
TOWN OF SALISBURY

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2009

A. Paul Ramunni, CPA, LLC
CERTIFIED PUBLIC ACCOUNTANT

95 Main Street • P.O. Box 929 • Canaan, CT 06018 • (860) 824-0781

Town of Salisbury

Table of Contents

June 30, 2009

| | <u>Page</u> |
|--|-------------|
| INDEPENDENT AUDITOR'S REPORT | 1 - 2 |
| MANAGEMENT'S DISCUSSION AND ANALYSIS | 3 - 9 |
| BASIC FINANCIAL STATEMENTS | |
| <u>Government-Wide Financial Statements:</u> | |
| Statement of Nets Assets | 10 |
| Statement of Activities | 11 |
| <u>Fund Financial Statements:</u> | |
| Balance Sheet - Governmental Funds | 12 |
| Reconciliation of the Government Fund Balance Sheet To the Statement of Net Assets | 13 |
| Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds | 14 |
| Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities | 15 |
| Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Budgetary Basis - General Fund | 16 |
| Statement of Net Assets - Proprietary Funds | 17 |
| Statement of Revenue, Expenses and Changes in Net Assets - Proprietary Funds | 18 |
| Statement of Cash Flows - Proprietary Funds | 19 |
| Statement of Fiduciary Net Assets - Fiduciary Funds | 20 |
| Statement of Changes in Fiduciary Net Assets - Fiduciary Funds | 21 |
| Notes to Basic Financial Statements | 22-40 |
| SUPPLEMENTAL AND COMBINING INDIVIDUAL FUND NONMAJOR FUND STATEMENTS AND SCHEDULES | |
| <u>General Fund:</u> | |
| Schedule of Revenues and Other Financing Sources - Budget and Actual - Budgetary Basis | 41 |
| Schedule of Expenditures and Other Financing Uses - Budget and Actual - Budgetary Basis | 42-48 |
| <u>Nonmajor Governmental Funds:</u> | |
| Combining Balance Sheet | 49-51 |
| Combining Statement of Revenues, Expenditures and Changes in Fund Balance | 52-54 |

Town of Salisbury

Table of Contents

June 30, 2009

(Continued)

| | <u>Page</u> |
|---|-------------|
| SUPPLEMENTAL AND COMBINING INDIVIDUAL FUND NONMAJOR FUND STATEMENTS AND SCHEDULES (Continued): | |
| <u>Fiduciary Funds:</u> | |
| Combining Statement of Fiduciary Net Assets | 55 |
| <u>Other Schedules:</u> | |
| Statement of Debt Limitation | 56 |
| Report of the Property Tax Collector | 57 |
| Schedule of Bond Indebtedness and Maturities | 58 |
| OTHER REPORTS | |
| Report on Compliance and Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> | 59-60 |
| Report on Compliance with Requirements Applicable to Each Major Program, on Internal Control over Compliance in Accordance With the State Single Audit Act, and on the Schedule of Expenditures of State Financial Assistance | 61-62 |
| Schedule of Expenditures of State Financial Assistance | 63 |
| Notes to Schedule of Expenditures of State Financial Assistance | 64 |
| Schedule of Findings and Questioned Costs | 65 |

A. Paul Ramunni, CPA, LLC
CERTIFIED PUBLIC ACCOUNTANT

A. Paul Ramunni, CPA
www.rbscpas.com

95 Main Street • P.O. Box 929 • Canaan, CT 06018

Tel: (860) 824-0781
Fax: (860) 824-5227

Independent Auditor's Report

Board of Finance
Town of Salisbury
Salisbury, CT 06068

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 as of and for the year ended June 30, 2009, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town of Salisbury, Connecticut's management. Our responsibility is to express opinions on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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 of Salisbury, Connecticut as of June 30, 2009, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 20, 2010 on our consideration of the Town of Salisbury Connecticut's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages 3 through 9 is not a required part of the basic financial statements, but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consist principally of inquires of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Salisbury's basic financial statements. The budgetary detail, combining and individual nonmajor fund statements and schedules, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The statistical tables have not been subject to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

A. Paul Ramunni, CPA, LLC

A. Paul Ramunni, CPA, LLC
Certified Public Accountants

January 20, 2010
Canaan Connecticut

TOWN OF SALISBURY, CONNECTICUT
Management's Discussion and Analysis
June 30, 2009

The Management Discussion and Analysis (MD&A) offers the readers of the Town of Salisbury (the "Town") financial statements a narrative overview and analysis of the financial activities of the Town for the fiscal year ending June 30, 2009. The information presented here should be considered in conjunction with the Town's basic financial statements that follow this section. Wherever possible, reference to the financial statements is provided.

FINANCIAL HIGHLIGHTS

On a government-wide basis the Town's assets of \$22,698,934 exceeded its liabilities at June 30, 2009, resulting in total net assets of \$16,651,734. Total net assets for Government activities were \$16,095,245 at fiscal year-end and total net assets for Business-type activities were \$556,489. Unrestricted net assets were \$6,918,485 and were available to meet ongoing government obligations. Of that amount \$6,918,485 is related to governmental activities, which include the General Fund.

The Town's governmental funds, reported on a current financial resources basis, combined ending fund balance was \$8,246,538, an increase of \$376,773 for the year. The General Fund operating deficit for the year was \$268,900. The General Fund balance was \$1,509,448 of which \$209,736 was reserved for subsequent year's operations.

The unreserved undesignated fund balance was \$1,143,395 or 9.65% 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 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 a private sector business.

The statement of net assets presents information on all of the Town's assets and liabilities, with the difference between the two reported as net assets. Over time, increases and decreases in net assets 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 assets 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 flows in future fiscal periods (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 (government 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 government activities of the Town include general government, public safety, public works, and recreation. The business-type activities of the Town of Salisbury 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 can be 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. Unlike the government-wide financial statements, however, 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 the government-wide financial statements, it is useful to compare the information presented for 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 government's near-term decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Town maintains individual government funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund and the capital projects fund, both of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The Town adopts an annual appropriated budget for its general funds. 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 - 16 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 of Salisbury uses an enterprise fund to account for the Sewer Commission.

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 17 - 19 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 20 - 21 of this report.

Notes to the Financial Statements. The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and financial fund statements. The notes to the financial statements can be found on pages 22-40 of this report.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Town's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found in the footnotes on pages 36 - 38 of this report.

The combining statements referred to earlier in connection with non-major governmental funds are presented following the required supplementary information on pensions. Combining and individual fund statements and schedules can be found on pages 41 - 57 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position and an important determinant of its ability to finance services in the future. In the case of the Town, assets exceeded liabilities by \$16,651,734 at the close of the most recent fiscal year.

By far the largest portion of the Town's assets is its investment in capital assets (e.g., land, buildings, machinery, and equipment). It is presented in the statement of net assets 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.

TOWN OF SALISBURY NET ASSETS June 30, 2009

| | <u>Governmental Activities</u> | <u>Business-Type Activities</u> | <u>Total</u> |
|--|------------------------------------|-------------------------------------|-------------------|
| Current and Other Assets | \$ 9,100,796 | \$ 470,665 | \$ 9,571,461 |
| Capital Assets, net of accumulated Depreciation | <u>12,998,604</u> | <u>128,869</u> | <u>13,127,473</u> |
| Total Assets | <u>22,099,400</u> | <u>599,534</u> | <u>22,698,934</u> |

| | | | |
|-----------------------------------|---------------------|------------------|---------------------|
| Current Liabilities | \$ 4,962,045 | 43,045 | 5,005,090 |
| Long-term liabilities outstanding | <u>1,042,110</u> | <u>-</u> | <u>1,042,110</u> |
| Total Liabilities | <u>6,004,155</u> | <u>43,045</u> | <u>6,047,200</u> |
| Net Assets: | | | |
| Invested in capital assets, net | | | |
| Of related debt | 7,464,663 | 128,869 | 7,593,532 |
| Restricted | 1,712,097 | - | 1,712,097 |
| Unrestricted | <u>6,918,485</u> | <u>427,620</u> | <u>7,346,105</u> |
| Total Net Assets | <u>\$16,095,245</u> | <u>\$556,489</u> | <u>\$16,651,734</u> |

The governments net assets increased by \$973,519 during the current fiscal year. The increase is mainly attributable to the general fund operating surplus.

CHANGES IN NET ASSETS June 30, 2009

| | Governmental Activities | Business- Type Activities | Total |
|---|----------------------------|---------------------------------|-------------------|
| Revenues: | | | |
| Program Revenues: | | | |
| Charges for Services | \$ 1,020,595 | \$ 340,573 | \$ 1,361,168 |
| Operating grants and contributions | 1,379,071 | - | 1,379,071 |
| Capital grants and contributions | 1,318,032 | 44,768 | 1,362,800 |
| General Revenues: | | | |
| Property taxes | 10,780,276 | - | 10,780,276 |
| Grants not restricted to specific Programs | 113,806 | - | 113,806 |
| Unrestricted investment earnings | 25,302 | 15,548 | 40,850 |
| Other local revenues | 242,364 | | 242,364 |
| Transfers | | | |
| Total Revenues | <u>14,879,446</u> | <u>400,889</u> | <u>15,280,335</u> |
| Expenses: | | | |
| Administration | 1,363,294 | - | 1,363,294 |
| Public Safety | 743,489 | - | 743,489 |
| Highway | 1,241,822 | - | 1,241,822 |
| Sanitation | 1,174,713 | 433,040 | 1,607,753 |
| Health | 168,078 | - | 168,078 |
| Welfare | 169,874 | - | 169,874 |
| Recreation | 628,854 | - | 628,854 |
| Debt Service | 74,061 | - | 74,061 |
| Education | 7,992,168 | - | 7,992,168 |
| Capital | 260,034 | - | 260,034 |
| Miscellaneous | 26,177 | - | 26,177 |
| Other | <u>31,212</u> | <u>-</u> | <u>31,212</u> |
| Total Expenses | <u>13,873,776</u> | <u>433,040</u> | <u>14,306,816</u> |

| | | | |
|----------------------------------|----------------------------|-------------------------|-----------------------------|
| Change in net assets | 1,005,670 | (32,151) | 973,519 |
| Net assets at beginning of year | <u>15,089,575</u> | <u>588,640</u> | <u>15,678,215</u> |
| Net Assets at End Of Year | <u>\$16,095,245</u> | <u>\$556,489</u> | <u>\$ 16,651,734</u> |

The Town's net assets increased by \$973,519 overall during the fiscal year with net assets of Governmental activities and Business-type activities increasing by \$1,005,670 and \$(32,151) respectively.

Governmental Activities.

Approximately 70% of the revenues were derived from property taxes, followed by 18% from operating and capital grants, 7% from service charges, and 5% from grants and investment earnings. Detailed revenue information can be found on page 11.

Business-type Activities

Business-type activities decreased the Town's net assets by \$32,151. The increase was primarily due to the operation results of the sewer commission.

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, unreserved fund balance may serve as a useful measure of a government's net resources for spending at the end of a 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 \$1,509,448. Of this total fund balance, \$209,736 is reserved for the subsequent year's budget and \$156,317 is reserved for other activities. The remaining balance of \$1,143,395 is unreserved and undesignated.

The fund balance of the Town's General Fund decreased by \$268,900 during the current fiscal year. The primary reason for this decrease was the town originally budgeted a deficit of \$318,459 but expenditures were less 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 assets of the Sewer Commission Fund at the end of the year amounted to \$427,620.

GENERAL FUND BUDGETARY HIGHLIGHTS

Due to revenue substantially in excess of budgeted amounts and expenditure less than the final budgeted amounts the Town of Salisbury was able to operate at a surplus of \$49,559 in excess of the final budgeted amount.

A detailed schedule of revenues and expenditures, budget and actual, can be found on page 42 of this report.

CAPITAL ASSET 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, 2009 amounted to \$12,998,604 and \$128,869, respectively. This investment in capital assets included land, buildings and system improvements, machinery and equipment, park facilities, roads, highways, and bridges.

Additional information on the Town's capital assets can be found in Note 6.

CAPITAL ASSETS, Net of Depreciation June 30, 2009

| | <u>Governmental</u> <u>Activities</u> | <u>Business-</u> <u>Type</u> <u>Activities</u> | <u>Total</u> |
|----------------------------|--|--|-----------------------------|
| Land | \$ 1,391,466 | \$ - | \$1,391,466 |
| Buildings and Improvements | 7,184,162 | 7,527 | 7,191,689 |
| Machinery & Equipment | 772,063 | 106,851 | 878,914 |
| Vehicles | 549,726 | 14,492 | 564,218 |
| Infrastructure | <u>3,101,187</u> | - | <u>3,101,187</u> |
| Total | \$ <u>12,998,604</u> | \$ <u>128,870</u> | \$ <u>13,127,474</u> |

Long-Term Debt

At the end of the current fiscal year, the Town had total outstanding debt of \$5,533,941. Of this outstanding debt, \$1,410,959 represents School Renovation Bonds, \$4,100,000 represent a bond anticipation note and \$22,982 are notes payable secured by equipment.

All of the debt is backed by the full faith and credit of the Town.

OUTSTANDING DEBT June 30, 2009

| | <u>Governmental</u> <u>Activities</u> | <u>Business-</u> <u>Type</u> <u>Activities</u> | <u>Total</u> |
|-------------------------|--|--|----------------------------|
| School renovation Bonds | \$1,410,959 | \$ - | \$1,410,959 |
| Bond anticipation note | 4,100,000 | - | 4,100,000 |
| Notes payable | <u>22,982</u> | - | <u>22,982</u> |
| Total | \$ <u>5,533,941</u> | \$ - | \$ <u>5,533,941</u> |

The Town's total debt had a net decrease of \$1,110,796 during the current fiscal year.

The Town maintained an "Aa" rating from Moody's Investors' Service for all general obligation debt.

State statutes limit the amount of general obligation debt a governmental entity may issue to 7.0 times its total prior year tax collections. The current statutory debt limitation for the Town is \$75,068,812 which is significantly more than the Town's outstanding general obligation debt.

Additional information on the Town's long-term debt can be found in Note 11.

ECONOMIC FACTORS AND THE NEXT YEAR'S BUDGETS AND RATES

In February 2008, Salisbury residents voted to purchase an industrial building at 194 Main Street from the Illinois Tool Works for use as a new Firehouse. The purchase price was \$950,000. A \$2,000,000 renovation and addition has begun is expected to be completed by the summer of 2010.

In an April 2008 meeting, Salisbury residents voted to purchase land and houses belonging to the Lukes and Fittings for use as a new Transfer Station. The purchase price was \$2,000,000. The Town of Sharon has voted unanimously to join with Salisbury in a partnership to manage and use the Transfer Station. The Town of Sharon paid the Town of Salisbury \$700,000 for a 50% interest in this new transfer station. The remaining house and land has yet to be sold. The partnership will share the cost of ownership and construction on a 50-50 basis, with a per-capita formula for actual waste disposal.

A new Senior Center at the Town Grove is in the design phase, with construction scheduled to begin in the fall of 2009. Total cost is expected to be approximately \$1,100,000. A grant has been obtained for \$750,000 and the balance of the cost has been approved to be paid from capital.

On July 1, 2008 the Town received all the assets of the Lakeville Fire District after the District voted to dissolve. The operations of the district are now being run by the Salisbury Fire Commission and are included in these financial statements.

The Town authorized the use of \$209,736 of fund balance from the general fund to reduce the mill rate for the 2009-2010 fiscal year.

All of the above factors were considered in preparing the Town's budget for the 2009-2010 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 financial information should be addressed to the Office of the Accountant, Town of Salisbury, 27 Main Street, PO Box 548, Salisbury, CT 06068.

TOWN OF SALISBURY
STATEMENT OF NET ASSETS
JUNE 30, 2009

| | <u>Governmental Activities</u> | <u>Business - Type Activities</u> | <u>Total</u> |
|---|------------------------------------|---------------------------------------|--------------------------|
| <u>ASSETS</u> | | | |
| Cash and cash equivalents | \$ 7,088,604 | \$ 464,084 | \$ 7,552,688 |
| Investments | 1,352,064 | - | 1,352,064 |
| Receivables: | | | - |
| Property Taxes | 215,974 | - | 215,974 |
| Accounts Receivable | 153,070 | - | 153,070 |
| Accrued interest and fees on property tax | 50,750 | - | 50,750 |
| Sewer Usage Receivable | - | 6,581 | 6,581 |
| Due From Other Funds | 50,563 | - | 50,563 |
| Due From Other Governments | 158,424 | - | 158,424 |
| Prepaid Expenses | 31,347 | - | 31,347 |
| Capital Assets, net of accumulated depreciation | <u>12,998,604</u> | <u>128,869</u> | <u>13,127,473</u> |
| <u>TOTAL ASSETS</u> | <u>\$ 22,099,400</u> | <u>\$ 599,534</u> | <u>\$ 22,698,934</u> |
| <u>LIABILITIES</u> | | | |
| Accounts and Other Payables | 352,188 | 43,045 | 395,233 |
| Due to Other Funds | 50,563 | - | 50,563 |
| Due to Student Groups and Agencies | - | - | - |
| Due to State | 2,634 | - | 2,634 |
| Deferred Revenue | 64,829 | - | 64,829 |
| Noncurrent Liabilities: | | | - |
| Due within one year | 4,491,831 | - | 4,491,831 |
| Due in more than one year | 1,042,110 | - | 1,042,110 |
| <u>TOTAL LIABILITIES</u> | <u>6,004,155</u> | <u>43,045</u> | <u>6,047,200</u> |
| <u>NET ASSETS</u> | | | |
| Invested in capital assets, net of related debt | 7,464,663 | 128,869 | 7,593,532 |
| Restricted for: | | | |
| Permanent funds | 1,712,097 | - | 1,712,097 |
| Unrestricted | <u>6,918,485</u> | <u>427,620</u> | <u>7,346,105</u> |
| <u>TOTAL NET ASSETS</u> | <u>16,095,245</u> | <u>556,489</u> | <u>16,651,734</u> |
| <u>TOTAL LIABILITIES AND NET ASSETS</u> | <u>\$ 22,099,400</u> | <u>\$ 599,534</u> | <u>\$ 22,698,934</u> |

The accompanying notes are an integral part of these financial statements

TOWN OF SALISBURY
STATEMENT OF ACTIVITIES
For The Year Ended June 30, 2009

| | Program Revenues | | | Revenues and Changes in Net Assets | | |
|--|-------------------------|--|--|------------------------------------|-------------------------------|----------------|
| | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Primary Government | | |
| Expenses | \$ | \$ | \$ | Governmental Activities | Business - Type Activities | Total |
| <u>Governmental Activities</u> | | | | | | |
| Administration | \$ (1,363,294) | - | - | \$ (1,041,380) | - | \$ (1,041,380) |
| Public Safety | (743,489) | 57,120 | 1,245,321 | 737,502 | - | 737,502 |
| Highways | (1,241,822) | - | - | (1,097,415) | - | (1,097,415) |
| Sanitation and Waste Removal | (1,174,713) | 440,899 | - | (263,716) | - | (263,716) |
| Health | (168,078) | - | - | (168,078) | - | (168,078) |
| Welfare | (169,874) | - | - | (169,874) | - | (169,874) |
| Recreation | (628,854) | 152,819 | - | (454,876) | - | (454,876) |
| General Obligation Note | (74,061) | - | - | (74,061) | - | (74,061) |
| Miscellaneous | (26,177) | - | - | (26,177) | - | (26,177) |
| Education | (7,992,168) | 47,843 | - | (7,379,468) | - | (7,379,468) |
| Capital Outlay | (260,034) | - | 72,711 | (187,323) | - | (187,323) |
| Other | (31,212) | - | - | (31,212) | - | (31,212) |
| <u>Total Governmental Activities</u> | (13,873,776) | 1,020,595 | 1,379,071 | (10,156,078) | - | (10,156,078) |
| <u>Business Type Activities</u> | | | | | | |
| Sewer | (433,040) | 340,573 | 44,768 | - | (47,699) | (47,699) |
| <u>Total Primary Government</u> | \$ (14,306,816) | \$ 1,361,168 | \$ 1,379,071 | (10,156,078) | (47,699) | (10,203,777) |
| <u>General Revenues:</u> | | | | | | |
| Property taxes | | | | 10,780,276 | - | 10,780,276 |
| Grants and contributions not restricted to specific programs | | | | 113,806 | - | 113,806 |
| Other local revenues | | | | 242,364 | - | 242,364 |
| Unrestricted investment earnings | | | | 25,302 | 15,548 | 40,850 |
| <u>Total General revenues</u> | | | | 11,161,748 | 15,548 | 11,177,296 |
| <u>Change in net assets</u> | | | | 1,005,670 | (32,151) | 973,519 |
| <u>Net assets beginning of year</u> | | | | 15,089,575 | 588,640 | 15,678,215 |
| <u>Net assets end of year</u> | | | | \$ 16,095,245 | \$ 556,489 | \$ 16,651,734 |

The accompanying notes are an integral part of these financial statements

TOWN OF SALISBURY
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2009

| | <u>General Fund</u> | <u>Transfer Station Fund</u> | <u>Building Capital Fund</u> | <u>Bauer Fund</u> | <u>Other Governmental Funds</u> | <u>Total Governmental Funds</u> |
|---|---------------------|------------------------------|------------------------------|---------------------|---------------------------------|---------------------------------|
| <u>ASSETS</u> | | | | | | |
| Cash and cash equivalents | \$ 1,485,980 | \$ 231,902 | \$ 1,883,983 | \$ 305,380 | \$ 3,181,359 | \$ 7,088,604 |
| Investments | 169,817 | - | - | 976,976 | 205,271 | 1,352,064 |
| Receivables: | | | | | | |
| Property Taxes | 215,974 | - | - | - | - | 215,974 |
| Accounts Receivable | 129,492 | 19,089 | - | - | 4,489 | 153,070 |
| Due From Other Funds | 5,016 | - | - | - | 45,547 | 50,563 |
| Due From Other Governments | - | - | - | - | 2,283 | 2,283 |
| Prepaid Expenses | 31,347 | - | - | - | - | 31,347 |
| <u>TOTAL ASSETS</u> | <u>\$ 2,037,626</u> | <u>\$ 250,991</u> | <u>\$ 1,883,983</u> | <u>\$ 1,282,356</u> | <u>\$ 3,438,949</u> | <u>\$ 8,893,905</u> |
| <u>LIABILITIES AND FUND BALANCES</u> | | | | | | |
| <u>LIABILITIES</u> | | | | | | |
| Accounts and Other Payables | \$ 296,774 | \$ 31,723 | \$ - | \$ - | \$ 23,691 | \$ 352,188 |
| Due to Other Funds | 45,547 | - | - | - | 5,016 | 50,563 |
| Deferred Revenue | 185,857 | 52,970 | - | - | 3,155 | 241,982 |
| Due to Student Groups and Agencies | - | - | - | - | - | - |
| Due to State | - | - | - | - | 2,634 | 2,634 |
| <u>TOTAL LIABILITIES</u> | <u>528,178</u> | <u>84,693</u> | <u>-</u> | <u>-</u> | <u>34,496</u> | <u>647,367</u> |
| <u>FUND BALANCES</u> | | | | | | |
| Reserved for: | | | | | | |
| Designated for subsequent year's operating budget | 209,736 | - | - | - | - | 209,736 |
| Permanent funds | - | - | - | 1,282,356 | 429,741 | 1,712,097 |
| Capital project funds | - | - | 1,883,983 | - | 1,759,690 | 3,643,673 |
| Other reserved | 156,317 | - | - | - | - | 156,317 |
| Unreserved, reported in: | | | | | | |
| General fund | 1,143,395 | 166,298 | - | - | - | 1,143,395 |
| Special revenue funds | - | - | - | - | 1,215,022 | 1,381,320 |
| Capital project funds | - | - | - | - | - | - |
| <u>TOTAL FUND BALANCES</u> | <u>1,509,448</u> | <u>166,298</u> | <u>1,883,983</u> | <u>1,282,356</u> | <u>3,404,453</u> | <u>8,246,536</u> |
| <u>TOTAL LIABILITIES AND FUND BALANCES</u> | <u>\$ 2,037,626</u> | <u>\$ 250,991</u> | <u>\$ 1,883,983</u> | <u>\$ 1,282,356</u> | <u>\$ 3,438,949</u> | <u>\$ 8,893,905</u> |

The accompanying notes are an integral part of these financial statements
-12-

TOWN OF SALISBURY
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2009

| | |
|---|----------------------|
| <u>Total fund balances for governmental funds</u> | \$ 8,246,538 |
| Total net assets reported for governmental activities in the statement of net assets is different because of the following: | |
| Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds | 12,998,604 |
| Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds | |
| Property tax and receivables greater than 60 days | 177,153 |
| Receivable from the state for school construction projects | 156,141 |
| Interest receivable on property taxes | 50,750 |
| Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds | <u>(5,533,941)</u> |
| <u>Net assets of governmental activities</u> | <u>\$ 16,095,245</u> |

The accompanying notes are an integral part of these financial statements

TOWN OF SALISBURY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2009

| | General Fund | Transfer Station Fund | Building Capital Fund | Bauer Fund | Other Governmental Funds | Total Governmental Funds |
|---|---------------------|-----------------------|-----------------------|---------------------|--------------------------|--------------------------|
| Revenues: | | | | | | |
| Sales and Services..... | \$ - | \$ 440,899 | \$ - | \$ - | \$ 161,346 | \$ 602,245 |
| Property Taxes..... | 10,729,251 | - | - | - | - | 10,729,251 |
| Other Governmental Revenues..... | 763,838 | 470,098 | 700,000 | - | 391,145 | 2,325,081 |
| Other Local Revenues..... | 660,714 | - | - | - | - | 660,714 |
| Interest, Dividends and Gains..... | 36,496 | 3,260 | 56,994 | (136,289) | 64,840 | 25,302 |
| Donations..... | - | - | - | - | 776,638 | 776,638 |
| Total Revenues | 12,190,299 | 914,257 | 756,994 | (136,288) | 1,393,969 | 15,119,231 |
| Expenditures: | | | | | | |
| Current: | | | | | | |
| Administration..... | 1,334,615 | - | - | - | - | 1,334,615 |
| Public Safety..... | 504,443 | - | - | - | 197,861 | 702,304 |
| Highways..... | 766,092 | - | - | - | 273,702 | 1,039,794 |
| Sanitation and Waste Removal..... | 283,923 | 845,288 | - | - | - | 1,129,211 |
| Health..... | 168,078 | - | - | - | - | 168,078 |
| Welfare..... | 92,126 | - | - | 41,922 | 35,826 | 169,874 |
| Recreation..... | 549,542 | - | - | - | 67,111 | 616,653 |
| Miscellaneous..... | 26,177 | - | - | - | - | 26,177 |
| Other..... | 23,714 | - | - | 7,498 | - | 31,212 |
| Education..... | 7,663,926 | - | - | - | - | 7,743,085 |
| Capital Outlay..... | 441,016 | - | 62,435 | - | - | 596,830 |
| Debt Service..... | 4,880,700 | - | 4,880,700 | - | 534,395 | 5,321,716 |
| Total Expenditures | 11,853,652 | 845,288 | 4,943,135 | 49,420 | 1,188,054 | 18,879,549 |
| Excess (deficiency) of Revenues Over Expenditures..... | 336,647 | 68,969 | (4,186,141) | (185,708) | 205,915 | (3,760,318) |
| Other Financing Sources (Uses): | | | | | | |
| Transfers In..... | - | - | 20,000 | - | 650,547 | 670,547 |
| Transfers Out..... | (605,547) | (20,000) | - | - | (44,768) | (670,315) |
| Debt Proceeds..... | - | - | 4,136,859 | - | - | 4,136,859 |
| Total Other Financing sources (Uses): | (605,547) | (20,000) | 4,156,859 | - | 605,779 | 4,137,091 |
| Net Change in Fund Balances | (268,900) | 48,969 | (29,282) | (185,708) | 811,694 | 376,773 |
| Fund Balances (Deficit), Beginning of Year | 1,778,348 | 117,329 | 1,913,265 | 1,468,054 | 2,592,759 | 7,869,765 |
| Fund Balances (Deficit), End of Year | \$ 1,509,448 | \$ 166,298 | \$ 1,883,983 | \$ 1,282,356 | \$ 3,404,453 | \$ 8,246,538 |

The accompanying notes are an integral part of these financial statements

TOWN OF SALISBURY

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES
JUNE 30, 2009

| | | |
|---|------------------|---------------------|
| <u>Net change in fund balances for governmental funds</u> | \$ | 376,773 |
| <p>Total change in net assets reported for governmental activities in the statement of activities is different because of the following:</p> | | |
| <p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets allocated over their estimated useful lives and reported as depreciation expense. The amount by which depreciation differed from capital outlays in the current period is as follows:</p> | | |
| Capital assets contributed by the Lakeville Fire District | 502,552 | |
| Sale of capital asset at cost | (700,000) | |
| Expenditures for capital assets | 336,796 | |
| Depreciation expense | <u>(578,910)</u> | |
| Net adjustment | <u>(439,562)</u> | (439,562) |
| <p>Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets</p> | | |
| Proceeds from bond anticipation notes | | (4,100,000) |
| Bond anticipation notes principal payment | | 4,800,000 |
| General obligation bond principal payments | | 380,177 |
| <p>Repayment of note payable principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets</p> | | |
| | | 30,619 |
| <p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds</p> | | |
| Decrease in Property Taxes Receivable-accrual basis adjustment | | 43,309 |
| Intergovernmental revenue on school bonds | | (93,362) |
| Increase in Interest and Lien Fees due on Property Taxes | | <u>7,716</u> |
| <u>Change in net assets of governmental activities</u> | | <u>\$ 1,005,670</u> |

The accompanying notes are an integral part of these financial statements

TOWN OF SALISBURY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
BUDGETARY BASIS - GENERAL FUND
For the Year Ended June 30, 2009

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance With Final Budget Over (Under)</u> |
|---|-------------------------|---------------------|---------------------|--|
| | <u>Original</u> | <u>Final</u> | | |
| <u>Revenues:</u> | | | | |
| Property Taxes | \$ 10,794,422 | \$ 10,794,422 | \$ 10,729,251 | (65,171) |
| Other Governmental Revenues | 377,606 | 377,606 | 422,793 | 45,187 |
| Other Local Revenue | 678,750 | 678,750 | 660,714 | (18,036) |
| Interest, Dividends and Gains | 66,300 | 66,300 | 36,496 | (29,804) |
| <u>Total Revenues</u> | <u>11,917,078</u> | <u>11,917,078</u> | <u>11,849,254</u> | <u>(67,824)</u> |
| <u>Expenditures:</u> | | | | |
| Administration | 1,401,685 | 1,401,685 | 1,334,615 | 67,070 |
| Public Safety | 525,676 | 525,676 | 504,443 | 21,233 |
| Highways | 732,010 | 732,010 | 766,092 | (34,082) |
| Sanitation and Waste Removal | 285,058 | 285,058 | 283,923 | 1,135 |
| Health | 168,153 | 168,153 | 168,078 | 75 |
| Welfare | 92,058 | 92,058 | 92,126 | (68) |
| Recreation | 538,985 | 538,985 | 549,542 | (10,557) |
| General Obligation Notes | 441,016 | 441,016 | 441,016 | - |
| Miscellaneous | 35,250 | 35,250 | 26,177 | 9,073 |
| Other | 1,000 | 1,000 | 23,714 | (22,714) |
| Education | 7,454,646 | 7,454,646 | 7,322,881 | 131,765 |
| <u>Total Expenditures</u> | <u>11,675,537</u> | <u>11,675,537</u> | <u>11,512,607</u> | <u>162,930</u> |
| Excess of Revenues Over (Under) Expenditures | <u>241,541</u> | <u>241,541</u> | <u>336,647</u> | <u>95,106</u> |
| <u>Other Financing Sources (Uses):</u> | | | | |
| Operating transfers in | - | - | - | - |
| Operating transfers out | (560,000) | (560,000) | (605,547) | (45,547) |
| <u>Total Other Financing Sources (Uses)</u> | <u>(560,000)</u> | <u>(560,000)</u> | <u>(605,547)</u> | <u>(45,547)</u> |
| <u>Net Change in Fund Balance</u> | <u>\$ (318,459)</u> | <u>\$ (318,459)</u> | <u>(268,900)</u> | <u>\$ 49,559</u> |
| <u>Fund Balance - beginning of year</u> | | | <u>1,778,348</u> | |
| <u>Fund Balance - end of year</u> | | | <u>\$ 1,509,448</u> | |

The accompanying notes are an integral part of these financial statements

TOWN OF SALISBURY
STATEMENT OF NET ASSETS - PROPRIETARY FUNDS

JUNE 30, 2009

| | <u>Business - Type Activities Sewer Enterprise Fund</u> |
|---|---|
| <u>ASSETS</u> | |
| Cash and cash equivalents | \$ 464,084 |
| Sewer Usage Receivable | 6,581 |
| Capital Assets, net of accumulated depreciation | <u>128,869</u> |
| <u>TOTAL ASSETS</u> | <u>\$ 599,534</u> |
| <u>LIABILITIES</u> | |
| Accounts and Other Payables | <u>\$ 43,045</u> |
| <u>TOTAL LIABILITIES</u> | <u>43,045</u> |
| <u>NET ASSETS</u> | |
| Invested in capital assets | 128,869 |
| Unrestricted | <u>427,620</u> |
| <u>TOTAL NET ASSETS</u> | <u>556,489</u> |
| <u>TOTAL LIABILITIES AND NET ASSETS</u> | <u>\$ 599,534</u> |

The accompanying notes are an integral part of these financial statements

TOWN OF SALISBURY

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN
NET ASSETS - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2009

| | Business - Type Activities Sewer Enterprise Fund |
|--|---|
| <u>Operating Revenues:</u> | |
| Sewer Usage Fees | \$ 340,573 |
| <u>Total Operating Revenues</u> | <u>340,573</u> |
| | |
| <u>Operating Expenses</u> | |
| Materials | 10,244 |
| Wages and Benefits | 169,565 |
| Operating Expenses | 182,169 |
| Depreciation | 26,062 |
| <u>Total Operating Expenses</u> | <u>388,040</u> |
| | |
| <u>Operating Income (Loss)</u> | <u>(47,467)</u> |
| | |
| <u>Non-operating revenues (expenses)</u> | |
| Interest | 15,548 |
| <u>Net Non-operating revenues (expenses)</u> | <u>15,548</u> |
| | |
| Income (loss) before transfers | (31,919) |
| | |
| Transfers In | 44,768 |
| Transfers Out | <u>(45,000)</u> |
| | |
| Change in Net Assets | (32,151) |
| | |
| <u>Net Assets beginning of year</u> | <u>588,640</u> |
| | |
| <u>Net Assets end of year</u> | <u>\$ 556,489</u> |

The accompanying notes are an integral part of these financial statements

TOWN OF SALISBURY
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2009

| | Business - Type Activities Sewer Enterprise Fund |
|--|---|
| <u>Cash flows from operating activities</u> | |
| Cash received from customers | \$ 348,909 |
| Cash paid to suppliers | (365,795) |
| Depreciation Expense | 26,062 |
| <u>Net cash provided by (used in) operating activities</u> | <u>9,176</u> |
| <u>Cash flows from non-capital financing activities</u> | |
| Transfers in from other funds | 44,768 |
| Transfers out to other funds | (45,000) |
| <u>Net cash used in non-capital financing activities</u> | <u>(232)</u> |
| <u>Cash flows from capital and related financing activities</u> | |
| Purchase of property, plant and equipment | (44,768) |
| <u>Net cash used in capital and related financing activities</u> | <u>(44,768)</u> |
| <u>Cash flows from investing activities</u> | |
| Interest on investments | 15,548 |
| <u>Net cash provided by investing activities</u> | <u>15,548</u> |
| <u>Net increase (decrease) in cash and cash equivalents</u> | (20,276) |
| <u>Cash and cash equivalents at beginning of year</u> | <u>484,360</u> |
| <u>Cash and cash equivalents at end of year</u> | <u>\$ 464,084</u> |

The accompanying notes are an integral part of these financial statements

TOWN OF SALISBURY
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS

JUNE 30, 2009

| | <u>Pension Trust Funds</u> | <u>Agency Funds</u> |
|---|--------------------------------|-------------------------|
| <u>ASSETS</u> | | |
| Cash and cash equivalents | \$ 27,259 | \$ 56,279 |
| Investments | 993,730 | - |
| Due from other funds | <u>-</u> | <u>-</u> |
| <u>TOTAL ASSETS</u> | <u>\$ 1,020,989</u> | <u>\$ 56,279</u> |
| <u>LIABILITIES</u> | | |
| Due to beneficiaries | <u>\$ -</u> | <u>\$ 56,279</u> |
| <u>TOTAL LIABILITIES</u> | <u>-</u> | <u>56,279</u> |
| <u>NET ASSETS</u> | | |
| Net assets held in trust for pension benefits | <u>1,020,989</u> | <u>-</u> |
| <u>TOTAL NET ASSETS</u> | <u>1,020,989</u> | <u>-</u> |
| <u>TOTAL LIABILITIES AND NET ASSETS</u> | | |
| | <u>\$ 1,020,989</u> | <u>\$ 56,279</u> |

The accompanying notes are an integral part of these financial statements

TOWN OF SALISBURY
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2009

| | <u>Pension Trust Fund</u> |
|---|-------------------------------|
| <u>ADDITIONS</u> | |
| <u>Contributions</u> | |
| Employer | \$ 58,902 |
| <u>Total Contributions</u> | <u>58,902</u> |
| <u>Investment Income</u> | |
| Dividend and Interest Earnings | 37,597 |
| Net Change in Fair Value of Investments | <u>(79,051)</u> |
| - | - |
| <u>Total Investment Income</u> | <u>(41,454)</u> |
| <u>TOTAL ADDITIONS</u> | <u>17,448</u> |
| <u>DEDUCTIONS</u> | |
| Benefits | - |
| Administrative Expense | <u>9,324</u> |
| <u>TOTAL DEDUCTIONS</u> | <u>9,324</u> |
| <u>CHANGE IN NET ASSETS</u> | <u>8,124</u> |
| <u>NET ASSETS BEGINNING OF YEAR</u> | <u>1,012,865</u> |
| <u>NET ASSETS END OF YEAR</u> | <u>\$ 1,020,989</u> |

The accompanying notes are an integral part of these financial statements

TOWN OF SALISBURY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. The Financial Reporting Entity

The Town of Salisbury was incorporated October 1741 under the provisions of the Connecticut General Statutes. The Town of Salisbury operates under the Selectman form of government with a Board of Finance and a Board of Education and 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 following related organization, to which the Town appropriates funds annually, does not meet the above criteria and is not included in the reporting entity:

Regional School District #1 - This potential component unit has a separate elected board and provides educational services to residents of several local Towns which make up the region. It is excluded from the reporting entity because the Town does not have the ability to exercise influence or control over the daily operations or approve budgets.

B. 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 assets and the statement of changes in net assets) report information on all of the non fiduciary activities of the Town. For the most part, the effect of interfund activity has been removed from these statements. 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.

TOWN OF SALISBURY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

The statement of activities demonstrates the degree to which the direct expenses of a 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.

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

Governmental Funds are those through which most governmental functions typically are financed.

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 major capital facilities not being financed by proprietary funds.

Permanent Funds - used to report resources that are legally restricted to the extent that only earnings, 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 are the Town's proprietary funds:

TOWN OF SALISBURY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

Enterprise Funds - account 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 statements. The fiduciary funds are as follows:

The *Pension Trust Fund* is 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.

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.

TOWN OF SALISBURY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

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.

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.

The Town reports the following major proprietary fund:

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

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial 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.

TOWN OF SALISBURY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

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.

Proprietary funds distinguish operating revenues and expenses from nonoperating 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 nonoperating revenues and expenses.

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

C. 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 and 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.

D. Cash Equivalents

The Town classifies all highly liquid investments having original maturities of three months or less as cash equivalents.

E. Receivables and Payables

Interfund receivable and payable arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed.

F. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

G. Investments

Investments are stated at fair value.

TOWN OF SALISBURY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

F. 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. Taxes become delinquent thirty days after the installment is due. Liens are filed by the last day of the fiscal year. An allowance based on historical collection experience is provided for uncollectible taxes.

G. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities 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 costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

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> |
|-------------------------|--------------|
| Buildings | 40 - 50 |
| Building improvements | 20 |
| Infrastructure | 50 |
| Machinery and equipment | 5 - 30 |
| Vehicles | 5 - 10 |

H. Compensated Absences

It is the Town's policy to permit employees to accumulate up to 60 days of earned sick leave. However, earned vacation pay must be used by the beginning of the following year. Earned vacation pay is paid to employees upon separation of service but sick pay is not paid upon separation of service. The cost of vacation and sick leave is recognized when payments are made to employees. The amount of the liability for accrued vacation and sick leave would not have a material effect on the Town's financial statements; therefore no liability has been recorded.

TOWN OF SALISBURY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

I. Long-Term Obligations

In the government-wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business type activities, or proprietary fund type statement of net assets.

J. Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments are recorded in order to reserve that portion of the applicable appropriation, is frequently employed by governmental units as an extension of formal budgetary integration in the governmental funds. The Town of Salisbury does not utilize encumbrance accounting.

K. Deferred Revenue

In the government-wide and fund financial statements, this liability represents resources that have been received but not yet earned. In the fund financial statements, this liability also represents revenues considered measurable but not yet available during the current period.

L. Fund Equity and Net Assets

Equity in the government-wide financial statements is defined as “net assets” and is classified in the following categories:

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

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

Unrestricted Net Assets - This category represents the net assets of the Town, which are not restricted for any project or other purpose.

The equity of the fund financial statements is defined as “fund balance” and is classified the following categories:

TOWN OF SALISBURY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

Reserved Fund Balance - represents amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

Designated Fund Balance - represents tentative management plans that are subject to change.

Unreserved Fund Balance - indicates that portion of fund equity which is available for appropriation and expenditure in future periods.

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgets and Budgetary Accounting

The Town follows these procedures in establishing the budgetary data reflected in the financial statements:

- A proposed operating budget is submitted for the fiscal year. The operating budget includes proposed expenditures and the means of financing them.
- Public hearings are conducted in the Town to obtain taxpayer comments.
- The budget is legally enacted through passage of ordinance.
- 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.
- 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.
- 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.

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. 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:

TOWN OF SALISBURY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

| | <u>Revenues</u> | <u>Expenditures</u> |
|--|----------------------|----------------------|
| Total Budgetary Basis | \$ 11,849,254 | \$ 11,512,607 |
| “On-Behalf” payments – State Teachers retirement Fund (see Note 13) | 341,045 | 341,045 |
| Total GAAP Basis | <u>\$ 12,190,299</u> | <u>\$ 11,853,652</u> |

NOTE 3 - CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash Deposits

The Town’s cash deposits are categorized pursuant to Statement No. 3 of the Governmental Accounting Standards Board, *Deposits with Financial Institutions, Investments, and Repurchase Agreements*. Category 1 includes amounts which are insured or collateralized with securities held by the Town or by its agent in the Town’s name. Category 2 includes amounts which are collateralized with securities held by the pledging financial institution’s trust department or agent in the Town’s name. Category 3 includes amounts which are uninsured and uncollateralized, including any bank balance that is collateralized with securities held by the pledging financial institution, or by its trust department or agent, but not in the Town’s name.

At June 30, 2009, the carrying amount of the Town’s cash deposits (such as checking and savings accounts) was \$7,636,226 and the bank balance was \$7,777,251. Of the bank balance, \$400,000 was covered by federal depository or private insurance (Category 1) and \$7,377,251 was uninsured and uncollateralized (Category 3). However, all such deposits were in qualified public institutions as defined by state statute. Under this statute, any bank holding public deposits must at all times maintain, segregated from its other assets, eligible collateral in an amount equal to a certain percentage of its public deposits. The applicable percentage is determined based on the bank’s risk-based capital ratio. The amount of public deposits is determined based on either the public deposits reported on the most recent quarterly call report, or the average of the public deposits reported on the four most recent quarterly call reports, whichever is greater. The collateral is kept in the custody of the trust department of either the pledging bank or another bank in the name of the pledging bank.

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 at those times were substantially higher than at year-end.

The Town does not have a deposit and investment policy related to the specific type of risk that the Town is exposed to.

TOWN OF SALISBURY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

Investments

In accordance with the provisions of Statement No. 3 of the Governmental Accounting Standards Board, the Town's investments must be categorized to give an indication of the level of risk assumed at year-end. Category 1 includes securities that are insured or registered in the Town's name or are held by the Town or by its agent in the Town's name. Category 2 includes uninsured and unregistered securities, which are held by the counterparty's trust department or by its agent in the Town's name. Category 3 includes uninsured and unregistered securities, which are held by the counterparty, its trust department or its agent, but not held in the Town's name.

State statutes authorize the Town to invest in obligations of the United States, including its instrumentalities and agencies; in obligations of any state or of any political subdivision, authority or agency thereof, provided such obligations are rated within one of the top two rating categories of any recognized rating service; or in obligations of the State of Connecticut or of any political subdivision thereof, provided such obligations are rated within one of the top three rating categories of any recognized rating service. The pension and other trust funds may also invest in certain real estate mortgages, in certain savings banks or savings and loan associations, or in stocks or bonds or other securities selected by the trustee, with the care of a prudent investor.

| | Category | | | Total |
|--------------------------|-------------|------------------|-------------------|----------------|
| | 1 | 2 | 3 | |
| U.S. Government Agencies | \$ - | \$ - | \$ 425,305 | \$ 425,305 |
| Corporate Bonds | - | - | - | |
| Corporate Stocks | - | 45,177 | - | 45,177 |
| Totals | <u>\$ -</u> | <u>\$ 45,177</u> | <u>\$ 425,305</u> | <u>470,482</u> |

Non-Categorized Investments - Pool
Accounts*

| | |
|------------------------------|----------------|
| Pension Trust Fund | 993,730 |
| Short Term Investment Funds | 79,724 |
| Berkshire Taconic Foundation | <u>801,858</u> |

TOTAL \$ 2,345,794

* Categorization is not applicable since the Town does not own identifiable securities, but invests as a shareholder of the investment pool.

The State Treasurer's Short-Term Investment Fund is operated by the State Treasurer's Office. The value of the pool shares is the same as the fair value of the Town's position in the pool

TOWN OF SALISBURY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE 4 – RECEIVABLES

Receivables at June 30, 2009 for individual major funds and all other funds in the aggregate, including the applicable allowance for collection losses, are as follows:

| | <u>General Fund</u> | <u>Transfer Station Fund</u> | <u>Nonmajor Governmental Funds</u> | <u>Sewer Enterprise Fund</u> | <u>Total</u> |
|--|-------------------------|--------------------------------------|--|--------------------------------------|-------------------|
| Property Tax | \$ 215,974 | \$ - | \$ - | \$ - | 215,974 |
| Accrued interest and fees on property tax | 50,750 | - | - | - | 50,750 |
| Sewer user fees | - | - | - | 6,581 | 6,581 |
| State of CT | - | - | 2,283 | - | 2,283 |
| CT school construction | 156,141 | - | - | - | 156,141 |
| Other | <u>153,070</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>153,070</u> |
| | <u>\$ 575,935</u> | <u>\$ -</u> | <u>\$ 2,283</u> | <u>\$ 6,581</u> | <u>\$ 584,799</u> |

NOTE 5 - INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

As of June 30, 2009, interfund receivables and payables that resulted from various interfund transactions were as follows:

| | <u>Due From Other Funds</u> | <u>Due to Other Funds</u> |
|---------------------------|---------------------------------|-------------------------------|
| General Fund | \$ 5,016 | \$ 45,547 |
| Special Revenue Funds | | |
| Unemployment Compensation | - | - |
| Town Aid Road | - | 5,016 |
| Capital Projects Funds: | | |
| Education Capital | 45,547 | - |
| Other Capital | - | - |
| | <u>\$ 50,563</u> | <u>\$ 50,563</u> |

During the current year transfers were made from the general fund in the amount of \$605,547. Of this amount \$240,000 was transferred to the Town Aid Road Fund and \$365,547 was transferred to various Capital Projects Funds. In addition a net transfer of \$232 was made from the Sewer Enterprise Fund to the WPCA Sewer Equipment Fund.

TOWN OF SALISBURY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE 6 – CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2009 was as follows:

| | <u>Beginning Balance</u> | <u>Increases</u> | <u>Decreases</u> | <u>Ending Balance</u> |
|---|------------------------------|------------------|-------------------|---------------------------|
| Governmental Activities | | | | |
| Capital assets not being depreciated | | | | |
| Land | \$ 2,068,677 | \$ 22,789 | \$ 700,000 | \$ 1,391,466 |
| Capital assets being depreciated: | | | | |
| Buildings and improvements | 11,915,509 | 289,789 | - | 12,205,298 |
| Machinery and Equipment | 2,018,140 | 292,924 | - | 2,311,064 |
| Infrastructure | 3,556,733 | - | - | 3,556,733 |
| Vehicles | 1,633,035 | 846,467 | - | 2,479,502 |
| Total capital assets being depreciated | <u>19,123,417</u> | <u>1,429,180</u> | <u>-</u> | <u>20,552,597</u> |
| Less accumulated depreciation for: | | | | |
| Buildings and improvements | 4,649,216 | 371,920 | - | 5,021,136 |
| Machinery and Equipment | 1,378,998 | 160,003 | - | 1,539,001 |
| Infrastructure | 384,731 | 70,815 | - | 455,546 |
| Vehicles | 1,340,983 | 588,793 | - | 1,929,776 |
| Total accumulated depreciation | <u>7,753,928</u> | <u>1,191,531</u> | <u>-</u> | <u>8,945,459</u> |
| Total capital assets being depreciated, net | <u>11,369,489</u> | <u>237,649</u> | <u>-</u> | <u>11,607,138</u> |
| Governmental activities, capital assets, net | <u>\$ 13,438,166</u> | <u>260,438</u> | <u>\$ 700,000</u> | <u>\$ 12,998,604</u> |
| Business-Type Activities | | | | |
| Capital assets being depreciated: | | | | |
| Buildings and improvements | \$ 574,000 | \$ - | \$ - | \$ 574,000 |
| Machinery and Equipment | 182,410 | 44,769 | - | 227,179 |
| Vehicles | 26,350 | - | - | 26,350 |
| Total capital assets being depreciated | <u>782,760</u> | <u>44,769</u> | <u>-</u> | <u>827,529</u> |
| Less accumulated depreciation for: | | | | |
| Buildings and improvements | 561,135 | 5,338 | - | 566,473 |
| Machinery and Equipment | 104,874 | 15,454 | - | 120,328 |
| Vehicles | 6,588 | 5,270 | - | 11,858 |
| Total accumulated depreciation | <u>\$ 672,597</u> | <u>26,062</u> | <u>-</u> | <u>698,659</u> |
| Business-type activities, capital assets, net | <u>\$ 110,163</u> | <u>18,707</u> | <u>\$ -</u> | <u>\$ 128,870</u> |

TOWN OF SALISBURY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

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

| | |
|---|-------------------|
| Governmental activities: | |
| Administration | 28,679 |
| Public Safety | 41,185 |
| Recreation | 12,201 |
| Sanitation | 45,734 |
| Highways | 202,028 |
| Education | <u>249,083</u> |
| Total depreciation expenses governmental activities | \$ <u>578,910</u> |
| | |
| Business-type activities | |
| Sewer | \$ <u>26,062</u> |

NOTE 7 - DEFICIT FUND BALANCES

As of June 30, 2009 no funds reported deficit fund balances.

NOTE 8 - POST EMPLOYMENT AND HEALTHCARE BENEFITS

The Town does not provide post employment healthcare benefits except those mandated by the Consolidated Omnibus Budget Reconciliation Act (COBRA). The requirements established by COBRA are fully funded by employees who elect coverage under the act, and no direct costs are incurred by the Town.

NOTE 9 - 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 10 - 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.

TOWN OF SALISBURY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE 11 - GENERAL OBLIGATION BONDS

The following is a summary of changes in general obligation bonds during the fiscal year.

| | Balance July 1, 2008 | Additions | Reductions | Balance June 30, 2009 |
|---------------|-------------------------|-----------|-------------------|--------------------------|
| School Roof | \$ 1,006,136 | \$ | \$ 90,177 | \$ 915,959 |
| School Bond | 785,000 | - | 290,000 | 495,000 |
| <u>Totals</u> | <u>\$ 1,791,136</u> | <u>\$</u> | <u>\$ 380,177</u> | <u>\$ 1,410,959</u> |

The following is a summary of debt service requirements to maturity by year:

| Debt Service for Year Ending June 30, | Principal | Interest | Total |
|---|---------------------|-------------------|---------------------|
| 2010 | \$ 373,544 | \$ 48,772 | \$ 422,316 |
| 2011 | 312,038 | 36,528 | 348,566 |
| 2012 | 100,661 | 25,917 | 126,578 |
| 2013 | 104,420 | 22,158 | 126,578 |
| 2014 | 108,319 | 18,258 | 126,577 |
| Thereafter | 411,977 | 31,043 | 443,020 |
| Total | <u>\$ 1,410,959</u> | <u>\$ 182,676</u> | <u>\$ 1,593,635</u> |

The Town issued a Bond Anticipation Note on March 11, 2009 in the amount of \$4,100,000 at an annual interest rate of 2.00%. The proceeds were used to repay a previous bond anticipation note used to purchase real estate for a new firehouse and a new transfer station. The note matures on December 10, 2009 at which time it will be renewed or permanent financing will be obtained.

The Town is subject to a limitation by the State of Connecticut for indebtedness payable principally from receipts of taxation. At June 30, 2009, the overall limit was \$75,068,812. The direct and indirect long-term debt was \$6,468,532 leaving a legal debt margin of \$65,532,910.

TOWN OF SALISBURY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE 12 – NOTE PAYABLE

The Town financed the purchase of various vehicles and equipment with local banks. As of June 30, 2008 the balance was \$53,601. Principal payments for the year totaled \$30,619. As of June 30, 2009 the total balance of the outstanding loan was \$22,982. The total monthly payment for the note is \$1,576, with interest at 4.25%. Principal retirement is scheduled as follows:

| Year Ended | Principal |
|---------------|-----------|
| June 30, 2010 | 18,287 |
| June 30, 2011 | 4,695 |
| | \$ 22,982 |

NOTE 13 - PENSION PLAN

Plan Description

The Town has a single employer, noncontributory defined benefit pension plan administered by The Town of Salisbury 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, and a trust with U. S. Trust Company who have 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.

The financial statements of the Town of Salisbury's pension plan are prepared on the accrual basis of accounting. Investment income is recognized as earned by the pension plan and investments are valued at current market prices.

All eligible employees hired before January 1, 1997 who have completed one year of service with a minimum of 20 hours per week or 5 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.

TOWN OF SALISBURY
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009

NOTE 13 - PENSION PLANS (Continued)

Pension benefits for normal retirement under the Town's pension 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 Pension 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 his 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 3 years. As of the latest available actuarial valuation date of January 1, 2008 PERS membership consisted of the following:

| | |
|---|---|
| Terminated employees with vested benefits | 3 |
| Current employees: | |
| Vested with non-frozen benefits | 6 |
| 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. The current rate is 23.0% of annual covered payroll.

Annual Pension Cost and Net Pension Obligations

The Town's annual pension cost and net pension obligation to the Plan for the current year were as follows:

| | |
|--|-----------|
| Annual Required Contribution | \$ 58,902 |
| Interest on Net Pension Obligation | (24) |
| Adjustment to annual required contribution | 115 |
| Annual Pension Cost | 58,993 |
| Contributions Made | 58,902 |
| Increase in Net Pension Obligation | 91 |
| Net Pension Obligation Beginning of Year | (322) |
| Net Pension Obligation End of Year | \$(231) |

TOWN OF SALISBURY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE 13 - PENSION PLANS (Continued)

The following is a summary of certain significant actuarial assumptions and other plan information:

| | |
|-------------------------------|---|
| Actuarial Valuation Date | January 1, 2008 |
| Actuarial Cost Method | Entry Age Normal Cost Method |
| Amortization Method | Level Dollar Amount over a closed period |
| Remaining Amortization Period | 3 Years |
| Asset Valuation Method | Fair Market Value |
| Actuarial Assumptions: | |
| Investment Rate of Return | 7.50% |
| Projected Salary Increases | 5.50% |
| Mortality | 1983 Group Annuity Male Mortality Table with ages set back 6 years for females |
| Expenses | 3% of annual cost |

Historical Trend Information

For the years ended June 30, 2009, June 30, 2008, June 30, 2007, June 30, 2006 and June 30, 2005, the annual pension costs (APC) were \$58,993, \$51,104, \$64,872, \$34,151 and \$57,125, respectively. Respectively, the annual contributions represented 99.8%, 99.8%, 99.7%, 99.3% and 99.4% of the APC for the same period. The net pension obligation for the same period was \$(231), \$(322), \$(448), \$(624) and \$(871).

Schedule of Funding Progress

| Actuarial Valuation Date | Actuarial Value of Assets | Actuarial Accrued Liability (AAL) | Unfunded AAL (UAAL) | Funded Ratio | Covered Payroll | UAAL As A Percentage Of Covered Payroll |
|--------------------------------|---------------------------------|--|---------------------------|-----------------|--------------------|--|
| 1/1/2004 | 1,354,209 | 1,424,673 | 70,464 | 95.05 % | 403,581 | 17.46% |
| 1/1/2005 | 1,248,036 | 1,228,885 | (19,151) | 100.00 % | 329,676 | - |
| 1/1/2006 | 1,006,181 | 1,094,155 | 87,974 | 91.96 % | 298,477 | 29.47% |
| 1/1/2007 | 951,990 | 1,024,632 | 72,642 | 92.91 % | 245,120 | 29.64% |
| 1/1/2008 | 1,026,327 | 1,116,273 | 89,946 | 91.94 % | 256,490 | 35.07% |

Schedule of Employer Contributions

| Fiscal Year Ended | Annual Required Contribution | Percentage Contributed |
|-------------------------|------------------------------------|---------------------------|
| 6/30/05 | 56,782 | 100 % |
| 6/30/06 | 33,904 | 100 % |
| 6/30/07 | 64,696 | 100 % |
| 6/30/08 | 50,978 | 100 % |
| 6/30/09 | 58,902 | 100 % |

TOWN OF SALISBURY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE 13 - PENSION PLANS (Continued)

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 of Salisbury 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 five years of service with respect to all of the amounts allocated to employee's 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, 2009, actual contributions by the Town were \$ 138,240. As of June 30, 2009 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.

Teachers Retirement System

Teachers participate in a contributory retirement plan administrated by the State of Connecticut Teachers Retirement Board. Neither the Board of Education nor the Town has a legal obligation to contribute to the retirement fund.

The Teachers' Retirement System is administered under the provisions of Chapter 167a of the Connecticut General Statutes. Participation in the plan 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 plan is mandatory for certified personnel of local boards of education who were employed for an average of at least one-half of a school day. Members of 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 Plan (TIAA-CREF). A member who completes 10 years of Connecticut public school service is eligible for a vested benefit commencing at age 60.

TOWN OF SALISBURY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE 13 - PENSION PLANS (Continued)

The pension contributions made by the State are determined on an actuarial reserve basis described in sections 10-1831 and 10-183z, C.G.S. For the fiscal year ended June 30, 2009, the sum of \$539,302,674 was expended to meet the state's funding requirements. The result of the State's actuarial valuation does not contain information which would show the development of the state's actuarial cost by local districts. The estimated total state covered payroll for the year ended June 30, 2009 was \$3,492,305,102. The state's appropriation represented 15.44% of the total estimated payroll.

The Town of Salisbury Board of Education's total certified and covered payroll is approximately \$2,208,842 with teacher's contributions for the year ended June 30, 2009 totaling \$160,141. Teachers are required to contribute 7.25% of their annual salary to the system with the State of Connecticut funding the remaining cost benefits as established under the authority of Section 10-183 of the Connecticut General Statutes.

As required under Governmental Accounting Standards Board (GASB) Statement Number 24, the Town of Salisbury has included the estimated portion of the State of Connecticut contribution to the Teachers' Retirement System for the year ended June 30, 2008 in its financial statements in the amount of \$341,045. This contribution is considered an on-behalf payment which is reflected as both revenue and expenditure in the financial statements. The amount calculated is based on the allocation methodology provided under GASB Statement #24.

Note 14 - LAKEVILLE FIRE DISTRICT

On July 1, 2008 the Lakeville Fire District dissolved and all the assets were contributed to the Town of Salisbury. The operations include fire protection and sidewalk maintenance and are now being performed by the Salisbury Fire Commission and are included in these financial statements.

On July 1, 2008 the Fire District donated to the town net fixed assets of \$502,552 and other net assets of \$742,769.

TOWN OF SALISBURY
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL BUDGETARY BASIS - GENERAL FUND
For the Year Ended June 30, 2009

| | Budgeted Amounts | | Actual | Variance With Final Budget Over (Under) |
|--|----------------------|----------------------|----------------------|---|
| | Original | Final | | |
| <u>REVENUES</u> | | | | |
| 3010 Property Taxes | \$ 10,794,422 | \$ 10,794,422 | \$ 10,729,251 | \$ (65,171) |
| <u>State and Federal Grants for General Purposes:</u> | | | | |
| 2170 STEAP Grant | - | - | | |
| 3120 Elderly Property Tax Exemption | 15,000 | 15,000 | 13,242 | (1,758) |
| LOCIP | - | - | 17,800 | 17,800 |
| 3150 In Lieu of Taxes on State Owned Property | 10,582 | 10,582 | 10,618 | 36 |
| 3155 In Lieu of Taxes for Federal Property | 3,050 | 3,050 | 6,384 | 3,334 |
| 3160 Telephone Access Tax | 35,000 | 35,000 | 35,978 | 978 |
| 3220 Miscellaneous Grants | 26,631 | 26,631 | 47,584 | 20,953 |
| <u>Total State and Federal Grants For General Purposes</u> | <u>90,263</u> | <u>90,263</u> | <u>131,606</u> | <u>41,343</u> |
| <u>State Grants for Education:</u> | | | | |
| 3230 Transportation | 2,709 | 2,709 | 2,668 | (41) |
| 3250 Educational Cost Sharing | 187,266 | 187,266 | 187,485 | 219 |
| 3260 Miscellaneous Grants | - | - | 3,666 | 3,666 |
| 3270 SCS Bonding Reimbursement | 97,368 | 97,368 | 97,368 | - |
| <u>Total State Grants for Education</u> | <u>287,343</u> | <u>287,343</u> | <u>291,187</u> | <u>3,844</u> |
| <u>Miscellaneous Revenues:</u> | | | | |
| 3505 Interest and Lien Fees From Property Taxes | - | - | - | - |
| 3550 Dividends | 1,300 | 1,300 | 777 | (523) |
| 3555 Miscellaneous Interest | 65,000 | 65,000 | 35,719 | (29,281) |
| 3610 Donation - Hotchkiss School | 77,500 | 77,500 | 80,000 | 2,500 |
| 3630 Donation - Salisbury School | 15,000 | 15,000 | 15,000 | - |
| 3650 Donation - Indian Mountain School | 4,750 | 4,750 | 5,000 | 250 |
| 3680 Miscellaneous Donations | 20,000 | 20,000 | 4,500 | (15,500) |
| 3700 Use of Copy Machine | 5,000 | 5,000 | 6,821 | 1,821 |
| 3730 Town Grove Receipts | 90,000 | 90,000 | 69,922 | (20,078) |
| 3740 Real Estate Conveyance Tax | 160,000 | 160,000 | 79,743 | (80,257) |
| 3750 Recording Fees - Town Clerk | 53,800 | 53,800 | 42,627 | (11,173) |
| 3760 Fees for Building Permits | 200,000 | 200,000 | 267,181 | 67,181 |
| 3770 Fees for Zoning | 4,700 | 4,700 | 5,285 | 585 |
| 3780 State Fees | - | - | - | - |
| 3810 Recreation Commission | 20,000 | 20,000 | 26,514 | 6,514 |
| 3820 Rent - Town Buildings | 3,000 | 3,000 | 3,480 | 480 |
| 3840 Insurance Refunds and Reimbursements | - | - | 4,565 | 4,565 |
| 3890 Miscellaneous | 3,000 | 3,000 | 26,893 | 23,893 |
| Cell Tower Rent | 11,000 | 11,000 | 11,925 | 925 |
| Long Pond Dam | - | - | - | - |
| 8210 Railroad Station Rent | 11,000 | 11,000 | 11,258 | 258 |
| <u>Total Miscellaneous Revenues</u> | <u>745,050</u> | <u>745,050</u> | <u>697,210</u> | <u>(47,840)</u> |
| <u>TOTAL REVENUES</u> | <u>11,917,078</u> | <u>11,917,078</u> | <u>11,849,254</u> | <u>(67,824)</u> |
| <u>OTHER FINANCING SOURCES:</u> | | | | |
| Operating Transfers In | - | - | - | - |
| <u>TOTAL OTHER FINANCING SOURCES</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| <u>TOTAL REVENUES AND OTHER FINANCING SOURCES</u> | <u>\$ 11,917,078</u> | <u>\$ 11,917,078</u> | <u>\$ 11,849,254</u> | <u>\$ (67,824)</u> |

TOWN OF SALISBURY
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL BUDGETARY BASIS - GENERAL FUND
For the Year Ended June 30, 2009

| | Budgeted Amounts | | Actual | Variance With Final Budget (Over) Under |
|--|------------------|------------------|------------------|---|
| | Original | Final | | |
| <u>GENERAL GOVERNMENT</u> | | | | |
| <u>Administration:</u> | | | | |
| 1005 Salaries and Expenses of Selectmen | \$ 80,723 | \$ 80,723 | \$ 78,473 | \$ 2,250 |
| 1008 Secretary to Selectmen | 38,318 | 38,318 | 41,222 | (2,904) |
| 1011 Probate Court | 8,075 | 8,075 | 7,667 | 408 |
| 1014 Election Expenses | 22,346 | 22,346 | 18,259 | 4,087 |
| 1017 Expenses - Board of Finance | 28,500 | 28,500 | 26,380 | 2,120 |
| 1020 Auditing and Accounting | 8,000 | 8,000 | 7,500 | 500 |
| 1026 Salary and Expenses of Assessor | 81,200 | 81,200 | 76,312 | 4,888 |
| 1029 Salaries and Expenses of Board Tax Review | 2,750 | 2,750 | - | 2,750 |
| 1032 Salary and Expenses of Tax Collector | 54,790 | 54,790 | 51,121 | 3,669 |
| 1035 Tax Refunds | 4,000 | 4,000 | 6,237 | (2,237) |
| 1038 Salary and Expenses of Town Treasurer | 71,869 | 71,869 | 70,094 | 1,775 |
| 1041 Legal Fees | 31,000 | 31,000 | 75,441 | (44,441) |
| 1043 Salary and Expenses of Town Clerk | 94,363 | 94,363 | 90,749 | 3,614 |
| 1049 Expenses - Town Planning and Zoning Com. | 44,177 | 44,177 | 39,722 | 4,455 |
| 1052 Expenses - Zoning Board of Appeals | 3,420 | 3,420 | 2,505 | 915 |
| 1055 Operations of Town Hall | 64,860 | 64,860 | 62,432 | 2,428 |
| 1056 Town Hall Office Expenses | 47,200 | 47,200 | 39,120 | 8,080 |
| 1058 Employees Retirement Plan | 96,700 | 96,700 | 104,076 | (7,376) |
| 1061 Social Security Taxes | 107,060 | 107,060 | 100,262 | 6,798 |
| 1064 Employees' Hospital Insurance | 337,500 | 337,500 | 297,975 | 39,525 |
| 1067 Workers Compensation | 39,690 | 39,690 | 34,742 | 4,948 |
| 1070 Employees' Life and Disability Insurance | 10,000 | 10,000 | 8,614 | 1,386 |
| 1073 Unemployment Compensation | 2,500 | 2,500 | 2,555 | (55) |
| 1080 Miscellaneous Insurance | 74,750 | 74,750 | 60,184 | 14,566 |
| 1082 Council of Small Towns | 725 | 725 | 725 | - |
| 1083 CT Conference of Municipalities | 2,777 | 2,777 | 2,741 | 36 |
| 1085 Northwest Region Council of Government | 9,900 | 9,900 | 8,094 | 1,806 |
| 1088 Housatonic River Commission | 350 | 350 | 700 | (350) |
| 1091 Street Lighting | 30,000 | 30,000 | 16,861 | 13,139 |
| 8590 Conservation Commission | 4,142 | 4,142 | 3,852 | 290 |
| Total Administration | 1,401,685 | 1,401,685 | 1,334,615 | 67,070 |

TOWN OF SALISBURY
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL BUDGETARY BASIS - GENERAL FUND - Continued
For the Year Ended June 30, 2009

| | Budgeted Amounts | | Actual | Variance With Final Budget (Over) Under |
|--|-----------------------|-----------------------|-----------------------|---|
| | Original | Final | | |
| <u>GENERAL GOVERNMENT (Continued)</u> | | | | |
| <u>Public Safety:</u> | | | | |
| 2005 Volunteer Pension | \$ 25,000 | \$ 25,000 | \$ 23,237 | \$ 1,763 |
| 2009 Emergency Prep. | \$ 1,000 | \$ 1,000 | \$ 1,000 | - |
| 2010 Fire Protection | 178,550 | 178,550 | 183,631 | (5,081) |
| 2020 Litchfield County Dispatch | 45,000 | 45,000 | 40,389 | 4,611 |
| 2030 Building Official Expenses | 75,217 | 75,217 | 73,464 | 1,753 |
| 2035 Fire Marshal | 34,700 | 34,700 | 26,905 | 7,795 |
| 2040 Police Protection | 143,822 | 143,822 | 137,683 | 6,139 |
| 2050 Civil Defense | 5 | 5 | - | 5 |
| 2060 SARA | 100 | 100 | - | 100 |
| 2080 Dog Warden | 11,332 | 11,332 | 9,855 | 1,477 |
| 2090 Water Patrol - Twin Lakes | 10,950 | 10,950 | 8,279 | 2,671 |
| <u>Total Public Safety</u> | <u>525,676</u> | <u>525,676</u> | <u>504,443</u> | <u>21,233</u> |
| <u>Highways:</u> | | | | |
| 3010 General Maintenance | 532,160 | 532,160 | 553,403 | (21,243) |
| 3020 Engineering Studies | 5,000 | 5,000 | 1,340 | 3,660 |
| 3030 Snow and Ice Removal - Sanding | 140,000 | 140,000 | 152,138 | (12,138) |
| 3040 Highway Materials | 5,700 | 5,700 | 2,865 | 2,835 |
| 3050 Town Garage Maintenance | 28,650 | 28,650 | 33,440 | (4,790) |
| 3060 Road Work | - | - | - | - |
| 3070 Expenses -Tree Care Program | 14,000 | 14,000 | 19,852 | (5,852) |
| 3071 Blasting | 2,000 | 2,000 | 400 | 1,600 |
| 3080 Paint Building | 2,500 | 2,500 | 2,654 | (154) |
| 3090 Salt Shed Maintenance | 2,000 | 2,000 | - | 2,000 |
| <u>Total Highways</u> | <u>732,010</u> | <u>732,010</u> | <u>766,092</u> | <u>(34,082)</u> |
| <u>Sanitation and Waste Removal:</u> | | | | |
| 4010 Maintenance - Transfer Station | 282,058 | 282,058 | 282,058 | - |
| 4030 Recycling Coordinator | 3,000 | 3,000 | 1,865 | 1,135 |
| <u>Total Sanitation and Waste Removal</u> | <u>285,058</u> | <u>285,058</u> | <u>283,923</u> | <u>1,135</u> |
| <u>Conservation of Health:</u> | | | | |
| 5010 Public Health Nursing Association | 101,505 | 101,505 | 101,505 | - |
| 5020 Housatonic Mental Health Center | 13,500 | 13,500 | 13,500 | - |
| 5030 NWRMH | 445 | 445 | 445 | - |
| 5040 TAHD Screening | 24,284 | 24,284 | 24,284 | - |
| 5060 Elderly Services | 27,919 | 27,919 | 28,344 | (425) |
| 5070 Drug and Alcohol Tests | 500 | 500 | - | 500 |
| <u>Total Conservation of Health</u> | <u>168,153</u> | <u>168,153</u> | <u>168,078</u> | <u>75</u> |

TOWN OF SALISBURY
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL BUDGETARY BASIS - GENERAL FUND - Continued
For the Year Ended June 30, 2009

| | Budgeted Amounts | | Actual | Variance With Final Budget (Over) Under |
|--|--------------------|--------------------|--------------------|---|
| | Original | Final | | |
| GENERAL GOVERNMENT (Continued): | | | | |
| Welfare: | | | | |
| 6010 Youth Services Bureau | \$ 12,916 | \$ 12,916 | \$ 12,916 | \$ - |
| 6020 General Assistance | 23,165 | 23,165 | 23,238 | (73) |
| 6022 Susan B. Anthony | 1,500 | 1,500 | 1,500 | - |
| 6025 Women's Emergency Services | 1,500 | 1,500 | 1,500 | - |
| 6035 Extras | 5 | 5 | - | 5 |
| 6040 Northwest Transportation District | 2,122 | 2,122 | 2,122 | - |
| 6060 Housatonic Day Care Center | 37,000 | 37,000 | 37,000 | - |
| 6070 Geer Adult Care | 12,500 | 12,500 | 12,500 | - |
| 6080 NE Chore | 1,000 | 1,000 | 1,000 | - |
| 6090 Housatonic Valley Association | 250 | 250 | 250 | - |
| 6095 NW CT Reg Housing | 100 | 100 | 100 | - |
| Total Welfare | <u>92,058</u> | <u>92,058</u> | <u>92,126</u> | <u>(68)</u> |
| Recreation: | | | | |
| 7010 Scoville Memorial Library | 164,800 | 164,800 | 164,800 | - |
| 7020 Water Management | 88,732 | 88,732 | 99,022 | (10,290) |
| 7030 Weed Harvesting | - | - | - | - |
| 7040 Ball Field | 12,200 | 12,200 | 11,066 | 1,134 |
| 7050 Recreation Commission | 85,059 | 85,059 | 79,954 | 5,105 |
| 7060 Town Grove - Expenses | 185,194 | 185,194 | 191,808 | (6,614) |
| 7070 Recreation Building - Town Grove | - | - | - | - |
| 7090 Christmas Lighting | 500 | 500 | 500 | - |
| 7095 Memorial Day | 2,500 | 2,500 | 2,392 | 108 |
| Total Recreation | <u>538,985</u> | <u>538,985</u> | <u>549,542</u> | <u>(10,557)</u> |
| General Obligation Notes: | | | | |
| 8010 Payments - General Obligation Notes | 441,016 | 441,016 | 441,016 | - |
| Total General Obligation Notes | <u>441,016</u> | <u>441,016</u> | <u>441,016</u> | <u>-</u> |
| Miscellaneous: | | | | |
| 8510 Cemeteries | 2,000 | 2,000 | - | 2,000 |
| 8515 Historic District Commission | 1,250 | 1,250 | 396 | 854 |
| 8520 Sundries | 7,500 | 7,500 | 5,168 | 2,332 |
| 8530 Community Information | 10,500 | 10,500 | 8,848 | 1,652 |
| 8540 Municipal Development | 14,000 | 14,000 | 11,765 | 2,235 |
| Total Miscellaneous | <u>35,250</u> | <u>35,250</u> | <u>26,177</u> | <u>9,073</u> |
| Other: | | | | |
| 8640 Railroad Station | 1,000 | 1,000 | 334 | 666 |
| Total Other | <u>1,000</u> | <u>1,000</u> | <u>334</u> | <u>666</u> |
| Other | | | | |
| 9210 Other | - | - | 23,380 | (23,380) |
| LOCIP | - | - | - | - |
| STEAP Expenditures | - | - | - | - |
| Long Pond DAM | - | - | - | - |
| Expenditure of Prior Year Appropriations | - | - | - | - |
| Total Other | <u>-</u> | <u>-</u> | <u>23,380</u> | <u>(23,380)</u> |
| TOTAL GENERAL GOVERNMENT EXPENDITURES | <u>\$4,220,891</u> | <u>\$4,220,891</u> | <u>\$4,189,726</u> | <u>\$ 31,165</u> |

TOWN OF SALISBURY
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL BUDGETARY BASIS - GENERAL FUND - Continued
For the Year Ended June 30, 2009

| | Budgeted Amounts | | Actual | Variance With Final Budget (Over) Under |
|---|------------------|------------------|------------------|---|
| | Original | Final | | |
| EDUCATION: | | | | |
| 111 Certified Personnel: | | | | |
| (2400) Principal | \$ 98,175 | \$ 98,175 | \$ 98,175 | \$ - |
| (1100) Teachers | 2,056,942 | 2,056,942 | 2,034,797 | 22,145 |
| (1100) Substitutes | 33,329 | 33,329 | 30,246 | 3,083 |
| (1100) Extra Duty | 12,075 | 12,075 | 12,963 | (888) |
| (1200) Enrichment Salary | - | - | - | - |
| (2210) Librarian Salary | 71,974 | 71,974 | 71,974 | - |
| Other - ESL | 500 | 500 | 550 | (50) |
| Total Certified Salaries | 2,272,995 | 2,272,995 | 2,248,705 | 24,290 |
| 112 Non-Certified Personnel: | | | | |
| (2410) Secretaries | \$ 96,220 | \$ 96,220 | \$ 95,620 | 600 |
| (2510) Board Clerk | \$ 48,048 | \$ 48,048 | \$ 37,421 | 10,627 |
| (1100) Teacher Aides | 116,666 | 116,666 | 109,170 | 7,496 |
| (2600) Custodians | 193,988 | 193,988 | 193,988 | - |
| Over-time | 2,772 | 2,772 | 2,046 | 726 |
| (1100) Coaching | 10,002 | 10,002 | 10,116 | (114) |
| (1100) Computer Technician | 55,209 | 55,209 | 33,162 | 22,047 |
| (2200) Engineer | - | - | - | - |
| Total Non-Certified Salaries | 522,905 | 522,905 | 481,523 | 41,382 |
| Total Salaries | 2,795,900 | 2,795,900 | 2,730,228 | 65,672 |
| Employee Benefits: | | | | |
| 210 Insurances | 649,735 | 649,735 | 585,240 | 64,495 |
| 220 Social Security | 79,035 | 79,035 | 55,166 | 23,869 |
| 230 Pensions | 57,079 | 57,079 | 51,723 | 5,356 |
| 250 Unemployment Compensation | 5,000 | 5,000 | 5,104 | (104) |
| 260 Compensation - Workman's | 11,293 | 11,293 | 12,847 | (1,554) |
| Total Employee Benefits | 802,142 | 802,142 | 710,080 | 92,062 |
| Purchased Services: | | | | |
| 321 (1100) Instructional | 10,650 | 10,650 | 12,724 | (2,074) |
| 322 (2210) Curriculum Dev. & In Service | 3,000 | 3,000 | 1,531 | 1,469 |
| 323 Technology | 1,500 | 1,500 | 10,514 | (9,014) |
| 331 Legal Fees/Negotiations | 4,000 | 4,000 | 5,509 | (1,509) |
| 332 (2130) Nurse Services | 48,886 | 48,886 | 48,886 | - |
| 333 Physicals | 1,500 | 1,500 | 600 | 900 |
| 334 (1100) Testing | 5,000 | 5,000 | 5,301 | (301) |
| 335 (2312) Board Clerical | 900 | 900 | 400 | 500 |
| 336 (4300) Consulting | 2,000 | 2,000 | - | 2,000 |
| 337 (2500) Legal Fees/Audits | 2,750 | 2,750 | 2,750 | - |
| 338 (2500) Fees - Section 125 | 5,000 | 5,000 | 2,873 | 2,127 |
| Total Purchased Services | 85,186 | 85,186 | 91,088 | (5,902) |

TOWN OF SALISBURY
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL BUDGETARY BASIS - GENERAL FUND - Continued
For the Year Ended June 30, 2009

| | Budgeted Amounts | | Actual | Variance With Final Budget (Over) Under |
|--|------------------|----------------|----------------|---|
| | Original | Final | | |
| <u>EDUCATION (Continued):</u> | | | | |
| <u>Purchased Property Services:</u> | | | | |
| 410 (2600) Water & Sewer | \$ 6,500 | \$ 6,500 | \$ 5,308 | \$ 1,192 |
| 420 (2600) Cleaning | 2,000 | 2,000 | 2,354 | (354) |
| 421 (2600) Rubbish Removal | 5,000 | 5,000 | 4,941 | 59 |
| 424 (2600) Playground | 16,475 | 16,475 | 13,910 | 2,565 |
| 430 (2600) Cleaning, Repairs & Maint. | 20,000 | 20,000 | 72,391 | (52,391) |
| 431 (2600) Office/Electronic | 6,018 | 6,018 | 5,642 | 376 |
| 432 (2600) Maintenance Contract | 21,371 | 21,371 | 19,685 | 1,686 |
| 433 (2600) Heating Controls | 10,000 | 10,000 | 10,272 | (272) |
| 434 (2600) Oil Burners | 2,494 | 2,494 | - | 2,494 |
| 436 (2600) Technology Contract | 6,660 | 6,660 | 6,399 | 261 |
| 437 (2600) Leasing Contracts | 13,718 | 13,718 | 15,244 | (1,526) |
| 438 (2600) Asbestos Mgmt Plan | 2,600 | 2,600 | - | 2,600 |
| 439 (2600) Emergency | 2,500 | 2,500 | - | 2,500 |
| 450 (2600) Snow Removal & Other Prop. | 7,000 | 7,000 | 11,201 | (4,201) |
| <u>Total Purchased Property Services</u> | <u>122,336</u> | <u>122,336</u> | <u>107,347</u> | <u>(16,011)</u> |
| <u>Other Purchased Services:</u> | | | | |
| 511 (2700) Buses | 233,280 | 233,280 | 233,215 | 65 |
| 512 (2700) Oliver Wolcott | 21,304 | 21,304 | 21,304 | - |
| 513 (2790) Field Trips | 21,000 | 21,000 | 21,000 | - |
| 514 (2790) Athletic Trips | 2,294 | 2,294 | 1,718 | 576 |
| 515 (2790) Middle School | 900 | 900 | - | 900 |
| 520 (2620) Property Insurance | 14,420 | 14,420 | 14,420 | - |
| 521 (2620) Liability Insurance | 7,725 | 7,725 | 6,946 | 779 |
| 522 (2310) Board Indemnity Insurance | - | - | - | - |
| 523 (2620) Deductible | 10 | 10 | - | 10 |
| 524 (1100) Sports Insurance | 1,050 | 1,050 | 559 | 491 |
| 530 Postage | 3,000 | 3,000 | 1,955 | 1,045 |
| 531 (2600) Telephone, Service & Repair | 6,500 | 6,500 | 6,735 | (235) |
| 532 Internet | 500 | 500 | 192 | 308 |
| 540 Classified Advertising, Office/Board | 750 | 750 | 363 | 387 |
| 552 Printing | 500 | 500 | 362 | 138 |
| 567 Summer School Tuition | 4,125 | 4,125 | 5,543 | (1,418) |
| 568 (6110) Chapter 1 Tuition | 14,845 | 14,845 | 23,393 | (8,548) |
| 569 Education Connection | 750 | 750 | 309 | 441 |
| 581/82 Staff/ Principal | 1,500 | 1,500 | 1,086 | 414 |
| 583/84 Board of Education /Clerk | 500 | 500 | - | 500 |
| 590 Board Approved Programs | 2,500 | 2,500 | 771 | 1,729 |
| 591 Miscellaneous Services | 4,000 | 4,000 | 2,200 | 1,800 |
| 592 (2310) Enumerator | 1,072 | 1,072 | 1,072 | - |
| 593 (2510) Inventory Control | 1,891 | 1,891 | 1,891 | - |
| 594 (1100) Referees/ Interschool | 4,300 | 4,300 | 3,077 | 1,223 |
| 595 (2210) Tuition Reimbursement | 2,500 | 2,500 | 2,760 | (260) |
| <u>Total Other Purchased Services</u> | <u>351,216</u> | <u>351,216</u> | <u>350,871</u> | <u>345</u> |

TOWN OF SALISBURY
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL BUDGETARY BASIS - GENERAL FUND - Continued
For the Year Ended June 30, 2009

| | Budgeted Amounts | | Actual | Variance With |
|---------------------------------------|------------------|----------------|----------------|------------------------------|
| | Original | Final | | Final Budget (Over) Under |
| EDUCATION (Continued): | | | | |
| Supplies: | | | | |
| 611 (1100) Enrichment/Science | \$ 12,226 | \$ 12,226 | \$ 10,152 | \$ 2,074 |
| 611 (2222) Audio / Visual Library | 4,600 | 4,600 | 3,960 | 640 |
| 611 (1100) Teaching | 31,620 | 31,620 | 31,549 | 71 |
| 611 (1100) Technology | 6,804 | 6,804 | 5,008 | 1,736 |
| 611 (2490) Graduation | 1,400 | 1,400 | 1,452 | (52) |
| 611 (2400) Office | 2,000 | 2,000 | 2,156 | (156) |
| 611 (2130) Nurse | 1,800 | 1,800 | 1,139 | 661 |
| 611 (2510) School Board | 1,090 | 1,090 | 1,001 | 89 |
| 611 Replacement Computers | 28,847 | 28,847 | 28,395 | 452 |
| 613 Custodial Maintenance | 17,491 | 17,491 | 17,503 | (12) |
| 614 (2006) Maintenance Supplies | 12,583 | 12,583 | 11,806 | 777 |
| 615 (2006) Code Compliance | 50 | 50 | - | 50 |
| 622 (2620) Electricity | 75,000 | 75,000 | 73,023 | 1,977 |
| 623 (3100) Cooking Gas | 2,546 | 2,546 | 2,488 | 58 |
| 624 (2600) Heating Fuel | 140,000 | 140,000 | 89,917 | 50,083 |
| 641 (1100) Textbooks | 8,900 | 8,900 | 8,956 | (56) |
| 642 (2222) Library Books | 6,000 | 6,000 | 8,003 | (2,003) |
| 643 (2222) Magazines and Periodicals | 2,334 | 2,334 | 2,390 | (56) |
| 645 (2210) Professional Materials | 1,189 | 1,189 | 670 | 519 |
| 692 (1100) Special / Innovative | 875 | 875 | 204 | 671 |
| 693 (1100) Innovative Supplies | 875 | 875 | 400 | 475 |
| Total Supplies | 358,230 | 358,230 | 300,232 | 57,998 |
| Capital Outlay: | | | | |
| 710 (2600) Site Improvement | 3,650 | 3,650 | 6,815 | (3,165) |
| 730 New Equipment | 9,024 | 9,024 | 8,831 | 193 |
| 731 (2600) Replacement Equipment | 5,700 | 5,700 | 39,996 | (34,296) |
| 732 (2600) Technology | - | - | - | - |
| 733 (2600) Furniture & Fixtures | 3,733 | 3,733 | 4,095 | (362) |
| 734 (1100) New Educational | 2,065 | 2,065 | 1,817 | 248 |
| 735 (1100) Replacement Educational | 1,985 | 1,985 | 1,824 | 161 |
| 736 Computer/Classroom | - | - | - | - |
| 737 Furniture / Fixtures | - | - | - | - |
| 739 Other Capital Outlay | - | - | - | - |
| Total Capital Outlay | 26,157 | 26,157 | 63,378 | (37,221) |
| Other Objects: | | | | |
| 810 (2300) Dues & Fees | 3,000 | 3,000 | 3,242 | (242) |
| 890 (2322) School / Community Meeting | 3,500 | 3,500 | 1,362 | 2,138 |
| Total Other Objects | 6,500 | 6,500 | 4,604 | 1,896 |

TOWN OF SALISBURY
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL BUDGETARY BASIS - GENERAL FUND - Continued
For the Year Ended June 30, 2009

| | Budgeted Amounts | | Actual | Variance With Final Budget (Over) Under |
|--|----------------------|----------------------|----------------------|---|
| | Original | Final | | |
| <u>EDUCATION (Continued):</u> | | | | |
| <u>Other Uses of funds:</u> | | | | |
| 930 Transfers | \$ 10 | \$ 10 | \$ - | \$ 10 |
| 900 Grant Reimb. | - | - | 2,844 | (2,844) |
| Reserve Fund For Lunch Program | 5,000 | 5,000 | - | 5,000 |
| <u>Total Other Uses of Funds</u> | <u>5,010</u> | <u>5,010</u> | <u>2,844</u> | <u>2,166</u> |
| <u>Total Salisbury Central School Budget</u> | <u>4,552,677</u> | <u>4,552,677</u> | <u>4,420,672</u> | <u>132,005</u> |
| <u>Regional Tuition and Other:</u> | | | | |
| 564 (6110) H.V.R.H.S. | 1,996,351 | 1,996,351 | 1,963,215 | 33,136 |
| 565 (6110) Pupil Services | 765,412 | 765,412 | 765,412 | - |
| 566 (6110) R.S.S.C. | 140,206 | 140,206 | 140,206 | - |
| Board of Education Unbudgeted | - | - | 33,376 | (33,376) |
| <u>Total Regional Tuition's and Other</u> | <u>2,901,969</u> | <u>2,901,969</u> | <u>2,902,209</u> | <u>(240)</u> |
| <u>TOTAL TOWN OF SALISBURY</u> | | | | |
| <u>EDUCATION BUDGET</u> | <u>7,454,646</u> | <u>7,454,646</u> | <u>7,322,881</u> | <u>131,765</u> |
| <u>TOTAL EXPENDITURES</u> | <u>11,675,537</u> | <u>\$ 11,675,537</u> | <u>\$ 11,512,607</u> | <u>\$ 162,930</u> |
| <u>OTHER FINANCING USES</u> | | | | |
| <u>Transfer to Other Funds:</u> | | | | |
| <u>Special Revenue Funds:</u> | | | | |
| 3060 Road Improved/Unimproved | 240,000 | 240,000 | 240,000 | - |
| <u>Capital Projects Funds:</u> | | | | |
| 9010 Highway Replacement Fund | 120,000 | 120,000 | 120,000 | - |
| 9030 Bridge Repairs | 30,000 | 30,000 | 30,000 | - |
| 9050 Municipal Building Maintenance | 25,000 | 25,000 | 25,000 | - |
| 9070 Municipal Improvements | 100,000 | 100,000 | 100,000 | - |
| Building Capital Fund | 20,000 | 20,000 | 20,000 | - |
| Education Transfer to Capital Fund | 25,000 | 25,000 | 70,547 | (45,547) |
| <u>TOTAL OTHER FINANCING USES</u> | <u>560,000</u> | <u>560,000</u> | <u>605,547</u> | <u>(45,547)</u> |
| <u>TOTAL EXPENDITURES AND</u> | | | | |
| <u>OTHER FINANCING USES</u> | <u>\$ 12,235,537</u> | <u>\$ 12,235,537</u> | <u>\$ 12,118,154</u> | <u>\$ 117,383</u> |

TOWN OF SALISBURY
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2009

SPECIAL REVENUE

| | Summer Work Program | School Lunch | Town Aid Road | Dog | Recreation | Extras Program | Dare Program | Herbert Scoville Fund | Coffing Sunday School Fund |
|--|---------------------|-----------------|-------------------|------------------|---------------|------------------|-----------------|-----------------------|----------------------------|
| <u>ASSETS</u> | | | | | | | | | |
| Cash and cash equivalents | \$ 15,462 | \$ 5,349 | \$ 233,189 | \$ 19,013 | \$ 339 | \$ 54,740 | \$ 2,881 | \$ 52,016 | \$ 510 |
| Investments | - | - | - | - | - | - | - | - | - |
| Accounts Receivable | - | - | - | - | - | 317 | - | - | - |
| Due From Other Funds | - | - | - | - | - | - | - | - | - |
| Due From Other Governments | - | 2,283 | - | - | - | - | - | - | - |
| <u>TOTAL ASSETS</u> | <u>\$ 15,462</u> | <u>\$ 7,632</u> | <u>\$ 233,189</u> | <u>\$ 19,013</u> | <u>\$ 339</u> | <u>\$ 55,057</u> | <u>\$ 2,881</u> | <u>\$ 52,016</u> | <u>\$ 510</u> |
| <u>LIABILITIES AND FUND BALANCES</u> | | | | | | | | | |
| <u>Liabilities:</u> | | | | | | | | | |
| Accounts Payable | \$ - | \$ 756 | \$ - | \$ - | \$ - | \$ 61 | \$ 484 | \$ - | \$ - |
| Due to Other Funds | - | - | 5,016 | - | - | - | - | - | - |
| Due to State | - | - | - | 2,634 | - | - | - | - | - |
| Deferred Revenue | - | - | - | 2,865 | - | 290 | - | - | - |
| <u>Total Liabilities</u> | <u>-</u> | <u>756</u> | <u>5,016</u> | <u>5,499</u> | <u>-</u> | <u>351</u> | <u>484</u> | <u>-</u> | <u>-</u> |
| <u>Fund Balances:</u> | | | | | | | | | |
| Reserved | - | - | - | - | - | - | - | - | - |
| Undesignated | 15,462 | 6,876 | 228,173 | 13,514 | 339 | 54,706 | 2,397 | 52,016 | 510 |
| <u>Total Fund Balances</u> | <u>15,462</u> | <u>6,876</u> | <u>228,173</u> | <u>13,514</u> | <u>339</u> | <u>54,706</u> | <u>2,397</u> | <u>52,016</u> | <u>510</u> |
| <u>TOTAL LIABILITIES AND FUND BALANCES</u> | <u>\$ 15,462</u> | <u>\$ 7,632</u> | <u>\$ 233,189</u> | <u>\$ 19,013</u> | <u>\$ 339</u> | <u>\$ 55,057</u> | <u>\$ 2,881</u> | <u>\$ 52,016</u> | <u>\$ 510</u> |

TOWN OF SALISBURY
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS - Continued
JUNE 30, 2009

| | SPECIAL REVENUE | | | | | PERMANENT | | |
|--|---------------------|---------------------|---------------------------|------------------|--------------------------------|------------------------------|-------------------------|-------------------------------|
| | School Society Fund | Mary E. Landon Fund | Salisbury Fire Commission | SCS Brown | Unemployment Compensation Fund | Coffing Support of Poor Fund | Salisbury Cemetery Fund | James H. Barnum Cemetery Fund |
| <u>ASSETS</u> | | | | | | | | |
| Cash and cash equivalents | \$ 3,711 | \$ 1,051 | \$ 807,772 | \$ 31,397 | \$ 15,316 | \$ 214,596 | \$ 9,025 | \$ 849 |
| Investments | - | - | - | - | - | 205,271 | - | - |
| Accounts Receivable | - | - | 4,172 | - | - | - | - | - |
| Due From Other Funds | - | - | - | - | - | - | - | - |
| Due From Other Governments | - | - | - | - | - | - | - | - |
| <u>TOTAL ASSETS</u> | <u>\$ 3,711</u> | <u>\$ 1,051</u> | <u>\$ 811,944</u> | <u>\$ 31,397</u> | <u>\$ 15,316</u> | <u>\$ 419,867</u> | <u>\$ 9,025</u> | <u>\$ 849</u> |
| <u>LIABILITIES AND FUND BALANCES</u> | | | | | | | | |
| <u>Liabilities:</u> | | | | | | | | |
| Accounts Payable | - | - | \$ 22,390 | \$ - | - | - | - | - |
| Due to Other Funds | - | - | - | - | - | - | - | - |
| Due to State | - | - | - | - | - | - | - | - |
| Deferred Revenue | - | - | - | - | - | - | - | - |
| <u>Total Liabilities</u> | <u>-</u> | <u>-</u> | <u>\$ 22,390</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| <u>Fund Balances:</u> | | | | | | | | |
| Reserved | - | - | - | - | - | 419,867 | 9,025 | 849 |
| Undesignated | 3,711 | 1,051 | 789,554 | 31,397 | 15,316 | - | - | - |
| <u>Total Fund Balances</u> | <u>3,711</u> | <u>1,051</u> | <u>789,554</u> | <u>31,397</u> | <u>15,316</u> | <u>419,867</u> | <u>9,025</u> | <u>849</u> |
| <u>TOTAL LIABILITIES AND FUND BALANCES</u> | <u>\$ 3,711</u> | <u>\$ 1,051</u> | <u>\$ 811,944</u> | <u>\$ 31,397</u> | <u>\$ 15,316</u> | <u>\$ 419,867</u> | <u>\$ 9,025</u> | <u>\$ 849</u> |

TOWN OF SALISBURY
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS -Continued
JUNE 30, 2008

CAPITAL PROJECTS

| | Bridge Repair | WPCA/ Sewer Equip. | Highway Equipment Replacement | Transfer Station Capital | Board of Education Capital | Grove Capital | Other Capital Projects | Belcher Town Grove | Total |
|--|-------------------|-----------------------|-------------------------------------|--------------------------------|----------------------------------|-------------------|------------------------------|--------------------------|---------------------|
| ASSETS | | | | | | | | | |
| Cash and cash equivalents | \$ 173,555 | \$ 145,598 | \$ 218,396 | \$ 73,108 | \$ 206,038 | \$ 160,602 | \$ 580,002 | \$ 156,844 | \$ 3,181,359 |
| Investments | - | - | - | - | - | - | - | - | 205,271 |
| Accounts Receivable | - | - | - | - | - | - | - | - | 4,489 |
| Due From Other Funds | - | - | - | - | 45,547 | - | - | - | 45,547 |
| Due From Other Governments | - | - | - | - | - | - | - | - | 2,283 |
| TOTAL ASSETS | \$ 173,555 | \$ 145,598 | \$ 218,396 | \$ 73,108 | \$ 251,585 | \$ 160,602 | \$ 580,002 | \$ 156,844 | \$ 3,438,949 |
| LIABILITIES AND FUND BALANCES | | | | | | | | | |
| Liabilities: | | | | | | | | | |
| Accounts Payable | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 23,691 |
| Due to Other Funds | - | - | - | - | - | - | - | - | 5,016 |
| Due to State | - | - | - | - | - | - | - | - | 2,634 |
| Deferred Revenue | - | - | - | - | - | - | - | - | 3,155 |
| Total Liabilities | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | 34,496 |
| Fund Balances: | | | | | | | | | |
| Reserved | 173,555 | 145,598 | 218,396 | 73,108 | 251,585 | 160,602 | 580,002 | 156,844 | 2,189,431 |
| Undesignated | - | - | - | - | - | - | - | - | 1,215,022 |
| Total Fund Balances | 173,555 | 145,598 | 218,396 | 73,108 | 251,585 | 160,602 | 580,002 | 156,844 | 3,404,453 |
| TOTAL LIABILITIES AND FUND BALANCES | \$ 173,555 | \$ 145,598 | \$ 218,396 | \$ 73,108 | \$ 251,585 | \$ 160,602 | \$ 580,002 | \$ 156,844 | \$ 3,438,949 |

TOWN OF SALISBURY
SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

| | SPECIAL REVENUE | | | | | | | | | |
|---|---------------------|---------------|----------------|---------------|------------|----------------|--------------|-----------------------|----------------------------|----------|
| | Summer Work Program | School Lunch | Town Aid Road | Dog | Recreation | Extras Program | Dare Program | Herbert Scoville Fund | Coffing Sunday School Fund | |
| <u>Revenues:</u> | | | | | | | | | | |
| Sales and Services | - | \$ 47,843 | - | \$ 15,219 | - | \$ 56,383 | - | \$ - | - | \$ - |
| Governmental Revenues | - | 13,277 | 144,407 | - | - | - | - | - | - | - |
| Interest and Dividends | 568 | - | 257 | 33 | 5 | 719 | - | 1,773 | 7 | - |
| Donations | 10,710 | - | - | - | - | 21,159 | 2,000 | - | - | - |
| <u>Total Revenues</u> | <u>11,278</u> | <u>61,120</u> | <u>144,664</u> | <u>15,252</u> | <u>5</u> | <u>78,261</u> | <u>2,000</u> | <u>1,773</u> | <u>7</u> | <u>7</u> |
| <u>Expenditures:</u> | | | | | | | | | | |
| Purchases | - | 50,056 | - | - | - | - | - | - | - | - |
| Materials | - | 853 | 273,702 | - | - | 2,276 | 2,484 | - | - | - |
| Wages and Benefits | 13,864 | 9,449 | - | 7,532 | - | 56,076 | - | - | - | - |
| Taxes | 1,061 | 723 | - | - | - | - | - | - | - | - |
| General assistance | - | - | - | - | - | - | - | - | - | - |
| State Fees and Repayments | - | - | - | 2,634 | - | - | - | - | - | - |
| Capital Outlay | - | - | - | - | - | - | - | - | - | - |
| Operating Expenses | - | - | - | 3,300 | - | 8,759 | - | - | - | - |
| <u>Total Expenditures</u> | <u>14,925</u> | <u>61,081</u> | <u>273,702</u> | <u>13,466</u> | <u>-</u> | <u>67,111</u> | <u>2,484</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Excess of Revenues Over (Under) Expenditures | (3,647) | 39 | (129,038) | 1,786 | 5 | 11,150 | (484) | 1,773 | 7 | 7 |
| <u>Other Financing Sources (Uses):</u> | | | | | | | | | | |
| Operating Transfers In | - | - | 240,000 | - | - | - | - | - | - | - |
| Operating Transfers Out | - | - | (240,000) | - | - | - | - | - | - | - |
| <u>Total Other Financing Sources (Uses)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses | (3,647) | 39 | 110,962 | 1,786 | 5 | 11,150 | (484) | 1,773 | 7 | 7 |
| Fund Balances, July 1, 2008 | 19,109 | 6,837 | 117,211 | 11,728 | 334 | 43,556 | 2,881 | 50,243 | 503 | 503 |
| Fund Balances, June 30, 2009 | \$ 15,462 | \$ 6,876 | \$ 228,173 | \$ 13,514 | \$ 339 | \$ 54,706 | \$ 2,397 | \$ 52,016 | \$ 510 | \$ 510 |

TOWN OF SALISBURY
SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS - Continued
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

| | SPECIAL REVENUE | | | | | | PERMANENT | | |
|--|---------------------|---------------------|---------------------------|------------------|--------------------------------|------------------------------|-------------------------|-------------------------------|--|
| | School Society Fund | Mary E. Landon Fund | Salisbury Fire Commission | SCS Brown | Unemployment Compensation Fund | Coffing Support of Poor Fund | Salisbury Cemetery Fund | James H. Barnum Cemetery Fund | |
| Revenues: | | | | | | | | | |
| Sales and Services | \$ - | \$ - | \$ 41,901 | \$ - | \$ - | \$ - | \$ - | \$ - | |
| Governmental Revenues | - | - | 178,550 | - | - | - | - | - | |
| Interest and Dividends | 27 | 16 | 10,729 | 929 | 248 | 11,781 | 121 | 14 | |
| Donations | - | - | 742,769 | - | - | - | - | - | |
| Total Revenues | 27 | 16 | 973,949 | 929 | 248 | 11,781 | 121 | 14 | |
| Expenditures: | | | | | | | | | |
| Purchases | - | - | - | - | - | - | - | - | |
| Materials | - | - | - | - | - | - | - | - | |
| Wages and Benefits | - | - | - | - | - | - | - | - | |
| Taxes | - | - | - | - | - | 9,547 | - | - | |
| General assistance | - | - | - | - | - | - | - | - | |
| State Fees and Repayments | - | - | - | - | - | - | - | - | |
| Capital Outlay | - | - | 184,395 | 669 | - | 26,279 | - | - | |
| Operating Expenses | - | - | 184,395 | 669 | - | 35,826 | - | - | |
| Total Expenditures | - | - | 368,790 | 1,338 | - | 66,652 | - | - | |
| Excess of Revenues Over (Under) Expenditures | 27 | 16 | 789,554 | 260 | 248 | (24,045) | 121 | 14 | |
| Other Financing Sources (Uses): | | | | | | | | | |
| Operating Transfers In | - | - | - | - | - | - | - | - | |
| Operating Transfers Out | - | - | - | - | - | - | - | - | |
| Total Other Financing Sources (Uses) | - | - | - | - | - | - | - | - | |
| Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses | 27 | 16 | 789,554 | 260 | 248 | (24,045) | 121 | 14 | |
| Fund Balances, July 1, 2008 | 3,684 | 1,035 | - | 31,137 | 15,068 | 443,912 | 8,904 | 835 | |
| Fund Balances, June 30, 2009 | \$ 3,711 | \$ 1,051 | \$ 789,554 | \$ 31,397 | \$ 15,316 | \$ 419,867 | \$ 9,025 | \$ 849 | |

TOWN OF SALISBURY
SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS - Continued
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

| | CAPITAL PROJECTS | | | | | | | Total |
|---|-------------------|-----------------------|-------------------------------------|--------------------------------|----------------------------------|-------------------|------------------------------|---------------------|
| | Bridge Repair | WPCA/ Sewer Equip. | Highway Equipment Replacement | Transfer Station Capital | Board of Education Capital | Grove Capital | Other Capital Projects | |
| <u>Revenues:</u> | | | | | | | | |
| Sales and Services | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Governmental Revenues | - | - | - | - | - | - | 54,911 | - |
| Interest and Dividends | 3,340 | 3,082 | 6,353 | 2,881 | 7,181 | 5,280 | 9,496 | - |
| Donations | - | - | - | - | - | - | - | - |
| <u>Total Revenues</u> | <u>3,340</u> | <u>3,082</u> | <u>6,353</u> | <u>2,881</u> | <u>7,181</u> | <u>5,280</u> | <u>64,407</u> | <u>1,393,969</u> |
| <u>Expenditures:</u> | | | | | | | | |
| Purchases | - | - | - | - | - | - | - | - |
| Materials | - | - | - | - | - | - | - | - |
| Wages and Benefits | - | - | - | - | - | - | - | - |
| Taxes | - | - | - | - | - | - | - | - |
| General assistance | - | - | - | - | - | - | - | - |
| State Fees and Repayments | - | - | - | - | - | - | - | - |
| Capital Outlay | 23,602 | - | - | 93,422 | 237,309 | 29,425 | 150,637 | 534,395 |
| Operating Expenses | - | - | - | - | - | - | - | - |
| <u>Total Expenditures</u> | <u>23,602</u> | <u>-</u> | <u>-</u> | <u>93,422</u> | <u>237,309</u> | <u>29,425</u> | <u>150,637</u> | <u>1,188,054</u> |
| Excess of Revenues Over (Under) Expenditures | (20,262) | 3,082 | 6,353 | (90,541) | (230,128) | (24,145) | (86,230) | 205,915 |
| <u>Other Financing Sources (Uses):</u> | | | | | | | | |
| Operating Transfers In | 30,000 | 45,000 | 120,000 | 20,000 | 70,547 | - | 125,000 | 650,547 |
| Operating Transfers Out | - | (44,768) | - | - | - | - | - | (44,768) |
| <u>Total Other Financing Sources (Uses)</u> | <u>30,000</u> | <u>232</u> | <u>120,000</u> | <u>20,000</u> | <u>70,547</u> | <u>-</u> | <u>125,000</u> | <u>605,779</u> |
| Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses | 9,738 | 3,314 | 126,353 | (70,541) | (159,581) | (24,145) | 38,770 | 811,694 |
| <u>Fund Balances, July 1, 2008</u> | <u>163,817</u> | <u>142,284</u> | <u>92,043</u> | <u>143,649</u> | <u>411,166</u> | <u>184,747</u> | <u>541,232</u> | <u>2,592,759</u> |
| <u>Fund Balances, June 30, 2009</u> | <u>\$ 173,555</u> | <u>\$ 145,598</u> | <u>\$ 218,396</u> | <u>\$ 73,108</u> | <u>\$ 251,585</u> | <u>\$ 160,602</u> | <u>\$ 580,002</u> | <u>\$ 3,404,453</u> |

TOWN OF SALISBURY
COMBINING STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2009

| | <u>AGENCY FUNDS</u> | | |
|---|---------------------------------------|------------------------------|-------------------------------|
| | <u>School Activities Fund</u> | <u>Security Deposits</u> | <u>Total Agency Funds</u> |
| <u>ASSETS</u> | | | |
| Cash and cash equivalents | \$ 3,732 | \$ 52,547 | \$ 56,279 |
| Due From Other Funds | - | - | - |
| <u>TOTAL ASSETS</u> | <u>\$ 3,732</u> | <u>\$ 52,547</u> | <u>\$ 56,279</u> |
| <u>LIABILITIES AND FUND BALANCES</u> | | | |
| <u>Liabilities:</u> | | | |
| Due to beneficiaries | 3,732 | 52,547 | 56,279 |
| <u>Total Liabilities</u> | <u>3,732</u> | <u>52,547</u> | <u>56,279</u> |
| <u>Net Assets</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| <u>TOTAL LIABILITIES AND NET ASSETS</u> | <u>\$ 3,732</u> | <u>\$ 52,547</u> | <u>\$ 56,279</u> |

TOWN OF SALISBURY
STATEMENT OF DEBT LIMITATION
JUNE 30, 2009

| | |
|---|----------------------|
| Base: | |
| Total Taxes, Interest and Lien Fees Collected | \$ 10,710,874 |
| Reimbursement for Revenue Loss on: | |
| Tax Relief for Elderly | <u>13,242</u> |
| TOTAL | <u>\$ 10,724,116</u> |

| | <u>General Purpose</u> | <u>Schools</u> | <u>Sewers</u> | <u>Urban Renewal</u> |
|---|----------------------------|----------------------|----------------------|--------------------------|
| Debt Limitation: | | | | |
| 2 1/4 times base | \$ 24,129,261 | \$ - | \$ - | \$ - |
| 4 1/2 times base | - | 48,258,522 | - | - |
| 3 3/4 times base | - | - | 40,215,435 | - |
| 3 1/4 times base | - | - | - | 34,853,377 |
| | <u>24,129,261</u> | <u>48,258,522</u> | <u>40,215,435</u> | <u>34,853,377</u> |
| Indebtedness: | | | | |
| School Renovation Bond | - | 1,410,959 | - | - |
| Note Payable | 4,100,000 | - | - | - |
| Town's Share Regional Bond | - | 957,573 | - | - |
| Total Indebtedness | <u>4,100,000</u> | <u>2,368,532</u> | <u>-</u> | <u>-</u> |
| Less State Grant Commitments | <u>-</u> | <u>(156,141)</u> | <u>-</u> | <u>-</u> |
| Total Net Indebtedness | <u>4,100,000</u> | <u>2,212,391</u> | <u>-</u> | <u>-</u> |
| Debt Limitations in Excess of Outstanding Debt | <u>\$ 20,029,261</u> | <u>\$ 46,046,131</u> | <u>\$ 40,215,435</u> | <u>\$ 34,853,377</u> |

Note: In no case shall total indebtedness exceed seven times annual receipts from taxation.
As of June 30, 2009 this amount would be \$ 75,068,812

TOWN OF SALISBURY
REPORT OF THE PROPERTY TAX COLLECTOR
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

| List of 10/1: | Balances 06/30/2008 | Current Levy | Lawful Corrections | | Collectable Taxes | Collections | | Lien | Total | Transfers To Suspense | Balances 06/30/2009 |
|---------------|------------------------|----------------------|--------------------|------------------|----------------------|------------------|---------------|----------------------|------------------|--------------------------|------------------------|
| | | | Additions | Deductions | | Taxes | Interest | | | | |
| 2007 | \$ - | \$ 10,755,782 | \$ 21,365 | \$ 46,086 | \$ 10,731,061 | \$ 28,489 | \$ 120 | \$ 10,628,908 | \$ - | \$ 130,762 | |
| 2006 | 85,094 | 3,969 | - | 545 | 88,518 | 9,115 | 552 | 55,498 | - | 42,687 | |
| 2005 | 40,956 | - | 27 | 91 | 40,892 | 6,144 | 144 | 21,489 | - | 25,691 | |
| 2004 | 16,675 | - | - | - | 16,675 | 513 | 48 | 3,472 | 10,715 | 3,049 | |
| 2003 | 2,506 | - | 59 | - | 2,565 | - | - | 59 | - | 2,506 | |
| 2002 | 2,457 | - | - | - | 2,457 | - | - | - | - | 2,457 | |
| 2001 | 2,424 | - | - | - | 2,424 | - | - | - | - | 2,424 | |
| 2000 | 2,376 | - | - | - | 2,376 | - | - | - | - | 2,376 | |
| 1999 | 2,051 | - | - | - | 2,051 | - | - | - | - | 2,051 | |
| 1998 | 1,439 | - | - | - | 1,439 | - | - | - | - | 1,439 | |
| 1997 | 96 | - | - | - | 96 | - | - | - | - | 96 | |
| 1996 | 8 | - | - | - | 8 | - | - | - | - | 8 | |
| 1995 | 8 | - | - | - | 8 | - | - | - | - | 8 | |
| 1994 | 278 | - | - | - | 278 | - | - | - | - | 278 | |
| 1993 | 142 | - | - | - | 142 | - | - | - | - | 142 | |
| | <u>\$ 156,510</u> | <u>\$ 10,759,751</u> | <u>\$ 21,451</u> | <u>\$ 46,722</u> | <u>\$ 10,890,990</u> | <u>\$ 44,261</u> | <u>\$ 864</u> | <u>\$ 10,709,426</u> | <u>\$ 10,715</u> | <u>\$ 215,974</u> | |

| Suspense Collections | 2004 | 2003 | 2002 | 2001 | 2000 | 1999 | 1998 | Total |
|----------------------|--------|---------------|-----------|---------------|------|------|------|-------|
| | 90 | 405 | 122 | 60 | 45 | 37 | 12 | 771 |
| | 55 | 295 | 116 | 70 | 68 | 53 | 20 | 677 |
| | 145 | 700 | 238 | 130 | 113 | 90 | 32 | 1,448 |
| Total Collections | \$ 864 | \$ 10,665,072 | \$ 44,938 | \$ 10,710,874 | | | | |

TOWN OF SALISBURY
SCHEDULE OF BOND INDEBTEDNESS AND MATURITIES
AS OF JUNE 30, 2009

| | Date of Issue | Original Amount | Balance 7/1/08 | Current Additions | Current Deductions | Balance 6/30/2009 | Interest |
|---|---------------|--------------------|--------------------|--------------------|--------------------|--------------------|------------------------|
| Bond Anticipation Notes: | | | | | | | |
| Firehouse and Transfer Station | 6/12/2008 | \$4,800,000 | \$4,800,000 | \$ - | \$4,800,000 | \$ - | 2.25% |
| Firehouse and Transfer Station | 3/11/2009 | 4,100,000 | - | 4,100,000 | - | 4,100,000 | 2.00% |
| Total Bond Anticipation Notes | | | <u>4,800,000</u> | <u>4,100,000</u> | <u>4,800,000</u> | <u>4,100,000</u> | |
| General Obligation Bonds: | | | | | | | |
| School Roof and Oil Tanks | 10/1/2007 | \$1,050,000 | 1,006,136 | - | 90,177 | 915,959 | 3.70% |
| School Renovations | * 9/15/2002 | \$2,755,000 | 785,000 | - | 290,000 | 495,000 | 2.50% - 3.25% Variable |
| Total Bonds Payable | | | <u>1,791,136</u> | <u>-</u> | <u>380,177</u> | <u>1,410,959</u> | |
| Loans Payable: | | | | | | | |
| Equipment Loan | 4/3/2003 | 84,802 | 13,092 | - | 13,092 | - | 4.25% |
| Equipment Loan | 9/15/2004 | 100,000 | 40,509 | - | 17,527 | 22,982 | 4.25% |
| Total Loans | | | <u>53,601</u> | <u>-</u> | <u>30,619</u> | <u>22,982</u> | |
| Total Indebtedness | | | <u>\$6,644,737</u> | <u>\$4,100,000</u> | <u>\$5,210,796</u> | <u>\$5,533,941</u> | |
| Debt Service For Year Ending June 30 | | | | | | | |
| | | Principle | Interest | Total | | | |
| 2010 | | \$4,491,831 | \$ 110,668 | \$4,602,499 | | | |
| 2011 | | 316,733 | 36,561 | 353,294 | | | |
| 2012 | | 100,661 | 25,917 | 126,578 | | | |
| 2013 | | 104,420 | 22,158 | 126,578 | | | |
| 2014 | | 108,319 | 18,258 | 126,577 | | | |
| Thereafter | | 411,977 | 31,043 | 443,020 | | | |
| | | <u>\$5,533,941</u> | <u>\$244,605</u> | <u>\$5,778,546</u> | | | |

* Bonds originally issued March 1, 1992 were refinanced September 15, 2002

A. Paul Ramunni, CPA, LLC

CERTIFIED PUBLIC ACCOUNTANT

95 Main Street • P.O. Box 929 • Canaan, CT 06018

A. Paul Ramunni, CPA
www.rbscpas.com

Tel: (860) 824-0781
Fax: (860) 824-5227

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Finance
Town of Salisbury
Salisbury, Connecticut 06068

We have audited the 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 as of and for the year ended June 30, 2009, which collectively comprise the Town of Salisbury's basic financial statements and have issued our report thereon dated January 20, 2010. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Town of Salisbury's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Town's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Town's financial statements that is more than inconsequential will not be prevented or detected by the Town's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Town's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Salisbury's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of the financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Board of Finance and management of the Town, the Office of Policy and Management, state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



A. Paul Ramunni, CPA, LLC
Certified Public Accountants

January 20, 2010
Canaan, Connecticut

A. Paul Ramunni, CPA, LLC

CERTIFIED PUBLIC ACCOUNTANT

A. Paul Ramunni, CPA
www.rbscpas.com

95 Main Street • P.O. Box 929 • Canaan, CT 06018

Tel: (860) 824-0781
Fax: (860) 824-5227

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM, ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE STATE SINGLE AUDIT ACT, AND ON THE SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE

To the Board of Finance of the
Town of Salisbury
Salisbury, Connecticut 06068

COMPLIANCE

We have audited the compliance of the Town of Salisbury (the "Town") with the types of compliance requirements described in the *Office of Policy and Management Compliance Supplement* that are applicable to each of its major state programs for the year ended June 30, 2009. The major state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major state programs is the responsibility of the Town's management. Our responsibility is to express an opinion on compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the State Single Audit Act (C.G.S. Sections 4-230 to 4-236). Those standards and the State Single Audit Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the Town's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Town's compliance with those requirements.

In our opinion, the Town complied, in all material respects, with the requirements referred to above that are applicable to each of its major state programs for the year ended June 30, 2009.

INTERNAL CONTROL OVER COMPLIANCE

The management of the Town is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to state programs. In planning and performing our audit, we considered the internal control over compliance with requirements that could have a direct and material effect on a major state program in order to determine our auditing procedures for

the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over compliance.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a state program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Town's ability to administer a state program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a state program that is more than inconsequential will not be prevented or detected by the Town's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a state program will not be prevented or detected by the Town's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE

We have audited the financial statements of the Town's governmental activities, the business-type activities, each major fund and the aggregate remaining fund information as of and for the year ended June 30, 2009, and have issued our report thereon dated January 20, 2010. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the Town's financial statements. The accompanying schedule of expenditures of state financial assistance is presented for purposes of additional analysis as required by the State Single Audit Act and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

This report is intended solely for the information and use of the Board of Finance and management of the Town, the Office of Policy and Management, state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A. Paul Ramunni, CPA, LLC

A. Paul Ramunni, CPA, LLC
Certified Public Accountants

Canaan, Connecticut
January 20, 2010

TOWN OF SALISBURY
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2009

| <u>State Grantor/Pass Through Grantor/Program Title</u> | <u>State Grant Program Identification Number</u> | <u>Expenditures</u> |
|--|--|---------------------|
| <u>Department of Transportation:</u> | | |
| Town Aid Road Grants | 12001-DOT57000-17036 | \$ 144,407 |
| Highway, Planning and Construction | 12001-DOT57000-22108 | 29,815 |
| <u>CT State Library</u> | | |
| Historic Preservation | 12060-CSL66094-35150 | 7,000 |
| <u>State Department of Education:</u> | | |
| Child Nutrition Program | 11000-SDE64000-16072 | 915 |
| <u>Office of Policy and Management:</u> | | |
| Housing Zone Program | 12060-OPM20600-90526 | 17,800 |
| Additional Veterans Exemption | 11000-OPM20600-17024 | 1,312 |
| Elderly Homeowner's Program | 11000-OPM20600-17018 | 13,242 |
| Relief For Disabled | 11000-OPM20600-17011 | 55 |
| Schools Heating Assistance | 11000-OPM20600-17096 | 3,666 |
| Tax Relief For Manufacturing | 11000-OPM20600-17031 | 7,364 |
| <u>Department of Social Services</u> | | |
| Services to the Elderly | 11000-DSS-60782-16123 | 5,000 |
| <u>Secretary of the State</u> | | |
| Help America Vote Act | 12060-SOS12500-21465 | 3,052 |
| <u>Office of the State Comptroller:</u> | | |
| PILOT on State Owned Property | 11000-OSC15910-17004 | 10,618 |
| Mashantucket Pequot Funds | 12009-OSC15910-17005 | 16,777 |
| Boat Grant | 12027-OSC15910-40211 | 2,115 |
| <u>Total State Financial Assistance Before Exempt Programs</u> | | <u>263,138</u> |
| <u>EXEMPT PROGRAMS</u> | | |
| <u>Department of Education:</u> | | |
| Education Cost Sharing | 11000-SDE64000-17041 | 187,485 |
| Transportation of School Children | 11000-SDE64000-17027 | 2,668 |
| Special Education - Agency Placements | 11000-SDE64000-17047 | 26,119 |
| School Construction Grants | 13010-SDE64000-40901 | 93,362 |
| School Construction Grants | 13009-SDE64000-40896 | 4,006 |
| <u>Total Exempt Programs</u> | | <u>313,640</u> |
| <u>Total State Financial Assistance</u> | | <u>\$ 576,778</u> |

The accompanying note is an integral part of this schedule

TOWN OF SALISBURY

STATE FINANCIAL ASSISTANCE PROGRAMS NOTES TO SCHEDULE FOR THE YEAR ENDED JUNE 30, 2009

Various departments and agencies of the State of Connecticut have provided financial assistance to the Town of Salisbury through grants and other authorizations in accordance with the General Statutes of the State of Connecticut. These financial assistance programs fund several programs including road repair and maintenance, capital improvements, tax relief, general assistance and education.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Town of Salisbury conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies relating to the aforementioned grant programs.

Basis of Accounting

The financial statements contained in the Town of Salisbury's annual audit report are prepared on the accrual and modified accrual basis. The following is a summary of such basis:

- Under the accrual basis of accounting, revenues are recognized in the accounting period in which they are earned and expenses are recognized in the period incurred.
- Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., both measurable and available to finance expenditures of the current period. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the liability is incurred.

The Schedule of Expenditures of State Financial Assistance, contained in this report, is prepared based on regulations established by the State of Connecticut Office of Policy and Management. In accordance with these regulations (Section 4-236-22), certain grants are not dependent on expenditure activity, and accordingly, are considered to be expended in the fiscal year of receipt. These grant program receipts are reflected in the expenditures column of the Schedule of Expenditures of State Financial Assistance.

TOWN OF SALISBURY
Schedule of Findings and Questioned Costs
For The Year Ended June 30, 2009

I. SUMMARY OF AUDIT RESULTS

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

| | | |
|--|---------|---|
| Material weakness(es) identified? | ___ Yes | ___ <input checked="" type="checkbox"/> No |
| Significant deficiencies identified that are not considered to be material weaknesses? | ___ Yes | ___ <input checked="" type="checkbox"/> None Reported |

Noncompliance material to financial statements noted? ___ Yes ___ No

State Financial Assistance

Internal control over major programs:

| | | |
|--|---------|---|
| Material weakness(es) identified? | ___ Yes | ___ <input checked="" type="checkbox"/> No |
| Significant deficiencies identified that are not considered to be material weaknesses? | ___ Yes | ___ <input checked="" type="checkbox"/> None Reported |

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section 4-236-24 of the Regulations to the State Single Audit Act? ___ Yes ___ No

The following schedule reflects the major programs included in the audit:

| <u>State Grantor and Program</u> | <u>State Grant Program Identification Number</u> | <u>Expenditures</u> |
|---|--|---------------------|
| <u>Department of Transportation</u> Town Aid Road Grants | 12001-DOT57000-17036 | \$ 144,407 |

II - SUMMARY OF FINDINGS RELATED TO FINANCIAL STATEMENTS REQUIRED UNDER GENERALLY ACCEPTED GOVERNMENT AUDITING STANDARDS

We issued reports, dated January 20, 2010 on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with Government Auditing Standards

Our report on compliance indicated no reportable instances of noncompliance

Our report on internal control over financial reporting indicated no significant deficiencies

III - FINDINGS AND QUESTIONED COSTS FOR STATE FINANCIAL ASSISTANCE

No findings or questioned costs are reported relating to State financial assistance programs