120 which will be added to the 2017-18 tuition payments. These amounts are included in accounts payable on the balance sheet.

**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 \$71.50 and the Town had approximately 195 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, 2017 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, 2017 was \$8,500.

### 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 2018 will be 39 mills. Towns with mill rates above these thresholds are currently scheduled to be reimbursed for lost revenue.

### G. Minimum Budget Requirement

The State of Connecticut has established a Minimum Budget Requirement ("MBR") for education expenditures. The MBR prohibits a town from budgeting less for education than it did in the previous year unless, and with limits, the town can demonstrate (1) a decrease in school enrollment or (2) savings through increased efficiencies. If the Town receives an increase or decrease in their Education Cost Sharing grant, the MBR will increase or decrease by the same amount.

**5. Other Information (Continued)**

**H. 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 grants distributed to a special taxing district under certain circumstances. Municipalities that increase their adopted budget expenditures over the previous fiscal year by an amount that exceeds the cap receive a reduced municipal revenue sharing grant. The reduction is equal to 50 cents for every dollar the municipality spend over the cap. However, OPM may not reduce a municipality's grant in any year which its adopted budget expenditures exceed the cap by an amount proportionate to its population increase over the previous fiscal year (based on the most recent Department of Public Health population estimate). The total municipal revenue sharing grant for the Town of Salem, Connecticut for the year ending June 30, 2018, before any reductions, is \$85,617. This amount is subject to change based on changes in the State of Connecticut's budget.

**I. 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 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. Management is currently assessing the impact of this standard on the Town.
- GASB Statement 81 – *Irrevocable Split-Interest Agreements* – This Statement provides recognition and measurement guidance for situations in which a government is a beneficiary of the agreement and is effective for periods beginning after December 15, 2016. Management does not expect this to have any financial impact on the Town.
- GASB Statement 83 – *Certain Asset Retirement Obligations* – This Statement addresses accounting and financial reporting for certain asset retirement obligations and is effective for periods beginning after June 15, 2018. Management does not expect this to have any financial impact on the Town.
- GASB Statement 84 – *Fiduciary Activities* – This Statement provides guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported and is effective for periods beginning after December 15, 2018. Management is currently assessing the impact of this standard on the Town.

## Town of Salem, Connecticut

Notes to Financial Statements (Continued)  
June 30, 2017

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### 5. Other Information (Continued)

- GASB Statement 85 – *Omnibus 2017* – This Statement addresses practice issues that have been identified during implementation and application of certain GASB Statements and effective for periods beginning after June 15, 2017. Management is currently assessing the impact of this standard on the Town.

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**Town of Salem, Connecticut**

Required Supplementary Information  
June 30, 2017

Schedule of Revenues, Expenditures and Changes in Fund Balance  
 Budget and Actual (Budgetary Basis) - General Fund  
 Year Ended June 30, 2017

	Budgeted Amounts				
	Original	Additional Appropriations and Transfers	Final	Actual Budgetary Basis	Variance with Final Budget
REVENUES					
Property Tax Revenues					
Property taxes	11,409,797	\$ -	\$11,409,797	\$11,496,984	\$ 87,187
Prior year tax collections	170,000	-	170,000	170,343	343
Supplemental motor vehicle tax collections	85,000	-	85,000	142,144	57,144
Interest on property taxes	65,000	-	65,000	131,007	66,007
Interest on supplemental motor vehicles	2,200	-	2,200	3,795	1,595
Liens on property taxes	1,200	-	1,200	712	(488)
	11,733,197	-	11,733,197	11,944,985	211,788
Intergovernmental Revenues					
State/Federal Grants for Education					
Education equalization	3,148,490	-	3,148,490	3,108,774	(39,716)
Adult education	3,200	-	3,200	4,516	1,316
	3,151,690	-	3,151,690	3,113,290	(38,400)
Other State/Federal Grants					
Town Aid Road (TAR) and Transfer in	184,000	-	184,000	193,534	9,534
Reimbursable trails grant	-	-	-	155,051	155,051
State property in lieu of taxes	53,000	-	53,000	47,337	(5,663)
Local capital improvement	32,676	-	32,676	-	(32,676)
Mashantucket Pequot grant	18,266	-	18,266	18,219	(47)
Tax relief for the elderly	18,000	-	18,000	17,173	(827)
Telephone access line	12,000	-	12,000	10,583	(1,417)
Civil preparedness	-	-	-	6,000	6,000
Library state aid and connecticard grants	2,000	-	2,000	868	(1,132)
Veterans' tax relief	3,000	-	3,000	3,474	474
Tax relief for the disabled	300	-	300	199	(101)
Municipal revenue sharing	-	-	-	85,617	85,617
Office of policy and management grant	4,200	-	4,200	4,699	499
Miscellaneous	1,000	-	1,000	2,325	1,325
	328,442	-	328,442	545,079	216,637
Total Intergovernmental Revenues	3,480,132	-	3,480,132	3,658,369	178,237
Revenue from the Use of Town Money					
General Fund	6,940	-	6,940	23,925	16,985
Other Funds	60	-	60	86	26
	7,000	-	7,000	24,011	17,011
Charges for Services					
Licenses and Permits					
Garbage bag revenue	38,000	-	38,000	38,657	657
Conveyance tax	39,000	-	39,000	39,211	211
Building permits	35,000	-	35,000	51,945	16,945
Tipping and hauling fees	9,000	-	9,000	4,411	(4,589)
Landfill fees - bulky waste	8,000	-	8,000	8,350	350
Heating	5,000	-	5,000	7,264	2,264
Electrical	12,000	-	12,000	6,924	(5,076)
Plumbing	2,500	-	2,500	3,692	1,192
Zoning compliance	1,500	-	1,500	2,145	645
Miscellaneous permits and fees	1,400	-	1,400	4,900	3,500
Pistol permits/sport licenses	1,500	-	1,500	3,220	1,720
Town engineering fees	175	-	175	-	(175)
Warrant fees	65	-	65	-	(65)
	153,140	-	153,140	170,964	17,824

(Continued)



Schedule of Revenues, Expenditures and Changes in Fund Balance  
 Budget and Actual (Budgetary Basis) - General Fund  
 Year Ended June 30, 2017

	Budgeted Amounts			Actual Budgetary Basis	Variance with Final Budget
	Original	Additional Appropriations and Transfers	Final		
<b>Charges for Current Services</b>					
Recording fees	\$ 15,000	\$ -	\$ 15,000	\$ 17,710	\$ 2,710
Sale of copies	5,000	-	5,000	4,118	(882)
Planning and zoning commission fees	1,500	-	1,500	2,318	818
CFC evacuation fees	1,500	-	1,500	480	(1,020)
Sale of maps	700	-	700	512	(188)
Inland/wetland commission fees	500	-	500	475	(25)
Zoning board of appeals fees	500	-	500	-	(500)
Sale of zoning regulations	100	-	100	-	(100)
Electronic Registration Fees	-	-	-	3,946	3,946
	<u>24,800</u>	<u>-</u>	<u>24,800</u>	<u>29,559</u>	<u>4,759</u>
<b>Miscellaneous</b>					
Recreation fee based activity	20,000	-	20,000	16,178	(3,822)
Library fees/fines	16,204	-	16,204	13,577	(2,627)
Miscellaneous	5,000	-	5,000	21,974	16,974
Use of recreation fields	3,000	-	3,000	4,800	1,800
Leases	1	-	1	25,597	25,596
Pavilion Rental	3,150	-	3,150	3,080	(70)
	<u>47,355</u>	<u>-</u>	<u>47,355</u>	<u>92,902</u>	<u>45,547</u>
<b>Total charges for services</b>	<u>225,295</u>	<u>-</u>	<u>225,295</u>	<u>293,425</u>	<u>68,130</u>
<b>Transfer in from Other Funds</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>63,879</u>	<u>63,879</u>
<b>Total revenues</b>	<u>15,445,624</u>	<u>-</u>	<u>15,445,624</u>	<u>15,984,669</u>	<u>539,045</u>
<b>EXPENDITURES</b>					
<b>General Government</b>					
Selectman's department	7,952	-	7,952	7,860	92
Salaries	1,125,176	18,432	1,143,608	1,125,671	17,937
Building official, sanitarian	3,232	-	3,232	2,187	1,045
Town clerk	16,025	-	16,025	16,025	-
Treasurer, auditor, board of finance	38,485	-	38,485	31,529	6,956
Assessor	17,010	-	17,010	16,796	214
Tax collector	14,415	-	14,415	13,247	1,168
Registrar	14,380	-	14,380	11,149	3,231
Town counsel	20,300	12,000	32,300	30,557	1,743
Town office operations	98,200	-	98,200	95,667	2,533
Municipal building maintenance	48,830	-	48,830	48,637	193
Employee benefits	349,854	(28,432)	321,422	286,206	35,216
Utilities	162,740	-	162,740	150,618	12,122
Town services	82,998	-	82,998	82,995	3
Regional services	12,003	-	12,003	11,999	4
Library	32,555	1,800	34,355	34,264	91
Security	242,359	6,000	248,359	247,623	736
Gardner lake fire department	74,940	-	74,940	74,925	15
Salem fire department	85,525	2,700	88,225	87,398	827
Ambulance	41,705	-	41,705	40,813	892
Public safety	73,200	-	73,200	71,137	2,063
Public works	261,500	-	261,500	259,791	1,709
Transfer station	165,864	-	165,864	145,180	20,684
Economic development	2,150	-	2,150	730	1,420
Inland wetlands, conservation commission	2,400	-	2,400	2,201	199

(Continued)

Schedule of Revenues, Expenditures and Changes in Fund Balance  
 Budget and Actual (Budgetary Basis) - General Fund  
 Year Ended June 30, 2017

Year Ended June 30, 2017

	Budgeted Amounts			Actual Budgetary Basis	Variance with Final Budget
	Original	Additional Appropriations and Transfers	Final		
<b>EXPENDITURES (Continued)</b>					
<b>General Government (Continued)</b>					
Planning and zoning commission	\$ 21,750	\$ -	\$ 21,750	\$ 21,352	\$ 398
Zoning board of appeals	800	-	800	559	241
Recreation commission	52,900	-	52,900	38,344	14,556
Municipal insurance	103,000	(8,000)	95,000	73,844	21,156
Unanticipated expenses	1,000	-	1,000	1,000	-
Interest payments	149,734	-	149,734	149,734	-
Principal payable	378,035	-	378,035	378,034	1
Revaluation	-	-	-	1,529	(1,529)
	<u>3,701,017</u>	<u>4,500</u>	<u>3,705,517</u>	<u>3,559,601</u>	<u>145,916</u>
<b>Education</b>	10,698,225	-	10,698,225	10,634,019	64,206
<b>Capital expenditures</b>	<u>864,890</u>	<u>-</u>	<u>864,890</u>	<u>864,890</u>	<u>-</u>
<b>Total expenditures</b>	<u>15,264,132</u>	<u>4,500</u>	<u>15,268,632</u>	<u>15,058,510</u>	<u>210,122</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>\$ 181,492</u>	<u>\$ (4,500)</u>	<u>\$ 176,992</u>	<u>926,159</u>	<u>\$ 749,167</u>
<b>Adjustments to Generally Accepted Accounting Principles (GAAP):</b>					
Reconciling payments with East Lyme High School				73,941	
On behalf revenues from teacher's retirement netted in budget				1,145,925	
On behalf expenditures from teacher's retirement netted in budget				(1,145,925)	
Revenues from Excess Cost Grant				207,282	
Expenditures from Excess Cost Grant				(207,282)	
Net revenues from Town Clerk reserved money				3,379	
Change in encumbrances				<u>(20,005)</u>	
<b>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses) - GAAP basis</b>				<u>\$ 983,474</u>	

**Notes to Required Supplementary Information:** A formal, legally approved, annual budget is adopted for the General Fund only. This budget is adopted on a basis consistent with Generally Accepted Accounting Principles (modified accrual basis) with the following exceptions: 1. The Town does not recognize as income or expenditures payments made for the teacher's retirement by the State of Connecticut on the Town's behalf; 2. The Town nets revenues from the Excess Cost Grant in the Board of Education expenditure accounts; 3. The Town recognizes encumbrances payable as an expenditure in the year they were committed; 4. A number of other grants and revenues are netted with expenditures on the budgetary basis; 5. 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.

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

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Valuation Date	Actuarial Value of Assets	Accrued Liability (AAL)	Excess (Unfunded) AAL (UAAL)	Funded Ratio	Covered Payroll	AAL/UAAL as a Percentage of Covered Payroll
6/30/2016	\$ -	\$ 1,811,113	\$ (1,811,113)	0.00%	\$ 2,726,185	66.43%
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%

Required Supplementary Information - Schedule of Employer Contributions  
Other Post Employment Benefits  
Last Six Fiscal Years

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Fiscal Year Ended	Annual Required Contribution	Actual Contribution	Percentage Contributed
6/30/2017	\$ 199,263	\$ 13,755	6.90%
6/30/2016	193,459	14,367	7.43%
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%

Required Supplementary Information  
Connecticut Teachers Retirement System  
June 30, 2017

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

	<u>2017</u>	<u>2016</u>	<u>2016</u>
Town's percentage of collective net pension liability	<u>0.000000%</u>	<u>0.000000%</u>	<u>0.000000%</u>
Town's proportionate share of the collective net pension liability	\$ -	\$ -	\$ -
State's proportionate share of the collective net pension liability associated with the employer	<u>\$ 10,507,911</u>	<u>\$ 8,877,646</u>	<u>\$ 8,205,604</u>
Total proportionate share of the collective net pension liability	<u>\$ 10,507,911</u>	<u>\$ 8,877,646</u>	<u>\$ 8,205,604</u>
Town's covered payroll	(1) <u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Town's proportionate share of the collective net pension liability as a % of covered payroll	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
Plan fiduciary net position as a % of total pension liability	<u>52.26%</u>	<u>59.50%</u>	<u>61.51%</u>

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

Contractually required Town contribution	(2) <u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
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(1) Not applicable since 0% proportional share of the net pension liability

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

Required Supplementary Information  
Connecticut Teachers Retirement System (*continued*)  
June 30, 2017

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### Notes to Required Supplementary Information

Changes of benefit term	None
Changes of assumptions	<b>2016:</b> <ol style="list-style-type: none"> <li>1. Reduce the inflation assumption from 3.00% to 2.75%.</li> <li>2. Reduce the real rate of return assumption from 5.50% to 5.25% which, when combined with the inflation assumption change results in a decrease in the investment rate of return assumption from 8.50% to 8.00%.</li> <li>3. Reduce the annual rate of wage increase assumption from 0.75% to 0.50%.</li> <li>4. Slightly modify the merit portion of the salary scale.</li> <li>5. Reduce the payroll growth assumption from 3.75% to 3.25%.</li> <li>6. Update mortality tables to projected versions of the RPH-2014 mortality tables.</li> <li>7. Increase normal retirement rates for females at most ages and prorable retirement rates for males at most ages. Decrease early retirement rates for both males and females.</li> <li>8. Increase rates of withdrawal.</li> <li>9. Decrease rates of disability for males.</li> </ol>
Actuarial cost method	Entry Age
Amortization method	Level percent of salary, closed
Remaining amortization period	21.4 years
Asset valuation method	4 year smoothed market
Inflation	2.75%
Salary increases	3.25%-6.00%, average, including inflation
Investment rate of return	8.00% net of pension plan investment expense, including inflation

See Independent Auditors' Report

**Town of Salem, Connecticut**

Combining and Individual Fund Financial Statements  
June 30, 2017

Combining Balance Sheet  
Other Governmental Funds  
June 30, 2017

	Special Revenue Funds	Capital Projects Funds	Permanent Fund: Memorial & Cemetery	Total Other Governmental Funds
<b>ASSETS</b>				
Cash and equivalents	\$ 89,130	\$ 280,258	\$ 8,419	\$ 377,807
Investments	33,357	-	7,394	40,751
Other receivables				
Loans	317,219	-	-	317,219
Intergovernmental	4,880	80,228	-	85,108
Due from other funds	45,437	211,025	-	256,462
Prepaid expenditures	250	-	-	250
Total Assets	<u>\$ 490,273</u>	<u>\$ 571,511</u>	<u>\$ 15,813</u>	<u>\$ 1,077,597</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>				
Liabilities				
Accounts payable	\$ 2,296	\$ -	\$ -	\$ 2,296
Due to other funds	34,311	-	-	34,311
Total Liabilities	<u>36,607</u>	<u>-</u>	<u>-</u>	<u>36,607</u>
Deferred Inflows of Resources				
Deferred revenues - not available	<u>-</u>	<u>80,226</u>	<u>-</u>	<u>80,226</u>
Fund Balances				
Nonspendable	250	-	1,997	2,247
Restricted	390,883	489,877	-	880,760
Assigned	62,533	1,408	13,816	77,757
Total Fund Balances	<u>453,666</u>	<u>491,285</u>	<u>15,813</u>	<u>960,764</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 490,273</u>	<u>\$ 571,511</u>	<u>\$ 15,813</u>	<u>\$ 1,077,597</u>



Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
 Other Governmental Funds  
 Year Ended June 30, 2017

	Special Revenue Funds	Capital Projects Funds	Permanent Fund: Memorial & Cemetery	Total Other Governmental Funds
<b>REVENUES</b>				
State grants for specified purpose	\$ 223,636	\$ -	\$ -	\$ 223,636
State grants for education	34,802	-	-	34,802
Licenses and permits	4,061	-	-	4,061
Charges for current services	64,054	-	-	64,054
Miscellaneous revenue	1,488	-	-	1,488
Income from investments	227	3	213	443
Total revenues	<u>328,268</u>	<u>3</u>	<u>213</u>	<u>328,484</u>
<b>EXPENDITURES</b>				
Current				
General government	122,817	-	-	122,817
Education	82,115	-	-	82,115
Capital Outlay	-	15,199	-	15,199
Total expenditures	<u>204,932</u>	<u>15,199</u>	<u>-</u>	<u>220,131</u>
Net Change in Fund Balance	123,336	(15,196)	213	108,353
Fund Balances - Beginning of Year	<u>330,330</u>	<u>506,481</u>	<u>15,600</u>	<u>852,411</u>
Fund Balances - End of Year	<u>\$ 453,666</u>	<u>\$ 491,285</u>	<u>\$ 15,813</u>	<u>\$ 960,764</u>

Combining Balance Sheet  
Special Revenue Funds  
June 30, 2017

	Town Grants Fund	Senior Citizens Fund	Dog Fund	School Cafeteria Fund	Community Foundation Grant Fund	Needy Fund	Small Cities Grant Fund	Total Special Revenue Funds
<b>ASSETS</b>								
Cash and equivalents	\$ 63,887	\$ -	\$ 6,093	\$ 15,724	\$ -	\$ 3,421	\$ 5	\$ 89,130
Investments	-	31,101	-	-	-	2,256	-	33,357
Other receivables								
Loans	-	-	-	-	-	-	317,219	317,219
Intergovernmental	-	-	-	4,880	-	-	-	4,880
Due from other funds	44,517	-	-	754	166	-	-	45,437
Prepaid expenditures	-	-	-	-	-	250	-	250
Total Assets	<u>\$ 108,404</u>	<u>\$ 31,101</u>	<u>\$ 6,093</u>	<u>\$ 21,358</u>	<u>\$ 166</u>	<u>\$ 5,927</u>	<u>\$ 317,224</u>	<u>\$ 490,273</u>
<b>LIABILITIES AND FUND BALANCES</b>								
Liabilities								
Accounts payable	\$ -	\$ -	\$ 2,291	\$ -	\$ -	\$ -	\$ 5	\$ 2,296
Due to other funds	34,311	-	-	-	-	-	-	34,311
Total Liabilities	<u>34,311</u>	<u>-</u>	<u>2,291</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5</u>	<u>36,607</u>
Fund Balances								
Nonspendable	-	-	-	-	-	250	-	250
Restricted	36,720	31,101	-	-	166	5,677	317,219	390,883
Assigned	37,373	-	3,802	21,358	-	-	-	62,533
Total Fund Balances	<u>74,093</u>	<u>31,101</u>	<u>3,802</u>	<u>21,358</u>	<u>166</u>	<u>5,927</u>	<u>317,219</u>	<u>453,666</u>
Total Liabilities and Fund Balances	<u>\$ 108,404</u>	<u>\$ 31,101</u>	<u>\$ 6,093</u>	<u>\$ 21,358</u>	<u>\$ 166</u>	<u>\$ 5,927</u>	<u>\$ 317,224</u>	<u>\$ 490,273</u>

Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Special Revenue Funds  
Year Ended June 30, 2017

	Town Grants Fund	Senior Citizens Fund	Dog Fund	School Cafeteria Fund	Community Foundation Grant Fund	Needy Fund	Small Cities Grant Fund	Total Special Revenue Funds
<b>REVENUES</b>								
State grants for specified purpose	\$ 27,300	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 196,336	\$ 223,636
State grants for education	-	-	-	34,802	-	-	-	34,802
Licenses and permits	-	-	4,061	-	-	-	-	4,061
Charges for current services	-	-	-	64,054	-	-	-	64,054
Miscellaneous revenue	-	-	-	-	-	1,488	-	1,488
Income from investments	-	200	-	-	-	27	-	227
Total Revenues	<u>27,300</u>	<u>200</u>	<u>4,061</u>	<u>98,856</u>	<u>-</u>	<u>1,515</u>	<u>196,336</u>	<u>328,268</u>
<b>EXPENDITURES</b>								
Current								
General government	47,545	-	6,776	-	-	3,493	65,003	122,817
Education	-	-	-	82,115	-	-	-	82,115
Total Expenditures	<u>47,545</u>	<u>-</u>	<u>6,776</u>	<u>82,115</u>	<u>-</u>	<u>3,493</u>	<u>65,003</u>	<u>204,932</u>
Net Change in Fund Balances	(20,245)	200	(2,715)	16,741	-	(1,978)	131,333	123,336
Fund Balances - Beginning of Year	<u>94,338</u>	<u>30,901</u>	<u>6,517</u>	<u>4,617</u>	<u>166</u>	<u>7,905</u>	<u>185,886</u>	<u>330,330</u>
Fund Balances - End of Year	<u>\$ 74,093</u>	<u>\$ 31,101</u>	<u>\$ 3,802</u>	<u>\$ 21,358</u>	<u>\$ 166</u>	<u>\$ 5,927</u>	<u>\$ 317,219</u>	<u>\$ 453,666</u>

Combining Balance Sheet  
 Capital Projects Funds  
 June 30, 2017

	School Construction Fund	Land Acquisition Fund	Open Space Land Acquisition Fund	Total Capital Projects Funds
<b>ASSETS</b>				
Cash and equivalents	\$ 278,850	\$ 830	\$ 578	\$ 280,258
Other receivables				
Intergovernmental	80,228	-	-	80,228
Due from other funds	211,025	-	-	211,025
Total Assets	<u>\$ 570,103</u>	<u>\$ 830</u>	<u>\$ 578</u>	<u>\$ 571,511</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>				
Liabilities				
Due to other funds	\$ -	\$ -	\$ -	\$ -
Deferred inflow of resources				
Deferred revenues - not available	<u>80,226</u>	<u>-</u>	<u>-</u>	<u>80,226</u>
Fund balances				
Restricted	489,877	-	-	489,877
Assigned	<u>-</u>	<u>830</u>	<u>578</u>	<u>1,408</u>
Total Fund Balances	<u>489,877</u>	<u>830</u>	<u>578</u>	<u>491,285</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 570,103</u>	<u>\$ 830</u>	<u>\$ 578</u>	<u>\$ 571,511</u>

Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
 Capital Projects Funds  
 Year Ended June 30, 2017

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	School Construction Fund	Land Acquisition Fund	Open Space Land Acquisition Fund	Total Capital Projects Funds
<b>REVENUES</b>				
Income from investments	\$ -	\$ 1	\$ 2	\$ 3
Total Revenues	-	1	2	3
<b>EXPENDITURES</b>				
Capital outlay	15,199	-	-	15,199
Net Change in Fund Balances	(15,199)	1	2	(15,196)
Fund Balances - Beginning of Year	505,076	829	576	506,481
Fund Balances - End of Year	\$ 489,877	\$ 830	\$ 578	\$ 491,285

Combining Statement of Changes in Assets and Liabilities  
 Agency Funds  
 Year Ended June 30, 2017

	<u>Balance Beginning</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance Ending</u>
<b>Student Activity Fund</b>				
<b>ASSETS</b>				
Cash	<u>\$ 18,744</u>	<u>\$ 64,178</u>	<u>\$ (61,688)</u>	<u>\$ 21,234</u>
<b>LIABILITIES</b>				
Due to others	<u>\$ 18,744</u>	<u>\$ 64,178</u>	<u>\$ (61,688)</u>	<u>\$ 21,234</u>

**Town of Salem, Connecticut**

Supplementary Schedules  
June 30, 2017

Report of the Property Tax Collector  
Year Ended June 30, 2017

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		Interest	Fees	Liens	Suspense	Total					
2015	\$ -	\$11,780,205	\$31,315	\$68,582	\$11,742,938	\$11,625,064	\$44,184	\$300	\$24	-	\$11,669,572	\$7,689	\$15,109	\$125,294	
2014	151,690		1,593	2,533	150,750	95,891	22,665	42	696	-	119,294	9,089	1,624	47,394	
2013	82,954	-	362	-	83,316	52,219	19,014	18	528	-	71,779	10,897	-	20,200	
2012	34,384	-	15	-	34,399	17,980	9,196	6	312	-	27,494	8,188	-	8,231	
2011	23,154	-	-	-	23,154	12,231	7,792	12	168	-	20,203	4,369	-	6,554	
2010	9,786	-	-	-	9,786	1,975	1,723	-	72	-	3,770	4,202	-	3,609	
2009	6,537	-	-	-	6,537	498	106	6	-	-	610	1,976	-	4,063	
2008	1,581	-	-	-	1,581	-	-	-	-	-	-	1,292	-	289	
2007	1,798	-	-	-	1,798	-	-	-	-	-	-	211	-	1,587	
2006	1,669	-	-	-	1,669	-	-	-	-	-	-	382	-	1,287	
2005	1,668	-	-	-	1,668	-	-	-	-	-	-	653	-	1,015	
2004	241	-	-	-	241	-	-	-	-	-	-	-	-	241	
	<u>\$ 315,462</u>	<u>\$11,780,205</u>	<u>\$33,285</u>	<u>\$ 71,115</u>	<u>\$12,057,837</u>	<u>\$11,805,858</u>	<u>\$104,680</u>	<u>\$384</u>	<u>\$1,800</u>	<u>\$ -</u>	<u>\$11,912,722</u>	<u>\$48,948</u>	<u>\$16,733</u>	\$ 219,764	
														Overpayments	7,359
														Interest and liens receivable	63,975
														Allowance for doubtful accounts	<u>(93,356)</u>
														Taxes receivable, net	<u>\$ 197,742</u>



Statement of Changes in Fund Balance by Project - Capital Non-Recurring Fund  
Year Ended June 30, 2017

	Beginning Balance	Transfers In	Internal Transfers	Additions (Revenues)	Reductions (Expenditures)	Transfers Out	Ending Balance
<b>Committed:</b>							
<b>Salem Fire Co</b>							
Gear & hose	\$ 2,704	\$ 10,000	\$ -	\$ -	\$ (10,457)	\$ -	\$ 2,247
SCBA	43,826	-	-	-	-	(43,826)	-
Training building fund	25,349	25,000	-	-	(27,767)	-	22,582
Engine tanker	-	35,000	-	-	-	-	35,000
	<u>71,879</u>	<u>70,000</u>	<u>-</u>	<u>-</u>	<u>(38,224)</u>	<u>(43,826)</u>	<u>59,829</u>
<b>Gardner Firehouse Projects</b>							
Gear & hose	5,251	14,000	-	-	(17,713)	-	1,538
Parking lot	38,057	-	-	-	-	-	38,057
Tanker truck	-	225,000	-	-	(136,584)	-	88,416
Telephone system	-	6,400	-	-	(4,000)	-	2,400
Slip resistant flooring	-	26,000	-	-	(25,889)	(111)	-
	<u>43,308</u>	<u>271,400</u>	<u>-</u>	<u>-</u>	<u>(184,186)</u>	<u>(111)</u>	<u>130,411</u>
<b>Public Safety</b>							
Hydraulic rescue tools/exhaust	68,565	-	-	-	(48,972)	-	19,593
<b>General Government</b>							
Town center roof	1,278	-	-	-	(1,160)	(118)	-
Parking lot rehabilitation	9,035	-	-	-	(7,230)	-	1,805
Heating/cooling system	3,522	-	-	-	-	(3,522)	-
Library interior upgrade - carpet	-	15,805	-	-	(14,926)	-	879
5000 watt light tower towable	-	5,000	-	-	(4,634)	(366)	-
	<u>13,835</u>	<u>20,805</u>	<u>-</u>	<u>-</u>	<u>(27,950)</u>	<u>(4,006)</u>	<u>2,684</u>
<b>Public Works</b>							
Intern. snow/plow truck	8,619	-	-	-	(1,516)	-	7,103
Road rehab 15/16	292,513	-	-	-	(292,513)	-	-
Fuel system replacement	81,000	-	-	-	(2,000)	-	79,000
Heavy duty dump truck trailer 7x14	1,230	-	-	-	-	(1,230)	-
Pave and construction drive at Old Library	6,740	-	-	-	-	-	6,740
Pave and reclaim Salem Fire Department	96,986	-	-	-	(96,986)	-	-
Pave and reclaim Public Works area	375	-	-	-	(359)	(16)	-
Used forklift	4,000	-	-	-	-	(4,000)	-
Used sweeper	4,781	-	-	-	(1,595)	(3,186)	-
Eleven foot snow plow	-	10,359	-	-	(10,290)	(69)	-
Zero turn mower	-	15,604	-	-	(13,827)	(1,777)	-
Tractor	-	30,022	-	-	(29,994)	(28)	-
Road rehab 16/17	-	392,700	-	-	(56,968)	-	335,732
	<u>496,244</u>	<u>448,685</u>	<u>-</u>	<u>-</u>	<u>(506,048)</u>	<u>(10,306)</u>	<u>428,575</u>

(Continued)

Statement of Changes in Fund Balance by Project - Capital Non-Recurring Fund  
Year Ended June 30, 2017

	Beginning Balance	Transfers In	Internal Transfers	Additions (Revenues)	Reductions (Expenditures)	Transfers Out	Ending Balance
<b>Recreation Commission</b>							
Playground - Round Hill Road	\$ 6	\$ -	\$ -	\$ -	\$ -	\$ (6)	\$ -
Round Hill Road lighting	4,306	-	-	-	-	-	4,306
Round Hill Road parking lot upgrades	3,388	-	2,827	-	(6,215)	-	-
Replace press box	748	-	-	-	-	(748)	-
Multi-Purpose Path	5,552	-	-	-	-	-	5,552
Reimbursable trail grant	214,530	-	-	-	(186,880)	-	27,650
Forsyth Park well	46,000	-	-	-	(3,814)	-	42,186
Volunteer Park well, septic and bathrooms	-	54,000	-	-	-	-	54,000
	<u>274,530</u>	<u>54,000</u>	<u>2,827</u>	<u>-</u>	<u>(196,909)</u>	<u>(754)</u>	<u>133,694</u>
<b>Building Committee</b>	<u>13,806</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,806</u>
<b>Education</b>							
Clock/spreader system	6,018	-	-	-	(5,562)	(456)	-
Security upgrade	501	-	-	-	-	(501)	-
School Tile Replacement	15,825	-	-	-	-	-	15,825
Upgrade track/athletic field	5,243	-	-	-	(2,523)	-	2,720
Site plan	3,919	-	-	-	-	(3,919)	-
	<u>31,506</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(8,085)</u>	<u>(4,876)</u>	<u>18,545</u>
<b>Total Committed Fund Balance</b>	<b>1,013,673</b>	<b>864,890</b>	<b>2,827</b>	<b>-</b>	<b>(1,010,374)</b>	<b>(63,879)</b>	<b>807,137</b>
<b>Assigned Fund Balance</b>	<u>468,884</u>	<u>-</u>	<u>(2,827)</u>	<u>35</u>	<u>-</u>	<u>-</u>	<u>466,092</u>
<b>Total Fund Balance</b>	<b><u>\$ 1,482,557</u></b>	<b><u>\$ 864,890</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 35</u></b>	<b><u>\$ (1,010,374)</u></b>	<b><u>\$ (63,879)</u></b>	<b><u>\$ 1,273,229</u></b>

Statement of Changes in Fund Balance by Project - Town Grants Fund  
Year Ended June 30, 2017

	Beginning Balance	Transfers In	Internal Transfers	Additions (Revenues)	Reductions (Expenditures)	Ending Balance
<b>Restricted:</b>						
Preservation	\$ 15,850	\$ -	\$ -	\$ -	\$ -	\$ 15,850
STEAP - Harris Brook	1,234	-	(1,234)	20,880	(20,880)	-
Library	6,000	-	(6,000)	-	-	-
Multi-Path	(1,234)	-	1,234	-	-	-
Nutmeg Wifi	5,134	-	-	-	(1,650)	3,484
Other						
Highways	14,892	-	-	2,419	-	17,311
Town Clerk	(5,925)	-	6,000	4,000	(4,000)	75
Gazebo	(9,182)	-	9,182	-	-	-
Integrated Security	(1,250)	-	1,250	-	-	-
Arrow Fence	(6,663)	-	6,663	-	-	-
	<u>18,856</u>	<u>-</u>	<u>17,095</u>	<u>27,299</u>	<u>(26,530)</u>	<u>36,720</u>
<b>Assigned</b>						
FEMA	<u>75,483</u>	<u>-</u>	<u>(17,095)</u>	<u>-</u>	<u>(21,015)</u>	<u>37,373</u>
<b>Total Fund Balance</b>	<b><u>\$ 94,339</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 27,299</u></b>	<b><u>\$ (47,545)</u></b>	<b><u>\$ 74,093</u></b>



**Town of Salem, Connecticut**

Internal Control and Compliance Reports  
June 30, 2017

**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, 2017, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated January 27, 2018.

**Internal Control over Financial Reporting**

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Town's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of This Report**

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

*PKF O'Connor Davies, LLP*

January 27, 2018





**Town of Salem, Connecticut**

State Single Audit  
June 30, 2017

**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, 2017. The Town's major state programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs.

***Management's Responsibility***

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

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of the Town's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the State Single Audit Act (C.G.S. Sections 4-230 to 4-236). Those standards and the State Single Audit Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the Town's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major state program. However, our audit does not provide a legal determination of the Town's compliance.

***Opinion on Each Major State Program***

In our opinion, the Town complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2017.

**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, 2017, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements. We have issued our report thereon dated Report Date, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The accompanying Schedule of Expenditures of State Financial Assistance is presented for purposes of additional analysis as required by the State Single Audit Act, and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of State Financial Assistance is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*PKF O'Connor Davies, LLP*

January 27, 2018

**Town of Salem, Connecticut**

Schedule of Expenditures of State Financial Assistance  
For the Year Ended June 30, 2017

<b>State Grantor Pass-Through Grantor Program Title</b>	<b>State Grant Program Core-CT Number</b>	<b>Passed To Sub- recipients Expenditures</b>	
<b>Connecticut State Library</b>			
Connecticard Payments	11000-CSL66051-17010	\$ -	\$ 868
Historic Documents Preservation Grants	12060-CSL66094-35150	-	4,000
<b>Total Connecticut State Library</b>		-	4,868
<b>Department of Energy and Environmental Protection</b>			
Small Town Economic Assistance Program (DEP)	12052-DEP43153-40531	-	22,194
<b>Total Department of Energy and Environmental Protection</b>		-	22,194
<b>Department of Transportation</b>			
Town Aid Road Grants Transportation Fund	12052-DOT57131-43455	-	193,534
<b>Total Department of Transportation</b>		-	193,534
<b>Department of Justice</b>			
Non-Budgeted Operating Appropriation	34001-JUD95162-40001	-	1,640
<b>Total Department of Justice</b>		-	1,640
<b>Office of Policy and Management</b>			
Reimbursement to Towns: Tax Loss on State Owned Property	11000-OPM20600-17004	-	47,337
Reimbursement of Property Tax: Disability Exemption	11000-OPM20600-17011	-	199
Property Tax Relief for Elderly Circuit Breaker	11000-OPM20600-17018	-	17,173
Property Tax Relief for Veterans	11000-OPM20600-17024	-	3,474
Municipal Grants-In-Aid	12052-OPM20600-43587	-	4,699
<b>Total Office of Policy and Management</b>		-	72,882
<b>Department of Education</b>			
Child Nutrition State Match	11000-SDE64370-16211	-	915
Health Foods Initiative	11000-SDE64370-16212	-	1,856
Adult Education	11000-SDE64370-17030	-	4,516
School Breakfast Program	11000-SDE64370-17046	-	2,913
<b>Total Department of Education</b>		-	10,200
<b>Total State Financial Assistance before Exempt Programs</b>		-	305,318
<b>EXEMPT PROGRAMS</b>			
<b>Department of Education</b>			
Education Cost Sharing	11000-SDE64370-17041	-	3,108,774
Special Education - Excess Cost - Student Based	11000-SDE64000-17047	-	207,282
<b>Total Department of Education</b>		-	3,316,056
<b>Office of Policy and Management</b>			
Municipal Revenue Sharing	12002-OPM20600-17102	-	85,617
Mashantucket Pequot and Mohegan Fund Grant	12009-OPM20600-17005	-	18,219
<b>Total Office of Policy and Management</b>		-	103,836
<b>Total Exempt Programs</b>		-	3,419,892
<b>Total State Financial Assistance</b>		\$ -	\$ 3,725,210

## **Town of Salem, Connecticut**

### Notes to Schedule of Expenditures of State Financial Assistance Year Ended June 30, 2017

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

##### **General**

The accompanying Schedule of Expenditures of State Financial Assistance includes state grant activity of the Town of Salem, Connecticut ("Town") under programs of the State of Connecticut for the fiscal year ended June 30, 2017. 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 modified 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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Schedule of Findings and Questioned Costs  
Year Ended June 30, 2017

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

**Financial Statements**

Type of auditors' opinion 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 auditors' opinion 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	\$193,534

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 matters were reported