

TOWN OF SALISBURY, CONNECTICUT

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

with

SUPPLEMENTAL STATEMENTS AND SCHEDULES

and

INDEPENDENT AUDITORS' REPORT

Sandra E. Welwood, LLC

Certified Public Accountants

**TOWN OF SALISBURY, CONNECTICUT
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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, 2015, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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, 2015, 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 42 through 44, 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 combining and individual nonmajor fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and 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 combining and individual nonmajor fund financial statements and 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 January 15, 2016, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

Sandra E. Welwood, LLC

Danbury, Connecticut
January 15, 2016

TOWN OF SALISBURY, CONNECTICUT

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

JUNE 30, 2015

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, 2015. 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 \$28,118,891 exceeded its liabilities at June 30, 2015, resulting in total net position of \$24,593,977. Total net position for Government Activities was \$24,088,962 at fiscal year-end and total net position for Business-Type Activities was \$505,015.

The Town's governmental funds, reported on a current financial resources basis, combined ending fund balance was \$9,397,755, an increase of \$82,621 for the year. The General Fund operating surplus for the year was \$409,751. The General Fund balance was \$2,393,022, of which \$478,765 was assigned for subsequent year's operations.

The unassigned fund balance was \$1,313,104, which is 10.3% 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.

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, Building Capital, Bauer, Bissell, and Small Cities Funds, which are considered to be major funds. Data from other governmental funds are combined into a single aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

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

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

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

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

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

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

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

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

Notes to the Financial Statements

The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 21-41 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 \$24,593,977 at June 30, 2015.

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	\$ 10,428,520	\$ 261,076	\$ 10,689,596
Capital assets, net of accumulated depreciation	<u>17,171,779</u>	<u>257,516</u>	<u>17,429,295</u>
Total assets	<u>27,600,299</u>	<u>518,592</u>	<u>28,118,891</u>
<u>Deferred Outflows of Resources</u>	<u>2,813</u>	<u>-</u>	<u>2,813</u>
<u>Liabilities</u>			
Current liabilities	343,463	13,577	357,040
Long-term liabilities	<u>3,165,755</u>	<u>-</u>	<u>3,165,755</u>
Total liabilities	<u>3,509,218</u>	<u>13,577</u>	<u>3,522,795</u>
<u>Deferred Inflows of Resources</u>	<u>4,932</u>	<u>-</u>	<u>4,932</u>
<u>Net position</u>			
Net investment in capital assets	14,199,480	257,516	14,456,996
Restricted – Permanent Funds	3,179,028	-	3,179,028
Unrestricted	<u>6,710,454</u>	<u>247,499</u>	<u>6,957,953</u>
Total net position	<u>\$ 24,088,962</u>	<u>\$ 505,015</u>	<u>\$ 24,593,977</u>

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

The Town's net position increased by \$1,253,525 overall during the fiscal year with net position of Governmental Activities increasing by \$1,149,943 and Business-Type Activities increasing by \$103,582. 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	\$ 1,497,168	\$ 491,351	\$ 1,988,519
Operating grants and contributions	1,804,773	-	1,804,773
Capital grants and contributions	149,539	-	149,539
General revenue:			
Property taxes	12,349,273	-	12,349,273
Grants not restricted to specific programs	70,439	-	70,439
Investment earnings	176,763	366	177,129
Other	<u>201,566</u>	<u>-</u>	<u>201,566</u>
Total revenues	<u>16,249,521</u>	<u>491,717</u>	<u>16,741,238</u>
<u>Expenses</u>			
General government	1,862,577	-	1,862,577
Public safety	882,257	-	882,257
Public works	1,345,318	-	1,345,318
Sanitation/waste removal	956,737	380,135	1,336,872
Health and welfare	480,772	-	480,772
Recreation	637,450	-	637,450
Other	298,006	-	298,006
Education	8,603,972	-	8,603,972
Capital outlay	-	-	-
Interest on long-term debt	40,489	-	40,489
Transfers	<u>(8,000)</u>	<u>8,000</u>	<u>-</u>
Total expenses	<u>15,099,578</u>	<u>388,135</u>	<u>15,487,713</u>
Change in net position	<u>\$ 1,149,943</u>	<u>\$ 103,582</u>	<u>\$ 1,253,525</u>

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

Governmental Activities

Approximately 76% of the revenues were derived from property taxes, followed by 12% from operating and capital grants, 9% from service charges, and 3% from all other.

Business-Type Activities

Business-type activities increased the Town's net position by \$103,582. 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 \$2,393,022. Of this total fund balance, \$478,765 is assigned for the subsequent year's budget and \$601,153 is restricted, committed, and assigned for other activities. The remaining balance of \$1,313,104 is unassigned.

The fund balance of the Town's General Fund increased by \$409,751 during the current fiscal year. The primary reason for this increase was revenues were greater than anticipated.

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 \$247,499.

GENERAL FUND BUDGETARY HIGHLIGHTS

Due to revenues being substantially higher than the budgeted amounts, the Town was able to operate at a surplus of \$654,047 in excess of the final budgeted amount.

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

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

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The Town's investment in capital assets (net of accumulated depreciation) for its governmental and business-type activities as of June 30, 2015, amounted to \$14,199,480 and \$257,516, 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
Buildings and improvements	10,128,489	64,916	10,193,405
Machinery and equipment	901,004	159,300	1,060,304
Infrastructure	3,258,386	-	3,258,386
Vehicles	<u>1,491,434</u>	<u>33,300</u>	<u>1,524,734</u>
Total	<u>\$ 17,171,779</u>	<u>\$ 257,516</u>	<u>\$ 17,429,295</u>

Long-Term Obligations

At the end of the current fiscal year, the Town had total outstanding obligations of \$3,165,755 as follows:

<u>Outstanding Obligations</u>			
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
General obligation bonds	\$ 299,613	\$ -	\$ 299,613
Bond anticipation notes	2,520,000	-	2,520,000
Notes payable	152,686	-	152,686
Net pension liability	<u>193,456</u>	<u>-</u>	<u>193,456</u>
Total	<u>\$ 3,165,755</u>	<u>\$ -</u>	<u>\$ 3,165,755</u>

The Town's total debt had a net decrease of \$59,296 during the current fiscal year.

The Town's bond rating remained at Aa2 by Moody's Investor Service for all general obligation debt for the year ending June 30, 2015. Additional information on the Town's long-term debt can be found in Note 9.

ECONOMIC FACTORS FOR NEXT YEAR'S BUDGET

The Amesville Bridge project is to be completed by May of 2016. A new iron structure has been installed. The formula of 80% Federal funds and 20% Local funds will be used and the local share will be allocated by grand list. Salisbury's share is expected to be 75% of the local funds, with a final cost of \$600,000 to the Town.

The Connecticut DOT is considering 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.

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 will consider an offer from Pope Properties to purchase two parcels of property in the Salisbury Village, consisting of 56 and 6 acres for \$1,600,000.

The Town authorized the use of \$478,765 of fund balance from the General Fund to reduce the mill rate for the 2015-2016 fiscal year. The mill rate for the 2015-2016 fiscal year was set at 10.7 mills. All of the above factors were considered in preparing the Town's budget for the 2015-2016 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, 2015

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<u>Assets</u>			
Cash and cash equivalents	\$ 5,511,303	\$ 237,032	\$ 5,748,335
Investments	3,990,374	-	3,990,374
Receivables:			
Taxes	149,156	-	149,156
Intergovernmental	20,829	-	20,829
Other	175,255	24,044	199,299
Due from Sewer Enterprise Fund	3,150	-	3,150
Long-term receivables	578,453	-	578,453
Capital assets:			
Capital assets, not being depreciated	1,392,466	-	1,392,466
Capital assets, net of accumulated depreciation	15,779,313	257,516	16,036,829
Total assets	<u>27,600,299</u>	<u>518,592</u>	<u>28,118,891</u>
<u>Deferred Outflows of Resources</u>			
Pension change in projected and actual investment earnings	2,813	-	2,813
<u>Liabilities</u>			
Accounts payable	171,019	10,427	181,446
Due to General Fund	-	3,150	3,150
Accrued interest	6,005	-	6,005
Unearned revenue	166,439	-	166,439
Noncurrent liabilities:			
Due within one year	225,583	-	225,583
Due in more than one year	2,940,172	-	2,940,172
Total liabilities	<u>3,509,218</u>	<u>13,577</u>	<u>3,522,795</u>
<u>Deferred Inflows of Resources</u>			
Pension change in expected and actual experience	4,932	-	4,932
<u>Net Position</u>			
Net investment in capital assets	14,199,480	257,516	14,456,996
Restricted - Permanent Funds	3,179,028	-	3,179,028
Unrestricted	6,710,454	247,499	6,957,953
Total net position	<u>\$ 24,088,962</u>	<u>\$ 505,015</u>	<u>\$ 24,593,977</u>

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

TOWN OF SALISBURY, CONNECTICUT

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015

	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges For Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:							
General government	\$ (1,862,577)	\$ 583,068	\$ 190,950	\$ -	\$ (1,088,559)	\$ -	\$ (1,088,559)
Public safety	(882,257)	63,952	-	-	(818,305)	-	(818,305)
Public works	(1,345,318)	-	355,660	149,539	(840,119)	-	(840,119)
Sanitation/waste removal	(956,737)	623,178	-	-	(333,559)	-	(333,559)
Health and welfare	(480,772)	116,655	588,564	-	224,447	-	224,447
Recreation	(637,450)	39,673	-	-	(597,777)	-	(597,777)
Other	(298,006)	-	-	-	(298,006)	-	(298,006)
Education	(8,603,972)	70,642	669,599	-	(7,863,731)	-	(7,863,731)
Interest on long-term debt	(40,489)	-	-	-	(40,489)	-	(40,489)
Total governmental activities	(15,107,578)	1,497,168	1,804,773	149,539	(11,656,098)	-	(11,656,098)
Business-Type Activities:							
Sewer	(380,135)	491,351	-	-	-	111,216	111,216
Total primary government	\$ (15,487,713)	\$ 1,988,519	\$ 1,804,773	\$ 149,539	(11,656,098)	111,216	(11,544,882)
General revenues:							
Property taxes, interest, and lien fees					12,349,273	-	12,349,273
Grants and contributions not restricted to specific programs					70,439	-	70,439
Interest and investment earnings					176,763	366	177,129
Other					201,566	-	201,566
Total general revenues					12,798,041	366	12,798,407
Transfers, net					8,000	(8,000)	-
Total general revenues and transfers					12,806,041	(7,634)	12,798,407
Change in net position					1,149,943	103,582	1,253,525
Net position, beginning of year					22,939,019	401,433	23,340,452
Net position, end of year					\$ 24,088,962	\$ 505,015	\$ 24,593,977

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

TOWN OF SALISBURY, CONNECTICUT

GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2015

	General Fund	Transfer Station Fund	Building Capital Fund	Bauer Fund	Bissell Fund	Small Cities Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets								
Cash and cash equivalents	\$ 1,858,588	\$ 361,784	\$ 775,075	\$ 80,200	\$ 14,160	\$ 105,899	\$ 2,315,597	\$ 5,511,303
Investments	204,428	-	-	1,573,846	1,617,607	-	594,493	3,990,374
Receivables:								
Taxes	149,156	-	-	-	-	-	-	149,156
Intergovernmental	16,669	-	-	-	-	-	4,160	20,829
Other	102,263	47,709	-	-	-	-	25,283	175,255
Long-term receivables	-	-	-	-	-	578,453	-	578,453
Due from other funds	391,681	-	-	4,428	61,309	-	11,091	468,509
Total assets	\$ 2,722,785	\$ 409,493	\$ 775,075	\$ 1,658,474	\$ 1,693,076	\$ 684,352	\$ 2,950,624	\$ 10,893,879
Liabilities								
Accounts payable	\$ 138,081	\$ 30,850	\$ -	\$ -	\$ -	\$ -	\$ 2,088	\$ 171,019
Unearned revenue	-	63,240	-	-	-	103,199	-	166,439
Due to other funds	76,828	2,123	287,031	-	-	-	99,377	465,359
Total liabilities	214,909	96,213	287,031	-	-	103,199	101,465	802,817
Deferred Inflows of Resources								
Unavailable revenue - taxes	114,854	-	-	-	-	-	-	114,854
Unavailable revenue - long term receivables	-	-	-	-	-	578,453	-	578,453
Fund Balances								
Nonspendable	-	-	-	1,353,118	1,413,092	-	412,818	3,179,028
Restricted	45,831	313,280	-	305,356	279,984	-	2,368,599	3,313,050
Committed	447,673	-	488,044	-	-	-	94,966	1,030,683
Assigned	586,414	-	-	-	-	2,700	32,730	621,844
Unassigned	1,313,104	-	-	-	-	-	(59,954)	1,253,150
Total fund balances	2,393,022	313,280	488,044	1,658,474	1,693,076	2,700	2,849,159	9,397,755
Total liabilities, deferred inflows of resources, and fund balances	\$ 2,722,785	\$ 409,493	\$ 775,075	\$ 1,658,474	\$ 1,693,076	\$ 684,352	\$ 2,950,624	
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.								17,171,779
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.								693,307
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds:								
Bonds, notes, and bond anticipation notes								(2,978,304)
Net pension liability and related deferred inflows of resources, net of deferred outflows of resources								(195,575)
Net position of governmental activities								\$ 24,088,962

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

TOWN OF SALISBURY, CONNECTICUT

GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2015

	General Fund	Transfer Station Fund	Building Capital Fund	Bauer Fund	Bissell Fund	Small Cities Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:								
Property taxes	\$ 12,354,606	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,354,606
Intergovernmental	1,133,784	188,040	-	-	-	-	140,085	1,461,909
Investment earnings	7,949	569	5,308	59,680	87,927	-	15,330	176,763
Donations	94,950	-	96,000	-	1,290	-	-	192,240
Local	833,428	434,569	-	-	-	2,500	220,386	1,490,883
Total revenues	14,424,717	623,178	101,308	59,680	89,217	2,500	375,801	15,676,401
Expenditures:								
Current:								
General government	1,649,862	-	-	-	-	-	-	1,649,862
Public safety	331,458	-	-	-	-	-	443,202	774,660
Public works	1,275,531	-	-	-	-	-	-	1,275,531
Sanitation/waste removal	26,018	867,946	-	-	-	-	-	893,964
Health and welfare	327,756	-	-	-	41,470	-	111,546	480,772
Recreation	601,919	-	-	-	-	-	-	601,919
Education	8,230,306	-	-	-	-	-	94,051	8,324,357
Other	22,845	-	14,342	52,101	14,566	200,432	24,381	328,667
Capital outlay	175,116	130,981	-	-	-	-	941,951	1,248,048
Debt service	126,577	46,504	18,900	-	-	-	-	191,981
Total expenditures	12,767,388	1,045,431	33,242	52,101	56,036	200,432	1,615,131	15,769,761
Excess of revenues over (under) expenditures	1,657,329	(422,253)	68,066	7,579	33,181	(197,932)	(1,239,330)	(93,360)
Other financing sources (uses):								
Proceeds from note payable	-	130,981	-	-	-	-	-	130,981
Transfers in	276,154	282,058	334,438	-	-	-	1,557,801	2,450,451
Transfers out	(1,523,732)	(25,000)	(205,950)	-	-	-	(650,769)	(2,405,451)
Total other financing sources (uses)	(1,247,578)	388,039	128,488	-	-	-	907,032	175,981
Net change in fund balances	409,751	(34,214)	196,554	7,579	33,181	(197,932)	(332,298)	82,621
Fund balances,								
beginning of year	1,983,271	347,494	291,490	1,650,895	1,659,895	200,632	3,181,457	9,315,134
Fund balances, end of year	\$ 2,393,022	\$ 313,280	\$ 488,044	\$ 1,658,474	\$ 1,693,076	\$ 2,700	\$ 2,849,159	\$ 9,397,755

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, 2015**

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

Net change in fund balances - total governmental funds \$ 82,621

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

Capital outlay	1,292,319
Capital disposals	(16,744)
Depreciation expense	<u>(832,545)</u>
	<u>443,030</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	(2,520,000)
Issuance of note payable	(130,981)
Principal repayments:	
General obligation bonds	112,364
Bond anticipation notes	2,520,000
Notes payable	<u>45,133</u>
	<u>26,516</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	(5,333)
Long-term receivables	578,453
Expenses:	
Net pension liability and related deferred inflows/outflows of resources	30,661
Accrued interest payable	<u>(6,005)</u>
	<u>597,776</u>

Change in net position of governmental activities \$ 1,149,943

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, 2015**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance With Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
Revenues:				
Property taxes	\$ 12,326,242	\$ 12,326,242	\$ 12,354,606	\$ 28,364
Intergovernmental	216,954	216,954	681,748	464,794
Investment earnings	10,500	10,500	7,949	(2,551)
Donations	114,000	114,000	94,950	(19,050)
Local	625,646	625,646	1,109,582	483,936
Total revenues	<u>13,293,342</u>	<u>13,293,342</u>	<u>14,248,835</u>	<u>955,493</u>
Expenditures:				
Current:				
General government	1,799,526	1,788,222	1,649,862	138,360
Public safety	609,479	611,779	582,358	29,421
Public works	1,087,635	1,091,055	1,275,531	(184,476)
Sanitation/waste removal	310,058	310,058	308,076	1,982
Health and welfare	323,125	324,439	327,756	(3,317)
Recreation	614,290	618,560	608,016	10,544
Education	8,093,509	8,093,509	8,093,509	-
Other	39,000	39,000	22,845	16,155
Capital outlay	200,000	200,000	510,116	(310,116)
Debt service	461,016	461,016	461,015	1
Total expenditures	<u>13,537,638</u>	<u>13,537,638</u>	<u>13,839,084</u>	<u>(301,446)</u>
Net change in fund balance	<u>\$ (244,296)</u>	<u>\$ (244,296)</u>	409,751	<u>\$ 654,047</u>
Fund balance, beginning of year			<u>1,983,271</u>	
Fund balance, end of year			<u>\$ 2,393,022</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, 2015

	<u>Business-Type Activities</u>
	<u>Sewer Enterprise Fund</u>
<u>Assets</u>	
Current assets:	
Cash and cash equivalents	\$ 237,032
Sewer usage receivable	24,044
Noncurrent assets:	
Capital assets:	
Depreciable, net of accumulated depreciation	<u>257,516</u>
Total assets	<u>518,592</u>
<u>Liabilities</u>	
Current liabilities:	
Accounts payable	10,427
Due to General Fund	<u>3,150</u>
Total liabilities	<u>13,577</u>
<u>Net Position</u>	
Net investment in capital assets	257,516
Unrestricted	<u>247,499</u>
Total net position	<u>\$ 505,015</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, 2015

	<u>Business-Type Activities</u>
	<u>Sewer Enterprise Fund</u>
Operating revenues	
Sewer usage fees	\$ 477,226
Other fees	14,125
Total operating revenues	<u>491,351</u>
Operating expenses	
Wages and benefits	202,944
Utilities	49,298
Operating expenses	88,986
Administrative expenses	24,389
Depreciation	14,518
Total operating expenses	<u>380,135</u>
Non-operating income	
Interest income	366
Total non-operating income	<u>366</u>
Change in net position before transfers	111,582
Transfers from (to) WPCA Sewer Equipment Fund, net	<u>(8,000)</u>
Change in net position	103,582
Net position, beginning of year	<u>401,433</u>
Net position, end of year	<u>\$ 505,015</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, 2015**

	Business-Type Activities
	Sewer Enterprise Fund
Cash flows from operating activities	
Cash received from the following:	
Sewer usage fees	\$ 477,968
Other fees	14,125
Cash paid for the following:	
Wages and benefits	(202,944)
Utilities	(49,298)
Operating expenses	(88,986)
Administrative expenses	(34,178)
Net cash provided by operating activities	116,687
Cash flows from capital & related investing activities	
Transfer to WPCA Sewer Equipment Fund	(45,000)
Purchases of equipment	-
Net cash used in capital and related investing activities	(45,000)
Cash flows from investing activities	
Interest income	366
Net cash provided by investing activities	366
Net decrease in cash and cash equivalents	72,053
Cash and cash equivalents, beginning of year	164,979
Cash and cash equivalents, end of year	\$ 237,032
 Reconciliation of operating income to net cash provided by operating activities	
Operating income	\$ 111,216
Adjustments to reconcile operating income to net cash provided by operating activities	
Depreciation expense	14,518
Change in assets and liabilities	
Sewer usage receivable	742
Accounts payable	(10,222)
Due to General Fund	1,746
Unearned revenue	(1,313)
Net cash provided by operating activities	\$ 116,687
 Noncash transaction	
Receipt of capital asset from WPCA Sewer Equipment Fund	\$ 37,000

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, 2015

	<u>Pension Trust Fund</u>	<u>Agency Funds</u>
<u>Assets</u>		
Cash and cash equivalents	\$ 62,983	\$ 30,459
Investments	856,413	-
Total assets	<u>919,396</u>	<u>30,459</u>
<u>Liabilities</u>		
Due to student groups	-	30,459
Total liabilities	<u>-</u>	<u>30,459</u>
<u>Net Position</u>		
Total net position held in trust for pension benefits	<u>\$ 919,396</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, 2015

	<u>Pension Trust Fund</u>
Additions:	
Employer contributions	\$ 62,983
Investment income:	
Interest and dividends	<u>33,059</u>
	<u>96,042</u>
Deductions:	
Fees and expenses	<u>3,845</u>
	<u>3,845</u>
Change in net position	92,197
Net position, beginning of year	<u>827,199</u>
Net position, end of year	<u>\$ 919,396</u>

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

**TOWN OF SALISBURY, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS**

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 (continued)

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

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

Governmental Funds

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

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

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

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

Proprietary Funds

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

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

Fiduciary Funds

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

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

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

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

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

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

The Town reports the following major governmental funds:

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

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

The **Building Capital Fund** accounts for financial resources to be used for capital expenditures, or for the acquisition or construction of capital facilities, improvements and/or equipment. Most of the capital outlays are financed by appropriations from the General Fund or the issuance of general obligation bonds.

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 (continued)

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

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

Additionally, the Town reports the following major proprietary fund:

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

Accounting Estimates

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

Cash, Cash Equivalents, and Investments

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

Custodial Credit Risk – Custodial credit risk is the risk that, in the event of a bank failure, the Town deposits may not be returned to it. The Town's policy for custodial credit risk is to invest in obligations allowable under the Connecticut General Statutes. In general for most of the funds, this includes deposits in allowable banks, obligations of the United States of America, and obligations of any State or political subdivision, which is tax exempt.

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

Interest Rate Risk – Interest rate risk is the risk that the Town will incur losses in fair value caused by changing interest rates. The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

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

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.

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

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, 2015, 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".

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, 2015, loans receivable totaled \$578,453 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 reports a deferred outflow of resources in the government-wide Statement of Net Position related to pension change in projected and actual investment earnings. These amounts are deferred and included in pension expense in a systematic and rational manner.

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 a deferred inflow of resources related to pensions in the government-wide Statement of Net Position. A deferred inflow of resources related to pension results from differences between expected and actual experience. These amounts are deferred and included in pension expense in the subsequent year. Also, for governmental funds, the Town reports unavailable revenue, which arises only under the modified accrual basis of accounting. The unavailable revenues from property taxes and long-term receivables 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.

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

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.

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

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 (continued)

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

	<u>Fund Balance</u> <u>Beginning</u>	<u>Revenues</u>	<u>Expenditures</u>	<u>Other</u> <u>Financing</u> <u>Source (Uses)</u>	<u>Fund Balance</u> <u>Ending</u>
GAAP basis	\$ 1,983,271	\$ 14,424,717	\$ (12,767,388)	\$ (1,247,578)	\$ 2,393,022
Reclassifications	-	276,154	(1,523,732)	1,247,578	-
Teachers' retirement system on behalf payments	-	(452,036)	452,036	-	-
Budgetary basis	<u>\$ 1,983,271</u>	<u>\$ 14,248,835</u>	<u>\$ (13,839,084)</u>	<u>\$ -</u>	<u>\$ 2,393,022</u>

Note 3 – Deposits and Investments

Cash and Cash Equivalents

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

Governmental funds	\$ 5,511,303
Enterprise fund	237,032
Agency funds	<u>93,442</u>
Total cash and cash equivalents	<u>\$ 5,841,777</u>

The bank balance of the deposits was \$5,963,316 and was exposed to custodial credit risk as follows:

Covered by Federal Depository Insurance	\$ 1,646,743
Uninsured and collateralized	3,755,678
Uninsured and uncollateralized	<u>560,895</u>
Total Deposits	<u>\$ 5,963,316</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 (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	\$ 453,387	\$ -	\$ -	\$ -	\$ 453,387
U.S. Treasury bonds and notes	432,946	-	100,391	242,288	90,267
Corporate bonds and notes	102,986	-	76,602	26,384	-
U.S. Government agency obligations	310,782	-	-	74,870	235,912
Common stock	2,534,432	2,534,432	-	-	-
Mutual funds	155,841	155,841	-	-	-
	<u>\$ 3,990,374</u>	<u>\$ 2,690,273</u>	<u>\$ 176,993</u>	<u>\$ 343,542</u>	<u>\$ 779,566</u>

Note 4 – Interfund Receivables, Payables, and Transfers

As of June 30, 2015, interfund receivables and payables were as follows:

Due To:	Due From:						Total
	General Fund	Transfer Station Fund	Building Capital Fund	Nonmajor Funds	Total Governmental Funds	Sewer Enterprise Fund	
General Fund	\$ -	\$ 2,123	\$ 287,031	\$ 99,377	\$ 388,531	\$ 3,150	\$ 391,681
Bauer Fund	4,428	-	-	-	4,428	-	4,428
Bissell Fund	61,309	-	-	-	61,309	-	61,309
Nonmajor funds	<u>11,091</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,091</u>	<u>-</u>	<u>11,091</u>
	<u>\$ 76,828</u>	<u>\$ 2,123</u>	<u>\$ 287,031</u>	<u>\$ 99,377</u>	<u>\$ 465,359</u>	<u>\$ 3,150</u>	<u>\$ 468,509</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:

Due To:	Transfers From:						
	General Fund	Transfer Station Fund	Building Capital Fund	Nonmajor Funds	Total Governmental Funds	Sewer Enterprise Fund	
General Fund	\$ -	\$ -	\$ -	\$ 276,154	\$ 276,154	\$ -	\$ 276,154
Transfer Station Fund	282,058	-	-	-	282,058	-	282,058
Building Capital Fund	334,438	-	-	-	334,438	-	334,438
Nonmajor funds	<u>907,236</u>	<u>25,000</u>	<u>205,950</u>	<u>374,615</u>	<u>1,512,801</u>	<u>45,000</u>	<u>1,557,801</u>
	<u>\$ 1,523,732</u>	<u>\$ 25,000</u>	<u>\$ 205,950</u>	<u>\$ 650,769</u>	<u>\$ 2,405,451</u>	<u>\$ 45,000</u>	<u>\$ 2,450,451</u>

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

Note 5 - Capital Assets

	Balance at July 1, 2014	Increases	Decreases	Balance at June 30, 2015
Governmental Activities				
Capital assets not being depreciated:				
Land	\$ 1,391,466	\$ 1,000	\$ -	\$ 1,392,466
Total capital assets not being depreciated	<u>1,391,466</u>	<u>1,000</u>	<u>-</u>	<u>1,392,466</u>
Capital assets being depreciated:				
Buildings and improvements	16,764,730	535,533	49,465	17,250,798
Machinery and equipment	2,901,446	205,950	-	3,107,396
Infrastructure	4,178,180	-	-	4,178,180
Vehicles	3,576,028	549,835	224,802	3,901,061
Total capital assets being depreciated	<u>27,420,384</u>	<u>1,291,318</u>	<u>274,267</u>	<u>28,437,435</u>
Less accumulated depreciation:				
Buildings and improvements	6,721,598	433,433	32,722	7,122,309
Machinery and equipment	2,073,100	133,292	-	2,206,392
Infrastructure	836,550	83,244	-	919,794
Vehicles	2,451,853	182,576	224,802	2,409,627
Total accumulated depreciation	<u>12,083,101</u>	<u>832,545</u>	<u>257,524</u>	<u>12,658,122</u>
Capital assets being depreciated, net of depreciation	<u>15,337,283</u>	<u>458,773</u>	<u>16,743</u>	<u>15,779,313</u>
Total governmental activities	<u>\$ 16,728,749</u>	<u>\$ 459,773</u>	<u>\$ 16,743</u>	<u>\$ 17,171,779</u>
Business-Type Activities				
Capital assets being depreciated:				
Buildings and improvements	\$ 639,657	\$ -	\$ -	\$ 639,657
Machinery and equipment	339,962	-	-	339,962
Vehicles	26,350	37,000	-	63,350
Total capital assets being depreciated	<u>1,005,969</u>	<u>37,000</u>	<u>-</u>	<u>1,042,969</u>
Less accumulated depreciation:				
Building and improvements	572,962	1,779	-	574,741
Machinery and equipment	171,623	9,039	-	180,662
Vehicles	26,350	3,700	-	30,050
Total accumulated depreciation	<u>770,935</u>	<u>14,518</u>	<u>-</u>	<u>785,453</u>
Business-type activities, capital assets, net of depreciation	<u>\$ 235,034</u>	<u>\$ 22,482</u>	<u>\$ -</u>	<u>\$ 257,516</u>

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

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

Governmental Activities:	
General government	\$ 212,715
Public safety	107,597
Recreation	35,531
Sanitation	62,773
Public works	134,314
Education	<u>279,615</u>
Total depreciation expense – governmental activities	<u>\$ 832,545</u>
Business-Type Activities:	
Sewer	<u>\$ 14,518</u>
Total depreciation expense – business-type activities	<u>\$ 14,518</u>

Note 6 – Deficit Fund Balance

As of June 30, 2015, the Highway Equipment Replacement Fund reported a deficit fund balance of \$59,954. 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, 2015, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
General obligation bonds	\$ 411,977	\$ -	\$ (112,364)	\$ 299,613	\$ 116,560
Notes payable	66,838	130,981	(45,133)	152,686	46,040
Bond anticipation notes	2,520,000	2,520,000	(2,520,000)	2,520,000	-
Net pension liability	<u>226,236</u>	<u>-</u>	<u>(32,780)</u>	<u>193,456</u>	<u>62,983</u>
	<u>\$ 3,225,051</u>	<u>\$ 2,650,981</u>	<u>\$ (2,710,277)</u>	<u>\$ 3,165,755</u>	<u>\$ 225,583</u>

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

Bond Anticipation Notes

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

General Obligation Bonds

General obligation bonds currently outstanding are as follows:

<u>Purpose</u>	<u>Original Amount</u>	<u>Matures in Year Ending</u>	<u>Interest Rates</u>	<u>Balance at June 30, 2015</u>
School Roof and Oil Tanks	\$ 1,050,000	2018	3.70%	\$ 299,613

Annual debt service requirements to maturity for general obligation bonds are as follows:

<u>Year Ending</u>	<u>Principal</u>	<u>Interest</u>
2016	\$ 116,560	\$ 10,017
2017	120,913	5,664
2018	<u>62,140</u>	<u>1,150</u>
	<u>\$ 299,613</u>	<u>\$ 16,831</u>

Notes Payable

The Town financed the purchase of various vehicles and equipment with local banks. As of June 30, 2015, the total balance of the outstanding loans was \$152,686.

Principal retirement is scheduled as follows:

<u>Year Ended</u>	<u>Principal</u>
2016	\$ 46,040
2017	21,271
2018	21,663
2019	22,063
2020	22,470
2021	<u>19,179</u>
	<u>\$ 152,686</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, 2015.

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

Note 10 –Fund Balances

As of June 30, 2015, governmental fund balances are composed of the following:

	General Fund	Transfer Station	Building Capital Fund	Bauer Fund	Bissell Fund	Small Cities Fund	Nonmajor Funds	Total Governmental Funds
Nonspendable:								
Health and welfare	\$ -	\$ -	\$ -	\$1,353,118	\$1,413,092	\$ -	\$ 412,818	\$ 3,179,028
Total nonspendable	-	-	-	1,353,118	1,413,092	-	412,818	3,179,028
Restricted:								
General government	16,644	-	-	-	-	-	-	16,644
Capital projects	-	-	-	-	-	-	1,012,540	1,012,540
Public works	-	-	-	-	-	-	164,218	164,218
Public safety	-	-	-	-	-	-	397,859	397,859
Sanitation/waste removal	-	313,280	-	-	-	-	721,410	1,034,690
Health and welfare	-	-	-	305,356	279,984	-	51,921	637,261
Recreation	29,187	-	-	-	-	-	-	29,187
Education	-	-	-	-	-	-	20,651	20,651
Total restricted	45,831	313,280	-	305,356	279,984	-	2,368,599	3,313,050
Committed:								
Capital projects	-	-	488,044	-	-	-	-	488,044
Public works	165,522	-	-	-	-	-	-	165,522
Public safety	125,000	-	-	-	-	-	25,198	150,198
Sanitation/waste removal	39,963	-	-	-	-	-	-	39,963
Health and welfare	117,188	-	-	-	-	-	69,768	186,956
Total committed	447,673	-	488,044	-	-	-	94,966	1,030,683
Assigned:								
Subsequent year's budget	478,765	-	-	-	-	-	-	478,765
HS tuition	35,254	-	-	-	-	-	-	35,254
Unemployment	8,308	-	-	-	-	-	-	8,308
Legal	15,000	-	-	-	-	-	-	15,000
General government	19,974	-	-	-	-	-	-	19,974
Public works	25,000	-	-	-	-	-	-	25,000
Health and welfare	4,113	-	-	-	-	2,700	-	6,813
Education	-	-	-	-	-	-	32,730	32,730
Total assigned	586,414	-	-	-	-	2,700	32,730	621,844
Unassigned	1,313,104	-	-	-	-	-	(59,954)	1,253,150
Total	\$ 2,393,022	\$ 313,280	\$ 488,044	\$1,658,474	\$1,693,076	\$ 2,700	\$ 2,849,159	\$ 9,397,755

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, 2014, 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 (continued)

Investments

For the year ended June 30, 2015, the annual money-weighted rate of return on plan investments, net of plan investment expenses, was 3.55%. 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 \$62,983 for the year ended June 30, 2015, related to covered payroll of \$80,791.

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of January 1, 2014, 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, 2014, 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 (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	\$ 202,421	\$ 193,456	\$ 184,733

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

At June 30, 2015, 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, 2015, were as follows:

Total pension liability	\$ 1,036,736
Plan fiduciary net position	<u>843,280</u>
Net pension liability	<u>\$ 193,456</u>

January 1, 2014, 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 6/30/2014	\$ 965,874	\$ 739,638	\$ 226,236
Changes for the year:			
Service cost	8,396	-	8,396
Interest	72,331	-	72,331
Differences between expected and actual experience	(9,865)	-	(9,865)
Contributions – employer	-	76,052	(76,052)
Contributions – employee	-	-	-
Net investment income	-	27,590	(27,590)
Benefit payments, including refunds of employee contributions	-	-	-
Administrative expense	-	-	-
Other changes	-	-	-
Net changes	<u>70,862</u>	<u>103,642</u>	<u>(32,780)</u>
Balances at 6/30/2015	<u>\$ 1,036,736</u>	<u>\$ 843,280</u>	<u>\$ 193,456</u>

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

At June 30, 2015, the Town reported deferred outflows of resources and deferred inflows of resources in its government-wide Statement of Net Position from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ -	\$ 4,932
Net difference between projected and actual earnings on plan investments	<u>2,813</u>	<u>-</u>
Total	<u>\$ 2,813</u>	<u>\$ 4,932</u>

The deferred inflows of resources resulting from the difference between expected and actual experience will be recognized as a reduction of the net pension liability in the year ended June 30, 2016.

Deferred outflows and inflows related to the net difference between projected and actual earnings on plan investments is amortized over a four-year period. The amount is shown as a deferred outflow of resources and will be recognized in subsequent years as follows:

Fiscal year ended <u>June 30,</u>	
2016	\$ 704
2017	704
2018	704
2019	701

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, 2015, actual contributions by the Town were \$190,556. As of June 30, 2015, 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).

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.

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

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 2014/2015 school year, \$160,255 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 \$2,210,414. The Town had 34 active participants in the System at June 30, 2015.

Actuarial Assumptions

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

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

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

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

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

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

Discount Rate

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

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

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

	<u>1% Decrease</u> <u>(7.50%)</u>	<u>Current</u> <u>Discount Rate</u> <u>(8.50%)</u>	<u>1% Increase</u> <u>(9.50%)</u>
Sensitivity of the proportionate share of the net pension liability	\$ 7,688,562	\$ 6,024,852	\$ 4,610,649

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

The State makes all contributions to the System on behalf of employees of the participating districts. Therefore, participating employers are considered to be in a special funding situation as defined by Governmental Accounting Standards Board No. 68 and the State is treated as a non-employer contributing entity in the System. Since the districts do not contribute directly to the System, there is no net pension liability or deferred inflows or outflows to report in the financial statements of the Town. The portion of the net pension liability that was associated with the Town was \$6,024,852.

June 30, 2014, 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 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, 2015, the Town recognized \$452,036 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.

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

GASB Statement No. 72, *Fair Value Measurement and Application*. This Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of *fair value* is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The provisions of this Statement are effective for fiscal years beginning after June 15, 2015.

Note 13 – Subsequent Events

On December 4, 2015, the Town repaid the \$2,520,000 of bond anticipation notes outstanding at June 30, 2015, with cash of \$180,000 and the issuance of new bond anticipation notes in the amount of \$2,340,000 maturing on September 1, 2016.

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

See accompanying Independent Auditors' Report.

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

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

Notes to Schedule

Valuation Date	1/1/2014
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**

	2015
Town's proportion of the net pension liability	0.059408%
Town's proportionate share of the net pension liability	\$ -
State's proportionate share of the net pension liability associated with the Town	6,024,852
Total	\$ 6,024,852
Town's covered-employee payroll	\$ 2,210,414
Town's proportionate share of the net pension liability as a percentage of its covered payroll	0.00%
System fiduciary net position as a percentage of the total pension liability	61.51%

Notes to Connecticut State Teachers' Retirement System

Changes of Assumptions

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

Method and Assumptions used in Calculations of Actuarially Determined Contributions

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

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

See accompanying Independent Auditors' Report.

**SUPPLEMENTAL AND COMBINING
INDIVIDUAL NONMAJOR FUND
STATEMENTS AND SCHEDULES**

TOWN OF SALISBURY, CONNECTICUT

GENERAL FUND
SCHEDULE OF REVENUES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property taxes	\$ 12,326,242	\$ 12,326,242	\$ 12,354,606	\$ 28,364
Intergovernmental:				
Education Cost Sharing (ECS)	195,174	195,174	187,266	(7,908)
Mashantucket Pequot Grant	-	-	8,433	8,433
State in lieu of taxes	-	-	8,251	8,251
Public transportation	-	-	1,459	1,459
Federal in lieu of taxes	4,500	4,500	4,569	69
Revenue sharing	-	-	-	-
Elderly Tax Grant	13,500	13,500	10,990	(2,510)
LOCIP Grant	-	-	-	-
STEAP Grant	-	-	147,979	147,979
Larceny	-	-	900	900
Veterans Tax Relief	1,200	1,200	1,054	(146)
Other grants	2,500	2,500	18,647	16,147
Totally disabled	80	80	72	(8)
Town aid road	-	-	292,128	292,128
	<u>216,954</u>	<u>216,954</u>	<u>681,748</u>	<u>464,794</u>
Investment earnings	<u>10,500</u>	<u>10,500</u>	<u>7,949</u>	<u>(2,551)</u>
Donations	<u>114,000</u>	<u>114,000</u>	<u>94,950</u>	<u>(19,050)</u>
Local:				
Stickers - resident	90,000	90,000	72,436	(17,564)
Town Clerk fees	45,000	45,000	21,184	(23,816)
Copies	8,000	8,000	8,477	477
Construction permit fees	240,000	240,000	239,771	(229)
Conveyance taxes	100,000	100,000	96,635	(3,365)
Vitals	10,000	10,000	9,069	(931)
Zoning and ZBA	3,415	3,415	3,588	173
Miscellaneous fees	10,000	10,000	1,509	(8,491)
License and permit fees	350	350	251	(99)
Document preservation	-	-	1,376	1,376
Other local revenue	-	-	9,494	9,494
Miscellaneous refunds	-	-	21,842	21,842
Recreation program	31,500	31,500	39,673	8,173
Telephone access	27,000	27,000	28,885	1,885
Cell tower rent	25,381	25,381	30,660	5,279
Building rental	5,000	5,000	4,888	(112)
194 Main Street rent	30,000	30,000	33,000	3,000
Firehouse sale	-	-	201,566	201,566
Close out of certain governmental funds	-	-	285,278	285,278
	<u>625,646</u>	<u>625,646</u>	<u>1,109,582</u>	<u>483,936</u>
Total revenues	<u>\$ 13,293,342</u>	<u>\$ 13,293,342</u>	<u>\$ 14,248,835</u>	<u>\$ 955,493</u>

See accompanying Independent Auditors' Report.

TOWN OF SALISBURY, CONNECTICUT

GENERAL FUND
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015

	Budgeted Amounts			Actual	Variance With Final Budget Positive (Negative)
	Original	Transfers	Final		
General Government:					
Selectmen - salaries and expenses	\$ 96,452	\$ 2,266	\$ 98,718	\$ 99,229	\$ (511)
Selectmen - secretary	41,471	1,034	42,505	36,438	6,067
Probate court	8,500	-	8,500	8,442	58
Registrar of Voters	29,950	-	29,950	24,924	5,026
Board of Finance	21,000	-	21,000	7,993	13,007
Audit and accounting	13,000	-	13,000	11,972	1,028
Assessor - salary and expenses	88,853	1,609	90,462	103,142	(12,680)
Board of Tax Review	2,750	-	2,750	-	2,750
Tax Collector - salary and expenses	59,760	1,090	60,850	56,600	4,250
Tax refunds	4,000	-	4,000	2,660	1,340
Town Treasurer - salary and expenses	80,944	2,263	83,207	81,698	1,509
Legal fees and services	42,985	(22,985)	20,000	15,081	4,919
Town Clerk - salary and expenses	113,891	2,171	116,062	97,850	18,212
Planning & Zoning Commission	67,124	1,159	68,283	45,311	22,972
Zoning Board of Appeals	3,101	-	3,101	2,899	202
Town Hall operations	80,025	-	80,025	73,191	6,834
Town Hall expenses	53,000	-	53,000	36,554	16,446
Pension plan	140,000	-	140,000	173,248	(33,248)
FICA taxes	121,100	-	121,100	112,842	8,258
Health benefits	577,017	-	577,017	508,127	68,890
Workers' compensation	46,662	-	46,662	43,543	3,119
Life/disability insurance	10,500	-	10,500	8,791	1,709
Unemployment compensation	2,500	-	2,500	9,816	(7,316)
Other insurance	53,000	-	53,000	55,406	(2,406)
Council of Small Towns	725	-	725	725	-
CT Conference of Municipalities	2,770	-	2,770	2,768	2
NW Region Council of Government	8,570	-	8,570	3,311	5,259
NW CT RPC	2,000	-	2,000	2,000	-
Housatonic River Commission	350	-	350	-	350
Street lighting	23,000	-	23,000	20,836	2,164
Conservation Commission	4,526	89	4,615	4,465	150
	<u>1,799,526</u>	<u>(11,304)</u>	<u>1,788,222</u>	<u>1,649,862</u>	<u>138,360</u>
Public Safety:					
Volunteer pension	25,000	-	25,000	20,025	4,975
Emergency preparedness	1,250	-	1,250	-	1,250
Fire protection	250,900	-	250,900	250,900	-
Litchfield County Dispatch	40,000	-	40,000	36,233	3,767
Building Official expenses	86,511	1,722	88,233	70,180	18,053
Fire Marshal	19,853	392	20,245	17,717	2,528
Police protection	162,191	-	162,191	173,344	(11,153)
Civil Defense	5	-	5	-	5
SARA	5	-	5	-	5
Dog Warden	14,764	186	14,950	10,813	4,137
Water patrol - Twin Lakes	9,000	-	9,000	3,146	5,854
	<u>609,479</u>	<u>2,300</u>	<u>611,779</u>	<u>582,358</u>	<u>29,421</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, 2015

	Budgeted Amounts			Actual	Variance With Final Budget Positive (Negative)
	Original	Transfers	Final		
Public Works:					
General maintenance	\$ 648,885	\$ 3,420	\$ 652,305	\$ 649,993	\$ 2,312
Engineering studies	2,000	-	2,000	-	2,000
Snow and ice removal	178,000	-	178,000	225,997	(47,997)
Highway materials	5,700	-	5,700	3,749	1,951
Town garage	37,050	-	37,050	34,896	2,154
Road work	200,000	-	200,000	200,000	-
Tree Care Program	15,000	-	15,000	13,433	1,567
Blasting	1,000	-	1,000	-	1,000
Town aid road	-	-	-	147,463	(147,463)
	<u>1,087,635</u>	<u>3,420</u>	<u>1,091,055</u>	<u>1,275,531</u>	<u>(184,476)</u>
Sanitation/Waste Removal:					
Transfer station	282,058	-	282,058	282,058	-
SSRRA	25,000	-	25,000	25,000	-
Recycling center	3,000	-	3,000	1,018	1,982
	<u>310,058</u>	<u>-</u>	<u>310,058</u>	<u>308,076</u>	<u>1,982</u>
Health and Welfare:					
Conservation of Health:					
Public Health Nursing Assoc.	107,717	-	107,717	107,717	-
Housatonic Mental Health Center	15,265	-	15,265	15,265	-
NWRMH	407	-	407	407	-
TAHD Screening	24,982	-	24,982	24,982	-
Elderly Services	34,815	654	35,469	39,547	(4,078)
Drug and Alcohol Testing	500	-	500	465	35
	<u>183,686</u>	<u>654</u>	<u>184,340</u>	<u>188,383</u>	<u>(4,043)</u>
Welfare:					
Youth Services Bureau	13,437	-	13,437	13,437	-
General assistance	28,719	660	29,379	29,505	(126)
Susan B. Anthony	2,000	-	2,000	2,000	-
Womens Emergency Services	2,000	-	2,000	2,000	-
Extras	5	-	5	-	5
NW Transportation District	2,164	-	2,164	2,122	42
Housatonic Day Care Center	39,264	-	39,264	39,264	-
Geer Adult Care	14,500	-	14,500	14,500	-
NW Chore	2,000	-	2,000	2,000	-
Housatonic Valley Association	250	-	250	250	-
NW CT Reg Housing	100	-	100	100	-
Housing Coordinator	35,000	-	35,000	34,195	805
	<u>139,439</u>	<u>660</u>	<u>140,099</u>	<u>139,373</u>	<u>726</u>
Total health and welfare	<u>323,125</u>	<u>1,314</u>	<u>324,439</u>	<u>327,756</u>	<u>(3,317)</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, 2015

	Budgeted Amounts			Actual	Variance With Final Budget Positive (Negative)
	Original	Transfers	Final		
Recreation:					
Scovill Memorial Library	\$ 171,458	\$ -	\$ 171,458	\$ 171,458	\$ -
Lake management	88,732	-	88,732	88,389	343
Ball field	16,210	-	16,210	29,349	(13,139)
Recreation Commission	112,386	1,626	114,012	104,537	9,475
Town Grove - expenses	191,504	2,644	194,148	190,273	3,875
Recreation building - Town Grove	29,000	-	29,000	20,162	8,838
Christmas lighting	2,000	-	2,000	2,000	-
Memorial Day	3,000	-	3,000	1,848	1,152
	<u>614,290</u>	<u>4,270</u>	<u>618,560</u>	<u>608,016</u>	<u>10,544</u>
Other:					
Cemeteries	2,000	-	2,000	-	2,000
Historic District Commission	2,000	-	2,000	1,852	148
Sundries	5,000	-	5,000	3,440	1,560
Community information	10,000	-	10,000	6,203	3,797
Municipal development	20,000	-	20,000	11,350	8,650
	<u>39,000</u>	<u>-</u>	<u>39,000</u>	<u>22,845</u>	<u>16,155</u>
Debt Service:					
Refunding costs	334,438	-	334,438	334,438	-
SCS roof tanks - principal	104,420	-	104,420	108,319	(3,899)
SCS roof tanks - interest	22,158	-	22,158	18,258	3,900
	<u>461,016</u>	<u>-</u>	<u>461,016</u>	<u>461,015</u>	<u>1</u>
Education:					
Certified staff	2,206,616	-	2,206,616	2,174,598	32,018
Coaching	10,846	-	10,846	10,846	-
Extra duty	15,271	-	15,271	16,006	(735)
Substitutes	32,200	-	32,200	35,886	(3,686)
Para professionals	139,529	-	139,529	142,689	(3,160)
Other-ell/504	500	-	500	500	-
Principal	114,755	-	114,755	114,750	5
Secretarial	79,781	-	79,781	80,902	(1,121)
Secretarial o-t	1,364	-	1,364	1,246	118
Custodial	216,765	-	216,765	221,363	(4,598)
Custodial o-t	4,058	-	4,058	3,169	889
Board clerk	51,904	-	51,904	52,369	(465)
Board clerk o-t	2,038	-	2,038	1,978	60
Computer technician	35,219	-	35,219	34,229	990
Health ins. Teachers	526,215	-	526,215	446,936	79,279
Health ins. Support	152,753	-	152,753	127,164	25,589
Pension	78,369	-	78,369	80,291	(1,922)
Life insurance	9,530	-	9,530	9,520	10
FICA & Medicare	79,705	-	79,705	85,197	(5,492)
Tuition reimbursement	8,000	-	8,000	2,070	5,930
Unemployment	30,360	-	30,360	120	30,240
Workers compensation	17,642	-	17,642	16,242	1,400

See accompanying Independent Auditors' Report.

TOWN OF SALISBURY, CONNECTICUT

GENERAL FUND
 SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL (CONTINUED)
 FOR THE YEAR ENDED JUNE 30, 2015

	Budgeted Amounts			Actual	Variance With Final Budget Positive (Negative)
	Original	Transfers	Final		
Education (continued):					
Instructional	\$ 10,722	\$ -	\$ 10,722	\$ 9,156	\$ 1,566
Curr dev/training	2,000	-	2,000	6,151	(4,151)
Tech training	5,400	-	5,400	5,612	(212)
Testing-students	3,612	-	3,612	3,928	(316)
Tuition-summer school	6,800	-	6,800	4,648	2,152
Title one	28,826	-	28,826	31,736	(2,910)
Tutor/homebound/outplaced	15,000	-	15,000	26,373	(11,373)
Nurse services	55,593	-	55,593	55,593	-
Medical advisor	750	-	750	-	750
Referee/interschool	3,765	-	3,765	2,842	923
Network support	19,990	-	19,990	22,655	(2,665)
Tech contracts	37,690	-	37,690	38,063	(373)
Leasing contracts	12,388	-	12,388	13,755	(1,367)
Transp contract	363,782	-	363,782	367,648	(3,866)
Transp-field trips	24,049	-	24,049	23,270	779
Transp-athletics	3,900	-	3,900	3,441	459
Lunch program	5,000	-	5,000	5,000	-
Aesop	1,331	-	1,331	1,214	117
Travel-prof staff	2,195	-	2,195	1,558	637
BOE approved programs	1,200	-	1,200	-	1,200
Consultant/engineer	2,000	-	2,000	525	1,475
Audit	6,500	-	6,500	6,000	500
Legal fees	5,000	-	5,000	754	4,246
Enumerator	1,358	-	1,358	1,358	-
Cleaning	1,000	-	1,000	306	694
Office/electric	4,500	-	4,500	4,372	128
Insurance	17,451	-	17,451	15,977	1,474
Insurance-sports	865	-	865	592	273
Dues & fees	5,275	-	5,275	4,552	723
Classified ads	250	-	250	658	(408)
Internet	4,450	-	4,450	2,154	2,296
Postage	2,000	-	2,000	1,971	29
Printing	500	-	500	74	426
Telephone	8,500	-	8,500	3,007	5,493
Water & sewer	7,561	-	7,561	6,707	854
Maintenance contracts	29,275	-	29,275	21,443	7,832
Oil burners	3,252	-	3,252	3,252	-
Heating controls	12,085	-	12,085	11,704	381
Asbestos management	3,300	-	3,300	2,800	500
Rubbish removal	9,384	-	9,384	10,498	(1,114)
Travel-BOE	1,000	-	1,000	545	455
Grounds	33,411	-	33,411	27,851	5,560
Emergency	2,000	-	2,000	-	2,000
Misc. Purchased service	500	-	500	344	156
Repairs	2,700	-	2,700	2,435	265
Art	4,000	-	4,000	4,015	(15)

See accompanying Independent Auditors' Report.

TOWN OF SALISBURY, CONNECTICUT

GENERAL FUND
 SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL (CONTINUED)
 FOR THE YEAR ENDED JUNE 30, 2015

	Budgeted Amounts			Actual	Variance With Final Budget Positive (Negative)
	Original	Transfers	Final		
Education (continued):					
Enrichment	\$ 750	\$ -	\$ 750	\$ 637	\$ 113
Language arts	8,100	-	8,100	6,980	1,120
Math	8,536	-	8,536	7,070	1,466
Music	1,823	-	1,823	1,904	(81)
Physical education	840	-	840	838	2
Science	1,575	-	1,575	1,317	258
Social studies	525	-	525	100	425
Special education	1,260	-	1,260	1,028	232
Technology	2,400	-	2,400	1,926	474
World language	1,575	-	1,575	1,179	396
Textbooks	675	-	675	-	675
Library books	7,000	-	7,000	6,971	29
Magazines/periodicals	1,000	-	1,000	771	229
Professional materials	1,100	-	1,100	870	230
Special innovative	1,050	-	1,050	-	1,050
Nurse	1,000	-	1,000	1,035	(35)
Coaching	1,800	-	1,800	1,586	214
Gen supplies	16,100	-	16,100	15,535	565
Library/media	800	-	800	773	27
AV/technology	22,032	-	22,032	19,548	2,484
Replace tech/comp	35,500	-	35,500	34,658	842
Heating fuel-lower building	35,000	-	35,000	18,889	16,111
Heating fuel-upper building	105,000	-	105,000	98,802	6,198
Electric-lower building	12,000	-	12,000	12,067	(67)
Electric-upper building	48,000	-	48,000	49,725	(1,725)
Propane-non kitchens	1,500	-	1,500	1,318	182
Custodial	20,885	-	20,885	21,683	(798)
Maintenance	16,176	-	16,176	11,194	4,982
Office	1,800	-	1,800	920	880
BOE	1,200	-	1,200	1,357	(157)
Graduation	2,500	-	2,500	1,655	845
Meeting	2,000	-	2,000	2,540	(540)
Code compliance	50	-	50	-	50
Furniture & fixtures	7,678	-	7,678	5,443	2,235
Repairs	13,350	-	13,350	6,533	6,817
New equipment	-	-	-	-	-
Repairs	-	-	-	-	-
Improvement	15,182	-	15,182	10,594	4,588
Furniture/fixtures	-	-	-	-	-
Repairs	10,417	-	10,417	19,470	(9,053)
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, 2015

	Budgeted Amounts			Actual	Variance With Final Budget Positive (Negative)
	Original	Transfers	Final		
Education (continued):					
Capital reserve	\$ 50,000	\$ -	\$ 50,000	\$ 50,000	\$ -
HVRHS	1,865,728	-	1,865,728	1,807,949	57,779
Pupil services	1,007,076	-	1,007,076	1,014,777	(7,701)
RSSC	176,986	-	176,986	174,020	2,966
Other	-	-	-	265,239	(265,239)
	<u>8,093,509</u>	<u>-</u>	<u>8,093,509</u>	<u>8,093,509</u>	<u>-</u>
Capital Outlay:					
Railroad Station repairs	5,000	-	5,000	3,589	1,411
Highway equipment	100,000	-	100,000	100,000	-
Bridge repairs	10,000	-	10,000	10,000	-
Municipal building	15,000	-	15,000	15,000	-
Municipal improvements	70,000	-	70,000	70,000	-
New fire house	-	-	-	10,106	(10,106)
Old fire house	-	-	-	4,111	(4,111)
White house	-	-	-	625	(625)
194 upper rental	-	-	-	190	(190)
194 lower	-	-	-	89	(89)
194 warehouse	-	-	-	4,803	(4,803)
LOCIP	-	-	-	16,600	(16,600)
SCS Brown	-	-	-	2,252	(2,252)
Fitting house	-	-	-	5,954	(5,954)
Miscellaneous	-	-	-	131,097	(131,097)
STEAP	-	-	-	135,700	(135,700)
	<u>200,000</u>	<u>-</u>	<u>200,000</u>	<u>510,116</u>	<u>(310,116)</u>
Total expenditures	<u>\$ 13,537,638</u>	<u>\$ -</u>	<u>\$ 13,537,638</u>	<u>\$ 13,839,084</u>	<u>\$ (301,446)</u>

See accompanying Independent Auditors' Report.

TOWN OF SALISBURY, CONNECTICUT

NONMAJOR GOVERNMENTAL FUNDS
 COMBINING BALANCE SHEET
 JUNE 30, 2015

	Special Revenue Funds	Capital Project Funds	Permanent Funds	Total
<u>Assets</u>				
Cash and cash equivalents	\$ 379,161	\$ 1,884,515	\$ 51,921	\$ 2,315,597
Investments	159,445	-	435,048	594,493
Receivables	8,597	20,846	-	29,443
Prepaid expenses	-	-	-	-
Long-term receivables	-	-	-	-
Due from other funds	1,091	10,000	-	11,091
Total assets	\$ 548,294	\$ 1,915,361	\$ 486,969	\$ 2,950,624
<u>Liabilities and Fund Balances</u>				
Liabilities:				
Accounts payable	\$ 2,088	\$ -	\$ -	\$ 2,088
Unearned revenue	-	-	-	-
Due to other funds	-	77,147	22,230	99,377
Total liabilities	2,088	77,147	22,230	101,465
Fund Balances:				
Nonspendable	-	-	412,818	412,818
Restricted	418,510	1,898,168	51,921	2,368,599
Committed	94,966	-	-	94,966
Assigned	32,730	-	-	32,730
Unassigned	-	(59,954)	-	(59,954)
Total fund balances	546,206	1,838,214	464,739	2,849,159
Total liabilities and fund balances	\$ 548,294	\$ 1,915,361	\$ 486,969	\$ 2,950,624

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, 2015

	Special Revenue Funds	Capital Project Funds	Permanent Funds	Total
Revenues:				
Intergovernmental	\$ 74,993	\$ 65,092	\$ -	\$ 140,085
Investment earnings	456	2,430	12,444	15,330
Local	205,094	8,971	6,321	220,386
Total revenues	<u>280,543</u>	<u>76,493</u>	<u>18,765</u>	<u>375,801</u>
Expenditures:				
Current expenditures:				
Public safety	443,202	-	-	443,202
Health and welfare	111,546	-	-	111,546
Education	94,051	-	-	94,051
Other	7,005	-	17,376	24,381
Capital outlay	-	941,951	-	941,951
Total expenditures	<u>655,804</u>	<u>941,951</u>	<u>17,376</u>	<u>1,615,131</u>
Excess of revenues over (under) expenditures	(375,261)	(865,458)	1,389	(1,239,330)
Other financing sources (uses):				
Transfers in (out)	(25,254)	932,286	-	907,032
Net change in fund balances	(400,515)	66,828	1,389	(332,298)
Fund balances, beginning of year	<u>946,721</u>	<u>1,771,386</u>	<u>463,350</u>	<u>3,181,457</u>
Fund balances, end of year	<u>\$ 546,206</u>	<u>\$ 1,838,214</u>	<u>\$ 464,739</u>	<u>\$ 2,849,159</u>

See accompanying Independent Auditors' Report.

TOWN OF SALISBURY, CONNECTICUT

SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2015

	Summer Work Program	School Lunch Fund	Town Aid Road	Dog Fund	Extras Program	Dare Program	Herbert Scoville Fund
<u>Assets</u>							
Cash and cash equivalents	\$ 20,651	\$ 28,074	\$ -	\$ 27,213	\$ 67,466	\$ -	\$ -
Investments	-	-	-	-	-	-	-
Receivables	-	4,160	-	-	1,780	-	-
Prepaid expenses	-	-	-	-	-	-	-
Long-term receivables	-	-	-	-	-	-	-
Due from other funds	-	496	-	-	595	-	-
Total assets	\$ 20,651	\$ 32,730	\$ -	\$ 27,213	\$ 69,841	\$ -	\$ -
<u>Liabilities and Fund Balances</u>							
Liabilities:							
Accounts payable	\$ -	\$ -	\$ -	\$ 2,015	\$ 73	\$ -	\$ -
Unearned revenue	-	-	-	-	-	-	-
Total liabilities	-	-	-	2,015	73	-	-
Fund Balances:							
Nonspendable	-	-	-	-	-	-	-
Restricted	20,651	-	-	-	-	-	-
Committed	-	-	-	25,198	69,768	-	-
Assigned	-	32,730	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-
Total fund balances	20,651	32,730	-	25,198	69,768	-	-
Total liabilities and fund balances	\$ 20,651	\$ 32,730	\$ -	\$ 27,213	\$ 69,841	\$ -	\$ -

(continued on page 55)

See accompanying Independent Auditors' Report.

TOWN OF SALISBURY, CONNECTICUT

SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET (CONTINUED)

JUNE 30, 2015

	School Society Fund	Mary E. Landon Fund	Salisbury Fire Commission	SCS Brown	Total
<u>Assets</u>					
Cash and cash equivalents	\$ -	\$ -	\$ 235,757	\$ -	\$ 379,161
Investments	-	-	159,445	-	159,445
Receivables	-	-	2,657	-	8,597
Prepaid expenses	-	-	-	-	-
Long-term receivables	-	-	-	-	-
Due from other funds	-	-	-	-	1,091
Total assets	\$ -	\$ -	\$ 397,859	\$ -	\$ 548,294
<u>Liabilities and Fund Balances</u>					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 2,088
Unearned revenue	-	-	-	-	-
Total liabilities	-	-	-	-	2,088
Fund Balances:					
Nonspendable	-	-	-	-	-
Restricted	-	-	397,859	-	418,510
Committed	-	-	-	-	94,966
Assigned	-	-	-	-	32,730
Unassigned	-	-	-	-	-
Total fund balances	-	-	397,859	-	546,206
Total liabilities and fund balances	\$ -	\$ -	\$ 397,859	\$ -	\$ 548,294

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, 2015

	Summer Work Program	School Lunch Fund	Town Aid Road	Dog Fund	Extras Program	Dare Program	Herbert Scoville Fund
Revenues:							
Intergovernmental	\$ -	\$ 28,838	\$ -	\$ -	\$ -	\$ -	\$ -
Investment earnings	31	-	-	14	93	-	279
Local	17,330	53,312	-	17,797	116,655	-	-
Total revenues	<u>17,361</u>	<u>82,150</u>	<u>-</u>	<u>17,811</u>	<u>116,748</u>	<u>-</u>	<u>279</u>
Expenditures:							
Current expenditures:							
Public safety	-	-	-	16,037	-	-	-
Health and welfare	-	-	-	-	111,546	-	-
Education	19,970	74,081	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total expenditures	<u>19,970</u>	<u>74,081</u>	<u>-</u>	<u>16,037</u>	<u>111,546</u>	<u>-</u>	<u>-</u>
Excess of revenues over (under) expenditures	(2,609)	8,069	-	1,774	5,202	-	279
Other financing sources (uses):							
Transfers in (out)	-	-	(158,612)	-	-	(3,271)	(88,589)
Net change in fund balances	(2,609)	8,069	(158,612)	1,774	5,202	(3,271)	(88,310)
Fund balances, beginning of year	<u>23,260</u>	<u>24,661</u>	<u>158,612</u>	<u>23,424</u>	<u>64,566</u>	<u>3,271</u>	<u>88,310</u>
Fund balances, end of year	<u>\$ 20,651</u>	<u>\$ 32,730</u>	<u>\$ -</u>	<u>\$ 25,198</u>	<u>\$ 69,768</u>	<u>\$ -</u>	<u>\$ -</u>

(continued on page 57)

See accompanying Independent Auditors' Report.

TOWN OF SALISBURY, CONNECTICUT

SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
(CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2015

	School Society Fund	Mary E. Landon Fund	Salisbury Fire Commission	SCS Brown	Total
Revenues:					
Intergovernmental	\$ -	\$ -	\$ 46,155	\$ -	\$ 74,993
Investment earnings	-	-	-	39	456
Local	-	-	-	-	205,094
Total revenues	<u>-</u>	<u>-</u>	<u>46,155</u>	<u>39</u>	<u>280,543</u>
Expenditures:					
Current expenditures:					
Public safety	-	-	427,165	-	443,202
Health and welfare	-	-	-	-	111,546
Education	-	-	-	-	94,051
Other	3,676	1,077	-	2,252	7,005
Total expenditures	<u>3,676</u>	<u>1,077</u>	<u>427,165</u>	<u>2,252</u>	<u>655,804</u>
Excess of revenues over (under) expenditures	(3,676)	(1,077)	(381,010)	(2,213)	(375,261)
Other financing sources (uses):					
Transfers in (out)	-	-	250,900	(25,682)	(25,254)
Net change in fund balances	(3,676)	(1,077)	(130,110)	(27,895)	(400,515)
Fund balances, beginning of year	<u>3,676</u>	<u>1,077</u>	<u>527,969</u>	<u>27,895</u>	<u>946,721</u>
Fund balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 397,859</u>	<u>\$ -</u>	<u>\$ 546,206</u>

See accompanying Independent Auditors' Report.

TOWN OF SALISBURY, CONNECTICUT

**CAPITAL PROJECT FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2015**

	Bridge Repair	WPCA Sewer Equipment	Highway Equipment Replacement	Transfer Station Capital	Board of Education Capital	Other Capital Projects	Total
<u>Assets</u>							
Cash and cash equivalents	\$ 145,168	\$ 671,120	\$ 17,193	\$ 50,290	\$ -	\$ 1,000,744	\$ 1,884,515
Receivables	9,050	-	-	-	-	11,796	20,846
Due from other funds	10,000	-	-	-	-	-	10,000
Total assets	\$ 164,218	\$ 671,120	\$ 17,193	\$ 50,290	\$ -	\$ 1,012,540	\$ 1,915,361
<u>Liabilities and Fund Balances</u>							
Liabilities:							
Due to other funds	\$ -	\$ -	\$ 77,147	\$ -	\$ -	\$ -	\$ 77,147
Total liabilities	-	-	77,147	-	-	-	77,147
Fund Balances:							
Restricted	164,218	671,120	-	50,290	-	1,012,540	1,898,168
Unassigned	-	-	(59,954)	-	-	-	(59,954)
Total fund balances	164,218	671,120	(59,954)	50,290	-	1,012,540	1,838,214
Total liabilities and fund balances	\$ 164,218	\$ 671,120	\$ 17,193	\$ 50,290	\$ -	\$ 1,012,540	\$ 1,915,361

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, 2015**

	Bridge Repair	WPCA Sewer Equipment	Highway Equipment Replacement	Transfer Station Capital	Board of Education Capital	Other Capital Projects	Total
Revenues:							
Intergovernmental	\$ 63,532	\$ -	\$ -	\$ -	\$ -	\$ 1,560	\$ 65,092
Investment earnings	328	1,289	13	71	-	729	2,430
Local	3,971	-	-	5,000	-	-	8,971
Total revenues	<u>67,831</u>	<u>1,289</u>	<u>13</u>	<u>5,071</u>	<u>-</u>	<u>2,289</u>	<u>76,493</u>
Expenditures:							
Capital outlay	95,415	50,375	208,141	-	-	588,020	941,951
Total expenditures	<u>95,415</u>	<u>50,375</u>	<u>208,141</u>	<u>-</u>	<u>-</u>	<u>588,020</u>	<u>941,951</u>
Excess of revenues over (under) expenditures	(27,584)	(49,086)	(208,128)	5,071	-	(585,731)	(865,458)
Other financing sources (uses):							
Transfers in (out)	10,000	45,000	225,000	25,000	(374,615)	1,001,901	932,286
Net change in fund balances	(17,584)	(4,086)	16,872	30,071	(374,615)	416,170	66,828
Fund balances, beginning of year	181,802	675,206	(76,826)	20,219	374,615	596,370	1,771,386
Fund balances, end of year	<u>\$ 164,218</u>	<u>\$ 671,120</u>	<u>\$ (59,954)</u>	<u>\$ 50,290</u>	<u>\$ -</u>	<u>\$ 1,012,540</u>	<u>\$ 1,838,214</u>

See accompanying Independent Auditors' Report.

TOWN OF SALISBURY, CONNECTICUT

PERMANENT FUNDS
 COMBINING BALANCE SHEET
 JUNE 30, 2015

	Coffing Support of Poor Fund	Salisbury Cemetery Fund	James H. Barnum Cemetery Fund	Coffing Sunday School Fund	Total
<u>Assets</u>					
Cash and cash equivalents	\$ 51,921	\$ -	\$ -	\$ -	\$ 51,921
Investments	435,048	-	-	-	435,048
Total assets	\$ 486,969	\$ -	\$ -	\$ -	\$ 486,969
<u>Liabilities and Fund Balances</u>					
Liabilities:					
Due to other funds	\$ 22,230	\$ -	\$ -	\$ -	\$ 22,230
Total liabilities	22,230	-	-	-	22,230
Fund Balances:					
Nonspendable	412,818	-	-	-	412,818
Restricted	51,921	-	-	-	51,921
Total fund balances	464,739	-	-	-	464,739
Total liabilities and fund balances	\$ 486,969	\$ -	\$ -	\$ -	\$ 486,969

See accompanying Independent Auditors' Report.

TOWN OF SALISBURY, CONNECTICUT

PERMANENT FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 FOR THE YEAR ENDED JUNE 30, 2015

	Coffing Support of Poor Fund	Salisbury Cemetery Fund	James H. Barnum Cemetery Fund	Coffing Sunday School Fund	Total
Revenues:					
Investment earnings	\$ 12,444	\$ -	\$ -	\$ -	\$ 12,444
Local	6,321	-	-	-	6,321
Total revenues	<u>18,765</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>18,765</u>
Expenditures:					
Current expenditures:					
Other	6,836	9,134	875	531	17,376
Total expenditures	<u>6,836</u>	<u>9,134</u>	<u>875</u>	<u>531</u>	<u>17,376</u>
Excess of revenues over (under) expenditures	<u>11,929</u>	<u>(9,134)</u>	<u>(875)</u>	<u>(531)</u>	<u>1,389</u>
Other Financing Sources (Uses):					
Transfers in (out)	-	-	-	-	-
Net change in fund balances	11,929	(9,134)	(875)	(531)	1,389
Fund balances, beginning of year	<u>452,810</u>	<u>9,134</u>	<u>875</u>	<u>531</u>	<u>463,350</u>
Fund balances, end of year	<u>\$ 464,739</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 464,739</u>

See accompanying Independent Auditors' Report.

TOWN OF SALISBURY, CONNECTICUT

COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
 JUNE 30, 2015

	<u>Student Activity Fund</u>
<u>Assets</u>	
Beginning balance - cash	\$ 31,562
Additions	57,745
Deductions	<u>58,848</u>
Ending balance - cash	<u>30,459</u>
Total assets	<u>\$ 30,459</u>
<u>Liabilities</u>	
Beginning balance - due to student groups	\$ 31,562
Additions	57,745
Deductions	<u>58,848</u>
Ending balance - due to student groups	<u>30,459</u>
Total liabilities	<u>\$ 30,459</u>

See accompanying Independent Auditors' Report

TOWN OF SALISBURY, CONNECTICUT

**STATEMENT OF DEBT LIMITATION
CONNECTICUT GENERAL STATUTES SECTION 7.374(b)
FOR THE YEAR ENDED JUNE 30, 2015**

Total tax collections including interest and lien fees for the year ended June 30, 2015	\$ 12,328,643
Reimbursement for revenue loss on: Tax relief for elderly (CGS 12-129d)	<u>10,990</u>
Base	<u><u>\$ 12,339,633</u></u>

	General Purpose	Schools	Sewers	Urban Renewal	Pension Deficit
Debt Limitation:					
2 1/4 times base	\$ 27,764,174	\$ -	\$ -	\$ -	\$ -
4 1/2 times base	-	55,528,349	-	-	-
3 3/4 times base	-	-	46,273,624	-	-
3 1/4 times base	-	-	-	40,103,807	-
3 times base	-	-	-	-	37,018,899
Total debt limitation	<u>27,764,174</u>	<u>55,528,349</u>	<u>46,273,624</u>	<u>40,103,807</u>	<u>37,018,899</u>
Indebtedness:					
Bonds payable	-	299,613	-	-	-
Bond anticipation notes	2,520,000	-	-	-	-
Notes payable	152,686	-	-	-	-
Town share of Region One bonds	-	849,084	-	-	-
Total indebtedness	<u>2,672,686</u>	<u>1,148,697</u>	<u>-</u>	<u>-</u>	<u>-</u>
Debt limitation in excess of outstanding and authorized debt	<u><u>\$ 25,091,488</u></u>	<u><u>\$ 54,379,652</u></u>	<u><u>\$ 46,273,624</u></u>	<u><u>\$ 40,103,807</u></u>	<u><u>\$ 37,018,899</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, 2015

Grand List October 1,	Adjusted Taxes Receivable July 1, 2014	Lawful Corrections		Suspense Transfers	Adjusted Taxes Receivable	Collections			Taxes Receivable June 30, 2015
		Additions	Deductions			Taxes	Interest and Liens	Total	
2013	\$ 12,317,511	\$ 13,728	\$ 33,094	\$ -	\$ 12,298,145	\$ 12,216,496	\$ 33,575	\$ 12,250,071	\$ 81,649
2012	72,634	95	181	-	72,548	44,501	8,515	53,016	28,047
2011	25,613	-	-	-	25,613	6,511	2,953	9,464	19,102
2010	19,627	-	-	(5,991)	13,636	4,426	2,775	7,201	9,210
2009	6,088	-	-	-	6,088	1,842	650	2,492	4,246
2008	2,926	-	-	-	2,926	263	182	445	2,663
2007	2,842	-	-	-	2,842	10	36	46	2,832
2006	2,559	-	-	-	2,559	1,152	3,557	4,709	1,407
2005	549	-	-	-	549	549	341	890	-
2004	8	-	-	-	8	8	40	48	-
2003	8	-	-	-	8	8	41	49	-
2002	8	-	-	-	8	8	43	51	-
2001	9	-	-	-	9	9	43	52	-
2000	9	-	-	-	9	9	44	53	-
1999	9	-	-	-	9	9	47	56	-
	<u>\$ 12,450,400</u>	<u>\$ 13,823</u>	<u>\$ 33,275</u>	<u>\$ (5,991)</u>	<u>\$ 12,424,957</u>	<u>\$ 12,275,801</u>	<u>\$ 52,842</u>	<u>\$ 12,328,643</u>	<u>\$ 149,156</u>

See accompanying Independent Auditors' Report.