

2017-
2018

ANNUAL REPORT OF THE TOWN
OF SALEM, CONNECTICUT



In Dedication to



Stu and Judy Gadbois

Stu moved to Salem when he was 8 years old, at the time when his father established the Maegog Farm at the crossroads of Route 82 and 354. Stu met Judy at UCONN where he received his Ph.D. in Mechanical Engineering; they were married and built a home in Salem in 1958.

Stu became active in Salem. He served 18 years on the Salem Board of Education, many years as the Chairman. For 14 years Judy offered tours of their growing dairy business to school-age children and to adults. Stu was involved in academic and scholarship awards at the Salem School.

Both Stu and Judy have been involved in the Congregational Church of Salem. Stu was a Trustee, the Assistant Treasurer, and the Moderator for church meetings. Judy has served many positions within the church and is currently a Deacon. As an effort to diminish the cost of the newly built Christian Education building, in 1970 Judy and her friend Priscilla Howard, along with the help of her church family, thought of the idea to sell all things apple, so the Salem Apple Festival was born. The Christian Education building costs were paid in full many years ago, and 2019 will mark the 50th Annual Salem Apple Festival!

Both Stu and Judy were chosen for the inaugural class of the Salem Unsung Heroes in 1989. Service to others has always been one of their core beliefs. In 1990 they wanted to show their grandchildren that Christmas was more than a shopping trip to the mall, the Gadbois' held their first Live Nativity in their red barn. In the first year over 200 people attended and the event has only grown larger from that point. Thousands of people have enjoyed frequenting the barn to celebrate Christmas.

Approaching their senior years did not slow Stu or Judy down as their lives remained busy and fulfilled. You would often see Stu on the tractor during haying season, a sight which had become familiar to most. Stu and Judy sold some fields of land to the Town of Salem that are now known as the Salem Volunteer Park, a pavilion area often enjoyed by soccer families and for planned events that bring enjoyment to even more Salem residents. With more time on his hands, Stu ran for the Board of Selectman in 2015 and was the top vote recipient.

Sadly, Stu passed away in 2018, but Judy continues to impart her heart and wisdom unto everything she does. Stu and Judy have helped to shape the Town of Salem CT into what it is today, and Salem is much better for their efforts.

In Dedication to



Norm and Judy Rabe

Norm and Judy Rabe met in 1988 at a regional singles meeting, were married and moved to Salem in 1989. Many projects and groups have benefited from their commitment to Salem. They chaired the Friends of the Salem Library used book sale for twelve (12) years. They organized book collection, sorting of books and volunteer staffing. And they also did a lot of the hands-on work themselves.

Judy edited the town newspaper, "Our Town Salem", was chairperson of the town Library Board, and was very active in making the library a center of activity. She volunteered in the Library's Summer Reading and other programs, and worked tirelessly to coordinate the move to the new Salem Library so that service interruption was minimal.

In the latest decade, Judy became committed to the Clamshell Quilt Guild and coordinated the Salem quilters. With them, she produced many excellent items to sell and raise funds for the Friends of the Salem Library. Sadly, Judy passed away in 2019.

Norm has served on a number of Salem commissions and committees, including Inland Wetlands and Conservation Commission, the Salem Library Building Committee and the Fireman's Compensation Award Review Criteria Committee.

He has been active in the Salem Lions Club, chaired their annual tag sale, and has been involved in their firewood cutting and sales program, which provides firewood to Salem seniors. He worked on the Journey for Sight Race and the Pledge for Sight Campaign and served as Lion's Secretary for years. Norm received the Lions Melvin Jones Fellowship and Knight of the Blind awards.

Individually, both Norm and Judy have been recognized as Salem Unsung Heroes for their many contributions.

Together Norm and Judy have brightened Salem through their work, positive outlook and thoughtfulness. They have helped make Salem a better place.

ANNUAL REPORT

OF THE OFFICERS OF THE

TOWN OF SALEM



AND

**Audit of Town Records
From July 1, 2017
to June 30, 2018**

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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 available during the following office hours for January and July:

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

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

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

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

Monday-Administrative Assistant	3:00 PM – 7:00 PM
Monday- Building Officials	5:00 PM - 7:00 PM
Thursday-Administrative Assistant	3:00 PM – 7:00 PM
Thursday-Building Officials	5:00 PM- 7:00 PM
Friday-Sunday	Closed

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

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

Monday-Wednesday	12:00 PM to 7:30 PM
Thursday	10:00 AM to 7:30 PM
Friday	10:00 AM to 6:00 PM
Saturday- (Sept-June)	10:00 AM to 4:00 PM
Saturday- (July-August)	10:00 AM to 2:00 PM

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

ELECTED TOWN OFFICIALS

This Town Report covers Fiscal year 2017/2018. 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 2017/2018.

Board Of Selectmen

Kevin Lyden, *First Selectman* (2019) – 2 yr. term
David Kennedy (2019) – 4 yr. term
Ron LaBonte (2019) – 4 yr. term
Edward Chmielewski (2021) – 4 yr. term
Hugh McKenney (2021) – 4 yr. term

Town Clerk

Linda Flugrad (2020)

Treasurer

Pamela Henry (2019)

Tax Collector

Cheryl A. Philopena (2019)

Board of Finance

George Householder, *Chairman* (2023)

Marshall Collins (2023)
Deborah Cadwell (2021)
Janet S. Griggs (2021)
Hernan Salas (2019)
John Houchin (2019)
William “Skip” Dickson, Alt. (2023)
Michael Jensen, Alt. (2021)
Corinne (Cory) Bourgeois, Alt. (2019)

Board of Education

Sean Reith, *Chairman* (2023)
Michael Siebert, *Vice-Chairman* (2021)
Pamela Munro, *Secretary* (2019)
Ryan Little, *Treasurer* (2023)

Jennifer D’Aiuto (2021)
George Jackson (2019)
Sue Spang (2019)

Tiffany B. Cunningham (2021)
Sam Rindell (2019)

Planning and Zoning Commission

Joseph Duncan, *Chairman* (2019)
Vernon Smith, *Vice-Chairman* (2019)

Eric Wenzel (2023)	Margaret Caron (2023)
John Gadbois (2021)	Ruth Savalle (2021)
David Miller (2019)	Diba Khan-Bureau, Alt. (2023)
Terri Salas, Alt. (2021)	Ray Gionet, Alt (2019)

Zoning Board of Appeals

Charlie Dutch, *Chairman* (2021)
Denise Orsini, *Vice-Chairman* (2023)

Michael Flugrad (2023)	Ken Bondi (2019)
Emil Casciano, (2019)	Becky Nortz Alt. (2019)
Larry Benedict, Alt. (2019)	Joshua Rehrig, Alt. (2019)

Library Board of Trustees

Susan Butler, *Chairman* (2021)

Pat Aldrich (2023)	Kathy Georgian (2023)
Robin Jensen (2021)	Wendy Ortega (2019)
Carole Eckart (2019)	

Board of Assessment Appeals

Robert M. Green, *Chairman* (2021)

Dianne Woronik (2019) Debra Gernhardt (2019)

Registrar Of Voters

Betsy Butts (D - 2019)	Doris Burr, Deputy
Georgia Pech (R – 2019)	

APPOINTED TOWN OFFICIALS

Inland Wetlands and Conservation Commission

Ed Natoli, Jr. (2024), *Chairman*

Roger Philips (2023)	Diba A. Khan-Bureau (2023)
William (Eric) Belt (2023)	Kimberly Bradley (2022)
Gale J. Balavender (2020)	Linda Wildrick (2020)
Frank Abetti, Alt. (2018)	Jim Mulholland, Alt. (2023)
Vacancy, Alt.	Liz Burdick, WEO

Civil Preparedness

Donald W. Bourdeau, Jr. *Director*

Charlie Dutch	Chip Weston
John Cunningham	James Miller
Christina Martin	Rick Martin

Recreation Commission

Teri Natoli, *Chairman* (2021)

Doug Morrow (2018)	Robert Appleby (2019)
Crispin Fresco-Hawes (2020)	Diane Weston (2020)
Alan Maziarz (2022)	Art Bergman (2022)
Jessica Fletcher (2023)	Christina Grillo (2023)

Economic Development

Frank Sroka, *Chairman* (2018)

Andrew Lightner (2019)	Paul Robillard (2020)
Elby Burr (2021)	Adam Scott (2022)
James Bee, Alt. (2022)	Amie Hoinsky, Alt. (2023)

Salem Volunteer Fire Police

Warren Wright, *Captain*

Marcella Maiorano

Jen Oloski

Kyle Burke

Mitch Williams

Kevin Walton

Gardner Lake Volunteer Fire Police

Katrina Zickwolf, *Captain*

Lt. Roman Kachorowsky

John Hirsch

Ralph Boles

Joseph Ploszaj

Southeastern Connecticut Council of Governments

Kevin Lyden

Salem Green Cemetery

Catherine Teel, *President*

Monica McIntyre, *Treasurer*

Kathleen Lyden, *Secretary*

Cathy Benedict, *Sexton*

Michael Teel, *Asst. Sexton*

Evelyn Cunningham

Helen Woronik

Nancy Dytko

Gardner Lake Authority

Robert J. Neddo

Christino Rios

Southeastern Connecticut Water Advisory Board

James Fogarty

George Jackson

PUBLIC OFFICIALS

Administrative Asst. Finance/Human Resources	Lisa Jablonski
Administrative Asst. First Selectman	Louise Tyszkiewicz
Agent for the Elderly	Pamela Henry
Animal Control Officer	Christian Swanson, Montville ACO
Assessor	Barbara Perry
Assistant Assessor	Michael Kapinos, Necia Stevens
Assistant Tax Collector	Cindy Noe
Assistant Town Clerk	Holly Alligood
Building Department/Sanitarian Admin. Asst	Agnes Miyuki
Building Inspector	Vernon D. Vesey II
Democratic Town Committee Chair	John Houchin, Vice Chairman
Deputy Fire Marshal	John Cunningham
Fire Inspector	Jeffrey W. Standish
Fire Marshal & Director of Civil Preparedness	Donald Bourdeau, Jr.
Health Director	Uncas Health District
Municipal Historian	Dave Wordell
Purchasing Agent	Kevin Lyden
Recreation Program Director	Agnes Miyuki
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	Justin LaFountain, (SECCOG)
Tree Warden	Donald Bourdeau Jr.
Zoning and Wetlands Enforcement Officer	Liz Burdick

TOWN REPORTS

FIRST SELECTMAN REPORT

The Fiscal Year ending June 30, 2018, has provided our Town with many opportunities for positive change. The Town of Salem continues to be in strong financial health. This has been recognized by Moody's Investment Service as they have upgraded our Bond Rating from A1 to an Aa3 rating.

The combined net position of our Municipal Government increased by \$942,503.

Due to strong Fiscal controls and a concerted effort of Fiscal responsibility by all departments, expenditures ended the year at \$182,510 less than was budgeted.

Current and other assets increased by \$476,431 as a result of an increase in cash and investments.

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

Respectfully,

Kevin Lyden
First Selectman
Salem, Connecticut



TOWN CLERK REPORT

The Salem Town Clerk is elected 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 town records and the town seal. Connecticut General Statutes and the Town Charter charge the staff with many functions including, but not limited to, recording and maintaining land records, maintaining permanent record books, maintaining trade name certificates, liquor permits and Veteran's 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 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 offices and 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 2017-2018 were the municipal election held November 7, 2017, when 1,162 names, just over 44% of registered voters, were checked as having voted. We also held our budget referendum on May 9, 2018 when 7% on our registered voters cast votes to approve the budget.

We processed 818 documents on the land records, 9 notary public certificates, 3 liquor permits, 17 business trade name certificates, 12 mylar maps, and 11 Veteran's Discharge papers. \$63,622.35 was collected for town conveyance taxes.

June is the month to renew dog licenses. 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 232 dog licenses during the fiscal year and 6 dog kennel licenses.

During fiscal year 2017/2018 there were 47 births, 42 marriages, and 22 deaths registered in the Vital Statistics Records of the Town of Salem. 18 marriage licenses were issued. \$2,180 was collected for certified copies of vital records.

We received from the State of Connecticut for the fiscal year 2017-2018 \$4,000 in Historic Documents Preservation Program grant funds which we utilized to forever preserve our oldest vital records, repairing, restoring and deacidifying those which contained harmful acids.

I would like to give special thanks to Holly Alligood, our Assistant Town Clerk and Assistant Registrar of Vital Statistics; for all that she has done to serve the Town of Salem in the Town Clerk's office this year.

Linda Flugrad, CCTC, Town Clerk

SPECIAL TOWN MEETING MINUTES

WEDNESDAY, MARCH 14, 2018 – 7:00 P.M.

SALEM TOWN OFFICE BUILDING

First Selectman Kevin Lyden called the meeting to order at 7:02 p.m.

A Moment of Silence was held in honor of Selectman Stuart Gadbois, who recently passed away.

M/S/C: David Kennedy/Elbert Burr, to elect Town Attorney Bill Kollman as Moderator for the Town Meeting. Discussion: None. Unanimous verbal vote of approval.

M/S/C: Bob Ross/Gloria Fogarty, to appoint Agnes Miyuki as the Recording Secretary for the Town Meeting. Discussion: Town Clerk Linda Flugrad was unable to attend this evening's meeting due to illness. Unanimous verbal vote of approval.

The Recording Secretary read the Notice, as published in *The Day* Newspaper, and Warning into the record.

Atty. Kollman explained that, though residents may present questions and/or provide comments regarding the item(s) on the Agenda virtually, there is currently no structure in place allowing for the Townspeople to cast their vote from home.

First Selectman Kevin Lyden recited the following motion being considered this evening:

To Consider and Act on a Motion to approve the purchase by the Town of Salem from the Salem Historical Society of property and buildings located at 184 Hartford Road for the sum of \$50,000.00 payable, in equal installments, without interest, over ten years according to terms acceptable to the Town Attorney, including conveyance of marketable title and further providing that the Town shall maintain the buildings in a wind and watertight condition for three-years from the date of sale, in a manner deemed sufficient by the First Selectman, in his sole opinion and the Town of Salem shall not tear down the building for a three-year period from the date of sale.

M/S: Hugh McKenney/Elbert Burr.

Discussion: In response to questions posed regarding the property, First Selectman Lyden stated that there are currently no plans for the buildings and/or land and, should the Motion be carried, would be open to suggestions. He provided a brief history of the Motion, stating that it was originally presented at a Town Meeting with a ten-, rather than, three-year stipulation and failed by a margin of two votes. The Town would be responsible for maintaining the interior, i.e., ensuring that the home is wind- and water-tight, and exterior (mowing) of the property. In addition, the property would be added to the Town's current liability insurance and fire policies. The historic home is located in the center of the Town and is surrounded by properties that are currently owned by the Town. If sold to an outside party, the property would be returned to the Grand List and the future of the home would be questionable. There have been no studies conducted to determine whether there is any asbestos in the building. Should the Motion not be passed this evening, the Historical Society has been directed to contact the realtors in the morning and have the property listed for sale.

Historical Society Chairman Elbert Burr stated that a real estate appraiser has appraised the property at \$260,000.00. The purpose of the three-year stipulation is to provide the major donor(s) of the property with the time and opportunity to raise the necessary resources to revitalize the home, should they wish to

do so. Many elements of the home are no longer historical, including the roofing, siding, some of the doors, windows, and porch. It is estimated to cost approximately \$250,000.00 in renovations to revitalize the home to its original state. As such, it was felt that the home would, most likely, be demolished should it be sold to a private party. Both the Whittlesey and Pratt families were heavily involved with the property for many years. The property was purchased by the previous members of the Society, with the help of the Sims family and generous public donations, in hopes to renovate and revitalize the property and create an historical museum. To date, approximately \$145,000.00 has been invested in the home. After the three-year stipulation, the Town may choose to do as it wishes with the property. He felt that the property would be a valuable addition to the Town for a bargain price of \$50,000.00. Because the Society is minimally funded, it was felt that the best way to handle the funds was to ensure the future of the Society by requesting that \$5,000.00/year be paid for a period of ten years, rather than a lump sum. The property is located in the center strip of the Town, surrounded by property that is owned by the Town and, as such, would complete the Town-owned strip. While the home, itself, is not in ideal condition, the garage is in good condition. Because all of the contributions were tax deductible, it was not an option to consider gifting the home to the Sims family, who donated a substantial amount of money for the purchase.

In response to a question regarding the possibility of installing a well for Town-use on the property, First Selectman Lyden stated that the Town has already invested funds for the installation of two wells located in the trail area.

It was felt that the property, if sold to the Town, should be sold without any stipulations.

It was also felt that purchasing the property would not be a good investment, especially with respect to the expenses the Town would incur to either maintain or demolish the structure(s), especially with no knowledge regarding what is in the grounds. In response, it was stated that a ground penetrating radon was conducted and the only utilities detected on the property was the septic system and drilled well, which was installed due to an upset caused to the existing shallow well during the 1994 School addition project. Not unlike the wells in the area, it is high in iron and manganese.

Given that the purchase was made through generous public and private donations, the Society felt that it would be irresponsible of them to sell the property for a larger amount of money. As such, the Society agreed to, first, offer the historic property to the Town prior to listing it for sale.

A gentleman who, in 2013, placed a deposit on the home on a short sale and is familiar with the property stated that there is historic value in the actual structure of the home. At the time, he engaged the services of a restoration expert, who was interested in purchasing the white planking and chestnut beams. While he was not interested in spending the time, energy, and funds to renovate the property at the time, he felt that the lot is a valuable piece of property and purchasing the home for \$50,000.00 paid for over a period of 10 years is a gift, given its location. The existing garage, alone, is valued at approximately \$30,000.00.

The language included in the original agreement includes details regarding the marketable title and a trust and was written in such a manner that, should the Historical Society decide to sell the property, they would first be required to offer the home to the Sims family. The family, to date, has not exercised that right. A clear title would be necessary to finalize the sale of the property.

The possibility of eliminating the three-year stipulation from the motion was introduced. Grant funding for historical properties might be available to help alleviate some of the restoration costs. And, should the property become more of a liability or, for budgetary reasons, require additional funds, the Town would have the option to sell the property and recoup its investment. The land does not only have historical value, but also has the potential for the promotion of both educational and environmental values, perhaps, by establishing an arboretum and/or providing opportunities for birding and butterfly watching; it is important for the Town to maintain its connections to its past history.

M/S/C: Ed Chmielewski/Elbert Burr, to take a ten-minute recess at 7:45 p.m. to allow time for the members of the Historical Society to discuss the proposed amended motion. Discussion: None. Unanimous verbal vote of approval.

Moderator Kollman reconvened the meeting at 7:51.

M/S/C: Hugh McKenney/Elbert Burr, to rescind the original motion. Discussion: None. Unanimous verbal vote of approval.

M/S/F: David Bingham/Roger Haynes, to amend the motion to read as follows:

To Consider and Act on a Motion to approve the purchase by the Town of Salem from the Salem Historical Society of property and buildings located at 184 Hartford Road for the sum of \$50,000.00 payable, in equal installments, without interest, over ten years according to terms acceptable to the Town Attorney, including conveyance of marketable title.

Discussion: The total cost for the demolition of the building(s) is unknown at this time as an asbestos inspection would need to be conducted and, if necessary, the property would need to be abated prior to its demolition. If transferred, the Town would be responsible for all legal and closing costs, as pertaining to the sale.

While in favor of the idea of preserving the property, it was felt that supporting the motion would be a fiscally poor decision, given the Historical Society Chairman's statement regarding home's limited historical value in addition to its financial uncertainties. Disappointment was expressed regarding the lack of details, including any and all costs and risks associated with the transfer of the property to the Town. As such, based upon the information they have been presented with, it was recommended that the public consider voting against the motion.

The possibility of minimizing the demolition costs by engaging the services of a knowledgeable individual who is willing and able to obtain the historical elements of the building as a trade or to offset the costs was presented. Given the improving real estate market, the amount being requested, and the location of the property in an integral part of the Town, it was felt that the risk was worthy and the property would add value to the Town's surrounding properties.

First Selectman Lyden expressed his appreciation to the Historical Society and commended them on the renovation of their building located on the Town Green with their limited funds. Unfortunately, the property in question has become a burden and a decision must be made regarding its future.

M/S/C: Jim Fogarty/Gloria Fogarty, to vote on the amended motion. Discussion: None. Unanimous verbal vote of approval.

M/S/C: David Bingham/Elbert Burr, to institute written ballots. Discussion: None. Unanimous verbal vote of approval.

Paper ballots were distributed to the public. The ballots were counted by George Householder, Bill Weinschenker, and Janet Griggs and verified by the Moderator.

The results were as follows:

“Yes”: 22

“No”: 23

**M/S/C: Doris Burr/ Ed Chmielewski, to adjourn the meeting at 8:09 a.m. Discussion: None.
Unanimous verbal vote of approval.**

Respectfully Submitted by:

Agnes Miyuki, Recording Secretary for the Town of Salem



Submitted by Lisa Jablonski

ANNUAL TOWN MEETING

MAY 2, 2018 AT 7:00 P.M.

SALEM SCHOOL

First Selectman K. Lyden opened the meeting with a brief historical dissertation on challenges the Town faced in the late 1800's. In 1887 it was written, "At the rate the taxpayers are allowing the Town of Salem to drift, it is only a question of time when it will take all of the taxes we raise to pay only our interest bills." We have done well since 1887. First Selectman K. Lyden thanked the Board of Finance and Department Heads and boards and commissions for being fair and frugal in preparing this year's budgets.

K. Lyden gave recognition to our emergency responders and asked for applause for them.

K. Lyden called this Annual Town Meeting to order at 7:08 p.m.

M/S/C: M. Collins/G. Maiorano to elect our Town attorney Bill Kollman as our Moderator. Unanimous verbal approval.

Per Section 4.05(c) of the Salem Town Charter, the Town Clerk shall serve as clerk for all Town meetings. Town Clerk Linda Flugrad read the warning and notice of this meeting.

Attorney Kollman reviewed the budget beginning with the Capital Plan inviting questions or comments.

M/S/C: G. Maiorano/J. Savalle to approve the 10-year capital plan. Unanimous verbal approval.

Attorney Kollman then reviewed the general government budget inviting questions or comments for each department. Regarding Department 138 Employee Benefits, First Selectman Lyden asked to reduce the line by \$11,208 representing a 0% increase in the cost of benefits this fiscal year. This is updated insurance information obtained after the budget was approved.

M/S/C: J. Savalle/M. Collins to reduce the Department 138 Employee Benefits Line 5-138-802 by \$11,208. Unanimous verbal approval.

Attorney Kollman proceeded through the remainder of the general government budget inviting questions or comments on each department. There were no additional questions or comments.

M/S/C: G. Householder/M. Collins to approve the General Government budget in the amount of \$3,769,209. Unanimous verbal approval.

M/S/C: G. Householder/E. Chmielewski to approve the Capital budget in the amount of \$895,974. Unanimous verbal approval.

The Board of Education budget was presented by Chairman Sean Reith, again inviting questions or comments on each category. Due to the savings in health insurance benefits, the Board of Education budget should be reduced by \$13,930.

Chairman Reith proceeded through the remainder of the Board of Education budget inviting question or comments on each category. There were no additional questions or comments.

M/S/C: G. Maiorano/S. Reith to reduce the Board of Education budget by \$13,930. Unanimous verbal approval.

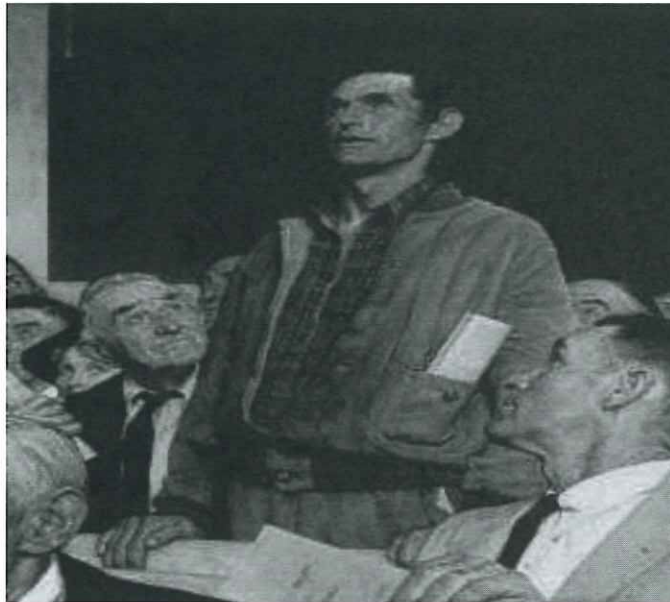
M/S/C: C. Weston/G. Maiorano to approve the Board of Education Budget in the amount of \$10,324,295. Unanimous verbal approval.

M/S/C: C. Weston/E. Chmielewski to move to referendum the Town Budget of \$14,989,478. Unanimous verbal approval.

M/S/C: C. Weston/J. Savalle to adjourn at 7:35 p.m.

Respectfully submitted,

Linda Flugrad, CCTC, Salem Town Clerk



Norman Rockwell Town Meeting

**OFFICIAL BALLOT
BUDGET REFERENDUM VOTE
SALEM, CONNECTICUT
MAY 9, 2018**

INSTRUCTIONS TO VOTERS

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

QUESTION 1

"SHALL THE TOWN OF SALEM APPROVE THE PROPOSED
MUNICIPAL BUDGET IN THE AMOUNT OF \$14,989,478?"

159 YES ☒
24 NO ☐

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

"IN YOUR OPINION IS THE GENERAL GOVERNMENT AND
CAPITAL BUDGET IN THE AMOUNT OF \$4,665,183 FOR FISCAL
YEAR 2018/2019 TOO LOW, ABOUT RIGHT OR TOO HIGH?"

9 TOO LOW ☐
137 ABOUT RIGHT ☒
32 TOO HIGH ☐

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

"IN YOUR OPINION IS THE BOARD OF EDUCATION IN THE
AMOUNT OF \$10,324,295 FOR FISCAL YEAR 2018/2019 TOO
LOW, ABOUT RIGHT OR TOO HIGH?"

23 TOO LOW ☐
87 ABOUT RIGHT ☒
68 TOO HIGH ☐

2,616 Registered Voters; 183 votes cast; 0 absentee ballots; 7% voted

JUSTICE OF THE PEACE

Contact

<u>NAME</u>	
Alligood, Gary	860-859-1779
Balavender, Gale J.	860-859-2174 or 860-917-9024
Bourdeau, Donald W. Jr.	860-859-3189
Buckley, Karen H.	khopb@aol.com
Burr, Elbert	44 Emerald Glen Ln., 860-887-9510, elbyburr@comcast.net
Butcher, Thomas J.	860-859-1012
Butts, Betsy B.	860-859-0788
Chmielewski, Edward	
Evanson, William	860-859-0792
Griggs, Janet S.	jsgriggs@comcast.net
Houchin, John	johnhousr@me.com
Jackson, George	860-859-0433
Kennedy, David L.	330 Round Hill Rd., Salem, CT 06420
Kollman, Mary L.	860-859-3036 or mcgkol@yahoo.com
Len, Darrell	860-884-2754 or darrell_len@yahoo.com
Len, Kristina M.	kristina.m.len@gmail.com
Maiorano, Eugene R.	860-859-0558
Maiorano, Marcella C.	860-859-0558
McKenney, Hugh	860-303-0042
Munro, Pamela R.	pmunro@sbcglobal.net
Nortz, Michael F.	860-992-7952
Nortz, Rebecca A.	860-992-9545
Pech, Georgia M.	860-859-3112
Petersen, Tamara L.	
Phillips, Linda F.	860-443-4367 or linda@naturesartvillage.com
Robillard, Paul H.	860-892-0018
Ross, Robert T.	270 Hartford Rd.
Rowthorn, Anne	860-961-3949 or annerowthorn@gmail.com
Rucci, Matt	860-501-9191
Sabowski, Maryanne	sunflr345@aol.com
Schroeder, Linda K.	lschroeder@snet.net
Shapere, Alfreda B.	860-859-1760
Sielman, Peter F.	369 West Rd.
Spang, Susan G.	suespang58@gmail.com
Stevens, Lawrence J. Sr.	860-961-4589 or larry@baileyinbox.com
Weinschenker, Denise M.	dweinschenker@yahoo.com
Ziegra, Roberta M.	860-326-6575

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.	12/01/2017 - 11/30/2022
Basley, Deana L.	220 Round Hill Rd.	05/01/2017 - 04/30/2022
Bennett, Suzanne	223 Old New London Rd.	11/01/2017 - 10/31/2022
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
Brinkman, Jennifer L.	91 Buckley Rd.	06/01/2018 - 05/31/2023
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.	10/01/2017 - 09/30/2022
Corman, Michael L.	32 Cedar Hill Lane	07/01/2014 - 06/30/2019
Crisanti, Patricia J.	195 Old New London Rd.	04/01/2014 - 03/31/2019
Cuadro, Rosemarie D.	149 Forsyth Rd.	04/01/2018- 03/31/2023
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
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	11/01/2017 - 10/31/2022
O'Brien, John J.	77 Skyline Drive	06/01/2017 - 05/31/2022
Orlinski, Chris	617 Old Colchester Rd.	03/01/2014 - 02/28/2019
Pallozzi, Mary	10 LakeView Ave.	06/01/2018 - 05/31/2023
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	04/01/2018 - 03/31/2023
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
Updated 7/11/2018		



Submitted by Lisa Jablonski

TREASURER REPORT

The fiscal year ended on June 30, 2018 - Total Governmental Funds balance with asset and liability activities each totaling \$10,035,274 respectively. See exhibit C on page 11 of the *Annual Financial Report of the Town of Salem, Connecticut For the Year Ended June 30, 2018* (Independent Auditor's Report).

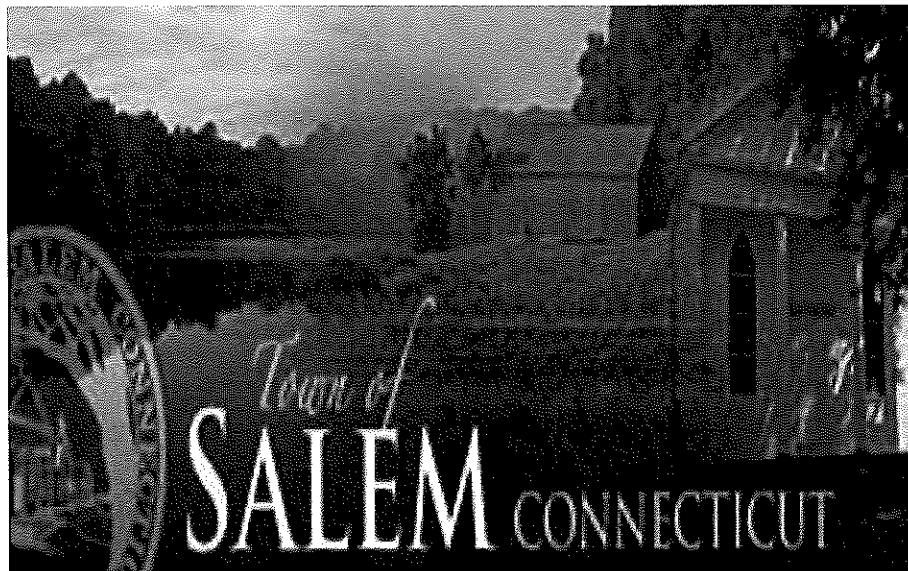
Revenues for the fiscal year Total Governmental Funds total \$16,920,201. This includes property taxes, grants, licenses & permits, charges for services, income from investments and miscellaneous revenues. For more detail of funds and revenues see exhibit D & E beginning on page 13 of June 30, 2018 *Annual Financial Report of the Town of Salem, Connecticut For the Year Ended June 30, 2018* (Independent Auditor's Report).

Financial Statements and Supplementary Information for Year Ended June 30, 2018 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

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 2017-2018 fiscal year began with the adoption, by town referendum, of the Town's budget in the amount of \$15,069,851. The proposed expenditures were as follows:

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

The Board of Finance approved a mill rate of 32.2 mills to provide funding for the 2017-2018 budget.

The Unassigned Fund balance as of July 1, 2017, was \$2,243,900.

The 2018-2019 fiscal year budgets in the amount of \$14,989,478 were presented to the Town of adoption at referendum. The proposed expenditures were as follows:

General Government	\$ 3,769,209
Board of Education	\$10,324,295
Capital Improvements	\$ 895,974

The proposed budget was ADOPTED at referendum on May 9, 2018, by a vote of:

159-YES

24-NO

The Board of Finance approved a mill rate 32.2 mills to provide funding for the 2018-2019 fiscal year.

The unassigned fund balance as of June 30, 2018, was \$3,347,517. The Board of Finance is maintaining a higher fund balance due to reductions in State Funding.

Respectfully submitted,

Skip Dickson, Chairman



Zemko Pond - Submitted by Lisa Jablonski

TAX COLLECTOR REPORT

The year of July 1, 2017 to June 30, 2018 was very busy in the Tax Collector's office. In July 7,787 bills were sent to taxpayers. This total was comprised of 1,934 Real Estate bills, 5,009 Motor Vehicle bills and 844 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 788 Supplemental Motor Vehicle bills were mailed to taxpayers.

From July 1, 2017 to June 30, 2018, this office collected and turned over to the town treasurer \$12,054,924.00. A breakdown of this figure includes \$11,971,090.00 in taxes and \$83,834.00 in interest and lien fees. The amount turned over to the treasurer was \$270,212.00 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 8 years the amount collected over the required budget was \$1,320,0212.00.

In June 43 Real Estate Tax liens were placed on property 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 30th. 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 \$89,304.65. During the 46 back tax liens were collected and released. The principal amount of these liens was \$102,866,28

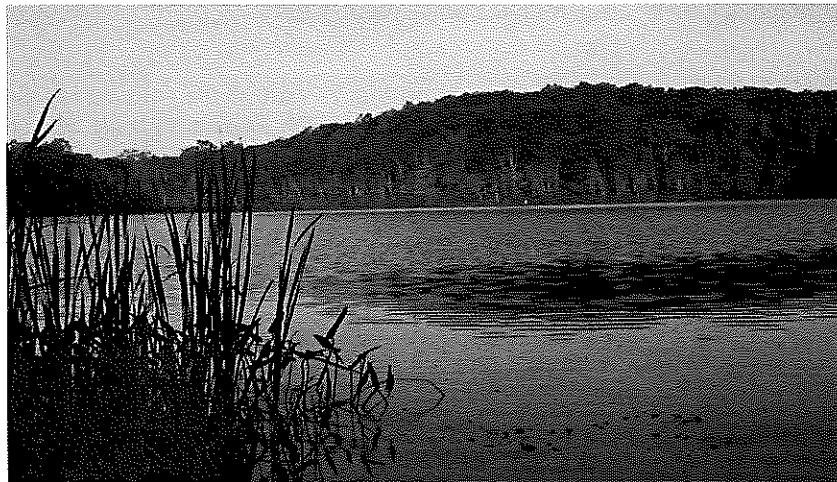
Once again this Fiscal Year has been a productive year in the tax office.

Cheryl A. Philopena, C.C.M.C.

Tax Collector

Cindy Noe, C.C.M.C.

Assistant Tax Collector



Horse Pond

REGISTRARS OF VOTER REPORT

July 1, 2017 – June 30, 2018

Active List	<u>Party</u>	<u>Number of Voters</u>
	Democratic	824
	Republican	654
	Unaffiliated	1125
	Other	27
	Total on Active List	2630

Inactive List	<u>Party</u>	<u>Number of Voters</u>
	Democratic	58
	Republican	50
	Unaffiliated	124
	Other	2
	Total on Inactive List	234

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, 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

PLANNING AND ZONING REPORT

The Salem Planning and Zoning Commission held 14 public meetings during the 2017-2018 fiscal year. The Commission approved a site plan for Salem Space Station, a self-storage facility at 89 New London Road, in November of 2017. Additionally, in December of 2017 the Commission approved a Special Exception following a public hearing, for six units of age-restricted living at 15 Centre Street. This was the first use of the newly developed Section 26 of the Salem Zoning Regulations, which had been amended the previous fiscal year to simplify the approval process for Age Restricted Residential Developments.

The Commission actively reviewed and amended numerous sections of the Zoning Regulations. In January of 2018, a public hearing was held to discuss several proposed amendments to the Regulations. The Commission approved amendments to the Rural Cluster Development section, with the intent of providing developers with wider opportunity to develop groupings of residential structures on smaller footprints of land. This amendment was also intended to decrease the amount of required road construction and maintain rural character. The Commission also approved various clarifying and administrative amendments to the Regulations. In April of 2018, the Commission held a public hearing and rendered a decision to opt out of CT Public Act 17-155, An Act Concerning Temporary Healthcare Structures following previous discussions.

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

The Planning and Zoning Commission fiscal year budget for 2017-2018 was \$19,500. The budgeted versus actual expenses for the year were as follows: Legal Services \$14,000/\$9,757.98; Mileage \$500/\$0; Seminars, Training, Membership Dues \$2,000/\$1,549.62; and Engineering \$3,000/\$3,109. The Commission came in under budget for the fiscal year by \$5,083.40. Income for the year consisted of \$1,975 in compliance fees and \$1,489 in Commission fees.

The following individuals were members of the Commission during 2016-2017: Joseph Duncan, Chair; Vernon Smith, Vice-Chair; John Gadbois, Secretary; Margaret Caron, Ron Labonte, Jennifer Lindo-Dashnaw, David Miller, Ruth Savalle, Eric Wenzel. Alternate members were: Ray Gionet, Diba Khan-Bureau, Jim Mulholland, and Terri Salas. The Board of Selectmen Liaison was David Kennedy. Commission staff members were Richard Serra, Kate Rattan, and Justin LaFountain, Town Planners; Liz Burdick, Zoning Enforcement Officer; and Agnes Miyuki, Recording Secretary.

Respectfully submitted,

Ruth Savalle, Chair



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 Southeastern Connecticut. During 2018 the commission has worked diligently to enhance and expand recreational offerings as well as facilities and trails.

This past year we were pleased to have Jessica Fletcher and Christina Grillo appointed to the commission. The spirit and enthusiasm of our newcomers, as well as veteran members, has helped the commission to achieve some new objectives, develop future goals, and establish annual activities for all to enjoy.

The holiday activities in 2018 allowed our close-knit community to get together and celebrate. Trick or Trunk was a huge success thanks largely to Deb Cadwell, Witch Meadow Campground and the Salem Volunteer Fire Company. Deb offered her facility for the second year in a row and provided games, activities and refreshments to over 200 children and their families. We are indebted to Deb's generosity and commitment to the children and families of Salem. The annual tree lighting was made even brighter by the cookies provided by Daisy Girl Scouts, cocoa served by Salem School's Junior National Honor Society and a visit from Santa provided by Gardener Lake Volunteer Fire Company. The Bicentennial Committee used the tree lighting to unveil their banner and welcome the town to celebrate its 200th birthday.

The Salem Multipurpose Path completed its grant funded project with additional trail surfacing, native shrub plantings and signage. A small spur was added to the trail so that walkers can by-pass the school when it is in session, and continue to the recreation fields and town buildings near Round Hill Road. The commission has begun to investigate if a contiguous bike/walking path can be made between the Forsyth Road Volunteer Park complex and the Round Hill sports fields, to create the towns first Greenway.

To encourage usage of the many trails and open spaces in town, the commission partnered with the Red House Cultural Arts Center in creating "Find Your Footprint" during "Walktober". Twenty-five ceramic medallions made by Kim Ford, stamped with footprints and 2018 were placed on 4 trails for adventurous hikers to find. Photos of smiling families and hikers finding their medallions were displayed on an interactive website created by Agnes Miyuki.

We continue to be thankful to those who volunteer their time coaching, supporting and enhancing recreation in Salem. All of the sport activities enjoyed by our children could not exist without the dedication and hard work of our volunteers. Thank you to all who help Salem recreation programs grow and thrive!

The capital improvements to Volunteer Park which includes a well, septic system and lavatories is still moving very slowly forward. The First Selectman's office has received the number of soccer players practicing and playing. The civil engineer attended the September meeting and reviewed blueprints and building parameters with the commission. The next steps are in the hands of the First Selectman and we are looking forward to see if he gets bids for the well, septic, lavatory and pavilion in 2019.

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: Jessica Fletcher, Christina Grillo, Bob Appleby, Doug Morrow, Crispin Fresco-Hawes, Alan Maziarz, and Art Bergman

Respectfully submitted,

Teri Natoli, Chair

INLAND WETLANDS AND CONSERVATION COMMISSION REPORT

During the financial year 2017-2018 the Inland Wetlands and Conservation Commission (IWCC) held 5 regular monthly meetings and 1 special meeting, there were no show cause hearings.

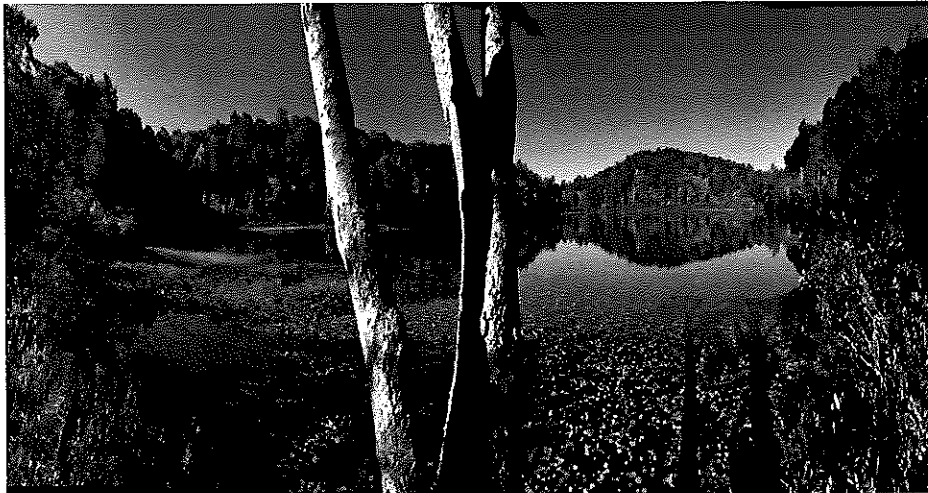
The commission approved 4 as of right timber harvest applications and 1 tree removal as of Right Determination for a property owner. Pat Young, Program Director of the Eight mile River Watershed National Wild & Scenic Rivers, gave a presentation to the commission about the watershed and things we should consider when making decisions about the river.

During this time, Sally Snyder a long-time and valued member left the commission. She was replaced by Kim Bradley one of our alternate members.

Ed Natoli (Chairman)
Gale Balavender
Eric Belt
Roger Phillips (Secretary)
Diba Khan Bureau (Vice Chairman)
Linda Wildrick
Frank Abetti (Alternate)
Kimberly Bradley
Jim Mulholland (Alternate)

Respectively submitted,

Ed Natoli Chairman



Horse Pond -Submitted by Lisa Jablonski

ECONOMIC DEVELOPMENT COMMISSION REPORT

During Fiscal Year 2018, 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. Our two newest alternate members, Adam Scott and James Bee, were appointed to full member positions during this period, while two members, Frank Sroka and Andy Lightner, resigned. Frank, after 50 years in Salem, is moving to join family in Delaware. Andy left to concentrate on business at the sub base. EDC has a new member, Ed Chmielewski, who was appointed as a regular member. James Bee was appointed to carry on with Andy Lightner's work on EDC's 5 year plan. At this time, EDC has a vacancy for two alternate members, 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. Maple Print Services was chosen to work with and print this program. EDC has planned for two years to publish this directory as a guide for all to find and work with the many businesses in Salem. The project, which is in progress, includes the creation of a thorough and up-to-date collection of businesses here in Salem. During this reporting period, EDC has been busy verifying the many responses from our direct mail test and compiling this information into our data base. Tied into the business directory is EDC's approach to Facebook as an alternate means of communication with the needs of the area businesses.

During this period, the Salem Planning and Zoning Commission (P & Z) completed development and approval of new regulations for age-restricted (senior) housing. The EDC developed a detailed plan for age-restricted senior housing. The plan included downsizing to one level living, with snow, grass and garbage removal. The EDC is focused on a detailed five-year action plan to better look at our economic development activities in specific areas. We continue to work with the Planning and Zoning Commission to identify portions of the current P&Z regulations that could potentially hinder development in Salem. Recommendations to address any concerns will be made by EDC to P&Z.

The 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 7:30 pm. All meetings are open to the public. The EDC encourages public attendance and participation.

Respectfully submitted,

Elbert Burr, Chairman, Salem Economic Development Commission

ASSESSOR REPORT

Real Estate	Personal Property	Motor Vehicle	Total Net 2017 GL
\$320,912,490	\$1,068,078	\$35,042,133	\$371,022,701

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 1st to May 15th
- Local Option Homeowners applications (means tested) Applications annually – February 1st May 15th
- Additional Veterans (means tested) – February 1st to October 1st

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

- Blind Persons – Certificate of Blindness from the State of Connecticut plus a completed application filed with the assessor's office.
- Totally Disabled Exemptions (not means tested) completed application with proof of eligibility.
- Veterans must file his/her honorable discharge with the Town Clerk by September 30th
- 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 1st with the assessor's office.
- Solar Energy Systems Applications due by November 1st
- Tax exemption on Motor Vehicle for Handicapped due by November 1st.
- Farm and Forest Land (PA490) applications completed and forms must be filed by October 31st. Contact Assessor's office for more information.

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

Respectfully Submitted,

Barbara A. Perry, C.C.M.A. II, S.P.A.

BUILDING DEPARTMENT REPORT

	2016-2017		2017-2018	
	Value	Units	Value	Units
Residential:				
Foundation	\$0.00	0	\$0.00	0
New Homes	\$2,310,116.00	8	\$3,284,478.00	8
Duplexes	\$0.00	0	\$0.00	0
Additions	\$199,433.00	8	\$80,322.00	2
Alterations	\$222,795.00	15	\$239,316.00	11
Trades	\$1,636,795.93	232	\$1,327,758.66	226
Garages	\$216,112.00	5	\$315,074.00	7
Pools	\$50,368.00	6	\$158,289.00	11
Sheds/Barns	\$108,362.00	7	\$167,818.00	8
Decks/Porches	\$49,442.00	5	\$97,822.00	8

Commercial:				
New Building			\$46,000.00	1
Additions	\$60,000.00	3	\$9,500.00	1
Alterations	\$204,200.00	3	\$44,500.00	6
Trades	\$301,595.62	31	\$75,161.00	18
Demolitions	\$19,350.00	2	\$0.00	0
Tent	\$13,041.00	2	\$6,900.00	1

Total Permits Issued:	328	308
Total Construction Value:	\$5,391,610.55	\$5,852,938.66
Total Permit Fees Collected:	\$68,963.91	\$73,143.75

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.”

It was a busy year at the library with 34,736 visitors. Through funding from the Friends of the Salem Free Public Library (FOSL), the library sponsored 104 unique programs for all ages, for a total attendance of 1,198 participants. The Summer Reading theme of “Build a Better World” was a huge hit with 138 children registered. Some of the programs held over the summer included: “Nature’s Greatest Engineers” presented by the Denison Pequotsepos Nature Center, “Nature’s Architects” by Animal Embassy, “Lego Brick Challenge and Building Better Bridges” by The Children’s Museum, “Tall Ships & Pirate Tales” by Sciencetellers, and many more! Other exciting programs throughout the year for children, teens, and adults included: a Sherlock Holmes radio show, a presentation on the personal experience of hiking the Appalachian Trail, crafting fairy gardens, Reiki, Henna, Himalayan Singing Bowls, watercolor nature journaling, massage therapy, 3D printing, puppet and magic shows, animal programs featuring llamas, ravens, turtles, and horseshoe crabs, musical concerts by Ken Yates, Hungrytown, Entwined Early Music, and Daymark Irish music, plus much more. In addition, the library also promoted a Winter Reading initiative, Story Time, “Take Your Child to the Library Day”, and participated in the CT Author Trail, featuring Author Hali Keeler and her book, *The Ghosts of Groton Bank*.

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 \$16,000 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 & Winter Reading initiatives. 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
Gerald Daigle	Venky Iyer

One of the newest technological advances the library embarked on during the 2017-2018 fiscal year was the purchase and installation of a 60” LED Samsung monitor behind the circulation desk. Attached to a computer, the large screen displays posters on a continuous loop to promote library programs and events. In addition, the library promoted programs through print flyers, news sources, town email blasts, and social media.

As always, our collections were a huge draw for patrons. The library owns 25,605 print materials and 7,330 non-print items, which include DVDs, CDs, and Books-on-CD. In total, the library circulated 33,411 physical items and 2,003 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 2,779 items from other libraries, and the SFPL loaned 3,558 items to other libraries for their patrons’ needs. In addition, all of the Salem Free Public Library’s 2,154 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 3,163 times during the year.

Respectfully submitted,

Vicky M. Coffin, Library Director

Salem Free Public Library Board of Trustees

Susan Butler, Chairperson

Robin Jensen, Secretary

Wendy Ortega, Treasurer

Pat Aldrich

Carole Eckart

Kathy Georgian

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 2nd Tuesday most months (March-December) 10:30am at Salem Volunteer Fire Company in the back meeting room. Meetings include current business at hand, town updates from First Selectman Kevin Lyden and Resident Trooper Chris Pariseau, fun activities with Mind Aerobics, informative guest speakers as well as information about activities specific to Salem Senior Citizens and adjourn for lunch.

Join us and share your ideas for programs or services to help keep seniors healthy, active and engaged in the community. Thanks to ideas and requests from our seniors, we now enjoy specified time allotted 3-4 days per week during the colder months for safe indoor walking at Salem School. The Town of Salem encourages resident seniors to attend meetings monthly, or as your schedule permits. This is a great way to socialize, reconnect with friends and acquaintances and make new friends. Annual membership is \$5.

Join us at the October meeting for our Annual Flu Shot Clinic, administered by Salem Health Mart.

Thank you for your time and generosity:

Salem Volunteer Fire Co. for preparing food and hosting our Summer Picnic and festive Holiday Party.
Salem School for hosting lunch and entertainment for our May and Thanksgiving luncheons.

To the many volunteers who give their time to prepare, cook and serve lunch for the seniors throughout the year, we appreciate you.

We look forward to seeing you at our meetings.

Officers of the Salem Seniors as of June 20, 2018

Nancy Dytko	President
Jean Ann Scaduto	Vice President
Gary Soler	Treasurer
Irene Jarvis	Secretary

Respectfully submitted,

Pamela Henry
Municipal Agent for the Aging
(860) 859-3873 ext 125

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. We will be replacing the 1991 Pierce pumper in March of 2019 with a new 2019 Pierce Custom Pumper.

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

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

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

On August 17, 2019, the Fire Company will be holding its annual Chicken and Rib Barbecue starting at 5pm. 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	Rob Oloski
Safety Officer	James Rybak
Rescue Captain	Deb Cadwell
Fire Police Captain	Warren Wright
Secretary	Lisa Martin
Treasurer	Marcella C. Maiorano
Appropriated Treasurer	Eugene Maiorano
Lieutenants	K. Burke, Jeff Martin, Tyler Martin, Bob Pokrinchak, Emily Weston and Al Wlodarczyk

Respectfully Submitted:

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

GARDNER LAKE VOLUNTEER FIRE COMPANY INC.

Serving Our Town of Salem since 1956

We will continue to support with the use of our community hall, organizations such as: Salem Recreation Commission, Girl Scouts, Brownies, Boy Scouts, Cub Scouts and 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 and ARC of New London County

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

We will continue to offer classes for Cardio Pulmonary Resuscitation (CPR) and Automated External Defibrillator (AED) for the Heart Saver Program covering the Public, Town Boards and Commissions, Town Hall, Library and Public Works Employees and other organizations in town with a recovery cost of materials for the class. To date, we have 25 defibrillators throughout our town. To date, we currently have 956 certified students and Taxpayers in CPR & AED. We are proud to note that we have provided each of our Resident Troopers with Defibrillators.

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

Chief	James Savalle **	FF / EMT	President	Cheryl Philopena **	EMT
Deputy Chief	Joseph Danao, II	FF / EMT	Treasurer	Christine Lindo **	PAST EMT
Assistant Chief	Jeffrey Savalle **	FF / EMR			
Fire Captain	Steve Philopena **	FF	Secretary	Ruth Savalle	SUPPORT
EMS Captain	Stephanie Philopena	EMT-P-RT	Board Member	Herb Zickwolf	FF
			Board Member	John Hirsch **	Fire Police
			Board Member	Stephen Philopena**	FF
			Chief	James Savalle **	FF/ EMT
Lieutenant	William Tinnel **	EMT			

DENOTES LIFE MEMBER 20 YEARS + SERVICE **

Respectfully,

Chief, James B. Savalle

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

The 2018 season opened with the Annual Strawberry Festival as part of the Salem Memorial Day celebration. Programs included Historian and archaeologist Alison Guinness on "The Moodus Noises", Melissa Tantaquidgeon Zobel, historian and author presented "Tales of the Mohegans", there was A tour of Ye Olde Ransom Farm Museum with Dave Wordell, and Dr. Nicholas Bellantoni, Connecticut's Emeritus State Archaeologist, presentation on his latest book released in the fall of 2018.

The year included a real estate closing for the sale of 184 Hartford Road to a local family. Museum artifacts have returned, which were loaned to the Slater Memorial Museum for a display of sculptor Bela Lyon Pratt's beautiful works. At one point Pratt resided in the Whittlesey home at 184 Hartford Road. Much of his history is a part of our Museum. The Museum saw improvements. Our name has been mounted in large letters on the outside above the entrance, identifying the building as the Salem Historical Society Museum. The face of the Museum at night is now draped in a welcoming light. The Historical Society has started on its Salem Bicentennial presentations for the 2019 year. We are assembling a number of special presentations for the spring, summer and fall months.

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 and encourages coordination of Salem history, memorabilia, artifacts 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



Facebook: Salem Historical Society

Pamela R. Munro
Secretary

GARDNER LAKE AUTHORITY REPORT

Mission Statement: 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.

In October, limnologist Dr. Robert Kortmann, owner of Ecosystem Consulting Service, Inc. (ECS). ECS, Inc. presented this year's results of the lake's chemistry and aquatic plant study, with comparisons to prior year studies conducted by ECS. This year the lake's dissolved oxygen levels and water clarity readings saw a return to improved levels following last year's problems with defoliation. The two invasive plants present, fanwort and variable-leaf milfoil, continue to be well managed through the annual drawdown. Early on in the season, the state beach was briefly closed for cyanobacteria (blue-green algae).

As downstream mill owner, Westrock, plans for Oxoboxo Lake's dam repair and subsequent drawdown, Salem and Montville town officials have requested a reduction in the level of Gardner Lake's drawdown scheduled for the 2018-19 winter season, resulting in trepidation about the lake's ability to manage the invasive aquatic plants. When Oxoboxo Lake has its drawdown, there is concern regarding sufficient water capacity for mutual aid fire companies as a result of the dry hydrant at the boat launch being inoperable. At this time, no permit has been issued for the Oxoboxo dam repair.

GLA's Volunteer Cooperative Client Monitoring 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 Ecosystem Consulting Service, Inc. to be combined and assessed, along with the study that they perform.

The Montville Police Department experienced staffing challenges that hindered their ability to provide water patrol this season. CT DEEP was contracted to patrol and maintained an effective presence on the water for the second half of the season. GLA worked with DEEP personnel to implement the lowering of the lake's water level for the 2017-18 winter months to manage the invasive weed populations, control stormwater flooding downstream of the lake, reduce shoreline erosion and to support shoreline repair.

GLA supported this year's Boater Safety Course by distributing announcements of the course. Proceeds from registrations are donated to the Gardner Lake Volunteer Fire Company for the use of their facility. GLA extends its sincere appreciation to our local legislators who take an active role in keeping informed and supporting the health and well-being of this beautiful natural resource that is Gardner Lake.

The Gardner Lake Authority meets the second Thursday of the month from March through November (no meetings in December, January and February). The location is on a rotating basis beginning at the Bozrah Senior Center/Maples Farm in March, Montville's Town Hall/Public Safety Building 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, Bruce Henry, Vice Chair (resigned); Chris Rios, Suzanne Bennett

SALEM GREEN CEMETERY ASSOCIATION

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

The Salem Cemetery has gone through a couple of changes this year. At the end of December 2017, the previous Sexton, Pastor Tim Dubeau, retired to Pennsylvania. A town wide search was made for a new Sexton and Cathy Benedict answered the call.

A task was accomplished by the town workers in that the fence consisting of granite posts and chains has been installed to delineate the Cemetery from the Church property. This gives a definitive boundary for the properties and is a nice addition to the grounds. Also the new road behind Section IV is complete allowing access to the additional 180 plots there. The "memory" garden and main sign planter bed continue to be beautifully maintained by Linda Turner.

Description:	Section I	Section IV	Total
Total Full-sized 4' x 10' plots in section	329	286	615
Full-sized plots deeded (to be deeded) during reporting period	1	5	6
Full-sized plots available for purchase as of 6/30/2018	0	175	175
Full-sized plots on reserve* as of 6/30/2018	5	NA	5
Total Cremains 3' x 3' plots in section	27	NA	27
Cremains plots deeded during reporting period	0	NA	0
Cremains plots available for purchase as of 6/30/2018	23	NA	23
Total Infant 2' x 5' plots in section	12	NA	12
Infant plots deeded during reporting period	0	NA	0
Infant plots available	11	NA	11
Burials (Interments, Inurnments)	8	0	8

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

Account summary for period beginning July 1, 2017 and ending June 30, 2018.

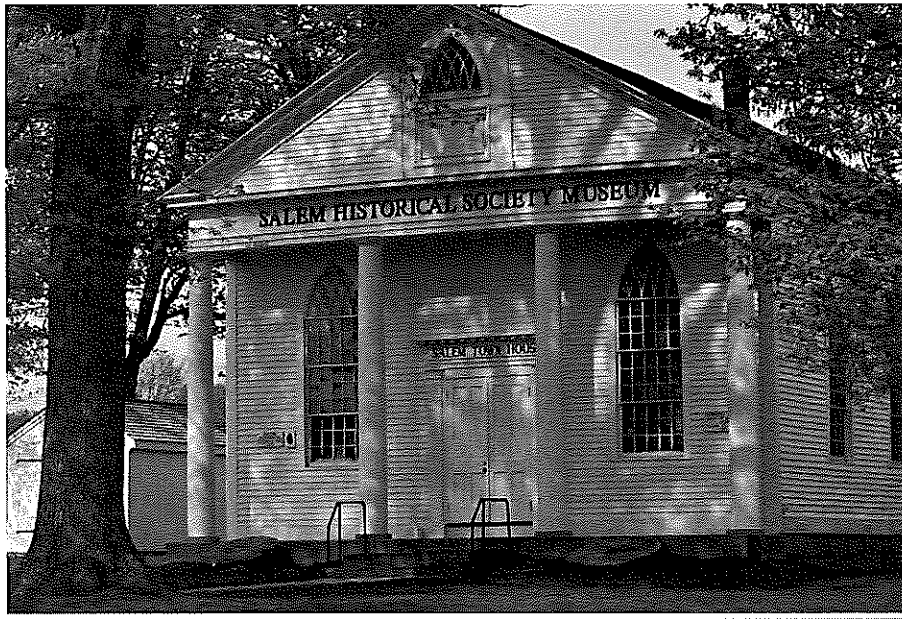
Account Description	July 1, 2017 balance	June 30, 2018 balance	Net gain
Regular Savings	26,823.62	17,832.84	(8,990.78)
Perpetual Care Savings	3,296.66	4,348.48	1,051.82
Regular Checking	1,412.67	3,869.44	2,456.77
Perpetual Care Checking	764.59	764.59	0.00
Total – All Accounts	32,297.54	26,815.35	(5,482.19)

Breakdown of Revenues/Expenses:

Beginning Balance:	32,297.54	*Expense Details:	
Revenue from Plot Sales:	4,175.00	Renz Construction	4,160.00
Interest earned:	11.04	Linda Turner (Gardens):	1,176.50
Less Expenses*:	<u>- 9668.23</u>	Granite Posts, Chains, etc.	4,130.38
		Miscellaneous	<u>213.35</u>
Ending Balance:	26,815.35	Total Expenses:	9,668.23

Long Term CD's:

In addition to the active checking/savings accounts, the Salem Green Cemetery Association maintains three (3) Long Term CD's at the Liberty Bank, each valued at 5,237.70 (as of Dec. 30, 2018).



Submitted by Elbert Burr

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**

2017 - 2018



"Salem inspires learning, creativity, critical thinking, personal integrity, and citizenship."

**SALEM SCHOOL DISTRICT
SALEM CONNECTICUT**

REPORT OF THE SUPERINTENDENT OF SCHOOLS FOR 2017-2018

AND

The Board of Education: Sean Reith, Chairperson; Michael Siebert, Vice-Chairperson; Pamela Munro, Secretary; Ryan Little, Treasurer; George Jackson; Samuel Rindell; Jennifer D'Aiuto; Tiffany Cunningham; Sue Spang.

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

3. Teachers - Certified

<u>Class</u>	<u>Teacher</u>
Pre-School	Mary Roth
Kindergarten	Carla Oscarson
Kindergarten	Maria Tomon
Kindergarten	Emily Ochse
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	Heather Meisenzahl
Grade Four	Jill MacLachlan
Grade Five	Daniel Pagnataro
Grade Five	Michael Kane
Grade Six	Mary Barone
Grade Six	Robert Swan
Grade Seven/Eight - Math	Kim Carlone
Grade Seven/Eight - Science	Laura Runkle
Grade Seven/Eight - Social Studies	Brian Fleming
Grade Seven/Eight - Language Arts	Ryan Gray

4. Office and School Health Personnel

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

<u>Position</u>	<u>Staff</u>
Tutor	Kelly Douglass
Tutor (PT)	Tara Ward
Tutor	Mary Sturgeon
Tutor	Ellen Javor
Tutor	Darra Ryan
Tutor	Cathy Freiert
Tutor	Colleen Meese
Instructional Aide	Marissa Browning
Instructional Aide	Tracey Bruni (12/29/17)/ Kaitlyn Matzek
Instructional Aide	Kate Kushman
Instructional Aide	Jamie Roger
Instructional Aide	Vicki Holt
Instructional Aide	Dan Wilson
Instructional Aide	Kristina Georgian (12/22/17)
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

<u>Position</u>	<u>Staff</u>
Lunch Aide	Lisa Przybyl
Lunch Aide	Linda Rogers
Lunch Aide	Sue Evanson

7. Custodial Staff

<u>Position</u>	<u>Staff</u>
Head Custodian	Van Miller
Custodian	Richard Blackburn
Custodian	Barbara Hedberg (6/18/18)
Custodian (.50 FTE)	Ken Bragdon
Custodian	Brenda Lariviere
Custodian	Sebastian Tuccitto
Director of Facilities (0.40 FTE)	Donald Bourdeau

B. GRADUATES - JUNE 2018**1. Salem School: - Grade 8:**

Alaric Anderson	Evangeline Armstrong	Madison Arnott
Alexander Bergam	Tristan Blais	Zachary Bourgeois
Daniel Brothers Jr.	Benjamin Caron	Lexi Cummings
Kailey Dalton	Margaret Dunne	Delanie Fresco-Hawes
Lily Gendron	Julia Giegel	Sara Gilman
Amarilys Gonzalez-Hall	Serraphim Hancock	Abigail Hanney
Laraib Khan	Mckyle Khan	Calvin Kilgore II
Delaney Libby	Cailyn Maiolo	Hanna McIntyre
Tyler McShane	Kathryn Monarca	Gregory Morgan
Jesse Oloski	Dean Palermo	Julius Peral
Amaya Santiago	Jordyn Silveira	David Stankoski
Colby Van Dusen	Alanah White	

East Lyme High School:

Joseph Andrews	Nour Hashem	Derrick Otero
Morgan Anthony	Brian Henry	Brayden Owen
Thomas Bartok	Joshua Henry	Alexander Peral
Madison Bell	Eduardo Hernandez	William Piper
Ryan Bellandese	Kyle Huebner	Dakota Redfearn
Mariah Bibalo	Timothy Jantori	Alexandria Revior
Olivia Blais	Benjamin Knopf	Emily Rogers
Ryan Britagna	Maximillian Light	Madison Rybak
Alexis Burgess	Allison Luck	Jaime Scott
David Courville	Kaden Marvin	Hayley Sorrentino
Owen Driskill	Alyssa McGurer	Antonio Spera
Madison Dube	Joseph McNamee	Jared Subiono
Erin Ewald	Zachary Mlynarski	Courtney Sullivan
Mackenzie Ferguson	Alexander Moore	Lilyan Tashea
Piper Ferris	Pierce Mulholland	Isaac Tomblin

Katherine Fifield	Elaine Murallo	Sophia Tsikitas
Tara Gagliano	Ryan Noe	Christopher Walter
Jason Good	Madeline Orsini	Tina Wang
Adrienne Grillo-Smith	Thomas O'Shaughnessy	Abigail Windhom
	Jordan Osterloh	Luke Wojcik

II. FISCAL DATA

A. Budget Management

1. The Business Manager in collaboration with the Superintendent and the Board of Education developed and monitored the 2017-18 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 2017-2018 included the following state and federal funding:

<u>Funding</u>	<u>Amount</u>
Educational Equalization	\$2,617,581
Transportation	0
Public School Building Grant	0
Adult Education	\$4,304
School-wide Entitlement (ESEA/REAP)	\$78,179
Services for the blind	0
Excess Cost (Special Education)	\$96,728
Special Education Grants (IDEA, etc.)	\$49,275
Tuition from another district	\$25,070
ARRA Stabilization	0
High Quality Schools and Common Core	0
Frontier PEG Grant	0
Total Education Receipts	\$2,871,137

B. Current Expenditures

Board of Education expenditures for 2017-2018, as reported on the State Department of Education ED-001, were \$10,430,230 and distributed as follows:

<u>Expenditures</u>	<u>Amount</u>
Debt Service East Lyme	0
Salaries	\$4,289,384
Benefits	\$752,845
Purchased Services	\$1,630,813
Tuition	\$3,459,012
Supplies/Property	\$288,201
Adult Education	\$9,775
Total Expenditures	\$10,430,230

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

	<u>Amount</u>
Elementary School	\$6,320,606
High School	\$2,384,604
Special Education	\$1,725,020
Total	\$10,430,230

	<u>Amount</u>
Central Administration	\$725,833
East Lyme H.S. (9-12)	\$3,249,246
Out Placements (PK-12)	\$626,728
Salem School (PK-8)	\$5,828,423
Total	\$10,430,230

\$117,995 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 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.

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

All Districts are required to offer adult education opportunities. Salem partners with Norwich Adult Education Cooperative 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 2017-18 school year.

- 1.) To expand the Board's understanding and knowledge of Curriculum.
- 2.) To increase community understanding of the Board of Education Budget.
- 3.) To collaborate with stakeholders to develop a 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 – George Jackson (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. The subcommittee worked on the capital and technology plan, administrative structure, strategic planning, school efficiency study results/score card, 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

Annual Financial Report
of the
Town of Salem, Connecticut
For the Year Ended June 30, 2018

Town of Salem, Connecticut

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Town of Salem, Connecticut

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Financial Section

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, 2018, 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, 2018, 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, budgetary comparison information and pension and other post-employment benefits schedule, 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 supplemental schedules and trend information are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplemental 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.

The trend information section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 25, 2019 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

Wethersfield, Connecticut
January 25, 2019

Our discussion and analysis of the Town of Salem, Connecticut's (the "Town") financial performance provides an overview of the Town's financial activities for the fiscal year ended June 30, 2018. Please read it in conjunction with the Town's financial statements, which begin with Exhibit A in the financial section.

FINANCIAL HIGHLIGHTS

- Town of Salem's Net Position, a measure of the Town's long-term health, increased by \$942,503 to \$23,757,203.
- The Town was able to increase its unassigned fund balance by \$1,103,617.
- As a result of strong fiscal controls, expenditures ended the year \$182,510 less than was budgeted.
- Revenues were \$214,223 more than was budgeted due to strong tax collections and increased grant revenues.
- During the fiscal year, the Town implemented GASB 75 related to other post-employment benefits (OPEB). GASB 75 requires that the net OPEB liability be recorded on the government-wide financial statements. The result of implementing GASB 75 was a prior period adjustment as of July 1, 2017 to record the net OPEB liability of \$354,558 and remove the net OPEB obligation previously recorded of \$1,314,253.

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 A and B) provide information about the activities of the Town as a whole and present an extended view of the Town's finances. Fund financial statements start with Exhibit C. 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 Town's operations in more detail than the government-wide statements by providing information about the Town's most significant funds. The remaining statements provide financial information about activities for which the Town 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 Town as a whole begins with Exhibit A and Exhibit B. One of the most important questions asked about the Town's finances is, "Is the Town 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 Town as a whole and about its activities in a way that helps answer this question. These statements include all assets, deferred outflows of resources, liabilities and deferred inflows of resources 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 Town's *net position* and changes in them. You can think of the Town's net position—the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources—as one way to measure the Town's financial health, or *financial position*. Over time, *increases or decreases* in the Town'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 Town's property tax base and the condition of the Town's roads, to assess the *overall health* of the Town.

In the Governmental Activities Statement of Net Position and the Statement of Activities, the Town shows the basic services that are reported, including the education, public works, and general administration. Property taxes, state and federal grants and local revenues such as charges for services finance most of these activities.

Reporting the Town's Most Significant Funds

Our analysis of the Town's major funds begins in the section titled "The Government's Funds". The fund financial statements begin with Exhibit C and provide detailed information about the most significant funds—not the Town as a whole. Some funds are required to be established by State law. 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 Town'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 Town'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 Town'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 Town as Trustee

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

THE GOVERNMENT AS A WHOLE

The Town's *combined* net position increased by \$942,503 from a year ago—*increasing* from \$22,814,700 (as restated) to \$23,757,203. Last year net position *increased* by \$1,163,044. Our analysis below focuses on the net position (Table 1) and changes in net position (Table 2) of the Town.

Table 1
Change in Net Position

	2018	Change During Year		2017
		Dollars	Percent	
Current and other assets	\$ 7,388,758	\$ 476,431	6.89%	\$ 6,912,327
Capital assets	21,352,401	(57,408)	-0.27%	21,409,809
Total assets	28,741,159	419,023	1.48%	28,322,136
Deferred outflows of resources	55,468	55,468	100.00%	-
Long-term debt outstanding	4,487,119	(282,445)	-5.92%	4,769,564
Other liabilities	537,078	(200,794)	-27.21%	737,872
Total liabilities	5,024,197	(483,239)	-8.77%	5,507,436
Deferred inflows of resources	15,227	15,227	100.00%	-
Net position				
Net investment in capital assets	17,351,515	298,003	1.75%	17,053,512
Restricted - Expendable	128,198	(867,929)	-87.13%	996,127
Restricted - nonexpendable	300,962	298,965	14970.71%	1,997
Unrestricted	5,976,528	1,213,464	25.48%	4,763,064
Total net position	\$ 23,757,203	\$ 942,503	4.13%	\$ 22,814,700

Deferred outflows and inflows of resources were recorded this year as a result of the implementation of GASB 75 for OPEB related deferred outflows and inflows.

Net investments in capital assets increased by \$298,003, primarily as a result of the Town making planned payments on debt of \$355,411.

Long term debt decreased by \$282,445 primarily due to the continued paying down of the Salem School construction general obligation bond.

Other liabilities decreased by \$200,794 in the current year. The primary factor was a reduction in accounts payable of \$219,249 as compared to the prior year.

Table 2
Change in Net Position

	2018	Changes During Year		2017
		\$ Change	% Change	
Revenues				
Program revenues				
Charges for services	\$ 392,590	\$ 40,629	11.54%	\$ 351,961
Operating grants and contributions	4,428,565	(772,317)	-14.85%	5,200,882
Capital grants and contributions	1,638	(153,413)	-98.94%	155,051
General revenues				
Property taxes	12,004,609	208,063	1.76%	11,796,546
Grants and contributions	22,918	(85,617)	-78.88%	108,535
Income from investments	67,735	43,246	176.59%	24,489
Miscellaneous	2,211	(17,689)	-88.89%	19,900
Total revenues	<u>16,920,266</u>	<u>(737,098)</u>	<u>-4.17%</u>	<u>17,657,364</u>
Program expenses				
General government	1,576,276	(99,675)	-5.95%	1,675,951
Public safety	1,019,343	193,201	23.39%	826,142
Public works	916,077	(108,778)	-10.61%	1,024,855
Sanitation	171,454	8,213	5.03%	163,241
Education	12,163,390	(501,001)	-3.96%	12,664,391
Interest on long-term debt	131,223	(8,517)	-6.09%	139,740
Total expenses	<u>15,977,763</u>	<u>(516,557)</u>	<u>-3.13%</u>	<u>16,494,320</u>
Excess (deficiency) before transfers	942,503	(220,541)	-18.96%	1,163,044
Beginning net position	22,814,700	2,122,739	10.26%	20,691,961
Restatement of net position (as restated)				959,695
Ending net position	<u>\$ 23,757,203</u>	<u>\$ 942,503</u>	<u>4.13%</u>	<u>\$ 22,814,700</u>

- Operating grants and contributions decreased \$772,317, mainly due to a decrease in state funding. The education cost sharing and excess cost grants were \$491,193 and \$110,554 below the prior year amounts.
- Capital grants and contributions decreased \$153,413 due to a one time grant of \$155,051 for trails received in 2017.
- Property taxes increased \$208,063 mainly due to an increase in the tax levy necessary to fund the budget.
- Public safety increased \$214,201 due to the following:
 - \$39,359 loss on the disposal of assets
 - \$20,000 increase in depreciation expense
 - \$30,000 increase in non-capitalizable capital expenses
- Education decreased \$501,001 due to the following:
 - The Board of Education budget was decreased by \$150,000 from 2017 and came in \$117,711 under budget.
 - The excess cost grant expenditures decreased by \$110,554
 - 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. In 2018, it is estimated that the Town overpaid by \$161,900. This caused a decrease in Education expense for high school tuition by the same amount.

THE TOWN'S FUNDS

The Town's General Fund unassigned fund balance increased \$1,103,617. Contributing factors included increased grant and property tax revenues and a conservative approach to spending.

The Capital Non-Recurring Fund's fund balance increased \$79,333 over the prior year. The fund received a \$838,232 transfer in from the General Fund. The most significant expenditures in the fund were \$299,783 for a tanker truck and \$258,930 for road rehabilitation.

The Education Grants Fund had a slight decrease in fund balance of \$1,134 and other governmental funds had a decrease in fund balance of \$11,352. Overall, fund balance of the total governmental funds increased \$672,118.

General Fund Budgetary Highlights

Over the course of the year, the Board of Finance can revise the budget with additional appropriations and budget transfers. Additional appropriations increase the total budget. The Board of Finance is allowed by the Salem Town Charter to make 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 allows these transfers to be made by the Board of Finance without a Town Meeting. Below is a summarized view of the final budget and actual results for the General Fund:

Table 4
General Fund - Budget Summary

	Final Budget	Actual	Variance
Revenues			
Property Taxes	\$ 11,736,960	\$ 12,007,172	\$ 270,212
Intergovernmental	2,605,548	2,915,235	309,687
Use of Town Money	7,700	67,390	59,690
Charges for Services	220,295	310,267	89,972
Appropriation of Fund Balance	515,338	-	(515,338)
Total Revenues	15,085,841	15,300,064	214,223
Expenditures			
General Government	3,616,454	3,551,655	64,799
Education	10,631,155	10,513,444	117,711
Total Expenditures	14,247,609	14,065,099	182,510
Transfers Out	838,232	838,232	-
Increase (Decrease) in Fund Balance	\$ -	\$ 396,733	\$ 396,733

Significant variances are summarized as follows:

- Property tax collections were \$270,212 more than budgeted.
- Intergovernmental revenues came in \$309,687 above budget. This is mainly in relation to education grants which the Town budgeted for conservatively due to the uncertainty of funding to be received from the State at budget time.
- The General Government expenditures were under budget by \$64,799 due to strong budget controls.
- The Board of Education expenditures were under budget by \$117,711.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of this year, the Town had \$21,352,401 invested government activity capital assets. This amount represents a net decrease of \$57,408 from last year. The Town added \$613,723 of capital assets this year net of \$725,331 in depreciation expense and a \$39,359 loss on disposal of assets. The most significant capital asset additions include the following:

- \$258,930 for road rehabilitation
- \$53,400 for the purchase of land
- \$436,367 for the purchase of a tanker truck, \$136,584 of which was capitalized in the previous year as construction in progress
- \$4,014,127 of school construction upgrades were capitalized this year, \$4,006,990 of which was previously capitalized as construction in progress.

More detailed information about the Town's capital assets is presented in Note 3D to the financial statements.

Debt

At year end, the Town had \$4,000,886 in bonds and notes outstanding. This is a decrease of \$355,411 from last year which represents scheduled principal payments. The Town's general obligation bond rating has been upgraded from an A1 to an Aa3 rating to reflect the Town's history of strong operating results contributing to growth in reserves and liquidity. More detailed information about the Town's long-term liabilities is presented in Note 3E to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The Town's elected and appointed officials considered many factors when setting the fiscal-year 2018/2019 budget. Beginning in fiscal-year 2018, a state cap was 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.

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 Town's finances and to show the Town'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.

Basic Financial Statements

Town of Salem, Connecticut

Statement of Net Position
Governmental Activities
June 30, 2018**ASSETS**

Cash	\$ 3,531,560
Investments	3,013,569
Restricted cash	18,203
Receivables (net)	
Property taxes	199,706
Accounts	15,995
Loans	298,965
Intergovernmental	100,077
Other assets	210,683
Capital assets	
Nondepreciable	2,110,306
Depreciable, net of accumulated depreciation	<u>19,242,095</u>
	<u>28,741,159</u>

DEFERRED OUTFLOWS OF RESOURCES

OPEB related	<u>55,468</u>
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LIABILITIES

Accounts payable	394,439
Accrued payroll and related	63,453
Accrued interest payable	55,487
Performance bonds	18,203
Unearned revenues	5,496
Non-current liabilities	
Due within one year	385,041
Due in more than one year	<u>4,102,078</u>
	<u>5,024,197</u>

DEFERRED INFLOWS OF RESOURCES

OPEB related	<u>15,227</u>
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NET POSITION

Net investment in capital assets	17,351,515
Restricted	
Nonexpendable	
Long-term receivables	298,965
Trust principal	1,997
Expendable	
General government	83,960
Small cities	9,095
Town clerk documents	35,143
Unrestricted	<u>5,976,528</u>
Total Net Position	<u>\$ 23,757,203</u>

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

Town of Salem, Connecticut

Statement of Activities Governmental Activities For the Year Ended June 30, 2018

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
General government	\$ 1,576,276	\$ 270,401	\$ 82,371	\$ -	\$ (1,223,504)
Public safety	1,019,343	-	-	-	(1,019,343)
Public works	916,077	-	193,587	1,638	(720,852)
Sanitation	171,454	52,198	-	-	(119,256)
Education	12,163,390	69,991	4,152,607	-	(7,940,792)
Interest	131,223	-	-	-	(131,223)
Total	\$ 15,977,763	\$ 392,590	\$ 4,428,565	\$ 1,638	(11,154,970)
General Revenues					
Property taxes, payments in lieu of taxes, interest and liens					12,004,609
Grants and contributions not restricted to specific programs					22,918
Income from investments					67,735
Miscellaneous					2,211
Total General Revenues					12,097,473
Change in Net Position					942,503
Net Position - July 1, 2017 (as restated)					22,814,700
Net Position - June 30, 2018					\$ 23,757,203

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

Town of Salem, Connecticut

Balance Sheet
Governmental Funds
June 30, 2018

	General Fund	Capital Non- Recurring Fund	Education Grants Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash	\$ 2,836,126	\$ -	\$ 313,597	\$ 381,837	\$ 3,531,560
Restricted cash	18,203	-	-	-	18,203
Investments	2,970,225	2,282	-	41,062	3,013,569
Receivables (net)					
Property taxes	199,706	-	-	-	199,706
Accounts	15,995	-	-	-	15,995
Loans	-	-	-	298,965	298,965
Intergovernmental	-	-	12,985	6,866	19,851
Due from other funds	658,411	1,467,734	344,232	256,365	2,726,742
Other	210,633	-	-	50	210,683
Total Assets	<u>\$ 6,909,299</u>	<u>\$ 1,470,016</u>	<u>\$ 670,814</u>	<u>\$ 985,145</u>	<u>\$ 10,035,274</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities					
Accounts payable	\$ 383,999	\$ -	\$ 9,017	\$ 1,423	\$ 394,439
Accrued payroll and related liabilities	63,453	-	-	-	63,453
Due to other funds	1,916,567	117,454	658,411	34,310	2,726,742
Performance bonds	18,203	-	-	-	18,203
Unearned revenues	2,671	-	2,825	-	5,496
Total Liabilities	<u>2,384,893</u>	<u>117,454</u>	<u>670,253</u>	<u>35,733</u>	<u>3,208,333</u>
Deferred inflow of resources					
Revenues not available - taxes	<u>113,416</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>113,416</u>
Fund balances					
Nonspendable	-	-	-	300,962	300,962
Restricted	35,143	-	-	93,055	128,198
Committed	-	886,439	-	482,737	1,369,176
Assigned	1,028,330	466,123	561	72,658	1,567,672
Unassigned	3,347,517	-	-	-	3,347,517
Total Fund Balances	<u>4,410,990</u>	<u>1,352,562</u>	<u>561</u>	<u>949,412</u>	<u>6,713,525</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 6,909,299</u>	<u>\$ 1,470,016</u>	<u>\$ 670,814</u>	<u>\$ 985,145</u>	<u>\$ 10,035,274</u>

(continued)

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

Town of Salem, Connecticut

Reconciliation of Governmental Funds Balance Sheet
to the Government-Wide Statement of Net Position
June 30, 2018

Amounts reported in the Statement of Net Position (Exhibit A) are different from the governmental fund balance sheet due to:

Total Fund Balances - (Exhibit C, Page 1)	\$ 6,713,525
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds (net).	21,352,401
Other long-term assets and deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are deferred in the funds:	
Property tax and interest	113,416
Intergovernmental receivables	80,226
Deferred outflows of resources related to OPEB	55,468
Long-term liabilities and deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.	
General obligation bonds	(3,900,000)
Notes and loans	(100,886)
Compensated absences	(41,792)
Post-closure landfill costs	(17,500)
OPEB liability	(426,941)
Deferred inflows of resources related to OPEB	(15,227)
Accrued interest payable	(55,487)
Net Position (Exhibit A)	\$ <u>23,757,203</u> (concluded)

Town of Salem, Connecticut

Statement of Revenues, Expenditures and Changes in Fund Balances
 Governmental Funds
 For the Year Ended June 30, 2018

	General Fund	Capital Non- Recurring Fund	Education Grants Fund	Other Governmental Funds	Total Governmental Funds
REVENUES					
Property taxes	\$ 12,007,172	\$ -	\$ -	\$ -	\$ 12,007,172
Intergovernmental	4,282,858	-	127,455	44,144	4,454,457
Charges for services	306,391	-	13,600	58,917	378,908
Miscellaneous	8,133	-	2,211	1,585	11,929
Income from investments	<u>67,390</u>	<u>31</u>	<u>-</u>	<u>314</u>	<u>67,735</u>
Total Revenues	<u>16,671,944</u>	<u>31</u>	<u>143,266</u>	<u>104,960</u>	<u>16,920,201</u>
EXPENDITURES					
Current					
General government	1,500,854	-	-	27,442	1,528,296
Public safety	801,956	-	-	-	801,956
Public works	645,145	-	-	-	645,145
Sanitation	156,710	-	-	-	156,710
Education	11,676,469	-	144,400	81,730	11,902,599
Debt service					
Principal	310,643	44,768	-	-	355,411
Interest	136,664	4,202	-	-	140,866
Capital outlay	<u>-</u>	<u>709,960</u>	<u>-</u>	<u>7,140</u>	<u>717,100</u>
Total Expenditures	<u>15,228,441</u>	<u>758,930</u>	<u>144,400</u>	<u>116,312</u>	<u>16,248,083</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>1,443,503</u>	<u>(758,899)</u>	<u>(1,134)</u>	<u>(11,352)</u>	<u>672,118</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	838,232	-	-	838,232
Transfers out	<u>(838,232)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(838,232)</u>
Net Other Financing Sources (Uses)	<u>(838,232)</u>	<u>838,232</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	605,271	79,333	(1,134)	(11,352)	672,118
Fund Balances - July 1, 2017	<u>3,805,719</u>	<u>1,273,229</u>	<u>1,695</u>	<u>960,764</u>	<u>6,041,407</u>
Fund Balances - June 30, 2018	<u>\$ 4,410,990</u>	<u>\$ 1,352,562</u>	<u>\$ 561</u>	<u>\$ 949,412</u>	<u>\$ 6,713,525</u>

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

Town of Salem, Connecticut

Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2018

Amounts Reported in the Statement of Activities (Exhibit B) are Different Due to:

Net Change in Fund Balances - Total Governmental Funds (Exhibit D)	\$ 672,118
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 (Net of Construction in progress decreases)	707,282
Depreciation expense	(725,331)
Undepreciated basis of assets disposed of or sold	(39,359)
	<u>(57,408)</u>
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
Taxes and other revenues in the General Fund	<u>65</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	55,411
	<u>355,411</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	5,042
Post-closure landfill costs	2,500
Compensated absences	(3,083)
OPEB expense	<u>(32,142)</u>
Change in Net Position (Exhibit B)	<u>\$ 942,503</u>

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

Town of Salem, Connecticut

Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2018

	<u>Custodial Funds Student Activity</u>
ASSETS	
Cash	<u>\$ 21,594</u>
NET POSITION	
Restricted for individuals and organizations	<u>\$ 21,594</u>

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

Town of Salem, Connecticut

Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2018

	Custodial Funds Student Activity
Additions	
Charges for services	\$ 57,122
Deductions	
Activities	56,762
Change in net position	360
Net position - July 1, 2017 (as restated)	21,234
Net position - June 30, 2018	\$ 21,594

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

Town of Salem, Connecticut**Notes to Financial Statements
For the Year Ended June 30, 2018****History and Organization**

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.

1. Summary of Significant Accounting Policies

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.

B. Government-Wide Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position (Exhibit A) and the Statement of Activities (Exhibit B) 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 are normally supported by taxes and intergovernmental revenues.

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.

Town of Salem, Connecticut**Notes to Financial Statements
For the Year Ended June 30, 2018****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.

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 reports the following 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 Nonrecurring 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.

Additionally, the Town reports the following fiduciary fund:

The Custodial Fund is primarily utilized to account for monies held as custodian for student groups.

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

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the fiduciary funds. 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.

Town of Salem, Connecticut**Notes to Financial Statements
For the Year Ended June 30, 2018****1. Summary of Significant Accounting Policies (Continued)**

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 - Cash consists of funds deposited in demand deposit accounts and cash on hand.

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.

Town of Salem, Connecticut**Notes to Financial Statements
For the Year Ended June 30, 2018****1. Summary of Significant Accounting Policies (Continued)**

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 reports its investments at amortized cost (which approximates fair value). The pool is rated AAAm by Standard & Poors. This is the highest rating for money market funds and investment pools.

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 quoted 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.

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.

Town of Salem, Connecticut**Notes to Financial Statements
For the Year Ended June 30, 2018****1. Summary of Significant Accounting Policies (Continued)**

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

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

Other Receivables - Other receivables include amounts due from other governments and individuals for services provided by the Town. Receivables are recorded and revenues recognized as earned 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.

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 at year end, 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 acquisition value at the date of donation.

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

Town of Salem, Connecticut

Notes to Financial Statements For the Year Ended June 30, 2018

1. Summary of Significant Accounting Policies (Continued)

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:

<u>Assets</u>	<u>Years</u>	<u>Capitalization Threshold</u>
Land	N/A	\$ 25,000
Land improvements	10 - 40	20,000
Building 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

Unearned Revenues - Unearned revenues arise when assets are recognized before revenue recognition criteria have been satisfied. 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.

The Town reports deferred outflows and inflows of resources related to other post-employment benefits ("OPEB") in the government-wide statement of net position. A deferred outflow or inflow of resources related to OPEB results from differences between expected and actual experience and a change in assumptions. These amounts are deferred and included in OPEB expense in a systematic and rational manner over a period equal to the average of the expected remaining service lives of all employees that are provided with benefits (active employees and inactive employees).

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.

Town of Salem, Connecticut**Notes to Financial Statements
For the Year Ended June 30, 2018****1. Summary of Significant Accounting Policies (Continued)**

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 three categories - net investment in capital assets, restricted net position and unrestricted net position.

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.

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.

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

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.

Town of Salem, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2018**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.

Town of Salem, Connecticut**Notes to Financial Statements
For the Year Ended June 30, 2018****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. Reclassification

Certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

2. Stewardship, Compliance and Accountability**A. Budgets and Budgetary Accounting**

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. GASB requires that the employer governments recognize payments for salaries and fringe benefits paid on behalf of its employees.

Town of Salem, Connecticut

Notes to Financial Statements For the Year Ended June 30, 2018

2. Stewardship, Compliance and Accountability (Continued)

- **Encumbrances** – Unless committed through a formal encumbrance (e.g., purchase orders, signed contracts), all annual appropriations lapse at fiscal year-end. Encumbrances outstanding at year end are reported on the budgetary basis statements as expenditures.
- **Excess Cost Grant** – The State reimburses the Town for certain costs incurred for special educational needs of students that exceed a set multiple of a student in the regular program. This reimbursement is the Excess Cost Grant – Student Based. Connecticut General Statute 10-76g states that this grant should reduce the education expenditures instead of being reported as revenue.
- **Netting Revenues with Expenditures** – Town Clerk 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.

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.

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 For the Year Ended June 30, 2018

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.

B. Changes to the Original Budget

During the year \$15,990 of additional appropriations were made.

C. Capital Projects Authorizations

	Beginning Unexpended Appropriation	Current Year Appropriations	Total Appropriation	Current Year Expenditures	Interest and Other Income	Ending Unexpected Balance
Committed Fund Balance						
Salem Fire Co						
Gear & hose	\$ -	\$ 20,000	\$ 20,000	\$ (19,000)	\$ -	\$ 1,000
Gear & hose	2,247	12,000	14,247	(13,777)	-	470
Training building fund	22,582	-	22,582	(18,045)	-	4,537
Engine tanker	35,000	-	35,000	-	-	35,000
Gardner Firehouse Projects						-
Thermal camera	-	7,800	7,800	(6,305)	-	1,495
Gear & hose	1,538	14,000	15,538	(13,252)	-	2,286
Parking lot	38,057	-	38,057	(967)	-	37,090
Tanker truck	88,416	222,000	310,416	(299,783)	-	10,633
Telephone system	2,400	-	2,400	(2,386)	-	14
Public Safety						-
RIT replacement packs	-	13,000	13,000	(12,873)	-	127
Hydraulic rescue tools/exhaust	19,593	48,964	68,557	(48,972)	-	19,585
General Government						-
Envelope stuffer	-	9,990	9,990	(9,990)	-	-
Parking lot rehabilitation	1,805	-	1,805	-	-	1,805
Library interior upgrade - carpet	879	-	879	(704)	-	175
Public Works						-
Large Snowplow Truck #1	-	62,000	62,000	-	-	62,000
Roadway Rehab 2017/18	-	400,554	400,554	-	-	400,554
Snow/plow truck	7,103	-	7,103	-	-	7,103
Fuel system replacement	79,000	-	79,000	(10,577)	-	68,423
Pave and construction drive at Old Library	6,740	-	6,740	-	-	6,740
Road rehab 16/17	335,732	-	335,732	(258,930)	-	76,802
Recreation Commission						-
Resurface basketball & tennis courts	-	21,000	21,000	(21,000)	-	-
Round Hill Road lighting	4,306	-	4,306	-	-	4,306
Multi-Purpose Path	5,552	-	5,552	-	-	5,552
Reimbursable trail grant	27,650	-	27,650	(2,147)	-	25,503
Forsyth Park well	42,186	-	42,186	(1,449)	-	40,737
Volunteer Park well, septic and bathrooms	54,000	-	54,000	-	-	54,000

Town of Salem, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2018

2. Stewardship, Compliance and Accountability (Continued)

	Beginning Unexpended Appropriation	Current Year Appropriations	Total Appropriation	Current Year Expenditures	Interest and Other Income	Ending Unexpected Balance
Building Committee	\$ 13,806	\$ -	\$ 13,806	\$ -	\$ -	\$ 13,806
Education						
Media Rep/Filter Refurb	-	6,924	6,924	(6,924)	-	-
School Tile Replacement	15,825	-	15,825	(9,149)	-	6,676
Upgrade track/athletic field	2,720	-	2,720	(2,700)	-	20
Total Committed	807,137	838,232	1,645,369	(758,930)	-	886,439
Assigned Fund Balance	466,092	-	466,092	-	31	466,123
Total Fund Balance	\$ 1,273,229	\$ 838,232	\$ 2,111,461	\$ (758,930)	\$ 31	\$ 1,352,562

D. Donor Restricted Endowments

The Town has received certain endowments for scholarships and maintenance of cemetery. The amounts are reflected in net position as restricted for endowments. Investment income is approved for disbursement by the Board of Education or the applicable Trustee and is included in restricted fund balance.

The Town allocates investment income of donor-restricted endowments in accordance with donor restrictions and Connecticut law, which has adopted the provisions of the Uniform Prudent Management of Institutional Funds Act ("UPMIFA"). Under UPMIFA, investment income earned on donor-restricted endowment funds is considered to be unrestricted in the absence of explicit donor restrictions. Further, in the absence of explicit donor restrictions regarding investment appreciation, such appreciation is treated the same as the related investment income. Investment losses that reduce the value of endowment investments below the original principal amount serve to reduce restricted net position or unrestricted net position, depending upon the applicable donor's stipulations regarding the treatment of investment income and appreciation.

3. Detailed Notes on All Funds

A. Cash and Investments

Deposits – 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 does not have a deposit policy for custodial credit risk. At year end, \$4,406,493 of the Town's bank balance of \$5,024,433 was exposed to custodial credit risk as follows:

Collateralized by securities held in trust	
Not in the Town's name	\$ 1,101,623
Uninsured and uncollateralized	3,304,870
	<u>\$ 4,406,493</u>

Town of Salem, Connecticut

Notes to Financial Statements For the Year Ended June 30, 2018

3. Detailed Notes on All Funds (Continued)

Financial instruments that potentially subject the Town to significant concentrations of credit risk consist primarily of cash. From time to time, the Town's cash account balance exceed the Federal Deposit Insurance Corporation limit. The Town reduces its credit risk by maintaining its cash deposits with major financial institutions and monitoring their credit ratings.

Investments – Below is a summary of the interest rate risk and credit risk.

Type of Investment	Average Credit Rating	Fair Value *	Investment Maturities (In Years) Less Than 1
Certificates of deposit	N/A	\$ 48,901	\$ 48,901
Pooled fixed income	AAA	2,964,668	2,964,668
Total		<u>\$3,013,569</u>	<u>\$ 3,013,569</u>

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

NA - Not applicable

B. Receivables

An allowance for uncollectible taxes of \$98,816 has been recorded at year end.

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 year end these were summarized as follows:

Town of Salem, Connecticut
Notes to Financial Statements
For the Year Ended June 30, 2018

3. Detailed Notes on All Funds (Continued)

Major Funds	Corresponding Fund	Due From	Due To
General Fund			
Capital Nonrecurring Fund	N/A	\$ -	\$ 1,434,746
Education Grants Fund - grants	N/A	658,411	-
Education Grants Fund - preschool	N/A	-	342,910
School Cafeteria Fund	N/A	-	752
BOE Preschool	N/A	-	-
Town Grants Fund	N/A	-	44,517
Community Foundation Grant	N/A	-	72
School Construction Fund	N/A	-	93,570
Total General Fund		<u>658,411</u>	<u>1,916,567</u>
Capital Nonrecurring Fund			
School Construction Fund	N/A	-	117,454
Town Grants Fund	N/A	32,988	-
General Fund	N/A	<u>1,434,746</u>	<u>-</u>
Total Capital Nonrecurring Fund		<u>1,467,734</u>	<u>117,454</u>
Education Grants Fund			
General Fund - grants	N/A	-	658,411
General Fund - preschool	N/A	342,910	-
Town Grants Fund	N/A	<u>1,322</u>	<u>-</u>
Total Education Grants Fund		<u>344,232</u>	<u>658,411</u>
Other Governmental Funds			
School Cafeteria Fund	General Fund	752	-
Town Grants Fund	General Fund	44,517	34,310
Community Foundation Grant Fund	General Fund	72	-
School Construction Fund	Capital Nonrecurring Fund	117,454	-
School Construction Fund	General Fund	<u>93,570</u>	<u>-</u>
Total Other Governmental Funds		<u>256,365</u>	<u>34,310</u>
Grand Total		<u>\$ 2,726,742</u>	<u>\$ 2,726,742</u>

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

Town of Salem, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2018

3. Detailed Notes on All Funds (Continued)

	Corresponding Fund	Transfers In	Transfers Out
General Fund			
Capital Nonrecurring Fund	N/A	\$ -	\$ 838,232
Capital Nonrecurring Fund			
General Fund	N/A	838,232	-
Total		\$ 838,232	\$ 838,232

D. Capital Assets

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

	Balance July 1, 2017	Increases	Decreases	Balance June 30, 2018
Capital assets not being depreciated				
Land	\$ 1,786,816	\$ 53,400	\$ -	\$ 1,840,216
Construction in progress	4,375,505	40,159	(4,145,574)	270,090
	<u>6,162,321</u>	<u>93,559</u>	<u>(4,145,574)</u>	<u>2,110,306</u>
Capital assets being depreciated				
Land improvements	1,778,796	21,000	(18,432)	1,781,364
Buildings and systems	12,624,143	4,014,127	(28,795)	16,609,475
Machinery and equipment	2,220,770	28,873	(42,000)	2,207,643
Infrastructure	2,661,603	258,930	-	2,920,533
Vehicles	2,908,219	436,367	(259,000)	3,085,586
	<u>22,193,531</u>	<u>4,759,297</u>	<u>(348,227)</u>	<u>26,604,601</u>
Less accumulated depreciation for				
Land improvements	(480,577)	(73,224)	18,432	(535,369)
Buildings and systems	(2,849,339)	(271,869)	8,075	(3,113,133)
Machinery and equipment	(1,026,156)	(106,966)	33,778	(1,099,344)
Infrastructure	(630,928)	(150,112)	-	(781,040)
Vehicles	(1,959,043)	(123,160)	248,583	(1,833,620)
	<u>(6,946,043)</u>	<u>(725,331)</u>	<u>308,868</u>	<u>(7,362,506)</u>
Total capital assets, being depreciated, net	15,247,488	4,033,966	(39,359)	19,242,095
Capital assets, net	<u>\$ 21,409,809</u>	<u>\$ 4,127,525</u>	<u>\$ (4,184,933)</u>	<u>\$ 21,352,401</u>

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

General government	\$ 119,688
Public safety	131,544
Public works	243,652
Sanitation	17,244
Education	213,203
	<u>\$ 725,331</u>

Town of Salem, Connecticut

Notes to Financial Statements For the Year Ended June 30, 2018

3. Detailed Notes on All Funds (Continued)

E. Long-Term Liabilities

The following table summarizes changes in the Town's long-term liabilities:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
General obligation bonds	\$ 4,200,000	\$ -	\$ (300,000)	\$ 3,900,000	325,000
Notes and loans	156,297	-	(55,411)	100,886	53,362
Compensated absences	38,709	5,455	(2,372)	41,792	4,179
Post closure landfill costs	20,000	-	(2,500)	17,500	2,500
OPEB liability	354,558	88,506	(16,123)	426,941	-
	<u>\$ 4,769,564</u>	<u>\$ 93,961</u>	<u>\$ (376,406)</u>	<u>\$ 4,487,119</u>	<u>\$ 385,041</u>

Each governmental funds liability is liquidated by 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 consisted of the following:

Purpose	Year of Issue	Original Amount	Final Maturity	Interest Rates	Amount Outstanding
Salem School Construction	2014	\$ 4,500,000	2029	2.25-4.00%	<u>\$ 3,900,000</u>

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
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>\$ 3,900,000</u>	<u>\$ 725,971</u>
2025	325,000	55,250			

Town of Salem, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2018

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 \$7,237. 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 % per year.

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

Year End	Notes and Loans	
	Principal	Interest
2019	\$ 53,362	\$ 2,839
2020	47,524	1,441
	<u>\$ 100,886</u>	<u>\$ 4,280</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 reported as long-term liabilities. The actual costs may vary based on actual events, inflation, changes in technology and applicable laws and regulations. During the year the actual costs amounted to \$4,115.

Subsequent Debt Issuance

On July 1, 2018, the Town issued a capital lease for the purchase of fire equipment. The lease is payable in equal installments of \$104,790 over a six year period with the first payment due July 1, 2019 at an interest rate of 3.65%.

Town of Salem, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2018

3. Detailed Notes on All Funds (Continued)

Legal Debt Limit

The Town's indebtedness does not exceed the legal debt limitations as required by Connecticut General Statutes as reflected in the following schedule:

Category	Debt Limit	Indebtedness	Net Balance
General purpose	\$ 26,803,625	\$ -	\$ 26,803,625
Schools	53,607,249	3,900,000	49,707,249
Sewers	44,672,708	-	44,672,708
Urban renewal	38,716,347	-	38,716,347
Pension deficit	35,738,166	-	35,738,166

The total overall statutory debt limit for the Town is equal to seven times annual receipts from taxation, \$83,389,054.

F. 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	Education Grants Fund	Other Governmental Funds	Total
Nonspendable					
Not in spendable form					
Long-term receivables	\$ -	\$ -	\$ -	\$ 298,965	\$ 298,965
Trust principal	-	-	-	1,997	1,997
	-	-	-	300,962	300,962
Restricted					
General Government	-	-	-	83,960	83,960
Small Cities	-	-	-	9,095	9,095
Town Clerk Documents	35,143	-	-	-	35,143
	35,143	-	-	93,055	128,198
Committed					
Capital Projects	-	886,439	-	482,737	1,369,176
Assigned					
General Government	18,250	-	-	41,495	59,745
Education	-	-	561	31,163	31,724
Capital Projects	1,010,080	466,123	-	-	1,476,203
	1,028,330	466,123	561	72,658	1,567,672
Unassigned	3,347,517	-	-	-	3,347,517
Total	<u>\$ 4,410,990</u>	<u>\$ 1,352,562</u>	<u>\$ 561</u>	<u>\$ 949,412</u>	<u>\$ 6,713,525</u>

Town of Salem, Connecticut**Notes to Financial Statements
For the Year Ended June 30, 2018****4. Other Information****A. 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.

B. Commitments and 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.

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 the Town paid \$2,070,265 in regular education tuition and \$936,105 in special education tuition to the Town of East Lyme.

The tuition fees paid during the year are based on an estimated amount. The final costs are calculated after the end of the year and are billed, or refunded, in the second subsequent year based on the final audited amounts. In this fiscal year, the Town paid \$55,120 to the Town of East Lyme which was the underpayment for the year ending June 30, 2016.

For the current year there is an estimated, unaudited overpayment of \$161,900 which will be subtracted from the 2019-2020 tuition payments. For the year ended June 30, 2017 there was an audited underpayment of \$61,665 which will be added to the 2018-2019 tuition payments. These amounts are included in prepaids and/or 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 \$72.50 and the Town had approximately 193 students. The final costs are calculated after the end of the year and are billed, or refunded, in the subsequent year. This is included in the reconciliation of costs for tuition.

Town of Salem, Connecticut**Notes to Financial Statements
For the Year Ended June 30, 2018****4. Other Information (Continued)**

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

C. Teachers' 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.

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.

Town of Salem, Connecticut

Notes to Financial Statements For the Year Ended June 30, 2018

4. Other Information (Continued)

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.

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.

Effective January 1, 2018, each teacher is required to contribute 7% 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	<u>9,960,033</u>
Total	<u>\$ 9,960,033</u>

The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016. The Town has no proportionate share of the net pension liability.

For the fiscal year ended, the Town recognized pension expense and revenue of \$1,152,085 for on-behalf amounts for the benefits provided by the State.

Town of Salem, Connecticut

Notes to Financial Statements For the Year Ended June 30, 2018

4. Other Information (Continued)

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:

Inflation	2.75%
Salary increases	3.25-6.50%, including inflation
Investment rate of return	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.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2010 – June 30, 2015. As a result of the 2015 actuarial experience study, the rates of withdrawal, disability, retirement, mortality and assumed rates of salary increase were adjusted in the June 30, 2016 actuarial valuation to more closely reflect actual experience.

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%.

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:

Town of Salem, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2018

4. Other Information (Continued)

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 Yields Bonds	5.00%	3.90%
Emerging Market Bonds	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, 2017.

D. Board of Education OPEB Plan

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 the Connecticut General Statutes and various collective bargaining agreements. The plan does not issue a separate financial statement.

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
For the Year Ended June 30, 2018

4. Other Information (Continued)

At June 30, 2018, plan membership consisted of the following:

Active members	43
Retirees and beneficiaries receiving benefits	2
Total	<u>45</u>

Funding Policy – The Town funding and payment of post-employment benefits are accounted for in the General Fund on a pay-as-you-go basis. Due to the fact that the Town's liability is mainly from the implicit rate subsidy calculation, the Town has not established a trust fund to irrevocably segregate assets to fund the liability associated with post-employment benefits in accordance with GASB guidelines. The Town anticipates a commitment to fund normal cost and a long-term approach to the amortization of the actuarial accrued liability. The goal is to absorb, within the budgetary process, the actual cost of benefits in the determination of the costs of providing services to taxpayers.

Total OPEB Liability

The Town's total OPEB liability of \$426,941 was measured as of June 30, 2018, and was determined by an actuarial valuation as of that date.

Actuarial Methods and Significant Assumptions

The Town has elected to use the alternative approach to calculate OPEB related benefits. This allows financial statement preparers to use certain simplified assumptions to project benefits without the use of an actuary. The significant assumptions used 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:

Actuarial cost method	Entry age normal
Payroll growth	2.50%
Discount rate	3.62%
Amortization method	Percentage of payroll
Healthcare costs trend rates	Ranges from 4.60% to 4.80%
Mortality	RP-2000 mortality table for males and females projected 18 years

The discount rate was based on the 20-year AA municipal bond index as of the measurement date.

The current valuation reflects changes in the actuarial assumptions to represent the best estimate of anticipated experience of the plan. The following areas had changes in assumptions:

- Discount rate decreased from 4.5% to 3.6%.
- Projected salary increases decreased from 3% to 2.5%.
- Healthcare cost trend rates changed from 8.0% initial rate decreasing to an ultimate rate of 4.7% over a period of 10 years to rates fluctuating between 4.6% and 4.8%.

Town of Salem, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2018

4. Other Information (Continued)

Changes in OPEB Liability

Balance as of July 1, 2017	\$ 354,558
Service cost	13,225
Interest on total OPEB liability	16,550
Effect of economic/demographic gains (losses)	(16,123)
Effect of assumption changes or inputs	58,731
Balance as of June 30, 2018	<u>\$ 426,941</u>

Sensitivity of the OPEB Liability to Changes in the Discount Rate

The following presents the OPEB liability, as well as what the OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

	1% Decrease 2.62%	Current Discount Rate 3.62%	1% Increase 4.62%
OPEB Liability	<u>\$ 509,195</u>	<u>\$ 426,941</u>	<u>\$ 361,029</u>

Sensitivity of the OPEB Liability to Changes in the Healthcare Cost Trend Rate

The following presents the OPEB liability, as well as what the OPEB liability would be if it were calculated using a trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current trend rates:

	1% Decrease	Current Trend Rate	1% Increase
OPEB Liability	<u>\$ 349,735</u>	<u>\$ 426,941</u>	<u>\$ 525,661</u>

Town of Salem, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2018

4. Other Information (Continued)

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB

For the fiscal year the Town recognized OPEB expense of \$32,142. The Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Description of Deferred Outflows/Inflows	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 15,227
Changes of assumptions	55,468	-
	<u>\$ 55,468</u>	<u>\$ 15,227</u>
Net amount of deferred outflows and inflows		<u>\$ 40,241</u>

Amounts reported as deferred outflows (inflows) of resources related to OPEB will be recognized in OPEB expense as follows:

2019	\$ 2,367
2020	2,367
2021	2,367
2022	2,367
2023	2,367
Thereafter	<u>28,406</u>
Total	<u>\$ 40,241</u>

E. OPEB Plan – Connecticut State Teachers’ Retirement Plan

Plan Description

Teachers, principals, superintendents, supervisors and professional employees at State schools of higher education if they choose to be covered that are currently receiving a retirement or disability benefit are eligible to participate in the Connecticut State Teachers’ Retirement System Retiree Health Insurance Plan (“TRS-RHIP”) - a cost sharing multiple-employer defined benefit other post-employment benefit plan administered by the Teachers’ Retirement Board (“TRB”). Chapter 167a Section 10-183 (t) of the State Statutes grants authority to establish and amend the benefit terms to the TRB. TRS-RHIP issues a publicly available financial report that can be obtained at www.ct.gov/trb.

Benefit Provisions

The Plan provides for retiree health insurance benefits. Eligibility is as follows:

- **Normal Retirement:** Eligibility - 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.

Town of Salem, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2018

4. Other Information (Continued)

- **Early Retirement:** Eligibility - 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.
- **Proratable Retirement:** Eligibility - Age 60 with 10 years of Credited Service.
- **Disability Retirement:** Eligibility - 5 years of Credited Service in Connecticut if not incurred in the performance of duty and no service requirement if incurred in the performance of duty.
- **Termination of Employment:** Eligibility - 10 or more years of Credited Service.

Retiree Health Care Coverage

Any member that is currently receiving a retirement or disability benefit is eligible to participate in the Plan. There are two types of the health care benefits offered through the system. Subsidized Local School District Coverage provides a subsidy paid to members still receiving coverage through their former employer and the CTRB Sponsored Medicare Supplemental Plans provide coverage for those participating in Medicare, but not receiving Subsidized Local School District Coverage.

Any member that is not currently participating in Medicare Parts A & B is eligible to continue health care coverage with their former employer. A subsidy of up to \$110 per month for a retired member plus an additional \$110 per month for a spouse enrolled in a local school district plan is provided to the school district to first offset the retiree's share of the cost of coverage, any remaining portion is used to offset the district's cost. The subsidy amount is set by statute, and has not increased since July of 1996. A subsidy amount of \$220 per month may be paid for a retired member, spouse or the surviving spouse of a member who has attained the normal retirement age to participate in Medicare, is not eligible for Part A of Medicare without cost, and contributes at least \$220 per month towards coverage under a local school district plan.

Any member that is currently participating in Medicare Parts A & B is eligible to either continue health care coverage with their former employer, if offered, or enroll in the plan sponsored by the System. If they elect to remain in the plan with their former employer, the same subsidies as above will be paid to offset the cost of coverage.

If a member participating in Medicare Parts A & B so elects, they may enroll in one of the CTRB Sponsored Medicare Supplemental Plans. Active members, retirees, and the State pay equally toward the cost of the basic coverage (medical and prescription drug benefits). There are three choices for coverage under the CTRB Sponsored Medicare Supplemental Plans. The choices and 2017 calendar year premiums charged for each choice are shown in the table below:

• Medicare Supplement with Prescriptions	\$ 92
• Medicare Supplement with Prescriptions and Dental	136
• Medicare Supplement with Prescriptions, Dental, Vision & Hearing	141

Those participants electing vision, hearing, and/or dental are required by the System's funding policy to pay the full cost of coverage for these benefits, and no liability is assumed by the Plan for these benefits.

Town of Salem, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2018

4. Other Information (Continued)

Survivor Health Care Coverage

Survivors of former employees or retirees remain eligible to participate in the Plan and continue to be eligible to receive either the \$110 monthly subsidy or participate in the TRB - Sponsored Medicare Supplemental Plans, as long as they do not remarry.

Contributions

State of Connecticut

Per Connecticut General Statutes Section 10-183t, 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 State contributions are not currently actuarially funded. The State appropriates from the General Fund one third of the annual costs of the Plan. Administrative costs of the Plan are financed by the State. Based upon Chapter 167a, Subsection D of Section 10-183t of the Connecticut statutes, it is assumed the State will pay for any long-term shortfall arising from insufficient active member contributions.

Employer (School Districts)

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

Employees

Each member is required to contribute 1.25% of their annual salary. Contributions in excess of \$500,000 will be credited to the Retiree Health Insurance Plan.

OPEB Liabilities, OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The Town reports no amounts for its proportionate share of the net OPEB 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 OPEB liability, the related state support, and the total portion of the net OPEB liability that was associated with the Town were as follows:

Town's proportionate share of the net OPEB liability	\$ -
State's proportionate share of the net OPEB liability associated with the Town	<u>2,563,588</u>
Total	<u><u>\$ 2,563,588</u></u>

The net OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2016. The Town has no proportionate share of the net OPEB liability.

Town of Salem, Connecticut

Notes to Financial Statements For the Year Ended June 30, 2018

4. Other Information (Continued)

The Town recognized OPEB expense and revenue of \$118,810 for on-behalf amounts for the benefits provided by the State.

Actuarial Assumptions

The total OPEB 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:

Inflation	2.75%
Health care costs trend rate	7.25% decreasing to 5.00% by 2022
Salary increases	3.25-6.50%, including inflation
Investment rate of return	3.56%, net of OPEB plan investment expense, including inflation
Year fund net position will be depleted	2018

Mortality rates were based on the RP-2014 White Collar table with employee and annuitant rates blended from ages 50 to 80, projected to the year 2020 using the BB improvement scale and further adjusted to grade in increases (5% for females and 8% for males) to rates over age 80. For disabled retirees, the RPH-2014 Disabled Mortality table projected to 2017 using the BB improvement scale was used.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2010 - June 30, 2015.

The long-term expected rate of return on OPEB 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 OPEB 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.

All the plan assets are assumed to be invested in cash equivalents due to the need for liquidity. The expected rate of return is 2.75%.

Changes in assumptions and inputs

As a result of the experience study for the five-year period ending June 30, 2015:

- The payroll growth rate assumption was decreased from 3.75% to 3.25% to reflect the decrease in the rate of inflation and the decrease in the rate of real wage increase.
- The demographic assumptions of salary growth, payroll growth, the rates of withdrawal, the rates of retirement, the rates of mortality, and the rates of disability incidence were adjusted based upon the experience study's findings and their adoption by the Board.

Town of Salem, Connecticut
Notes to Financial Statements
For the Year Ended June 30, 2018

4. Other Information (Continued)

Other changes were as follows:

- The discount rate has been increased from 3.01% to 3.56% as a based upon the increase in the municipal bond index.

Additionally, the assumed initial per capita health care costs, the assumed rates of healthcare inflation used to project the per capita costs, and the participation assumptions have been revised.

Affordable Care Act (ACA)

The impact of the Affordable Care Act ("ACA") was addressed in this valuation. Review of the information currently available did not identify any specific provisions of the ACA that are anticipated to significantly impact results. While the impact of certain provisions such as the excise tax on high-value health insurance plans beginning in 2020 (if applicable), mandated benefits and participation changes due to the individual mandate should be recognized in the determination of liabilities, overall future plan costs and the resulting liabilities are driven by amounts employers and retirees can afford (i.e., trend). The trend assumption forecasts the anticipated increase to initial per capita costs, taking into account health care cost inflation, increases in benefit utilization, plan changes, government-mandated benefits, and technological advances. Given the uncertainty regarding the ACA's implementation (e.g., the impact of excise tax on high-value health insurance plans, changes in participation resulting from the implementation of state-based health insurance exchanges), continued monitoring of the ACA's impact on the Plan's liability will be required.

Discount Rate

The discount rate used to measure the total OPEB liability was 3.56%. 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.

Sensitivity of the OPEB Liability to Changes in the Discount Rate and the Health Care Cost Trend Rate

The Town's proportionate share of the net OPEB liability is \$0 and, therefore, the change in the discount rate and health care cost trend rate would only impact the amount recorded by the State of Connecticut.

Plan Fiduciary Net Position

Detailed information about the Connecticut State Teachers' OPEB 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, 2017.

Town of Salem, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2018

4. Other Information (Continued)

E. Prior Period Adjustments

Beginning equity balances were restated as follows for implementation of new accounting standards.

	Governmental Activities	Custodial Funds
	<u> </u>	<u> </u>
Net position as previously reported at June 30, 2017	\$ 21,855,005	\$ -
To remove net OPEB obligation as a result of the implementation of GASB Statement 75	1,314,253	-
To record total OPEB liability as a result of the implementation of GASB Statement 75	(354,558)	-
To reclassify funds as a result of the implementation of GASB Statement 84 Student Activities Fund	-	21,234
	<u> </u>	<u> </u>
Net position as restated at July 1, 2017	<u>\$ 22,814,700</u>	<u>\$ 21,234</u>

Required Supplementary Information

Town of Salem, Connecticut

Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Budgetary Basis) - General Fund
For the Year Ended June 30, 2018

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Additional Appropriations and Transfers		
REVENUES				
Property Tax Revenues				
Property taxes	\$11,413,560	\$ -	\$ 11,413,560	\$ 234,982
Prior year tax collections	170,000	-	170,000	(36,066)
Supplemental motor vehicle tax collections	85,000	-	85,000	53,114
Interest on property taxes	65,000	-	65,000	8,064
Interest on supplemental motor vehicles	2,200	-	2,200	1,791
Telephone access line	-	-	8,075	8,075
Liens on property taxes	1,200	-	1,452	252
	<u>11,736,960</u>	<u>-</u>	<u>12,007,172</u>	<u>270,212</u>
Intergovernmental Revenues				
State/Federal Grants for Education				
Education equalization	1,162,100	-	2,618,081	1,455,981
Adult education	4,126	-	4,304	178
Special education	1,092,404	-	-	(1,092,404)
	<u>2,258,630</u>	<u>-</u>	<u>2,622,385</u>	<u>363,755</u>
Other State/Federal Grants				
Town Aid Road (TAR)	164,621	-	193,587	28,966
Reimbursable trails grant	-	-	1,638	1,638
State property in lieu of taxes	40,236	-	32,633	(7,603)
Local capital improvement	29,237	-	-	(29,237)
Mashantucket Pequot grant	15,486	-	18,219	2,733
Tax relief for the elderly	15,300	-	-	(15,300)
Civil preparedness	2,550	-	-	(2,550)
Library state aid and connecticard grants	-	-	922	922
Veterans' tax relief	2,550	-	5,152	2,602
Tax relief for the disabled	170	-	295	125
Municipal revenue sharing	72,774	-	34,145	(38,629)
Office of policy and management grant	3,994	-	4,699	705
Miscellaneous	-	-	1,560	1,560
	<u>346,918</u>	<u>-</u>	<u>292,850</u>	<u>(54,068)</u>
Total Intergovernmental Revenues	<u>2,605,548</u>	<u>-</u>	<u>2,915,235</u>	<u>309,687</u>
Revenue from the Use of Town Money	<u>7,700</u>	<u>-</u>	<u>67,390</u>	<u>59,690</u>

(Continued)

Town of Salem, Connecticut

Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Budgetary Basis) - General Fund
For the Year Ended June 30, 2018

	Budgeted Amounts			Actual	Variance with Final Budget
	Original	Additional Appropriations and Transfers	Final		
Charges for Services					
Licenses and Permits					
Garbage bag revenue	\$ 38,000	\$ -	\$ 38,000	\$ 39,622	\$ 1,622
Conveyance tax	39,000	-	39,000	63,622	24,622
Building permits	35,000	-	35,000	46,879	11,879
Tipping and hauling fees	9,000	-	9,000	5,139	(3,861)
Landfill fees - bulky waste	8,000	-	8,000	7,437	(563)
Heating	5,000	-	5,000	7,452	2,452
Electrical	12,000	-	12,000	7,902	(4,098)
Plumbing	2,500	-	2,500	3,186	686
Zoning compliance	1,500	-	1,500	1,975	475
Miscellaneous permits and fees	1,400	-	1,400	491	(909)
Pistol permits/sport licenses	1,500	-	1,500	2,520	1,020
Town engineering fees	175	-	175	-	(175)
Warrant fees	65	-	65	-	(65)
	<u>153,140</u>	<u>-</u>	<u>153,140</u>	<u>186,225</u>	<u>33,085</u>
Charges for Current Services					
Recording fees	15,000	-	15,000	18,911	3,911
Sale of copies	5,000	-	5,000	4,458	(542)
Planning and zoning commission fees	1,500	-	1,500	1,489	(11)
CFC evacuation fees	1,500	-	1,500	645	(855)
Sale of maps	700	-	700	486	(214)
Inland/wetland commission fees	500	-	500	330	(170)
Zoning board of appeals fees	500	-	500	-	(500)
Sale of zoning regulations	100	-	100	310	210
Electronic registration fees	-	-	-	4,256	4,256
	<u>24,800</u>	<u>-</u>	<u>24,800</u>	<u>30,885</u>	<u>6,085</u>
Miscellaneous					
Recreation fee based activity	15,000	-	15,000	16,579	1,579
Library fees/fines	16,204	-	16,204	12,843	(3,361)
Miscellaneous	5,000	-	5,000	46,627	41,627
Insurance claims and refunds	-	-	-	8,133	8,133
Use of recreation fields	3,000	-	3,000	5,895	2,895
Leases	1	-	1	-	(1)
Pavilion rental	3,150	-	3,150	3,080	(70)
	<u>42,355</u>	<u>-</u>	<u>42,355</u>	<u>93,157</u>	<u>50,802</u>
Total charges for services	<u>220,295</u>	<u>-</u>	<u>220,295</u>	<u>310,267</u>	<u>89,972</u>
Other Financing Sources					
Appropriation of fund balance	499,348	15,990	515,338	-	(515,338)
Total revenues and other financing sources	<u>15,069,851</u>	<u>15,990</u>	<u>15,085,841</u>	<u>15,300,064</u>	<u>214,223</u>

(Continued)

Town of Salem, Connecticut

Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Budgetary Basis) - General Fund
For the Year Ended June 30, 2018

	Budgeted Amounts				
		Additional			
	Original	Appropriations and Transfers	Final	Actual	Variance with Final Budget
EXPENDITURES					
General Government					
Selectman's department	\$ 7,752	\$ -	\$ 7,752	\$ 7,385	\$ 367
Salaries	574,176	(3,000)	571,176	561,424	9,752
Building official, sanitarian	3,582	-	3,582	3,041	541
Town clerk	15,825	-	15,825	15,825	-
Treasurer, auditor, board of finance	36,985	-	36,985	36,141	844
Assessor	16,800	-	16,800	16,800	-
Tax collector	14,215	-	14,215	14,188	27
Registrar	11,980	-	11,980	8,776	3,204
Town counsel	20,100	10,625	30,725	30,696	29
Town office operations	98,000	-	98,000	97,654	346
Municipal building maintenance	48,830	-	48,830	48,629	201
Employee benefits	348,025	(38,625)	309,400	298,227	11,173
Utilities	64,599	2,562	67,161	67,161	-
Town services	92,761	-	92,761	92,088	673
Regional services	10,203	-	10,203	9,759	444
Economic development	1,750	-	1,750	1,291	459
Inland wetlands, conservation commission	2,000	-	2,000	1,000	1,000
Planning and zoning commission	19,500	-	19,500	14,417	5,083
Zoning board of appeals	800	-	800	110	690
Recreation commission	42,100	-	42,100	37,618	4,482
Municipal insurance	100,800	12,750	113,550	112,128	1,422
Unanticipated expenses	1,000	-	1,000	1,000	-
Library	34,350	-	34,350	33,705	645
Public Safety					
Salaries	206,065	8,600	214,665	214,207	458
Security	251,648	24,000	275,648	275,542	106
Utilities	47,813	(2,692)	45,121	41,625	3,496
Gardner lake fire department	77,475	-	77,475	77,201	274
Salem fire department	85,500	6,000	91,500	91,477	23
Ambulance	42,470	-	42,470	36,725	5,745
Public safety	66,700	-	66,700	65,704	996
Public Works					
Salaries	362,547	(5,600)	356,947	356,622	325
Utilities	41,468	(2,620)	38,848	38,848	-
Public works	258,500	-	258,500	251,267	7,233
Sanitation					
Transfer station	167,470	(6,000)	161,470	156,710	4,760
Debt Service					
Interest payments	136,665	-	136,665	136,664	1
Principal payable	300,000	-	300,000	300,000	-
	<u>3,610,454</u>	<u>6,000</u>	<u>3,616,454</u>	<u>3,551,655</u>	<u>64,799</u>

(Continued)

(Continued)

Town of Salem, Connecticut

Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Budgetary Basis) - General Fund
For the Year Ended June 30, 2018

	Budgeted Amounts			Actual	Variance with Final Budget
	Original	Additional Appropriations and Transfers	Final		
Education					
Board of Education	\$10,631,155	\$ -	\$ 10,631,155	\$ 10,513,444	\$ 117,711
Total expenditures	14,241,609	6,000	14,247,609	14,065,099	182,510
Other Financing Uses					
Transfers out	828,242	9,990	838,232	838,232	-
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 396,733</u>	<u>\$ 396,733</u>

Reconciliation to Exhibit D

	Revenues	Expenditures
Budgetary basis- RSI-1	\$ 15,300,064	\$ 14,065,099
State Teachers' pension on behalf amount	1,152,085	1,152,085
State Teachers' OPEB on behalf amount	118,810	118,810
Education excess cost	96,728	96,728
Town Clerk reserved money	4,257	1,317
Change in encumbrances	-	(1,000)
Reconciling payments with East Lyme High School	-	(204,598)
GAAP Basis- Exhibit D	<u>\$ 16,671,944</u>	<u>\$ 15,228,441</u>

Notes to Required Supplementary Information:

A formal, legally approved, annual budget is adopted for the General Fund. 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 revenue or expenditures payments made for the State Teachers' pension and OPEB on behalf amounts from the State of Connecticut on the Town's behalf; 2. The Town nets revenues from the Excess Cost Grant in the Board of Education expenditures accounts; 3. Town Clerk grants and revenues are netted with expenditures on the budgetary basis; 4. The Town recognizes encumbrances payable as an expenditure in the year they were committed; 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.

(concluded)

Town of Salem, Connecticut

Required Supplementary Information
Other Post Employment Benefits Plan - Education
Schedule of Changes in Total OPEB Liability
Year Ended June 30, 2018 (1)

Total OPEB Liability

Service cost	\$	13,225
Interest on total OPEB liability		16,550
Effect of economic/demographic gains or losses		(16,123)
Effect of assumptions changes or inputs		58,731
Net change in total OPEB liability		72,383
 Total OPEB liability, beginning (as restated)		 354,558
Total OPEB liability, ending *	\$	426,941
Covered Payroll	(2)	N/A
Total OPEB liability as a % of covered payroll		N/A

* There are no assets that are being accumulated in a trust that meets the criteria in GASB 75 to pay benefits.

(1) This schedule is intended to show 10 years of data. Additional years will be displayed as they become available.

(2) Covered payroll is not applicable as the Total OPEB liability is for the implicit rate subsidy only.

Town of Salem, Connecticut

Required Supplementary Information
CT Teachers' Retirement System
Last Four Years (3)

Schedule of Changes in Net Pension Liability and Related Ratios		2018	2017	2016	2015
Town's proportion of the net pension liability		0.00%	0.00%	0.00%	0.00%
Town's proportionate share of the collective net pension liability		\$ -	\$ -	\$ -	\$ -
State's proportionate share of the collective net pension liability associated with the Town		9,960,033	10,507,911	8,877,646	8,205,604
Total proportionate share of the collective net pension liability		\$ 9,960,033	\$ 10,507,911	\$ 8,877,646	\$ 8,205,604
Town's covered payroll	(1)	N/A	N/A	N/A	N/A
Town's proportionate share of the net pension liability as a % of covered payroll		0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of total pension liability		55.93%	52.26%	59.50%	61.50%
Schedule of Employer Contributions					
Contractually required contribution	(2)	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution		-	-	-	-
Contribution deficiency (excess)		\$ -	\$ -	\$ -	\$ -
Town's covered payroll		N/A	N/A	N/A	N/A
Contributions as a percentage of covered payroll		0.00%	0.00%	0.00%	0.00%

(Continued)

(1) Not applicable since the Town had 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.

(3) This schedule is intended to present information for 10 years. Additional years will be displayed as they become available

Town of Salem, Connecticut

Required Supplementary Information
 CT Teachers' Retirement System (Continued)
 Last Four Years (1)

Notes to Schedule

Changes of benefit term	None
Changes of assumptions	<ol style="list-style-type: none"> 1. Reduce the inflation assumption from 3.00% to 2.75%. 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%. 3. Reduce the annual rate of wage increase assumption from 0.75% to 0.50%. 4. Slightly modify the merit portion of the salary scale. 5. Reduce the payroll growth assumption from 3.75% to 3.25%. 6. Update mortality tables to projected versions of the RPH-2014 mortality tables. 7. Increase normal retirement rates for females at most ages and prortable retirement rates for males at most ages. 8. Increase rates of withdrawal. 9. Decrease rates of disability for males.
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	3.75%-6.50%, average, including inflation
Investment rate of return	8.00% net of pension plan investment expense, including inflation
Mortality	RPH-2014 White Collar table

(1) This schedule is intended to show 10 years of data. Additional years will be displayed as they become available

(Concluded)

Town of Salem, Connecticut

Required Supplementary Information
 CT State Teachers' Retirement Board Retiree Health Insurance Plan
 June 30, 2018 (3)

Schedule of Proportionate Share of the Net OPEB Liability

Town's proportion of the net OPEB liability		0.00%
Town's proportionate share of the net OPEB liability		\$ -
State of Connecticut's proportionate share of the net OPEB liability associated with Town		2,563,588
Total		\$ 2,563,588
Town's covered payroll	(2)	N/A
Town's proportionate share of the net OPEB liability as a percentage of its covered payroll		0.00%
Plan fiduciary net position as a percentage of the total OPEB liability		0.00%

Schedule of Contributions

Contractually required contribution	(1)	\$ -
Contributions in relation to the contractually required contribution		-
Contribution deficiency (excess)		\$ -
Town's covered payroll	(2)	N/A
Contributions as a percentage of covered payroll		0.00%
		(Continued)

(1) Local employers are not required to contribute to the plan

(2) Not applicable since 0% proportional share of the net OPEB liability

(3) These schedules are intended to present information for 10 years. Additional years will be presented as they become available.

Town of Salem, Connecticut

Required Supplementary Information
CT State Teachers' Retirement Board Retiree Health Insurance Plan (Continued)
Notes to Required Supplementary Information
June 30, 2018 (1)

Changes of benefit terms	<p>None</p> <p>2016:</p> <p>The discount rate has been lowered from 4.50% to 4.25% to reflect the decrease in the rate of inflation</p> <p>The payroll growth rate assumption was decreased from 3.75% to 3.25% to reflect the decrease in the rate of inflation and the decrease in the rate of real wage increase</p>
Changes of assumptions	<p>The demographic assumptions of salary growth, payroll growth, the rates of withdrawal, the rates of retirement, the rates of mortality, and the rates of disability incidence were adjusted based upon the experience study's findings and their adoption by the Board</p> <p>The assumed initial per capita health care costs, the assumed rates of healthcare inflation used to project the per capita costs, and the participation assumptions have been revised</p>
Actuarial Cost Method	Entry age
Amortization Method	Level percentage, open
Asset Valuation Method	Fair Value
Inflation	2.75%
Healthcare Inflation Rate - Initial	Initial 7.25% decreasing to 5.00% (ultimate) by 2022
Salary Increases	3.25% to 6.50%, including inflation
Investment Rate of Return	4.25%
Mortality Rate	<p>RP-2014 White Collar table with employee and annuitant rates blended from ages 50 to 80, projected to the year 2020 using the BB improvement scale and further adjusted to grade in increases (5% for females and 8% for males) to rates over age 80. For disabled retirees, the RPH-2014 Disabled Mortality table projected to 2017 using the BB improvement scale</p>

(Concluded)

(1) This schedule is intended to present information for 10 years.
Additional years will be presented as they become available.

Supplemental Schedules

General Fund

Town of Salem, Connecticut

Report of the Tax Collector
For the Year Ended June 30, 2018

Grand List Year	Beginning Receivable Balance	Current Year Levy	Lawful Corrections		Transfer to Suspense	Net Taxes Collectible	Collections During the Year				Total	Net Ending Receivable Balance
			Additions	Deductions			Taxes	Interest	Fees	Liens		
2016	\$ -	\$11,961,358	\$26,421	\$59,490	\$1,526	\$11,926,763	\$11,773,958	\$39,184	\$270	\$24	\$11,813,436	\$152,805
2015	125,294	-	1,400	1,005	2,097	123,592	89,237	17,916	72	552	107,777	34,355
2014	47,394	-	507	35	2,287	45,579	22,456	7,882	12	168	30,518	23,123
2013	20,200	-	-	-	1,645	18,555	9,896	4,266	6	120	14,288	8,659
2012	8,231	-	-	-	489	7,742	5,974	4,085	-	72	10,131	1,768
2011	6,554	-	-	-	91	6,463	3,121	2,508	-	48	5,677	3,342
2010	3,609	-	-	-	-	3,609	1,463	1,514	-	24	3,001	2,146
2009	4,063	-	-	-	-	4,063	1,407	1,182	-	24	2,613	2,656
2008	289	-	-	-	-	289	-	-	-	-	-	289
2007	1,587	-	-	-	-	1,587	726	156	-	48	930	861
2006	1,287	-	-	-	-	1,287	-	-	-	-	-	1,287
2005	1,015	-	-	-	-	1,015	-	-	-	-	-	1,015
2004	241	-	-	-	-	241	-	-	-	-	-	241
<u>\$219,764</u>			<u>\$28,328</u>	<u>\$ 60,530</u>	<u>\$ 8,135</u>	<u>\$12,140,785</u>	<u>\$11,908,238</u>	<u>\$ 78,693</u>	<u>\$360</u>	<u>\$1,080</u>	<u>\$11,988,371</u>	<u>\$ 232,547</u>

Other Governmental Funds

Town of Salem, Connecticut

Combining Balance Sheet
Other Governmental Funds
June 30, 2018

			Permanent Fund	
	Special Revenue Funds	Capital Projects Funds	Memorial and Cemetery	Total Other Governmental Funds
ASSETS				
Cash	\$ 105,264	\$ 273,121	\$ 3,452	\$ 381,837
Investments	33,572	-	7,490	41,062
Receivables				
Loans	298,965	-	-	298,965
Intergovernmental	6,866	-	-	6,866
Due from other funds	45,341	211,024	-	256,365
Other	50	-	-	50
Total Assets	<u>\$ 490,058</u>	<u>\$ 484,145</u>	<u>\$ 10,942</u>	<u>\$ 985,145</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 1,423	\$ -	\$ -	\$ 1,423
Due to other funds	34,310	-	-	34,310
Total Liabilities	<u>35,733</u>	<u>-</u>	<u>-</u>	<u>35,733</u>
Fund Balances				
Nonspendable	298,965	-	1,997	300,962
Restricted	84,110	-	8,945	93,055
Committed	-	482,737	-	482,737
Assigned	71,250	1,408	-	72,658
Total Fund Balances	<u>454,325</u>	<u>484,145</u>	<u>10,942</u>	<u>949,412</u>
Total Liabilities and Fund Balances	<u>\$ 490,058</u>	<u>\$ 484,145</u>	<u>\$ 10,942</u>	<u>\$ 985,145</u>

Town of Salem, Connecticut

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
 Other Governmental Funds
 For the Year Ended June 30, 2018

	Special Revenue Funds	Capital Projects Funds	Permanent Fund Memorial and Cemetery Fund	Total Other Governmental Funds
REVENUES				
Intergovernmental	\$ 44,144	\$ -	\$ -	\$ 44,144
Charges for services	58,917	-	-	58,917
Miscellaneous	1,585	-	-	1,585
Income from investments	215	-	99	314
Total revenues	<u>104,861</u>	<u>-</u>	<u>99</u>	<u>104,960</u>
EXPENDITURES				
Current				
General government	22,472	-	4,970	27,442
Education	81,730	-	-	81,730
Capital outlay	-	7,140	-	7,140
Total expenditures	<u>104,202</u>	<u>7,140</u>	<u>4,970</u>	<u>116,312</u>
Net Change in Fund Balance	659	(7,140)	(4,871)	(11,352)
Fund Balances - July 1, 2017	<u>453,666</u>	<u>491,285</u>	<u>15,813</u>	<u>960,764</u>
Fund Balances - June 30, 2018	<u>\$ 454,325</u>	<u>\$ 484,145</u>	<u>\$ 10,942</u>	<u>\$ 949,412</u>

Town of Salem, Connecticut

Combining Balance Sheet
Special Revenue Funds
June 30, 2018

	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
ASSETS								
Cash	\$ 65,587	\$ -	\$ 4,138	\$ 23,545	\$ -	\$ 2,899	\$ 9,095	\$ 105,264
Investments	-	31,303	-	-	-	2,269	-	33,572
Receivables								
Loans	-	-	-	-	-	-	298,965	298,965
Intergovernmental	-	-	-	6,866	-	-	-	6,866
Due from other funds	44,517	-	-	752	72	-	-	45,341
Other	-	-	-	-	-	50	-	50
Total Assets	\$ 110,104	\$ 31,303	\$ 4,138	\$ 31,163	\$ 72	\$ 5,218	\$ 308,060	\$ 490,058
LIABILITIES AND FUND BALANCES								
Liabilities								
Accounts payable	\$ -	\$ -	\$ 1,423	\$ -	\$ -	\$ -	\$ -	\$ 1,423
Due to other funds	34,310	-	-	-	-	-	-	34,310
Total Liabilities	34,310	-	1,423	-	-	-	-	35,733
Fund Balances								
Nonspendable	-	-	-	-	-	-	298,965	298,965
Restricted	38,422	31,303	-	-	72	5,218	9,095	84,110
Assigned	37,372	-	2,715	31,163	-	-	-	71,250
Total Fund Balances	75,794	31,303	2,715	31,163	72	5,218	308,060	454,325
Total Liabilities and Fund Balances	\$ 110,104	\$ 31,303	\$ 4,138	\$ 31,163	\$ 72	\$ 5,218	\$ 308,060	\$ 490,058

Town of Salem, Connecticut

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Special Revenue Funds
For the Year Ended June 30, 2018

	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
REVENUES								
Intergovernmental	\$ 9,000	\$ -	\$ -	\$ 35,144	\$ -	\$ -	\$ -	\$ 44,144
Charges for services	-	-	2,526	56,391	-	-	-	58,917
Miscellaneous	-	-	-	-	-	1,585	-	1,585
Income from investments	-	202	-	-	-	13	-	215
Total Revenues	<u>9,000</u>	<u>202</u>	<u>2,526</u>	<u>91,535</u>	<u>-</u>	<u>1,598</u>	<u>-</u>	<u>104,861</u>
EXPENDITURES								
Current								
General government	7,299	-	3,613	-	94	2,307	9,159	22,472
Education	-	-	-	81,730	-	-	-	81,730
Total Expenditures	<u>7,299</u>	<u>-</u>	<u>3,613</u>	<u>81,730</u>	<u>94</u>	<u>2,307</u>	<u>9,159</u>	<u>104,202</u>
Net Change in Fund Balances	1,701	202	(1,087)	9,805	(94)	(709)	(9,159)	659
Fund Balances - July 1, 2017	<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>
Fund Balances - June 30, 2018	<u>\$ 75,794</u>	<u>\$ 31,303</u>	<u>\$ 2,715</u>	<u>\$ 31,163</u>	<u>\$ 72</u>	<u>\$ 5,218</u>	<u>\$ 308,060</u>	<u>\$ 454,325</u>

Town of Salem, Connecticut

Combining Balance Sheet
 Capital Projects Funds
 June 30, 2018

	School Construction Fund	Land Acquisition Fund	Open Space Land Acquisition Fund	Total Capital Projects Funds
ASSETS				
Cash	\$ 271,713	\$ 830	\$ 578	\$ 273,121
Due from other funds	211,024	-	-	211,024
Total Assets	<u>\$ 482,737</u>	<u>\$ 830</u>	<u>\$ 578</u>	<u>\$ 484,145</u>
FUND BALANCES				
Committed	\$ 482,737	\$ -	\$ -	\$ 482,737
Assigned	-	830	578	1,408
Total Fund Balances	<u>\$ 482,737</u>	<u>\$ 830</u>	<u>\$ 578</u>	<u>\$ 484,145</u>

Town of Salem, Connecticut

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
 Capital Projects Funds
 For the Year Ended June 30, 2018

	School Construction Fund	Land Acquisition Fund	Open Space Land Acquisition Fund	Total Capital Projects Funds
EXPENDITURES				
Capital outlay	\$ 7,140	\$ -	\$ -	\$ 7,140
Net Change in Fund Balances	(7,140)	-	-	(7,140)
Fund Balances - July 1, 2017	489,877	830	578	491,285
Fund Balances - June 30, 2018	\$ 482,737	\$ 830	\$ 578	\$ 484,145

Trend Information

Town of Salem, Connecticut

Schedule of Debt Limitation
Connecticut General Statutes, Section 7-374 (b)
As of and for the Year Ended June 30, 2018
(Unaudited)

Base for limitation					
Total prior year tax collections (including interest and lien fees)					<u>\$ 11,912,722</u>
Debt limitation:	General Purpose	Schools	Sewers	Urban Renewal	Pension Deficit
2 1/4 times base	\$ 26,803,625	\$ -	\$ -	\$ -	\$ -
4 1/2 times base	-	53,607,249	-	-	-
3 3/4 times base	-	-	44,672,708	-	-
3 1/4 times base	-	-	-	38,716,347	-
3 times base	-	-	-	-	35,738,166
Total debt limitation	<u>26,803,625</u>	<u>53,607,249</u>	<u>44,672,708</u>	<u>38,716,347</u>	<u>35,738,166</u>
Indebtedness:					
Bonds payable	<u>-</u>	<u>3,900,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Debt limitation in excess of outstanding debt	<u>\$ 26,803,625</u>	<u>\$ 49,707,249</u>	<u>\$ 44,672,708</u>	<u>\$ 38,716,347</u>	<u>\$ 35,738,166</u>
In no event shall total indebtedness exceed seven times the base for debt limitation computation:					<u>\$ 83,389,054</u>

The First Town Meeting in the Town of Salem, Connecticut

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

Warning

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

Mumford Dolbeare, Moderator

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

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

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

Select Men

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

*Voted Amasa Rathbun
Charles Tiffany
And Avery Morgan*

Constables

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

*Voted that David Patten be Surveyor
Voted that Thomas Bradford Elijah Loomis John Billings John S Ransom and David Patten be Listers
Voted that Gurdon Hamilton and Hallam Latimore be Fence Viewers
Voted Samuel Holmes be Leather Sealer
Voted Thomas Miller Joseph Powrs and Ebenezer Tiffany be Grand Jurors
Voted Joshua Pratt be Sealer of Weights and Measures
Voted Asa Rathbun and Guy Loomis be Tything men
Voted George Minard John Billings Seth Tiffany and Avery Morgan be Pound keepers and
furnish pound
Voted the fence viewers move Encroachments off the Highway
Voted Joseph Hilliard, William Fitch, William Hamman, Ephraim D. Woolf and Christopher Minard be Haywards*
Voted that the Town Clerk Keep Records so far as Respects Town business and Charge no fee.
Vote that the Select Men Charge no pay for time or Horse ride
Voted that this meeting be Dissolved
Attest Elijah Treadway Reg.*

the town common

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

