

**TOWN OF SALISBURY, CONNECTICUT**

**FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2017**

**with**

**SUPPLEMENTAL STATEMENTS AND SCHEDULES**

**and**

**INDEPENDENT AUDITORS' REPORT**

*Sandra E. Welwood, LLC*

Certified Public Accountants

**TOWN OF SALISBURY, CONNECTICUT  
TABLE OF CONTENTS**

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Independent Auditors' Report.....	1
Management's Discussion and Analysis (Unaudited) .....	3

**BASIC FINANCIAL STATEMENTS**

Government-Wide Financial Statements:	
Statement of Net Position.....	10
Statement of Activities .....	11
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet .....	12
Statement of Revenues, Expenditures, and Changes in Fund Balances .....	13
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities .....	14
General Fund – Statement of Revenues, Expenditures, and Changes in Fund Balance – Budgetary Basis – Budget and Actual .....	15
Proprietary Fund:	
Statement of Net Position .....	16
Statement of Revenues, Expenses, and Changes in Net Position .....	17
Statement of Cash Flows .....	18
Fiduciary Funds:	
Statement of Net Position .....	19
Statement of Changes in Fiduciary Net Position .....	20
Notes to Financial Statements.....	21

**REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)**

Pension Trust Fund:	
Schedule of Changes in Net Pension Liability and Related Ratios.....	43
Schedule of Contributions .....	44
Connecticut State Teachers' Retirement System:	
Schedule of the Town's Proportionate Share of the Net Pension Liability .....	45

**SUPPLEMENTAL STATEMENTS AND SCHEDULES**

General Fund:	
Schedule of Revenues – Budget and Actual.....	46
Schedule of Expenditures – Budget and Actual .....	47
Nonmajor Governmental Funds:	
Nonmajor Governmental Funds – Combining Balance Sheet.....	53
Nonmajor Governmental Funds – Combining Statement of Revenues, Expenditures, and Changes in Fund Balances .....	54
Special Revenue Funds – Combining Balance Sheet.....	55
Special Revenue Funds – Combining Statement of Revenues, Expenditures, and Changes in Fund Balances .....	56
Capital Project Funds – Combining Balance Sheet.....	57
Capital Project Funds – Combining Statement of Revenues, Expenditures, and Changes in Fund Balances .....	58
Other Schedules:	
Combining Statement of Changes in Fiduciary Assets and Liabilities .....	59
Statement of Debt Limitation .....	60
Report of the Tax Collector .....	61

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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, 2017, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditors' Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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, 2017, 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 43 through 45, 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 15, 2017, 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 15, 2017

# TOWN OF SALISBURY, CONNECTICUT

## MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

JUNE 30, 2017

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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, 2017. 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 \$31,105,125 exceeded its liabilities at June 30, 2017, resulting in total net position of \$28,347,741. Total net position for Government Activities was \$27,099,766 at fiscal year-end and total net position for Business-Type Activities was \$1,247,975.

The Town's governmental funds, reported on a current financial resources basis, combined ending fund balance was \$8,844,934, an increase of \$453,157 for the year. The General Fund operating increase for the year was \$243,599. The General Fund balance was \$2,404,925, of which \$513,191 was assigned for subsequent year's operations.

The unassigned fund balance was \$1,297,557, which is 9.4% 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)**

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**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)**

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**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 21-42 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 \$28,347,741 at June 30, 2017.

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	\$ 10,045,880	\$ 770,014	\$ 10,815,894
Capital assets, net of accumulated depreciation	<u>19,797,817</u>	<u>491,414</u>	<u>20,289,231</u>
Total assets	<u>29,843,697</u>	<u>1,261,428</u>	<u>31,105,125</u>
<u>Liabilities</u>			
Current liabilities	380,387	13,453	393,840
Long-term liabilities	<u>2,363,544</u>	<u>-</u>	<u>2,363,544</u>
Total liabilities	<u>2,743,931</u>	<u>13,453</u>	<u>2,757,384</u>
<u>Net position</u>			
Net investment in capital assets	17,542,443	491,414	18,033,857
Restricted – Permanent Funds	3,179,028	-	3,179,028
Unrestricted	<u>6,378,295</u>	<u>756,561</u>	<u>7,134,856</u>
Total net position	<u>\$ 27,099,766</u>	<u>\$ 1,247,975</u>	<u>\$ 28,347,741</u>

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

The Town's net position increased by \$1,162,055 overall during the fiscal year with net position of Governmental Activities increasing by \$1,131,653 and Business-Type Activities increasing by \$30,402. 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	\$ 1,472,436	\$ 447,119	\$ 1,919,555
Operating grants and contributions	1,600,279	-	1,600,279
Capital grants and contributions	208,045	-	208,045
General revenue:			
Property taxes	13,415,626	-	13,415,626
Grants not restricted to specific programs	78,392	-	78,392
Investment earnings	392,062	1,805	393,867
Other	-	-	-
Total revenues	<u>17,166,840</u>	<u>448,924</u>	<u>17,615,764</u>
<u>Expenses</u>			
General government	1,980,236	-	1,980,236
Public safety	692,399	-	692,399
Public works	1,511,829	-	1,511,829
Sanitation/waste removal	1,003,799	418,522	1,422,321
Health and welfare	525,820	-	525,820
Recreation	669,579	-	669,579
Other	5,683	-	5,683
Education	9,611,669	-	9,611,669
Interest on long-term debt	34,173	-	34,173
Total expenses	<u>16,035,187</u>	<u>418,522</u>	<u>16,453,709</u>
Change in net position	<u>\$ 1,131,653</u>	<u>\$ 30,402</u>	<u>\$ 1,162,055</u>



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

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**Governmental Activities**

Approximately 78% of the revenues were derived from property taxes, followed by 11% from operating and capital grants, 9% from service charges, and 2% from all other.

**Business-Type Activities**

Business-type activities increased the Town's net position by \$30,402. 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 \$2,404,925. Of this total fund balance, \$513,191 is assigned for the subsequent year's budget and \$594,177 is restricted, committed, and assigned for other activities. The remaining balance of \$1,297,557 is unassigned.

The fund balance of the Town's General Fund increased by \$243,599 during the current fiscal year. The primary reason for this increase was that fund balance was not 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 \$756,561.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

Due to revenues being substantially higher than the budgeted amounts, the Town was able to operate at a surplus of \$389,097 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)**

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**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, 2017, amounted to \$19,797,817 and \$491,414, 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	3,163,741	185,956	3,349,697
Buildings and improvements	9,580,044	61,358	9,641,402
Machinery and equipment	857,037	224,983	1,082,020
Infrastructure	3,008,654	-	3,008,654
Vehicles	<u>1,795,875</u>	<u>19,117</u>	<u>1,814,992</u>
Total	<u>\$ 19,797,817</u>	<u>\$ 491,414</u>	<u>\$ 20,289,231</u>

**Long-Term Obligations**

At the end of the current fiscal year, the Town had total outstanding obligations of \$2,363,544 as follows:

<u>Outstanding Obligations</u>			
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
General obligation bonds	\$ 2,170,000	\$ -	\$ 2,170,000
Notes payable	85,374	-	85,374
Net pension liability	<u>108,170</u>	<u>-</u>	<u>108,170</u>
Total	<u>\$ 2,363,544</u>	<u>\$ -</u>	<u>\$ 2,363,544</u>

The Town's total debt had a net decrease of \$236,227 during the current fiscal year.

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

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

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**ECONOMIC FACTORS FOR NEXT YEAR'S BUDGET**

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 finish in the fall 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. The Town expects to close on the purchase sometime in the fall of 2017.

The Town of Salisbury received a \$641,700 grant from the State of Connecticut for the rehabilitation of a portion of Twin Lakes Road. The Town is expected to contribute up to \$71,300 to the cost of the project. It should be completed in the spring of 2018.

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 \$513,191 of fund balance from the General Fund for the 2017-2018 fiscal year. The mill rate for the 2017-2018 fiscal year was set at 11.1 mills.

All of the above factors were considered in preparing the Town's budget for the 2017-2018 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, 2017**

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b><u>Assets</u></b>			
Cash and cash equivalents	\$ 4,948,315	\$ 724,165	\$ 5,672,480
Investments	4,111,354	-	4,111,354
Receivables:			
Taxes	218,029	-	218,029
Other	145,580	45,849	191,429
Due from Sewer Enterprise Fund	5,445	-	5,445
Long-term receivables	617,157	-	617,157
Capital assets:			
Capital assets, not being depreciated	4,556,207	-	4,556,207
Capital assets, net of accumulated depreciation	15,241,610	491,414	15,733,024
<b>Total assets</b>	<b>29,843,697</b>	<b>1,261,428</b>	<b>31,105,125</b>
<b><u>Liabilities</u></b>			
Accounts payable	375,417	8,008	383,425
Due to General Fund	-	5,445	5,445
Accrued interest	4,139	-	4,139
Unearned revenue	831	-	831
Noncurrent liabilities:			
Due within one year	206,663	-	206,663
Due in more than one year	2,156,881	-	2,156,881
<b>Total liabilities</b>	<b>2,743,931</b>	<b>13,453</b>	<b>2,757,384</b>
<b><u>Net Position</u></b>			
Net investment in capital assets	17,542,443	491,414	18,033,857
Restricted - Permanent Funds	3,179,028	-	3,179,028
Unrestricted	6,378,295	756,561	7,134,856
<b>Total net position</b>	<b>\$ 27,099,766</b>	<b>\$ 1,247,975</b>	<b>\$ 28,347,741</b>

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, 2017

	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
<b>Governmental Activities:</b>							
General government	\$ (1,980,236)	\$ 630,558	\$ 155,772	\$ -	\$ (1,193,906)	\$ -	\$ (1,193,906)
Public safety	(692,399)	45,916	-	-	(646,483)	-	(646,483)
Public works	(1,511,829)	-	284,374	208,045	(1,019,410)	-	(1,019,410)
Sanitation/waste removal	(1,003,799)	484,879	188,040	-	(330,880)	-	(330,880)
Health and welfare	(525,820)	207,846	500	-	(317,474)	-	(317,474)
Recreation	(669,579)	35,205	-	-	(634,374)	-	(634,374)
Other	(5,683)	-	-	-	(5,683)	-	(5,683)
Education	(9,611,669)	68,032	971,593	-	(8,572,044)	-	(8,572,044)
Interest on long-term debt	(34,173)	-	-	-	(34,173)	-	(34,173)
<b>Total governmental activities</b>	<u>(16,035,187)</u>	<u>1,472,436</u>	<u>1,600,279</u>	<u>208,045</u>	<u>(12,754,427)</u>	<u>-</u>	<u>(12,754,427)</u>
<b>Business-Type Activities:</b>							
Sewer	(418,522)	447,119	-	-	-	28,597	28,597
<b>Total primary government</b>	<u>\$ (16,453,709)</u>	<u>\$ 1,919,555</u>	<u>\$ 1,600,279</u>	<u>\$ 208,045</u>	<u>(12,754,427)</u>	<u>28,597</u>	<u>(12,725,830)</u>
<b>General revenues:</b>							
Property taxes, interest, and lien fees					13,415,626	-	13,415,626
Grants and contributions not restricted to specific programs					78,392	-	78,392
Interest and investment earnings					392,062	1,805	393,867
<b>Total general revenues</b>					<u>13,886,080</u>	<u>1,805</u>	<u>13,887,885</u>
<b>Change in net position</b>					1,131,653	30,402	1,162,055
<b>Net position, beginning of year</b>					<u>25,968,113</u>	<u>1,217,573</u>	<u>27,185,686</u>
<b>Net position, end of year</b>					<u>\$ 27,099,766</u>	<u>\$ 1,247,975</u>	<u>\$ 28,347,741</u>

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

TOWN OF SALISBURY, CONNECTICUT

GOVERNMENTAL FUNDS  
BALANCE SHEET  
JUNE 30, 2017

	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
<b>Assets</b>									
Cash and cash equivalents	\$ 2,085,390	\$ 249,743	\$ 1,385,462	\$ 309,698	\$ 47,764	\$ 107,651	\$ -	\$ 762,607	\$ 4,948,315
Investments	209,399	-	-	-	1,699,168	1,774,978	-	427,809	4,111,354
Receivables:									
Taxes	218,029	-	-	-	-	-	-	-	218,029
Other	121,017	-	17,078	854	-	-	-	12,076	151,025
Long-term receivables	-	-	-	-	-	-	617,157	-	617,157
Due from other funds	300,179	-	-	-	-	-	-	-	300,179
<b>Total assets</b>	<b>\$ 2,934,014</b>	<b>\$ 249,743</b>	<b>\$ 1,402,540</b>	<b>\$ 310,552</b>	<b>\$ 1,746,932</b>	<b>\$ 1,882,629</b>	<b>\$ 617,157</b>	<b>\$ 1,202,492</b>	<b>\$ 10,346,059</b>
<b>Liabilities</b>									
Accounts payable	\$ 339,972	\$ 35,445	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 375,417
Unearned revenue	831	-	-	-	-	-	-	-	831
Due to other funds	-	-	88,226	-	-	57,614	-	154,339	300,179
<b>Total liabilities</b>	<b>340,803</b>	<b>35,445</b>	<b>88,226</b>	<b>-</b>	<b>-</b>	<b>57,614</b>	<b>-</b>	<b>154,339</b>	<b>676,427</b>
<b>Deferred Inflows of Resources</b>									
Unavailable revenue - taxes	188,286	-	-	-	-	-	-	-	188,286
Unavailable revenue - long term receivables	-	-	-	-	-	-	636,412	-	636,412
Nonspendable	-	-	-	-	1,353,118	1,413,092	-	456,418	3,222,628
Restricted	49,287	214,298	1,241,471	310,552	393,814	411,923	-	602,610	3,223,955
Committed	430,750	-	72,843	-	-	-	-	100,102	603,695
Assigned	627,331	-	-	-	-	-	-	35,715	663,046
Unassigned	1,297,557	-	-	-	-	-	(19,255)	(146,692)	1,131,610
<b>Total fund balances</b>	<b>2,404,925</b>	<b>214,298</b>	<b>1,314,314</b>	<b>310,552</b>	<b>1,746,932</b>	<b>1,825,015</b>	<b>(19,255)</b>	<b>1,048,153</b>	<b>8,844,934</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 2,934,014</b>	<b>\$ 249,743</b>	<b>\$ 1,402,540</b>	<b>\$ 310,552</b>	<b>\$ 1,746,932</b>	<b>\$ 1,882,629</b>	<b>\$ 617,157</b>	<b>\$ 1,202,492</b>	

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.	19,797,817
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	824,698
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds:	
Bonds and notes payable	(2,214,557)
Net pension liability	(153,126)
<b>Net position of governmental activities</b>	<b>\$ 27,099,766</b>

TOWN OF SALISBURY, CONNECTICUT

GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2017

	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
<b>Revenues:</b>									
Property taxes	\$ 13,358,057	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 13,358,057
Intergovernmental	1,304,240	188,040	122,289	85,756	-	-	-	30,119	1,730,444
Investment earnings	11,334	671	2,300	675	147,047	202,467	-	27,568	392,062
Donations	155,772	-	-	-	-	-	-	-	155,772
Local	665,763	484,879	-	-	-	-	-	322,294	1,472,936
<b>Total revenues</b>	<b>15,495,166</b>	<b>673,590</b>	<b>124,589</b>	<b>86,431</b>	<b>147,047</b>	<b>202,467</b>	<b>-</b>	<b>379,981</b>	<b>17,109,271</b>
<b>Expenditures:</b>									
Current:									
General government	1,726,616	-	-	-	-	-	-	-	1,726,616
Public safety	366,866	-	-	-	-	-	-	213,553	580,419
Public works	1,242,408	-	-	-	-	-	-	-	1,242,408
Sanitation/waste removal	27,686	913,777	-	-	-	-	-	-	941,463
Health and welfare	312,034	-	-	-	-	71,606	-	142,180	525,820
Recreation	634,048	-	-	-	-	-	-	-	634,048
Education	9,209,280	-	-	-	-	-	-	113,176	9,322,456
Other	30,385	-	-	-	12,275	949	-	7,030	50,639
Capital outlay	214,344	-	468,512	102,340	-	-	-	619,057	1,404,253
Debt service	-	23,045	204,947	-	-	-	-	-	227,992
<b>Total expenditures</b>	<b>13,763,667</b>	<b>936,822</b>	<b>673,459</b>	<b>102,340</b>	<b>12,275</b>	<b>72,555</b>	<b>-</b>	<b>1,094,996</b>	<b>16,656,114</b>
<b>Excess of revenues over (under) expenditures</b>	<b>1,731,499</b>	<b>(263,232)</b>	<b>(548,870)</b>	<b>(15,909)</b>	<b>134,772</b>	<b>129,912</b>	<b>-</b>	<b>(715,015)</b>	<b>453,157</b>
<b>Other financing sources (uses):</b>									
Proceeds from issuance of bonds	2,170,000	-	-	-	-	-	-	-	2,170,000
Payment of bond anticipation notes	(2,170,000)	-	-	-	-	-	-	-	(2,170,000)
Transfers in	19,255	282,058	777,247	573,592	-	-	-	487,850	2,140,002
Transfers out	(1,507,155)	(50,000)	(563,592)	-	-	-	(19,255)	-	(2,140,002)
<b>Total other financing sources (uses)</b>	<b>(1,487,900)</b>	<b>232,058</b>	<b>213,655</b>	<b>573,592</b>	<b>-</b>	<b>-</b>	<b>(19,255)</b>	<b>487,850</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>243,599</b>	<b>(31,174)</b>	<b>(335,215)</b>	<b>557,683</b>	<b>134,772</b>	<b>129,912</b>	<b>(19,255)</b>	<b>(227,165)</b>	<b>453,157</b>
<b>Fund balances, beginning of year</b>	<b>2,161,326</b>	<b>245,472</b>	<b>1,649,529</b>	<b>(247,131)</b>	<b>1,612,160</b>	<b>1,695,103</b>	<b>-</b>	<b>1,275,318</b>	<b>8,391,777</b>
<b>Fund balances, end of year</b>	<b>\$ 2,404,925</b>	<b>\$ 214,298</b>	<b>\$ 1,314,314</b>	<b>\$ 310,552</b>	<b>\$ 1,746,932</b>	<b>\$ 1,825,015</b>	<b>\$ (19,255)</b>	<b>\$ 1,048,153</b>	<b>\$ 8,844,934</b>

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, 2017**

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

<b>Net change in fund balances - total governmental funds</b>	<u>\$ 453,157</u>
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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 expense in the current period:

Capital outlay	1,431,175
Depreciation expense	<u>(1,049,023)</u>
	<u>382,152</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	(2,170,000)
Principal repayments:	
Bond anticipation notes	2,340,000
Notes payable	<u>21,271</u>
	<u>191,271</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	57,569
Expenses:	
Net pension liability	44,956
Accrued interest payable	<u>2,548</u>
	<u>105,073</u>

<b>Change in net position of governmental activities</b>	<u><u>\$ 1,131,653</u></u>
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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, 2017**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Property taxes	\$ 13,352,358	\$ 13,352,358	\$ 13,358,057	\$ 5,699
Intergovernmental	480,537	480,537	377,810	(102,727)
Investment earnings	2,500	2,500	11,334	8,834
Donations	106,000	106,000	155,772	49,772
Local	570,031	570,031	665,763	95,732
<b>Total revenues</b>	<u>14,511,426</u>	<u>14,511,426</u>	<u>14,568,736</u>	<u>57,310</u>
<b>Expenditures:</b>				
Current:				
General government	1,923,537	1,923,537	1,726,616	196,921
Public safety	670,486	670,486	639,716	30,770
Public works	1,463,238	1,463,238	1,242,408	220,830
Sanitation/waste removal	310,058	310,058	309,744	314
Health and welfare	353,373	353,373	347,034	6,339
Recreation	633,801	633,801	634,048	(247)
Education	8,508,931	8,508,931	8,450,842	58,089
Other	46,500	46,500	30,385	16,115
Capital outlay	287,000	287,000	484,344	(197,344)
Debt service	460,000	460,000	460,000	-
<b>Total expenditures</b>	<u>14,656,924</u>	<u>14,656,924</u>	<u>14,325,137</u>	<u>331,787</u>
<b>Net change in fund balance</b>	<u>\$ (145,498)</u>	<u>\$ (145,498)</u>	243,599	<u>\$ 389,097</u>
<b>Fund balance, beginning of year</b>			<u>2,161,326</u>	
<b>Fund balance, end of year</b>			<u>\$ 2,404,925</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, 2017

	<u>Business-Type Activities</u>
	<u>Sewer Enterprise Fund</u>
<b><u>Assets</u></b>	
Current assets:	
Cash and cash equivalents	\$ 724,165
Sewer usage receivable	45,849
Noncurrent assets:	
Capital assets:	
Depreciable, net of accumulated depreciation	491,414
<b>Total assets</b>	<u>1,261,428</u>
<b><u>Liabilities</u></b>	
Current liabilities:	
Accounts payable	8,008
Due to General Fund	5,445
<b>Total liabilities</b>	<u>13,453</u>
<b><u>Net Position</u></b>	
Net investment in capital assets	491,414
Unrestricted	756,561
<b>Total net position</b>	<u>\$ 1,247,975</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, 2017

	<u>Business-Type Activities</u>
	<u>Sewer Enterprise Fund</u>
<b>Operating revenues</b>	
Sewer usage fees	\$ 447,119
<b>Total operating revenues</b>	<u>447,119</u>
<b>Operating expenses</b>	
Wages and benefits	232,285
Utilities	42,014
Operating expenses	110,472
Administrative expenses	10,948
Depreciation	22,803
<b>Total operating expenses</b>	<u>418,522</u>
<b>Non-operating income</b>	
Interest income	1,805
<b>Total non-operating income</b>	<u>1,805</u>
<b>Change in net position</b>	30,402
<b>Net position, beginning of year</b>	<u>1,217,573</u>
<b>Net position, end of year</b>	<u>\$ 1,247,975</u>

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, 2017**

	<b>Business-Type Activities</b>
	<b>Sewer Enterprise Fund</b>
<b>Cash flows from operating activities</b>	
Cash received from the following:	
Sewer usage fees	\$ 440,122
Cash paid for the following:	
Wages and benefits	(232,285)
Utilities	(42,014)
Operating expenses	(113,976)
Administrative expenses	(10,948)
<b>Net cash provided by operating activities</b>	<b>40,899</b>
<b>Cash flows from capital &amp; related investing activities</b>	
Purchases of equipment	(251,971)
<b>Net cash provided by capital and related investing activities</b>	<b>(251,971)</b>
<b>Cash flows from investing activities</b>	
Interest income	1,805
<b>Net cash provided by investing activities</b>	<b>1,805</b>
<b>Net increase in cash and cash equivalents</b>	(209,267)
<b>Cash and cash equivalents, beginning of year</b>	933,432
<b>Cash and cash equivalents, end of year</b>	\$ 724,165
<b>Reconciliation of operating income to net cash provided by operating activities</b>	
Operating income	\$ 28,597
Adjustments to reconcile operating income to net cash provided by operating activities	
Depreciation expense	22,803
Change in assets and liabilities	
Sewer usage receivable	(6,996)
Accounts payable	(8,675)
Due to General Fund	5,170
<b>Net cash provided by operating activities</b>	<b>\$ 40,899</b>

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, 2017

	<u>Pension Trust Fund</u>	<u>Agency Funds</u>
<b><u>Assets</u></b>		
Cash and cash equivalents	\$ -	\$ 45,531
Investments	1,058,576	-
<b>Total assets</b>	<u>1,058,576</u>	<u>45,531</u>
<b><u>Liabilities</u></b>		
Due to student groups	-	45,531
<b>Total liabilities</b>	<u>-</u>	<u>45,531</u>
<b><u>Net Position</u></b>		
<b>Total net position held in trust for pension benefits</b>	<u>\$ 1,058,576</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, 2017

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	<u>Pension Trust Fund</u>
<b>Additions:</b>	
Employer contributions	\$ 26,639
Investment income:	
Interest and dividends	<u>35,062</u>
	<u>61,701</u>
<b>Deductions:</b>	
Fees and expenses	<u>4,019</u>
	<u>4,019</u>
<b>Change in net position</b>	57,682
<b>Net position, beginning of year</b>	<u>1,000,894</u>
<b>Net position, end of year</b>	<u>\$ 1,058,576</u>

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

**TOWN OF SALISBURY, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2017**

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**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, 2017 (continued)**

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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, 2017 (continued)**

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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, 2017 (continued)**

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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, 2017.

### **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, 2017, 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, 2017 (continued)**

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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, 2017, loans receivable totaled \$617,157 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, 2017 (continued)**

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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, 2017 (continued)**

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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	\$ 2,161,326	\$ 15,495,166	\$ (13,763,667)	\$ (1,487,900)	\$ 2,404,925
Reclassifications	-	-	(1,487,900)	1,487,900	-
Teachers' retirement system on behalf payments	-	(926,430)	926,430	-	-
Budgetary basis	<u>\$ 2,161,326</u>	<u>\$ 14,568,736</u>	<u>\$ (14,325,137)</u>	<u>\$ -</u>	<u>\$ 2,404,925</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	\$ 4,948,315
Enterprise fund	724,165
Agency funds	<u>45,531</u>
Total cash and cash equivalents	<u>\$ 5,718,011</u>

The bank balance of the deposits was \$6,007,335 and was exposed to custodial credit risk as follows:

Covered by Federal Depository Insurance	\$ 1,045,929
Uninsured and collateralized	3,967,605
Uninsured and uncollateralized	<u>993,801</u>
Total Deposits	<u>\$ 6,007,335</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, 2017 (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	\$ 15,555	\$ -	\$ 15,555	\$ -	\$ -
U.S. Treasury bonds and notes	318,069	-	100,192	217,877	-
Corporate bonds and notes	93,353	-	-	93,353	-
Common stock	2,669,619	2,669,619	-	-	-
Mutual funds	1,014,758	1,014,758	-	-	-
	<u>\$ 4,111,354</u>	<u>\$ 3,684,377</u>	<u>\$ 115,747</u>	<u>\$ 311,230</u>	<u>\$ -</u>

**Note 4 – Interfund Receivables, Payables, and Transfers**

As of June 30, 2017, interfund receivables and payables were as follows:

	Due From:					
	Bissell Fund	Other Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds	Sewer Enterprise Fund	Total Funds
Due To:						
General Fund	<u>\$ 57,614</u>	<u>\$ 88,226</u>	<u>\$ 154,339</u>	<u>\$ 300,179</u>	<u>\$ 5,445</u>	<u>\$ 305,624</u>
	<u>\$ 57,614</u>	<u>\$ 88,226</u>	<u>\$ 154,339</u>	<u>\$ 300,179</u>	<u>\$ 5,445</u>	<u>\$ 305,624</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	Total Governmental Funds
Transfers To:					
General Fund	\$ -	\$ -	\$ -	\$ 19,255	\$ 19,255
Transfer Station Fund	282,058	-	-	-	282,058
Other Capital Projects Fund	777,247	-	-	-	777,247
Bridge Repair Fund	10,000	-	563,592	-	573,592
Nonmajor Governmental Funds	<u>437,850</u>	<u>50,000</u>	<u>-</u>	<u>-</u>	<u>487,850</u>
Total Governmental Funds	<u>\$ 1,507,155</u>	<u>\$ 50,000</u>	<u>\$ 563,592</u>	<u>\$ 19,255</u>	<u>\$ 2,140,002</u>



**Town of Salisbury, Connecticut**  
**Notes to Financial Statements**  
**June 30, 2017 (continued)**

**Note 5 – Capital Assets**

	Balance at July 1, 2016	Increases	Decreases	Balance at June 30, 2017
<b>Governmental Activities</b>				
Capital assets not being depreciated:				
Land	\$ 1,392,466	\$ -	\$ -	\$ 1,392,466
Construction in progress	2,669,954	493,787	-	3,163,741
Total capital assets not being depreciated	<u>4,062,420</u>	<u>493,787</u>	<u>-</u>	<u>4,556,207</u>
Capital assets being depreciated:				
Buildings and improvements	17,411,075	160,200	-	17,571,275
Machinery and equipment	3,253,419	96,486	-	3,349,905
Infrastructure	4,178,180	-	-	4,178,180
Vehicles	4,082,725	680,702	-	4,763,427
Total capital assets being depreciated	<u>28,925,399</u>	<u>937,388</u>	<u>-</u>	<u>29,862,787</u>
Less accumulated depreciation:				
Buildings and improvements	7,565,112	426,119	-	7,991,231
Machinery and equipment	2,346,552	146,316	-	2,492,868
Infrastructure	1,003,038	166,488	-	1,169,526
Vehicles	2,657,452	310,100	-	2,967,552
Total accumulated depreciation	<u>13,572,154</u>	<u>1,049,023</u>	<u>-</u>	<u>14,621,177</u>
Capital assets being depreciated, net of depreciation	<u>15,353,245</u>	<u>(111,635)</u>	<u>-</u>	<u>15,241,610</u>
Total governmental activities	<u>\$ 19,415,665</u>	<u>\$ 382,152</u>	<u>\$ -</u>	<u>\$ 19,797,817</u>
<b>Business-Type Activities</b>				
Capital assets not being depreciated:				
Construction in progress	\$ -	\$ 185,956	\$ -	\$ 185,956
Capital assets being depreciated:				
Buildings and improvements	639,657	-	-	639,657
Machinery and equipment	363,141	66,015	-	429,156
Vehicles	63,350	-	(26,350)	37,000
Total capital assets being depreciated	<u>1,066,148</u>	<u>66,015</u>	<u>(26,350)</u>	<u>1,105,813</u>
Less accumulated depreciation:				
Building and improvements	576,520	1,779	-	578,299
Machinery and equipment	189,932	14,241	-	204,173
Vehicles	37,450	6,783	(26,350)	17,883
Total accumulated depreciation	<u>803,902</u>	<u>22,803</u>	<u>(26,350)</u>	<u>800,355</u>
Business-type activities, capital assets, net of depreciation	<u>\$ 262,246</u>	<u>\$ 229,168</u>	<u>\$ -</u>	<u>\$ 491,414</u>

**Town of Salisbury, Connecticut**  
**Notes to Financial Statements**  
**June 30, 2017 (continued)**

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

Governmental Activities:	
General government	\$ 280,542
Public safety	111,980
Recreation	35,531
Sanitation	62,336
Public works	269,421
Education	<u>289,213</u>
Total depreciation expense – governmental activities	<u>\$ 1,049,023</u>
Business-Type Activities:	
Sewer	<u>\$ 22,803</u>
Total depreciation expense – business-type activities	<u>\$ 22,803</u>

**Note 6 – Deficit Fund Balance**

As of June 30, 2017, the Highway Equipment Replacement Fund and the Small Cities Fund reported deficit fund balances of \$146,692 and \$19,255, 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, 2017, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
General obligation bonds	\$ -	\$ 2,170,000	\$ -	\$ 2,170,000	\$ 185,000
Notes payable	106,645	-	(21,271)	85,374	21,663
Bond anticipation notes	2,340,000	-	(2,340,000)	-	-
Bond anticipation notes	-	2,170,000	(2,170,000)	-	-
Net pension liability	<u>153,126</u>	<u>-</u>	<u>(44,956)</u>	<u>108,170</u>	<u>-</u>
	<u>\$ 2,599,771</u>	<u>\$ 4,340,000</u>	<u>\$ (4,576,227)</u>	<u>\$ 2,363,544</u>	<u>\$ 206,663</u>

**Town of Salisbury, Connecticut**  
**Notes to Financial Statements**  
**June 30, 2017 (continued)**

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**General Obligation Bonds**

On May 15, 2017, the Town issued \$2,170,000 of general obligation bonds to pay off the bond anticipation notes. The bonds mature serially through May 15, 2029, and bear interest at an annual rate of 2.250%.

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

<u>Year Ending</u>	<u>Principal</u>	<u>Interest</u>
2018	\$ 185,000	\$ 46,791
2019	185,000	44,663
2020	180,000	40,500
2021	180,000	36,450
2022	180,000	32,400
2023	180,000	28,350
2024	180,000	24,300
2025	180,000	20,250
2026	180,000	16,200
2027	180,000	12,150
2028	180,000	8,100
2029	<u>180,000</u>	<u>4,050</u>
	<u>\$ 2,170,000</u>	<u>\$ 314,204</u>

**Bond Anticipation Notes**

The Town issued a Bond Anticipation Note on December 4, 2015, in the amount of \$2,340,000 maturing on September 1, 2016. A new Bond Anticipation Note in the amount of \$2,170,000 was issued on September 1, 2016, maturing on May 31, 2017.

**Notes Payable**

The Town financed the purchase of various vehicles and equipment with local banks. As of June 30, 2017, the total balance of the outstanding loans was \$85,374.

Principal retirement is scheduled as follows:

<u>Year Ended</u>	<u>Principal</u>
2018	\$ 21,663
2019	22,063
2020	22,470
2021	<u>19,178</u>
	<u>\$ 85,374</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, 2017.

**Town of Salisbury, Connecticut**  
**Notes to Financial Statements**  
**June 30, 2017 (continued)**

**Note 10 – Fund Balances**

As of June 30, 2017, governmental fund balances are composed of the following:

	General Fund	Transfer Station Fund	Other Capital Projects Fund	Bridge Repair Fund	Bauer Fund	Bissell Fund	Small Cities Fund	Nonmajor Governmental Fund	Total Governmental Fund
<u>Nonspendable:</u>									
Health and welfare	\$ -	\$ -	\$ -	\$ -	\$ 1,353,118	\$ 1,413,092	\$ -	\$ 456,418	\$ 3,222,628
Total nonspendable	-	-	-	-	1,353,118	1,413,092	-	456,418	3,222,628
<u>Restricted:</u>									
Capital projects	-	-	1,241,471	-	-	-	-	108,051	1,349,522
General governments	19,830	-	-	-	-	-	-	-	19,830
Public works	-	-	-	310,552	-	-	-	-	310,552
Public safety	-	-	-	-	-	-	-	388,048	388,048
Sanitation/waste removal	-	214,298	-	-	-	-	-	-	214,298
Health and welfare	-	-	-	-	393,814	411,923	-	106,511	912,248
Recreation	29,457	-	-	-	-	-	-	-	29,457
	<u>49,287</u>	<u>214,298</u>	<u>1,241,471</u>	<u>310,552</u>	<u>393,814</u>	<u>411,923</u>	<u>-</u>	<u>602,610</u>	<u>3,223,955</u>
<u>Committed:</u>									
Capital projects	-	-	72,843	-	-	-	-	-	72,843
Public works	256,041	-	-	-	-	-	-	-	256,041
Public safety	32,841	-	-	-	-	-	-	-	32,841
Sanitation/waste removal	23,499	-	-	-	-	-	-	-	23,499
Health and welfare	118,369	-	-	-	-	-	-	100,102	218,471
	<u>430,750</u>	<u>-</u>	<u>72,843</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>100,102</u>	<u>603,695</u>
<u>Assigned</u>									
Subsequent year's budget	513,191	-	-	-	-	-	-	-	513,191
HS tuition	35,254	-	-	-	-	-	-	-	35,254
Unemployment	25,716	-	-	-	-	-	-	-	25,716
General government	19,974	-	-	-	-	-	-	-	19,974
Public works	25,000	-	-	-	-	-	-	-	25,000
Health and welfare	8,196	-	-	-	-	-	-	-	8,196
Education	-	-	-	-	-	-	-	35,715	35,715
	<u>627,331</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>35,715</u>	<u>663,046</u>
<u>Unassigned</u>	<u>1,297,557</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(19,255)</u>	<u>(146,692)</u>	<u>1,131,610</u>
	<u>\$ 2,404,925</u>	<u>\$ 214,298</u>	<u>\$ 1,314,314</u>	<u>\$ 310,552</u>	<u>\$ 1,746,932</u>	<u>\$ 1,825,015</u>	<u>\$ (19,255)</u>	<u>\$ 1,048,153</u>	<u>\$ 8,844,934</u>

**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, 2016, 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, 2017 (continued)**

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Investments

For the year ended June 30, 2017, 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 \$26,639 for the year ended June 30, 2017, related to covered payroll of \$170,764.

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, 2016, 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, 2017 (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.

	1% Decrease <u>(6.5%)</u>	Current Discount Rate <u>(7.5%)</u>	1% Increase <u>(8.5%)</u>
Net pension liability	\$ 186,981	\$ 108,170	\$ 38,969

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

At June 30, 2017, 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, 2017, were as follows:

Total pension liability	\$ 1,126,065
Plan fiduciary net position	<u>1,017,895</u>
Net pension liability	<u>\$ 108,170</u>

January 1, 2016, 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 Liability (a)</u>	<u>Plan Fiduciary Net Position (b)</u>	<u>Net Pension Liability (a) – (b)</u>
Balances at 6/30/2016	\$ 1,092,481	\$ 939,355	\$ 153,126
Changes for the year:			
Service cost	3,010	-	3,010
Interest	78,563	-	78,563
Differences between expected and actual results	(47,989)	-	(47,989)
Contributions – employer	-	44,278	(44,278)
Contributions – employee	-	-	-
Net investment income	-	34,262	(34,262)
Benefit payments, including refunds of employee contributions	-	-	-
Administrative expense	-	-	-
Net changes	<u>33,584</u>	<u>78,540</u>	<u>(44,956)</u>
Balances at 6/30/2017	<u>\$ 1,126,065</u>	<u>\$ 1,017,895</u>	<u>\$ 108,170</u>

**Town of Salisbury, Connecticut**  
**Notes to Financial Statements**  
**June 30, 2017 (continued)**

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At June 30, 2017, 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, 2017, actual contributions by the Town were \$184,828. As of June 30, 2017, 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, 2017 (continued)**

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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 2016/2017 school year, \$175,916 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 \$2,426,407. The Town had 34 active participants in the System at June 30, 2017.

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2016, using the following key actuarial assumptions:

Inflation	2.75 Percent
Salary increases, including inflation	3.25-6.50 Percent
Long-term investment rate of return, net of pension investment expense, including inflation	8.00 Percent

**Town of Salisbury, Connecticut**  
**Notes to Financial Statements**  
**June 30, 2017 (continued)**

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

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

The long-term expected rate of return on pension 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>
Large cap U.S. equities	21.0%	5.8%
Developed non-U.S. equities	18.0%	6.6%
Emerging markets (non-U.S.)	9.0%	8.3%
Real estate	7.0%	5.1%
Private equity	11.0%	7.6%
Alternative investments	8.0%	4.1%
Core fixed income	7.0%	1.3%
High yield bonds	5.0%	3.9%
Emerging market bond	5.0%	3.7%
Inflation linked bond fund	3.0%	1.0%
Cash	<u>6.0%</u>	0.4%
Total	<u><u>100.0%</u></u>	

Discount Rate

The discount rate used to measure the total pension liability was 8.00 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.

**Town of Salisbury, Connecticut**  
**Notes to Financial Statements**  
**June 30, 2017 (continued)**

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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 8.00 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 (7.00 percent) or 1-percentage-point higher (9.00 percent) than the current rate.

	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
Sensitivity of the systems’s proportionate Share of the net pension liability related to the Town	\$ 10,713,133	\$ 8,495,197	\$ 6,609,936

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 \$8,495,197.

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, 2017, the Town recognized \$926,430 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. 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.

**GASB issued Statement No. 82, Pension Issues – an amendment of GASB Statements No. 67, No. 68 and No. 73.** This statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The requirements of this statement are effective for periods beginning after June 15, 2017.

**GASB Statement No. 83, Certain Asset Retirement Obligations.** This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018.

**GASB Statement No. 84, Fiduciary Activities.** This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities.

This Statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. Custodial funds generally should report fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018.

**GASB Statement No. 86, Certain Debt Extinguishment Issues.** This Statement improves the consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The requirements of this Statement are effective for reporting periods beginning after June 15, 2017.

**GASB Statement No. 87, Leases.** This Statement improves the accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

### **Note 13 – Subsequent Events**

On November 16, 2017, the Town issued a \$2,250,000 bond anticipation note with a maturity date of November 15, 2018. The note bears annual interest at 0.90% due upon maturity.

On December 14, 2017, the Town issued a \$1,600,000 bond anticipation note with a maturity date of November 15, 2018. The note bears annual interest at 1.37% due upon maturity.

**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>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<b>Total Pension Liability</b>				
Service cost	\$ 3,010	\$ 2,867	\$ 8,396	\$ 8,107
Interest	78,563	76,220	72,331	67,686
Difference between expected and actual results	(47,989)	(23,342)	(9,865)	-
Benefit payments	<u>-</u>	<u>-</u>	<u>-</u>	<u>(25,768)</u>
Net change in total pension liability	33,584	55,745	70,862	50,025
Total pension liability - beginning	<u>1,092,481</u>	<u>1,036,736</u>	<u>965,874</u>	<u>915,849</u>
Total pension liability - ending	<u>\$ 1,126,065</u>	<u>\$ 1,092,481</u>	<u>\$ 1,036,736</u>	<u>\$ 965,874</u>
<b>Plan Fiduciary Net Position</b>				
Contributions - employer	\$ 44,278	\$ 62,983	\$ 76,052	\$ 82,216
Net investment income	34,262	33,092	27,590	24,669
Benefit payments	-	-	-	(25,768)
Administrative expenses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in plan fiduciary net position	78,540	96,075	103,642	81,117
Plan fiduciary net position - beginning	<u>939,355</u>	<u>843,280</u>	<u>739,638</u>	<u>658,521</u>
Plan fiduciary net position - ending	<u>\$ 1,017,895</u>	<u>\$ 939,355</u>	<u>\$ 843,280</u>	<u>\$ 739,638</u>
Net pension liability - ending	<u>\$ 108,170</u>	<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>90.39%</u>	<u>85.98%</u>	<u>81.34%</u>	<u>76.58%</u>
Covered payroll	<u>\$ 170,764</u>	<u>\$ 161,287</u>	<u>\$ 156,328</u>	<u>\$ 152,515</u>
Net pension liability as a percent of covered payroll	<u>63.34%</u>	<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**

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	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Actuarially determined contribution	\$ 26,639	\$ 44,278	\$ 62,983	\$ 76,052
Contribution in relation to the actuarially determined contribution	26,639	44,278	62,983	76,052
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 170,764	\$ 161,287	\$ 156,328	\$ 152,515
Contribution as a percent of covered payroll	15.60%	27.45%	40.29%	49.87%

**Notes to Schedule**

Valuation Date	1/1/2016
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**

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Town's proportion of the net pension liability	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
Town's proportionate share of the net pension liability	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability associated with the Town	<u>8,495,197</u>	<u>6,518,289</u>	<u>6,024,852</u>
Total	<u>\$ 8,495,197</u>	<u>\$ 6,518,289</u>	<u>\$ 6,024,852</u>
Town's covered-employee payroll	<u>\$ 2,426,407</u>	<u>\$ 2,355,583</u>	<u>\$ 2,210,414</u>
Town's proportionate share of the net pension liability as a percentage of its covered payroll	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
System fiduciary net position as a percentage of the total pension liability	<u>52.26%</u>	<u>59.50%</u>	<u>61.51%</u>

**Notes to Connecticut State Teachers' Retirement System**

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	20.4 years
Asset valuation method	4-year smoothed market
Inflation	2.75 percent
Salary increase	3.25-6.50 percent, including inflation
Investment rate of return	8.00 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, 2017

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
<b>Property taxes</b>	\$ 13,352,358	\$ 13,352,358	\$ 13,358,057	\$ 5,699
<b>Intergovernmental:</b>				
Education Cost Sharing (ECS)	148,652	148,652	15,044	(133,608)
Mashantucket Pequot Grant	9,090	9,090	9,066	(24)
State in lieu of taxes	109	109	108	(1)
Public transportation	1,175	1,175	-	(1,175)
Federal in lieu of taxes	4,369	4,369	5,161	792
Elderly Tax Grant	-	-	13,217	13,217
Larceny	-	-	3,600	3,600
Revenue sharing	29,897	29,897	20,769	(9,128)
Veterans Tax Relief	-	-	1,089	1,089
Other grants	2,500	2,500	25,315	22,815
Totally disabled	83	83	67	(16)
Town aid road	284,662	284,662	284,374	(288)
	<u>480,537</u>	<u>480,537</u>	<u>377,810</u>	<u>(102,727)</u>
<b>Investment earnings</b>	<u>2,500</u>	<u>2,500</u>	<u>11,334</u>	<u>8,834</u>
<b>Donations</b>	<u>106,000</u>	<u>106,000</u>	<u>155,772</u>	<u>49,772</u>
<b>Local:</b>				
Stickers - resident	85,000	85,000	85,629	629
Town Clerk fees	30,000	30,000	24,522	(5,478)
Copies	8,000	8,000	9,689	1,689
Construction permit fees	200,000	200,000	207,289	7,289
Conveyance taxes	100,000	100,000	147,142	47,142
Vitals	10,000	10,000	11,832	1,832
Zoning and ZBA	5,000	5,000	912	(4,088)
Miscellaneous fees	10,000	10,000	29,880	19,880
License and permit fees	650	650	270	(380)
Document preservation	-	-	1,706	1,706
Other local revenue	-	-	6,146	6,146
Recreation program	30,000	30,000	35,205	5,205
Telephone access	28,000	28,000	29,072	1,072
Cell tower rent	25,381	25,381	37,298	11,917
Building rental	8,000	8,000	6,171	(1,829)
194 Main Street rent	30,000	30,000	33,000	3,000
	<u>570,031</u>	<u>570,031</u>	<u>665,763</u>	<u>95,732</u>
<b>Total revenues</b>	<u>\$ 14,511,426</u>	<u>\$ 14,511,426</u>	<u>\$ 14,568,736</u>	<u>\$ 57,310</u>

See accompanying Independent Auditors' Report.

TOWN OF SALISBURY, CONNECTICUT

GENERAL FUND  
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2017

	Budgeted Amounts			Actual	Variance With Final Budget Positive (Negative)
	Original	Transfers	Final		
<b>General Government:</b>					
Selectmen - salaries and expenses	\$ 101,051	\$ -	\$ 101,051	\$ 103,084	\$ (2,033)
Selectmen - secretary	44,679	-	44,679	41,747	2,932
Probate court	9,041	-	9,041	9,040	1
Registrar of Voters	30,250	-	30,250	31,973	(1,723)
Board of Finance	15,500	-	15,500	9,826	5,674
Audit and accounting	13,000	-	13,000	10,215	2,785
Assessor - salary and expenses	76,770	-	76,770	80,334	(3,564)
Board of Tax Review	2,750	-	2,750	-	2,750
Tax Collector - salary and expenses	78,618	-	78,618	76,328	2,290
Town Treasurer - salary and expenses	88,141	-	88,141	81,147	6,994
Legal fees and services	64,000	-	64,000	89,316	(25,316)
Town Clerk - salary and expenses	124,088	-	124,088	103,250	20,838
Planning & Zoning Commission	71,205	-	71,205	44,573	26,632
Zoning Board of Appeals	3,255	-	3,255	3,164	91
Town Hall operations	77,700	-	77,700	70,900	6,800
Town Hall expenses	60,200	-	60,200	55,529	4,671
Pension plan	180,000	-	180,000	123,681	56,319
Longevity	10,100	-	10,100	11,187	(1,087)
FICA taxes	130,100	-	130,100	113,831	16,269
Health benefits	590,999	-	590,999	522,013	68,986
Workers' compensation	48,061	-	48,061	43,378	4,683
Life/disability insurance	11,700	-	11,700	9,256	2,444
Unemployment compensation	2,500	-	2,500	1,140	1,360
Other insurance	55,000	-	55,000	52,426	2,574
Council of Small Towns	725	-	725	725	-
CT Conference of Municipalities	2,770	-	2,770	2,768	2
NW Region Council of Government	2,932	-	2,932	2,932	-
Housatonic River Commission	350	-	350	350	-
Street lighting	23,000	-	23,000	20,859	2,141
Conservation Commission	4,802	-	4,802	11,644	(6,842)
Other	250	-	250	-	250
	<u>1,923,537</u>	<u>-</u>	<u>1,923,537</u>	<u>1,726,616</u>	<u>196,921</u>
<b>Public Safety:</b>					
Volunteer pension	30,000	-	30,000	16,258	13,742
Emergency preparedness	1,000	-	1,000	2,000	(1,000)
Fire protection	272,850	-	272,850	275,680	(2,830)
Litchfield County Dispatch	40,000	-	40,000	38,922	1,078
Building Official expenses	83,585	-	83,585	69,116	14,469
Fire Marshal	30,751	-	30,751	21,525	9,226
Police protection	187,700	-	187,700	200,371	(12,671)
Civil Defense	5	-	5	-	5
SARA	5	-	5	-	5
Dog Warden	15,590	-	15,590	12,211	3,379
Water patrol - Twin Lakes	9,000	-	9,000	3,633	5,367
	<u>670,486</u>	<u>-</u>	<u>670,486</u>	<u>639,716</u>	<u>30,770</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, 2017

	Budgeted Amounts			Actual	Variance With Final Budget Positive (Negative)
	Original	Transfers	Final		
<b>Public Works:</b>					
General maintenance	\$ 707,226	\$ -	\$ 707,226	\$ 657,045	\$ 50,181
Engineering studies	4,000	-	4,000	-	4,000
Snow and ice removal	198,600	-	198,600	190,050	8,550
Highway materials	5,700	-	5,700	5,241	459
Town garage	45,050	-	45,050	31,451	13,599
Road work	200,000	-	200,000	52,605	147,395
Tree Care Program	18,000	-	18,000	21,354	(3,354)
Town aid road	284,662	-	284,662	284,662	-
	<u>1,463,238</u>	<u>-</u>	<u>1,463,238</u>	<u>1,242,408</u>	<u>220,830</u>
<b>Sanitation/Waste Removal:</b>					
Transfer station	282,058	-	282,058	282,058	-
SSRRA	25,000	-	25,000	25,000	-
Recycling center	3,000	-	3,000	2,686	314
	<u>310,058</u>	<u>-</u>	<u>310,058</u>	<u>309,744</u>	<u>314</u>
<b>Health and Welfare:</b>					
<b>Conservation of Health:</b>					
Public Health Nursing Assoc.	112,070	-	112,070	112,070	-
Housatonic Mental Health Center	16,300	-	16,300	16,300	-
NWRMH	403	-	403	403	-
TAHD Screening	25,266	-	25,266	25,266	-
Elderly Services	39,931	-	39,931	37,786	2,145
Drug and Alcohol Testing	500	-	500	-	500
	<u>194,470</u>	<u>-</u>	<u>194,470</u>	<u>191,825</u>	<u>2,645</u>
<b>Welfare:</b>					
Youth Services Bureau	13,706	-	13,706	13,706	-
General assistance	31,060	-	31,060	31,634	(574)
Susan B. Anthony	2,082	-	2,082	2,082	-
Womens Emergency Services	2,082	-	2,082	2,082	-
Summer work program	15,000	-	15,000	15,000	-
Extras	5	-	5	-	5
NW Transportation District	2,186	-	2,186	2,186	-
Housatonic Day Care Center	40,850	-	40,850	40,850	-
Geer Adult Care	14,500	-	14,500	14,500	-
NW Chore	2,082	-	2,082	2,082	-
Housatonic Valley Association	250	-	250	250	-
NW CT Reg Housing	100	-	100	100	-
Housing Coordinator	35,000	-	35,000	30,737	4,263
	<u>158,903</u>	<u>-</u>	<u>158,903</u>	<u>155,209</u>	<u>3,694</u>
Total health and welfare	<u>353,373</u>	<u>-</u>	<u>353,373</u>	<u>347,034</u>	<u>6,339</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, 2017

	Budgeted Amounts			Actual	Variance With Final Budget Positive (Negative)
	Original	Transfers	Final		
<b>Recreation:</b>					
Scovill Memorial Library	\$ 178,385	\$ -	\$ 178,385	\$ 178,385	\$ -
Lake management	88,732	-	88,732	106,710	(17,978)
Ball field	15,915	-	15,915	20,372	(4,457)
Recreation Commission	117,412	-	117,412	105,152	12,260
Town Grove - expenses	202,275	-	202,275	197,453	4,822
Recreation building - Town Grove	26,000	-	26,000	20,755	5,245
Christmas lighting	2,082	-	2,082	2,082	-
Memorial Day	3,000	-	3,000	3,139	(139)
	<u>633,801</u>	<u>-</u>	<u>633,801</u>	<u>634,048</u>	<u>(247)</u>
<b>Other:</b>					
Cemeteries	2,000	-	2,000	-	2,000
Historic District Commission	2,500	-	2,500	753	1,747
Sundries	5,000	-	5,000	3,274	1,726
Community information	10,000	-	10,000	12,548	(2,548)
Municipal development	27,000	-	27,000	13,810	13,190
	<u>46,500</u>	<u>-</u>	<u>46,500</u>	<u>30,385</u>	<u>16,115</u>
<b>Debt Service:</b>					
Refunding costs	460,000	-	460,000	460,000	-
	<u>460,000</u>	<u>-</u>	<u>460,000</u>	<u>460,000</u>	<u>-</u>
<b>Education:</b>					
Certified staff	2,314,854	-	2,314,854	2,313,874	980
Coaching	11,304	-	11,304	11,304	-
Extra duty	17,211	-	17,211	17,486	(275)
Substitutes	36,069	-	36,069	41,642	(5,573)
Para professionals	157,484	-	157,484	163,246	(5,762)
Other-ell/504	500	-	500	45,485	(44,985)
Principal	122,118	-	122,118	122,118	-
Secretarial	80,195	-	80,195	83,860	(3,665)
Secretarial o-t	2,098	-	2,098	608	1,490
Custodial	224,490	-	224,490	234,347	(9,857)
Custodial o-t	3,879	-	3,879	3,219	660
Board clerk	53,344	-	53,344	54,863	(1,519)
Board clerk o-t	2,079	-	2,079	2,281	(202)
Computer technician	36,205	-	36,205	43,200	(6,995)
Health ins. Teachers	491,262	-	491,262	455,558	35,704
Health ins. Support	151,516	-	151,516	111,295	40,221
Pension	77,117	-	77,117	77,489	(372)
Life insurance	9,298	-	9,298	9,151	147
FICA & Medicare	86,021	-	86,021	81,939	4,082
Tuition reimbursement	13,775	-	13,775	6,806	6,969
Unemployment	15,930	-	15,930	-	15,930
Workers compensation	18,336	-	18,336	17,085	1,251

See accompanying Independent Auditors' Report.

TOWN OF SALISBURY, CONNECTICUT

GENERAL FUND  
 SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL (CONTINUED)  
 FOR THE YEAR ENDED JUNE 30, 2017

	Budgeted Amounts			Actual	Variance With Final Budget Positive (Negative)
	Original	Transfers	Final		
<b>Education (continued):</b>					
Instructional	\$ 10,228	\$ -	\$ 10,228	\$ 10,795	\$ (567)
Curr dev/training	15,000	-	15,000	15,902	(902)
Tech training	1,000	-	1,000	-	1,000
Testing-students	3,449	-	3,449	634	2,815
Tuition-summer school	10,000	-	10,000	9,609	391
Title one	55,000	-	55,000	66,654	(11,654)
Tutor/homebound/outplaced	15,000	-	15,000	11,113	3,887
Nurse services	57,840	-	57,840	57,840	-
Medical advisor	750	-	750	600	150
Referee/interschool	3,500	-	3,500	3,315	185
Network support	64,402	-	64,402	66,283	(1,881)
Tech contracts	48,096	-	48,096	53,584	(5,488)
Leasing contracts	16,679	-	16,679	16,146	533
Transp contract	361,480	-	361,480	362,671	(1,191)
Transp-field trips	24,584	-	24,584	24,260	324
Transp-athletics	3,811	-	3,811	3,403	408
Lunch program	32,595	-	32,595	14,582	18,013
Aesop	1,398	-	1,398	1,203	195
Travel-prof staff	750	-	750	986	(236)
BOE approved programs	18,137	-	18,137	-	18,137
Consultant/engineer	2,000	-	2,000	-	2,000
Audit	6,500	-	6,500	6,000	500
Legal fees	5,000	-	5,000	2,741	2,259
Enumerator	1,441	-	1,441	1,441	-
Cleaning	1,000	-	1,000	342	658
Copier overages	2,000	-	2,000	155	1,845
Insurance	17,451	-	17,451	18,567	(1,116)
Insurance-sports	865	-	865	569	296
Dues & fees	5,564	-	5,564	5,605	(41)
Classified ads	500	-	500	1,492	(992)
Internet	2,000	-	2,000	1,950	50
Postage	2,000	-	2,000	1,599	401
Printing	500	-	500	-	500
Telephone	8,300	-	8,300	6,530	1,770
Water & sewer	6,968	-	6,968	6,338	630
Maintenance contracts	25,472	-	25,472	19,858	5,614
Oil burners	3,980	-	3,980	4,072	(92)
Heating controls	12,327	-	12,327	12,488	(161)
Snow plowing	8,500	-	8,500	8,500	-
Asbestos management	500	-	500	-	500
Rubbish removal	9,384	-	9,384	9,846	(462)
Travel-BOE	1,000	-	1,000	286	714
Grounds	28,425	-	28,425	23,218	5,207
Emergency	2,000	-	2,000	-	2,000
Misc. Purchased service	500	-	500	-	500
Repairs	2,700	-	2,700	2,890	(190)
Art	4,200	-	4,200	5,988	(1,788)

See accompanying Independent Auditors' Report.

TOWN OF SALISBURY, CONNECTICUT

GENERAL FUND  
 SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL (CONTINUED)  
 FOR THE YEAR ENDED JUNE 30, 2017

	Budgeted Amounts			Actual	Variance With Final Budget Positive (Negative)
	Original	Transfers	Final		
<b>Education (continued):</b>					
Enrichment	\$ 750	\$ -	\$ 750	\$ 441	\$ 309
Language arts	8,100	-	8,100	7,559	541
Math	5,600	-	5,600	1,120	4,480
Music	1,537	-	1,537	1,604	(67)
Physical education	840	-	840	535	305
Science	1,575	-	1,575	1,670	(95)
Social studies	800	-	800	797	3
Special education	1,990	-	1,990	59	1,931
Technology	2,050	-	2,050	1,186	864
World language	1,575	-	1,575	1,273	302
Textbooks	8,594	-	8,594	8,660	(66)
Library books	7,500	-	7,500	4,619	2,881
Magazines/periodicals	1,000	-	1,000	602	398
Professional materials	1,100	-	1,100	643	457
Special innovative	1,050	-	1,050	615	435
Nurse	1,000	-	1,000	1,028	(28)
Coaching	4,000	-	4,000	3,767	233
Gen supplies	22,260	-	22,260	20,542	1,718
Library/media	800	-	800	230	570
AV/technology	30,117	-	30,117	26,541	3,576
Replace tech/comp	33,324	-	33,324	28,082	5,242
Heating fuel-lower building	18,000	-	18,000	9,736	8,264
Heating fuel-upper building	54,000	-	54,000	50,265	3,735
Electric-lower building	13,860	-	13,860	16,170	(2,310)
Electric-upper building	55,440	-	55,440	63,424	(7,984)
Propane-non kitchens	1,500	-	1,500	1,009	491
Custodial	22,157	-	22,157	18,960	3,197
Maintenance	15,923	-	15,923	12,547	3,376
Office	3,270	-	3,270	2,317	953
BOE	1,200	-	1,200	1,023	177
Graduation	2,500	-	2,500	1,701	799
Meeting	2,400	-	2,400	2,008	392
Code compliance	50	-	50	-	50
Educational	1,378	-	1,378	1,377	1
Repairs	10,880	-	10,880	9,537	1,343
New equipment	300	-	300	300	-
Repairs	7,500	-	7,500	7,990	(490)
Improvement	7,000	-	7,000	6,872	128
Replacement	3,135	-	3,135	3,113	22
Improvement	1,000	-	1,000	521	479
Educational	3,602	-	3,602	3,275	327
Furniture/fixtures	11,197	-	11,197	11,225	(28)
Repairs	7,500	-	7,500	14,380	(6,880)
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, 2017

	Budgeted Amounts			Actual	Variance With Final Budget Positive (Negative)
	Original	Transfers	Final		
<b>Education (continued):</b>					
Capital reserve	\$ 50,000	\$ -	\$ 50,000	\$ 50,000	\$ -
HVRHS	1,899,759	-	1,899,759	1,857,820	41,939
Pupil services	1,155,237	-	1,155,237	1,128,843	26,394
RSSC	194,710	-	194,710	189,953	4,757
Other	-	-	-	117,992	(117,992)
	<u>8,508,931</u>	<u>-</u>	<u>8,508,931</u>	<u>8,450,842</u>	<u>58,089</u>
<b>Capital Outlay:</b>					
Railroad Station repairs	5,000	-	5,000	2,225	2,775
Highway equipment	150,000	-	150,000	150,000	-
Bridge repairs	10,000	-	10,000	10,000	-
Municipal building	50,000	-	50,000	50,000	-
Municipal improvements	60,000	-	60,000	60,355	(355)
New fire house	12,000	-	12,000	22,232	(10,232)
Old fire house	-	-	-	1,130	(1,130)
Twin Lakes Road	-	-	-	1,300	(1,300)
Route 44-41	-	-	-	145,262	(145,262)
Housing study	-	-	-	3,000	(3,000)
Perry Street	-	-	-	25,899	(25,899)
194 warehouse	-	-	-	6,894	(6,894)
Fitting house	-	-	-	4,455	(4,455)
Miscellaneous	-	-	-	697	(697)
SCS Brown	-	-	-	895	(895)
	<u>287,000</u>	<u>-</u>	<u>287,000</u>	<u>484,344</u>	<u>(197,344)</u>
<b>Total expenditures</b>	<u>\$ 14,656,924</u>	<u>\$ -</u>	<u>\$ 14,656,924</u>	<u>\$ 14,325,137</u>	<u>\$ 331,787</u>

See accompanying Independent Auditors' Report.



TOWN OF SALISBURY, CONNECTICUT

NONMAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET

JUNE 30, 2017

	Special Revenue Funds	Capital Project Funds	Permanent Funds Coffing Support of Poor Fund	<b>Total</b>
<b><u>Assets</u></b>				
Cash and cash equivalents	\$ 569,188	\$ 111,261	\$ 82,158	\$ 762,607
Investments	-	-	427,809	427,809
Receivables	12,076	-	-	12,076
Due from other funds	-	-	-	-
<b>Total assets</b>	<b><u>\$ 581,264</u></b>	<b><u>\$ 111,261</u></b>	<b><u>\$ 509,967</u></b>	<b><u>\$ 1,202,492</u></b>
<b><u>Liabilities and Fund Balances</u></b>				
<b>Liabilities:</b>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	149,902	4,437	154,339
<b>Total liabilities</b>	<b><u>-</u></b>	<b><u>149,902</u></b>	<b><u>4,437</u></b>	<b><u>154,339</u></b>
<b>Fund Balances:</b>				
Nonspendable	43,600	-	412,818	456,418
Restricted	401,847	108,051	92,712	602,610
Committed	100,102	-	-	100,102
Assigned	35,715	-	-	35,715
Unassigned	-	(146,692)	-	(146,692)
<b>Total fund balances</b>	<b><u>581,264</u></b>	<b><u>(38,641)</u></b>	<b><u>505,530</u></b>	<b><u>1,048,153</u></b>
<b>Total liabilities and fund balances</b>	<b><u>\$ 581,264</u></b>	<b><u>\$ 111,261</u></b>	<b><u>\$ 509,967</u></b>	<b><u>\$ 1,202,492</u></b>

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, 2017

	Special Revenue Funds	Capital Project Funds	Permanent Funds Coffing Support of Poor Fund	Total
<b>Revenues:</b>				
Intergovernmental	\$ 30,119	\$ -	\$ -	\$ 30,119
Investment earnings	1,778	352	25,438	27,568
Local	321,794	-	500	322,294
<b>Total revenues</b>	<u>353,691</u>	<u>352</u>	<u>25,938</u>	<u>379,981</u>
<b>Expenditures:</b>				
Current expenditures:				
Public safety	213,553	-	-	213,553
Health and welfare	142,180	-	-	142,180
Education	113,176	-	-	113,176
Other	-	-	7,030	7,030
Capital outlay	338,802	280,255	-	619,057
<b>Total expenditures</b>	<u>807,711</u>	<u>280,255</u>	<u>7,030</u>	<u>1,094,996</u>
<b>Excess of revenues over (under) expenditures</b>	(454,020)	(279,903)	18,908	(715,015)
<b>Other financing sources (uses):</b>				
Transfers in (out)	287,850	200,000	-	487,850
<b>Net change in fund balances</b>	(166,170)	(79,903)	18,908	(227,165)
<b>Fund balances, beginning of year</b>	747,434	41,262	486,622	1,275,318
<b>Fund balances, end of year</b>	<u>\$ 581,264</u>	<u>\$ (38,641)</u>	<u>\$ 505,530</u>	<u>\$ 1,048,153</u>

See accompanying Independent Auditors' Report.

TOWN OF SALISBURY, CONNECTICUT

SPECIAL REVENUE FUNDS  
 COMBINING BALANCE SHEET  
 JUNE 30, 2017

	Summer Work Program	School Lunch Fund	Extras Program	Salisbury Fire Commission	Total
<b><u>Assets</u></b>					
Cash and cash equivalents	\$ 57,399	\$ 31,361	\$ 100,102	\$ 380,326	\$ 569,188
Investments	-	-	-	-	-
Receivables	-	4,354	-	7,722	12,076
Due from other funds	-	-	-	-	-
<b>Total assets</b>	<b>\$ 57,399</b>	<b>\$ 35,715</b>	<b>\$ 100,102</b>	<b>\$ 388,048</b>	<b>\$ 581,264</b>
<b><u>Liabilities and Fund Balances</u></b>					
<b>Liabilities:</b>					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balances:</b>					
Nonspendable	43,600	-	-	-	43,600
Restricted	13,799	-	-	388,048	401,847
Committed	-	-	100,102	-	100,102
Assigned	-	35,715	-	-	35,715
Unassigned	-	-	-	-	-
<b>Total fund balances</b>	<b>57,399</b>	<b>35,715</b>	<b>100,102</b>	<b>388,048</b>	<b>581,264</b>
<b>Total liabilities and fund balances</b>	<b>\$ 57,399</b>	<b>\$ 35,715</b>	<b>\$ 100,102</b>	<b>\$ 388,048</b>	<b>\$ 581,264</b>

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, 2017**

	Summer Work Program	School Lunch Fund	Extras Program	Salisbury Fire Commission	<b>Total</b>
<b>Revenues:</b>					
Intergovernmental	\$ -	\$ 30,119	\$ -	\$ -	\$ 30,119
Investment earnings	22	-	328	1,428	1,778
Local	46,344	68,032	161,502	45,916	321,794
<b>Total revenues</b>	<u>46,366</u>	<u>98,151</u>	<u>161,830</u>	<u>47,344</u>	<u>353,691</u>
<b>Expenditures:</b>					
Current expenditures:					
Public safety	-	-	-	213,553	213,553
Health and welfare	-	-	142,180	-	142,180
Education	18,958	94,218	-	-	113,176
Capital outlay	-	-	-	338,802	338,802
<b>Total expenditures</b>	<u>18,958</u>	<u>94,218</u>	<u>142,180</u>	<u>552,355</u>	<u>807,711</u>
<b>Excess of revenues over (under) expenditures</b>	27,408	3,933	19,650	(505,011)	(454,020)
<b>Other financing sources (uses):</b>					
Transfers in (out)	15,000	-	-	272,850	287,850
<b>Net change in fund balances</b>	42,408	3,933	19,650	(232,161)	(166,170)
<b>Fund balances, beginning of year</b>	14,991	31,782	80,452	620,209	747,434
<b>Fund balances, end of year</b>	<u>\$ 57,399</u>	<u>\$ 35,715</u>	<u>\$ 100,102</u>	<u>\$ 388,048</u>	<u>\$ 581,264</u>

See accompanying Independent Auditors' Report.

TOWN OF SALISBURY, CONNECTICUT

CAPITAL PROJECT FUNDS  
 COMBINING BALANCE SHEET  
 JUNE 30, 2017

	Highway Equipment Replacement	Transfer Station Capital	Total
<b><u>Assets</u></b>			
Cash and cash equivalents	\$ 3,210	\$ 108,051	\$ 111,261
Receivables	-	-	-
Due from other funds	-	-	-
<b>Total assets</b>	<b>\$ 3,210</b>	<b>\$ 108,051</b>	<b>\$ 111,261</b>
<b><u>Liabilities and Fund Balances</u></b>			
<b>Liabilities:</b>			
Due to other funds	\$ 149,902	\$ -	\$ 149,902
<b>Total liabilities</b>	<b>149,902</b>	<b>-</b>	<b>149,902</b>
<b>Fund Balances:</b>			
Restricted	-	108,051	108,051
Committed	-	-	-
Unassigned	(146,692)	-	(146,692)
<b>Total fund balances</b>	<b>(146,692)</b>	<b>108,051</b>	<b>(38,641)</b>
<b>Total liabilities and fund balances</b>	<b>\$ 3,210</b>	<b>\$ 108,051</b>	<b>\$ 111,261</b>

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, 2017

	Highway Equipment Replacement	Transfer Station Capital	Total
<b>Revenues:</b>			
Intergovernmental	\$ -	\$ -	\$ -
Investment earnings	90	262	352
Local	-	-	-
<b>Total revenues</b>	<u>90</u>	<u>262</u>	<u>352</u>
<b>Expenditures:</b>			
Capital outlay	280,255	-	280,255
<b>Total expenditures</b>	<u>280,255</u>	<u>-</u>	<u>280,255</u>
<b>Excess of revenues over (under) expenditures</b>	(280,165)	262	(279,903)
<b>Other financing sources (uses):</b>			
Transfers in (out)	150,000	50,000	200,000
<b>Net change in fund balances</b>	(130,165)	50,262	(79,903)
<b>Fund balances, beginning of year</b>	(16,527)	57,789	41,262
<b>Fund balances, end of year</b>	<u>\$ (146,692)</u>	<u>\$ 108,051</u>	<u>\$ (38,641)</u>

See accompanying Independent Auditors' Report.

TOWN OF SALISBURY, CONNECTICUT

COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES  
 JUNE 30, 2017

	<u>Student Activity Fund</u>
<b><u>Assets</u></b>	
Beginning balance - cash	\$ 29,640
Additions	85,038
Deductions	<u>69,147</u>
<b>Ending balance - cash</b>	<b><u>45,531</u></b>
<b>Total assets</b>	<b><u>\$ 45,531</u></b>
<b><u>Liabilities</u></b>	
Beginning balance - due to student groups	\$ 29,640
Additions	85,038
Deductions	<u>69,147</u>
<b>Ending balance - due to student groups</b>	<b><u>45,531</u></b>
<b>Total liabilities</b>	<b><u>\$ 45,531</u></b>

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, 2017**

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) 13,134

Base \$ 12,717,635

	<u>General Purpose</u>	<u>Schools</u>	<u>Sewers</u>	<u>Urban Renewal</u>	<u>Pension Deficit</u>
<b>Debt Limitation:</b>					
2 1/4 times base	\$ 28,614,679	\$ -	\$ -	\$ -	\$ -
4 1/2 times base	-	57,229,358	-	-	-
3 3/4 times base	-	-	47,691,131	-	-
3 1/4 times base	-	-	-	41,332,314	-
3 times base	-	-	-	-	38,152,905
<b>Total debt limitation</b>	<u>28,614,679</u>	<u>57,229,358</u>	<u>47,691,131</u>	<u>41,332,314</u>	<u>38,152,905</u>
<b>Indebtedness:</b>					
General obligation bonds	2,170,000	-	-	-	-
Notes payable	85,374	-	-	-	-
Town share of Region One bonds	-	628,408	-	-	-
<b>Total indebtedness</b>	<u>2,255,374</u>	<u>628,408</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Debt limitation in excess of outstanding and authorized debt</b>	<u><u>\$ 26,359,305</u></u>	<u><u>\$ 56,600,950</u></u>	<u><u>\$ 47,691,131</u></u>	<u><u>\$ 41,332,314</u></u>	<u><u>\$ 38,152,905</u></u>

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, 2017

Grand List October 1,	Adjusted Taxes Receivable July 1, 2016	Lawful Corrections		Suspense Transfers	Adjusted Taxes Receivable	Collections			Taxes Receivable June 30, 2017
		Additions	Deductions			Taxes	Interest and Liens	Total	
2015	\$ 13,337,783	\$ 18,441	\$ 19,648	\$ -	\$ 13,336,576	\$ 13,217,399	\$ 36,169	\$ 13,253,568	\$ 119,177
2014	73,562	17,776	372	-	90,966	48,548	8,485	57,033	42,418
2013	35,065	128	1,221	-	33,972	5,415	2,820	8,235	28,557
2012	23,850	-	1,427	(2,746)	19,677	1,904	2,138	4,042	17,773
2011	10,633	-	-	-	10,633	4,657	4,941	9,598	5,976
2010	4,239	-	-	(22)	4,217	1,615	1,490	3,105	2,602
2009	1,526	-	-	-	1,526	-	-	-	1,526
2008	-	-	-	-	-	-	-	-	-
2007	227	-	-	(227)	-	-	-	-	-
2006	-	-	-	-	-	-	-	-	-
2005	-	-	-	-	-	-	-	-	-
2004	-	-	-	-	-	-	-	-	-
2003	-	-	-	-	-	-	-	-	-
2002	-	-	-	-	-	-	-	-	-
2001	-	-	-	-	-	-	-	-	-
	<u>\$ 13,486,885</u>	<u>\$ 36,345</u>	<u>\$ 22,668</u>	<u>\$ (2,995)</u>	<u>\$ 13,497,567</u>	<u>\$ 13,279,538</u>	<u>\$ 56,043</u>	<u>\$ 13,335,581</u>	<u>\$ 218,029</u>

See accompanying Independent Auditors' Report.