

TOWNSHIP OF SALISBURY
LEHIGH COUNTY, PENNSYLVANIA



**FINANCIAL STATEMENTS AND
AUDITORS' REPORTS**

AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2015

Accountancy Firm of Bushta & Company
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TOWNSHIP OF SALISBURY

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TODD J. BUSHTA, CPA

C E R T I F I E D P U B L I C A C C O U N T A N T

INDEPENDENT AUDITORS' REPORT

**TOWNSHIP OF SALISBURY
LEHIGH COUNTY, PENNSYLVANIA**

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the **Township of Salisbury, Lehigh County** as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents. The prior year summarized comparative information has been derived from the Township's 2014 financial statements and in our report dated April 1, 2015, we expressed unmodified opinions on the respective financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

AUDITORS' RESPONSIBILITY

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions

OPINIONS

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the **Township of Salisbury**, as of December 31, 2015, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

OTHER MATTERS

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the Required Supplementary Information, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

OTHER INFORMATION

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the **Township of Salisbury's** basic financial statements. The combining and individual non-major fund financial statements, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual non-major fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual non-major fund financial statements are fairly stated in all material respects in relation to the basic financial statements as a whole.

EMPHASIS OF MATTER

As discussed in Note 1 to the financial statements, the Township adopted new accounting guidance from GASB Statement No. 68 for the 2015 year. Our opinion is not modified with respect to this pronouncement.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with Government Auditing Standards, we have also issued our report dated April 1, 2015, on our consideration of the **Township of Salisbury's** internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the **Township of Salisbury's** internal control over financial reporting and compliance.

Bushta & Company

BETHLEHEM, PENNSYLVANIA

APRIL 1, 2016



TODD J. BUSHTA, CPA

C E R T I F I E D P U B L I C A C C O U N T A N T

**REPORTING and on COMPLIANCE and OTHER MATTERS BASED on an AUDIT of
FINANCIAL STATEMENTS PERFORMED in ACCORDANCE with GOVERNMENT
AUDITING STANDARDS**

**TOWNSHIP OF SALISBURY
LEHIGH COUNTY, PENNSYLVANIA**

We have audited, in accordance with the 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of **Township of Salisbury** as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise **Township of Salisbury's** basic financial statements and have issued our report thereon dated April 1, 2016.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit of the financial statements, we considered **Township of Salisbury's** internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of **Township of Salisbury's** internal control. Accordingly, we do not express an opinion on the effectiveness of the **Township of Salisbury's** internal control.

A deficiency in internal control 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 and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether **Township 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 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 or other matters that are required to be reported under Government Auditing Standards.

PURPOSE OF THIS REPORT

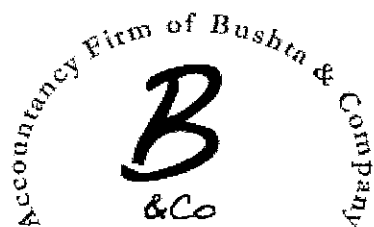
The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Bushta & Company

BETHLEHEM, PENNSYLVANIA

APRIL 1, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS



TOWNSHIP OF SALISBURY
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2015

The discussion and analysis of Township of Salisbury's financial performance provides an overall review of the Township's financial activities for the fiscal year ended December 31, 2015. The intent of this discussion and analysis is to look at the Township's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the Township's financial performance.



The Township of Salisbury was founded in 1753, and is a First Class Township of the State of Pennsylvania.

The Township operates under an elected Board of Commissioners, and provides the following services to its residents: public safety (police and fire), highways and streets, sanitation, culture-recreation, planning and zoning, and general administrative services.

FINANCIAL HIGHLIGHTS

Key government-wide financial highlights for 2015 are as follows:

- In total, net position was \$16,011,219.
- General revenues accounted for \$5,299,962 in revenue or 47% of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$6,547,267 or 53% of total revenues of \$11,847,229.
- Total assets of governmental activities were \$15,381,819 of which \$4,604,238 represents unrestricted cash and investments, though certain tentative management plans do assign \$991,100 of those dollars. Fixed assets, net of accumulated depreciation were \$12,635,612.
- The Township had \$12,488,105 in expenses; only \$6,547,267 of these expenses were offset by program specific charges for services, grants, or contributions. General revenues (primarily taxes) of \$5,299,962 were adequate to provide for these programs. The tax levy was the same as the prior year at 1.61103 aggregate mills for the year.
- Expenses, after program revenue was \$5,940,838.

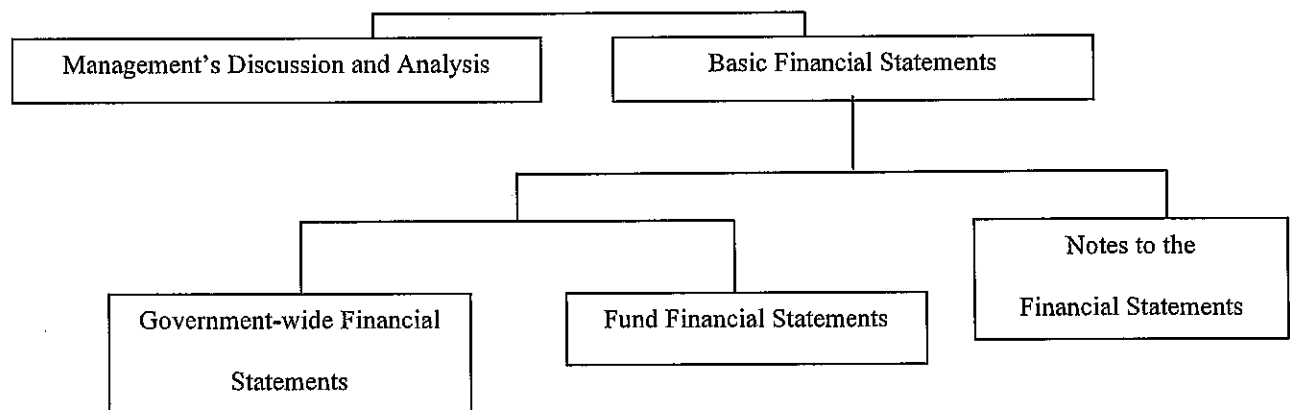
TOWNSHIP OF SALISBURY

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

DECEMBER 31, 2015

USING THIS GENERAL ACCEPTED ACCOUNTING PRINCIPALS REPORT (GAAP)

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Township of Salisbury as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.



The Statement of Net position and Statement of Activities provide information about the activities of the whole Township, presenting both an aggregate view of the Township's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the Township's most significant funds with all other non-major funds. In the case of Township of Salisbury, the General Fund is by far the most significant fund.

REPORTING THE TOWNSHIP AS A WHOLE

Statement of Net position and the Statement of Activities

While this document contains the large number of funds used by the Township to provide programs and activities, the view of the Township as a whole looks at all financial transactions and asks the question, "*How did we do financially during the year?*" The Statement of Net position and the Statement of Activities answer this question.

TOWNSHIP OF SALISBURY

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

DECEMBER 31, 2015

Statement of Net position and the Statement of Activities (continued)

These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. The basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid. These two statements report the Township's net position and changes in those assets. This change in net position is important because it tells the reader that, for the Township as a whole, the financial position of the Township has improved or diminished. The causes of this change may be the result of many factors, some financial, and some not. Non-financial factors include the Township's property tax base, current property tax laws in Pennsylvania restricting revenue growth, facility condition, required public works and public safety activities, and other factors. In the Statement of Net position and the Statement of Activities, the Township reports governmental activities. Governmental activities are the activities where most of the Township's programs and services are reported including, but not limited to, general government, public works, public safety, and recreation. The Township also engages in business-like activities, which includes the sewer and water funds.

Table 1 provides a summary of the Township's net position:

| | 2015 | 2014 | 2013 | 2012 | 2011 |
|-----------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Assets | | | | | |
| Current and Other Assets | \$ 8,527,562 | \$ 9,389,002 | \$ 9,716,842 | \$ 9,538,007 | \$ 10,718,641 |
| Capital Assets | <u>12,635,612</u> | <u>12,554,488</u> | <u>12,699,296</u> | <u>13,223,287</u> | <u>13,190,615</u> |
| | <u>21,769,930</u> | <u>21,943,490</u> | <u>22,416,138</u> | <u>22,761,294</u> | <u>23,909,256</u> |
| Liabilities | | | | | |
| Current Liabilities | 1,277,255 | 1,360,010 | 1,522,961 | 1,185,493 | 2,027,535 |
| Long-Term Liabilities | <u>5,983,281</u> | <u>2,561,792</u> | <u>2,643,178</u> | <u>2,831,572</u> | <u>3,040,917</u> |
| | <u>5,758,711</u> | <u>3,921,802</u> | <u>4,166,139</u> | <u>4,017,065</u> | <u>5,068,452</u> |
| Net position | | | | | |
| Invested in Capital Assets, | | | | | |
| Net of related Debt | 10,590,612 | 10,389,488 | 10,419,296 | 10,703,287 | 10,310,615 |
| Restricted | 1,551,742 | 1,535,983 | 1,630,235 | 1,596,582 | 1,177,303 |
| Unrestricted | <u>3,868,865</u> | <u>6,096,217</u> | <u>6,200,468</u> | <u>6,444,360</u> | <u>7,352,886</u> |
| | <u>\$ 21,769,930</u> | <u>\$ 18,021,688</u> | <u>\$ 18,249,999</u> | <u>\$ 18,744,229</u> | <u>\$ 18,840,804</u> |

TOWNSHIP OF SALISBURY

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

DECEMBER 31, 2015

REPORTING THE TOWNSHIP AS A WHOLE

Statement of Net position and the Statement of Activities (continued)

Table 2 provides a summary of the Township's statement of activities:

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services.

| | 2015 | 2014 | 2013 | 2012 | 2011 |
|--|------------------------------|----------------------------|----------------------------|---------------------------|------------------------------|
| Program Revenues | | | | | |
| Charges for Services | \$ 5,163,311 | \$ 5,338,038 | \$ 6,029,219 | \$ 5,812,965 | \$ 5,531,866 |
| Operating Grants and Contributions | 1,288,993 | 1,008,711 | 851,294 | 831,983 | 1,248,628 |
| Capital Grants and Contributions | 94,963 | 90,600 | 95,984 | 99,815 | 9,000 |
| General Revenues | | | | | |
| Taxes | 5,288,384 | 5,601,666 | 4,956,983 | 4,528,276 | 4,223,846 |
| Investment Earnings | 11,578 | 10,973 | 15,276 | 16,479 | 25,657 |
| Total Revenues | <u>11,847,229</u> | <u>12,049,988</u> | <u>11,948,756</u> | <u>11,289,518</u> | <u>11,038,997</u> |
| Program Expenses | | | | | |
| General Government | 1,096,112 | 924,575 | 1,005,527 | 836,252 | 993,841 |
| Public Safety | 2,467,702 | 2,473,465 | 2,796,135 | 2,236,735 | 2,418,986 |
| Public Works | 2,654,849 | 2,990,188 | 2,954,085 | 2,597,099 | 3,667,988 |
| Cultural and Recreation | 320,814 | 194,873 | 158,344 | 177,982 | 127,865 |
| Other | 1,805,960 | 1,691,050 | 1,575,235 | 1,615,112 | 1,567,867 |
| Interest on Long-Term Debt | 62,717 | 64,694 | 64,340 | 62,940 | 62,477 |
| Unallocated Depreciation | 249,298 | 249,298 | 249,298 | 249,298 | 232,149 |
| Public Water | 1,991,611 | 1,497,294 | 1,563,558 | 1,597,232 | 1,411,638 |
| Public Sewer | 1,839,042 | 2,192,862 | 2,076,464 | 2,013,443 | 1,759,142 |
| Total Expenses | <u>12,488,105</u> | <u>12,278,299</u> | <u>12,442,986</u> | <u>11,386,093</u> | <u>12,241,953</u> |
| Prior Period Pension Adjustment | <u>(1,369,593)</u> | | | | |
| Increase in Net position | <u><u>\$ (2,010,469)</u></u> | <u><u>\$ (228,311)</u></u> | <u><u>\$ (494,230)</u></u> | <u><u>\$ (96,575)</u></u> | <u><u>\$ (1,202,956)</u></u> |

TOWNSHIP OF SALISBURY

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

DECEMBER 31, 2015

Table 3 shows the total cost of services and the net cost of services.

That is, it identifies the cost of these services supported by tax revenue.

| | 2015 | 2014 | 2013 | 2012 | 2011 |
|----------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| General Government | \$ (180,182) | \$ (327,148) | \$ (252,555) | \$ 127,341 | \$ (114) |
| Public Safety | (2,103,060) | (1,973,146) | (2,473,662) | (1,962,657) | (2,075,067) |
| Public Works | (818,797) | (980,093) | (961,256) | (565,807) | (1,620,471) |
| Cultural and Recreation | (320,814) | (194,873) | (158,344) | (177,982) | (127,865) |
| Other | (1,251,142) | (1,167,400) | (1,012,148) | (1,085,374) | (973,253) |
| Interest on Long-Term Debt | (62,717) | (64,694) | (64,340) | (62,940) | (62,477) |
| Unallocated Depreciation | (249,298) | (249,298) | (249,298) | (249,298) | (232,149) |
| Public Water | (594,136) | (175,561) | (155,795) | (67,395) | 19,279 |
| Public Sewer | <u>(359,124)</u> | <u>(698,293)</u> | <u>(124,071)</u> | <u>(597,218)</u> | <u>(380,342)</u> |
| | <u>\$ (5,940,838)</u> | <u>\$ (5,840,950)</u> | <u>\$ (4,641,330)</u> | <u>\$ (4,641,330)</u> | <u>\$ (5,452,459)</u> |

The dependence upon real estate tax revenues is apparent. For all activities, general revenue support is 47%. The community, as a whole, is the primary support for the Township of Salisbury. The real estate taxes for the Township are collected from township residents. Assessed tax millage is 1.34155, 0.20861, and 0.06087 for general government, fire protection, and library services, respectively totaling \$1.61103.

Defining the Classifications of Expenditure:

- General Government activities includes the activities of the legislative board of Commissioners, the Township manager's office, financial administration, legal counsel, insurance, and physical plant.
- Public safety activities includes police protection, code enforcement, fire protection, and planning.
- Public Works includes general services, servicing of streets and storm sewers, and snow and ice removal.
- Cultural and recreation includes the community center, library, and parks.
- Other activities include insurance and employee benefits.
- Interest on long-term debt and fiscal charges involve the transactions associated with the payment of interest and other related charges to debt of the Township.
- Enterprise fund involves the activities in the public Water and sewer operations.

TOWNSHIP OF SALISBURY

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

DECEMBER 31, 2015

REPORTING THE TOWNSHIP'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

Fund financial reports provide detailed information about the Township's major funds. The Township uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the Township's most significant funds.

Governmental Activities

Most of the Township's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in the future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Township's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance programs. The relationship (or differences) between governmental activities (reported in the Statement of Net position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

The following are the Township's governmental funds:

General Fund (Major Fund)

The general fund is the operating fund of the Township and is used to account for all financial resources except those required to be accounted for in another fund. The General Fund balance is available to the Township for any purpose provided it is expended or transferred according to the general laws of The Commonwealth.

Special Revenue Fund (Non-major Fund)

The Special Revenue Fund accounts for specific revenue sources which are legally restricted to expenditures for specified purposes. The Township accounts for the Highway Aid program in this fund.

TOWNSHIP OF SALISBURY

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

DECEMBER 31, 2015

REPORTING THE TOWNSHIP'S MOST SIGNIFICANT FUNDS

The following are the Township's other funds: (continued)

Debt Service Fund (Non-major Fund)

The Debt Service Fund accounts for resources accumulated for the purpose of funding general long-term debt obligations.

Enterprise Funds (Business Activities Fund) are used to account for operations that are financed and operated in a manner similar to private business enterprises where the costs of providing sewer and water services to the general public on a continuing basis are financed through user charges.

Trust Funds are used to account for assets held by the Township in a trustee capacity. This includes the Pension Trust Fund. The Pension Trust Fund is used to account for the four retirement pension plans. The Pension Trust Fund is accounted for in essentially the same manner as the Proprietary Fund since capital maintenance is critical.

THE TOWNSHIP'S FUNDS

As indicated above, these funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$9,198,365 and expenditures of \$9,310,147. Other financing sources and uses include transfers between the funds of \$360,000.

GENERAL FUND BUDGETING HIGHLIGHTS

The Township's budget is prepared according to Pennsylvania law and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

TOWNSHIP OF SALISBURY

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

DECEMBER 31, 2015

CAPITAL ASSETS

Table 4
Capital Assets

The following is a summary of changes in the capital assets for *governmental activities*

| | Balance January 1 | Additions | Deletions | Balance December 31 |
|------------------------------------|----------------------|-------------------|-------------|------------------------|
| CAPITAL ASSETS | | | | |
| Land and Land Improvements | \$ 668,641 | \$ 549,379 | \$ | \$ 1,218,020 |
| Building and Building Improvements | 8,405,990 | | | 8,405,990 |
| Infrastructure | 1,529,844 | | | 1,529,844 |
| Vehicles | 2,297,911 | 64,145 | | 2,362,056 |
| Equipment | 899,037 | 65,155 | | 964,192 |
| | <u>\$ 13,801,423</u> | <u>678,679</u> | <u>0</u> | <u>\$ 14,480,102</u> |
| ACCUMULATED DEPRECIATION | | | | |
| Building and Building Improvements | \$ 3,274,131 | \$ 127,538 | \$ | \$ 3,274,131 |
| Vehicles | 1,576,093 | 105,458 | | 1,576,093 |
| Equipment | 240,296 | 16,302 | | 240,296 |
| | <u>\$ 5,090,520</u> | <u>\$ 249,298</u> | <u>\$ 0</u> | <u>\$ 5,090,520</u> |

The following is a summary of changes in the capital assets for *Business Type Activities*

| | Balance January 1 | Additions | Balance December 31 |
|---------------------------------|----------------------|-------------------|------------------------|
| CAPITAL ASSETS | | | |
| Water System | \$ 3,234,969 | \$ | \$ 3,234,969 |
| Sewer System | 9,104,751 | | 9,104,751 |
| Computers and Equipment | 552,539 | | 552,539 |
| | <u>\$ 12,892,259</u> | <u>\$ 0</u> | <u>\$ 12,892,259</u> |
| ACCUMULATED DEPRECIATION | | | |
| Water System | \$ 1,892,867 | \$ 62,113 | \$ 1,954,980 |
| Sewer System | 7,155,807 | 286,144 | 7,441,951 |
| | <u>\$ 9,048,674</u> | <u>\$ 348,257</u> | <u>\$ 9,396,931</u> |

Description of the year's Capital Asset Activity:

- Overall capital assets increased \$678,679 for governmental activities.
- Depreciation for the year was \$249,298 and \$348,257 for governmental and business type activities, respectively.

TOWNSHIP OF SALISBURY

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

DECEMBER 31, 2015

DEBT SERVICE

These Bonds have been issued:

2010 General Obligation Bonds

The \$3,555,000 Bond was issued to provide funds for the advanced refunding of the Township's General Obligation Bonds, Series of 2002 and to finance the renovation and construction of the police department building. The bonds mature annually with interest due semiannually at interest rates averaging 2.945%, maturing in December 2029.

| | <u>Governmental Fund Types</u> | <u>Proprietary Fund Types (Enterprise Funds)</u> | |
|---------------------------|------------------------------------|--|-----------------------|
| | <u>General Fund</u> | <u>Water Fund</u> | <u>Sewer Fund</u> |
| Outstanding, December 31, | \$ 1,759,700 | \$ 285,300 | \$ 0 |

ASSIGNMENT OF UNRESERVED FUND BALANCES – GENERAL FUND

Designations indicate tentative management plans for future use of certain financial resources that may or may not be ultimately approved or result in expenditure. Generally, designations are supported by definitive plans approved by the Township. The nature and purpose of assigned fund balances are as follows:

| | |
|--|-------------------|
| 2016 Assignments: | |
| Pension MMO | \$ 398,500 |
| Debt Service, 2010/2016 G.O. Bonds | 177,400 |
| Debt Service, Volunteer Fire Companies | 38,600 |
| Police Dept/Emergency Mgmt Equip | 31,600 |
| QRS & Fire Insp Equipment & Supplies | 23,700 |
| Public Works' Equipment | 89,500 |
| Facilities Improvements | 30,000 |
| Lindberg Park Improvements | 201,800 |
| | <u>\$ 991,100</u> |

TOWNSHIP OF SALISBURY

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

DECEMBER 31, 2015

CURRENT FINANCIAL ISSUES AND CONCERNS

The Township of Salisbury continues to be financially sound. The Township of Salisbury Board of Commissioners and appointed staff have committed themselves to being fiscally responsible over the years and to appropriately addressing the Township's ongoing, growing needs. Despite the Township experiencing a leveling off of revenues from all primary sources (real estate tax, earned income tax and permit fees) over the last several years, we have been able to continue to provide a high-level of service to the residents, businesses and visitors of our community. In order to sustain this level of service, however, the potential exists for the occasional increase to the Township's real estate tax millage and/or utility service fees as deemed necessary and fiscally responsible.

In conclusion, the Township of Salisbury has committed itself to being fiscally responsible while appropriately addressing Township needs. It's system of financial planning, budgeting and internal financial controls are well managed, as official audits have demonstrated. The Township plans to continue its sound financial management to meet challenges of the future.

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the Township of Salisbury's finances and to demonstrate our accountability of resources received and expended. If you have any questions about this report, or need additional financial information, contact the Township offices at Salisbury Township, 2900 S. Pike Avenue, Allentown, PA 18103, 610-797-4000, or email Cathy Bonaskiewich, Assistant Manager/Finance Director, at cbonaskiewich@salisburytownship.org or Randy Soriano, Township Manager, at rsoriano@salisburytownship.org.



**GOVERNMENT WIDE FINANCIAL
STATEMENTS**

Accountancy Firm of Bushta & Company
B
& Co

TOWNSHIP OF SALISBURY
STATEMENT NET POSITION
DECEMBER 31, 2015

| | 2015 | | | 2014 |
|--|----------------------------|-----------------------------|----------------------|----------------------|
| | Governmental Activities | Business-Type Activities | Total | Memorandum Total |
| ASSETS | | | | |
| <i>Current Assets</i> | | | | |
| Cash and Cash Equivalents | \$ 417,687 | \$ 178,141 | \$ 595,828 | \$ 807,333 |
| Accounts Receivable | 499,590 | 831,620 | 1,331,210 | 1,135,293 |
| Taxes Receivable | 171,932 | | 171,932 | 130,500 |
| Investments | 3,116,289 | 892,121 | 4,008,410 | 3,397,531 |
| | <u>4,205,498</u> | <u>1,901,882</u> | <u>6,107,380</u> | <u>5,470,657</u> |
| <i>Non-current Assets</i> | | | | |
| General Fixed Assets | | | | |
| Land and Land Improvements | 1,218,020 | | 1,218,020 | 668,641 |
| Building & Building Improvements | 8,405,990 | | 8,405,990 | 8,405,990 |
| Infrastructure | 1,529,844 | | 1,529,844 | 1,529,844 |
| Vehicles | 2,362,056 | | 2,362,056 | 2,297,911 |
| Equipment | 964,192 | 552,539 | 1,516,731 | 1,451,576 |
| Water System | | 3,234,969 | 3,234,969 | 3,234,969 |
| Sewer System | | 9,104,751 | 9,104,751 | 9,104,751 |
| | <u>14,480,102</u> | <u>12,892,259</u> | <u>27,372,361</u> | <u>26,693,682</u> |
| Accumulated Depreciation | <u>(5,339,818)</u> | <u>(9,396,931)</u> | <u>(14,736,749)</u> | <u>(14,139,194)</u> |
| Net General Fixed Assets | 9,140,284 | 3,495,328 | 12,635,612 | 12,554,488 |
| Restricted Investments | 1,429,281 | 990,901 | 2,420,182 | 3,918,345 |
| | <u>10,569,565</u> | <u>4,486,229</u> | <u>15,055,794</u> | <u>16,472,833</u> |
| <i>Deferred outflows of resources</i> | | | | |
| Change in Net Pension Liability | 306,468 | 0 | 306,468 | 0 |
| Pension Contributions Subsequent to Measurement Date | 300,288 | 0 | 300,288 | 0 |
| | <u>606,756</u> | <u>0</u> | <u>606,756</u> | <u>0</u> |
| | <u>15,381,819</u> | <u>6,388,111</u> | <u>21,769,930</u> | <u>21,943,490</u> |
| LIABILITIES | | | | |
| <i>Current Liabilities</i> | | | | |
| Accounts payable and accrued expenses | 378,332 | 282,664 | 660,996 | 716,941 |
| Accrued payroll and payroll taxes | 103,035 | 15,780 | 118,815 | 106,654 |
| Deposits | 377,444 | | 377,444 | 536,415 |
| Current Portion of LT Debt - Bonds Payable | 103,300 | 16,700 | 120,000 | 191,923 |
| | <u>962,111</u> | <u>315,144</u> | <u>1,277,255</u> | <u>1,551,933</u> |
| <i>Non-current Liabilities</i> | | | | |
| Compensated Absences Provision | 880,395 | | 880,395 | 396,792 |
| Net Pension Liability | 1,676,061 | | 1,676,061 | 0 |
| Bonds Payable - Long term | 1,656,400 | 268,600 | 1,925,000 | 1,973,077 |
| | <u>5,174,967</u> | <u>583,744</u> | <u>5,758,711</u> | <u>3,921,802</u> |
| <i>Deferred inflows of resources</i> | | | | |
| Difference of Projected & Actual Pension Investment Earnings | 224,570 | 0 | 224,570 | 0 |
| Change in Projected vs Actual Pension Contributions | 0 | 0 | 0 | 0 |
| | <u>224,570</u> | <u>0</u> | <u>224,570</u> | <u>0</u> |
| NET POSITION | | | | |
| Investment in Capital Assets, Net of Related Debt | 7,380,584 | 3,210,028 | 10,590,612 | 10,389,488 |
| Restricted for: | | | | |
| Specified Projects | 991,100 | | 991,100 | 1,177,300 |
| Specified use | 560,642 | | 560,642 | 358,683 |
| Unrestricted | 1,274,526 | 2,594,339 | 3,868,865 | 6,096,217 |
| | <u>\$ 10,206,852</u> | <u>\$ 5,804,367</u> | <u>\$ 16,011,219</u> | <u>\$ 18,021,688</u> |

The accompanying notes are an integral part of the financial statements.

TOWNSHIP OF SALISBURY
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2015

| 2015 | | | | | | | |
|---|----------------------|----------------------|------------------------------------|----------------------------------|---|--------------------------|----------------|
| Functions/Programs | Program Revenues | | | | Net (Expense) Revenue and Changes in Net Assets | | Total |
| | Expenses | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities | Business-type Activities | |
| Governmental activities: | | | | | | | |
| General government | \$ 1,096,112 | \$ 616,264 | \$ 299,666 | \$ | \$ (180,182) | \$ | \$ (1 |
| Public safety | 2,467,702 | 192,203 | 172,439 | | (2,103,060) | | (2,1 |
| Public works | 2,654,849 | 1,427,939 | 408,113 | | (818,797) | | (8 |
| Recreation | 320,814 | | | | (320,814) | | (3 |
| Other | 1,805,960 | 201,080 | 258,775 | 94,963 | (1,251,142) | | (1,2 |
| Interest on Long-Term debt | 62,717 | | | | (62,717) | | 1 |
| Unallocated Depreciation | 249,298 | | | | (249,298) | | (2 |
| | 8,657,452 | 2,437,486 | 1,138,993 | 94,963 | (4,986,010) | 0 | (4,5 |
| Business-Type Activities : | | | | | | | |
| Enterprise Funds | 3,830,653 | 2,725,825 | 150,000 | | | (954,828) | (5 |
| | <u>\$ 12,488,105</u> | <u>\$ 5,163,311</u> | <u>\$ 1,288,993</u> | <u>\$ 94,963</u> | <u>\$ (4,986,010)</u> | <u>\$ (954,828)</u> | <u>\$ (5,5</u> |
| General revenues: | | | | | | | |
| Taxes: | | | | | | | |
| Property taxes, levied for general purposes, net | | | | | 2,240,736 | | 2,2 |
| Taxes levied for specific purposes | | | | | 354,802 | | 3 |
| Local Services Tax | | | | | 487,045 | | 4 |
| Earned Income Taxes | | | | | <u>2,205,801</u> | | <u>2,2</u> |
| | | | | | 5,288,384 | | 5,2 |
| Interest Income | | | | | <u>10,010</u> | <u>1,568</u> | |
| Total general revenues, special items, and transfers | | | | | <u>5,298,394</u> | <u>1,568</u> | <u>5,2</u> |
| Prior Period Adjustment: | | | | | | | |
| Prior Period Adjustment - Beginning Net Pension Liability | | | | | <u>(1,369,593)</u> | <u>0</u> | <u>(1,3</u> |
| Change in Net Position | | | | | <u>(1,057,209)</u> | <u>(953,260)</u> | <u>(2,0</u> |
| Net Position—beginning | | | | | <u>11,264,061</u> | <u>6,757,627</u> | <u>18,0</u> |
| Net Position—ending | | | | | <u>\$ 10,206,852</u> | <u>\$ 5,804,367</u> | <u>\$ 16,0</u> |

The accompanying notes are an integral part of the financial statements.

TOWNSHIP OF SALISBURY

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION DECEMBER 31, 2015

Total Fund Balances - Governmental Funds **\$ 4,683,241**

Amounts reported for governmental activities in the statement of net assets are different because:

The net result of deferred inflow and outflow of resources and the net pension liability

Deferred inflow and outflow of resources and net pension liability (1,069,305)

Revenues in the statement of activities that do not provide for current financial resources are not reported as revenue in the funds statements, rather it is reported as deferred revenue and netted through the related receivable.

Taxes Receivable 92,727

Capital Assets used in governmental activities are not financial resources and therefore are not reported as assets in funds.

General Fixed Assets 14,480,102
Accumulated Depreciation (5,339,818)

Long-term liabilities, including notes payable, are not due and payable in the current period, and therefore are not reported as liabilities in the funds. Long-term liabilities at year end consist of:

Compensated Absences Provision (880,395)

Bonds Payable (1,759,700)

Total Net Position - Governmental Activities **\$ 10,206,852**

TOWNSHIP OF SALISBURY

RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES YEAR ENDED DECEMBER 31, 2015

Total net change in fund balances - governmental funds \$ (57,698)

*Amounts reported for governmental activities in the statement
of activities are different because:*

The net result of deferred inflow and outflow of resources and the
net pension liability as well as prior period adjustment resulting from
GASB 68 implementation for beginning net pension liability

| | |
|---|-------------|
| <i>Beginning net pension Liability</i> | (1,369,593) |
| <i>adjustment to Pension Expense for the period</i> | 300,288 |

Revenues in the statement of activities that do not provide for current financial
resources are not reported as revenue in the funds statements, rather it is reported
as deferred revenue and netted through the related receivable.

| | |
|-------------------------|--------|
| <i>Taxes Receivable</i> | 20,716 |
|-------------------------|--------|

Capital outlays are reported in governmental funds as expenditures. However,
in the statement of activities, the cost of those assets is allocated over their
estimated useful lives as depreciation expense. This is the amount by which
depreciation exceeds capital outlays in the period.

| | |
|-----------------------|-----------|
| <i>Depreciation</i> | (249,298) |
| <i>Capital Outlay</i> | 678,679 |

The current change in the provision for compensated absences is not recorded in
the in the governmental funds, but is an expense and a change in the liability
provision in the statement of net assets

| |
|-----------|
| (483,603) |
|-----------|

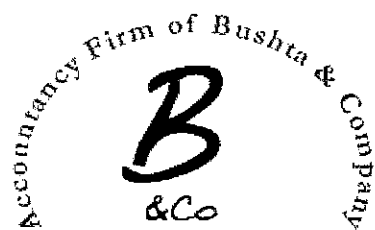
Repayment of bond principal is an expenditure in the governmental
funds, but the repayment reduces long-term liabilities in the
statement of net assets.

| |
|---------|
| 103,300 |
|---------|

Change in net assets of governmental activities

| |
|-----------------------|
| <u>\$ (1,057,209)</u> |
|-----------------------|

FUNDS FINANCIAL STATEMENTS



TOWNSHIP OF SALISBURY
COMBINED BALANCE SHEETS
GOVERNMENTAL FUNDS
AS OF DECEMBER 31, 2015

| | Major Fund | Non-Major Funds | | 201 Memora |
|---------------------------------------|---------------------|----------------------------|---------------------|-----------------------|
| | General | Special Revenue | Totals | Totals |
| ASSETS | | | | |
| Cash and cash equivalents | \$ 417,687 | \$ | \$ 417,687 | \$ 57 |
| Investments | 2,560,541 | 555,748 | 3,116,289 | 2,66 |
| Taxes receivable, net of allowance | 70,800 | 8,405 | 79,205 | 8 |
| Accounts receivable | 499,590 | | 499,590 | 46 |
| Due from other funds | | | 0 | |
| Restricted Investments | 1,429,281 | | 1,429,281 | 2,03 |
| | <u>\$ 4,977,899</u> | <u>\$ 564,153</u> | <u>\$ 5,542,052</u> | <u>\$ 5,82</u> |
| LIABILITIES | | | | |
| Accounts payable and accrued expenses | \$ 374,821 | \$ 3,511 | \$ 378,332 | \$ 43 |
| Accrued payroll and payroll taxes | 103,035 | | 103,035 | 8 |
| Due to other funds | | | 0 | 2 |
| Deposits | 377,444 | | 377,444 | 53 |
| Deferred Revenue | | | 0 | |
| | <u>855,300</u> | <u>3,511</u> | <u>858,811</u> | <u>1,08</u> |
| FUND BALANCE | | | | |
| Committed | | | 0 | |
| Assigned | 991,100 | | 991,100 | 1,17 |
| Unassigned | 3,131,499 | 560,642 | 3,692,141 | 3,56 |
| | <u>4,122,599</u> | <u>560,642</u> | <u>4,683,241</u> | <u>4,74</u> |
| | <u>\$ 4,977,899</u> | <u>\$ 564,153</u> | <u>\$ 5,542,052</u> | <u>\$ 5,82</u> |

The accompanying notes are an integral part of the financial statements.

TOWNSHIP OF SALISBURY
COMBINED STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUND TYPES
YEAR ENDED DECEMBER 31, 2015

| | <u>Major Fund</u> | <u>Non-Major Funds</u> | | | 2014 |
|---|---------------------|------------------------|------------------|---------------------|---------------------|
| | <u>General</u> | <u>Special</u> | <u>Debt</u> | <u>Total</u> | <u>Memorandum</u> |
| | | <u>Revenue</u> | <u>Service</u> | | <u>Total</u> |
| REVENUES | | | | | |
| Taxes | \$ 4,892,150 | \$ 354,802 | \$ | \$ 5,246,952 | \$ 5,557,715 |
| Licenses and permits | 476,870 | | | 476,870 | 233,766 |
| Fines, forfeits and costs | 101,635 | | | 101,635 | 107,936 |
| Interest and rents | 66,460 | 379 | | 66,839 | 63,939 |
| Charges for services | 1,626,777 | | | 1,626,777 | 1,975,747 |
| Miscellaneous revenues | 270,338 | 10,975 | | 281,313 | 259,551 |
| Intergovernmental revenues | 754,426 | 373,592 | | 1,128,018 | 999,711 |
| | <u>8,188,656</u> | <u>739,748</u> | <u>0</u> | <u>8,928,404</u> | <u>9,198,365</u> |
| EXPENDITURES | | | | | |
| Current | | | | | |
| General government | 1,004,271 | | | 1,004,271 | 924,575 |
| Public safety | 2,487,898 | 195,349 | | 2,683,247 | 2,715,900 |
| Public works | 2,519,741 | 296,673 | | 2,816,414 | 3,620,055 |
| Culture and recreation | 747,543 | 122,650 | | 870,193 | 194,873 |
| Insurance and employee benefits | 1,802,161 | | | 1,802,161 | 1,625,995 |
| Miscellaneous | 3,799 | | | 3,799 | 65,055 |
| Debt service | | | | | |
| Principal retirement | | | 103,300 | 103,300 | 99,000 |
| Interest | | | 62,178 | 62,178 | 64,694 |
| Fiscal charges | | | 539 | 539 | 0 |
| | <u>8,565,413</u> | <u>614,672</u> | <u>166,017</u> | <u>9,346,102</u> | <u>9,310,147</u> |
| EXCESS (DEFICIENCY) OF REVENUES | | | | | |
| OVER (UNDER) EXPENDITURES | <u>(376,757)</u> | <u>125,076</u> | <u>(166,017)</u> | <u>(417,698)</u> | <u>(111,782)</u> |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Proceeds from issuing debt | | | | 0 | 0 |
| Operating transfers in | 360,000 | 76,883 | 166,017 | 602,900 | 608,569 |
| Operating transfers out | (242,900) | | | (242,900) | (248,569) |
| | <u>117,100</u> | <u>76,883</u> | <u>166,017</u> | <u>360,000</u> | <u>360,000</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER | | | | | |
| (UNDER) EXPENDITURES AND OTHER | | | | | |
| FINANCING SOURCES (USES) | <u>(259,657)</u> | <u>201,959</u> | <u>0</u> | <u>(57,698)</u> | <u>248,218</u> |
| FUND BALANCES, JANUARY 1 | <u>4,382,256</u> | <u>358,683</u> | <u>0</u> | <u>4,740,939</u> | <u>4,492,721</u> |
| FUND BALANCES, DECEMBER 31 | <u>\$ 4,122,599</u> | <u>\$ 560,642</u> | <u>\$ 0</u> | <u>\$ 4,683,241</u> | <u>\$ 4,740,939</u> |

The accompanying notes are an integral part of the financial statements.

TOWNSHIP OF SALISBURY
COMBINED STATEMENTS OF NET ASSETS
PROPRIETARY FUNDS
AS OF DECEMBER 31, 2015

| | Enterprise Funds | | | 2014 Memorandum |
|---------------------------------------|-------------------------|---------------------|---------------------|----------------------------|
| | Water | Sewer | Total | Total |
| ASSETS | | | | |
| Cash and cash equivalents | \$ 58,006 | \$ 120,135 | \$ 178,141 | \$ 235,539 |
| Investments | 625,511 | 266,610 | 892,121 | 735,638 |
| Accounts receivable | 292,579 | 539,041 | 831,620 | 667,867 |
| Restricted Investments | 451,876 | 539,025 | 990,901 | 1,881,030 |
| Water and sewer systems | 3,234,969 | 9,104,751 | 12,339,720 | 12,339,720 |
| Vehicles and computer equipment | 263,143 | 289,396 | 552,539 | 552,539 |
| Accumulated depreciation | (1,954,980) | (7,441,951) | (9,396,931) | (9,048,674) |
| | <u>\$ 2,971,104</u> | <u>\$ 3,417,007</u> | <u>\$ 6,388,111</u> | <u>\$ 7,363,659</u> |
| LIABILITIES | | | | |
| Accounts payable and accrued expenses | \$ 104,445 | \$ 178,219 | \$ 282,664 | \$ 285,724 |
| Accrued payroll and payroll taxes | 7,890 | 7,890 | 15,780 | 18,308 |
| Bonds Payable | 285,300 | 0 | 285,300 | 302,000 |
| | <u>397,635</u> | <u>186,109</u> | <u>583,744</u> | <u>606,032</u> |
| NET ASSETS | | | | |
| Net Assets | <u>2,573,469</u> | <u>3,230,898</u> | <u>5,804,367</u> | <u>\$ 6,757,627</u> |
| | <u>\$ 2,971,104</u> | <u>\$ 3,417,007</u> | <u>\$ 6,388,111</u> | <u>\$ 7,363,659</u> |

The accompanying notes are an integral part of the financial statements.

TOWNSHIP OF SALISBURY
COMBINED STATEMENTS OF CHANGES IN NET ASSETS
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2015

| | Enterprise Funds | | | 2014 Memorandum |
|-------------------------------|---------------------|---------------------|---------------------|---------------------|
| | Water | Sewer | Total | Total |
| OPERATING REVENUES | | | | |
| Charges for services | \$ 1,396,645 | \$ 1,329,180 | \$ 2,725,825 | \$ 2,805,858 |
| OPERATING EXPENSES | | | | |
| Personnel | 219,071 | 219,069 | 438,140 | 464,081 |
| Purchased services | 55,658 | 70,136 | 125,794 | 100,785 |
| Supplies and maintenance | 322,917 | 565,986 | 888,903 | 594,652 |
| Contractual payments | 988,730 | 370,467 | 1,359,197 | 1,555,478 |
| Insurance | 18,188 | 12,428 | 30,616 | 22,876 |
| Depreciation | 62,113 | 286,144 | 348,257 | 348,257 |
| Administrative expenses | 180,000 | 180,000 | 360,000 | 360,000 |
| Employee benefits | 134,812 | 134,812 | 269,624 | 233,583 |
| | <u>1,981,489</u> | <u>1,839,042</u> | <u>3,820,531</u> | <u>3,679,712</u> |
| OPERATING NET INCOME | <u>(584,844)</u> | <u>(509,862)</u> | <u>(1,094,706)</u> | <u>(873,854)</u> |
| NON-OPERATING REVENUES | | | | |
| (EXPENDITURES) | | | | |
| Intergovernmental revenues | | 150,000 | 150,000 | 0 |
| Interest revenue | 830 | 738 | 1,568 | 1,814 |
| Interest expense | (10,122) | 0 | (10,122) | (10,444) |
| | <u>(9,292)</u> | <u>150,738</u> | <u>(8,554)</u> | <u>(8,630)</u> |
| CHANGE IN NET ASSETS | <u>(594,136)</u> | <u>(359,124)</u> | <u>(953,260)</u> | <u>(882,484)</u> |
| NET ASSETS, | | | | |
| JANUARY 1 | <u>3,167,605</u> | <u>3,590,022</u> | <u>6,757,627</u> | <u>7,640,111</u> |
| NET ASSETS, | | | | |
| DECEMBER 31 | <u>\$ 2,573,469</u> | <u>\$ 3,230,898</u> | <u>\$ 5,804,367</u> | <u>\$ 6,757,627</u> |

The accompanying notes are an integral part of the financial statements.

TOWNSHIP OF SALISBURY
COMBINED STATEMENTS OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2015

| | Enterprise Funds | |
|---|---------------------|---------------------|
| | 2015 | 2014 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Cash received from users | \$ 2,712,072 | \$ 2,807,532 |
| Cash paid to employees | (993,488) | (1,258,818) |
| Cash paid to suppliers and contractors | (2,484,374) | (2,348,067) |
| <i>Net Cash Provided by Operating Activities</i> | <u>(765,790)</u> | <u>(799,353)</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | |
| Repayment of debt | (16,700) | (16,000) |
| Interest and fiscal charges paid | (10,122) | (10,444) |
| Purchase of system equipment and improvements | 0 | (55,660) |
| <i>Net Cash Used by Capital and Related Financing Activities</i> | <u>(26,822)</u> | <u>(82,104)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchase of investments | 733,646 | 770,067 |
| Interest received | 1,568 | 1,814 |
| <i>Net Cash Used by Investing Activities</i> | <u>735,214</u> | <u>771,881</u> |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | (57,398) | (109,576) |
| CASH AND CASH EQUIVALENTS, JANUARY 1st | <u>235,539</u> | <u>345,115</u> |
| CASH AND CASH EQUIVALENTS, DECEMBER 31st | <u>\$ 178,141</u> | <u>\$ 235,539</u> |
| RECONCILIATION OF OPERATING NET INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES | | |
| Operating income | \$ (1,094,706) | \$ (873,854) |
| <i>Adjustment to reconcile net operating income to net cash provided by operating activities:</i> | | |
| Depreciation | 348,257 | 348,257 |
| Increase in accounts receivable | (13,753) | 1,674 |
| (Decrease) increase in accounts payable and accrued expenses | (5,588) | (275,430) |
| <i>Net Cash Provided by Operating Activities</i> | <u>\$ (765,790)</u> | <u>\$ (799,353)</u> |

The accompanying notes are an integral part of the financial statements.

TOWNSHIP OF SALISBURY
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
DECEMBER 31, 2015

| | Police Pension Trust | |
|----------------------------------|-------------------------|---------------------|
| | 2015 | 2014 |
| ASSETS | | |
| Investments - restricted | <u>\$ 4,323,997</u> | <u>\$ 4,260,012</u> |
| LIABILITIES | <u>\$ 0</u> | <u>\$ 0</u> |
| NET ASSETS | | |
| Reserved for retirement benefits | <u>4,323,997</u> | <u>4,260,012</u> |
| | <u>\$ 4,323,997</u> | <u>\$ 4,260,012</u> |

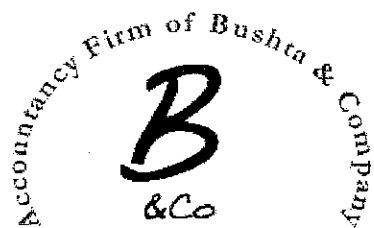
The accompanying notes are an integral part of the financial statements.

TOWNSHIP OF SALISBURY
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUND
YEAR ENDED DECEMBER 31, 2015

| | Police Pension Trust | |
|---|-------------------------|---------------------|
| | 2015 | 2014 |
| ADDITIONS | | |
| Contributions | \$ 331,806 | \$ 316,723 |
| Interest, dividends, and net unrealized gains/losses | 40,882 | 172,309 |
| | <u>372,688</u> | <u>489,032</u> |
| DEDUCTIONS | | |
| Administrative expenses | 26,897 | 27,037 |
| Pension benefits | 281,806 | 269,072 |
| | <u>308,703</u> | <u>296,109</u> |
| CHANGE IN NET ASSETS | 63,985 | 192,923 |
| NET ASSETS, JANUARY 1 | <u>4,260,012</u> | <u>4,067,089</u> |
| NET ASSETS, DECEMBER 31 | <u>\$ 4,323,997</u> | <u>\$ 4,260,012</u> |

The accompanying notes are an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS



TOWNSHIP OF SALISBURY

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

DECEMBER 31, 2015

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and accompanying general purpose financial statements of The Township of Salisbury conform to U.S. generally accepted accounting principles as applicable to governmental units.

Principles Determining Scope of Reporting Entity

The general purpose financial statements of the Township consist only of the funds and account groups of the Township. The Township has no oversight responsibility for any other governmental entity since no other entities are considered to be controlled by or dependent on the Township. Control or dependence is determined on the basis of budget adoption, taxing authority, funding, and appointment of the respective governing board.

BASIS OF PRESENTATION

The Township's basic financial statements consist of government-wide statements, including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

GOVERNMENT-WIDE FINANCIAL STATEMENTS:

The statement of net assets and the statement of activities display information about the Township as a whole. These statements include the financial activities of the Primary government, except for fiduciary funds. The statement of net assets presents the financial condition of the governmental activities of the Township at year-end.

The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the Township's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the Township. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the Township.

TOWNSHIP OF SALISBURY

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

DECEMBER 31, 2015

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FUND FINANCIAL STATEMENTS:

During the year, the Township segregates transactions related to certain Township functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Township at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. The fiduciary fund is reported by type.

BASIS OF ACCOUNTING

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Fiduciary funds also use the accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

Revenues - Exchange and Non-exchange Transactions:

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the Township, available means expected to be received within sixty days of fiscal year-end. Nonexchange transactions, in which the Township receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the Township must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the Township on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized. Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year-end: property taxes available as an advance, interest, grants, and fees.

TOWNSHIP OF SALISBURY

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

DECEMBER 31, 2015

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Revenue:

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Property taxes for which there is an enforceable legal claim as of December 31, but which were levied to finance the fiscal year's operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue. On governmental fund financial statements, receivables that will not be collected within the available period have also been reported as deferred revenue.

Expenses/Expenditures :

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocation of costs, such as depreciation and amortization are not recognized in governmental funds.

MEASUREMENT FOCUS:

Government-wide Financial Statements:

The government-wide financial statements are prepared using the economic resources measurement focus. All assets and liabilities associated with the operation of the Township are included on the Statement of Net Assets.

Fund Financial Statements:

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources.

This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds. The private purpose trust fund is reported using the economic resources measurement focus.

TOWNSHIP OF SALISBURY

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

DECEMBER 31, 2015

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

GOVERNMENTAL FUND TYPES

General Fund (Major Fund)

The General Fund is the general operating fund of the Township. Substantially all tax revenues, Federal and State aid (except aid restricted for use in the Special Revenue Funds) and other operating revenues are accounted for in the General Fund. This Fund also accounts for expenditures and transfers as appropriated in the budget which provides for the Township's day-to-day operations, including transfers to the Debt Service Fund for payment of long-term obligations.

Debt Service Fund (Non-Major Fund)

The Debt Service Fund accounts for the accumulation of resources for and payment of, interest and principal on long-term obligations.

Special Revenue Funds (Non-Major Fund)

The Liquid Fuels/Highway Aid Fund, the Fire Protection Fund, and the Library Tax Fund are Special Revenue Funds. Special Revenue Funds are used to account for the proceeds of specific revenue sources, other than special assessments, expendable trusts, or major capital projects that are legally restricted to expenditures for specified purposes.

PROPRIETARY FUND TYPES

Enterprise (Business Type Fund)

The Sewer Fund and Water Fund are Enterprise Funds. Enterprise Funds account for the provision of sewer and water services to the residents of the Township. All activities necessary to provide such services are accounted for in these funds including, but not limited to, administration, operations, maintenance, financing and related debt service, billing and collection.

FIDUCIARY FUND TYPES

Trust and Agency Funds

Trust and Agency Funds account for assets held by the Township in a fiduciary capacity for others. The Police Pension Plan Fund is the only trust fund of the Township.

TOWNSHIP OF SALISBURY

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

DECEMBER 31, 2015

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

The Township considers the funds held in the Pennsylvania Local Government Investment Trust (PLGIT) as cash equivalents. The trust acts as a money market mutual fund investing in obligations of the United States of America, federal government agencies, and the Commonwealth of Pennsylvania.

Interfund Receivables, Payables, and Transfers

Advances between funds are accounted for in the appropriate interfund receivable and payable accounts. These advances (reported in "due from" asset accounts) are considered "available spendable resources". Interfund activity between governmental funds is eliminated in the government wide financial statements.

Investments

All investments are stated at market value. The First Class Township Code authorizes the Township to invest its funds in savings accounts and certificates of deposit or time deposits provided that these deposits are insured or collateralized by a pledge or assignment of assets of the depository. In addition, the Township may invest its funds in obligations of the United States of America or the Commonwealth of Pennsylvania, including their agencies or instrumentalities or political subdivisions of the Commonwealth of Pennsylvania. Investment of monies in the Police Pension Fund is restricted by the Fiduciaries Investment Act. The Act allows the trustee to invest in securities which a prudent person would purchase.

Property Taxes and Accounts Receivable

The real estate taxes are collected from township residents. Assessed tax millage is 1.34155, 0.20861, and 0.06087 for general government, fire protection, and library services, respectively totaling \$1.61103. Property taxes attach as an enforceable lien on property as of April 1 of the year following levy. Taxes levied on April 1 are due and payable at that time. All unpaid taxes levied April 1 become delinquent August 1. Taxable assessed valuation for the year was \$1,322,110,200.

Capital Assets

Capital assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisitions and construction costs are reflected as expenditures in governmental funds. In the government wide financial statements, these assets are capitalized and depreciated using the straight-line method over the estimated useful life. Fixed assets in the Enterprise Fund are stated at cost. Depreciation of equipment in the Enterprise Fund is computed using the straight-line method over the estimated useful life of the equipment.

TOWNSHIP OF SALISBURY

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

DECEMBER 31, 2015

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensated Absences Provision

Vested or accumulated sick and vacation leave that is expected to be liquidated with expendable available financial resources is reported as a expenditure and a fund liability of the fund that will pay it. Amounts of vested or accumulated sick and vacation leave that are not expected to be liquidated with expendable available financial resources are reported as long term liabilities in the government wide financial statements. No expenditure or liability provision is reported for these amounts in the funds statements.

Long-Term Liabilities

Long-term obligations are reported in the government wide statement of activities as a governmental activity. Long-term liabilities expected to be financed from operations of proprietary fund types are accounted for in those funds and as a business type activity.

Fund Balance Reserves

Specific fund balance reserves represent resources restricted for specific purposes such as capital projects. Standard fund balance reserve is used to segregate a portion of the fund balance to indicate that assets equal to the amount of the reserve are tied up in prepaid expenses and are, therefore, not available for appropriation.

Reclassifications

Certain amounts in 2013 may have been restated to conform to current year presentation. Any such changes had no effect on previously reported changes in net assets.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of 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.

Budgets and Financial Plans

The Township uses traditional, program and performance budgeting methods to develop the operating budget, which includes proposed expenditures and the means to finance them. The Township utilizes substantially the same basis of accounting for both budgetary purposes and actual results. The budget is adopted by ordinance and subject to change only by ordinance.

TOWNSHIP OF SALISBURY

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

DECEMBER 31, 2015

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Water and Sewer Systems in Service

The water and sewer systems are stated at cost, net of accumulated depreciation. Depreciation is provided using the straight-line method over estimated useful lives of the systems ranging from 15 to 50 years. Water Fund and Sewer Fund equipment is being depreciated over estimated useful lives ranging from five to seven years. The Township contracts with the City of Allentown for substantially all of its water utilities and wastewater treatment needs.

Pension Plans

The Township has two defined benefit pension plans. One plan covers all police officers employed on a full-time basis. The other plan covers all permanent nonuniformed salaried employees of the Township. Pension costs for both plans include current service costs, which are accrued and funded on a current basis, and prior costs which are amortized over 30 years.

Litigation

From time to time, the Township may be named as defendant in lawsuits concerning various matters. In the opinion of Township's legal counsel, there are no legal matters involving the Township which would require disclosure in the financial statements.

Changes in Accounting Principle and Prior Period Adjustment

During the 2015 fiscal year the Township implemented the required GASB Statement No. 68 (Accounting and Financial Reporting for Pensions), which requires all governments to record the net pension liability on all defined benefit and defined contribution plans. In addition, GASB Statement No. 68 requires recording applicable deferred outflows of resources and deferred inflows of resources required under the guidance found in the accounting standard. This change in principle also necessitated a prior period adjustment to reflect the effect of implementation on the beginning of the year.

NOTE 2 INVESTMENTS AND DEPOSITS WITH FINANCIAL INSTITUTIONS

The Township, under the Pennsylvania First Class Township Code Act, as amended, is authorized to invest in direct obligations of the United States government, obligations guaranteed by the United States government, obligations of the Commonwealth of Pennsylvania, or any political subdivision of the Commonwealth of Pennsylvania, savings or time deposits and time certificates of deposit.

The deposit and investment policy of the Township adheres to state statutes and prudent business practice. There were no deposit or investment transactions during the year that were in violation of either the state statutes or the policy of the Township.

TOWNSHIP OF SALISBURY

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

DECEMBER 31, 2015

NOTE 2 INVESTMENTS AND DEPOSITS WITH FINANCIAL INSTITUTIONS (CONTINUED)

To the extent the Township's deposits with financial institutions are not insured by the Federal Deposit Insurance Corporation, assets have been pledged by the financial institutions. The fair market value of pledged assets exceeded the carrying amount of deposits in the pools at year end.

Credit risk The risk that an issuer or other counterparty to an investment will not fulfill its obligations is called credit risk. The majority of the Township's investments are in U.S. Government Obligations and are therefore not exposed to this type of risk. Investments in PLGIT have received an AAAM rating from Standards & Poor's.

Custodial credit risk –deposits In the case of deposits, this is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The remaining balance was collateralized in accordance with Act 72 of the Pennsylvania state legislature, which requires the institution to pool collateral for all governmental deposits and have the collateral held by an approved custodian in the institution's name. The total amount of investments not secured by federal depository insurance was collateralized by securities pledged by the financial institution for such funds, but not in the Township's name.

Custodial credit risk investments For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Pennsylvania Local Government Investment Trust were established as common law trusts organized under laws of the Commonwealth of Pennsylvania. Shares of the funds are offered to certain Pennsylvania school districts, intermediate units, area vocational-technical schools and municipalities. The Township's deposits in these pooled funds are not subject to custodial credit risk because they are not evidenced by securities that exist in physical or book entry form. These investments are reflected as cash and cash equivalents on the balance sheet. The fair value of the Township's position in the external investment pools is the same as the value of the pool shares. All investments in an external investment pools that are not SEC registered are subject to oversight by the Commonwealth of Pennsylvania.

External Investment Pool (PLGIT)

The Trust is authorized to invest in full faith and credit obligations of the Commonwealth of Pennsylvania and its agencies, instrumentalities and political subdivisions. The Trust is also authorized to invest in certificates of deposit which are insured by the Federal Deposit Insurance Corporation or which are collateralized as provided by law. For a more complete description of the Trust's operations and investments, please refer to its Annual Audit Report or Information Statement.

TOWNSHIP OF SALISBURY

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

DECEMBER 31, 2015

NOTE 4 PROPERTY TAXES RECEIVABLE

The Township records all real estate taxes levied and uncollected in the current year as receivable.

| | General Fund | Special Revenue Funds | |
|-------------------------------|-----------------|----------------------------|------------------------|
| | | Fire Protection Fund | Library Tax Fund |
| Outstanding real estate taxes | \$ 70,800 | \$ 5,529 | \$ 2,876 |

NOTE 5 CAPITAL ASSETS

The following is a summary of changes in the capital assets for *governmental activities*

| | Balance January 1 | Additions | Deletions | Balance December 31 |
|------------------------------------|----------------------|-------------------|-------------|------------------------|
| CAPITAL ASSETS | | | | |
| Land and Land Improvements | \$ 668,641 | \$ 549,379 | \$ | \$ 1,218,020 |
| | 8,405,990 | | | 8,405,990 |
| Building and Building Improvements | | | | |
| Infrastructure | 1,529,844 | | | 1,529,844 |
| Vehicles | 2,297,911 | 64,145 | | 2,362,056 |
| Equipment | 899,037 | 65,155 | | 964,192 |
| | <u>\$ 13,801,423</u> | <u>678,679</u> | <u>0</u> | <u>\$ 14,480,102</u> |
| ACCUMULATED DEPRECIATION | | | | |
| Building and Building Improvements | \$ 3,274,131 | \$ 127,538 | \$ | \$ 3,274,131 |
| Vehicles | 1,576,093 | 105,458 | | 1,576,093 |
| Equipment | 240,296 | 16,302 | | 240,296 |
| | <u>\$ 5,090,520</u> | <u>\$ 249,298</u> | <u>\$ 0</u> | <u>\$ 5,090,520</u> |

The following is a summary of changes in the capital assets for *Business Type Activities*

| | Balance January 1 | Additions | Balance December 31 |
|---------------------------------|----------------------|-------------------|------------------------|
| CAPITAL ASSETS | | | |
| Water System | \$ 3,234,969 | \$ | \$ 3,234,969 |
| Sewer System | 9,104,751 | | 9,104,751 |
| Computers and Equipment | 552,539 | | 552,539 |
| | <u>\$ 12,892,259</u> | <u>\$ 0</u> | <u>\$ 12,892,259</u> |
| ACCUMULATED DEPRECIATION | | | |
| Water System | \$ 1,892,867 | \$ 62,113 | \$ 1,954,980 |
| Sewer System | 7,155,807 | 286,144 | 7,441,951 |
| | <u>\$ 9,048,674</u> | <u>\$ 348,257</u> | <u>\$ 9,396,931</u> |

TOWNSHIP OF SALISBURY

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

DECEMBER 31, 2015

NOTE 6 DEBT AND DEBT SERVICE

2010 General Obligation Bonds

The \$3,555,000 Bond was issued to provide funds for the advanced refunding of the Township's General Obligation Bonds, Series of 2002 and to finance the renovation and construction of the police department building. The bonds mature annually with interest due semiannually at interest rates averaging 2.945%, maturing in December 2029.

| | Governmental Fund Types | Proprietary Fund Types (Enterprise Funds) | |
|---------------------------|------------------------------------|--|-----------------------|
| | General Fund | Water Fund | Sewer Fund |
| Outstanding, December 31, | <u>\$ 1,759,700</u> | <u>\$ 285,300</u> | <u>\$ 0</u> |

Debt Service to Maturity :

| | Governmental | Proprietary | Total |
|------------------|---------------------|--------------------|---------------------|
| 2016 | 163,414 | 26,486 | 189,900 |
| 2017 | 165,392 | 26,808 | 192,200 |
| 2018 | 162,704 | 26,370 | 189,074 |
| 2019 | 164,048 | 26,588 | 190,636 |
| 2020 | 160,694 | 26,042 | 186,736 |
| 2021 | 161,500 | 26,174 | 187,674 |
| 2022 | 162,026 | 26,260 | 188,286 |
| 2023 | 162,232 | 26,292 | 188,524 |
| 2024 | 162,068 | 26,382 | 188,450 |
| 2025 | 161,792 | 26,222 | 188,014 |
| 2026 | 161,160 | 26,118 | 187,278 |
| 2027 | 164,432 | 26,768 | 191,200 |
| 2028 | 162,884 | 26,516 | 189,400 |
| 2029 | <u>165,475</u> | <u>26,949</u> | <u>192,424</u> |
| Total | 2,279,751 | 369,975 | 2,649,796 |
| Interest | <u>(520,051)</u> | <u>(84,675)</u> | <u>(604,796)</u> |
| Principal | <u>\$ 1,759,700</u> | <u>\$ 285,300</u> | <u>\$ 2,045,000</u> |

TOWNSHIP OF SALISBURY

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

DECEMBER 31, 2015

NOTE 7 FUND BALANCES

GASB 54, Fund Balance Reporting and Governmental Fund Type Definitions

GASB 54 is intended to improve the usefulness of the amounts reported in fund balance by providing more structured classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. It moves the Township from the current standard of reporting three main classifications of fund balance (*reserved, designated, and unreserved/undesignated*) to five new fund balance classifications (*nonspendable, restricted, committed, assigned, and unassigned*). The hierarchy of five possible classifications of fund balance is:

Nonspendable Fund Balance

- Amounts that cannot be spent due to form; for example, inventories and prepaid amounts. Also, long-term loan and notes receivables, and property held for resale would be reported here unless the proceeds are restricted, committed or assigned.
- Amounts that must be maintained intact legally or contractually.

Restricted Fund Balance

- Amounts constrained for a specific purpose by external parties, constitutional provision or enabling legislation.

Committed Fund Balance

- Amounts constrained for a specific purpose by a government using its highest level of decision-making authority. It would require action by the same group to remove or change the constraints placed on the resources.
- Action to constrain resources must occur prior to year-end; however, the amount can be determined in the subsequent period.

Assigned Fund Balance

- For all governmental funds other than the general fund, any remaining positive amounts not classified as nonspendable, restricted or committed.
- For the general fund, amounts constrained for the intent to be used for a specific purpose by a governing board or a body or official that has been delegated authority to assign amounts. Amount reported as assigned should not result in a deficit in unassigned fund balance.

Unassigned Fund Balance

- For the general fund, amounts not classified as nonspendable, restricted, committed or assigned. The general fund is the only fund that would report a positive amount in unassigned fund balance.

TOWNSHIP OF SALISBURY

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

DECEMBER 31, 2015

NOTE 8 ASSIGNMENT OF BALANCES – GENERAL FUND

Designations indicate tentative management plans for future use of certain financial resources that may or may not be ultimately approved or result in expenditure. Generally, designations are supported by definitive plans approved by the Township. The nature and purpose of designations of unreserved fund balances are as follows:

The nature and purpose of assigned fund balances are as follows:

| | |
|--|-------------------|
| 2016 Assignments: | |
| Pension MMO | \$ 398,500 |
| Debt Service, 2010/2016 G.O. Bonds | 177,400 |
| Debt Service, Volunteer Fire Companies | 38,600 |
| Police Dept/Emergency Mgmt Equip | 31,600 |
| QRS & Fire Insp Equipment & Supplies | 23,700 |
| Public Works' Equipment | 89,500 |
| Facilities Improvements | 30,000 |
| Lindberg Park Improvements | 201,800 |
| | <u>\$ 991,100</u> |

NOTE 9 DEFINED BENEFIT PENSION PLANS

NONUNIFORMED EMPLOYEES PENSION PLAN

Plan Description

The Township contributes to the Pennsylvania Municipal Retirement System, an agent multiple-employer public retirement system that acts as a common investment and administrative agent for municipalities in Pennsylvania. The Salisbury Township Nonuniformed Employees Pension Plan is a single-employer defined benefit pension plan. The plan participates in the Pennsylvania Municipal Retirement System (PMRS) which is an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for participating municipal pension plans. PMRS issues a separate Comprehensive Annual Financial Report (CAFR). *A copy of the CAFR can be obtained by contacting the PMRS accounting office.*

All permanent non-uniform employees are eligible to participate in the Plan. Benefits vest after five years of service. Benefits equal 0.03 times years of credited service times average salary of last three years of service. Benefits paid shall not exceed 70% of an employee's average annual salary during the last three years of employment. The Plan also provides death and disability benefits. These benefit provisions and all other requirements are established by the Pennsylvania Municipal Retirement System.

TOWNSHIP OF SALISBURY

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

DECEMBER 31, 2015

NOTE 9 DEFINED BENEFIT PENSION PLANS (CONTINUED)

NONUNIFORMED EMPLOYEES PENSION PLAN (Continued)

Funding Policy

Act 205 requires that annual contributions be based upon the Plan's minimum municipal obligation (MMO). The MMO is based upon the Plan's biennial actuarial valuation (the last available which is January 1, 2015).

In accordance with the Plan's governing Ordinance, members are not required to contribute to the Plan. Administrative costs, including the investment manager, custodial trustee and actuarial services, are charged to the Plan and funded through investment earnings. The Plan may also be eligible to receive an allocation of state aid from the General Municipal Pension System State Aid Program which must be used for pension funding. Any funding requirements established by the MMO in excess of employee contributions and state aid must be paid by the municipality in accordance with Act 205.

UNIFORMED POLICE PENSION PLAN

General Information about the Pension Plan

A. Plan Description

The Salisbury Township Police Pension Plan is a single-employer defined benefit pension plan controlled by the provisions of Ordinance No. 02-2014-585 adopted pursuant to Act 600. The plan is governed by the Salisbury Township which may amend plan provisions, and which is responsible for the management of plan assets. The Salisbury Township has delegated the authority to manage certain plan assets to PNC Institutional Asset Management.

The Salisbury Township filed actuarial valuation report Form 201C with the Public Employee Retirement Commission. The report dated January 1, 2015, was the most recently certified by the municipality's chief administrative officer. This report indicated the municipality maintains a pension plan to provide pension or retirement benefits for Uniform employees.

B. Employees Covered by the Plan

As of January 1, 2015 and 2016, the following employees were covered by the benefit terms:

| | <u>2016</u> | <u>2015</u> |
|--|-------------|-------------|
| Active employees | 16 | 17 |
| Retirees and beneficiaries currently receiving benefits | 10 | 10 |
| Terminated employees entitled to benefits but not yet receiving them | 0 | 0 |
| Total | 26 | 27 |

C. Benefit Provisions

As of January 1, 2016, the pension plan provides for retirement and other benefits as shown in Appendix I of this report.

TOWNSHIP OF SALISBURY

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

DECEMBER 31, 2015

NOTE 9 DEFINED BENEFIT PENSION PLANS (CONTINUED)

D. Contributions

Act 205 requires that annual contributions to the plan be based upon the plan's Minimum Municipal Obligation (MMO), which is based on the plan's biennial actuarial valuation. In accordance with the plan's governing document, employees are required to contribute 3.04% of compensation to the plan. The plan may also be eligible to receive an allocation of state aid from the General Municipal Pension System State Aid Program which must be used for pension funding. Any funding requirements established by the MMO in excess of employee contributions and state aid must be paid by the municipality in accordance with Act 205.

Investment expenses, including investment manager and custodial services, are funded through investment earnings. Administrative expenses, including actuarial and consultant services, are funded through investment earnings and/or contributions.

Summary of Significant Accounting Policies

A. Basis of Accounting

The plan's policy is to prepare its financial statements on the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to the plan are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

B. Valuation of Investments

The pension plan's assets are valued at fair market value.

Investments

A. Investment Policy

The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the Pension Board. The investment policy of the Plan is to maximize the total rate of return over the long term, subject to preservation of capital, by diversifying the allocation of capital among various investments in domestic equity securities, international equity securities, domestic fixed income instruments and other asset classes as may be deemed prudent.

The plan's investment policy establishes that the portfolio may be invested in the following asset classes with the following target asset allocation:

| <u>Asset Class</u> | <u>Target</u> | <u>Asset Class</u> | <u>Target</u> |
|--------------------|---------------|----------------------|---------------|
| Domestic Equity | | International Equity | 3% |
| Large Cap | 24% | Fixed Income | 41% |
| Mid Cap | 29% | Balanced/Blend | 0% |
| Small Cap | 0% | Cash | 3% |

TOWNSHIP OF SALISBURY

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

DECEMBER 31, 2015

NOTE 9 DEFINED BENEFIT PENSION PLANS (CONTINUED)

Deferred Retirement Option Program (DROP)

The plan does not provide a Deferred Retirement Option Program.

Pension Liability

A. Net Pension Liability

The components of the net pension liability of the municipality as of December 31, 2015 were as follows:

| | |
|---|--------------|
| Total Pension Liability (TPL) | \$ 6,000,058 |
| Plan Fiduciary Net Position | \$ 4,323,997 |
| Net Pension Liability (NPL) | \$ 1,676,061 |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 72.1% |

B. Actuarial Assumptions

An actuarial valuation of the total pension liability is performed biennially. The total pension liability was determined as part of an actuarial valuation at January 1, 2015. Update procedures were used to roll forward to the plan's fiscal year ending December 31, 2015. This report was based upon the plan's actuarial assumptions, asset valuation method, and cost method described in Appendix II.

C. Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation of 2.25%) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of December 31, 2015 are summarized in the following table:

| Asset Class | Long-Term Expected Real Rate of Return | Asset Class | Long-Term Expected Real Rate of Return |
|-----------------|--|----------------------|--|
| Domestic Equity | | International Equity | 7.59% |
| Large Cap | 6.58% | Fixed Income | 3.03% |
| Mid Cap | 7.39% | Emerging Markets | 10.25% |
| Small Cap | 7.39% | Cash | 0.75% |

TOWNSHIP OF SALISBURY

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

DECEMBER 31, 2015

NOTE 9 DEFINED BENEFIT PENSION PLANS (CONTINUED)

D. Discount Rate

The discount rate used to measure the total pension liability was 7%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that municipal contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the Fund's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

E. Net Pension Liability Sensitivity

The following is a sensitivity analysis of the net pension liability to changes in the discount rate. The table below presents the net pension liability calculated using the discount rate of 7% as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6%) or 1 percentage point higher (8%) than the current rate:

| | 1% Decrease | Current Discount Rate | 1% Increase |
|-----------------------|-------------|--------------------------|-------------|
| | 6.00% | 7.00% | 8.00% |
| Net Pension Liability | \$2,469,768 | \$1,676,061 | \$1,011,015 |

Changes in Net Pension Liability

The following table shows the changes in net pension liability recognized over the measurement period.

| | Increase/(Decrease) | | |
|--|-----------------------------------|---------------------------------------|---------------------------------------|
| | Total Pension Liability (a) | Plan Fiduciary Net Position (b) | Net Pension Liability (a) - (b) |
| Balances at 12/31/2014 | \$ 5,629,605 | \$ 4,260,012 | \$1,369,593 |
| Changes for the year: | | | |
| Service Cost | 244,831 | - | 244,831 |
| Interest | 401,553 | - | 401,553 |
| Changes in Benefit Terms | - | - | - |
| Differences Between Expected and Actual Experience | - | - | - |
| Changes of Assumptions | - | - | - |
| Contributions - Employer | - | 166,980 | (166,980) |
| Contributions - State Aid | - | 133,308 | (133,308) |
| Contributions - Member | - | 31,519 | (31,519) |
| Net Investment Income | - | 13,984 | (13,984) |
| Benefit Payments | (275,931) | (275,931) | - |
| Administrative Expense | - | (5,875) | 5,875 |
| Other Changes | - | - | - |
| Net Changes | | | |
| Balances at 12/31/2015 | \$ 6,000,058 | \$ 4,323,997 | \$1,676,061 |

TOWNSHIP OF SALISBURY

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

DECEMBER 31, 2015

NOTE 9 DEFINED BENEFIT PENSION PLANS (CONTINUED)

Pension Expense for Fiscal Year Ended December 31, 2015

| | |
|--|-------------------|
| Service Cost | \$ 244,831 |
| Interest on Total Pension Liability | 401,553 |
| Changes in Benefit Terms | - |
| Differences Between Expected and Actual Experience | - |
| Changes of Assumptions | - |
| Employee Contributions | (31,519) |
| Projected Earnings on Pension Plan Investments | (294,696) |
| Differences Between Projected and Actual Earnings on Investments | 56,142 |
| Administrative Expense | 5,875 |
| Other Changes in Fiduciary Net Position | - |
| Total Pension Expense | \$ 382,186 |

Deferred Outflows and Deferred Inflows of Resources

For the year ended December 31, 2015, the municipality recognized a pension expense of \$382,186. At December 31, 2015, the municipality reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|---|---|--|
| Differences Between Expected and Actual Experience | \$ - | \$ - |
| Changes in Assumptions | - | - |
| Net Difference Between Projected and Actual Earnings on Pension Plan Investments | <u>224,570</u> | <u>-</u> |
| Total | \$ 224,570 | \$ - |

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in the pension expense as follows:

Year Ended December 31:

| | |
|------------|-----------|
| 2016 | \$ 56,142 |
| 2017 | 56,142 |
| 2018 | 56,142 |
| 2019 | 56,144 |
| 2020 | - |
| Thereafter | - |

TOWNSHIP OF SALISBURY

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

DECEMBER 31, 2015

NOTE 9 DEFINED BENEFIT PENSION PLANS (CONTINUED)

REQUIRED SUPPLEMENTARY INFORMATION ANALYSIS OF FUNDING PROGRESS DEFINED BENEFIT PENSION PLANS

Analysis of the dollar amounts of net assets available for benefits, pension benefit obligation, and unfunded pension benefit obligation in isolation can be misleading. Expressing the net assets available for benefits as a percentage of the pension benefit obligation provides one indication of the Township's funding status on a going-concern basis. Analysis of this percentage over time indicates whether the Plan is becoming financially stronger or weaker. Generally, the greater this percentage, the stronger the Public Employee Retirement System. Trends in unfunded pension benefit obligation and annual covered payroll are both affected by inflation. Expressing the unfunded pension benefit obligation as a percentage of annual covered payroll approximately adjusts for the effects of inflation and aids analysis of the Township's progress made in accumulating sufficient assets to pay benefits when due. Generally, the smaller this percentage, the stronger the Public Employee Retirement System.

Notes to Supplementary Schedules

The information presented in the required supplementary schedules was determined as part of the actuarial valuation at the date indicated. Additional information as of the latest actuarial valuation date follows:

| | |
|-------------------------------|---|
| Actuarial valuation date | January 1, 2015 |
| Actuarial cost method | Entry age normal cost |
| Amortization method | N/A – 10% of excess assets over the accrued liability is used to reduce the required contribution |
| Remaining amortization period | N/A |
| Asset valuation method | Fair value |
| Actuarial assumptions | |
| Investment rate of return | 7% |
| Projected salary increases | 5% |

TOWNSHIP OF SALISBURY

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

DECEMBER 31, 2015

NOTE 9 DEFINED BENEFIT PENSION PLANS (CONTINUED)

Salisbury Township Police Pension Plan Schedule of Changes in Municipality's Net Pension Liability and Related Ratios Last 10 Fiscal Years

| | 2015 |
|--|---------------------|
| Total Pension Liability | \$ 244,831 |
| Service Cost | 401,553 |
| Interest | - |
| Changes of Benefit Terms | - |
| Differences Between Expected and Actual Experience | - |
| Changes of Assumptions | - |
| Benefit Payments, Including Refunds of Member Contributions | (275,931) |
| Net Change in Total Pension Liability | 370,453 |
| Total Pension Liability - Beginning | 5,629,605 |
| Total Pension Liability - Ending | <u>\$ 6,000,058</u> |
| Plan Fiduciary Net Position | |
| Contributions - Employer | \$ 166,980 |
| Contributions - State Aid | 133,308 |
| Contributions - Member | 31,519 |
| Net Investment Income | 13,984 |
| Benefit Payments, Including Refunds of Member Contributions | (275,931) |
| Administrative Expense | (5,875) |
| Net Change in Plan Fiduciary Net Position | 63,985 |
| Plan Net Position - Beginning | 4,260,012 |
| Plan Net Position - Ending | <u>\$ 4,323,997</u> |
| Municipality's Net Pension Liability | <u>\$ 1,676,061</u> |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 72.1% |
| Covered Employee Payroll | \$ 1,418,760 |
| Municipality's Net Pension Liability as a Percentage of Covered Employee Payroll | 118.1% |
| Notes to schedules: | |
| None. | |

Ultimately, this schedule should present information for the last ten years. However, until ten years of information can be compiled, information is presented for as many years as is available.

TOWNSHIP OF SALISBURY

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

DECEMBER 31, 2015

NOTE 9 DEFINED BENEFIT PENSION PLANS (CONTINUED)

Salisbury Township Police Pension Plan Schedule of Employer Contributions Last 10 Fiscal Years

| | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
|---|------------|------------|------------|------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Actuarially Determined Contribution | \$ 88,418 | \$ 97,960 | \$ 108,413 | \$ 129,610 | \$ 219,168 | \$ 222,285 | \$ 258,273 | \$ 262,000 | \$ 295,572 | \$ 300,288 |
| Contributions in Relation to the Actuarially Determined Contribution | 88,418 | 97,960 | 108,413 | 129,610 | 219,168 | 222,285 | 258,273 | 262,000 | 295,572 | 300,288 |
| Contribution Deficiency (Excess) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Covered Employee Payroll | \$ 662,025 | \$ 743,800 | \$ 784,540 | \$ 936,249 | \$ 1,063,519 | \$ 1,121,277 | \$ 1,218,922 | \$ 1,238,387 | \$ 1,338,311 | \$ 1,418,760 |
| Contributions as a Percentage of Covered Employee Payroll | 13.4% | 13.2% | 13.8% | 13.8% | 20.6% | 19.8% | 21.2% | 21.2% | 22.1% | 21.2% |

Notes to schedules:

None.

**DETAIL SCHEDULES OF REVENUE
AND EXPENDITURES**

Accountancy Firm of Bushta & Company
B
& Co

TOWNSHIP OF SALISBURY
GENERAL FUND
DETAIL SCHEDULE OF REVENUES AND EXPENDITURES
YEAR ENDED DECEMBER 31, 2015

| | Original and Ending Budget | Actual | Variance Favorable (unfavorable) |
|---|----------------------------------|---------------------|--|
| REVENUES | | | |
| <i>TAXES</i> | | | |
| Real Estate Tax | \$ 1,741,500 | \$ 1,764,694 | \$ 23,194 |
| Realty Transfer | 340,000 | 434,610 | 94,610 |
| Local Services Tax | 430,000 | 487,045 | 57,045 |
| Earned Income Tax | 2,200,000 | 2,205,801 | 5,801 |
| | <u>4,711,500</u> | <u>4,892,150</u> | <u>180,650</u> |
| <i>LICENSES AND PERMITS</i> | | | |
| Cable television licenses | 220,000 | 243,770 | 23,770 |
| Permits | 172,900 | 233,100 | 60,200 |
| | <u>392,900</u> | <u>476,870</u> | <u>83,970</u> |
| <i>FINES, FORFEITS AND COSTS</i> | | | |
| Vehicle Code Violations | 59,000 | 75,840 | 16,840 |
| Violations of Ordinances | 23,000 | 25,795 | 2,795 |
| | <u>82,000</u> | <u>101,635</u> | <u>19,635</u> |
| <i>INTEREST AND RENTS</i> | | | |
| Interest Income | 9,000 | 9,631 | 631 |
| Rents | 55,550 | 56,829 | 1,279 |
| | <u>64,550</u> | <u>66,460</u> | <u>1,910</u> |
| <i>SHARED REVENUES</i> | | | |
| Federal grants | 3,000 | 1,500 | (1,500) |
| State grants | 256,600 | 259,911 | 3,311 |
| Local grants | 10,900 | 58,407 | 47,507 |
| Recycling grant | 40,000 | 34,521 | (5,479) |
| Beverage Licenses | 1,800 | 3,588 | 1,788 |
| Public Utility Tax | 6,000 | 6,467 | 467 |
| Payments in lieu of tax | 28,200 | 28,200 | 0 |
| Foreign Casualty Insurance | 260,000 | 258,775 | (1,225) |
| Foreign Fire Insurance Tax | 110,000 | 103,057 | (6,943) |
| | <u>716,500</u> | <u>754,426</u> | <u>37,926</u> |
| <i>CHARGES FOR SERVICES</i> | | | |
| Solid Waste Collection Fees | 1,500,000 | 1,427,939 | (72,061) |
| General government | 1,500 | 2,361 | 861 |
| Public works | | | 0 |
| Subdivision filing | | | 0 |
| Engineering Review | | | 0 |
| Zoning variance | 61,000 | 80,204 | 19,204 |
| Legal Review | | | 0 |
| Public Safety | 93,400 | 90,568 | (2,832) |
| Other Charges for Service | 18,400 | 25,705 | 7,305 |
| | <u>1,674,300</u> | <u>1,626,777</u> | <u>(47,523)</u> |
| <i>MISCELLANEOUS REVENUES</i> | | | |
| Refund of prior years expenditure - Insurance | 50,000 | 175,375 | 125,375 |
| Contributions | 89,800 | 94,963 | 5,163 |
| Sale of Fixed Assets | | | 0 |
| | <u>139,800</u> | <u>270,338</u> | <u>130,538</u> |
| TOTAL REVENUES | <u>\$ 7,781,550</u> | <u>\$ 8,188,656</u> | <u>\$ 407,106</u> |

TOWNSHIP OF SALISBURY
GENERAL FUND
DETAIL SCHEDULE OF REVENUES AND EXPENDITURES
YEAR ENDED DECEMBER 31, 2015

| | Original and Ending Budget | Actual | Variance Favorable (unfavorable) |
|--|----------------------------------|---------------------|--|
| EXPENDITURES | | | |
| <i>GENERAL GOVERNMENT</i> | | | |
| Legislative | \$ 19,300 | \$ 17,911 | \$ 1,389 |
| Executive | 313,800 | 293,101 | 20,699 |
| Finance | 171,300 | 179,188 | (7,888) |
| Tax Collection | 57,550 | 58,846 | (1,296) |
| Law | 71,000 | 111,910 | (40,910) |
| Other general government | 66,500 | 78,220 | (11,720) |
| Engineering | 91,000 | 102,790 | (11,790) |
| Building and Plant | 182,800 | 162,305 | 20,495 |
| | <u>973,250</u> | <u>1,004,271</u> | <u>(31,021)</u> |
| <i>PUBLIC SAFETY</i> | | | |
| Police | 1,888,150 | 1,912,143 | (23,993) |
| Fire | 200,000 | 209,713 | (9,713) |
| Code Enforcement | 212,900 | 182,150 | 30,750 |
| Planning and Zoning | 148,150 | 142,304 | 5,846 |
| Emergency Management | 43,800 | 41,588 | 2,212 |
| | <u>2,493,000</u> | <u>2,487,898</u> | <u>5,102</u> |
| <i>PUBLIC WORKS</i> | | | |
| Sanitation | 1,152,000 | 1,151,782 | 218 |
| General Services | 1,076,600 | 1,045,496 | 31,104 |
| Leaf Collection and Composting | | | 0 |
| Traffic Control | 15,000 | 17,092 | (2,092) |
| Tools and Machinery | 40,500 | 60,311 | (19,811) |
| Capital Construction and Equipment | 65,370 | 58,271 | 7,099 |
| Streets and Bridges | 120,000 | 165,253 | (45,253) |
| Storm Water Management | 28,000 | 21,536 | 6,464 |
| | <u>2,497,470</u> | <u>2,519,741</u> | <u>(22,271)</u> |
| <i>CULTURE AND RECREATION</i> | | | |
| | <u>674,300</u> | <u>747,543</u> | <u>(73,243)</u> |
| <i>MISCELLANEOUS</i> | | | |
| Contributions | | | 0 |
| Refund of prior years revenue | | 3,799 | (3,799) |
| Other | | | 0 |
| | <u>0</u> | <u>3,799</u> | <u>(3,799)</u> |
| <i>INSURANCE AND EMPLOYEE BENEFITS</i> | | | |
| Insurance | 134,800 | 137,912 | (3,112) |
| Social security | 160,000 | 163,001 | (3,001) |
| Unemployment comp | 1,000 | 0 | 1,000 |
| Pension | 622,200 | 622,184 | 16 |
| Workers Compensation | 79,400 | 67,239 | 12,161 |
| Employee Benefits | 849,700 | 811,825 | 37,875 |
| | <u>1,847,100</u> | <u>1,802,161</u> | <u>44,939</u> |
| TOTAL EXPENDITURES | \$ 8,485,120 | \$ 8,565,413 | \$ (80,293) |

COMBINING SCHEDULES

Accountancy Firm of Bushta & Company
B
& Co

TOWNSHIP OF SALISBURY
COMBINING BALANCE SHEETS
SPECIAL REVENUE FUNDS
OF DECEMBER 31, 2015

| | Library | Fire | Highway Aid | |
|---------------------------------------|-------------------|-------------------|-------------------|-----------|
| ASSETS | | | | |
| Investments | \$ 97,601 | \$ 291,479 | \$ 166,668 | \$ |
| Taxes receivable, net of allowance | 2,876 | 5,529 | | |
| Due from other funds | | | | |
| | <u>\$ 100,477</u> | <u>\$ 297,008</u> | <u>\$ 166,668</u> | <u>\$</u> |
| LIABILITIES | | | | |
| Accounts payable and accrued expenses | \$ 59 | \$ 3,283 | \$ 169 | \$ |
| Due to other funds | | | | |
| | <u>\$ 59</u> | <u>\$ 3,283</u> | <u>\$ 169</u> | <u>\$</u> |
| FUND BALANCE | | | | |
| Unassigned | 100,418 | 293,725 | 166,499 | |
| | <u>100,418</u> | <u>293,725</u> | <u>166,499</u> | |
| | <u>\$ 100,477</u> | <u>\$ 297,008</u> | <u>\$ 166,668</u> | <u>\$</u> |

TOWNSHIP OF SALISBURY**COMBINING STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES****SPECIAL REVENUE FUNDS**

YEAR ENDED DECEMBER 31, 2015

| | Library | Fire | Highway Aid | T |
|---|-------------------|-------------------|-------------------|-----------|
| REVENUES | | | | |
| Taxes | \$ 80,155 | \$ 274,647 | \$ | \$ |
| Interest and rents | 91 | 166 | 122 | |
| Miscellaneous revenues | | 9,000 | 1,975 | |
| Intergovernmental revenues | | | 373,592 | |
| | <u>80,246</u> | <u>283,813</u> | <u>375,689</u> | |
| EXPENDITURES | | | | |
| Public safety | | 195,349 | | |
| Public works | | | 296,673 | |
| Culture and recreation | 122,650 | | | |
| | <u>122,650</u> | <u>195,349</u> | <u>296,673</u> | |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | <u>(42,404)</u> | <u>88,464</u> | <u>79,016</u> | |
| OTHER FINANCING SOURCES (USES) | | | | |
| Operating transfers in | | 76,883 | | |
| Operating transfers out | | | | |
| Total Other Financing Sources (Uses) | <u>0</u> | <u>76,883</u> | <u>0</u> | |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER FINANCING SOURCES (USES) | <u>(42,404)</u> | <u>165,347</u> | <u>79,016</u> | |
| FUND BALANCES, JANUARY 1 | <u>142,822</u> | <u>128,378</u> | <u>87,483</u> | |
| FUND BALANCES, DECEMBER 31 | <u>\$ 100,418</u> | <u>\$ 293,725</u> | <u>\$ 166,499</u> | <u>\$</u> |