

TOWN OF SALISBURY, CONNECTICUT

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2016

with

SUPPLEMENTAL STATEMENTS AND SCHEDULES

and

INDEPENDENT AUDITORS' REPORT

Sandra E. Welwood, LLC

Certified Public Accountants

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INDEPENDENT AUDITORS' REPORT

To the Board of Finance
Town of Salisbury, Connecticut

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Salisbury, Connecticut (the "Town"), as of and for the year ended June 30, 2016, 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 from 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 auditor's 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 that 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, the business-type activities, each major fund, and the aggregate remaining fund information of the Town as of June 30, 2016, and the respective changes in financial position, and, where applicable, cash flows, thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance 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 the management's discussion and analysis information on pages 3 through 9, and the required supplementary information on pages 44 through 46, 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 have 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.

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 General Fund budgetary comparison detail, combining and individual nonmajor fund financial statements, and other schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The General Fund budgetary comparison detail, combining and individual nonmajor fund financial statements, and other 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. Such 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 General Fund budgetary comparison detail, combining and individual nonmajor fund financial statements, and other schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 2016, on our consideration of the Town's internal control over financial reporting and on 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 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.

Sandra E. Welwood, LLC

Danbury, Connecticut
December 16, 2016

TOWN OF SALISBURY, CONNECTICUT

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

JUNE 30, 2016

This Management's Discussion and Analysis offers readers of the Town of Salisbury, Connecticut (the "Town"), financial statements a narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2016. The information presented here should be considered in conjunction with the Town's basic financial statements that follow this section.

FINANCIAL HIGHLIGHTS

On a government-wide basis, the Town's assets of \$30,139,448 exceeded its liabilities at June 30, 2016, resulting in total net position of \$27,185,686. Total net position for Government Activities was \$25,968,113 at fiscal year-end and total net position for Business-Type Activities was \$1,217,573.

The Town's governmental funds, reported on a current financial resources basis, combined ending fund balance was \$8,391,777, a decrease of \$1,005,978 for the year. The General Fund operating deficit for the year was \$231,696. The General Fund balance was \$2,161,326, of which \$145,498 was assigned for subsequent year's operations.

The unassigned fund balance was \$1,601,472, which is 12.0% of total General Fund expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. In addition to the basic financial statements, this report also contains other supplementary information.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Town's finances, in a manner similar to private-sector businesses.

The Statement of Net Position presents information on all of the Town's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The Statement of Activities presents information showing how the Town's net position changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in these statements for some items that will only result in cash flow in some future fiscal period (e.g., uncollected taxes).

Both of the government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (Governmental Activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (Business-Type Activities). The Governmental Activities of the Town include general government, public safety, public works, and recreation. The Business-Type Activities of the Town include the sewer usage enterprise fund.

The government-wide financial statements can be found on pages 10-11 of this report.

Town of Salisbury, Connecticut
Management's Discussion and Analysis (Unaudited) (continued)

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for special activities or objectives. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. All of the funds of the Town are divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds – Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements that is the Town's most basic services. However, unlike the government-wide financial statements, the funds focus on (1) cash and other financial resources that can be readily converted to cash flow in and out, and (2) balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a near or short-term view of the Town's finances that may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of government-wide financial statements, it is useful to compare the information presented for the governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the Town's near-term financing decisions. Both the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Town maintains several individual governmental funds. Information is presented separately in the governmental funds Balance Sheet and in the governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balances for the General, Transfer Station, Other Capital Projects, Bridge Repair, Bauer, Bissell, and Small Cities Funds, which are considered to be major funds. Data from other governmental funds are combined into a single aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The Town adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with the budget.

The basic governmental fund financial statements can be found on pages 12-15 of this report.

Proprietary Funds – The Town maintains one type of proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town uses an enterprise fund to account for the Sewer Enterprise Fund.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The Sewer Commission is the only activity in the proprietary fund financial statements; therefore, is considered a major fund, and information for the fund is shown separately.

The basic proprietary fund statements are found on pages 16-18 of this report.

Fiduciary Funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Town's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund statements can be found on pages 19-20 of this report.

Town of Salisbury, Connecticut
Management's Discussion and Analysis (Unaudited) (continued)

Notes to the Financial Statements

The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 21-43 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, over time the change in net position may be a useful indicator of the Town's financial position and an important determinant of its ability to finance services in the future. In the case of the Town, net position is \$27,185,686 at June 30, 2016.

By far the largest portion of the Town's assets is its investment in capital assets (e.g., land, building, machinery, and equipment). It is presented in the Statement of Net Position less any related debt used to acquire those assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets, net of accumulated depreciation, is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

	<u>Net Position</u>		
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<u>Assets</u>			
Current and other assets	\$ 9,489,252	\$ 972,285	\$ 10,461,537
Capital assets, net of accumulated depreciation	<u>19,415,665</u>	<u>262,246</u>	<u>19,677,911</u>
Total assets	<u>28,904,917</u>	<u>1,234,531</u>	<u>30,139,448</u>
<u>Deferred Outflows of Resources</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Liabilities</u>			
Current liabilities	337,033	16,958	353,991
Long-term liabilities	<u>2,599,771</u>	<u>-</u>	<u>2,599,771</u>
Total liabilities	<u>2,936,804</u>	<u>16,958</u>	<u>2,953,762</u>
<u>Deferred Inflows of Resources</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Net position</u>			
Net investment in capital assets	16,969,020	262,246	17,231,266
Restricted – Permanent Funds	3,179,028	-	3,179,028
Unrestricted	<u>5,820,065</u>	<u>955,327</u>	<u>6,775,392</u>
Total net position	<u>\$ 25,968,113</u>	<u>\$ 1,217,573</u>	<u>\$ 27,185,686</u>

Town of Salisbury, Connecticut
Management's Discussion and Analysis (Unaudited) (continued)

The Town's net position increased by \$2,591,709 overall during the fiscal year with net position of Governmental Activities increasing by \$1,879,151 and Business-Type Activities increasing by \$712,558. The increase in Governmental Activities is mainly attributable to the General Fund operating surplus.

<u>Change in Net Position</u>			
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<u>Revenues</u>			
Program revenue:			
Charges for services	\$ 1,257,505	\$ 478,394	\$ 1,735,899
Operating grants and contributions	1,608,181	-	1,608,181
Capital grants and contributions	2,648,981	-	2,648,981
General revenue:			
Property taxes	12,690,002	-	12,690,002
Grants not restricted to specific programs	89,657	-	89,657
Investment earnings	203,533	1,509	205,042
Other	38,417	-	38,417
Total revenues	<u>18,536,276</u>	<u>479,903</u>	<u>19,016,179</u>
<u>Expenses</u>			
General government	1,898,955	-	1,898,955
Public safety	690,061	-	690,061
Public works	1,554,651	-	1,554,651
Sanitation/waste removal	960,635	438,465	1,399,100
Health and welfare	522,677	-	522,677
Recreation	719,899	-	719,899
Other	229,893	-	229,893
Education	9,393,487	-	9,393,487
Interest on long-term debt	15,747	-	15,747
Transfers	671,120	(671,120)	-
Total expenses	<u>16,657,125</u>	<u>(232,655)</u>	<u>16,424,470</u>
Change in net position	<u>\$ 1,879,151</u>	<u>\$ 712,558</u>	<u>\$ 2,591,709</u>

Town of Salisbury, Connecticut
Management's Discussion and Analysis (Unaudited) (continued)

Governmental Activities

Approximately 68% of the revenues were derived from property taxes, followed by 23% from operating and capital grants, 7% from service charges, and 2% from all other.

Business-Type Activities

Business-type activities increased the Town's net position by \$712,558. The increase was primarily due to charges for services exceeding operating expenses.

FINANCIAL ANALYSIS OF THE FUND FINANCIAL STATEMENTS

As noted earlier, the Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the Town's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the Town's net resources available for spending at the end of the fiscal year.

The General Fund is the chief operating fund of the Town. At the end of the current fiscal year, the General Fund total fund balance was \$2,161,326. Of this total fund balance, \$145,498 is assigned for the subsequent year's budget and \$414,356 is restricted, committed, and assigned for other activities. The remaining balance of \$1,601,472 is unassigned.

The fund balance of the Town's General Fund decreased by \$231,696 during the current fiscal year. The primary reason for this decrease was that fund balance was used as budgeted.

Proprietary Funds

The Town's proprietary fund provides the same type of information found in the government-wide financial statements, but in more detail. The Town has one proprietary fund.

Unrestricted net position of the Sewer Enterprise Fund at the end of the year amounted to \$955,327.

GENERAL FUND BUDGETARY HIGHLIGHTS

Due to revenues being substantially higher than the budgeted amounts, the Town was able to operate at a surplus of \$247,069 in excess of the final budgeted amount.

A statement of revenues and expenditures, budget and actual, can be found on page 15 of this report.

Town of Salisbury, Connecticut
Management's Discussion and Analysis (Unaudited) (continued)

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The Town's investment in capital assets (net of accumulated depreciation) for its governmental and business-type activities as of June 30, 2016, amounted to \$16,969,020 and \$262,246, respectively. This investment in capital assets included land, buildings and system improvements, machinery and equipment, park facilities, roads, highways, and bridges.

<u>Capital Assets (Net of Accumulated Depreciation)</u>			
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Land	\$ 1,392,466	\$ -	\$ 1,392,466
Construction in progress	2,669,954	-	2,669,954
Buildings and improvements	9,845,963	63,137	9,909,100
Machinery and equipment	906,867	173,209	1,080,076
Infrastructure	3,175,142	-	3,175,142
Vehicles	<u>1,425,273</u>	<u>25,900</u>	<u>1,451,173</u>
Total	<u>\$ 19,415,665</u>	<u>\$ 262,246</u>	<u>\$ 19,677,911</u>

Long-Term Obligations

At the end of the current fiscal year, the Town had total outstanding obligations of \$2,599,171 as follows:

<u>Outstanding Obligations</u>			
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Bond anticipation notes	\$ 2,340,000	\$ -	\$ 2,340,000
Notes payable	106,645	-	106,645
Net pension liability	<u>153,126</u>	<u>-</u>	<u>153,126</u>
Total	<u>\$ 2,599,771</u>	<u>\$ -</u>	<u>\$ 2,599,771</u>

The Town's total debt had a net decrease of \$565,984 during the current fiscal year.

Additional information on the Town's long-term debt can be found in Note 9.

ECONOMIC FACTORS FOR NEXT YEAR'S BUDGET

The Amesville Bridge project was completed in May of 2016. A new iron structure has been installed. The formula of 80% Federal funds and 20% Local funds will be used and the local share will be allocated by grand list. Salisbury's share is expected to be 75% of the local funds, with a final cost of \$575,000 to the Town.

The Connecticut DOT has approved the final design for the Route 44/41 intersection project in downtown Lakeville. The project is expected to cost approximately \$1,000,000, with Salisbury's share of 20% being approximately \$200,000. This project will include numerous safety, pedestrian, and landscaping improvements in the downtown area. Construction is expected to begin in the Spring of 2017.

The Towns of Salisbury and Sharon have appointed a Transfer Station Building Committee, which has decided on a design for the new facility. This design has been given to the Towns for approval. It is expected that the costs will be approximately \$1,850,000 for each town.

The Town has almost finished with remediation of the former Decker's Laundry site at 17 Perry Street. The State of Connecticut has awarded the Town a STEAP grant for \$500,000 and an EPA Brownfields of \$200,000; these funds will be used for investigation, demolition of the building, and site remediation. The Town does not anticipate additional costs for this project in the next fiscal year.

In 2016, the Town approved the purchase of two parcels of Pope Properties in the Salisbury Village, consisting of 56 and 6 acres for \$1,600,000.

At a town meeting on October 26th, 2016, funding was approved for the following projects:

- Purchase of the Pope Properties for \$1,600,000
- Fund the improvements to the Amesville Bridge for \$575,000
- Code improvements to the Town Hall ramps & steps for \$200,000
- Spend up to \$200,000 on an HVAC system at the Town Hall
- Code improvements at the warehouse on Brook Street for \$100,000

The WPCA is consulting with engineers to update code requirements at its plant. Engineer costs are expected to be below \$40,000.

The Town authorized the use of \$145,498 of fund balance from the General Fund for the 2016-2017 fiscal year. The mill rate for the 2016-2017 fiscal year was set at 10.7 mills.

All of the above factors were considered in preparing the Town's budget for the 2016-2017 fiscal year.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview for those with an interest in the Town's finances. Questions concerning any of the information provided in this report, or requests for additional information, should be addressed to the Office of the Treasurer, Town of Salisbury, 27 Main Street, PO Box 548, Salisbury CT 06068.

TOWN OF SALISBURY, CONNECTICUT

STATEMENT OF NET POSITION
JUNE 30, 2016

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<u>Assets</u>			
Cash and cash equivalents	\$ 4,364,700	\$ 933,432	\$ 5,298,132
Investments	3,941,399	-	3,941,399
Receivables:			
Taxes	149,102	-	149,102
Intergovernmental	141,413	-	141,413
Other	255,951	38,853	294,804
Due from Sewer Enterprise Fund	275	-	275
Long-term receivables	636,412	-	636,412
Capital assets:			
Capital assets, not being depreciated	4,062,420	-	4,062,420
Capital assets, net of accumulated depreciation	<u>15,353,245</u>	<u>262,246</u>	<u>15,615,491</u>
Total assets	<u>28,904,917</u>	<u>1,234,531</u>	<u>30,139,448</u>
<u>Deferred Outflows of Resources</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Liabilities</u>			
Accounts payable	241,455	16,683	258,138
Due to General Fund	-	275	275
Accrued interest	6,687	-	6,687
Unearned revenue	88,891	-	88,891
Noncurrent liabilities:			
Due within one year	65,549	-	65,549
Due in more than one year	<u>2,534,222</u>	<u>-</u>	<u>2,534,222</u>
Total liabilities	<u>2,936,804</u>	<u>16,958</u>	<u>2,953,762</u>
<u>Deferred Inflows of Resources</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Net Position</u>			
Net investment in capital assets	16,969,020	262,246	17,231,266
Restricted - Permanent Funds	3,179,028	-	3,179,028
Unrestricted	<u>5,820,065</u>	<u>955,327</u>	<u>6,775,392</u>
Total net position	<u>\$ 25,968,113</u>	<u>\$ 1,217,573</u>	<u>\$ 27,185,686</u>

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

TOWN OF SALISBURY, CONNECTICUT

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016

	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges For Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:							
General government	\$ (1,898,955)	\$ 548,604	\$ 222,420	\$ -	\$ (1,127,931)	\$ -	\$ (1,127,931)
Public safety	(690,061)	49,759	-	-	(640,302)	-	(640,302)
Public works	(1,554,651)	-	284,662	2,648,981	1,378,992	-	1,378,992
Sanitation/waste removal	(960,635)	401,195	188,040	-	(371,400)	-	(371,400)
Health and welfare	(522,677)	139,125	217,823	-	(165,729)	-	(165,729)
Recreation	(719,899)	36,174	-	-	(683,725)	-	(683,725)
Other	(229,893)	-	-	-	(229,893)	-	(229,893)
Education	(9,393,487)	82,648	695,236	-	(8,615,603)	-	(8,615,603)
Interest on long-term debt	(15,747)	-	-	-	(15,747)	-	(15,747)
Total governmental activities	(15,986,005)	1,257,505	1,608,181	2,648,981	(10,471,338)	-	(10,471,338)
Business-Type Activities:							
Sewer	(438,465)	478,394	-	-	-	39,929	39,929
Total primary government	\$ (16,424,470)	\$ 1,735,899	\$ 1,608,181	\$ 2,648,981	(10,471,338)	39,929	(10,431,409)
General revenues:							
Property taxes, interest, and lien fees					12,690,002	-	12,690,002
Grants and contributions not restricted to specific programs					89,657	-	89,657
Interest and investment earnings					203,533	1,509	205,042
Other					38,417	-	38,417
Total general revenues					13,021,609	1,509	13,023,118
Transfers, net					(671,120)	671,120	-
Total general revenues and transfers					12,350,489	672,629	13,023,118
Change in net position					1,879,151	712,558	2,591,709
Net position, beginning of year					24,088,962	505,015	24,593,977
Net position, end of year					\$ 25,968,113	\$ 1,217,573	\$ 27,185,686

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

TOWN OF SALISBURY, CONNECTICUT

GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2016

	General Fund	Transfer Station Fund	Other Capital Projects Fund	Bridge Repair Fund	Bauer Fund	Bissell Fund	Small Cities Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets									
Cash and cash equivalents	\$ 1,279,736	\$ 276,203	\$ 1,705,949	\$ 165,465	\$ 41,716	\$ 89,561	\$ -	\$ 806,070	\$ 4,364,700
Investments	205,279	-	-	-	1,570,444	1,605,542	-	560,134	3,941,399
Receivables:									
Taxes	149,102	-	-	-	-	-	-	-	149,102
Intergovernmental	-	-	-	141,413	-	-	-	-	141,413
Other	133,558	81,277	21,796	9,583	-	-	-	10,012	256,226
Long-term receivables	-	-	-	-	-	-	636,412	-	636,412
Due from other funds	743,130	863	-	-	-	-	-	550	744,543
Total assets	<u>\$ 2,510,805</u>	<u>\$ 358,343</u>	<u>\$ 1,727,745</u>	<u>\$ 316,461</u>	<u>\$ 1,612,160</u>	<u>\$ 1,695,103</u>	<u>\$ 636,412</u>	<u>\$ 1,376,766</u>	<u>\$ 10,233,795</u>
Liabilities									
Accounts payable	\$ 207,988	\$ 33,341	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 126	\$ 241,455
Unearned revenue	9,361	79,530	-	-	-	-	-	-	88,891
Due to other funds	1,413	-	78,216	563,592	-	-	-	101,322	744,543
Total liabilities	<u>218,762</u>	<u>112,871</u>	<u>78,216</u>	<u>563,592</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>101,448</u>	<u>1,074,889</u>
Deferred Inflows of Resources									
Unavailable revenue - taxes	130,717	-	-	-	-	-	-	-	130,717
Unavailable revenue - long term receivables	-	-	-	-	-	-	636,412	-	636,412
Fund Balances									
Nonspendable	-	-	-	-	1,353,118	1,413,092	-	412,818	3,179,028
Restricted	47,382	245,472	1,595,941	-	259,042	282,011	-	766,793	3,196,641
Committed	271,946	-	53,588	-	-	-	-	80,452	405,986
Assigned	240,526	-	-	-	-	-	-	31,782	272,308
Unassigned	1,601,472	-	-	(247,131)	-	-	-	(16,527)	1,337,814
Total fund balances	<u>2,161,326</u>	<u>245,472</u>	<u>1,649,529</u>	<u>(247,131)</u>	<u>1,612,160</u>	<u>1,695,103</u>	<u>-</u>	<u>1,275,318</u>	<u>8,391,777</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 2,510,805</u>	<u>\$ 358,343</u>	<u>\$ 1,727,745</u>	<u>\$ 316,461</u>	<u>\$ 1,612,160</u>	<u>\$ 1,695,103</u>	<u>\$ 636,412</u>	<u>\$ 1,376,766</u>	

Amounts reported in the Statement of Net Position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	19,415,665
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	767,129
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds:	
Bonds, notes, and bond anticipation notes	(2,453,332)
Net pension liability and related deferred inflows of resources, net of deferred outflows of resources	(153,126)

Net position of governmental activities

\$ 25,968,113

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

TOWN OF SALISBURY, CONNECTICUT

GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2016

	General Fund	Transfer Station Fund	Other Capital Projects Fund	Bridge Repair Fund	Bauer Fund	Bissell Fund	Small Cities Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:									
Property taxes	\$ 12,674,139	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,674,139
Intergovernmental	1,473,804	188,040	36,939	2,248,307	-	-	159,224	23,101	4,129,415
Investment earnings	5,723	498	4,380	298	59,958	98,824	-	33,852	203,533
Donations	116,407	-	-	-	-	40	-	-	116,447
Local	559,580	401,195	106,013	-	-	-	5,648	266,484	1,338,920
Total revenues	14,829,653	589,733	147,332	2,248,605	59,958	98,864	164,872	323,437	18,462,454
Expenditures:									
Current:									
General government	1,628,384	-	-	-	-	-	-	-	1,628,384
Public safety	372,252	-	-	-	-	-	-	210,209	582,461
Public works	1,263,290	-	-	-	-	-	-	-	1,263,290
Sanitation/waste removal	25,127	868,559	-	-	-	-	-	-	893,686
Health and welfare	300,382	-	-	-	-	83,660	-	128,635	512,677
Recreation	645,391	-	-	-	-	-	-	-	645,391
Education	8,702,313	-	-	-	-	-	-	106,731	8,809,044
Other	33,634	-	-	-	106,272	13,177	113,984	5,275	272,342
Capital outlay	400,512	-	497,437	2,669,954	-	-	-	199,252	3,767,155
Debt service	-	46,040	376,842	-	-	-	-	-	422,882
Total expenditures	13,371,285	914,599	874,279	2,669,954	106,272	96,837	113,984	650,102	18,797,312
Excess of revenues over (under) expenditures	1,458,368	(324,866)	(726,947)	(421,349)	(46,314)	2,027	50,888	(326,665)	(334,858)
Other financing sources (uses):									
Transfers in	25,198	282,058	1,363,936	10,000	-	-	-	137,856	1,819,048
Transfers out	(1,715,262)	(25,000)	-	-	-	-	(53,588)	(696,318)	(2,490,168)
Total other financing sources (uses)	(1,690,064)	257,058	1,363,936	10,000	-	-	(53,588)	(558,462)	(671,120)
Net change in fund balances	(231,696)	(67,808)	636,989	(411,349)	(46,314)	2,027	(2,700)	(885,127)	(1,005,978)
Fund balances, beginning of year	2,393,022	313,280	1,012,540	164,218	1,658,474	1,693,076	2,700	2,160,445	9,397,755
Fund balances, end of year	\$ 2,161,326	\$ 245,472	\$ 1,649,529	\$ (247,131)	\$ 1,612,160	\$ 1,695,103	\$ -	\$ 1,275,318	\$ 8,391,777

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

TOWN OF SALISBURY, 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, 2016**

Amounts reported for governmental activities in the Statement of Activities are different because:

Net change in fund balances - total governmental funds \$ (1,005,978)

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

Capital outlay	3,157,918
Depreciation expense	<u>(914,032)</u>
	<u>2,243,886</u>

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. The details of these differences in the treatment of long-term debt and related items are as follows:

Debt issued or incurred:	
Issuance of debt	(2,340,000)
Principal repayments:	
General obligation bonds	299,613
Bond anticipation notes	2,520,000
Notes payable	<u>46,041</u>
	<u>525,654</u>

Some revenues and expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as revenues and expenditures in governmental funds:

Revenues:	
Taxes, interest and liens	15,863
Long-term receivables	57,959
Expenses:	
Net pension liability	42,449
Accrued interest payable	<u>(682)</u>
	<u>115,589</u>

Change in net position of governmental activities \$ 1,879,151

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

TOWN OF SALISBURY, CONNECTICUT

GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGETARY BASIS - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Property taxes	\$ 12,668,172	\$ 12,668,172	\$ 12,674,139	\$ 5,967
Intergovernmental	504,458	504,458	951,522	447,064
Investment earnings	2,500	2,500	5,723	3,223
Donations	106,000	106,000	116,407	10,407
Local	615,031	615,031	584,778	(30,253)
Total revenues	<u>13,896,161</u>	<u>13,896,161</u>	<u>14,332,569</u>	<u>436,408</u>
Expenditures:				
Current:				
General government	1,834,200	1,834,200	1,628,384	205,816
Public safety	667,051	667,051	623,152	43,899
Public works	1,427,513	1,427,513	1,388,290	39,223
Sanitation/waste removal	310,058	310,058	307,185	2,873
Health and welfare	329,931	329,931	320,382	9,549
Recreation	624,981	624,981	645,391	(20,410)
Education	8,490,675	8,490,675	8,446,318	44,357
Other	29,500	29,500	33,634	(4,134)
Capital outlay	200,000	200,000	710,512	(510,512)
Debt service	461,017	461,017	461,017	-
Total expenditures	<u>14,374,926</u>	<u>14,374,926</u>	<u>14,564,265</u>	<u>(189,339)</u>
Net change in fund balance	<u>\$ (478,765)</u>	<u>\$ (478,765)</u>	(231,696)	<u>\$ 247,069</u>
Fund balance, beginning of year			<u>2,393,022</u>	
Fund balance, end of year			<u>\$ 2,161,326</u>	

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

TOWN OF SALISBURY, CONNECTICUT

PROPRIETARY FUND
STATEMENT OF NET POSITION
JUNE 30, 2016

	<u>Business-Type Activities</u>
	<u>Sewer Enterprise Fund</u>
<u>Assets</u>	
Current assets:	
Cash and cash equivalents	\$ 933,432
Sewer usage receivable	38,853
Noncurrent assets:	
Capital assets:	
Depreciable, net of accumulated depreciation	262,246
Total assets	<u>1,234,531</u>
<u>Liabilities</u>	
Current liabilities:	
Accounts payable	16,683
Due to General Fund	275
Total liabilities	<u>16,958</u>
<u>Net Position</u>	
Net investment in capital assets	262,246
Unrestricted	955,327
Total net position	<u>\$ 1,217,573</u>

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

TOWN OF SALISBURY, CONNECTICUT

PROPRIETARY FUND
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2016

	Business-Type Activities
	Sewer Enterprise Fund
Operating revenues	
Sewer usage fees	\$ 439,809
Intergovernmental revenues	38,585
Total operating revenues	478,394
Operating expenses	
Wages and benefits	230,803
Utilities	41,885
Operating expenses	135,764
Administrative expenses	11,564
Depreciation	18,449
Total operating expenses	438,465
Non-operating income	
Interest income	1,509
Total non-operating income	1,509
Change in net position before transfers	41,438
Transfers from (to) WPCA Sewer Equipment Fund, net	671,120
Change in net position	712,558
Net position, beginning of year	505,015
Net position, end of year	\$ 1,217,573

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

TOWN OF SALISBURY, CONNECTICUT

PROPRIETARY FUND
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2016

	<u>Business-Type Activities</u>
	<u>Sewer Enterprise Fund</u>
Cash flows from operating activities	
Cash received from the following:	
Sewer usage fees	\$ 425,742
Intergovernmental revenue	38,585
Cash paid for the following:	
Wages and benefits	(230,803)
Utilities	(41,885)
Operating expenses	(132,382)
Administrative expenses	(11,564)
Net cash provided by operating activities	<u>47,693</u>
Cash flows from capital & related investing activities	
Transfer from WPCA Sewer Equipment Fund	671,120
Purchases of equipment	(23,179)
Net cash provided by capital and related investing activities	<u>647,941</u>
Cash flows from investing activities	
Interest income	766
Net cash provided by investing activities	<u>766</u>
Net increase in cash and cash equivalents	696,400
Cash and cash equivalents, beginning of year	<u>237,032</u>
Cash and cash equivalents, end of year	<u>\$ 933,432</u>
Reconciliation of operating income to net cash provided by operating activities	
Operating income	\$ 39,929
Adjustments to reconcile operating income to net cash provided by operating activities	
Depreciation expense	18,449
Change in assets and liabilities	
Sewer usage receivable	(14,067)
Accounts payable	6,256
Due to General Fund	(2,874)
Net cash provided by operating activities	<u>\$ 47,693</u>

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

TOWN OF SALISBURY, CONNECTICUT

FIDUCIARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2016

	<u>Pension Trust Fund</u>	<u>Agency Funds</u>
<u>Assets</u>		
Cash and cash equivalents	\$ -	\$ 29,640
Investments	1,000,894	-
Total assets	<u>1,000,894</u>	<u>29,640</u>
<u>Liabilities</u>		
Due to student groups	-	29,640
Total liabilities	<u>-</u>	<u>29,640</u>
<u>Net Position</u>		
Total net position held in trust for pension benefits	<u>\$ 1,000,894</u>	<u>\$ -</u>

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

TOWN OF SALISBURY, CONNECTICUT

FIDUCIARY FUNDS
 STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 FOR THE YEAR ENDED JUNE 30, 2016

	<u>Pension Trust Fund</u>
Additions:	
Employer contributions	\$ 44,278
Investment income:	
Interest and dividends	41,161
	<u>85,439</u>
Deductions:	
Fees and expenses	3,941
	<u>3,941</u>
Change in net position	81,498
Net position, beginning of year	<u>919,396</u>
Net position, end of year	<u>\$ 1,000,894</u>

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

TOWN OF SALISBURY, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

Note 1 – Summary of Significant Accounting Policies

Reporting Entity

The Town of Salisbury, Connecticut (the “Town”) was incorporated October 1741 under the provisions of the Connecticut General Statutes. It operates under a Board of Selectmen form of government with a Board of Finance, a Board of Education, various other boards and commissions, and provides a full range of services including public safety, public works, health and welfare, parks and recreation, education, and general administrative services to its residents. The accompanying financial statements conform to accounting principles generally accepted in the United States of America as applicable to governments.

Accounting principles generally accepted in the United States of America require that the reporting entity include: 1) the primary government, 2) organizations for which the primary government is financially accountable, and 3) 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. The basic financial statements of the reporting entity include only the funds of the Town (the primary government) as no component units exist based on operational or financial relationships with the Town.

Basis of Presentation

The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Town’s accounting policies are described below.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the Town. For the most part, the effects of interfund activity have been removed from these statements. Exceptions to this general rule are charges between the enterprise funds and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Governmental Activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from Business-Type Activities, which rely to a significant extent on fees and charges for support.

The Statement of Activities demonstrates the degree to which the 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, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Town of Salisbury, Connecticut
Notes to Financial Statements
June 30, 2016 (continued)

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

The various funds included in the financial statements are described below:

Governmental Funds

General Fund - the primary operating fund of the Town. This fund is used to account for all financial transactions and resources except those required to be accounted for in another fund. Revenues are derived primarily from property taxes, state and federal grants, licenses, permits, charges for services, and interest income.

Special Revenue Funds - account for revenue derived from specific sources (other than capital projects) that are restricted by legal and regulatory provisions to finance specific activities.

Capital Project Funds - account for all financial resources used for the acquisition or construction of capital assets not being financed by proprietary funds.

Permanent Funds - used to report resources that are legally restricted to the extent that only income, and not principal, may be used for purposes that support the Town's programs.

Proprietary Funds

Proprietary Funds are used to account for activities that are similar to those often found in the private sector. These funds are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. The following is the Town's proprietary fund:

Enterprise Fund - accounts for operations that are financed in a manner similar to private business enterprises, where the intent is that costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

Fiduciary Funds

Fiduciary Funds are used to account for assets held by the Town in a trustee capacity or as an agent for individuals, private organizations, and other governments. Fiduciary funds are not included in the government-wide financial statements. The fiduciary funds are as follows:

Pension Trust Fund - used to account for the activities of the Town's defined benefit plan, which accumulates resources for pension benefit payments to qualified employees.

Agency Funds - account for monies held by the Town as a custodian for outside groups and agencies.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. 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 Salisbury, Connecticut
Notes to Financial Statements
June 30, 2016 (continued)

Amounts reported as program revenues include: 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted first, then unrestricted resources as they are needed.

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. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

Property taxes, charges for services, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. In determining when to recognize intergovernmental revenues (grants and entitlements), the legal and contractual requirements of the individual programs are used as guidance. Revenues are recognized when the eligibility requirements have been met. All other revenue items are considered to be measurable and available only when cash is received by the Town or specifically identified.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with the fund's principal ongoing operations. The principal operating revenues of the funds are charges to customers for services. Operating expenses for the funds include the cost of operations and maintenance, provision for doubtful accounts, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The Town reports the following major governmental funds:

The **General Fund** is the Town's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The **Transfer Station Fund** accounts for financial resources designated for the operation of the Salisbury/Sharon Transfer Station.

The **Other Capital Projects Fund** accounts for smaller, short-term capital projects that are funded through capital grants or General Fund transfers. This fund is also used to account for proceeds of bond anticipation notes and general obligation bonds used for authorized bonded projects such as acquisition and construction of capital facilities, which have not been established in a separate fund.

The **Bridge Repair Fund** was established to account for intergovernmental grants received and expended for the repair of the Amesville bridge.

The **Bauer Fund** accounts for permanently restricted funds held by the Town and used for general assistance, recreation, and maintenance of Bauer Park as allowed under the fund.

Town of Salisbury, Connecticut
Notes to Financial Statements
June 30, 2016 (continued)

The **Bissell Fund** accounts for permanently restricted funds held by the Town to be spent on medical expenses of Town residents.

The **Small Cities Fund** relates to intergovernmental grants received and reflects the Town's activities related to those grants.

Additionally, the Town reports the following major proprietary fund:

The **Sewer Enterprise Fund** accounts for the operations of the Town's waste water treatment system.

Accounting 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 and liabilities, disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash, Cash Equivalents, and Investments

The Town's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Investments for the town are reported at fair value.

Custodial Credit Risk – Custodial credit risk is the risk that, in the event of a bank failure, the Town 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. In general for most of the funds, this includes deposits in allowable banks, obligations of the United States of America, and obligations of any State or political subdivision, which is tax exempt.

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.

Interest Rate Risk – Interest rate risk is the risk that the Town 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 increasing interest rates.

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.

Fair Value Measurements

The Town utilizes the market approach as the valuation technique to measure fair value of its financial assets. GAAP establishes a three-level hierarchy for fair value measurements that distinguishes between market participant assumptions developed based on market data obtained from sources independent of the reporting entity ("observable inputs") and the reporting entity's own assumptions about market participant assumptions developed based on the best information available in the circumstances ("unobservable inputs") and requires that the most observable inputs be used when available. The hierarchy is broken down into three levels based on the reliability of inputs as follows:

- Level 1 - Valuation based on unadjusted quoted prices in active markets for identical assets the Town has the ability to access. Since valuations are based on quoted prices readily and regularly available in an active market, valuation of these assets does not entail significant judgment.
- Level 2 - Valuation based on quoted prices for similar assets in active markets; quoted prices for similar assets in inactive markets; or valuations based on models where the significant inputs are observable (e.g. interest rates, yield curves, etc.) or can be corroborated by observable market data.
- Level 3 - Valuations based on inputs that are unobservable and significant to the overall fair value measurement. The unobservable inputs reflect the Town's own assumptions about assumptions that market participants might use.

The Town's investments are measured on a recurring basis using Level 1 information (market quotations for investments that have quoted prices in active markets). The Town has no financial assets measured using Level 2 or Level 3 at June 30, 2016.

Property Taxes

The Town levies property taxes each year on October 1, which are payable in four installments on July 1, October 1, January 1, and April 1. Supplemental motor vehicle taxes are due in full January 1. The bill becomes delinquent 30 days after the installment is due at which time the applicable property is subject to lien, and penalties and interest are assessed.

Under Connecticut State Statutes, 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 15 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.

The Town establishes allowances for uncollectible taxes and interest based on historical collection experience and other factors. As of June 30, 2016, no allowance for uncollectible taxes and interest was considered necessary.

Interfund Transactions

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds" (i.e. the current portion of interfund loans) or "advances to/from other funds" (i.e. the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds".

Town of Salisbury, Connecticut
Notes to Financial Statements
June 30, 2016 (continued)

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in appropriate governmental funds to indicate that they are not available for appropriation and are not expendable financial resources.

Long-Term Receivables

The Town administers a loan program for individuals and families in need. Repayment of the loans is deferred, but the loans become due and payable upon sale or transfer of the property, the owner's demise, or when the subject property is no longer the applicant's principal place of residence. The notes may be paid in full or in part by the borrower at any time without penalty. As of June 30, 2016, loans receivable totaled \$636,412 under this program.

Capital Assets

Capital assets, which include property, plant and equipment, and infrastructure assets (e.g., roads, bridges, sidewalks and similar items) are reported in the applicable Governmental Activities or Business-Type Activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$10,000 with an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at fair value at the date of donation.

The cost 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.

Property, plant, equipment, and infrastructure assets of the Town are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Building	40 - 50
Building improvements	20
Infrastructure	50
Machinery and equipment	5 - 30
Vehicles	5 - 10

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed as incurred.

In the governmental fund financial statements, bond premiums and discounts, as well as bond issuance costs, are recognized during the current period. The face amount of the 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, are reported as debt service expenditures.

Net Pension Liability

The net pension liability is measured as the portion of the actuarial present value of projected benefits that is attributed to past periods of employee service (total pension liability), net of the pension plan's fiduciary net position. The pension plan's fiduciary net position is determined using the same valuation methods that are used by the pension plan for purposes of preparing its statement of fiduciary net position. The net pension liability is measured as of a date (measurement date) no earlier than the end of the employer's prior fiscal year, consistently applied from period to period.

Unearned Revenue

In the government-wide and fund financial statements, this liability represents resources that have been received but not yet earned.

Deferred Outflows/Inflows of Resources

Deferred outflows of resources represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town has no items that qualify for reporting in this category.

Deferred inflows of resources represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town reports unavailable revenue, which arises only under the modified accrual basis of accounting. The unavailable revenues from property taxes and long-term loans are reported in the governmental funds Balance Sheet. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Fund Equity and Net Position

In the government-wide financial statements, net position is classified in the following categories:

Net Investment in Capital Assets – This category groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction, or improvement of these assets reduce this category.

Restricted – This category represents external restrictions imposed by creditors, grantors, contributors, laws, or regulations of other governments, and restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted – This category represents the net position of the Town which is not restricted for any project or other purpose.

Governmental Accounting Standards Board Statement #54 (GASB 54) defines the different types of fund balances that the Town must use for its governmental funds. GASB 54 requires the fund balances to be properly reported within one of the following categories for financial reporting purposes.

Nonspendable – fund balance amounts associated with inventories, prepaids, long-term receivables and payables, and amounts that are legally or contractually required to be maintained intact.

Town of Salisbury, Connecticut
Notes to Financial Statements
June 30, 2016 (continued)

Restricted – fund balance amounts that can be spent only for the specific purposes stipulated by external source providers or enabling legislation.

Committed – fund balance amounts that can be used only for specific purposes determined by a formal action of the Town’s highest level of decision-making authority.

Assigned – fund balance amounts intended to be used by the Town for specific purposes but do not meet the criteria to be classified as restricted or committed fund balances.

Unassigned – fund balance amounts remaining for the General Fund that are spendable or amounts necessary in other governmental funds to eliminate otherwise negative fund balance amounts in the other four categories.

The Town does not have a formal policy over the use of fund balance. In accordance with GASB 54, the Town will use restricted resources first, then unrestricted resources as needed. Unrestricted resources are used in the following order: committed; assigned; then unassigned.

Note 2 – Budgets and Budgetary Accounting

General Fund

The Town adheres to the following procedures in establishing the budgetary data reflected in the financial statements:

- a. A proposed operating budget is submitted for the fiscal year. The operating budget includes proposed expenditures and the means of financing them.
- b. Public hearings are conducted in the Town to obtain taxpayer comments.
- c. The budget is legally enacted through passage of ordinance.
- d. The Board of Finance is authorized to transfer budgeted amounts between departments within any fund; however, any major revisions that alter the total expenditures or any fund must be approved at the Town Meeting. No additional appropriations were approved at Town meetings.
- e. Formal budgetary integration is employed as a management control device during the year for the General Fund. Formal budgets are not employed in the other various types of funds of the Town.
- f. The Board of Education, which is not a separate legal entity, but a function of the Town, is authorized under state law to make any transfers within their budget at their discretion.

Town of Salisbury, Connecticut
Notes to Financial Statements
June 30, 2016 (continued)

Accounting principles applied for purposes of developing data on a budgetary basis differ from those used to present financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP"). A reconciliation of General Fund amounts presented on the budgetary basis to amounts presented in conformity with accounting principles generally accepted in the United States of America is as follows:

	<u>Fund Balance</u> <u>Beginning</u>	<u>Revenues</u>	<u>Expenditures</u>	<u>Other</u> <u>Financing</u> <u>Source (Uses)</u>	<u>Fund Balance</u> <u>Ending</u>
GAAP basis	\$ 2,393,022	\$ 14,829,653	\$ (13,371,285)	\$ (1,690,064)	\$ 2,161,326
Reclassifications	-	25,198	(1,715,262)	1,690,064	-
Teachers' retirement system on behalf payments	<u>-</u>	<u>(522,282)</u>	<u>522,282</u>	<u>-</u>	<u>-</u>
Budgetary basis	<u>\$ 2,393,022</u>	<u>\$ 14,332,569</u>	<u>\$ (14,564,265)</u>	<u>\$ -</u>	<u>\$ 2,161,326</u>

Special Revenue Funds

The Town does not have legally adopted annual budgets for the Special Revenue Funds. Budgets for the various Special Revenue Funds, which are utilized to account for specific grant and other special programs, are established in accordance with the requirements of the grantor agencies or Town Boards. Such budgets generally carry over until completion of the grants and programs.

Capital Project Funds

Legal authorization for expenditures of the Capital Project Funds is provided by Town ordinances and/or intergovernmental grant agreements. Capital appropriations do not lapse until completion of the applicable projects.

Note 3 – Deposits and Investments

Cash and Cash Equivalents

The following is a summary of cash and cash equivalents at year end:

Governmental funds	\$ 4,364,700
Enterprise fund	933,432
Agency funds	<u>29,640</u>
Total cash and cash equivalents	<u>\$ 5,327,772</u>

The bank balance of the deposits was \$5,379,466 and was exposed to custodial credit risk as follows:

Covered by Federal Depository Insurance	\$ 1,029,780
Uninsured and collateralized	3,779,472
Uninsured and uncollateralized	<u>570,214</u>
Total Deposits	<u>\$ 5,379,466</u>

The level of the Town's deposits varied significantly throughout the year as a result of higher cash flows during certain periods of the year. As a result, uninsured, uncollateralized amounts fluctuate during the year.

Town of Salisbury, Connecticut
Notes to Financial Statements
June 30, 2016 (continued)

Investments

The Town has no formally adopted investment policy that would limit its investment choices due to credit risk other than the State of Connecticut General Statutes that limit investments to obligations of the United States of America or United States government sponsored corporations, in shares or other interests in any custodial arrangement, pool, or no-load, open-end management type investment company or investment trust (as defined), in obligations of any State or political subdivision rated within the top two rating categories of any nationally recognized rating service, or in obligations of the State of Connecticut or political subdivision rated within the top three rating categories of any nationally recognized rating service. Governmental fund investments are as follows:

	Fair Value	Maturity not applicable	Investment Maturities (in years)		
			Less Than 1	1-5	5-10
Bank and brokered certificates of deposit	\$ 533,792	\$ -	\$ -	\$ -	\$ 533,792
U.S. Treasury bonds and notes	418,148	-	145,380	272,768	-
Corporate bonds and notes	25,194	-	25,194	-	-
U.S. Government agency obligations	100,017	-	-	-	100,017
Common stock	2,511,409	2,511,409	-	-	-
Mutual funds	352,839	352,839	-	-	-
	<u>\$ 3,941,399</u>	<u>\$ 2,864,248</u>	<u>\$ 170,574</u>	<u>\$ 272,768</u>	<u>\$ 633,809</u>

Note 4 – Interfund Receivables, Payables, and Transfers

As of June 30, 2016, interfund receivables and payables were as follows:

	Due From:				
	General Fund	Other Capital Projects Fund	Bridge Repair Fund	Nonmajor Governmental Funds	Total Governmental Funds
Due To:					
General Fund	\$ -	\$ 78,216	\$ 563,592	\$ 101,322	\$ 743,130
Transfer Station Fund	863	-	-	-	863
Nonmajor funds	550	-	-	-	550
	<u>\$ 1,413</u>	<u>\$ 78,216</u>	<u>\$ 563,592</u>	<u>\$ 101,322</u>	<u>\$ 744,543</u>

Transfers are used to account for unrestricted revenues collected mainly in the General Fund to finance capital projects and other programs accounted for in other funds in accordance with budget and project authorizations. Interfund transfers were as follows:

	Transfers From:					
	General Fund	Transfer Station Fund	Other Capital Projects Fund	Small Cities Fund	Nonmajor Governmental Funds	Total Governmental Funds
Transfers To:						
General Fund	\$ -	\$ -	\$ -	\$ -	\$ 25,198	\$ 25,198
Transfer Station Fund	282,058	-	-	-	-	282,058
Other Capital Projects Fund	1,310,348	-	-	53,588	-	1,363,936
Bridge Repair Fund	10,000	-	-	-	-	10,000
Nonmajor Governmental Funds	<u>112,856</u>	<u>25,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>137,856</u>
Total Governmental Funds	1,715,262	25,000	-	53,588	25,198	1,819,048
Sewer Enterprise Fund	-	-	-	-	671,120	671,120
	<u>\$ 1,715,262</u>	<u>\$ 25,000</u>	<u>\$ -</u>	<u>\$ 53,588</u>	<u>\$ 696,318</u>	<u>\$ 2,490,168</u>

Town of Salisbury, Connecticut
Notes to Financial Statements
June 30, 2016 (continued)

Note 5 – Capital Assets

	Balance at July 1, 2015	Increases	Decreases	Balance at June 30, 2016
Governmental Activities				
Capital assets not being depreciated:				
Land	\$ 1,392,466	\$ -	\$ -	\$ 1,392,466
Construction in progress	-	2,669,954	-	2,669,954
Total capital assets not being depreciated	<u>1,392,466</u>	<u>2,669,954</u>	<u>-</u>	<u>4,062,420</u>
Capital assets being depreciated:				
Buildings and improvements	17,250,798	160,277	-	17,411,075
Machinery and equipment	3,107,396	146,023	-	3,253,419
Infrastructure	4,178,180	-	-	4,178,180
Vehicles	3,901,061	181,664	-	4,082,725
Total capital assets being depreciated	<u>28,437,435</u>	<u>487,964</u>	<u>-</u>	<u>28,925,399</u>
Less accumulated depreciation:				
Buildings and improvements	7,122,309	442,803	-	7,565,112
Machinery and equipment	2,206,392	140,160	-	2,346,552
Infrastructure	919,794	83,244	-	1,003,038
Vehicles	2,409,627	247,825	-	2,657,452
Total accumulated depreciation	<u>12,658,122</u>	<u>914,032</u>	<u>-</u>	<u>13,572,154</u>
Capital assets being depreciated, net of depreciation	<u>15,779,313</u>	<u>(426,068)</u>	<u>-</u>	<u>15,353,245</u>
Total governmental activities	<u>\$ 17,171,779</u>	<u>\$ 2,243,886</u>	<u>\$ -</u>	<u>\$ 19,415,665</u>
Business-Type Activities				
Capital assets being depreciated:				
Buildings and improvements	\$ 639,657	\$ -	\$ -	\$ 639,657
Machinery and equipment	339,962	23,179	-	363,141
Vehicles	63,350	-	-	63,350
Total capital assets being depreciated	<u>1,042,969</u>	<u>23,179</u>	<u>-</u>	<u>1,066,148</u>
Less accumulated depreciation:				
Building and improvements	574,741	1,779	-	576,520
Machinery and equipment	180,662	9,270	-	189,932
Vehicles	30,050	7,400	-	37,450
Total accumulated depreciation	<u>785,453</u>	<u>18,449</u>	<u>-</u>	<u>803,902</u>
Business-type activities, capital assets, net of depreciation	<u>\$ 257,516</u>	<u>\$ 4,730</u>	<u>\$ -</u>	<u>\$ 262,246</u>

Town of Salisbury, Connecticut
Notes to Financial Statements
June 30, 2016 (continued)

Depreciation expense was charged to functions and programs of the primary government as follows:

Governmental Activities:	
General government	\$ 204,143
Public safety	107,600
Recreation	35,531
Sanitation	66,949
Public works	213,145
Education	<u>286,664</u>
 Total depreciation expense – governmental activities	 <u>\$ 914,032</u>
Business-Type Activities:	
Sewer	<u>\$ 18,449</u>
 Total depreciation expense – business-type activities	 <u>\$ 18,449</u>

Note 6 – Deficit Fund Balance

As of June 30, 2016, the Highway Equipment Replacement Fund and the Bridge Repair Fund reported deficit fund balances of \$16,527 and \$247,131, respectively. The deficit will be satisfied through transfers from the General Fund and/or other funds.

Note 7 – Risk Management

The Town is exposed to various risks of loss involving torts, theft of, damage to, and destruction of assets, errors and omissions, injuries of employees, natural disaster, and public official liabilities. The Town generally obtains commercial insurance for these risks and any claims have not exceeded commercial coverage.

Note 8 – Contingencies

There are legal actions pending in which the Town is involved. The Town officials are of the opinion that the ultimate liabilities, if any, resulting from such lawsuits and claims will not materially affect the financial position of the Town.

The Town has agreed to guarantee a loan at a local bank in the name of Salisbury Winter Sports Association, a local nonprofit organization. The amount of the loan is \$140,000. This amount has been put into a separate bank account at the local bank and is included on these financial statements as a reserve fund in Other Capital Projects Fund.

Note 9 – Long-Term Obligations

Long-term obligation activity for the year ended June 30, 2016, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
General obligation bonds	\$ 299,613	\$ -	\$ (299,613)	\$ -	\$ -
Notes payable	152,686	-	(46,041)	106,645	21,271
Bond anticipation notes	2,520,000	2,340,000	(2,520,000)	2,340,000	-
Net pension liability	<u>193,456</u>	<u>-</u>	<u>(40,330)</u>	<u>153,126</u>	<u>44,278</u>
	<u>\$ 3,165,755</u>	<u>\$ 2,340,000</u>	<u>\$ (2,905,984)</u>	<u>\$ 2,599,771</u>	<u>\$ 65,549</u>

Town of Salisbury, Connecticut
Notes to Financial Statements
June 30, 2016 (continued)

Bond Anticipation Notes

The Town issued a Bond Anticipation Note on March 4, 2015, in the amount of \$2,520,000 maturing on December 4, 2015. A new Bond Anticipation Note in the amount of \$2,340,000 was issued on December 4, 2015, maturing on September 1, 2016.

Notes Payable

The Town financed the purchase of various vehicles and equipment with local banks. As of June 30, 2016, the total balance of the outstanding loans was \$106,645.

Principal retirement is scheduled as follows:

<u>Year Ended</u>	<u>Principal</u>
2017	\$ 21,271
2018	21,663
2019	22,063
2020	22,470
2021	<u>19,178</u>
	<u>\$ 106,645</u>

Statutory Debt Limitation

Connecticut General Statutes Section 7-374(b) provides that authorized debt of the Town shall not exceed seven times base receipts, as defined in the Statute. Further, the Statute limits the amount of debt that may be authorized by the Town for general purposes, schools, sewers, urban renewal, and pension deficit. The Town did not exceed any of the statutory debt limitations at June 30, 2016.

Town of Salisbury, Connecticut
Notes to Financial Statements
June 30, 2016 (continued)

Note 10 – Fund Balances

As of June 30, 2016, governmental fund balances are composed of the following:

	General Fund	Transfer Station Fund	Other Capital Projects Fund	Bridge Repair Fund	Bauer Fund	Bissell Fund	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:								
Health and welfare	\$ -	\$ -	\$ -	\$ -	\$1,353,118	\$1,413,092	\$ 412,818	\$ 3,179,028
Total nonspendable	-	-	-	-	1,353,118	1,413,092	412,818	3,179,028
Restricted:								
Capital projects	-	-	1,595,941	-	-	-	-	1,595,941
General governments	18,124	-	-	-	-	-	-	18,124
Public safety	-	-	-	-	-	-	620,209	620,209
Sanitation/waste removal	-	245,472	-	-	-	-	57,789	303,261
Health and welfare	-	-	-	-	259,042	282,011	73,804	614,857
Recreation	29,258	-	-	-	-	-	-	29,258
Education	-	-	-	-	-	-	14,991	14,991
Total restricted	47,382	245,472	1,595,941	-	259,042	282,011	766,793	3,196,641
Committed:								
Capital projects	-	-	53,588	-	-	-	-	53,588
Public works	101,816	-	-	-	-	-	-	101,816
Public safety	28,320	-	-	-	-	-	-	28,320
Sanitation/waste removal	23,499	-	-	-	-	-	-	23,499
Health and welfare	118,311	-	-	-	-	-	80,452	198,763
Total committed	271,946	-	53,588	-	-	-	80,452	405,986
Assigned:								
Subsequent year's budget	145,498	-	-	-	-	-	-	145,498
HS tuition	35,254	-	-	-	-	-	-	35,254
Unemployment	9,894	-	-	-	-	-	-	9,894
General government	19,974	-	-	-	-	-	-	19,974
Public works	25,000	-	-	-	-	-	-	25,000
Health and welfare	4,906	-	-	-	-	-	-	4,906
Education	-	-	-	-	-	-	31,782	31,782
Total assigned	240,526	-	-	-	-	-	31,782	272,308
Unassigned	1,601,472	-	-	(247,131)	-	-	(16,527)	1,337,814
Total	\$ 2,161,326	\$ 245,472	\$1,649,529	\$ (247,131)	\$1,612,160	\$1,695,103	\$ 1,275,318	\$ 8,391,777

Note 11 – Pension Plan and Benefits Provided

Defined Benefit Pension Plan

Plan Description

The Town has a single employer, noncontributory defined benefit pension plan administered by the Town for eligible employees except certified personnel of the Board of Education who are covered by the State of Connecticut Teachers' Retirement System. The plan is funded through a trust with the MetLife Insurance Company of Connecticut who has authority and discretion to invest the funds of the plan. The Town has the authority to amend benefit provisions. The plan is considered to be a part of the Town's financial reporting entity and is included in the Town's financial statements as a Pension Trust Fund.

All eligible employees hired before January 1, 1997, who have completed one year of service with a minimum of 20 hours per week or five months during the year are eligible for inclusion in the plan. The plan provides that effective January 1, 1994, benefits are fully vested after five years of credited service. Prior to that ten years was required. Normal retirement from Town services is at the earlier of 1) age 60 with 30 years of credited service, or 2) age 65.

Pension benefits for normal retirement under the Town's plan are calculated at 1.5% of average compensation multiplied by the number of years of credited service, less the annual annuity, if any, under MetLife Group annuity contract GR-90562. The plan also contains provisions covering early retirement and pre-retirement death and disability benefits. Any participant who made an election prior to March 31, 1998, to participate in the Town's Defined Contribution Plan had their benefit in this plan frozen as of December 31, 1997. Effective December 31, 2000, a one-time irrevocable election was offered allowing the transfer of the present value of this frozen benefit to the Defined Contribution Plan.

The Town's current pension cost is calculated to reflect the upcoming year's service accrual and to amortize the current unfunded employer past service liability over three years. As of the latest available actuarial valuation date of January 1, 2015, membership consisted of the following:

Terminated employees with vested benefits	1
Current employees:	
Vested with non-frozen benefits	3
Vested with frozen benefits	2
Non-vested with frozen benefits	0

Funding Policy

The contribution requirements of plan members are established and may be amended by the Town. Town employees are not required to contribute to the plan. The Town is required to contribute to the plan at an actuarially determined rate.

Basis of Accounting

The Pension Trust Fund's financial statements are prepared on the accrual basis of accounting. Revenues are recognized when they are earned and expenses are recognized when they are incurred.

Town of Salisbury, Connecticut
Notes to Financial Statements
June 30, 2016 (continued)

Investments

For the year ended June 30, 2016, the annual money-weighted rate of return on plan investments, net of plan investment expenses, was 4.0%. The money-weighted rate of return expresses investment performance, net of investment expenses, adjusted for changing amounts actually invested.

Investments are valued at fair market value using quoted market prices.

Contribution Requirements

The Town makes annual contributions consisting of a normal cost contribution, a contribution for the amortization of the net unfunded accrued liability, and a prior service amortization payment. Such contribution was \$44,278 for the year ended June 30, 2016, related to covered payroll of \$24,796.

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of January 1, 2015, using the following actuarial assumptions, applied to all periods included in the measurement:

Salary increases, including inflation	5.5 Percent
Investment rate of return, net of pension investment expense	7.5 Percent

Mortality rates were based on the 1983 Group Annuity Male Mortality Table with ages set back six years for females

The long-term expected rate of return on pension investments for each major asset class as of January 1, 2015, are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Insurance Contract	100.0%	4.0%

Discount Rate

The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between the actuarially determined contribution rates and the member rate. Based on those assumptions, the pension's fiduciary net position was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return on pension investments was applied to all periods of projected benefit payments to determine the total pension liability.

Town of Salisbury, Connecticut
Notes to Financial Statements
June 30, 2016 (continued)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the Town's net pension liability, calculated using the discount rate of 7.5 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate.

	<u>1% Decrease</u> <u>(6.5%)</u>	<u>Current</u> <u>Discount Rate</u> <u>(7.5%)</u>	<u>1% Increase</u> <u>(8.5%)</u>
Net pension liability	\$ 157,368	\$ 153,126	\$ 149,001

Pension Liabilities, Pension Expense, and Deferred Inflows/Outflows of Resources

At June 30, 2016, the Town reported a liability in the government-wide Statement of Net Position for its net pension liability.

The components of the net pension liability of the Town at June 30, 2016, were as follows:

Total pension liability	\$ 1,092,481
Plan fiduciary net position	<u>939,355</u>
Net pension liability	<u>\$ 153,126</u>

January 1, 2015, is the actuarial valuation date upon which the total pension liability is based. There were no changes in assumptions or benefits that affected the measurement of the total pension liability since the prior measurement date.

The changes in the Town's net pension liability are as follows:

	<u>Increase (Decrease)</u>		
	<u>Total Pension</u> <u>Liability</u> <u>(a)</u>	<u>Plan Fiduciary</u> <u>Net Position</u> <u>(b)</u>	<u>Net Pension</u> <u>Liability</u> <u>(a) – (b)</u>
Balances at 6/30/2015	\$ <u>1,036,736</u>	\$ <u>843,280</u>	\$ <u>193,456</u>
Changes for the year:			
Service cost	2,867	-	2,867
Interest	76,220	-	76,220
Differences between expected and actual results	(23,342)	-	(23,342)
Contributions – employer	-	62,983	(62,983)
Contributions – employee	-	-	-
Net investment income	-	33,092	(33,092)
Benefit payments, including refunds of employee contributions	-	-	-
Administrative expense	-	-	-
Net changes	<u>55,745</u>	<u>96,075</u>	<u>(40,330)</u>
Balances at 6/30/2016	<u>\$ 1,092,481</u>	<u>\$ 939,355</u>	<u>\$ 153,126</u>

Town of Salisbury, Connecticut
Notes to Financial Statements
June 30, 2016 (continued)

At June 30, 2016, there were no deferred outflows of resources or deferred inflows of resources in its government-wide Statement of Net Position related to pensions.

Defined Contribution Plan

Effective January 1, 1997, the Town established a defined contribution pension plan for eligible employees except certified personnel of the Board of Education who are covered by the State of Connecticut Teachers' Retirement System.

Eligible employees means all employees of the Town hired on and after January 1, 1997, and all non-certified employees of the Salisbury Board of Education hired on and after January 1, 1997, and any employees of the Town and any non-certified employees of the Board of Education hired prior to January 1, 1997, who irrevocably elect, no later than May 5, 1997, or during the period beginning January 1, 1998, and ending March 31, 1998, to cease participation in the defined benefit plan described above, with the accrued benefit earned pursuant to the defined benefit plan (if any) frozen subject to the vesting provisions of that plan as of the later of the effective date of this plan, or the first day of the plan year of that plan in which such election becomes effective.

Employees who have completed one year of service and have attained age 21 shall be eligible to participate under the plan as of the January 1 or July 1 following the date they have satisfied such requirements. The plan provides that benefits are 100% vested after one year of service with respect to all of the amounts allocated to employees' accounts.

The Town will contribute an amount equal to 9% of each eligible employee's annual compensation. The plan operates on a calendar year basis. For the fiscal year ended June 30, 2016, actual contributions by the Town were \$180,576. As of June 30, 2016, there were no securities of the Town or other related parties held in the plan. Due to the nature of the plan there is no unfunded liability.

Connecticut Teachers' Retirement System

Description of System

Teachers within the Town's school system participate in a retirement system administered by the Connecticut State Teachers' Retirement Board. This Connecticut State Teachers' Retirement System (the "System") is a cost sharing multiple employer defined benefit pension system with a special funding situation.

The System is considered a part of the State of Connecticut financial reporting entity and is included in the State's financial reports as a pension trust fund. Those reports may be obtained by writing to the State of Connecticut, Office of the State Comptroller, 55 Elm Street, Hartford, Connecticut 06106 or by calling (860) 702-3480.

The System is administered under the provisions of Chapter 167a of the Connecticut General Statutes (CGS). Participation in the System is restricted to certified staff employed in the public schools of Connecticut and members of the professional staff of the State Department of Education or the board of Governors of Higher Education and their constituent units. Participation in the System is mandatory for certified personnel of local boards of education who are employed for an average of at least one-half of a school day. Members of the professional staff of the State Department of Education or the Board of Governors of Higher Education and their constituent units may elect to participate in this system, the State Employees' Retirement System, or the Alternate Retirement System (TIAA-CREF).

Town of Salisbury, Connecticut
Notes to Financial Statements
June 30, 2016 (continued)

Summary of Significant Accounting Policies

For purposes of measuring the liability, deferred outflows of resources and deferred inflows of resources, and expense associated with the State's requirement to contribute to the System, information about the System's fiduciary net position and additions to/deductions from the System's fiduciary net position have been determined on the same basis as they are reported by the System. For this purpose, benefit payments (including refunds of contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Benefits Provided

The benefits provided to participants by the System are as follows:

Normal Benefit: A member 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, is eligible for vested benefits of 2% of average annual salary times years of credited service (maximum benefit is 75% of average annual salary.)

Prorated Benefit: A member who completes 10 years of Connecticut public school service is eligible for a vested benefit commencing at age 60. The benefit is 2% less 0.1% for each year less than 20 years of average annual salary times years of credited service.

Minimum Benefit: Effective January 1, 1999, Public Act 98-251 provides a minimum monthly retirement benefit of \$1,200 to teachers who retire under the Normal Benefit provisions and who have completed at least 25 years of full time Connecticut service at retirement.

Contribution Requirements

The pension contributions made by the State to the System are determined on an actuarial reserve basis as described in CGS Sections 10-1831 and 10-183z.

Participants are required to contribute 7.25% of their annual salary rate to the System as required by CGS Section 10-183b (7). For the 2015/2016 school year, \$170,781 mandatory contributions were deducted from the salaries of teachers who were participants of the System during that school year. The estimated covered payroll for the Town is \$2,355,583. The Town had 35 active participants in the System at June 30, 2016.

Actuarial Assumptions

The actuarial assumptions used in the June 30, 2014, valuation were based on the results of an actuarial experience study for the period July 1, 2005 – June 30, 2010. The total pension liability was determined by an actuarial valuation as of June 30, 2014, using the following key actuarial assumptions:

Inflation	3.00 Percent
Salary increases, including inflation	3.75-7.00 Percent
Long-term investment rate of return, net of pension investment expense, including inflation	8.50 Percent

Town of Salisbury, Connecticut
Notes to Financial Statements
June 30, 2016 (continued)

Mortality rates were based on the RP-2000 Combined Mortality Table RP-2000 projected 19 years using scale AA, with a two-year setback for males and females for the period after service retirement and for dependent beneficiaries. The Scale AA projection to 2019 of the RP-2000 mortality rates with two-year setbacks continues to provide a sufficient margin in the assumed rates of mortality to allow for additional improvement in mortality experience. The post-retirement mortality rates are multiplied by 75% for death in active service. The post-retirement mortality rates are set forward ten years for the period after disability retirement.

The long-term expected rate of return on pension 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 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 asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Mutual Equity	21.0%	7.3%
Developed Markets ISF	18.0%	7.5%
Emerging Markets ISF	9.0%	8.6%
Core Fixed Income	7.0%	1.7%
Emerging Market Debt	5.0%	4.8%
High Yield	5.0%	3.7%
Inflation Linked Bonds	3.0%	1.3%
Liquidity Fund	6.0%	0.4%
Real Estate	7.0%	5.9%
Private Investments	11.0%	10.9%
Alternative Investments	6.0%	0.7%

Discount Rate

The discount rate used to measure the total pension liability was 8.50 percent. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that State contributions will be made at the actuarially determined rates in future years. Based on those assumptions, the pension's fiduciary net position was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return on pension investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the Town's proportionate share of the net pension liability of the System, calculated using the discount rate of 8.50 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7.50 percent) or 1-percentage-point higher (9.50 percent) than the current rate.

	<u>1% Decrease (7.50%)</u>	<u>Current Discount Rate (8.50%)</u>	<u>1% Increase (9.50%)</u>
Sensitivity of the systems's proportionate share of the net pension liability related to the Town	\$ 8,220,091	\$ 6,518,289	\$ 5,071,745

Town of Salisbury, Connecticut
Notes to Financial Statements
June 30, 2016 (continued)

Pension Liabilities, Pension Expense, and Deferred Inflows/Outflows of Resources

The State makes all contributions to the System on behalf of employees of the participating districts. Therefore, participating employers are considered to be in a special funding situation as defined by Governmental Accounting Standards Board No. 68 and the State is treated as a non-employer contributing entity in the System. Since the districts do not contribute directly to the System, there is no net pension liability or deferred inflows or outflows to report in the financial statements of the Town. The portion of the net pension liability that was associated with the Town was \$6,518,289.

June 30, 2014, is the actuarial valuation date upon which the total pension liability is based. The total pension liability is determined as of June 30, 2015, using standard roll forward techniques. The roll forward calculation adds the annual normal cost (also called the service cost), subtracts the actual benefit payments and refunds for the plan year and then applies the expected investment rate of return for the year. The procedure was used to determine the System's total pension liability as of June 30, 2015, which is the measurement date. There were no changes in assumptions or benefits that affected the measurement of the total pension liability since the prior measurement date.

The Town recognized the total pension expense associated with the Town as well as revenue in an amount equal to the non-employer contributing entities' total proportionate share of the collective pension expense associated with the Town. For the fiscal year ended June 30, 2016, the Town recognized \$522,282 as the amount expended by the State on behalf of the Town to meet the State's funding requirements.

Note 12 – Recently Issued Accounting Standards

The GASB has issued new accounting standards that will become effective in future years. The Town has not yet determined what effect, if any, these new accounting standards will have on its financial statements.

GASB Statement No. 77, Tax Abatement Disclosures. Financial statements prepared by state and local governments in conformity with generally accepted accounting principles provide citizens and taxpayers, legislative and oversight bodies, municipal bond analysts, and others with information they need to evaluate the financial health of governments, make decisions, and assess accountability. This information is intended, among other things, to assist these users of financial statements in assessing (1) whether a government's current-year revenues were sufficient to pay for current-year services (known as interperiod equity), (2) whether a government complied with finance-related legal and contractual obligations, (3) where a government's financial resources come from and how it uses them, and (4) a government's financial position and economic condition and how they have changed over time. This Statement requires governments that enter into tax abatement agreements to disclose the following information about the agreements:

- Brief descriptive information, such as the tax being abated, the authority under which tax abatements are provided, eligibility criteria, the mechanism by which taxes are abated, provisions for recapturing abated taxes, and the types of commitments made by tax abatement recipients
- The gross dollar amount of taxes abated during the period
- Commitments made by a government, other than to abate taxes, as part of a tax abatement agreement

Governments should organize those disclosures by major tax abatement program and may disclose information for individual tax abatement agreements within those programs.

Town of Salisbury, Connecticut
Notes to Financial Statements
June 30, 2016 (continued)

Tax abatement agreements of other governments should be organized by the government that entered into the tax abatement agreement and the specific tax being abated. Governments may disclose information for individual tax abatement agreements of other governments within the specific tax being abated. For those tax abatement agreements, a reporting government should disclose:

- The names of the governments that entered into the agreements
- The specific taxes being abated
- The gross dollar amount of taxes abated during the period

The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2015. Earlier application is encouraged.

GASB Statement No. 78, Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans. This standard narrows the scope and applicability of GASB Statement No. 68, Accounting and Financial Reporting for Pensions, to exclude pensions provided to employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan meeting specific criteria; establishes new guidance for these employers, including separate requirements for recognition and measurement of pension expense or expenditures and liabilities, note disclosures and required supplementary information (RSI). The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2015. Earlier application is encouraged.

GASB Statement No. 79, Certain External Investment Pools and Pool Participants. This standard establishes new criteria to continue amortization cost accounting for certain external investment pools in light of recent changes to money market fund criteria. The portfolio quality and monthly shadow pricing requirements of this Statement are effective for periods beginning after December 15, 2015. Earlier application is encouraged.

GASB Statement No. 80, Blending Requirements for Certain Component Units – An Amendment of GASB Statement No.14. The objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement amends the blending requirements established in paragraph 53 of GASB Statement No. 14, The Financial Reporting Entity, as amended. This Statement amends the blending requirements for the financial statement presentation of component units of all state and local governments. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The additional criterion does not apply to component units included in the financial reporting entity pursuant to the provisions of GASB Statement No. 39, Determining Whether Certain Organizations Are Component Units. The requirements of this Statement are effective for reporting periods beginning after June 15, 2016. Earlier application is encouraged.

GASB Statement No. 81, Irrevocable Split-Interest Agreements. This Statement requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. Furthermore, this Statement requires that a government recognize assets representing its beneficial interests in irrevocable split-interest agreements that are administered by a third party, if the government controls the present service capacity of the beneficial interests. This Statement requires that a government recognize revenue when the resources become applicable to the reporting period. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2016, and should be applied retroactively. Earlier application is encouraged.

Town of Salisbury, Connecticut
Notes to Financial Statements
June 30, 2016 (continued)

GASB Statement No. 82, Pension Issues – An Amendment of GASB Statements No. 67, No. 68, and No. 73. The requirements of this Statement are effective for reporting periods beginning after June 15, 2016, except for the requirements of paragraph 7 in a circumstance in which an employer's pension liability is measured as of a date other than the employer's most recent fiscal year-end. In that circumstance, the requirements of paragraph 7 are effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017. Earlier application is encouraged.

Note 13 – Subsequent Events

On September 1, 2016, the Town repaid its bond anticipation notes (BANS) in the amount of \$2,340,000 through the issuance of new BANS in the amount of \$2,170,000. The new BANS mature May 31, 2017, and bear an annual interest rate of 0.33%.

**REQUIRED SUPPLEMENTARY
INFORMATION
(UNAUDITED)**

TOWN OF SALISBURY, CONNECTICUT

**PENSION TRUST FUND
SCHEDULE OF REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS**

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total Pension Liability			
Service cost	\$ 2,867	\$ 8,396	\$ 8,107
Interest	76,220	72,331	67,686
Difference between expected and actual results	(23,342)	(9,865)	-
Benefit payments	<u>-</u>	<u>-</u>	<u>(25,768)</u>
Net change in total pension liability	55,745	70,862	50,025
Total pension liability - beginning	<u>1,036,736</u>	<u>965,874</u>	<u>915,849</u>
Total pension liability - ending	<u>\$ 1,092,481</u>	<u>\$ 1,036,736</u>	<u>\$ 965,874</u>
Plan Fiduciary Net Position			
Contributions - employer	\$ 62,983	\$ 76,052	\$ 82,216
Net investment income	33,092	27,590	24,669
Benefit payments	-	-	(25,768)
Administrative expenses	<u>-</u>	<u>-</u>	<u>-</u>
Net change in plan fiduciary net position	96,075	103,642	81,117
Plan fiduciary net position - beginning	<u>843,280</u>	<u>739,638</u>	<u>658,521</u>
Plan fiduciary net position - ending	<u>\$ 939,355</u>	<u>\$ 843,280</u>	<u>\$ 739,638</u>
Net pension liability - ending	<u>\$ 153,126</u>	<u>\$ 193,456</u>	<u>\$ 226,236</u>
Plan fiduciary net position as a percent of the total pension liability	<u>85.98%</u>	<u>81.34%</u>	<u>76.58%</u>
Covered payroll	<u>\$ 161,287</u>	<u>\$ 156,328</u>	<u>\$ 152,515</u>
Net pension liability as a percent of covered payroll	<u>94.94%</u>	<u>123.75%</u>	<u>148.34%</u>

See accompanying Independent Auditors' Report.

TOWN OF SALISBURY, CONNECTICUT
PENSION TRUST FUND
SCHEDULE OF REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
SCHEDULE OF CONTRIBUTIONS

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Actuarially determined contribution	\$ 44,278	\$ 62,983	\$ 76,052	\$ 82,216
Contribution in relation to the actuarially determined contribution	<u>44,278</u>	<u>62,983</u>	<u>76,052</u>	<u>82,216</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$ 24,796</u>	<u>\$ 80,791</u>	<u>\$ 78,756</u>	<u>\$ 78,402</u>
Contribution as a percent of covered payroll	<u>178.57%</u>	<u>77.96%</u>	<u>96.57%</u>	<u>104.86%</u>

Notes to Schedule

Valuation Date	1/1/2015
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level % of payroll, open
Remaining Amortization Period	3 Years
Asset Valuation Method	Fair Market Value
Actuarial Assumptions:	
Investment Rate of Return	7.5%
Projected Salary Increases	5.5%
Mortality	1983 Group Annuity Male Mortality Table with ages set back 6 years for females

See accompanying Independent Auditors' Report.

TOWN OF SALISBURY, CONNECTICUT

**CONNECTICUT STATE TEACHERS' RETIREMENT SYSTEM
SCHEDULE OF REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**

	2016	2015
Town's proportion of the net pension liability	0.00%	0.00%
Town's proportionate share of the net pension liability	\$ -	\$ -
State's proportionate share of the net pension liability associated with the Town	6,518,289	6,024,852
Total	\$ 6,518,289	\$ 6,024,852
Town's covered-employee payroll	\$ 2,355,583	\$ 2,210,414
Town's proportionate share of the net pension liability as a percentage of its covered payroll	0.00%	0.00%
System fiduciary net position as a percentage of the total pension liability	59.50%	61.51%

Notes to Connecticut State Teachers' Retirement System

Changes of Assumptions

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

Method and Assumptions used in Calculations of Actuarially Determined Contributions

The actuarially determined contributions in the schedule of employer contributions are calculated as of June 30 each biennium for the fiscal years ending two and three years after the valuation date. The following actuarial methods and assumptions were used to determine the most recent contributions reported in that schedule:

Actuarial cost method	Entry age
Amortization method	Level percent of pay, closed
Single equivalent amortization period	22.4 years
Asset valuation method	4-year smoothed market
Inflation	3.00 percent
Salary increase	3.75-7.00 percent, including inflation
Investment rate of return	8.50 percent, net of investment related expense

See accompanying Independent Auditors' Report.

**SUPPLEMENTAL
STATEMENTS AND SCHEDULES**

TOWN OF SALISBURY, CONNECTICUT

GENERAL FUND
SCHEDULE OF REVENUES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property taxes	\$ 12,668,172	\$ 12,668,172	\$ 12,674,139	\$ 5,967
Intergovernmental:				
Education Cost Sharing (ECS)	187,266	187,266	148,652	(38,614)
Mashantucket Pequot Grant	8,819	8,819	9,655	836
State in lieu of taxes	7,726	7,726	-	(7,726)
Public transportation	1,467	1,467	1,201	(266)
Federal in lieu of taxes	4,469	4,469	5,049	580
Perry Street	-	-	203,479	203,479
LOCIP Grant	-	-	197,195	197,195
44/41 grant	-	-	25,776	25,776
Larceny	-	-	900	900
Veterans Tax Relief	-	-	1,198	1,198
Other grants	2,500	2,500	73,600	71,100
Totally disabled	83	83	155	72
Town aid road	292,128	292,128	284,662	(7,466)
	<u>504,458</u>	<u>504,458</u>	<u>951,522</u>	<u>447,064</u>
Investment earnings	<u>2,500</u>	<u>2,500</u>	<u>5,723</u>	<u>3,223</u>
Donations	<u>106,000</u>	<u>106,000</u>	<u>116,407</u>	<u>10,407</u>
Local:				
Stickers - resident	85,000	85,000	92,676	7,676
Town Clerk fees	40,000	40,000	22,122	(17,878)
Copies	8,000	8,000	10,565	2,565
Construction permit fees	240,000	240,000	188,413	(51,587)
Conveyance taxes	100,000	100,000	110,118	10,118
Vitals	10,000	10,000	11,546	1,546
Zoning and ZBA	5,000	5,000	7,100	2,100
Miscellaneous fees	10,000	10,000	7,872	(2,128)
License and permit fees	650	650	689	39
Document preservation	-	-	1,480	1,480
Other local revenue	-	-	28,084	28,084
Miscellaneous refunds	-	-	(30,940)	(30,940)
Recreation program	30,000	30,000	36,174	6,174
Telephone access	23,000	23,000	29,295	6,295
Cell tower rent	25,381	25,381	29,123	3,742
Building rental	8,000	8,000	4,829	(3,171)
194 Main Street rent	30,000	30,000	35,632	5,632
	<u>615,031</u>	<u>615,031</u>	<u>584,778</u>	<u>(30,253)</u>
Total revenues	<u>\$ 13,896,161</u>	<u>\$ 13,896,161</u>	<u>\$ 14,332,569</u>	<u>\$ 436,408</u>

See accompanying Independent Auditors' Report.

TOWN OF SALISBURY, CONNECTICUT

GENERAL FUND
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016

	Budgeted Amounts			Actual	Variance With Final Budget Positive (Negative)
	Original	Transfers	Final		
General Government:					
Selectmen - salaries and expenses	\$ 101,051	\$ -	\$ 101,051	\$ 100,051	\$ 1,000
Selectmen - secretary	43,582	-	43,582	42,162	1,420
Probate court	9,000	-	9,000	8,938	62
Registrar of Voters	30,250	-	30,250	35,584	(5,334)
Board of Finance	15,500	-	15,500	9,986	5,514
Audit and accounting	13,000	-	13,000	9,815	3,185
Assessor - salary and expenses	88,350	-	88,350	93,052	(4,702)
Board of Tax Review	2,750	-	2,750	100	2,650
Tax Collector - salary and expenses	74,792	-	74,792	67,832	6,960
Town Treasurer - salary and expenses	85,463	-	85,463	80,353	5,110
Legal fees and services	21,067	-	21,067	92,026	(70,959)
Town Clerk - salary and expenses	121,682	-	121,682	102,441	19,241
Planning & Zoning Commission	69,476	-	69,476	48,358	21,118
Zoning Board of Appeals	3,176	-	3,176	3,380	(204)
Town Hall operations	81,825	-	81,825	64,373	17,452
Town Hall expenses	62,200	-	62,200	42,668	19,532
Pension plan	152,000	-	152,000	100,375	51,625
Longevity	9,300	-	9,300	9,130	170
FICA taxes	127,631	-	127,631	115,523	12,108
Health benefits	565,871	-	565,871	468,145	97,726
Workers' compensation	46,662	-	46,662	41,541	5,121
Life/disability insurance	11,700	-	11,700	9,005	2,695
Unemployment compensation	2,500	-	2,500	914	1,586
Other insurance	53,000	-	53,000	50,469	2,531
Council of Small Towns	725	-	725	725	-
CT Conference of Municipalities	2,770	-	2,770	2,768	2
NW Region Council of Government	8,570	-	8,570	2,954	5,616
NW CT RPC	2,000	-	2,000	-	2,000
Housatonic River Commission	350	-	350	350	-
Street lighting	23,000	-	23,000	21,101	1,899
Conservation Commission	4,707	-	4,707	4,265	442
Other	250	-	250	-	250
	<u>1,834,200</u>	<u>-</u>	<u>1,834,200</u>	<u>1,628,384</u>	<u>205,816</u>
Public Safety:					
Volunteer pension	25,000	-	25,000	26,177	(1,177)
Emergency preparedness	1,000	-	1,000	2,000	(1,000)
Fire protection	250,900	-	250,900	250,900	-
Litchfield County Dispatch	40,000	-	40,000	38,001	1,999
Building Official expenses	76,756	-	76,756	65,598	11,158
Fire Marshal	24,143	-	24,143	17,331	6,812
Police protection	225,100	-	225,100	204,603	20,497
Civil Defense	5	-	5	-	5
SARA	5	-	5	-	5
Dog Warden	15,142	-	15,142	10,942	4,200
Water patrol - Twin Lakes	9,000	-	9,000	7,600	1,400
	<u>667,051</u>	<u>-</u>	<u>667,051</u>	<u>623,152</u>	<u>43,899</u>

See accompanying Independent Auditors' Report.

TOWN OF SALISBURY, CONNECTICUT

GENERAL FUND
 SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL (CONTINUED)
 FOR THE YEAR ENDED JUNE 30, 2016

	Budgeted Amounts			Actual	Variance With Final Budget Positive (Negative)
	Original	Transfers	Final		
Public Works:					
General maintenance	\$ 685,035	\$ -	\$ 685,035	\$ 648,793	\$ 36,242
Engineering studies	2,000	-	2,000	2,838	(838)
Snow and ice removal	185,000	-	185,000	142,380	42,620
Highway materials	5,700	-	5,700	2,980	2,720
Town garage	40,650	-	40,650	29,275	11,375
Road work	200,000	-	200,000	263,709	(63,709)
Tree Care Program	15,000	-	15,000	13,653	1,347
Blasting	2,000	-	2,000	-	2,000
Town aid road	292,128	-	292,128	284,662	7,466
	<u>1,427,513</u>	<u>-</u>	<u>1,427,513</u>	<u>1,388,290</u>	<u>39,223</u>
Sanitation/Waste Removal:					
Transfer station	282,058	-	282,058	282,058	-
SSRRA	25,000	-	25,000	25,000	-
Recycling center	3,000	-	3,000	127	2,873
	<u>310,058</u>	<u>-</u>	<u>310,058</u>	<u>307,185</u>	<u>2,873</u>
Health and Welfare:					
Conservation of Health:					
Public Health Nursing Assoc.	109,871	-	109,871	109,871	-
Housatonic Mental Health Center	15,570	-	15,570	15,570	-
NWRMH	406	-	406	406	-
TAHD Screening	25,198	-	25,198	25,198	-
Elderly Services	36,432	-	36,432	37,603	(1,171)
Drug and Alcohol Testing	500	-	500	-	500
	<u>187,977</u>	<u>-</u>	<u>187,977</u>	<u>188,648</u>	<u>(671)</u>
Welfare:					
Youth Services Bureau	13,706	-	13,706	13,706	-
General assistance	30,060	-	30,060	29,995	65
Susan B. Anthony	2,040	-	2,040	2,040	-
Womens Emergency Services	2,040	-	2,040	2,040	-
Extras	5	-	5	-	5
NW Transportation District	2,164	-	2,164	2,186	(22)
Housatonic Day Care Center	40,049	-	40,049	40,049	-
Geer Adult Care	14,500	-	14,500	14,500	-
NW Chore	2,040	-	2,040	2,040	-
Housatonic Valley Association	250	-	250	250	-
NW CT Reg Housing	100	-	100	100	-
Housing Coordinator	35,000	-	35,000	24,828	10,172
	<u>141,954</u>	<u>-</u>	<u>141,954</u>	<u>131,734</u>	<u>10,220</u>
Total health and welfare	<u>329,931</u>	<u>-</u>	<u>329,931</u>	<u>320,382</u>	<u>9,549</u>

See accompanying Independent Auditors' Report.

TOWN OF SALISBURY, CONNECTICUT

GENERAL FUND
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2016

	Budgeted Amounts			Actual	Variance With Final Budget Positive (Negative)
	Original	Transfers	Final		
Recreation:					
Scovill Memorial Library	\$ 174,887	\$ -	\$ 174,887	\$ 174,887	\$ -
Lake management	88,732	-	88,732	113,511	(24,779)
Ball field	15,715	-	15,715	24,602	(8,887)
Recreation Commission	115,686	-	115,686	102,481	13,205
Town Grove - expenses	195,921	-	195,921	207,425	(11,504)
Recreation building - Town Grove	29,000	-	29,000	18,930	10,070
Christmas lighting	2,040	-	2,040	2,040	-
Memorial Day	3,000	-	3,000	1,515	1,485
	<u>624,981</u>	<u>-</u>	<u>624,981</u>	<u>645,391</u>	<u>(20,410)</u>
Other:					
Cemeteries	2,000	-	2,000	-	2,000
Historic District Commission	2,500	-	2,500	3,408	(908)
Sundries	5,000	-	5,000	2,805	2,195
Community information	10,000	-	10,000	17,495	(7,495)
Municipal development	10,000	-	10,000	9,926	74
	<u>29,500</u>	<u>-</u>	<u>29,500</u>	<u>33,634</u>	<u>(4,134)</u>
Debt Service:					
Refunding costs	334,438	-	334,438	397,728	(63,290)
SCS roof tanks - principal	116,561	-	116,561	57,746	58,815
SCS roof tanks - interest	10,018	-	10,018	5,543	4,475
	<u>461,017</u>	<u>-</u>	<u>461,017</u>	<u>461,017</u>	<u>-</u>
Education:					
Certified staff	2,245,175	-	2,245,175	2,243,324	1,851
Coaching	11,082	-	11,082	11,082	-
Extra duty	16,451	-	16,451	16,351	100
Substitutes	33,900	-	33,900	55,934	(22,034)
Para professionals	150,082	-	150,082	144,632	5,450
Other-ell/504	500	-	500	1,363	(863)
Principal	118,561	-	118,561	118,561	-
Secretarial	80,095	-	80,095	81,436	(1,341)
Secretarial o-t	2,098	-	2,098	756	1,342
Custodial	220,098	-	220,098	218,777	1,321
Custodial o-t	3,879	-	3,879	2,119	1,760
Board clerk	53,294	-	53,294	53,499	(205)
Board clerk o-t	2,079	-	2,079	1,385	694
Computer technician	36,155	-	36,155	30,823	5,332
Health ins. Teachers	498,126	-	498,126	436,009	62,117
Health ins. Support	187,708	-	187,708	116,729	70,979
Pension	77,982	-	77,982	74,514	3,468
Life insurance	9,191	-	9,191	9,568	(377)
FICA & Medicare	83,800	-	83,800	75,315	8,485
Tuition reimbursement	8,000	-	8,000	9,529	(1,529)
Unemployment	1,500	-	1,500	-	1,500
Workers compensation	17,642	-	17,642	16,272	1,370

See accompanying Independent Auditors' Report.

TOWN OF SALISBURY, CONNECTICUT

GENERAL FUND
 SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL (CONTINUED)
 FOR THE YEAR ENDED JUNE 30, 2016

	Budgeted Amounts			Actual	Variance With Final Budget Positive (Negative)
	Original	Transfers	Final		
Education (continued):					
Instructional	\$ 13,296	\$ -	\$ 13,296	\$ 12,264	\$ 1,032
Curr dev/training	2,000	-	2,000	2,461	(461)
Tech training	1,000	-	1,000	367	633
Testing-students	5,474	-	5,474	4,722	752
Tuition-summer school	6,800	-	6,800	8,059	(1,259)
Title one	33,826	-	33,826	51,195	(17,369)
Tutor/homebound/outplaced	15,000	-	15,000	12,680	2,320
Nurse services	56,705	-	56,705	56,705	-
Medical advisor	750	-	750	600	150
Referee/interschool	3,765	-	3,765	3,322	443
Network support	62,867	-	62,867	63,186	(319)
Tech contracts	40,726	-	40,726	43,967	(3,241)
Leasing contracts	16,385	-	16,385	16,371	14
Transp contract	362,400	-	362,400	362,146	254
Transp-field trips	24,751	-	24,751	26,816	(2,065)
Transp-athletics	4,037	-	4,037	3,196	841
Lunch program	5,000	-	5,000	-	5,000
Aesop	1,398	-	1,398	1,222	176
Travel-prof staff	750	-	750	1,346	(596)
BOE approved programs	1,400	-	1,400	-	1,400
Consultant/engineer	15,708	-	15,708	13,887	1,821
Audit	6,500	-	6,500	6,000	500
Legal fees	10,000	-	10,000	6,896	3,104
Enumerator	1,399	-	1,399	1,399	-
Cleaning	1,000	-	1,000	333	667
Office/electric	3,500	-	3,500	781	2,719
Insurance	17,451	-	17,451	17,272	179
Insurance-sports	865	-	865	596	269
Dues & fees	5,830	-	5,830	4,828	1,002
Classified ads	250	-	250	374	(124)
Internet	1,950	-	1,950	2,350	(400)
Postage	2,000	-	2,000	1,902	98
Printing	500	-	500	463	37
Telephone	7,120	-	7,120	6,715	405
Water & sewer	6,968	-	6,968	6,016	952
Maintenance contracts	24,073	-	24,073	30,451	(6,378)
Oil burners	3,980	-	3,980	4,072	(92)
Heating controls	12,085	-	12,085	12,085	-
Asbestos management	500	-	500	-	500
Rubbish removal	9,384	-	9,384	9,945	(561)
Travel-BOE	1,000	-	1,000	867	133
Grounds	33,225	-	33,225	25,870	7,355
Emergency	2,000	-	2,000	-	2,000
Misc. Purchased service	500	-	500	-	500
Repairs	2,700	-	2,700	2,878	(178)
Art	4,000	-	4,000	4,018	(18)

See accompanying Independent Auditors' Report.

TOWN OF SALISBURY, CONNECTICUT

GENERAL FUND
 SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL (CONTINUED)
 FOR THE YEAR ENDED JUNE 30, 2016

	Budgeted Amounts			Actual	Variance With Final Budget Positive (Negative)
	Original	Transfers	Final		
Education (continued):					
Enrichment	\$ 750	\$ -	\$ 750	\$ 734	\$ 16
Language arts	8,100	-	8,100	5,560	2,540
Math	5,600	-	5,600	4,255	1,345
Music	1,313	-	1,313	1,457	(144)
Physical education	840	-	840	836	4
Science	1,575	-	1,575	863	712
Social studies	525	-	525	537	(12)
Special education	1,260	-	1,260	787	473
Technology	2,050	-	2,050	464	1,586
World language	1,575	-	1,575	1,090	485
Textbooks	4,059	-	4,059	3,404	655
Library books	7,500	-	7,500	7,401	99
Magazines/periodicals	1,000	-	1,000	779	221
Professional materials	1,100	-	1,100	1,312	(212)
Special innovative	1,050	-	1,050	-	1,050
Nurse	1,000	-	1,000	671	329
Coaching	2,300	-	2,300	1,898	402
Gen supplies	21,260	-	21,260	16,254	5,006
Library/media	800	-	800	244	556
AV/technology	36,700	-	36,700	32,850	3,850
Replace tech/comp	44,423	-	44,423	43,561	862
Heating fuel-lower building	30,000	-	30,000	10,610	19,390
Heating fuel-upper building	90,000	-	90,000	59,362	30,638
Electric-lower building	13,200	-	13,200	12,272	928
Electric-upper building	52,800	-	52,800	53,521	(721)
Propane-non kitchens	1,500	-	1,500	659	841
Custodial	21,512	-	21,512	13,719	7,793
Maintenance	14,780	-	14,780	13,378	1,402
Office	3,270	-	3,270	1,838	1,432
BOE	1,200	-	1,200	1,073	127
Graduation	2,500	-	2,500	1,585	915
Meeting	2,400	-	2,400	2,016	384
Code compliance	50	-	50	-	50
Repairs	9,500	-	9,500	6,382	3,118
New equipment	750	-	750	517	233
Repairs	7,500	-	7,500	6,490	1,010
Furniture/fixtures	9,801	-	9,801	9,756	45
Repairs	7,500	-	7,500	20,242	(12,742)
Transfers	10	-	10	-	10

See accompanying Independent Auditors' Report.

TOWN OF SALISBURY, CONNECTICUT

GENERAL FUND
 SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL (CONTINUED)
 FOR THE YEAR ENDED JUNE 30, 2016

	Budgeted Amounts			Actual	Variance With Final Budget Positive (Negative)
	Original	Transfers	Final		
Education (continued):					
Capital reserve	\$ 50,000	\$ -	\$ 50,000	\$ 50,000	\$ -
HVRHS	2,068,301	-	2,068,301	2,036,330	31,971
Pupil services	1,086,316	-	1,086,316	1,073,134	13,182
RSSC	182,789	-	182,789	183,585	(796)
Other	-	-	-	216,291	(216,291)
	<u>8,490,675</u>	<u>-</u>	<u>8,490,675</u>	<u>8,446,318</u>	<u>44,357</u>
Capital Outlay:					
Railroad Station repairs	5,000	-	5,000	2,730	2,270
Highway equipment	100,000	-	100,000	100,000	-
Bridge repairs	10,000	-	10,000	10,000	-
Municipal building	25,000	-	25,000	25,000	-
Municipal improvements	50,000	-	50,000	50,000	-
New fire house	10,000	-	10,000	8,872	1,128
Old fire house	-	-	-	1,828	(1,828)
Twin Lakes Road	-	-	-	13,450	(13,450)
Nutmeg grant	-	-	-	19,969	(19,969)
P&Z escrow	-	-	-	79,714	(79,714)
194 warehouse	-	-	-	2,085	(2,085)
LOCIP	-	-	-	190,715	(190,715)
Fitting house	-	-	-	4,290	(4,290)
Miscellaneous	-	-	-	11,022	(11,022)
STEAP	-	-	-	55,287	(55,287)
Net transfers to other funds	-	-	-	135,550	(135,550)
	<u>200,000</u>	<u>-</u>	<u>200,000</u>	<u>710,512</u>	<u>(510,512)</u>
Total expenditures	<u>\$ 14,374,926</u>	<u>\$ -</u>	<u>\$ 14,374,926</u>	<u>\$ 14,564,265</u>	<u>\$ (189,339)</u>

See accompanying Independent Auditors' Report.

TOWN OF SALISBURY, CONNECTICUT

NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET

JUNE 30, 2016

	Special Revenue Funds	Capital Project Funds	Permanent Funds Coffing Support of Poor Fund	Total
<u>Assets</u>				
Cash and cash equivalents	\$ 661,706	\$ 118,409	\$ 25,955	\$ 806,070
Investments	100,017	-	460,117	560,134
Receivables	10,012	-	-	10,012
Due from other funds	-	-	550	550
Total assets	<u>\$ 771,735</u>	<u>\$ 118,409</u>	<u>\$ 486,622</u>	<u>\$ 1,376,766</u>
<u>Liabilities and Fund Balances</u>				
Liabilities:				
Accounts payable	\$ 126	\$ -	\$ -	\$ 126
Due to other funds	24,175	77,147	-	101,322
Total liabilities	<u>24,301</u>	<u>77,147</u>	<u>-</u>	<u>101,448</u>
Fund Balances:				
Nonspendable	-	-	412,818	412,818
Restricted	635,200	57,789	73,804	766,793
Committed	80,452	-	-	80,452
Assigned	31,782	-	-	31,782
Unassigned	-	(16,527)	-	(16,527)
Total fund balances	<u>747,434</u>	<u>41,262</u>	<u>486,622</u>	<u>1,275,318</u>
Total liabilities and fund balances	<u>\$ 771,735</u>	<u>\$ 118,409</u>	<u>\$ 486,622</u>	<u>\$ 1,376,766</u>

See accompanying Independent Auditors' Report.

TOWN OF SALISBURY, CONNECTICUT

NONMAJOR GOVERNMENTAL FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2016

	Special Revenue Funds	Capital Project Funds	Permanent Funds Coffing Support of Poor Fund	Total
Revenues:				
Intergovernmental	\$ 23,101	\$ -	\$ -	\$ 23,101
Investment earnings	7,116	178	26,558	33,852
Local	265,884	-	600	266,484
Total revenues	<u>296,101</u>	<u>178</u>	<u>27,158</u>	<u>323,437</u>
Expenditures:				
Current expenditures:				
Public safety	210,209	-	-	210,209
Health and welfare	128,635	-	-	128,635
Education	106,731	-	-	106,731
Other	-	-	5,275	5,275
Capital outlay	-	199,252	-	199,252
Total expenditures	<u>445,575</u>	<u>199,252</u>	<u>5,275</u>	<u>650,102</u>
Excess of revenues over (under) expenditures	(149,474)	(199,074)	21,883	(326,665)
Other financing sources (uses):				
Transfers in (out)	350,702	(909,164)	-	(558,462)
Net change in fund balances	201,228	(1,108,238)	21,883	(885,127)
Fund balances, beginning of year	<u>546,206</u>	<u>1,149,500</u>	<u>464,739</u>	<u>2,160,445</u>
Fund balances, end of year	<u>\$ 747,434</u>	<u>\$ 41,262</u>	<u>\$ 486,622</u>	<u>\$ 1,275,318</u>

See accompanying Independent Auditors' Report.

TOWN OF SALISBURY, CONNECTICUT

SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET

JUNE 30, 2016

	Summer Work Program	School Lunch Fund	Extras Program	Salisbury Fire Commission	Dog Fund	Total
Assets						
Cash and cash equivalents	\$ 14,991	\$ 53,430	\$ 79,407	\$ 513,878	\$ -	\$ 661,706
Investments	-	-	-	100,017	-	100,017
Receivables	-	2,653	1,045	6,314	-	10,012
Due from other funds	-	-	-	-	-	-
Total assets	\$ 14,991	\$ 56,083	\$ 80,452	\$ 620,209	\$ -	\$ 771,735
Liabilities and Fund Balances						
Liabilities:						
Accounts payable	\$ -	\$ 126	\$ -	\$ -	\$ -	\$ 126
Due to other funds	-	24,175	-	-	-	24,175
Total liabilities	-	24,301	-	-	-	24,301
Fund Balances:						
Nonspendable	-	-	-	-	-	-
Restricted	14,991	-	-	620,209	-	635,200
Committed	-	-	80,452	-	-	80,452
Assigned	-	31,782	-	-	-	31,782
Unassigned	-	-	-	-	-	-
Total fund balances	14,991	31,782	80,452	620,209	-	747,434
Total liabilities and fund balances	\$ 14,991	\$ 56,083	\$ 80,452	\$ 620,209	\$ -	\$ 771,735

See accompanying Independent Auditors' Report.

TOWN OF SALISBURY, CONNECTICUT

SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2016

	Summer Work Program	School Lunch Fund	Extras Program	Salisbury Fire Commission	Dog Fund	Total
Revenues:						
Intergovernmental	\$ -	\$ 23,101	\$ -	\$ -	\$ -	\$ 23,101
Investment earnings	22	-	194	6,900	-	7,116
Local	14,433	62,567	139,125	49,759	-	265,884
Total revenues	<u>14,455</u>	<u>85,668</u>	<u>139,319</u>	<u>56,659</u>	<u>-</u>	<u>296,101</u>
Expenditures:						
Current expenditures:						
Public safety	-	-	-	210,209	-	210,209
Health and welfare	-	-	128,635	-	-	128,635
Education	20,115	86,616	-	-	-	106,731
Other	-	-	-	-	-	-
Total expenditures	<u>20,115</u>	<u>86,616</u>	<u>128,635</u>	<u>210,209</u>	<u>-</u>	<u>445,575</u>
Excess of revenues over (under) expenditures	(5,660)	(948)	10,684	(153,550)	-	(149,474)
Other financing sources (uses):						
Transfers in (out)	-	-	-	375,900	(25,198)	350,702
Net change in fund balances	(5,660)	(948)	10,684	222,350	(25,198)	201,228
Fund balances, beginning of year	<u>20,651</u>	<u>32,730</u>	<u>69,768</u>	<u>397,859</u>	<u>25,198</u>	<u>546,206</u>
Fund balances, end of year	<u>\$ 14,991</u>	<u>\$ 31,782</u>	<u>\$ 80,452</u>	<u>\$ 620,209</u>	<u>\$ -</u>	<u>\$ 747,434</u>

See accompanying Independent Auditors' Report.

TOWN OF SALISBURY, CONNECTICUT

**CAPITAL PROJECT FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2016**

	WPCA Sewer Equipment	Highway Equipment Replacement	Transfer Station Capital	Building Capital Fund	Total
<u>Assets</u>					
Cash and cash equivalents	\$ -	\$ 60,620	\$ 57,789	\$ -	\$ 118,409
Receivables	-	-	-	-	-
Due from other funds	-	-	-	-	-
Total assets	\$ -	\$ 60,620	\$ 57,789	\$ -	\$ 118,409
<u>Liabilities and Fund Balances</u>					
Liabilities:					
Due to other funds	\$ -	\$ 77,147	\$ -	\$ -	\$ 77,147
Total liabilities	-	77,147	-	-	77,147
Fund Balances:					
Restricted	-	-	57,789	-	57,789
Committed	-	-	-	-	-
Unassigned	-	(16,527)	-	-	(16,527)
Total fund balances	-	(16,527)	57,789	-	41,262
Total liabilities and fund balances	\$ -	\$ 60,620	\$ 57,789	\$ -	\$ 118,409

See accompanying Independent Auditors' Report.

TOWN OF SALISBURY, CONNECTICUT

CAPITAL PROJECT FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2016

	WPCA Sewer Equipment	Highway Equipment Replacement	Transfer Station Capital	Building Capital Fund	Total
Revenues:					
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -
Investment earnings	-	91	87	-	178
Local	-	-	-	-	-
Total revenues	<u>-</u>	<u>91</u>	<u>87</u>	<u>-</u>	<u>178</u>
Expenditures:					
Capital outlay	-	181,664	17,588	-	199,252
Total expenditures	<u>-</u>	<u>181,664</u>	<u>17,588</u>	<u>-</u>	<u>199,252</u>
Excess of revenues over (under) expenditures	-	(181,573)	(17,501)	-	(199,074)
Other financing sources (uses):					
Transfers in (out)	(671,120)	225,000	25,000	(488,044)	(909,164)
Net change in fund balances	(671,120)	43,427	7,499	(488,044)	(1,108,238)
Fund balances, beginning of year	<u>671,120</u>	<u>(59,954)</u>	<u>50,290</u>	<u>488,044</u>	<u>1,149,500</u>
Fund balances, end of year	<u>\$ -</u>	<u>\$ (16,527)</u>	<u>\$ 57,789</u>	<u>\$ -</u>	<u>\$ 41,262</u>

See accompanying Independent Auditors' Report.

TOWN OF SALISBURY, CONNECTICUT

COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
 JUNE 30, 2016

	<u>Student Activity Fund</u>
<u>Assets</u>	
Beginning balance - cash	\$ 30,459
Additions	72,822
Deductions	<u>73,641</u>
Ending balance - cash	<u>29,640</u>
Total assets	<u>\$ 29,640</u>
<u>Liabilities</u>	
Beginning balance - due to student groups	\$ 30,459
Additions	72,822
Deductions	<u>73,641</u>
Ending balance - due to student groups	<u>29,640</u>
Total liabilities	<u>\$ 29,640</u>

See accompanying Independent Auditors' Report

TOWN OF SALISBURY, CONNECTICUT

**STATEMENT OF DEBT LIMITATION
CONNECTICUT GENERAL STATUTES SECTION 7.374(b)
FOR THE YEAR ENDED JUNE 30, 2016**

Total tax collections including interest and
lien fees for the year ended June 30, 2016 \$ 12,704,501

Reimbursement for revenue loss on:
Tax relief for elderly (CGS 12-129d) -

Base \$ 12,704,501

	General Purpose	Schools	Sewers	Urban Renewal	Pension Deficit
Debt Limitation:					
2 1/4 times base	\$ 28,585,127	\$ -	\$ -	\$ -	\$ -
4 1/2 times base	-	57,170,255	-	-	-
3 3/4 times base	-	-	47,641,879	-	-
3 1/4 times base	-	-	-	41,289,628	-
3 times base	-	-	-	-	38,113,503
Total debt limitation	28,585,127	57,170,255	47,641,879	41,289,628	38,113,503
Indebtedness:					
Bond anticipation notes	2,340,000	-	-	-	-
Notes payable	106,645	-	-	-	-
Town share of Region One bonds	-	812,262	-	-	-
Total indebtedness	2,446,645	812,262	-	-	-
Debt limitation in excess of outstanding and authorized debt	\$ 26,138,482	\$ 56,357,993	\$ 47,641,879	\$ 41,289,628	\$ 38,113,503

Note: In no case shall total indebtedness exceed seven times annual receipts from taxation.

See accompanying Independent Auditors' Report.

TOWN OF SALISBURY, CONNECTICUT

**REPORT OF THE TAX COLLECTOR
FOR THE YEAR ENDED JUNE 30, 2016**

Grand List October 1,	Adjusted Taxes Receivable July 1, 2015	Lawful Corrections		Suspense Transfers	Adjusted Taxes Receivable	Collections			Taxes Receivable June 30, 2016
		Additions	Deductions			Taxes	Interest and Liens	Total	
2014	\$ 12,670,201	\$ 7,637	\$ 30,881	\$ -	\$ 12,646,957	\$ 12,573,395	\$ 38,337	\$ 12,611,732	\$ 73,562
2013	81,649	-	126	14	81,537	46,472	6,417	52,889	35,065
2012	28,047	-	-	-	28,047	4,197	2,332	6,529	23,850
2011	19,102	-	-	(4,704)	14,398	3,765	2,445	6,210	10,633
2010	9,210	-	-	-	9,210	4,971	3,619	8,590	4,239
2009	4,246	-	-	-	4,246	2,720	2,697	5,417	1,526
2008	2,663	-	-	-	2,663	2,663	3,120	5,783	-
2007	2,832	-	-	-	2,832	2,605	3,318	5,923	227
2006	1,407	-	-	-	1,407	1,407	21	1,428	-
2005	-	-	-	-	-	-	-	-	-
2004	-	-	-	-	-	-	-	-	-
2003	-	-	-	-	-	-	-	-	-
2002	-	-	-	-	-	-	-	-	-
2001	-	-	-	-	-	-	-	-	-
2000	-	-	-	-	-	-	-	-	-
	<u>\$ 12,819,357</u>	<u>\$ 7,637</u>	<u>\$ 31,007</u>	<u>\$ (4,690)</u>	<u>\$ 12,791,297</u>	<u>\$ 12,642,195</u>	<u>\$ 62,306</u>	<u>\$ 12,704,501</u>	<u>\$ 149,102</u>

See accompanying Independent Auditors' Report.